

# **BANK OF GHANA**



## **QUARTERLY ECONOMIC BULLETIN**

**THIRD QUARTER 2021**

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## Overview

This report presents a review of trends in the global and the domestic economy during the third 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 during the third quarter of 2021 indicate a growth recovery following continued policy support and improved vaccine rollout, although the growth momentum is likely to soften largely due to supply bottlenecks.

### *The Domestic Economy*

#### *Real Sector*

In the domestic economy, there was a continued recovery in economic activity following the gains made in the previous quarter. Indicators on consumer spending, retail sales, international passenger arrivals, and port activity all picked up during the review quarter, signalling a gradual recovery from negative impacts of the COVID-19 pandemic.

#### *Inflation*

Headline inflation rose to 10.6 percent at the end of Q3:2021, from 7.8 percent at the end of Q2:2021. The surge in inflation was largely driven by supply bottlenecks in the food supply chain and second-round effects of the increase in ex-pump prices. In year-on-year terms, food price inflation jumped to 11.5 percent in September 2021, from 7.3 percent in June 2021, while non-food inflation also rose by 1.7 percentage points to 9.9 percent in September 2021.

#### *Monetary Aggregates*

Growth in broad money supply (M2+) decreased significantly to 14.17 percent in Q3:2021, from 27.09 percent in Q3:2020. M2+ totalled GH¢124,596.60 million at the end of the review period compared with GH¢109,134.38 million and GH¢121,891.32 million recorded in Q3:2020 and Q2:2021, respectively.

The decline in growth in M2+ was driven by a significant contraction in NFA, from 10.99 percent in the third quarter of 2020 to -21.27 percent at the end of the third quarter of 2021. Similarly, growth in NDA declined considerably to 21.78 percent in the third quarter of 2021, from 31.18 percent in the same period last year.

#### *Banking Sector Credit*

Nominal annual growth in bank's outstanding credit decreased to 9.0 percent in the third quarter of 2021, from 14.4 percent in the corresponding period of 2020. This was, however, higher than the growth of 5.7 percent recorded in the second quarter of 2021. At the end of the third quarter of 2021, total outstanding credit stood at GH¢50,048.95 million.

In real terms, credit from banks contracted from 3.7 percent in Q3:2020 to -1.44 percent in the third quarter of 2021. Growth recorded in Q3:2021 was, however, higher than the -4.31 percent and -1.95 percent growth realised in the first quarter and second quarter of 2021, reflecting a marginal improvement in real credit growth.

The share of total outstanding credit to the private sector increased marginally to 89.90 percent at the end of the review period, from 88.68 percent recorded in the third quarter of 2020.

### *Exchange Rates*

The Ghana Cedi depreciated against the U.S. Dollar and had a mixed performance against the Pound Sterling and the Euro in the third quarter of 2021. On the interbank market, the Ghana Cedi depreciated by 1.8 percent against the U.S. Dollar but appreciated both by 0.6 percent against the Pound Sterling and the Euro, respectively, in Q3:2021.

On the forex bureau market, the Cedi depreciated by 2.7 percent, 0.4 percent and 0.5 percent against the U.S. Dollar, the Pound Sterling and the Euro respectively, in Q3:2021.

### *Interest Rates*

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

The Monetary Policy Rate (MPR) was reduced by 100 bps to 13.5 percent during the third quarter of 2021 compared to 14.5 percent in recorded in Q3:2020. In tandem, the interbank weighted average interest rate also decreased by 98 bps, year-on-year, to 12.6 percent at the end of the third quarter in 2021.

On the money market, interest rates continued to trend downwards. The 91-day, 182-day and 364-day T-bill rates decreased by 155 bps, 92 bps and 83 bps, to settle at 12.47 percent, 13.20 percent and 16.12 percent, respectively, at the end of Q3:2021.

### *Capital Market*

The Ghana Stock Exchange Composite Index (GSE-CI) increased by 8.0 percent during the third quarter of 2021 compared with a decline of 2.3 percent in the same period in 2020. The improvement in the performance of the GSE-CI in Q3:2021 was mainly as a result of share price appreciation in the value of stocks in the Manufacturing, Food & Beverages, Agriculture, Distribution, and Finance sectors.

Total market capitalization as at the end of Q3:2021 stood at GH¢64,170.83 million, representing an increase of 4.6 percent.

### *Government Budgetary Operations*

Government budgetary operations during Q3:2021 resulted in an overall deficit of GH¢11,257.4 million (2.6% of GDP), compared to the deficit of GH¢8,257.9 million (2.2% of GDP) recorded in Q3:2020. The deficit was above the programmed target of GH¢9,844.5 million (2.2% of GDP).

Government receipts (including grants) in the review quarter amounted to GH¢18,275.8 million (4.2% of GDP), below the target of GH¢19,134.2 million (4.4% of GDP). Total Revenue comprised Tax Revenue of GH¢13,865.6 million

(75.9% of total revenue), Non-Tax Receipts<sup>1</sup> of GH¢2,754.6 million (15.1% of total revenue), Other Revenue of GH¢1,046.6 million (5.7% of total revenue) and Grants of GH¢160.7 million (0.9% of total revenue).

Government expenditure and net lending in Q3:2021 totalled GH¢29,250.7 million (6.7% of GDP), above the programmed target of GH¢27,973.7 million (6.4% of GDP) by 4.6 percent.

The stock of domestic debt at the end of Q3:2021 stood at GH¢178,809.6 million, compared to GH¢128,716.7 million recorded in Q3:2020. The growth in the domestic debt stock was largely driven by medium-term bonds.

### *Balance of Payments*

The value of merchandise exports for Q3:2021 was provisionally estimated at US\$3,384.63 million, indicating a decrease of US\$18.08 million or 0.5 percent, compared with US\$3,402.71 million recorded in the same period in 2020.

Total value of merchandise imports for Q3:2021 amounted to US\$3,336.22 million, up by 17.0 percent compared to US\$2,851.76 million recorded in Q3:2020. The rise was driven by increased demand for both oil and non-oil imports.

The provisional trade balance for Q3:2021 showed a narrowed surplus of US\$48.41 million compared to a surplus of US\$550.96 million recorded for the same period in 2020. The decline in the trade surplus was attributable to relatively higher demand for imports as against lower export receipts.

The country's gross international reserves stood at US\$10,694.44 million (4.9 months of import cover) at the end of September 2021, from a stock position of US\$8,624.38 million (4.0 months of import cover) as at the end of December 2020.

### *External Debt*

The provisional stock of outstanding public and publicly-guaranteed external debt at the end of Q3:2021 was US\$27,887.98, up from the stock position of US\$24,330.98 million at end of Q3:2020. This rise in the stock was largely due to the US\$3.0 billion Eurobond proceeds in April 2021. The external debt stock at the end of the third quarter of 2021 represented 37.25 percent of GDP compared with 36.20 percent recorded for the same period in 2020.

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<sup>1</sup> Non-Tax receipts comprises Non-Tax revenue and other receipts.

## 1. Developments in the World Economy

Global economic activity continued to recover in the third quarter, supported by progress with COVID-19 vaccinations and policy measures, but incoming data pointed to softening momentum largely due to supply bottlenecks. The IMF projected global growth of 5.9 percent in 2021, down by 0.1 percentage points from its July projections. The downward revision partly reflected supply disruptions in advanced economies and worsening pandemic dynamics in low-income developing economies. This was partly offset by stronger near-term prospects for growth in some commodity exporting EMDEs (see Table 1.1). These projections were predicated on continued progress with vaccinations, supportive policy measures, and accommodative financial conditions.

The risks to the outlook for global growth in the near term are tilted to the downside. For instance, the recent emergence of new COVID-19 variants could prolong the pandemic and weigh negatively on economic activity. Such a scenario would also prolong the supply-demand mismatch, weighing on production. Vaccine distribution continues to delay re-opening in most EMDEs, while vaccine hesitancy remains a major challenge in advanced economies. These challenges could heighten these risks. Also, as the IMF noted, persistent price pressures arising from supply-demand mismatches may force central banks in advanced economies to tighten monetary policy earlier than anticipated. Vulnerable EMDEs with large foreign currency debt and financing needs would be particularly exposed. Difficulties in rolling over their external obligations could force abrupt adjustments in their economies, leading to adverse growth outcomes.

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

	2020	Projections	
		2021	2022
<b>World Output</b>	<b>-3.1</b>	<b>5.9</b>	<b>4.9</b>
<b>Advanced Economies</b>	<b>-4.5</b>	<b>5.2</b>	<b>4.5</b>
United States	-3.4	6.0	5.2
Euro Area	-6.3	5.0	4.3
Germany	-4.6	3.1	4.6
France	-8.0	6.3	3.9
Italy	-8.9	5.8	4.2
Spain	-10.8	5.7	6.4
Japan	-4.6	2.4	3.2
United Kingdom	-9.8	6.8	5.0
Canada	-5.3	5.7	4.9
Other Advanced Economies	-1.9	4.6	3.7
<b>Emerging Market and Developing Economies</b>	<b>-2.1</b>	<b>6.4</b>	<b>5.1</b>
China	2.3	8.0	5.6
India	-7.3	9.5	8.5
Russia	-3.0	4.7	2.9
Brazil	-4.1	5.2	1.5
Mexico	-8.3	6.2	4.0
<b>Sub-Saharan Africa</b>	<b>-1.7</b>	<b>3.7</b>	<b>3.8</b>
Nigeria	-1.8	2.6	2.7
South Africa	-6.4	5.0	2.2

Source: World Economic Outlook, October 2021 Update

### United States

Economic activity in the United States declined to 0.5 percent in Q3:2021, slowing sharply from a 1.6 percent growth in Q2:2021. The moderation in growth reflected a slowdown in private consumption and business investment. Growth was supported by the recovery in the services sector and consumption of



goods despite the rise in inflation. The labour market continued to recover, supported by strong labour demand, rising job openings and the reduction of COVID-19 infections following the summer surge. In the outlook, ongoing vaccine hesitancy would give room for increasing cases of COVID-19, which could moderate activity. However, the passage of the infrastructure bill would sustain demand in the U.S. economy.

### **United Kingdom**

The UK economy grew by 1.3 percent in Q3:2021, a decline from the strong expansion of 5.5 percent in Q2:2021, driven by a contraction in the manufacturing sector on the back of disruption to supply chains. There was a high level of uncertainty surrounding growth projections for the UK because of the uncertainties around energy prices and the pandemic. The IMF expected the UK economy to end 2021 with a growth rate of 6.8 percent before moderating to 5.0 percent in 2022, supported by strong private demand as restrictions are relaxed and accommodative policy measures are put in place.

### **Euro Area**

In the Euro Area, economic activity remained strong, with growth advancing to 2.2 percent in Q3:2021 from 2.1 percent in the second quarter, confirming initial estimates. However, incoming survey data pointed to slowing growth momentum, driven by persistent supply chain disruptions, rising energy prices, and some resurgence of COVID-19. The Euro Area economy was projected to grow at 5 percent in 2021, a 1.0 percent decline from the July forecast due to the adverse effects of these factors.

### **Japan**

The pace of economic activity in Japan contracted to 0.8 percent in Q3:2021 due to the resurgence of the COVID-19 pandemic and supply-chain disruptions. The IMF has revised its 2021 growth projections for Japan downwards to 2.4 percent from the 2.8 percent projection in July 2021. The growth outlook remains uncertain. Incoming data pointed to a rebound in activity amid falling COVID-19 cases, with the services PMI jumping from 47.8 in September to 50.7 in October. However, supply constraints along with a contraction in trade are expected to continue to weigh on output in the near term.

### **China**

Economic activity in China slowed to 0.2 percent in Q3:2021 from 1.2 percent growth in Q2:2021, the weakest expansion since March 2020 contraction, precipitated by power shortages, supply-chain bottlenecks, growing concerns over the property sector, and localised outbreak of COVID-19. The services PMI eased to 51.6 amid a renewed COVID-19 outbreak and the manufacturing PMI dropped to 49.2, indicating a contraction and reflecting the lingering impact of power shortages. The IMF projected that the Chinese economy would end the year at 7.2 percent growth in 2021, before moderating to 6.3 percent in 2022.

### **Emerging Market and Developing Economies**

Growth in EMDEs reflected the growing divergence in COVID-19 and commodity price developments. Persistently elevated energy prices spurred a steady improvement in activity in several commodity exporting EMDEs, including Saudi Arabia, where activity expanded by 5.8 percent in Q3:2021, its fastest pace in nearly a decade. Activity in commodity-importing EMDEs has progressed at a more modest pace. Mexico, for instance, contracted by an estimated 0.4 percent in Q3:2021, reflecting a decline in services

activity. A resurgence of COVID-19 and related restrictions hampered activity in the Russian Federation, with the services PMI slipping back into contraction in October. High-frequency data also pointed to a strong recovery in India, fuelled by improving services activity. Supply disruptions and high prices continue to linger, weighing on manufacturing production in EMDEs with tight global value chain linkages. The IMF has revised upwards its projection for the region by 0.1 percentage points to 6.4 percent in October, reflecting improved assessment of some commodity exporting countries and stronger-than-anticipated domestic demand from the region.

The outlook for growth in EMDEs is contingent on advanced economies' response to rising inflationary pressures. The recent announcement of tapering has pushed up long-term yields in advanced economies, which has reflected in rising sovereign spreads for emerging markets. Also, the rising US dollar in response to the rising prices in the United States is putting some pressure on EM currencies amid global energy price pressures. Financial conditions are beginning to tighten and vulnerable EMDEs with large foreign currency debt and financing needs would be particularly exposed. Also, the emergence of new COVID-19 variants may delay the global recovery and increase the perception of risk in EMDEs, leading to portfolio outflows.

### **Sub-Saharan Africa**

Growth projections for Sub-Sahara African countries have been marked down by 0.6 percentage points relative to July on account of low vaccination and slow recovery. High energy prices have increased the cost of agricultural inputs such as fertilizer, affecting agricultural production and increasing food prices in the region. Fiscal pressures and rising debt levels have limited policy space for adequate interventions to support the economy. The IMF indicated that low income countries would require close to US\$200 billion to regain convergence to pre-pandemic levels. In the outlook, the region remains very vulnerable, with growth largely dependent on the path of the pandemic, with potential for further scarring if vaccination remains low for longer periods. However, faster vaccine deployment would allow for full reopening of the region and support more vigorous growth recovery than projected.

## 2. Real Sector Developments

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

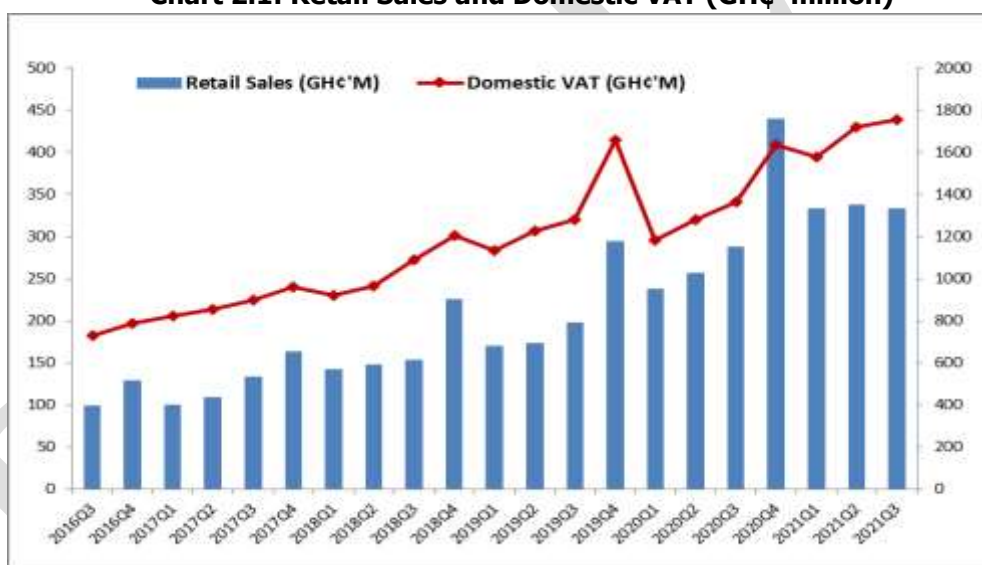
### 2.1 Indicators of Economic Activity

#### Consumer Spending

Consumer spending, measured by domestic VAT collections and retail sales, improved in the third quarter of 2021 compared with figures recorded in the corresponding period of 2020. Domestic VAT collections grew by 28.5 percent, year-on-year, to GH¢1,753.36 million, relative to GH¢1,364.72 million collected during the corresponding quarter in 2020. Domestic VAT also increased marginally by 2.0 percent compared with GH¢1,719.64 million collected for the second quarter of 2021.

Retail sales increased by 16.0 percent, year-on-year, to GH¢332.78 million during the third quarter of 2021, from GH¢286.86 million recorded in the corresponding quarter of 2020. The comparative improvement in retail sales could be attributed to increased household consumption during the review period.

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

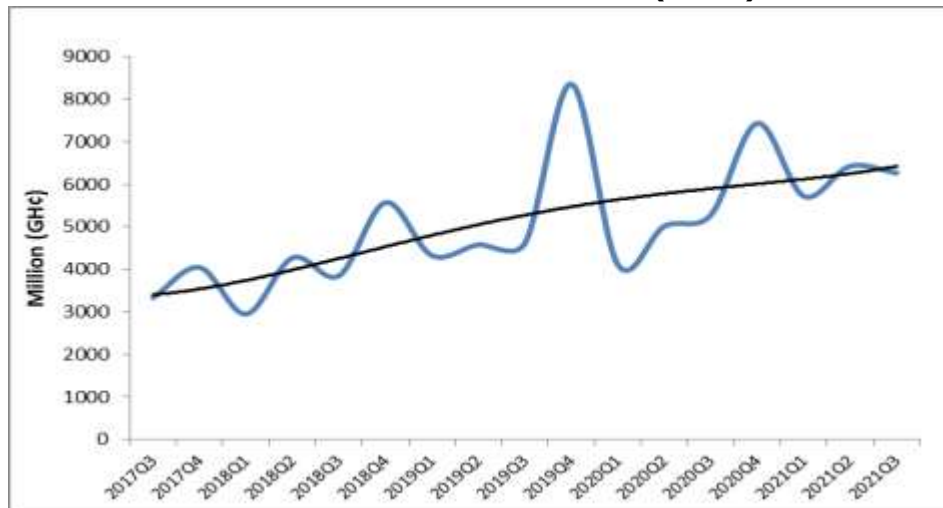


Source: Bank of Ghana

#### 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 positive outturn in Q3:2021. Total direct taxes collected increased by 18.8 percent, year-on-year, to GH¢6,267.79 million in Q3:2021, relative to GH¢5,278.01 million recorded for Q3:2020. However, total direct taxes collected for the quarter under review declined marginally by 2.5 percent from GH¢6,429.05 million collected in the second quarter of 2021. In terms of contribution of the various sub-tax categories, Corporate Tax accounted for 48.8 percent, followed by Income Tax (PAYE and self-employed) with 41.6 percent, while other tax sources contributed 9.7 percent.

