

# **BANK OF GHANA**



## **QUARTERLY BULLETIN**

**JULY – SEPTEMBER 2020**

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## Overview

This report presents a review of trends in the global and the domestic economy during the third quarter of the year. The developments in the domestic economy cover the real sector, inflation, government budgetary operations, monetary aggregates, banking sector credit, exchange rates, interest rates, the capital market, external sector, and debt stock.

### **Global Economy**

The expected recovery in the global economy during the third quarter of the year following partial easing of pandemic related restrictions in the second quarter of the year did not occur. The strength of the recovery by region is dependent on a number of factors including structural characteristics, policy interventions and vaccine developments.

### **The Domestic Economy**

#### **Real Sector**

Developments in the domestic economy in the third quarter indicated that the general downturn in activity experienced during the second quarter due to the negative impact of Covid-19 was starting to ease. Retail sales and manufacturing sector activities both showed positive outturn while cement sales, a measure of construction sector activity, was up 29 percent year-on-year. This partial recovery was underpinned by the government's Covid support to the private sector as well as Bank of Ghana's support to the banking sector.

#### **Inflation**

Headline inflation declined sharply to 10.4 percent at the end of the third quarter from 11.2 percent at the end of the second quarter of 2020. The fall in inflation between the quarters was due to the receding food price shocks following the market fumigation exercise and lockdown during the second quarter.

Food inflation eased to 11.2 percent at the end of the third quarter from 13.8 percent at the end of second quarter of 2020, on the back of slowdown in prices of vegetables and fruits & nuts. Non-food inflation, however, rose to 9.8 percent from 9.2 percent in the second quarter, largely driven by the housing and utilities category.

#### **Government Budgetary Operations**

Government budgetary operations during the third quarter, resulted in a deficit of GH¢10,442.6 million (2.7% of GDP). This was higher than the deficit of GH¢10,116.1 million (2.62% of GDP) recorded in the corresponding quarter in 2019. This outturn was influenced by increased Covid-related spending undertaken to alleviate the impact of the pandemic on Small and Medium Scale Enterprises (SMEs) and other critical sectors of the economy.

Government receipts (including grants) totalled GH¢13,179.8 million (3.4% of GDP). This was lower than the target of GH¢13,465.1 million (3.5% of GDP) but higher than GH¢12,898.4 million (3.7% of GDP) recorded for the corresponding quarter in 2019.

Government expenditure and net lending for the third quarter was GH¢21,836.1 million (5.7% of GDP), missing the budgeted target of GH¢24,725.0 million (6.4% of GDP) by 11.7 percent. Most of the expenditure lines underspent compared with their respective targets with the exception of Compensation of Employees, Goods and Services and Acquisition of Non-Financial assets which overshot their targets by 8.7 percent, 33.9 percent and 47.6 percent respectively, largely as a result of government's COVID-related reliefs.

The stock of domestic debt at the end of the third quarter increased by GH¢33,885.1 million from GH¢101,260.7 million at the end of third quarter in 2019 to GH¢135,145.8 million. The growth in the debt stock was mainly due to increases in the medium-term and long-term securities of GH¢23,337.0 million and GH¢10,466.5 million respectively and a moderate increase of GH¢81.6 million in the short-term securities.

### **Monetary Aggregates**

Developments in broad money supply (M2+) in the third quarter indicate a growth of 27.1 percent from a growth of 16.3 percent in 2019 same period and 20.3 percent in the second quarter of 2020. Broad money supply (M2+) stood at GH¢109,134.38 million at the end of the third quarter of 2020.

The increase in the growth of M2+ in the third quarter was driven by 31.2 percent growth in Net Domestic Assets (NDA) and 10.9 percent growth in Net Foreign Assets (NFA). The significant growth in NDA was on account of increased growth in net claims on government reflecting increased fiscal spending to mitigate the impact of Covid-19 on businesses and other critical sectors of the economy.

### **Banking Sector Credit**

The annual growth in banks' outstanding credit to the public and private institutions decreased to 14.4 percent in the third quarter from 15.0 percent in the second quarter of 2020. At the end of the third quarter, total outstanding credit stood at GH¢45,915.5 million compared with GH¢40,140.2 million and GH¢44,969.6 recorded in the third quarter of 2019 and second quarter of 2020 respectively.

In real terms, growth in credit by banks decreased to 3.6 percent in the third quarter from 6.9 percent in the third quarter of 2019. Growth in private sector credit also declined to 2.0 percent from 3.7 percent in the third quarter and 2.7 percent in the second quarter of 2020. At the end of the review quarter, the share of private sector credit to total credit declined to 88.7 percent compared with 90.1 percent recorded in the third quarter of 2019.

### **Exchange Rates**

The domestic currency lost some value against the main trading currencies during the review quarter. On the Interbank market, the Ghana Cedi depreciated by 4.8 percent, 4.8 percent, and 0.6 percent against the Pound Sterling, the Euro, and the U.S. Dollar respectively. Compared to the same period in 2019, the Cedi depreciated by 1.1 percent against the US Dollar but appreciated 2.1 percent, and 3.2 percent against the Pound Sterling and the Euro, respectively.

On the Forex Bureau market, the Cedi appreciated by 0.7 percent against the US dollar but depreciated by 3.2 percent and 4.4 percent against the British pound and Euro respectively.

### **Interest Rates**

Developments in interest rates on the money market showed a general downward trend on a year-on-year basis. The rates on BOG bills and GOG securities showed a downward trend year-on-year. Averaged lending and deposit rates also declined.

The Monetary Policy Rate (MPR) was kept at 14.5 percent during the third quarter having been reduced by 150 basis points (bps) in the first quarter to serve as incentive for banks to ease credit stance towards the private sector following the outbreak of the

Covid-19 pandemic.

On the treasury market, the 91-day, 182-day T-bills' rates decreased by 67 bps and 102 bps respectively on year-on-year terms to settle at 14.0 percent and 14.1 percent respectively. The rate on the 364-day bill also decreased by 96 bps from 17.9 percent in the third quarter of 2019 to 16.9 percent in the third quarter of 2020.

The interbank weighted average interest rate decreased by 162 bps year-on-year, from 15.20 percent recorded in the third quarter in 2019 to 13.6 percent at the end of the third quarter of this year. The downward trend observed can be attributed to a decision by BOG not to participate in the reverse repo market to encourage interbank trading.

### *Capital Market*

The Ghana Stock Exchange Composite Index (GSE-CI), a key indicator of performance of stocks on the local bourse, dipped by 2.3 percent to close at 1,856.56 from 2,204.79 in same period last year, an improvement on the contraction of 12.0 percent in the second quarter. The improved performance of the index was attributed to waning adverse effects of Covid-19 on economy.

Total market capitalization at the end of the third quarter stood at GH¢53,159.76 million, representing an increase of 0.4 percent (GH¢209.36 million). Comparatively, market capitalization decreased by 4.2 percent (-GH¢2,478.68 million) in the same period in 2019.

### *External Sector*

The estimated value of merchandise exports was US\$3,402.71 million, a decline of US\$262.89 million or 7.2 percent from US\$3,665.6 million recorded in same period of 2019. The decrease was attributable to significant decline in exports.

The total value of merchandise imports amounted to US\$2,853.42 million, a decline of 18.3 percent from US\$3,490.5 million recorded in quarter three of 2019, driven by both oil and non-oil imports.

The provisional trade balance for the third quarter showed a surplus of US\$549.30 million compared to the surplus of US\$175.10 million recorded for the same period in 2019. The improvement in trade balance was largely influenced by a lower demand for imports in the review period.

The country's gross international reserves at the end of September 2020 increased by US\$51.09 million to US\$8,469.17 million from a stock position of US\$8,418.08 million as at the end of December 2019. This was sufficient to provide cover for 4.0 months of imports compared to 3.9 and 4.0 months of imports cover as at September 2019 and December 2019 respectively.

### *External Debt*

The provisional stock of public and publicly guaranteed external debt at the end of the third quarter stood at US\$24,271.32 million. This represents an increase of 0.67 percent over the level of US\$24,109.77 million recorded at the second quarter.

The stock of debt represents a 19.8 percent increase over the level of US\$20,257.1 million in quarter three of last year. The external debt stock at the end of the third quarter 2020 represented 35.9 percent of total estimated GDP.

## 1. Developments in the World Economy

Global GDP growth rebounded in the third quarter of 2020 after the sharp fall experienced in the second quarter, supported by the gradual easing of Covid-related restrictions and strong policy support. However, Covid cases have risen in many advanced economies and restrictions have been tightened to varying degrees. As a result, global growth is expected to slow in the near-term, weighed down by heightened uncertainty and lower demand due to a fall in consumption spending.

The outlook for the global economy remains uncertain in both developed and emerging economies given recent resurgence of the virus. The IMF has revised its growth projection for 2020 from a contraction of 4.9 percent to 4.4 percent in October (see Table 1.1). The IMF has also reduced its projections for 2021 from 5.4 percent growth in the June WEO to 5.2 percent given continuing uncertainty surrounding the disease. Negative output gaps and elevated unemployment rates are expected to persist across most economies.

Growth in Emerging Markets and Developing Economies (EMDEs) is expected to contract much more than earlier projected, by some 3.3 percent in 2020, up from an earlier forecast of 3.0 percent. Emerging economies are however, expected to recover and grow at 6.0 percent in 2021. GDP growth in Sub-Saharan Africa is projected to contract by 3.0 percent in 2020 and recover in 2021. This will be supported by a gradual strengthening of both consumption and investment spending as the public health counter measures introduced to control the outbreak are gradually rolled back.

**Table 1.1: Global Growth Projections**

Global Growth Projections				
	OCTOBER, 2020 UPDATES (YEAR OVER YEAR)			
REAL GDP GROWTH (%)	ESTIMATES		PROJECTIONS	
	2018	2019	2020	2021
<b>World</b>	<b>3.6</b>	<b>2.8</b>	<b>-4.4</b>	<b>5.2</b>
<b>Advanced Economies</b>	<b>2.2</b>	<b>1.7</b>	<b>-5.8</b>	<b>3.9</b>
United States	2.9	2.2	-4.3	3.1
Euro Area	1.9	1.3	-8.3	5.2
Germany	1.5	0.6	-6.0	4.2
France	1.8	1.5	-9.8	6.0
Italy	0.8	0.3	-10.6	5.2
Spain	2.4	2.0	-12.8	7.2
Japan	0.3	0.7	-5.3	2.3
United Kingdom	1.3	1.5	-9.8	5.9
<b>Emerging and Developing Economies</b>	<b>4.5</b>	<b>3.7</b>	<b>-3.3</b>	<b>6.0</b>
Russia	2.5	1.3	-4.1	2.8
China	6.7	6.1	1.9	8.2
India	6.1	4.2	-10.3	8.8
Brazil	1.3	1.1	-5.8	2.8
<b>Sub-Saharan Africa</b>	<b>3.3</b>	<b>3.2</b>	<b>-3.0</b>	<b>3.1</b>
<b>Ghana</b>	<b>6.3</b>	<b>6.5</b>	<b>0.9</b>	<b>4.2</b>
Nigeria	1.9	2.2	-4.3	1.7
South Africa	0.8	0.2	-8.0	3.0

Source: IMF WEO June Updates



## United States

The US economy grew by an annualized 33.4 percent in the third quarter of 2020, slightly higher than the 33.1 percent in the previous quarter. The sharp rebound reflects an increase in personal spending and nonresidential fixed investment. The resurgence of the pandemic in some U.S states is expected to slow the growth momentum in the fourth quarter of 2020. The IMF estimates that growth will end 2020 at -4.3 percent before rebounding to 3.1 percent in 2021 (See Table 1.1).

## United Kingdom

Activity in the UK expanded by 16 percent in the third quarter of 2020, after contracting by 18.8 percent in the previous quarter. The expansion was driven primarily by a recovery in private consumption, government consumption, and to a lesser extent, business investment in line with the easing of lockdown restrictions in the third quarter. The UK economy is projected to contract by 9.8 percent this year and to recover to 5.9 percent in 2021. In addition, the negative effects of the prolonged Brexit negotiations will continue to weigh on private investment and activity in the near-term.

## Euro Area

In the Euro area, economic activity rebounded by 12.5 percent in the third quarter, following the contraction of 11.7 percent in the second quarter of 2020. The rebound reflects the easing of lockdowns in many European countries. Looking ahead, the resurgence of Covid-19 in some European cities may slow the recovery in the months ahead. However, the liquidity measures proposed by the ECB and the stimulus measures implemented by various governments in Europe along with global efforts at containing the spread of the virus should ease the deterioration in global financial market risk sentiment and spur a gradual recovery.

## Japan

Japan's economy expanded by 5.3 percent in the third quarter of 2020, after contracting by 8.3 percent in the previous quarter. The rebound in activity was driven mainly by a fall in private consumption, government spending and net external demand due to higher exports. Gross capital formation was a drag on activity. Japan's economy is forecast to contract by 5.3 percent this year, reflecting the weak external demand and disruptions to domestic economic activity.

## China

Economic activity in China grew at 4.9 percent year-on-year, in quarter three of 2020, faster than a 3.2 percent expansion in the second quarter, driven by improving consumption spending amid strong policy support. The IMF estimates that the Chinese economy will grow at 1.9 percent in 2020 due to the effects of Coronavirus. The recent shift towards expansionary monetary and fiscal policy is expected to strengthen domestic demand. However, should trade tensions with the USA escalate further, economic activity may decline.

## Emerging Market and Developing Economies

Prospects in Emerging market and Developing Economies (EMDEs) continue to be precarious according to the IMF WEO October 2020 update. This reflects a combination of factors including the continued spread of the Covid-19 pandemic, greater importance of severely affected sectors, such as tourism, and the greater dependence on external finance, such as remittances. The resurgence of the pandemic in Europe and the United States will also constrain external demand. Economic activity in EMDEs will contract by 3.3 percent in 2020 and rebound strongly by 6.0 percent in 2021, according to forecast released by the IMF in October 2020. Oil prices have recovered somewhat but still far below the pre-Covid-19 highs. Oil prices are projected to average US\$41.7 per barrel in 2020 and US\$46.7 per barrel in 2021 (IMF WEO October 2020 updates).

## Sub-Saharan Africa

Sub-Saharan African (SSA) countries are also fighting the spread of the Covid-19 pandemic with the associated disruptions to the domestic economy. This, in addition to the sharp slowdown in global growth poses a danger to the recovery of the already weak economies in the region. Again, the relatively low oil prices present a major headwind to oil dependent economies in the region such as Nigeria and Angola. As a result, the IMF has forecasted a contraction of 3.0 percent in 2020 and sharp rebound of 3.1 percent in 2021. Downside risks to growth in SSA include a downturn in commodity prices, prolonged presence of Covid-19 pandemic and slower-than-expected growth in China and the Euro area, which have strong trade and investment links to SSA. Domestically, country specific risks such as fiscal slippages, political uncertainty, domestic conflict and adverse weather conditions could also dampen growth prospects.

## 2. Real Sector Developments

A review of selected indicators of economic activity reveals an improvement in the performance of the domestic economy during the third quarter of 2020 compared with trends observed during the same period in 2019. The relative pick-up in real sector activities was mainly due to a gradual recovery from the adverse effects of the coronavirus outbreak.

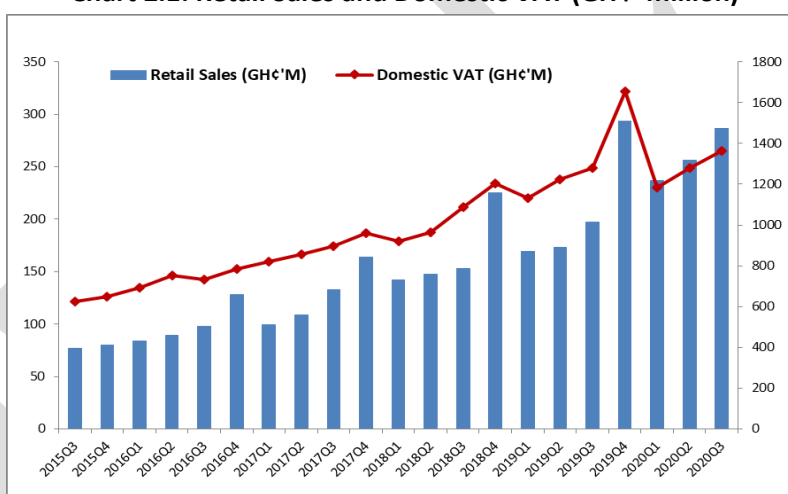
### 2.1 Indicators of Economic Activity

#### Consumer Spending

Consumer spending, measured by domestic VAT collections and retail sales, improved in the third quarter of 2020 compared with figures recorded in the corresponding period of 2019. Domestic VAT collections increased by 6.5 percent (year-on-year) to GH¢1,364.72 million, relative to GH¢1,281.65 million collected during the corresponding quarter in 2019. Similarly, domestic VAT grew by 6.6 percent compared with GH¢1,280.39 million collected for the second quarter of 2020.

Retail sales increased by 45.7 percent (year-on-year) to GH¢286.86 million during the third quarter of 2020 from GH¢196.86 million recorded in the corresponding quarter of 2019. The comparative improvement in retail sales could be attributed to increased household consumption during the review period.

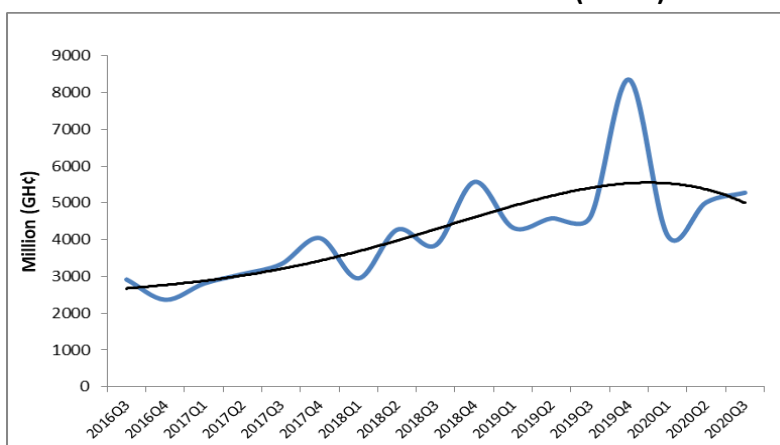
Chart 2.1: Retail Sales and Domestic VAT (GH¢' million)



#### Manufacturing Activities

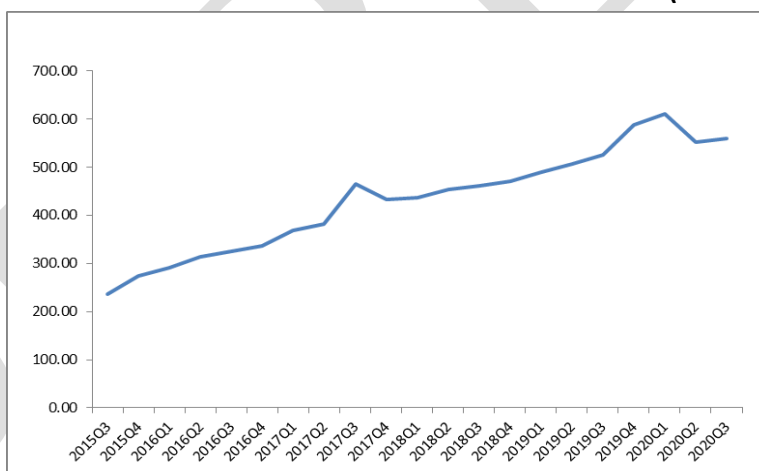
Manufacturing-related activities, as measured by trends in the collection of direct taxes (income, corporate and others) and private sector workers' contributions to the SSNIT Pension Scheme (Tier-1), posted positive outturns during the third quarter of 2020, compared with what was observed in the same period of 2019. Total direct taxes collected increased by 14.4 percent (year-on-year) to GH¢5,278.01 million in the third quarter of 2020, relative to GH¢4,613.69 million recorded for the third quarter of 2019. Total direct tax collected for the quarter under review also grew by 5.2 percent from GH¢5,015.12 million collected in the second quarter of 2020. In terms of contribution of the various sub-tax categories, Corporate Tax accounted for 54.3 percent, followed by Income Tax (PAYE and self-employed) with 36.2 percent, while Other Tax sources contributed 9.5 percent.

**Chart 2.2: Trends in Domestic Taxes (Direct)**



Similarly, private sector workers’ contributions to the SSNIT Pension Scheme (Tier-1) went up by 6.7 percent (year-on-year) to GH¢560.67 million in the third quarter of 2020, from GH¢525.67 million collected during the corresponding quarter of 2019. Total contribution in the review period also grew marginally by 1.6 percent when compared with GH¢551.59 million for the second quarter of 2020. The improvement in private workers’ contributions to the Tier-1 pension scheme could be attributed to the registration of new employees as well as improved compliance by private sector employers.

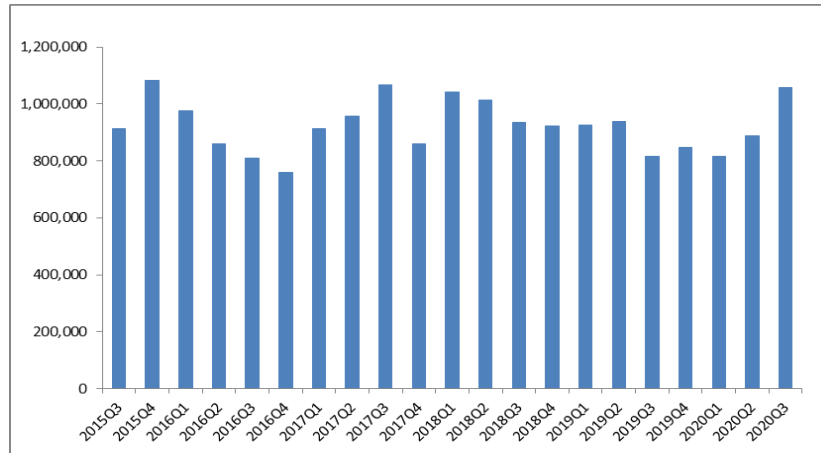
**Chart 2.3: SSNIT Contributions from Private Sector Workers (GH¢’ million)**



### Construction Sector Activities

Economic activity in the construction sub-sector, as measured by the volume of cement sales, improved by 29.2 percent (year-on-year) during the third quarter of 2020 to 1,056,790.08 tonnes, from 817,744.14 tonnes recorded in the third quarter of 2019. Similarly, total cement sales during the review period increased by 19.0 percent when compared with 887,734.28 tonnes recorded during the second quarter of 2020. The relative improvement in total cement sales was due to a pick-up in construction activities during the review period.

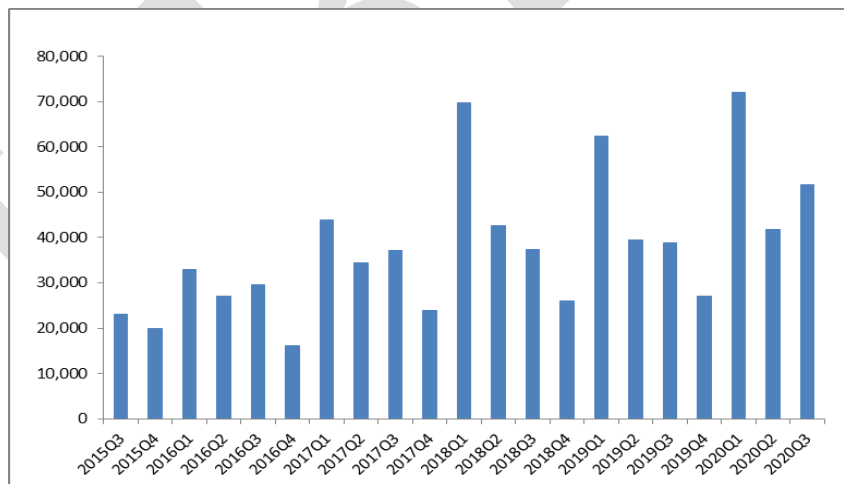
**Chart 2.4: Cement Sales (Tonnes)**



**Vehicle Registration**

Transport-related economic activities, measured by vehicle registration by DVLA, improved by 32.9 percent to 51,703 in the third quarter of 2020 compared to 38,903 vehicles registered during the corresponding quarter of 2019. Similarly, the number of vehicles registered during the review period increased by 23.5 percent relative to 41,879 vehicles recorded in the second quarter of 2020. The comparative improvement recorded in vehicle registration was due to an increase in vehicle importation during the review period.

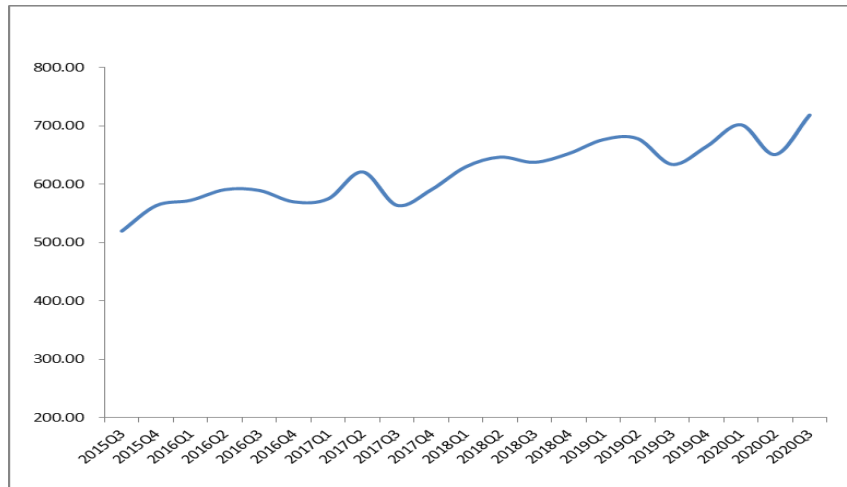
**Chart 2.5: Vehicle Registration**



**Industrial Consumption of Electricity**

The consumption of electricity by industries, which is a proxy for activities within the productive sectors of the economy, went up by 13.3 percent during the third quarter of 2020, compared with the corresponding period of 2019. Industries utilised 718.58 giga-watts of power in the third quarter of 2020, as against 633.98 giga-watts recorded for the same period in 2019. Similarly, industrial consumption of electricity increased by 10.4 percent from 650.84 giga-watts utilised for the second quarter of 2020. The relative improvement in the electricity consumed by industries could be attributed to stability in power supply coupled with a rebound in industrial activity following the initial impact of the coronavirus pandemic.

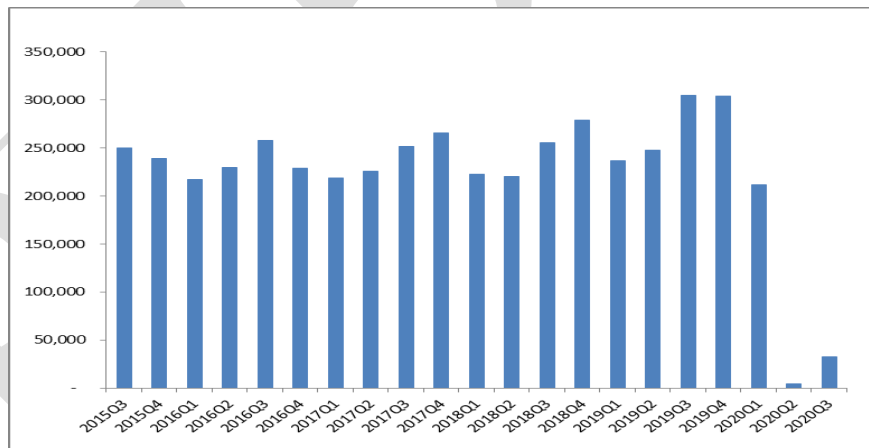
**Chart 2.6: Industrial Consumption of Electricity (gw)**



**International Tourist Arrivals**

Tourist arrivals through the country’s various ports of entry went down in the third quarter of 2020 when compared with figures recorded a year ago. A total of 32,602 tourists entered the country during the review period, as against 304,601 visitors received in the third quarter of 2019, indicating a significant decline of 89.3 percent. However, tourist arrivals during the period surged by 611.4 percent when compared with 4,583 visitors received in the second quarter of 2020. The decline in tourist arrivals (year-on-year) was mainly due to travel restrictions in the fight against the COVID-19 outbreak during the first- two months of the quarter.

