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# **BANK OF GHANA**

## **QUARTERLY ECONOMIC BULLETIN**

**(JANUARY-MARCH 2001)**

# QUARTERLY ECONOMIC BULLETIN

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## INTRODUCTION

The first quarter of 2001 marked a significant turning point in the economic direction of the economy. With the adoption of the Heavily Indebted Poor Country (HIPC) initiative by the new government, policy measures were adopted to streamline fiscal operations and tighten monetary policy. Interest rates remained high and relatively stable during the review period. Broad money supply (M2+) on the other hand, grew by 7.6 per cent to ¢6,821.8 billion caused by developments in the net domestic assets of the banking system.

Government transactions resulted in an overall deficit of ¢122.7 billion (0.32% of GDP). In the external sector, the net foreign assets (NFA) of the banking system deteriorated by US\$63.7 million. The cedi which had experienced a free fall since the fourth quarter of 1999 began showing signs of stability, depreciating by only 2.2 per cent against the US dollar in the review quarter.

The rate of inflation measured by the year-on-year change in the CPI rose marginally from 40.5 per cent in December to 41.9 per cent in March 2001.

## A. MONETARY AND FINANCIAL DEVELOPMENTS

### 1. Monetary policy

Monetary policy in the first quarter of year 2001 continued to focus on dampening the inflationary pressures in the economy and sustaining the declining trend in the rate of depreciation of the cedi. To this end the central bank maintained a tight monetary policy stance, relying on the use of open market operations (OMO) and reverse repos to mop up excess liquidity in the economy. In addition, the minimum primary reserve requirement of deposit money banks, which was raised from 8.00 per cent to 9.00 per cent during the third quarter of 2000, was maintained at that level throughout the review quarter.

The tight monetary policy stance of the central bank resulted in higher interest rates, as indicated by the 91-day Treasury bill rate which edged up from 38.0 per cent at the end of December, 2000 to 39.2 per cent at the end of March, 2001. This led to a slower growth of 7.6 per cent in broad money supply as against the 19.1 per cent recorded in the previous quarter.

### 2. Currency in circulation

During the review quarter, currency in circulation declined by ₵109.7 billion (5.9%) to ₵1,746.8 billion compared with an increase of ₵696.6 billion (60.0%) in the preceding quarter and a decline of ₵78.9 billion (6.2 %) in the corresponding quarter of 2000.

The decline in currency followed the seasonal pattern where currency flows back into the banking system after Christmas and at the peak of the main cocoa season.

**Table 1**  
**Currency in circulation**  
(billion cedis)

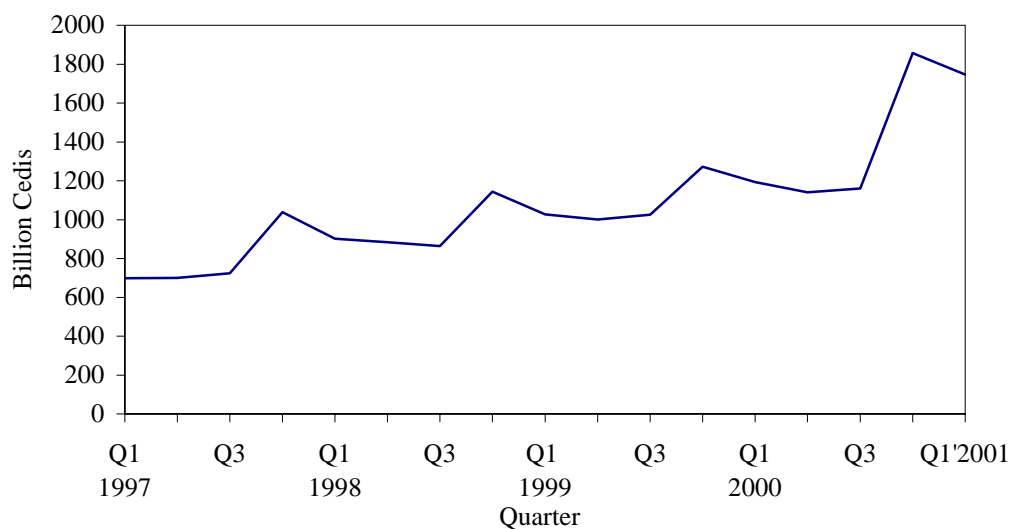
	Currency in Circulation	Currency With Banks *	Currency Outside Banks	Quarterly Change in Currency in Circulation	
	(a)	(b)	(c=a-b)	Abs.	(%)
1997					
Q1	698.2	19.8	678.4	-69.0	-9.0
Q2	699.5	32.6	666.9	1.3	0.2
Q3	723.8	39.4	684.3	24.3	3.5
Q4**	1,039.4	53.0	986.4	315.6	43.6
1998					
Q1	902.3	43.7	858.7	-137.0	-13.2
Q2	884.8	48.3	836.5	-17.6	-1.9
Q3	864.5	44.7	819.8	-20.3	-2.3
Q4	1,143.8	60.2	1,083.6	279.3	32.3
1999					
Q1	1,027.5	55.4	972.2	-116.3	-10.2
Q2	1,000.9	53.6	947.4	-26.6	-2.6
Q3	1,025.8	52.8	972.9	24.8	2.5
Q4	1,272.4	86.2	1,186.1	246.6	24.0
2000					
Q1	1,193.5	66.0	1,127.5	-78.9	-6.2
Q2	1,141.4	74.9	1,066.5	-52.1	-4.4
Q3	1,160.0	69.3	1,090.7	18.6	1.6
Q4	1,856.6	117.5	1,739.1	696.6	60.0
2001					
Q1	1,746.8	99.8	1,647.1	-109.7	-5.9

\*Includes the Discount Houses.

\*\* From Dec 1997, coverage extended from 11 to 17 banks.

**Chart 1**

**Currency in circulation**



**2. Money supply**

**(i) Narrow money supply<sup>1</sup>**

Narrow money increased by ₦170.6 billion (6.5%) to ₦2,777.4 billion during the quarter under review. This was the net effect of an increase of ₦262.6 billion (30.3%) in demand deposits and a decline of ₦592.0 billion (5.3%) in currency outside banks during the period. In the previous quarter, narrow money increased by ₦621.2 billion (31.3%) while in the corresponding quarter of 2000, it increased by ₦140.0 billion (6.6%).

<sup>1</sup> Narrow money comprises currency outside banks and demand deposits.  
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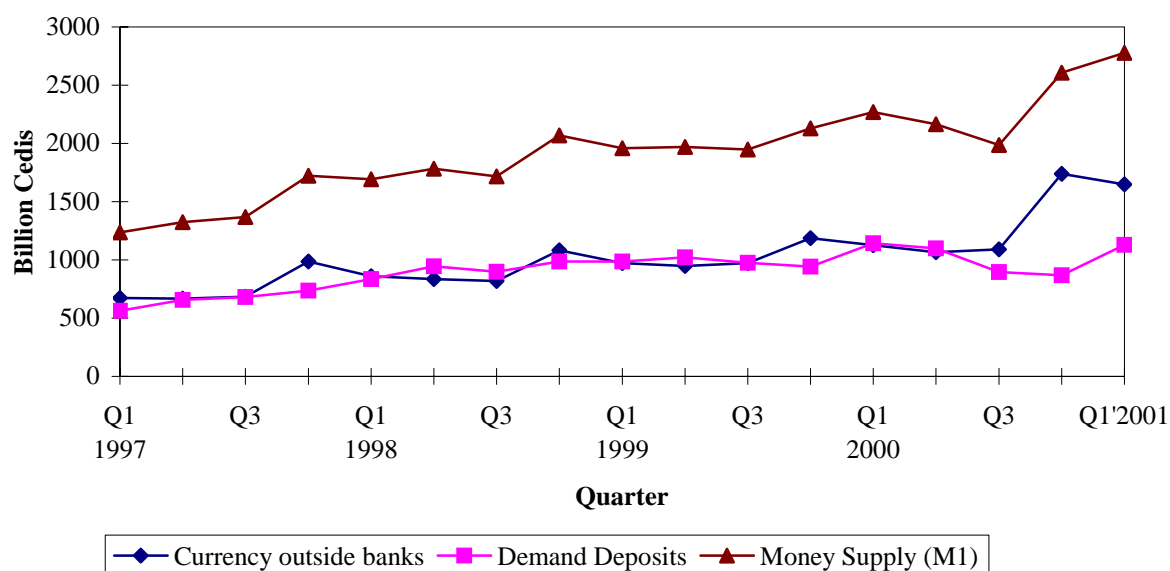
**Table 2**  
**Narrow money supply (M1)**  
(billion cedis)

End of Period	Currency Outside Banks	Demand Deposits	Narrow Money (M1)	Quarterly Change in M1	
	a	b	c=a+b	abs.	(%)
<b>1997</b>					
Q1	678.4	545.8	1,224.2		
Q2	666.9	657.4	1,324.3	100.1	8.2
Q3	684.3	682.6	1,367.0	42.7	3.2
Q4*	981.8	783.9	1,765.7	398.7	29.2
<b>1998</b>					
Q1	858.7	834.7	1,693.4	(72.3)	(4.1)
Q2	836.5	945.7	1,782.1	88.8	5.2
Q3	819.8	898.6	1,718.4	(63.7)	(3.6)
Q4	1,083.6	986.3	2,070.0	351.6	20.5
<b>1999</b>					
Q1	972.2	986.3	1,958.5	(111.5)	(5.4)
Q2	947.4	1,022.8	1,970.2	11.7	0.6
Q3	972.9	974.9	1,947.8	(22.4)	(1.1)
Q4	1,186.1	943.0	2,129.1	181.3	9.3
<b>2000</b>					
Q1	1,127.5	1,141.6	2,269.1	140.0	6.6
Q2	1,066.5	1,099.2	2,165.7	(103.4)	(4.6)
Q3	1,090.7	895.0	1,985.7	(180.1)	(8.3)
Q4	1,739.1	867.7	2,606.8	621.2	31.3
<b>2001</b>					
Q1	1,647.1	1,130.3	2,777.4	170.6	6.5

\* From Dec 1997, coverage extended from 11 to 17 banks.

**Chart 2**

**Narrow money supply (M1) and its components**



(ii) *Quasi-money*<sup>2</sup>

In the review quarter, quasi-money with the deposit money banks recorded an increase of ₦269.5 billion (15.1%) to ₦2,057.9 billion, compared with ₦240.0 billion (15.5%) in the previous quarter. Savings and time deposits registered increases of ₦159.7 billion (14.5%) and ₦131.7 billion (22.1%) respectively, while certificates of deposit declined by ₦21.9 billion (23.8%). For the corresponding quarter of 2000, quasi-money decreased by ₦65.5 billion (4.6%).

**Table 3**  
**Quasi-money**  
(billion cedis)

End of Period	Savings Deposits	Time Deposits	Certificates of Deposit	Quasi Money	Quarterly Change in Quasi-Money	
	A	B	c	d = a+b+c	Abs	%
1997						
Q1	365.2	248.8	24.4	638.4	68.6	12.0
Q2	385.9	262.2	25.1	673.2	34.9	5.5
Q3	415.2	286.7	27.1	728.9	55.7	8.3
Q4*	537.5	262.6	23.7	823.8	94.9	13.0
1998						
Q1	548.2	325.5	26.8	900.5	76.7	9.3
Q2	546.3	422.0	24.5	992.8	45.2	4.8
Q3	598.9	474.4	26.0	1,099.3	32.8	3.1
Q4	672.3	461.4	27.7	1,161.4	43.6	3.9
1999						
Q1	712.1	488.7	21.7	1,222.5	61.1	5.3
Q2	774.9	506.0	24.2	1,305.1	26.5	2.1
Q3	792.3	537.5	60.4	1,390.2	41.7	3.1
Q4	876.1	502.2	55.3	1,433.6	47.2	3.4
2000						
Q1	884.7	417.8	65.6	1,368.1	(65.5)	(4.6)
Q2	954.5	479.1	52.9	1,486.4	98.5	7.1
Q3	964.4	527.2	56.8	1,548.4	(28.5)	(1.8)
Q4	1,099.2	597.2	92.0	1,788.4	240.0	15.5
2001						
Q1	1,258.9	728.9	70.1	2,057.9	269.5	15.1

\* From Dec 1997, coverage extended from 11 to 17 banks.

(iii) *Broad money supply*<sup>3</sup> (M2+)

Broad money supply for the review quarter, increased by ₦483.4 billion (7.6%) to ₦6821.8 billion. This may be compared with an increase of ₦1015.0 billion (19.1%) in the previous quarter and ₦192.5 billion (4.2%) in the first quarter of 2000.

The increase in M2+ in the first quarter of 2001 was a reflection of increases in all its components: narrow money ₦170.6 billion (6.5%), quasi-money, ₦269.5 billion (15.1%) and foreign currency deposits, ₦43.3 billion (2.2%).

The growth in broad money supply (M2+) was driven by developments in net domestic assets (NDA) of the banking system which increased by ₦634.8 billion (10.6%). Within NDA, credit to public institutions and the private sector rose by ₦368.1 billion (30.3%) and ₦254.1 billion (7.2%) respectively. The expansion, however, was moderated by net credit to government,

<sup>2</sup> Quasi-money is made up of savings and time deposits, and certificates of deposit.

