

# WEEKLY CURRENCY REPORT



Date Issued | 22nd February, 2021



## GLOBAL FX MARKET

**USD:** The U.S. dollar declined on Friday (19/02/2021) as vaccine progress, expectations for faster economic growth and inflation sent bond yields higher. Disappointing U.S. labour market data also bruised optimism for a speedy recovery from the COVID-19 pandemic which weighed on the greenback. The dollar dipped by 1.40% and 0.26% against the pound and the euro respectively. The string of soft labour data is weighing on the dollar even as other indicators have shown resilience, and as President Joe Biden's pandemic relief efforts take shape, including a proposed \$1.9 trillion spending package. We therefore expect the dollar to continue trading sideways in the coming week.

**GBP:** The pound edged higher against both the dollar and the euro on Friday (19/02/2021), reaching its highest in almost a year against the single currency, amid expectations of a faster economic recovery in Britain thanks to its successful COVID-19 vaccinations. The pound has been one of the better performing currencies of 2021 as the UK pushes ahead with its vaccination program and after the Bank of England effectively ruled out negative interest rates in the near term at their February meeting. The pound improved by 1.42% and 1.32% against the dollar and the euro respectively. We expect the pound to remain firm as the aggressive rollout of the COVID-19 vaccination program raise expectations that the economy will recover faster than that of its European peers.

**EUR:** The euro saw a mixed performance against dollar and the pound last week as a rally in sterling weighed on the trade-weighted exchange rate, as investors awaits ECB President Lagarde's speech this week. The euro was down by 1.42% against the pound but advanced by 0.26% against the dollar. We expect the euro to remain pressured as concerns mount over the slowing pace of COVID-19 vaccination in the EU and its impact on Europe's economic recovery, which is dampening investors hope in the single currency.

## AFRICAN FX MARKET REVIEW AND OUTLOOK

**GHANA: GHS: 5.76 USD<sub>1</sub>; GHS: 8.07 GBP<sub>1</sub>; GHS: 6.98 EUR<sub>1</sub>**

- In the just ended week, the Ghana cedi gained against the dollar while it dipped against the pound and the euro respectively. The cedi was up by 0.02% against the dollar. Against the pound and the euro, it went down by 1.39% and 0.19% respectively.

- The cedi remained steady largely driven by offshore events, with expansive stimulus policies in the United States and other developed economies, as well as the possible the roll-out of COVID-19 vaccines in March 2021, driving global risk demand towards Ghana.

- The local unit was also supported by hopes of a quicker economic recovery - (pending vaccine procurement) and improved forex reserve position.

- Regulation and FX auction by the Bank of Ghana also helped to lessen the rate at which the cedi depreciated against the pound and the euro.

- In the week ahead, we expect the cedi to remain steady supported by the inflow of about \$190 million of the cocoa syndicated loan.

**SOUTH AFRICA: ZAR: 14.56 USD<sub>1</sub>; ZAR: 20.36 GBP<sub>1</sub>; ZAR: 17.64: EUR<sub>1</sub>**

- In the week under review, the rand increased against all the tracked currencies in our basket with the exception of pound. The rand went up by 0.68% and 0.60% against the dollar and the euro respectively. On the other hand, it dropped by 0.66% against the pound.

- South Africa's rand edged up on Friday (19/02/2021) ahead of a budget speech next week, while a softer dollar limited losses for most other emerging market currencies after weak U.S. jobs data dulled hopes of a global economic recovery.

- The rand rose, extending gains to a third consecutive session, with investors keenly looking forward to an update on the fiscal status of the local economy from Finance Minister Tito Mboweni in his budget speech on Wednesday (24/02/2021).