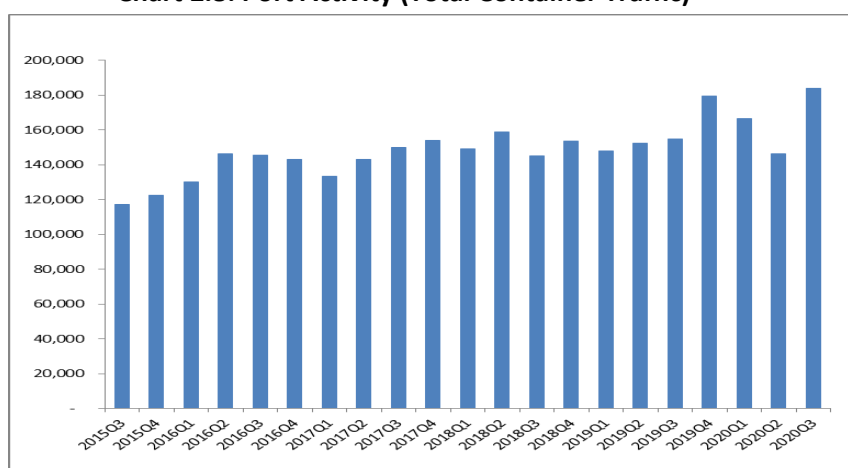
**Chart 2.7: Trends in Tourist Arrivals**



**Port Activity**

Economic activities at the country’s two main harbours (Tema and Takoradi), as measured by laden container traffic for imports and exports, recorded an improvement during the third quarter of 2020, compared with what was observed in the corresponding quarter of 2019. Total container traffic for imports and exports went up by 18.7 percent to 183,830 from 154,839 for the third quarter of 2019. Similarly, port activity increased by 25.7 percent when compared to 146,266 laden containers recorded in the second quarter of 2020. The relative improvement in port activities may be attributed to an up-tick in international trade activities during the quarter.

**Chart 2.8: Port Activity (Total Container Traffic)**



## 2.2 Labour Market Conditions

The number of jobs advertised in selected print<sup>1</sup> and online<sup>2</sup> media, which gauges labour demand in the economy, declined in the third quarter of 2020 relative to what was observed in the third quarter of 2019. In total, 6,880 job adverts were recorded in the third quarter of 2020 as compared with 9,485 for the third quarter of 2019, indicating a decline of 27.5 percent (year-on-year). Similarly, the number of job vacancies advertised in the review period dipped by 28.2 percent from 9,582 recorded for the second quarter of 2020. The decrease in the number of jobs advertised reflects the difficulties faced by businesses as a result of the COVID-19 pandemic.

### Sector Distribution and Skill Set of Job Adverts

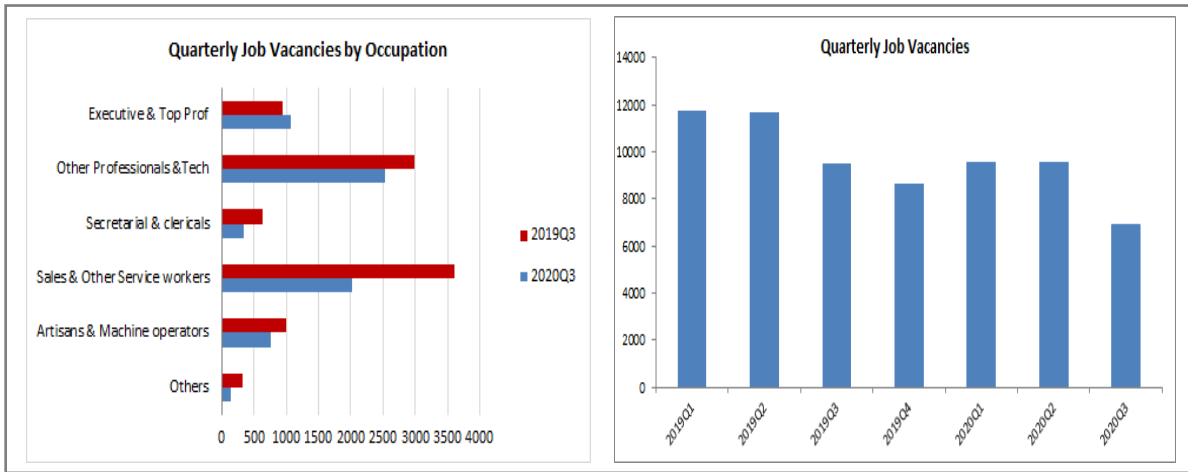
The Services Sector maintained its dominance as the leading job-providing sector in the economy, accounting for 80.2 percent of total job adverts recorded during the third quarter of 2020. This compares with a share of 82.2 percent recorded in the third quarter of 2019. Industry followed with a share of 16.1 percent (up from 15.2% in the third quarter of 2019), while the Agriculture Sector accounted for 3.7 percent of the job adverts during the period, compared with 2.7 percent of total job adverts recorded for the corresponding quarter of 2019.

Further analysis revealed that the main requirements for skilled employees were tertiary education qualification(s) and a minimum of three years' working experience. This category, classified as Professionals and Technicians, collectively accounted for 52.3 percent of total jobs advertised during the third quarter of 2020, relative to 41.5 percent recorded in the corresponding quarter of 2019. This was followed by the categories classified as Sales & Other Service Workers (29.5% in Q3:2020 vs. 38.0% in Q3:2019), Artisans & Machine Operators (11.0% vs. 10.6%), Secretarial & Clerical Staff (5.0% vs. 6.6%) and 'Others' (2.2% vs. 3.4%).

<sup>1</sup> The Daily Graphic newspaper was used to represent print media because it is the most widely circulated daily in Ghana.

<sup>2</sup> These are job adverts posted on the websites of the 10 main online job advertising/employment companies in Ghana.

**Chart 2.9: Trends in Advertised Job Vacancies (Q3-2020)**



PUBLIC



### 3. Price Developments

#### 3.1 Global Inflation

Global inflation and inflationary pressures remained muted in the third quarter of 2020, with inflation generally trending below pre-pandemic levels. While prices of items such as medical supplies increased and commodity prices partially recovered from their April troughs, the effects of weak aggregate demand appear to have dominated the impact of supply interruptions. (World Economic Outlook, October 2020).

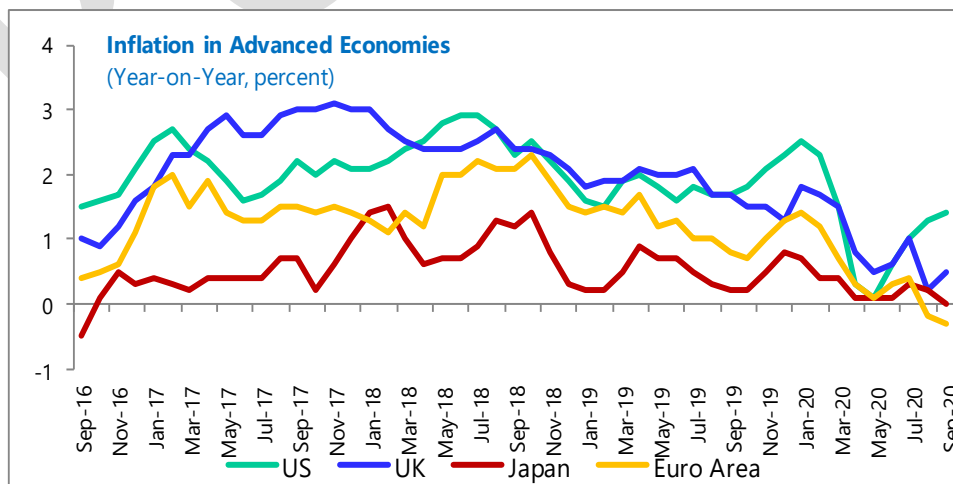
#### Advanced Economies

Average inflation in advanced economies continued its downward trajectory in the third quarter compared to the second quarter, as weak aggregate demand placed downward pressures on prices, muting upward pressures from recent supply interruptions. In the outlook, inflation in advanced economies is forecast at 0.8 percent in 2020, increasing to 1.6 percent in 2021 as economic activity firms up, and to stabilize thereafter at 1.9 percent over the medium term.

Consumer price inflation in the **United States** rose to 1.4 percent at the end of the third quarter from 0.6 percent at the end of the second quarter of 2020, mainly driven by a rebound in economic activity, after the re-opening of most states following the shutdowns in the previous quarter. In the **Euro Area**, inflation declined to -0.3 percent at the end of the third quarter from 0.3 percent in the preceding quarter due to declines in prices of energy and non-energy industrial goods and the effects of Covid-19 pandemic on aggregate demand.

Alongside the observed decline in inflation in advanced economies, consumer price inflation in **the United Kingdom** fell marginally to 0.5 percent at the end of the third quarter from 0.6 percent in the second quarter, well below the Bank of England's 2 percent target. The combination of weak aggregate demand due to Covid-19 and **Japan's** perennial battle with low inflation ensured that inflation remained subdued in the review period. Japan's consumer price inflation declined to zero percent at the end of the third quarter of 2020 from 0.1 percent in the second quarter

Chart 3.1: Inflation Trends in Advanced Economies



## Emerging Market Economies

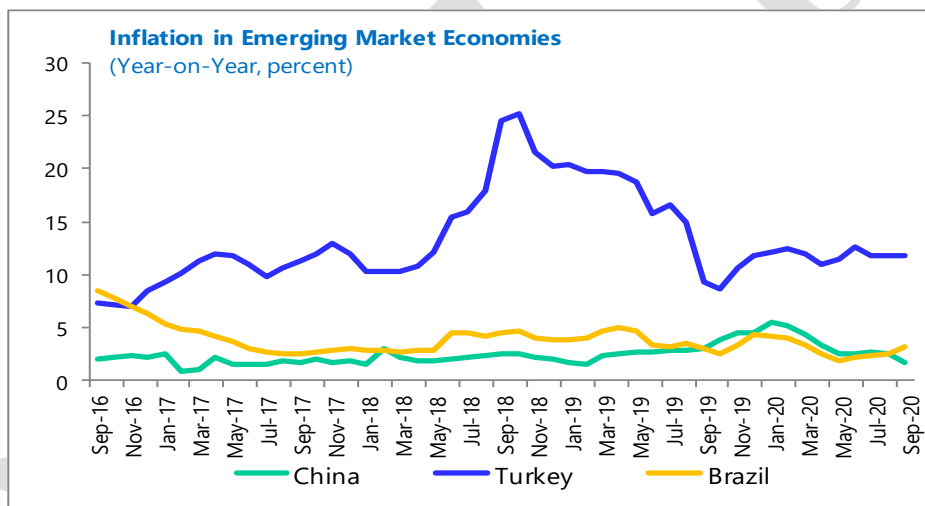
Inflation and inflation expectations remain relatively low in emerging market economies compared with historical averages. Despite the fact that central banks in emerging market have embarked on sizable stimulus measures and asset purchases, these measures have not led to a rebound in inflation as aggregate demand remains weak. For emerging market and developing economies, inflation is projected at 5 percent this year, declining to 4.7 percent next year, and moderating thereafter to 4 percent over the medium term.

**China's** headline inflation decreased from 2.7 percent at the end of the second quarter of 2020 to 1.7 percent at the end of third quarter of 2020 driven by lower food prices and moderation in transport costs.

In **Brazil**, inflation rose to 3.1 percent at the end of the third quarter of 2020 from 2.1 percent at the end of the second quarter driven by rising food prices amidst the coronavirus pandemic.

**Turkey's** inflation rate declined to 11.7 percent at the end of the third quarter of 2020 from 12.6 percent at the end of the second quarter, as higher food prices and transport costs moderated the fall in prices in the broader CPI basket.

**Chart 3.2: Inflation Trends in Emerging Economies**



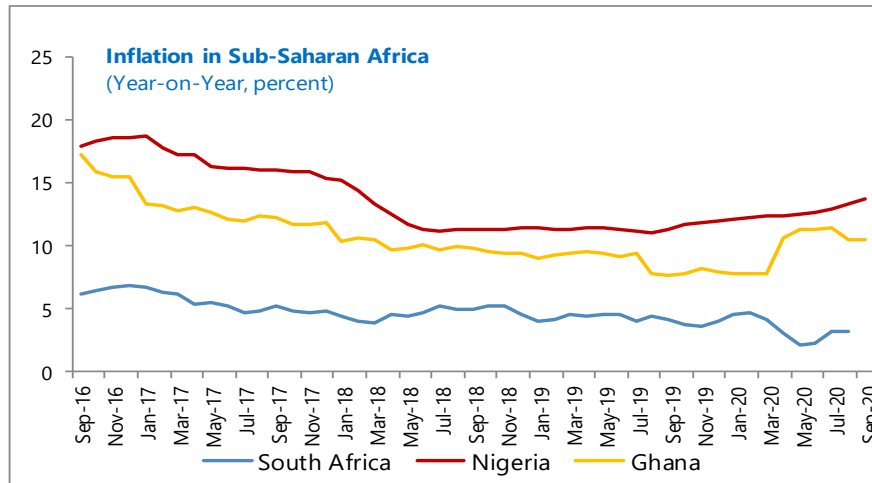
## Sub-Saharan Africa

Average inflation in sub-Saharan Africa is forecast to increase from 8.5 percent in 2019 to 10.6 percent in 2020, mostly reflecting Covid-19-related interruptions to local and imported food supplies and currency depreciation.

In **Nigeria**, inflation rose to 13.7 percent at the end of the third quarter of 2020 from 12.8 percent at the end of the second quarter, reflecting ongoing border closures amid the pandemic crisis.

Headline inflation in **South Africa** declined marginally to 3.0 percent at the end of the third quarter from 3.2 percent at the end of the second quarter.

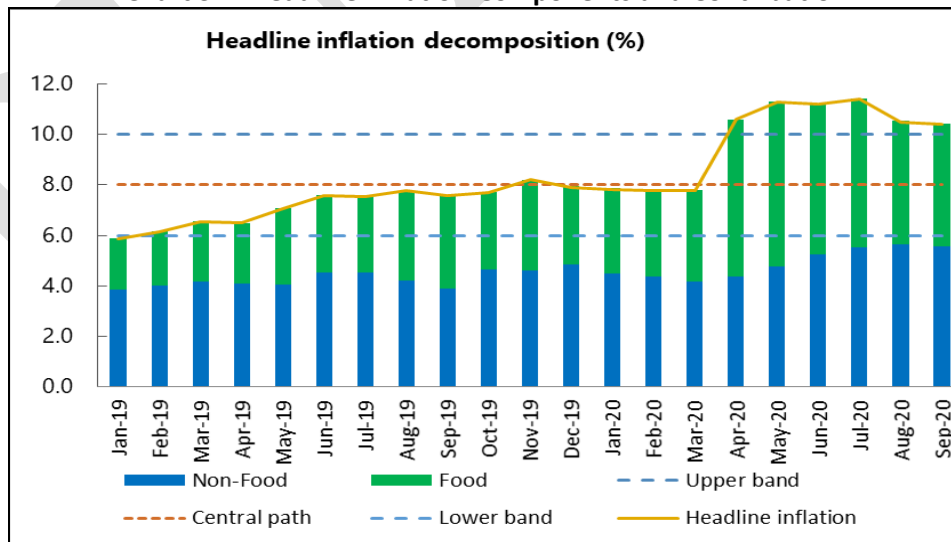
**Chart 3.3: Inflation Trends in Sub-Saharan Africa**

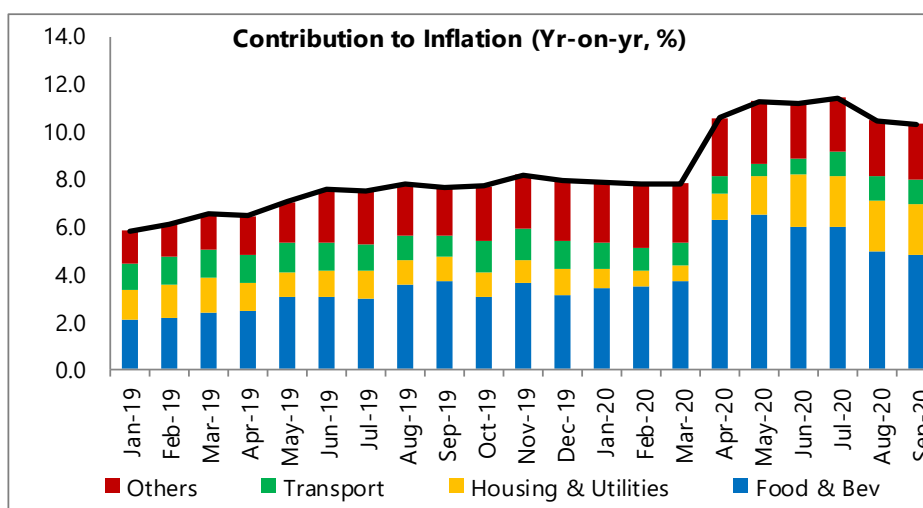


### 3.2 Domestic Inflation

Headline inflation declined significantly to 10.4 percent at the end of the third quarter of 2020 from 11.2 percent at the end of the second quarter of 2020. The fall in inflation between the quarters was due to the receding food price shocks following the market fumigation exercise and lockdown measures. Food inflation eased to 11.2 percent at the end of the third quarter from 13.8 percent at the end of second quarter of 2020, on the back of slowdown in prices of vegetables and fruits & nuts. Non-food inflation, however, rose to 9.8 percent from 9.2 percent in the review period, largely driven by the housing and utilities category. The Bank’s core inflation measure, which excludes energy and utility, declined from 11.9 percent to 11.1 percent in the review period. The BOG’s measure of inflation expectations also pointed to easing inflation expectations within the period, mainly attributed to the stability in the value of the Cedi.

**Chart 3.4: Headline Inflation-Components and Contribution**





### 3.3 Inflation Outlook

Headline inflation eased to 10.5 percent marginally above the upper band target at the end of the third quarter, from 11.2 percent at the end of the second quarter. With the easing of the pandemic-induced food price pressures and continued stability in the exchange rate, a gradual and steady return of inflation to the target is anticipated over the horizon. In the absence of unanticipated shocks, inflation is forecast to return to the medium-term target by the second quarter of 2021. The easing underlying inflation and inflation expectations are expected to further support the disinflation process in the outlook

**Table 3.1: Headline Inflation and Components**

	Headline Inflation (%)			Monthly Changes in CPI (%)		
	Combined	Food	Non-food	Combined	Food	Non-food
<b>Dec-18</b>	<b>9.4</b>	<b>8.7</b>	<b>9.8</b>	<b>1.1</b>	<b>1.3</b>	<b>1.0</b>
<b>2019</b>						
Aug	7.8	8.2	7.4	0.5	1.0	0.1
Sep	7.6	8.5	7.0	-0.1	-0.3	0.2
Oct	7.7	7.0	8.2	0.3	-1.3	1.6
Nov	8.2	8.4	8.0	0.7	1.1	0.4
Dec	7.9	7.2	8.5	0.3	-0.6	1.0
<b>2020</b>						
Jan	7.8	7.8	7.9	1.4	2.3	0.8
Feb	7.8	7.9	7.7	0.4	0.5	0.4
Mar	7.8	8.4	7.4	0.8	1.6	0.3
Apr	10.6	14.4	7.7	3.2	6.4	0.8
May	11.3	15.1	8.4	1.7	2.3	1.3
Jun	11.2	13.8	9.2	1.0	0.1	1.8
Jul	11.4	13.7	9.7	0.5	0.0	0.9
Aug	10.5	11.4	9.9	-0.4	-1.1	0.2
Sep	10.4	11.2	9.8	-0.2	-0.5	0.1

**Table 3.2: Contributions to Inflation**

CPI Components (%)									
	Weights (%)	2019	2020						
		Aug	Jan	Apr	May	Jun	Jul	Aug	Sep
<b>Overall</b>	100.0	7.8	7.8	10.6	11.3	11.2	11.4	10.5	10.4
<b>Food and Beverages</b>	43.9	8.2	7.8	14.4	15.1	13.8	13.7	11.4	11.2
<b>Non-food</b>	56.1	7.4	7.9	7.7	8.4	9.2	9.7	9.9	9.8
Alcoholic Beverages, Tobacco	1.7	12.9	11.1	9.7	10.1	8.6	7.6	9.4	9.0
Clothing and footwear	9.0	6.6	7.2	8.3	7.9	7.3	7.6	7.9	8.0
Housing and Utilities	8.6	9.9	7.6	11.2	15.1	21.3	20.3	20.8	20.3
Furnish, H/H Equipt. Etc	4.7	6.1	4.3	4.6	4.5	4.9	4.4	4.7	4.9
Health	2.4	5.4	6.3	6.5	5.6	7.8	6.8	7.2	8.9
Transport	7.3	10.2	10.5	6.7	5.4	6.3	10.0	9.9	10.1
Communications	2.7	2.0	3.1	4.0	6.2	6.3	6.1	6.0	6.8
Recreation & Culture	2.6	7.4	9.0	8.6	9.4	5.8	5.3	3.8	3.4
Education	3.9	2.7	6.8	6.9	7.1	4.1	5.0	4.9	4.2
Hotels, Cafes & Restaurants	6.1	4.8	7.5	3.6	4.3	5.8	5.3	6.2	7.0
Insurance and Financial services		0.3	0.6	0.1	0.2	3.5	2.7	2.7	2.0
Miscellaneous goods & services	7.1	7.1	7.3	6.4	5.9	5.4	5.2	5.3	4.6

*Source: Ghana Statistical Service*

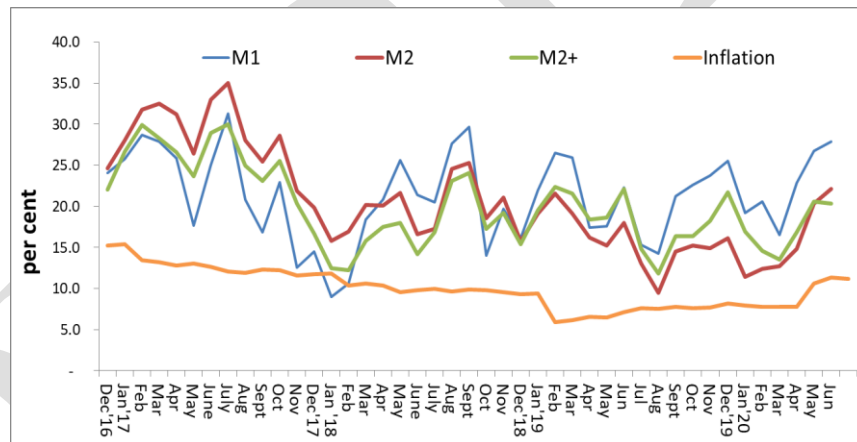
## 4. Money and Financial Markets

Developments in the monetary aggregates for the third quarter of 2020 showed expansion in all categories. Annual growth in broad money supply (M2+) increased significantly on the back of considerable expansion in the Net Foreign Asset (NFA) and Net Domestic Asset (NDA) of the depository corporations relative to that of the corresponding quarter of 2019. The growth in M2+ was also higher than what was recorded for the second quarter of 2020. The growth in M2+ was reflected in increased growth in currency outside banks, demand deposits, savings deposits and time deposits relative to that of the corresponding period of 2019. Growth in foreign currency deposits, however, declined marginally during the period under review.

### 4.1 Broad Money Supply

Growth in broad money supply (M2+) increased on year-on-year basis during the review quarter. Annual growth in M2+ increased to 27.1 percent in the third quarter of 2020 from 16.3 percent in the third quarter of 2019. Broad money supply (M2+) stood at GH¢109,134.38 million at the end of the third quarter compared with GH¢85,873.08 million and GH¢100,498.91 million recorded at the end of the third quarter of 2019 and the second quarter of 2020, respectively. The increase in year-on-year growth of M2+ during the third quarter of 2020 reflected in increased growth of currency with the non-bank public, demand deposits, savings deposits, and time deposits. Growth in foreign currency deposits, however, declined marginally during the period under review.

Chart 4.1: Inflation and Liquidity



Long-run trends in growth in monetary aggregates were broadly consistent with the trend in inflation. Monetary growth exhibited an upward trend during the review period reflecting the supportive policies implemented to mitigate the economic impact of the Covid-19 pandemic.

### 4.2 Sources of Change in M2+

The observed increase in the growth of M2+ was driven by expansion in both the Net Foreign Assets (NFA, 10.9%; 1.9% in September 2019) and Net Domestic Assets (NDA, 31.2%; 20.7% in September 2019). The increased growth rates in the NDA and NFA were also higher than the 24.9 percent and 6.2 percent respectively, recorded in the second quarter of 2020. The growth in NDA was on account of increased growth in the net claims on Government, reflecting increased fiscal spending to mitigate the impact of COVID-19 on business activities and economic growth.

## Monetary Indicators (GH¢ million)

In terms of components of NDA, growth in net claims on government and claims on private sector increased from 14.3 percent and 11.7 percent respectively, in the third quarter of 2019, to 84.4 percent and 13.2 percent respectively, in the third quarter of 2020. Growth in claims on public sector, however, declined from 27.3 percent to 20.7 percent over the same comparative period. Other Items (Net) changed by 197.4 percent in the third quarter of 2020 compared to a contraction by 29.7 percent in the third quarter of 2019.