<sup>3</sup> Broad money supply is made up of narrow money, quasi-money and foreign currency deposits.



which declined by ₺49.0 billion (1.1%). Other items net (OIN) also increased by ₺186.7 billion (8.8%).

Net foreign assets (NFA) of the banking system declined by ₺252.1 billion (21.6%), thereby dampening the growth in broad money (M2+). This compares with a decline of ₺518.2 billion (79.8%) in the previous quarter.

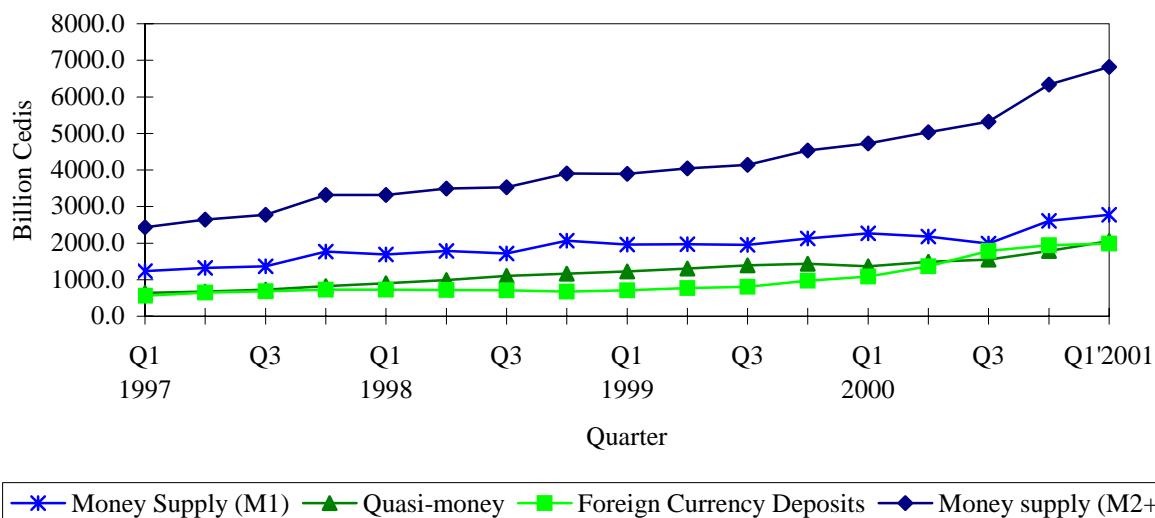
**Table 4**  
**Broad money supply (M2+)**  
(billion cedis)

End of Period	Narrow Money (M1)	Quasi Money	Broad Money (M2)	Foreign Currency Deposits (FCD)	Broad Money (M2+)	Quarterly Change in M2+	
	1	2	3=1+2	4	5=3+4	abs	%
1997							
Q1	1,224.2	638.4	1,862.6	557.2	2,419.8		
Q2	1,324.3	673.2	1,997.5	645.3	2,642.8	223.0	9.2
Q3	1,367.0	728.9	2,095.9	678.7	2,774.7	131.8	5.0
Q4*	1,765.7	823.8	2,589.5	729.3	3,318.8	544.2	19.6
1998							
Q1	1,693.4	900.5	2,593.8	724.9	3,318.8	-0.1	0.0
Q2	1,782.1	992.8	2,774.9	721.3	3,496.2	177.5	5.3
Q3	1,718.4	1,099.3	2,817.7	711.6	3,529.3	33.1	0.9
Q4	2,070.0	1,161.4	3,231.4	672.4	3,903.8	374.5	10.6
1999							
Q1	1,958.5	1,222.5	3,181.0	710.9	3,891.8	-12.0	-0.3
Q2	1,970.2	1,305.1	3,275.3	766.6	4,041.9	150.1	3.9
Q3	1,947.8	1,390.2	3,338.0	803.0	4,141.0	99.1	2.5
Q4	2,129.1	1,433.6	3,562.7	970.5	4,533.2	392.2	9.5
2000							
Q1	2,269.1	1,368.5	3,637.6	1,088.2	4,725.8	192.6	4.2
Q2	2,182.7	1,486.4	3,669.1	1,364.7	5,033.8	308.0	6.5
Q3	1,985.7	1,548.4	3,534.1	1,789.2	5,323.3	289.4	5.7
Q4	2,606.8	1,788.4	4,395.2	1,943.2	6,338.4	1,015.1	19.1
2001							
Q1	2,777.4	2,057.9	4,835.3	1,986.5	6,821.8	483.4	7.6

\* From Dec 1997, coverage extended from 11 to 17 banks.

**Chart 3**

**Broad money supply (M2+) and components**



**Table 5**  
**Changes in broad money supply (M2+) and sources**  
(billion cedis)

	Change between Q4. 99 & Q1.2000		Change between Q1. 2000 & Q2.2000		Change between Q2. 2000 & Q3.2000		Change between Q3. 2000 & Q4.2000		Change between Q4.2000 & Q1.2001	
	Abs.	%	Abs.	%	Abs.	%	Abs.	%	Abs.	%
<b>1. BROAD MONEY (M2+)</b>	192.5	4.2	<b>308.2</b>	<b>6.1</b>	<b>289.4</b>	5.7	<b>1,015.1</b>	19.1	<b>483.4</b>	7.6
<b>A. NARROW MONEY (M1)</b>	139.9	6.6	<b>(86.6)</b>	<b>(4.6)</b>	<b>(197.2)</b>	<b>(9.1)</b>	<b>621.2</b>	<b>31.3</b>	<b>170.6</b>	6.5
(a) Currency with Public	(58.6)	(4.9)	(60.9)	(5.4)	23.8	2.2	648.4	59.4	(92.0)	(5.3)
(b) Demand Deposits	198.5	21.0	(25.7)	(3.7)	(221.0)	(19.8)	(27.3)	(3.0)	262.6	30.3
<b>B. QUASI-MONEY</b>	(65.1)	(4.5)	<b>118.3</b>	<b>8.7</b>	<b>62.0</b>	4.2	<b>240.0</b>	15.5	<b>269.5</b>	15.1
(a) Savings Deposits	8.6	1.0	69.8	7.9	10.0	1.0	134.8	14.0	159.7	14.5
(b) Time Deposits	(85.7)	(17.1)	61.2	14.6	48.1	10.0	70.0	13.3	131.7	22.1
(c) Cert. of Deposits	12.0	21.7	(12.7)	(19.4)	3.9	7.4	35.2	62.0	(21.9)	(23.8)
<b>C. FOREIGN CURR. DEPOSITS</b>	117.7	12.1	<b>276.5</b>	<b>25.4</b>	424.5	31.1	154.0	8.6	<b>43.3</b>	2.2
<b>2. SOURCES OF CHANGE</b>	192.5	4.2	<b>308.2</b>	<b>6.1</b>	<b>289.3</b>	5.7	<b>1,015.3</b>	19.1	<b>483.4</b>	<b>7.8</b>
(a) Net Credit to Gov't	297.5	13.8	393.1	16.0	373.7	32.0	1,309.4	40.6	<b>(49.0)</b>	(1.1)
(b) Credit for Cocoa Financing	(58.0)	(83.0)	15.9	133.4	2.8	10.4	11.4	37.1	<b>(24.4)</b>	(58.0)
(c) Credit to Public Insts.	(9.0)	(2.1)	307.2	74.0	153.0	21.2	338.2	38.6	<b>368.1</b>	30.3
(d) Credit to Private sector	40.9	1.7	613.2	24.5	464.3	14.9	251.2	7.0	<b>254.1</b>	7.2
(e) Net Foreign Assets	99.3	90.2	(78.3)	(37.4)	(777.6)	(607.5)	(518.2)	79.8	(252.1)	(21.6)
(f) Other Items (Net)*	(178.2)	25.6	(942.9)	(107.8)	73.1	(4.0)	(376.7)	(21.6)	186.7	8.8

\* Includes revaluation account.

#### 4. Developments in bank credit

##### (i) Central bank credit

Bank of Ghana claims on Government, Public and Financial institutions declined by ₵162.5 billion (5.2%) to ₵2948.6 billion at the end of the review quarter. Net claims on government which accounted for the entire decrease declined by ₵162.4 billion (5.3%). Credit to financial institutions fell slightly to ₵14.9 billion while claims on public institutions increased marginally by ₵0.5 billion to ₵8.0 billion.

**Table 6**  
**Bank of Ghana claims on Government and other institutions**  
(billion cedis)

	1999				2000				2001	Change between Q4.2000 & Q1. 2001	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Abs.	%
<b>NET CLAIMS ON GOVERNMENT</b>	<b>903.1</b>	<b>1,215.8</b>	<b>1,240.7</b>	<b>1,297.7</b>	<b>1,168.8</b>	<b>1,647.6</b>	<b>2,242.2</b>	<b>3,088.2</b>	<b>2,925.8</b>	<b>-162.4</b>	<b>-5.3</b>
GROSS CLAIMS	1,919.8	1,944.4	<b>2,061.7</b>	<b>2,175.4</b>	<b>2,102.5</b>	<b>2,231.9</b>	<b>2,242.2</b>	<b>3,088.2</b>	<b>2,925.8</b>	<b>-162.4</b>	<b>-5.3</b>
Short Term Advances	0.0	0.0	0.0	0.0	0.0	0.0	<b>3.0</b>	<b>855.5</b>	<b>530.7</b>	<b>-324.8</b>	<b>-38.0</b>
Treasury Bills	12.2	36.3	154.1	272.6	199.8	329.6	<b>337.1</b>	<b>331.8</b>	<b>494.2</b>	<b>162.4</b>	<b>49.0</b>
Government Stocks	14.5	15.0	14.5	9.7	9.6	9.2	<b>9.0</b>	<b>7.7</b>	<b>7.7</b>	<b>-0.1</b>	<b>-0.7</b>
Long-term Government Stocks	590.7	590.7	590.7	590.7	590.7	590.7	590.7	590.7	590.7	<b>0.0</b>	<b>0.0</b>
Revaluation Stock	1,302.4	1,302.4	1,302.4	1,302.4	1,302.4	1,302.4	1,302.4	1,302.4	1,302.4	<b>0.0</b>	<b>0.0</b>
GOVERNMENT DEPOSITS	1,016.7	728.6	821.0	877.7	933.7	584.3	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>CLAIMS ON PUBLIC INSTITUTIONS</b>	<b>10.0</b>	<b>10.0</b>	<b>10.0</b>	<b>10.0</b>	<b>7.5</b>	<b>7.2</b>	<b>7.1</b>	<b>7.5</b>	<b>8.0</b>	<b>0.5</b>	<b>6.1</b>
Loans and Advances	7.6	7.6	7.6	7.6	5.1	4.9	<b>4.7</b>	<b>5.1</b>	<b>5.6</b>	<b>0.5</b>	<b>9.0</b>
Investments	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	<b>0.0</b>	<b>0.0</b>
<b>CREDIT TO FINANCIAL INSTITUTIONS</b>	<b>12.0</b>	<b>11.9</b>	<b>12.0</b>	<b>12.0</b>	<b>15.4</b>	<b>15.4</b>	<b>15.4</b>	<b>15.4</b>	<b>14.9</b>	<b>-0.6</b>	<b>-3.7</b>
<b>TOTAL</b>	<b>925.1</b>	<b>1,237.7</b>	<b>1,262.7</b>	<b>1,319.7</b>	<b>1,191.7</b>	<b>1,670.3</b>	<b>2,264.7</b>	<b>3,111.1</b>	<b>2,948.6</b>	<b>-162.5</b>	<b>-5.2</b>

(ii) *Deposit money bank credit*

Deposit money banks' outstanding credit to public institutions and the private sector increased by ₦593.0 billion (11.8%) to ₦5,637.0 billion at the end of the quarter under review. This may be compared with an increase of ₦618.9 billion (14.0%) in the previous quarter and a decline of ₦21.5 billion (0.7%) in the corresponding quarter of 2000.

