

BANK OF GHANA



QUARTERLY BULLETIN

July –September 2017

Contents

Overview	5
1. Developments in the World Economy	9
2. Real Sector Developments	12
2.1 Indicators of Economic Activity	12
2.2 Labour Market Conditions	16
3. Price Developments	18
3.1 Global Inflation	18
3.2 Domestic Inflation	20
3.3 Outlook for Inflation	20
4. Money and Financial Markets	23
4.1 Broad Money Supply	23
4.2 Sources of Change in M2+	25
4.3 Developments in Banks Credit	26
4.4 Sources and Uses of Banks' Funds	28
4.5 The Money Market	29
4.6 Currency Markets	34
4.7 The Stock Market	38
5. Fiscal Developments	42
5.1 Government Revenue	43
5.2 Government Expenditures	45
5.3 Financing	47
5.4 Domestic Debt	49
6. Balance of Payments Developments	51
6.1 International Trade and Finance	51
6.2 The Current Account	52
6.3 Services, Income and Transfers Account	57
6.4 Capital and Financial Account	57
6.5 International Reserves	58
7. External Debt	62
7.1 Debt Stock	62
7.2 Debt Service Payments	63
8. The Rural Banking Sector	65
8.1 Performance of RCBs	65

List of Tables

Table 1.1: World Economic Indicators	9
Table 3.1: Headline and Major Sub-Groups (%)	22
Table 3.2: Food and Non-Food Contribution to inflation (%)	22
Table 4.1: Monetary Indicators (GH¢ million)	24
Table 4.2: Sectoral Distribution of DMBs' Outstanding Credit (GH¢ million)	26
Table 4.3: Sources and Uses of Banks' Funds (GH¢ million)	29
Table 4.4: International Market Exchange Rate Movement	35
Table 4.5: Interbank Market Exchange Rate Movements	36
Table 4.6: Forex Bureaux Exchange Rate Movements	36
Table 4.7: Foreign Exchange Transaction Market (US\$ million)	37
Table 4.8: Sectors Contribution to the Growth in GSE-CI	39
Table 4.9: Top Ten Trades in Volume and Value	41
Table 4.10: Sectors Contribution to Market Capitalization	41
Table 5.1: Fiscal Indicators (GH¢ million)	42
Table 5.2: Government Revenue (GH¢ million)	44
Table 5.3: Government Expenditure (GH¢ million)	46
Table 5.4: Government Financing (GH¢ million)	48
Table 5.5: Stock of Domestic Debt (GH¢ million)	49
Table 5.6: Holdings of Domestic Debt (GH¢ million)	50
Table 5.7: Holdings of Domestic Debt (Per cent of Total)	50
Table 6.1: Balance of Payments (US\$ million)	51
Table 6.2: Developments in Current Account (US\$ million)	59
Table 6.3: Top Ten Exported Non –Traditional Exports	60
Table 6.4: Top Ten Imported Non-Oil Goods	60
Table 6.5: Service, Income and Current Transfers' Account (US\$ million)	60
Table 6.6: Capital and Financial Account (US\$ million)	61
Table 7.1: External Debt Stock by Borrower Category (US\$ million)	63
Table 7.2: Payment of Government and Government-Guaranteed Debt by creditor	64
Table 8.1: Consolidated Assets and Liabilities of Rural/Community Banks (GH¢ Million)	65
Table 8.2: Proportion of RCBs' Total Assets of the Banking System (GH¢ million)	65
Table 8.3: Proportion of RCBs' Deposits of the Banking System (GH¢ million)	65

List of Charts

Chart 2.1: Retail Sales and Domestic VAT (GHC' million)	12
Chart 2.2: SSNIT Contributions (GHC' million).....	13
Chart 2.3: Income & Corporate Tax Collection (GHC' million)	13
Chart 2.4: Quarterly Trends in Cement Production (tonnes)	14
Chart 2.5: Quarterly Trends in Vehicle Registration.....	14
Chart 2.6: Industrial Electricity Consumption	15
Chart 2.7: Trends in Tourist Arrivals.....	15
Chart 2.8: Trends in Advertised Job Vacancies	17
Chart 3.1: Inflation trends in advanced economies.....	18
Chart 3.2: Inflation trends in emerging markets	19
Chart 3.3: Inflation trends in developing countries.....	19
Chart 3.4: Trends in Inflation	21
Chart 3.5: Major Contributors to Inflation	21
Chart 4.1: Inflation and Liquidity (%)	24
Chart 4.2: Sectoral Allocation of Annual Credit to the Private Sector	27
Chart 4.3: Growth Rate of Annual Flow of Credit to the Private Sector by Borrower	27
Chart 4.4: Yield Curves (%).....	31
Chart 4.5: Interest Rate Spread.....	31
Chart 4.6: Money Market Rate	33
Chart 4.7: Analysis of Tender Results.....	33
Chart 4.8: GSE-CI Changes	38
Chart 4.9: GSE-CI (Y-O-Y) Change.....	38
Chart 4.10: Changes in Share Prices	39
Chart 4.11: Volume Traded	40
Chart 6.1: Developments in Merchandise Exports (US\$' million)	53
Chart 6.2: Developments in Merchandise Imports (US\$' million)	54
Chart 6.3: Non-Oil Imports	54
Chart 6.4: Relative shares of Non-Oil Imports by Broad Economic Classification (%)	55
Chart 6.5: Destination of Exports.....	56
Chart 6.6: Origin of Imports	58
Chart 6.7: Gross International Reserves (US\$' million)	59
Chart 7.1: Outstanding Stock of External Debt (US\$' million)	62

Overview

Introduction

This Economic report highlights developments in the global and domestic economies for the third quarter of 2017. 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

Global growth gained further momentum in the third quarter of 2017 supported by strong domestic demand growth in advanced economies and China, improved performance in other large emerging market economies on the back of pickup in investment spending, strengthening consumer and business confidence, as well as trade. The outlook is for higher global growth at the end of 2017 and in 2018, reflected in the Purchasing Managers' Indices which points to sustained improvement in the outlook for the manufacturing and service sectors as well as strong consumer confidence indices for the advanced economies. In emerging market economies, the quarterly PMI increased in China and rose marginally in Brazil, but declined in Russia and India.

The Domestic Economy

Real Sector Performance

Developments in some selected real sector indicators showed improvements in economic activity in the third quarter of 2017 compared with trends observed during the same period in 2016. Economic indicators such as consumer spending and construction sector activities improved during the review period.

Inflation

Headline inflation inched up to 12.2 per cent at the end of the third quarter of 2017, from 12.1 per cent recorded at the end of the previous quarter underpinned by developments in both food and non-food inflation. Food inflation picked up to 8.1 per cent from 6.2 per cent but non-food inflation declined to 14.1 per cent from 15.1 per cent at the end of the second quarter of 2017.

Government Budgetary Operation

The budget recorded an overall deficit of GH¢2,422.43 million (1.2% of GDP) in the third quarter of 2017. The deficit together with a net foreign loan repayments of GH¢295.18 million created a resource gap of GH¢1,968.91 million which was financed from the domestic economy. There was also a drawdown of GH¢824.36 million on the Ghana Petroleum Funds together with making repayments on domestic loans to the tune of GH¢75.67 million.

Money Aggregates

Government expenditure (including net lending) in the third quarter of 2017 amounted to GH¢12,736.43 million (6.3% of GDP) compared with a target of GH¢12,894.91 million (6.38% of GDP) and GH¢12,801.80 million (7.65% of GDP) recorded during the corresponding quarter of 2016. The deficit together with a net foreign loan repayments of GH¢295.18 million created a resource gap of GH¢1,968.91 million which was financed from the domestic economy. There was also a drawdown of GH¢824.36 million on the Ghana Petroleum Funds together with making repayments on domestic loans to the tune of GH¢75.67 million.

Broad money supply in the third quarter of 2017 reflected a decrease in the annual growth rate of broad money supply (M2+) on year-on-year basis from 22.3 per cent (GH¢8,818.4 million) in the third quarter of 2016 to 20.0 per cent (GH¢9,665.8 million) in the same period in 2017. Broad money supply, including foreign currency deposits (M2+), stood at GH¢58,010.4 million compared with GH¢48,344.7 million and GH¢59,903.9 million realised at the end of the third quarter and second quarter of 2016 and 2017 respectively. The slowdown observed in the growth of M2+ during the review period mainly reflected a significant decrease in the growth in Net Domestic Assets (NDA) moderated by an increase in the growth in Net Foreign Assets (NFA). Net Domestic Assets (NDA) at the end of the third quarter of 2017 decreased significantly to -0.7 per cent (GH¢-292.2 million) from 12.9 per cent (GH¢4,598.6 million) realised same period in 2016. The NFA however recorded an increased growth of 124.4 per cent (GH¢9,958.0 million) from 111.4 per cent (GH¢4,219.9 million) recorded at the end of the third quarter of 2016. This was still higher than the 111.21 per cent (GH¢10,224.2 million) and -39.72 per cent (GH¢-2,495.3 million) attained in the second quarter of 2017 and third quarter of 2015 respectively.

Banking Sector Credit

The annual growth in banks' outstanding credit to the public and private institutions during the third quarter of 2017 indicated a downward trend when compared with the same period in 2016 and second quarter of 2017. The nominal annual growth rate of banks' outstanding credit declined significantly from 17.4 per cent (GH¢5,009.9 million) in the third quarter of 2016 to 3.2 per cent (GH¢1,065.0 million) during the third quarter of 2017 compared with 16.2 per cent (GH¢5,231.7 million) in the second quarter of 2017. At the end of the third quarter of 2017, total outstanding credit stood at GH¢34,805.6 million compared with GH¢33,740.6 million recorded in the same period in 2016. This was lower than the GH¢37,595.8 million recorded in the second quarter of 2017. In real terms, credit from the banks declined to -8.1 per cent as at end of the third quarter in 2017 on a year-on-year basis from 0.2 per cent recorded for the corresponding period in 2016.

Exchange Rates

The demand for foreign exchange on the domestic currency was higher than the inflows and therefore affected the Ghana cedi to depreciate in the third quarter of 2017. In the Inter-Bank Market, the Ghana cedi continue to depreciate against the major currencies. The cedi depreciated by 0.7 per cent, 3.9 per cent and 4.2 per cent against the US Dollar, the Pound sterling and the Euro respectively. Developments in the forex bureau the Ghana cedi depreciated by 4.9 per cent and 5.9 per cent against the pound sterling and the euro respectively but remained the same with the US dollar.

Interest Rates

The developments in interest rates on the money market for quarter three of 2017 continued its downward trend. The Monetary Policy Committee (MPC) further reduced the Monetary Policy Rate (MPR) by 500 basis points year-on-year to 21.00 per cent during the third quarter of 2017 from 26.00 per cent in the third quarter of 2016. The 91-day and 182-day T-bills' rates decreased significantly by 968 bps and 1062 bps respectively, year-on-year, to settle at 13.19 per cent and 14.08 per cent. The interbank weighted average interest rate decreased by 457 bps, year-on-year, from 25.51 per cent recorded at the end of Q3:2016 to 20.94 per cent at the end of Q3:2017. The average base rate of the DMBs decreased by 282 bps, year-on-year, from 26.46 per cent in Q3:2016 to 23.64 per cent recorded in Q3:2017.

Capital Market

Activity on the Ghana Stock Exchange (GSE) Q3:2017 started on a strong note in July 2017. After recording the highest monthly growth of 14.9 per cent (292.2 points), since March 2013, in July 2017, the performance of the exchange dipped to 5.9 per cent (132.2 points) and -2.6 per cent (-62.9 points) in August and September 2017 respectively. The poor performance on the market was reported to be on account of significant selling pressure on some major equities.

External Sector Developments

The current account deficit worsened from US\$869.2 million in the third quarter of 2016 to US\$1,009.5 million in Q3:2017, up by 16.1 per cent. The widening current account deficit was influenced by higher outflows recorded in the investment income and services accounts during the quarter under review.

The value of merchandise exports for the third quarter of 2017 was estimated at US\$2,834.1 million, indicating a slight decrease of US\$37.5 million compared with US\$2,871.6 million recorded in the same period in 2016. The decrease was attributable to a lower export proceeds recorded from the exports of gold, cocoa beans and timber. Total value of merchandise imports for the third quarter of 2017 amounted to US\$3,240.9 million, down by 1.4 per cent or US\$47.2 million from the third quarter of 2016. The decline in imports was attributable to a lower level of oil imports.

The trade balance recorded a deficit of US\$406.8 million compared with a deficit of US\$416.5 million in Q3:2016, mainly on account of a marginal decline in imports over a fall in exports.

The country's gross foreign assets increased by US\$688.9 million to US\$6,850.7 million from a stock position of US\$6,161.8 million at the end of December 2016. This was sufficient to provide for 3.9 months of imports cover compared with 2.8 and 3.5 months of imports cover as at September 2016 and December 2016 respectively.

External Debt

The stock of disbursed outstanding public and publicly-guaranteed external debt at the end of the third quarter of 2017 was provisionally estimated at US\$17,150.37 million. This registered an increase of US\$50.95 million (0.29%) from the position of US\$17,099.42 million registered at the end of the second quarter of the year and an increase of US\$689.38 million (4.19%) from US\$16,460.99 million at the end of 2016.

1. Developments in the World Economy

Global growth gained further momentum in the third quarter of 2017 supported by strong domestic demand growth in advanced economies and China, improved performance in other large emerging market economies on the back of pickup in investment spending, strengthening consumer and business confidence, as well as trade. The outlook is for higher global growth at the end of 2017 and in 2018, reflected in the Purchasing Managers' Indices which points to sustained improvement in the outlook for the manufacturing and service sectors as well as strong consumer confidence indices for the advanced economies. In emerging market economies, the quarterly PMI increased in China and rose marginally in Brazil, but declined in Russia and India.

Table 1.1: World Economic Indicators Global Growth Projections

	Estimates		Projections	
	2015	2016	2017	2018
World Output	3.4	3.2	3.6	3.7
Advanced Economies	2.1	1.7	2.2	2.0
United States	2.6	1.6	2.2	2.3
Euro Area	2.0	1.8	2.1	1.9
Japan	1.1	1.0	1.5	0.7
United Kingdom	2.2	1.8	1.7	1.5
Emerging Market and Developing Economies	4.3	4.3	4.6	4.9
Russia	-2.8	-0.2	1.8	1.6
China	6.9	6.7	6.8	6.5
India	8.0	7.1	6.7	7.4
Brazil	-3.8	-3.6	0.7	1.5
Sub-Saharan Africa	3.4	1.3	2.6	3.4
Nigeria	2.7	-1.6	0.8	1.9
South Africa	1.3	0.3	0.7	1.1

Source: IMF World Economic Update, July 2017

EUROPEAN ECONOMIES The Eurozone economy grew by 0.6 per cent in the third quarter, slightly down from 0.7 per cent recorded in the second quarter. Though modest, the growth outturn reflected improving consumer and business confidence, accommodative monetary policy stance and easing credit conditions. Looking ahead, growth is expected to average 0.5 per cent in the medium-term supported by strong private demand, continued monetary policy accommodation and strong global demand. Risks to growth prospects in the Euro area include the slow pace of implementation of structural reforms and outstanding balance sheet adjustment needs in a number of peripheral countries.

UNITED KINGDOM UK output growth has been subdued in recent quarters. The British economy advanced 0.4 per cent in the three months to September 2017 compared with a 0.3 per cent expansion in the previous period. This reflected stronger pace of household consumption, some recovery in car purchases and moderated business investment growth partly due to depreciation of the pound sterling. Looking forward, consumption growth is projected to remain subdued in the near term, while overall output growth is projected to remain modest at 0.4 per cent in the last quarter of the year, supported by

strong global demand and investment spending. The downside risk to the outlook remains the uncertainty surrounding the Brexit negotiations.

**The US
ECONOMY**

Economic activity in the United States strengthened further in the third quarter after rebounding in the second quarter of 2017. The “second” estimate released by the Bureau of Economic Analysis (BEA) show that real GDP increased by 3.3 per cent in the third quarter compared to 3.0 per cent in the second quarter of 2017. The uptick was attributed to increased consumer spending on goods and services, inventory investment, business investments, and exports. The IMF revised growth forecast for the US downwards to 2.2 per cent in 2017 under the assumption that fiscal policy will not provide the previously envisaged boost to demand.

EMERGING ASIA

JAPAN

The Japanese economy expanded by 0.3 per cent in the third quarter, lower than the 0.6 per cent recorded in the second quarter. The relatively subdued growth was on the back of exports reflecting strong global demand. However, business spending rose at a slower pace and private consumption fell for the first time in almost two years. In the medium term, the combination of improved business and consumer sentiments, accommodative policies, recovering foreign demand and strong labour market are projected to boost economic activity further.

CHINA

The Chinese economy grew by 1.7 per cent in the third quarter of 2017, compared to a 1.8 per cent growth in the previous period. In year-on-year terms, however, growth weakened marginally to 6.8 per cent in the third quarter, below the 6.9 per cent recorded in the previous period and reflecting the slowdown in industrial production, fixed asset investment and retail sales. China is projected to grow at 6.8 per cent in 2017 before slowing to 6.5 per cent in 2018.

**OTHER
EMERGING AND
DEVELOPING
ECONOMIES**

Growth is gradually rebounding across emerging and developing economies and is projected to continue with growth rising from 4.3 per cent in 2016 to 4.6 per cent in 2017. This will be primarily driven by gradual improvement in large commodity exporting countries that experienced recessions in 2015 to 2016 as prices declined.

The recently released data suggests that the Indian economy expanded by 1.4 per cent in the second quarter of 2017 as against growth of 1.3 per cent in the first quarter, while in Turkey, economic activity expanded at a much faster pace of 2.1 per cent from 1.3 per cent over the same comparative periods.

The Brazilian economy advanced 0.1 per cent in the third quarter of 2017, slower than the upwardly revised growth of 0.7 per cent recorded in the previous period as government spending declined by 0.2 per cent, higher than the 0.1 per cent decline in the previous period.

SUB-SAHARAN AFRICA

The growth outlook remains positive for sub-Saharan Africa as the two largest economies of South Africa and Nigeria exit recessions. In South Africa, the latest data (from tradingeconomics.com) indicate that the economy grew by 2.0 per cent, slower than 2.8 per cent growth recorded in the second quarter of 2017. This ends two quarters of contraction and beats market expectations of a 1.5 per cent growth. The major contributor to the growth trend was from agriculture, forestry and fishing industry, mainly due to higher production of field crops and horticultural products. Similarly, the Nigerian economy expanded by 1.4 per cent year-on-year in the third quarter of 2017, showing a much improved trend from 0.72 per cent growth in the second quarter. This represents that second consecutive quarter of growth driven by the oil-sector which grew sharply by 25.9 per cent year-on-year.

2. Real Sector Developments

Review of selected indicators of economic activity suggested that the domestic economy recorded some modest growth during the third quarter of 2017, compared to trends observed in the third quarter of 2016. The modest growth in real sector activities could be attributed to an improved business environment.

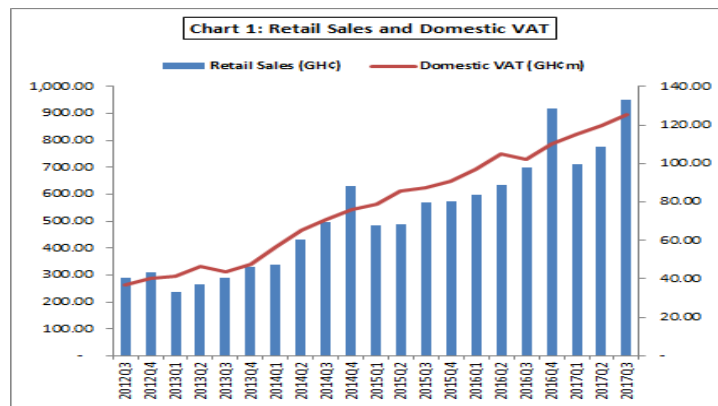
2.1 Indicators of Economic Activity

2.1.1 Consumer Spending

Consumer spending, measured by domestic VAT collections and retail sales, pointed to an upsurge in the third quarter of 2017, compared with trends observed in the corresponding period last year. Retail sales grew by 35.54 per cent year-on-year to GH¢133.05 million during the review period relative to GH¢98.16 million recorded during the same quarter in 2016. Also, the figure recorded for the third quarter of 2017 represented an improvement by 22.58 per cent over GH¢108.54 million for the second quarter in 2017. The relative uptick in retail sales could be as result of an improved household spending during the period under review.

Domestic VAT collections grew by 22.83 per cent year-on-year to GH¢855.28 million in the third quarter of 2017 from GH¢730.61 million collected in the same period of 2016. Also, domestic VAT collections for the third quarter of 2017 constituted a growth of 4.92 per cent over GH¢855.28 million recorded during the second quarter of 2017. The improvement in domestic VAT collections may be due to the high level of consumption of good and services in the review period.

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



2.1.2 Production (Incomes)

Manufacturing-related activities measured by trends in income and corporate tax collections and private sector workers' contributions to the SSNIT Pension Scheme also improved during the third quarter of 2017, compared with the performance observed during the same quarter in 2016. Income and corporate tax collections picked-up by 14.41 per cent year-on-year to GH¢3,337.21 million during the review period from GH¢2,916.99 million for the same period last year. Also, the amount of tax collected during the review period suggested a growth of 8.89 per cent over GH¢3,064.83 million collected for the second quarter of 2017.

In terms of relative significance of the various sub-tax categories, Corporate tax accounted for 48.80 per cent, followed by Income tax (P.AY.E and Self-employed) with 40.46 per cent, while Other Sources category contributed 10.74 per cent. The improvement in income and corporate tax payment may be due to an improved compliance regime instituted by the Ghana Revenue Authority (GRA).

Private sector workers' contributions to the SSNIT Pension Scheme also improved by 42.57 per cent year-on-year to GH¢464.55 million in the third quarter of 2017, from GH¢325.84 million for the similar quarter of 2016. Also, the SSNIT contributions during the review period represented an improvement of 21.84 per cent over GH¢381.29 million contributed during the second quarter of 2017. The relative surge in the private sector workers' contributions to the SSNIT Scheme was mainly due to the registration of new employees and improved compliance.

