

BANK OF GHANA

QUARTERLY ECONOMIC BULLETIN

(JULY-SEPTEMBER 1999)

QUARTERLY ECONOMIC BULLETIN

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INTRODUCTION

During the third quarter of 1999, the Ghanaian economy, continued to face major challenges, as the difficulties that emerged in the second quarter persisted. These challenges manifested in fiscal imbalances, a deteriorating NFA position, depressed commodity prices, and faster depreciation of the cedi. In addition, inflation, (which had assumed a downward trend since the beginning of the year until May 1999) edged upwards from its June position.

Money supply (M2+) increased by 2.5 per cent to ₵4,141.0 billion at the end of the third quarter, compared to a 3.9 per cent growth in preceding quarter and 0.95 per cent in the corresponding quarter of 1998. Growth in M2+ was driven mainly by net credit to government as well as credit to the private sector, with declines in the NFA and Other items (net) exerting a contractionary effect. Developments in monetary aggregates reflected the rise in inflation and inflationary expectations as demand for currency rose and demand deposits fell sharply.

Fiscal operations on a broad budget basis during the review quarter resulted in total revenues and expenditures of ₵1,025.1 billion and ₵1,345.2 billion respectively, yielding a deficit of ₵320.1 billion (1.76% of GDP). The primary balance, however, recorded a smaller surplus of ₵87.7 billion (0.44% of GDP), compared to ₵139.1 billion (0.70% of GDP) in the previous quarter. The overall deficit of ₵320.1 billion was financed from both domestic and external sources.

The net foreign assets (NFA) of the banking system declined by US\$72.1million to a stock position of US\$-0.8 million, driven mainly by a US\$80.7 million deterioration in Bank of Ghana's NFA. The NFA of the deposit money banks, however, improved by US\$8.6 million.

In the foreign exchange markets the cedi depreciated against the US dollar and other major currencies. The cedi depreciated by 5.3 per cent against the US dollar, a much higher rate than that attained in the last quarter (4.5%) and the corresponding quarter of 1998 (0.1%).

The prices of major export commodities, gold and cocoa, still remained depressed during the quarter, with average price losses of 5.2% and 5.8% for gold and cocoa respectively on the June ending average prices.

During the quarter, inflation as measured by the year-on-year change in the CPI, increased from 10.3 per cent in June 1999 to 11.8 per cent at end September 1999. Underpinning the increase was the non-food sub-component whose index increased from 128.09 to 131.19. The food and beverages sub-component had its index falling from 132.02 to 131.21.

A. MONETARY AND FINANCIAL DEVELOPMENTS

1. Monetary policy

There was no major change in the monetary policy stance of the Central Bank during the third quarter of 1999. The Bank rate, which stood at 27 per cent at the end of June, remained unchanged throughout the quarter. There were, however, some developments regarding money market rates, which continued to move up slightly. The weighted average interest rate of the 91-day treasury bills, for example, moved upwards from 26.04 per cent in June 1999 to 26.13 per cent by September 1999. These developments in money market rates are reflection of the markets' response to rising inflation, which went up from 10.3 per cent to 11.8 per cent within the period. The Bank of Ghana intensified its open market operations and continued to employ instruments, especially Repos, to smoothen liquidity fluctuations within the economy.

2. Currency in circulation

By the end of September 1999, currency in circulation had increased by ₵24.8 billion (2.5%) to ₵1,025.7 billion. This increase is in sharp contrast to what happened during the same period in 1998. During that period, currency in circulation rather declined by ₵20.3 billion.

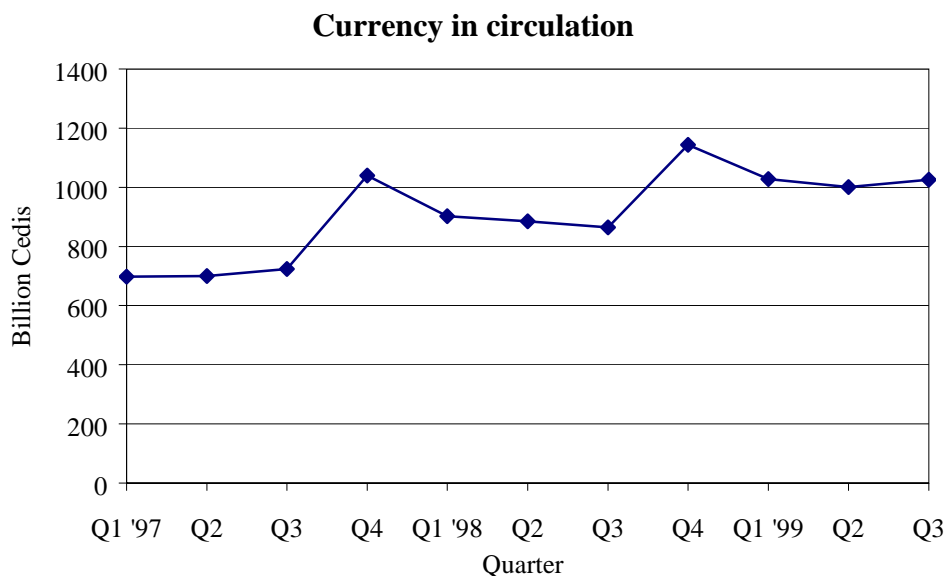
Table 1
Currency in circulation
(billion cedis)

	Currency in Circulation	Currency With Banks *	Currency outside Banks	Quarterly Change In Currency in Circulation	
	(a)	(b)	(c=a-b)	Abs.	(%)
1997					
Q1	698.2	19.8	678.4	-69.0	-9.0
Q2	699.5	32.6	666.9	1.3	0.2
Q3	723.8	39.4	684.3	24.3	3.5
Q4**	1,039.4	53.0	986.4	315.6	43.6
1998					
Q1	902.3	43.7	858.7	-137.0	-13.2
Q2	884.8	48.3	836.5	-17.6	-1.9
Q3	864.5	44.7	819.8	-20.3	-2.3
Q4	1,143.8	60.2	1,083.6	279.3	32.3
1999					
Q1	1,027.5	55.4	972.2	-116.3	-10.2
Q2	1,000.9	53.6	947.4	-26.6	-2.6
Q3	1,025.8	52.8	972.9	24.8	2.5

*Includes the Discount Houses.

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

Chart 1



3. Money supply

(i) *Narrow money supply (M1)*¹

Narrow money supply, comprising currency outside banks and demand deposits, declined by ₵22.4 billion (1.1 per cent) in the quarter under review. This was driven largely by demand deposits which went down in the quarter by ₵47.9 billion (4.7 %). The currency component, on the other hand, increased by ₵25.5 billion. During the previous quarter, however, M1 increased by ₵11.7 billion (0.6%).

Narrow money also declined during the corresponding quarter of 1998. This decline was more pronounced because both components, currency and demand deposits fell by ₵63.7 million.

The decline in narrow money for the quarter followed a similar fashion to what was observed for the corresponding period of 1998. The decline this year was less drastic and is explained by the fact that for the same period last year, currency rather declined over the quarter by ₵16.67 billion (or 1.99%).

¹ Narrow money comprises currency outside banks and demand deposits.

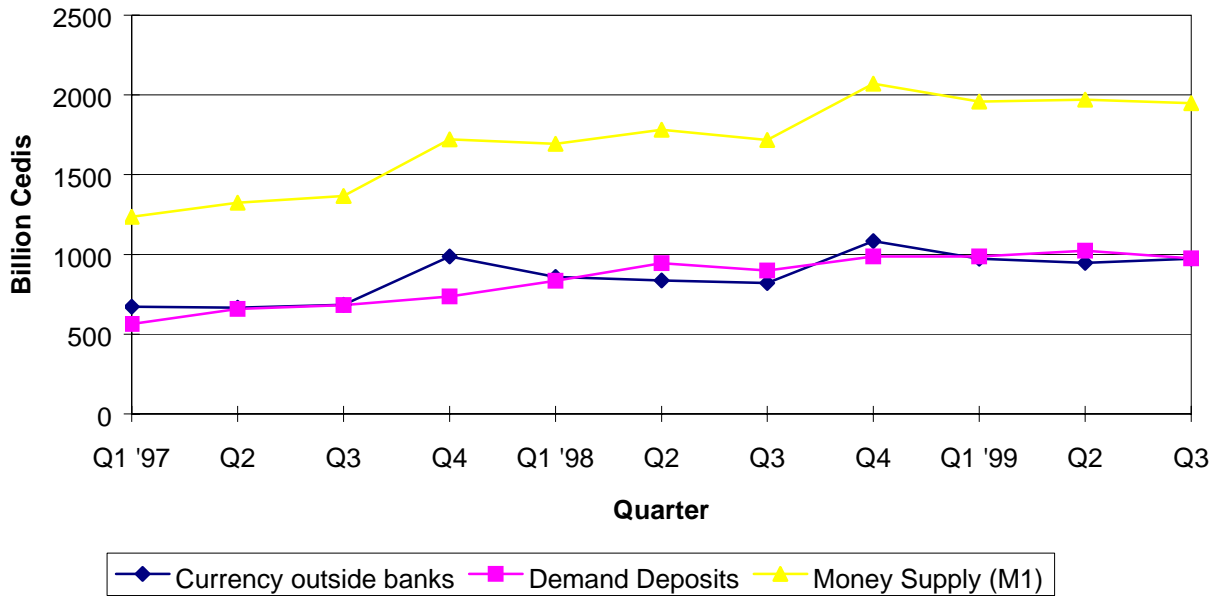
Table 2
Narrow money supply (M1)
(billion cedis)

End of Period	Currency Outside Banks	Demand Deposits	Narrow Money (M1)	Quarterly change in M1	
				Abs	%
	a	B	c=a+b		
1997					
Q1	678.4	545.8	1,224.2		
Q2	666.9	657.4	1,324.3	100.1	8.2
Q3	684.3	682.6	1,367.0	42.7	3.2
Q4	981.8	783.9	1,765.7	398.7	29.2
1998					
Q1	858.7	834.7	1,693.4	-72.3	-4.1
Q2	836.5	945.7	1,782.1	88.8	5.2
Q3	819.8	898.6	1,718.4	-63.7	-3.6
Q4	1,083.6	986.3	2,070.0	351.6	20.5
1999					
Q1	972.2	986.3	1,958.5	-111.5	-5.4
Q2	947.4	1022.8	1,970.2	11.7	0.6
Q3	972.9	974.9	1,947.8	-22.4	-1.1

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

Chart 2

Narrow money supply (M1) and its components



(ii) *Quasi-money*²

In the review quarter, quasi money, comprising savings deposits, time deposits and certificates of deposit increased at a much slower rate than the same period in 1998. The increase in the quarter was ¢85.1 billion (6.5%) arising from increases of ¢16.4 billion (2.1 %) in savings deposits, ¢31.5 billion (6.2 %) in time deposits and ¢37.2 billion (160.3 %) in certificates of deposit.