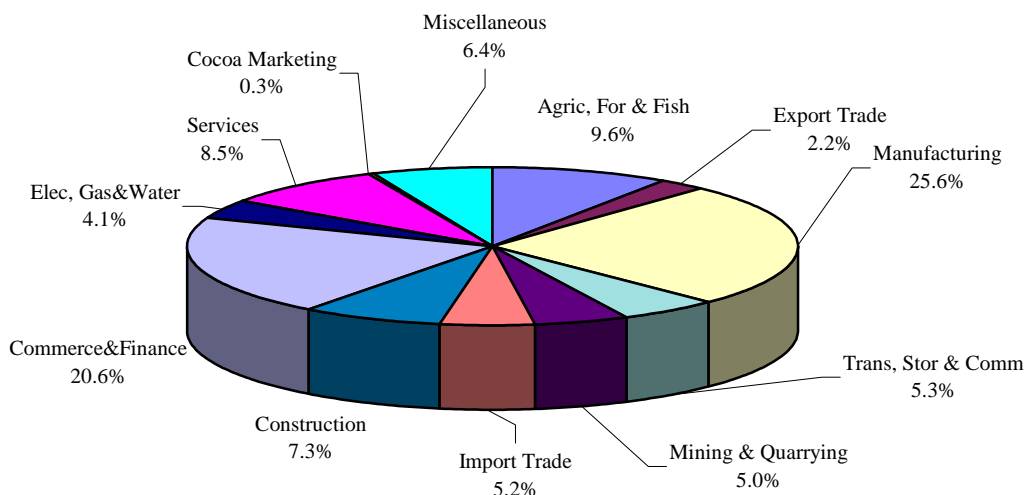
Total outstanding credit to all the sectors showed increases except Cocoa Marketing and Miscellaneous, which declined by ₦24.4 billion (58.0%) and ₦34.5 billion (8.7%) respectively. The Transport, Storage and Communication sector registered the significant increase of ₦144.5 billion (93.5%), followed by Commerce and Finance, and Construction sectors with ₦310.2 billion (36.5%) and ₦70.8 billion (20.8%) respectively.

**Table 7**  
**Sectoral distribution of outstanding credit by deposit money banks**  
(billion cedis)

SECTOR	1999	2000				2001	Change Between	
	Q4	Q1	Q2	Q3	Q4	Q1	Abs.	(%)
Agric., For. & Fish.	340.06	301.36	405.89	507.70	486.49	539.32	52.83	10.86
Export Trade	90.77	76.21	118.69	121.53	114.86	126.62	11.76	10.24
Manufacturing	717.11	746.71	980.79	1266.16	1416.95	1441.19	24.24	1.71
Trans., Stor., & Comm.	76.49	102.39	102.16	118.46	154.58	299.05	144.47	93.46
Mining & Quarrying	166.96	195.07	250.34	278.25	279.32	280.34	1.02	0.36
Import Trade	128.37	146.23	189.65	250.77	275.12	292.02	16.91	6.15
Construction	257.23	223.08	233.95	265.16	340.77	411.53	70.77	20.77
Commerce & Finance	451.44	418.20	551.40	493.75	849.35	1159.55	310.20	36.52
Elec., Gas & Water	122.03	128.39	178.24	223.54	230.24	231.10	0.86	0.37
Services	268.55	269.26	412.32	531.52	458.22	477.12	18.90	4.12
Miscellaneous	231.02	243.60	342.33	337.57	396.03	361.50	-34.53	-8.72
Cocoa Marketing	33.87	11.92	27.83	30.72	42.09	17.69	-24.40	-57.97
<b>TOTAL</b>	<b>2,883.90</b>	<b>2,862.42</b>	<b>3,793.59</b>	<b>4,425.13</b>	<b>5,044.00</b>	<b>5,637.01</b>	<b>593.01</b>	<b>11.76</b>

**Chart 4**

**Sectoral distribution of outstanding credit  
by deposit money banks-end of first quarter 2001**



## 5. Money market transactions

During the quarter under review, total sales for money market instrument was ₵4,783.2 billion. Total money market instruments, which matured in the same period was ₵4,064.1 billion. This resulted in net sales of ₵719.1 billion, of which Banks contributed ₵551.9 billion, Bank of Ghana ₵61.8 billion, Discount Houses ₵88.5 billion and Brokerage Firms ₵16.8 billion.

The increase of ₵719.1 billion during the quarter was the net result of increases in 182-day Treasury bill and 1-year Treasury note of ₵772.2 billion and ₵5.7 billion respectively. This was partially offset by a decrease of ₵58.8 billion in the 91-day treasury bills. The 182-day bill rate was relatively more attractive than the 91-day bill rate during the period.

**Table 8**  
**Money market instruments**  
(million cedis)

	1 9 9 9				2000				2001	Change Between
Market Instruments	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q1 2001 & Q4 2000
<b>Government of Ghana Instruments</b>	<b>3,098,257.7</b>	<b>3,211,596.5</b>	<b>3,468,971.9</b>	<b>3,821,060.1</b>	<b>4,356,772.6</b>	<b>4,597,622.0</b>	<b>4,416,849.1</b>	<b>5,001,858.6</b>	<b>5,720,964.6</b>	<b>719,106.0</b>
91-Day T-Bill	1,464,029.1	1,416,391.7	1,860,397.2	2,847,340.2	3,907,332.5	4,263,186.6	3,720,565.0	3,556,840.9	3,498,067.5	(58,773.4)
182-Day T-Bill	1,284,826.7	1,659,352.9	1,543,415.5	943,064.2	424,248.4	311,984.3	680,458.2	1,431,910.9	2,204,061.4	772,150.5
1-Year T-Note	342,319.1	128,783.1	58,460.0	24,181.9	18,755.5	16,219.4	15,376.8	13,091.8	18,820.7	5,728.9
2-Year T-Note	7,082.7	7,068.8	6,699.2	6,473.8	6,436.2	6,231.7	449.1	15.0	15.0	0.0
<b>Bank of Ghana Instruments</b>	<b>984.2</b>	<b>11,487.0</b>	<b>652.1</b>	<b>376.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Short-dated Bills	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
30-Day Bank of Ghana Bill	0.0	10,711.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
91-Day Bank of Ghana Bill	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
182-Day Bank of Ghana Bill	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1-Year Bank of Ghana Bond	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2-Year Bank of Ghana Bond	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3-Year Bank of Ghana Bond	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5-Year Bank of Ghana Bond	984.2	775.2	652.1	376.1	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL( GOG &amp; BOG Instruments)</b>	<b>3,099,241.9</b>	<b>3,223,083.4</b>	<b>3,469,624.0</b>	<b>3,821,436.2</b>	<b>4,356,772.6</b>	<b>4,597,622.0</b>	<b>4,416,849.1</b>	<b>5,001,858.6</b>	<b>5,720,964.6</b>	<b>719,106.0</b>

## 6. Interest rates

Interest rates remained high during the review quarter in response to Bank of Ghana's intensification of open market operations to mop up excess liquidity and dampen the inflationary pressures in the economy.

The weighted average discount rate of the 91-day Treasury bill increased marginally by 1.2 percentage points to 39.21 per cent. There were no changes in the range of rates for time deposits, with the one-month rate remaining at 13.50 – 39.00 per cent; 12-months rate at 12.50 – 40.00 per cent and the 24-months rate at 15.00 – 18.00 per cent. The maximum lending rate of DMBs' to all sectors of the economy remained unchanged at 55.00 per cent.

## 7. Equity & Bond Markets – Ghana Stock Exchange (GSE)

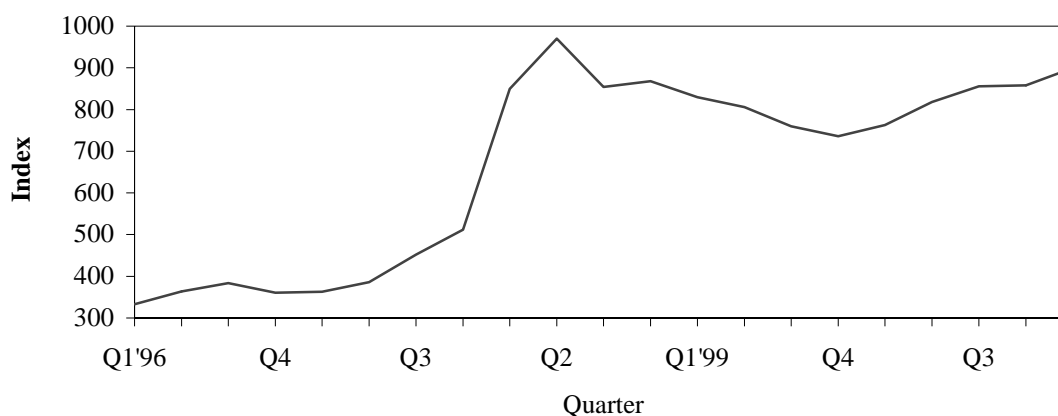
During the quarter, most equity prices made marginal strides allowing the GSE All Share Index to go up by 41.28 points (4.8%) to end the quarter at 899.26 as against a rise of 2.5 points (0.3%) in the previous quarter. The Index gained 26.94 points (3.66%) in the corresponding period of last year to close at 763.1 points.

**Table 9**  
**GSE All-Share Index**  
**(1996 – 2001)**

Period	Index	Change					
		Quarter		Year-to-date		Year-on-Year	
		Points	%	Points	%	Points	%
1996							
Q1	332.7	15.8	5.0	15.8	5.0	36.3	12.3
Q2	363.9	31.2	9.4	46.9	14.8	52.5	16.9
Q3	383.5	19.6	5.4	66.5	21.0	73.5	23.7
Q4	360.8	-22.8	-593.0	43.8	13.8	43.8	13.8
1997							
Q1	363.0	2.2	0.6	2.2	0.6	30.3	9.1
Q2	385.6	22.6	6.2	24.8	6.9	21.7	6.0
Q3	452.2	66.6	17.3	91.5	25.4	68.71	17.9
Q4	511.7	59.5	13.2	151.0	41.9	151.0	42.0
1998							
Q1	849.2	337.5	65.9	337.5	65.9	486.2	133.9
Q2	970.2	121.0	14.3	458.4	89.6	584.6	151.6
Q3	854.3	-115.9	-12.0	342.6	66.9	402.1	88.9
Q4	868.4	14.1	1.7	356.6	69.7	356.6	69.6
1999							
Q1	828.6	-39.7	-54.6	-39.7	-4.6	-20.6	-2.4
Q2	806.1	-22.5	-2.7	-62.2	-7.2	-164.1	-16.9
Q3	759.9	-46.2	-5.7	-108.4	-12.5	-94.4	-11.0
Q4	736.2	-23.8	-3.1	-132.2	-15.2	-132.2	-37.0
2000							
Q1	763.1	26.9	3.7	26.9	3.7	-655.5	-7.9
Q2	817.8	54.7	7.2	81.6	11.1	11.7	1.55
Q3	855.5	37.7	4.6	119.4	16.2	95.6	12.6
Q4	857.9	2.5	0.3	121.8	16.5	121.8	16.5
2001							
Q1	899.3	41.3	4.8	41.28	4.8	136.2	17.8

**Chart 5**

**GSE All-Share Index**

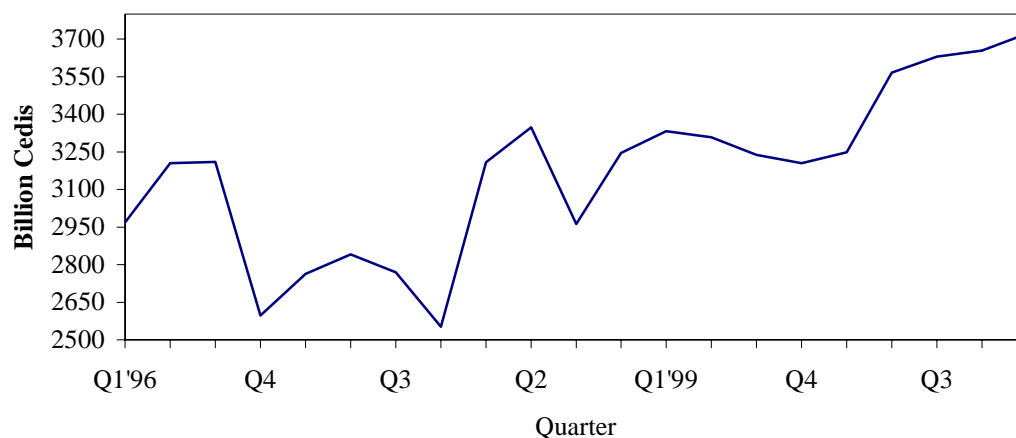


Market capitalization during the quarter gained €67.3 billion (1.8%) over the review quarter to settle at €3,722.34 billion. For the corresponding period last year, market capitalization gained 1.33 per cent to €3,247.9 billion. AGC is still the largest of all the listed companies by market capitalization accounting for a share of 56 per cent.

