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### Ghana: Cedi on the Bounce as the Imminent Staff-Level Agreement Provides a Tailwind.

Ghana is inching closer to sealing a Staff Level Agreement with the IMF team of negotiators following the progress with domestic debt re-structuring, which is a notable prior action for fund assistance.

Before the launch of the debt exchange, the Cedi had been on a positive spin, backed by CB FX liquidity support. We believe the relative Cedi stability from mid-Nov-22 triggered profit-taking from speculators after the extremely bearish run from Mid-Sept-22. While the debt exchange programme has experienced initial resistance from worker unions and other identifiable groups, the announcement represents a giant leap towards a fund-assisted programme. We expect the government to eventually push through the much-needed debt treatment, potentially with modified terms, and we believe a staff-level agreement is imminent. This expectation has given the local unit a tailwind and could prolong the Cedi's resilience through Dec-22.

Our indicative retail market rates show that the Cedi appreciated by 8.86%, 7.29% and 7.37% against the USD, the GBP and the Euro, respectively, at the close of the last trading week. Against the interbank reference rate, the Cedi equally recorded gains across the board, recovering to GHS12.56/US\$ after trading above GHS13/US\$ since late Oct-22.

**USD:** Rising producer inflation signals persistence, which could sustain the US Fed's hawkish monetary policy stance. Consequently, the USD opened higher against major currencies and could strengthen further in the week ahead.

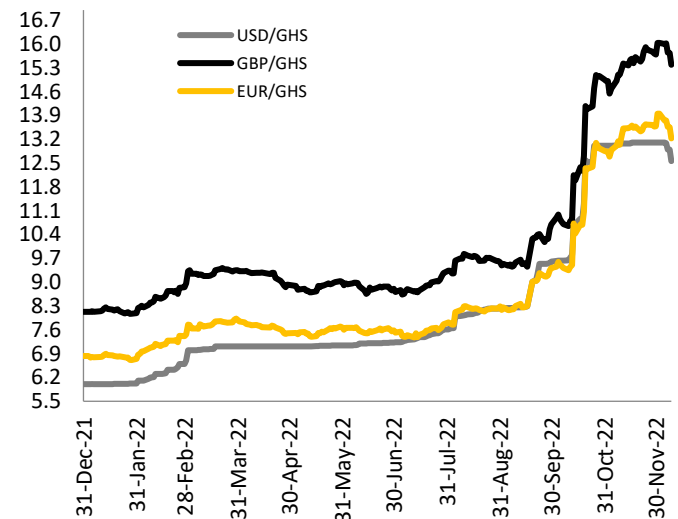
### Egypt: Pound Under Pressure ahead of the IMF Board's Meeting to Consider Egypt's Request for an ECF-supported Program

The Egyptian Pound remains under considerable pressure from FX scarcity following the shift to a durably flexible exchange rate regime ahead of sealing a Staff Level Agreement with the IMF on Oct-27. While the EGP plunged against the major trading currencies following the devaluation, the initial spin on the domestic capital market has ebbed, resulting in a wider spread between the official and the parallel market rates.

We expect the IMF board to consider and approve Egypt's request for a 48-month programme supported by the Extended Fund Facility (EFF) later this week. The approval will open access to bilateral and multilateral financing from regional and international partners, which should inject a much-needed FX liquidity into the system. The programme's official start should also steadily improve investor interest in EGP-denominated assets.

While the Pound closed trading last week at EGP24.63/ US\$ on the official market, it is trading top of EGP32/US\$ on the parallel market. The wider spread across the market segments could trigger another marginal devaluation ahead of the programme's official start to quell volatility.

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	\$	£	€
<b>2022 low</b>	5.9212	7.5839	6.6853
<b>2022 High</b>	13.1446	16.0353	13.9546
<b>Average (YTD)</b>	8.1405	9.9964	8.5418
<b>Current Rate</b>	12.5580	15.3955	13.2258

Source: Bank of Ghana | GCB Capital Research

Figure 2: Weekly SSA Exchange rate Summary

Country	\$	w/w (%)	€	w/w (%)	£	w/w (%)
Egypt	24.63	-0.15%	25.94	-0.07%	30.18	0.13%
Ghana	12.79	2.44%	13.23	3.88%	15.40	4.16%
Kenya	122.53	0.00%	129.11	-0.61%	149.71	-0.23%
Nigeria	444.97	-0.10%	466.91	-0.50%	540.55	0.22%
S. Africa	17.16	2.00%	18.12	1.78%	21.01	2.30%
Tanzania	2308.65	0.00%	2423.63	0.30%	2807.2	0.95%
Uganda	3689.58	1.09%	3903.79	0.92%	4529.0	1.07%
Zambia	15.42	-1.25%	18.33	-1.42%	21.33	-1.29%

Source: Bank of Ghana | GCB Capital Research

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