Bank of Ghana
Monetary Policy Report

Global Economic Developments & Ghana's External Sector

Vol. 1 No.2/2021 March 2021

Highlights

- *The global economy slowed in Q4:2020, reflecting the resurgence in COVID-19 infections and re-imposition of restrictions in advanced economies to contain the spread. However, continued policy support and ongoing vaccine rollout efforts have improved the global economic outlook for 2021 and beyond.*
- *Inflationary pressures have emerged in some advanced and emerging market economies due to surging commodity prices, but underlying inflation remains relatively subdued, reflecting sizeable spare capacity in the global economy and labour market slack.*
- *Near-term global financial conditions remain accommodative, reflecting strong policy support and ongoing vaccine rollout efforts.*
- *Improvement in financial market risk sentiments have helped ease pressures on some EMDE currencies. Other currencies remain under pressure owing to country specific vulnerabilities.*

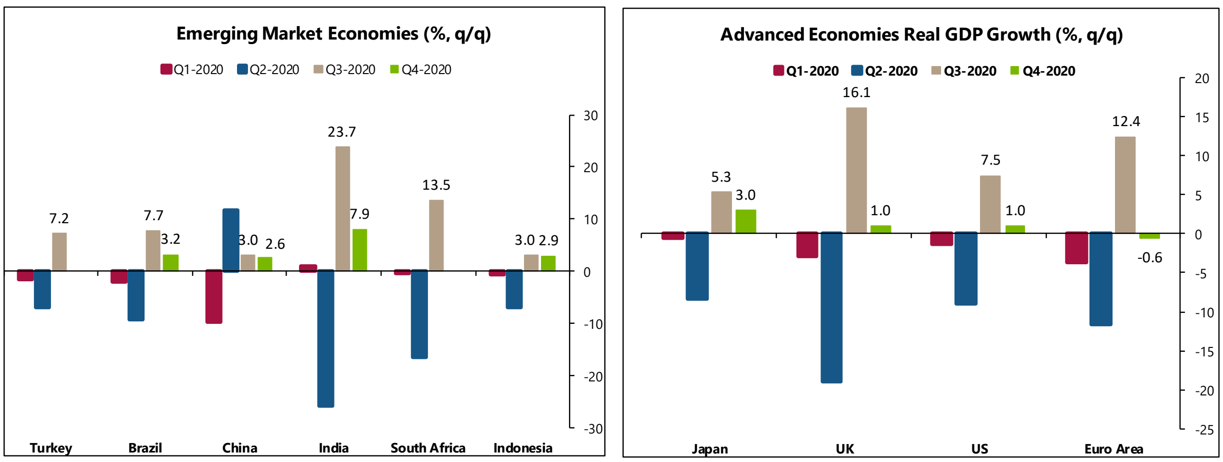
Section I: Global Economic Developments

1.0 Global Growth

Global growth rebounded sharply in Q3:2020, reflecting the easing of restrictions by the end of the summer. The expectation was that global growth will accelerate in the fourth quarter, spurred by stronger domestic and external demand. However, the resurgence of the COVID-19 virus during the early part of the fourth quarter and the swift re-imposition of restrictions weighed on private demand and dampened global growth in the fourth quarter of 2020. (see Figure 1).

Continued policy support and ongoing vaccine rollout efforts have improved the prospects for the global economy in 2021. In addition, high frequency indicators showed global merchandise trade has now returned to pre-pandemic levels, supported by the strong demand for IT equipment and medical supplies, according to the OECD. This optimism about the prospects of global growth is also reflected in the January 2021 IMF World Economic Outlook (WEO) projections. The report showed that policy support and vaccines are expected to lift activity in 2021, with global growth ending the year 2021 with an expansion of 5.5 percent, 0.3 percentage point higher than the October 2020 WEO projections (see Table 1).

