

BANK OF GHANA



QUARTERLY BULLETIN

April – June 2011

Contents

Overview	5
1. Developments in the World Economy	7
2. Real Sector Developments	9
2.1 Indicators of Economic Activity.....	9
2.2 Labour Market Conditions	10
3. Price Developments	12
3.1 Global Inflation.....	12
3.2 Domestic Inflation.....	13
3.3 Quarterly Changes in Inflation	13
3.4 Inflation by Group	13
3.4 Contributions to Changes in CPI.....	14
4. Money and Financial Markets	16
4.1 Broad Money Supply.....	16
4.2 Sources of Change in M2+	16
4.3 Developments in Banks' Outstanding Credit	17
4.4 Sources and Uses of Banks' Funds	18
4.5 The Money Market	19
4.6 Currency Markets.....	22
4.7 The Stock Market	24
5. Fiscal Developments	25
5.1 Government Revenue	25
5.2 Government Expenditures	27
5.3 Financing	28
5.4 Domestic Debt	28
5.4.1 <i>Composition of Domestic Debt</i>	28
5.4.2 <i>Holdings of Domestic Debt</i>	29
6. Balance of Payments Developments	30
6.1 Review of International Trade and Finance	30
6.2 The Current Account.....	30
6.2.1 <i>Merchandise Exports</i>	31
6.2.2 <i>Merchandise Imports</i>	31
6.3 Services, Current Transfers and Income Account	33
6.4 Capital and Financial Account	33
6.5 International Reserves	33
7. External Debt	35
7.1 Debt Stock.....	35
7.2 Currency Composition of Debt Stock.....	35
7.3 Debt Service Payments	35
8. The Rural Banking Sector	37
8.1 Performance of RCBs	37
8.2 Rural Banks' Share of Domestic Deposits	37
8.3 Reserve Requirements	37

List of Tables

Table 1.1: World Economic Indicators.....	7
Table 2.1: Quarterly Job Advertisements: 2005Q1 – 2011Q2.....	11
Table 3.1: Headline and Quarterly Changes in CPI (%).....	15
Table 3.2: Inflation by Sub-groups: Year-on-Year Changes in CPI (%): 2010 – 2011	15
Table 3.3: Contributions of Sub-groups to the Change in Consumer Prices (Averages).....	15
Table 4.1: Monetary Indicators (GH¢' million)	16
Table 4.2: Sources and Uses of Banks' Funds (GH¢' million).....	18
Table 4.3: Sectoral Distribution of DMBs' Outstanding Credit (GH¢' million).....	19
Table 4.4: Analysis of Tender Results (April –June 2011)	21
Table 4.5: International Market Exchange Rate Movements.....	23
Table 4.6: Interbank Market Exchange Rate Movements	23
Table 4.7: Forex Bureaux Exchange Rate Movements	23
Table 4.8: Foreign Exchange Transaction Market, (US\$' million).....	23
Table 4.9: Stock Market Performance	24
Table 5.1: Fiscal Indicators (GH¢' million)	25
Table 5.2: Government Revenue (GH¢' million).....	26
Table 5.3: Government Expenditure (GH¢' million)	27
Table 5.4: Government Financing (GH¢' million)	28
Table 5.5: Stock of Domestic Debt (GH¢' million)	29
Table 5.6: Holdings of Domestic Debt (GH¢' million)	29
Table 5.7: Holdings of Domestic Debt (%)	29
Table 6.1: Balance of Payments (US\$' million)	30
Table 6.2: Services, Income and Transfers Account (US\$' million).....	34
Table 6.3: Top Ten Imported Non-Oil Goods: (April-June, 2010/2011).....	34
Table 6.4: Top Ten Exported Non –Traditional Exports: (April-June, 2010/2011).....	34
Table 8.1: Consolidated Assets and Liabilities of RCBs (GH¢' million).....	38
Table 8.2: Contribution of Rural Banks to Total Deposits of Banking System	38

List of Charts

Chart 2.1: Retail Sales and Domestic VAT (GH¢' million).....	9
Chart 2.2: SSNIT Contributions (GH¢' million)	9
Chart 2.3: Income & Corporate Tax Collection	9
Chart 2.4: Tourist Arrivals	10
Chart 2.5: Quarterly Job Vacancies.....	10
Chart 2.6: Quarterly Trends in Cement Production (tonnes)	10
Chart 3.1: Annual inflation in Advanced Economies (%)	12
Chart 3.2: Annual inflation in Emerging Economies (%)	13
Chart 3.3: Annual Inflation in Developing Economies (%)	13
Chart 3.4: Inflationary Trends (%).....	13
Chart 3.5: Quarterly Changes in CPI (%)	13
Chart 4.1: Inflation and Liquidity (%)	17
Chart 4.2: Banks' Outstanding Credit (Annual growth, %)	17
Chart 4.3: Banks' Credit Adj. for Loan Securitised (y-o-y, %)	17
Chart 4.4: Sectoral Allocation of Annual Credit to the Private Sector	17
Chart 4.5: Deployment of Banks' Annual Flow of Funds	19
Chart 4.6: Sources of Banks' Annual Flow of Funds.....	19
Chart 4.7: New Advances Granted (Dec'10 –Jun'11)	19
Chart 4.8: Allocation of Annual Flow of Credit to the Private Sector by Borrower (Jun '09, '10)	19
Chart 4.9: The Yield Curve (%)	20
Chart 4.10: Spread between Real Savings and Lending Rates (%).....	20
Chart 4.11: Money Market Rate (Second Quarter 2010 and 2011)	20
Chart 4.12: Distribution of Government Securities.....	20
Chart 4.14: International Market Depreciation Rates (%).....	22
Chart 4.15: Quarterly Changes in Interbank Exchange Rates (%)	23
Chart 4.16: Quarterly Changes in Forex Bureaux Exchange Rates (%).....	23
Chart 4.17: Monthly Changes in Share Prices (%) Apr– Jun. 2011	24
Chart 6.1: Developments in Current Account (US\$' million)	31
Chart 6.2: Composition of Exports (US\$' million)	31
Chart 6.3: Destination of Exports (2009-2011).....	32
Chart 6.4: Developments in Merchandise Imports (US\$' million)	32
Chart 6.5: Non-Oil Import Classification (US\$' million)	32
Chart 6.6: Origin of Imports (% shares)	32
Chart 6.7: Gross International Reserves (US\$' million).....	34
Chart 7.1: Total External Debt (US\$' million).....	35
Chart 7.2: Composition of External Debt by Currency.....	35
Chart 8.1: RCBs Financial Indicators (Growth rates, %)	37
Chart 8.2: RCBs' Deposits and Outstanding Credit	37
Chart 8.3: RCBs Deposits and Outstanding Credit (GH¢' million)	37
Chart 8.4: Primary Reserves of Rural/Community Banks	38

Overview

Global economic recovery remained unbalanced during the second quarter of 2011 with faltering growths in the advanced countries while growth in emerging and developing countries continued to be strong.

The Ghanaian economy has however been relatively stable and growing steadily in spite of developments in the global economy. Real GDP is projected to grow at 14.4 per cent for 2011 while CPI inflation eased to 8.6 per cent at the end of June. Interest rates generally remained on a declining trend while performance on the stock market was vibrant throughout the first two quarters of the year. Driven by a vibrant exports sector, the external sector continued to be strong. Gross international reserves at the end of the second quarter was estimated at US\$4,764.9 million, enough to cover 3.7 months of imports of goods and services.

Real Sector Developments

Trends in key indicators also suggest that the domestic economy continued to show signs of growth during the second quarter of 2011. Indicators, such as income and corporate tax collections, workers contribution to SSNIT, cement production, vehicle registration and retail sales registered significant increases during the period.

Price Developments

Headline inflation declined to 8.6 per cent at the end of the second quarter of 2011 from 9.13 per cent at the end of the first quarter and 9.52 per cent in the second quarter of 2010. The decline in overall inflation was largely driven by subdued food prices, relative stability in the exchange rate market and diminishing second round effect of petroleum price adjustment effected during the first quarter. Food inflation declined from 4.70 per cent in the first quarter to 2.70 at the end of the second quarter of 2011, while the Non-Food inflation firmed up from 12.00 per cent to 12.44 per cent in the second quarter.

Fiscal Developments

Total revenue and grants amounted to GH¢2,804.2 million (4.9% of GDP) in the second quarter compared to the budget target of GH¢2,579.22 million. Total government expenditures also amounted to GH¢3,079.4 million (5.4% of GDP) against a target of GH¢3,385.91 million (6.0% of GDP). Consequently, the budgetary operations resulted in an overall deficit of GH¢75.8 million (0.1% of GDP), which was financed from a net foreign inflow of GH¢15.7 million and GH¢60.1 million from domestic sources. The fiscal deficit recorded in the review quarter compared favourably with the deficit of GH¢369.1 million (0.7% of GDP) recorded during the first quarter of 2011.

Monetary Aggregates and Credit Developments

Monetary developments during the second quarter of 2011 indicated a generally rising growth trend. Annual growth of broad money supply (M2+) at the end of June 2011 was 40.2 per cent compared with 36.0 per cent in the first quarter of 2011 and 25.8 per cent in the second quarter of 2010. The growth in M2+ was driven by 69.4 per cent increase in Net Foreign Assets and 23.0 per cent increase in Net Domestic Assets.

Outstanding credit to the private sector improved from 10.3 per cent during the first quarter to 18.2 per cent at the end of the second quarter of 2011. In real terms, the annual growth rate of banks' outstanding credit to the private sector increased from 1.1 per cent at the end of the first quarter to 8.8 per cent at the end of the second quarter of 2011.

Financial Markets

Interest rates generally declined during the second quarter of 2011 in line with declining inflation and inflationary expectations. The monetary policy rate was reduced by 50 basis points to 13.0 per cent in May 2011. Banks' lending rates also declined from 27.63 per cent at the end of December 2010 to 26.95 per cent at the end of June 2011. In the Treasury securities market, average interest rates on both the short-term (91-day, 182-day, 1-year) and medium-term instruments (2-year notes) continued to decline during the second quarter of 2011.

The performance of the stock market was positive in the second quarter of 2011. The GSE Composite All-Share index went up by 11.0 per cent (or 117.4 points) to 1,188.9 points compared to a growth of 7.9 per cent (or 442 points) in the second quarter of 2010.

On the domestic currency market, the Ghana cedi traded slightly mixed against the major currencies in both the inter-bank and forex bureaux markets during the second quarter. In the Interbank market, the Ghana cedi depreciated by 0.3 per cent against the US dollar but appreciated by 0.5 and 0.7 per cent against the euro and pound sterling respectively. In the forex bureaux market, however, the Ghana cedi appreciated by 0.7 per cent against the US dollar during the second quarter but depreciated by 1.3 and 0.2 per cent against the Euro and pound sterling respectively.

External Sector Developments

Provisional figures for Ghana's balance of payments at the end of the second quarter of 2011 indicate a surplus of US\$144.73 million, a turnaround from a deficit of US\$153.74 million in the first quarter. The value of goods exported grew by 61.6 per cent to an estimated value of US\$3,345.57 million compared with US\$2,070.13 million in the second quarter of 2010. The growth in exports was attributed to the emerging oil sector as well as increased values of the major export commodities. Total imports for the second quarter was provisionally estimated at US\$4,120.53 million, indicating a year-on-year growth of 51.3 per cent.

Gross international reserves improved by US\$84.92 million to a stock position of US\$4,764.93 million at the end of the second quarter of 2011. In terms of imports cover, this was equivalent to 3.7 months of imports of goods and services, the same level as at the end of December 2010.

External Debt

Ghana's total outstanding external debt stock at the end of the second quarter of 2011 stood at US\$7,082.64 million, up by 6.0 per cent from US\$6,681.87 million at the end of the first quarter of 2011.

1. Developments in the World Economy

Global economic growth decelerated in the first half of the year, reflecting prolonged uncertainties surrounding the European debt crisis and transitory factors such as high commodity prices and supply-chain disruptions following the natural disaster in Japan and policy indecision on the U.S. debt ceiling. Growth remained subdued in many advanced economies, but in most emerging and developing economies growth continued to be strong.

Table 1.1: World Economic Indicators

	Year-over-Year			
	2009	2010	Projections	
			2011	2012
World Output	-0.5	5.0	4.4	4.5
Advanced Economies	-3.4	3	2.4	2.6
Emerging and Developing Economies	2.7	7.3	6.5	6.5
World Trade Volume (goods and services)	-10.9	12.4	7.4	6.9
Commodity Prices				
Oil	-36.3	27.9	35.6	0.8
Nonfuel	-15.8	26.3	25.1	-4.3
Consumer prices				
Advanced Economies	0.1	1.6	2.2	1.7
Emerging and Developing Economies	5.2	6.2	6.9	5.3

Source: IMF

U.S. Economy

Economic activity in the U.S. in the first half of 2011 was weaker than previously estimated. GDP increased at an annual rate of 1.3 per cent in the second quarter, but the first-quarter growth rate was revised down sharply to 0.4 per cent from the earlier estimate of 1.9 per cent. Real GDP in the second quarter primarily reflected a deceleration in imports, an upturn in federal government spending, and an acceleration in nonresidential fixed investment that were partly offset by a sharp deceleration in personal consumption expenditures, which slowed steadily from a peak of 3.5 per cent in the December 2010 to 0.1 per cent in June 2011.

The jobless rate in the U.S. inched up by 0.1 percentage point to 9.2 per cent in June, raising concerns that the U.S. economy was slowing, adding to problems posed by high gas prices and the continuing weakness of the housing market.

European Economies

Recovery in the euro area in the first half was not strong as expected and is projected to weaken significantly in the coming quarters. GDP growth was estimated to be 0.4 per cent in the second quarter compared with 0.8 per cent in the first quarter. The main factor accounting for the slowdown was downturn in business expectations which had been on the decline for five consecutive months. Germany and France led economic growth in the Eurozone as booming exports fuelled domestic spending during the half year, offsetting the turmoil sparked by sovereign debt woes in Greece, Ireland and Portugal. GDP in the U.K. increased by 0.2 per cent in the second quarter of 2011, following positive growth of 0.5 per cent in the previous quarter. Productivity in manufacturing, mining and quarrying and energy sectors declined in comparison with the first quarter.

The EU27 unemployment rate was 9.4 per cent in June 2011, compared with 9.7 per cent in June 2010. UK unemployment, however, has remained at 7.7 per cent since February from 7.9 per cent in December 2010.

Asian Economies

Growth momentum in Asia continued to be strong in 2011, driven largely by robust domestic and external demand but this was moderated in the second quarter due to headwinds from high oil prices and supply disruptions arising from Japan's earthquake. Prospects for sustained growth however remain good.

China posted a strong GDP growth of 9.7 per cent year-on-year in the first quarter of 2011 but growth slowed to 9.5 per cent in the second quarter after the government stepped up its battle against inflation. Prospects of slowing growth in China have raised worries about the dampening effect it might have on global growth.

Production and consumer spending in Japan were hit by the March earthquake and tsunami. As a result, Japan's first-quarter GDP was down by 0.9 per cent after shrinking by 0.8 per cent in the previous quarter, thereby slipping into recession. Prospects for economic recovery in Japan are good as reconstruction efforts begin to induce a steady pick-up in economic activity.

China's urban unemployment rate was 4.1 per cent in the first quarter, staying within the 4.2 per cent average unemployment rate between 2002 and 2010, but Japan's unemployment rate rose to 4.6 per cent in June from 4.5 per cent in May, after declining from 4.9 per cent in December 2010. The latest rise was attributed to the negative impact of the March 2011 disasters on the nation's labour market.

Latin America

Many economies in Latin America showed signs of overheating, as pace of growth increased. Driven by demand pressures, high commodity prices and abundant global liquidity, Latin America was forecasted to expand by 4.7 per cent in 2011, according to the IMF. Brazil's economy however expanded by 1.3 per cent in the first quarter compared to a revised fourth quarter growth of 0.8 per cent.

Africa

Africa's economic recovery showed good progress, despite some variations among countries. Specifically, South Africa experienced a steady pace of growth in the first half of 2011. Manufacturing output rose considerably over the period, led by higher production of petroleum and chemical products. In contrast, output in the North Africa sub-region decelerated, reflecting disruptions in economic activity caused by the political unrest, a decline in tourism and lower investment levels.

Monetary Policy Stance and Interest Rates

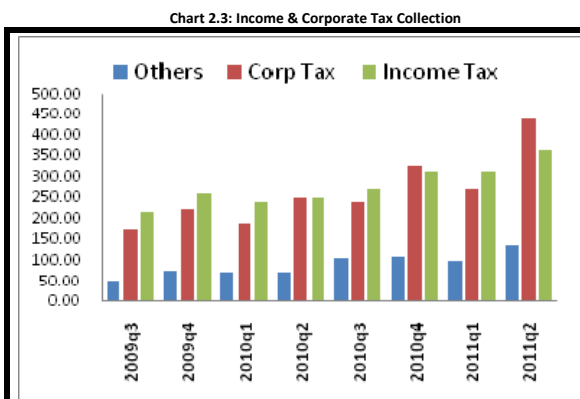
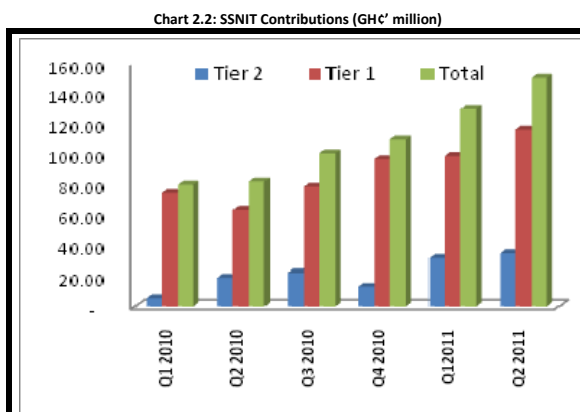
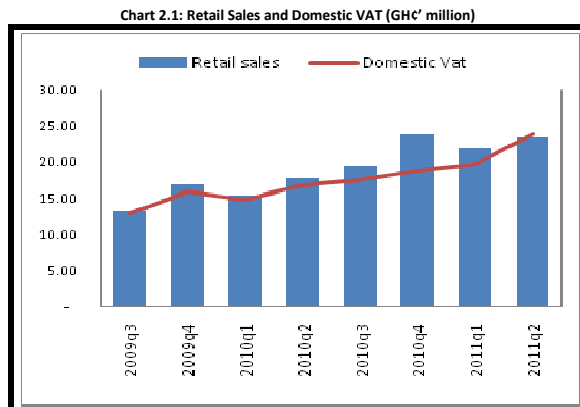
Global interest rates in the first half of the year were characterized by inaction for most central banks, tightening by some, with a few outliers reducing interest rates. Much of the policy tightening went on in emerging markets where inflation pushed above targets due to rising global commodity prices and strong economic growth and activity levels. While policy makers in Asia and Latin America raised borrowing costs to dampen price pressures, rates remained near record lows in the world's largest developed economies. Central banks in the U.S., U.K. and Japan signalled their intention to keep that stimulus in place for some time, with only the European Central Bank moving to gradually tighten credit as inflation risks increased.

