



**Bank Of Ghana**

# **Quarterly Bulletin**

**April - June 2015**



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Prepared by Research Department  
Published by IDPS Department

ISSN: 0855 - 0964

Bank of Ghana  
P. O. Box GP 2674, Accra  
Website: [www.bog.gov.gh](http://www.bog.gov.gh)

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# OVERVIEW

## Introduction

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

## Global Economy

The Global economy recovered modestly during the second quarter of 2015, albeit varying across regions. Latest economic data showed a rebound in growth momentums in the US, the Eurozone, United Kingdom and China in the second quarter, despite the fall in equity prices in China which increased uncertainty. While growth in emerging markets and developing economies was projected to remain robust in 2015, the net impact of declining oil prices, country specific reforms and constraints as well as the need to maintain high interest rates to avert severe currency depreciations poses significant risks to the outlook. Global inflation generally picked up during the review quarter as crude oil price began to rise, although there were differences cross countries. Inflation in the US and Eurozone picked up while prices in Japan declined, UK inflation remained flat during the second quarter of 2015. Similarly, in emerging economies, prices increased in Brazil and South Africa but declined in China and Turkey during the review quarter.

## The Domestic Economy

### *Real Sector Performance*

Developments in some selected real sector indicators showed improvements in economic activity in the second quarter of 2015 compared with trends observed in the corresponding period of 2014. Economic indicators such as consumer spending, income and corporate taxes, construction sector activities and industry consumption of electricity picked up during the review period.

### *Inflation*

Developments in prices during the review quarter indicated that headline inflation picked up from 16.6 per cent at the end of the first quarter of 2015 to 17.1 per cent at the end of the second quarter of 2015. The rise in CPI inflation during the review quarter was due to non-food inflation which increased by 0.5 percentage points from 23.1 per cent in March 2015 to 23.6 per cent, while food inflation also increased by 0.2 percentage points to 7.2 per cent .

### *Government Budgetary Operation*

Fiscal operations for the second quarter of 2015 resulted in an overall budget deficit of GH¢1,453.0 million (1.1% of GDP) against the programmed deficit of GH¢2,314.9 million (1.7% of GDP). Government receipts (including grants) for the review period amounted

to GH¢7,552.6 million (5.7% of GDP), compared with a target of GH¢7,174.7 million (5.4% of GDP) and the outturn of GH¢5,573.4 million (5.0% of GDP) recorded for the corresponding quarter in 2014. Government expenditure and net lending in the second quarter of 2015 amounted to GH¢9,076.4 million (6.8% of GDP) compared with the targeted amount of GH¢8,686.5 million (6.5% of GDP) and the outturn of GH¢7,678.1 million (6.8% of GDP) recorded in the corresponding period of 2014. The deficit, together with a net inflow of GH¢48.6 million and repayment of GH¢52.0 million to other domestic creditors, created a resource gap of GH¢1,553.6 million. This was financed with GH¢1,348.0 million from domestic sources and Government's drawdown on the Stabilization Fund to the tune of GH¢205.7 million.

***Money  
Aggregates***

Broad money supply including foreign currency deposits (M2+) grew by 34.9 per cent (GH¢10,724.6 million), year-on-year, in June 2015 compared to 31.9 per cent (GH¢7,434.5 million) growth recorded in June 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 44.4 per cent (GH¢1,895.0 million) while the NDA also increased by 33.4 per cent (GH¢8,833.6 million). At the end of June 2015, M2+ stood at GH¢41,466.5 million compared with GH¢30,737.8 million in June 2014.

***Banking Sector  
Credit***

The annual growth in banks' outstanding credit to the public and private institutions at the end of the second quarter of 2015 moderated on year-on-year basis. Total outstanding credit to public and private sectors stood at GH¢29,793.2 million at the end of the second quarter of 2015, indicating a year-on-year growth of 35.1 per cent. This compares with a growth 44.5 per cent recorded in June 2014. In real terms, however, credit from banks decreased from 25.6 per cent year-on-year in June 2014 to 15.4 per cent in June 2015. The private sector accounted for 87.4 per cent of total outstanding credit at the end of the review period, compared with 88.7 per cent recorded in June 2014.

***Exchange  
Rates***

Developments in the foreign exchange market during the second 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. On the inter-bank market, the Ghana Cedi cumulatively depreciated by 13.4 per cent, 18.7 per cent and 16.2 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 13.9 per cent, 15.7 per cent and 12.2 per cent against the US dollar, the pound sterling and the euro respectively.

#### ***Interest Rates***

Developments in interest rates on the money market during the second quarter of 2015 showed some mixed trends. In the review quarter, the Monetary Policy Committee (MPC) increased the Policy Rate to 22.00 per cent in June 2015, indicating year-on-year and year-to-date increases of 400 basis points (bps) and 100 bps respectively. In contrast, interest rates on the 91-day and 182-day Treasury bills decreased from 25.55 per cent and 26.24 per cent respectively in March 2015 to 25.17 per cent and 25.88 per cent during the second quarter. The interbank weighted average rate also increased from 23.01 per cent in March 2015 to 24.12 per cent in June 2015, while the spread between borrowing and lending rates declined from 15.98 per cent in March 2015 to 15.85 per cent in June 2015. Banks' average base rate also increased from 26.24 per cent in March 2015 to 26.25 per cent in June 2015.

#### ***Capital Market***

The GSE Composite-index (GSE-CI) grew by 5.9 per cent (131.86 points) to close the quarter at 2,352.2 points. This compares with a negative growth of 0.5 per cent (13.0 points) in the second quarter of 2014. Market capitalization of the GSE rose to GH¢64,616.5 million in the review quarter, from 63,794.8 million registered at the end of first quarter of 2015, due mainly to increases in stock prices (particularly from the finance sector) and additional listing of shares by AGA.

#### ***External Sector Developments***

The value of merchandise exports for the second quarter of 2015 was provisionally estimated at US\$2,703.5 million, indicating a decrease of 22.9 per cent (US\$801.0 million) from US\$3,504.5 million recorded in the corresponding period of 2014. The decline in exports was mainly attributed to lower receipts from all of Ghana's exports except cocoa products. Total value of merchandise imports for the review quarter amounted to US\$3,279.9 million, down by 7.4 per cent (US\$261.3 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\$36.7 million in the second quarter of 2014 to a deficit of US\$696.7 million in the second quarter of 2015, mainly on account of declining exports receipts.

Gross financial assets decreased by US\$921.31 million (16.87%)

to US\$4,539.70 million at the end of June 2015 from a level of US\$5,461.01 million at the end of December 2014. This was enough to provide cover for 2.9 months of imports compared to 3.0 and 3.8 months of imports cover at the end of June 2014 and December 2014 respectively.

***External Debt***

Provisional estimates indicated that the stock of Ghana's external debt at the end of June 2015 totalled US\$13,552.65 million, indicating a decline of 1.6 per cent (US\$230.3 million) from US\$13,772.95 million recorded at the end of March 2015, and a fall of 3.7 per cent (US\$498.88 million) from US\$14,051.53 million registered at the end of December 2014.

# 1. Developments in the World Economy

Following the initial loss of momentum in the early months of 2015, the global economy has resumed modest recovery path, with notable differences across regions. There were signs of a rebound in economic activity in the United States and the United Kingdom, while available indicators in Japan suggested a softening in the growth outlook, after a strong performance in the first quarter. In China, recent data indicated a rebound in economic expansion in the second quarter, but the fall in equity prices has increased uncertainty. Momentum in global trade remains weak, mostly owing to declining trade in emerging market economies.

Table 1.1: World Economic Indicators

	2014	2015 proj	2015 Q1	2015 Q2
<b>World Output</b>	<b>3.4</b>	<b>3.3</b>	-	-
<i>Advanced Economies</i>	<b>1.8</b>	<b>2.1</b>	-	-
United States	2.4	2.5	2.4	2.3
Euro Area	0.8	1.5	0.9	n.a
Japan	-0.1	0.8	-0.1	n.a
United Kingdom	2.9	2.4	2.9	2.6
<i>Emerging and Developing Economies</i>	<b>4.6</b>	<b>4.2</b>	-	-
China	7.4	6.8	7.0	7.0
Brazil	0.1	-1.5	-0.2	n.a
Mexico	2.1	2.4	2.6	n.a
<i>Sub-Saharan Africa</i>	<b>5.0</b>	<b>4.4</b>	-	-
Nigeria	6.3	4.5	3.9	n.a
South Africa	1.5	2.0	1.3	n.a

Source: IIMF WEO July update and Trading Economics

## European Economies

The **Euro area** recovery continued with the latest data showing quarter-on-quarter real GDP expansion of 0.4 per cent in the first quarter of 2015. Domestic demand remained the main driver of output growth, especially private consumption and investments expenditure. Uncertainty in Greece created some turbulence during the second quarter, but latest data suggested that economic growth in the Euro zone was resilient during the period. Although industrial production decreased in May—mainly due to the volatile electricity (energy) sector—manufacturing production picked up, with output of both durable consumer goods and capital goods showing a notable increase over the previous month.

## United Kingdom

The **British economy** expanded by 2.6 per cent year-on-year in the second quarter of 2015, indicating a slowdown from 2.9 per cent growth in the previous quarter. The second quarter outturn was the lowest since the fourth quarter of 2013, due to a slowdown in services and manufacturing activities. During the second quarter of 2015,

the services sector expanded by 2.7 per cent, indicating a slowdown from a 3.1 per cent increase in the first quarter. Distribution, hotels and restaurants recorded the highest increase (4.5%), followed by transportation, storage and communication (3.7%) and business services and finance (3.1%). Industrial production rose by 1.8 per cent, the highest increase in a year. Mining and quarrying rebounded and grew for the first time since the second quarter of 2014 (up by 6.9%), while manufacturing grew by 0.5 per cent compared to a 1.4 per cent rise in the first quarter. In contrast, electricity, gas, steam and air fell by 0.3 per cent, following a 4.1 per cent increase in the first quarter. Agriculture production shrank by 0.4 per cent, after rising 2.5 per cent in the first three months of 2015.

## The US Economy

The **US economy** grew by 2.3 per cent in the second quarter of 2015 compared to 0.6 per cent expansion reported in the previous quarter, according to advanced estimates released by the Bureau of Economic Analysis. The growth was boosted by a pickup in consumer spending while business spending on equipment declined. The increase in real GDP in the second quarter reflected positive contributions from personal consumption expenditures (PCE), exports, state and local government spending, and residential fixed investment. In real terms, the major driver of growth was personal consumption expenditures which increased by 2.9 per cent in the second quarter, compared with an increase of 1.8 per cent in the first quarter.

## Emerging Asia

### *Japan*

Economic recovery **in Japan** appears to be on track following the strong performance in the first quarter. Latest indicators showed that the economy was benefiting from improving job conditions, and renewed business confidence. The Bank of Japan's TANKAN survey showed that manufacturers were optimistic, with the forward-looking indicator rising to a nearly-eight-year high in the second quarter. Moreover, cheaper bills for energy imports and a weak yen are helping to rapidly reduce the country's trade deficit.

### *China*

The **Chinese economy** recorded an annual growth of 7.0 per cent during the second quarter of 2015, the same pace as in the previous quarter. An increase in manufacturing and a rebound in exports were able to dampen cooling property market prices and steady investment. Property investment rose by 4.6 per cent in the first half of 2015, easing from a 5.1 per cent increase in January to May.

In June, the industrial sector expanded by 6.8 per cent year-on-year, from 6.1 per cent in the previous month. The manufacturing sector grew by 7.7 per cent, mining was up by 2.7 per cent and the production and supply of electricity, heat, gas and water increased by 2.1 per cent. On quarterly basis, GDP expanded by 1.7 per cent, compared to a revised growth of 1.4 per cent in the first quarter.

#### ***Brazil***

After two consecutive quarters of growth, **Brazil's economy** returned to contraction in the first quarter of 2015, driven largely by weak private consumption. Economic activity recorded a second consecutive contraction in April and business confidence fell to new record lows in June. Moreover, the government's austerity measures and economic reforms, that was designed to correct fiscal imbalances, have somewhat dampened economic growth.

### **Sub-Saharan Africa**

#### ***South Africa***

The domestic growth outlook remained subdued, amid continued energy supply constraints, and weak business and consumer confidence. Growth in the first quarter of 2015 was estimated at 1.3 per cent, while high frequency data also suggested that the second quarter growth was likely to be similar. The central bank's forecast for growth has been revised down to 2.0 per cent in 2015 and 2.1 per cent for 2016, before rising to 2.6 per cent in 2017 when some easing of the electricity supply constraint was assumed.

#### ***Nigeria***

The **Nigerian economy** expanded by 3.96 per cent year-on-year in the first quarter of 2015, the lowest growth since the fourth quarter of 2012. The outturn signalled a third straight quarter of slowdown as lower oil prices and supply constraints impacted the oil sector. Consequently, the oil sector shrank by 8.2 per cent, worst than a 6.6 per cent contraction recorded a year earlier. Oil production stood at 2.2 million barrels per day (mbpd) in the first quarter of 2015, the same level as in the preceding period but 0.08 mbpd lower than a year earlier. Overall industrial production shrank by 2.5 per cent (+7.9% in 2014Q4); Services expanded by 7.0 per cent (+6.2% in 2014Q4), while Agriculture expanded to 4.7 per cent (+3.6% in 2014Q4).

## 2. Real Sector Developments

Review of selected real sector indicators suggested some improvement in economic activities during the second quarter of 2015 relative to the same quarter in 2014 despite the challenges confronting the domestic economy.

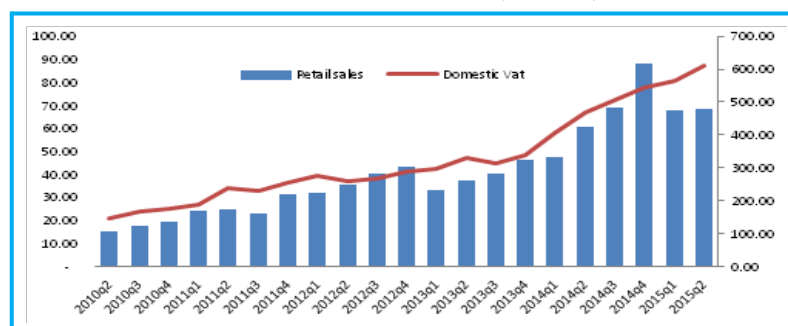
### 2.1 Indicators of Economic Activity

#### 2.1.1 Consumer Spending

Consumer spending, measured by domestic VAT collections and retail sales improved in the second quarter of 2015 as against trends observed in a similar quarter in 2014. Domestic VAT collections, picked up by 30.83 per cent to GH¢611.28 million in the review quarter relative to GH¢467.24 million collected during the same quarter in 2014. Similarly, domestic VAT collections for the second quarter of 2015 suggested a quarter-on-quarter growth of 8.25 per cent over GH¢564.69 million) collected in the first quarter of 2015.

Retail sales also went up by 12.67 per cent to GH¢68.26 million during the second quarter of 2015 from GH¢60.58 million registered in the corresponding quarter of 2014. This also constituted an increase of 1.10 per cent from GH¢67.51 million recorded in the first quarter of 2015. The relative improvement in consumer spending during the review quarter was mainly driven by increased households' purchases of consumer items.

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



#### 2.1.2 Production (Incomes)

Economic activities in the manufacturing sector measured by trends in income and corporate tax collections and workers contribution to the SSNIT Scheme scaled-up in the second quarter of 2015 against the performance observed in the same period in 2014. Income and corporate tax collections grew by 15.63 per cent to GH¢2,257.55 million in the second quarter of 2015 from GH¢1,952.33 million collected during the same quarter of 2014. Also, income and corporate tax collections for the second quarter of 2015, indicated



a quarterly growth of 59.95 per cent over GH¢1,411.44 million contributed during the first quarter of 2015.

In terms of relative significance of the various sub-sectors, Corporate tax accounted for 43.0 per cent, followed by P.AY.E and Self-employed with 41.0 per cent, while Other Sources Category contributed 16.0 per cent.

Workers contributions to the SSNIT Scheme, on the other hand, suggested a growth of 22.53 per cent to GH¢201.46 million in the second quarter of 2015, up from GH¢164.40 million collected in the corresponding period of 2014. Similarly, workers contribution during the review quarter, represented a pick-up of 10.75 per cent from GH¢181.90 million contributed during the first quarter of 2015. The improvement in workers contribution to the SSNIT Scheme during the review quarter could be attributed to new workers registered on the SSNIT Scheme and improved compliance on the part of employers.

Chart 2.2: SSNIT Contributions (GH¢' million)

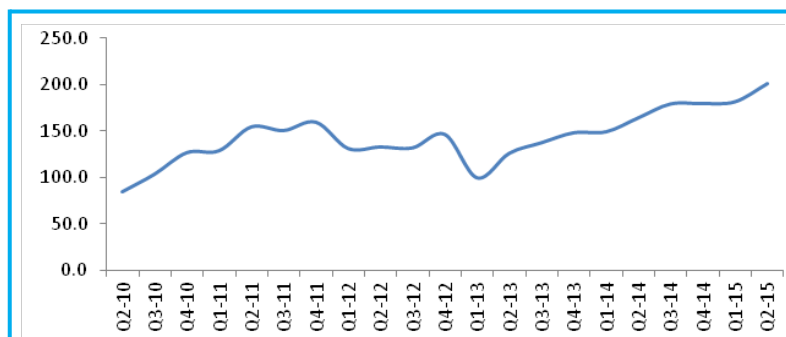
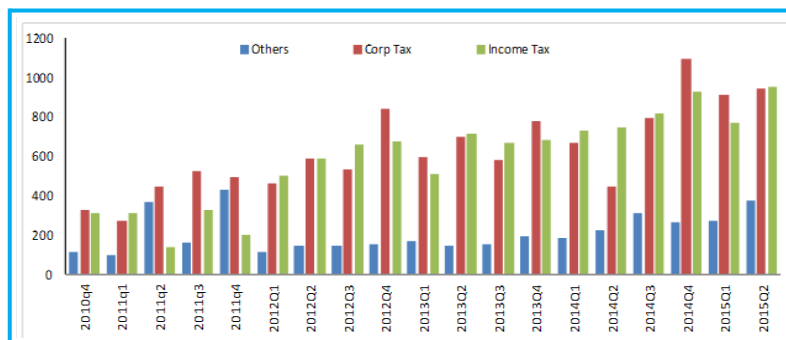


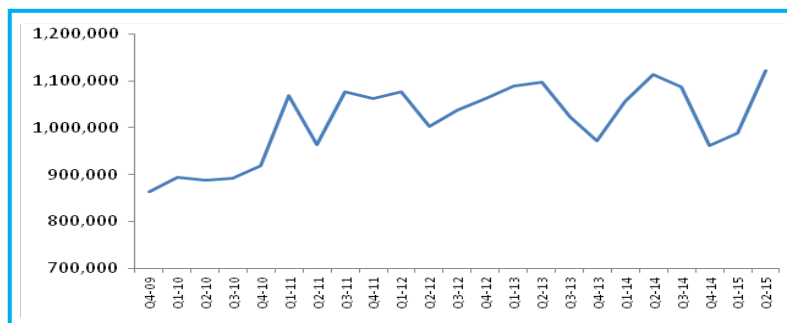
Chart 2.3: Income & Corporate Tax Collection (GH¢' million)



### 2.1.3 Construction Activities

Developments in construction-related activities, gauged by volume of cement sales, pointed to a slower pace of growth in the sector. Total cement sales improved by 0.74 per cent during the review quarter to 1,122,084.05 tonnes from 1,113,811.37 tonnes sold during the same quarter of 2014. Also, total cement sales in the second quarter of 2015 grew by 13.48 per cent above 988,824.88 tonnes sold during the first quarter of 2014. The relative improvement in cement sales was partly due to increased demand for construction activities.

