



GLOBAL FX MARKET

USD: The dollar ended the week higher, closing in on its highest level since December 2002, underpinned by the Federal Reserve's firm hawkish stance and escalating global recession risks. Several Fed policymakers, including Chair Jerome Powell, indicated a strong commitment to bringing down inflation even at the risk of a recession, signaling another 75 basis point rate increase in July, 2022. The dollar inched up by 1.19% and 0.95% against the pound and the euro respectively. We expect the dollar to remain firm this week as the Federal Reserve lead a global wave of aggressive monetary tightening to combat rising prices.

GBP: The pound was off to a bad start of July, losing ground against major currencies, approaching its lowest point since the pandemic outbreak in March 2020. The sterling's appeal dimmed as growing uneasiness about a looming recession pushed investors to safe-haven currencies, while uncertainty over the N. Ireland protocol and softening expectations about the scope of the Bank of England's tightening outlook also harmed the pound. The pound declined by 1.18% and 0.31% against the dollar and the euro respectively. We expect the pound to be under minimal pressure this week as traders will pay special attention to appearances from several BoE policymakers, including Governor Andrew Bailey and the central bank's Financial Stability Report.

EUR: The euro mixed performed on Friday (01/07/2022), amid the prospect of a widening monetary policy gap between the ECB and the US Federal Reserve. An energy crisis in Europe has clouded even further the outlook for growth in the Eurozone, hindering the ECB's task of taming record levels of inflation. The annual inflation rate in the Euro Area increased to a new record high of 8.6% in June of 2022, once again above market expectations. The euro plunged by 0.94% against the dollar, but then again it went up by 1.02% against the pound. We however expect the euro to weaken further this week due to higher demand for the dollar's safety and the monetary policy disparity between the ECB and the Fed.

AFRICAN FX MARKET REVIEW AND OUTLOOK

GHANA: GHS: 7.23 USD1; GHS: 8.71 GBP1; GHS: 7.52 EUR1

-In the week under review, the cedi fell against the dollar but improved against the pound and the euro respectively. The local unit edged lower by 0.27% against the dollar. On the other hand, it advanced against the pound and the euro by 1.78% and 1.26% respectively.

-The cedi weakened against the greenback as investor sentiment worsened among retailers and consumers as high prices and prospects of rising interest rates weigh amid the government's decision to get economic support from the International Monetary Fund.

-However the cedi remained relatively stable supported by the expected inflows of US\$1bn of the US\$2bn pledge from international Banks to boost Ghana's international reserves.

-The cedi is also getting some support from BoG's guidelines to govern the foreign exchange market.

-In the week ahead, we expect the cedi to be relatively stable riding on the back of the expected inflows pledged from international Banks and BoG's guidelines.

SOUTH AFRICA: ZAR: 16.35 USD1; ZAR: 19.81 GBP1; ZAR: 17.10: EUR1

-In the week under review, the rand dropped against the tracked currencies in our basket. The rand fell by 2.54% and 1.45% against the dollar and the pound respectively. Again, it decreased by 1.91% against the euro.

- The South African rand closed the week lower, pressured by severe power cuts in the country, as state-owned Eskom contends with multiple plant breakdowns due to labour protests over wages.
- There is widespread concern that the current round of load-shedding could have long-term effects on the country's economic growth.
- The currency was also pressured by the dollar strength amid the Fed's firm hawkish stance and fears of global recession.
- Meanwhile, South Africa's higher-than-expected inflation data in June points to a further interest rate hike in July.
- We therefore expect the rand to trade slightly lower this week as inflation data points to a further interest rate hike, but there is still some uncertainty about how much the central bank will hike.

INDICATIVE EXCHANGE RATE FOR BANKS

During the week under review, SOGEGH quoted the highest rate against the dollar representing GHS8.03. This was followed by SCB and CBG, both quoting GHS7.91 respectively. The rate for GCB was GHS7.68.

