



GLOBAL FX MARKET

USD: The dollar mixed performed on Friday (29/10/2021), as currency traders weigh the odds that the current spike in inflation will lead central banks to move more quickly to scale back their pandemic-triggered monetary policy support than they had planned to. The dollar increased by 0.48% against the pound while it declined by 0.13% against the euro. In the week ahead, we expect the dollar to remain stable as traders now look ahead to the US central bank meeting this week to gauge monetary policy direction as the Fed balances its act in the face of slowing growth and rising inflation. Also, any positive outcome of the US jobs reports on Friday, which most analyst believe will probably point to another month of employment gains will lend support to the dollar.

GBP: The pound traded lower against the dollar and appreciated against the euro as investors contemplated whether the Bank of England will be raising interest rates when it meets this week. Likewise, the widely expected announcement of the pullback in asset purchases by the FED weighed on the pound as well. It is still unclear whether the Bank of England will be hiking interest rates for the first time since the pandemic, even as some policymakers push for higher borrowing costs due to mounting inflationary pressures. The pound dropped by 0.48% against the dollar but then again it advanced by 0.15% against the euro. In the incoming week, we expect the pound to trade sideways amid anxiety over potential interest rate hikes, inflationary pressures, and an unravelling energy crisis.

EUR: The euro edged up against the dollar, however it went down against the pound to end October, as investors digested a batch of economic releases including the Eurozone GDP and inflation numbers, as well as the outcome of the European Central Bank's decision. The Eurozone inflation rate jumped more than expected to a new 13-year high, a day after the ECB decided to leave monetary policy unchanged and maintain its guidance on interest rates, reiterating its narrative that price pressure is temporary. The euro was up by 0.13% against the dollar, but declined by 0.07% against the pound. In the week ahead, we expect the euro to remain fairly stable as all eyes turn to the US Federal Reserve's policy statement due 03/11/2021 following the European Central Bank's dovish stance last week.

AFRICAN FX MARKET REVIEW AND OUTLOOK

GHANA: GHS: 5.90 USD¹; GHS: 8.08 GBP¹; GHS: 6.82 EUR¹

- In the week under review, the cedi was down against the dollar, on the other hand it improved against the pound and the euro respectively. The local unit dipped by 0.10% against the dollar. However, against the pound and the Euro, it went up by 0.50% and 0.67% respectively.

- The cedi tumbled against the dollar fueled by expectations of earlier US interest rate hikes as traders await Fed announcements later this week.

- The cedi remained under minimal pressure amid prospects of strong demand for Fx for imports by traders for the coming festive season.

- In the weeks ahead, we expect the cedi to come under minimal pressure driven by the demand for Fx by traders to import goods for the festive season as well as possible portfolio reversals by non-resident investors on expectations of interest rate hikes by the Fed. We believe that the BoG has enough reserves to support the cedi to minimise the rate of depreciation.

SOUTH AFRICA: ZAR: 15.27 USD¹; ZAR: 21.06 GBP¹; ZAR: 17.81: EUR¹

- In the week under review, the rand tumbled against all the tracked currencies in our basket. The rand declined by 4.32%, 4.37% and 4.46% against the dollar, pound and Euro respectively. Also, it edged up by 4.37% and 4.46% against the pound and the euro respectively.

- The South African rand was traded lower, pressured by lower commodity prices and continued power cuts along with uncertainty around local elections.

- Still, further losses were capped by expectations that South Africa's central bank is likely to hike interest rates soon amid accelerating inflation and after it warned of upside risks to its inflation outlook, including higher energy costs and realigning exchange rates that could stem from policy tightening in advanced economies.

