

BANK OF GHANA



QUARTERLY BULLETIN

October – December 2017

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Overview

Introduction

This Economic report highlights developments in the global and domestic economies for the fourth 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

The global economy continued its robust growth in the fourth quarter of 2017, propelled by expansion in the advanced economies and China and India-led recovery in the emerging economies. There were upticks in growth in the Eurozone, United Kingdom, Japan and China but a slowdown in the United States. Emerging markets also experienced resurgence in growth and, in Sub-Saharan Africa, the two largest economies, Nigeria and South Africa, both exited recessions. Among the advanced economies, inflation inched up in the United States, the Eurozone and Japan but remained unchanged in the United Kingdom at the end of the fourth quarter of 2017. In the emerging economies, inflation edged up in China, Turkey and Brazil. In Sub-Saharan Africa, however, inflation dipped in South Africa and Nigeria.

The Domestic Economy

Real Sector Performance

Developments in some selected real sector indicators showed improvements in economic activity in the fourth quarter of 2017 compared with trends observed during the same period in 2016. Economic indicators such as consumer spending, tax collections, SSNIT contributions, construction sector activities, vehicle registration, industrial consumption of electricity, tourist arrivals and port activity all improved during the review quarter compared to the same period of 2016.

Inflation

Headline inflation fell sharply to 11.8 per cent at the end of the fourth quarter of 2017, from 15.4 per cent recorded in the corresponding period a year earlier, driven by both food and non-food inflation. Food and non-food inflation fell to 8.0 and 13.6 per cent at the end of the fourth quarter of 2017 from 9.7 and 18.2 per cent respectively at the end of the same quarter of 2016.

**Government
Budgetary
Operations**

The budget recorded an overall deficit of GH¢3,427.2 million (1.7% of GDP) in the fourth quarter of 2017 against a programmed deficit of GH¢3,129.2 million (1.6% of GDP). Government receipts (including grants) for the fourth quarter of 2017 amounted to GH¢11,848.5 million (5.75% of GDP), above the budgeted estimate of GH¢11,750.3 million (5.82% of GDP).

Government expenditure (including net lending) in the fourth quarter of 2017 amounted to GH¢14,921.2 million (7.3% of GDP) compared with a target of GH¢13,345.5 million (6.6% of GDP) and GH¢16,977.0 million (10.1% of GDP) recorded during the corresponding quarter of 2016. The deficit was financed with net foreign loan inflow of GH¢165.1 million, Government drawing on its deposits with the Bank of Ghana of GH¢699.7 million while borrowing GH¢203.7 million and GH¢2,493.5 million from the DMBs and the Non-Bank public, respectively.

**Money
Aggregates**

Provisional data for the fourth quarter of 2017 indicated a decline in the growth rate of broad money supply (M2) on year-on-year basis from 22.04 per cent (GH¢11,146.4 million) in the fourth quarter of 2016 to 16.72 per cent (GH¢9,479.9 million) in the same period in 2017. Broad money supply including foreign currency deposits (M2+) stood at GH¢66,172.0 million, compared with GH¢56,692.1 million and GH¢59,491.1 million realised at the end of the fourth quarter of 2016 and third quarter of 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). NDA at the end of the fourth quarter of 2017 grew by 9.0 per cent (GH¢3,747.7 million) from 19.5 per cent (GH¢6,805.0 million) realised same period in 2016. NFA however recorded an increased growth of 38.35 per cent (GH¢5,732.2 million) from 29.80 per cent (GH¢3,431.9 million) recorded at the end of the fourth quarter of 2016.

**Banking Sector
Credit**

The annual growth in banks' outstanding credit to the public and private institutions during the fourth quarter of 2017 indicated a downward trend when compared with the same period in 2016 and third quarter of 2017. The nominal annual growth rate of banks' outstanding credit declined 2016 to 6.4 per cent (GH¢2,252.8 million) during the fourth quarter of 2017 from 17.6 per cent (GH¢5,309.9 million) in the fourth quarter of 2016. Total outstanding credit at the end of the fourth quarter of 2017 stood at GH¢37,661.79 million compared with GH¢35,409.0 million recorded in the same period in 2016 and GH¢34,805.6 million recorded in the third quarter of 2017. In real terms, credit from the banks contracted by 4.9 per cent as at end of the

fourth quarter in 2017 on a year-on-year basis, compared to an expansion of 1.9 per cent recorded for the corresponding period in 2016.

Exchange Rates

Developments in foreign exchange market indicate that the Ghana cedi lost ground against the major currencies during the review quarter. On the Inter-Bank Market, the Ghana cedi depreciated by 0.5 per cent, 1.2 per cent and 1.9 per cent against the US Dollar, the Pound Sterling and the Euro, respectively. Similarly, on the Forex Bureau Market, the Ghana cedi depreciated by 3.0 per cent, 3.4 per cent and 2.9 per cent against the US Dollar, the Pound Sterling and the Euro respectively.

Interest Rates

Interest rates on the money market in quarter four of 2017 were generally on a downward trend. The Monetary Policy Committee (MPC) reduced the Monetary Policy Rate (MPR) by 100 basis points to 20.00 per cent during the fourth quarter of 2017 from 21.00 per cent. Rates on the 91-day and 182-day T-bill decreased significantly by 348 bps and 471 bps respectively, year-on-year, to settle at 13.33 per cent and 13.78 per cent. The interbank weighted average interest rate decreased by 593 bps, year-on-year, from 25.26 per cent recorded at the end of Q4:2016 to 19.34 per cent at the end of Q4:2017. The average base rate of the DMBs decreased by 171 bps, year-on-year, from 26.66 per cent in Q4:2016 to 24.95 per cent recorded in Q4:2017.

Capital Market

Performance on the Ghana Stock Exchange (GSE) during Q4:2017 continued on its upward trend, leading to a significant increase in market capitalization. At the end of the fourth quarter of 2017, the GSCE-CI index grew by 52.7 per cent (890.6 points) on year-on-year basis compared to a decline of 15.3 per cent (-305.3 points) in the same period of 2016. The strong performance of the bourse can be attributed to a general decline in interest rates and a decline in inflation and inflation expectations.

External Sector Developments

The current account deficit worsened from US\$753.2 million in the fourth quarter of 2016 to US\$930.5 million in Q4:2017, up by 23.5 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 fourth quarter of 2017 was estimated at US\$3,664.2 million, indicating an increase of US\$538.5 million or 17.2 per cent compared with US\$3,126.1 million recorded in the same period in 2016. The increase was attributable to higher proceeds recorded from the exports of gold, crude oil and other exports.

Total value of merchandise imports for the fourth quarter of 2017 amounted to US\$3,374.9 million, up by 9.6 per cent or US\$295.7 million from the Q4:2016 position. The increased in imports was attributable to a higher level of oil imports.

The trade balance recorded a surplus of US\$289.1 million, compared with a surplus of US\$46.9 million in Q4:2016, mainly on account of a significant increase in exports.

The country's gross foreign assets increased by US\$1,393.04 million to US\$7,554.84 million from a stock position of US\$6,161.8 million at the end of December 2016. This was sufficient to provide cover for 4.3 months of imports compared with 3.5 months of imports cover as at December 2016.

External Debt

The stock of disbursed outstanding public and publicly-guaranteed external debt at the end of the fourth quarter of 2017 was provisionally estimated at US\$17,156.97 million. This represents an increase of US\$6.60 million, (0.04%) from the position of US\$17,150.37 million recorded at the end of the third quarter of 2017 and an increase of US\$695.98 million (4.23%) from a level of US\$16,460.99 million at the end of the fourth quarter of 2016.

1. Developments in the World Economy

The global economy continued to expand at a solid rate in the fourth quarter of 2017, supported by on-going robust expansion in advanced economies and a pick-up in emerging economies, driven by China and India in particular. In January 2018, the IMF estimated that the global economy grew by 3.7 per cent in 2017, which was 0.1 percentage points faster than projected in the fall and 0.5 percentage points higher than in 2016. Looking ahead, the increased global growth momentum and the recently approved U.S. tax policy changes are expected to push up global growth forecasts for 2018 and 2019 by 0.2 percentage points to 3.9 per cent.

Table 1.1: World Economic Indicators Global Growth Projections

	Estimates		Projections	
	2016	2017	2018	2019
World Output	3.2	3.7	3.9	3.9
Advanced Economies	1.7	2.3	2.3	2.2
United States	1.5	2.3	2.7	2.5
Euro Area	1.8	2.4	2.2	2.0
Germany	1.9	2.5	2.3	2.0
France	1.2	1.8	1.9	1.9
Italy	0.9	1.6	1.4	1.1
Spain	3.3	3.1	2.4	2.1
Japan	0.9	1.8	1.2	0.9
United Kingdom	1.9	1.7	1.5	1.5
Emerging Market and Developing Economies	4.4	4.7	4.9	5.0
Russia	-0.2	1.8	1.7	1.5
China	6.7	6.8	6.6	6.4
India	7.1	6.7	7.4	7.8
Brazil	-3.5	1.1	1.9	2.1
Sub-Saharan Africa	1.4	2.7	3.3	3.5
South Africa	-1.6	0.8	2.1	1.9
Nigeria	0.3	0.9	0.9	0.9

Source: IMF World Economic Outlook Update, January 2018

EUROPEAN ECONOMIES

Economic activity in the Eurozone strengthened and broadened, growing at 0.6 per cent in the fourth quarter of 2017, slightly below 0.6 per cent recorded in the third quarter. The growth was on the back of improving consumer and business confidence, favourable financing conditions and an accommodative monetary policy stance. The recovery in demand has led to a significant decline in measures of economic slack. The unemployment rate in the Euro area stood at 8.7 per cent in December 2017, down from 9.7 per cent in December 2016. Notwithstanding this, 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 sectors. Looking ahead, growth is expected to average 0.5 per cent in the medium term, supported by strong private demand and continued monetary policy accommodation

UNITED KINGDOM

In the UK, output growth picked up to 0.5 per cent in Q4 2017, reflecting a strengthening in business-facing service sectors and manufacturing growth. Economic activity was however weighed down by a number of factors including sluggish household spending, weak growth in the consumer services sector, and construction activity, according to the Bank of England Inflation Report, Issue 1, 2018. Looking forward, consumption growth is projected to remain subdued in the near term, weighed down by sluggish real income growth, while overall output growth is projected to remain modest at 0.4 per cent in Q1 2018 supported by the 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 slowed in the fourth quarter of 2017, with real gross domestic product (GDP) increasing by 2.6 per cent, below the third quarter growth rate of 3.2 per cent, according to “advanced” estimates released by the Bureau of Economic Analysis (BEA). The modest uptick was attributed to increases in consumer spending, business investment, exports, housing investment, as well as federal, state and local government spending. These contributions were partly offset by declines in inventories, which is unlikely to persist. The IMF estimates that the US grew by 2.3 per cent in 2017, supported by strong domestic demand. It is expected that the personal and corporate tax cuts passed in December would provide a stimulus to activity over the short to medium term.

EMERGING ASIA

JAPAN

Japan’s economic activity remains strong, with real GDP growing by 0.6 per cent quarter-on-quarter in the third quarter of 2017. In addition, recent economic indicators continue to point to firm growth in the final quarter of 2017, according to the latest ECB Economic Bulletin. The relatively strong growth was on the back of exports reflecting strong global demand, modest growth in both business and consumer spending and an accommodative monetary policy stance. In the medium term, the combination of improved business and consumer sentiments, accommodative policies, recovering

foreign demand and a strong labour market are projected to boost economic activity further.

CHINA

In China, GDP growth continues to be broadly stable, expanding by 6.8 per cent year-on-year in the fourth quarter of 2017. This robust growth is on the back of increased export demand and strong domestic credit expansion. The authorities have continued to take measures to reduce financial sector leverage. These regulatory and other reforms are expected to slow China's growth, with growth projected to drop to 6.6 per cent in 2018 and 6.4 per cent in 2019.

OTHER EMERGING AND DEVELOPING ECONOMIES

The gradual rebound in economic activity across emerging and developing economies is projected to continue, with growth rising from 4.4 per cent in 2016 to 4.7 per cent in 2017. This will be primarily driven by gradual improvement in large commodity-exporting countries that experienced recessions in 2015 and 2016 as prices declined. Growth in India and Turkey may pick up further in 2017 due to strong government spending and stronger external demand to boost exports. The Indian economy expanded 1.6 per cent in the third quarter of 2017, against 1.4 per cent growth in the second quarter, while in Turkey economic activity expanded at a pace of 1.2 per cent, down from the 2.2 per cent recorded over the previous period. The Brazilian economy advanced 0.1 per cent in the second quarter of 2017, slower than the 0.7 per cent growth recorded in the previous period, as government spending declined further and investments continued to fall.

SUB-SAHARAN AFRICA

The growth outlook remains positive for Sub-Saharan Africa as the two largest economies, South Africa and Nigeria, exit recessions. In South Africa, the economy expanded 2.0 per cent in the third quarter of 2017, below the 2.8 per cent recorded in the previous period. The modest growth was supported by developments made in the agriculture, forestry and fishing sectors. Year-on-year, the economy advanced 0.8 per cent in the third quarter, slightly below an upwardly revised 1.3 per cent expansion in the previous period. Similarly, the Nigerian economy advanced 1.4 per cent year-on-year in the second quarter of 2017, accelerating from an upwardly revised 0.72 per cent in the previous period.

2. Real Sector Developments

Review of selected indicators of economic activity suggested that the domestic economy recorded some improvements in real sector activities during the fourth quarter of 2017, relative to trends observed in the same period a year ago. This could be attributed to an improved business environment.

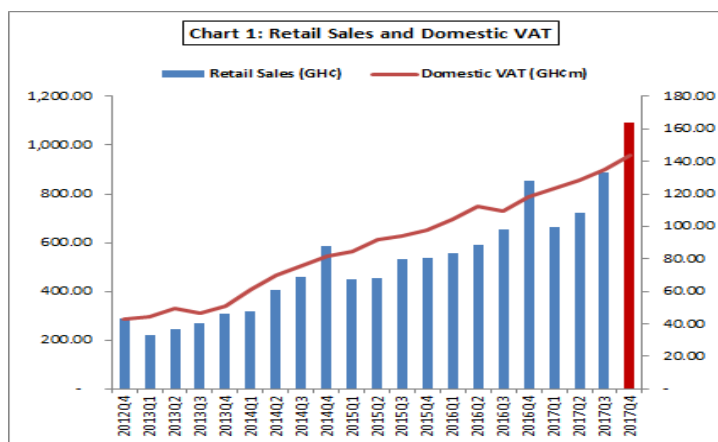
2.1 Indicators of Economic Activity

2.1.1 Consumer Spending

Consumer spending, measured by domestic VAT collections and retail sales, signalled a growth in the fourth quarter of 2017, compared with trends observed during the same period a year ago. Retail sales grew by 27.27 per cent, year-on-year, to GH¢163.54 million during the review period relative to GH¢128.50 million for the same quarter of 2016. Also, the figure recorded for the last quarter of 2017 was an improvement of 22.92 per cent over GH¢133.05 million for the third quarter of 2017. The relative uptick in retail sales could be due to improved household spending during the period under review.

Similarly, domestic VAT collection grew by 21.98 per cent (year-on-year) to GH¢958.48 million in the fourth quarter of 2017, from GH¢785.79 million collected in the same period a year earlier. Also, domestic VAT collected for the third quarter of 2017 constituted 6.81 per cent over GH¢897.39 million for a similar period of 2017. The improvement in domestic VAT collection may be attributed to the high level of consumption of goods and services during the review period.

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

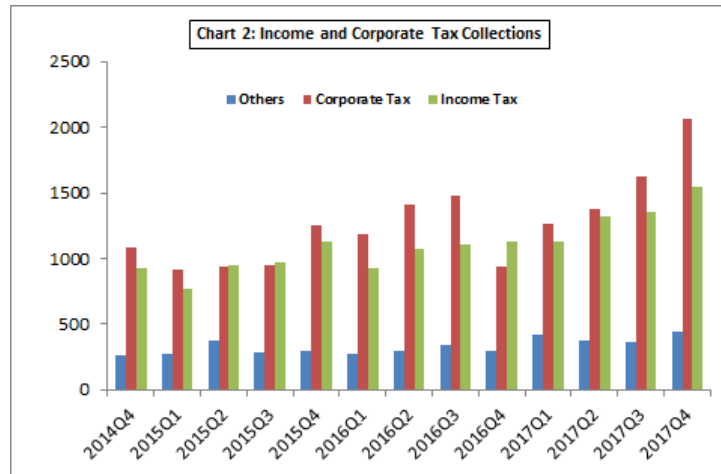


2.1.2 Production (Incomes)

Manufacturing-related activities measured by trends in direct tax (personal, corporate and other income taxes) collections and private sector workers' contributions to the SSNIT Pension Scheme also improved during the last quarter of 2017, compared with the performance observed during a similar period a year ago. Total direct tax collections surged by 70.95 per cent, year-on-year, to GH¢4,045.88 million in the review period, from GH¢2,366.64 million for the same period a year ago. Also, the total direct tax collected during the review period grew by 21.24 per cent over GH¢3,337.21 million for the third quarter of 2017. In terms of the relative

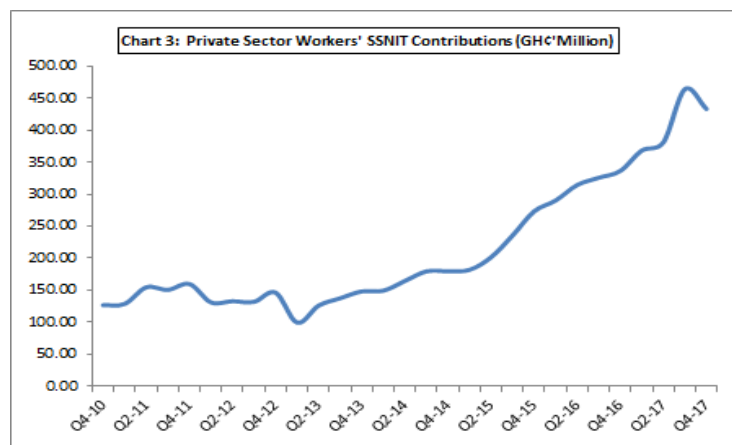
contribution of the various sub-tax categories, Corporate tax accounted for 51.06 per cent, followed by Income tax (P.AY.E and Self-employed) with 38.17 per cent, while other sources contributed 10.77 per cent. The improvement in income and corporate tax payment may be due to an improved compliance regime instituted by the Ghana Revenue Authority (GRA).

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



Private sector workers' contributions to the SSNIT Pension Scheme also improved by 28.78 per cent, year-on-year, to GH¢433.51 million in the last quarter of 2017, relative to GH¢336.63 million for the same period of 2016. The relative uptick in the private sector workers' contributions to the SSNIT Pension Scheme was mainly due to registration of new employees as well as high compliance level by private sector employers. However, SSNIT contributions during the review period represented a decline by 6.68 per cent below GH¢464.55 million contributed during the third quarter of 2017.

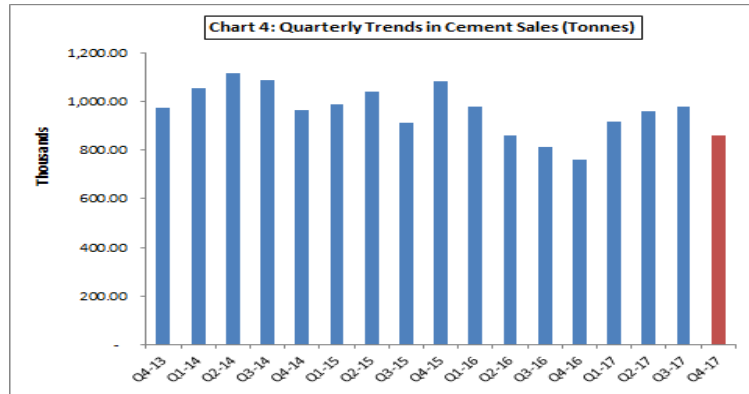
Chart 2.3: SSNIT Contributions (GH¢' million)



2.1.3 Construction Activities

Economic activity in the construction sub-sector measured by the volume of cement sales grew by 13.07 per cent (year-on-year) during the last quarter of 2017 to 858,995.30 tonnes, compared with 759,735.78 tonnes for the same period a year ago. The relative improvement in cement sales was partially due to pick-up in demand as construction activities surge during the review period. Meanwhile, total cement sales for the period under review declined by 12.18 per cent below 978,086.40 tonnes sold during the third quarter of 2017.

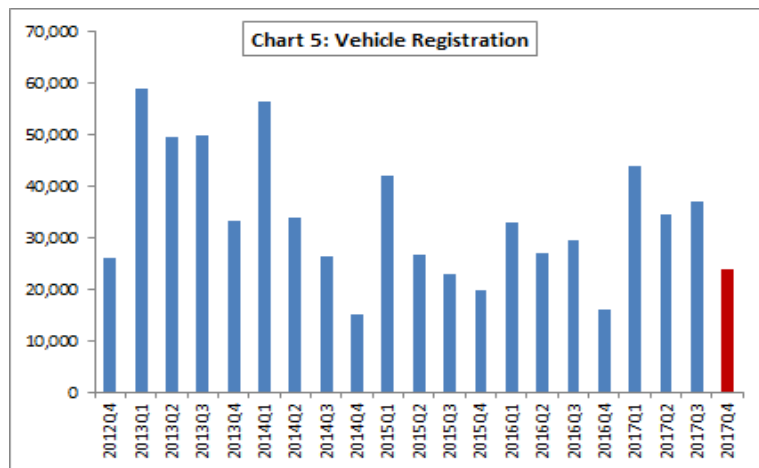
Chart 2.4: Quarterly Trends in Cement Production (tonnes)



2.1.4 Vehicle Registration

Transport-related economic activities, measured by vehicle registration by DVLA, recorded an improvement during the fourth quarter of 2017. The number of vehicles registered for the review period improved by 48.17 per cent to 23,994 as against 16,194 vehicles for the same period of 2016. The relative upsurge in vehicle registration during the review period may be due to increased vehicle importation during the period. However, vehicle registration during the review period represented a decline by 35.38 per cent below 37,130 vehicles registered by DVLA in the third quarter of 2017.

