

BANK OF GHANA



QUARTERLY ECONOMIC BULLETIN

FIRST QUARTER 2021

Table of Contents

Overview	5
1. Developments in the World Economy	8
2. Real Sector Developments.....	10
2.1 <i>Indicators of Economic Activity.....</i>	<i>10</i>
2.2 <i>Labour Market Conditions</i>	<i>14</i>
3. Price Developments	15
3.1 <i>Global Inflation.....</i>	<i>16</i>
3.2 <i>Domestic Inflation.....</i>	<i>18</i>
3.3 <i>Inflation Outlook.....</i>	<i>18</i>
4. Money and Financial Market Developments	20
4.1 <i>Broad Money Supply.....</i>	<i>21</i>
4.2 <i>Sources of Change in M2+</i>	<i>21</i>
4.3 <i>Developments in Banks' Credit.....</i>	<i>22</i>
4.4 <i>Sources and Uses of Banks' Flow of Funds</i>	<i>24</i>
4.5 <i>Interest Rate Developments</i>	<i>27</i>
4.6 <i>Payments System Developments.....</i>	<i>29</i>
4.7 <i>Money Market</i>	<i>30</i>
4.8 <i>Currency Markets.....</i>	<i>31</i>
4.9 <i>The Stock Market.....</i>	<i>35</i>
5. Fiscal Developments.....	38
5.1 <i>Government Revenue</i>	<i>39</i>
5.2 <i>Government Expenditures</i>	<i>41</i>
5.3 <i>Financing</i>	<i>43</i>
5.4 <i>Domestic Debt</i>	<i>44</i>
6. Balance of Payments.....	46
6.1 <i>International Trade and Finance</i>	<i>46</i>
6.2 <i>The Current Account.....</i>	<i>47</i>
6.3 <i>Capital and Financial Account</i>	<i>53</i>
7. External Debt	55
7.1 <i>Debt Stock.....</i>	<i>55</i>
7.2 <i>Debt Service Payments</i>	<i>56</i>
8. The Rural Banking Sector.....	59

List of Tables

Table 1.1: Global Growth Projections.....	9
Table 3.1: Headline Inflation and Components	20
Table 3.2: Contributions to Inflation	20
Table 4.1: Monetary Indicators (GH¢ million)	22
Table 4.2: Sectoral Distribution of Banks Outstanding Credit	23
Table 4.3: Sources and Uses of Banks' Funds	25
Table 4.4: International Market Exchange Rate Movements	32
Table 4.5: Inter-Bank Market Exchange Rate Movements	33
Table 4.6: Forex Bureau Exchange Rate Movements	34
Table 4.7: Foreign Exchange Transaction Market	35
Table 4.8: Sector contribution to the Growth of GSE-CI	36
Table 4.9: Sectors' Contribution to the Growth of Market Capitalization	38
Table 5.1: Fiscal Indicators (GH¢' million)	38
Table 5.2: Government Revenue (GH¢' million).....	40
Table 5.3: Government Expenditure (GH¢' million)	42
Table 5.4: Government Financing (GH¢' million)	43
Table 5.5: Stock of Domestic Debt (GH¢' million)	44
Table 5.6: Holdings of Domestic Debt (GH¢' million)	45
Table 5.7: Holdings of Total Domestic Debt (Percentages)	45
Table 6.1: Balance of Payments, Q1:2019 - Q1:2021 (US\$' million).....	46
Table 6.2: Current Account Balance Q1:2019 - Q1:2021 (US\$' million)	48
Table 6.3: The Top Ten Non-Traditional Exports, Jan – Mar 2020/2021	49
Table 6.4: Top Ten Non-Oil Imports, January-March 2020/2021	52
Table 6.5: Services, Income and Unilateral Transfers (net) in US\$ millions	53
Table 6.6: Capital and Financial Account (US\$' million).....	54
Table 7.1: Total External Debt Stock (US\$' million)	58
Table 7.2: Payment of Government and Government-Guaranteed Debt to Creditors (US\$' m)	58
Table 8.1: Consolidated Assets and Liabilities of Rural/Community Banks (GH¢' Million)	59
Table 8.2: Proportion of RCBs' Total Assets of the Banking System (GH¢' million)	60
Table 8.3: Proportion of RCBs' Deposits of the Banking System (GH¢' million)	60

List of Charts

Chart 2.1: Retail Sales and Domestic VAT (GH¢' million)	10
Chart 2.2: Trends in Domestic Taxes (Direct)	11
Chart 2.3: SSNIT Contributions from Private Sector Workers (GH¢' million)	11
Chart 2.4: Cement Sales (Tonnes)	12
Chart 2.5: Number of Vehicle Registration.....	12
Chart 2.6: Industrial Consumption of Electricity (gw)	13
Chart 2.7: Trends in Tourist Arrivals	13
Chart 2.8: Port Activity (Total Container Traffic)	14
Chart 2.9: Trends in Advertised Job Vacancies and Categories.....	15
Chart 4.1: Inflation and Liquidity.....	21
Chart 4.2: Allocation of Flow of Credit to the Private Sector (Year-on-Year)	24
Chart 4.3: Growth Rate of Flow of Credit to the Private Sector by Borrower (Year-on-Year).....	24
Chart 4.4: Sources of Banks' Flow of Funds.....	26
Chart 4.5: Deployment of Banks' Flow of Funds (Year-on-Year)	26
Chart 4.6: Monetary Policy Rate.....	27

Chart 4.8: Spread between Nominal Savings and Lending Rates	29
Chart 4.9: Quarterly Trends in the Settlement of Interbank	29
Chart 4.10: Quarterly Trends in Cheques Cleared	30
Chart 4.11: Money Market Rates	30
Chart 4.12: Tender Results (Q1:2021)	31
Chart 4.14: Inter-Bank Market Exchange Rate Movements	33
Chart 4.15: Forex Bureau Exchange Rates Movements	34
Chart 4.16: GSE-CI - Quarterly (y/y growth)	35
Chart 4.17: Market Activity – Volumes & Values of Trade (in million)	36
Chart 4.18: Change in Share Prices (Q1-2021)	37
Chart 6.1: Developments in Merchandise Exports (US\$' million)	48
Chart 6.2: Developments in Oil Imports (US\$ 'Million)	49
Chart 6.3: Non-oil Imports by Broad Economic Classification (US\$ 'Million)	50
Chart 6.4: Destination of Merchandise Exports	51
Chart 6.5: Sources of Merchandise Imports	52
Chart 6.6: Gross International Reserves	54
Chart 7.1: External Debt by Creditor Category (US\$' million)	56
Chart 7.2: Payment of Government and Government-Guaranteed Debt to	57

Overview

This report presents a review of trends in the global and the domestic economy during the first quarter of 2021. The developments in the domestic economy cover the real sector, inflation, monetary aggregates, banking sector credit, exchange rates, interest rates, the capital market, government budgetary operations, debt stock, and balance of payments.

Global Economy

Developments in the global economy indicated a pickup in growth momentum during the first quarter of 2021 driven by continued policy support, improved vaccine rollout, and better prospects of a rebound in economic activity.

The Domestic Economy

Real Sector

In the domestic economy, economic activity rebounded in the first quarter of 2021 following the gains made in the fourth quarter of 2020. Indicators on consumer spending, retail sales, cement sales and vehicle registration all picked up during the review quarter, but tourist arrivals were somewhat moderated.

Inflation

Headline inflation declined to 10.3 percent at the end of Q1:2021, from 10.4 percent at the end of Q4:2020. The slight decline was due to a fall in food inflation from 14.1 percent to 10.8 percent, which more-than-offset the rise in non-food inflation from 7.7 percent to 10.0 percent.

Monetary Aggregates

Growth in broad money supply (M2+) increased to 28.6 percent in Q1:2021, from 11.3 percent in Q1:2020. M2+ was GH¢119,445.22 million at the end of the review period compared with GH¢92,905.07 million recorded at the end of the first quarter of 2020.

The growth of M2+ in the first quarter of 2021 was on the back of Net Domestic Assets, which rose by 57.2 percent in compared with 25.4 percent in the first quarter of 2020. Net Foreign Assets, however, contracted by 43.1 percent in the first quarter of 2021 compared with 8.2 percent contraction in Q1: 2020.

Banking Sector Credit

Nominal annual growth in bank's outstanding credit decreased significantly to 5.6 percent in the first quarter of 2021, from 19.6 percent in the corresponding period of 2020. This was also lower than the growth of 5.8 percent recorded in the fourth quarter of 2020. At the end of the first quarter of 2021, total outstanding credit stood at GH¢47,329.7 million.

In real terms, credit from banks contracted by 4.3 percent in the review period, as against a growth of 11.0 percent at the end of the first quarter of 2020. This was also worse than the 4.2 percent contraction in the fourth quarter of 2020.

The share of total outstanding credit to the private sector decreased marginally to 89.1 percent at the end of the review period, from 89.7 percent recorded in the first quarter of 2020.

Exchange Rates

The Ghana cedi strengthened against the major international currencies during the review quarter. On the Interbank Market, the Ghana cedi appreciated by 0.5 percent and 5.3 percent against the US dollar and the Euro respectively but was flat against the British pound. In Q1:2020, the cedi appreciated by 1.7 percent, 8.3 percent, and 4.0 percent, respectively, against the US dollar, the pound sterling and the euro.

On the Forex Bureau Market, the cedi appreciated by 2.4 percent and 4.1 percent against the U.S. dollar and the euro, respectively, but depreciated by 0.3 percent against the pound sterling.

Interest Rates

Interest rates generally trended downwards on a year-on-year basis in the first quarter of 2021. Rates on the BOG bills and GOG securities, deposit rates and the lending rates of Deposit Money Banks (DMBs) largely declined when compared with the first quarter of 2020.

The Monetary Policy Rate (MPR) remained at 14.5 percent during the first quarter of 2021 compared to 16.0 percent in Q1:2020.

On the treasury market, interest rates continued to trend downwards. The 91-day, 182-day and 364-day T-bill rates decreased by 170 bps, 139 bps and 104 bps, on year-on-year terms, to settle at 13.0 percent, 13.8 percent, and 16.7 percent, respectively, at the end of the first quarter in 2021.

The interbank weighted average interest rate also decreased by 214 bps, year-on-year, to 13.6 percent at the end of the first quarter in 2021.

Capital Market

The Ghana Stock Exchange Composite Index (GSE-CI) increased by 14.0 percent during the first quarter of 2021 compared with a gain of 4.6 percent in the same period in 2020. The performance in the GSE-CI in Q1:2021 was mainly driven by share price appreciation of stocks in the IT, Distribution, Finance and Oil sectors.

Total market capitalization as at the end of Q1:2021 stood at GH¢57,162.18 million, representing an increase of 5.1 percent.

Government Budgetary Operations

Government budgetary operations during Q1:2021, resulted in an overall deficit (including divestiture and discrepancies) of GH¢11,485.8 million (2.7% of GDP). This was lower than the deficit of GH¢14,216.3 million (3.5% of GDP) recorded in the corresponding quarter in 2020. The deficit exceeded the programmed deficit of GH¢10,714.2 million (2.5% of GDP) by 7.2 percent.

Government receipts (including grants) in the review quarter was GH¢12,847.9 million (3.0% of GDP). This was lower than the target of GH¢15,831.9 million (3.7% of GDP) by 18.9 percent but represented a year-on-year growth of 7.2

percent. Total Revenue comprised Tax Revenue of GH¢10,410.2 million (81.0% of total revenue), Non-tax Receipts of GH¢2,158.1 million (16.8% of total revenue) and Grants of GH¢279.6 million (2.2% of total revenue).

Government expenditure and net lending in the first quarter of 2021 totalled GH¢23,450.3 million (5.4% of GDP) compared with the programmed target of GH¢26,196.2 million (6.0% of GDP). This was, however, higher than the payments of GH¢22,977.9 million in the corresponding quarter of 2020 by 2.1 percent. Compensation of employees, Goods and Services and interest payments, which were the main expenditure line items, were below their respective targets by 3.0 percent, 30.6 percent, and 7.0 percent. Capital expenditures on the other hand, exceeded the target for the period by 5.7 percent.

The stock of domestic debt at the end of Q1:2021 was GH¢164,530.3 million, indicating an increase of GH¢13,820.1 million over the stock at the end of Q4:2020. The growth in the domestic debt stock reflected the increases in the short and medium-term bonds and stocks by GH¢3,805.9 million and GH¢9,917.9 million, respectively, with the long-term instruments increasing marginally by GH¢96.4 million.

Balance of Payments

The value of merchandise exports for Q1:2021 was provisionally estimated at US\$3,945.41 million, indicating an increase of US\$55.37 million or 1.4 percent over the estimates for same period in 2020. Total value of merchandise imports for the first quarter of 2021 amounted to US\$3,324.35 million, up by 9.3 percent, year-on-year. The increase occurred in non-oil imports.

The provisional trade balance for Q1:2021 showed a surplus of US\$621.06 million compared to a surplus of US\$849.05 million recorded for the same period in 2020. The decline in the trade surplus was attributable to a pickup in imports as the economy began to recover from the COVID-19 pandemic.

The country's gross international reserves stood at US\$8,306.41 million at end-March 2021 compared to a stock position of US\$8,624.38 million at end-December 2020. This was sufficient to provide cover for 3.8 months of imports compared to 4.7 and 4.0 months of imports cover at end-March 2020 and end-December 2020, respectively.

External Debt

The provisional stock of outstanding government and government-guaranteed external debt at the end of Q1:2021 stood at US\$24,598.81 million, representing a decline of US\$116.96 million (0.47%) from the stock level at the end of Q4:2020. This decline was mainly due to decreases in multilateral, bilateral, export credit and other concessional debts. Compared to Q1:2020, however, the stock level increased by of US\$1,536.88 million in Q1:2021.

1. Developments in the World Economy

Global growth momentum moderated during the first quarter of 2021, reflecting the tighter restrictions that were imposed to contain the second wave of the COVID-19 virus. However, continued policy support and the acceleration of vaccine rollout efforts, especially in advanced economies, have improved the prospects of a rebound in economic activity during the second half of 2021. This optimism is reflected in the April 2021 updated projections from the IMF which put global growth at 6.0 percent in 2021, 0.5 percentage points higher than the January 2021 projection. Nonetheless, new transmissible variants of the COVID-19 virus continue to spread in parts of Asia, while vaccination campaigns have stalled in many parts of Emerging Markets and Developing Economies (EMDE). These developments have created uncertainty about the medium-term outlook.

United States

In the U.S, economic activity grew by an annualized 6.4 percent in the first quarter of 2021, significantly above the 4.3 percent expansion in the previous three months, supported by reopening efforts amid an acceleration of COVID-19 vaccination campaigns and continued policy support. Looking ahead, the U.S economy is expected to recover faster than the rest of the advanced economies on account of strong private and public expenditures and the relaxation of COVID-19 rules.

United Kingdom

The UK economy contracted by 1.5 percent in Q1:2021 compared to an expansion of 1.3 percent in Q1:2020, reflecting the adverse effects of the COVID-19 pandemic. Private demand declined because of the reintroduction of coronavirus restrictions, but government support increased. Looking ahead, the UK government is scheduled to relax most of the COVID-19 rules by mid-June 2021. This development is expected to increase private demand and accelerate the recovery in the U.K.

Euro Area

In the Euro Area, growth contracted by 0.6 percent in Q1:2021, a slight improvement over the 0.7 percent contraction in Q4:2020. The region was one of the hardest hit by the COVID-19 pandemic and endured severe restrictions for several weeks during the first and second waves of the pandemic. However, the liquidity measures implemented by ECB and the stimulus packages passed by various governments in Europe along with global efforts at containing the spread of the virus helped to slow the rate of contraction in Q1:2021. As more Euro Area economies re-open amid the acceleration in vaccination campaigns, economic activity in the region is expected to rebound in H2:2021.

Japan

Economic activity contracted by 1.3 percent in Q1:2021, compared with 2.8 percent expansion in Q4:2020. The slowdown was attributed to the resurgence of COVID-19 cases and slow vaccine rollouts. These factors weakened private demand even as public spending on investment goods also declined. Looking ahead, the continued presence of COVID-19 virus, and the restrictions imposed to contain it, will continue to weigh on growth in Japan. However, the ongoing vaccine rollout and continued policy support should help to strengthen global growth and boost external demand for Japanese goods.

China

Economic activity in China slowed to 0.6 percent in Q1:2020, amid re-imposition of partial COVID-19 restrictions, and significantly below the 3.2 percent expansion in Q4:2020. Looking ahead, the ongoing vaccine rollout across the world is expected to boost global growth and further support the recovery in China. However, the continued spread of transmissible variants in Asia may pose a threat to economic activity in China.

Emerging Market and Developing Economies

Economic activity in Emerging Market and Developing Economies (EMDEs) contracted by 2.2 percent in 2020 compared to an expansion of 3.7 percent in 2019. The poor performance of EMDEs can be attributed to two broad factors: First, the public health counter measures implemented by the various countries to contain the spread of COVID-19, weighed heavily on economic activity in the region. Second, EMDEs faced a challenging external environment such as plummeting external demand due to the spread of the COVID-19 pandemic globally, sharp capital flow reversals in March 2020, rising spreads of dollar-denominated emerging market sovereign bonds and the collapse of commodity prices. However, the IMF projects a sharp rebound of 6.7 percent in 2021, supported by ongoing vaccination campaigns and stimulus packages in advanced economies. Also, the ongoing recovery in oil prices should help oil exporting EMDEs.

Sub-Saharan Africa

Sub-Sahara African countries also faced challenging external conditions such as low demand for their exports, collapsing commodity prices, capital flow reversals, and rising sovereign spreads. These adverse factors made it difficult for countries in the region to deal with the economic fallout of the COVID-19 pandemic. However, countries in the region benefited from the massive policy support as well as loans and grants extended by multilateral institutions such as the IMF and World Bank. Recent IMF estimates showed that Sub-Sahara African countries contracted by 1.9 percent in 2020 but are expected to rebound to a growth of 3.4 percent in 2021.

Table 1.1: Global Growth Projections (Year-on-Year)

	Estimates	Projections		Difference from January 2021 WEO Update	
	2020	2021	2022	2021	2022
World Output April Update	-3.3	6.0	4.4	0.5	0.2
Advanced Economies	-4.7	5.1	3.6	0.8	0.5
United States	-3.5	6.4	3.5	1.3	1.0
Euro Area	-6.6	4.4	3.8	0.2	0.2
Germany	-4.9	3.6	3.4	0.1	0.3
France	-8.2	5.8	4.2	0.3	0.1
Italy	-8.9	4.2	6.4	1.2	0.0
Spain	-11.0	6.4	4.7	0.5	0.0
Japan	-4.8	3.3	2.5	0.2	0.1
United Kingdom	-9.9	5.3	5.1	0.8	0.1
Canada	-5.4	5.0	4.7	1.4	0.6
Other Advanced Economies	-2.1	4.4	3.4	0.4	0.0
Emerging Market and Developing Economies	-2.2	6.7	5.0	0.3	0.0
China	-2.3	8.4	5.6	1.0	0.1
India	-8.0	12.5	6.9	0.8	-0.1
Russia	-3.1	3.8	3.8	0.1	0.0
Brazil	-4.1	3.7	2.6	0.7	0.5
Mexico	-8.2	5.0	3.0	0.3	0.0
Sub-Saharan Africa	-1.9	3.4	4.0	0.2	0.1
Nigeria	-1.8	2.5	2.3	1.0	-0.2
South Africa	-7.0	3.1	2.0	0.3	0.6
Ghana	0.9	4.6	6.1		

Source: IMF WEO April 2021 Updates

2. Real Sector Developments

A review of selected indicators of economic activity reveals an improvement in the performance of the domestic economy during the first quarter of 2021 compared with trends observed during the same period in 2020. The relative pick-up in real sector activities was mainly due to the continued recovery from the adverse effects of the coronavirus pandemic.

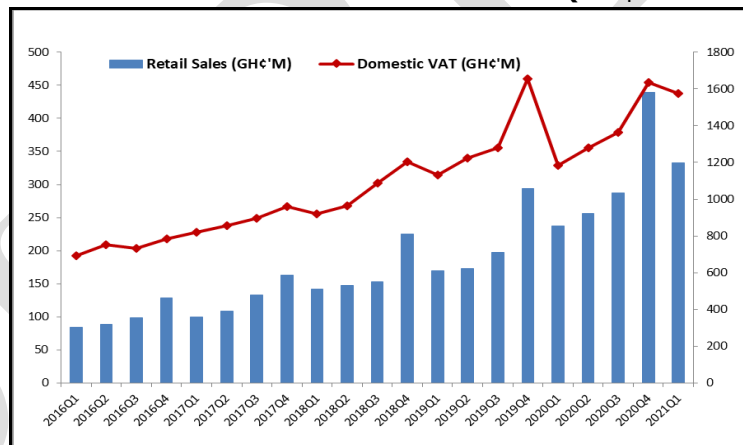
2.1 Indicators of Economic Activity

Consumer Spending

Consumer spending, measured by domestic VAT collections and retail sales, improved in the first quarter of 2021 compared with figures recorded in the corresponding period of 2020. Domestic VAT collections grew by 33.4 percent, year-on-year, to GH¢1,576.61 million, relative to GH¢1,182.25 million collected during the corresponding quarter in 2020. However, domestic VAT declined marginally by 3.5 percent compared with GH¢1,634.36 million collected for the fourth quarter of 2020.

Retail sales increased by 40.3 percent, year-on-year, to GH¢332.40 million during the first quarter of 2021, from GH¢236.85 million recorded in the corresponding quarter of 2020. The improvement in retail sales could be attributed to increased household consumption during the review period.

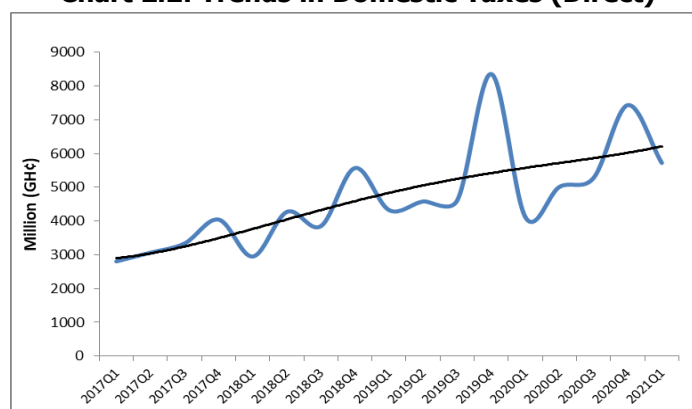
Chart 2.1: Retail Sales and Domestic VAT (GH¢' million)



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 a mixed outturn in Q1:2021. Total direct taxes collected increased by 39.1 percent, year-on-year, to GH¢5,721.46 million in Q1:2021, relative to GH¢4,113.91 million recorded for Q1:2020. Total direct tax collected for the quarter under review, however, declined by 23.0 percent from GH¢7,435.16 million collected in the fourth quarter of 2020. In terms of contribution of the various sub-tax categories, Corporate Tax accounted for 48.0 percent, followed by Income Tax (PAYE and self-employed) with 43.1 percent, while other tax sources contributed 8.9 percent.

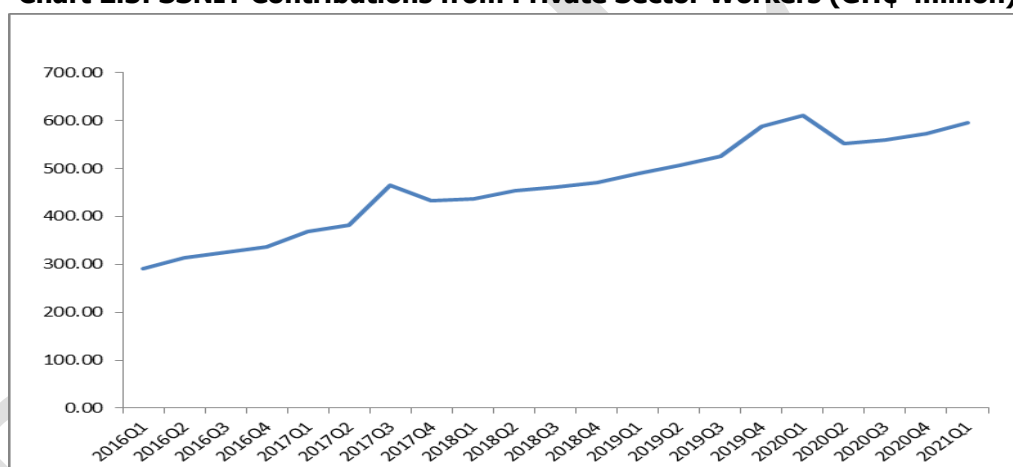
Chart 2.2: Trends in Domestic Taxes (Direct)



Source: Bank of Ghana

Conversely, private sector workers' contributions to the SSNIT Pension Scheme (Tier-1) declined marginally by 2.6 percent, year-on-year, to GH¢594.82 million in Q1:2021, from GH¢610.81 million collected in Q1:2020. However, total contribution in the review period grew by 3.8 percent when compared with GH¢572.82 million for Q4:2020. The moderation in private workers' contributions to the Tier-1 pension scheme, year-on-year, could be attributed to a decline in the registration of new employees.