For the same period in 1998 the growth in quasi money of ¢106.5 billion (10.7 %) reflected increases of ¢52.6 billion (9.6 %) in savings deposits, ¢52.4 billion (12.4 %) in time deposits and ¢1.5 billion (6.3 %) in certificates of deposit.

Table 3
Quasi-money with deposit money banks
(billion cedis)

End of Period	Savings Deposits	Time Deposits	Certificate of Deposits	Quasi Money	Quarterly change in Quasi-money	
	a	B	c	d = a+b+c	Abs	%
1997						
Q1	365.2	248.8	24.4	638.4	68.6	12.0
Q2	385.9	262.2	25.1	673.2	34.9	5.5
Q3	415.2	286.7	27.1	728.9	55.7	8.3
Q4	537.5	262.6	23.7	823.8	94.9	13.0
1998						
Q1	548.2	325.5	26.8	900.5	76.7	9.3
Q2	546.3	422.0	24.5	992.8	92.3	10.3
Q3	598.9	474.4	26.0	1,099.3	106.5	10.7
Q4	672.3	461.4	27.7	1,161.4	62.1	5.6
1999						
Q1	712.1	488.7	21.7	1,222.5	61.1	5.3
Q2	774.9	506.0	23.2	1,304.1	81.6	6.7
Q3	792.3	537.5	60.4	1,390.2	86.1	6.6

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

(iii) *Broad money supply*³ (M2+)

Between June and September 1999, broad money (M2+) increased by ¢99.1 billion (2.5 %) to ¢4141.0 billion. This may be compared with a growth of 0.95 per cent witnessed for the corresponding period of 1998. Monetary growth during the quarter reflected in currency with the non-bank public and foreign currency deposits. Currency with the non-bank public and foreign

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

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

currency deposits increased by ¢25.5 billion and ¢36.4 billion respectively within the quarter. For the same period in 1998 they declined by ¢16.6 billion and ¢9.7 billion.

From the sources, the expansion was driven mainly by net credit to government, credit to the private sector and credit to the public sector. These items increased in the quarter by ¢190.8 billion, ¢186.8 billion and ¢21.7 billion respectively. For the same period last year, the expansion was driven solely by credit to the private sector, which increased, by ¢112.0 billion (8.1%) with declines in the NFA and other items (net) exerting some moderating influences on M2+ growth.

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

End of Period	Narrow Money (M1)	Quasi Money	Broad Money (M2)	Foreign Currency Deposits (FCD)	Broad Money (M2+)
	1	2	3=1+2	4	5=3+4
1997					
Q1	1,224.2	638.4	1,862.6	557.2	2,419.8
Q2	1,324.3	673.2	1,997.5	645.3	2,642.8
Q3	1,367.0	728.9	2,095.9	678.7	2,774.7
Q4	1,765.7	823.8	2,589.5	729.3	3,318.8
1998					
Q1	1,693.4	900.5	2,593.8	724.9	3,318.8
Q2	1,782.1	992.8	2,774.9	721.3	3,496.2
Q3	1,718.4	1,099.3	2,817.7	711.6	3,529.3
Q4	2,070.0	1,161.4	3,231.4	672.4	3,903.8
1999					
Q1	1,958.5	1,222.5	3,181.0	710.9	3,891.8
Q2	1,970.2	1,305.1	3,275.3	766.6	4,041.9
Q3	1,947.8	1,390.2	3,338.0	803.0	4,141.0

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

Chart 3

Broad money supply (M2+) and components

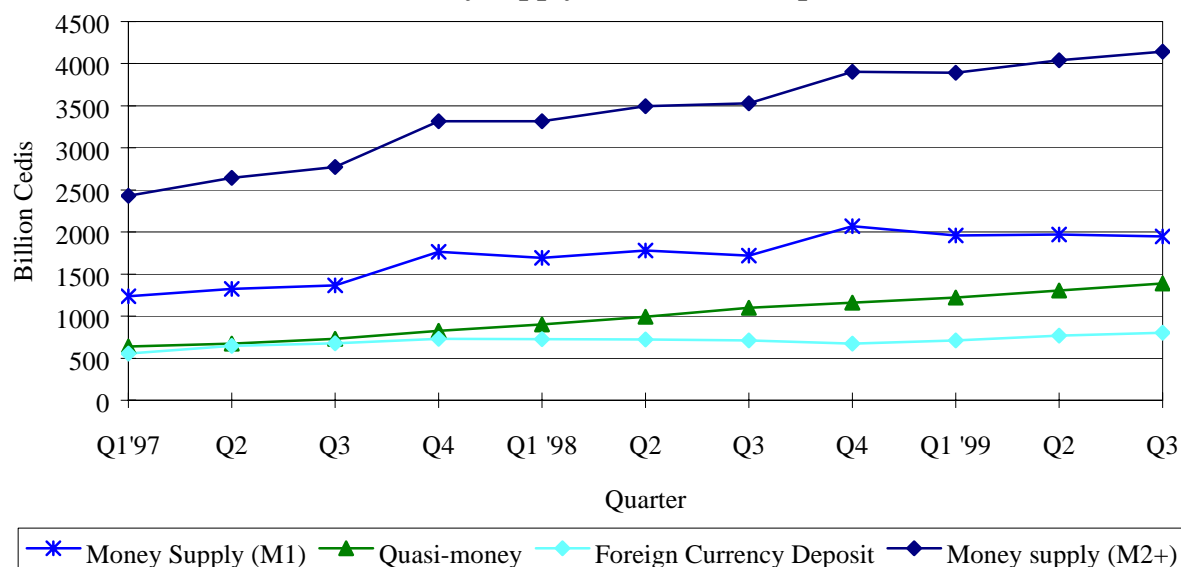


Table 5
Changes in broad money supply (M2+) and sources
(billion cedis)

	Change between Q2'98 & Q3'98		Change between Q4'98 & Q1'99		Change between Q1'99 & Q2'99		Change between Q2'99 & Q3'99	
	Abs.	%	Abs.	%	Abs.	%	Abs.	%
1. BROAD MONEY (M2)	33.09	0.95	-11.9	-0.3	150.1	3.9	99.1	2.5
A. NARROW MONEY (M1)	(63.72)	(3.58)	-111.5	-5.4	11.7	0.6	-22.4	-1.1
(a) Currency with Public	(16.62)	(1.99)	-111.5	-10.3	-24.8	-2.6	25.5	2.7
(b) Demand Deposits	(47.10)	(4.98)	0.0	0.0	36.5	3.7	-47.9	-4.7
B. QUASI-MONEY	106.54	10.73	61.1	5.3	82.6	6.8	85.1	6.5
(a) Savings Deposits	52.63	9.63	39.8	5.9	63.8	9.0	16.4	2.1
(b) Time Deposits	52.36	12.41	27.3	5.9	17.3	3.5	31.5	6.2
(c) Cert. of Deposits	1.54	6.30	-6.0	-21.7	1.5	6.9	37.2	160.3
C. FOREIGN CURR. DEPOSITS	(9.73)	(1.35)	38.5	5.7	55.8	7.9	36.4	4.7
2. SOURCES OF CHANGE	33.09	0.95	-11.9	-0.3	150.1	3.9	99.1	2.5
(a) Net Credit to Gov't	(226.42)	(23.75)	222.5	8.9	391.6	29.2	190.8	11.0
(b) Credit for Cocoa Financing	(40.32)	(83.42)	-19.5	-40.7	-17.9	-63.0	-0.4	-3.8
(c) Credit to Public Insts.	(50.12)	(23.93)	3.0	2.1	65.3	43.8	21.7	10.1
(d) Credit to Private sector	112.03	8.08	138.8	8.5	191.0	10.6	186.8	9.3
(e) Net Foreign Assets	9.13	1.52	-295.8	-35.0	-384.5	-70.1	-128.7	-78.5
(f) Other Items (Net)*	228.78	77.15	-61.0	-11.8	-95.4	-536.0	-171.1	-220.5

* Includes revaluation account.

4. Developments in bank credit

(i) Central bank credit

Bank of Ghana's total outstanding credit to Government, public institutions and the financial institutions increased by ₵25.0 billion (2.0 %) to ₵1,262.7 billion. The increase was the net result of an increase in BOG's gross claims on government of ₵117.3 billion and government deposits of ₵92.4 billion.

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

	1 9 9 8				1999			Change between	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q1'99 & Q2'99	
								Abs.	%
NET CLAIMS ON GOVERNMENT	1,231.0	1,135.5	1,007.1	1,079.0	903.1	1,215.8	1,240.7	24.9	2.0
GROSS CLAIMS	1,955.8	1,951.3	1,928.7	1,919.2	1,919.8	1,944.4	2,061.7	117.3	6.0
Treasury Bills	48.0	42.7	23.4	11.1	12.2	36.3	154.1	117.8	324.5
Government Stocks	14.7	15.6	12.3	15.0	14.5	15.0	14.5	-0.5	-3.3
Long-term Government Stocks	590.7	590.7	590.7	590.7	590.7	590.7	590.7	0.0	0.0
Revaluation Stock	1,302.4	1,302.4	1,302.4	1,302.4	1,302.4	1,302.4	1,302.4	0.0	0.0
GOVERNMENT DEPOSITS	724.7	815.8	921.7	840.2	1,016.7	728.6	821.0	92.4	12.7
CLAIMS ON PUBLIC INSTITUTIONS	26.6	6.3	8.9	9.9	10.0	10.0	10.0	0.0	0.0
Loans and Advances	25.2	5.0	7.6	7.5	7.6	7.6	7.6	0.0	0.0
Investments	1.3	1.3	1.3	2.4	2.4	2.4	2.4	0.0	0.0
CREDIT TO FINANCIAL INSTITUTIONS	53.1	17.6	13.8	12.0	12.0	11.9	12.0	0.1	0.7
Total	1,310.6	1,159.4	1,029.8	1,100.9	925.1	1,237.7	1,262.7	25.0	2.0

(ii) Deposit money bank credit

Commercial bank lending to the private and public sectors of the economy within the third quarter of the year increased sharply, going up by ₵184.9 billion as against an increase of ₵17.9 billion for the same period in 1998. The increase of ₵184.9 billion within the quarter brought total outstanding credit to the private and public sectors at the end of September 1999 to ₵2,355.4 billion.

