

WEEKLY CURRENCY REPORT

Date Issued | 6th June, 2022



Global Fx Market

USD: The dollar eased on Friday (03/06/2022) after falling nearly 1% in the previous week, facing pressure from a strong rally in risk assets and uncertainties about the Federal Reserve's monetary tightening plans. Overnight data showed US private payrolls rose less than expected last month, while investors await US non-farm payrolls data this week to gauge the strength of the broader economy and guide the outlook for US monetary policy. The dollar gained by 0.43% against the pound, but then again, it lost 0.31% against the euro. We therefore expect the dollar to stay steady this week after the US jobs report showed more positions were added in May than expected, indicating the economy remains resilient to further interest rate increases.

GBP: The pound weakened on Friday (03/06/2022). Investors have been weighing prospects of higher interest rates against expectations of economic slowdown or even recession risk later in the year amid rising cost of living in UK. Markets are pricing in 138bps of BoE rate hikes by year-end, as inflation runs at 40-year highs and is expected to hit double digits in Q3. In the meantime, confidence among consumers declined to record-low levels and factory activity expanded the least since January 2021. The pound plunged by 0.43% and 0.82% against the dollar and the euro respectively. We expect the pound to rebound this week amid a slight increase in investors' risk appetite and bets central banks in Europe, specially the ECB to raise interest rates to curb soaring inflationary pressures.

EUR: The euro ended the week higher on Friday (03/06/2022), as traders brace for next week's ECB monetary policy decision which is expected to set the tone for a rate hike next month. The central bank will likely announce the conclusion of its large-scale asset purchases and confirm plans to raise interest rates in July, as the inflation in the Euro Area shows no signs of peaking, hitting a fresh record high of 8.1% in May. Traders are pricing in 130 bps of ECB rate increases by year-end, including a 30% chance of an additional 25 bps move beyond the fully priced 25 bps in July. The euro improved by 0.31% and 0.41% against the dollar and the pound respectively. We expect the euro to be under minimal pressure this week as investors continue to worry about higher inflation rates across the Eurozone and its impact rate hikes and economic growth in the Euro area.

African Fx Market Review And Outlook

GHANA: GHS: 7.15 USD1; GHS: 8.97 GBP1; GHS: 7.66 EUR1

- In the week under review, the cedi dipped against the dollar and the euro. However, it advanced against the pound to end the week. The local unit fell by 0.10% and 0.06% against the dollar and euro respectively. Then again, it went up by 0.17% against the pound.

- The cedi was relatively stable in the past week riding on the central bank rate hike and the softening of the dollar.

- In the outlook, we expect some pressure on the cedi due to repatriation from dividend payments and profits. However, we expect interventions from the BoG for dividend payment by corporate entities to cushion the cedi.

SOUTH AFRICA: ZAR: 15.52 USD1; ZAR: 19.45 GBP1; ZAR: 16.59: EUR1

- In the week under review, the rand inched up against all the tracked currencies in our basket. The rand increased by 1.34% and 1.60% against the dollar and the pound respectively. Then again, it edged up by 1.24% against the euro.

- The South African rand traded higher on Friday (03/06/2022), its highest since April 20th, 2022, as risk sentiment improved on the back of positive manufacturing surveys, pointing to recovery from April's devastating floods.

- At the same time, higher prices of some precious metals such as platinum and palladium alongside expectations of further tightening by the South African Reserve Bank helped to support the currency.

- The South African Reserve Bank last month unveiled its biggest rate increase in more than six years and signaled further rate hikes in a context of the gradual policy normalisation.

- We therefore expect the rand to remain stable this week amid busy policy-focused week in which the European Central Bank meeting has been scheduled as well the release of the U.S. consumer price data.

Indicative Exchange Rate For Banks

During the week under review, SOGEGH quoted the highest rate against the dollar at GHS7.86. This was followed by SCB and FNB, both quoting GHS7.84 and GHS7.77 respectively. The rate for GCB was GHS7.57.

ECONOMIC NEWS

- A yearly average of 0.52% of Ghana's Gross Domestic Product between 2015 and 2020 was lost to financial irregularities by Ministries, Departments and Agencies. Over the five-year analysis period, cumulative financial irregularities represented about 3.64% of 2020 GDP.

- Also, The Global Center on Adaptation (GCA) has pledged to help Ghana secure at least \$1.3bn to implement its climate adaptation programs. It was important for the country to secure funding for adaptation through building resilient infrastructure to mitigate the dire consequences of climate change.

