



GLOBAL FX MARKET

USD: The dollar was up against other major currencies on Friday (16/07/2021), hovering around a three-month high and notching its best week in a month as investors looked for safety amid rising coronavirus cases. On top of that, upbeat US economic data, including an unexpected rise in retail sales in June, lent further optimism to the dollar. A worsening pandemic and the rosier US outlook drove a renewed appreciation of the greenback, even if the Fed has managed to muddy the waters on tighter policy. The dollar improved by 0.36% and 0.47% against the pound and the euro respectively. We expect the dollar to remain stable as traders continue to look for safety amid rising COVID-19 cases.

GBP: The pound mixed performed on Friday (16/07/2021), amid concerns about the spread of the Delta variant of Covid-19 ahead of the final stage of restrictions easing this week. Meanwhile, investors monitored signs of a change in stance at the Bank of England, after policymaker Michael Saunders said the central bank could decide to halt its bond-buying program early amid inflationary pressure. The pound declined by 0.35% against the dollar but gained 0.14% against the euro. We expect the pound to come under minimal pressure as England lifts its final coronavirus-induced restrictions amid uncertainty due to a spike in infections.

EUR: The euro traded low to end the week, not far from a recent three-month low, as the European Central Bank is likely to update its guidance on monetary stimulus when it meets on Thursday (22/07/2021). The bloc's central bank is expected to stick with an ultra-easy monetary policy stance after announcing last week a strategy review that will see policymakers targeting inflation at 2%, and even allow it to run higher over the target for a brief period. The euro fell by 0.47% and 0.54% against the dollar and the pound respectively. We expect the euro to remain stable amid growing concerns over Covid-19 outbreaks and inflation.

AFRICAN FX MARKET REVIEW AND OUTLOOK

GHANA: GHS: 5.80 USD¹; GHS: 7.99 GBP¹; GHS: 6.85 EUR¹

- In the just ended week, the Ghana cedi dropped against the dollar but increased against the pound and the euro. The local unit dipped by 0.28% against the dollar. On the other hand, it appreciated by 0.16% and 0.19% against the pound and the euro respectively.

- The cedi was down against the greenback as investors digested comments from Federal Reserve Chairman Jerome Powell suggesting the central bank is in no hurry to dial back emergency stimulus despite rising price pressures.

- The local unit gained against the pound and the euro as investors rushed to safe havens on rising COVID-19 cases around the globe amidst fears of possible stricter regulations.

- Bank of Ghana's support through FX auction and regulation also helped the cedi's performance

- In the week ahead, we expect the cedi to remain relatively steady on the back of a strong reserve position, improved regulatory oversight and monetary policy tightening.

SOUTH AFRICA: ZAR: 14.45 USD¹; ZAR: 20.01 GBP¹; ZAR: 17.06: EUR¹

- In the week under review, the rand depreciated against all the tracked currencies in our basket. The rand went down by 1.18% and 1.64% against the dollar and the pound respectively. Similarly, it was down by 0.90% against the euro.

- South Africa's rand dropped to a three-month low as violent protests over economic hardship and inequality rippled across the country.

- Crowds clashed with police and ransacked or set ablaze shopping malls, with dozens of people reported killed as grievances unleashed by the jailing of ex-president Jacob Zuma boiled over into the worst violence in years.

