



GLOBAL FX MARKET

USD: The dollar closed the week higher on Friday (02/07/2021), the highest since April 6th,2021 due to better than expected payrolls report which provided further clues on the Fed tapering timeline. The dollar saw support from a stronger-than-expected initial claims report as weekly U.S. initial unemployment claims fell by -51,000 to a 16-month low of 364,000, showing a stronger labor market than expectations for a -24,000 drop. The dollar inched up by 0.95% and 1.07% against the pound and the euro respectively. A strong employment number and rising wages would likely raise expectations the Fed would tighten up monetary policy soon. We therefore expect the dollar to trade relatively stable on the back of last week’s jobs report pointing to a continued rebound in the US economy.

GBP: The pound ended the week lower, remaining close to its weakest levels since mid-April,2021 as UK Prime Minister Boris Johnson sets out the final stage of the roadmap out of lockdown. The government is likely to remove remaining coronavirus-induced restrictions on July 19th 2021, with UK Housing Secretary Robert Jenrick saying the rules in place, such as the mandatory face mask, are set to become matters of personal choice. The pound dipped by 0.94% and 0.04% against the dollar and the euro respectively. We expect the pound to rebound amid optimism surrounding a strong economic recovery on possible removal of Covid restrictions.

EUR: The euro saw a mixed performance dropping against the dollar and appreciating against the pound during the week under review. This was due to uncertainty among investors as they await the FOMC (Federal Open Market Committee) minutes due Wednesday (07/07/2021) and the ECB’s monetary policy meeting accounts on Thursday (08/07/2021) for further clarification on the next monetary policy steps. The euro dropped by 1.06% against the dollar but appreciated by 0.06% against the pound. We expect the euro to trade sideways as prospects of a solid economic recovery in Europe continued to be supported by upbeat economic data. Meanwhile, worries about the spread of the Delta variant ahead of the key summer holidays could put some pressure on the Euro.

AFRICAN FX MARKET REVIEW AND OUTLOOK

GHANA: GHS: 5.76 USD¹; GHS: 7.95 GBP¹; GHS: 6.83 EUR¹
- In the just ended week, the Ghana cedi saw a mixed performance against all the tracked currencies in our basket. The local unit depreciated by 0.17% against the dollar. On the contrary, it gained 0.68% and 0.64% against the pound and the euro respectively.

- The cedi declined against the greenback on Friday (02/07/2021), after a closely watched US jobs report eased fears of an early monetary policy tightening by the Federal Reserve.

- Concerns over the spread of the delta variant and rising coronavirus infections continued to weigh on investor's mood against the local unit.

- The local unit was steady against the euro and the pound, amid weaknesses in the both currencies during the trading week.

- Continuous support by Bank of Ghana through FX auction and regulation also helped the cedi’s performance.

- In the week ahead, we still expect the cedi to remain relatively stable on the back of strong international reserves position of the country.

SOUTH AFRICA: ZAR: 14.46 USD¹; ZAR: 19.90 GBP¹; ZAR: 17.11: EUR¹
- In the week under review, the rand dropped against all the tracked currencies in our basket. The rand edged lower by 2.04% and 1.04% against the dollar and the pound respectively. Similarly, it was down by 1.14% against the euro.

- South Africa’s rand fell on Friday (02/07/2021), as COVID-19 curbs were increased after a third wave of the pandemic gripped the country, adding to a growing list of nations introducing more restrictions.

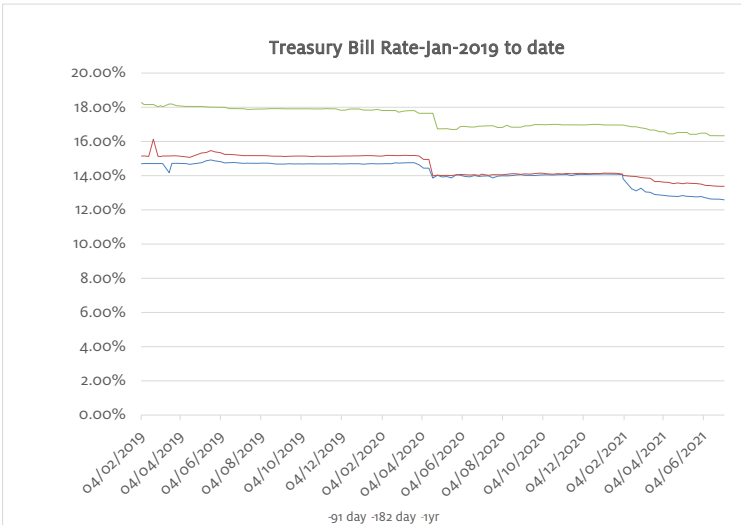
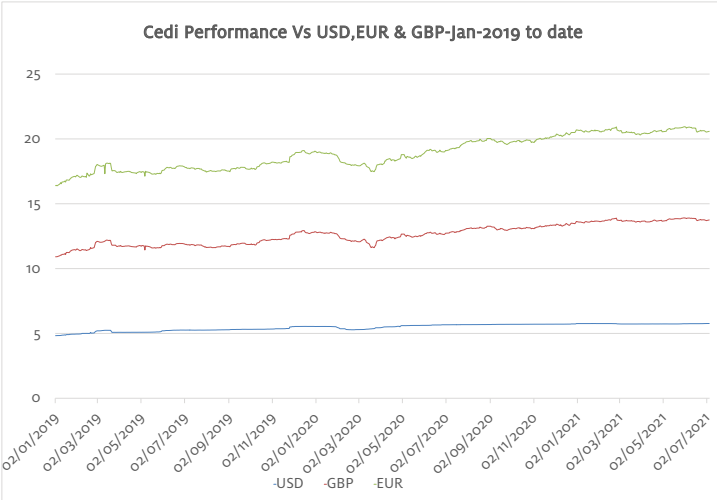
- The rand fell more than 1% as curbs were tightened for two weeks with the country battling the fast-spreading Delta variant amid a slow rollout of vaccines.

- The release of PMIs this week, from both the developed and developing economies, will be watched to gauge the trajectory of progress from a pandemic-induced slump.

- We however expect the rand to be pressured this week on the back of Covid restrictions on the fast spreading Delta variant and its possible impact on economic growth in South Africa this year.

GLOBAL FX MARKET UPDATE (WEEKLY CHANGES %)						
REGION	US\$	Wkly (%Δ)	£	Wkly (%Δ)	€	Wkly (%Δ)
USA	1.0000	0.00	1.3783	0.95	1.1823	1.07
Europe	0.8458	(1.06)	1.1628	0.06	1.0000	0.00
UK	0.7255	(0.94)	1.0000	0.00	0.8593	(0.04)
Sources: GCB Bank, Central bank websites						

AFRICAN FX MARKET UPDATE (WEEKLY CHANGES %)						
COUNTRY	US\$	Wkly (%Δ)	£	Wkly (%Δ)	€	Wkly (%Δ)
Ghana	5.7641	(0.17)	7.9496	0.68	6.8298	0.64
Nigeria	409.6700	0.00	563.0370	1.14	484.3820	1.04
Kenya	107.9530	(0.19)	149.0620	0.72	128.1240	0.37
BCEAO*	554.7500	(0.95)	763.0000	0.13	655.9600	0.00
S. Africa	14.4582	(2.04)	19.8988	(1.04)	17.1076	(1.14)
Sources: GCB Bank, Central bank website						



WEEKLY CURRENCY REPORT



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