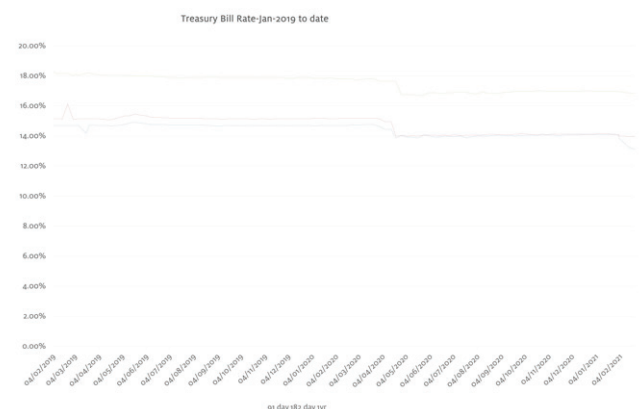
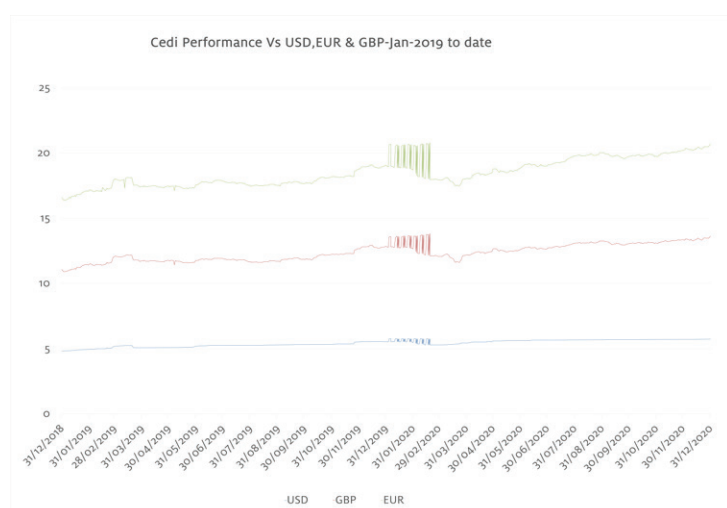
- We expect the rand stay firm as a result of an increasingly cautious trade ahead of the budget speech this week, which is expected to detail the progress of the country's economic recovery.

GLOBAL FX MARKET UPDATE (WEEKLY CHANGES %)						
REGION	US\$	Wkly (%Δ)	£	Wkly (%Δ)	€	Wkly (%Δ)
USA	1.0000	0.00	1.4022	(1.40)	1.2139	(0.26)
Europe	0.8238	0.26	1.1560	(1.42)	1.0000	0.00
UK	0.7132	1.42	1.0000	0.00	0.8657	1.32

Sources: GCB Bank, Central bank websites

AFRICAN FX MARKET UPDATE (WEEKLY CHANGES %)						
COUNTRY	US\$	Wkly (%Δ)	£	Wkly (%Δ)	€	Wkly (%Δ)
Ghana	5.7586	0.02	8.0727	(1.39)	6.9818	(0.19)
Nigeria	379.5000	0.00	531.2240	(1.53)	460.6750	(0.25)
Kenya	109.5500	(0.10)	152.6630	(0.80)	132.2930	0.38
BCEAO*	542.0000	(0.18)	757.5000	(1.45)	655.9600	0.00
S. Africa	14.5616	0.68	20.3564	(0.66)	17.6443	0.60

Sources: GCB Bank, Central bank website



# WEEKLY CURRENCY REPORT



Date Issued | 22nd February, 2021



## Scrolling? Pause and sanitize.

### Research Contacts

Lawson Oppong-Asante  
Email: [loppong-asante@gcb.com.gh](mailto:loppong-asante@gcb.com.gh)  
Tel: 0302 66 4910 -18

Adomako Osei-Frimpong  
Email: [aofrimpong@gcb.com.gh](mailto:aofrimpong@gcb.com.gh)  
Tel: 0302 66 4910 -18

Michael Bedjrah  
Email: [mbedjrah@gcb.com.gh](mailto:mbedjrah@gcb.com.gh)  
Tel: 0302 66 4910 -18

### Treasury & Sales Contacts

Anthony Asare  
Email: [akasare@gcb.com.gh](mailto:akasare@gcb.com.gh)  
Tel: 0302 611 762

Daniel Boateng  
Email: [daboateng@gcb.com.gh](mailto: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.