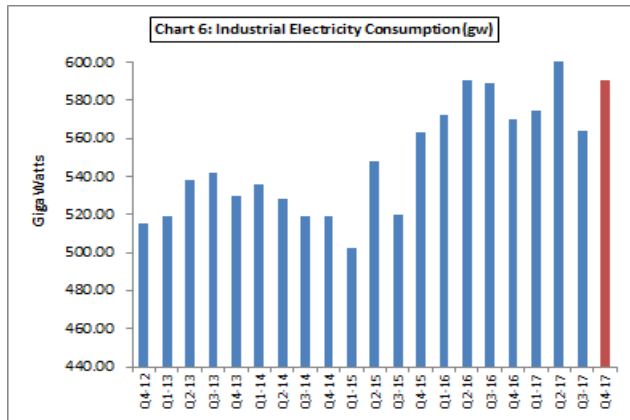
Chart 2.5: Quarterly Trends in Vehicle Registration



2.1.5 Industrial Consumption of Electricity

The consumption of electricity by industries, which is a proxy for activities within the productive sectors of the economy, improved during the last quarter of 2017. Industries utilised 590.58 giga watts during the review period, compared to 569.81 giga watts for a similar period a year ago; suggesting an uptick by 3.65 per cent (year-on-year). Also, industrial consumption of electricity for the period under review went up by 4.74 per cent above 563.84 giga watts for the third quarter of 2017. The relative improvement in electricity consumption by industries was due to availability of power as generation, transmission and distribution have largely improved.

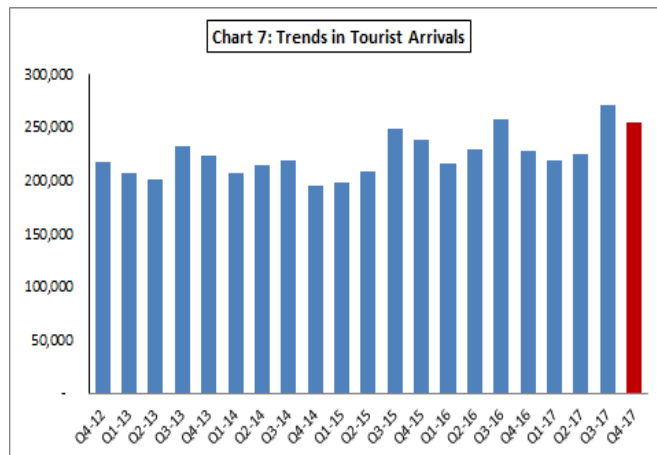
Chart 2.6: Industrial Electricity Consumption



2.1.6 International Tourist Arrivals

International tourists' expenditure, proxied by the number of tourist arrivals through the various entry points of the country, went up during the fourth quarter of 2017. A total of 255,709 tourists visited the country during the review period, as against 229,053 for the same period a year ago, indicating a growth of 11.64 per cent. The relative uptick in tourist arrivals was as a result of a surge in international conferences and recreational tourism activities. Compared to the previous quarter, the number of tourist arrivals declined by 5.80 per cent.

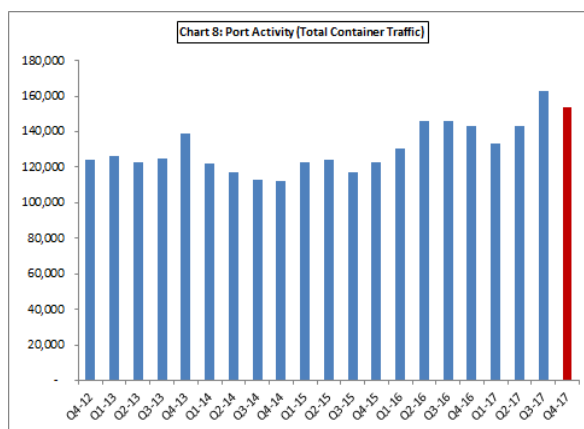
Chart 2.7: Trends in Tourist Arrivals



2.1.7 Port Activity

Economic activities at the country's two main Harbours¹ measured by container traffic suggested a relative improvement in the fourth quarter of 2017, compared with trends observed during a similar period a year ago. Container traffic grew by 7.77 per cent, year-on-year, to 154,076 during the review period, from 142,968 containers registered during the same period of 2016. The relative improvement in container traffic could be attributed to improved international trade activities as well as the on-going port expansion works to attract and accommodate more vessels. However, container traffic for the review period declined by 5.53 per cent below 163,090 registered for the third quarter of 2017.

Chart 2.8: Port Activity



2.2 Labour Market Conditions

The number of job adverts placed in the 'Daily Graphic' in the fourth quarter of 2017 was 1,296, suggesting a quarter-on-quarter decline of 0.54 per cent relative to the third quarter of 2017, as well as a year-on-year decline of 30.3 per cent relative to the last quarter of 2016. Cumulatively, job adverts recorded for 2017 stood at 5,845, representing a decrease of 20.3 per cent compared to 7,591 recorded in 2016.

Job Vacancies by Sector

The Services sector remained the most dominant in terms of number of job adverts during the review period. The sector accounted for 83.9 per cent of total job adverts as against 86.5 per cent for the same period of last year. The Industry sector followed with 12.5 per cent, compared with 11.9 per cent for the fourth quarter of 2016, while the Agriculture sector had a share of 3.6 per cent, relative to 1.6 per cent for the same period a year ago.

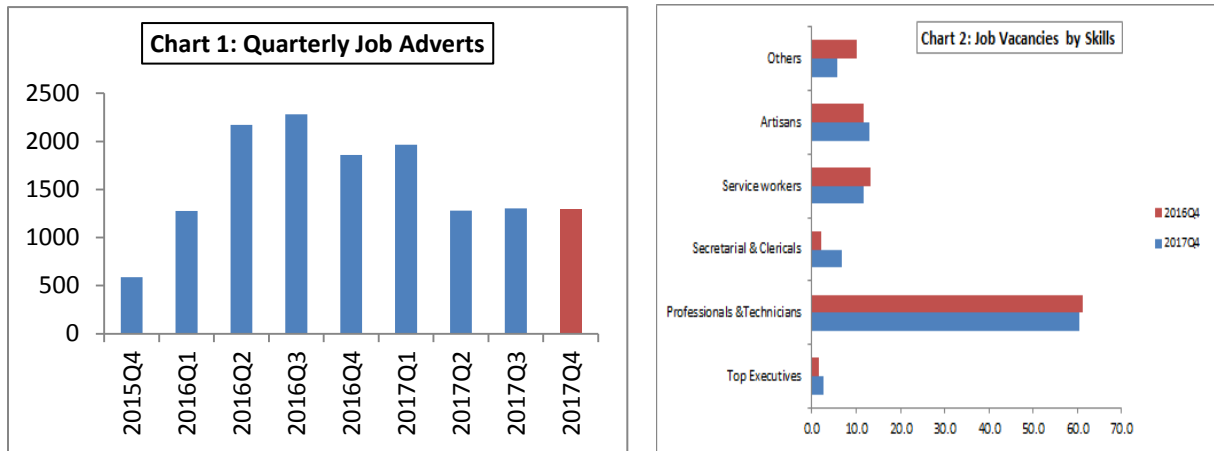
Job Vacancies by Skills

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 62.7 per cent of total job adverts in the fourth quarter of 2017, compared with 63.7 per cent during the same period a year ago. This was followed by Sales and Other Service Workers with 12.4 per cent of

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

total job adverts, relative to 13.3 per cent for the same period in 2016, and Artisans and Machine Operators with 11.6 per cent, as against 10.8 per cent for the same period in 2016. Also, during the review period, Secretarial and Clerical Staff had a share of 2.2 per cent of total job adverts, compared with 7.3 per cent for the same period last year, while Other staff accounted for 10.2 per cent, relative to 5.9 per cent for the same period in 2016.

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 is projected to increase from 1.7 per cent in 2017 to 1.9 per cent in 2018, reflecting the ongoing recovery in growth conditions. Inflation rates are projected to inch up from 4.1 per cent in 2017 to 4.5 per cent in 2018 in emerging market and developing economies, though substantial heterogeneities persist (World Economic Outlook Update, January 2018).

The US Economy

In the **United States**, consumer prices edged up 2.1 per cent year-on-year at the end of the fourth quarter of 2017, from 2.2 per cent growth recorded at the end of the previous quarter. The marginal decline in inflation was driven by a slowdown in gasoline and fuel prices. (www.tradingeconomics.com).

Euro Area

Consumer prices in the **Euro area** grew by 1.3 per cent year-on-year at the end of the fourth quarter of 2017, compared with a 1.5 per cent at the end of the third quarter. The decline in inflation was attributed to a slowdown in the rise of energy prices.

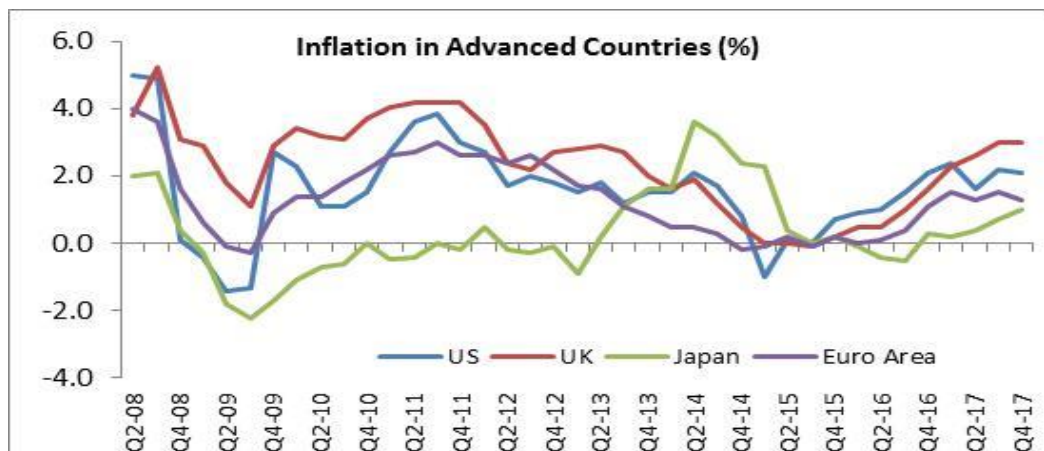
United Kingdom

Inflation in the **United Kingdom** remained unchanged at 3.0 per cent at the end of the fourth quarter of 2017, same as at the end of the previous quarter. The rise in inflation for recreation and culture was moderated by the fall in inflation for food and transportation sub-categories, leaving overall inflation unchanged.

Japan

Consumer prices in **Japan** increased by 1 per cent at the end of the fourth quarter of 2017, higher than 0.7 per cent recorded at the end of the third quarter of 2017. The rise in inflation was driven by a jump in price of food items.

Chart 3.1: Inflation trends in advanced economies



China Consumer prices in **China** increased by 1.8 per cent year-on-year at the end of the fourth quarter of 2017, above the 1.6 per cent registered at the end of the third quarter of 2017. Cost of non-food items continued to increase, while cost of food fell.

Turkey In **Turkey**, consumer prices rose by 11.9 per cent year-on-year at the end of the fourth quarter of 2017, from 11.2 per cent at the end of the previous quarter. Higher food and transport prices caused the upsurge in overall prices.

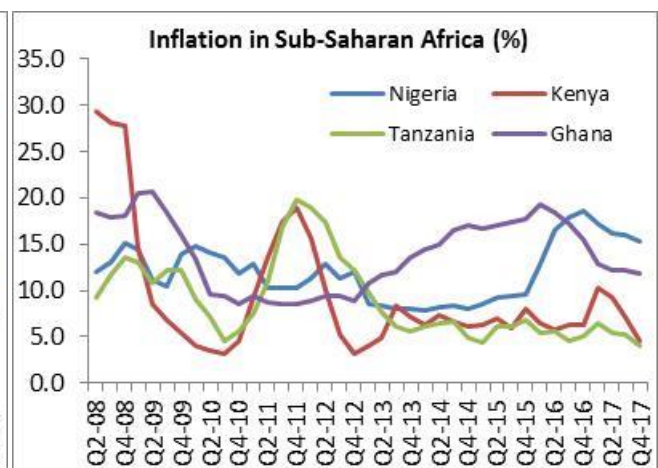
Brazil Consumer prices in **Brazil** stood at 2.95 per cent year-on-year at the end of the fourth quarter of 2017, higher than the 2.54 per cent rise recorded at the end of the third quarter of 2017.

South Africa In **South Africa**, consumer prices rose by 4.7 per cent year-on-year at the end of the fourth quarter of 2017, from 5.1 per cent in the third quarter and matched market inflation expectations. Annual core inflation, which excludes cost of food, non-alcoholic beverages, petrol and energy, decreased to 4.2 per cent from 4.4 per cent and was the lowest rate since December 2011.

Nigeria Consumer prices in **Nigeria** moderated to 15.37 per cent year-on-year at the end of the fourth quarter of 2017, compared to 15.98 per cent at the end of the third quarter. The decline in inflation was mainly driven by a softening in prices for housing and utilities, and food and non-alcoholic beverages.

Chart 3.2: Inflation trends in emerging markets

Chart 3.3: Inflation trends in developing countries



3.2 Domestic Inflation

Headline inflation declined to 11.8 per cent at the end of the fourth quarter of 2017, from 15.4 per cent recorded at the same time a year ago, reflecting the impact of tight policy measures and relative stability of the exchange rate. Food inflation fell to 8.0 per cent at the end of the fourth quarter of 2017, from 9.7 per cent recorded in the same period of 2016, while non-food inflation also declined to 13.6 per cent, from 18.2 per cent over the same comparative period.

Monthly Changes in CPI

The average monthly inflation for the fourth quarter of 2017 was 1.0 per cent, slightly lower than an average of 1.1 per cent recorded in the corresponding period of 2016. The lower monthly inflation average was largely due to non-food items. The average monthly non-food inflation for the fourth quarter of 2017 was 1.0 per cent (1.2% a year ago), food inflation remained the same at 0.8 per cent over the same comparative period.

Group Inflation (yr-on-yr changes)

Developments in the consumer basket sub-groups largely reflected lower outturns for inflation in the last quarter of 2017 compared with the previous quarter and a year ago. The decline was largely reflected in most of the main sub-groups, which collectively drove overall inflation lower 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 (9.2%; 13.5% same period last year), transport (18.7%; 27.2% a year ago), housing and utility (9.0%; 20.2% a year ago), health (6.3%; compared with 18.5%) and education (8.2%; 23.4% a year earlier). All the other sub-components recorded lower contribution than was observed a year ago with the exception of the clothing and footwear sub-group which recorded a higher year-on-year price change of 18.8 per cent in the review period, compared with 16.4 per cent a year ago.

3.3 Outlook for Inflation

The inflation outcome for the fourth 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 relatively stable electricity supply alongside fiscal consolidation which has significantly eased aggregate demand will aid in disinflation in 2018. The key risk to the outlook is the rising crude oil price in the international market, whose price impact could be limited following the upsurge in shale production and recent volatilities in financial markets in the US and Asia.

Chart 3.4: Trends in Inflation

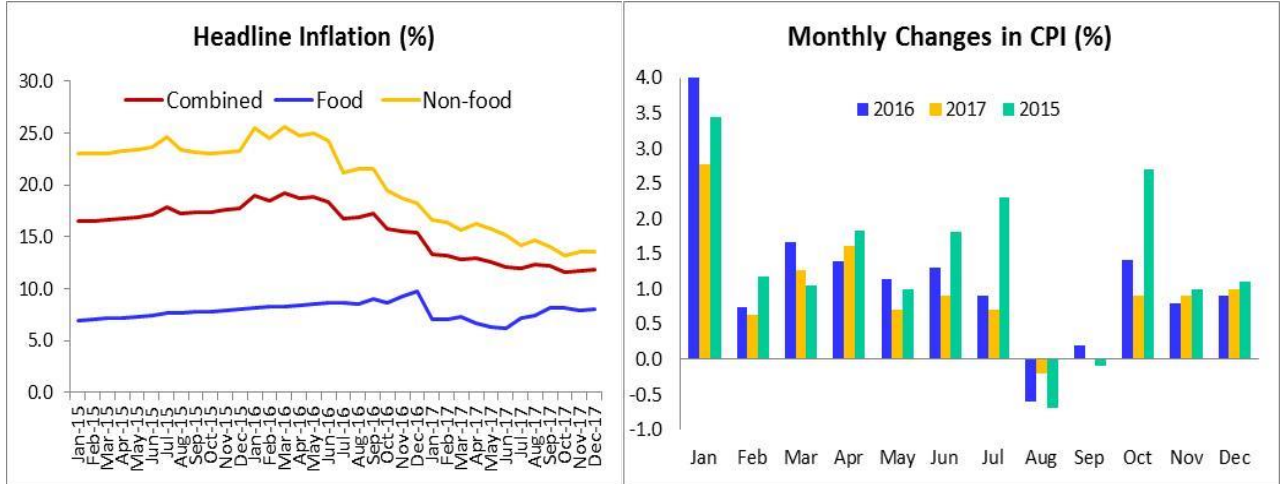


Chart 3.5: Major Contributors to Inflation

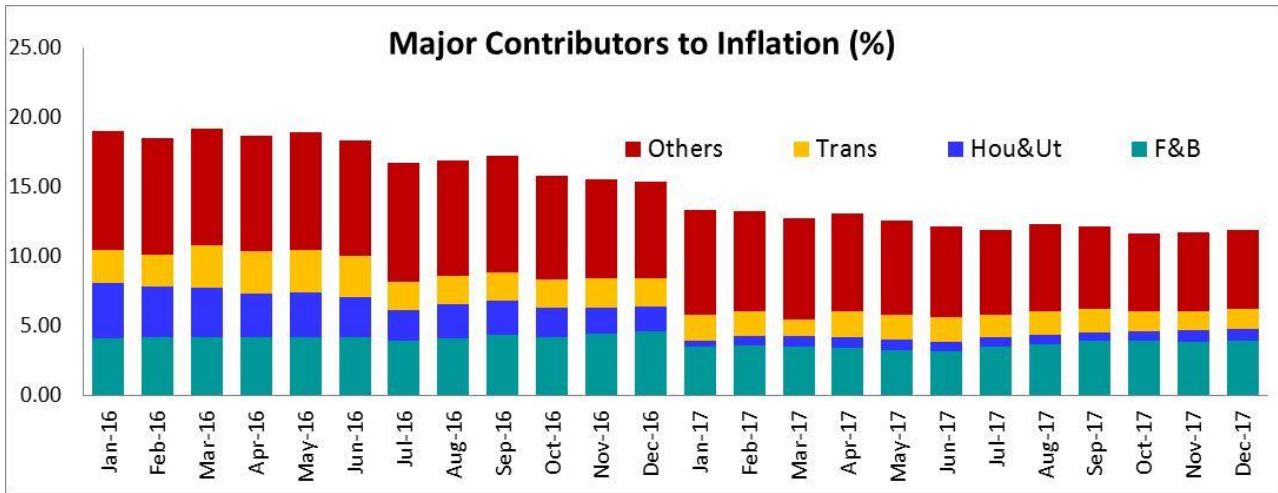


Table 3.1: Headline and Major Sub-Groups (%)

CPI Components (%)						
	Weights (%)	2016	2017			
		Q4	Q1	Q2	Q3	Q4
Overall	100.0	15.4	12.8	12.1	12.2	11.8
Food and Beverages	43.9	9.7	7.3	6.2	8.1	8.0
Non-food	56.1	18.2	15.6	15.1	14.1	13.6
Alcoholic Beverages, Tobacco	1.7	13.5	13.9	11.7	10.9	9.2
Clothing and footwear	9.0	16.4	18.2	16.6	16.2	18.8
Housing, Water, Elect, Gas & Fuels	8.6	20.2	7.9	7.1	6.1	9.0
Furnish, H/H Equipt. Etc	4.7	18.8	23.5	20.6	17.6	15.2
Health	2.4	18.5	15.8	14.3	12.7	6.3
Transport	7.3	27.2	15.3	22.6	21.9	18.7
Communications	2.7	10.8	11.3	11.1	9.5	9.7
Recreation & Culture	2.6	20.3	23.7	20.8	18.7	17.5
Education	3.9	23.4	17.3	11.0	9.2	8.2
Hotels, Cafes & Restaurants	6.1	13.7	14.2	12.0	11.4	9.8
Miscellaneous goods & services	7.1	14.7	16.7	15.4	15.4	13.6

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
Q4	11.8	8.0	13.6	1.0	1.3	0.9

Source: Ghana Statistical Service

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

4. Money and Financial Markets

Developments in the growth of monetary aggregates in the fourth quarter of 2017 depicted a downward trend in liquidity when compared with the corresponding quarter in 2016.

4.1 Broad Money Supply

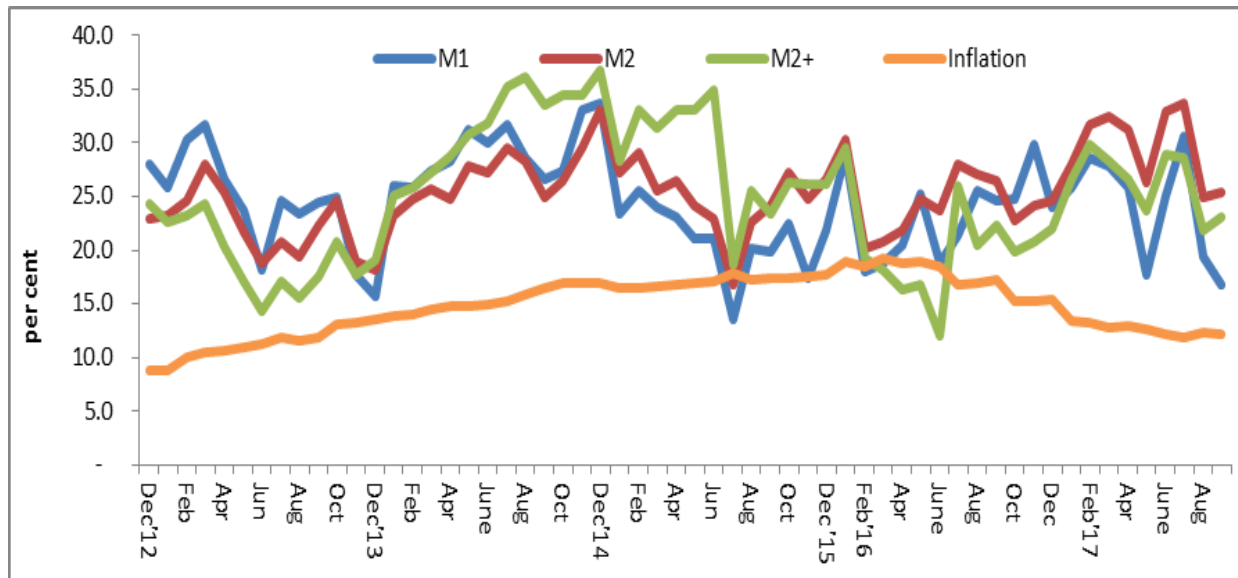
Provisional data for the fourth quarter of 2017 indicated a decline in the growth rate of broad money supply (M2) on year-on-year basis from 22.04 per cent (GH¢11,146.4 million) in the fourth quarter of 2016 to 16.72 per cent (GH¢9,479.9 million) in the same period in 2017. Broad money supply including foreign currency deposits (M2+) stood at GH¢66,172.0 million, compared with GH¢56,692.1 million and GH¢59,491.1 million realised at the end of the fourth quarter of 2016 and third quarter of 2017, respectively.

