

WEEKLY CURRENCY REPORT



Date Issued | 18th January, 2021



GLOBAL FX MARKET

USD: The dollar turned higher against a basket of major currencies on Friday (15/01/2021) after a dismal December U.S. payrolls raised expectations for further stimulus measures to prop up an economy battered by the coronavirus and its related government lockdown measures. The greenback resumed its path higher, as expectations grew for additional stimulus measures to help buttress the economy until vaccine rollouts allow for the easing of lockdown measures. The dollar increased by 0.04% and 1.05% against the pound and the euro respectively. We expect the dollar to edge higher as investors look forward to a potential rebound in the US economy in the upcoming quarters.

GBP: The pound gained against a broadly weaker euro on Friday (15/01/2021), making up some of the losses it sustained against the common currency as the New Year began. The pound was among the risk assets hurt by the recovering dollar, falling for the first time in 2021, while investors weighed up the risk of the Bank of England introducing negative rates. The pound improved by 1.32% against the euro but dipped by 0.04% against the dollar. We expect the pound to be weighed as Brexit deal signed in December is quickly overshadowed by tighter lockdown measures to combat the spread of a new variant of COVID-19.

EUR: The Euro carried out its largest weekly loss for nearly three months on Friday (15/01/2021) after capitulating previously at what were new multi-year highs for the trade-weighted single currency. Meanwhile, factors that contributed to weakness in the Euro included prolonged lockdown, a slower pace of vaccination and political uncertainty in Italy. The euro declined by 1.04% and 1.25% against the dollar and the pound respectively. The week ahead, we expect the euro to remain steady as Italy's Prime Minister Conte is likely to ask for a confidence vote in parliament while Eurozone PMs will probably decline across the board which will be released on Friday.

AFRICAN FX MARKET REVIEW AND OUTLOOK

GHANA: GHS: 5.76 USD₁; GHS: 7.83 GBP₁; GHS: 6.96 EUR₁

- In the just ended week, the Ghana cedi stayed flat against the dollar but dropped against the pound and improved against the euro. Against the pound, the local unit dipped by 0.22% whereas it advanced by 1.21% against the euro.

- The cedi remained steady against the dollar and eased its lost against the pound with support from the Central bank through regulation, FX auction and strong reserve position.

- The local unit was also supported by rising coronavirus cases that made investors cautious about the pace of global economic recovery from the pandemic.

- In the week ahead, we expect the cedi to come under minimal pressure as a new peak in daily COVID-19 cases and bleak economic outlook has put a damper on sentiment.

SOUTH AFRICA: ZAR: 15.18 USD₁; ZAR: 20.72 GBP₁; ZAR: 18.40: EUR₁

- In the week under review, the rand strengthened against all the tracked currencies in our basket. The rand gained 1.22% and 0.66% against the dollar and the pound respectively. Also, it went up by 2.11% against the euro.

- South Africa's rand rose on Friday (15/01/2021) as most other emerging market currencies traded high against the dollar on continued optimism over easy monetary policy and stimulus measures.

- The South African rand rose about 1.22% to the dollar, but stayed within a trading range seen since last week as weak manufacturing data from the country pointed to more economic woes.

- Investors have been watching for any spikes in U.S. inflation, which could lead to the Federal Reserve tapering its bond-buying program, thereby pushing up yields and making the dollar more attractive.

- In the week ahead, we expect the rand to trade sideways as the central bank could cut its main lending rate this week to support the economy.

GLOBAL FX MARKET UPDATE (WEEKLY CHANGES %)

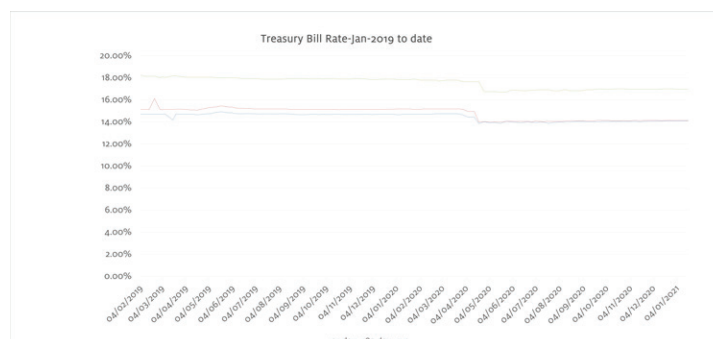
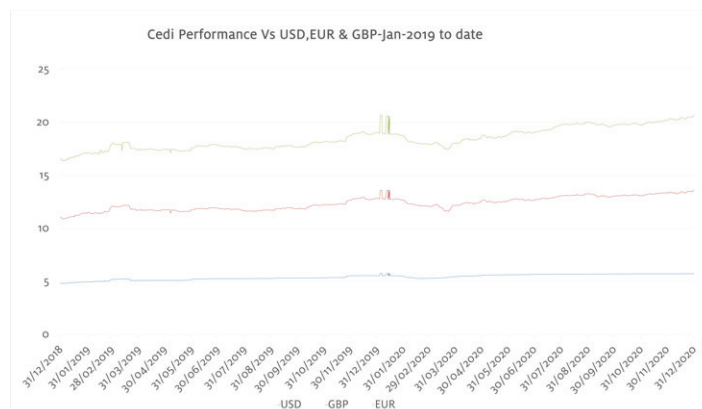
REGION	US\$	Wkly (%Δ)	£	Wkly (%Δ)	€	Wkly (%Δ)
USA	1.0000	0.00	1.3585	0.04	1.2123	1.05
Europe	0.8249	(1.04)	1.1236	(1.25)	1.0000	0.00
UK	0.7361	(0.04)	1.0000	0.00	0.8902	1.32

Sources: GCB Bank, Central bank websites

AFRICAN FX MARKET UPDATE (WEEKLY CHANGES %)

COUNTRY	US\$	Wkly (%Δ)	£	Wkly (%Δ)	€	Wkly (%Δ)
Ghana	5.7605	0.00	7.8323	(0.22)	6.9645	1.21
Nigeria	379.5	0.00	517.6	(0.29)	460.11	1.05
Kenya	110.1	(0.50)	150.183	(0.86)	133.99	0.21
BCEAO*	540.5	(1.02)	738.5	(1.62)	655.96	0.00
S. Africa	15.181	1.22	20.7175	0.66	18.401	2.11

Sources: GCB Bank, Central bank website



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Scrolling? Pause and sanitize.

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