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OVERVIEW

Introduction

This Economic Report highlights developments in the global and domestic economy for the first quarter of 2015. This includes developments in the real sector performance, inflation, Government budgetary operations, money aggregates, banking sector credit, exchange rates, interest rates, capital market, external sector and debt stock.

Global Economy

Global economic recovery remained tractable, although uneven across regions in the first quarter of 2015. Sharp drop in oil prices, weak growth momentums and low inflation in the Eurozone, Japan and China offset the positive global impact of a rebound in the US economy. While growth in emerging market and developing economies is projected to remain robust in 2015, the net impact of declining oil prices, country specific reforms and the need to maintain high interest rates to avert severe currency depreciations poses significant risks to the outlook. Global inflation has been declining in recent quarters due to low energy prices. Inflation pressures are expected to pick up marginally as world economic activity picks up later in the year to diminish spare capacity.

The Domestic Economy

Real Sector Performance

Developments in some selected real sector indicators, generally point to softening economic activity in the first quarter of 2015 compared with trends observed in the corresponding period of 2014. Economic indicators such as consumer spending, vehicle registration, construction sector activities, tourist arrivals and industry consumption of electricity declined during the review period.

Inflation

Developments in prices during the review quarter indicate that headline inflation picked up to 16.6 per cent in March from 16.5 per cent in February 2015 and 17.0 per cent in the fourth quarter of 2014. The modest decline in CPI inflation during the review quarter was due to non-food inflation which declined by 0.8 percentage points from 23.9 per cent at the end of 2014 to 23.1 per cent, while food inflation increased by 0.4 percentage points to 7.2 per cent.

Government Budgetary Operation

Government receipts (including grants) for the review period amounted to GH¢7,375.08 million (5.5% of GDP), compared with a target of GH¢6,634.76 million (4.9% of GDP) and the outturn of GH¢5,695.52 million (5.0% of GDP) recorded for the corresponding quarter in 2014. Government expenditure and net lending in the first quarter of 2015 amounted to GH¢8,164.04 million (6.1% of GDP) compared with the targeted amount of GH¢8,627.07 million (6.57% of GDP) and the outturn

of GH¢6,031.9 million (5.3% of GDP) recorded in the corresponding period of 2014. The overall budget balance on cash basis, including divestiture and discrepancy, was a deficit of GH¢1,332.4 million (1.0% of GDP) during the review period. The deficit was financed from a net foreign inflow of GH¢958.7 million while GH¢426.0 million was sourced from both banking and non-bank sectors.

***Money
Aggregates***

Broad money supply including foreign currency deposits (M2+) grew by 31.4 per cent (GH¢9,173.8 million), year-on-year, in March 2015 compared to 27.2 per cent (GH¢6,254.2 million) recorded in March 2014. The annual growth in M2+ in the review quarter resulted from growth in both Net Foreign Assets (NFA) and Net Domestic Assets (NDA) of the banking system. The NFA went up by 52.9 per cent (GH¢2,539.2 million) with the NDA also increasing by 27.2 per cent (GH¢6,634.6 million). At the end of March 2015, M2+ stood at GH¢38,387.8 million compared with GH¢29,214.0 million in March 2014.

***Banking Sector
Credit***

The annual growth in banks' outstanding credit to the public and private institutions at the end of the first quarter of 2015 moderated on year-on-year basis. Total outstanding credit to the public and private sectors stood at GH¢26,886.0 million, compared with GH¢19,410.9 million recorded in the same quarter in 2014. In real terms, credit from the banks decreased from 22.8 per cent year-on-year in March 2014 to 18.8 per cent in March 2015. The private sector accounted for 86.8 per cent of total outstanding credit at the end of the review period, compared with 88.1 per cent recorded in March 2014.

***Exchange
Rates***

Developments in the foreign exchange market during the first quarter of 2015 indicated that the Ghana cedi traded weak against its major trading currencies. This was mainly due to higher forex demand from both official and informal sources which outstripped inflows from commodities exports, forex purchases and proceeds from loans. In the inter-bank market, the Ghana cedi cumulatively depreciated by 14.6 per cent, 10.3 per cent and 4.0 per cent against the US dollar, the pound sterling and the euro respectively during the review quarter. Developments in the forex bureau market mirrored that of the interbank market with cumulative Cedi depreciations of 14.0 per cent, 9.3 per cent and 1.8 per cent against the US dollar, the pound sterling and the euro respectively.

Interest Rates

The developments in interest rates on the money market in the first quarter of 2015 showed some mixed trends. In the review quarter, the Monetary

Policy rate remained unchanged at 21.0 per cent while average interest rates on the 91-day and 182-day Treasury bills increased from 22.89 per cent and 21.32 per cent respectively in March 2014 to 25.55 per cent and 26.24 per cent in March 2015. The spread between borrowing and lending rates also went up by 292 basis points (bps) from 13.06 per cent in March 2014 to 15.98 per cent in March 2015. The average base rate of banks' increased by 312 bps from 23.12 per cent in March 2014 to 26.24 per cent in March 2015.

Capital Market

The GSE Composite-index (GSE-CI) grew by 2.0 per cent (42.4 points) in March 2015 to close the quarter at 2,220.4 points. This compares with a growth of 0.95 per cent (21 points) at the end of the fourth quarter of 2014. Market capitalization of the GSE declined to GH¢63,794.8 million from 64,352.4 million registered at the end of December 2014, due mainly to shift in investor interest to higher yielding money market instruments.

External Sector Developments

The value of merchandise exports for the first quarter of 2015 was provisionally estimated at US\$2,884.69 million, indicating a decrease of 19.5 per cent (US\$698.77 million) from US\$3,583.46 million recorded in the same period in 2014. The decline in exports was mainly attributed to lower receipts from exports of gold, cocoa beans and oil. Total value of merchandise imports for the review quarter amounted to US\$3,332.50 million, down by 12.3 per cent (US\$466.12 million). The decline in imports was on account of a significant fall in oil imports. The trade balance consequently deteriorated from a deficit of US\$215.2 million in the first quarter of 2014 to a deficit of US\$447.8 million in the first quarter of 2015, mainly on account of declining exports receipts.

The country's gross international reserves at the end of the first quarter of 2015 decreased by US\$427.6 million to US\$3,921.9 million from a stock position of US\$4,349.5 million at the end of December 2014. This level of reserves was sufficient to provide cover for 2.6 months of imports, compared to 2.5 and 3.0 months of imports cover as at March 2014 and December 2014 respectively.

External Debt

Provisional estimates indicated that the stock of Ghana's external debt at the end of March 2015 was US\$13,772.95 million, a decline of 1.0 per cent (US\$145.81 million) from US\$13,918.77 million recorded at the end of February 2015, and a fall of 1.9 per cent (US\$278.57 million) from US\$14,051.53 million registered at the end of December 2014.

1. Developments in the World Economy

The global economy continued on a modest growth path, albeit varying across countries, in the first quarter of 2015. In particular, activity remained firm in the United Kingdom but weak in the United States. The recovery effort in Japan is tepid, while weakening growth momentum in China has resulted in the implementation of stimulus measures.

Table 1.1: World Economic Indicators

	2014	Projections	
		2015	2016
World	3.4	3.5	3.8
Advanced Economies	1.8	2.4	2.4
USA	2.4	3.1	3.1
Euro Area	0.9	1.5	1.6
Japan	-0.1	1.0	1.2
Emerging and Developing Economies	4.6	4.3	4.7
China	7.4	6.8	6.3
India	7.2	7.5	7.5
Sub-Saharan Africa	5.0	4.5	5.1
South Africa	1.5	2.0	2.1
Ghana	4.0	3.5	6.4

Source: IMF World Economic Update, July 2014

European Economies

Data from the Euro area indicated that the Eurozone economy grew by 0.4 per cent in the first quarter of 2015, up from a 0.3 per cent growth in the previous quarter. This is the biggest gain in seven quarters. Growth in the Eurozone received a boost from strong performance by Italy and France while German expansion slowed down. Domestic demand (notably private consumption boosted by marked increase in consumer confidence levels) and net exports contributed positively to growth, while inventory developments had a negative impact.

United Kingdom

The British economy expanded by 0.3 per cent in the first quarter of 2015, but moderated from 0.6 per cent in comparison with the fourth quarter of 2014. This was on the back of a drop in exports and higher imports which weighed down on growth. Earlier estimates indicate that exports contracted by 0.3 per cent contrasting a 2.3 per cent growth in imports in the review period. Gross fixed capital formation rose by 1.5 per cent having bounced back from a 0.6 per cent decline and business investment was estimated to have risen by 1.7 per cent. Household spending also slowed to 0.5 per cent while government spending increased by 0.6 per cent.

The US Economy

The United States economy contracted at an annual rate of 0.7 per cent in the first quarter of 2015, down from an earlier estimate of 0.2 per cent growth. It is the first contraction in a year as the trade deficit widened and inventories accumulated was less-than-expected. The contraction in real GDP primarily reflected a deceleration in Private Consumption Expenditures (PCE) and downturn in exports, non-residential fixed investment, and government spending that were partly offset by a slow down in imports and upturns in federal government spending and in private inventory investment.

Emerging Asia

Japan

The Japanese economy expanded by 0.6 per cent in the first quarter of 2015 following a downwardly revised 0.3 per cent rise in the fourth quarter of 2014. The growth was supported by private demand as businesses increased spending, boosting inventories while personal consumption was better than expected. Private demand grew by 1.1 per cent contributing 0.8 percentage points to the expansion. Personal consumption rose by 0.4 per cent on quarterly basis, compared to downwardly revised 0.4 per cent gain in the previous quarter. Business spending also increased by 0.4 per cent with inventory build-up adding 0.5 percentage points to the expansion during the period.

China

The Chinese economy grew on quarter-on-quarter seasonally adjusted by 1.3 per cent in the first quarter of 2015, slowing from a 1.5 per cent increase from quarter four of 2014. It reflected the lowest growth figure since records began in 2010. A wide range of indicators, including industrial production, retail sales and manufacturing PMI all pointed to a slowdown in GDP growth at the start of the 2015. At the same time housing activity remained weak, and property prices continued to decline. With this backdrop, Chinese authorities introduced measures to stimulate the housing market by increasing the ceilings on mortgage loan-to-value ratios and reducing the minimum ownership period for tax benefits. These measures were meant to halt the slowdown in economic activity and boost household demand for housing and increasing consumption.

Sub-Saharan Africa

Growth in Sub-Saharan Africa is expected to remain robust but decelerate on the back of declining oil and commodity prices. The IMF's 2015 Regional Economic Outlook for Sub-Saharan Africa projects growth to expand by 4.5 per cent in the first quarter of 2015. Although lower than earlier estimates, growth in sub-Saharan

Africa is projected to remain among the fastest in the world. The deceleration in growth reflects the adverse impact of the sharp decline in the prices of oil and other commodities.

2. Real Sector Developments

Trends in selected real sector indicators point to some gradual improvement in economic activity during the first quarter of 2015. This was in spite of the energy and other economic challenges which hit the economy during the review period.

2.1 Indicators of Economic Activity

2.1.1 Consumer Spending

Consumer spending, measured by domestic VAT collections and retail sales suggested an improvement in the first quarter of 2015 relative to performance observed in the same period last year. Retail sales grew by 42.3 per cent year-on-year to GH¢67.51 million during the first quarter of 2015, from GH¢47.44 million collected in the corresponding quarter of 2014. The relative improvement in retail sales was partially due to pickup in household spending during the review period. However, retail sales for the review quarter showed a decline of 23.34 per cent from GH¢88.07 million collected in the fourth quarter of 2014.

Similarly, domestic VAT collections grew by 38.9 per cent year-on-year to GH¢564.69 million in the first quarter of 2015 from GH¢406.55 million recorded during the same quarter in 2014. Also, domestic VAT collections for the first quarter of 2015 constituted a growth of 4.02 per cent over GH¢542.87 million registered during the fourth quarter of 2014. The improvement in domestic VAT was due to a pickup in P.A.Y.E which influenced household consumption positively during the review period.

2.1.2 Production/Incomes

Manufacturing-related activities, measured by trends in income and corporate tax collections and workers contributions to the

Chart 2.1: Retail Sales and Domestic VAT (GH¢' million)

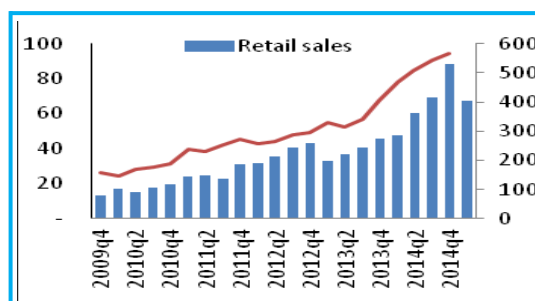


Chart 2.2: SSNIT Contributions (GH¢' million)

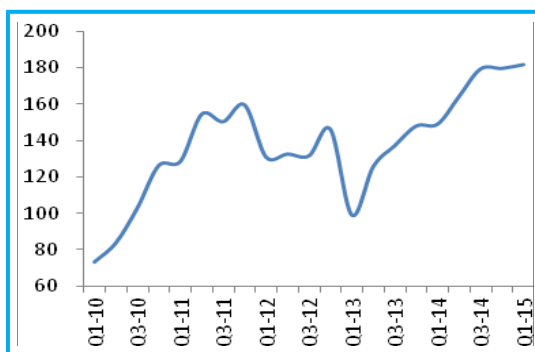
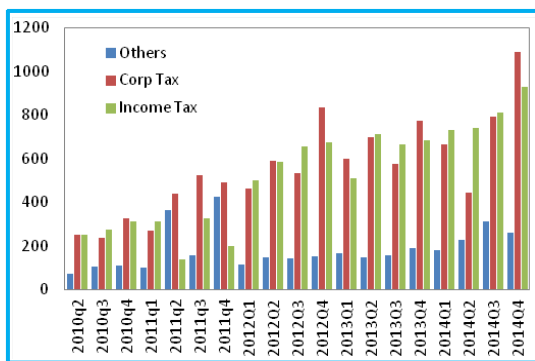


Chart 2.3: Income & Corporate Tax Collection (GH¢' million)



SSNIT Scheme, picked-up in the first quarter of 2015 when compared with developments in the corresponding period of 2014. Income and corporate tax collections improved by 23.71 per cent year-on-year to GH¢1,952.33 million during the first quarter of 2015 from GH¢1,578.09 million collected during a similar quarter a year ago. The relative pickup in income and corporate tax may be attributed to significant improvement in PAYE tax and corporate tax payment compliance.

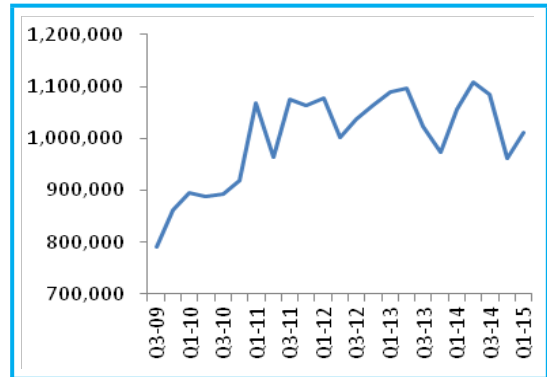
However, income and corporate tax collections for the review quarter declined by 14.4 per cent from GH¢2,280.81 million contributed during the fourth quarter of 2014. In terms of relative contribution of the various sub-sectors, Corporate tax accounted for 47.0 per cent, followed by P.A.Y.E and Self-employed (40.0%) and Other Sources Category (13.0%).

Workers contributions to the SSNIT Scheme improved by 21.87 per cent year-on-year to GH¢181.9 million during the first quarter of 2015 from GH¢149.3 million collected in the same quarter of 2014. Also, workers contribution to the SSNIT Scheme suggested a growth of 1.16 per cent during the review quarter from GH¢179.81 million contributed during the fourth quarter of 2014. The relative improvement in workers contribution to the SSNIT Scheme was due to improved compliance and registration of new employees.

2.1.3 Construction Activities

Economic activity in the construction sub-sector, measured by the volume of cement sales, rose by 5.22 per cent to 1,012,552.9 tonnes during the first quarter of 2015, from 962,326.35 tonnes dispatched during the fourth quarter of 2014. However, total cement sales for the review quarter showed a year-on-

Chart 2.4: Quarterly Trends in Cement Production (tonnes)

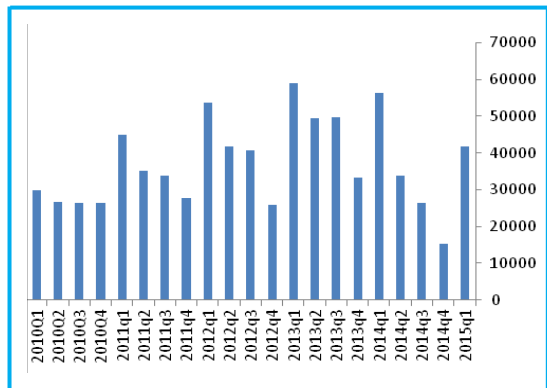


year decline of 4.07 per cent from 1,055,509.2 tonnes sold in the corresponding quarter of 2014. The relative slowdown in cement sales was partially due to supply bottlenecks emanated from the load-shedding exercises during the review period.

2.1.4 Vehicle Registration

Transport-related economic activities, measured by vehicle registration by DVLA, significantly improved by 174.23 per cent to 41,897 during the first quarter of 2015 from 15,278 vehicles registered in the fourth quarter of 2014. In contrast, vehicle registration for the review quarter showed a decline of 25.62 per

Chart 2.5: Quarterly Trends in Vehicle Registration



cent from 56,328 vehicles registered during the corresponding period of 2014. The relative decline in vehicle registration was partially attributed to slowdown in vehicle importation.

2.1.5 Industrial Consumption of Electricity

Industrial consumption of electricity by industry dipped by 6.37 per cent year-on-year to 502 giga watts during the first quarter of 2015 (from 536.2 giga watts consumed in 2014Q1). Also, industrial consumption of electricity by industry for the review quarter represented a decline of 8.25 per cent from 519.4 giga watts consumed in the fourth quarter of 2014. The relative decline in industrial consumption of electricity by industry may be due to the on-going energy crisis.