Figure 1: Real GDP Growth Rates in Advanced and Emerging Market Economies



Source: BOG/ OECD Statistics

Table 1: IMF Global Growth Projections

	January 2021 Updates (Year on Year, %)					
	Estimate		Projections		Difference from October 2020 WEO Projections	
	2019	2020	2021	2022	2021	2022
World Output	**2.8**	**–3.5**	**5.5**	**4.2**	**0.3**	**0.0**
Advanced Economies	**1.6**	**–4.9**	**4.3**	**3.1**	**0.4**	**0.2**
United States	2.2	–3.4	5.1	2.5	2.0	–0.4
Euro Area	1.3	–7.2	4.2	3.6	–1.0	0.5
Germany	0.6	–5.4	3.5	3.1	–0.7	0.0
France	1.5	–9.0	5.5	4.1	–0.5	1.2
Italy	0.3	–9.2	3.0	3.6	–2.2	1.0
Spain	2.0	–11.1	5.9	4.7	–1.3	0.2
Japan	0.3	–5.1	3.1	2.4	0.8	0.7
United Kingdom	1.4	–10.0	4.5	5.0	–1.4	1.8
Emerging Market and Developing Economies	**3.6**	**–2.4**	**6.3**	**5.0**	**0.3**	**–0.1**
Emerging and Developing Asia	5.4	–1.1	8.3	5.9	0.3	–0.4
Russia	1.3	–3.6	3.0	3.9	0.2	1.6
China	6.0	2.3	8.1	5.6	–0.1	–0.2
India	4.2	–8.0	11.5	6.8	2.7	–1.2
Brazil	1.4	-4.5	3.6	2.6	0.8	0.3
Sub-Saharan Africa	3.2	–2.6	3.2	3.9	0.1	–0.1
Ghana	6.5	0.9	4.2	4.1		
Nigeria	2.2	–3.2	1.5	2.5	–0.2	0.0
South Africa	0.2	–7.5	2.8	1.4	–0.2	–0.1

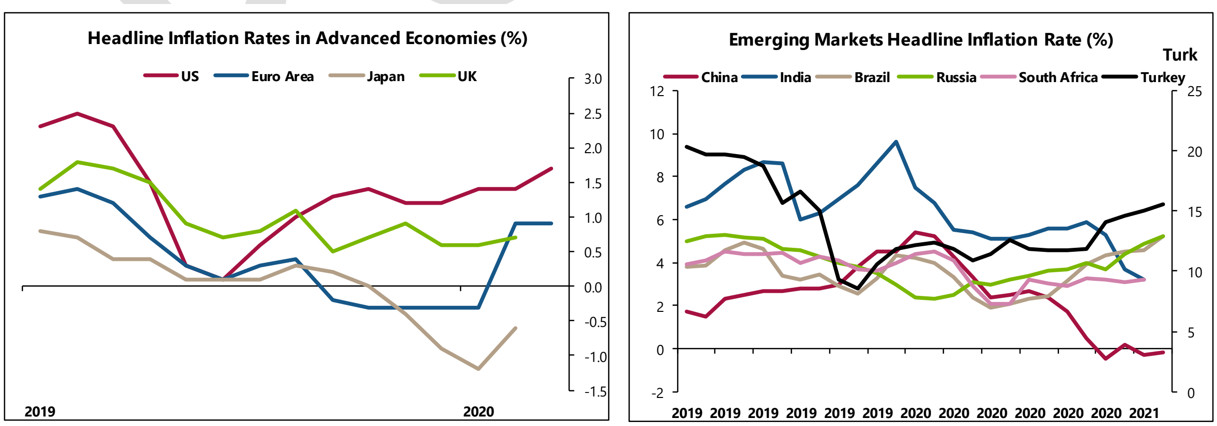
Source: IMF WEO January 2021 update

However, uncertainty remains, despite the improved outlook for global growth. On the upside, faster and widespread deployment of vaccines may speed up the removal of restrictions and boost the prospects of global recovery in 2021 and 2022. On the downside, the emergence of new transmissible variants of the COVID-19 virus and slower deployment of vaccines across the world may delay the recovery process. For instance, the slow pace of vaccine deployment in Europe and other parts of the world may delay the removal of restrictions and dampen the recovery process. Also, premature withdrawal of policy support may spook financial markets and delay global recovery.

2.0 Global Price Developments

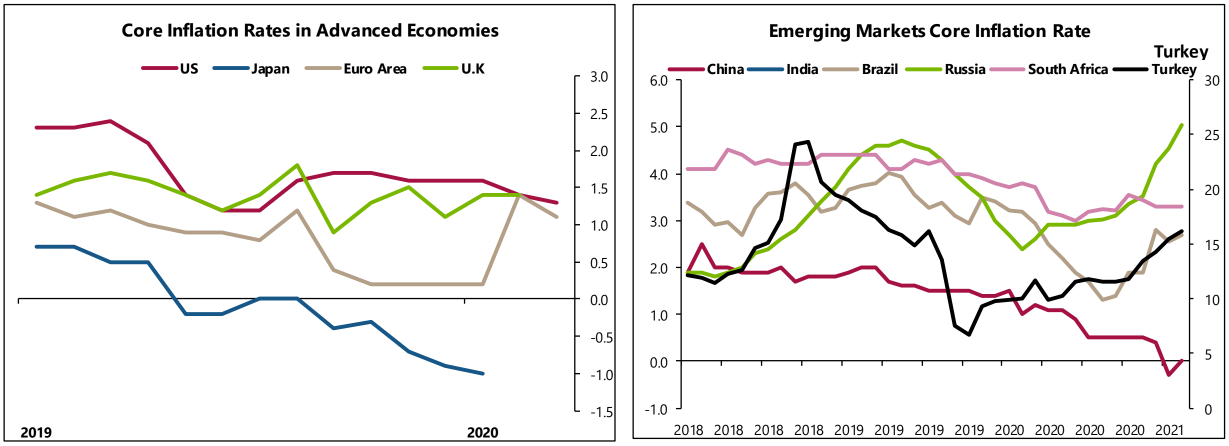
Some signs of cost pressures have begun to emerge in both advanced and emerging market economies. First, oil prices increased amid supply constraints and improved demand outlook due to vaccine rollout and the passage of the $1.9 trillion fiscal stimulus in the United States. Also, the ongoing surge in oil prices may be sustained if the vaccine rollouts speed up global recovery. Second, high frequency indicators released by Refinitiv and Markit in February 2021 showed that input cost inflation rose globally to its highest level since September 2008, reflecting shortages and supply delays and pointing to higher consumer price inflation in the near term. At the same time, the improved prospects for global economic recovery have led to rising expectation of future inflation according to the February 2021 Edition of the Bank of England's Monetary Policy Report. The surge in oil prices and past currency depreciation in some emerging market economies led to a marginal increase in headline inflation in both advanced and emerging market economies (see Figure 3). Sizeable spare capacity in the global economy and weak labour markets weighed on underlying inflation pressures in advanced economies. In emerging market economies, past exchange rate deprecation drove underlying inflation higher (see Figure 4).

