

WEEKLY CURRENCY REPORT



Date Issued | 16th November, 2020



GLOBAL FX MARKET

USD: The dollar rose on Friday (13/11/2020) as markets continued to adjust to higher interest rates and prospects for economic growth following news of encouraging results for a coronavirus vaccine. The dollar advanced by 0.01% and 0.47% against the pound and the euro respectively. We therefore expect the dollar to remain steady as investors begin the week in an upbeat mood after strong data out of Asia and on hopes for a successful vaccine against COVID-19.

GBP: The pound weakened on Friday (13/11/2020) against the dollar but after news that Britain's economy grew by a slower-than-expected 1.1% between August and September, a pace that leaves the UK lagging other rich nations attempting to recover from the coronavirus pandemic. The pound dipped by 0.01% against the dollar while it inched up by 0.49% against the euro. We expect the pound to remain pressured on the back of rising coronavirus cases and a lack of clarity about whether Britain will exit the European Union single market in January with a trade deal in hand.

EUR: The euro remained on the back foot on Friday (13/11/2020), retreating against dollar and the pound, with the market increasingly wary about the increasing COVID-19 cases in Europe. Europe is grappling with surging infections and new COVID-19 restrictions, with Germany's economic advisers trimming next year's growth outlook. The euro weakened by 0.46% and 0.83% against the dollar and the pound respectively. We therefore expect the euro to be weighed down by the rise in coronavirus cases around the Eurozone.

AFRICAN FX MARKET REVIEW AND OUTLOOK

GHANA: GHS: 5.71 USD1; GHS: 7.52 GBP1; GHS: 6.75 EUR1

- In the just ended week, the Ghana cedi dropped against the dollar and the pound whereas it improved against the euro. The cedi fell by 0.02% and 0.44% against the dollar and the pound respectively. Against the euro, it went up by 0.24%.

- The cedi depreciated against the dollar and the pound despite fears of a resurgence of global cases of COVID-19, investors remain hopeful a working vaccine could rescue the global economy, helping to fuel a rally in stock markets and a rebound in riskier currencies.

- The cedi was up against the euro due to Covid infections spread in the Eurozone and the forecast of uncertain economic outlook by the European Central Bank (ECB).

- The cedi has also remained supported against the dollar due to huge reserves amounting to US\$8,561.9 million, providing cover for 4.0 months of imports.

- Periodic intervention through regulation and FX auction by the Central Bank also cushion the performance of the cedi against the hard notes.

- In the coming week, we expect the cedi to be weighed down against the pound and the euro as signs that Britain and the European Union might make progress negotiating a post-Brexit trade deal encourage investors to take on more risk.

SOUTH AFRICA: ZAR: 15.62 USD1; ZAR: 20.55 GBP1; ZAR: 18.45: EUR1

- In the week under review, the rand improved against all the tracked currencies in our basket. The rand was up by 0.72% against the dollar. Also, it strengthened by 0.66% and 1.00% against the pound and the euro respectively.

- The South African Rand went higher against other major currencies as global investor sentiment rose sharply in the wake of news that biotech firm Moderna's vaccine candidate has proven successful, while on the domestic front investors appear to be warming to news the country's economic growth recovery strategy is on track.

- A fresh pump to sentiment - the kind that tends to lift Emerging Market assets, including the rand - came after Moderna revealed its covid-19 vaccine candidate has proven to be more than 95% effective in preventing the virus in stage 3 trials.

- In the week ahead, the rand is likely to make some gains on prospects of economic recovery in SA and the positive news on the prospects of Covid vaccine.

