



GLOBAL FX MARKET

USD: The dollar fell against a basket of currencies on Friday (03/09/2021), touching its lowest level in over a month, after investors came to terms that a disappointing payrolls number may delay Fed plans to reduce bond purchases. The US economy added only 235 thousand jobs in August, missing market expectations of 750 thousand and compared with July's 1.05 million increase. The dollar tumbled by 1.12% and 0.99% against the pound and the euro respectively. In the week ahead, we expect the greenback to remain under minimal pressure after weaker-than-expected US jobs data cast doubt on the Federal Reserve's plan to taper its asset purchase policy.

GBP: The pound hit a three-week high on Friday (03/09/2021), as investors dumped the dollar following the release of a weaker-than-expected US jobs report. US Federal Reserve Chairman Jerome Powell indicated that interest rate hikes aren't imminent as there is still much ground to cover before the economy hits full employment. The pound advanced by 1.14% and 0.06% against the dollar and the euro respectively. We expect the pound to rally as investors digested payroll data from the US and final PMI surveys from the UK and Eurozone.

EUR: The euro rose against the dollar on Friday (03/09/2021), after a disappointing US jobs report hit the dollar. Also, signs are emerging that the European Central Bank might start debating limiting the emergency bond-buying. Data showed a much smaller-than-expected increase in US non-farm payrolls during August, which added to concerns about the pace of global growth but could also mean the Federal Reserve might take some more time to start tapering. The euro appreciated by 0.99% against the dollar. However, it declined by 0.91% against the pound. We expect the euro to remain stable as investors weigh the implications of a worse-than-expected US employment report and the resurgence of COVID-19 on the US Fed's monetary policy path.

AFRICAN FX MARKET REVIEW AND OUTLOOK

GHANA: GHS: 5.86 USD¹; GHS: 8.12 GBP¹; GHS: 6.96 EUR¹

- In the just ended week, the Ghana cedi fell against all the tracked currencies in our basket. The local unit was down by 0.11% against the dollar. Against the Euro and the pound, it also dropped by 0.94% and 0.89% respectively.

- The local unit plunged against all the tracked currencies amid a subdued dollar after a weaker-than-expected US jobs report and a quicker COVID-19 vaccination rollout in Ghana were not enough to outweigh investors' concerns about the pace of economic recovery.

- The Central Bank's involvement through FX auction and regulation cushioned the cedi to minimise the rate of depreciation.

- In the week ahead, we expect the cedi to be slightly down amid a cautious market sentiment while traders gauge on a batch of economic data for clues on the pace of the economic recovery in Ghana and the still-unknown tapering deadlines of the ECB and the US Fed.

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

- In the week under review, the rand improved against all the tracked currencies in our basket. The rand appreciated by 3.42% and 2.38% against the dollar and the pound respectively. As well, it strengthened by 2.32% against the euro.

- The South African rand got a boost on Friday (03/09/2021) after a closely watched U.S. jobs report came in well below expectations, meaning the United States' central bank is likely to hold off on scaling back its massive stimulus measures.

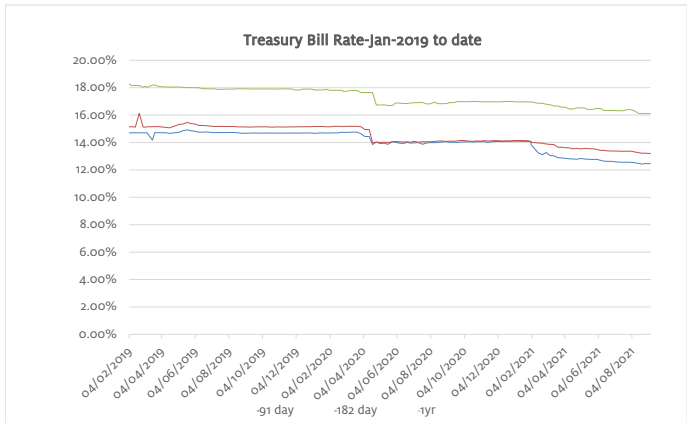
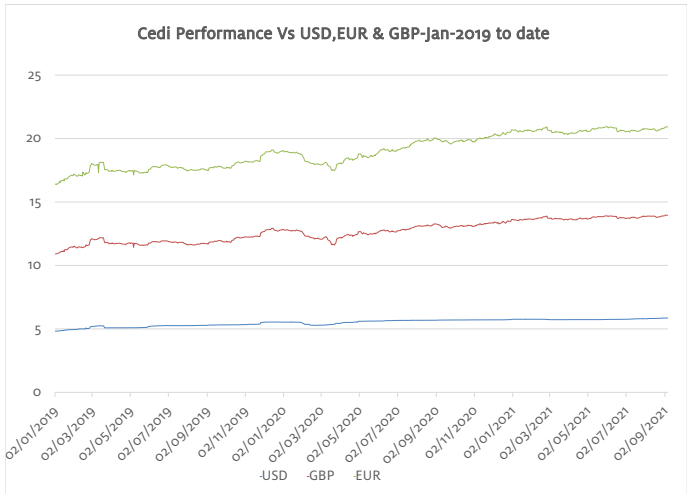
- It also gained strongly against the greenback last week, after a dovish speech by Fed Chair Jerome Powell suggested the bank was in no rush to raise interest rates.

- Locally, the rand was also bolstered by PMI data that showed private sector activity stabilized in August after a sharp downturn in July amid civil unrest and COVID-19 lockdown measures.

- In the week ahead, we expect the rand to be relatively stable as investors will look to data on second-quarter gross domestic product to understand the health of Africa's most industrialized economy.

GLOBAL FX MARKET UPDATE (WEEKLY CHANGES %)						
REGION	US\$	Wkly (%Δ)	£	Wkly (%Δ)	€	Wkly (%Δ)
USA	1.0000	0.00	1.3871	(1.12)	1.1878	(0.99)
Europe	0.8419	0.99	1.1776	(0.91)	1.0000	0.00
UK	0.7209	1.14	1.0000	0.00	0.8565	0.06
Sources: GCB Bank, Central bank websites						

AFRICAN FX MARKET UPDATE (WEEKLY CHANGES %)						
COUNTRY	US\$	Wkly (%Δ)	£	Wkly (%Δ)	€	Wkly (%Δ)
Ghana	5.8564	(0.11)	8.1214	(0.94)	6.9607	(0.89)
Nigeria	409.9000	(0.03)	567.0560	(0.81)	486.7150	(0.96)
Kenya	109.9870	(0.19)	151.6060	(0.56)	130.2580	(0.89)
BCEAO*	552.2500	0.95	763.7500	0.10	655.9600	0.00
S. Africa	14.4109	3.42	19.9404	2.38	17.1194	2.32
Sources: GCB Bank, Central bank website						



WEEKLY CURRENCY REPORT



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