

## Global Fx Market

**USD:** The dollar ended the week higher on Friday, underpinned by the prospect of a more aggressive pace of Federal Reserve tightening. Based on the latest Federal Reserve minutes, many analysts are projecting that the FED would hike rates by 50 basis point increments in the months ahead. The FED is also ready to reduce the central bank's massive balance sheet from May, 2022. Moreover, the Ukraine war and mounting sanctions on Russia, including a ban on coal imports from US and EU, boosted safe-haven demand for the dollar. The dollar edged up by 0.78% and 1.76% against the pound and the euro respectively. We expect the dollar to remain stable this week supported by rising Treasury yields ahead of data that is expected to show rampant inflation in the US, reinforcing bets for a faster pace of Federal Reserve policy tightening.

**GBP:** The pound depreciated against the dollar, but then again improved against the euro after the BoE softened its tone during the March meeting while the Fed is expected to raise rates by 50bps in the next meetings in May, 2022. The BoE delivered its third straight rate hike in March, bringing borrowing costs to pre-pandemic levels but one policy-maker voted to keep rates unchanged. The pound dipped by 0.78% against the dollar, whilst it inched up by 0.74% against the euro. We expect the pound to trade slightly lower in the week ahead as markets continue to bet the Bank of England will raise rates to 1% when they meet on May 5th, despite the sharper than expected slowdown in Britain's economy during February.

**EUR:** The euro ended the week as the worst performer, as investors are concerned about the hit to economic growth from the war in Ukraine and surging commodity prices, as well as political uncertainty in France. The latest ECB minutes showed a large number of policymakers wanted an immediate normalization of policy due to the current high level of inflation and its persistence after flash estimates pointed to another record inflation of 7.5% in March. The euro dropped by 1.73% and 0.94% against the dollar and the pound respectively. We expect the euro to be stable this week as the ECB will deliver its latest monetary policy decision on Thursday (14/04/2022), but no changes are expected as officials wait for further developments in the war in Ukraine despite the current record high level of inflation.

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

REGION	US\$	Wkly (%Δ)	£	Wkly (%Δ)	€	Wkly (%Δ)
USA	1.0000	0.00	1.3007	0.78	1.0861	1.76
Europe	0.9207	(1.73)	1.1997	(0.94)	1.0000	0.00
UK	0.7688	(0.78)	1.0000	0.00	0.8358	0.74

Sources: GCB Bank, Central bank websites

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

COUNTRY	US\$	Wkly (%Δ)	£	Wkly (%Δ)	€	Wkly (%Δ)
Ghana	7.1120	0.00	9.2663	0.60	7.7338	1.52
Nigeria	415.6200	0.02	541.7190	0.77	451.3630	1.77
Kenya	115.2880	(0.29)	150.7870	0.23	125.7630	1.62
BCEAO*	604.5000	(1.82)	787.5000	(1.14)	655.9600	0.00
S. Africa	14.7138	(0.90)	19.1986	(0.33)	15.9983	0.84

Sources: GCB Bank, Central bank website

## African Fx Market Review And Outlook

### GHANA: GHS: 7.11 USD<sup>1</sup>; GHS: 9.38 GBP<sup>1</sup>; GHS: 7.81 EUR<sup>1</sup>

-In the week under review, the cedi remained stable against all the tracked currencies in our basket. The local unit remained fixed against the dollar. Then again, it appreciated by 0.60% and 1.52% against the pound and the euro respectively.

-The local unit strengthened to end the week, as the news of expected inflows of the external financing arrangement of up to US\$2 billion in the next 2-6 weeks cushioned the strength of the cedi.

- Locally, expectations of continued tightening of monetary policy and a better economic outlook penciled by the BoG and the Finance Minister provided further support.

- Also, the cedi was supported by the Central Bank's guidelines to govern the conduct of foreign exchange forward auctions on the interbank foreign exchange market for the Bulk Distribution Company (BDCs).

