BANK OF GHANA

MARCH 2019

Monetary Policy Report

Preface

The Bank of Ghana's Monetary Policy Reports, released after each MPC meeting, provide a brief overview of macroeconomic developments and monetary policy considerations. The aim of issuing these monetary policy publications is to provide the public with the background materials which served as inputs for the policy decision-making process and economic assessments at each MPC session. Through the publication of these documents, Bank of Ghana aims to promote accountability for its decision-making and build understanding of the monetary policy formulation process among stakeholders.

Monetary Policy in Ghana

The primary objective of the Bank of Ghana is to pursue sound monetary policies aimed at price stability and creating an enabling environment for sustainable economic growth. Price stability in this context is defined as a medium-term inflation target of 8 percent with a symmetric band of ±2 percent. This target band is consistent with the objective of attaining the desired long-term average rate of growth for the economy. Other objectives spelt out in the amended Bank of Ghana Act include promoting and maintaining a sound financial sector and payment systems through effective regulation and supervision. This is important for financial intermediation and to ensure that risks associated with financial markets are considered during the monetary policy formulation process.

Monetary Policy Strategy

To achieve the objective of price stability, Bank of Ghana was granted operational independence to employ the appropriate policy tools needed to stabilise inflation around the medium-term target. The Bank of Ghana's framework for conducting monetary policy is Inflation Targeting (IT), which entails the use of the Monetary Policy Rate (MPR) as the key policy tool that provides guidance on the monetary policy stance and also anchors inflation expectations.

The MPC Process and Operational Arrangements

The MPC is a statutorily constituted body by the Bank of Ghana Act to formulate monetary policy. The MPC consists of seven members – five from the Bank of Ghana, including the Governor who acts as the Chairman, and two external members. The MPC meets bi-monthly in the course of the year to assess economic conditions and risks to the inflation and growth outlook. The Committee, after assessing recent economic conditions and taking a forward-looking view of the evolution of key macroeconomic indicators, votes to position the MPR through a process of concensus-building with each member assigning reasons for the stated or preferred direction of interest rates. Each interest rate decision provides a signalling of the stance of monetary policy. The MPC meeting dates are determined well in advance at the beginning of each year. In line with the transparency aspects of the framework, an MPC policy statement is published via a press release and a press conference is held after each MPC meeting to communicate and explain the Committee's decisions to the financial markets and the general public.

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Executive Summary

The ongoing global economic expansion that started in 2016 continued into the first half of 2018 but the momentum moderated during the second half, amid uncertainty associated with US-China trade negotiations, regulatory tightening in China to clamp down on excessive lending and financial stress in Argentina and Turkey reflecting the effects of US policy normalization, among others. In emerging markets and developing economies, the growth outturn was mixed. While economic activity in China and India were relatively strong, growth contracted in Argentina and Turkey, reflecting the adverse effects of the financial turmoil triggered by the stronger US Dollar. The sharp decline in oil prices in the fourth quarter of 2018 also weighed on growth in oil-exporting emerging market countries.

On the domestic front, growth remained relatively strong, although at a relatively modest pace compared with last year. Overall GDP growth for 2018 is projected at 5.6 percent, while non-oil GDP is projected to expand by 5.8 percent. With an average growth of 6.1 percent for the first three quarters of 2018, the broad expectation is that the annual target of 5.6 percent will be realized or exceeded. For 2019, GDP growth is projected at 7.6 percent.

Two inflation readings released by the Ghana Statistical Service since the January MPC meeting showed inflation was well-contained within the medium term target band of 8±2 percent. Over the period, inflation decelerated to 9.0 percent in January 2019 from 9.4 percent in December 2018 but inched up to 9.2 percent in February, driven by non-food inflation. Since the last quarter of 2018, inflation has oscillated within a band of 9.0 - 9.5 percent, underpinned by a relatively tight monetary policy stance. Underlying inflationary pressures, as measured by the Bank's core inflation, have continued to ease and inflation expectations remain well-anchored.

Despite the very strong fundamentals, the Cedi came under pressure against the major international currencies in February and March 2019, reflecting episodic depreciation similar to what we experienced in May-June 2018. A confluence of factors accounted for the depreciation in the first quarter of 2019. First, there were seasonal pressures that recur in the first quarter of every year stemming from foreign exchange demand by importers and corporate institutions to pay off fourth quarter import sand to repatriate profits and dividends. This, coupled with sentiments over the economic outlook after the completion of the IMF-supported ECF programme, fuelled pressures on the foreign exchange market. However, the external sector position remained strong, underpinned by trade surplus outturns for the past two years and in the first quarter of 2019, as the current account continued to improve.

The outlook for growth remains positive and is projected to remain favourable over the medium-term, supported by increased oil production and an easing of the credit stance. The latest forecast shows a slightly elevated inflation profile, although inflation is still projected to be within the medium-term target band of 8±2 percent over the horizon. Upside risks to the inflation outlook include the possible pass-through of recent Cedi depreciation to consumer prices and increases in ex-pump prices alongside a possible upward review of electricity tariffs in the outlook. Favourable factors such as the still-tight monetary policy stance, stable outlook for the exchange rate in the quarters ahead, well-anchored inflation expectations and a broadly stable macroeconomic environment should help moderate the risks to inflation going forward. Given the circumstances, the Monetary Policy Committee decided to keep the policy rate unchanged at 16 percent.

1. Global Growth and Financing Conditions

The ongoing global economic expansion that started in 2016 continued into the first half of 2018 but the momentum moderated during the second half, amid general uncertainty associated with U.S-China trade and the Brexit negotiations, among others. In emerging markets and developing economies, the growth outturn was mixed. While economic activity in China and India were relatively strong, growth contracted in Argentina and Turkey, reflecting the adverse effects of the financial turmoil triggered by the stronger US Dollar and other geo-political factors.

1.1 Global growth slowed at the end of 2018

In the US, real GDP growth remained relatively robust, supported by fiscal stimulus, consumer and business confidence, and an accommodative stance on monetary policy. Estimates released by the IMF showed that real GDP averaged 2.9 percent in 2018, 0.7 percentage points higher than the 2.2 percent recorded in 2017. Looking ahead, US real GDP growth is expected to moderate to 2.3 percent in 2019 and 1.9 percent in 2020, reflecting the waning effects of fiscal stimulus and slower external demand due to slowing global growth in the outlook.

Economic activity in the United Kingdom slowed to 1.4 percent at the end of 2018, 0.4 percentage points lower than that of the previous year. According to the Bank of England, the slowdown mainly reflects softer activity abroad and the stronger effects from Brexit uncertainties at home. The uncertainty has led to a postponement of investment and hiring decisions by firms. However, the effect of Brexit uncertainty is expected to subside as more clarity emerge about the future trading arrangements between the EU and the UK. In addition, looser fiscal policy will also provide some impetus to growth in the near term.

The Eurozone real GDP growth in 2018 was 1.8 percent, significantly lower than the 2.4 percent recorded in 2017, reflecting a slowdown in external demand, weakening consumer and business confidence, and adverse effects of other country specific factors. Real GDP growth in the Euro area is expected to slow further to 1.3 percent in 2019, weighed down by expected weaker external demand reflecting the moderation in global growth and lingering effects of some country specific factors such as the rising spreads in Italy and the effects of the street protests in France.

In Japan, economic activity slowed significantly from 1.9 percent in 2017 to 0.8 percent in 2018. The sharp drop in output reflects the effects of natural disasters on personal consumption and capital investment. Looking ahead, Japan's accommodative monetary policy stance, fiscal stimulus, strong labour market, and robust demand for investment are all projected to support growth, according to the IMF.

China's economy slowed to 6.6 percent in 2018 from the 6.8 percent recorded in 2017, on the back of uncertainty associated with the US-China trade negotiations and credit sector reforms by the government. There are also signs that tariffs are beginning to weigh on Chinese exports. High frequency data suggest a further slowdown of the growth momentum in 2019Q1. However, the recent shift towards loose monetary and fiscal policy is expected to strengthen domestic demand in the near term.

Economic activity in Emerging Market Economies (EMEs) continued to recover, with GDP growth estimated at 4.5 percent in 2018, 0.3 percentage points lower than the 4.8 per cent recorded in 2017. China and India continued to grow at a solid pace though China is expected to experience a gradual slowdown. However, tighter financing conditions resulting from US Fed rate hikes contributed to disorderly currency movements and weaker economic activity in Argentina and Turkey. In addition, the sharp drop in commodity prices during the fourth quarter of 2018 is expected to weigh on the recovery in commodity exporting EMEs. Looking ahead, real GDP growth in EMEs is expected to moderate to 4.4 percent in 2019 from the estimated 4.5 percent in 2018, reflecting lower growth in China, weaker outlook in Turkey and a deepening contraction in Iran, according to the IMF.