**Table 4.1: Monetary Indicators (GH¢ million)**

	Levels				Variations (Year-on-Year)							
					As at end-Sept 2018		As at end-Sept 2019		As at end-June 2020		As at end-Sept 2020	
	Sep-18	Sep-19	Jun-20	Sep-20	abs	per cent	abs	per cent	abs	per cent	abs	per cent
Reserve Money	20,196.06	23,027.84	25,546.83	30,338.05	2,874.40	16.59	2,831.78	14.02	3,640.54	16.62	7,310.21	31.75
Narrow Money (M1)	33,067.34	40,091.32	48,684.68	52,738.45	7,564.03	29.66	7,023.98	21.24	10,611.91	27.87	12,647.13	31.55
Broad Money (M2)	56,733.18	64,951.98	76,951.84	84,864.02	11,450.59	25.29	8,218.81	14.49	13,943.02	22.13	19,912.04	30.66
<b>Broad Money (M2+)</b>	<b>73,821.69</b>	<b>85,873.08</b>	<b>100,498.91</b>	<b>109,134.38</b>	<b>14,330.60</b>	<b>24.09</b>	<b>12,051.38</b>	<b>16.32</b>	<b>16,981.79</b>	<b>20.33</b>	<b>23,261.30</b>	<b>27.09</b>
Currency with the Public	9,747.74	11,419.94	14,817.44	16,406.21	1,159.98	13.51	1,672.20	17.15	3,977.01	36.69	4,986.27	43.66
Demand Deposits	23,319.60	28,671.38	33,867.24	36,332.24	6,404.05	37.86	5,351.78	22.95	6,634.90	24.36	7,660.86	26.72
Savings & Time Deposits	23,665.83	24,860.66	28,267.16	32,125.57	3,886.56	19.65	1,194.83	5.05	3,331.11	13.36	7,264.91	29.22
Foreign Currency Deposits	17,088.52	20,921.10	23,547.07	24,270.36	2,880.01	20.27	3,832.58	22.43	3,038.77	14.82	3,349.27	16.01
<b>Sources of M2+</b>												
<b>Net Foreign Assets (NFA)</b>	<b>17,075.55</b>	<b>17,394.12</b>	<b>21,888.34</b>	<b>19,306.29</b>	<b>(1,042.11)</b>	<b>(5.75)</b>	<b>318.57</b>	<b>1.87</b>	<b>1,280.84</b>	<b>6.22</b>	<b>1,912.17</b>	<b>10.99</b>
BOG	15,251.58	16,603.68	20,458.68	16,557.47	1,174.10	8.34	1,352.10	8.87	1,741.45	9.30	(46.21)	(0.28)
DMBs	1,823.97	790.44	1,429.66	2,748.81	(2,216.22)	(54.85)	(1,033.53)	(56.66)	(460.62)	(24.37)	1,958.38	247.76
<b>Net Domestic Assets (NDA)</b>	<b>56,746.14</b>	<b>68,478.96</b>	<b>78,610.57</b>	<b>89,828.09</b>	<b>15,372.71</b>	<b>37.16</b>	<b>11,732.82</b>	<b>20.68</b>	<b>15,700.95</b>	<b>24.96</b>	<b>21,349.13</b>	<b>31.18</b>
<b>Claims on Government (net)</b>	<b>28,992.58</b>	<b>33,129.22</b>	<b>53,676.32</b>	<b>61,087.88</b>	<b>17,222.79</b>	<b>146.33</b>	<b>4,136.64</b>	<b>14.27</b>	<b>28,254.45</b>	<b>111.14</b>	<b>27,958.66</b>	<b>84.39</b>
BOG	9,747.74	9,053.16	21,714.12	29,869.65	4,390.13	81.94	(694.58)	(7.13)	17,681.82	438.50	20,816.49	229.94
DMBs	19,244.84	24,076.06	31,962.19	31,218.23	12,832.66	200.13	4,831.22	25.10	10,572.63	49.43	7,142.17	29.67
<b>Claims on Public Sector</b>	<b>4,011.91</b>	<b>5,105.58</b>	<b>5,925.65</b>	<b>6,160.05</b>	<b>(2,546.12)</b>	<b>(38.82)</b>	<b>1,093.67</b>	<b>27.26</b>	<b>1,855.44</b>	<b>45.59</b>	<b>1,054.46</b>	<b>20.65</b>
BOG	1,903.27	1,223.69	1,051.73	1,014.08	(56.20)	(2.87)	(679.58)	(35.71)	(307.12)	(22.60)	(209.61)	(17.13)
DMBs	2,108.64	3,881.89	4,873.92	5,145.96	(2,489.92)	(54.15)	1,773.25	84.09	2,162.55	79.76	1,264.07	32.56
<b>Claims on Private Sector</b>	<b>32,742.49</b>	<b>36,568.52</b>	<b>40,524.70</b>	<b>41,387.88</b>	<b>1,024.76</b>	<b>3.23</b>	<b>3,826.03</b>	<b>11.69</b>	<b>4,998.04</b>	<b>14.07</b>	<b>4,819.36</b>	<b>13.18</b>
BOG	339.18	420.52	487.91	670.09	(122.80)	(26.58)	81.34	23.98	10.65	2.23	249.56	59.35
DMBs	32,403.32	36,148.00	40,036.79	40,717.80	1,147.56	3.67	3,744.68	11.56	4,987.39	14.23	4,569.80	12.64
Other Items (Net) (OIN)	(9,000.85)	(6,324.36)	(21,516.11)	(18,807.71)	(328.72)	3.79	2,676.49	(29.74)	(19,406.98)	920.14	(12,483.35)	197.39
o/w BOG OMO (Sterilisation)	-	-	-	-	-	-	-	-	-	-	-	-

## 4.3 Developments in Banks Credit

Annual growth in banks' outstanding credit to the public and private sectors in the third quarter of 2020 decreased marginally compared to what was recorded in the corresponding period of 2019. The nominal annual growth rate of outstanding credit decreased from 15.0 percent in the third quarter of 2019 to 14.4 percent in the third quarter of 2020. This was also lower than the growth of 16.3 percent recorded in the second quarter of 2020. At the end of the third quarter of 2020, total outstanding credit stood at GH¢45,915.5 million compared with GH¢40,140.2 million and GH¢44,969.6 million recorded in the third quarter of 2019 and second quarter of 2020 respectively. The decrease in the nominal growth in credit was reflected in decreases in the nominal growth in credit to public sector. Nominal growth in credit to private sector, however, increased marginally.

In real terms, growth in bank credit decreased from 6.9 percent at end of the third quarter of 2019 to 3.6 percent in the same period of 2020. This was also lower than the 4.6 percent growth realised in the second

quarter of 2020. The share of total outstanding credit to the private sector also decreased to 88.7 percent at the end of the review period, from 90.1 percent recorded in the third quarter of 2019.

**Table 4.1: Sectoral Distribution of Banks Outstanding Credit**

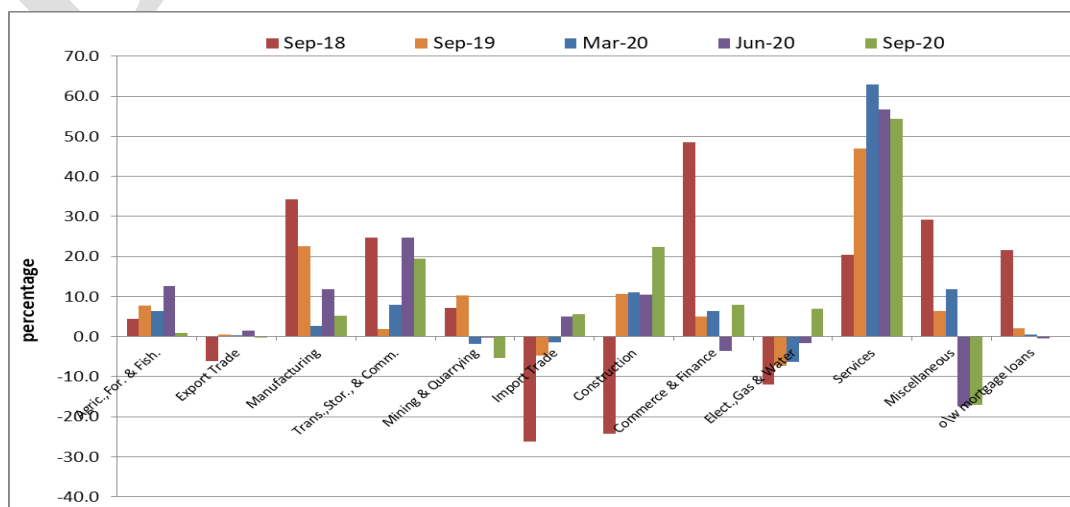
	Levels (GH¢ Millions)				Quarter-On-Quarter Variation							
	Sep-18	Sep-19	Jun-20	Sep-20	As at end-Sept 2018		As at end-Sept 2019		As at end-Jun 2020		As at end-Sept 2020	
					Abs	Percent	Abs	Percent	Abs	Percent	Abs	Percent
<b>a Public Sector</b>	2,495.8	3,992.2	4,932.8	5,197.7	(2,641.3)	(51.4)	1,496.4	60.0	1,315.3	36.4	1,205.5	30.2
<b>b Private Sector</b>	32,403.3	36,148.0	40,036.8	40,717.8	1,147.6	3.7	3,744.7	11.6	4,987.4	14.2	4,569.8	12.6
Agric., For. & Fish.	1,361.7	1,650.8	2,135.9	1,695.4	71.6	5.5	289.1	21.2	629.4	41.8	44.6	2.7
Export Trade	127.5	143.9	206.3	131.9	(176.1)	(58.0)	16.4	12.8	75.4	57.6	(12.0)	(8.3)
Manufacturing	3,746.0	4,594.4	4,953.6	4,829.3	843.0	29.0	848.4	22.6	592.4	13.6	235.0	5.1
Trans., Stor., & Comm.	2,373.5	2,441.4	3,332.6	3,329.8	636.4	36.6	67.9	2.9	1,232.9	58.7	888.4	36.4
Mining & Quarrying	972.9	1,361.1	1,282.2	1,120.6	159.0	19.5	388.1	39.9	(17.4)	(1.3)	(240.5)	(17.7)
Import Trade	1,281.7	1,104.5	1,383.1	1,358.4	(726.5)	(36.2)	(177.3)	(13.8)	250.2	22.1	254.0	23.0
Construction	2,681.3	3,082.8	3,463.8	4,108.7	(936.0)	(25.9)	401.5	15.0	523.9	17.8	1,025.9	33.3
Commerce & Finance	6,892.1	7,077.2	7,051.7	7,435.6	1,323.6	23.8	185.1	2.7	(175.9)	(2.4)	358.4	5.1
Elect., Gas & Water	2,534.3	2,263.4	2,565.7	2,576.9	(542.6)	(17.6)	(270.9)	(10.7)	(79.0)	(3.0)	313.5	13.8
Services	6,797.1	8,555.3	10,583.1	11,038.5	558.9	9.0	1,758.3	25.9	2,828.9	36.5	2,483.2	29.0
Miscellaneous	3,635.2	3,873.3	3,078.7	3,092.7	(63.8)	(1.7)	238.1	6.5	(873.3)	(22.1)	(780.6)	(20.2)
<b>c Grand Total</b>	34,899.1	40,140.2	44,969.6	45,915.5	(1,493.7)	(4.1)	5,241.1	15.0	6,302.7	16.3	5,775.3	14.4

### Distribution of Outstanding Credit to the Private Sector

Growth of outstanding credit to the private sector increased marginally in nominal terms but decreased in real terms at the end of the third quarter of 2020. In nominal terms, it increased to 12.6 percent in the third quarter of 2020 from 11.6 percent recorded in the third quarter of 2019. This was also lower than the 14.2 percent registered at the end of the second quarter of 2020.

Outstanding credit to the private sector at the end of the third quarter of 2020 was GH¢40,717.8 million, compared with GH¢36,148.0 million and GH¢40,036.8 recorded in the third quarter of 2019 and second quarter of 2020 respectively. In real terms, the annual growth rate of outstanding credit to the private sector decreased to 2.0 percent at the end of the third quarter of 2020, compared with 3.7 percent and 2.7 percent recorded in third quarter of 2019 and the second quarter of 2020 respectively.

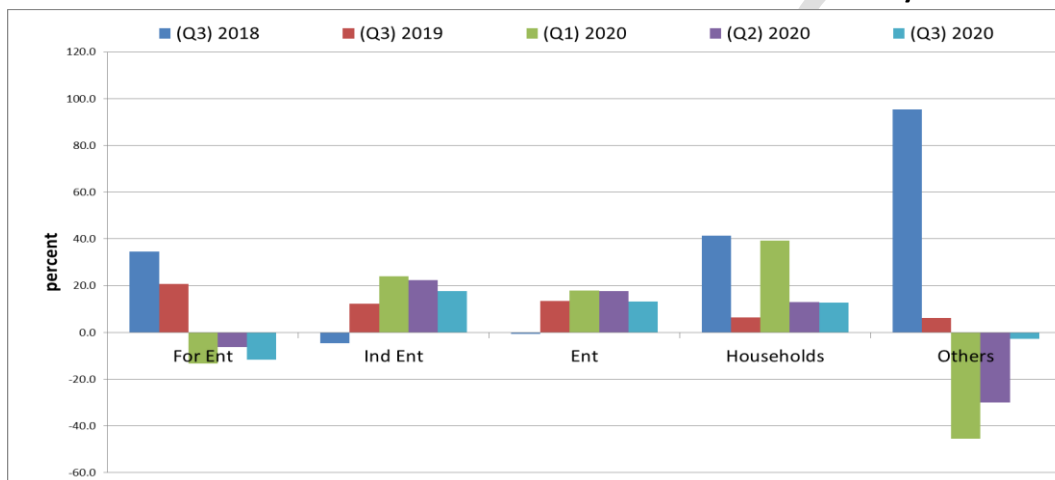
**Chart 4.2: Allocation of Annual Flow of Credit to the Private Sector**





The decrease in credit to the private sector during the third quarter of 2020 reflected in decreases in annual flow of credit to the following sectors when compared with same period in 2019: agriculture, forestry and fisheries; export trade; mining and quarrying, and miscellaneous. Major beneficiary sectors of annual flow of private sector credit in the third quarter of 2020 were: services; construction; transport, storage and communication; commerce and finance; and electricity, gas and water. Transport, storage and communication; agriculture; electricity, gas and water; construction; import trade; and services sectors saw significant increases in credit flow in the third quarter 2020 when compared with the corresponding period in 2019.

**Chart 4.3: Growth Rate of Annual Flow of Credit to the Private Sector by Borrower**



In terms of annual flow of credit to private sector categorized by borrower, credit to the enterprise (foreign and indigenous) sub-sector decreased mainly on account decreased flow to foreign enterprises. However, credit flow to indigenous enterprises increased relative to that of the third quarter of 2019. Credit flows to the household sector increased while that of the ‘others’ subsector decreased in the third quarter of 2020 compared to that of the corresponding period in 2019.

#### 4.4 Sources and Uses of Banks Flow of Funds

At the end of the third quarter, the proportion of commercial banks’ funds allocated to foreign assets and ‘other’ assets increased while that of investments in Government securities, bank credit, and balances with Bank of Ghana decreased relative to the corresponding period in 2019. The proportion of bank fund invested in foreign assets and ‘other’ assets increased from 2.0 percent and negative 1.0 percent respectively, in the third quarter of 2019, to 2.9 percent and 35.3 percent respectively, in the third quarter of 2020.

The proportion of bank funds allocated to Government securities decreased significantly from 43.4 percent in the third quarter of 2019 to 26.6 percent in the corresponding period of 2020. This reflected in a decline in investments in short-term bills. The proportion of bank funds allocated to medium term bills however, increased. Investment in short term decreased from 24.76 percent to negative 3.4 percent while investment in medium to long-term Government instruments increased from 18.8 percent to 30.1 percent over the same comparative periods.

Similarly, the proportion of funds allocated to bank credit decreased from 37.2 percent in the third quarter of 2019 to 19.1 percent in the third quarter of 2020. This was also lower than the 23.6 percent recorded in the second quarter of 2020. Proportion of fund allocated to balances with BOG also decreased from 18.4 percent to 16.07 percent.

**Table 4.2: Sources and Uses of Banks' Funds**

	(Amount in GH¢ million)											
					Percentage of Annual Flows (Quarter-on-Quarter)							
	Sep-18	Sep-19	Jun-20	Sep-20	As at end-Sept. 2018		As at end-Sept. 2019		As at end-Jun. 2020		As at end-Sept. 2020	
				Abs	% of Change	Abs	% of Change	Abs	% of Change	Abs	% of Change	
<b>Sources of Funds</b>												
<b>Total Deposits</b>	61,582.26	71,786.07	82,672.78	89,518.41	12,621.47	67.87	10,203.81	72.46	12,689.69	47.53	17,732.34	58.54
<b>Domestic</b>	44,493.74	50,864.97	59,125.72	65,248.05	9,741.46	52.38	6,371.23	45.25	9,650.92	36.15	14,383.08	47.48
Demand Deposits	20,827.91	26,004.31	30,858.56	33,122.48	5,854.91	31.48	5,176.40	36.76	6,319.81	23.67	7,118.17	23.50
Savings Deposits	9,531.02	11,312.11	14,340.38	17,430.36	1,236.67	6.65	1,781.09	12.65	3,336.01	12.50	6,118.25	20.20
Time Deposits	14,134.81	13,548.55	13,926.78	14,695.21	2,649.89	14.25	-586.26	-4.16	-4.90	-0.02	1,146.66	3.79
Foreign Currency	17,088.52	20,921.10	23,547.07	24,270.36	2,880.01	15.49	3,832.58	27.22	3,038.77	11.38	3,349.27	11.06
<b>Credit From BOG</b>	2,105.46	527.07	158.20	2,582.00	-1,721.17	-9.25	-1,578.39	-11.21	-463.39	-1.74	2,054.93	6.78
<b>Balances Due to Non-Resident Banks</b>	8,127.44	9,445.96	8,589.69	8,374.09	3,973.25	21.36	1,318.51	9.36	565.62	2.12	-1,071.86	-3.54
<b>Capital</b>	6,810.61	9,257.60	9,738.18	9,778.18	2,351.18	12.64	2,446.99	17.38	733.84	2.75	520.58	1.72
<b>Reserves</b>	7,048.10	7,754.44	9,942.58	10,483.59	302.04	1.62	706.34	5.02	2,986.21	11.19	2,729.15	9.01
<b>Other Liabilities*</b>	19,157.38	20,141.73	29,087.94	28,469.19	1,071.03	5.76	984.35	6.99	10,185.20	38.15	8,327.46	27.49
<b>Total</b>	104,831.25	118,912.87	140,189.37	149,205.46	18,597.81	100.00	14,081.62	100.00	26,697.18	100.00	30,292.59	100.00
<b>Uses of Funds</b>												
<b>Bank Credit</b>	34,899.14	40,140.24	44,969.63	45,915.50	-1,493.72	-8.03	5,241.10	37.22	6,302.72	23.61	5,775.25	19.06
o/w Private Sector Credit	32,403.32	36,148.00	40,036.79	40,717.80	1,147.56	6.17	3,744.68	26.59	4,987.39	18.68	4,569.80	15.09
<b>Investment in Government Securities</b>	23,515.95	29,620.91	37,531.02	37,691.09	14,246.96	76.61	6,104.96	43.35	12,150.10	45.51	8,070.18	26.64
Short Term	1,346.67	4,804.77	4,755.97	3,765.22	-53.07	-0.29	3,458.10	24.56	1,255.08	4.70	-1,039.55	-3.43
Medium/Long Term	22,169.28	24,816.14	32,775.06	33,925.87	14,300.03	76.89	2,646.86	18.80	10,895.02	40.81	9,109.73	30.07
<b>Foreign Assets</b>	9,951.41	10,236.39	10,019.35	11,122.91	1,757.04	9.45	284.98	2.02	105.00	0.39	886.51	2.93
<b>Balances with BOG</b>	11,374.57	13,966.07	15,376.74	18,834.27	3,820.08	20.54	2,591.50	18.40	2,271.12	8.51	4,868.19	16.07
<b>Other Assets**</b>	25,090.18	24,949.25	32,292.63	35,641.70	267.44	1.44	-140.93	-1.00	5,868.23	21.98	10,692.45	35.30
<b>Total</b>	104,831.25	118,912.87	140,189.37	149,205.46	18,597.81	100.00	14,081.62	100.00	26,697.18	100.00	30,292.59	100.00

\*Includes margin deposits, cheques for clearing, interest in suspense, borrowings from other resident banks and other unclassified liabilities.

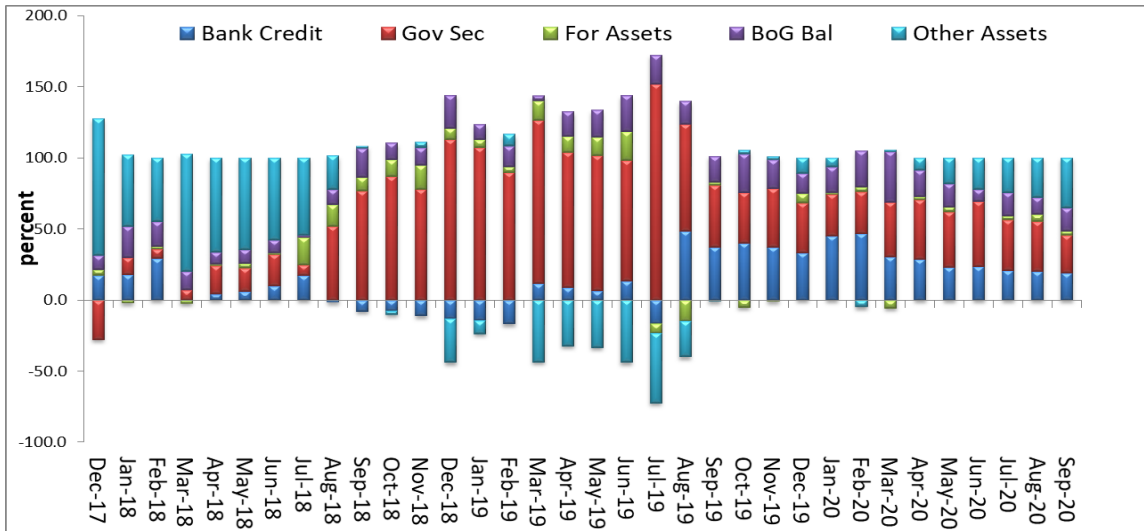
\*\*Includes real estate and equipment and other unclassified assets

The main source of funds for financing banks assets emanated from deposits. Its share in source of funds however decreased from 72.5 percent in the third quarter of 2019 to 58.5 percent in the third quarter of 2020, but higher than the 47.5 percent recorded in the second quarter of 2020. The decrease in total deposits for the period under review is due to decrease in foreign currency deposits. Foreign currency deposits decreased from 27.2 percent to 11.1 percent over the same comparative periods. In contrast, domestic currency deposits increased from 45.25 percent to 47.48 percent. The increase in domestic deposits was mainly driven by increased share of savings deposits and time deposits. Demand deposits, however, declined over the period under review.

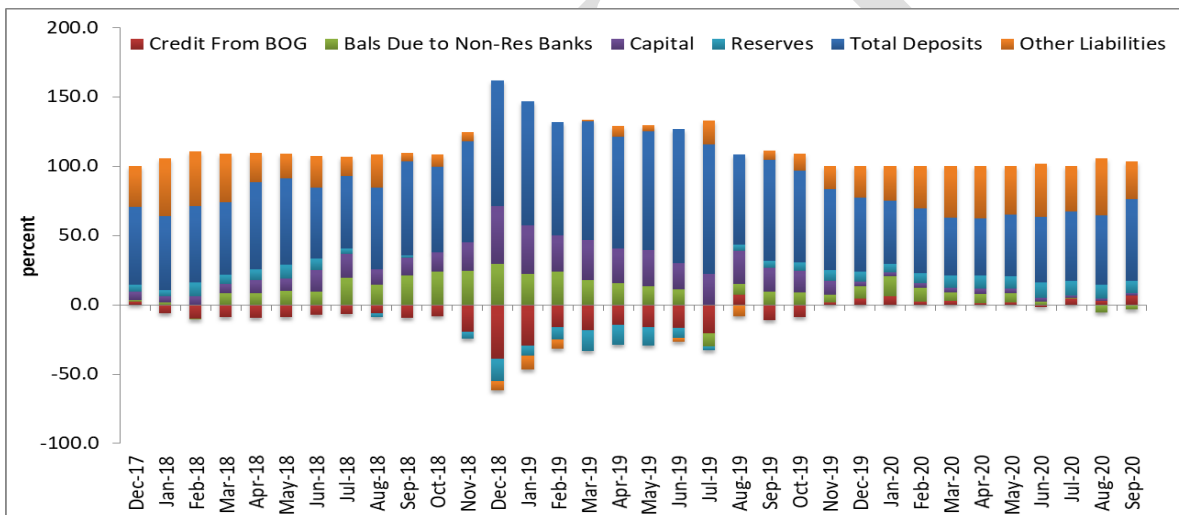
Proportion of balances due non-resident banks, and bank capital in the sources of bank funds declined over the same comparative periods. Balances due non-resident banks decreased from 9.4 percent to negative 3.5 percent, while bank capital decreased from 17.4 percent to 1.7 percent.

Other sources of funds such as credit from Bank of Ghana, bank reserves and other liabilities recorded increase relative to same period in 2019. Credit from Bank of Ghana, bank reserves and other liabilities increased from -11.2 percent, 5.0 percent, and 7.0 percent respectively, to 6.8 percent, 9.0 percent and 27.5 percent respectively, in the third quarter of 2020.

**Chart 4.4: Deployment of Banks' Annual Flow of Funds**



**Chart 4.5: Sources of Banks' Annual Flow of Funds**



## 4.5 Money Market

### Money Market Developments

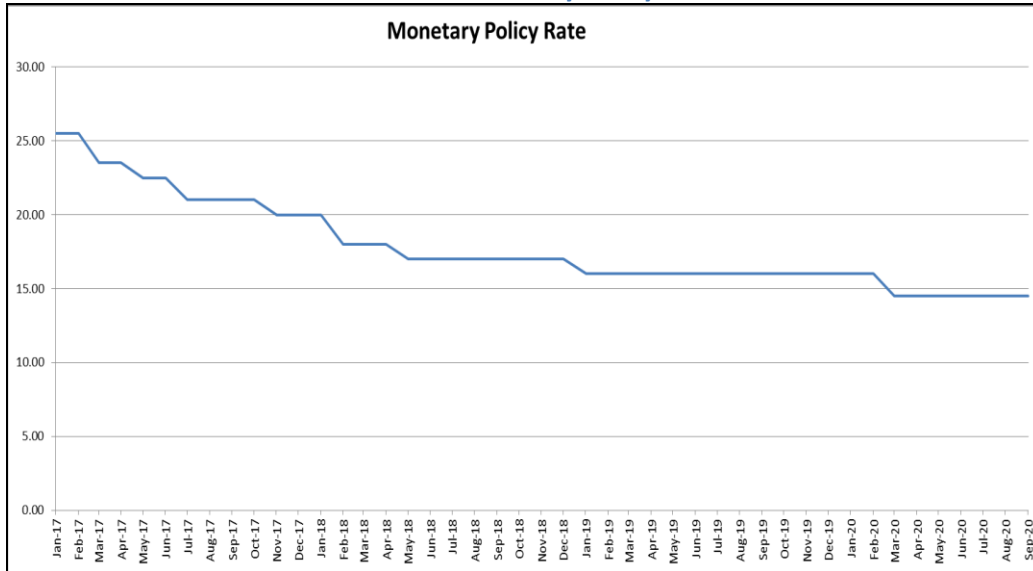
Interest rate developments in the money market, for the third quarter of 2020, showed a downward trend on year-on-year basis. Rates on BOG bills and GOG securities decreased compared with the corresponding quarter in 2019. In addition, the deposit rates and lending rates of banks decreased over the same comparative periods.

Compared with the second quarter of 2020, rates on short-term GOG securities increased, whereas interest earned on the medium to long term GOG securities reflected mixed trends. Demand deposits and lending rates of banks decreased marginally, while interest earned on savings deposits increased.

### Monetary Policy Rate

The MPR was kept at 14.5 percent during the third quarter of 2020 having been reduced by 150 bps during the first quarter to provide additional stimulus to the financial sector following the outbreak of the coronavirus pandemic.

Chart 4.6: Monetary Policy Rate



### BOG Bills

The interest equivalent on the 14-day BOG bill, decreased by 150 basis points year-on-year to 14.5 percent from 16.0 percent recorded in the third quarter of 2019. The interest equivalent on the 56-day BOG bill, also registered a decline of 150 basis points from 16.00 percent in the third quarter of 2019 to 14.5 percent in the review period.