**Table 10**  
**GSE Market Capitalisation (1996 – 2001)**

Period	Market Cap. (€'billion)	Change					
		Quarterly		Year-to-date		Year-on-Year	
		(€'billion)	%	(€'billion)	%	(€'billion)	%
1996							
Q1	2968.4	569.3	23.7	569.3	23.7	897.5	43.3
Q2	3204.9	236.5	8.0	806.0	33.6	774.3	31.9
Q3	3209.8	4.9	0.2	810.7	33.8	899.7	39.0
Q4	2597.2	-612.6	-19.1	198.2	8.3	198.2	8.3
1997							
Q1	2763.4	166.2	6.4	166.2	6.4	-205.0	-6.9
Q2	2841.0	77.7	2.8	243.8	9.4	363.9	-11.4
Q3	2770.0	-71.0	-2.5	172.8	6.7	-439.8	-13.7
Q4	2552.8	-217.2	-7.8	-44.4	-1.7	-44.4	-1.7
1998							
Q1	3208.6	655.9	25.7	655.9	25.7	445.3	16.1
Q2	3347.5	138.8	4.3	794.7	31.1	506.4	17.8
Q3	2961.9	-385.6	-11.5	409.1	16.0	191.9	6.9
Q4	3245.6	283.8	9.6	692.8	27.1	692.8	27.1
1999							
Q1	3333.2	87.6	2.7	87.6	2.7	124.6	3.9
Q2	3308.5	-24.7	0.7	62.9	1.9	-38.9	-1.2
Q3	3238.0	-70.5	-2.1	-7.6	-0.2	276.1	9.3
Q4	3205.4	-32.6	-1.0	-40.2	-1.2	-40.2	-1.2
2000							
Q1	3,247.8	42.5	1.3	42.5	1.3	-85.4	-2.6
Q2	3,566.4	318.5	9.8	361.0	11.3	257.9	7.8
Q3	3629.7	63.3	1.8	424.3	13.2	391.7	12.1
Q4	3655.0	25.4	0.7	449.7	14.0	449.7	14.0
2001							
Q1	3,722.3	67.3	1.8	67.3	1.8	474.5	14.6

**Chart 6**  
**Market Capitalisation**



Volume of trade declined by 20.4 per cent from 7,129,600 to 5,675,950 recorded at the last quarter of 2000. Value of trade for the quarter amounted to ₺216,478.35 million compared to ₺201,139.45 billion in the previous quarter. In the review period, 13 equities appreciated in price while five lost value.

The bond market was moderately active during the quarter under review. A total of 1,536 bonds valued at USD 18.36 million were traded on the market.

**Table 11**  
**Bids Offers and Trading in Equities**

Category	2000				2001	Change between Q4'2000 & Q1'2001	
	Q1	Q2	Q3	Q4	Q1	Abs	%
Trade Volume	2,520.0	1,146.0	1,674.0	16,453.0	1,536.0	(14,917.0)	(90.7)
Trade Value(\$'000)	252.0	116.4	170.2	1,676.6	18,364.0	(1,492.9)	89.1

## B. DEVELOPMENTS IN THE RURAL BANKING SECTOR

During the first quarter of 2001, the total number of rural banks in the country remained at 113 as at the end of December 2000. A reclassification of these banks based on the capital adequacy ratio of 6 per cent was as follows: 62 satisfactory, 47 mediocre and 2 distressed. There were 2 newly licensed banks.

### 1. Assets and Liabilities of Rural Banks

The consolidated balance sheet of rural/community banks as at March 31, 2001 showed that the total assets of the rural banking industry was ₺377.7 billion. This represented an increase of ₺64.7 billion (20.7 %) over the end of December 2000 position. The rural banks continued to expand their assets base through a systematic improvement in resource mobilization and efficiency in funds management.

Holdings of treasury bills and bonds increased by ₺50.2 billion (36.5%) to ₺187.6 billion. Total cash and balances with other banks also increased by ₺9.2 billion (19.8%) to ₺56.0 billion.

The outstanding loans and advances amounted to ₺92.2 billion, representing an increase of ₺9.0 billion (10.8 %) during the period. Of the outstanding credit, ₺78.0 billion (84.6%) was current and ₺14.2 billion were overdue.

Data available on sectoral breakdown basis from 68 rural banks showed that the "others"<sup>4</sup> sector continued to receive the largest proportion of available credit during the review quarter. Total loans and advances granted by these banks amounted to ₺65.53 billion. Of this amount, 50.0 per cent was allocated to the miscellaneous sector and 21.7 per cent to trading. The Agriculture, Transport and Cottage Industry sectors received 18.5 per cent, 5.0 per cent and 4.8 per cent respectively.

**Table 12**  
**Sectoral breakdown of outstanding loans and advances of rural/community banks**  
(billion cedis)

	1999		2000				2001
	Q3	Q4	Q1*	Q2*	Q3*	Q4*	Q1
Agricultural	6.64	9.73	9.64	12.07	14.29	8.77	12.12
Cottage Industry	1.12	2.25	2.21	2.34	3.37	3.11	3.14
Transport	2.18	3.65	3.32	4.08	4.32	3.44	3.26
Trading	6.57	12.98	14.22	14.54	15.87	11.27	14.22
Others (miscellaneous)	14.84	26.80	27.98	28.82	34.48	29.75	32.79
Total	31.35	55.42	57.38	61.86	72.34	56.35	65.53
No. of reporting banks	81	89	83	88	86	70	68

\* Revised Figures

<sup>4</sup> This sector comprises miscellaneous allocation of credits to individuals for purposes other than agriculture, cottage industry, trading and transportation



Total deposits amounted to ₦280.6 billion, an increase of ₦46.8 billion over the previous quarter's position of ₦233.9 billion. Savings deposit which represented the largest proportion of total deposit liabilities increased by ₦31.3 billion (21.3%) to ₦178.4 billion. Demand and time deposits also increased by ₦9.4 billion (13.7%) and ₦6.1 billion (33.5%) to ₦78.0 billion and ₦24.3 billion respectively. The balance on the demand deposits was ₦77.99 billion, which also recorded an increase of ₦9.40 billion (13.7 %). Time deposits also increased by ₦6.09 billion (33.5%) from ₦18.16 billion to ₦24.25 billion.

**Table 13**  
**Consolidated assets and liabilities of rural/community banks**  
**(Billion Cedis)**

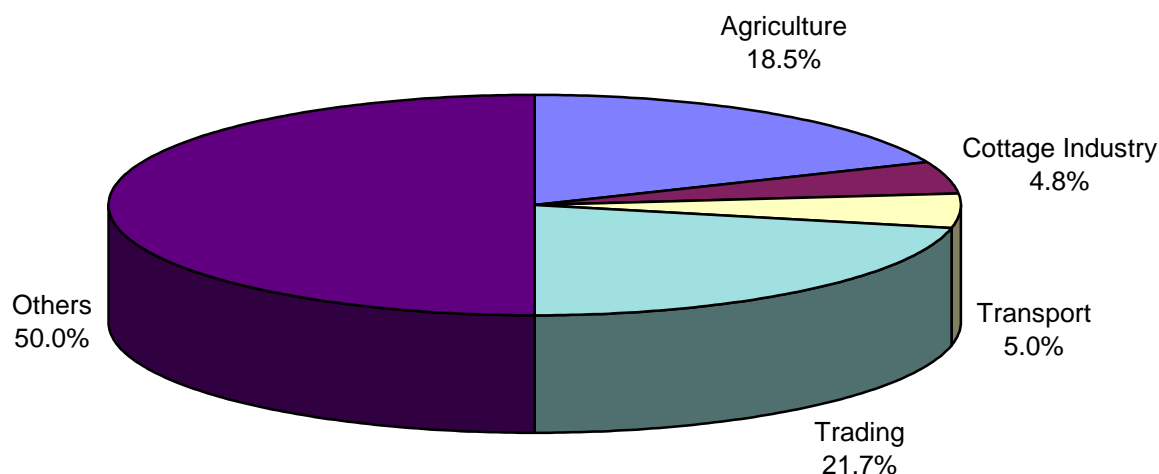
	1999	2000					Change between	
		Q1	Q2	Q3	Q4*	2001	Q4'2000	Q1'2001
	Q4	Q1	Q2	Q3	Q4*	Q1	Abs	%
<b>ASSETS</b>								
<b>Total Assets</b>	205.71	229.72	249.89	278.09	312.99	377.68	64.70	20.67
<b>of which</b>								
Cash and balances	30.16	32.68	37.40	45.44	46.74	55.98	9.24	19.77
Bills and bonds	76.00	92.13	106.35	116.55	137.42	187.57	50.15	36.50
Loans and Advances	67.28	72.36	73.45	77.05	83.26	92.24	8.98	10.79
i) Outstanding	58.37	59.69	60.16	62.98	68.99	78.02	9.03	13.09
ii) Overdue	8.90	12.67	13.29	14.07	14.27	14.22	(0.05)	-0.35
Others	32.273	32.544	32.699	39.049	45.572	41.89	(3.68)	-8.08
<b>LIABILITIES</b>								
<b>Total Liabilities</b>	205.71	229.72	249.89	278.09	312.99	377.68	64.70	20.67
<b>of which</b>								
Total Deposit	149.82	166.71	180.06	199.60	233.85	280.62	46.77	20.00
i) Demand Deposit	44.31	50.30	54.31	63.07	68.58	77.98	9.40	13.70
ii) Saving Deposit	91.63	101.34	110.28	119.99	147.11	178.39	31.28	21.26
iii) Time Deposit	13.87	15.08	15.47	16.54	18.16	24.25	6.09	33.54
Shareholders Funds	17.03	21.65	21.80	21.44	20.62	36.63	16.02	77.69
i) Paid-up Capital	5.43	5.50	6.08	6.69	6.58	7.05	0.47	7.14
ii) Reserves	11.60	16.16	15.72	14.75	14.04	29.58	15.55	110.76
Others	38.86	41.35	48.03	57.05	58.52	60.43	1.91	3.26

\* Revised

Number of selected banks 110

**Chart 7**

**Percentage distribution of loans and advances by rural/community banks - end of first quarter 2001**



## **2. Reserve requirements of rural banks**

The primary reserves of the rural banks was ₺56.0 billion representing 20.0 per cent of total deposit liabilities at the end of the review quarter. The reserve ratio of 20.0 per cent was therefore above the minimum requirement of 10.0 per cent. The secondary reserves amounted to ₺187.6 billion and represented 66.8 per cent of total deposit liabilities and may be compared with the minimum requirement of 52.0 per cent.

## C. PUBLIC FINANCE

Fiscal operations during the first quarter of 2001 resulted in an overall broad budget deficit of ¢122.8 billion (0.32% of GDP). This was the result of total revenue of ¢2,085.2 billion and total payments of ¢2,208.0 billion. There was however, a domestic primary surplus of ¢512.1 billion (1.35% of GDP).

### 1. Total revenue

Total revenue of ¢2,085.2 billion for the review period compared favourably with ¢1,538 billion for the preceding quarter. This was the result of improved tax administration and a reduction in tax exemptions. Of the total revenue, tax revenue amounted to ¢1,459.6 billion, non-tax revenue ¢40.1 billion, grants ¢556.6 billion and divestiture receipts ¢28.9 billion.

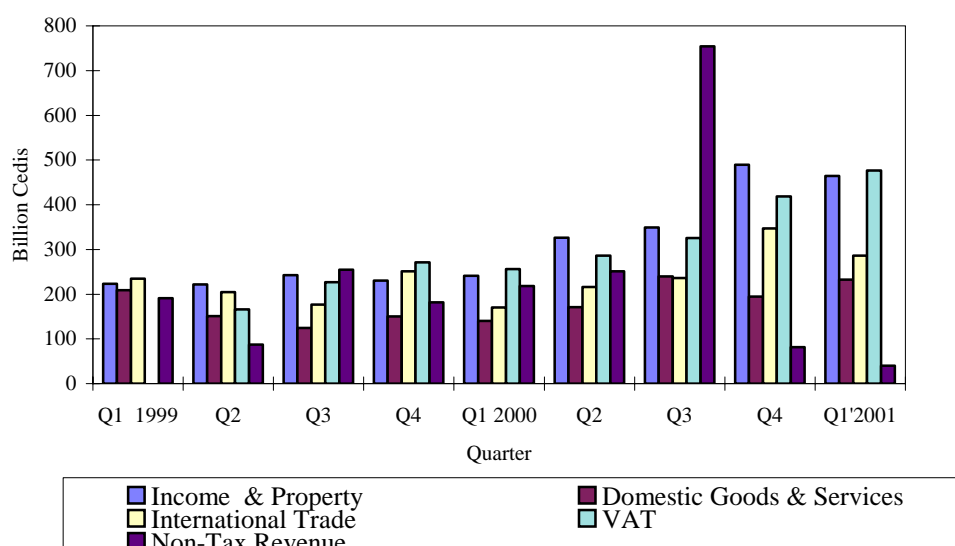
The sources of tax revenue were Income and Property ¢464.5 billion, Domestic goods and services ¢232.6 billion, international trade ¢285.9 billion and VAT ¢476.6 billion.

