

## GLOBAL FX MARKET

**USD:** The dollar was slightly up against a basket of currencies on Friday (06/08/2021) as investors awaited the US jobs report, which was expected to show the largest payroll increase in seven months as the world's largest economy consolidates its recovery from the pandemic hit. Non-farm payrolls increased by 943,000 in July, beating market expectations of 870,000; while the unemployment rate fell more than expected to 5.4 percent. The dollar edged up by 0.28% and 0.71% against the pound and the euro respectively. Looking ahead, we expect the dollar to remain stable as investors bet that a reduction in asset purchases could start this year and higher interest rates could follow after strong US jobs report.

**GBP:** The pound little changed on Friday (06/08/2021) on the back of Bank of England's anticipated hawkish turn. The central bank left monetary policy unchanged, raising inflation forecasts for 2021, but said that "some modest tightening" of monetary policy over its forecast period was likely to be necessary if the economy continues to improve. The pound dipped by 0.28% against the dollar but advanced by 0.57% against the euro. We expect the pound to rebound boosted by the British government's decision to lift most social-distancing rules amid high vaccination rates.

**EUR:** The euro depreciated on Friday (06/08/2021), as a stronger than expected US jobs report raised expectations of early tapering by the US Federal Reserve. At the same time, investors expect that the European Central Bank will remain dovish for some time, after policymakers pledged last month to keep interest rates at record-low levels for even longer in an effort to bring inflation back to its 2% target, while ECB President Christine Lagarde warned about a fresh wave of the coronavirus pandemic and its impact on the economic recovery. The euro decreased by 0.71% and 0.35% against the dollar and the pound respectively. We therefore expect the euro to be relatively stable in the coming week.

## AFRICAN FX MARKET REVIEW AND OUTLOOK

**GHANA: GHS: 5.82 USD<sup>1</sup>; GHS: 8.07 GBP<sup>1</sup>; GHS: 6.84 EUR<sup>1</sup>**  
- In the just ended week, the Ghana cedi declined against all the tracked currencies in our basket except the euro. The local unit fell by 0.33% and 0.07% against the dollar and the pound respectively. On the other hand, it gained 0.53% against the euro.

- The cedi fell against the greenback, amid lower commodity prices and a stronger dollar, after an upbeat US jobs report raised bets for an earlier tapering of Federal Reserve stimulus.

- The local unit was under pressure on Friday (06/08/2021), due to fears about the spread of the Delta variant of the coronavirus and the possibility of tightening of COVID-19 regulations.

- FX auction and Regulation by the Central Bank also cushioned the cedi's performance against the hard currencies.

- In the week ahead, we expect the cedi to be fairly stable on the back of a strong reserve position, improved regulatory oversight and monetary policy tightening amidst concerns of rising Covid-19 cases.

**SOUTH AFRICA: ZAR: 14.54 USD<sup>1</sup>; ZAR: 20.24 GBP<sup>1</sup>; ZAR: 17.18: EUR<sup>1</sup>**  
- In the week under review, the rand advanced against all the tracked currencies in our basket. The rand was up by 0.12% and 0.52% against the dollar and the pound respectively. In the same way, it edged up by 0.85% against the euro.

- The South African rand improved as investors welcomed President Cyril Ramaphosa's cabinet reshuffle, including the replacement of finance minister Tito Mboweni with ANC economic head Enoch Godongwana. The change of finance minister comes at a critical moment for Ramaphosa's attempts to revive Africa's most industrialized economy.