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

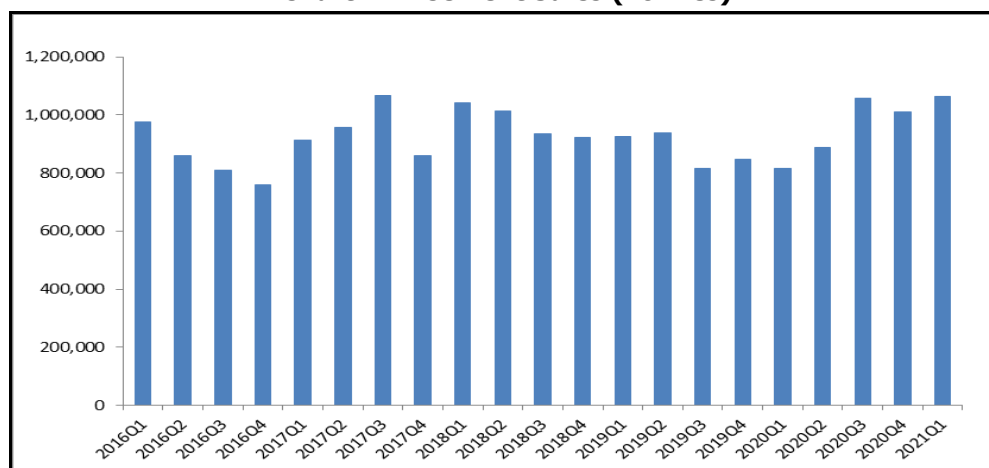


Source: Bank of Ghana

Construction Sector Activities

Economic activity in the construction sub-sector, as measured by the volume of cement sales, improved by 30.4 percent, year-on-year, during the first quarter of 2021 to 1,062,902.24 tonnes, from 814,979.29 tonnes recorded in the first quarter of 2020. Similarly, total cement sales during the review period increased by 5.0 percent when compared with 1,012,441.80 tonnes recorded during the fourth quarter of 2020. The improvement in total cement sales was due to a pick-up in construction activities during the review period.

Chart 2.4: Cement Sales (Tonnes)

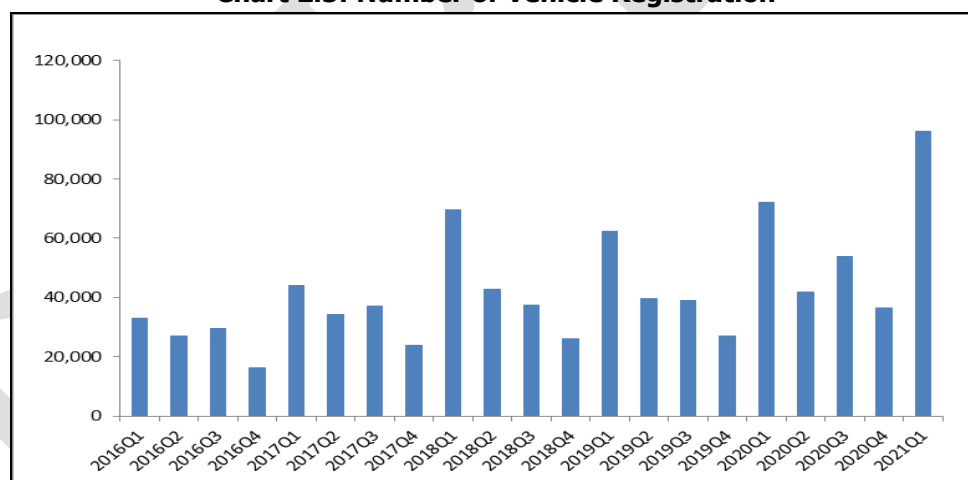


Source: Bank of Ghana

Vehicle Registration

Transport-related economic activities, measured by vehicle registration by DVLA, improved by 33.4 percent to 96,093 in the first quarter of 2021, from 72,048 vehicles registered during the corresponding quarter of 2020. Similarly, the number of vehicles registered during the review period surged by 163.0 percent relative to 36,539 vehicles recorded in the fourth quarter of 2020. The improvement recorded in vehicle registration was due to an increase in vehicle importation during the quarter.

Chart 2.5: Number of Vehicle Registration

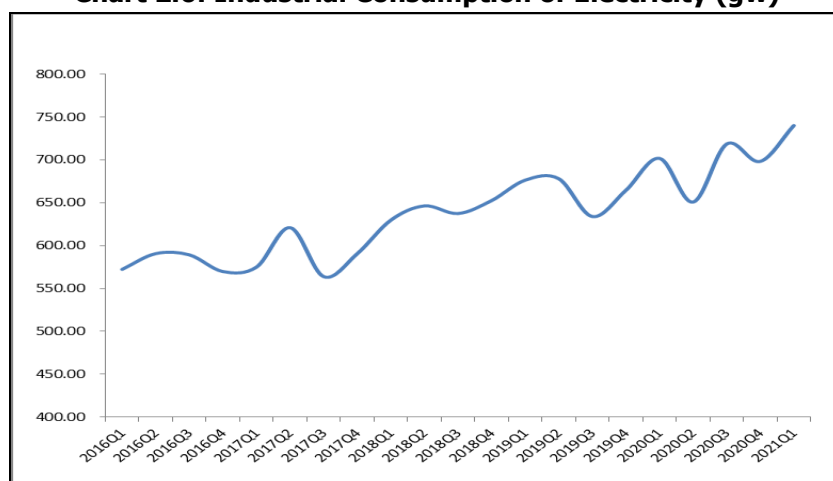


Source: Bank of Ghana

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 5.5 percent, year-on-year, during the first quarter of 2021. Industries utilised 740.19 giga-watts of power in the first quarter of 2021, as against 701.88 giga-watts recorded for the same period in 2020. Industrial consumption of electricity also increased by 6.0 percent from 698.28 giga-watts utilised for the fourth quarter of 2020. The improvement in the electricity consumed by industries could be attributed to increased industrial activity during the review period.

Chart 2.6: Industrial Consumption of Electricity (gw)

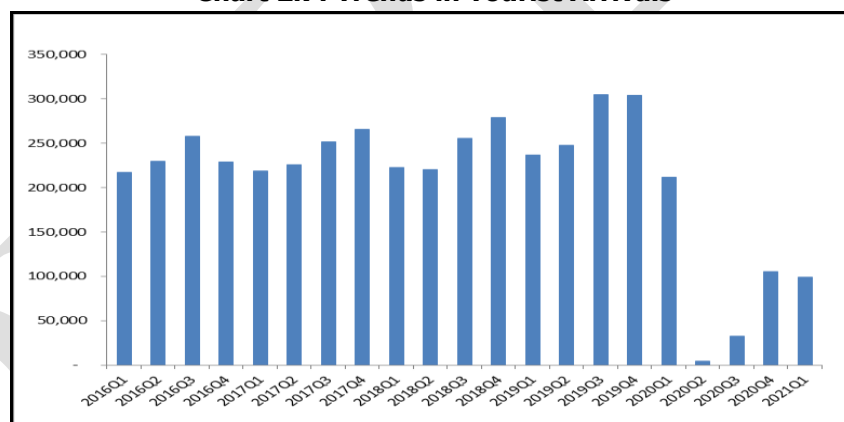


Source: Bank of Ghana

International Tourist Arrivals

Tourist arrivals through the country's various ports of entry declined in Q1:2021 when compared with figures recorded a year ago. A total of 98,950 tourists entered the country during the review period, as against 211,599 visitors received in Q1:2020, indicating a significant decline of 53.2 percent. Similarly, tourist arrivals during the period went down by 5.9 percent when compared with 105,135 visitors received in Q4:2020.

Chart 2.7: Trends in Tourist Arrivals

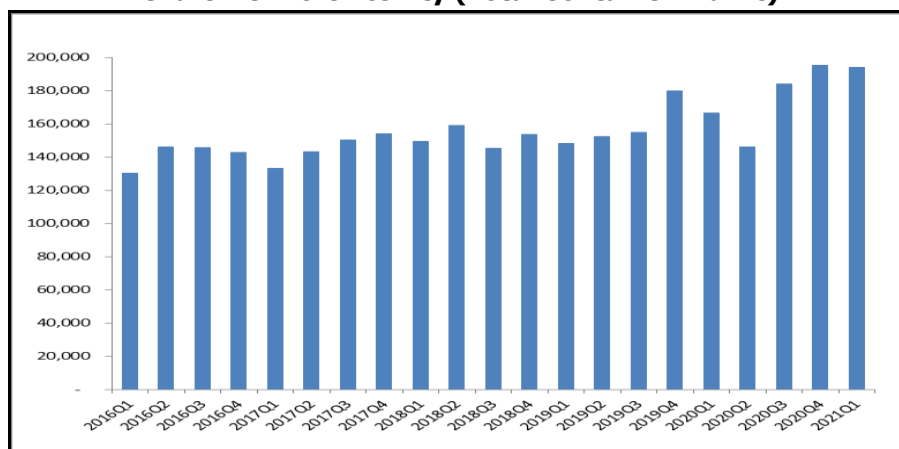


Source: Bank of Ghana

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 first quarter of 2021, compared with what was observed in the corresponding quarter of 2020. Total container traffic for imports and exports went up by 16.3 percent to 193,840, from 166,685 for the first quarter of 2020. However, port activity decreased marginally by 0.7 percent when compared to 195,135 laden containers recorded in the fourth quarter of 2020. The improvement in port activities, year-on-year, may be attributed to an up-tick in international trade activities as global COVID-restrictions eased during the quarter.

Chart 2.8: Port Activity (Total Container Traffic)



Source: Bank of Ghana

2.2 Labour Market Conditions

The number of jobs advertised in selected print¹ and online² media, which gauges labour demand in the economy, declined in the first quarter of 2021 relative to what was observed in the first quarter of 2020. In total, 8,840 job adverts were recorded in the first quarter of 2021 compared with 9,537 for the first quarter of 2020, indicating a decline of 7.3 percent. The number of job vacancies advertised in the review period, however, improved by 9.6 percent from 8,067 recorded for the fourth quarter of 2020. The decrease in the number of jobs advertised, year-on-year, reflected the adverse effects of the COVID-19 pandemic on businesses.

Sector Distribution and Skill Set of Job Adverts

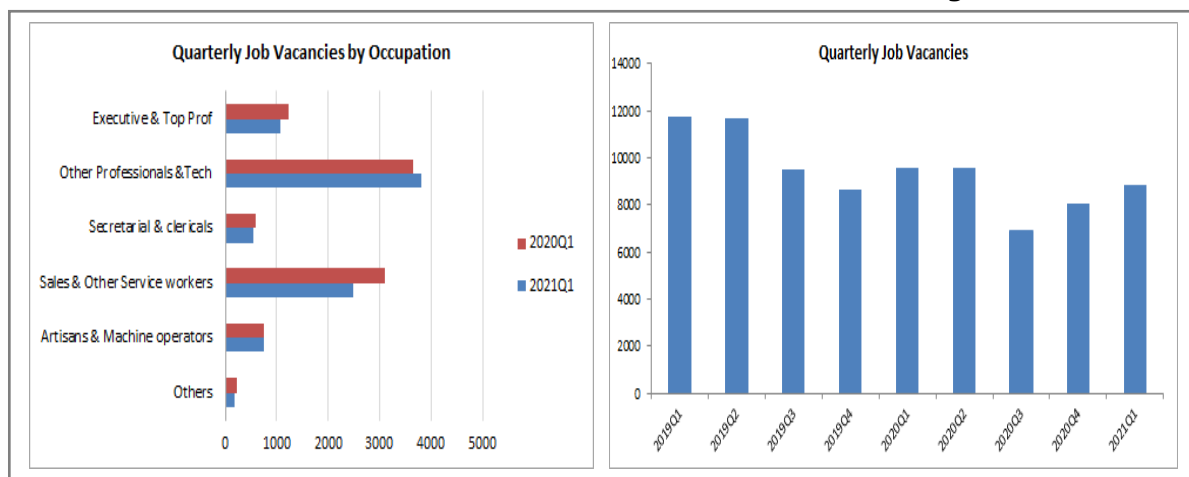
The Services Sector maintained its dominance as the leading job-providing sector in the economy, accounting for 83.1 percent of total job adverts recorded Q1:2021. This compares with a share of 83.2 percent it recorded in Q1:2020. Industry followed with a share of 13.5 percent (marginally down from 13.6% in Q1:2020), while the Agriculture Sector accounted for 3.4 percent of the job adverts during the period, compared with 3.2 percent of total job adverts recorded for Q1:2020.

Further analysis revealed that the main requirements for skilled employees were tertiary education qualification(s) with a minimum of three years' working experience. This category, classified as Professionals and Technicians, collectively accounted for 55.2 percent of total jobs advertised during the first quarter of 2021, relative to 51.2 percent recorded in the corresponding quarter of 2020. This was followed by the categories classified as Sales & Other Service Workers (28.1% in Q1:2021 versus 32.4% in Q1:2020), Artisans & Machine Operators (8.6% in Q1:2021 versus 7.8% in Q1:2020), Secretarial & Clerical Staff (6.1% in Q1:2021 same as in Q1:2020) and 'Others' (2.0% in Q1:2021 versus 2.5% in Q1:2020).

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

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

Chart 2.9: Trends in Advertised Job Vacancies and Categories



Source: Bank of Ghana

3. Price Developments

3.1 Global Inflation

Inflation pressures are projected to remain contained in most countries. Baseline projections show a return of inflation to its long-term average, as slack in activity subsides only gradually and commodity-driven base effects fade away. Additionally, various measures of underlying inflation remain low. IMF staff analysis on sectoral price developments points to muted price pressures, both in sectors where pricing is typically less sensitive to the business cycle and in sectors where prices tend to respond to aggregate demand fluctuations (WEO April 2021 update).

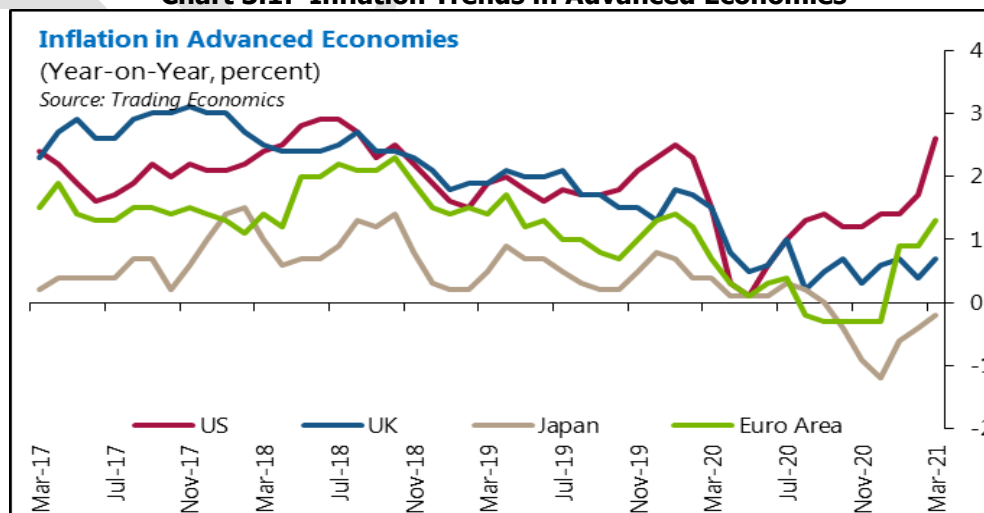
Advanced Economies

Inflation in the **United States** spiked to 2.6 percent at the end of the first quarter of 2021, from 1.4 percent at the end of the fourth quarter of 2020, reflecting upward pressures from higher energy prices and prices of used cars. The rising commodities and material costs, coupled with supply constraints, led to higher production costs as some companies passed these costs to clients. Compared to the rise in headline inflation, core inflation remained flat at 1.6 percent over the previous two quarters.

Consumer prices in **the Euro Area** increased to 1.3 percent in Q1:2021, from a deflation of 0.3 percent at the end of 2020. Consistent with inflation developments in other advanced economies, headline inflation in the Eurozone was driven by higher energy prices. Core inflation, which excludes volatile prices of energy, food, alcohol & tobacco, picked up to 0.9 percent, year-on-year, from 0.2 percent over the same comparative period.

The year-on-year inflation in the **United Kingdom** inched up to 0.7 percent in Q1:2021, from 0.6 percent in Q4:2020, driven mostly by higher fuel prices. Core inflation, however, fell from 1.4 percent to 1.1 percent at the end of the first quarter. Inflation is projected to rise in the near term due to an increase in regulated household energy bills in April, higher global oil prices and base-drift effects.

Chart 3.1: Inflation Trends in Advanced Economies



Headline consumer prices in **Japan** fell by 0.2 percent, year-on-year, in Q1:2021, following a 1.2 percent drop in Q4:2020, as the COVID-19 pandemic weighed on household spending. Core consumer prices, which exclude fresh food, declined by 0.1 percent, year-on-year, in Q1:2021, from a drop of 1.0 percent in Q4:2020.

Emerging Market Economies

China's consumer price index rose by 0.4 percent in the first quarter of 2021, from 0.2 percent recorded in the previous quarter. The pickup in inflation was driven by a recovery in non-food items. Core inflation, however, declined to 0.3 percent from 0.4 percent over the same period.

The year-on-year inflation rate in **Brazil** firmed up to 6.1 percent in Q1:2021, from 4.5 percent in the preceding quarter. The upward pressures on inflation for the past two quarters could be attributed to a weaker currency, Covid-19 related supply disruptions and high commodity prices. Core inflation edged up to 2.9 percent, from 2.8 percent over the period.

Turkey's inflation rate increased to 16.2 percent at the end of Q1:2021, from 14.6 percent in the fourth quarter of 2020 due to the pass-through of earlier currency depreciations. Transportation, housing and utilities, food and non-alcoholic beverages and health accounted for the rise in inflation.

Chart 3.2: Inflation Trends in Emerging Market Economies

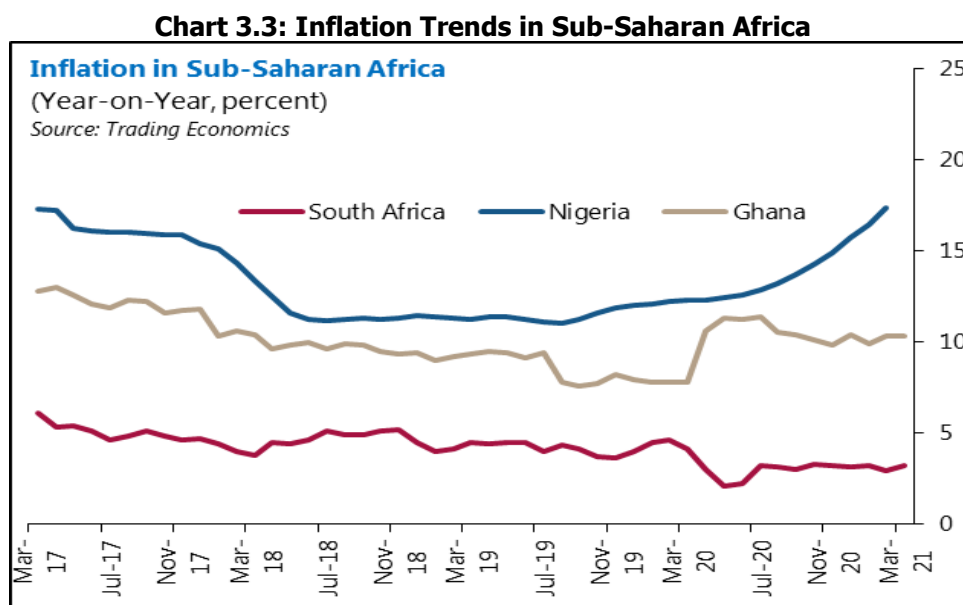


Sub-Saharan Africa

Inflation in South Africa inched up to 3.2 percent in Q1:2021, from 3.1 percent in Q4:2020 on the back of rising food and non-alcoholic beverages, fuel and health costs. Core inflation fell to 2.5 percent in the first quarter of 2021, from 3.3 percent in Q4:2020.

In **Nigeria**, inflation continued its upward trajectory, rising for the seventh consecutive quarter to 18.2 percent in Q1:2021, from 15.8 percent in Q4:2020. Weak currency, Covid-19 related disruptions and higher food prices due to surging jihadist attacks in farming areas continued to put pressure on prices. Food

inflation reached a 16-year high at 22.9 percent. Core inflation climbed up to 12.7 percent in the review quarter, from 11.4 percent in the fourth quarter of 2020.



3.2 Domestic Inflation

Consumer price inflation edged down to 10.3 percent at the end of Q1:2021, from 10.4 percent in the previous quarter, marginally outside the medium-term target band of 8 ± 2 percent. Over the period, food inflation eased to 10.8 percent, from 14.1 percent. Non-food inflation, on the other hand, picked up to 10.0 percent, from 7.7 percent.

In terms of drivers, the fall in food inflation was occasioned by the lower contribution from fruit-bearing vegetables, fish and others categories. Within the non-food category, the pick-up was mainly driven by rent in the Housing and Utilities subgroup.

Underlying inflation remained steady in the review period. The Bank's core inflation measure, which excludes energy and utility, stayed unchanged at 10.9 percent over the last two quarters.

3.3 Inflation Outlook

A baseline forecast indicates that headline inflation will return to the medium-term target band of 8 ± 2 percent in the second quarter of 2021, supported by easing food price pressures, base-drift effects, stable exchange rate, and well-anchored inflation expectations. The key upside risks to the outlook include the new tax measures announced in the budget, emerging possibility of upward review of utility tariffs and expected higher transport fares that may be occasioned by increases in ex-pump prices.