**Table 14**  
**Sources of revenue**  
(billion cedis)

	1999				2000				2001
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
<b>A. TAX REVENUE</b>	<b>667.1</b>	<b>743.7</b>	<b>770.3</b>	<b>903.2</b>	<b>800.0</b>	<b>999.8</b>	<b>1,196.7</b>	<b>1,449.6</b>	<b>1,459.6</b>
<b>1. Income and Property</b>	<b>223.5</b>	<b>221.9</b>	<b>242.5</b>	<b>230.2</b>	<b>232.7</b>	<b>326.5</b>	<b>349.5</b>	<b>489.4</b>	<b>464.5</b>
Paye	73.7	67.4	79.8	97.6	95.5	126.9	122.8	123.0	167.5
Self-Employed	12.8	13.6	14.7	24.5	11.5	36.9	30.8	10.9	24.3
Companies	114.5	132.8	116.6	82.0	84.9	115.3	143.3	332.3	214.3
Others	22.5	8.1	31.5	26.1	40.8	47.5	52.6	23.2	58.3
<b>2. Domestic Goods &amp; Serv.</b>	<b>135.1</b>	<b>151.0</b>	<b>124.3</b>	<b>150.3</b>	<b>155.6</b>	<b>171.1</b>	<b>219.4</b>	<b>194.4</b>	<b>232.6</b>
Excise Duty	41.9	58.0	27.2	39.9	43.3	47.7	92.9	55.0	70.1
Sales Tax	-	-	-	-	-	-	-	-	-
Petroleum Tax	93.1	93.0	97.0	110.4	112.3	123.4	126.5	139.4	162.5
<b>3. International Trade</b>	<b>153.6</b>	<b>204.9</b>	<b>176.4</b>	<b>251.1</b>	<b>170.3</b>	<b>215.8</b>	<b>235.9</b>	<b>347.2</b>	<b>285.9</b>
<b>Imports</b>	<b>109.6</b>	<b>136.8</b>	<b>147.1</b>	<b>138.2</b>	<b>160.4</b>	<b>170.8</b>	<b>182.7</b>	<b>276.5</b>	<b>245.9</b>
Import Duty	99.1	107.7	123.4	124.4	151.4	157.1	167.1	252.9	212.1
Special Tax	5.7	6.3	7.2	6.1	0.1	0.2	0.2	0.3	14.5
Other Taxes	4.8	22.8	16.5	7.7	8.8	13.6	15.4	23.3	19.3
<b>Export - Cocoa</b>	<b>44.0</b>	<b>68.0</b>	<b>29.3</b>	<b>112.8</b>	<b>9.9</b>	<b>45.0</b>	<b>53.2</b>	<b>70.7</b>	<b>40.0</b>
<b>4. VAT</b>	<b>154.9</b>	<b>165.9</b>	<b>227.1</b>	<b>271.5</b>	<b>241.4</b>	<b>286.4</b>	<b>391.9</b>	<b>418.6</b>	<b>476.6</b>
Domestic	73.8	71.2	86.3	144.3	106.8	104.4	181.6	69.1	151.6
External	81.1	94.7	140.8	127.3	134.6	182.0	210.3	349.5	325.0
<b>B. NON-TAX REVENUE</b>	<b>107.1</b>	<b>59.8</b>	<b>84.2</b>	<b>59.4</b>	<b>93.5</b>	<b>107.2</b>	<b>133.6</b>	<b>81.3</b>	<b>40.1</b>
Income Fees & Charges	29.9	-	-	-	-	-	-	-	-
Others	77.2	59.8	84.2	59.4	-	107.2	133.6	-	-
<b>C. GRANTS</b>	<b>84.3</b>	<b>27.2</b>	<b>119.6</b>	<b>119.8</b>	<b>119.0</b>	<b>123.1</b>	<b>324.5</b>	<b>7.7</b>	<b>556.6</b>
Project Grants	45.9	22.2	90.9	42.3	114.0	61.8	153.1	7.7	117.2
Program Grants	38.4	5.0	28.7	77.5	5.0	61.2	171.4	-	439.5
<b>D. DIVESTITURE RECEIPTS</b>	<b>-</b>	<b>-</b>	<b>51.0</b>	<b>2.3</b>	<b>5.5</b>	<b>21.3</b>	<b>295.8</b>	<b>-</b>	<b>28.9</b>
<b>TOTAL REVENUE &amp; GRANTS</b>	<b>858.5</b>	<b>830.7</b>	<b>1,025.1</b>	<b>1,084.7</b>	<b>1,018.0</b>	<b>1,251.4</b>	<b>1,950.6</b>	<b>1,538.6</b>	<b>2,085.2</b>

**Chart 8**

**Sources of Government revenue**



## 2. Government expenditure

Total government expenditure (including net lending) for the review period was ¢2,208.0 billion compared with ¢2,577.8 billion for the quarter of 2000. Recurrent expenditure amounted to ¢1,462.2 billion (66.2%), capital expenditure ¢600.0 billion (27.2%) and payment of outstanding liabilities ¢145.9 billion (6.6%).

Under recurrent expenditure, non-interest payments amounted to ¢806.5 billion and interest payments ¢655.7 billion. The largest item of non-interest expenditure was personal emoluments of ¢573.4 billion. Capital expenditure for the period was ¢600.0 billion of which ¢181.1 billion (30.2%) was financed from domestic sources and ¢418.9 billion (69.8%) from foreign sources.

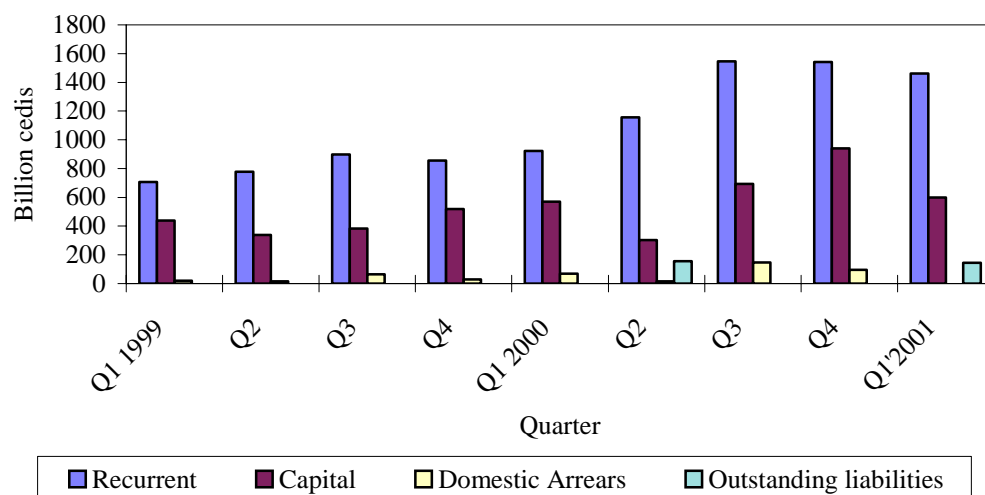
**Table 15**  
**Items of Government expenditure**  
(billion cedis)

	1999				2000				2001
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
<b>RECURRENT</b>	<b>705.8</b>	<b>776.9</b>	<b>897.1</b>	<b>856.4</b>	<b>912.3</b>	<b>1,137.0</b>	<b>1,442.3</b>	<b>1,542.5</b>	<b>1,462.2</b>
<b>Non-Interest Expenditure</b>	<b>463.5</b>	<b>483.0</b>	<b>630.4</b>	<b>509.1</b>	<b>502.1</b>	<b>690.8</b>	<b>870.4</b>	<b>937.4</b>	<b>806.5</b>
Personal Emoluments	245.6	244.7	386.3	285.2	281.1	383.2	421.1	337.4	573.4
Goods & Services	96.2	99.0	72.1	68.7	84.5	133.7	189.9	292.0	80.8
Items 2-5 <sup>1</sup>	96.2	99.0	72.1	68.7	84.5	133.7	189.9	292.0	80.8
Environ. & Emergency Fund	-	-	-	-	-	-	-	-	-
Subventions	64.2	74.2	76.2	74.9	64.3	95.3	144.5	141.3	0
Transfers	57.5	65.1	95.8	80.3	72.3	78.5	114.9	166.7	113.3
Pensions	19.8	23.9	25.8	23.1	24.7	28.1	41.5	62.0	55.8
Gratuities	13.5	14.3	19.1	16.4	17.2	19.5	29.8	49.6	8.9
Social Security	24.2	26.9	50.9	40.7	30.3	30.9	43.6	55.1	48.7
Redeployment & ESB	-	-	-	-	-	-	-	-	0
VAT Refund	-	-	-	-	-	-	-	-	4.8
Others	-	-	-	-	-	-	-	-	34.1
<b>Interest Payments</b>	<b>242.3</b>	<b>294.0</b>	<b>266.7</b>	<b>347.3</b>	<b>410.2</b>	<b>446.2</b>	<b>571.9</b>	<b>605.2</b>	<b>655.7</b>
Interest Domestic	177.1	215.3	220.2	259.2	294.0	354.9	366.9	430.4	476.3
Interest External	65.2	78.7	46.5	88.1	116.2	91.3	204.9	174.7	179.4
Current	-	-	-	-	-	-	-	-	49.1
Arrears	-	-	-	-	-	-	-	-	130.2
<b>CAPITAL</b>	<b>438.8</b>	<b>339.5</b>	<b>383.1</b>	<b>518.5</b>	<b>521.8</b>	<b>322.4</b>	<b>746.2</b>	<b>939.7</b>	<b>600.0</b>
<b>Capital(domestic financed)</b>	<b>211.5</b>	<b>181.4</b>	<b>136.5</b>	<b>304.9</b>	<b>157.1</b>	<b>121.1</b>	<b>221.4</b>	<b>684.8</b>	<b>181.1</b>
Development	211.5	182.6	136.5	304.9	157.1	121.1	221.4	630.6	174.4
Educational Trust fund	-	-	-	-	-	0.2	1.0	30.9	-
Cash Expenditure	170.7	182.6	95.1	304.9	113.8	82.0	44.3	409.9	33.9
District Assembly Common Fund	40.8	-	41.3	-	-	30.5	109.9	52.8	-
Road Fund	-	-	-	-	43.3	8.4	66.2	137.1	61.2
Petroleum related fund	-	-	-	-	-	-	-	-	79.2
Net-Lending	-	(1.2)	-	-	-	-	-	54.2	6.7
New Loans	-	-	-	-	-	-	-	54.2	-
Loan Recoveries	-	(1.2)	-	-	-	-	-	-	-
<b>Capital(foreign financed)</b>	<b>227.3</b>	<b>158.1</b>	<b>246.6</b>	<b>213.7</b>	<b>364.7</b>	<b>201.3</b>	<b>524.8</b>	<b>254.9</b>	<b>418.9</b>
<b>DOMESTIC ARREARS</b>	<b>20.0</b>	<b>15.0</b>	<b>65.0</b>	<b>30.0</b>	<b>70.0</b>	<b>15.0</b>	<b>147.8</b>	<b>95.6</b>	<b>0</b>
<b>OUTSTANDING LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>156.0</b>	<b>-</b>	<b>0</b>	<b>145.8</b>
<b>TOTAL EXPENDITURE</b>	<b>1,164.6</b>	<b>1,131.4</b>	<b>1,345.2</b>	<b>1,404.9</b>	<b>1,504.1</b>	<b>1,630.4</b>	<b>2,336.3</b>	<b>2,577.8</b>	<b>2,208.0</b>

\* Covers expenditure on Maintenance, Repairs, Transport and Travels.

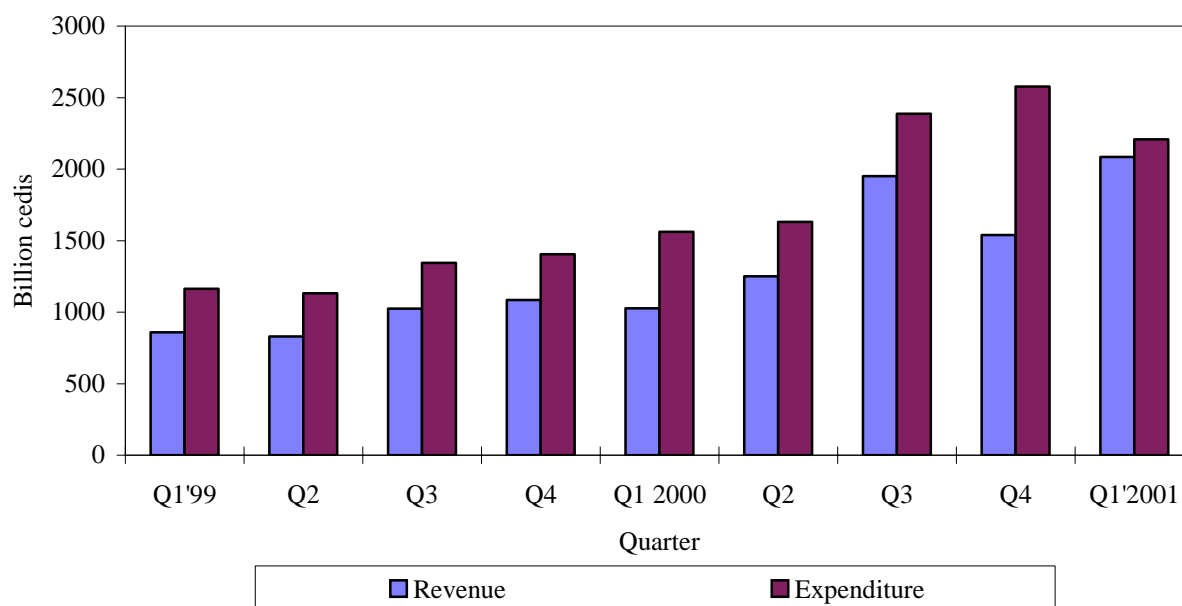
**Chart 9**

**Items of Government expenditure**



**Chart 10**

**Government revenue and expenditure**



### 3. Financing

In the review period, the overall deficit of ₦122.8 billion in addition to a net foreign repayment of ₦240.4 billion created a resource gap of ₦363.2 billion. This was financed through a net borrowing from the domestic sector.

