BANK OF GHANA

Monetary Policy Report

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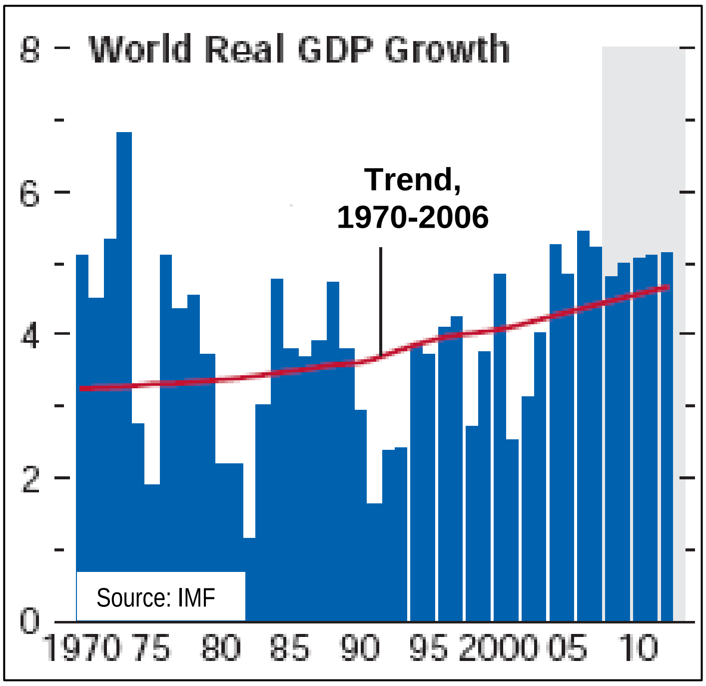
A. Global Economy Outlook and Monetary Policy Stance in Key Economies

4.1 The global economy

The global economy, according the International Monetary Fund (IMF), has been experiencing its strongest sustained period of growth since the early 1970s notwithstanding recent financial market turbulence.



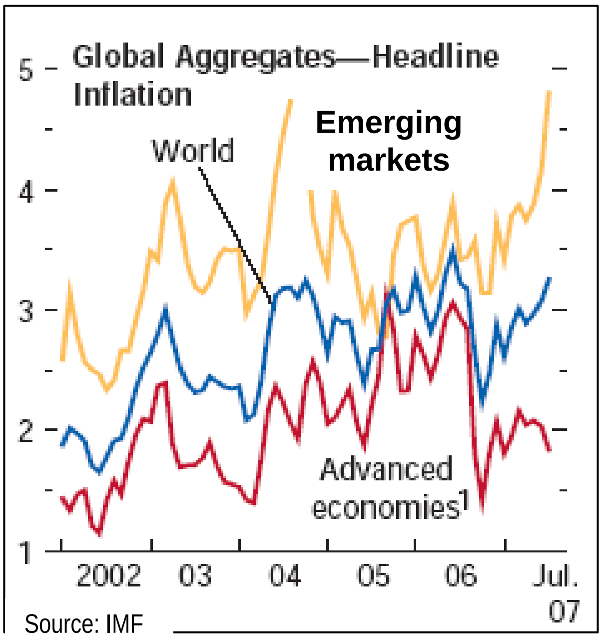
Global growth remained above 5 percent in the first half of 2007; with growth in China, India and Russia alone accounting for one-half of global growth over the past year. Rapid growth in these and other emerging market and developing countries counterbalanced continued moderate growth in the United States which grew at about 2¼ percent in the first half of the year.

<u>Outlook</u>:
The expansion is projected to remain above the long-term trend with emerging market and developing countries leading the way, but all regions are expected to share in the strong performance.

However, risks to the outlook lie firmly on the downside, centering on the concern that financial market strains could continue and trigger a more pronounced global slowdown. Thus, the immediate task for policymakers is to restore more normal financial market conditions and safeguard the continued expansion of activity.

Global inflation

Inflation has been contained in the advanced economies, but it has moved up in emerging markets as oil prices have rebounded and food prices have accelerated.



The pick-up in inflation in a number of emerging market and developing countries reflects strong growth of domestic demand and the greater weight of rising food prices in the consumer price index. The acceleration in food prices has reflected pressure from increasing use of corn and other food items for biofuel production as well as poor weather conditions and supply disruptions in a number of countries.

4.2 Survey of Monetary Policy stance

	G7 AVG	FED	BOJ	ECB	BOE	BOC	SARB	CBT	BOG
End-2004	2.30	2.25	0.00	2.00	4.75	2.50	7.50	18.00	18.50
End-2005	2.85	4.25	0.00	2.25	4.50	3.25	7.00	13.50	15.50
End-2006	3.65	5.25	0.25	3.50	5.00	4.25	9.00	17.50	12.50
Jan-07	3.70	5.25	0.25	3.50	5.25	4.25	9.00	17.50	12.50
Feb-07	3.75	5.25	0.50	3.50	5.25	4.25	9.00	17.50	12.50
Mar-07	3.80	5.25	0.50	3.75	5.25	4.25	9.00	17.50	12.50
Apr-07	3.80	5.25	0.50	3.75	5.25	4.25	9.00	17.50	12.50
May-07	3.85	5.25	0.50	3.75	5.50	4.25	9.00	17.50	12.50
Jun-07	3.90	5.25	0.50	4.00	5.50	4.25	9.50	17.50	12.50
Jul-07	4.00	5.25	0.50	4.00	5.75	4.50	9.50	17.50	12.50
Aug-07	4.00	5.25	0.50	4.00	5.75	4.50	10.00	17.50	12.50
Sep-07	4.00	4.75	0.50	4.00	5.75	4.50	10.00	17.25	12.50
Oct-07	3.85	4.50	0.50	4.00	5.75	4.50	10.50	16.75	13.50

FED - US Federal Reserve; BOJ - Bank of Japan; ECB - European Central Bank
BOE - Bank of England; BOC - Bank of Canada; SARB - South African Reserve Bank
CBT - Central Bank of Turkey; BOG - Bank of Ghana

Eager to restore more normal financial market conditions and to guard against economic slowdown, major central banks around the world are either staying put or easing on monetary policy.

The average rate of the five central banks that set policy rates for the G7 countries has declined by 10 basis points since the last meeting, i.e. between August and October, from 4.00 to 3.85 percent.