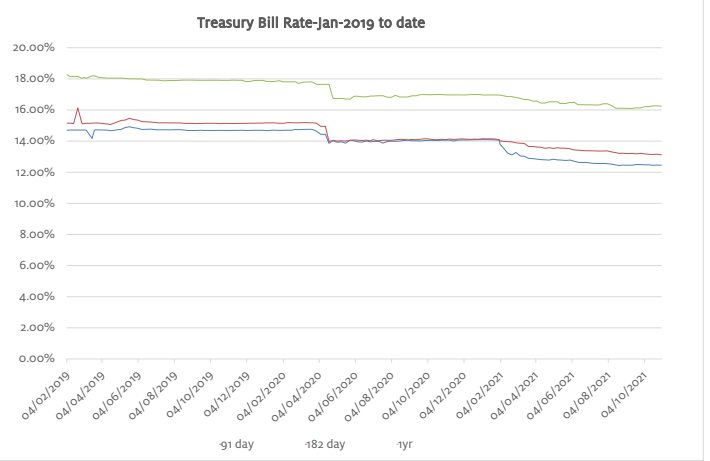
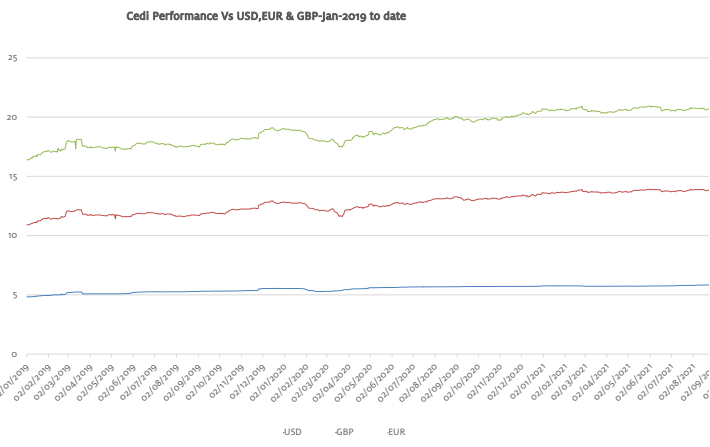
- In the week ahead, our expectation is for the rand to be relatively stable coming under some minimal pressure as investors ponder on inflation worries in the local economy and the direction of key central bank decisions in the UK and US.

INDICATIVE EXCHANGE RATE FOR BANKS

During the week under review, CBG quoted the highest rate against the dollar at GHS6.17. This was followed by NIB and PBL, both quoting GHS6.12. The rate for GCB was GHS6.07.

| GLOBAL FX MARKET UPDATE (WEEKLY CHANGES %) | | | | | | |
|--|--------|-----------|--------|-----------|--------|-----------|
| REGION | US\$ | Wkly (%Δ) | £ | Wkly (%Δ) | € | Wkly (%Δ) |
| USA | 1.0000 | 0.00 | 1.3706 | 0.48 | 1.1645 | (0.13) |
| Europe | 0.8587 | 0.13 | 1.1836 | (0.07) | 1.0000 | 0.00 |
| UK | 0.7296 | (0.48) | 1.0000 | 0.00 | 0.8442 | 0.15 |
| Sources: GCB Bank, Central bank websites | | | | | | |

| AFRICAN FX MARKET UPDATE (WEEKLY CHANGES %) | | | | | | |
|---|----------|-----------|----------|-----------|----------|-----------|
| COUNTRY | US\$ | Wkly (%Δ) | £ | Wkly (%Δ) | € | Wkly (%Δ) |
| Ghana | 5.9009 | (0.10) | 8.0816 | 0.50 | 6.8231 | 0.67 |
| Nigeria | 410.5900 | (0.03) | 565.8340 | (0.01) | 478.0500 | (0.15) |
| Kenya | 111.2150 | (0.14) | 152.9630 | 0.23 | 129.0770 | 0.19 |
| BCEAO* | 562.2500 | 0.22 | 775.5000 | 0.23 | 655.9600 | 0.00 |
| S. Africa | 15.2746 | (4.32) | 21.0568 | (4.37) | 17.8087 | (4.46) |
| Sources: GCB Bank, Central bank website | | | | | | |



| INDICATIVE EXCHANGE RATE FOR BANKS | | | |
|---------------------------------------|----------|------|------|
| | MIDRATES | | |
| BANKS | USD | GBP | EUR |
| CBG | 6.17 | 8.48 | 7.16 |
| NIB | 6.12 | 8.41 | 7.11 |
| PBL | 6.12 | 8.38 | 7.09 |
| CAL | 6.10 | 8.36 | 7.08 |
| FNB | 6.09 | 8.38 | 7.09 |
| SG | 6.09 | 8.37 | 7.06 |
| SB | 6.09 | 8.38 | 7.07 |
| ABSA | 6.07 | 8.37 | 7.08 |
| GCB | 6.07 | 8.35 | 7.09 |
| FBL | 6.07 | 8.39 | 7.08 |
| Sources: Quotes from Respective Banks | | | |

WEEKLY CURRENCY REPORT



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