

# WEEKLY CURRENCY REPORT



Date Issued | 6th December, 2021

## GLOBAL FX MARKET

**USD:** The dollar mixed performed on Friday (26/11/2021), as investors took a breath to digest strong economic data from the US and a more hawkish Fed stance. Weekly unemployment claims in the US fell to the lowest level since 1969, Q3 GDP was revised upwards to 2.1% and US PCE inflation accelerated 0.6% in October, all pointing to a sharp economic recovery and continued upward price pressures. Likewise, concerns on further lockdowns and restrictions due to the new Covid variant (Omicron) that could disrupt economic recovery weighed on market sentiment. The dollar edged up by 0.94% against the pound, however it declined by 0.18% against the euro. We therefore expect the dollar to rebound in the coming week as investors dump riskier assets on renewed concerns over the global economic outturn this year due to the new Covid variant.

**GBP:** The pound ended the week lower, amid expectations the central bank will be holding interest rates at record-low levels at its December meeting. Bank of England policymaker Michael Saunders, who voted for an interest rate hike last month, said he wanted more information about the impact of the new Omicron coronavirus variant before deciding how to vote this week. The pound weakened by 0.22% against the dollar and the euro respectively. In the incoming week, we expect the pound to trade sideways as expectations of an interest rate hike by the Bank of England fade after the hawkish comment from policymaker Michael Saunders.

**EUR:** The euro traded higher to close the week in spite of concerns over Europe's economic growth as the region struggles with surging energy prices and new COVID restrictions. Retail sales rose by 0.2 percent from a month earlier in October 2021, following a revised 0.4 percent decline in September and matching market expectations. Also, IHS Markit Eurozone Composite PMI was revised lower to 55.4 in November 2021, from a preliminary of 55.8 but above October's final of 54.2 indicating a solid and accelerated rate of economic expansion across the euro area. The euro gained 0.43% and 0.61% against the dollar and the pound respectively. We expect the euro to be weighed in the coming week as investors become anxious over the omicron Covid variant, mounting inflationary pressure in the Eurozone and the US Federal Reserve's plan to tighten policy faster.

## AFRICAN FX MARKET REVIEW AND OUTLOOK

- GHANA: GHS: 5.92 USD1; GHS: 7.88 GBP1; GHS: 6.71 EUR1**
- In the week under review, the cedi declined against the dollar and the euro, on the other hand, it rose against the pound. The local unit fell by 0.07% and 0.37% against the dollar and the euro respectively. However, it strengthened by 0.01% against the pound.
  - The local unit steadied on Thursday (02/12/2021), struggling for momentum as some uncertainty over the Omicron coronavirus variant lingered.
  - However, it depreciated against the dollar and the euro due to demand pressures from corporates and non-resident investors existing the local bond market.
  - In the weeks ahead, we expect the Cedi to remain stressed against the dollar due to the usual demand pressures during the festive season. Then again, with substantial international reserves, our expectation is for the BoG to come on to the market with its FX auctions to support the cedi.

- SOUTH AFRICA: ZAR: 15.93 USD1; ZAR: 21.16 GBP1; ZAR: 18.03: EUR1**
- In the week under review, the rand appreciated against all the tracked currencies in our basket. The rand went up by 2.44% against the dollar. As well, it advanced by 2.66% and 2.10% against the pound and the euro respectively.
  - The South African rand traded higher, amid easing concerns over the Omicron variant and as President Cyril Ramaphosa did not move South Africa into more stringent lockdown restrictions.

- South Africa's rand was stronger on signs that the Omicron coronavirus variant driving a fourth wave of COVID-19 infections in the country may be causing mainly mild diseases and hospitalisation.
- Anecdotal accounts from South African doctors and experts suggest that Omicron may be causing less severe clinical symptoms than other coronavirus variants, though they caution that more research is needed before definitive conclusions can be drawn.