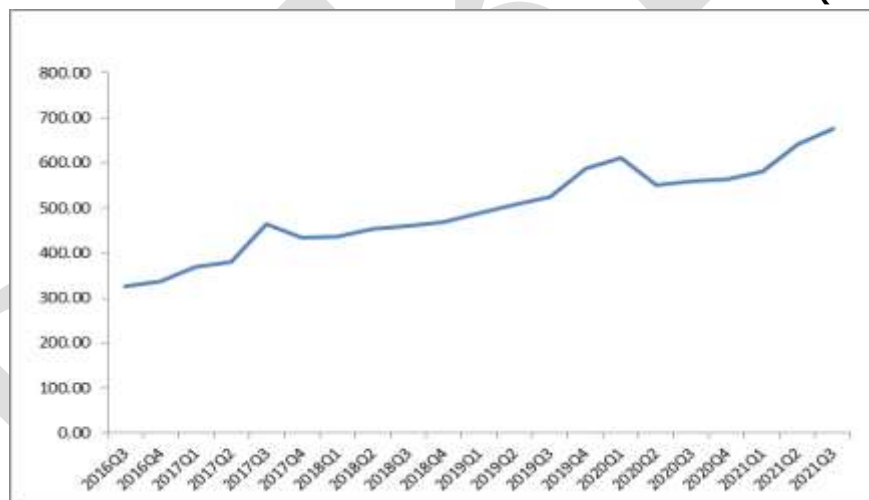
**Chart 2.2: Trends in Domestic Taxes (Direct)**



Source: Bank of Ghana

Similarly, private sector workers' contributions to the SSNIT Pension Scheme (Tier-1) increased by 20.8 percent, year-on-year, to GH¢677.44 million in Q3:2021, from GH¢560.67 million collected in Q3:2020. Total contribution in the review period also grew by 5.7 percent when compared with GH¢641.15 million for Q2:2021. The improvement in private workers' contributions to the Tier-1 pension scheme was due to the registration of new employees as well as improved compliance by private sector employers.

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

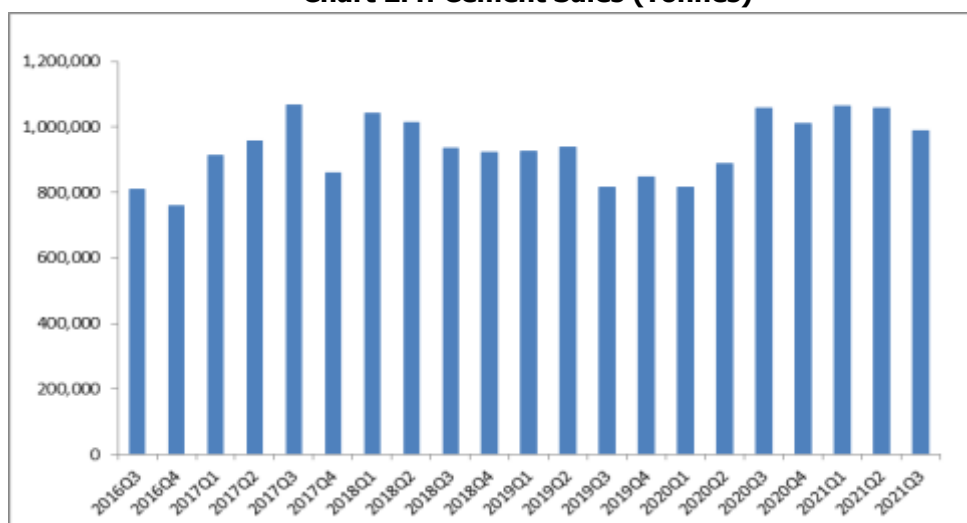


Source: Bank of Ghana

### Construction Sector Activities

Economic activity in the construction sub-sector, as measured by the volume of cement sales, declined by 6.4 percent (year-on-year) during the third quarter of 2021 to 988,703.79 tonnes, from 1,056,790.08 tonnes recorded in the third quarter of 2020. Similarly, total cement sales during the review period dipped by 6.5 percent when compared with 1,057,271.00 tonnes recorded during the second quarter of 2021. The relative decline in total cement sales, year-on-year, was due to a slowdown in construction activities during the review period.

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

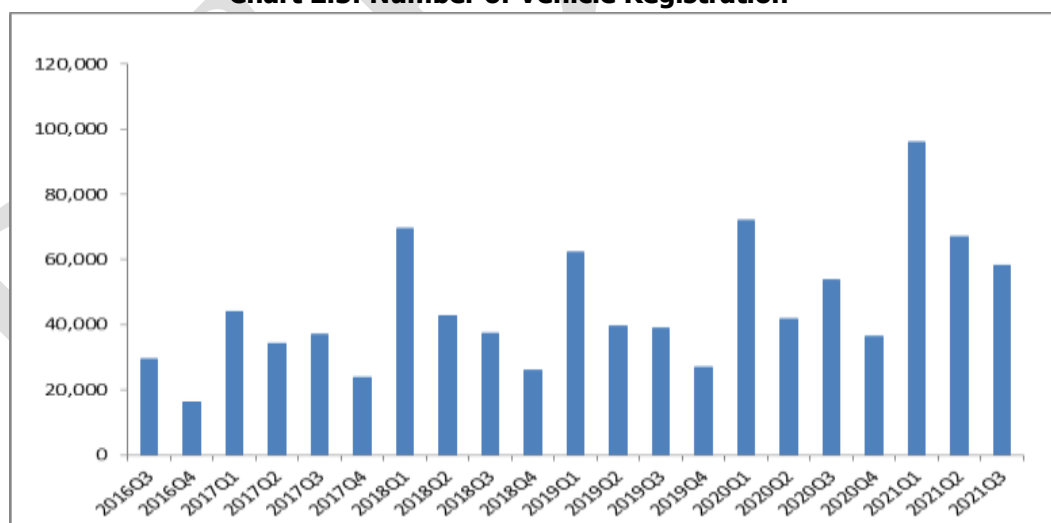


Source: Bank of Ghana

### Vehicle Registration

Transport-related economic activities, measured by vehicle registration by DVLA, improved by 8.0 percent to 58,286 in the third quarter of 2021 compared to 53,954 vehicles registered during the corresponding quarter of 2020. Conversely, the number of vehicles registered during the review period decreased by 13.3 percent relative to 67,190 vehicles recorded in the second quarter of 2021. The comparative improvement recorded in vehicle registration (year-on-year), was due to an increase in vehicle importation during the quarter.

**Chart 2.5: Number of Vehicle Registration**



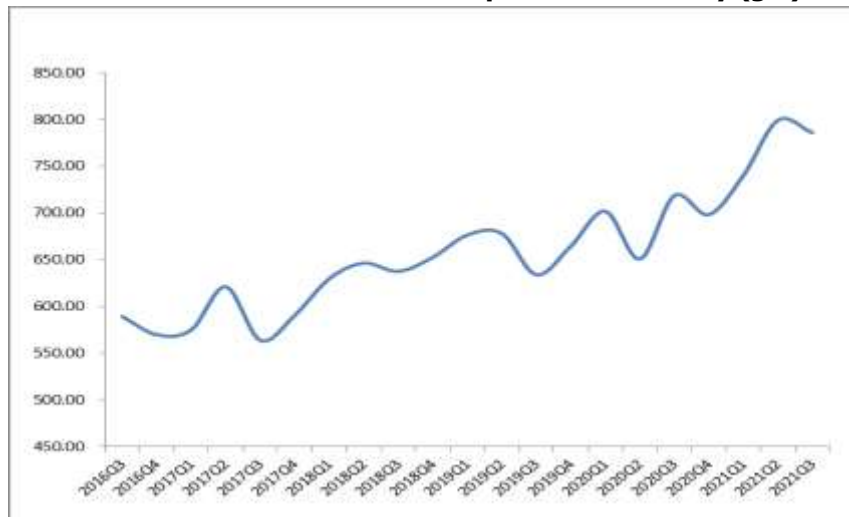
Source: Bank of Ghana

### 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 9.4 percent during the third quarter of 2021, compared with consumption in the corresponding period of 2020. Industries utilised 785.86 giga-watts of power in the third quarter of 2021, as against 718.58 giga-watts recorded for the same period in 2020. Industrial consumption of electricity,

however, decreased marginally by 1.7 percent from 799.19 giga-watts utilised for the second quarter of 2021. The relative 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)**

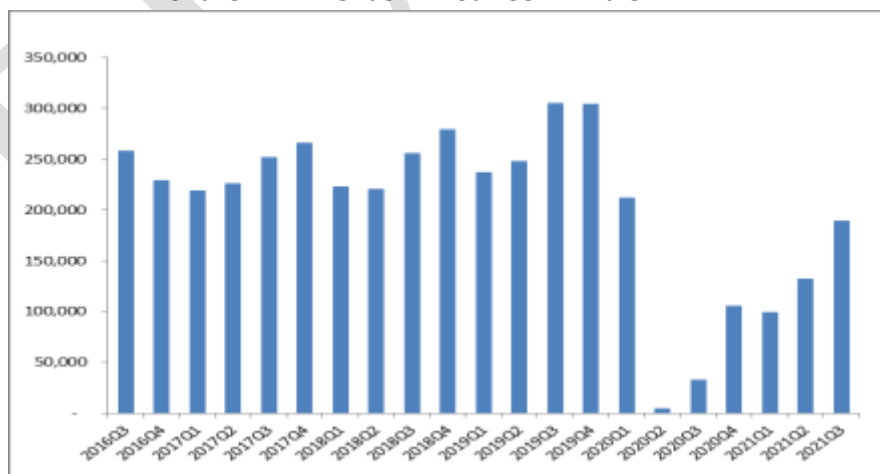


Source: Bank of Ghana

### International Passenger Arrivals

International passenger arrivals through the country's various ports of entry surged in the third quarter of 2021 when compared with figures recorded a year ago. A total of 189,220 tourists arrived in the country during the review period, as against 32,602 visitors received in the third quarter of 2020, indicating a significant improvement of 480.4 percent. International passenger arrivals during the period went up by 43.5 percent when compared with 131,905 visitors received in the second quarter of 2021. The sharp year-on-year increase in tourist arrivals was due to the easing of travel restrictions over the review period.

**Chart 2.7: Trends in Tourist Arrivals**

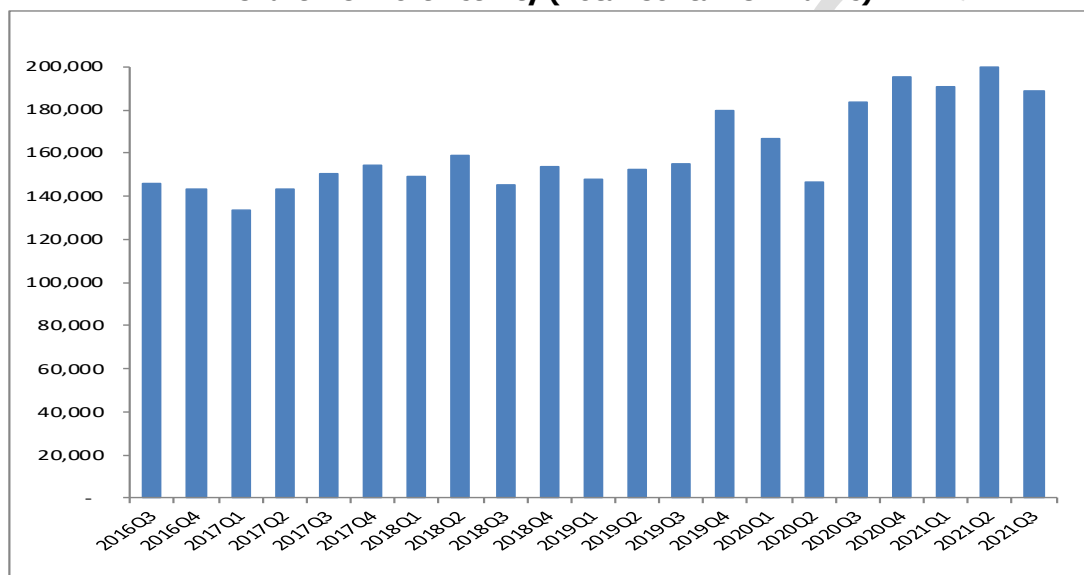


Source: Bank of Ghana

## 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 third quarter of 2021, compared with what was observed in the corresponding quarter of 2020. Total container traffic for imports and exports went up by 2.5 percent to 188,481 from 183,829 for the third quarter of 2020. Conversely, port activity decreased by 5.6 percent when compared to 199,670 laden containers recorded in the second quarter of 2021. The relative improvement in port activities, year-on-year, was due 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 print<sup>2</sup> and online<sup>3</sup> media, which gauges labour demand in the economy, improved in the third quarter of 2021 relative to what was observed in the third quarter of 2020. In total, 9,555 job adverts were recorded in the third quarter of 2021 as compared with 6,880 for the third quarter of 2020, indicating a growth of 38.9 percent. Similarly, the number of job vacancies advertised in the review period increased by 15.8 percent from 8,251 recorded for the second quarter of 2021. The rise in the number of jobs advertised, year-on-year, reflected businesses' gradual recovery from the adverse effects of the coronavirus pandemic.

### Sectoral Distribution and Skill Set of Job Adverts

The Services Sector maintained its dominance as the leading job-providing sector in the economy, accounting for 82.8 percent of total job adverts recorded in Q3:2021. This compares with a share of 80.2 percent it recorded in Q3:2020. Industry followed with a share of 14.0 percent (down from 16.1% in Q3:2020), while the Agriculture Sector accounted for 3.2 percent of the job adverts during the period, compared with 3.7 percent of total job adverts recorded for Q3:2020.

<sup>2</sup> The Daily Graphic newspaper was used to represent print media because it is the most widely circulated daily in Ghana.

<sup>3</sup> These are job adverts posted on the websites of the 10 main online job advertising/employment companies in Ghana.

Further analysis showed that the main requirements for skilled employees were tertiary education qualification(s) and a minimum of three years' working experience. This category, classified as Professionals and Technicians, collectively accounted for 54.6 percent of total jobs advertised during the third quarter of 2021, relative to 52.3 percent recorded in the corresponding quarter of 2020. This was followed by the categories classified as Sales & Other Service Workers (28.4% in Q3:2021 vs. 29.5% in Q3:2020), Artisans & Machine Operators (7.7% in Q3:2021 vs. 11.0% in Q3:2020), Secretarial & Clerical Staff (7.2% in Q3:2021 vs. 5.0% in Q3:2020) and 'Others' (2.0% in Q3:2021 vs. 2.2% in Q3:2020).

**Chart 2.9: Trends in Advertised Job Vacancies and Categories**



Source: Compiled by the Bank of Ghana



### 3. Price Developments

#### 3.1 Global Inflation

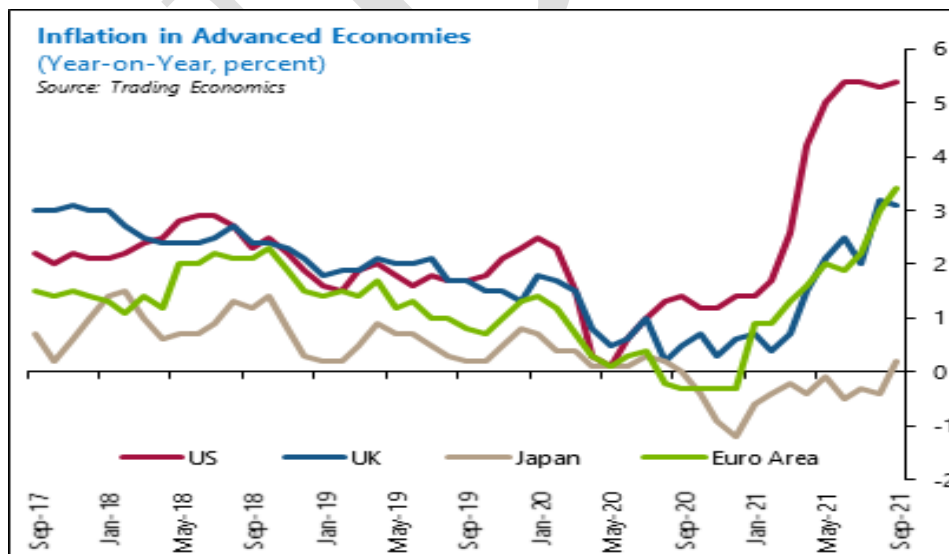
Inflation has increased markedly in advanced economies and some emerging market economies. The increase in inflation reflected rising demand conditions following the relaxation of restrictions and higher commodity prices compounded by supply-chain bottlenecks. Price pressures are projected to subside in most countries in 2022 although the outlook is characterized by higher levels of uncertainty. These increases in inflation were occurring even as employment was below pre-pandemic levels in several countries, leading to complex trade-offs for policymakers, particularly in some emerging market and developing economies (WEO October Update 2021).

##### Advanced Economies

Inflation in the **United States** edged up to 5.4 percent in September 2021, from 5.3 percent in August (5.4 percent at the end of Q2). The key drivers of inflation at the end of the quarter were the cost of shelter, food, new vehicles and energy. The core inflation index, which excludes food and energy, increased by 4.0 percent at the end of the third quarter, compared to a 4.5 percent increase at the end of the second quarter.

The annual inflation rate in the **United Kingdom** inched down to 3.1 percent in September 2021, from 3.2 percent in August, on the back of a slowdown in the cost of restaurants and hotels (2.5 percent at the end of Q2). Core consumer prices in the United Kingdom increased by 2.9 percent in September 2021 compared to a 3.1 percent rise in August and a 1.8 percent climb in July 2021.

**Chart 3.1: Inflation Trends in Advanced Economies**



Source: Trading Economics

Annual inflation in the **Euro Area** was expected to accelerate to 3.4 percent at the end of the third quarter, from 1.9 percent at the end of the second quarter. Energy cost largely accounted for the increase, with additional upward pressure from services and food. The core inflation rate, which excludes volatile prices of energy, food, alcohol & tobacco, climbed to 1.9 percent in September 2021, from 0.9 percent in June 2021.

**Japan's** consumer prices rose by 0.2 percent, year-on-year, in September 2021, rebounding from a 0.4 percent drop a month earlier and -0.3 percent in July 2021. There were increases in cost of food, housing and utilities, furniture and household utensils, and culture and recreation. Core consumer prices, which strips out fresh food, edged up 0.1 percent on the back of rising fuel prices, from a 0.5 percent dip in June 2021.

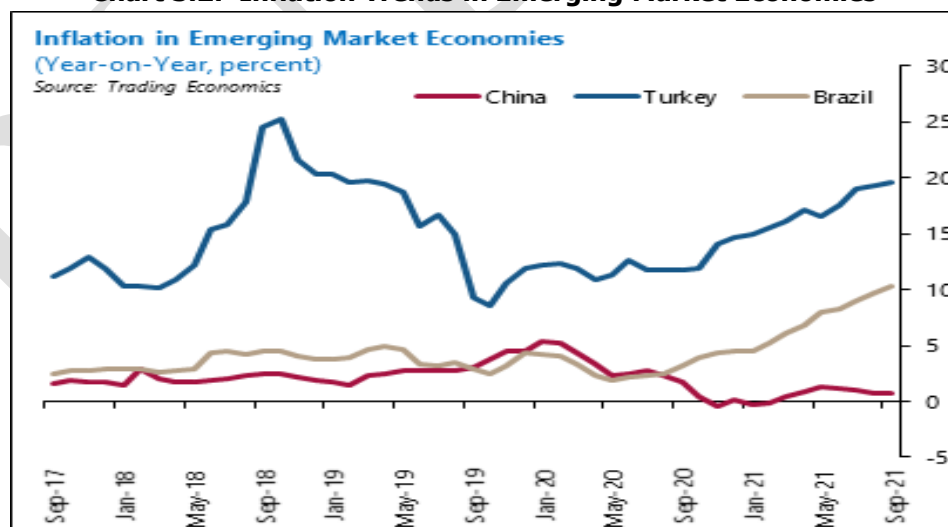
### Emerging Market Economies

**China's** annual inflation rate unexpectedly edged lower to 0.7 percent in September 2021 from 0.8 percent a month earlier and 1.0 percent in July 2021, mainly due to a steeper decline in the cost of food as pork prices fell faster. Core consumer price inflation in China remained unchanged at 1.2 percent in August and September 2021, marginally lower than the 1.3 percent recorded in July.

