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Introduction

Economic activity picked up during the third quarter of 2005 evidenced by significant growth in tax collections, social security contributions, new motor vehicle registrations and tourist arrivals. The pick up (in economic activity) impacted positively on the budget, which in addition to donor disbursements during the quarter allowed domestic financing to decline considerably. The external sector remained robust with the surplus in services, incomes and transfers and capital account more than offsetting the trade deficit. The generally favourable conditions showed in lower inflationary pressures, with the quarter recording an average monthly inflation rate of 0.1 per cent.

Total revenue and grants amounted to ₦7,930.9 billion (8.25% of GDP), while total expenditures (including net lending) were ₦9,087.8 billion (9.44 % of GDP). An overall budget deficit of ₦1,173.3 billion (1.22 % of GDP) was therefore recorded in the third quarter. This was fully financed by a net foreign inflow of ₦1,441.3 billion and the excess were used to pay off domestic debt. The stock of domestic debt consequently fell from 16.84 per cent to 14.85 per cent of GDP.

Growth in the monetary aggregates continued to slow down, as end quarter annual growth rate of Broad Money M2+ declined from 20.5 per cent in the second quarter to 16.0 per cent at the end of the third quarter. Private Sector Credit growth remained firm at 37.0 per cent over the quarter similar to the growth rate in the second quarter.

Exceptionally low non-food price increases during the quarter as well as the seasonal effect of food prices led to subdued inflationary pressures in the third quarter. Average quarterly inflation declined from 0.2 per cent in the second quarter to 0.1 per cent in the third quarter.

The stock market began to show signs of improving activity in the third quarter although the quarter recorded the heaviest fall in the All-Share Index, by 16.8 per cent over the previous quarter. The development was triggered by a 14.4 per cent drop early in the quarter but was held up by a subsequent improvement.

The external payments position continued to reflect growth in trade and payments. A softening in cocoa and gold prices and high crude oil prices led to a widening of the current account deficit from US\$140.0 million in the second quarter to US\$295.0 million in the third quarter. This was more than offset by inflows of official and private capital allowing a build- up in international reserves of US\$146.53 million.

The economic indicators suggest improved real sector activity and subdued inflation pressures. These conditions have been underpinned by improved donor disbursements, private remittances and a relatively strong export performance. The outlook is for continued robust economic growth and subdued inflation conditioned by the downward easing of crude oil prices.



A. The External Environment

"Rising global imbalances due to oil price hikes and their changing distribution remain a central risk to the world economic outlook over the medium term... World Economic Outlook, September, 2005"

World Economy

The world economy has proved tremendously resilient over the years, especially this year in the face of increasing crude oil price on the international market. Diseases, natural disasters and even soaring oil prices have only caused blips in an overall picture of healthy growth. Despite the ravages wrought by Hurricanes Katrina and Rita on the US Gulf Coast, and the spillover effects on the rest of the world, global growth forecast for 2005 are unchanged. With the uncertainty surrounding oil prices, signs of renewed soft patch emerged, with leading indicators turning downward and business confidence weakening in most countries. The rise in the crude oil and refined product prices resulted in increased global current account imbalance as evidenced by the increased US current account deficits now projected to be over 6 per cent of GDP in 2005, 0.3 of GDP higher than projected in April, driven mainly by higher oil prices and strong domestic demand. On the surplus side, the key counterparts are Japan, China and the Middle East oil exporting countries, which as a result of soaring oil prices are now running a larger surpluses in US dollar terms than emerging Asia, the Commonwealth of Independent States and some small industrial countries.

Notwithstanding these global imbalances, improvement in the world's poorest countries has been especially welcome development, the GDP growth rate in the Highly Indebted Poor Countries

(HIPCs) has risen to over an average of 5 per cent despite the adverse effects of global slowdown and in many cases commodity prices during this period.

US Economy

Real gross domestic product (GDP), the most comprehensive measure of economic activity, increased by 3.8 per cent in the third quarter of 2005 after increasing 3.3 per cent in the second quarter, according to estimates released by the National Bureau of Economic Statistics. The third quarter increase in real GDP was as a result of a 3.9 per cent increase in consumer spending on goods and services, 8.9 per cent increase in business investment on equipment and software, 7.7 per cent jump in government spending and 4.8 per cent faster growth in residential fixed investment. Inflation, as measured by prices for domestic purchases, increased by 4.0 per cent in the third quarter after increasing 3.3 per cent in the second quarter, while real personal disposable income decreased by 0.9 per cent after increasing 1.5 per cent in the second quarter. The US economy performed well in the quarter under review in spite of the enormous negative effects of hurricanes Katrina and Rita on the economy, and expectations are that growth for the last quarter of 2005 will remain robust. This is good news for the world economy generally and developing countries in particular, since most exports of these economies end up in the world's largest economy.

EU Economy

Prospects for a modest recovery in Europe's economy got a boost up when the euro zone posted higher than expected third quarter growth, boosted

by export led expansion in Germany. The currency bloc scored a solid 0.6 per cent increase in gross domestic product in the third quarter of 2005, mirroring exactly the growth announced for Germany, its biggest economy. The French economy also grew by 0.7 percent as indicated by the increase in the third-quarter GDP while Italy as well as the Netherlands announced slightly weaker growth than expected. Spain's economy expanded by 0.8 per cent in the third quarter, the growth was fueled by steady domestic demand, while the negative contribution of net exports to economic growth eased slightly in July to September. The British economy grew by 0.4 per cent during the third quarter of 2005 compared with 0.5 per cent growth in the second quarter. If this improved euro zone growth performance is to be sustained and extended, it is vital that domestic demand increasingly kicks in across the region.

The Asian Economy

China's economy expanded faster than expected in the third quarter of 2005, boosted by consumer spending and business capital investment. Gross Domestic Product (GDP) expanded 9.4 per cent from a year earlier after rising 9.5 per cent in the second quarter according to China's National Bureau of Statistics. The Chinese economy, which was responsible for a 10th of global growth in 2004, has defied forecasts of a slowdown in the past year as the government is seeking to increase investment in the power infrastructure and transport networks, where capacity increases did not match overall economic activity. Investment in coal mines rose by 77 per cent in the first nine months of the year and in railway construction jumped 41 per cent. Overall fixed-asset investment, which accounts for more than a third of China's economy, jumped 26.1 per cent to 5.71 trillion yuan (€588 billion; \$704 billion). Industrial output rose by 16.5 per cent in September, the fastest rate since June, and retail sales increased 12.7 per cent as wage increases enabled more households to buy cars, computers

and mobile phones. Per capita disposable incomes in urban areas, home to about two-fifths of China's 1.3 billion people, went up by 9.8 per cent in real terms to 7,902 yuan in the first nine months according to National Bureau of Statistics while per capita cash incomes in rural areas increased by 11.5 per cent to 2,450 yuan.

The Thai economy during the first 8 months of 2005 grew at a slower rate than in the previous year. Economic growth slowed down considerably in 2005 Q1, started to improve in 2005 Q2 and showed continual expansion in 2005 Q3. Since the start of 2005, Thailand encountered several negative factors such as drought in the agricultural sector, the Tsunami, and in particular the significant rise in oil prices. Consequently, domestic demand and exports moderated. However, during July and August 2005, although domestic demand slowed down, sizeable improvements in exports and agricultural production rendered greater overall economic performance to pick up than in the first half of 2005. Forces straining internal economic stability increased due to the increase in world oil prices, a rise in raw food prices partly resulting from flood. Hence, inflation during the third quarter of 2005 accelerated from the previous quarter with headline inflation averaging at 5.6 per cent. The increase in oil prices also affected prices of other goods and services, and therefore propelled core inflation to accelerate from the previous quarter to average at 2.2 per cent. Nonetheless, external stability improved due to a slowdown in imports and stronger exports performance, which led to an improvement in the current account.

The Singaporean economy continued its growth momentum in the third quarter of 2005. Advance estimates show that real domestic product grew by 6 per cent in the third quarter of 2005 compared to the same period in 2004. On a quarter-on-quarter seasonally adjusted annualized basis, real GDP expanded by 3.2 per cent. The growth was driven by an upsurge in biochemical manufacturing, the manufacturing sector grew by 10 per cent in the

third quarter and the growth in the manufacturing sector was supported by the transport engineering and chemical clusters. The construction sector continued to decline, but is estimated to have contracted by a smaller amount of 0.7 per cent. The services producing industries expanded by 5.1 per cent in the third quarter. This was as a result of a faster pace of expansion in the financial services and business services sector while growth of wholesale and retail trade, hotels, restaurants, transport and communications sector moderated compared with previous quarter.

African Economy

Growth in sub-Saharan Africa is expected to slow to 4.8 per cent this year, following a 5.4 expansion in 2004. The economies in the region continued to be underpinned by the strength of global demand, improved domestic macroeconomic policies, which has delivered the lowest inflation in 30 years, progress with structural reforms and fewer armed conflicts. Moreover, the recent appreciation of the dollar against the Euro, if sustained, should boost non-oil exports of the CFA zone countries. In the oil exporting countries, there are large increases in output in Angola, Chad and Equatorial Guinea as new production came on stream. Oil-exporting countries in the region are benefiting immensely from the continuing increases in oil prices, but with non-oil commodity prices not rising as strongly as in 2004, other countries are facing a challenging environment. This is particularly the case for cotton exporting countries including Benin, Burkina Faso, Mali and Togo given the continued slide in World cotton prices. Countries with large textile sectors including Kenya, Lesotho, Madagascar, Mauritius, and Swaziland are being affected by the elimination of world textile trade quotas, although the extent of the impact at this early stage is still uncertain.

International Commodity Prices

The period under review has witnessed tremendous volatility in crude oil price on the international market, which has affected the global economy in a more negative direction. For the month of July, crude oil price reached \$57.44 per barrel and this further increased to \$63.10 per barrel in August, indicating about 15 per cent increase within a one-month interval. Crude oil ended the quarter with \$63.55 per barrel at the end of September, suggesting a dip of about 3.8 per cent over the August figure. The primary commodity market exhibited some characteristics of instability but was on a minimal scale, Gold witnessed relatively increasing price reaching \$435.8 per fine ounce in August as against \$424.12 per fine ounce in the month of July (representing about 2.7 percentage points increase). The Gold price ended the quarter with \$463.30 per fine ounce indicating about 6.3 per cent increase over the August figure.

Cocoa price has been on the declining trend since June when the price reached £872 per tonne. The Cocoa price fell to £826 in August from £856 per tonne in July, suggesting a dip of about 3.5 per cent. Cocoa again performed poorly in September decreasing further to £805 per tonne. The Bauxite market has been relatively stable, the price remained at \$23.76 in the months of April, May, June, July. The price however decreased to \$23.12 per tonne in August. The price of Diamond witnessed relatively low volatility and ended August with \$33.17 per tonne as against \$38.42 per tonne in July, indicating a decline of 13.6 per cent. In September, the price of Diamond rose by 11 per cent to \$36.88 per carat, (see Table 1). The prospects of global economy for the remaining quarter of 2005 would partly depend on favourable developments in the commodity markets especially movements in crude oil price.

Table 1
International Commodity Prices

	Cocoa £ /tonne	Crude - \$/Barrel	Gold \$/fine ounce	Diamond \$/Carat	Bauxite* \$/tonne
Jan	837.00	46.06	424.36	27.15	23.24
Feb	861.00	47.16	414.45	34.24	23.24
Mar	865.00	52.61	426.05	29.37	23.22
Apr	823.00	53.67	427.57	29.96	23.76
May	821.00	48.60	418.78	62.33	23.76
Jun	872.00	58.20	437.17	32.34	23.76
Jul	856.00	57.44	424.14	38.42	23.76
Aug	826.00	66.10	435.80	33.17	23.12
Sep	805.00	63.55	463.30	36.88	-

Source: Reuters

*September data for Bauxite is not available

B. Real Sector Developments

Developments in selected key indicators such as total tax collections by type, total social security contributions etc continue to provide strong bases for tracking growth in real sector activities. Indicators of economic activity during the third quarter of 2005 suggest that real sector economic activity picked up in the period under review.

Income and Corporate Tax Collections by Type and Sector

The breakdown of revenue collections by type indicates a slight dip from ₺1,523.59 billion in the second quarter to ₺1,503.17 billion in the third

quarter of 2005. This represents a marginal negative growth of 1.2 per cent in real terms after adjusting for price changes in the quarter under review. Total revenue collection by IRS for the months of July, August and September were ₺420.38 billion, ₺377.52 billion and ₺705.27 billion respectively. Of the total collection of ₺1,503.17 billion, Pay-As-You-Earn (P.A.Y.E) contributed 39.2 per cent, Self-Employed contributed 5.3 per cent, Companies contributed 48.9 per cent while others contributed 6.6 per cent.

Table 2
Income and Corporate Tax Collections
(₺ Billion)

	Actual			Growth rates Q1 - Q2	
	Q1-05	Q2-05	Q3-05	Nominal	Real
PAYE	458.05	541.79	589.88	8.90	9.00
Self Employed	72.33	75.87	79.68	5.00	5.20
Companies	638.97	815.85	734.66	-10.00	-9.80
Others	73.17	90.08	98.95	9.80	10.00
Total	1,242.52	1,523.59	1503.17	-1.30	-1.20

Source: Internal Revenue Services

Social Security Contributions

Social security contributions after adjusting for price changes, recorded 8.5 per cent growth in the third quarter of 2005. This shows a dip of 2 per cent compared with second quarter growth rate of 11.4 per cent in real terms. Workers' contributions to SSNIT from other sources increased significantly from ₺279.3 billion to ₺310.0 billion, representing 11 per cent and 11.2 per cent in both nominal and real terms respectively. Contributions of workers to

SSNIT through the Accountant General's Department increased from ₺204 billion in the second quarter of 2005 to ₺216.5 billion in the third quarter of 2005 (representing 6.2 per cent growth points in real terms). Contributions from employees of subvented organizations declined from ₺41.8 billion in the second quarter to ₺29.1 billion in the third quarter of 2005. In proportional terms, contributions from other sources (including private sector) represent about 56 per cent out of the total contribution in the quarter under review, followed by contributions via Accountant General's

Department (i.e. 39 per cent) and finally, contributions from subvented organizations represent about 5 per cent in that order. Total contributions by workers to SSNIT in the third

quarter of 2005 moderated slightly as compared with the second quarter performance in both real terms.

Table 3
Breakdown of Employees Contributions to SSNIT

	Actual			Growth Rates Q2- Q3	
	Q1-05	Q2-05	Q3-05	Nominal	Real
Govt via A/C Gen.	165.7	204.4	216.59	6.0	6.2
Govt Sub. Org	25.5	41.8	29.15	- 30.3	- 30.2
All Other Sources	249.5	279.3	310.05	1.0	11.2
Total	440.7	510.6	552.99	8.3	8.5

Transport Sector

Efficient and reliable means of transport for both passengers and cargo is key to the growth of the economy. The Driver and Vehicle Licensing Authority (DVLA) registered a total of 5,498 motor vehicles in September compared with 6,320 and 4,770 new motor vehicle registrations in both August and June 2005 respectively. The total number of motor vehicles registered in the period under review consists of 1,232 motorcycles, 1,987 private motor vehicles, 1,349 commercial vehicles,

453 buses and coaches, 169 rigid cargo trucks, 170 articulator trucks, 12 agricultural equipments and 8 Combined Harvesters. On a quarterly basis, a total

Number of 16,756 motor vehicles were registered in the third quarter of 2005 compared with 14,567 registered in the second quarter, indicating about 15 per cent growth. This represents increased means of transportation for both private and economic purposes and also increased revenue generation to government in the form of payment of registration fees by owners of these motor vehicles.

Table 4
Types and Number of New Registration of Motor Vehicles in 2005

	Jan	Feb	Mar	April	May	Jun	Jul	Aug	Sept
Motor Cycle	1,246	1,163	1,176	1,207	1,515	1,315	1,182	1,538	1,232
Private Motor Vehicles	2,732	1,825	1,591	1,471	1,611	1,419	1,909	2,198	1,987
Commercial Vehicles (upto 2000 cubic Capacity)	955	615	701	513	596	515	514	654	624
Motor Vehicles (above 2000 cubic capacity)	636	737	785	753	464	700	675	821	725
Buses and Coaches of all kinds	414	541	476	449	324	441	318	554	453
Rigid Cargo Trucks (up to 16 tons)	220	240	201	227	175	160	127	250	224
Rigid Cargo Trucks from-1622 tons	43	47	42	33	27	35	21	39	31
Rigid Cargo Trucks above 22 tons	59	38	49	59	35	40	21	60	43
Articulator Trucks (up to 24 tons)	56	36	56	35	56	52	49	79	61
Articulator Trucks (24-32 tons)	47	30	25	67	39	31	28	31	14
Articulator Trucks (above 32 tons)	15	47	41	46	11	19	46	60	57
Agricultural Equipments	8	23	15	24	5	31	10	12	0
Combine Harvesters	8	12	11	12	13	9	14	8	26
Construction Equipment	4	11	4	5	6	0	16	1	4
Minng Equipment	0	0	3	0	0	0	0	0	2
Part.ID.Mark	3	5	4	1	18	3	8	15	15
Total	6,446	5,370	5,180	4,902	4,895	4,770	4,938	6,320	5,498

Source: DVLA

Tourist Arrivals

The tourism sector recorded an impressive performance during the first half of 2005 and this feat continued during the first two months (July and August) of the third quarter of 2005. A total number of 41,993 international tourists visited the country in the month of August, higher than 37,598 tourist arrivals in July. This represents about 11.6 per cent growth in tourist arrivals through the main point of entry into the country. In cumulative terms, a total number of 262,651 tourists visited the country since the beginning of the year.

Construction Sub-sector

A key raw material for the construction industry is cement and it is normally demand driven. Essentially, increased production and supply of cement into the market is a key indicator of activities in the construction industry.

Total production of cement at the beginning of the year was 48,164 tons, rose significantly to 80,452 tons in February reflecting seasonal characteristics before slowing down to 72,675 tons in March 2005. The fall in production in March could be explained by fuel price increase in February and the onset of

the rainy season, which normally slows down construction activities. On a quarterly basis, the production of cement increased from 67,097 tons in the first quarter of 2005 to 74,392 tons in the second quarter indicating a growth rate of 10.9 per cent . In the third quarter of 2005, a total of 67,676 tons of cement was produced, indicating about 9 per cent dip in production, due probably to the effects of the rains.

Another variable that could be used to track activities in the construction sub-sector is the number of building permits granted by building supervisory bodies/authorities in the country. In the third quarter of 2005, a total of about 160 permits were granted to commercial, industrial and private developers by the various authorities.

Bank of Ghana Composite Index of Economic Activity

The Bank of Ghana's Composite Index of Economic Activity (CIEA), which measures real sector activities including output of selected key enterprises, industrial electricity consumption, domestic VAT, port activity, imports, exports and employment contributions, indicates that real economic activities picked up in the early part of the third quarter of 2005.