2.1.6 International Tourist Arrivals

International tourists’ expenditure, proxied by number of tourists’ arrival in the country, picked up during the review period on quarterly basis. A total of 198,756 tourists visited the country in first quarter of 2015, indicating a growth of 1.65 per cent from 195,529 tourists arrivals registered during the fourth quarter of 2014. However, total tourists’ arrival for the review quarter constituted a decline of 4.43 per cent year-on-year from 207,962 tourists recorded in the same period a year ago. The relative slowdown was mainly due to a drop in conference and recreational tourism.

2.1.7 Port Activity

Economic activities at the country’s two main Harbours¹ measured by container traffic suggested some improvement in first quarter of 2015 as against trends observed in the same period in 2014. Total container traffic picked-up by 2.31 per cent (year-on-year) to 121,597 containers in first quarter of 2015 compared to 118,857 containers recorded in

Chart 2.6: Industrial Electricity Consumption

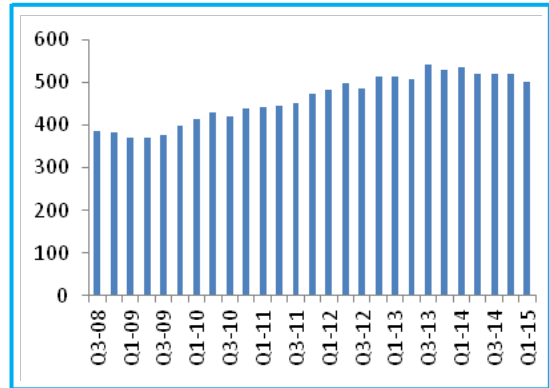


Chart 2.7: Trends in Tourist Arrivals

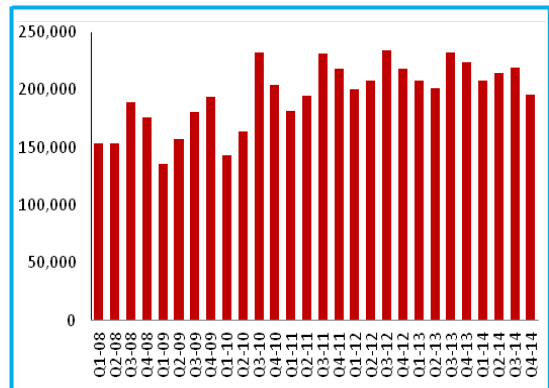
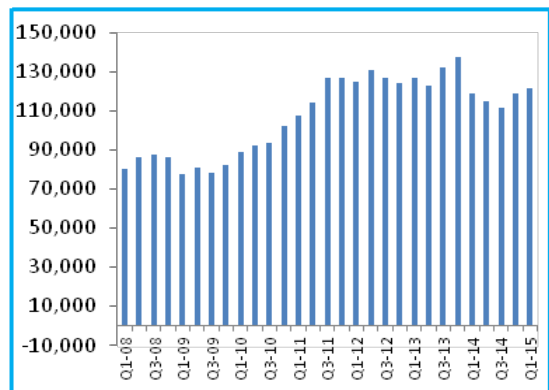


Chart 2.8: Port Activity (Total Container Traffics)



¹ These are Tema and Takoradi Harbours (Container traffics)

the corresponding period of 2014. Similarly, total container traffic for the review quarter indicated a growth of 2.1 per cent from 119,093 containers recorded in the fourth quarter of 2014.

The relative improvement in total container traffic at the country’s ports could be attributed to a pickup in global trading activities and increased use of the country’s port as transit point by landlocked neighbouring countries during the period under review.

2.2 Labour Market Conditions

A total of 1,119 jobs were advertised in the Daily Graphic during the first quarter of 2015. This represents an increase of 68.0 per cent from 666 in the fourth quarter of 2014. This contributed to the growth in the job advert index to 73.4 during the review quarter, from 43.7 recorded in the fourth quarter of 2014. The upturn in job adverts in the review period was due to base effect.

2.2.1 Job Vacancies by Skills

The services sector continued to play its dominant role as the lead sector for job adverts. The services sector accounted for 79.9 per cent of advertised jobs (down from 82%

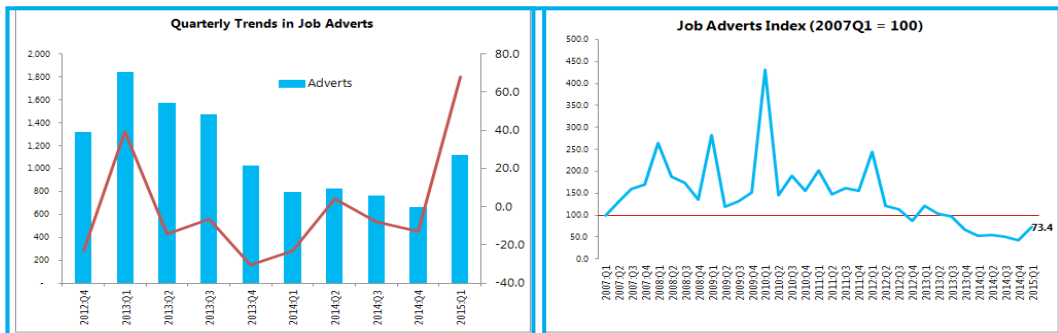
in 2014Q4). The top three sub-sectors within the services sector were Education (16.9%), Finance, Insurance and Real Estate (14.8%) and Public Sector (9.7%).

The industrial sector accounted for 19.2 per cent share of total job adverts during the review quarter (16.8% in 2014Q4). The main sub-sectors under the industrial sector with significant shares of job adverts were Manufacturing (8.4%) and Construction (5.7%).

The share of advertised jobs in the agriculture sector dropped to 0.9 per cent during the review quarter from 1.2 per cent recorded in the fourth quarter of 2014.

The major criteria to qualify for most job adverts were skilled employees with tertiary education and a minimum of 5 years’ experience. In this category, ‘Other Professionals and technicians’ accounted for 64.2 per cent of total job adverts in the first quarter of 2015 (62% in 2014Q4). This was followed by ‘Secretary and Clerical Staff’ with a share of 11.0 per cent, while ‘Executives and Top Professionals’ accounted for 5.1 per cent (13.9% in 2014Q4) of the jobs adverts during the review period.

Chart 2.9: Trends in Advertised Job Vacancies (2014Q4)



China

China's Annual inflation rate accelerated to 1.4 per cent in March from a five year low 0.8 per cent in January 2015. Food prices rose by 2.4 per cent while non-food inflation edged up at a slower pace of 0.9 per cent. Annual inflation was 1.5 per cent at the end of December 2014.

Turkey

Turkish Consumer prices rose 7.6 per cent year-on-year in March 2015, down from 8.2 per cent in February as food prices rose at its fastest pace in four months. On year-on-year basis, cost of food and non-alcoholic beverages recorded the highest increase (14.1%, from 13.7% in February) and prices of housing and utilities rose by 8.03 per cent (7.5% in February). Additional upward pressures came from hotels, cafes and restaurants (12.7%), miscellaneous goods and services (8.4%) and health. In contrast, transport prices fell by 1.4 per cent (-1.5% in the previous month).

Brazil

Consumer prices in Brazil rose by 8.1 per cent year-on-year in March 2015, from 7.7 per cent in February, as energy cost surged after the government introduced higher taxes and fees. It is the highest rate since December 2003 when it reached 9.3 per cent. On year-on-year basis, energy cost surged by 60.4 per cent (on average). Additional upward pressure came from food prices which rose by 8.2 per cent.

South Africa

Annual inflation in South Africa rose to 4.0 per cent in March of 2015 from 3.9 per cent in February, driven by higher cost of housing and utilities. The cost of housing and utilities increased to 5.7 per cent (from by 5.6% in February 2015), while food prices rose by 5.8 per cent, (from 6.4% in February 2015). In contrast, the pace of increase in the prices for transport and communication slowed down. Annual core inflation rate, which excludes prices of food, non-alcoholic beverages, petrol and energy slowed slightly to 5.7 per cent from 5.8 per cent in the previous month.

Chart 3.2: Inflation trends in Emerging Markets

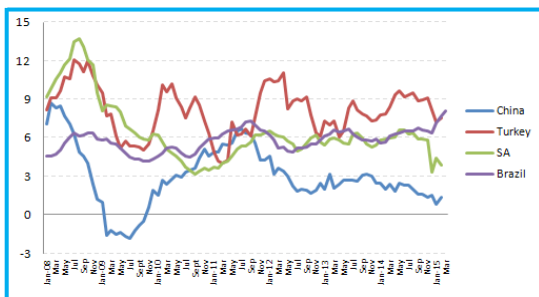
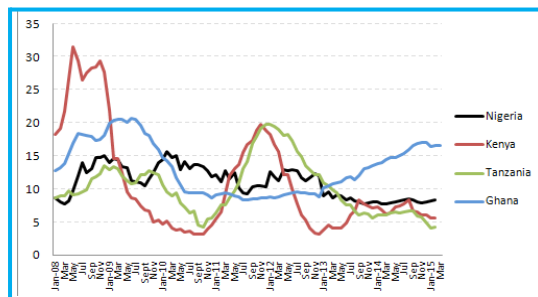


Chart 3.3: Inflation trends in Developing Countries



3.2 Domestic Inflation

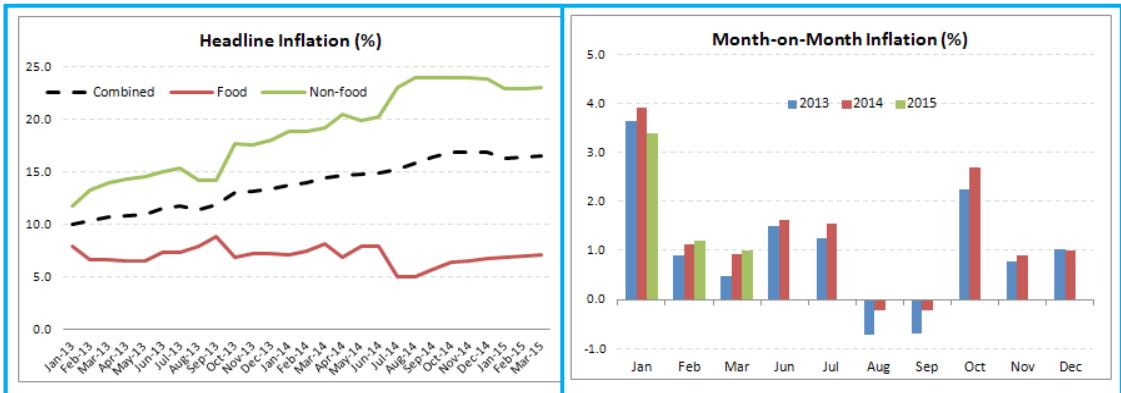
Headline inflation ended the first quarter of 2015 at 16.6 per cent from 17 per cent at the end of 2014. The modest decline in inflation during the quarter was due to base effects and the relative easing in inflation pressures which prevailed in the first quarter of 2015. In the period under review, headline inflation touched 16.4 per cent in January, before moving up to 16.5 per cent in February. In terms of the broad disaggregation, food inflation increased by 0.4 percentage points in the first quarter of

2015 to 7.2 per cent, from 6.8 per cent at the end of 2014. Non-food inflation, on the other hand, declined by 0.8 percentage points over the same period to end March 2015 at 23.1 per cent.

3.3 Sub-Component Analysis

In terms of the contributions of the sub-indices to overall inflation, the major contributors to the rise in inflation during the month were broad based, an indication that the inflation pressures have broadened in recent months.

Chart 3.4: Trends in Inflation - (2012 and 2015)



3.4 Outlook for Inflation

Inflation outturn for the first quarter of 2015 showed that inflation pressures have broadened and risks remain firmly to the upside. The inflation outlook depends mainly on the impact of exchange rate depreciation coupled with the possible petroleum price adjustment and the trend in food prices. The Ghana cedi

lost 15.0 per cent of its value against the US dollar from the beginning of the year and this suggests consumer inflation should move somewhat higher over the coming quarters. These pressures are however, expected to be moderated by the tight monetary policy stance and the front loaded fiscal consolidation under the current IMF program.

Chart 3.5: Major Contributors to Inflation: Jan - Mar 2015

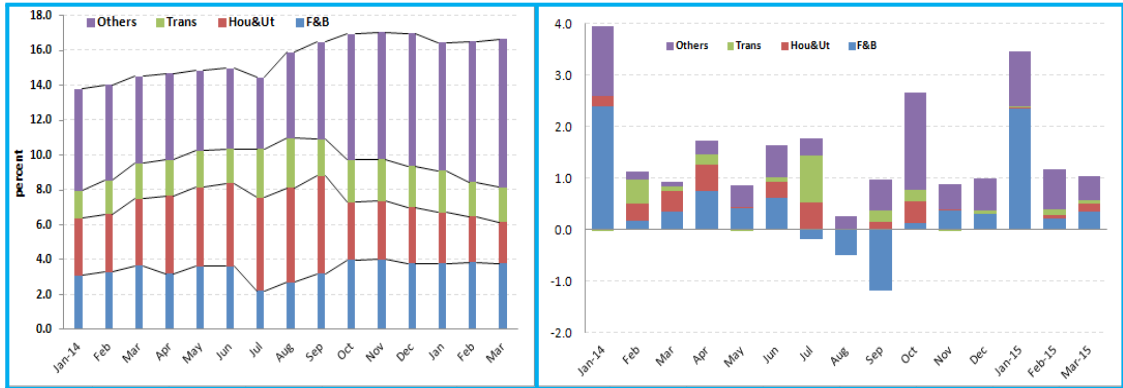


Table 3.1: Headline and Monthly Changes in CPI (%)

	Headline Inflation (yr-on-yr)			Monthly Changes in CPI (%)		
	Combined	Food	Non-food	Combined	Food	Non-food
Dec-13	13.5	7.2	18.1	1.0	0.6	1.3
Jan-14	13.8	7.1	18.9	3.9	5.5	2.9
Feb	14.0	7.5	19.0	1.1	0.4	1.6
Mar	14.5	8.2	19.2	0.9	0.6	1.1
Apr	14.7	7.0	20.6	1.7	1.5	1.9
May	14.8	8.0	20.0	0.9	1.0	0.8
Jun	15.0	7.9	20.3	1.6	1.4	1.8
Jul	15.3	5.0	23.1	1.6	-1.0	3.3
Aug	15.9	5.1	24.0	-0.2	-1.3	0.5
Sep	16.5	5.8	24.1	-0.2	-3.0	1.6
Oct	16.9	6.5	24.0	2.7	0.1	4.2
Nov	17.0	6.6	24.1	0.9	0.9	0.9
Dec	17.0	6.8	23.9	1.0	0.7	1.1
Jan-15	16.4	6.9	23.0	3.4	5.7	2.2
Feb	16.5	7.0	23.0	1.2	0.5	1.6
Mar	16.6	7.2	23.1	1.0	0.8	1.2

Source: GSS

Table 3.2: Sub-Component's Contribution to inflation (%)

	Weight (%)	Year-on-Year Inflation							
		Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Jan-15	Feb-15	Mar-15
Food and Beverages	43.9	7.2	8.2	7.9	5.8	6.8	6.9	7.0	7.2
Housing, Water, Elect, Gas & Fuels	8.6	35.0	43.8	53.6	63.5	35.2	32.3	28.6	26.2
Transport	7.3	25.6	27.3	24.6	27.1	30.8	31.1	25.2	25.8
Communications	2.7	4.4	5.0	8.8	8.6	12.8	11.6	12.6	13.8
Health	2.4	10.7	13.4	13.5	15.1	19.4	14.5	15.5	18.1
Alcoholic Beverages, Tobacco	1.7	13.2	12.4	15.3	15.3	17.3	16.4	17.6	20.1
Recreation & Culture	2.6	11.2	13.8	14.2	12.6	22.8	20.4	22.9	23.1
Hotels, Cafes & Restaurants	6.1	8.8	6.5	5.0	13.0	13.6	13.9	15.6	18.4
Clothing and Footware	9.0	16.6	16.7	15.3	14.9	20.8	18.9	22.3	22.4
Miscellaneous gds & Serv.	7.1	17.5	16.9	14.4	13.7	16.0	14.3	14.0	16.3
Education	3.9	8.9	7.2	3.7	3.5	14.2	20.2	22.6	22.9
Household Gds, Operation & Ser.	4.7	15.7	11.4	10.0	12.0	16.5	17.7	20.0	20.9

Source: GSS

4. Money and Financial Markets

Monetary developments in the first quarter of 2015 indicated moderate growth rates when compared with developments in the previous quarter.

4.1 Broad Money Supply

Provisional estimates indicate that M2+ grew year-on-year by 31.4 per cent (GH¢9,173.8 million) in the first quarter of 2015 compared with the growth of 27.2 per cent (GH¢6,254.2 million) and 36.8 per cent (GH¢9,906.1 million) recorded in the first and fourth quarters of 2014 respectively. At the end of the review quarter, M2+ totalled GH¢38,843.2

million, as against GH¢29,214.0 million and GH¢36,843.2 million recorded at the end of the first and fourth quarters of 2014 respectively.