The sharp difference in the lending patterns for the third quarters of 1998 and 1999 is on account of the fact that the banking system in 1998, received repayments from the import and export trade sectors totaling ₵84.5 billion coupled with the fact that lending to the energy sector, specifically for gas, was minimal (₵8.7 billion).

During the third quarter of 1999 however, total outstanding credit to the energy sector increased by ₵54.6 billion. The reason for this sharp increase in credit to the sector is explained by a sharp increase in the import oil bill brought about by increases in crude oil prices in the international market. Significantly, the miscellaneous, manufacturing as well as the agricultural sectors received credit, totaling ₵112.5 billion. Total repayments to the banking system within the

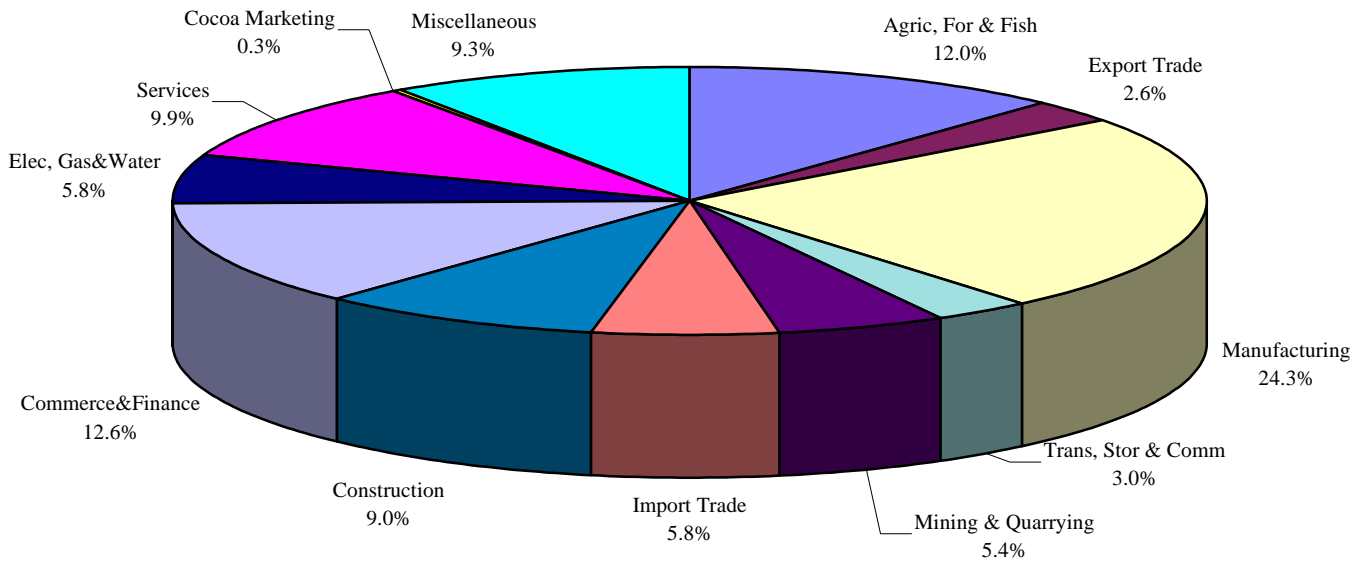
quarter amounted to €28.0 billion and this came from the commerce and finance, construction, export trade and cocoa sectors.

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

SECTOR	1998				1999			Change Between Q2'99 & Q3'99	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Abs.	(%)
Agric., For. & Fish.	161.95	179.15	179.22	221.16	240.14	258.98	283.08	24.10	9.30
Export Trade	65.40	71.64	33.21	35.35	64.74	65.90	60.44	-5.46	-8.28
Manufacturing	310.78	401.39	460.93	445.13	454.59	536.42	572.43	36.01	6.71
Trans., Stor., & Comm.	30.42	30.42	33.02	37.63	48.12	59.95	69.79	9.84	16.42
Mining & Quarrying	66.81	64.72	73.97	90.68	102.80	127.30	127.83	0.53	0.41
Import Trade	153.10	129.70	83.63	99.28	108.31	122.70	136.35	13.65	11.12
Construction	155.50	164.74	176.38	202.31	209.79	219.07	212.04	-7.03	-3.21
Commerce & Finance	233.80	281.77	310.69	280.57	281.60	309.96	296.77	-13.19	-4.25
Elect., Gas & Water	51.43	57.74	66.40	75.53	71.51	81.42	136.05	54.63	67.09
Services	125.31	136.40	141.92	155.88	177.31	211.38	233.02	21.64	10.24
Miscellaneous	55.45	63.35	79.88	116.19	134.70	166.95	219.39	52.44	31.41
Cocoa Marketing	74.40	48.33	8.01	47.93	28.43	10.50	8.22	-2.28	-21.68
Total	1,484.34	1,629.35	1,647.26	1,807.64	1,922.02	2,170.53	2,355.40	184.88	8.52

Chart 4

**Sectoral distribution of outstanding credit
by deposit money banks-June 1999**



5. Money market operations

During the third quarter of 1999, the stock of money market instruments increased by ₵246.5 billion to ₵3,469.6 billion. This compares with an increase of ₵123.8 billion for the preceding quarter.

Government of Ghana instruments (comprising Treasury bills and notes) increased by ₵257.4 billion to a stock position of ₵3470.0 billion. This was the net result of an increase of ₵444.0 billion in 91- day Treasury bills, which were offset by declines of ₵115.9 billion in 182- day Treasury bills, ₵70.3 billion in 1- year and ₵0.4 billion in 2- year treasury notes.

Bank of Ghana instruments on the other hand, declined by ₵10.8 billion during the quarter to a stock of ₵0.7 billion. The decrease reflected a fall in 30-day bills and 5-year Bank of Ghana bond of ₵10.7 billion and ₵0.1 billion respectively.

Table 8
Money market instruments
(million cedis)

Market Instruments	1 9 9 8				1 9 9 9			Change Between Q2 99 & Q1 99
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	
Government of Ghana Instruments	1,982,418.1	2,137,605.8	2,348,738.4	2,519,284.4	3,098,257.7	3,211,596.5	3,468,971.9	257,375.4
91-Day T-Bill	1,051,903.8	990,959.1	1,347,969.3	1,299,285.4	1,464,029.1	1,416,391.7	1,860,397.2	444,005.5
182-Day T-Bill	613,944.6	661,129.3	493,947.4	756,774.9	1,284,826.7	1,659,352.9	1,543,415.5	-115,937.5
1-Year T-Note	315,505.4	484,531.7	500,074.7	456,104.1	342,319.1	128,783.1	58,460.0	-70,323.1
2-Year T-Note	1,064.4	985.8	6,747.1	7,119.9	7,082.7	7,068.8	6,699.2	-369.6
Bank of Ghana Instruments	97,770.0	25,718.4	5,874.7	1,125.8	984.2	11,487.0	652.1	-10,834.8
Short-dated Bills	23,830.0	10,000.0	0.0	0.0	0.0	0.0	0.0	0.0
30-Day Bank of Ghana Bill	54,617.3	8,210.6	0.0	0.0	0.0	10,711.8	0.0	-10,711.8
91-Day Bank of Ghana Bill	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
182-Day Bank of Ghana Bill	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1-Year Bank of Ghana Bond	7,832.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2-Year Bank of Ghana Bond	29.9	11.9	8.7	8.5	0.0	0.0	0.0	0.0
3-Year Bank of Ghana Bond	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5-Year Bank of Ghana Bond	11,460.2	7,495.9	5,866.0	1,117.3	984.2	775.2	652.1	-123.0
TOTAL(GOG & BOG Instruments)	2,080,188.1	2,163,324.2	2,354,613.1	2,520,410.2	3,099,241.9	3,223,083.4	3,469,624.0	246,540.6

6. Interest rates

During the quarter under review, interest rates exhibited mixed trends. While the Bank Rate remained at 27.00 per cent, the weighted average discount rate for the 91-day Treasury bill rate moved from 24.45 per cent in June to 24.53 per cent in September 1999.

The deposit money banks' borrowing and lending rates moved in opposite directions during the quarter. On the borrowing rates, with the exception of demand deposit rates which moved upward from the range 2.50-9.00 per cent to 2.00-15.00 per cent, savings deposit rates and the 3-month time deposit rates fell from the ranges 5.50-26.00 per cent and 16.50-30.00 per cent to 1.00-26.00 per cent and 15.00-23.50 per cent respectively. Certificates of deposit rate also widened from the range 17.00-20.25 per cent to 14.00-23.50 per cent. The lower end of the lending rates however, declined while the upper end increased resulting in the ranges moving from 31.00-36.50 per cent to 27.00-44.00 per cent.

B. DEVELOPMENTS IN THE RURAL BANKING SECTOR

The total number of rural banks as at the end of the third quarter of 1999 was 111. According to Banking Supervision Department classification at the end of June 1999 based on a minimum capital adequacy ratio of 6%, the rural/community banks were classified as 53 satisfactory (including one new bank), 56 mediocre and 2 distressed . All, with exception of the 2 distressed banks reported regularly to the Bank of Ghana.

All the major financial indicators recorded declines from the June quarter positions. This could be explained by the transitory effect of the Price Waterhouse salary adjustments which led to significant increases in financial indicators in June. By the end of the third quarter the levels of the financial indicators had reverted to their usual levels.

1. Assets and Liabilities

Total assets of the rural/community banks at the end of the third quarter of 1999 was ₵179.8 billion, a decrease of 16.7 per cent from the second quarter position of ₵215.9 billion. This decrease reflected in the major financial indicators such as loans and advances, primary and secondary reserve assets. Loans and advances declined by 13.0 per cent to ₵63.5 billion, while cash and bank balances decreased by 10.5 per cent to ₵23.4 billion and balances with banks decreased by 10.5 per cent to ₵23.4 billion. Bills and bonds held by the banks also declined by 7.2 per cent from the second quarter position to ₵66.4 billion at the end of the period.

Total deposits of the banks at the end of the third quarter was ₵128.9 billion, a decline of 17.5 per cent from the second quarter position. Savings deposits continued to have the largest share (59.9%) of total deposits but declined significantly by ₵15.3 billion (16.5%). Demand deposits also declined significantly by ₵11.9 (23.9%) to ₵37.8 billion while time deposits declined marginally by ₵0.16 billion (1.2%).