The 7-day, 28-day and 270-day BOG bills remained unchanged at 11.7 percent, 24.3 percent and 26.8 percent respectively. This was on account of inactivity and non-issuance.

### Government Securities

On the treasury market, interest rates trended downwards. The 91-day and 182-day Treasury bills rates decreased by 67 basis points (bps) and 102 basis points (bps) respectively on year-on-year terms to settle at 14.0 percent and 14.1 percent respectively. However, for the corresponding quarter in 2019, the 91-day and 182-day bills recorded year-on-year increases of 132 bps and 110 bps respectively.

The rate on the 364-day bill also decreased by 96 bps from 17.9 percent in the third quarter of 2019 to 16.9 percent in the third quarter of 2020. The rate on the bill however increased marginally by 8 basis points from 16.9 percent recorded the previous quarter.

The Interest rate on the 2-year fixed note decreased by 75 bps on year-on-year basis to settle at 18.3 percent at the end of the third quarter of 2020. Compared with the third quarter of 2019, the rate on the 2-

year fixed note increased by 100 basis points from 18.0 percent in the third quarter of 2018 to 19.0 percent at the end of the third quarter of 2019.

The rates on the 3-year Government of Ghana (GOG) bonds, however, declined by 70 bps from 19.7 percent in the third quarter of 2019 to 19.0 percent in the third quarter of 2020. Compared with the second quarter of 2020, the rate on the 3-year GOG bond increased by 15 bps from 18.9 percent recorded in June 2020.

Rates on the 5-year and 6-year Government of Ghana (GOG) bonds, decreased by 25 bps and 150 bps respectively, on year-on-year basis to settle at 19.3 percent and 19.5 percent in the third quarter of 2020.

The rates on the 7-year Government of Ghana (GOG) bonds increased by 375 bps from 16.3 percent in the third quarter of 2019 to 20.0 percent at the end of the third quarter of 2020. The rate on the bond also increased by 375 bps compared with the second quarter in 2020.

The 10-year, 15-year and 20-year GOG bonds recorded no change in interest rate on year-on-year basis to end the quarter at 19.8 percent, 19.8 percent and 20.2 percent respectively. For the corresponding quarter in 2019, rates on the 3-year, 5-year, and 10-year bonds all increased while the 15-year bond registered no annual change.

#### **Interbank Market**

The interbank weighted average interest rate decreased by 162 bps, year-on-year, from 15.2 percent recorded in the third quarter of 2019 to 13.6 percent at the end of the third quarter of 2020. This may be compared with the 103 bps year-on-year decrease in the interbank weighted average interest rate recorded in the third quarter of 2019. Quarter-on-quarter, the interbank weighted average rate decreased by 24 bps from 13.8 percent recorded in June 2020.

The decrease in the interbank weighted average rate can be attributed to the decision by BOG to suspend its reverse repo transactions with the banks to encourage interbank trading and deepen the interbank market.

#### **Time and Savings Deposit Rates**

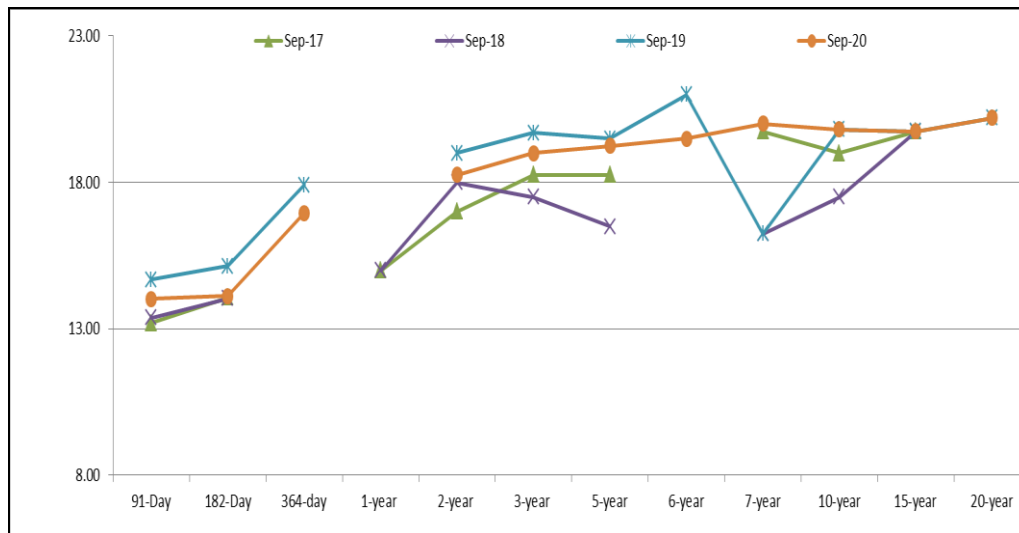
The average interest rate on the DMBs' 3-month time remained unchanged at 11.5 percent in the third quarter of 2020. The savings rate on year-on-year basis increased marginally by 8 bps from 7.6 percent in quarter three of 2019 to 7.6 percent recorded in the review period. For the corresponding quarter in 2019, the interest earned on savings deposits was unchanged at 7.6 percent.

#### **Lending Rates**

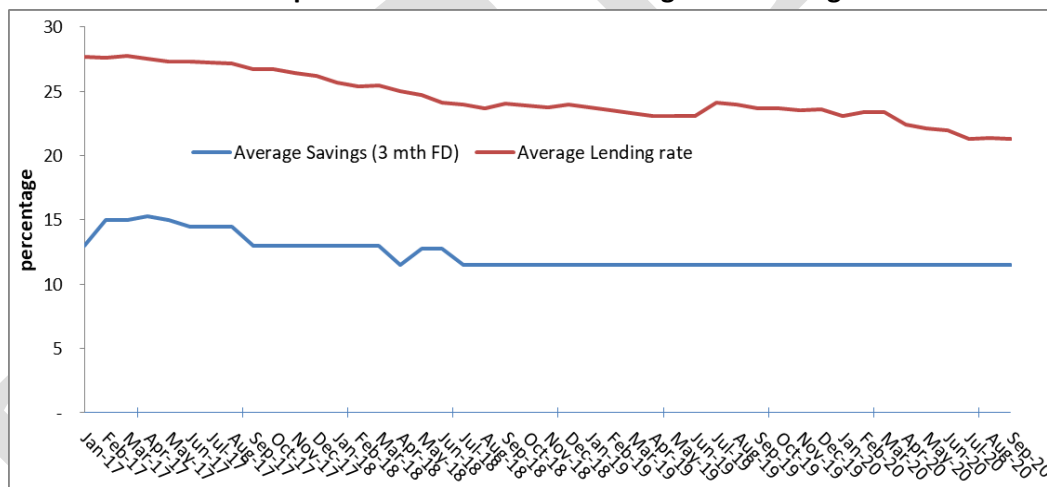
Lending rates trended downwards in the third quarter of 2020. The average lending rate decreased by 238 bps, year-on-year, from 23.7 percent recorded in quarter three of 2019 to 21.3 percent in quarter three of 2020. This compares with a 36 basis points decrease recorded same period in 2019. Quarter-on-quarter basis, the average lending rate decreased by 65 basis points from 21.95 percent recorded in the second quarter of 2020.

The spread between the borrowing and lending rates narrowed by 238 bps year-on-year from 12.2 percent in the third quarter of 2019 to 9.8 percent same period in 2020. Quarter-on-quarter basis, the spread also narrowed by 65 bps from 10.5 percent recorded in the second quarter of 2020.

**Chart 4.7: Yield Curve (%)**



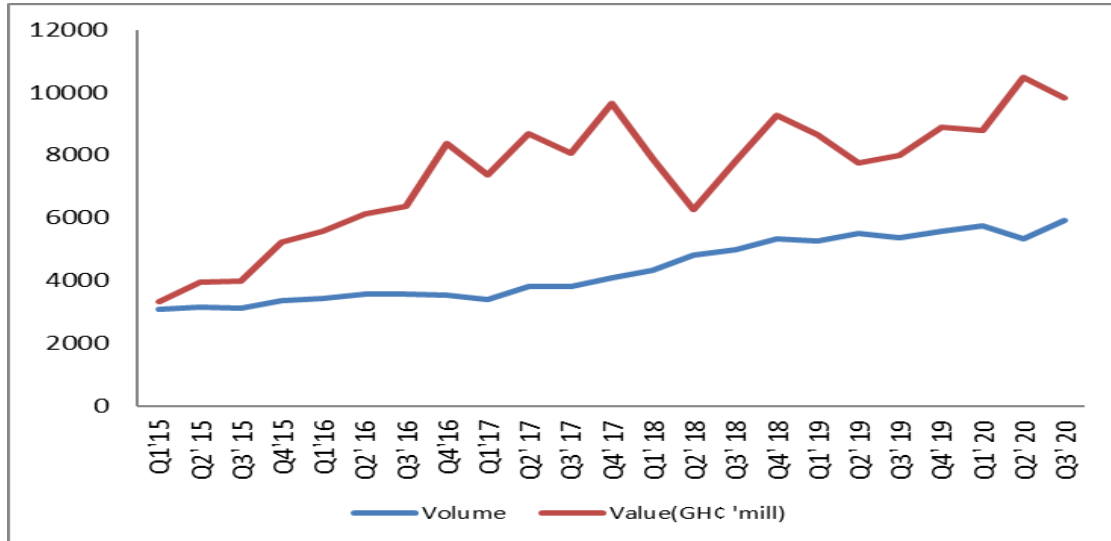
**Chart 4.8: Spread between Nominal Savings and Lending Rates**



**Settlement of Interbank Transactions**

The volume of transactions settled through the Ghana Interbank System (GIS) during the third quarter of 2020 totalled 366,626 valued at GH¢609,935.76 million. This represented an increase in volume by 11.0 percent while the value of transactions decreased by 6.3 percent compared to second quarter transactions in 2020. When compared with transactions settled during the third quarter in 2019, there was an increase in volume of transaction by 8.4 percent while the value of transaction increased by 21.4 percent. On average, a total of 5,913.32 transactions were settled daily through the GIS, valued at GH¢9,837.67 million during the quarter under review, compared with a total of 5,325.26 cheques, valued at GH¢10,494.83 million during the second quarter of 2020. In the same period in 2019, an average of 5,367.60 transactions were settled daily, valued at GH¢8,876.94 million.

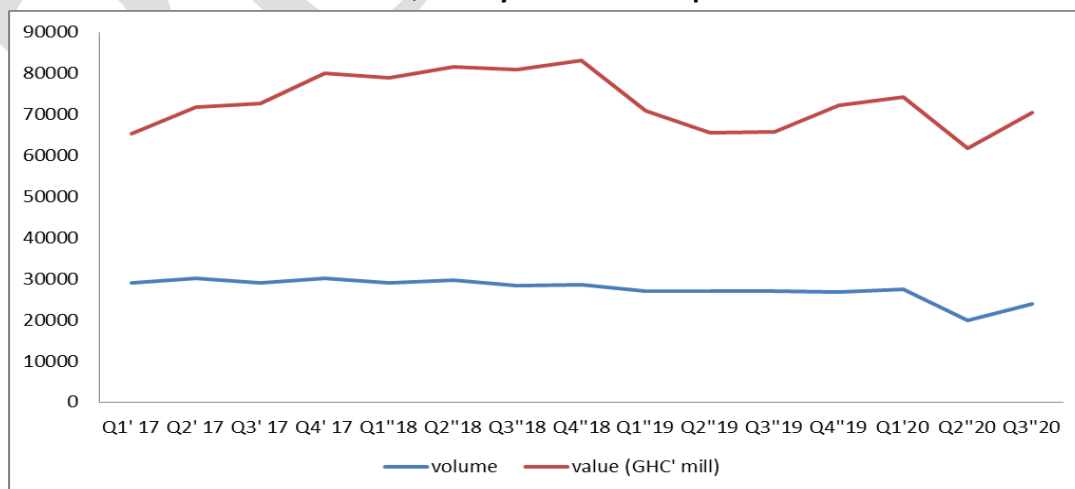
**Chart 4.9: Quarterly Trends in the Settlement of Interbank Transactions**



**Cheques Cleared**

The volume of transactions settled through the Ghana Interbank System (GIS) during the third quarter of 2020 totalled 366,626 valued at GH¢609,935.76 million. This represented an increase in volume by 11.0 percent while the value of transactions decreased by 6.3 percent compared to second quarter transactions in 2020. When compared with transactions settled during the third quarter in 2019, there was an increase in volume of transaction by 8.4 percent while the value of transaction increased by 21.4 percent. On average, a total of 5,913.32 transactions were settled daily through the GIS, valued at GH¢9,837.67 million during the quarter under review, compared with a total of 5,325.26 cheques, valued at GH¢10,494.83 million during the second quarter of 2020. In the same period in 2019, an average of 5,367.60 transactions were settled daily, valued at GH¢8,876.94 million.

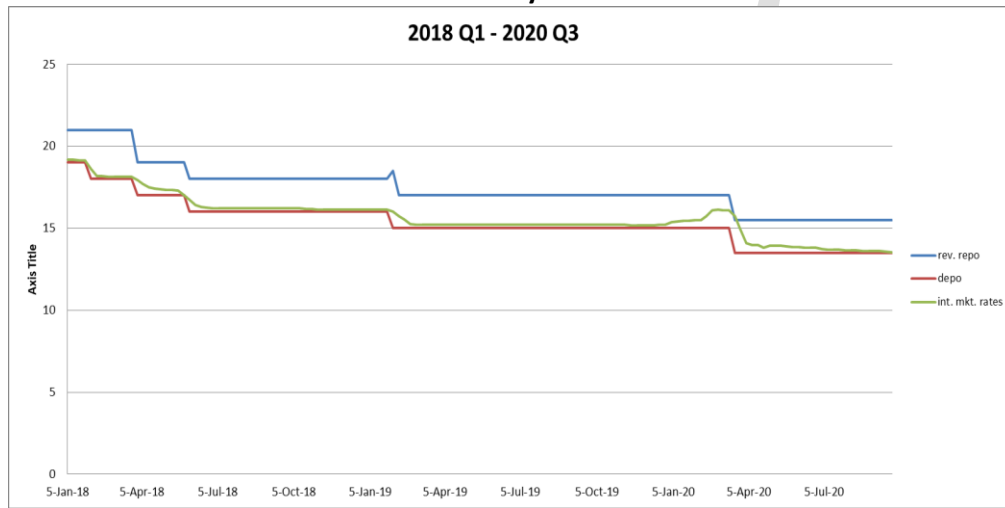
**Chart 4.10: Quarterly Trends in Cheques Cleared**



**Developments in the Money Market**

Depos decreased significantly to GH¢114,966.00 million in Q3; 2020 from GH¢171,432.00 million recorded in the second quarter of the year. Compared with same period in the previous year, Depo trades increased by 33.3 percent. On the interbank market, the value of trades during the third quarter ranged between GH¢585.00 million and GH¢3,377.00 million at a weighted average rate ranging from 13.55 percent to 13.72 percent. In the previous quarter, values of trades ranged from GH¢30.00 million and GH¢1,143.00 million at a weighted average rate ranging from 13.8 percent to 14.1 percent. In the previous year, trades during the third quarter ranged from GH¢1,279.50 million and GH¢3,345.50 million. Weighted average rates were flat at 15.20 percent.

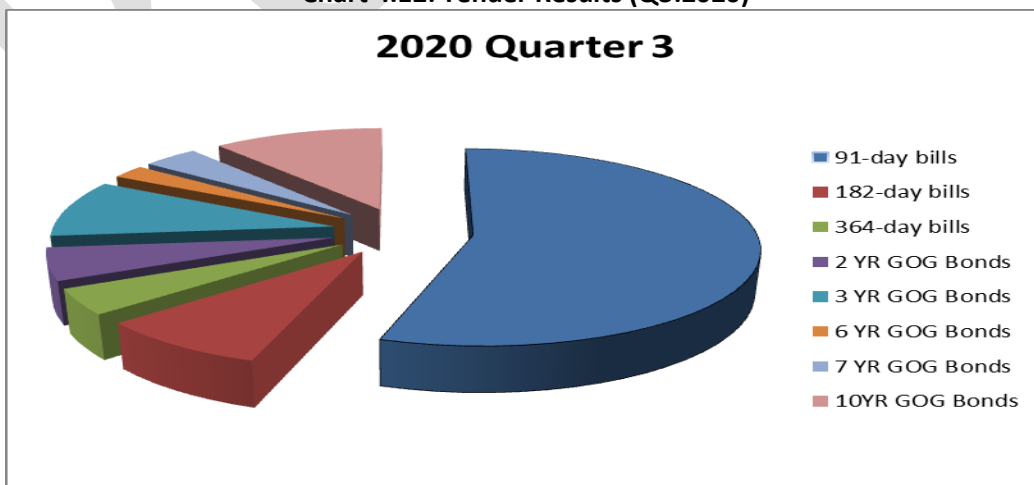
**Chart 4.11: Money Market Rates**



**Tender Results**

Total sales at the auction during the third quarter of 2020 was GH¢68,276.21 million with maturities totalling GH¢54,184.50 million. This resulted in a net sale of GH¢14,091.71 million out of which an amount of GH¢11,740.92 million was used to finance government’s activities while there was a withdrawal through Bank of Ghana’s OMO activities to the tune of GH¢4,960.13 million.

**Chart 4.12: Tender Results (Q3:2020)**





## 4.6 Currency Markets

### The International Currency Market

As the coronavirus outbreak continued to impact negatively on the global economy, the U.S. Dollar and the Japanese Yen traded weak on the international currency market due to an ultra-loose monetary policy by the Federal Reserve and U.S. - China commitment to their Phase One trade deal. The Pound Sterling, on the other hand, emerged strong during the period, mostly driven by additional fiscal stimulus. The Euro ended the quarter on a mixed note as early gains from an agreed stimulus plan were later affected by concerns of a second wave of coronavirus infections across Europe.

**The U.S. Dollar** traded weak against its major trading currencies during the third quarter of the year. The U.S. Dollar weakened as a steady rise of new coronavirus infections in the United States offset strong economic data and subdued confidence in the economy. Furthermore, the Federal Reserve repeated a pledge to use its “full range of tools” to support the U.S. economy and keep interest rates near zero for as long as it took to recover from the fallout from the coronavirus outbreak. The currency’s performance was therefore tied to market expectations for further easing of U.S. monetary policy as well as the lack of an agreement among U.S. lawmakers on further fiscal stimulus. The Dollar ended the quarter with a loss of 4.2 percent against both the Pound Sterling and the Euro and 2.1 percent against the Japanese Yen.

**The Pound Sterling** remained strong during the period under review as Chancellor Rishi Sunak announced additional stimulus in the form of infrastructural investments and reduction in value-added tax for the hospitality sector. British Prime Minister Boris Johnson also reiterated his commitment to reach an early trade deal with the European Union. Furthermore, the Governor of Bank of England, Andrew Bailey stated that the British central bank had more capacity to support the economy with effective stimulus after its coronavirus lockdown shock. At the end of the quarter, the Pound Sterling recorded an appreciation of 4.4 percent, 2.3 percent and 0.1 percent against the U.S. Dollar, the Japanese Yen, and the Euro, respectively.

**The Euro** had a mixed performance in the third quarter, after European Union members reached an accord on a massive recovery stimulus plan to revive their economies that have been hit hard by the pandemic. However, the common currency lost some steam against most of its major peers towards the end of the quarter after EU health officials warned of the possibility of a second surge in Covid-19 cases across Europe, which could lead to a deadly double epidemic of flu and coronavirus infections. The common currency appreciated by 4.3 percent and 2.2 percent against the U.S. Dollar and the Japanese Yen, respectively, but depreciated against the Pound Sterling by 0.1 percent.

The **Japanese Yen** was weak, primarily due to gains in Asian share prices, which encouraged riskier trades by investors early on in the quarter. The safe-haven Japanese Yen also fell after the United States and China re-committed to the Phase One trade deal. The safe-haven currency depreciated by 2.2 percent and 2.1 percent against the Pound Sterling and the Euro, respectively, but appreciated against the U.S. Dollar by 2.1 percent.

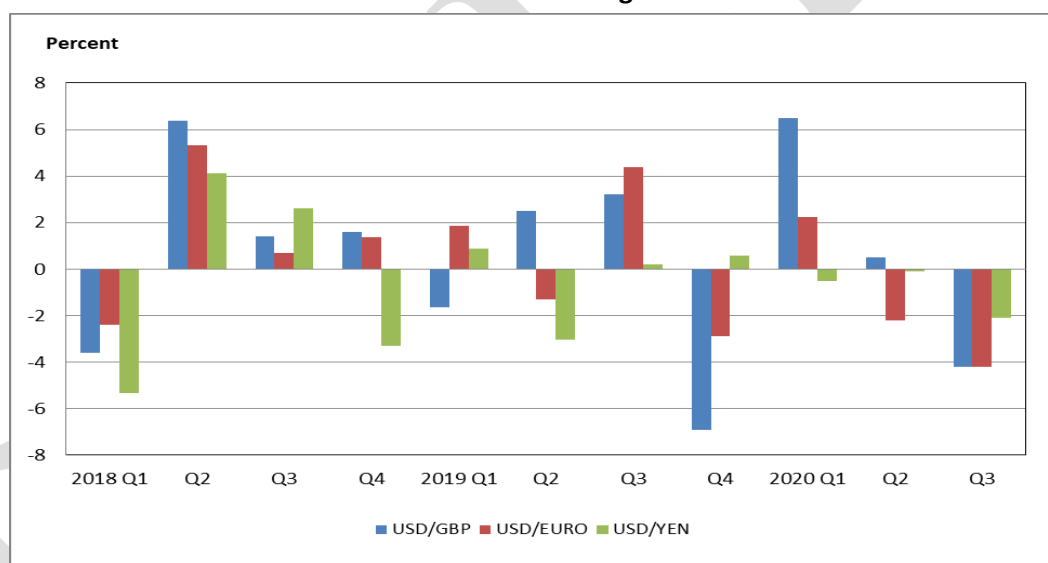
**Table 4.3: International Market Exchange Rate Movements**

End Period	Quarterly		Annual		Quarterly		Annual		Quarterly		Annual	
	US\$/£	depreciation/ appreciation	depreciation/ appreciation	US\$/€	depreciation/ appreciation	depreciation/ appreciation	US\$/¥	depreciation/ appreciation	depreciation/ appreciation	depreciation/ appreciation	depreciation/ appreciation	
<b>2018</b>	Q1	1.4035	-3.6		1.2300	-2.4		0.0094	-5.3			
	Q2	1.3195	6.4		1.1677	5.3		0.0090	4.1			
	<b>Q3</b>	<b>1.3008</b>	<b>1.4</b>		<b>1.1593</b>	<b>0.7</b>		<b>0.0088</b>	<b>2.6</b>			
	Q4	1.2803	1.6	5.7	1.1438	1.4	5.0	0.0091	-3.3		-2.2	
<b>2019</b>	Q1	1.3016	-1.6		1.1230	1.9		0.0090	0.9			
	Q2	1.2700	2.5		1.1377	-1.3		0.0093	-2.7			
	<b>Q3</b>	<b>1.2305</b>	<b>3.2</b>		<b>1.0902</b>	<b>4.4</b>		<b>0.0093</b>	<b>0.2</b>			
	Q4	1.3222	-6.9	-3.2	1.1224	-2.9	1.9	0.0092	0.4		-1.2	
<b>2020</b>	Q1	1.2418	6.5		1.0978	2.2		0.0093	-0.5			
	Q2	1.2358	0.5		1.1225	-2.2		0.0093	-0.1			
	<b>Q3</b>	<b>1.2904</b>	<b>-4.2</b>		<b>1.1712</b>	<b>-4.2</b>		<b>0.0095</b>	<b>-2.1</b>			

Depreciation (-)/ Appreciation (+)

Source: Reuters

**Chart 4.13: International Market Exchange Rate Movements**



### The Domestic Currency Market

The domestic currency depreciated slightly against the three major currencies in the third quarter of 2020. The Ghana Cedi weakened as it came under pressure from forex demand from the corporate and energy sectors as well as international developments of the major trading currencies. However, the Central Bank’s forex forward auctions, inflows from the mining sector, remittances, liquidity injection and general calmness of the market towards the end of the quarter helped to moderate the fall of the domestic currency, especially against the U.S. Dollar.

On the **Interbank market**, the Ghana Cedi depreciated by 4.8 percent against both the Pound Sterling and the Euro and by 0.6 percent against the U.S. Dollar in the third quarter of the year. The Cedi fared worse

against the major international currencies during the period under review compared to a same period in 2019 when the Cedi depreciated by 0.9 percent against the U.S. Dollar but had appreciated by 2.1 percent and 3.2 percent against the Pound Sterling and the Euro, respectively.

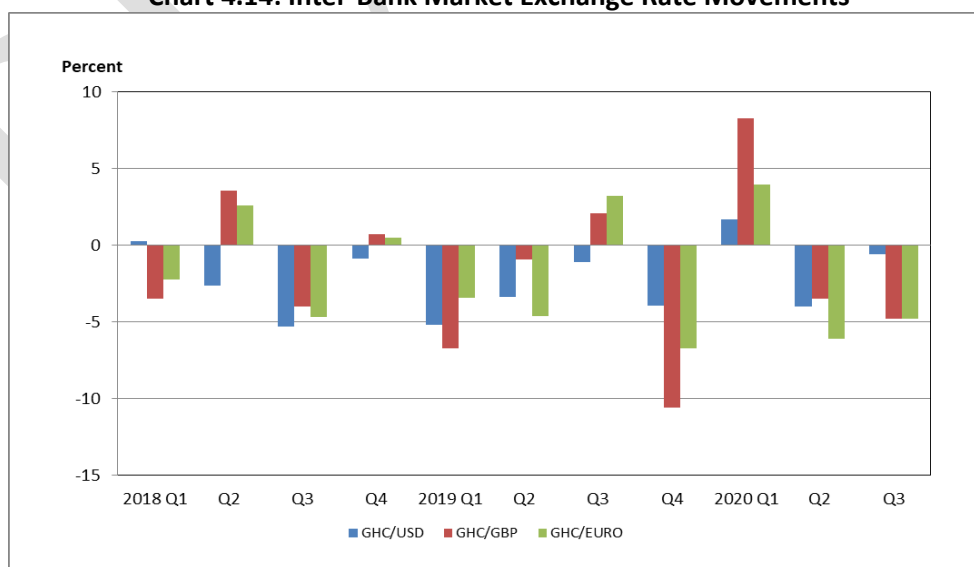
On the **Forex Bureau market**, the Cedi fell by 3.2 percent and 4.4 percent against the Pound Sterling and the Euro, respectively, but appreciated against the U.S. Dollar by 0.7 percent. Similar to the interbank market, the Cedi fared better in the third quarter of 2019 and depreciated by 1.6 percent against the U.S. Dollar, and appreciated against the Pound Sterling and the Euro by 1.6 percent and 2.3 percent, respectively.