The decline in the year-on-year growth of M2+ during the review period reflected decreases in all of its components compared with the same period in 2016, with the exception of Savings and Time deposits which increased from 25.53 per cent (GH¢5,504.2 million) in the fourth quarter of 2016 to 27.87 per cent (GH¢3,533.5 million), in the fourth quarter of 2017.

Table 4.1: Monetary Indicators (GH¢' million)

	Levels					Quarter-on-Quarter									
	Dec-14	Dec-15	Dec-16	Sep-17	Dec-17	As at end-Dec 2014		As at end-Dec 2015		As at end-Dec 2016		As at end-Sept 2017		As at end-Dec 2017	
						abs	per cent	abs	per cent	abs	per cent	abs	per cent	abs	per cent
Reserve Money	11784.6	14636.3	18968.0	17321.7	21457.1	2,733.5	30.20	2,851.6	24.20	4,331.7	29.60	1,923.1	12.49	2,489.1	13.12
Narrow Money (M1)	17257.6	21018.3	26076.4	25503.3	29847.0	4,355.1	33.75	3,760.7	21.79	5,058.1	24.07	3,670.0	16.81	3,770.7	14.46
Broad Money (M2)	27530.2	34860.9	43452.5	45282.6	52066.4	6,838.2	33.05	7,330.7	26.63	8,591.6	24.65	9,174.2	25.41	8,614.0	19.82
Broad Money (M2+)	36843.2	46455.3	56692.1	59491.1	66172.0	9,906.1	36.78	9,612.1	26.09	10,236.9	22.04	11,146.4	23.06	9,479.9	16.72
Currency with the Public	6896.3	8503.7	10139.8	8587.8	10707.9	1,396.6	25.39	1,607.4	23.31	1,636.1	19.24	882.1	11.45	568.1	5.60
Demand Deposits	10361.3	12514.5	15936.6	16915.5	19139.1	2,958.4	39.96	2,153.2	20.78	3,422.0	27.34	2,787.9	19.73	3,202.5	20.10
Savings & Time Deposits	10272.6	13842.6	17376.1	19779.3	22219.4	2,483.1	31.88	3,570.1	34.75	3,533.5	25.53	5,504.2	38.56	4,843.3	27.87
Foreign Currency Deposits	9313.0	11594.4	13239.6	14208.5	14105.6	3,068.0	49.13	2,281.4	24.50	1,645.3	14.19	1,972.3	16.12	866.0	6.54
Sources of M2+															
Net Foreign Assets (NFA)	8991.3	11514.7	14946.6	18117.7	20678.8	3,290.9	57.73	2,523.4	28.06	3,431.9	29.80	9,847.0	122.99	5,732.2	38.35
BOG	8677.8	10318.0	11880.1	14077.5	17240.5	2,705.1	45.29	1,640.2	18.90	1,562.1	15.14	9,267.9	192.70	5,360.4	45.12
DMBs	313.5	1196.7	3066.5	4040.2	3438.3	585.8	(215.14)	883.2	281.70	1,869.8	156.24	579.1	18.12	371.8	12.12
Net Domestic Assets	27851.9	34940.6	41745.5	41373.4	45493.2	6,615.3	31.15	7,088.7	25.45	6,805.0	19.48	1,299.4	3.22	3,747.7	8.98
Claims on Government (net)	13906.5	12845.2	18352.4	11769.8	12615.9	2,579.7	22.78	(1,061.3)	(7.63)	5,507.2	42.87	(5,397.6)	(31.44)	(5,736.5)	(31.26)
BOG	6887.7	6418.7	8862.4	5357.6	6057.3	1,581.5	29.80	(469.0)	(6.81)	2,443.7	38.07	(4,022.5)	(42.88)	(2,805.1)	(31.65)
DMBs	7018.8	6426.5	9490.0	6412.2	6558.6	998.2	16.58	(592.3)	(8.44)	3,063.5	47.67	(1,375.1)	(17.66)	(2,931.4)	(30.89)
Claims on Public Sector	5059.5	5900.7	7120.5	6558.0	4737.3	850.8	20.22	841.2	16.63	1,219.8	20.67	(544.3)	(7.66)	(2,383.1)	(33.47)
BOG	2077.7	2057.0	1834.1	1959.5	1382.0	7.1	0.34	(20.7)	(1.00)	(222.9)	(10.83)	34.0	1.77	(452.1)	(24.65)
DMBs	2981.8	3843.8	5286.4	4598.6	3355.3	843.7	39.46	862.0	28.91	1,442.6	37.53	(578.3)	(11.17)	(1,931.0)	(36.53)
Claims on Private Sector	21649.6	26611.4	30487.4	31717.7	34284.1	6,362.9	41.62	4,961.8	22.92	3,876.0	14.57	2,805.1	9.70	3,796.7	12.45
BOG	606.9	408.3	503.9	462.0	464.8	77.4	14.63	(198.6)	(32.72)	95.6	23.41	60.9	15.19	(39.1)	(7.75)
DMBs	21042.7	26203.1	29983.5	31255.8	33819.3	6,285.5	42.59	5,160.4	24.52	3,780.4	14.43	2,744.2	9.62	3,835.8	12.79
Other Items (Net) (OIN) 12	-12763.7	-10416.8	-14214.8	-8672.1	-6144.1	(3,178.2)	33.16	2,346.9	(18.39)	(3,798.0)	36.46	4,436.3	(34.54)	8,070.6	(56.78)
o/w BOG OMO (Sterilisation)	-1254.4	-204.7	-898.0	0.0	0.0	(128.6)	11.42	1,049.7	(83.68)	(693.4)	338.77	339.4	(100.00)	898.0	(100.00)

Chart 4.1: Inflation and Liquidity (%)



4.2 Sources of Change in M2+

The slowdown in the growth of M2+ during the review period mainly reflected a significant decline in the growth of Net Domestic Assets (NDA), which was moderated by an increase in the growth of Net Foreign Assets (NFA).

NDA grew by 9.0 per cent (GH¢3,747.7 million) in the fourth quarter of 2017 compared with a growth of 19.5 per cent (GH¢6,805.0 million) realised in the same period in 2016 and 3.2 per cent growth recorded in the third quarter of 2017.

NFA recorded an increased growth of 38.35 per cent (GH¢5,732.2 million) from 29.80 per cent (GH¢3,431.9 million) recorded at the end of the fourth quarter of 2016. This was however, lower than the 122.99 per cent (GH¢9,847.0 million) growth recorded in the third quarter of 2017.

Net Domestic Assets (NDA)

The analyses of the components showed that the decrease in the growth of NDA of the banking system during the review period was mainly due to contractions in net claims on government, claims on the public sector and other items net and a slowdown in the growth of claims on private sector. Net claims on government decelerated from a growth of 42.87 per cent in the fourth quarter of 2016 to a contraction of 31.26 per cent in the fourth quarter of 2017 while claims on the public sector decelerated from a growth of 20.67 per cent in the last quarter of 2016 to a contraction of 31.26 per cent in the corresponding quarter of 2017.

The growth of claims on private sector also declined from 14.57 per cent in the fourth quarter of 2016 to 12.45 per cent whilst other items net decelerated from a growth of 36.46 per cent to a contraction of 5.78 per cent.

This can be compared with the third quarter of 2017 where net claims on government and claims on private sector experienced lower growth relative to the fourth quarter of 2017. On the other hand, claims on public sector and other items net recorded higher growth rates in the third quarter of 2017 when compared with fourth quarter of 2017.

4.3 Developments in Banks Credit

Annual growth in the outstanding credit of banks to public and private institutions during the review period indicated a downward trend when compared with the same period in 2016 and the third quarter of 2017. Total outstanding credit recorded slow nominal growth but contracted in real terms.

The nominal growth rate of total outstanding credit recorded in the fourth quarter of 2017 was 6.4 per cent (GH¢2,252.8 million). This indicated a slowdown when compared with 17.6 per cent (GH¢5,309.9 million) and 7.9 per cent (GH¢2,652.7 million) recorded in the fourth quarter of 2016 and the third quarter of 2017, respectively. Total outstanding credit at the end of the fourth quarter of 2017 stood at GH¢37,661.79 million compared with GH¢35,409.0 million recorded in the same period in 2016 and GH¢34,805.6 million recorded in the third quarter of 2017.

In real terms, banks outstanding credit contracted by 4.9 per cent on year-on-year basis at the end of the fourth quarter of 2017, compared with a growth of 1.9 per cent recorded at the end of the corresponding period in 2016.

The share of total outstanding credit to the private sector was 89.8 per cent at the end of the fourth quarter of 2017, compared with 84.7 per cent and 85.9 per cent recorded in the fourth quarter of 2016 and the third quarter of 2017, respectively.

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

	Dec-14	Dec-15	Dec-16	Sep-17	Dec-17	Quarter-On-Quarter Variation									
						As at end-Dec 2014		As at end-Dec 2015		As at end Dec 2016		As at end-Sept 2017		As at end-Dec 2017	
						Abs	Percent	Abs	Percent	Abs	Percent	Abs	Percent	Abs	Percent
a Public Sector	3,059.2	3,896.0	5,425.5	5,132.1	3,842.5	853.4	38.7	836.9	27.4	1,529.5	39.3	(91.9)	(1.8)	(1,583.0)	(29.2)
b Private Sector	21,042.7	26,203.1	29,983.5	29,673.5	33,819.3	6,285.5	42.6	5,160.4	24.5	3,780.4	14.4	2,744.2	9.6	3,835.8	12.8
Agric., For. & Fish.	890.1	1,020.7	1,130.6	1,242.9	1,343.5	354.2	66.1	130.5	14.7	110.0	10.8	91.1	7.6	212.8	18.8
Export Trade	226.8	145.0	162.3	293.0	314.8	96.3	73.7	(81.9)	(36.1)	17.3	11.9	(22.1)	(6.8)	152.5	94.0
Manufacturing	1,963.9	2,363.8	2,576.0	2,808.5	2,930.9	497.4	33.9	399.9	20.4	212.2	9.0	319.7	12.4	355.0	13.8
Trans., Stor., & Comm.	1,255.0	1,170.1	1,262.2	1,699.2	2,191.4	581.0	86.2	(84.9)	(6.8)	92.1	7.9	211.4	13.9	929.2	73.6
Mining & Quarrying	655.1	570.9	694.8	778.8	1,097.8	206.9	46.2	(84.2)	(12.9)	124.0	21.7	193.1	31.1	403.0	58.0
Import Trade	1,831.6	2,140.9	2,048.4	1,996.5	1,868.4	310.3	20.4	309.3	16.9	(92.5)	(4.3)	202.5	11.2	(179.9)	(8.8)
Construction	2,205.1	2,759.9	3,133.6	3,344.2	3,707.9	725.1	49.0	554.7	25.2	373.7	13.5	403.3	12.5	574.3	18.3
Commerce & Finance	3,070.7	4,309.0	6,803.3	5,568.5	7,156.7	646.5	26.7	1,238.3	40.3	2,494.4	57.9	76.4	1.4	353.4	5.2
Elect., Gas & Water	2,039.9	3,307.5	3,445.6	2,863.2	2,898.0	843.0	70.4	1,267.6	62.1	138.1	4.2	(389.4)	(11.2)	(547.6)	(15.9)
Services	4,719.6	5,866.5	5,591.1	6,238.2	6,238.2	989.6	26.5	1,146.9	24.3	(275.4)	(4.7)	687.8	12.4	647.1	11.6
Miscellaneous	2,184.7	2,548.9	3,135.6	2,840.5	4,071.6	1,035.1	90.0	364.2	16.7	586.7	23.0	970.4	35.6	936.0	29.9
c Grand Total	24,101.9	30,099.1	35,409.0	34,805.6	37,661.8	7,138.9	42.1	5,997.3	24.9	5,309.9	17.6	2,652.2	7.9	2,252.8	6.4

4.3.1 Distribution of Outstanding Credit to the Private Sector

The growth of outstanding credit to the private sector on year-on-year basis declined in nominal terms but improved marginally in real terms, due to the downward trend in the rate of inflation. Nominal growth in credit to private sector recorded at the end of the fourth quarter of 2017 was 12.8 per cent (GH¢3,835.8 million). This indicated a decline when compared with the growth rate of 14.4 per cent (GH¢3,780.4 million) realized at end of the fourth quarter of 2016 but an increased growth relative to the rate of 9.6 per cent (GH¢2,744.2 million) recorded in the third quarter of 2017. Total outstanding credit to the private sector at the end of December 2017 was GH¢33,819.3 million, compared with GH¢29,673.5 million recorded in the fourth quarter of 2016.

In real terms, outstanding credit to the private sector recorded a growth of 0.9 per cent at the end of the fourth quarter of 2017 compared with real contractions of 0.8 per cent and 2.3 per cent realized in fourth quarter of 2016 and third quarter of 2017, respectively.

Annual flow of credit to all subsectors of the private sector experienced increased growth in the fourth quarter of 2017 when compared with the corresponding period in 2016, with the exception of the Import Trade, Commerce & Finance and Electricity & Gas subsectors.

Among private sector holders of credit, the Household and the Foreign Enterprise subsectors experienced increased growth in annual flow of credit at the end of the fourth quarter of 2017 when compared with the same period in

2016 while the Indigenous Enterprise subsector and the subsector classified as “Other” recorded slowed growth and contraction, respectively.

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

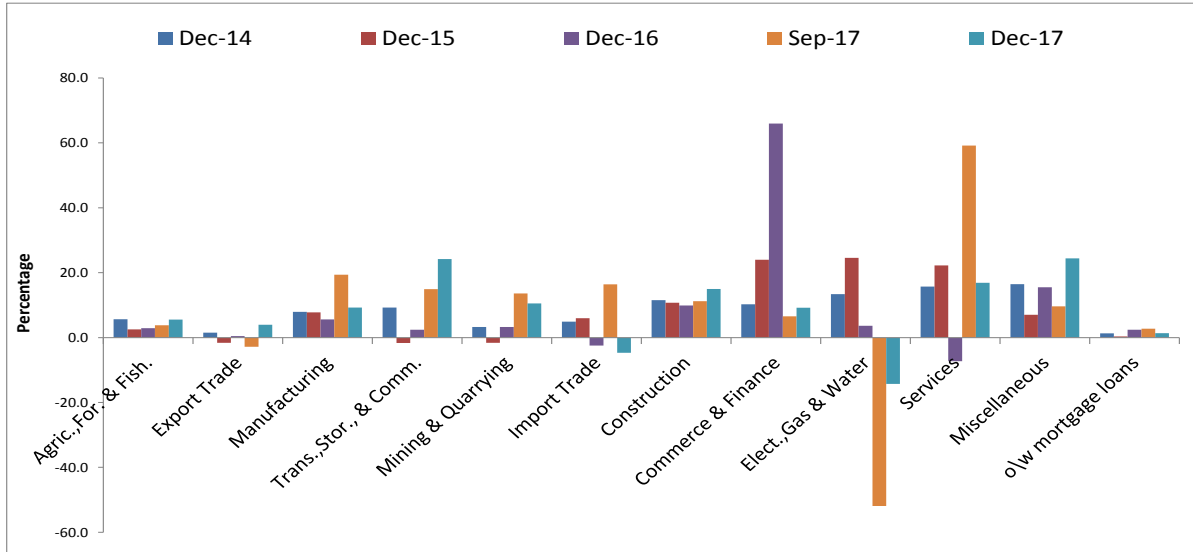
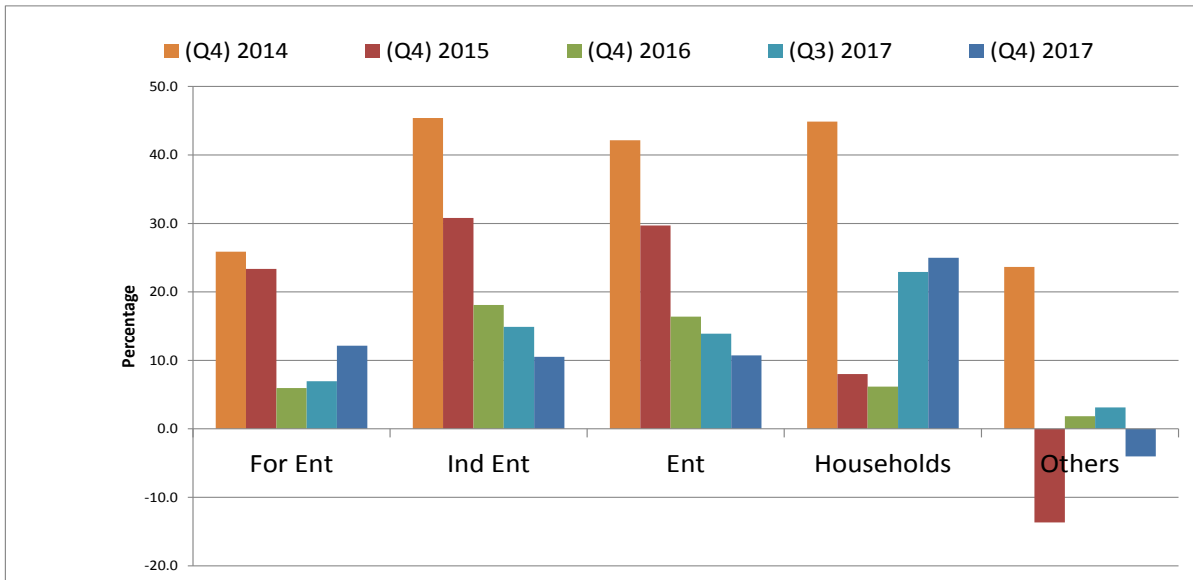


Chart 4.3: Growth Rate of Annual Flow of Credit to the Private Sector by Borrower



4.4 Sources and Uses of Banks' Funds

Uses of Banks' Flow of Funds

Provisional figures for the fourth quarter of 2017 showed that the proportion of flow of funds allocated to Bank Credit and Foreign Assets declined while percentage deployed to Investments in Government Securities contracted during the fourth quarter of 2017 when compared with the same period in 2016. By contrast, the share of the flow of funds of banks allocated to Other Assets and Balances with the Bank of Ghana increased significantly in the fourth quarter of 2017 when compared with the corresponding period in 2016.

The percentage of funds deployed to Bank Credit in the fourth quarter of 2017 was 16.1 per cent (GH¢2,252.8 million) compared with 31.5 per cent (GH¢5,309.9 million) recorded in fourth quarter of 2016 and 17.3 per cent (2,652.2 million) realized in third quarter of 2017. Despite the decline in the proportion of funds allocated to total credit, the share of funds deployed to private sector credit increased to 27.4 per cent (GH¢3,835.8 million) compared with 22.5 per cent (GH¢3,780.4 million) recorded in fourth quarter of 2016 and 17.9 per cent (GH¢2,744.2 million) realized in third quarter of 2017.

The share of funds allocated to foreign Assets in the fourth quarter of 2017 was 4.1 per cent (GH¢574.8 million) compared with 11.7 per cent (GH¢1,973.3 million) recorded in fourth quarter of 2016 and 6.8 per cent (GH¢1,067.7 million) realized in third quarter of 2017.

The portion of funds allocated to Investments in Government Securities declined to -27.7 per cent (-GH¢3,835.8 million) in fourth quarter of 2017, indicating excess withdrawal over allocation of funds to government securities. The portion of funds allocated to Investments in Government Securities in fourth quarter of 2016 and the third quarter of 2017 were 26.9 per cent (GH¢4,521.9 million) and -15.3 per cent (-GH¢2,349.3 million) respectively.

The portion of funds allocated to Other Assets comprising real estate, equipment and unclassified assets in the fourth quarter of 2017 was 97.5 per cent (GH¢13,657.3 million) compared with 24.1 per cent (GH¢4,057.9 million) recorded in fourth quarter of 2016 and 84.3 per cent (GH¢12,935.1 million) realized in third quarter of 2017.

The portion of funds of banks which allocated to Balances with BOG in the fourth quarter of 2017 was 97.5 per cent (GH¢13,657.3 million) compared with 24.1 per cent (GH¢4,057.9 million) recorded in fourth quarter of 2016 and 7.0 per cent (GH¢1,392.6 million) realized in third quarter of 2017.

Sources of Banks' Flow of Funds

The shares of Domestic Deposits, Balances due non-resident banks, Capital and Other liabilities comprising margin deposits, cheques for clearing, interest in suspense and borrowing from other resident banks in total flow of funds increased in the fourth quarter of 2017 when compared with the same quarter in 2016. The proportions of others sources of funds such as foreign currency Deposit, Credit from BOG and Reserves however, declined during the period.

Domestic deposits mobilization remained the main source of funds for banks accounting for 56.0 per cent of total flow of funds sourced by banks during the fourth quarter of 2017. Domestic deposit as a share of total flow of funds was 49.9 per cent (GH¢6,981.4 million) in the fourth quarter of 2017. This indicated an increase when compared with 38.2 per cent (GH¢7,673.8 million) recorded in the corresponding quarter of 2016. The increase in proportion of domestic deposits in the total flow of funds reflected on in the share of Time Deposits which increased from 11.0 per cent (GH¢1,855.2 million) in the fourth quarter of 2016 to 28.2 per cent (GH¢3,949.6 million). The share of other components of domestic deposits, Demand Deposits and Savings Deposits on the other hand, declined to 15.3 per cent (GH¢2,138.1) and 6.4 per cent (GH¢893.7 million) in the fourth quarter of 2017, from 17.2 per cent (GH¢2,892.7 million) and 10.0 per cent (GH¢1,678.3 million) in the fourth quarter of 2016 respectively.

The shares of Capital and Other Liabilities in total flow of funds increased to 5.6 per cent (GH¢789.9) and 29.5 per cent (GH¢4,133.1 million) in the fourth quarter of 2017, from 3.5 per cent (GH¢596.7 million) and 26.8 per cent (GH¢4,505.0 million) in the fourth quarter of 2016 respectively. The proportion of Balances due Non-resident banks in total flow of funds also increased to 1.4 per cent (GH¢203.0) in the fourth quarter of 2017, from 0.6 per cent (GH¢103.5 million) in the fourth quarter of 2016.

Banks' flow of funds from Foreign Currency Deposits and Credit from BOG as a percentage of in total flow of funds declined to 6.2 per cent (GH¢866.0 million) and 2.1 per cent (GH¢293.3 million) in the fourth quarter of 2017, from 9.8 per cent (GH¢1,645.3 million) and 15.5 per cent (GH¢2,603.1 million) in the fourth quarter of 2016 respectively. The share of Flow of Funds from Reserves also declined to 5.3 per cent (GH¢736.5 million) in the fourth quarter of 2017 from 5.7 per cent (GH¢953.3 million) in the fourth quarter of 2016.

