

WEEKLY CURRENCY REPORT



Date Issued | 20th January, 2020



GLOBAL FX MARKET

USD: The dollar gained against the pound but dipped against the euro after multiple data releases painted a positive U.S. economic picture, reversing earlier weakness following the preliminary deal between the United States and China to de-escalate their trade war. U.S. retail sales increased for a third straight month in December suggesting the economy maintained a moderate growth pace at the end of 2019. Also the two countries announced an initial trade deal, defusing an 18-month conflict between the world's two largest economies. The dollar inched up by 0.25% against the pound whilst against the euro, it dipped by 0.15%. In the week ahead, we expect the dollar to hold firm after last week's run of data confirmed that the United States economy is holding up well.

GBP: The Pound was the worst performing major currency after UK retail sales data came in weaker-than-expected, prompting investors to price in a greater chance interest rates would be cut at the end of this month. Economic data showed further weakness on Friday, with British consumers failing to increase their spending in December for a record fifth straight month. Against the U.S. dollar and the euro, the pound dipped by 0.25% and 0.09% respectively. In the week ahead, the pound is expected to remain steady as investors now believe Britain and the European Union are more likely to partly agree on a trade deal after Britain quits the EU on Jan. 31.

EUR: The Euro ceded ground to most major rivals last week amid an improvement in investor appetite for riskier assets and as U.S.-EU trade tensions appeared back on the market's radar. Against the dollar and the pound, the euro inched up by 0.15% and 0.09% respectively. In the week ahead, we expect the euro to remain steady ahead of Thursday's release of the latest ECB interest rate decision and although all of the Bank's interest rates and various policy initiatives are expected to go unchanged, markets will still scrutinize details of the statement and press conference closely for clues on the outlook.

AFRICAN FX MARKET REVIEW AND OUTLOOK

GHANA: *GHS: 5.53USD1; GHS: 7.21GBP1; GHS: 6.14EUR1*

- In the just ended week, the Ghana cedi edged up against all the tracked currencies in our basket. Against the dollar and the pound, the cedi inched up by 0.04% and 0.39% respectively whilst against the euro, the local unit was also up by 0.15%.
- The currency market was largely net-offered within the week with dollar selling interest seen from offshore players coupled with BoG regular dollar injection.
- The cedi was supported by FX Forward auction where a total amount of \$40mn was offered by BoG resulting in an improved FX liquidity.
- Also, the direction of the cedi was influenced by market sentiment.
- In the week ahead, we still expect the local unit to stay stable as news of the 2020 Eurobond roadshow expected to kick-off next week coupled with significant offshore participation in the 3-year bond auction last week bolstered risk appetite for the cedi.

SOUTH AFRICA: *ZAR: 14.37 USD1; ZAR: 18.80 GBP1; ZAR: 16.00: EUR1*

- In the week under review, the rand dipped against all tracked currencies in our basket. Against the dollar, the rand dipped by 0.93% whilst against the pound and the euro, it dropped by 1.01% and 1.23% respectively.
- South Africa's rand edged lower as investors held off from placing large bets while the governing African National Congress (ANC) party held an important meeting on the economy.
- Also the rand slumped as data pointed to continued weakness in the economy, while a surge in Woolworths Holdings and Old Mutual led stocks higher.
- Africa's most industrialized economy has been suffering its most severe blackouts in a decade, as state-owned South African utility Eskom struggles to meet demand because of breakdowns at its coal-fired power plants.
- In the week ahead, Statistics South Africa is scheduled to release consumer and producer inflation data, giving clues about whether price pressures are picking up in Africa's most industrialized economy.
- Therefore, we expect the rand to remain steady as investors awaits the release.