The substantial decline in assets and liabilities during the quarter was due to the fact that the June position was inflated by the Pricewaterhouse salary adjustments, whose transitory effects were eroded during the third quarter.

Table 9

Consolidated assets and liabilities of rural/community banks
(billion cedis)

	1998				1999			Change between	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	June '99	Sept. '99
								Abs	%
ASSETS									
Total Assets	123.60	129.01	138.57	164.27	171.69	215.92	179.81	(36.11)	-16.72
of which									
Primary Reserve	18.99	19.87	19.00	31.17	24.23	33.95	23.42	(10.52)	-31.00
Secondary Reserve	45.84	44.75	56.07	60.23	63.97	71.54	66.42	(5.13)	-7.16
Loans and Advances	41.96	48.86	50.91	54.00	63.14	73.02	63.53	(9.49)	-13.00
i) Current	37.74	41.04	44.32	47.30	56.69	64.04	54.71	(9.33)	-14.57
ii) Overdue	4.23	7.82	6.60	6.70	6.45	8.98	8.82	(0.16)	-1.81
Others	16.796	15.538	12.589	18.883	20.349	37.403	26.439	(10.96)	-29.31
LIABILITIES									
Total Liabilities	123.60	129.01	138.57	164.27	171.69	215.92	179.81	(36.11)	-16.72
of which									
Total Deposit	85.40	85.72	93.35	114.04	123.65	156.17	128.87	(27.30)	-17.48
i) Demand Deposit	25.72	24.47	28.99	34.07	37.80	49.65	37.77	(11.88)	-23.93
ii) Saving Deposit	54.14	54.67	56.22	70.19	74.43	92.48	77.23	(15.25)	-16.49
iii) Time Deposit	5.53	6.58	8.14	9.79	11.42	14.03	13.87	(0.16)	-1.18
Shareholders Funds	11.78	10.93	11.14	11.35	16.88	17.83	17.41	(0.42)	-2.36
i) Paid-up Capital	3.49	3.80	3.80	4.06	4.20	5.02	4.60	(0.42)	-8.36
ii) Reserves	8.29	7.14	7.35	7.28	12.68	12.81	12.81	0.00	0.00
Others	26.42	32.36	34.08	38.88	31.16	41.92	33.53	(8.39)	-20.01

* Revised

Number of reporting banks (1998):109

Number of reporting banks (1999):108

Outstanding credit granted by 65 rural/community banks that reported on sectoral allocation of loans and advances was ø31.4 billion. The 'others' sector continued to claim a significant proportion of outstanding credit (47.3%), followed by agricultural sector with 21.2 per cent. The trading sector ranked third with 21.0 per cent of outstanding credit, while cottage industry and transport had a combined share of 10.5 per cent.

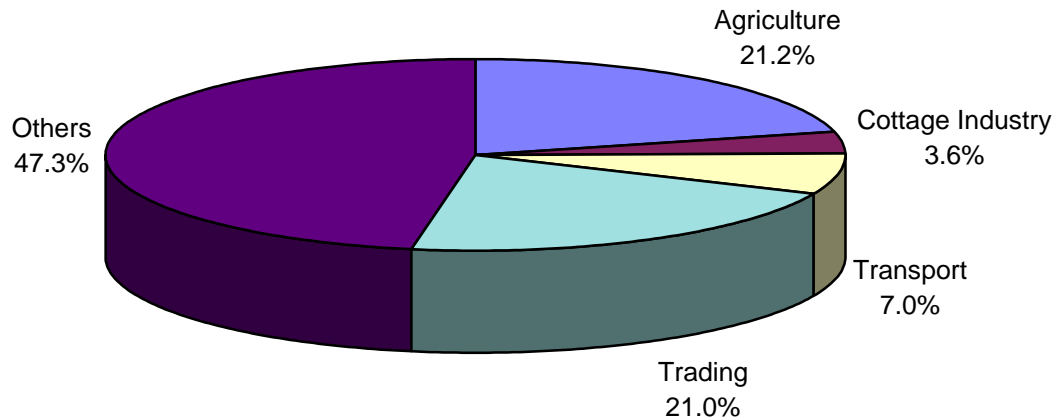
Table 10
Sectoral breakdown of outstanding loans and advances of rural/community banks
(billion cedis)

	1998				1999		
	Mar.	Jun.	Sept.	Dec.	Mar*	Jun.*	Sept.*
Agricultural	4.41	4.23	5.81	5.57	6.77	9.24	6.64
Cottage Industry	1.21	1.28	1.44	1.49	2.08	2.17	1.12
Transport	2.07	2.29	2.43	2.77	2.72	3.66	2.18
Trading	7.09	6.35	7.63	9.02	8.74	11.85	6.57
Others	13.51	13.16	13.56	16.65	19.65	25.69	14.84
Total	28.29	27.31	30.87	35.50	39.96	52.62	31.35
No. of reporting banks	76	68	76	79	79	67	

* Revised

Chart 5

Percentage distribution of loans and advances by rural/community banks - End September 1999



2. Reserve requirements

Total primary reserve assets, made up of cash in till and balances with other banks declined by ₪10.5 billion (31.0%) to ₪23.4 billion. As a percentage of total deposits, these assets constituted 18.2 per cent, an excess of 8.2 per cent over the mandatory minimum primary reserve requirement of 10.0 per cent.

Secondary reserves assets held by the rural/community banks amounted to ₪66.4 billion, a decline of ₪5.1 billion (7.2%) over the June 1999 position. The ratio of secondary reserves to total deposits was 51.5 per cent, reflecting a deficit of 0.5 per cent over the mandatory minimum secondary reserve requirement of 52.0 per cent.

C. PUBLIC FINANCE

The government's broad budget recorded an overall deficit of ¢320.1 billion (1.76% of GDP) during the third quarter of 1999, compared with a deficit of ¢300.8 billion (1.51% of GDP) in the preceding quarter. Receipts and grants totalled ¢1025.1 billion while total expenditure was ¢1345.2 billion. The primary balance, however, recorded a surplus of ¢87.7 billion (0.44% of GDP) compared with a surplus of ¢139.1 billion (0.70% of GDP) recorded in the second quarter of 1999.

1. Government revenue

Total revenue and grants for the review period amounted to ¢1025.1 billion (5.2% of GDP) compared with ¢830.7 billion realised during the preceding quarter. Of this total, tax revenue accounted for ¢770.3 billion (75.1%) while non-tax revenue accounted for ¢254.8 billion (24.9%). Revenue performance from both sources was better in the review quarter than the preceding one.

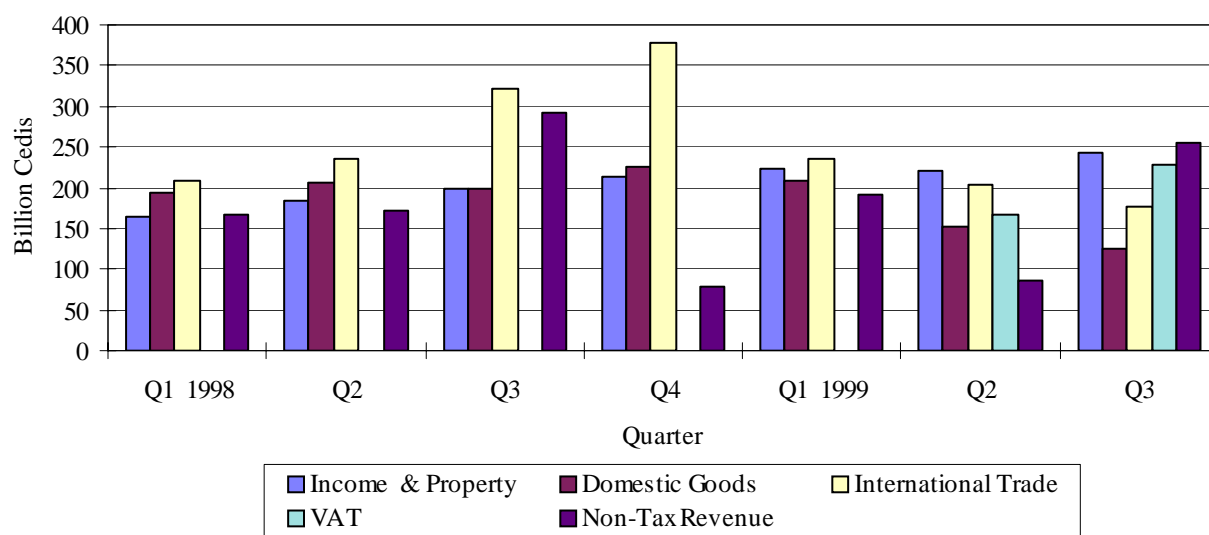
Revenue from income and property and VAT increased by ¢20.6 billion and ¢61.2 billion to ¢242.5 billion and ¢227.1 billion respectively during the review period. On the other hand, taxes on domestic goods and services, and international trade fell to ¢124.3 billion and ¢176.4 billion respectively, from their previous quarter levels of ¢151.0 billion and ¢204.9 billion.

Table 11
Sources of Government revenue
(billion cedis)

	1998			1999		
	Q2	Q3	Q4	Q1	Q2	Q3
A. TAX REVENUE	625.8	717.9	816.2	667.1	743.7	770.3
1. Income and Property	184.4	198.4	212.4	223.5	221.9	242.5
Paye	84.1	63.1	14.5	73.7	67.4	79.8
Self-Employed	13.4	9.0	8.4	12.8	13.6	14.7
Companies	65.9	86.9	164.3	114.5	132.8	116.6
Others	21.0	39.4	25.2	22.5	8.1	31.5
2. Domestic Goods & Serv.	205.7	198.6	225.1	135.1	151.0	124.3
Excise Duty	42.5	38.3	46.5	41.9	58.0	27.2
Sales Tax	67.9	63.7	74.8	-	-	-
Petroleum Tax	95.3	96.5	103.8	93.1	93.0	97.0
3. International Trade	235.7	320.9	378.7	153.6	204.9	176.4
Imports	182.3	186.7	215.8	109.6	136.8	147.1
Import Duty				99.1	107.7	123.4
Special Tax				5.7	6.3	7.2
Other Taxes				4.8	22.8	16.5
Export - Cocoa	53.4	134.2	162.9	44.0	68.0	29.3
4. VAT				154.9	165.9	227.1
Domestic				73.8	71.2	86.3
External				81.1	94.7	140.8
B. NON-TAX REVENUE	172.3	291.8	78.0	191.4	87.0	254.8
Grants	24.2	108.5	5.8	84.3	27.2	119.6
Project Grants	24.2	21.4	5.8	45.9	22.2	90.9
Program Grants	-	87.1	-	38.4	5.0	28.7
Income, Fees and Charges	61.2	74.1	28.3	29.9	-	-
Divest. Receipts	30.4	36.2	-	-	-	51.0
NPART Transfers	-	-	-	-	-	-
Other receipts	56.6	72.9	43.8	77.2	59.8	84.2
TOTAL	798.1	1,009.7	894.2	858.5	830.7	1,025.1

Chart 6

Sources of Government revenue



2. Government expenditure

Total government expenditure for the third quarter was ₺1345.2 billion, compared with ₺1131.4 billion for the preceding quarter. The higher expenditure for the period reflected increases in both components of recurrent and capital expenditure.