Chart 2.2: Income & Corporate Tax Collection (GH¢' million)

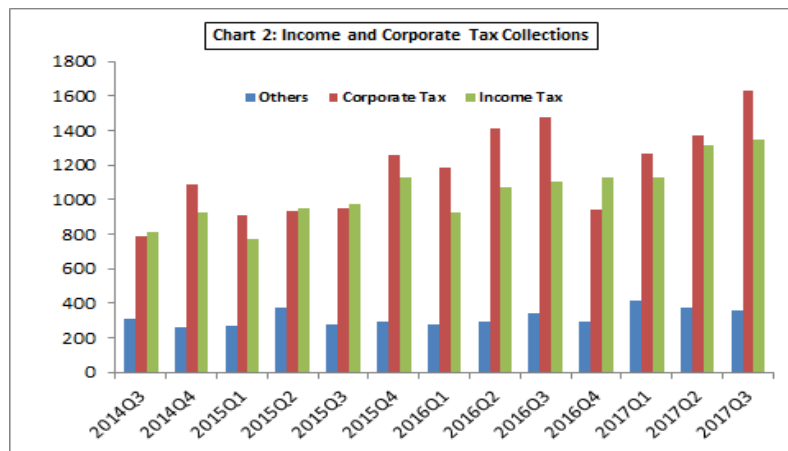
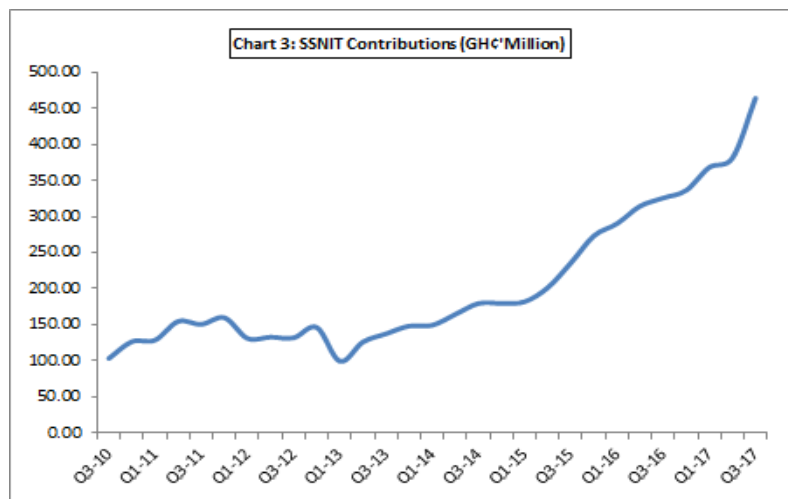


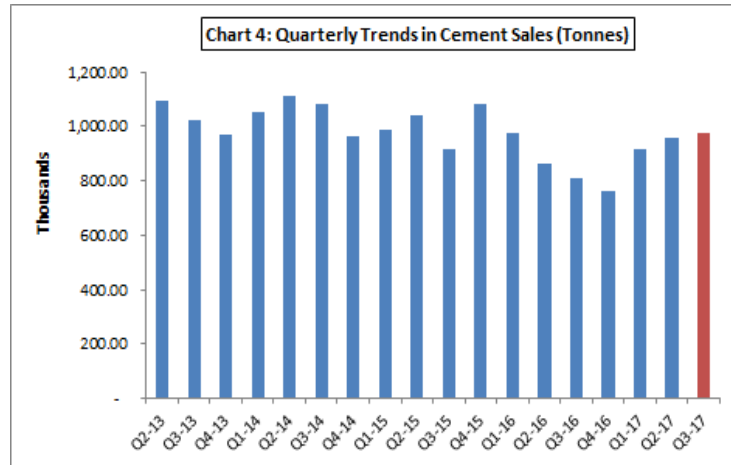
Chart 2.3: SSNIT Contributions (GH¢' million)



2.1.3 Construction Activities

Economic activity in the construction sub-sector measured by the volume of cement sales grew by 20.63 per cent (year-on-year) in the third quarter of 2017 to 978,086.40 tonnes, compared with 810,788.83 tonnes for the same period in 2016. Also, total cement sales for the period under review constituted a growth of 2.05 per cent over 958,431.59 tonnes sold during the second quarter of 2017. The relative improvement in cement sales was partially due to demand growth as construction activities picked-up during the review period.

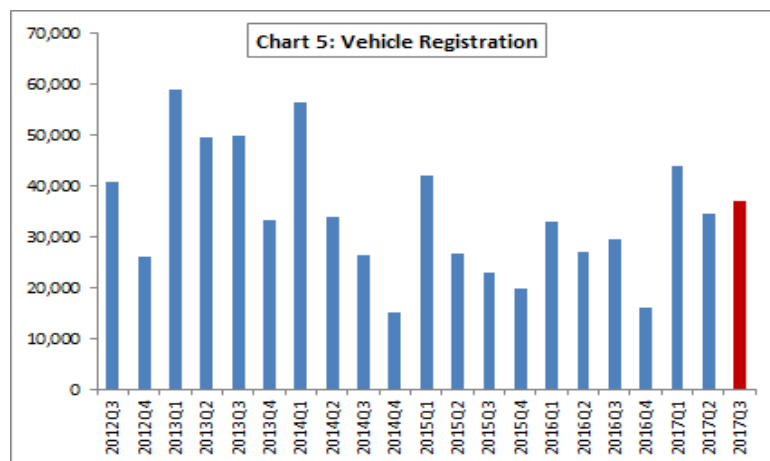
Chart 2.4: Quarterly Trends in Cement Production (tonnes)



2.1.4 Vehicle Registration

Transport-related economic activities, measured by vehicle registration by DVLA, also recorded a pick-up during the third quarter of 2017. The number of vehicles registered for the review period improved by 25.58 per cent to 37,130 relative to 29,567 vehicles registered in the similar period of 2016. Similarly, vehicle registration during the third quarter of 2017 went up by 7.91 per cent over 34,408 vehicles registered by DVLA in the second quarter of 2017. The relative improvement may be due to an increase in vehicle importation within the period under review.

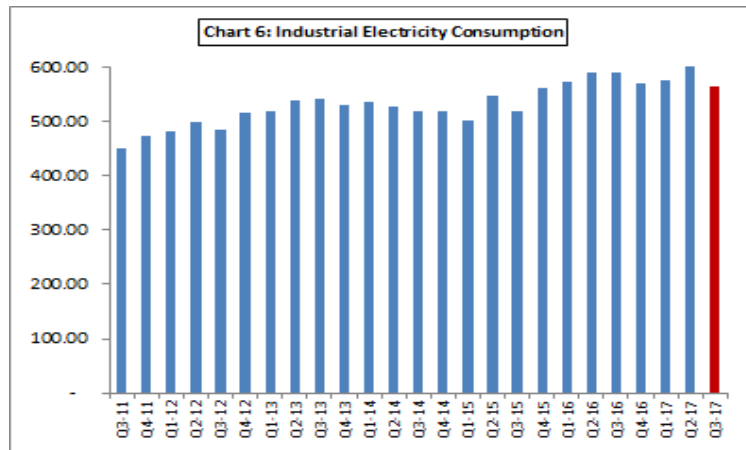
Chart 2.5: Quarterly Trends in Vehicle Registration



2.1.5 Industrial Consumption of Electricity

The consumption of electricity by industries moderated by 4.32 per cent year-on-year to 563.84 giga watts during the third quarter of 2017, as against 589.32 giga watts consumed in the same quarter of 2016. Also, industrial consumption of electricity for period under review constituted a decline by 9.22 per cent below 621.07 giga watts consumed during the second quarter of 2017. The relative decline in industrial consumption of electricity by industries may be attributed to seasonality associated with power consumption by firms.

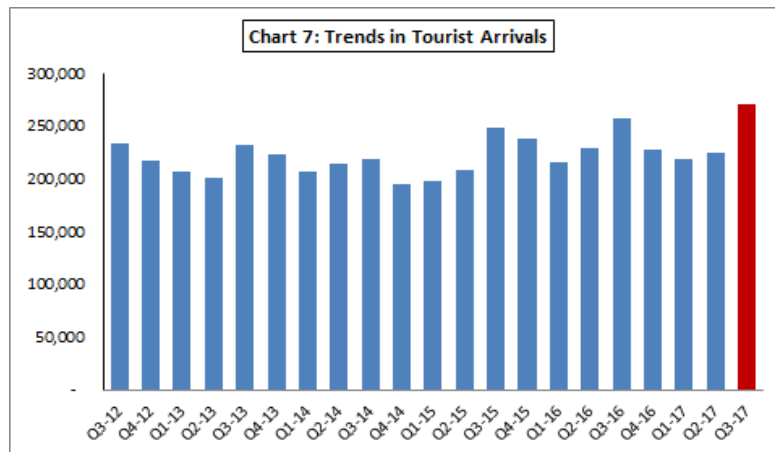
Chart 2.6: Industrial Electricity Consumption



2.1.6 International Tourist Arrivals

International tourists’ expenditure, proxied by the number of tourist arrivals through the various entry points of the country, improved during the third quarter of 2017. A total of 271,441 international tourists visited the country during the review period, compared with 258,185 for the same period a year ago, indicating a 5.13 per cent growth rate. Also, the figure recorded for the third quarter of 2017 constituted a 20.21 per cent growth over 225,776 tourist arrivals recorded during the second quarter of 2017. The relative improvement in tourist arrivals was as the results of an increase in international conferences and recreational tourism activities.

Chart 2.7: Trends in Tourist Arrivals



2.1.7 Port Activity Economic activities at the country's two main Harbours¹, measured by container traffic suggested a relative improvement in the third quarter of 2017, as against the trends observed in the same quarter in 2016. The total container traffic grew by 11.49 per cent year-on-year to 163,090 registered in the third quarter of 2017, compared with 146,289 containers recorded during a similar period of 2016. Also, the total container traffic for the review period improved by 14.02 per cent over 143,034 containers recorded during the second quarter of 2017. The relative upsurge in the total container traffic at the country's ports of entry was mainly attributed to improvement in export and import trade activities during period under review.

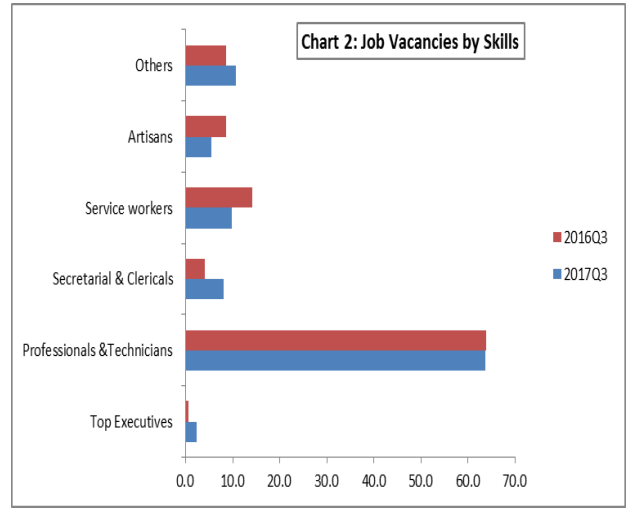
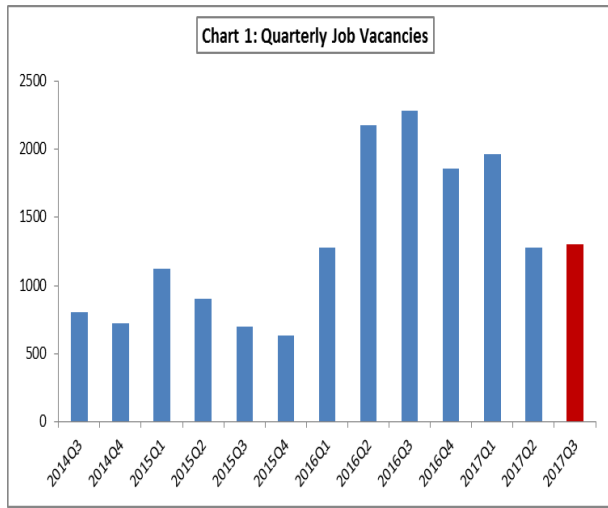
2.2 Labour Market Conditions The number of job adverts placed in the 'Daily Graphic' in the third quarter of 2017 was 1,303, suggesting a quarter-on-quarter improvement of 1.8 per cent, relative to the second quarter of 2017, but a year-on-year decline of 42.9 per cent on the third quarter of 2016. Cumulatively, job adverts recorded for the first-three quarters in 2017 stood at 4,549, representing a negative growth of 20.6 per cent below 5,731 recorded during the same period in 2016.

Job Vacancies by Sector The Services sector remained the most dominant in terms of job adverts during the review period. The sector accounted for 86.2 per cent of total job adverts as against 90.1 per cent recorded for the same period in 2016. The Industry sector followed with 10.0 per cent, compared with 6.1 per cent for the third quarter of 2016, while the Agriculture sector maintained its share of 3.8 per cent for both periods.

Job Vacancies by Skills The key requirement for skilled employees was a tertiary education qualification with a minimum of three to five years' working experience. This category, classified under executives and top professionals, accounted for 66.0 per cent of total job adverts in the third quarter of 2017, compared with 64.6 per cent during the same period a year ago. This was followed by sales and service workers with 9.7 per cent of total job adverts, relative to 14.1 per cent for the same period last year, secretarial and clerical staff with 8.1 per cent as against 4.1 per cent for the same period in 2016. Also, during the review period, artisans and machine operators had a share of 5.4 per cent of total job adverts, compared with 8.7 per cent for the same period last year, while others with 10.7 per cent, relative to 8.6 per cent recorded during the same period in 2016.

¹ These are the Tema and Takoradi Harbours (Container traffic)

Chart 2.8: Trends in Advertised Job Vacancies



3. Price Developments

3.1 Global Inflation

Global inflation has remained subdued in recent months despite some uptick in growth momentum. Headline inflation in advanced economies softened as the boost to prices from the oil price recovery of 2016 faded and the decline in oil prices (between March and July) has exerted downward pressure on prices. The attenuation of the pass-through of earlier exchange rate depreciations has helped moderate core inflation rates in many emerging and developing economies. In advanced economies, inflation is project to increase from 0.8 per cent in 2016 to 1.7 per cent in 2017, reflecting the ongoing recovery in growth conditions. Inflation rates are projected to remain stable in emerging market and developing economies in 2017 as a group, though substantial cross-country differences persist. (World Economic Outlook, October 2017).

The US Economy

In the **United States**, consumer prices edged up 2.2 per cent year-on-year at the end of the third quarter of 2017, from 1.6 per cent recorded at the end of the previous quarter. The rise in inflation was driven by hurricane-related production disruptions at oil refineries in the Gulf Coast area, which boosted energy prices. (www.tradingeconomics.com).

Euro Area

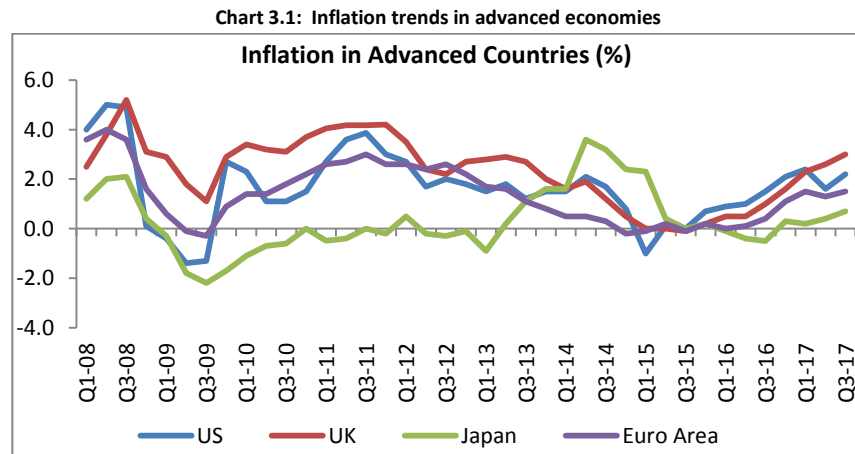
Consumer prices in the **Euro area** came in at 1.5 per cent year-on-year at the end of the third quarter of 2017, compared with a 1.3 per cent at the end of the second quarter. The rise in inflation was attributed to a firming up of energy prices.

United Kingdom

British consumer prices edged up by 3.0 per cent at the end of the third quarter of 2017 from 2.0 per cent recorded at the end of the previous quarter. The rise in inflation was mainly due to increases in the prices of food, transport and leisure activities.

Japan

Consumer prices in **Japan** increased by 0.7 per cent at the end of the third quarter of 2017, higher than 0.4 per cent recorded at the end of the second quarter. The rise in inflation was driven by a rise in prices of food items.



China Consumer prices in **China** increased by 1.6 per cent year-on-year at the end of the third quarter of 2017, slightly above the 1.5 per cent registered at the end of the second quarter of 2017. Food prices dropped by 1.4 per cent while non-food prices gained 2.4 per cent at the end of the third quarter of 2017.

Turkey In **Turkey**, consumer prices rose by 11.2 per cent year-on-year at the end of the third quarter of 2017, from 10.9 per cent at the end of the previous quarter. Higher food, house and transport prices caused the upsurge in overall prices.

Brazil Consumer prices in **Brazil** stood at 2.54 per cent year-on-year at the end of the third quarter of 2017, lower than the 3.0 per cent rise recorded at the end of the second quarter of 2017. This compared favourably with market expectations of 2.47 per cent at the end of the third quarter.

South Africa In **South Africa**, consumer prices rose by 5.1 per cent year-on-year at the end of the third quarter of 2017, same as in the second quarter. However, inflation recorded was slightly above market expectations of 4.9 per cent rise in consumer prices at the end of the third quarter, mainly boosted by higher costs of housing, transport and miscellaneous goods and services.

Nigeria Consumer prices in **Nigeria** moderated to 15.98 per cent year-on-year at the end of the third quarter of 2017, compared to 16.1 per cent at the end of the second quarter. The marginal decline in inflation was mainly driven by a softening in prices for housing and utilities, and clothing and footwear items.

Chart 3.2: Inflation trends in emerging markets

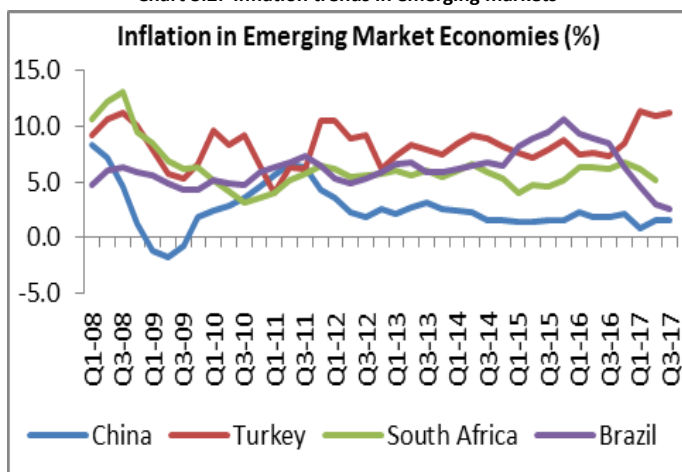
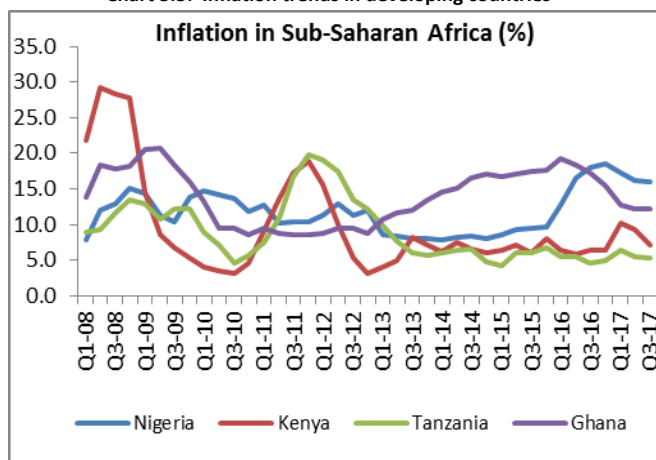


Chart 3.3: Inflation trends in developing countries



3.2 Domestic Inflation

Headline inflation increased slightly to 12.2 per cent at the end of the third quarter of 2017, from 12.1 per cent recorded at the end of the previous quarter, driven by base drift effects and upward adjustment in ex-pump petroleum prices. Food inflation increased to 8.1 per cent at the end of the third quarter from 6.2 per cent at the end of the second quarter, while non-food inflation fell to 14.1 per cent at the end of the third quarter from 15.1 per cent at the end of the previous quarter. Consumer prices have broadly declined from the fourth quarter of 2016 through to the third quarter of 2017, supported by tight monetary policy stance and relative stability in the exchange rate.

Monthly Changes in CPI

The average monthly inflation for the third quarter of 2017 was 0.2 per cent, same as the average in the corresponding period of 2016. The lower monthly inflation changes in this year emanated from declines in both food (though not as pronounced as last year) and non-food items, reflecting the persistent disinflation process observed over the year. While the average monthly non-food inflation for the third quarter was 0.7 per cent (1.0% a year ago), food inflation also fell by 0.9 per cent (compared to a fall of 1.4% a year ago).

Group Inflation (yr-on-yr changes)

Developments in the consumer basket sub-groups largely reflected lower outturns for inflation during the third quarter in comparison with the second quarter and a year ago. The moderation was broad based as most of the main sub-groups recorded declines in average inflation for the third quarter of 2017, which collectively dragged down overall inflation than was recorded a year ago.

The major components that exerted downward pressures on the annual inflation during the review quarter compared with the same quarter a year ago were alcoholic beverages and tobacco, 10.9 per cent (15.7% same period last year), clothing and footwear, 16.2 per cent (23.2% a year ago), transport 21.5 per cent (27.5% a year ago), and education 9.2 per cent (32.5% a year earlier). All the other sub-components recorded lower contribution than was observed a year ago with the exception of miscellaneous sub-group which recorded a higher year-on-year price change of 15.4 per cent in the third quarter of 2017, as against 13.1 per cent in the third quarter of 2016.

3.3 Outlook for Inflation

The inflation outcome for the third quarter of 2017 reflected a lower inflation profile than the same period last year. This was mainly accounted for by the tight monetary policy stance and relative stability in the exchange rate. In addition, the energy challenges witnessed last year which drove up production costs have abated, alongside government fiscal consolidation which has significantly eased aggregate demand pressures and dampened inflation pressures. The key risk to the outlook is the rising crude oil price in the international market, which could transmit to higher prices at the pumps and in turn higher transport costs.

Meanwhile, inflationary pressures are largely subdued and inflation is expected to gradually trend towards the medium-term target of 8.0 ± 2 per cent in 2018.

Chart 3.4: Trends in Inflation

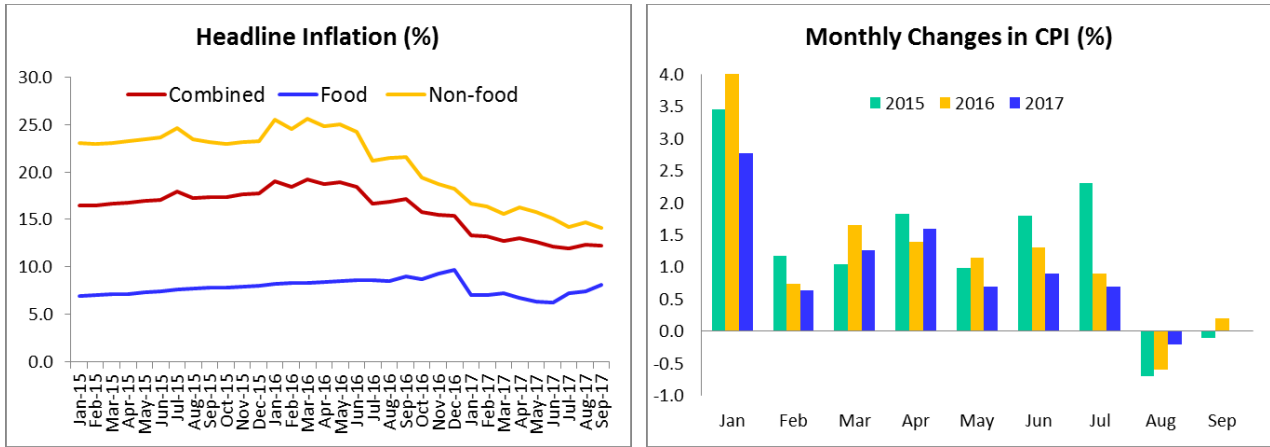


Chart 3.5: Major Contributors to Inflation

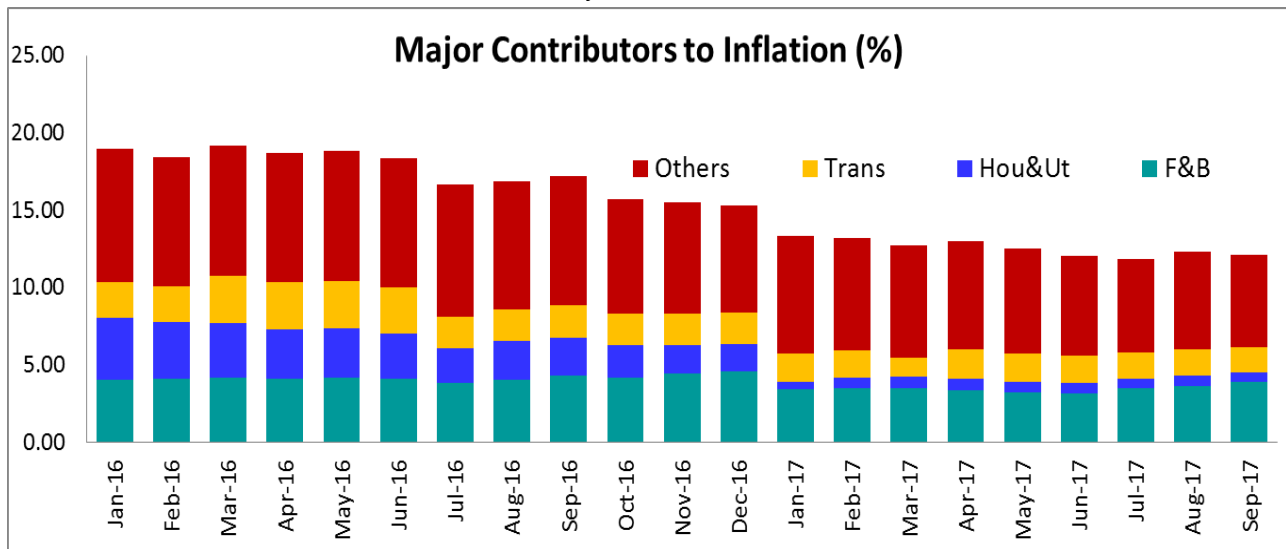


Table 3.1: Headline and Major Sub-Groups (%)

CPI Components (%)								
	Weights (%)	2016				2017		
		Q1	Q2	Q3	Q4	Q1	Q2	Q3
Overall	100.0	19.2	18.4	17.2	15.4	12.8	12.1	12.2
Food and Beverages	43.9	8.3	8.6	9.0	9.7	7.3	6.2	8.1
Non-food	56.1	25.7	24.2	21.6	18.2	15.6	15.1	14.1
Alcoholic Beverages, Tobacco	1.7	15.3	15.1	15.7	13.5	13.9	11.7	10.9
Clothing and footwear	9.0	21.0	22.6	23.2	16.4	18.2	16.6	16.2
Housing, Utilities	8.6	39.6	32.8	28.0	20.2	7.9	7.1	6.1
Furnish, H/H Equipment, etc.	4.7	22.9	21.4	23.0	18.8	23.5	20.6	17.6
Health	2.4	13.7	13.9	15.4	18.5	15.8	14.3	12.7
Transport	7.3	40.0	40.3	27.3	27.2	15.3	22.6	21.9
Communications	2.7	13.6	12.5	11.3	10.8	11.3	11.1	9.5
Recreation & Culture	2.6	26.7	27.4	27.6	20.3	23.7	20.8	18.7
Education	3.9	27.7	33.3	32.5	23.4	17.3	11.0	9.2
Hotels, Cafes & Restaurants	6.1	15.9	14.9	16.1	13.7	14.2	12.0	11.4
Miscellaneous goods & services	7.1	18.3	15.5	13.1	14.7	16.7	15.4	15.4

Source: Ghana Statistical Service

Table 3.2: Food and Non-Food Contribution to inflation (%)

	Headline Inflation, Year- on-Year (%)			Monthly Changes in CPI (%)		
	Combined	Food	Non-food	Combined	Food	Non-food
2015Q4	17.7	8.0	23.3	1.1	0.8	1.2
2016						
Q1	19.2	8.3	25.7	1.7	0.7	1.2
Q2	18.4	8.6	24.2	1.3	1.5	1.2
Q3	17.2	9.0	21.6	0.2	-2.4	1.4
Q4	15.4	9.7	18.2	0.9	1.2	0.8
2017						
Q1	12.8	7.3	15.6	1.3	0.9	1.4
Q2	12.1	6.2	15.1	0.9	1.4	0.6
Q3	12.2	8.1	14.1	0.0	-1.8	0.9

Source: Ghana Statistical Service

Note: Inflation Rates of each quarter represent end quarter position not average

4. Money and Financial Markets

Monetary developments in the third quarter of 2017 indicated a declining liquidity trend when compared with developments in the same quarter last year.

