

Global Fx Market

USD: The dollar ended lower on Friday (27/05/2022), after the Fed's preferred gauge of inflation showed price increases could be slowing. The core PCE Price Index inflation slowed to 4.9 percent from 5.2 percent, the lowest in four months. Also, data showed consumer spending rose more than expected in April reassuring that the economy remains robust despite price pressures. The dollar dropped by 1.18% and 1.35% against the pound and the euro respectively. We therefore expect the dollar to remain under minimal pressure this week as investors reassess expectations about the Federal Reserve's monetary tightening plans as fears of a global recession have somewhat receded.

GBP: The pound mixed performed on Friday (27/05/2022), on optimism that the new Cost of Living Support package will help boost consumer spending. Chancellor Rishi Sunak announced a new £15 billion support package, targeted toward millions of low-income households and brings the total cost of living support to £37 billion this year. The package includes a new temporary Energy Profits Levy on oil and gas firms, expected to raise around £5 billion over the next year to help with the cost of living. The pound increased by 1.20% against the dollar, but then again, it plunged by 0.25% against the euro. We expect the pound to remain stable this week as traders continue to digest the new fiscal stimulus package proposed by the UK's finance minister Sunak and the impact it could have on the BoE's tightening plans.

EUR: The euro extended gains on Friday (27/05/2022), after ECB President Christine Lagarde said the central bank is likely to exit negative interest rates by the end of the third quarter. Traders were already boosting bets for higher borrowing costs after hawkish comments from ECB Knot and ECB Villeroy de Galhau the previous week. On the data front, the latest PMI data showed growth remained robust in May supported by the service sector as cost pressures eased for the second month but remained elevated. The euro strengthened by 1.37% and 0.06% against the dollar and the pound respectively. We expect the euro to trade slightly lower this week as the invasion of Ukraine by Russia deepened the energy crisis, boosted inflation, and is slowing growth.

GLOBAL FX MARKET UPDATE (WEEKLY CHANGES %)

REGION	US\$	Wkly (%Δ)	£	Wkly (%Δ)	€	Wkly (%Δ)
USA	1.0000	0.00	1.2615	(1.18)	1.0722	(1.35)
Europe	0.9327	1.37	1.1782	0.06	1.0000	0.00
UK	0.7927	1.20	1.0000	0.00	0.8490	(0.25)

Sources: GCB Bank, Central bank websites

AFRICAN FX MARKET UPDATE (WEEKLY CHANGES %)

COUNTRY	US\$	Wkly (%Δ)	£	Wkly (%Δ)	€	Wkly (%Δ)
Ghana	7.1413	(0.13)	9.0020	(1.16)	7.6440	(1.52)
Nigeria	415.2200	(0.03)	523.9360	(1.13)	444.7290	(1.36)
Kenya	116.6870	(0.24)	147.1270	(1.36)	124.7640	(1.78)
BCEAO*	610.5000	1.64	770.7500	0.39	655.9600	0.00
S. Africa	15.6402	1.30	19.7426	0.06	16.7928	(0.31)

Sources: GCB Bank, Central bank website

African Fx Market Review And Outlook

GHANA: GHS: 7.14 USD1; GHS: 9.00 GBP1; GHS: 7.64 EUR1

- In the week under review, the cedi stumbled against all the tracked currencies in our basket. The local unit fell by 0.13% against the dollar. Then again, it dropped by 1.16% and 1.52% against the pound and euro respectively.
- The local unit depreciated against the major currencies after the Central Bank raised policy rates by 200bps to 19% from 17% amid signs of heightened inflation expectations due to lingering supply chain bottlenecks from the Russia-Ukraine war.
- In addition, the heightened uncertainty surrounding the inflation dynamics weighed heavily on the domestic environment and significantly depressing business and consumer confidence.
- In the week ahead, we expect the cedi be relatively stable supported by BoG's Fx auctions.

