

WEEKLY CURRENCY REPORT



Date Issued | 28th June, 2021



GLOBAL FX MARKET

USD: The dollar recorded losses as signs of diminished enthusiasm on the US reflation trade along with a dovish stance from the Federal Reserve capped any upside momentum for the greenback. Last week also saw a breakthrough in infrastructure spending talks in Washington, which, in turn, boosted risk appetite and consequently weighed on the safe-haven dollar. The dollar edged lower by 0.77% and 0.44% against the pound and the euro respectively. Investors seem to have acknowledged that the Fed just wanted to signal it was ready to deal with higher inflation without taking any steps to pull back its crisis-era stimulus. We expect the dollar to trade sideways as investors ponder on a more dovish stance from US Federal Reserve.

GBP: The pound was little-changed at the end of the week, amid hopes of economic recovery and a dovish stance from the Bank of England. The UK central bank left monetary policy unchanged and warned against premature tightening in policy until there is significant progress towards GDP and inflation goals. The pound improved by 0.77% against the weak dollar but declined by 0.02% against the euro. We expect the pound to rebound as hopes of strong economic recovery is supported by news that England is likely to lift restrictions on social gatherings as planned on July 19th, despite the resurgence in coronavirus cases. In addition, the UK government is set to announce looser travel restrictions for people who have been fully vaccinated.

EUR: The euro ended the week higher, recovering from a near two-month low, amid hopes of a solid economic recovery in Europe. Economic data released last week showed the Eurozone private sector activity expanded in June by the most in 15 years, helped by the latest re-opening efforts and a rapid pace of vaccination, with prices charged for goods and services rising at an unprecedented rate. Also, Germany's consumer and business morale came in stronger than expected as Europe's largest economy picks up pace. The euro advanced by 0.44% and 0.19% against the dollar and the pound respectively. We expect the euro to remain fairly steady as brighter prospects for global demand and a faster-than-anticipated increase in consumer spending could result in a stronger economic recovery.

AFRICAN FX MARKET REVIEW AND OUTLOOK

GHANA: GHS: 5.75 USD¹; GHS: 8.00 GBP¹; GHS: 6.87 EUR¹

- In the just ended week, the Ghana cedi depreciated against all the tracked currencies in our basket. The local unit fell by 0.05% against the dollar. Also, it was down by 0.73% and 0.72% against the pound and the euro respectively.

- The cedi's loss against the greenback was lessened as mixed signals from the U.S. Federal Reserve kept investors on edge about when the bank would begin unwinding its massive stimulus program.

- The local unit was flat, with investors contemplating on any cues of possible restrictions with the newly detected Delta variant in Ghana amid a slow rollout of vaccines, adding to a growing number of cases.

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

- In the week ahead, we still expect the cedi to remain relatively stable as traders continue to assess risks to the outlook for inflation and growing concerns over the new delta variant of COVID-19.

SOUTH AFRICA: ZAR: 14.16 USD¹; ZAR: 19.69 GBP¹; ZAR: 16.91: EUR¹

- In the week under review, the rand depreciated against all the tracked currencies in our basket. The rand fell by 0.58% and 0.67% against the dollar and the pound respectively. Also, it went down by 0.74% against the euro.

- South Africa's rand fell on Friday (25/06/2021), 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 was down against the major currencies after three straight weeks of gains, as curbs were tightened for two weeks with the country battling the fast-spreading Delta variant amid a slow rollout of vaccines.

- President Cyril Ramaphosa announced tighter COVID-19 restrictions for 14 days saying the current containment measures were insufficient with the country, the worst-hit on the African continent in terms of recorded cases and deaths, in the grip of a "third wave" of infections.

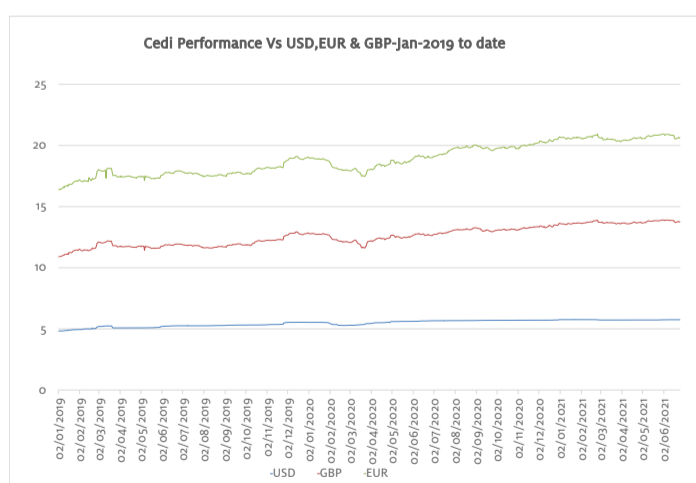
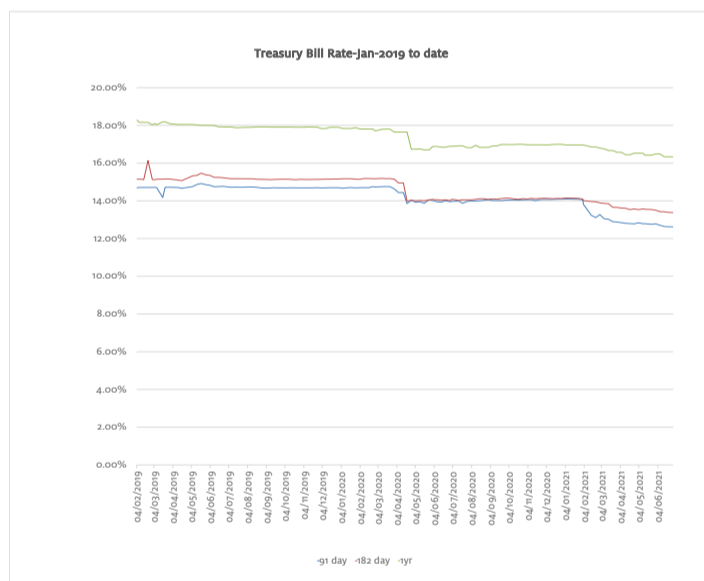
- We therefore expect the rand to remain under pressure in the week ahead after the government tightened COVID-19 restrictions to cope with the speed and scale of new coronavirus infections.

GLOBAL FX MARKET UPDATE (WEEKLY CHANGES %)						
REGION	US\$	Wkly (%Δ)	£	Wkly (%Δ)	€	Wkly (%Δ)
USA	1.0000	0.00	1.3914	(0.77)	1.1950	(0.44)
Europe	0.8368	0.44	1.1635	0.19	1.0000	0.00
UK	0.7187	0.77	1.0000	0.00	0.8589	(0.02)

Sources: GCB Bank, Central bank websites

AFRICAN FX MARKET UPDATE (WEEKLY CHANGES %)						
COUNTRY	US\$	Wkly (%Δ)	£	Wkly (%Δ)	€	Wkly (%Δ)
Ghana	5.7542	(0.05)	8.0038	(0.73)	6.8735	(0.72)
Nigeria	409.6700	0.01	569.4410	(0.12)	489.4330	(0.32)
Kenya	107.7530	0.04	150.1390	0.75	128.6040	0.82
BCEAO*	549.5000	0.27	764.0000	0.03	655.9600	0.00
S. Africa	14.1637	(0.58)	19.6926	(0.67)	16.9129	(0.74)

Sources: GCB Bank, Central bank website



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**Scrolling?
Pause and
sanitize.**

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