**Table 4.4: Inter-Bank Market Exchange Rate Movements**

End Period	Quarterly depreciation/ appreciation		Annual depreciation/ appreciation		Quarterly depreciation/ appreciation		Annual depreciation/ appreciation		c/Euro	Quarterly depreciation/ appreciation		Annual depreciation/ appreciation	
	c/US\$				c/GBP								
<b>2018</b>	Q1	4.4044	0.3		6.1816	-3.5		5.4179	-2.2				
	Q2	4.5230	-2.6		5.9681	3.6		5.2808	2.6				
	<b>Q3</b>	<b>4.7776</b>	<b>-5.3</b>		<b>6.2145</b>	<b>-4.0</b>		<b>5.5392</b>	<b>-4.7</b>				
	Q4	4.8200	-0.9	-8.4	6.1710	0.7	-3.3	5.5131	0.5	-3.9			
<b>2019</b>	Q1	5.0834	-5.2		6.6166	-6.7		5.7084	-3.4				
	Q2	5.2590	-3.3		6.6787	-0.9		5.9831	-4.6				
	<b>Q3</b>	<b>5.3161</b>	<b>-1.1</b>		<b>6.5412</b>	<b>2.1</b>		<b>5.7956</b>	<b>3.2</b>				
	Q4	5.5337	-3.9	-12.9	7.3164	-10.6	-15.7	6.2114	-6.7	-11.2			
<b>2020</b>	Q1	5.4423	1.7		6.7583	8.3		5.9752	4.0				
	Q2	5.6674	-4.0		7.0038	-3.5		6.3613	-6.1				
	<b>Q3</b>	<b>5.7027</b>	<b>-0.6</b>		<b>7.3585</b>	<b>-4.8</b>		<b>6.6786</b>	<b>-4.8</b>				

Depreciation (-)/ Appreciation (+)

**Chart 4.14: Inter-Bank Market Exchange Rate Movements**

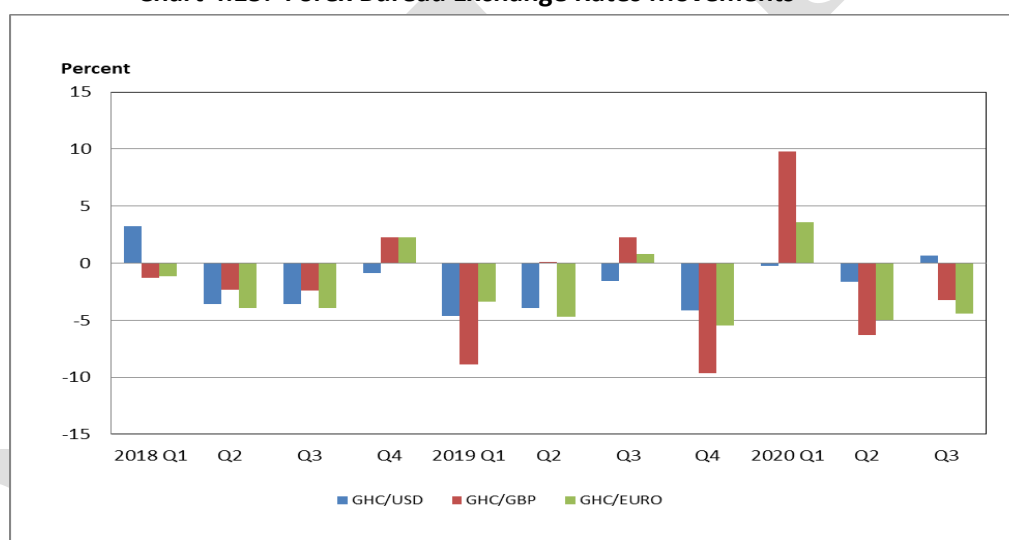


**Table 4.5: Forex Bureau Exchange Rate Movements**

End Period	Quarterly depreciation/ appreciation		Annual depreciation/ appreciation		Quarterly depreciation/ appreciation		Annual depreciation/ appreciation		Quarterly depreciation/ appreciation	
	¢/US\$		¢/GBP		¢/Euro					
<b>2018</b>	Q1	4.4450	3.2	6.1812	-1.3		5.4711	-1.1		
	Q2	4.7561	-6.5	6.2189	-0.6		5.4644	0.1		
	<b>Q3</b>	<b>4.9312</b>	<b>-3.6</b>	<b>6.3694</b>	<b>-2.4</b>		<b>5.6878</b>	<b>-3.9</b>		
	Q4	4.9728	-0.8	-7.7	6.2283	2.3	-2.0	5.5617	2.3	-2.7
<b>2019</b>	Q1	5.2156	-4.7	6.8350	-8.9		5.7556	-3.4		
	Q2	5.4309	-4.0	6.8268	0.1		6.0395	-4.7		
	<b>Q3</b>	<b>5.5182</b>	<b>-1.6</b>	<b>6.6736</b>	<b>2.3</b>		<b>5.9900</b>	<b>0.8</b>		
	Q4	5.7582	-4.2	-13.6	7.3873	-9.7	-15.7	6.3359	-5.5	-12.2
<b>2020</b>	Q1	5.7709	-0.2	6.7300	9.8		6.1164	3.6		
	Q2	5.8664	-1.6	7.1836	-6.3		6.4400	-5.0		
	<b>Q3</b>	<b>5.8264</b>	<b>0.7</b>	<b>7.4205</b>	<b>-3.2</b>		<b>6.7332</b>	<b>-4.4</b>		

Depreciation (-)/ Appreciation (+)

**Chart 4.15: Forex Bureau Exchange Rates Movements**



### Foreign Exchange Transaction Market

At the end of the third quarter of 2020, the total volume of forex purchases recorded was US\$4.28 billion. Commercial bank purchases contributed 84.7 percent of the total volume (US\$3.63 billion). The Central Bank’s support to the market contributed 14.6 percent (US\$624.62 million) and purchases from forex bureaus contributed the remaining 0.7 percent.

Compared to the second quarter of 2020, the volume of purchases decreased by 8.9 percent. However, compared to the corresponding quarter of 2019, the volume of forex purchases increased by 33.3 percent. Commercial bank purchases increased by 31.5 percent while Bank of Ghana’s support increased by 61.8 percent and forex bureau purchases contracted by 55.0 percent.

With regards to sales, total volume of sales recorded was US\$4.07 billion. Commercial bank sales amounted to US\$4.04 billion (99.3 percent of the total amount). Forex bureaus contributed the remaining amount. The total volume of sales contracted by 13.1 percent on a quarterly basis. However, compared to the third quarter of 2019, total sales increased by 23.1 percent.

**Table 4.6: Foreign Exchange Transaction Market**

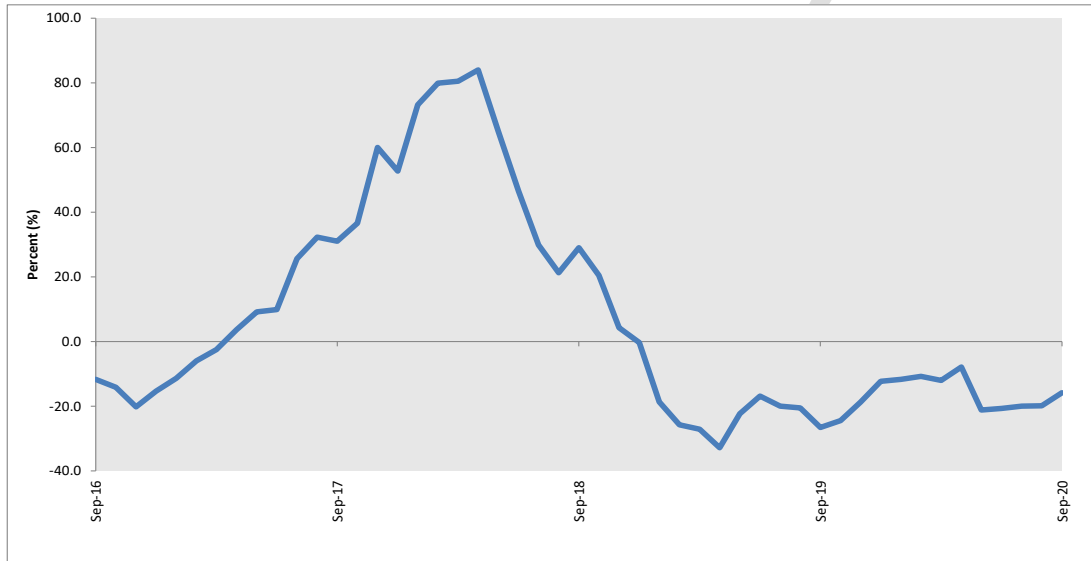
	Purchases (million \$)				Sales (million \$)		
	Commercial	Forex	Total	Commercial	Forex	Total	
	BOG Sales	Bank	Bureau	Purchases	Bank	Bureau	Sales
<b>2019</b> Jan	257.75	1,235.23	21.37	1,514.35	1,364.96	21.32	1,386.28
Feb	155.01	906.52	16.80	1,078.33	1,024.98	16.74	1,041.72
Mar	331.95	1,355.49	22.33	1,709.77	1,632.44	22.34	1,654.78
<b>Q1</b>	<b>744.71</b>	<b>3,497.24</b>	<b>60.50</b>	<b>4,302.45</b>	<b>4,022.38</b>	<b>60.40</b>	<b>4,082.78</b>
Apr	427.05	1,094.62	20.30	1,541.97	1,474.64	20.07	1,494.71
May	393.64	1,425.35	84.53	1,903.52	1,713.38	22.39	1,735.77
Jun	276.11	853.71	21.34	1,151.16	1,112.32	20.01	1,132.33
<b>Q2</b>	<b>1,096.80</b>	<b>3,373.68</b>	<b>126.17</b>	<b>4,596.65</b>	<b>4,300.34</b>	<b>62.47</b>	<b>4,362.81</b>
Jul	85.15	998.86	22.86	1,106.87	1,085.31	24.11	1,109.42
Aug	138.71	830.50	22.67	991.88	1,036.49	22.83	1,059.32
Sep	162.17	930.98	21.83	1,114.98	1,113.29	21.75	1,135.04
<b>Q3</b>	<b>386.03</b>	<b>2,760.34</b>	<b>67.36</b>	<b>3,213.73</b>	<b>3,235.09</b>	<b>68.68</b>	<b>3,303.77</b>
Oct	295.40	1,185.49	20.49	1,501.38	1,493.10	20.33	1,513.43
Nov	232.13	828.05	20.89	1,081.07	1,025.91	20.72	1,046.63
Dec	346.85	924.19	23.10	1,294.14	1,251.84	23.30	1,275.14
<b>Q4</b>	<b>874.38</b>	<b>2,937.73</b>	<b>64.48</b>	<b>3,876.59</b>	<b>3,770.85</b>	<b>64.35</b>	<b>3,835.20</b>
<b>2020</b> Jan	246.44	1,474.09	22.44	1,742.97	1,686.02	22.39	1,708.41
Feb	298.75	1,167.08	21.99	1,487.82	1,487.34	21.96	1,509.30
Mar	372.41	1,101.25	12.66	1,486.32	1,455.00	12.49	1,467.49
<b>Q1</b>	<b>917.60</b>	<b>3,742.42</b>	<b>57.09</b>	<b>4,717.11</b>	<b>4,628.36</b>	<b>56.84</b>	<b>4,685.20</b>
Apr	439.59	1,141.99	4.21	1,585.79	1,615.21	4.32	1,619.53
May	347.52	1,060.23	8.38	1,416.13	1,346.97	8.25	1,355.22
Jun	243.75	1,447.94	8.78	1,700.47	1,696.35	8.92	1,705.27
<b>Q2</b>	<b>1,030.86</b>	<b>3,650.16</b>	<b>21.36</b>	<b>4,702.38</b>	<b>4,658.53</b>	<b>21.49</b>	<b>4,680.02</b>
Jul	152.55	1,265.65	8.91	1,427.11	1,359.39	8.75	1,368.14
Aug	171.49	1,147.46	10.04	1,328.99	1,247.66	9.94	1,257.60
Sep	300.58	1,216.49	11.35	1,528.42	1,428.76	11.19	1,439.95
<b>Q3</b>	<b>624.62</b>	<b>3,629.60</b>	<b>30.30</b>	<b>4,284.52</b>	<b>4,035.81</b>	<b>29.88</b>	<b>4,065.69</b>

## 4.7 The Stock Market

### The GSE-CI Index

The GSE-CI decreased by 2.3 percent (-43.34 points) at the end of quarter three 2020 which compares with a decline of 7.9 percent (-190.03 points) in the same period of 2019. Although the GSE-CI declined in the third quarter it performed better compared to the decrease of 12.0 percent (-259.71) recorded in the second quarter of this year. The improvement in the GSE-CI could be attributed to waning adverse impact of the novel coronavirus on the domestic financial market that was experienced in the second quarter of 2020. . Market capitalization on the other hand, increased by 0.40 percent in the period under review.

**Chart 4.16: GSE-CI - Quarterly (y/y growth)**



**Table 4.7: Sector contribution to the Growth of GSE-CI**

Month	SECTOR											GSE-CI
	F&B	MAN	FINANCE	DISTR	MINING	IT	AGRIC	OIL	ETFund	EDUC	AD. & PROD.	
Sep-19	1397.98	1632.78	1894.24	2620.41	134.53	25.02	592.00	38.52	171.97	100.00	100.00	2204.79
Jun-20	737.97	1402.41	1725.04	2105.90	134.57	21.39	500.00	38.45	289.49	100.00	100.00	1899.90
Sep-20	587.24	1081.52	1675.63	2023.82	134.57	22.12	422.00	39.51	3.62	100.00	100.00	1856.56
<b>QTR CHG</b>												
ABS	-150.72	-320.89	-49.41	-82.08	0.00	0.72	-78.00	1.06	-285.87	0.00	0.00	-43.34
(%)	-20.42	-22.88	-2.86	-3.90	0.00	3.39	-15.60	2.76	-98.75	0.00	0.00	-2.28
<b>Yoy</b>												
ABS	-810.74	-551.26	-218.61	-596.58	0.03	-2.90	-170.00	1.00	-168.36	0.00	0.00	-348.23
(%)	-57.99	-33.76	-11.54	-22.77	0.03	-11.59	-28.72	2.59	-97.90	0.00	0.00	-15.79

### Sector Performance

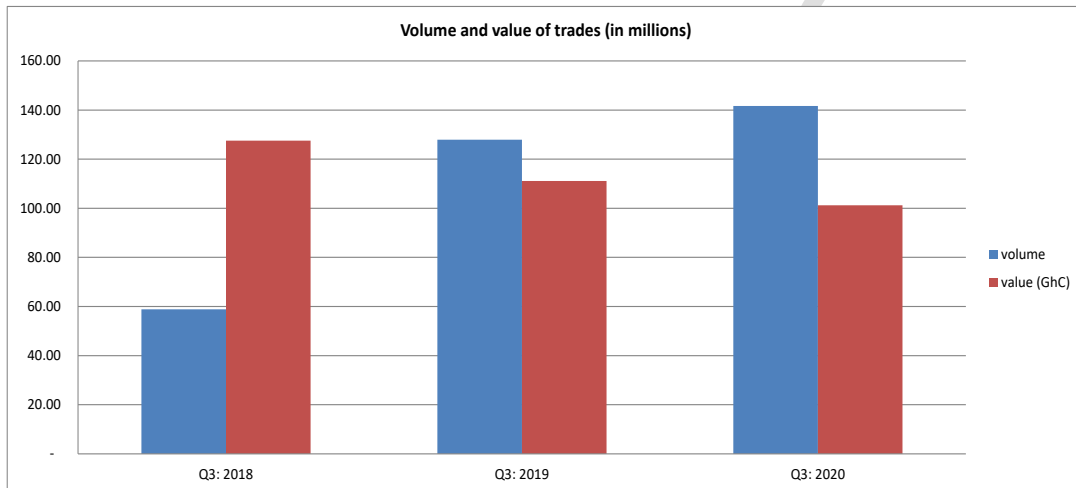
The decline in the GSE-CI in the third quarter was mainly as a result significant loss in value of stocks in the Food & Brewery (-20.4%; -150.72 points), Agriculture (-15.6%; -78.00 points), Manufacturing (-22.9%; -320.89 points) and ETFund\* (-98.8%; -285.87 points) sectors. However, the IT and Oil sector stocks gained by 3.4 percent (0.72 points) and 2.8 percent (1.06 points), respectively. The IT sector benefited from

increased demand for telecommunication and other IT related services following the restrictions imposed by Government to control the spread of Covid-19.

### Market Performance

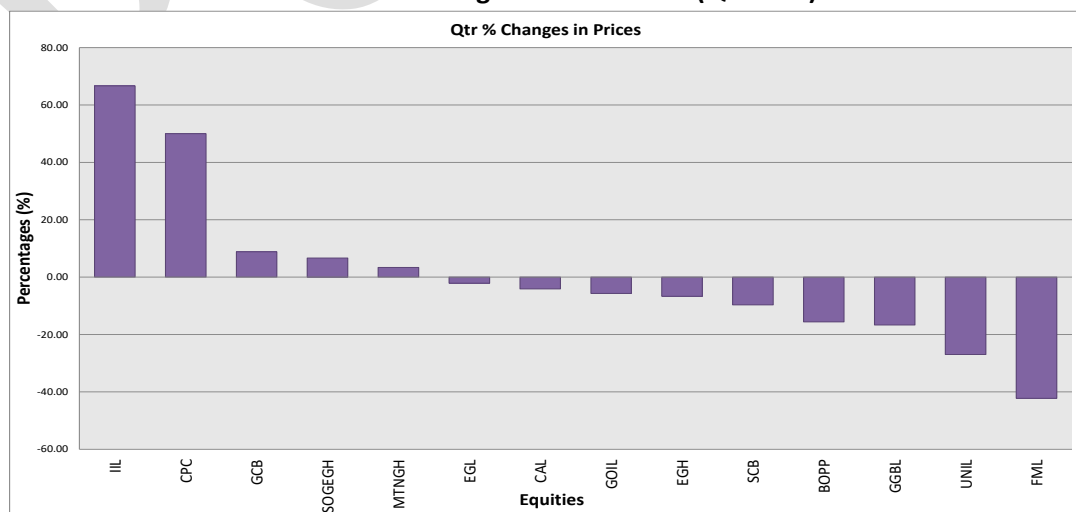
For the review quarter, total volume of trade on the GSE amounted to 141.67 million shares, valued at GH¢101.19 million which compares with a volume of 127.93 million shares, valued at GH¢111.08 million in the corresponding period in 2019. The increase in volume of trade indicated improvements in secondary market activity.

**Chart 4.17: Market Activity-Volumes & Values of Trade (in million)**



In the third quarter of 2020, nine (9) stocks shed value while five (5) gained to moderate the decline in the GSE-CI. The rest remained unchanged at the end of the review period. IIL was the best performer and led the list of advancers with a share price appreciation of 66.67 percent. CPC and GCB also recorded gains of 50.0 percent and 0.30 percent, respectively. However, FML, UNIL, GGBL shed 42.2 percent, 26.9 percent and 16.7 percent, respectively, to top the losers. Other major losers were BOPP and SCB which shed 15.60 percent and 9.7 percent respectively.

**Chart 4.18: Change in Share Prices (Q2-2020)**



## Market Capitalization

Total market capitalization as at the end of the third quarter stood at GH¢53,159.76 million, representing an increase of 0.4 percent (GH¢209.36 million). Comparatively, market capitalization decreased by 4.2 percent (-GH¢2,478.68 million) in the same period in 2019. The main sectors that accounted for the increase in market capitalization were the IT (-3.39%; GH¢245.81million) and Oil sector (2.76%; GH¢452.46million). The increase in market capitalization was moderated by decreases in the Food & Distribution (-20.42%; -GH¢129.46million), Manufacturing (-22.9%; -GH¢230.45million) and ETFund\* (-98.8%; -35.91million) sectors.

**Table 4.8: Sectors' Contribution to the Growth of Market Capitalization**

Month	SECTOR(GH¢ mill)											MKT. CAP.
	F&B	MAN	FINANCE	DISTR	MINING	IT	AGRIC	OIL	ETFund	EDUC	AD. & PROD.	
Sep-19	1200.71	1172.57	12028.24	1125.94	15691.89	8481.45	103.01	16404.24	21.60	10.57	10.70	56250.96
Jun-20	633.83	1007.14	10767.26	904.87	15863.49	7252.40	87.00	16376.77	36.36	10.57	10.70	52950.40
Sep-20	504.38	776.69	10723.01	869.60	15863.49	7498.21	73.43	16829.22	0.45	10.57	10.70	53159.76
<b>QTR CHG</b>												
<b>ABS</b>	-129.46	-230.45	-44.25	-35.27	0.00	245.81	-13.57	452.46	-35.91	0.00	0.00	209.36
<b>(%)</b>	-20.42	-22.88	-0.41	-3.90	0.00	3.39	-15.60	2.76	-98.75	0.00	0.00	0.40
<b>Yoy</b>												
<b>ABS</b>	-696.34	-395.88	-1305.24	-256.34	171.60	-983.24	-29.58	424.98	-21.15	0.00	0.00	-3091.20
<b>(%)</b>	-57.99	-33.76	-10.85	-22.77	1.09	-11.59	-28.72	2.59	-97.90	0.00	0.00	-5.50

## The Bond Market

The total value of Government of Ghana Notes and Bonds listed on the GFIM as at the end of the third quarter of 2020 stood at GH¢108,616.43 million. Comparatively, it was GH¢62,153.02 million in the corresponding period in 2019. An amount of US\$8,750.00 million Eurobonds was listed on the Ghana Fixed Income Market (GFIM). The total value of corporate bonds stood at GH¢27,241.21 million compared with GH¢8,017.70 million in the same period in 2019.



## 5. Fiscal Developments

Provisional fiscal developments in the third quarter of 2020, which was analysed within the context of the revision of the 2020 fiscal framework, resulted in a deficit of GH¢10,442.6 million (2.7% of GDP), lower than the programmed target of GH¢11,322.1 million (2.9% of GDP). This was however, higher than the deficit of GH¢5,725.8 million (1.6% of GDP) recorded in the corresponding quarter in 2019. The third quarter of the year also recorded a primary deficit of GH¢3,672.7 million (1.0% of GDP) against the programmed deficit of GH¢4,123.4 million (1.1% of GDP) and the primary surplus of GH¢222.2 million (0.1% of GDP) recorded in the corresponding period of 2019.

**Table 5.1: Fiscal Indicators (GH¢' million)**

	2019		2020			DEVIATION PROV/PROG 2020 Q3	CHANGE YR-ON-YR GROWTH
	PROV Q2	PROV Q3	PROV Q2	PROV Q3	PROG Q3		
<b>Taxes on income and property</b>	<b>5,271.34</b>	<b>5,270.50</b>	<b>5,513.20</b>	<b>4,911.85</b>	<b>4,829.34</b>	<b>1.71</b>	<b>-6.80</b>
per cent of GDP	1.51	1.51	1.43	1.27	1.25		
<b>Taxes on goods and services</b>	<b>4,004.07</b>	<b>4,212.62</b>	<b>3,095.31</b>	<b>3,426.49</b>	<b>4,325.25</b>	<b>-20.78</b>	<b>-18.66</b>
per cent of GDP	1.15	1.21	0.80	0.89	1.12		
<b>Taxes on international trade</b>	<b>1,328.20</b>	<b>1,268.39</b>	<b>2,028.06</b>	<b>3,377.71</b>	<b>1,222.64</b>	<b>176.26</b>	<b>166.30</b>
per cent of GDP	0.38	0.36	0.53	0.88	0.32		
<b>Tax revenue including oil</b>	<b>10,071.90</b>	<b>10,214.98</b>	<b>10,069.79</b>	<b>11,006.76</b>	<b>9,862.44</b>	<b>11.60</b>	<b>7.75</b>
per cent of GDP	2.88	2.92	2.61	2.86	2.56		
<b>Tax revenue excluding oil</b>	<b>9,361.31</b>	<b>9,357.08</b>	<b>9,489.62</b>	<b>10,873.22</b>	<b>9,691.46</b>	<b>12.19</b>	<b>16.20</b>
per cent of GDP	2.82	2.82	2.52	2.89	2.58		
<b>Nontax revenue</b>	<b>1,759.18</b>	<b>1,964.34</b>	<b>1,186.46</b>	<b>1,588.20</b>	<b>2,153.50</b>	<b>-26.25</b>	<b>-19.15</b>
per cent of GDP	0.50	0.56	0.31	0.41	0.56		
<b>Domestic revenue including oil</b>	<b>12,420.26</b>	<b>12,615.95</b>	<b>11,762.86</b>	<b>13,124.92</b>	<b>13,076.71</b>	<b>0.37</b>	<b>4.03</b>
per cent of GDP	3.55	3.61	3.05	3.41	3.39		
<b>Domestic revenue excluding oil</b>	<b>11,709.66</b>	<b>11,758.05</b>	<b>11,182.69</b>	<b>12,991.38</b>	<b>12,905.73</b>	<b>0.66</b>	<b>10.49</b>
per cent of GDP	3.52	3.54	2.97	3.45	3.43		
<b>Grants</b>	<b>236.85</b>	<b>282.45</b>	<b>225.64</b>	<b>54.84</b>	<b>388.35</b>	<b>-85.88</b>	<b>-80.58</b>
per cent of GDP	0.07	0.08	0.06	0.01	0.10		
<b>Total revenue and grants</b>	<b>12,657.11</b>	<b>12,898.40</b>	<b>11,988.49</b>	<b>13,179.76</b>	<b>13,465.06</b>	<b>-2.12</b>	<b>2.18</b>
per cent of GDP	3.62	3.69	3.11	3.42	3.49		
<b>Compensation of Employees</b>	<b>5,568.42</b>	<b>5,627.07</b>	<b>6,968.03</b>	<b>6,980.15</b>	<b>6,421.58</b>	<b>8.70</b>	<b>24.05</b>
per cent of GDP	1.59	1.61	1.81	1.81	1.67		
<b>Goods and services</b>	<b>1,924.43</b>	<b>1,611.45</b>	<b>1,554.44</b>	<b>2,009.46</b>	<b>1,501.29</b>	<b>33.85</b>	<b>24.70</b>
per cent of GDP	0.55	0.46	0.40	0.52	0.39		
<b>Interest payments</b>	<b>5,039.82</b>	<b>5,947.96</b>	<b>5,647.99</b>	<b>6,769.95</b>	<b>7,198.64</b>	<b>-5.96</b>	<b>13.82</b>
per cent of GDP	1.44	1.70	1.47	1.76	1.87		
<b>Subsidies</b>	<b>41.41</b>	<b>41.41</b>	<b>92.77</b>	<b>26.68</b>	<b>43.94</b>	<b>-39.29</b>	<b>-35.58</b>
per cent of GDP	0.01	0.01	0.02	0.01	0.01		
<b>Non-Financial Assets (Capital Expenditure)</b>	<b>2,073.57</b>	<b>1,329.50</b>	<b>2,546.86</b>	<b>2,469.01</b>	<b>1,672.80</b>	<b>47.60</b>	<b>85.71</b>
per cent of GDP	0.59	0.38	0.66	0.64	0.43		
<b>Total expenditure &amp; net lending</b>	<b>17,959.87</b>	<b>18,206.41</b>	<b>22,013.13</b>	<b>21,836.11</b>	<b>24,725.03</b>	<b>-11.68</b>	<b>19.94</b>
per cent of GDP	5.14	5.21	5.71	5.67	6.42		
<b>Overall Budget Balance</b>	<b>-6,297.90</b>	<b>-5,725.78</b>	<b>-10,116.10</b>	<b>-10,442.64</b>	<b>-11,322.06</b>	<b>-7.77</b>	<b>82.38</b>
per cent of GDP	-1.80	-1.64	-2.62	-2.71	-2.94		
<b>Domestic Expenditure</b>	<b>12,832.81</b>	<b>11,774.89</b>	<b>14,759.17</b>	<b>15,876.98</b>	<b>16,653.46</b>	<b>-4.66</b>	<b>34.84</b>
per cent of GDP	3.67	3.37	3.83	4.12	4.32		
<b>Domestic Primary Balance</b>	<b>-412.56</b>	<b>841.06</b>	<b>-2,996.31</b>	<b>-2,752.05</b>	<b>-3,576.75</b>	<b>-23.06</b>	<b>-427.21</b>
per cent of GDP	-0.12	0.24	-0.78	-0.71	-0.93		
<b>Primary Balance</b>	<b>-1,258.08</b>	<b>222.18</b>	<b>-4,468.12</b>	<b>-3,672.69</b>	<b>-4,123.42</b>	<b>-10.93</b>	<b>-1,753.04</b>
per cent of GDP	-0.36	0.06	-1.16	-0.95	-1.07		
<b>Stock of Domestic Debt</b>	<b>96,131.85</b>	<b>101,260.74</b>	<b>121,966.76</b>	<b>135,145.78</b>			
per cent of GDP	27.51	28.97	31.65	35.07			
<b>Nominal GDP (Including Oil)</b>	<b>349,480.41</b>	<b>349,480.41</b>	<b>385,384.03</b>	<b>385,378.03</b>	<b>385,378.03</b>	<b>385,378.03</b>	<b>385,378.03</b>
<b>Nominal GDP (Excluding oil)</b>	<b>327,278.53</b>	<b>327,278.53</b>	<b>376,338.82</b>	<b>376,332.82</b>	<b>376,332.82</b>	<b>376,332.82</b>	<b>376,332.82</b>

### 5.1 Government Revenue

Government receipts (including grants) for the review period totalled GH¢13,179.8 million (3.4% of GDP). This was lower than the target of GH¢13,465.1 million (3.5% of GDP) but higher than GH¢12,898.4 million (3.7% of GDP) recorded for the corresponding quarter in 2019. Total Receipts was made up of Tax Revenue

of GH¢11,006.8 million (83.5% of total receipts), Non-tax Revenue of GH¢1,588.2 million (12.1% of total receipts), and Grants of GH¢54.8 million (0.4% of total receipts).