Figure 3. Headline Inflation in Advanced and Emerging Market Economies



Source: BoG/Trading Economics

Figure 4: Core Inflation in Advanced and Emerging Market Economies (%)



Source: BoG/Trading Economics

In the outlook, we expect inflation to pick up marginally in the near term in advanced economies if the vaccine rollout is successful and restrictions ease. But the continued sizeable spare capacity in the global economy and weak labour markets may offset some of the cost pressures. Inflation is, however, expected to return to target over the medium term as the spare capacity is eroded. In emerging-market economies, analysts believe inflation could be higher than expected if oil prices stay higher and domestic currencies depreciate further.

3.0 Global Financial Market Developments

Global financial conditions remain benign, reflecting the ongoing massive policy support and vaccine optimism. Borrowing costs across both advanced and emerging market economies remain low. For instance, central banks have re-affirmed their commitments to low policy rates (see Table 2). Also, in response to expectations of additional fiscal stimulus and rising inflation expectations, the 10-Year Government Bond Yields in Major Advanced Economies have picked up slightly, but remain below pre-pandemic levels. Meanwhile, improvement in investor risk appetite, reflecting the massive policy support, has led to a narrowing in sovereign spreads in both advanced economies and in EMDEs.

Global equity markets have also benefited from improved risk sentiment due to vaccine optimism and renewed economic activity. Equity prices in major advanced economies have picked up sharply since November 2020, supported by the ongoing vaccine rollout and continued policy support. Emerging markets attracted $31.2 billion inflows in February 2021, significantly below the $52.5 billion inflows in December and January. These developments have put some pressures on currencies in some emerging market and frontier economies. Also, rising debt levels pose a major risk to emerging markets and developing economies in the outlook.

Table 2: Monetary Policy Stance of Selected Central Banks

	Key Rate	Previous (%)	Current (%)	Forecast	Inflation Rate (Feb, 2021)	Real rate	Infl Target	overall Fiscal Deficit (% of GDP)	GDP Growth (Dec.2019)	GrossDebt/GDP(%)
U.S	Federal Funds Rate	0.25	0.25	0.25	1.7	-1.45	2%	-6.35	2.2	107
Euro Area	Rifinancing Rate	0	0	0	0.9	-0.9	< 2%	-0.6	1.3	84.1
UK	Bank Rate	0.1	0.1	0.1	0.7	-0.6	2%	-2.2	1.5	80.7
Japan	short term policy rate	-0.1	-0.1	-0.1	-0.6	0.5	2%	-3.3	0.7	237
Russia	one-week repo rate	4.25	4.25	4.25	5.2	-0.95	4%	1.9	1.3	12.2
India	Benchmark rate	4	4	4	3.2	0.8	4±2%	-8.22	4.2	69.62
Brazil	Selic rate	2	2	2	5.2	-3.2	4.5±1.5%	-6	1.1	75.79
Turkey	One week repo rate	17	17	18	15.6	1.4	5±2%	-5.65	0.9	33.1
Malaysia	Policy Rate	1.75	1.75	1.75	-0.2	1.95	3% - 4%	-3.69	4.3	52.5
Indonesia	Policy Rate	3.75	3.5	3.5	1.38	2.12	3.5% ± 1%	-2.23	5	30.4
Chile	Benchmark Interest Rate	0.5	0.5	0.5	2.8	-2.3	3±1%	-2.65	1.1	27.9
Ghana	Monetary Policy Rate	14.5	14.5	?	10.3	4.2	8±2%	-7.34	6.5	63.2
South Africa	Repo Rate	3.5	3.5	3.5	3.2	0.3	3% -6%	-6.3	0.2	62.2
Nigeria	Monetary Policy Rate	11.5	11.5	11.5	16.47	-4.97	6% -9%	-6.3	2.2	29.4
Kenya	Policy Rate	7	7	7	5.78	1.22	2.5-7.5%	-7.73	5.4	60.8
Zambia	Policy Rate	8	8	8	22.2	-14.2	9%	-8.14	1.4	85.7
Morocco	Policy Rate	1.5	1.5	1.5	0	1.5		-4.13	2.5	66.1

