

## Databank Research: Weekly Currency Report

October 14, 2024



ANALYST CERTIFICATIONS AND REQUIRED DISCLOSURES BEGIN ON PAGE 3

**Ghana: Moody's Upgrade to Improve Sentiments Around Cedi's Outlook.**

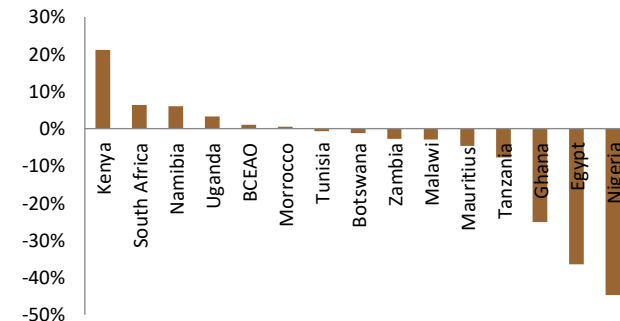
Last week, the Cedi mixed performed against the major trading currencies by depreciating against the USD and gaining against the GBP and the EUR. The unit nursed 1.01% w/w losses vs the USD due to seasonal demand pressures from the manufacturing and Energy sectors. However, the Cedi gained 0.35% w/w against the GBP following an announcement of a possible aggressive policy rate cut in England, causing the GBP to slide. Similarly, the local unit appreciated by 1.27% w/w vs the EUR as weaker-than-expected inflation in France and Spain prompted the European market of a possible rate cut from the European Central Bank during the Oct '24 MPC meeting.

Last week, the Global Credit Rating Agency **Moody's upgraded** Ghana's long-term local and foreign currency issuer ratings to "Caa2" from "Caa3" and "Ca," respectively. The upgrade was attributed to Ghana's recent debt treatments, which have eased the government's financial burdens. The rating agency maintained a positive outlook on the local currency and expects liquidity constraints to ease amid the ongoing fiscal consolidation efforts supported by the IMF programme. We expect the Cedi to remain stable in the near term as the upgrade in Ghana's rating and the expected US\$360mn from the IMF positively impact sentiments around the Cedi. This week however, we see room for the Cedi to weaken as seasonal demand pressures resurface.

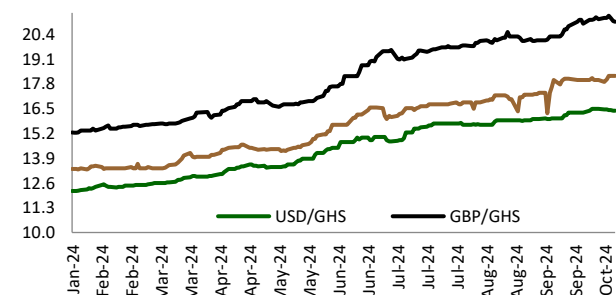
**South Africa: Rand Gains on US Cooling Inflation**

The South African Rand (ZAR) gained 0.19% w/w to 17.46/USD last week after US Sept '24 inflation cooled to 2.4% y/y. The ease in inflation boosted the market's expectations that the Federal Reserve (Fed) would ease policy rates for the second time this year during the Nov '24 meeting. As a result, the USD index declined by 0.28% to 102.89 points on Friday vs 103.17 points on Thursday. We expect the Rand to continue to gain as investors price in potential policy ease from the Fed.

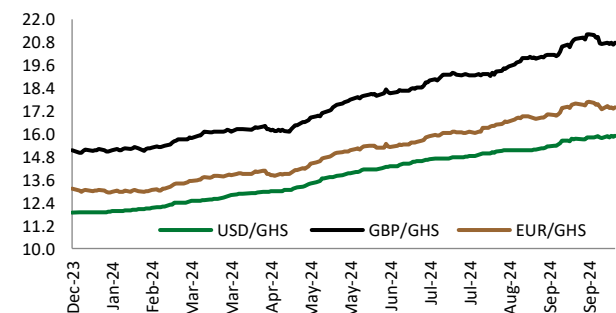
Country	USD	APN/DPN (%)	EUR	APN/DPN (%)	GBP	APN/DPN (%)
Botswana	13.28	-0.53%	14.53	0.29%	17.33	0.17%
BCEAO	599.50	-0.83%	655.96	0.00%	783.25	-0.16%
Egypt	48.57	-0.47%	53.12	0.49%	63.47	-0.09%
Ghana	15.90	-0.69%	17.40	-0.58%	20.79	-0.41%
Kenya	129.20	-0.01%	141.30	0.83%	168.57	0.65%
Malawi	1734.01	0.00%	1952.67	0.89%	2330.41	0.67%
Mauritius	46.01	0.63%	50.69	1.53%	60.45	1.21%
Morocco	9.81	-0.26%	10.74	0.37%	12.82	0.27%
Namibia	17.51	-0.34%	19.15	0.49%	22.85	0.31%
Nigeria	1625.83	1.94%	1772.15	3.24%	2125.61	2.31%
S. Africa	17.46	0.19%	19.11	0.89%	22.83	0.81%
Tanzania	2716.49	0.09%	2968.03	0.48%	3547.05	0.29%
Tunisia	3.08	-0.69%	3.37	0.22%	4.02	-0.11%
Uganda	3665.32	0.00%	4007.73	0.89%	4781.79	0.69%
Zambia	26.44	-0.10%	28.90	0.15%	34.54	0.01%

**Exhibit 1: African currencies YTD performance vs the USD**

Source: SSA countries' Central Banks, Databank Research

**Exhibit 2: Exchange rate performance on the forex bureau**

Source: Bank of Ghana, Databank Research

**Exhibit 3: Exchange rate performance on the interbank market**

Source: Bank of Ghana, Databank Research

**Exhibit 4: 12-month development in forex rate**

GHS	USD	GBP	EUR
1-Year Low	12.3500	15.5050	13.3500
1-Year High	16.4750	21.4000	18.2000
Current Rate	16.3500	21.2000	17.9000

Source: Forex, Databank Research

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