The change in M2+ reflected in the currency outside bank component in M2 and foreign currency deposits. Currency outside bank and foreign currency deposits increased from 12.1 per cent (GH¢540.1 million) and 32.3 per cent (GH¢1,781.3 million) respectively in the first quarter of 2014 to 31.2 per cent (GH¢1,563.7 million) and 49.1 per cent (GH¢3,577.6 million) during the review quarter. In the fourth

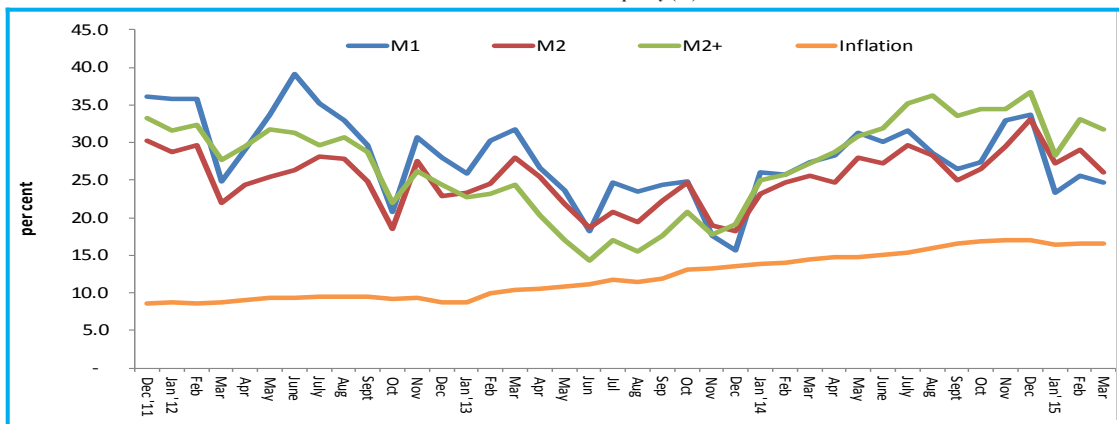
Table 4.1: Monetary Indicators (GH¢' million)

	Levels				Quarter-on-Quarter							
					As at end-Mar 2013		As at end-Mar 2014		As at end-Dec 2014		As at end-Mar 2014	
	Mar-13	Mar-14	Dec-14	Mar-15	abs	per cent	abs	per cent	abs	per cent	abs	per cent
Reserve Money	7,427.9	9,115.7	11,784.6	11,286.2	2,386.3	47.3	1,687.8	22.7	2,733.5	30.2	2,170.5	23.8
Narrow Money (M1)	10,702.0	13,639.6	17,257.6	16,916.8	2,576.8	31.7	2,937.6	27.4	4,355.1	33.8	3,277.2	24.0
Broad Money (M2)	17,450.4	21,923.3	27,530.2	27,519.4	3,777.9	27.6	4,472.9	25.6	6,838.2	33.0	5,596.2	25.5
Broad Money (M2+)	22,959.9	29,214.0	36,843.2	38,387.8	4,459.7	24.1	6,254.2	27.2	9,906.1	36.8	9,173.8	31.4
Currency with the Public	4,471.1	5,012.1	6,896.3	6,575.8	982.2	28.2	541.0	12.1	1,396.6	25.4	1,563.7	31.2
Demand Deposits	6,230.9	8,627.5	10,361.3	10,341.0	1,594.6	34.4	2,396.6	38.5	2,958.4	40.0	1,713.5	19.9
Savings & Time Deposits	6,748.3	8,283.7	10,272.6	10,602.6	1,201.1	21.7	1,535.3	22.8	2,483.1	31.9	2,318.9	28.0
Foreign Currency Deposits	5,509.5	7,290.8	9,313.0	10,868.4	681.8	14.1	1,781.3	32.3	3,068.0	49.1	3,577.6	49.1
Sources of M2+												
Net Foreign Assets (NFA)	6,483.0	4,803.7	8,991.3	7,342.9	(347.2)	(5.1)	(1,679.3)	(25.9)	3,290.9	57.7	2,539.2	52.9
BOG	5,832.2	4,988.2	8,677.8	7,049.0	508.2	9.5	(844.0)	(14.5)	2,705.1	45.3	2,060.8	41.3
DMBs	650.8	(184.5)	313.5	293.9	(855.4)	(56.8)	(835.4)	(128.3)	585.8	(215.1)	478.4	(259.3)
Net Domestic Assets	16,476.8	24,410.3	27,851.9	31,044.9	4,806.9	41.2	7,933.5	48.1	6,615.3	31.2	6,634.6	27.2
Claims on Government (net)	9,104.6	13,668.1	14,344.7	13,278.0	3,715.8	69.0	4,563.5	50.1	3,017.9	26.6	(390.2)	(2.9)
BOG	4,694.4	8,027.6	6,887.7	5,259.3	2,774.5	144.5	3,332.9	71.0	1,581.5	29.8	(2,768.3)	(34.5)
DMBs	4,409.9	5,640.5	7,457.0	8,018.7	941.3	27.1	1,230.6	27.9	1,436.4	23.9	2,378.1	42.2
Claims on Public Sector	1,975.3	3,942.2	5,059.5	5,525.3	558.8	39.5	1,966.9	99.6	850.8	20.2	1,583.1	40.2
BOG	410.0	1,707.7	2,077.7	2,047.8	61.5	17.6	1,297.7	316.5	7.1	0.3	340.1	19.9
DMBs	1,565.3	2,234.5	2,981.8	3,477.5	497.3	46.6	669.2	42.8	843.7	39.5	1,243.0	55.6
Claims on Private Sector	12,635.3	17,636.4	21,649.6	23,962.3	2,968.3	30.7	5,001.0	39.6	6,362.9	41.6	6,326.0	35.9
BOG	451.6	532.5	606.9	634.5	172.7	61.9	81.0	17.9	77.4	14.6	101.9	19.1
DMBs	12,183.8	17,103.8	21,042.7	23,327.9	2,795.6	29.8	4,920.1	40.4	6,285.5	42.6	6,224.1	36.4
Other Items (Net) (OIN) 12	(7,238.5)	(10,836.4)	(13,201.9)	(11,720.7)	(2,436.0)	50.7	(3,597.9)	49.7	(3,616.4)	37.7	(884.3)	8.2
o/w BOG OMO (Sterilisation)	(1,408.9)	(852.6)	(2,389.9)	(614.4)	(1,266.8)	891.6	556.3	(39.5)	(1,264.1)	112.3	238.2	(27.9)

quarter of 2014, however, currency outside bank and foreign currency deposits grew by

25.4 per cent (GH¢1,396.6 million) and 49.1 per cent (GH¢3,068.1 million) respectively.

Chart 4.1: Inflation and Liquidity (%)



4.2 Sources of Change in M2+

The growth in M2+ in the review period emanated mainly from the Net Foreign Assets (NFA) with support from Net Domestic Assets (NDA) of the banking system. NFA increased by 52.9 per cent (GH¢2,539.2 million) in the first quarter of 2015 compared to a decrease of 25.9 per cent (GH¢-1,679.3 million) in the first quarter of 2014. The growth in NFA in the review quarter was however lower than what was recorded in the fourth quarter of 2014 (57.7% or GH¢3,290.9 million). The analysis of the components of NFA showed that the growth in DMBs' NFAs moderated during the review quarter, compared to the corresponding quarter of 2014 where both BOG and DMBs' NFA recorded decreases in growth.

The NDA went up by 27.2 per cent (GH¢6,634.6 million) in the first quarter of 2015, lower than the 31.2 per cent growth (GH¢6,615.3 million) recorded in the fourth quarter of 2014. The analysis of the growth

in the components of NDA of the banking system in the review quarter showed that Net Claims on Government decreased (-2.9 per cent or GH¢320.2 million), while claims on the Public Sector and claims on the Private Sector went up by 40.2 per cent (GH¢4,583.1 million) and 35.9 per cent (GH¢6,326.0 million) respectively. The Other Items Net (OIN) component of the NDA also increased by 8.2 per cent (GH¢27.9 million). This can be compared with the first quarter of 2014 during which Net Claims on Government increased by 50.1 per cent (GH¢4,563.5 million) while, claims on the Public Sector, claims on the Private Sector and OIN went up by 99.6 per cent (GH¢1,966.9 million), 39.6 per cent (GH¢5,001.0 million) and 49.7 per cent (GH¢3,597.9 million) respectively.

4.3 Developments in Banks' Credit

The annual growth rate of banks' outstanding credit to the public and private institutions declined during the first quarter of 2015. The

nominal growth rate declined from 42.1 per cent (GH¢7,138.9 million) at the end of fourth quarter of 2014 to 38.5 per cent (GH¢7,475.1 million) at the end of first quarter of 2015. This compares with a growth rate of 40.2 per cent (GH¢5,607.8 million) recorded in the corresponding quarter of 2014. Outstanding credit to public and private institutions stood at GH¢26,886.0 million at the end of the first quarter of 2015 compared with GH¢19,410.9 million and GH¢24,101.9 million recorded at

the end of the first and fourth quarters of 2014 respectively.

In real terms, total credit to both public and private institutions reduced from 22.8 per cent year-on-year in the first quarter of 2014 to 18.8 per cent at the end of the first quarter of 2015. Credit to private sector accounted for 86.8 per cent in the first quarter of 2015 (from 88.1% in 2014Q1).

Table 4.2: Sectoral Distribution of DMBs' Outstanding Credit (GH¢' million)

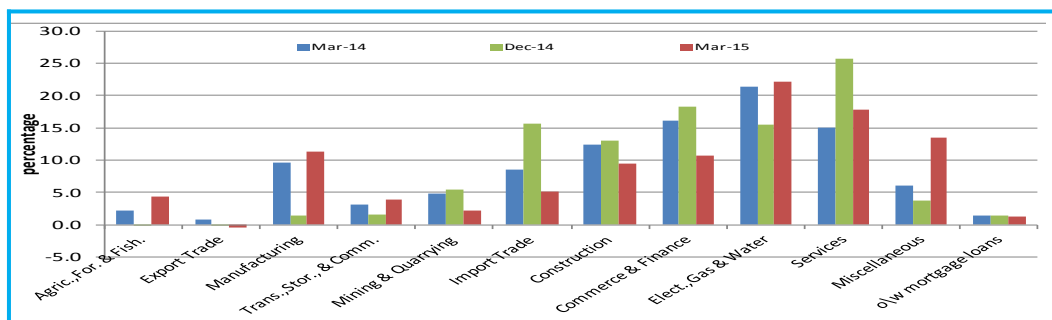
	Mar-13	Mar-14	Dec-14	Mar-15	Quarter-On-Quarter Variation							
					As at end-Mar 2013		As at end-Mar 2014		As at end-Dec 2014		As at end-Mar 2015	
					Abs	Per Cent	Abs	Per cent	Abs	Per cent	Abs	Per cent
a Public Sector	1,619.4	2,307.1	3,059.2	3,558.1	492.5	43.7	687.7	42.5	853.4	38.7	1,251.0	54.2
b Private Sector	12,183.8	17,103.8	21,042.7	23,327.9	2,795.6	29.8	4,920.1	40.4	6,285.5	42.6	6,224.1	36.4
Agric. For. & Fish	439.4	564.2	890.1	835.2	(110.0)	(20.0)	124.8	28.4	354.2	66.1	271.0	48.0
Export Trade	110.6	165.6	226.8	136.5	(17.2)	(13.5)	55.0	49.8	96.3	73.7	(29.1)	(17.6)
Manufacturing	1,199.8	1,751.2	1,963.9	2,455.5	267.6	28.7	551.5	46.0	497.4	33.9	704.3	40.2
Trans., Stor., & Comm.	595.0	772.4	1,255.0	1,018.6	180.2	43.4	177.4	29.8	581.0	86.2	246.2	31.9
Mining & Quarrying	289.0	567.0	655.1	699.5	(113.5)	(28.2)	277.9	96.2	206.9	46.2	132.6	23.4
Import Trade	1,198.6	1,637.0	1,831.6	1,954.4	303.6	33.9	438.3	36.6	310.3	20.4	317.4	19.4
Construction	1,191.4	1,828.6	2,205.1	2,422.3	408.3	52.1	637.2	53.5	725.1	49.0	593.7	32.5
Commerce & Finance	2,297.1	2,732.2	3,070.7	3,401.3	807.4	54.2	435.1	18.9	646.5	26.7	669.1	24.5
Elect., Gas & Water	609.4	1,681.9	2,039.9	3,059.4	(85.7)	(12.3)	1,072.4	176.0	843.0	70.4	1,377.5	81.9
Services	3,259.9	4,041.4	4,719.6	5,148.0	1,001.6	44.4	781.5	24.0	989.6	26.5	1,106.6	27.4
Miscellaneous	993.6	1,362.4	2,184.7	2,197.2	153.1	18.2	368.8	37.1	1,035.1	90.0	834.9	61.3
c Grand Total	13,803.1	19,410.9	24,101.9	26,886.0	3,288.1	31.3	5,607.8	40.6	7,138.9	42.1	7,475.1	38.5

4.3.1 Distribution of Outstanding Credit to the Private Sector

The nominal growth rate of outstanding credit to the private sector went down from 40.4 per cent (GH¢4,920.1 million) in the first quarter of 2014 to 36.4 per cent (GH¢6,224.1 million)

in the first quarter of 2015. This compares with the growth rate of 40.4 per cent (GH¢4,920.1 million) in the corresponding period of 2014. Outstanding credit to the private sector as at the end of the first quarter of 2015 was GH¢23,327.9 million compared

Chart 4.2: Sectoral Allocation of Annual Credit to the Private Sector (% , 2013-2014)



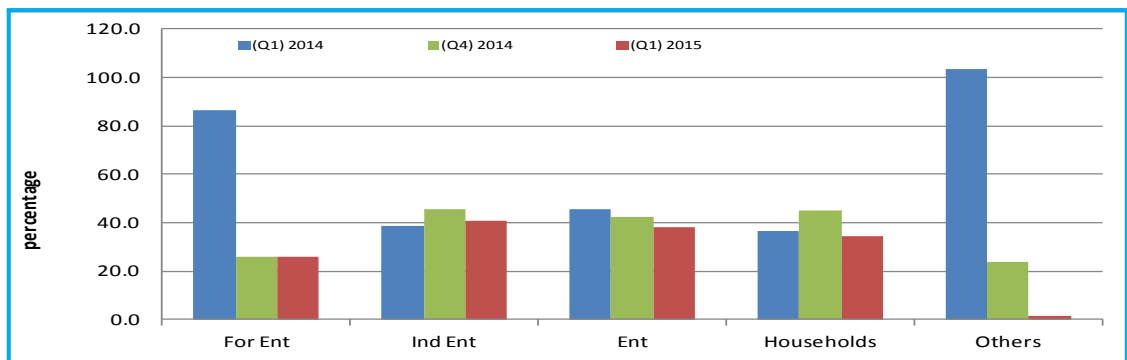
with GH¢17,103.8 million and GH¢21,042.7 million recorded in the first and fourth quarters of 2014 respectively.

In real terms, the annual growth rate of outstanding credit to the private sector decreased year-on-year from the 22.6 per cent at the end of the first quarter of 2014 to 17.0 per cent at the end of the first quarter of 2015.

The top beneficiary sub-sectors of the annual

flow of credit to the private sector during the review quarter were Electricity, Gas & Water (22.1%), Services (17.8%), Miscellaneous (13.4%), Manufacturing (11.3%) and Commerce and Finance (10.7%). These five sectors together accounted for 75.4 per cent of the flow of credit to the private sector. In the corresponding quarter of 2014, Commerce and Finance, Import Trade and Construction sub-sectors however registered decreases in the growth rates of the annual flow of credit.

Chart 4.3: Allocation of Annual Flow of Credit to the Private Sector by Borrower (GH¢'M)



In terms of holders of credit, apart from indigenous enterprises that experienced marginal increase during the first quarter of 2015, the rest of the sub-sectors achieved a lower annual flow of credit when compared with the developments in the first quarter of 2014. However, all subsectors recorded lower growth rates when compared with the outturns in the fourth quarter of 2014.

4.4 Sources and Uses of Banks' Funds

Provisional data for the first quarter of 2015 indicated that banks deployed 52.3 per cent (GH¢7,475.1 million) of their annual flow of funds into credit. The rest of the annual flow

of funds was distributed among Investment in Government Securities (18% or GH¢2,668.5 million), Foreign Assets (14.1% or GH¢2,020.5 million), Balances with BOG (17.4% or GH¢2,481.2 million) and Other Assets (-2.5% or GH¢-361.5 million). In contrast, all the end uses of banks flow of funds recorded lower growth rates in the first quarter of 2014 with the exception of other assets that registered a higher growth of 22.4 per cent (GH¢2,558.0 million).

Examination of Investment in Government securities indicated that flow of funds into government securities went up from 13.0 per cent (GH¢1,490.2 million) in March 2014 to

18.7 per cent (GH¢2,668.5 million) at the end of March 2015. In terms of the composition, banks' holdings of short-term instruments rose from 22.9 per cent (GH¢3,114.7 million) in December 2014 to 33.0 per cent (GH¢4,718.1 million) in March 2015. In contrast, banks' holdings of medium/long term securities declined from minus 9.4 per cent (GH¢-1,272.1 million) as at end-December 2014 to minus 14.3 per cent (GH¢-2,049.7 million) as at end-March 2015.