4.2.1 United States

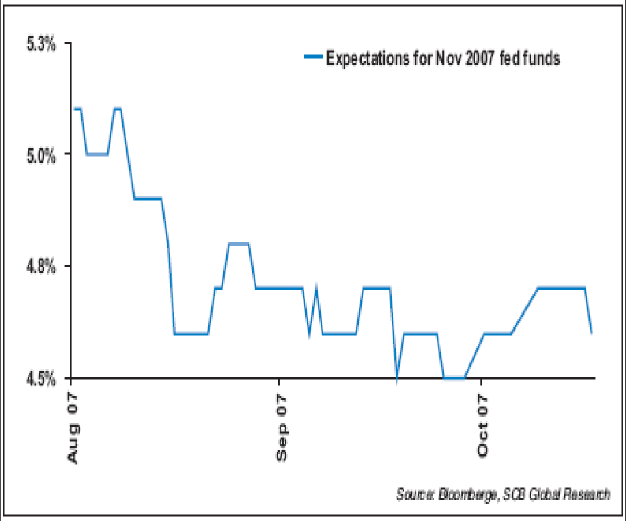
The Fed's FOMC delivered a surprisingly strong jolt of stimulus to a struggling economy on 18 September by cutting key rates by 50 bps "as insurance against a downturn", analysts said.

The cut in the federal funds rate to 4.75 percent ignited a powerful rally on Wall Street, with stock indexes surging by more than 2.5 percent. But bond market reaction was lukewarm with long-term yields showing a surprise increase.

In a statement, the FOMC said, "Today's action is intended to help forestall some of the adverse effects on the broader economy that might otherwise arise from the disruptions in financial markets and to promote moderate growth over time."

While some analysts hailed the move as welcome relief for the ailing US housing and credit markets, others said it was effectively a bailout for speculators and others who took on too much risk. Still others view it as an aggressive move by the Fed to avert an economic recession.

US: Market expectations of rate cuts for Oct FOMC meeting have been fairly steady in recent days



The Fed may have to take the fed funds rate lower than 4.50 percent. This will depend on the speed with which the money market returns to normal and the degree of confidence policy makers have that growth reaccelerates in 2008:Q1.

4.2.2 Euro zone

At its last meeting the ECB left the policy refinance rate unchanged at 4.00 percent. The Committee retained their bias to tighten, but seem in no rush to raise rates, signaling steady rates for the time being while awaiting further developments and data.

Economic confidence indicators have been coming in worse than expected recently and the euro has appreciated. We expect these developments to continue and to exert downward pressure on economic growth.

<u>Outlook</u>:

The liquidity crunch stopped the ECB out of its tightening cycle. Against the likely backdrop of faltering growth, we expect the ECB to cut the refi rate 25bp in both

Q1 and in Q2 of 2008 to offset the tightening of financial conditions. A

Month	Current (Oct-07)	Dec-07	Mar-08	Sep-08
Refi Rate(%)	4.00	4.00	3.75	3.50

cumulative 50bp of cuts should stabilize growth and inflation expectations.

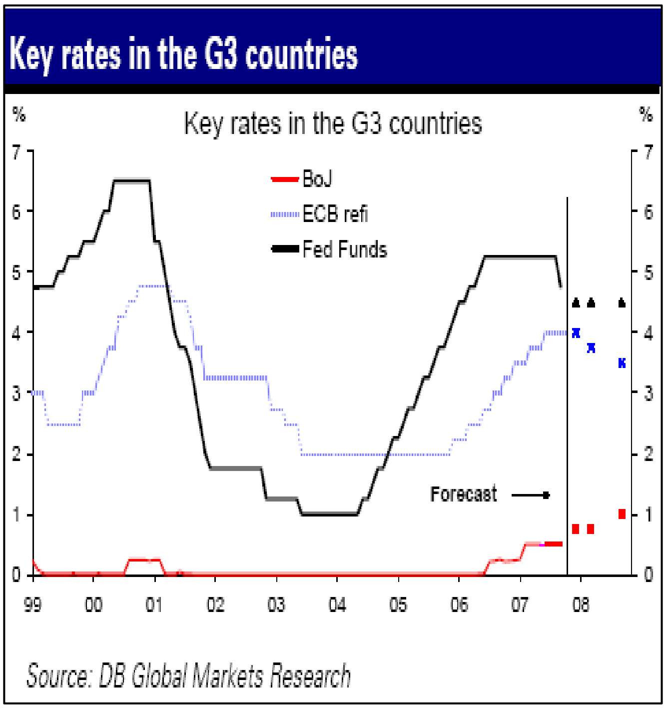
4.2.3 Japan

The BOJ decision at the 11 October policy meeting was characterised as "encouraging developments but rates on hold".

The Bank kept its Overnight Call Rate at 0.5 percent even though the Q3 Tankan pointed to continued expansionary activity, reinforcing the cautiously optimistic outlook for the Japanese economy.

The headline large manufacturers' index held at a 2-year high at 23, while capital expenditure was better than expected at 8.7 percent year-on-year, up from the second quarter 7.7 percent.

But these numbers were not enough to warrant a near-term rate hike from the BOJ, especially given the continued market volatility. Furthermore, domestic prices were still falling - headline CPI inflation was -0.2 percent year-on-year and core CPI was -0.1 percent year-on-year in August.



Outlook:
The scope for a rate hike this year is thus very limited, as BOJ will likely need more data to confirm the positive trend.

4.2.4 United Kingdom

In its quarterly inflation report published in August, BOE hinted that borrowing costs may have to be raised to 6.0 percent to keep CPI on target in the medium term.

But as evidence slowly begins to filter through that previous official rate hikes and the tightening in credit conditions in the financial markets are having a negative effect on the real economy, we expect that the Bank will end up trimming official policy rates next year.

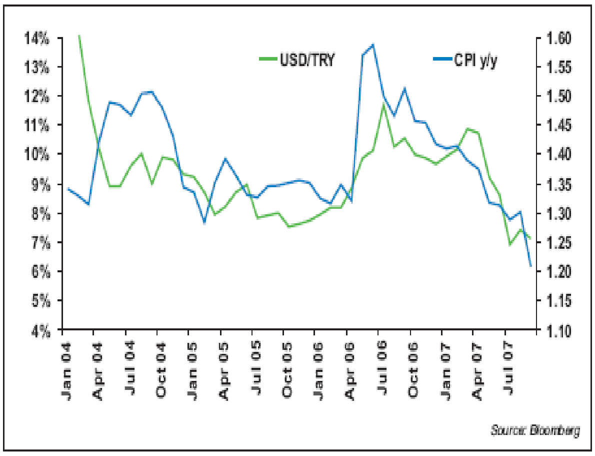
The CPI rose 0.1 percent in September, keeping the annual rate at 1.8 percent, which is below the Bank's 2.0 percent for the third consecutive month. The figure

means inflation in 2007:Q3 overall was also 1.8 percent – 0.3 percent below the Bank's projection in its August inflation report.
Despite the reassuring monthly readings, the Bank's MPC would want more evidence that inflationary pressures are easing before contemplating a cut in interest rates from the current 5.75 percent.