PANEL A

Chart 1

Quarterly Income and Corporate Tax Collections

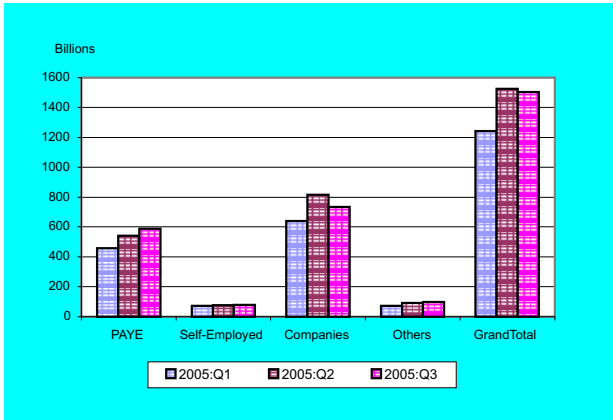


Chart 2

Monthly Income and Corporate Tax Collections

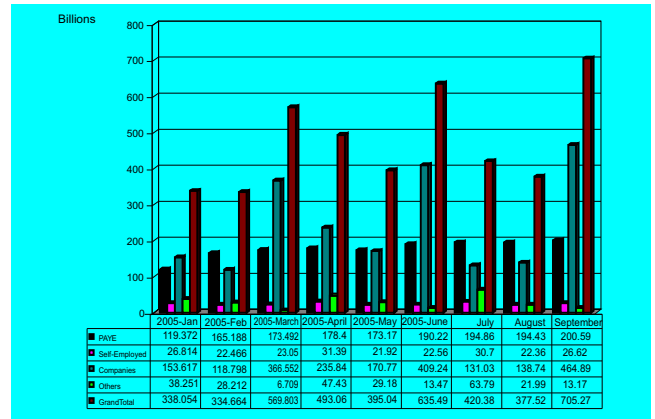


Chart 3

Breakdown of SSNIT Contributions Jan-Sep 2005

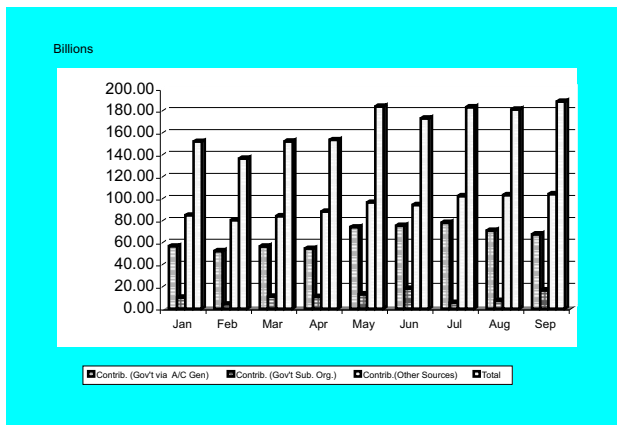


Chart 4

No. Of New Registration of Motor Vehicles in 2005 Jan-Sep 2005

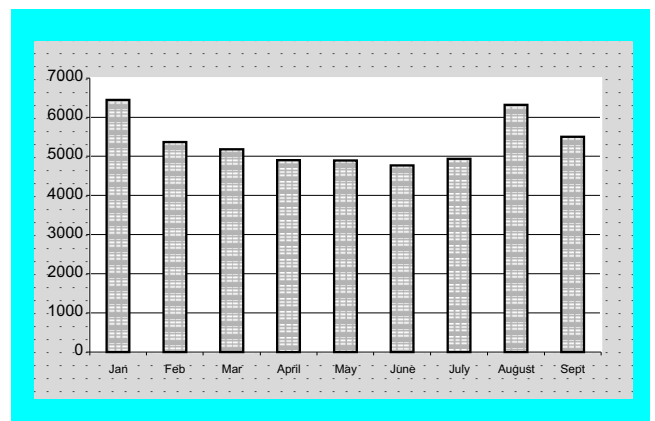


Chart 5

International Tourist Arrivals & Their Expenditure Jan-Sep 2005

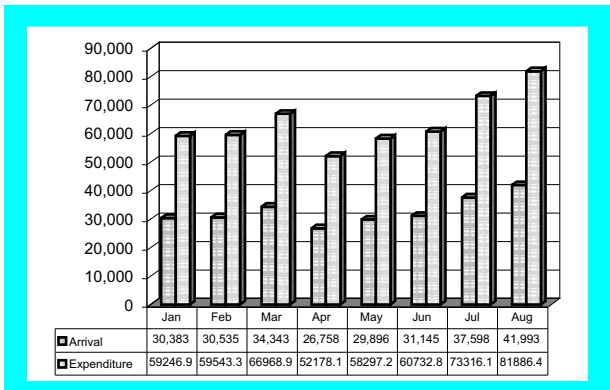
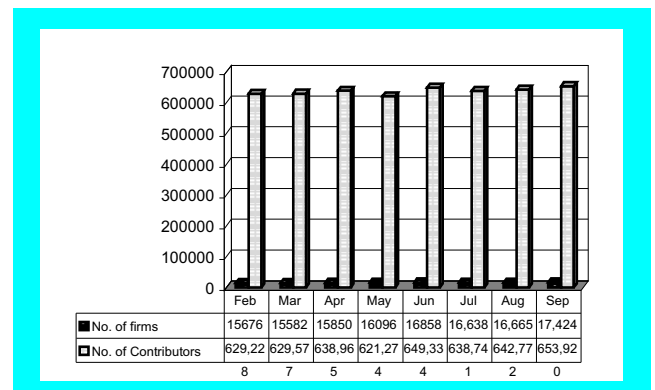


Chart 6

No. Of Establishments and SSNIT Contributions Feb-Sep 2005



PANEL B

Chart 7
Monthly Production of
Cement by GHACEM (tons)
Jan-Sep 2005

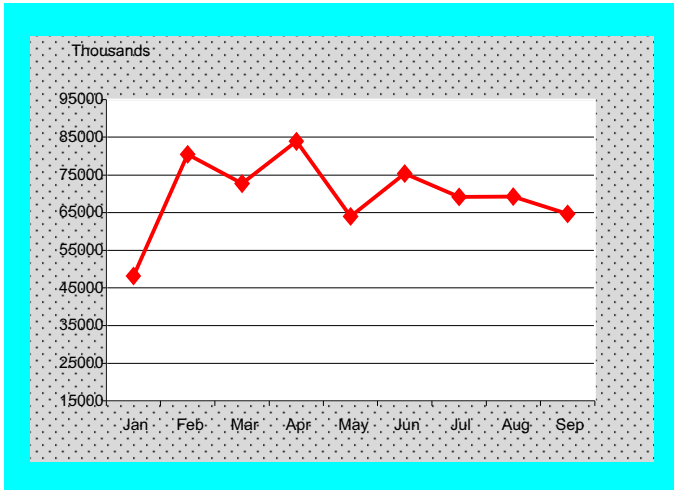


Chart 8
Quarterly Average Production of
Cement by GHACEM
Q1-Q3, 2005

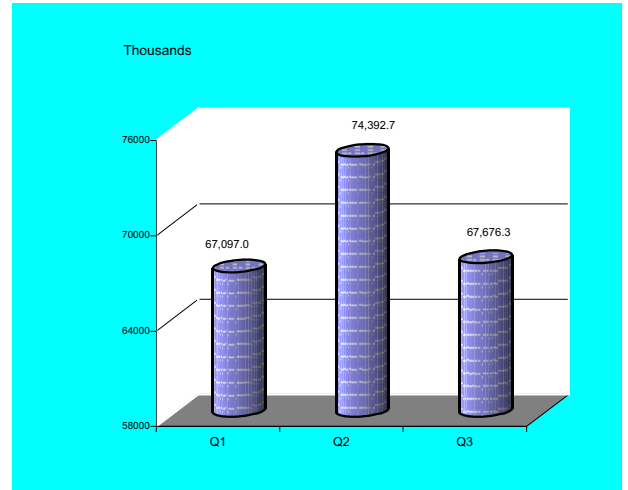


Chart 9
Bank of Ghana Composite Index of
Economic Activity
Feb -Sep 2005

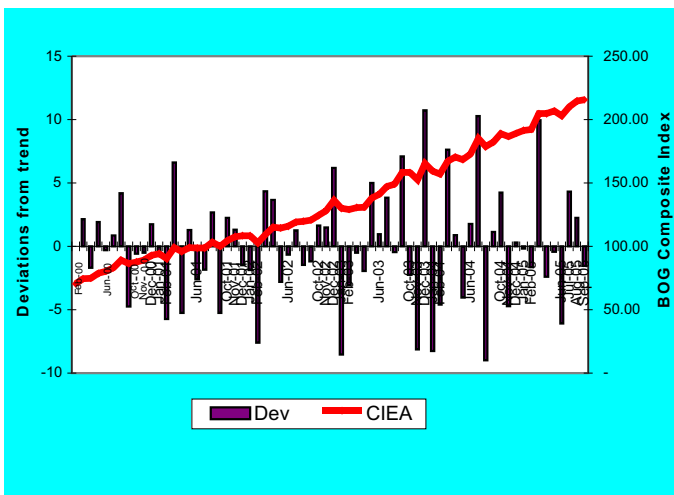
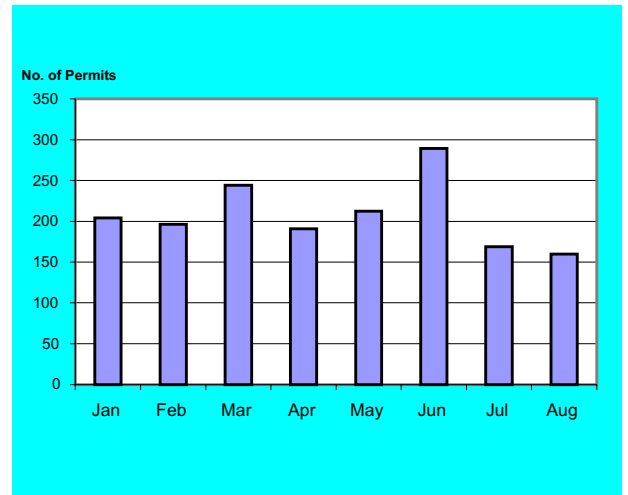


Chart 10
Total Building Permits Granted by
Amasaman DA, TDC & AMA
Jan-Aug 2005



C. Fiscal Developments

Developments in the budget for the third quarter put the fiscal consolidation effort on track for a reduction in the stock of domestic debt.

The stock of domestic debt (excluding revaluation) declined from 16.84 per cent in the previous quarter to 14.85 per cent of GDP in the quarter under review. For the same period in 2004 the stock of

debt-to-GDP ratio was 17.84 per cent.

Improved revenue collection and some tightening of expenditure management and a large disbursement of committed Multi Donor resources under the budget supported the decline in domestic borrowing.

Table 5
Fiscal Indicators

Indicator	2004				2005			
	Q1	Q2	Q3	Chg Btn Q1 Q3	Q1	Q2	Q3	Chg Btn Q1 Q3
Primary Bal	(138.01)	(91.80)	810.06	580.25	788.43	244.80	(543.01)	490.22
% of GDP	(0.20)	(0.13)	1.06	0.76	0.94	0.28	(0.59)	0.53
Overall Bal	(958.75)	(1,133.43)	418.51	(1,673.66)	(983.94)	(918.92)	(1,173.30)	(3,076.17)
% of GDP	(1.37)	(1.57)	0.55	(2.19)	(1.18)	(1.05)	(1.28)	(3.35)
Recc Exp	3,267.53	4,135.37	4,189.66	11,592.56	3,184.86	4,452.25	5,035.47	12,672.58
% of GDP	4.68	5.73	5.48	15.16	3.81	5.08	5.48	13.78
Capital Exp	1,736.04	1,695.51	2,010.60	5,442.15	2,259.32	3,289.19	3,385.49	8,934.00
% of GDP	2.48	2.35	2.63	7.12	2.70	3.75	3.68	9.72
Grants	1,114.74	1,183.10	1,200.25	3,498.08	730.64	1,856.76	2,521.18	5,108.57
% of GDP	1.60	1.64	1.57	4.58	0.87	2.12	2.74	5.56
Revenue & Grants	4,676.24	5,844.48	6,055.45	16,576.17	5,352.13	7,246.31	7,930.86	20,529.30
% of GDP	6.69	8.10	7.92	21.68	6.40	8.26	8.62	22.32
Tax	3,478.55	4,331.85	4,442.11	12,252.51	4,479.40	5,203.00	5,223.35	14,905.75
% of GDP	4.98	6.01	5.81	16.03	5.36	5.93	5.68	16.21
Stock of Debt*	12,302.35	13,544.68	13,641.99	13,544.68	13,427.57	14,764.20	13,652.83	13,652.83
% of GDP	17.61	18.78	17.84	17.72	16.06	16.84	14.85	14.85
GDP**	69,873.36	72,131.46	76,450.33	76,450.33	83,607.82	87,690.25	91,958.24	91,958.24

1/ Revenue figures for the current year are total receipts as in the narrow budget.

There are some tax elements in other receipts, which are not captured here.

*The stock of domestic debt excludes revaluation stock

**Quarterly GDP is extrapolated

Developments in Fiscal Receipts and Payments

Government Revenue

Total revenue and grants realised during the third quarter of 2005 was ₦7,930.9 billion (8.23% of GDP). This comprised ₦5,223.3 billion (65.86%) in

tax receipts, ₦186.3 billion (2.35%) in non-tax receipts and ₦2,521.2 billion (31.79%) from donor resources (grants).

The tax revenue was 17.6 per cent higher than in the same period of 2004 but marginally (0.39 %) above that of the second quarter. With the exception of International trade taxes, all other sources of taxes were higher.

Table 6
Sources of Government Revenue
(¢' Billion)

	2004				2005		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
TAX REVENUE	3,478.5	4,331.9	4,442.1	5,609.2	4,479.4	5,203.0	5,223.3
Income & Property	933.7	1,286.3	1,259.4	1,864.6	1,209.6	1,549.4	1,507.3
Domestic Goods & Services	827.5	1,102.6	857.7	946.7	998.4	1,137.4	1,156.5
International Trade	764.6	970.6	1,023.5	1,229.3	865.0	1,000.2	991.7
VAT	952.7	972.3	1,156.7	1,254.9	1,152.5	1,247.9	1,219.3
Other Revenue Measures	0.00	0.00	144.9	313.8	253.9	268.0	348.5
NO-TAX REVENUE	83.0	329.5	413.1	310.7	142.1	186.6	186.3
GRANTS	1,114.7	1,183.1	1,200.2	1,481.9	730.6	1,856.8	2,521.2
TOTAL REVENUE & GRANTS	4,676.2	5,844.5	6,055.4	7,401.8	5,352.1	7,246.3	7,930.9

Source: Ministry of Finance and Economic Planning

Income and Property Tax

Income and property taxes during the quarter amounted to ¢1,507.3 billion, 2.72 per cent lower than the previous quarter's collection but 19.68 per cent higher than that of the corresponding quarter in 2004. The bulk of the receipts were from Personal Income Tax (¢614.8 billion), Company tax (¢615.9 billion) with Other Direct Taxes of (¢191.8 billion).

Domestic Goods and Services

Taxes on Domestic Goods and Services exceeded the second quarter's collection by ¢18.80 billion (1.65%) and that of the corresponding quarter in 2004 by ¢298.5 billion (34.80%). This category of tax comprised Excise duty and Petroleum tax of ¢151.9 billion and ¢1,004.6 billion respectively.

International Trade Taxes

International Trade Taxes collected in the review period amounted to ¢991.7 billion. This was made up of Import duties of ¢868.7 billion and Export duties of ¢123 billion. Collections in the review quarter were ¢8.5 billion and ¢31.80 billion lower than the outturn of the previous quarter and the corresponding quarter respectively. The shortfall in the International Trade taxes was accounted for by Import duties and Export duty on cocoa which fell short by ¢103.0 billion and ¢98.7 billion respectively.

Value Added Tax (VAT)

Total domestic and external VAT collections in the third quarter of 2005 amounted to ¢1219.3 billion. Domestic VAT collections amounted to ¢457.9 billion while VAT on Imports totalled ¢761.4 billion.

PANEL C

Chart 11
Income and Property Taxes

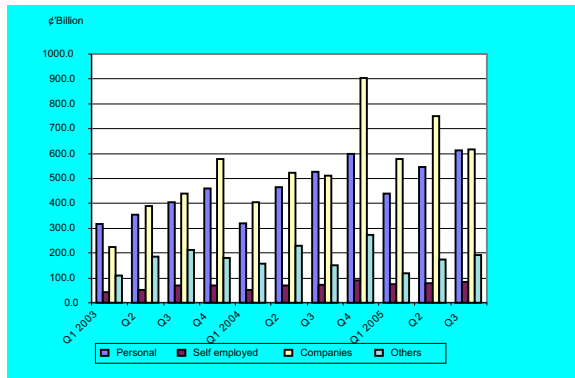


Chart 12
Taxes on Domestic Goods and Services

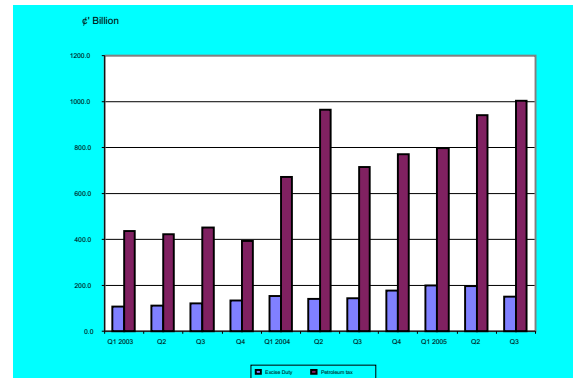


Chart 13
International Trade Taxes

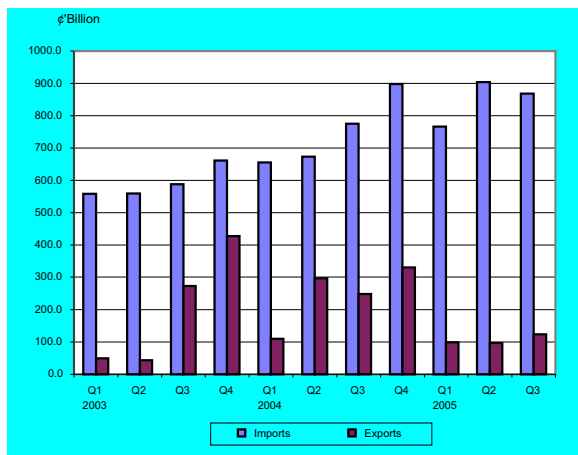


Chart 14
Value Added Taxes

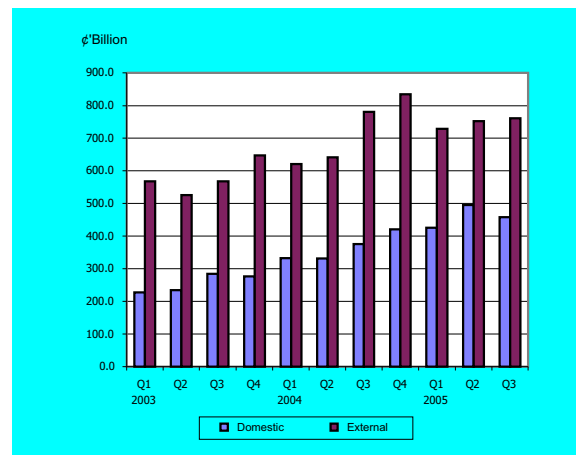
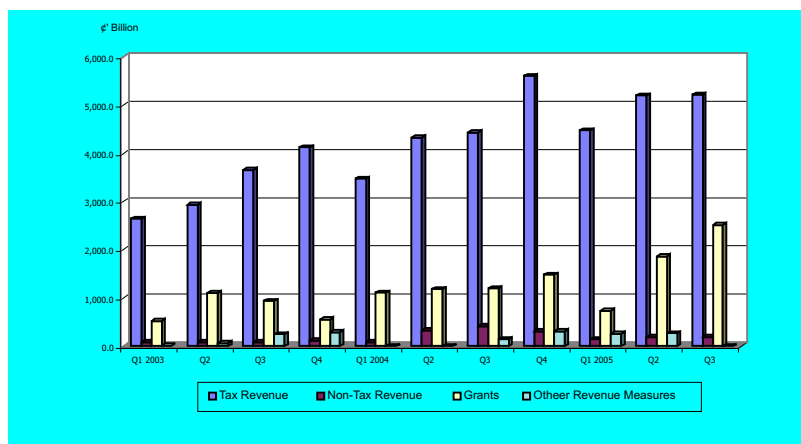


Chart 15
Composition of Government Revenue



Government Expenditure

Total Government Expenditure (including net lending) for the third quarter amounted to ₦9,087.8 billion (9.44% of GDP).

These comprised Recurrent expenditures of ₦5,035.5 billion (55.41%), Capital expenditures of

₦3,385.5 billion (37.25%) and HIPC financed expenditures of ₦666.8 billion (7.34%). Expenditures picked up significantly in the third quarter relative to the second.

Table 7
Items of Government Expenditure
(₦' Billion)

	2004				2005		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Recurrent	3,267.5	4,135.4	4,189.7	4,685.4	3,184.9	4,452.2	5,035.5
Non -Interest Expenditure	2,592.2	3,205.9	3,530.0	3,477.5	2,361.5	3,637.6	4,159.3
Personal Emoluments	1,464.5	1,941.1	1,838.6	1,702.5	1,527.5	1,962.3	2,162.1
Goods & Services	361.1	445.7	982.7	570.8	497.1	913.5	1,006.9
Transfers	766.7	819.1	708.7	1,204.1	336.8	761.7	990.3
Interest Payments	675.32	929.48	659.6	1,208.0	823.4	814.7	876.2
CAPITAL	1,736.0	1,695.5	2,010.6	2,537.3	2,259.3	3,289.2	3,385.5
Capital (domestic financed)	538.0	503.9	1,082.0	1,346.8	939.8	1,429.0	1,184.1
Capital (foreign financed)	1,198.0	1,191.6	928.6	1,190.5	1,319.5	1,860.2	2,201.4
HIPC financed expenditure	227.1	447.6	447.4	747.4	365.8	403.3	666.8
Total Expenditure & Net Lending	5,230.7	6,278.5	6,647.7	7,970.1	5,810.0	8,144.7	9,087.8

Source: Ministry of Finance and Economic Planning

Recurrent Expenditure

The largest recurrent expenditure item was personal emoluments (₦2,162.1 billion), followed by goods and services (₦1,006.9 billion) and transfers (₦990.3 billion).

Interest payments for the quarter was made up of ₦664.8 billion in domestic interest payments and ₦231.4 billion in interest payments on external debt.

Capital Expenditure

Domestic financed capital expenditures amounted to ₦1,184.1 billion (34.5 %) whilst foreign financed expenditures were ₦2,201.4 billion (65.5%).

During the quarter statutory payments in respect of GET Fund of ₦294.4 billion, Road Fund of ₦244.5 billion and District Assembly Common Fund (DACF) of ₦195.8 billion were made.