Assets of banks continued to be funded from deposit mobilization, mainly driven by time deposit component of domestic deposit and the foreign currency deposits. The year-on-year growth in domestic deposits at the end of the first quarter of 2015 indicated an increase

from 48.7 per cent (GH¢5,573.0 million) recorded in the first quarter of 2014 to 51.4 per cent (GH¢7,348.8 million) in the first quarter of 2015. This compares with a growth of 60.1 per cent (GH¢8,164.7 million) recorded at the end of December 2014. The growth was driven by the increases in time deposit and foreign currency deposit from 8.0 per cent (GH¢913.7 million) and 15.6 per cent (GH¢1,781.3 million) in March 2014 respectively to 12.0 per cent (GH¢1,709.0 million) and 25.0 per cent (GH¢3,577.6 million) at the end of the first quarter of 2015. In contrast, the other components of total deposit experienced decreases in growth rates. Other sources of funds during the review quarter were Balances due to Non-residents (10.8% or GH¢1,542.1 million), Reserves

Table 4.3: Sources and Uses of Banks' Funds (GH¢' million)

					Amount in GH¢' million							
					Variation (Quarter-On-Quarter)							
					As at end-Mar 2013		As at end-Mar 2014		As at end-Dec 2014		As at end-Mar 2015	
	Mar-13	Mar-14	Dec-14	Mar-15	Abs	% of Change	Abs	% of Change	Abs	% of Change	Abs	% of Change
Source of Funds												
Total Deposits	18,220.8	23,793.8	29,177.9	31,142.6	3,364.8	56.3	5573.0	48.7	8,164.7	60.1	7,348.8	51.4
Domestic	12,711.3	16,503.0	19,864.9	20,274.2	2,683.0	44.9	3791.8	33.1	5,096.7	37.5	3,771.2	26.4
Demand Deposits	5,962.9	8,219.3	9,592.4	9,671.6	1,481.9	24.8	2256.4	19.7	2,613.6	19.2	1,452.3	10.2
Savings Deposits	3,425.8	4,047.4	4,409.4	4,657.3	716.6	12.0	621.6	5.4	622.0	4.6	609.9	4.3
Time Deposits	3,322.6	4,236.3	5,863.1	5,945.3	484.5	8.1	913.7	8.0	1,861.1	13.7	1,709.0	12.0
Foreign Currency	5,509.5	7,290.8	9,313.0	10,868.4	681.8	11.4	1,781.3	15.6	3,068.0	22.6	3,577.6	25.0
Credit from BOG	141.8	184.6	241.2	664.5	39.1	0.7	42.8	0.4	-92.7	-0.7	479.9	3.4
Balances Due to Non-Resident Banks	1,583.1	3,354.9	4,424.3	4,897.0	802.7	13.4	1,771.8	15.5	1,346.1	9.9	1,542.1	10.8
Capital	2,199.9	2,456.6	2,810.5	2,874.7	521.7	8.7	256.7	2.2	428.3	3.2	418.1	2.9
Reserves	2,207.0	3,559.0	4,716.0	5,337.2	649.0	10.9	1,351.9	11.8	1,763.6	13.0	1,778.2	12.4
Other Liabilities*	4,377.8	6,821.3	8,451.2	9,538.1	604.0	10.1	2,443.5	21.4	1,981.3	14.6	2,716.7	19.0
Total	28,730.4	40,170.2	49,821.1	54,454.0	5,981.3		11,439.8		13,591.3		14,283.8	
Uses of Funds												
Bank Credit	13,803.1	19,410.9	24,101.9	26,886.0	3,288.1	55.0	5,607.8	49.0	7,138.9	52.5	7,475.1	52.3
o/w Private Sector Credit	12,183.8	17,103.8	21,042.7	23,327.9	2,795.6	46.7	4,920.1	43.0	6,285.5	46.2	6,224.1	43.6
Investment in Government Securities	5,669.6	7,159.8	9,346.7	9,828.3	1,244.2	20.8	1,490.2	13.0	1,842.6	13.6	2,668.5	18.7
Short Term	1,220.9	1,512.6	4,829.0	6,230.7	-284.8	-4.8	291.7	2.5	3,114.7	22.9	4,718.1	33.0
Medium/Long term	4,448.7	5,647.2	4,517.7	3,597.5	1,529.0	25.6	1,198.5	10.5	-1,272.1	-9.4	-2,049.7	-14.3
Foreign Assets	2,233.9	3,170.3	4,737.8	5,190.9	-52.7	-0.9	936.5	8.2	1,931.9	14.2	2,020.5	14.1
Balances with BOG	3,104.1	3,951.4	5,577.5	6,432.7	1,084.2	18.1	847.3	7.4	1,932.1	14.2	2,481.2	17.4
Other Assets**	3,919.6	6,477.6	6,057.1	6,116.1	417.5	7.0	2,558.0	22.4	745.9	5.5	-361.5	-2.5
Total	28,730.4	40,170.2	49,821.1	54,454.0	5,981.3		11,439.8				14,283.8	

*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

(12.4% or GH¢1,778.2 million), credit from Bank of Ghana (3.4% or GH¢479.9 million), Capital (2.9% or GH¢418.1 million) and Other Liabilities (19.0% or GH¢2,716.7 million) which comprised: margin deposits, cheques for clearing, borrowing from other resident banks, interest, suspense etc.

4.5 The Money Market

4.5.1 Interest Rate Trends

Developments in interest rates on the money market for the first quarter of 2015 showed an upward trend year-on-year basis but reflected a downward trend on year-to-date basis. The Bank of Ghana Policy Rate ended the review quarter at 21.00 per cent, indicating a year-on-year increase of 300 bps from 18.00 per cent in the first quarter of 2014. On year-to-date basis, however, the policy rate remained unchanged.

The interest rates on the 7-day Bank of Ghana bill remained unchanged on year-on-year and year-to-date basis at 11.74 per cent, mainly due to non-issuance of the instrument during the review period. The 28-day and 270-day Bank of Ghana bill's rate increased by 115 bps and 525 bps year-on-year respectively to 24.27 per cent and 26.82 per cent at the end of review quarter. The issuance of both bills has however been discontinued since mid-February, 2015. On year-to-date basis, the rate on the 28-day BoG bill declined by 51 bps, while that of the 270-day BOG instrument remained unchanged. The rates on the 14-day and 56-day BoG bills recorded year-on-year increases of 924 bps and 149 bps respectively to 21.00 per cent and 24.86 per cent at the end of March 2015. On year-to-date basis, the rate on the 28-day bill increased by 924 bps, while the rate on the 56-day bill decreased by 49 bps.

Chart 4.4: The Yield Curve (%)

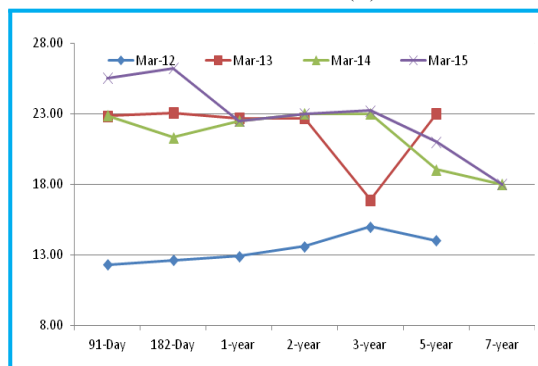
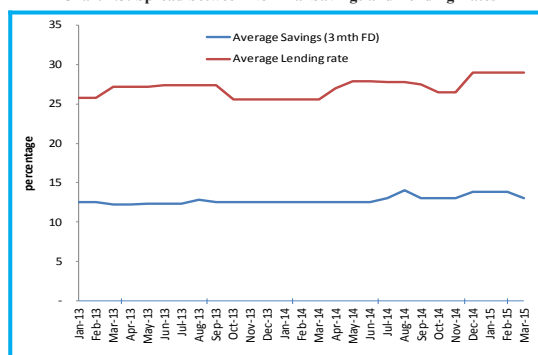


Chart 4.5: Spread between Nominal Savings and Lending Rates



The interest equivalent on the 91-day Treasury bill went up by 266 bps year-on-year to 25.55 per cent at the end of the review quarter. The rate on the 182-day Treasury bill also increased by 492 bps, year-on-year, to 26.24 per cent in March 2015. On year-to-date basis, however, both instruments recorded respective decline in rates of 24 bps and 16 bps.

During the review period, the rates on the 1-year note, 2-year note and 7-year bond remained unchanged at 22.50 per cent, 23.00 per cent and 18.00 per cent respectively, both on year-on-year and year-to-date basis. The 3-year and 5-year bonds however showed year-on-year increases of 23 bps and 196 bps

respectively to 23.23 per cent and 21.00 per cent at the end of the first quarter of 2015.

The interbank weighted average rate also went up by 513 bps to 23.01 per cent at the end of the review, from 17.89 per cent recorded at the end of the corresponding quarter of 2014.

The Deposit Money Banks' average 3-month time deposit rate increased by 50 bps, year-on-year, to 13.00 per cent at the end of the first quarter of 2015. The savings rate however registered a decrease of 75 bps, year-on-year, to settle at 4.75 per cent at the end of the review quarter.

The average lending rate also increased by 342 bps year-on-year, to 28.98 per cent at the end of the review quarter. As a result, the spread between the borrowing and lending rates increased by 292 bps 15.98 per cent at the end of first quarter of 2015, from 13.06 per cent recorded in the corresponding quarter of 2014.

The average base rate of banks also increased by 312 bps, year-on-year, to 26.24 per cent at the end of the first quarter in 2015.

4.5.2 Settlement of Interbank Transactions

The volume of transactions settled through the Ghana Interbank System (GIS) during the first quarter of 2015 totalled 191,611, valued at GH¢206.81 million. This showed an increase of 12.8 per cent in volume and 28.3 per cent in value terms compared to the level recorded at the end of the fourth quarter of 2014. On average, a total of 3,101 transactions were settled daily through the GIS, valued at GH¢3,335.6 million during the review quarter, compared with a total of 3,101 cheques valued at GH¢3,953.0 million during the fourth quarter of 2014. In the corresponding quarter

of 2014, a total of 2,582 transactions, valued at CH¢2,248.3 million were settled daily through the GIS.

Cheques Cleared

The volume of cheques cleared during the first quarter of 2015 totalled 1,757,941, valued at GH¢30,234.5 million. This showed a decline of 8.93 per cent in value and 11.37 per cent in volume terms from the levels recorded in the preceding quarter. When compared with the first quarter of 2014, volume of cheques cleared decreased by 0.92 per cent while the value increased by 25.47 per cent. On a daily basis, an average of 28,353 cheques, valued at GH¢487.6 million were cleared at the end of the first quarter of 2015, compared with 30,641 cheques valued at GH¢541.0 million cleared daily during the fourth quarter of 2014.

4.5.3 Money Market Liquidity

Repo activities by the commercial banks decreased during the first quarter of 2015 when compared with trends in the previous quarter and the same period a year ago. Repo trades totalled GH¢14,907.1 million, a reduction of 62.3 per cent from the outturn in the preceding quarter and a 79.1 per cent reduction from the level recorded in the first quarter of 2014. On the other hand, reverse repos increased by 386.1 per cent to GH¢12,312.8 million during the review quarter, from GH¢2,532.70 million registered at the end of the first quarter of 2014. This compared with an increase of 1.9 per cent in the corresponding period of 2014.

On the interbank market, values of trade during the first quarter of 2015 ranged between GH¢2,914.7 million and GH¢1,827.0 million with rates ranging between 22.84 per cent and 23.70 per cent. In the preceding quarter, values of trade ranged between GH¢2,499.5 million

and GH¢838.1 million with weighted average rates ranging between 23.7 per cent and 24.36 per cent. In the corresponding period last year, trades ranged between GH¢1,207.6 million and GH¢2,413.0 million. Weighted average rates were between 18.07 and 16.28 per cent.

Chart 4.6: Money Market Rate (2013Q4 - 2014Q4)

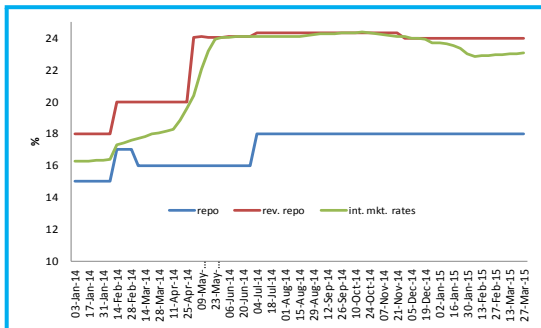
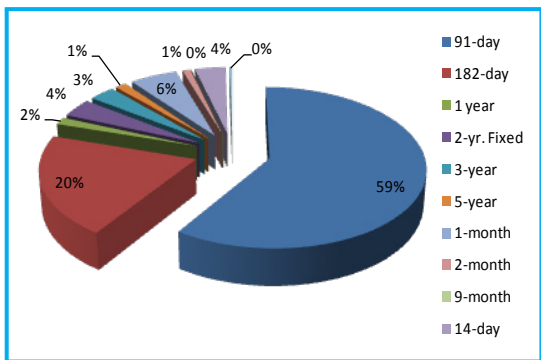


Chart 4.7: Analysis of Tender Results (2014Q4)



4.5.4 Tender Results

Total sales at the auction during the first quarter amounted to GH¢13,953.9 million with maturities of GH¢12,675.1 million. This resulted in a net sale of GH¢1,278.8 million, of which an amount of GH¢1,833.2 million was used to finance government's activities. There was an injection through Bank of Ghana's OMO activities to the tune of GH¢554.4

million. The 91-day bill accounted for 59.3 per cent of total sales.

4.6 Currency Markets

4.6.1 International Currency Market

The US dollar strengthened against all the major currencies in the first quarter of 2015, on the back of improved outlook of the US economy. The greenback weakened in January against the Japanese yen and also fell to the pound sterling in February but recovered in March 2015 on account of high investor confidence and the continued strength in the US employment reports. The euro remained on a downward trend as the quantitative easing announced by the European Central Bank in January 2015 along with persistent economic uncertainty in Greece, contributed to the common currency losing value against all the major currencies during the review quarter.

The US dollar traded strong during the first quarter of 2015 on the back of improved US economy and employment data. These developments heightened market speculation that the Federal Reserve could lift interest rates. The greenback appreciated by 5.20 per cent and 13.10 per cent against the pound sterling and the weak euro respectively, but was flat against the yen.

The pound sterling fell against the US dollar and the yen during the period under review after data showed British inflation was at its lowest and supported expectations that interest rates would be suppressed for a longer period. It however regained some grounds in February 2015 against all the major currencies. The pound sterling depreciated by 4.98 per cent and 4.11 per cent against the dollar and the yen

the weak euro by 7.84 per cent.

The euro continued to trade weak in the first quarter of 2015, hurt by uncertainty over Greece reaching a deal with its creditors and also fears of deflation in the euro zone heightened pressure on the European Central Bank to ease monetary policy. The euro depreciated against all the major currencies by 11.61 per cent, 7.57 per cent and 12.31 per cent against US dollar, the pound sterling and the yen respectively

The yen held firm in the review quarter as the strength of the global economy was rekindled on the back of a drop in oil prices which raised risk appetite and also after Chinese regulators took measures to rein in margin trading. However, the expectations that the Federal Reserve would raise interest rates affected the performance of the yen against the US dollar. The yen appreciated by 5.01 per cent and 13.34 per cent against the pound sterling and the euro respectively. It, however, depreciated marginally by 0.48 per cent against US dollar.

4.6.2 Domestic Currency Market

The Ghana cedi traded weak against the major currencies in the first quarter of 2015 despite the relatively high inflows from commodity exports, forex purchases and proceeds from loans. The fall in the value of the cedi was mainly from higher demand for foreign exchange from official sources for oil importation, loans repayment and other payments coupled with higher foreign exchange demand by traders in the informal sector.

In the Inter-Bank Market, the Ghana cedi traded mixed in January as it depreciated marginally by 1.2 per cent against the dollar but appreciated by 1.6 per cent and 6.1 per cent against the pound sterling and the euro respectively. It however traded weak in February and March, depreciating against all the major currencies. Cumulatively, the cedi depreciated by 14.60 per cent, 10.26 per cent and 4.00 per cent against the US dollar, the pound sterling and euro respectively in the first quarter of 2015.

The development on the **Forex Bureau Market** generally mirrored that of the inter-bank market. On the **Forex Bureau Market**, the Ghana cedi recorded cumulative depreciations of 14.0 per cent, 9.3 per cent and 1.8 per cent against the US dollar, the pound sterling and the euro respectively during the first quarter of 2015.

Foreign Exchange Transaction Market

The volume of transaction in the foreign exchange market declined during the first quarter of 2015 compared with the fourth quarter of 2014. Foreign exchange purchases declined by 10.26 per cent to US\$1,836.23 million in the first quarter of 2015, from US\$2,055.56 million recorded in the fourth quarter of 2014. The decrease in volume of foreign exchange purchases was mainly due to a reduction in purchases by the DMB's. The DMB's purchases went down by 18.11 per cent to US\$1,109.74 million in the first quarter of 2015 from US\$1,355.24 million recorded in the fourth quarter of 2014

Table 4.4: International Market Exchange Rate Movements

End Period	US\$ / £ Movements			US\$ / € Movements			US\$ / ¥ Movements		
	Quarter	Annual		Quarterly	Annual		Quarterly	Annual	
2013	1.6528	-2.3	-2.1	1.3787	-2.1	-4.3	0.0095	7.4	22.1
2014									
Q1	1.6676	-0.9		1.3782	0.0		0.0097	-2.1	
Q2	1.7042	-2.1		1.3655	0.9		0.0097	0.0	
Q3	1.6183	5.3		1.2584	8.5		0.0091	6.6	
Q4	1.5629	3.5	5.8	1.2152	3.6	13.5	0.0083	9.6	14.5
2015									
Q1	1.4856	5.2		1.0744	13.1		0.0083	0.0	

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

Table 4.5: Interbank Market Exchange Rate Movements

End Period	Movement								
	GH¢/US\$	Quarterly	Annual	GH¢/GBP	Quarterly	Annual	GH¢/Euro	Quarterly	Annual
2013	2.2000	-10.9	-14.5	3.6715	-7.5	-16.7	3.0982	-6.9	-20.1
2014									
Q1	2.6707	-17.6		4.4478	-17.5		3.6479	-15.1	
Q2	3.0016	-11.0		5.1080	-12.9		4.0934	-10.9	
Q3	3.1973	-6.1		5.1942	-1.7		4.0566	0.9	
Q4	3.2001	-0.1	-31.3	4.9791	4.3	-26.3	3.8959	4.1	-20.5
2015									
Q1	3.7472	-14.6		5.5483	-10.3		4.0582	-4.0	

Depreciation (-) / Appreciation (+)

Table 4.6: Forex Bureaux Exchange Rate Movements

End Period	Movement			Movement			Movement		
	GH¢/US\$	Quarter	Annual	GH¢/GBP	Quarter	Annual	GH¢/Euro	Quarter	Annual
2013	2.3457	-7.8	-16.3	3.7641	-9.4	-17.5	3.1664	-9.2	-19.3
2014									
Q1	2.6796	-12.5		4.3946	-14.3		3.6586	-13.5	
Q2	3.1955	-16.1		5.3346	-17.6		4.2932	-14.8	
Q3	3.1864	0.29		5.1473	3.6		4.0500	6.0	
Q4	3.2418	-1.7	-27.6	4.985	3.3	-24.5	3.9682	2.1	-20.2
2015									
Q1	3.7682	-14.0		5.4973	-9.3		4.04	-1.8	

Depreciation (-) / Appreciation (+)

Table 4.7: Foreign Exchange Transaction Market, (US\$' million)

	Purchases					Total	Percentage Change	Cumulative	Year-On-Year	Sales			Total
	BOG	Banks	InterBank	F. Bureau	*					InterBank	F. Bureau	*	
2014													
Jan	289.69	256.25	545.94	27.14	*	573.08	6.97	573.08	-30.3	454.94	27.34	*	482.28
Feb	177.95	315.28	493.23	27.13	*	520.36	-9.20	1,093.44	-15.4	447.30	27.34	*	474.64
Mar	171.67	345.99	517.66	27.14	*	544.80	4.69	1,638.24	-28.2	468.85	27.34	*	496.19
Q1	639.31	917.52	1,556.83	54.27	*	1,611.10	-26.85	3,249.34	-26.6	1,371.09	54.68	*	1,425.77
Oct	267.94	454.23	722.17	27.14	*	749.31	-4.84	6,885.26	-27.9	653.01	27.34	*	680.35
Nov	246.77	418.93	665.70	27.13	*	692.83	-7.54	7,578.10	10.4	466.26	27.34	*	493.60
Dec	185.61	482.08	667.69	27.14	*	694.83	0.29	8,272.92	29.7	517.61	27.34	*	544.95
Q4	700.32	1,355.24	2,055.56	81.40	*	2,136.96	-14.54	10,409.89	-3.0	1,636.88	82.03	*	1,718.91
2015													
Jan	279.06	256.25	535.31	27.13	*	562.44	-19.05	562.44	-1.9	456.14	27.34	*	483.48
Feb	212.66	447.03	659.69	27.13	*	686.82	22.11	1,249.27	32.0	526.09	27.34	*	553.43
Mar	234.77	406.46	641.23	27.14	*	668.37	-2.69	1,917.63	22.7	547.78	27.34	*	575.12
Q1	726.49	1,109.74	1,836.23	81.40	*	1,917.63	-10.26	3,835.27	19.0	547.78	82.03	*	1,612.04

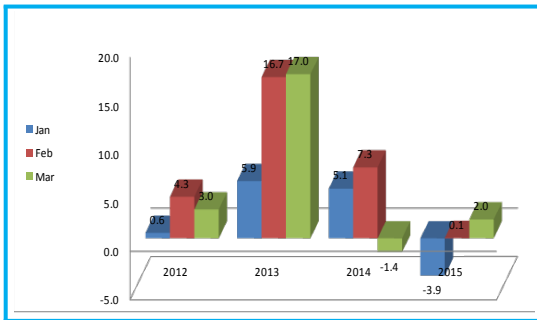
4.7 The Stock Market

Market activities during the review quarter remained subdued as investors were uncertain about the direction of the economy, regarding interest rates, inflation rates and exchange rates.