4.2.5 Turkey

The MPC of the CBT decided on 16 October to lower the Overnight policy rate by 50 basis points from 17.25 to 16.75 percent.

Also, considering the downward trend in interest rates, the Committee decided to narrow the gap between borrowing and lending rates in order to limit the extent of potential fluctuations in overnight interest rates. In this regard, lending rates were cut by 75 basis points.



<u>Outlook</u>:
Given the dangers of currency weakness due to speculation over whether the country will invade Northern Iraq, the risk of a sharply negative reaction in the Turkish lira (TRY) due to a fall in risk appetite will rise every time the CBT cuts rates from here.

4.2.6 Chile

At its monthly policy meeting in Sep, the Board of the Central Bank of Chile raised the policy rate by 25 bps to 5.75 percent. The statement said the decision was necessary for projected inflation two years ahead to drop to 3.0 percent.

At its October meeting, the Board stayed put, citing moderation in the liquidity problems in international financial markets while the US dollar has depreciated against the majority of global currencies.

Domestically, annual CPI inflation has risen above 5.0 percent and is foreseen over the coming months to surpass the projections of the last Monetary Policy Report. The unusual increases in some food prices, both perishable and non-perishable, have not only persisted, but have intensified.

Consequently, we expect the Board to lift the policy rate to 6.0% at its 08 Nov policy meeting.

4.2.7 South Africa

At its August meeting, SARB's MPC tightened by 50 basis points to 10.0 percent saying that, "an adjustment in the monetary policy stance is required in order to ensure that CPIX inflation returns to within the target range."

Having considered the risks to the inflation outlook, "which are on the upside", the MPC decided at its Oct meeting to further adjust the repo rate by 50 bps to 10.5 percent.

Governor Tito Mboweni said that the Bank's latest forecasts showed that components — other than food and oil — contributing to price increases were picking up, which "is clear evidence that second-round effects are now picking up".

It is expected that the Committee will stay put in December as it observes the effects of the recent increases.

B. Commodity and Foreign Exchange Markets

4.3 Commodities outlook

Overview of the commodities market												
		Mkt Close	Change (%)			Period Average						
						2005	2006	2007:Q1	2007:Q2	2007:Q3	2007:Q4
		(30 Oct)	m/m	y/y	ytd	a	a	a	a	a	f
Crude Oil											
Brent (nr future)	*USD/bbl*	83.53	11.9	45.3	40.1	55.30	66.10	59.00	68.70	73.00	92.00
Precious metals											
Gold (spot)	*USD/oz*	775.19	5.3	29.5	24.7	445	605	650	668	681	755
Softs											
Cocoa (ICCO)	*USD/tonne*	1,926	-5.0	13.4	5.5	1,539	1,581	1,806	1,998	2,042	2,050

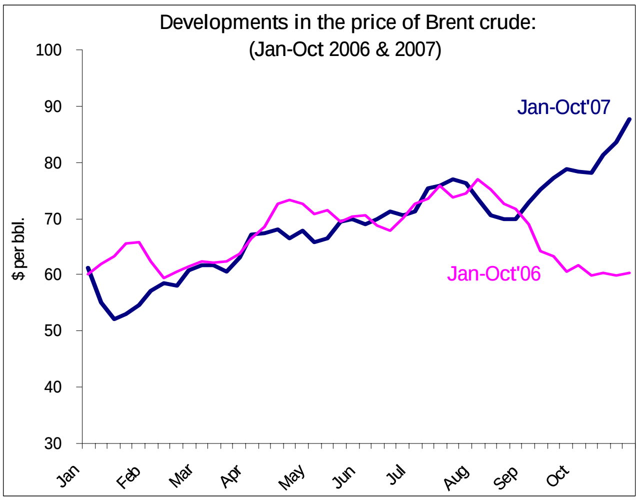
Overall, strong GDP growth and a weak USD have underpinned the current boom in commodity prices. The oil market has been a key beneficiary of investor flows into commodity markets, attracted by perceived positive fundamentals and portfolio diversification benefits.

4.3.1 Oil

There has been a flood of investment funds into commodity markets generally, and into crude oil and petroleum product futures markets in particular.

While it is argued that prices have been pushed too high and a correction is likely at some point, ample global liquidity, strong global growth and a weak USD will continue to support investment.

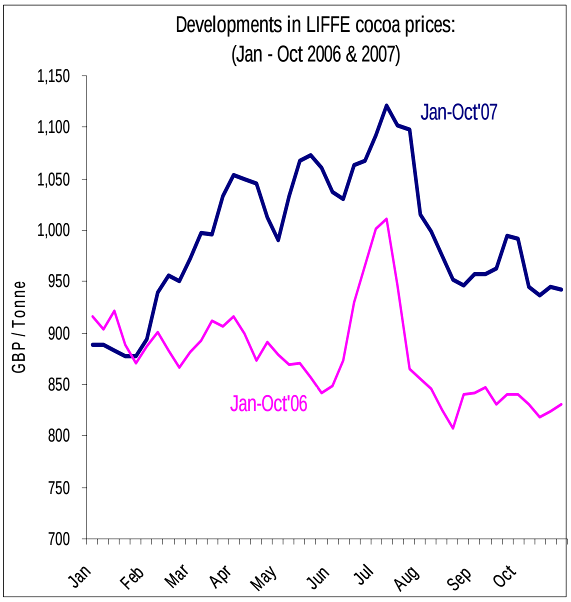
Average weekly price of Brent closed 2007:Q3 at $78.33. In September, the price rose by 7.6 percent and by 11.9 percent in the month of October alone to $83.53.



The end-October price represented a firming of 40.1 percent from the end-2006 level and an increase of 45.3 percent in year-on-year terms.

4.3.2 Cocoa

Rainfall in key producer Côte d'Ivoire has improved prospects for the upcoming 2007/08 main crop. Improved bean supplies from this season (which has just opened) should allow prices to ease.



In Asia, Indonesia is considering measures to limit exports and improve domestic supplies to help develop the domestic grinding industry.

Year-to-end-October, the average weekly LIFFE price is £992.48, compared with the average of £878.34 over the same period in 2006.

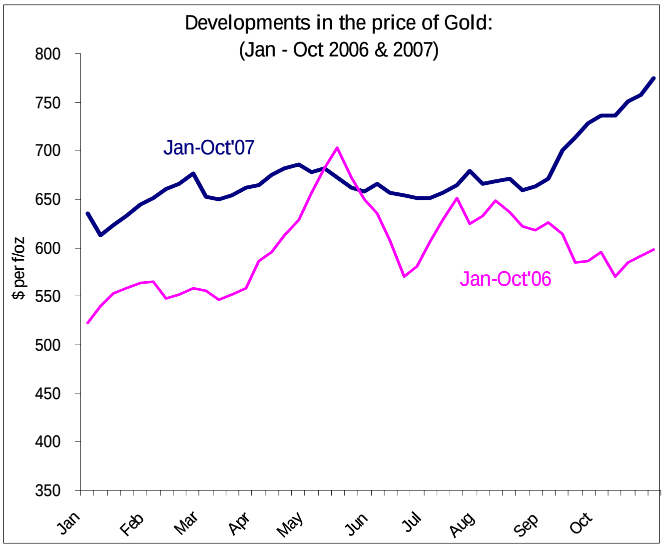
End-October price was £942.00 and represented a firming of 5.5 percent from end-2006 and 13.4 percent increase in year-on-year terms.

