

# WEEKLY CURRENCY REPORT



Date Issued | 27th April, 2020



## GLOBAL FX MARKET

**USD:** The U.S. dollar edged higher against the euro after a video conference of European Union leaders looking to set up a joint fund to avert an economic collapse in parts of the 27-member bloc ended without any agreement on details. The greenback's rally last week was aided by a historic collapse in oil prices, which pushed U.S. crude futures into negative territory for the first time ever. As oil prices stabilized, the dollar's safe-haven appeal receded. The dollar inched up by 1.35% and 0.56% against the euro and the pound respectively. We therefore expect the dollar to remain stable as safe-haven currencies remained largely well supported.

**GBP:** Sterling sank against the dollar and the euro on Friday after data showed the biggest drop in British retail sales on record, adding to fears about the economic impact of the new coronavirus pandemic. Official figures showed sales volumes fell by 5.1% in March, reflecting the hit from the coronavirus shutdown which closed many businesses in the second half of the month. The pound edged lower by 1.33% and 0.64% against the dollar and the euro respectively. We therefore expect the pound to remain under pressure as COVID-19 has proved to be longer than expected, and investors are looking for some indication of what the UK government's exit plan will look like.

**EUR:** The Euro had a mixed performance against our basket of tracked currencies as disagreements over the size and shape of the rescue package persisted. Despite an agreement by EU leaders to fund a recovery from the coronavirus pandemic, delays to an agreement on divisive details of the European Union's stimulus package has kept investors from turning more bullish on the euro. The euro dipped by 0.55% against the dollar while it inched up by 0.60% against the pound. In the week ahead, we expect the euro to remain slightly stable as the uncertainty related to the rescue package continue to weigh on the single currency.

## AFRICAN FX MARKET REVIEW AND OUTLOOK

**GHANA: GHS: 5.51USD1; GHS: 6.84GBP1; GHS: 5.86EUR1**

- In the just ended week, the Ghana cedi recovered against the pound whilst it stood firm against the dollar and the euro. The cedi inched up by 0.68% against the pound whereas it remained flat against the dollar and the euro week on week.

- The cedi was supported by high liquidity in the FX market due to low demand and extension of border closure by the Government.

- Injection of financial aid into the economy by the Government through its Covid19 initiative also supported the local unit as investors become hopeful about the economy.

- Lifting of restrictions on movement by the President contributed massively to the improved performance of the cedis as market activities increase progressively.

- The Central bank's intervention in the FX market through its auction strategy made hard currency available to investors upon demand.

- In the week ahead, we expect the cedi to remain stable due to demand and supply forces.

**SOUTH AFRICA: ZAR: 19.07 USD1; ZAR: 23.46 GBP1; ZAR: 20.51: EUR1**

- In the week under review, the rand edged lower against all tracked currencies in our basket. Against the dollar and the pound, the rand fell by 1.34% and 0.24% respectively. Against the euro, it also weakened by 0.68%.

- South Africa's rand weakened early on Friday as concerns over the economic damage caused by the COVID-19 pandemic knocked risk appetite, outweighing news that Africa's most advanced nation will allow a partial reopening of the economy on May 1.

- South Africa has spent nearly a month under restrictions requiring most of the population to stay at home apart from essential trips, leaving many businesses and individuals struggling.

- South African President Cyril Ramaphosa said on Thursday that from May 1 the government will allow some industries to operate under a five-level risk system.

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

### GLOBAL FX MARKET UPDATE (WEEKLY CHANGES %)

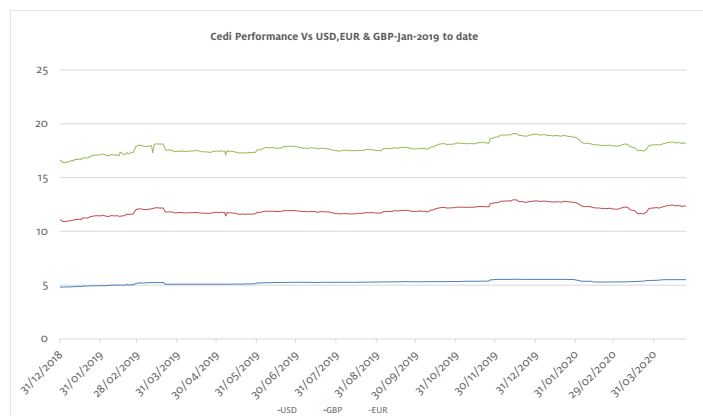
REGION	US\$	Wkly (%Δ)	£	Wkly (%Δ)	€	Wkly (%Δ)
USA	1.0000	0.00	1.2338	1.35	1.0800	0.56
Europe	0.9259	(0.55)	1.1429	0.60	1.0000	0.00
UK	0.8105	(1.33)	1.0000	0.00	0.8765	(0.64)

Sources: GCB Bank, Central bank websites

### AFRICAN FX MARKET UPDATE (WEEKLY CHANGES %)

COUNTRY	US\$	Wkly (%Δ)	£	Wkly (%Δ)	€	Wkly (%Δ)
Ghana	5.5105	0.00	6.8366	0.68	5.8602	0.00
Nigeria	360.5000	0.00	445.0370	1.14	389.1960	0.55
Kenya	107.2440	(0.97)	132.4550	0.03	115.6320	(0.18)
BCEAO*	611.0000	(1.19)	752.7500	(0.10)	655.9600	0.00
S. Africa	19.0722	(1.34)	23.4626	(0.24)	20.5093	(0.68)

Sources: GCB Bank, Central bank website

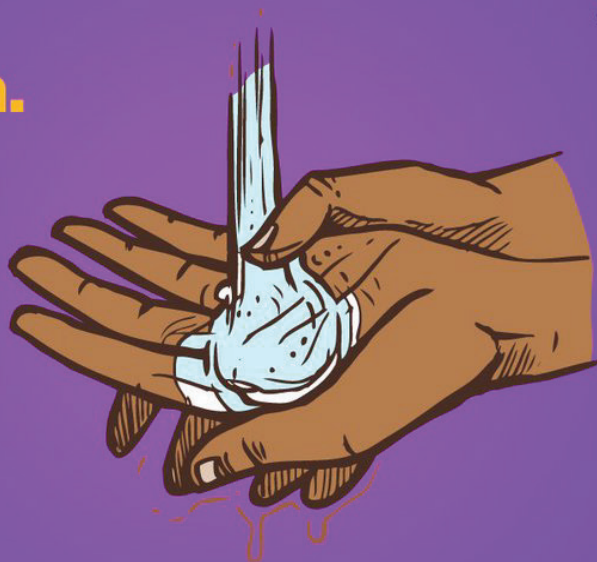


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