4.1 Broad Money Supply

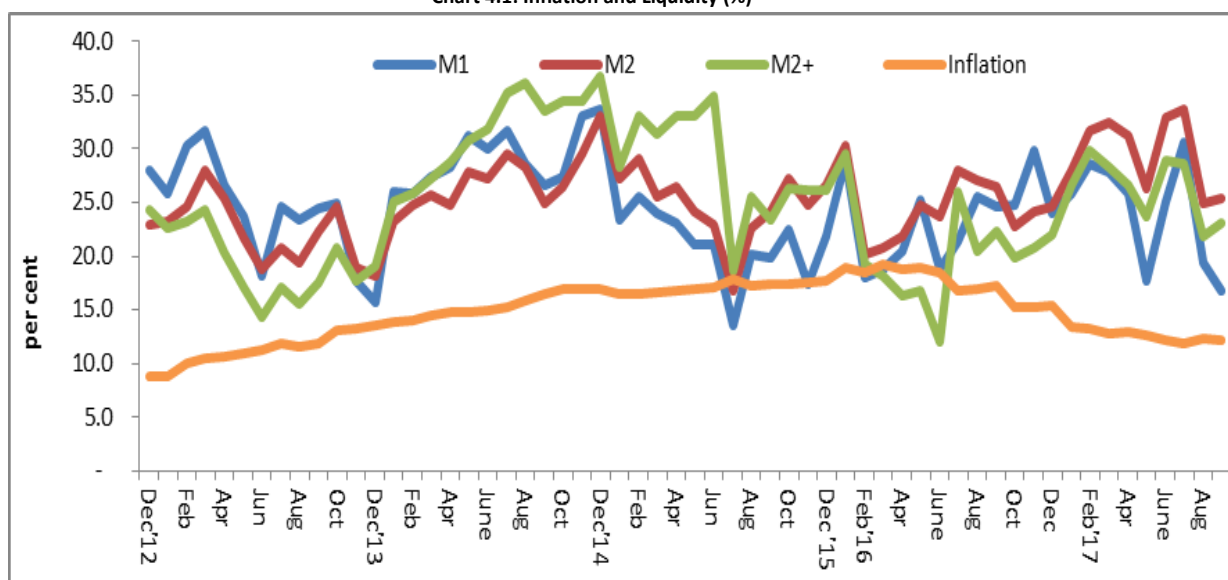
Provisional data for the third quarter of 2017 reflected a decrease in the annual growth rate of broad money supply (M2+) on year-on-year basis from 22.3 per cent (GH¢8,818.4 million) in the third quarter of 2016 to 20.0 per cent (GH¢9,665.8 million) in the same period in 2017. Broad money supply, including foreign currency deposits (M2+), stood at GH¢58,010.4 million compared with GH¢48,344.7 million and GH¢59,903.9 million realised at the end of the third quarter and second quarter of 2016 and 2017 respectively.

The decrease in the year-on-year growth of M2+ during the review quarter mainly reflected decreases in currency with the public and demand deposits. M1, which comprises of currency outside banks and demand deposits also recorded a slowdown in growth of 15.4 per cent (GH¢3,360.3 million) in the third quarter of 2017 compared with 24.6 per cent (GH¢4,309.2 million) recorded same period in 2016 and 25.1 per cent (GH¢5,138.8 million) realised at the end of the second quarter of 2017. At the end of the third quarter of 2017, savings and time deposit and foreign currency deposits recorded an increased growth of 33.0 per cent (GH¢4,710.6 million) and 13.0 per cent (GH¢1,594.9 million) respectively compared to a growth of 29.5 per cent (GH¢3,251.3 million) and 11.5 per cent (GH¢1,257.9 million) recorded for the same period in 2016. This also compares with a growth of 44.6 per cent (GH¢6,214.4 million) and 17.4 per cent (GH¢2,092.9 million) recorded at the end of the second quarter of 2017.

Table 4.1: Monetary Indicators (GH¢ million)

	Levels					Quarter-on-Quarter											
	Sep-14	Sep-15	Sep-16	Jun-17	Sep-17	As at end-Sept 2014		As at end-Sept 2015		As at end-Sept 2016		As at end-Jun 2017		As at end-Sept 2017			
						abs	per cent	abs	per cent	abs	per cent	abs	per cent	abs	per cent		
Reserve Money	10619.5	11354.6	15398.5	17784.9	17321.7	2,771.2	35.31	735.1	6.92	4,043.9	35.61	3,078.1	20.93	1,923.1	12.49		
Narrow Money (M1)	14619.9	17524.1	21833.3	25643.8	25193.6	3,067.7	26.56	2,904.3	19.87	4,309.2	24.59	5,138.8	25.06	3,360.3	15.39		
Broad Money (M2)	23002.3	28547.9	36108.4	45793.3	44179.3	4,592.6	24.95	5,545.5	24.11	7,560.5	26.48	11,353.2	32.97	8,070.9	22.35		
Broad Money (M2+)	32052.3	39526.2	48344.7	59903.9	58010.4	8,054.3	33.56	7,473.9	23.32	8,818.4	22.31	13,446.1	28.94	9,665.8	19.99		
Currency with the Public	5535.8	6610.6	7705.6	8807.1	8607.6	1,243.1	28.96	1,074.8	19.42	1,095.0	16.56	1,182.0	15.50	902.0	11.71		
Demand Deposits	9084.0	10913.5	14127.7	16836.7	16586.0	1,824.5	25.13	1,829.5	20.14	3,214.2	29.45	3,956.8	30.72	2,458.3	17.40		
Savings & Time Deposits	8382.5	11023.8	14275.1	20149.5	18985.7	1,524.9	22.24	2,641.3	31.51	3,251.3	29.49	6,214.4	44.60	4,710.6	33.00		
Foreign Currency Deposits	9050.0	10978.3	12236.3	14110.6	13831.1	3,461.7	61.95	1,928.3	21.31	1,257.9	11.46	2,092.9	17.41	1,594.9	13.03		
Sources of M2+																	
Net Foreign Assets (NFA)	6281.7	3786.4	8006.2	19417.5	17964.2	1,525.4	32.07	(2,495.3)	(39.72)	4,219.9	111.45	10,224.2	111.21	9,958.0	124.38		
BOG	7360.4	3127.8	4809.6	17640.2	14077.5	2,694.2	57.74	(4,232.6)	(57.50)	1,681.8	53.77	10,832.8	159.13	9,267.9	192.70		
DMBs	-1078.7	658.6	3196.6	1777.3	3886.7	(1,168.8)	(1,298.17)	1,737.3	(161.05)	2,538.1	385.40	(608.6)	(25.51)	690.1	21.59		
Net Domestic Assets	25770.6	35739.8	40338.4	40486.4	40046.2	6,528.9	33.93	9,969.2	38.68	4,598.6	12.87	3,221.9	8.65	(292.2)	(0.72)		
Claims on Government (net)	13103.1	15902.8	17167.4	11094.6	11930.2	2,538.0	24.02	2,799.6	21.37	1,264.7	7.95	(3,132.5)	(22.02)	(5,237.2)	(30.51)		
BOG	7656.6	8748.0	9380.1	3852.4	5357.6	2,567.7	50.46	1,091.4	14.25	632.1	7.23	(3,882.8)	(50.20)	(4,022.5)	(42.88)		
DMBs	5446.5	7154.8	7787.3	7242.1	6572.6	(29.7)	(0.54)	1,708.3	31.36	632.5	8.84	750.3	11.56	(1,214.7)	(15.60)		
Claims on Public Sector	5345.8	5592.5	7102.4	4852.2	4458.4	1,366.1	34.33	246.7	4.62	1,509.9	27.00	(1,332.0)	(21.54)	(2,644.0)	(37.23)		
BOG	2400.0	2221.7	1925.5	2047.3	1959.5	85.4	3.69	(178.3)	(7.43)	(296.2)	(13.33)	(62.0)	(2.94)	34.0	1.77		
DMBs	2945.8	3370.8	5176.9	2805.0	2498.9	1,280.7	76.92	425.0	14.43	1,806.1	53.58	(1,270.0)	(31.17)	(2,678.0)	(51.73)		
Claims on Private Sector	21444.0	26032.3	28912.6	33078.5	32230.2	6,812.5	46.56	4,588.3	21.40	2,880.3	11.06	4,413.4	15.40	3,317.5	11.47		
BOG	620.8	703.4	401.1	547.8	462.0	107.1	20.84	82.6	13.30	(302.3)	(42.98)	138.3	33.77	60.9	15.19		
DMBs	20823.2	25328.9	28511.6	32530.6	31768.2	6,705.4	47.50	4,505.7	21.64	3,182.7	12.57	4,275.1	15.13	3,256.6	11.42		
Other Items (Net) (OIN) 1/2	-14122.3	-11787.8	-12844.0	-8538.9	-8572.6	(4,187.7)	42.15	2,334.6	(16.53)	(1,056.2)	8.96	3,272.9	(27.71)	4,271.4	(33.26)		
o/w BOG OMO (Sterilisation)	-3365.9	-204.7	-339.4	0.0	0.0	134.1	(3.83)	3,161.2	(93.92)	(134.7)	65.83	150.7	(100.00)	339.4	(100.00)		

Chart 4.1: Inflation and Liquidity (%)



4.2 Sources of Change in M2+

The slowdown observed in the growth of M2+ during the review period mainly reflected a significant decrease in the growth in Net Domestic Assets (NDA) moderated by an increase in the growth in Net Foreign Assets (NFA). Net Domestic Assets (NDA) at the end of the third quarter of 2017 grew by -0.7 per cent (GH¢-292.2 million) from a growth of 12.9 per cent (GH¢4,598.6 million) realised in the same period in 2016. The NFA however recorded an increased growth of 124.4 per cent (GH¢9,958.0 million) from 111.4 per cent (GH¢4,219.9 million) recorded at the end of the third quarter of 2016. This was still higher than the growth of 111.21 per cent (GH¢10,224.2 million) and -39.72 per cent (GH¢-2,495.3 million) attained in the second quarter of 2017 and third quarter of 2015 respectively.

Net Foreign Assets (NFA)

The increase in the NFA was driven by an upsurge in BOG's NFA by 192.7 per cent (GH¢9,267.9 million) while that of the commercial banks increased by 21.6 per cent (GH¢690 million). When compared with the second quarter of 2017, the NFA growth was lower and from the components, while that of BOG increased, the growth in NFA of the commercial banks was, however, negative. This can be related to the same period in 2016 where Bank of Ghana's NFA increased by 53.8 per cent (GH¢1,681.8 million) and that of the commercial banks also experienced a significant growth of 385.4 per cent (GH¢2,538.1 million).

Net Domestic Assets (NDA)

The decline in the growth of NDA of the banking system during the review period was mainly due to decreases in growth in net claims on government and claims on the public sector from 8.0 per cent (GH¢1,264.7 million) and 27.0 per cent (GH¢1,509.9 million) in the third quarter of 2016 to -30.5 per cent (GH¢-5,237.2 million) and -37.2 per cent (GH¢-2,644.0 million) respectively in the third quarter of 2017. These were also lower than the growth of -22.0 per cent (GH¢-3,132.5 million) and -21.5 per cent (GH¢-1,332.0 million) recorded for claims on government and claims on public sector respectively at the end of the second quarter of 2017. On the other hand claims on the private sector during the third quarter of 2017 increased marginally from 11.1 per cent (GH¢2,880.3 million) to 11.5 per cent (GH¢3,317.5 million). This was lower than the growth of 15.4 per cent (GH¢4,413.4 million) realised in the second quarter of 2017. Other items net (OIN) grew by -33.3 per cent (GH¢4,271.4 million) during the period under review compared with the same period in 2016 where the growth was 9.0 per cent (GH¢-1,056.2 million).

4.3 Developments in Banks Credit

The annual growth in banks' outstanding credit to public and private institutions during the third quarter of 2017 indicated a downward trend when compared with the same period in 2016 and second quarter of 2017. The nominal annual growth rate of banks' outstanding credit declined significantly from 17.4 per cent (GH¢5,009.9 million) in the third quarter of 2016 to 3.2 per cent (GH¢1,065.0 million) during the third quarter of 2017 compared with 16.2 per cent (GH¢5,231.7 million) in the second quarter of 2017. At the end of the third quarter of 2017, total outstanding credit stood at GH¢34,805.6 million compared with GH¢33,740.6 million recorded in the same period in 2016. This was lower than the GH¢37,595.8 million recorded in the second quarter of 2017.

In real terms, growth in credit from banks declined to -8.1 per cent as at end of the third quarter in 2017 on a year-on-year basis from 0.2 per cent recorded for the corresponding period in 2016. The share of total outstanding credit to the private sector increased to 85.3 per cent as at the end of the third quarter of 2017, from the 84.5 per cent attained in the third quarter of 2016. This can be compared with the 86.5 per cent realised in the second quarter of 2017.

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

	Sep-15	Sep-16	Sep-17	Quarter-on-Quarter Variation									
				As at end-Sept 2014		As at end-Sept 2015		As at end-Sept 2016		As at end-June 2017		As at end-Sept 2017	
				Abs	Percent	Abs	Percent	Abs	Percent	Abs	Percent	Abs	Percent
a Public Sector	3,401.8	5,229.0	5,132.1	1,295.3	76.6	416.6	14.0	1,827.2	53.7	956.6	23.3	(96.9)	(1.9)
b Private Sector	25,328.9	28,511.6	29,673.5	6,705.4	47.5	4,505.7	21.6	3,182.7	12.6	4,275.1	15.1	1,161.9	4.1
Agric., For. & Fish.	913.8	1,199.0	1,242.9	315.5	62.9	96.6	11.8	285.1	31.2	145.7	12.8	43.9	3.7
Export Trade	175.3	325.7	293.0	11.2	6.7	(2.2)	(1.3)	150.4	85.8	62.4	27.8	(32.6)	(10.0)
Manufacturing	2,802.6	2,583.3	2,808.5	830.3	60.1	591.6	26.8	(219.3)	(7.8)	387.9	16.0	225.2	8.7
Trans., Stor., & Comm.	1,142.8	1,525.8	1,699.2	300.2	42.5	136.0	13.5	383.0	33.5	216.7	14.5	173.4	11.4
Mining & Quarrying	703.1	620.8	778.8	255.1	61.2	30.7	4.6	(82.2)	(11.7)	48.2	5.9	158.0	25.5
Import Trade	1,690.4	1,805.8	1,996.5	489.2	35.6	(173.2)	(9.3)	115.3	6.8	183.6	10.0	190.7	10.6
Construction	2,599.8	3,214.0	3,344.2	686.5	46.5	437.0	20.2	614.2	23.6	702.4	22.7	130.2	4.0
Commerce & Finance	3,740.6	5,492.0	5,568.5	1,251.4	57.4	309.6	9.0	1,751.4	46.8	1,495.2	28.5	76.4	1.4
Elect., Gas & Water	3,229.5	3,466.3	2,863.2	703.5	55.2	1,252.3	63.3	236.8	7.3	(763.3)	(20.7)	(603.1)	(17.4)
Services	6,035.6	5,550.3	6,238.2	1,169.8	33.4	1,361.5	29.1	(485.2)	(8.0)	662.8	11.9	687.8	12.4
Miscellaneous	2,295.5	2,728.6	2,840.5	692.6	60.9	465.8	25.5	433.1	18.9	1,133.4	42.3	111.9	4.1
c Grand Total	28,730.7	33,740.6	34,805.6	8,000.7	50.6	4,922.3	20.7	5,009.9	17.4	5,231.7	16.2	1,065.0	3.2

4.3.1 Distribution of Outstanding Credit to the Private Sector

The growth of outstanding credit to the private sector appeared to be on a downward trend on year-on-year basis as it decreased in both nominal and real terms. In nominal terms, it stood at 4.1 per cent (GH¢1,161.9 million) down from 12.6 per cent (GH¢3,182.7 million) recorded at the end of the third quarter of 2016, lower than the 15.1 per cent (GH¢4,275.1 million) recorded in the second quarter of 2017. The outstanding credit to the private sector at the end of the review period was GH¢29,673.5 million, compared with GH¢28,511.6 million observed in the related period in 2016.

In real terms, the annual growth rate of outstanding credit to the private sector for the review period declined to -7.2 per cent from -4.0 per cent realised at the end of the third quarter of 2016. The major beneficiary sectors of annual flow of private sector credit for the third quarter of 2017 were Services (59.2%), Manufacturing (19.4%), Import trade (16.4%), Trans., Stor., & Comm., (14.9%) and Mining and Quarrying (13.6%). The top three sectors accounted for about 95.0 per cent of the overall credit flow.

Although credit to the private sector decreased during the review period, Services, Import trade, Trans., Stor., & Comm., Mining & Quarrying and Manufacturing showed increases in the flow of credit in the third quarter of 2017 when compared with the developments in the same period of 2016. Apart from households subsector, the rest of holders of credit experienced declines at the end of the third quarter of 2017 when compared with the same period in 2016.

Chart 4.2: Sectoral Allocation of Annual Credit to the Private Sector (% , 2014-2017)

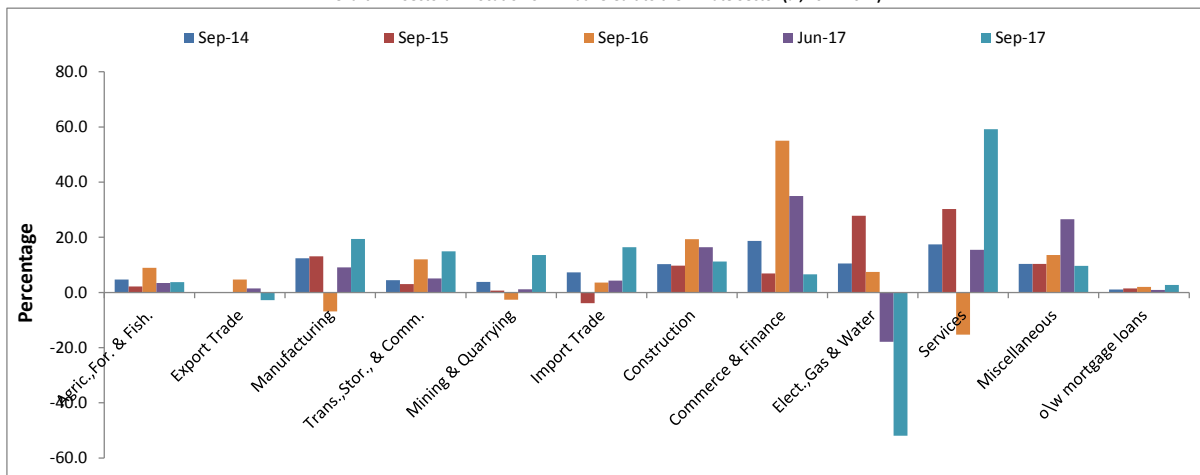
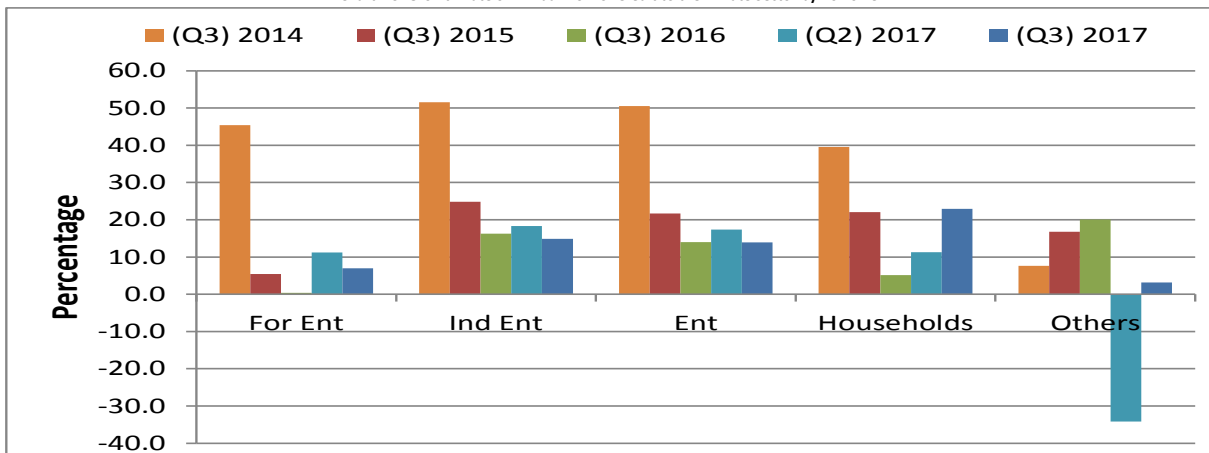


Chart 4.3: Growth Rate of Annual Flow of Credit to the Private Sector by Borrower



4.4 Sources and Uses of Banks' Funds

Provisional figures for the third quarter of 2017 showed that banks' percentage of funds that went into bank credit, foreign assets and investments in government securities declined when compared with the same period in 2016. Investment in other assets and banks' balances with Bank of Ghana during the period under review however increased significantly when compared with the same period in 2016. The portion of banks' funds deployed in credit decreased to 10.2 per cent (GH¢1,065.0 million) at the end of the third quarter of 2017, from 34.6 per cent (GH¢5,009.9 million) realised for the corresponding period in 2016 and compares with 16.0 per cent (GH¢3,094.9) at the end of the second quarter in 2017.