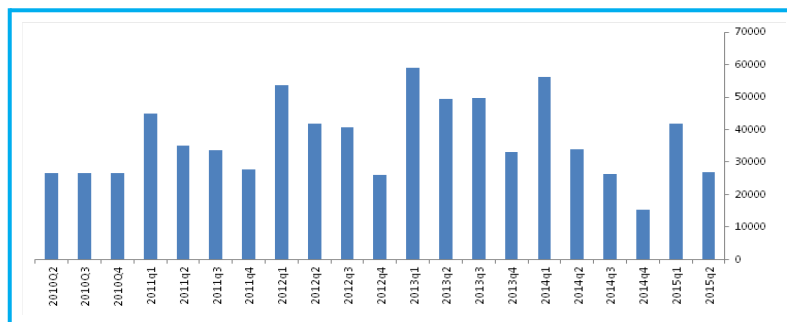
Chart 2.4: Quarterly Trends in Cement Production (tonnes)



### 2.1.4 Vehicle Registration

The number of vehicle registration by DVLA dipped by 21.04 per cent to 26,777 in the second quarter of 2015, compared with 33,914 vehicles registered in the corresponding quarter of 2014. On quarter-on-quarter basis, vehicle registration declined by 36.09 per cent during the review period from 41,897 vehicles recorded in the first quarter of 2015. The decline in vehicle registration could be attributed to reduction in vehicle importation by automobile firms and individuals due to challenges such as the depreciating cedi and a marked slowdown in trading activities.

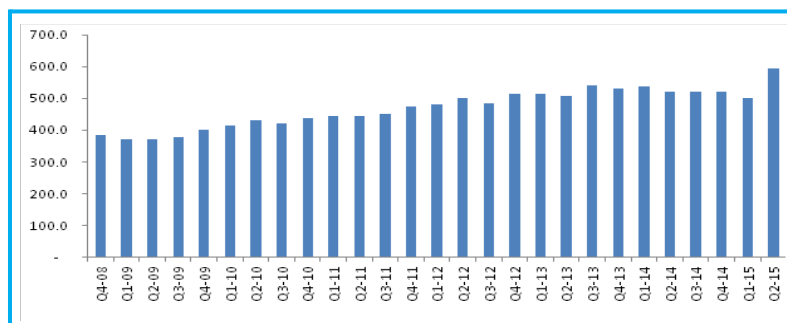
Chart 2.5: Quarterly Trends in Vehicle Registration



### 2.1.5 *Industrial Consumption of Electricity*

Industrial consumption of electricity picked up by 13.97 per cent to 594.7 giga watts in the second quarter of 2015 compared with 521.8 giga watts recorded in the same quarter of 2014. Also, consumption of electricity by industry for the second quarter of 2015 went up by 18.46 per cent above 502 giga watts consumed by industry in the first quarter of 2015. The relative pickup in electricity consumption by industry could be due to some improvement in power generation by VRA.

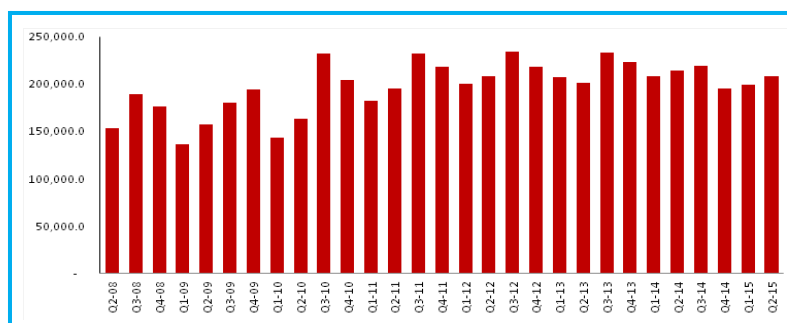
Chart 2.6: Industrial Electricity Consumption



### 2.1.6 *International Tourist Arrivals*

International tourist arrivals declined on quarter on quarter basis during the second quarter of 2015. A total of 208,415 international tourists visited the country in the second quarter of 2015 as against 214,616 tourists who visited the country in the same quarter of 2014, indicating a dip of 2.89 per cent. The reduction in international tourists during the review quarter could be attributed to decline in conference tourism and private tourists. However, total tourists arrival for the review quarter indicated a relative pickup of 4.86 per cent above 198,756 tourists arrivals recorded in the first quarter of 2015.

Chart 2.7: Trends in Tourist Arrivals



## 2.2 *Labour Market Conditions*

The second quarter recorded a slight dip in job adverts posted in the Daily Graphic. Total number of job placements decreased from 1,119 to 872 between the first and second quarters, representing a quarter-on-quarter decline of 22.1 per cent. As a result, the Job Adverts Index declined from 73.4 in the first quarter to 57.2 in the second quarter. The decline reflected continued challenges of energy supply constraints and rising costs of doing business. These were constraining factors for business expansion and employment generation.

### Job Vacancies by Skills

The Services sector accounted for the largest share of total job adverts with 83.7 per cent in the second quarter, up from a share of 79.9 per cent in the first quarter. Industry came second with a share of 12 per cent (19.2% in Q1-15) and Agriculture followed with a much improved share of 4.2 per cent (0.9% in Q1-15). Within the services sector, the top drivers of job adverts were education (14.7%), health (9.7%) and the public sector (9.6%).

The major requirement for an Executive or Top professional position was tertiary education with a minimum of 5 years experience. As a share of the total, job adverts seeking ‘Professionals and Technicians’ accounted for 64.1 per cent, while ‘Executives and Top Professionals’ had a share of 13.5 per cent and ‘Sales and other Service workers’ (11.5%).

Chart 2.8: Trends in Advertised Job Vacancies (2015Q2)



## 3. Price Developments

### 3.1 Global Inflation

Global inflation generally rose in the second quarter of 2015 as oil prices began to pick up. Major economies, including the USA, Euro area and United Kingdom saw upward price movements which contrasted price reductions in China and Japan. Similar trends were observed in the emerging economies; while inflation in Brazil rose, prices in Turkey reduced. The recovery in oil prices in the second quarter may be partly dampened by declining global food prices which may moderate expectations of rising prices.

#### The US Economy

Headline inflation in the **United States** increased during the second quarter of 2015 to 0.1 per cent in June from -0.2 per cent in April and -0.1 per cent in January. The end-second quarter rate, however, represented a fall when compared with 2.1 per cent recorded during the same quarter in 2014. Movements in the headline inflation were influenced mainly by energy, domestic services and food prices.

#### *Euro zone*

The Euro area annual inflation rose to 0.2 per cent in June from 0.0 per cent in April 2015 and -0.6 per cent in January 2015. It however showed an easing from 0.5 per cent during a similar period in 2014.

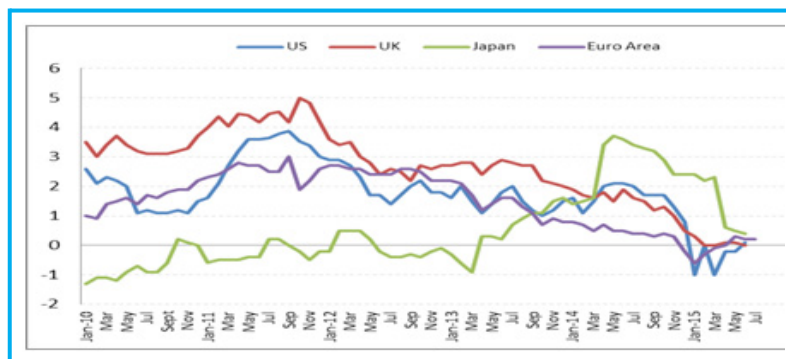
#### *United Kingdom*

The UK Annual inflation rate was flat at the end of the second quarter but indicated an increase from -0.1 per cent recorded in April 2015. Nevertheless, price developments in the review quarter were generally lower compared with 1.9 per cent recorded in the corresponding period of 2014. Low energy prices contributed significantly to the current development.

#### *Japan*

The annual inflation of Japan declined to 0.4 per cent in June 2015 from 3.6 per cent recorded at the end of June 2014 which resulted from the increase in sales tax from 5.0 per cent to 8.0 per cent.

Chart 3.1: Inflation trends in Advanced Economies



### **China**

The annual inflation rate in **China** declined to 1.4 per cent at the end of the second quarter of 2015 from 2.3 per cent recorded at the end of the second quarter of 2014. Most of the inflationary pressures emanated from the non-food component of the index.

### **Turkey**

**Turkish consumer prices** fell to 7.2 per cent at the end of the second quarter from 7.6 per cent in March 2015 and 9.3 per cent recorded in the corresponding quarter of 2014. Reduction in energy prices and transport fares contributed significantly to the downward pressure on prices in Turkey.

### **Brazil**

**Consumer prices in Brazil** increased to 8.9 per cent at the end of second quarter from 8.2 per cent at the beginning of the quarter and 6.5 per cent in the same quarter of 2014. However, the rate indicates an increase from 8.1 per cent recorded in March 2015.

### **South Africa**

Annual inflation in South Africa slowed down to 4.7 per cent in the second quarter of 2015 from 6.6 per cent recorded in the second quarter of 2014. The annual core inflation rate (which excludes prices of food, non-alcoholic beverages, petrol and energy) began to pick up during the review quarter, pointing to rising underlying inflation.

Chart 3.2: Inflation trends in Emerging Markets

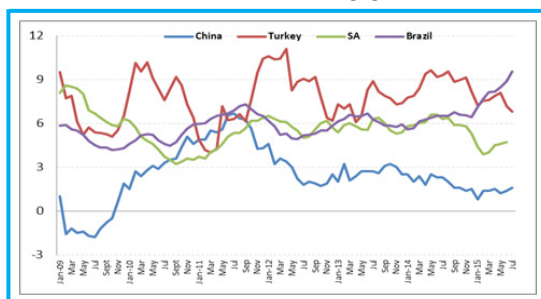
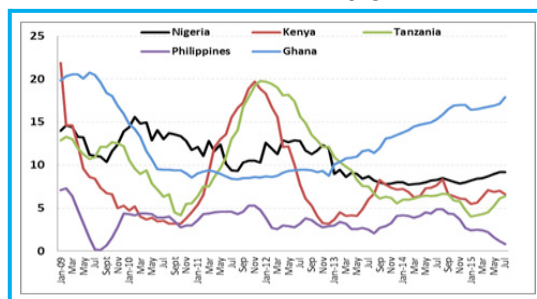


Chart 3.3: Inflation trends in Developing Countries



## **3.2 Domestic Inflation**

Headline inflation ended the second quarter of 2015 at 17.1 per cent, up from 16.6 per cent at the end of the first quarter and 15.0 per cent for the corresponding quarter in 2014. The implied average rate for the second quarter of 2015 was 16.9 per cent, up from 16.5 per cent in the first quarter of 2015. The rise in headline inflation was largely due to increase in non-food inflation by 0.5 percentage points to 23.6 per cent at the end of the second quarter of 2015 from

23.1 per cent at the end of the preceding quarter. On the other hand, food inflation increased by 0.2 percentage points to 7.4 per cent in the second quarter of 2015, from 7.2 per cent at the end of the preceding quarter.

### 3.3 Outlook for Inflation

The second quarter outturn shows that inflationary pressures remained broad based. While the continued depreciation in the local currency might pose an upward risk to domestic price inflation, there are downside risks as well. For instance, the ongoing fiscal consolidation may dampen aggregate demand pressures while the weakening prices of crude oil on the global market might translate to lower price adjustments in domestic fuel prices and contribute to ease inflationary pressures somewhat in the quarters ahead.

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

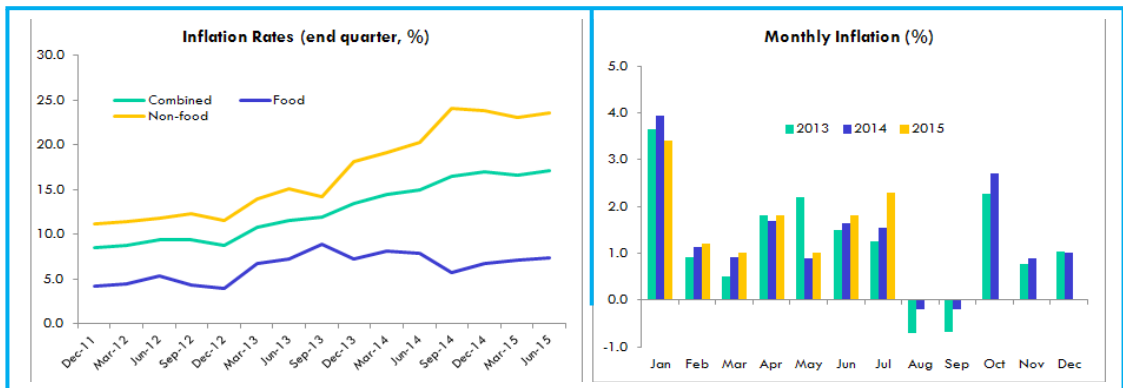


Chart 3.5: Major Contributors to Inflation: 2013 - 2015

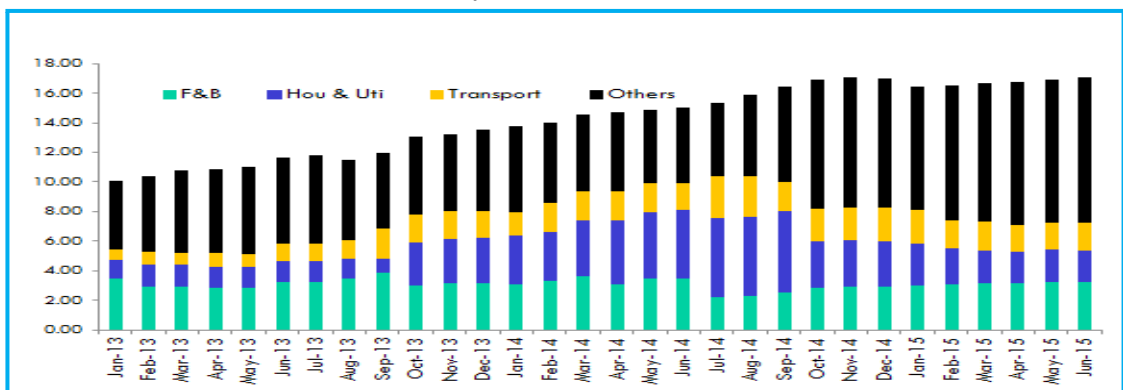


Table 3.1: Headline and Monthly Changes in CPI (%)

	Headline Inflation (yr-on-yr)			Monthly Changes in CPI (%)		
	Combined	Food	Non-Food	Combined	Food	Non-Food
<b>Dec. 2013</b>	13.5	7.2	18.1	1.0	0.6	1.3
<b>2014</b>						
Jan	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
<b>2015</b>						
Jan	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
Apr	16.8	7.2	23.2	1.8	1.5	2.0
May	16.9	7.3	23.4	1.0	1.1	0.9
Jun	17.1	7.4	23.6	1.8	1.5	2.0

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

	Weight (%)	Year-on-Year Inflation						
		Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15
Housing, Water, Elect, Gas & Fuels	<b>8.6</b>	35.0	43.8	53.6	63.5	35.2	26.2	24.8
Transport	<b>7.3</b>	25.6	27.3	24.6	27.1	30.8	25.8	25.5
Clothing and Footware	<b>9.0</b>	16.6	16.7	15.3	14.9	20.8	22.4	24.3
Furnish H/H Equipt. Etc	<b>4.7</b>	15.7	11.4	10.0	12.0	16.5	20.9	23.3
Recreation & Culture	<b>2.6</b>	11.2	13.8	14.2	12.6	22.8	23.1	23.5
Education	<b>3.9</b>	8.9	7.2	3.7	3.5	14.2	22.9	24.6
Hotels, Cafes & Restaurants	<b>6.1</b>	8.8	6.5	5.0	13.0	13.6	18.4	19.8
Alcoholic Beverages, Tobacco	<b>1.7</b>	13.2	12.4	15.3	15.3	17.3	20.1	20.1
Miscellaneous Goods & Services	<b>7.1</b>	17.5	16.9	14.4	13.7	16.0	16.3	19.2
Health	<b>2.4</b>	10.7	13.4	13.5	15.1	19.4	18.1	16.8
Communications	<b>2.7</b>	4.4	5.0	8.8	8.6	12.8	13.8	12.0
Food and Beverages	<b>43.9</b>	7.2	8.2	7.9	5.8	6.8	7.2	7.4



## 4. Money and Financial Markets

Monetary developments in the second quarter of 2015 indicated higher growth rates in monetary

### 4.1 Broad Money Supply

aggregates.

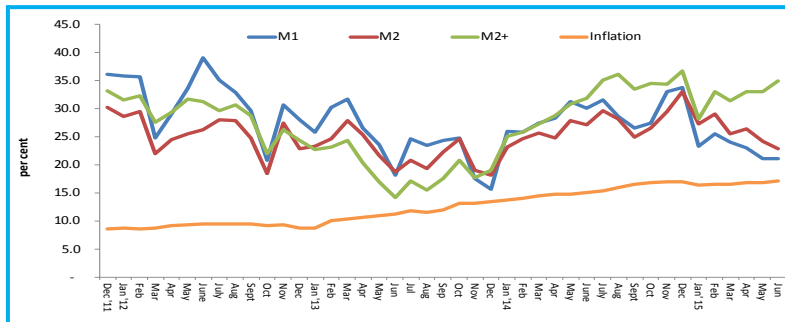
Broad money (M2+) grew by 34.9 per cent (GH¢10,728.6 million) year-on-year during the second quarter of 2015 compared with a growth of 31.9 per cent (GH¢7,434.5 million) recorded in the second quarter of 2014 and 31.4 per cent (GH¢9,173.8 million) for the first quarter of 2015. M2+ at the end of the review quarter stood at GH¢41,466.5 million compared with GH¢30,737.8 million and GH¢38,387.8 million recorded at the end of the second quarter of 2014 and the first quarter of 2015 respectively.