4.3.3 Gold

So far in 2007, gold has outperformed most major stock markets, broad base metal price indices, currencies and bonds.

Factors noted in the performance of gold includes a weakening dollar, concerns over inflation and investors turning away from areas of high risk. In addition, gold is likely to continue to be a popular hedge against increasing oil and food prices and investors' potential capital losses in bond portfolios.

It is also expected that gold sales in China, India and the rest of the developing world will increase with rising middle-class incomes.

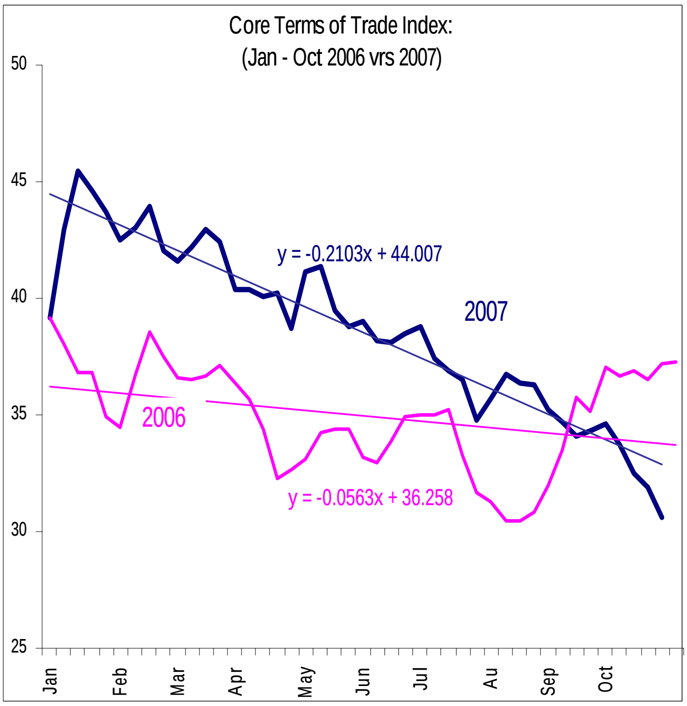


According to analysts, the future price of gold would also be affected by production costs, which are rising substantially as a result of increased energy costs and a shortage of labour and machinery.

Y-t-d (end-October), gold has rallied 24.7 percent to $775.19 per ounce, which represents a y-o-y increase of 29.5 percent.

4.3.4 Core terms of trade (ToT) index – benchmark prices

A core weekly terms of trade index (2002: wk1=100) is constructed for Ghana based on the developments in the prices of the three core items that represent Ghana's merchandise trade. Imports are represented by crude oil, while gold and cocoa represent exports. But gold and cocoa are weighted to reflect the proportions of foreign exchange inflows attributable to the two commodities.

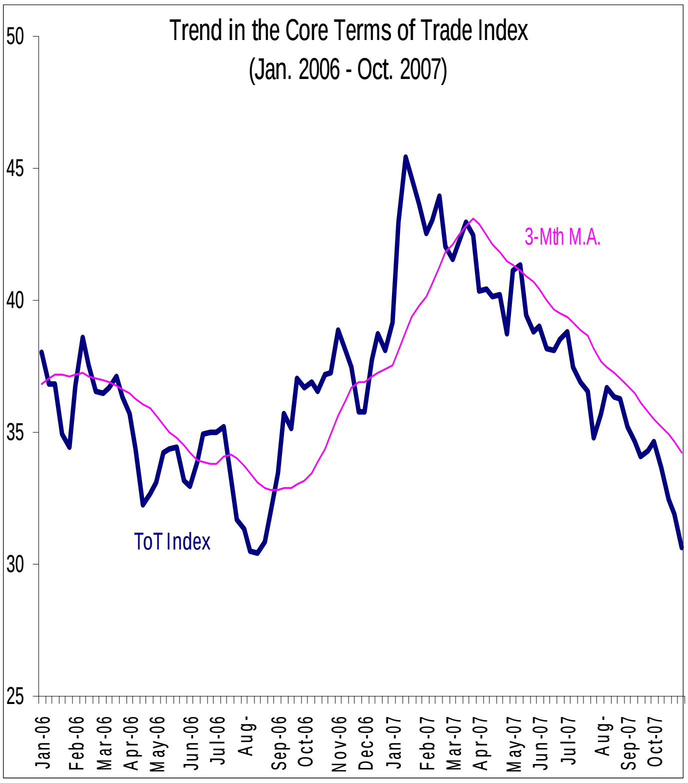


The chart (left) tracks and compares the developments in the index for the first ten months of 2006 and 2007. The fitted trend lines show that on the average the terms of trade deteriorated less in trend in January-October 2006.

Further, comparison of the standard deviations (2.2 and 3.7 for 2006 and 2007 respectively) indicates that the index shows greater volatility in the first ten months of 2007 than over the same period in 2006.

In the chart (right), the index is plotted from January 2006 to October 2007 against its 12-week (or quarterly) moving average. From October 2006, the index rose above its quarterly trend to reflect improvement in the terms of trade that resulted from the pullback in crude oil prices.

Over the period January-October 2007, the terms of trade deteriorated, on the average, by 7.5 points on the index. The value of the index at the end of October was 3.60, which represents a deterioration of 6.6 points in year-on-year terms.