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

						As at end-Dec 2014		As at end-Dec 2015		As at end-Dec 2016		As at end-Sept 2016		As at end-Dec 2017	
	Dec-14	Dec-15	Dec-16	Sep-17	Dec-17	Abs	% of Change	Abs	% of Change	Abs	% of Change	Abs	% of Change	Abs	% of Change
Sources of Funds															
Total Deposits	29,177.9	36,875.3	44,946.8	48,960.8	52,794.2	8,164.7	60.1	7,697.4	60.9	8,071.4	47.9	9,646.1	62.9	7,847.4	56.0
Domestic	19,864.9	25,281.0	31,707.1	34,752.3	38,688.6	5,096.7	37.5	5,416.0	42.8	6,426.2	38.2	7,673.8	50.0	6,981.4	49.9
Demand Deposits	9,592.4	11,438.3	14,331.0	14,973.0	16,469.2	2,613.6	19.2	1,845.9	14.6	2,892.7	17.2	2,169.6	14.1	2,138.1	15.3
Savings Deposits	4,409.4	5,954.6	7,632.8	8,294.4	8,526.5	622.0	4.6	1,545.1	12.2	1,678.3	10.0	1,489.7	9.7	893.7	6.4
Time Deposits	5,863.1	7,888.1	9,743.3	11,484.9	13,692.9	1,861.1	13.7	2,024.9	16.0	1,855.2	11.0	4,014.5	26.2	3,949.6	28.2
Foreign Currency	9,313.0	11,594.4	13,239.6	14,208.5	14,105.6	3,068.0	22.6	2,281.4	18.0	1,645.3	9.8	1,972.3	12.9	866.0	6.2
Credit From BOG	241.2	1,499.4	4,102.5	3,826.6	4,395.8	92.7	0.7	1,258.2	10.0	2,603.1	15.5	82.5	0.5	293.3	2.1
Balances Due to Non-Resident Bank	4,424.3	4,113.4	4,216.9	4,154.2	4,419.9	1,346.1	9.9	310.8	2.5	103.5	0.6	198.0	1.3	203.0	1.4
Capital	2,810.5	3,171.9	3,768.6	4,459.4	4,558.6	428.3	3.2	361.4	2.9	596.7	3.5	995.1	6.5	789.9	5.6
Reserves	4,716.0	6,012.5	6,965.8	6,746.1	7,702.4	1,763.6	13.0	1,296.5	10.3	953.3	5.7	178.3	1.2	736.5	5.3
Other Liabilities*	8,451.2	10,791.5	15,296.6	18,086.4	19,429.6	1,981.3	14.6	2,340.4	18.5	4,505.0	26.8	4,412.3	28.7	4,133.1	29.5
Total	49,821.1	62,464.1	79,297.2	86,233.4	93,300.5	13,591.3		12,643.0		16,833.1		15,347.2		14,003.3	
Uses of Funds															
Bank Credit	24,101.9	30,099.1	35,409.0	36,392.9	37,661.8	7,138.9	52.5	5,997.3	47.4	5,309.9	31.5	2,652.2	17.3	2,252.8	16.1
o/w Private Sector Credit	21,042.7	26,203.1	29,983.5	31,255.8	33,819.3	6,285.5	46.2	5,160.4	40.8	3,780.4	22.5	2,744.2	17.9	3,835.8	27.4
Investment in Government Securities	9,346.7	9,600.3	14,122.3	9,269.0	10,248.1	1,842.6	13.6	253.6	2.0	4,521.9	26.9	2,349.3	15.3	3,874.2	27.7
Short Term	4,829.0	6,872.1	7,393.5	1,399.7	1,114.5	3,114.7	22.9	2,043.1	16.2	521.4	3.1	6,284.7	40.9	6,279.0	44.8
Medium/Long Term	4,517.7	2,728.2	6,728.8	7,869.3	9,133.6	1,272.1	9.4	1,789.5	14.2	4,000.5	23.8	3,935.3	25.6	2,404.8	17.2
Foreign Assets	4,737.8	5,310.1	7,283.4	8,194.4	7,858.2	1,931.9	14.2	572.4	4.5	1,973.3	11.7	1,041.5	6.8	574.8	4.1
Balances with BOG	5,577.5	7,607.3	8,577.4	7,554.5	9,970.0	1,932.1	14.2	2,029.7	16.1	970.1	5.8	1,067.7	7.0	1,392.6	9.9
Other Assets**	6,057.1	9,847.3	13,905.2	24,822.7	27,562.4	745.9	5.5	3,790.1	30.0	4,057.9	24.1	12,935.1	84.3	13,657.3	97.5
Total	49,821.1	62,464.1	79,297.2	86,233.4	93,300.5	13,591.3		12,643.0		16,833.1		15,347.2		14,003.3	

*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

Interest rates on the money market trended downwards during fourth quarter of 2017.

Monetary Policy Rate

The Monetary Policy Committee reduced the Policy Rate (MPR) by 100 basis points from 21.00 per cent recorded in the previous quarter to 20.00 per cent in the fourth quarter of 2017. This represents a cumulative reduction of 550 bps in the MPR from 25.50 per cent in quarter four of 2016. The cut in the policy rate was in line with downward trend in inflation and declining public inflationary expectations

BOG Bills

The interest rate equivalent on the 14-day BOG bill, which is linked to the MPR, also decreased by 550 basis points on year-on-year basis to 20.00 per cent in fourth quarter of 2017 from 25.50 per cent recorded in the corresponding quarter of 2016. The 7-day, 28-day, 56-day and 270-day BOG bills registered no changes in interest rates and remained at 11.74 per cent, 24.27 per cent, 24.86 per cent and 26.82 per cent, respectively. This was on account of inactivity in trading and non-issuance of these instruments.

Government Securities

On the treasury securities market, short-term interest rates continued to trend downward, consistent with the direction policy rate. The rates on 91-day and 182-day treasury bills dropped by 348 basis points (bps) and 471 basis points on year-on-year basis, to settle at 13.33 per cent and 13.78 per cent respectively. During the corresponding period in 2016 the rate on the 91-day bill recorded a 631 bp decline while 182-day rate dropped by 591 bps on year-on-year basis. However, the rates on the two discount instruments increased marginally by 14 bps and 29 bps, respectively, when compared with the third quarter of 2017.

The rates on the medium-to-long term treasury securities also trended downward during the fourth quarter of 2017. The rates on the 1-year and the 2-year fixed notes decreased by 650 bps and 500 bps, year-on-year, respectively, to 15 per cent and 17.50 per cent at the end of the fourth quarter of 2017. Compared with the third quarter of 2017, the 1-year rate recorded no change while the rate on the 2-year note increased by 50 basis points.

The rates on the 3-year and the 5-year Government of Ghana (GOG) bonds also declined by 575 bps and 500 bps, year-on-year, respectively to 18.25 per cent and 17.60 per cent at the end of the fourth quarter of 2017 from 24.00 per cent and 24.75 per cent recorded at end of the fourth quarter of 2016.

Interest rates on the 7-year GOG bond however increased by 175 bps, year-on-year, to settle at 19.75 while the rates on the 10 year GOG and the 15 year bond (which was issued in April 2017) maintained their rates at 19.0 per cent and 19.75 per cent, respectively, at the end of the fourth quarter of 2017.

Interbank Rate

Interbank interest rates also trended downward, consistent with the direction of the policy rate and the general downward trend in treasury rates in 2017. The weighted average interbank interest rate decreased by 593 basis points at the end of quarter four of 2017 to 19.34 per cent, from 25.26 per cent recorded in fourth quarter of 2016. When compared with the third quarter of 2017, the rates declined by 161 basis points.

**Time & Savings
Deposit Rates**

The average interest rate on the 3-month time deposit of DMBs remained unchanged at 13.00 per cent, similar to the level recorded at end of the fourth quarter of 2016 and the third quarter 2017. The average savings rate increased by 150 basis points to settle at 7.55 per cent in quarter four of 2017 compared with the rate of 6.05 per cent recorded in the same quarter in 2016. For the corresponding period in 2016, the instrument’s rate decreased marginally, by 3 basis points, from 6.08 per cent recorded in the fourth quarter of 2015.

Base Rate

The average base rate of the DMBs declined by 171 basis points to 24.95 per cent in the fourth quarter of 2017, from 26.66 per cent in the corresponding period of 2016. When compared with the third quarter of 2017, the average base rate reduced by 27 basis points from 25.22 per cent.

Lending Rates

The average lending rates decreased by 243 basis points from the 31.68 per cent recorded at the end of the fourth quarter of 2016 to 29.25 per cent at the end of the corresponding period in 2016. However, when compared with the third quarter of 2017, the average lending rate went up marginally by 29 basis points in the fourth quarter of 2017.

The spread between the lending and borrowing narrowed by 243 basis points to 16.25 per cent at the end of the fourth quarter of 2017, from 18.68 per cent recorded at the corresponding quarter of 2016. This is in contrast with the 418 basis points widening, year-on-year, recorded at the end of fourth quarter of 2016.

The yield curves for the review period were as indicated by the graph below.

Chart 4.4: Yield Curves (%)

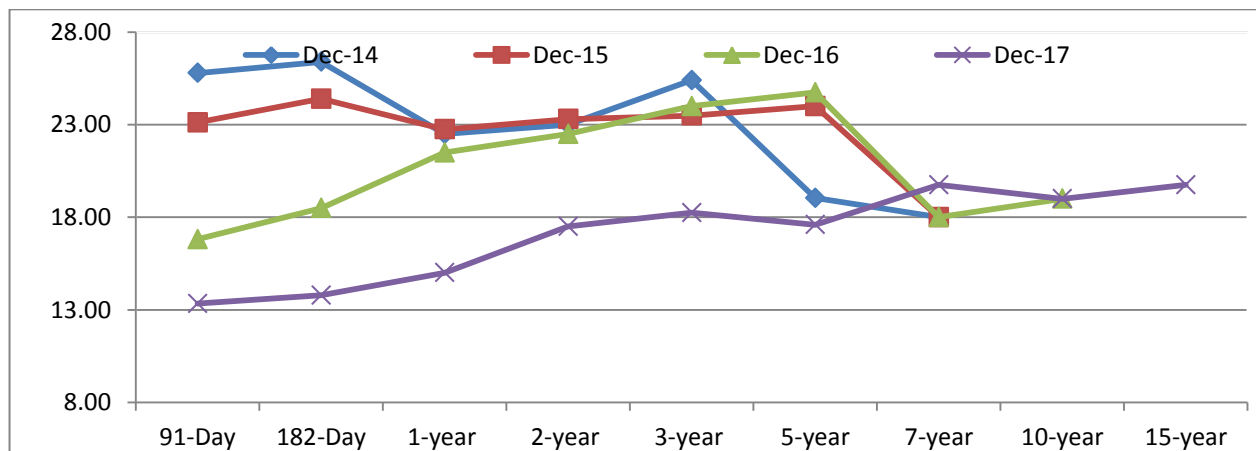
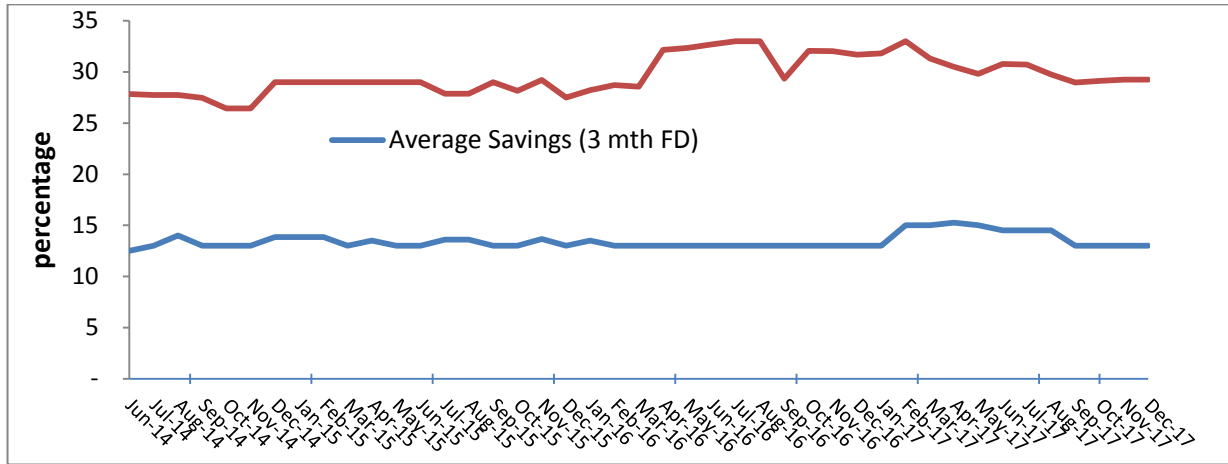


Chart 4.5: Interest Rate Spread



4.5.2

Settlement of Interbank Transactions

The volume of transactions settled through the Ghana Interbank System (GIS) during the fourth quarter of 2017 totaled 254,087 valued at GH¢598,320.9 million. This reflected an increase in volume by 7.5 per cent and in value of transactions by 19.9 per cent from the previous quarter. Compared with the same period in 2016, interbank settlements increased by 11.9 per cent and 11.7 per cent in volume and value terms respectively. On average, a total of 4,098 transactions were settled daily through the GIS, valued at GH¢9,650.3 million during the quarter under review, compared with a total of 3,813 cheques valued at GH¢8,050.2 million during the third quarter. In a similar period of the previous year, an average of 3,547 transactions were settled daily through the GIS, valued at GH¢8,367.5 million.

Cheques Cleared

The volume of cheques cleared during the fourth quarter of 2017 totaled 1,866,707 valued at GH¢49,630.4 million. This represented a 2.0 per cent increase in volume and 8.5 percent increase in value from the previous quarter. However, when compared with the fourth quarter of 2016, values of cheques cleared decreased by 0.1 per cent in volume but increased 15.9 per cent in terms of value. On a daily basis, an average of 30,108 cheques valued at GH¢800.5 million were cleared during the period under review, compared with 29,042 cheques valued at GH¢725.8 million cleared daily during the third quarter. For the same period the previous year, an average of 20,201 cheques valued at GH¢690.9 million were cleared daily.

**4.5.3
Money
Market
Liquidity**

Total value of depo trades during the fourth quarter totaled GH¢104,376.0 million, an increase of 62.4 per cent over trades in the third quarter. Reverse repo trading on the other hand also saw a decrease of 50.9 per cent to GH¢5,466.1 million above the third quarter levels. In the fourth quarter of the previous year however, depots also increased by 13.6 per cent but reverse repos decreased by 65.2 per cent.

On the interbank market, value of trades during the fourth quarter ranged between GH¢279.0 million and GH¢2,230.5 million at rates ranging from 19.2 per cent and 20.9 per cent. In the previous quarter, values of trades ranged from GH¢545 million and GH¢2,804.5 million with weighted average rates ranging from 20.9 per cent and 22.0 per cent. During the same period the previous year, trades ranged from GH¢1,003.5 million and GH¢3,002.0 million at weighted average rates ranging from 25.3 per cent and 25.5 per cent.

**4.5.4 Tender
Results**

Total sales at the auction during the fourth quarter amounted to GH¢71,913.28 million with maturities totaling GH¢68,894.01 million. This resulted in a net sale of GH¢3,019.27 million out of which Government made a borrowing of GH¢2,356.31 million from the public sector while there was a withdrawal through Bank of Ghana's OMO activities to the tune of GH¢662.96 million.

Chart 4.6: Money Market Rate

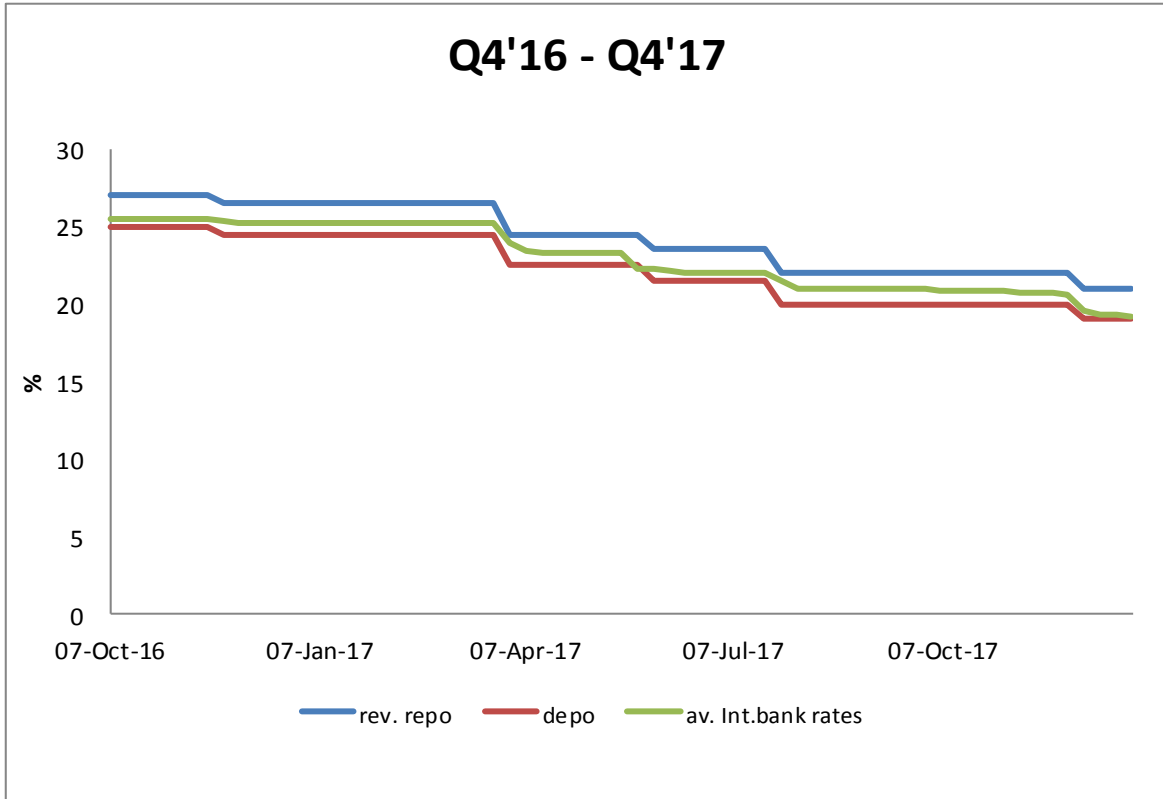
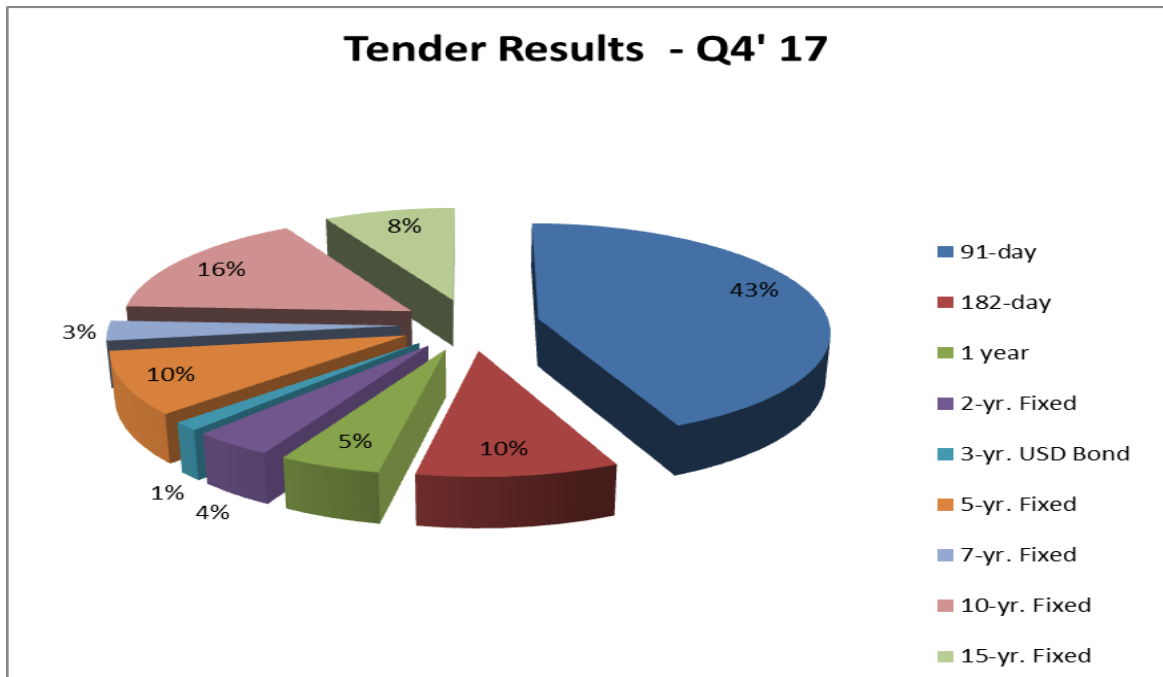


Chart 4.7: Analysis of Tender Results (2017Q2)



4.6 Currency Markets

4.6.1 International Currency Market

Risks to the global outlook remained tilted to the downside in the last quarter of 2017 though market volatility caused as a consequence of 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 exhibited a mixed performance during the quarter. However, the European economies continued to strengthen and, hence, the Euro sustained its dominance on the international currency market as it gained against all the major rivals.

The US Dollar The **US Dollar** slipped against its major rivals on the international market during the last quarter of 2017. It showed an uptick in underlying inflation as well as a surprise rise in retail sales, cementing expectations for an interest rate hike in December. It also faced selling pressures as institutional investors ‘closed their books’ at the year-end; a deadline for taxation and performance reporting. The divergence between policies of other central banks of competing countries and that of the Federal Reserve lessened as these other countries also moved towards tightening monetary conditions. The Dollar depreciated against the Pound Sterling, the Euro and the Yen by 1.6 per cent, 2.2 per cent and 1.1 per cent, respectively.

The Pound Sterling The **Pound Sterling** traded mixed during the fourth quarter as it was weighed down by a slower than expected expansion of the manufacturing and service sectors as well as broad dollar demand and a return of concerns over Brexit. The currency was, however, held up by prospects of a further divergence in monetary policy and hence fell against the Euro in December. The Pound depreciated against the Euro by 0.6 per cent, appreciated by 1.6 per cent against the US dollar and stayed flat against the Yen.

