Week ending November 23, 2016

GTBank

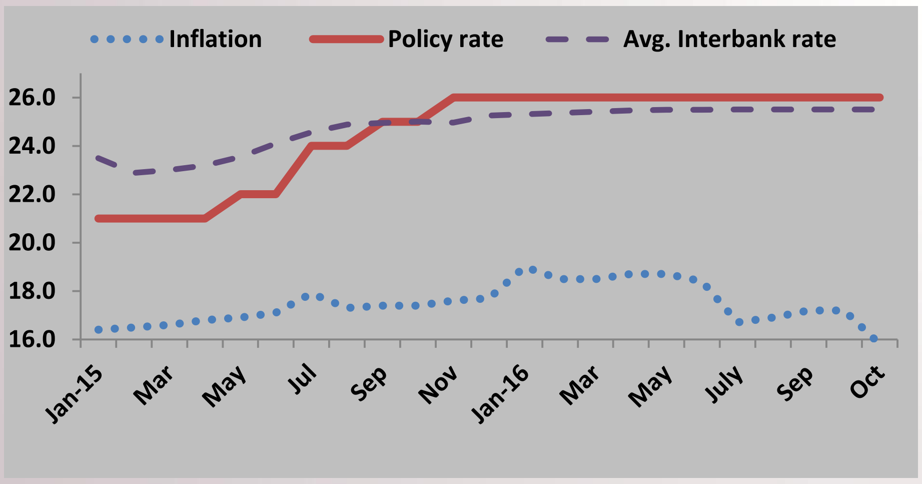
Weekly Market Bulletin

Government of Ghana Treasury Bills & Notes Rates			
Bills & Notes	**14-Nov-16**	**7-Nov-16**	**Change**
91- Day	21.98%	22.50%	-0.52%
182- Day	23.29%	23.55%	-0.26%
2 -Year Note	23.00%	24.00%	-1.00%

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

The government raised GHS438 million from its first 10-year domestic bond issued last week. The bond which was open to foreign investors was over-subscribed beyond the initial target of GHS200 million. It cleared at a lower coupon of 19% compared with 24% on the last 3-year bond issued this year. It was issued as part of government's effort to ease interest rates and raise long term funds to support capital expenditure. Prior to this issue, the 7-year bond was the longest domestic bond in issue.

Inflation for October 2016 has dropped to 15.8%, the lowest this year. The rate decreased from 17.2% recorded in September 2016. The decline was partly due to sustained stability in the value of the Cedi. Also, the harvest season had a positive effect as prices of food items dropped.



The Government of Ghana securities recorded a further decline at last week's auction. The 91-day treasury bill slid by 52 basis points to close at 21.98% against 22.50% recorded in the previous auction. Similarly, the 182-day treasury bill lost 26 basis points. The 2-year note fell drastically by 100 basis points to close at 23%. This affirms the government's stance to drive interest rates downwards. We therefore expect yields to drop further in the coming weeks.

Indicative Local Market Rates		
CCY Pair	**Buy**	**Sell**
USD/GHS	3.9050 – 3.9200	4.0025 – 4.0035
GBP/GHS	4.8500 – 4.8700	5.0540 – 5.0560
EUR/GHS	4.2000 – 4.2200	4.3660 – 4.3680

On the local market, demand for the Dollar outstripped supply resulting in a marginal depreciation of the Cedi. It shed 33 pips to close the week at 3.9683. The Pound also edged up by 39 pips to close the week at 4.9530 against 4.9140 recorded last week. However, the Euro retreated to a mid-rate of 4.2532 after shedding 1279 pips from the previous week's exchange rate of 4.3811.

The gradual rise in investors' confidence evidenced by the over-subscription of the Euro-bond and the 10-year domestic bond is expected to enhance the stability of the Cedi against most of the major trading currencies on the local inter-bank market.

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 has been resilient for the past three months. It is trending at 25.51%. Any change in the rate will be dependent on the outcome of the Monetary Policy Committee (MPC) meeting to be held next Friday.

CCY Pair	14-Nov-16	7-Nov-16	Change
GBP/USD	1.2591	1.2511	+0.0080
EUR/USD	1.0847	1.1134	-0.0287
USD/JPY	106.525	103.12	+3.4050
USD/CHF	0.9874	0.9752	+0.0122
Commodities			
Gold	1,217.71	1,281.00	-63.29
Oil (Brent)	43.75	45.91	-2.16
Cocoa	2,419.00	2,445.00	-26.00

The Pound appreciated against most of the major trading partners on the international currency market. This was due to the release of favorable data on the output of UK's construction industry. The Pound is trading around 1.2591, which is 80 pips better than previous week's rate of 1.2511. The Euro lost 287 pips to the Dollar to trade at 1.0847. News of the German economy being at a stalemate position is affecting the Euro on the global front. The slow pace of economic growth within the Eurozone remains a grave concern for investors. This is further exacerbated by UK's exit from the European Union.

On the commodities market, gold had an epic decline as prices fell from $1,281.00 to $1,217.71. Cocoa lost $26 to trade at $2,419. Oil also followed the downward trajectory as it shed $2.16 to close the week at $43.75. Oil prices are expected to plummet as the prospect of another year of over-supply and weak prices overshadow the chances that Organisation of Petroleum Exporting Countries (OPEC) will reach a firm deal to freeze output.