

## Global Fx Market

**USD:** The dollar firmed on Friday (18/02/2022), ending the week higher, as traders monitored a series of headlines about the Russia-Ukraine standoff and prospects of a more aggressive monetary policy tightening by the Fed. Even though, there are proposed diplomatic talks between US secretary of state Antony Blinken and Russian foreign minister Sergei Lavrov this week, Russian media said a car exploded near a government building in separatist-controlled Donetsk, and civilians were ordered to evacuate the breakaway region, heightening fears that Russia is planning to invade Ukraine. Geo-political tension provided support for the dollar last week improving by 0.14% and 0.55% against the pound and the euro respectively. We therefore expect the dollar to remain stable this week as geo-political concerns rise, urging safe-haven demand for the dollar.

**GBP:** The pound mixed performed to end the week after the latest set of figures strengthened the case for a third consecutive rate hike from the Bank of England. The latest data showed UK annual inflation unexpectedly accelerated to 5.5% in January, a new high since March 1992 and above market expectations of 5.4%. The BoE forecast inflation will peak at around 7.25% in April, well above the 2% target, when energy bills and taxes are due to go up. The pound dropped by 0.14% against the dollar, but advanced by 0.40% against the euro. We expect the pound to trade steady in the week ahead as traders continue to bet the BoE will keep with its tight monetary policy as inflationary pressures persist and are likely to continue until at least April, when energy bills and taxes are due to go up.

**EUR:** The Euro weakened on Friday (18/02/2022), as investors weigh renewed tensions between Russia and the West over Ukraine. Meanwhile, in Europe, ECB President Christine Lagarde reinforced that any change in the bank's policy will be gradual. Money markets see a 10bps rate hike at the June, 2022 meeting and anticipate about 50bps in increases by year-end. The euro tumbled by 0.55% and 0.63% against the dollar and the pound respectively. We expect the euro to trade under minimal pressure this week as traders continue to follow the Ukrainian crisis and hope a diplomatic solution can be reached to solve the conflict and avoid the invasion of Ukraine.

### GLOBAL FX MARKET UPDATE (WEEKLY CHANGES %)

REGION	US\$	Wkly (%Δ)	£	Wkly (%Δ)	€	Wkly (%Δ)
USA	1.0000	0.00	1.3584	0.14	1.1354	0.55
Europe	0.8807	(0.55)	1.1987	(0.63)	1.0000	0.00
UK	0.7362	(0.14)	1.0000	0.00	0.8349	0.40

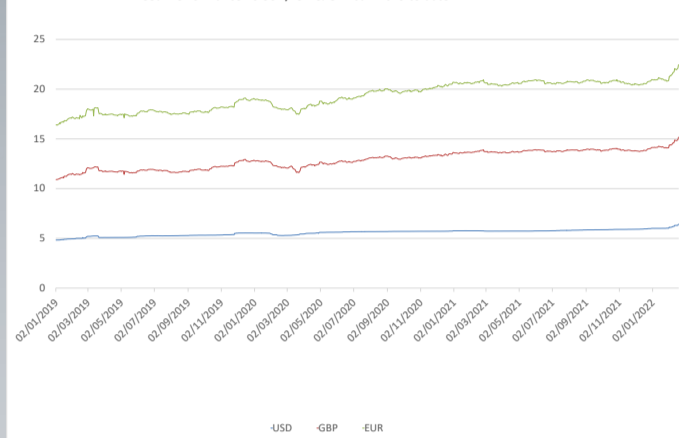
Sources: GCB Bank, Central bank websites

### AFRICAN FX MARKET UPDATE (WEEKLY CHANGES %)

COUNTRY	US\$	Wkly (%Δ)	£	Wkly (%Δ)	€	Wkly (%Δ)
Ghana	6.4227	(1.88)	8.7391	(1.87)	7.2865	(1.37)
Nigeria	415.8700	0.13	566.4570	-0.29	472.5120	0.40
Kenya	113.6740	(0.04)	154.3020	(0.29)	129.2240	0.30
BCEAO*	577.0000	(0.13)	786.0000	(0.76)	655.9600	0.00
S. Africa	14.9354	1.11	20.3703	0.52	16.9875	1.27

Sources: GCB Bank, Central bank website

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



USD GBP EUR

## African Fx Market Review And Outlook

**GHANA: GHS: 6.42 USD1; GHS: 8.74 GBP1; GHS: 7.29 EUR1**

- In the week under review, the cedi depreciated further against all the tracked currencies in our basket. The local unit dropped by 1.88% against the dollar. As well, it declined by 1.87% and 1.37% against the pound and the euro respectively.

