

Week ending January 27, 2016

GTBank

Weekly Market Bulletin

Government of Ghana Treasury Bills & Notes Rates

Bills & Notes	18-Jan-16	11-Jan-16	Change
91- Day	22.69%	22.78%	-0.09
182- Day	24.38%	24.65%	-0.27
1 Year Note	23.00%	23.00%	-
3 Year Fixed Rate Bond	24.75%	24.75%	-

Key Economic Indicators 2016 Target

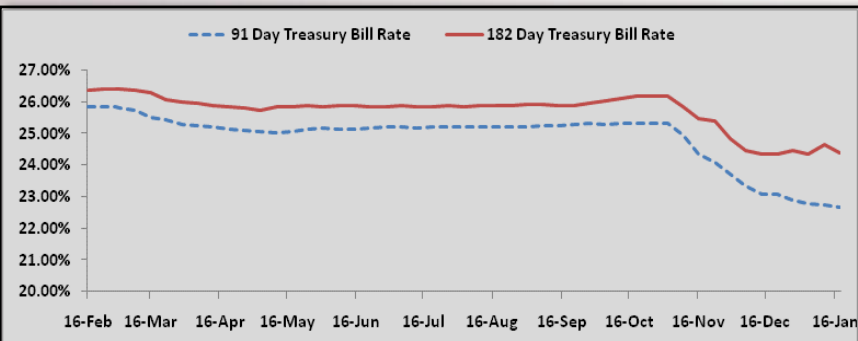
GDP Growth	5.4%
Inflation	10.1%
Import Cover	≥3 Months

The International Monetary Fund (IMF), in its assessment of Ghana's performance under the Extended Credit Facility, expressed satisfaction with Government's efforts towards fiscal consolidation. The recent increase in taxes as part of the fiscal consolidation exercise has caused agitation among organised labour, which is threatening to go on strike. This is likely to hinder business country-wide.

In light of current economic conditions and the IMF's bailout requirements, Ghanaians eagerly await the outcome of the Central Bank's impending Monetary Policy Committee meeting on Friday 22 January, 2016. A change in the policy rate is sure to have a telling impact on interest rates.

Microfinance companies have come under the spotlight following news that some of them are failing to fulfill their payment obligations to customers. This development could tilt public investments towards government securities which are considered less risky.

Rates on government securities have been relatively stable in recent weeks with the 91-Day and 182-Day Treasury bills recording slight dips of 9 and 27 basis points respectively.



Indicative Local Market Rates

CCY Pair	Buy	Sell
USD/GHS	3.7420 – 3.7620	3.9070 – 3.9090
GBP/GHS	5.3800 – 5.4000	5.6250 – 5.6270
EUR/GHS	4.0700 – 4.0900	4.2940 – 4.2960

The Cedi lost ground to the Dollar for the second week running, shedding 420 pips. Similarly, it lost 410 pips to the Euro from last week's rate of 4.2550. However, against the Pound, the Cedi climbed 370 pips to conclude another week of volatility on the local market. We predict a similar trend in rate movements in the coming days.

Indicative FX Forward Rates (USD)

Tenor	Bid	Ask
Spot	3.7420	3.9090
Forward Points		
3 Months	0.1961	0.2220
6 Months	0.4231	0.4808

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	25.31%
GTBank Base Rate	26.75%

Interbank rates continue to trend towards the policy rate with liquidity tightening key on the Central Bank's agenda. Average lending rates inched up by 2 basis points to 25.31% in the past week. Rates are expected to hinge on the MPC's Policy Rate decision in the coming days.

CCY PAIR	18-Jan-16	11-Jan-16	Change
GBP/USD	1.4259	1.4538	-0.0279
EUR/USD	1.0916	1.0856	+0.006
USD/JPY	116.88	117.73	-0.85
USD/CHF	1.0010	0.9961	+0.0049
Commodities			
Gold	1089.60	1087.10	+2.50
Oil (Brent)	28.60	30.77	-2.17
Cocoa	2,914.50	2,953.28	-38.78

The US Dollar continues to perform progressively on the international market mainly due to a slowdown in the Chinese economy following last year's revaluation of the Yen. Of the major international trading currencies, the Pound was the biggest loser to the Dollar as it gave up 279 pips over the last week.

Gold prices increased moderately by US\$2.50 to close the week at US\$1,089.

International Benchmark

	Rates
1-Month LIBOR	0.42600%
3-Month LIBOR	0.62380%
6-Month LIBOR	0.85325%
1-Year LIBOR	1.14630%
US Prime	3.50%

Oil lost US\$2.17 to trade at US\$28.60 per barrel. Cocoa followed suit with a US\$38.78 drop in prices.

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