In Sub-Saharan Africa, growth was estimated to have moved up to 3.0 percent in 2018, from 2.9 percent in 2017. The uptick was supported by rising commodity prices, stronger household demand, and improved economic activity, mainly in Nigeria. The slowdown in oil prices during the fourth quarter of 2018 affected growth in the region's major oil producers, such as Nigeria and Angola.

1.2 Most central banks hold back on monetary policy tightening

There are clear signals that central banks in advanced economies intend to maintain a relatively accommodative monetary policy stance amid concerns about global growth, trade policy uncertainty, and weakening financial market sentiments. In the US, the Fed paused the on-going monetary policy normalization and signalled that future rate hikes will be gradual, amid concerns about the health of the global economy. In the UK, the Bank of England maintained the policy rate in December 2018 on concerns about the near-term outlook for global growth and increased downside risks to growth. The European Central Bank ended net asset purchases in December 2018, while keeping the policy interest rate unchanged until the summer of 2019. The Bank of Japan also maintained its accommodative policy stance, as inflation remained below the 2 percent target.

Policy interest rate actions among EMEs are becoming more synchronised as most emerging market economies either tightened or maintained policy rates in response to deterioration in the inflation outlook. Notable among these are the Central Bank of Turkey, which maintained an aggressive policy stance in the third quarter, raising interest rates by more than 1,600 basis points cumulatively in 2018 to rein in inflation arising from the sharp currency depreciation. Others such as Russia, Indonesia, Mexico and Argentina noticeably raised interest rates in response to the worsening inflation outlook. China tightened domestic financial conditions to tackle risks in the financial system while Brazil and South Africa kept their policy rates unchanged.

Global Growth Estimates and Projections (%)				
	APRIL. 2019 UPDATES (YEAR OVER YEAR)			
	ESTIMATES		PROJECTIONS	
	2017	2018	2019	2020
World	**3.8**	**3.6**	**3.3**	**3.6**
Advanced Economies	**2.4**	**2.2**	**1.8**	**1.7**
United States	2.2	2.9	2.3	1.9
Euro Area	2.4	1.8	1.3	1.5
Germany	2.5	1.5	0.8	1.4
France	2.2	1.5	1.3	1.4
Italy	1.6	0.9	0.1	0.9
Spain	3.0	2.5	2.1	1.9
Japan	1.9	0.8	1.0	0.5
United Kingdom	1.8	1.4	1.2	1.4
Emerging and Developing Economies	**4.8**	**4.5**	**4.4**	**4.8**
Russia	1.6	2.3	1.6	1.7
China	6.8	6.6	6.3	6.1
India	7.2	7.1	7.3	7.5
Brazil	1.1	1.1	2.1	2.5
Sub-Saharan Africa	**2.9**	**3.0**	**3.5**	**3.7**
Nigeria	0.8	1.9	2.1	2.5
South Africa	1.4	0.8	1.2	1.5

Source: World Economic Outlook, April 2019 Update

1.3 Global Outlook

In the near-term, accommodative financial conditions in advanced economies, gains in employment and wage growth, as well as improving balance sheets of firms are expected to provide a positive stimulus to global growth. However, the sharp drop in commodity prices since October 2018 is expected to weigh on investment and activities in commodity exporting emerging market economies. In addition, trade policy uncertainty and further strengthening of financial conditions in emerging market economies present risks to global growth momentum. Over the medium-term, global economic activity is expected to expand at a pace close to potential growth as policy support diminishes.

2. Balance of Payments

External sector performance remained relatively strong during the first three months of 2019, supported by trade surplus and increased capital and financial account inflows, mainly on account of Eurobond issuance.

2.1 Positive trade balance in the first three months of 2019

Total merchandise trade for the first three months of 2019 was provisionally estimated at a surplus of US$899 million (1.3% of GDP) compared with a surplus of US$724 million (1.1% of GDP) for the same time in 2018. This outturn was attributable to continued improvements in export receipts, mainly from crude oil. For the first quarter of 2019, exports of cocoa beans and products amounted to US$749 million compared with US$859 million recorded for the same time in 2018. Gold exports were US$1,446 million, up by 1 percent in year-on-year terms. Crude oil exports rose to US$1,109 million, compared with US$1,053 million in 2018. Other exports, including non-traditional exports, also rose to US$736 million in the period under review, compared with US$716 million in 2018. Total merchandise imports for the period January to March amounted to US$3,140 million, indicating a year-on-year decline of 5.8 percent. Of the total imports, non-oil imports rose by 0.7 percent to US$2,694 while oil and gas imports fell by 32.5 percent to US$446 million, compared with US$660 million recorded in 2018.

The trade surplus, together with developments in the services, income and transfer accounts, resulted in a provisional current account surplus of US$194 million (0.3% of GDP) for the first three months of 2019 compared to a surplus of US$223 million (0.3% of GDP) for the same period of 2018.

The capital and financial account recorded a significant net inflow to the tune of US$3,068 million for the first three months of 2019, compared to US$529 million net outflows for the same period in 2018. This outcome was driven mainly by higher net portfolio investment inflows, mainly as a result of proceeds of the successful Eurobond issue, as well as higher net inflows in foreign direct investment and a lower outflow of other investments, which are mainly medium- and long-term capital.

As a result, the overall balance of payments was provisionally estimated at a surplus of US$3,135 million (4.6% of GDP) for the first three months of 2019, compared to a deficit of US$672 million (1.0% of GDP) in the same period of 2018. This resulted in a US$2,875 million buildup in Gross International Reserves (GIR) to US$9,900 million (5.0 months of import cover) from the end-December 2018 stock position of US$7,025 (3.6 months of import cover).

Ghana's Balance of Payments (in US$ million)	2017		2018		2019	
	Q1	Annual	Q1	Annual	Q1 *prov.*	Annual
Current account	**328**	**-2,003**	**223**	**-2,042**	**194**	**-2,067**
Trade balance	913	1,187	724	1,810	899	2,165
Exports, f.o.b.	3,954	13,835	4,059	14,943	4,039	15,372
of which;						
Cocoa & products	1,001	2,661	859	2,180	749	2,125
Gold	1,762	5,786	1,431	5,436	1,446	5,603
Crude oil	633	3,115	1,053	4,573	1,109	4,795
Imports, f.o.b.	-3,042	-12,648	-3,334	-13,132	-3,140	-13,207
Non-oil	-2,473	-10,656	-2,674	-10,552	-2,694	-11,131
Oil & gas	-569	-1,992	-660	-2,581	-446	-2,076
Services (net)	-652	-2,873	-371	-2,514	-565	-2,969
Inflows	1,626	6,602	2,005	7,572	1,974	7,532
outflows	-2,278	-9,475	-2,376	-10,086	-2,540	-10,501
Investment income (net)	-596	-2,741	-687	-3,922	-767	-3,853
Inflows	71	309	118	598	81	382
outflows	-666	-3,050	-805	-4,520	-848	-4,235
of which; interest on Public debt	*-254*	*-1,131*	*-166*	*-1,404*	*-337*	*-1,927*
Transfers (net)	663	2,424	557	2,583	627	2,590
Official transfers (net)	0	0	0.0	18.7	3.0	12.0
Private transfers (net)	663	2,424	557	2,564	624	2,578
Capital & financial account	**-622**	**3,016**	**-529**	**1,540**	**3,068**	**2,224**
Capital account (net)	108	242	238	258	72	219
Financial account (net)	-730	2,774	-767	1,283	2,996	2,005
Foreign direct investments (net)	558	3,239	361	2,908	576	2,811
Portfolio investments (net)	53	2,536	110	929	2,644	2,644
Other investments (net)	-1,341	-3,002	-1,238	-2,555	-64	-3,291
Medium & long term (net)	-670	-2,198	-1,118	-2,714	-250	-1,114
Official capital (net)	-84	-112	-95	-409	-39	-87
Government oil investments (net)	-52	-170	-34	-153	-54	-64
Loans (net)	-32	58	-62	-256	15	-22
Disbursements	128	969	82	651	237	1,135
Amortization	-160	-911	-143	-907	-222	-1,157
Private capital (net)	*-586*	*-2,086*	*-1,022*	-2,305	*-211*	-1,027
Short-term capital (net)	-671	-803	-121	159	185	-2,177
Non-monetary (net)	-491	-530	-388	-336	-405	143
Monetary (net)	-180	-273	267	496	590	-2,320
Net errors & omissions	***-115***	***78***	***-307***	-170	***-128***	275
Overall balance	**-408**	**1,091**	**-614**	-672	**3,135**	432
Memorandum items:			***In Percent of GDP***			
Current account	0.6	-3.4	0.3	-3.1	0.3	-3.0
Trade balance	1.5	2.0	1.1	2.8	1.3	3.2
Exports of goods & services	9.5	34.7	9.3	34.4	8.8	33.6
Imports of goods & services	-9.0	-37.5	-8.7	-35.5	-8.3	-34.7
Official current transfers	0.0	0.0	0.0	0.0	0.0	0.0
Capital & financial account	-1.1	5.1	-0.8	2.4	4.5	3.3
FDI	0.9	5.5	0.6	4.4	0.8	4.1
Remittances	1.1	4.1	0.9	3.9	0.9	3.8
Overall balance	-0.7	1.9	-0.9	-1.0	4.6	0.6