Chart 3.4: Headline Inflation – Components and Contribution

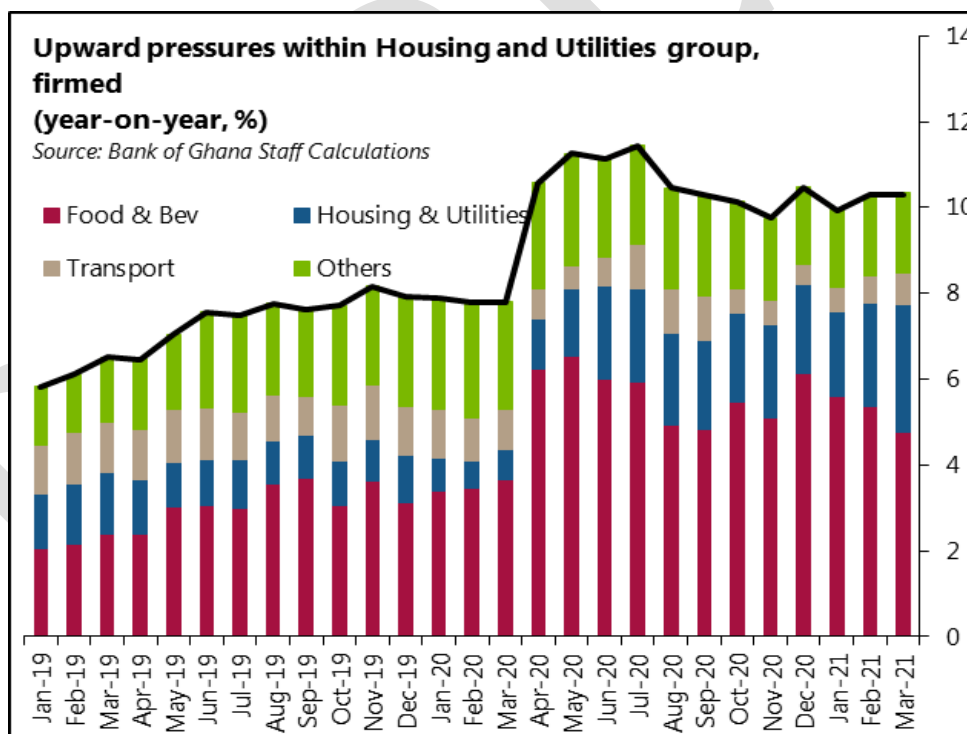
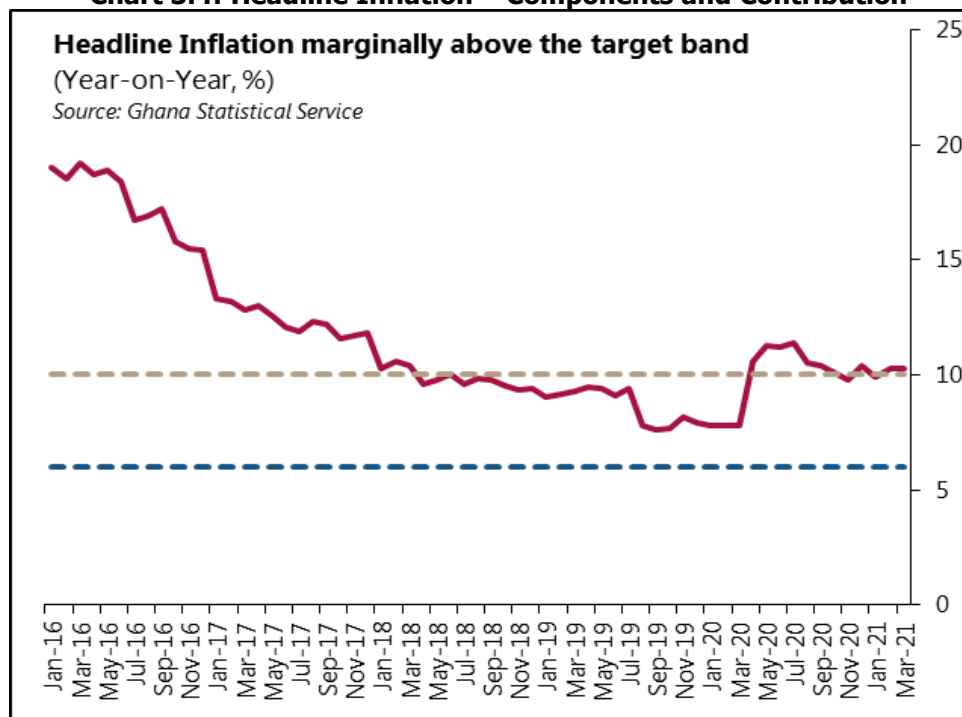


Table 3.1: Headline Inflation and Components

	Headline Inflation (%)			Monthly Changes in CPI (%)		
	Combined	Food	Non-food	Combined	Food	Non-food
Dec-18	9.4	8.7	9.8	1.1	1.3	1.0
Dec-19	7.9	7.2	8.5	0.3	-0.6	1.0
2020						
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
Oct	10.1	12.6	8.3	0.2	0.1	0.3
Nov	9.8	11.7	8.3	0.3	0.3	0.3
Dec	10.4	14.1	7.7	0.9	1.5	0.4
2021						
Jan	9.9	12.8	7.7	0.9	1.2	0.7
Feb	10.3	12.3	8.8	0.8	0.0	1.4
Mar	10.3	10.8	10.0	0.9	0.2	1.4

Source: Ghana Statistical Service

Table 3.2: Contributions to Inflation

CPI Components (%)	Weights (%)	2020						2021		
		Jan	Feb	Mar	Jun	Sept	Dec	Jan	Feb	Mar
Overall	100.0	7.8	7.8	7.8	11.2	10.4	10.4	9.9	10.3	10.3
Food and Beverages	43.1	7.8	7.9	8.4	13.8	11.2	14.1	12.8	12.3	10.8
Non-food	56.9	7.9	7.7	7.4	9.2	9.8	7.7	7.7	8.8	10.0
Alcoholic Beverages, Tobacco	3.7	11.1	11.6	11.4	8.6	9.0	6.0	7.4	7.2	7.0
Clothing and Footwaer	8.1	7.2	8.5	8.4	7.3	8.0	7.9	7.2	6.2	6.0
Housing and Utilities	10.2	7.6	6.3	6.7	21.3	20.3	20.1	19.0	23.4	29.0
Furnish, H/H Equipt. Etc	3.2	4.3	4.3	4.3	4.9	4.9	4.7	4.5	5.0	4.7
Health	0.7	6.3	6.4	6.2	7.8	8.9	6.0	6.9	6.9	7.1
Transport	10.1	10.5	9.9	9.2	6.3	10.1	4.8	5.4	6.2	6.8
Communications	3.6	3.1	2.9	3.0	6.3	6.8	7.0	6.7	8.4	8.1
Recreation & Culture	3.5	9.0	9.0	9.0	5.8	3.4	1.8	3.0	3.9	4.0
Education	6.5	6.8	6.7	6.8	4.1	4.2	0.2	0.3	0.4	0.4
Hotels, Cafes & Restaurants	4.6	7.5	6.8	3.5	5.8	7.0	5.4	4.8	5.4	6.1
Insurance and Financial Services	0.2	0.6	0.4	0.1	3.5	2.0	3.3	3.3	7.4	7.8
Miscellaneous Goods & Services	2.4	7.3	7.4	7.3	5.4	4.6	3.8	5.1	4.3	4.5

Source: Ghana Statistical Service

4. Money and Financial Market Developments

Developments in monetary aggregates during the first quarter of 2021 showed sustained growth in broad money supply (M2+), reflecting the legacy effects of policy measures implemented in 2020 to mitigate the adverse impact of the COVID-19 pandemic. The observed expansion in M2+ was mainly due to increased growth in Net Domestic Assets (NDA) of the depository sector; the Net Foreign Assets (NFA), however, contracted to moderate growth in M2+. The growth in M2+ reflected in increased growths in currency with the public, demand deposits, and savings and time deposits. Growth in foreign currency deposits, however, declined.

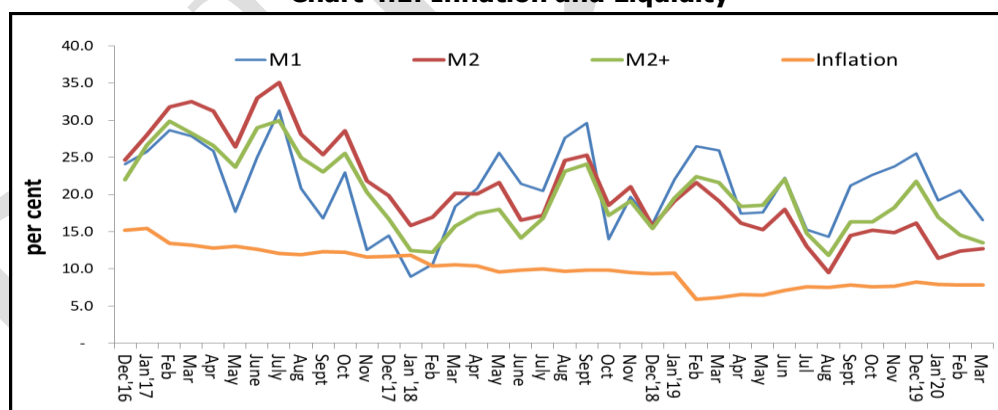
4.1 Broad Money Supply

Growth in broad money supply (M2+) increased significantly to 28.6 percent in the first quarter of 2021, from 13.5 percent in the first quarter of 2020. Stock of broad money supply stood at GH¢119,445.22 million during the review period compared with GH¢92,905.07 million and GH¢120,521.82 million recorded in the first and fourth quarters of 2020, respectively.

The increase in the year-on-year growth of M2+ during the first quarter of 2021 reflected the increased growth of all the components (currency with the public, demand deposits, saving and time deposits as well as foreign currency deposits), relative to that of the first quarter of 2020.

Growth in monetary aggregates were broadly higher than inflation but did not exhibit any perceptible co-movements. This might imply a weak link between money and inflation in the short run. Money supply may, however, have a lagged effect on inflation in the long run.

Chart 4.1: Inflation and Liquidity



Source: Bank of Ghana

4.2 Sources of Change in M2+

The observed expansion in M2+ was mainly attributed to considerable growth in NDA which was moderated by a contraction in NFA. Provisional data showed that growth in NDA increased significantly to 57.2 percent at the end of Q1:2021, from 25.4 percent in Q1:2020. This was also higher than the growth of 42.2 percent recorded in Q4:2020. In contrast, NFA contracted by 43.1 percent in Q1:2021 compared with 8.2 percent contraction in Q1:2020. The contraction recorded in the first quarter of 2021 was also higher, in absolute terms, than the contraction of 12.7 percent recorded in the fourth quarter of 2020.

Monetary Indicators

In terms of components of NDA, growth in net claims on Government, claims on public sector, and claims on private sector decreased from 135.8 percent, 67.8 percent and 19.8 percent, respectively, in the first quarter of 2020 to 72.1 percent, 7.9 percent and 5.3 percent respectively, in the first quarter of 2021. Other Items (Net) changed by -22.6 percent in the first quarter of 2021, compared to a change of 882.9 percent in the first quarter of 2020.

Table 4.1: Monetary Indicators (GH¢ million)

	Levels (GH¢ million)				Variations (Year-on-Year)			
					As at end-Mar 2020		As at end-Mar 2021	
	Mar-19	Mar-20	Dec-20	Mar-21	Abs (GH¢ m)	Percent	Abs (GH¢ m)	Percent
Reserve Money	23,658.20	28,486.64	36,124.78	34,904.63	4,828.44	20.4	6,417.99	22.5
Narrow Money (M1)	38,343.92	44,691.05	60,826.18	59,148.13	6,347.12	16.6	14,457.08	32.3
Broad Money (M2)	63,064.58	71,097.88	94,491.75	93,226.01	8,033.31	12.7	22,128.12	31.1
Broad Money (M2+)	81,837.16	92,905.07	120,521.82	119,445.22	11,067.90	13.5	26,540.15	28.6
Currency with the Public	11,291.11	13,647.53	20,889.63	19,324.74	2,356.42	20.9	5,677.21	41.6
Demand Deposits	27,052.81	31,043.52	39,936.55	39,823.39	3,990.70	14.8	8,779.88	28.3
Savings & Time Deposits	24,720.65	26,406.84	33,665.58	34,077.88	1,686.18	6.8	7,671.04	29.0
Foreign Currency Deposits	18,772.59	21,807.18	26,030.07	26,219.21	3,034.60	16.2	4,412.03	20.2
Sources of M2+								
Net Foreign Assets (NFA)	28,919.06	26,544.12	18,598.06	15,096.87	(2,374.95)	(8.2)	(11,447.24)	(43.1)
BOG	27,183.46	27,685.53	14,121.48	11,740.53	502.07	1.8	(15,945.00)	(57.6)
DMBs	1,735.60	(1,141.41)	4,476.57	3,356.35	(2,877.01)	(165.8)	4,497.76	(394.1)
Net Domestic Assets (NDA)	52,918.10	66,360.95	101,923.76	104,348.34	13,442.85	25.4	37,987.40	57.2
Claims on Government (net)	17,897.85	42,196.66	68,965.59	72,637.59	24,298.81	135.8	30,440.92	72.1
BOG	(3,714.36)	12,879.65	31,731.12	32,502.58	16,594.01	(446.8)	19,622.92	152.4
DMBs	21,612.21	29,317.01	37,234.47	40,135.01	7,704.80	35.7	10,818.00	36.9
Claims on Public Sector	3,251.90	5,458.10	4,962.45	5,891.39	2,206.21	67.8	433.29	7.9
BOG	430.19	917.79	931.34	910.63	487.60	113.3	(7.16)	(0.8)
DMBs	2,821.70	4,540.31	4,031.12	4,980.77	1,718.61	60.9	440.45	9.7
Claims on Private Sector	34,011.15	40,749.72	44,236.62	42,890.59	6,738.56	19.8	2,140.88	5.3
BOG	409.41	530.52	703.43	734.79	121.11	29.6	204.27	38.5
DMBs	33,601.74	40,219.19	43,533.19	42,155.80	6,617.45	19.7	1,936.61	4.8
Other Items (Net) (OIN)	(2,242.80)	(22,043.53)	(16,240.90)	(17,071.23)	(19,800.73)	882.9	4,972.30	(22.6)
o/w BOG OMO (Sterilisation)	(131.14)	(131.14)	(131.14)	(131.14)	-	-	-	-

Source: Bank of Ghana

4.3 Developments in Banks' Credit

Growth in banks' outstanding credit to the public and private sectors in the first quarter of 2021 decreased significantly compared to what was recorded in the corresponding period of 2020. The nominal year-on-year growth of banks' outstanding credit decreased to 5.6 percent in the first quarter of 2021, from 19.6 percent in the first quarter of 2020. This was also lower than the growth of 5.8 percent recorded in the fourth quarter of 2020. At the end of the first quarter of 2021, total outstanding credit stood at GH¢47,329.7 million compared with GH¢44,817.8 million and GH¢ 47,769.0 8 million recorded in the first and fourth quarters of 2020, respectively. The decrease in the nominal growth in credit reflected declines in the growth of credit to both private and public sectors.

In real terms, banks' outstanding credit contracted by 4.3 percent at end-March 2021 as against a growth of 11.0 percent at end-March 2020. This was also worse than the 4.2 percent contraction recorded in the fourth quarter of 2020.

The share of total outstanding credit to the private sector decreased marginally to 89.1 percent at the end of the review period, from 89.7 percent recorded in the first quarter of 2020.

Table 4.2: Sectoral Distribution of Banks Outstanding Credit

	Levels (GH¢ million)				Variations (Year-on-Year)			
	Mar-19	Mar-20	Dec-20	Mar-21	As at end-Mar 2020		As at end-Mar 2021	
					Abs (GH¢ m)	Percent	Abs (GH¢ m)	Percent
a Public Sector	3,857.92	4,598.58	4,235.86	5,173.89	740.66	19.2	575.31	12.5
b Private Sector	33,601.74	40,219.19	43,533.19	42,155.80	6,617.45	19.7	1,936.61	4.8
Agric., For. & Fish.	1,309.09	1,733.37	1,538.39	1,319.61	424.28	32.4	(413.76)	(23.9)
Export Trade	128.08	146.15	162.83	116.62	18.06	14.1	(29.53)	(20.2)
Manufacturing	4,210.42	4,380.36	4,985.44	5,050.88	169.95	4.0	670.52	15.3
Trans., Stor., & Comm.	1,982.43	2,511.86	3,096.58	3,009.14	529.43	26.7	497.28	19.8
Mining & Quarrying	1,267.72	1,141.40	1,178.63	1,128.47	(126.32)	(10.0)	(12.94)	(1.1)
Import Trade	1,149.23	1,049.77	1,232.21	1,071.18	(99.47)	(8.7)	21.41	2.0
Construction	2,821.66	3,558.19	4,377.23	4,275.67	736.53	26.1	717.47	20.2
Commerce & Finance	6,761.20	7,185.98	9,875.24	8,020.11	424.79	6.3	834.13	11.6
Elect., Gas & Water	2,666.34	2,254.04	2,544.21	2,501.09	(412.30)	(15.5)	247.05	11.0
Services	7,643.83	11,808.98	11,580.86	12,482.56	4,165.16	54.5	673.57	5.7
Miscellaneous	3,661.73	4,449.08	2,961.57	3,180.49	787.35	21.5	(1,268.59)	(28.5)
c Grand Total	37,459.66	44,817.77	47,769.04	47,329.69	7,358.11	19.6	2,511.92	5.6

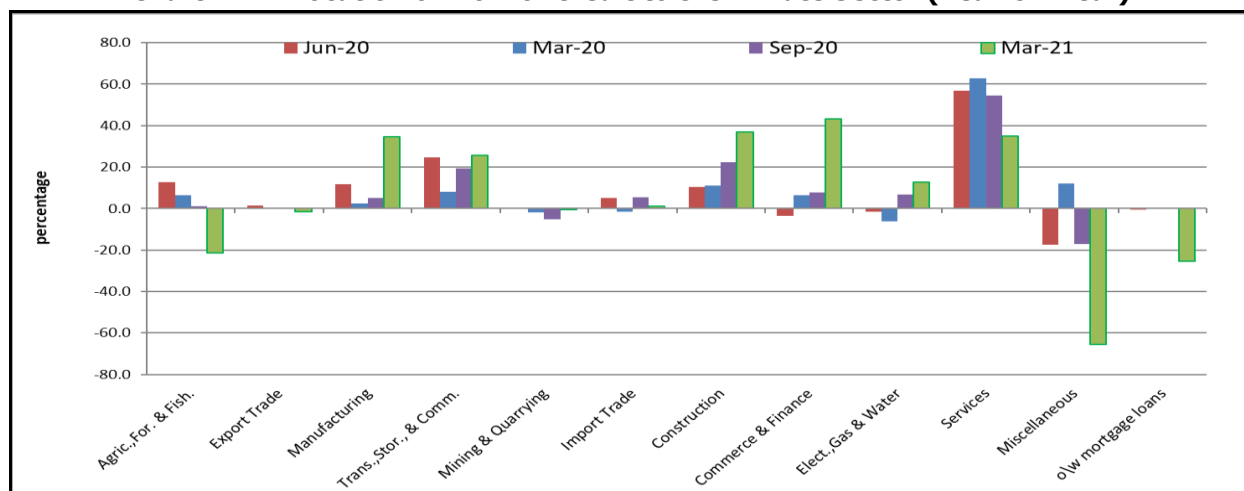
Source: Bank of Ghana

Distribution of Outstanding Credit to the Private Sector

Growth of outstanding credit to the private sector decreased in nominal and real terms in Q1:2021. In nominal terms, it decreased to 4.8 percent in the first quarter of 2021, from 19.7 percent recorded in the first quarter of 2020. This was also lower than the 10.6 percent registered at the end of Q4:2020.

The outstanding credit to the private sector at the end of the first quarter of 2021 was GH¢42,155.8 million, compared with GH¢40,219.2 million and GH¢43,533.2 recorded in the first and fourth quarters of 2020, respectively. In real terms, the year-on-year growth of outstanding credit to the private sector decreased to -5.0 percent at the end of the first quarter of 2021, from 11.0 percent recorded, same period in 2020.

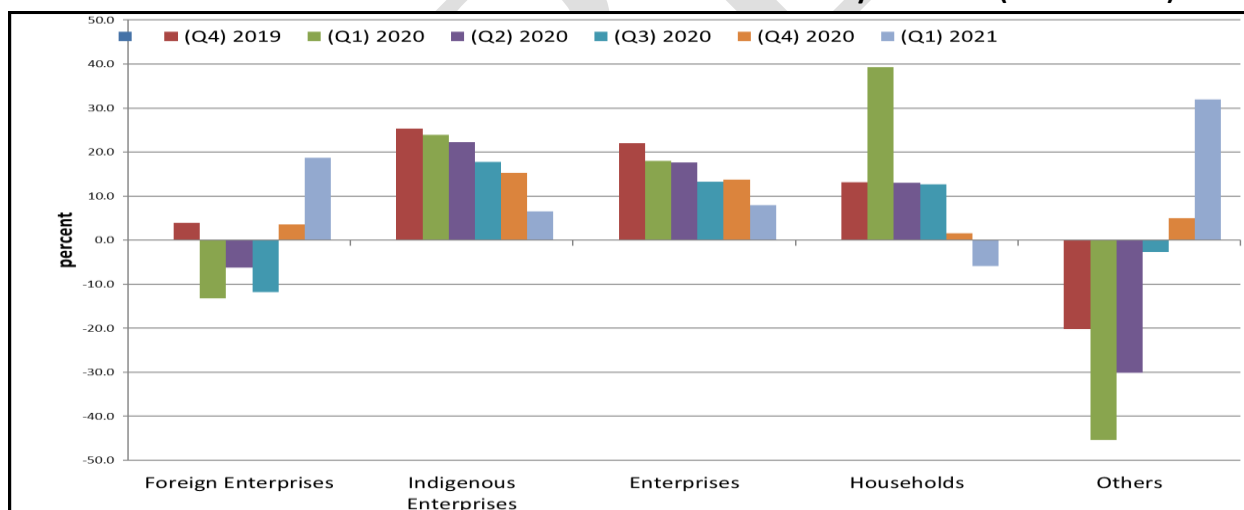
Chart 4.2: Allocation of Flow of Credit to the Private Sector (Year-on-Year)



Source: Bank of Ghana

The decrease in growth in credit to the private sector during the review period reflected declines in the flow of credit to the following sectors when compared with same period in 2020: agriculture, forestry & fisheries; services; miscellaneous and export trade. However, commerce & finance, manufacturing, construction, electricity, gas and water, and transport, storage & communication recorded significant increases over the same period.

Chart 4.3: Growth Rate of Flow of Credit to the Private Sector by Borrower (Year-on-Year)



Source: Bank of Ghana

In terms of year-on-year flow of credit to the private sector by borrower, flows to indigenous enterprises and the household's subsectors decreased at the end of Q1:2021, while flows to foreign enterprises and others increased.

4.4 Sources and Uses of Banks' Flow of Funds

The provisional figures for the first quarter of 2021 showed that the proportion of commercial banks' funds allocated to investment in government securities, foreign assets and other assets increased, while proportion of funds allocated to credit, and balances with Bank of Ghana decreased relative to that of the corresponding period in 2020.

The proportion of banks' funds allocated to Government securities increased significantly to 51.1 percent in Q1:2021, from 38.1 percent in Q1:2020. This was on account of an increase in the proportion of funds flow to investments in medium- to long-term securities to 49.0 percent in Q1:2021, from 29.8 percent in Q1:2020. The proportion of funds to investment in short-term Government instruments, however, decreased to 2.0 percent, from 8.3 percent over the same comparative period. The proportion of funds flows to foreign assets and other assets increased to 13.6 percent and 34.0 percent, respectively, in the first quarter of 2021, from -5.7 percent and 1.5 percent in the first quarter of 2020.

The proportion of fund flows to bank credit decreased to 10.1 percent in Q1:2021, from 30.4 percent in Q1:2020. This was also lower than the 11.4 percent recorded in Q4:2020. Similarly, the proportion of fund flows to balances with Bank of Ghana decreased to -8.8 percent, from 35.7 percent over the same comparative period.

Table 4.3: Sources and Uses of Banks' Flow of Funds

	Levels (GH¢ million)				Variations (Year-on-Year)			
					As at end-Mar. 2020		As at end-Mar 2021	
	Mar-19	Mar-20	Dec-20	Mar-21	Abs (GH¢ m)	% of Change	Abs (GH¢ m)	% of Change
Sources of Funds:								
Total Deposits	66,224.37	76,343.85	96,257.88	96,631.14	10,119.48	41.8	20,287.28	81.6
Domestic	47,451.78	54,536.67	70,227.82	70,411.93	7,084.89	29.3	15,875.25	63.9
Demand Deposits	22,731.13	28,129.83	36,562.24	36,334.05	5,398.70	22.3	8,204.21	33.0
Savings Deposits	10,627.11	13,504.80	17,934.83	18,492.06	2,877.69	11.9	4,987.26	20.1
Time Deposits	14,093.55	12,902.04	15,730.74	15,585.82	-1,191.51	-4.9	2,683.78	11.7
Foreign Currency	18,772.59	21,807.18	26,030.07	26,219.21	3,034.60	12.5	4,412.03	17.7
Credit From BOG	567.26	1,177.23	1,227.44	1,012.15	609.96	2.5	-165.08	-0.7
Balances Due to Non-Resident Banks	7,863.97	9,356.87	7,660.09	8,812.80	1,492.90	6.2	-544.07	-2.2
Capital	8,882.64	9,783.32	9,797.29	9,922.29	900.67	3.7	138.98	0.6
Reserves	6,594.07	8,651.62	11,491.83	12,745.87	2,057.55	8.5	4,094.24	16.5
Other Liabilities*	20,508.90	29,523.61	26,114.40	30,573.28	9,014.70	37.3	1,049.67	4.2
Total	110,641.22	134,836.49	152,548.94	159,697.52	24,195.26	100.0	24,861.03	100.0
Uses of Funds:								
Bank Credit	37,459.66	44,817.77	47,769.04	47,329.69	7,358.11	30.4	2,511.92	10.1
o/w Private Sector Credit	33,601.74	40,219.19	43,533.19	42,155.80	6,617.45	27.4	1,936.61	7.8
Investment in Government Securities	25,862.18	35,081.37	42,968.45	47,778.84	9,219.19	38.1	12,697.47	51.1
Short Term	2,553.97	4,564.54	3,462.68	5,074.35	2,010.56	8.3	509.81	2.1
Medium/Long Term	23,308.20	30,516.83	39,505.76	42,704.49	7,208.63	29.8	12,187.66	49.0
Foreign Assets	9,599.57	8,215.45	12,136.66	11,596.76	-1,384.11	-5.7	3,381.30	13.6
Balances with BOG	10,838.30	19,483.99	16,747.70	17,300.64	8,645.69	35.7	-2,183.36	-8.8
Other Assets**	26,881.53	27,237.90	32,927.08	35,691.59	356.38	1.5	8,453.69	34.0
Total	110,641.22	134,836.49	152,548.94	159,697.52	24,195.26	100.0	24,861.03	100.0

*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

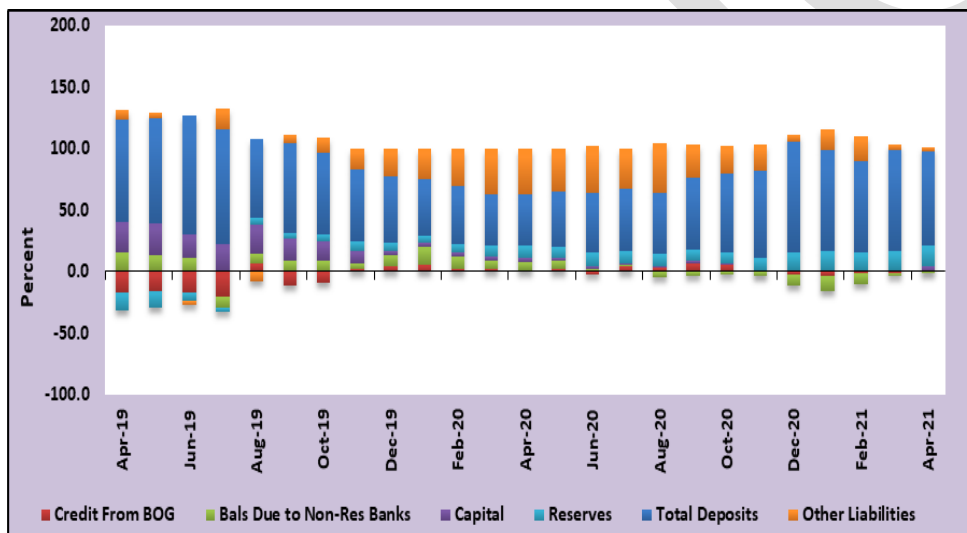
Source: Bank of Ghana

The main source of funds for financing of banks' assets was from deposits. Its share in the sources of funds, increased to 81.6 percent in Q1:2021, from 41.8 percent in Q1:2020. This can be compared with 89.0 percent recorded in Q4:2020. The increase in flows from total deposit, for the period under review, can be

attributed to increases in fund flows from both domestic currency deposits and foreign currency deposits. Proportion of fund flows from domestic deposits increased to 63.9 percent in Q1:2021, from 29.3 percent in Q1:2020. Component analysis of flow of funds showed that demand, savings and time deposits accounted for the increased flows from domestic currency deposits during the review period. The share of funds from foreign deposits increased to 17.8 percent in the first quarter of 2021, from 12.5 percent in the first quarter of 2020.

