

Weekly Market Bulletin

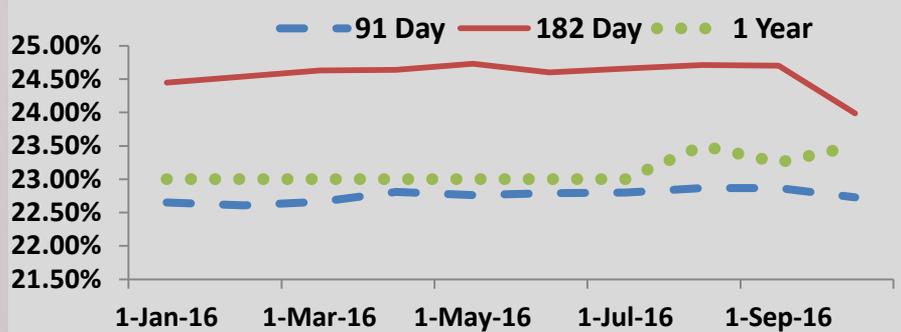
Government of Ghana Treasury Bills & Notes Rates			
Bills & Notes	24-Oct-16	17-Oct-16	Change
91- Day	22.73%	22.81%	-0.08%
182- Day	23.99%	24.45%	-0.46%
1 Year Note	23.50%	23.50%	-

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

Parliament has approved GHS10.9 billion request by the Finance Minister to finance government expenditure in the first quarter of 2017. The budgeted expenditure is for essential and statutory payments while all non-core expenses will be deferred to the second quarter of 2017. A projected revenue of GHS8.9 billion is expected for the first quarter of 2017 with GHS7.2 billion emanating from taxes.

The country is expected to pass a zero financing law to restrict the Central Bank's lending to the government as part of the conditions under the International Monetary Fund (IMF) Extended Credit Facility. Parliament in July 2016, rejected a similar proposal to bar borrowings from Bank of Ghana. It opted to reduce the cap on such financing to 5% from the previous 10%. The zero financing law is part of the monetary and fiscal reforms aimed at stabilizing the currency and checking inflation.

The Oil and Gas industry is expected to be one of the main engines of growth in 2017. With the development of new fields (Gye Nyame Sankofa Field) and production levels peaking at the TEN Field, the oil and gas sector is expected to drive growth within the economy. The service sub-sector is expected to expand to employ more Ghanaians as part of the local content law.



Yields on the short-term government securities are trending downward as the 91-day treasury bill lost 8 basis points. The 182-day treasury bill declined heavily as it shed 46 basis points to close the week at 23.99% against 24.45% recorded in the previous auction. This attests to the government's dwindling interest in the short end of the yield curve thus heightening the likelihood of rates dropping further.

Indicative Local Market Rates		
CCY Pair	Buy	Sell
USD/GHS	3.8700 – 3.8900	3.9920 – 3.9930
GBP/GHS	4.7000 – 4.7200	4.9270 – 4.9290
EUR/GHS	4.2200 – 4.2400	4.3940 – 4.3960

The Cedi depreciated marginally against the Dollar over the past week, losing 4 pips. We expect the Cedi to remain relatively stable against the US Dollar given the Central Bank's activity on the local market. On the other hand, the Cedi recorded impressive gains against the Euro. The Euro lost 432 pips to the Cedi to trade at 4.3149 against 4.3581 recorded previously.

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	25.51%
GTBank Base Rate	25.56%

The average interbank rate remains at 25.51% and is unlikely to change in the short term.

CCY Pair	24-Oct-16	17-Oct-16	Change
GBP/USD	1.2187	1.2186	+0.0001
EUR/USD	1.0887	1.0972	-0.8500
USD/JPY	104.21	104.05	+0.1600
USD/CHF	0.9925	0.9886	+0.0039
Commodities			
Gold	1,275.60	1,256.40	+19.20
Oil (Brent)	50.30	51.55	-1.25
Cocoa	2,638.00	2,690.00	-52.00

The Pound is experiencing a period of volatility due to uncertainties surrounding the Brexit. It rose marginally to trade at 1.2187 against 1.2186 last week. The Euro however lost 85 pips to the Dollar to close the week at 1.0887.

On the commodities market, oil prices fell by \$1.25 to trade at \$50.30 compared with \$51.55 recorded last week. With disagreement among the members of the production cartel, Organisation of Petroleum Exporting Countries (OPEC) on planned production cut, prices are expected to remain volatile around the current levels. Gold on the other hand edged up by \$19.20 to close the week at \$1,275.60.

Cocoa prices tumbled as it shed \$52 to trade at \$2,638. The prices have been highly volatile after bouncing back from the slump a couple of weeks ago. The local market has however seen an increase in the minimum price paid to cocoa farmers by 12% from the previous season. This translates into a minimum of GHS475 per 64 kilogram compared with GHS425 paid for the same quantity last season.



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