

GLOBAL FX MARKET

USD: The dollar traded higher against a basket of currencies on Friday (13/08/2021), hovering at its highest level since early April, as traders looked for more hints from the Federal Reserve on its plans to exit monetary stimulus. Data showed the number of Americans filing claims for jobless benefits fell for a third straight time last week. The dollar appreciated by 0.11% and 0.36% against the pound and the euro respectively. Looking ahead, we expect the dollar to stay stable as investors continue to worry over the rapid spread of the coronavirus delta variant and await more clarity from the Fed on the tapering timeline. Fed Chair Powell will have a town hall discussion on Tuesday (17/08/2021) and FOMC minutes due on Wednesday (18/08/2021) are also expected to provide more clarity on the Fed's moves.

GBP: The pound ended the week as the worst performer, after touching its weakest level since the end of July, amid concerns over the pace of global growth and expectations the US Federal Reserve is closer to tapering. At the same time, the Bank of England's hawkish turn helped to curb the losses. The pound depreciated by 0.11% and 0.03% against the dollar and the euro respectively. Policymakers in the UK raised inflation forecasts for 2021 and signaled that "some modest tightening" of monetary policy over the central bank's forecast period was likely to be necessary if the economy continues to improve. We therefore expect a rally from the pound this week as investors weigh a strong earnings season and hopes of solid economic recovery against concerns over the rapid spread of the Delta variant.

EUR: The euro mixed performed amid prospects of a slower global growth due to coronavirus outbreaks, particularly in Asia. At the same time, expectations of early tapering by the US Federal Reserve continued to provide some support to the dollar. While the European Central Bank is seen remaining 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. The euro declined by 0.36%

AFRICAN FX MARKET REVIEW AND OUTLOOK

GHANA: GHS: 5.82 USD¹; GHS: 8.07 GBP¹; GHS: 6.87 EUR¹

- In the just ended week, the Ghana cedi dipped against the dollar and the euro but advanced against the pound. The local unit lost 0.03% and 0.35% against the dollar and the euro respectively. It however went up by 0.02% against the pound.

- The cedi was down against the greenback and the euro, amid a general flight to safety due to concerns over the potential economic fallout from the spread of coronavirus delta variant.

- The local unit's lost was lessened as investors weighed prospects of a global recovery against worries about the potential for new regulatory crackdowns in China and the fallout from the surging Delta variant.

- Constant intervention by the Bank of Ghana through FX auction and regulation also supported the cedi's performance against the hard notes.

- In the week ahead, we expect the cedi to remain steady as market sentiment grew more optimistic regarding the pace of the economic recovery in Ghana amidst concerns of rising Covid-19 cases.

SOUTH AFRICA: ZAR: 14.54 USD¹; ZAR: 20.24 GBP¹; ZAR: 17.18: EUR¹

- In the week under review, the rand dropped against all the tracked currencies in our basket. The rand edged lower by 2% and 1.19% against the dollar and the pound respectively. Similarly, it fell by 1.39% against the euro.

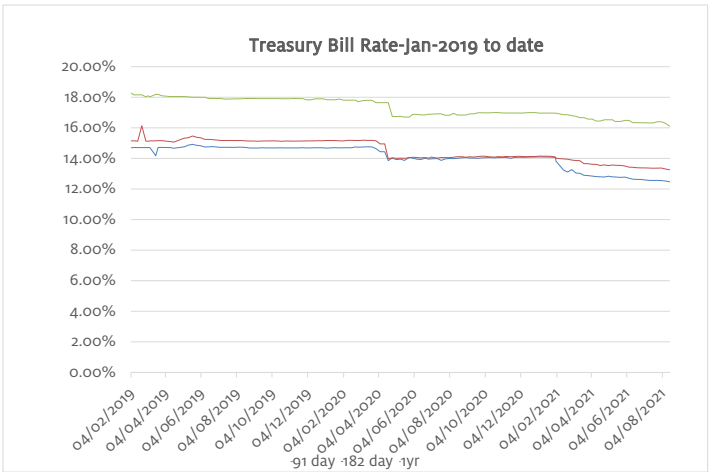
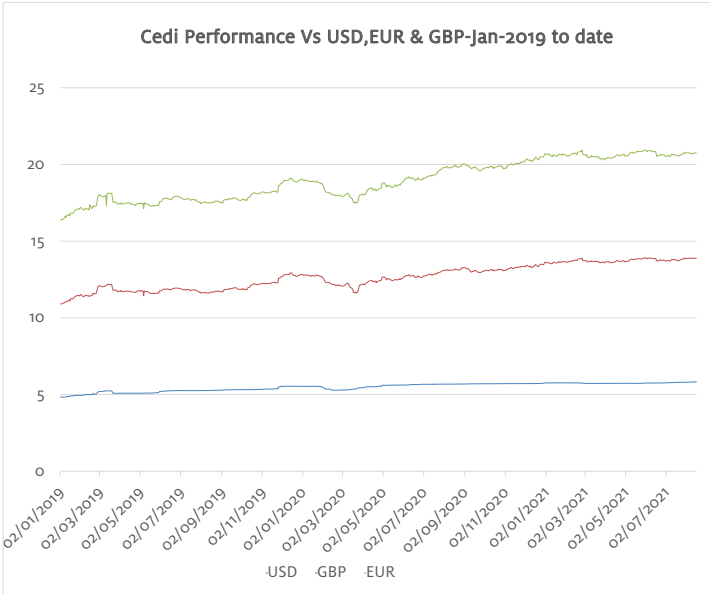
- The South African rand fell to its lowest, dragged down by heavy-weight tech Naspers and mining stocks, as investors weighed the ongoing Chinese crackdown on the tech sector and some disappointing data out of China. At the same time, worries about the impact of the Delta variant on global economic growth persisted.

- Locally, the Western Cape and KwaZulu-Natal are now driving the third wave of Covid-19 in South Africa, with a spike in cases in the latter province as a result of riots and looting in huge crowds in mid-July.

- We expect the rand to remain under pressure in the week ahead as there are concerns that a fourth outbreak of the coronavirus could hit South Africa around November as the country had fully vaccinated only around four million people out of 60 million. Meanwhile, power utility Eskom has warned of electricity supply interruptions in parts of the Eastern Cape and Western Cape due to bad weather.

GLOBAL FX MARKET UPDATE (WEEKLY CHANGES %)						
REGION	US\$	Wkly (%Δ)	£	Wkly (%Δ)	€	Wkly (%Δ)
USA	1.0000	0.00	1.3853	0.11	1.1765	0.36
Europe	0.8500	(0.36)	1.1752	0.3	1.0000	0.00
UK	0.7219	(0.11)	1.0000	0.00	0.8481	(0.03)
Sources: GCB Bank, Central bank websites						

AFRICAN FX MARKET UPDATE (WEEKLY CHANGES %)						
COUNTRY	US\$	Wkly (%Δ)	£	Wkly (%Δ)	€	Wkly (%Δ)
Ghana	5.8221	(0.03)	8.0674	0.02	6.8685	(0.35)
Nigeria	409.6100	0.00	566.2450	0.70	481.8240	0.37
Kenya	109.1971	(0.43)	151.1390	0.15	128.1090	0.49
BCEAO*	559.0000	(0.72)	771.7500	0.10	655.9600	0.00
S. Africa	14.8380	(2.00)	20.4795	-1.19	17.4176	(1.39)
Sources: GCB Bank, Central bank website						



WEEKLY CURRENCY REPORT



Date Issued | 16th August, 2021

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