Recurrent expenditure during the review period was ₺897.1 billion. Of this amount, non-interest payments accounted for ₺630.4 billion, while interest payments accounted for ₺266.7 billion. The major non-interest expenditure item was ₺386.3 billion in respect of personal emoluments.

Capital expenditure during the quarter was ₺383.1 billion. Of this amount, ₺136.5 billion was financed from domestic sources and ₺246.6 billion from foreign sources.

Table 12
Items of Government expenditure

(billion cedis)

	1998			1999		
	Q2	Q3	Q4	Q1	Q2	Q3
RECURRENT	634.0	780.2	825.4	705.8	776.9	897.1
Non-Interest Expenditure	369.2	493.4	543.4	463.5	483.0	630.4
Personal Emoluments	195.0	310.9	257.3	245.6	244.7	386.3
Goods & Services	86.7	82.6	96.6	96.2	99.0	72.1
Items 2-5*	86.7	82.6	96.6	96.2	99.0	72.1
Environ. & Emergency Fund	-	-	-	-	-	-
Subventions	48.3	55.7	109.6	64.2	74.2	76.2
Transfers	39.3	44.3	79.9	57.5	65.1	95.8
Pensions	18.7	19.8	27.2	19.8	23.9	25.8
Gratuities	8.0	9.3	22.9	13.5	14.3	19.1
Social Security	12.2	15.2	29.8	24.2	26.9	50.9
Redeployment & ESB	0.5	-	-	-	-	-
Interest Payments	264.8	286.8	282.0	242.3	294.0	266.7
Interest Domestic	207.6	241.6	224.9	177.1	215.3	220.2
Interest External	57.3	45.2	57.1	65.2	78.7	46.5
CAPITAL	423.5	447.2	353.3	438.8	339.5	383.1
Capital(domestic financed)	194.0	247.3	180.4	211.5	181.4	136.5
Development	199.4	254.3	188.4	211.5	182.6	136.5
Cash Expenditure	171.0	254.3	126.8	170.7	182.6	95.1
District Assembly Common Fund	28.4	-	61.7	40.8	-	41.3
Net-Lending	(5.4)	(7.0)	(8.0)	-	(1.2)	-
New Loans	-	-	-	-	-	-
Loan Recoveries	(5.4)	(7.0)	(8.0)	-	(1.2)	-
Capital(foreign financed)	229.5	199.9	172.8	227.3	158.1	246.6
Domestic Arrears	22.8	25.3	7.4	20.0	15.0	65.0
TOTAL	1,080.4	1,252.8	1,186.1	1,164.6	1,131.4	1,345.2

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

Chart 7

Items of Government expenditure

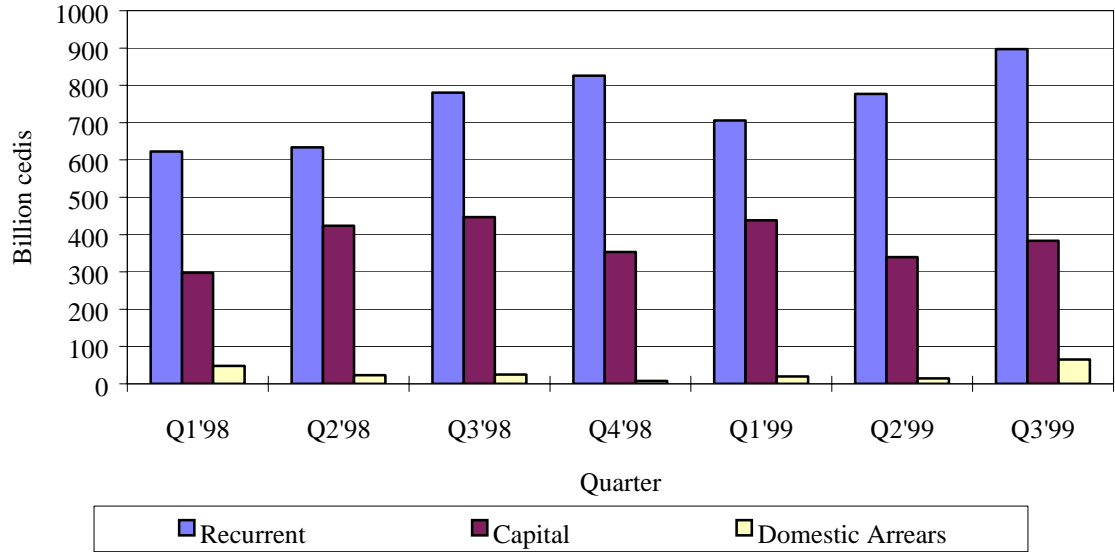
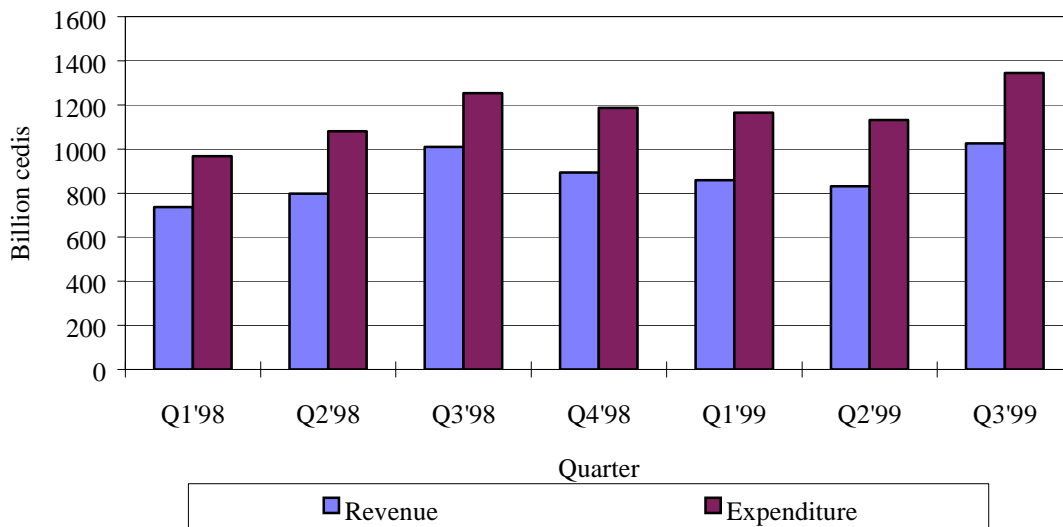


Chart 8

Government revenue and expenditure



3. Financing

The budget deficit of ¢320.1 billion was financed from a net domestic borrowing of ¢136.2 billion from the banking sector and a net foreign inflow of ¢184.0 billion. The net domestic financing comprised banking sector borrowing of ¢191.0 billion, partially offset by repayments of ¢54.8 billion to the non-bank sector.

Table 13
Summary of Government finances
(billion cedis)

	1998			1999		
	Q2	Q3	Q4	Q1	Q2	Q3
REVENUE	798.1	1,009.7	894.2	858.5	830.7	1,025.1
PAYMENTS	1,080.4	1,252.8	1,186.1	1,164.6	1,131.4	1,345.2
DEFICIT(-)/SURPLUS(+)	(282.2)	(243.1)	(291.9)	(306.1)	(300.7)	(320.1)
FINANCING	282.2	243.1	291.9	306.1	300.7	320.2
DOMESTIC (NET)	128.5	75.6	290.5	283.4	366.2	136.2
BANKING SECTOR	62.8	(226.4)	391.7	222.5	391.6	191.0
Bank of Ghana	(95.5)	(128.4)	72.0	(175.8)	312.7	25.0
Deposit Money Banks	158.2	(98.0)	319.7	398.3	78.9	166.0
NON-BANK	65.7	302.0	(101.2)	60.9	(25.4)	(54.8)
FOREIGN (NET)	153.8	167.5	1.4	22.7	(65.5)	184.0
BORROWING	257.1	292.4	172.5	213.2	135.9	359.6
INFLOWS	51.7	113.9	5.5	31.8	-	203.9
PROJECT LOANS	205.4	178.5	167.0	181.4	135.9	155.8
AMORTIZATION	103.3	124.9	171.1	190.5	201.4	175.6
PRIMARY BALANCE	180.3	124.3	164.6	99.2	139.1	87.7
GDP	16,598	16,598	16,598	19,885	19,885	19,885
AS A % GDP	1.09	0.75	0.99	0.50	0.70	0.44

4. Composition of the domestic debt

The stock of domestic debt stood at ¢5,443.0 billion at the end of the third quarter of 1999. This showed an increase of ¢255.2 billion over the stock at the end of the preceding quarter. The growth was the net result of ¢328.1 billion increase in Treasury bills and a ¢72.9 billion decline in government stocks.