2.2 Commodity prices were generally mixed during the first quarter of 2019

Crude oil prices rallied and gathered momentum as prices edged higher for three successive months into March 2019. Crude oil traded above US$67.00 per barrel for most of the trading days, averaging US$67.05 per barrel in March 2019. This reflected expectations that the United States and China could reach a trade agreement, while OPEC ally, Russia, ramped up supply cuts. Also, the political crisis in Venezuela, accompanied by widespread power outages, stalled crude exports from the OPEC-member nation and, together with reduced shipments due to US sanctions, tightened the market further. The rally in price was nonetheless restrained by surging US crude production, which was held at an all-time high of 12.1 million barrels per day. The crude oil markets have therefore been supported by the on-going supply cuts by OPEC+, which has pledged to cut 1.2 million barrels per day in supply since the start of the year, leading to a price gain of about 16.25 percent by end-March 2019.

The upward trajectory in spot gold prices gradually eased and for the first time since July 2018, prices inched lower in March 2019. The price of the yellow metal decreased by 1.46 percent to settle at US$1,300.72 per fine ounce in March, occasioned by a stronger US dollar against a basket of other currencies following more dovish soundings from central banks and renewed expectations that the European Central Bank would keep rates low for a longer term. From January to March, however, prices have increased by 3.96 percent, buoyed by potential resolution of the US-China trade conflict and bolstering expectations that the Federal Reserve would stick to its dovish stance on monetary policy.

Cocoa futures continue to trade in negative territory as prices inched lower in March 2019. The crop added 3.14 percent to the losses recorded in the previous month to settle at an average of US$2,202.48 per tonne in March. From the beginning of the year to date, prices have plummeted by 2.38 percent, suggesting a real meltdown in the cocoa market. The downward trend in cocoa prices have been occasioned by a combination of good weather over the summer months and during the Harmattan period, which helped boost production expectations in West Africa by a wide margin to keep the market in surplus for the current year.

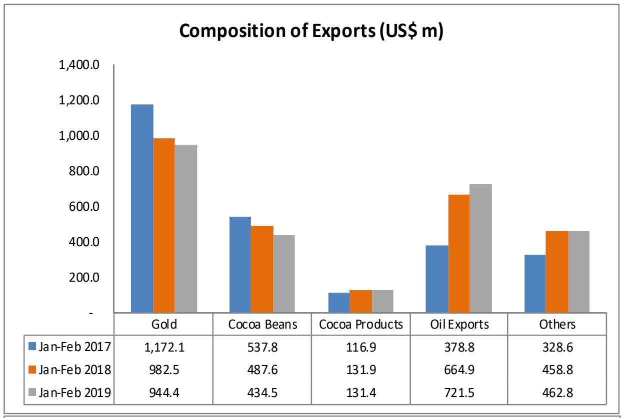
2.3 External sector near-term outlook

The outlook for the cocoa prices remains bearish as crop conditions in Ivory Coast and Ghana remain generally favourable and cocoa arrivals at the ports are ahead of last season's pace, buttressing the forecast by the International Cocoa Organization (ICCO) of a global surplus of 39,000 tonnes for the 2018/2019 crop season. Losses could however be limited if demand, as measured by grind data, improves.

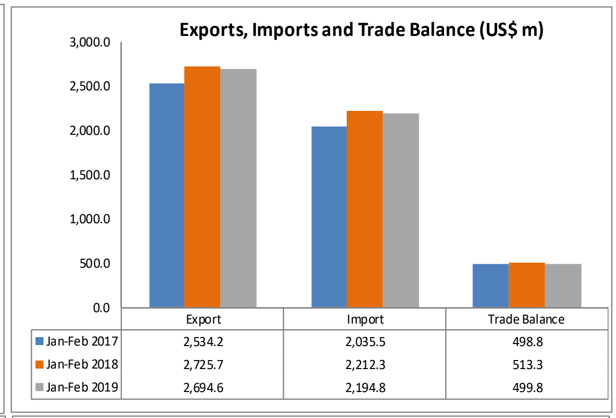
The oil price outlook indicates an expected further increase in prices due to high level compliance among OPEC members with support from Russia. The major headwinds to oil price are coming from growing concerns over global economic growth due to the ongoing trade war between the world's two largest economies, US and China, coupled with ramp up in production levels in the US.

Concerns about gold prices in the near term relates to market expectations of a dovish monetary policy stance by the Fed during its Federal Open Market Committee meeting, amid prospects of a likely interest rate cut on the heels of weaker-than-expected US growth data. Meanwhile, a potential US-China trade deal is expected to impact the Chinese Renminbi positively and help spur a gold price rally. These expected price developments, together with the current domestic policy mix, are expected to impact positively on the trade balance for the rest of year.

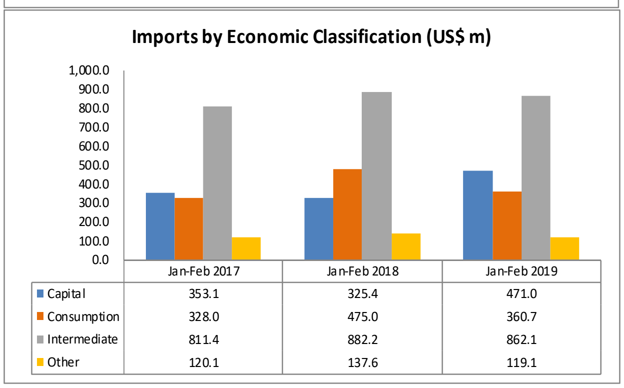
External Sector Developments



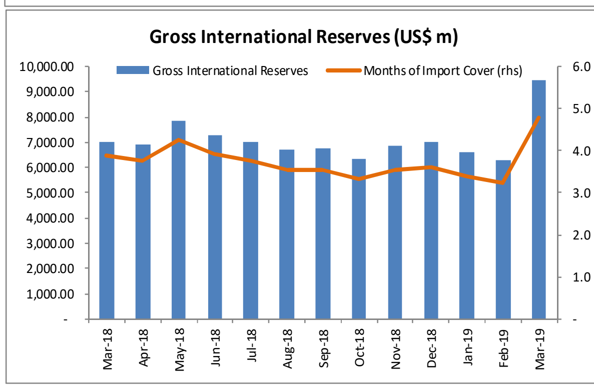
	Gold	Cocoa Beans	Cocoa Products	Oil Exports	Others
Jan-Feb 2017	1,172.1	537.8	116.9	378.8	328.6
Jan-Feb 2018	982.5	487.6	131.9	664.9	458.8
Jan-Feb 2019	944.4	434.5	131.4	721.5	462.8

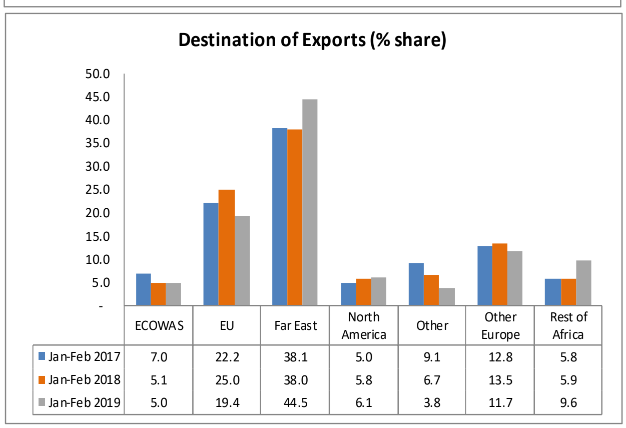


	Export	Import	Trade Balance
Jan-Feb 2017	2,534.2	2,035.5	498.8
Jan-Feb 2018	2,725.7	2,212.3	513.3
Jan-Feb 2019	2,694.6	2,194.8	499.8