The annual inflation rate in **Brazil** increased to 10.3 percent in September, from 9.7 percent in August (9.0 percent in July 2021), as the reopening of the economy, global supply issues, the effects of a weaker currency, and a severe drought continued to weigh on prices. Core consumer prices in Brazil increased by 6.9 percent in September 2021 from 5.4 percent at the end of June 2021.

**Turkey's** consumer price inflation rose to 19.6 percent, year-on-year, at the end of Q3:2021, from 17.5 percent observed in June 2021 due to lira weakness. The main upward pressures were recorded in food and non-alcoholic beverages, transportation, housing and utilities, furnishings and household equipment, and hotels, cafes and restaurants. Annual core inflation, which excludes volatile items such as energy, food and non-alcoholic beverages, alcoholic beverages, tobacco and gold, edged down to 16.98 percent in September 2021, from 17.48 percent at the end of Q2:2021.

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



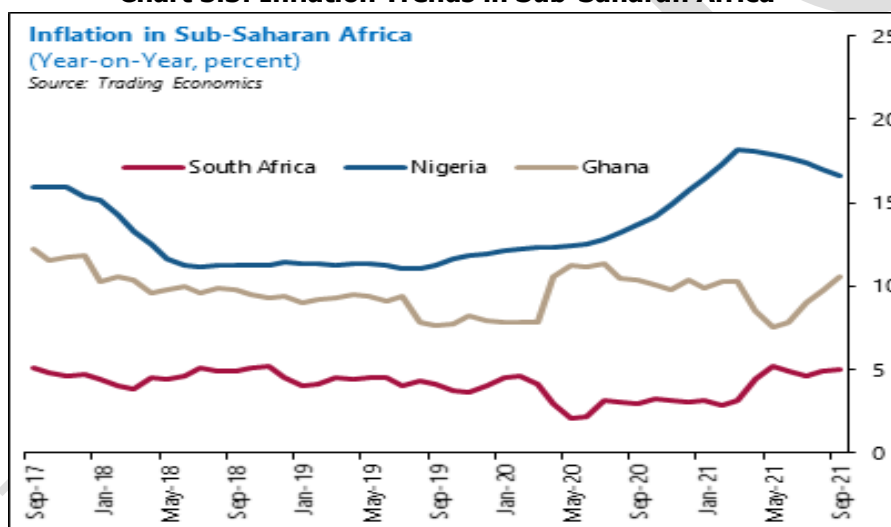
Source: Trading Economics

## Sub-Saharan Africa

The annual inflation rate in **South Africa** inched up to 5.0 percent in September 2021, from 4.9 percent in the prior month and 4.6 percent in July 2021. At the end of the second quarter, inflation stood at 4.9 percent. The pressures at the end of the third quarter came from prices of transport, particularly fuels. Other upward pressures emanated from the cost of food and non-alcoholic beverages, and housing and utilities, such as electricity and other fuels, and owner's equivalent rent. South Africa's core inflation, which excludes prices of food, non-alcoholic beverages, fuel and energy, was at 3.2 percent year-on-year in September 2021, unchanged from June 2021.

In **Nigeria**, the annual inflation rate eased for the second straight quarter to 16.6 percent at the end of Q3:2021, down from 17.75 percent in June 2021, largely due to a sustained moderation in food inflation since the beginning of the second quarter, despite the depreciation of the naira. The annual core inflation rate, which excludes the prices of agricultural produce, rose to 13.7 percent in September from 13.1 percent in June 2021.

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



Source: Trading Economics

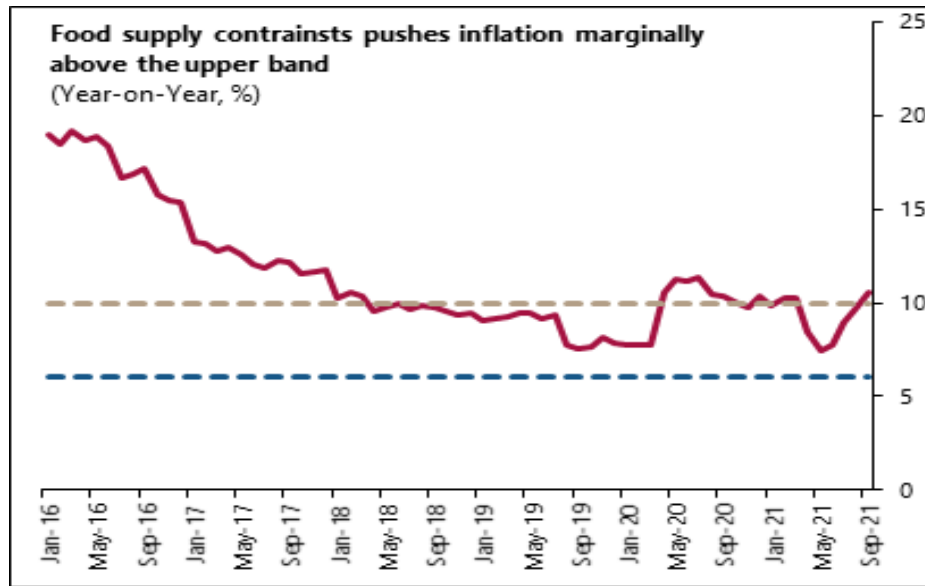
## 3.2 Domestic Inflation

### Headline Inflation

Headline inflation surged to 10.6 percent in September 2021, from 9.7 percent in August and 9.0 percent in July 2021. At the end of the second quarter, inflation stood at 7.8 percent. The rise in inflation was largely driven by bottlenecks in the food supply chain, and second-round effects of the increase in ex-pump prices. In year-on-year terms, food price inflation jumped to 11.5 percent in September from 7.3 percent in June. Non-food inflation also rose by 1.7 percentage points to 9.9 percent in September 2021.

The Bank's core measure of inflation, which strips out energy and utilities, also increased to 10.0 percent in September from 7.5 percent in Q2:2021, indicating strong underlying inflation pressures in September.

**Chart 3.4: Headline Inflation**

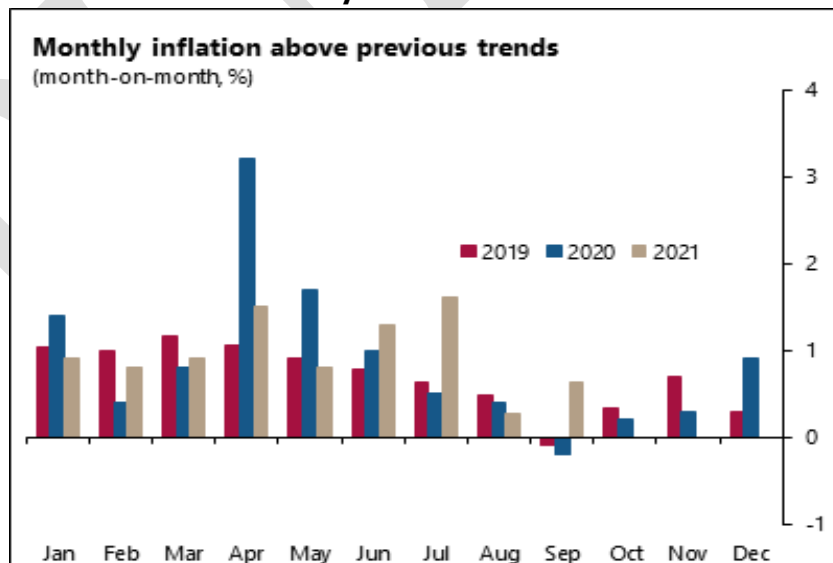


Source: GSS, Bank of Ghana

### Monthly Inflation

On month-on-month basis, inflation averaged 0.8 percent for the third quarter of 2021, higher than the monthly inflation average of -0.03 percent recorded same time last year. Delayed harvest, due to the late arrival of rains, kept monthly food inflation at elevated levels in Q3:2021 compared to historical trends. Monthly food inflation climbed to an average of 0.75 percent in Q3:2021, from -0.52 percent in Q3:2020. Similarly, average monthly non-food inflation rose to 0.93 percent in Q3:2021, from 0.42 percent in Q3:2020.

**Chart 3.5: Monthly Inflation**

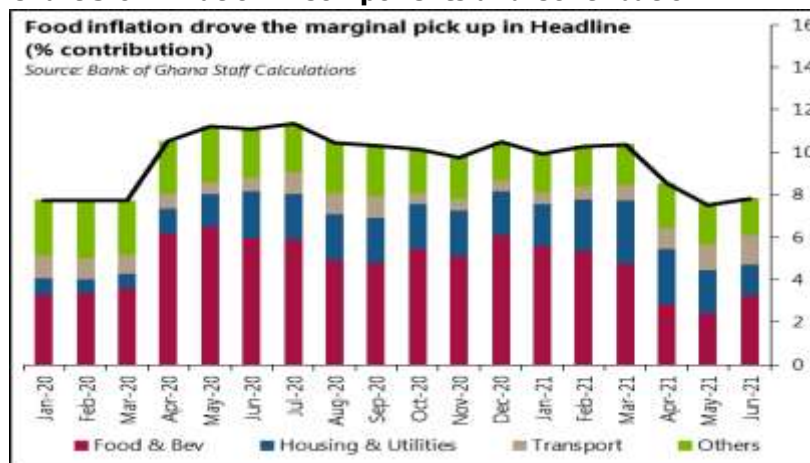


Source: GSS, Bank of Ghana

## Inflation by Sub-groups

In terms of drivers, year-on-year inflation in the third quarter was increasingly shaped by food price pressures. More recently, the second-round effects of the increase in ex-pump prices reflected in the non-food inflation category, mainly in the housing and utility group, and transport fares.

**Chart 3.6: Inflation – Components and Contribution**



Source: GSS, Bank of Ghana

Analysis of sub-components of the CPI basket reflected higher year-on-year inflation for the following sub-groups: Food and Beverages (11.5 percent at the end of Q3:2021 compared with 7.3 percent at the end of Q2:2021); Housing and Utilities (18.7% compared with 14.2%); Household Equipment and maintenance (6.3% compared with 4.7%); Transport (13.6% compared with 13.4%); Recreation and Culture (6.8% compared with 3.6%); Miscellaneous goods and services (7.2% compared with 4.5%); Alcoholic Beverages and Tobacco (8.1% compared with 6.5%); Clothing and Footwear (6.8% compared with 6.0%); Information and Communication (6.6% compared with 4.9%); Insurance and Financial services (7.1% compared with 5.5%).

In contrast, prices increased slowly for Restaurants and Accommodation (3.2% compared with 4.8%); and Health (4.6% compared with 6.0%).

## 3.3 Inflation Outlook

Headline inflation accelerated to 10.6 percent in September 2021 from 9.7 percent in August 2021 (9.0 percent in July), above the medium-term target band. In the outlook, the baseline forecast suggests a return to the medium-term target band in the near term. However, significant upside risks remain, including: the possible persistence of food supply bottlenecks arising from disruptions in agricultural activities in some food producing areas and effects of the bird flu attack in some regions; the extent of second-round effects of recent hikes in petroleum prices on the non-food basket; and the pass-through effect of exchange rate depreciation.

**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
<b>2020</b>						
Mar	7.8	8.4	7.4	0.8	1.6	0.3
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
Sept	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
<b>2021</b>						
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
Apr	8.5	6.5	10.2	1.5	2.3	1.0
May	7.5	5.4	9.2	0.8	1.3	0.4
Jun	7.8	7.3	8.2	1.3	1.8	0.8
Jul	9.0	9.5	8.6	1.6	2.0	1.3
Aug	9.7	10.6	8.7	0.3	0.2	0.3
Sept	10.6	11.5	9.9	0.6	0.0	1.2

Source: Ghana Statistical Service

**Table 3.2: Contributions to Inflation**

CPI Components (%)											
	Weights (%)	2020					2021				
		Mar	Jun	Aug	Sept	Dec	Mar	Jun	Jul	Aug	Sept
<b>Overall</b>	100.0	7.8	11.2	10.5	10.4	10.4	10.3	7.8	9.0	9.7	10.6
<b>Food and Beverages</b>	43.1	8.4	13.8	11.4	11.2	14.1	10.8	7.3	9.5	10.6	11.5
<b>Non-food</b>	56.9	7.4	9.2	9.9	9.8	7.7	10.0	8.2	8.6	8.7	9.9
Alcoholic Beverages, Tobacco	3.7	11.4	8.6	9.4	9.0	6.0	7.0	6.5	7.9	6.4	8.1
Clothing and footwear	8.1	8.4	7.3	7.9	8.0	7.9	6.0	6.0	7.0	6.5	6.8
Housing and Utilities	10.2	6.7	21.3	20.8	20.3	20.1	29.0	14.2	14.1	15.2	18.7
Furnish, H/H Equip. Etc	3.2	4.3	4.9	4.7	4.9	4.7	4.7	4.7	5.7	6.0	6.3
Health	0.7	6.2	7.8	7.2	8.9	6.0	7.1	6.0	6.3	6.3	4.6
Transport	10.1	9.2	6.3	9.9	10.1	4.8	6.8	13.4	12.1	12.8	13.6
Information and Communication	3.6	3.0	6.3	6.0	6.8	7.0	8.1	4.9	6.2	7.1	6.6
Recreation & Culture	3.5	9.0	5.8	3.8	3.4	1.8	4.0	3.6	4.7	6.3	6.8
Education	6.5	6.8	4.1	4.9	4.2	0.2	0.4	0.9	1.8	0.3	0.9
Restaurants and Accommodation	4.6	3.5	5.8	6.2	7.0	5.4	6.1	4.8	5.7	4.0	3.2
Insurance and Financial services	0.2	0.1	3.5	2.7	2.0	3.3	7.8	5.5	7.2	7.1	7.1
Miscellaneous goods & services	2.4	7.3	5.4	5.3	4.6	3.8	4.5	4.5	5.5	6.0	7.2

Source: Ghana Statistical Service

## 4. Money and Financial Market Developments

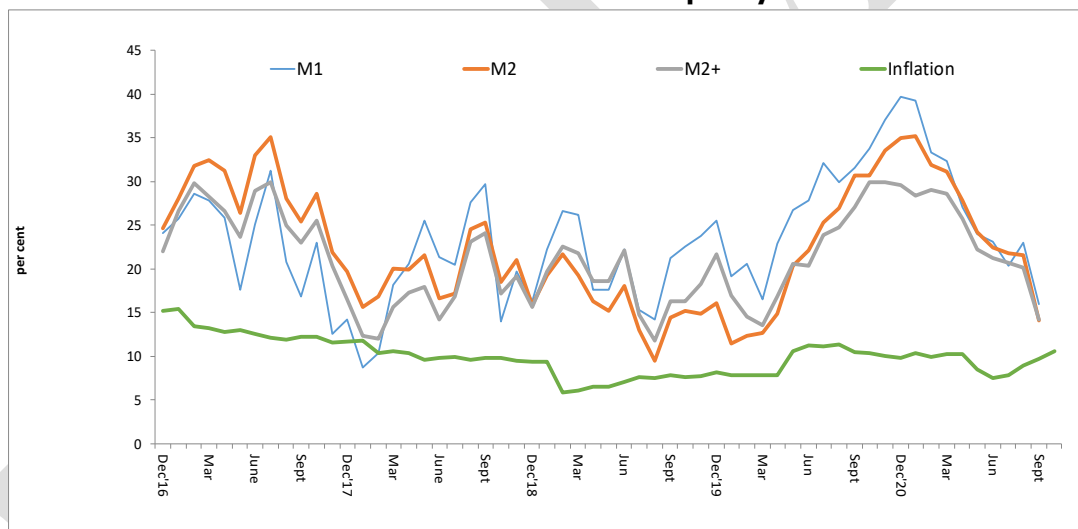
Developments in monetary aggregates during the third quarter of 2021 showed a slower pace of growth in broad money supply (M2+). The observed expansion in M2+ was mainly due to increased growth in Net Domestic Assets (NDA) of the depository corporations' sector; the Net Foreign Assets (NFA), however, contracted to moderate growth in M2+. The growth in M2+ reflected moderation in growth rates of all its components comprising, currency with the public, demand deposits, savings and time deposits and foreign currency deposits.

### 4.1 Broad Money Supply

Growth in M2+ decreased significantly to 14.17 percent in the third quarter of 2021, from 27.09 percent in the third quarter of 2020. The stock of M2+ stood at GH¢124,596.60 million during the review period compared with GH¢109,134.38 million and GH¢121,891.32 million recorded in the third quarter of 2020 and second quarter of 2021, respectively.

The decline in the year-on-year growth of M2+ during the third quarter of 2021 reflected in a slowdown in the pace of growth of all its components – growth in currency with the public, demand deposits, savings and time deposits and foreign currency deposits declined over the same comparative period.

**Chart 4.1: Inflation and Liquidity**



Source: Bank of Ghana

### 4.2 Sources of Change in M2+

The observed decline in M2+ was mainly attributed to significant contraction in NFA, although growth in NDA was at a slower pace in Q3:2021 relative to Q3:2020. Provisional data showed that growth in NFA decreased considerably from 10.99 percent in the third quarter of 2020 to -21.27 percent at the end of the third quarter of 2021. This was, however, higher than the 43.13 percent contraction recorded in the first quarter of 2021, but lower than a growth of 15.97 percent recorded in the second quarter of 2021. Growth in NDA, on the other hand, declined considerably to 21.78 percent in the third quarter of 2021, from 31.18 percent, same period last year. The growth in NDA for Q3:2021 was significantly lower than the 57.24 percent recorded in Q1:2021, but higher than the 22.77 percent growth recorded in Q2:2021.



## 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 84.39 percent, 20.65 percent and 13.18 percent, respectively, in the third quarter of 2020, to 27.11 percent, 11.92 percent and 10.45 percent, respectively, in the third quarter of 2021. Other Items (Net) changed by 10.89 percent in the third quarter of 2021, compared to a change of 197.39 percent in the third quarter of 2020.