The change in M2+ was largely driven by growth in foreign currency

Table 4.1: Monetary Indicators (GH¢' million)

	Levels					Quarter-on-Quarter									
						As at end-Jun 2013		As at end-Jun 2014		As at end-Dec 2014		As at end-Mar 2015		As at end-Jun 2015	
	Jun-13	Jun-14	Dec-14	Mar-15	Jun-15	abs	per cent	abs	per cent	abs	per cent	abs	per cent	abs	per cent
Reserve Money	7,293.7	9,976.7	11,784.6	11,286.2	11,320.7	1,137.9	18.5	2,683.0	36.8	2,733.5	30.2	2,170.5	23.8	1,344.0	13.5
Narrow Money (M1)	10,951.3	14,243.0	17,257.6	16,916.8	17,255.5	1,688.7	18.2	3,291.8	30.1	4,355.1	33.8	3,277.2	24.0	3,012.5	21.2
Broad Money (M2)	17,799.6	22,639.1	27,530.2	27,519.4	27,832.1	2,804.9	18.7	4,839.5	27.2	6,838.2	33.0	5,596.2	25.5	5,193.0	22.9
Broad Money (M2+)	23,303.3	30,737.8	36,843.2	38,387.8	41,466.5	2,904.2	14.2	7,434.5	31.9	9,906.1	36.8	9,173.8	31.4	10,728.6	34.9
Currency with the Public	4,301.1	5,276.1	6,896.3	6,575.8	6,537.1	662.6	18.2	975.1	22.7	1,396.6	25.4	1,563.7	31.2	1,261.0	23.9
Demand Deposits	6,650.2	8,966.9	10,361.3	10,341.0	10,718.4	1,026.2	18.2	2,316.7	34.8	2,958.4	40.0	1,713.5	19.9	1,751.5	19.5
Savings & Time Deposits	6,848.3	8,396.1	10,272.6	10,602.6	10,576.5	1,116.2	19.5	1,547.8	22.6	2,483.1	31.9	2,318.9	28.0	2,180.5	26.0
Foreign Currency Deposits	5,503.8	8,098.7	9,313.0	10,868.4	13,634.4	99.3	1.8	2,594.9	47.1	3,068.0	49.1	3,577.6	49.1	5,535.7	68.4
Sources of M2+															
Net Foreign Assets (NFA)	5,133.3	4,264.9	8,991.3	7,342.9	6,159.9	(1,357.5)	(20.9)	(868.4)	(16.9)	3,290.9	57.7	2,539.2	52.9	1,895.0	44.4
BOG	5,015.1	4,222.4	8,677.8	7,049.0	4,819.7	531.8	11.9	(792.7)	(15.8)	2,705.1	45.3	2,060.8	41.3	597.3	14.1
DMBs	118.2	42.5	313.5	293.9	1,340.2	(1,889.3)	(94.1)	(75.7)	(64.1)	585.8	(215.1)	478.4	(259.3)	1,297.8	1,056.3
Net Domestic Assets	18,170.1	26,472.9	27,851.9	31,044.9	35,306.6	4,261.7	30.6	8,302.9	45.7	6,615.3	31.2	6,634.6	27.2	8,833.6	33.4
Claims on Government (net)	9,126.4	14,437.1	14,344.7	13,278.0	13,974.2	1,834.0	25.1	5,310.7	58.2	3,017.9	26.6	(390.2)	(2.9)	(462.9)	(3.2)
BOG	4,651.3	8,657.1	6,887.7	5,259.3	7,287.4	597.1	14.7	4,005.8	86.1	1,581.5	29.8	2,768.3	(34.5)	1,369.6	(15.8)
DMBs	4,475.1	5,780.0	7,457.0	8,018.7	6,686.8	1,236.9	38.2	1,304.9	29.2	1,436.4	23.9	2,378.1	42.2	906.7	15.7
Claims on Public Sector	1,973.3	4,538.9	5,059.5	5,525.3	5,745.5	381.2	23.9	2,565.7	130.0	850.8	20.2	1,583.1	40.2	1,206.6	26.6
BOG	152.4	2,081.9	2,077.7	2,047.8	2,068.6	(352.1)	(69.8)	1,929.6	266.4	7.1	0.3	340.1	19.9	(13.3)	(0.6)
DMBs	1,820.9	2,457.0	2,981.8	3,477.5	3,676.9	733.3	67.4	636.1	34.9	843.7	39.5	1,243.0	55.6	1,219.9	49.6
Claims on Private Sector	13,846.0	20,134.3	21,649.6	23,962.3	26,696.5	3,514.9	34.0	6,288.3	45.4	6,362.9	41.6	6,326.0	35.9	6,562.2	32.6
BOG	443.7	589.8	606.9	634.5	651.3	150.8	51.5	146.1	32.9	77.4	14.6	101.9	19.1	61.5	10.4
DMBs	13,402.3	19,544.5	21,042.7	23,327.9	26,045.2	3,364.1	33.5	6,142.2	45.8	6,285.5	42.6	6,224.1	36.4	6,500.7	33.3
Other Items (Net) (OIN) \2	(6,775.6)	(12,637.4)	(13,201.9)	(11,720.7)	(11,109.6)	(1,468.5)	22.7	(5,861.8)	86.5	(3,616.4)	37.7	(884.3)	8.2	1,527.7	(12.1)
o/w BOG OMO (Sterilisation)	(1,958.0)	(781.0)	(2,389.9)	(614.4)	(8.0)	(1,302.7)	198.8	1,177.0	(60.1)	(1,264.1)	112.3	238.2	(27.9)	773.0	(99.0)

Chart 4.1: Inflation and Liquidity (%)



deposits with some support from domestic currency deposits. The foreign currency deposits increased significantly to 68.4 per cent (GH¢5,535.7 million) in the second quarter of 2015, from 47.1 per cent (GH¢2,594.9 million) in the second quarter of 2014 and 49.1 per cent (GH¢3,577.6 million) realised in the first quarter of 2015. M2 growth also went up by 22.9 per cent (GH¢5,193.0 million) during the review quarter of 2015, indicating a slowdown from a growth of 27.2 per cent (GH¢4,839.5 million) recorded in the corresponding quarter of 2014 and 25.5 per cent realised in the first quarter of 2015.

## 4.2 Sources of Change in M2+

The growth in M2+ in the second quarter of 2015 was driven by growth in its components.

### *Net Foreign Assets (NFA)*

NFA of the banking system went up by 44.4 per cent (GH¢1,895.0 million) during the review quarter compared with a decrease of 16.9 per cent (GH¢-868.4 million) recorded in the corresponding period in 2014 and 52.9 per cent (GH¢2,539.2 million) achieved in the first quarter of 2015. The slowdown in the growth of NFA was attributable to the external sector challenges and its effect on the exchange rate.

### *Net Domestic Assets (NDA)*

NDA of the banking system also showed a declining trend. The growth rate reduced from 45.7 per cent (GH¢8,302.9 million) in the second quarter of 2014 to 33.4 per cent (GH¢8,833.6 million) in the second quarter of 2015 but was higher than the growth of 27.2 per cent attained in the first quarter of 2015.

The growth in the NDA of the banking system during the review period was reflected in Net Claims on Government which decreased

by 3.2 per cent (GH¢464.9 million), while Claims on the Public Sector grew by 26.6 per cent (GH¢1,206.6 million) and growth in Claims on the Private Sector (32.6% or GH¢6,562.2 million). The Other Items Net (OIN) component of the NDA however declined by 12.1 per cent (GH¢1,527.7 million) to moderate the increase in the NDA. Comparatively, the NDA grew by 27.2 per cent (GH¢6,634.6 million) at the end of the first quarter of 2014, reflecting decreases in Claims on Government by 2.9 per cent (GH¢390.2 million), Claims on the Public Sector and Claims on the Private Sector by 40.2 per cent (GH¢1,583.1 million) and 35.9 per cent (GH¢6,362.9 million respectively. In addition, the OIN increased by 8.2 per cent (GH¢884.3 million).

### 4.3 Developments in Banks' Credit

The nominal annual growth rate of banks' outstanding credit to the public and private institutions decreased, year-on-year, from 44.5 per cent (GH¢6,788.2 million) at the end of the second quarter of 2014 to 35.1 per cent (GH¢7,736.5 million) at the end of the second quarter of 2015.

Outstanding credit to public and private institutions stood at GH¢29,793.2 million at the end of the second quarter of 2015 compared with GH¢22,056.75 million recorded for the same period in 2014 and GH¢29,793.2 million achieved in the first quarter of 2015. In real terms, total credit to both public and private institutions decreased from 25.6 per cent year-on-year in the second quarter of 2014 to 15.4 per cent at the end of the review period. Credit to private sector accounted for 87.4 per cent of the total outstanding credit in the second quarter of 2015 compared with 88.68 per cent in the corresponding period of 2014 and 86.8 per cent realised in the first quarter of 2015.

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

	Jun-13	Jun-14	Dec-14	Mar-15	Jun-15	Quarter-On-Quarter Variation									
						As at end-Jun 2013		As at end-Jun 2014		As at end-Dec 2014		As at end-Mar 2015		As at end-Jun 2015	
						Abs	Per Cent	Abs	Per cent	Abs	Per cent	Abs	Per cent	Abs	Per cent
<b>a Public Sector</b>	<b>1,866.2</b>	<b>2,512.2</b>	<b>3,059.2</b>	<b>3,558.1</b>	<b>3,748.1</b>	<b>732.7</b>	<b>64.6</b>	<b>646.0</b>	<b>34.6</b>	<b>853.4</b>	<b>38.7</b>	<b>1,251.0</b>	<b>54.2</b>	<b>1,235.9</b>	<b>49.2</b>
<b>b Private Sector</b>	<b>13,402.3</b>	<b>19,544.5</b>	<b>21,042.7</b>	<b>23,327.9</b>	<b>26,045.2</b>	<b>3,364.1</b>	<b>33.5</b>	<b>6,142.2</b>	<b>45.8</b>	<b>6,285.5</b>	<b>42.6</b>	<b>6,224.1</b>	<b>36.4</b>	<b>6,500.7</b>	<b>33.3</b>
Agric, For. & Fish	479.5	772.9	890.1	835.2	906.0	(52.2)	(9.8)	293.4	61.2	354.2	66.1	271.0	48.0	133.1	17.2
Export Trade	152.7	176.5	226.8	136.5	235.4	(3.0)	(2.0)	23.8	15.6	96.3	73.7	(29.1)	(17.6)	58.9	33.4
Manufacturing	1,456.4	2,329.2	1,963.9	2,455.5	2,520.5	429.5	41.8	872.8	59.9	497.4	33.9	704.3	40.2	191.4	8.2
Trans., Stor., & Comm.	736.5	925.9	1,255.0	1,018.6	1,127.9	186.6	33.9	189.4	25.7	581.0	86.2	246.2	31.9	202.0	21.8
Mining & Quarrying	346.5	591.0	655.1	699.5	680.2	50.4	17.0	244.6	70.6	206.9	46.2	132.6	23.4	89.1	15.1
Import Trade	1,226.6	1,411.3	1,831.6	1,954.4	2,123.7	239.7	24.3	184.7	15.1	310.3	20.4	317.4	19.4	712.4	50.5
Construction	1,466.8	2,088.6	2,205.1	2,422.3	2,846.0	536.4	57.7	621.7	42.4	725.1	49.0	593.7	32.5	757.4	36.3
Commerce & Finance	2,090.8	3,279.2	3,070.7	3,401.3	3,758.5	369.0	21.4	1,188.4	56.8	646.5	26.7	669.1	24.5	479.3	14.6
Elect., Gas & Water	899.4	2,063.8	2,039.9	3,059.4	3,653.6	449.7	100.0	1,164.4	129.5	843.0	70.4	1,377.5	81.9	1,589.8	77.0
Services	3,493.0	4,313.9	4,719.6	5,148.0	5,889.6	1,117.1	47.0	820.9	23.5	989.6	26.5	1,106.6	27.4	1,575.7	36.5
Miscellaneous	1,054.1	1,592.3	2,184.7	2,197.2	2,303.9	41.0	4.0	538.2	51.1	1,035.1	90.0	834.9	61.3	711.6	44.7
<b>c Grand Total</b>	<b>15,268.5</b>	<b>22,056.7</b>	<b>24,101.9</b>	<b>26,886.0</b>	<b>29,793.2</b>	<b>4,096.8</b>	<b>36.7</b>	<b>6,788.2</b>	<b>44.5</b>	<b>7,138.9</b>	<b>42.1</b>	<b>7,475.1</b>	<b>38.5</b>	<b>7,736.5</b>	<b>35.1</b>

#### 4.3.1 *Distribution of Outstanding Credit to the Private Sector*

The nominal growth rate of outstanding credit to the Private Sector went down to 33.3 per cent (GH¢6,500.7 million) in the second quarter of 2015 from 45.8 per cent (GH¢6,142.2 million) recorded for the same period in 2014 and 36.4 per cent (GH¢6,224.1 million) recorded in the first quarter of 2015. Outstanding credit to the private sector as at the end of the second quarter of 2015 stood at GH¢26,045.2 million.

In real terms, the annual growth rate of outstanding credit to the private sector also decreased to 13.8 per cent at the end of the second quarter of 2015 from 26.8 per cent registered in the same period of 2014 and 17.0 per cent achieved at the end of the first quarter of 2015.

The top beneficiary subsectors of the annual flow of credit to the private sector for the second quarter of 2015 were Electricity, Gas & Water (24.5%), Services (24.2%), Construction (11.7%), and Import trade (11.0%) and Miscellaneous (10.9%). These five sectors accounted for about 82.3 per cent of allocation of annual flow of credit.

In comparison, the growth in annual flow of credit to Electricity, Gas & Water, Services, Import trade and Miscellaneous sectors during the second quarter of 2015 exceeded the respective levels recorded in the first quarter of 2015 and the second quarter of 2014.

In terms of holders of credit, the Foreign Enterprises subsector was higher, the others subsectors experienced declines in annual flow of credit during the second quarter of 2014 when compared with

Chart 4.2: Sectoral Allocation of Annual Credit to the Private Sector (% , 2014-2015)

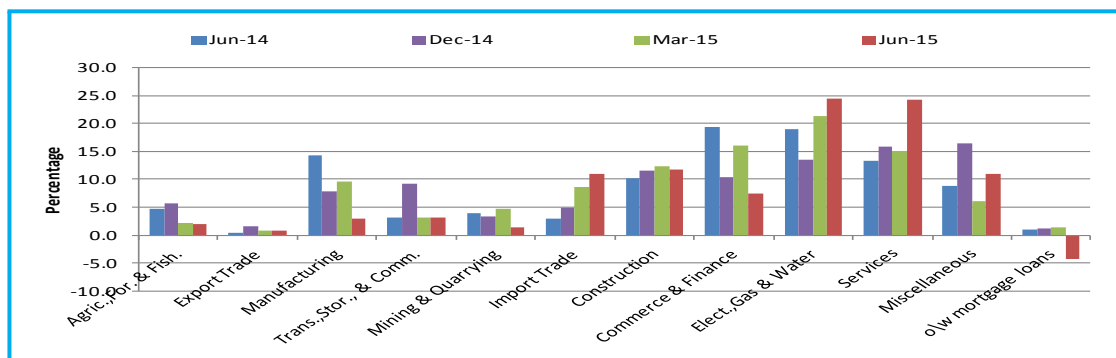
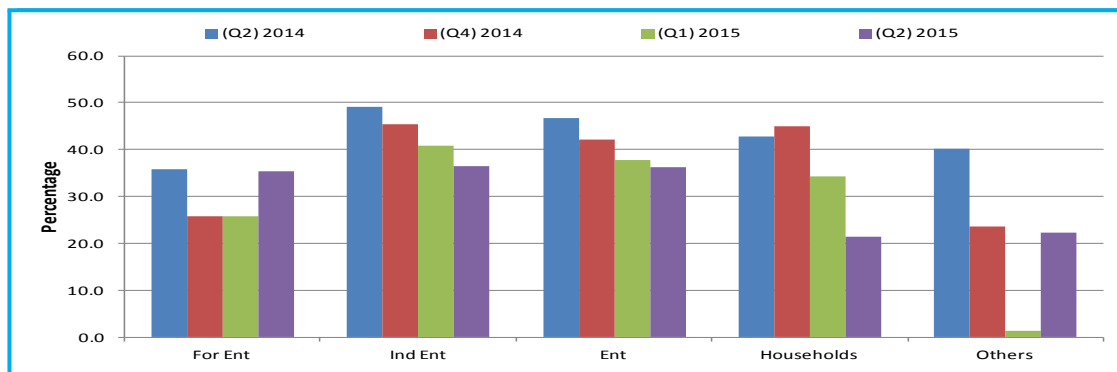


Chart 4.3: Allocation of Annual Flow of Credit to the Private Sector by Borrower (GH¢'M)



the developments in the corresponding period of 2014 and the first quarter of 2015.

#### 4.4 Sources and Uses of Banks' Funds

Provisional data for the second quarter of 2015 showed that banks deployed GH¢7,736.5 million (53.1%) of their annual flow of funds into credit compared with GH¢6,788.2 million (52.5%) recorded in the same period of 2014 and GH¢7,475.1 million (52.3%) registered in the first quarter of 2015. The rest of the annual flow of funds for the second quarter of 2015 were distributed among Investment in Government Securities (GH¢1,269.6 million or 18.7%), Foreign Assets (GH¢2,308.5 million or 14.1%), Balances with BOG (GH¢1,282.7 million or 17.4%) and Other Assets (GH¢1,950.2 million or 2.5%).

Investment in Government securities was lower in the second quarter of 2015 when compared with the second quarter of 2014 and the first quarter of 2015. Also, Other Assets went up to GH¢1,950.2 million (13.4%) in June 2015 (from -2.5% in 2015Q1 and 5.6% in 2014Q2). While balances with Bank of Ghana slowed down to 8.8 per cent in the second quarter of 2015 (from 16.3% in 2014Q2), Foreign Assets however increased by 15.8 per cent to GH¢1,282.7 million in June 2015 (from 14.0% in 2014Q2).

Assets of banks continued to be funded from deposit mobilization. This was mainly driven by domestic and foreign currency deposits with the banks. Domestic deposits went up by 25.0 per cent (GH¢3,639.1 million) year-on-year at the end of the review quarter. This compared with 30.1 per cent (GH¢3,893.2 million) recorded in the corresponding period of 2014 and 26.4 per cent (GH¢3,771.2

million) achieved in the first quarter of 2015. On the other hand, foreign currency deposits grew by 38.0 per cent (GH¢5,535.7 million) during the second quarter of 2015, compared with the growth of 20.1 per cent (GH¢2,594.9 million) achieved in the second quarter of 2014 and 25.0 per cent (GH¢3,577.6 million) recorded in the first quarter of 2015. Other sources of funds during the second quarter of 2015 were Balances due to Non-Residents (GH¢1,010.7 million or 6.9%), Reserves (GH¢1,501.4 million or 10.3%) and Other Liabilities (GH¢2,247.2 million or 15.4%) which comprised: margin deposits, cheques for clearing, borrowing from other resident banks, interest, suspense etc.

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

						Amount in GH¢ million									
						Variation (Quarter-On-Quarter)									
						As at end-Jun 2013		As at end-Jun 2014		As at end-Dec 2014		As at end-Mar 2015		As at end-Jun 2015	
						Abs	% of Change	Abs	% of Change	Abs	% of Change	Abs	% of Change	Abs	% of Change
	Jun-13	Jun-14	Dec-14	Mar-15	Jun-15										
Source of Funds															
Total Deposits	18,526.7	25,014.8	29,177.9	31,142.6	34,189.6	1,920.1	32.1	6,488.2	50.1	8,164.7	60.1	7,348.8	51.4	9,174.8	63.0
Domestic	13,022.9	16,916.1	19,864.9	20,274.2	20,555.2	1,820.9	30.4	3,893.2	30.1	5,096.7	37.5	3,771.2	26.4	3,639.1	25.0
Demand Deposits	6,174.6	8,520.0	9,592.4	9,671.6	9,978.7	704.7	11.8	2,345.5	18.1	2,613.6	19.2	1,452.3	10.2	1,458.6	10.0
Savings Deposits	3,616.0	3,985.5	4,409.4	4,657.3	5,056.6	716.4	12.0	369.5	2.9	622.0	4.6	609.9	4.3	1,071.1	7.3
Time Deposits	3,232.3	4,410.5	5,863.1	5,945.3	5,520.0	399.8	6.7	1,178.3	9.1	1,861.1	13.7	1,709.0	12.0	1,109.4	7.6
Foreign Currency	5,503.8	8,098.7	9,313.0	10,868.4	13,634.4	99.3	1.7	2,594.9	20.1	3,068.0	22.6	3,577.6	25.0	5,535.7	38.0
Credit from BOG	220.1	282.2	241.2	664.5	676.3	124.1	2.1	62.1	0.5	-92.7	-0.7	479.9	3.4	394.1	2.7
Balances Due to Non-Resident Banks	2,108.8	3,999.2	4,424.3	4,897.0	5,009.9	1,362.4	22.7	1,890.3	14.6	1,346.1	9.9	1,542.1	10.8	1,010.7	6.9
Capital	2,197.7	2,645.3	2,810.5	2,874.7	2,891.5	311.8	5.2	447.6	3.5	428.3	3.2	418.1	2.9	246.3	1.7
Reserves	2,268.4	3,579.9	4,716.0	5,337.2	5,081.3	909.8	15.2	1,311.5	10.1	1,763.6	13.0	1,778.2	12.4	1,501.4	10.3
Other Liabilities*	5,455.0	8,197.3	8,451.2	9,538.1	10,444.5	1,360.8	22.7	2,742.3	21.2	1,981.3	14.6	2,716.7	19.0	2,247.2	15.4
Total	30,776.6	43,718.7	49,821.1	54,454.0	58,293.2	5,989.0		12,942.1		13,591.3		14,283.8		14,574.6	
Uses of Funds															
Bank Credit	15,268.5	22,056.7	24,101.9	26,886.0	29,793.2	4,096.8	68.4	6,788.2	52.5	7,138.9	52.5	7,475.1	52.3	7,736.5	53.1
o/w Private Sector Credit	13,402.3	19,544.5	21,042.7	23,327.9	26,045.2	3,364.1	56.2	6,142.2	47.5	6,285.5	46.2	6,224.1	43.6	6,500.7	44.6
Investment in Government Securities	5,811.6	7,309.9	9,346.7	9,828.3	8,606.5	1,596.4	26.7	1,498.3	11.6	1,842.6	13.6	2,668.5	18.7	1,296.6	8.9
Short Term	1,167.3	1,814.7	4,829.0	6,230.7	5,352.6	-334.1	-5.6	647.3	5.0	3,114.7	22.9	4,718.1	33.0	3,537.9	24.3
Medium/Long term	4,644.3	5,495.2	4,517.7	3,597.5	3,253.9	1,930.5	32.2	851.0	6.6	-1,272.1	-9.4	-2,049.7	-14.3	-2,241.3	-15.4
Foreign Assets	2,227.0	4,041.6	4,737.8	5,190.9	6,350.1	-526.9	-8.8	1,814.6	14.0	1,931.9	14.2	2,020.5	14.1	2,308.5	15.8
Balances with BOG	2,977.6	5,088.1	5,577.5	6,432.7	6,370.8	52.8	0.9	2,110.5	16.3	1,932.1	14.2	2,481.5	17.4	1,282.7	8.8
Other Assets**	4,491.9	5,222.4	6,057.1	6,116.1	7,172.7	770.0	12.9	730.5	5.6	745.9	5.5	-361.5	-2.5	1,950.2	13.4
Total	30,776.6	43,718.7	49,821.1	54,454.0	58,293.2	5,989.0		12,942.1		13,591.3		14,283.8		14,574.6	

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

\*\*Includes real estate and equipment and other unclassified assets.