Developments in Major Capital Markets

Global equity markets extended gains made during the fourth-quarter of 2010 to early 2011, supported by generally better-than-expected corporate earnings and well-received peripheral European government bond auctions. However, political unrest in North Africa and the Middle East, and European sovereign debt downgrades as well as the fallout from the Japanese earthquake and tsunami unsettled markets and drove down global equity market indices. Equity markets made a strong start to the second quarter, as merger activity and a generally better-than-expected earnings buoyed investors' hopes for global growth. These gains were reversed in May on concerns of deterioration of Greece's sovereign debt situation, as the Greek parliament approved more austerity measures to receive additional bailout funds from the EU and the IMF.

2. Real Sector Developments

Trends in selected indicators of economic activity suggested that economic activity scaled-up during the second quarter of 2011. Consumer spending, manufacturing activity, construction sector activity and tourist arrivals all improved markedly during the review period.



2.1 Indicators of Economic Activity

2.1.1 Consumer Spending

Consumer spending, measured by retail sales and domestic VAT collections, indicated improvement during the second quarter of 2011. Aggregate retail sales of GHC23.5 million during the second quarter reflected

7.30 per cent increase over the outturn for the first quarter of 2011. This performance was against the backdrop of a 30 per cent upward adjustment in petroleum prices during the first quarter of the year. The expectation was that the increase would bring about a slowdown in economic activity. However, the price effect of that adjustment was dissipated quickly in the economy and by the beginning of the second quarter, it had been fully absorbed with diminished impact on the economy.

Domestic VAT collections also saw a significant growth of 21.7 per cent over the GHC196.7 million recorded in the first quarter of 2011.

2.1.2 Production/Incomes

Manufacturing sector activity as proxied by income and corporate tax collections also picked up in the second quarter. Aggregate income and corporate tax collections surged by 37.84 per cent to GHC939.27 million from an outturn of GHC681.43 million collected during the first quarter of 2011. In terms of the relative contributions of the various sub-sectors, corporate tax collections accounted for 39.0 per cent, P.A.Y.E (47.0%) whilst the category classified as "Others" contributed 14 per cent.

Aggregate workers' contribution to the SSNIT Scheme in the second quarter of 2011 also registered an increase of 15.84 per cent over the level recorded in the first quarter of 2011. Both tier-one and tier-two contributed positively to the growth in total workers' contributions. There was 17.64 and 10.14 per cent improvement in tier-one and tier-two contributions respectively during the review period.

Construction Activities

Activity in the construction sector, proxied by cement production declined in the second quarter. Cement production declined by 0.94 per cent to 714,168 tonnes in the second quarter of 2011 from 720,976 tonnes produced during the first quarter of 2011.

Chart 2.4: Tourist Arrivals

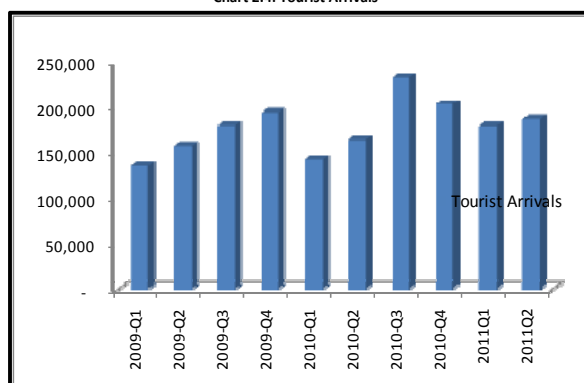


Chart 2.5: Quarterly Job Vacancies

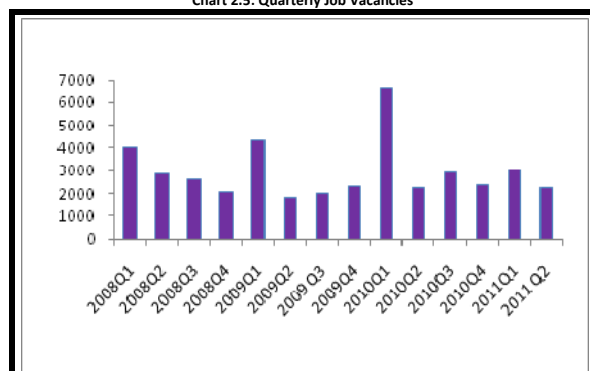
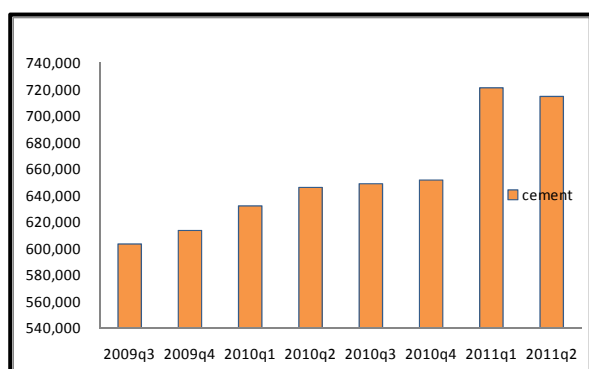


Chart 2.6: Quarterly Trends in Cement Production (tonnes)



The decline in cement production during the second quarter was attributed to supply constraints driven by the power outages and the renovation of the Lome Port which impacted adversely on production for Ghacem and Diamond Cement in the month of May.

International Tourists Arrivals

International Tourist arrivals went up by 4.1 per cent to 187,228 during the second quarter of 2011.

2.2 Labour Market Conditions

The second quarter of the year recorded a slowdown in labour market activities as reflected in decline in advertised job vacancies. A total of 2,262 job vacancies

were advertised in the “Daily Graphic” during the second quarter, representing a decline of 26.1 per cent over that of the first quarter of 2011 but shows an improvement of 1.8 per cent over the situation a year ago. The downward trend observed in job advertisements during the second quarter, was consistent with the observed cycle in job vacancy announcement, which usually peaks in the first quarter. During the second quarter of 2010 advertised job vacancies declined by over 66 per cent from the preceding quarter.

Sectoral analysis of advertised job vacancies during the review period showed that the services sector was the biggest absorber of labour. Of the total job vacancies for the second quarter, 79.6 per cent emanated from the services sector. The sub-sectors that made significant contributions within the services sector were education (20.9%), wholesale & retail (9.6%), finance, insurance & real estate (8.7%), restaurants & hotels (7.7%) and ‘others’ (20.8%).

The share of the industrial sector in job vacancy advertisements during the second quarter was 16.49 per cent. The mining and quarrying subsector offered 37.3 per cent of the advertised job vacancies followed by manufacturing (34.3%), construction (27.6%), and the electricity sub-sector with less than 1.0 per cent. Absorption of labour into the Agricultural sector recorded an increase of 169 per cent over the previous quarter and constituted 3.93 per cent of total jobs advertised during the second quarter.

2.2.1 Job Vacancies by Skills

Further breakdown by skill indicates that skilled labour (defined as people with tertiary level education) was the most sought-after category of workers with a share of 59.3 per cent. The contributions of the other skills were: ‘sales and other service workers’ (24.1%), ‘artisans and machine operators’ (7.3%), ‘secretarial and clericals (3.2%)’, and ‘others’ (0.2%).

2.2.2 Redundancies

A total of 317 employees were laid off during the second quarter of 2011, representing a drop of 65.2 per cent compared to the first quarter. The month of May registered the highest number of job losses during the quarter with 176 people being made redundant. The reasons assigned for the redundancies

included restructuring, financial difficulties and slowdown in some business activities.

2.3 Economic Outlook

Prospects for the macroeconomy and economic growth still remain positive as most indicators of selected real sector activity continued to trend-upwards during the second quarter of 2011. With the reduction in the policy rate by 50 basis points each in May and July 2011 to

12.50 per cent and the continued decline in headline inflation, the indications are that the continued existence of strong macroeconomic fundamentals will reinforce and provide further boost to growth in the second half of the year.

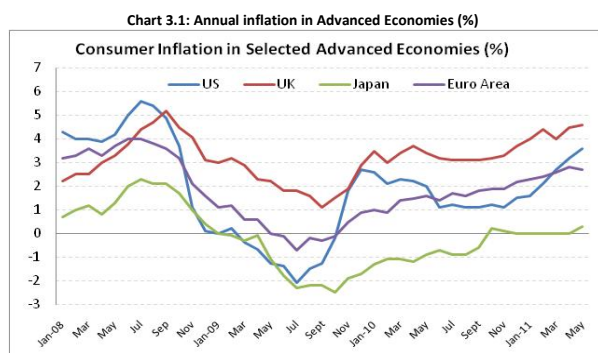
Table 2.1: Quarterly Job Advertisements: 2005Q1 – 2011Q2

Quarters	Agric	Industry	Services	TOTAL	Quarterly Changes
2005Q1	17	448	1884	2349	
2005Q2	7	362	1301	1670	-28.91
2005Q3	13	231	1749	2014	20.60
2005Q4	19	246	1773	2042	1.39
2006Q1	14	316	2328	2658	30.17
2006Q2	19	365	1475	1859	-30.06
2006Q3	15	285	1971	2271	22.16
2006Q4	39	312	1468	1819	-19.90
2007Q1	23	264	1237	1524	-16.22
2007Q2	12	249	1756	2017	32.35
2007Q3	27	346	2066	2439	20.92
2007Q4	45	357	2176	2578	5.70
2008Q1	40	337	3640	4017	55.82
2008Q2	33	373	2441	2847	-29.13
2008Q3	31	647	1956	2634	-7.48
2008Q4	14	236	1828	2078	-21.11
2009Q1	11	128	4167	4306	107.22
2009Q2	21	230	1562	1813	-57.90
2009Q3	23	234	1748	2005	10.59
2009Q4	20	725	1578	2323	15.86
2010Q1	15	316	6243	6574	183.00
2010Q2	7	229	1987	2223	-66.18
2010Q3	35	409	2459	2903	30.59
2010Q4	9	431	1923	2363	-18.60
2011Q1	33	417	2611	3061	29.54
2011 Q2	89	373	1800	2262	-26.10

3. Price Developments

3.1 Global Inflation

Global headline inflation picked-up in the second quarter of 2011, on the back of larger than-expected increases in commodity prices. Core inflation crept up across a number of economies. In the advanced economies, headline inflation rates increased in the fourth quarter of 2010 and have continued to do so in the first and second quarters of 2011, on account of high oil and non-oil commodity prices.



In the **OECD area**, consumer prices rose by 3.2 per cent on annual basis in June 2011, compared with 1.9 per cent recorded in the fourth quarter of 2010 and 1.5 per cent in the second quarter of 2011. Energy and food prices continued to drive inflation, recording 3.9 per cent and 14.2 per cent respectively in June compared with 0.6 per cent and 4.7 per cent in the second quarter of 2011. Excluding food and energy, consumer prices rose by 1.7 per cent in June, slightly up from 1.3 per cent a year ago, the highest rate since July 2009.

In the **United States**, annual CPI inflation rose to 3.6 per cent in the second quarter of 2011 from 1.5 per cent in the fourth quarter of 2010 and 1.1 per cent a year ago. The increase mainly reflected a further acceleration in the energy index to 20.1 per cent, a level not seen since early 2010, and to a lesser extent also in food prices (to 3.7%). Excluding food and energy, annual CPI inflation was still fairly stable at 1.6 per cent at the end of the second quarter of 2011. Looking ahead, the upward pressure from energy and food prices on headline CPI may start to ease, while the small but ongoing rise in core inflation suggests that the pass-through of costs will continue to push up prices as the economic recovery strengthens.

With regard to the **Euro area**, annual HICP inflation was 2.7 per cent at the end of the second quarter of 2011, according to Euro Stat's flash estimate, compared with

2.2 per cent recorded for the fourth quarter of 2010 and 1.5 per cent a year earlier. Among the major components that contributed to the rising CPI were fuels for transport (12.8%) and heating oil (19%) which increased due to the high crude oil prices. In the next few months, HICP inflation rates will hover around current levels before moderating again to end the year.

Annual CPI inflation in the **United Kingdom** has remained elevated in the first two quarters of 2011, increasing from 3.7 per cent at the end of the second quarter of 2010 to the two-and-a-half year peak of 4.5 per cent in April before slowing down to end the second quarter of 2011 at 4.2 per cent. This mainly reflected the continued strong import price growth, higher commodity prices and the increase in the rate of VAT in January 2011. Looking ahead, gradual fading of these factors, as well as the existence of large spare capacity, are expected to contribute to a dampening of inflationary pressures.

In Japan, annual CPI inflation rose to 0.2 per cent in the second quarter, after remaining flat since the fourth quarter of 2010 partly driven by commodity price developments in recent months. Japan is expected to shift away from deflation in the outlook as a result of initial supply disruptions and elevated energy and food costs.

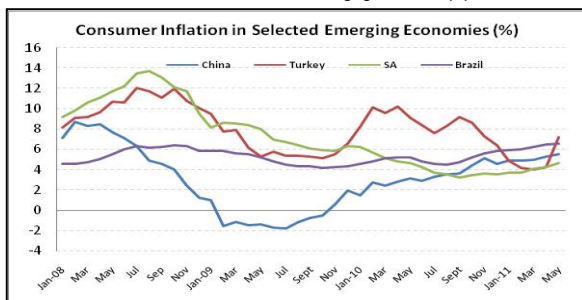
In emerging and developing economies, inflation pressures have become increasingly broad-based, reflecting a higher share of food and fuel consumption as well as accelerating demand pressure.

China's annual inflation rate hit a three-year high of 6.4 per cent at the end of the second quarter of 2011, exceeding the annual inflation target of 4.0 per cent, owing to rising food prices and abundant domestic liquidity. Food prices, which account for nearly one third

of the basket of goods in the nation's CPI calculation, accelerated to 14.4 per cent over the same period.

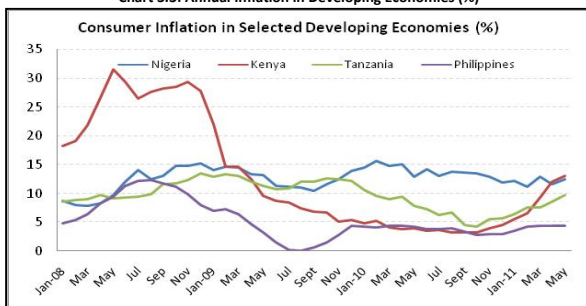
Inflationary pressures continued to rise in **Brazil** as annual inflation reached one of the highest levels in six years at 6.6 per cent in the second quarter of 2011. Rising commodity prices, especially grains and oil, coupled with high demand for credit in Brazil kept inflation pressures high. Inflationary pressures are expected to continue in the coming months as economic activity remains strong in the short term.

Chart 3.2: Annual inflation in Emerging Economies (%)



In developing economies, inflationary pressures which remained subdued in the fourth quarter of 2010 began to pick up in the first and second quarters of 2011. In **Kenya**, the combination of a weak shilling, high food and fuel prices pushed annual inflation to a 19-month high of 14.5 per cent in the review period, having recorded 3.5 per cent in the same period of 2010. **Nigeria's** inflation rose to 10.2 per cent in the second quarter of 2011 after three consecutive interest rate increases brought it into line with the end year target of 10 per cent in the early part of second quarter.

Chart 3.3: Annual Inflation in Developing Economies (%)



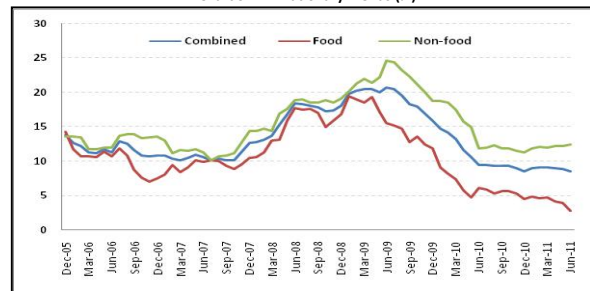
3.2 Domestic Inflation

In the domestic market, inflationary pressures continued to slow down in the second quarter of 2011 as the effects of the 30 per cent petroleum price adjustment in the beginning of the year eased and the exchange rate continued to be stable. Annual inflation jumped from 8.6 per cent in the last quarter of 2010 to

9.1 per cent at the end of the first quarter, amid full pass through of the petroleum price hike, before declining steadily to end the second quarter at 8.6 per cent.

Whilst Food inflation has been declining steadily in the first and second quarters of 2011, the non-food inflation remained sticky around 12.0 per cent over the same period. Food inflation ended the second quarter of 2011 at 2.8 per cent, down from 4.7 per cent at the end of the preceding quarter and 6.1 per cent a year earlier. The Non-Food inflation, on the other hand, recorded marginal increases from 11.2 per cent at the end of the fourth quarter of 2010 to 12.0 per cent in the first quarter of 2011 and further up to 12.4 per cent in the second quarter. The developments in the non-food inflation may be due to the 30 per cent domestic petroleum price adjustment in the beginning of the year.

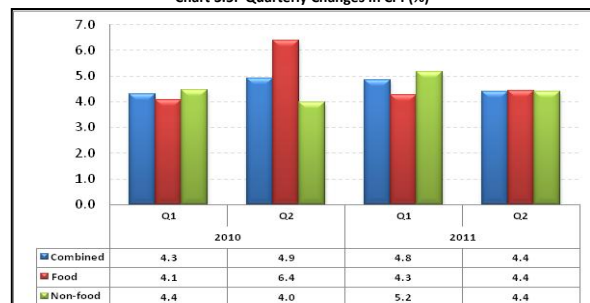
Chart 3.4: Inflationary Trends (%)



3.3 Quarterly Changes in Inflation

During the second quarter of the year, overall consumer prices increased by 4.4 per cent. This was lower than the 4.8 per cent and 4.9 per cent reported in the preceding quarter and a year ago respectively.

Chart 3.5: Quarterly Changes in CPI (%)



3.4 Inflation by Group

Compared with the first and second quarters of 2010, the developments in the sub-groups in the consumer basket showed subdued inflationary pressures in most of the sub-groups. While Transport, Miscellaneous goods and services, Housing and Utilities, Health and

Education sub groups collectively led in driving up overall inflation, the remaining sub groups recorded lower inflation.

In the Food group, Sugar, Jam, Chocolate, etc, recorded the highest inflation of 14.2 per cent at the end of the second quarter of 2011, down from the 29.0 per cent a year earlier. This was followed by Oil and fats, 13.8 per cent (8.5% in the same period of 2010); Coffee, tea and cocoa, 12.0 per cent (14.7% in the same period of 2010); Fruit, 11.9 per cent (6.5% in the same period of 2010); and Milk, cheese and eggs, 10.1 per cent (14.0% in the same period of 2010). In spite of the rising international cereal prices, Bread and Cereal inflation remained unchanged whilst vegetables including potatoes and tuber as well as food products declined by 0.8 per cent and 1.6 per cent respectively during the second quarter of 2011.

In the Non-Food group, Transport recorded the highest inflation of 23.4 per cent at the end of the second quarter of 2011, up from 10.7 per cent a year earlier. This was followed by Miscellaneous, 17.4 per cent (3.0% in the same period of 2010); Housing, water, electricity, gas and fuels, 14.8 per cent (4.9% in the same period of 2010); Clothing and footwear, 13.2 per cent (13.7% in the same period of 2010); and Alcoholic Beverages, Tobacco, etc., 12.4 per cent (21.5% in the same period of 2010).

However, the Education sub-group recorded inflation of 2.6 per cent during the second quarter of 2011, compared with 1.1 per cent observed in the same period of 2010, whilst the communications group remained flat.

