

# WEEKLY CURRENCY REPORT



Date Issued | 15th November, 2021

## GLOBAL FX MARKET

**USD:** The dollar strengthened on Friday (12/11/2021), amid rising expectations for earlier Federal Reserve interest rate hikes after the latest US inflation data accelerated at its fastest pace in three decades. US consumer prices rose 6.2% in October, driven in large part by higher energy costs and challenging the Fed’s “transitory” narrative. The dollar inched up by 0.58% and 0.62% against the pound and the euro respectively. In the week ahead, we expect the dollar to stay stable as markets await fresh clues on the US economy and the likely direction of monetary policy.

**GBP:** The pound mixed performed on Friday (12/11/2021), as the dollar remains strong amid soaring inflation in the US while investors digested fresh economic data. The British economy grew less than expected in Q3 and industrial output unexpectedly shrank in September. This happened after the central bank defied market expectations by keeping interest rates on hold, signaling the risks to economic growth are a priority. The pound was down by 0.58% against the dollar, although it went up by 0.33% against the euro. In the incoming week, we expect the pound to trade sideways as investors remain cautious ahead of a week packed with important economic data (jobs report) while inflation worries linger. In the meantime, investors are monitoring the direction of a potential new spat between the British government and Ireland about a move to invoke emergency unilateral provisions in its Brexit deal governing Northern Ireland’s trading arrangements, a move that would sour ties with Dublin, the EU and the United States.

**EUR:** The euro weakened in the second week of November, after a hotter-than-expected US inflation rate spurred a dollar rally. Meanwhile, ECB policymakers remain dovish while the US Federal Reserve is starting to scaling back its pandemic-era monetary stimulus. Also, the Bank of England kept alive expectations for a rate hike in December. The euro depreciated by 0.62% and 0.05% against the dollar and the pound respectively. In the week ahead, we expect the euro to remain pressured by expectations that the European Central Bank would stick to its dovish policy settings in the near term against the backdrop of a slowing economy.

## AFRICAN FX MARKET REVIEW AND OUTLOOK

**GHANA: GHS: 5.90 USD1; GHS: 7.92 GBP1; GHS: 6.76 EUR1**

- In the week under review, the cedi dipped slightly against the dollar, then again, it was up against the pound and the euro respectively. The local unit fell by 0.03% against the dollar. On the other hand, against the pound and the Euro, it improved by 0.46% and 0.76% respectively.

- The cedi plunged against the greenback as traders’ digest prospects that inflation will stay high for longer than expected which could force central banks to tighten soon.

- Domestically, investors await to digest Finance minister’s budget statement, with markets expecting to take directions since he is expected to provide an update of the projected fiscal policy direction and concrete plans to stimulate growth.

- In the weeks ahead, we expect the Cedi to be stable as investors continue to weigh the risk of higher inflation against an update of the projected fiscal policy direction. However, the Bank of Ghana’s forward FX auctions is expected to help cushion the currency.

**SOUTH AFRICA: ZAR: 15.32 USD1; ZAR: 20.50 GBP1; ZAR: 17.53: EUR1**

- In the week under review, the rand declined against the dollar, but then again advanced against the pound and the euro respectively. The rand tumbled by 0.17% against the dollar. Nonetheless, it gained by 0.48% and 0.80% against the pound and the euro respectively.

- The South African rand traded lower against the US dollar, as expectations of an early tightening by the Fed lifted the dollar and amid mounting concerns over intense load-shedding across the country.

- Meanwhile, the South African government revised downwards its budget deficit and debt forecasts and projected a stronger expansion in 2021 than what it previously estimated in February.

- Additionally, any gains for the rand was restrained by concerns over intense load shedding across the country and expectations of an early monetary policy tightening by the Federal Reserve.

- In the week ahead, our expectation is for the rand to trade sideways as investors’ focus turns to domestic inflation data and the outcome of South African’s Reserve Bank monetary policy meeting later in the week.

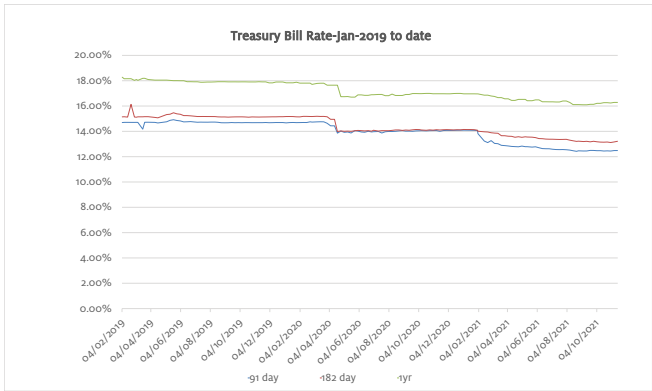
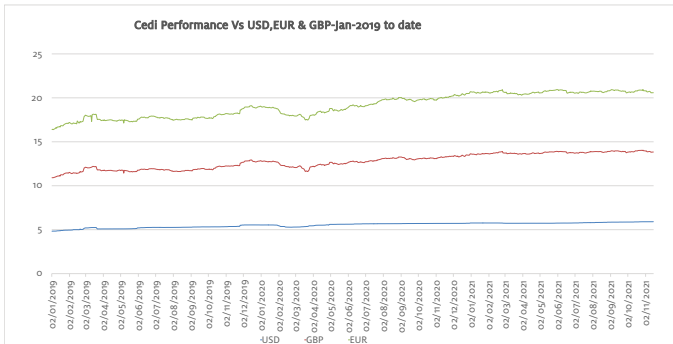
## INDICATIVE EXCHANGE RATE FOR BANKS

During the week under review, NIB quoted the highest rate against the dollar at GHS6.25. This was followed by CBG and PBL, quoting GHS6.19 and GHS6.18 respectively. The rate for GCB was GHS6.12.

Sources: Quotes from respective banks

GLOBAL FX MARKET UPDATE (WEEKLY CHANGES %)						
REGION	US\$	Wkly (%Δ)	£	Wkly (%Δ)	€	Wkly (%Δ)
USA	1.0000	0.00	1.3414	0.58	1.1448	0.62
Europe	0.8735	(0.62)	1.1695	(0.05)	1.0000	0.00
UK	0.7455	(0.58)	1.0000	0.00	0.8536	0.33
Sources: GCB Bank, Central bank websites						

AFRICAN FX MARKET UPDATE (WEEKLY CHANGES %)						
COUNTRY	US\$	Wkly (%Δ)	£	Wkly (%Δ)	€	Wkly (%Δ)
Ghana	5.9031	(0.03)	7.9182	0.46	6.7599	0.76
Nigeria	410.9200	(0.03)	550.6330	0.31	470.5030	0.70
Kenya	111.8150	(0.24)	150.1440	1.12	128.4250	0.34
BCEAO*	573.0000	(0.96)	766.7500	(0.07)	655.9600	0.00
S. Africa	15.3157	(0.17)	20.4962	0.48	17.5319	0.80
Sources: GCB Bank, Central bank website						



INDICATIVE EXCHANGE RATE FOR BANKS			
	MIDRATES		
BANKS	USD	GBP	EUR
NIB	6.25	8.24	7.06
CBG	6.19	8.36	7.14
PBL	6.18	8.26	7.09
SG	6.17	8.26	7.07
FNB	6.16	8.29	7.14
Absa	6.15	8.22	7.04
STB	6.13	8.21	7.02
GCB	6.12	8.14	6.99
CAL	6.12	8.15	7.00
FDL	6.11	8.37	7.15
SC	6.09	8.15	6.98
Sources: Quotes from Respective Banks			

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