**Table 16**  
**Summary of Government finances**  
(billion cedis)

	1999				2000				2001
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
REVENUE	858.5	830.7	1,025.1	1,084.7	1,018.0	1,250.7	1,900.4	1,538.6	2,085.2
EXPENDITURE	1,164.6	1,131.4	1,345.2	1,404.9	1,504.1	1,630.4	2,336.3	2,577.8	2,208.0
DEFICIT(-)/SURPLUS(+)	(306.1)	(300.7)	(320.1)	(320.2)	(486.1)	(379.7)	(435.9)	(1,039.2)	(122.7)
FINANCING	306.1	300.7	320.2	320.2	534.1	379.8	435.7	1,039.6	122.8
DOMESTIC (NET)	283.4	366.2	136.2	331.9	386.1	504.7	386.2	1,120.2	363.2
BANKING SECTOR	222.5	391.6	191.0	237.0	297.8	393.1	373.2	1,309.4	(49.0)
Bank of Ghana	(175.8)	312.7	25.0	57.7	(131.6)	478.7	594.6	845.8	(162.3)
Deposit Money Banks	398.3	78.9	166.0	179.3	429.4	(85.6)	(221.4)	463.6	113.3
NON-BANK SECTOR	60.9	(25.4)	(54.8)	94.9	88.4	111.6	13.0	(189.2)	412.2
FOREIGN (NET)	22.7	(65.5)	184.0	(11.7)	148.0	(124.9)	49.6	(80.6)	(240.4)
INFLOWS	213.2	135.9	359.6	171.3	461.0	139.5	681.8	577.2	334.1
PROGRAMME LOANS	31.8	-	203.9	-	162.0	-	310.1	330.0	32.3
PROJECT LOANS	181.4	135.9	155.8	171.3	299.0	139.5	371.7	247.2	301.8
AMORTIZATION	190.5	201.4	175.6	183.0	313.0	264.4	632.2	657.8	574.5
Memorandum Items									
PRIMARY BALANCE	99.2	139.1	87.7	148.7	234.3	294.4	188.2	(91.2)	512.1
AS A % GDP	0.50	0.70	0.44	0.75	0.97	1.15	0.74	-0.36	1.35
BUDGET BALANCE	(306.1)	(300.7)	(320.1)	(320.2)	(486.1)	(379.7)	(435.9)	(1,039.2)	(122.7)
AS A % GDP	(1.54)	(1.51)	(1.61)	(1.61)	(2.00)	(1.48)	(1.70)	(4.06)	(0.32)
GDP	19,885.0	19,885.0	19,885.0	19,885	24,271	25,576	25,576	25,576	38,014

#### 4. Composition of the domestic debt

The domestic debt, including revaluation stock, at the end of the review period stood at ₵8,267.7 billion, showing an increase of ₵425.4 billion during the quarter.

The change in the stock of debt was the result of increases of ₵5.7 billion and ₵744.5 billion in Government stock and Treasury bills respectively and a decrease of ₵324.8 billion in short term advance.

**Table 17**  
**Composition of the domestic debt**  
(million cedis)

	2000				2001	Quarterly Change
	Q1	Q2	Q3	Q4	Q1	Abs
Government Stocks	107,997.8	105,257.2	98,632.0	95,906.9	101,641.8	5,734.9
Treasury Bills	4,331,580.9	4,575,170.9	4,401,023.2	4,997,435.8	5,741,978.1	744,542.3
Short term Advance	0.0	0.0	0.0	855,577.2	530,727.0	(324,850.2)
Treasury Bonds	115.0	115.0	115.0	115.0	115.0	0.0
Bearer Bonds	150.0	150.0	150.0	150.0	150.0	0.0
Compensatory Stocks	4.3	4.3	4.3	4.3	4.3	0.0
Development Bonds	6.0	6.0	6.0	6.0	6.0	0.0
Loans from COCOBOD	8.5	8.5	8.5	8.5	8.5	0.0
Loans from Railways & Ports	20.6	20.6	20.6	20.6	20.6	0.0
Long Term Government Stocks	590,740.8	590,740.8	590,740.8	590,740.8	590,740.8	0.0
Revaluation Stocks	1,302,365.3	1,302,365.3	1,302,365.3	1,302,365.3	1,302,365.3	0.0
TOTAL	6,332,989.2	6,573,838.6	6,393,065.7	7,842,330.4	8,267,757.4	425,427.0

## 5. Holdings of the domestic debt

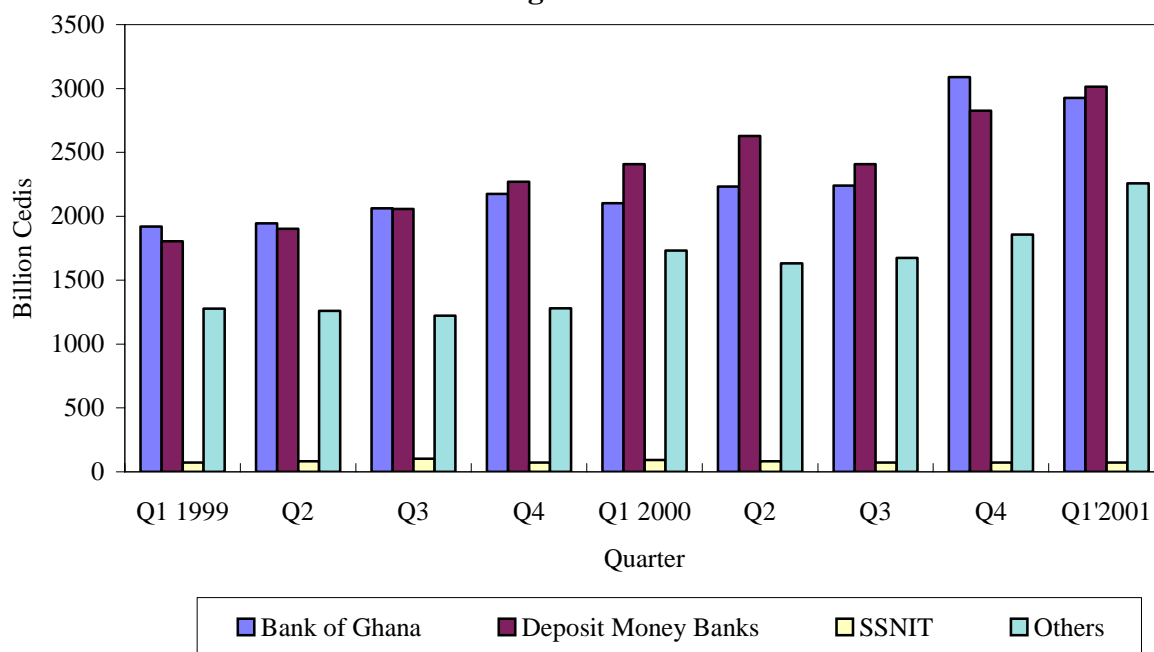
At the end of the review period, Bank of Ghana's holdings of the domestic debt stood at ₵2,925.7 billion, representing 35.4 per cent of total debt. This compares with ₵3088.2 billion (39.4%) recorded at the end of the last quarter of year 2000. The deposit money banks held ₵3,013.7 billion (36.4%), SSNIT ₵71.5 billion (0.9%) and other holders ₵2,256.8 billion (27.3%).

**Table 18**  
**Holdings of the domestic debt**  
(million cedis)

	Q1 2000		Q2 2000		Q3 2000		Q4 2000		Q1 2001	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
BANK OF GHANA	2,102.6	33.2	2,231.9	34.0	2,239.3	35.0	3,088.2	39.4	2,925.7	35.4
DEPOSIT MONEY BANKS	2,698.1	42.6	2,628.7	40.0	2,407.8	37.7	2,825.6	36.0	3,013.7	36.5
SSNIT	91.5	1.4	81.5	1.2	71.5	1.1	71.5	0.9	71.5	0.9
OTHERS	1,440.8	22.8	1,631.7	24.8	1,674.5	26.2	1,857.1	23.7	2,256.8	27.3
<b>TOTAL</b>	<b>6,333.0</b>	<b>100.0</b>	<b>6,573.8</b>	<b>100.0</b>	<b>6,393.1</b>	<b>100.0</b>	<b>7,842.3</b>	<b>100.0</b>	<b>8,267.8</b>	<b>100.0</b>

**Chart 11**

**Holdings of the domestic debt**





## D. EXTERNAL FINANCE

### 1. Foreign Assets and Liabilities of the Banking System

The net foreign assets (NFA) of the banking system deteriorated by US\$63.65 million to –US\$204.38 million at the end of the first quarter of 2001. This resulted from decreases of US\$79.21 million in gross assets and US\$16.06 million in liabilities. The determination was due to unfavourable developments in both the NFA of the Central Banks and DMBs.

The Central Bank's NFA deteriorated by US\$59.50 million to –US\$207.16 million at the end of the quarter under review. Gross foreign assets fell by US\$55.22 million showing mainly in decreases of US\$51.79 million and US\$30.88 million in disposable balances and its holdings of foreign notes and coins respectively. The Bank's holdings of SDRs on the other hand, increased by US\$0.64 million.

The NFA position of the DMBs also deteriorated of US\$4.15 million to US\$2.78 million at the end of the quarter. Total assets declined by US\$24.49 million to US\$347.02 million while liabilities also fell by US\$20.34 million to US\$344.24 million.

**Table 19**  
**Foreign assets and liabilities of the banking system**  
(million US dollars)

	2000				2001	Quarterly Change	
	Q1	Q2	Q3	Q4	Q1*	Abs	%
<b>Central Bank</b>							
<b>Assets</b>							
Gold	78.87	78.92	78.95	79.02	79.02	0.00	0.00
SDRs	7.92	55.11	4.31	0.53	1.17	0.64	120.75
Reserve position with the Fund	55.29	0.00	0.00	0.00	0.00	0.00	0.00
Others	224.44	173.25	163.44	165.15	109.38	-55.77	-33.77
Foreign notes & coins	14.81	14.90	18.79	7.69	3.81	-3.88	-50.46
Foreign securities	48.58	47.53	48.12	48.49	48.39	-0.10	-0.21
Disposable balances	161.05	110.82	96.53	108.97	57.18	-51.79	-47.53
Uncommitted balances	55.65	23.12	46.23	78.71	41.33	-37.38	-47.49
Committed balance	105.40	87.70	50.30	30.26	15.85	-14.41	-47.62
Bilateral trade balance	11.62	11.50	11.43	11.47	11.38	-0.09	-0.78
<b>Total</b>	378.14	318.78	258.13	256.17	200.95	-55.22	-21.56
<b>Liabilities</b>							
IMF	294.24	277.75	296.41	282.41	264.05	-18.36	-6.50
Short-term credit	40.00	40.00	40.00	25.00	40.00	15.00	60.00
Other deposits with BOG	63.64	69.88	95.04	96.42	104.06	7.64	7.92
Bilateral trade balance	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total</b>	397.88	387.63	431.45	403.83	408.11	4.28	1.06
<b>Net</b>	-19.74	-68.85	-173.32	-147.66	-207.16	-59.50	40.30
<b>Deposit Money Banks</b>							
<b>Assets</b>	372.20	547.11	418.28	371.51	347.02	-24.49	-6.59
<b>Liabilities</b>	327.91	485.62	384.95	364.58	344.24	-20.34	-5.58
<b>Net</b>	44.29	61.49	33.34	6.93	2.78	-4.15	-59.89
<b>Total Banking System</b>							
<b>Assets</b>	750.34	865.89	676.41	627.68	547.97	-79.71	-12.70
<b>Liabilities</b>	725.79	873.25	816.40	768.41	752.35	-16.06	-2.09
<b>Net</b>	24.55	-7.36	-139.98	-140.73	-204.38	-63.65	45.23

\*provisional

## 2. External Debt

Ghana's external debt decreased by US\$132.57 million to US\$5,905.52 million at the end of the quarter. The reduction in the debt was the result of decreases in short, medium and long term debt.

At the end of the review period short-term debt amounted to US\$215.0 million, indicating a fall of US\$60.0 million. The short term debt was made up of cocoa loan of US\$175 million, UBS and BIS facilities of US\$15 million and US\$25 million respectively.

Medium-term debt also declined by US\$68.12 million to US\$303.63 million. This was a result of a decrease of US\$18.36 million in outstanding obligations to the IMF and a decline of US\$49.76 million in Non-oil debt.

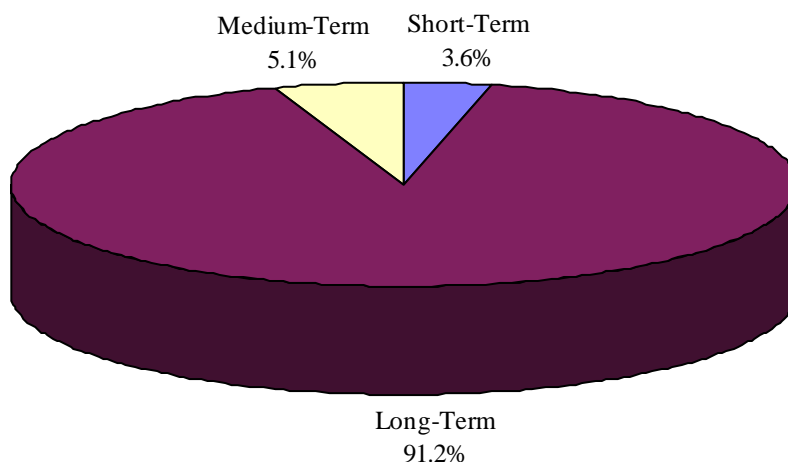
Long-term debt also decreased by US\$4.45 million to US\$5,386.89 million and constituted 91.22 per cent of total external debt at the end of the review quarter and was explained by a reduction of US\$4.65 million in multilateral debt. The long-term debt consisted of US\$3,812.48 million owed to multilateral institutions and US\$1,574.41 million to bilateral donors.