4.7.1 GSE All-Share Index (GSE-CI)

The GSE Composite-Index (GSE-CI) edged up by 2.0 per cent (45.2 points) in March 2015 to end the first quarter of 2015 at 2,220.4 points. In comparison, the first quarter of 2014 saw a much favourable growth of 11.2 per cent (241.1 points).

Chart 4.8: GSE-CI Changes (%), 2012-2015



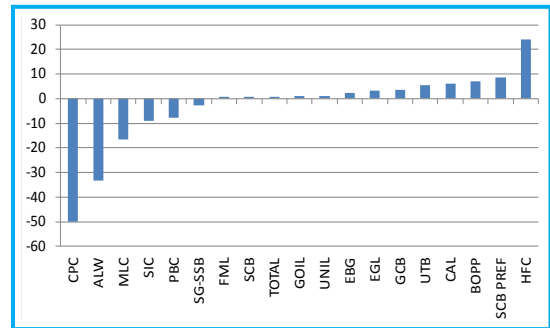
4.7.2 Sectoral Performance

In the review period, there were significant positive trends on the exchange. With the exception of the ICT, Mining and Exchange Traded Fund sub-sectors which traded virtually flat, three sectors advanced. The Agriculture sub-sector led the way with an increase of 11.2 per cent, mainly from gains made by BOPP limited. The Distribution sub-sector trailed with a 1.6 per cent growth. This was followed by the Mining sector on the strength of GSR.

The Manufacturing sub-sector which continued to suffer from the energy crises declined by 19.1 per cent. The Petroleum sub-sector also

suffered a similar fortune. The Food and Beverage sub-sector inched up by 1.3 per cent, while the Finance sub-sector shed by 1.0 per cent during the review quarter.

Chart 4.9: Changes in Share Prices (%), 2015Q1



4.7.3 Market Performance

The volume of shares traded in the first quarter of 2015 amounted to 88.7 million, valued at GH¢67.8 million. This compares with 41.0 million shares, valued at GH¢64.7 million traded for the corresponding period in 2014. During the review period, ALW Limited emerged as the most traded equity, accounting for 49.5 per cent of the total volume traded. On the other hand, GOIL was the topmost in terms of value traded, accounting for 22.3 per cent of the total value traded.

4.7.4 Market Capitalisation

Total market capitalization appreciated by GH¢232.9 million (0.4%) to GH¢63,795.4 million in March 2015 from the level recorded in the preceding month. Cumulatively, market capitalization however declined by 0.9 per cent (GH¢557.0 million) at the end of the first quarter of 2015. The decline in market capitalization during the review quarter was due to losses from the Food & Beverages, Manufacturing, Finance, Petroleum and ETFund sectors which more than offset the gains made by the Distribution and Mining sectors.

Table 4.8: Sectors Contribution to the Growth in GSE-CI

MONTH	SECTOR									GSE-CI
	F&B	MAN	FINANCE	DISTR	MINING	IT	AGRIC	OIL	ETFund	
Dec-14	1545.2	1082.5	2243.6	2371.24	133.35	31.9	820.0	112.9	112.9	2,261.0
Feb-15	1545.2	870.5	2162.9	2397.96	133.80	31.9	852.0	112.7	114.0	2,178.0
Mar-15	1525.5	875.9	2222.2	2398.41	133.80	31.9	912.0	112.7	114.0	2,220.4
Monthly Change										
ABS	-19.67	5.44	59.30	0.45	0.00	0.00	60.00	0.00	0.00	42.42
(%)	-1.27	0.62	2.74	0.02	0.00	0.00	7.04	0.00	0.00	1.95
Quarterly Change										
ABS	-19.67	-206.62	-21.48	27.17	0.44	0.00	92.00	-0.16	-8.60	-40.65
(%)	-1.27	-19.09	-0.96	1.15	0.33	0.00	11.22	-0.14	-7.01	-1.80
YTD. Change										
ABS	-19.67	-206.62	-21.48	27.17	0.44	0.00	92.00	-0.16	-8.60	-40.65
(%)	-1.27	-19.09	-0.96	1.15	0.33	0.00	11.22	-0.14	-7.01	-1.80

Chart 4.10: Volume Traded (Dec' 13 - Mar 15)

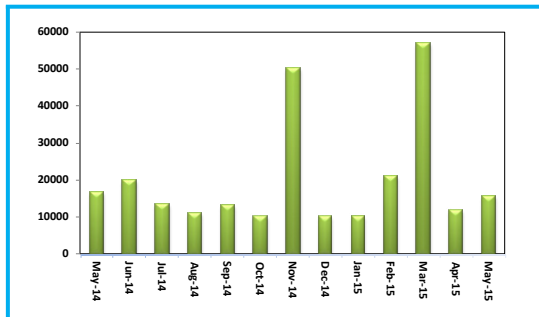


Table 4.9: Top Ten Trades in Volume and Value, (Jan-March 2015)

Equity	Volume Traded	% of Volume traded	Equity	Volume Traded	% of Volume traded
ALW	43,827,953	76.71	GCB	5,486,373.44	24.51
SIC	5,104,680	8.93	EGL	3,954,588.05	17.66
EGL	2,528,600	4.43	TOTAL	3,586,421.26	16.02
ETI	1,842,551	3.23	ALW	2,627,677.12	11.74
CAL	1,286,387	2.25	SCB	1,403,998.55	6.27
GCB	1,042,562	1.82	CAL	1,378,231.62	6.16
TOTAL	583,608	1.02	FML	1,230,044.80	5.49
FML	233,145	0.41	SIC	1,072,691.37	4.79
SOEGEH	148,660	0.26	ETI	475,710.40	2.12
UTB	124,629	0.22	UNIL	311,411.64	1.39

Table 4.10: Stock Market Performance

MONTH	SECTOR									GSE-CI
	F&B	MAN	FINANCE	DISTR	MINING	IT	AGRIC	OIL	ETFund	
Dec-14	1,327.15	773.21	13,791.61	1,018.88	15,545.18	3.42	142.68	31,734.67	15.40	64,352.42
Feb-15	1,327.15	621.75	13,130.78	1,030.36	15,596.97	3.42	148.25	31,689.32	14.32	63,562.55
Mar-15	1,310.26	625.63	13,365.16	1,030.55	15,596.97	3.42	158.69	31,689.32	14.32	63,795.42
Monthly Change										
ABS	-16.89	3.88	234.38	0.19	0.00	0.00	10.44	0.00	0.00	232.87
(%)	-1.27	0.62	1.78	0.02	0.00	0.00	7.04	0.00	0.00	0.37
Quarterly Change										
ABS	-16.89	-147.58	-426.45	11.67	51.80	0.00	16.01	-45.35	-1.08	-557.00
(%)	-1.27	-19.09	-3.09	1.15	0.33	0.00	11.22	-0.14	-7.01	-0.87

5. Fiscal Developments

Government budgetary operations in the first quarter of 2015 resulted in a deficit of GH¢1,332.35 million (1% of GDP). This level of deficit was however lower than that of the corresponding quarter in 2014 (GH¢3,406.86

million) and the 2015 programmed level. The domestic primary balance recorded a surplus of GH¢2,368.82 million (1.78% of GDP) and higher than the targeted surplus of 0.75 per cent of GDP.

Table 5.1: Fiscal Indicators (GH¢ million)

	2013	2014				2015	
	Prov. Q1	Prov. Q1	Prov. Q2	Prov. Q3	Prov. Q4	Prov. Q1	Prog Q1
Taxes on income and property	1,190.55	2,017.12	1,930.88	2,146.06	2,392.51	1,943.54	2,018.25
per cent of GDP	1.27	1.76	1.68	1.87	2.11	1.46	1.51
Taxes on goods and services	1,086.37	1,396.24	1,558.97	1,597.06	1,882.02	2,202.73	2,112.17
per cent of GDP	1.16	1.22	1.36	1.39	1.66	1.65	1.58
Taxes on international trade	646.43	824.99	904.22	1,013.22	1,566.48	1,429.80	974.56
per cent of GDP	0.69	0.72	0.79	0.88	1.38	1.07	0.73
Tax revenue including oil	2,923.34	4,238.36	4,394.07	4,756.33	5,841.00	5,576.07	5,104.98
per cent of GDP	3.13	3.70	3.83	4.15	5.15	4.18	3.83
Tax revenue excluding oil	2,784.75	3,836.86	4,180.24	4,232.19	5,629.81	5,469.22	4,961.45
per cent of GDP	3.11	3.67	4.00	4.05	5.27	4.44	4.03
Nontax revenue	1,567.69	1,252.33	896.27	1,270.84	1,063.93	1,518.32	1,150.20
per cent of GDP	1.68	1.09	0.78	1.11	0.94	1.14	0.86
Domestic revenue including oil	4,499.06	5,551.56	5,342.13	6,085.37	6,952.26	7,121.29	6,300.74
per cent of GDP	4.81	4.84	4.66	5.31	6.13	5.34	4.73
Domestic revenue excluding oil	4,360.47	5,150.06	5,128.30	5,561.23	6,741.07	7,014.45	6,157.21
per cent of GDP	4.87	4.93	4.91	5.32	6.31	5.70	5.00
Grants	259.60	143.96	231.29	367.39	71.50	253.78	334.02
per cent of GDP	0.28	0.13	0.20	0.32	0.06	0.19	0.25
Total revenue and grants	4,758.66	5,695.52	5,573.42	6,452.76	7,023.76	7,375.08	6,634.76
per cent of GDP	5.09	4.97	4.86	5.63	6.19	5.53	4.98
Compensation of Employees	1,892.44	2,372.57	2,674.83	2,543.81	2,875.61	2,683.10	3,031.77
per cent of GDP	2.02	2.07	2.33	2.22	2.54	2.01	2.27
Goods and services	90.41	35.12	331.25	376.49	1,033.77	228.19	182.75
per cent of GDP	0.10	0.03	0.29	0.33	0.91	0.17	0.14
Interest payments	961.58	1,399.46	1,840.52	1,625.45	2,215.43	1,981.94	2,279.60
per cent of GDP	1.03	1.22	1.61	1.42	1.95	1.49	1.71
Subsidies	0.00	0.00	0.00	473.72	0.00	0.00	0.00
per cent of GDP	0.00	0.00	0.00	0.41	0.00	0.00	0.00
Non-Financial Assets (Capital Expenditure)	922.91	975.32	1,626.50	1,778.10	1,715.76	1,705.25	1,263.69
per cent of GDP	0.99	0.85	1.42	1.55	1.51	1.28	0.95
Total expenditure & net lending	5,135.74	6,031.89	7,678.09	8,228.57	10,023.65	8,164.04	8,627.07
per cent of GDP	5.50	5.26	6.70	7.18	8.84	6.12	6.47
Overall Budget Balance	-2,473.98	-2,358.47	-2,514.61	-2,356.36	-3,406.86	-1,332.35	-2,518.57
per cent of GDP	-2.65	-2.06	-2.19	-2.06	-3.00	-1.00	-1.89
Domestic Expenditure	4,407.84	4,116.04	4,625.29	4,937.58	6,625.26	4,752.48	5,295.89
per cent of GDP	4.72	3.59	4.03	4.31	5.84	3.56	3.97
Domestic Primary Balance	91.23	1,435.51	716.85	1,147.79	327.00	2,368.82	1,004.86
per cent of GDP	0.10	1.25	0.63	1.00	0.29	1.78	0.75
Stock of Domestic Debt	19,886.91	27,197.32	27,925.40	28,044.87	34,620.86	36,542.70	36,542.70
per cent of GDP	21.28	23.72	24.36	24.46	30.52	27.40	27.40
Nominal GDP (Including Oil)	93,461.00	114,654.15	114,654.15	114,654.15	113,436.00	133,344.08	133,344.08
Nominal GDP (Excluding oil)	89,545.00	104,476.33	104,476.33	104,476.33	106,902.00	123,098.63	123,098.63

Source: Bank of Ghana

5.1 Government Revenue

Government receipts (including grants) for the review period amounted to GH¢7,375.08 million (5.5% of GDP), higher than the target of GH¢6,634.76 million (4.9% of GDP), and the outturn of GH¢5,695.52 million (5.0% of GDP) recorded in the corresponding quarter of 2014. This was made up of tax revenue of GH¢5,576.07 million (75.6%), social security contributions of GH¢26.9 million (0.4%), non-tax revenue of GH¢1,518.32 million (20.6%) and grants of GH¢253.8 million (3.4%). The increase in government receipts was mainly attributed to strong performance of non-tax revenue. Non-tax receipts were higher than the budgeted target of GH¢1,150.20 million (0.9% of GDP) and the outturn of GH¢1,252.3 million (1.1% of GDP) recorded for the corresponding quarter in 2014. Grants disbursement however fell short of the budgeted target of GH¢334.02 million by 24.0 per cent.

Income and Property Tax

Taxes from income and property during the review quarter amounted to GH¢1,943.54 million compared with the budgeted target of GH¢2,018.2 million. Personal income taxes raked in GH¢689.4 million, while company taxes amounted to GH¢830.75 million. There was no revenue for corporate taxes on oil. Other revenues comprising royalties from oil and mineral, airport tax, and National Fiscal Stabilization Levy (NFSL) amounted to GH¢362.61 million. Revenue collections for Income and property tax during the review period were less than the budgeted target, mainly due to downturn in economic activity on account of the irregular power supply.

Domestic Goods and Services

Collections of domestic goods and services tax of GH¢2,202.7 million exceeded the target by GH¢90.6 million. This tax component comprised of excise duty and petroleum tax of GH¢598.6 million, VAT collections of GH¢1,329.7 million, National Health Insurance Levy of GH¢216.9 million and Communication Service Tax of GH¢57.6 million. With the exception of the Communication Service Tax (CST) and National Health Insurance Levy, all the major components of this tax exceeded their respective targets. The performance of VAT was adversely affected by the late implementation of this tax type on Financial Services and Real Estates. Petroleum taxes totalling GH¢550.1 million, constituted 91.9 per cent of excises for the review quarter, exceeding its programmed level by 16.0 per cent. The introduction of the special petroleum tax introduced in the fourth quarter of 2014 contributed to this development.

International Trade Taxes

International trade taxes for the quarter under review amounted to GH¢1,429.8.0 million, higher than the GH¢824.9 million recorded for the corresponding quarter of 2014 and the budget target of GH¢974.6 million. Total import duty for the review quarter amounted to GH¢758.2 million, below the budgeted target by 4.3 per cent. Import exemptions exceeded the programmed target by 324.3 per cent. The underperformance of import duty was attributed to a number of factors including higher-than-programmed exemptions granted.