-In the week ahead, we expect the cedi to remain relatively stable supported by the sale of a total of \$350 million dollar in the FX auction market by Bank of Ghana in the second quarter.

### SOUTH AFRICA: ZAR: 14.54 USD<sup>1</sup>; ZAR: 19.17 GBP<sup>1</sup>; ZAR: 16.03: EUR<sup>1</sup>

-In the week under review, the rand plunged against the dollar and the pound, but then again it increased against the euro. The rand declined by 0.90% and 0.33% against the dollar and the pound. On the other hand, it gained 0.84% against the euro.

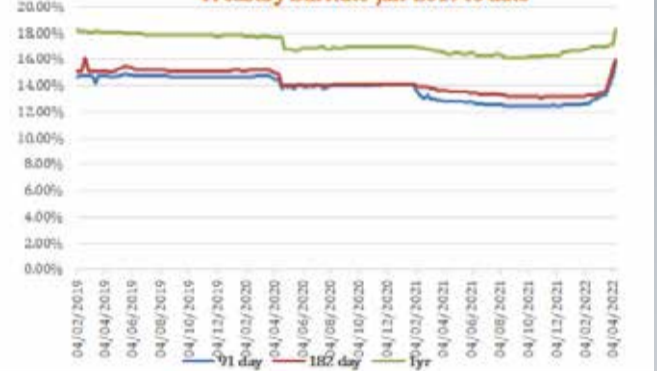
- South Africa's rand slipped on Friday (08/04/2022), as the prospect of more Western sanctions against Russia and possibly bigger interest rate hikes by the U.S. Federal Reserve to rein in inflation supported the dollar.

- Still, further losses were limited by some factors including the removal of negative outlook set for South Africa by credit agencies Fitch and Moody's.

- Also, expectations of continued tightening of monetary policy and a better economic outlook drawn by the South African Reserve Bank provided further support. South Africa has seen a sustained return to improved economic growth, driven by higher commodity prices and a return to pre-pandemic conditions.

-This week, we expect the rand to remain steady with traders cautious ahead of U.S. inflation data that could support the Federal Reserve's aggressive policy stance to contain rising pricing pressures.

### Treasury Bill Rate-Jan-2019 to date



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



### INDICATIVE EXCHANGE RATE FOR BANKS

BANKS	MIDRATES		
	USD	GBP	EUR
<b>SOGEGH</b>	7.70	10.11	8.45
<b>CBG</b>	7.53	9.78	8.14
<b>ADB</b>	7.50	9.64	8.15
<b>CAL</b>	7.49	9.66	8.23
<b>FDL</b>	7.48	9.73	8.13
<b>NIB</b>	7.48	9.84	8.18
<b>FNB</b>	7.46	9.70	8.11
<b>GCB</b>	7.42	9.73	8.15
<b>SBG</b>	7.40	9.63	8.04
<b>SC</b>	7.39	9.75	8.20
<b>Absa</b>	7.34	9.55	7.97
<b>PBL</b>	6.95	9.73	8.10

Sources: Quotes from Respective Banks

## Indicative Exchange Rate For Banks

During the week under review, SOGEGH quoted the highest rate against the dollar at GHS7.70. This was followed by CBG and ADB, quoting GHS7.53 and GHS7.50 respectively. The rate for GCB was GHS7.42.

## ECONOMIC NEWS

• As of Dec. 2020, Ghana had injected c21.5bn into State Owned Enterprises, the 2020 State Ownership Report says. These included gov't subvention of c1.476bn, on-lent loans of c14.73bn, an outstanding stock of government-backed guarantees of c2.383bn, contingent liabilities of c138.99m from ongoing Public-Private Partnership projects.

• Also, Ghana plans to issue Ghc24bn (\$3.24bn) in bonds in second quarter according to a government debt issuance calendar published by the central bank.

# WEEKLY CURRENCY REPORT

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