- The local unit ended the week lower against the dollar due to demand pressures for dollar by Oil Marketing Companies to purchase refined petroleum. Also, demand for dollars for profit repatriation and investment outflows by non-resident investors is putting pressure on the cedi.

- Additionally, the local currency remains pressured as sentiment fluctuates due to uncertainty about Ghana's fiscal outlook as well as upside inflationary pressures.

- In the week ahead, we expect the cedi to continue declining but at a lessening rate, with interventions by the Bank of Ghana through FX auctions on the market by BoG.

**SOUTH AFRICA: ZAR: 14.94 USD1; ZAR: 20.37 GBP1; ZAR: 16.99: EUR1**

- In the week under review, the rand improved against all the tracked currencies in our basket. The rand inched up by 1.11%, 0.52% and 1.27% against the dollar, pound and the euro respectively.

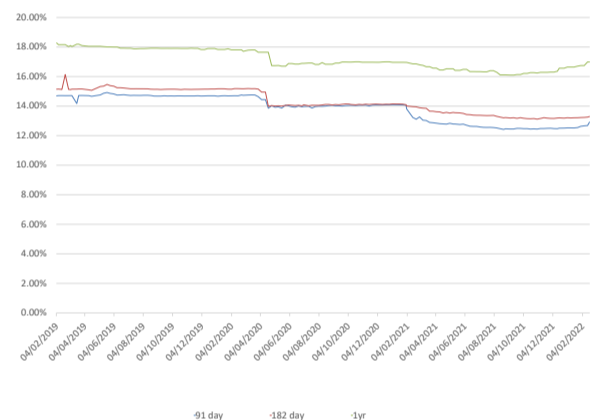
- The South African rand firmed on Friday (18/02/2022), supported by improved risk appetite on news that U.S. President Joe Biden and Russia's Vladimir Putin plan to hold a summit on the Ukraine crisis.

- Locally, focus was on the 2022 budget, which is slated to be presented to lawmakers by Finance Minister Enoch Godongwana on Wednesday (23/02/2022).

- Investors will be on the lookout for news on South Africa's economic growth and debt trajectory after the Treasury pledged to cut the budget deficit and curb debt in its mid-term budget in November, 2021.

- This week, we expect the rand to trade sideways on the back of the Ukraine and Russia crisis as well as the outcome of the economic policy of the South African government.

Treasury Bill Rate-Jan-2019 to date



91 day 182 day 3yr

### INDICATIVE EXCHANGE RATE FOR BANKS

BANKS	MIDRATES		
	USD	GBP	EUR
CBG	6.70	9.11	7.60
SBG	6.67	9.10	7.59
SCB	6.65	9.06	7.56
FNB	6.65	9.04	7.56
FDL	6.64	9.09	7.58
CAL	6.64	8.88	7.50
NIB	6.63	8.75	7.47
Absa	6.61	9.00	7.51
GCB	6.58	8.88	7.43
SG	6.57	8.96	7.47
ADB	6.41	8.53	7.23

Sources: Quotes from Respective Banks

## Indicative Exchange Rate For Banks

During the week under review, CBG quoted the highest rate against the dollar at GHS6.70. This was followed by SBG and SCB, quoting GHS6.67 and GHS6.65 respectively. The rate for GCB was GHS6.58.

## ECONOMIC NEWS

- Remittances to Ghana surge by 25% in 2021. The World Bank notes, the increase was due to the recovery of the global economy. Remittances to Ghana

- In 2020, the Bretton Wood Institution earlier noted was \$3.6bn, an increase of some 5 percentage points from the remittance inflows recorded in 2019. Remittance flows around the world, registered a decline.

- Also, the year-on-year Producer Price Index (PPI) for all industries for the first month of 2022 has risen to 15.6%, up from 14.7% recorded in Dec. 2021. The rate represents a 0.9 percentage point increase in the average price of goods and services received by domestic producers in the country.

# WEEKLY CURRENCY REPORT

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## Research Contacts

Jonathan Ofori  
Email: jonofori@gcb.com.gh  
Tel: 0302 66 4910 -18

Adomako Osei-Frimpong  
Email: aofrimpong@gcb.com.gh  
Tel: 0302 66 4910 -18

Michael Bedjrah  
Email: mbedjrah@gcb.com.gh  
Tel: 0302 66 4910 -18

## Treasury & Sales Contacts

Anthony Asare  
Email: akasare@gcb.com.gh  
Tel: 0302 611 762

Daniel Boateng  
Email: daboateng@gcb.com.gh

## Head Office:

No 2 Thorpe Link  
P. O. Box 134, Accra  
Tel: +233 (0)302 664910

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