

Week ending March 29, 2017



Weekly Market Bulletin

Government of Ghana Treasury Bills & Notes Rates

Bills & Notes	20-Mar-17	13-Mar-17	Change
91- Day	17.21%	16.44%	+0.77%
182- Day	17.09%	17.16%	-0.07%
1-Year Note	19.00%	19.00%	-%

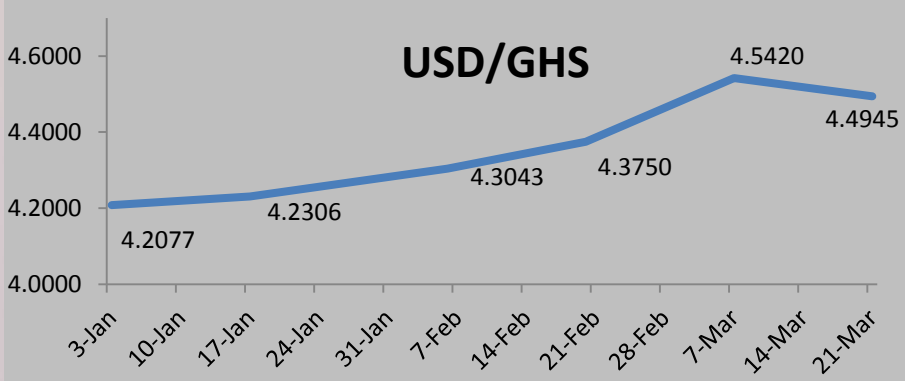
Key Economic Indicators

2017 Target

GDP Growth	6.3%
Inflation	11.2%
Import Cover	≥3 Months

Inflation for February eased to 13.20%, the lowest rate recorded since December 2013. This represents 0.1 percentage point reduction from the January level of 13.30%. The downtrend emanated from a 1.7% reduction in the prices of petroleum products within the month under review coupled with the lower rate on the non-food component of the CPI. As the Monetary Policy Committee meets this week, the slowly declining trend in inflation and the current resurgence of the Cedi are critical decision points in the determination of an appropriate policy rate level to spur growth in the economy.

The Cedi is showing signs of resurgence following successive weeks of stuttering against the Dollar. The cedi which opened the year at 4.2077 to the Dollar is currently trading in the region of 4.4945 after crossing the 4.5000 mark, reflecting a year to date depreciation of about 6.8%. The Cedi's recent stride was partly boosted by the over-subscription of the 3-year bond coupled with the periodic FX auctions by the Central Bank. The Cedi is expected to continue its rally this week to recoup some of its losses against the Dollar on improved forex inflows as first quarter import demand pressure on the currency eases.



At the last auction, the 91-day treasury bill traded at a yield of 17.21% on the primary market, reflecting an increase of 77 basis points from the previous yield of 16.44%. This appears to be a one-off as the correction of the yield curve was in full swing. Any meaningful conclusion can only be reached if this upward trend continues in the coming weeks. The 182-day treasury bill was down by 8 basis points, closing the auction at 17.09% whilst the 1-year note was flat at 19.00%.

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Available GoG Securities (Indicative Rates)

Maturity Date	Security Type	Offer
5-Jun-17	91-Day	18.20%
26-Jun-17	182- Day	17.50%
19-Feb-18	1-Year Note	18.75%
24-Jan-22	5-Year Bond	18.65%

Indicative Local Market Rates

CCY Pair	Buy	Sell
USD/GHS	4.3000 – 4.3200	4.5770 – 4.5780
GBP/GHS	5.3500 – 5.3700	5.7270 – 5.7280
EUR/GHS	4.6300 – 4.6500	4.9 – 4.9880

The Cedi is trading at a mid-rate of 4.4945 to the Dollar, recording gains of 994 pips. However, the Pound and the Euro are trending at a mid-rate of 5.6033 and 4.8572 on the interbank market, evidencing an uptick of 121 and 427 pips from the previous week's rate of 5.6154 and 4.8999 respectively.

Deposit Rates

Tenor	Rates
O/N	5.00%
1 Month	13.00% - 15.00%
3 Months	15.00% - 18.00%
6 Months	17.00% - 19.00%
1 Year	16.00% - 17.00%
Average Inter-Bank Rate	25.20%
GTBank Base Rate	25.27%

CCY Pair	20-Mar-17	13-Mar-17	Change
GBP/USD	1.2398	1.2161	+0.0237
EUR/USD	1.0738	1.0671	+0.0067
USD/JPY	112.69	114.80	-2.1100
USD/CHF	0.9979	1.0109	-0.0130

Market Commodities

Gold	1,233.82	1,204.22	+29.60
Oil (Brent)	51.06	51.30	-0.24
Cocoa	2,110.00	2,017.00	+93.00

The global FX market saw the Pound appreciating against most trading currencies last week following the split in votes on interest rate hike by policy makers. Notwithstanding the 25 basis points interest rates hike by the Fed last week, the Euro outpaced the Dollar to end the week at 1.0738, 67 pips rise from the previous week's rate of 1.0671. The USD/JPY pair retreated to 112.69, signaling the poor performance of the Dollar last week. Meanwhile, Britain is expected to begin the formal process of exiting the European Union next week.

On the commodities market, gold prices saw an uptick of \$29.60 on the back of the weakened Dollar to end the week at \$1,233.82 after tumbling last week. Oil continued to trend downwards as American stock piles and rising output weighed on the production reductions by OPEC and its allies. Also, the reopening of the Libya port for shipment partly accounted for the drop. Thus, oil is trading in the regions of \$51.06. Cocoa was the greatest gainer on the commodities market, edging up by \$93.00 to trade at \$2,110.00. The price was pushed higher on the international market following the rejection of Coca beans from Ivory Coast, culminating in supply shortages on the market.

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