Source: Growth rate(World Bank); Debt/GDP (IMF); Policy Rates (Trading Economics)

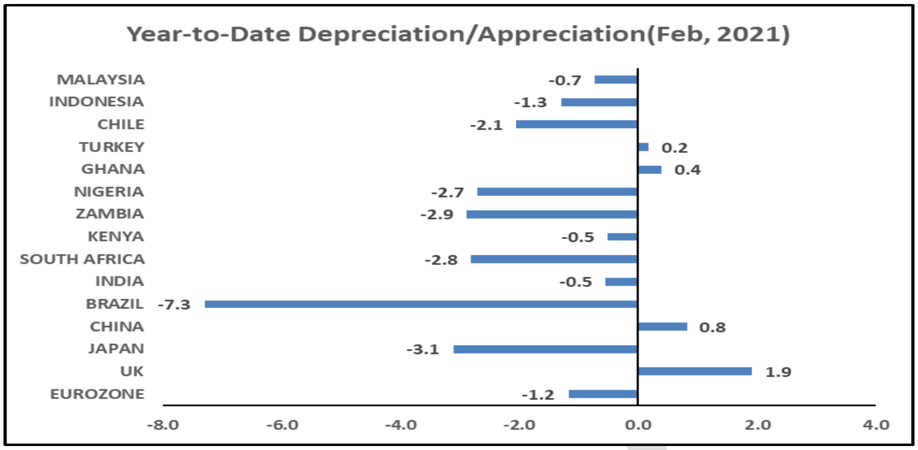
Note: *The blue colour: unchanged monetary policy rate; green colour: policy rate cut; the real rate is the policy rate minus the ex post inflation rate. Inflation rate in red are January 2021 numbers.*

In the outlook, financial conditions will remain accommodative in the near term. Monetary policy stance will remain accommodative at least to the end of 2021, allowing for long-term bond yields in advanced economies to remain low. Continuing policy support and vaccine optimism will continue to improve investor risk appetite, leading to continued compression of risk spreads on bonds while also enhancing equity valuations. However, new transmissible variants of the COVID-19 virus continue to spread across the world and may delay the recovery process. Inflation expectations have begun to pick up amid vaccines optimism. This development may lead investors to demand inflation compensation and push up long term bond yields with implications for flow reversals in EMDEs. Also, sovereign debts remain high in advanced and emerging market economies. A sudden stop in lending perhaps due to deterioration in financial market risk sentiment may tip some of these economies into a debt spiral.

4.0 Currency Markets

On the international currency market, the rollout of vaccines and the U.S. fiscal stimulus boost recovery prospects and strengthened the Dollar against other major currencies. Analysts believe the boost to the Dollar is temporary, as structural factors such as the rising current account and fiscal deficits are likely to offset the temporary gains from positive sentiment arising from the vaccines rollout and fiscal stimulus. The recovering US dollar has put some pressure on some EMDE currencies, especially in countries with weak fundamentals (see Figure 3).

Figure 3: Performance of Selected Currencies against the U.S Dollar



In the domestic currency market, the Cedi appreciated by 0.4 percent and 1.58 percent against the Dollar and Euro, respectively, but depreciated by 1.5 percent against the Pound on a year-to-date basis. The Cedi performed better during the same period in 2020 with an appreciation of 4.51, 7.78, and 7.0 percent against the Dollar, the Pound and Euro, respectively, on a year-to-date basis (see Table 4). Historically, the Cedi performed better in 2020 both on a month-to-month basis and on a year-to-date basis compared to 2016-2019. However, the Cedi was less volatile in the first two months of 2021 compared to the same period in 2019 and 2020.