Table 5.2: Government Revenue (GHe' million)

	2013		2014				2015	
	Prov. Q1	Prov. Q1	Prov. Q2	Prov. Q3	Prov. Q4	Prov. Q1	Prog Q1	
TAX REVENUE	2,923.34	4,238.36	4,394.07	4,756.33	5,841.00	5,576.07	5,104.98	
<i>(percent of GDP)</i>	3.13	3.70	3.83	4.15	5.15	4.18	3.83	
TAXES ON INCOME & PROPERTY	1,190.55	2,017.12	1,930.88	2,146.06	2,392.51	1,943.54	2,018.25	
Personal	442.36	695.89	733.00	702.75	868.15	689.36	773.52	
Self employed	34.44	53.22	51.44	49.43	65.28	60.83	57.85	
Companies	413.92	658.32	706.81	667.89	1,000.63	830.75	753.08	
Company taxes on oil	77.61	257.75	132.26	346.76	59.87	0.00	0.00	
Others	22.22	351.94	307.37	379.23	398.57	362.61	433.81	
Other direct taxes /1	205.71	306.73	233.26	340.11	340.11	278.44	370.96	
o/w Royalties from Oil	60.99	143.75	81.57	177.38	151.32	106.85	143.54	
o/w Mineral Royalties	102.66	133.23	115.60	133.76	134.46	17.30	144.90	
NFSL	0.07	33.75	45.14	36.60	46.43	53.23	45.75	
Airport tax	16.44	11.46	28.96	2.52	12.13	30.94	17.10	
TAXES ON DOMESTIC GOODS AND SERVICES	1,086.37	1,396.24	1,558.97	1,597.06	1,882.02	2,202.73	2,112.17	
Excises	141.67	178.78	189.99	174.28	221.26	598.57	526.26	
Excise Duty	50.59	37.19	33.66	30.76	45.20	48.52	52.90	
Petroleum tax	91.08	141.59	156.33	143.52	176.06	550.05	473.37	
o/w Debt recovery levy	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
VAT	761.23	994.63	1,130.03	1,173.28	1,373.71	1,329.71	1,294.23	
Domestic	303.11	387.31	464.51	471.81	591.45	528.31	517.01	
External	458.12	607.32	665.52	701.47	782.25	801.41	777.21	
National Health Insurance Levy (NHIL)	149.88	171.12	186.90	196.33	227.37	216.86	222.39	
Customs Collection	93.10	106.56	109.48	117.70	129.01	128.81	126.95	
Domestic Collection	56.77	64.55	77.42	78.64	98.36	88.05	95.44	
Communication Service Tax	33.59	51.71	52.04	53.17	59.68	57.59	69.29	
TAXES ON INTERNATIONAL TRADE	646.43	824.99	904.22	1,013.22	1,566.48	1,429.80	974.56	
Imports	494.16	624.62	644.75	690.14	813.16	758.18	792.33	
Import duty	494.16	624.62	644.75	690.14	813.16	758.18	792.33	
Exports	0.00	0.00	0.00	0.00	318.55	80.58	0.00	
Cocoa	0.00	0.00	0.00	0.00	318.55	80.58	0.00	
Import Exemptions	152.27	200.38	259.46	323.07	434.77	591.04	182.24	
SOCIAL CONTRIBUTIONS	8.03	60.87	51.80	58.20	47.33	26.90	45.56	
SSNIT Contribution to NHIL	8.03	60.87	51.80	58.20	47.33	26.90	45.56	
NON-TAX REVENUE	1,567.69	1,252.33	896.27	1,270.84	1,063.93	1,518.32	1,150.20	
Retention	837.18	711.99	582.01	639.44	563.85	535.30	613.56	
Lodgement	730.51	540.35	314.26	631.40	500.07	983.03	536.64	
Fees & Charges	73.37	67.83	64.12	90.55	107.34	102.99	75.86	
Dividend/Interest & profits from Oil	156.91	372.56	211.41	458.54	392.20	276.92	372.01	
Surface Rentals from Oil	0.24	0.05	0.23	2.90	0.54	3.02	1.23	
Gas Receipts	0.00	0.00	0.00	0.00	0.00	0.00	71.53	
Dividend/Interest & profits (Others)	500.00	99.91	38.50	79.42	0.00	600.10	16.00	
DOMESTIC REVENUE	4,499.06	5,551.56	5,342.13	6,085.37	6,952.26	7,121.29	6,300.74	
GRANTS	259.60	143.96	231.29	367.39	71.50	253.78	334.02	
Project grants	38.20	141.73	231.29	342.79	71.50	253.78	334.02	
Programme grants	14.06	2.23	0.00	24.60	0.00	0.00	0.00	
HIPC Assistance (multilaterals)	135.19	0.00	0.00	0.00	0.00	0.00	0.00	
Multilateral Debt Relief Initiative (MDRI)	72.15	0.00	0.00	0.00	0.00	0.00	0.00	
International Monetary Fund	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
World Bank	72.15	0.00	0.00	0.00	0.00	0.00	0.00	
TOTAL REVENUE & GRANTS	4,758.66	5,696.52	5,573.42	6,452.76	7,023.76	7,375.08	6,634.76	

Source: Bank of Ghana

5.2 Government Expenditures

Government expenditure and net lending in the first quarter of 2015 amounted to GH¢8,164.04 million (6.1% of GDP) compared with targeted amount of GH¢8,627.07 million (6.57% of GDP) and outturn of GH¢6,031.9 million (5.3% of GDP) recorded for the corresponding period of 2014. The observed increase in government expenditure in relation to outturn for the corresponding period in 2014 was mainly due to the higher interest cost and the upsurge in the wage bill.

Of the total payments, recurrent expenditure was GH¢6,458.8 million (79.1%), while capital expenditure amounted to GH¢1,705.3 million (20.9%). All components of non-interest expenditure, with the exception of tax expenditure and use of goods and services were within their respective programmed limits. Compensation of employees, which constituted the largest non-interest item accounted for nearly 32.9 per cent of the total expenditure in the review quarter.

Compensation of Employees

Compensation of Employees, comprising wages and salaries and social security contributions, amounted to GH¢2,683.1 million, compared with the programmed target of GH¢3,031.8 million and the outturn of GH¢2,372.6 million recorded for the corresponding period of 2014. Social contributions constituted 9.6 per cent of total compensation of public sector employees.

Interest Payments

Interest payments for the period totalled GH¢1,981.9 million, below the programmed

target by GH¢297.7 million. Of this amount, 87.6 per cent were domestic interest payments which was well within its target of GH¢1,797.4 million.

Grants to Other Government Units

Grants to Other Government Units were made up of transfers to statutory funds such as National Health Fund (NHF), Education Trust Fund (GETF), Petroleum-Related Fund, Road Fund and District Assembly Common Fund (DACF) as well as Retention of IGFs by MDAs and Transfer to GNPC from Oil Revenue. Of the total Grants to Government Units of GH¢974.5 million, retention of IGFs

Table 5.3: Government Expenditure (GH¢' million)

	2013	2014				2015	
	Prov. Q1	Prov. Q1	Prov. Q2	Prov. Q2	Prov. Q4	Prov. Q1	Prog Q1
Compensation of Employees	1,892.44	2,372.57	2,674.83	2,543.81	2,875.61	2,683.10	3,031.77
Wages & Salaries	1,741.51	2,168.04	2,440.78	2,356.17	2,483.58	2,425.62	2,567.00
Social Contributions	150.93	204.53	234.05	187.64	392.02	257.49	464.77
Pensions	105.65	161.62	182.08	147.37	120.79	143.13	174.86
Gratuities	45.28	42.91	51.97	40.28	231.20	31.29	52.07
Social Security	0.00	0.00	0.00	0.00	40.03	83.06	237.85
Use of Goods and Services	90.41	35.12	331.25	376.49	1,033.77	228.19	182.75
o/w Recurrent Expenditure share of ABFA from Oil (30% of ABFA)	26.36	0.00	0.00	0.00	0.00	0.00	116.61
Interest Payments	961.58	1,399.46	1,840.52	1,625.45	2,215.43	1,981.94	2,279.60
Domestic	892.42	1,138.32	1,656.92	1,346.15	1,969.57	1,575.07	1,797.36
External (Due)	69.16	261.14	183.60	279.31	245.86	406.87	482.24
Subsidies	0.00	0.00	0.00	473.72	0.00	0.00	0.00
Subsidies to Utility Companies	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subsidies on Petroleum products	0.00	0.00	0.00	473.72	0.00	0.00	0.00
Grants to Other Government Units	1,115.96	1,049.04	945.52	1,107.92	1,748.31	974.51	1,633.34
National Health Fund (NHF)	143.76	146.27	230.35	239.96	330.62	200.40	267.95
Education Trust Fund	0.00	0.00	0.00	0.00	328.75	42.26	191.96
Road Fund	51.98	50.56	59.15	55.18	60.09	68.25	54.63
Petroleum Related Fund	1.31	1.27	1.25	1.14	1.24	1.41	1.25
Dist. Ass. Common Fund	0.00	0.00	0.00	0.00	330.31	0.00	340.26
Retention of Internally-generated funds (IGFs)	837.18	711.99	582.01	639.44	563.85	535.30	613.56
Transfer to GNPC from Oil Revenue	81.72	138.96	72.76	172.20	133.44	126.89	163.73
Social Benefits	0.17	0.00	0.00	0.00	0.00	0.00	53.69
Lifeline Consumers of Electricity	0.17	0.00	0.00	0.00	0.00	0.00	53.69
Other Expenditure	152.27	200.38	259.46	323.07	434.77	591.04	182.24
Tax Expenditure (Exemptions)	152.27	200.38	259.46	323.07	434.77	591.04	182.24
Acquisition of Non-Financial Assets	922.91	975.32	1,626.50	1,778.10	1,715.76	1,705.25	1,263.69
Domestic financed	47.47	79.21	326.13	328.47	531.41	16.89	110.00
Assets	47.47	79.21	326.13	328.47	531.41	16.89	110.00
Foreign financed	875.43	896.12	1,300.37	1,449.63	1,184.35	1,688.37	1,153.69
TOTAL EXP. & NET LENDING	5,135.74	6,031.89	7,678.09	8,228.57	10,023.65	8,164.04	8,627.07

Source: Bank of Ghana

was GH¢535.3 million whilst transfer to GNPC from Oil Revenue amounted to GH¢126.9 million. Statutory Funds for the review period in respect of National Health Fund (NHF), Road Fund and Education Trust Fund were GH¢200.4 million, GH¢68.3 million and GH¢42.3 million respectively. There were no transfers to the District Assembly Common Fund during the review quarter.

Acquisition of Non-Financial Assets (i.e. Capital Expenditure)

Government acquisition of non-financial assets during the review quarter amounted to GH¢1,705.3 million, above the target (GH¢1,263.7 million) by 34.9 per cent. Of this amount, GH¢16.9 million was financed from

domestic sources, while GH¢1,688.4 million was from foreign sources.

Other Expenditures

The tax expenditure of GH¢591.04 million far exceeded its programme target of GH¢182.2 million by GH¢408.84 million.

5.3 Financing

The overall budget balance on cash basis, including divestiture and discrepancy, was a deficit of GH¢1,332.4 million (1.0% of GDP) in the review period. The deficit was financed from a net foreign inflow of GH¢958.7 million while GH¢426.0 million was sourced from both banking and non-bank sectors. There

Table 5.4: Government Financing (GH¢ million)

	2013		2014				2015	
	Prov. Q4	Prov. Q1	Prov. Q2	Prov. Q3	Prov. Q4	Prov. Q1	Prog Q1	
Overall balance (commitment)	-377.07	-336.38	-2,104.68	-1,775.81	-2,999.88	-788.96	-1,992.31	
(percent of GDP)	-0.40	-0.29	-1.84	-1.55	-2.64	-0.59	-1.49	
Road Arrears (net change)	-120.00	-153.31	0.00	0.00	-78.41	0.00	-50.00	
o/w Commitments & Certificates for works done	-120.00	0.00	0.00	0.00	0.00	0.00	0.00	
Non-road arrears	-867.80	-1,489.04	-321.85	-796.46	-327.16	-284.64	-374.16	
o/w other outstanding payments/deferred payments	-867.80	-1,331.08	-321.85	-198.74	-246.50	-284.64	-374.16	
o/w Wage arrears	-303.72	-244.33	-137.96	-60.04	-125.29	-168.11	-100.00	
o/w DACF	0.00	-60.00	0.00	-300.19	0.00	0.00	0.00	
o/w GETF	0.00	-97.96	0.00	-297.53	-80.66	0.00	0.00	
Tax Refunds	-39.55	-55.28	-43.06	-29.75	-28.57	-160.36	-102.10	
Overall balance (cash)	-1,404.42	-2,034.01	-2,469.59	-2,602.02	-3,434.02	-1,233.96	-2,518.57	
(percent of GDP)	-1.50	-1.77	-2.15	-2.27	-3.03	-0.93	-1.89	
Discrepancy	-1,069.56	-324.46	-45.02	245.66	27.17	-98.39	0.00	
Overall balance (incl. Divestiture and Discrepancy)	-2,473.98	-2,358.47	-2,514.61	-2,356.36	-3,406.86	-1,332.35	-2,518.57	
(percent of GDP)	-2.65	-2.06	-2.19	-2.06	-3.00	-1.00	-1.89	
Financing	2,473.98	2,358.47	2,514.61	2,356.36	3,406.86	1,332.35	2,518.57	
Foreign (net)	593.00	611.42	613.99	4,021.86	626.87	958.68	468.61	
Borrowing	837.23	754.39	1,069.08	4,268.76	1,112.85	1,434.58	819.67	
Project loans	837.23	754.39	1,069.08	1,106.84	1,112.85	1,434.58	819.67	
Programme loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Sovereign Bond	0.00	0.00	0.00	3,161.91	0.00	0.00	0.00	
Amortization (due)	-244.24	-142.97	-455.09	-246.90	-485.98	-475.90	-351.07	
Domestic (net)	1,938.33	2,168.33	1,569.94	-1,172.54	2,662.59	425.97	2,071.40	
Banking	1,135.78	2,341.39	738.97	-1,303.94	1,241.52	-628.51	809.74	
Bank of Ghana	302.48	2,721.41	629.56	-1,000.51	-768.97	-1,628.42	315.20	
Comm. Banks	833.30	-380.03	109.41	-303.43	2,010.49	999.91	494.53	
Non-banks	847.55	-173.05	830.97	131.40	1,421.07	1,054.48	1,261.66	
Other Financing	-20.15	-35.62	-59.19	-39.22	-106.28	-52.30	-21.43	
clawback from TOR	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Other domestic financing	-20.15	-35.62	-59.19	-39.22	-106.28	-52.30	-21.43	
Ghana Petroleum Funds	-82.20	-385.67	439.87	-453.74	223.67	0.00	0.00	
Transfer to Ghana Petroleum Funds	-82.20	-385.67	-59.59	-498.93	-142.49	0.00	0.00	
o/w Stabilisation Fund	-57.54	-269.97	-41.71	-349.25	-99.74	0.00	0.00	
o/w Heritage Fund	-24.66	-115.70	-17.88	-149.68	-42.75	0.00	0.00	
Transfer from Stabilisation Fund	0.00	0.00	499.46	45.19	366.16	0.00	0.00	
Contingency Fund	0.00	0.00	-50.00	0.00	0.00	0.00	0.00	

Source: Bank of Ghana

was ‘other domestic financing’ amounting to GH¢52.3 million used to support government for the review period.

5.4 Domestic Debt

5.4.1 Composition of Domestic Debt

The stock of domestic debt at the end of the first quarter of 2015 stood at GH¢36,542.7 million, indicating an increase of GH¢1,921.8 million over the stock position at the end of the fourth quarter of 2014. The increase in domestic debt stock reflected mainly in the short-term securities, which grew by GH¢2,235.1 million. The growth in the short-term component of the domestic debt stock

resulted mainly from increases in the 91-day Treasury bill of GH¢1,197.5 million and 182-day Treasury bill of GH¢1,094.9 million which was moderated by a reduction in the 1-Year Treasury note by GH¢57.3 million. The composition of medium-term instruments decreased by GH¢313.3 million during the review period. The decline in the medium-term component was on account of decreases in the 2-Year Fixed Treasury note and the 3-Year Fixed Treasury note by GH¢445.5 million and GH¢167.5 million respectively. There was new issuance of 5-year GOG bond of GH¢201.8 million to the medium-term securities in March 2015.

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

	2014				2015
	Q1	Q2	Q3	Q4	Q1
91-Day Treasury Bill	5,419.7	6,454.4	6,375.8	7,939.4	9,137.0
182-Day Treasury Bill	2,058.1	1,900.4	2,714.1	4,493.4	5,588.2
1-Year Treasury Note	1,848.1	1,549.2	1,473.7	1,253.3	1,196.1
Short term Advance	0.0	0.0	0.0	0.0	0.0
A. Short-Term Instruments	9,325.9	9,904.0	10,563.6	13,686.1	15,921.2
2-Year Fixed Treasury Note	3,654.8	3,523.6	2,997.3	2,746.2	2,300.7
3-Year Fixed Treasury Note	4,818.0	4,861.4	5,261.4	5,061.4	5,159.3
3-Year Stock(SBG)	29.9	0.0	0.0	0.0	0.0
3-Year Stock(SSNIT)	529.4	367.5	367.5	1,281.8	1,281.8
3-Year Floating Treasury Note (SADA-UBA)	202.5	202.5	202.5	202.5	35.0
5-Year GOG Bond	0.0	0.0	0.0	0.0	0.0
7-Year GOG Bond	201.7	201.7	201.7	201.7	201.7
GOG Petroleum Finance Bond	80.0	80.0	80.0	80.0	80.0
TOR Bonds	682.0	682.0	682.0	682.0	682.0
NPRA Stocks	72.6	0.0	0.0	0.0	0.0
B. Medium-Term Instruments	12,588.9	12,709.0	12,582.6	13,045.9	12,732.6
Long Term Government Stocks	7,417.4	7,417.4	7,417.4	7,417.4	7,417.4
Telekom Malaysia Stocks	109.5	109.5	109.5	109.5	109.5
Revaluation Stock	361.1	361.1	361.1	361.1	361.1
Others Government Stocks	1.0	1.0	1.0	1.0	1.0
C. Long-Term Instruments	7,888.9	7,888.9	7,888.9	7,888.9	7,888.9
TOTAL(A+B+C)	29,803.7	30,501.8	31,035.1	34,620.9	36,542.7

Source: Bank of Ghana

In terms of the maturity profile of the domestic debt, short-term instruments increased to 43.6 per cent at the end of the first quarter of 2015 from 39.5 per cent at the end of the fourth quarter of 2014. The medium-term instruments however decreased from 37.7 per cent at the end of the fourth quarter of 2014 to 34.8 per cent at the end of the first quarter

of 2015. Similarly, long-term instruments decreased from 22.8 per cent to 21.6 per cent over the period.

5.4.2 Holdings of Domestic Debt

Bank of Ghana’s holding of domestic debt at

the end of the first quarter of 2015 totalled GH¢9,008 million, representing 24.7 per cent of the total. The Deposit Money Banks (DMBs) held GH¢10,551.1 million (28.9%). SSNIT held (GH¢1,478.1 million or 4.0%), Insurance companies (GH¢77.2 million or 0.2%), and “Other holders” of GH¢15,427.5

million (42.2%).

Comparative holdings at the end of the fourth quarter of 2014 for DMBs, SSNIT, Insurance companies and “Other holders” were 27.3 per cent, 4.5 per cent, 0.2 per cent, and 41.2 per cent respectively.

