



## GLOBAL FX MARKET

**USD:** The dollar could not sustain its strong momentum after a disappointing jobs report, moving away from the previous week's high to end lower. The US economy added only 194,000 jobs in September, well below market expectations of 500,000, raising questions on whether the Fed will keep with its plan to start reducing stimulus as soon as November. The dollar dropped by 0.71% against the pound but edged up by 0.27% against the euro. In the week ahead, we expect the dollar to remain stable as third-quarter earnings season gets underway, with updates expected from major banks such as JPMorgan Chase, Citigroup and Wells Fargo. A positive outcome of their financial performance will provide some support for the dollar and vice versa.

**GBP:** The pound rose on the back of expectations that the Bank of England will be raising interest rates sooner-than-expected. The pound improved by 0.72% and 0.92% against the dollar and the euro respectively. In the incoming week, the pound is expected to remain stable amid signs that the Bank of England will start hiking interest rates sooner-than-expected to tackle inflation. Meanwhile, concerns over the growth of the British economy due to a surge in energy prices and the shortage of workers in the wake of Brexit could pose as a downside risk to the pound. Furthermore, investors are also worry about the unemployment outlook as a furlough scheme introduced to mitigate the effects of the pandemic ended in September.

**EUR:** The euro closed the week as the worst performing currency in our basket amid concerns over mounting inflationary pressure due to rising energy prices and prospects of policy tightening by various central banks across the globe. The euro dropped by 0.27% and 0.89% against the dollar and the pound respectively at the close of the trading week. In the coming week we expect the euro to trade sideways due to growing inflationary pressures against the positive growth outlook for the Eurozone in 2021 due to the lifting of restrictions in March/April.

## 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 went up against the euro, conversely, it was down against the dollar and the pound. The local unit lost 0.04% and 0.78% respectively against the greenback and the pound during the week under review. Against the Euro, it gained by 0.13%.

-The cedi continued its relative stability to the major trading currencies in the past week on the back of the huge reserve position of the country, amounting to US\$11.4 billion representing 5.2 months of import cover.

-The cedi was down slightly against the greenback amid persistent fears of a slowdown in global growth and the prospect that the Federal Reserve would start paring its stimulus by November.

-In the weeks ahead, we expect the cedi to remain stable supported by the central bank's periodic intervention through FX auction in the currency market. Also, inflows of US\$1.5 billion cocoa syndicated loan expected to hit the accounts of BoG this week would help push up the reserve position of the country to cushion the cedi.

**SOUTH AFRICA: ZAR: 14.94 USD1; ZAR: 20.31 GBP1; ZAR: 17.25; EUR1**

-In the week under review, the rand strengthened against the dollar and the euro but then again weakened against the pound. The rand edged lower by 0.39% against the pound. On the other hand, it gained 0.63% and 0.90% against the dollar and the euro respectively.

- The South African rand traded higher against the US dollar amid some easing concerns over inflationary pressures. Still, persistent fears of a slowdown in global growth and the prospect of an early tapering of Federal Reserve stimulus limited further gains.

-Market sentiment was also supported by concerns over a historic debt default in the US after Congress agreed to a short-term increase of the debt ceiling.

- Meanwhile, South Africa's economy performed strongly in the first half of the year underpinned by flourishing international commodities markets. Also, its economic outlook is seen improving supported by a favourable global environment and continued hopes on the country's better pandemic situation, as well as the relaxation of Covid-19 restrictions.

- We therefore expect the rand to remain stable in the coming week after a disappointing monthly US employment report showed the economic recovery remains uneven.

### GLOBAL FX MARKET UPDATE (WEEKLY CHANGES %)

REGIO N	US\$	Wkly (%Δ)	£	Wkly (%Δ)	€	Wkly (%Δ)
USA	1.0000	0.00	1.3637	(0.71)	1.1569	0.27
Europe	0.8644	(0.27)	1.1780	(0.89)	1.000	0.00
UK	0.7333	0.72	1.000	0.00	0.8487	0.92

Sources: GCB Bank, Central bank websites

### AFRICAN FX MARKET UPDATE (WEEKLY CHANGES %)

COUNTRY	US\$	Wkly (%Δ)	£	Wkly (%Δ)	€	Wkly (%Δ)
Ghana	5.8688	(0.04)	8.0089	(0.78)	6.7938	0.13
Nigeria	410.310	0.00	559.088	(1.26)	474.565	0.10
Kenya	110.717	(0.20)	150.461	(1.02)	127.899	0.37
BCEAO*	568.250	(0.35)	771.750	(1.30)	655.96	0.00
S. Africa	14.9389	0.63	20.3140	(0.39)	17.2522	0.90

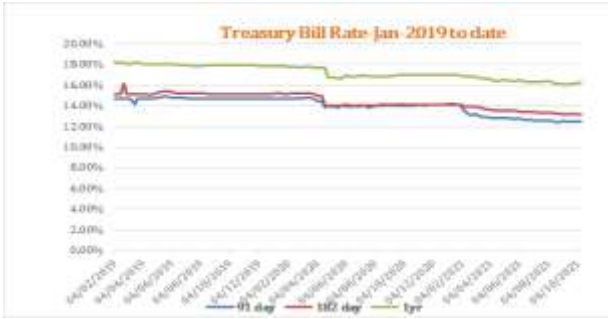
Sources: GCB Bank, Central bank website



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