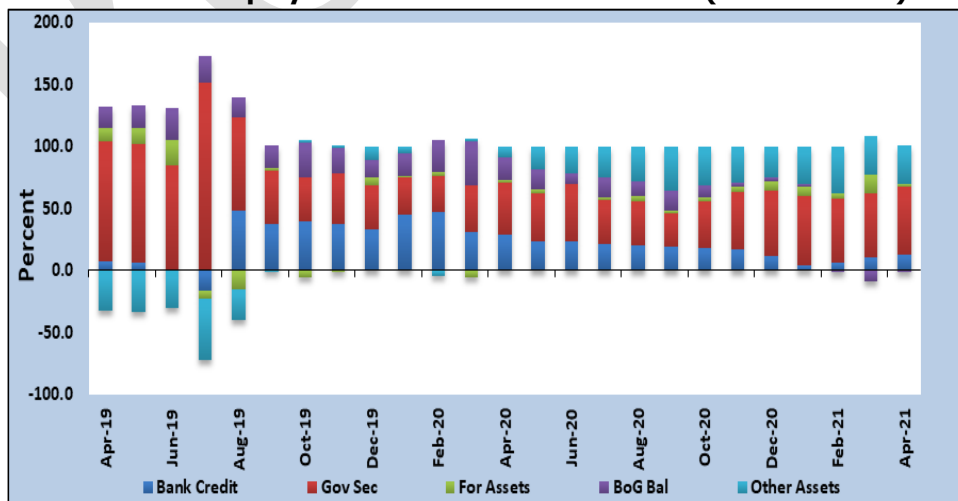
Share of funds from balances due non-resident banks, bank capital, credit from Bank of Ghana and “Other Liabilities” declined over the same comparative period. Share of funds from balances due non-resident banks decreased to -2.2 percent, from 6.2 percent, while share of funds from bank capital decreased to 0.56 percent, from 3.7 percent. Similarly, share of funds from credit from Bank of Ghana decreased to -0.7 percent, from 2.5 percent, while the share of funds from “Other Liabilities” decreased to 4.2 percent, from 37.3 percent. However, share of funds from reserves increased to 16.5 percent, from 8.5 percent.

Chart 4.4: Sources of Banks’ Flow of Funds



Source: Bank of Ghana

Chart 4.5: Deployment of Banks’ Flow of Funds (Year-on-Year)



Source: Bank of Ghana

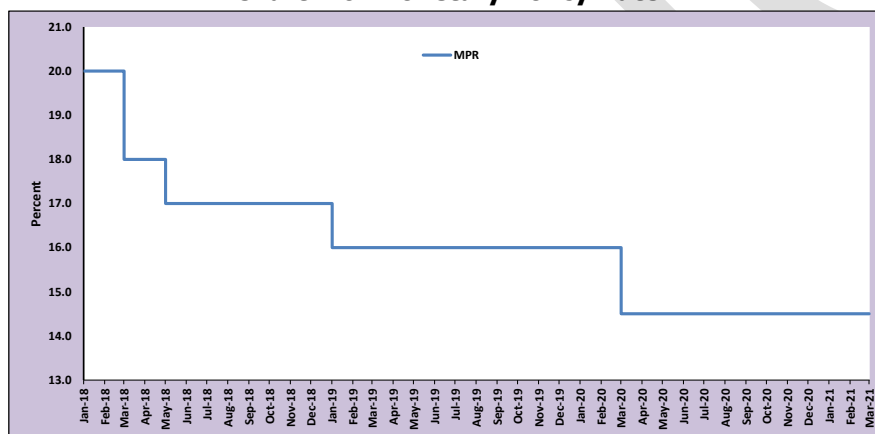
4.5 Interest Rate Developments

Interest rates continued to trend generally downwards during the first quarter of 2021. Rates on BOG bills and GOG securities, deposit rates, and lending rates of Deposit Money Banks (DMBs) decreased when compared with the first quarter of 2020. Similarly, during the fourth quarter of 2020, interest rates on GOG securities and lending rates of DMBs also trended downwards, whereas DMB's deposit rates and the rates on BOG bills recorded no change.

Monetary Policy Rate

The Monetary Policy Rate (MPR) recorded no change on a year-on-year basis during the first quarter and remained at 14.5 percent at the end of March 2021. In March 2020, the Monetary Policy Committee eased its policy stance and reduced the MPR by 150 basis points (bps) to provide additional stimulus to the financial sector following the outbreak of the coronavirus.

Chart 4.6: Monetary Policy Rate



Source: Bank of Ghana

BOG Bills

The interest equivalent on the 14-day BOG bill, which is linked to the MPR, decreased by 112 bps year-on-year to 14.5 percent, from 15.6 percent recorded in Q1:2020. The interest rate equivalent on the 56-day BOG bill, which was reintroduced in January 2018, also registered a decline of 112 bps to 14.5 percent at the end of Q1: 2021, from 15.6 percent in the first quarter of 2020.

Government Securities

On the treasury market, interest rates continued to trend downwards. The 91-day, 182-day and 364-day T-bills' rates decreased by 170 bps, 139 bps and 104 bps on year-on-year terms to settle at 13.0 percent, 13.8 percent and 16.7 percent, respectively, at the end of Q1:2021. Same period in 2020, the rates on the 91-day and 182-day T-bills increased by 1 bps and 3 bps, respectively, while the rate on the 364-day bill decreased by 37 bps. Compared with Q4:2020, the rates on the 91-day, 182-day and 364-day T-bills decreased by 106 bps, 34 bps and 29 bps, respectively.

Interest rate on the 2-year fixed note decreased by 260 bps, year-on-year, to settle at 17.6 percent at the end of Q1:2021. The rates on the 3-year Government of Ghana (GOG) bond decreased by 305 bps, year-on-

year, to 17.7 percent at the end Q1:2021, from 20.8 percent in Q1:2020. Similarly, the interest rate on the 5-year GOG bond decreased by 340 bps year-on-year to end the review quarter at 18.3 percent, from 21.7 percent recorded in the first quarter of 2020. Compared with Q4:2020, the 3-year and 5-year GOG bonds decreased by 155.0 basis points each, to 17.7 percent and 18.3 percent, respectively.

The 6-year GOG bond recorded a 175 basis-point decrease to 19.3 percent at the end of the first quarter of 2021, from 21.0 percent in the first quarter of 2020. The interest rate on the 7-year bond, however, increased by 425 bps to 20.5 percent at the end of Q1:2021, from 16.3 percent recorded in Q1:2020. The 10-year, 15-year and 20-year GOG bonds interest rates remained unchanged at 19.8 percent, 19.8 percent and 20.2 percent, respectively, in the first quarter of 2021.

Interbank Market

The interbank weighted average interest rate decreased by 214 bps, year-on-year, to 13.6 percent at the end of Q1:2021, from 15.7 percent recorded in Q1:2020. Compared to Q4:2020, the interbank weighted average rate increased marginally by 2 bps from 13.4 percent.

Time and Savings Deposit Rates

The average interest rate on DMBs' 3-month time deposit remained unchanged at 11.5 percent in the review quarter in year-on-year terms and when compared to rates recorded in the fourth quarter of 2020.

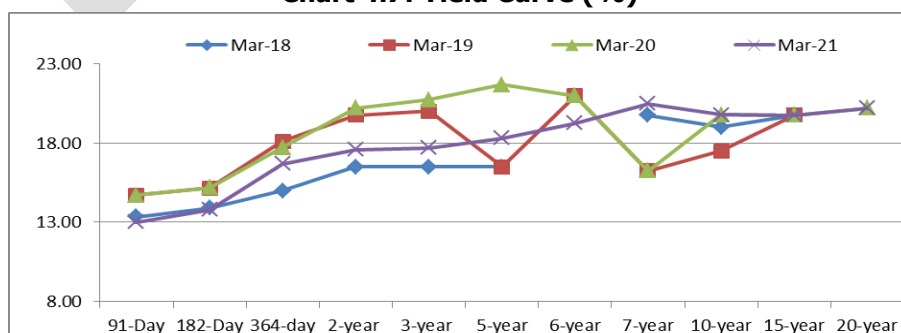
The savings rate, on year-on-year basis, increased marginally by 8 bps to 7.63 percent at the end of Q1:2021, from 7.55 percent in Q1:2020. For the corresponding period in 2020, the interest earned on savings and 3-month time deposits recorded no change.

Lending Rates

Lending rates trended downward during the review period. The average lending rate declined by 244 bps, on a year-on-year basis, to 21.0 percent at the end of Q1:2021, from 23.4 percent recorded in Q1:2020. The average lending rate decreased by 14 bps when compared with Q4:2020.

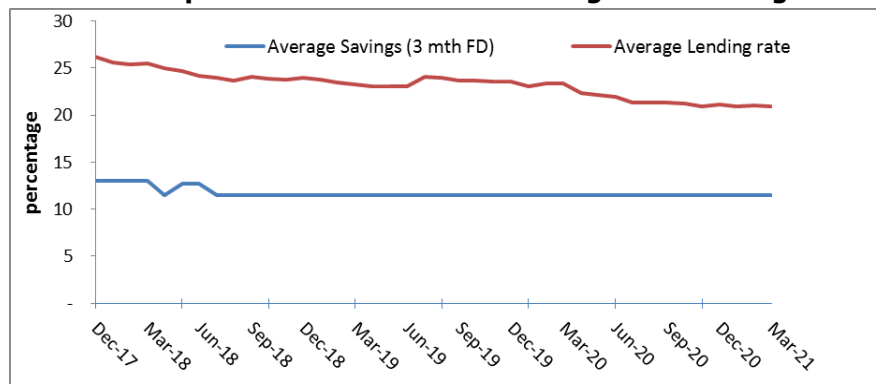
The spread between the borrowing and lending rates narrowed by 244 bps, on year-on-year basis, to 9.5 percent at the end of the first quarter of 2021, from 11.9 percent in the first quarter of 2020. Compared with the corresponding period in 2020, the spread between the borrowing and lending rates widened by 14 bps.

Chart 4.7: Yield Curve (%)



Source: Bank of Ghana

Chart 4.8: Spread between Nominal Savings and Lending Rates



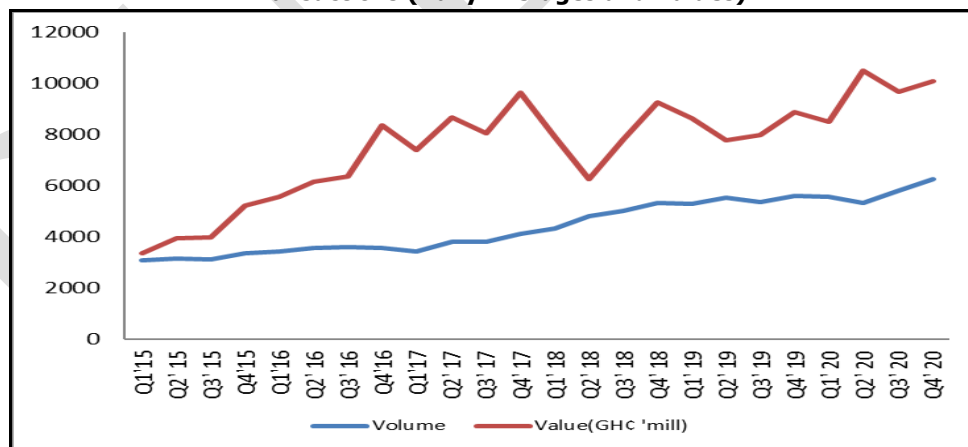
Source: Bank of Ghana

4.6 Payments System Developments

Settlement of Interbank Transactions

The volume of transactions settled through the Ghana Interbank System (GIS) in Q1:2021 totalled 374,477 valued at GH¢518,064.91 million. This represented a decrease in volume and value by 6.3 percent and 19.9 percent, respectively, compared to Q4:2020. When compared with transactions settled Q1:2020, there was an increase in volume of transactions by 8.3 percent, while the value of transactions decreased by 1.6 percent. On average, a total of 6,138.97 transactions were settled daily through the GIS, valued at GH¢8,492.87 million, during the quarter under review, compared with an average daily transactions of 6,244.19 settled, valued at GH¢10,104.61 million, in Q4:2020. In Q1:2020, an average of 5,576.50 transactions were settled daily, valued at GH¢8,487.53 million.

Chart 4.9: Quarterly Trends in the Settlement of Interbank Transactions (Daily Averages and Values)

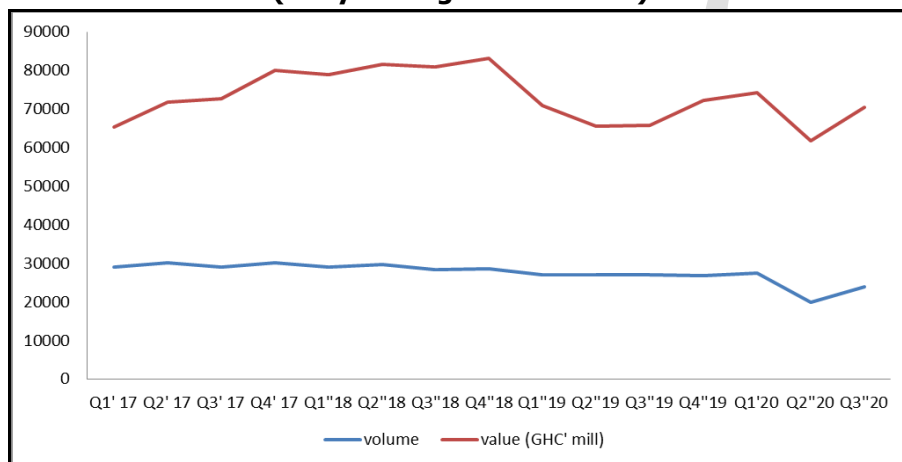


Source: Bank of Ghana

Cheques Cleared

The volume of cheques cleared in Q1:2021 totalled 1,489,854 valued at GH¢50,761.10 million. This represents a decrease in both value and volume by 3.9 percent and 0.4 percent, respectively, compared to transactions in Q4:2020. When compared with Q1:2020, the volume decreased by 9.2 percent, while the value of cheques cleared increased by 13.9 percent. On a daily basis, an average of 24,423.84 cheques valued at GH¢832.15 million were cleared in Q1:2021, compared with 24,221.56 cheques valued at GH¢796.68 million cleared in Q4:2020. In Q1:2020, an average of 26,467.29 cheques were cleared daily with a value of GH¢718.96 million.

**Chart 4.10: Quarterly Trends in Cheques Cleared
(Daily Averages and Values)**



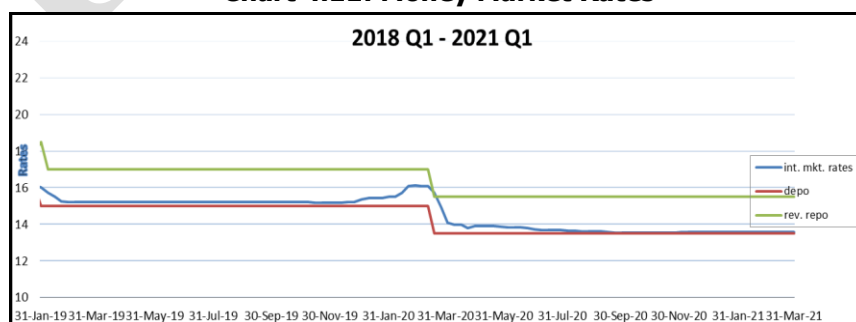
Source: Bank of Ghana

4.7 Money Market

Depos decreased to GH¢32,365.00 million in Q1:2021, from GH¢99,924.00 million in Q4:2020. Compared with Q1:2020, Depo trades decreased by 65.5 percent.

On the interbank market, value of trades in Q1:2021 ranged between GH¢2,555.0 million and GH¢5,836.0 million at a weighted average rate of 13.6 percent. In Q4:2020, values of trades ranged from GH¢667.0 million to GH¢3,912.0 million at a weighted average rate of 13.6 percent. In Q1:2020, trades ranged between GH¢519.0 million and GH¢3,951.0 million at a weighted average rate ranging from 14.9 percent to 16.1 percent.

Chart 4.11: Money Market Rates

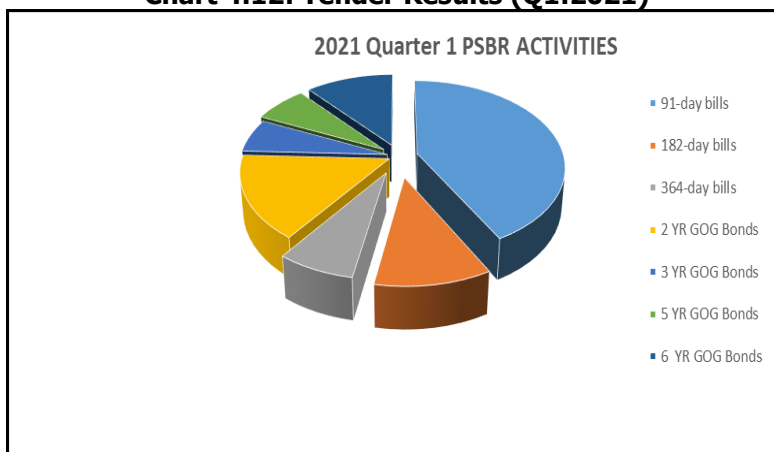


Source: Bank of Ghana

Tender Results

Total sales at the auction in Q1:2021 amounted to GH¢56,062.04 million with maturities totalling GH¢44,487.46 million. This resulted in a net sale of GH¢11,574.58 million - an amount of GH¢12,990.06 million was used to finance government's activities, while there was a repayment through Bank of Ghana's OMO activities to the tune of GH¢1,415.48 million.

Chart 4.12: Tender Results (Q1:2021)



Source: Bank of Ghana

4.8 Currency Markets

The International Currency Market

The performance of the U.S. dollar was mixed in Q1:2021 as positive sentiments about the vaccination rollout program and approval of the stimulus package were partially offset by dampened demand for safe-haven currencies. The pound sterling emerged strong during the period, mainly driven by the successful rollout of the U.K. vaccination program. The euro, on the other hand, was very weak due to rising COVID-19 cases and Europe's struggles with the rollout of its COVID-19 vaccination program. Demand for the Japanese yen also declined in the wake of a potential extension of the COVID-19 related state of emergency beyond Tokyo and a growing risk appetite in the global economy.

The **U.S. dollar** had a mixed performance in Q1:2021. The currency traded strong at the beginning of the quarter as the U.S. Treasury yields rose on the back of an expected increase in borrowing to fund President Biden's plan for a US\$1.9 trillion pandemic relief package. However, rising global confidence over a vaccination-led global recovery dampened demand for the safe-haven currency. The greenback regained some of its strength following the successful rollout of the U.S. vaccination program, the signing of the stimulus package into law as well as investors' positive sentiments about the U.S. economic recovery. Therefore, the U.S. dollar ended the quarter with an appreciation of 7.1 percent and 4.7 percent against the Japanese yen and the euro respectively but depreciated by 0.5 percent against the pound sterling.

The **pound sterling** remained strong during the period under review. The pound benefitted from the successful rollout of the COVID-19 rapid vaccine program which boosted confidence in the United Kingdom's economic recovery. This optimism was also supported by the government's plan to progressively

ease lockdown restrictions. The British currency gained further momentum at the end of the quarter after the Bank of England left U.K. monetary policy unchanged, which led to diminishing expectations of negative interest rates in the U.K. Consequently, the pound sterling recorded appreciations of 5.4 percent, 5.2 percent and 0.5 percent against the Japanese yen, the euro and the U.S. dollar respectively.

The euro was weak against its major trading currencies Q1:2021. The poor performance of the common currency was triggered by growing concerns over Europe's rising COVID-19 infections and the consequent tightening of restrictions. Continued political uncertainty in Italy also came into play as Italian Prime Minister Giuseppe Conte was expected to resign in late January 2021. Furthermore, challenges with the COVID-19 vaccine rollout across the continent as well as renewed lockdowns in France and Germany at the end of the quarter had a negative impact on the common currency. The euro depreciated by 4.9 percent and 4.5 percent against the pound sterling and the U.S. dollar, respectively, but appreciated by 3.0 percent against the Japanese yen.

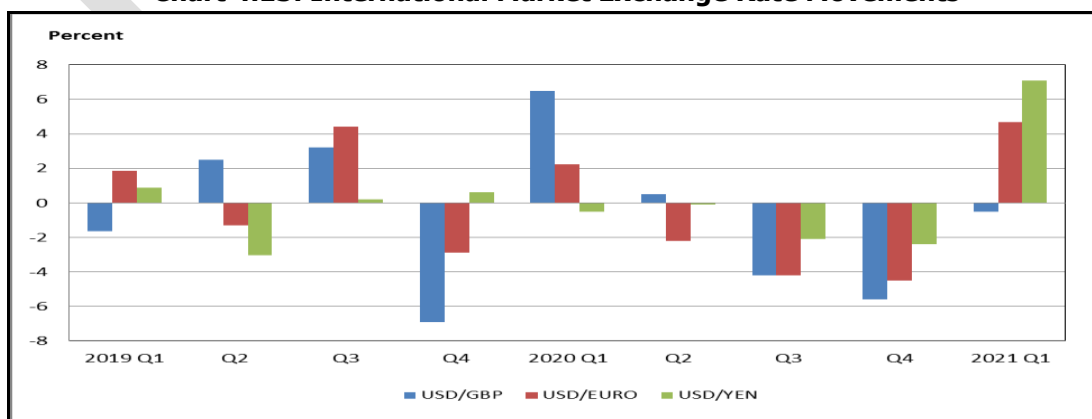
The **Japanese yen** traded weak in Q1:2021. Investors were hesitant to buy the safe-haven currency as confidence of a global recovery from the coronavirus pandemic gradually rose and investors were more willing to take some risks. The Japanese government also considered extending its state of emergency beyond Tokyo due to an upsurge in COVID-19 cases. This, combined with weak economic data, further made the yen less attractive to investors. At the end of the quarter, the Japanese yen depreciated by 7.1 percent, 6.7 percent and 2.9 percent against the pound sterling, the U.S. dollar and the euro, respectively.