**Table 4.1: Monetary Indicators**

	Levels (GH¢ Millions)				Variations (Year-on-Year)			
	Sep-19	Sep-20	Jun-21	Sep-21	As at end-Sep 2020		As at end-Sep 2021	
					Absolute Δ	% change	Absolute Δ	% change
<b>Reserve Money</b>	23027.84	30338.05	36063.64	39156.13	7310.21	31.75	8818.08	29.07
<b>Narrow Money (M1)</b>	40091.32	52738.45	59921.11	61153.92	12647.13	31.55	8415.48	15.96
<b>Broad Money (M2)</b>	64951.98	84864.02	94210.69	96838.70	19912.04	30.66	11974.68	14.11
<b>Broad Money (M2+)</b>	85873.08	109134.38	121891.32	124596.60	23261.30	27.09	15462.22	14.17
<b>Currency with the Public</b>	11419.94	16406.21	18556.97	18812.37	4986.27	43.66	2406.17	14.67
<b>Demand Deposits</b>	28671.38	36332.24	41364.14	42341.55	7660.86	26.72	6009.31	16.54
<b>Savings &amp; Time Deposits</b>	24860.66	32125.57	34289.58	35684.78	7264.91	29.22	3559.21	11.08
<b>Foreign Currency Deposits</b>	20921.10	24270.36	27680.63	27757.90	3349.27	16.01	3487.53	14.37
<b>Sources of M2+</b>								
<b>Net Foreign Assets (NFA)</b>	17394.12	19306.29	25384.55	15199.51	1912.17	10.99	-4106.77	-21.27
<b>BOG</b>	16603.68	16557.47	25033.84	16504.31	-46.21	-0.28	-53.16	-0.32
<b>DMBs</b>	790.44	2748.81	350.71	-1304.80	1958.38	247.76	-4053.61	-147.47
<b>Net Domestic Assets</b>	68478.96	89828.09	96506.78	109397.09	21349.13	31.18	19568.99	21.78
<b>Claims on Government (net)</b>	33129.22	61087.88	63281.84	77648.30	27958.66	84.39	16560.42	27.11
<b>BOG</b>	9053.16	29869.65	19340.81	31179.41	20816.49	229.94	1309.76	4.38
<b>DMBs</b>	24076.06	31218.23	43941.03	46468.88	7142.17	29.67	15250.66	48.85
<b>Claims on Public Sector</b>	5105.58	6160.05	7495.22	6894.55	1054.46	20.65	734.50	11.92
<b>BOG</b>	1223.69	1014.08	2839.65	1934.81	-209.61	-17.13	920.73	90.79
<b>DMBs</b>	3881.89	5145.96	4655.57	4959.74	1264.07	32.56	-186.23	-3.62
<b>Claims on Private Sector</b>	36568.52	41387.88	43387.05	45710.86	4819.36	13.18	4322.98	10.45
<b>BOG</b>	420.52	670.09	643.60	716.45	249.56	59.35	46.36	6.92
<b>DMBs</b>	36148.00	40717.80	42743.45	44994.41	4569.80	12.64	4276.61	10.50
<b>Other Items (Net) (OIN)</b>	-6324.36	-18807.71	-17657.33	-20856.61	-12483.35	197.39	-2048.90	10.89
<b>o/w BOG OMO (Sterilisation)</b>	-4723.15	-9735.69	-131.14	-5159.90	-5012.54	106.13	4575.79	-47.00

Source: Bank of Ghana

## 4.3 Developments in Banks' Credit

Growth in banks' outstanding credit to the public and private sectors in the third quarter of 2021 declined compared to the corresponding period of 2020. The nominal year-on-year growth of banks' outstanding credit decreased to 9.0 percent in the third quarter of 2021, from 14.39 percent in the third quarter of 2020. This was, however, higher than the growth of 5.71 percent recorded in the second quarter of 2021. At the end of the third quarter of 2021, total outstanding credit stood at GH¢50,048.95 million compared with GH¢45,915.50 million recorded during the same period in 2020. This may be compared with the



GH¢47,329.69 million and GH¢47,538.60 million recorded in the first and second quarters of 2021, respectively. The decrease in the nominal growth in credit reflected decreases in the growth of credit to both private and public sectors.

In real terms, growth in banks' outstanding credit decreased from 3.72 percent at end of Q3:2020 to -1.44 percent in the corresponding period of 2021. Contraction in real credit for third quarter of 2021 was, however, better than the -4.31 percent and -1.95 percent growth realised in the first quarter and second quarter of 2021, reflecting a marginal improvement in real credit growth.

The share of total outstanding credit to the private sector increased marginally to 89.90 percent at the end of the quarter under review, from 88.68 percent recorded in the same period of 2020.

**Table 4.2: Sectoral Distribution of Banks' Outstanding Credit**

	Levels (GH¢ Millions)				Variations (Year-on-Year)			
					As at end-Sep 2020		As at end-Sep 2021	
	Sep-19	Sep-20	Jun-21	Sep-21	Absolute Δ	% change	Absolute Δ	% change
<b>a Public Sector</b>	<b>3,992.24</b>	<b>5,197.70</b>	<b>4,795.15</b>	<b>5,054.54</b>	<b>1,205.46</b>	<b>30.19</b>	<b>(143.16)</b>	<b>(2.75)</b>
<b>b Private Sector</b>	<b>36,148.00</b>	<b>40,717.80</b>	<b>42,743.45</b>	<b>44,994.41</b>	<b>4,569.80</b>	<b>12.64</b>	<b>4,276.61</b>	<b>10.50</b>
Agric., For. & Fish.	1,650.82	1,695.38	1,531.59	1,745.96	44.56	2.70	50.58	2.98
Export Trade	143.86	131.91	164.58	166.20	(11.96)	(8.31)	34.29	26.00
Manufacturing	4,594.35	4,829.34	5,184.87	5,405.73	234.99	5.11	576.39	11.94
Trans., Stor., & Comm.	2,441.40	3,329.80	3,287.86	3,306.36	888.40	36.39	(23.45)	(0.70)
Mining & Quarrying	1,361.08	1,120.56	1,051.28	987.25	(240.53)	(17.67)	(133.31)	(11.90)
Import Trade	1,104.45	1,358.44	1,178.18	1,389.85	253.99	23.00	31.41	2.31
Construction	3,082.77	4,108.68	4,077.50	4,735.00	1,025.91	33.28	626.32	15.24
Commerce & Finance	7,077.17	7,435.62	8,130.46	8,253.75	358.44	5.06	818.14	11.00
Elect., Gas & Water	2,263.41	2,576.88	2,077.25	2,003.66	313.46	13.85	(573.22)	(22.24)
Services	8,555.34	11,038.51	12,889.29	13,613.59	2,483.17	29.02	2,575.08	23.33
Miscellaneous	3,873.33	3,092.70	3,170.59	3,387.07	(780.63)	(20.15)	294.37	9.52
<b>c Grand Total</b>	<b>40,140.24</b>	<b>45,915.50</b>	<b>47,538.60</b>	<b>50,048.95</b>	<b>5,775.25</b>	<b>14.39</b>	<b>4,133.45</b>	<b>9.00</b>

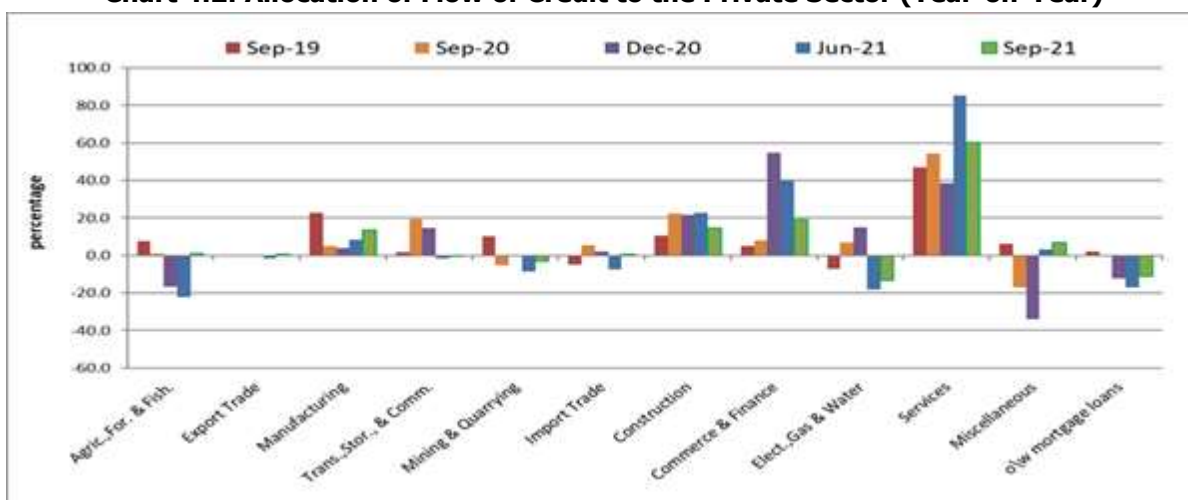
Source: Bank of Ghana

#### Distribution of Outstanding Credit to the Private Sector

Growth in outstanding credit to the private sector decreased in both nominal and real terms in Q3:2021, relative to Q3:2020, reflecting pandemic-related risk aversion on the supply side and constrained demand for credit in the loanable funds market. In nominal terms, growth declined to 10.50 percent in the third quarter of 2021, from 12.64 percent recorded in the third quarter of 2020. This was, however, higher than the 6.76 percent registered at the end of the second quarter of 2021.

The outstanding credit to the private sector at the end of Q3:2021 was GH¢44,994.41 million, which was higher than the GH¢40,717.80 million recorded in Q3:2020. In real terms, the year-on-year growth of outstanding credit to the private sector decreased to -0.09 percent at the end of Q3:2021, from 2.7 percent growth recorded during the same period in 2020.

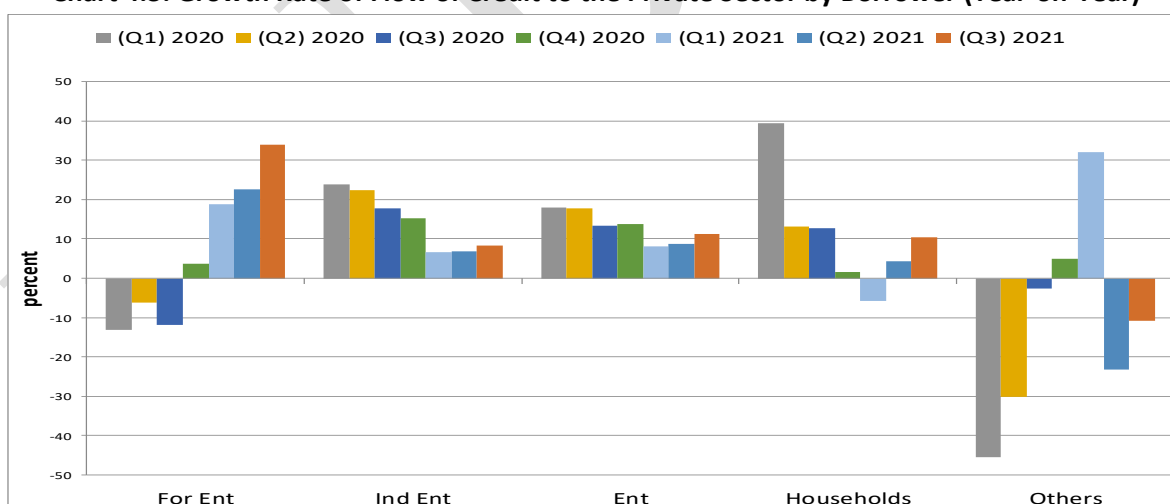
**Chart 4.2: Allocation of Flow of Credit to the Private Sector (Year-on-Year)**



Source: Bank of Ghana

The decrease in private sector credit growth during the third quarter of 2021 reflected decreases in the flow of credit to the following sectors: agriculture, forestry and fisheries; export trade; mining and quarrying; transport, storage and communication; import trade; construction; electricity, water and gas; and mortgage. All other sectors received increased flows of credit, when expressed as percentage of total credit flows, over the comparative period. The Services subsector recorded the highest annual flow of credit (60.21%), followed by commerce and finance (19.13%), construction (14.65%), and manufacturing (13.48%), respectively. These four sectors accounted for about 107.47 percent of the overall credit flow for the third quarter of 2021.

**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 private sector by borrower, flows to enterprises (foreign and indigenous) in the third quarter of 2021 declined compared with the same quarter last year, mainly on account of decreased flows to indigenous enterprises; credit flows to foreign enterprises, however, increased significantly. Similarly, flows to households and “others” sub-sectors declined, relative to flows in the corresponding quarter of 2020.

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

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

The proportion of banks' funds allocated to Government securities increased significantly to 76.47 percent in Q3:2021, from 26.64 percent in Q3:2020. This was on account of an increase in the proportion of funds flow to investments in both short-term and medium- to long-term securities. The proportion of fund flows allocated to investment in short-term bills increased from -3.43 percent in Q3:2020 to 15.84 percent in Q3:2021, while the proportion of fund flows to investment in medium- to long-term Government instruments increased from 30.07 percent to 60.63 percent over the same comparative quarters.

In contrast, the proportion of fund flows to bank credit, foreign assets, balances with Bank of Ghana, and other assets decreased from 19.06 percent, 2.93 percent, 16.07 percent, and 35.30 percent, respectively, in the third quarter of 2020, to 17.60 percent, -10.41 percent, 3.78 percent and 12.57 percent, respectively, in the third quarter of 2021. These developments reflected the general shift in the fund allocation strategy of the banking industry, from riskier assets to less risky assets, which had been induced by the COVID-19 pandemic. Although the proportion of fund flows allocated to bank credit declined during the review period, it showed improvement relative to the first and second quarters of 2021.

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

	(Amount in GH¢ 'million)				Variations (Year-on-Year)			
					As at end-Sep 2020		As at end-Sep 2021	
	Sep-19	Sep-20	Jun-21	Sep-21	Absolute Δ	% change	Absolute Δ	% change
<b>Sources of Funds</b>								
<b>Total Deposits</b>	71,786.07	89,518.41	99,723.42	101,832.73	17,732.34	58.54	12,314.32	52.43
<b>Domestic</b>	50,864.97	65,248.05	72,042.79	74,074.83	14,383.08	47.48	8,826.78	37.58
Demand Deposits	26,004.31	33,122.48	37,753.20	38,390.05	7,118.17	23.50	5,267.58	22.43
Savings Deposits	11,312.11	17,430.36	18,424.69	18,928.85	6,118.25	20.20	1,498.49	6.38
Time Deposits	13,548.55	14,695.21	15,864.89	16,755.92	1,146.66	3.79	2,060.71	8.77
<b>Foreign Currency</b>	20,921.10	24,270.36	27,680.63	27,757.90	3,349.27	11.06	3,487.53	14.85
<b>Credit From BOG</b>	527.07	2,582.00	1,024.61	1,025.08	2,054.93	6.78	-1,556.92	-6.63
<b>Balances Due to Non-Resident Banks</b>	9,445.96	8,374.09	10,343.53	9,982.60	-1,071.86	-3.54	1,608.51	6.85
<b>Capital</b>	9,257.60	9,778.18	10,785.44	10,822.61	520.58	1.72	1,044.43	4.45
<b>Reserves</b>	7,754.44	10,483.59	13,001.43	13,820.34	2,729.15	9.01	3,336.75	14.21
<b>Other Liabilities*</b>	20,141.73	28,469.19	31,886.55	35,208.43	8,327.46	27.49	6,739.24	28.69
<b>Total</b>	<b>118,912.87</b>	<b>149,205.46</b>	<b>166,764.98</b>	<b>172,691.79</b>	<b>30,292.59</b>	<b>100.00</b>	<b>23,486.33</b>	<b>100.00</b>
<b>Uses of Funds</b>								
<b>Bank Credit</b>	40,140.24	45,915.50	47,538.60	50,048.95	5,775.25	19.06	4,133.45	17.60
o/w Private Sector Credit	36,148.00	40,717.80	42,743.45	44,994.41	4,569.80	15.09	4,276.61	18.21
<b>Investment in Government Securities</b>	29,620.91	37,691.09	51,850.37	55,650.08	8,070.18	26.64	17,958.98	76.47
Short Term	4,804.77	3,765.22	6,530.85	7,484.34	-1,039.55	-3.43	3,719.12	15.84
Medium/Long Term	24,816.14	33,925.87	45,319.52	48,165.73	9,109.73	30.07	14,239.86	60.63
<b>Foreign Assets</b>	10,236.39	11,122.91	10,694.24	8,677.80	886.51	2.93	-2,445.10	-10.41
<b>Balances with BOG</b>	13,966.07	18,834.27	20,430.95	19,720.96	4,868.19	16.07	886.70	3.78
<b>Other Assets**</b>	24,949.25	35,641.70	36,250.82	38,594.00	10,692.45	35.30	2,952.30	12.57
<b>Total</b>	<b>118,912.87</b>	<b>149,205.46</b>	<b>166,764.98</b>	<b>172,691.79</b>	<b>30,292.59</b>	<b>100.00</b>	<b>23,486.33</b>	<b>100.00</b>

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

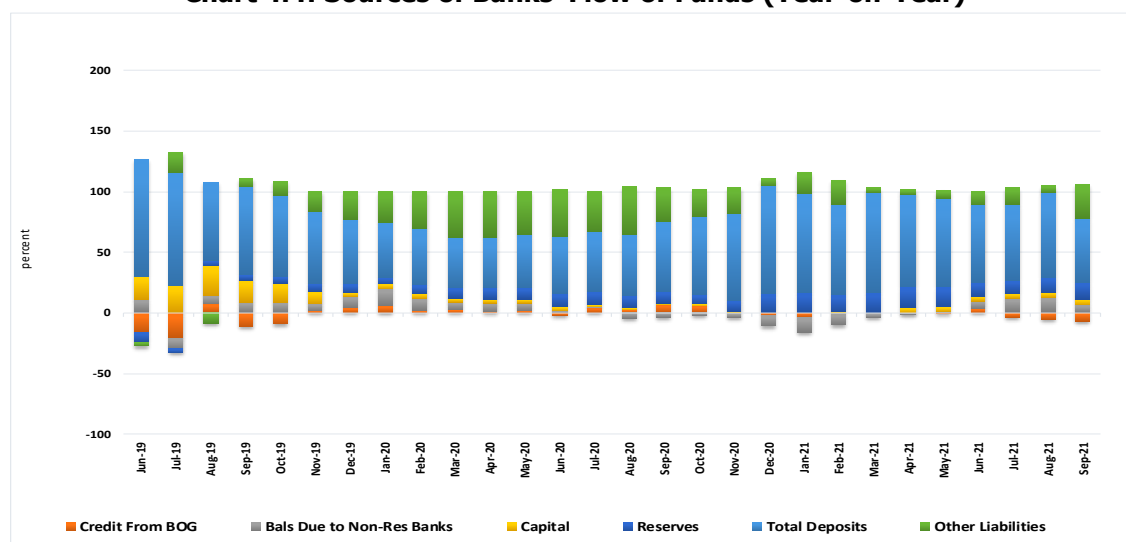
\*\*Includes real estate and equipment and other unclassified assets

Source: Bank of Ghana

The main source of funds for financing of banks' assets was deposits. Its share in the sources of funds, however, decreased marginally to 52.43 percent in Q3:2021, from 58.54 percent in Q3:2020. This compares with 26.57 percent recorded in Q1:2021 and 20.62 percent in Q2:2021. The slight decrease in flows from total deposit, for the period under review, was mainly due to a decline in the fund flows from domestic currency deposits, on year-on-year basis. The proportion of fund flows from domestic deposits decreased from 47.48 percent in Q3:2020 to 37.58 percent in Q3:2021. Component analysis of flow of funds showed that demand and savings deposits accounted for the decreased flows from domestic currency deposits during the review period. However, the share of funds from time deposits increased over the same period. In contrast, the share of fund flows from foreign deposits increased from 11.06 percent in Q3:2020 to 14.85 percent in Q3:2021.