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

	2014				2013
	Q1	Q2	Q3	Q4	Q4
A. Banking system	17,236.5	17,046.7	17,071.7	18,745.5	19,559.9
Bank of Ghana	9,930.6	9,617.7	9,804.3	9,293.5	9,008.8
Commercial Bank	7,305.9	7,429.1	7,267.4	9,452.0	10,551.1
B. Nonbank sector	12,567.2	13,455.1	13,963.3	15,875.4	16,982.8
SSNIT	708.7	660.8	715.8	1,563.6	1,478.1
Insurance Companies	53.2	55.0	59.9	63.3	77.2
NPRA	72.6	0.0	0.0	0.0	0.0
Others Holders	11,732.7	12,739.3	13,187.6	14,248.5	15,427.5
TOTAL(A+B)	29,803.7	30,501.8	31,035.1	34,620.9	36,542.7

Source: Bank of Ghana

Table 5.7: Holdings of Domestic Debt (% of Total)

	2014				2015
	Q4	Q1	Q2	Q3	Q4
A. Banking system	57.8	55.9	55.0	54.1	53.5
Bank of Ghana	33.3	31.5	31.6	26.8	24.7
Commercial Bank	24.5	24.4	23.4	27.3	28.9
B. Non-bank sector	42.2	44.1	45.0	45.9	46.5
SSNIT	2.4	2.2	2.3	4.5	4.0
Insurance Companies	0.2	0.2	0.2	0.2	0.2
NPRA	0.2	0.0	0.0	0.0	0.0
Others Holders	39.4	41.8	42.5	41.2	42.2
TOTAL(A+B)	100.0	100.0	100.0	100.0	100.0

Source: Bank of Ghana

6. Balance of Payments Developments

6.1 International Trade and Finance

Ghana's balance of payments estimates for the first quarter of 2015 recorded a deficit of US\$849.4 million compared with a deficit

of US\$894.9 million registered in the first quarter of 2014. The reduction in the deficit was mainly due to improvement on the current account and lower net inflows to the capital and financial account.

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

	2012 Q1	2013 Q1	2014 Q1	2015 Q1	Q4' 2013/14	
					Absolute	% Change
CURRENT ACCOUNT	-986.6	-1,112.3	-1,049.3	-550.9	498.4	-47.5
Merchandise Exports (f.o.b.)	4,118.1	3,919.2	3,583.4	2,884.7	-698.8	-19.5
Cocoa beans and products	1,143.5	766.7	877.9	992.6	114.7	13.1
Gold	1,766.1	1,462.1	1,162.9	817.8	-345.1	-29.7
Timber products	29.2	39.4	30.9	46.7	15.8	51.2
Oil	700.1	1,108.7	953.7	445.1	-508.6	-53.3
Others (including non-traditionals)	479.2	542.3	558.0	582.4	24.4	4.4
Merchandise Imports (f.o.b.)	-4,117.9	-4,238.5	-3,798.6	-3,332.5	466.1	-12.3
Non-oil	-3,484.5	-3,259.7	-2,812.3	-2,893.9	-81.6	2.9
Oil	-633.5	-978.8	-986.3	-438.6	547.7	-55.5
Trade Balance	0.2	-319.3	-215.2	-447.8	-232.6	108.1
Services (net)	-1,080.9	-975.0	-861.0	-309.7	551.3	-64.0
Receipts	516.6	494.7	364.7	868.1	503.4	138.0
Payments	-1,597.5	-1,469.7	-1,225.7	-1,177.8	47.9	-3.9
Income (net)	-913.1	-254.9	-470.6	-413.5	57.1	-12.1
Receipts	5.5	86.3	30.9	63.9	33.1	107.1
Payments	-918.6	-341.2	-501.5	-477.5	24.0	-4.8
Current Transfers (net)	1,007.2	436.9	497.5	620.1	122.6	24.7
Official	140.3	7.5	1.0	0.0	-1.0	-100.0
Private	866.9	429.4	496.5	620.1	123.6	24.9
Services, Income and Current Transfers (net)	-986.8	-792.9	-834.2	-103.2	731.0	-87.6
CAPITAL & FINANCIAL ACCOUNT	156.7	1,231.6	499.4	54.8	-444.6	-89.0
Capital Account (net)	79.4	19.6	0.0	73.5	73.5	-
Capital transfers	79.4	19.6	0.0	73.5	73.5	-
Financial Account (net)	77.3	1,211.9	499.4	-18.7	-518.1	-103.7
Direct Investments	897.5	549.7	987.5	514.6	-472.9	-47.9
Portfolio Investments	23.6	81.3	-145.4	30.9	176.3	-121.3
Other Investments	-843.8	580.9	-342.7	-564.2	-221.5	64.6
Of Which						
Official Capital (net)	194.3	432.1	246.9	899.3	652.4	264.3
Sovereign bond						
Other Private Capital (net)	-70.3	-227.3	-365.0	-716.1	-351.1	96.2
Short-term capital (net)	-961.8	418.7	-71.7	-747.3	-675.6	941.6
Government Oil Investments (net)	-6.0	-42.6	-152.8	0.0	152.8	-100.0
ERRORS AND OMISSIONS	-426.6	-251.5	-345.0	-353.3	-8.3	2.4
OVERALL BALANCE	-1,256.5	-132.2	-894.9	-849.4	45.5	-5.1
FINANCING	1,256.5	132.2	894.9	849.4	-45.5	-5.1
Changes in international reserves	1,256.5	132.2	894.9	849.4	-45.5	-5.1

*Provisional

Note: + Classification of Balance of Payments is according to Balance of Payments Manual 5 (BPM5) format

6.2 The Current Account

The current account deficit reduced significantly by 47.5 per cent to US\$550.9 million in the first quarter of 2015. This was as a result of an improvement in the invisibles account which more than offset the deficit in the merchandise account mainly on account of declining export receipts.

6.2.1 Merchandise Trade

During the period under review, the trade balance deteriorated from a deficit of US\$215.2 million in the first quarter of 2014 to a deficit of US\$447.8 million in the first quarter of 2015, mainly on account of declining exports receipts. The volumes of Ghana's major export commodities namely, gold, cocoa and crude oil exported fell in the review quarter while the prices of gold and crude oil also declined. Imports also fell on account of decline in oil imports.

Merchandise Exports

The value of merchandise exports for the first quarter of 2015 was provisionally estimated at US\$2,884.69 million, indicating a decrease of 19.5 per cent (US\$698.77 million) from US\$3,583.46 million recorded in the corresponding period of 2014. The decline was on account of low receipts from exports of gold and crude oil.

Gold exports during the review period dipped to US\$817.79 million, from US\$1,162.88 million realized during the same period in 2014. The fall in receipts was due to both volume and price effects. The average realized price decreased by 4.9 per cent to US\$1,226.20 per fine ounce while the volume exported also decreased by 26.1 per cent to 666,761 fine ounces.

The value of crude oil exports was estimated at US\$445.13 million during the review quarter, less than half of the proceeds of US\$953.72 million recorded in the corresponding period of 2014. This was mainly on account of a huge drop in prices resulting from the world supply glut. The average realized price of oil dropped significantly by 53.1 per cent to US\$51.09 per barrel from US\$108.98 per barrel for the same period last year. Volume exported also decreased by 0.4 per cent to 8,712,647 barrels during the review quarter.

Earnings from cocoa beans and products exports increased from US\$877.93 million in the first quarter of 2014 to US\$992.62 million for the first quarter of 2015. Cocoa beans exports rose by 13.4 per cent to US\$797.87 million (from US\$703.74 million in 2014Q1), mainly due to price effect. The average realized price of cocoa increased by 22.6 per cent to US\$2,934.96 per metric tonne while the volume exported dropped by 7.6 per cent to 271,850 metric tonnes. Similarly, exports of cocoa products rose by 11.2 per cent to US\$194.75 million on account of 12.1 per cent increase in prices to US\$3,452.23 per metric tonne.

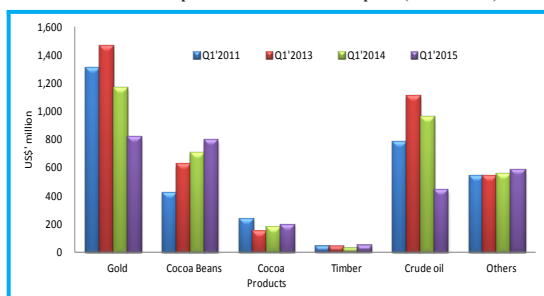
Earnings from exports of timber products increased by 51.5 per cent to US\$46.73 million, largely due to both price and volume effects. Average realized price rose by 6.1 per cent to settle at US\$596.08 per metric tonne, while volume also increased by 42.8 per cent to 78,396 metric tonnes during the review period.

Other exports (including non-traditional exports and other minerals) went up by 4.4 per cent to US\$582.43 million.

Top Ten Exported Non Traditional Items

The value of the top ten non-traditional commodities exported during the period under review amounted to US\$227.02 million, compared to US\$197.19 million recorded for the same period in 2014. Among the ten top non-traditional items exported included palm oil and its fractions, prepared or preserved tuna, cashew nuts, etc.

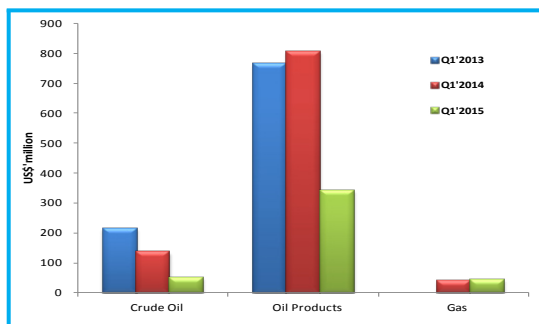
Chart 6.1: Developments in Merchandise Exports (US\$' million)



Merchandise Imports

Total value of merchandise imports for the first quarter of 2015 amounted to US\$3,332.50 million, down by 12.3 per cent (US\$466.12 million). The decline in imports was mainly on account of a significant fall in oil imports.

Chart 6.2: Developments in Merchandise Imports (US\$' million)



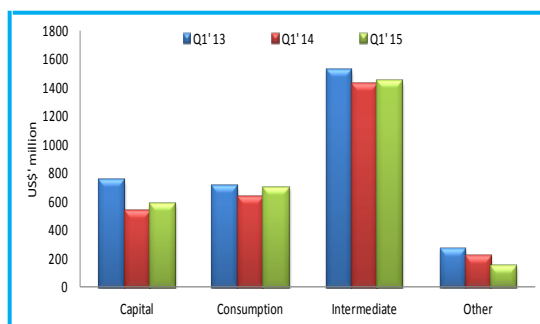
Oil and Gas Imports

Total value of oil imports (including crude, gas and refined products) fell by 55.5 per cent to US\$438.60 million during the first quarter of 2015, from US\$986.31 million recorded in the corresponding quarter of 2014. Total value of crude oil imports by the Volta River Authority (VRA) decreased by 80.2 per cent to US\$27.15 million. That is, the VRA imported 500,190 barrels of crude oil at an average realised price of US\$54.28 per barrel. The Tema Oil Refinery also imported 450,408 barrels of crude oil valued at US\$23.86 million at an average realised price of US\$52.97 per barrel as against no importation for the same quarter last year.

In addition, the VRA imported 4,726,976 MMBTu of gas worth US\$43.86 million from the West African Gas Company (WAGP) at an average price of US\$9.28 per MMBTu (Million Metric British Thermal units) for its operations. For the same period last year, 4,965,935 MMBTu of gas worth US\$42.29 million was imported.

The value of finished oil products imported in the review quarter amounted to US\$343.73 million, compared to US\$806.59 million

Chart 6.3: Oil Imports (2012-2015)



recorded in the corresponding period of 2014. The decrease in value was mainly due to the decline in prices.

Non – Oil Imports

value of non-oil merchandised imports for the first quarter of 2015 was provisionally estimated at US\$2,893.90 million. This indicates an increase of 2.9 per cent from US\$2,812.31 million recorded for the same period in 2014. The increase was occasioned by higher Capital, Intermediate and Consumption goods imports during the review period.

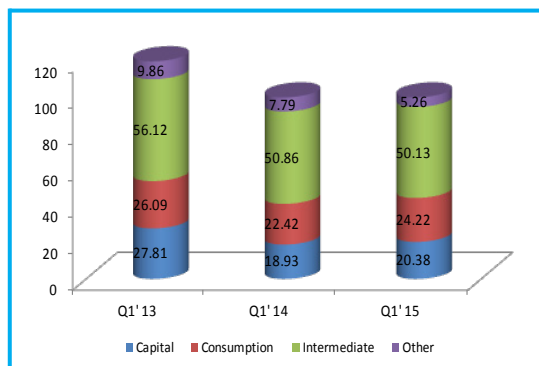
The value of capital goods imported during the review period was estimated at US\$589.91 million, up by 10.8 per cent from the level recorded in the corresponding period of 2014. Imports of capital goods (except transport) increased by 14.7 per cent on account of the importation of a high value item- Floating or Submersible Drilling or Production Platform.

The value of consumption goods imported was estimated at US\$700.97 million, indicating an increase of 11.2 per cent from US\$630.50 million recorded for the same period in 2014. This was due to significant increases in imports of non-durable consumer goods (25.6%) and processed food and beverages, mainly for household consumption (12.2%) which outweighed the decreases in the other sub-categories.

The value of intermediate goods imported increased marginally by 1.4 per cent to US\$1,450.82 million. However, this category of import accounted for 50.5 per cent of the total import bill. Sub-categories in this classification that recorded lower imports were Transport equipment- parts and accessories

and processed food and beverages, mainly for industry; processed industrial supplies; capital goods-parts and accessories; primary food and beverages, mainly for industry and primary industrial supplies recorded increases.

Chart 6.4: Non-Oil Imports by Broad Economic Classification



The value of other goods imported was estimated at US\$152.20 million, which was significantly lower than the level recorded in the corresponding period last year. The fall in other goods import was due to a significant decline in the importation of passenger cars during the review quarter.

Top Ten Major Non-oil Imports

The total value of the top ten non-oil merchandise imports for the first quarter of 2015 amounted to US\$808.04 million compared to US\$729.94 million recorded a year ago. Key items included floating or submersible drilling or production platforms, motor vehicles for the transport of persons and goods, insecticides,

6.2.2 Direction of Trade

Destination of Exports

During the review period, the European Union

received the largest share of Ghana's total exports (29.1%). The other recipients were the Far East (26.5%), Other European countries (13.3%), Other Economies (9.9%), the Rest of Africa (9.5%), ECOWAS (8.6%), and North America (3.0%).

India was the single largest destination of Ghana's exports in the first quarter of 2015, representing about 12.4 per cent. The main export to India was gold. Other important markets for Ghanaian exports included: Switzerland (10.9%), Netherlands (8.7%), South Africa (8.6%), United Arab Emirates (8.0%), China (7.0%), Italy (6.6%), Malaysia (3.3%), Portugal (3.2%) and USA (2.8%).

accounting for 30.6 per cent of the total non-oil imports. The European Union followed with a share of 27.5 per cent, North America (12.6%), Other (11.1%), ECOWAS (7.8%), Rest of Africa (5.5%) and Other Europe (4.9%).

China was the leading source of Ghana's imports with a share of 15.3 per cent. Other major sources of imports were United States (9.7%), Netherlands (6.5%), Belgium (4.8%), India (4.0%), South Africa (3.3%), Cote d'Ivoire (3.2%), Canada (2.8%), Malta (2.8%) and United Kingdom (2.7%).

6.3 Services, Income and Transfers Account

During the period under review, the Services, Income and Unilateral transfers account recorded a deficit of US\$103.17 million, compared to a deficit of US\$834.18 million recorded for the same period in 2014. The improvement in net position was as a result of significant receipts in the Services account (other services) and an increase in remittance inflows from the Rest of the World into Ghana. Current transfers, mostly private remittances increased from US\$497.46 million in the first quarter of 2014 to US\$620.10 million in the first quarter of 2015. Net outflow on the Other services account declined from US\$670.21 million in the first quarter of 2014 to US\$107.98 million in the first quarter of 2015, on account of service inflows. The net income account also improved by 12.1 per cent to a net outflow of US\$413.5 million during the review quarter.

6.4 Capital and Financial Account

The surplus on the capital and financial account reduced significantly from the position of US\$499.40 million in the first quarter of 2014

Chart 6.5: Destination of Exports Q1 (2013-2015)

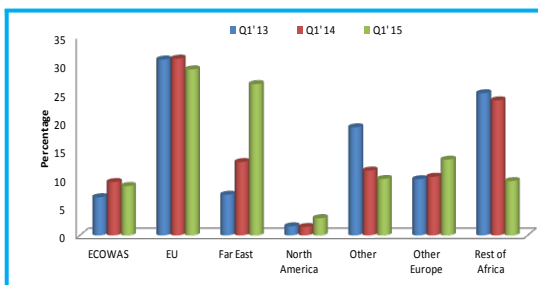
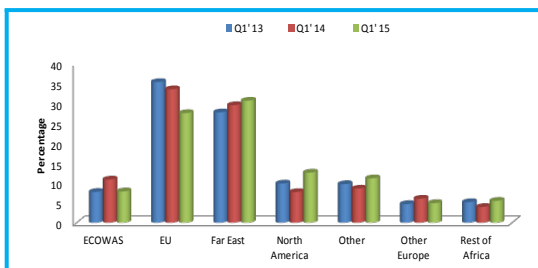


Chart 6.6: Origin of Imports Q4 (2012-2015)



Origin of Imports

In terms of geographical distribution, the Far East was the leading source of imports,

to US\$54.79 million in the first quarter of 2015. This was attributable to significant outflows, especially with respect to amortization and short term capital.

Financial Account **Capital Account**

The capital account received transfers totalling US\$73.48 million during the review period. No transfers were received for the same period in 2014.

Financial Account

Transactions in the financial account deteriorated from a surplus of US\$499.40 million to a deficit of US\$18.69 million during the review quarter. This development was the result of net private capital outflows largely in the form of private and short-term capital during the review period. These outflows were partly moderated by official capital disbursements.

During the review quarter, foreign direct investments into Ghana by non-residents reduced significantly to US\$514.58 million, showing a decrease of 47.9 per cent from the level recorded in the corresponding period of 2014. Net portfolio investments inflows, primarily made up of investments in Government of Ghana bonds purchased by non-residents, improved from a net outflow of US\$145.37 million in the first quarter of 2014 to a net inflow of US\$30.91 million during the review period.

The ‘other investments’ worsened from a net outflow position of US\$342.73 million in the first quarter of 2014 to US\$564.18 million in the first quarter of 2015. This was mainly due to net payments from the private capital and short-term capital accounts. Net Private Capital outflow (payments) increased from US\$365.00 million to US\$716.14 million as a result of increased amortization of private debt. Short term capital also recorded net outflows, partly due to repayment of the cocoa syndicated loan and oil trade payments. The net outflow increased from US\$71.75 million in the first quarter of 2014 to US\$747.33 million during the review period. On the other hand, official capital inflows increased from US\$246.86 million to US\$899.29 million due to project loan and grant disbursements during the quarter.

