



GLOBAL FX MARKET

USD: The dollar edged lower on Friday (15/10/2021) as investors digest recent inflation figures and FOMC minutes. Fresh CPI data showed inflationary pressures remained high in September, raising concerns that inflation will stay at multi-year highs for longer than expected. At the same time, FOMC minutes showed the Fed is close to starting tapering, possibly in mid-November. The dollar declined by 0.96% and 0.28% against the pound and the euro respectively. In the week ahead, we expect the dollar to rebound amid a general risk-off mood and as investors bet the American economy is in better shape to fully recover from the coronavirus pandemic despite inflationary pressures and an early Fed tapering.

GBP: The pound advanced, hovering around its strongest level in a month, amid expectations the Bank of England will be raising interest rates later this year or early 2022. The pound increased further by 0.97% and 0.69% against the dollar and the euro respectively. In the incoming week, the pound is expected to trade sideways as investors weigh over concerns of the slowing global growth amid mounting price pressures and expectations that major central banks might start tightening monetary policy soon. Also, concerns on the unprecedented energy crisis, the shortage of workers in the wake of Brexit and an end to the furlough scheme introduced to mitigate the effects of the pandemic will weigh on market sentiments.

EUR: The euro witnessed a mixed trading, hovering around its weakest level, amid concerns over mounting inflationary pressure due to rising energy prices and expectations the US Federal Reserve will be tapering faster than the European Central Bank. The euro improved by 0.29% against the dollar but then again it decreased by 0.61% against the pound at the close of the trading week. In the week ahead, we expect the euro to stay stable after ECB President Lagarde said over the weekend that the bloc's central bank will continue aiding the Euro economy as the fallout from the pandemic lingers, while trying to assuage the market's inflation fear by saying she still expects supply shortages or rising energy prices to be transitory.

AFRICAN FX MARKET REVIEW AND OUTLOOK

GHANA: GHS: 5.88 USD₁; GHS: 8.09 GBP₁; GHS: 6.82 EUR₁

- In the week under review, the cedi edged down against all the tracked currencies in our basket. The local unit dropped by 0.23% and 1.03% respectively against the greenback and the pound during the week under review. Against the Euro, it also went down by 0.43%.

- The cedi saw marginal depreciations against the major currencies in the week under review supported by BoG Fx auctions on the back of the huge reserve position of the country, amounting to US\$11.4 billion (5.2 months of import cover).

- In the week ahead, we expect the cedi to be fairly stable on the Fx market supported by Fx auctions from BoG and inflows from the US\$1.5 billion cocoa syndicated loan.

SOUTH AFRICA: ZAR: 14.69 USD₁; ZAR: 20.16 GBP₁; ZAR: 17.06: EUR₁

- In the week under review, the rand went up against all the tracked currencies in our basket. The rand increased by 1.72% against the dollar. In the same way, it inched up by 0.79% and 1.14% against the pound and the euro respectively.

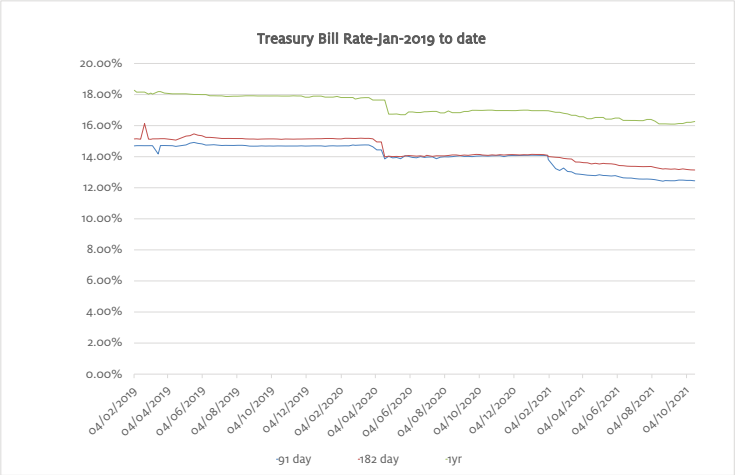
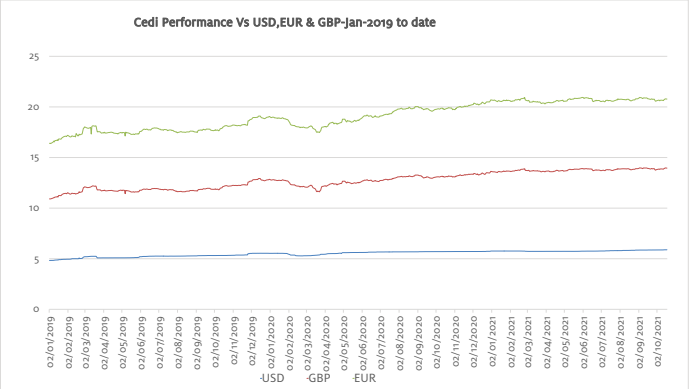
- The South African rand was up against the US dollar amid a softer dollar and higher commodity prices, despite persistent fears of a slowdown in global growth and the prospect that the Federal Reserve would announce a tapering of a stimulus next month.

- A Even though the South African Reserved Bank maintained its repurchase rate at 3.5% at its last meeting, it has signaled being more hawkish on raising borrowing costs through to 2023. Meanwhile, recent data showed South Africa's economic recovery from the pandemic has been uneven across sectors, partly due to deadly riots, arson and looting that erupted in July and derailed economic activity in two biggest provinces.

- We however expect the rand to remain stable in the coming week despite global challenges, amid continue hopes of a better pandemic situation in South Africa and the implementation of pro-growth reforms.

GLOBAL FX MARKET UPDATE (WEEKLY CHANGES %)						
REGION	US\$	Wkly (%Δ)	£	Wkly (%Δ)	€	Wkly (%Δ)
USA	1.0000	0.00	1.3769	(0.96)	1.1602	(0.28)
Europe	0.8619	0.29	1.1853	(0.61)	1.0000	0.00
UK	0.7263	0.97	1.0000	0.00	0.8429	0.69
Sources: GCB Bank, Central bank websites						

AFRICAN FX MARKET UPDATE (WEEKLY CHANGES %)						
COUNTRY	US\$	Wkly (%Δ)	£	Wkly (%Δ)	€	Wkly (%Δ)
Ghana	5.8822	(0.23)	8.0919	(1.03)	6.8231	(0.43)
Nigeria	410.4100	(0.02)	563.8210	(0.84)	475.8700	(0.27)
Kenya	110.8680	(0.14)	151.8900	(0.94)	128.6320	(0.57)
BCEAO*	565.0000	0.58	775.0000	(0.42)	655.9600	0.00
S. Africa	14.6865	1.72	20.1557	0.79	17.0576	1.14
Sources: GCB Bank, Central bank website						



WEEKLY CURRENCY REPORT



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