Overall Balance and Financing

The budget recorded an overall deficit of ₦1,173.3 billion (1.2% of GDP) during the third quarter, compared to a deficit of (0.75 %) in the same period of 2004 and (0.9 %) in the second quarter. Foreign financing (net) of ₦1,441.3 billion during the quarter provided funding for the budget and a net repayment of ₦267.9 billion of domestic debt.

PANEL D

Chart 16
Non-Interest Expenditure

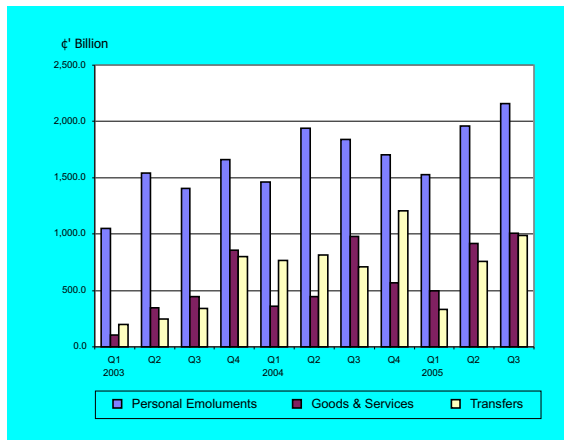


Chart 17
Interest Payments

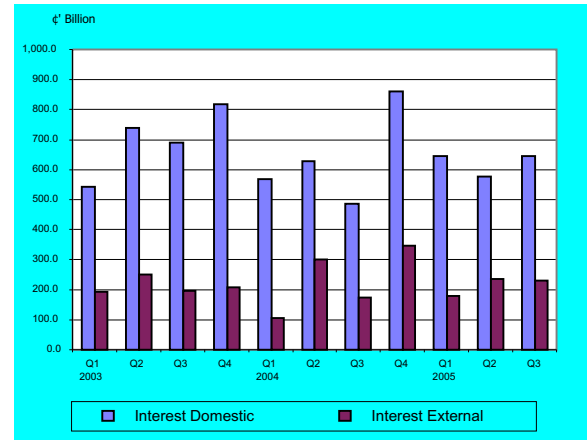


Chart 18
Capital Expenditure

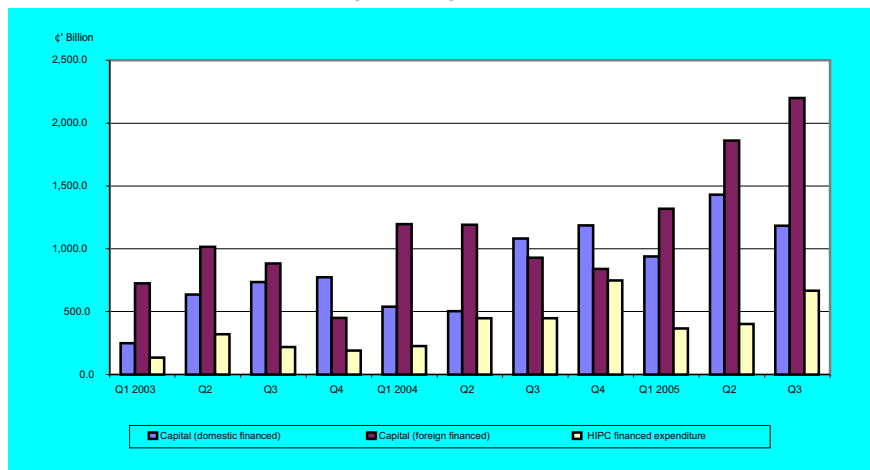


Table 8
Financing
(¢' Billion)

Items	2004				2005		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
OVERALL BALANCE (COMMITMENT BASIS)	-554.5	-434.0	-592.2	-568.3	-457.9	-898.4	-1156.9
% of GDP	-0.70	-0.55	-0.75	-0.72	-0.48	-0.9	-1.2
ROAD ARREARS	-14.5	-57.0	0.0	0.0	-13.0	-9.6	0.0
NON-ROAD ARREARS	-47.7	-46.7	-3.6	-101.4	-347.1	-336.0	-76.9
VAT REFUND	-17.4	-22.3	-8.7	-6.5	-23.2	-27.8	-22.1
OVERALL BALANCE (CASH BASIS)	-634.0	-560.0	-604.6	-676.2	-841.1	-1271.8	-1256.0
% of GDP	-0.81	-0.71	-0.77	-0.86	-0.87	-1.3	-1.3
DIVESTITURE RECEIPTS	0.0	0.0	0.0	285.7	0.0	0.0	3.0
DISCREPANCY	-324.8	-573.5	1,023.1	-587.6	-142.8	352.9	79.7
OVERALL BALANCE (INCL. DIVESTITURE)	-958.7	-1,133.4	418.5	-978.1	-983.9	-918.9	-1,173.3
% of GDP	-1.2	-1.4	0.5	-1.2	-1.0	-1.0	-1.2
FINANCING	958.7	1,133.4	-418.5	978.1	983.9	918.9	1,173.3
DOMESTIC (NET)	625.1	804.3	-1,324.3	287.6	529.3	706.3	-267.9
BANKING SECTOR	1,160.4	443.9	-1,240.0	1,275.7	526.0	440.7	853.4
Bank of Ghana	446.8	184.4	-1,394.5	972.8	32.4	-529.0	460.9
Deposit Money Banks	713.6	259.5	154.5	302.9	493.6	969.7	392.5
NON-BANK SECTOR	-535.3	360.4	-84.3	-988.0	3.3	265.6	-1,121.4
o/w Reduction due to HIPC-financed debt reduc.							
Other Domestic	-106.7	-54.1					
Others	75.5	-76.2		160.8			
Savings due to inflation-indexed bonds	46.4	124.5	-85.6	-233.8	-165.3	0.0	0
Payments due to inflation-indexed bonds	46.4	124.5	-85.6	-233.8	0.0	0.0	0
FOREIGN (NET)	318.6	334.9	991.4	763.5	619.9	212.7	1,441.3
INFLOWS	531.9	586.1	1,209.5	936.0	887.0	800.9	1,910.9
Project Loans	531.9	586.1	431.3	794.3	887.0	800.9	732.3
Programme Loans	0.0	0.0	778.2	141.7	0.0	0.0	1,178.6
AMORTIZATION	-213.3	-648.8	-253.4	-804.6	-267.1	-729.3	-540.2
EXCEPTIONAL FINANCING	0.0	397.5	35.3	632.0	0.0	141.0	70.5

Source: Ministry of Finance and Economic Planning

Domestic Debt

The stock of domestic debt (including revaluation stocks) at the end of quarter three 2005 stood at ¢18,583.3 billion, an increase of ¢2.4 billion over the previous quarter. The rise in the stock of debt was explained by the issue of Revaluation stocks of ¢523.0 billion to the Bank of Ghana.

Holdings of Domestic Debt

Bank of Ghana's holdings of the domestic debt increased to ¢6,748.3 billion (36.3%). The Deposit

Money Banks (DMBs) held ¢8,535.9 billion (45.9%), SSNIT of ¢582.6 billion (3.1%) and Other Holders ¢2,716.6 billion (14.6%).

Bank of Ghana's holdings increased slightly from ₵5,877.9 billion (33.7%) to ₵5,957.9 billion (35.3%) during the fourth quarter. The Deposit Money Banks also increased their holdings from

₵6,337.0 billion (36.3%) to ₵6,727.2 billion (39.8%). Holdings by SSNIT and "Other Holders" were ₵715.1 billion (4.2%) and ₵3,497.0 billion (20.7%) respectively.

Table 9
Composition of Domestic Debt
(₵' Billion)

Instruments	2004				2005		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
91-Day Treasury Bill	3,511.9	3,928.7	4,350.8	3,382.4	3,739.5	4,249.3	2,388.2
182-Day Treasury Bill	2,847.1	2,801.4	2,669.0	2,691.4	2,381.4	2,176.7	2,279.7
1-Year Treasury Note	1,606.6	1,668.1	1,342.7	1,029.8	692.0	859.3	1,430.0
Short term Advance	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Short-Term Instruments	7,965.6	8,398.2	8,362.5	7,103.6	6,812.9	7,285.2	6,098.0
2-Year Floating Treasury Note	0.0	0.0	197.0	1,599.4	2,134.6	2,481.5	2,623.1
2-Year Fixed Treasury Note	0.0	0.0	103.7	332.9	696.1	1,211.8	1,844.1
3-Year GGILBS	1,542.4	1,552.0	1,372.4	506.8	225.0	225.0	225.0
3-Year Floating Treasury Note	0.0	0.0	73.0	113.1	134.2	134.2	134.2
3-Year Fixed Treasury Note	0.0	0.0	46.4	156.9	156.9	158.6	158.9
GOG Petroleum Finance Bond	0.0	800.2	800.2	800.2	800.2	800.2	800.2
TOR Bonds	2,181.5	2,181.5	2,074.0	1,855.0	1,855.0	1,855.0	1,747.5
Medium-Term Instruments	3,723.9	4,533.7	4,666.7	5,364.3	6,002.1	6,866.4	7,533.0
Long Term Government Stocks	590.7	590.7	590.7	590.7	590.7	590.7	0.0
Revaluation Stock	3,816.8	3,816.8	3,816.8	3,816.8	3,816.8	3,816.8	4,930.5
Others Government Stocks	22.0	22.0	22.0	21.8	21.8	21.8	21.8
Long-Term Instruments	4,429.5	4,429.5	4,429.5	4,429.3	4,429.3	4,429.3	4,952.3
TOTAL(A+B+C)	16,119.1	17,361.4	17,458.7	16,897.2	17,244.3	18,581.0	18,583.3

PANEL E

Chart 19
Budget BalanceNet

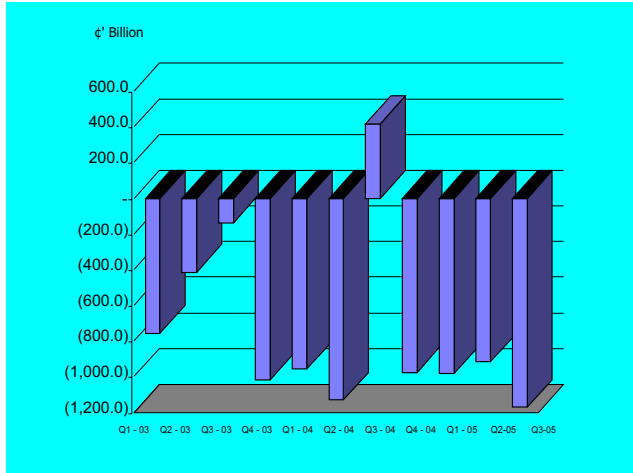


Chart 20
Net Domestic Financing

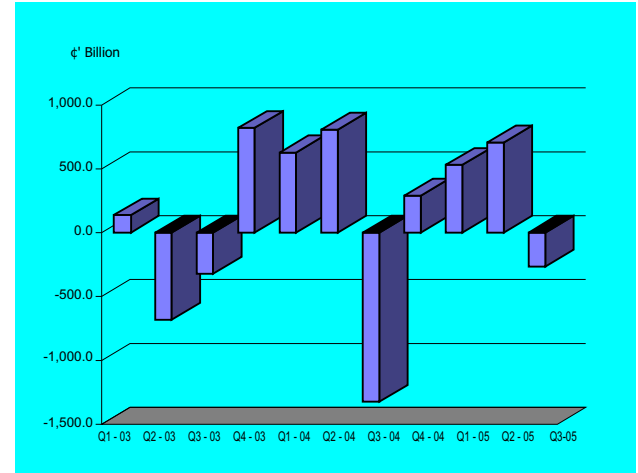


Chart 21
Bank of Ghana Holdings of Debt (%)

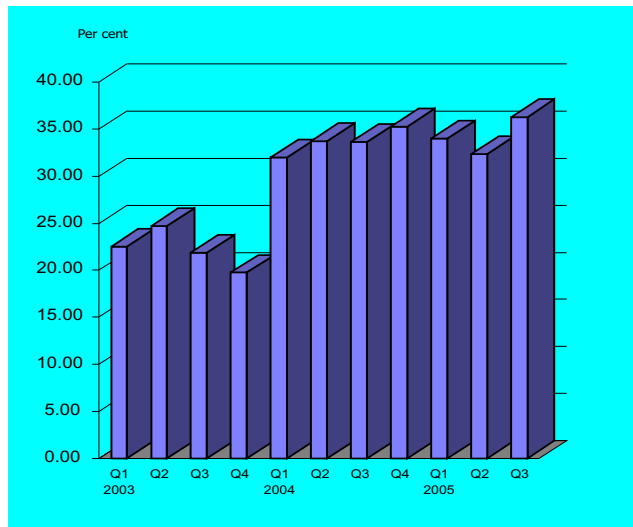
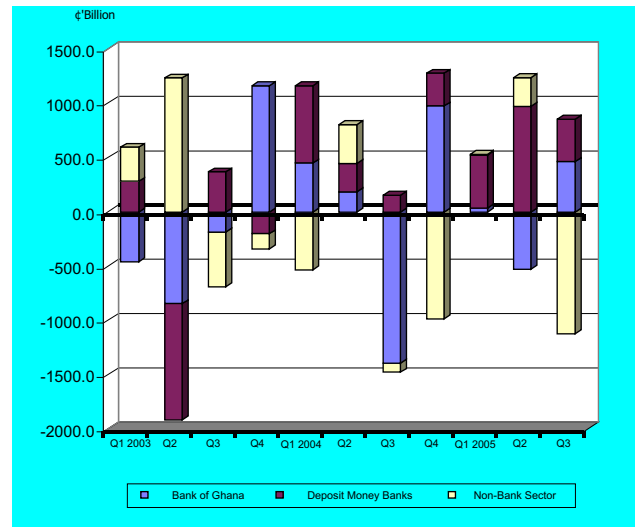


Chart 22
Total Financing of The Budget



D. Monetary Developments

Broad Money Supply

During the review quarter, broad money supply grew at an annual rate of 16.0 per cent (¢3,720.6 billion) down from a growth rate of 20.5 per cent (¢4,617.8 billion) and 23.9 per cent (¢5,088.7

Billion) recorded in the second quarter and first quarters respectively. It is apparent therefore that the downward trend in broad money growth, which began from the last quarter of 2004, was extended to the review quarter.

Table 10
Summary of Monetary Aggregates
(Annual Growth Rates)

	2003		2004				2005		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Narrow Money (M1)	40.2	38.4	41.3	45.2	52.3	28.2	28.0	15.7	14.2
o/w Currency with Public	38.9	35.7	33.5	35.5	36.2	15.2	21.1	12.4	16.5
Demand Deposits	41.6	42.0	49.6	56.1	70.0	44.6	34.6	19.0	12.3
Broad Money (M2)	37.1	40.5	39.6	41.8	44.8	26.4	27.6	22.7	19.1
o/w Quasi-Money	31.9	45.3	36.2	35.3	31.7	22.5	26.9	37.3	28.9
Broad Money (M2+)	35.5	37.8	39.7	40.2	41.6	25.9	23.9	20.5	16.0
o/w Foreign currency dep.	31.2	28.8	40.1	35.3	32.1	24.1	12.8	13.6	6.0
Sources of Change (M2+)	35.5	37.8	39.7	40.2	41.6	25.9	23.9	20.5	16.0
Net Credit to Govt	- 5.7	- 13.1	31.2	77.1	66.6	69.1	16.8	8.1	36.3
Cocoa Financing	88.2	86.2	120.4	162.5	532.4	- 91.0	- 90.3	- 97.6	- 94.2
Credit to Public Institutions	- 34.2	126.0	147.9	120.9	104.7	48.8	0.3	20.4	27.4
Credit to Private sector	28.2	37.5	40.1	37.8	33.6	29.8	34.5	37.5	37.2
Net Foreign Assets	274.1	150.6	2.314	57.2	51.8	32.7	19.2	26.2	18.5
Other Items (Net)	27.5	66.0	150.9	140.2	100.5	87.5	12.9	19.9	49.1

The change in broad money supply (M2+) was reflected in all of its components. Broad money supply excluding foreign currency deposits (M2) grew at 19.1 per cent (¢3,386.8 billion) compared with 44.8 percent (¢5,495.5 billion) in the corresponding period last year. Foreign currency deposits also grew on an annual basis by 6.0 per cent (¢333.6 billion) as at the end of the review quarter compared with 32.1 per cent (¢1,343.6 billion) in the corresponding period last year.

Sources of Change in M2+

The Net Foreign Assets (NFA) of the banking system was the main source of change as it rose by 18.5 per cent (¢1,933.1 billion) compared to 51.8 per cent (¢3,569.5 billion) a year ago. The Net Domestic Assets (NDA) of the banking system also rose by 13.9 per cent (¢1,787.3 billion) compared to 34.2 per cent (¢3,269.6 billion) a year ago. The change in NDA was reflected in all of its components. Claims on government increased by 31.3 per cent while net claims on the public sector went up by 17.0 per cent mainly due to DMBs.

Credit to the private sector also went up by 37.2 per cent, while Other Items (net) went up by 51.6 per cent.

Seasonal Factors

The effect of seasonal factors is becoming more pronounced, and this is typical of developments related to cocoa financing in the third and fourth quarters. These effects are evident in the charts below.

Table 11
Growth in Actual & Seasonally Adjusted Monetary Aggregates
(Q4 2002 Q3 2005)

	GM1	GSAM1	GM2	GSAM2	GM2+	GSAM2+
Dec -02	60.5	59.6	50.1	49.3	50.1	49.6
Mar -03	55.5	55.9	44.4	44.6	41.6	41.6
Jun -03	54.4	54.6	44.6	44.7	42.5	42.5
Sep -03	40.2	40.2	37.1	37.3	35.5	35.8
Dec -03	34.8	34.8	40.5	39.9	37.8	37.5
Mar -04	41.3	41.6	39.6	39.8	39.7	39.9
Jun -04	45.2	45.3	41.8	41.9	40.2	40.2
Sep -04	52.3	52.4	44.8	45.0	41.6	41.7
Dec -04	31.9	31.6	26.6	26.3	26.0	25.9
Mar -05	28.0	28.1	27.6	27.8	24.0	24.1
Jun -05	15.7	15.6	22.7	22.6	20.5	20.4
Sept-05	14.2	14.3	19.1	19.1	16.0	16.1

PANEL F

Chart 23
Narrow Money (M1) Actual & Seasonally Adjusted

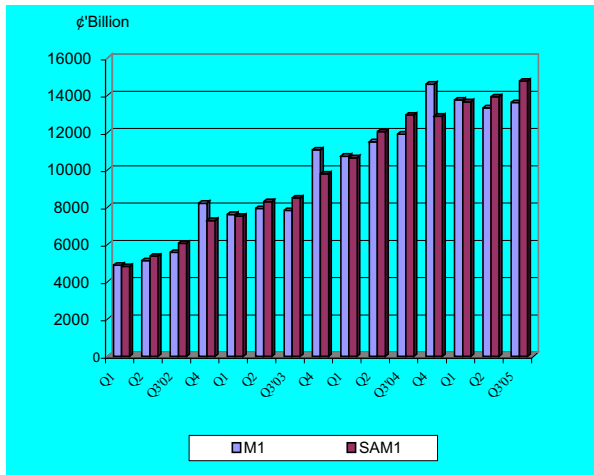


Chart 24
Broad Money (M2) Actual & Seasonally Adjusted

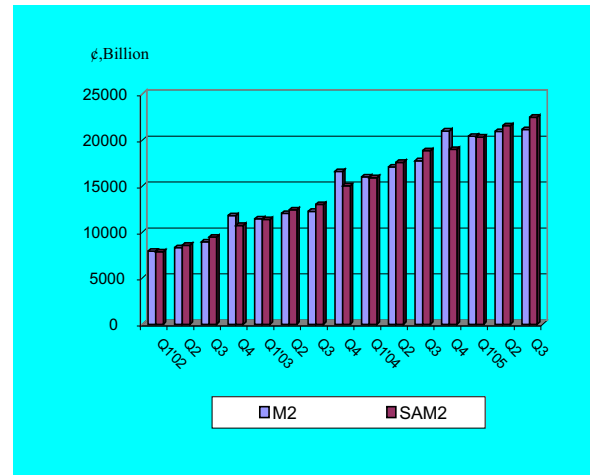
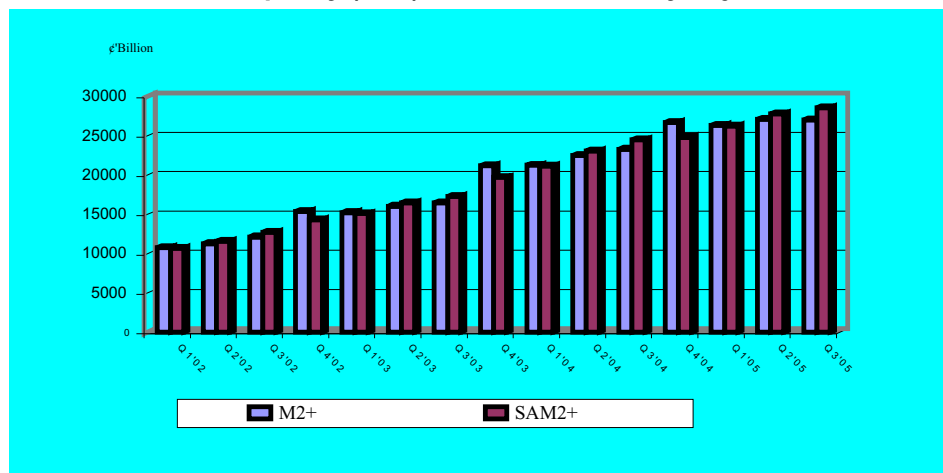


Chart 25
Total Liquidity (M2+) Actual & Seasonally Adjusted



Developments in Bank Credit

Central Bank Credit

Bank of Ghana's claims on Government and other institutions during the third quarter 2005 increased recording a year-on-year growth of 17.7 per cent compared with 154.8 per cent in the corresponding period of 2004. The developments in the Bank's claims were reflected in increases in net claims on Government (28.7%) mainly from the revaluation stock (¢523.0 billion) and claims on public institutions (¢126.1 billion). These were set off by a fall in cocoa financing as the Bank's holdings of cocoa bills floated for the industry matured during the quarter.