3.4 Contributions to Changes in CPI

In the analysis on contributions¹ to changes in consumer prices, the Food and Beverages group contributed 16.9 per cent towards the overall inflation at the end of the second quarter of 2011, down from 27 per cent recorded a year earlier. The Non-Food group accounted for the remaining 83.1 per cent, up from the 73.0 per cent recorded a year ago. The significance of the Non-Food inflation thus increased in the review period.

¹ It measures the effective contribution of each sub group in the CPI basket to the overall inflation by taking into account the price change and the weight of the sub group in the CPI basket.

In the Food group, the Meat sub-group contributed the highest upwards movements towards overall inflation outturn for the second quarter of 2011 with a contribution of 4.3 per cent. This compares with a higher contribution of 5.7 per cent over the same period of 2010. Other major contributors within the Food group include Oil and fats, 4.0 per cent (1.8% in the same period of 2010); Fruit, 2.9 per cent (1.0% in the same period of 2010); and Milk, cheese and eggs, 2.1 per cent (2.1% in the same period of 2010). Vegetables including potatoes and other tubers as well as the food products recorded the least contribution of negative 0.2 per cent and 1.2 per cent towards the upward movements in consumer prices in the review period.

Within the Non-Food group, the Clothing and Footwear sub-group accounted for 17.3 per cent of the upward movements in the overall inflation in the second quarter of 2011. Other significant contributors in the Non-Food group include: Transport, 16.8 per cent (9.3% in the same period of 2010); Housing, water, electricity, gas and fuels, 11.9 per cent (3.9% in the same period of 2010); Furnishing, Household Equipment and Routine maintenance, 10.9 per cent (13.3% in the same period of 2010) and Hotels, Cafés and Restaurants, 10.8 per cent (16% in the same period of 2010).

The contribution of Communications to the outturn of overall inflation in the review period remained unchanged.

3.6 Outlook for Inflation

Price developments over the second quarter of 2011 suggest diminishing inflation expectations following the rise in inflation in January after increases in the domestic petroleum prices. The threats to inflation have diminished due to better domestic production of food and weak second round effects of the petroleum price adjustment.

Assessing the outlook for inflation, our current baseline forecasts for the next 12-months suggest that inflation will remain close to 9 per cent on a year-on-year basis. This will be driven by a sustained and stable macroeconomic environment, anchored on a sound monetary and fiscal policy framework. While uncertainties still exist in the outlook, especially in the movement of crude oil prices, it is also important to strengthen expenditure management to sustain the desired inflation profile.

Table 3.1: Headline and Quarterly Changes in CPI (%)

	Headline Inflation (yr-on-yr changes)			Monthly Changes in CPI (%)		
	Combined	Food	Non-food	Combined	Food	Non-food
Jan-10	14.78	9.08	18.79	1.59	1.30	1.78
Feb	14.23	8.17	18.54	1.51	1.60	1.45
Mar	13.32	7.35	17.55	1.14	1.11	1.16
Apr	11.66	5.81	15.82	1.41	1.72	1.21
May	10.68	4.69	14.98	1.87	2.25	1.62
Jun	9.52	6.13	11.89	1.57	2.27	1.10
Jul	9.46	5.84	11.96	0.82	0.20	1.23
Aug	9.44	5.33	12.25	-0.71	-1.81	0.01
Sep	9.38	5.67	11.84	-1.51	-3.30	-0.36
Oct	9.38	5.62	11.82	-0.95	-2.22	-0.16
Nov	9.08	5.32	11.50	0.47	0.46	0.48
Dec	8.58	4.50	11.22	1.13	1.02	1.20
Jan-11	9.08	4.84	11.82	2.06	1.63	2.32
Feb	9.16	4.59	12.12	1.59	1.36	1.73
Mar	9.13	4.70	12.00	1.11	1.21	1.04
Apr	9.02	4.18	12.16	1.31	1.22	1.36
May	8.90	3.93	12.15	1.76	2.01	1.61
Jun	8.59	2.78	12.44	1.28	1.13	1.36

Table 3.2: Inflation by Sub-groups: Year-on-Year Changes in CPI (%): 2010 – 2011

Food Group	Weight	Q2 -10	Q1-11	Q2-11	Non-Food Group	Weight	Q2 -10	Q1-11	Q2-11
Sugar, Jam Chocolate etc.	1.17	29.0	17.2	14.2	Transport	6.21	10.7	21.3	23.4
Oils & Fats	2.48	8.5	9.9	13.8	Miscellaneous gds & Serv.	2.99	3.0	14.2	17.4
Coffee,tea & cocoa	0.69	14.7	8.9	12.0	Housing, Water, Elect, Gas & Fuels	6.98	4.9	15.5	14.8
Fruit	2.12	6.5	12.2	11.9	Clothing and footwear	11.29	13.7	11.9	13.2
Milk,Cheese & Eggs	1.69	14.0	7.8	10.7	Alcoholic Beverages, Tobacco	2.23	21.5	17.5	12.4
Meat	4.07	16.3	7.0	9.1	Furnish., H/H Equipt, & Rout Maint.	7.83	16.6	10.2	12.0
Mineral water, soft drinks & juices	0.95	24.9	20.1	4.7	Hotels, Cafes & Resturants	8.28	20.5	9.8	11.2
Fish	10.24	4.3	6.2	1.3	Health	4.33	-2.6	7.3	7.3
Bread and Cereal	7.97	3.3	-1.7	0.0	Recreation & Culture	3.04	18.3	5.9	6.0
Vegetables Incl. potatoes & tuber	12.46	2.3	2.6	-0.8	Education	1.6	1.1	2.4	2.6
Food products	1.06	15.0	1.7	-1.6	Communications	0.31	-4.5	0.0	0.0

Table 3.3: Contributions of Sub-groups to the Change in Consumer Prices (Averages)

Food Group	Weight	Q2 -10	Q1-11	Q2-11	Non-Food Group	Weight	Q2 -10	Q1-11	Q2-11
Meat	4.07	5.7	3.2	4.3	Clothing and footwear	11.29	15.8	15.0	17.3
Oils & Fats	2.48	1.8	2.8	4.0	Transport	6.21	9.3	14.8	16.8
Fruit	2.12	1.0	2.9	2.9	Housing, Water, Elect, Gas & Fuels	6.98	3.9	12.2	11.9
Milk,Cheese & Eggs	1.69	2.1	1.5	2.1	Furnish, H/H Equipt, & Rout. Maint.	7.83	13.3	8.9	10.9
Sugar, Jam Chocolate etc.	1.17	3.6	2.3	1.9	Hotels, Cafes & Resturants	8.28	16.0	9.1	10.8
Fish	10.24	4.7	7.1	1.6	Miscellaneous gds & Serv.	2.99	1.3	4.8	6.0
Coffee,tea & cocoa	0.69	0.9	0.7	1.0	Health	4.33	1.2	3.5	3.7
Mineral water, soft drks & juices	0.95	2.0	2.1	0.5	Alcoholic Beverages, Tobacco	2.23	4.1	4.4	3.2
Bread and Cereal	7.97	3.5	-1.6	0.0	Recreation & Culture	3.04	8.0	2.0	2.1
Food products	1.06	2.6	0.2	-0.2	Education	1.6	0.2	0.4	0.5
Vegetables Incl. potatoes & tuber	12.46	-0.9	3.6	-1.2	Communications	0.31	-0.1	0.0	0.0
Total	44.9	26.9	24.77	16.94	Total	55.1	73.1	75.23	83.08

4. Money and Financial Markets

Monetary developments during the second quarter of 2011 indicated a generally rising trend in the annual growth rate of all aggregates. Available data for broad money supply including foreign currency deposits (M2+) showed that the growth rate continued to strengthen in the second quarter of 2011.

4.1 Broad Money Supply

Estimates at the end of the second quarter of 2011, indicated that M2+ had risen to GH¢15,202.1 million, indicating a year-on-year growth of GH¢4,356.2 million (40.2%) from GH¢3,451.7 million (33.8%) recorded at the end of 2010 and GH¢3,796.2 million (36.0%) in the previous quarter. This may be compared with GH¢2,225 million (25.8%) a year ago. A strong growth in M2 with some support from foreign currency deposits accounted for the developments in M2+ during first half of 2011. The most liquid component, narrow money (M1) made up of currency outside banks (GH¢944.5 million or 51.3%) and demand deposits (GH¢1,400.6 million or 56.6%), rose by GH¢2,345.1 million (54.3%) while foreign currency deposits firmed up by GH¢1,264.2 million (52.6%) at the end of the second quarter of 2011.

4.2 Sources of Change in M2+

The Net Foreign Assets (NFA) of the banking system was the main source of change in M2+ during the second quarter of 2011, with some support from the Net Domestic Assets (NDA). The NFA grew by GH¢2,782.6 million (69.4%) while the NDA went up by GH¢1,573.6 million (23%). The Bank of Ghana (GH¢1,955.1 million or 55.4%) and the commercial banks (GH¢827.5 million or 172.7%) accounted for the growth in the NFA during the second quarter.

The NDA increased by GH¢1,573.6 million (23.0%) mainly on account of claims on the private sector (GH¢801.1 million or 13.0%), net claims on Government (GH¢217.4 million or 5.6%) and an improvement in Other Items Net (OIN) of GH¢988.5 million (23.8%). However, the increase in NDA was moderated by claims on the public sector which went down by GH¢433.4 million (45.2%), mainly on account of government's takeover of some loans securitized by the commercial banks.

Table 4.1: Monetary Indicators (GH¢' million)

	Levels			Variations (year-on-year)							
	Jun-09	Jun-10	Jun-11	As at end-Dec 2009		As at end-Jun 2010		As at end-Dec 2010		As at end-Jun 2011	
				abs	per cent	abs	per cent	abs	per cent	abs	per cent
Reserve Money	2,066.0	2,782.6	4,243.4	606.7	24.9	716.6	34.7	1,370.0	45.1	1,460.8	52.5
Narrow Money (M1)	3,456.4	4,315.9	6,661.0	346.0	9.1	859.5	24.9	2,254.1	54.3	2,345.1	54.3
Broad Money (M2)	6,257.0	8,440.5	11,532.5	1,305.6	20.9	2,183.5	34.9	3,385.1	44.8	3,092.0	36.6
Broad Money (M2+)	8,620.9	10,845.9	15,202.1	2,150.1	26.7	2,225.0	25.8	3,451.7	33.8	4,356.2	40.2
 Currency with the Public	1,399.0	1,841.8	2,786.3	418.5	25.2	442.8	31.6	844.8	40.6	944.5	51.3
 Demand Deposits	2,057.3	2,474.1	3,874.7	-72.5	-3.4	416.8	20.3	1,409.3	68.2	1,400.6	56.6
 Savings & Time Deposits	2,800.6	4,124.6	4,871.5	959.6	39.3	1,324.0	47.3	1,131.0	33.2	746.9	18.1
 Foreign Currency Deposits	2,363.9	2,405.4	3,669.6	844.5	46.5	41.5	1.8	66.6	2.5	1,264.2	52.6
Sources of M2+											
Net Foreign Assets (NFA)	1,954.5	4,009.3	6,791.9	1,752.9	80.3	2,054.8	105.1	1,818.9	46.2	2,782.6	69.4
BOG	1,466.7	3,530.1	5,485.2	1,343.7	69.7	2,063.4	140.7	1,969.9	60.2	1,955.1	55.4
DMBs	487.8	479.2	1,306.7	409.2	160.6	-8.6	-1.8	-151.0	-22.7	827.5	172.7
Net Domestic Assets	6,666.4	6,836.6	8,410.2	397.2	6.8	170.1	2.6	1,632.8	26.0	1,573.6	23.0
 Claims on Government (net)	2,843.8	3,872.2	4,089.6	1,278.0	53.3	1,028.4	36.2	573.0	15.6	217.4	5.6
BOG	1,894.2	1,256.5	588.9	-58.4	-4.0	-637.7	-33.7	-18.4	-1.3	-667.6	-53.1
DMBs	949.6	2,615.7	3,500.7	1,336.4	140.7	1,666.1	175.5	591.4	25.9	885.0	33.8
 Claims on Public Sector	998.0	958.3	524.8	187.3	20.1	-39.7	-4.0	43.2	3.9	-433.4	-45.2
BOG	-24.7	87.2	24.1	94.6	-106.2	111.9	-452.4	18.6	338.2	-63.1	-72.4
DMBs	1,022.7	871.1	500.7	92.7	9.1	-151.6	-14.8	24.6	2.2	-370.3	-42.5
 Claims on Private Sector	4,860.6	6,164.0	6,965.1	832.2	17.0	1,303.3	26.8	801.8	14.0	801.1	13.0
BOG	-23.7	-43.4	-255.5	-49.6	-1,805.4	-19.7	82.9	-208.6	444.9	-212.1	488.7
DMBs	4,884.3	6,207.4	7,220.6	881.8	18.1	1,323.0	27.1	1,010.4	17.5	1,013.2	16.3
 Other Items (Net) (OIN)	-2,036.0	-4,157.9	-3,169.3	-1,900.3	81.2	-2,121.9	104.2	214.8	-5.1	988.5	-23.8
o/w BOG OMO (Sterilisation)	-105.0	-662.5	-975.5	-521.6	607.9	-557.5	530.9	-327.7	54.0	-313.0	47.3

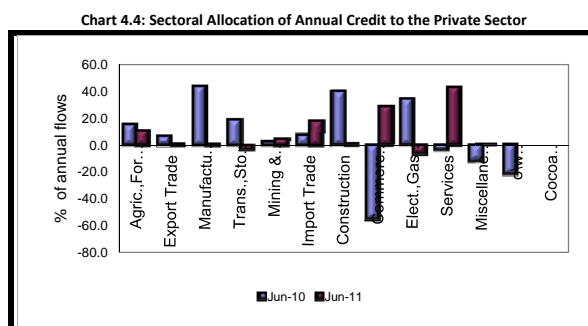
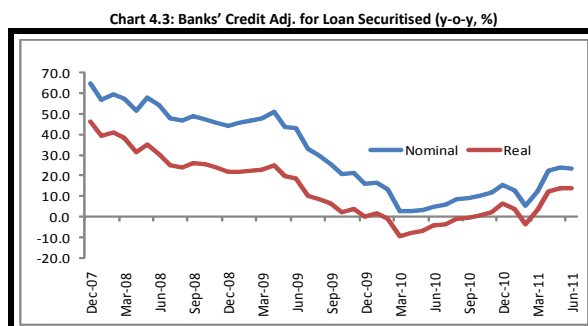
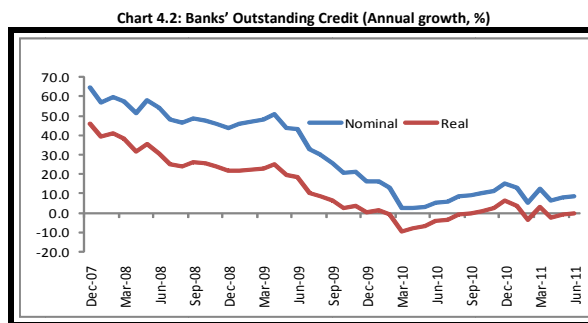
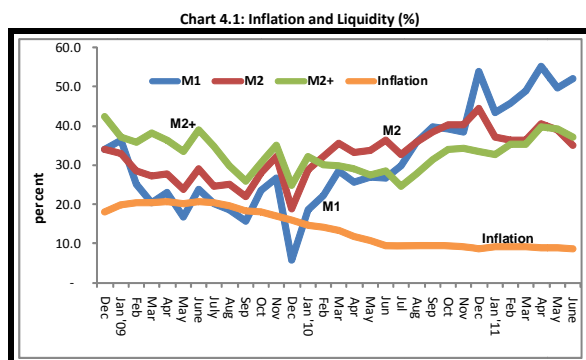
4.3 Developments in Banks' Outstanding Credit

The downward trend of the annual growth rate of banks' outstanding credit to public and private institutions since the beginning of 2011 recovered in the second quarter. The rate of growth was however below the levels achieved at the end of the fourth quarter of 2010.

The growth rate of banks' outstanding credit to public and private sector declined year-on-year from GH¢842.6 million (12.5%) in the first quarter of 2011 to GH¢614.3 million (8.6%) at the end of June 2011, but was substantially higher than the GH¢343.6 million (5.1%) registered in June 2010 and lower than the GH¢1,066 million (15.4%) at the end of 2010. Banks' outstanding credit to public and private institutions stood at GH¢7,753.1 million at the end of June 2011.

In real terms, the annual growth rate of banks' outstanding credit during the review quarter dropped from an increase of 6.3 per cent to an increase of 3.1 per cent at the end of the second quarter of 2011, compared with a decline of 4.1 per cent a year ago. The share of the private sector in banks' outstanding credit went up from 85.5 per cent at the end of the preceding quarter to 93.1 per cent during the second quarter of 2011. New loans granted at the end of June 2011 accounted for 7.7 per cent of the total outstanding loans, compared with 6.5 per cent and 12.5 per cent at the end of 2010 and the first quarter of 2011 respectively.

Bank loans totalling GH¢1,069.5 million were securitized in March and April, leading to a decline in the level of banks' outstanding loans. Banks' outstanding credit to public and private institutions would therefore show a faster growth than the current levels, if the securitised loans were restored.



4.3.1 Distribution of Outstanding Credit to the Private Sector

The annual growth rate of outstanding credit to the private sector indicated a recovery trend during the second quarter of 2011. The growth rate increased from GH¢608.9 million (10.3%) in the first quarter to GH¢1,111.6 million (18.2%) at the end of June 2011. This was higher than the increase of GH¢467.0 million (8.3%) recorded a year ago but lower than the GH¢1,122.7 million (19.9%) achieved at the end of December 2010. The outstanding credit to the private sector stood at GH¢7,220.6 million at the end of June 2011.

In real terms, the annual growth rate of outstanding credit to the private sector increased from 1.1 per cent at the end of the first quarter of 2011 to 8.8 per cent at the end of the second quarter of 2011. This may be compared with 3.8 per cent and 10.4 per cent growths registered in June and December 2010 respectively.

With the exception of Electricity, Gas & Water and Transport, Storage & Communication, all other sectors registered increases in the flow of credit during the

second quarter. The dominant beneficiaries were Services (43.1%), Commerce & Finance (29.0%), Import Trade (18.0%) and Agriculture, Forestry & Fishing (11.0%) sectors. Together, the four sectors accounted for 91.1 per cent of the annual flow of credit to the private sector in the second quarter of 2011.

In terms of holder of credit, all sectors registered increases in the growth rate of annual flow of credit during the review quarter. The Indigenous Enterprises sector accounted for 20.3 per cent and Foreign Enterprise was 18.9 per cent of the growth rate of annual flow of credit.

4.4 Sources and Uses of Banks' Funds

Banks continued to deploy a sizeable proportion of their annual flow of funds during the second quarter of 2011 in Other Assets including the real estate, equipment and other unclassified assets, Government Securities, credit and balances with the Bank of Ghana as required reserves. Investment in Other Assets decreased to GH¢1,559.4 million (35.8%) at the end of the second quarter of 2011 from GH¢1,754.4 million (46.6%) recorded at the end of the preceding quarter, compared with GH¢259.9 million (8.1%) a year earlier.