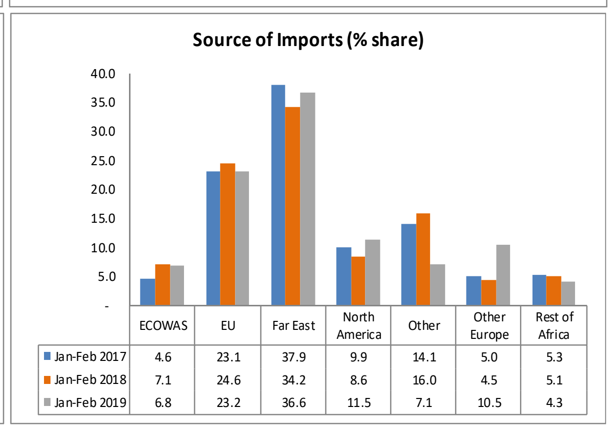


	Jan-Feb 2017	Jan-Feb 2018	Jan-Feb 2019
Capital	353.1	325.4	471.0
Consumption	328.0	475.0	360.7
Intermediate	811.4	882.2	862.1
Other	120.1	137.6	119.1





	ECOWAS	EU	Far East	North America	Other	Other Europe	Rest of Africa
Jan-Feb 2017	7.0	22.2	38.1	5.0	9.1	12.8	5.8
Jan-Feb 2018	5.1	25.0	38.0	5.8	6.7	13.5	5.9
Jan-Feb 2019	5.0	19.4	44.5	6.1	3.8	11.7	9.6



	ECOWAS	EU	Far East	North America	Other	Other Europe	Rest of Africa
Jan-Feb 2017	4.6	23.1	37.9	9.9	14.1	5.0	5.3
Jan-Feb 2018	7.1	24.6	34.2	8.6	16.0	4.5	5.1
Jan-Feb 2019	6.8	23.2	36.6	11.5	7.1	10.5	4.3

3. Exchange Rate Developments

Domestic currency pressures mounted in the first two months of 2019 driven mainly by weakened sentiments and the seasonal first quarter demand pressures. These however eased by mid-March supported by reversal of sentiments and improved foreign inflows.

3.1 International and domestic currency markets

The US dollar strengthened against all its major peers during most of 2018, supported by stronger US growth amid fiscal stimulus and divergent monetary policy among major economies in favor of the US. At the same time, escalating trade tensions increased market volatility and decreased risk appetite, which further strengthened the dollar. In addition, the sharp increase in oil price from August to the end of October 2018 also increased import bills for some emerging market economies, putting additional pressure on their currencies. These factors contributed to reversals in capital flows to emerging market and developing economies and in some cases currency weakness over the period. Some emerging market and developing economies' central banks raised policy rates in response to the disorderly movements in the currency markets. However, the effects of these external forces waned around mid-October, reflecting in part the stabilizing global conditions, particularly in Turkey and Argentina.

As the positive effects of the US fiscal stimulus began to fade and concerns about the health of the global economy emerged during the first quarter of 2019, the US Federal Reserve Open Market Committee decided to pause the monetary policy normalization. Central banks of other advanced economies have also signaled intentions to maintain an accommodative monetary policy stance. The dovish signals from the major central banks have also led to a rebound in portfolio flows in EMEs as investors search for higher yields. As a result, the pressure on EME currencies has eased considerably.

On the local front, the Cedi came under pressure between the second and third quarters of 2018, mainly from external developments, but eased towards the end of the year, reflecting stabilizing global conditions, improved inflows, stronger macro fundamentals and observed decline in forex demand pressures. During the first quarter of 2019, the Cedi again came under pressure, reflecting FX supply constraints and seasonal demand pressures. The interplay of these factors resulted in a year-to-date depreciation of the Cedi by 8.0 percent at the peak of the crisis on March 19, 2019 compared with 0.02 percent depreciation in the same period of last year. By the end of March 2019, however, a correction had taken place and the Cedi depreciation had reversed to 5.2 percent. The moderation was on the back of reversal in investor sentiments on the outlook, the successful completion of the IMF-ECF programme and positive news associated with the US$3.0 billion Eurobond inflows, which has improved the country's reserve buffers.

In the outlook, we expect the Cedi to benefit from continued stabilizing global conditions, strong macro fundamentals and the large foreign exchange inflows at the tail end of the first quarter of 2019. However, risks such as exposure to non-resident portfolio investors, a slowing global economy, and government policies after the exit from the IMF programme require close monitoring. Building on the recent gains in the Cedi may therefore call for continued policy tightness, sustained inflows, and continued mopping up of excess liquidity to dampen foreign exchange demand pressures.

3.2 Nominal and Real Effective Exchange Rate Movements

On a year-to-date basis, the Cedi depreciated by 6.79 percent in nominal trade weighted terms and 7.39 percent in nominal Forex transactions weighted terms compared to 2.48 percent depreciation in trade weighted terms and 0.35 percent in forex transactions weighted terms over the same period in 2017. In real terms, the cedi depreciated by 1.7 , 0.2 , and 3.7 percent, respectively, against the Dollar, Euro, and the Pound Sterling on a year-to-date basis. On year-to-date basis, the Cedi depreciated by 0.71 percent in real trade weighted terms and by 1.59 percent in real forex transaction weighted terms in January 2019.

Nominal Effective Exchange Rate

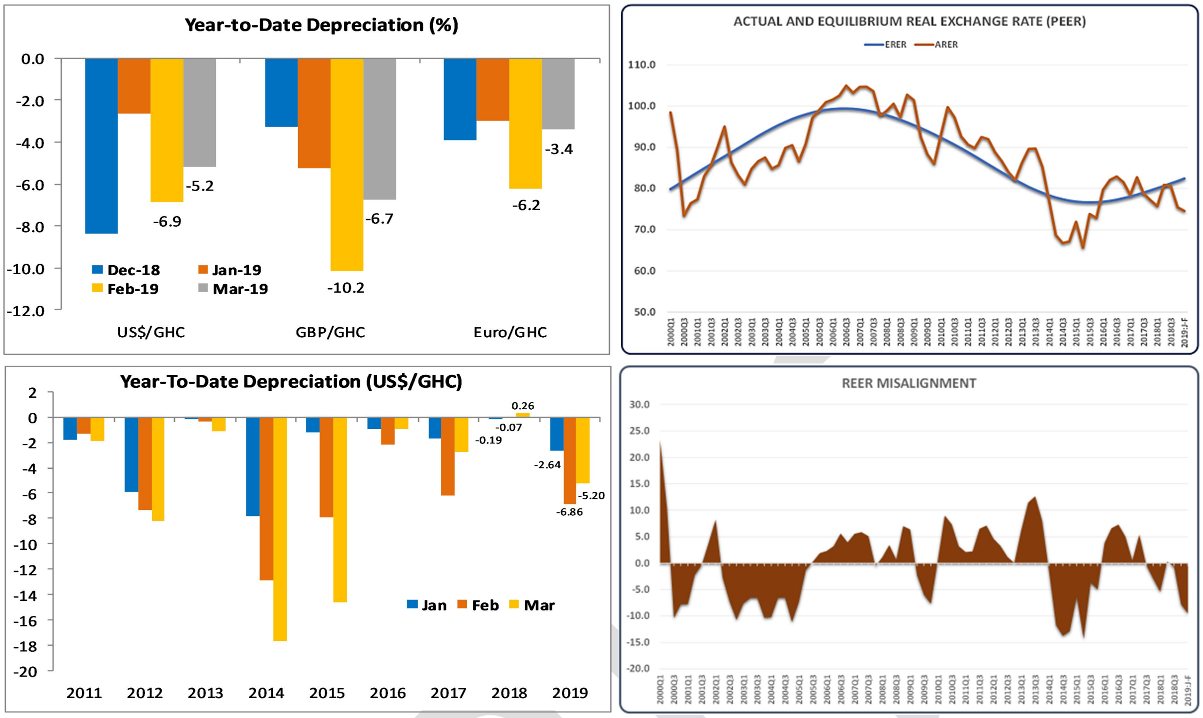
	2011=100		Monthly Change (%)		Year-to-Date (%)	
	FXTWI	TWI	FXTWI	TWI	FXTWI	TWI
Jan-18	34.21	36.31	-0.55	-3.30	-0.55	-3.30
Feb-18	34.28	36.60	0.20	0.80	-0.35	-2.48
Mar-18	34.45	37.38	0.52	2.07	0.17	-0.36
Apr-18	34.54	38.43	0.24	2.75	0.42	2.40
May-18	34.43	38.35	-0.32	-0.22	0.10	2.19
Jun-18	33.66	37.50	-2.27	-2.27	-2.17	-0.03
Jul-18	32.44	36.13	-3.78	-3.79	-6.03	-3.83
Aug-18	32.26	36.16	-0.56	0.09	-6.62	-3.73
Sep-18	31.90	35.73	-1.13	-1.20	-7.82	-4.98
Oct-18	31.89	36.44	-0.03	1.94	-7.85	-2.94
Nov-18	31.78	36.30	-0.34	-0.38	-8.21	-3.34
Dec-18	31.66	35.82	-0.39	-1.34	-8.64	-4.72
Jan-19	30.81	34.85	-2.76	-2.79	-2.76	-2.79
Feb-19	29.48	33.49	-4.51	-4.07	-7.39	-6.97

