

WEEKLY CURRENCY REPORT



Date Issued | 14th June, 2021



GLOBAL FX MARKET

USD: The dollar rose against the pound but dipped against the euro on Friday (11/06/2021), on strong data and as inflation fears eased with investors acknowledging price pressures are temporary and pandemic-induced, in line with Fed's stance. The University of Michigan's consumer sentiment came above market expectations while jobless claims fell to a new pre-pandemic low. The dollar gained 0.62% against the pound and lost 0.07% against the euro. In the week ahead, we expect the dollar to be relatively stable against its peers as investors now turn their attention to the Fed's monetary policy decision later in the week, with expectations that the central bank will continue to remain ultra-accommodative until the economy has further recovered.

GBP: The pound declined on Friday (11/06/2021), amid concerns over tensions between Brussels and London, the rising number of COVID cases in the UK and a possible delay of the wider reopening of the UK economy due on 21/06/2021. Britain and the EU have failed to agree on solutions to post-Brexit trade problems in Northern Ireland, with each side accusing the other of bad faith which weighed on the pound. The pound fell by 0.61% and 0.03% against the dollar and the euro respectively. We however expect the pound to rebound as UK GDP rose by 2.3% in April, slightly above forecasts and marking it the fastest growth since July, an increase that reflects recent reopening of the economy.

EUR: The euro was up on Friday (11/06/2021), remaining close to an over four-month high, supported by solid economic recovery hopes and broad dollar weakness. The European Central Bank maintained an accommodative policy stance and revised up projections for the bloc's economic growth and inflation for 2021 and 2022. The euro improved by 0.07% and 0.02% against the dollar and the pound respectively. We expect the euro to come under minimal pressure after a disappointing data for Germany showed an unexpected deterioration in June's investor morale, declines in both industrial production and factory orders for April and a smaller-than-forecast rise in exports.

AFRICAN FX MARKET REVIEW AND OUTLOOK

GHANA: GHS: 5.75 USD1; GHS: 8.12 GBP1; GHS: 6.96 EUR1

- In the just ended week, the Ghana cedi advanced against the pound and the euro but declined against the dollar. The local unit was down by 0.08% against the dollar. However, it was up by 0.30% and 0.47% against the pound and the euro respectively.

- The cedi traded slightly lower against the greenback on Friday (11/06/2021), amid a slightly stronger dollar after concerns over monetary policy tightening from the Federal Reserve eased as US data supported the central bank's view that the current inflation will be transitory.

- The local unit advanced against the pound and the euro, supported by hopes of a solid recovery in economic growth in Ghana in 2021 and expectations that the country's central bank would continue to ensure tight monetary policy stance.

- Bank of Ghana's support through FX auction and regulation also helped the cedi against the hard currencies.

- In the week ahead, we expect the cedi to remain under minimal pressure especially against the dollar due to profit repatriation by international firms operating in Ghana. According to the BoG, they have put in plans for the profit repatriation to be done in a structured manner to minimise its adverse effect on the cedi.

SOUTH AFRICA: ZAR: 13.57 USD1; ZAR: 19.20 GBP1; ZAR: 16.51: EUR1

- In the week under review, the rand appreciated against all the tracked currencies in our basket. The rand edged up by 0.71% and 0.50% against the dollar and the pound respectively. Also, it inched up by 0.22% against the euro.

- The South African rand closed higher on Friday (11/06/2021), tracking a global positive sentiment as investors acknowledged that the current period of high inflation will be transitory and likely won't affect Fed's monetary policy stance.

- At the same time, traders reacted positively after President Cyril Ramaphosa announced an intervention in the energy market in a bid to solve the country's energy supply shortfall and reduce the risk of load shedding which is seen as a major risk to the nascent economic recovery.

- In the week ahead, we expect the rand to come under pressure as concerns mount over a possible tighter lockdown after South Africa was officially declared to be in its third wave of COVID-19 infections. Also, our expectation is for the rand to be pressured amid cautious trading ahead of the Fed's monetary policy decision later in the week.

GLOBAL FX MARKET UPDATE (WEEKLY CHANGES %)

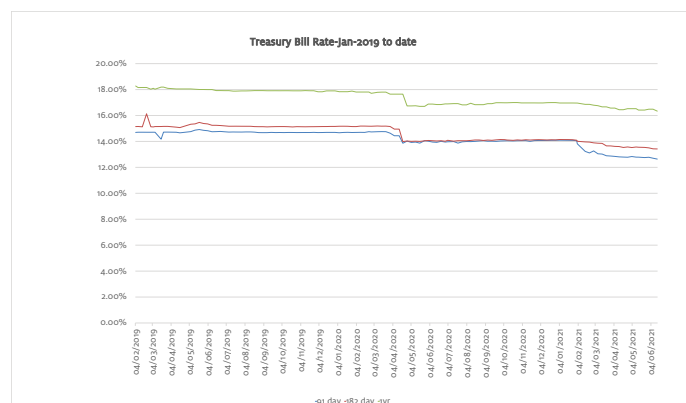
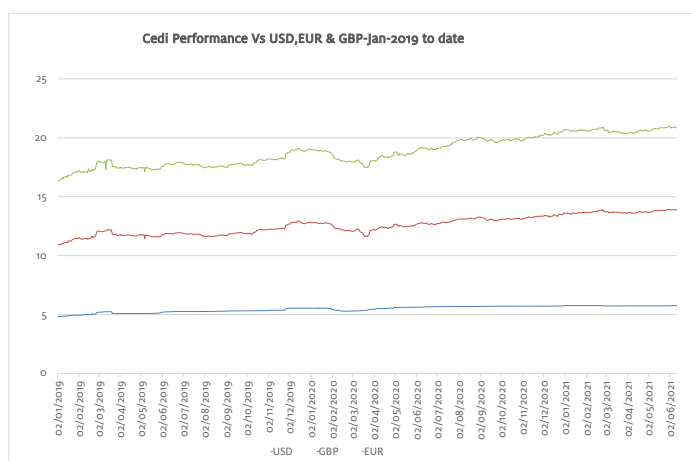
REGION	US\$	Wkly (%Δ)	£	Wkly (%Δ)	€	Wkly (%Δ)
USA	1.0000	0.00	1.4085	0.62	1.2125	(0.07)
Europe	0.8247	0.07	1.1667	0.02	1.0000	0.00
UK	0.7100	(0.61)	1.0000	0.00	0.8585	(0.03)

Sources: GCB Bank, Central bank websites

AFRICAN FX MARKET UPDATE (WEEKLY CHANGES %)

COUNTRY	US\$	Wkly (%Δ)	£	Wkly (%Δ)	€	Wkly (%Δ)
Ghana	5.7515	(0.08)	8.1180	0.30	6.9599	0.47
Nigeria	409.6300	0.01	579.8720	(0.11)	496.9630	(0.09)
Kenya	107.9000	(0.09)	152.2520	0.45	131.3470	0.07
BCEAO*	538.2500	0.65	762.7500	0.16	655.9600	0.00
S. Africa	13.5667	0.71	19.2023	0.50	16.5107	0.22

Sources: GCB Bank, Central bank website



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**Scrolling?
Pause and
sanitize.**

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