SOUTH AFRICA: ZAR: 15.64 USD1; ZAR: 19.74 GBP1; ZAR: 16.79: EUR1

- In the week under review, the rand improved against the dollar and the pound, but declined against the euro. The rand gained by 1.30% and 0.06% against the dollar and the pound respectively. Then again, it dipped by 0.31% against the euro.
- The South African rand strengthened on Friday (27/05/2022), as the dollar was on track for its second straight weekly decline as traders pared expectations for U.S. Federal Reserve interest rate hikes.
- Minutes from the Fed's May meeting last week showed most participants believed 50 basis-point hikes would be appropriate at the June and July policy meetings.
- Higher precious metals prices and expectations of further tightening by the South African Reserve Bank also supported the currency.
- Meanwhile, the country's economic outlook remains clouded by both domestic factors including recent flooding and electricity shortages, alongside risks from the war in Ukraine through rising food and fuel inflation.
- We therefore expect the rand to trade slightly lower this week after US Fed minutes confirmed near-term rate hike expectations.

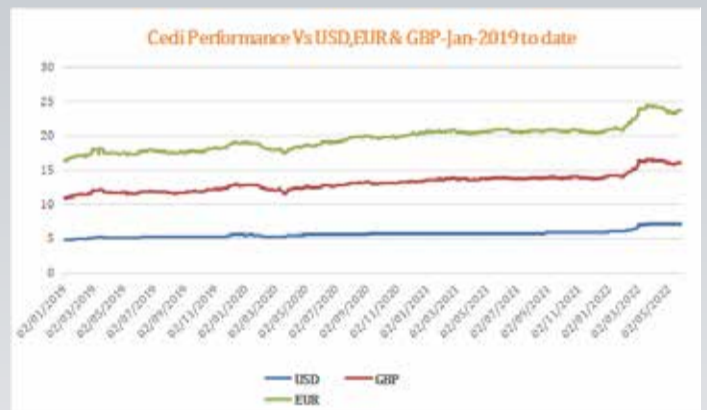
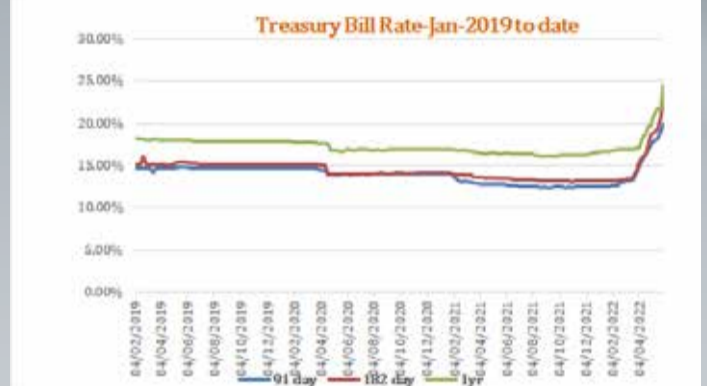
Indicative Exchange Rate For Banks

During the week under review, SOGEGH quoted the highest rate against the dollar at GHS7.83. This was followed by SC and CAL, both quoting GHS7.76 and GHS7.75 respectively. The rate for GCB was GHS 7.56.

ECONOMIC NEWS

- 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.

- *Also, New figures from the Bank of Ghana have shown that Ghana's total balance of trade recorded a surplus of US\$1.33bn in the first four months of this year. This, according to the Central Bank's Summary of Economic and Financial Data, is equivalent to 1.9% of GDP.



INDICATIVE EXCHANGE RATE FOR BANKS

BANKS	MIDRATES		
	USD	GBP	EUR
SOGEGH	7.83	9.89	8.43
SC	7.76	9.73	8.34
CAL	7.75	9.55	8.08
SBG	7.72	9.75	8.30
CBG	7.72	9.74	8.29
FDL	7.70	9.78	8.32
FNB	7.70	9.73	8.28
Absa	7.63	9.63	8.20
NIB	7.61	9.31	7.94
ADB	7.57	9.40	8.00
GCB	7.56	9.56	8.14
PBL	7.30	9.76	8.25

Sources: Quotes from Respective Banks

WEEKLY CURRENCY REPORT

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