4.4 Balance of Payments

GHANA: BALANCE OF PAYMENTS
(In $'million, unless otherwise stated)

	2006:Q2	2006:Q3	2007:Q2	2007:Q3	Q1Q2Q3 2006	Q1Q2Q3 2007
Merchandise Exports (f.o.b.)	911.84	873.39	1,112.03	1,027.52	2,658.96	3,155.69
Merchandise Imports (f.o.b.)	-1,591.23	-1,814.70	-1,946.06	-2,106.78	-4,979.33	-5,724.40
Trade Balance	-679.39	-941.32	-834.04	-1,079.26	-2,320.37	-2,568.71
Current Account (incl. official transfers)	-166.61	-510.24	-219.54	-359.91	-523.19	-1,551.42
OVERALL BALANCE	5.02	-318.97	210.81	-197.73	-46.76	-322.04
Memorandum						
Trade Deficit / GDP (%)	*-22.2*	*-30.1*	*-22.2*	*-28.7*	*-18.5*	*-17.1*
Overall Balance / GDP (%)	*4.9*	*-10.2*	*5.6*	*-5.3*	*-0.4*	*-2.1*
Current A/c (incl. official trfs) / GDP(%)	*8.5*	*-16.3*	*-5.8*	*-9.6*	*-4.2*	*-10.4*
Exports (fob) / GDP (%)	*27.7*	*28.0*	*29.6*	*27.4*	*21.2*	*21.1*
Imports (cif) / GDP (%)	*-53.7*	*-62.3*	*-55.5*	*-60.9*	*-39.8*	*-38.2*
Non-Oil (cif)	*-41.3*	*-46.5*	*-38.2*	*-47.1*	*-29.3*	*-28.3*
Oil (cif)	*-12.4*	*-15.8*	*-17.2*	*-13.2*	*-10.5*	*-9.9*

	2006:Q1	2006:Q2	2006:Q3	2006:Q4	2007:Q1	2007:Q2	2007:Q3
Cocoa: Beans and Products							
Value($'M)	348.54	281.20	317.46	240.24	380.07	371.70	210.19
Volume (tonnes)	218,924	174,516	199,039	143,402	214,374	204,072	120,667
Average Unit Price ($/tonne)	1,592.08	1,611.32	1,594.96	1,675.26	1,772.93	1,821.41	1,741.90
Gold							
Value($'M)	293.91	320.48	329.42	333.44	371.85	425.16	426.35
Volume (fine ounces)	532,937	510,932	531,550	544,811	583,526	654,098	651,409
Average Unit Price ($/fine ounce)	551.49	627.25	619.73	612.03	637.25	649.99	654.51
Total Crude oil							
Value, f.o.b. ($'M)	189.44	326.21	321.99	169.84	202.24	374.10	301.51
Volume (in barrels)	2,998,606	4,716,505	4,562,041	2,744,523	3,266,511	5,347,286	3,894,072
Average Unit Price ($/barrel)	63.18	69.16	70.58	61.88	61.91	69.96	77.43

4.5 Currency markets

Against the US dollar, sterling remains relatively strong, above USD2.00, helped by the Fed's decision to cut rates aggressively at its September meeting as well as expectations that the Bank of England will be slow to cut interest rates. But against EUR, the sterling has fallen sharply in recent weeks, sending the trade-weighted index down to a 14-month low. Whether this is sustained will depend in part on the different central bank responses to changes in the growth and inflation outlook for the UK and the euro area.

Cumulatively, in the first ten months of 2007, the greenback lost ground to all the selected currencies except the rand and the Ghana cedi.

This compares with the developments over the same period in 2006 when USD cumulatively weakened against the EUR and GBP. It however strengthened against the YEN, ZAR, CLP and GHS.

MOVEMENTS IN SELECTED INTERNATIONAL CURRENCIES (%)						
	EUR/USD	GBP/USD	YEN/USD	ZAR/USD	CLP/USD	GHS/USD
2001	0.9	1.5	13.2	51.6	15.5	3.7
2002	-15.8	-9.4	-4.0	-22.9	5.7	14.5
2003	-15.4	-9.6	-12.1	-27.1	-15.3	4.8
2004	-8.3	-9.3	-3.4	-11.8	-4.0	2.2
2005	12.3	10.1	13.4	10.6	-11.0	0.9
2006	-10.6	-11.4	-0.9	11.4	2.8	1.1
Monthly Changes						
2006						
Jan	-2.2	-1.2	-2.6	-4.4	2.4	-0.0
Feb	1.6	1.2	2.1	0.6	-0.1	0.0
Mar	-0.7	0.2	-0.5	2.2	0.8	0.2
Apr	-2.1	-1.4	-0.3	-2.6	-2.4	0.0
May	-3.8	-5.3	-4.4	3.7	0.8	0.0
Jun	0.8	1.3	2.5	10.6	4.3	0.5
Jul	-0.2	-0.1	1.0	1.4	-0.4	-0.1
Aug	-1.0	-2.6	0.2	-1.6	-0.4	0.3
Sep	0.7	0.5	1.1	7.0	-0.1	0.0
Oct	0.8	0.4	1.2	2.5	-1.5	0.3
Cum. Chg (%)	-6.0	-7.0	0.3	19.4	3.3	1.1
2007						
Jan	1.7	0.2	2.8	2.2	2.6	0.1
Feb	-0.7	0.0	0.0	-0.2	0.2	0.1
Mar	-1.2	0.6	-2.7	2.4	-0.7	0.2
Apr	-2.0	-2.1	1.4	-3.4	-1.3	0.0
May	0.0	0.2	1.6	-1.2	-1.8	-0.0
Jun	0.7	-0.1	1.6	1.9	0.9	0.1
Jul	-2.2	-2.4	-1.0	-2.5	-1.4	0.2
Aug	0.8	1.3	-3.9	3.6	0.7	0.3
Sep	-2.2	-0.4	-1.4	-1.7	-1.4	1.0
Oct	-2.2	-1.3	0.7	-4.8	-2.9	0.5
Cum. Chg (%)	-7.4	-4.0	-1.0	-3.7	-5.2	2.6