The Euro Cumulatively, the **Euro** exhibited a strong performance during the quarter as the European economy grew faster than forecasted. Data showed Germany’s economy shifted into a higher gear after UK inflation data came in slightly lower than expected, weakening the case for the further interest rates hike. The European economies also strengthened and expectations that the European Central Bank would wind down monetary stimulus also grew. The Euro appreciated against the major currencies by 2.2 per cent, 0.6 per cent and 1.4 per cent against the US Dollar, the Pound Sterling and the Japanese Yen, respectively.

The Yen The safe-haven **Japanese Yen** traded weak during the quarter under review after North Korea launched a missile that landed close to Japan and also as U.S Treasury yields rose on optimism about U.S tax overhaul efforts. The Yen gained 0.3 per cent against the US dollar, but fell by 1.1 per cent and 2.0 per cent against the Pound Sterling and Euro, respectively.

4.6.2 Domestic Currency Market

The demand for foreign exchange on the domestic market was higher than the inflows and therefore caused the Ghana Cedi to depreciate in the fourth quarter of 2017. The Ghana Cedi continued to trade weak in the currency market during the period because demand from official sources for loan repayments, oil importation and non-oil imports and by traders in the informal sector remained high compared to the low inflows of foreign exchange on the domestic currency market from the traditional sources. Speculation was also rife in the market and continued to exert significant pressure on the exchange rates.

On the **Inter-Bank Market**, the Ghana Cedi continued to depreciate against the major currencies. It lost 0.5 per cent, 1.2 per cent and 1.9 per cent to the US Dollar, the Pound Sterling and the Euro, respectively. Compared with the corresponding period in 2016, it gained ground and appreciated by 0.6 per cent against the Euro but depreciated against the US Dollar and the Pound Sterling by 5.5 per cent and 0.7 per cent, respectively.

Forex Bureau Market On the **Forex Bureau Market**, the movement of the Ghana Cedi was similar to that of the inter-bank market as it traded weak against the major currencies. The Ghana Cedi depreciated by 3.0 per cent, 3.4 per cent and 2.9 per cent against the US Dollar, the Pound Sterling and the Euro, respectively.

Foreign Exchange Transaction Market The activities in the foreign exchange transaction market increased during the fourth quarter of 2017. The volume of purchases recorded an upswing of 10.45 per cent from US\$4,163.40 million in the third quarter to US\$4,598.65 million in the quarter under review. This was on account of 4.48 per cent increase in purchases from the DMB's and 60.57 per cent increase in purchases by Bank of Ghana.

Table 4.4: International Market Exchange Rate Movement

Quarterly Table									
International Market									
End Period	US\$/£ Movements			US\$/E 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	0.00
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	-3.49
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	
Q4	1.353	-1.6	-8.58	1.2008	-2.2	-12.04	0.0089	-1.1	-3.37

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	
Q4	4.4157	-0.5	-4.88	5.9669	-1.2	-12.91	5.2964	-1.9	-16.23

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	
Q4	4.5878	-3.0		6.1033	-3.4		5.4094	-2.9	

Depreciation (-)/ Appreciation (+)

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

	Purchases				Total	Percentage Change	Cumulative	Year-On-Year	Sales		Total		
	BOG	Banks	Interbank	F. Bureau					Interbank	F. Bureau			
2016													
Q3	249.15	1463.45	1712.60	27.14	*	1739.74	-1.36	6686.26	-10.56	1702.22	27.34	*	1729.56
Oct	54.00	463.07	517.63	27.14	*	544.77	-7.69	6081.44	-0.21	554.52	27.34	*	581.86
Nov	110.76	459.96	570.72	27.14	*	597.86	9.75	6679.30	-0.12	576.31	27.34	*	603.65
Dec	230.88	394.51	625.39	27.14	*	652.53	9.14	7331.82	-0.02	693.81	27.34	*	721.15
Q4	395.64	1317.54	1713.18	27.14	*	1740.32	0.03	9072.14	-14.85	1824.64	27.34	*	1851.98
2017													
Jan	168.00	359.14	527.14	27.14	*	554.28	-15.06	7886.10	-0.27	607.18	27.34	*	634.52
Feb	149.00	334.75	483.75	27.14	*	510.89	-7.83	8396.99	-0.15	500.36	27.34	*	527.70
Mar	101.50	518.21	619.71	27.14	*	646.85	26.61	9043.83	0.16	713.54	27.34	*	740.88
Apr	66.85	620.40	687.25	27.14	*	714.39	10.44	9758.22	0.15	620.89	27.34	*	648.23
May	217.80	787.45	1005.25	27.14	*	1032.39	44.51	10790.61	0.80	1043.35	27.34	*	1070.69
Jun	191.93	453.79	705.87	27.14	*	733.01	-29.00	11523.62	0.17	691.60	27.34	*	718.94
Jul	138.01	941.98	1079.99	27.14	*	1107.13	51.04	12630.74	0.95	1207.48	27.34	*	1234.82
Aug	204.44	1380.02	1584.46	27.14	*	1611.60	45.57	14242.34	1.53	1840.19	27.34	*	1867.53
Sep	102.80	1369.01	1471.81	27.14	*	1498.95	-6.99	15741.29	1.54	1453.96	27.34	*	1481.30
Q3	445.25	3691.01	4136.26	27.14	*	4163.40	76.02	13949.12	139.31	4501.63	27.34	*	4528.97
Oct	80.10	1086.20	1166.30	27.14	*	1193.44	-20.38	16934.72	1.19	1164.62	27.34	*	1191.96
Nov	302.46	1518.04	1820.50	27.14	*	1847.64	54.82	18782.36	2.09	1747.86	27.34	*	1775.20
Dec	332.40	1252.31	1584.71	27.14	*	1611.85	-12.76	20394.21	1.47	1590.14	27.34	*	1617.48
Q4	714.96	3856.55	4571.51	27.14	*	4598.65	10.45	24992.86	164.24	4502.62	27.34	*	4529.96

4.7 The Stock Market

Market performance, measured by the GSE-CI at the end of the fourth quarter of 2017 continued its upward trend. This resulted in a significant increase in market capitalization as most stocks gained during the period. Market activity also improved in terms of value. The performance of the GSE-CI on the bourse could be attributed to the marked improvement in macroeconomic conditions, a decline in inflation expectations and a general decline in interest rates as well as a relatively stable Cedi during the period. In addition, the restoration of the capital gains tax incentive attracted new investors and increased trading activities. Activity on the capital market is expected to continue its upward trend into 2018 if the macroeconomic conditions continue to improve.

4.7.1 GSE All-Share Index (GSE-CI)

At the end of the fourth quarter of 2017, the GSE-CI index grew by 52.7 per cent (890.6 points) on year-on-year basis compared to a decline of 15.3 per cent (-305.3 points) in the same period of 2016. The growth during the review quarter was also higher than the 31.1 per cent (551.2 points) recorded in 2016. On quarterly basis, the GSE-CI grew by 10.9 per cent (253.6 points) at the end of the fourth quarter of 2017 to close the year at 2,579.7 points. The corresponding fourth quarter in 2016 registered a negative growth of 4.83 per cent (-85.8 points).

Chart 4.8: GSE-CI Changes

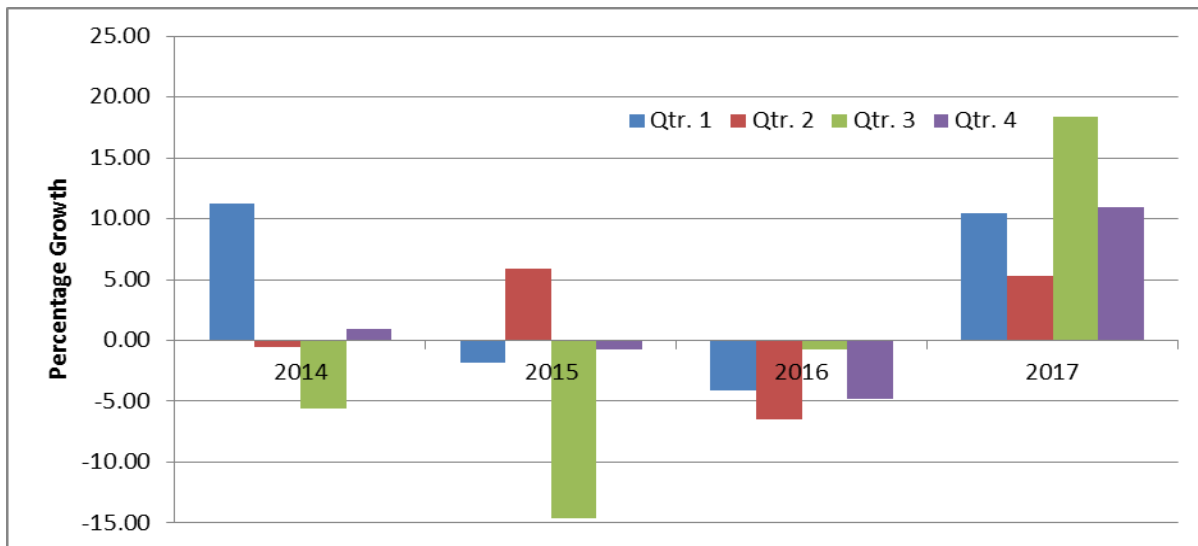
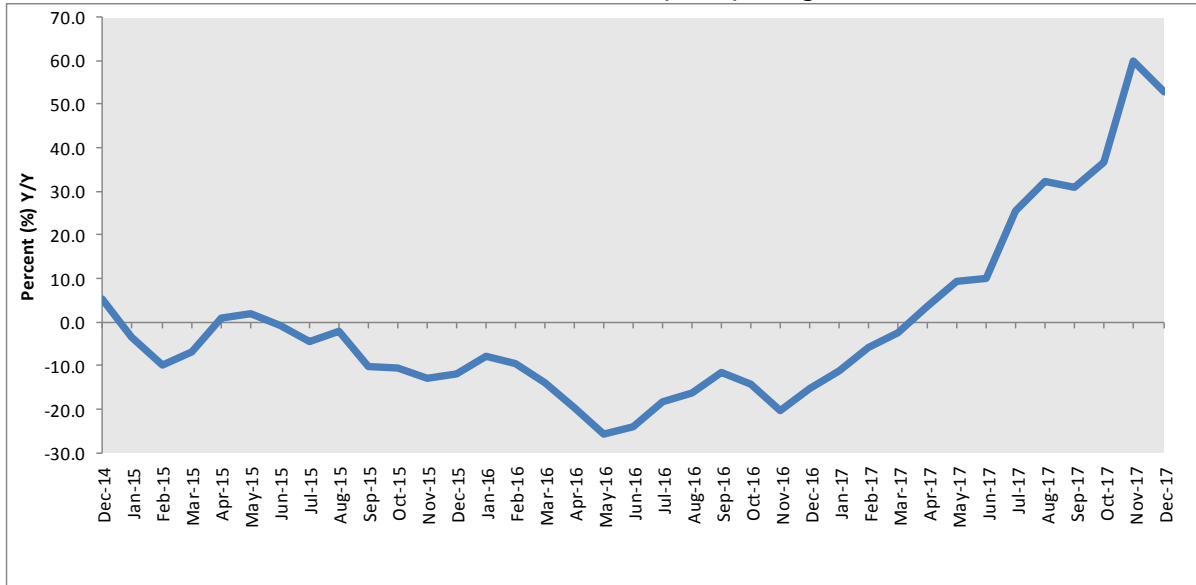


Chart 4.9: GSE-CI (Y-O-Y) Change



4.7.2 Sectoral Performance

At the end of Q4:2017, the Agriculture and Distribution sectors contributed significantly to the growth in GSE-CI with growths of 194.2 per cent (808.0 points) and 115.0 per cent (1,843.1) respectively in year-on-year terms. The Food & Brewery, Manufacturing and Finance sectors also recorded growths of 48.3 per cent (1,041.0 points), 40.6 per cent (375.0 points) and 49.5 per cent (765.2 points) respectively, supported by a marginal growth in the Mining sector to push the GSE-CI further. The Petroleum sector however, declined significantly by 36.2 per cent (-31.39 points) to moderate the increase in the GSE-CI during the month. The IT, ETFund and EDUC sectors recorded no changes during the review period. Within Q4:2017, the Food and Beverage and Oil sub-sectors declined by 2.8 per cent (90.8 points) and 3.3 per cent (1.9 points) respectively. This was moderated by increases in five other sub-sectors during the review quarter. The remaining three sub-sectors maintained their opening levels registered at the beginning of Q4:2017. The Distribution, Manufacturing, Finance, Agriculture and the Mining sub-sectors ended the quarter positively increasing by 23.3 per cent (650.5 points), 18.2 per cent (200.4 points), 13.1 per cent (267.1 points), 5.5 per cent (64.0 points) and 0.1 per cent (0.2 points) respectively. The IT, ETFund and Education sub sectors traded flat during the last quarter of the year.

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

Month	SECTOR										
	F&B	MAN	FINANCE	DISTR	MINING	IT	AGRIC	OIL	ETFund	EDUC	GSE-CI
Dec-16	2156.86	924.08	1545.41	1603.21	133.95	31.90	416.00	86.71	123.57	100.00	1689.09
Sep-17	3288.70	1098.70	2043.51	2795.86	134.12	31.90	1160.00	57.23	123.57	100.00	2326.09
Dec-17	3197.89	1299.08	2310.58	3446.32	134.28	31.90	1224.00	55.32	123.57	100.00	2579.72
YOY											
ABS	1041.03	375.00	765.17	1843.11	0.33	0.00	808.00	-31.39	0.00	0.00	890.63
(%)	48.27	40.58	49.51	114.96	0.25	0.00	194.23	-36.20	0.00	0.00	52.73
YTD											
ABS	1041.03	375.00	765.17	1843.11	0.33	0.00	808.00	-31.39	0.00	0.00	890.63
(%)	48.27	40.58	49.51	114.96	0.25	0.00	194.23	-36.20	0.00	0.00	52.73
QTR CHG											
ABS	609.48	-49.51	-384.65	-680.29	0.93	0.00	-84.00	-3.61	-0.64	0.00	-305.82
(%)	28.26	-5.36	-24.89	-42.43	0.69	0.00	-20.19	-4.17	-0.52	0.00	-18.11

Market Activity

During the fourth quarter of 2017, total exchanges on the GSE amounted to 37.5 million shares valued at GH¢75.3 million. This was significantly lower than the 143.4 shares traded in the fourth quarter of 2016 but recorded a significant increase in terms of value.

4.7.3 Market Performance

4.7.4 Market Capitalization

Total market capitalization as at the end of quarter four of 2017 was GH¢58,804.0 million, representing a year-on-year growth of 11.6 per cent (6,123.0 points). This compares with a decline of 7.8 per cent (-4,425.9 points) in the same period in 2016. It grew by 0.7 per cent (422.5 points) in the fourth quarter compared to a growth of -1.8 per cent (GH¢-1,076.5 million). The decline in capitalization of the Oil sector by 3.4 per cent was insignificant compared to the impressive increases in share prices in the Agriculture (194.2%), Distribution (115.0%), Finance (51.1%), Food & Brewery (48.3%), Manufacturing (40.6%) and Mining (0.3%) sectors.

Chart 4.11: Volume Traded

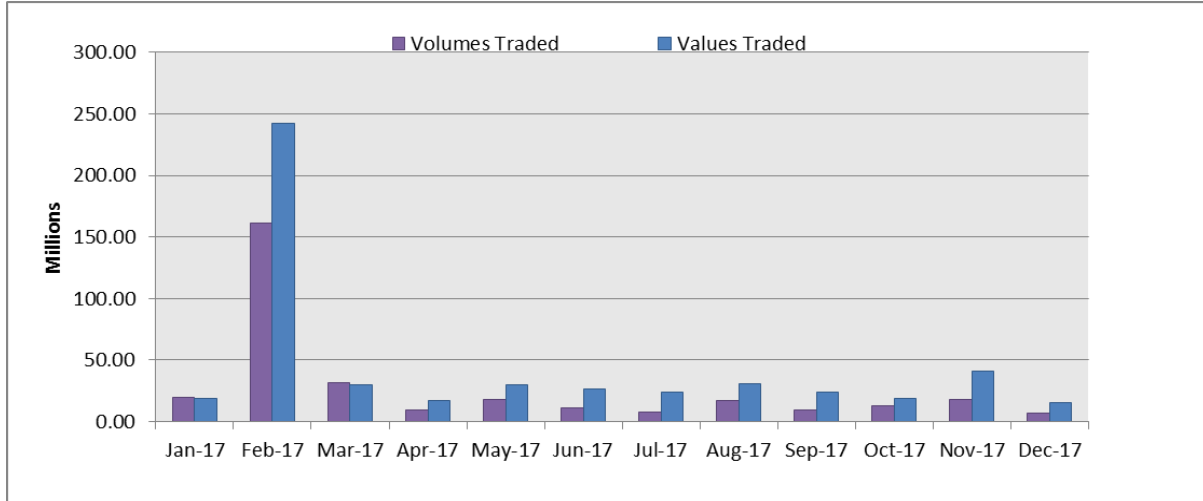


Chart 4.12: Change in Share Price (Q4: 2017)

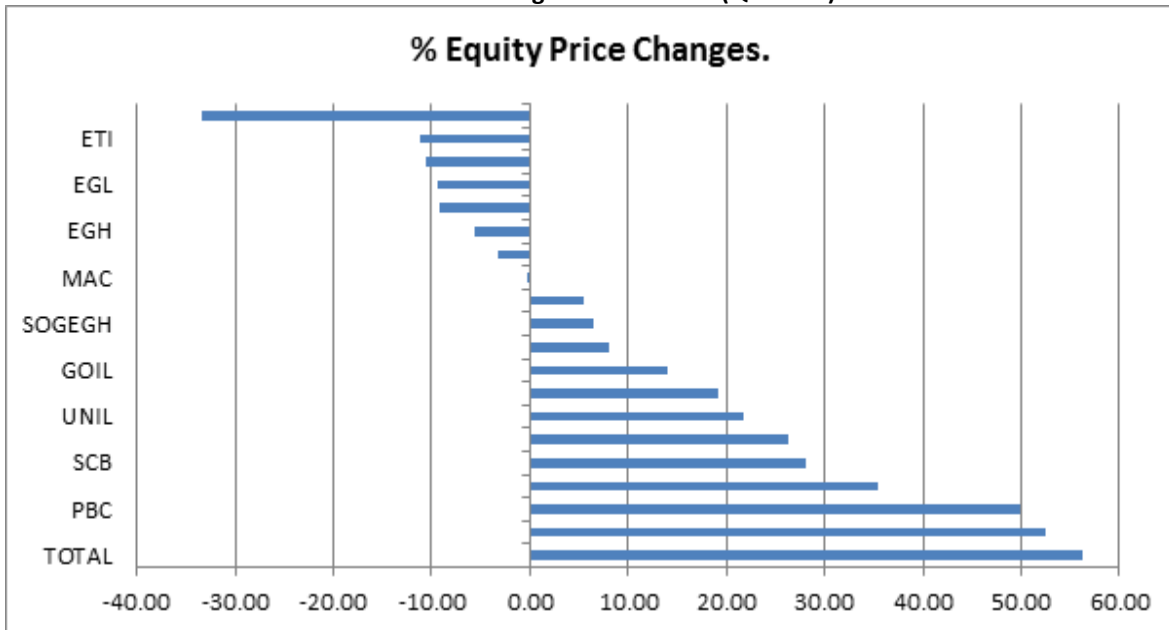


Table 4.10: Sectors Contribution to Market Capitalization

SECTOR											
Month	F&B	MAN	FINANCE	DISTR	MINING	IT	AGRIC	OIL	ETFund	EDUC	MKT. CAP
Dec-16	1852.513	660.0315	9384.035	688.8676	15624.49	3.42	72.384	24379.19	15.52	10.5688	52690.99
Sep-17	2824.638	784.7553	13322.61	1201.329	15644.07	3.42	201.84	24372.8	15.52	10.5688	58381.49
Dec-17	2746.648	927.8803	14180.95	1480.818	15662.97	3.42	212.976	23562.21	15.52	10.5688	58803.96
YOY											
ABS	894.13	267.85	4796.92	791.95	38.48	0.00	140.59	-816.98	0.00	0.00	6112.97
(%)	48.27	40.58	51.12	114.96	0.25	0.00	194.23	-3.35	0.00	0.00	11.60
YTD											
ABS	894.13	267.85	4796.92	791.95	38.48	0.00	140.59	-816.98	0.00	0.00	6112.97
(%)	48.27	40.58	51.12	114.96	0.25	0.00	194.23	-3.35	0.00	0.00	11.60
QTR CHG											
ABS	-77.99	143.13	858.34	279.49	18.90	0.00	11.14	-810.59	0.00	0.00	422.47
(%)	-2.76	18.24	6.44	23.26	0.12	0.00	5.52	-3.33	0.00	0.00	0.72

Outlook

Activity on the capital market is expected to continue its upward trend into 2018 buttressed by the increasing stability in the macroeconomic environment. While government continues to drive its fiscal consolidation agenda, yields on government securities were also expected to continue trending downward on the Ghana Fixed Income Market (GFIM). This together with the general positive investor sentiments on macroeconomic developments might boost activity on the exchange going forward.

5. Fiscal Developments

Government budgetary operations in the fourth quarter of 2017 resulted in an overall fiscal deficit of GH¢3,427.2 million (1.7% of GDP) against a target deficit of GH¢3,129.2 million (1.6% of GDP). The outturns for receipts as well as that of expenditure and lending performed above their respective targets for the review period. The performances in revenues and expenditure resulted in a domestic primary surplus of GH¢3,046.9 million (1.5% of GDP) compared with a budgeted surplus of GH¢2,381.3 million (1.2% of GDP). In the corresponding period of 2016, the domestic primary balance recorded a deficit of GH¢1,750.3 million (1.1% of GDP).