DMBs Credit

Outstanding credit by DMBs to public institutions and the private sector grew on a year-on-year basis by 37.0 per cent compared with the 41.3 per cent growth recorded a year ago. Sectoral allocation of outstanding credit shows that the Commerce and Finance sector was the largest beneficiary of credit with 26.1 per, followed by Manufacturing, 19.7 per cent and Services 14.4 per cent.

Distribution of Outstanding Credit to Some Sectors

A sectoral analysis of credit shows the following:

- Agriculture, Forestry and Fishing**
 “Other Agriculture” sub-sector (made up of growing of field crops, fruits, nut seeds, vegetables etc), received the largest credit, 54.1 per cent. The Fishing and Cocoa Production sub-sectors followed with 20.9 per cent (¢207.6 billion) and 9.1 per cent (¢90.4 billion) respectively.
- Manufacturing**
 Outstanding credit to the Manufacturing sector during the review quarter stood at ¢3,359.9 billion. The Manufacturing for Home Market sub-sector accounted for about 62.0 per cent (¢2,085.1 billion) while the remaining 38.0 per cent (¢1,274.7 billion) was allocated to the Manufacturing for Export sub-sector.

Credit to the Private Sector

The private sector continued to dominate (77.4%) total DMBs' outstanding credit, but with a reduced proportion compared with 81.2 per cent (¢12,079.1 billion) in the previous quarter and 79.3 per cent (¢9,896.6 billion) a year ago.

Table 12
Analysis of Credit to The Private Sector

	2004		2005		Annual Chg.		Share in Annual Change
	QTR 3		QTR 3				
	¢ 'bn	Share (%)	¢ 'bn	Share (%)	¢ 'bn	%	%
Public Institutions	2,583.2	20.7	3,863.5	22.6	1,280.3	49.6	27.7
Private Sector	9,896.6	79.3	13,232.8	77.4	3,336.2	33.7	72.3
Agric.,For. & Fish.	1,005.2	8.1	903.7	5.3	-101.4	-10.1	-2.2
Export Trade	205.2	1.6	272.9	1.6	67.7	33.0	1.5
Manufacturing	2,353.6	18.9	3,129.8	18.3	776.2	33.0	16.8
Trans.,Stor., & Comm.	434.8	3.5	399.5	2.3	-35.4	-8.1	-0.8
Mining & Quarrying	314.2	2.5	451.8	2.6	137.6	43.8	3.0
Import Trade	868.4	7.0	1,275.4	7.5	407.0	46.9	8.8
Construction	745.8	6.0	874.0	5.1	128.2	17.2	2.8
Commerce & Finance	905.0	7.3	2,093.9	12.2	1,188.9	131.4	25.8
Elect.,Gas & Water	77.7	0.6	145.3	0.8	67.6	86.9	1.5
Services	1,022.5	8.2	2,188.6	12.8	1,166.1	114.0	25.3
Miscellaneous	1,964.1	15.7	1,497.8	8.8	-466.3	-23.7	-0.1
Total	12,479.8	100.0	17,096.3	100.0	4,616.5	37.0	100.0

PANEL G

Chart 26
Distribution of Credit to The Private Sector

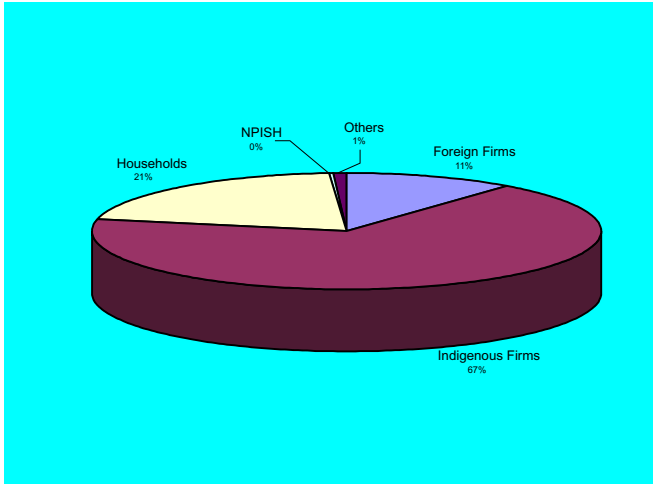


Chart 27
Sectoral Shares of Credit as at Sept 2005

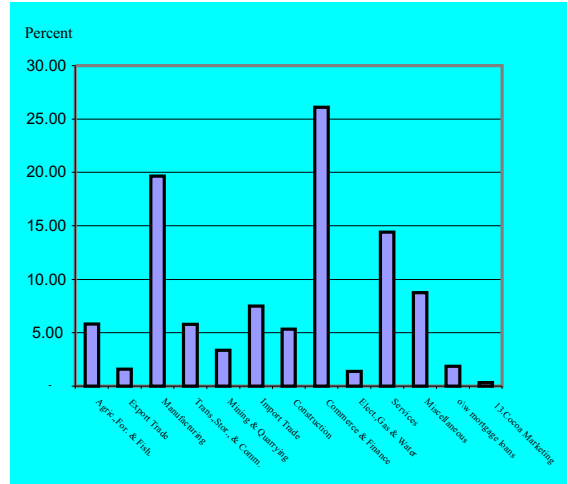


Chart 28
Changes in the Stock of Credit (Sept'04 - Sept'05)

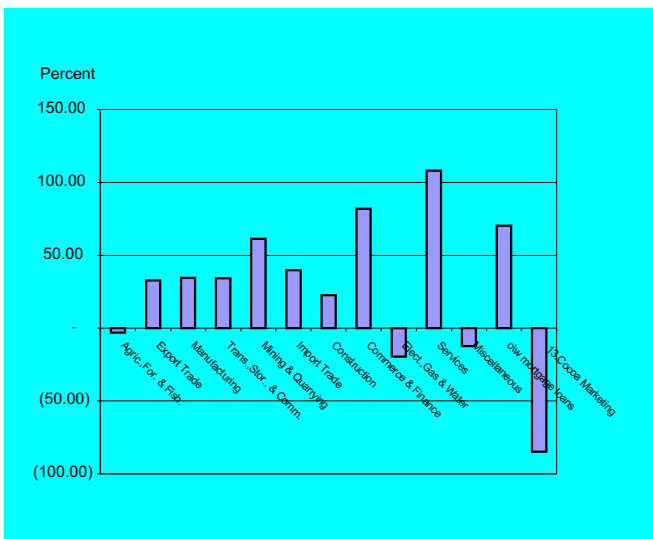
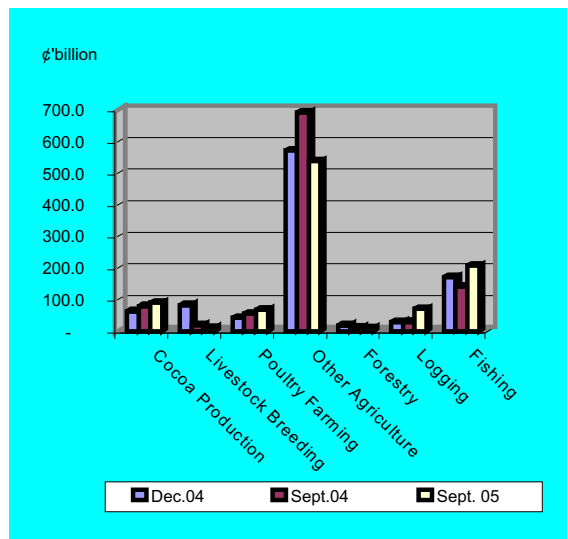


Chart 29
Distribution of Credit to Agric Sub-sector



PANEL H

Chart 30
Distribution of Credit to Manufacturing Sub-sectors

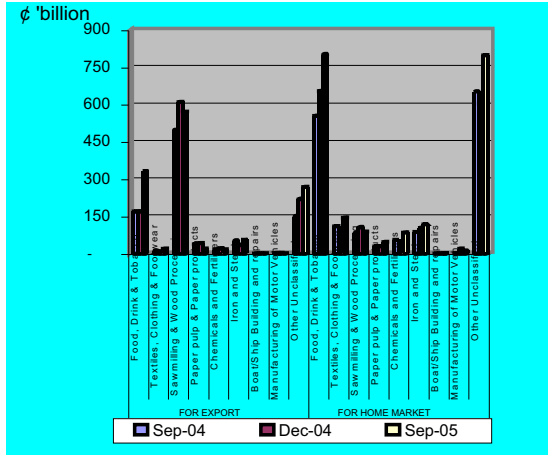


Chart 31
Distribution of Credit to Commerce & Finance Sub-sectors

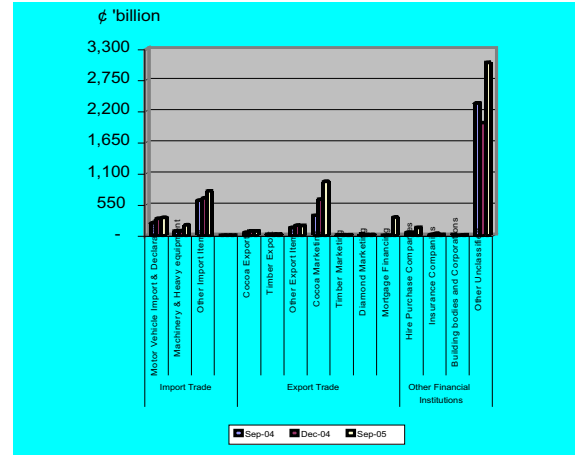


Chart 32
Distribution of Credit to Transport & Communication Sub-sectors

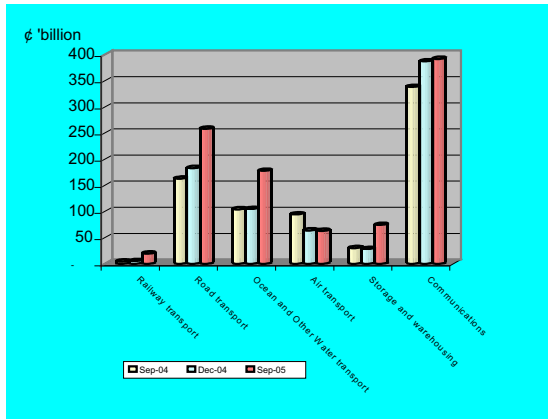


Chart 33
Distribution of Credit to Services Sub-sectors

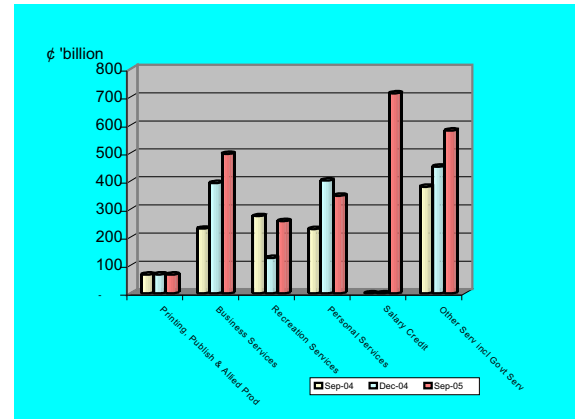


Chart 34
Money Market Developments
Yield Curve

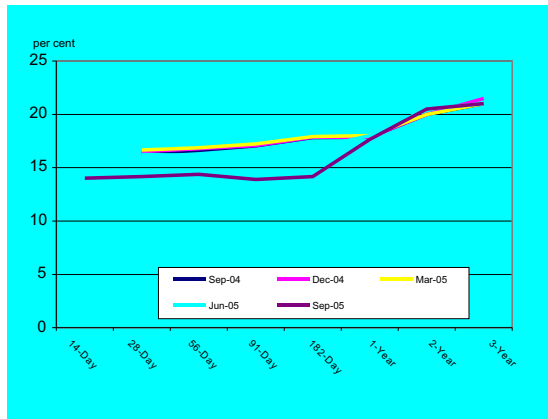
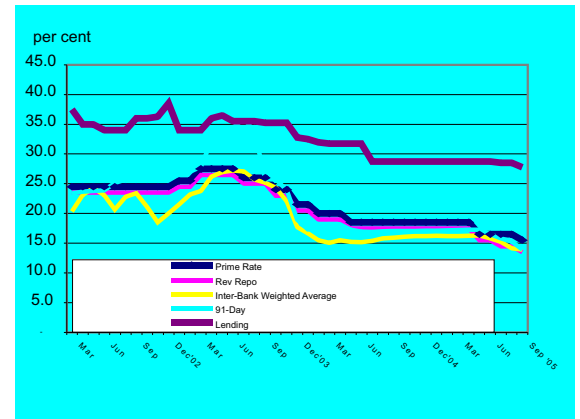


Chart 35
Money Market Developments
Interest Rates



Developments in Interest Rates

Interest rates during the first nine months of 2005 generally followed a declining trend in line with the monetary policy stance. The Monetary Policy Committee of the Bank of Ghana reduced the Prime Rate by 1.0 percentage point to 15.50 per cent during the third quarter: the second of such reductions since the beginning of the year. In addition, various monetary policy measures, including the reduction of secondary reserves from 35 per cent to 15 per cent, were introduced in July 2005.

As a result, money market interest rates as well as DMBs' deposit and lending rates fell during the review period. The average interest rate on the 91-day Treasury Bill, the inter-bank weighted average and DMBs' 3-month time deposit rates dropped by 1.60, 1.83 percentage points and 0.65 basis points respectively to 13.90, 13.95 and 9.85 per cent during the review period.

Furthermore, DMBs' average lending rates, which had remained at 28.75 per cent since July 2004, began to soften in the third quarter of 2005. It shed off 25 basis points in July 2005 and a further 75 basis points in September 2005 to close the third quarter at 27.75 per cent.

Cheques Clearing

The total number of cheques cleared during the third quarter of 2005 was 1,209,877 valued at ₵34,122.8 billion. The number shows a decline of 8.2 and 1.2 per cent on the cheques cleared in the second quarter of 2005 and the corresponding quarter of 2004 respectively. On average, 20,165 cheques (₵568.7 billion) were cleared per day in the

review quarter compared with 21,976 (₵551.0 billion) in the previous quarter and 20,365 (₵471.7 billion) a year ago.

Inter-bank Transactions

Total transactions settled through the Ghana Interbank System (GIS) in the review quarter declined marginally by 0.4 per cent to 8,730 (₵60,848.3 billion). This may be compared with the 9,403 transactions (₵49,349.9 billion) a year ago.

The Auction Market (Treasury Bills)

Separate auctions of Treasury bills to finance the budget (PSBR auction) and Open Market Operations (bills for liquidity management) began in July 2005.

Total Money market sales during the third quarter amounted to ₵13,099.3 billion while maturities totalled ₵12,777.2 billion, yielding a net sale of ₵322.1 billion. The net sale resulted from a redemption of Government of Ghana instruments of ₵413.2 billion and liquidity absorption of ₵735.3 billion.

Table 13
Analysis of Tender Results (Jul -Sep 2005)

Security	Disct Rates (Bid Range)	Int Equivalent (Bid Range)	No. of Bids	Range Accepted	Weighted Avg/UAR*	No. of Bids Accepted	Values (¢'bn)
July							
14-day	15.60 - 15.80	15.79 - 15.99	8	15.60 - 15.70	15.64	7	260.1
1-Month	0	0	0	0	0	0	342.2
2-Months	0	0	0	0	0	0	4
91-day	14.56 - 17.00	15.03 - 17.75	59688	14.56 - 15.50	14.97	46665	2194.3
182-day	15.00 - 16.74	16.22 - 18.27	987	15.00 - 15.50	15.24	982	474.2
1-Year	0	15.00 - 20.00	265	15.00 - 18.00	18	263	131.3
2-Yr Floating	0	19.00 - 20.00	27	19.00 - 20.00	20	27	37.3
2-Yr Fixed	0	19.00 - 20.50	61	19.00 - 20.50	20.5	61	313.3
3-Yr Floating	0	0	0	0	0	0	0
3-Yr Fixed	0	20	1	20	20	1	0.1
Sub-total							3,756.8
August							
14-day	14.75 - 15.10	14.83 - 15.19	17	14.75 - 15.10	14.78	12	237.7
1-Month	14.75 - 15.90	14.92 - 16.10	16	14.75 - 15.80	14.77	11	411.8
2-Months	15.00 - 15.25	15.35 - 15.62	8	15.00 - 15.25	15	7	419.7
91-day	14.00 - 17.50	14.51 - 18.30	85452	14.00 - 15.00	14.28	61848	3032.3
182-day	14.00 - 15.30	15.02 - 16.57	1561	14.00 - 15.25	14.57	1352	709
1-Year	0	15.00 - 18.00	436	15.00 - 18.00	18	436	310.5
2-Yr Floating	0	16.60 - 20.00	42	16.60 - 18.60	18.6	37	78.3
2-Yr Fixed	0	14.54 - 20.50	101	14.54 - 20.50	20.5	101	210.6
3-Yr Floating	0	0	0	0	0	0	0
3-Yr Fixed	0	21	1	21	21	1	0.2
Sub-total							5,410
September							
14-day	13.50 - 14.35	13.57 - 14.43	10	13.50 - 14.35	13.54	6	212
1-Month	13.50 - 14.50	13.64 - 14.66	6	13.50 - 14.50	13.5	4	205
2-Months	13.50 - 14.65	13.79 - 14.99	4	13.50 - 14.65	13.5	4	50
91-day	12.20 - 15.39	12.58 - 16.01	80421	12.20 - 14.15	13.34	69025	2766.9
182-day	13.20 - 15.70	14.13 - 17.04	994	13.20 - 14.60	13.99	988	241.6
1-Year	0	16.50 - 18.00	374	16.50 - 17.50	17.5	338	322.6
2-Yr Floating	0	17.00 - 17.50	17	17.00 - 17.50	17.5	17	25.9
2-Yr Fixed	0	17.00 - 18.50	129	17.00 - 18.00	18	96	108.4
3-Yr Floating	0	0	0	0	0	0	0
3-Yr Fixed	0	0	0	0	0	0	0
Sub-total							3,932.5
Total							13,099.3

E. Price Developments

Headline Inflation

The headline inflation continued to trend downward during the third quarter as the year-on-year inflation rate declined from 15.7 per cent in June to 14.7 per cent in August before rising slightly to 14.9 per cent in September. The increase reflected base effects as the overall month-on-month price change for September fell by -0.6 per cent compared with a fall of 0.8 per cent recorded a

year ago. The overall inflation rate for the third quarter declined by -0.8 percent in contrast with an increase of 0.5 per cent recorded for the corresponding quarter of 2004.

The food sector inflation rate declined by 0.3 per cent during the quarter from 15.5 per cent in June to 15.2 per cent in September while the non-food sector inflation declined from 15.9 per cent to 14.6 per cent.

Table 14
Year-on-year Inflation Rates

	Combined			Food			Non-Food		
	2003	2004	2005	2003	2004	2005	2003	2004	2005
Jan	16.3	22.4	11.6	22.1	20.3	15.2	12.2	26.6	7.9
Feb	29.4	11.3	14.0	27.0	15.4	14.9	30.7	10.7	13.1
Mar	29.9	10.5	16.7	27.3	14.3	17.3	31.5	9.9	16.1
Apr	30.0	11.2	16.6	26.3	15.7	16.7	32.2	9.5	16.4
May	29.8	11.2	16.3	35.7	15.8	16.0	32.4	9.2	16.6
Jun	29.6	11.9	15.7	25.4	16.0	15.5	32.3	10.0	15.9
Jul	29.0	12.4	14.9	24.1	16.3	14.6	32.3	10.4	15.0
Aug	27.7	12.9	14.7	23.6	19.1	14.6	33.7	6.8	14.8
Sep	26.8	12.6	14.9	21.4	20.0	15.2	34.8	5.3	14.6
Oct	24.6	12.4		22.2	16.4		29.3	8.4	
Nov	23.8	12.3		22.5	15.1		27.2	9.4	
Dec	23.6	11.8		21.5	15.5		27.9	7.9	

Average Quarterly Inflation

The monthly changes of the consumer price index as well as the averages within the quarter indicated a continued disinflationary process. The monthly change in inflation at the end of the review quarter was 0.6 per cent, which was lower than 0.9 per cent recorded at the end of the second quarter of 2005.