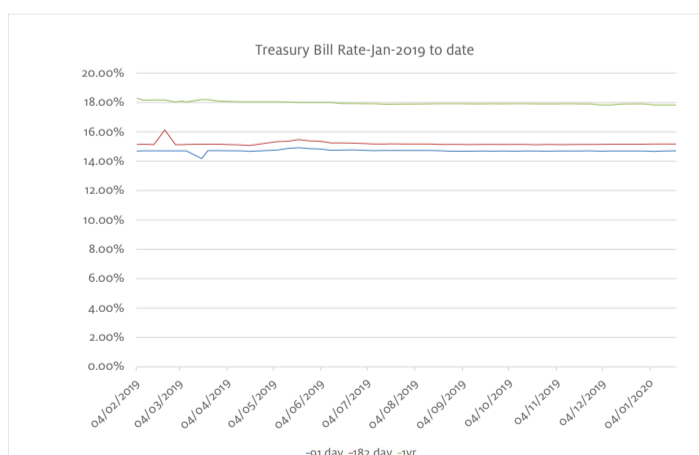
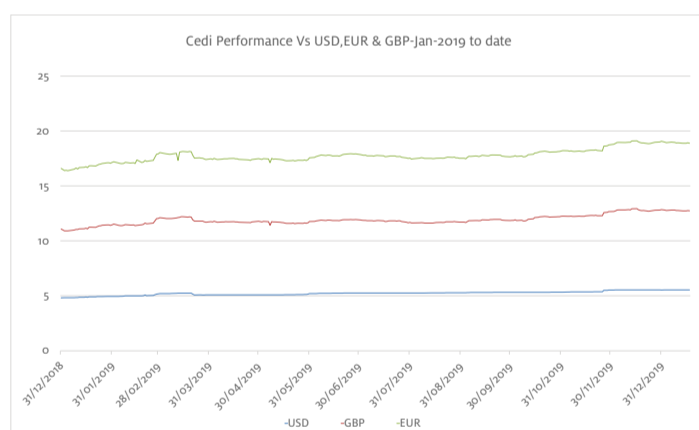
GLOBAL FX MARKET UPDATE (WEEKLY CHANGES %)

REGION	US\$	Wkly (%Δ)	£	Wkly (%Δ)	€	Wkly (%Δ)
USA	1.0000	0.00	1.3029	0.25	1.1108	(0.15)
Europe	0.9003	0.15	1.1750	0.35	1.0000	0.00
UK	0.7675	(0.25)	1.0000	0.00	0.8516	(0.09)

Sources: GCB Bank, Central bank websites

AFRICAN FX MARKET UPDATE (WEEKLY CHANGES %)

COUNTRY	US\$	Wkly (%Δ)	£	Wkly (%Δ)	€	Wkly (%Δ)
Ghana	5.5342	0.04	7.2083	0.39	6.1400	0.15
Nigeria	306.4000	0.02	399.5150	0.35	340.5020	(0.14)
Kenya	101.3840	0.21	131.8790	0.49	112.6930	0.19
BCEAO*	589.0000	0.25	770.2500	0.13	655.9600	0.00
S. Africa	14.3700	(0.93)	18.7960	(1.01)	16.0020	(1.23)



WEEKLY CURRENCY REPORT



Date Issued | 20th January, 2020

We have
E-volved.



Customer Service: 0202 111 177 0264 270 236

WhatsApp: 0202 422 422

Web: www.gcbbank.com.gh

Toll Free: 0800 422 422

Follow GCBBankLimited



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

Disclaimer

This document has been prepared by the Research Department of GCB Bank Limited solely for information purposes and does not constitute any legally binding obligations on GCB. Any views expressed are those of the Research Department. Any views and commentary in this communication (the views) are short term views of the GCB Research Department from which it originates (the authors) and are not a personal recommendation and do not take into account whether any product or transaction is suitable for any particular investor.

Whilst the information provided in this document has been prepared by GCB Research Department based upon or by reference to sources, materials that GCB believes to be reliably accurate, GCB does not guarantee its completeness or accuracy. The message is for information purposes only as of the date hereof and are subject to change. It is not a recommendation, advice, offer or solicitation to buy or sell a product or service. We do not accept any liability for losses (direct or consequential) which may arise from making use of this document or its contents or reliance on the information contained herein.

All opinions and estimates are given as of the date hereof and are subject to change. GCB is not obliged to inform readers of any such change to such opinions or estimates. This document do not purport to contain all the information that you may desire. In all cases, interested parties should conduct their own investigations and analysis of the transaction described in the document and of the data set forth in the document. In particular it is recommended for interested parties to check that the information provided is in line with their own circumstances with regard to any legal, regulatory, tax or other specialist or technical advice or services, if necessary with the help of a professional advisor.

This document is confidential and may not be reproduced or distributed in whole or in part without the prior written permission of GCB.