Table 4.4: International Market Exchange Rate Movements

End Period	US\$/£	Quarterly depreciation/ appreciation	Annual depreciation/ appreciation	US\$/€	Quarterly depreciation/ appreciation	Annual depreciation/ appreciation	US\$/¥	Quarterly depreciation/ appreciation	Annual depreciation/ appreciation
2019 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	
Q3	1.2305	3.2		1.0902	4.4		0.0093	0.2	
Q4	1.3222	-6.9	-3.2	1.1224	-2.9	1.9	0.0092	0.4	-1.2
2020 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	
Q3	1.2904	-4.2		1.1712	-4.2		0.0095	-2.1	
Q4	1.3670	-5.6	-3.3	1.2265	-4.5	-8.5	0.0097	-2.4	-5.1
2021 Q1	1.3741	-0.5		1.1717	4.7		0.0091	7.1	

Source: Reuters Depreciation (-)/ Appreciation (+)

Chart 4.13: International Market Exchange Rate Movements



Source: Bank of Ghana

The Domestic Currency Market

The Ghana cedi appreciated against the three major currencies in Q1:2021. The domestic currency strengthened as increased participation of foreign investors in the secondary bond market supported the local currency. Inflows from the mining sector and some corporate offloading as well as Bank of Ghana's forex forward auction program helped cushion the cedi against energy-related pressures. International developments with respect to the euro also reflected on local pricing, thereby contributing to the strong performance of the Ghana cedi in the quarter under review.

On the **interbank market**, the Ghana cedi appreciated by 0.5 percent and 5.3 percent against the U.S. dollar and the euro, respectively, but was flat against the pound sterling during the first quarter of the year. The cedi performed poorly against the major international currencies in Q1:2021 compared to the same period in 2020 when it appreciated by 1.7 percent, 8.3 percent and 4.0 percent against the U.S. dollar, the pound sterling and the euro, respectively.

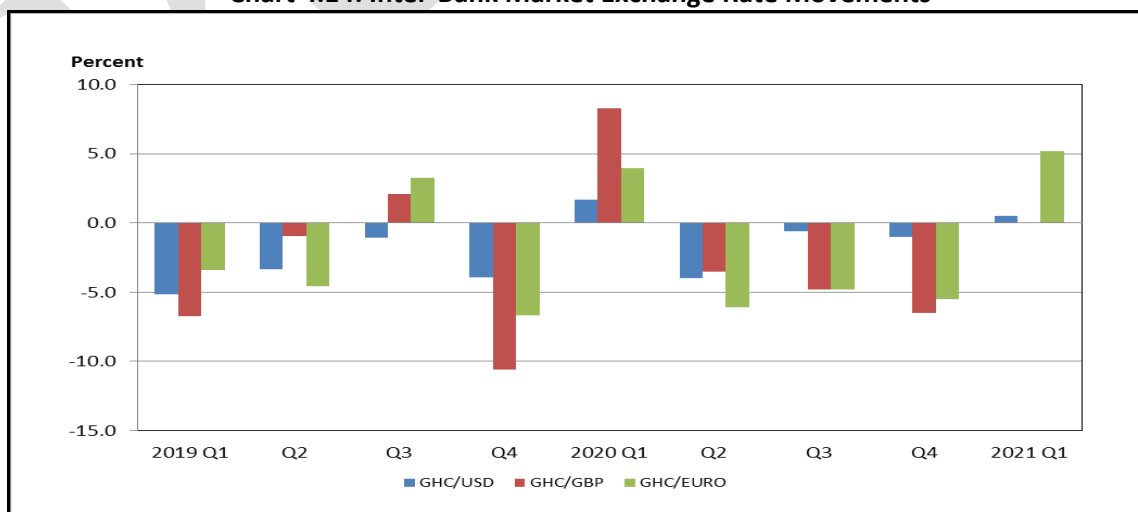
On the **forex bureau market**, the cedi appreciated by 2.4 percent and 4.1 percent against the U.S. dollar and the euro, respectively, but fell against the pound sterling by 0.3 percent. The cedi performed better in Q1:2021 compared to Q1:2020 when it depreciated by 0.2 percent against the U.S. dollar but appreciated by 9.8 percent and 3.6 percent against the pound sterling and the euro, respectively.

Table 4.5: Inter-Bank Market Exchange Rate Movements

End Period	c/US\$	Quarterly depreciation/ appreciation	Annual depreciation/ appreciation	c/GBP	Quarterly depreciation/ appreciation	Annual depreciation/ appreciation	c/Euro	Quarterly depreciation/ appreciation	Annual depreciation/ appreciation
2019 Q1	5.0834	-5.2		6.6166	-6.7		5.7084	-3.42	
Q2	5.2590	-3.3		6.6787	-0.9		5.9831	-4.59	
Q3	5.3161	-1.1		6.5412	2.1		5.7956	3.24	
Q4	5.5337	-3.9	-12.9	7.3164	-10.6	-15.7	6.2114	-6.69	-11.2
2020 Q1	5.4423	1.7		6.7583	8.3		5.9752	3.95	
Q2	5.6674	-4.0		7.0038	-3.5		6.3613	-6.07	
Q3	5.7027	-0.6		7.3585	-4.8		6.6786	-4.75	
Q4	5.7602	-1.0	-3.9	7.8742	-6.5	-7.1	7.0643	-5.46	-12.07
2021 Q1	5.7288	0.5		7.8717	0.0		6.7122	5.25	

Source: Bank of Ghana Depreciation (-)/ Appreciation (+)

Chart 4.14: Inter-Bank Market Exchange Rate Movements



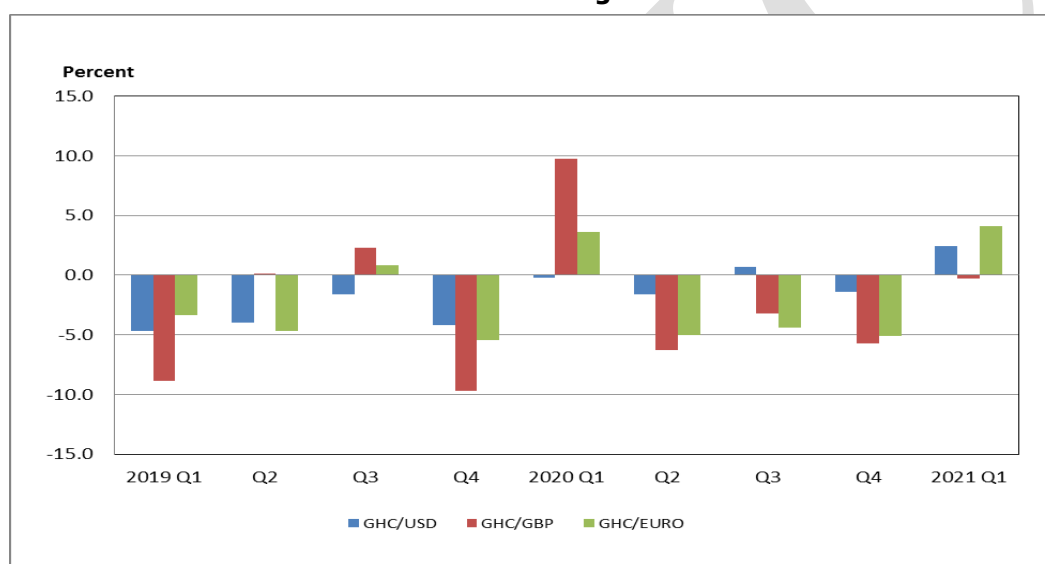
Source: Bank of Ghana

Table 4.6: Forex Bureau Exchange Rate Movements

End Period	Quarterly depreciation/ appreciation c/US\$		Annual depreciation/ appreciation c/GBP		Quarterly depreciation/ appreciation c/Euro		Annual depreciation/ appreciation c/Euro	
2019 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
Q3	5.5182	-1.6		6.6736	2.3		5.9900	0.8
Q4	5.7582	-4.2	-13.6	7.3873	-9.7	-15.7	6.3359	-5.5
2020 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
Q3	5.8264	0.7		7.4205	-3.2		6.7332	-4.4
Q4	5.9086	-1.4	-2.5	7.8655	-5.7	-6.1	7.0982	-5.1
2021 Q1	5.7700	2.4		7.8882	-0.3		6.8164	4.1

Source: Bank of Ghana Depreciation (-)/ Appreciation (+)

Chart 4.15: Forex Bureau Exchange Rates Movements



Source: Bank of Ghana

Foreign Exchange Transactions

At the end of Q1:2021, the total volume of forex purchases recorded was US\$4,808.95 million. Commercial bank purchases contributed 90.1 percent of the total purchases. The Central Bank's support to the market accounted for 8.9 percent (US\$427.25 million) and purchases from forex bureaus contributed the remaining 1.0 percent.

Compared to Q4:2020, the volume of purchases increased by 7.3 percent. Similarly, compared to the corresponding quarter of 2020, the volume of purchases increased by 2.0 percent. Commercial bank purchases increased by 20.3 percent, while Bank of Ghana's support decreased by 48.4 percent and forex bureau purchases contracted by 5.5 percent.

With regards to sales, total volume of sales recorded was US\$5,472.34 million. Commercial bank sales amounted to US\$5,425.87 million (99.2% of the total amount). Forex bureaus contributed the remaining amount. The total volume of sales increased by 20.3 percent on a quarterly basis. However, compared to Q1:2020, total sales increased by 16.8 percent.

Table 4.7: Foreign Exchange Transactions

		Purchases (million \$)				Sales (million \$)		
		BOG Sales	Commercial Bank	Forex Bureau	Total Purchases	Commercial Bank	Forex Bureau	Total Sales
2020	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
	Q1	917.60	3,742.42	57.09	4,717.11	4,628.36	56.84	4,685.20
	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
	Q2	1,030.86	3,650.16	21.36	4,702.38	4,658.53	21.49	4,680.02
	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
	Q3	624.62	3,629.60	30.30	4,284.52	4,035.81	29.88	4,065.69
	Oct	304.06	1,173.57	17.29	1,494.92	1,493.55	17.40	1,510.95
	Nov	298.06	1,148.66	15.66	1,462.38	1,490.55	15.60	1,506.10
	Dec	225.03	1,282.98	16.32	1,524.33	1,513.97	16.40	1,530.37
	Q4	827.15	3,605.21	49.27	4,481.63	4,498.02	49.40	4,547.42
2021	Jan	95.00	1,507.91	15.99	1,618.90	1,825.67	15.85	1,841.52
	Feb	140.28	1,305.31	14.07	1,459.66	1,495.54	14.06	1,509.60
	Mar	191.97	1,521.90	16.52	1,730.39	2,104.66	16.56	2,121.22
	Q1	427.25	4,335.12	46.58	4,808.95	5,425.87	46.47	5,472.34

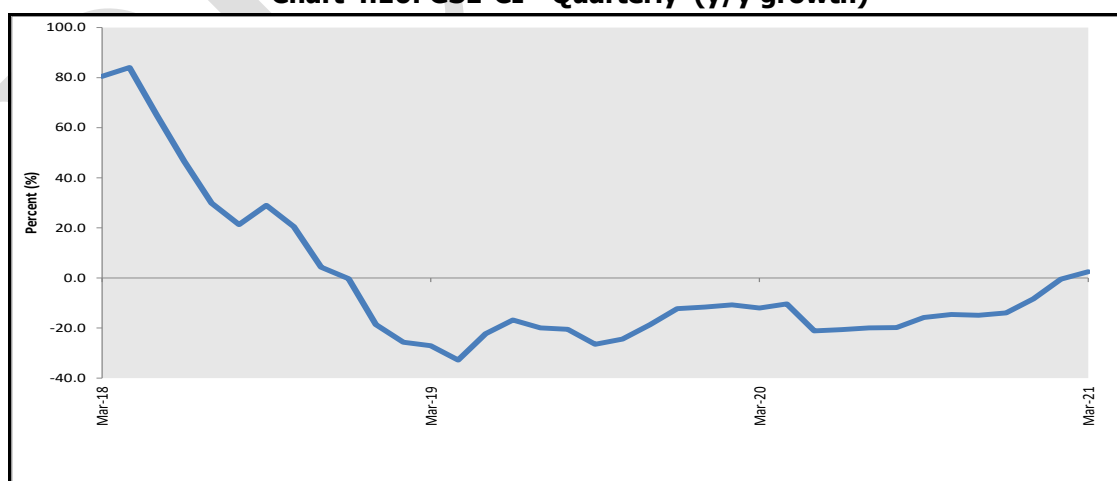
Source: Bank of Ghana

4.9 The Stock Market

The GSE-CI Index

The Ghana Stock Exchange Composite Index (GSE-CI) surged in Q1:2021, recording an impressive gain of 14.0 percent. The performance of the GSE-CI could be attributed to waning adverse impact of COVID-19 on the domestic economy and an improvement in investor sentiments and confidence in the domestic economy. Consequently, market capitalization increased by 5.1 percent in the period under review.

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



Source: Bank of Ghana

Table 4.8: Sector contribution to the Growth of GSE-CI

	SECTOR											
Month	F&B	MAN	FINANCE	DISTR	MINING	IT	AGRIC	OIL	ETFund	EDUC	AD. & PROD.	GSE-CI
Mar-20	1188.35	1399.12	1922.92	2289.49	134.57	24.65	570.00	38.48	258.44	100.00	100.00	2159.61
Dec-20	556.84	825.53	1782.76	2148.80	135.06	23.20	400.00	39.51	4.20	100.00	100.00	1941.59
Mar-21	558.19	628.16	1845.92	2241.24	135.37	30.82	400.00	39.68	4.00	100.00	100	2213.29
QTR CHG												
ABS	1.35	-197.37	63.16	92.44	0.31	7.61	0.00	0.16	-0.20	0.00	0.00	271.70
(%)	0.24	-23.91	3.54	4.30	0.23	32.81	0.00	0.41	-4.64	0.00	0.00	13.99
Yoy												
ABS	-630.15	-770.96	-77.00	-48.25	0.80	6.16	-170.00	1.19	-254.43	0.00	0.00	53.68
(%)	-53.03	-55.10	-4.00	-2.11	0.59	25.00	-29.82	3.10	-98.45	0.00	0.00	2.49

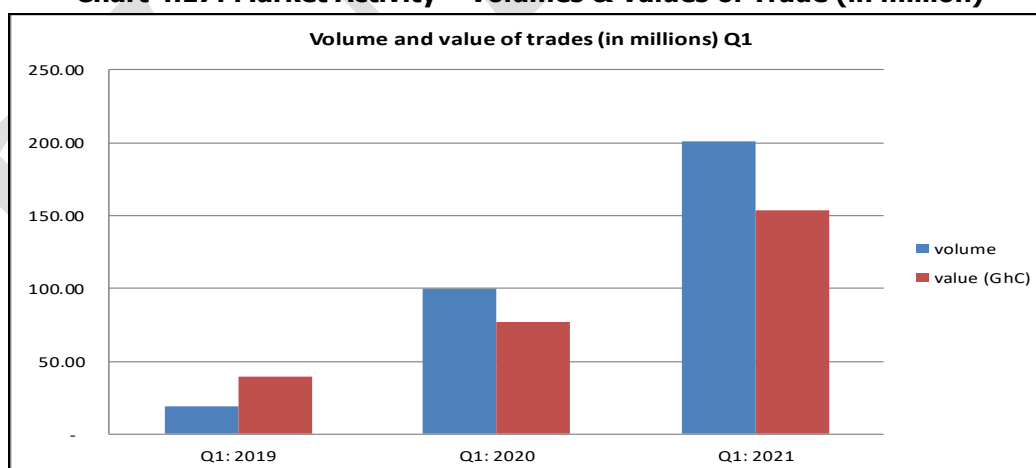
Source: Ghana Stock Exchange

Sector Performance

The performance of the GSE-CI in Q1:2021 was mainly as a result of appreciation in the value of stocks in the IT (32.81%; 7.61 points), Distribution (4.30%; 92.44 points), Finance (3.54%; 63.16 points) and Oil (0.41%; 0.16 points) sectors. However, the Manufacturing and ETFund sector stocks lost 23.9 percent (197.37 points) and 4.64 percent (0.20 points), respectively. The IT sector stocks outperformed the market as demand for telecommunication services such as online transactions surged and this boded well for the sector.

Market Performance

Total volume of trades on the GSE in the review quarter amounted to 200.93 million shares, valued at GH¢153.40 million, which compares with a volume of 99.51 million shares, valued at GH¢76.85 million in the corresponding period of 2020. During the review period, the MTNGH, and IT sector stock recorded the highest volume and value of trades. The increase in volume of trade is an indication of an improvement in secondary market activity.

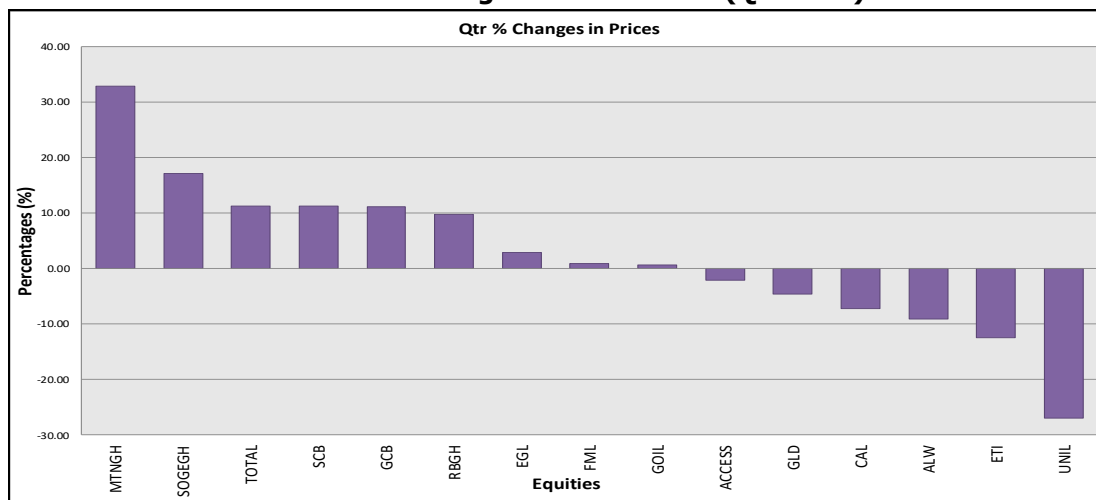
Chart 4.17: Market Activity – Volumes & Values of Trade (in million)

Source: Ghana Stock Exchange

In Q1:2021, nine (9) stocks gained, while six (6) lost to moderate the gains in the GSE-CI. The rest remained unchanged at the end of the review period. MTNGH was the best performer and led the list of advancers with a share price appreciation of 32.8 percent. SOGEGH, TOTAL and SCB also recorded gains of 17.2 percent, 11.3 percent and 11.3 percent, respectively. However, UNIL, ETI and ALW shed 26.9 percent, 12.5

percent and 9.1 percent, respectively, to top the losers. Other major losers were CAL and GLD, which shed 7.3 percent and 4.6 percent, respectively.

Chart 4.18: Change in Share Prices (Q1-2021)



Source: Bank of Ghana

Market Capitalization

Total market capitalization as at the end of Q1:2021 stood at GH¢57,162.18 million, representing an increase of 5.1 percent (GH¢2,787.30 million). Comparatively, market capitalization decreased by 1.4 percent (GH¢805.73 million) in the same period in 2020. The main sectors that accounted for the increase in market capitalization in Q1:2021 were the IT (32.81%; GH¢2,581.00) and Distribution (4.30%; GH¢39.72). The increase in market capitalization was moderated by decreases in the Manufacturing (-23.91%; -GH¢141.74) and ETFund (-4.64%; -0.02) sectors.

Table 4.9: 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.	
Mar-20	1020.66	1004.77	12210.90	983.75	15863.49	8358.54	99.18	16390.50	32.46	10.57	10.70	55985.55
Dec-20	478.27	592.85	11671.26	923.30	15921.65	7866.92	69.60	16829.22	0.53	10.57	10.70	54374.88
Mar-21	479.43	451.11	11872.73	963.02	15957.88	10447.92	69.60	16898.72	0.50	10.57	10.70	57162.18
QTR CHG												
ABS	1.16	-141.74	201.48	39.72	36.23	2581.00	0.00	69.49	-0.02	0.00	0.00	2787.30
(%)	0.24	-23.91	1.73	4.30	0.23	32.81	0.00	0.41	-4.64	0.00	0.00	5.13
Yoy												
ABS	-541.23	-553.66	-338.17	-20.73	94.39	2089.38	-29.58	508.21	-31.96	0.00	0.00	1176.63
(%)	-53.03	-55.10	-2.77	-2.11	0.59	25.00	-29.82	3.10	-98.45	0.00	0.00	2.10

Source: Ghana Stock Exchange

The Bond Market

Total value of Government of Ghana Notes and Bonds listed on the GFIM as at the end of Q1:2021 stood at GH¢134,633.37 million. Comparatively, it was GH¢92,421.27 million in Q1:2020. However, the total value of corporate bonds stood at GH¢9,152.50 million at the end of Q1:2021 and was lower when compared with GH¢9,849.16 million realised in Q1:2020. The cumulative volume of trades on the GFIM from the beginning of the year to the end of Q1:2021 stood at GH¢60,003.14 million and the number of trades was 61,942.

5. Fiscal Developments

Provisional estimates of government budgetary outturn indicate an overall fiscal deficit of GH¢11,485.8 million (2.7% of GDP) for Q1:2021, compared with a deficit of GH¢14,216.3 million (3.7% of GDP) recorded in Q1:2020. The deficit exceeded the programmed target of GH¢10,714.2 million (2.5% of GDP) by 7.2 percent. Total receipts (including grants) and total expenditure were all below their programme targets by 18.9 percent and 10.5 percent, respectively. The primary balance showed a deficit of GH¢3,199.2 million (0.7% of GDP) compared with GH¢7,807.2 million (2.0% of GDP) in Q1:2020 and a programme target deficit of GH¢1,805.6 million.

Table 5.1: Fiscal Indicators (GH¢' million)

	2019 Q1 (Prov.)	2020 Q1 (Prov.)	2021 Q1 (Prov.)	2021 Q1 (Prog.)	Deviation Under (-)/Over (+)	Yr-on-Yr Change (%)
Taxes on income and property	3,653.95	4,781.03	5,168.56	6,082.63	-15.03	8.1
percent of GDP	1.04	1.25	1.19	1.4		
Taxes on goods and services	4,161.98	3,977.91	4,325.94	5,084.11	-14.91	8.8
percent of GDP	1.19	1.04	1	1.17		
Taxes on international trade	1,442.11	1,189.43	1,472.71	1,618.21	-8.99	23.8
percent of GDP	0.41	0.31	0.34	0.37		
Tax revenue including oil	8,711.25	9,481.39	10,410.24	12,039.87	-13.54	9.8
percent of GDP	2.48	2.47	2.4	2.78		
Tax revenue excluding oil	8,470.31	8,796.22	10,096.85	11,672.77	-13.5	14.8
percent of GDP	2.55	2.37	2.39	2.76		
Nontax revenue	1,362.49	1,483.21	1,624.80	2,336.44	-30.46	9.6
percent of GDP	0.39	0.39	0.37	0.54		
Domestic revenue including oil	10,581.54	11,630.67	12,568.35	15,351.01	-18.13	8.1
percent of GDP	3.02	3.03	2.9	3.54		
Domestic revenue excluding oil	10,340.61	10,945.50	12,254.96	14,983.91	-18.21	12.0
percent of GDP	3.11	2.94	2.9	3.54		
Grants	112.45	356.76	279.59	480.91	-41.86	-21.6
percent of GDP	0.03	0.09	0.06	0.11		
Total revenue and grants	10,693.99	11,987.43	12,847.94	15,831.92	-18.85	7.2
percent of GDP	3.05	3.13	2.96	3.65		
Compensation of Employees	5,383.76	6,499.81	7,351.89	7,578.40	-2.99	13.1
percent of GDP	1.53	1.7	1.7	1.75		
Goods and services	1,177.19	1,677.33	969.39	1,396.78	-30.6	-42.2
percent of GDP	0.34	0.44	0.22	0.32		
Interest payments	3,767.88	6,409.14	8,286.55	8,908.64	-6.98	29.3
percent of GDP	1.07	1.67	1.91	2.05		
Subsidies	41.41	48.67	0	57.26	-100	-100.0
percent of GDP	0.01	0.01	0	0.01		
Non-Financial Assets (Capital Expenditure)	1,154.05	3,257.44	3,315.09	3,137.20	5.67	1.8
percent of GDP	0.33	0.85	0.76	0.72		
Total expenditure & net lending	14,879.28	22,977.92	23,450.18	26,196.15	-10.48	2.1
percent of GDP	4.24	5.99	5.41	6.04		
Overall Budget Balance	-3,648.26	-14,216.32	-11,485.77	-10,714.23	7.2	-19.2
percent of GDP	-1.04	-3.71	-2.65	-2.47		
Domestic Expenditure	9,696.05	16,409.45	13,167.82	15,024.41	-12.36	-19.8
percent of GDP	2.76	4.28	3.04	3.46		
Domestic Primary Balance	885.49	-4,778.78	-599.47	326.6	-283.55	-87.5
percent of GDP	0.25	-1.25	-0.14	0.08		
Primary Balance	119.62	-7,807.18	-3,199.22	-1,805.59	77.18	-59.0
percent of GDP	0.03	-2.04	-0.74	-0.42		
Nominal GDP (Including Oil)	350,788.20	383,304.85	433,685.66	433,685.66		
Nominal GDP (Excluding oil)	327,278.53	353,705.15	423,080.79	423,080.79		

Source: Bank of Ghana and Ministry of Finance

5.1 Government Revenue

Government receipts (including grants) in the review quarter was GH¢12,847.9 million (3.0% of GDP). This was lower than the target of GH¢15,831.9 million (3.7% of GDP) by 18.9 percent and recorded a year-on-year growth of 7.2 percent. Total Revenue was made up of Tax Revenue of GH¢10,410.2 million (81.0% of total revenue), Non-tax Receipts³ of GH¢2,158.1 million (16.6% of total revenue) and Grants of GH¢279.6 million (2.2% of total revenue).