4.5 Local foreign exchange market

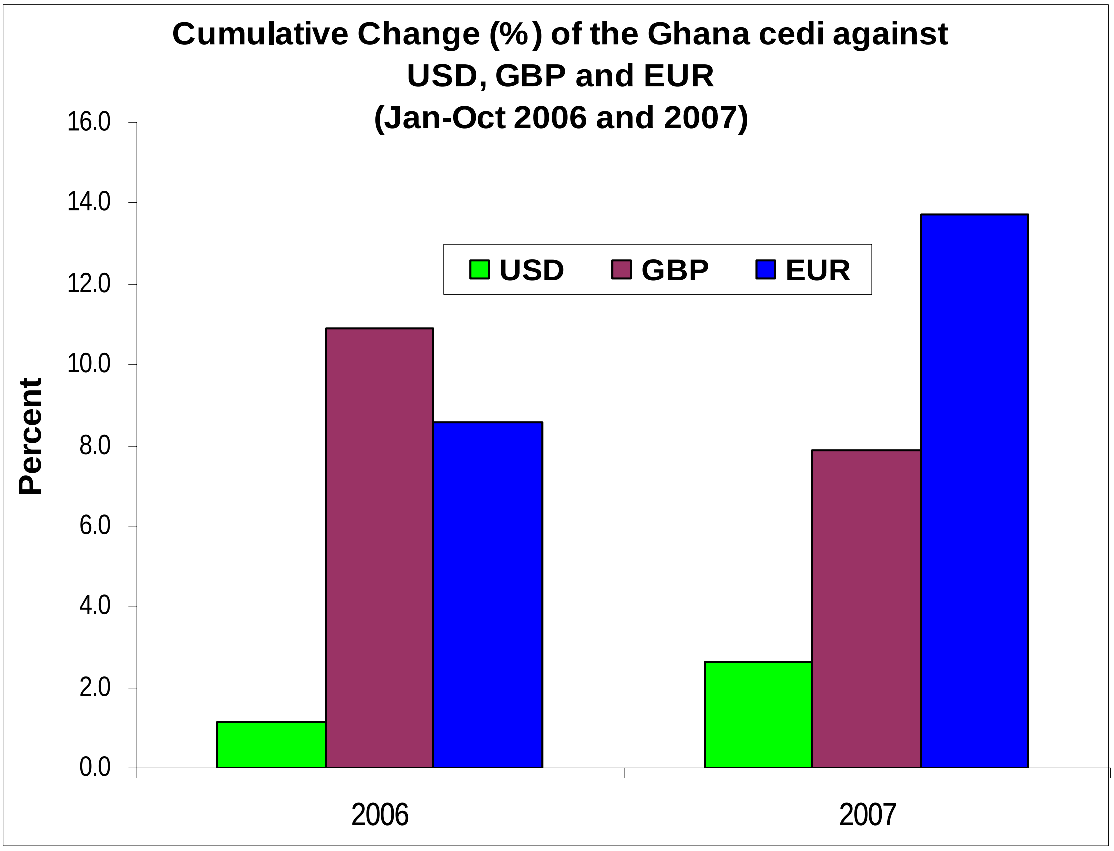
4.5.1 Nominal performance of the Ghana cedi – Bilateral and Effective

Bilateral movements

Developments in the nominal bilateral exchange rates of the Ghana cedi against the three core currencies – the US dollar, the pound sterling and the euro – show that in January – October 2007, the Ghana cedi depreciated, cumulatively, against all three core currencies by 2.6, 7.9 and 13.7 percent respectively. This compares with a respective cumulative depreciation of 1.1, 10.9 and 8.6 percent against the core currencies over the same period in 2006.

Bilateral movements of the Ghana cedi against core currencies

Month	EXCHANGE RATE			MONTHLY CHANGE (%)			CUMULATIVE (%)		
	USD	GBP	EUR	USD	GBP	EUR	USD	GBP	EUR
2006									
Dec-05	0.9133	1.5672	1.0792						
Jan-06	0.9132	1.6120	1.1037	-0.0	2.9	2.3			
Feb-06	0.9133	1.5805	1.0867	0.0	-2.0	-1.5			
Mar-06	0.9148	1.5810	1.1046	0.2	0.0	1.6	0.2	0.9	2.4
Apr-06	0.9149	1.6316	1.1641	0.0	3.2	5.4			
May-06	0.9151	1.7056	1.1754	0.0	4.5	1.0			
Jun-06	0.9195	1.6837	1.1666	0.5	-1.3	-0.7	0.7	7.4	8.0
Jul-06	0.9185	1.7041	1.1651	-0.1	1.2	-0.1			
Aug-06	0.9208	1.7414	1.1807	0.3	2.2	1.3			
Sep-06	0.9211	1.7280	1.1720	0.0	-0.8	-0.7	0.8	10.0	8.5
Oct-06	0.9238	1.7428	1.1734	0.3	0.9	0.1	1.1	10.9	8.6
2007									
Dec-06	0.9233	1.8069	1.2132						
Jan-07	0.9244	1.8127	1.2029	0.1	0.3	-0.8			
Feb-07	0.9256	1.8151	1.2202	0.1	0.1	1.4			
Mar-07	0.9277	1.8176	1.2357	0.2	0.1	1.3	0.5	0.6	1.9
Apr-07	0.9281	1.8747	1.2626	0.0	3.1	2.2			
May-07	0.9280	1.8335	1.2481	-0.0	-2.2	-1.1			
Jun-07	0.9291	1.8547	1.2473	0.1	1.2	-0.1	0.6	2.7	2.8
Jul-07	0.9311	1.8886	1.2763	0.2	1.8	2.3			
Aug-07	0.9337	1.8901	1.2841	0.3	0.1	0.6			
Sep-07	0.9433	1.9162	1.3407	1.0	1.4	4.4	2.1	6.0	10.2
Oct-07	0.9479	1.9524	1.3882	0.5	1.9	3.5	2.6	7.9	13.7



Nominal Effective Exchange Rate (NEER)

Trade Weighted Index (TWI)

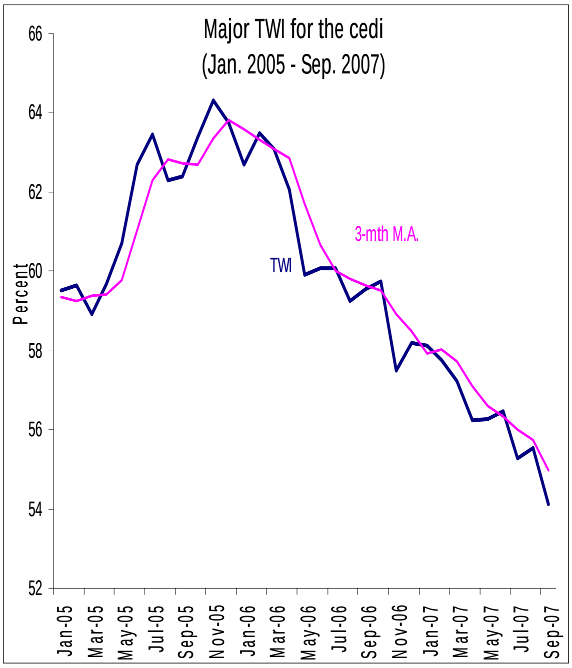
The major (or core) Trade Weighted Index (TWI) is an index measure of the value (January 2002=100) of the Ghana cedi relative to the currencies of Ghana's top three trading currencies – the euro, the pound and the dollar. It is thus an effective index.