The growth in Commercial Banks' investments in Government securities was -22.4 per cent (GH¢-2,349.3 million) as at the end of the third quarter of 2017 compared with a growth of 14.0 per cent (GH¢2,030.4 million) attained, in the same period in 2016. During the review period, growth in investment in short-term securities and medium/long term securities were -59.9 per cent (GH¢-6,284.7 million) and 37.5 per cent (GH¢3,935.3 million) compared with growth of 9.9 per cent (GH¢1,433.6 million) and 4.1 per cent (GH¢596.7 million) respectively in the third quarter of 2016. This compares with a growth in investment in government securities of 5.2 per cent (GH¢1,009.7 million) in the second quarter of 2017.

Deployment of funds into foreign assets during the review period also recorded a growth of 7.4 per cent (GH¢777.1 million) lower than the growth of 15.3 per cent (GH¢2,216.0 million) recorded in the same period of 2016. The other areas of deployment of funds include Other Assets, which increased significantly from 38.4 per cent (GH¢5,555.9 million) to 94.7 per cent (GH¢9,930.0 million) at the end of the third quarter 2017. In addition, growth in balances with the Bank of Ghana as required reserves increased from -2.3 per cent (GH¢-338.1 million) at the end of the third quarter of 2016 to 10.2 per cent (GH¢1,066.0 million) in the same period in 2017.

These assets continued to be funded from deposit mobilization by the banks. Its share, as a source of funds, increased from GH¢7,132.0 million (49.3%) year-on-year to GH¢8,145.6 million (77.7%) in the third quarter of 2017. This can be compared with GH¢11,704.0 million (60.4%) recorded at the end of the second quarter of 2017. Other sources of funds that recorded increased growth were reserves (GH¢875.9 million or 8.4%), bank capital as source of funds (GH¢691.8 million or 6.6%) and balances due to non-resident banks which increased in growth from -2.2 per cent (GH¢-322.1 million) year-on-year to 0.8 per cent (GH¢87.0 million) at the end of the third quarter of 2017.

Credit from BOG and Other Liabilities comprising margin deposits, cheques for clearing, borrowing from other resident banks, interest suspense however recorded a decreased growth of -15.2 per cent (-GH¢1,590.8 million) and 21.7 per cent (GH¢2,279.3 million) respectively .

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

	(Amount in GH¢ Million)															
	Variation (Quarter -on-Quarter)															
	As at end-Sept 2014					As at end-Sept 2015				As at end-Sept 2016				As at end-Jun 2016	As at end-Sept 2017	
	Sep-14	Sep-15	Sep-16	Jun-17	Sep-17	Abs	% of Change	Abs	% of Change	Abs	% of Change	Abs	% of Change	Abs	% of Change	
Sources of Funds																
Total Deposits	25,988.5	32,182.7	39,314.7	49,360.6	47,460.3	6,609.6	49.6	6,194.2	70.2	7,132.0	49.3	11,704.0	60.4	8,145.6	77.7	
Domestic	16,938.5	21,204.3	27,078.4	35,250.0	33,629.2	3,147.9	23.6	4,265.8	48.3	5,874.1	40.6	9,611.1	49.6	6,550.7	62.5	
Demand Deposits	8,556.1	10,180.6	12,803.4	15,100.5	14,643.5	1,623.0	12.2	1,624.5	18.4	2,622.8	18.1	3,396.7	17.5	1,840.1	17.5	
Savings Deposits	4,041.6	5,290.6	6,804.6	7,948.1	8,091.1	544.5	4.1	1,248.9	14.1	1,514.1	10.5	1,179.2	6.1	1,286.5	12.3	
Time Deposits	4,340.8	5,733.2	7,470.4	12,201.4	10,894.6	980.4	7.4	1,392.3	15.8	1,737.2	12.0	5,035.2	26.0	3,424.2	32.6	
Foreign Currency	9,050.0	10,978.3	12,236.3	14,110.6	13,831.1	3,461.7	26.0	1,928.3	21.8	1,257.9	8.7	2,092.9	10.8	1,594.9	15.2	
Credit From BOG	298.9	1,472.1	3,909.2	3,903.6	2,318.3	-618.7	-4.6	1,173.2	13.3	2,437.1	16.8	726.1	3.7	1,590.8	15.2	
Balances Due to Non-Resident Banks	5,994.8	4,278.3	3,956.2	5,120.6	4,043.2	2,824.3	21.2	1,716.5	-19.4	322.1	2.2	1,847.4	9.5	87.0	0.8	
Capital	2,741.0	3,022.8	3,464.4	4,265.5	4,156.2	511.5	3.8	281.8	3.2	441.6	3.1	835.2	4.3	691.8	6.6	
Reserves	4,194.0	5,737.6	6,567.8	6,848.2	7,443.6	1,629.1	12.2	1,543.5	17.5	830.2	5.7	694.3	3.6	875.9	8.4	
Other Liabilities*	8,365.9	9,718.9	13,674.1	16,260.5	15,953.4	2,374.6	17.8	1,353.1	15.3	3,955.1	27.3	3,562.5	18.4	2,279.3	21.7	
Total	47,583.1	56,412.3	70,886.2	85,759.0	81,375.0	13,330.4		8,829.2		14,474.0		19,369.5		10,488.7		
Uses of Funds																
Bank Credit	23,808.5	28,730.7	33,740.6	35,459.0	34,805.6	8,000.7	60.0	4,922.3	55.8	5,009.9	34.6	3,094.9	16.0	1,065.0	10.2	
o/w Private Sector Credit	20,823.2	25,328.9	28,511.6	32,530.6	31,768.2	6,705.4	50.3	4,505.7	51.0	3,182.7	22.0	4,275.1	22.1	3,256.6	31.0	
Investment in Government Securities	6,908.9	9,588.0	11,618.3	10,325.8	9,269.0	317.4	2.4	2,679.0	30.3	2,030.4	14.0	1,009.7	5.2	2,349.3	-22.4	
Short Term	2,330.7	6,250.8	7,684.4	2,514.9	1,399.7	1,116.4	8.4	3,920.1	44.4	1,433.6	9.9	3,397.2	17.5	6,284.7	-59.9	
Medium/Long Term	4,578.3	3,337.2	3,933.9	7,810.8	7,869.3	-799.0	-6.0	1,241.1	-14.1	596.7	4.1	4,406.9	22.8	3,935.3	37.5	
Foreign Assets	4,916.1	4,936.8	7,152.8	6,897.9	7,929.9	1,655.6	12.4	20.7	0.2	2,216.0	15.3	1,238.8	6.4	777.1	7.4	
Balances with BOG	5,118.3	6,825.0	6,486.8	8,302.9	7,552.8	1,856.2	13.9	1,706.6	19.3	338.1	2.3	1,487.8	7.7	1,066.0	10.2	
Other Assets**	6,831.3	6,331.8	11,887.7	24,773.4	21,817.6	1,500.5	11.3	499.5	-5.7	5,555.9	38.4	12,538.3	64.7	9,930.0	94.7	
Total	47,583.1	56,412.3	70,886.2	85,759.0	81,375.0	13,330.4		8,829.2		14,474.0		19,369.5		10,488.7		

*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

Developments in interest rates on the money market for Q 3:2017 indicated a downward trend.

Monetary Policy Rate

The Monetary Policy Committee reduced the Bank of Ghana's Monetary Policy Rate (MPR) to 21.00 per cent at the end of Q3:2017. This represents a 500 bps year-on-year reduction in the MPR from 26.00 per cent recorded in Q3:2016.

BOG Bills

The rate on the 14-day BOG bill, which is linked to the MPR, also decreased by 500 bps year-on-year to 21.00 per cent at the end of Q3:2017 from 26.00 per cent recorded in Q3:2016. Compared to Q2:2017, the decrease recorded was 150 bps. The 7-day, 28-day, 56-day and 270-day BoG bills registered no changes in interest rates and remained unchanged at 11.74 per cent, 24.27 per cent, 24.86 per cent and 26.82 per cent respectively at the end of Q3:2017. This was on account of inactivity and non-issuance.

Government Securities On the treasury market, interest rates trended downwards. The 91-day and 182-day T-bills' rates decreased significantly by 968 bps and 1,062 bps respectively, year-on-year, to settle at 13.19 per cent and 14.08 per cent. The corresponding quarter in 2016 also recorded decreases of 242 bps and 123 bps, year-on-year, for the 91-day and 182-day T-bills respectively. The rates on the two discount securities however increased by 111 bps and 80 bps respectively, when compared to the developments in rates for Q2:2017.

The rates on the medium-to-long term securities also trended downward during the review quarter. The rates on the 1-year and 2-year fixed rate notes decreased by 850 bps and 700 bps, year-on-year, respectively to end Q3:2017 at 15.00 per cent and 17.00 per cent. Compared to Q2:2017, the rate on the 1-year note decreased by 25 bps while that for the 2-year note remained unchanged. For Q3:2016, interest rates on the 1-year and 2-year notes both increased by 100 bps, year-on-year.

The rates on the 3-year and 5-year Government of Ghana (GOG) bonds declined by 575 bps and 650 bps, year-on-year, respectively to end the review quarter at 18.25 per cent and 18.25 per cent. The 7-year GOG bond's interest rate increased by 175 bps to 19.75 per cent while the 10-year and 15-year GOG bonds, which were introduced in November 2016 and April 2017 respectively, maintained their rates at 19.00 per cent and 19.75 per cent at the end of Q3:2017. For the corresponding quarter in 2016, both the 3-year and 5-year GOG bonds experienced year-on-year increases in rates of 51 bps and 375 bps respectively while that on the 7, 10 and 15-year GOG bonds remained unchanged.

Interbank

Rate The interbank weighted average interest rate decreased by 457 bps, year-on-year, from 25.51 per cent recorded at the end of Q3:2016 to 20.94 per cent at the end of Q3:2017. Compared to Q2:2017, the interbank weighted average interest rate decreased by 117 bps from 22.11 per cent.

Time & Savings Deposit Rates The average interest paid on the DMBs' 3-month time deposit was 13.00 per cent for Q3:2017 similar to Q3:2016. Compared to Q2:2017 however, the rate on the 3-month time deposit decreased by 150 bps.

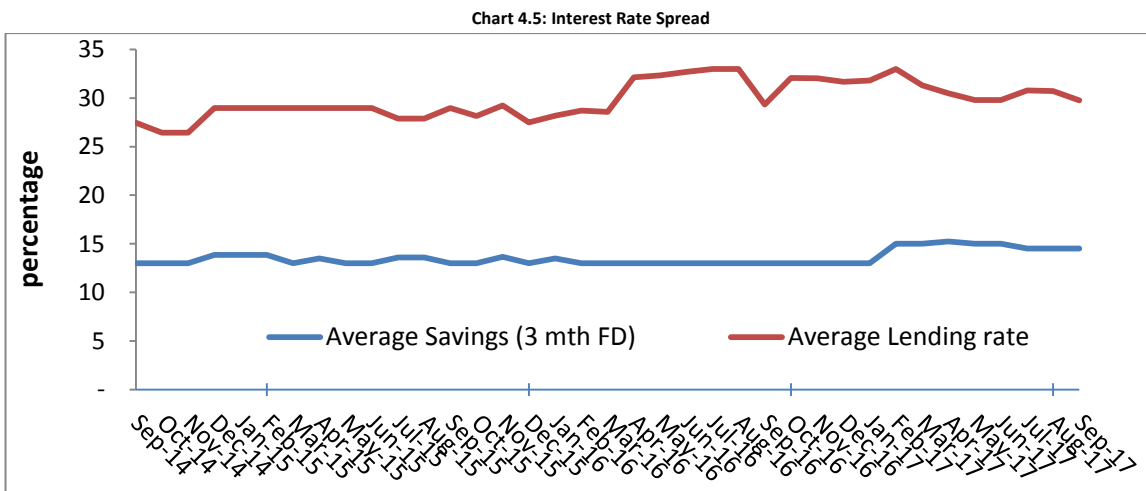
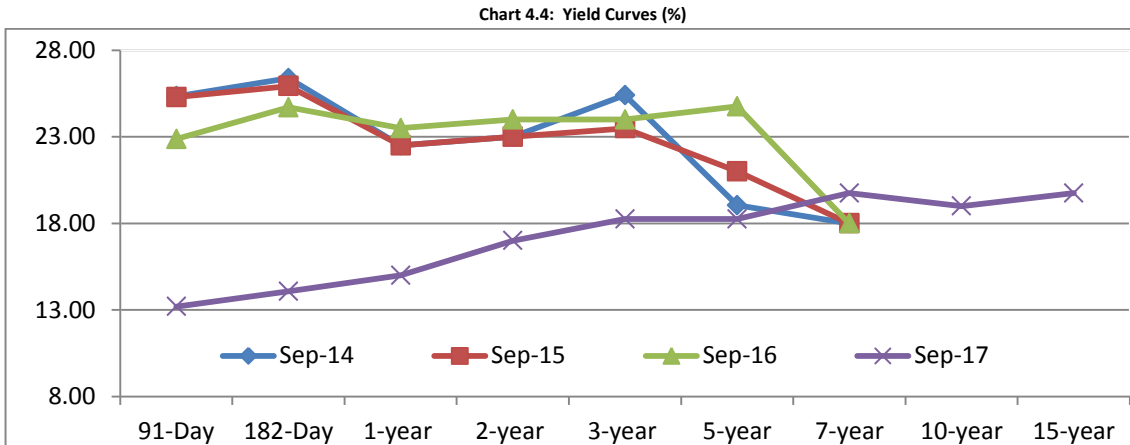
The average savings rate for the quarter increased by 105 bps year-on-year to settle at 7.55 per cent at the end of Q3:2017 from 6.13 per cent recorded for Q3:2016. This may be compared with a 150 bps increase for the corresponding period in 2016.

Lending Rates The average lending rate trended downward during the review quarter, declining by 174 bps, year-on-year, from 30.71 per cent recorded in Q3:2016 to 28.97 per cent in Q3:2017. The corresponding quarter in 2016 however saw the average lending rate increase by 173 bps year-on-year. Compared to Q2:2017, the average lending rate declined by 181 bps from 30.77 per cent.

The spread between the borrowing and lending rates stood at 15.97 per cent. It decreased by 174 bps year-on-year from 17.71 per cent in Q3:2016 to 16.27 per cent at the end of Q3:2017. Compared with the corresponding quarter in 2016, however, the spread had widened by 173 bps, year-on-year, from 15.98 per cent in Q3:2015 to 17.71 per cent in Q3:2016.

Base Rate

The average base rate of the DMBs decreased by 282 bps, year-on-year, from 26.46 per cent in Q3:2016 to 23.64 per cent recorded in Q3:2017. For Q3:2016, the average base rate also decreased by 36 bps, year-on-year. Compared to Q2:2017, however, the average base rate decreased by 215 bps.



4.5.2 Settlement of Interbank Transactions The volume of transactions settled through the Ghana Interbank System (GIS) during the third quarter of 2017 totalled 236,392 valued at GH¢499,111.3 million. This represented an increase in volume of transactions by 3.25 per cent and a reduction of 4.21 per cent in terms of value from the previous quarter. Compared with the same period the previous year, interbank settlements increased by 3.23 per cent and 22.28 per cent in both volume and value terms. On the average, a total of 3,813 transactions were settled daily through the GIS, valued at GH¢8,050.18 million during the quarter under review, compared with a total of 3,819 cheques valued at GH¢8,684.4 million during the second quarter of 2017. In the same period in 2016, an average of 3,574 transactions were settled daily through the GIS, valued at GH¢6,375.27 million. The volume of trades had been stable but the value of trades increased significantly over the period.

Cheques Cleared The volume of cheques cleared during the third quarter of 2017 totalled 1,829,394 valued at GH¢45,727.8 million. There was an increase of 1.20 per cent and 19.69 per cent in both value and volume terms respectively compared the second quarter of 2017. When compared with the third quarter of 2016, values of cheques cleared also increased by 1.21 per cent and 19.69 per cent in volumes and value terms respectively. On a daily basis, an average of 29,042 cheques valued at GH¢725.84 million were cleared during the period under review, compared with 30,131 cheques valued at GH¢717.30 million cleared daily during the second quarter of 2017. For the same period in 2016, a total of 28,245 cheques valued at GH¢596.95 million were cleared daily.

4.5.3 Money Market Liquidity Total value of depo trades during the third quarter of 2017 amounted to GH¢64,277.1 million, an increase of 10.0 per cent over trades in the second quarter. Reverse repo trading on the other hand also increased by 22.7 per cent to GH¢11,134.80 million above the second quarter levels. During the third quarter of the previous year, depots decreased by 7.5 per cent while reverse repos increased by 28.6 per cent.

On the interbank market, values of trade during the third quarter ranged between GH¢545.0 million and GH¢2,804.5 million at weighted average rates ranging from 20.92 per cent and 22.04 per cent. In the previous quarter, values of trade ranged from GH¢632.5 million and GH¢1,908.0 million with weighted average rates ranging from 22.03 per cent and 23.38 per cent. During the same period the previous year, trades ranged from GH¢1,653.9 million and GH¢4,157.0 million at weighted average rates ranging from 25.50 per cent and 25.51 per cent.

4.5.4 Tender Results

Total sales at the auction during the third quarter totaled GH¢65,353.23 million with maturities totaling GH¢66,445.58 million. This resulted in a net repayment of GH¢1,092.20 million out of which Government made a borrowing of GH¢62.44 million from the public sector while there was an injection through Bank of Ghana’s OMO activities to the tune of GH¢1,029.91 million.

Chart 4.6: Money Market Rate

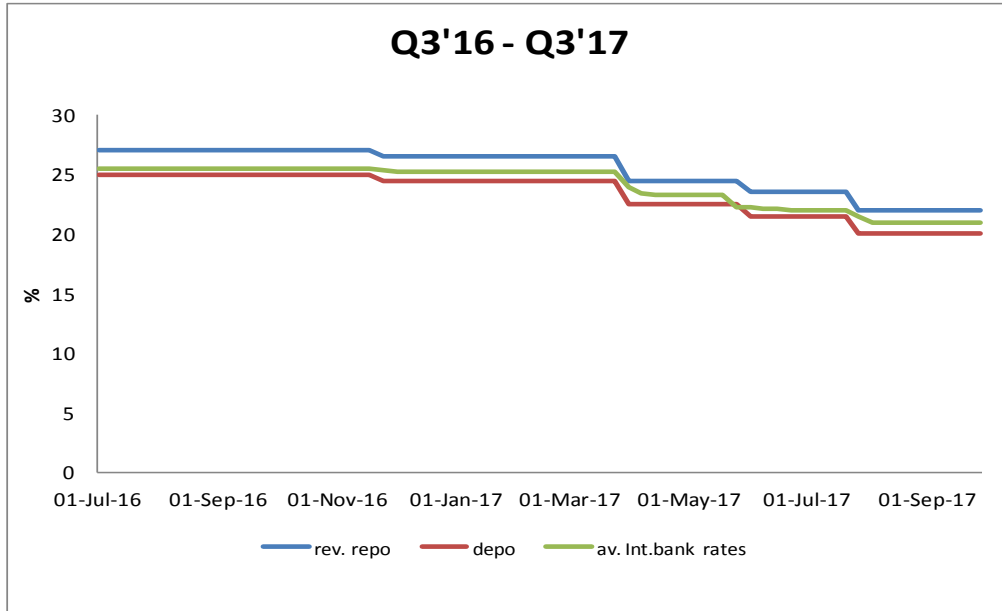
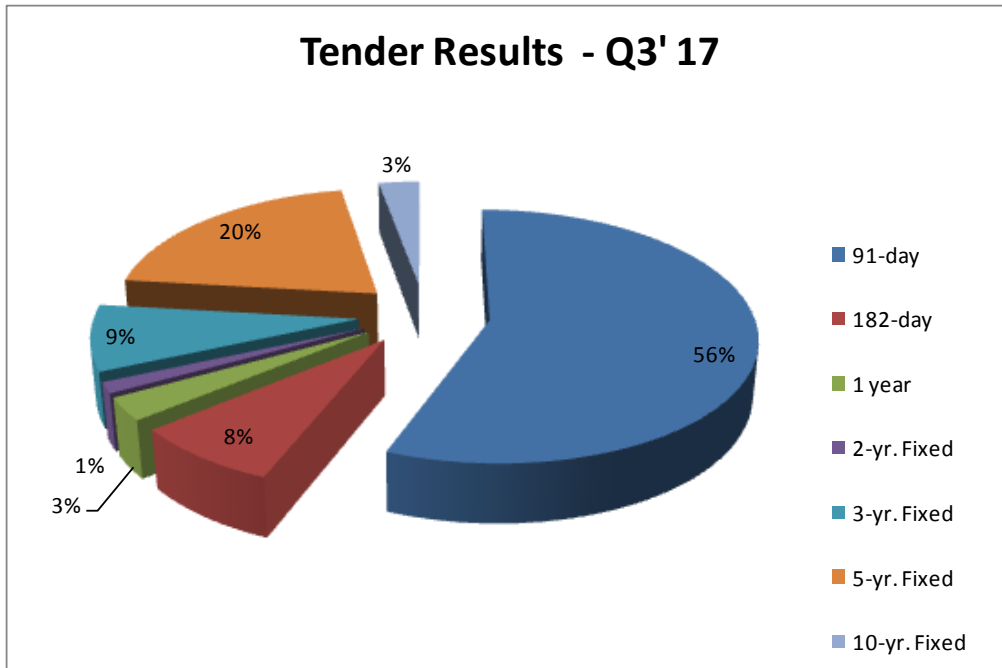


Chart 4.7: Analysis of Tender Results (2017Q2)



4.6 Currency Markets

4.6.1 International Currency Market

Risks to the outlook of global economic activity remained on the downside for the third quarter of 2017 as market volatility caused by the EU referendum began to smoothen out. The Greenback lost its steam as investors became skeptical about the likelihood of the Federal Reserve increasing the interest rates. The British Pound Sterling was yet to fully recover as it exhibited a mixed performance during the quarter. The Bank of Japan's stimulus program also continued to drag the performance of the Japanese Yen. The Euro, however, continued to sustain its robustness on the international currency market as it continued to trade strongly against all the major rivals.

The US Dollar The **US Dollar** slipped in August as global stock markets turned down and economic data sent contrary signals on whether the U.S. Federal Reserve would raise U.S interest rates. It however had a strong performance in July and September, favoured by a strong U.S labour market and also on Greece's final agreement to a debt deal with its creditors. The US dollar depreciated by 2.6 per cent and 2.9 per cent against the pound sterling and the Euro but appreciated by 1.1 per cent against the Japanese Yen.

The Pound Sterling The **Pound Sterling** traded mixed during the third quarter as it was weighed down by a slower than expected expansion of both the manufacturing and service sector. It was however held up by prospects of a further divergence in monetary policy and hence surged against the euro in July. The Pound depreciated against the euro by 0.2 per cent but appreciated by 2.8 per cent and 4.6 per cent against the US dollar and the Yen respectively.

The Euro Cumulatively **the Euro** exhibited a strong performance during the quarter. The European economy grew faster than forecasted in the quarter under review. Unemployment fell to its lowest in almost nine years backing up the European Central Bank's move to begin reducing its bond buying. The euro appreciated against the major currencies by 2.9 per cent, 0.5 per cent and 4.0 per cent against the US Dollar, the Pound Sterling and the Japanese Yen respectively.

The Yen The Japanese yen slumped against its major peers after the Bank of Japan (BOJ) kept interest rates steady and signalled it was in no hurry to follow the Federal Reserve's example in tightening its ultra-loose monetary policy. The Yen depreciated by 0.4 per cent, 4.5 per cent and 6.9 per cent against the US dollar, the Pound sterling and the Euro respectively.

4.6.2 Domestic Currency Market

The demand for foreign exchange on the domestic currency was higher than the inflows and therefore affected the Ghana cedi to depreciate in the third quarter of 2017. The Ghana cedi continued to trade weak in the currency market during the period as a result of demand from official sources for loan repayments, oil and non-oil imports and by traders in the informal sector. The demand outweighs the inflows of foreign exchange on the domestic currency market from the traditional sources.