## 4.5 The Money Market

The developments in interest rate on the money market at the end of the second quarter of 2015 showed mixed performance.

### Monetary Policy Rate

The Monetary Policy Committee (MPC) increased the Policy Rate to 22.00 per cent in June 2015, indicating a year-on-year increase of 400 bps.

### ***BOG Bills***

The interest rate on the 14-day BOG bill increased by 1,024 bps to 22.00 per cent during the review period, indicating an increase of 100 bps from the level recorded in the preceding quarter. Though inactive since end-February 2015, the rates on the 28-day, 56-day and 270-day BOG bills indicated increases of 96 bps, 149 bps and 525 bps respectively to end the review quarter at 24.27 per cent, 24.86 per cent and 26.86 per cent. On year-to-date basis, however, the rates on the 28-day and 56-day BOG bills declined by 51 bps and 49 bps respectively, while that on the 270-day BOG bill remained unchanged.

### ***Government Securities***

The rates on the 91-day and 182-day T-bills increased by 110 bps and 461 bps respectively to 25.17 per cent and 25.88 per cent at the end of June 2015. However, the interest rate on the 91-day and 182-day Treasury bills decreased by 39 bps and 36 bps respectively from the levels recorded in the preceding quarter. On year-to-date basis, the rates on the 91-day and 182-day T-bills decreased by 62 bps and 52 bps respectively.

For the medium-term securities, the interest rates on the 1-year, 2-year fixed notes and the 7-year bond remained unchanged at 22.50 per cent, 23.00 per cent and 18.00 per cent respectively during the review quarter. The interest on the 3-year bond however declined by 95 bps to 23.49 per cent, while the rate on the 5-year bond increased by 196 bps to 21.00 per cent at the end of June 2015. On year-to-date basis, the rate on the 3-year bond decreased by 191 bps, while the rate on the 5-year bond increased by 196 bps.

### ***Interbank Rate***

The interbank weighted average rate also increased by 5 bps year-on-year to 24.12 per cent at the end of the review quarter. The rate also recorded a year-to-date increase of 18 bps.

### ***Time & Savings Deposit Rates***

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 June 2015. It however remained unchanged on a quarter-on-quarter basis. On the other hand, the Savings rate decreased by 50 bps year-on-year to 5.00 per cent at the end of June 2015, but remained unchanged on year-to-date basis.

### ***Lending Rates***

The average lending rates of the Deposit Money Banks (DMBs) increased from 27.85 per cent recorded at the end of the second quarter of 2014 to 28.98 per cent at the end of the second quarter of

2015. The rate however remained unchanged on quarter-on-quarter basis. The spread between the borrowing and lending rates also increased by 64 bps from 15.35 per cent in June 2014 to 15.85 per cent in June 2015.

### **Base Rate**

The average base rate of banks went up by 136 bps from 24.89 per cent in June 2014 to 26.25 per cent in June 2015. On year-to-date basis, the rate increased by 57 bps from 25.68 per cent recorded in December 2014.

Chart 4.4: Yield Curves (%)

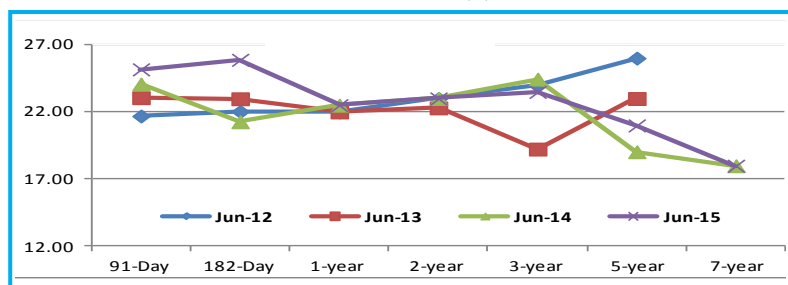
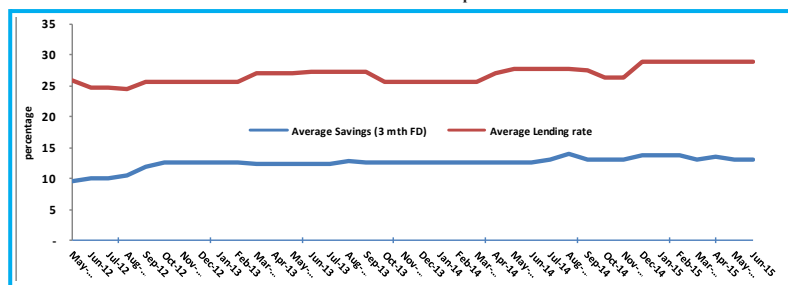


Chart 4.5: Interest Rate Spread



### **4.5.2 Settlement of Interbank Transactions**

The volume of transactions settled through the Ghana Interbank System (GIS) during the second quarter of 2015 totalled 191,602, valued at GH¢240.88 million. This showed a marginal decrease in volume terms but an increase of 16.5 per cent in value terms when compared with the levels recorded in the preceding quarter. During the second quarter of 2014, volume and value of transactions settled through the GIS increased by 37.7 per cent and 148.2 per cent respectively. On average, a total of 3,141 transactions were settled daily through the GIS, valued at GH¢3,948.8 million during the review quarter, compared with a total of 3,091 cheques valued at GH¢3,335.6 million recorded during the preceding quarter. During



the same period in 2014, a total of 2,245 transactions were settled daily through the GIS, valued at GH¢1,565.5 million.

### ***Cheques Cleared***

The volume of cheques cleared during the second quarter of 2015 totalled 1,769,880 valued at GH¢31,364.3 million. This was 0.68 per cent and 3.74 per cent in both value and volume terms above the levels in the previous quarter. When compared with the second quarter of 2014, volumes of cheques cleared decreased by 2.37 per cent while there was an increase of 14.77 per cent in value terms. On a daily basis, an average of 29,014 cheques valued at GH¢514.2 million were cleared during the period under review, compared with 28,354 cheques valued at GH¢487.7 million cleared daily during the first quarter. For the same period the previous year, a total of 29,241 cheques valued at GH¢440.8 million were cleared daily.

### ***4.5.3 Money Market Liquidity***

Total value of repo trades during the second quarter amounted to GH¢3,995.5 million, a reduction of 73.2 per cent from trades registered in the preceding quarter and 1.37 per cent decline from the level recorded in the corresponding period of 2014. Reverse repo trading amounted to GH¢49,567.5 million, indicating an increase of 302.6 per cent from GH¢12,312.8 million recorded in the preceding quarter. This also showed an increase of 245.0 per cent from the level recorded during the same period in 2014.

On the interbank market, values of trade during the second quarter ranged between GH¢2,740.5 million and GH¢490.5 million with rates ranging between 24.33 per cent and 23.08 per cent. In the previous quarter, values of trade ranged between GH¢2,914.7 million and GH¢1,827.0 million with weighted average rates ranging between 22.84 per cent and 23.70 per cent. During the second quarter of 2014, trades ranged between GH¢2,591.7 million and GH¢693.0 million while weighted average rates ranged between 24.07 per cent and 18.14 per cent.

### ***4.5.4 Tender Results***

Total sales at the auction during the review quarter totalled GH¢13,319.3 million with maturities amounting to GH¢13,919.5 million. This resulted in a net purchase of GH¢600.2 million, out of which Government made a repayment of GH¢461.4 million to the public sector while there was an injection through Bank of Ghana's OMO activities to the tune of GH¢138.8 million.

Chart 4.6: Money Market Rate (2013Q4 - 2015Q2)

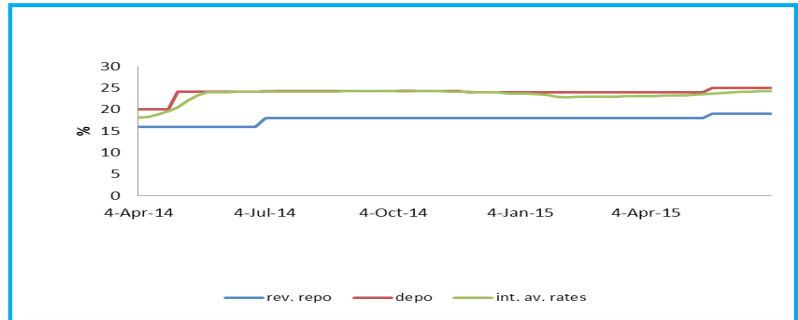
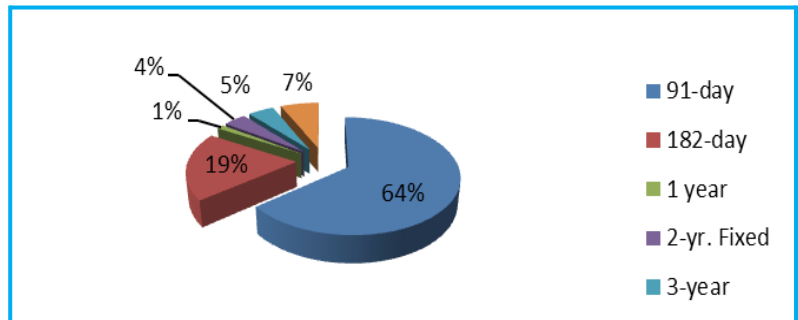


Chart 4.7: Analysis of Tender Results (2015Q2)



## 4.6 Currency Markets

### 4.6.1 International Currency Market

The British pound sterling generally strengthened against all the major currencies in the second quarter of 2015. The performance of the British pound in the review period was on the back of improved U.K economic growth data and strong domestic demand.

#### The US Dollar

**The US dollar** struggled to regain its strength in the second quarter of 2015 as reports showed that U.S industrial output, jobless claims and manufacturing declined more than projected. The U.S inflation was below Federal Reserve targets, and that confirmed the central bank's plans for gradual increase of interest rates. For the review quarter, the US dollar depreciated by 3.88 per cent and 5.45 per cent against the euro and the pound sterling respectively but appreciated by 1.22 per cent against the yen.

#### The Pound Sterling

The performance of the **pound sterling** during the second quarter was supported by a rising trend in consumer confidence and

unexpected increase in retail sales. The pound sterling appreciated against all the major currencies by 5.88 per cent, 1.67 per cent and 7.69 per cent against the US dollar and the euro and the yen respectively.

### **The Euro**

**The euro** strengthened against the safe haven yen and the U.S dollar in the second quarter of 2015. The strength of the euro was held up by German yields as it rose on the easing deflation fears, and also the New Greek offer of cash for reforms deal raised confidence in agreement between Greece and its creditors, boosting investors risk appetite. The euro appreciated by 4.17 per cent and 6.85 per cent against the US dollar and the yen respectively. It however depreciated against the strong pound sterling by 1.65 per cent.

### **The Yen**

**The Japanese yen** traded very weak during the review quarter, depreciating against all the major trading currencies as Japanese stocks increased and the Bank of Japan pursued policies that included the unprecedented bond purchases to revive the economy. For the review period, the yen depreciated by 2.01 per cent, 7.42 per cent and 5.92 per cent against the US dollar, the euro and the pound sterling respectively.

#### **4.6.2 Domestic Currency Market**

The Ghana cedi continued to trade weak in the domestic currency market during the review period as demand from official sources for loan repayments, oil importation and non-oil imports, and by traders in the informal sector outstripped the inflows of foreign exchange from the traditional sources. Speculation was also rife in the market and continued to exert much pressure on the exchange rates.

### **Inter-Bank Market**

During the review quarter, the Ghana cedi depreciated by 13.4 per cent, 18.7 per cent and 16.2 per cent against the US dollar, the pound sterling and the euro respectively. This compared with depreciations of 11.0 per cent, 12.9 per cent and 10.9 per cent against the US dollar, the pound and the euro respectively in the corresponding period of 2014.

### **Forex Bureau Market**

Similarly, the Ghana cedi also traded weak on the forex bureau market during the review quarter, depreciating by 13.9 per cent, 15.7 per cent and 12.2 per cent against the US dollar, the pound sterling and the euro respectively in the second quarter of 2015. This compared with the respective depreciations of 16.1 per cent,

17.6 per cent and 14.8 per cent in the corresponding period of 2014.

## Foreign Exchange Transaction Market

Activity in the foreign exchange transaction market continued to slow down as purchases declined by 1.80 per cent from US\$1,917.63 million in the first quarter to US\$1,883.08 million in the second quarter of 2015. Total purchases during the review quarter also showed a 5.72 per cent drop from US\$1,997.29 million recorded in the corresponding quarter of 2014. The decline was largely due to the drop in Bank of Ghana's purchases by 17.54 per cent in April 2015 which outstripped the 8.37 per cent increase in purchases from the DMBs.

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
<b>2014</b>									
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
<b>2015</b>									
Q1	1.4856	5.2		1.0744	13.1		0.0083	0.0	
Q2	1.5713	-5.5		1.1178	-3.9		0.0082	1.2	

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
<b>2014</b>									
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
<b>2015</b>									
Q1	3.7472	-14.6		5.5483	-10.3		4.0582	-4.0	
Q2	4.3274	-13.4		6.8208	-18.7		4.8424	-16.2	

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
<b>2014</b>									
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
<b>2015</b>									
Q1	3.7682	-14.0		5.4973	-9.3		4.0400	-1.8	
Q2	4.3741	-13.9		6.5241	-15.7		4.6023	-12.2	

Depreciation (-) / Appreciation (+)

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

	Purchases					Total	Percentage	Cumulative	Year-On-Year	Sales		Total	
	BOG	Banks	InterBank	F. Bureau	Change		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	*	1,638.24	-25.62		-25.4	1,371.09	82.03	*	1,453.12
Apr	315.57	435.24	750.81	27.14	*	777.95	42.80	2,416.18	18.2	680.41	27.34	*	707.75
May	178.57	338.19	516.76	27.13	*	543.89	-30.09	2,960.08	-25.8	526.65	27.34	*	553.99
Jun	297.75	350.56	648.31	27.14	*	675.45	24.19	3,635.52	22.4	520.34	27.34	*	547.68
Q4	700.32	1,355.24	2,055.56	81.40	*	1,997.29	21.92		2.8	1,727.40	27.34	*	1,754.74
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	-76.82			1,530.01	82.03	*	
Apr	63.29	428.61	491.90	27.13	*	519.03	-22.34	2,436.67	-33.3	452.86	27.34	*	480.20
May	219.85	396.10	615.95	27.13	*	643.08	23.90	3,079.75	18.2	511.50	27.34	*	538.84
Jun	315.93	377.90	693.83	27.14	*	720.97	12.11	3,800.72	6.7	625.70	27.34	*	653.04
Q2	599.07	1,202.61	1,801.68	81.40	*	1,883.08	-1.80		-5.7	1,590.06	27.34	*	1,617.40

## 4.7 The Stock Market

Activity on the capital market for the second quarter of 2015 was vibrant.

### 4.7.1 GSE All-Share Index (GSE-CI)

The GSE Composite Index (GSE-CI) rose by 5.9 per cent during the review period to record a year-to-date growth of 4.0 per cent in spite of the marginal slowdown in June. This compared with a negative growth of 0.5 per cent (13.0 points) registered in the second quarter of 2014. The GSE Financial Stock Index (GSE-FI) also grew by 7.8 per cent during the second quarter of 2015. The relative attractiveness of money market instruments, the depreciation of the domestic currency and the current economic conditions were major factors that negatively affected the capital market.

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

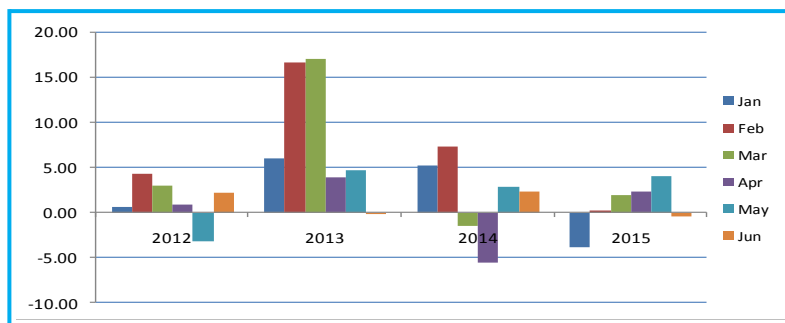
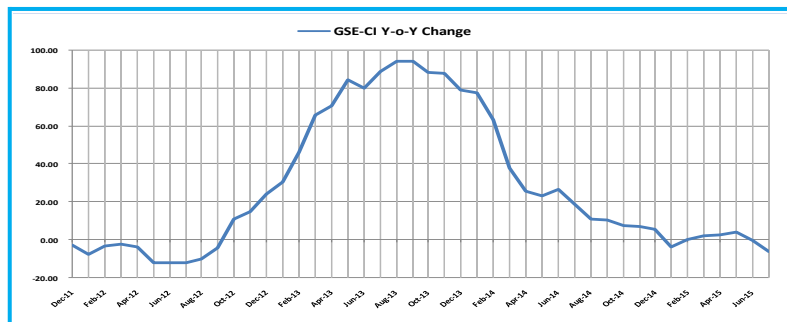


Chart 4.9: GSE-CI (Y-O-Y) Change



## 4.7.2 Sectoral Performance

With the exception of the ICT sector which maintained its opening position, significant movements were registered in the other sectors. The Financial sub-sector led the advancers with an increase of 7.8 per cent. The Agricultural, Food and Beverages and the exchange backed fund, ETFund, joined the gainers. The losers were the Manufacturing, Distribution, Mining and Petroleum.

Chart 4.10: Changes in Share Prices (%), 2015Q2

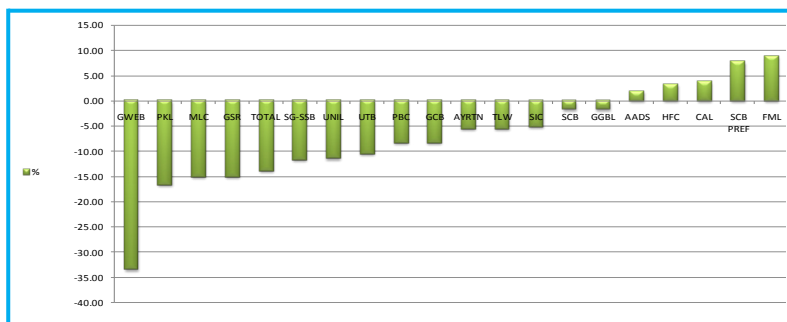


Table 4.8: Sectors Contribution to the Growth in GSE-CI

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
Mar-15	1525.5	875.9	2222.2	2398.41	133.80	31.9	912.0	112.7	114.0	2,220.4
Jun-15	1600.5	832.2	2394.7	2373.75	133.03	31.9	1000.0	106.5	149.7	2,352.2
Quarterly Change										
ABS	75.02	-43.67	172.53	-24.66	-0.77	0.00	88.00	-6.29	35.67	131.86
(%)	4.92	-4.99	7.76	-1.03	-0.57	0.00	9.65	-5.55	31.28	5.94
YTD. Change										
ABS	55.35	-250.29	151.05	2.51	-0.32	0.00	180.00	-6.42	27.07	91.21
(%)	3.58	-23.12	6.73	0.11	-0.24	0.00	21.95	-5.69	22.08	4.03

### 4.7.3 Market Performance

A total of 35.7 million shares, valued at GH¢54.9 million, were traded during the review quarter in 2015 compared with 58.4 million shares valued at GH¢77.0 million during the corresponding period in 2014. During the period, ALUWORKS (ALW) dominated the market as the most traded equity, accounting for 35.8 per cent of total traded volume while EGL topped with 20.7 per cent of total value traded. In terms of the performance of equities during the period, 15 equities lost value while 5 equities made gains. GWEB lost 33.3 per cent to top the list of losers, while FML gained 8.9 per cent to lead the advancers.

