

Global Fx Market

USD: The dollar gained on Friday (22/04/2022), hitting fresh 2-year highs, supported by the prospect of faster Federal Reserve policy tightening and as investors sought safety due to economic and geopolitical uncertainties. Along with rate hikes, the Fed is also expected to start reducing its massive balance sheet soon, which consists of about \$9 trillion-worth of Treasuries and mortgage-backed securities. The dollar improved by 1.60% and 0.56% against the pound and the euro respectively. We expect the dollar to remain stable this week as investors weigh a faster pace of Federal Reserve tightening, while bracing for another busy earnings week.

GBP: The pound depreciated more than 1%, the lowest since November 2020 weighed down by poor economic data reflecting squeezed household finances and rising prices. British retail sales volumes tumbled 1.4% from a month earlier in March, much worse than market expectations of a 0.3% decrease. Also, PMI data signaled a marked cooling in the pace of UK economic growth during April with service providers experiencing a considerable loss of momentum and manufacturers facing a headwind to order books from rising output charges. The pound plunged by 1.57% against the dollar and the euro respectively. We expect the pound to trade slightly lower in the week ahead as markets expect the Bank of England to raise rates to 1% during their meeting on May 5th, 2022 after the inflation rate hit a 30-year high of 7% in March, 2022.

EUR: The euro pulled back, heading back towards a 23-month low against a strengthening dollar after Fed chair Powell made clear that the Federal Reserve remains committed to taming inflation and opened the door for a 50bps interest rate hike in May while in Europe ECB officials made mixed comments. The euro declined by 0.56% against the dollar, but then again, it inched up by 1.23% against the pound. We expect the euro to be stressed this week as risk sentiment remains clouded by the war in Ukraine that is entering the third month, surging inflation, and central banks tightening which may translate into a slowdown in global growth.

GLOBAL FX MARKET UPDATE (WEEKLY CHANGES %)

REGION	US\$	Wkly (%Δ)	£	Wkly (%Δ)	€	Wkly (%Δ)
USA	1.0000	0.00	1.2843	1.60	1.0817	0.56
Europe	0.9245	(0.56)	1.1915	1.23	1.0000	0.00
UK	0.7786	(1.57)	1.0000	0.00	0.8392	(1.57)

Sources: GCB Bank, Central bank websites

AFRICAN FX MARKET UPDATE (WEEKLY CHANGES %)

COUNTRY	US\$	Wkly (%Δ)	£	Wkly (%Δ)	€	Wkly (%Δ)
Ghana	7.1124	0.00	9.1284	1.75	7.6674	0.15
Nigeria	415.08	(0.02)	535.287	1.09	449.2	(0.41)
Kenya	115.597	(0.14)	150.887	(0.38)	125.662	(0.40)
BCEAO*	606.5	(0.87)	783.75	0.77	655.96	0.00
S. Africa	15.4949	(5.46)	19.9939	(3.77)	16.7368	(4.54)

Sources: GCB Bank, Central bank website

African Fx Market Review And Outlook

GHANA: GHS: 7.11 USD1; GHS: 9.13 GBP1; GHS: 7.67 EUR1

- In the week under review, the cedi gained slightly against all the tracked currencies in our basket. The local unit stayed firm against the dollar. In the same way, it edged up by 1.75% and 0.15% against the pound and the euro respectively.

- The local unit strengthened against the hard currencies as strict capital controls by the central bank kept the currency from derailing amid surging inflation and expected sharp global economic contraction brought by Russia-Ukraine conflict.

- As well, the news of expected inflows of the external financing arrangement of up to US\$2 billion keeps providing support for the cedi.

- Also, the Bank of Ghana's guidelines to govern the conduct of foreign exchange forward auctions on the interbank foreign exchange market for the Bulk Distribution Company (BDCs) also mitigated the loss.

- In the week ahead, investors are tracking a cautious sentiment in international markets, amid mounting concerns over the impact of global policy tightening, the uncertainty around the war and Covid-19 lockdowns in China. We however expect the cedi to remain steady supported by regulations and Fx auctions by BoG.

