



GLOBAL FX MARKET

USD: The dollar strengthened slightly on Friday (19/03/2021) after the Federal Reserve announced it will let the leverage ratio for big banks expire March 31, 2021. A rosier economic outlook and concerns over runaway inflation prompted a bond sell-off in recent weeks while Fed Chair Powell reiterated the central bank's view on maintaining its current ultra-accommodative policy for the foreseeable future. The dollar improved by 0.15% and 0.35% against the pound and the euro respectively. In the week ahead, given the fact that Powell appeared comfortable about the sharp moves in rates, we expect the dollar to maintain its upside momentum.

GBP: The British pound traded below against the dollar but firmed against the euro on Friday (19/03/2021), after economic data showed the UK government borrowed £19.1 billion last month, the highest February borrowing since monthly records began in 1993. Also, the Bank of England left monetary policy unchanged and failed to signal any increase to the central bank's bond-buying in the coming months. The pound was down by 0.15% against the dollar but increased by 0.09% against the euro. Bank of England governor Bailey said the UK economy would contract by 4% in the first quarter from the same period last year; and that inflation would remain below the 2% target but would rise temporarily due to public support measures. We therefore expect the pound to remain under minimal pressure in the coming week.

EUR: The euro traded lower, not far from an over three-month low in the second week in March, amid concerns about a surge in COVID-19 cases across Europe and the negative impact of restrictive measures and vaccine delays on economic recovery. The euro decreased by 0.35% and 0.08% against the dollar and the pound respectively. European Central Bank President, Christine Lagarde, said that the central bank might need some time before the recently agreed acceleration in the pace of bond purchases, following the central bank's decision last week to boost the pace of money printing to bring yields down. We expect the euro to remain weighed as investors await fresh data on the ECB weekly bond purchases.

AFRICAN FX MARKET REVIEW AND OUTLOOK

GHANA: GHS: 5.73 USD1; GHS: 7.94 GBP1; GHS: 6.81 EUR1

-In the just ended week, the Ghana cedi dipped against the dollar but advanced against the pound and the euro respectively. The cedi declined by 0.02% against the dollar. On the other hand, against the pound and the euro, it went up by 0.28% and 0.39% respectively.

-The depreciation of the cedi was as a result of the appreciation of the dollar which was supported by the U.S. Federal Reserve's positive outlook on economic growth and their pledge to keep interest rates near zero.

-The local unit was little changed against the pound and the euro, as the currency continued to take its cue from swings in global market sentiment.

-The Central bank's periodic intervention through regulation and FX auction also supported the cedi against the foreign currencies.

-In the week ahead, we expect the cedi to be fairly stable supported by a gross reserve position of US\$8,719.7 million, providing cover for 4.2 months of imports of goods and services.

SOUTH AFRICA: ZAR: 14.65 USD1; ZAR: 20.43 GBP1; ZAR: 17.48: EUR1

-In the week under review, the rand edged up against all the tracked currencies in our basket. The rand improved by 2.20% and 2.21% against the dollar and the pound respectively. It also gained 2.30% against the euro.

-South Africa's rand gained on Friday (19/03/2021) as riskier currencies broadly received a boost from the U.S. Federal Reserve maintaining its dovish stance.

-The South African currency has tracked swings on global markets last week, rallying when the U.S. Federal Reserve pushed back against speculation over rate hikes before retreating.

-Meanwhile, Finance minister Tito Mboweni has said he believes that a third wave of Covid-19 is on the way which could devastate the economy more than the second wave did, adding that it is urgent to implement the country's recovery plan.

-We therefore expect the rand to remain stable as investors' focus turned to the South African Reserve Bank monetary policy meeting this week at which policymakers are widely expected to hold interest rates unchanged.

GLOBAL FX MARKET UPDATE (WEEKLY CHANGES %)

REGIO N	US\$	Wkly (%Δ)	£	Wkly (%Δ)	€	Wkly (%Δ)
USA	1.0000	0.00	1.3872	0.15	1.1891	0.35
Europe	0.8410	(0.35)	1.1660	(0.08)	1.000	0.00
UK	0.7209	(0.15)	1.000	0.00	0.8585	0.09

Sources: GCB Bank, Central bank websites

AFRICAN FX MARKET UPDATE (WEEKLY CHANGES %)

COUNTRY	US\$	Wkly (%Δ)	£	Wkly (%Δ)	€	Wkly (%Δ)
Ghana	5.7275	(0.02)	7.9358	0.28	6.8098	0.39
Nigeria	379.500	0.00	528.036	(0.12)	451.757	0.21
Kenya	109.858	(0.19)	153.167	(0.65)	131.091	(0.13)
BCEAO*	550.000	(0.14)	766.500	(0.07)	655.96	0.00
S. Africa	14.6540	2.20	20.4277	2.21	17.4778	2.30

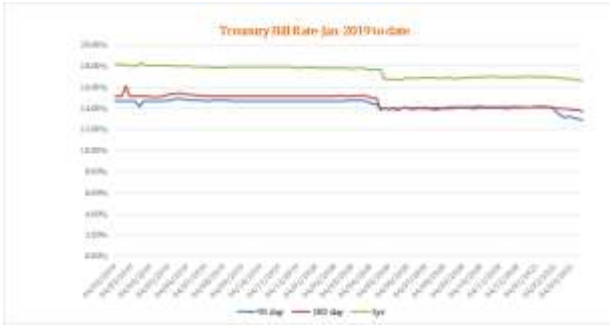
Sources: GCB Bank, Central bank website



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 does 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. ©2019 GCB Bank Limited. All rights reserved.



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.
©2019 GCB Bank Limited. All rights reserved.