Real Trade (RTWI) and Forex Transactions (FXRTWI) Weighted Rate

	INDEX (2011=100)		Monthly Change (%)		Year-to-Date (%)	
	RFXTWI	RTWI	RFXTWI	RTWI	RFXTWI	RTWI
Jan-18	78.69	79.82	0.44	-1.19	0.44	-1.19
Feb-18	79.39	80.97	0.89	1.42	1.32	0.25
Mar-18	80.62	82.86	1.52	2.29	2.82	2.53
Apr-18	81.34	85.69	0.89	3.30	3.69	5.75
May-18	81.68	85.95	0.42	0.30	4.09	6.03
Jun-18	80.61	84.83	-1.33	-1.31	2.81	4.80
Jul-18	77.82	82.20	-3.58	-3.20	-0.67	1.75
Aug-18	75.52	81.83	-3.05	-0.46	-3.74	1.30
Sep-18	74.53	80.51	-1.33	-1.64	-5.12	-0.32
Oct-18	76.54	82.75	2.63	2.71	-2.36	2.40
Nov-18	76.82	83.13	0.37	0.45	-1.98	2.84
Dec-18	77.42	82.97	0.77	-0.19	-1.20	2.66
Jan-19	76.21	82.39	-1.59	-0.71	-1.59	-0.71

Source: BOG Staff calculations

Exchange Rate Developments



4. Monetary and Financial Markets Developments

Growth in monetary aggregates remains modest in the year so far, consistent with the disinflation process.

4.1 Marginal pickup in Reserve money growth

The rate of growth of reserve money for the period ending March 2019 showed an increase when compared with the same period in 2018. Reserve money grew by 16.9 percent on a year-on-year basis over the review period, compared with 15.6 percent recorded in the corresponding period of 2018.

From the sources, the increase in the growth of reserve money in March 2019 relative to 2018 came from a substantial increase in Net Foreign Assets (NFA), which was moderated by a decrease in growth of Net Domestic Assets (NDA). The growth of NFA increased from 38.9 percent in March 2018 to 85.6 percent in March 2019. NDA, however, declined by 162.9 percent on year-on-year basis, compared with a contraction of 19.7 percent over the same comparative period.

Reserve Money and Sources (GH¢ million)

	RESERVE MONEY AND ITS SOURCES								
	Levels (Amount in GH¢ 'million)			Variation (Year-on-Year)					
	2017	2018	2019	2017		2018		2019	
				March		March		March	
	March	March	March	abs	per cent	abs	per cent	abs	per cent
Reserve Money (RM)	17,519.8	20,245.6	23,658.2	3,304.4	23.2	2,725.8	15.6	3,412.6	16.9
Currency outside Banks	9,261.5	9,964.3	11,285.2	1,688.9	22.3	702.8	7.6	1,320.9	13.3
Reserves of Banks	6,701.2	8,154.0	8,051.3	1,236.4	22.6	1,452.8	21.7	(102.7)	(1.3)
Non-bank deposits	1,557.1	2,127.3	4,321.7	379.0	32.2	570.1	36.6	2,194.4	103.2
Sources	17,519.8	20,245.6	23,658.2	3,304.4	23.2	2,725.8	15.6	3,412.6	16.9
Net Foreign Assets (NFA)	10,538.4	14,642.5	27,183.5	2,361.2	28.9	4,104.1	38.9	12,541.0	85.6
Net Domestic Assets (NDA)	6,981.4	5,603.1	(3,525.3)	943.2	15.6	(1,378.3)	(19.7)	(9,128.4)	(162.9)
Net Claims on Government (NCG)	9,697.9	6,508.1	(3,714.4)	1,850.6	23.6	(3,189.8)	(32.9)	(10,222.4)	(157.1)
Claims on banks	4,652.8	6,626.7	5,524.2	2,843.7	157.2	1,973.9	42.4	(1,102.6)	(16.6)
Claims on rest of Economy (CROE)	4,095.4	4,821.3	5,418.2	276.6	7.2	725.9	17.7	596.8	12.4
Other items (Net) (OIN)	(11,464.7)	(12,353.0)	(10,753.2)	(4,027.7)	54.2	(888.3)	7.7	1,599.8	(13.0)
o/w BOG OMO (Sterilisation)	(8,213.2)	(9,068.5)	(6,341.4)	(4,768.2)	138.4	(855.3)	10.4	2,727.1	(30.1)
Memo:									
NFA/RM	60.2	72.3	114.9	71.5	124.2	150.6	250.3	367.5	508.1
NFA/Currency	113.8	146.9	240.9	139.8	129.5	583.9	513.2	949.5	646.1

4.2 Pickup in money supply growth

The provisional data for February 2019 showed that the annual growth rate of broad money supply (M2+) increased on year-on-year basis compared with same period in 2018. The M2+ growth increased to 22.4 percent at the end of February 2019 from 12.2 percent recorded at the end of February 2018. The analysis of the sources of change in year-on-year growth of M2+ in February 2019 indicated an increase in the growth of NDA, moderated by a decrease in the NFA of the banking system.

4.3 Private sector credit rebounds

The growth of outstanding credit to the private sector increased in nominal and real terms at the end of February 2019. The growth rate in nominal terms increased significantly from 2.4 percent in February

2018 to 21.1 percent in February 2019. The outstanding credit to the private sector at the end of February 2019 was GH¢38,171.5 million, compared with GH¢31,524.7 million granted in 2018. In real terms, the annual growth rate of outstanding credit to the private sector increased to 10.9 percent at the end of February 2019, from a contraction of 7.4 percent recorded at the end of February 2018.

Outstanding Private Sector Credit (GH₵ million)

	Levels (GH¢ Millions)			Year -On-Year Variation					
				As at end-Feb. 2017		As at end-Feb. 2018		As at end-Feb. 2019	
	Feb-17	Feb-18	Feb-19	Abs	Percent	Abs	Percent	Abs	Percent
a Public Sector	**5,203.0**	**3,492.3**	**5,370.9**	**1,278.1**	**32.6**	**(1,710.7)**	**(32.9)**	**1,878.6**	**53.8**
b Private Sector	**30,772.9**	**31,524.7**	**38,171.5**	**4,578.1**	**17.5**	**751.7**	**2.4**	**6,646.8**	**21.1**
Agric.,For. & Fish.	1,125.8	1,408.6	1,469.6	44.3	4.1	282.8	25.1	61.0	4.3
Export Trade	301.8	305.5	342.6	96.6	47.1	3.7	1.2	37.1	12.1
Manufacturing	2,812.3	2,788.1	4,360.6	544.1	24.0	(24.2)	(0.9)	1,572.5	56.4
Trans.,Stor., & Comm.	1,563.1	2,235.7	2,794.2	(3.0)	(0.2)	672.5	43.0	558.5	25.0
Mining & Quarrying	777.5	1,062.3	1,397.3	(8.1)	(1.0)	284.8	36.6	335.0	31.5
Import Trade	2,209.8	1,933.6	1,373.6	107.2	5.1	(276.1)	(12.5)	(560.0)	(29.0)
Construction	3,496.2	3,241.1	3,823.0	511.8	17.2	(255.1)	(7.3)	581.9	18.0
Commerce & Finance	6,009.8	6,305.9	7,431.8	2,105.5	53.9	296.1	4.9	1,125.9	17.9
Elect.,Gas & Water	3,065.9	2,632.4	2,833.6	200.2	7.0	(433.5)	(14.1)	201.2	7.6
Services	6,213.8	6,238.2	8,317.6	628.7	11.3	24.3	0.4	2,079.4	33.3
Miscellaneous	3,196.7	3,373.2	4,027.6	350.9	12.3	176.5	5.5	654.3	19.4
c Grand Total	**35,976.0**	**35,017.0**	**43,542.3**	**5,856.2**	**19.4**	**(959.0)**	**(2.7)**	**8,525.4**	**24.3**

4.4 Developments in the money market reflect upward trends in interest rates

Developments in the money market generally indicated upward trends in interest rates on Government instruments, reflecting a heavy reliance on domestic sources of financing prior to the issuance of the Eurobond.