The deployment of funds into Government securities since the first quarter of 2011 has shifted from short-term to medium-term instruments. Government

securities' share of flow of funds declined from GH¢905.3 million (28.4%) at the end of 2010 to GH¢903.4 million (20.7%) during the second quarter, compared with an increase of GH¢2,114.4 million (66.0%) a year earlier. Other areas of deployment of funds in the second quarter were credit (GH¢809.7 million or 18.6%), balances with Bank of Ghana as required reserves (GH¢298.3 million or 6.8%) and acquisition of foreign assets (GH¢786.7 million or 18.1%).

These assets continued to be funded from deposit mobilization. The share of deposits as a source of funds in absolute terms increased from GH¢2,530.2 million (79.4%) in December 2010 to GH¢2,810.9 million (74.7%) at the end of March 2011 and further to GH¢3,325.2 million (76.3%) in the review period. Other sources of funding in June 2011 were reserves (GH¢346.4 million or 7.9%), capital (GH¢274.3 million or 6.3%) and Other Liabilities comprising margin deposits, cheques for clearing, borrowing from other resident banks, interest in suspense etc (GH¢452.3 million or 10.4%).

Table 4.2: Sources and Uses of Banks' Funds (GH¢ million)

	(Amount in GH¢ million)													
	Dec-09	Jun-10	Dec-10	Jun-11	Variation (year-on-year)				Variation (year-to-date)					
					As at end-June 2010		As at end-Dec 2010		As at end-June 2011		As at end-June 2010		As at end-June 2011	
Abs	% of Change	Abs	% of Change	Abs	% of Change	Abs	% of Change	Abs	% of Change	Abs	% of Change			
Sources of Funds														
Total Deposits	8,043.3	8,960.4	10,573.5	12,285.6	1,780.9	55.6	2,530.2	79.4	3,325.2	76.3	917.2	91.4	1,712.1	78.7
Domestic	5,381.9	6,555.1	7,845.6	8,616.0	1,739.5	54.3	2,463.7	77.3	2,060.9	47.3	1,173.2	116.9	770.4	35.4
Demand Deposits	1,979.6	2,430.5	3,312.3	3,744.5	415.5	13.0	1,332.7	41.8	1,314.0	30.2	450.9	44.9	432.1	19.9
Savings Deposits	1,257.7	1,456.9	1,877.6	2,136.8	407.0	12.7	619.9	19.5	679.8	15.6	199.3	19.9	259.2	11.9
Time Deposits	2,144.7	2,667.7	2,655.7	2,734.8	917.0	28.6	511.0	16.0	67.1	1.5	523.0	52.1	79.1	3.6
Foreign Currency	2,661.3	2,405.4	2,727.9	3,669.6	414.4	1.3	66.6	2.1	1,264.3	29.0	-256.0	-25.5	941.7	43.3
Credit From BOG	443.9	133.7	134.8	134.0	-66.6	-2.1	-309.0	-9.7	0.2	0.0	-310.1	-30.9	-0.8	0.0
Balances Due to Non-Resident Banks	877.2	827.7	814.6	786.9	112.6	3.5	-62.6	-2.0	-40.8	-9.9	-49.4	-4.9	-27.6	-1.3
Capital	1,131.9	1,256.6	1,389.1	1,530.9	640.6	20.0	257.2	8.1	274.3	6.3	124.7	12.4	141.7	6.5
Reserves	657.7	760.1	947.1	1,106.5	90.9	2.8	289.4	9.1	346.4	7.9	102.4	10.2	159.4	7.3
Other Liabilities*	2,904.4	3,123.2	3,384.6	3,575.4	646.4	20.2	480.1	15.1	452.3	10.4	218.7	21.8	190.9	8.8
Total	14,058.3	15,061.7	17,243.7	19,419.3	3,204.7		3,185.4		4,357.6		1,003.4		2,175.6	
Uses of Funds														
Bank Credit	6,928.6	7,138.8	7,994.7	7,948.5	343.6	10.7	1,066.0	33.5	809.7	18.6	210.2	20.9	-46.2	-2.1
ofw Private Sector Credit	5,766.2	6,207.4	6,776.6	7,416.0	565.4	17.6	1,010.4	31.7	1,208.6	27.7	441.2	44.0	639.4	29.4
Investment in Government Securities	2,768.1	3,429.2	3,673.4	4,332.6	2,114.4	66.0	905.3	28.4	903.4	20.7	861.1	65.9	659.2	30.3
Short Term	1,658.1	1,890.5	1,062.8	1,031.9	974.7	30.4	-595.2	-18.7	-858.7	-19.7	232.5	23.2	-31.0	-1.4
Medium/Long Term	1,110.0	1,538.7	2,610.5	3,300.7	1,139.6	35.6	1,500.5	47.1	1,762.0	40.4	428.6	42.7	690.2	31.7
Foreign Assets	1,541.2	1,307.0	1,327.6	2,093.7	104.1	3.2	-213.6	-6.7	786.7	18.1	-234.3	-23.3	766.0	35.2
Balances with BOG	1,413.3	1,559.1	1,919.4	1,857.4	382.7	11.9	506.1	15.9	298.3	6.8	145.8	14.5	-62.0	-2.8
Other Assets**	1,407.1	1,627.7	2,328.6	3,187.1	259.9	8.1	921.6	28.9	1,559.4	35.8	220.6	22.0	888.5	39.5
Total	14,058.3	15,061.7	17,243.7	19,419.3	3,204.7		3,185.4		4,357.6		1,003.4		2,175.6	

*Includes margin deposits, cheques for clearing, interest in suspense, borrowings from other resident banks and other unclassified liabilities.

**Includes real estate and equipment and other unclassified assets

Table 4.3: Sectoral Distribution of DMBs' Outstanding Credit (GH¢ million)

	Jun-09	Jun-10	Jun-11	Year-On-Year Variation					
				As at end-Jun 2010		As at end-Dec 2010		As at end-Jun 2011	
				Abs	Percent	Abs	Percent	Abs	Percent
a Public Sector	1,153.2	1,029.9	532.5	-123.3	-10.7	-56.6	-4.4	-497.3	-48.3
b Private Sector	5,642.0	6,108.9	7,220.6	467.0	8.3	1,122.7	19.9	1,111.6	18.2
Agric., For. & Fish.	283.2	354.4	476.2	71.2	25.2	150.6	49.3	121.7	19.8
Export Trade	82.9	113.6	125.4	30.6	36.9	46.4	51.3	11.8	1.9
Manufacturing	705.9	911.7	921.9	205.8	29.2	286.8	37.4	10.2	1.7
Trans., Stor., & Comm.	240.6	331.0	296.5	90.4	37.6	34.3	13.1	-34.5	-5.6
Mining & Quarrying	183.0	195.3	249.6	12.3	6.7	23.9	13.4	54.3	8.8
Import Trade	336.0	374.5	576.4	38.5	11.4	93.1	25.3	201.9	32.9
Construction	423.5	610.9	625.9	187.4	44.3	55.4	10.5	15.0	2.4
Commerce & Finance	1,076.1	818.0	1,140.6	-258.1	-24.0	251.5	30.0	322.6	52.5
Elect., Gas & Water	262.1	423.2	349.4	161.1	61.5	49.4	18.0	-73.8	-12.0
Services	1,399.4	1,383.3	1,862.9	-16.1	-1.2	212.8	15.7	479.6	78.1
Miscellaneous	649.3	593.1	595.9	-56.2	-8.7	-81.5	-11.8	2.8	0.5
c Grand Total	6,795.2	7,138.8	7,753.1	343.6	5.1	1,066.0	15.4	614.3	8.6

Chart 4.5: Deployment of Banks' Annual Flow of Funds

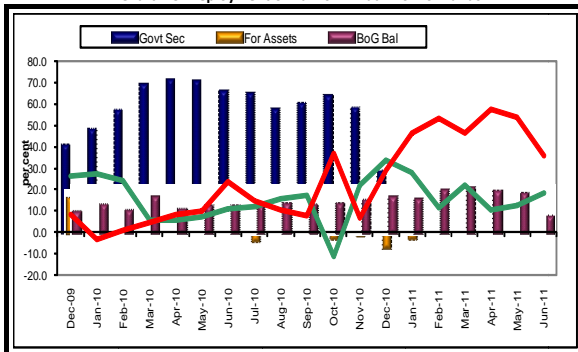


Chart 4.6: Sources of Banks' Annual Flow of Funds

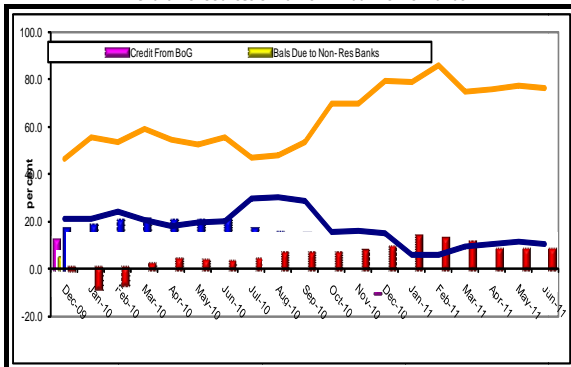


Chart 4.7: New Advances Granted (Dec'10 - Jun'11)

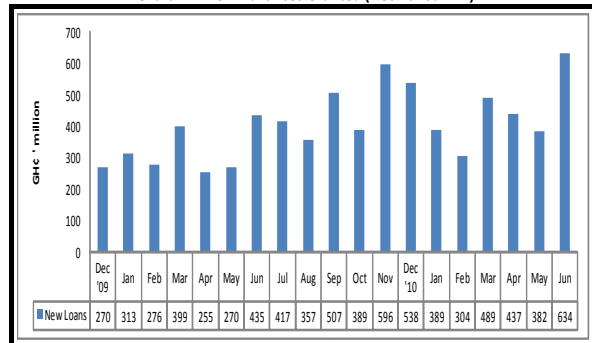
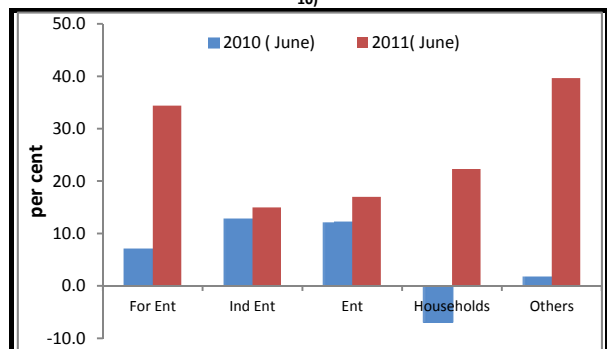


Chart 4.8: Allocation of Annual Flow of Credit to the Private Sector by Borrower (Jun '09, '10)



4.5 The Money Market

4.5.1 Interest Rate Trends

Interest rates generally declined during the second quarter of 2011 in line with declining inflation and inflation expectations. The policy rate which stood at 13.5 per cent in December 2010 was subsequently lowered by 50 basis points to 13.0 per cent during the second quarter of 2011.

Interest rates on Treasury securities declined during the first two quarters of 2011. The average interest rate on the 91-day and 182-day Treasury bills went down by 170 and 134 basis points respectively to 10.58 per cent and 11.34 per cent by the end of June

2011. The 1-year, 2-year and 3-year fixed notes also shed 63, 59 and 30 basis points respectively to 12.03 per cent, 12.11 per cent and 13.00 per cent respectively during the review period. The resulting yield curve therefore showed an upward slope, which is an improvement over the inverted yield curve a year ago.

Similarly, the interbank weighted average declined by 2 basis points from 11.65 per cent in December 2010 to 11.63 per cent in June 2011. In the banks' segment of the market, banks' average 3-month time deposit rate declined by 160 basis points from 10.50 per cent

in December 2010 to 8.90 per cent in June 2011. While the average savings rate declined by 150 basis points to 4.38 per cent in the first two quarters of 2011, lending rates also declined by a marginal 68 basis points from 27.63 per cent to 26.95 per cent, leading to further widening of the spread between borrowing and lending rates. Moreover, the average base rate of banks also declined by 184 basis points, albeit at a slower pace, to 23.95 per cent in the first six months of 2011.

Chart 4.9: The Yield Curve (%)

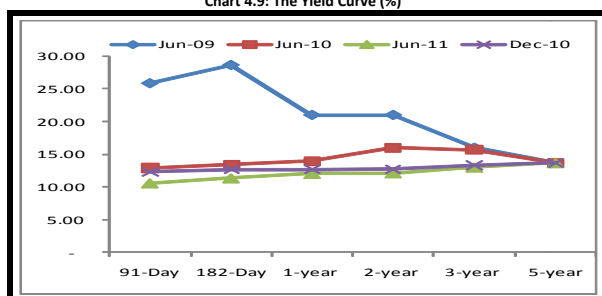


Chart 4.10: Spread between Real Savings and Lending Rates (%)

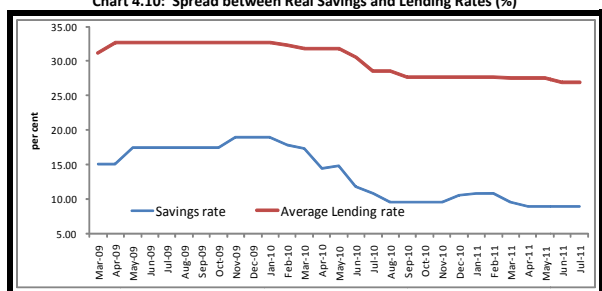


Chart 4.11: Money Market Rate (Second Quarter 2010 and 2011)

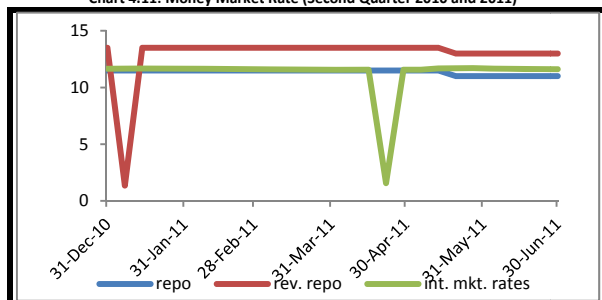
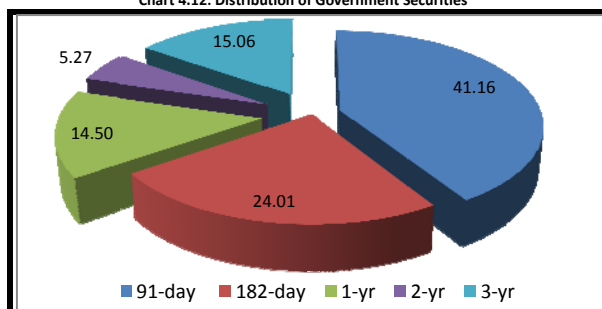


Chart 4.12: Distribution of Government Securities



Settlement of Interbank Transactions

Volume of transactions settled through the Ghana Interbank System (GIS) during the second quarter of 2011 totalled 87,497 valued at GH¢66,586.0 million, up by 16.2 per cent and 47.5 per cent in volume terms

above the level in the previous quarter and the corresponding period in 2010 respectively. On average, a total of 1,411 transactions were settled daily through the GIS, valued at GH¢1,074.0 million, in the second quarter compared with 1,215 cheques, valued at GH¢1,248.8 million, during the first quarter. For a similar period during the previous year, a total of 730 transactions were settled daily through the GIS, valued at GH¢769.4 million.

Cheques Cleared

Volume of cheques cleared during the second quarter of 2011 totalled 1,599,643 valued at GH¢12,171.8 million. This may be compared with a volume of 1,585,836 cheques, valued at GH¢11,883.1 million, cleared during the first quarter of the year. During the corresponding quarter in 2010, a total of 1,511,904 cheques, valued at GH¢8,624.0 million, were cleared. An average of 26,231 cheques, valued at GH¢199.6 million, were cleared daily during the quarter under review, compared with 25,565 cheques, valued at GH¢191.9 million, cleared daily during the first quarter of the year. A year earlier, a total of 22,940 cheques were cleared daily, valued at GH¢133.1 million.

4.5.2 Money Market Liquidity

The continuous increase in repo activities and the continuous decline in reverse repo trading which had characterized the market during the previous quarters were reversed during the second quarter of the year. While the value of repo transactions declined from GH¢16,402.8 million to GH¢7,660.1 million in the second quarter of 2011, the value of reverse repo traded increased from GH¢153.0 million to GH¢361.0 million.

The value of trades on the interbank market increased during the second quarter of 2011 and ranged between GH¢1,075.1 million and GH¢527.6 million, compared with a range of GH¢782.0 million and GH¢214.3 million during the first quarter. During the same period of 2010, interbank trading ranged from GH¢663.3 million to GH¢206.9 million. While weighted average rates were below the lower limit of the policy rate during the first two months of the second quarter, rates moved gradually within the corridor of policy rates by the end of the quarter.

Tender Results

Total sales at the auction in the second quarter of 2011 amounted to GH¢3,562.46 million with maturities totalling GH¢3,037.16 million, resulting in a net sale of GH¢525.30 million. The proceeds were

used in financing government's activities to the tune of GH¢695.40 million, resulted in an injection through Bank of Ghana's OMO activities of GH¢170.10 million. The 91-day bill continued its dominance at the auction, accounting for 41.2 per cent of total sales

followed by the 182-day bill which accounted for 24.0 per cent of total sales. During the quarter, a 3-year fixed rate bond was floated in April and June 2011 to rein in a total of GH¢536.38 million with the bulk of instruments being held by non-resident investors.