### **Income and Property Tax**

Taxes from income and property during the third quarter totalled GH¢4,911.9 million, marginally higher than the programmed target of GH¢4,829.3 million. The increase was on account of improved collections in 'self-employed' taxes as well as other direct taxes by 47.6 percent and 30.5 percent respectively. All the other tax types were unable to meet their respective programmed targets but exceeded the collection in the corresponding period of 2019.

### **Domestic Goods and Services**

Taxes on domestic goods and services of GH¢3,426.5 million was lower than the programmed target of GH¢4,325.3 million by 20.8 percent. This tax component comprised of Excise Duty and Petroleum Tax of GH¢614.1 million, VAT collections of GH¢1,903.3 million, National Health Insurance Levy of GH¢384.0 million, GET Fund Levy of GH¢362.0 million as well as Communication Service Tax of GH¢163.2 million. All these Tax components showed a mixed performance compared to their respective programmed targets and year-on-year performance.

Petroleum Taxes, which constituted 83.1 percent of Excises, totalled GH¢510.1 million and was below the programmed target of GH¢1,150.3 million by 55.7 percent. Furthermore, VAT collection missed its budgeted target of GH¢2,089.8 million by 8.9 percent. This was occasioned by lower than expected external VAT collections of GH¢572.1 million against the target of GH¢927.4 million.

### **International Trade Taxes**

International Trade Taxes totalled GH¢3,377.7 million, higher than the budget target of GH¢1,222.6 million by 176.3 percent and higher than GH¢1,268.4 million recorded in the corresponding period of 2019 by 166.3 percent. This was largely on account of increased CIF and the good performance of the newly instituted ICUMS<sup>3</sup> for revenue collection

### **Non-Tax Revenue**

Non-Tax Revenue for the review period amounted to GH¢1,588.2 million. This was lower than the programmed target of GH¢2,153.5 million by 26.3 percent, and lower than GH¢1,964.3 million recorded for the similar period of 2019 by 19.2 percent. Non-Tax Revenue comprised of Retention of GH¢864.0 million and Lodgement of GH¢724.2 million.

### **Other Revenue**

Other revenue made up of ESLA was GH¢530.0 million for the review period against the target of GH¢730.4million. This was mainly on account of lower than anticipated demand in petroleum products due to the impact of the COVID-19 pandemic.

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<sup>3</sup> Integrated Customs Management System

**Table 5.2: Government Revenue (GH¢' million)**

	2019		2020			DEVIATION	CHANGE
	PROV Q2	PROV Q3	PROV Q2	PROV Q3	PROG Q3	PROV / PROG 2020 Q3	YR-ON-YR GROWTH
<b>TAX REVENUE</b>	<b>10,071.90</b>	<b>10,214.98</b>	<b>10,069.79</b>	<b>11,006.76</b>	<b>9,862.44</b>	<b>11.60</b>	<b>7.75</b>
<i>(percent of GDP)</i>	<i>2.88</i>	<i>2.92</i>	<i>2.61</i>	<i>2.86</i>	<i>2.56</i>		
<b>TAXES ON INCOME &amp; PROPERTY</b>	<b>5,271.34</b>	<b>5,270.50</b>	<b>5,513.20</b>	<b>4,911.85</b>	<b>4,829.34</b>	<b>1.71</b>	<b>(6.80)</b>
Personal	1,866.59	1,732.46	1,939.66	1,683.31	1,683.53	(0.01)	(2.84)
Self employed	114.69	104.47	82.16	103.85	70.39	47.55	(0.59)
Companies	2,081.78	1,988.60	2,341.86	2,508.94	2,468.54	1.64	26.17
Company taxes on oil	459.60	210.59	199.77	17.64	148.54	(88.13)	(91.62)
Others	748.68	1,234.39	949.75	598.11	458.34	30.50	(51.55)
Other direct taxes /1	559.05	1,030.75	825.17	521.75	312.98	66.70	(49.38)
o/w Royalties from Oil	250.99	647.31	380.40	115.90	22.44		
o/w Mineral Royalties	251.01	317.17	255.44	363.54	341.07	6.59	14.62
NFSL	65.13	58.56	123.89	59.64	57.02	4.60	1.85
Airport tax	124.49	145.08	0.70	16.72	88.33	(81.07)	(88.47)
<b>TAXES ON DOMESTIC GOODS AND SERVICES</b>	<b>4,004.07</b>	<b>4,212.62</b>	<b>3,095.31</b>	<b>3,426.49</b>	<b>4,325.25</b>	<b>(20.78)</b>	<b>(18.66)</b>
<b>Excises</b>	<b>948.95</b>	<b>1,005.86</b>	<b>390.83</b>	<b>614.11</b>	<b>1,208.26</b>	<b>(49.17)</b>	<b>(38.95)</b>
Excise Duty	100.17	97.75	89.81	104.04	57.93	79.59	6.44
Petroleum tax	848.77	908.11	301.02	510.07	1,150.33	(55.66)	(43.83)
o/w Debt recovery levy/ Energy Fund Levy	10.39	9.42	7.77	14.22	9.57	48.63	51.03
o/w Road Fund levy	385.65	367.09	360.42	525.04	340.87	54.03	43.03
<b>VAT</b>	<b>2,098.26</b>	<b>2,210.53</b>	<b>1,825.44</b>	<b>1,903.26</b>	<b>2,089.81</b>	<b>(8.93)</b>	<b>(13.90)</b>
Domestic	1,210.81	1,351.77	1,249.79	1,331.21	1,162.39	14.52	(1.52)
External	887.45	858.76	575.65	572.05	927.42	(38.32)	(33.39)
<b>National Health Insurance Levy (NHIL)</b>	<b>422.26</b>	<b>442.42</b>	<b>352.84</b>	<b>383.99</b>	<b>411.99</b>	<b>(6.80)</b>	<b>(13.21)</b>
Customs Collection	168.34	169.87	104.53	99.97	182.30	(45.16)	(41.15)
Domestic Collection	253.92	272.55	248.31	284.02	229.69	23.65	4.21
<b>GETFund Levy</b>	<b>424.45</b>	<b>446.60</b>	<b>354.83</b>	<b>361.95</b>	<b>418.80</b>	<b>(13.57)</b>	<b>(18.96)</b>
Customs Collection	170.53	174.05	106.53	77.93	189.23	(58.82)	(55.23)
Domestic Collection	253.92	272.55	248.31	284.02	229.57	23.72	4.21
<b>Communication Service Tax</b>	<b>110.16</b>	<b>107.19</b>	<b>171.37</b>	<b>163.19</b>	<b>196.39</b>		(16.90)
<b>TAXES ON INTERNATIONAL TRADE</b>	<b>1,328.20</b>	<b>1,268.39</b>	<b>2,028.06</b>	<b>3,377.71</b>	<b>1,222.64</b>	<b>176.26</b>	<b>166.30</b>
<b>Imports</b>	<b>1,328.20</b>	<b>1,268.39</b>	<b>2,028.06</b>	<b>3,377.71</b>	<b>1,222.64</b>	<b>176.26</b>	<b>166.30</b>
Import duty	1,328.20	1,268.39	2,028.06	3,377.71	1,222.64	176.26	166.30
<b>Tax Refunds</b>	<b>(531.71)</b>	<b>(536.53)</b>	<b>(566.78)</b>	<b>(709.28)</b>	<b>(514.79)</b>	<b>37.78</b>	<b>32.20</b>
<b>SOCIAL CONTRIBUTIONS</b>	<b>85.04</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>330.34</b>		
SSNIT Contribution to NHIL	85.04	-	-	-	330.34		
<b>NON-TAX REVENUE</b>	<b>1,759.18</b>	<b>1,964.34</b>	<b>1,186.46</b>	<b>1,588.20</b>	<b>2,153.50</b>	<b>(26.25)</b>	<b>(19.15)</b>
<b>Retention</b>	<b>855.90</b>	<b>1,004.72</b>	<b>428.57</b>	<b>864.01</b>	<b>756.26</b>	<b>14.25</b>	<b>(14.01)</b>
<b>Lodgement</b>	<b>903.28</b>	<b>959.61</b>	<b>757.89</b>	<b>724.19</b>	<b>1,397.24</b>	<b>(48.17)</b>	<b>(24.53)</b>
Fees & Charges	160.92	124.90	163.10	145.43	41.12	253.66	16.43
Dividend/Interest & profits (Others)	0.05	56.38	101.59	64.73	13.60	375.92	14.82
Dividend/Interest & profits from Oil	690.71	744.15	469.59	482.91	745.05	(35.18)	(35.11)
Surface Rentals from Oil	5.31	6.05	0.30	0.26	1.17	(77.55)	(95.64)
Luxury Vehicle Levy	22.14	8.36	-	-	-		
Yield from Capping Policy	-	-	23.31	30.85	29.32	5.22	
<b>OTHER REVENUE</b>	<b>504.13</b>	<b>436.63</b>	<b>506.61</b>	<b>529.96</b>	<b>730.43</b>	<b>(27.44)</b>	<b>21.38</b>
ESLA Proceeds	504.13	436.63	506.61	529.96	730.43	(27.44)	21.38
Energy Debt Recovery Levy	424.85	357.60	378.41	382.45	413.30	(7.46)	6.95
Public Lighting Levy	29.43	6.21	35.60	-	84.67		
National Electrification Scheme Levy	21.56	5.50	24.25	-	53.47		
Price Stabilisation & Recovery Levy	28.29	67.32	68.34	147.52	178.99	(17.59)	119.13
<b>DOMESTIC REVENUE</b>	<b>12,420.26</b>	<b>12,615.95</b>	<b>11,762.86</b>	<b>13,124.92</b>	<b>13,076.71</b>	<b>0.37</b>	<b>4.03</b>
<b>GRANTS</b>	<b>236.85</b>	<b>282.45</b>	<b>225.64</b>	<b>54.84</b>	<b>388.35</b>	<b>(85.88)</b>	<b>(80.58)</b>
Project grants	236.85	282.45	225.64	54.84	237.15	(76.88)	(80.58)
Programme grants	-	-	-	-	151.20		
<b>TOTAL REVENUE &amp; GRANTS</b>	<b>12,657.11</b>	<b>12,898.40</b>	<b>11,988.49</b>	<b>13,179.76</b>	<b>13,465.06</b>	<b>(2.12)</b>	<b>2.18</b>

## 5.2 Government Expenditures

Government expenditure and net lending for the third quarter of 2020 was GH¢21,836.1 million (5.7% of GDP), missing the budgeted target of GH¢24,725.0 million (6.4% of GDP) by 11.7 percent. Most of the expenditure lines underspent compared with their respective targets with the exception of Compensation of Employees, Goods and Services and Acquisition of Non-Financial assets which overshot their targets by 8.7 percent, 33.9 percent and 47.6 percent respectively.

### Compensation of Employees

Compensation of Employees comprising wages and salaries, and social security contributions for the third quarter of 2020, totalled GH¢6,980.2 million, constituting 32.0 percent of total government Expenditure and Net Lending for the period under review. This was 8.7 percent higher than the programmed target of GH¢6,421.6 million and recorded a year-on-year growth of 24.1 percent.

**Table 5.3: Government Expenditure (GH¢' million)**

	2019		2020			DEVIATION	CHANGE
	PROV Q2	PROV Q3	PROV Q2	PROV Q3	PROG Q3	PROV / PROG 2020 Q3	YR-ON-YR GROWTH
<b>Compensation of Employees</b>	<b>5,568.42</b>	<b>5,627.07</b>	<b>6,968.03</b>	<b>6,980.15</b>	<b>6,421.58</b>	<b>8.70</b>	<b>24.05</b>
Wages & Salaries	4,883.83	4,940.26	6,170.45	6,189.15	5,959.83	3.85	25.28
Social Contributions	684.59	686.81	797.58	791.00	461.74	71.31	15.17
Pensions	276.41	253.46	292.38	295.42	313.45	(5.75)	16.55
Gratuities	50.36	65.52	68.62	63.62	57.36	10.93	(2.89)
Social Security	357.82	367.83	436.58	431.96	90.93	375.02	17.43
<b>Use of Goods and Services</b>	<b>1,924.43</b>	<b>1,611.45</b>	<b>1,554.44</b>	<b>2,009.46</b>	<b>1,501.29</b>	<b>33.85</b>	<b>24.70</b>
from Oil (30% of ABFA)	213.20	-	-	-	87.58		
<b>Interest Payments</b>	<b>5,039.82</b>	<b>5,947.96</b>	<b>5,647.99</b>	<b>6,769.95</b>	<b>7,198.64</b>	<b>(5.96)</b>	<b>13.82</b>
Domestic	3,962.55	4,896.85	3,876.08	5,140.63	6,123.95	(16.06)	4.98
External (Due)	1,077.26	1,051.11	1,771.91	1,629.32	1,074.69	51.61	55.01
<b>Subsidies</b>	<b>41.41</b>	<b>41.41</b>	<b>92.77</b>	<b>26.68</b>	<b>43.94</b>	<b>(39.29)</b>	<b>(35.58)</b>
Subsidies on Petroleum products	41.41	41.41	92.77	26.68	43.94	(39.29)	(35.58)
<b>Grants to Other Government Units</b>	<b>2,808.09</b>	<b>3,125.13</b>	<b>2,412.79</b>	<b>2,644.15</b>	<b>2,673.84</b>	<b>(1.11)</b>	<b>(15.39)</b>
National Health Fund (NHF)	332.00	506.04	109.00	325.80	511.49	(36.30)	(35.62)
Education Trust Fund	164.85	501.98	280.47	162.85	159.21	2.28	(67.56)
Road Fund	180.00	293.00	180.00	62.00	160.65	(61.41)	(78.84)
Petroleum Related Fund	5.65	5.92	9.69	122.00	2.87		
Dist. Ass. Common Fund	467.28	303.85	724.64	442.65	196.34	125.45	45.68
Retention of Internally-generated funds (IGFs)	855.90	1,004.72	428.57	864.01	607.97	42.11	(14.01)
Transfer to GNPC from Oil Revenue	275.37	73.71	224.92	242.32	500.15	(51.55)	228.74
<b>Other Earmarked Funds</b>	<b>527.03</b>	<b>435.91</b>	<b>455.50</b>	<b>422.51</b>	<b>535.16</b>	<b>(21.05)</b>	<b>(3.07)</b>
Youth Employment Agency	39.07	36.74	67.95	39.79	20.07	98.28	8.31
Student's Loan Trust	-	0.49	0.85	0.19	0.58	(66.35)	(60.56)
Ghana EXIM Bank Ltd	65.15	40.14	63.52	15.47	101.66	(84.78)	(61.47)
Ghana Airport Authority	124.49	145.08	0.70	16.72	117.78	(85.80)	(88.47)
Mineral Development Fund	50.20	39.05	71.21	23.98	23.61	1.56	(38.60)
GRA Retention	248.12	174.40	251.27	326.36	270.41	20.69	87.14
Plastic Waste Recycling Fund	-	-	-	-	1.05		
<b>Social Benefits</b>	<b>-</b>	<b>87.26</b>	<b>112.71</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Lifeline Consumers of Electricity	-	87.26	112.71	-	-		
<b>Other Expenditure</b>	<b>504.13</b>	<b>436.63</b>	<b>2,677.55</b>	<b>936.71</b>	<b>5,212.94</b>	<b>(82.03)</b>	<b>114.53</b>
ESLA Transfers	504.13	436.63	506.61	529.96	687.41	(22.90)	21.38
Covid-Related Expenditure	-	-	2,170.94	406.75	4,525.53	(91.01)	
<b>Acquisition of Non-Financial Assets</b>	<b>2,073.57</b>	<b>1,329.50</b>	<b>2,546.86</b>	<b>2,469.01</b>	<b>1,672.80</b>	<b>47.60</b>	<b>85.71</b>
Domestic financed	1,173.62	430.57	1,393.44	1,592.81	799.87	99.13	269.93
Foreign financed	899.95	898.93	1,153.42	876.20	872.93	0.37	(2.53)
<b>TOTAL EXPENDITURE &amp; NET LENDING</b>	<b>17,959.87</b>	<b>18,206.41</b>	<b>22,013.13</b>	<b>21,836.11</b>	<b>24,725.03</b>	<b>(11.68)</b>	<b>19.94</b>

### Interest Payments

Interest payments of GH¢6,770.0 million were 6.0 percent below the programmed target of GH¢7,198.6 million and recorded a mixed performance. While Domestic interest payment which accounted for 76.0 percent of the total Interest payment missed its target by 16.1 percent, External Interest payment with a share of 24.0 percent overshot its target by 51.6 percent.

### Grants to Other Government Units

Grants to Other Government Units for the review period was GH¢2,644.2 million and barely missed the budgeted target of GH¢2,673.8 million by 1.1 percent. National Health Fund payment and GET Fund for the period were GH¢325.8 million and GH¢162.9 million, respectively. Payments were also made in respect of District Assemblies Common Fund of GH¢442.7 million. Retention of Internally Generated Funds and Transfer to GNPC from Oil Revenue were GH¢864.0 million and GH¢242.3 million respectively.

## Capital Expenditure

Government Acquisition of Non-Financial Assets during the third quarter of 2020 totalled GH¢2,469.0 million. This was above the budgeted target of GH¢1,672.8 million by 47.6 percent. Total domestic financed capital expenditure for the period was GH¢1,592.8 million (64.5% of Capital Expenditure), while foreign financed capital expenditure for the period amounted to GH¢876.2 million (35.5% Capital Expenditure).

## 5.3 Financing

The overall budget balance including divestiture and discrepancy in the third quarter of 2020 was GH¢10,442.6 million equivalent to 2.7 percent of GDP, against a target of GH¢11,322.1 million (2.9% of GDP). The deficit, together with a net foreign loan outflow of GH¢1,673.9 million and a transfer to the Ghana petroleum funds of GH¢72.6 million as well as other domestic repayments of GH¢30.3 million, created a resource gap of GH¢12,219.4 million which was financed from the domestic economy.

The Banking Sector financed GH¢7,468.8 million of the resource gap with the Non-Bank sector financing the remaining GH¢4,750.7 million. Out of the Banking Sector financing of GH¢7,468.8 million, Government drew down on its cash balances with Bank of Ghana by GH¢8,155.5 million, while it made a repayment of GH¢686.8 million to the deposit money banks (DMBs).

**Table 5.4: Government Financing (GH¢' million)**

	2019		2020			DEVIATION	CHANGE
	PROV Q2	PROV Q3	PROV Q2	PROV Q3	PROG Q3	PROV/PROG 2020 Q3	YR-ON-YR GROWTH
<b>Overall balance (commitment)</b>	<b>(5,302.76)</b>	<b>(5,308.01)</b>	<b>(10,024.64)</b>	<b>(8,656.34)</b>	<b>(11,259.97)</b>	<b>(23.12)</b>	<b>63.08</b>
<i>(percent of GDP)</i>	<i>(1.52)</i>	<i>(1.52)</i>	<i>(2.60)</i>	<i>(2.25)</i>	<i>(2.92)</i>		
Road Arrears (net change)	(182.43)	(2.40)	(544.03)	(99.28)	(62.09)	59.89	4,036.70
Clearance of outstanding commitments	(182.43)	(2.40)	(544.03)	(99.28)	(62.09)	59.89	4,036.70
o/w other outstanding payments/deferred payments	(182.43)	(2.40)	-	-	-		
o/w other outstanding claims	(182.43)	-	-	-	-		
<b>Overall balance (cash)</b>	<b>(5,485.19)</b>	<b>(5,310.41)</b>	<b>(10,568.67)</b>	<b>(8,755.62)</b>	<b>(11,322.06)</b>	<b>(22.67)</b>	<b>64.88</b>
<i>(percent of GDP)</i>	<i>(1.57)</i>	<i>(1.52)</i>	<i>(2.74)</i>	<i>(2.27)</i>	<i>(2.94)</i>		
Discrepancy	(812.71)	(415.37)	452.56	(1,687.02)	(0.00)		306.15
<b>Overall balance (incl. Divestiture and Discrepancy)</b>	<b>(6,297.90)</b>	<b>(5,725.78)</b>	<b>(10,116.10)</b>	<b>(10,442.64)</b>	<b>(11,322.06)</b>	<b>(7.77)</b>	<b>82.38</b>
<i>(percent of GDP)</i>	<i>(1.80)</i>	<i>(1.64)</i>	<i>(2.62)</i>	<i>(2.71)</i>	<i>(2.94)</i>		
<b>Financing</b>	<b>6,297.90</b>	<b>5,725.78</b>	<b>10,116.10</b>	<b>10,442.64</b>	<b>11,322.06</b>	<b>(7.77)</b>	<b>82.38</b>
<b>Foreign (net)</b>	<b>(2,483.05)</b>	<b>(3,230.61)</b>	<b>(2,031.17)</b>	<b>(1,673.94)</b>	<b>(660.69)</b>	<b>153.36</b>	<b>(48.18)</b>
Borrowing	663.10	616.48	927.78	821.36	1,878.80	(56.28)	33.23
Project loans	663.10	616.48	927.78	821.36	635.77	29.19	33.23
Programme loans	-	-	-	-	1,243.03		
Sovereign Bond	-	-	-	-	-		
Amortisation (due)	(3,146.15)	(3,847.09)	(2,958.95)	(2,495.30)	(2,539.49)	(1.74)	(35.14)
<b>Domestic (net)</b>	<b>9,168.20</b>	<b>9,383.33</b>	<b>12,420.15</b>	<b>12,219.44</b>	<b>12,952.19</b>	<b>(5.66)</b>	<b>30.22</b>
Banking	7,359.50	7,814.22	11,589.72	7,468.76	10,781.53	(30.73)	(4.42)
Bank of Ghana	5,982.08	5,020.86	8,834.47	8,155.53	5,000.00	63.11	62.43
Comm. Banks	1,377.42	2,793.36	2,755.25	(686.77)	5,781.53	(111.88)	(124.59)
Non-banks	1,808.70	1,569.11	830.43	4,750.68	1,240.48	282.97	202.76
o/w Non-residents	(1,154.99)	475.78	(2,352.86)	796.61	-		67.43
Other Domestic	-	-	-	-	930.19		
<b>Other Financing</b>	<b>(47.87)</b>	<b>(42.09)</b>	<b>(25.33)</b>	<b>(30.25)</b>	<b>(1.72)</b>	<b>1,658.33</b>	<b>(28.12)</b>
Other domestic financing	(47.87)	(42.09)	(25.33)	(30.25)	(1.72)	1,658.33	(28.12)
<b>Ghana Petroleum Funds</b>	<b>(339.38)</b>	<b>432.18</b>	<b>956.17</b>	<b>(72.60)</b>	<b>805.07</b>	<b>(109.02)</b>	<b>(116.80)</b>
Transfer to Ghana Petroleum Funds	(339.38)	(384.85)	(247.54)	(72.60)	(125.12)	(41.97)	(81.14)
o/w Stabilisation Fund	(237.56)	(246.75)	(173.28)	(38.90)	(87.58)	(55.58)	(84.23)
o/w Heritage Fund	(101.81)	(138.10)	(74.26)	(33.70)	(37.54)	(10.23)	(75.60)
Transfer from Stabilisation Fund	-	817.02	1,203.72	-	930.19		
<b>Sinking Fund</b>	<b>-</b>	<b>(817.02)</b>	<b>(1,203.72)</b>	<b>-</b>	<b>(930.19)</b>		
<b>Contingency Fund</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(842.60)</b>		
<b>Nominal GDP (Including Oil)</b>	<b>349,480.41</b>	<b>349,480.41</b>	<b>385,384.03</b>	<b>385,378.03</b>	<b>385,378.03</b>	<b>385,378.03</b>	<b>385,378.03</b>
<b>Nominal GDP (Excluding oil)</b>	<b>332,228.56</b>	<b>332,228.56</b>	<b>376,338.82</b>	<b>376,332.82</b>	<b>376,332.82</b>	<b>376,332.82</b>	<b>376,332.82</b>

## 5.4 Domestic Debt

### Composition of Domestic Debt

The stock of domestic debt at the end of third quarter of 2020 increased by GH¢33,885.1 million from GH¢101,260.7 million at the end of third quarter of 2019 to GH¢135,145.8 million. The growth in the debt stock was mainly due to increases in the medium-term and long-term securities of GH¢23,337.0 million and GH¢10,466.5 million respectively and a moderate increase of GH¢81.6 million in the short-term securities.

The growth in the medium-term securities was on account of increases in 2-year fixed Treasury note (GH¢2,813.7 million), 3-year fixed Treasury note (GH¢9,281.2 million), 3-year USD Domestic Bond (GH¢143.7 million) and 5-year GoG bond of GH¢5,784.6 million. There were additional increases of GH¢1,072.6 million, GH¢744.5 million and GH¢3,647.1 million in the 6-year GoG bond, 7-year GoG bond and 10-year GoG bond respectively.

Government long-term securities also recorded a significant increase in the 15-year GoG bond of GH¢9,130.0 million and a comparative moderate increase of GH¢952.9 million against similar period in 2019.

The marginal increase in short-term securities was on the back of an increase of GH¢2,361.0 million in the 91-day Treasury bill which was moderated by decreases of GH¢495.3 million, GH¢885.7 million and GH¢898.4 million in the 182-day Treasury bill, 364-day Treasury bill and 1-year treasury note respectively.