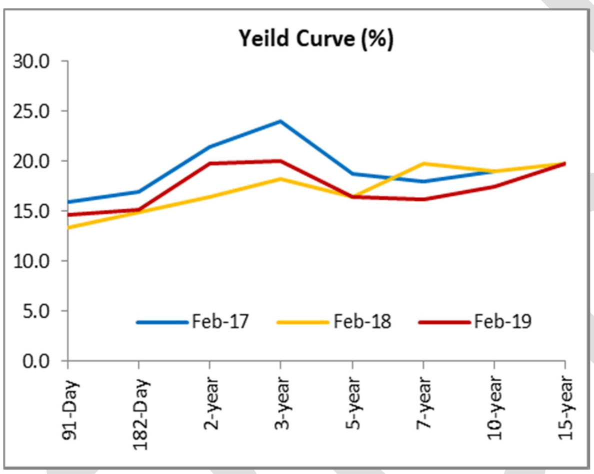
The 91-day Treasury bill rate moved up to 14.7 percent in February 2019 from 13.3 percent a year ago. Similarly, the rate on the 182-day instrument increased to 15.1 percent from 14.9 percent. The rate on the 364-day bill increased on month-on-month basis by 83 basis points from 17.38 percent in January 2019. The 2-year Treasury note also trended upward during the review month, recording a year-on-year increase of 325 basis points to settle at 19.75 percent at the end February 2019. For the corresponding period in 2018, the rate on the 2-year fixed note decreased year-on-year by 500 basis points while it registered no change on month-on-month basis.

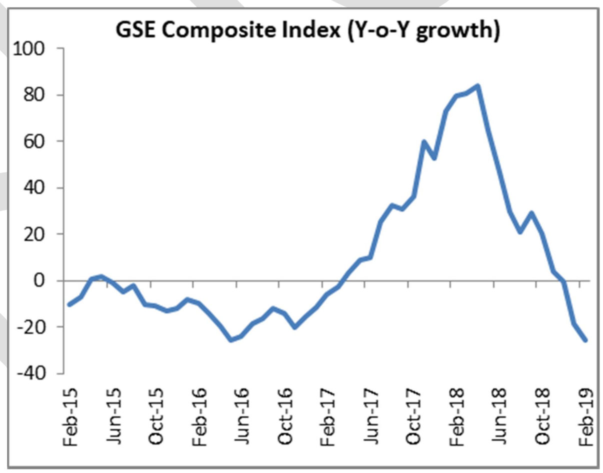
Rates on the medium-to-long term securities showed mixed trends during the review month. The rate on the 3-year Government of Ghana (GOG) bond increased by 175 basis points from 18.25 percent in February 2018. Rates on the secondary bond market have also increased significantly, with yields on the 7-year, 10-year, and 15-year bonds edging up to 21.0, 21.1 and 21.5 percent in February 2019, from 15.5, 15.5 and 15.9 percent, respectively, a year ago.

The weighted average interbank lending rate, that is the rate at which commercial banks lend to each other, however, declined to 15.6 percent in February 2019 from 18.3 percent same period last year, in line with the monetary policy rate. Similarly, average lending rates of banks also declined to 27.8 percent from 29.3 percent over the same comparative period.

4.4.1 Deposit Money Banks' interest rates

The average interest rate on the DMBs' time deposit generally trended downwards on year-on-year basis for the period under review. The 3-month time deposit registered a decrease of 150 basis points when compared to the 13.00 percent recorded in February 2018. Month-on-month, the 3-month time deposit remained unchanged at 11.50 percent in February 2019 while the savings rate also remained unchanged at 7.55 percent. Lending rates declined to 26.86 percent at the end of 2018 from 29.25 percent a year ago. Consequently, the spread between the borrowing and lending rates widened by 5 basis points, year-on-year, from 16.25 percent recorded in February 2018 to 16.30 percent in February 2019.





4.5 Stock market activity slows

The Ghana Stock Exchange's Composite Index (GSE-CI) continued on a downward trend driven mainly by underperformance of the bank stocks as the financial sector clean-up impacted on them. The GSE-CI registered a monthly decline of 0.99 percent in February 2019 compared with a growth of 8.46 percent in the same period in 2018. Total market capitalization declined marginally by 0.41 percent in February 2019 to GH¢60.0 billion from GH¢60.2 billion at the end of January 2019. This was mainly on account of significant loss in value of stocks on the market. The total volume of shares traded in February 2019 was 6.72 million and was valued at GH¢22.52 million. This compare to 10.80 million shares traded and valued at GH¢29.00 million in February 2018.

5. Inflation and Growth

Domestic growth remains relatively strong and the negative output gap is narrowing, although at a relatively modest pace. Headline inflation remains entrenched within the medium-term target band of 8±2 percent. Annual inflation has remained within the band for eleven consecutive readings since April 2018.

5.1 Headline inflation remains broadly anchored within the medium-term target band

Two inflation readings released by the Ghana Statistical Service since the January MPC meeting pointed to a relatively stable inflation environment, with inflation still entrenched within the medium-term target band. Inflation decelerated in January 2019 to 9.0 percent, from 9.4 percent in December 2018, but inched up to 9.2 percent in February 2019 driven by increases in non-food prices. Since the last quarter of 2018, inflation has oscillated within a band of 9.0 - 9.5 percent, underpinned by a relatively tight monetary policy stance. Food inflation fell from 8.7 percent in December 2018 to 8.0 percent in January 2019, but marginally edged up to 8.1 percent in February 2019. Similarly, non-food inflation dropped from 9.8 percent to 9.5 percent, but crept up to 9.7 percent over the same comparative period.

Analysis of the contributions from the sub-indices to the overall consumer price index showed that the uptick in headline inflation in February 2019 was driven mainly by prices of local non-food items despite relatively flat prices observed in most of the components of the CPI basket. Although exchange rate pressures have moderated significantly recently, the full pass-through of recent depreciation to inflation is yet to be fully ascertained. Notwithstanding, underlying inflationary pressures, as measured by the Bank's main measure of core inflation has continued to ease and inflation expectations remain well-anchored. In terms of month-on-month changes in consumer prices, inflation for the first two months of 2019 was marginally lower than the same period a year earlier. An average monthly increase in inflation of 1.0 percent was recorded for the first two months of 2019, compared to an average of 1.1 percent for the same period of 2018.