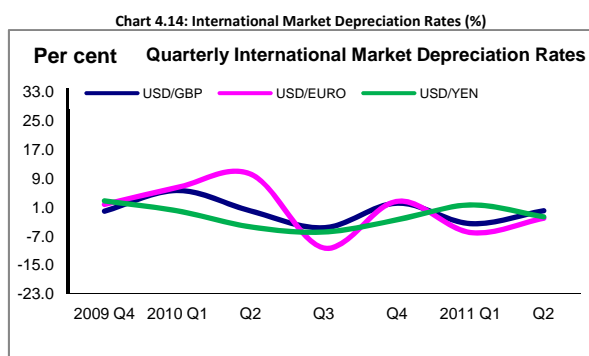
Table 4.4: Analysis of Tender Results (April –June 2011)

ANALYSIS OF TENDER RESULTS FOR SHORT, MEDIUM AND LONG TERM BORROWING (Apr - Jun 2011)										
Tender Auction	Date of Auction	Type of Security	Rates Received		Rates Accepted		Bids Received		Bids Accepted	
			discount rate	int. rate	wghtd. avg. disc.	int. rate	vol	value	vol	value
1217	1-Apr-11	91-day	11.70-11.82	12.05-12.18	11.75	12.11	12046	141,246,101.00	12044	137,124,407.00
		182-day	11.70-11.84	12.43-12.59	11.78	12.52	685	86,883,260.00	683	64,543,982.00
		1 year		12.00-13.95		12.50	136	35,792,461.00	133	9,292,461.00
		2-yr. Fixed		12.40-14.00		12.50	9	2,539,150.00	7	39,150.00
1218	8-Apr-11	91-day	11.68-12.11	12.03-12.49	11.74	12.1	9,435	114,619,113.00	7854	93,657,827.00
		182-day	11.70-11.84	12.43-12.59	11.76	12.5	760	73,025,654.00	688	37,020,985.00
		1 year		12.20-13.75		12.5	115	44,690,008.000	111	20,690,008.00
		2-yr. Fixed		12.30-13.85		12.5	14	3,272,549.00	12	272,549.00
1219	15-Apr-11	91-day	11.70-11.78	12.05-12.14	11.72	12.07	12889	18,741,935.00	12104	136,477,955.00
		182-day	11.70-11.80	12.43-12.54	11.74	12.48	808	138,174,233.00	683	134,701,849.00
		1 year		12.30-13.70		12.50	136	6,610,988.00	133	2,610,988.00
		2-yr. Fixed		12.40-12.70		12.50	11	2,209,208.00	10	209,208.00
1220	21-Apr-11	91-day	11.65-11.78	12.00-12.14	11.70	12.05	19525	260,994,156.00	18240	176,288,777.00
		182-day	11.65-11.80	12.37-12.54	11.72	12.45	840	79,097,723.00	829	63,173,415.00
		1 year		12.30-13.00		12.48	116	13,523,255.00	106	9,488,918.00
		2-yr. Fixed		12.30-13.25		12.50	7	6,048,890.00	5	3,048,890.00
1221	28-Apr-11	91-day	11.40-11.72	11.73-12.07	11.49	11.82	15635	170,072,239.00	3595	34,818,850.00
		182-day	11.53-11.76	12.24-12.49	11.65	12.37	510	103,761,957.00	492	92,731,556.00
		1 year		11.50-13.50		12.40	132	42,478,657.00	110	41,308,377.00
		2-yr. Fixed		11.55-13.65		12.43	15	73,167,466.00	9	72,141,217.00
		3-yr fixed		12.25-14.25		12.39	42	840,965,000.00	5	320,000,000.00
1222	6-May-11	91-day	11.00-11.70	11.31-12.05	11.30	11.63	22047	231,495,190.00	14922	102,929,638.00
		182-day	11.36-11.77	12.0-12.51	11.33	12.01	575	71,451,466.00	553	31,540,693.00
		1 year		12.00-13.40		12.35	176	51,937,910.00	173	49,934,910.00
		2-yr. Fixed		12.00-13.55		12.40	11	4,083,200.00	10	3,083,200.00
1223	11-Apr-11	91-day	10.50-11.45	10.78-11.79	10.83	11.13	18,995	203,163,123.00	13394	132,979,278.00
		182-day	10.75-11.57	11.36-12.28	11.24	11.91	817	137,335,021.00	560	100,799,542.00
		1 year		12.00-13.00		12.30	119	92,328,330.00	117	90,328,330.00
		2-yr. Fixed		12.30-13.15		12.35	9	12,892,850.00	8	11,892,850.00
1224	20-May-11	91-day	10.20-11.20	10.47-11.52	10.50	10.79	13972	122,662,064.00	12036	100,580,823.00
		182-day	10.60-11.19	11.19-11.85	11.01	11.65	873	96,603,577.00	873	88,296,510.00
		1 year		11.50-12.25		12.20	134	94,071,967.00	133	92,071,967.00
		2-yr. Fixed		12.20-12.45		12.25	10	1,050,700.00	9	50,700.00
1225	27-May-11	91-day	10.00-11.08	10.26-11.40	10.22	10.49	15269	134,135,112.00	15267	133,104,263.00
		182-day	10.20-11.91	10.75-12.66	10.91	11.54	655	30,881,216.00	653	29,880,684.00
		1 year		11.50-12.27		12.15	196	72,878,730.00	195	71,878,730.00
		2-yr. Fixed		11.80-12.40		12.20	10	11,039,820.00	9	10,039,820.00
1226	3-Jun-11	91-day	9.80-12.12	10.05-12.50	10.33	10.61	10802	145,275,006.00	10800	134,275,006.00
		182-day	10.25-12.00	10.80-12.77	10.66	11.26	564	51,231,715.00	561	49,092,971.00
		1 year		11.50-12.10		12.10	172	41,389,057.00	172	41,389,057.00
		2-yr. Fixed		11.95-12.15		12.15	7	16,587,300.00	7	16,587,300.00
		3-yr fixed		10.00-13.38		13.00	29	232,375,000.00	27	216,375,000.00
1227	10-Jun-11	91-day	10.00-10.95	10.26-11.26	10.31	10.59	24632	110,376,947.00	24631	109,376,947.00
		182-day	10.33-11.35	10.89-12.03	10.80	11.42	912	114,565,898.00	910	113,065,989.00
		1 year		11.50-12.28		12.05	145	22,631,910.00	144	21,631,910.00
		2-yr. Fixed		12.00-12.35		12.10	13	21,324,942.00	12	20,324,942.00
1228	17-Jun-11	91-day	9.90-10.80	10.15-11.10	10.28	10.55	9510	82,262,605.00	9509	81,262,605.00
		182-day	10.50-11.15	11.08-11.81	10.76	11.37	640	42,851,170.00	638	41,786,824.00
		1 year		11.00-12.20		12.00	138	34,028,848.00	136	33,028,648.00
		2-yr. Fixed		11.50-12.30		12.10	12	31,108,450.00	11	30,108,450.00
1229	24-Jun-11	91-day	10.00-10.70	10.26-10.99	10.30	10.57	11929	95,481,107.00	11927	93,481,107.00
		182-day	10.50-11.10	11.08-11.75	10.71	11.32	547	25,143,090	289	8,756,561.00
		1 year		11.50-12.05		11.95	148	34,000,465.00	130	32,808,683.00
		2-yr. Fixed		11.65-12.25		12.10	11	21,078,395.00	10	20,078,395.00
								4,747,636,184	3,562,463,702	

4.6 Currency Markets

4.6.1 International Currency Market

At the beginning of the second quarter, there were signals that the global economic recovery was on course leading to increased demand for higher yielding but riskier currencies. However, in May, the global economic recovery lost momentum as economic activities in major economies slackened. This gave boost to demand for safe haven currencies through to the end of the quarter.



The US dollar traded weak at the beginning of the second quarter, weighed down by low US interest rates and soft US economic data, as well as the lowering of US credit ratings by Standard and Poor's (S&P). The dollar picked up slightly in May gaining on its refuge currency status as well as the Fed's decision not to embark upon further monetary easing policy. On the whole, the US dollar depreciated by 1.63 per cent and 2.04 per cent against yen and the euro respectively but appreciated by 0.07 against the pound sterling during the second quarter.

The pound sterling traded strong at the beginning of the quarter on account of a strong UK manufacturing sector. It however trended low in May as it was hit by slow growth of the UK economy and declining consumer confidence. The **pound sterling** was driven down further in June by low UK interest rates and the worsening UK economic outlook. It subsequently depreciated against all the major currencies; by 0.08 per cent, 2.11 per cent and 2.60 per cent against the US dollar, the euro and the yen respectively.

The euro traded strong boosted by favourable economic performance, and rates hike in the Euro zone. However, it slipped briefly in May on account of Greece debt crisis and declining German business confidence. The euro picked strength again in June when ECB decided to strengthen central control of economic policy and a vote by Greece's Parliament to uphold drastic austerity measures needed to secure funding for its debts. The euro appreciated by 2.07 per

cent and 2.16 per cent against the US dollar and the pound sterling respectively and traded flat against the yen during the quarter.

The Japanese Yen traded weak at the beginning of the quarter on loose monetary policy and the continued near-zero interest rate policy by Bank of Japan. From May, the yen became attractive as a currency of refuge in the wake of uncertainty of the global economic recovery. The yen appreciated by 2.32 per cent, 2.41 per cent and 0.25 per cent against the US dollar, the pound sterling and the euro respectively.

4.6.2 Domestic Currency Market

The Ghana cedi traded relatively stable against the major currencies during the quarter. This was on account of higher inflows recorded especially from the cocoa sector and also from foreign exchange purchases by the banking sector. However outflows were equally high especially from official sources for the importation of oil. Traders in the informal sector also increased demand for the euro and the pound sterling because of their strength on the international currency market.

On the **Inter-Bank Market**, the Ghana cedi traded slightly low against the US dollar and depreciated by 0.3 per cent. Its performance during the quarter was better than that of the preceding quarter and during the corresponding quarter of 2010 when the Ghana cedi depreciated against the US dollar by 1.9 per cent and 0.7 per cent respectively. The Ghana cedi however, appreciated by 0.7 per cent and 0.5 per cent against the pound sterling and the euro respectively during the review quarter.

On the **Forex Bureau Market**, the Ghana cedi traded strongly against the US dollar and appreciated by 0.7 per cent. It however depreciated by 0.2 per cent and 1.3 per cent against the pound sterling and the euro respectively.

Foreign Exchange Transaction Market

The foreign exchange transactions market continued to record good performance during the quarter. Volume of purchases increased by 23.25 per cent to US\$2,827.55 million in the second quarter from US\$2,294.12 million recorded in the first quarter. The rise in volumes was on account of 56.5 per cent increase in purchases from the Banks which was moderated by 13.57 per cent decline in purchases from Bank of Ghana during the quarter.

Chart 4.15: Quarterly Changes in Interbank Exchange Rates (%)

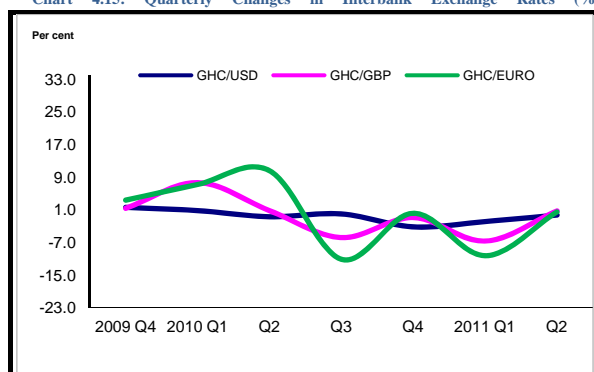


Chart 4.16: Quarterly Changes in Forex Bureaux Exchange Rates (%)

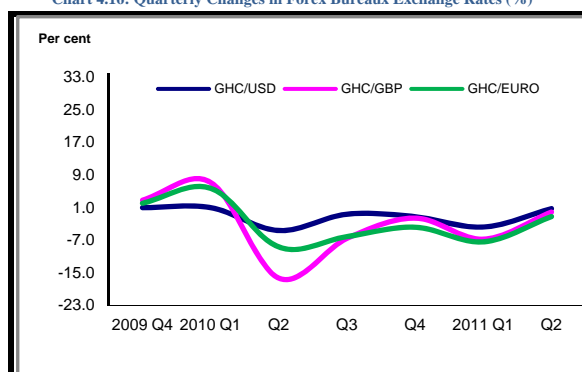


Table 4.5: International Market Exchange Rate Movements

End Period	US\$/€ Movements		US\$/£ Movements		US\$/¥ Movements				
	Quarter	Annual	Quarterly	Annual	Quarterly	Annual			
2009	1.5929	-0.1	-9.1	1.4333	1.8	-1.7	0.0108	2.8	2.8
2010									
Q1	1.5072	5.7		1.3455	6.5		0.0108	0.0	
Q2	1.5072	0.0		1.2209	10.2		0.0113	-4.4	
Q3	1.5808	-4.7		1.3611	-10.3		0.0120	-5.8	
Q4	1.5470	2.2	3.0	1.3254	2.7	8.1	0.0123	-2.4	-12.2
2011									
Q1	1.6033	-3.5		1.4098	-6.0		0.0121	1.7	
Q2	1.6021	0.1		1.4391	-2.0		0.0123	-1.6	

Depreciation (-)/ Appreciation (+). Source: The Economist

Table 4.6: Interbank Market Exchange Rate Movements

End Period	Movement								
	¢/US\$	Quarterly	Annual	¢/GBP	Quarterly	Annual	¢/Euro	Quarterly	Annual
2009	1.4284	1.6	-15.0	2.2991	1.3	-21.5	2.0484	3.4	-16.0
2010									
Q1	1.4168	0.8		2.1357	7.7		1.9108	7.2	
Q2	1.4267	-0.7		2.1191	0.8		1.7277	10.6	
Q3	1.4269	0.0		2.2503	-5.8		1.9440	-11.1	
Q4	1.4738	-3.2	-3.1	2.2709	-0.9	1.2	1.9407	0.2	5.5
2011									
Q1	1.5021	-1.9		2.4338	-6.7		2.1625	-10.3	
Q2	1.5064	-0.3		2.4166	0.7		2.1523	0.5	

Depreciation (-)/ Appreciation (+)

Table 4.7: Forex Bureaux Exchange Rate Movements

Forex Quarterly Table									
End Period	Movement			Movement			Movement		
	¢/US\$	Quarter	Annual	¢/GBP	Quarter	Annual	¢/Euro	Quarter	Annual
2009	1.4624	0.9	-14.8	2.3305	2.8	-20.0	2.0810	2.0	-18.9
2010									
Q1	1.4489	0.9		2.1755	7.1		1.9691	5.7	
Q2	1.4400	0.6		2.0840	4.4		1.7630	11.7	
Q3	1.4498	-0.7		2.2312	-6.6		1.8791	-6.2	
Q4	1.4689	-1.3	-0.4	2.2683	-1.6	2.7	1.9550	-3.9	6.4
2011									
Q1	1.5277	-3.8		2.4341	-6.8		2.1128	-7.5	
Q2	1.5173	0.7		2.4382	-0.2		2.1400	-1.3	

Table 4.8: Foreign Exchange Transaction Market, (US\$' million)

Period	Purchases				Total	Percentage Change	Sales		Total
	BOG	Banks	Interbank	F. Bureau			Interbank	F. Bureau	
2010									
Q1	261.60	1,504.85	1,766.45	91.22	1,857.67	30.17	1,871.92	91.77	1,963.69
Q2	483.42	1,344.86	1,828.28	94.55	1,922.83	3.51	1,735.81	95.26	1,831.07
Q3	424.68	1,305.76	1,730.44	85.58	1,816.02	-5.56	1,901.38	84.93	1,986.31
Q4	496.49	1,402.50	1,898.99	88.06	1,987.05	9.42	1,952.63	87.92	2,040.55
2011									
Q1	1,007.62	1,174.10	2,181.72	112.40	2,294.12	15.45	2,131.11	110.23	2,241.34
Q2	870.87	1,837.49	2,708.36	119.19	2,827.55	23.25	2,670.72	120.86	2,791.58

4.7 The Stock Market

4.7.1 GSE All-Share Index (GSE-CI)

Trading activity on the Ghana Stock Exchange continued to record positive developments in the second quarter. More participants were added on to the market and as prices soared, the GSE-CI grew by 11.0 per cent in the quarter, compared with a net growth of 7.1 per cent recorded in the first quarter and 9.6 per cent registered in the corresponding period of 2010.

4.7.2 Sectoral Performance

With the exception of the Mining sub-sector index that experienced a decline, most of the other sectors posted appreciable returns while the ICT sub-sector traded flat. The Food and Beverage sector led the gainers with a 20.5 per cent (147.7 points) growth. This was followed by the Manufacturing sub-sector which grew by 10.8 per cent (85.2 points). The Distribution sub-sector recorded 10.7 per cent growth, whilst the Finance sector also went up by 10.1 per cent. The Agriculture sector trailed the gainers with a growth of 2.5 per cent.

4.7.3 Market Trading Performance

A total of 109.6 million shares were exchanged during the second quarter of 2011, valued at GH¢90.0 million, compared with 47.9 million shares valued at GH¢29.0 million traded during the corresponding period last year.

For the second quarter of 2011, fourteen equities advanced in prices while eight (8) retreated. SCB led the list of gainers with an appreciation of 30.0 per cent from a strong performance while FML followed closely with 28.5 per cent. On the flipside, GWEB lost 40.0 per cent of its value to remain at the bottom of the losers.

Market Capitalisation

Market capitalisation appreciated by 2.4 per cent to close the second quarter of 2011 at GH¢20,450.8 million from GH¢20,116.7 million at the beginning of the year, due largely to rising equity prices.

Chart 4.17: Monthly Changes in Share Prices (%) Apr–Jun. 2011

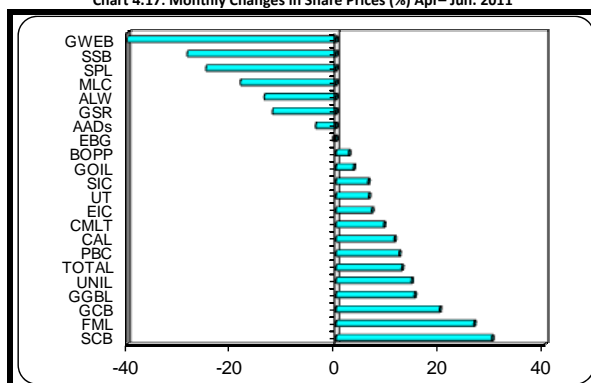


Table 4.9: Stock Market Performance

MONTH	SECTOR							GSE-CI
	F&B	MAN	FINANCE	DISTR	MINING	IT	AGRIC	
Dec-10	507.9	495.7	1,000.0	547.8	114.0	92.5	96.0	1,000.0
Mar-11	716.6	786.8	1053.9	954.63	129.57	74.4	162.0	1071.5
May-11	799.9	859.7	1148.5	978.40	128.63	74.4	166.0	1162.8
Jun-11	863.3	872.0	1159.9	1055.40	128.6	74.4	166.0	1188.9
Month Change								
ABS	63.4	12.3	11.4	77.0	0.0	0.0	0.0	26.1
(%)	7.9	1.4	1.0	7.9	0.0	0.0	0.0	2.2
Quarter Change								
ABS	146.7	85.2	106.0	100.8	-1.0	0.0	4.0	117.4
(%)	20.5	10.8	10.1	10.6	-0.7	0.0	2.5	11.0
YTD. Change								
ABS	355.3	376.3	159.9	507.6	14.6	-18.1	70.0	188.9
(%)	70.0	75.9	16.0	92.7	12.8	-19.6	72.9	18.9

5. Fiscal Developments

Government budgetary operations in the second quarter of 2011 resulted in an overall fiscal deficit (including divestiture) of GH¢75.8 million (0.1% of GDP) against a target deficit of GH¢810.2 million (1.5 % of GDP).

The higher domestic revenues during the quarter vis-à-vis the lower domestic expenditure resulted in a domestic primary surplus equivalent to 0.8 per cent of GDP, compared with a budgeted deficit of 0.3 per cent of GDP. In the corresponding period of 2010, the domestic primary balance recorded a deficit equivalent to 0.5 per cent of GDP.

