

## Ghana: Cedi Back Under Demand Pressure but the Approved US\$750 Mn Loan Syndication Provides a Temporary Relief

The Parliament of Ghana approved a US\$750mn syndicated loan facility last week after a long-drawn debate, lending timely support for the GHS as demand pressures re-emerge.

FX liquidity levels have tightened in recent weeks following the reduction in the bi-weekly forward auction target to US\$25mn, thereby increasing FX demand on the spot market. Demand pressures originate from domestic and offshore investor participants on the market, with the aggressive bidding interest leaving the market in a net-bid position at the close of the week. Consequently, the GHS closed trading last week 1.2% weaker vs. the USD on the interbank market (YTD: -19.65%) and was even weaker against the Euro (-2.5% w/w | -9.61% YTD) and the GBP (-2.6% w/w | -10.64% YTD).

The level of FX demand could nudge higher in the coming weeks to fund principal and interest repatriation as offshore investors, who are the dominant holders of the Jul-25 5-Year bond maturing today, opt against rolling over. Thus, the approved US\$750mn loan provides a timely boost to Ghana's gross FX reserve, which stood at US\$7.68bn in Jun-22 (3.4 months of import) and will support the Cedi through 3Q 2022.

## South Africa: The Rand remains Volatile despite the sustained interest rate support

Amidst the heightened inflation and global recession concerns, offshore investors continue to switch to safer havens, undermining many emerging and frontier market currencies in 2022. In particular, the Rand has been volatile thus far in 2022, gaining almost 10% against the USD on the interbank market by April 13, 2022, but has since eased off to close trading 6.62% weaker vs. the USD last week (+1.29% w/w).

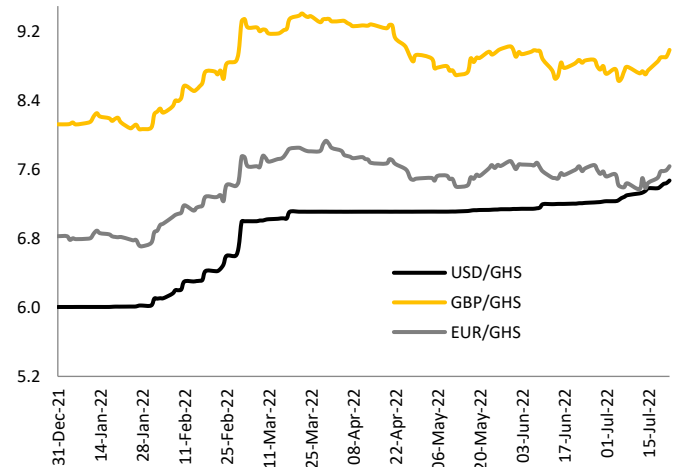
While the cumulative 200bps repo rate hike since Nov-22 has supported the Rand, domestic challenges with power supply and the lingering shocks from the COVID-19 pandemic and geopolitics have undermined the growth outlook. The MPC's pledge to act if inflation shows persistence, supports the Rand in the near but long-term recovery hinges on fundamental support.

## Tanzania: 40-Month ECF Arrangement to Spur post-pandemic recovery

The IMF Executive Board approved a 40-month extended arrangement under the Extended Credit Facility (ECF) for Tanzania. With this approval, the government of Tanzania will access SDR 795.58 (200% of quota), amounting to US\$ 1.04bn, to finance its programs and policies.

The arrangement is expected to catalyze additional bilateral and multilateral financial support, with the immediate disbursement of US\$ 151.70bn expected to provide near term balance of payments cushion. The Tanzania Shilling (TSh) closed flat vs. the USD last week (-0.29% w/w) and could strengthen in the coming sessions on the back of this fund support for the Country's post-pandemic recovery efforts.

Figure 1: Evolution of Interbank Exchange Rate (2022)



Source: GCB Capital Research | Ghana Statistical Service | Bank of Ghana

Table 1: Year to Date GHS Rates Summary

GHC	\$	£	€
2022 low	5.7963	7.5839	6.6248
2022 High	7.4745	9.4144	8.9069
Average (YTD)	6.4198	8.4435	7.1591
Current Rate	7.4745	8.9915	7.6409

Source: Bank of Ghana | GCB Capital Research

Figure 2: Weekly SSA Exchange rate Summary

Country	\$	w/w (%)	€	w/w (%)	£	w/w (%)
Egypt	18.87	0.00%	19.04	0.00%	22.37	0.00%
Ghana	7.47	-1.20%	7.64	-2.50%	8.99	-2.60%
Kenya	118.57	-0.25%	120.88	-1.86%	141.61	-0.92%
Nigeria	415.22	-0.08%	423.44	-1.96%	495.40	-0.91%
S. Africa	17.02	1.29%	17.30	-0.10%	20.31	0.41%
Tanzania	2304.47	0.00%	2347.79	-1.18%	2758.68	-1.10%
Uganda	3845.52	-2.07%	3927.61	-3.05%	4613.70	-2.43%
Zambia	16.51	-0.78%	16.83	-1.15%	19.77	-0.55%

Source: Bank of Ghana | GCB Capital Research

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