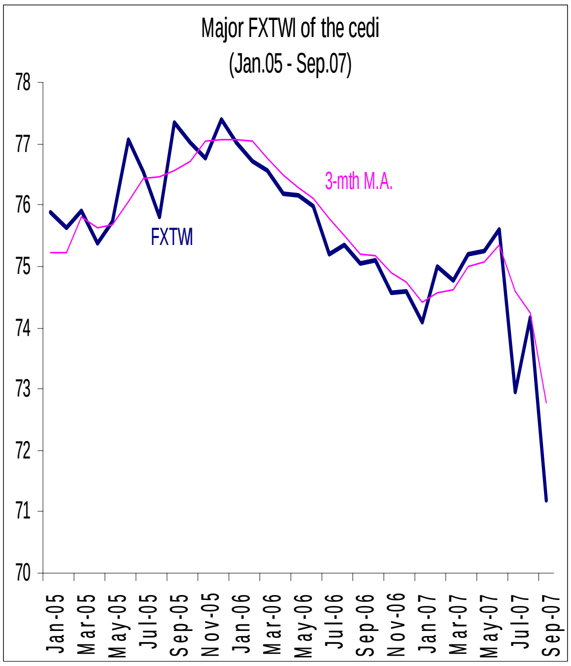
Over the January - October 2007 period, the Ghana cedi depreciated by 5.2 percentage points in trade-weighted terms. This compares with a depreciation of 4.0 percentage points over the same period in 2006. The October 2007 value of the index was 52.97 and was 124 basis points below its quarterly trend represented by the 3-month moving average.

Nominal TWI and FXTWI (Jan-Oct, 2006 and 2007)							
	Dec-06	Oct-07	Change (%)		Dec-05	Oct-06	Change (%)
TWI	58.18	52.97	-5.2		63.74	59.74	-4.0
FXTWI	74.60	71.75	-2.8		77.40	75.09	-2.3

Foreign Exchange Transactions Weighted Index (FXTWI)

Like the TWI, the FXTWI is effective, the difference being that while the TWI uses total merchandise trade as weights, the FXTWI uses the value of total foreign exchange transactions in the three core currencies as weights.

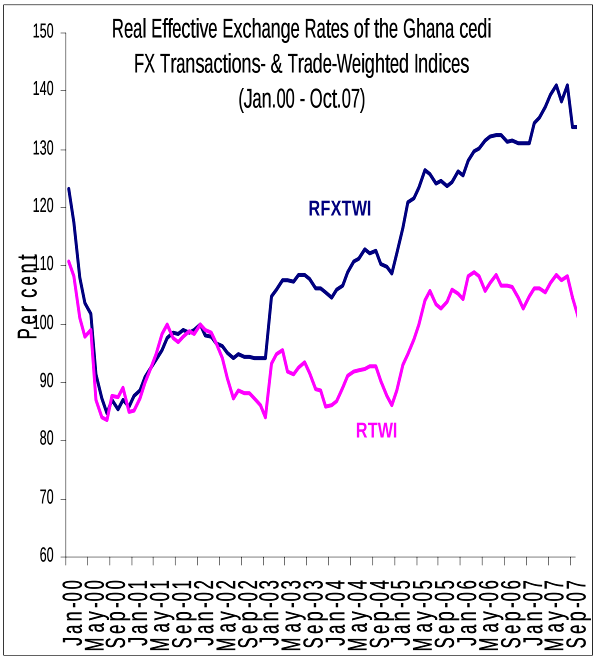




The FXTWI also shows that over the January- October 2007 period, the Ghana cedi depreciated in nominal effective terms by 2.8 percentage points as compared with a depreciation of 2.3 percentage points over the same period in 2006. The October 2007 value of the index of 71.75 was 62 basis points below the quarterly trend value.

4.5.2 Real exchange rate developments

The Real Trade Weighted Index (RTWI), which is a total trade (i.e. import plus export) weighted, and the Real Foreign Exchange Transactions Weighted Index (FXTWI), which is a total foreign exchange transactions (i.e. purchases plus sales) weighted, are both real effective exchange rate indices, (January 2002=100) and monitor the real exchange rate developments of the Ghana cedi. They track the (geometric) average of the exchange rate changes (in real terms) of the Ghana cedi against the three major trading currencies: the USD, GBP and EUR.

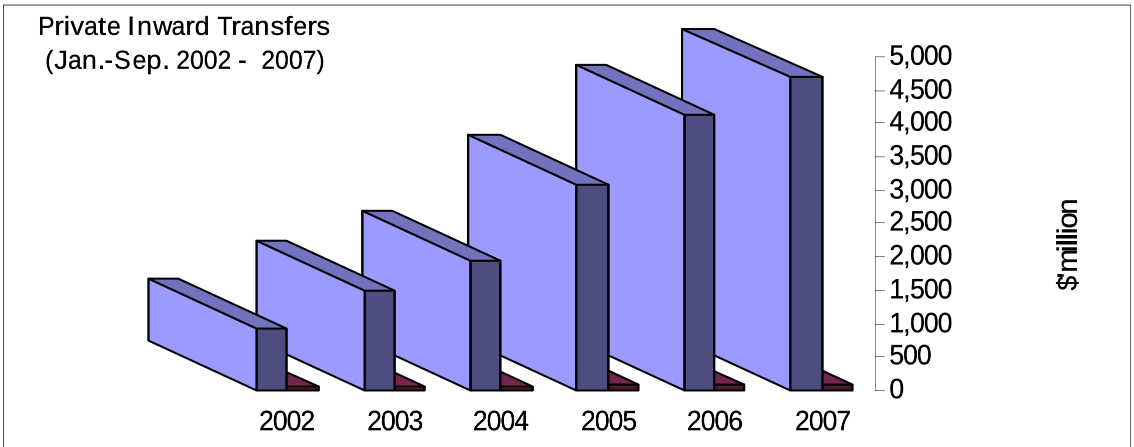


In trade-weighted terms, the real exchange rate of the Ghana cedi depreciated cumulatively by 1.6 percentage points in January-October 2007; as compared with a cumulative appreciation of 1.1 points over the same period in 2006. However, in fx transactions weighted terms, the real exchange rate of the Ghana cedi appreciated by 0.7 percentage point in January – October 2007 as compared with appreciation of 5.3 percent in January-October 2006.

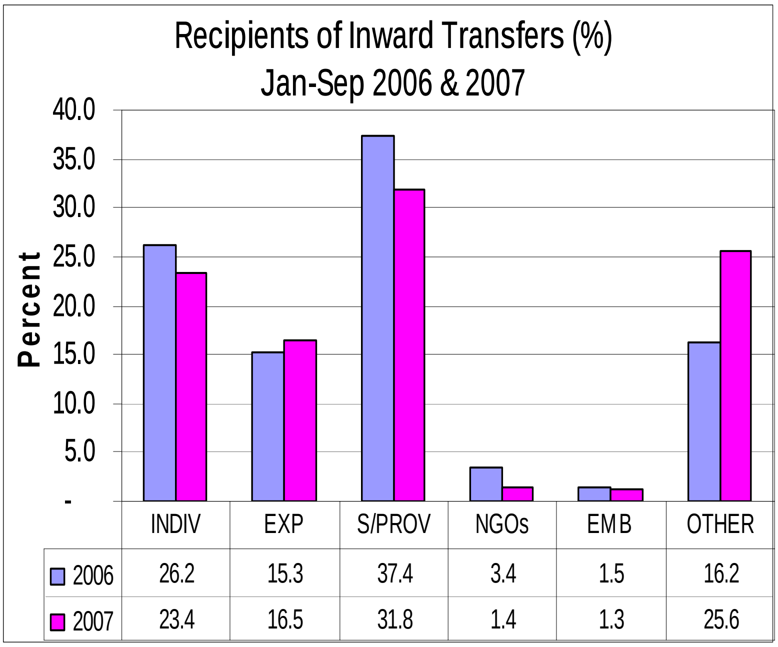
4.5.3 Inward remittances

Private inward transfers – received by **NGOs, embassies, service providers, individuals etc. -** through the banks and finance companies for January – September 2007 amounted to $4.78 billion, which represents 13.4 percent increase over those for the corresponding period in 2006, which were in turn 32.5 percent increase over the transfers through banks and finance companies in the first three quarters of 2005.