Table 5.1: Fiscal Indicators (GH¢' million)

	2010	2011				
	PROV Q2	PROV Q1	PROV Q2	BUDGET Q2	PROV Q1+Q2	BUDGET Q1+Q2
Primary Balance	207.66	976.21	434.36	(142.35)	1,410.57	375.58
% of GDP	0.47	1.72	0.76	(0.25)	2.48	0.66
Overall Balance	(619.43)	(363.93)	(75.77)	(810.21)	(439.70)	(1,370.31)
% of GDP	(1.40)	(0.64)	(0.13)	(1.43)	(0.77)	(2.41)
Recurrent Expenditure	1,889.68	2,092.21	2,488.73	2,368.64	4,580.93	4,313.84
% of GDP	4.26	3.68	4.38	4.17	8.06	7.59
Capital Expenditure	852.05	470.66	590.66	1,017.27	1,061.33	1,833.59
% of GDP	1.92	0.83	1.04	1.79	1.87	3.23
Grants	215.89	291.38	134.38	363.35	425.76	740.22
% of GDP	0.49	0.51	0.24	0.64	0.75	1.30
Revenue & Grants	2,026.33	2,681.60	2,804.18	2,579.22	5,485.78	5,191.14
% of GDP	4.57	4.72	4.93	4.54	9.65	9.13
Revenue	1,810.44	2,390.21	2,669.81	2,215.87	5,060.02	4,450.92
% of GDP	4.08	4.21	4.70	3.90	8.90	7.83
Tax	1,566.40	1,851.06	2,436.27	1,850.69	4,287.33	3,615.53
% of GDP	3.53	3.26	4.29	3.26	7.54	6.36
Stock of Debt	5,794.36	7,412.53	8,109.05	-	8,109.05	-
% of GDP	13.07	13.04	14.27	-	14.27	-
GDP	44,342.00	56,828.00	56,828.00	56,828.00	56,828.00	56,828.00

5.1 Government Revenue

Government revenue and Grants realised in the second quarter of 2011 amounted to GH¢2,804.2 million (4.9% of GDP). The total receipts were made up of Tax revenue of GH¢2,436.3 million, Non-tax revenue of GH¢233.5 million and grants of GH¢134.4 million. The total receipts amounted to GH¢2,804.2 million, indicating an 8.7 per cent rise above the budget estimate of GH¢2,579.2 million. The increase in total receipts were mainly from tax sources, amounting to GH¢585.6 million. The increase in tax revenue reflected mainly in company taxes which was 47.9 per cent above the target, taxes on domestic goods (15.2% above target), taxes on international trade (24.5% above target), domestic and external VAT (30.2% above target) as well as NHIL (12.9% above target). Non-tax revenue and Grants however, fell short of target by GH¢131.6 million and GH¢229.0 million respectively.

Income and Property Tax

Taxes on income and property during the review quarter amounted to GH¢960.1 million, compared with the target of GH¢771.0 million. Personal income taxes and corporate taxes recorded GH¢347.4 million and GH¢428.8 million respectively, while 'Other' direct taxes made up GH¢145.9 million of the total income and property tax with NFSL and airport tax contributing GH¢48.2 million and GH¢10.8 million respectively. Efficient monitoring and random auditing of tax units mainly accounted for the strong performance in this category of taxes.

Domestic Goods and Services

Tax on Domestic Goods and Services of GH¢149.2 million for the period exceeded the target by GH¢19.7 million (15.2%) and the preceding quarter by GH¢11.3 million. Of the total, excise duty amounted to GH¢36.1 million, while petroleum taxes totalled GH¢113.1 million, of which GH¢12.4 million represented debt recovery levy. The increase in the debt recovery levy partly contributed to the good performance of this category of taxes.

International Trade Taxes

International Trade taxes for the period under review amounted to GH¢369.0 million, compared to the target of GH¢296.4 million. The total import duty realised during the period was GH¢369.0 million, 24.5 per cent over the target of GH¢288.7 million. Increases in volume of imports and the application of the new valuation system largely contributed to the improved performance.

Value Added Tax (VAT)

The VAT collections for the quarter under review amounted to GH¢574.9 million which was 30.2 per cent above the target. This was made up of domestic and external components which contributed GH¢232.7 million and GH¢342.2 million respectively, exceeding their respective targets by 11.2 per cent and 47.2 per cent. The improved performance in VAT collections is explained by the increase in economic activity over time. Their respective collections in the corresponding quarter of 2010 were GH¢180.1 million and GH¢226.5 million.

Table 5.2: Government Revenue (GH¢' million)

	2010 PROV Q2	2011 PROV Q1	2011 PROV Q2	2011 BUDGET Q2	2011 PROV Q1+Q2	2011 BUDGET Q1+Q2
TAXES ON INCOME & PROPERTY	622.2	544.5	960.1	771.0	1,504.6	1,315.3
Personal	249.8	239.0	347.4	331.9	586.4	572.2
Self employed	23.8	22.3	38.1	37.4	60.4	56.8
Companies	264.5	209.0	428.8	289.8	637.8	502.9
Others	84.0	74.2	145.9	111.8	220.1	183.5
Other direct taxes /1	55.0	53.2	86.7	80.0	139.9	143.8
o/w Royalties from Oil	-	-	-	16.8	-	16.8
NRL(Arrears)	1.4	0.1	0.1	-	0.2	-
NFSL	15.1	14.0	48.2	20.3	62.2	23.7
Airport tax	12.5	6.9	10.8	11.5	17.7	16.0
TAXES ON DOMESTIC GOODS	100.7	137.9	149.2	129.5	287.1	222.4
Excise Duty	32.9	37.9	36.1	36.2	74.0	71.7
Petroleum tax	67.8	100.0	113.1	93.2	213.1	150.7
O/W Debt recovery levy	12.4	12.1	12.4	-	24.4	19.6
TAXES ON INTERNATIONAL TRADE	245.8	353.7	369.0	296.4	722.8	672.0
Imports	240.8	348.7	369.0	288.7	717.8	659.3
Import duty	240.8	348.7	369.0	288.7	717.8	659.3
Exports	5.0	5.0	-	7.7	5.0	12.7
Cocoa	5.0	5.0	-	7.7	5.0	12.7
VAT	406.6	539.3	574.9	441.7	1,114.2	980.0
Domestic	180.1	195.3	232.7	209.2	427.9	382.6
External	226.5	344.0	342.2	232.5	686.2	597.3
National Health Insurance Levy (NHIL)	74.5	133.9	121.7	107.9	255.6	217.9
CEPS Collection	42.4	64.6	67.0	55.4	131.7	98.2
VATS Collection	32.1	33.2	43.6	38.3	76.7	69.4
SSNIT Contribution	-	36.1	11.1	14.2	47.2	50.3
OTHER REVENUE MEASURES	39.3	21.3	47.4	46.7	68.7	68.3
Mobile Phone Tax on Air Time	39.3	21.3	47.4	46.7	68.7	68.3
Import Exemptions	77.3	120.4	214.0	57.7	334.3	139.7
TAX REVENUE	1,566.4	1,851.1	2,436.3	1,850.7	4,287.3	3,615.5
NON-TAX REVENUE	244.0	539.2	233.5	365.2	772.7	835.4
Lodgement	120.0	352.4	70.0	136.9	422.4	489.3
Fees & Charges	45.0	46.3	70.0	27.7	116.3	74.0
Fines, Penalties & Forfeitures	75.0	-	-	74.3	-	74.3
Sale of goods and services	-	-	-	34.9	-	34.9
Retention	124.1	186.7	163.5	228.2	350.2	346.0
OTHER REVENUE (DEPOSITS)	-	-	1.0	2.0	1.0	2.0
TOTAL REVENUE	1,810.4	2,390.2	2,669.8	2,215.9	5,060.0	4,450.9
GRANTS	215.9	291.4	134.4	363.3	425.8	740.2
Project grants	133.4	152.2	13.1	209.9	165.3	447.7
Programme grants	53.5	123.0	121.3	76.1	244.3	199.1
HIPC assistance (multilaterals)	18.7	16.2	-	35.8	16.2	51.9
Multilateral Debt Relief Initiative (MDRI)	10.2	-	-	41.5	-	41.5
World Bank	8.4	-	-	41.5	-	41.5
African Development Bank	1.8	-	-	-	-	-
TOTAL REVENUE & GRANTS	2,026.3	2,681.6	2,804.2	2,579.2	5,485.8	5,191.1

5.2 Government Expenditures

Total government expenditure and net lending during the second quarter of 2011 amounted to GH¢3,079.4 million (5.4% of GDP), compared with a targeted amount of GH¢3,385.9 million (6.0% of GDP). This comprised recurrent expenditure of GH¢2,488.7 million and capital expenditure of GH¢590.7 million.

Table 5.3: Government Expenditure (GH¢ million)

	2010 PROV Q2	2011 PROV Q1	2011 PROV Q2	2011 BUDGET Q2	2011 PROV Q1+Q2	2011 BUDGET Q1+Q2
RECURRENT	1,889.7	2,092.2	2,488.7	2,368.6	4,580.9	4,313.8
Non-Interest Expenditure	1,505.4	1,775.0	2,076.6	1,927.1	3,851.6	3,555.1
Personal Emoluments	695.0	1,010.6	1,056.3	969.7	2,066.9	1,919.0
Goods & Services	251.1	114.5	273.1	219.6	387.6	428.3
Transfers	414.4	538.3	667.5	622.4	1,205.8	1,092.3
Pensions	48.9	57.7	82.4	72.1	140.1	121.8
Gratuities	26.3	10.4	23.7	23.7	34.1	42.0
Social Security	56.4	28.5	64.9	111.3	93.4	185.5
National Health Fund (NHF)	63.4	134.7	119.0	107.0	253.7	234.9
Other Transfers	201.4	307.1	377.5	301.7	684.6	501.6
o/w safety net for deregulation	124.1	186.7	163.5	228.2	350.2	346.0
Tax Expenditure (Exemptions)	-	-	-	15.8	-	15.8
Subsidies to utility companies	17.9	-	-	6.5	-	6.5
o/w TOR under recovery	17.9	-	-	6.5	-	6.5
Reserve Fund	144.9	111.5	79.7	115.4	191.2	115.4
Interest Payments	384.3	317.2	412.1	441.5	729.4	758.8
Interest Domestic	287.1	270.9	312.4	340.5	583.4	611.5
Interest External	97.2	46.3	99.7	101.0	146.0	147.3
CAPITAL	852.05	470.66	590.66	1,017.27	1,061.33	1,833.59
Capital (domestic financed)	287.30	171.49	411.06	427.60	582.55	702.36
Development	287.30	171.49	411.06	353.30	582.55	628.06
Education Trust fund	57.6	28.3	96.3	99.8	124.6	154.3
Road Fund	35.3	25.4	54.3	37.8	79.7	75.6
Petroleum related fund	0.9	1.0	1.4	1.7	2.4	2.7
District Assembly Common Fund	96.4	48.0	209.1	152.6	257.1	152.6
Other Cash Expenditure	97.1	68.8	49.9	61.3	118.8	242.9
Transfer to GNPC from oil revenue	-	-	-	74.3	-	74.3
Capital (foreign financed)	564.7	299.2	179.6	589.7	478.8	1,131.2
HIPC financed expenditure	94.8	-	-	-	-	-
MDRI financed expenditure	14.5	-	-	-	-	-
TOTAL EXPENDITURE & NET LENDING	2,851.00	2,562.87	3,079.39	3,385.91	5,642.26	6,147.43

5.2.1 Recurrent Expenditure

The recurrent expenditure comprised non-interest payments of GH¢2,488.7 million (80.8%) and interest payments of GH¢412.1 million (19.2%).

The non-interest payments comprised Personnel Emoluments of GH¢1,056.3 million, payments for Goods and Services of GH¢273.1 million as well as Transfers of GH¢667.5 million, exceeding the target by 8.9 per cent. Personnel Emoluments and Transfers together constituted the largest component of the non-interest expenditure. Payment for goods and services as well as transfer payments exceeded their respective targets by 24.3 per cent and 7.3 per cent. Domestic interest payments, which amounted to GH¢312.4 million, were GH¢28.1 million short of the budget target while external interest which totalled GH¢99.7 million, represented 98.7 per cent of the budgeted amount of GH¢101.0 million.

5.2.2 Capital Expenditure

Total capital expenditure for the second quarter of 2011 amounted to GH¢590.7 million. This amount was below the budgeted amount for the quarter by GH¢426.6 million. Of the total Capital Expenditure, GH¢411.1 million represented domestically financed payments while GH¢179.6 million was in respect of foreign-financed capital

expenditure. Statutory Payments in respect of Education Trust Fund, Road Fund and District Assembly Common Fund were GH¢96.3 million, GH¢54.3 million and GH¢209.1 million respectively.

5.3 Financing

The budget recorded an overall deficit of GH¢75.8 million (0.1% of GDP) in the second quarter of 2011. The deficit was financed with a net foreign inflow of GH¢15.7 million and GH¢60.1 million from domestic sources. The Net Domestic Financing included a repayment of GH¢325.1 million to the Banking sector and a borrowing of GH¢239.5 million from the Non-bank sector.

Table 5.4: Government Financing (GH¢ million)

	2010	2011	2011	2011	2011	2011
	PROV	PROV	PROV	BUDGET	PROV	BUDGET
	Q2	Q1	Q2	Q2	Q1+Q2	Q1+Q2
REVENUE	2,026.3	2,681.6	2,804.2	2,579.2	5,485.8	5,191.1
PAYMENTS	2,851.0	2,562.9	3,079.4	3,385.9	5,642.3	6,147.4
OVERALL BALANCE (COMMITMENT BASIS)	(824.7)	118.7	(275.2)	(806.7)	(156.5)	(956.3)
<i>% of GDP</i>	<i>(1.86)</i>	<i>0.21</i>	<i>(0.48)</i>	<i>(1.42)</i>	<i>(0.28)</i>	<i>(1.68)</i>
ROAD ARREARS	(0.7)	(213.2)	-	-	(213.2)	(221.8)
NON-ROAD ARREARS	(93.2)	(801.9)	(52.8)	-	(854.7)	(374.3)
VAT REFUND	(11.8)	(15.2)	(22.7)	(14.5)	(37.9)	(26.0)
OVERALL BALANCE (CASH BASIS)	(930.4)	(911.6)	(350.7)	(821.2)	(1,262.2)	(1,578.4)
<i>% of GDP</i>	<i>(2.10)</i>	<i>(1.60)</i>	<i>(0.62)</i>	<i>(1.45)</i>	<i>(2.22)</i>	<i>(2.78)</i>
DISCREPANCY	310.9	547.6	274.9	11.0	822.5	208.1
OVERALL BALANCE (INCL. DIVESTITURE)	(619.4)	(363.9)	(75.8)	(810.2)	(439.7)	(1,370.3)
<i>% of GDP</i>	<i>(1.40)</i>	<i>(0.64)</i>	<i>(0.13)</i>	<i>(1.43)</i>	<i>(0.77)</i>	<i>(2.41)</i>
FINANCING	619.4	363.9	75.8	810.2	439.7	1,370.3
DOMESTIC (NET)	80.5	540.4	60.1	373.8	600.5	953.5
BANKING SECTOR	(111.3)	(316.6)	(325.1)	373.8	(641.6)	179.2
Bank of Ghana	(58.0)	(68.0)	(564.4)	(27.3)	(632.4)	(95.2)
Deposit Money Banks	(53.3)	(248.6)	239.3	401.2	(9.3)	274.4
NON-BANK SECTOR	191.8	856.9	385.2	-	1,242.1	774.3
Other Financing	-	(572.0)	-	153.4	(572.0)	(418.6)
clawback from TOR	-	(572.0)	-	153.4	(572.0)	(418.6)
FOREIGN (NET)	538.9	395.6	15.7	283.0	411.2	835.5
INFLOWS	634.5	473.9	166.5	412.0	640.5	1,042.8
Project Loans	431.3	147.0	166.5	379.7	313.5	683.6
Programme Loans	203.2	327.0	-	32.3	327.0	359.3
AMORTIZATION	(102.7)	(78.4)	(150.8)	(170.7)	(229.2)	(249.1)
EXCEPTIONAL FINANCING	7.1	-	-	41.7	-	41.7
HIPC Relief (Cologne terms)	7.1	-	-	41.7	-	41.7
DOMESTIC REVENUE	1,810.4	2,390.2	2,669.8	2,215.9	5,060.0	4,450.9
DOMESTIC EXPENDITURE	1,602.8	1,414.0	2,235.4	2,358.2	3,649.4	4,075.3
PRIMARY BALANCE	207.7	976.2	434.4	(142.3)	1,410.6	375.6
AS A % GDP	0.47	1.72	0.76	(0.25)	2.48	0.66
GDP	44,342.0	56,828.0	56,828.0	56,828.0	56,828.0	56,828.0

5.4 Domestic Debt

5.4.1 Composition of Domestic Debt

The stock of domestic debt at the end of the second quarter of 2011 was GH¢10,825.0 million (19.0% of GDP). This comprised marketable securities from the primary issues of government securities of GH¢8,139.0 million (14.3% of GDP) and non-marketable securities of GH¢2,686.1 million (4.7% of GDP).

The stock of domestic debt (including revaluation stocks) at the end of review quarter was 49.1 per cent higher than the level recorded in the corresponding quarter of 2010. The increase in the domestic debt stock was the result of increases in short-term, medium-term and long-term securities by 22.4, 72.8 and 50.6 per cent respectively.

Table 5.5: Stock of Domestic Debt (GH¢' million)

	2010			2011	
	Q2	Q3	Q4	Q1	Q2
91-Day Treasury Bill	819.5	808.0	641.0	897.8	652.2
182-Day Treasury Bill	1,196.5	1,176.8	1,334.6	1,486.6	1,578.7
1-Year Treasury Note	738.7	974.5	1,134.6	958.6	1,164.8
Short term Advance	104.2	104.2	104.2	104.2	104.2
A. Short-Term Instruments	2,858.9	3,063.6	3,214.5	3,447.2	3,500.0
2-Year Fixed Treasury Note	1,582.5	1,622.7	1,647.0	1,656.3	1,815.9
3-Year Fixed Treasury Note	1,064.4	1,149.7	1,653.1	2,009.7	2,492.8
3-Year Stock (SBG)	0.0	0.0	0.0	0.0	29.9
5-Year GOG Bond	268.8	268.8	268.8	268.8	268.8
5-year Golden Jubilee Bond	19.8	19.8	29.4	30.5	31.6
GOG Petroleum Finance Bond	80.0	80.0	80.0	80.0	80.0
TOR Bonds	110.0	110.0	110.0	110.0	682.0
B. Medium-Term Instruments	3,125.5	3,251.0	3,788.3	4,155.3	5,401.0
Long Term Government Stocks	673.8	673.8	673.8	1,320.6	1,320.6
Telekom Malaysia Stocks	109.5	109.5	109.5	109.5	109.5
Revaluation Stock	493.1	493.1	493.1	493.1	493.1
Others Government Stocks	1.0	1.0	1.0	1.0	1.0
C. Long-Term Instruments	1,277.3	1,277.3	1,277.3	1,924.0	1,924.0
TOTAL(A+B+C)	7,261.7	7,591.9	8,280.1	9,526.6	10,825.0

5.4.2 Holdings of Domestic Debt

Bank of Ghana's holdings of domestic debt at the end of the second quarter of 2011 stood at GH¢2,147.7 million (19.8%), compared with its holdings of GH¢1,576.6 million (21.7%) in the second quarter of 2010. The Deposit Money Banks (DMBs) held GH¢4,441.4 million (41.0%), SSNIT GH¢164.3 million (1.5%), Insurance companies, GH¢48.0 million (0.4%), and 'Other' holders had GH¢4,023.6 million (37.2%). This may be compared with the DMBs' holdings of 41.3 per cent, SSNIT (3.5%), Insurance companies (0.8%) and 'Other' holders (32.6%) as at end of the second quarter of 2010.