Table 5.1: Fiscal Indicators (GH¢' million)

	2016 Prov.	2017 Prov.	2017 Prov.	2017 Prov.	2017 Prov.	2017 Prog.
	Q4	Q1	Q2	Q3	Q4	Q4
Taxes on income and property	2,709.21	2,862.14	2,924.54	3,084.53	4,239.43	3,590.66
per cent of GDP	1.62	1.39	1.42	1.50	2.06	1.78
Taxes on goods and services	3,255.51	2,982.03	3,134.07	3,591.99	3,738.67	3,509.69
per cent of GDP	1.95	1.45	1.52	1.74	1.82	1.74
Taxes on international trade	1,349.27	1,005.44	1,222.45	1,328.38	1,627.94	2,017.90
per cent of GDP	0.81	0.49	0.59	0.65	0.79	1.00
Tax revenue including oil	7,313.99	6,849.61	7,281.06	8,004.91	9,606.04	9,118.25
per cent of GDP	4.37	3.33	3.54	3.89	4.67	4.51
Tax revenue excluding oil	7,260.52	6,615.77	7,171.95	7,802.83	9,398.78	8,920.63
per cent of GDP	4.37	3.39	3.67	4.00	4.81	4.57
Nontax revenue	1,243.55	1,149.93	1,162.38	1,520.39	1,330.41	1,741.32
per cent of GDP	0.74	0.56	0.56	0.74	0.65	0.86
Domestic revenue including oil	9,047.41	8,424.06	9,056.91	10,000.13	11,538.50	11,469.48
per cent of GDP	5.41	4.09	4.40	4.86	5.60	5.68
Domestic revenue excluding oil	8,993.95	8,190.22	8,947.81	9,798.06	11,331.24	11,271.86
per cent of GDP	5.42	4.20	4.58	5.02	5.80	5.78
Grants	165.23	487.51	291.03	169.58	309.98	280.77
per cent of GDP	0.10	0.24	0.14	0.08	0.15	0.14
Total revenue and grants	9,212.64	8,911.57	9,347.94	10,169.71	11,848.48	11,750.25
per cent of GDP	5.50	4.33	4.54	4.94	5.75	5.82
Compensation of Employees	3,678.62	3,499.21	4,442.81	4,570.08	4,264.14	4,030.03
per cent of GDP	2.20	1.70	2.16	2.22	2.07	1.99
Goods and services	1,105.58	94.54	757.21	980.76	749.59	726.55
per cent of GDP	0.66	0.05	0.37	0.48	0.36	0.36
Interest payments	2,808.32	3,048.34	3,659.19	3,002.81	3,878.73	3,007.02
per cent of GDP	1.68	1.48	1.78	1.46	1.88	1.49
Non-Financial Assets (Capital Expenditure)	2,363.83	1,065.25	1,758.81	872.37	2,490.02	1,753.35
per cent of GDP	1.41	0.52	0.85	0.42	1.21	0.87
Total expenditure & net lending	16,976.96	10,254.06	13,432.53	12,736.43	14,921.22	13,345.50
per cent of GDP	10.14	4.98	6.52	6.19	7.25	6.61
Overall Budget Balance	-2,508.67	-2,647.62	-4,205.76	-2,422.43	-3,427.22	-3,129.16
per cent of GDP	-1.50	-1.29	-2.04	-1.18	-1.66	-1.55
Domestic Expenditure	10,797.69	7,353.71	7,987.86	8,600.09	8,491.62	9,088.20
per cent of GDP	6.45	3.57	3.88	4.18	4.12	4.50
Domestic Primary Balance	-1,750.27	1,070.35	1,069.06	1,400.04	3,046.88	2,381.28
per cent of GDP	-1.05	0.52	0.52	0.68	1.48	1.18
Stock of Domestic Debt	52,915.41	54,740.28	63,248.65	63,160.63	66,542.63	
per cent of GDP	31.62	26.58	30.72	30.67	32.32	
Nominal GDP (Including Oil)	167,353.50	205,913.97	205,913.97	205,913.97	205,913.97	202,010.00
Nominal GDP (Excluding oil)	165,978.61	195,200.01	195,200.01	195,200.01	195,200.01	195,200.01

Source: Bank of Ghana

5.1 Government Revenue Government revenue and grants recorded for the review quarter was GH¢11,848.5 million (5.75% of GDP), above the budget estimate of GH¢11,750.3 million (5.82% of GDP) and also above the proceeds of GH¢9,212.6 million recorded for the corresponding quarter of 2016. Total receipts were made up of Tax revenue of GH¢9,606.0 million (81.1%), social security contributions of GH¢144.2 million (1.2%), GH¢1,330.4 million from Non-tax revenue (11.2%), ESLA proceeds of GH¢457.8 million (3.9%) and GH¢310.0 million (2.6%) from Grants.

Income and Property Tax Taxes from income and property during the fourth quarter amounted to GH¢4,239.4 million compared with the budgeted target of GH¢3,590.7 million. Personal income taxes raked in GH¢1,442.9 million whilst company taxes amounted to GH¢2,049.3 million. Other items comprising royalties from oil, mineral royalties, and National Fiscal Stabilization Levy (NFSL) and Airport tax amounted to GH¢498.9 million. Actual revenue collections for Income and property tax during the review period were higher than the budgeted target by GH¢648.7 million, indicating a positive deviation of 18.1 per cent.

Domestic Goods and Services Collections of domestic goods and services tax for the fourth quarter of 2017 amounted to GH¢3,738.7 million and was above the target of GH¢3,590.7 million by 6.5 per cent. This tax component comprised of Excise duty and Petroleum tax of GH¢775.8 million, VAT collections of GH¢2,463.0 million, National Health Insurance Levy (NHIL) of GH¢413.2 million and GH¢86.8 million from Communication Service Tax (CST). With the exception of Excise tax, all the other major components of this tax type performed creditably as they were all above the budgeted target set for the quarter.

Table 5.2: Government Revenue (GH¢' million)

	2016	2017	2017	2017	2017	2017
	Prov.	Prov.	Prov.	Prov.	Prov.	Prog.
	Q4	Q1	Q2	Q3	Q4	Q4
TAX REVENUE	7,313.99	6,849.61	7,281.06	8,004.91	9,606.04	9,118.25
<i>(percent of GDP)</i>	4.37	3.33	3.54	3.89	4.67	4.51
TAXES ON INCOME & PROPERTY	2,709.21	2,862.14	2,924.54	3,084.53	4,239.43	3,590.66
Personal	1,066.20	984.90	1,195.21	1,142.29	1,442.86	1,279.38
Self employed	53.62	69.68	78.32	78.29	97.22	94.50
Companies	1,189.39	1,138.10	1,185.69	1,325.93	2,049.31	1,622.78
Company taxes on oil	0.00	115.66	0.00	96.46	12.54	0.00
Others	400.01	553.80	465.31	441.57	637.50	594.00
Other direct taxes /1	271.56	410.79	347.79	298.66	498.87	445.78
o/w Royalties from Oil	53.47	118.18	109.11	105.62	194.71	197.62
o/w Mineral Royalties	174.11	178.37	156.72	144.29	255.50	178.00
NFSL	51.78	109.79	84.01	47.27	79.21	70.32
Airport tax	76.67	0.00	0.00	95.65	59.42	77.90
TAXES ON DOMESTIC GOODS AND SERVICES	3,255.51	2,982.03	3,134.07	3,591.99	3,738.67	3,509.69
Excises	774.86	650.02	589.32	1,079.21	775.77	868.32
Excise Duty	87.30	82.00	93.84	70.01	97.13	103.21
Petroleum tax	687.56	568.02	495.48	1,009.20	678.64	765.11
o/w Debt recovery levy	4.75	6.64	7.97	7.44	7.38	9.19
o/w Road Fund levy	0.00	264.12	260.03	295.15	272.35	360.04
VAT	2,069.51	1,935.49	2,143.64	2,096.41	2,462.98	2,161.36
Domestic	909.64	805.22	892.49	827.37	1,065.91	1,022.54
External	1,159.87	1,130.27	1,251.15	1,269.04	1,397.07	1,138.82
National Health Insurance Levy (NHIL)	322.10	306.21	332.70	332.99	413.17	393.85
Customs Collection	170.49	172.00	183.95	195.44	235.52	217.91
Domestic Collection	151.61	134.20	148.75	137.55	177.65	175.94
Communication Service Tax	89.04	90.31	68.41	83.39	86.75	86.16
TAXES ON INTERNATIONAL TRADE	1,349.27	1,005.44	1,222.45	1,328.38	1,627.94	2,017.90
Imports	1,170.74	1,005.44	1,222.45	1,328.38	1,627.94	1,686.81
Import duty	1,170.74	1,005.44	1,222.45	1,328.38	1,627.94	1,686.81
Exports	178.53	0.00	0.00	0.00	0.00	331.10
Cocoa	178.53	0.00	0.00	0.00	0.00	331.10
SOCIAL CONTRIBUTIONS	76.91	0.00	229.60	66.65	144.24	74.40
SSNIT Contribution to NHIL	76.91	0.00	229.60	66.65	144.24	74.40
NON-TAX REVENUE	1,243.55	1,149.93	1,162.38	1,520.39	1,330.41	1,741.32
Retention	957.88	710.01	699.39	795.29	643.83	824.79
Lodgement	285.66	439.92	462.99	725.10	686.59	916.53
Fees & Charges	140.83	116.34	117.74	161.98	156.46	302.87
Dividend/Interest & profits (Others)		2.67	47.29	275.25	5.52	24.73
Dividend/Interest & profits from Oil	138.57	320.78	296.73	286.98	520.48	587.59
Surface Rentals from Oil	0.04	0.13	1.23	0.88	4.13	1.34
Hedging Profits	0.00	0.00	808.40	0.00	0.00	0.00
Cocobod	0.00	424.52	615.99	0.00	0.00	0.00
OTHER REVENUE	412.97	424.52	383.88	408.19	457.81	535.51
ESLA Proceeds		424.52	383.88	408.19	457.81	535.51
Energy Debt Recovery Levy		315.85	300.14	332.57	336.65	356.37
Public Lighting Levy		0.00	0.00	0.00	34.92	47.57
National Electrification Scheme Levy		0.00	0.00	0.00	23.40	19.73
Price Stabilisation & Recovery Levy		108.67	83.73	75.62	62.85	111.84
DOMESTIC REVENUE	9,047.41	8,424.06	9,056.91	10,000.13	11,538.50	11,469.48
GRANTS	165.23	487.51	291.03	169.58	309.98	280.77
Project grants	145.35	487.51	291.03	169.58	309.98	280.77
Programme grants	19.88	0.00	0.00	0.00	0.00	0.00
TOTAL REVENUE & GRANTS	9,212.64	8,911.57	9,347.94	10,169.71	11,848.48	11,750.25

International Trade Taxes	International Trade taxes for the period under review amounted to GH¢1,627.9 million, compared to the target of GH¢2,017.9 million. The total import duty realised during the period was GH¢1,627.9 million, 3.5 per cent below the budgeted target of GH¢1,686.8 million.
5.2 Government Expenditures	<p>Government expenditure and net lending in the fourth quarter of 2017 amounted to GH¢14,921.2 million (7.3% of GDP) compared with targeted amount of GH¢13,345.5 million (6.6% of GDP). This was 12.1 per cent lower than outturn of the corresponding period of 2016 which was GH¢16,977.0 million (10.1% of GDP).</p> <p>Total expenditure comprised Compensation of Employees of GH¢4,264.1 million (28.6%), Goods and Services of GH¢749.6 million (5.0%), Interest Payments of GH¢3,878.7 million (26.0%), and Grants to Government Units like District Assembly Common Fund, National Health Fund, Education Trust Fund, among others, of GH¢2,377.1 million (15.9%). Government outlay on acquisition of non-financial assets (i.e. Capital Expenditure) was GH¢2,490.0 million (16.7%) for the period under review compared to GH¢2,363.8 in the corresponding period of 2016.</p>
Compensation of Employees	Compensation of Employees comprising wages & salaries and social security contribution for the fourth quarter amounted to GH¢4,264.1 million, which was above the programmed target of GH¢4,030.0 million. It was also above the payment of GH¢3,678.6 million made in the corresponding period in 2016 by GH¢585.5 million, translating into a year-on-year growth of 15.9 per cent.
Use of Goods and Services	Use of goods and services for the review period was GH¢749.59 million compared to GH¢1,105.58 million recorded in the corresponding quarter of 2016. The total outlay for use of goods and services in the fourth quarter exceeded the budgeted target by only 3.17 per cent.
Interest Payments	Interest Payments made in the fourth quarter of 2017 totalled GH¢3,878.7 million, above the programmed target of GH¢3,007.0 million by 26.0 per cent. In the corresponding period of 2016, interest payments amounted to GH¢2,808.3 million, indicating an increase of 38.1 per cent.

**Grants to Other
Government
Units**

Grants to Other Government Units were made up of transfers to statutory funds such as National Health Fund (NHF), Education Trust Fund (GETF), Petroleum Related Fund, Road Fund and District Assembly Common Fund (DACF) as well as Retention of IGFs by MDAs and Transfer to GNPC from Oil Revenue. Of the total Grants to Government Units of GH¢2,377.1 million, GH¢643.8 million represented retention of IGFs whilst transfer to GNPC from Oil Revenue amounted to GH¢244.5 million. Statutory Funds for the review period in respect of National Health Fund (NHF), Education Trust Fund, Road Fund and District Assembly Common Fund (DACF) were GH¢370.0 million, GH¢138.5 million, GH¢203.5 million and GH¢ 266.4 million, respectively.

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

Government acquisition of non-financial assets for the fourth quarter of 2017 amounted to GH¢2,490.0 million, above the budgeted target of GH¢1,753.4 million. This constituted 16.7 per cent of the total expenditure and was made up of domestic financing of GH¢578.8 million and foreign financing of GH¢1,911.2 million.

Table 5.3: Government Expenditure (GH¢' million)

	2016	2017	2017	2017	2017	2017
	Prov.	Prov.	Prov.	Prov.	Prov.	Prog.
	Q4	Q1	Q2	Q3	Q4	Q4
Compensation of Employees	3,678.62	3,499.21	4,442.81	4,570.08	4,264.14	4,030.03
Wages & Salaries	3,199.36	3,189.66	3,692.07	3,814.95	3,748.09	3,527.06
Social Contributions	479.26	309.54	750.74	755.13	516.05	502.98
Pensions	190.13	191.17	245.32	241.24	228.67	195.81
Gratuities	71.04	29.69	72.23	94.47	71.90	75.81
Social Security	218.10	88.69	433.19	419.42	215.48	231.35
Use of Goods and Services	1,105.58	94.54	757.21	980.76	749.59	726.55
o/w Recurrent Expenditure share of ABFA from Oil (30% of ABFA)	0.00	63.98	24.71	40.99	0.00	103.99
Interest Payments	2,808.32	3,048.34	3,659.19	3,002.81	3,878.73	3,007.02
Domestic	2,155.27	2,304.15	3,045.21	2,213.40	3,485.12	2,442.58
External (Due)	653.05	744.19	613.98	789.41	393.61	564.44
Grants to Other Government Units	2,374.81	1,900.42	2,262	2,339.47	2,377.06	2,527.26
National Health Fund (NHF)	193.12	80.00	319.85	336.26	369.96	468.25
Education Trust Fund	213.58	135.37	51.50	162.32	138.48	144.25
Road Fund	368.05	251.43	103.72	306.31	203.47	229.66
Petroleum Related Fund	8.60	4.44	6.79	5.78	5.47	5.89
Dist. Ass. Common Fund	351.99	27.16	495.19	161.61	266.44	449.61
Retention of Internally-generated funds (IGFs)	957.88	710.01	699.39	795.29	643.83	518.44
Transfer to GNPC from Oil Revenue	60.03	250.10	186.20	100.05	244.46	291.34
Other Earmarked Funds	221.55	441.91	399.18	471.84	504.94	419.80
Youth Employment Agency	0.00	81.03	57.83	40.72	84.81	43.92
Student's Loan Trust	0.00	0.00	84.01	0.00	0.00	0.55
Export Development Levy	0.00	47.95	0.00	208.39	69.81	62.62
Ghana Airport Authority	0.00	109.79	198.87	65.01	59.42	83.04
Mineral Development Fund	0.00	15.53	0.00	0.00	0.00	21.56
GRA Retention	0.00	187.61	0.00	144.98	290.90	204.72
Plastic Waste Recycling Fund	0.00	0.00	22.92	0.00	0.00	3.40
Social Benefits	0.00	0.00	22.92	0.00	0.00	63.18
Lifeline Consumers of Electricity	0.00	0.00	22.92	0.00	0.00	23.76
Transfers for Social Protection	0.00	0.00	0.00	0.00	0.00	39.43
Other Expenditure	133.90	332.31	338.16	377.04	457.81	548.57
ESLA Transfers	133.90	332.31	338.16	377.04	457.81	535.51
TAX Refunds	486.57	314.00	191.61	593.90	703.87	689.54
Acquisition of Non-Financial Assets	2,363.83	1,065.25	1,758.81	872.37	2,490.02	1,753.35
Domestic financed	1,269.48	0.32	207.47	199.51	578.82	503.07
Foreign financed	1,094.35	1,064.93	1,551.33	672.86	1,911.20	1,250.28
Other Outstanding Expenditure Claims	4,025.32	0.00	0.00	0.00	0.00	0.00
Compensation of Employees	37.00	0.00	0.00	0.00	0.00	0.00
Goods and Services	1,922.88	0.00	0.00	0.00	0.00	0.00
Capital Expenditure	1,594.22	0.00	0.00	0.00	0.00	0.00
Grants to Other Government Units	471.23	0.00	0.00	0.00	0.00	0.00
TOTAL EXP. & NET LENDING	16,976.96	10,254.06	13,432.53	12,736.43	14,921.22	13,345.50

Source: Bank of Ghana

5.3 Financing

The overall budget balance on cash basis, including divestiture and discrepancy, recorded a deficit of GH¢3,427.2 million (1.7% of GDP) in the review period. The deficit was mainly financed with net foreign inflow of GH¢165.1 million and Government drawing on its deposits with the Bank of Ghana by GH¢699.7 million whiles borrowing GH¢203.7 million and GH¢2,493.5 million from the DMBs and the Non-Bank public, respectively.

Table 5.4: Government Financing (GH¢' million)

	2016	2017	2017	2017	2017	2017
	Prov.	Prov.	Prov.	Prov.	Prov.	Prog.
	Q4	Q1	Q2	Q3	Q4	Q4
Overall balance (commitment)	-7,764.31	-1,342.49	-4,084.58	-2,566.72	-3,072.75	-1,595.25
<i>(percent of GDP)</i>	-4.64	-0.65	-1.98		-1.49	-0.79
Road Arrears (net change)	0.00	-92.21	-355.32	-316.38	0.00	0.00
Unpaid commitments	0.00	0.00	0.00	0.00	-994.15	-1,533.91
Outstanding payments	0.00	0.00	-40.00	-104.40	0.00	0.00
<i>o/w Statutory Funds</i>	0.00	<i>0.00</i>	<i>-40.00</i>	<i>-99.30</i>	<i>0.00</i>	<i>0.00</i>
Clearance of outstanding commitments	0.00	-92.21	-315.32	-211.98	0.00	0.00
o/w other outstanding payments/deferred payments	0.00	0.00	-20.72	-180.84	0.00	0.00
o/w outstanding payments with ESLA	0.00	-92.21	-45.71	-31.15	0.00	0.00
o/w DACF	0.00	0.00	-164.70	0.00	0.00	0.00
o/w GETF	0.00	0.00	-84.18	0.00	0.00	0.00
Non-road arrears	3,465.61	0.00	0.00	0.00	0.00	0.00
Tax Refunds	486.57	0.00	0.00	0.00	0.00	0.00
Overall balance (cash)	-4,298.70	-1,434.70	-4,439.91	-2,883.09	-4,066.90	-3,129.16
<i>(percent of GDP)</i>	-2.57	-0.70	-2.16	-1.40	-1.98	-1.55
Divestiture receipts	0.00	0.00	0.00	0.00	0.00	0.00
Divestiture liabilities	0.00	0.00	0.00	0.00	0.00	0.00
Discrepancy	1,790.03	-1,212.92	234.14	460.67	639.67	0.00
Overall balance (incl. Divestiture and Discrepancy)	-2,508.67	-2,647.62	-4,205.76	-2,422.43	-3,427.22	-3,129.16
<i>(percent of GDP)</i>	-1.50	-1.29	-2.04	-1.18	-1.66	-1.55
Financing	2,508.67	2,647.62	4,205.76	2,422.43	3,427.22	3,129.16
Foreign (net)	-199.96	-149.52	397.90	-295.18	165.13	-913.81
Borrowing	949.01	577.42	1,461.10	503.28	2,490.15	1,655.46
Project loans	949.01	577.42	1,260.31	503.28	1,601.22	969.51
Programme loans	0.00	0.00	200.80	0.00	888.93	685.95
Sovereign Bond	0.00	0.00	0.00	0.00	0.00	0.00
Amortisation (due)	-1,148.97	-726.94	-1,063.20	-798.46	-2,325.02	-2,569.27
Domestic (net)	3,808.27	2,928.42	3,950.45	1,968.91	3,396.78	947.73
Banking	3,533.62	-3,329.58	-4,686.79	835.68	903.30	667.09
Bank of Ghana	1,849.93	76.95	-5,845.43	1,505.17	699.65	0.00
Comm. Banks	1,683.69	-3,406.54	1,158.64	-669.49	203.65	667.09
Non-banks	274.65	6,258.01	8637	1133	2,493.48	280.64
Other Domestic	0.00	0.00	0.00	0.00	0.00	0.00
Other Financing	-44.87	-87.87	-92.42	-75.67	-65.24	2,329.20
clawback from TOR	0.00	0.00	0.00	0.00	0.00	0.00
Other domestic financing	-44.87	-87.87	-92.42	-75.67	-65.24	500.00
Divestiture Receipts	0.00	0.00	0.00	0.00	0.00	0.00
non-concessional borrowing (foreign)	0.00	0.00	0.00	0.00	0.00	1,829.20
Ghana Petroleum Funds	-1,054.77	-43.41	-50.17	824.36	-69.45	792.04
Transfer to Ghana Petroleum Funds	-18.82	-43.41	-50.17	-55.56	-69.45	-70.57
o/w Stabilisation Fund	-6.93	-15.99	-30.30	-20.47	-25.59	-26.00
o/w Heritage Fund	-11.88	-27.42	-19.88	-35.09	-43.87	-44.57
Transfer from Stabilisation Fund	0.00	0.00	0.00	0.00	0.00	0.00
Sinking Fund	-1,035.96	0.00	0.00	879.92	0.00	862.60
Contingency Fund	0.00	0.00	0.00	0.00	0.00	-26.00
Nominal GDP (Including Oil)	167,353.50	205,913.97	205,913.97	205,913.97	205,913.97	202,010.00
Nominal GDP (Excluding oil)	165,978.61	195,200.01	195,200.01	195,200.01	195,200.01	195,062.00

Source: Bank of Ghana

5.4 Domestic Debt

The stock of domestic debt at the end of December 2017 stood at GH¢66,542.6 million (32.9% of GDP), showing an increase of GH¢13,627.2 million (6.7% of GDP), over the end-December 2016 stock of GH¢52,915.4 million. The rise in the debt stock for the review period was the result of increase of GH¢21,735.6 million in the medium-term securities which was however moderated by a decrease of GH¢8,108.4 million in the short-term instrument.