SOUTH AFRICA: ZAR: 14.54 USD1; ZAR: 19.17 GBP1; ZAR: 16.03: EUR1

- In the week under review, the rand depreciated against all the tracked currencies in our basket. The rand stumbled by 5.46% and 3.77% against the dollar and the pound. Also, it depreciated by 4.54% against the euro.

- The South African rand traded lower to end the week, its lowest since January 28th, 2022, as the return of severe power cuts and devastating floods in KwaZulu-Natal and the Eastern Cape raised concerns over the country's economic outlook.

- At the same time, risk appetite was dented by global factors including a firming greenback on the prospect of aggressive rate hikes by the Federal Reserve and a deterioration in projections for global growth.

- On a year-to-date basis, the rand is up by 5.3%, partially supported by soaring commodity prices and expectations of continued monetary policy tightening by the South African Reserve Bank.

- On the data front, South Africa's annual inflation accelerated to 5.9% in March, slightly below market estimates of 6%, underpinned by prices of fuels and food products.

- We therefore expect the rand to remain under pressure this week as investors continue to assess the crisis at state power utility Eskom and the impact of severe floods on South Africa's recovery.

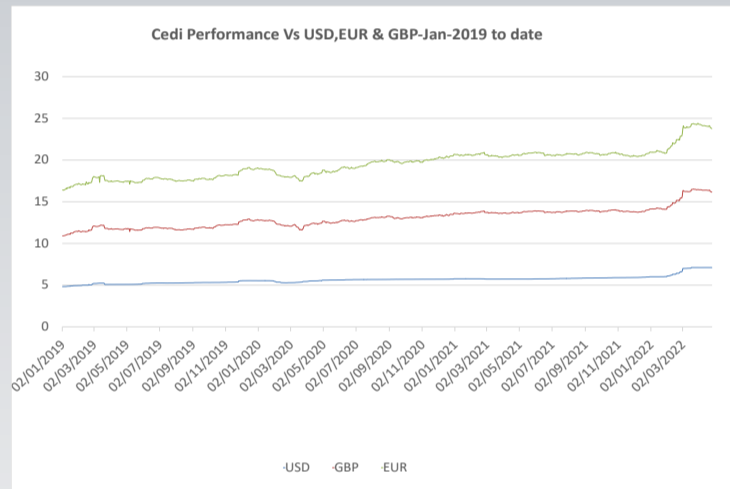
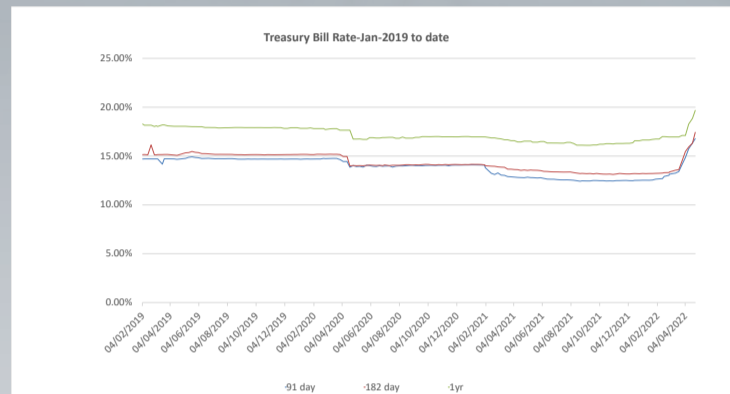
Indicative Exchange Rate For Banks

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.



INDICATIVE EXCHANGE RATE FOR BANKS

BANKS	MIDRATES		
	USD	GBP	EUR
SOGEGH	7.70	10.11	8.45
FBL	7.53	9.87	8.24
CBG	7.53	9.57	8.10
NIB	7.52	9.75	8.10
FNB	7.51	9.69	8.11
CAL	7.51	9.63	8.25
SBG	7.50	9.69	8.10
SC	7.48	9.73	8.07
PBL	7.48	9.70	8.11
GCB	7.46	9.74	8.10
Absa	7.45	9.49	7.99
ADB	7.45	9.62	8.15

Sources: Quotes from Respective Banks

WEEKLY CURRENCY REPORT

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