### 4.7.4 Market Capitalisation

Market capitalization increased marginally by 1.3 per cent (GH¢821.1 million) to GH¢64,616.5 million at the end of the review quarter, from GH¢63,795.4 million recorded in March 2015. The increase was as a result of increase in the prices of stocks, particularly finance and additional listing of shares by AGA.

Chart 4.11: Volume Traded (Jun'14 - Jun'15)

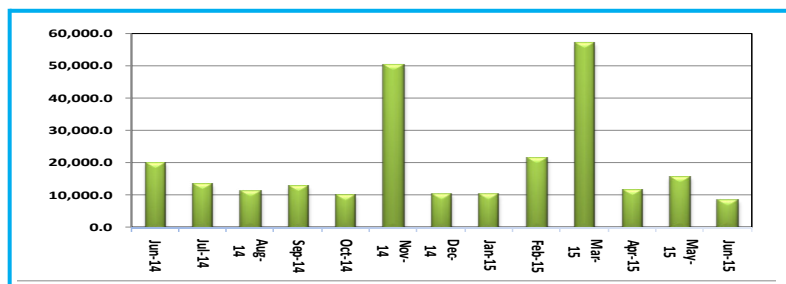


Table 4.9: Top Ten Trades in Volume and Value, (Apr-Jun 2015)

Equity	Volume Traded	% of Volume traded	Equity	Volume Traded	% of Volume traded
ALW	44,505,953	35.79	EGL	25,356,385.92	20.66
EGL	15,626,610	15.57	GCB	19,101,592.33	15.56
GOIL	13,595,841	10.93	GOIL	15,763,176.15	12.84
SIC	9,474,854	7.62	SCB	14,554,259.33	11.86
CAL	8,573,559	6.90	CAL	8,964,851.30	7.30
ETI	8,223,053	6.61	EBG	7,412,802.62	6.85
UTB	7,130,490	5.73	TOTAL	5,146,344.14	4.19
SOGEGH	4,787,901	3.85	SOGEGH	4,777,649.92	3.89
GCB	3,707,092	2.98	FML	4,481,230.96	3.65
EBG	1,113,307	0.90	BOPP	3,565,920.07	2.90

Table 4.10: Stock Market Performance

MONTH	SECTOR									GSE-CI
	F&B	MAN	FINANCE	DISTR	MINING	IT	AGRIC	OIL	ETFund	
Dec-14	1,327.2	773.2	13,791.6	1,018.88	15,545.18	3.4	142.7	31,734.7	15.40	64,352.4
Mar-15	1,310.3	625.6	13,365.2	1,030.55	15,596.97	3.4	158.7	31,689.3	14.32	63,795.4
Jun-15	1,374.7	594.4	15,983.3	1,019.96	15,513.41	3.4	178.4	29,929.8	18.80	64,616.5
Quarterly Change										
ABS	64.43	-31.19	2,618.10	-10.60	-83.56	0.00	19.67	-1,759.51	4.48	821.06
(%)	4.92	-4.99	19.59	-1.03	-0.54	0.00	12.40	-5.55	31.28	1.29
Yearly Change										
ABS	47.54	-178.77	2,191.65	1.08	-31.76	0.00	35.68	-1,804.86	3.40	264.06
(%)	3.58	-23.12	15.89	0.11	-0.20	0.00	25.01	-5.69	22.08	0.41

## Outlook

The weak domestic currency, the high and increasing rates of return on money market instruments and the high rate of inflation are challenges that confront the capital market. The third and the fourth quarters are expected to see a pickup in commerce and as an alternate investment vehicle and this might significantly reduce or slow down activity in the capital market during the closing months of the year.



## 5. Fiscal Developments

Fiscal developments in the second quarter of 2015 resulted in a deficit of 1.1 per cent compared with a deficit of 2.2 per cent recorded in the corresponding period of 2014 and a target deficit of 1.7 per cent of GDP for the review quarter. The domestic primary balance recorded a surplus equivalent to 0.8 per cent of GDP, higher than the targeted surplus of 0.4 per cent of GDP.

Table 5.1: Fiscal Indicators (GHe' million)

	2014	2015				
	Prov. Q2	Prov. Q1	Prov. Q2	Prog Q2	Prov. Q1+Q2	Prog Q1+Q2
<b>Taxes on income and property</b>	1,930.88	1,943.54	2,197.30	2,275.62	4,140.84	4,213.87
per cent of GDP	1.71	1.46	1.65	1.71	3.11	3.16
<b>Taxes on goods and services</b>	1,558.97	2,202.73	2,386.09	2,305.33	4,588.82	4,417.50
per cent of GDP	1.38	1.65	1.79	1.73	3.44	3.31
<b>Taxes on international trade</b>	904.22	1,429.80	1,244.43	959.59	2,674.23	1,884.95
per cent of GDP	0.80	1.07	0.93	0.72	2.01	1.41
<b>Tax revenue including oil</b>	4,394.07	5,576.07	5,827.81	5,540.53	11,403.88	10,516.32
per cent of GDP	3.90	4.18	4.37	4.16	8.55	7.89
<b>Tax revenue excluding oil</b>	4,180.24	5,469.22	5,717.69	5,492.38	11,186.91	10,324.63
per cent of GDP	4.00	4.44	4.64	4.46	9.09	8.39
<b>Nontax revenue</b>	896.27	1,547.71	1,014.59	911.44	2,562.30	2,580.21
per cent of GDP	0.80	1.16	0.76	0.68	1.92	1.94
<b>Domestic revenue including oil</b>	5,342.13	7,150.68	6,929.38	6,490.56	14,080.06	13,170.67
per cent of GDP	4.74	5.36	5.20	4.87	10.56	9.88
<b>Domestic revenue excluding oil</b>	5,128.30	7,043.84	6,819.25	6,442.41	13,863.08	12,978.99
per cent of GDP	4.91	5.72	5.54	5.23	11.26	10.54
<b>Grants</b>	231.29	271.92	623.21	684.14	895.13	1,033.88
per cent of GDP	0.21	0.20	0.47	0.51	0.67	0.78
<b>Total revenue and grants</b>	5,573.42	7,422.60	7,552.58	7,174.71	14,975.18	14,204.55
per cent of GDP	4.95	5.57	5.66	5.38	11.23	10.65
<b>Compensation of Employees</b>	2,674.83	2,683.10	3,230.20	3,105.05	5,913.30	6,136.82
per cent of GDP	2.38	2.01	2.42	2.33	4.43	4.60
<b>Goods and services</b>	331.25	246.09	740.75	461.19	986.84	723.93
per cent of GDP	0.29	0.18	0.56	0.35	0.74	0.54
<b>Interest payments</b>	1,840.52	1,981.94	1,852.54	1,842.12	3,834.48	4,144.41
per cent of GDP	1.63	1.49	1.39	1.38	2.88	3.11
<b>Subsidies</b>	0.00	0.00	0.00	25.00	0.00	25.00
per cent of GDP	0.00	0.00	0.00	0.02	0.00	0.02
<b>Non-Financial Assets (Capital Expenditure)</b>	1,626.50	1,955.49	1,021.58	1,366.32	2,977.07	2,711.40
per cent of GDP	1.44	1.47	0.77	1.02	2.23	2.03
<b>Total expenditure &amp; net lending</b>	7,678.09	8,461.56	9,076.35	8,686.48	17,537.91	17,478.90
per cent of GDP	6.82	6.35	6.81	6.51	13.15	13.11
<b>Overall Budget Balance</b>	-2,514.61	-1,564.45	-1,453.04	-2,314.91	-3,017.50	-4,601.15
per cent of GDP	-2.23	-1.17	-1.09	-1.74	-2.26	-3.45
<b>Domestic Expenditure</b>	4,625.29	4,781.86	5,910.97	5,973.89	10,692.83	11,355.56
per cent of GDP	4.11	3.59	4.43	4.48	8.02	8.52
<b>Domestic Primary Balance</b>	716.85	2,368.82	1,018.41	516.67	3,387.22	1,815.12
per cent of GDP	0.64	1.78	0.76	0.39	2.54	1.36
<b>Stock of Domestic Debt</b>	27,925.40	36,542.70	36,542.70	36,542.70	27,925.40	27,925.40
per cent of GDP	24.80	27.40	27.40	27.40	20.94	20.94
<b>Nominal GDP (Including Oil)</b>	112,610.60	133,344.08	133,344.08	133,344.08	133,344.08	133,344.08
<b>Nominal GDP (Excluding oil)</b>	104,476.33	123,098.63	123,098.63	123,098.63	123,098.63	123,098.63

Source: Bank of Ghana

## 5.1 Government Revenue

Government receipts (including grants) for the review quarter amounted to GH¢7,552.58 million (5.7% of GDP) compared with the budgeted estimate of GH¢7,174.71 million (5.4% of GDP) and the outturn of GH¢5,573.42 million (5.0% of GDP) recorded in the corresponding quarter of 2014. This was made up of tax revenue of GH¢5,827.8 million (80.5%), social security contributions of GH¢86.97 million (0.9%), non-tax revenue of GH¢1,014.59 million (14.8%) and GH¢623.21 million (3.7%) from grants. The over-performance in government receipts was mainly the result of tax components exceeding their targets except for Taxes on Income and property. Non-tax receipts were 11.32 per cent higher than budgeted target of GH¢911.44 million (1.1% of GDP). It was also higher than the figure of GH¢896.27 million recorded for the corresponding quarter in 2014. Grants disbursement of GH¢623.21 million fell short of the budgeted target of GH¢684.14 million.

### Income and Property Tax

Taxes from income and property during the second quarter amounted to GH¢2,197.3 million compared with the budget target of GH¢2,275.62 million. Personal income taxes, Company tax and mineral royalties of GH¢843.87 million, GH¢898.16 million and GH¢140.97 million respectively fell below their programmed targets. The short-fall in revenue collections for Income and property tax during the review period resulted mainly from the continuous decline in the world market price of gold. The negative variance was also the result of lower-than-budgeted receipts from personal income taxes.

### Domestic Goods and Services

Domestic goods and services tax of GH¢2,386.09 million was 4.0 per cent higher than target of GH¢2,305.33 million. This tax component comprised excises (excise duty and petroleum tax) of GH¢588.47 million, VAT collections of GH¢1,491.64 million, National Health Insurance Levy (NHIL) of GH¢242.61 million and GH¢63.37 million from Communication Service Tax. Excise duty collections were 10.0 per cent below its target. VAT collections were 3.7 per cent above its budgeted target. The performance of CST was not encouraging. This was due to the fact that more companies continue to file self assessment forms. Petroleum taxes totalling GH¢540.69 million, which constituted 91.9 per cent of excise for the review quarter, exceeded the programmed level of GH¢501.18 million by 7.9 per cent. Reasons for this include the achievement of targeted volumes especially for premium and gas oil and the liberalization of the prices of petroleum products.

Table 5.2: Government Revenue (GH¢' million)

	2014	2015				
	Prov. Q2	Prov. Q1	Prov. Q2	Prog. Q2	Prov. Q1+Q2	Prog. Q1+Q2
<b>TAX REVENUE</b>	<b>4,394.07</b>	<b>5,576.07</b>	<b>5,827.81</b>	<b>5,540.53</b>	<b>11,403.88</b>	<b>10,516.32</b>
(percent of GDP)	3.90	4.18	4.37	4.16	8.55	7.89
<b>TAXES ON INCOME &amp; PROPERTY</b>	<b>1,930.88</b>	<b>1,943.54</b>	<b>2,197.30</b>	<b>2,275.62</b>	<b>4,140.84</b>	<b>4,213.87</b>
Personal	733.00	689.36	843.87	920.76	1,533.22	1,614.28
Self employed	51.44	60.83	67.03	62.06	127.86	119.91
Companies	706.81	830.75	898.16	910.21	1,728.91	1,663.29
Company taxes on oil	132.26	0.00	0.00	0.00	0.00	0.00
Others	307.37	362.61	388.24	382.58	750.85	816.39
Other direct taxes /1	233.26	278.44	296.36	289.72	574.79	660.67
o/w Royalties from Oil	81.57	106.85	110.13	48.15	216.97	191.69
o/w Mineral Royalties	115.60	137.44	140.97	145.40	278.41	290.30
NRL (Arrears)	0.00	0.00	0.00	0.00	0.00	0.00
NFSL	45.14	53.23	39.80	60.06	93.03	105.81
Airport tax	28.96	30.94	52.08	32.80	83.02	49.90
<b>TAXES ON DOMESTIC GOODS AND SERVICES</b>	<b>1,558.97</b>	<b>2,202.73</b>	<b>2,386.09</b>	<b>2,305.33</b>	<b>4,588.82</b>	<b>4,417.50</b>
<b>Excises</b>	<b>189.99</b>	<b>598.57</b>	<b>588.47</b>	<b>554.28</b>	<b>1,187.04</b>	<b>1,080.54</b>
Excise Duty	33.66	48.52	47.78	53.10	96.30	106.00
Petroleum tax	156.33	550.05	540.69	501.18	1,090.74	974.55
o/w Debt recovery levy	0.00	0.00	0.00	0.00	0.00	0.00
<b>VAT</b>	<b>1,130.03</b>	<b>1,329.71</b>	<b>1,491.64</b>	<b>1,437.79</b>	<b>2,821.36</b>	<b>2,732.02</b>
Domestic	464.51	528.31	607.61	617.92	1,135.92	1,134.94
External	665.52	801.41	884.03	819.87	1,685.44	1,597.08
<b>National Health Insurance Levy (NHIL)</b>	<b>186.90</b>	<b>216.86</b>	<b>242.61</b>	<b>236.34</b>	<b>459.46</b>	<b>458.73</b>
Customs Collection	109.48	128.81	141.34	132.30	270.14	259.25
Domestic Collection	77.42	88.05	101.27	104.04	189.32	199.48
<b>Communication Service Tax</b>	<b>52.04</b>	<b>57.59</b>	<b>63.37</b>	<b>76.92</b>	<b>120.95</b>	<b>146.21</b>
<b>TAXES ON INTERNATIONAL TRADE</b>	<b>904.22</b>	<b>1,429.80</b>	<b>1,244.43</b>	<b>959.59</b>	<b>2,674.23</b>	<b>1,884.95</b>
<b>Imports</b>	<b>644.75</b>	<b>758.18</b>	<b>818.80</b>	<b>780.15</b>	<b>1,576.98</b>	<b>1,532.48</b>
Import duty	644.75	758.18	818.80	780.15	1,576.98	1,532.48
<b>Exports</b>	<b>0.00</b>	<b>80.58</b>	<b>0.00</b>	<b>0.00</b>	<b>80.58</b>	<b>0.00</b>
Cocoa	0.00	80.58	0.00	0.00	80.58	0.00
<b>Import Exemptions</b>	<b>259.46</b>	<b>591.04</b>	<b>425.62</b>	<b>179.43</b>	<b>1,016.66</b>	<b>352.47</b>
<b>SOCIAL CONTRIBUTIONS</b>	<b>51.80</b>	<b>26.90</b>	<b>86.97</b>	<b>38.58</b>	<b>113.88</b>	<b>74.15</b>
SSNIT Contribution to NHIL	51.80	26.90	86.97	38.58	113.88	74.15
<b>NON-TAX REVENUE</b>	<b>896.27</b>	<b>1,547.71</b>	<b>1,014.59</b>	<b>911.44</b>	<b>2,562.30</b>	<b>2,580.21</b>
Retention	582.01	564.68	571.54	673.21	1,136.23	1,286.77
Lodgement	314.26	983.03	443.05	238.23	1,426.07	1,293.44
Fees & Charges	64.12	102.99	141.64	71.50	244.63	147.36
Dividend/Interest & profits from Oil	211.41	276.92	285.42	124.00	562.34	496.02
Surface Rentals from Oil	0.23	3.02	0.02	1.23	3.04	2.46
Gas Receipts	0.00	0.00	0.00	0.00	0.00	0.00
Dividend/Interest & profits (Others)	38.50	600.10	15.96	41.50	616.06	647.60
<b>DOMESTIC REVENUE</b>	<b>5,342.13</b>	<b>7,150.68</b>	<b>6,929.38</b>	<b>6,490.56</b>	<b>14,080.06</b>	<b>13,170.67</b>
<b>GRANTS</b>	<b>231.29</b>	<b>271.92</b>	<b>623.21</b>	<b>684.14</b>	<b>895.13</b>	<b>1,033.88</b>
Project grants	231.29	271.92	175.20	281.92	447.11	631.65
Programme grants	0.00	0.00	448.01	402.23	448.01	402.23
<b>TOTAL REVENUE &amp; GRANTS</b>	<b>5,573.42</b>	<b>7,422.60</b>	<b>7,552.58</b>	<b>7,174.71</b>	<b>14,975.18</b>	<b>14,204.55</b>

Source: Bank of Ghana

## International Trade Taxes

International trade taxes for the review quarter amounted to GH¢1,244.43 million, compared with the outturn of GH¢1,429.80 million recorded in the corresponding period of 2014 and budgeted target of GH¢959.59 million. Total import duty of GH¢818.80 million during the review quarter exceeded the budgeted target by 5.0 per cent. Import exemptions also exceeded the programmed figure by 137 per cent. The over performance of import duty was attributed to a number of factors including higher-than-targeted volume of imports and higher than programmed exemptions granted.

## **5.2 Government Expenditures**

During the review quarter, government expenditure (including net lending) amounted to GH¢9,076.35 million (6.8% of GDP) compared with a target of GH¢8,686.5 million (6.5% of GDP) and an outturn of GH¢7,678.09 million (6.8% of GDP) recorded in the corresponding quarter of 2014.

### **Compensation of Employees**

Compensation of Employees comprising wages and salaries and social security contributions amounted to GH¢3,230.2 million; compared with the programmed target of GH¢3,105.1 million and the outturn of GH¢2,674.8 million recorded for a similar period in 2014. Social contributions constituted 19.0 per cent of total compensation of public sector employees.

### **Interest Payments**

Interest Payments during the review quarter amounted to GH¢1,852.5 million, exceeding the programmed target by GH¢10.42 million (0.6%). The high interest cost for the period reflected higher external interest payments as a result of depreciation effect on the cedi.

### **Grants to Other Government Units**

Grants to Other Government Units amounted to GH¢1,805.7 million exceeding the budgeted target of GH¢1,703.9 million. These grants were made up of transfers to statutory funds such as the National Health Fund (GH¢447.3 million), Education Trust Fund (GH¢234.2 million), the Petroleum- Related Fund (GH¢1.25 million), the Road Fund (GH¢59.2 million) as well as District Assembly Common Fund (GH¢375.9 million). There was also the Retention of IGFs by MDAs of GH¢571.5 million and Transfer to GNPC from Oil Revenue of GH¢116.3 million. Transfers into the National Health and Education Trust Funds and GNPC from Oil Revenue exceeded their budgeted targets.

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

Government acquisition of non-financial assets during the review quarter amounted to GH¢1,021.6 million, of which GH¢257.2 million was financed from domestic sources and GH¢764.4 million from foreign sources. This outlay was 25.0 per cent below the target of GH¢1,366.3 million for the quarter and constituted 11.3 per cent of total government expenditure.

### **Other Expenditures**

Other components of government expenditure items Tax Expenditure (Exemptions) of GH¢425.6 million far exceeded its programmed target of GH¢179.4 million for the second quarter of 2015. There were no subsidies to utility companies and petroleum products for the review quarter.