Similarly, the average quarterly inflation within the review quarter was 0.1 per cent, which was lower than the 1.3 per cent recorded for the second quarter in the year. This was the result of favourable development in the food sub-sector during the period under review.

PANEL I

Chart 36
Year-on-Year Inflation Rates
(2002-2005)

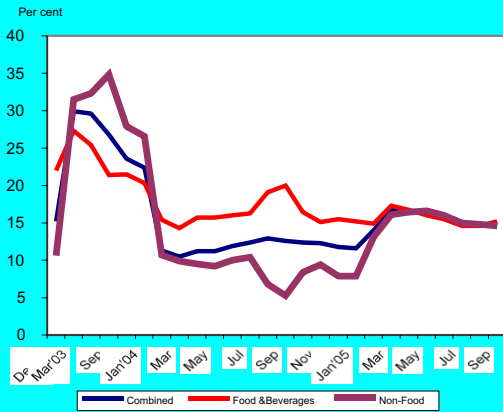


Chart 37
Overall Inflation: Monthly Changes
(2002-2005)

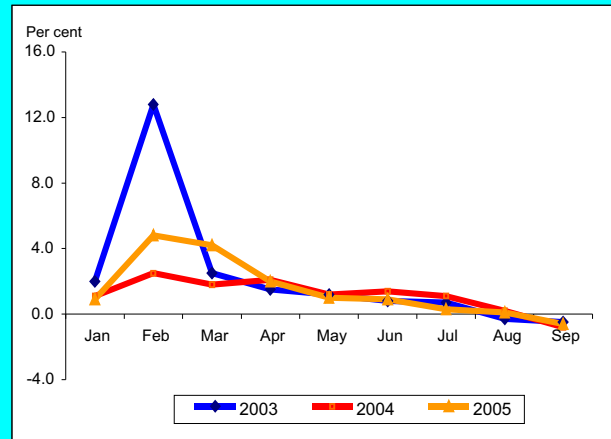


Chart 38
Non-Food Inflation: Monthly Changes
(2002-2005)

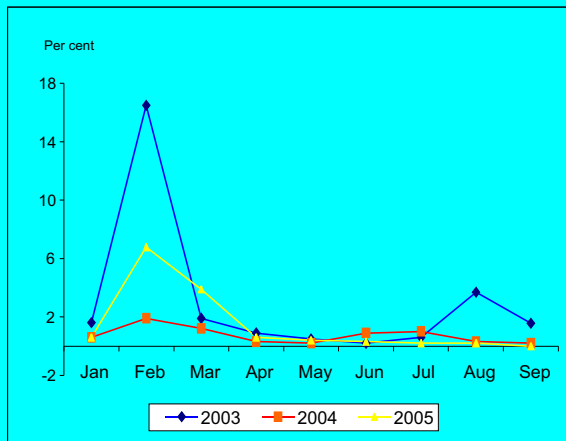


Chart 39
Food Inflation: Monthly Changes
(2002-2005)

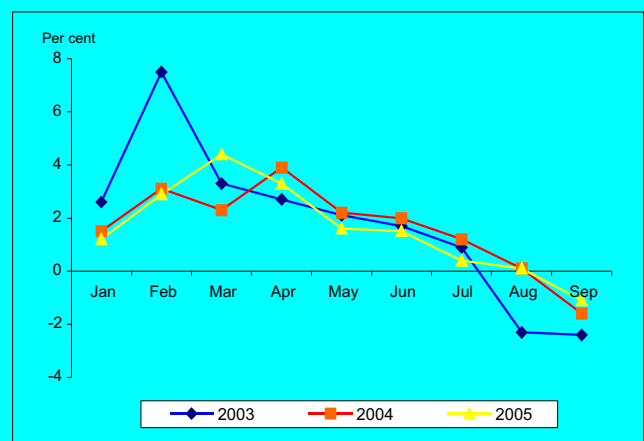


Table 15
Average Quarterly Inflation

Year	Overall					Food					NonFood				
	Apr-Jun Average	Jul	Aug	Sep	Jul-Sep Average	Apr-Jun Average	Jul	Aug	Sep	Jul-Sep Average	Apr-Jun Average	Jul	Aug	Sep	Jul-Sep Average
2001	2.0	1.3	1.1	0.5	1.0	1.8	1.6	-0.2	-0.9	0.2	2.0	1.1	2.0	1.4	1.5
2002	1.3	1.2	0.7	0.2	0.7	2.7	1.9	-1.8	-0.7	-0.2	0.3	0.6	2.6	0.7	1.3
2003	1.2	0.7	-0.3	-0.5	0.0	2.2	0.9	-2.3	-2.4	-1.3	0.5	0.6	3.7	1.6	2.0
2004	1.2	1.1	0.2	-0.8	0.2	1.8	1.2	0.1	-1.6	-0.1	0.7	1.0	0.3	0.2	0.5
2005	1.3	0.3	0.1	-0.6	-0.1	2.1	0.4	0.1	-1.1	-0.2	0.4	0.2	0.2	0.0	0.1

Source: Ghana Statistical Services

Table 16
Component Analysis of Consumer Price Index
(Quarterly Growth Rates: 2003-2005)

Year	Combined	Food and Beverages	Non-Food							
			Tobacco and Tobacco	Clothing and Footwear	Housing and Utilities	Household Goods, Operations and Services	Medical Care and Health Expenses	Transport and Communications	Recreation Entertainment, Education and cultural services	Miscellaneous Goods and services
2003										
Q1	17.9	13.9	6.7	7.6	54.2	7.5	6	47.9	5.6	12
Q2	3.5	6.6	1.7	3.3	-0.3	3.2	0.6	0.2	0.7	1.8
Q3	-0.1	-3.8	6.2	1	1	4.7	-2.7	2	2.4	-0.7
Q4	1.3	4	1.9	1.2	5.6	3.1	0.5	2.4	1.7	4.2
2004										
Q1	5.5	7.1	3.8	3.2	7.3	-1.2	7.7	4.9	0.8	3
Q2	4.9	8.2	0.1	2.8	2	4	3.2	1.4	3.1	1.2
Q3	0.5	-0.4	1.4	-0.4	4.8	-0.3	3.4	0.1	-1.9	-2.7
Q4	0.5	0.1	1.1	-1	3.9	0.1	4.6	1	4.7	1.1
2005										
Q1	10.1	8.8	5	4.4	17	6.2	8.6	26.9	6.7	4.8
Q2	4.0	6.5	2.3	2.4	0.6	2.8	10.6	2.5	7.8	2.4
Q3	-0.2	-0.7	1.3	0.6	-1.3	1.1	-0.1	1.3	3.4	2.8

Source: Ghana Statistical Services

Component Analysis of the CPI

The quarterly analysis of the sub-components of the Consumer Price Index (CPI) indicated that for the quarter under review the following sub-components: Housing and utilities and Medical care and health expenses recorded a downward change of -1.3 per cent and -0.1 per cent respectively while Clothing and footwear recorded a flat change, which together were responsible for

the declining inflationary pressures in the non-food sub-sector. The reduction in the prices of LP Gas and kerosene in August was partly responsible for the downward pressure in the Housing and utilities sub-component.

The following sub-components: Recreation and entertainment, education and cultural services, miscellaneous goods and services and transport and communication, which recorded quarterly

Increases of 3.4 per cent, 2.8 per cent and 1.3 per cent respectively exerted upward pressure on the CPI. The marginal increase in fuel prices in August did not cause any increase in transport fares, however other items in the transport sub-component such as motor oil and petrol recorded slight price increases.

In the food sub-sector, improvement in the supply of vegetables and fruits, roots and tubers as well as cereal and cereal products, which recorded price

declines during the third quarter, were responsible for the downward pressure in the CPI.

Core Measures of Inflation

The analysis on the underlying inflation from the various measures of core inflation indicates that inflationary pressures within the review quarter continue to be subdued showing marginal increase in September.

Table 17
Measures of Core Inflation

	Mar-04	Jun-04	Sep-04	Dec-04	Mar-05	Jun-05	Aug-05	Sep-05
Headline Inflation: CPI levels	340.5	356.7	359.0	360.7	397.0	413.2	414.9	412.5
Monthly inflation Rates	1.8	1.4	-0.7	0.8	4.2	0.9	0.1	-0.6
Inflation Rate	10.5	11.9	12.6	11.8	16.7	15.7	14.7	14.9
CORE1:INFXEU ¹								
Estimated CPI-CORE1	325.1	340.3	345.2	344.3	376.6	391.7	393.6	391.2
Estimated Monthly Change	1.8	1.4	-0.7	0.7	4.2	0.9	0.2	-0.6
Implied yr-on-yr Inf. Rate	10.9	12.1	12.7	12.1	14.8	14.0	13.2	13.3
CORE2:INFXEUF								
Estimated CPI-CORE1	320.6	329.9	330.6	333.7	355.5	365.0	369.4	370.1
Estimated Monthly Change	1.6	1.0	-0.1	0.1	3.5	0.9	0.3	0.2
Implied yr-on-yr Inf. Rate	10.7	10.7	9.2	9.3	10.9	10.6	11.6	12.0
CORE3:INFXEUF ³								
Estimated CPI-CORE1	319.8	329.1	333.0	332.4	346.8	360.4	364.9	365.7
Estimated Monthly Change	1.5	1.0	-0.1	0.1	2.6	0.8	0.3	0.2
Implied yr on yr Inf. Rate	10.5	10.4	10.0	9.0	8.4	9.5	9.4	9.8
CORE4:INFAXFE ⁴								
Estimated CPI-CORE1	281.2	284.4	285.8	288.0	299.1	303.3	305.3	305.9
Estimated Monthly Change	0.6	0.5	0.5		1.8	0.8	0.0	0.2
Implied yr-on-yr Inf. Rate	5.6	5.9	5.9	5.1	6.4	6.6	6.6	6.8
HP Inflation ⁵								
Implied yr-on-yr Inf. Rate	17.6	16.7	15.8	15.0	14.2	13.4	12.9	12.7
Trimmed Mean Core Inf.Rate ⁶								
Estimated Monthly Change	1.3	1.2	-1.0	0.7	3.7	1.1	-2.0	-1.4
Implied yr-on-yr Inf. Rate	8.5	9.3	9.0	7.2	8.6	8.6	7.0	6.8

¹ Excludes energy and utility price changes from the basket

² Excludes energy, utility and selected volatile food items

³ Excludes transport in the basket of INFXEUF

⁴ Excludes all the food items, utility and transport from the basket

⁵ Eliminate cyclical component of the inflation

⁶ Excludes the most volatile item (items) in each month

PANEL J

Chart 40
Actual Inflation, Trimmed Mean and HP Core
(Yr-on-yr)

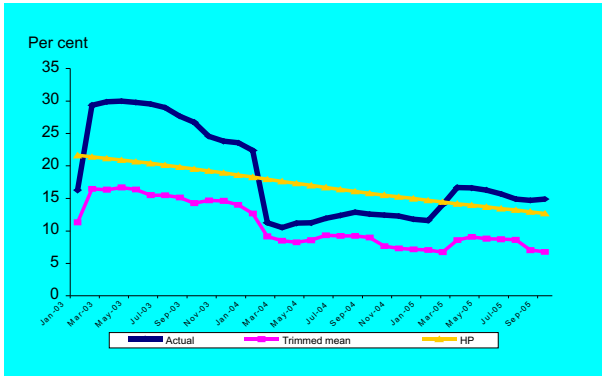


Chart 41
Actual Inflation, Trimmed Mean and HP Core
(m-on-m)

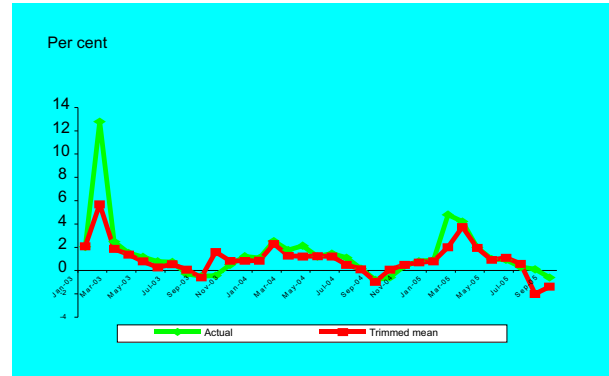


Chart 42
Actual Overall and Seasonally Adjusted Inflation

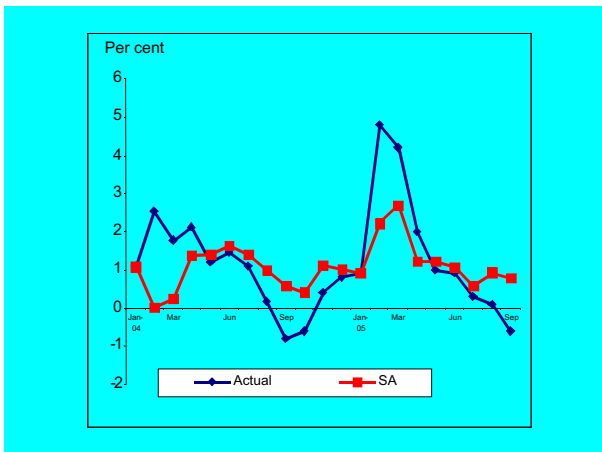


Chart 43
Food Inflation and Seasonally Adjusted Inflation

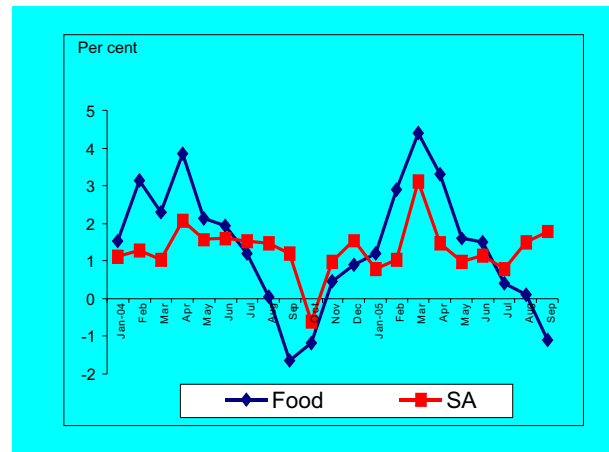
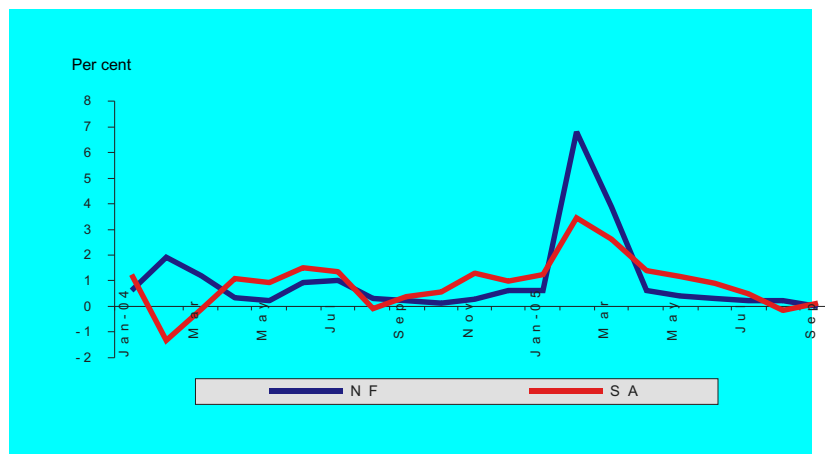


Chart 44
Non-Food and Seasonally Adjusted Inflation



Seasonally Adjusted Food Index

The headline seasonally adjusted food inflation and the actual inflation rate were almost the same, suggesting that the Christmas season did not have much impact on the food prices during the fourth quarter of the year. The corresponding period in the preceding year figures showed that the Christmas season had much impact on prices. The month to month, on the other hand, indicated that the estimated seasonally adjusted monthly food inflation over the period was higher than the actual figures.

Urban, Rural and Accra Price Developments

The year-on-year changes of consumer price index

of the rural and Accra areas recorded relatively lower figures at the end of the third quarter than the figures at the end of the preceding quarter, recording 21.2 and 12.6 per cent at the end of the third quarter compared with 23.0 and 13.7 per cent at the end of the second quarter for the rural and urban inflation respectively. The urban inflation, on the other hand, indicated a slight increase during the same period, recording 13.2 per cent at the end of the review quarter as against a lower figure of 11.9 per cent at the end of the preceding quarter.

Accra recorded a downward price trend during the third quarter on account of declining prices of the food sub-sector, which went down by 1.2 per cent during the quarter.

Table 18
Urban, Rural and Accra Inflation (Monthly and Yr-on-Yr)

Period	URBAN		RURAL		Accra	
	Month - on - month	Year - on - Year	Month - on - month	Year - on - Year	Month - on - month	Year - on - Year
2004 Mar	2.1	15.5	1.5	8.5	2.5	17.2
Jun	1.8	17.6	0.9	9.8	1.9	20.8
Sep	-1.1	13.3	-0.1	14.2	-1.2	19.0
Dec	0.2	8.2	2.1	15.1	0.2	13.2
2005 Mar	4.4	13.0	4.4	23.4	3.5	16.3
Jun	0.5	11.9	1.2	23.0	1.0	13.7
Sep	-0.3	13.2	0.1	21.2	-0.8	12.6

Component Analysis of Urban Inflation

Analysis on the major contribution of each sub component index to the urban inflation within the quarter shows that household goods and services (H&U), recreation, education and entertainment

(RE&CS) as well as miscellaneous goods and services (MG gds&S) mainly contributed to the inflationary pressure within the period while food and beverages (F&B), and medical care and health expenses (MC&HE) subdued within the review quarter.

Table 19
Component Analysis of Urban Inflation (Quarterly and Monthly Changes)

	Urban									
	Overall	F&B	A&T	C&F	H&U	H/H Gds& S	MC&HE	T&Comm	RE&CS	MG gds&S
2003										
Q2	3.1	6.1	-0.4	4.0	-1.6	3.9	1.4	0.3	0.3	0.7
Q3	2.8	3.4	7.3	1.8	0.3	2.4	0.2	0.9	2.1	1.1
Aug-Sep	0.7	-0.4	1.7	0.5	-0.3	0.1	0.3	0.5	0.7	0.9
2004										
Q2	5.0	6.1	0.6	3.1	3.6	5.1	6.0	2.5	4.3	2.0
Q3	-0.8	-0.5	4.8	-3.5	3.9	-4.1	2.6	-0.6	-4.9	-1.6
Aug-Sep	-1.0	-0.8	1.7	-3.7	1.5	-3.4	0.4	-1.0	-2.5	-1.5
2005										
Q2	3.9	6.9	1.5	3.6	-0.4	1.6	1.9	4.2	11.9	2.7
Q3	0.4	-0.2	0.8	1.6	0.4	3.3	-0.1	1.3	2.8	3.5
Aug-Sep	-0.3	-0.5	0.0	-1.2	0.5	0.3	-0.7	-0.2	0.4	0.1

Source: Ghana Statistical Services

Component Analysis of Rural Inflation

The notable contributors of the rural inflation within the review quarter are alcohol and tobacco (A&T), recreation, education and entertainment (RE&CS) as well as miscellaneous goods and services (MG gds&S) sub indices. Conversely, the household goods and services (H/H Gds& S), housing and utilities (H&U) as well as clothing and footwear(C&F) sub components eased during the quarter.

To sum up, inflationary pressures eased considerably in 2004 as the year-on-year inflation rate fell from 23.6 per cent to 11.8 per cent. The improvement reflected the stability in exchange rates which kept non-food inflation within a single digit. Improvements in food prices in the latter part of the year reinforced the slowdown in overall inflation.

Table 20
Component Analysis of Rural Inflation (Quarterly and Monthly Changes)

	Rural									
	Overall	F&B	A&T	C&F	H&U	H/H Gds& S	MC&HE	T&Comm	RE&CS	MG gds&S
2003										
Q2	3.8	7.0	2.3	2.8	0.8	2.8	0.3	0.1	0.9	3.1
Q3	-1.7	-4.7	4.8	1.0	2.7	2.1	-2.4	1.0	4.2	0.4
Aug-Sep	-1.1	-3.2	1.9	0.0	0.1	1.7	1.3	1.2	2.0	-0.3
2004										
Q2	5.1	9.4	-0.6	2.0	-0.6	1.5	-0.8	-1.1	3.3	0.9
Q3	1.8	0.1	0.2	4.8	6.2	3.5	5.2	1.8	3.6	-5.0
Aug-Sep	-0.5	-2.2	-0.3	2.5	2.6	1.9	2.6	0.2	-1.0	-3.0
2005										
Q2	4.7	4.7	3.9	0.4	2.3	0.2	13.9	2.7	3.2	0.4
Q3	0.3	0.7	2.4	-1.3	-1.8	-0.1	0.3	1.3	4.0	2.0
Aug-Sep	0.1	-0.1	0.5	-0.3	0.4	0.2	0.2	0.0	0.3	0.7

Component Analysis of Accra Inflation

Inflation in Accra within the review period was mainly the result of the price changes in household goods and services (H/H Gds& S), recreation, education and entertainment (RE&CS), as well as

miscellaneous goods and services (MG gds & S) within the review quarter. However, the food and beverage sub component subdued and therefore contributed to the downward impact recorded within the quarter.