Inter-Bank Market

In the Inter-Bank Market, the Ghana cedi continue to depreciate against the major currencies. The cedi depreciated by 0.7 per cent, 3.9 per cent and 4.2 per cent against the US Dollar, the Pound sterling and the Euro respectively. During the same period in 2016, the cedi gained grounds and appreciated by 2.9 per cent but depreciated against the US dollar and the Euro by 1.2 per cent and 2.3 per cent respectively.

Forex Bureau Market

On the **Forex Bureau Market**, the movement of the Ghana cedi was similar to that of inter-bank market as it traded weak against the major currencies. The Ghana cedi depreciated by 4.9 per cent and 5.9 per cent against the pound sterling and the euro respectively but remained the same with the US dollar.

Foreign Exchange Transaction Market

The activities in the foreign exchange transaction market grew during the third quarter of 2017. The volume of purchases recorded an upswing of 71.7 per cent from US\$2,425.51 million in the second quarter of 2017 to US\$4,163.40 million in the third quarter. This was on account of 72.26 per cent increase in purchases from the DMB's. The purchases by Bank of Ghana however, decreased by 17.0 per cent from US\$536.73 million to US\$445.25 million.

Table 4.4: International Market Exchange Rate Movement

Quarterly Table International Market								
End Period	US\$/£ Movements			US\$/€ Movements			US\$/¥ Movements	
	Quarter	Annual		Quarterly	Annual		Quarterly	Annual
2015								
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
Q3	1.5174	3.6		1.1199	-0.2		0.0083	-1.2
Q4	1.4815	2.4	5.49	1.0904	2.7	11.45	0.0083	0.0
2016								
Q1	1.4339	3.3		1.1334	-3.8		0.0089	-6.7
Q2	1.3468	6.5		1.1110	2.0		0.0097	-8.2
Q3	1.3006	3.6		1.1234	-1.1		0.0098	-1.0
Q4	1.2369	5.1	19.78	1.0562	6.4	3.24	0.0086	14.0
2017								
Q1	1.2462	-0.7		1.0671	-1.0		0.0090	-4.4
Q2	1.2967	-3.9		1.1402	-6.4		0.0089	1.1
Q3	1.3313	-2.6		1.1743	-2.9		0.0088	1.1

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

Table 4.5: Inter-bank Market Exchange Rate Movements

End Period	Movement								
	₺/US\$	Quarterly	Annual	₺/GBP	Quarterly	Annual	₺/Euro	Quarterly	Annual
2015									
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	
Q3	3.7545	15.3		5.6956	19.8		4.2257	14.6	
Q4	3.7944	-1.1	-15.66	5.6265	1.2	-11.51	4.1514	1.8	-6.15
2016									
Q1	3.8304	-0.9		5.5252	1.8		4.3456	-4.5	
Q2	3.9230	-2.4		5.3052	4.1		4.3623	-0.4	
Q3	3.9709	-1.2		5.1576	2.9		4.4653	-2.3	
Q4	4.2002	-5.5	-9.66	5.1965	-0.7	8.27	4.4367	0.6	-6.43
2017									
Q1	4.3273	-2.9		5.3964	-3.7		4.6164	-3.9	
Q2	4.3629	-0.8		5.6651	-4.7		4.9750	-7.2	
Q3	4.3944	-0.7		5.8962	-3.9		5.1940	-4.2	

Depreciation (-)/ Appreciation (+)

Table 4.6: Forex Bureaux Exchange Rate Movements

End Period	Movement			Movement			Movement		
	₺/US\$	Quarter	Annual	₺/GBP	Quarter	Annual	₺/Euro	Quarter	Annual
2015									
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	
Q3	3.8070	14.90		5.7510	13.4		4.2400	8.5	
Q4	3.8645	-1.5	-16.11	5.7015	0.9	-12.57	4.1815	1.4	-5.10
2016									
Q1	3.8670	-0.1		5.3765	6.0		4.2770	-2.2	
Q2	3.9350	-1.7		5.4110	-0.6		4.3340	-1.3	
Q3	3.9790	-1.1		5.1730	4.6		4.4235	-2.0	
Q4	4.2715	-6.8	-9.53	5.1830	-0.2	10.00	4.4185	0.1	-5.36
2017									
Q1	4.4217	-3.4		5.4178	-4.3		4.6395	-4.8	
Q2	4.4472	-0.6		5.6567	-4.2		4.9466	-6.2	
Q3	4.4483	0.0		5.8983	-4.1		5.2544	-5.9	

Depreciation (-)/ Appreciation (+)

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

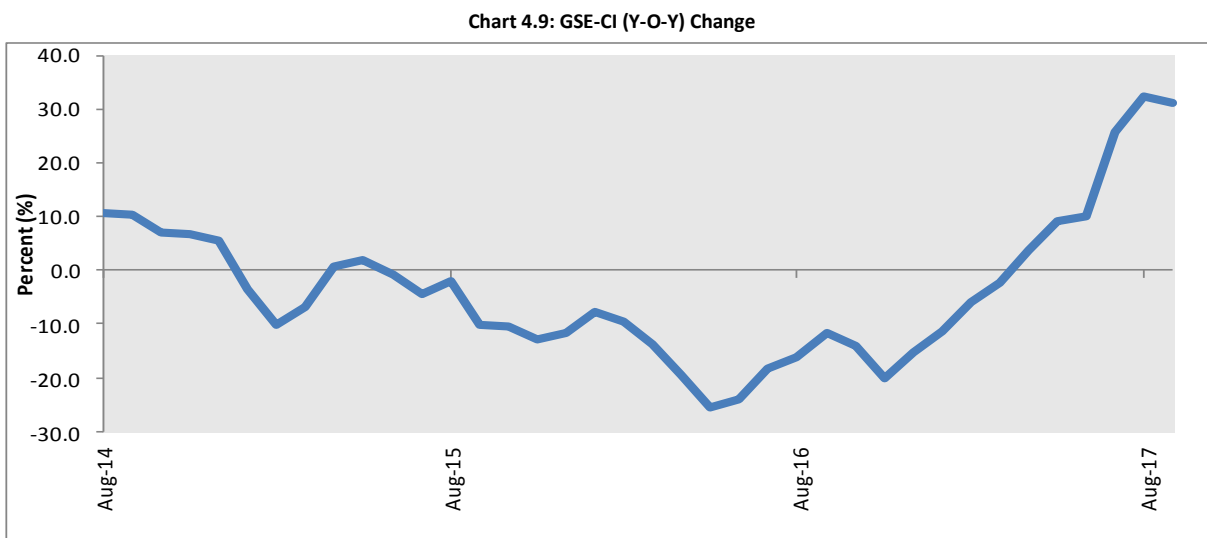
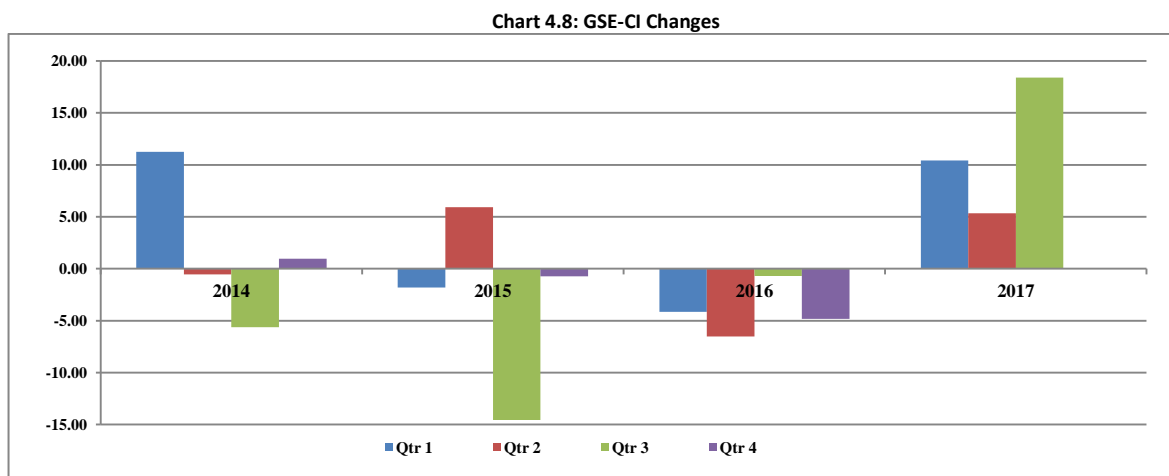
Forex Transaction Market					Total	Percentage Change	Cumulative	Year-On-Year	Sales		Total		
Purchases				Interbank					F. Bureau				
	BOG	Banks	Interbank	F. Bureau					Interbank	F. Bureau			
2,016.00													
Jan	337.68	398.92	736.60	27.13	*	763.73	14.23	763.73	35.79	807.48	27.34	*	834.82
Feb	230.20	345.98	576.18	27.14	*	603.32	-21.00	1,367.05	-12.16	654.74	27.34	*	682.08
Mar	109.32	421.09	530.41	27.14	*	557.55	-7.59	1,924.60	-16.58	519.69	27.34	*	547.03
Apr	65.00	527.62	592.62	27.14	*	619.76	11.16	2,544.36	19.41	503.09	27.34	*	530.43
May	135.67	411.23	546.90	27.13	*	574.03	-7.38	3,118.39	-10.74	572.61	27.34	*	599.95
Jun	145.80	451.33	597.13	27.14	*	624.27	8.75	3,742.66	-13.41	580.57	27.34	*	607.91
Jul	91.50	447.90	539.40	27.14	*	566.54	-9.25	4,309.20	-15.40	559.20	27.34	*	586.54
Aug	76.71	533.48	610.19	27.14	*	637.33	12.50	4,946.52	-5.97	607.00	27.34	*	634.34
Sep	80.94	482.07	563.01	27.14	*	590.15	-7.40	5,536.67	-8.90	536.02	27.34	*	563.36
Q3	249.15	1,463.45	1,712.60	27.14	*	1,739.74	-1.36	6,686.26	-10.56	1,702.22	27.34	*	1,729.56
Oct	54.00	463.07	517.63	27.14	*	544.77	-7.69	6,081.44	-0.21	554.52	27.34	*	581.86
Nov	110.76	459.96	570.72	27.14	*	597.86	9.75	6,679.30	-0.12	576.31	27.34	*	603.65
Dec	230.88	394.51	625.39	27.14	*	652.53	9.14	7,331.82	-0.02	693.81	27.34	*	721.15
2,017.00													
Jan	168.00	359.14	527.14	27.14	*	554.28	-15.06	7,886.10	-0.27	607.18	27.34	*	634.52
Feb	149.00	334.75	483.75	27.14	*	510.89	-7.83	8,396.99	-0.15	500.36	27.34	*	527.70
Mar	101.50	518.21	619.71	27.14	*	646.85	26.61	9,043.83	0.16	713.54	27.34	*	740.88
Q1	418.50	1,212.10	1,630.60	27.14	*	1,657.74	-4.75	10,701.57	-11.37	1,821.08	27.34	*	1,848.42
Apr	66.85	620.40	687.25	27.14	*	714.39	10.44	9,758.22	0.15	620.89	27.34	*	648.23
May	217.80	787.45	1,005.25	27.14	*	1,032.39	44.51	10,790.61	0.80	1,043.35	27.34	*	1,070.69
Jun	191.93	453.79	705.87	27.14	*	733.01	-29.00	11,523.62	0.17	691.60	27.34	*	718.94
Q2	476.58	1,861.64	2,338.22	27.14	*	2,365.36	42.69	13,888.97	34.11	2,355.84	27.34	*	2,383.18
Jul	138.01	941.98	1,079.99	27.14	*	1,107.13	51.04	12,630.74	0.95	1,207.48	27.34	*	1,234.82
Aug	204.44	1,380.02	1,584.46	27.14	*	1,611.60	45.57	14,242.34	1.53	1,840.19	27.34	*	1,867.53
Sep	102.80	1,369.01	1,471.81	27.14	*	1,498.95	-6.99	15,741.29	1.54	1,453.96	27.34	*	1,481.30
Q3	445.25	3,691.01	4,136.26	27.14	*	4,163.40	76.02	13,949.12	139.31	4,501.63	27.34	*	4,528.97

4.7 The Stock Market

Activity on the Ghana Stock Exchange (GSE) in Q3:2017 started on a strong note in July 2017. After recording the highest monthly growth of 14.9 per cent (292.2 points), since March 2013, subsequently, the performance of the exchange dipped to 5.9 per cent (132.2 points) and -2.6 per cent (-62.9 points) in August and September 2017 respectively. The poor performance on the market was reported to be on account of significant selling pressure on some major equities.

4.7.1 GSE All-Share Index (GSE-CI)

Notwithstanding the GSE-CI's negative growth of 2.6 per cent (62.9 points) during the month of September 2017, Q3:2017 registered a growth of 18.4 per cent (361.5 points) to close at 2,326.1 points compared with the previous quarter's gain of 5.3 per cent (99.5 points).



4.7.2 Sectoral Performance

In Q3:2017, the Oil sub-sector registered a loss of 15.3 per cent (10.3 points) which was moderated by increases in six other sub-sectors during the review quarter. The remaining three sub-sectors maintained their opening levels registered at the beginning of the third quarter of 2017. The Food and Beverage, Agriculture, Distribution, Manufacturing, Finance and the Mining sub-sectors ended the month on a positive note increasing by 49.6 per cent (1,090.4 points), 31.8 per cent (31.8 points), 19.5 per cent (456.15 points), 14.9 per cent (142.7 points), 12.0 per cent (218.63 points) and 0.1 per cent (0.2 points) respectively. The IT, ETFund and Education sub sectors traded flat during the review period.

Chart 4.10: Changes in Share Prices

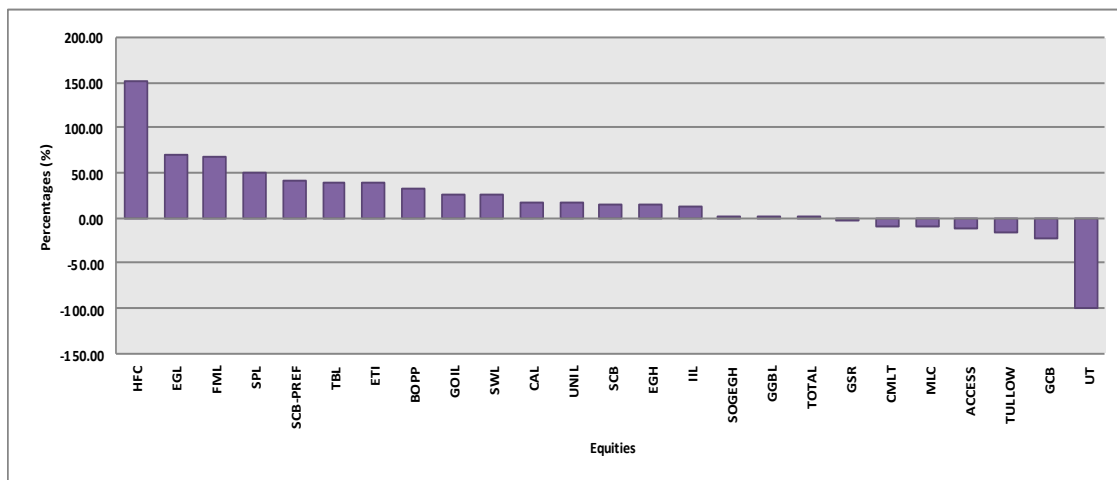


Table 4.8: Sectors Contribution to the Growth in GSE-CI

MONTH	SECTOR										GSE-CI
	F&B	MAN	FINANCE	DISTR	MINING	IT	AGRIC	OIL	ETFund	EDUC	
Dec-16	2156.9	924.1	1545.4	1603.2	134.0	31.9	416.0	86.7	123.6	100.0	1689.1
Mar-17	2132.0	956.2	1765.3	1786.1	133.9	31.9	580.0	67.5	123.6	100.0	1865.0
Jun-17	2198.2	956.1	1824.9	2339.7	133.9	31.9	880.0	67.5	123.6	100.0	1964.6
Sep-17	3288.7	1098.7	2043.5	2795.9	134.1	31.9	1160.0	57.2	123.6	100.0	2326.1
Qtr. Chg											
ABS	1090.45	142.65	218.63	456.12	0.19	0.00	280.00	-10.32	0.00	0.00	361.54
(%)	49.61	14.92	11.98	19.49	0.14	0.00	31.82	-15.28	0.00	0.00	18.40
Ytd. Chg											
ABS	1131.84	174.62	498.10	1192.66	0.17	0.00	744.00	-29.48	0.00	0.00	637.00
(%)	52.48	18.90	32.23	74.39	0.13	0.00	178.85	-34.00	0.00	0.00	37.71

4.7.3 Market Performance

For the review quarter, total exchanges on the GSE from the beginning of July to end-September 2017 amounted to 34.5 million shares valued at GH¢79.0 million. This compares with 46.4 million shares valued at GH¢80.4 million registered for the corresponding period in 2016.

4.7.4 Market Capitalization

Total market capitalization as at the end of Q3:2017 stood at GH¢58,381.5 million representing a decrease of 1.8 per cent (GH¢1,076.5 million) from the previous quarter’s position of GH¢59,458.0 million registered at the end of June 2017. Comparatively, a negative Q3:2017 growth of 3.3 per cent (GH¢1,803.1 million) was registered in market capitalization in 2016. On year-to-date basis, however, market capitalization increased by 10.8 per cent (GH¢5,690.5 million) compared with a negative year-to-date growth of 7.2 per cent (GH¢4,129.2 million registered during quarter three of 2016.

The decline in the total capitalization of the Oil sub-sector by 15.3 per cent (4,396.5 million) during the review quarter on account of share price declines was wholly responsible for the fall in the total market capitalisation of the exchange. Food and Beverage, Agriculture, Distribution, Finance, Manufacturing and the Mining sub-sectors however registered gains to moderate the decline in the market capitalization during the review period.

Chart 4.11: Volume Traded

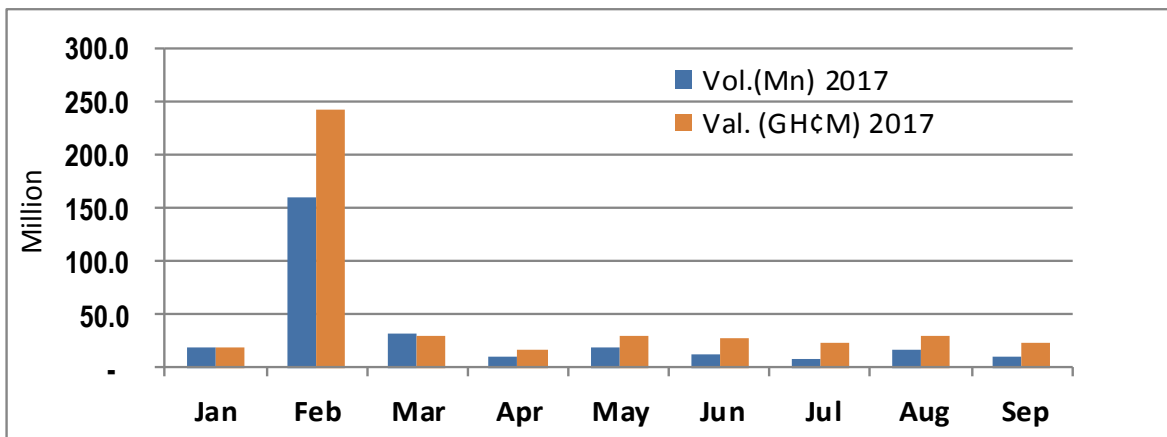


Table 4.9: Top Ten Trades in Volume and Value

<i>Equity</i>	<i>Volume Traded</i>	<i>% of Volume Traded</i>	<i>Equity</i>	<i>Value Traded</i>	<i>% of Value Traded</i>
CAL	2,839,318	30.23	FML	7,546,074.23	31.27
SOGEGH	1,165,056	12.4	GCB	4,757,783.49	19.71
GCB	1,141,205	12.15	CAL	2,847,948.48	11.8
ETI	967,009	10.3	SCB	2,546,594.08	10.55
SIC	673,988	7.18	EGL	1,918,473.60	7.95
TOTAL	583,742	6.22	TOTAL	1,340,923.18	5.56
GOIL	456,406	4.86	GOIL	1,062,410.21	4.4
EGL	427,844	4.56	SOGEGH	890,005.70	3.69
FML	377,367	4.02	EGH	505,169.92	2.09
TBL	168,900	1.8	UNIL	180,286.54	0.75

Table 4.10: Sectors Contribution to Market Capitalization

MONTH	SECTOR										Market Cap
	F&B	MAN	FINANCE	DISTR	MINING	IT	AGRIC	OIL	ETFund	EDUC	
Dec-16	1,852.5	660.0	9,384.0	688.9	15,624.5	3.4	72.4	24,379.2	15.5	10.6	52,691.0
Mar-17	1,831.1	683.0	10,824.7	767.5	15,618.5	3.4	100.9	18,991.8	15.5	10.6	48,847.0
Jun-17	1,888.1	682.9	11,308.4	1,005.3	15,621.5	3.4	153.1	28,769.3	15.5	10.6	59,458.0
Sep-17	2,824.6	784.8	13,322.6	1,201.3	15,644.1	3.4	201.8	24,372.8	15.5	10.6	58,381.5
Qtr. Chg											
ABS	936.58	101.89	2014.23	195.99	22.61	0.00	48.72	-4396.45	0.00	0.00	-1076.46
(%)	49.61	14.92	17.81	19.49	0.14	0.00	31.82	-15.28	0.00	0.00	-1.81
Ytd. Chg											
ABS	972.13	124.72	3938.57	512.46	19.58	0.00	129.46	-6.39	0.00	0.00	5690.50
(%)	52.48	18.90	41.97	74.39	0.13	0.00	178.85	-0.03	0.00	0.00	10.80

Outlook

Activity on the capital market is expected to pick up again notwithstanding the dip during the review quarter. This is on account of the increased stability in the macroeconomic environment in addition to the falling yields on the Ghana Fixed Income Market (GFIM).

5. Fiscal Developments

Government budgetary operations in the third quarter of 2017 resulted in an overall fiscal deficit of GH¢2,422.43 million (1.20% of GDP) as against a target deficit of GH¢2,793.77 million (1.38% of GDP). The outturn of receipts was below target while that of expenditures was above target for the review period.

The developments in domestic revenues and expenditure resulted in a domestic primary surplus of GH¢1,400.04 million (0.69% of GDP) compared with a budgeted surplus of GH¢1,586.13 million (0.79% of GDP). In the corresponding quarter of 2016, the domestic primary balance recorded a surplus equivalent to 0.84 per cent of GDP.

