

WEEKLY CURRENCY REPORT



Date Issued | 10th May, 2021



GLOBAL FX MARKET

USD: The dollar dropped against the pound but gained against the euro on Friday (07/05/2021) in reaction to a payroll report that showed the US economy only added 266,000 jobs in April, well below market expectations of almost one million. The dollar dipped by 0.96% against the pound whereas it improved by 0.19% against the euro. Meantime, traders are monitoring reports of a ransomware attack on the US' largest fuel pipeline. US Commerce Secretary Gina Raimondo noted that the Federal government is working to avoid supply disruptions after Colonial Pipeline suspended operations on Friday. Ahead in the week, market participants will also be monitoring inflation rate, retail sales and consumer sentiment data. We however expect the dollar to remain fairly firm.

GBP: The British pound appreciated on Friday (07/05/2021), hitting its strongest level in over two months, as investors digest the results of last week's Scottish Nationalist Party elections and the ongoing gradual reopening of the economy. Also, the Bank of England kept its monetary policy unchanged signaling it is on course to end emergency support. The pound advanced by 0.97% and 0.11% against the dollar and the euro respectively. British Prime Minister Boris Johnson is set to outline details about the next phase of reopening from the COVID-19 lockdown, with international travel set to reopen on Friday and indoor hospitality expected to resume on May 17, 2021. We therefore expect the pound to continue soaring in the week ahead.

EUR: The euro ended the week lower even though economic data showed Germany's industrial production rose in March by the most since last October and foreign trade data signaled a recovery global demand while France, industrial activity missed market expectations. The euro lost 0.19% and 0.06% against the dollar and the pound respectively. The Eurozone PMI survey released last week showed the bloc's private sector activity grew at a faster pace in April, as the service activity returned to growth; and the Eurozone retail sales rose firmly in March, despite renewed lockdown measures. We therefore expect the euro to rebound supported by optimism about a strong economic recovery and signs of an acceleration in the vaccination pace in Europe.

AFRICAN FX MARKET REVIEW AND OUTLOOK

GHANA: GHS: 5.73 USD1; GHS: 8.02 GBP1; GHS: 6.96 EUR1

- In the just ended week, the Ghana cedi advanced against the dollar but was down against the pound and the euro. The local unit went up by 0.01% against the dollar. On the other hand, it reduced by 1.21% and 0.96% against the pound and the euro respectively.

- The cedi steadied on Friday (07/05/2021) against the dollar after subdued U.S. jobs data supported hopes that interest rates would remain low for some time, bolstering risk appetite.

- The local currency is under pressure against the pound and the euro over concerns of the country's debt sustainability, possible spike in inflation and weakening government finances.

- Intervention by the Bank of Ghana through FX auction and regulation supported the local unit especially against the dollar.

- In the week ahead, we expect the cedi to remain fairly stable as investors remain hopeful about strong economic growth for Ghana in 2021 and the medium term as well as its strong reserve position.

SOUTH AFRICA: ZAR: 14.24 USD1; ZAR: 19.83 GBP1; ZAR: 17.21: EUR1

- In the week under review, the rand appreciated against all the tracked currencies in our basket. The rand increased by 0.99% and 0.90% against the dollar and the pound respectively. Also, it gained 1.10% against the euro.

- The rand gained sturdily on Friday (07/05/2021), hitting its highest level against the dollar since January 2020, hours before Moody's was scheduled to publish a review of South Africa's credit rating.

- The African National Congress (ANC) move last week to suspend its Secretary General Ace Magashule, one of reform-minded President Cyril Ramaphosa's main rivals, which boosted the rand as it is seen as a sign that Ramaphosa is in the ascendancy in his divided party.

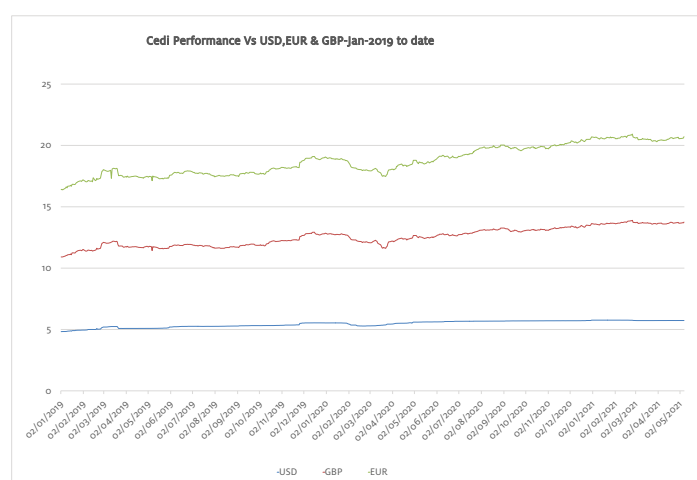
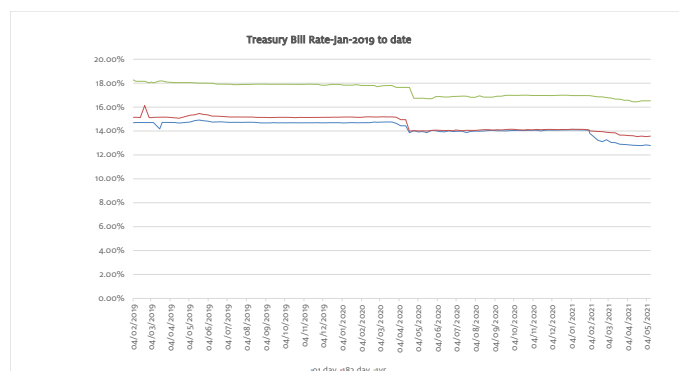
- We therefore expect risk appetite to favour the rand as investors took comments by Federal Reserve officials to mean that U.S. interest rates would stay low despite the risk of higher inflation.

GLOBAL FX MARKET UPDATE (WEEKLY CHANGES %)						
REGION	US\$	Wkly (%Δ)	£	Wkly (%Δ)	€	Wkly (%Δ)
USA	1.0000	0.00	1.3979	(0.96)	1.2059	0.19
Europe	0.8293	(0.19)	1.1519	(0.06)	1.0000	0.00
UK	0.7154	0.97	1.0000	0.00	0.8686	0.11

Sources: GCB Bank, Central bank websites

AFRICAN FX MARKET UPDATE (WEEKLY CHANGES %)						
COUNTRY	US\$	Wkly (%Δ)	£	Wkly (%Δ)	€	Wkly (%Δ)
Ghana	5.7316	0.01	8.0188	(1.21)	6.9629	(0.96)
Nigeria	379.5000	0.00	527.4670	0.05	457.8290	0.14
Kenya	106.8590	0.92	147.6710	1.76	127.9420	2.1
BCEAO*	543.2500	(0.28)	756.0000	(0.26)	655.9600	0.00
S. Africa	14.2393	0.99	19.8297	0.90	17.2061	1.1

Sources: GCB Bank, Central bank website



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**Scrolling?
Pause and
sanitize.**

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