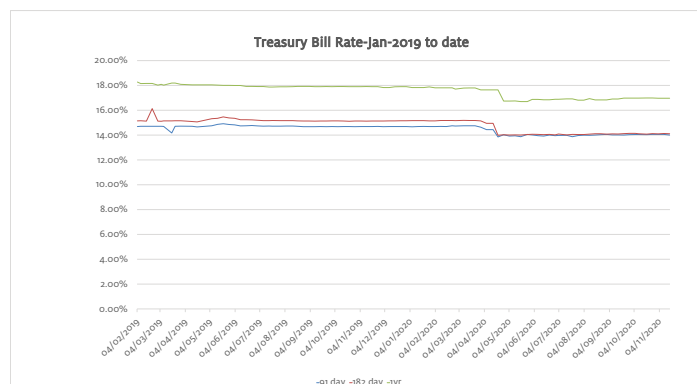
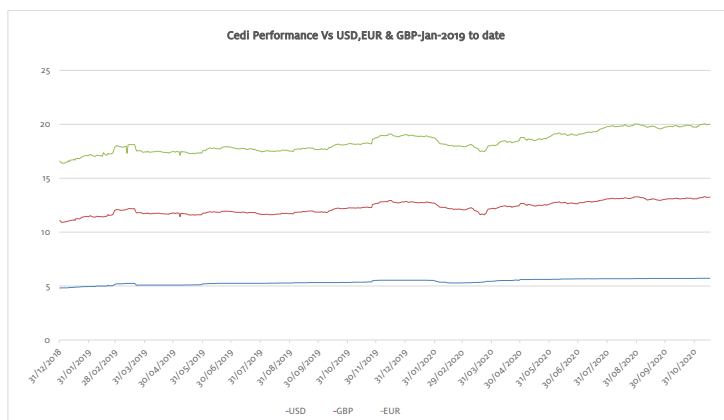
GLOBAL FX MARKET UPDATE (WEEKLY CHANGES %)

REGION	US\$	Wkly (%Δ)	£	Wkly (%Δ)	€	Wkly (%Δ)
USA	1.0000	0.00	1.3159	0.01	1.1815	0.47
Europe	0.8464	(0.46)	1.1150	(0.83)	1.0000	0.00
UK	0.7599	(0.01)	1.0000	0.00	0.8982	0.49

Sources: GCB Bank, Central bank websites

AFRICAN FX MARKET UPDATE (WEEKLY CHANGES %)

COUNTRY	US\$	Wkly (%Δ)	£	Wkly (%Δ)	€	Wkly (%Δ)
Ghana	5.7117	(0.02)	7.5160	(0.44)	6.7529	0.24
Nigeria	379.5000	0.00	499.6120	(0.24)	448.4170	0.53
Kenya	109.1120	(0.19)	143.5910	(0.83)	128.7460	0.08
BCEAO*	555.2500	(0.18)	730.2500	(0.31)	655.9600	0.00
S. Africa	15.6216	0.72	20.5541	0.66	18.4522	1.00



WEEKLY CURRENCY REPORT



Date Issued | 16th November, 2020



Scrolling? Pause and sanitize.

Research Contacts

Lawson Oppong-Asante
Email: loppong-asante@gcb.com.gh
Tel: 0302 66 4910 -18

Adomako Osei-Frimpong
Email: aofrimpong@gcb.com.gh
Tel: 0302 66 4910 -18

Michael Bedjrah
Email: mbedjrah@gcb.com.gh
Tel: 0302 66 4910 -18

Treasury & Sales Contacts

Anthony Asare
Email: akasare@gcb.com.gh
Tel: 0302 611 762

Daniel Boateng
Email: daboateng@gcb.com.gh

Head Office:

No 2 Thorpe Link
P. O. Box 134, Accra
Tel: +233 (0)302 664910

Disclaimer

This document has been prepared by the Research Department of GCB Bank Limited solely for information purposes and does not constitute any legally binding obligations on GCB. Any views expressed are those of the Research Department. Any views and commentary in this communication (the views) are short term views of the GCB Research Department from which it originates (the authors) and are not a personal recommendation and do not take into account whether any product or transaction is suitable for any particular investor.

Whilst the information provided in this document has been prepared by GCB Research Department based upon or by reference to sources, materials that GCB believes to be reliably accurate, GCB does not guarantee its completeness or accuracy. The message is for information purposes only as of the date hereof and are subject to change. It is not a recommendation, advice, offer or solicitation to buy or sell a product or service. We do not accept any liability for losses (direct or consequential) which may arise from making use of this document or its contents or reliance on the information contained herein.

All opinions and estimates are given as of the date hereof and are subject to change. GCB is not obliged to inform readers of any such change to such opinions or estimates. This document do not purport to contain all the information that you may desire. In all cases, interested parties should conduct their own investigations and analysis of the transaction described in the document and of the data set forth in the document. In particular it is recommended for interested parties to check that the information provided is in line with their own circumstances with regard to any legal, regulatory, tax or other specialist or technical advice or services, if necessary with the help of a professional advisor.

This document is confidential and may not be reproduced or distributed in whole or in part without the prior written permission of GCB.