

# WEEKLY CURRENCY REPORT



Date Issued | 25th October, 2021



## GLOBAL FX MARKET

**USD:** The dollar edged lower on Friday (22/10/2021), after Fed chair Jerome Powell confirmed the Federal Reserve is ready to start tapering, but said it is not yet time to raise interest rates. His remarks bolstered speculations that other central banks may hike rates sooner than the Fed, easing long bets on the greenback. The dollar fell by 0.02% and 0.24% against the pound and the euro respectively. In the week ahead, we expect the dollar to trim some losses amid a slight increase in risk-off sentiment, as concerns about the inflationary impact of higher commodity prices mount. At the same time, Evergrande jitters return as the company is likely to fall in formal default after the grace period on its dollar bonds expired.

**GBP:** The pound mixed performed to end the trading week on Friday (22/10/2021), as a slight decline in UK consumer price inflation was seen as temporary and is unlikely to deter the Bank of England from raising interest rates, possibly in less than a month. The consumer price inflation rate in September was little-changed from August's nine-year high and well above the Bank of England's target of about 2%. The pound appreciated by 0.02% against the dollar but it declined by 0.31% against the pound. In the incoming week, we expect the pound to trade sideways as concerns over the British economy mount due to the energy crisis, shortage of workers in the wake of Brexit and COVID pandemic as well as the prospect of interest rates hikes in the coming months weigh on market sentiment.

**EUR:** The euro edged up on Friday (22/10/2021) as investors weighed a strong third-quarter earnings season against inflation fears and prospects of tightening monetary policy by major central banks. The euro inched up by 0.24% and 0.22% against the dollar and the pound respectively. In the week ahead, we expect the euro to remain relatively stable coming under minimal pressure as concerns persist with respect to inflationary pressure, slowing global growth, policy uncertainties and a possible default by Chinese property giant Evergrande.

## AFRICAN FX MARKET REVIEW AND OUTLOOK

**GHANA:** GHS: 5.88 USD<sup>1</sup>; GHS: 8.09 GBP<sup>1</sup>; GHS: 6.82 EUR<sup>1</sup>  
- In the week under review, the cedi depreciated against all the tracked currencies in our basket. The local unit declined by 0.22% and 0.37% respectively against the greenback and the pound during the week under review. Versus the Euro, it also went down by 0.67%.

- The cedi depreciated further against the major currencies to close the week amid prospects of strong demand for Fx for imports by traders for the coming festive season.

- The fall in the cedi was however cushioned by Fx auction on the market by BoG during the week on the back of the huge reserve position of the country (US\$11.4 billion-5.2 months of import cover).

- In the weeks ahead, we expect the cedi to come under minimal pressure driven by the demand for Fx by traders to import goods (current account pressure) for the festive season. We believe that the BoG has enough reserves to support the cedi to minimise the rate of depreciation

**SOUTH AFRICA:** ZAR: 14.69 USD<sup>1</sup>; ZAR: 20.16 GBP<sup>1</sup>; ZAR: 17.06: EUR<sup>1</sup>  
- In the week under review, the rand gained against all the tracked currencies in our basket. The rand improved by 0.49% against the dollar. Similarly, it went up by 0.10% and 0.25% against the pound and the euro respectively.

- The South African rand traded higher against the US dollar in the past week, amid general dollar weakness and further evidence that the US Federal Reserve will begin tapering this year.

- At the same time, expectations are increasing 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.

