

WEEKLY CURRENCY REPORT



Date Issued | 13th September, 2021



GLOBAL FX MARKET

USD: The dollar edged up on Friday (10/09/2021) which would be the first weekly gain in three after the number of Americans seeking unemployment benefits fell last week to 310 thousand, the lowest level in nearly 18 months. The dollar improved by 0.12% and 0.31% against the pound and the euro respectively. Meantime, President Joe Biden outlined a broad plan to boost COVID-19 vaccination rates in the US, pressuring private employers to immunize their workforce as well as mandating the shots for federal employees, contractors, and health care workers. We however expect the greenback to be weighed by concerns over slower economic growth as the coronavirus delta variant spreads and uncertainty regarding Fed's tapering persists. Also, U.S. inflation data to be released this week could provide a clue to the U.S. Federal Reserve's timetable for asset tapering.

GBP: The pound was little-changed during the second week of September, after economic data showed Britain's economy grew by just 0.1% in July, the smallest monthly increase since January when the country went into a new national lockdown, as the spread of the Delta variant of COVID-19 hit the service sector. The pound fell by 0.12% against the dollar whereas it inched up by 0.29% against the euro. UK parliament backed Prime Minister Boris Johnson's plans to raise taxes to the highest level to pay for social care costs and the NHS. We therefore expect the pound to remain flat in the coming week as the UK prepares for a mass booster vaccination program in an attempt to prevent the imposition of mandatory vaccine certificates in England.

EUR: The euro fell in mid-September, hovering around its weakest level, due to growing risk aversion as rising COVID-19 infections could force some countries to reintroduce restrictions of some sort. The European Central Bank decided last week to move to a moderately lower pace in its €1.85 trillion Pandemic Emergency Purchase Programme (PEPP) from the €80 billion a month level it has run since March, amid a stronger near-term outlook for prices and growth. The euro dipped by 0.31% and 0.15% against the dollar and the pound respectively. In spite of the positive outlook for growth, we expect the euro to come under pressure as investors are still worried about the outcome of economic growth in the Eurozone. Also, the European Central Bank's latest policy decision to slow down bond buying under its PEPP could put some pressure on the euro.

AFRICAN FX MARKET REVIEW AND OUTLOOK

GHANA: GHS: 5.86 USD¹; GHS: 8.11 GBP¹; GHS: 6.93 EUR¹

- In the just ended week, the Ghana cedi improved against all the tracked currencies in our basket. The local unit increased by 0.01% against the dollar. Against the Euro and the pound, it likewise went up by 0.15% and 0.48% respectively.

- The local unit appreciated against all the tracked currencies as traders were risk averse ahead of a week full of inflation data from major economies, which could offer more clues on the tapering deadlines from the ECB and the US Fed.

- Bank of Ghana's intervention through FX auction and regulation also cushioned the cedi against the major currencies.

- In the week ahead, we expect the cedi to remain stable as traders continue to monitor growth prospects against a backdrop of uncertainty about the timing of the Fed tapering, inflationary pressures, and pandemic risks.

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

- In the week under review, the rand strengthened against all the tracked currencies in our basket. The rand went up by 2.24% and 1.92% against the dollar and the pound respectively. Similarly, it gained 2.51% against the euro.

- South Africa rand recovered lost ground to trade higher to end the week after President Cyril Ramaphosa said COVID-19 curbs would be eased this week, with a nation-wide curfew to be shortened, as infections decline.

- The move is aimed at reviving an economy reeling from the effects of the pandemic and a week of deadly riots in July, following a decline in Covid-19 infections in recent weeks.

- Meanwhile, the risk of slower global economic recovery from the Covid-19 pandemic and uncertainty over the Fed's tapering, as well as concerns over Beijing's regulatory crackdown on China's tech giants limited further gains.

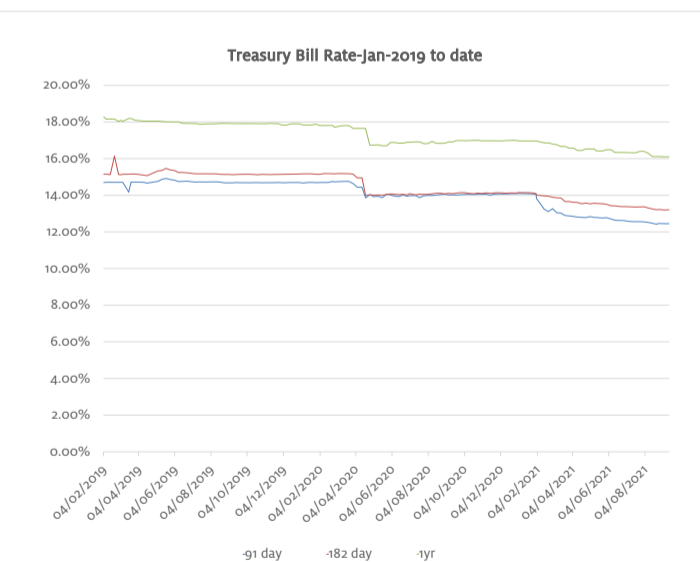
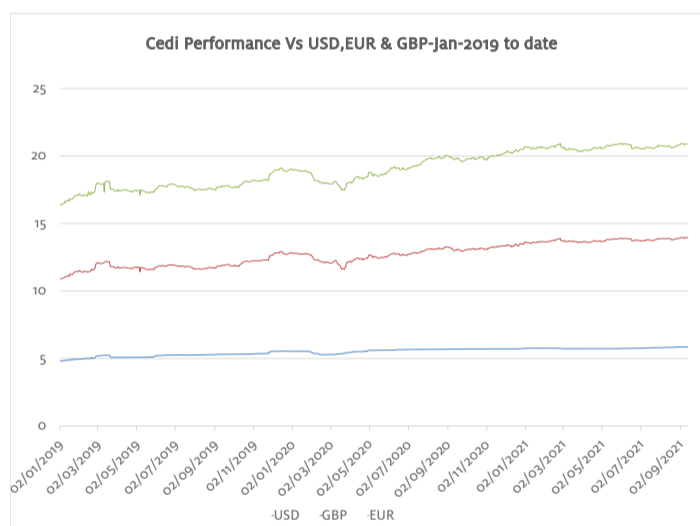
- In the week ahead, we expect the rand to remain strong as South Africa's government prepare to ease restrictions that were imposed to curb the spread of the coronavirus after a sustained slowdown in new infections.

GLOBAL FX MARKET UPDATE (WEEKLY CHANGES %)						
REGION	US\$	Wkly (%Δ)	£	Wkly (%Δ)	€	Wkly (%Δ)
USA	1.0000	0.00	1.3855	0.12	1.1841	0.31
Europe	0.8445	(0.31)	1.1794	(0.15)	1.0000	0.00
UK	0.7218	(0.12)	1.0000	0.00	0.8540	0.29

Sources: GCB Bank, Central bank websites

AFRICAN FX MARKET UPDATE (WEEKLY CHANGES %)						
COUNTRY	US\$	Wkly (%Δ)	£	Wkly (%Δ)	€	Wkly (%Δ)
Ghana	5.8561	0.01	8.1093	0.15	6.9271	0.48
Nigeria	409.9800	(0.02)	569.3800	(0.41)	485.2930	0.29
Kenya	109.8740	0.10	151.8170	(0.14)	130.0240	0.18
BCEAO*	554.0000	(0.32)	768.2500	(0.59)	655.9600	0.00
S. Africa	14.0946	2.24	19.5655	1.92	16.7007	2.51

Sources: GCB Bank, Central bank website



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Scrolling? Pause and wash.



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