Table 14

Composition of the domestic debt
(million cedis)

	1 9 9 8				1 9 9 9			Quarterly
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q3'99 & Q2'99 abs
Government Stocks	379,677.1	548,624.8	569,929.1	546,030.1	432,207.9	218,658.0	145,766.3	(72,891.7)
Treasury Bills	1,665,848.4	1,652,088.4	1,841,916.4	2,056,060.3	2,748,855.8	3,075,744.6	3,403,812.7	328,068.1
Short term Advance	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Treasury Bonds	115.0	115.0	115.0	115.0	115.0	115.0	115.0	0.0
Bearer Bonds	150.0	150.0	150.0	150.0	150.0	150.0	150.0	0.0
Compensatory Stocks	4.3	4.3	4.3	4.3	4.3	4.3	4.3	0.0
Development Bonds	6.0	6.0	6.0	6.0	6.0	6.0	6.0	0.0
Loans from COCOBOD	8.5	8.5	8.5	8.5	8.5	8.5	8.5	0.0
Loans from Railways & Ports	20.6	20.6	20.6	20.6	20.6	20.6	20.6	0.0
Long Term Government Stocks	590,740.8	590,740.8	590,740.8	590,740.8	590,740.8	590,740.8	590,740.8	0.0
Revaluation Stocks	1,302,365.3	1,302,365.3	1,302,365.3	1,302,365.3	1,302,365.3	1,302,365.3	1,302,365.3	0.0
TOTAL	3,938,936.0	4,094,123.7	4,305,256.0	4,495,500.9	5,074,474.2	5,187,813.1	5,442,989.5	255,176.4

5. Holdings of the domestic debt

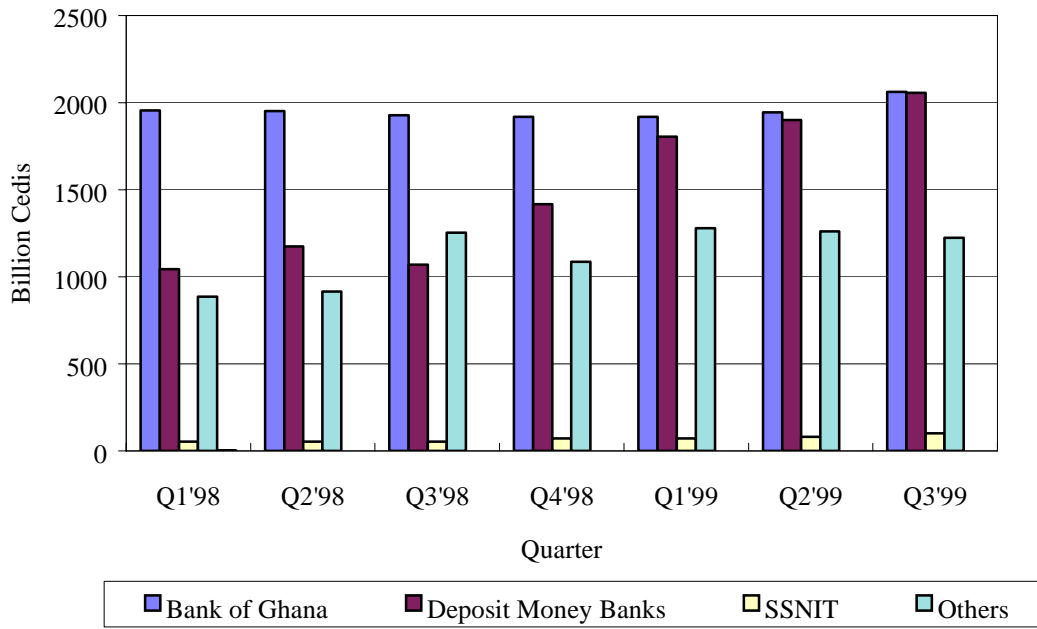
Bank of Ghana's holdings of domestic debt (including revaluation stocks) at the end of the third quarter stood at ₵2,061.7 billion representing 37.9 per cent of total debt. This may be compared with ₵1,944.4 billion (37.5%) at the end of the second quarter. The Deposit Money Banks (DMBs) held ₵2056.2 billion (37.8 %), SSNIT - 101.5 billion (1.9%) and other holders - ₵1,223.6 billion (22.5%).

Table 15
Holdings of the domestic debt
(billion cedis)

	1 9 9 8								1 9 9 9					
	Q1		Q2		Q3		Q4		Q1		Q2		Q3	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Bank of Ghana	1,955,763.0	49.7	1,951,339.4	47.7	1,928,749.2	44.8	1,919,205.5	42.7	1,919,886.1	37.8	1,944,430.0	37.5	2,061,663.4	37.9
Deposit Money Banks	1,044,345.8	26.5	1,175,359.0	28.7	1,069,598.9	24.8	1,417,824.6	31.5	1,804,415.5	35.6	1,900,457.4	36.6	2,056,254.0	37.8
SSNIT	52,503.8	1.3	52,503.8	1.3	52,503.8	1.2	71,502.7	1.6	71,502.7	1.4	81,502.7	1.6	101,502.7	1.9
Others	886,323.4	22.5	914,921.5	22.3	1,254,404.1	29.1	1,086,968.2	24.2	1,278,669.9	25.2	1,261,423.0	24.3	1,223,569.4	22.5
TOTAL	3,938,936.0	100.0	4,094,123.7	100.0	4,305,256.0	100.0	4,495,500.9	100.0	5,074,474.2	100.0	5,187,813.1	100.0	5,442,989.5	100.0

Chart 9

Holdings of the domestic debt



D. EXTERNAL FINANCE

1. Foreign Assets and Liabilities of the Banking System

The net foreign assets (NFA) of the banking system deteriorated by \$72.12 million (101.1%) to a stock position of -\$0.75 million during the third quarter of 1999. This resulted from a decline of \$4.86 million in assets to a stock position of \$652.96 million and an increase of \$67.26 million in liabilities to a stock position of \$653.72 million.

The deterioration occurred entirely in the Central Bank's NFA position, which went down by \$80.68 million to -\$97.92 million. The Bank's foreign assets decreased by \$56.63 million (15.6%) to \$306.92 million and this was reflected in its holdings of SDRs, holdings of foreign notes and coins, nostro account balances and foreign investments. Liabilities, on the other hand, increased by \$24.05 million (6.3%) to \$404.84 million mainly on account of a short-term credit of \$15.0 million.

The decline in the Central Bank's NFA was moderated by an increase of \$8.56 million in the Deposit Money Banks' (DMBs) NFA position, which went up from \$88.60 million at the end of the previous quarter to \$97.16 million at the end of the review quarter. There were increases in both the asset and liability positions of the DMBs. However the increase of \$51.77 million in assets outweighed the increase of \$43.21 million in liabilities, resulting in the improvement of \$8.56 million (9.7%) in the net position. The stock position of assets and liabilities of the DMBs at the end of the review quarter were \$346.04 million and \$248.88 million respectively.

Table 16
Foreign assets and liabilities of the banking system
(million US dollars)

	1 9 9 8		1 9 9 9			QUARTERLY CHANGE	
	SEP	JUN	JUL	AUG.	SEP*	ABS	%
Central Bank							
Assets	397.75	363.55	373.85	303.05	306.92	-56.63	-15.58
Gold	78.52	78.61	78.61	78.61	78.61	0.00	0.00
Sdrs	11.56	12.67	12.94	12.57	3.24	-9.43	-74.43
Reserve position with the Fund	23.83	54.94	56.11	56.34	57.08	2.14	3.90
Others	268.82	202.70	211.39	143.91	156.30	-46.40	-22.89
Foreign notes & coins	15.04	27.91	18.77	10.27	6.78	-21.13	-75.71
Foreign securities	84.35	74.07	74.63	66.27	66.89	-7.18	-9.69
Dispo bal with corr banks	91.63	58.65	89.13	31.76	51.78	-6.87	-11.71
Committed balance	77.80	42.07	28.86	35.61	30.85	-11.22	-26.67
Bilateral trade balance	15.02	14.63	14.80	11.62	11.69	-2.94	-20.10
Liabilities	383.98	380.79	398.65	406.88	404.84	24.05	6.32
Imf	312.27	305.56	312.05	313.34	307.92	2.36	0.77
Other deposits with BOG	41.71	50.23	46.60	53.54	56.92	6.69	13.32
Short-term credit	30.00	25.00	40.00	40.00	40.00	15.00	0.00
Net	13.77	-17.24	-24.80	-103.83	-97.92	-80.68	467.98
Deposit Money Banks							
Assets	370.94	294.27	325.64	363.60	346.04	51.77	17.59
Liabilities	101.28	205.67	247.63	256.89	248.88	43.21	21.01
Net	269.66	88.60	78.01	106.71	97.16	8.56	9.66
Total Banking System							
Assets	768.69	657.82	699.49	666.65	652.96	-4.86	-0.74
Liabilities	485.26	586.46	646.28	663.77	653.72	67.26	11.47
Net	283.43	71.36	53.21	2.88	-0.76	-72.12	-101.07

* provisional

2. External Debt

Ghana's external debt declined by \$318.93 million to a stock position of \$5,430.81 million at the end of the third quarter of 1999. The change was the result of decreases in all components.

Short-term debt fell by US\$108.89 million to \$40.00 million, due to the repayment of the pre-export financing cocoa facility in the quarter. Medium-term debt declined by \$78.99 million to \$479.65 million as a result of a reduction in the non-oil debts, though there was a slight increase in the IMF debts by \$2.36 million to \$307.92 million.

Long-term debt also decreased by \$131.05 million to \$4,911.16 million resulting from decreases of \$43.91 million and \$87.14 million in the bilateral and multilateral components respectively.

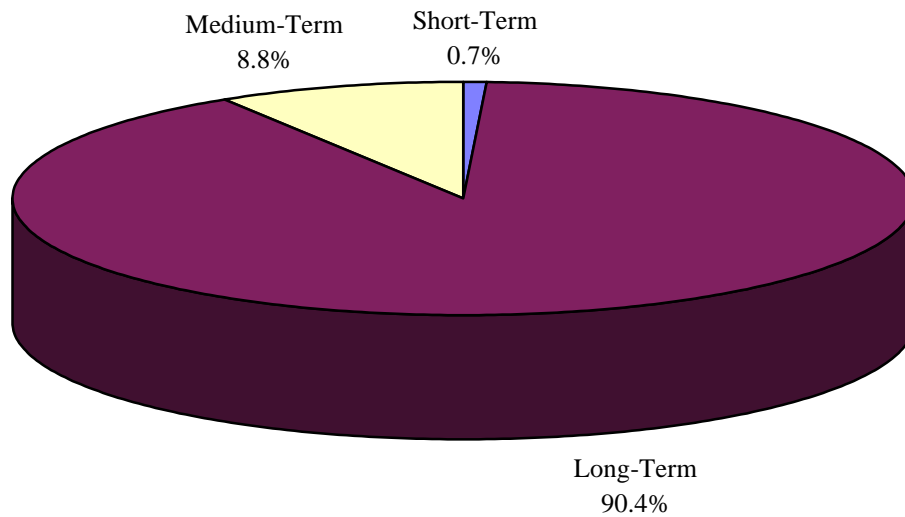
Table 17
Ghana's external debt
(million US dollars)