6.5 International Reserves

The stock of net international reserves (NIR) at the end of March 2015 was estimated at US\$2,350.91 million, indicating a drawdown of US\$849.41 million from a stock position of US\$3,200.32 million at the end of December 2014.

The country’s gross international reserves also decreased by US\$427.56 million to US\$3,921.91 million from a stock position of US\$4,349.47 million at the end of December 2014. This level of reserves was sufficient to provide cover for 2.6 months of imports, compared to 2.5 and 3.0 months of imports cover as at March 2014 and December 2014 respectively.

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

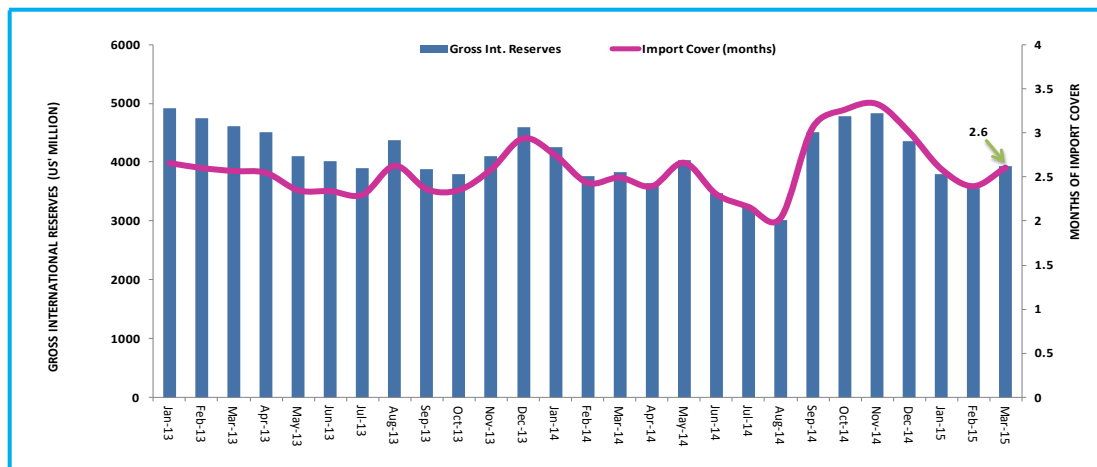


Table 6.2: Developments in Current Account (US\$ M): 2012-2014

	Q1'2013	Q1'2014	Q1'2015	% Change Q1'2014/15
Current Account Balance	-1,112.3	-1,049.3	-550.9	-47.5
Merchandise Trade Balance	-319.3	-215.2	-447.8	108.1
Services Balance	-975.0	-861.0	-309.7	-64.0
Investment income Balance	-254.9	-470.6	-413.5	-12.1
Net Unilateral Transfers	436.9	497.5	620.1	24.7

Table 6.3: Top Ten Exported Non-Traditional Exports: (Jan - Mar, 2014/2015)

Jan - Mar 2014			Jan - Mar 2015		
Description	US\$M	% Distr.	Description	US\$M	% Distr.
Palm kernel or babassu oil (excl. crude) fractions	34.72	17.6	Palm oil and its fractions	36.19	15.9
Prepared or preserved tuna, skipjack and atlantic bonito	31.83	16.1	Prepared or preserved tuna	35.88	15.8
Palm oil and its fractions	27.61	14.0	Cashew nuts	35.04	15.4
Cashew nuts	17.92	9.1	Pebbles, gravels, broken or crushed stone etc for road	20.71	9.1
Tableware, kitchenware, other household articles and toilet articles	17.15	8.7	Shea (karite) oil and fractions	19.60	8.6
Sesamum seeds	16.76	8.5	Plywood and veneered panels	18.90	8.3
Superphosphates	15.20	7.7	Aluminium	16.66	7.3
Aluminium, unwrought, not alloyed	14.31	7.3	Tableware, kitchenware, other household articles	15.51	6.8
Technically specified natural rubber	11.60	5.9	Medium oils, kerosine type jet fuel	14.38	6.3
Fruit, fresh - other, nes	10.09	5.1	Sesamum seeds	14.13	6.2
	197.19	100.0		227.02	100.0

Table 6.4: Top Ten Imported Non-Oil Goods: (Jan - Mar, 2014/2015)

Jan - Mar 2014			Jan - Mar 2015		
Description	US\$'M (fob)	% Distr.	Description	US\$'M (fob)	% Distr.
Capital	115.57	15.8	Capital	144.26	17.9
Motor vehicles for the transport of goods, n.e.s.	78.99	10.8	Floating or submersible drilling or production platforms	88.79	11.0
Machines for the reception,conversion and transmission of etc	36.57	5.0	Motor vehicles for the transport of goods	55.47	6.9
Consumption	137.45	18.8	Consumption	259.49	32.1
Frozen Fish	57.01	7.8	Rice	118.89	14.7
Rice	42.16	5.8	Insecticides, herbicides and fungicides	76.31	9.4
Sugar	38.28	5.2	Frozen fish	64.29	8.0
Intermediate	276.43	37.9	Intermediate	270.48	33.5
Palm oil and its fractions	128.19	17.6	Semi-manufactured gold	82.63	10.2
Cement clinkers	61.11	8.4	Cement and clinker	67.16	8.3
Wheat and meslin	52.68	7.2	Palm oil and its fractions	60.91	7.5
Polyethylene	34.46	4.7	Wheat and meslin	59.78	7.4
Other	200.50	27.5	Other	133.81	16.6
Motor vehicles for the transport of persons	200.50	27.5	Motor vehicles for the transport of persons	133.81	16.6
Grand Total	729.94	100.0	Grand Total	808.04	100.0

Table 6.5: Services, Income and Unilateral Transfers (net) in US\$ millions

	Q1'2013	Q1'2014	Q1'2015 prov.	Q1'2014/15	
				Abs.	%change
Services (net)	-975.00	-861.02	-309.72	551.30	-64.03
Freight and Insurance	-222.80	-190.81	-201.74	-10.93	5.73
Other Services	-752.20	-670.21	-107.98	562.23	-83.89
Income (net)	-254.86	-470.62	-413.54	57.08	-12.13
Current Transfers (net)	436.92	497.46	620.10	122.64	24.65
Official	7.51	1.00	0.00	-1.00	
Private	429.41	496.46	620.10	123.64	24.90
Services, Income and Current Transfers (net)	-792.94	-834.18	-103.17	731.02	-87.63

Table 6.6: Capital and Financial Account (US\$ millions), Q1'2013 - Q1'2015

	Q1'2013	Q1'2014	Q1'2015 prov.	Q1'2014/15	
				Abs.	%change
Capital and Financial Accounts	1,225.77	499.40	54.79	-444.61	-89.03
Capital transfers	19.63	0.00	73.48	73.48	
Financial Account	1,206.14	499.40	-18.69	-518.09	-103.74
Foreign Direct Investments	549.72	987.50	514.58	-472.92	-47.89
Portfolio Investments	81.30	-145.37	30.91	176.29	-121.27
Other Investments	575.12	-342.73	-564.18	-221.45	64.61
Official	426.29	246.86	899.29	652.43	264.29
Disbursements	481.38	305.51	1,044.92	739.41	242.03
Amortisation	-55.09	-58.65	-145.63	-86.98	
Private	-227.25	-365.00	-716.14	-351.14	96.20
Disbursements	50.00	30.00	80.78	50.78	169.26
Amortisation	-277.25	-395.00	-796.92	-401.92	101.75
Short-term	418.68	-71.75	-747.33	-675.58	941.61
Non-Monetary	47.38	-37.79	-752.80	-715.01	1,892.28
Monetary	371.30	-33.96	5.46	39.43	-116.09
Government Oil Investments	-42.60	-152.84	-	152.84	-100.00
Inflow	-	-	-	-	-
Outflow	-42.60	-152.84	-	152.84	-100.00

7. External Debt

7.1 Debt Stock

The disbursed and outstanding Government of Ghana external debt at the end of the first quarter of 2015 was estimated at US\$13,772.95 million, a decline of 2.0 per cent (US\$278.58 million) from the level of US\$14,051.53 million at the end of 2014. The fall in the stock of debt during the review period was

on account of net repayment made by the country to the creditors. The level of external debt at the end of the first quarter of 2014 was US\$9,231.46 million. Ghana's outstanding external debt constitutes 36.63 per cent of estimated Gross Domestic Product, indicating a build-up in the debt burden compared with a year ago.

Chart 7.1: Outstanding Stock of External Debt (US\$ million)



Table 7.1: Composition of External Debt Stock by Creditors (US\$ million)

Creditor Category	2013				2014*				
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Total External Debt	9,231.46	9,342.99	10,774.34	11,461.71	11,488.88	11,876.42	12,678.62	14,051.53	13,772.95
Multilateral Creditors	4,140.50	4,263.61	4,339.01	4,557.92	4,513.63	4,566.08	4,543.77	4,900.73	4,787.14
of which : IDA	2,349.16	2,452.60	2,514.13	2,800.76	2,845.75	2,908.58	2,922.95	2,941.49	2,942.66
IMF	687.80	686.18	686.56	678.08	674.23	661.09	633.12	605.12	567.65
Bilateral Creditors	3,339.81	3,311.30	3,252.49	3,564.60	3,557.24	3,743.93	3,660.08	4,191.66	4,040.86
of which : Paris Club	548.85	545.66	611.35	643.01	647.39	708.55	668.99	682.00	609.16
Non-Paris Club	329.88	329.17	297.79	487.08	463.61	449.34	457.62	458.43	449.91
Export Credit	985.91	1,008.81	1,072.33	1,099.75	1,135.84	1,209.36	1,144.02	1,154.51	1,110.28
Other concessional	1,475.17	1,427.66	1,271.02	1,334.76	1,310.40	1,376.68	1,389.46	1,896.72	1,871.51
Commercial Creditors	1,751.15	1,768.08	3,182.84	3,339.19	3,418.02	3,566.42	4,474.77	4,959.14	4,944.95
of which :									
International Capital Market	750.00	750.00	1,530.51	1,530.51	1,530.51	1,530.51	2,530.51	2,530.51	2,530.51

7.1.1 Composition of External Debt by Creditors

During the quarter under review, multilateral debt owed to the International Financial Institutions (IFIs) went down by 2.3 per cent (US\$115.59 million) to US\$4,787.14 million from US\$4,900.73 million recorded at the end of 2014. This was mainly as a result of net repayments. Similarly, the official bilateral

credits, made up of official government to government loans as well as export or suppliers' credits also fell by 7.1 per cent (US\$81.36 million) to US\$1,059.07 million during the review period from US\$1,140.43 million recorded at the end of 2014. Further more, commercial credits from the banks also declined by 0.3 per cent (US\$14.19 million) during the review period, due in part to net

disbursements on a new Euro bond facility.

7.1.2 Interest rate structure of External Debt

The bulk of the outstanding external debt stock was of fixed interest rate terms, constituting 79.74 per cent at the end of the review quarter. Loans with variable interest rate commitments constituted 18.56 per cent, implying that only this portion of the debt portfolio may be subject to interest rate re-fixing. The remaining 1.70 per cent of the debt was interest-free.

7.2 Currency Composition of Debt Stock

At the end of the first quarter of 2015, the United States dollar was the dominant currency of the debt portfolio, followed by the Special Drawing Right (SDR), and the Euro. The US dollar accounted for 55.4 per cent of the portfolio, while the SDR and the Euro accounted for 22.7 per cent and 12.4 per cent respectively. A proportion of the debt held in miscellaneous currencies accounted for 9.5 per cent.

7.3 Debt Service Payments

The debt service payments made on Government and government-guaranteed debts through Bank of Ghana (excluding obligation to the IMF) in the first quarter of 2015 amounted to US\$319.31 million, made up of principal repayments of US\$85.92 million, and interest payments of US\$233.39 million. This compared with the total debt service payments of US\$149.16 million in the corresponding period of 2014, made up of principal repayment of US\$66.87 million and interest payment of US\$82.29 million.

In terms of composition of creditors, multilateral, bilateral and commercial creditors were paid US\$26.44 million, US\$25.07 million and US\$228.10 million respectively. In the corresponding period of 2014, bilateral creditors were paid US\$68.52 million, commercial creditors were paid US\$63.25 million and multilateral creditors received US\$17.39 million.

Chart 7.2: Currency Composition of External Debt Stock (2015Q1)

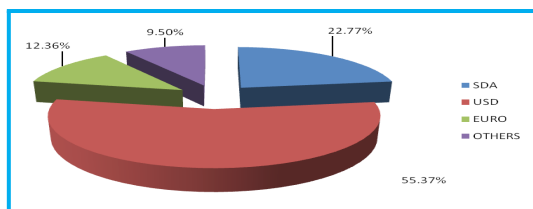


Table 7.2: Payment of Government and Government-Guaranteed Debt by creditor

	Q1-2014			Q4-2014			Q1-2015		
	Prin	Int	Total	Prin	Int	Total	Prin	Int	Total
Total	66.87	82.29	149.16	67.39	53.30	120.69	85.92	233.39	319.31
Multilateral Creditors	6.76	10.63	17.39	4.84	5.24	10.08	12.85	13.59	26.44
IDA	3.57	6.00	9.57	1.14	3.19	4.33	7.49	8.42	15.91
ADB / ADF	1.10	2.01	3.11	0.30	1.47	1.77	0.97	2.31	3.28
Others	2.09	2.62	4.71	3.40	0.58	3.98	4.39	2.86	7.25
Bilateral Creditors	30.89	37.63	68.52	25.57	7.59	33.16	14.45	10.62	25.07
Paris Club	27.91	35.73	63.64	22.01	6.49	28.50	12.89	7.58	20.47
Non-Paris Club	2.98	1.90	4.88	3.56	1.10	4.66	1.56	3.04	4.60
Commercial Creditors	29.22	34.03	63.25	36.98	8.59	45.57	58.62	169.48	228.10
10-Year Sovereign Bond	0.00	39.38	39.38	0.00	31.88	31.88	0.00	39.70	39.70

8. The Rural Banking Sector

8.1 Performance of RCBs

The performance of the rural/community banks (RCBs) improved during the first quarter of 2015. Total assets of RCBs at the end of the first quarter of 2015 stood at GH¢2,149.7 million, up by 1.33 per cent from GH¢2,121.48 million in the fourth quarter of 2014. On year-on-year basis, total asset grew by 3.8 per cent in 2015. However, the share of total assets of RCBs in the banking system declined to 3.8 per cent at the end of the review quarter compared with 4.4 per cent in the corresponding period of 2014.

Total deposits of RCBs rose slightly to GH¢1,636.6 million by the end of the first quarter of 2015 compared with GH¢1,625.4

million at the end of the previous quarter and GH¢1,402.28 million at the end of the corresponding quarter of 2014. The level of RCBs deposits at the end of the review quarter constituted 4.9 per cent of total deposits of the banking system, same as the previous quarter. This may be compared with the shares of 5.5 per cent at the end of the corresponding quarter of 2014.

Loans and advances made by RCBs stood at GH¢796.90 million in the first quarter of 2015, indicating a marginal increase of 0.3 per cent from GH¢794.31 million recorded at the end of previous quarter and 11.4 per cent from GH¢715.63 million recorded at the end of the first quarter of 2014.

Table 8.1: Consolidated Assets and Liabilities of Rural/Community Banks (GH¢' million)

	2013		2014				2015	Variation (2014-2015, %)	
	Q1	Q4	Q1	Q2	Q3	Q4	Q1	Q-O-Q	Y-on-Y
Assets									
Cash Holdings & Balances with Banks	204.47	269.12	251.10	246.48	269.85	317.19	286.30	-9.74	14.02
Bills and Bonds	502.96	533.23	558.57	564.36	546.01	652.20	642.50	-1.49	15.03
Loans and Advances	637.96	716.98	715.63	736.25	778.12	794.31	796.90	0.33	11.36
Other Assets	258.17	330.20	339.26	347.85	345.58	357.78	257.70	-27.97	-24.04
Total Assets	1,603.57	1,849.54	1,864.55	1,894.95	1,939.56	2,121.48	2,149.70	1.33	15.29
Liabilities									
Total Deposits	1,229.41	1,369.86	1,402.28	1,411.37	1,448.35	1,625.36	1,636.60	0.69	16.71
Shareholders' Funds	231.64	246.25	255.46	266.53	277.38	286.29	225.50	-21.23	-11.73
Other Liabilities	142.52	233.43	206.80	216.64	213.42	209.83	145.80	-30.52	-29.50
Total Liabilities	1,603.57	1,849.54	1,864.55	1,894.95	1,939.56	2,121.48	2,149.70	1.33	15.29
No. of Reporting Banks	134	140	140	140	140	140	139		

* Provisional

Table 8.2: Proportion of RCBs' Total Assets of the Banking System (GH¢' million)

	2014								2015	
	Q1		Q2		Q3		Q4		Q1	
	GH¢'M	% Share	GH¢'M	% Share	GH¢'M	% Share	GH¢'M	% Share	GH¢'M	% Share
Commercial Banks	24,202.0	94.5	25,461.7	99.4	26,516.5	94.8	29,946.9	94.9	31,861.6	95.1
Rural Banks	1,402.3	5.5	1,411.4	5.5	1,448.4	5.2	1,625.4	5.1	1,636.6	4.9
Total	25,604.3	100.0	26,873.1	105.0	27,964.9	100.0	31,572.2	100.0	33,498.2	100.0

Table 8.3: Proportion of RCBs' Deposits of the Banking System (GH¢' million)

	2014								2015	
	Q1		Q2		Q3		Q4		Q1	
	GH¢'M	% Share	GH¢'M	% Share	GH¢'M	% Share	GH¢'M	% Share	GH¢'M	% Share
Commercial Banks	40,170.2	95.6	43,718.7	95.8	47,583.1	96.1	49,821.1	95.9	54,454.0	96.2
Rural Banks	1,864.6	4.4	1,895.0	4.2	1,939.6	3.9	2,121.5	4.1	2,149.7	3.8
Total	42,034.7	100.0	45,613.6	100.0	49,522.6	100.0	51,942.5	100.0	56,603.7	100.0

