

Weekly Market Bulletin

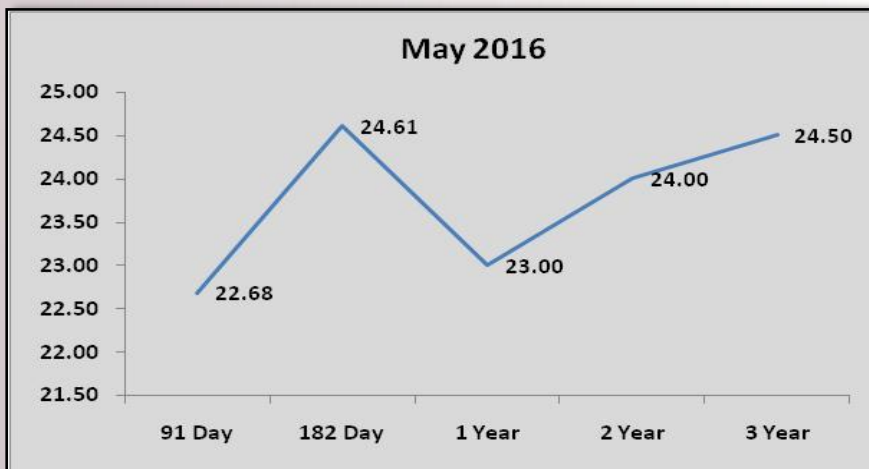
Government of Ghana Treasury Bills & Notes Rates			
Bills & Notes	09-May-16	02-May-16	Change
91- Day	22.81%	22.78%	-0.03%
182- Day	24.61%	24.63%	-0.02%
2 Year Note	24.00%	24.05%	-0.05%
3 Year Fixed Rate Bond	24.50%	24.50%	-

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

The Monetary Policy Committee of the Bank of Ghana will on Friday, hold a meeting to discuss its policy rate and other macro-economic issues. Ghana's policy rate has been held at 26% since November 2005, mainly to curb the country's inflation which currently stands at 19.20%, well short of the 10.1% target for 2016.

Some economic analysts have called on the Central Bank to reduce the Policy Rate to enhance access to credit by the private sector as it is largely used as a reference for lending rates.

Meanwhile, companies in Ghana's industrial sector are lamenting the high cost of electricity in the country. According to the Ghana Chamber of Commerce and Industry, the prevailing electricity tariffs pose a major challenge to their operations as they increase operational costs, hence squeezing profits of companies. They have therefore implored government to grant subsidies in order to preserve their businesses and to prevent employee layoffs.



Yields on government securities saw marginal changes at last week's auction. The 2-year note recorded the highest drop of 5 basis points with a yield of 24.00%. The Central Bank has announced that the 3-Year Fixed Rate bond which matures at the end of this month will be re-auctioned at maturity.

Indicative Local Market Rates		
CCY Pair	Buy	Sell
USD/GHS	3.6400 – 3.6600	3.8520 – 3.8570
GBP/GHS	5.2600 – 5.2800	5.5500 – 5.5550
EUR/GHS	4.1500 – 4.1700	4.4000 – 4.4050

The Cedi remained fairly stable against the major currencies this week, albeit slightly depreciating against the dollar.

Indicative FX Forward Rates (USD)		
Tenor	Bid	Ask
Spot	3.6400	3.8570
Forward Points		
3 Months	0.1918	0.2225
6 Months	0.4100	0.4727

There has been a tremendous improvement in the local currency's performance this year compared to the volatility experienced last year. In view of the fact that FX supply and demand have been fairly congruent, the cedi is expected to hold firm for the next few weeks.

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	25.47%
GTBank Base Rate	25.56%

The average interbank rate remained at 25.47% this week. Liquidity on the local market has been at an appreciable level while banks' overnight lending rates did not differ greatly from last week. Rate movements in the coming weeks are likely to be dependent on BOG's policy rate decision.

CCY PAIR	09-May-16	02-May-16	Change
GBP/USD	1.4428	1.4672	-0.0244
EUR/USD	1.1399	1.1531	-0.0132
USD/JPY	107.10	106.40	+0.70
USD/CHF	0.9729	0.9520	-0.0209
Commodities			
Gold	1,270.15	1,279.18	-9.03
Oil (Brent)	45.30	45.08	+0.22
Cocoa	3,106.00	3,162.00	-56.00

Positive employment data and GDP figures have given investors some hope of a possible rate hike at the next Fed meeting. The greenback appears to have been propelled by these expectations, resulting in an improvement in its performance on the international market.

Gold slipped as dollar rates showed encouraging signs this week. The yellow metal dropped to a two-week low of US\$1,270.15.

A drop in crude oil inventories in the US coupled with supply irregularities in Canada and Nigeria, ensured that falling oil prices held firm at the US\$45 mark.

International Benchmark	Rates
1-Month LIBOR	0.43865%
3-Month LIBOR	0.62960%
6-Month LIBOR	0.90540%
1-Year LIBOR	1.22715%
US Prime	3.50%

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