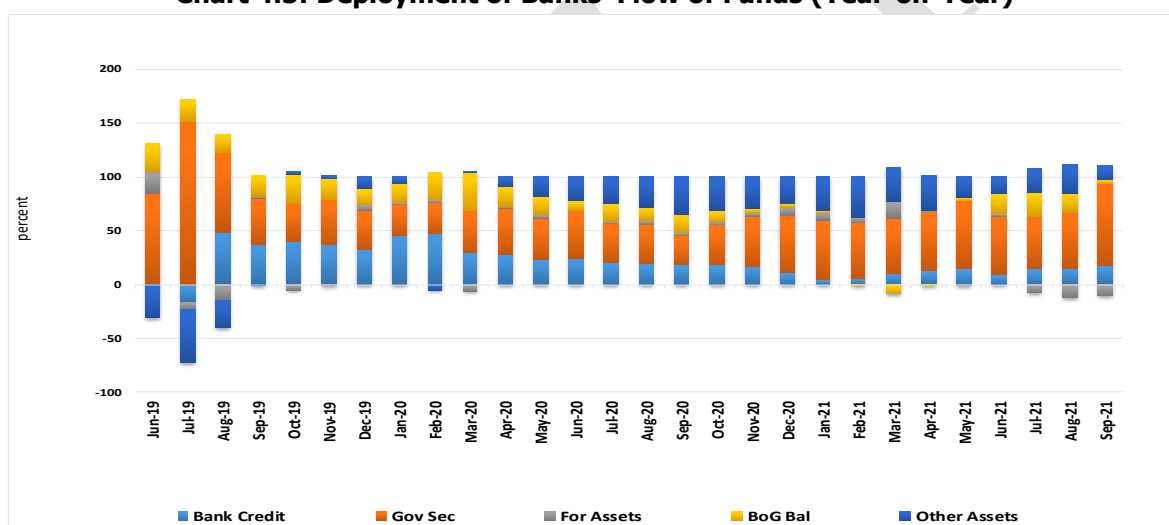
The share of fund flows from credit from balances due non-resident banks, bank capital, and reserves and "Other Liabilities" increased from -3.54 percent, 1.72 percent, 9.01 percent and 27.49 percent, respectively, in third quarter of 2020 to 6.85 percent, 4.45 percent, 14.21 percent and 28.69 percent, respectively, in the third quarter of 2021. The share of fund flows from credit from Bank of Ghana, however, decreased over the same comparative periods from 6.78 percent to -6.63 percent.

**Chart 4.4: Sources of Banks' Flow of Funds (Year-on-Year)**



Source: Bank of Ghana

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



Source: Bank of Ghana

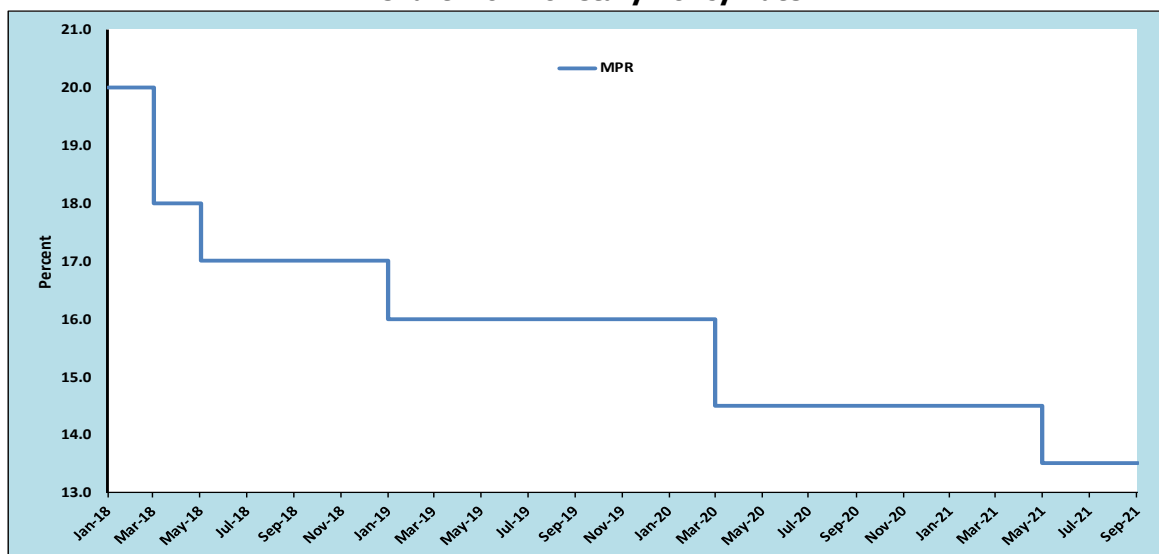
## 4.5 Interest Rate Developments

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

## Monetary Policy Rate

The Monetary Policy Rate (MPR) at the end of the third quarter of 2021 was 13.5 percent, reflecting a 100 bps reduction, compared to 14.5 percent recorded in the third quarter in 2020. The reduction in the MPR was to provide additional stimulus to the financial sector amidst the COVID-19 pandemic.

**Chart 4.6: Monetary Policy Rate**



Source: Bank of Ghana

## BOG Bills

The interest equivalent on the 14-day and 56-day BOG bills decreased by 100 bps from 14.50 percent in Q3:2020 to 13.50 percent in Q3:2021. Similarly, when compared with Q1:2021, the rates on the 14-day and 56-day BOG bills decreased by 100 bps each, but remained unchanged when compared to Q2:2021.

## Government Securities

On the treasury market, interest rates continued to trend downwards in Q3:2021. The 91-day, 182-day and 364-day T-bill rates decreased, year-on-year, by 155 bps, 92 bps and 83 bps, to settle at 12.47 percent, 13.20 percent and 16.12 percent, respectively, at the end of Q3:2021. The interest earned on short-term GOG bills also recorded decreases in rates when compared with the first and second quarters of 2021. Interest rate on the 2-year GOG bonds declined, year-on-year, by 75 bps to settle at 17.50 percent in the third quarter of 2021. The rate on the 3-year GOG bonds decreased by 130 bps to 17.70 percent at the end of Q3:2021, from 19.00 percent in Q3:2020. Similarly, the interest rate on the 5-year GOG bond declined by 95 bps to 18.30 percent at end of Q3:2021, from 19.25 percent recorded at the end of the Q3:2020. The 6-year GOG bond recorded a 70 basis-point decrease to 18.80 percent at the end of Q3:2021, from 19.50 percent at the end of Q3:2020. The interest rate on the 7-year bond also decreased by 190 bps, to 18.10 in Q3:2021 from 20.00 percent recorded in Q3:2020. For the 10-year GOG bond, the interest rate decreased by 5 bps to 19.75 percent in Q3:2021, from 19.80 percent recorded in Q3:2020. The 15-year and 20-year GOG bonds interest rates remained unchanged at 19.75 percent and 20.20 percent, respectively, at the end of Q3:2021.

### Interbank Market

The interbank weighted average interest rate decreased by 98 bps, year-on-year, to 12.61 percent at the end of Q3:2021, from 13.58 percent recorded in Q3:2020. This compared with a 162 basis-point reduction recorded in the corresponding period of 2020. Compared to Q1:2021 and Q2:2021, the interbank weighted average rate also declined by 97 bps and 27 bps, respectively.

### Time and Savings Deposit Rates

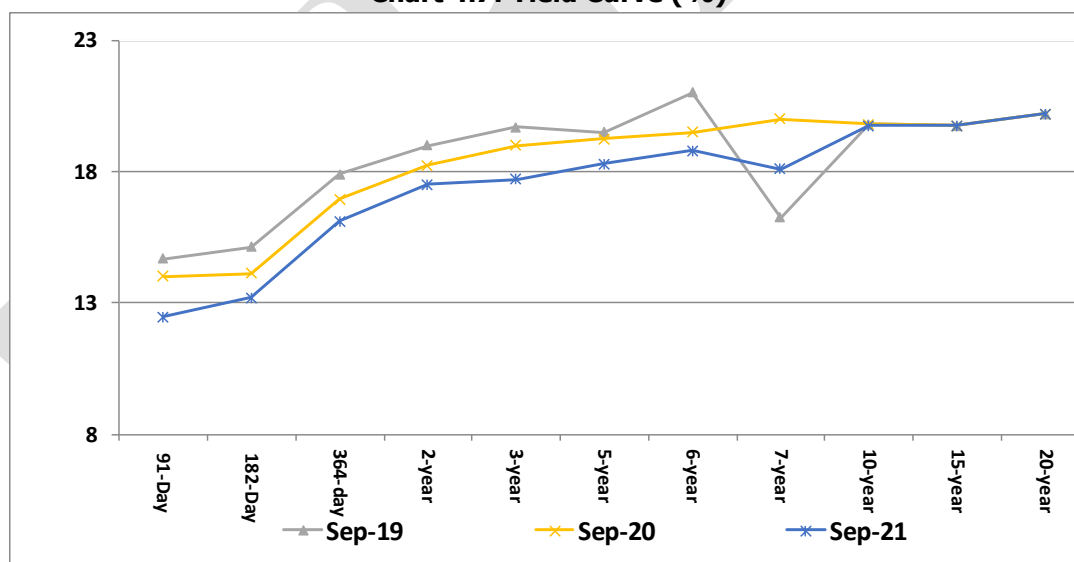
The average interest rate on the DMBs' 3-month time deposit remained unchanged at 11.50 percent in the review period, compared to the third quarter of 2020. It also recorded no change over the same period in 2020, compared with the previous year.

The savings rate, on year-on-year basis, also remained unchanged at 7.63 percent at the end of the third quarter of 2021. However, the interest rate on savings deposits increased marginally by 8 bps, from 7.55 percent in Q3:2020 to 7.63 percent at the end of Q3:2021.

### Lending Rates

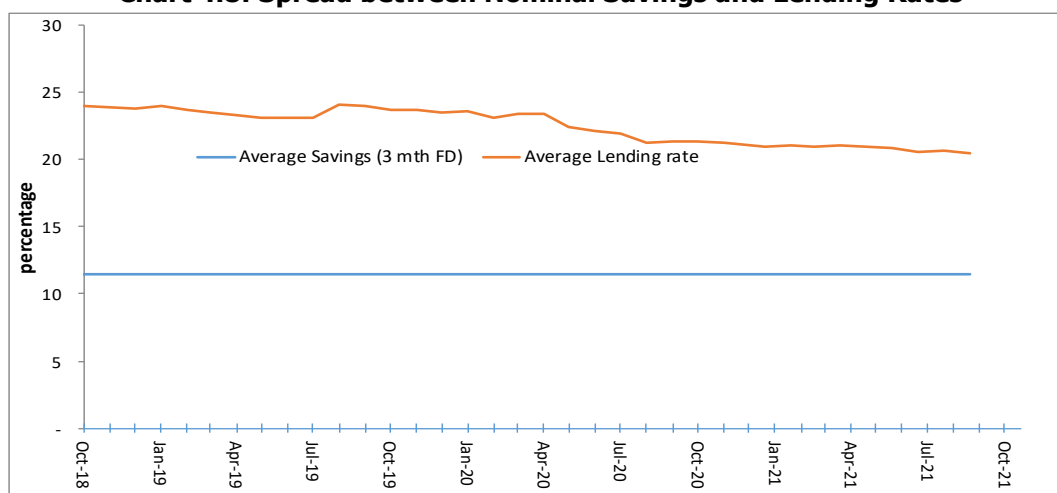
Lending rates trended downwards during the review period. The average lending rate decreased by 107 bps, on a year-on-year basis, from 21.30 percent in Q3:2020 to 20.23 percent in Q3:2021. This compared with a 238 basis-point reduction in the average lending rates recorded in the corresponding quarter of 2020. The average lending rate of DMBs also recorded decreases of 73 bps and 38 bps when compared with rates recorded in Q1:2021 and Q2:2021, respectively.

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



Source: Bank of Ghana

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



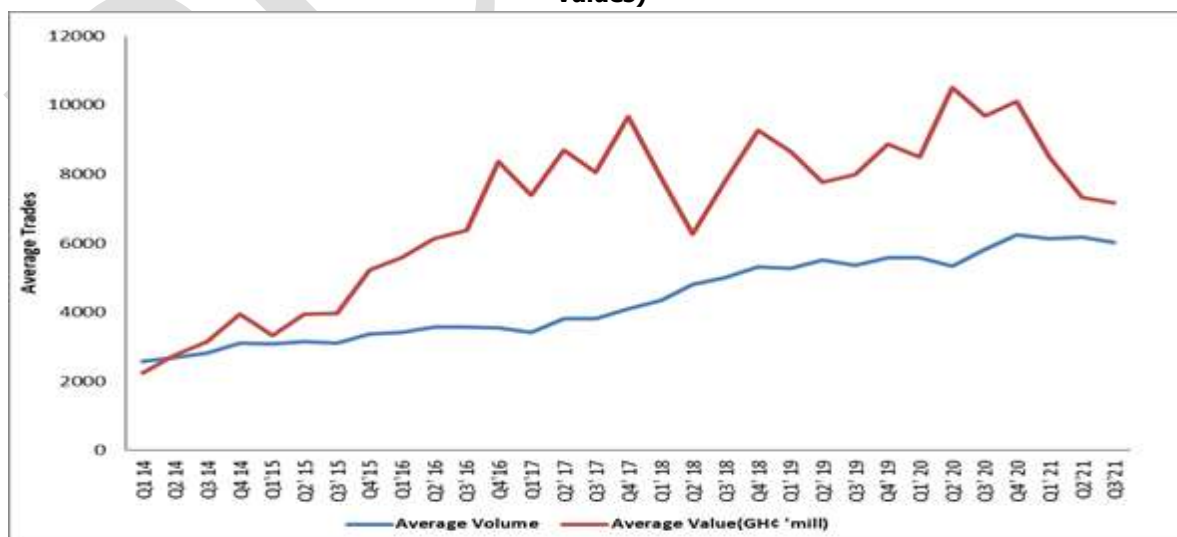
Source: Bank of Ghana

## 4.6 Payments System Developments

### Settlement of Interbank Transactions

The volume of transactions settled through the Ghana Interbank System (GIS) in Q3:2021 totalled 379,231 and was valued at GH¢452,184.31 million. This represented increases in both volume and value by 0.64 percent and 1.35 percent, respectively, compared to second quarter transactions in 2021. When compared with transactions settled during Q3:2020, there was an increase in the volume of transactions by 3.44 percent, while the value of transactions decreased by 25.86 percent. On the average, a total of 6,019.54 transactions were settled daily through the GIS, valued at GH¢7,177.53 million during the quarter under review, compared with a total of 6,177.26 cheques, valued at GH¢87,314.33 million during Q2:2021. An average of 5,819.46 transactions were settled daily, valued at GH¢9,681.52 million, at the end of Q3:2020.

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



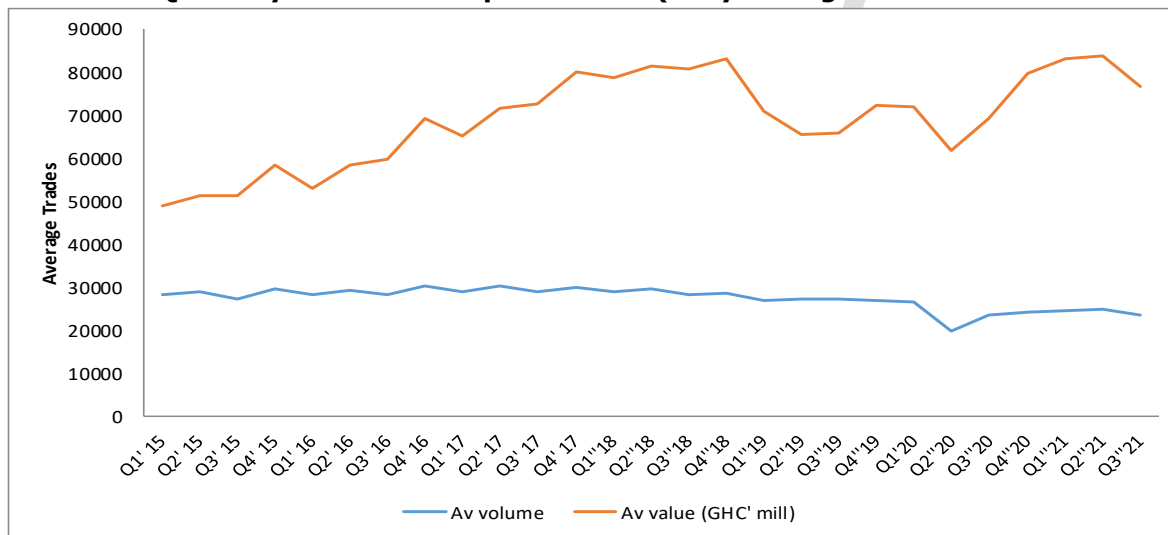
Source: Bank of Ghana



## Cheques Cleared

The volume of cheques cleared in Q3:2021 totalled 1,471,129 valued at GH¢48,431.87 million. This represented decreases in both value and volume by 3.0 percent and 5.1 percent, respectively, compared to the second quarter transactions in 2021. When compared with Q3:2020, the volume of transactions decreased by 0.68 percent, while the value of cheques cleared increased by 10.76 percent. On a daily basis, an average of 23,351.25 cheques valued at GH¢768.76 million were cleared in Q3:2021, compared with 24,863.46 cheques valued at GH¢836.73 million cleared in Q2:2021. In Q3:2020, an average of 23,510.11 cheques were cleared daily with a value of GH¢694.09 million.

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



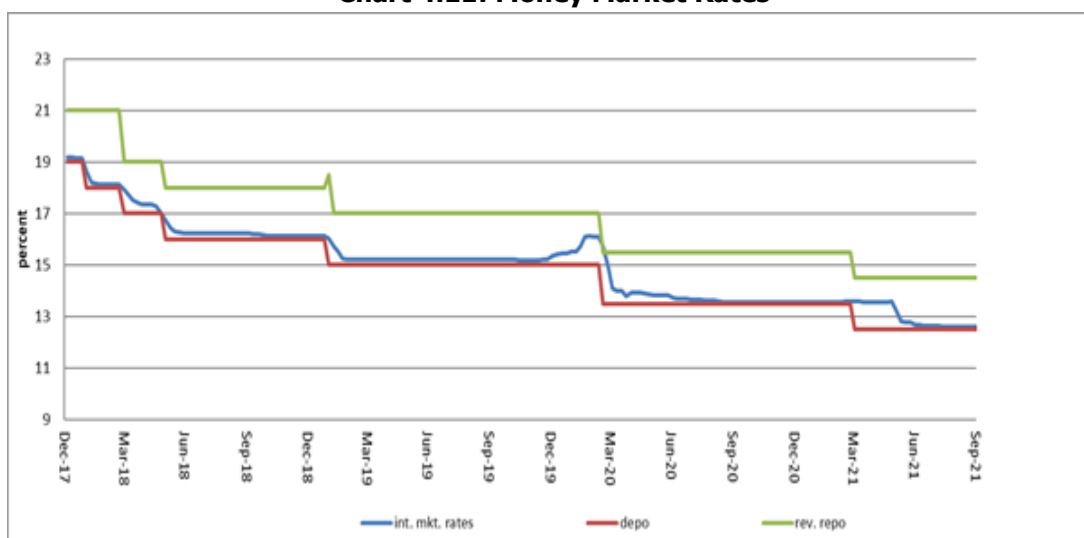
Source: Bank of Ghana

## 4.7 Money Market

Depos decreased to GH¢1,200.00 million in Q3:2021, from GH¢3,464.00 million recorded in Q2:2021. Compared with Q3:2020, Depo trades decreased by 98.96 percent.

