

# WEEKLY CURRENCY REPORT



Date Issued | 6th April, 2021



## GLOBAL FX MARKET

**USD:** The dollar fell slightly on Thursday (01/04/2021) in slow trading due to the Easter holidays, after the latest data showed US initial claims unexpectedly rose last week thus nonfarm payrolls rose by 916,000 in March, the most since August 2020, while the unemployment rate fell to the lowest in a year of 6%, amid a further recovery in the economy from the coronavirus pandemic. The dollar dropped by 0.20% against the pound but improved by 0.31% against the euro. President Biden unveiled a \$2.25 trillion infrastructure plan to boost the economic recovery, although the package is likely to face strong GOP opposition, especially over a corporate tax hike. We however expect the dollar to rebound as the American economy seems better positioned for a strong recovery from the coronavirus pandemic.

**GBP:** The pound bounced back, boosted by hopes for an economic recovery after Prime Minister Boris Johnson announced a new mass testing program, aiming to help health officials to track the pandemic as the country slowly reopens from a strict four-month lockdown. At the same time, the UK's rapid vaccine rollout continued, with more than 31 million people in the country having already received at least one dose of a coronavirus vaccine. The pound advanced by 0.20% and 0.51% against the dollar and the euro respectively. We expect the pound to remain firm as PM Johnson is also expected to confirm that all retail, outdoor hospitality and hairdressers can reopen on April 12th, 2021 in England.

**EUR:** The euro remains close to over 4-month Low, hovering at its weakest level since November 5th, 2020, as investors fear that rising COVID-19 cases across Europe and the ongoing restrictive measures and vaccine delays could further hurt economic recovery. The euro depreciated by 0.31% and 0.36% against the dollar and the pound respectively. EU leaders insisted during its March summit on the need to urgently accelerate the vaccination campaigns and agreed to keep restrictions in place for the time being, including on non-essential travel. We therefore expect the euro to remain under minimal stress as on the back of the uncertainty around rising infection rates and the slow rollout of vaccines.

## AFRICAN FX MARKET REVIEW AND OUTLOOK

**GHANA: GHS: 5.73 USD1; GHS: 7.92 GBP1; GHS: 6.74 EUR1**

- In the just ended week, the Ghana cedi depreciated against dollar and the pound but appreciated against the euro. The cedi gained 0.25% against the euro. On the contrary, against the dollar and the pound, it was down by 0.05% and 0.20% respectively.

- The local unit fell on Thursday (01/04/2021), hit by higher demand for the dollar and the pound as fears of rising government debt and higher U.S. bond yields dampened demand for emerging market assets.

- The cedi rose against the euro and lessen its loss against the dollar and the pound as investors bet on the authority granted to the Finance ministry to access GH¢129 billion to run the economy for the 2021 financial year to revive the economy on growth path after a dismal performance in 2020 due to Covid-19.

- Also, the central bank's involvement through regulation and FX auction reinforced the cedi against the foreign currencies.

- In the week ahead, we expect the cedi to trade sideways on the back of accelerating vaccination rollout and the country's improved reserve position.

**SOUTH AFRICA: ZAR: 14.72 USD1; ZAR: 20.31 GBP1; ZAR: 17.29: EUR1**

- In the week under review, the rand inched up against all the tracked currencies in our basket. The rand increased by 1.95% and 1.82% against the dollar and the pound respectively. It also went up by 2.27% against the euro.

- South Africa's rand extended gains against the U.S. dollar on Thursday (01/04/2021), as positive manufacturing activity and new vehicle sales data pointed to a recovery in the economy.

- A survey showed manufacturing activity expanded for a third month in a row in March. Separately, data showed new vehicles sales were up by nearly 32% in March.

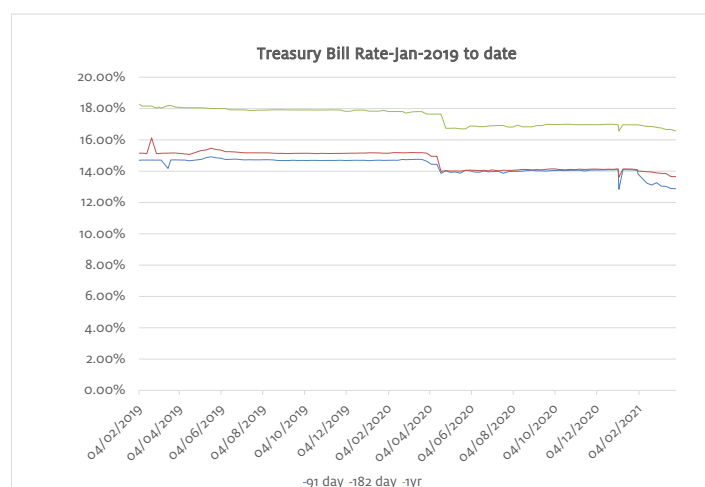
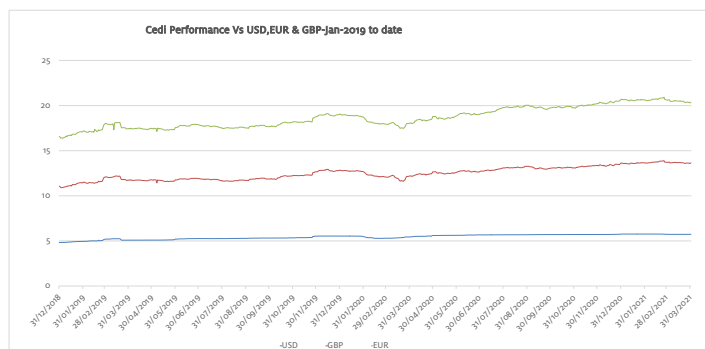
- We therefore expect the rand to remain stable as the rand is expected to take cues from President Joe Biden's massive infrastructure proposal, coupled with the recently enacted \$1.9 trillion coronavirus relief package, in the absence of market-moving local news.

GLOBAL FX MARKET UPDATE (WEEKLY CHANGES %)						
REGION	US\$	Wkly (%Δ)	£	Wkly (%Δ)	€	Wkly (%Δ)
USA	1.0000	0.00	1.3819	(0.20)	1.1746	0.31
Europe	0.8514	(0.31)	1.1738	(0.36)	1.0000	0.00
UK	0.7236	0.20	1.0000	0.00	0.8510	0.51

Sources: GCB Bank, Central bank websites

AFRICAN FX MARKET UPDATE (WEEKLY CHANGES %)						
COUNTRY	US\$	Wkly (%Δ)	£	Wkly (%Δ)	€	Wkly (%Δ)
Ghana	5.7298	(0.05)	7.9201	(0.20)	6.7370	0.25
Nigeria	379.5000	0.00	522.4200	0.04	445.0400	0.42
Kenya	109.3500	0.40	150.6720	(0.15)	128.5120	0.96
BCEAO*	559.2500	(0.45)	769.7500	(0.55)	655.9600	0.00
S. Africa	14.7241	1.95	20.3053	1.82	17.2861	2.27

Sources: GCB Bank, Central bank website



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**Scrolling?  
Pause and  
sanitize.**

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