5.4.1 Composition of Domestic Debt

The decline in the short-term debt stock resulted mainly from decreases in the 91-day Treasury bill of GH¢5,032.9 million and 182-day Treasury bill of GH¢4,245.4 million. However, the 1-Year Treasury note increased by GH¢1,169.9 million. The issuance of the new 15-year GOG bond of GH¢3,422.2 million in April 2017 as well as the 3-year USD Domestic Bond of GH¢978.1 million in November, contributed to the increase in the medium-term securities. There were also increases in the 2-year Fixed Treasury note (GH¢2,173.6 million), 3-year Fixed Treasury Note (GH¢596.9 million), 5-year GOG Treasury Bond (GH¢4,724.0 million), 7-year GOG Treasury bond (GH¢1,948.8 million) and 10-year GOG Treasury bond (GH¢6,810.6 million).

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

	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017
91-Day Treasury Bill	10,477.6	9,644.6	9,020.9	8,530.3	5,444.7
182-Day Treasury Bill	7,112.4	5,863.0	4,675.1	2,969.8	2,867.0
1-Year Treasury Note	2,515.3	3,635.2	4,553.4	4,499.7	3,685.2
A. Short-Term Instruments	20,105.2	19,142.8	18,249.4	15,999.7	11,996.8
2-Year Fixed Treasury Note	4,227.0	5,225.9	5,985.3	6,072.7	6,400.6
2-year USD Domestic Bond	395.9	408.8	413.1	416.1	418.1
3-Year Fixed Treasury Note	6,658.6	7,267.2	6,790.6	7,255.3	7,255.5
3-year USD Domestic Bond	0.0	0.0	0.0	0.0	978.1
3-Year Stock(SSNIT)	1,137.0	1,022.7	1,022.7	908.4	881.8
5-Year GOG Bond	6,480.0	7,655.2	8,496.8	9,597.3	11,204.0
7-Year GOG Bond	201.7	201.7	1,653.8	1,653.8	2,150.5
10-Year GOG Bond	599.0	705.0	4,289.7	4,724.2	7,409.6
GOG Petroleum Finance Bond	80.0	80.0	80.0	80.0	80.0
TOR Bonds	572.0	572.0	572.0	572.0	514.8
B. Medium-Term Instruments	20,351.3	23,138.6	29,304.0	31,279.8	37,293.1
15-Year GOG Bond	0.0	0.0	3,422.2	3,422.2	4,793.8
Long Term Government Stocks	11,987.4	11,987.4	11,987.4	11,987.4	11,987.4
Telekom Malaysia Stocks	109.5	109.5	109.5	109.5	109.5
Revaluation Stock	361.1	361.1	361.1	361.1	361.1
Others Government Stocks	1.0	1.0	1.0	1.0	1.0
C. Long-Term Instruments	12,458.9	12,458.9	15,881.0	15,881.0	17,252.7
TOTAL(A+B+C)	52,915.4	54,740.3	63,434.5	63,160.6	66,542.6

Source: Bank of Ghana

5.4.2 Holdings of Domestic Debt

Bank of Ghana's holding of domestic debt for December 2017 stood at GH¢13,009.3 million, representing 19.5 per cent of the total. The Deposit Money Banks (DMBs) held GH¢10,455.2 million (15.7%), compared to 27.9 per cent holdings the same period in 2016. SSNIT holdings decreased to GH¢1,403.4 million (2.1%) from the holding of 1,463.4 million (2.8%) in 2016. Insurance companies held GH¢340.5 million (0.5%), 'Other holders' held GH¢15,813.9 million (23.7%) and Non-Residents holdings was GH¢25,665.6 million (38.5%).

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

	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017
A. Banking sector	27,834.4	23,375.6	23,549.3	22,350.9	23,319.2
Bank of Ghana	13,056.2	13,001.7	13,046.2	13,006.6	13,009.3
Deposit Money Banks	14,778.2	10,373.8	10,503.1	9,344.3	10,309.9
B. Nonbank sector	13,486.6	17,408.1	17,738.9	17,536.3	17,557.8
SSNIT	1,463.4	1,315.1	1,289.3	1,177.8	1,403.4
Insurance Companies	179.0	305.3	289.2	331.8	340.5
Others Holders	11,844.1	15,787.6	16,160.4	16,026.7	15,813.9
Rural Banks	633.3	450.5	349.6	275.2	300.7
Firms & Institutions	7,864.1	9,710.3	9,543.6	9,884.0	10,807.8
Individuals	3,346.8	5,626.8	6,267.3	5,867.4	4,705.4
C. Foreign sector(Non-Residents)	11,594.4	13,956.6	22,146.2	23,273.5	25,665.6
TOTAL(A+B+C)	52,915.4	54,740.3	63,434.5	63,160.6	66,542.6

Source: Bank of Ghana and Ministry of Finance

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

	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017
A. Banking system	52.6	42.7	37.1	35.4	35.0
Bank of Ghana	24.7	23.8	20.6	20.6	19.6
Commercial Bank	27.9	19.0	16.7	14.8	15.5
B. Nonbank sector	25.5	31.8	28.0	27.8	26.4
SSNIT	2.8	2.4	2.0	1.9	2.1
Insurance Companies	0.3	0.6	0.5	0.5	0.5
Others Holders	22.4	28.8	25.5	25.4	23.8
Rural Banks	1.2	0.8	0.6	0.4	0.5
Firms & Institutions	14.9	17.7	15.0	15.7	16.2
Individuals	6.3	10.3	9.9	9.3	7.1
C. Foreign sector(Non-Residents)	21.9	25.5	34.9	36.9	38.6
TOTAL(A+B)	100.0	100.0	100.0	100.0	100.0

Source: Bank of Ghana and Ministry of Finance

6. Balance of Payments Developments

6.1 International Trade and Finance

Preliminary estimates of Ghana's balance of payments for the fourth quarter of 2017 registered a surplus of US\$712.2 million compared to a surplus of US\$1,615.9 million recorded in the fourth quarter of 2016. An increase in net payments/outflows in the investment income and services account largely accounted for the drop in the overall balance.

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

	2015	2016	2017*	Q4'2016/17	
	Q4	Q4	Q4	Absolute	% Change
CURRENT ACCOUNT	-973.0	-753.2	-930.5	-177.3	20.4
Merchandise Exports (f.o.b.)	2,522.9	3,126.1	3664.6	538.5	18.8
Cocoa beans and products	789.3	798.2	660.2	-138.1	-52.6
Gold	730.5	1,205.5	1,413.0	207.5	12.5
Timber products	57.5	54.7	44.8	-9.9	-14.1
Oil	417.0	572.4	1,016.3	443.9	121.8
Others (including non-trationals)	528.6	495.2	530.3	35.1	6.8
Merchandise Imports (f.o.b.)	-3,499.0	-3,079.2	-3375.5	-296.3	9.0
Non-oil	-3,048.2	-2,690.3	-2,884.8	-194.6	7.1
Oil	-450.8	-388.9	-490.7	-101.7	19.2
Trade Balance	-976.1	46.9	289.1	242.2	-58.2
Services (net)	-258.0	-716.1	-997.7	-281.6	53.8
Receipts	1,674.4	1,647.4	1,664.9	17.5	1.2
Payments	-1,932.4	-2,363.5	-2,662.7	-299.1	14.6
Income (net)	-258.1	-319.3	-862.2	-542.9	152.9
Receipts	52.4	44.0	71.1	27.1	99.1
Payments	-310.5	-363.3	-933.3	-570.0	149.1
Current Transfers (net)	519.1	235.3	640.3	405.0	95.1
Official	21.9	5.0	0.0	-5.0	-37.8
Private	497.2	230.4	640.3	410.0	99.3
Services, Income and Current Transfers (net)	3.0	-800.1	-1219.6	-419.5	92.7
CAPITAL & FINANCIAL ACCOUNT	2,877.5	2,115.2	1335.4	-779.7	-270.3
Capital Account (net)	118.5	68.6	35.4	-33.2	-48.4
Capital transfers	118.5	68.6	35.4	-33.2	-48.4
Financial Account (net)	2,759.1	2,046.6	1300.0	-746.6	-339.5
Direct Investments	846.2	963.9	888.8	-75.1	-8.6
Portfolio Investments	960.3	-127.1	0.0	127.1	25.4
Other Investments	952.5	1,209.9	411.3	-798.6	69.0
Of Which					
Official Capital (net)	-38.0	-82.8	-7.7	75.1	-402.5
Sovereign bond					
Other Private Capital (net)	-583.2	-440.5	-458.1	-17.6	4.4
Short-term capital (net)	1,573.7	1,740.4	911.6	-828.8	113.6
Government Oil Investments (net)	0.0	-7.2	-34.5	-27.3	377.0
ERRORS AND OMISSIONS	-29.4	253.9	307.2	53.3	91.4
OVERALL BALANCE	1,875.1	1,615.9	712.2	-903.8	173.0
FINANCING	-1,875.1	-1,615.9	-712.2	903.8	173.0
Changes in international reserves	-1,875.1	-1,615.9	-712.2	903.8	173.0

+ Revised * Provisional

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

6.2 The Current Account

The current account deficit worsened from US\$753.2 million in the fourth quarter of 2016 to US\$930.5 million in Q4:2017, up by 23.5 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 surplus of US\$289.1 million, compared with a surplus of US\$46.9 million in Q4:2016, mainly on account of a significant decline in imports and a significant increase in exports.

Merchandise Exports

The value of merchandise exports for the fourth quarter of 2017 was estimated at US\$3,664.2 million, indicating an increase of US\$538.5 million or 17.2 per cent compared with US\$3,126.1 million recorded in the same period in 2016. The increase was attributable to higher proceeds recorded from the exports of gold, crude oil and other exports.

Gold Exports

Gold exports during the review period went up to US\$1,413.0 million from US\$1,205.5 million recorded during the same period in 2016. The improvement in receipts was as a result of a rise in volumes exported and prices. The volume of gold exported rose by 12.6 per cent to 1,107,604 fine ounces and the average realized price went up by 4.1 per cent to settle at US\$1,275.7 per fine ounce.

Crude Oil Exports

Crude oil exports increased significantly from US\$572.4 million in 2016 to US\$1,016.3million during the period. This was boosted by additional exports from the TEN fields which began production in Q4:2016. The average realized price of oil rose by 20.3 per cent to US\$60.2 per barrel for the quarter compared to US\$50.0 per barrel registered for the same period 2016. The volume exported also increased significantly by 47.6 per cent to 16,893,680 barrels in Q4:2017.

Cocoa Beans and Products Exports

Cocoa beans and products exports decreased from US\$798.2 million in Q4:2016 to US\$660.2 million for the period under review. Cocoa beans exports fell by 23.7 per cent to US\$474.3 million (US\$621.6 million in Q4:2016), driven by both price and volume effects. During the quarter, the average realised price of cocoa fell from US\$3,643.2 per tonne recorded in 2016 to US\$2,444.3 per tonne in 2017. Volume exported also reduced marginally by 1.7 per cent to 194,047 tonnes. On the other hand, proceeds from exports of cocoa products increased from US\$176.6 million to US\$185.9 million.

Timber products

Earnings from exports of timber products decreased by 18.0 per cent to US\$44.9 million as average realized price rose by 6.0 per cent to settle at US\$625.5 per cubic metre and volume fell by 22.7 per cent to 71,702 cubic metres during the review period.

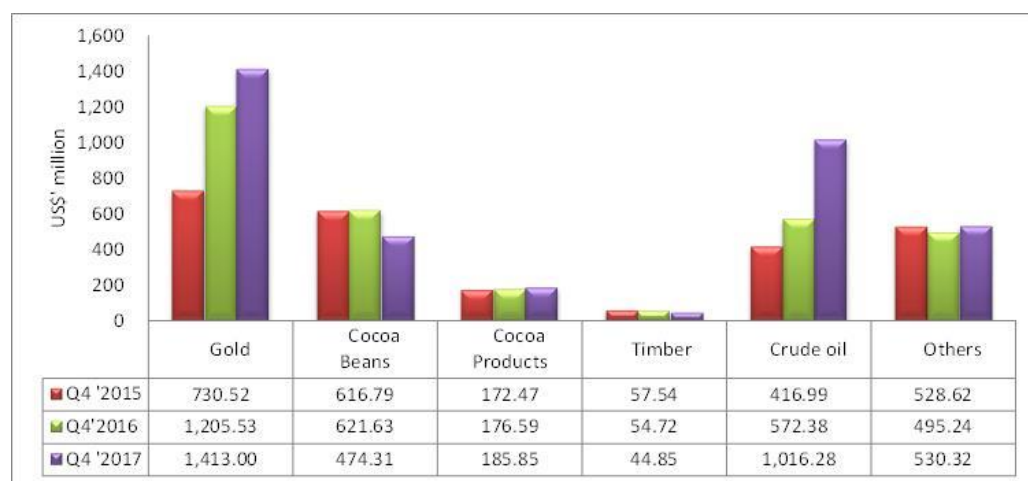
Other exports

Other exports (including non-traditional exports and other minerals) increased by 7.1 per cent to US\$530.3 million.

Top Ten Exported Non Traditional Items

The value of the top ten non-traditional commodities exported during the period under review amounted to US\$206.7 million compared to US\$166.8 million recorded for the same period in 2016. Among the top ten non-traditional items exported during the period were: prepared or preserved tuna, palm oil and its fractions, shea (karite) oil and its fractions, natural rubber, aluminium and frozen yellowfin tuna.

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



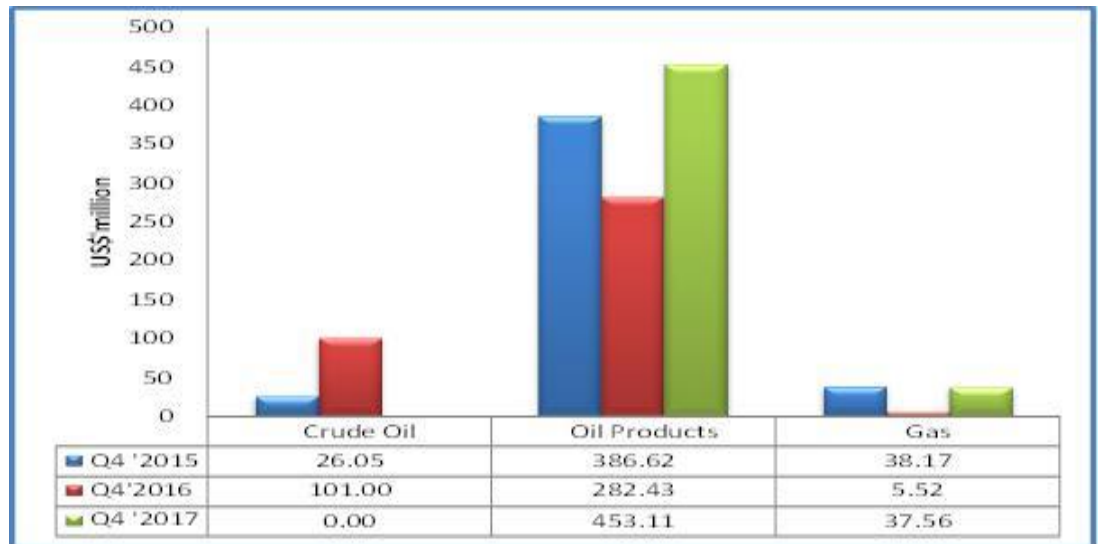
Merchandise Imports

Total value of merchandise imports for the fourth quarter of 2017 amounted to US\$3,374.9 million, up by 9.6 per cent or US\$295.7 million from the Q4:2016. The increased in imports was attributable to a higher level of oil imports.

Oil and Gas Imports

During the period under review, oil imports (including crude, gas and refined products) went up by US\$101.7 million or 26.2 per cent to US\$490.7 million, from US\$388.9 million in 2016. There were no crude oil imports for Q4:2017. For the same period last year, crude oil imported was 1,968,522 barrels valued at US\$101.0 million (US\$51.3 per barrel).

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

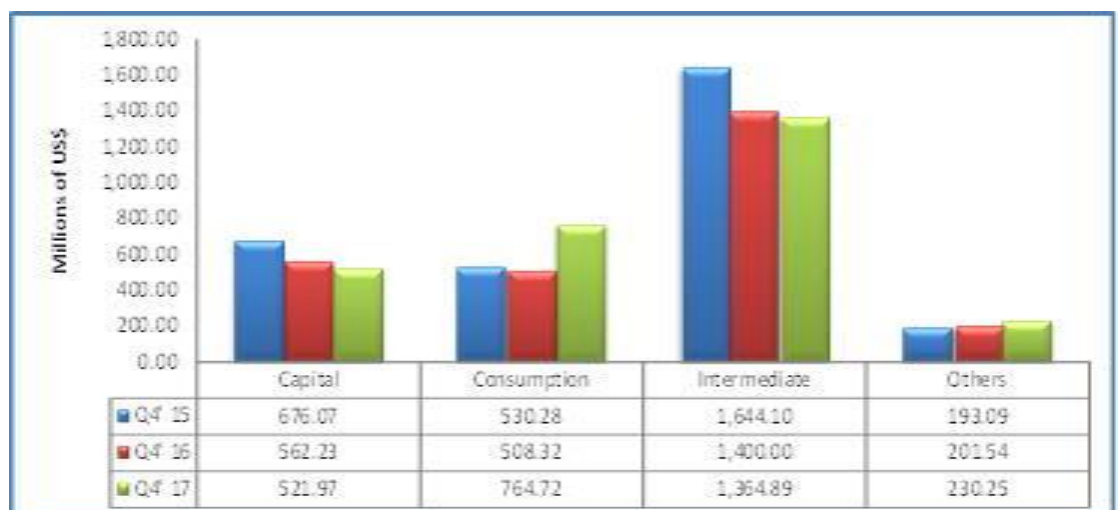


Volta River Authority (VRA)

The VRA imported 4,436,114 MMBTu (Million Metric British Thermal units) of gas worth US\$37.6 million from the West African Gas Company (WAGP) at an average price of US\$8.5 per MMBTu for its operations. For the same period last year, the VRA imported 613.127 MMBTu of gas worth US\$5.5 million at an average price of US\$9.0 per MMBTu from the WAGP.

The value of finished oil products imported in the fourth quarter of 2017 amounted to US\$453.1 million compared to US\$282.4 million in the same period in 2016.

Chart 6.3: Non-Oil Imports



Non-Oil Imports

The total non-oil merchandise imports for the fourth quarter 2017 was provisionally estimated at US\$2,881.8 million, compared to an outturn of US\$2,672.1 million recorded in the same period in 2016, up by 7.8 per cent. The uptick was induced by increased imports of consumption and 'other' goods.

Capital Goods Imported

The value of **capital goods** during the period was US\$521.9 million, down by 7.2 per cent or US\$40.3 million from the corresponding period in 2016 driven by a 7.7 and 6.9 per cent declines in Industrial transport and capital goods (except transport), respectively.

Consumption Goods Imported

Consumption goods imported, on the other hand, increased by 50.4 per cent to US\$764.7 million, compared to a US\$508.3 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, and non-industrial transport.

Intermediate Goods Imported

The value of **intermediate goods** imported went down slightly to US\$1,364.9 million from US\$1,400.0 recorded a year ago. Primary food and beverages, mainly for industry, and processed industrial supplies (n.e.s.) recorded declines; which counterbalanced the growth registered by all the other sub categories in this classification.

Other Goods Imported

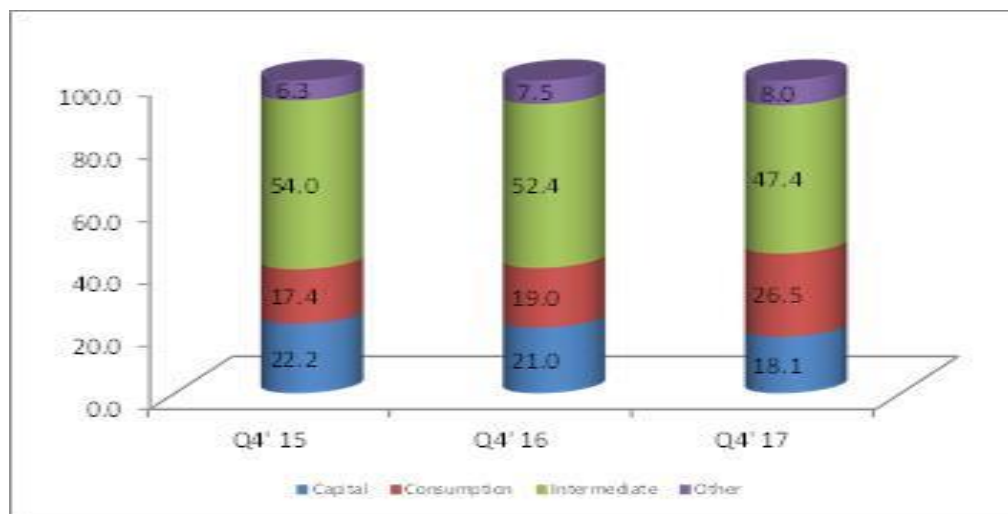
The value of **other goods** imported was US\$230.3 million, which exceeded the previous year's level by 13.6 percent on account of higher importation of passenger cars.

During the period, 14,090,500kWh of electricity valued at US\$1.7million was imported by VRA, compared to 15,138,160kWh worth US\$18.2 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

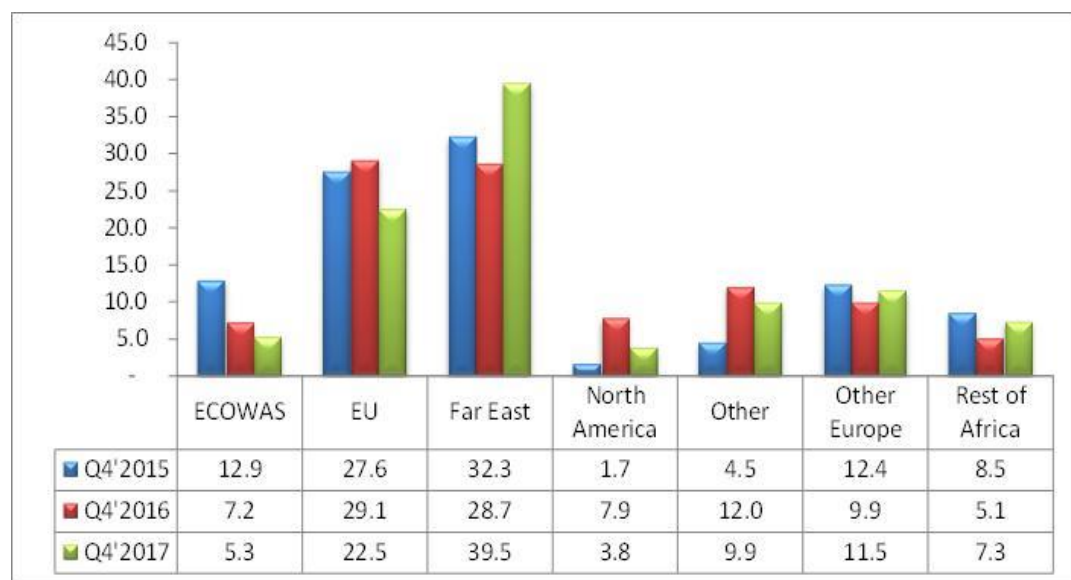
The total value of the top ten non-oil merchandise imports for the fourth quarter of 2017 amounted to US\$814.6 million compared to US\$722.4 million recorded in Q4:2016. Key items included motor vehicles for the transport of persons and goods, rice, cement and clinkers.