## 5.3 Financing

The budget recorded an overall deficit of GH¢1,453.0 million (1.09% of GDP) in the second quarter of 2015. The deficit, together with a net foreign outflow of GH¢48.6 million and repayments of GH¢52.01 million to other domestic creditors, was financed from domestic sources of GH¢1,348.0 million and a drawdown on the Stabilisation Funds to the tune of GH¢205.7 million.

Table 5.3: Government Expenditure (GH¢' million)

	2014	2015				
	Prov. Q2	Prov. Q1	Prov. Q2	Prog Q2	Prov. Q1+Q2	Prog Q1+Q2
<b>Compensation of Employees</b>	<b>2,674.83</b>	<b>2,683.10</b>	<b>3,230.20</b>	<b>3,105.05</b>	<b>5,913.30</b>	<b>6,136.82</b>
Wages & Salaries	2,440.78	2,425.62	2,602.52	2,568.15	5,028.14	5,135.15
Social Contributions	234.05	257.49	627.67	536.90	885.16	1,001.67
Pensions	182.08	143.13	193.65	178.11	336.78	352.96
Gratuities	51.97	31.29	47.88	50.97	79.17	103.04
Social Security	0.00	83.06	386.15	307.82	469.21	545.67
<b>Use of Goods and Services</b>	<b>331.25</b>	<b>246.09</b>	<b>740.75</b>	<b>461.19</b>	<b>986.84</b>	<b>723.93</b>
o/w Recurrent Expenditure share of ABFA from Oil (30% of ABFA)	0.00	0.00	0.00	0.00	0.00	197.20
<b>Interest Payments</b>	<b>1,840.52</b>	<b>1,981.94</b>	<b>1,852.54</b>	<b>1,842.12</b>	<b>3,834.48</b>	<b>4,144.41</b>
Domestic	1,656.92	1,575.07	1,508.77	1,560.58	3,083.84	3,357.94
External (Due)	183.60	406.87	343.78	281.54	750.65	786.48
<b>Subsidies</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>25.00</b>	<b>0.00</b>	<b>25.00</b>
Subsidies to Utility Companies	0.00	0.00	0.00	0.00	0.00	0.00
Subsidies on Petroleum products	0.00	0.00	0.00	25.00	0.00	25.00
<b>Grants to Other Government Units</b>	<b>945.52</b>	<b>1,003.90</b>	<b>1,805.66</b>	<b>1,703.86</b>	<b>2,809.55</b>	<b>3,327.66</b>
National Health Fund (NHF)	230.35	200.40	447.30	274.93	647.70	532.88
Education Trust Fund	0.00	42.26	234.24	213.67	276.50	406.04
Road Fund	59.15	68.25	59.15	64.35	127.41	118.98
Petroleum Related Fund	1.25	1.41	1.25	1.33	2.66	2.59
Dist. Ass. Common Fund	0.00	0.00	375.86	378.46	375.86	710.17
Ghana Infrastructure Fund	0.00	0.00	0.00	0.00	0.00	0.00
o/w ABFA	0.00	0.00	0.00	0.00	0.00	0.00
Retention of Internally-generated funds (IGFs)	582.01	564.68	571.54	673.21	1,136.23	1,286.77
Transfer to GNPC from Oil Revenue	72.76	126.89	116.30	97.91	243.20	270.22
<b>Social Benefits</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>3.51</b>	<b>0.00</b>	<b>57.20</b>
Lifeline Consumers of Electricity	0.00	0.00	0.00	3.51	0.00	57.20
<b>Other Expenditure</b>	<b>259.46</b>	<b>591.04</b>	<b>425.62</b>	<b>179.43</b>	<b>1,016.66</b>	<b>352.47</b>
Tax Expenditure (Exemptions)	259.46	591.04	425.62	179.43	1,016.66	352.47
<b>Acquisition of Non-Financial Assets</b>	<b>1,626.50</b>	<b>1,955.49</b>	<b>1,021.58</b>	<b>1,366.32</b>	<b>2,977.07</b>	<b>2,711.40</b>
Domestic financed	326.13	16.89	257.19	385.04	274.07	522.14
Assets	326.13	16.89	257.19	385.04	274.07	522.14
Foreign financed	1,300.37	1,938.61	764.39	981.28	2,703.00	2,189.26
<b>TOTAL EXP. &amp; NET LENDING</b>	<b>7,678.09</b>	<b>8,461.56</b>	<b>9,076.35</b>	<b>8,686.48</b>	<b>17,537.91</b>	<b>17,478.90</b>

Source: Bank of Ghana

## 5.4 Domestic Debt

### 5.4.1 Composition of Domestic Debt

The stock of domestic debt at the end of the second quarter of 2015 was GH¢35,873.2 million (26.9% of GDP), indicating an increase of GH¢1,252.3 million (3.6%) over the stock at the end of fourth quarter in 2014. The rise in the debt stock for the period was the result of growth of GH¢1,953.5 million in the short-term securities,

which outstripped the decline of GH¢701.1 million in medium-term securities. In terms of distribution of the domestic debt with respect to maturity term, short-term instruments increased to 43.6 per cent during the review period from 39.5 per cent recorded at the end of the fourth of 2014. The medium-term instruments however decreased to 34.4 per cent from 37.7 per cent at the end of the fourth quarter of 2014. Long-term instruments also decreased marginally to 22.0 per cent from 22.8 per cent over the period.

Table 5.4: Government Financing (GH¢ million)

	2014	2015				
	Prov. Q2	Prov. Q1	Prov. Q2	Prog Q2	Prov. Q1+Q2	Prog Q1+Q2
<b>Overall balance (commitment)</b>	<b>-2,104.68</b>	<b>-1,038.97</b>	<b>-1,523.77</b>	<b>-1,511.78</b>	<b>-2,562.73</b>	<b>-3,274.34</b>
(percent of GDP)	-1.87	-0.78	-1.14	-1.13	-1.92	-2.46
Road Arrears (net change)	0.00	0.00	0.00	-146.69	0.00	-196.69
o/w Commitments & Certs for works done	0.00	0.00	0.00	0.00	0.00	0.00
Non-road arrears	-321.85	-284.64	-477.73	-545.63	-762.37	-919.79
o/w other outstanding payments/deferred payments	-321.85	-284.64	-218.07	-186.00	-502.71	-560.16
o/w Wage arrears	-137.96	-168.11	-175.29	-141.00	-343.40	-241.00
o/w DACF	0.00	0.00	-259.66	-300.85	-259.66	-300.85
o/w GETF	0.00	0.00	0.00	-58.78	0.00	-58.78
Tax Refunds	-43.06	-160.36	-70.47	-110.81	-230.82	-210.33
<b>Required Fiscal Measures</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Transfers into Oil Fund	0.00	0.00	0.00	0.00	0.00	0.00
<b>Overall balance (cash)</b>	<b>-2,469.59</b>	<b>-1,483.96</b>	<b>-2,071.96</b>	<b>-2,314.91</b>	<b>-3,555.92</b>	<b>-4,601.15</b>
(percent of GDP)	-2.19	-1.11	-1.55	-1.74	-2.67	-3.45
Divestiture receipts	0.00	0.00	0.00	0.00	0.00	0.00
Divestiture liabilities	0.00	0.00	0.00	0.00	0.00	0.00
Discrepancy	-45.02	-80.49	618.91	0.00	538.42	0.00
<b>Overall balance (incl. Divestiture and Discrepancy)</b>	<b>-2,514.61</b>	<b>-1,564.45</b>	<b>-1,453.04</b>	<b>-2,314.91</b>	<b>-3,017.50</b>	<b>-4,601.15</b>
(percent of GDP)	-2.23	-1.17	-1.09	-1.74	-2.26	-3.45
<b>Financing</b>	<b>2,514.61</b>	<b>1,564.45</b>	<b>1,453.04</b>	<b>2,314.91</b>	<b>3,017.50</b>	<b>4,601.15</b>
<b>Foreign (net)</b>	<b>613.99</b>	<b>1,190.79</b>	<b>-48.64</b>	<b>-284.50</b>	<b>1,142.14</b>	<b>206.10</b>
Borrowing	1,069.08	1,666.69	589.19	699.36	2,255.88	1,557.61
Project loans	1,069.08	1,666.69	589.19	699.36	2,255.88	1,557.61
Programme loans	0.00	0.00	0.00	0.00	0.00	0.00
Sovereign Bond	0.00	0.00	0.00	0.00	0.00	0.00
Amortisation (due)	-455.09	-475.90	-637.84	-983.86	-1,113.74	-1,351.51
o/w Debt Repayment from Stabilisation Fund						
<b>Exceptional financing</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
HIPC Relief (Cologne terms)	0.00	0.00	0.00	0.00	0.00	0.00
<b>Domestic (net)</b>	<b>1,569.94</b>	<b>425.97</b>	<b>1,347.98</b>	<b>2,415.11</b>	<b>1,773.95</b>	<b>4,232.19</b>
Banking	738.97	-628.51	696.24	704.67	67.73	1,514.41
Bank of Ghana	629.56	-1,628.42	2,028.18	210.14	399.76	525.34
Comm. Banks	109.41	999.91	-1,331.94	494.53	-332.03	989.06
Non-banks	830.97	1,054.48	651.75	1,710.44	1,706.22	2,717.79
<b>Other Financing</b>	<b>-59.19</b>	<b>-52.30</b>	<b>-52.01</b>	<b>-21.43</b>	<b>-104.32</b>	<b>-42.86</b>
clawback from TOR	0.00	0.00	0.00	0.00	0.00	0.00
Other domestic financing	-59.19	-52.30	-52.01	-21.43	-104.32	-42.86
Divestiture Receipts	0.00	0.00	0.00	0.00	0.00	0.00
non-concessional borrowing (foreign)						
<b>Ghana Petroleum Funds</b>	<b>439.87</b>	<b>0.00</b>	<b>205.72</b>	<b>205.72</b>	<b>205.72</b>	<b>205.72</b>
Transfer to Ghana Petroleum Funds	-59.59	0.00	0.00	0.00	0.00	0.00
o/w Stabilisation Fund	-41.71	0.00	0.00	0.00	0.00	0.00
o/w Heritage Fund	-17.88	0.00	0.00	0.00	0.00	0.00
Transfer from Stabilisation Fund	499.46	0.00	205.72	205.72	205.72	205.72
<b>Sinking Fund</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Contingency Fund</b>	<b>-50.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

Source: Bank of Ghana

## 5.4.2 Holdings of Domestic Debt

Bank of Ghana's holding of domestic debt at the end of the second quarter of 2015 was GH¢8,935.6 million, representing 24.9 per cent of the total. The Deposit Money Banks (DMBs) held GH¢9,245.9 million (25.8%), SSNIT held GH¢1,519.0 million (4.2%), Insurance companies (GH¢90.2 million or 0.3%), and "Other holders" (GH¢9,697.8 million or 27.0%). Non-Resident holders held GH¢6,384.7 million (17.8%). Comparative holdings at the end of the last 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 5.5: Stock of Domestic Debt (GH¢ million)

	2013				2014				2015	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
91-Day Treasury Bill	3,108.1	3,077.1	2,992.3	4,620.4	5,419.7	6,454.4	6,375.8	7,939.4	9,137.0	8,645.6
182-Day Treasury Bill	1,429.8	1,313.7	1,656.0	2,028.7	2,058.1	1,900.4	2,714.1	4,493.4	5,588.2	5,754.4
1-Year Treasury Note	1,263.9	1,441.7	2,139.6	2,157.3	1,848.1	1,549.2	1,473.7	1,253.3	1,196.1	1,239.6
<b>A. Short-Term Instruments</b>	<b>5,801.8</b>	<b>5,832.6</b>	<b>6,787.9</b>	<b>8,806.4</b>	<b>9,325.9</b>	<b>9,904.0</b>	<b>10,563.6</b>	<b>13,686.1</b>	<b>15,921.2</b>	<b>15,639.6</b>
2-Year Fixed Treasury Note	2,687.3	3,276.3	3,432.1	3,643.5	3,654.8	3,523.6	2,997.3	2,746.2	2,300.7	2,049.7
3-Year Fixed Treasury Note	5,125.3	5,398.1	4,817.2	4,817.2	4,818.0	4,861.4	5,261.4	5,061.4	5,159.3	5,230.6
3-Year Stock(SBG)	29.9	29.9	29.9	29.9	29.9	0.0	0.0	0.0	0.0	0.0
3-Year Stock(SSNIT)	529.4	529.4	529.4	529.4	529.4	367.5	367.5	1,281.8	1,281.8	1,073.6
3-Year Floating Treasury Note (SADA-UBA)	202.5	202.5	202.5	202.5	202.5	202.5	202.5	202.5	35.0	35.0
5-Year GOG Bond	1,667.9	1,667.9	2,317.9	2,317.9	2,317.9	2,790.2	2,790.2	2,790.2	2,992.0	2,992.0
5-Year Golden Jubilee Bond	20.9	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
7-Year GOG Bond	0.0	0.0	101.6	201.7	201.7	201.7	201.7	201.7	201.7	201.7
GOG Petroleum Finance Bond	80.0	80.0	80.0	80.0	80.0	80.0	80.0	80.0	80.0	80.0
TOR Bonds	682.0	682.0	682.0	682.0	682.0	682.0	682.0	682.0	682.0	682.0
NPRA Stocks	183.4	183.4	72.6	72.6	72.6	0.0	0.0	0.0	0.0	0.0
<b>B. Medium-Term Instruments</b>	<b>11,208.8</b>	<b>12,050.3</b>	<b>12,265.2</b>	<b>12,576.8</b>	<b>12,588.9</b>	<b>12,709.0</b>	<b>12,582.6</b>	<b>13,045.9</b>	<b>12,732.6</b>	<b>12,344.8</b>
Long Term Government Stocks	2,377.1	2,377.1	4,811.0	4,811.0	7,417.4	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	109.5	109.5	109.5	109.5	109.5
Revaluation Stock	388.7	388.7	388.7	361.1	361.1	361.1	361.1	361.1	361.1	361.1
Others Government Stocks	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
<b>C. Long-Term Instruments</b>	<b>2,876.3</b>	<b>2,876.3</b>	<b>5,310.2</b>	<b>5,282.5</b>	<b>7,888.9</b>	<b>7,888.9</b>	<b>7,888.9</b>	<b>7,888.9</b>	<b>7,888.9</b>	<b>7,888.9</b>
<b>TOTAL(A+B+C)</b>	<b>19,886.9</b>	<b>20,759.2</b>	<b>24,363.3</b>	<b>26,665.8</b>	<b>29,803.7</b>	<b>30,501.8</b>	<b>31,035.1</b>	<b>34,620.9</b>	<b>36,542.7</b>	<b>35,873.2</b>

Source: Bank of Ghana

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

	2013				2014				2015	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
<b>A. Banking system</b>	<b>9,475.1</b>	<b>9,499.6</b>	<b>12,875.9</b>	<b>13,967.5</b>	<b>17,236.5</b>	<b>17,046.7</b>	<b>17,071.7</b>	<b>18,745.5</b>	<b>19,559.9</b>	<b>18,181.5</b>
Bank of Ghana	3,631.8	3,651.8	6,171.9	6,280.2	9,930.6	9,617.7	9,804.3	9,293.5	9,008.8	8,935.6
Commercial Bank	5,843.3	5,847.8	6,704.0	7,687.3	7,305.9	7,429.1	7,267.4	9,452.0	10,551.1	9,245.9
<b>B. Nonbank sector</b>	<b>10,411.8</b>	<b>11,259.6</b>	<b>11,487.4</b>	<b>12,698.2</b>	<b>12,567.2</b>	<b>13,455.1</b>	<b>13,963.3</b>	<b>15,875.4</b>	<b>16,982.8</b>	<b>17,691.7</b>
SSNIT	772.2	762.8	777.1	707.5	708.7	660.8	715.8	1,563.6	1,478.1	1,519.0
Insurance Companies	58.3	47.0	39.0	48.5	53.2	55.0	59.9	63.3	77.2	90.2
NPRA	183.4	183.4	72.6	72.6	72.6	0.0	0.0	0.0	0.0	0.0
Others Holders	9,397.8	10,266.5	10,598.7	11,869.6	11,732.7	12,739.3	13,187.6	14,248.5	15,427.5	16,082.5
<b>TOTAL(A+B)</b>	<b>19,886.9</b>	<b>20,759.2</b>	<b>24,363.3</b>	<b>26,665.8</b>	<b>29,803.7</b>	<b>30,501.8</b>	<b>31,035.1</b>	<b>34,620.9</b>	<b>36,542.7</b>	<b>35,873.2</b>

Source: Bank of Ghana

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

	2013				2014				2015	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
<b>A. Banking system</b>	<b>47.6</b>	<b>45.8</b>	<b>52.8</b>	<b>52.4</b>	<b>57.8</b>	<b>55.9</b>	<b>55.0</b>	<b>54.1</b>	<b>53.5</b>	<b>50.7</b>
Bank of Ghana	18.26	17.59	25.33	23.55	33.32	31.53	31.59	26.84	24.65	24.91
Commercial Bank	29.38	28.17	27.52	28.83	24.51	24.36	23.42	27.30	28.87	25.77
<b>B. Nonbank sector</b>	<b>52.4</b>	<b>54.2</b>	<b>47.2</b>	<b>47.6</b>	<b>42.2</b>	<b>44.1</b>	<b>45.0</b>	<b>45.9</b>	<b>46.5</b>	<b>49.3</b>
SSNIT	3.88	3.67	3.19	2.65	2.38	2.17	2.31	4.52	4.04	4.23
Insurance Companies	0.29	0.23	0.16	0.18	0.18	0.18	0.19	0.18	0.21	0.25
NPRA	0.92	0.88	0.30	0.27	0.24	0.00	0.00	0.00	0.00	0.00
Others Holders	47.26	49.45	43.50	44.51	39.37	41.77	42.49	41.16	42.22	44.83
<b>TOTAL(A+B)</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: Bank of Ghana



## 6. Balance of Payments Developments

### 6.1 International Trade and Finance

Ghana's balance of payments for the second quarter of 2015 registered a provisional deficit of US\$757.8 million compared with a deficit of US\$522.4 million recorded in the second quarter of 2014. The increase in the deficit was attributable to worsening of the capital and financial account due to increased outflows in the official and other private capital accounts.