Table 5.1: Fiscal Indicators (GH¢' million)

	2016			2017			2017
	Prov. Q1	Prov. Q2	Prov. Q3	Prov. Q1	Prov. Q2	Prov. Q3	Prog. Q3
Taxes on income and property	2,078.73	2,212.98	2,105.98	2,862.14	2,924.54	3,084.53	3,094.36
per cent of GDP	1.24	1.32	1.26	1.42	1.45	1.53	1.53
Taxes on goods and services	2,817.50	3,331.85	2,826.46	2,982.03	3,134.07	3,591.99	3,356.06
per cent of GDP	1.68	1.99	1.69	1.48	1.55	1.78	1.66
Taxes on international trade	1,005.11	1,038.67	997.39	1,005.44	1,222.45	1,328.38	1,583.22
per cent of GDP	0.60	0.62	0.60	0.50	0.61	0.66	0.78
Tax revenue including oil	5,901.34	6,583.51	5,929.83	6,849.61	7,281.06	8,004.91	8,033.64
per cent of GDP	3.53	3.93	3.54	3.39	3.60	3.96	3.98
Tax revenue excluding oil	5,828.73	6,543.11	5,878.74	6,615.77	7,171.95	7,802.83	7,933.85
per cent of GDP	3.51	3.94	3.54	3.39	3.68	4.00	4.07
Nontax revenue	889.33	1,450.86	1,298.70	1,149.93	1,162.38	1,520.39	1,705.38
per cent of GDP	0.53	0.87	0.78	0.57	0.58	0.75	0.84
Domestic revenue including oil	7,220.75	8,544.44	7,724.84	8,424.06	9,056.91	10,000.13	10,341.00
per cent of GDP	4.31	5.11	4.62	4.17	4.48	4.95	5.12
Domestic revenue excluding oil	7,148.14	8,504.04	7,673.76	8,190.22	8,947.81	9,798.06	10,241.20
per cent of GDP	4.31	5.12	4.62	4.20	4.59	5.02	5.25
Grants	270.48	361.60	343.42	487.51	291.03	169.58	352.52
per cent of GDP	0.16	0.22	0.21	0.24	0.14	0.08	0.17
Total revenue and grants	7,491.23	8,906.04	8,068.26	8,911.57	9,347.94	10,169.71	10,693.51
per cent of GDP	4.48	5.32	4.82	4.41	4.63	5.03	5.29
Compensation of Employees	3,633.08	3,495.60	3,357.50	3,499.21	4,442.81	4,570.08	4,030.04
per cent of GDP	2.17	2.09	2.01	1.73	2.20	2.26	1.99
Goods and services	274.90	1,263.21	577.07	94.54	757.21	980.76	532.04
per cent of GDP	0.16	0.75	0.34	0.05	0.37	0.49	0.26
Interest payments	2,396.59	2,180.92	3,384.61	3,048.34	3,659.19	3,002.81	3,186.66
per cent of GDP	1.43	1.30	2.02	1.51	1.81	1.49	1.58
Subsidies	0.00	0.00	0.00	0.00	0.00	0.00	25.00
per cent of GDP	0.00	0.00	0.00	0.00	0.00	0.00	0.01
Non-Financial Assets (Capital Expenditure)	1,472.14	1,739.96	2,102.16	1,065.25	1,758.81	872.37	1,746.74
per cent of GDP	0.88	1.04	1.26	0.53	0.87	0.43	0.86
Total expenditure & net lending	9,791.37	11,554.91	12,801.80	10,254.06	13,432.53	12,736.43	12,894.91
per cent of GDP	5.85	6.90	7.65	5.08	6.65	6.30	6.38
Overall Budget Balance	-4,089.70	-2,600.80	-3,945.76	-2,647.62	-4,205.76	-2,422.43	-2,793.77
per cent of GDP	-2.44	-1.55	-2.36	-1.31	-2.08	-1.20	-1.38
Domestic Expenditure	7,654.81	7,897.67	6,301.66	7,353.71	7,987.86	8,600.09	8,754.86
per cent of GDP	4.57	4.72	3.77	3.64	3.95	4.26	4.33
Domestic Primary Balance	-434.07	646.77	1,423.18	1,070.35	1,069.06	1,400.04	1,586.13
per cent of GDP	-0.26	0.39	0.85	0.53	0.53	0.69	0.79
Stock of Domestic Debt	41,548.40	44,219.45	46,965.98	54,740.28	63,434.45	63,274.92	
per cent of GDP	24.83	26.42	28.06	27.10	31.40	31.32	
Nominal GDP (Including Oil)	167,353.50	167,353.50	167,353.50	202,010.00	202,010.00	202,011.00	202,011.00
Nominal GDP (Excluding oil)	149,723.00	149,723.00	149,723.00	195,062.00	195,062.00	195,063.00	195,063.00

Source: Bank of Ghana

5.1 Government Revenue

Government receipts (including grants) for the review quarter amounted to GH¢10,169.71 million (5.03% of GDP) which was lower than the budgeted estimate of GH¢10,693.51 million (5.29% of GDP). It was however higher than the GH¢8,068.26 million (4.82% of GDP) recorded for the corresponding quarter in 2016. The receipts for the quarter under review were made up of tax revenue of GH¢8,004.91 million (78.71% of the total), social security contributions of GH¢66.65 million (0.66%), non-tax revenue of GH¢1,520.39 million, (14.95%) and grants GH¢169.58 million (1.67%).

Non-tax receipts amounted to GH¢1,520.39 million (0.75% of GDP) and was 10.85 per cent lower than the budgeted target of GH¢1,705.38 million (0.84% of GDP). In the corresponding period of 2016, Non-tax receipts totalled GH¢1,298.70 million (0.78% of GDP).

Grants disbursement of GH¢169.58 million fell short of the budgeted target of GH¢352.52 million as well as GH¢343.62 million recorded in the third quarter of 2016.

Income and Property Tax

Taxes from income and property during the third quarter amounted to GH¢3,084.53 million compared with the budget target of GH¢3,094.36 million. Personal income taxes, self-employed taxes and company taxes of GH¢1,142.29 million, GH¢78.29 million and GH¢1,325.93 million respectively, marginally fell below their programmed targets. However, royalties from oil of GH¢105.62 million and Airport tax of GH¢95.65 million exceeded their target by 5.83 per cent and 22.64 per cent respectively.

Domestic Goods and Services

Domestic goods and services tax of GH¢3,591.99 million was 7.03 per cent higher than the target of GH¢3,356.06 million. This tax component comprised domestic excise duty and petroleum tax (GH¢1,079.21 million), VAT collections (GH¢2,096.41 million), National Health Insurance Levy (NHIL) of GH¢332.99 million and GH¢83.39 million from Communication Service Tax.

Petroleum taxes for the review period amounted to GH¢1,009.20 million and this constituted 28.10 per cent of the total taxes on domestic goods and services compared to 27.17 per cent in the corresponding period of 2016.

Table 5.2: Government Revenue (GHC' million)

	2016			2017			2017
	Prov. Q1	Prov. Q2	Prov. Q3	Prov. Q1	Prov. Q2	Prov. Q3	Prog Q3
TAX REVENUE	5,901.34	6,583.51	5,929.83	6,849.61	7,281.06	8,004.91	8,033.64
<i>(percent of GDP)</i>	3.53	3.93	3.54	3.39	3.60	3.96	3.98
TAXES ON INCOME & PROPERTY	2,078.73	2,212.98	2,105.98	2,862.14	2,924.54	3,084.53	3,094.36
Personal	744.91	820.95	833.50	984.90	1,195.21	1,142.29	1,171.97
Self employed	55.60	60.68	66.94	69.68	78.32	78.29	90.09
Companies	966.68	1,029.13	867.04	1,138.10	1,185.69	1,325.93	1,360.37
Company taxes on oil	34.06	7.95	0.00	115.66	0.00	96.46	0.00
Others	277.47	294.26	338.50	553.80	465.31	441.57	471.93
Other direct taxes /1	170.30	206.03	254.36	410.79	347.79	298.66	336.94
o/w Royalties from Oil	38.54	32.45	51.08	118.18	109.11	105.62	99.80
o/w Mineral Royalties	99.46	140.30	164.47	178.37	156.72	144.29	168.35
NFSL	38.34	33.59	15.45	109.79	84.01	47.27	57.00
Airport tax	68.83	54.64	68.69	0.00	0.00	95.65	77.99
TAXES ON DOMESTIC GOODS AND SERVICES	2,817.50	3,331.85	2,826.46	2,982.03	3,134.07	3,591.99	3,356.06
Excises	896.14	1,145.96	826.37	650.02	589.32	1,079.21	829.14
Excise Duty	69.91	81.56	58.49	82.00	93.84	70.01	95.20
Petroleum tax	826.24	1,064.40	767.89	568.02	495.48	1,009.20	733.94
o/w Debt recovery levy	0.00	7.26	7.44	6.64	7.97	7.44	8.39
o/w Road Fund levy				264.12	260.03	295.15	342.73
VAT	1,585.40	1,826.45	1,648.37	1,935.49	2,143.64	2,096.41	2,080.29
Domestic	700.78	769.44	642.08	805.22	892.49	827.37	965.45
External	884.62	1,057.01	1,006.29	1,130.27	1,251.15	1,269.04	1,114.84
National Health Insurance Levy (NHIL)	255.74	284.92	256.71	306.21	332.70	332.99	367.73
Customs Collection	136.14	156.68	149.69	172.00	183.95	195.44	203.51
Domestic Collection	119.61	128.24	107.01	134.20	148.75	137.55	164.22
Communication Service Tax	80.22	74.53	95.01	90.31	68.41	83.39	78.90
TAXES ON INTERNATIONAL TRADE	1,005.11	1,038.67	997.39	1,005.44	1,222.45	1,328.38	1,583.22
Imports	915.11	1,038.67	997.39	1,005.44	1,222.45	1,328.38	1,583.22
Import duty	915.11	1,038.67	997.39	1,005.44	1,222.45	1,328.38	1,583.22
Exports	90.00	0.00	0.00	0.00	0.00	0.00	0.00
Cocoa	90.00	0.00	0.00	0.00	0.00	0.00	0.00
SOCIAL CONTRIBUTIONS	77.48	73.08	52.88	0.00	229.60	66.65	74.40
SSNIT Contribution to NHIL	77.48	73.08	52.88	0.00	229.60	66.65	74.40
NON-TAX REVENUE	889.33	1,450.86	1,298.70	1,149.93	1,162.38	1,520.39	1,705.38
Retention	680.71	716.47	1,012.73	710.01	699.39	795.29	922.79
Lodgement	208.62	734.39	285.97	439.92	462.99	725.10	782.59
Fees & Charges	107.10	103.50	114.16	116.34	117.74	161.98	165.55
Dividend/Interest & profits (Others)				2.67	47.29	275.25	305.06
Dividend/Interest & profits from Oil	99.89	119.65	132.40	320.78	296.73	286.98	309.97
Surface Rentals from Oil	1.63	1.23	0.00	0.13	1.23	0.88	2.01
Gas Receipts	0.00	0.00	0.10	0.00	0.00	0.00	0.00
Hedging Profits	0.00	0.00	0.00	0.00	808.40	808.40	808.40
COCOBOD	0.00	0.00	0.00	424.52	615.99	615.99	615.99
OTHER REVENUE	352.60	436.99	443.43	424.52	383.88	408.19	527.57
Other Revenue	352.60	436.99	443.43	0.00	0.00	0.00	0.00
ESLA Proceeds	-	-	-	424.52	383.88	408.19	527.57
Energy Debt Recovery Levy	-	-	-	315.85	300.14	332.57	427.28
Public Lighting Levy	-	-	-	0.00	0.00	0.00	46.63
National Electrification Scheme Levy	-	-	-	0.00	0.00	0.00	37.59
Price Stabilisation & Recovery Levy	-	-	-	108.67	83.73	75.62	100.29
DOMESTIC REVENUE	7,220.75	8,544.44	7,724.84	8,424.06	9,056.91	10,000.13	10,341.00
GRANTS	270.48	361.60	343.42	487.51	291.03	169.58	352.52
Project grants	255.88	346.99	286.13	487.51	291.03	169.58	336.18
Programme grants	14.60	14.61	57.29	0.00	0.00	0.00	16.33
TOTAL REVENUE & GRANTS	7,491.23	8,906.04	8,068.26	8,911.57	9,347.94	10,169.71	10,693.51

Source: Bank of Ghana

**International
Trade Taxes**

International trade taxes for the third quarter of 2017 amounted to GH¢1,328.38 million, higher than the GH¢997.45 million recorded for the corresponding period of 2016. This was however lower than the budget target of GH¢1,582.22 million by 16.04 per cent. The poor performance of import duty was attributed to reduced import volumes over the period.

**5.2 Government
Expenditures**

Government expenditure (including net lending) in the third quarter of 2017 amounted to GH¢12,736.43 million (6.3% of GDP) compared with a target of GH¢12,894.91 million (6.38% of GDP) and GH¢12,801.80 million (7.65% of GDP) recorded during the corresponding quarter of 2016.

The components of total expenditure were; Compensation of Employees of GH¢4,570.08 million (2.26% of GDP), Goods and Services of GH¢980.76 million (0.49% of GDP), Interest Payments of GH¢3,002.81 million (1.49% of GDP). Grants to other Government Units amounted to GH¢2,339 million. There were no Subsidies on petroleum products for the review quarter even though a target amount of GH¢25.0 million was earmarked. Government outlay on acquisition of non-financial assets (i.e. Capital Expenditure) were GH¢872.37 million (0.43% of GDP).

**Compensation
of Employees**

Compensation of Employees for the third quarter exceeded the target of GH¢4,030.04 million by 13.40 per cent, higher than GH¢3,357.50 million recorded for the corresponding period of 2016. Social contributions constituted 16.52 per cent of total compensation of public sector employees compared to 7.08 per cent of the amount recorded in the corresponding period of 2016.

**Use of Goods
and Services**

Use of goods and services for the review period was GH¢980.76 million compared to GH¢577.07 million recorded in the corresponding quarter of 2016. The total outlay for use of goods and services in the third quarter exceeded the budgeted target by 84.34 per cent mainly on account of some government flagship programs which began in the third quarter of 2017.

Interest Payments

Interest Payments in the third quarter of 2017 amounted to GH¢3,002.81 million (1.49% of GDP). This was below the programmed target of GH¢3,186.66 million by 5.77 per cent. The bulk of interest cost for the period was domestic interest payments which constituted 73.71 per cent of the total interest expenditure made in the review period.

Grants to Other Government Units Grants to Other Government Units amounted to GH¢2,339.47 million (1.16% of GDP), above the budgeted target of GH¢2,155.16 million (1.07% of GDP). These were made up of transfers to statutory funds i.e. National Health Fund (GH¢336.26 million), Education Trust Fund (GH¢162.32million), Petroleum Related Fund (GH¢5.78 million), Road Fund (GH¢3,061.31million) as well as District Assembly Common Fund (GH¢161.61 million). Retention of IGFs by MDAs amounted to GH¢795.29 million and Transfer to GNPC from Oil Revenue was GH¢100.05 million.

Acquisition of Non-Financial Assets (i.e. Capital Expenditure) Government acquisition of non-financial assets during the third quarter of 2017 amounted to GH¢872.37 million (0.43% of GDP). The domestic component of capital expenditure for the period was GH¢199.51 million representing 22.87 per cent of the total while the foreign component of GH¢672.86 million made up the remaining 77.13 per cent. The total outlay of GH¢872.37 million for the review quarter was 50.06 per cent below the target of GH¢1,746.74 million.

Table 5.3: Government Expenditure (GH¢ million)

	2016			2017			2017
	Prov. Q1	Prov. Q2	Prov. Q3	Prov. Q1	Prov. Q2	Prov. Q3	Prog Q3
Compensation of Employees	3,633.08	3,495.60	3,357.50	3,499.21	4,442.81	4,570.08	4,030.04
Wages & Salaries	2,845.12	2,945.50	3,119.87	3,189.66	3,692.07	3,814.95	3,527.07
Social Contributions	787.96	550.10	237.62	309.54	750.74	755.13	502.98
Pensions	179.58	188.93	78.66	191.17	245.32	241.24	195.81
Gratuities	112.68	38.31	132.12	29.69	72.23	94.47	75.81
Social Security	495.70	322.86	26.85	88.69	433.19	419.42	231.35
Use of Goods and Services	274.90	1,263.21	577.07	94.54	757.21	980.76	532.04
o/w Recurrent Expenditure share of ABFA from Oil (30% of ABFA)	2.70	54.30	0.00	63.98	24.71	40.99	60.99
Interest Payments	2,396.59	2,180.92	3,384.61	3,048.34	3,659.19	3,002.81	3,186.66
Domestic	1,845.64	1,671.32	2,794.14	2,304.15	3,045.21	2,213.40	2,404.57
External (Due)	550.96	509.60	590.46	744.19	613.98	789.41	782.08
Subsidies	0.00	0.00	0.00	0.00	0.00	0.00	25.00
Subsidies to Utility Companies	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subsidies on Petroleum products	0.00	0.00	0.00	0.00	0.00	0.00	25.00
Grants to Other Government Units	1,595.86	2,114.57	2,522.06	1,900.42	2,261.81	2,339.47	2,155.16
National Health Fund (NHF)	346.37	276.85	285.50	80.00	319.85	336.26	431.23
Education Trust Fund	86.02	230.76	232.10	135.37	51.50	162.32	133.65
Road Fund	118.47	309.88	244.28	251.43	103.72	306.31	192.42
Petroleum Related Fund	2.53	7.75	6.16	4.44	6.79	5.78	4.44
Dist. Ass. Common Fund	106.84	345.00	367.33	27.16	495.19	161.61	385.39
Ghana Infrastructure Fund	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Retention of Internally-generated funds (IGFs)	680.71	716.47	1,012.73	710.01	699.39	795.29	536.92
Transfer to GNPC from Oil Revenue	54.79	43.63	106.26	250.10	186.20	100.05	121.33
Other Earmarked Funds	200.12	184.21	267.71	441.91	399.18	471.84	349.76
Youth Employment Agency	-	-	-	81.03	57.83	40.72	37.23
Student's Loan Trust	-	-	-	0.00	84.01	0.00	0.47
Export Development Levy	-	-	-	47.95	0.00	208.39	45.98
Ghana Airport Authority	-	-	-	109.79	198.87	65.01	77.99

Mineral Development Fund	-	-	-	15.53	0.00	0.00	19.14
GRA Retention	-	-	-	187.61	0.00	144.98	166.41
Plastic Waste Recycling Fund	-	-	-	0.00	22.92	0.00	2.55
Social Benefits	0.00	0.00	0.00	0.00	22.92	0.00	48.31
Lifeline Consumers of Electricity	0.00	0.00	0.00	0.00	22.92	0.00	8.88
Transfers for Social Protection	0.00	0.00	0.00	0.00	0.00	0.00	39.43
Other Expenditure	0.00	0.00	69.00	332.31	338.16	377.04	540.63
ESLA Transfers	0.00	0.00	69.00	332.31	338.16	377.04	527.57
Tax Expenditure (Exemptions)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Reserve Expenditure Vote	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Reallocation to Priority Programmes	0.00	0.00	0.00	0.00	0.00	0.00	13.06
TAX Refunds	177.66	449.20	331.74	314.00	191.61	593.90	630.33
Acquisition of Non-Financial Assets	1,472.14	1,739.96	2,102.16	1,065.25	1,758.81	872.37	1,746.74
Domestic financed	32.82	241.01	505.21	0.32	207.47	199.51	793.34
Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00
o/w Ghana Infrastructure & Investment Fund	0.00	0.00	0.00	0.00	0.00	0.00	0.00
o/w Capital Expenditure share of ABFA from Oil (70% of ABFA)	0.00	0.00	0.00	0.00	0.00	0.00	142.32
o/w Capital Market Borrowing Expenditure	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net lending	0.00	0.00	0.00	0.00	0.00	0.00	0.00
New loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Loan recoveries	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Foreign financed	1,439.31	1,498.95	1,596.95	1,064.93	1,551.33	672.86	953.39
Other Outstanding Expenditure Claims	241.14	311.45	457.67	0.00	0.00	0.00	0.00
Compensation of Employees	16.81	4.74	2.78	0.00	0.00	0.00	0.00
Goods and Services	142.31	51.58	54.82	0.00	0.00	0.00	0.00
Capital Expenditure	82.02	255.14	127.99	0.00	0.00	0.00	0.00
Grants to Other Government Units	0.00	0.00	272.07	0.00	0.00	0.00	0.00
TOTAL EXP. & NET LENDING	9,791.37	11,554.91	12,801.80	10,254.06	13,432.53	12,736.43	12,894.91

Source: Bank of Ghana

5.3 Financing The budget recorded an overall deficit of GH¢2,422.43 million (1.2% of GDP) in the third quarter of 2017. The deficit together with a net foreign loan repayments of GH¢295.18 million created a resource gap of GH¢1,968.91 million which was financed from the domestic economy. There was also a drawdown of GH¢824.36 million on the Ghana Petroleum Funds together with making repayments on domestic loans to the tune of GH¢75.67 million.

Table 5.4: Government Financing (GHC' million)

	2016			2017			2017
	Prov. Q1	Prov. Q2	Prov. Q3	Prov. Q1	Prov. Q2	Prov. Q3	Prog Q3
Overall balance (commitment)	-2,300.15	-2,648.87	-4,733.54	-1,342.49	-4,084.58	-2,566.72	-2,201.40
<i>(percent of GDP)</i>	<i>-1.37</i>	<i>-1.58</i>	<i>-2.83</i>	<i>-0.66</i>	<i>-2.02</i>	<i>-1.27</i>	<i>-1.09</i>
Road Arrears (net change)	0.00	0.00	0.00	-92.21	-355.32	-316.38	-592.37
Unpaid commitments	-	-	-	0.00	0.00	0.00	0.00
Outstanding payments	-	-	-	0.00	-40.00	-104.40	0.00
o/w Statutory Funds	-	-	-	0.00	-40.00	-99.30	0.00
Clearance of outstanding commitments	-	-	-	-92.21	-315.32	-211.98	-592.37
o/w other outstanding payments/deferred payments	-	-	-	0.00	-20.72	-181	-221
o/w other outstanding claims	-	-	-	0.00	0.00	0.00	-208.46
o/w Utilities	-	-	-	0.00	0.00	0.00	-123.44
o/w outstanding payments with ESLA	-	-	-	-92.21	-45.71	-31.15	0.00
o/w wage arrears	-	-	-	0.00	0.00	0.00	0.00
o/w DACF	-	-	-	0.00	-164.70	0.00	-39.29
o/w GETF	-	-	-	0.00	-84.18	0.00	0.00
o/w Commitments & certs for works done	0.00	0.00	0.00	0.00	0.00	-	-
Non-road arrears	-90.20	70.70	-730.81	0.00	0.00	-	-
Tax Refunds	0.00	0.00	0.00	0.00	0.00	-	-
Required Fiscal Measures	0.00	0.00	0.00	0.00	0.00	-	-
Transfers into Oil Fund	0.00	0.00	0.00	0.00	0.00	-	-
Overall balance (cash)	-2,390.35	-2,578.17	-5,464.35	-1,434.70	-4,439.91	-2,883.09	-2,793.77
<i>(percent of GDP)</i>	<i>-1.43</i>	<i>-1.54</i>	<i>-3.27</i>	<i>-0.71</i>	<i>-2.20</i>	<i>-1.43</i>	<i>-1.38</i>
Divestiture receipts	0.00	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	0.00
Discrepancy	-1,699.35	-22.64	1,518.58	-1,212.92	234.14	460.67	0.00
Overall balance (incl. Divestiture and Discrepancy)	-4,089.70	-2,600.80	-3,945.76	-2,647.62	-4,205.76	-2,422.43	-2,793.77
<i>(percent of GDP)</i>	<i>-2.44</i>	<i>-1.55</i>	<i>-2.36</i>	<i>-1.31</i>	<i>-2.08</i>	<i>-1.20</i>	<i>-1.38</i>
Financing	4,089.70	2,600.80	3,945.76	2,647.62	4,205.76	2,422.43	2,793.77
Foreign (net)	599.11	288.86	2,272.27	-149.52	397.90	-295.18	110.07
Borrowing	1,183.43	1,151.96	4,279.62	577.42	1,461.10	503.28	1,074.51
Project loans	1,183.43	1,151.96	1,310.82	577.42	1,260.31	503.28	617.21
Programme loans	0.00	0.00	0.00	0.00	200.80	0.00	457.30
Sovereign Bond	0.00	0.00	2,968.80	0.00	0.00	0.00	0.00
Amortisation (due)	-584.32	-863.10	-2,007.35	-726.94	-1,063.20	-798.46	-964.44
o/w Debt Repayment from Stabilisation Fund	-	-	-	-	-	-	-
Exceptional financing	0.00	0.00	0.00	0.00	0.00	0.00	0.00
HIPC Relief (Cologne terms)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Domestic (net)	3,535.00	2,355.87	1,565.41	2,928.42	3,950.45	1,968.91	2,770.83
Banking	1,404.27	-3.72	612.31	-3,329.58	-4,686.79	835.68	667.09
Bank of Ghana	1,391.48	-166.23	-683.19	76.95	-5,845.43	1,505.17	0.00
Comm. Banks	12.80	162.51	1,295.50	-3,406.54	1,158.64	-669.49	667.09
Non-banks	2,130.73	2,359.59	953.10	6,258.01	8,637.25	1,133.24	2,103.74
Other Financing	-45.71	-62.82	-52.47	-87.87	-92.42	-75.67	0.00
Other domestic financing	-45.71	-62.82	-52.47	-87.87	-92.42	-75.67	0.00
Divestiture Receipts	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Ghana Petroleum Funds	1.29	18.89	160.54	-43.41	-50.17	824.36	-71.88
Transfer to Ghana Petroleum Funds	-35.80	-35.29	-23.20	-43.41	-50.17	-55.56	-41.39
o/w Stabilisation Fund	-25.06	-24.71	-16.24	-15.99	-30.30	-20.47	-15.25
o/w Heritage Fund	-10.74	-10.59	-6.96	-27.42	-19.88	-35.09	-26.14
Transfer from Stabilisation Fund	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sinking Fund	37.09	54.19	183.74	0.00	0.00	879.92	-30.50
Contingency Fund	0.00	0.00	0.00	0.00	0.00	0.00	-15.25
Net Savings due to inflation-indexed bonds	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred interest payments	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Redemption of Deferred interest payments	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Nominal GDP (Including Oil)	167,353.50	167,353.50	167,353.50	202,010.00	202,010.00	202,011.00	202,011.00
Nominal GDP (Excluding oil)	149,723.00	149,723.00	149,723.00	195,062.00	195,062.00	195,063.00	195,063.00

Source: Bank of Ghana

5.4 Domestic Debt

The stock of domestic debt during the third quarter 2017 totalled GH¢63,274.90 million (31.32% of GDP), resulting an increase of GH¢10,359.50 million over the stock at the end of fourth quarter in 2016. The rise in the debt stock for the period was mainly the net result of increases of GH¢14,465.00 million in the medium-term securities which was moderated by a decrease of GH¢4,105.50 million in the short-term securities.