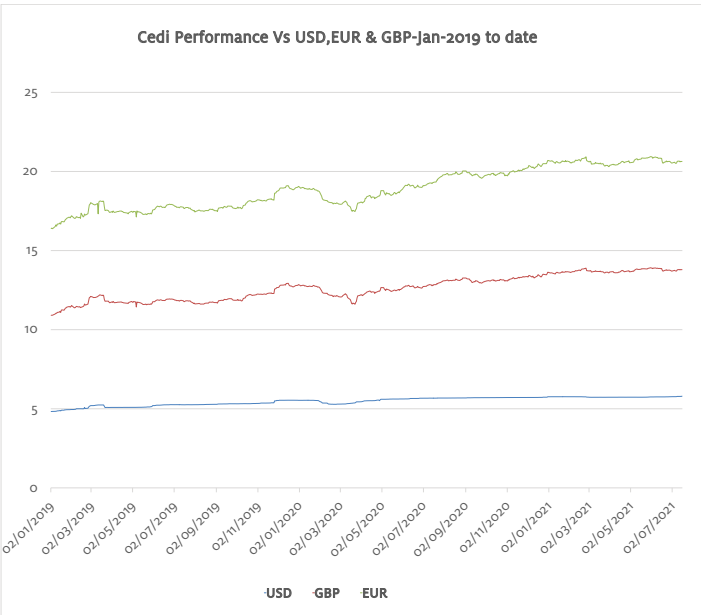
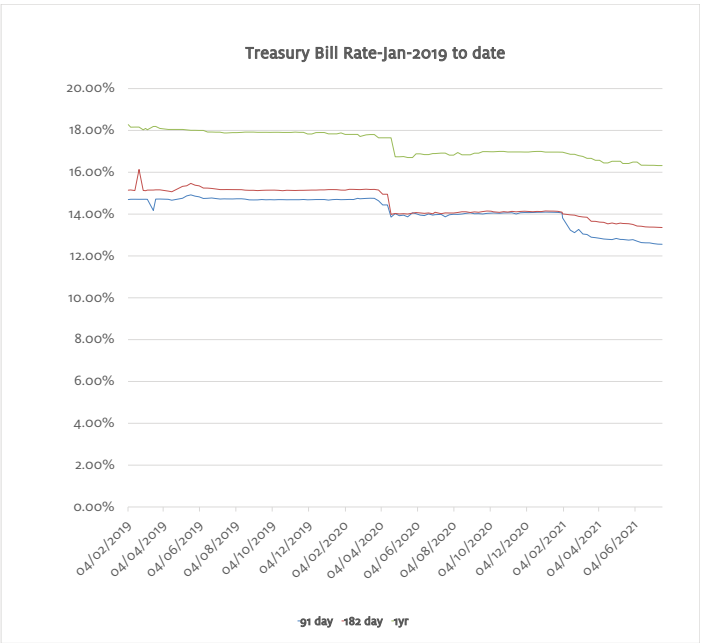
- The protests rattled financial markets in the continent's most industrialized economy, with the rand dropping as much as 1.18% against the dollar, its lowest level since mid-April.

- Initially sparked by last week's arrest of Zuma, the protests have widened into looting and an outpouring of general anger as the economy struggles to emerge from the damage wrought by Africa's worst COVID-19 epidemic and as unemployment rates have soared to a record high of 32.6%.

- We therefore expect the rand to remain under minimal pressure in the coming week as the weak risk appetite worsen on concerns over civil violence in the country.

GLOBAL FX MARKET UPDATE (WEEKLY CHANGES %)						
REGION	US\$	Wkly (%Δ)	£	Wkly (%Δ)	€	Wkly (%Δ)
USA	1.0000	0.00	1.3790	0.36	1.1802	0.47
Europe	0.8473	(0.47)	1.1724	(0.54)	1.0000	0.00
UK	0.7252	(0.35)	1.0000	0.00	0.8562	0.14
Sources: GCB Bank, Central bank websites						

AFRICAN FX MARKET UPDATE (WEEKLY CHANGES %)						
COUNTRY	US\$	Wkly (%Δ)	£	Wkly (%Δ)	€	Wkly (%Δ)
Ghana	5.7965	(0.28)	7.9914	0.16	6.8469	0.19
Nigeria	409.6300	0.00	565.9040	0.16	483.2000	0.48
Kenya	108.1880	(0.22)	149.8420	(0.72)	127.8960	(0.05)
BCEAO*	555.5000	(0.18)	767.0000	(0.46)	655.9600	0.00
S. Africa	14.4485	(1.18)	20.0082	(1.64)	17.0579	(0.90)
Sources: GCB Bank, Central bank website						



WEEKLY CURRENCY REPORT



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