Table 21
Component Analysis of Accra Inflation (Quarterly and Monthly Changes)

	Accra									
	Overall	F&B	A&T	C&F	H&U	H/H Gds& S	MC&HE	T&Comm	RE&CS	MG gds&S
2003										
Q2	2.9	5.1	-2.8	5.5	-2.9	6.6	2.0	0.5	0.8	0.9
Q3	2.7	3.9	5.3	4.1	1.9	5.8	0.6	1.6	1.9	-1.3
Aug-Sep	1.1	1.3	0.2	1.6	-0.9	- 0.1	0.6	1.1	-0.6	1.7
2004										
Q2	6.1	8.0	1.3	2.7	3.4	7.1	5.4	0.8	-0.5	2.2
Q3	1.1	1.2	3.2	-7.0	4.9	- 6.6	0.3	0.3	0.5	-4.2
Aug-Sep	-1.2	- 0.6	0.0	-6.8	2.8	- 6.8	-0.2	-0.1	-0.2	-3.3
2005										
Q2	3.8	7.1	1.3	3.2	2.4	3.5	2.1	2.3	9.8	6.1
Q3	0.1	-1.2	0.4	1.2	0.7	5.9	0.6	0.1	3.5	6.7
Aug-Sep	- 0.8	-1.2	-0.4	-2.0	0.2	0.4	-0.3	0.0	0.6	-0.2

On the whole, the notable contributors of inflation within the quarter were household goods and services (H/H Gds& S), recreation, education and entertainment (RE&CS), as well as miscellaneous

goods and services (MG gds & S) in all the areas, resulting from an increasing demand for the above-mentioned items within the period.



F. The Stock Market

The stock market over the past nine months has been lackluster against a backdrop of positive macro economic indicators. Except for the marginal rise in the All-Share Index in January, the index has been adrift for much of the year. The third quarter has been as disappointing as the two previous quarters.

GSE All-Share Index

In spite of the slight change in the downward movement of the index in September, the heaviest quarterly fall in the index was registered in the third quarter of 2005 as a result of a big drop of 14.4 per cent at the beginning of the quarter.

The GSE All-Share index slid 16.8 per cent (984.5 points) in the review period to close at 4,878.3 points. This may be compared with the 9.2 per cent (591.1 points) drop during the second quarter. The year-to-date change at the end of the period stood at negative 28.2 per cent. The All-Share Index also fared much better, during the corresponding period in 2004 where the drop in the third quarter was much less. The loss in the quarter was only 0.7 per cent while the year-to-date change stood at 96.9 per cent.

The gloom in the review period like the two previous quarters has been attributed to the sustained rally in 2004, which led to overvaluation of most equities. In reaction, the market has spent much of the period correcting itself. Others believe the effect of petroleum price increase has in a way impacted on market activity. The increase in prices of petroleum products fuelled inflationary

expectations, which triggered the rush to hedge and divest into short-term instruments. Incidentally, returns on money market instruments also dipped but at a slower rate compared with that of the capital market.

Sectoral Indices

All the sectors represented at the exchange were not spared the gloom. The Food and Beverage sub-sector was under pressure for most of the year. A surge in September notwithstanding, the sub-sector shed 30.9 per cent (140.1 points) over the period to close at 312.1 points from 452.2 points. Even though Guinness Ghana Breweries Limited (GGBL) and Fan Milk Limited rebounded in September to help mitigate the drop, the two equities ended the period amongst the heaviest losers. GGBL lost ₵5400 (42.5%) whilst FML dipped 22.0 per cent off the year's opening price of ₵20,000.

The Finance sector treaded the same path, going down 17.7 per cent (74.3 points) in the quarter. All the major equities in the Finance sub-sector suffered under intense speculation. SG-SSB Bank took 41.7 per cent off its price of ₵3,500. at the beginning of the year. Others were GCB (33.5%), HFC (30.0%) and SCB (21.2%).

The Manufacturing sector followed the downward trend by ending 7.2 per cent (20.6 points) down at 267.2 points from 287.8 points from the previous quarter. British American Tobacco (BAT) fell by 61.0 per cent (₵4,700). Other losers in the sector were ALW (50%) and UNIL (29.5%).

The Distribution sector index fell by 0.1 per cent to close the period at 659.5 points. The index was pulled down largely by Mobil Oil Ghana Limited (MOGL), which lost 2.6 per cent (¢1000).

The Agriculture sector index was flat in the quarter but had shed 7.7 per cent from the start of the year.

Table 22
Sectoral Performance Of The Stock Exchange Q2 & Q3 2005

SECTOR	F & B	MAN	FIN	DIST	MIN	AGRIC	ALL - SHARE
Jun -05	452.2	287.8	419.7	659.6	109.1	120.0	5862.7
Sep -05	312.1	267.2	345.5	658.5	109.1	120.0	4878.3
Abs	-140.1	-20.6	-74.3	-1.1	0.0	0.0	-984.4
%	31.0	-7.2	-17.7	-0.2	0.0	0.0	-16.8

Table 23
Sectoral Performance Of The Stock Exchange (Year-to-date)

SECTOR	F & B	MAN	FIN	DIST	MIN	AGRIC	ALL - SHARE
Dec -04	479.8	406.8	484.7	758.6	109.1	130.1	6798.5
Sep -05	312.1	267.2	345.5	658.5	109.1	120.0	4878.3
Abs	-167.7	139.6	-139.6	-99.1	0.0	-10.1	-1920.2
%	-35.0	-34.3	-28.7	-13.1	0.0	-7.7	-28.2

Market Performance

Volume of trade for the period totaled 16.1 million shares valued at ₵193.8 billion. This may be compared with the same period last year when 30.3 million shares valued at ₵140.0 billion exchanged hands. Monthly trade volumes were also unimpressive except for the occasional bulk transfers that punctuated market activity as it happened in the acquisition of controlling shares of Mobil Oil Ghana Limited by Total.

The low turnout this year is in line with the general depression that has characterized the market. Exchanges were uninspiring save few block transfers. Equities that caught the attention of most investors were CAL Bank, which accounted for 23.7 per cent of the total volume of trade. Starwin Products Limited followed with 10.7 per cent while Cocoa Processing Company (CPC) was next with

9.7 per cent. In terms of value of trade, MOGL topped the list with the bulk exchange involving the complete takeover of its shares by Total Oil Company. The transaction, which was brokered by Strategic African Securities (SAS), a brokerage company involved a transfer of 2,837,550 shares at a negotiated price of ₵51,787 per share.

Market Capitalization

Market capitalization at the end of the review period stood at ₵92,129.8 billion, registering a decrease of 2.6 per cent (₵2,413.8 billion) from ₵94,543.5 billion at the beginning of the previous quarter. This may be compared with an increase of 0.1 per cent (₵94.1 billion) registered for the corresponding period in 2004. The shortfall in market capitalization is accounted for by a fall in share prices and the de-listing of Metaloplastica Ghana Limited (MGL).

Table 24
Market Capitalisation (₵' Billion)

	Market Cap. (₵'Bill ion)	Change			
		Year - to- Date (₵' Billions)	%	Quarterly (₵' Billions)	%
2003					
Q1	7,494.16	1,310.32	21.2	1,310.32	21.2
Q2	8,652.34	2,468.50	39.9	1,158.18	15.5
Q3	10,305.23	4,121.39	66.6	1,652.89	19.1
Q4	12,616.80	6,432.96	104.0	2,311.57	22.4
2004					
Q1	17,950.60	5,333.80	42.3	5,333.80	42.3
Q2	96,959.70	84,342.90	668.5	79,009.10	440.1
Q3	97,197.73	84,580.93	670.4	238.03	0.2
Q4	97,614.45	84,997.65	673.7	416.72	0.4
2005					
Q1	96,674.90	-939.60	-1.0	-939.60	-1.0
Q2	94,543.50	-3,070.90	-3.1	-2,131.30	-2.2
Q3	92,129.75	-5,484.70	-5.6	-2,413.79	-2.6

Table 25
Changes In Equity Price, Year-to date, September 2005

EQUITY	START	END	Change	
			Amt	%
CMLT	970	1,800	830	85.6
CFAO	220	405	185	84.1
PZ	4,700	6,407	1707	36.3
SPL	535	600	65	12.1
ABL	1,480	1,480	0	0.0
PAF	800	800	0	0.0
SWL	290	290	0	0.0
AGC	300,000	300,000	0	0.0
SPPC	390	390	0	0.0
CLYD	1,330	1300	-30	-2.3
MOGL	39,000	38,000	-1000	-2.6
BOPP	6,503	6000	-503	-7.7
TBL	31,000	27,900	-3100	-10.0
PBC	3,600	3000	-600	-16.7
MLC	3,100	2500	-600	-19.4
SCB	170,000	134,000	-36000	-21.2
FML	20,000	15,605	-4395	-22.0
EIC	8,000	6,035	-1965	-24.6
UNIL	22,000	15,500	-6500	-29.5
HFC	10,000	7,000	-3000	-30.0
GCB	10,150	6,750	-3400	-33.5
CPC	1,000	600	-400	-40
SSB	13,500	7,865	-5635	-41.7
GGL	12,700	7,300	-5400	-42.5
ALW	10,000	5,000	-5000	-50.0
BAT	7,700	3,000	-4700	-61.0

Bond Market

Secondary trading in corporate bonds in general attracted little attention. From the beginning of the year to date, US\$115,200 worth of bonds has been exchanged compared with US\$72,417 sold for the corresponding period last year.

Similarly, trading in government bonds was sluggish but unlike the corresponding period in the

previous year when €20.5 billion had traded, no trade has been registered in 2005.

Outlook

Some nervousness continues to linger in the market even though the index has started to incline upwards. Trade volumes are expected to be restricted to retailers with occasional interventions by institutional investors.

PANEL K

Chart 45
Sectoral Distribution of The Stock Market
(Without AGA) Sept 2005

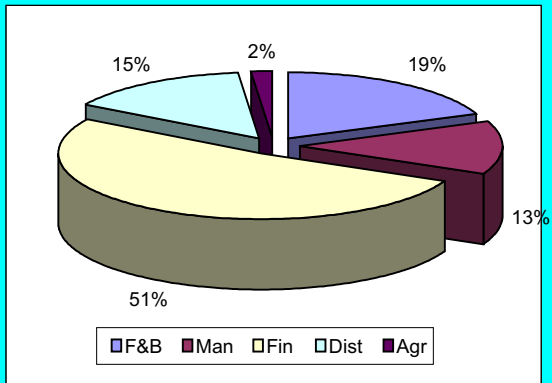


Chart 46
Sectoral Distribution of The Stock Market
(With AGA) Sept 2005

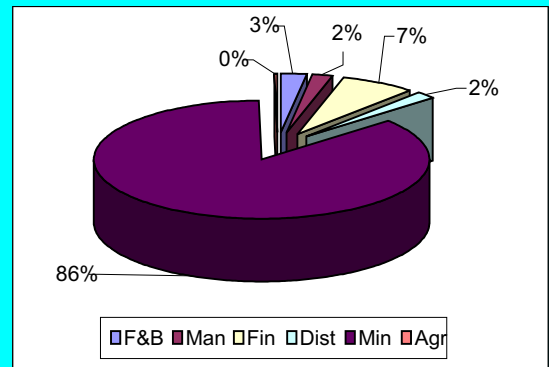


Chart 47
Monthly Growth in All-Share Index

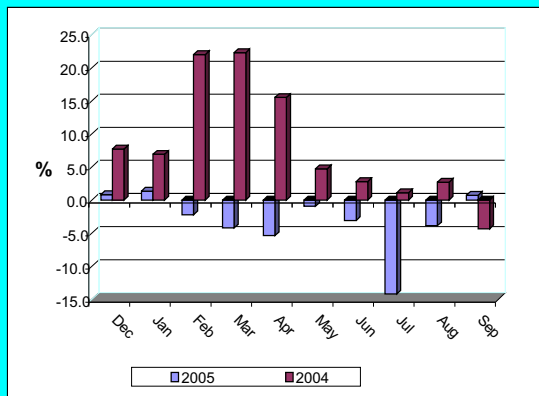
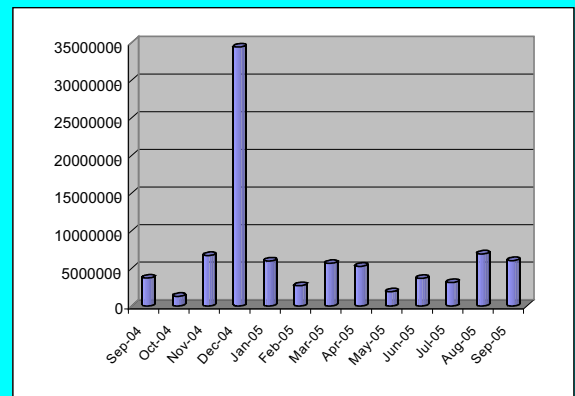


Chart 48
Activities on The Stock Exchange



G. Developments In The Foreign Exchange Market

International Exchange Rate Market

Interest rates that increased the attraction of the US dollar as a high yielding currency.

The US dollar continued to dominate the international currency exchange market and continued to strengthen on account of rising US

Table 26
International Exchange Rate Movements

	End Period USUS\$/GBP	Quarterly Change	End Period USUS\$/Euro	Quarterly Change	End Period USUS\$/Yen	Quarterly Change
2003						
Q1	1.5738	1.9	1.0794	-3.4	0.0083	0
Q2	1.6501	-4.6	1.144	-5.6	0.0083	0
Q3	1.6667	-1	1.1628	-1.6	0.0086	-3.5
Q4	1.7784	-6.3	1.2556	-7.4	0.0092	-6.5
2004						
Q1	1.8261	-2.6	1.2177	3.1	0.0094	-2.1
Q2	1.8073	1	1.2084	0.8	0.0092	2.2
Q3	1.8115	-0.2	1.2431	-2.8	0.0091	1.1
Q4	1.9267	-6	1.3644	-8.9	0.0097	-6.2
2005						
Q1	1.8741	2.8	1.2916	5.6	0.0093	4.3
Q2	1.8047	3.8	1.2065	7.1	0.0090	3.3
Q3	1.7627	2.4	1.2048	0.1	0.0088	2.3

Depreciation (-)/ Appreciation (+)

The US Dollar

The US dollar strengthened during the third quarter of 2005. This was mainly due to a gradual tightening of US monetary policy to counteract inflation expectations. Higher US interest rates led to increased demand for dollar denominated assets.

In the quarter, the US dollar recorded appreciations of 2.4 per cent, 0.1 per cent and 2.3 per cent against

the pound sterling, the euro and the yen respectively.

The Domestic Market

On the domestic market, the cedi maintained its relative stability during the third quarter. The strong performance of the cedi during the quarter was recorded in both the inter-bank and the forex bureau markets.

Developments in the Inter-Bank Market

In the inter-bank market the cedi depreciated by 0.1 per cent against the US dollar during the quarter as the exchange rate increased marginally from ₵9,074.91 in June to ₵9,086.47 in September 2005, recording the same level of depreciation of 0.1 per cent that was recorded in the corresponding quarter last year.

The cedi appreciated by 2.6 per cent against the pound sterling and was flat against the euro during the quarter under review. This compared with 1.2 per cent appreciation recorded against the pound sterling and a depreciation of 1.7 per cent against the euro during the third quarter last year.

Table 27
Inter-Bank Exchange Rate Movements

	End Period ₵/US\$	Quarterly Change	End Period ₵/GBP	Quarterly Change	End Period ₵/Euro	Quarterly Change
2003						
Q1	8,600.29	- 1.9	13,729.81	- 3.1	9,293.80	-8.4
Q2	8,700.36	- 1.2	14,323.79	- 4.1	10,000.23	-7.1
Q3	8,732.28	- 0.4	14,277.69	0.3	9,851.31	1.5
Q4	8,852.32	- 1.4	15,296.02	- 6.7	10,986.26	-10.3
2004						
Q1	9,018.29	- 1.8	16,309.55	- 6.2	11,061.32	- 0.7
Q2	9,046.54	- 0.3	16,454.78	- 0.9	10,943.53	1.1
Q3	9,051.76	- 0.1	16,254.22	1.2	11,135.77	-1.7
Q4	9,051.26	0	17,411.51	- 6.6	12,308.98	-9.5
2005						
Q1	9,075.45	- 0.3	17,135.36	1.6	11,817.22	4.2
Q2	9,074.91	0	16,457.80	4.1	10,952.73	7.9
Q3	9,086.47	- 0.1	16,036.95	2.6	10,955.53	0

Depreciation (-)/ Appreciation (+)

Forex Bureaux Market

In the forex bureau market, the cedi posted a stronger performance as it recorded 0.6 per cent, 1.8 per cent and 0.5 per cent quarterly appreciations

Against the US dollar, the pound sterling and the euro respectively.

Table 28
Forex Bureaux Exchange Rate Movements

	End Period USUS\$/GBP	Quarterly Change	End Period USUS\$/Euro	Quarterly Change	End Period USUS\$/Yen	Quarterly Change
2003						
Q1	8,693.19	-0.1	13,581.82	-1.7	9,306.82	-7.6
Q2	8,829.55	-1.5	14,545.46	-6.6	10,245.46	-9.2
Q3	8,830.91	0.0	14,093.18	3.2	9,854.55	4.0
Q4	9,097.73	-2.9	15,402.28	-8.5	10,797.73	-8.7
2004						
Q1	9,235.46	-1.5	16,650.00	-7.5	11,277.27	-4.3
Q2	9,335.00	-1.1	16,879.55	-1.4	11,236.37	0.4
Q3	9,196.37	1.5	16,403.18	2.9	11,172.73	0.6
Q4	9,222.73	-0.3	17,365.91	-5.5	12,145.46	-8
2005						
Q1	9,179.09	0.5	17,120.46	1.4	11,979.55	1.4
Q2	9,203.64	-0.3	16,640.91	2.9	11,154.55	7.4
Q3	9,147.27	0.6	16,340.91	1.8	11,103.64	0.5

Foreign Exchange Market Developments

The foreign exchange market showed a turnover of US\$1,542.73 million during the third quarter.

Compared with the corresponding period in 2004, the depth of the market expanded by 16.0 per cent .

