

Global Fx Market

USD: The dollar mixed performed on Friday (11/03/2022), as investors braced for the Federal Reserve meeting scheduled this week where it is widely expected to raise interest rates by 25 basis points after another hot inflation report. The annual inflation rate in the US accelerated to 7.9% in February, matching expectations but rising to a fresh 40-year high. The data came amid global concerns over a commodity-driven rise in inflation spurred by the Russia-Ukraine war. Meanwhile, the dollar also benefited from safe-haven flows after the first round of talks between the Russian and Ukrainian foreign ministers failed to yield a ceasefire. The dollar gained 0.99% against the pound, but then again, it dipped by 0.56% against the euro. We expect the dollar to remain stable this week as investors anticipate a looming policy tightening cycle.

GBP: The pound depreciated on Friday (11/03/2022), closing in on its weakest level since November 2020, and poised for a third consecutive week of declines as a result of growth and inflation worries as the Ukraine conflict more than offset prospects of higher interest rates. The Bank of England is highly expected to raise rates by another 25bps when it meets this Thursday, and money markets pricing a total of 153 basis points of interest rate hikes from the BoE before the end of the year. The pound declined by 0.98% and 1.43% against the dollar and the euro respectively. We therefore expect the pound to trade slightly lower in the week ahead amid prospects of higher interest rate hikes and hopes of a diplomatic solution to the Russia-Ukraine conflict.

EUR: The euro appreciated on Friday (11/03/2022), after an unanticipated hawkish tone from the ECB. The ECB said it may end asset purchases in Q3, earlier than previously expected as surging inflation more than offset concerns about Russia's shock invasion of Ukraine. The bloc's inflation is already running at record highs and is now likely to be more persistent on the back of higher commodity prices and a tight labour market. Meanwhile, market participants await European Union leaders to unveil the bloc's policy response to Russia's invasion of Ukraine. The euro improved by 0.56% and 1.92% against the dollar and the pound respectively. We expect the euro to stay stable this week as diplomatic efforts to end the war in Ukraine continue ahead of key central bank meetings later in the week.

African Fx Market Review And Outlook

GHANA: GHS: 7.03 USD1; GHS: 9.18 GBP1; GHS: 7.69 EUR1

-In the week under review, the cedi dropped further against the dollar and the euro, however it advanced against the pound. The local unit was down by 0.33% and 0.69% against the dollar and the euro respectively. On the other hand, it improved by 0.78% against the pound.

- The local unit struggled to end the week, as traders remained cautious about the global impact of mounting sanctions against Russia and the prospect of more aggressive interest rate hikes.

- Domestically, ongoing demand for dollars for imports, profit repatriation and investment outflows by non-resident investors continued to weigh down the cedi

- Meanwhile, market sentiment returned to the risk-aversion side due to rising inflation which rose to 15.7% in February, fueling expectations of a possible hike in interest rate by the Central bank.

- In the week ahead, our expectation is for the cedi to trade slightly lower against the major currencies due to demand and supply factors.

SOUTH AFRICA: ZAR: 15.08 USD1; ZAR: 19.72 GBP1; ZAR: 16.56: EUR1

-In the week under review, the rand improved against all the tracked currencies in our basket. The rand was up by 1.33%, 3.14% and 1.66% against the dollar, pound and the euro respectively.

- The South African rand ended the week higher, mainly supported by higher commodity prices.

-Still, concerns over fast-paced developments around the Ukraine crisis and its impact on the global economy, as well as deeper power outages by local utility Eskom limited further gains.

- Recent data showed South Africa's economy expanded by 4.9% in 2021, its fastest pace in 14 years, after a 6.4% contraction in 2020, helped by low base effects and the favorable global growth backdrop.

- Meanwhile, analysts believe the South African Reserve Bank should focus on the upside risks to inflation stemming from the war rather than the growth data at the next meeting on March 24th, 2022.

- This week, we expect the rand to come under pressure as expectations of rate hikes by the Federal Reserve and concerns over domestic structural weaknesses, with recurrent power cuts weighing on the country's economic outlook.

Indicative Exchange Rate For Banks

During the week under review, CBG quoted the highest rate against the dollar at GHS7.40. This was followed by CAL and SOGEGH, quoting GHS7.39 and GHS7.38 respectively. The rate for GCB was GHS7.10.

ECONOMIC NEWS

- The board of directors of the African Development Bank (AfDB) Group has approved a new policy that aims to strengthen debt sustainability among low-income African countries. The board approved the Sustainable Borrowing Policy on 23 Feb; 2022. The new policy primarily targets recipients of the African Development Fund, the concessional window of the Bank Group.

