



GLOBAL FX MARKET

USD: The dollar ended lower on Friday (27/08/2021), as investors digest a dovish stance from Fed Chair Powell. Jerome Powell said during the Jackson Hole symposium the Fed will likely reduce stimulus this year although there is nothing certain about hiking rates, a sign the Fed's policy support will be withdrawn cautiously and gradually. The dollar dipped by 0.74% and 0.77% against the pound and the euro respectively. In the week ahead, the direction of the greenback would depend on several economic data releases due this week including the payrolls report and ISM PMIs which will show the state of US economic recovery. A positive outcome of these data will see a bounce back in the dollar and vice versa.

GBP: The pound edged up at the end of August, after 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 Fed chief said the central bank is likely to begin tapering its \$120 billion in monthly bond purchases before the end of the year. The pound improved by 0.75% and 0.10% against the dollar and the euro respectively. We expect the pound to remain stable as the Bank of England signaled that some modest tightening of monetary policy over the next two years is likely to be necessary if the economy continues to improve.

EUR: The euro mixed performed at the end of August, hovering around its strongest level for over three weeks against the greenback. But against the pound it was down by 0.05%. Investors dumped the dollar after 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 euro gained 0.77% against the dollar. We expect the euro to trade sideways amid prospects of slower growth in the Eurozone due to coronavirus outbreaks. Also, investors continued concern on the fact that the Fed will start tapering its huge stimulus sooner than the European Central Bank could also weigh on the euro this week.

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 tumbled against all the tracked currencies in our basket. The local unit declined by 0.28% against the dollar. Against the Euro and the pound, it was also down by 1.14% and 1.24% respectively.

- The local unit plunged against all the tracked currencies as risk appetite got a lift after Federal Reserve Chair Jerome Powell offered a slower-than-expected path to rate hikes.

- Support from the Bank of Ghana through FX auction on the spot market mitigated the loss of the cedi against the hard notes.

- In the week ahead, we expect the cedi to be relatively stable supported by the country's strong reserve position, improved regulatory oversight and uncertainties regarding the country's economic recovery.

SOUTH AFRICA: ZAR: 14.54 USD1; ZAR: 20.24 GBP1; ZAR: 17.18: EUR1
- In the week under review, the rand edged up against all the tracked currencies in our basket. The rand improved by 3.01% and 2.46% against the dollar and the pound respectively. Likewise, it increased by 2.34% against the euro.

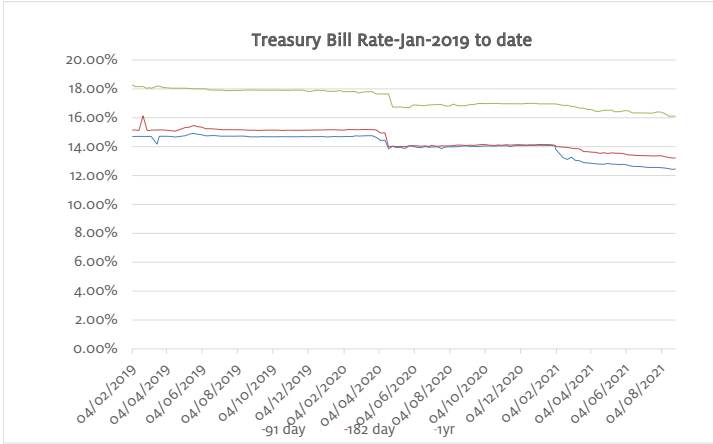
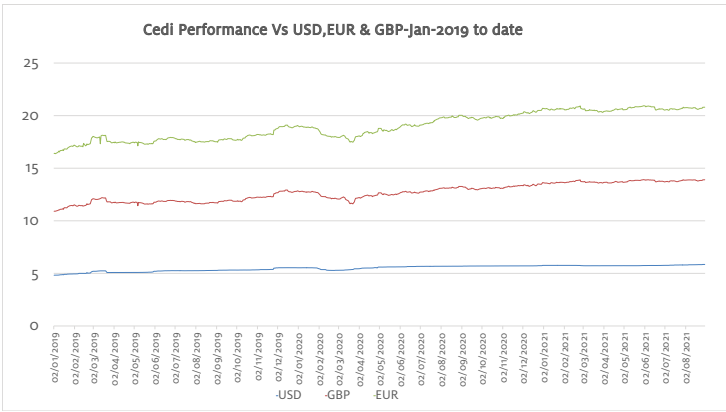
- The South African rand appreciated against the US dollar, hovering around its strongest level since August 11th,2021 as investors turned to riskier currencies after US Federal Reserve Chair Jerome Powell said that tapering of asset purchases could begin this year but that it would not directly signal higher rates.

- The rand had touched a near five-month low against the greenback in the previous week, due to persistent fears of a slowdown in global growth due to the fast-spreading Delta variant and the prospect of an early tapering of Federal Reserve stimulus.

- In the week ahead, we expect the rand to remain stable as concerns grow over a slowdown in the country's economic growth due to widespread impacts of lockdowns and as the number of COVID cases continues to hit new records.

GLOBAL FX MARKET UPDATE (WEEKLY CHANGES %)						
REGION	US\$	Wkly (%Δ)	£	Wkly (%Δ)	€	Wkly (%Δ)
USA	1.0000	0.00	1.3715	(0.74)	1.1761	(0.77)
Europe	0.8503	0.77	1.1668	(0.05)	1.0000	0.00
UK	0.7291	0.75	1.0000	0.00	0.8570	0.10
Sources: GCB Bank, Central bank websites						

AFRICAN FX MARKET UPDATE (WEEKLY CHANGES %)						
COUNTRY	US\$	Wkly (%Δ)	£	Wkly (%Δ)	€	Wkly (%Δ)
Ghana	5.8502	(0.28)	8.0449	(1.14)	6.8984	(1.24)
Nigeria	409.7600	(0.03)	562.4370	(0.86)	482.0420	(0.82)
Kenya	109.7780	(0.22)	150.7510	(0.50)	129.0980	(0.78)
BCEAO*	557.5000	0.72	764.5000	0.03	655.9600	0.00
S. Africa	14.9042	3.01	20.4150	2.46	17.5169	2.34
Sources: GCB Bank, Central bank website						



WEEKLY CURRENCY REPORT



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