Table 4: Interbank Exchange Rates

	US$/GHC*	Monthly depreciation/appreciation	Year-to-Date depreciation/appreciation	GBP/GHC*	Monthly depreciation/appreciation	Year-to-Date depreciation/appreciation	Euro/GHC*	Monthly depreciation/appreciation	Year-to-Date depreciation/appreciation
2019									
Jan	4.9506	-2.6	-2.64	6.5121	-5.2	-5.24	5.6824	-3.0	-2.98
Feb	5.1752	-4.3	-6.86	6.8703	-5.2	-10.18	5.8799	-3.4	-6.24
Mar	5.0834	1.8	-5.18	6.6166	3.8	-6.73	5.7084	3.0	-3.42
Apr	5.0881	-0.1	-5.27	6.6318	-0.2	-6.95	5.7001	0.1	-3.28
May	5.2011	-2.2	-7.33	6.5640	1.0	-5.99	5.7973	-1.7	-4.90
June	5.2590	-1.1	-8.35	6.6787	-1.7	-7.60	5.9831	-3.1	-7.86
July	5.2570	0.0	-8.31	6.4267	3.9	-3.98	5.8528	2.2	-5.80
Aug	5.2814	-0.5	-8.74	6.4296	0.0	-4.02	5.8094	0.7	-5.10
Sep	5.3161	-0.7	-9.33	6.5412	-1.7	-5.66	5.7956	0.2	-4.87
Oct	5.3372	-0.4	-9.69	6.9010	-5.2	-10.58	5.9445	-2.5	-7.26
Nov	5.5254	-3.4	-12.77	7.1322	-3.2	-13.48	6.0785	-2.2	-9.30
Dec	5.5337	-0.1	-12.90	7.3164	-2.5	-15.66	6.2114	-2.1	-11.24
2020									
Jan	5.5274	0.1	0.11	7.1924	1.7	1.72	6.0476	2.7	2.71
Feb	5.2949	4.4	4.51	6.7881	6.0	7.78	5.8048	4.2	7.00
Mar	5.4423	-2.7	1.68	6.7583	0.4	8.26	5.9752	-2.9	3.95
Apr	5.6010	-2.8	-1.20	7.0584	-4.3	3.66	6.1276	-2.5	1.37
May	5.6203	-0.3	-1.54	6.9186	2.0	5.75	6.2406	-1.8	-0.47
June	5.6674	-0.8	-2.36	7.0038	-1.2	4.46	6.3613	-1.9	-2.36
July	5.6782	-0.2	-2.54	7.4050	-5.4	-1.20	6.6944	-5.0	-7.21
Aug	5.6848	-0.1	-2.66	7.5997	-2.6	-3.73	6.7916	-1.4	-8.54
Sep	5.7027	-0.3	-2.96	7.3585	3.3	-0.57	6.6786	1.7	-7.00
Oct	5.7100	-0.1	-3.09	7.3913	-0.4	-1.01	6.6703	0.1	-6.88
Nov	5.7139	-0.1	-3.15	7.6426	-3.3	-4.27	6.8559	-2.7	-9.40
Dec	5.7602	-0.8	-3.93	7.8742	-2.9	-7.08	7.0643	-3.0	-12.07
2021									
Jan	5.7604	0.0	0.00	7.8996	-0.3	-0.32	6.9929	1.0	1.02
Feb	5.7374	0.4	0.40	7.9945	-1.2	-1.50	6.9545	0.6	1.58

Source: Bank of Ghana Staff Calculations

The strength of the Cedi in March 2021 reflects a number of factors. On the supply side, inflows from offshore investors, remittances flows and mining flows supported the Cedi. On the demand side, there was observed decline in Forex demand. The number of bids submitted for the FX Forward auction held on March 9, 2021 fell below the targeted amount by 32.5 percent.

In the outlook, inflows from offshore investors, mining sector, remittance flows, and the FX Auction will continue to support the Cedi in the near term. However, continued fiscal vulnerabilities and a stronger Dollar, due perhaps to a faster recovery of the U.S. economy, may pose threats to the Cedi's stability.

In nominal effective terms, (i.e. taking movements in major trade partner currencies into account), the Cedi appreciated by 1.14 percent in nominal trade weighted terms and 0.4 percent in nominal Forex transactions weighted terms, on a year–to-date basis (see Table 5). This is against the appreciation of 5.83 percent in nominal trade weighted terms and 4.51 percent in nominal foreign exchange transaction weighted terms respectively over the same period in 2020.

Table 5: Nominal Effective Exchange Rate

	2018=100		Monthly CHG(%)		Year-to-Date (%)	
	FXTWI	TWI	FXTWI	TWI	FXTWI	TWI
			2020			
Jan-20	27.66	31.90	0.20	1.0	0.20	0.98
Feb-20	28.90	33.54	4.31	4.90	4.51	5.83
Mar-20	28.14	32.71	-2.72	-2.54	1.91	3.43
Apr-20	27.35	31.93	-2.89	-2.46	-0.92	1.06
May-20	27.24	31.53	-0.41	-1.26	-1.34	-0.18
Jun-20	26.98	30.98	-0.94	-1.79	-2.28	-1.97
Jul-20	26.80	29.66	-0.67	-4.45	-2.97	-6.51
Aug-20	26.73	29.27	-0.26	-1.35	-3.24	-7.94
Sep-20	26.71	29.68	-0.10	1.39	-3.35	-6.44
Oct-20	26.68	29.78	-0.08	0.34	-3.43	-6.07
Nov-20	26.60	29.14	-0.31	-2.18	-3.75	-8.39
Dec-20	26.33	28.31	-1.05	-2.94	-4.84	-11.58
			2021			
Jan-21	26.34	28.45	0.04	0.47	0.04	0.47
Feb-21	26.44	28.64	0.40	0.67	0.44	1.14