Inward Transfers, Jan - Sep 2006 & 2007 ($'million)				
	Q1	**Q2**	**Q3**	**TOTAL**
2006				
Banks	1,274.28	1,412.28	1,448.23	4,134.79
Finance Companies	21.38	29.88	26.51	77.77
Total	**1,295.66**	**1,442.16**	**1,474.75**	**4,212.56**
2007				
Banks	1,483.62	1,624.44	1,576.66	4,684.72
Finance Companies	33.20	27.34	31.55	92.09
Total	**1,516.82**	**1,651.78**	**1,608.21**	**4,776.81**
Memorandum				
Change ($'million)	*221.16*	*209.62*	*133.46*	*564.24*
Change (%)	*17.1*	*14.5*	*9.0*	*13.4*
Share of Banks (2007)	*97.8*	*98.3*	*98.0*	*98.1*
Share of Banks (2006)	*98.3*	*97.9*	*98.2*	*98.2*



	2002	2003	2004	2005	2006	2007
Banks ($'m)	937.73	1,496.93	1,948.36	3,084.50	4,134.79	4,684.72
Fin. Co.($'m)	48.74	61.72	73.13	95.91	77.77	92.09



Of the total transfers in the January-September 2007 period, $1.20 billion (25.1 percent) accrued to individuals, compared with 26.3 percent over the same period in 2006.

Of the transfers through banks over the period, the share of service providers was highest at 31.8 percent compared with 37.4 percent in 2006.

The top five recipient banks accounted for 40.7 percent of total transfers through banks in January-September 2007, compared with 47.1 percent over 2006:Q1-Q3. The shares of the top five for the January-September period from 2002 to 2007 show a trend decline.

4.5.4 Foreign exchange purchases and sales

Foreign exchange transactions (i.e. purchases plus sales) by banks and forex bureaux in January – October 2007 amounted to $6.93 billion, which was 28.2 percent increase over purchases and sales over the same period in 2006.

FX PURCHASES AND SALES ($'million)

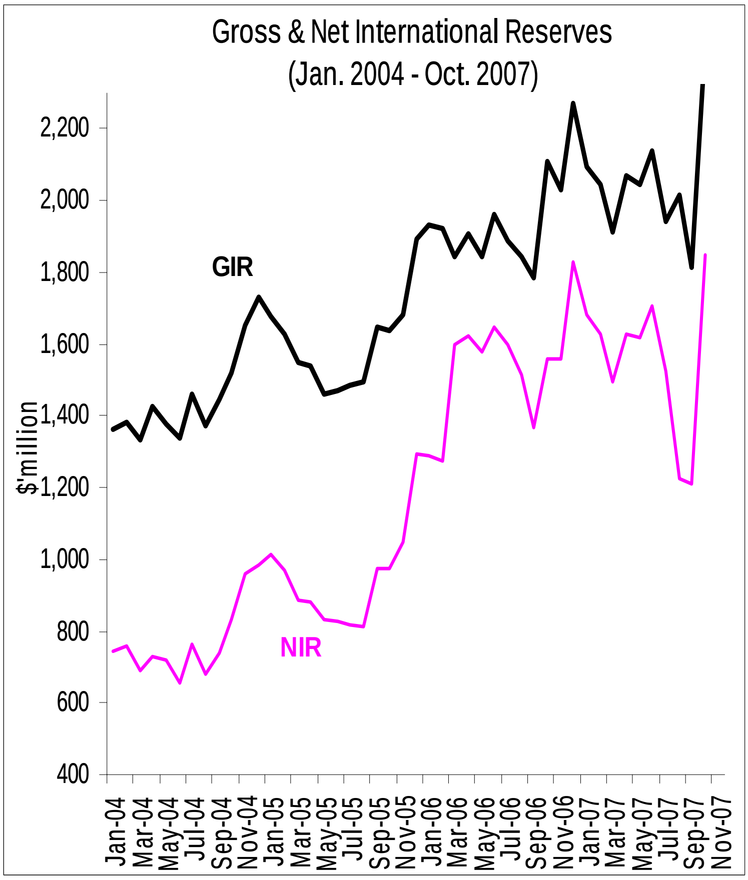
	Q1	Q2	Q3	Oct	TOTAL
		2006			
DMBs	1,499.87	1,483.50	1,393.95	528.64	4,905.96
F/Bureaux	141.64	145.22	158.94	49.40	495.20
Total	1,641.51	1,628.72	1,552.89	578.04	5,401.16
		2007			
DMBs	1,765.18	2,314.70	1,666.47	648.09	6,394.43
F/Bureaux*	156.49	156.71	163.68	55.26	532.14
Total	1,921.67	2,471.41	1,830.15	703.35	6,926.57
		Memorandum			
Change in Total ($'m)	280.16	842.69	277.26	125.31	1,525.42
Change in Total (%)	17.1	51.7	17.9	21.7	28.2
Banks' share (%) - 2006	91.4	91.1	89.8	91.5	90.8
Banks' share (%) - 2007	91.9	93.7	91.1	92.1	92.3

*F/Bureaux number for Oct-2007 is provisional

Using the share of forex bureaux and banks' transactions to represent their relative shares of the foreign exchange market, the forex bureaux' market share declined from 9.2 percent in January – October 2006 to 7.7 in 2007.

4.6 Gross International Reserves (GIR)

The GIR position of the Bank declined steadily throughout 2007:Q1, but corrected and increased steadily throughout Q2. The monthly developments in Q3 were mixed, but on the average declined by 7.7 percent from the second quarter average.



In October, the GIR registered an increase of 34.7 to $2.44 billion, which represented a 7.6 percent decline from the December 2006 level but a 15.9 percent increase in year-on-year terms.

Developments in the NIR followed a similar pattern with the exception that it declined throughout Q3. In October, it also increased by 52.9 percent to the level of $1.85 billion.

In terms of the 2007 estimates, the October 2007 GIR position translates, on the average, into goods and services import cover of 2.9 months.

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