

WEEKLY CURRENCY REPORT



Date Issued | 6th April, 2020



GLOBAL FX MARKET

USD: The dollar firmed against major currencies for a third straight day on Friday, as investors took shelter in the U.S. currency amid worsening economic fallout from the coronavirus outbreak. The dollar largely shrugged off the U.S. non-farm payrolls report that showed massive job losses of 701,000 last month, compared with expectations of 100,000 lost jobs. The greenback was up against the pound and the euro by 0.82% and 1.78% respectively. We expect the dollar to remain stable as the lockdowns continue with the economic impact of the epidemic showing a slump in business activity.

GBP: Sterling briefly fell against the U.S. dollar whilst it edged up against the euro to end the trading week on news that UK Prime Minister Boris Johnson was admitted to hospital. Pound fell when the market jumped to the worst possible conclusion with assumptions that the PM's illness would create a degree of dysfunctioning within the UK government. It was down by 0.82% against the dollar but inched up against the euro by 1.57%. We therefore expect the pound to remain vulnerable in the week ahead with weak economic data due to the pandemic and the backdrop of ongoing Brexit trade talks.

EUR: The Euro extended its losing streak against the pound and the dollar on Friday amidst the market's growing frustration over the Eurozone's inability to adopt a united approach to fighting the economic damage caused by the coronavirus pandemic. The euro depreciated by 1.75% and 2.11% against the dollar and the pound respectively. In the week ahead, we expect the euro to remain under pressure as the inability of the Eurozone authorities to agree on a strong fiscal stimulus keeps weighing on the single currency.

AFRICAN FX MARKET REVIEW AND OUTLOOK

GHANA: GHS: 5.46USD1; GHS: 6.69GBP1; GHS: 5.86EUR1

- In the just ended week, the Ghana cedi dipped further against the dollar whereas it recovered against the pound. The local unit continued to hold firm against the euro. The cedi fell by 0.43% against the dollar whilst it inched up by 0.17% against the pound.

- The local unit continued to decline against the dollar as cases of coronavirus in the country continued to surge causing investors to seek refuge in the greenback.

- Government efforts with stimuli packages also supported the cedi to recover against the pound and maintain stability against the euro.
-The local unit has been relatively stable against the dollar in the past week as demand for the U.S. currency has eased globally after central banks adopted massive stimulus measures to combat the economic impact of the coronavirus pandemic.

- The ongoing lockdown by the government also increased FX liquidity due to low demand for hard currency by investors and speculators which in turn supported the local unit's performance.

- The Central bank's regular intervention and supervision in the FX market also supported the local unit to stay firm against the pound and the euro.

- In the week ahead, we expect the cedi to remain stable as the restriction of business activities due to the lockdown has caused a reduction in demand for foreign currencies.

SOUTH AFRICA: ZAR: 18.71 USD1; ZAR: 23.07 GBP1; ZAR: 20.20: EUR1

- In the week under review, the rand dropped against all tracked currencies in our basket. Against the dollar and the pound, the rand dipped by 6.44% and 7.56% respectively. Against the euro, it also declined by 4.49%.

- South Africa's rand weakened for a third session in a row early on Friday as the growing likelihood of a global recession due to the spreading coronavirus compounded an already gloomy local economic outlook.

- South Africa's economic fundamentals are dismal, and the external environment has grown increasingly hostile. The loss of South Africa's investment-grade status exerts further pressure on the rand, which is already teetering due to the economic damage inflicted by Covid-19.

- We therefore expect the rand to remain under pressure in the week ahead.