ECONOMIC NEWS

* Between 2012 and 2021, industry's contribution to the Ghana Gross Domestic Product (GDP) grew from \$11.9bn to \$18.7bn, driven upwards by an upsurge in the value-added of manufacturing in GDP. This almost tripled to 6.6%, from 2.5%, the African Development Bank has stated in its brief on Ghana.

*Also, The government will from 27 June to 29 June conduct a series of engagements with key sector players within the Ghanaian economy to assess the impact of the economic mitigation measures that were announced in March this year.

GLOBAL FX MARKET UPDATE (WEEKLY CHANGES %)						
REGION	US\$	Wkly (%Δ)	£	Wkly (%Δ)	€	Wkly (%Δ)
USA	1.0000	0.00	1.2143	1.19	1.0425	0.95
Europe	0.9592	(0.94)	1.1541	1.02	1.000	0.00
UK	0.8235	(1.18)	1.000	0.00	0.8607	(0.31)

Sources: GCB Bank, Central bank websites

AFRICAN FX MARKET UPDATE (WEEKLY CHANGES %)						
COUNTRY	US\$	Wkly (%Δ)	£	Wkly (%Δ)	€	Wkly (%Δ)
Ghana	7.2345	(0.27)	8.7136	1.78	7.5218	1.26
Nigeria	414.860	0.03	499.450	1.99	432.989	0.94
Kenya	117.874	(0.18)	143.051	0.60	124.020	(0.23)
BCEAO*	627.750	(0.76)	759.750	0.66	655.96	0.00
S. Africa	16.3482	(2.54)	19.8124	(1.45)	17.0969	(1.91)

Sources: GCB Bank, Central bank website

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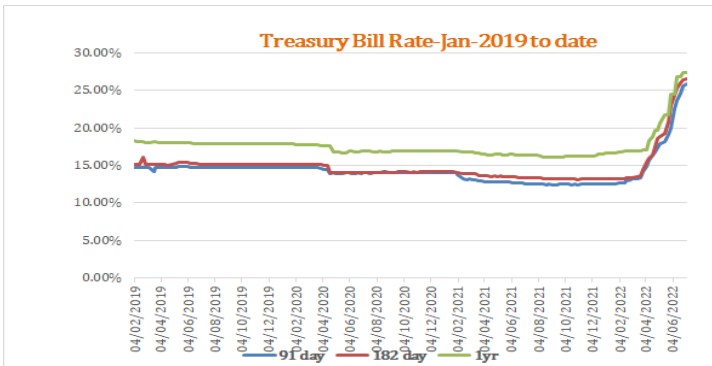
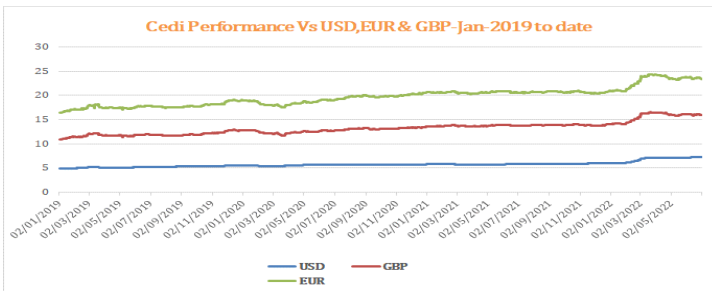
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INDICATIVE EXCHANGE RATE FOR BANKS			
BANKS	MIDRATES		
	USD	GBP	EUR
SOGEGH	8.03	9.72	8.39
SCB	7.91	9.73	8.31
CBG	7.91	9.58	8.23
SBG	7.88	9.54	8.24
FNB	7.87	9.54	8.21
FDL	7.87	9.54	8.22
NIB	7.86	9.33	8.06
Absa	7.85	9.51	8.19
CAL	7.84	9.26	8.04
ADB	7.71	9.41	8.12
GCB	7.68	9.35	8.07
PBL	7.50	9.55	8.20

Sources: Quotes from Respective Banks



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