

WEEKLY CURRENCY REPORT



Date Issued | 8th November, 2021

GLOBAL FX MARKET

USD: The dollar extended gains on Friday (05/11/2021), the highest since September 2020 after the October jobs report came in stronger than expected. The US economy added 531 thousand jobs last month, well above market expectations of a 450 thousand gain, pushing the unemployment rate to a fresh pandemic low of 4.6%. The dollar edged up by 1.59% and 1.09% against the pound and the euro respectively. In the week ahead, we expect the dollar to remain range bound as traders await key US inflation data due for release on Wednesday (10/11/2021) amid the Federal Reserve's position that current conditions do not warrant higher rates.

GBP: The pound weakened to end the week after the Bank of England surprised the market by leaving policy unchanged and a stronger-than-expected US jobs report sent the dollar to over one-year highs. UK policymakers left interest rates unchanged at 0.1% on Thursday (04/11/2021), dashing investors' expectations for a hike but signaled further raises could come in the coming months. The pound declined by 1.56% and 1.42% against the dollar and the euro respectively. In the incoming week, we expect the pound to trade sideways as traders react to the Bank of England's decision to leave both interest rates and the quantitative easing program unchanged.

EUR: The euro mixed performed to close the week, as investors rushed for the dollar following a better-than-expected US jobs report that could trigger further policy action by the Federal Reserve in the coming months. Meanwhile, ECB policymakers left monetary policy unchanged and maintained the central bank's guidance on interest rates, even as inflation jumped to a new 13-year high in October. The euro fell by 1.08% against the dollar, but then again, it improved by 1.25% against the pound. In the week ahead, we expect the euro to remain firm as traders await new information to gauge global monetary policy direction. This week will see the publication of a batch of economic data including inflation data for the US and China. A positive outcome on any of the economic data will weigh on the Euro and vice versa.

AFRICAN FX MARKET REVIEW AND OUTLOOK

GHANA: GHS: 5.90 USD¹; GHS: 7.96 GBP¹; GHS: 6.81 EUR¹

- In the week under review, the cedi dropped against the dollar, however, it appreciated against the pound and the euro respectively. The local unit plunged by 0.01% against the dollar. But, against the pound and the Euro, it increased by 1.59% and 0.18% respectively.
- The cedi fell against the dollar as an upbeat US jobs report and encouraging news about Pfizer's Covid-19 pill boosted optimism around the global economic outlook.
- Also, the renewed pressure comes amid concerns about rising inflation, which has been caused by consumer preference for imported goods.
- In the weeks ahead, we expect the Cedi to remain under pressure due to demand pressures, though the Bank of Ghana's forward FX auctions should help cushion the currency.

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

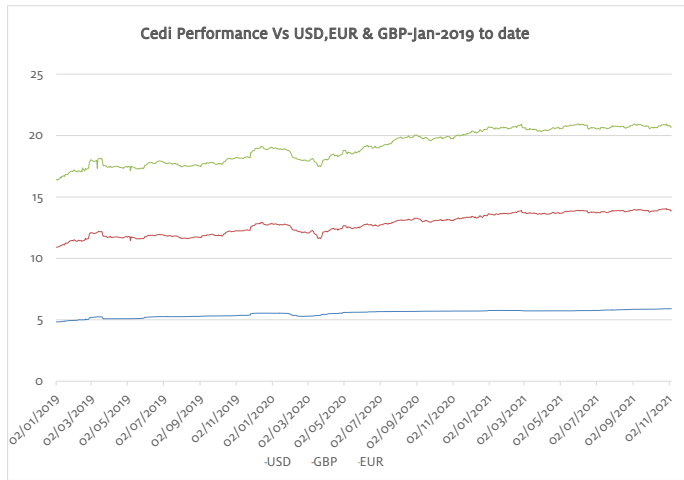
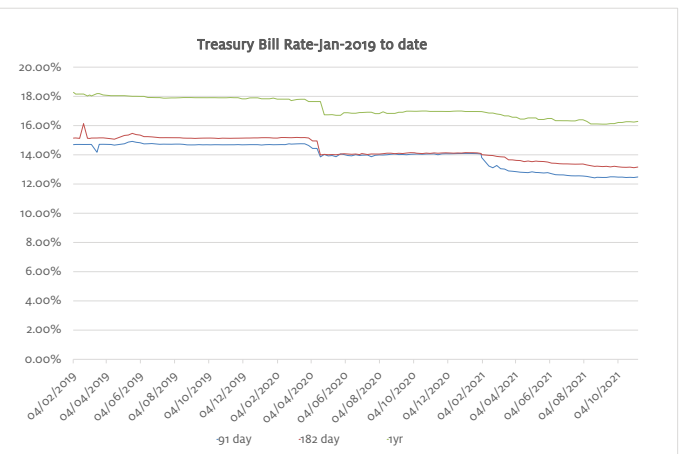
- In the week under review, the rand rose against all the tracked currencies in our basket with the exception of the dollar. The rand depreciated by 0.10% against the dollar. On the other hand, it improved by 2.24% and 0.78% against the pound and the euro respectively.
- The South African rand traded higher against the pound and the euro, as risk appetite improved as investors wait for the first Medium-Term Budget Policy Statement by South Africa's new finance minister, Enoch Godongwana, for concrete plans to rein in debt and reduce anticipated budget shortfalls.
- At the same time, the growing expectations that South Africa's central bank will likely begin the process of tightening monetary policy weighed on the rand's performance against the dollar.
- In the week ahead, our expectation is for the rand to come under minimal pressure as investors digest the US employment report.
- However, Foreign exchange reserves in South Africa rose to USD 57.52 billion in October of 2021 from USD 57.06 billion in September. This is expected to moderate the rand's performance.

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 Absa and NIB, quoting GHS6.14 and GHS6.13 respectively. The rate for GCB was GHS6.08.

GLOBAL FX MARKET UPDATE (WEEKLY CHANGES %)						
REGION	US\$	Wkly (%Δ)	£	Wkly (%Δ)	€	Wkly (%Δ)
USA	1.0000	0.00	1.3492	1.59	1.1519	1.09
Europe	0.8681	(1.08)	1.1690	1.25	1.0000	0.00
UK	0.7412	(1.56)	1.0000	0.00	0.8564	(1.42)
Sources: GCB Bank, Central bank websites						

AFRICAN FX MARKET UPDATE (WEEKLY CHANGES %)						
COUNTRY	US\$	Wkly (%Δ)	£	Wkly (%Δ)	€	Wkly (%Δ)
Ghana	5.9015	(0.01)	7.9550	1.59	6.81105	0.18
Nigeria	410.7900	(0.05)	552.3480	2.44	473.8050	0.90
Kenya	111.5470	(0.30)	151.8310	0.75	128.8640	0.17
BCEAO*	567.5000	(0.93)	766.2500	1.21	655.9600	0.00
S. Africa	15.2901	(0.10)	20.5951	2.24	17.6716	0.78
Sources: GCB Bank, Central bank website						



INDICATIVE EXCHANGE RATE FOR BANKS			
MIDRATES			
BANKS	USD	GBP	EUR
CBG	6.17	8.28	7.10
Absa	6.14	8.28	7.09
NIB	6.13	8.24	7.07
PBL	6.12	8.26	7.06
SG	6.11	8.33	7.06
FNB	6.11	8.21	7.06
CAL	6.11	8.24	7.04
STB	6.10	8.22	7.05
FDL	6.08	8.32	7.11
GCB	6.08	8.16	7.01
SCB	6.07	8.19	7.02

Sources: Quotes from Respective Banks

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