GLOBAL FX MARKET UPDATE (WEEKLY CHANGES %)

REGION	US\$	Wkly (%Δ)	£	Wkly (%Δ)	€	Wkly (%Δ)
USA	1.0000	0.00	1.2258	0.82	1.0785	1.78
Europe	0.9272	(1.75)	1.1383	(2.11)	1.0000	0.00
UK	0.8158	(0.82)	1.0000	0.00	0.8809	1.57

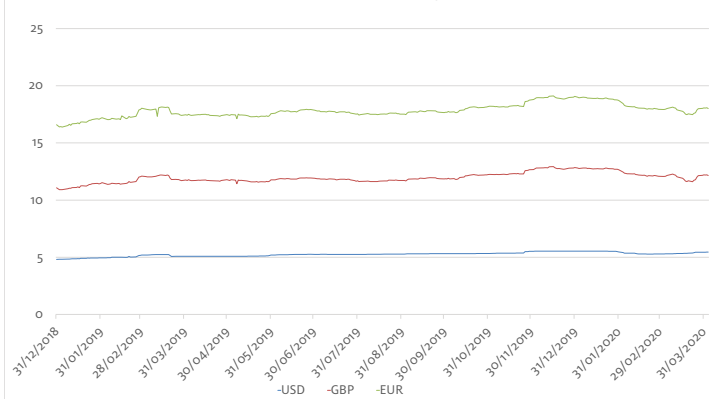
Sources: GCB Bank, Central bank websites

AFRICAN FX MARKET UPDATE (WEEKLY CHANGES %)

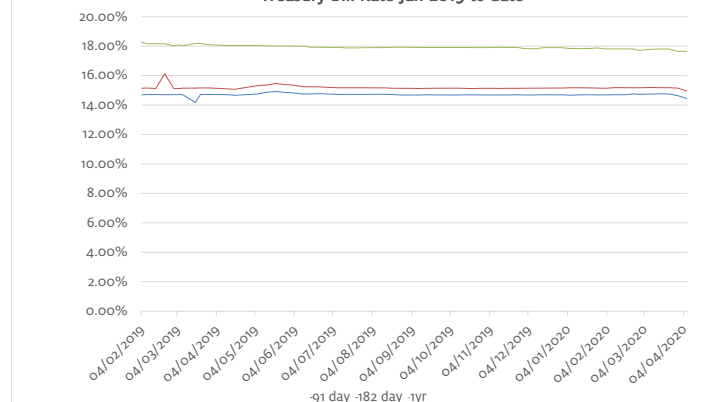
COUNTRY	US\$	Wkly (%Δ)	£	Wkly (%Δ)	€	Wkly (%Δ)
Ghana	5.4610	(0.43)	6.6886	0.17	5.8602	0.00
Nigeria	360.5000	0.00	442.8740	(0.46)	389.0880	1.99
Kenya	105.6650	(0.52)	131.2310	(4.02)	115.2990	0.06
BCEAO*	607.0000	(1.94)	749.2500	(3.04)	655.9600	0.00
S. Africa	18.7096	(6.44)	23.0670	(7.56)	20.2045	(4.49)

Sources: GCB Bank, Central bank website

Cedi Performance Vs USD, EUR & GBP-Jan-2019 to date



Treasury Bill Rate-Jan-2019 to date

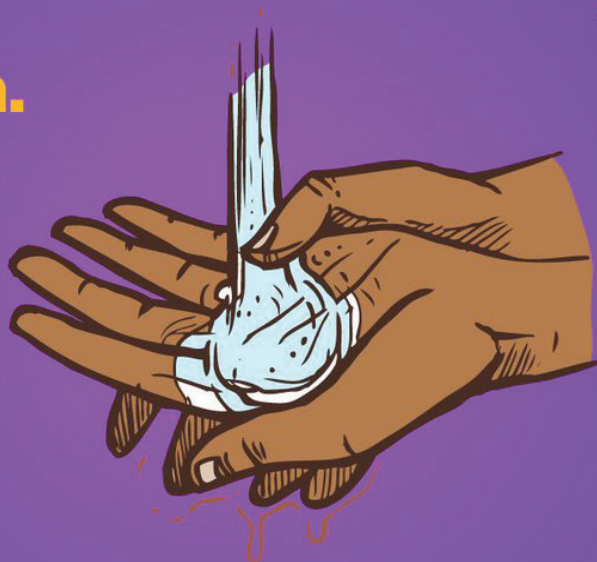


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Scrolling? Pause and wash.



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