GLOBAL FX MARKET UPDATE (WEEKLY CHANGES %)

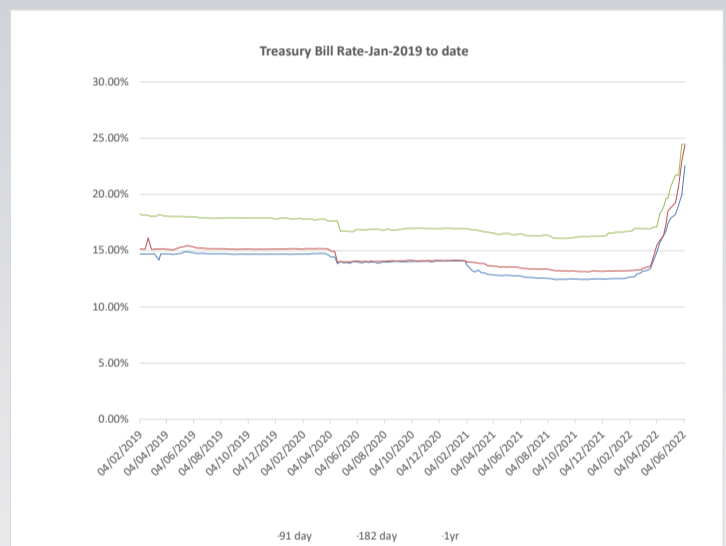
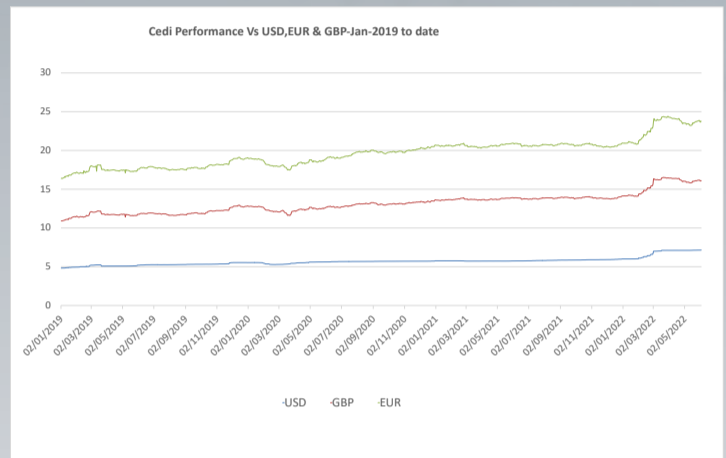
REGION	US\$	Wkly (%Δ)	£	Wkly (%Δ)	€	Wkly (%Δ)
USA	1.0000	0.00	1.2491	0.43	1.0730	(0.31)
Europe	0.9320	0.31	1.1707	0.41	1.0000	0.00
UK	0.8006	(0.43)	1.0000	0.00	0.8582	(0.82)

Sources: GCB Bank, Central bank websites

AFRICAN FX MARKET UPDATE (WEEKLY CHANGES %)

COUNTRY	US\$	Wkly (%Δ)	£	Wkly (%Δ)	€	Wkly (%Δ)
Ghana	7.1451	(0.10)	8.9675	0.17	7.6616	(0.06)
Nigeria	415.1200	0.02	521.3080	0.31	443.8880	0.15
Kenya	116.8100	(0.17)	147.2070	(0.63)	125.0870	(0.40)
BCEAO*	614.2500	(0.61)	769.7500	0.13	655.9600	0.00
S. Africa	15.5202	1.34	19.4469	1.60	16.5911	1.24

Sources: GCB Bank, Central bank website



INDICATIVE EXCHANGE RATE FOR BANKS

BANKS	MIDRATES		
	USD	GBP	EUR
SOGEGH	7.86	9.88	8.45
SCB	7.84	9.73	8.42
FNB	7.77	9.76	8.35
SBG	7.76	9.76	8.35
CAL	7.75	9.51	8.16
NIB	7.73	9.51	8.19
CBG	7.72	9.65	8.23
FDL	7.71	9.71	8.32
Absa	7.68	9.61	8.24
ADB	7.62	9.54	8.13
GCB	7.57	9.53	8.15
PBL	7.35	9.77	8.30

Sources: Quotes from Respective Banks

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