5.2 Economic activity indicated firm growth trends but at a relatively slower pace

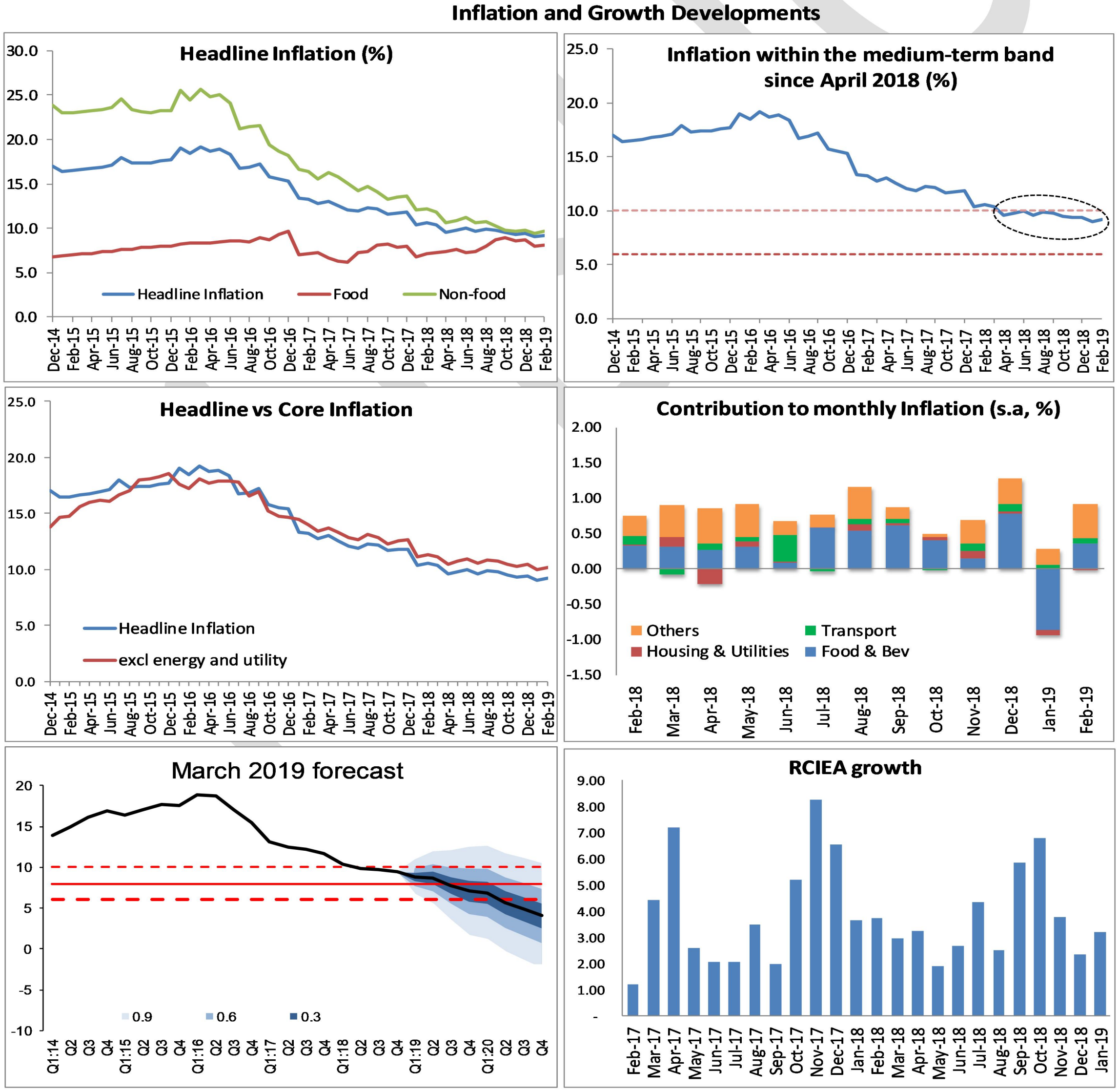
Provisional data from the Ghana Statistical Service indicated a real GDP growth rate of 7.4 percent was recorded in the third quarter of 2018, compared with 8.7 percent a year ago. Industry recorded the highest growth rate of 11.7 percent, followed by Agriculture (5.5%) and Services (3.5%). Non-oil GDP growth was 8.5 percent compared to 4.9 percent recorded for the same comparative period a year ago. Overall GDP is projected to grow at 5.6 per cent for 2018, compared with a growth of 8.1 percent recorded for 2017.

The January 2019 update of the Bank of Ghana Composite Index of Economic Activity (CIEA) showed a moderate improvement in the pace of economic activity, mainly on the back of domestic VAT, tourist arrivals, port activity, imports, industrial consumption of electricity, SSNIT contributions from private sector workers, cement sales and private sector credit. The CIEA went up by 3.2 percent in January 2019 from 2.4 percent in December 2018. In the same period of 2018, the CIEA registered a 3.6 percent growth.

Consumer Confidence Index in February 2019 rose to 98.6 from 98.3 recorded for December 2018, driven mainly by continued optimism about the domestic economy, improved household financial situation and enhanced current economic situation. The Business Confidence Index however, declined to 93.5 from 97.3 on the back of the depreciation of the cedi, weak company prospects and unrealised targets for the period. Businesses, however, were upbeat about industry prospects as well as the declining lending rates.

The outlook for growth is positive and, with the recently ended recapitalization, banks are better positioned to support economic activity. Growth is expected to be given a major boost in the medium-term due to additional oil production, especially from AKER Energy, resumption of operations at the Obuasi mine, and on-going implementation of growth-oriented initiatives by the government. Rebound in private sector credit is also expected to give further impetus to the growth momentum in the aftermath of of the banks' recapitalization.

Inflation and Growth Developments



5.3 Inflation forecast showed a slightly elevated profile

The inflation forecast was updated in March 2019 to incorporate available information on foreign inflation and the output gap, headline inflation and movements in the exchange rate during the first quarter. Meanwhile, the underlying forecast assumptions on domestic growth and fiscal deficit were maintained in this forecast round. After incorporating this new information, the March baseline inflation forecast showed a slightly elevated inflation profile compared to the January 2019 baseline forecast, although inflation is still projected to remain within the medium-term target band of 8±2 percent over the horizon. Upside risks to the inflation outlook include the pass-through of recent Cedi depreciation to consumer prices, increases in international crude oil prices, alongside a possible upward review of electricity tariffs in the outlook. Favourable factors such as the still-tight monetary policy stance, stable outlook for the exchange rate in the quarters ahead, well-anchored inflation expectations, and a broadly stable macroeconomic environment should help moderate the risks to inflation going forward.

5.4 Monetary Policy Rate maintained at 16.0 percent

The Committee was broadly of the view that the pace of disinflation had slowed somewhat with inflation hovering within the 9.0-9.5 percent range. While headline inflation remains within the medium-term target band, the latest forecast shows some upside risks in the outlook. Though the earlier exchange rate pressures have receded, the full pass-through of the recent depreciation to inflation remains to be assessed. The Committee was of the view that the current stance of monetary policy is relatively tight and real interest rates in Ghana were comparatively high. Under the circumstances, the Monetary Policy Committee decided to keep the policy rate unchanged at 16.0 percent. The Committee noted that following the successful conclusion of Ghana's ECF programme with the IMF, there was the need to remain steadfast in the implementation of prudent policies to entrench the gains on the macroeconomic front.

ANNEXES

CPI Components (%)										
		2017	2018						2019	
	Weghts (%)	Dec	Jan	Feb	Mar	Jun	Sep	Dec	Jan	Feb
Overall	100.0	11.8	10.3	**10.6**	10.4	10.0	9.8	**9.4**	**9.0**	***9.2***
Food and Beverages	43.9	8.0	6.8	**7.2**	7.3	7.3	8.7	**8.7**	**8.0**	***8.1***
Non-food	56.1	13.6	12.0	**12.2**	11.8	11.2	10.3	**9.8**	**9.5**	***9.7***
Alcoholic Beverages, Tobacco	1.7	9.2	8.9	**8.8**	8.9	9.0	8.0	8.4	8.3	***8.8***
Clothing and footwear	9.0	18.8	16.7	**16.6**	16.4	16.1	14.3	13.0	12.8	***13.3***
Housing, Water, Elect, Gas & Fuels	8.6	9.0	7.4	**7.8**	7.3	3.4	3.0	3.4	2.9	***2.6***
Furnish, H/H Equipt. Etc	4.7	15.2	12.1	**12.0**	11.9	13.3	12.4	11.6	11.2	***11.6***
Health	2.4	6.3	7.2	**7.4**	7.3	7.5	7.1	6.4	5.3	***5.3***
Transport	7.3	18.7	17.9	**18.9**	18.4	15.5	14.3	13.6	13.4	***12.8***
Communications	2.7	9.7	7.3	**8.0**	8.2	7.2	6.7	5.1	5.2	***5.3***
Recreation & Culture	2.6	17.5	13.7	**13.2**	12.6	13.8	13.9	13.2	12.7	***13.2***
Education	3.9	8.2	5.5	**6.1**	6.7	8.4	7.3	8.2	8.1	***8.0***
Hotels, Cafes & Restaurants	6.1	9.8	8.9	**8.3**	7.2	7.2	5.8	6.3	6.7	***8.3***
Miscellaneous goods & services	7.1	13.6	12.7	**12.9**	12.0	12.7	11.5	10.0	9.6	***10.0***
Source: Ghana Statistical Service										

