



GLOBAL FX MARKET

USD: The dollar was slightly up on Friday (01/10/2021), still close to its highest level in nearly a year, amid expectations that the Federal Reserve will taper stimulus from November and start hiking rates next year. Spiking bond yields also added to the currency's firmness. The dollar improved by 0.95% and 1.03% against the pound and the euro respectively. In the week ahead, we expect the dollar to stay stable as all eyes turn to the US employment report this week, which will probably show job growth accelerated in September, as well as worldwide services PMI surveys and an OPEC+ meeting that is expected to offer guidance into the coalition's production plans. Also, Market participants continue to follow reports that China Evergrande has missed two bond interest payments in the past two weeks, with its offshore debt amounting to about \$20 billion trading at distressed levels. Any positive outcome of these reports will support the dollar and vice versa.

GBP: The pound mixed performed on Friday (01/10/2021) amid concerns over global growth outcome this year and rising inflation, as well as a rally in government bond yields and prospects of sooner-than-expected tapering by the Bank of England and US Federal Reserve. On the economic data front, the UK economy grew by 5.5% during the second quarter, faster than a preliminary estimate of a 4.8% expansion, while the current account deficit unexpectedly shrank to £8.6 billion amid a strong recovery in exports of goods. The pound dipped by 0.94% against the dollar but inched up by 0.10% against the euro. In the week ahead, the pound is expected to come under minimal pressure over concerns of slowing global growth, rising inflation, as well as the prospect of interest rates hikes in the coming months.

EUR: The euro traded lower on Friday (01/10/2021), as concerns around slowing global growth, inflation and rising interest rates continued to dominate sentiment. Preliminary data showed the Eurozone consumer price inflation soared to a 13-year high of 3.4% in September, after ECB President Lagarde said earlier in the week that there are no signs that recent price increases are becoming broad-based across the economy. The euro declined by 1.02% and 0.06% against the dollar and the pound respectively. In the coming week we expect the euro to remain stable as investors eye an Eurogroup meeting where Eurozone finance ministers will be discussing the EU's recovery plans, banking union and fiscal policy.

AFRICAN FX MARKET REVIEW AND OUTLOOK

GHANA: GHS: 5.87 USD₁; GHS: 7.95 GBP₁; GHS: 6.80 EUR₁

- In the just ended week, the Ghana cedi was down against the dollar however it went up against the pound and the euro. The local unit dropped by 0.03% against the greenback. Against the Euro and the pound, it gained further by 0.88% and 0.96% respectively.

- The cedi ended the week relatively strong against the major currencies due to the huge reserve position of the country's amounting to US\$11.4 billion representing 5.2 month of import cover.

- The massive international reserve position of the country has been very helpful in BoG's FX auction on the market to cushion the cedi.

- In the weeks ahead, we expect the cedi to remain stable supported by the US\$1.5 billion cocoa syndicated loan expected this month for the purchases of cocoa for the 2021/22 cocoa season.

- Meanwhile, growing worries of the country's economic growth outcome and the prospects of rising inflation, as well as the outlook of a reduction in stimulus by the US Federal Reserve in the coming months, continue to weigh on market sentiment.

SOUTH AFRICA: ZAR: 15.03 USD₁; ZAR: 20.23 GBP₁; ZAR: 17.41: EUR₁

- In the week under review, the rand depreciated against all the tracked currencies in our basket. The rand fell by 2.45% against the dollar. In the same way, it decreased by 0.97% and 1.20% against the pound and the euro respectively.

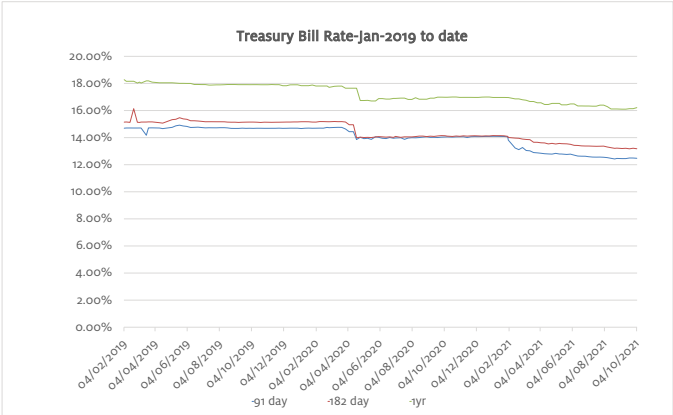
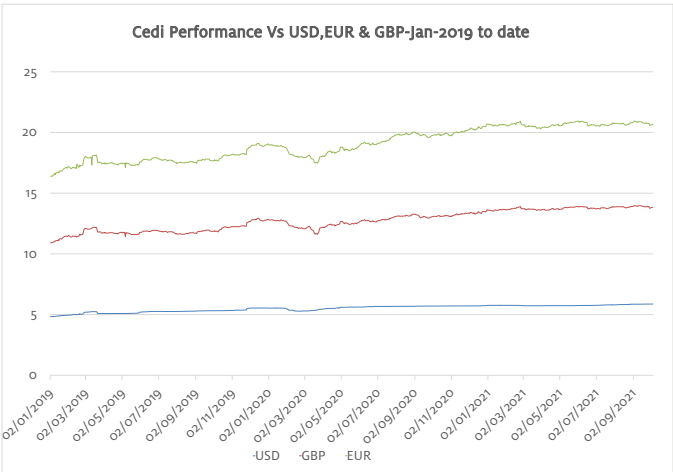
- The South African rand traded lower, not far from an over one-month low, as the dollar remained strong due to persistent fears of a slowdown in global growth and the prospect of an early tapering of Federal Reserve stimulus.

- Also, the South African Reserve Bank turned more hawkish on raising borrowing costs through 2023. Meanwhile, South Africa's economic outlook improved as the economy performed strongly in the first half of the year on bumper commodity prices and amid recent better-than-expected data, including trade figures and credit numbers.

- We therefore expect the rand to rebound slightly in the coming week as domestic Covid-19 restrictions eases to its lowest alert level, as South Africa looks to open up its economy.

GLOBAL FX MARKET UPDATE (WEEKLY CHANGES %)						
REGION	US\$	Wkly (%Δ)	£	Wkly (%Δ)	€	Wkly (%Δ)
USA	1.0000	0.00	1.3540	0.95	1.1600	1.03
Europe	0.8621	(1.02)	1.1675	(0.06)	1.0000	0.00
UK	0.7386	(0.94)	1.0000	0.00	0.8565	0.10
Sources: GCB Bank, Central bank websites						

AFRICAN FX MARKET UPDATE (WEEKLY CHANGES %)						
COUNTRY	US\$	Wkly (%Δ)	£	Wkly (%Δ)	€	Wkly (%Δ)
Ghana	5.8663	(0.03)	7.9462	0.88	6.8024	0.96
Nigeria	410.3000	(0.02)	552.0590	1.62	475.0450	1.19
Kenya	110.4950	(0.11)	148.9330	1.41	128.3760	0.74
BCEAO*	566.2500	(1.32)	761.7500	0.66	655.9600	0.00
S. Africa	15.0323	(2.45)	20.2349	(0.97)	17.4073	(1.20)
Sources: GCB Bank, Central bank website						



WEEKLY CURRENCY REPORT



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