Non-Tax receipts, made up of Non-Tax revenue of GH¢1,624.8 million and other receipts of GH¢533.3 million was lower than the target of GH¢2,438.3 million. This was, however, higher than GH¢2,103.6 million recorded for Q1:2020. Grants disbursement of GH¢279.6 million fell below the programmed target of GH¢480.9 million by 41.9 percent and also recorded a year-on-year decline of 21.6 percent.

Income and Property Tax

Taxes from income and property during the first quarter was GH¢5,168.6 million, missing the budgetary target of GH¢6,082.6 million by 15.0 percent but recorded a year on year growth of 8.1 percent. Personal income taxes raked in GH¢1,913.5 million, which was below the programmed target by 9.8 percent. It however, recorded a year-on-year growth of 12.5 percent. Company taxes totalled GH¢2,418.8 million, while other taxes, comprising royalties from oil and mineral summed up to GH¢399.6 million. Inflows from National Fiscal Stabilization Levy (NFSL) for the period was GH¢59.8 million compared to GH¢40.8 million recorded in the similar period of 2020. Airport tax for the review period totalled GH¢28.2 million compared to GH¢117.13 million recorded in the similar period of 2020. This reflected a year-on-year decline of 76.0 percent.

Domestic Goods and Services

Domestic goods and services tax of GH¢4,325.9 million recorded a negative deviation of 14.9 percent from the programmed target. This category of tax comprised, Excise Duty and Petroleum Tax of GH¢1,035.2 million, VAT collections of GH¢2,273.8 million, National Health Insurance Levy of GH¢449.0 million, GET Fund Levy of GH¢449.0 million and GH¢118.5 million from Communication Service Tax. All tax handles under domestic goods and services performed below their respective targets. They, however, recorded appreciable levels of year-on-year growth with the exception of excise duty, which recorded a year-on-year decline of 3.0 percent.

International Trade Taxes

International Trade Taxes amounted to GH¢1,472.7 million, lower than the budget target of GH¢1,618.2 million, reflecting a negative deviation of 9.0 percent. It was, however, higher than the inflow of GH¢1,189.4 million recorded in the similar period of 2020. This indicated a year-on-year growth of 23.8 percent.

Non-Tax Revenue

Non-Tax receipts was made up of Non-Tax Revenue of GH¢1,624.8 million and other receipts of GH¢533.3 million. These were below their programmed targets by 30.5 percent and 34.4 percent, respectively. Non-

³ Non-Tax receipts comprises of Non-Tax revenue and other receipts.

Tax Revenue comprised Retention of Internally Generated Funds (IGF) of GH¢1,106.2 million and Lodgements of GH¢518.6 million.

Table 5.2: Government Revenue (GH¢' million)

	2019 Q1 (Prov.)	2020 Q1 (Prov.)	2021 Q1 (Prov.)	2021 Q1 (Prog.)	Deviation Under (-)/Over (+)	Yr-on-Yr Change (%)
TAX REVENUE	8,711.25	9,481.39	10,410.24	12,039.87	-13.54	10
<i>(percent of GDP)</i>	<i>2.48</i>	<i>2.47</i>	<i>2.4</i>	<i>2.78</i>		
TAXES ON INCOME & PROPERTY	3,653.95	4,781.03	5,168.56	6,082.63	-15.03	8
Personal	1,408.32	1,700.90	1,913.51	2,122.20	-9.83	13
Self employed	85.42	80.26	75.4	142.32	-47.02	-6
Companies	1,584.33	1,929.95	2,418.81	2,967.64	-18.49	25
Company taxes on oil	159.5	278.04	237.01	161.83	46.45	-15
Others	416.38	791.87	523.82	688.64	-23.93	-34
Other direct taxes /1	261.85	633.95	435.87	574.16	-24.09	-31
o/w Royalties from Oil	81.44	407.13	76.38	205.27	-62.79	-81
o/w Mineral Royalties	128.49	192.61	323.18	274.52	17.73	68
National Fiscal Stabilisation Levy	37.02	40.79	59.76	65.02	-8.1	46
Airport Tax	117.52	117.13	28.2	49.46	-42.98	-76
TAXES ON DOMESTIC GOODS AND SERVICES	4,161.98	3,977.91	4,325.94	5,084.11	-14.91	9
Excises	932.34	1,067.40	1,035.20	1,250.46	-17.21	-3
Excise Duty	90.76	114.99	94.48	194.32	-51.38	-18
Petroleum tax	841.58	952.4	940.72	1,056.14	-10.93	-1
o/w Debt recovery levy/ Energy Fund Lev	9.6	9.79	11.99	12.34	-2.81	22
o/w Road Fund levy	370.25	446.93	501.4	493.26	1.65	12
VAT	2,290.64	2,026.70	2,273.77	2,582.35	-11.95	12
Domestic	1,103.67	1,210.85	1,161.98	1,493.33	-22.19	-4
External	1,186.97	815.85	1,111.79	1,089.02	2.09	36
National Health Insurance Levy (NHIL)	439.87	388.17	448.96	544.83	-17.6	16
Customs Collection	197.23	155.64	201.96	239.43	-15.65	30
Domestic Collection	242.64	232.52	247.01	305.4	-19.12	6
GETFund Levy	424.78	393.07	449.52	548.73	-18.08	14
Customs Collection	182.15	160.28	202.5	243.33	-16.78	26
Domestic Collection	242.64	232.79	247.01	305.4	-19.12	6
Communication Service Tax	74.35	102.58	118.49	157.73	-24.88	16
TAXES ON INTERNATIONAL TRADE	1,442.11	1,189.43	1,472.71	1,618.21	-8.99	24
Imports	1,442.11	1,189.43	1,472.71	1,618.21	-8.99	24
Import duty	1,442.11	1,189.43	1,472.71	1,618.21	-8.99	24
O/W Special tax / EXIM	0	57.26	76.72	0		
Other taxes /2 AU LEVY	0	15.84	21.15	0		
Exports	0	0	0	0		
Cocoa	0	0	0	0		
Import Exemptions	0	0	0	0		
Tax Refunds	-546.8	-466.97	-556.97	-745.07		
SOCIAL CONTRIBUTIONS	18.3	45.72	0	161.24		
SSNIT Contribution to NHIL	18.3	45.72	0	161.24		
NON-TAX REVENUE	1,362.49	1,483.21	1,624.80	2,336.44	-30.46	10
Retention	947.2	1,067.12	1,106.21	1,471.09	-24.8	4
Lodgement	415.28	416.1	518.59	865.35	-40.07	25
Fees & Charges	140.53	137.1	166.07	258.26	-35.7	21
Dividend/Interest & profits (Others)	5.58	2	120.68	21.21	468.97	5934
Dividend/Interest & profits from Oil	211.06	243.17	197.96	536.05	-63.07	-19
Surface Rentals from Oil	0.87	5.11	1.33	2.04	-34.61	-74
Luxury Vehicle Levy/Other Income	30.19	0	0	0		
Yield from Capping Policy	0	28.71	32.55	47.79		
OTHER REVENUE	489.51	620.34	533.31	813.46	-34.44	-14
ESLA Proceeds	489.51	620.34	533.31	813.46	-34.44	-14
Energy Debt Recovery Levy	415.62	481.13	385.5	568.8	-32.23	-20
Public Lighting Levy	27.65	36.48	0	67.41		
National Electrification Scheme Levy	17.42	25.31	0	34.1		
Price Stabilisation & Recovery Levy	28.83	77.42	147.82	143.15		
DOMESTIC REVENUE	10,581.54	11,630.67	12,568.35	15,351.01	-18.13	8
GRANTS	112.45	356.76	279.59	480.91	-41.86	-22
Project grants	112.45	356.76	279.59	480.91	-41.86	-22
TOTAL REVENUE & GRANTS	10,693.99	11,987.43	12,847.94	15,831.92	-18.85	7

Source: Bank of Ghana and Ministry of Finance

5.2 Government Expenditures

Government expenditure and net lending in Q1:2021 totalled GH¢23,450.3 million (5.4% of GDP) compared with a programmed target of GH¢26,196.2 million (6.0% of GDP). This was however, higher than the payments of GH¢22,977.9 million in Q1:2020 by 2.1 percent. Compensation of employees, goods and services and interest payments, which were the main expenditure line items, were below their respective targets by 3.0 percent, 30.6 percent and 7.0 percent, respectively. Capital expenditures, on the other hand, exceeded the target for the period by 5.7 percent. Compensation of employees, interest payments, and grants to other government units together constituted 76.7 percent of total expenditures during the period under review.

Compensation of Employees

Compensation of employees, comprising wages and salaries and social security contributions, summed up to GH¢7,351.9 million. This was 3.0 percent lower than the programmed target of GH¢7,578.4 million but higher than payments of GH¢6,499.8 million made in the corresponding period of 2020 by 13.1 percent.

Interest Payments

Interest payments for the review quarter totalled GH¢8,286.6 million and was 7.0 percent below the programmed target. Domestic interest payments accounted for 80.9 percent of the total interest payments and registered a year-on-year growth of 27.5 percent, while external interest payments accounted for the remaining 19.1 percent and recorded a year-on-year growth of 37.5 percent.

Grants to Other Government Units

Grants to Other Government Units totalled GH¢2,357.1 million but fell below the programmed target by 41.6 percent. Payments of GH¢210.0 million to National Health Fund and GH¢316.0 million to District Assembly Common Fund were below their programmed targets. Internally Generated Funds retained by MDAs amounted to GH¢1,106.2 million, falling below the programmed target by 24.8 percent.

Other Expenditures

Other Earmarked Funds totalled GH¢312.9 million, while ESLA transfers amounted to GH¢474.2 million with COVID-19-related expenditures totalling GH¢696.0 million. Other earmarked funds and ESLA transfers fell short of their budgetary targets by 59.4 percent and 37.3 percent, respectively. COVID-19-related expenditures, however, exceeded the target of GH¢271.4 million by 156.1 percent.

Capital Expenditure

Government acquisition of non-financial assets during the first quarter of 2021 was GH¢3,315.1 million, above its budgetary target of GH¢3,137.2 million by 5.7 percent. Total domestic financed capital expenditure for the period was GH¢435.8 million, representing 13.1 percent of total capital expenditure, while foreign-financed capital expenditure was GH¢2,879.3 million and made up 86.9 percent of the total outlay.

Table 5.3: Government Expenditure (GH¢' million)

	2019	2020	2021	2021	Dev. from Prog. (%)	Yr-on-Yr
	Q1 (Prov.)	Q1 (Prov.)	Q1 (Prov.)	Q1 (Prog.)	Under (-)/Over (+)	Change (%)
Compensation of Employees	5,383.76	6,499.81	7,351.89	7,578.40	-3.0	13.1
Wages & Salaries	4,715.97	5,721.21	6,520.73	6,449.70	1.1	14.0
Social Contributions	667.79	778.59	831.16	1,128.70	-26.4	6.8
Pensions	250.37	306.75	308.58	412.78	-25.2	0.6
Gratuities	68.90	53.59	73.13	128.99	-43.3	36.5
Social Security	348.52	418.26	449.44	586.92	-23.4	7.5
Use of Goods and Services	1,177.19	1,677.33	969.39	1,396.78	-30.6	-42.2
o/w Recurrent Expenditure share of ABFA from Oil (30% of ABFA)	360.57	464.33	0.00	115.94	-100.0	-100.0
Interest Payments	3,767.88	6,409.14	8,286.55	8,908.64	-7.0	29.3
Domestic	3,105.51	5,259.55	6,705.43	7,092.02	-5.5	27.5
External (Due)	662.37	1,149.59	1,581.12	1,816.63	-13.0	37.5
Subsidies	41.41	48.67	0.00	57.26	-100.0	-100.0
Subsidies on Petroleum products	41.41	48.67	0.00	57.26	-100.0	-100.0
Grants to Other Government Units	2,865.47	3,427.83	2,357.09	4,039.16	-41.6	-31.2
National Health Fund (NHF)	315.60	508.78	210.00	427.02	-50.8	-58.7
Education Trust Fund	86.69	386.78	0.00	311.12	-100.0	-100.0
Road Fund	302.82	300.00	268.35	256.99	4.4	-10.6
Energy Fund	0.00	0.00	0.00	6.43		
Petroleum Related Fund	2.68	4.74	0.00	0.00		
Dist. Ass. Common Fund	614.98	646.38	316.04	515.70	-38.7	-51.1
o/w ABFA			14.32	19.32	-25.9	
Ghana Infrastructure Fund	0.00	0.00	40.10	54.10	-25.9	
o/w ABFA	0.00	0.00	0.00	0.00		
Retention of Internally-generated funds (IGFs)	947.20	1,067.12	1,106.21	1,471.09	-24.8	3.7
Transfer to GNPC from Oil Revenue	84.72	141.04	103.53	225.87	-54.2	-26.6
Other Earmarked Funds	510.78	372.98	312.87	770.84	-59.4	-16.1
Youth Employment Agency	73.89	48.82	0.00	79.04		
Student's Loan Trust	0.36	0.00	0.00	0.79		
Ghana EXIM Bank Ltd	74.60	0.00	0.00	41.44		
Ghana Airport Authority	117.52	117.13	28.20	49.46	-43.0	-75.9
Mineral Development Fund	25.70	0.00	0.00	45.14	-100.0	
GRA Retention	218.72	207.02	284.66	334.57	-14.9	37.5
Plastic Waste Recycling Fund	0.00	0.00	0.00	0.78	-100.0	
Social Benefits	0.00	37.37	0.00	50.77		
Lifeline Consumers of Electricity	0.00	37.37	0.00	50.77		
Other Expenditure	489.51	1,620.34	1,170.16	1,027.94	13.8	-27.8
ESLA Transfers	489.51	620.34	474.19	756.20	-37.3	-23.6
Tax Expenditure (Exemptions)	0.00	0.00	0.00	0.00		
Reserve Expenditure Vote	0.00	0.00	0.00	0.00		
Reallocation to Priority Programmes	0.00	0.00	0.00	0.00		
Covid-Related Expenditure		0.00	695.98	271.74	156.1	
COVID-19 Alleviation Programme (1) (Water & Electricity)			137.76	100.00	37.8	
Provision of Health Infrastructure			0.00	171.74	-100.0	
COVID-19 Preparedness Plan (1) National COVID-19 Response			558.21	0.00		
Financial Sector Cost (Cash) / Other Critical spending		1,000.00	0.00	0.00		
Acquisition of Non-Financial Assets	1,154.05	3,257.44	3,315.09	3,137.20	5.7	1.8
Domestic financed	500.68	667.88	435.75	874.11	-50.2	-34.8
Assets	27.79	0.00	0.00	197.09	-100.0	
o/w Ghana Infrastructure & Investment Fund	0.00	0.00	0.00	0.00		
o/w Capital Expenditure share of ABFA from Oil (70% of ABFA)	27.79	0.00	0.00	197.09	-100.0	
Foreign financed	653.38	2,589.56	2,879.34	2,263.09	27.2	11.2
TOTAL EXP. & NET LENDING	14,879.28	22,977.92	23,450.18	26,196.15	-10.5	2.1

Source: Bank of Ghana and Ministry of Finance

5.3 Financing

The overall budget balance on cash basis including divestiture and discrepancy resulted in a deficit of GH¢11,485.8 million (2.7% of GDP) in the review period. The deficit was financed with net foreign inflow of GH¢89.3 million and a net domestic financing of GH¢11,519.3 million, while GH¢122.8 million was used to build up savings with the Petroleum Fund.

To meet its net domestic financing of GH¢11,519.3 million in the review period, Government borrowed GH¢3,672.0 million from the Banking Sector and GH¢7,847.3 million from the non-Bank public.

Table 5.4: Government Financing (GH¢' million)

	2019 Q1 (Prov.)	2020 Q1 (Prov.)	2021 Q1 (Prov.)	2021 Q1 (Prog.)
Overall balance (commitment)	-4,185.28	-10,990.49	-10,602.24	-10,364.23
(percent of GDP)	-1.19	-2.87	-2.44	-2.39
Road Arrears (net change)	-224.96	-795.59	0	-350
Clearance of outstanding commitments	-224.96	-795.59	0	0
o/w other outstanding payments/deferred payments	-224.96	0	0	0
o/w other outstanding claims	-224.96	0	0	0
Overall balance (cash)	-4,410.24	-11,786.09	-10,602.24	-10,714.23
(percent of GDP)	-1.26	-3.07	-2.44	-2.47
Discrepancy	761.97	-2,430.23	-883.53	0
Overall balance (incl. Divestiture and Discrepancy)	-3,648.26	-14,216.32	-11,485.77	-10,714.23
(percent of GDP)	-1.04	-3.71	-2.65	-2.47
Financing	3,648.26	14,216.32	11,485.77	10,714.23
Foreign (net)	12,051.68	5,034.50	89.25	23,303.61
Borrowing	14,187.48	9,889.24	2,599.75	26,291.82
Project loans	540.92	2,232.80	2,599.75	1,782.19
Sovereign Bond	13,646.56	7,656.44	0	24,509.63
Amortisation (due)	-2,135.80	-4,854.73	-2,510.49	-2,988.21
Domestic (net)	-8,290.50	9,435.57	11,519.26	2,894.77
Banking	-11,938.22	3,982.12	3,671.99	5,732.75
Bank of Ghana	-14,775.10	4,410.91	771.45	0
o/w Transfer to GILF Energy Fund			0	0
Comm. Banks	2,836.88	-428.79	2,900.54	5,732.75
Non-banks	3,647.72	3,177.99	7,847.26	-2,953.92
o/w Non-residents	263.22	828.6	4,082.71	0
o/w Reduction due to HIPC-fin'd debt buyback				
Other Domestic	0	2,275.46	0	115.94
Other Financing	-2.47	-16.03	0	0
clawback from TOR	0	0	0	0
Other domestic financing	-2.47	-16.03	0	0
Ghana Petroleum Funds	-110.44	251.19	-122.75	-49.69
Transfer to Ghana Petroleum Funds	-110.44	-237.73	-122.75	-165.62
o/w Stabilisation Fund	-77.31	-166.41	-85.92	-115.94
o/w Heritage Fund	-33.13	-71.32	-36.82	-49.69
Transfer from Stabilisation Fund	0	488.91	0	115.94
Sinking Fund	0	-488.91	0	-15,434.46
Nominal GDP (Including Oil)	350,788.20	383,304.85	433,685.66	433,685.66
Nominal GDP (Excluding oil)	332,228.56	371,801.22	423,080.79	423,080.79

Source: Bank of Ghana and Ministry of Finance

5.4 Domestic Debt

Composition of Domestic Debt

The stock of domestic debt at the end of Q1:2021 was GH¢164,530.3 million, indicating an increase of GH¢13,820.1 million compared to Q4:2020. The growth in the domestic debt stock reflected increases in the short- and medium-term bonds and stocks by GH¢3,805.9 million and GH¢9,917.9 million, respectively, with the long-term instruments increasing marginally by GH¢96.4 million.

Overall, the short-term debt grew by 22.6 percent, reflecting increases of GH¢846.8 million in the 91-day Treasury bill, GH¢1,355.9 million in the 182-day bills and GH¢1,603.2 million in the 364-day Treasury bills.

The increase in the medium-term debt at the end of Q1:2021 was on account of increases in all components except 3-year USD domestic bond and 3-year Stock held by SSNIT. The largest component contributor to the medium-term debt during the review period was 6-year GOG bond which increased by 106.6 percent (GH¢3,058.7 million).

The increase in the long-term debt was due to a significant rise of GH¢200.0 million in the 20-year GOG Bond. This was, however, offset by a decrease of GH¢103.6 million in the 15-year GOG Bond.

Holdings of Domestic Debt

Bank of Ghana's holdings of domestic debt at the end of Q1:2021 was GH¢34,820.6 million, representing 21.2 percent of the total domestic debt holdings. The Deposit Money Banks (DMBs) held GH¢48,316.7 million (29.4%). SSNIT held GH¢475.4 million (0.3%), Insurance companies GH¢914.0 million (0.6%), whilst "Other holders" made up of Rural Banks, Firms and Institutions and Individuals held GH¢48,034.4 million (29.2%).

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

	2019 Q1	2020				2021 Q1	Year-to-Date (Q1:21-Q4:20)
	Q1	Q2	Q3	Q4			
A. Short-Term Instruments	12,832.40	16,585.30	16,659.70	16,286.90	16,861.00	20,666.90	3,805.90
91-Day Treasury Bill	6,010.10	7,665.40	8,760.20	8,877.50	10,030.70	10,877.50	846.80
182-Day Treasury Bill	3,095.50	2,833.30	2,935.30	2,892.20	2,856.50	4,212.40	1,355.90
364-Day Treasury Bill	1,651.00	6,086.60	4,964.20	4,517.20	3,973.80	5,577.00	1,603.20
1-Year Treasury Note	2,075.70	0.00	0.00	0.00	0.00	0.00	0.00
B. Medium-Term Instruments	51,241.90	65,390.10	70,343.90	79,393.60	90,385.70	100,303.50	9,917.90
2-Year Fixed Treasury Note	13,996.60	11,998.00	12,160.70	15,752.80	17,441.50	19,063.30	1,621.80
3-Year Fixed Treasury Note	11,579.50	14,766.40	15,725.90	20,725.60	27,342.70	30,238.40	2,895.70
3-year USD Domestic Bond	1,126.00	2,022.30	2,105.90	2,119.10	2,241.30	2,229.10	-12.20
3-Year Stock(SSNIT)	388.60	123.90	48.70	48.70	0.00	0.00	0.00
5-Year GOG Bond	12,661.70	20,509.10	23,478.20	20,693.90	22,499.60	23,820.90	1,321.30
6-Year GOG Bond	370.30	1,835.50	2,286.80	2,853.30	2,870.60	5,929.30	3,058.70
7-Year GOG Bond	3,258.10	5,319.90	5,319.90	4,887.90	5,388.10	5,620.70	232.50
10-Year GOG Bond	7,861.20	8,815.10	9,217.90	12,312.20	12,601.80	13,401.80	800.00
C. Long-Term Instruments	28,639.40	29,173.20	34,963.20	39,465.30	43,463.40	43,559.80	96.40
15-Year GOG Bond	4,793.80	14,483.30	14,883.30	14,942.60	15,342.60	15,239.10	-103.60
20-Year GOG Bond	0.00	162.10	162.10	162.10	338.60	538.60	200.00
Long Term Government Stocks	22,951.90	13,748.40	19,138.40	23,638.40	27,060.00	27,060.00	0.00
GOG Petroleum Finance Bond	80.00	80.00	80.00	80.00	80.00	80.00	0.00
TOR Bonds	343.20	228.80	228.80	171.60	171.60	171.60	0.00
Telekom Malaysia Stocks	109.50	109.50	109.50	109.50	109.50	109.50	0.00
Revaluation Stock	361.10	361.10	361.10	361.10	361.10	361.10	0.00
Grand Total	92,713.70	111,148.60	121,966.80	135,145.80	150,710.10	164,530.20	13,820.20

Source: Bank of Ghana and Ministry of Finance

Non-Resident Investors held GH¢31,970.1 million (19.4%), indicating a decrease in holdings when compared to Q1:2020 where foreign holdings was about 24.4 percent of the total, but an increase when compared to 18.4 percent holdings at the end of Q4:2020.

