

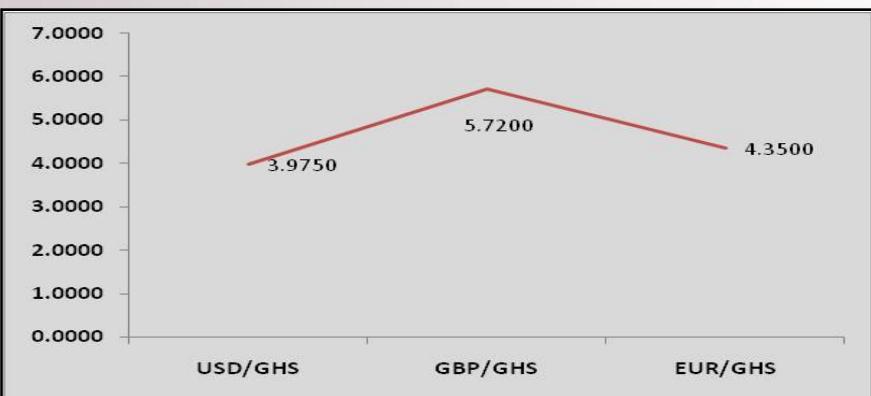
Weekly Market Bulletin

Government of Ghana Treasury Bills & Notes Rates			
Bills & Notes	08-Feb-16	01-Feb-16	Change
91- Day	22.75%	22.65%	0.10%
182- Day	24.62%	24.45%	0.17%
2 Year Note	24.05%	23.00%	1.05%
3 Year Fixed Rate Bond	24.75%	24.75%	-

Key Economic Indicators	2016 Target
GDP Growth	5.4%
Inflation	10.1%
Import Cover	≥3 Months

The Finance Minister, this week, declared that Ghana's economy has made a turnaround. According to him, this is as a result of significant improvement in a number of factors including Ghana's budget deficit and debt stock. This assertion has attracted comments by analysts, who are of the view that key macroeconomic indicators such as inflation and interest rates are still at undesirable levels.

Parliament has approved a proposal by government to waive the recently-imposed 1% tax on interest earned by investors and to reduce withholding tax from 15% to 7.5%. Investors will be pleased with this piece of news as they will continue to enjoy full interest on their investments. Furthermore, government's borrowing targets are not likely to be affected by investment decisions that would have been made with the tax imposition in mind.



Yields on government securities increased at last week's auction, probably as a consequence of the Central Bank setting a borrowing target of GHS6 billion in February. The 2-Year Note in particular rose by 105 basis points to record a yield of 24.05%. We expect these rates to increase marginally in the coming weeks as government seeks to attract more investments.

Indicative Local Market Rates		
CCY Pair	Buy	Sell
USD/GHS	3.7900 – 3.8100	3.9650 – 3.9670
GBP/GHS	5.5000 – 5.5200	5.7950 – 5.7970
EUR/GHS	4.2200 – 4.2400	4.4750 – 4.4770

The Cedi's performance against the Dollar this week was a slight departure from the recent trend as it gained 80 pips over last week's rate of 3.9750.

Commendably, the Central Bank's recent weekly injection of foreign currency seems to have contributed to the Cedi's relative stability over the last fortnight. Past events have however shown that this strategy may not be sustainable.

Indicative FX Forward Rates (USD)		
Tenor	Bid	Ask
Spot	3.7900	3.9670
Forward Points		
3 Months	0.1993	0.2283
6 Months	0.4278	0.4872

Deposit Rates	
Tenor	Rates
O/N	5.00%
1 Month	15.00% - 18.00%
3 Months	18.00% - 21.00%
6 Months	17.00% - 20.00%
1 Year	18.00% - 19.00%
BoG Policy Rate	26.00%
Average InterBank Rate	25.34%
GTBank Base Rate	26.75%

Average Interbank rates continue to creep in the direction of Bank of Ghana's policy rate. This time last year, the rate stood at 22.86%. However, owing to government's liquidity tightening policy, rates have increased to 25.34%. We expect rates to be stable in the next few weeks.

CCY PAIR	08-Feb-16	01-Feb-16	Change
GBP/USD	1.4500	1.4239	+0.0261
EUR/USD	1.1156	1.0831	+0.0325
USD/JPY	116.88	121.10	-4.22
USD/CHF	0.9905	1.0226	-0.0321
Commodities			
Gold	1,197.80	1,126.40	+71.40
Oil (Brent)	30.95	34.73	-3.78
Cocoa	2,922.43	2,816.37	+106.06

On the international market, the US Dollar's surge was halted amid news of global growth concerns which prompted investors to offload their stocks. The greenback recorded losses against the major trading currencies, including the Euro after prolonged dominance since December last year.

Gold stakeholders are smiling again as investors begin to show confidence in the precious metal as a safe haven alternative to erratic world stock markets.

After a short increase in prices, Brent Crude reverted to US\$30.95. Owing to the worrying trend in Oil prices, Ghana's Finance Minister has hinted on a reduction in the country's oil revenue targets for 2016. This will definitely cause a major setback in government's budget deficit reduction strategy which hinges heavily on proceeds from oil.

International Benchmark	Rates
1-Month LIBOR	0.42925%
3-Month LIBOR	0.62100%
6-Month LIBOR	0.87060%
1-Year LIBOR	1.13995%
US Prime	3.50%

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