Table 29
Foreign Exchange Market Developments

	Purchases				Sales				Total Volume	
	Inter-Bank	F. Bureau	Total	Quarterly Change	Inter-Bank	F. Bureau	Total	Quarterly Change	Total	Quarterly Change
2003										
Q1	281.36	48.59	329.96	-24.61	245.43	48.14	293.58	-46.10	623.53	-34.73
Q2	350.80	54.30	405.10	18.55	319.63	54.47	374.09	21.52	779.20	19.98
Q3	373.28	62.3	435.61	7.00	356.17	62.22	418.38	10.59	854.00	8.76
Q4	351.38	59.80	411.17	-5.94	368.79	60.12	428.90	2.45	840.08	-1.66
2004										
Q1	474.11	61.10	535.22	23.18	445.69	60.98	506.66	15.35	1,041.88	19.37
Q2	475.30	63.07	538.37	0.59	489.54	63.09	552.63	8.32	1,091.00	4.50
Q3	594.51	61.17	655.68	17.89	586.91	60.94	647.86	14.70	1,303.54	16.30
Q4	658.96	73.64	732.60	10.50	713.96	74.02	787.99	63.07	1,520.59	16.65
2005										
Q1	633.99	69.54	703.53	-3.97	704.50	69.09	773.59	-1.83	1,475.92	-2.94
Q2	644.87	74.04	718.90	2.70	750.35	74.33	824.69	6.66	1,543.59	4.81
Q3	651.5	79.87	731.38	2.01	731.68	79.67	811.36	-1.35	1,542.73	0.24

PANEL L

Chart 49
Forex Bureau Exchange Rate

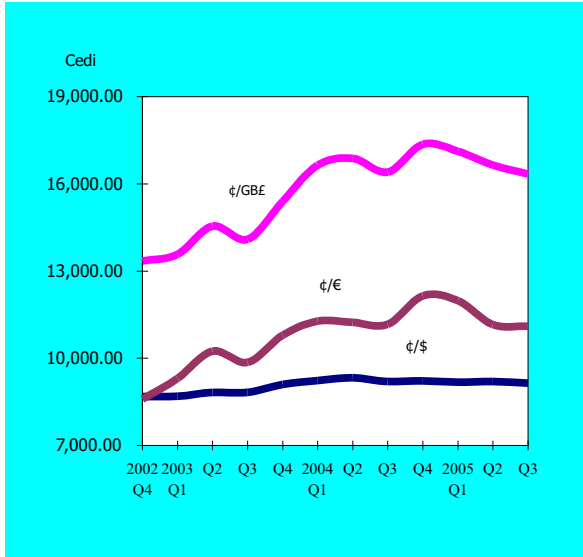


Chart 50
Inter-Bank Exchange Rate

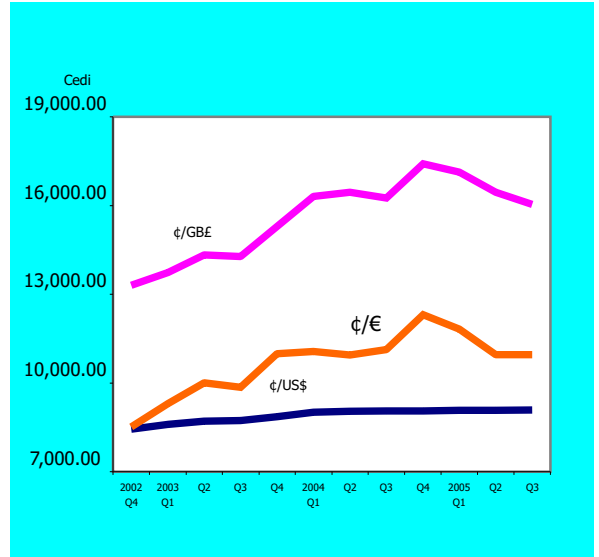


Chart 51
Inter-Bank Foreign Exchange Transactions

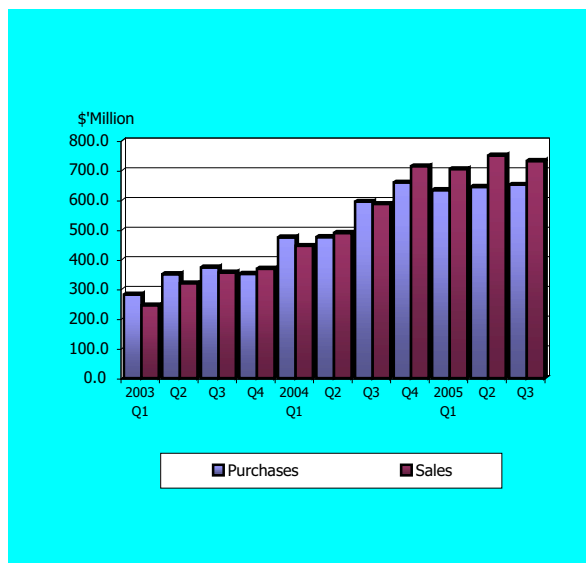
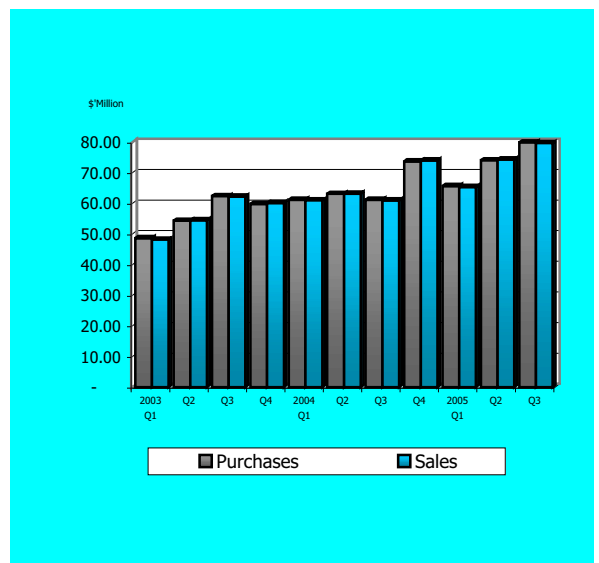


Chart 52
Forex Bureau Foreign Exchange Transactions





H. External Debt

Developments in External debt

At the annual Spring meetings in September 2005, the International Monetary Fund (IMF) and the International Development Association (IDA) approved the G8 proposal for 100 percent cancellation of debt owed by eighteen (18) eligible Heavily Indebted Poor Countries (HIPC) including Ghana to IMF, the African Development Fund (AfDF) and IDA. Under the plan about US\$40 billion of debt owed to these multilateral institutions will be written off.

Ghana's indebtedness to the international institutions is estimated at US\$5.1 billion. The cancellation of this debt will provide a valuable opportunity to reduce Ghana's external debt and increase resources for poverty reduction programmes and in achieving the millennium development goals.

Debt Stock

Ghana's total external debt outstanding (including obligations to the IMF) showed a gradual decline during the second and third quarter of the year. This downward trend resulted from the repayment of the syndicated Trade Finance Facility for the 2004/2005 cocoa season and the regular repayment of Government debt obligations to multilateral and bilateral creditors.

At the end of September 2005 the debt stock stood

at US\$6,192.45 million registering an overall decline of US\$20.67 million (0.33%) from US\$6213.12 million in June 2005.

Short-term debt comprising the Cocobod Trade Finance facility was fully repaid during the period.

Medium-term debt however increased by US\$33.71 million from the end-June position of US\$691.08 million to close the third quarter at US\$724.78 million. The increase was due to disbursements made by the IMF under the Poverty Reduction and Growth Facility (PRGF) during the period.

Long-term debt also showed a net increase of US\$88.88 million between June and September 2005 resulting from disbursements made mainly by multilateral creditors and some bilateral creditors. At the end of the review period this component therefore stood at US\$5,467.67 million of which US\$5,052.58 million is owed to multilateral creditors and US\$415.1 million to bilateral creditors.

HIPC Relief

In the review period an amount of US\$58.0 million was credited to the HIPC Account as debt relief under the HIPC Initiative. The amount was debt relief contributions from multilateral and Paris Club creditors which provided US\$24.0 million and US\$34.0 million respectively.

Table 30
Public and Publicly Guaranteed External Debt By Maturity (US\$ Millions)

Items	2001	2002	20031*	2004	2005**		
					Q1	Q2	Q3
Total External Debt	6,376.77	6,585.33	8,034.57	6,367.93	6,410.14	6,213.12	6,192.45
SHORT TERM	300.00	360.00	474.77	330.00	357.11	143.25	0.0
Loans and overdrafts facility	300.00	360.00	474.77	330.00	357.11	143.25	0.0
MEDIUM TERM	476.24	528.30	730.80	722.81	713.03	691.08	724.78
Medium term (non-oil)	181.84	152.18	266.90	245.07	245.66	234.32	234.08
Post-1966 Debt	181.84	152.18	266.90	245.07	245.66	234.32	234.08
Medium term (Oil)	10.80	10.80	10.80	10.80	10.80	10.80	10.80
Libya	10.80	10.80	10.80	10.80	10.80	10.80	10.80
IMF (SAF, ESAF, PGRF)	283.60	365.32	453.10	466.94	456.57	445.96	479.90
LONG TERM	5,600.53	5,697.03	6,829.00	5,315.12	5,340.00	5,378.79	5,467.67
Bilateral	1,607.12	1,620.19	2,106.10	428.81	429.80	409.19	415.09
Multilateral	3,993.41	4,076.84	4,722.90	4,886.32	4,910.20	4,969.60	5,052.58

*The rise in end-2003 debt stock was due to reconciliation of debt figures with various creditors.

About 91 per cent of the debt stock was reconciled, as compared with 86 per cent at the End-2000 when Debt sustainability Analysis (DSA) was done.

**Provisional

PANEL M

Chart 53
Selected Debt Indicators

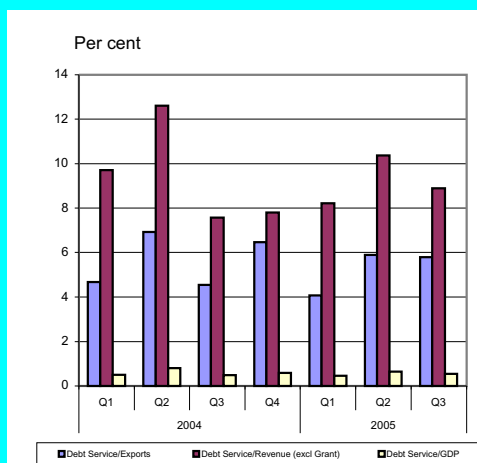


Chart 54
Debt Stock / GDP Q1 2004-Q3 2005

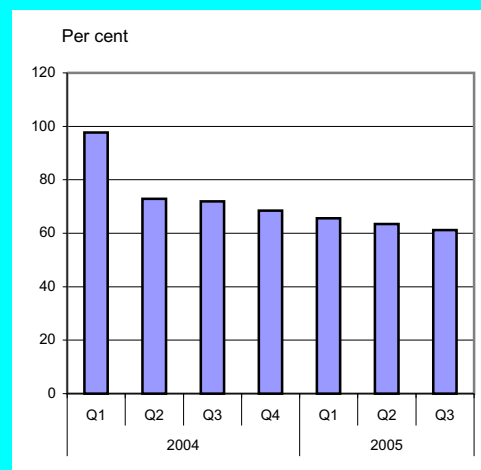


Table 31
Selected Debt Indicators

	2004				2005		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
(i) Debt Stock (excl short term) (\$m)	7,572.99	5,897.05	6,070.11	6,037.93	6053.03	6069.87	6192.45
(ii) Debt Stock/GDP * (%) (Excluding short term)	97.74	72.86	71.87	68.48	65.58	63.45	61.19
(iii) Debt Service /Exports ** (%)	4.67	6.92	4.54	6.47	4.06	5.90	5.80
(iv) Debt Service/Revenue (excl Grant) (%)	9.71	12.60	7.57	7.79	8.21	10.36	8.90
(v) Debt Service/GDP (%)	0.50	0.80	0.48	0.58	0.45	0.64	0.54

*Quarterly GDP is extrapolated

** Export is provisional

I. External Sector Developments

Review of International Trade and Finance

Rising crude oil prices impacted on the current account balance, which widened in the third quarter of the year. In spite of this, an improvement in

financial inflows helped moderate the effects, resulting in an overall improvement in the balance of payments position for the first nine months of 2005. The provisional estimates of the overall balance of payments for the third quarter of 2005 indicated a surplus of US\$109.63 million

Table 32
Balance of Payments (US\$'M)

Transactions	2004				2005*						2005
	Q3	Q1-Q3	Q4	Year	Q1	Q2	Q3	Q1-Q3	Q4 (proj)	Year	Initial proj.
CURRENT ACCOUNT	-37.75	21.95	-303.08	-281.13	-43.27	-140.04	-295.04	-478.35	-241.68	-720.03	-187.87
Merchandise Exports (f.o.b.)	723.07	2,089.01	650.16	2,739.17	760.46	724.33	650.33	2,135.11	602.55	2,737.66	2,850.52
Cocoa beans and products	295.67	860.59	165.08	1,025.67	305.79	254.29	176.06	736.14	96.42	832.56	1,050.00
Gold	195.46	620.74	219.47	840.21	222.9	231.24	225.55	679.69	238.67	918.36	941.45
Timber	58.05	157.87	53.84	211.71	50.58	61.86	59.49	171.93	60.15	232.08	220.77
Others (including non-traditionals)	173.89	449.81	211.77	661.58	181.19	176.95	189.22	547.35	207.31	754.66	638.3
Merchandise Imports (f.o.b.)	-1,034.93	-3,071.42	-1,225.86	-4,297.28	-1,158.01	-1,257.43	-1,372.04	-3,787.48	-1,292.29	-5,079.77	-4,503.31
Non-oil	-807.95	-2,516.42	-1,005.89	-3,522.31	-948.84	-1,015.79	-1,066.71	-3,031.34	-972.08	-4,003.42	-3,639.89
Oil	-226.98	-555	-219.97	-774.97	-209.17	-241.64	-305.33	-756.14	-320.21	-1,076.35	-863.42
Trade Balance	-311.86	-982.41	-575.7	-1,558.11	-397.55	-533.1	-721.71	-1,652.37	-689.74	-2,342.11	-1,652.79
Services, Income and Transfers (net)	274.11	1,004.36	272.62	1,276.98	354.29	393.06	426.67	1,174.02	448.06	1,622.08	1,464.92
CAPITAL & FINANCIAL ACCOUNT	23.57	-120.34	321.93	201.58	-56.81	-41.58	333.44	235.05	501.57	736.62	56.77
Official Account	80.48	47.38	5.07	52.45	14.71	-84.29	134.64	65.06	49.37	114.43	111.46
Private	148.01	247.73	84.26	331.99	38.79	211.5	181.26	431.55	141.01	572.56	5.31
Short-term	-204.92	-415.45	232.6	-182.86	-110.31	-168.79	17.54	-261.56	311.19	49.63	-60
ERRORS AND OMISSIONS	47.06	-93.09	162.17	69.09	-54.72	53.6	71.23	70.11	0	70.11	0
OVERALL BALANCE	32.88	-191.48	181.02	-10.46	-154.8	-128.02	109.63	-173.19	259.89	86.7	-131.1
FINANCING	-32.88	191.48	-181.02	10.46	154.8	128.02	-109.63	173.19	-259.89	-86.7	131.1
Exceptional Financing	48.14	129.48	66.56	196.04	56.9	71.9	36.9	165.7	33.7	199.4	261.1
Changes in international reserves	-81.02	62	-247.58	-185.58	97.9	56.12	-146.53	7.49	-293.59	-286.1	-130

The Current Account

The deficit on the current account widened considerably to US\$295.04 million in the review quarter. This was shown in an increase in the trade deficit by US\$111.05 million

Merchandise Exports

During the quarter under review the value of merchandise exports were estimated at US\$650.33

million, compared with US\$724.33 million in the previous quarter. Earnings from cocoa beans exported during the quarter under review amounted to US\$176.06 million.

The decline in the earnings from cocoa beans resulted from both volume and price effects. Volume exported declined by 30.6 per cent to 97,838 tonnes from 149,665 tonnes a year ago. Industry analysts attribute the decline to poor harvests of the cocoa crop due to inadequate rainfall pattern that prevailed during the crop year.

Cocoa prices fell by 14.0 per cent to US\$1,351.76 per tonne from US\$1,570.87 in the previous quarter due to international market reactions to geo-political factors.

Receipts from the export of gold during the review period were estimated at US\$225.55 million, compared with US\$231.24 million in the previous quarter of the year, and US\$195.46 million in the corresponding quarter of the previous year. Receipts from gold and cocoa generally accounted for over 60.0 per cent of total exports receipts.

Provisional estimates of exports of Timber and timber products indicated that earnings declined marginally by 3.4 per cent from the previous quarter's estimate of US\$61.86 million due to both volume and price effects. While volume exported declined by 4.9 percent from 124,270 metric tonnes in the last quarter to 121,874 metric tonnes, average price also declined slightly by 1.5 per cent to US\$490 per metric tonne. When compared to US\$58.08 million exported in the corresponding period in 2004 however, the value of timber exported on a year-on-year basis increased by 2.9 per cent.

Provisional estimates of earnings from the 'other exports' during the quarter under review amounted to US\$189.22 million compared with US\$176.95 million for the previous quarter. 'Other Exports' is

an omnibus term that includes all other exports, excluding cocoa, gold, and timber not indicated above.

Merchandise Imports

Imports picked up during the third quarter as merchandise imports estimated at US\$1,372.04 million, showed an increase of 9.0 per cent over that recorded for the second quarter. In the corresponding quarter of 2004, merchandise imports were estimated at US\$1,034.93 million. The increase in imports in the review quarter was attributed to a rise in both oil and non-oil imports. While oil imports went up by 26.0 per cent as a result of rising prices of petroleum, non-oil imports rose marginally by 5.0 per cent to US\$910.89 million.

Crude oil and related products imports during the quarter under review amounted to US\$ 305.33 million, compared with US\$241.64 million in the previous quarter. In the corresponding quarter of the previous year, petroleum oil imports was US\$226.98 million.

With respect to non-oil imports, the growth is reflected in large numbers of high occupancy transport vehicles as well as saloon type motor vehicles. In the corresponding quarter of 2004, non-oil import was at a level of US\$807.95 million.

PANEL N

Chart 55
Major Import Items (US\$ Million)

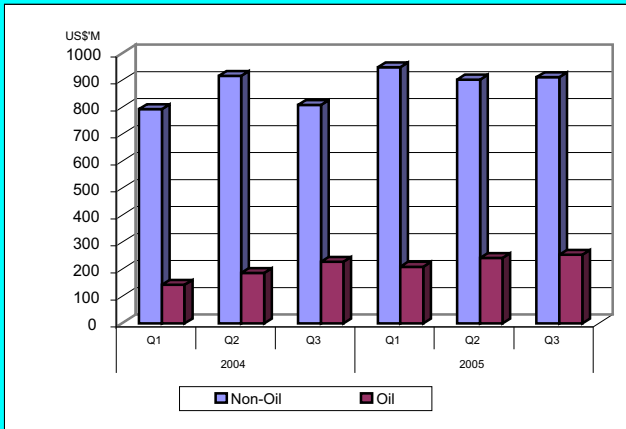


Chart56
Major Export Items (US \$ Million)

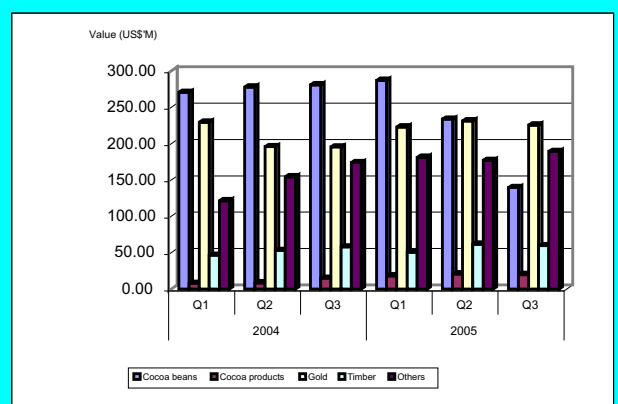


Chart 57
International Cocoa Prices

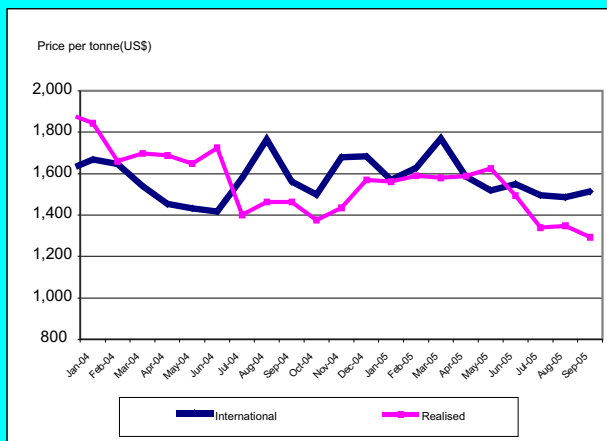


Chart 58
International Gold Prices

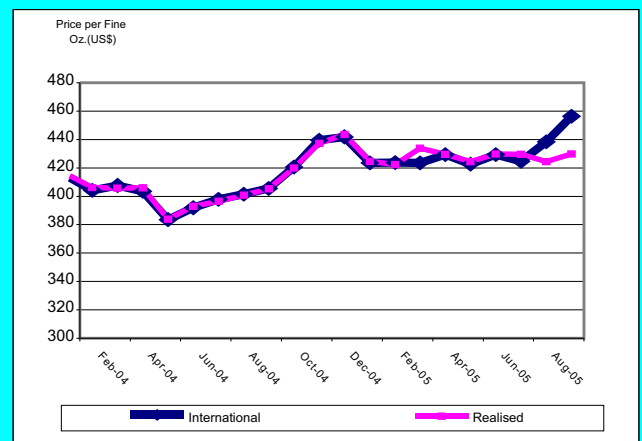
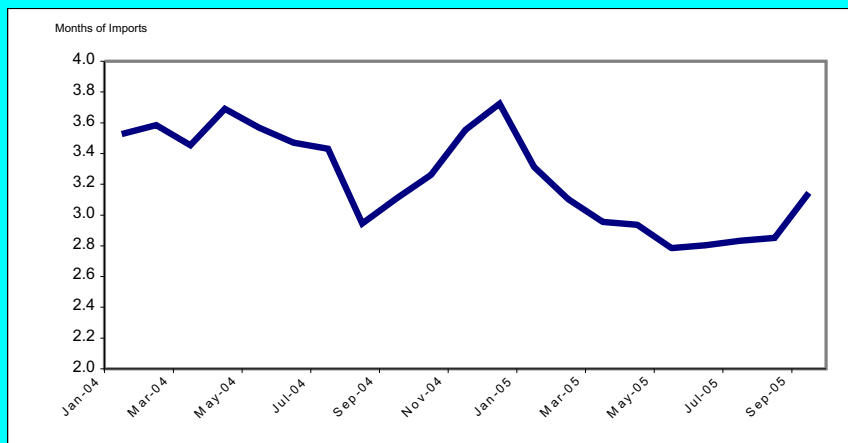


Chart 59
Gross International Reserves (Months of Import Cover)



Services, Income and Transfers Account

During the quarter, the surplus on the services, income and transfers account was estimated to have increased by US\$33.61 million to US\$426.67 million. This compared with a surplus of US\$393.06 million recorded in the previous quarter, and US\$274.11 million recorded in the corresponding quarter a year ago. The increase was attributed to the improved performance of earnings from tourism, which surged from net receipts of

US\$129.24 million in the preceding quarter to US\$240.80 million in the review quarter.