Table 5.6: Holdings of Domestic Debt (GH¢' million)

	2010			2011	
	Q2	Q3	Q4	Q1	Q2
A. Banking system	4,577.8	4,827.7	5,289.1	5,670.9	6,589.0
Bank of Ghana	1,576.6	1,564.6	1,533.3	2,155.4	2,147.7
Commercial Bank	3,001.2	3,263.0	3,755.7	3,515.5	4,441.4
B. Nonbank sector	2,683.9	2,764.3	2,991.1	3,855.7	4,236.0
SSNIT	253.8	220.3	201.4	233.1	164.3
Insurance Companies	60.3	39.4	38.6	42.9	48.0
Others Holders	2,369.8	2,504.6	2,751.0	3,579.6	4,023.6
TOTAL(A+B)	7,261.7	7,591.9	8,280.1	9,526.6	10,825.0

Table 5.7: Holdings of Domestic Debt (%)

	2010			2011	
	Q2	Q3	Q4	Q1	Q2
A. Banking system	63.0	63.6	63.9	59.5	60.9
Bank of Ghana	21.71	20.61	18.52	22.63	19.84
Commercial Bank	41.33	42.98	45.36	36.90	41.03
B. Nonbank sector	37.0	36.4	36.1	40.5	39.2
SSNIT	3.49	2.90	2.43	2.45	1.52
Insurance Companies	0.83	0.52	0.47	0.45	0.44
Others Holders	32.63	32.99	33.22	37.58	37.17
TOTAL(A+B)	100.0	100.0	100.0	100.0	100.0

6. Balance of Payments Developments

6.1 Review of International Trade and Finance

The provisional estimates of Ghana's balance of payments for the second quarter of 2011 recorded a surplus of US\$144.73 million, a turnaround from a deficit of US\$153.74 million registered in the preceding quarter. The build-up of US\$298.47 million in the balance of payments was due to improvements in both current account and financial account. For the second quarter of 2010, the BOP recorded a surplus of US\$44.82 million.

Table 6.1: Balance of Payments (US\$' million)

	2009			2010			2011	
	Q1	Q2	Annual	Q1	Q2	Annual	Q1	Q2
CURRENT ACCOUNT	-601.80	-352.70	-1,598.46	-565.80	-624.59	-2,700.47	-548.58	-471.42
Merchandise Exports (f.o.b.)	1,450.21	1,578.82	5,839.70	1,865.11	2,070.13	7,960.08	3,106.23	3,345.57
Cocoa beans and products	548.10	516.71	1,866.03	682.45	640.22	2,219.54	940.91	745.13
Gold	581.95	681.48	2,551.36	787.00	957.84	3,803.52	1,151.47	1,257.34
Timber products	39.21	44.78	179.83	43.69	46.56	189.47	40.99	41.58
Oil							484.22	698.94
Others (including non-traditionals)	280.95	335.85	1,242.48	351.97	425.51	1,747.55	488.64	602.58
Merchandise Imports (f.o.b.)	-2,112.29	-1,903.94	-8,046.25	-2,449.33	-2,723.35	-10,922.10	-3,295.12	-4,120.43
Non-oil	-1,834.87	-1,599.79	-6,557.28	-1,955.84	-2,114.85	-8,686.18	-2,650.90	-3,143.74
Oil	-277.42	-304.15	-1,488.97	-493.49	-608.50	-2,235.92	-644.22	-976.69
Trade Balance	-662.08	-325.12	-2,206.55	-584.22	-653.22	-2,962.02	-188.89	-774.86
Services (net)	-406.98	-430.13	-1,173.42	-454.35	-390.81	-1,525.93	-760.90	-243.27
Receipts	365.54	355.54	1,769.70	361.28	332.05	1,477.30	352.19	478.49
Payments	-772.52	-785.67	-2,943.12	-815.63	-722.86	-3,003.23	-1113.09	-721.76
Income (net)	-70.76	-65.82	-296.48	-87.06	-118.61	-534.95	-356.15	-129.49
Receipts	24.73	24.73	101.12	13.23	13.23	52.92	13.85	13.84
Payments	-95.49	-90.55	-397.60	-100.29	-131.84	-587.87	-370.00	-143.33
Current Transfers (net)	538.02	468.37	2,077.99	559.83	538.05	2,322.43	757.36	676.20
Official	137.19	424.20	289.62	109.91	37.83	199.74	83.60	81.06
Private	400.83	44.17	1,788.37	449.92	500.22	2,122.69	673.76	595.14
Services, Income and Current Transfers (net)	60.28	-27.58	608.09	18.42	28.63	261.55	-359.69	303.44
CAPITAL & FINANCIAL ACCOUNT	320.75	239.43	3,067.07	953.54	849.03	4,289.54	384.02	579.60
Capital Account	149.20	166.57	563.89	147.41	85.50	337.47	97.23	2.01
Capital transfers	149.20	166.57	563.89	147.41	85.50	337.47	97.23	2.01
Financial Account	171.55	72.86	2,503.18	806.13	763.53	3,952.07	286.79	577.59
Direct Investments	426.00	477.45	1,677.84	551.43	840.14	2,527.35	781.56	963.58
Portfolio Investments	-59.34	-25.55	-43.64	360.61	-6.87	620.46	108.64	98.45
Other Investments	-195.11	-379.04	868.98	-105.90	-69.74	804.26	-603.41	-484.44
Of Which								
Official Capital (net)	112.11	121.89	1,086.20	263.1	378.14	879.63	267.75	-39.49
Other Private Capital (net)	-85.29	-68.42	-135.16	-247.58	-43.80	-493.38	-264.23	103.30
Short-term capital (net)	-221.93	-432.51	-82.06	-121.42	-404.08	418.01	-606.93	-548.25
ERRORS AND OMISSIONS	-123.22	-108.44	-309.83	-235.72	-179.61	-126.40	10.82	36.55
OVERALL BALANCE	-404.27	-221.71	1,158.78	152.02	44.82	1,462.67	-153.74	144.73
FINANCING	404.27	221.71	-1,158.78	-152.02	-44.82	-1,462.67	153.74	-144.73

* Provisional

6.2 The Current Account

The balance on the current account improved to a deficit of US\$471.42 million during the second quarter of 2011 from a deficit of US\$624.59 million recorded in the corresponding quarter of 2010. The improvement resulted mainly from a net increase in the services, income and current transfers that moderated the widening deficit in the trade balance.

Merchandise Trade

During the review quarter, the deficit on the merchandise trade balance amounted to US\$774.86 million, showing a deterioration of US\$121.86 million (or 18.6%) compared with a deficit of US\$653.22 million recorded in the corresponding quarter of 2010. This development was mainly influenced by significant increases in both non-oil and oil imports that more than offset the significant gains in exports during the review period.

6.2.1 Merchandise Exports

Merchandise exports for the second quarter of 2011 grew by US\$1,275.44 million (or 61.6%) to an estimated value of US\$3,345.57 million on year-on-year basis, compared with US\$2,070.13 million recorded in the corresponding period of 2010. The growth in exports revenue was largely attributed to the emerging oil sector and increases in the value of cocoa and gold exports.

On-year-on-year basis, the value of **gold** exports grew by 31.3 per cent to US\$1,257.34 million, mainly as a result of increases in both volume and realized prices. The volume of the metal exported during the review period increased by 3.5 per cent to 840,685 fine ounces, while the average realized price increased by 26.8 per cent to US\$1,495.61 per fine ounce.

Receipts from **cocoa beans** exports increased by 17.8 per cent to an estimated amount of US\$520.12 million during the second quarter of 2011, from US\$441.64 million recorded in the corresponding period of 2010. This development was largely due to an 8.4 per cent rise in volume to 159,075 metric tonnes, while the average realized price went up by 8.7 per cent to US\$3,269.65 per metric tonne.

The value of **cocoa products'** exports also grew by 13.3 per cent (or US\$26.43 million) to an estimated amount of US\$225.01 million. This was underpinned by an improvement in the average realized price by 19.8 per cent to US\$3,978.04 per metric tonne that was moderated by a decline in exported volumes by 5.4 per cent to 56,563 metric tonnes.

Ghana started exporting **crude oil** from the beginning of this year. **Crude oil** exported during the second quarter of 2011 was estimated at US\$698.94 million for a volume of 5.97 million barrels, and an average realised price of US\$117.07 per barrel. In the preceding quarter, however, the **crude oil** exports were estimated at US\$484.22 million for a volume of

4.6 million barrels, and an average realized price of US\$104.61 per barrel.

Exports of timber and timber products were provisionally estimated at US\$41.58 million, showing a marginal decline by 10.7 per cent. The decline resulted from an 11.4 per cent decrease in volume to 92,360 metric tonnes, while average realised prices also rose by 0.8 per cent to US\$450.19 per metric tonne.

During the review period, the value of **"other"** exports (including non-traditional, aluminium ingots and other minerals, etc) improved by 41.6 per cent to US\$602.58 million from the level recorded in the corresponding quarter of 2010.

The value of the top ten exported non-traditional commodities amounted to US\$290.77 million in the second quarter of 2011, compared to US\$149.06 million recorded in the corresponding period of 2010. The main commodities exported in 2011 were cashew nuts, tableware, kitchenware and household articles, prepared or preserved fish, kerosene type jet fuel and aluminium alloys.

Chart 6.1: Developments in Current Account (US\$' million)

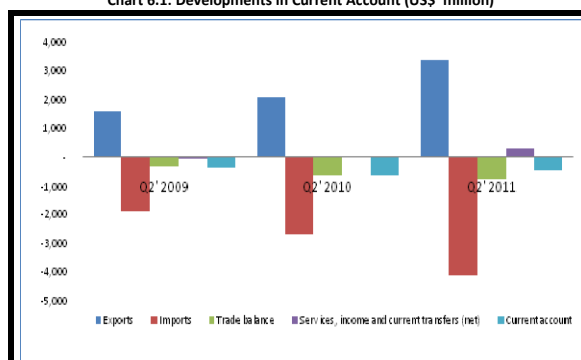
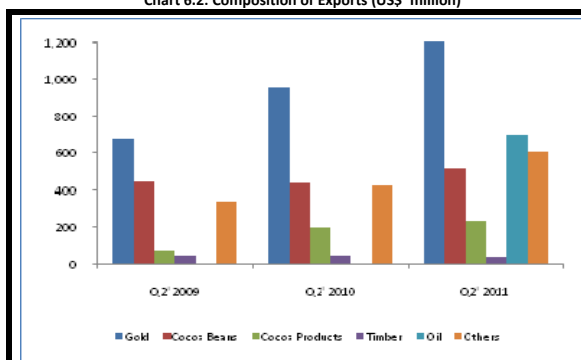


Chart 6.2: Composition of Exports (US\$' million)



6.2.2 Merchandise Imports

Total merchandise imports for the second quarter were provisionally estimated at US\$4,120.53 million, indicating a year-on-year growth of 51.3 per cent. The growth was mainly due to 48.7 per cent and 60.5 per cent increases in non-oil and oil imports respectively

Chart 6.3: Destination of Exports (2009-2011)

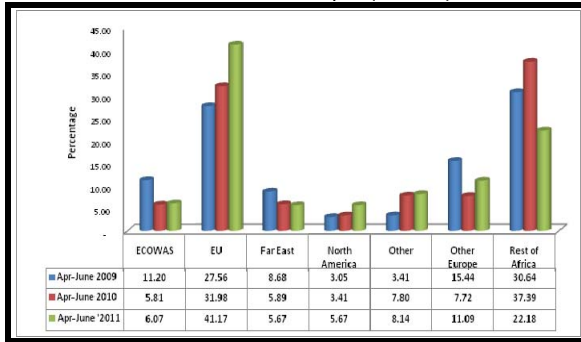


Chart 6.4: Developments in Merchandise Imports (US\$ million)

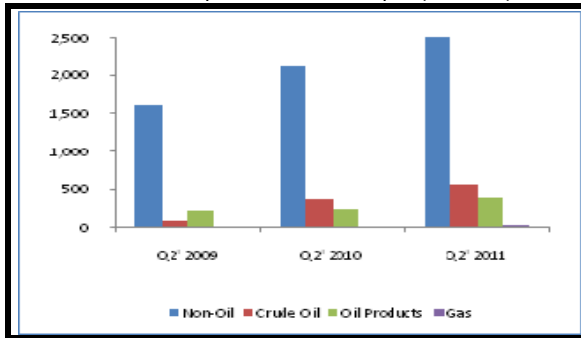


Chart 6.5: Non-Oil Import Classification (US\$ million)

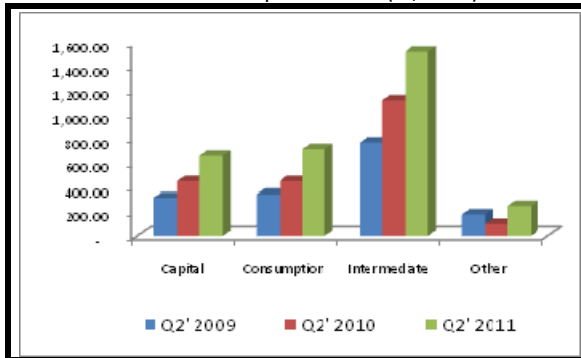
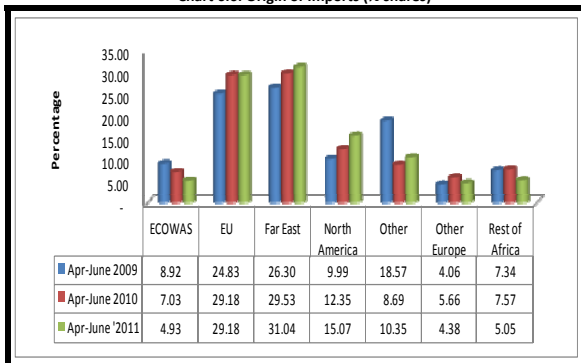


Chart 6.6: Origin of Imports (% shares)



Non – Oil Imports

The value of non-oil imports for the second quarter of 2011 was estimated at US\$3,143.75 million, showing an increase of 48.7 per cent (or US\$1,028.90 million) from US\$2,114.85 million recorded in the corresponding period of 2010. The expansion in the level of imports reflected in all the broad economic categories of imports.

Capital goods imports increased by 46.8 per cent to US\$657.15 million. This development was largely due

to growth in the imports of capital goods (except transport) and industrial transport by 40.9 per cent and 63.1 per cent respectively to US\$462.04 million and US\$195.11 million.

Imports of **consumption goods** also went up by 59.3 per cent to US\$712.02 million, reflecting a significant growth in imports of processed foods and beverages, mainly for household consumption and non-durable goods which grew by US\$140.11 million (60.1%) and US\$81.03 million (71.1%) respectively. All the other sub-categories recorded increase in imports during the period.

Intermediate goods imported during the quarter were estimated at US\$1,525.53 million, indicating an increase of 36.3 per cent (or US\$406.24 million) from the level recorded in the corresponding period of 2010. The increase was largely driven by higher imports of processed industrial supplies and capital goods – parts and accessories.

Imports of **'other' goods** rose by 146.3 per cent (or US\$147.93 million), largely on account of a rise in imports of passenger cars which increased by 144.2 per cent to US\$144.10 million.

Oil Imports

For the quarter under review, oil imports was estimated at US\$967.69 million, representing a year-on-year increase of 60.5 per cent from US\$608.50 million recorded during the corresponding quarter of 2010,

Crude oil imports increased to US\$557.10 million during the second quarter from US\$363.55 million recorded in the corresponding quarter of 2010. This increase was attributed to both price and volume effects. The average realized price increased by US\$42.04 to US\$121.85 per barrel and the volume of imports also increased by 17,133 barrels to 4.57 million barrels. Imports by Tema Oil Refinery (TOR) were US\$503.10 million, while VRA imported US\$54.00 million. This compares with the TOR and VRA imports of US\$266.77 million and US\$96.78 million respectively during the corresponding period in 2010.

Additionally, VRA imported 7,800,856 MMBTu² of gas from the West African pipeline, valued at US\$39.25 million during the review quarter. Refined oil products

² An acronym for Million Metric British Thermal Units.

also increased by 55.3 per cent to US\$380.34 million during the review period.

Top Ten Non – Oil Imports

The total value of the top ten non-oil commodities imported for the period April - June increased to US\$879.58 million in 2011 from US\$495.81 million recorded in 2010. The growth was reflected in higher imports of motor vehicles for the transport of persons and goods, un-milled wheat, broken rice, cement clinkers and poultry cuts and offal etc. Compared to the corresponding period in 2010, this suggests a sustained demand for these items.

6.2.3 Direction of Trade

Destination of Exports

During the second quarter of 2011, about 41.2 per cent of Ghana's exports were absorbed by the European Union, with 22.2 per cent going to the Rest of Africa. Other key regional destinations were Other Europe, 'Other' countries, ECOWAS and Far East and North America with a share of 11.1, 8.1, 6.1, and 5.7 per cent, respectively.

Origin of Imports

During the second quarter, imports from the Far East accounted for 31.0 per cent of Ghana's total imports, followed closely by the European Union with 29.2 per cent. The other major sources were North America (15.1%), 'Other' countries (10.4%), Rest of Africa (5.1%), ECOWAS (4.9%), and Other Europe (4.4%).

6.3 Services, Current Transfers and Income Account

The net balance on the services, income and transfers account improved by US\$274.80 million to a surplus of US\$303.44 million for the second quarter of 2011, from a surplus of US\$28.64 million recorded in the corresponding quarter of 2010. This was mainly due to an improvement in the services account by US\$147.53 million, coupled with a net inflow of US\$138.15 million into the current transfers' account which outweighed a net income outflow of US\$10.88 million.

The balance on the current transfers' account showed a net receipt of US\$676.20 million in the second quarter of 2011, up by 125.7 per cent (US\$138.15 million) from US\$538.05 million recorded in the corresponding period of 2010. This reflected increases in both net private and official receipts by US\$43.23 million and US\$94.92 million respectively.

Inward private transfers, comprising personal remittances and NGOs, recorded an inflow of US\$595.14 million for the second quarter of 2011,

compared to US\$500.22 million recorded for the same period in 2010. Personal remittance inflows for the review period was estimated at US\$462.42 million, indicating an increase of US\$27.98 million from US\$434.44 million recorded in the corresponding period of 2010. The increase was influenced largely by receipts from 'Other countries' and Europe. Remittance inflows from the other regional blocks were lower when compared to the level recorded in the corresponding period in 2010.

During the quarter under review, the US and Canada accounted for 60.2 per cent of net inflows, followed by Europe with 13.0 per cent and U.K. (12.2%). The other sources were 'Other' countries (9.3%), ECOWAS (3.8%) and the Rest of Africa (1.4%).

6.4 Capital and Financial Account

During the second quarter of 2011, the surplus on the capital and financial account declined by US\$297.49 million to US\$579.40 million as result of a drop in capital transfers and slowdown in other investments.

Transactions in the financial account resulted in a net outflow of US\$214.0 million, from an outturn of US\$791.39 million recorded in the corresponding quarter of 2010. This was attributed to large outflows in the 'other investment' category which dampened receipts of foreign direct and portfolio investment.

Direct investments in Ghana by non-residents increased by US\$123.44 million to a provisional estimate of US\$963.58 million. Net portfolio investment, primarily made up of investments in Government of Ghana bonds purchased by non-residents was US\$98.45 million, up by US\$105.32 million.

In respect of "other" investments, the net outflow widened by GH¢554.18 million from a narrow deficit of US\$69.74 million during the same period of 2010 to US\$484.44 million in 2011. This development was largely explained by a slowdown in official investment disbursement and an increase in short term capital outflows. It was observed that private investments recorded an increase in disbursements and a reduction in repayments during the period.

6.5 International Reserves

The gross international reserves improved by US\$84.92 million to US\$4,764.93 million at the end of June 2011 from a stock position of US\$4,680.01 million at the end of December 2010. This translated into 3.7 months of imports of goods and services,

compared to 3.0 and 3.7 months cover at the end of June and December 2010, respectively.

