



GLOBAL FX MARKET

USD: The dollar gained further ground on Friday (04/03/2022), as stronger-than-expected US jobs report brought forward the expectations of more aggressive action from the Federal Reserve. The US unemployment rate edged down to 3.8 percent in February of 2022 from 4 percent in the previous month, a new pandemic low and below market expectations of 3.9 percent. The greenback also benefited from some safe-haven bids from the Russia-Ukraine war. The dollar improved by 1.52% and 2.63% against the pound and the euro respectively. We therefore expect the dollar to continue increasing this week benefitting from safe-haven flows as investors continue to assess geopolitical and economic uncertainties surrounding the Russia-Ukraine war.

GBP: The pound mixed performed on Friday (04/03/2022), as investors sought shelter in safe-haven currencies amid escalating conflict in Ukraine. Russian troops were closing in on Kyiv, with Ukrainian forces holding the line just a few kilometers away from the center of the capital, while Russian forces attacked Europe's largest nuclear power plant, briefly igniting a fire. Prime Minister Boris Johnson told Ukrainian President Volodymyr Zelenskyy on Friday he would seek an emergency UN Security Council meeting on the matter. The pound plunged by 1.50% against the dollar, but then again, it gained 1.46% against the euro. We therefore expect the pound to remain under minimal pressure in the week ahead as currency traders assess the escalation of tensions between the West and Russia and how its economic impact might alter the Bank of England's rate hike path in the near term.

EUR: The euro weakened on Friday (04/03/2022), a level not seen since May 2020 and was down more than 2% on the week, as the outlook of the bloc's economy deteriorated and demand for safe-haven assets increased as the Russia and Ukraine war intensified. Also, European banks and companies with subsidiaries or strong links to Russia are being hit with Volkswagen already suspending production in two electric car plants in Russia and BP, Shell, and HSBC looking to exit Russia. The euro tumbled by 2.56% and 1.61% against the dollar and the euro respectively. We expect the euro to trade slightly lower this week as the ECB decide on the direction of monetary policy and the release of its latest macroeconomic projections on Thursday (10/03/2022), with markets anticipating no changes in borrowing costs despite record-high inflation given the current geopolitical risk.

AFRICAN FX MARKET REVIEW AND OUTLOOK

GHANA: GHS: 7.00 USD1; GHS: 9.25 GBP1; GHS: 7.64 EUR1

-In the week under review, the cedi depreciated against all the tracked currencies in our basket. The local unit fell by 5.73% against the dollar. As well, it dropped by 4.56% and 2.91% against the pound and the euro respectively.

-The local unit stumbled on Friday (04/03/2022), the highest week on week loss in 5 years, as investors continued to look for the safety of the dollar and other assets, amid escalating tensions between Russia and Ukraine, as well as concerns over the impact of sanctions imposed against Russia on the global economy.

-Furthermore, demand for dollars for profit repatriation and investment outflows by non-resident investors continued to weigh on the cedi.

-Meanwhile, upside inflationary pressures, debt sustainability of the country and uncertain fiscal outlook is also exerting some pressure on the local currency.

-In the week ahead, we expect the cedi to continue trading lower against the major currencies due to demand and supply factors.

SOUTH AFRICA: ZAR: 15.28 USD1; ZAR: 20.34 GBP1; ZAR: 16.84: EUR1

-In the week under review, the rand advanced against all the tracked currencies in our basket. The rand increased by 0.28%, 0.86% and 1.79% against the dollar, pound and the euro respectively.

- The South African rand improved to end the week on a high supported by rising prices of commodities, notably oil, gold and platinum group metals, amid the ongoing conflict in Ukraine.

-At the same time, investors welcomed US Federal Reserve chair Jerome Powell's less hawkish stance, while keeping an eye on developments in Ukraine and mounting sanctions against Russia.

-On the domestic data front, a Markit PMI survey showed South Africa's factory activity growth was steady at a three-month high in February supporting market sentiments.

- Also, Foreign exchange reserves in South Africa inched up to USD 57.69 billion in February of 2022 from USD 57.20 billion in January. It was the largest foreign exchange reserves since last August, 2021, which partially offset the foreign exchange payments made on behalf of government.

-This week, we however expect the rand to end the week slightly lower as investors assess the effects of Russia's invasion of Ukraine on the domestic economy.

INDICATIVE EXCHANGE RATE FOR BANKS

During the week under review, CAL quoted the highest rate against the dollar at GHS7.26. This was followed by ADB and CBG, quoting GHS7.13 and GHS7.10 respectively. The rate for GCB was GHS7.03.

ECONOMIC NEWS

- The World Bank has begun processing \$60.6m additional COVID-19 funding for Ghana. This follows a satisfactory audit conducted by the Betton Wood institution over the \$435.8m injected into the economy.
- Also, Oil prices continue to rise on the international market, as Brent crude went up by \$4 to hit \$117 per barrel, the highest level since 2013, as Russia invasion of Ukraine entered day eight. Already, fuel prices have gone up between 2% and 6%, a situation, some experts want Ghana's government to cushion consumers against the rising petroleum prices.

GLOBAL FX MARKET UPDATE (WEEKLY CHANGES %)						
REGION	US\$	Wkly (%Δ)	£	Wkly (%Δ)	€	Wkly (%Δ)
USA	1.0000	0.00	1.3215	1.52	1.0929	2.63
Europe	0.9150	(2.56)	1.2138	(1.61)	1.000	0.00
UK	0.7567	(1.50)	1.000	0.00	0.8261	1.46

Sources: GCB Bank, Central bank websites

AFRICAN FX MARKET UPDATE (WEEKLY CHANGES %)						
COUNTRY	US\$	Wkly (%Δ)	£	Wkly (%Δ)	€	Wkly (%Δ)
Ghana	7.0019	(5.73)	9.2527	(4.56)	7.6405	(2.91)
Nigeria	415.770	0.06	552.475	0.81	456.432	1.97
Kenya	113.889	(0.06)	152.412	0.32	126.726	0.82
BCEAO*	595.750	(1.76)	793.750	(1.07)	655.96	0.00
S. Africa	15.2827	0.28	20.3412	0.86	16.8354	1.79

Sources: GCB Bank, Central bank website

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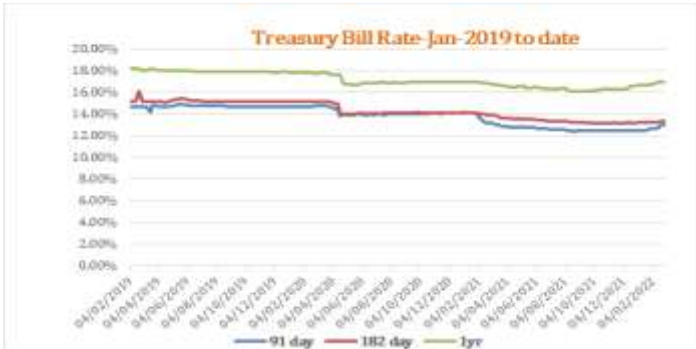
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INDICATIVE EXCHANGE RATE FOR BANKS			
BANKS	MIDRATES		
	USD	GBP	EUR
CAL	7.26	9.51	7.91
ADB	7.13	9.33	7.72
CBG	7.10	9.48	7.85
GCB	7.03	9.61	7.98
FNB	7.02	9.18	7.64
FDL	6.98	9.38	7.83
SBG	6.98	9.15	7.60
Absa	6.96	9.11	7.56
NIB	6.94	9.15	7.70
SG	6.93	9.22	7.62
PBL	6.80	9.55	7.94
SC	6.77	9.04	7.56

Sources: Quotes from Respective Banks



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