Source: Bank of Ghana Staff Calculations

Note: TWI and FXTWI are index measures of the value, in nominal terms, of the cedi relative to Ghana's top three currencies: Euro, the Pound and the US dollar.

In real bilateral terms (i.e. adjusting for inflation), the Cedi appreciated by 1.6 percent, 0.4 percent and 3.2 percent respectively against the Dollar, the Pound Sterling, and the Euro, respectively, on a year-to-date basis. Comparatively, for the corresponding period in 2020, the Cedi's real exchange rate appreciated by

5.9 percent, 9.1 percent, and 8.4 percent against the Dollar, the Pound Sterling, and the Euro respectively (see Table 6).

Table 6: Real Bilateral Exchange Rate

Month	RER Index (Jan.18=100) EUR	GBP	USD	MONTHLY CHANGE (Index) EUR	GBP	USD	Year-to-Date (%) EUR	GBP	USD
2020									
Jan-20	99.7	94.7	88.0	3.6	2.2	1.4	3.6	2.2	1.4
Feb-20	105.0	101.9	92.2	5.0	7.1	4.5	8.4	9.1	5.9
Mar-20	102.3	103.3	90.8	-2.6	1.3	-1.5	6.1	10.3	4.5
Apr-20	103.1	102.2	91.8	0.7	-1.1	1.1	6.8	9.3	5.5
May-20	103.2	105.6	93.1	0.1	3.3	1.4	6.8	12.3	6.8
Jun-20	101.8	105.3	93.4	-1.3	-0.3	0.4	5.6	12.0	7.2
Jul-20	97.8	99.7	92.5	-4.1	-5.6	-1.0	1.7	7.1	6.2
Aug-20	96.4	97.4	91.7	-1.5	-2.3	-0.9	0.3	4.9	5.4
Sep-20	97.6	99.9	91.1	1.2	2.4	-0.7	1.5	7.3	4.8
Oct-20	98.6	99.8	91.1	1.0	0.0	0.1	2.5	7.2	4.8
Nov-20	96.4	97.3	91.1	-2.3	-2.6	0.0	0.3	4.8	4.8
Dec-20	93.9	94.8	90.9	-2.7	-2.7	-0.2	-2.4	2.3	4.6
2021									
Jan-21	95.3	95.6	91.6	1.4	0.9	0.8	1.4	0.9	0.8
Feb-21	97.0	95.1	92.3	1.8	-0.5	0.8	3.2	0.4	1.6

Source: Bank of Ghana Staff Calculations

Table 7 shows the real effective exchange rate movements of the Cedi against the three major currencies (i.e. US Dollar, the Euro and Yen). On a year-to-date basis, the Cedi appreciated by 2.8 percent in real trade weighted terms and appreciated by 1.7 percent in real forex transaction weighted terms. These compare with an appreciation of 8.2 percent and 6.2 percent, respectively, in trade weighted terms and FX transaction weighted terms in February, 2020.

Table 7: Real Effective Exchange Rate for Major Trade Partners

	RTWI and FXRTWI					
Month	INDEX (2018=100) RFXTWI	RTWI	MONTHLY CHG RFXTWI	RTWI	Year-to-Date (%) RFXTWI	RTWI
2020						
Jan-20	88.96	97.60	1.6	3.2	1.6	3.2
Feb-20	93.29	102.89	4.6	5.1	6.2	8.2
Mar-20	91.87	100.78	-1.6	-2.1	4.7	6.2
Apr-20	92.81	101.43	1.0	0.6	5.7	6.8
May-20	94.07	101.97	1.3	0.5	6.9	7.3
Jun-20	94.29	100.93	0.2	-1.0	7.2	6.4
Jul-20	93.05	97.23	-1.3	-3.8	5.9	2.8
Aug-20	92.15	95.84	-1.0	-1.5	5.0	1.4
Sep-20	91.72	96.90	-0.5	1.1	4.6	2.5
Oct-20	91.85	97.70	0.1	0.8	4.7	3.3
Nov-20	91.64	95.74	-0.2	-2.0	4.5	1.3
Dec-20	91.20	93.56	-0.5	-2.3	4.0	-1.0
2021						
Jan-21	91.97	94.79	0.8	1.3	0.8	1.3
Feb-21	92.73	96.20	0.8	1.5	1.7	2.8

Source: Bank of Ghana Staff Calculations

5.0 Global Economic Outlook and Risks

Widespread resurgence in lockdown measures in Europe and elsewhere weighed on economic activity in the fourth quarter of 2020. However, continued policy support and ongoing vaccine rollout efforts have improved the outlook for the global economy in 2021 and 2022. The COVID vaccination programme would be expected to lead to an easing of social distancing restrictions, reduced economic uncertainty, and higher activity. However, emergence of transmissible variants of the virus amid slower pace of vaccine deployment may weigh on confidence and delay the recovery.