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

	2013 Q2	2014 Q2	2015 Q2	Q2' 2014/15	
				Absolute	% Change
<b>CURRENT ACCOUNT</b>	<b>-1,054.5</b>	<b>-952.4</b>	<b>-422.9</b>	<b>529.5</b>	<b>-55.6</b>
<b>Merchandise Exports (f.o.b.)</b>	<b>3,504.4</b>	<b>3,504.5</b>	<b>2,703.5</b>	<b>-801.0</b>	<b>-22.9</b>
Cocoa beans and products	668.7	689.0	553.5	-135.5	-19.7
Gold	1,235.8	1,065.3	835.7	-229.5	-21.5
Timber products	42.5	50.2	49.6	-0.6	-1.1
Oil	896.5	1,069.9	651.1	-418.8	-39.1
Others (including non-trationals)	660.8	630.1	613.6	-16.5	-2.6
<b>Merchandise Imports (f.o.b.)</b>	<b>-4,515.1</b>	<b>-3,541.2</b>	<b>-3,279.9</b>	<b>261.3</b>	<b>-7.4</b>
Non-oil	-3,622.8	-2,717.8	-2,699.3	18.5	-0.7
Oil	-892.2	-823.4	-580.6	242.8	-29.5
<b>Net export under merchanting</b>			<b>-120.4</b>	<b>-120.4</b>	
Receipts			22.6	22.6	
Payments			-143.0	-143.0	
<b>Trade Balance</b>	<b>-1,010.7</b>	<b>-36.7</b>	<b>-696.7</b>	<b>-660.0</b>	<b>1,797.5</b>
<b>Services (net)</b>	<b>-325.8</b>	<b>-843.3</b>	<b>-228.0</b>	<b>615.3</b>	<b>-73.0</b>
Receipts	640.3	413.1	1,598.2	1,185.1	286.9
Payments	-966.1	-1,256.4	-1,826.1	-569.7	45.3
<b>Income (net)</b>	<b>-275.2</b>	<b>-516.2</b>	<b>-195.9</b>	<b>320.3</b>	<b>-62.1</b>
Receipts	103.2	32.0	166	133.6	417.4
Payments	-378.4	-548.2	-361	186.7	-34.1
<b>Current Transfers (net)</b>	<b>557.2</b>	<b>443.8</b>	<b>697.7</b>	<b>253.8</b>	<b>57.2</b>
Official	16.0	0.0	97.7	97.7	
Private	541.1	443.8	600.0	156.2	35.2
<b>Services, Income and Current Transfer (net)</b>	<b>-43.8</b>	<b>-915.7</b>	<b>273.8</b>	<b>1,189.5</b>	<b>-129.9</b>
<b>CAPITAL &amp; FINANCIAL ACCOUNT</b>	<b>369.1</b>	<b>92.6</b>	<b>-262.6</b>	<b>-355.2</b>	<b>-383.5</b>
<b>Capital Account (net)</b>	<b>0.0</b>	<b>0.0</b>	<b>14.1</b>	<b>14.1</b>	<b>-</b>
Capital Transfers	0.0	0.0	14.1	14.1	-
<b>Financial Account (net)</b>	<b>369.1</b>	<b>92.6</b>	<b>-276.7</b>	<b>-369.3</b>	<b>-398.7</b>
Direct Investments	904.9	829.5	815.9	-13.6	-1.6
Portfolio Investments	-54.9	-8.3	137.6	145.9	-1,764.8
Other Investments	-480.9	-728.6	-1,230.2	-501.6	68.8
Of Which					
Official Capital (net)	9.8	212.5	-17.1	652.4	307.0
Sovereign bond					
Other Private Capital (net)	100.0	-35.0	-357.0	-322.0	919.9
Short-term capital (net)	-448.9	-1,062.1	-909.7	152.4	-14.3
Government Oil Investments (net)	-141.8	156.1	53.6	-102.4	-65.6
<b>ERRORS AND OMISSIONS</b>	<b>139.8</b>	<b>337.3</b>	<b>-72.3</b>	<b>-8.3</b>	<b>-2.5</b>
<b>OVERALL BALANCE</b>	<b>-545.6</b>	<b>-522.4</b>	<b>-757.8</b>	<b>45.5</b>	<b>-8.7</b>
<b>FINANCING</b>	<b>545.6</b>	<b>522.4</b>	<b>757.8</b>	<b>-45.5</b>	<b>-8.7</b>
Changes in International Reserves	545.6	522.4	757.8	-45.5	-8.7
*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 improved from a deficit of US\$952.4 million in the second quarter of 2014 to a deficit of US\$422.9 million in the second quarter of 2015, down by 55.6 per cent. The narrowing in the current account deficit was attributable to gains made in the services, investment income and net unilateral transfer accounts which moderated the impact of the deterioration in the trade balance.

### **6.2.1 Merchandise Trade**

During the period under review, the trade balance deteriorated to a deficit of US\$696.7 million from a deficit of US\$36.7 million recorded in the second quarter of 2014, mainly on account of declining exports receipts driven by a drop in prices of key export commodities, notably gold and oil. In addition, gold and cocoa suffered a decline in volumes exported. Imports also fell on account of decline in oil imports.

## **Merchandise Exports**

The value of merchandise exports for the second quarter of 2015 was estimated at US\$2,703.54 million, indicating a decrease of 22.9 per cent (US\$800.96 million) from US\$3,504.50 million recorded in the same period of 2014. The decrease was attributable to a decline in receipts from all of Ghana's exports except cocoa products.

### ***Gold Exports***

Gold exports during the review period declined to US\$835.72 million from US\$1,065.26 million recorded during the same period in 2014. The fall in receipts was due to both lower volumes and price. The average realized price decreased by 7.1 per cent to settle at US\$1,197.28 per fine ounce while the volume of gold exported decreased by 15.6 per cent to 698,016 fine ounces.

### ***Crude Oil Exports***

Crude oil exports during the review quarter declined to US\$651.12 million from US\$1,069.90 million recorded during the same period in 2014. This was mainly as a result of a huge drop in prices due to the world supply glut. The average realized price of crude oil dropped significantly by 43.9 per cent to US\$61.79 per barrel compared to US\$110.08 per barrel registered for the same period last year. Volume exported however increased by 8.4 per cent to 10,537,719 barrels during the review period.

### ***Cocoa Beans and Products Exports***

Cocoa beans and products exports decreased from US\$688.98 million in the second quarter of 2014 to US\$553.49 million in the second quarter of 2015. Cocoa beans exports fell by 28.1 per cent to US\$363.62 million (US\$505.96 million in 2014Q2). The

decrease was mainly attributable to a fall in volume exported. The volume exported dropped by 42.4 per cent to 118,123 metric tonnes, while average realized price of cocoa increased by 24.7 per cent to US\$3,078.27 per metric tonne. Exports of cocoa products however increased by 3.7 per cent to US\$189.87 million, on account of increases of 2.0 per cent and 1.7 per cent in volume and price respectively.

### ***Timber Products***

Earnings from exports of timber products decreased by 1.1 per cent to US\$49.46 million during the review quarter. Average realized price rose by 8.9 per cent to settle at US\$617.10 per cubic metre but volume decreased by 9.2 per cent to 80,441 cubic metres during the review period.

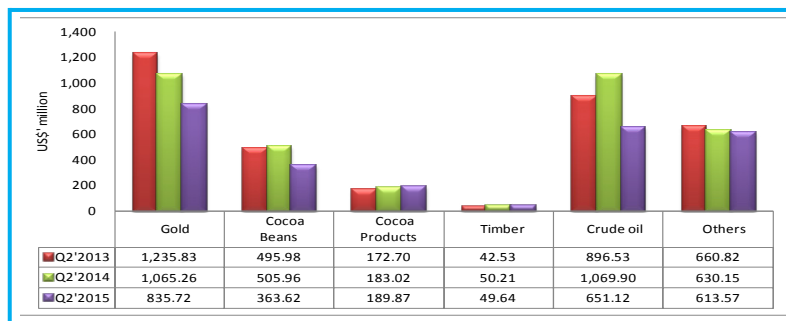
### ***Other Exports***

**Other** exports (including non-traditional exports and other minerals) dropped by 2.6 per cent to US\$613.57 million during the review period.

## **Top Ten Exported Non Traditional Items**

The value of the top ten non-traditional commodities exported during the period under review amounted to US\$296.02 million compared to US\$225.80 million recorded for the same period in 2014. Among the ten top non-traditional items exported include cashew nuts, palm oil and its fractions, prepared or preserved tuna, etc.

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



## **Merchandise Imports**

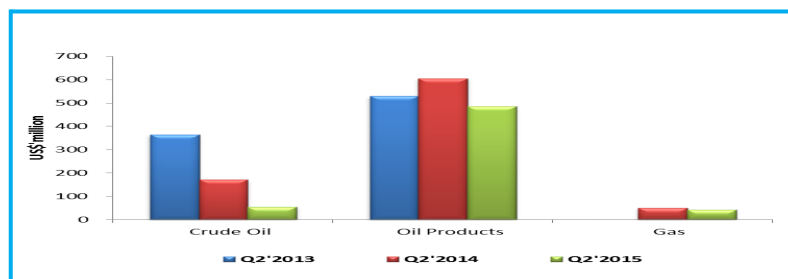
### ***Oil and Gas Imports***

Total value of merchandise imports for the second quarter of 2015 amounted to US\$3,279.88 million, down by 7.4 per cent. The decline in imports was on account of both oil and non-oil imports.

During the second quarter of 2015, oil imports (including crude, gas and refined products) fell by US\$242.87 million (29.5%) to US\$580.58 million from US\$823.45 million recorded in the second

quarter of 2014. Total crude oil imports during the review period dropped from US\$170.66 million in the second quarter of 2014 to US\$54.35 million, on account of 44.0 per cent and 43.1 per cent decline in volume and prices respectively. The main importers were the Volta River Authority (VRA) and Platon Oil Company.

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



### ***Volta River Authority (VRA)***

Imports by VRA decreased significantly from US\$164.97 million in the second quarter of 2014 to US\$50.72 million in the second quarter of 2015. In addition, the VRA imported 4,403,285 MMBTu of gas, worth US\$42.08 million from the West African Gas Company (WAGP) at an average price of US\$9.56 per MMBTu for its operations. This compared with 5,792,250 MMBTu of gas worth US\$49.09 million imported for the same period in 2014.

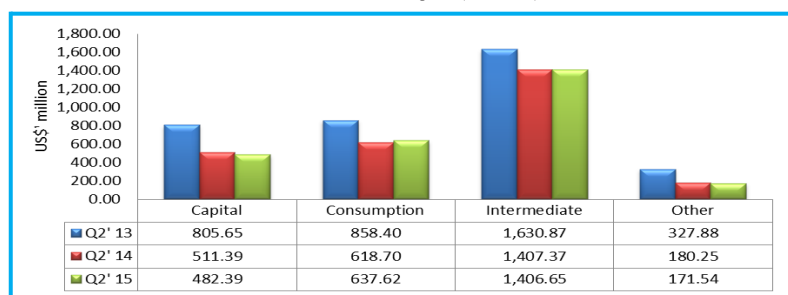
### ***Platon Oil Company***

Crude oil imports by Platon Oil Company was estimated at US\$3.6 million during the review quarter compared to US\$5.0 million recorded in the second quarter of 2014.

### ***Finished Oil Products***

The value of finished oil products imported during the review quarter amounted to US\$484.15 million compared to US\$603.70 million recorded in the same period of 2014. The decrease in value was mainly due to price effect.

Chart 6.3: Non-Oil Imports (2013-2015)



## Non – Oil Imports

The total value of non-oil merchandised imports for the second quarter of 2015 was provisionally estimated at US\$2,699.30 million, down by 0.7 per cent from US\$2,717.82 million recorded in the same period of 2014. The decrease reflected in all the broad economic categories except consumption goods.

### ***Capital Goods Imported***

The value of **capital goods** during the period was US\$482.39 million, down by 5.7 per cent (US\$29.00 million) from the corresponding period in 2014. The fall was attributable to a decline in capital goods except transport.

### ***Consumption Goods Imported***

**Consumption goods** imported, however increased by 3.1 per cent to US\$637.62 million, compared to US\$618.69 million a year ago. This was due to increases in imports of non-durable consumer goods (6.9%) and processed food and beverages, mainly for household consumption (9.3%) which outweighed the decreases in the other sub categories.

### ***Intermediate Goods Imported***

The value of **intermediate goods** imported decreased marginally by 0.04 per cent to US\$1,406.28 million despite accounting for 50.5 per cent of the total imports bill. Sub categories in this classification that recorded lower imports were primary food and beverages for industry; transport equipment- parts and accessories and processed food and beverages, mainly for industry. Processed industrial supplies; capital goods-parts and accessories; and primary industrial supplies recorded increases.

### ***Other Goods Imported***

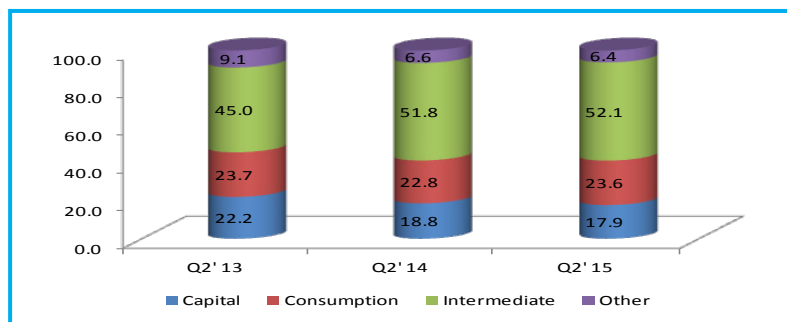
The value of **other goods** imported was US\$171.54 million, which was 4.8 per cent lower than the previous year's level. The period recorded a marginal decline in the importation of passenger cars.

During the quarter, 9,162,167 kWh of electricity, valued at US\$1.10 million, was imported by VRA compared to 848,017kWh, worth US\$0.10 million imported for the same period in 2014.

### ***Relative Shares of Non-Oil Imports Top***

In terms of composition of non-oil imports, the share of other goods (mostly passenger cars) accounted for 6.4 per cent of non-oil imports in the second quarter of 2015. The share of capital goods dropped to 17.9 per cent in the second quarter of 2015. The share of consumer goods picked up slightly to 23.6 per cent, while intermediate goods continued to maintain its dominance, accounting for more than half (52.1%) of non-oil imports during the review period.

Chart 6.4: Relative Shares of Non-Oil Imports by Broad Economic Classification(%)



### Ten Major Non-oil Imports

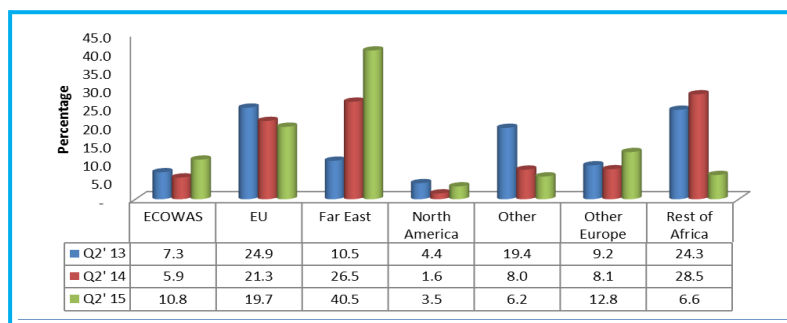
The total value of the top ten non-oil merchandise imports for the second quarter of 2015 amounted to US\$808.76 million compared to US\$705.98 million recorded a year ago. Key items included Motor vehicles for the transport of persons and goods; rice; weedicides, herbicides and fungicides, Insecticides, cement and clinkers; wheat and meslin; frozen fish; palm oil and its fractions etc.

### 6.2.2 Direction of Trade

#### Destination of Exports

During the review period, the Far East received the largest share of Ghana's total exports (40.5%). The other recipients were the European Union (19.7%), Other European countries (12.8%), ECOWAS (10.8%), the Rest of Africa (6.6%), Other Economies (6.2%), and North America (3.5%). There has been a shift in gold exports from South Africa to India and this explains the drop in the share of the Rest of Africa.

Chart 6.5: Destination of Exports (2013Q2-2015Q2)



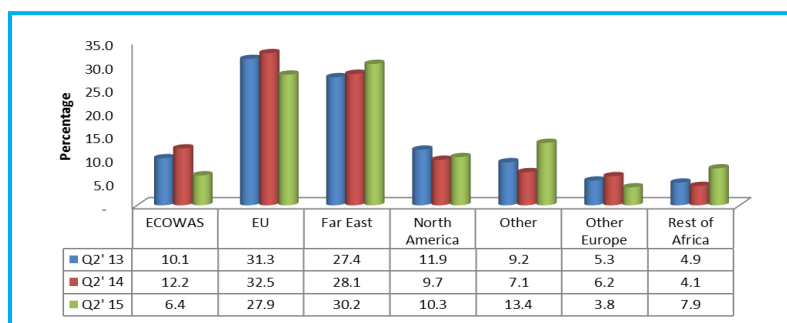
India was the single largest destination of Ghana's exports during the review quarter, representing about 24.4 per cent. Other important markets for Ghanaian exports include: Switzerland (10.5%), China (8.7%), South Africa (6.1%), Netherlands (5.9%), France (5.6%), United Arab Emirates (3.9%), Mali (3.7%) and USA (3.2%).

## Origin of Imports

In terms of geographical distribution, the Far East emerged as the leading source of imports, accounting for 30.0 per cent of the total non-oil imports. The European Union followed with a share of 27.9 per cent, Other (13.4%), North America (10.3%), Rest of Africa (7.8%), ECOWAS (6.3%) and Other Europe (3.8%).

China was the leading source of Ghana's imports with a share of 14.1 per cent of total imports. Other major sources of imports were United States (7.9%), Netherlands (6.9%), South Africa (5.9%), Belgium (4.8%), India (4.2%), United Kingdom (4.0%), United Arab Emirate (2.6 %), and Spain (2.5%).

Chart 6.6: Origin of Imports Q2 (2013-2015)



## 6.3 Services, Income and Transfers Account

During the period under review, the Services, Income and Unilateral transfers' account recorded a surplus of US\$201.57 million compared to a deficit of US\$915.67 million in the second quarter of 2014. The period saw an improvement in net positions of all the three components namely services, income and transfers. The Services account improved to a net outflow position of US\$228.0 million on the back of decline in outflows in respect of Other Services. Outflows of income declined from US\$516.19 million in the second quarter of 2014 to US\$195.88 million in the second quarter of 2015. Current transfers, mostly private remittances also increased from US\$443.83 million at the end of the second quarter of 2014 to US\$697.66 million at the end of the second quarter of 2015.

## 6.4 Capital and Financial Account

The surplus on the capital and financial account increased from the surplus of US\$92.64 million in the second quarter of 2014 to a deficit US\$96.50 million in the second quarter of 2015. This was attributable to significant reduction in other investment and short-term capital in the financial account during the review period.

### *Capital Account*

The capital account received transfers totalling US\$14.10 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\$92.64 million to a deficit of US\$276.73 million. This development was the result of increased outflows from the 'Other Investments' account during the review period. This was moderated by portfolio investment inflows.

### *Foreign Direct Investments*

During the second quarter of 2015, **foreign direct investments** into Ghana by non-residents decreased by 1.6 per cent year-on-year to US\$815.90 million.

### *Portfolio Investments*

**Portfolio investments** inflows, primarily made up of investments in Government of Ghana bonds purchased by non-residents was US\$137.59 million in the second quarter of 2015, compared to a net outflow of US\$8.26 million recorded in the second quarter of 2014.

### *'Other Investments' Account*

The '**other investments**' account worsened by US\$501.62 million from a net payment position of US\$728.58 million in the second quarter of 2014 to a net payment of US\$1,230.20 million in the second quarter of 2015 on the back of net payments from the **official capital** account, **private capital** and **short-term (monetary) capital** and a decline in **government oil investments** during the quarter under review.

**Official capital** declined from an inflow of US\$212.51 million in the second quarter of 2014 to a net outflow position of US\$17.12 million during the review quarter, as a result of a decrease in project loans and grants disbursement and increased amortisation.

**Net Other Private Capital** outflow (payments) increased from US\$35.00 million to US\$356.97 million on account of increased amortization of private debt. **Short-term capital** payments improved from a net outflow of US\$1,062.14 million to an outflow



of US\$909.74 million, partly due to a decline in oil trade payments.

**Government oil investments** during the period were US\$53.63 million compared to US\$156.05 million in the second quarter of 2014.

## 6.5 International Reserves

The stock of net international reserves (NIR) at the end of June 2015 was estimated at US\$1,593.11 million; indicating a drawdown of US\$1,606.57 million from a stock position of US\$3,199.48 million at the end of December 2014.

Gross financial assets decreased by US\$921.31 million (16.87%) to US\$4,539.70 million at the end of June 2015 from a level of US\$5,461.01 million at the end of December 2014. This level of reserves was enough to provide cover for 2.9 months of imports compared to 3.0 and 3.8 months of imports cover at the end of June 2014 and December 2014 respectively.