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

	2019	2020				2021	Year-to-Date (Q1:21-Q4:20)
	Q1	Q1	Q2	Q3	Q4	Q1	
A. Banking sector	40,744.80	50,969.90	60,605.60	69,342.40	77,812.60	83,137.30	5,324.70
Bank of Ghana	14,578.20	15,317.80	22,798.10	31,225.60	34,758.40	34,820.60	62.2
Deposit Money Banks	26,166.60	35,652.10	37,807.50	38,116.90	43,054.20	48,316.70	5,262.50
B. Nonbank sector	25,629.60	33,057.80	36,593.20	40,238.70	45,210.30	49,422.90	4,212.60
SSNIT	512	199.1	612.1	395.7	662.2	474.5	-187.7
Insurance Companies	477.5	624.1	678.3	740.7	858.2	914	55.7
Others Holders	24,640.10	32,234.60	35,302.80	39,102.30	43,689.90	48,034.40	4,344.60
Rural Banks	480.9	817.3	924.8	1,088.10	1,689.00	1,831.30	142.3
Firms & Institutions	17,598.90	21,879.90	23,723.50	26,106.00	29,864.00	32,751.00	2,887.00
Individuals	6,560.20	9,537.40	10,654.50	11,908.20	12,136.80	13,452.10	1,315.30
C. Foreign sector(Non-Residents)	26,339.40	27,120.90	24,768.00	25,564.60	27,687.20	31,970.10	4,282.90
TOTAL(A+B+C)	92,713.70	111,148.60	121,966.80	135,145.80	150,710.10	164,530.30	13,820.10

Source: Bank of Ghana and Ministry of Finance

Table 5.7: Holdings of Total Domestic Debt (Percentages)

	2019	2020				2021
	Q1	Q1	Q2	Q3	Q4	Q1
A. Banking sector	43.9	45.9	49.7	51.3	51.6	50.5
Bank of Ghana	15.7	13.8	18.7	23.1	23.1	21.2
Deposit Money Banks	28.2	32.1	31.0	28.2	28.6	29.4
B. Nonbank sector	27.6	29.7	30.0	29.8	30.0	30.0
SSNIT	0.6	0.2	0.5	0.3	0.4	0.3
Insurance Companies	0.5	0.6	0.6	0.5	0.6	0.6
Others Holders	26.6	29.0	28.9	28.9	29.0	29.2
Rural Banks	0.5	0.7	0.8	0.8	1.1	1.1
Firms & Institutions	19.0	19.7	19.5	19.3	19.8	19.9
Individuals	7.1	8.6	8.7	8.8	8.1	8.2
C. Foreign sector(Non-Residents)	28.4	24.4	20.3	18.9	18.4	19.4
TOTAL(A+B+C)	100	100	100	100	100	100

Source: Bank of Ghana and Ministry of Finance

6. Balance of Payments

6.1 International Trade and Finance

Preliminary estimates of Ghana's balance of payments for Q1:2021 indicates a deficit of US\$429.93 million compared to a surplus of US\$1,476.50 million recorded in Q1:2020.

Table 6.1: Balance of Payments (US\$' million), Q1:2019 - Q1:2021

	2019	2020+	2021*	Q1:2020/21	
	Q1	Q1	Q1	Absolute Change	% Change
CURRENT ACCOUNT	178.0	105.9	-370.9	-476.8	-450.1
Merchandise Exports (f.o.b.)	4,017.5	3,890.0	3,945.4	55.4	1.4
Cocoa beans and products	832.4	976.2	1,008.4	32.2	3.3
Gold	1,435.9	1,473.9	1,377.9	-96.0	-6.5
Timber products	47.5	29.5	38.0	8.5	28.8
Oil	1,054.1	790.0	836.2	46.2	5.9
Others (including non-trationals)	647.7	620.5	684.9	64.4	10.4
Merchandise Imports (f.o.b.)	-3,375.1	-3,041.0	-3,324.3	-283.4	9.3
Non-oil	-2,699.2	-2,490.4	-2,793.3	-302.9	12.2
Oil	-675.9	-550.6	-531.1	19.5	-3.5
Trade Balance	642.4	849.1	621.1	-228.0	-26.9
Services (net)	-583.0	-1,028.6	-1,050.3	-21.7	2.1
Receipts	2,160.0	1,864.1	2,063.2	199.1	10.7
Payments	-2,743.0	-2,892.7	-3,113.5	-220.8	7.6
Income (net)	-675.5	-483.5	-838.1	-354.6	73.3
Receipts	82.7	154.4	124.1	-30.3	-19.6
Payments	-758.2	-637.9	-962.1	-324.3	50.8
Current Transfers (net)	794.1	769.0	896.5	127.5	16.6
Official	0.0	0.0	0.0	0.0	
Private	794.1	769.0	896.5	127.5	16.6
Services, Income and Current Transfers (net)	-464.4	-743.1	-991.9	-248.8	33.5
CAPITAL & FINANCIAL ACCOUNT	2,706.7	1,532.6	16.7	-1,515.8	-98.9
Capital Account (net)	40.9	77.3	48.5	-28.8	-37.2
Capital transfers (net)	40.9	77.3	48.5	-28.8	-37.2
Financial Account (net)	2,665.8	1,455.3	-31.8	-1,487.1	-102.2
Direct Investments (net)	737.0	226.1	411.2	185.2	81.9
Portfolio Investments (net)	2,610.4	2,209.3	-33.2	-2,242.6	-101.5
Financial Derivatives (net)	-23.5	104.9	-111.6	-216.4	-206.4
Other Investments (net)	-658.1	-1,085.0	-298.2	786.7	-72.5
Of Which:					
Official Capital (net)	28.6	280.3	216.5	-63.8	-22.8
Other Private Capital (net)	-655.8	-1,356.6	-322.0	1,034.6	-76.3
Short-term capital (net)	-30.9	-8.6	-192.7	-184.0	2,129.7
ERRORS AND OMISSIONS	112.6	-162.1	-75.8	86.2	-53.2
OVERALL BALANCE	2,997.3	1,476.5	-429.9	-1,906.4	-129.1
FINANCING	-2,997.3	-1,476.5	429.9	1,906.4	-129.1
Changes in international reserves	-2,997.3	-1,476.5	429.9	1,906.4	-129.1
+ Revised * Provisional					

Source: Bank of Ghana

6.2 The Current Account

The current account recorded a deficit of US\$370.85 million in Q1:2021, compared to a surplus of US\$105.93 million in Q1:2020, on account of a declining trade surplus and increased investment income outflows.

Table 6.2: Current Account Balance Q1:2019 - Q1:2021 (US\$' million)

	Q1:2019	Q1:2020	Q1:2021	% Change Q1:20/Q1:21
Current Account Balance	178.02	105.93	-370.85	-450.1
Trade Balance	642.41	849.05	621.06	-26.9
Services Balance	-582.98	-1,028.63	-1,050.32	2.1
Investment income Balance	-675.54	-483.49	-838.06	73.3
Net Unilateral Transfers	794.13	768.99	896.47	16.6

Source: Bank of Ghana

6.2.1 Merchandise Trade

The provisional trade balance for Q1:2021 showed a surplus of US\$621.06 million compared to a surplus of US\$849.05 million recorded for the same period in 2020. The decline in the trade surplus were attributable to a pick-up in imports as the economy began to recover from the COVID- 19 pandemic.

Merchandise Exports

The value of merchandise exports for Q1:2021 was provisionally estimated at US\$3,945.41 million, indicating an increase of US\$55.37 million or 1.4 percent compared with US\$3,890.03 million recorded in the same period in 2020. The decrease was attributable to a fall in gold export receipts.

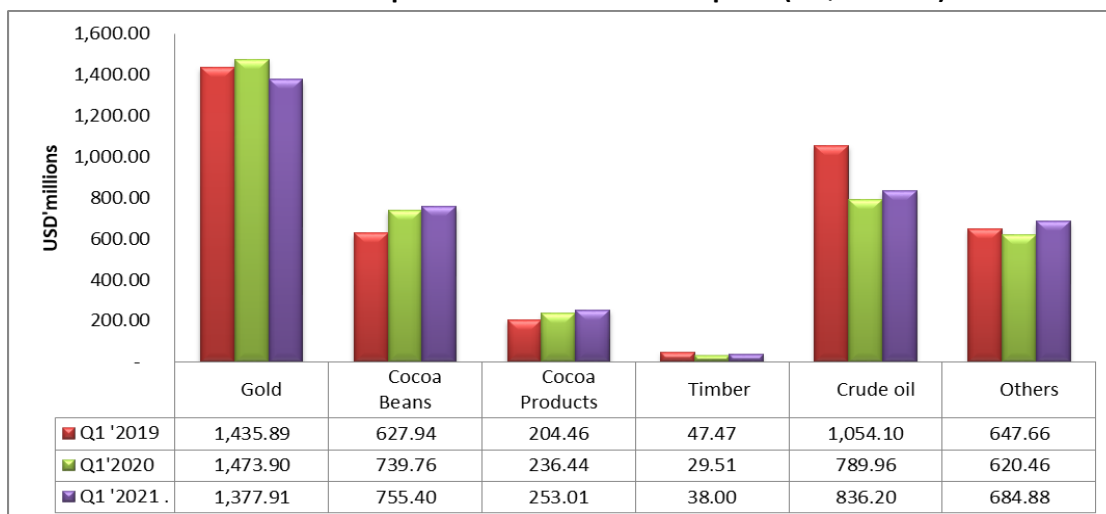
Gold exports during the review period amounted to US\$1,377.91 million compared to US\$1,473.90 million recorded during the same period in 2020. The decrease in receipts was mainly a volume effect. The volume of gold exported decreased by 17.9 percent to 766,811 fine ounces, whilst the average realized price increased by 13.9 percent to settle at US\$1,796.94 per fine ounce.

The value of crude oil exported was US\$836.20 million compared to US\$789.96 million recorded in the same period in 2020. The increase in value was due to an increase in price by 19.5 percent to settle at US\$61.80 per barrel compared to US\$51.70 per barrel recorded for Q1:2020. There was, however, a decrease in volume by 11.4 percent to 13,531,335 barrels compared to 15,280,997 barrels in Q1: 2020.

Earnings from cocoa beans and products exports totalled US\$1,008.41 million as compared to US\$976.20 million for the same period in 2020, representing an increase of 3.3 percent. Earnings from cocoa beans amounted to US\$755.40 million, an increase of 2.1 percent over the level recorded in Q1:2020. The price of cocoa beans increased by 7.3 percent to settle at US\$2,660.65 per tonne, while the volume exported decreased by 4.8 percent to 283,914 tonnes. Earnings from the export of cocoa products also increased by 7.0 percent to US\$253.01 million on account of 8.1 percent increase in price to US\$3,437.80 per tonne. There was, however, a 1.0 percent decrease in volume to 73,597 metric tonnes.

Earnings from the export of timber products increased to US\$38.00 million from a Q1:2020 value of US\$29.51 million. The value of “other” exports which is made up of non-traditional exports and other minerals (bauxite, diamond, aluminium and manganese) was estimated at US\$684.88 million; which is 10.4 percent higher than the outturn in Q1:2020.

Chart 6.1: Developments in Merchandise Exports (US\$' million)



Source: Bank of Ghana

Top Ten Exported Non Traditional Items

The value of the top-ten non-traditional commodities exported during the period under review amounted to US\$342.24 million compared to US\$292.36 million recorded for the same period in 2020. Among the top ten non-traditional items exported in the review period were cashew nuts, palm oil and its fractions, prepared or preserved tuna and technically specified rubber.

Table 6.3: The Top Ten Non-Traditional Exports, Jan – Mar 2020/2021

Jan - Mar 2020			Jan - Mar 2021		
Description	US\$'M	% Distr.	Description	US\$'M	% Distr.
Cashew nuts	93.90	32.1	Cashew nuts	128.70	37.6
Palm oil and its fractions	45.67	15.6	Palm oil and its fractions	48.07	14.0
Shea (karite) oil and fractions	29.94	10.2	Prepared or preserved tuna	40.65	11.9
Prepared or preserved tuna	28.13	9.6	Technically specified natural rubber (TSNR)	29.43	8.6
Avocados, guavas and mangoes fresh or dried	19.65	6.7	Shea (karite) oil and fractions	22.53	6.6
Technically specified natural rubber (TSNR)	19.43	6.6	Aluminium	19.93	5.8
Oil-seeds and oleaginous fruits, n.e.s.	17.82	6.1	Avocados, guavas, mangoes and mangosteens, fresh or dried	17.66	5.2
Aluminium	13.75	4.7	Articles for the conveyance or packing of goods, n.e.s.; stoppers, lids, caps and other closures	13.49	3.9
Bars and rods of iron or non-alloy steel	13.27	4.5	Wheat or meslin flour	11.79	3.4
Tableware, kitchenware, other household articles	10.82	3.7	Tableware, kitchenware, other household articles	9.99	2.9
Total	292.36	100.0	Total	342.24	100.0

Source: Bank of Ghana

Imports

Total value of merchandise imports for Q1:2021 amounted to US\$3,324.35 million, up by 9.3 percent, compared to US\$3,040.98 million recorded in Q1:2020. The increase occurred in non-oil imports.

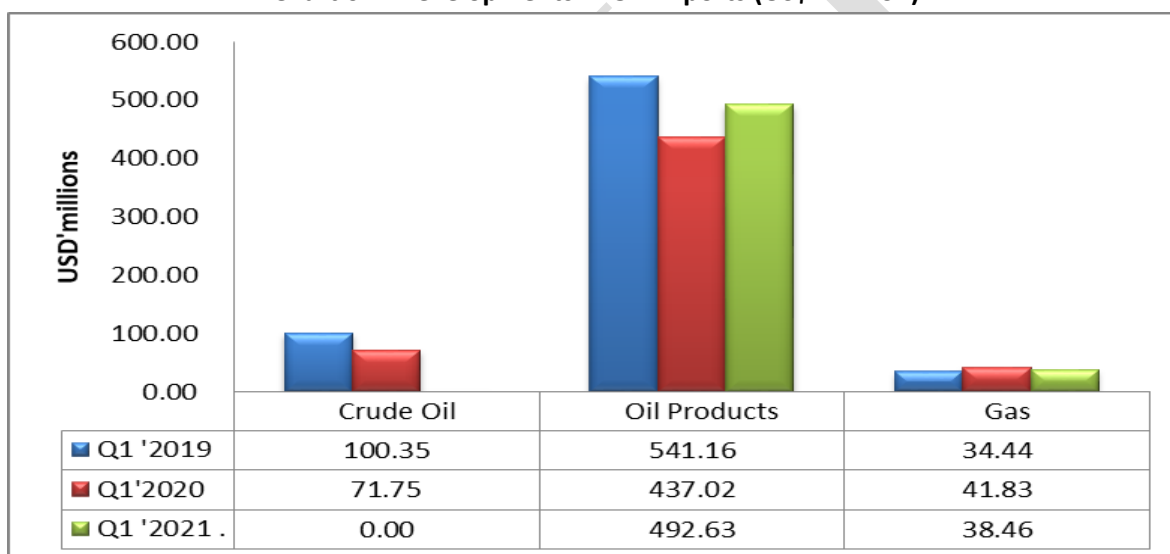
Oil and Gas Imports

During the period under review, oil imports (made up of crude, gas and refined products) decreased by 3.5 percent to US\$531.09 million from US\$550.60 million in Q1:2020. There were no crude oil imports in Q1:2021.

In Q1:2021, the VRA imported 5,207,082 Million Metric British Thermal units (MMBTu) of gas worth US\$38.46 million from the West African Gas Company (WAGP) at an average price of US\$7.4 per MMBTu for its operations. For the same period in 2020, 5,708,742 MMBTu of gas worth US\$41.83 million at an average price of US\$7.3 was imported.

The value of finished oil products imported in Q1:2021 amounted to US\$492.63 million compared to US\$437.02 million in the same period in 2020.

Chart 6.2: Developments in Oil Imports (US\$ 'Million)



Source: Bank of Ghana

Merchandised Non – Oil Imports

The total non-oil merchandised imports (including electricity imports) for Q1:2021 was provisionally estimated at US\$2,793.26 million compared to an outturn of US\$2,490.38 million recorded for Q1:2020, up by 12.2 percent. This was as a result of increased imports in all the broad economic categories.

The value of **capital goods** imported during the period was US\$630.50 million, up by 16.8 percent from US\$539.90 million recorded for the same period in 2020. This was as a result of a 5.6 percent increase in imports of capital goods (except transport) and a 42.0 percent growth in the importation of industrial transport goods.

Consumption goods imports increased by 15.5 percent to US\$576.48 million, from US\$499.13 million imported in Q1:2020. This was explained by increased demand for non-industrial transport, non-durable consumer goods and semi durable consumer goods.

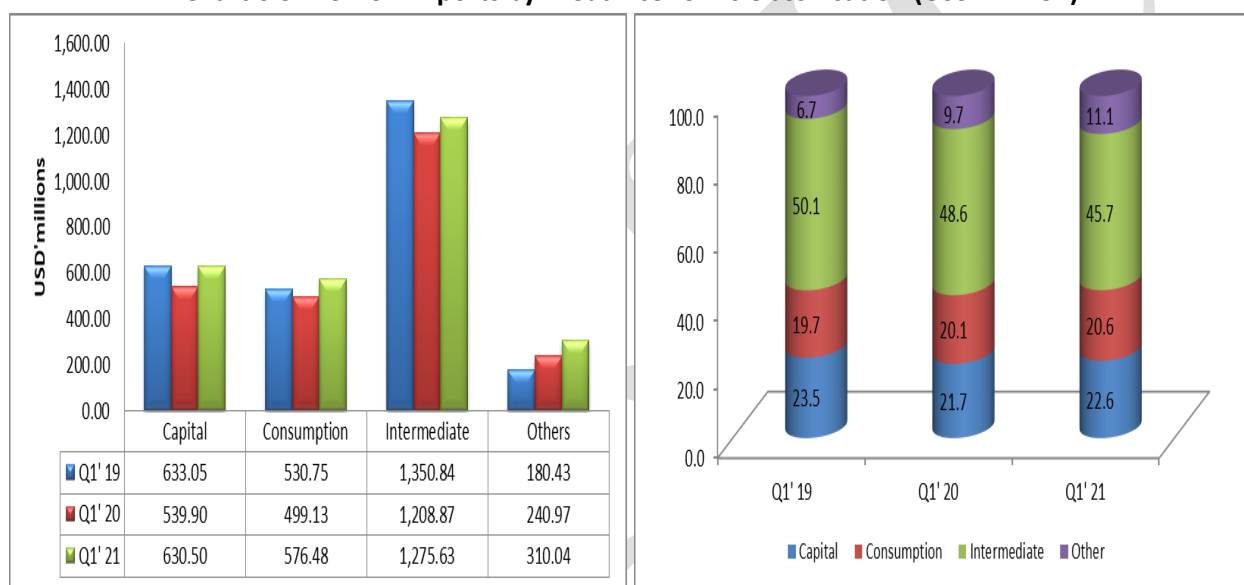
The value of **intermediate goods** imported increased by 5.5 percent to US\$1,275.63 million, largely on account of a 14.0 percent increase in the demand for processed industrial supplies.

The value of **'Other goods'** imports was US\$310.04 million, a 28.7 percent increase from the US\$240.97 million imported in Q1:2020 mainly due to an increase in demand for passenger cars.

The share of capital and intermediate goods in non-oil imports increased to 70.3 percent from 68.3 percent in Q1:2020.

During the review quarter, 5,063,624 kWh of electricity valued at US\$0.61 million was imported by VRA compared to 12,651,150 kWh worth US\$1.52 million, imported during the same period in Q1:2020.

Chart 6.3: Non-oil Imports by Broad Economic Classification (US\$ 'Million)



Source: Bank of Ghana

Top Ten Major Non-Oil Imports

The total value of the top ten non-oil merchandise imports for Q1:2021 amounted to US\$902.11 million compared to US\$484.52 million recorded in Q1:2020. Key items included motor vehicles for the transport of persons, self-propelled bulldozers and cement clinkers.

Table 6.4: Top Ten Non-Oil Imports, January-March 2020/2021

Jan - Mar 2020			Jan - Mar 2021		
Description	US\$'M (fob)	% Distr.	Description	US\$'M (fob)	% Distr.
Capital	168.18	25.7	Capital	228.36	25.3
Motor vehicles for the transport of goods, n.e.s.	102.46	15.7	Motor vehicles for the transport of goods	185.21	20.5
Floating structures (eg tanks, coffer-dams and beacons)	34.50	5.3	Self-propelled bulldozers, excavators nes	43.15	4.8
Other generating sets	31.22	4.8	Consumption	199.29	22.1
Consumption	131.19	20.1	Weed killers (herbicides) and Insecticides	55.15	6.1
Cereal grains	60.76	9.3	Motorcycles (including Mopeds)	51.64	5.7
Weed killers (herbicides) and Insecticides	35.60	5.4	Cereal grains, worked but not rolled	50.15	5.6
Rice	34.83	5.3	Frozen Fish	42.35	4.7
Intermediate	128.87	19.7	Intermediate	171.23	19.0
Cement clinkers	55.41	8.5	Cement clinkers	77.20	8.6
Palm oil and its fractions	42.10	6.4	Polyethylene	48.59	5.4
Polyethylene	31.36	4.8	Guts, bladders and stomachs of animals	45.44	5.0
Other	225.86	34.5	Other	303.23	33.6
Motor vehicles for the transport of persons	225.86	34.5	Motor vehicles for the transport of persons	303.23	33.6
Total	654.10	100.0	Total	902.11	100.0

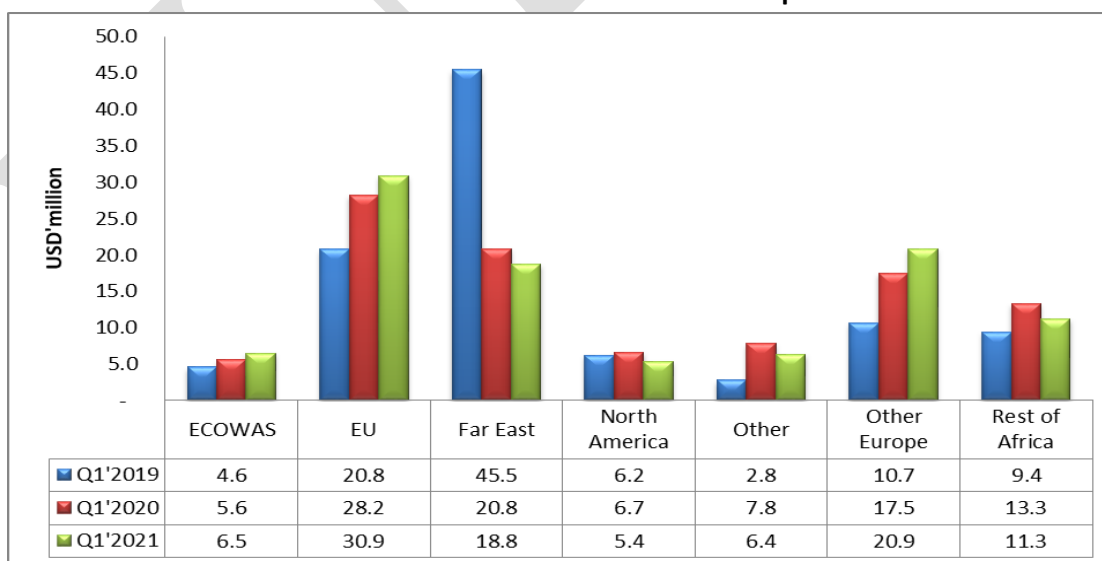
Source: Bank of Ghana

Direction of Trade

Destination of Exports

During the review period, the European Union received the largest share (30.9 percent) of Ghana's total exports. The other recipients were Other European Countries (20.9%), the Far East (18.8%), the Rest of Africa (11.3%), ECOWAS (0.5%), Other Economies (6.4%), and North America (5.4%).