**Table 20**  
**Ghana's external debt**  
(million US dollars)

	1999	2000	2001	Change	
	Q4	Q4	Q1	Abs.	%
<b>TOTAL DEBT</b>	<b>5,974.20</b>	<b>6,038.09</b>	<b>5,905.52</b>	- 132.57	-2.20
<b>SHORT TERM</b>	<b>295.00</b>	<b>275.00</b>	<b>215.00</b>	- 60.00	-21.82
(a) <i>Arrears</i>	0.00	0.00	0.00		
(b) <i>Loans and Overdrafts facility</i>	295.00	275.00	215.00	- 60.00	-21.82
(c) <i>Short term oil</i>	0.00	0.00	0.00		
<b>MEDIUM TERM</b>	<b>504.64</b>	<b>371.75</b>	<b>303.63</b>	- 68.12	-18.32
(a) <i>Medium-Term (Non Oil)</i>	<b>184.37</b>	<b>78.54</b>	<b>28.78</b>	- 49.76	-63.36
(i) <i>Pre-1966 Rescheduled</i>	14.20	0.00	0.00		
(ii) <i>Post-1966 Debt</i>	170.17	78.54	28.78	- 49.76	-63.36
(b) <i>Medium-Term (Oil)</i>	<b>10.80</b>	<b>10.80</b>	<b>10.80</b>		
(c) <i>IMF</i>	<b>309.47</b>	<b>282.41</b>	<b>264.05</b>	- 18.36	-6.50
(i) <i>SAF</i>	60.28	56.69	55.43	- 1.26	-2.22
(ii) <i>ESAF</i>	249.19	191.23	178.35	- 12.88	-6.74
(iii) <i>TRUST FUND LOANS</i>	0.00	34.49	30.27	- 4.22	-12.24
(iv) <i>Other*</i>	0.00	0.00	0.00		
<b>LONG TERM</b>	<b>5,174.56</b>	<b>5,391.34</b>	<b>5,386.89</b>	- 4.45	-0.08
(a) <i>Bilateral</i>	1,514.08	1,579.06	1,574.41	- 4.65	-0.29
(b) <i>Multilateral</i>	3,660.48	3,812.28	3,812.48	0.20	0.01

**Chart 12**

**Structure of external debt - End of first quarter 2001**



**3. Developments in the Foreign Exchange Market**

There was relative stability of the cedi in both the inter-bank and the forex bureaux markets during the first quarter of 2001. This development could be attributed to slowdown in imports coupled with improved fiscal performance.

*(i) Inter-bank market*

In the inter-bank market, the exchange rate of the cedi to the dollar increased from ₵7,047.65 at the end of the fourth quarter of 2000 to ₵7,204.93 at the end of the first quarter of 2001 indicating a depreciation of 2.2 per cent. This was lower than the 7.6 per cent recorded for the previous quarter and 16.0 per cent recorded for the corresponding period of 2000. The cedi depreciated by 2.6 per cent and 2.0 per cent against the pound sterling and the Euro respectively during the review period and appreciated against the other major currencies as follows: 2.4 per cent, 6.1 per cent and 2.1 per cent against the Deutsche mark, the Japanese yen and the Swiss franc respectively.

**Table 21**  
**Transaction exchange rates of the deposit money banks**

	US DOLLAR		POUND STERLING	
	End Period	Average	End Period	Average
Dec-99	3,575.06	3,513.99	5,734.99	5,616.60
<b>2000</b>				
Jan	3,625.46	3,674.82	5,927.64	5,947.37
Feb	3,847.67	3,856.69	6,117.83	6,054.19
Mar	4,257.10	4,270.43	6,547.14	6,543.73
Apr	4,533.79	4,491.31	7,097.94	7,175.23
May	5,168.79	5,187.77	7,428.52	7,190.49
Jun	5,490.73	5,553.02	8,491.22	8,401.40
Jul	6,056.17	5,955.26	9,626.56	9,136.66
Aug	6,436.44	6,350.88	9,476.60	9,631.37
Sep	6,515.43	6,521.70	9,728.60	9,558.59
Oct	6,817.11	6,722.25	9,884.63	9,811.88
Nov	6,820.03	6,864.52	9,775.02	9,900.08
Dec	7,047.65	6,971.58	10,189.87	10,031.02
<b>2001</b>				
Jan	7,006.48	6,991.52	10,390.12	10,323.03
Feb	7,089.96	7,042.15	10,296.52	10,342.00
Mar	7,204.93	7,151.62	10,462.26	10,412.66

(ii) *Forex bureaux market*

In the forex bureaux market, the cedi continued to depreciate against all the major currencies during the quarter but at a slower rate. The cedi/dollar rate increased from ₵6,800.00 to ₵7,140.91 at the end of the first quarter of 2001, indicating a depreciation of 4.8 per cent for the period. This was slightly lower than the depreciation of 5.1 per cent recorded for the previous quarter and significantly lower than 13.6 per cent recorded for the corresponding period of 2000. The cedi depreciated by 4.7 per cent and 9.3 per cent against the pound sterling and the deutsche mark respectively.

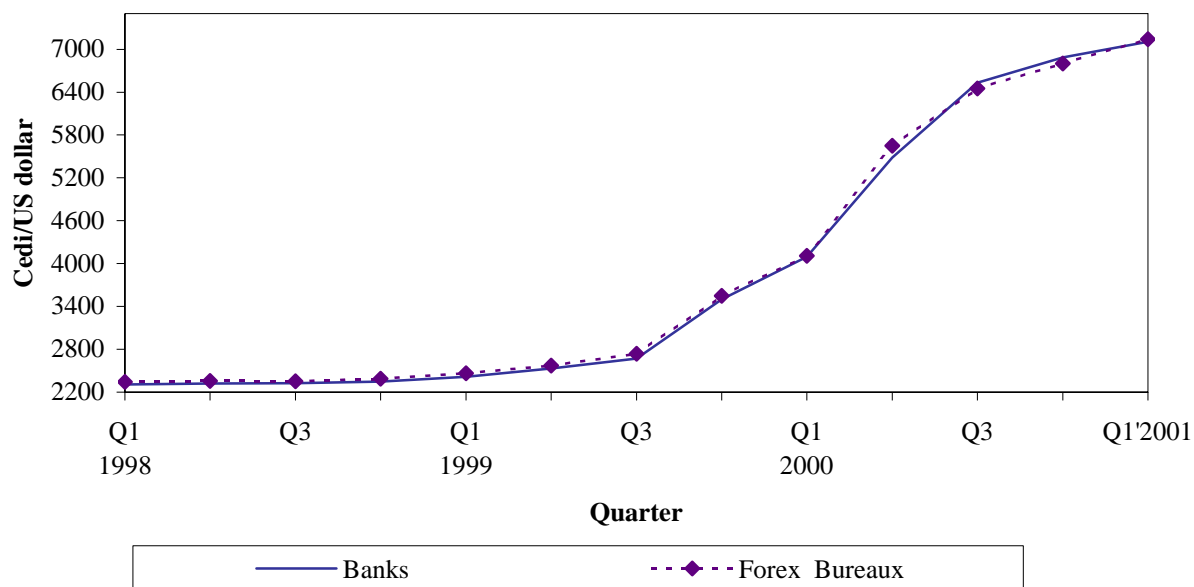
**Table 22**  
**Forex bureaux exchange rates**

QUARTERLY	US DOLLAR		POUND STERLING		DEUTSCHE MARK	
	END PERIOD	QTR DEPR.	END PERIOD	QTR DEPR.	END PERIOD	QTR DEPR.
<b>1998</b>						
QTR 1	2,342.73	-2.1	3,952.96	-5.3	1,356.59	-4.7
QTR 2	2,356.36	-0.6	3,897.73	1.4	1,355.68	0.1
QTR 3	2,351.73	0.2	3,900.00	-0.1	1,372.50	-1.2
QTR 4	2,389.09	-1.6	3,975.91	-1.9	1,434.32	-4.3
<b>1999</b>						
QTR 1	2,465.00	-3.1	4,154.09	-4.3	1,499.78	-4.4
QTR 2	2,574.09	-4.2	4,360.46	-4.7	1,495.23	0.3
QTR 3	2,737.28	-6.0	4,607.73	-5.4	1,542.50	-3.1
QTR 4	3,550.00	-22.9	5,698.64	-19.1	1,881.14	-18.0
<b>2000</b>						
QTR 1	4,109.09	-13.6	6,436.37	-11.5	2,330.46	-19.3
QTR 2	5,650.00	-27.3	8,450.00	-23.8	2,967.28	-21.5
QTR 3	6,450.00	-12.4	9,400.00	-10.1	3,155.45	-6.0
QTR 4	6,800.00	-5.1	9,713.64	-3.2	3,142.28	0.4
<b>2001</b>						
QTR 1	7,140.91	-4.8	10,188.64	-4.7	3,465.00	-9.3

Note: - Depreciation  
+ Appreciation

**Chart 13**

**Exchange rates**



## **E. DEVELOPMENTS IN PRICES**

During the quarter, the National Consumer Price Index (CPI) increased from 186.96 at the end of the fourth quarter 2000 to 204.40 at the end of the first quarter 2001, showing an increase of 9.3 per cent. This may be compared with an increase of 7.7 per cent during the last quarter of 2000.

The CPI grew faster in the quarter compared with the previous quarter and the corresponding quarter of 2000. Both the food and non-food sub-groups contributed to the increase.

The Food and Beverages sub-group index increased by 9.2 per cent to 173.25 at the end of the first quarter 2001. The sub-group index rose faster in the quarter compared with the previous quarter and the corresponding quarter of 2000. The major food items that contributed to the rise in the sub-group index included maize, yam, cassava and palm oil.

The non-food sub-group index also increased by 9.4 per cent to 232.62 at the end of the first quarter 2001. All the sub-indices under the sub-group recorded increases. Notable among them were: Transport and Communications (22.1%), Miscellaneous Goods and Services

(10.8%), Housing and Utilities (10.6%) and Recreation, Entertainment, Education and Cultural Services (10.2%).

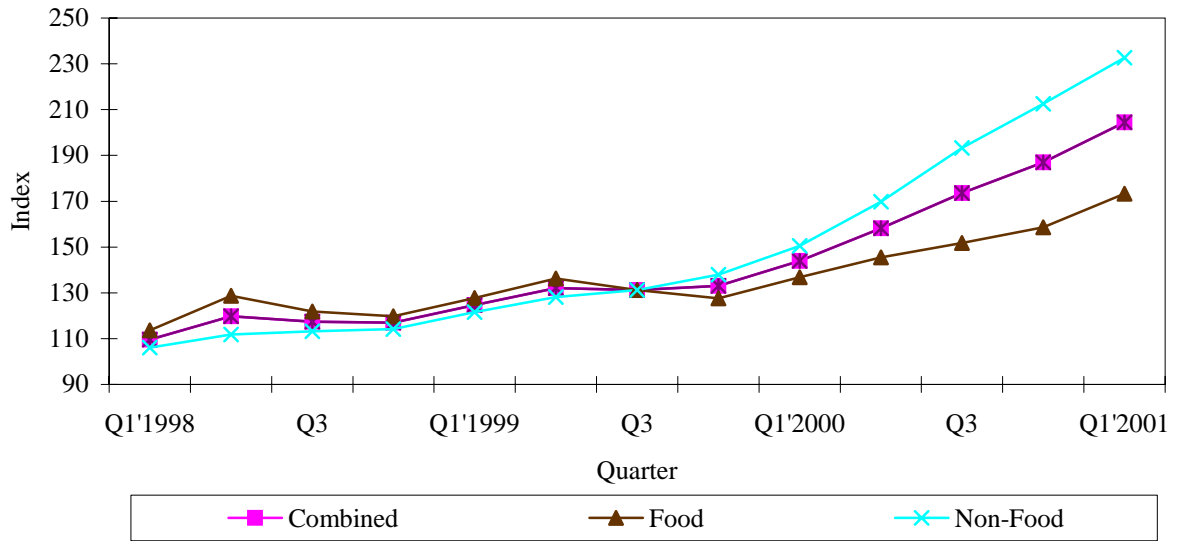
The rate of inflation measured by the year-on-year change in the CPI rose from 40.5 per cent at the end of the fourth quarter 2000 to 41.9 per cent at the end of the first quarter 2001. The driving force behind the rise in inflation during the quarter was the increase in prices of petroleum products towards the end of February, 2001 and shortage of local food stocks leading to high prices.