### Holdings of Domestic Debt

Bank of Ghana's holding of domestic debt at the end of the third quarter of 2020 stood at GH¢31,225.6 million, representing 23.1 percent of the total domestic debt for the review period. The Deposit Money Banks (DMBs) holdings of domestic debt for the period was GH¢38,116.9 million (28.2%), compared to GH¢30,186.8 million (29.8 %) of their holdings recorded in similar period of 2019. SSNIT held GH¢395.7 million (0.3%), Insurance companies GH¢740.7 million (0.5 %), while 'Other holders' comprising rural banks, firms and institutions as well as individuals held a total of GH¢39,102.3 million (28.9 %). Non-Resident investors held GH¢25,564.6 million (18.9 %) compared to their holding of GH¢25,660.2 million (26.2%) recorded in the corresponding period of 2019.

**Table 5.5: Stock of Domestic Debt (GH¢' million)**

	Q2	Q3	Q4	Q1	Q2	Q3	Q3 2020 - Q3 2019	September 2020-Dec 2019
	2019	2019	2019	2020	2020	2020		
<b>A. SHORT TERM</b>								
91-Day Treasury Bill	6,990.6	6,516.5	7,153.4	7,665.4	8,760.2	8,877.5	2,361.0	1,724.1
182-Day Treasury Bill	3,540.3	3,387.5	2,842.7	2,833.3	2,935.3	2,892.2	(495.3)	49.5
364-Day Treasury Bill	3,793.7	5,402.9	6,344.9	6,086.6	4,964.2	4,517.2	(885.7)	(1,827.6)
1-Year Treasury Note	1,388.7	898.4	0.0	0.0	0.0	0.0	(898.4)	0.0
<b>A. Short-Term Instruments</b>	<b>15,713.2</b>	<b>16,205.3</b>	<b>16,341.0</b>	<b>16,585.3</b>	<b>16,659.7</b>	<b>16,286.9</b>	<b>81.6</b>	<b>(54.0)</b>
2-Year Fixed Treasury Note	12,610.7	12,939.1	13,526.1	11,998.0	12,160.7	15,752.8	2,813.7	2,226.7
3-Year Fixed Treasury Note	11,405.6	11,444.4	12,929.6	14,766.4	15,725.9	20,725.6	9,281.2	7,796.0
3-year USD Domestic Bond	1,164.9	1,975.4	2,056.3	2,022.3	2,105.9	2,119.1	143.7	62.9
3-Year Stock(SSNIT)	313.4	199.1	172.5	123.9	48.7	48.7	(150.4)	(123.9)
5-Year GOG Bond	13,522.7	14,909.3	15,808.0	20,509.1	23,478.2	20,693.9	5,784.6	4,886.0
6-Year GOG Bond	1,248.7	1,780.7	1,780.7	1,835.5	2,286.8	2,853.3	1,072.6	1,072.6
7-Year GOG Bond	3,258.1	4,143.4	4,580.8	5,319.9	5,319.9	4,887.9	744.5	307.1
10-Year GOG Bond	8,365.1	8,665.1	8,665.1	8,815.1	9,217.9	12,312.2	3,647.1	3,647.1
<b>B. Medium-Term Instruments</b>	<b>51,889.3</b>	<b>56,056.6</b>	<b>59,519.0</b>	<b>65,390.1</b>	<b>70,343.9</b>	<b>79,393.6</b>	<b>23,337.0</b>	<b>19,874.5</b>
15-Year GOG Bond	4,793.8	5,314.7	5,812.7	14,483.3	14,883.3	14,942.6	9,628.0	9,130.0
20-Year GOG Bond	0.0	162.1	162.1	162.1	162.1	162.1		
Long Term Govt. Stocks	22,841.8	22,685.5	22,685.5	13,748.4	19,138.4	23,638.4	952.9	952.9
GOG Petroleum Finance Bonds	80.0	80.0	80.0	80.0	80.0	80.0	0.0	0.0
TOR Bonds	343.2	286.0	286.0	228.8	228.8	171.6	(114.4)	(114.4)
Telekom Malaysia Stocks	109.5	109.5	109.5	109.5	109.5	109.5	0.0	0.0
<b>C. Long-Term Instruments</b>	<b>28,529.3</b>	<b>28,998.8</b>	<b>29,496.8</b>	<b>29,173.2</b>	<b>34,963.2</b>	<b>39,465.3</b>	<b>10,466.5</b>	<b>9,968.5</b>
<b>TOTAL (A+B+C)</b>	<b>96,131.9</b>	<b>101,260.7</b>	<b>105,356.8</b>	<b>111,148.6</b>	<b>121,966.8</b>	<b>135,145.8</b>	<b>33,885.0</b>	<b>29,789.0</b>

Source: Bank of Ghana and Ministry of Finance

**Table 5.6: Holdings of Domestic Debt (GH¢' million)**

	Q2	Q3	Q4	Q1	Q2	Q3
	2019	2019	2019	2020	2020	2020
<b>A. Banking system</b>	<b>41,960.3</b>	<b>45,849.4</b>	<b>46,815.7</b>	<b>50,969.9</b>	<b>60,605.6</b>	<b>69,342.4</b>
Bank of Ghana	15,920.0	15,662.6	15,782.7	15,317.8	22,798.1	31,225.6
Deposit Money Banks	26,040.3	30,186.8	31,033.0	35,652.1	37,807.5	38,116.9
<b>B. Nonbank sector</b>	<b>28,987.1</b>	<b>29,751.2</b>	<b>32,248.9</b>	<b>33,057.8</b>	<b>36,593.2</b>	<b>40,238.7</b>
SSNIT	467.3	403.4	314.0	199.1	612.1	395.7
Insurance Companies	510.8	538.6	581.9	624.1	678.3	740.7
NPRA	0.0	0.0	0.0	0.0	0.0	0.0
<b>Others Holders</b>	<b>28,009.1</b>	<b>28,809.1</b>	<b>31,353.1</b>	<b>32,234.6</b>	<b>35,302.8</b>	<b>39,102.3</b>
Rural Banks	488.8	482.2	697.5	817.3	924.8	1,088.1
Firms & Institutions	19,941.8	20,184.3	21,976.6	21,879.9	23,723.5	26,106.0
Individuals	7,578.4	8,142.6	8,679.0	9,537.4	10,654.5	11,908.2
<b>C. Foreign sector(Non-Residents)</b>	<b>25,184.4</b>	<b>25,660.2</b>	<b>26,292.3</b>	<b>27,120.9</b>	<b>24,768.0</b>	<b>25,564.6</b>
<b>TOTAL(A+B+C)</b>	<b>96,131.9</b>	<b>101,260.7</b>	<b>105,356.8</b>	<b>111,148.6</b>	<b>121,966.8</b>	<b>135,145.8</b>

Source: Bank of Ghana and Ministry of Finance

**Table 5.7: Holdings of Total Domestic Debt (Percentages)**

	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020
<b>A. Banking system</b>	<b>43.6</b>	<b>45.3</b>	<b>44.4</b>	<b>45.9</b>	<b>49.7</b>	<b>51.3</b>
Bank of Ghana	16.6	15.5	15.0	13.8	18.7	23.1
Deposit Money Banks	27.1	29.8	29.5	32.1	31.0	28.2
<b>B. Nonbank sector</b>	<b>30.2</b>	<b>29.4</b>	<b>30.6</b>	<b>29.7</b>	<b>30.0</b>	<b>29.8</b>
SSNIT	0.5	0.4	0.3	0.2	0.5	0.3
Insurance Companies	0.5	0.5	0.6	0.6	0.6	0.5
NPRA	0.0	0.0	0.0	0.0	0.0	0.0
<b>Others Holders</b>	<b>29.1</b>	<b>28.5</b>	<b>29.8</b>	<b>29.0</b>	<b>28.9</b>	<b>28.9</b>
Rural Banks	0.5	0.5	0.7	0.7	0.8	0.8
Firms & Institutions	20.7	19.9	20.9	19.7	19.5	19.3
Individuals	7.9	8.0	8.2	8.6	8.7	8.8
<b>C. Foreign sector(Non-Residents)</b>	<b>26.2</b>	<b>25.3</b>	<b>25.0</b>	<b>24.4</b>	<b>20.3</b>	<b>18.9</b>
<b>TOTAL(A+B+C)</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: Bank of Ghana and Ministry of Finance



## 6. Balance of Payments Developments

### 6.1 International Trade and Finance

Preliminary estimates of Ghana's balance of payments for the third quarter of 2020 indicated a deficit of US\$675.73 million, compared to a deficit of US\$444.44 million recorded in the third quarter of 2019.

**Table 6.1: Balance of Payments, Q3:2018 – Q3:2020 (US\$' million)**

	2018	2019+	2020*	Q3'2019/20	
	Q3	Q3	Q3	Absolute	% Change
<b>CURRENT ACCOUNT</b>	<b>-592.6</b>	<b>-836.2</b>	<b>-709.3</b>	<b>126.9</b>	<b>-15.2</b>
<b>Merchandise Exports (f.o.b.)</b>	<b>3,466.6</b>	<b>3,665.6</b>	<b>3,402.7</b>	<b>-262.9</b>	<b>-7.2</b>
Cocoa beans and products	250.2	226.3	210.7	-15.6	-6.9
Gold	1,367.8	1,656.7	1,822.2	165.5	10.0
Timber products	47.5	43.2	38.9	-4.3	-10.0
Oil	1,246.7	1,135.7	784.6	-351.1	-30.9
Others (including non-traditionals)	554.5	603.7	546.4	-57.3	-9.5
<b>Merchandise Imports (f.o.b.)</b>	<b>-3,166.8</b>	<b>-3,490.5</b>	<b>-2,853.4</b>	<b>637.1</b>	<b>-18.3</b>
Non-oil	-2,578.4	-2,885.9	-2,427.9	458.0	-15.9
Oil	-588.4	-604.6	-425.5	179.1	-29.6
<b>Trade Balance</b>	<b>299.9</b>	<b>175.1</b>	<b>549.3</b>	<b>374.2</b>	<b>213.7</b>
<b>Services (net)</b>	<b>-708.5</b>	<b>-822.6</b>	<b>-1,051.8</b>	<b>-229.2</b>	<b>27.9</b>
Receipts	1,889.2	2,724.7	1,840.5	-884.2	-32.5
Payments	-2,597.7	-3,547.3	-2,892.3	655.0	-18.5
<b>Income (net)</b>	<b>-841.4</b>	<b>-1,001.6</b>	<b>-1,071.9</b>	<b>-70.3</b>	<b>7.0</b>
Receipts	94.8	119.0	149.0	30.0	25.2
Payments	-936.2	-1,120.7	-1,220.9	-100.3	8.9
<b>Current Transfers (net)</b>	<b>657.4</b>	<b>812.9</b>	<b>865.1</b>	<b>52.2</b>	<b>6.4</b>
Official	0.0	0.0	0.0		
Private	657.4	812.9	865.1	52.2	6.4
<b>Services, Income and Current Transfers (net)</b>	<b>-892.5</b>	<b>-1,011.3</b>	<b>-1,258.6</b>	<b>-247.3</b>	<b>24.4</b>
<b>CAPITAL &amp; FINANCIAL ACCOUNT</b>	<b>216.3</b>	<b>215.3</b>	<b>-112.0</b>	<b>-327.4</b>	<b>-152.0</b>
<b>Capital Account(net)</b>	<b>67.3</b>	<b>79.2</b>	<b>0.0</b>	<b>-79.2</b>	<b>-100.0</b>
Capital transfers	67.3	79.2	0.0	-79.2	-100.0
<b>Financial Account(net)</b>	<b>149.0</b>	<b>136.1</b>	<b>-112.0</b>	<b>-248.1</b>	<b>-182.3</b>
Direct Investments	1,063.8	762.7	429.3	-333.4	-43.7
Portfolio Investments	-130.3	-24.6	-91.4	-66.8	271.3
Other Investments	-784.5	-602.0	-449.9	152.1	-25.3
Of Which					
Official Capital (net)	90.1	-51.2	-43.5	7.7	-15.0
Sovereign bond				0.0	
Other Private Capital (net)	115.0	-279.8	160.0	439.8	-157.2
Short-term capital (net)	-1,010.0	-173.3	-552.5	-379.2	218.8
Government Oil Investments (net)	20.4	-11.5	-13.9	-2.4	21.1
<b>ERRORS AND OMISSIONS</b>	<b>-9.4</b>	<b>176.4</b>	<b>145.6</b>	<b>-30.8</b>	<b>-17.5</b>
<b>OVERALL BALANCE</b>	<b>-385.8</b>	<b>-444.4</b>	<b>-675.7</b>	<b>-231.2</b>	<b>52.0</b>
<b>FINANCING</b>	<b>385.8</b>	<b>444.4</b>	<b>675.7</b>	<b>231.2</b>	<b>52.0</b>
Changes in international reserves	385.8	444.4	675.7	231.2	52.0

+ Revised \* Provisional

## 6.2 The Current Account

The current account deficit improved by 15.2 percent to US\$709.25 million from US\$836.20 million recorded in the third quarter of 2019. This was as a result of an improved trade balance and increased transfers which were moderated by outflows in the services and investment income accounts.

### 6.2.1 Merchandise Trade

The provisional trade balance showed a surplus of US\$549.30 million compared to the surplus of US\$175.10 million recorded for the same period in 2019. The improvement in trade was largely influenced by lower demand for imports.

#### Merchandise Exports

The value of merchandise exports for the third quarter of 2020 was estimated at US\$3,402.71 million, indicating a decline of US\$262.89 million or by 7.2 percent compared to same period in 2019. This was attributable to a significant decline in oil exports following the fall in oil prices arising from low global demand for the commodity as a result of the Covid-19 pandemic. During the period, there was also a decline in receipts from timber, cocoa products and other exports.

#### Gold Exports

Gold exports during the review period amounted to US\$1,822.18 million compared to US\$1,656.71 million recorded during the same period in 2019. The increase in receipts was as a result of a 28.9 percent increase in the average realized price of gold exported to US\$1,892.41 per fine ounce. The volume of gold exports however decreased by 14.7 percent to 962,890 fine ounces.

#### Crude Oil Exports

The value of crude oil exports was US\$784.59 million compared to US\$1,135.72 million recorded in the same period in 2019. The decrease in value of gold exports was due to both volume and price effects, with a fall in average realized price by 30.4 percent to US\$43.07 per barrel compared to US\$61.90 per barrel in the same reporting period of 2019. The volume exported also decreased by 0.7 percent to settle at 18,214,909 barrels compared to 18,348,827 barrels recorded for the same period a year ago.

#### Cocoa Beans and Products Exports

Earnings from cocoa beans and products totalled US\$210.68 million as compared to US\$226.30 million for the same period in 2019, representing a decrease of 6.9 percent. Earnings from cocoa beans amounted to US\$34.92 million, an increase of 41.3 percent over the level recorded in 2019. Though average prices of cocoa beans declined by 11.4 percent to settle at US\$2,182.01 per tonne, the volume exported increased by 59.5 percent to settle at 16,006 tonnes. Earnings from the export of cocoa products, decreased by 12.8 percent to US\$175.76 million on account of a 19.1 percent fall in volume to 57,314 metric tonnes.

#### Timber Products

Earnings from the export of timber products fell to US\$38.88 million from a 2019 value of US\$43.21 million.

#### Other Exports

The value of “other” exports which is made up of non-traditional exports, electricity and other minerals (bauxite, diamond, aluminium and manganese) was estimated at US\$546.38 million; which is 9.5 percent lower than the outturn in the third quarter of 2019.

### Top Ten Exported Non-Traditional Items

The value of the top ten non-traditional commodities exported during the period under review amounted to US\$195.49 million compared to US\$209.41 million recorded for the same period in 2019. Among the ten top non-traditional items exported included palm oil and its fractions, prepared or preserved tuna, shea oil and its fractions and cashew nuts, etc.

### Imports

The total value of merchandise imports amounted to US\$2,853.42 million, down by 18.3 percent compared to US\$3,490.50 million recorded in 2019. There was a decrease in both oil and non-oil imports.

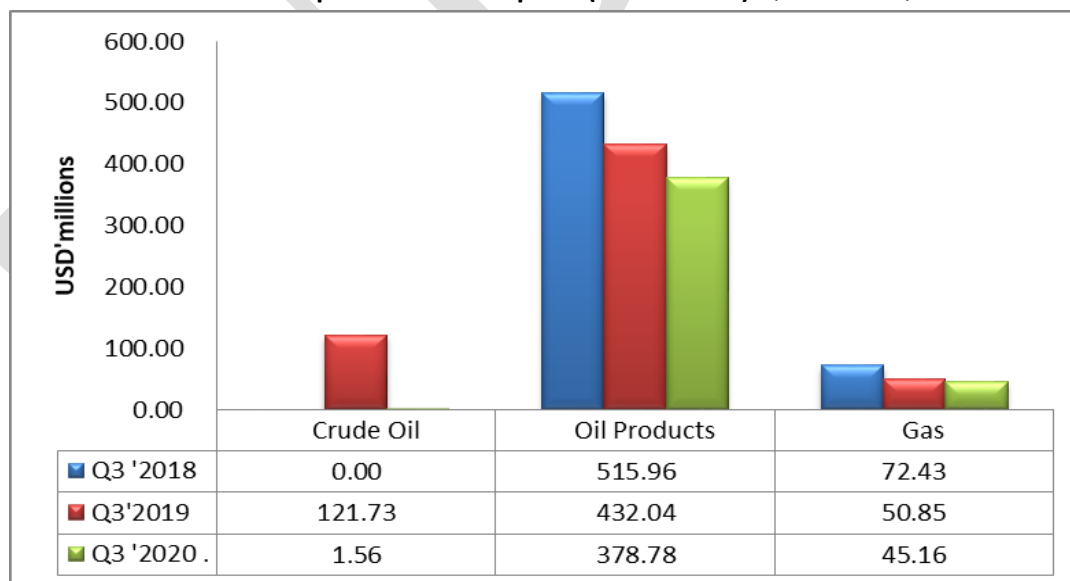
### Oil and Gas Imports

During the period under review, oil imports (made up of crude, gas and refined products) decreased by 29.6 percent to US\$425.49 million from US\$604.62 million in 2019. Crude oil imports were 37,143 barrels valued at US\$1.56 million at an average realized price of US\$41.87 per barrel. Comparatively, 1,984,087 barrels valued at US\$121.73 million at an average price of US\$61.35 per barrel was recorded for the same period last year.

In addition, the VRA imported 6,383,300 MMBTu of gas worth US\$45.16 million from the West African Gas Company (WAGP) at an average price of US\$7.1 per MMBTu (Million Metric British Thermal units) for its operations. For the same period in 2019 7,246,378 MMBTu of gas worth US\$50.85 million was imported.

The value of finished oil products imported in the third quarter of 2020 amounted to US\$378.78 million compared to US\$432.04 million in the same period in 2019.

**Chart 6.1: Developments in Oil Imports (US\$ 'million) Q3:2018 – Q3:2020**



### Merchandised Non–Oil Imports

The total merchandised non-oil imports for the third quarter of 2020 was provisionally estimated at US\$2,427.93 million compared to an outturn of US\$2,885.89 million recorded for the same period in 2019,

down by 15.87 percent. This was the result of a decline in demand for Consumption, Intermediate and Other goods.

The value of **capital goods** during the period was US\$534.00 million, up by 6.13 percent or US\$30.86 million from the corresponding period in 2019. This was on account of an 11.53 percent increase in the imports of Capital goods (except transport).

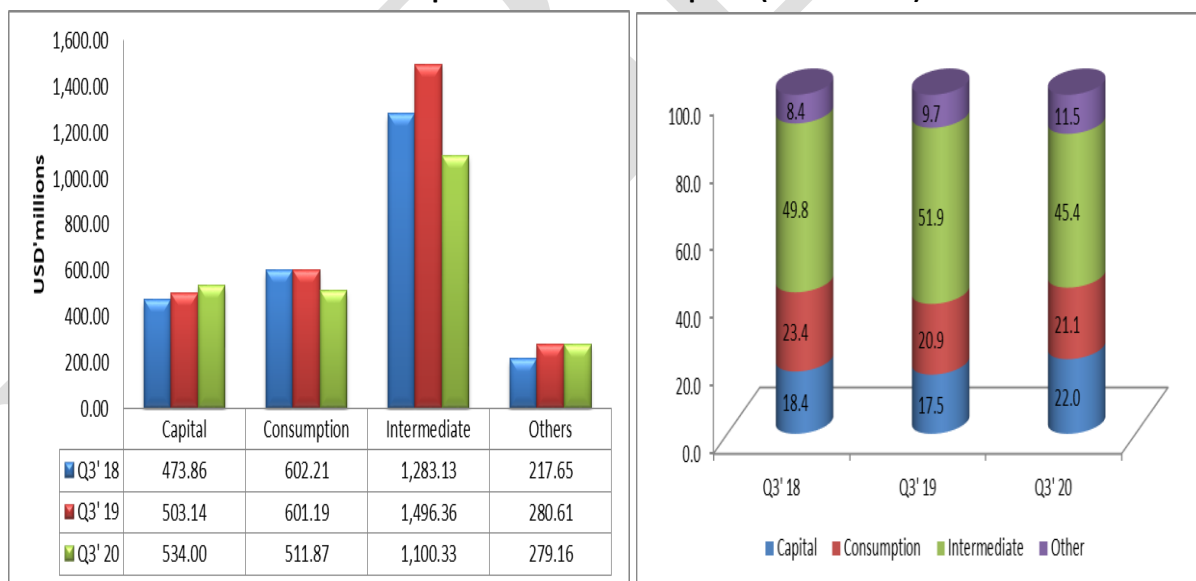
**Consumption goods** imported, however decreased by 14.86 percent to US\$511.87 million, compared to US\$601.19 million a year ago. Sub categories in this classification that accounted for the decrease included Non-durable consumer goods, primary food and beverages, and processed food and beverages.

The value of **intermediate goods** imported decreased by 26.47 percent to US\$1,100.33 million compared to US\$1,496.36 million recorded a year ago. This was due to a fall in imports in all the sub-categories.

The value of **other goods** imported totalled US\$279.16 million, which was 0.52 percent less than the previous year's level.

During the period, 21,342,800 kWh of electricity valued at US\$2.6 million was imported by VRA compared to 38,207,050 kWh worth US\$4.6 million, imported in 2019.

**Chart 6.2: Developments in Non-oil Imports (US\$ 'million)**



### Top Ten Major Non-Oil Imports

The total value of the top ten non-oil merchandise imports for the third quarter of 2020 amounted to US\$743.19 million compared to US\$695.56 million recorded a year ago. Some items included motor vehicles for the transport of persons and goods, self-propelled bulldozers, frozen fish, weedicides and rice.

**Table 6.2: Top Ten Non-Oil Imports**

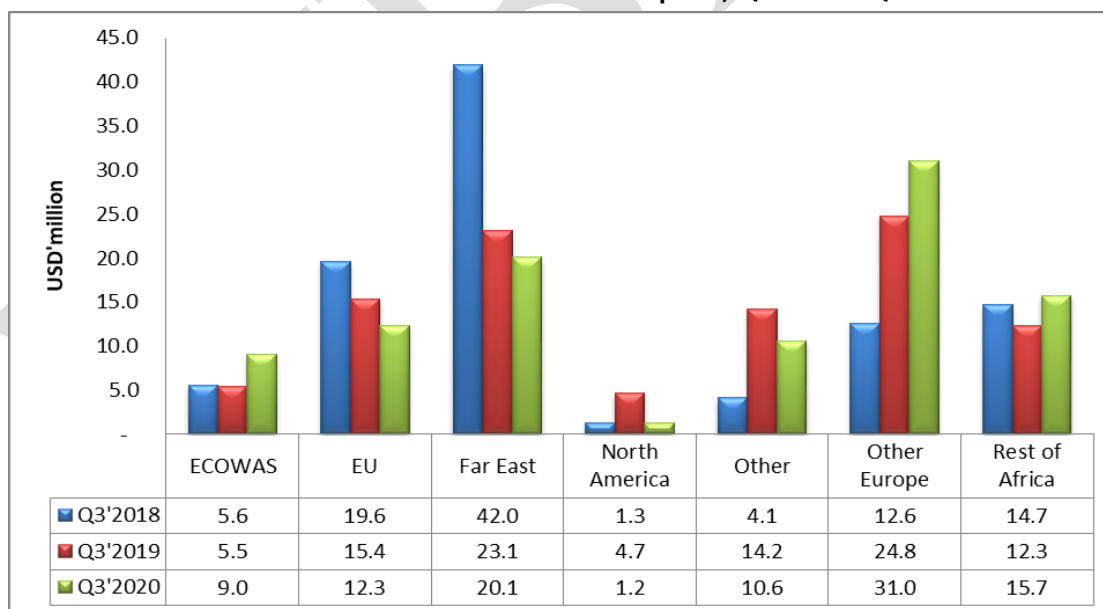
July - Sept 2019			July - Sept 2020		
Description	US\$M	%Distr.	Description	US\$M	%Distr.
<b>Capital</b>	<b>96.71</b>	<b>13.9</b>	<b>Capital</b>	<b>184.12</b>	<b>24.8</b>
Motor vehicles for the transport of goods,	66.65	9.6	Motor vehicles for the transport of goods,	132.74	17.9
Other vessels for the transport of goods	30.06	4.32	Self-propelled bulldozers	51.37	6.91
<b>Consumption</b>	<b>174.18</b>	<b>25.04</b>	<b>Consumption</b>	<b>216.31</b>	<b>29.11</b>
Rice,	47.88	6.9	Frozen fish	52.35	7.0
Cereal grains, worked but not rolled or of	46.59	6.7	Weed killers (herbicides) and Insecticides	45.74	6.2
Insecticides in packings for retail sale or as	40.77	5.9	Rice	45.56	6.1
Frozen fish	38.95	5.60	Sugar	36.66	4.93
<b>Intermediate</b>	<b>245.12</b>	<b>35.2</b>	Cereal grains, worked but not rolled or of	36.00	4.84
Oil seeds and oleaginous fruits	149.62	21.5	<b>Intermediate</b>	<b>71.14</b>	<b>9.57</b>
Palm oil and its fractions,	51.68	7.4	Cement clinkers	38.74	5.2
Cement clinkers	43.82	6.3	Polyethylene	32.40	4.4
<b>Other</b>	<b>179.54</b>	<b>25.8</b>	<b>Other</b>	<b>271.63</b>	<b>36.5</b>
Motor vehicles for the transport of persons,	179.54	25.8	Motor vehicles for the transport of	271.63	36.5
<b>Total</b>	<b>695.56</b>	<b>100.00</b>	<b>Total</b>	<b>743.19</b>	<b>100.00</b>

### 6.2.2 Direction of Trade

#### Destination of Exports

During the review quarter, the Other European countries received the largest share of 31.0 percent of Ghana's total exports. The other recipients were the Far East (20.1%), the Rest of Africa (15.7%), European Union (12.3%), Other Economies (10.6%), ECOWAS (9.0%), and North America (1.2%).