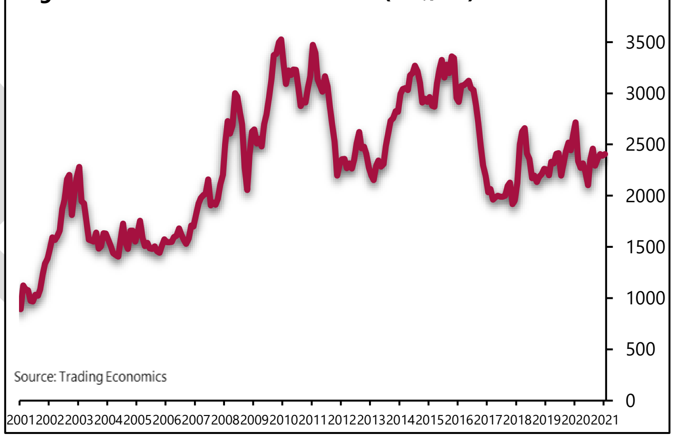
Section II: External Sector Developments

6.0 Developments in Key Commodity Prices

Cocoa Price Developments

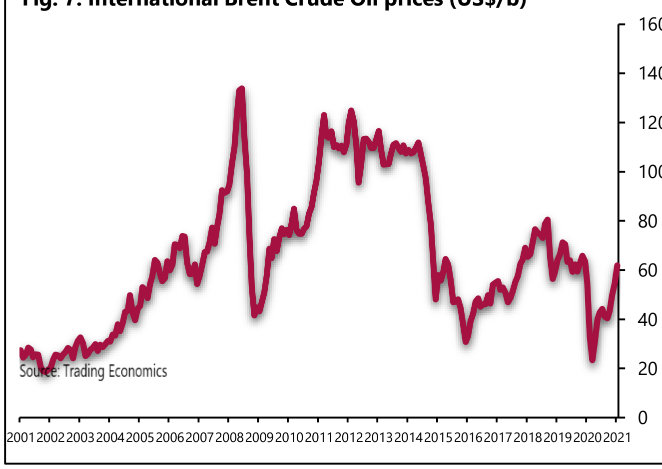
Cocoa futures recorded marginal loses into February 2021. The bean closed the month at US$2,508.84 per tonne compared to the US$2,523.95 per tonne recorded in the month of January 2021, representing a loss of 0.60 percent. The commodity suffered from the impact of coronavirus pandemic, which reduced demand, as well as concerns about excess cocoa availability in top grower Cote d'Ivoire. Compared to same period last year the commodity lost 11.22 percent of its price also due to the pandemic induced fall in demand for the bean and its products.

Figure 6: International Cocoa Prices (US$/mt)



The tides have turned in favour of international benchmark Brent crude oil as it continued its gains for the fourth successive month into February 2021. The commodity gained 12.55 percent to settle at an average price of US$62.27 per barrel compared to US$55.33 per barrel the previous month. Slowed production in U.S. crude inventories and rising winter fuel demand due to one of the worst snowstorms to hit the U.S. Northeast in years

Fig. 7: International Brent Crude Oil prices (US$/b)



supported prices during the month under review. Massive rollout of COVID-vaccination has boosted global economic recovery prospects and hence demand for the commodity.

Spot gold prices suffered some loses in the month of February 2021. The price of the yellow metal dropped by 3.04 percent to settle at US$1,810.34 per ounce at end-February, compared to US$1,867.04 in January 2021. During the month of February, the Dollar strengthened after the Federal Reserve raised concerns about the pace of economic recovery in the United States. In addition, increasing U.S. Treasury yields reduced the safe haven appeal of the metal. Compared to February 2020, gold prices gained 13.37 percent, mainly due to the economic disruptions caused by the COVID-19 pandemic as well as the implementation of accommodating policies to support the recovery process.