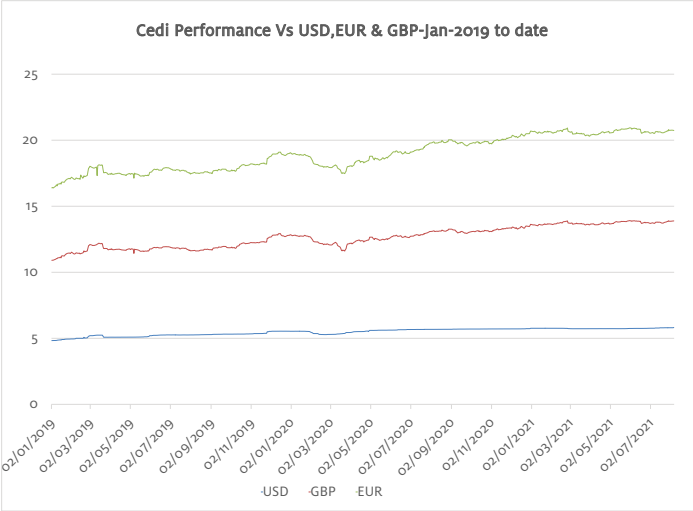
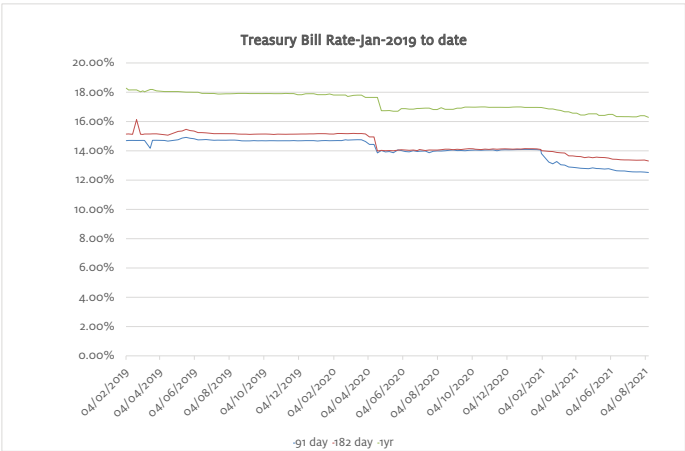
- The new finance chief has been an advocate of investor-friendly policies and last year suggested measures to bolster the economy against the coronavirus pandemic that included getting the central bank to finance infrastructure spending. Meanwhile, uncertainty about the Chinese policy over technology firms and concerns over the Delta variant of the coronavirus persisted.

- On the pandemic front, newly appointed Health Minister, Dr Joe Phaahla, has expressed concern about the rising number of COVID-19 infections in the Western Cape, which has become the country's epicentre.

- We therefore expect the rand to remain relatively stable in the week ahead as investors weigh prospects of a solid recovery against mounting fears of new coronavirus lockdowns and concerns over uncertainty about the Chinese policy over technology firms.

| GLOBAL FX MARKET UPDATE (WEEKLY CHANGES %) |        |           |        |           |        |           |
|--|--------|-----------|--------|-----------|--------|-----------|
| REGION                                     | US\$   | Wkly (%Δ) | £      | Wkly (%Δ) | €      | Wkly (%Δ) |
| USA  | 1.0000 | 0.00      | 1.3868 | 0.28      | 1.1807 | 0.71      |
| Europe                                     | 0.8470 | (0.71)    | 1.1787 | (0.35)    | 1.0000 | 0.00      |
| UK   | 0.7211 | (0.28)    | 1.0000 | 0.00      | 0.8479 | 0.57      |
| Sources: GCB Bank, Central bank websites   |        |           |        |           |        |           |

| AFRICAN FX MARKET UPDATE (WEEKLY CHANGES %) |          |           |          |           |          |           |
|---|----------|-----------|----------|-----------|----------|-----------|
| COUNTRY                                     | US\$     | Wkly (%Δ) | £        | Wkly (%Δ) | €        | Wkly (%Δ) |
| Ghana                                       | 5.8203   | (0.33)    | 8.0690   | (0.07)    | 6.8442   | 0.53      |
| Nigeria                                     | 409.6100 | 0.00      | 570.2180 | 0.33      | 483.6270 | 0.69      |
| Kenya                                       | 108.7240 | (0.11)    | 151.3720 | (0.12)    | 128.7430 | (0.04)    |
| BCEAO*                                      | 555.0000 | (0.63)    | 772.5000 | (0.32)    | 655.9600 | 0.00      |
| S. Africa                                   | 14.5415  | 0.12      | 20.2360  | 0.52      | 17.1750  | 0.85      |
| Sources: GCB Bank, Central bank website     |          |           |          |           |          |           |



# WEEKLY CURRENCY REPORT



Date Issued | 9th August, 2021

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