5.4.1 Composition of Domestic Debt

The short-term component's decline of GH¢4,105.50 million was on account of reductions in the 91 Day treasury-bill and the 182 Day treasury-bill by GH¢1,947.30 million and GH¢4,142.60 million respectively, whereas the 1-Year treasury-note went up by GH¢1,984.40 million over the stock of the fourth quarter of 2016. With the exception of the 3-Year Stock (SSNIT) which recorded a marginal decrease of GH¢114.3 million all the other medium-term instruments increased substantially, consistent with the re-profiling of Government debt instruments.

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

	Q1	Q2	Q3	Q4	Q1	Q2	Q3
	2016				2017		
91-Day Treasury Bill	8,756.10	9,037.70	9,901.00	10,477.60	9,644.60	9,020.90	8,530.30
182-Day Treasury Bill	8,882.50	8,899.60	8,713.50	7,112.40	5,863.00	4,675.10	2,969.80
1-Year Treasury Note	915.20	880.10	1,010.40	2,515.30	3,635.20	4,553.40	4,499.70
A. Short-Term Instruments	18,553.80	18,817.40	19,624.89	20,105.20	19,142.80	18,249.40	15,999.70
2-Year Fixed Treasury Note	2,349.20	2,572.90	2,756.70	4,227.00	5,225.90	5,985.30	6,072.70
2-year USD Domestic Bond	0.00	0.00	0.00	395.9	408.8	413.1	416.1
3-Year Fixed Treasury Note	4,618.00	6,100.60	6,961.80	6,658.60	7,267.20	6,790.60	7,255.30
3-Year Stock(SSNIT)	1,251.30	1,251.30	1,137.00	1,137.00	1,022.70	1,022.70	1,022.70
5-Year GOG Bond	4,849.40	5,660.40	6,668.70	6,480.00	7,655.20	8,496.80	9,597.30
7-Year GOG Bond	201.70	201.70	201.70	201.70	201.70	1,653.80	1,653.80
10-Year GOG Bond	0.00	0.00	0.00	599.00	705.00	4,289.70	4,724.20
15-Year GOG Bond	0.00	0.00	0.00	0.00	0.00	3,422.20	3,422.20
GOG Petroleum Finance Bond	80.00	80.00	80.00	80.00	80.00	80.00	80.00
TOR Bonds	682.00	572.00	572.00	572.00	572.00	572.00	572.00
B. Medium-Term Instruments	14,031.50	16,438.90	18,378.00	20,351.30	23,138.60	32,726.20	34,816.30
Long Term Government Stocks	8,491.60	8,491.60	8,491.60	11,987.40	11,987.40	11,987.40	11,987.40
Telekom Malaysia Stocks	109.50	109.50	109.50	109.50	109.50	109.50	109.50
Revaluation Stock	361.10	361.10	361.10	361.10	361.10	361.10	361.10
Others Government Stocks	1.00	1.00	1.00	1.00	1.00	1.00	1.00
C. Long-Term Instruments	8,963.10	8,963.10	8,963.10	12,458.90	12,458.90	12,458.90	12,458.90
TOTAL(A+B+C)	41,548.40	44,219.40	46,966.00	52,915.40	54,740.30	63,434.50	63,274.90

Source: Bank of Ghana

5.4.2 Holdings of Domestic Debt

Bank of Ghana's holding of domestic debt at the end of the third quarter of 2017 was GH¢13,003.11 million, representing 20.55 per cent of the total. The Deposit Money Banks (DMBs) held GH¢9,347.76 million (14.77%). SSNIT held GH¢1,292.07 million (2.04%), Insurance companies GH¢331.8 million (0.52%), "Other holders" of GH¢16,026.69 million (25.33%) with non-resident holdings of 36.78 per cent. Comparative holdings at the end of the fourth quarter of 2016 for DMBs were 27.93 per cent with SSNIT of 2.77 per cent and Insurance companies of 0.34 per cent. "Other holders" and non-resident investors held 22.38 per cent and 21.91 per cent respectively.

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

	Q1	Q2	Q3	Q4	Q1	Q2	Q3
	2016				2017		
A. Banking sector	19,835.00	20,085.10	21,918.90	27,834.40	23,375.60	23,549.30	22,350.90
Bank of Ghana	9,821.40	10,035.60	9,506.40	13,056.20	13,001.70	13,042.20	13,003.10
Deposit Money Banks	10,013.70	10,049.50	12,412.50	14,778.20	10,373.80	10,507.10	9,347.80
B. Nonbank sector	13,969.10	14,645.40	13,878.80	13,486.60	17,408.10	17,738.90	17,650.60
SSNIT	1,646.70	1,780.00	1,755.80	1,463.40	1,315.10	1,289.30	1,292.10
Insurance Companies	79.60	75.40	154.40	179.00	305.30	289.20	331.80
Others Holders	12,242.90	12,790.00	11,968.60	11,844.10	15,787.60	16,160.40	16,026.70
Rural Banks	569.60	557.70	475.70	633.30	450.50	349.60	275.20
Firms & Institutions	7,259.10	7,913.80	7,833.80	7,864.10	9,710.30	9,543.60	9,884.00
Individuals	4,414.20	4,318.50	3,659.10	3,346.80	5,626.80	6,267.30	5,867.40
C. Foreign sector(Non-Residents)	7,744.20	9,488.90	11,168.30	11,594.40	13,956.60	22,146.20	23,273.50
TOTAL(A+B+C)	41,548.30	44,219.40	46,966.00	52,915.40	54,740.30	63,434.40	63,275.00

Source: Bank of Ghana

Table 5.7: Holdings of Domestic Debt (Per cent of Total)

	Q1	Q2	Q3	Q4	Q1	Q2	Q3
	2016				2017		
A. Banking sector	47.74	45.42	46.67	52.60	42.70	37.12	35.32
Bank of Ghana	23.64	22.70	20.24	24.67	23.75	20.56	20.55
Deposit Money Banks	24.10	22.73	26.43	27.93	18.95	16.56	14.77
B. Nonbank sector	33.62	33.12	29.55	25.49	31.80	27.96	27.90
SSNIT	3.96	4.03	3.74	2.77	2.40	2.03	2.04
Insurance Companies	0.19	0.17	0.33	0.34	0.56	0.46	0.52
Others Holders	29.47	28.92	25.48	22.38	28.84	25.48	25.33
Rural Banks	1.37	1.26	1.01	1.20	0.82	0.55	0.43
Firms & Institutions	17.47	17.90	16.68	14.86	17.74	15.04	15.62
Individuals	10.62	9.77	7.79	6.32	10.28	9.88	9.27
C. Foreign sector(Non-Residents)	18.64	21.46	23.78	21.91	25.50	34.91	36.78
TOTAL(A+B+C)	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: Bank of Ghana

6. Balance of Payments Developments

6.1 International Trade and Finance

Preliminary estimates indicate that Ghana's balance of payments registered a deficit of US\$838.5 million for the third quarter of 2017 compared to a deficit of US\$522.4 million recorded in the third quarter of 2016. An increase in net payments/outflows in the investment income and services account largely accounted for the worsened deficit.

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

	2015	2016+	2017*	Q3'2016/17	
	Q3	Q3	Q3	Absolute	% Change
CURRENT ACCOUNT	-831.3	-869.2	-1009.5	-140.3	16.1
Merchandise Exports (f.o.b.)	2,201.2	2,871.6	2834.1	-37.5	-1.3
Cocoa beans and products	385.4	262.5	254.5	-8.0	-3.0
Gold	828.6	1,656.8	1347.7	-309.1	-18.7
Timber products	51.7	70.2	36.5	-33.7	-48.0
Oil	418.1	364.6	708.6	344.0	94.4
Others (including non-traditionals)	517.4	517.6	486.9	-30.7	-5.9
Merchandise Imports (f.o.b.)	-3,427.3	-3,288.2	-3240.9	47.2	-1.4
Non-oil	-2,889.2	-2,757.9	-2775.0	-17.1	0.6
Oil	-538.1	-530.3	-465.9	64.4	-12.1
Trade Balance	-1,226.1	-416.5	-406.8	9.7	-2.3
Services (net)	-287.0	-523.8	-609.9	-86.1	16.4
Receipts	1,612.4	1,519.7	1256.3	-263.4	-17.3
Payments	-1,899.4	-2,043.5	-1866.2	177.3	-8.7
Income (net)	-291.6	-355.0	-673.4	-318.4	89.7
Receipts	96.7	27.3	48.4	21.0	76.9
Payments	388.3	382.4	721.8	-339.4	88.8
Current Transfers (net)	973.4	426.1	680.6	254.5	59.7
Official	102.8	13.1	0.0	-13.1	-100.0
Private	870.6	413.0	680.6	267.6	64.8
Services, Income and Current Transfers (net)	394.8	-452.7	-602.7	-150.0	33.1
CAPITAL & FINANCIAL ACCOUNT	574.2	288.5	263.9	-24.6	-8.5
Capital Account(net)	118.5	68.6	34.4	-34.2	-49.8
Capital transfers	118.5	68.6	34.4	-34.2	-49.8
Financial Account(net)	455.7	219.9	229.5	9.6	4.3
Direct Investments	841.3	876.3	899.1	22.8	2.6
Portfolio Investments	0.0	500.6	233.0	-267.7	-53.5
Other Investments	-385.6	-1,157.0	-902.6	254.4	-22.0
Of Which					
Official Capital (net)	304.8	-18.7	5.2	23.9	-128.0
Sovereign bond					
Other Private Capital (net)	-291.4	-401.5	-269.9	131.7	-32.8
Short-term capital (net)	-383.1	-729.6	-604.3	125.3	-17.2
Government Oil Investments (net)	-16.0	-7.2	-33.6	-26.4	365.2
ERRORS AND OMISSIONS	-27.6	58.3	-92.9	-151.2	-259.3
OVERALL BALANCE	-284.6	-522.4	-838.5	-316.1	60.5
FINANCING	284.6	522.4	838.5	316.1	60.5
Changes in international reserves	284.6	522.4	838.5	316.1	60.5

+ Revised * Provisional

Note: Classification of Balance of Payments is according to Balance of Payments Manual 5 (BPM5) 1

6.2 The Current Account

The current account deficit worsened from US\$869.2 million in the third quarter of 2016 to US\$1,009.5 million in Q3:2017, up by 16.1 per cent. The widening current account deficit was influenced by higher outflows recorded in the investment income and services accounts during the quarter under review.

6.2.1 Merchandise Trade

During the period under review, the trade balance recorded a deficit of US\$406.8 million compared with a deficit of US\$416.5 million in Q3:2016, mainly on account of a marginal decline in imports over a fall in exports.

Merchandise Exports

The value of merchandise exports for the third quarter of 2017 was estimated at US\$2,834.1 million, indicating a slight decrease of US\$37.5 million (or 1.3 per cent) compared with US\$2,871.6 million recorded in the same period in 2016. The decrease was attributable to a lower export proceeds recorded from the exports of gold, cocoa beans and timber.

Gold Exports

Gold exports during the review period fell to US\$1,347.7 million from US\$1,656.9 million recorded during the same period in 2016. The decline in receipts was as a result of a drop in volumes exported and price effects. The volume of gold exported fell by 14.9 per cent to 1,056,978 fine ounces and the average realized price declined by 4.5 per cent to settle at US\$1,275.1 per fine ounce.

Crude Oil Exports

Crude oil exports almost doubled from the US\$364.6 million in quarter three of 2016 to US\$708.6 million in quarter three of 2017. This was boosted by additional exports from the TEN fields which began in Q4:2016. The average realized price of oil rose by 11.3 per cent to US\$51.8 per barrel for the Q3:2017 compared to US\$46.5 per barrel registered for the same period last year. Volumes exported also increased significantly by 74.6 per cent to 13,677,508 barrels in Q3:2017.

Cocoa Beans and Products Exports

Cocoa beans and products exports decreased marginally from US\$262.5 million in Q3 of 2016 to US\$254.5 million for the period under review. Cocoa beans exports fell by 40.5 per cent to US\$60.2 million (US\$101.2million in Q3:2016), driven by both price and volume effects. During the quarter, the average realised price of cocoa fell from US\$2,945.5 per tonne recorded in Q3:2016 to US\$2,531.6 per tonne in Q3:2017. Volumes exported also reduced by 30.8 per cent to 23,767 tonnes. On the other hand, proceeds from exports of cocoa products increased from US\$161.3 million to US\$194.3 million.

Timber products

Earnings from exports of timber products decreased by 48.0 per cent to US\$36.5 million as the average realized price fell by 16.3 per cent to settle at US\$558.9 per cubic metre and volume also fell by 37.9 per cent to 65,245 cubic metres during the review period.

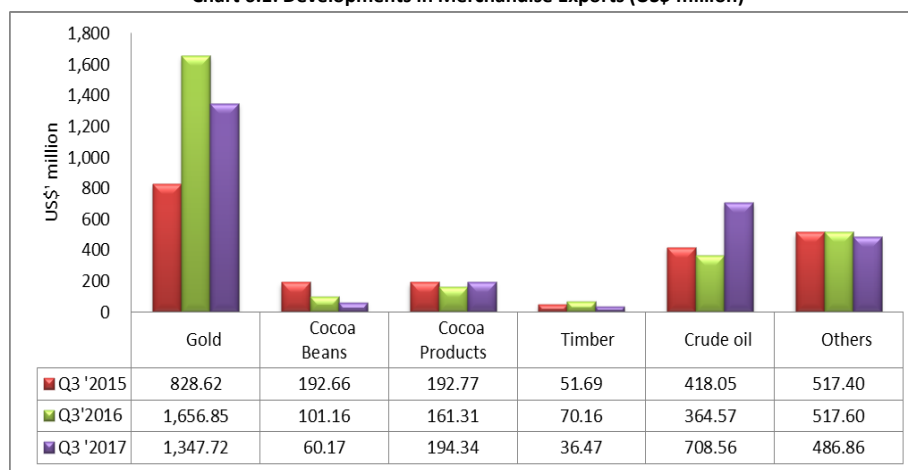
Other exports

Other exports (including non-traditional exports and other minerals) dropped by 5.9 per cent to US\$486.9 million.

Top Ten Exported Non Traditional Items

The value of the top ten non-traditional export commodities during the period under review amounted to US\$210.2 million compared to US\$194.1 million recorded for the same period in 2016. Among the top ten non-traditional items exported during the period included; palm oil and its fractions, prepared or preserved tuna, natural rubber and shea oil and its fractions, aluminium and cashew nuts etc

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



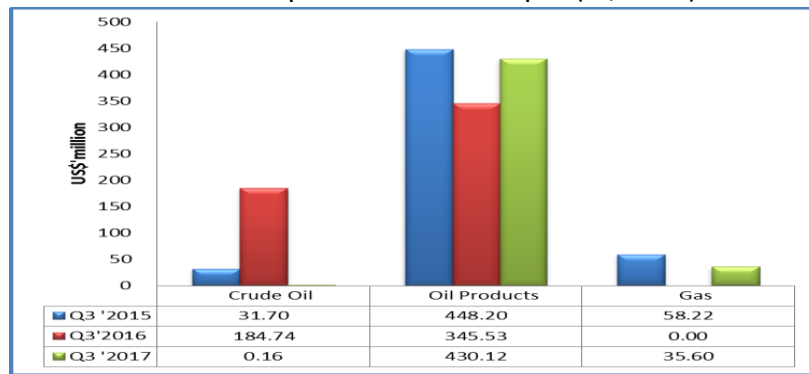
Merchandise Imports

Total value of merchandise imports for the third quarter of 2017 amounted to US\$3,240.9 million, down by 1.4 per cent or US\$47.2 million from the third quarter of 2016. The decline in imports was attributable to a lower level of oil imports.

Oil and Gas Imports

During the period under review, oil imports (including crude, gas and refined products) fell by US\$64.4 million or 12.1 per cent year on year to US\$465.9 million. Crude oil imports were US\$0.2 million; that is 3,327 barrels at an average realised price of US\$48.6 per barrel. For the same period last year, crude oil imported was 3,762,007 barrels valued at US\$184.74 million (US\$49.1 per barrel).

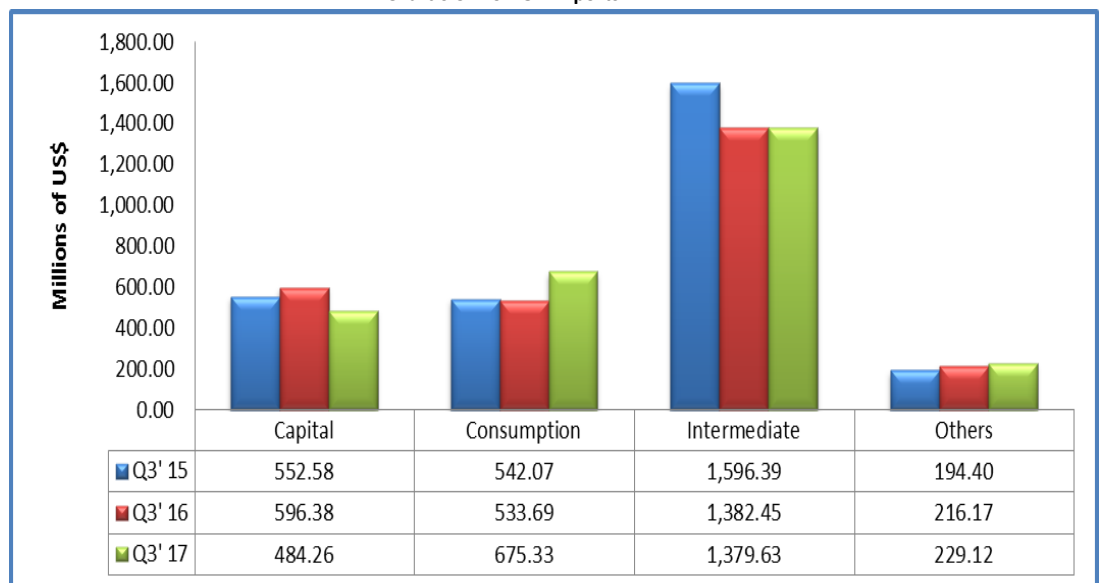
Chart 6.2: Developments in Merchandise Imports (US\$' million)



Volta River Authority (VRA)

The VRA imported 4,210,289 MMBTu of gas worth US\$35.6 million from the West African Gas Company (WAGP) at an average price of US\$8.5 per MMBTu (Million Metric British Thermal units) for its operations. For the same period last year there were no imports of gas. This suggests a trade-off between crude and gas for thermal power production.

Chart 6.3: Non-Oil Imports



Non – Oil Imports

The total non-oil merchandised imports for the third quarter of 2017 was provisionally estimated at US\$2,775.0 compared to an outturn of US\$2,757.9 million recorded in the same period in 2016, up by 0.6 per cent. The slight uptick was induced by increased imports of consumption and 'other goods' category.

Capital Goods Imported

The value of **capital goods** during quarter three of 2017 was US\$484.3 million, down by 18.8 per cent or US\$112.1 million from the corresponding period in 2016. The decline was driven by a 25.3 and 15.0 per cent decline in Industrial transport and capital goods (except transport) respectively.

Consumption Goods Imported

Consumption goods imported, on the other hand, increased by 26.6 per cent to US\$675.8 million, compared to US\$533.7 million a year ago. This was due to an increase in imports of all the sub categories apart from primary food and beverages, mainly for household consumption.

Intermediate Goods Imported

The value of **intermediate goods** imported remained flat at US\$1,382.5 million of Q3:2017 compared to US\$1,382.4 recorded a year ago. Processed industrial supplies recorded a negative growth; which counterbalanced the growth registered by all the other sub categories in this classification.

Other Goods Imported

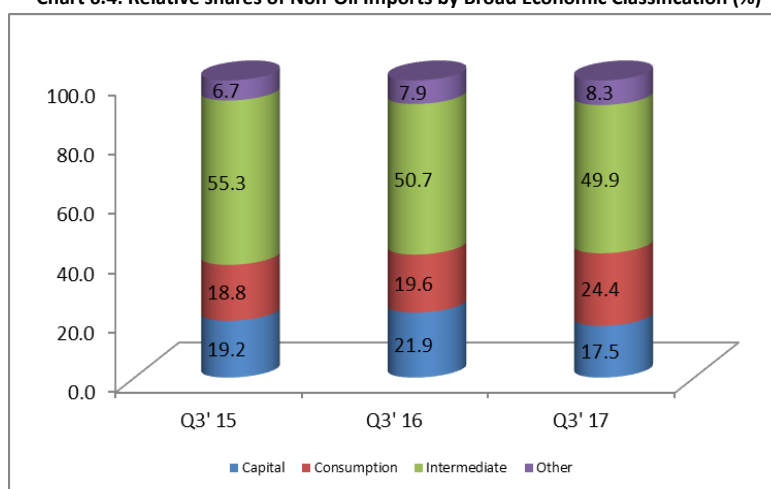
The value of **other goods** imported was US\$229.6 million, which exceeded the previous year's level by 6.2 per cent on account of higher importation of passenger cars.

During the period, 23,412,500kWh of electricity valued at US\$2.8 million was imported by VRA compared to 243,219,583kWh worth US\$29.2 million, imported during the same period in 2016.

Relative shares of Non-Oil Imports

In terms of composition of non-oil imports, consumption goods and 'other goods' increased their share of imports at the expense of capital and intermediate goods (the main drivers of production).

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



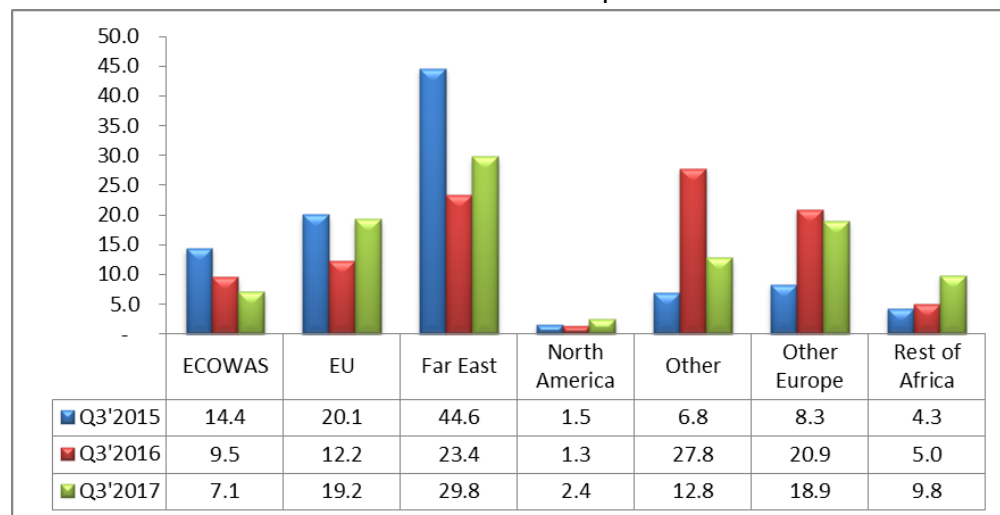
Top Ten Major Non-oil Imports

The value of the top ten non-oil merchandise imports for the third quarter of 2017 amounted to US\$814.5 million compared to US\$813.4 million recorded a year ago. Key items included motor vehicles for the transport of persons and goods, rice, cement and clinkers and wheat and meslin.