**Table 23**  
**National consumer price index**  
(Sept 1997=100)

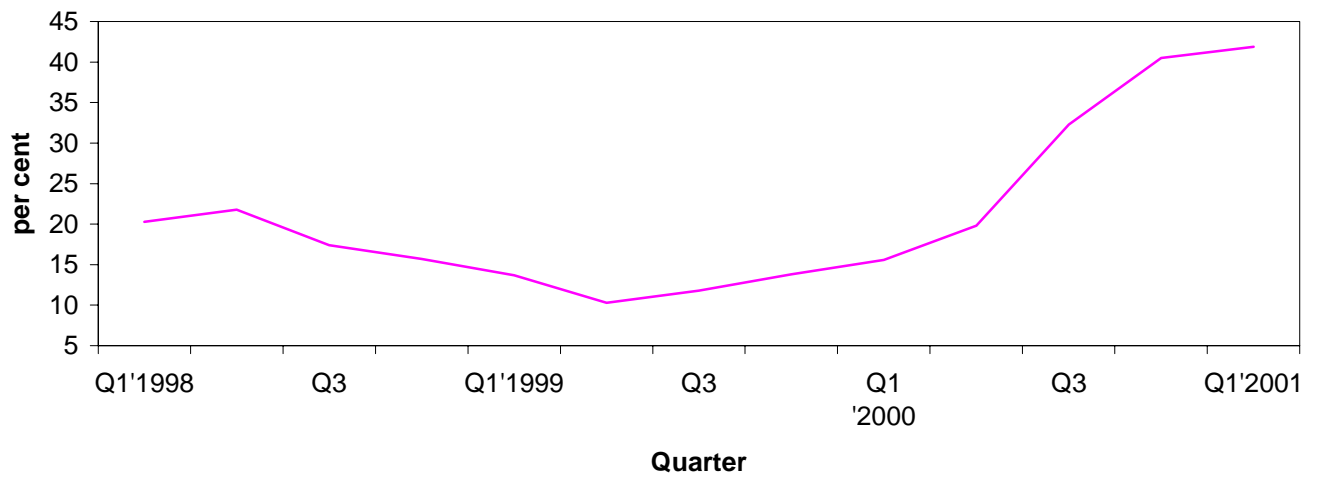
	CONSUMER PRICE INDEX			QUARTERLY CHANGE			INFLATION OVER 12 MONTHS			YEARLY INFLATION (AVERAGE)		
	Combined	Food and Beverages	Non-Food	Combined	Food & Beverages	Non-Food	Combined	Food & Beverages	Non-Food	Combined	Food & Beverages	Non-Food
<b>1997</b>												
Q4	101.00	98.40	103.50									
<b>1998</b>												
Q1	109.55	113.65	106.02	8.5	15.5	2.3	20.3	19.6	18.5			
Q2	119.74	128.71	111.81	9.3	13.3	1.5	21.6	25.1	16.1			
Q3	117.38	121.88	113.18	-2.0	-5.3	1.0	17.4	21.9	13.2			
Q4	116.91	119.79	114.17	-0.4	-1.7	0.6	15.7	21.8	10.3			
<b>1999</b>												
Q1	124.60	127.77	121.60	6.6	6.7	6.5	13.7	12.4	14.7			
Q2	132.02	136.21	128.09	6.0	6.6	5.3	10.3	5.8	14.6			
Q3	131.21	131.28	131.19	-0.6	-3.6	2.4	11.8	7.7	15.9	13.1	11.8	14.2
Q4	133.03	127.65	137.92	1.4	-2.8	5.1	13.8	6.6	20.8	12.4	8.7	16.0
<b>2000</b>												
Q1	144.00	136.75	150.56	8.2	7.1	9.2	15.6	7.0	23.8	12.6	6.6	18.5
Q2	158.22	145.51	169.79	9.9	6.4	12.8	19.8	6.8	32.6	14.9	7.3	22.3
Q3	173.59	151.81	193.23	9.7	4.3	13.8	32.3	15.6	47.3	18.7	8.2	28.8
Q4	186.96	158.63	212.61	7.7	4.5	10.0	40.5	24.3	54.2	25.2	11.8	37.5
<b>2001</b>												
Q1	204.4	173.26	232.62	9.3	9.2	9.4	41.9	26.7	54.5	31.6	17	44.7

Source: Ghana Statistical Service.

**Chart 14**  
**National consumer price index**



**Chart 15**  
**Inflation**  
**(year-on-year)**



## F. MAJOR EXPORT COMMODITIES

### 1. Cocoa

#### (i) Purchases and marketing

Cocoa beans purchased by the licensed buying companies (LBCs) for the review quarter totalled 94,978 tonnes (¢330.5 billion), bringing cumulative purchases for the 2000/2001 main-crop season to 355,322 tonnes (¢1230.1 billion). For the corresponding period of 1999/2000 main crop season, 406,917 tonnes (¢915.6 billion) was purchased. The significant decline in the volume purchased for the 2000/2001 main crop was attributed mainly to smuggling of cocoa to neighbouring countries.

Gross receipts from the exports of cocoa beans and products during the review quarter amounted to US\$115.6 million compared with US\$109.7 million for the corresponding quarter of 2000.

**Table 24**  
**Cocoa beans and products-Export receipts**

	Beans		Products	Total
	Tonnage	(US\$'000)	(US\$'000)	(US\$'000)
<b>1999</b>				
Q1	117,191	205,370	9,010	214,380
Q2	77,763	131,229	9,514	140,743
Q3	104,990	130,834	10,034	140,868
Q4	24,300	18,272	8,006	26,278
<b>2000</b>				
Q1	87,385	105,591	4,119	109,710
Q2	100,951	113,304	6,587	119,891
Q3	115,250	118,744	4,449	123,193
Q4	6,240	7,506	4,193	11,699
<b>2001</b>				
Q1	113,713	112,225	3,332	115,558

#### (ii) Price trends in the international cocoa market

The London 3-month futures price for cocoa during the first quarter of 2001 was in the range of £538 to £900 per tonne. The average price of the commodity for the review period was £737 per tonne, compared with £582 per tonne recorded for the previous quarter. In the corresponding period of 2000, the average price was £574 per tonne.



**Table 25**  
**Cocoa-Three months futures price\***

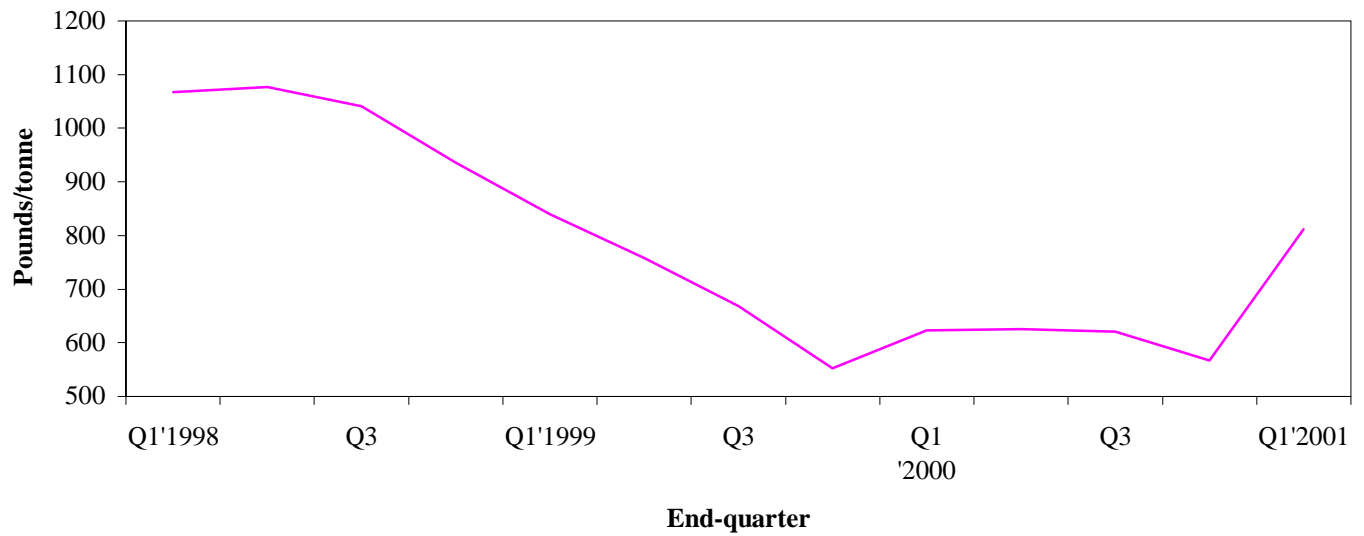
(pounds sterling per tonne)

MONTH	1997	1998	1999	2000	2001
January	885	1045	910	566	570
February	859	1024	905	532	830
March	992	1067	839	623	812
April	1029	1071	762	600	
May	1014	1129	678	610	
June	1089	1077	758	625	
July	1028	1074	722	621	
August	1048	1078	679	580	
September	1135	1074	668	621	
October	1101	1006	619	617	
November	1046	978	581	562	
December	1075	936	553	567	

\* Prices are monthly averages

**Chart 16**

**Cocoa-Three months futures price**



## 2. Gold

### (i) Price trends in the international gold market

The monthly average spot price of gold on the London bullion market fluctuated between US\$262.05 and US\$272.21 per fine ounce. The average price of the metal was US\$265.81 per fine ounce showing a decrease of US\$3.58 for the review quarter. For the corresponding period of 2000, the average price of the metal was US\$290.69 per fine ounce. The decline in the price of gold during the review quarter was attributed to gold sales by European Central Banks especially Bank of England.

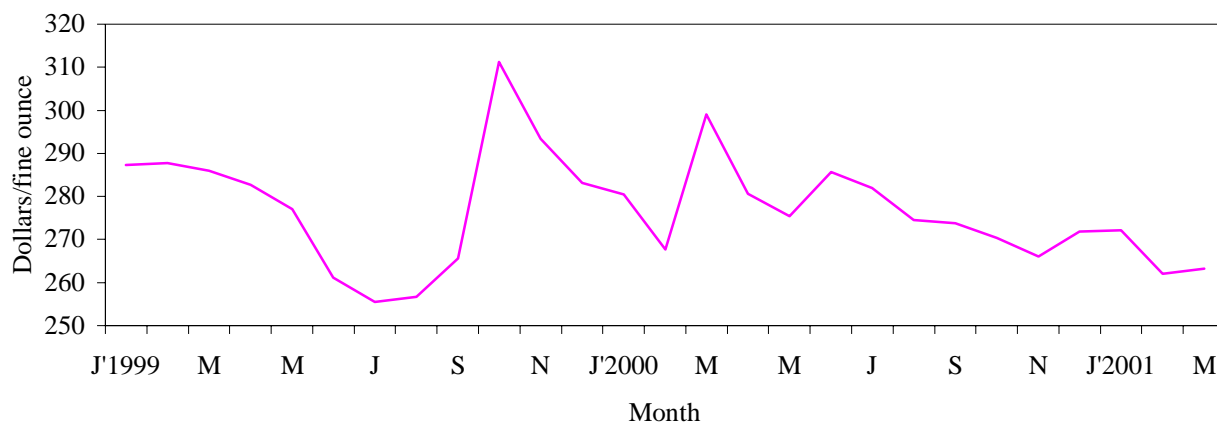
**Table 26**  
**Gold-spot price on the London bullion market\***  
(US dollars per fine ounce)

MONTH	1997	1998	1999	2000	2001
January	354.88	288.71	287.34	284.32	272.21
February	347.15	297.39	287.67	301.00	262.05
March	351.91	296.30	286.03	286.76	263.16
April	344.58	308.47	282.67	280.56	
May	344.04	298.81	277.00	275.48	
June	340.89	291.98	261.22	285.60	
July	324.01	292.79	255.57	281.99	
August	324.16	283.86	256.68	274.59	
September	322.94	289.42	265.56	273.81	
October	324.74	296.21	311.16	270.35	
November	307.68	294.32	293.35	265.99	
December	289.06	291.90	283.20	271.83	

\* Prices are monthly averages.

**Chart 17**

**Gold-average spot price on the London bullion market**



(ii) *Earnings from gold exports*

Total receipts from gold exports during the first quarter of 2001 was US\$141.79 million (535,021 fine ounces) compared with US\$143.59 million (516,727 fine ounces) for the previous quarter. During the corresponding period of 2000, receipts from gold exports amounted to US\$175.78 million (623,941 fine ounces).

**Table 27**  
**Earnings from gold exports**

	Volume	Value
	(fine oz)	(\$'000)
<b>1999</b>		
<b>Q1</b>	637,327	182,756
<b>Q2</b>	530,252	149,247
<b>Q3</b>	591,872	160,915
<b>Q4</b>	611,734	180,917
<b>2000</b>		
<b>Q1</b>	623,941	175,780
<b>Q2</b>	583,044	148,640
<b>Q3</b>	505,303	141,310
<b>Q4</b>	516,827	143,598
<b>2001</b>		
<b>Q1</b>	535,021	141,799