

WEEKLY CURRENCY REPORT



Date Issued | 30th March, 2020



GLOBAL FX MARKET

USD: The dollar posted its biggest weekly decline in more than a decade on Friday, as trillions of dollars' worth of stimulus efforts by governments and central banks helped temper a rout in global markets driven by the coronavirus pandemic. The greenback dipped as big government spending pledges and coordinated efforts by central banks around the world to increase the supply of dollars supported a rally in other major currencies. Against the pound and the euro, the dollar fell by 5.67% and 1.60% respectively. We expect the dollar to rebound as risk appetite is likely to be driven by changes in the pace of the coronavirus spread throughout the major countries.

GBP: Sterling was up, a near-two-week high Friday as investors grew more confident that the United States government and central bank economic stimulus could alleviate some of the impact of the coronavirus crisis. The British government on Thursday said it will pay grants to self-employed people who have lost their livelihoods because of the coronavirus lockdown, further extending an unprecedented package of measures to bolster the economy. The pound was up by 6.01% and 2.57% against the dollar and the euro respectively. We therefore expect the pound to remain stable in the week ahead.

EUR: The euro continues to march higher on the back of a weaker dollar but dipped against the pound. The demand for dollars has declined as US governments have stepped up their efforts to combat the Coronavirus. Due to a fresh slew of stimulus policies being introduced around the globe, the euro dipped by 3.49% against the pound whilst it inched up by 1.63% against the dollar. In the week ahead, we expect the euro to remain stable due to dynamics around the greenback plus developments from Coronavirus pandemic.

AFRICAN FX MARKET REVIEW AND OUTLOOK

GHANA: GHS: 5.44USD1; GHS: 6.70GBP1; GHS: 5.86EUR1

- In the just ended week, the Ghana cedi depreciated for a second consecutive week against the dollar and the pound whilst it remained stable against the euro. The cedi dipped by 1.42% and 5.60% against the dollar and the pound respectively.

- The local unit continued to decline against the dollar and the pound as cases of coronavirus in the country continued to increase hindering business activities.

- Growing pressures on the cedi is also as a result of investors looking elsewhere amidst the coronavirus pandemic and increased demand from banks, which have seen some gains of the cedi in recent months eroded.

- A possible lockdown by the government, which was anticipated in relation to the fast spread of the coronavirus, also weighed on the local unit's performance.

- The Bank of Ghana's regular intervention and supervision in the FX market also supported the local unit to stay flat against the euro.

- In the week ahead, we expect the cedi to trade sideways on the back of government's announcement of a lockdown which will last for two weeks.

SOUTH AFRICA: ZAR: 17.50 USD1; ZAR: 21.32 GBP1; ZAR: 19.30: EUR1

- In the week under review, the rand dipped against the dollar, the pound and the euro. Against the dollar and the pound, the rand dipped by 1.77% and 4.33% respectively. Versus the euro, it also dropped by 3.92%.

- South Africa's rand fell more than 1% on Friday as the country reported its first two deaths from Coronavirus and a sharp jump in new infections, just as a three-week national lockdown commenced in an attempt to curb the outbreak.

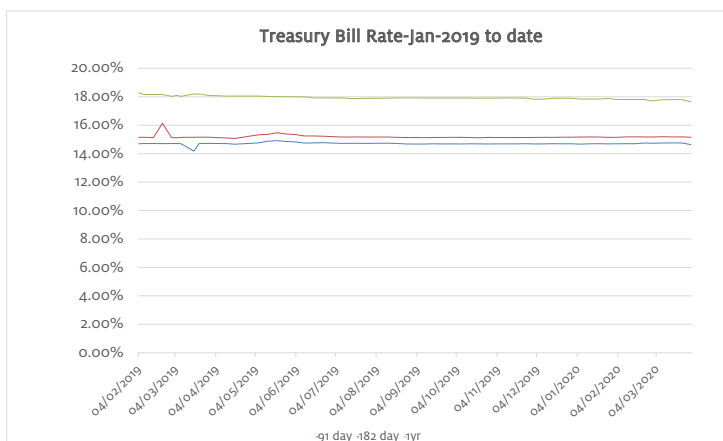
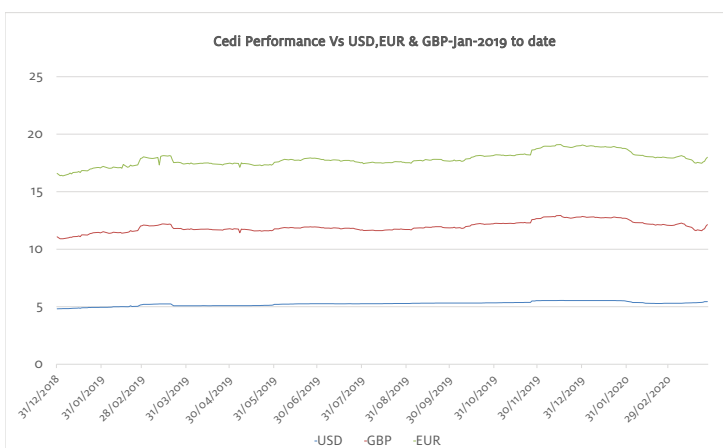
- An unprecedented policy decision by South Africa's central bank on Wednesday (25/03/2020), which will see it buy an unlimited amount of government bonds, as well as extend repurchase facilities to commercial lenders, is expected to support demand for local assets.

- We therefore expect the rand to rebound in the week ahead.

GLOBAL FX MARKET UPDATE (WEEKLY CHANGES %)						
REGION	US\$	Wkly (%Δ)	£	Wkly (%Δ)	€	Wkly (%Δ)
USA	1.0000	0.00	1.2359	(5.67)	1.0977	(1.60)
Europe	0.9110	1.63	1.1143	(3.49)	1.0000	0.00
UK	0.8091	6.01	1.0000	0.00	0.8948	2.57

Sources: GCB Bank, Central bank websites

AFRICAN FX MARKET UPDATE (WEEKLY CHANGES %)						
COUNTRY	US\$	Wkly (%Δ)	£	Wkly (%Δ)	€	Wkly (%Δ)
Ghana	5.4377	(1.42)	6.7001	(5.60)	5.8602	0.00
Nigeria	360.5000	0.00	440.8560	(3.51)	396.8380	(2.43)
Kenya	105.1150	(0.02)	125.9560	(3.11)	115.3640	(1.66)
BCEAO*	595.2500	2.27	726.5000	(1.55)	655.9600	0.00
S. Africa	17.5046	(1.77)	21.3224	(4.33)	19.2971	(3.92)



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Research Contacts

Lawson Oppong-Asante
Email: loppong-asante@gcb.com.gh
Tel: 0302 66 4910 -18

Adomako Osei-Frimpong
Email: aofrimpong@gcb.com.gh
Tel: 0302 66 4910 -18

Michael Bedjrah
Email: mbedjrah@gcb.com.gh
Tel: 0302 66 4910 -18

Treasury & Sales Contacts

Anthony Asare
Email: akasare@gcb.com.gh
Tel: 0302 611 762

Daniel Boateng
Email: daboateng@gcb.com.gh

Head Office:

No 2 Thorpe Link
P. O. Box 134, Accra
Tel: +233 (0)302 664910

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