Fig. 8: International Gold Prices (US$/oz)

6.1 Developments in the Trade Balance

Total merchandise trade was provisionally estimated at a surplus of US$339.7 million (0.5% of GDP) compared with a surplus of US$791 million (1.2% of GDP) over the same time in 2020. This outturn was on the heels of lower exports receipts mainly from crude oil, gold and cocoa beans. For the period January to February 2021, exports of cocoa beans and products amounted to US$657.1 million, compared with US$716.3 million recorded for the same time in 2020. Gold exports were US$931.2 million, down by 5.6 percent in year-on-year terms. Crude oil exports also fell to US$505.9 million, compared with US$681.8 million in 2020. Other exports excluding non-traditional exports, however, rose to US$448 million in the period under review, compared with US$417.5 million in 2020.

Total merchandise imports for the period January to February amounted to US$2,202.9 million, indicating a year-on-year increase of 9.6 percent due to a pick-up in economic activities as reflected in an increase in non-oil imports. Of the total imports, non-oil imports rose by 12.9 percent to US$1,846.3, while oil and gas imports fell by 4.8 percent to US$356.6 million compared with US$374.8 million recorded in 2020.

Table 8: Developments in the Trade Sector

	2019 Jan - Feb	2020 Jan - Feb	2021 Jan - Feb	Abs Y/Y Chg	Rel Y/Y Chg
Trade Bal (% GDP)	*0.6*	*1.2*	*0.5*	*-0.7*	*-60.7*
Trade Balance ($'M)	**378.2**	**791.0**	**339.7**	**-451.4**	**-57.1**
Total Exports	**2,665.5**	**2,801.6**	**2,542.6**	**-259.0**	**-9.2**
Gold ($'M)	932.5	985.9	931.2	-54.7	-5.6
Volume (fine ounces)	714,726.7	625,514.3	508,294.9	-117,219.4	-18.7
Unit Price ($/fine ounce)	1,304.7	1,576.2	1,832.0	255.8	16.2
Cocoa Beans ($'M)	427.0	559.3	491.3	-68.0	-12.2
Volume (tonnes)	184,481.3	226,667.6	206,172.3	-20,495.3	-9.0
Unit Price ($/tonne)	2,314.5	2,467.7	2,383.0	-84.6	-3.4
Cocoa Products ($'M)	131.4	157.0	165.8	8.8	5.6
Volume (tonnes)	45,871.2	49,073.6	48,751.6	-321.9	-0.7
Unit Price ($/tonne)	2,864.8	3,199.0	3,400.5	201.5	6.3
Crude Oil ($'M)	730.0	681.8	505.9	-175.9	-25.8
Volume (barrels)	11,613,445.0	11,440,215.0	8,645,043.0	-2,795,172.0	-24.4
Unit Price ($/bbl)	62.9	59.6	58.5	-1.1	-1.8
Other Exports	444.7	417.5	448.4	30.8	7.4
ow: Non-Traditional Exports	298.9	349.0	373.1	24.1	6.9
Total Imports ($' M)	**2,287.3**	**2,010.6**	**2,202.9**	**192.4**	**9.6**
Non-Oil	1,871.3	1,635.8	1,846.3	210.5	12.9
Oil and Gas	416.0	374.8	356.6	-18.1	-4.8
of which: products	361.0	286.0	299.8	13.9	4.9
Crude ($'M)	31.6	53.1	0.0	-53.1	
Volume (barrels)	490,927.8	843,770.0	0.0	-843,770.0	
Unit Price ($/bbl)	64.3	62.9	0.0	-62.9	
Gas ($'M)	23.4	27.9	42.0	14.1	50.5
Volume (MMBtu)	3,224,513.4	3,805,828.2	5,620,256.6	1,814,428.4	47.7
Unit Price ($ mmBtu)	7.3	7.3	7.5	0.1	1.9

Source: BOG Staff Calculations and Reuters

6.1 International Reserves

The country's Gross International Reserves increased by US$36.9 million to US$8,719.7 million as at end-February 2021 from a stock position of US$8,624.4 million at the end of December 2020. This was sufficient to provide for 4.2 months of imports cover compared with the 4.8 and 4.1 months of imports cover as at February and December 2020, respectively.

6.2 Outlook for Three Major Export Commodities

Oil prices are expected to benefit from the gradual easing of coronavirus restrictions globally. This together with OPEC+ decision to stick to output cuts is projected to keep the global oil market in deficit throughout the year and keep prices bullish. Gold prices in the near term will be shaped by the expected U.S. stimulus and ongoing vaccine progress which is likely to shift appetite for riskier assets as well as the response to the performance of U.S. treasury yields. The outlook for cocoa in the coming months is bearish, buoyed by excess supply from top grower Cote d'Ivoire and Ghana as estimated by the ICCO. This, coupled with sluggish demand on the heels of the pandemic, is expected to keep prices low in the near term. These expected price developments will have implications for the trade balance and the current account in the near term. Altogether, the trade balance and current account for the first quarter of the year are expected to stay within the forecast.