6.2.2 Direction of Trade

During the review period, the Far East received the largest share of 46.2 per cent of Ghana’s total exports. The other recipients were the European Union (17.4%), Other European countries (12.1%), Other Economies (8.5%), the Rest of Africa (7.7%), ECOWAS (6.0%), and North America (2.1%).

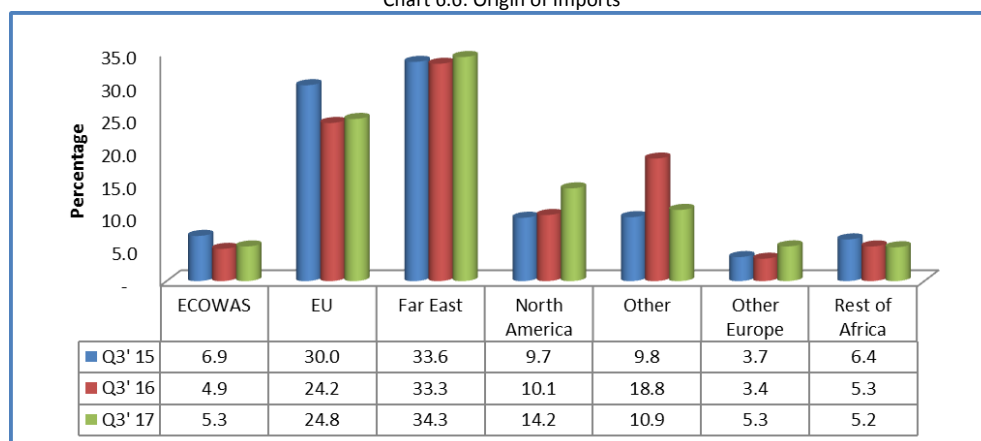
Chart 6.5: Destination of Exports



Origin of Imports

In terms of geographical distribution, the Far East emerged as the leading source of imports accounting for 34.3 per cent of the total imports. The European Union followed with a share of 24.8 per cent, North America (14.2%), Other Economies (10.9%), ECOWAS (5.3%), Other Europe (5.3%) and Rest of Africa (5.2%).

Chart 6.6: Origin of Imports



6.3 Services, Income and Transfers Account

During the period under review, the Services, Income and Unilateral transfers' account recorded a deficit of US\$452.7 million compared to a deficit of US\$602.7 million in 2016. This was on account of significant outflows from the Services and Income accounts which moderated the gains in current transfers. The balance on the Services account worsened from a deficit of US\$523.8 million to US\$609.9 million as a result of payments related to freight and insurance, transportation and other services (technical, trade related, business, professional and management). Likewise the income account recorded outflows in respect of profits and dividends payments and interest payments on debts and bonds. The balance on the Income account worsened from a deficit of US\$355.0 million to US\$673.5 million. Current transfers, on the other hand, mostly private remittances increased from US\$426.1 million in Q3:2016 to US\$680.6 million in Q3:2017.

6.4 Capital and Financial Account

The capital and financial account recorded a surplus of US\$263.9 million in Q3:2017 compared to US\$288.5 million in Q3:2016. This was attributable to significant inflows of foreign direct and portfolio investment into the financial account during the review period.

Capital Account

The capital account received transfers totalling US\$34.4 million during the review period, compared to US\$68.6 million received in same period in 2016.

Financial Account

Transactions in the financial account resulted in surplus of US\$229.5 million on account of inflows of foreign and portfolio direct investment which more than compensated for outflows from the 'other investment' account. For the same period in 2016, the financial account registered a surplus of US\$219.9 million.

Foreign Direct Investments

During the quarter under review, **foreign direct investments** into Ghana by non-residents was US\$899.1 million compared to US\$876.3 million recorded for the same quarter last year.

Portfolio Investments

Portfolio investments arising from non-residents participation in bond issuance by government attracted a net inflow of US\$233.0 million as compared to US\$500.63 million in Q3:2016.

Other Investments' Account'

'**Other investments**' outflows improved from a net position of US\$1,157.1 million in Q3:2016 to US\$902.6 million in Q3:2017 on the back of reduced outflows of private capital and short term capital.

Official capital received a net inflow of US\$5.2 million as against an outflow of US\$18.7 million recorded in the same quarter last year.

Net Private Capital outflows decreased from US\$401.5 million to US\$269.9 million as a result of reduced amortization.

Short term capital outflows (net) decreased from US\$729.6 million in Q3:2016 to US\$604.3 million influenced largely by a lower outflows of non- monetary short term capital during the review period.

Government Oil Investments during the period increased from US\$7.2 million in Q3:2016 to US\$33.6 million in Q3 2017.

6.5 International Reserves

The stock of net international reserves (NIR) at the end of September 2017 was estimated at US\$3,810.3 million; indicating a buildup of US\$379.3 million from a stock position of US\$3,431.0 million at the end of December 2016.

The country's gross foreign assets recorded an increase of US\$688.9 million to US\$6,850.7 million from a stock position of US\$6,161.8 million at the end of December 2016. This was sufficient to provide for 3.9 months of imports cover compared with 2.8 and 3.5 months of imports cover as at September 2016 and December 2016 respectively.

The country's gross international reserves fell by US\$4.9 million to US\$4,857.2 million at end September from a stock position of US\$4,862.1 million as at the end of December 2016. This was sufficient to provide cover for 2.7 months of imports compared to 1.8 and 2.8 months of imports cover as at September 2016 and December 2016 respectively

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

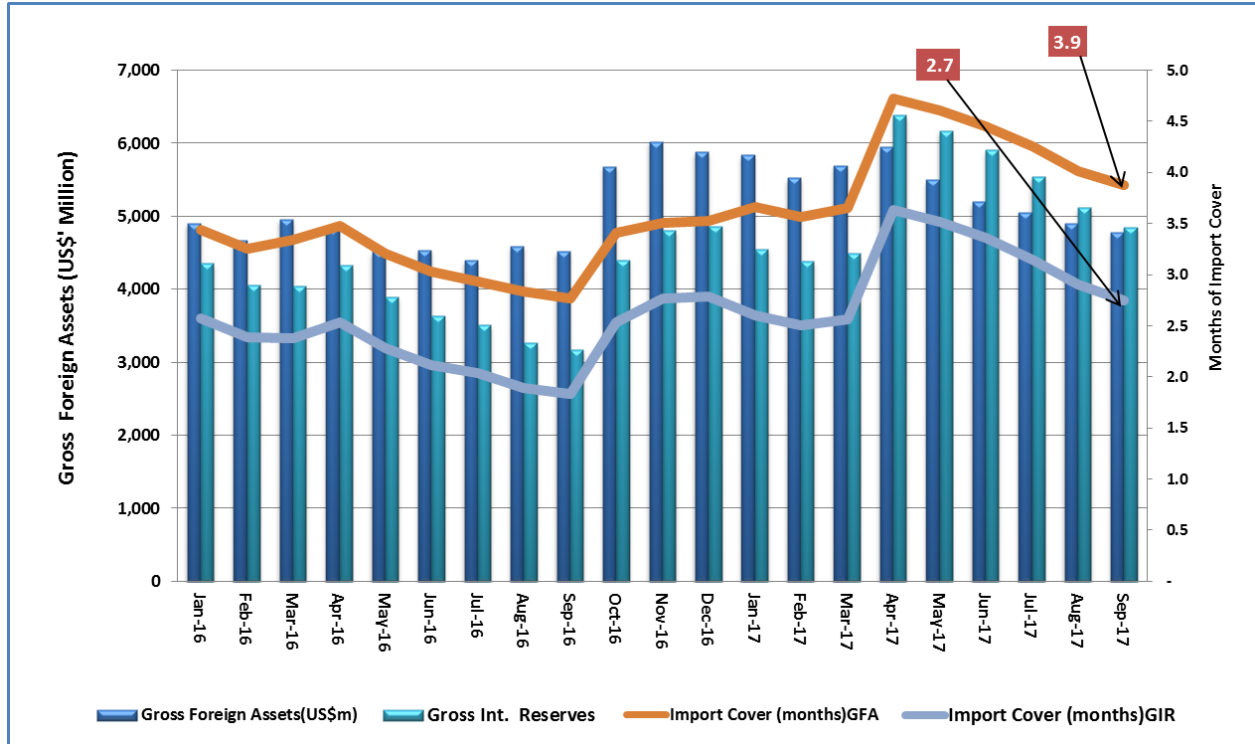


Table 6.2: Developments in Current Account (US\$' million)

	Q3'2015	Q3'2016	Q3'2017	% Change
				Q3'2016/17
Current Account Balance	-831.27	-869.20	-1,009.51	16.1
Trade Balance	-1,226.08	-416.50	-406.79	-2.3
Services Balance	-287.04	-523.79	-609.89	16.4
Investment income Balance	-291.58	-355.03	-673.45	89.7
Net Unilateral Transfers	973.42	426.12	680.62	59.7

Table 6.3: Top Ten Exported Non –Traditional Exports

July - Sept 2016			July - Sept 2017		
Description	Value US\$'M	% Distribution	Description	Value US\$'M	% Distribution
Prepared or preserved tuna	50.75	26.1	Palm oil and its fractions	50.58	24.1
Palm oil and its fractions	42.05	21.7	Prepared or preserved tuna	27.14	12.9
Cashew nuts	22.42	11.6	Technically specified natural rubber (TSNR)	20.75	9.9
Aluminium	18.62	9.6	Shea (karite) oil and fractions, refined	19.07	9.1
Avocados, guavas, mangoes, pineapples; fresh or dried	13.60	7.0	Avocados, guavas, mangoes, pineapples; fresh	18.03	8.6
Shea (karite) oil and fractions, refined	10.47	5.4	Aluminium	16.52	7.9
Technically specified natural rubber	9.55	4.9	Cashew nuts	16.25	7.7
Sacks and bags	9.16	4.7	Articles of jewellery, and parts thereof	14.78	7.0
Tableware, kitchenware, other household articles and	8.96	4.6	Tableware, kitchenware, other household articles	14.28	6.8
Prefabricated buildings	8.52	4.4	Herbicides, Insecticides and Fungicides	12.75	6.1
Grand Total	194.10	100.0	Grand Total	210.16	100.0

Table 6.4: Top Ten Imported Non-Oil Goods

July - Sept 2016			July - Sept 2017		
Description	US\$M (fob)	%Distr.	Description	US\$M (fob)	%Distr.
Capital	172.02	21.1	Capital	121.64	14.9
Motor vehicles for the transport of goods	115.41	14.2	Motor vehicles for the transport of goods	121.64	14.9
Motor vehicles for the transport of ten or more persons	56.61	7.0	Consumption	191.74	23.5
Consumption	140.12	17.2	Rice	111.21	13.7
Rice	72.49	8.9	Frozen fish	43.47	5.3
Frozen fish	67.63	8.3	Sugar	37.06	4.5
Intermediate	298.07	36.6	Intermediate	278.02	34.1
Cement and clinkers	82.48	10.1	Cement and clinkers	76.61	9.4
Flexible tubing of base metal	63.88	7.9	Wheat and meslin	71.36	8.8
Wheat and meslin	61.01	7.5	Electric conductors, nes, for a voltage >100V	50.80	6.2
Palm oil and its fractions, refined	46.95	5.8	Palm oil and its fractions, refined	42.96	5.3
Polyethylene	43.75	5.4	Flexible tubing of base metal	36.29	4.5
Other	203.15	25.0	Other	223.14	27.4
Motor vehicles for the transport of persons	203.15	25.0	Motor vehicles for the transport of persons	223.14	27.4
Grand Total	813.36	100.0	Grand Total	814.54	100.0

Table 6.5: Service, Income and Current Transfers' Account (US\$' million), Q2'2015 – Q2' 2017

	Q3'2015	Q3'2016	Q3'2017	Q3'2016/17	
			prov.	Abs.	% change
<i>Amounts in millions of U.S. dollars</i>					
Services (net)	-287.04	-523.79	-609.89	-86.1	16.4
Freight and Insurance	-220.11	-177.22	-193.21	-16.0	9.0
Other Services	-66.93	-346.57	-416.68	-70.1	20.2
Income (net)	-291.58	-355.03	-673.45	-318.4	89.7
Current Transfers (net)	973.42	426.12	680.62	254.5	59.7
Official	102.81	13.08	0.00	-13.1	-100.0
Private	870.61	413.04	680.62	267.6	64.8
Services, Income and Current Transfers (net)	394.81	-452.70	-602.72	-150.0	33.1

Table 6.6: Capital and Financial Account (US\$' million), Q2'2015 – Q2' 2017

	Q3'2015	Q3'2016	Q3'2017	Q3 '2016/17	
			(prov.)	Absolute	% change
<i>Amounts in millions of U.S. dollars</i>					
Capital and Financial Accounts	574.18	288.48	263.87	-24.6	-8.5
Capital transfers	118.47	68.58	34.41	-34.2	-49.8
Financial Account	455.72	219.90	229.46	9.6	4.3
Foreign Direct Investments	841.31	876.32	899.12	22.8	2.6
Portfolio Investments	0.00	500.63	232.98	-267.7	-53.5
Other Investments	-385.60	-1,157.05	-902.64	254.4	-22.0
Official	304.84	-18.65	5.22	23.9	-128.0
Disbursements	456.69	260.22	156.64	-103.6	-39.8
Amortisation	-151.85	-278.87	-151.42	127.5	-45.7
Private	-291.37	-401.53	-269.87	131.7	-32.8
Disbursements	416.04	5,370.88	1,948.14	-3,422.7	-63.7
Amortisation	-707.41	-5,772.41	-2,218.01	3,554.4	-61.6
Short-term	-383.07	-729.63	-604.34	125.3	-17.2
Non-Monetary	-563.34	-524.71	-396.24	128.5	-24.5
Monetary	180.27	-204.93	-208.10	-3.2	1.6
Government Oil Investments	-16.00	-7.23	-33.65	-26.4	365.2
Inflow	0.00	0.00	0.00	0.0	0.0
Outflow	-16.00	-7.23	-33.65	-26.4	365.2

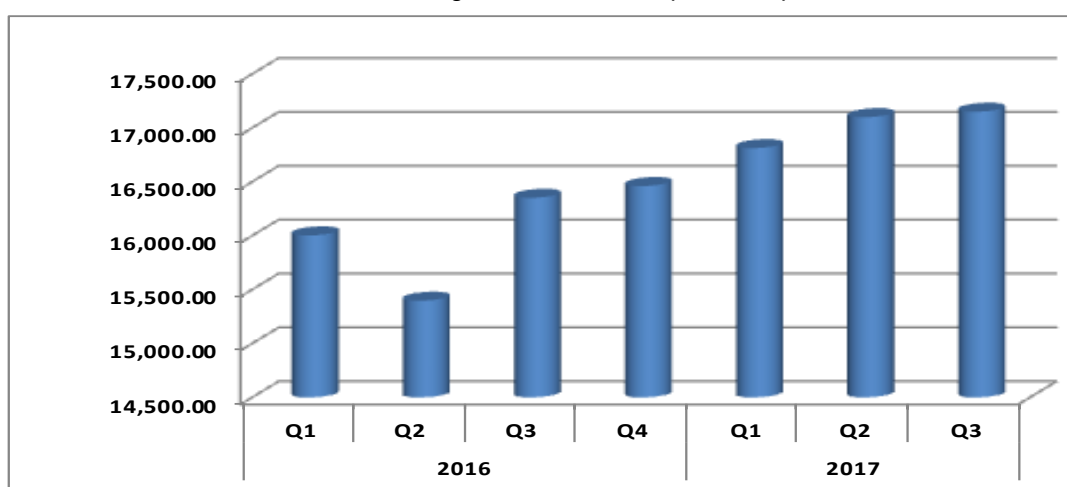
7. External Debt

7.1 Debt Stock

The stock of disbursed outstanding public and publicly-guaranteed external debt at the end of the third quarter of 2017 was provisionally estimated at US\$17,150.37 million. This registered an increase of US\$50.95 million (0.29%) from the position of US\$17,099.42 million registered at the end of the second quarter of the year and an increase of US\$689.38 million (4.19%) from US\$16,460.99 million at the end of 2016.

The stock of external debt for the corresponding quarter of the previous year was recorded at US\$16,351.23 million. The new debt stock resulted in a debt-to-GDP ratio of 37.13 per cent at the end of the quarter.

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



7.1.1 Composition of External Debt by Borrowers

At the end of the third quarter of 2017, multilateral creditors were owned US\$6,094.77 million 35.53 per cent of the total debt stock, having risen from a level of US\$5,940.71 million recorded at the end of the previous quarter. On year on year basis, the stock increased by 16.46 per cent (US\$861.58 million).

The Bilateral component of the debt stock; which represented 26.09 per cent of the total debt stock, on the other hand, decreased by 0.18 per cent from US\$4,484.27 million at the end of the previous quarter to US\$4,475.99 million. However, from the third quarter of 2016, the stock of debt increased by US\$118.14 million (2.71%).

Commercial debt remained the largest component of the total debt stock, at US\$6,579.60 million (38.36%), a decrease of 1.42 per cent from a level of US\$6,674.44 million recorded at the end of the second quarter of 2017. The stock of debt also decreased by US\$180.58 million (2.67%) from the position recorded at the end of the corresponding quarter of 2016.

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

	2016				2017		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Total External Debt	16,002.63	15,396.66	16,351.23	16,460.99	16,812.28	17,099.42	17,150.37
Multilateral Creditors	5,396.05	5,162.34	5,233.19	5,547.96	5,645.47	5,940.71	6,094.77
Bilateral Creditors	4,257.72	4,050.91	4,357.85	4,181.82	4,494.51	4,484.27	4,475.99
<i>of which:</i> Export Credits	1,328.90	1,223.33	1,388.35	1,315.22	1,518.13	1,515.77	1,507.60
Other Concessional	1,826.02	1,733.47	1,769.55	1,730.13	1,793.06	1,756.07	1,758.62
Commercial Creditors	6,348.87	6,183.42	6,760.19	6,731.21	6,672.30	6,674.44	6,579.60
<i>of which</i> : Int. Capital Market	3,530.51	3,400.60	3,949.01	3,949.01	3,879.12	3,879.12	3,879.12

7.2 Debt Service Payments

Government debt service obligations paid during the third quarter of 2017 amounted to US\$358.87 million, almost equal to US\$360.01 million paid in the previous quarter, and US\$265.94 million in the third quarter of 2016. The payments in the review quarter were made up of capital repayments of US\$179.99 million and coupon payments of US\$178.88 million.

In terms of creditor grouping, the payment for the period July-September 2017 was as follows:

A total payment of US\$24.82 million was made to multilateral creditors (principal of US\$11.15 million and interest of US\$13.67 million).

Bilateral creditors were paid US\$33.29 million during the review quarter (principal repayments of US\$23.71 million and interest payments of US\$9.58 million).

Commercial creditors received a total of US\$300.76 million, of which US\$145.13 million was for principal repayments and US\$155.63 million for interest payments.

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

	Q3-2016			Q2-2017			Q3-2017		
	Prin	Int	Total	Prin	Int	Total	Prin	Int	Total
Total	126.48	139.47	265.94	234.77	125.24	360.01	179.99	178.88	358.87
Multilateral Creditors	10.23	12.86	23.09	14.45	10.78	25.23	11.15	13.67	24.82
IDA	6.10	8.33	14.43	4.98	7.47	12.45	7.34	9.46	16.80
ADB/ ADF	0.66	3.58	4.23	2.11	1.61	3.72	1.29	3.35	4.64
Others	3.47	0.95	4.43	7.36	1.7	9.06	2.52	0.86	3.38
Bilateral Creditors	16.82	3.90	20.72	37.55	7.95	45.5	23.71	9.58	33.29
Paris Club	5.82	0.72	6.54	18.02	4.6	22.62	2.02	0.55	2.57
Non-Paris Club	11.00	3.18	14.18	19.53	3.35	22.88	21.69	9.03	30.72
Commercial Creditors	99.42	83.10	182.52	182.77	52.76	235.53	145.13	155.63	300.76
Sovereign Bond	0.00	39.61	39.61	0.00	53.75	53.75	0.00	0.00	0.00

8. The Rural Banking Sector

8.1 Performance of RCBs

Provisional data from the rural/community banks (RCBs) during the third quarter of 2017 indicate an improvement in deposit mobilisation compared with the third quarter of 2016.

Assets Total assets of RCBs recorded during the third quarter of 2017 was GH¢3,499.4 million, a growth of 1.78 per cent from GH¢3,438.2 million recorded in the second quarter of 2017. On year-on-year basis, total assets grew by 27.0 per cent at the end of the third quarter of 2017. Total assets of RCBs constituted 3.9 per cent of the banking system total, approximately the same composition as at the second quarter of 2017.

Deposits Provisional data indicate that deposit mobilisation by the RCBs improved further in the third quarter of 2017 compared with the third quarter of 2016. Total deposits of RCBs increased by 28.2 per cent year-on-year to GH¢2,713.8 million from GH¢2,116.1 million recorded during the same period in 2016. The level of RCBs deposits at the end of the review quarter constituted 5.3 per cent of total deposits of the banking system, compared with the share of 5.2 per cent (revised) in the previous quarter and 5.1 per cent at the end of the third quarter of 2016.

Loans and Advances Loans and advances made by RCBs stood at GH¢1,176.8 million in the third quarter of 2017, indicating a rise of 9.30 per cent from GH¢1,076.7 million recorded at the end of second quarter of 2017.

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

	2016			2017			Variations (2016-2017)	
	Q2	Q3	Q4	Q1	Q2	Q3	Q-on-Q	Y-on-Y
Assets								
Cash Holdings & Balances with Banks	369.6	358.2	413.6	435.1	447.5	447.7	0.05	25.0
Bills and Bonds	999.9	944.6	1,150.0	1,324.4	1,335.4	1,276.0	-4.45	35.1
Loans and Advances	946.6	981.5	989.0	1,019.3	1,076.7	1,176.8	9.30	19.9
Other Assets	468.1	472.0	501.7	536.8	578.6	598.9	3.51	26.9
Total Assets	2,784.1	2,756.3	3,054.3	3,315.6	3,438.2	3,499.4	1.78	27.0
Liabilities								
Total Deposits	2,149.1	2,116.1	2,383.4	2,599.2	2,701.7	2,713.8	0.45	28.2
Shareholders' Funds	397.5	392.1	405.4	446.1	447.7	477.0	6.54	21.6
Other Liabilities	237.6	248.1	265.5	270.2	287.1	308.7	7.52	24.4
Total Liabilities	2,784.1	2,756.3	3,054.3	3,315.6	3,438.2	3,499.4	1.78	27.0
No. of Reporting Banks	139	139	139	140	140	141		

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

	2016				2017					
	Q3		Q4		Q1		Q2		Q3	
	GH¢	% Share	GH¢	% Share	GH¢	% Share	GH¢	% Share	GH¢	% Share
Commercial Banks	70,886.2	96.3	79,297.2	96.3	82,705.9	96.1	85,759.0	96.1	86,233.4	96.1
Rural Banks	2,756.3	3.7	3,054.3	3.7	3,315.6	3.9	3,438.2	3.9	3,499.4	3.9
Total	73,642.6	100.0	82,351.4	100.0	86,021.5	100.0	89,197.3	100.0	89,732.9	100.0

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

	2016				2017					
	Q3		Q4		Q1		Q2		Q3	
	GH¢	% Share	GH¢	% Share	GH¢	% Share	GH¢	% Share	GH¢	% Share
Commercial Banks	39,314.7	94.9	44,946.8	95.0	47,321.2	94.8	49,360.6	94.8	48,960.8	94.7
Rural Banks	2,116.1	5.1	2,383.4	5.0	2,599.2	5.2	2,701.7	5.2	2,713.8	5.3
Total	41,430.8	100.0	47,330.1	100.0	49,920.4	100.0	52,062.3	100.0	51,674.6	100.0