Chart 6.4: Destination of Merchandise Exports

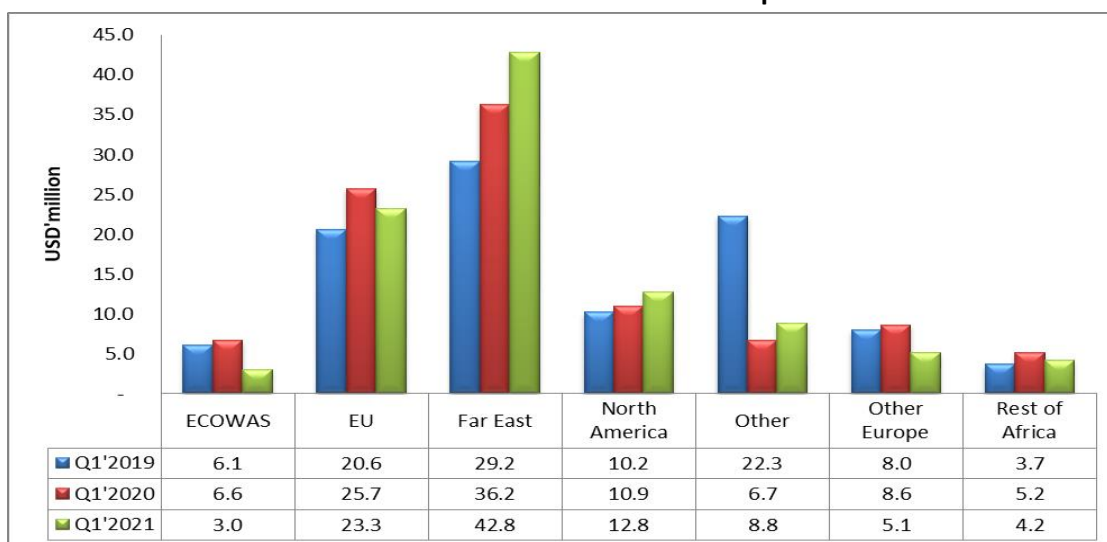


Source: Bank of Ghana

Sources of Merchandise Imports

In terms of geographical distribution, the Far East emerged as the leading source of imports, accounting for 42.8 percent of total imports. The European Union followed with a share of 23.3 percent, North America (12.8%), Other Economies (8.8%), Other Europe (5.1%), Rest of Africa (5.2%), and ECOWAS (6.6%).

Chart 6.5: Sources of Merchandise Imports



Source: Bank of Ghana

Services, Income and Transfers Account

During the quarter under review, the Services, Income and Current Transfers account recorded a deficit of US\$991.91 million compared to a deficit of US\$743.13 million in Q1:2020. This was on account of an increase in net service and income payments, moderated by net private remittances inflows. The balance on the Services account worsened slightly from a deficit of US\$1,028.63 million to a deficit of US\$1,050.32 million as a result of an increase in services payments. The income account also recorded increased outflows in respect of interest payments, dividend payments and distribution of profits. The balance on the income account worsened to US\$838.06 million in Q1:2021, from a deficit of US\$483.49 million in Q1:2020. Current transfers, which are mostly private remittances, on the other hand, increased to US\$896.47 million in Q1:2021, from US\$768.99 million in Q1:2020.

Table 6.5: Services, Income and Unilateral Transfers (net) in US\$ millions

Table 13: Services, Income and Current Transfers (net) in US\$ millions					
	Q1:2019	Q1:2020	Q1:2021 prov.	Q1:2020/21	
				Abs. Change	% Change
	Amounts in millions of U.S. dollars				
Services (net)	-582.98	-1,028.63	-1,050.32	-21.69	2.1
Freight and Insurance	-162.73	-143.99	-435.14	-291.15	202.2
Other Services	-420.25	-884.64	-615.18	269.46	-30.5
Income (net)	-675.54	-483.49	-838.06	-354.56	73.3
Current Transfers (net)	794.13	768.99	896.47	127.47	16.6
Official	0.00	0.00	0.00	0.00	0.0
Private	794.13	768.99	896.47	127.47	16.6
Services, Income and Current Transfers (net)	-464.39	-743.13	-991.91	-248.78	33.5

Source: Bank of Ghana

6.3 Capital and Financial Account

The capital and financial account decreased to a surplus of US\$16.75 million in Q1:2021, from a surplus of US\$1,532.59 million in Q1:2020. This was attributable to reduced inflows into the financial account during the review period.

Capital Account

The capital account received transfers totalling US\$48.54 million during the review period, compared to US\$77.31 million received in the same period of 2020.

Financial Account

Transactions in the financial account worsened to a deficit of US\$31.79 million in Q1:2021, from a surplus of US\$1,455.28 million in Q1:2020. This development was due to the timing of the 2021 Eurobond transaction which was delayed till the second quarter. As a result, the portfolio investment account recorded a net outflow of US\$33.25 million, compared with a net inflow of US\$2,209.35 million in Q1:2020.

Foreign Direct Investment increased to US\$411.24 million in Q1:2021, from US\$226.05 million in Q1:2020.

Table 6.6: Capital and Financial Account (US\$ million), Q1:2019 – Q1:2021

Table 1.01 Capital and Financial Accounts (US\$ million) / \$12019 / \$12021					
	Q1:2019	Q1:2020	Q1:2021 (prov.)	Q1:2020/21	
				Abs. Change	% Change
	Amounts in millions of U.S. dollars				
Capital and Financial Accounts	2,706.66	1,532.59	16.75	-1,515.84	-98.9
Capital transfers	40.90	77.31	48.54	-28.77	-37.2
Financial Account	2,665.76	1,455.28	-31.79	-1,487.07	-102.2
Foreign Direct Investments	736.96	226.05	411.24	185.19	81.9
Portfolio Investments	2,610.44	2,209.35	-33.25	-2,242.59	-101.5
Other Investments	-681.64	-980.12	-409.78	570.33	-58.2
Official	48.89	217.19	238.10	20.91	9.6
Disbursements	285.75	427.99	453.88	25.89	6.0
Amortisation	-236.86	-210.81	-215.79	-4.98	2.4
Private	-679.29	-1,251.78	-433.59	818.19	-65.4
Disbursements	4,336.55	2,074.18	2,824.22	750.03	36.2
Amortisation	-5,015.83	-3,325.97	-3,257.81	68.16	-2.0
Short-term	-30.93	-8.64	-192.69	-184.05	2,129.7
Non-Monetary	58.19	-346.89	-387.56	-40.67	11.7
Monetary	-89.12	338.25	194.87	-143.38	-42.4
Government Oil Investments	-20.31	63.12	-21.60	-84.72	-134.2
Inflow	0.00	88.59	0.00	-88.59	0.0
Outflow	-20.31	-25.47	-21.60	3.87	-15.2

Source: Bank of Ghana

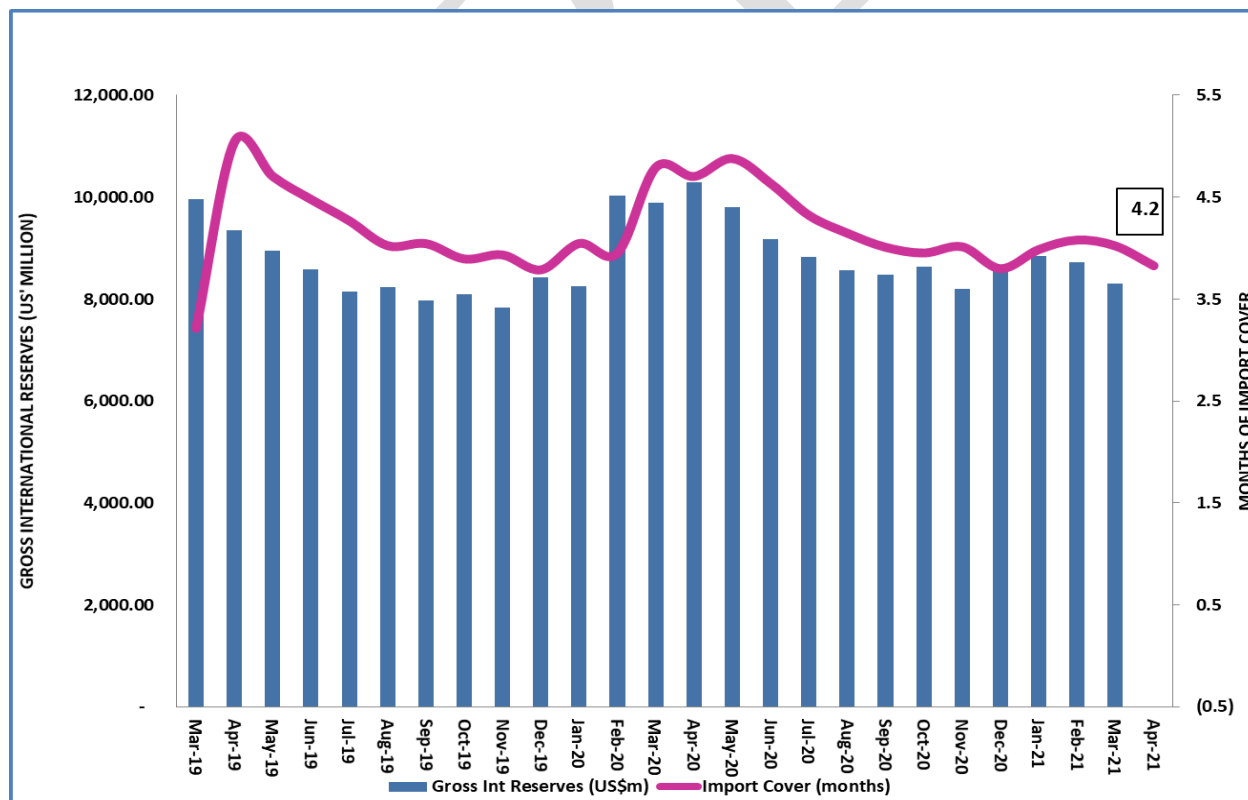
Other investments recorded a net outflow of US\$409.78 million in Q1:2021; from US\$980.12 million in Q1:2020. This was on the back of a reduction in outflows/payments from the private capital. Net receipts in the **Official capital** amounted to US\$238.10 million, which was 9.6 percent more than the net payment of US\$217.19 million in Q1:2020. **Net Private Capital** outflow decreased from US\$1,251.78 million to US\$433.59 million as a result of increased disbursements of private debt. **Short term capital** outflows (net) increased to US\$192.69 million in Q1:2021, from US\$8.64 million in Q1:2020, influenced by a reduction in net inflows of monetary capital. Government Oil Investments during the review period was US\$21.60 million compared to a disinvestment of US\$63.12 million in Q1:2020.

6.4 International Reserves

The stock of net international reserves (NIR) at end-March 2021 was estimated at US\$5,129.56 million, indicating a drawdown of US\$429.93 million from a stock position of US\$5,559.49 million at end-December 2020.

The country's gross international reserves stood at US\$8,306.41 million at end-March 2021, from a stock position of US\$8,624.38 million as at end-December 2020. This represented 3.8 months of imports cover compared to 4.7 and 4.0 months of imports cover as at end-March 2020 and end-December 2020, respectively.

Chart 6.6: Gross International Reserves



Source: Bank of Ghana

7. External Debt

7.1 Debt Stock

The provisional stock of outstanding government and government-guaranteed external debt at end-March 2021 was US\$24,598.81 million.

This stock position registered a decline of US\$116.96 million (0.47%) compared with the level of US\$24,715.77 million recorded at the end of Q4:2020. The decrease in the external debt stock at the end Q1:2021 was mainly due to a decline in multilateral, bilateral, export credit, and other concessional debts.

However, this stock level showed an increase of US\$1,536.88 million (6.66%) more than the level of US\$23,061.93 million recorded at the end of Q1:2020. The rise in the stock of external debt is attributed to net transactions (disbursements and amortizations) during the review quarter.

The external debt stock at the end of Q1:2021 represented 32.5 percent of GDP compared with 32.7 percent recorded in Q1:2020.

Debt Stock by Creditor Group

Analysis of external debt stock by creditor category indicates that multilateral debts totalled US\$8,122.88 million at the end of Q1:2021. This represents a fall of US\$157.29 million (1.9%), from the position of US\$8,280.17 million recorded at the end of Q4:2020. Compared to the level of debt stock for Q1:2020, multilateral debts increased by US\$1,452.82 million (21.78%). Multilateral debt accounted for 33.0 percent of the total debt stock at the end of Q1:2021, more than the 28.9 percent recorded in Q1:2020.

The Bilateral component of the total external debt was US\$1,245.70, representing a share of 5.1 percent of the total external debt stock at the end of Q1:2021, compared with 5.2 percent for the same period in 2020. This was US\$51.66 million (4.0%) less than the stock position of US\$1,297.36 million recorded at the end of Q4:2020 and US\$42.23 (3.51%), above the level of US\$1,203.47 million registered in Q1:2020.

Commercial debts at the end of Q1:2021 stood at US\$2,588.57 million and represented 10.5 percent of the total external debt stock. This showed an increase of US\$173.20 million (7.2%) from a stock position of US\$2,415.37 million recorded at the end of Q4:2020 and a rise of US\$315.06 million (13.9%) above the level of US\$2,273.52 million recorded in Q1:2020.

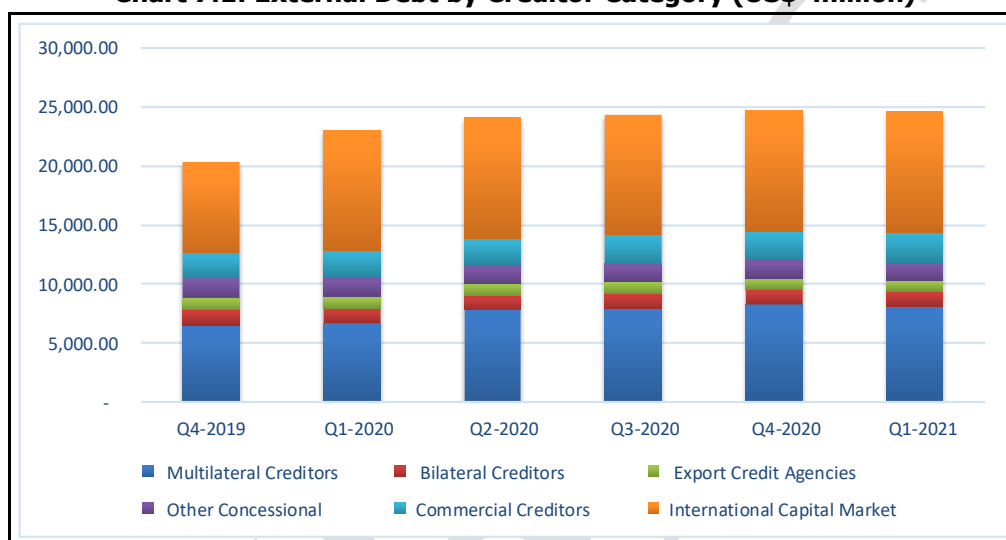
Debts owed to the International Capital Market stood at US\$10,215.45 million, constituting the highest share (41.5%) of the total external debt stock at the end of Q1:2021 compared with 44.4 percent for Q1:2020. This was US\$0.36 million above the level of US\$10,215.09 million for Q4:2020 and US\$15.64 million less than the stock position of US\$10,231.08 million registered at the end of Q1:2020.

The Export Credit Agencies component of the total external debt at the end of Q1:2021 was US\$914.05 million and represented 3.7 percent of the total external debt stock. This was US\$52.08 million (5.4%)

less than the level of US\$966.12 million recorded for Q4:2020 and US\$95.84 million (9.5%) less than the position of US\$1,009.89 as at end-March 2020.

Other Concessional Debts at the end of March 2021 stood at US\$1,512.17 million and constituted 6.2 percent of the total external debt stock. This indicates a decline of US\$29.49 million (1.9%) compared to the previous quarter's position of US\$1,541.66 million. From Q1:2020 to Q1:2021, other concessional debts fell by US\$161.74 million (6.7%).

Chart 7.1: External Debt by Creditor Category (US\$ million)



Source: Bank of Ghana and Ministry of Finance

7.2 Debt Service Payments

Debt service payments in Q1:2021 on government and government-guaranteed external debt, made through the Bank of Ghana amounted to US\$430.12 million. This showed a significant decline of US\$244.31 million (36.3%) below the payment of US\$674.43 million made in Q4:2020 and US\$54.33 million (14.5%) more than the payment made in Q1:2020. Payments in the review quarter were made up of principal repayment of US\$163.71 million and interest expense of US\$266.41 million.

The multilateral group of creditors were paid US\$29.84 million in principal repayments, and interest payment of US\$15.98 million in Q1:2021, compared with principal repayments of US\$22.22 million and interest payments of US\$13.45 million made in Q1:2020.

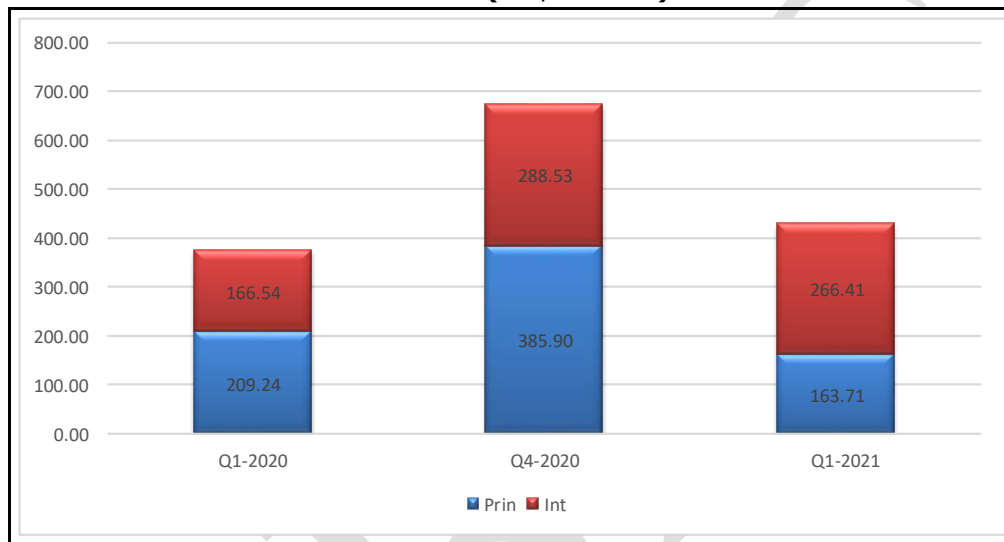
The bilateral creditors received US\$20.04 million in principal repayment and US\$8.21 million in interest payments in the review period, compared with US\$46.39 and US\$20.40 million paid as principal and interest, respectively, in Q1:2020.

Commercial creditors were paid US\$158.63 million in Q1:2021, made up of principal repayments of US\$113.83 million and interest payments of US\$44.80 million. These compared with principal

repayments of US\$140.63 million and interest payments of US\$19.10 million for the same period of 2020.

In addition, a coupon payment of US\$197.42 million was made on outstanding Eurobond debt within the quarter under review compared with US\$113.60 million for the same period in 2020.

Chart 7.2: Payment of Government and Government-Guaranteed Debt to Creditors (US\$' million)



Source: Bank of Ghana and Ministry of Finance

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

	2019	2020				2021
	Q4	Q1	Q2	Q3	Q4	Q1
Total External Debt Stock	20,349.37	23,061.93	24,109.07	24,330.98	24,715.77	24,598.81
Multilateral Creditors	6,555.47	6,670.06	7,810.76	7,932.83	8,280.17	8,122.88
Bilateral Creditors	1,227.90	1,203.47	1,204.32	1,263.35	1,297.36	1,245.70
Export Credit Agencies	1,048.99	1,009.89	978.55	1,002.00	966.12	914.05
Other Concessional	1,657.03	1,673.91	1,654.58	1,549.33	1,541.66	1,512.17
Commercial Creditors	2,165.25	2,273.52	2,229.76	2,368.39	2,415.37	2,588.57
International Capital Market	7,694.73	10,231.08	10,231.08	10,215.09	10,215.09	10,215.45

Source: Bank of Ghana and Ministry of Finance

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

Creditor Category	2020						2021		
	Q1			Q4			Q1		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
Total	209.24	166.54	375.78	385.90	288.53	674.43	163.71	266.41	430.12
Multilateral Creditors	22.22	13.45	35.67	30.14	16.67	46.81	29.84	15.98	45.82
IDA	15.05	9.00	24.06	20.94	13.08	34.02	20.46	11.24	31.70
ADB/ ADF	3.14	3.35	6.50	2.12	2.29	4.41	5.04	3.76	8.81
Others	4.03	1.09	5.12	7.08	1.29	8.37	4.34	0.98	5.31
Bilateral Creditors	46.39	20.40	66.79	38.81	8.62	47.43	20.04	8.21	28.25
Paris Club	4.84	3.80	8.63	17.91	2.47	20.37	5.23	1.10	6.33
Non-Paris Club	41.55	16.60	58.15	20.90	6.16	27.06	14.82	7.11	21.93
Commercial Creditors	140.63	19.10	159.72	316.95	51.66	368.61	113.83	44.80	158.63
Sovereign Bond	0.00	113.60	113.60	0.00	211.58	211.58	0.00	197.42	197.42

Source: Bank of Ghana and Ministry of Finance

8. The Rural Banking Sector

Provisional data from the Rural/Community Banks (RCBs) during Q1:2021 indicated an improvement in the sector's performance compared with developments in Q1: 2020.

Assets

Total assets of RCBs amounted to GH¢6,408.5 million in Q1:2021, representing a growth of 3.9 percent over GH¢6,170.9 million recorded in Q4:2020. On a year-on-year basis, total assets grew by 31.7 percent at the end of Q1:2021. Total assets of RCBs constituted 3.9 percent of the banking system assets at the end of Q1:2021.

Deposits

Provisional data indicate that deposit mobilisation by the RCBs further improved in Q1:2021. Total deposits of RCBs increased by 37.3 percent, year-on-year, to GH¢5,594.3 million at the end of Q1:2021, from GH¢4,075.0 million recorded for Q1:2020. The level of RCBs deposits at the end of the review quarter constituted 5.5 percent of total deposits of the banking system, compared with the share of 5.3 percent in the previous quarter and 5.1 percent at the end of the first quarter of 2020.

Loans and Advances

Loans and advances made by RCBs stood at GH¢1,805.0 million in the first quarter of 2021, indicating a growth of 20.4 percent, from GH¢1,499.2 million recorded at the end of Q1:2020.

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

Table G.12: Consolidated Assets and Liabilities of Rural/Community Banks (Cr. Million)							
	2020				2021	Variations	
						Q-on-Q	Y-on-Y
	Q1	Q2	Q3	Q4	Q1	(Q1:21-Q4:20)	(Q1:21-Q1:20)
Assets							
Cash Holdings & Balances with Banks	681.9	820.8	951.0	870.5	886.4	1.8	30.0
Bills and Bonds	1,956.3	2,026.6	2,286.1	2,894.5	2,989.8	3.3	52.8
Loans and Advances	1,499.2	1,545.2	1,706.2	1,688.8	1,805.0	6.9	20.4
Other Assets	728.4	736.7	730.8	717.2	727.3	1.4	-0.1
Total Assets	4,865.8	5,129.2	5,674.1	6,170.9	6,408.5	3.9	31.7
Liabilities							
Total Deposits	4,075.0	4,337.5	4,841.1	5,353.1	5,594.3	4.5	37.3
Shareholders' Funds	444.5	410.6	414.6	377.2	390.8	3.6	-12.1
Other Liabilities	346.2	381.1	418.4	440.6	423.3	-3.9	22.3
Total Liabilities	4,865.8	5,129.2	5,674.1	6,170.9	6,408.5	3.9	31.7
No. of Reporting Banks	144	144	144	145	144		

Source: Bank of Ghana

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

	2020								2021	
	Q1		Q2		Q3		Q4		Q1	
	GH¢	% Share	GH¢	% Share	GH¢	% Share	GH¢	% Share	GH¢	% Share
Commercial Banks	134,836.5	96.5	140,189.4	96.5	149,205.5	96.3	152,548.9	96.1	159,525.8	96.1
Rural Banks	4,865.8	3.5	5,129.2	3.5	5,674.1	3.7	6,170.9	3.9	6,408.5	3.9
Total	139,702.3	100.0	145,318.6	100.0	154,879.5	100.0	158,719.8	100.0	165,934.3	100.0

Source: Bank of Ghana

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

	2020								2021	
	Q1		Q2		Q3		Q4		Q1	
	GH¢	% Share	GH¢	% Share	GH¢	% Share	GH¢	% Share	GH¢	% Share
Commercial Banks	76,343.9	94.9	82,672.8	95.1	89,518.4	94.9	96,257.9	94.7	96,631.1	94.5
Rural Banks	4,075.0	5.1	4,292.0	4.9	4,841.1	5.1	5,353.1	5.3	5,594.3	5.5
Total	80,418.8	100.0	86,964.7	100.0	94,359.5	100.0	101,611.0	100.0	102,225.5	100.0

Source: Bank of Ghana