



### GLOBAL FX MARKET

**USD:** The dollar improved against all the tracked currencies in our basket on Friday (26/03/2021), not far from a four-month high as better-than-expected weekly jobless claims numbers and upwardly revised GDP figures reinforced the view of a robust US economic bounce. The dollar was up by 0.58% and 0.93% against the pound and the euro respectively. Meanwhile figures showed that personal income fell slightly less than expected while spending declined at a faster pace and prices pointed to tame inflation. Beyond these upbeat numbers, the swift rollout of coronavirus vaccines combined with ultra-easy monetary policy and unprecedented government spending has given investors more confidence in the path to economic recovery. We therefore expect the dollar to maintain its positive trajectory.

**GBP:** The pound bounced back against the euro but dipped against the dollar on Friday (26/03/2021), after touching its weakest level since February 5<sup>th</sup>, 2021 on the back of upbeat economic data from the UK showing retail trade rose firmly in February even as non-essential shops remained in a coronavirus lockdown. The pound declined by 0.58% against the dollar but gained 0.37% against the euro. We expect the pound to rebound supported by hopes for a quicker economic recovery in the UK due to the continued success of the vaccination rollout program coupled with massive fiscal and monetary stimulus packages.

**EUR:** The euro traded low on Friday (26/03/2021), hovering around its weakest level since November 12<sup>th</sup> 2020, 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 was down by 0.92% and 0.30% against the dollar and the pound respectively. Italy and France imposed new restrictions on most of their populations, Germany extended its lockdown through April 18, 2021. We therefore expect the euro to be pressured on the back of Europe's worsening COVID conditions.

### AFRICAN FX MARKET REVIEW AND OUTLOOK

**GHANA:** GHS: 5.73 USD1; GHS: 7.90 GBP1; GHS: 6.75 EUR1

-In the just ended week, the Ghana cedi improved against all the tracked currencies in our basket. The cedi inched up by 0.01% against the dollar. Also, against the pound and the euro, it was up by 0.40% and 0.83% respectively.

-The cedi rose on Friday (26/03/2021), recovering from a two-week low in the previous week's trading session, after the central bank kept lending rates unchanged, bucking the trend of rate hikes in other emerging markets.

-Regulation and FX auction by the Bank of Ghana also provided support for the local unit.

-In the week ahead, we expect the cedi to be relatively stable after the central Bank left interest rates unchanged and anticipate a more optimistic growth forecasts.

**SOUTH AFRICA:** ZAR: 15.01 USD1; ZAR: 20.67 GBP1; ZAR: 17.68: EUR1

-In the week under review, the rand depreciated against all the tracked currencies in our basket. The rand dropped by 2.38% and 1.19% against the dollar and the pound respectively. It also dipped by 1.13% against the euro.

-South Africa's rand weakened on Friday (26/03/2021) as caution prevailed ahead of a closely watched testimony by top U.S. policymakers, with investors looking out for comments on the rise of bond yields.

-The market's focus remained on the Congressional testimony by U.S. Federal Reserve Chair Jerome Powell and Treasury Secretary Janet Yellen.

- Investors fear that a sharp run-up in U.S. Treasury yields since mid-February could lead the Fed to allow lending rates to rise, which could draw money away from high-yielding emerging markets economies.

-We therefore expect the rand to rebound as the South African Reserve Bank left lending rates unchanged, despite global inflation pressures and rate hikes in other emerging markets.

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

REGIO N	US\$	Wkly (%Δ)	£	Wkly (%Δ)	€	Wkly (%Δ)
USA	1.0000	0.00	1.3792	0.58	1.1782	0.93
Europe	0.8488	(0.92)	1.1695	(0.30)	1.000	0.00
UK	0.7251	(0.58)	1.000	0.00	0.8554	0.37

Sources: GCB Bank, Central bank websites

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

COUNTRY	US\$	Wkly (%Δ)	£	Wkly (%Δ)	€	Wkly (%Δ)
Ghana	5.7268	0.01	7.9042	0.40	6.7537	0.83
Nigeria	379.500	0.00	522.610	1.04	446.899	1.09
Kenya	109.785	0.07	150.450	1.81	129.751	1.03
BCEAO*	556.750	(1.21)	765.500	0.13	655.96	0.00
S. Africa	15.0113	(2.38)	20.6744	(1.19)	17.6781	(1.13)

Sources: GCB Bank, Central bank website



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