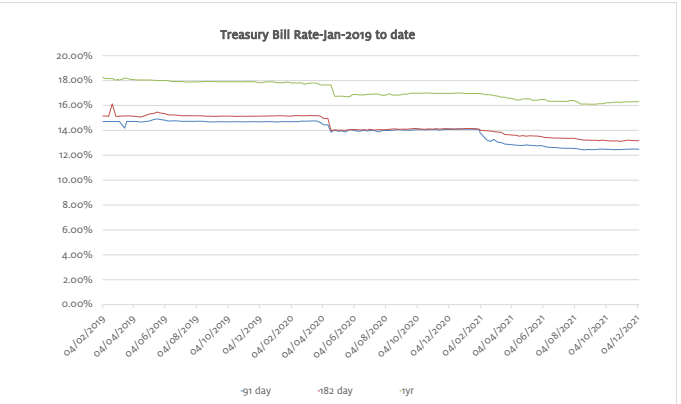
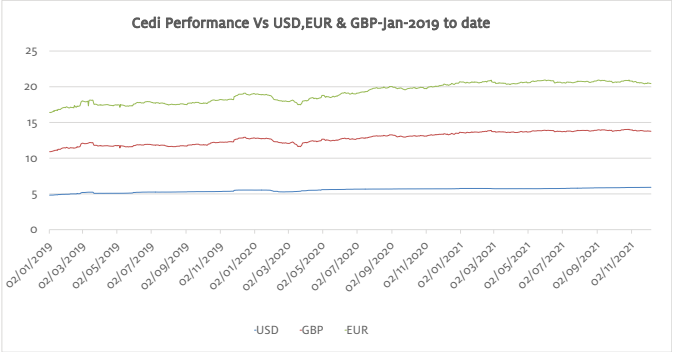
- In the week ahead, we expect the rand to remain stable as President Cyril Ramaphosa hold meetings this week to discuss the possibility of introducing further restrictions and vaccine mandates in order to contain the rise in infections.

## INDICATIVE EXCHANGE RATE FOR BANKS

During the week under review, PBL quoted the highest rate against the dollar at GHS6.31. This was followed by CBG and NIB, both quoting GHS6.28 respectively. The rate for GCB was GHS6.19.  
**Sources: Quotes from respective banks**

GLOBAL FX MARKET UPDATE (WEEKLY CHANGES %)						
REGION	US\$	Wkly (%Δ)	£	Wkly (%Δ)	€	Wkly (%Δ)
USA	1.0000	0.00	1.3307	0.22	1.1339	(0.42)
Europe	0.8819	0.43	1.1746	0.61	1.0000	0.00
UK	0.7515	(0.22)	1.0000	0.00	0.8506	(0.22)
Sources: GCB Bank, Central bank websites						

AFRICAN FX MARKET UPDATE (WEEKLY CHANGES %)						
COUNTRY	US\$	Wkly (%Δ)	£	Wkly (%Δ)	€	Wkly (%Δ)
Ghana	5.9182	(0.07)	7.8792	0.01	6.7103	(0.37)
Nigeria	410.7300	(0.02)	546.9690	0.11	465.6860	(1.02)
Kenya	112.5240	(0.12)	150.0510	(0.05)	127.4500	(0.90)
BCEAO*	581.5000	0.39	769.2500	0.94	655.9600	0.00
S. Africa	15.9299	2.44	21.1597	2.66	18.0255	2.10
Sources: GCB Bank, Central bank website						



INDICATIVE EXCHANGE RATE FOR BANKS			
	MIDRATES		
BANKS	USD	GBP	EUR
PBL	6.31	8.37	7.04
CBG	6.28	8.30	7.06
NIB	6.28	8.35	7.11
Absa	6.23	8.24	7.03
SBG	6.23	8.28	7.05
SG	6.22	8.27	7.04
FDL	6.21	8.34	7.10
CAL	6.21	8.14	6.99
GCB	6.19	8.14	6.96
ADB	6.17	8.20	7.00
SC	6.15	8.30	6.96
Sources: Quotes from Respective Banks			

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