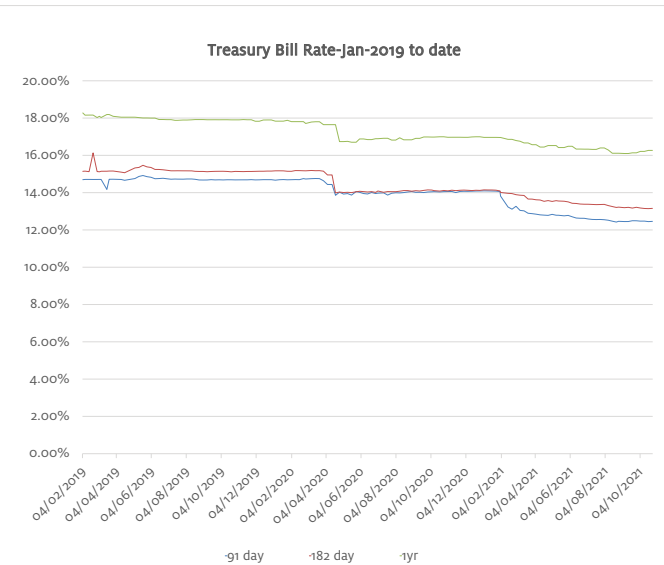
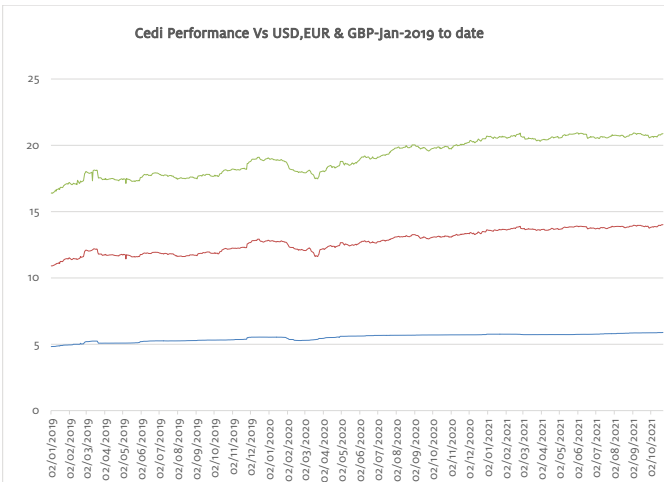
- Meanwhile, South Africa's consumer price inflation quickened slightly to 5% in September, its highest in four months and above the 4.5% midpoint target from the South African Reserve Bank, putting pressure on the central bank to raise interest rates this year.

### INDICATIVE EXCHANGE RATE FOR BANKS

During the week under review, CAL Bank quoted the highest rate against the dollar at GHS6.10. This was followed by CBG and NIB quoting GHS6.09 and GHS6.08 respectively. The rate for GCB was GHS6.05.

GLOBAL FX MARKET UPDATE (WEEKLY CHANGES %)						
REGION	US\$	Wkly (%Δ)	£	Wkly (%Δ)	€	Wkly (%Δ)
USA	1.0000	0.00	1.3772	(0.02)	1.163	(0.24)
Europe	0.8598	0.24	1.1853	0.22	1.0000	0.00
UK	0.7261	0.02	1.0000	0.00	0.8455	(0.31)
Sources: GCB Bank, Central bank websites						

AFRICAN FX MARKET UPDATE (WEEKLY CHANGES %)						
COUNTRY	US\$	Wkly (%Δ)	£	Wkly (%Δ)	€	Wkly (%Δ)
Ghana	5.8949	(0.22)	8.1217	(0.37)	6.8691	(0.67)
Nigeria	410.4600	-0.01	565.7780	(0.35)	477.3240	(0.30)
Kenya	111.0560	(0.17)	153.3190	(0.93)	129.3240	(0.54)
BCEAO*	563.5000	0.27	777.2500	(0.29)	655.9600	0.00
S. Africa	14.6151	0.49	20.1359	0.10	17.0148	0.25
Sources: GCB Bank, Central bank website						



EXCHANGE RATE FOR BANKS			
MIDRATES			
BANKS	USD	GBP	EUR
CAL	6.10	8.36	7.10
CBG	6.09	8.37	7.07
NIB	6.08	8.38	7.08
SG	6.08	8.38	7.07
PBL	6.08	8.27	7.02
SBG	6.08	8.37	7.07
ABSA	6.05	8.35	7.04
FBL	6.05	8.41	7.10
GCB	6.05	8.32	7.03
ADB	6.01	8.27	7.07

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