	1998		1999			Quarterly Change	
	Sept.	Dec. *	Mar. *	Jun.	Sept.	Abs	(%)
1. SHORT-TERM	30.00	295.00	230.00	148.89	40.00	-108.89	-73.13
(a) Arrears	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(b) Loans and overdrafts Facilities	30.00	295.00	230.00	148.89	40.00	-108.89	-73.13
2. MEDIUM TERM	675.91	646.55	586.26	558.64	479.65	-78.99	-14.14
(a) Medium-Term (Non Oil)	352.84	308.92	263.84	242.28	160.93	-81.35	-33.58
(i) Pre-1966 Rescheduled Debt	29.63	25.11	21.76	18.21	22.44	4.23	23.23
(ii) Post-1966 Debt	323.21	283.81	242.08	224.07	138.49	-85.58	-38.19
(b) Medium-Term (Oil)	10.80	10.80	10.80	10.80	10.80	0.00	0.00
(i) Libya	10.80	10.80	10.80	10.80	10.80	0.00	0.00
(c) IMF	312.27	326.83	311.62	305.56	307.92	2.36	0.77
(i) SAF	60.29	60.68	59.58	58.73	61.01	2.28	3.88
(ii) ESAF	251.98	266.15	252.04	246.83	246.91	0.08	0.03
(iii) Others	0.00						
3. LONG-TERM	4,867.04	4,980.03	5,025.32	5,042.21	4,911.16	-131.05	-2.60
(a) Bilateral	1,466.31	1,497.34	1,506.69	1,513.11	1,469.20	-43.91	-2.90
(b) Multilateral	3,400.73	3,482.69	3,518.63	3,529.10	3,441.96	-87.14	-2.47
TOTAL	5,572.95	5,921.58	5,841.58	5,749.74	5,430.81	-318.93	-5.55

* Revised

Chart 10

Structure of external debt - June 1999



3. Developments in the Foreign Exchange Market

In the third quarter of 1999, the cedi continued to depreciate against the dollar in both the inter-bank and forex bureaux markets. The cedi also came under pressure against the other major currencies in both the inter-bank and forex bureaux markets. This was mainly the result of increased demand for the currencies relative to supply.

(i) Inter-bank market

In the inter-bank market, the exchange rate of the cedi to the dollar increased from $\text{C}\text{d}\text{₣}2,529.64$ at the end of the second quarter to $\text{C}\text{d}\text{₣}2,670.00$ at the end of the third quarter, implying a depreciation of 5.3 per cent. This was higher than the 4.5 per cent recorded in the previous quarter and the 0.1 per cent recorded in the corresponding quarter in 1998.

Against the other major currencies, the cedi depreciated as follows: 9.4 per cent, 8.0 per cent, 8.0 per cent, 17.1 per cent, 8.2 per cent and 8.0 per cent against the pound sterling, the Deutsche mark, the French franc, the Japanese yen, the Swiss franc and the Euro respectively.

Table 18
Exchange rates of the deposit money banks

QUARTERLY	US DOLLAR		POUND STERLING		DEUTSCHE MARK		FRENCH FRANC		JAPANESE YEN		SWISS FRANC		EURO	
	End Period	Quarterly Change	End Period	Quarterly Change	End Period	Quarterly Change	End Period	Quarterly Change	End Period	Quarterly Change	End Period	Quarterly Change	End Period	Quarterly Change
1998														
QTR 1	2306.32	-2.4	3864.25	-3.4	1246.33	0.8	372.08	0.9	17.37	-0.3	1514.74	2.1	-	-
QTR 2	2323.00	-0.7	3871.52	-0.2	1284.51	-3.0	383.22	-2.9	16.58	4.8	1523.44	-0.6	-	-
QTR 3	2324.46	-0.1	3948.67	-2.0	1387.01	-7.4	413.66	-7.4	17.14	-3.3	1675.51	-9.1	-	-
QTR 4	2345.91	-0.9	3891.86	1.5	1398.69	-0.8	416.82	-0.8	20.64	-17.0	1700.76	-1.5	-	-
1999														
QTR 1	2416.05	-2.9	3883.32	0.2	1323.96	5.6	394.75	5.6	20.09	2.7	1622.27	4.8	2589.91	5.6
QTR 2	2529.64	-4.5	3981.91	-2.5	1336.53	-0.9	398.51	-0.9	20.92	-3.9	1632.33	-0.6	2613.83	-0.9
QTR 3	2670.00	-5.3	4395.64	-9.4	1452.77	-8.0	433.02	-8.0	25.24	-17.1	1778.09	-8.2	2841.38	-8.0

- Depreciation
+ Appreciation

(ii) *Forex bureaux market*

In the forex bureaux market, the exchange rate of the cedi to the dollar increased from $\text{¢}2,574.09$ at the end of the second quarter to $\text{¢}2,737.28$ at the end of the third quarter. This implied a depreciation of 6.0 per cent, which was higher than the 4.2 per cent recorded in the previous quarter and the 0.2 per cent attained in the corresponding quarter of 1998.

With respect to the other major currencies, the cedi depreciated by 5.4 per cent and 3.1 per cent against the pound sterling and the Deutsche mark respectively. The depreciation rates in the corresponding quarter in 1998 were 0.1 per cent and 1.2 per cent for the pound sterling and the Deutsche mark respectively.

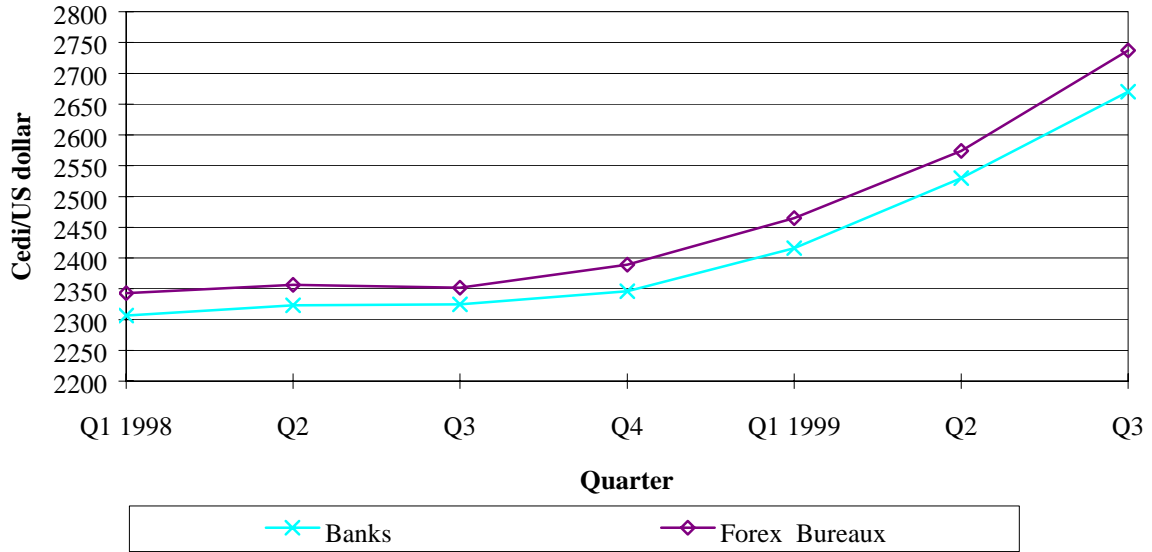
Table 19
Exchange rates of forex bureaux

Quarter	US Dollar		Pound Sterling		Deutsche Mark	
	End Period	Quarterly change	End Period	Quarterly change	End Period	Quarterly change
1998						
Q1	2,342.73	-2.1	3,952.96	-5.3	1,356.59	-4.7
Q2	2,356.36	-0.6	3,897.73	1.4	1,355.68	0.1
Q3	2,351.73	0.2	3,900.00	-0.1	1,372.50	-1.2
Q4	2,389.09	-1.6	3,975.91	-1.9	1,434.32	-4.3
1999						
Q1	2,465.00	-3.1	4,154.09	-4.3	1,499.78	-4.4
Q2	2,574.09	-4.2	4,360.46	-4.7	1,495.23	0.3
Q3	2,737.28	-6.0	4,607.73	-5.4	1,542.50	-3.1

- Depreciation
+ Appreciation

Chart 11

Exchange rates



E. DEVELOPMENTS IN PRICES

The National Consumer Price Index (CPI) fell by 0.6% during the quarter from 132.02 at the end of June to 131.21 at the end of September, 1999. This was in contrast with an increase of 6.0% recorded in the preceding quarter and a fall of 2.0% recorded in the corresponding quarter in 1998.

The Food and Beverages sub-group fell by 3.6%. This was in contrast with an increase of 6.6% recorded in the previous quarter and a fall of 5.3% recorded in the corresponding quarter in 1998. The major food items contributing to the fall in the food index included maize, plantain, fresh herrings and groundnuts.

The Non-Food sub-group also increased by 2.4%. This was in contrast with an increase of 5.3% recorded in the previous quarter and an increase of 1.2% recorded in the corresponding quarter in 1998. The components which made the largest contribution to the quarterly change were: Transport and Communications (8.1%), Alcohol and Tobacco (4.8%), Household Goods, Operations and Services (2.6%) and Miscellaneous Goods and Services (2.3%)

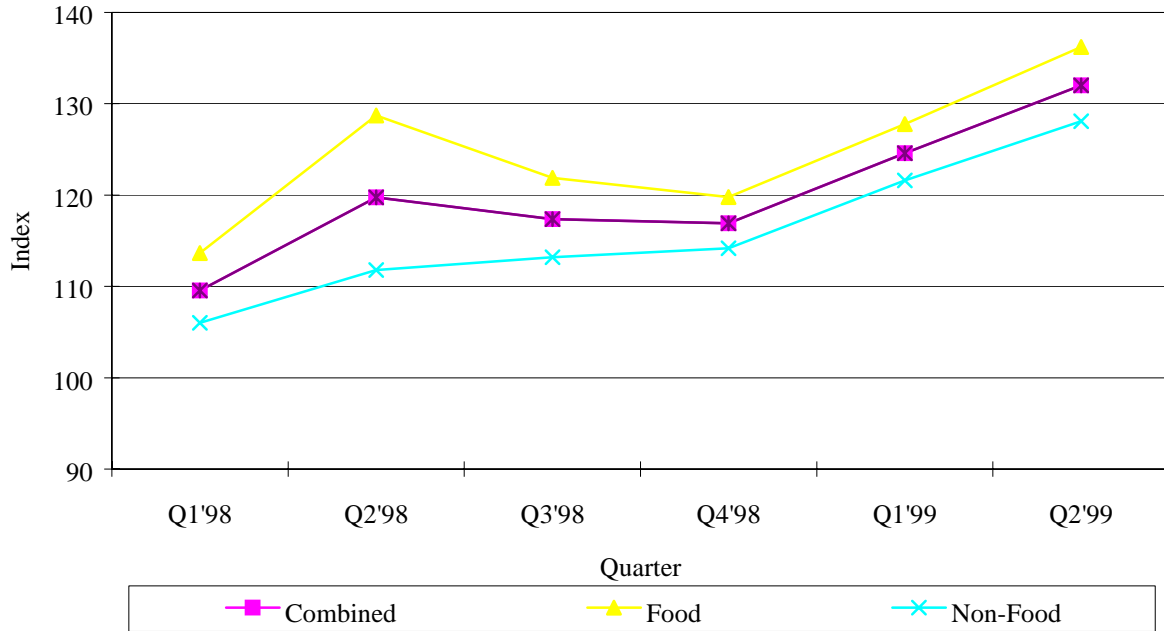
Table 20
National consumer price index
(Sept 1997=100)