The stock of net international reserves (NIR) at the end of June 2011 was estimated at US\$3,882.96

million, indicating a drawdown of US\$9.48 million from a stock position of US\$3,892.44 million at the end of December 2010.

Chart 6.7: Gross International Reserves (US\$' million)

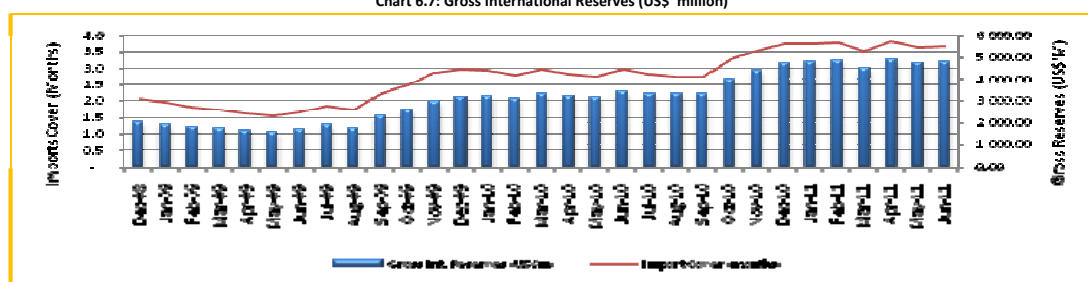


Table 6.2: Services, Income and Transfers Account (US\$' million)

	2009		2010		2011
	Q2	Annual	Q2	Annual	Q2
Services (net)	-430.12	-1,173.42	-390.80	-1,525.94	-243.27
Freight and Insurance	-118.85	-496.17	-164.74	-674.82	-205.70
Other Services	-311.27	-677.25	-226.06	-851.12	-37.57
Income (net)	-65.82	-296.48	-118.61	-534.95	-129.49
Current Transfers (net)	468.37	2,077.99	538.05	2,322.43	676.20
Official	44.17	289.62	37.83	199.74	81.06
Private	424.20	1,788.37	500.22	2,122.69	595.14
Services, Income and Current Transfers (net)	-27.57	608.09	28.64	261.54	303.44

Table 6.3: Top Ten Imported Non-Oil Goods: (April-June, 2010/2011)

April - June, 2010			April - June, 2011		
Description	Value US\$'M	% Distribution	Description	Value US\$'M	% Distribution
Motor vehicles for the transport of persons	110.19	22.22	Motor vehicles for the transport of persons.	237.33	26.98
Spelt, common wheat and meslin	77.52	15.63	Motor vehicles for the transport of goods	142.85	16.24
Cement clinkers	62.04	12.51	Spelt, common wheat and meslin	106.46	12.10
Drilling machines	41.82	8.43	Broken rice	91.93	10.45
Motor vehicles for the transport of goods	41.44	8.36	Cement clinkers	69.30	7.88
Fungicides	38.86	7.84	Poultry cuts and offal	49.69	5.65
Broken rice	35.02	7.06	Machine for the reception, conversion and transmission or regeneration of vopice..	47.02	5.35
Polyethylene	30.63	6.18	Cane or beet sugar	46.30	5.26
Telephones for cellular networks or for wireless handsets	29.68	5.99	Frozen fish	45.68	5.19
Frozen fish	28.61	5.77	Fungicides	43.02	4.89
Total	495.81	100.00	Total	879.58	100.00

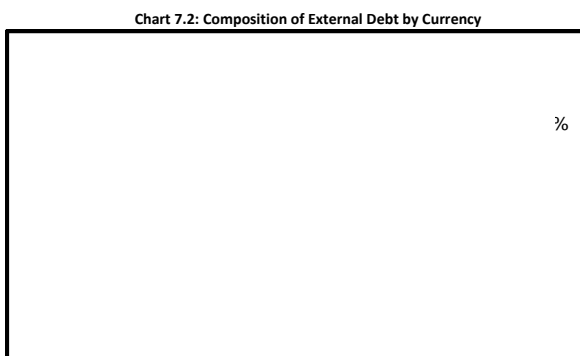
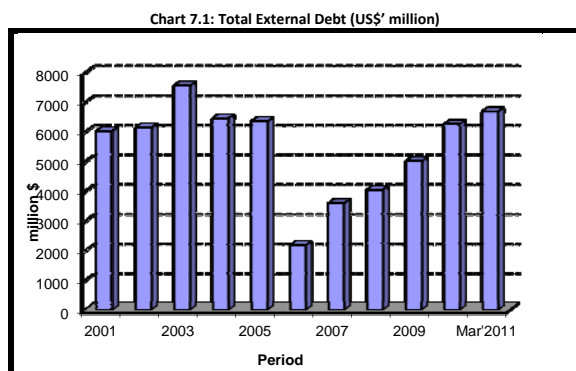
Table 6.4: Top Ten Exported Non –Traditional Exports: (April-June, 2010/2011)

April - June, 2010			April - June, 2011		
Description	Value (US\$'M)	% Distribution	Description	Value (US\$'M)	% Distribution
Prepared or preserved fish	39.21	26.30	Cashew nuts	81.12	27.90
Fermented beverages	24.27	16.28	Tableware, kitchenware and other household articles	51.82	17.82
Cashew nuts	18.57	12.46	Prepared or preserved tuna	37.63	12.94
Colloidal precious metals; compounds	15.84	10.63	Kerosine type jet fuel	30.79	10.59
Fish, frozen	12.84	8.62	Unworught aluminium	23.17	7.97
Tableware, kitchenware, other household articles and toilet articles	12.61	8.46	Other nuts excluding groundnuts & peanut butter	21.97	7.56
Mixtures of fruits or other edible parts of plants	8.24	5.53	Gold compounds	15.25	5.25
Oil-seeds and oleaginous fruits	7.00	4.70	Frozen fish	10.29	3.54
Bananas (including plantains), fresh or dried	5.29	3.55	Smoked sheets of natural rubber	9.88	3.40
Fixed vegetable fats and oils	5.19	3.48	Mixtures of fruit	8.86	3.05
Total	149.06	100.00	Total	290.77	100.00

7. External Debt

7.1 Debt Stock

At the end of June 2011, the public and publicly-guaranteed external debt was estimated at US\$7,082.64 million, up by US\$400.77 million (about 6.0%) from US\$6,681.87 million recorded at the end of March 2011. The rise was mainly due to additional loan disbursements and currency revaluation. On year-on-year basis, the June position registered an increase of US\$1,462.74 million (26.03%) over the stock of US\$5,619.90 million recorded in the corresponding period of 2010. The June 2011 level of external debt stock translated into a Debt-to-GDP ratio of 18.69 per cent.



Composition of External Debt by Creditors

In the second quarter, debt holding by multilateral and bilateral creditors registered increases as a result of additional disbursements of loans. Multilateral debt increased to US\$3,708.98 million by the end of June 2011 from US\$3,367.9 million at the end of the first quarter, and constituted 52.0 per cent of total debt stock. Similarly, bilateral debt holdings rose to US\$2,372.06 million (33% share) at the end of June 2011 from US\$2,292.09 million at the end of the first quarter. However, commercial debt, including the US\$750.0 million Sovereign Bond, declined marginally to US\$1,001.60 million at the end of June 2011 from US\$1,022.03 million recorded at the end of March 2011, and represented a 14.0 per cent share of the total debt.

The high ratio of multilateral debt to external total debt reflected the national policy of contracting external debt on soft concessional terms and at low cost.

7.2 Currency Composition of Debt Stock

The external debt portfolio at the end of the second quarter of 2011 was held in the following major international currencies: the Special Drawing Right (SDR), the United States Dollar (USD) and the Euro (EUR). The portion of the debt stock held in United States Dollar (USD) was 36.47 per cent, indicating a marginal decline from 38.22 per cent at the end of March 2011. The Special Drawing right (SDR) constituted 34.99 per cent of the total external debt stock, while 18.06 per cent was held in Euro. The residual 10.48 per cent was made up of basket of currencies, including the Chinese Yuan and Japanese Yen.

Interest Rate Structure of External Debt

At the end of the second quarter of 2011, the proportion of the total debt held under a fixed interest regime was 88.89 per cent, mainly from multilateral and bilateral sources. Another 1.91 per cent of the debt portfolio attracted zero coupon rate, leaving only 9.20 per cent of the debt portfolio held in a variable interest rate. The current interest rate structure of the debt therefore indicates a very low market risk.

7.3 Debt Service Payments

Total debt service obligations (principal and interest payments) in respect of external debt in the second quarter of 2011 was US\$127.67 million, of which US\$70.63 million was principal repayments and US\$57.04 million was interest payments. This compares with US\$76.30 million made in the preceding quarter. The cumulative external debt service payments from January to June 2011 amounted to US\$210.31 million, compared to US\$193.11 million honoured in the corresponding period in 2010. The high debt service made in the second quarter of 2011 was in respect of the 10-year sovereign bond. Bilateral debt service falling due during the period was also relatively high. For the review period, a total of US\$40.87 million, (32.01% of the total debt service) was paid to bilateral creditors.

Commercial creditors were paid US\$39.21 million (30.71%), while multilateral creditors received a total of US\$15.71 million.

External Vulnerability and Debt Sustainability

During the second quarter of 2011, external debt indicators deteriorated slightly compared to the first quarter of the year. This trend reflected the increases in the debt stock and debt service payments during the period.

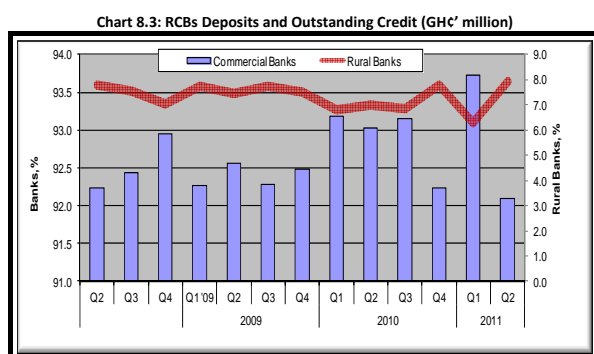
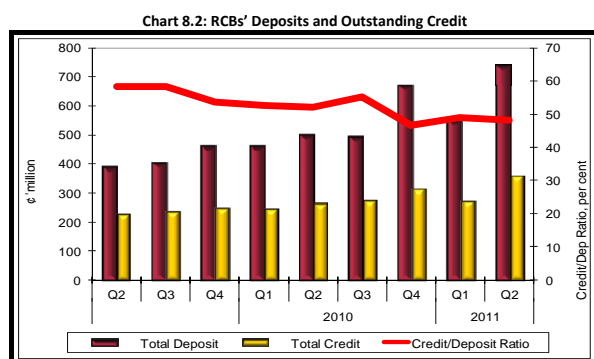
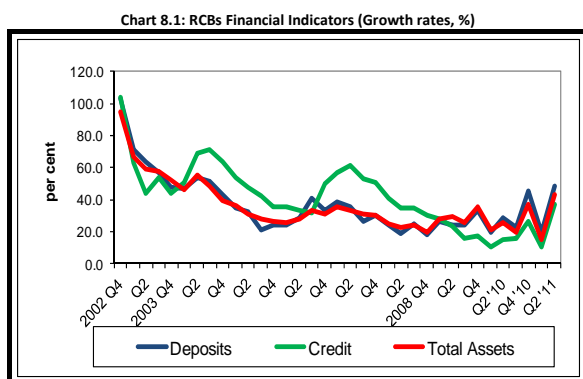
The external debt-to-GDP ratio increased to 18.7 per cent at the end of the second quarter of 2011 from 17.6 per cent at the end of the preceding quarter. The debt service-to-exports of goods and services also rose to 8.1 per cent during the review quarter, from

6.3 per cent in the preceding quarter. The debt service-to-domestic revenue ratio also trended up to 3.1 per cent in the review quarter from 2.5 per cent in the first quarter of 2011. The debt service to GDP ratio also moved up marginally from 0.2 per cent in March 2011 to 0.3 per cent at end of June 2011. However, these ratios remained below their critical thresholds, indicating sustainable external debt burden at the end of the second quarter.

8. The Rural Banking Sector

8.1 Performance of RCBs

The performance of rural/community banks continued to improve during the second quarter of 2011 as their balance sheet grew by GH¢241.6 million (33.5%) over the level at the end of the first quarter. This may be compared with an increase of GH¢48.5 million (7.7%) a year ago. On year-on-year basis, total assets of rural/community banks rose by GH¢289.2 million (42.9%) to GH¢963.3 million at the end of the second quarter of 2011, compared with an increase of GH¢137.0 million (25.5%) recorded a year earlier. Total assets of rural/community banks stood at GH¢674.0 million at the end of the second quarter of 2010.



Investment in Government securities continued to dominate the assets of rural/community banks in the year to June 2011. It grew by GH¢100.4 million (47.1%) year-on-year, followed by loans & advances (GH¢96.6 million or 37.2%) and cash and bank balances (GH¢42.2 million or 43.2%).

These assets continued to be funded mainly from deposit mobilization during the year to June 2011. Total deposits of rural/community banks increased by GH¢240.0 million (48.1%), year-on-year, to GH¢738.8

million while shareholders' funds (mainly reserves) put on GH¢21.4 million (23.0%) to end the second quarter of 2011 at GH¢114.3 million.

8.2 Rural Banks' Share of Domestic Deposits

Domestic currency deposits mobilized by banks and rural/community banks continued to grow during the second quarter. Domestic deposit mobilization increased from GH¢1,986.7 million (29.4%) in the first quarter of 2011 to GH¢2,200.3 million (30.8%) during the review quarter. This may be compared with an increase of GH¢406.4 million (6.0%) during the corresponding quarter in 2010. Domestic currency deposits mobilized by banks and rural/community banks amounted to GH¢9,354.8 million during the second quarter of 2011.

Banks continued to dominate deposit mobilization, accounting for GH¢8,616.0 million (92.1%) while rural/community banks contributed GH¢738.8 million (7.9%). For the rural community banks, this is an improvement on their share of 6.3 per cent (GH¢548.0 million) during the first quarter of 2011. During the second quarter 2010, rural/community banks' share of domestic currency deposits constituted 7.0 per cent.

8.3 Reserve Requirements

Primary reserves, in the form of cash and bank balances held by rural/community banks as a proportion of deposits increased during the second quarter of 2011 to 19.96 per cent, from 18.20 per cent in the previous quarter. The current level of primary reserves implies an excess of 7.0 per cent over the statutory minimum requirement compared with an excess of 7.5 per cent a year ago.

Chart 8.4: Primary Reserves of Rural/Community Banks

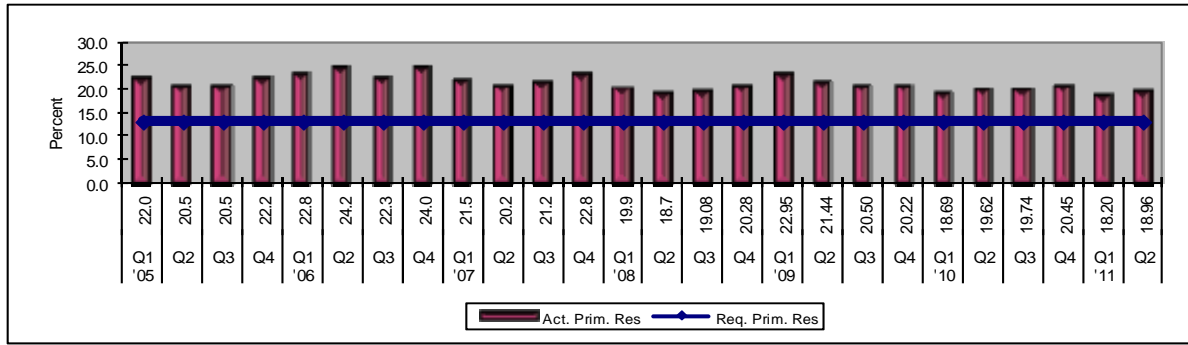


Table 8.1: Consolidated Assets and Liabilities of RCBs (GH¢ million)

	2009	2010				2011		Change Between									
		Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q1 '11 & Q2 '11		Q1 '10 & Q2 '10		Q2 '10 & Q2 '11		Q2 '09 & Q2 '10		
									Abs	%	Abs	%	Abs	%	Abs	%	
ASSETS																	
Total Assets	627.7	625.6	674.0	666.2	859.1	721.7	963.3	241.6	33.5	48.5	7.7	289.2	42.9	137.0	25.5		
of which																	
Cash and Bank Balances	92.8	85.9	97.9	97.3	136.5	99.7	140.1	40.4	40.5	12.0	13.9	42.2	43.2	14.9	17.9		
Investment (Short & Long Term)	194.8	202.9	213.3	195.3	289.4	241.0	313.6	72.7	30.2	10.4	5.1	100.4	47.1	73.1	52.1		
Loans and Advances	245.7	242.0	259.8	272.6	311.1	268.2	356.5	88.3	32.9	17.8	7.4	96.6	37.2	33.7	14.9		
Others	94.4	94.7	103.1	101.0	122.2	112.8	153.0	40.2	35.6	8.3	8.8	50.0	48.5	15.3	17.4		
LIABILITIES																	
Total Liabilities	627.7	625.1	674.0	666.2	859.1	720.2	963.3	243.1	33.8	48.9	7.8	289.3	42.9	137.0	25.5		
of which																	
Total Deposit	459.0	459.7	498.8	493.0	667.3	548.0	738.8	190.9	34.8	39.1	8.5	240.0	48.1	111.7	28.9		
i) Demand Deposit																	
ii) Saving Deposit																	
iii) Time Deposit																	
Shareholders Funds	82.9	86.5	93.0	90.0	104.5	88.5	114.3	25.8	29.2	6.4	7.4	21.4	23.0	21.6	30.2		
i) Paid-up Capital	22.5	21.8	24.8	24.5	27.9	22.5	30.1	7.6	33.8	3.0	14.0	5.2	21.0	5.0	25.2		
ii) Reserves	60.4	64.8	68.2	65.5	76.6	66.0	84.3	18.2	27.6	3.4	5.3	16.1	23.7	16.6	32.1		
Others	85.8	78.9	82.3	83.2	87.3	83.7	110.2	26.4	31.6	3.4	4.3	27.9	33.9	3.7	4.7		

Table 8.2: Contribution of Rural Banks to Total Deposits of Banking System

Category Of Banks	2009		2010						2011					
	Q4		Q1		Q2		Q3		Q4		Q1		Q2	
	Domestic Deposits GH¢ million	% Share	Domestic Deposits GH¢ million	% Share	Domestic Deposits GH¢ million	% Share	Domestic Deposits GH¢ million	% Share	Domestic Deposits GH¢ million	% Share	Domestic Deposits GH¢ million	% Share	Domestic Deposits GH¢ million	% Share
Commercial Banks	5,408.8	93.2	6,288.4	93.2	6,655.7	93.0	6,702.1	93.1	7,927.9	92.2	8,186.9	93.7	8,616.0	92.1
Rural Banks	394.1	6.8	459.7	6.8	498.8	7.0	493.0	6.9	667.3	7.8	548.0	6.3	738.8	7.9
TOTAL	5,802.9	100.0	6,748.1	100.0	7,154.5	100.0	7,195.1	100.0	8,595.2	100.0	8,734.9	100.0	9,354.8	100.0
Early Change in Total Deposits	594.7	11.4	945.2	16.3	406.4	6.0	40.6	0.6	1,400.2	19.5	1,986.7	29.4	2,200.3	30.8