

Global Fx Market

USD: The dollar steadied on Thursday (06/01/2022), remaining relatively subdued as investors assessed a strong hawkish stance by the Federal Reserve ahead of a key monthly jobs report. Policymakers said the “very tight” US labor market might warrant raising rates sooner and indicated they could also reduce the central bank’s balance sheet to tame high inflation, according to the latest Fed minutes. The dollar fell by 0.37% against the pound. However, it edged up by 0.10% against the euro. We expect the dollar to trade slightly higher this week as traders await December US inflation data due later this week to guide the outlook for monetary policy. Markets also expect further hawkish commentary from Federal Reserve chair Jerome Powell as he testifies before the Senate this week, along with governor Lael Brainard, regarding their nominations.

GBP: The pound traded higher in early January, the strongest in nearly two months, amid expectations the Bank of England will be raising interest rates as early as next month to tame inflation. In December, UK policymakers surprised investors by hiking Bank Rate from a record low, and markets have priced in up to four hikes this year. News that Britain will not introduce fresh COVID-19 measures against the rapid spread of the Omicron variant also supported sentiment. The pound appreciated by 0.37% and 0.57% against the dollar and the euro respectively. We therefore expect the pound to remain stable in the week ahead as investors continue to monitor signs of a slowing economic recovery, mounting inflationary pressure, record rises in COVID-19 cases and post-Brexit tensions over the Northern Ireland protocol.

EUR: The euro dipped in early January, remaining close to a 17-month low hit last November, as the European Central Bank is seen slower than other major central banks in tightening monetary policy. The bloc's central bank announced in December a reduction in the pace of its asset purchases due to the progress on economic recovery and towards its medium-term inflation target, but signaled interest rates will be kept at record-low levels for some time. The euro dropped by 0.10% and 0.52% against the dollar and the pound respectively. In the week ahead, we expect the euro to remain stressed as concerns over Europe's slowing economic growth on the back of surging prices and rising COVID cases continue to weigh on sentiment.

African Fx Market Review And Outlook

GHANA: GHS: 6.01 USD1; GHS: 8.13 GBP1; GHS: 6.79 EUR1

- In the week under review, the cedi appreciated against all the tracked currencies in our basket with the exception of the dollar. The local unit remained unchanged against the dollar at GHS6.01. On the other hand, it improved by 0.02% and 0.50% against the pound and the euro respectively.

- The local unit traded flat against the greenback amid a relatively subdued dollar and increasing bets that the Central Bank will hike interest rates on their 104th MPC meeting.

- Meanwhile, concerns over Ghana's economic outlook due to the ongoing uncertainty around the Omicron variant, and the uncertainty in the implementation of the E-levy and its impact on fiscal consolidation limited further gains.

- In the weeks ahead, we expect the Cedi to come under pressure due to demand pressures. In the meantime, plans by BoG to sell about US\$450 million in Q1-22- about US\$150 million above the US\$300 million same period last year is expected to support the cedi.

SOUTH AFRICA: ZAR: 15.90 USD1; ZAR: 21.48 GBP1; ZAR: 17.97: EUR1

- In the week under review, the rand plunged against all the tracked currencies in our basket excluding the euro. The rand dropped by 0.09% and 0.01% against the dollar and the pound respectively. However, it went up by 0.05% against the euro.

- The South African rand ended the week lower on Thursday (06/01/2022), close to its weakest since December 14th,2021, as the dollar strengthened after Federal Reserve meeting minutes pointed to a faster-than-expected rise in US interest rates due to worries about persistent inflation.

- Meanwhile, concerns over South Africa's economic outlook due to the ongoing uncertainty around the Omicron variant, persistent electricity supply constraints and the slow implementation of pro-growth and investment structural reforms by the South African government continued to weigh on the currency.

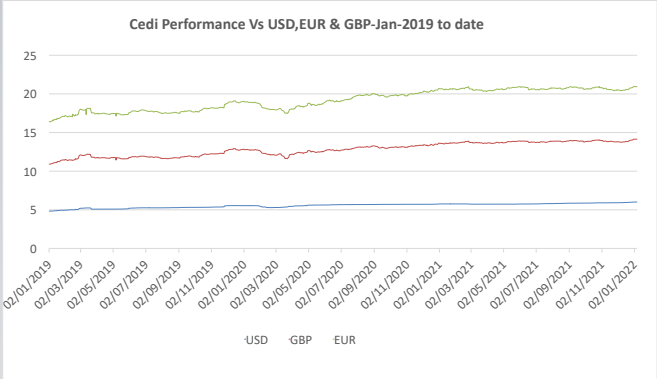
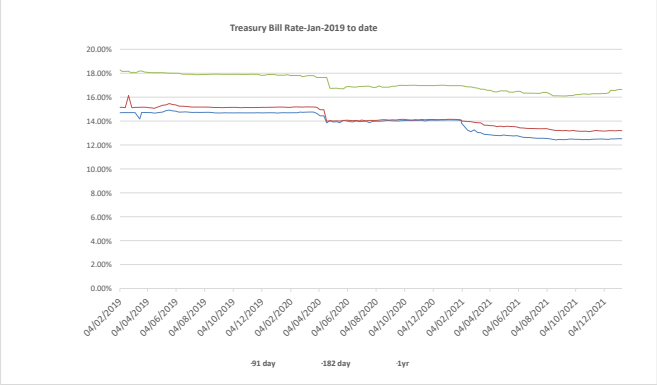
- In the coming week, we expect the rand to drop further as investors consider the double threat of an unpredictable pandemic and looming interest rates increases ahead of key US Fed minutes from the latest monetary policy decision.

Indicative Exchange Rate For Banks

During the week under review, CBG quoted the highest rate against the dollar at GHS6.35. This was followed by Absa and NIB, both quoting GHS6.29. The rate for GCB was GHS6.26.

GLOBAL FX MARKET UPDATE (WEEKLY CHANGES %)						
REGION	US\$	Wkly (%Δ)	£	Wkly (%Δ)	€	Wkly (%Δ)
USA	1.0000	0.00	1.3527	(0.37)	1.1315	0.10
Europe	0.8838	(0.10)	1.1963	(0.52)	1.0000	0.00
UK	0.7393	0.37	1.0000	0.00	0.8351	0.57
Sources: GCB Bank, Central bank websites						

AFRICAN FX MARKET UPDATE (WEEKLY CHANGES %)						
COUNTRY	US\$	Wkly (%Δ)	£	Wkly (%Δ)	€	Wkly (%Δ)
Ghana	6.0064	0.00	8.1258	0.02	6.7939	0.50
Nigeria	413.46	(0.11)	559.7010	(0.59)	467.4990	0.00
Kenya	113.185	(0.04)	152.9910	(0.61)	128.0650	(0.06)
BCEAO*	581	(0.17)	784.7500	(0.22)	655.9600	0.00
S. Africa	15.9038	(0.09)	21.4773	(0.01)	17.9697	0.05
Sources: GCB Bank, Central bank website						



INDICATIVE EXCHANGE RATE FOR BANKS			
BANKS	MIDRATES		
	USD	GBP	EUR
CBG	6.35	8.55	7.13
Absa	6.29	8.50	7.10
NIB	6.29	8.46	7.08
CAL	6.29	8.36	7.10
PBL	6.29	8.39	7.09
SG	6.28	8.51	7.10
SBG	6.28	8.48	7.09
FDL	6.28	8.44	7.13
ADB	6.27	8.48	7.15
GCB	6.26	8.39	7.03
FNB	6.19	8.39	7.00
Sources: Quotes from Respective Banks			

WEEKLY CURRENCY REPORT

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