Month	Consumer Price Index			Quarterly Change			Inflation Over 12-months		
	Combined	Food	Non-Food	Combined	Food	Non-Food	Combined	Food	Non-Food
1997									
Q3	100.00	100.00	100.00						
Q4	101.00	98.38	103.50	1.5	1.4	1.5			
1998									
Q1	109.55	113.65	106.02	3.4	4.5	2.3	20.3	19.6	18.5
Q2	119.74	128.71	111.81	0.6	-0.2	1.5	21.8	25.1	16.1
Q3	117.38	121.88	113.18	-0.9	-2.8	1.0	17.4	21.9	13.2
Q4	116.91	119.79	114.17	1.1	1.6	0.6	15.7	21.8	10.3
1999									
Q1	124.60	127.77	121.60	2.2	2.0	2.4	13.7	12.4	14.7
Q2	132.02	136.21	128.09	1.4	1.7	1.1	10.3	5.8	14.6

Source: Ghana Statistical Service.

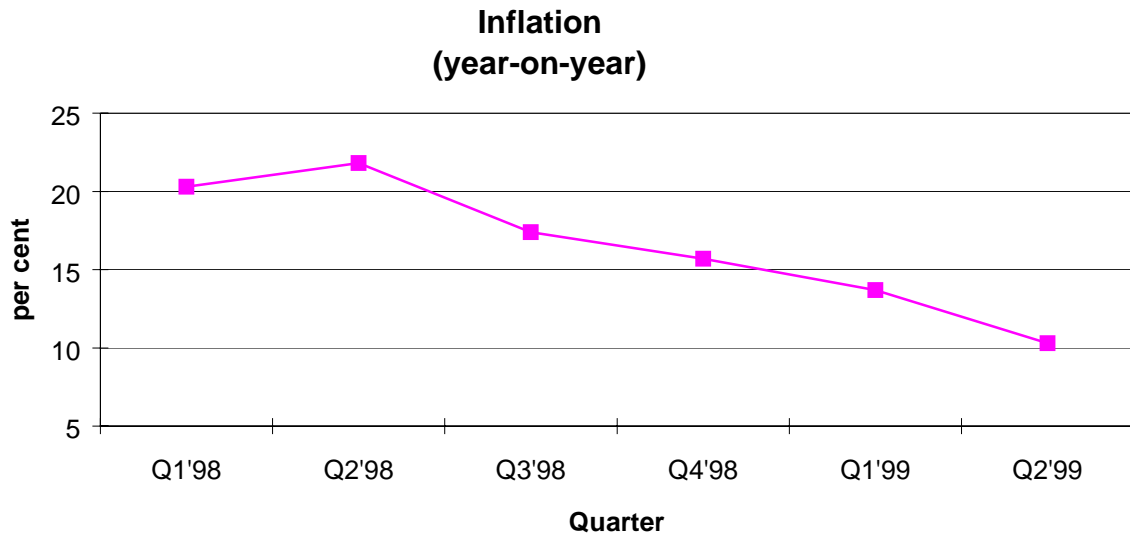
Chart 12

National consumer price index



The rate of inflation measured by the year-on-year change in the Consumer Price Index (CPI) increased from 10.3% at the end of the second quarter to 11.8% at the end of the third quarter. This was a reflection of wage and salary increases and increases in prices of petroleum products.

Chart 13



F. MAJOR EXPORT COMMODITIES

1. Cocoa

(i) Purchases and marketing

Cocoa beans purchased by the Licensed Buying Companies (LBCs) during the third quarter of 1999 amounted to 14,961 tonnes for the minor crop. Cumulative purchases for the 1998/99 minor crop season were 57,582 tonnes valued at ₪129.9 billion. For the 1998/99 crop year as a whole the cumulative purchases figure reported by the LBCs was 395,776 tonnes.

The producer price per tonne during the 1998/99 minor crop season remained unchanged at ₪2.25 million, notwithstanding the significant fall in the world market price for cocoa.

Gross receipts from exports of cocoa beans and products, during the review period, were US\$140.87 million. This may be compared with US\$140.74 for the previous quarter.

Table 21
Receipts from cocoa beans and products

	Beans		Products	Total
	Tonnage	(US\$'000)	(US\$'000)	(US\$'000)
1998				
Q1		152,910	20,769	173,679
Q2	94,626	129,621	23,965	153,586
Q3	76,875	195,415	17,239	212,654
Q4	115,071	14,868	20,279	35,147
1999	10,852			
Q1*		205,370	9,010	214,380
Q2*	117,191	131,229	9,514	140,743
Q3	77,763	130,834	10,034	140,868
	104,990			

* Revised

(ii) Price trends in the international cocoa market

The London 3-month futures price for cocoa during the review period was in the range of £617 to £754 per tonne. The average price of the commodity during the quarter was therefore £690 per tonne, which was £43 (or 5.8%) lower than the average price of £733 per tonne during the previous quarter and £385 per tonne (or 35.8%), lower than the average price of £1075 per tonne for the corresponding period of 1998. The lower prices of cocoa during the period was influenced by expected upward trend in production from the main producer countries of La Cote d'Ivoire, Ghana, Indonesia and Malaysia and decline in world grinding figures for cocoa for two consecutive quarters in 1999.

Table 22
Three-month futures price of cocoa*

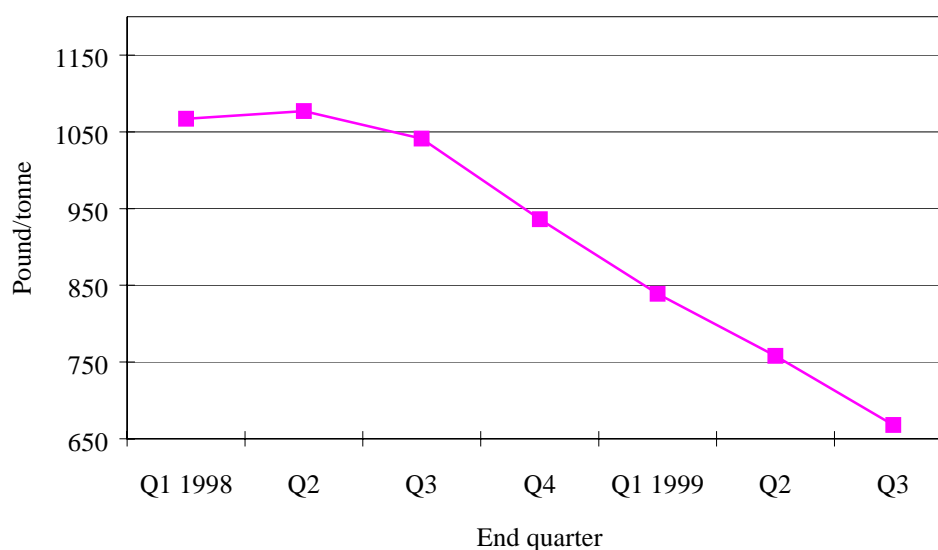
(pounds sterling per tonne)

MONTH	1996	1997	1998	1999
January	905	885	1045	910
February	1016	859	1024	905
March	986	992	1067	839
April	966	1029	1071	762
May	952	1014	1129	678
June	949	1089	1077	758
July	878	1028	1074	722
August	936	1048	1078	679
September	921	1135	1074	668
October	907	1101	1006	
November	957	1046	978	
December	922	1075	936	

* Prices are monthly averages

Chart 14

Three-month futures price of cocoa



2. Gold

(i) Earnings from gold exports

Gross export receipt from gold, during the third quarter of 1999, was US\$160.92 million (for 591,875 fine ounces) compared with US\$149.25 (for 530,253 fine ounces) for the previous quarter. For the same period of 1998, total receipts from gold exports amounted to US\$186.26 million (for 606,987 fine ounces).

Table 23
Earnings from gold exports

	Volume (fine oz)	Value (\$'000)
1998		
Q1	518,664	160,391
Q2	513,570	157,860
Q3	606,987	186,255
Q4	570,803	169,376
1999		
Q1*	637,326	182,764
Q2*	530,253	149,251
Q3	591,875	160,915

*Revised

(ii) *Price trends in the international gold market*

The spot price for gold in the London bullion market fluctuated between US\$252.85 to US\$306.85 per fine ounce. The average price for the period was US\$259.33 per fine ounce showing a drop of US\$14.3 (5.2%) from an average of US\$273.63 per fine ounce during the previous quarter.

The decline in trend in gold price was as a result of sales by Britain and secondly the International Monetary Fund (IMF)'s intention to sell gold to finance its Highly Indebted Poor Countries (HIPC) debt reduction initiative.

Table 24
**Spot price of gold on the London
bullion market***

MONTH	1996	1997	1998	1999
January	399.27	354.88	288.71	287.34
February	404.41	347.15	297.39	287.67
March	396.24	351.91	296.30	286.03
April	392.97	344.58	308.47	282.67
May	392.15	344.04	298.81	277.00
June	385.15	340.89	291.98	261.22
July	383.59	324.01	292.79	255.57
August	387.54	324.16	283.86	256.68
September	384.48	322.94	289.42	265.56
October	381.33	324.74	296.21	
November	378.16	307.68	294.32	
December	369.01	289.06	291.90	

* Prices are monthly averages.

Chart 15

**Monthly average spot price of gold
on the London bullion market**

