

Week ending April 20, 2016

GTBank

Weekly Market Bulletin

Government of Ghana Treasury Bills & Notes Rates

| Bills & Notes | 11-April-16 | 04-April-16 | Change |
|---------------|-------------|-------------|--------|
| 91- Day | 22.77% | 22.68% | +0.09% |
| 182- Day | 24.44% | 24.56% | -0.12% |
| 1 Year Note | 23.00% | 23.00% | - |
| 2 Year Note | 24.05% | 24.25% | -0.20% |

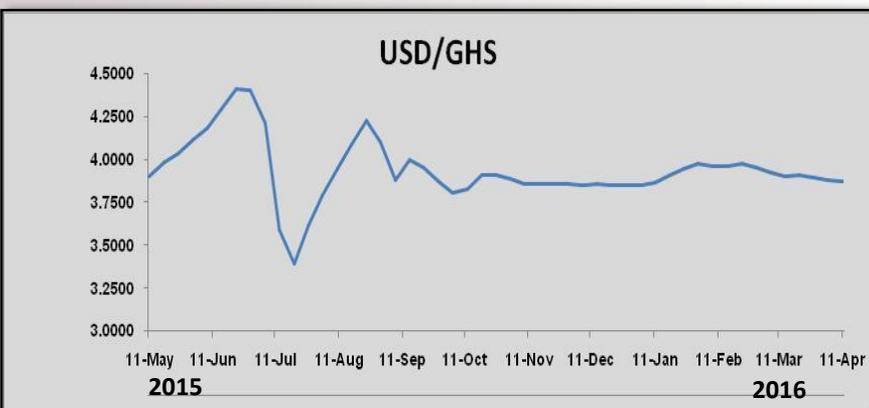
| Key Economic Indicators | 2016 Target |
|-------------------------|-------------|
| GDP Growth | 5.4% |
| Inflation | 10.1% |
| Import Cover | ≥3 Months |

Fuel prices have been adjusted upwards by 4% and 2% for Petrol and Diesel respectively, generating the usual public outcry that follows such increments. The deregulation of petroleum prices by government has drawn criticism from many petroleum consumers who are of the view that the intended purpose of the exercise is negated by the imposition of taxes when world crude oil prices reduce.

It is unclear at this point whether the price increases will have an effect on transport fares and goods and services.

At the last auction, Government accepted all bids tendered amounting to GHS910.8 million. According to the Central Bank's auction calendar, an additional GHS3.9 billion will be borrowed in the coming weeks to bring the total for April to GHS4.9 billion. A 3-year fixed rate bond is also expected to be issued in the course of the month.

Yields on the benchmark 91- Day bill and 182-day bill moved in opposite directions this week. While the 91-day bill gained 9 basis points, the 182-day bill shed 12 basis points.



Indicative Local Market Rates

| CCY Pair | Buy | Sell |
|----------|-----------------|-----------------|
| USD/GHS | 3.7500 – 3.7700 | 3.8700 – 3.8750 |
| GBP/GHS | 5.2900 – 5.3100 | 5.5400 – 5.5450 |
| EUR/GHS | 4.2450 – 4.2650 | 4.4520 – 4.4570 |

The Cedi made further gains against the Dollar this week as the latter continues to struggle on the international stage. Furthermore, an upturn in foreign exchange supply on the local market continues to serve as a dampener on the exchange rate.

The Pound and Euro on the other hand, advanced 200 pips and 80 pips respectively against the local currency. We expect the Cedi to remain stable against the Dollar, in particular, in the next few weeks.

Indicative FX Forward Rates (USD)

| Tenor | Bid | Ask |
|-----------------------|--------|--------|
| Spot | 3.7500 | 3.8750 |
| Forward Points | | |
| 3 Months | 0.1972 | 0.2231 |
| 6 Months | 0.4194 | 0.4719 |

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 | 25.41% |
| GTBank Base Rate | 26.42% |

For the third consecutive week, the average Interbank rate remains unchanged at 25.41%. Liquidity on the market has somewhat dried up as most banks channeled funds into purchasing BoG bills last week. Rates are expected to trend around the same regions in the coming days.

| CCY PAIR | 11-April-16 | 04-April-16 | Change |
|--------------------|-------------|-------------|---------|
| GBP/USD | 1.4122 | 1.4159 | -0.0037 |
| EUR/USD | 1.1405 | 1.1382 | +0.0023 |
| USD/JPY | 108.05 | 110.32 | -2.27 |
| USD/CHF | 0.9580 | 0.9580 | -0.0180 |
| Commodities | | | |
| Gold | 1,257.20 | 1,222.43 | +34.77 |
| Oil (Brent) | 43.14 | 39.79 | +3.35 |
| Cocoa | 2,943.00 | 2,911.00 | +32.00 |

The US Dollar continues to slide on the international market owing mainly to the Fed relaxing its stance on monetary tightening. Investors have stuck to opting for higher-yielding assets since the Fed's u-turn on rate hikes. The Yen, widely known in financial circles as the traditional safe-haven currency, also experienced high investor demand this week to close at JPY108.05 against the dollar.

As the US Dollar and stock markets weakened this week, Gold bounced back strongly with an increase of US\$34.77 per ounce.

A drop in Crude oil inventories in the US pushed prices up to US\$43.14, dealing oil bears a blow this week.

Cocoa's recent resurgence continued this week with a metric tonne currently selling at US\$2,943.

| International Benchmark | Rates |
|-------------------------|----------|
| 1-Month LIBOR | 0.43470% |
| 3-Month LIBOR | 0.63080% |
| 6-Month LIBOR | 0.89490% |
| 1-Year LIBOR | 1.20455% |
| US Prime | 3.50% |

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