On the interbank market, value of trades in Q3:2021 ranged between GH¢1,244.00 million and GH¢4,374.00 million at a weighted average rate ranging from 12.59 percent to 12.63 percent. In Q2:2021, values of trades ranged from GH¢2,214 million and GH¢5,200.00 million at a weighted average rate ranging from 12.79 percent to 13.58 percent. In Q3:2020, trades ranged between GH¢585.00 million and GH¢3,377.00 million at a weighted average rate ranging from 13.55 percent to 13.72 percent.

**Chart 4.11: Money Market Rates**

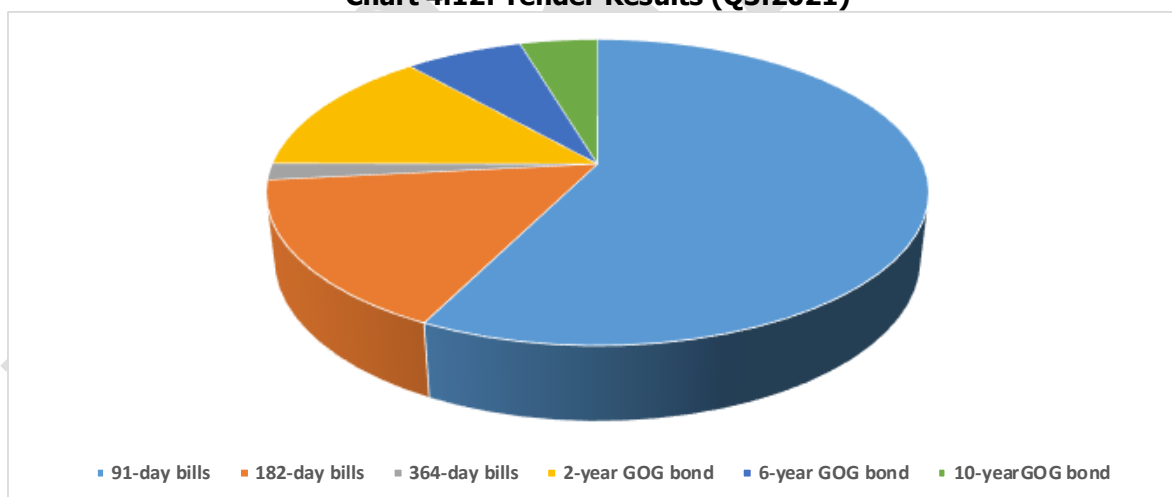


Source: Bank of Ghana

### Tender Results

Total sales at the auction in Q2:2021 totalled GH¢49,808.15 million, with maturities totalling GH¢43,626.95 million. This resulted in a net sale of GH¢6,181.20 million, out of which an amount of GH¢4,437.85 million was used to finance government's activities, while there was a withdrawal through Bank of Ghana's OMO activities to the tune of GH¢1,743.35 million.

**Chart 4.12: Tender Results (Q3:2021)**



Source: Bank of Ghana

## 4.8 Currency Markets

### The International Currency Market

The U.S. dollar ended the third quarter of 2021 on a strong note due to concerns of a COVID-induced global economic slowdown, escalating political turmoil in Afghanistan, improving U.S. labour data, rising U.S. Treasury yields, the Federal Reserve tapering bond-buying programme and growth outlook concerns in China. The performance of the Pound Sterling was very weak, which was limited on the back of concerns over the UK's economic recovery from coronavirus, supply-chain worries, Bank of England's early August

policy decision, weak UK economic data, Bank of England's interest rate and policy tightening decisions and imminent concerns over the economic impact of shortage of gas, food and a scramble for fuel in the UK. The Euro was weak against its major trading currencies due to concerns about the rapid spread of the Delta variant of COVID-19 across the continent, pressures from Europe's energy crisis, the European Central Bank's (ECB) dovish stance and pressures surrounding Germany's political climate and economic data. The Japanese Yen had a mixed performance thanks to a combination of positive economic data, further expansion of the coronavirus state of emergency, fear of optimistic global economic recovery together with concerns over the leadership race for the next prime minister in Japan, Federal Reserve and Bank of Japan's policy decisions, and bond settling interest payments to domestic creditors from a big property developer in China.

The **U.S. Dollar** was strong against the Pound Sterling, Euro and Japanese Yen in the third quarter of 2021 as the continuous spread of COVID-19's Delta variant in Asia and Europe, and political tension in Afghanistan all served to curb the market's risk appetite, giving the safe-haven U.S. currency a boost. Improved U.S. labour data, as well as rising treasury yields in August and September, also fortified the greenback currency. U.S. Federal Reserve also planned to begin asset tapering in November 2021 and raise interest rates a lot sooner than its developed market peers. The U.S. Dollar also benefited further from its status as a safe haven as concerns grew about the growth outlook in China, with power outages hitting production and property developer China Evergrande Group which was at risk of collapse on the last month of the third quarter of 2021. At the end of the quarter, the U.S. Dollar appreciated both by 2.4 percent against the Pound Sterling and Euro and 0.5 percent against the Japanese Yen, respectively.

The **Pound Sterling** had a very weak performance in the period under review as the Bank of England (BOE) kept its interest rate unchanged at 0.10 percent, with other policy settings also remaining unchanged, as it handed down its policy decision on early August. A rise in coronavirus cases and deaths across the UK as well as supply-chain issues continued to worry investors and the public alike regarding the country's recovery from the pandemic. The Pound Sterling was caught in a two-way tussle between the threats of food, gas and energy shortages and the prospect of higher inflation, which forced the Bank of England to raise interest rates. The Bank's monetary policy committee made only a modest shift towards tightening its policy at its MPC meeting in September. Consumer confidence in the UK also took a turn for the worse in August and September. Consequently, the Pound Sterling recorded depreciations of 2.3 percent, 0.1 percent and 1.8 percent against the U.S. Dollar, Euro and Japanese Yen, respectively.

The **Euro** was weak against the U.S. Dollar and Japanese Yen during the third quarter of 2021. The rapid spread of the Delta variant of COVID-19 throughout Europe together with dovish comments from the European Central Bank's (ECB) Chief Economist, Philip Lane, who said "it might be 'too early' for the bank to end its pandemic-era stimulus measures by September". The Euro also fell, with traders having to balance the uncertainty surrounding Germany's political climate following September's general election and an unexpected rise in German consumer confidence. The common currency was also failing to gain ground due to the increasing signs of energy crisis coming out of the U.K. and Eurozone economies. At the end of the quarter, the Euro appreciated by 0.1 percent against the Pound Sterling but depreciated by 2.3 percent and 2.2 percent against the U.S. Dollar and the Japanese Yen, respectively.

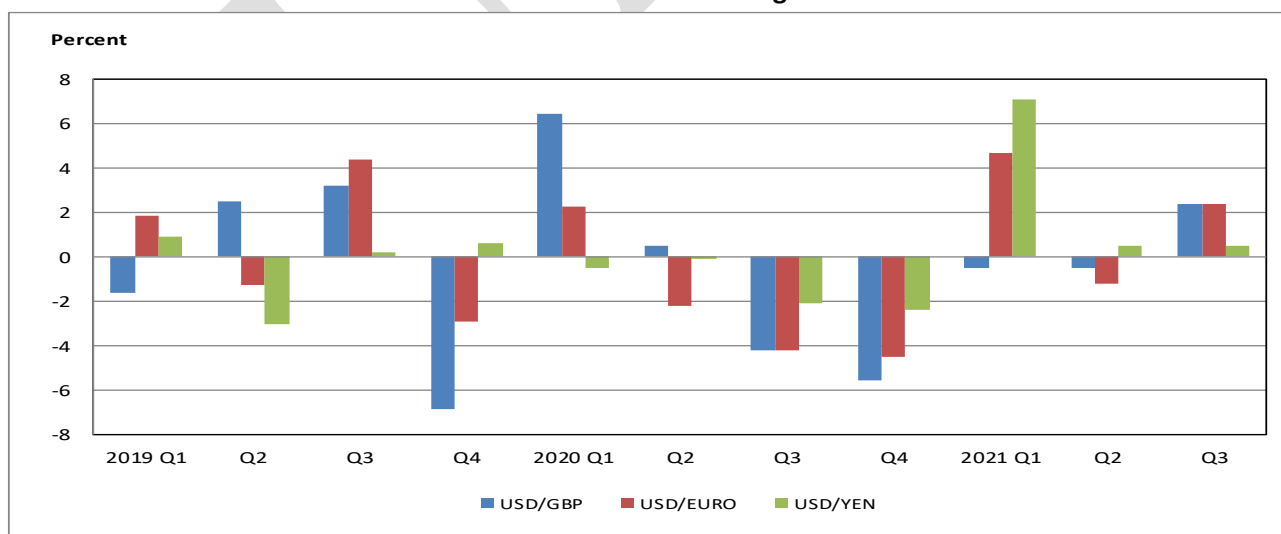
The **Japanese Yen** had a mixed performance in the third quarter of 2021. The Prime Minister, Yoshihide Suga, expanded the coronavirus state of emergency to four more areas beyond Tokyo, effective through 31 August, and announced new measures covering seven more prefectures to counter a spike in COVID-19 infections that is threatening the medical system. Services PMI data in Japan earlier showed Japan's factory activity growth stepping up in August which had a positive impact in the safe-haven currency. However, the Japanese Yen later weakened as investors became more optimistic about prevailing global economic recovery from coronavirus. The ruling Liberal Democratic Party's (LDP) leadership race had a limited impact on the Yen with the race formally kicking off on October 1. The safe-haven Yen also recorded its sharpest drop after the Fed policy decision in mid-September. The Yen also suffered further losses after developer China Evergrande Group's main unit agreed to settle a bond interest payment with some domestic creditors. Therefore, the safe-haven currency ended the quarter with gains of 1.9 percent and 2.2 percent against the Pound Sterling and Euro, respectively, but fell against the U.S. Dollar by 0.5 percent.

**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
<b>2019</b> Q1	1.3016	-1.6		1.1230	1.9		0.0090	0.9	
Q2	1.2700	2.5		1.1377	-1.3		0.0093	-2.7	
<b>Q3</b>	<b>1.2305</b>	<b>3.2</b>		<b>1.0902</b>	<b>4.4</b>		<b>0.0093</b>	<b>0.2</b>	
Q4	1.3222	-6.9	-3.2	1.1224	-2.9	1.9	0.0092	0.4	-1.2
<b>2020</b> Q1	1.2418	6.5		1.0978	2.2		0.0093	-0.5	
Q2	1.2358	0.5		1.1225	-2.2		0.0093	-0.1	
<b>Q3</b>	<b>1.2904</b>	<b>-4.2</b>		<b>1.1712</b>	<b>-4.2</b>		<b>0.0095</b>	<b>-2.1</b>	
Q4	1.3670	-5.6	-3.3	1.2265	-4.5	-8.5	0.0097	-2.4	-5.1
<b>2021</b> Q1	1.3741	-0.5		1.1717	4.7		0.0091	7.1	
Q2	1.3812	-0.5		1.1858	-1.2		0.0090	0.5	
<b>Q3</b>	<b>1.3491</b>	<b>2.4</b>		<b>1.1583</b>	<b>2.4</b>		<b>0.0090</b>	<b>0.5</b>	

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

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



Source: Bank of Ghana

### The Domestic Currency Market

The Ghana Cedi depreciated against the U.S. Dollar and had a mixed performance against the Pound Sterling and the Euro in the third quarter of 2021. The domestic currency weakened, mainly against the U.S. Dollar, due to demand pressures from corporates and the manufacturing and energy-related sectors as witnessed in the rising pipeline requests. Offshore activities on the secondary market also weighed on the domestic currency. The domestic currency depreciated against the Pound Sterling and Euro in line with international developments in August. However, the domestic currency mimicked international developments as it posted gains against a weakening Pound Sterling and Euro in September.

On the **Interbank market**, the Ghana Cedi depreciated by 1.8 percent against the U.S. Dollar but appreciated both by 0.6 percent against the Pound Sterling and the Euro, respectively, during the third quarter of the year. The Cedi, however, performed better against the major international currencies in the third quarter of 2021 compared to the same period in 2020 when it depreciated by 0.6 percent against the U.S. Dollar and 4.8 percent against both the Pound Sterling and the Euro.

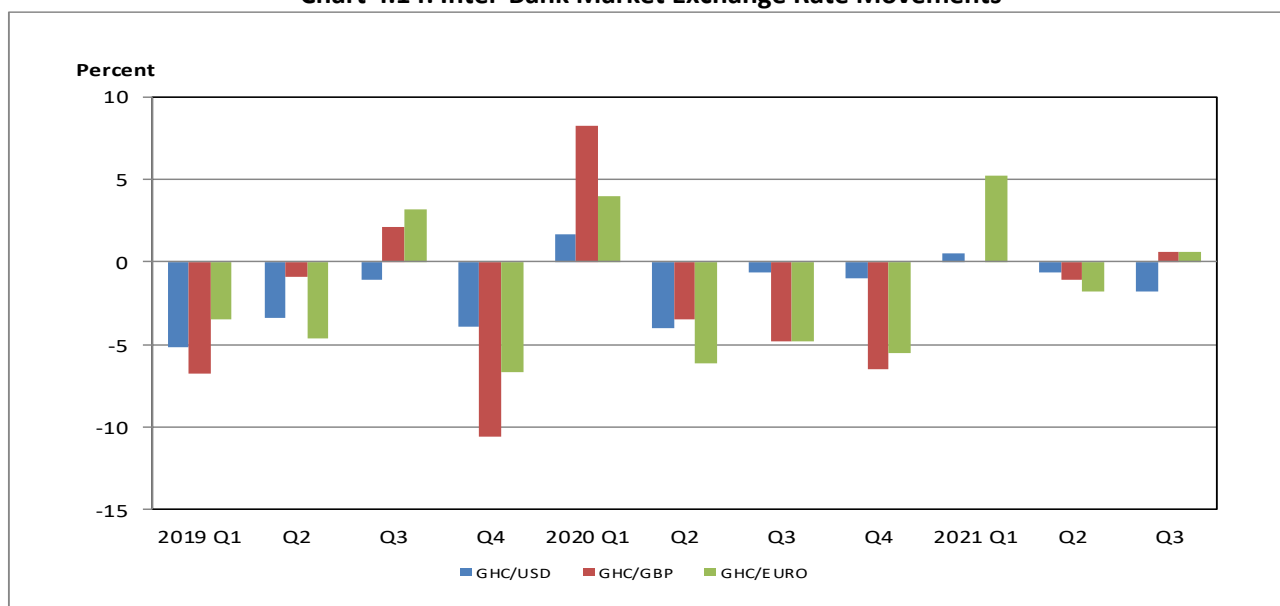
On the **Forex Bureau market**, the Cedi depreciated by 2.7 percent, 0.4 percent and 0.5 percent against the U.S. Dollar, the Pound Sterling and the Euro, respectively. The Cedi performed better in the third quarter of 2021 compared to the corresponding period of 2020 when it appreciated by 0.7 percent against the U.S. Dollar but depreciated by 3.2 percent and 4.4 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
<b>2019</b> Q1	5.0834	-5.2		6.6166	-6.7		5.7084	-3.4	
Q2	5.2590	-3.3		6.6787	-0.9		5.9831	-4.6	
<b>Q3</b>	<b>5.3161</b>	<b>-1.1</b>		<b>6.5412</b>	<b>2.1</b>		<b>5.7956</b>	<b>3.2</b>	
Q4	5.5337	-3.9	-12.9	7.3164	-10.6	-15.7	6.2114	-6.7	-11.2
<b>2020</b> Q1	5.4423	1.7		6.7583	8.3		5.9752	4.0	
Q2	5.6674	-4.0		7.0038	-3.5		6.3613	-6.1	
<b>Q3</b>	<b>5.7027</b>	<b>-0.6</b>		<b>7.3585</b>	<b>-4.8</b>		<b>6.6786</b>	<b>-4.8</b>	
Q4	5.7602	-1.0	-3.9	7.8742	-6.5	-7.1	7.0643	-5.5	-12.1
<b>2021</b> Q1	5.7288	0.5		7.8717	0.0		6.7122	5.2	
Q2	5.7626	-0.6		7.9590	-1.1		6.8333	-1.8	
<b>Q3</b>	<b>5.8663</b>	<b>-1.8</b>		<b>7.9140</b>	<b>0.6</b>		<b>6.7952</b>	<b>0.6</b>	

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

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



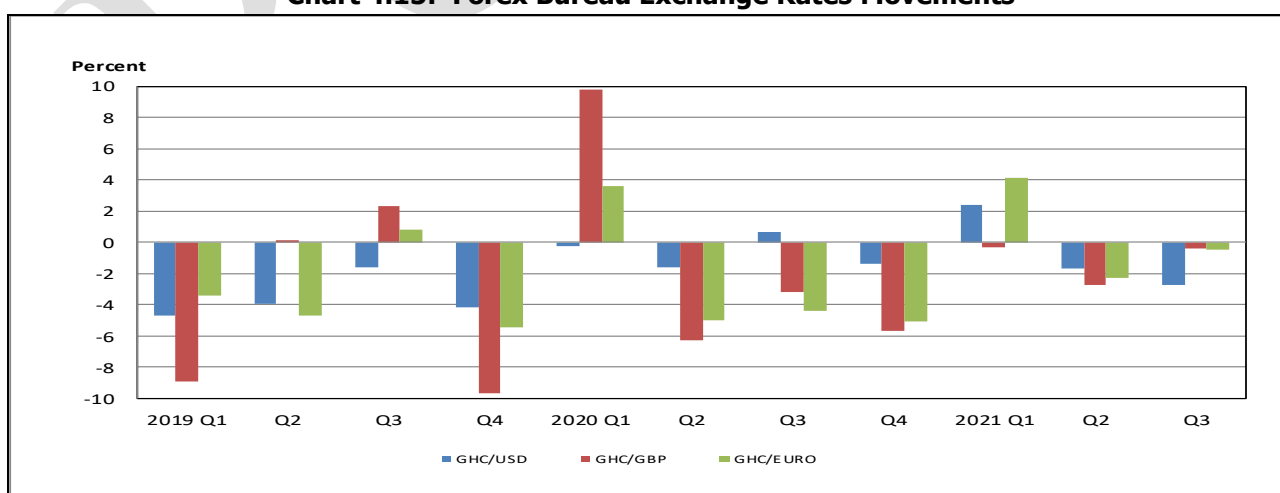
Source: Bank of Ghana

**Table 4.6: Forex Bureau Exchange Rate Movements**

End Period	Quarterly c/US\$ depreciation/ appreciation	Annual depreciation/ appreciation	Quarterly c/GBP depreciation/ appreciation	Annual depreciation/ appreciation	Quarterly c/Euro depreciation/ appreciation	Annual depreciation/ appreciation
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	7.3873	-9.7	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	7.8655	-5.7	7.0982	-5.1
2021 Q1	5.7700	2.4	7.8882	-0.3	6.8164	4.1
Q2	5.8705	-1.7	8.1091	-2.7	6.9800	-2.3
Q3	6.0345	-2.7	8.1409	-0.4	7.0136	-0.5

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 Q3:2021, the total volume of forex purchases recorded was US\$5,055.31 million. Commercial bank purchases contributed 72.9 percent of the total purchases (US\$3,686.07 million). The Central Bank's support to the market accounted for 25.8 percent (US\$1,305.69 million) and purchases from forex bureaux contributed the remaining 1.3 percent.