- Also, Inflation shot up to 15.7% in February 2022, as a result of significant jump in food prices, the Ghana Statistical Service has disclosed in its Consumer Price Index report. The rate is the highest since 2016 and confirms reports that food prices will continue to soar because of the Russia-Ukraine war. Indeed, food inflation regained its dominance, recording 17.4% year-on-year inflation, as against 14.5% by nonfood inflation.

GLOBAL FX MARKET UPDATE (WEEKLY CHANGES %)

REGION	US\$	Wkly (%Δ)	£	Wkly (%Δ)	€	Wkly (%Δ)
USA	1.0000	0.00	1.3085	0.99	1.099	(0.56)
Europe	0.9099	0.56	1.1909	1.92	1.0000	0.00
UK	0.7642	(0.98)	1.0000	0.00	0.8381	(1.43)

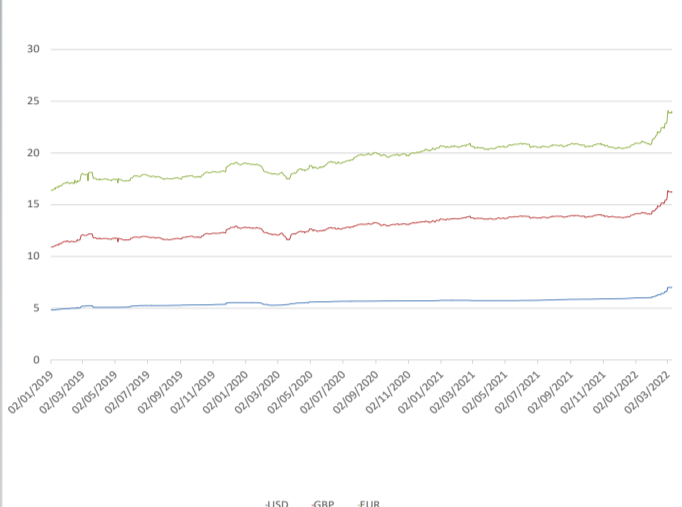
Sources: GCB Bank, Central bank websites

AFRICAN FX MARKET UPDATE (WEEKLY CHANGES %)

COUNTRY	US\$	Wkly (%Δ)	£	Wkly (%Δ)	€	Wkly (%Δ)
Ghana	7.0250	(0.33)	9.1814	0.78	7.6934	(0.69)
Nigeria	415.8000	(0.01)	545.1140	1.35	457.9620	(0.33)
Kenya	114.1790	(0.25)	150.4060	1.33	126.1020	0.49
BCEAO*	596.5000	(0.13)	780.5000	1.70	655.9600	0.00
S. Africa	15.0824	1.33	19.7218	3.14	16.5605	1.66

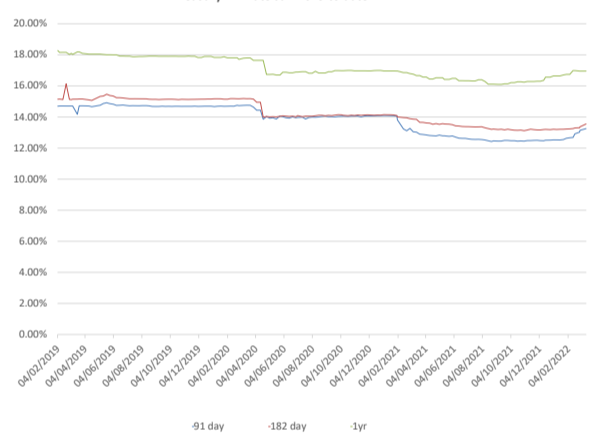
Sources: GCB Bank, Central bank website

Cedi Performance Vs USD, EUR & GBP-Jan-2019 to date



USD GBP EUR

Treasury Bill Rate-Jan-2019 to date



91 day 182 day 1yr

INDICATIVE EXCHANGE RATE FOR BANKS

BANKS	MIDRATES		
	USD	GBP	EUR
CBG	7.40	9.63	8.07
CAL	7.39	9.48	7.96
SOGEGH	7.38	9.63	8.10
NIB	7.25	9.29	7.95
FNB	7.24	9.50	7.97
SCB	7.17	9.36	7.87
SBG	7.15	9.36	7.85
FDL	7.14	9.37	7.84
ADB	7.13	9.33	7.72
Absa	7.12	9.26	7.77
GCB	7.10	9.50	8.00
PBL	7.00	9.58	7.98

Sources: Quotes from Respective Banks

WEEKLY CURRENCY REPORT

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