The surplus on transfers increased by US\$168.38 million to US\$550.15 million within the quarter under review. The increase was attributed to an increase in the net official transfer receipts, which went up to US\$212.10 million from US\$70.06 million in the preceding quarter. The surplus on private transfers also increased by US\$26.34 million to US\$338.05 million within the quarter.

Table 33
Developments in Services and Transfers Account
(US\$ million)

Transactions	2004				2005*						2005
	Q3	Q1-Q3	Q4	Year	Q1	Q2	Q3	Q1-Q3	Q4 (proj)	Year	Initial proj.
Services, Income & Transfers (Net)	274.11	1,004.36	272.62	1,276.98	354.29	393.06	426.67	1,161.63	448.06	1,609.69	14,164.92
Services (Net)	-81.28	-226.14	-130.02	-356.16	-3.8	72.58	-79.63	-28.78	-70.97	-99.75	-121.6
Freight and Insurance (Net)	-60.56	-187	-78.58	-265.58	-71.96	-75.24	-105.09	-225.9	-79.14	-305.04	-304.4
Other Services (Net)	-20.71	-39.14	-51.44	-90.58	68.16	147.81	-25.46	197.11	8.17	205.28	182.8
Of which											
Travel	69.9	223.68	111.46	335.14	111.46	129.34	240.8	481.6	121.18	602.78	246.48
Other Government	-39.81	-119.43	55.92	-63.51	8.95	1.94	-23.95	-13.06	-23.8	-36.86	-47.6
Investment Income (Net)	-50.3	-145.88	-51.97	-197.85	-55.34	-61.29	-43.85	-160.48	-35.04	-195.52	-183.2
Net Unrequited Transfers	405.68	1,376.37	454.61	1,830.98	413.43	381.77	550.15	1,350.89	554.07	1,904.96	1,769.72
Official	148.04	391.51	152.42	543.93	55.54	70.06	212.1	337.7	203.57	541.27	420.81
Private	257.64	984.86	302.19	1,287.05	357.89	311.71	338.05	1,013.2	350.5	1,363.7	1,348.9

Capital and Financial Account

The capital and financial account balance improved significantly from a deficit of US\$41.58 million in the preceding quarter to a surplus of US\$333.44 million. In the corresponding quarter of the previous year,

the capital and financial account balance recorded a surplus of US\$23.57 million. The improvement in the balance in the review quarter reflected, a turnaround on the balances on both the official and short-term accounts from net repayments position in the preceding quarter to net inflows.

Government Sector

The balance on the official account shifted from a deficit of US\$84.29 million in the last quarter to a surplus of US\$134.64 million in the period under

review. This development was on account of a substantial increase in the disbursement of official loans and grants by US\$181.33 million. Amortization of official loans, on the other hand, went down significantly in the period.

Table 34
Developments in The Capital and Financial Account
(US\$ million)

Transactions	2004				2005*						2005
	Q3	Q1-Q3	Q4	Year	Q1	Q2	Q3	Q1-Q3	Q4 (proj)	Year	Initial proj.
Capital & Financial Account (Net)	23.57	-120.35	321.93	201.58	-56.81	-41.58	333.44	235.05	501.58	736.63	56.76
Official Capital (Net)	80.48	47.38	5.07	52.45	14.71	-84.29	134.64	65.06	49.37	114.43	111.46
Gross inflows	153.18	293.18	109.07	402.25	96.01	29.71	211.04	336.76	120.47	457.23	434.06
Amortisation	-72.7	-245.8	-104	-349.8	-81.3	-114	-76.4	-271.7	-71.1	-342.8	-322.6
Private Capital (Net)	148.01	247.73	84.26	331.99	38.79	211.50	181.26	431.55	141.01	572.56	5.30
Direct Investment (Net)	43.00	85.52	53.75	139.27	18.59	31.49	30.64	80.72	45.30	126.02	57.00
Divestiture	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Others (Net)	105.01	162.21	30.51	192.72	20.20	180.01	150.62	350.83	95.71	446.54	-51.70
Inflows	111.95	183.65	47.24	230.89	28.20	187.03	164.62	379.85	107.71	487.56	0.00
Amortisation	-6.94	-21.44	-16.73	-38.17	-8.00	-7.02	-14.00	-29.02	-12.00	-41.02	-51.70
Short Term Capital	-204.92	-415.46	232.60	-182.86	-110.31	-168.79	17.54	-261.56	311.20	49.64	-60.00
Non-Monetary	-164.62	-391.36	303.10	-88.26	-102.62	-181.39	-79.16	-363.17	339.57	-23.60	140.00
Monetary	-40.30	-24.10	-70.50	-94.60	-7.69	12.60	96.70	101.61	-28.37	73.24	-200.00

Private Capital

Net private financial inflows declined during the quarter under review, from US\$211.50 million in the previous quarter, to US\$181.26 million, mainly on account of a decline in 'other sectors' borrowing from non-resident institutions. On a gross basis, private sector borrowings from non-resident institutions declined in the quarter, from a level of US\$187.03 million in the second quarter to US\$164.62 million in the review quarter. Amortisation of private sector loans also increased from US\$7.02 million in the second quarter to US\$14.00 million in the review quarter.

Short-term Capital

During the quarter under review, the deficit on the short-term capital account narrowed from

US\$168.79 million in the previous quarter to US\$17.54 million. This reduction reflected the repayment of the 2004/2005 Trade finance facility for Cocobod.

International Reserves

The country's Gold and other foreign exchange reserves rose by US\$146.52 million, in the review quarter compared with a decline of US\$56.12 million in the preceding quarter. Gross international reserves at the end of the third quarter of 2005 were estimated at US\$1,647.11 million, compared with US\$1,469.08 million at the end of the previous quarter.

The level of gross reserves at the end of the review quarter was enough to cover 3 months of imports of goods and services.

Table 35
Gross International Reserves

	2003	2004				2005*		
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Gross Reserves	1,425.6	1,333.1	1,339.1	1,446.7	1,732.7	1,548.9	1,469.1	1,647.1
Short-Term Assets	1,419.5	1,327.1	1,333.3	1,440.9	1,726.7	1,543.0	1,463.1	1,611.8
Gold	117.1	117.1	117.1	117.1	122.8	122.9	122.9	122.9
Holdings of SDRs	46.6	42.4	30.8	26.6	20.6	16.1	7.9	2.1
Reserves in IMF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others	1,255.8	1,167.6	1,185.4	1,297.3	1,583.3	1,404.1	1,332.4	1,486.9
Long-Term Assets	6.1	6.0	5.8	5.8	6.0	6.0	6.0	5.6
Encumbered accounts (Collateralised L/Cs)**								29.7

Note:** The computation of NIR from August 2005 onwards exclude Collateralised L/Cs

*Provisional

Deposit Money Banks

Gross external reserves of the DMBs declined from US\$488.44 million at the end of the second quarter to US\$397.89 million at the end of the review period. Liabilities of the DMBs, on the other hand,

Rose to a stock position of US\$180.63 million, from a stock of US\$174.50 million at the end of the second quarter. On a net basis. Net Foreign assets of DMBs fell by US\$ 101.5 million over the first three quarters of the year.

Table 36
Foreign Assets and Liabilities of Deposit Money Banks

	2003	2004				2005		
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Assets	336.59	395.27	364.74	397.14	414.34	461.31	488.44	397.89
Liabilities	111.83	93.51	156.67	148.82	95.58	134.8	174.5	180.63
Net	224.76	301.76	208.06	248.32	318.76	326.51	313.94	217.26

J. Developments In The Rural Banking Sector

The rural/community banks continued to intensify their financial intermediation efforts during the second quarter of 2005. The total number of rural/community banks remained at one hundred and twenty (120). A classification of these banks, using the capital adequacy ratio (CAR) of 6 per cent, indicated that ninety-seven (97) were satisfactory and twenty (20) mediocre with three (3) unexamined.

During the review period, total assets held by the rural banks went up by 5.0 per cent (¢94.4 billion) to ¢1,991.6 billion compared with an increase of 8.9 per cent (¢123.8 billion) recorded during the same period in 2004. This increase was reflected in its components; investment in bills and bonds rose by

3.9 percent (¢31.6 billion), and loans and advances grew by 10.5 percent (¢59.6 billion). Growth in credit was mainly funded by increases in deposits (4.9 %) and the banks' net worth (5.4 %).

An analysis of data during the second quarter of 2005 revealed the rural/community banks preference for providing credit to the rural communities for engagement in productive economic activities.

Total deposits of the rural/community banks stood at ¢1,499.2 billion reflecting an increase of 4.9 percent (¢69.7 billion) over the previous quarter's position.

Table 37
Consolidated Assets and Liabilities of Rural and Community Banks

	2004				2005		Change b/n Q1 05 & Q2 05	
	Q1	Q2	Q3	Q4	Q1	Q2	Abs	%
ASSETS								
Total Assets of which	1,393.9	1,517.6	1,589.8	1,790.5	1,897.2	1,991.6	94.4	5.0
Cash and Bank Balances	244.2	287.9	244.1	306.7	315.0	307.0	-8	-2.5
Bills and Bonds	634.7	649.4	659.5	736.2	803.4	835.0	31.6	3.9
Loans and Advances	370.1	426.1	526.5	529.0	569.7	629.4	59.6	10.5
Others	145.0	154.3	159.7	218.6	209.2	220.2	11.1	5.3
LIABILITIES								
Total Liabilities of which	1,393.9	1,517.6	1,589.8	1,790.5	1,897.2	1,991.6	94.4	5.0
Total Deposit	1,062.2	1,133.7	1,201.3	1,357.3	1,429.5	1,499.2	69.7	4.9
Shareholders Funds	194.8	215.7	233.3	245.9	272.6	287.1	14.6	5.4
i) Paid-up Capital	25.6	26.0	28.2	33.2	43.2	48.0	4.7	11.0
ii) Reserves	169.2	189.8	205.1	212.6	229.3	239.2	9.8	4.3
Others	136.9	168.2	155.2	187.3	195.2	205.3	10.1	5.2

Available data on Rural Banks covers the first and second quarters of 2005 only

Reserve Requirements

Compliance with the statutory reserve requirements continues to remain high during the review quarter. Primary reserves of the rural/community banks showed an excess of 7.5 per cent over the mandatory minimum requirement of 13.0 per cent. The secondary reserve ratio also recorded an excess of 25.7 per cent above the mandatory requirement of 30.0 per cent.

Rural Banks' Share of Domestic Deposits

The banking industry mobilised ₦15,967.8 billion in total domestic deposits out of which the rural/community banks' share rose marginally to 9.4 per cent.

Table 38
Domestic Deposits of The Banking Industry

	Q1 2005		Q2 2005	
Financial Institution	Dom Deposits	% Share	Dom Deposits	% Share
DMBs	13,885.50	82.58	14,468.60	83.12
Rural Banks	1,429.50	8.50	1,429.50*	8.21
NBFIs	1,499.90	8.92	1,509.60	8.67
TOTAL	16,814.90	100.00	17,407.70	100.00

*Made up mainly of cash and bank balances.
Consisting of investment in bills and bonds*

PANEL O

Chart 60
Financial Ratios of Rural Banks in Ghana

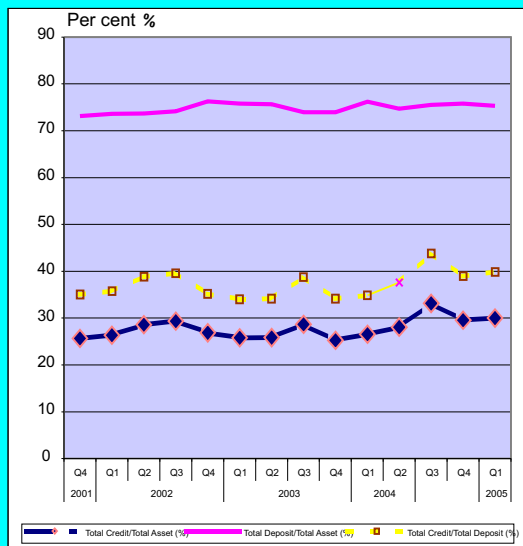


Chart 61
Rural Banks Deposits and Credit

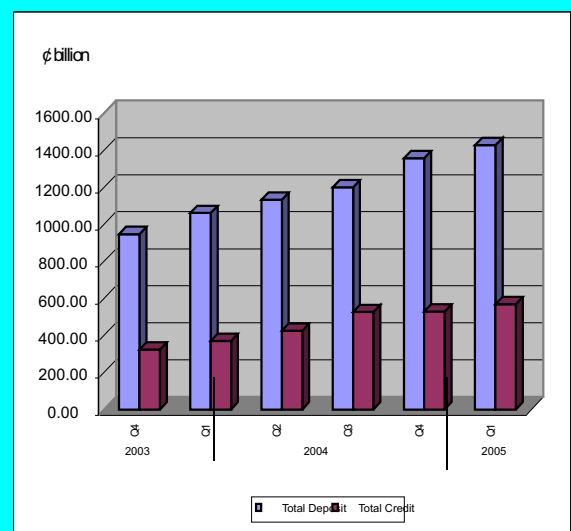
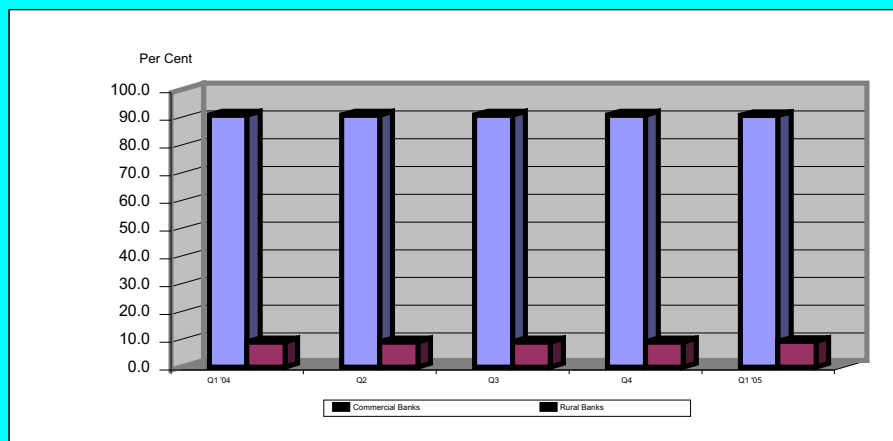


Chart 62
Share of Domestic Deposits (DMBs/ Rural Banks)





K. The Non-Bank Financial Institutions Sector

Total Assets

Total assets of Non-Bank Financial Institutions' (NBFIs) registered a significant annual increase of 53.6 per cent (¢750.2 billion) during the third quarter 2005 compared with 37.4 per cent (¢501.2 billion) in the previous quarter. Total assets stood at ¢2,150.7 billion at the end of the review quarter. Savings and Loans Companies (SLCs) registered the highest annual growth of 83.9 per cent (¢202.3 billion), followed by Finance Houses (69.6% or ¢300.8 billion), Discount Houses (59.0% or ¢231.9 billion) and Leasing Companies (4.6% or ¢15.2 billion).

In terms of sectoral distribution of total assets, Finance Houses maintained their lead, accounting for 34.1 per cent, followed by Discount Houses, 29.1 per cent SLCs, 20.6 per cent and Leasing Companies, 16.2 per cent.

Deposit Mobilization by NBFIs

The annual growth rate of deposits and deposit substitutes mobilized by NBFIs, rose by 28.1 per cent (¢331.4 billion) to ¢1,745.9 billion during the review quarter. This was almost unchanged when compared with the annual growth of 28.6 per cent

(¢336.0 billion) recorded in the previous quarter. Finance Houses and Discount Houses were dominant in deposit mobilization during the review quarter.

The share of the NBFIs surveyed in deposit mobilization were Finance Houses, 32.7 per cent (¢570.4 billion) followed by Discount Houses, 31.2 per cent (¢543.9 billion), SLCs, 18.7 per cent (¢326.5 billion) and Leasing Companies, 17.5 per cent (¢305.1 billion).

Distribution of Deposits in the Financial Sector

Domestic deposits mobilized by the DMBs, Rural Banks and NBFIs surveyed rose by 1.9 per cent (¢336.4 billion) to ¢17,814.3 billion during the review quarter. This may be compared with the 3.5 per cent (¢592.8 billion) increase recorded during the second quarter 2005. DMBs' share of domestic deposits mobilized during the review period dropped 1.0 percentage point from the level in the previous quarter to 81.8 per cent (¢14,569.2 billion). The deposits of the NBFIs on the other hand firmed up 1.2 percentage points from the level in the second quarter to 9.8 per cent (¢1,745.9 billion).

*The report on NBFIs cover 11 Savings & Loans Companies, 2 Discount Houses, 13 Finance Houses and 5 Leasing Companies
Deposit substitutes include fund placement, call money etc, with NBFIs*

PANEL P

Chart 63
NBFIs Total Assets
Distribution

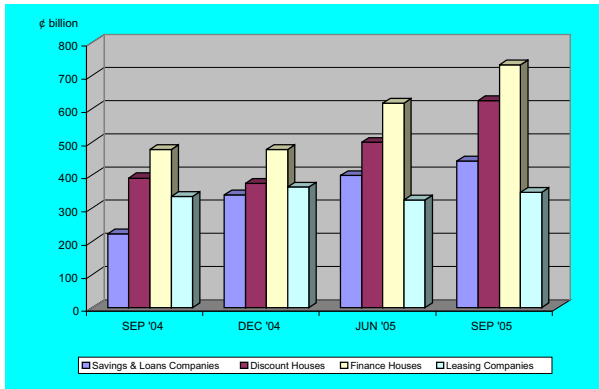


Chart 64
Percentage Distribution of NBFIs
Contribution for Sept'05

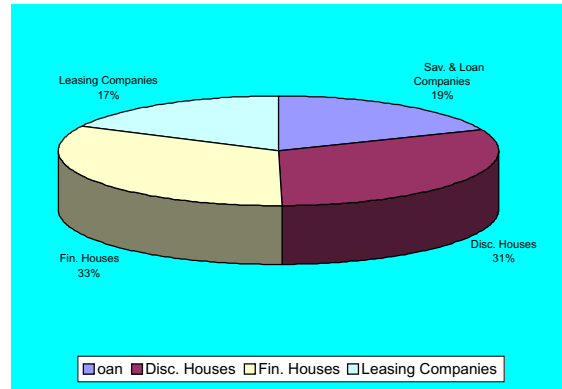


Chart 65
Deposit Mobilization by Financial Institutions

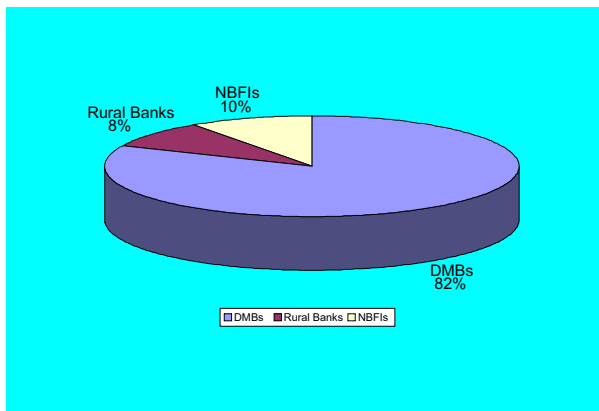


Chart 66
Distribution of NBFIs Deposits

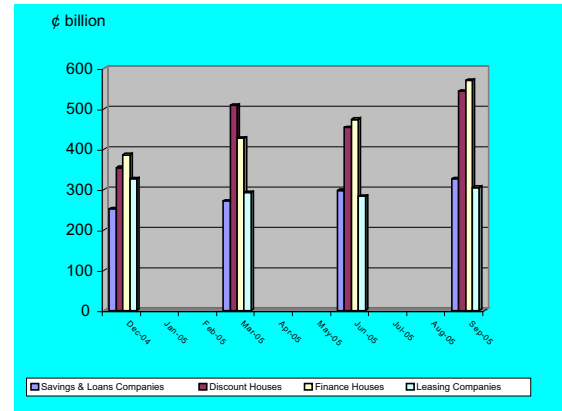


Table 39
Share Of Deposits Among The DMBs, NBFIs and The Rural Banks

	2005					
	Q1		Q2		Q3	
Financial Inst.	Domestic Dep	% Share	Domestic Dep	% Share	Domestic Dep	% Share
DMBs	13,885.5	82.6	14,468.6	83.1	14,569.2	81.9
Rural Banks	1,429.5	8.5	1,499.0	8.2	1,499.2	8.4
NBFIs	1,502.7	8.9	1,510.1	8.7	1,745.9	9.8
TOTAL	16,817.7	100.0	17,477.9	100.0	17,814.3	100.0