Compared to Q2:2021, the volume of purchases increased by 4.9 percent. Similarly, compared to Q3:2020, the volume of total purchases increased by 18.0 percent. Commercial bank purchases decreased by 11.6 percent, while Bank of Ghana's support increased by 118.64 percent. Forex bureau purchases grew by 19.6 percent.

With regards to sales, total volume of sales recorded was US\$5,308.69 million. Commercial bank sales amounted to US\$5,244.92 million (98.8% of the total amount). Forex bureaux contributed the remaining amount. The total volume of sales increased by 9.0 percent on a quarterly basis. However, compared to Q3:2020, total sales increased by 30.6 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
<b>2020</b>	Jan	246.44	1,474.09	22.44	1,742.97	1,686.02	22.39	1,708.41
	Feb	298.75	1,167.08	21.99	1,487.82	1,487.34	21.96	1,509.30
	Mar	372.41	1,101.25	12.66	1,486.32	1,455.00	12.49	1,467.49
	<b>Q1</b>	<b>917.60</b>	<b>3,742.42</b>	<b>57.09</b>	<b>4,717.11</b>	<b>4,628.36</b>	<b>56.84</b>	<b>4,685.20</b>
	Apr	439.59	1,141.99	4.21	1,585.79	1,615.21	4.32	1,619.53
	May	347.52	1,060.23	8.38	1,416.13	1,346.97	8.25	1,355.22
	Jun	243.75	1,447.94	8.78	1,700.47	1,696.35	8.92	1,705.27
	<b>Q2</b>	<b>1,030.86</b>	<b>3,650.16</b>	<b>21.36</b>	<b>4,702.38</b>	<b>4,658.53</b>	<b>21.49</b>	<b>4,680.02</b>
	Jul	152.55	1,265.65	8.91	1,427.11	1,359.39	8.75	1,368.14
	Aug	171.49	1,147.46	10.04	1,328.99	1,247.66	9.94	1,257.60
	Sep	300.58	1,216.49	11.35	1,528.42	1,428.76	11.19	1,439.95
	<b>Q3</b>	<b>624.62</b>	<b>3,629.60</b>	<b>30.30</b>	<b>4,284.52</b>	<b>4,035.81</b>	<b>29.88</b>	<b>4,065.69</b>
	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
	<b>Q4</b>	<b>827.15</b>	<b>3,605.21</b>	<b>49.27</b>	<b>4,481.63</b>	<b>4,498.02</b>	<b>49.40</b>	<b>4,547.42</b>
<b>2021</b>	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
	<b>Q1</b>	<b>427.25</b>	<b>4,335.12</b>	<b>46.58</b>	<b>4,808.95</b>	<b>5,425.87</b>	<b>46.47</b>	<b>5,472.34</b>
	Apr	218.41	1,397.08	15.71	1,631.20	1,716.89	14.67	1,731.56
	May	174.82	1,265.45	16.82	1,457.09	1,468.31	16.52	1,485.13
	Jun	203.97	1,505.27	20.59	1,729.83	1,663.12	20.17	1,653.29
	<b>Q2</b>	<b>597.20</b>	<b>4,167.80</b>	<b>53.12</b>	<b>4,818.12</b>	<b>4,818.32</b>	<b>51.66</b>	<b>4,869.98</b>
	Jul	391.32	1,229.95	21.71	1,642.98	1,703.04	21.94	1,724.98
	Aug	560.94	1,410.32	21.36	1,992.62	2,063.17	21.50	2,084.67
	Sep	353.43	1,045.80	20.48	1,419.71	1,478.71	20.33	1,499.04
	<b>Q3</b>	<b>1,305.69</b>	<b>3,686.07</b>	<b>63.55</b>	<b>5,055.31</b>	<b>5,244.92</b>	<b>63.77</b>	<b>5,308.69</b>

Source: Bank of Ghana

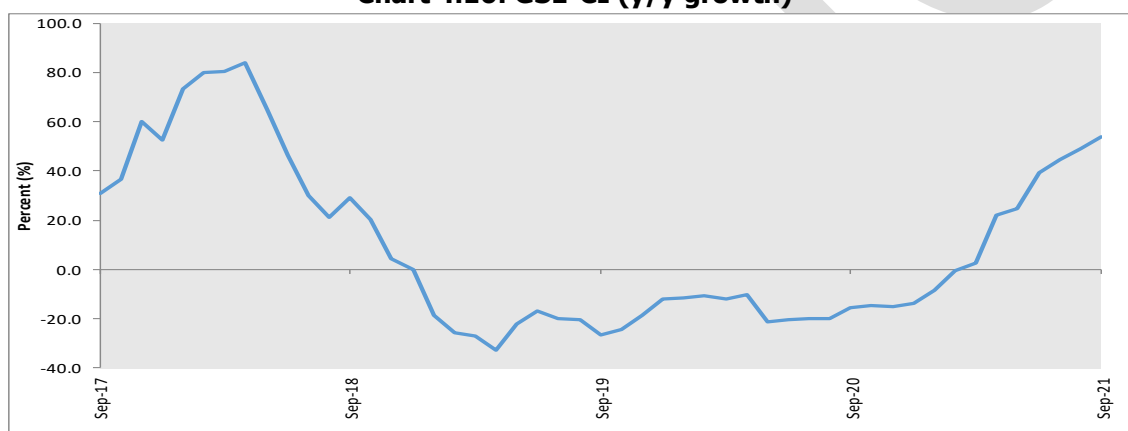
## 4.9 The Stock Market

The Ghana Stock Exchange Composite Index (GSE-CI) climbed higher in Q3:2021, recording an impressive gain of 8.0 percent. The performance of the GSE-CI could be attributed to the waning impact of the COVID-19 on the domestic market, and an improvement in investor sentiment and confidence in the domestic economy. Consequently, market capitalization increased by 4.63 percent in the period under review. The GSE-CI is expected to continue its impressive run in the ensuing quarter, which would be largely influenced by how investors would interpret the 2022 Budget Statement to be delivered in the fourth quarter of 2021, as well as the outlook on exchange rate developments.

### The GSE-CI Index

The GSE-CI gained 8.0 percent (211.62 points) at the end of Q3:2021, compared with a decrease of 2.28 percent (-43.34 points) in the same period in 2020. The improvement in the GSE-CI could be attributed to the waning impact of the COVID-19 pandemic on the domestic financial market. The gain in the index also represents a year-on-year growth of 53.79 percent (998.73 points) as at the end of Q3:2021.

**Chart 4.16: GSE-CI (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
Sep-20	587.24	1081.52	1675.63	2023.82	134.57	22.12	422.00	39.51	3.62	100.00	100.00	1856.56
Jun-21	731.69	390.57	1871.41	2397.40	135.37	43.50	434.00	39.68	3.87	100.00	100.00	2643.67
Sep-21	1091.25	614.23	1929.19	2794.56	135.21	44.95	572.00	40.02	4.08	100.00	100	2855.29
Q-o-Q												
Absolute Δ	359.56	223.67	57.78	397.16	-0.16	1.45	138.00	0.35	0.21	0.00	0.00	211.62
% Δ	49.14	57.27	3.09	16.57	-0.12	3.33	31.80	0.87	5.34	0.00	0.00	8.00
Y-o-Y												
Absolute Δ	504.01	-467.29	253.56	770.74	0.64	22.84	150.00	0.51	0.46	0.00	0.00	998.73
% Δ	85.83	-43.21	15.13	38.08	0.48	103.26	35.55	1.29	12.76	0.00	0.00	53.79

Source: Ghana Stock Exchange

### Sector Performance

The performance of the GSE-CI in Q3:2021 was mainly as a result of share price appreciation of stocks in the Manufacturing (57.27 percent; 223.67 points), Food & Beverages (49.14 percent; 359.56 points),

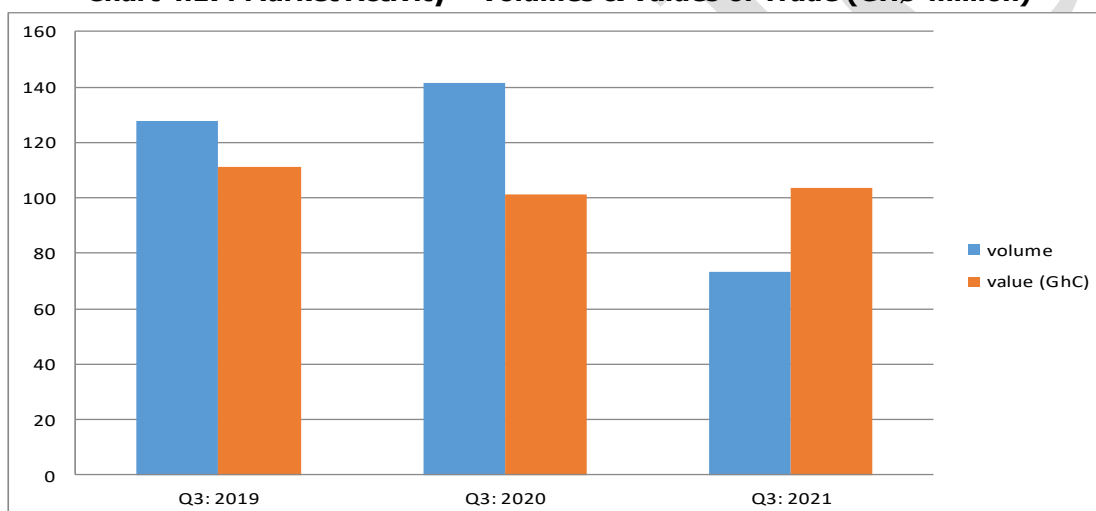


Agriculture (31.80 percent; 138.00 points), Distribution (16.57 percent; 397.16 points) and Finance (3.09 percent; 57.78 points) sectors. However, the Mining sector stocks lost 0.12 percent (-0.16 points) while the ETFund and Education stocks traded flat. There was a pickup in economic activity during the period as IT, Food & Beverages, Distribution, Agriculture and Finance sectors showed improved performance during the period compared to the previous year.

### Market Performance

The total volume of trades on the GSE in the third quarter of 2021 amounted to 73.50 million shares, valued at GH¢103.55 million, which compared with a volume of 141.67 million shares, valued at GH¢101.19 million, in the corresponding quarter of 2020. During the review period, IT sector stocks, especially MTNGH, recorded the highest volume and value of trades. The increase in volume of trade is an indication of an improvement in secondary market activity.

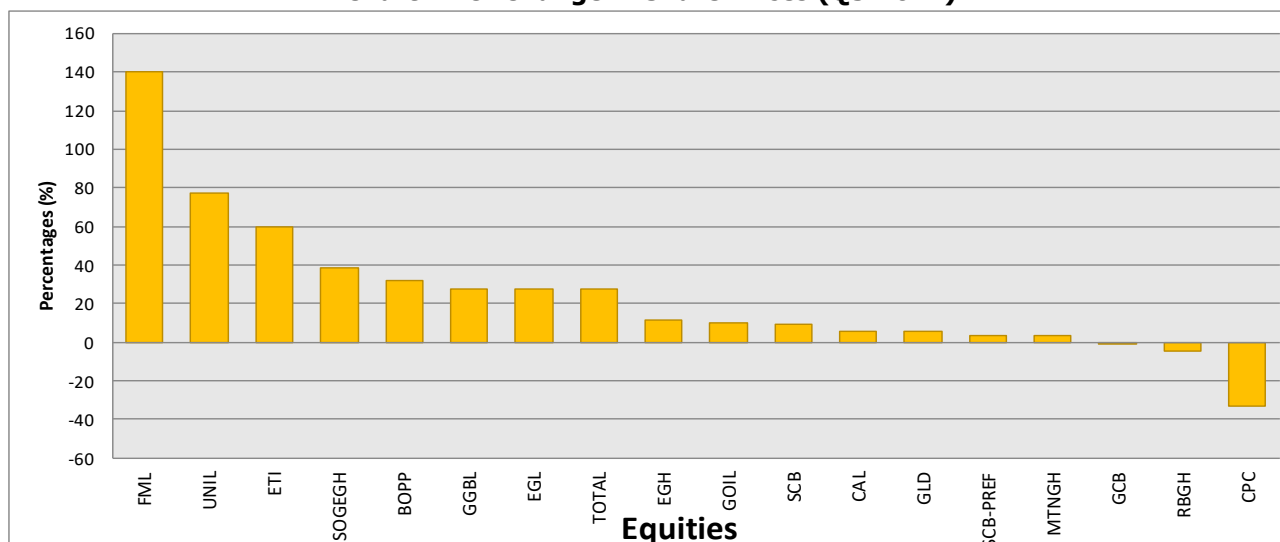
**Chart 4.17: Market Activity – Volumes & Values of Trade (GH¢' million)**



Source: Ghana Stock Exchange

In Q3:2021, fifteen (15) stocks gained, while three (3) lost to moderate the gains in the GSE-CI. The rest remained unchanged at the end of the review period. FML and UNIL were the best performers and led the list of advancers with a share price appreciation of 140.30 percent and 77.18 percent, respectively. ETI, SOGEGH and BOPP also recorded gains of 60.00 percent, 38.89 percent and 31.80 percent, respectively. However, CPC, RBGH and GCB shed 33.33 percent, 4.44 percent and 0.37 percent, respectively, to top the losers.

**Chart 4.18: Change in Share Prices (Q3:2021)**



Source: Bank of Ghana

### Market Capitalization

Total market capitalization as at the end of Q3:2021 stood at GH¢64,170.83 million, representing an increase of 4.63 percent (GH¢2,839.43 million). Comparatively, market capitalization increased by 0.40 percent (GH¢209.4 million) in the same period of 2020. The main sectors that accounted for the increase in market capitalization in Q3:2021 were the Food & Beverages (49.14 percent; GH¢308.82 million), Manufacturing (57.27 percent; GH¢160.63 million), Finance (13.31 percent; GH¢1,555.50 million), Distribution (16.57 percent; GH¢170.65 million) and Agriculture (31.80 percent; GH¢24.01 million) sectors. The increase in market capitalization was moderated by a decrease in the Mining sector's contribution (-0.12 percent; -GH¢18.71 million).

**Table 4.9: Sectors' Contribution to the Growth of Market Capitalization**

Month	SECTOR (GH¢ Million)											
	F&B	MAN	FINANCE	DISTR	MINING	IT	AGRIC	OIL	ETFund	EDUC	AD. & PROD.	MKT. CAP.
Sep-20	504.38	776.69	10723.01	869.60	15863.49	7498.21	73.43	16829.22	0.45	10.57	10.70	53159.76
Jun-21	628.44	280.48	11688.89	1030.12	15957.88	14749.59	75.52	16898.72	0.49	10.57	10.70	61331.40
Sep-21	937.27	441.11	13244.39	1200.77	15939.16	15241.21	99.53	17045.73	0.51	10.57	10.70	64170.83
Q-o-Q												
ABS	308.82	160.63	1555.50	170.65	-18.71	491.62	24.01	147.02	0.03	0.00	0.00	2839.43
(%)	49.14	57.27	13.31	16.57	-0.12	3.33	31.80	0.87	5.34	0.00	0.00	4.63
Y-o-Y												
Absolute Δ	432.89	-335.58	2521.38	331.17	75.67	7743.00	26.10	216.51	0.06	0.00	0.00	11011.07
% Δ	85.83	-43.21	23.51	38.08	0.48	103.26	35.55	1.29	12.76	0.00	0.00	20.71

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 Q3:2021 stood at GH¢148,535.00 million. Comparatively, it was GH¢108,616.43 million in the corresponding period in 2020. The total value of corporate bonds stood at GH¢11,470.02 million at the end of Q3:2021, compared with GH¢9,919.16 million in the same period in 2020. The cumulative volume of trades on the GFIM from the

beginning of the year to the end of Q3:2021 stood at GH¢155,045.31 million and the number of trades was 243,152.

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## 5. Fiscal Developments

Provisional estimates of government budgetary outturn indicated an overall fiscal deficit of GH¢11,257.4 million (2.6% of GDP) for Q3:2021, compared with a deficit of GH¢8,257.9 million (2.2% of GDP) recorded in Q3:2020. The deficit was above the programmed target of GH¢9,844.5 million (2.2% of GDP). The primary balance recorded a deficit of GH¢884.8 million (0.2% of GDP) in Q3:2021, against the programmed target deficit of GH¢2,614.5 million (0.6% of GDP), as well as a primary deficit of GH¢1,488.0 million (0.4% of GDP) in the corresponding period of 2020.