6.2.2 Direction of Trade

Destination of Exports

During the review period, the Far East received the largest share of 39.5 per cent of Ghana's total exports. The other recipients were the European Union (22.5%), Other European countries (11.5%), Other Economies (9.9%), the Rest of Africa (7.3%), ECOWAS (5.3%), and North America (3.8%).

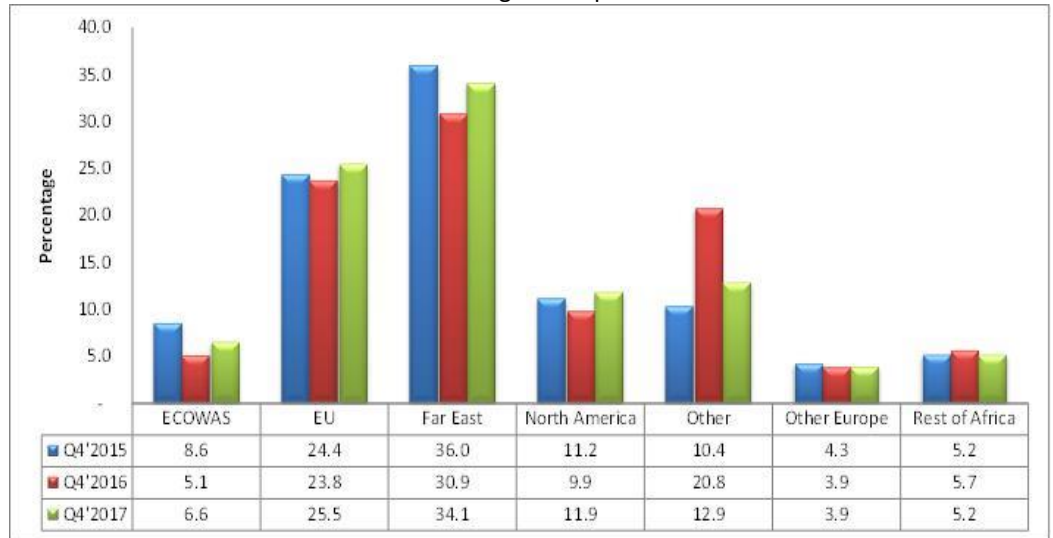
Chart 6.5: Destination of Exports



Origin of Imports

In terms of geographical distribution, the Far East emerged as the leading source of imports accounting for 34.1 per cent of the total imports. The European Union followed with a share of 25.5 per cent; then followed Other Economies (12.9%), North America (11.9%), ECOWAS (6.6%), Rest of Africa (5.2%) and Other Europe (3.9%).

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\$1,219.6 million compared to a deficit of US\$800.1 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\$716.1 million to a deficit of US\$997.7 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 dividend payments and interest payments on debts and bonds. The balance on the Income account worsened from a deficit of US\$319.3 million to a deficit of US\$862.2 million. Current transfers on the other hand, mostly private remittances, increased from US\$230.4 million in Q4:2016 to US\$640.3 million in Q4:2017.

6.4 Capital and Financial Account

The capital and financial account recorded a decline in net inflows of US\$1,335.4 million in Q4:2017 compared to US\$2,115.2 million in Q4:2016. This was attributable to drop in foreign direct and other investments into the financial account during the review period.

Capital Account

The capital account received transfers totalling US\$35.4 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 a decline in net inflow from US\$2,046.6 million in Q4:2016 to US\$1,300.0 million in Q4:2017 on account of a drop in foreign direct investment and inflows into the 'other investment' account, mainly short-term capital investment.

Foreign Direct Investments

During the quarter under review, **foreign direct investment** into Ghana by non-residents was US\$888.7 million compared to US\$963.8 million recorded for the same quarter 2016.

Portfolio Investments

There were no **Portfolio investments** compared to dis-investment of US\$127.1 million in Q4:2016.

Other Investments' Account'

'**Other investments**' recorded a net inflow of US\$411.3 million in Q4:2017 compared to US\$1,209.9 million in Q4:2016 on the back of a decline in short-term capital inflows.

Official capital recorded a net outflow of US\$7.7 million as against an outflow of US\$82.8 million recorded in the Q4:2016.

Net Private Capital outflows increased from US\$440.5 million to US\$458.1 million as a result of reduced disbursements.

Short-term capital inflows (net) decreased from US\$1,740.4 million in Q4:2016 to US\$911.6 million, influenced largely by a lower inflow of cocoa syndicated loans contracted during the period as compared to Q4:2016.

Government Oil Investments during the period increased from US\$7.2 million in Q4:2016 to US\$34.5 million in the review period.

6.5 International Reserves

The stock of net international reserves (NIR) at the end of Q4:2017 was estimated at US\$4,522.5 million, indicating a buildup of US\$1,091.5 million from a stock position of US\$3,431.0 million at the end of December 2016.

The country's gross foreign assets increased by US\$1,393.04 million to US\$7,554.84 million from a stock position of US\$6,161.8 million at the end of December 2016. This was sufficient to provide for 4.3 months of imports cover compared with 3.5 months of imports cover as at December 2016.

The country's gross international reserves increased by US\$628.8 million to US\$5,490.9 million at end Q4:2017 from a stock position of US\$4,862.1 million as at the end of December 2016. This was sufficient to provide cover for 3.1 months of imports compared to 2.8 months of import cover as at December 2016.

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



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

	Q4' 2015	Q4' 2016	Q4' 2017	% Change
				Q4' 2017/16
Current Account Balance	-973.02	-753.17	-930.48	23.5
Trade Balance	-976.06	46.88	289.12	516.7
Services Balance	-258.02	-716.07	-997.71	39.3
Investment income Balance	-258.06	-319.29	-862.23	170.0
Net Unilateral Transfers	519.12	235.30	640.33	172.1

Table 6.3: Top Ten Exported Non –Traditional Exports

Oct -Dec 2016			Oct -Dec 2017		
Description	Value US\$'M	% Distribution	Description	Value US\$'M	% Distribution
Prepared or preserved tuna	39.55	23.71	Prepared or preserved tuna	40.11	19.40
Palm oil and its fractions	37.88	22.71	Palm oil and its fractions	39.11	18.92
Guavas, mangoes and mangosteens -	14.37	8.62	Shea (karite) oil and fractions	22.74	11.00
Cashew nuts	14.33	8.59	Technically specified natural rubber	20.57	9.95
Technically specified natural rubber	12.96	7.77	Aluminium	19.31	9.34
Tableware, kitchenware, other household articles	12.42	7.45	Frozen yellowfin tunas	16.46	7.96
Shea (karite) oil and fractions	10.46	6.27	Avocados, guavas, mangoes, pineapples; fresh or dried	13.62	6.59
Aluminium	9.96	5.97	Bananas (including plantains), fresh or dried	11.78	5.70
Wheat or meslin flour	7.94	4.76	Articles of jewellery, and parts thereof	11.61	5.62
Medium oils, kerosine type jet fuel	6.94	4.16	Tableware, kitchenware, other household articles and toilet articles	11.42	5.52
Grand Total	166.81	100.0	Grand Total	206.73	100.0

Table 6.4: Top Ten Imported Non-Oil Goods

Oct - Dec 2016			Oct - Dec 2017		
Description	US\$M (fob)	%Distr.	Description	US\$M (fob)	%Distr.
Capital	134.46	18.61	Capital	103.05	12.65
Motor vehicles for the transport of goods	95.81	13.26	Motor vehicles for the transport of goods	103.05	12.65
Self-propelled bulldozers, excavators nes	38.65	5.35	Consumption	257.49	31.61
Consumption	135.75	18.79	Rice	117.52	14.43
Rice	80.24	11.11	Insecticides in packings for retail sale or as	63.87	7.84
Frozen fish	55.51	7.68	Poultry cuts and offal (other than liver),	42.42	5.21
Intermediate	255.51	35.37	Sugar	33.68	4.13
Wheat and meslin	65.01	9.00	Intermediate	242.70	29.79
Cement and clinkers	63.97	8.85	Cement clinkers	75.04	9.21
Palm oil and its fractions	55.37	7.68	Palm oil and its fractions,	69.94	8.69
Polyethylene	37.88	5.24	Wheat and meslin	61.48	7.65
Oil seeds and oleaginous fruits	33.29	4.61	Polyethylene having a specific gravity	36.25	4.45
Other	196.68	27.23	Other	211.38	25.95
Motor vehicles for the transport of persons	196.68	27.23	Motor vehicles for the transport of persons	211.38	25.95
Grand Total	722.41	100.00	Grand Total	814.62	100.00

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

	Q4'2015	Q4'2016	Q4'2017	Q4'2017/16	
			prov.	Abs.	% change
<i>Amounts in millions of U.S. dollars</i>					
Services (net)	-258.02	-716.07	-997.71	-281.6	39.3
Freight and Insurance	-224.60	-176.43	-183.46	-7.0	4.0
Other Services	-33.42	-539.64	-814.25	-274.6	50.9
Income (net)	-258.06	-319.29	-862.23	-542.9	170.0
Current Transfers (net)	519.12	235.30	640.33	405.0	172.1
Official	21.92	4.95	0.00	-5.0	-100.0
Private	497.20	230.35	640.33	410.0	178.0
Services, Income and Current Transfers (net)	3.04	-800.058	-1219.6007	-419.54	52.44

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

	Q4'2015	Q4'2016	Q4'2017	Q4'2017/16	
			(prov.)	Absolute	% change
<i>Amounts in millions of U.S. dollars</i>					
Capital and Financial Accounts	2,877.53	2,115.18	1,335.44	-779.7	-36.9
Capital transfers	118.47	68.58	35.41	-33.2	-48.4
Financial Account	2,759.06	2,046.61	1,300.03	-746.6	-36.5
Foreign Direct Investments	846.21	963.86	888.76	-75.1	-7.8
Portfolio Investments	960.30	-127.14	0.00	127.1	-100.0
Other Investments	952.55	1,209.88	411.27	-798.6	-66.0
Official	-38.01	-82.81	-7.73	75.1	-90.7
Disbursements	228.73	283.16	356.64	73.5	25.9
Amortisation	-266.74	-365.97	-364.37	1.6	-0.4
Private	-583.17	-440.51	-458.12	-17.6	4.0
Disbursements	308.27	756.76	374.18	-382.6	-50.6
Amortisation	-891.44	-1,197.27	-832.30	365.0	-30.5
Short-term	1,573.73	1,740.44	911.62	-828.8	-47.6
Non-Monetary	1,715.54	1,708.66	1,200.72	-507.9	-29.7
Monetary	-141.81	31.78	-289.10	-320.9	-1,009.8
Government Oil Investments	0.00	-7.23	-34.50	-27.3	377.0
Inflow	0.00	0.00	0.00	0.0	0.0
Outflow	0.00	-7.23	-34.50	-27.3	377.0

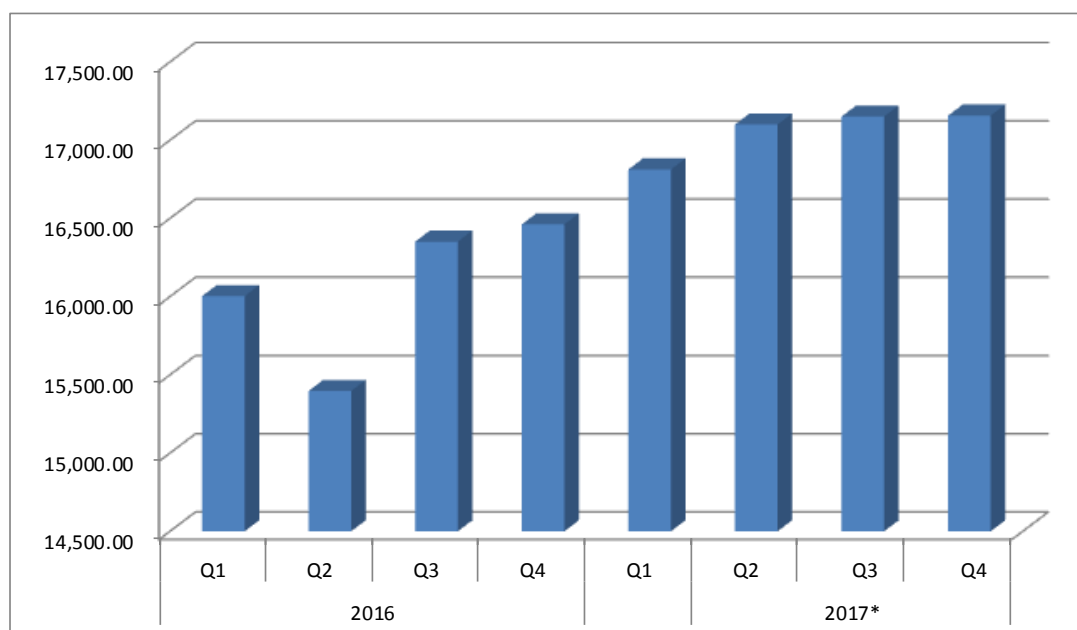
7. External Debt

7.1 Debt Stock

Provisional estimates of the disbursed and outstanding stock of public and publicly-guaranteed external debt at the end of the fourth quarter of 2017 stood at US\$17,156.97 million. This showed an increase of US\$6.60 million, (0.04%) over the debt stock of US\$17,150.37 million recorded at the end of the third quarter of 2017. On year-on-year basis, the external debt stock grew by US\$695.98 million, 4.23 per cent, from a level of US\$16,460.99 million (at the end of Q4 2016). The changes in the debt stock in the review period could be attributed to both transactions on disbursements and amortizations within the period.

The external debt stock at the end of the fourth quarter of 2017 represented 69.80 per cent of total estimated GDP at current prices for the year.

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



7.1.1

Composition of External Debt by Borrowers

The debt holding of the multilateral group of creditors constituted 37.52 per cent of the total debt at the end of 2017, compared with 33.70 per cent at the end of the corresponding quarter of 2016. The multilateral creditors were owed US\$6,436.84 million at the end of review quarter, an increase of 6.17 per cent from the total debt recorded at the end of the previous quarter and an increase of US\$888.98 million from a level of US\$16,460.99 million recorded at the end of the fourth quarter of 2016.

At the end of the quarter under review, the stock of bilateral debt was US\$1,207.38 million, constituting 7.04 per cent. On year-on-year basis, the bilateral debt stock

increased by US\$70.91 million (6.24%) from a level of US\$1,136.47 million and fell by US\$2.39 million (0.20%) from a level of US\$1,209.77 million recorded at the end of the previous quarter of 2017.

During the review period, debts owed to commercial creditors (including the loans owed to the international capital market) totaled of US\$6,282.17 million, registering 36.62 per cent compared to 40.89 per cent of the total debt stock at the end the corresponding quarter of 2016. Compared to the year under review, debt owed to commercial creditors decreased by US\$379.15 million (13.63%) from a level of US\$2,782.2 million recorded at the end of the fourth quarter of 2016.

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

EXTERNAL DEBT STOCK BY CREDITOR CATEGORY (in millions of US\$)								
	2016				2017*			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Total External Debt (Mi	16,002.64	15,396.66	16,351.23	16,460.99	16,812.28	17,099.42	17,150.37	17,156.97
Multilateral Creditors	5,396.05	5,051.26	5,233.19	5,547.96	5,645.47	5,940.71	6,094.77	6,436.84
Bilateral Creditors	1,102.80	1,094.11	1,199.95	1,136.47	1,183.32	1,212.43	1,209.77	1,207.38
Export Credit Agencies	1,328.90	1,223.33	1,388.35	1,315.22	1,518.13	1,515.77	1,507.60	1,461.23
Other Concessional	1,826.02	1,733.47	1,769.55	1,730.13	1,793.06	1,756.07	1,758.62	1,769.35
Commercial Creditors	2,818.36	2,782.82	2,811.18	2,782.20	2,793.18	2,795.32	2,700.48	2,403.05
International Capital M	3,530.51	3,400.60	3,949.01	3,949.01	3,879.12	3,879.12	3,879.12	3,879.12
provisional*								

7.2 Debt Service Payments

Debt service payments for the fourth quarter of 2017 on government and government guaranteed external debt made through the Bank of Ghana amounted to US\$647.79 million, compared with US\$424.60 million paid in the corresponding quarter of 2016, an increment of US\$223.19 million.

Payments in the review quarter were made up of capital repayments of US\$515.49 million and interest expense of US\$132.30 million.

Payments were made to the various creditor groups as follows:

The multilateral group of creditors was paid US\$16.40 million as principal repayments, and interest payments of US\$9.10 million, compared with principal

repayments of US\$11.89 million, and interest payments of US\$10.72 million made in the corresponding quarter of the previous year.

Payments made to the Bilateral creditors at the end of the fourth quarter totaled US\$74.92 million of which US\$61.12 million in principal repayments and US\$13.80 million in interest payments, compared with US\$23.17 million and US\$13.09 million paid in respect of capital and interest payments respectively in the corresponding quarter of the previous year.

Commercial creditors were paid US\$340.01 million at the end of the fourth quarter of 2017. Principal payments amounted to US\$239.06 million and interest payments were US\$100.95 million. These compared with total payments of US\$365.73million made at the end of the same quarter of the previous year, 2016. This amount was made up of principal payments of US\$248.19 million and interest payments of US\$117.54million.

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

	Q4- 2016			Q3- 2017			Q4 - 2017		
	prin	int	total	prin	int	total	prin	int	total
Total	283.25	141.35	424.60	179.99	178.88	358.87	515.49	132.30	647.79
Multilateral Creditors	11.89	10.72	22.61	11.15	13.67	24.82	16.40	9.10	25.50
IDA	3.61	7.75	11.36	7.34	9.46	16.80	6.83	5.73	12.56
ADB/ ADF	1.95	1.44	3.39	1.29	3.35	4.64	1.76	1.52	3.28
Others	6.33	1.53	7.86	2.52	0.86	3.38	7.81	1.85	9.66
Bilateral Creditors	23.17	13.09	36.26	23.71	9.58	33.29	61.12	13.80	74.92
Paris Club	6.52	6.01	12.53	2.02	0.55	2.57	23.42	5.52	28.94
Non-Paris Club	16.65	7.08	23.73	21.69	9.03	30.72	37.7	8.28	45.98
Commercial Creditors	248.19	117.54	365.73	145.1	155.63	300.76	239.06	100.95	340.01
10Year Sovereign Bond	0.00	0.00	0.00	0.00	0.00	0.00	198.91	8.45	207.36

8. The Rural Banking Sector

8.1 Performance of RCBs

Performance of the Rural/Community banks (RCBs) during the fourth quarter of 2017 indicates an improvement compared with the fourth quarter of 2016.

Assets Total assets of RCBs recorded at the end of the fourth quarter of 2017 was GH¢3,644.0 million, a growth of 4.1 per cent from GH¢3,499.4 million recorded in the third quarter of 2017. On year-on-year basis, total assets grew by 19.3 per cent at the end of the fourth quarter of 2017. Total assets of RCBs in the banking system constituted 3.8 per cent at the end of the review period, marginally lower than the composition of 3.9 per cent recorded in the third quarter of 2017.

Deposits Total deposits of RCBs increased by 20.9 per cent year-on-year to GH¢22,880.9 million at the end of the fourth quarter of 2017 compared with GH¢2,383.4 million recorded during the same period in 2016. The level of RCBs' deposits at the end of the review quarter constituted 5.1 per cent of total deposits of the banking system, compared with the share of 5.3 per cent in the previous quarter and 5.0 per cent at the end of the fourth quarter of 2016.

Loans and Advances Loans and advances made by RCBs stood at GH¢1,160.9 million in the fourth quarter of 2017, a contraction of 1.4 per cent from GH¢1,176.8 million recorded at the end of the third quarter of 2017.

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

	2016		2017				Variations (2016-2017)	
	Q3	Q4	Q1	Q2	Q3	Q4	Q-on-Q	Y-on-Y
Assets								
Cash Holdings & Balances with Banks	358.2	413.6	435.1	447.5	447.7	452.3	1.02	9.36
Bills and Bonds	944.6	1,150.0	1,324.4	1,335.4	1,276.0	1,414.6	10.86	23.00
Loans and Advances	981.5	989.0	1,019.3	1,076.7	1,176.8	1,160.9	-1.35	17.39
Other Assets	472.0	501.7	536.8	578.6	598.9	616.2	2.89	22.83
Total Assets	2,756.3	3,054.3	3,315.6	3,438.2	3,499.4	3,644.0	4.13	19.31
Liabilities								
Total Deposits	2,116.1	2,383.4	2,599.2	2,701.7	2,713.8	2,880.9	6.16	20.88
Shareholders' Funds	392.1	405.4	446.1	447.7	477.0	478.2	0.26	17.96
Other Liabilities	248.1	265.5	270.2	287.1	308.7	284.9	-7.70	7.30
Total Liabilities	2,756.3	3,054.3	3,315.6	3,438.2	3,499.4	3,644.0	4.13	19.31
<i>No. of Reporting Banks</i>	139	139	140	140	141	141		

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

	2016		2017							
	Q4		Q1		Q2		Q3		Q4	
	GH¢	% Share	GH¢	% Share	GH¢	% Share	GH¢	% Share	GH¢	% Share
Commercial Banks	79,297.2	96.3	82,705.9	96.1	85,759.0	96.1	86,233.4	96.1	93,300.5	96.2
Rural Banks	3,054.3	3.7	3,315.6	3.9	3,438.2	3.9	3,499.4	3.9	3,644.0	3.8
Total	82,351.4	100.0	86,021.5	100.0	89,197.3	100.0	89,732.9	100.0	96,944.4	100.0

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

	2016		2017							
	Q4		Q1		Q2		Q3		Q4	
	GH¢	% Share	GH¢	% Share	GH¢	% Share	GH¢	% Share	GH¢	% Share
Commercial Banks	44,946.8	95.0	47,321.2	94.8	49,360.6	94.8	48,960.8	94.7	53,552.2	94.9
Rural Banks	2,383.4	5.0	2,599.2	5.2	2,701.7	5.2	2,713.8	5.3	2,880.9	5.1
Total	47,330.1	100.0	49,920.4	100.0	52,062.3	100.0	51,674.6	100.0	56,433.0	100.0