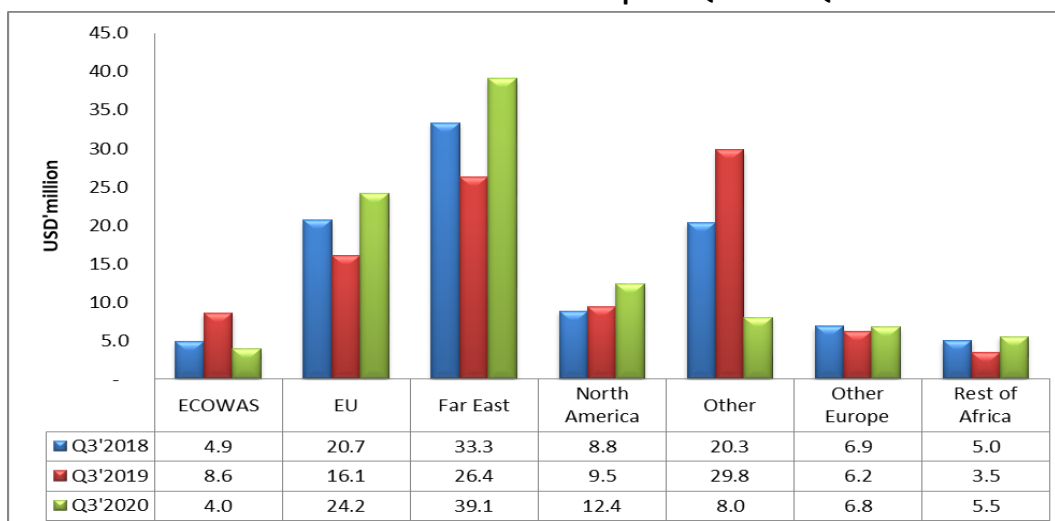
**Chart 6.3: Destination of Merchandise Exports, Q3:2018 – Q3:2020**



## Sources of Merchandise Imports

The Far East emerged as the leading source of imports accounting for 39.1 percent of the total imports. The European Union followed with a share of 24.2 percent, North America (12.4%), 'Other' economies (8.0%), Other Europe (6.8%), Rest of Africa (5.5%) and ECOWAS (4.0%).

**Chart 6.4: Sources of Merchandise Imports Q3:2018–Q3:2020**



## 6.3 Services, Income and Transfers Account

During the period under review, the Services, Income and Unilateral transfers' account recorded a deficit of US\$1,258.55 million compared to a deficit of US\$1,011.30 million in 2019. This was on account of an increase in net outflows in the Services and Investment Income account during the period, which was moderated by private inward remittance inflows. The balance on the Services account worsened from a net outflow of US\$822.59 million to a net outflow of US\$1,051.78 million as a result of an increase in net payments related to other services. The income account outflow widened from US\$1,001.64 million to US\$1,071.91 million. Current transfers which are mostly private remittances, however, increased from US\$812.93 million in the third quarter of 2019 to US\$865.14 million in the third quarter of 2020.

**Table 6.3: Services, Income, and Unilateral Transfers (net) in US\$ millions**

	Q3'2018	Q3'2019	Q3'2020	Q3'2019/20	
			prov.	Abs.	% change
	<i>Amounts in millions of U.S. dollars</i>				
<b>Services (net)</b>	<b>-708.49</b>	<b>-822.59</b>	<b>-1,051.78</b>	<b>-229.20</b>	<b>27.9</b>
Freight and Insurance	-162.98	-186.27	-147.06	39.21	-21.0
Other Services	-545.51	-636.32	-904.72	-268.40	42.2
<b>Income (net)</b>	<b>-841.41</b>	<b>-1,001.64</b>	<b>-1,071.91</b>	<b>-70.27</b>	<b>7.0</b>
<b>Current Transfers (net)</b>	<b>657.41</b>	<b>812.93</b>	<b>865.14</b>	<b>52.22</b>	<b>6.4</b>
Official	0.00	0.00	0.00	0.00	0.0
Private	657.41	812.93	865.14	52.22	6.4
<b>Services, Income and Current Transfers (net)</b>	<b>-892.50</b>	<b>-1,011.30</b>	<b>-1,258.55</b>	<b>-247.25</b>	<b>24.4</b>

## 6.4 Capital and Financial Account

### Capital and Financial Account

The capital and financial account recorded a net outflow position of US\$112.01 million in the third quarter of 2020 compared to a net inflow of US\$301.61 million in 2019 same period. This was attributable to deterioration in both the capital and financial accounts during the review period.

#### Capital Account

There were no capital transfers during the review period, compared to US\$79.23 million received in the same period in 2019.

#### Financial Account

Transactions in the financial account worsened from a net inflow of US\$222.39 million to a net outflow of US\$112.01 million, partly reflecting the impact of Covid-19 on non-resident investments. This was the result of higher outflows in portfolio investments coupled with lower inflows of foreign direct investments.

During the third quarter of 2020, **foreign direct investments** into Ghana by non-residents were US\$429.25 million compared to US\$762.69 million recorded for the same quarter last year. Net **Portfolio investment outflows** during the review period were US\$91.39 million compared to outflows of US\$24.61 million in the same quarter of 2019.

**Table 6.4: Capital and Financial Account (US\$' million)**

	Q3'2018	Q3'2019	Q3'2020	Q3 '2019/20	
			(prov.)	Absolute	% change
<i>Amounts in millions of U.S. dollars</i>					
<b>Capital and Financial Accounts</b>	<b>216.32</b>	<b>301.61</b>	<b>-112.01</b>	<b>-413.6</b>	<b>-137.1</b>
<b>Capital transfers</b>	<b>67.31</b>	<b>79.23</b>	<b>0.00</b>	<b>-79.2</b>	<b>-100.0</b>
<b>Financial Account</b>	<b>149.01</b>	<b>222.39</b>	<b>-112.01</b>	<b>-334.4</b>	<b>-150.4</b>
<i>Foreign Direct Investments</i>	1,063.79	762.69	429.25	-333.4	-43.7
<i>Portfolio Investments</i>	-130.26	-24.61	-91.39	-66.8	271.3
<i>Other Investments</i>	<b>-784.51</b>	<b>-515.69</b>	<b>-449.88</b>	<b>65.8</b>	<b>-12.8</b>
<b>Official</b>	<b>90.14</b>	<b>-51.15</b>	<b>-43.48</b>	<b>7.7</b>	<b>-15.0</b>
Disbursements	277.83	233.49	144.66	-88.8	-38.0
Amortisation	-187.69	-284.64	-188.14	96.5	-33.9
<b>Private</b>	<b>115.00</b>	<b>-279.79</b>	<b>159.97</b>	<b>439.8</b>	<b>-157.2</b>
Disbursements	5,638.62	2,681.22	1,732.75	-948.5	-35.4
Amortisation	-5,523.62	-2,961.01	-1,572.78	1,388.2	-46.9
<b>Short-term</b>	<b>-1,010.01</b>	<b>-173.28</b>	<b>-552.47</b>	<b>-379.2</b>	<b>218.8</b>
Non-Monetary	-758.12	-380.53	-320.92	59.6	-15.7
Monetary	-251.89	207.25	-231.55	-438.8	-211.7
<b>Government Oil Investments</b>	<b>20.36</b>	<b>-11.48</b>	<b>-13.89</b>	<b>-2.4</b>	<b>21.1</b>
Inflow	128.66	33.60	0.00	-33.6	0.0
Outflow	-108.30	-45.07	-13.89	31.2	-69.2

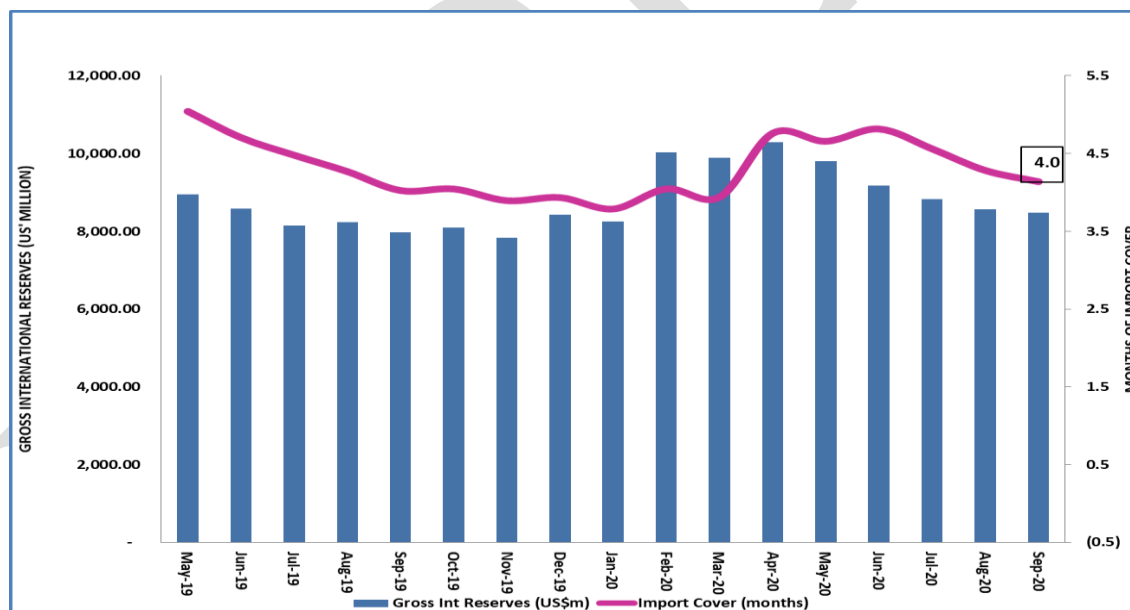
'Other investments' recorded a net outflow position of US\$449.88 million in the third quarter of 2020 from US\$515.69 million recorded in the third quarter of 2019 on the back of inflows/receipts from private capital. Net payments in the **Official capital** amounted to US\$43.48 million, a reduction from a net payment of US\$51.15 million in the previous year. **Net Private Capital** improved from an outflow of US\$279.79 million to an inflow of US\$159.97 million as a result of decreased amortization of private debt. **Short-term capital** outflows (net) widened from US\$173.28 million to US\$552.47 million, influenced by net outflows of monetary capital during the review period. Government Oil Investments net outflows during the period was US\$13.89 million compared to US\$11.48 million in quarter three of 2019.

## 6.5 International Reserves

The stock of net international reserves (NIR) at the end of the third quarter was estimated at US\$4,516.22 million; a drawdown of US\$675.73 million from a stock level of US\$5,191.95 million at the end of December 2019.

The country's gross international reserves at the end of September 2020 increased by US\$51.09 million to US\$8,469.17 million from a stock position of US\$8,418.08 million as at the end of December 2019. This was sufficient to provide cover for 4.0 months of imports compared to 3.9 and 4.0 months of imports cover as at September 2019 and December 2019 respectively.

Chart 6.5: Gross International Reserves





## 7. External Debt

### 7.1 Debt Stock

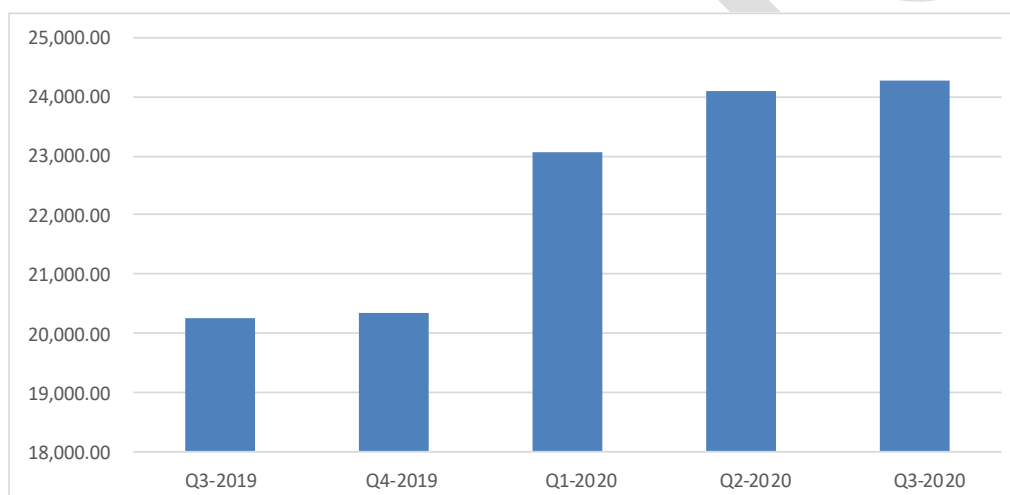
The provisional stock of public and publicly-guaranteed external debt at the end of the third quarter stood at US\$24,271.32 million, representing an increase of US\$162.26 million (0.67%) over the stock position of US\$24,109.07 million at the end of the second quarter of the year.

The increase in the stock of external debt was result of net transactions (disbursements and amortizations) during the review quarter. Also, this stock level represents a significant increase of US\$4,013 million (19.81%) above the level of US\$20,257.71 million recorded in the same period of 2019.

The significant rise was mainly driven by the Eurobond issue in February 2020 and the US\$1 billion IMF Rapid Credit Facility.

The external debt stock at the end of the third quarter represented 35.9 percent of total estimated GDP at current prices compared with 30.8 percent for the same period in 2019.

**Chart 7.1: External Debt Stock by Creditor Category (in millions of US\$)**



#### Debt Stock by Creditor Group

Analysing the external debt stock in terms of creditor category for the third quarter indicate multilateral debt totalled US\$7,928.08 million. This registered an increase of US\$117.31 million (1.5%) compared to the level of US\$7,810.76 million recorded at the end of the second quarter. This same stock position showed a significant rise of US\$1,493.38 million (23.21%) above the level of US\$6,434.70 million recorded for the same period in 2019. Multilateral debt accounted for 32.7 percent of the total debt stock at the end of the third quarter. Bilateral debts totalled US\$3.59 million (0.3%) greater than the stock position of US\$1,200.73 million recorded at the end of the first quarter and US\$13.85 (1.2%) above the level of US\$1,190.47 million registered in the same period of 2019.

The Bilateral component of external debt stock for the third quarter was US\$1,231.41 million and represented a share of 5.1 percent of the total external debt stock compared with 5.9 percent for the same period in 2019. Bilateral debts went up by US\$27.08 million (2.3%) above the stock position of

US\$1,204.32 million recorded at the end of the second quarter and US\$18.48 (1.5%) above the level of US\$1,212.93 million registered in the same period of 2019.

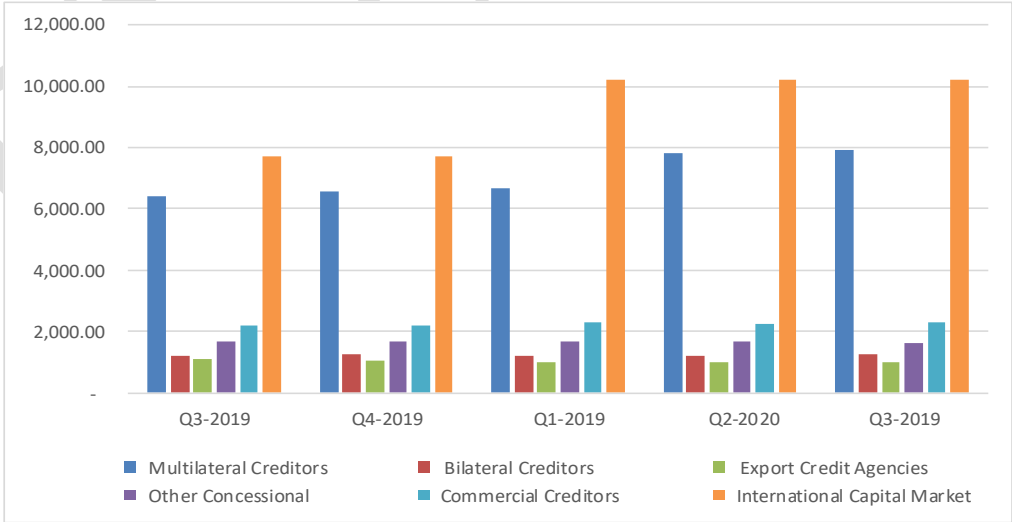
Commercial debts at the end of September 2020 totalled US\$2,287.63 million, and constituted 9.4 percent of the total external debt stock. This was US\$57.87 million (2.6%) higher than the level of US\$2,229.76 million recorded in the second quarter and went up by US\$114.08 million (5.3%) above the level of US\$2,173.55 million recorded at the end of Q3: 2019.

Debts owed to the International Capital Market stood at US\$10,215.09 million, representing the highest percentage share of 42.1 percent of the total external debt stock as at end September 2020 compared to 37.9 percent for the same period in 2019. This stock position depicted a marginal decline of US\$15.99 million (0.2%) compared to the level of US\$10,231.08 million registered at the end of the previous month. Also, this stock level was US\$2,502.36 million (32.8%) above the level of US\$7,694.73 million recorded in the third quarter of 2019.

Other concessional debts totalled US\$1,627.90 million at end of the third quarter and constituted 6.7 percent of the external debt stock. This indicated a decline of US\$26.69 million (1.6%) compared with the previous quarter’s position of US\$1,654.58 million. On year-on-year basis, other concessional debts decreased by US\$24.82 million (1.5%).

Debts owed to Export Credit Agencies at the end of the third quarter was US\$981.22 million and comprised 4.0 percent of the total external debt. This position was US\$2.67 million higher than the stock position of US\$978.55 recorded at the end of the second quarter and US\$107.85 million below the level of US\$1,089.07 million registered in the same period of 2019.

**Chart 7.2: External Debt by Creditor Category (US\$’ m)**



## 7.2 Debt Service Payments

The total amount of debt service made through Bank of Ghana on public and publicly- guaranteed external debt at the end of the third quarter amounted to US\$490.26 million. This was US\$57.40 million (10.5%) less than the payment of US\$547.65 made in the second quarter of the year. However, there was an increase of US\$20.58 million (4.4%) higher than the payment of US\$469.68 million expended for the third quarter of 2019. Payments in the review quarter were made up of principal amount of US\$215.5 million and interest expense of US\$274.76 million.

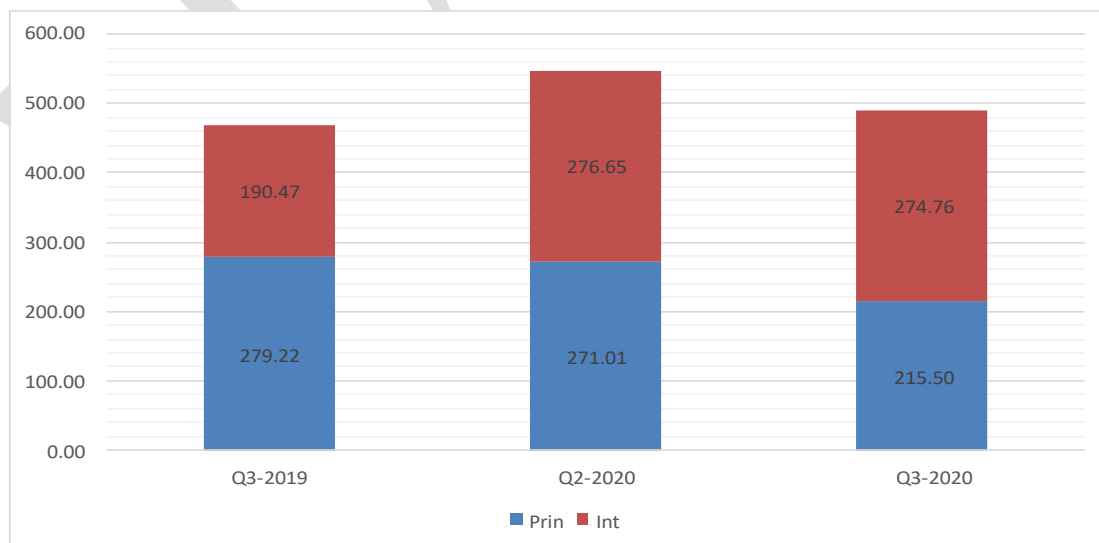
In terms of creditor category, multilateral creditors were paid US\$40.70 million comprising principal repayments of US\$26.87 million and interest payment of US\$13.83 million. This compares with principal repayments of US\$21.5 million and interest payments of US\$13.27 million made in same period of 2019.

Bilateral creditors received US\$37.78 million in principal repayment and US\$11.02 million in interest payments, compared with US\$28.12 and US\$10.15 million paid as principal and interest respectively in 2019.

Commercial creditors were paid US\$187.90 million, made up of principal repayments of US\$150.85 million and interest payments of US\$37.06 million. These compared with principal repayments of US\$229.59 million and interest payments of US\$81.67 million made in the same period in 2019.

A coupon payment of US\$212.86 million was made on outstanding Eurobond debt compared with US\$85.38 million for the same period in 2019. In the second quarter of the year, a coupon payment of US\$211.58 million was made on outstanding Eurobond debt compared with US\$131.26 million made for the same period in 2019.

**Chart 7.3: Payment of Government and Government-Guaranteed Debt to Creditors (US\$' m)**



**Table 7.1: Total External Debt Stock (US\$' million)**

	Q3-2019	Q4-2019	Q1-2020	Q2-2020	Q3-2020
<b>Total External Debt</b>	<b>20,257.71</b>	<b>20,349.37</b>	<b>23,061.93</b>	<b>24,109.07</b>	<b>24,271.32</b>
Multilateral Creditors	6,434.70	6,555.47	6,670.06	7,810.76	7,928.08
Bilateral Creditors	1,212.93	1,227.90	1,203.47	1,204.32	1,231.41
Export Credit Agencies	1,089.07	1,048.99	1,009.89	978.55	981.22
Other Concessional	1,652.72	1,657.03	1,673.91	1,654.58	1,627.90
Commercial Creditors	2,173.55	2,165.25	2,273.52	2,229.76	2,287.63
International Capital Market	7,694.73	7,694.73	10,231.08	10,231.08	10,215.09

**Table 7.2: Payment of Government and Government-Guaranteed Debt to Creditors (US\$' m)**

Creditor Category	Q3-2019			Q2-2020			Q3-2020		
	Prin	Int	Total	Prin	Int	Total	Prin	Int	Total
<b>Total</b>	<b>279.22</b>	<b>190.47</b>	<b>469.68</b>	<b>271.01</b>	<b>276.65</b>	<b>547.65</b>	<b>215.50</b>	<b>274.76</b>	<b>490.26</b>
<b>Multilateral Creditors</b>	<b>21.50</b>	<b>13.27</b>	<b>34.78</b>	<b>27.24</b>	<b>14.87</b>	<b>42.11</b>	<b>26.87</b>	<b>13.83</b>	<b>40.70</b>
IDA	15.12	9.28	24.40	17.04	11.22	28.26	19.24	9.45	28.70
ADB/ ADF	3.13	3.21	6.34	2.08	2.18	4.25	3.85	3.42	7.27
Others	3.25	0.78	4.04	8.12	1.47	9.59	3.78	0.95	4.73
<b>Bilateral Creditors</b>	<b>28.12</b>	<b>10.15</b>	<b>38.27</b>	<b>34.01</b>	<b>7.63</b>	<b>41.64</b>	<b>37.78</b>	<b>11.02</b>	<b>48.80</b>
Paris Club	14.64	2.80	17.44	13.31	2.13	15.43	4.17	0.79	4.96
Non-Paris Club	13.48	7.34	20.83	20.71	5.50	26.20	33.61	10.23	43.84
<b>Commercial Creditors</b>	<b>229.59</b>	<b>81.67</b>	<b>311.26</b>	<b>209.75</b>	<b>42.58</b>	<b>252.33</b>	<b>150.85</b>	<b>37.06</b>	<b>187.90</b>
<b>Sovereign Bond</b>	<b>0.00</b>	<b>85.38</b>	<b>85.38</b>	<b>0.00</b>	<b>211.58</b>	<b>211.58</b>	<b>0.00</b>	<b>212.86</b>	<b>212.86</b>

## 8. The Rural Banking Sector

### 8.1 Performance of RCBs

Provisional data from the rural/community banks (RCBs) during the third quarter indicate an improvement compared with the third quarter of 2019.

#### Assets

Total assets of RCBs recorded during the third quarter of 2020 was GH¢5,674.1 million, a growth of 10.6 percent from GH¢5,129.2 million recorded in the second quarter of 2020. On year-on-year basis, total assets grew by 32.4 percent at the end of the third quarter of 2020. Total assets of RCBs in the banking system constituted 3.7 percent at the end of the third quarter of 2020.

#### Deposits

Provisional data indicate that deposit mobilisation by the RCBs further improved in the third quarter of 2020 compared with the third quarter of 2019. Total deposits of RCBs increased by 38.1 percent year-on-year to GH¢4,841.1 million at the end of the third quarter from GH¢3,504.3 million recorded for the corresponding quarter of 2019. The level of RCBs deposits at the end of the review quarter constituted 5.1 percent of total deposits of the banking system, compared with the share of 4.9 percent in the previous quarter and 4.7 percent at the end of the third quarter of 2019.

#### Loans and Advances

Loans and advances made by RCBs stood at GH¢1,706.2 million in the third quarter of 2020, indicating a rise of 10.4 percent from GH¢1,545.2 million recorded at the end of second quarter of 2020.

**Table 8.1: Consolidated Assets and Liabilities of Rural/Community Banks (GH¢' Million)**

	2019		2020			Variations (2019-2020)	
	Q3	Q4	Q1	Q2	Q3	Q-on-Q	Y-on-Y
<b>Assets</b>							
Cash Holdings & Balances with Banks	588.1	683.2	681.9	820.8	951.0	15.9	61.7
Bills and Bonds	1,539.5	1,829.6	1,956.3	2,026.6	2,286.1	12.8	48.5
Loans and Advances	1,488.2	1,499.2	1,499.2	1,545.2	1,706.2	10.4	14.7
Other Assets	671.2	676.3	728.4	736.7	730.8	-0.8	8.9
<b>Total Assets</b>	<b>4,287.0</b>	<b>4,688.3</b>	<b>4,865.8</b>	<b>5,129.2</b>	<b>5,674.1</b>	10.6	32.4
<b>Liabilities</b>							
Total Deposits	3,504.3	3,909.0	4,075.0	4,337.5	4,841.1	11.6	38.1
Shareholders' Funds	445.3	431.0	444.5	410.6	414.6	1.0	-6.9
Other Liabilities	337.4	348.3	346.2	381.1	418.4	9.8	24.0
<b>Total Liabilities</b>	<b>4,287.0</b>	<b>4,688.3</b>	<b>4,865.8</b>	<b>5,129.2</b>	<b>5,674.1</b>	10.6	32.4
<b>No. of Reporting Banks</b>	144	144	144	144	144		

\*Provisional

**Table 8.2: Proportion of RCBs' Total Assets of the Banking System (GH¢' million)**

	2019				2020					
	Q3		Q4		Q1		Q2		Q3	
	GH¢	% Share	GH¢	% Share	GH¢	% Share	GH¢	% Share	GH¢	% Share
Commercial Banks	118,912.9	96.5	129,697.9	96.5	134,836.5	96.5	140,189.4	96.5	149,205.5	96.3
Rural Banks	4,287.0	3.5	4,688.3	3.5	4,865.8	3.5	5,129.2	3.5	5,674.1	3.7
<b>Total</b>	<b>123,199.9</b>	<b>100.0</b>	<b>134,386.2</b>	<b>100.0</b>	<b>139,702.3</b>	<b>100.0</b>	<b>145,318.6</b>	<b>100.0</b>	<b>154,879.5</b>	<b>100.0</b>

**Table 8.3: Proportion of RCBs' Deposits of the Banking System (GH¢' million)**

	2019				2020					
	Q3		Q4		Q1		Q2		Q3	
	GH¢	% Share	GH¢	% Share	GH¢	% Share	GH¢	% Share	GH¢	% Share
Commercial Banks	71,786.1	95.3	75,930.0	95.1	76,343.9	94.9	82,672.8	95.1	89,518.4	94.9
Rural Banks	3,504.3	4.7	3,909.0	4.9	4,075.0	5.1	4,292.0	4.9	4,841.1	5.1
<b>Total</b>	<b>75,290.4</b>	<b>100.0</b>	<b>79,839.0</b>	<b>100.0</b>	<b>80,418.8</b>	<b>100.0</b>	<b>86,964.7</b>	<b>100.0</b>	<b>94,359.5</b>	<b>100.0</b>