

## GLOBAL FX MARKET

**USD:** The dollar traded lower to end the week amid a fall in Treasury yields due to renewed concerns over a slowdown in both US and global growth. Fed's meeting minutes showed that substantial further progress on the economic recovery was generally seen as not having yet been met, though progress was expected to continue. Meanwhile, the spread of new coronavirus variants and the impact it may have on the various economies globally weighed on investors' risk appetite. The dollar dipped by 0.40% and 0.30% against the pound and the euro respectively. We however expect the dollar to rebound as traders refocus on the global economic recovery even though concerns about the fast-spreading Covid variants remain.

**GBP:** TThe pound closed the week higher amidst expectations for a continued recovery of the UK economy, underpinned by the removal of all Covid-related restrictions by July 19,2021. The British Prime Minister Boris Johnson's new laissez-faire approach to the COVID-19 pandemic prompts another period of the pound outperformance against major currencies. The pound improved by 0.41% and 0.22% against the dollar and the euro respectively. We expect the pound to remain firm with possible removal of all remaining constraints meaning all businesses will be permitted to reopen, no more limits to numbers visiting private residences, an end to the one-metre plus rule and the ending of the legal requirement to wear a face covering.

**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: 5.78 USD1; GHS: 8.00 GBP1; GHS: 6.86 EUR1**

- In the just ended week, the Ghana cedi declined against all the tracked currencies in our basket. The local unit edged lower by 0.28% against the dollar. Also, it went down by 0.68% and 0.43% against the pound and the euro respectively.

- The cedi eased marginally against most currencies on Friday (09/07/2021) as concerns about the pandemic made investors cautious, while they also awaited more clues about the global economic recovery before making their next moves.

- Periodic support by the Central Bank through FX auction and regulation also cushioned the local unit's performance against the hard notes.

- In the week ahead, we still expect the cedi to remain relatively stable on the back of strong international reserves position of the country and optimism surrounding a strong economic recovery.

**SOUTH AFRICA: ZAR: 14.28 USD1; ZAR: 19.68 GBP1; ZAR: 16.90: EUR1**

- In the week under review, the rand appreciated against all the tracked currencies in our basket. The rand advanced by 1.27% and 1.11% against the dollar and the pound respectively. Equally, it went up by 1.21% against the euro.

- South Africa's rand gained on Friday (09/07/2021), as the dollar continued its decline due to mixed labour data, with South Africa's rand leading the gains on a rise in the prices of major commodities exported by the country.

- Also, the rand steadied against the dollar, as minutes from the Federal Reserve's June meeting indicated that asset purchases tapering would be met somewhat earlier than policymakers had anticipated.

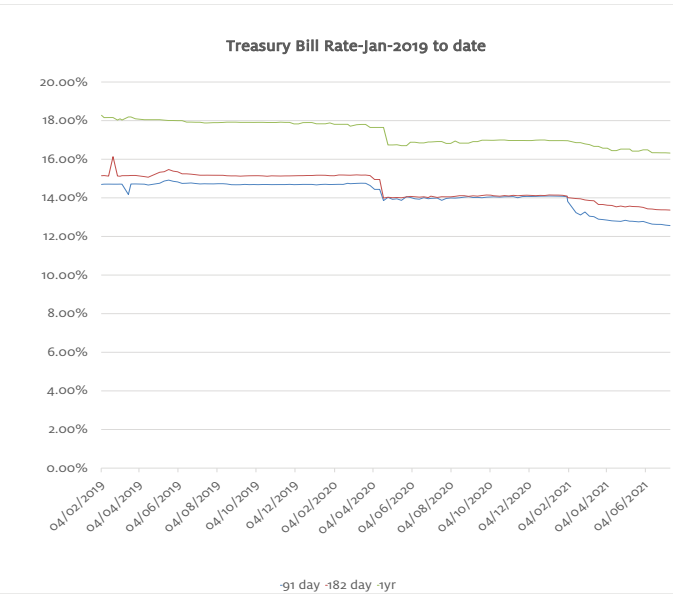
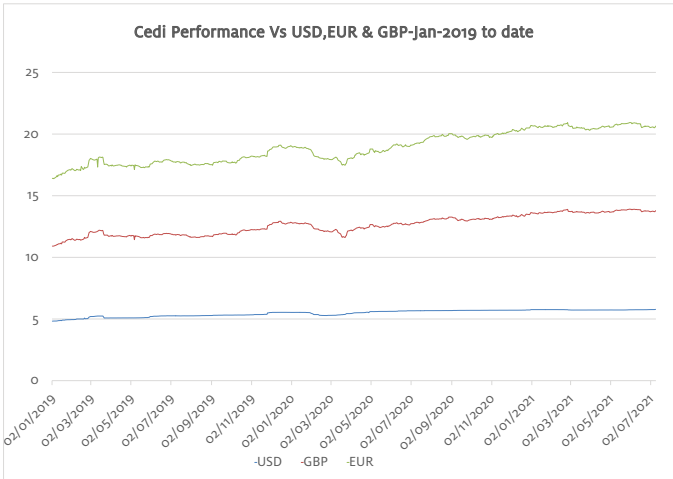
- Locally, South Africa continue to grapple with the third wave of the Covid-19, with businesses increasingly concerned with the possibility of further lockdown restrictions.

- Furthermore, investors are looking for signs of major division within the governing ANC party, following the jailing of former President Jacob Zuma, who was sentenced last week for defying an instruction earlier this year to give evidence at an inquiry into corruption during his nine years in power until 2018.

- We therefore expect the rand to come under minimal pressure in the coming week due to uncertainty surrounding the outcome of former president Jacob Zuma's jailing.

GLOBAL FX MARKET UPDATE (WEEKLY CHANGES %)						
REGION	US\$	Wkly (%Δ)	£	Wkly (%Δ)	€	Wkly (%Δ)
USA	1.0000	0.00	1.3839	(0.40)	1.1858	(0.30)
Europe	0.8433	0.30	1.1661	(0.28)	1.0000	0.00
UK	0.7226	0.41	1.0000	0.00	0.8573	0.22
Sources: GCB Bank, Central bank websites						

AFRICAN FX MARKET UPDATE (WEEKLY CHANGES %)						
COUNTRY	US\$	Wkly (%Δ)	£	Wkly (%Δ)	€	Wkly (%Δ)
Ghana	5.7802	(0.28)	8.0041	(0.68)	6.8596	(0.43)
Nigeria	409.6100	0.01	566.7910	(0.66)	485.5110	(0.23)
Kenya	107.9530	0.00	148.7670	0.20	127.8270	0.23
BCEAO*	554.5000	0.05	763.5000	(0.07)	655.9600	0.00
S. Africa	14.2773	1.27	19.6799	1.11	16.9037	1.21
Sources: GCB Bank, Central bank website						



# WEEKLY CURRENCY REPORT



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