Chart 6.7: Gross Financial Assets (US\$' million)

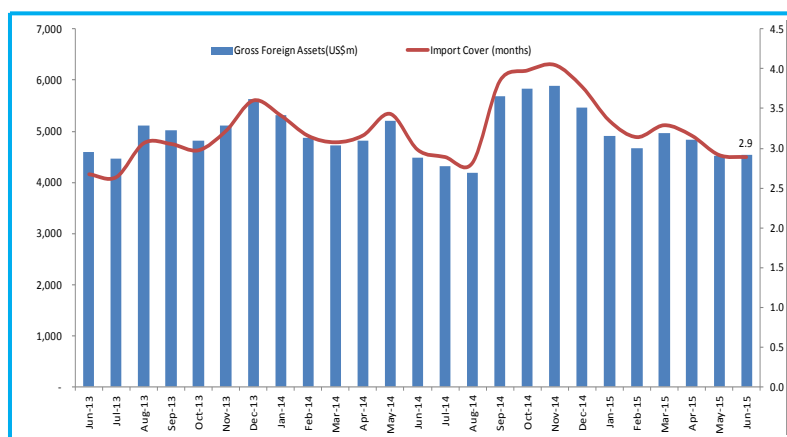


Table 6.2: Developments in Current Account (US\$' M): 2013-2015

	Q1'2013	Q1'2014	Q1'2015	% Change Q1'2014/15
Current Account Balance	-1,054.5	-952.4	-422.9	-55.6
Trade Balance	-1,010.7	-36.7	-696.7	1,797.5
Services Balance	-325.8	-843.3	-228.0	-73.0
Investment income Balance	-275.2	-516	-195.9	-62.1
Net Unilateral Transfers	557.2	443.8	697.7	57.2

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

Apr - Jun 2014			Apr - Jun 2015		
Description	US\$'M	% Distr.	Description	US\$'M	% Distr.
Cashew nuts	84.9	37.6	Cashew nuts	96.72	32.67
Prepared or preserved tuna	35.94	15.92	Prepared or preserved tuna	54.93	18.56
Tableware, kitchenware, other household articles	21.94	9.72	Palm oil and its fractions	39.56	13.36
Iron/Steel tanks, casks, drums, cans	13.55	6	Palm kernel or babassu oil	19.93	6.73
Prefabricated buildings	13.41	5.94	Plywood and veneered panels	17.34	5.86
Other fresh fruit	11.94	5.29	Tableware, kitchenware, other household articles	16.32	5.51
Palm oil and its fractions	11.78	5.22	Other fresh fruit	16.03	5.42
Sesamum seeds	11.48	5.08	Shea oil and fractions	13.29	4.49
Spirits and distilled alcoholic beverages	10.99	4.87	Medium oils, kerosine type jet fuel	11.46	3.87
Oil-cake and other solid residues of palm and kernels	9.87	4.37	Aluminium, not alloyed	10.44	3.53
<b>Grand Total</b>	<b>225.8</b>	<b>100.0</b>		<b>296</b>	<b>100.0</b>

Table 6.4: Crude Oil Imports 2014-2015

	Q2 - 2014				Q2 - 2015			
	CENIT	TOR	PLATON	VRA	CENIT	TOR	PLATON	VRA
<b>Value (US\$' M)</b>	<b>0</b>	<b>0.72</b>	<b>4.97</b>	<b>164.97</b>	<b>0</b>	<b>0</b>	<b>3.63</b>	<b>50.72</b>
<b>Volume (barrels)</b>	<b>0</b>	<b>6,185</b>	<b>45,071</b>	<b>1,419,409</b>	<b>0</b>	<b>0</b>	<b>57072.08</b>	<b>740561</b>
<b>Price</b>	<b>-</b>	<b>116.50</b>	<b>110.27</b>	<b>116.22</b>	<b>-</b>	<b>-</b>	<b>63.60</b>	<b>68.49</b>

Table 6.5: Top Ten Imported Non-Oil Goods: (Apr - Jun, 2014/2015)

Apr - Jun 2014			Apr - Jun 2015		
Description	US\$'M (fob)	% Distr.	Description	US\$'M (fob)	% Distr.
<b>Capital</b>	<b>118.69</b>	<b>16.81</b>	<b>Capital</b>	<b>58.87</b>	<b>6.91</b>
Motor vehicles for the transport of goods, n.e.s.	70.01	9.92	Motor vehicles for the transport of goods	55.87	6.91
Transformers, power handling capacity 16-500kva	48.69	6.90	<b>Consumption</b>	<b>255.11</b>	<b>31.54</b>
<b>Consumption</b>	<b>218.89</b>	<b>31.00</b>	Rice	100.3	12.4
Weedicides, herbicides and fungicides	76.60	10.85	Weedicides, herbicides and fungicides	95.04	11.75
Frozen Fish	65.07	9.22	Frozen fish	59.78	7.39
Rice	41.36	5.86	<b>Intermediate</b>	<b>276.74</b>	<b>34.22</b>
Sugar	35.85	5.08	Cement clinkers	77.48	9.58
<b>Intermediate</b>	<b>202.27</b>	<b>28.65</b>	Wheat and meslin	61.41	7.59
Palm oil and its fractions	75.21	10.65	Palm oil and its fractions	56.23	6.95
Wheat and meslin	66.65	9.44	Butane, liquified	46.24	5.72
Cement clinkers	60.41	8.56	Polyethylene	35.38	4.37
<b>Other</b>	<b>166.14</b>	<b>23.53</b>	<b>Other</b>	<b>221.03</b>	<b>27.33</b>
Motor vehicles for the transport of persons	166.14	23.53	Motor vehicles for the transport of persons	221.03	27.33
<b>Grand Total</b>	<b>705.98</b>	<b>100.0</b>	<b>Grand Total</b>	<b>808.76</b>	<b>100.0</b>

Table 6.6: Services, Income and Current Transfers' Account (US\$' millions), Q2'2013-Q2'2015

	Q2'2013	Q2'2014	Q2'2015 prov.	Q2'2014/15	
				Abs.	%change
<b>Services (net)</b>	<b>-325.82</b>	<b>-843.31</b>	<b>-227.96</b>	<b>615.35</b>	<b>-72.97</b>
Freight and Insurance	-263.36	-180.35	-191.98	-11.62	6.45
Other Services	-62.45	-662.96	-35.98	626.98	-94.57
<b>Income (net)</b>	<b>-275.16</b>	<b>-516.19</b>	<b>-195.88</b>	<b>320.30</b>	<b>-62.05</b>
<b>Current Transfers (net)</b>	<b>557.15</b>	<b>443.83</b>	<b>697.66</b>	<b>253.83</b>	<b>57.19</b>
Official	16.04	0.00	97.66	97.66	
Private	541.11	443.83	600.00	156.17	35.19
<b>Services, Income and Current Transfers (net)</b>	<b>-43.82</b>	<b>-915.67</b>	<b>273.81</b>	<b>1,189.49</b>	<b>-129.90</b>

Table 6.7: Capital and Financial Account (US\$ millions), Q2'2013 - Q2'2015

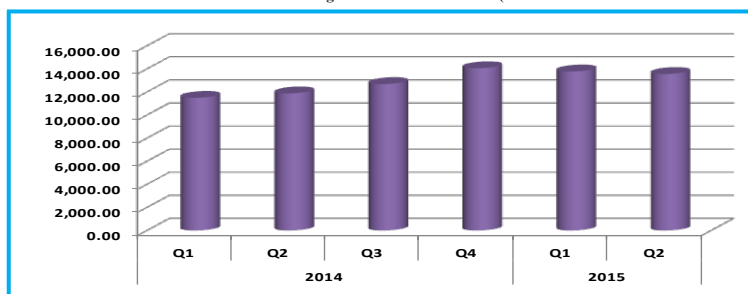
	Q2'2013	Q2'2014	Q2'2015 prov.	Q2'2014/15	
				Abs.	%change
<b>Capital and Financial Accounts</b>	<b>369.11</b>	<b>92.64</b>	<b>-262.63</b>	<b>-355.28</b>	<b>-383.49</b>
Capital transfers	0.00	0.00	14.10	14.10	
<b>Financial Account</b>	<b>369.11</b>	<b>92.64</b>	<b>-276.73</b>	<b>-369.38</b>	<b>-398.70</b>
Foreign Direct Investments	904.91	829.49	815.87	-13.61	-1.64
Portfolio Investments	-54.93	-8.26	137.59	145.85	-1,764.76
Other Investments	-480.87	-728.58	-1,230.20	-501.62	68.85
Official	9.80	212.51	-17.12	-229.63	-108.05
Disbursements	98.30	368.67	148.95	-219.72	-59.60
Amortisation	-88.50	-156.16	-166.07	-9.91	
Private	100.00	-35.00	-356.97	-321.97	919.91
Disbursements	250.00	10.00	2.11	-37.89	-94.73
Amortisation	-150.00	-75.00	-359.08	-284.08	378.77
Short-term	-448.89	-1,062.14	-909.74	152.40	-14.35
Non-Monetary	-774.89	-986.03	-698.07	287.96	-29.20
Monetary	326.00	-76.12	-211.67	-135.56	178.09
Government Oil Investments	-141.78	156.05	53.63	-102.42	-65.63
Inflow	0.00	176.49	53.63	-122.86	0.00
Outflow	-141.78	-20.44	0.00	20.44	-100.00

## 7. External Debt

### 7.1 Debt Stock

Ghana's Public and Publicly-Guaranteed external debt stock was estimated at US\$13,552.65 million at the end of June 2015. This showed a decline of US\$230.30 million (1.59%) from US\$13,772.95 million registered at the end of the previous quarter and a decline of US\$498.88 million (3.68%) from US\$14,051.53 million recorded at the end of 2014. The fall in the stock of debt during the review period was on account of the effect of fiscal consolidation. Ghana's outstanding external debt represented 36.5 per cent of estimated Gross Domestic Product (GDP) at the end of the second quarter of 2015.

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



#### 7.1.1 Composition of External Debt by Creditors

Debt holdings by creditors, generally declined during the review quarter, due to net repayments. During the review period, multilateral debt amounted to US\$4,735.65 million, down by 1.6 per cent from US\$4,787.14 million recorded in the first quarter of 2015. Similarly, debt owed to bilateral creditors declined from US\$4,040.86 million at the end of March 2015 to US\$4,027.99 million at the end of June 2015, showing a decrease of US\$12.87 million (0.32%). Commercial debt, including the various Sovereign Bond issuances also decreased from US\$4,944.95 million at the end of March 2015 to US\$4,789.01 million at the end of June 2015, due in part to net repayments on the debt.

During the review quarter, multilateral debt owed to the International Financial Institutions (IFIs) declined by US\$51.49 million (1.8%) from US\$4,787.14 million recorded at the end of the first quarter of 2015 to US\$4,735.65 million.

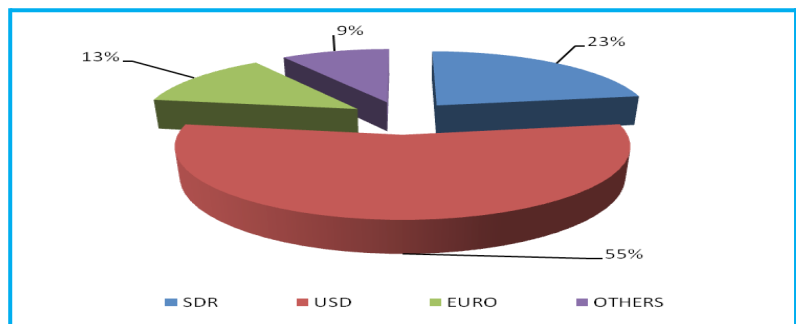
Table 7.1: External Debt Stock by Borrower Category (US\$ million)

Creditor Category	2014				2015*	
	Q1	Q2	Q3	Q4	Q1	Q2
<b>Total External Debt</b>	<b>11,488.88</b>	<b>11,876.42</b>	<b>12,678.62</b>	<b>14,051.53</b>	<b>13,772.95</b>	<b>13,552.65</b>
<b>Multilateral Creditors</b>	<b>4,513.63</b>	<b>4,566.08</b>	<b>4,543.77</b>	<b>4,900.73</b>	<b>4,787.14</b>	<b>4,735.65</b>
<i>of which</i> : IDA	2,845.75	2,908.58	2,922.95	2,941.49	2,942.66	2,864.24
IMF	674.23	661.09	633.12	605.12	567.65	576.01
<b>Bilateral Creditors</b>	<b>3,557.24</b>	<b>3,743.93</b>	<b>3,660.08</b>	<b>4,191.66</b>	<b>4,040.86</b>	<b>4,027.99</b>
<i>of which</i> : Paris Club	647.39	708.55	668.99	682.00	609.16	632.65
Non-Paris Club	463.61	449.34	457.62	458.43	449.91	426.59
Export Credit	1,135.84	1,209.36	1,144.02	1,154.51	1,110.28	1,110.86
Other concessional	1,310.40	1,376.68	1,389.46	1,896.72	1,871.51	1,857.89
<b>Commercial Creditors</b>	<b>3,418.02</b>	<b>3,566.42</b>	<b>4,474.77</b>	<b>4,959.14</b>	<b>4,944.95</b>	<b>4,789.01</b>
<i>of which</i> :						
<b>International Capital Market</b>	<b>1,530.51</b>	<b>1,530.51</b>	<b>2,530.51</b>	<b>2,530.51</b>	<b>2,530.51</b>	<b>2,530.51</b>

## 7.2 Currency Composition of Debt Stock

At the end of the second quarter of 2015, the United States dollar dominated the currency composition of the debt portfolio, followed by the Special Drawing Right (SDR), and the Euro. The US dollar accounted for 54.80 per cent of the portfolio, while the SDR and the Euro accounted for 22.59 per cent and 13.04 per cent respectively. The residual 9.58 per cent of the debt was held in miscellaneous currencies (including the pound sterling, the Japanese Yen, and the Chinese Yuan).

Chart 7.2: Currency Composition of External Debt Stock (2015Q2)



## 7.3 Debt Service Payments

Government external debt service made through Bank of Ghana from April to June 2015 totalled US\$253.73 million, compared with US\$375.33 million made in the first quarter of 2015, and

US\$227.72 million recorded in the corresponding quarter of 2014. The payments in the review quarter were made up of principal repayments of US\$159.07 million and interest payments of US\$94.66 million.

In terms of creditor groups, bilateral creditors received total payments of US\$94.41 million, made up of principal repayment of US\$50.20 million and interest payment of US\$44.21 million. Commercial creditors also received a total of US\$97.49 million, of which principal repayment was US\$83.98 million and interest payment of US\$13.51 million. Multilateral creditors received a total payment of US\$12.69 million, made up of principal repayment of US\$6.35 million and interest payment of US\$6.34 million.

In the corresponding quarter of 2014, a total amount of US\$227.72 million was expended in servicing debt. Of that amount, bilateral creditors were paid US\$59.09 million, commercial creditors were paid US\$112.54 million, and multilateral creditors received US\$16.11 million.

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

	Q2-2014			Q1-2015			Q2-2015		
	Prin	Int	Total	Prin	Int	Total	Prin	Int	Total
<b>Total</b>	<b>147.72</b>	<b>79.40</b>	<b>227.72</b>	<b>142.42</b>	<b>232.91</b>	<b>375.33</b>	<b>159.07</b>	<b>94.66</b>	<b>253.73</b>
<b>Multilateral Creditors</b>	<b>8.44</b>	<b>7.67</b>	<b>16.11</b>	<b>13.76</b>	<b>12.30</b>	<b>26.06</b>	<b>6.35</b>	<b>6.34</b>	<b>12.69</b>
IDA	1.83	4.51	6.34	7.49	8.42	15.91	1.90	3.42	5.32
ADB / ADF	1.14	1.43	2.57	0.97	2.31	3.28	1.63	1.76	3.39
Others	5.47	1.73	7.20	5.30	1.57	6.87	2.82	1.16	3.98
<b>Bilateral Creditors</b>	<b>47.71</b>	<b>11.38</b>	<b>59.09</b>	<b>22.64</b>	<b>11.75</b>	<b>34.39</b>	<b>50.20</b>	<b>44.21</b>	<b>94.41</b>
Paris Club	36.79	10.31	47.10	8.16	5.66	13.82	6.86	38.53	45.39
Non-Paris Club	10.92	1.07	11.99	14.48	6.09	20.57	43.34	5.68	49.02
<b>Commercial Creditors</b>	<b>91.57</b>	<b>20.97</b>	<b>112.54</b>	<b>106.02</b>	<b>169.48</b>	<b>275.50</b>	<b>83.98</b>	<b>13.51</b>	<b>97.49</b>
<b>Sovereign Bond</b>	<b>0.00</b>	<b>39.38</b>	<b>39.38</b>	<b>0.00</b>	<b>39.38</b>	<b>39.38</b>	<b>18.54</b>	<b>30.60</b>	<b>49.14</b>

## 8. The Rural Banking Sector

### 8.1 Performance of RCBs

The performance of the rural/community banks (RCBs) improved during the second quarter of 2015.

#### *Assets*

Total assets of RCBs at the end of the second quarter of 2015 stood at GH¢2,263.0 million, up by 5.27 per cent from GH¢2,149.7 million in the preceding quarter of 2014. On year-on-year basis, total asset grew by 19.4 per cent in 2015. However, the share of total assets of RCBs in the banking system was 3.7 per cent at the end of the review quarter, a decline from 4.2 per cent recorded in the corresponding quarter of 2014.

#### *Deposits*

Deposit mobilisation by the RCBs continued to improve in the review quarter. Total deposits of RCBs amounted to GH¢1,735.9 million at the end of the second quarter of 2015, from GH¢1,636.6 million recorded at the end of the previous quarter and GH¢1,411.4 million registered at the end of the corresponding quarter of 2014. The level of RCBs deposits at the end of the review quarter constituted 4.8 per cent of total deposits of the banking system, compared with the share of 5.0 per cent in the previous quarter and 5.3 per cent at the end of the corresponding quarter of 2014.

#### *Loans and Advances*

Loans and advances made by RCBs stood at GH¢823.8 million in the review quarter, indicating an increase of 3.4 per cent from GH¢796.90 million recorded at the end of previous quarter and 11.9 per cent from GH¢736.3 million recorded at the end of the second quarter of 2014.

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

	2013	2014				2015		Variation (2014-2015, %)	
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q-O-Q	Y-on-Y
<b>Assets</b>									
Cash Holdings & Balances with Banks	269.12	251.10	246.48	269.85	317.19	286.31	317.64	10.94	28.87
Bills and Bonds	533.23	558.57	564.36	546.01	652.20	683.77	712.94	4.27	26.33
Loans and Advances	716.98	715.63	736.25	778.12	794.31	796.86	823.80	3.38	11.89
Other Assets	330.20	339.26	347.85	345.58	357.78	382.74	408.62	6.67	17.47
<b>Total Assets</b>	<b>1,849.54</b>	<b>1,864.55</b>	<b>1,894.95</b>	<b>1,939.56</b>	<b>2,121.48</b>	<b>2,149.70</b>	<b>2,263.01</b>	5.27	19.42
<b>Liabilities</b>									
Total Deposits	1,369.86	1,402.28	1,411.37	1,448.35	1,625.36	1,636.60	1,735.87	6.07	22.99
Shareholders' Funds	246.25	255.46	266.53	277.38	286.29	225.50	304.97	35.24	14.42
Other Liabilities	233.43	206.80	216.64	213.42	209.83	145.80	221.76	52.10	2.36
<b>Total Liabilities</b>	<b>1,849.54</b>	<b>1,864.55</b>	<b>1,894.95</b>	<b>1,939.56</b>	<b>2,121.48</b>	<b>2,149.70</b>	<b>2,263.01</b>	5.27	19.42
<b>No. of Reporting Banks</b>	140	140	140	140	140	139	140		

\* Provisional

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

	2014								2015	
	Q2		Q3		Q4		Q1		Q2	
	GH¢' M	% Share	GH¢' M	% Share	GH¢' M	% Share	GH¢' M	% Share	GH¢' M	% Share
Commercial Banks	43,718.7	95.8	47,583.1	96.1	49,821.1	95.9	54,454.0	96.2	58,293.2	96.3
Rural Banks	1,895.0	4.2	1,939.6	3.9	2,121.5	4.1	2,149.7	3.8	2,263.0	3.7
<b>Total</b>	45,613.6	100.0	49,522.6	100.0	51,942.5	100.0	56,603.7	100.0	60,556.2	100.0

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

	2014								2015	
	Q2		Q3		Q4		Q1		Q2	
	GH¢' M	% Share	GH¢' M	% Share	GH¢' M	% Share	GH¢' M	% Share	GH¢' M	% Share
Commercial Banks	25,014.8	94.7	25,988.5	94.7	29,177.9	94.7	31,142.6	95.0	34,189.6	95.2
Rural Banks	1,411.4	5.3	1,448.4	5.3	1,625.4	5.3	1,636.6	5.0	1,735.9	4.8
<b>Total</b>	26,426.2	100.0	27,436.9	100.0	30,803.3	100.0	32,779.2	100.0	35,925.5	100.0