Monthly Changes in Headline Inflation

	Headline Inflation (%)			Monthly Changes in CPI (%)		
	Combined	Food	Non-food	Combined	Food	Non-food
Dec-16	**15.4**	**9.7**	**18.2**	**0.9**	**1.2**	**0.8**
Dec-17	**11.8**	**8.0**	**13.6**	**1.0**	**1.3**	**0.9**
2018						
Jan	10.3	6.8	12.0	1.4	2.1	1.1
Feb	***10.6***	***7.2***	***12.2***	***0.9***	***1.1***	***0.7***
Mar	10.4	7.3	11.8	1.1	1.0	1.1
Jun	10.0	7.3	11.2	1.0	1.1	1.0
Sep	9.8	8.7	10.3	0.0	-1.1	0.5
Dec	9.4	8.7	9.8	1.1	1.3	1.0
2019						
Jan	9.0	8.0	9.5	1.0	1.5	0.8
Feb	***9.2***	***8.1***	***9.7***	***1.0***	***1.2***	***0.9***
Source: Ghana Statistical Service						

Measures of Core Inflation	Weight %	2016	2017	2018 Jan	2018 Feb	2018 Mar	2018 June	2018 Sep	2018 Dec	2019 Jan	2019 Feb
Headline Inflation	100.0	15.4	11.8	10.3	*10.6*	10.4	10.0	9.8	9.4	9.3	*9.4*
Core 1: Inflation excl Energy and Utility	94.9	14.6	12.6	11.1	*11.3*	11.1	11.0	10.8	10.4	10.0	*10.2*
Core 2: Inflation excl Energy and Utility and Volatile Food Items	77.3	15.1	13.1	11.7	*11.9*	11.7	11.4	11.1	10.9	10.4	*10.6*
Core 3: Inflation excl Energy and Utility Volatile Food Items & Transportation	90.7	14.1	12.4	10.8	*11.0*	10.8	11.0	10.8	10.4	9.9	*10.1*
Core 4: Inflation excl All Food Items, Energy & Utility	51.0	17.4	15.1	13.4	*13.6*	13.2	13.0	11.9	11.3	11.0	*11.3*

Interbank Exchange Rate Movements

	US$/GHC*	Monthly depreciation/ appreciation	Year-to-Date depreciation/ appreciation	GBP/GHC*	Monthly depreciation/ appreciation	Year-to-Date depreciation/ appreciation	Euro/GHC*	Monthly depreciation/ appreciation	Year-to-Date depreciation/appreciation
2017									
Dec	4.4157	-0.1	-4.88	5.9669	-0.1	-12.91	5.2964	-0.7	-16.23
2018									
Jan	4.4240	-0.2	-0.19	6.2717	-4.9	-4.86	5.5131	-3.9	-3.93
Feb	4.4187	0.1	-0.07	6.0925	2.9	-2.06	5.3873	2.3	-1.69
Mar	4.4044	0.3	0.26	6.1816	-1.4	-3.47	5.4179	-0.6	-2.24
Apr	4.4078	-0.1	0.18	6.0678	1.9	-1.66	5.3308	1.6	-0.65
May	4.4226	-0.3	-0.16	5.8865	3.1	1.37	5.1634	3.2	2.58
June	4.5230	-2.2	-2.37	5.9681	-1.4	-0.02	5.2808	-2.2	0.30
July	4.6943	-3.6	-5.93	6.1569	-3.1	-3.09	5.4945	-3.9	-3.61
August	4.7241	-0.6	-6.53	6.1344	0.4	-2.73	5.4951	0.0	-3.62
Sep	4.7776	-1.1	-7.57	6.2145	-1.3	-3.98	5.5392	-0.8	-4.38
Oct	4.7899	-0.3	-7.81	6.1115	1.7	-2.37	5.4187	2.2	-2.26
Nov	4.8060	-0.3	-8.12	6.1248	-0.2	-2.58	5.4503	-0.6	-2.82
Dec	4.8200	-0.3	-8.39	6.1710	-0.7	-3.31	5.5131	-1.1	-3.93
2019									
Jan	4.9506	-2.6	-2.64	6.5121	-5.2	-5.24	5.6824	-3.0	-2.98
Feb	5.1752	-4.3	-6.86	6.8703	-5.2	-10.18	5.8799	-3.4	-6.24

Selected Economic and Financial Indicators	Dec-16	Dec-17	Mar-18	Jun-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19
National Income and Prices (Quarterly, %)										
Real GDP Growth	5.6	5.5	5.4	5.4	7.4	n.a	n.a	n.a	n.a	n.a
Real GDP_non-oil	5.1	1.8	4.2	5.0	8.5	n.a	n.a	n.a	n.a	n.a
Consumer Prices (year-on-year, %)										
Overall	15.4	11.8	10.4	10.0	9.8	9.5	9.3	9.4	9.0	9.2
Food	9.7	8.0	7.3	7.3	8.7	8.9	8.6	8.7	8.0	8.1
Non-food	18.2	13.6	11.8	11.3	10.3	9.8	9.6542	9.8	9.5	9.7
Exchange rate (US$/GH¢): (end of period)	4.2002	4.4157	4.4044	4.5230	4.7776	4.7899	4.8060	4.8200	4.9506	5.1752
Exchange rate depreciation (M/M, %)	-4.80	-0.1	0.3	-2.2	-1.1	-0.3	-0.3	-0.3	-2.6	-4.3
Exchange rate depreciation (YTD, %)	-9.66	-4.9	0.3	-2.4	-7.6	-7.8	-8.1	-8.4	-2.6	-6.9
Money and Credit										
Broad money supply (M2+) (y/y, %)	22.0	16.7	15.8	13.0	24.1	17.2	19.2	15.7	19.5	22.4
Credit to the private sector (y/y, %)	14.4	13.4	2.4	5.7	17.2	11.4	12.2	10.6	10.4	21.1
Real Credit to the private sector (y/y, %)	-0.9	1.4	-7.3	-3.9	6.8	1.7	2.6	1.1	1.3	10.9
Interest rates (%)										
Monetary Policy Rate	25.5	20.0	18.0	17.0	17.0	17.0	17.0	17.0	16.0	16.0
Interbank rate	25.3	19.3	18.1	16.4	16.2	16.2	16.1	16.1	16.1	15.6
91-Day treasury bill rate	16.8	13.3	13.4	13.3	13.4	13.6	14.4	14.6	14.7	14.7
182-Day treasury bill rate	18.5	13.8	13.9	13.9	14.0	14.4	14.7	15.0	15.1	15.1
Average lending rate	31.7	29.3	28.8	27.5	27.5	26.9	26.9	26.9	27.8	27.8
3-month average Deposit rate	13.0	13.0	13.0	12.8	11.5	11.5	11.5	11.5	11.5	11.5
lending - deposit rate spread	18.7	16.3	15.8	14.8	16.0	15.4	15.4	15.4	16.3	16.3
External Sector (cummulative)										
Current account balance (US$million)	-2,832.1	-2,003.0	225.0	-376.0	-966.0	n.a	n.a	-2,072.0	n.a	n.a
percent of GDP	-6.6	-3.4	0.3	-0.6	-1.5	n.a	n.a	-3.2	n.a	n.a
Trade balance (US$million)	-1,689.2	1,187.7	724.3	1,289.1	1,591.3	1,645.1	1,808.9	1,778.8	134.9	499.8
Commodity prices (International)										
Cocoa ($/tonne)	2,268.4	1,905.0	2,499.0	2,435.7	2,230.4	2,138.9	2,226.8	2,256.3	2,318.2	2,273.8
Gold ($/ounce)	1,151.2	1,266.6	1,325.7	1,281.1	1,198.1	1,214.0	1,220.8	1,251.1	1,292.1	1,320.0
Crude Oil ($/barrel)	54.9	64.3	66.7	75.9	79.1	80.6	66.0	57.7	60.2	64.5
Gross International Reserves (US$ m)	6,161.8	7,554.8	7,040.9	7,294.1	6,756.4	6,352.4	6,854.1	7,024.8	6,585.0	6,310.0
months of import cover	3.5	4.3	3.9	3.9	3.6	3.3	3.6	3.6	3.4	3.2
Net International Reserves (US$ m)	3,431.0	4,522.5	3,909.0	4,150.9	3,765.1	4,190.4	4,202.2	3,851.0	3,514.1	3,173.3
Non-Performing Loan (NPL) ratio (%)	17.6	21.6	22.6	22.6	20.0	20.1	19.3	18.2	18.4	18.2
Non-Performing Loan (excluding loss category)	8.4	10.1	12.2	12.3	11.2	11.4	11.3	10.2	9.9	9.4