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

Million Ghana Cedis	2020		2021			Deviation (Prov.-Prog.) Under (-)/ Over (+)	% change Q3:2021 - Q3:2020
	Prov Q2	Prov Q3	Prov Q2	Prov Q3	Prog Q3		
<b>Taxes on income and property</b>	<b>5,311.09</b>	<b>4,915.45</b>	<b>6,463.58</b>	<b>6,603.10</b>	<b>7,659.97</b>	<b>-13.80</b>	<b>34.33</b>
percent of GDP	1.38	1.28	1.47	1.50	1.74		
<b>Taxes on goods and services</b>	<b>3,845.05</b>	<b>4,857.89</b>	<b>5,467.12</b>	<b>6,252.66</b>	<b>5,787.97</b>	<b>8.03</b>	<b>28.71</b>
percent of GDP	1.00	1.27	1.24	1.42	1.32		
<b>Taxes on international trade</b>	<b>1,111.76</b>	<b>1,546.05</b>	<b>1,640.31</b>	<b>1,795.24</b>	<b>1,670.99</b>	<b>7.44</b>	<b>16.12</b>
percent of GDP	0.29	0.40	0.37	0.41	0.38		
<b>Tax revenue including oil</b>	<b>9,701.11</b>	<b>10,610.10</b>	<b>12,870.02</b>	<b>13,865.56</b>	<b>14,255.84</b>	<b>-2.74</b>	<b>30.68</b>
percent of GDP	2.53	2.77	2.93	3.16	3.24		
<b>Tax revenue excluding oil</b>	<b>9,325.55</b>	<b>10,472.96</b>	<b>12,002.39</b>	<b>12,789.98</b>	<b>13,521.64</b>	<b>-5.41</b>	<b>22.12</b>
percent of GDP	2.52	2.83	2.81	3.00	3.17		
<b>Nontax revenue</b>	<b>1,354.27</b>	<b>1,948.43</b>	<b>1,680.73</b>	<b>2,754.61</b>	<b>3,133.77</b>	<b>-12.10</b>	<b>41.38</b>
percent of GDP	0.35	0.51	0.38	0.63	0.71		
<b>Domestic revenue including oil</b>	<b>11,625.55</b>	<b>13,325.27</b>	<b>15,740.44</b>	<b>18,115.18</b>	<b>18,809.14</b>	<b>-3.69</b>	<b>35.95</b>
percent of GDP	3.03	3.47	3.52	4.12	4.28		
<b>Domestic revenue excluding oil</b>	<b>11,249.99</b>	<b>13,188.13</b>	<b>14,602.81</b>	<b>17,039.60</b>	<b>18,074.94</b>	<b>-5.73</b>	<b>29.20</b>
percent of GDP	3.04	3.57	3.42	3.99	4.24		
<b>Grants</b>	<b>326.00</b>	<b>173.96</b>	<b>127.38</b>	<b>160.67</b>	<b>325.08</b>	<b>-50.58</b>	<b>-7.64</b>
percent of GDP	0.09	0.05	0.03	0.04	0.07		
<b>Total revenue and grants</b>	<b>11,951.55</b>	<b>13,499.23</b>	<b>15,597.82</b>	<b>18,275.84</b>	<b>19,134.22</b>	<b>-4.49</b>	<b>35.38</b>
percent of GDP	3.12	3.52	3.55	4.16	4.35		
<b>Compensation of Employees</b>	<b>6,968.03</b>	<b>6,980.15</b>	<b>7,805.14</b>	<b>8,654.13</b>	<b>8,167.01</b>	<b>5.96</b>	<b>23.98</b>
percent of GDP	1.82	1.82	1.78	1.97	1.86		
<b>Goods and services</b>	<b>1,554.48</b>	<b>2,309.92</b>	<b>792.04</b>	<b>2,549.37</b>	<b>2,810.55</b>	<b>-9.29</b>	<b>10.37</b>
percent of GDP	0.41	0.60	0.18	0.58	0.64		
<b>Interest payments</b>	<b>5,646.55</b>	<b>6,769.95</b>	<b>6,754.58</b>	<b>10,372.62</b>	<b>7,229.98</b>	<b>43.47</b>	<b>53.22</b>
percent of GDP	1.47	1.77	1.54	2.36	1.65		
<b>Subsidies</b>	<b>92.77</b>	<b>26.68</b>	<b>86.25</b>	<b>0.00</b>	<b>63.92</b>	<b>-100.00</b>	<b>-100.00</b>
percent of GDP	0.02	0.01	0.02	0.00	0.01		
<b>Non-Financial Assets (Capital Expenditure)</b>	<b>2,841.98</b>	<b>2,878.94</b>	<b>3,051.26</b>	<b>2,418.32</b>	<b>3,173.74</b>	<b>-23.80</b>	<b>-16.00</b>
percent of GDP	0.74	0.75	0.69	0.55	0.72		
<b>Total expenditure &amp; net lending</b>	<b>23,555.83</b>	<b>24,650.01</b>	<b>24,057.75</b>	<b>29,250.70</b>	<b>27,973.70</b>	<b>4.57</b>	<b>18.66</b>
percent of GDP	6.14	6.43	5.48	6.66	6.37		
<b>Overall Budget Balance</b>	<b>-10,396.31</b>	<b>-8,257.89</b>	<b>-10,613.25</b>	<b>-11,257.38</b>	<b>-9,844.48</b>	<b>14.35</b>	<b>36.32</b>
per cent of GDP	-2.71	-2.15	-2.42	-2.56	-2.24		
<b>Domestic Expenditure</b>	<b>14,708.74</b>	<b>13,601.76</b>	<b>15,883.22</b>	<b>16,970.36</b>	<b>18,647.88</b>	<b>-9.00</b>	<b>24.77</b>
percent of GDP	3.84	3.55	3.61	3.86	4.24		
<b>Domestic Primary Balance</b>	<b>-3,083.19</b>	<b>-276.49</b>	<b>-412.78</b>	<b>1,144.82</b>	<b>161.27</b>	<b>609.88</b>	<b>-514.05</b>
percent of GDP	-0.80	-0.07	-0.09	0.26	0.04		
<b>Primary Balance</b>	<b>-4,749.76</b>	<b>-1,487.95</b>	<b>-3,858.67</b>	<b>-884.76</b>	<b>-2,614.50</b>	<b>-66.16</b>	<b>-40.54</b>
percent of GDP	-1.24	-0.39	-0.88	-0.20	-0.60		
<b>Stock of Domestic Debt</b>	<b>96,720.99</b>	<b>104,700.28</b>	<b>173,835.19</b>	<b>178,809.59</b>			
percent of GDP	25.22	27.30	39.56	40.70			
<b>Nominal GDP (Including oil)</b>	<b>383,486.09</b>	<b>383,486.09</b>	<b>439,381.35</b>	<b>439,381.35</b>	<b>439,381.35</b>		
<b>Nominal GDP (Excluding oil)</b>	<b>353,705.15</b>	<b>353,705.15</b>	<b>426,704.82</b>	<b>426,704.82</b>	<b>426,704.82</b>		

Source: Bank of Ghana and Ministry of Finance

## 5.1 Government Revenue

Government receipts (including grants) in the review quarter amounted to GH¢18,275.8 million (4.2% of GDP). This was lower than the target of GH¢19,134.2 million (4.4% of GDP) but higher than GH¢13,499.2 million (3.5% of GDP) recorded for the corresponding quarter in 2020. Total Revenue was made up of Tax Revenue of GH¢13,865.6 million (75.9% of total revenue), Non-Tax Receipts of GH¢2,754.6 million (15.1% of total revenue), Other Revenue of GH¢1,046.6 million (5.7% of total revenue) and Grants of GH¢160.7 million (0.9% of total revenue).

### Income and Property Tax

Taxes from income and property during the third quarter of 2021 was GH¢6,603.1 million, below the budgetary target of GH¢7,660.0 million by 13.8 percent, despite a year-on-year growth of 34.3 percent. Personal income taxes raked in GH¢2,380.8 million, and was above the programmed target by 11.0 percent. It, however, recorded a year-on-year growth of 41.4 percent. Company taxes totalled GH¢2,437.4 million, while other taxes summed up to GH¢1,293.2 million. Inflows from Airport Tax for the review period totalled GH¢114.7 million compared to GH¢16.7 million recorded in the corresponding period of 2020.

### Domestic Goods and Services

Domestic goods and services tax totalled GH¢6,252.7 million, higher than the programmed target of GH¢5,788.0 million by 8.0 percent. This category of tax comprised Excise Duty and Petroleum Tax of GH¢1,256.4 million, VAT collections of GH¢3,222.9 million, National Health Insurance Levy of GH¢671.4 million, GET Fund Levy of GH¢671.9 million and GH¢130.5 million from Communication Service Tax. All tax handles under domestic goods and services performed mixed compared to their respective targets with respect to year-on-year performances.

Petroleum taxes, which constituted 89.2 percent of excises, totalled GH¢1,120.4 million and was above the programmed target of GH¢1,042.7 million by 7.5 percent. VAT collections was above its budgeted target of GH¢2,725.0 million by 18.3 percent. This was occasioned by higher than expected domestic and external VAT collections of GH¢1,916.2 million and GH¢1,306.7 million, against targets of GH¢1,537.6 million and GH¢1,187.4 million, respectively.

### International Trade Taxes

International Trade Taxes amounted to GH¢1,795.2 million, exceeding the budget target of GH¢1,671.0 million by 7.4 percent, and higher than the inflow of GH¢1,546.1 million recorded in a similar period of 2020, indicating a year-on-year growth of 16.1 percent. This was largely on account of the use of Integrated Customs Management System (ICUMS) at the ports, which improved efficiency.

### Non-Tax Revenue

Non-tax revenue for the review period was GH¢2,754.6 million, lower than the programmed target of GH¢3,133.8 million by 12.1 percent, and higher than GH¢1,948.4 million recorded for the corresponding period in 2020 by 41.4 percent. Non-Tax Revenue comprised Retention of Internally Generated Funds (IGF) of GH¢1,307.4 million and Lodgements of GH¢1,447.2 million.

## Other Revenue

Other revenue, including ESLA, was GH¢1,046.6 million for the review period against the target of GH¢1,245.8 million. This was mainly on account lower-than-anticipated demand in petroleum products due to the impact of the COVID-19 pandemic.

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

Million Ghana Cedis	2020		2021			Deviation (Prov.-Prog.) Under (-)/ Over (+)	% change Q3:2021 - Q3:2020
	Prov Q2	Prov Q3	Prov Q2	Prov Q3	Prog Q3		
<b>TAX REVENUE</b>	<b>9,701.11</b>	<b>10,610.10</b>	<b>12,870.02</b>	<b>13,865.56</b>	<b>14,255.84</b>	<b>-2.74</b>	<b>30.68</b>
(percent of GDP)	2.53	2.77	2.93	3.16	3.24	-2.47	14.08
<b>TAXES ON INCOME &amp; PROPERTY</b>	<b>5,311.09</b>	<b>4,915.45</b>	<b>6,463.58</b>	<b>6,603.10</b>	<b>7,659.97</b>	<b>-13.80</b>	<b>34.33</b>
Personal	1,956.83	1,683.31	1,980.01	2,380.80	2,144.43	11.02	41.44
Self employed	85.59	103.85	105.43	117.86	190.08	-37.99	13.49
Companies	2,198.08	2,508.94	2,701.46	2,437.41	3,736.80	-34.77	-2.85
Company taxes on oil	200.07	18.10	322.34	373.82	323.67	15.49	1,965.30
Others	870.53	601.25	1,354.34	1,293.20	1,265.00	2.23	115.09
Airport Tax	4.25	16.72	64.75	114.70	34.09	236.46	586.00
<b>TAXES ON DOMESTIC GOODS AND SERVICES</b>	<b>3,845.05</b>	<b>4,857.89</b>	<b>5,467.12</b>	<b>6,252.66</b>	<b>5,787.97</b>	<b>8.03</b>	<b>28.71</b>
<b>Excises</b>	<b>862.67</b>	<b>1,243.76</b>	<b>1,331.53</b>	<b>1,256.40</b>	<b>1,247.17</b>	<b>0.74</b>	<b>1.02</b>
Excise Duty	85.93	104.04	132.24	136.01	204.45	-33.48	30.73
Petroleum tax	776.74	1,139.72	1,199.29	1,120.39	1,042.71	7.45	-1.70
<b>VAT</b>	<b>2,019.57</b>	<b>2,453.22</b>	<b>2,859.84</b>	<b>3,222.90</b>	<b>2,724.95</b>	<b>18.27</b>	<b>31.37</b>
Domestic	1,255.19	1,331.21	1,646.31	1,916.20	1,537.55	24.63	43.94
External	764.38	1,122.01	1,213.52	1,306.70	1,187.40	10.05	16.46
<b>National Health Insurance Levy (NHIL)</b>	<b>393.32</b>	<b>497.76</b>	<b>558.76</b>	<b>671.40</b>	<b>624.90</b>	<b>7.44</b>	<b>34.88</b>
Customs Collection	145.78	213.74	219.41	235.42	282.52	-16.67	10.14
Domestic Collection	247.55	284.02	339.36	435.98	342.37	27.34	53.50
<b>GETFund Levy</b>	<b>398.11</b>	<b>499.96</b>	<b>559.00</b>	<b>671.92</b>	<b>633.68</b>	<b>6.03</b>	<b>34.39</b>
Customs Collection	150.57	215.94	219.64	235.94	291.30	-19.00	9.26
Domestic Collection	247.55	284.02	339.36	435.98	342.64	27.24	53.50
<b>Communication Service Tax</b>	<b>171.37</b>	<b>163.19</b>	<b>95.24</b>	<b>130.52</b>	<b>207.63</b>	<b>-37.14</b>	<b>-20.02</b>
<b>Covid-19 Health Levy</b>	<b>0.00</b>	<b>0.00</b>	<b>62.75</b>	<b>299.52</b>	<b>349.64</b>	<b>-14.33</b>	
<b>TAXES ON INTERNATIONAL TRADE</b>	<b>1,111.76</b>	<b>1,546.05</b>	<b>1,640.31</b>	<b>1,795.24</b>	<b>1,670.99</b>	<b>7.44</b>	<b>16.12</b>
Imports	1,111.76	1,546.05	1,640.31	1,795.24	1,670.99	7.44	16.12
Import duty	1,111.76	1,546.05	1,640.31	1,795.24	1,670.99	7.44	16.12
<b>Tax Refunds</b>	<b>-566.78</b>	<b>-709.28</b>	<b>-700.98</b>	<b>-785.44</b>	<b>-863.08</b>	<b>-9.00</b>	<b>10.74</b>
<b>SOCIAL CONTRIBUTIONS</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>448.40</b>	<b>173.77</b>	<b>158.04</b>	
SSNIT Contribution to NHIL	0.00	0.00	0.00	448.40	173.77	158.04	
<b>NON-TAX REVENUE</b>	<b>1,354.27</b>	<b>1,948.43</b>	<b>1,680.73</b>	<b>2,754.61</b>	<b>3,133.77</b>	<b>-12.10</b>	<b>41.38</b>
<b>Retention</b>	<b>649.29</b>	<b>1,204.29</b>	<b>762.31</b>	<b>1,307.42</b>	<b>1,773.04</b>	<b>-26.26</b>	<b>8.56</b>
<b>Lodgement</b>	<b>704.98</b>	<b>744.14</b>	<b>918.42</b>	<b>1,447.19</b>	<b>1,360.72</b>	<b>6.35</b>	<b>94.48</b>
<b>OTHER REVENUE</b>	<b>570.17</b>	<b>766.74</b>	<b>919.69</b>	<b>1,046.61</b>	<b>1,245.77</b>	<b>-15.99</b>	<b>36.50</b>
ESLA Proceeds	570.17	766.74	823.50	689.31	838.73	-17.82	-10.10
Energy Debt Recovery Levy	397.60	578.18	612.09	587.93	562.82	4.46	1.69
Public Lighting Levy	28.33	28.55	41.36	37.21	68.57	-45.73	30.33
National Electrification Scheme Levy	19.84	19.85	27.67	24.99	47.54	-47.43	25.89
Price Stabilisation & Recovery Levy	124.39	140.16	142.38	39.19	159.81	-75.48	-72.04
Delta Fund	0.00	0.00	65.61	199.69	277.29	-27.99	
Pollution and Sanitation Levy	0.00	0.00	30.58	157.61	129.75	21.47	
<b>DOMESTIC REVENUE</b>	<b>11,625.55</b>	<b>13,325.27</b>	<b>15,470.44</b>	<b>18,115.18</b>	<b>18,809.14</b>	<b>-3.69</b>	<b>35.95</b>
<b>GRANTS</b>	<b>326.00</b>	<b>173.96</b>	<b>127.38</b>	<b>160.67</b>	<b>325.08</b>	<b>-50.58</b>	<b>-7.64</b>
Project grants	326.00	173.96	127.38	160.67	325.08	-50.58	-7.64
<b>TOTAL REVENUE &amp; GRANTS</b>	<b>11,951.55</b>	<b>13,499.23</b>	<b>15,597.82</b>	<b>18,275.84</b>	<b>19,134.22</b>	<b>-4.49</b>	<b>35.38</b>

Source: Bank of Ghana and Ministry of Finance

## 5.2 Government Expenditures

Government expenditure and net lending in Q3:2021 totalled GH¢29,250.7 million (6.7% of GDP), above the programmed target of GH¢27,973.7 million (6.4% of GDP) by 4.6 percent. Most of the expenditure lines were below their respective targets with the exception of Compensation of employees and Interest payments, which overshot their targets by 6.0 percent and 43.5 percent, respectively.

### Compensation of Employees

Compensation of employees, comprising wages and salaries, and social security contributions, summed up to GH¢8,654.1 million, constituting 29.6 percent of total government expenditure and net lending for the period under review. This was 6.0 percent higher than the programmed target of GH¢8,167.0 million and recorded a year-on-year growth of 24.0 percent.

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

Million Ghana Cedis	2020		2021			Deviation (Prov.-Prog.) Under (-)/ Over (+)	% change Q3:2021 - Q3:2020
	Prov Q2	Prov Q3	Prov Q2	Prov Q3	Prog Q3		
<b>Compensation of Employees</b>	<b>6,968.03</b>	<b>6,980.15</b>	<b>7,805.14</b>	<b>8,654.13</b>	<b>8,167.01</b>	<b>5.96</b>	<b>23.98</b>
Wages & Salaries	6,170.45	6,189.15	6,937.60	8,035.44	6,950.65	15.61	29.83
Social Contributions	797.58	791.00	867.54	618.68	1,216.36	-49.14	-21.79
Pensions	292.38	295.42	305.39	333.30	444.84	-25.07	12.82
Gratuities	68.62	63.62	252.68	285.39	139.01	105.30	348.59
Social Security	436.58	431.96	309.48	0.00	632.51		
<b>Use of Goods and Services</b>	<b>1,554.48</b>	<b>2,309.92</b>	<b>792.04</b>	<b>2,549.37</b>	<b>2,810.55</b>	<b>-9.29</b>	<b>10.37</b>
o/w Recurrent Expenditure share of ABFA from Oil (30% of ABFA)	0.00	0.00	404.77	404.77	503.70	-19.64	
<b>Interest Payments</b>	<b>5,646.55</b>	<b>6,769.95</b>	<b>6,754.58</b>	<b>10,372.62</b>	<b>7,229.98</b>	<b>43.47</b>	<b>53.22</b>
Domestic	3,876.08	5,140.63	5,181.83	8,688.68	5,424.12	60.19	69.02
External (Due)	1,770.47	1,629.32	1,572.75	1,683.65	1,805.86	-6.77	3.33
<b>Subsidies</b>	<b>92.77</b>	<b>26.68</b>	<b>86.25</b>	<b>0.00</b>	<b>63.92</b>		
Subsidies to Utility Companies	0.00	0.00	0.00	0.00	0.00		
Subsidies on Petroleum products	92.77	26.68	86.25	0.00	63.92		
<b>Grants to Other Government Units</b>	<b>2,717.70</b>	<b>3,112.17</b>	<b>3,585.52</b>	<b>4,244.42</b>	<b>4,879.97</b>	<b>-13.02</b>	<b>36.38</b>
National Health Fund (NHF)	109.00	325.80	444.64	507.44	495.51	2.41	55.75
Education Trust Fund	280.47	162.85	332.57	291.36	368.38	-20.91	78.91
Road Fund	180.00	62.00	274.71	295.70	304.29	-2.82	376.94
Energy Fund		0.00	6.87	4.67	7.61	-38.63	
Petroleum Related Fund	9.69	122.00	0.00	0.00	0.00		
Dist. Ass. Common Fund	724.64	442.65	540.23	416.97	613.64	-32.05	-5.80
o/w ABFA		0.00	42.42	65.22	45.30	43.97	
Ghana Infrastructure Fund	0.00	0.00	118.77	182.61	126.85	43.96	
o/w ABFA	0.00	0.00	0.00	0.00	0.00		
Retention of Internally-generated funds (IGFs)	649.29	1,204.29	762.31	1,307.42	1,773.04	-26.26	8.56
Transfer to GNPC from Oil Revenue	305.56	370.06	175.03	315.73	267.44	18.06	-14.68
<b>Other Earmarked Funds</b>	<b>459.06</b>	<b>422.51</b>	<b>930.39</b>	<b>922.53</b>	<b>923.21</b>	<b>-0.07</b>	<b>118.35</b>
<b>Social Benefits</b>	<b>112.71</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>20.30</b>		
Lifeline Consumers of Electricity	112.71	0.00	0.00	0.00	20.30		
<b>Other Expenditure</b>	<b>3,621.61</b>	<b>2,572.20</b>	<b>1,982.96</b>	<b>1,011.84</b>	<b>1,628.22</b>	<b>-37.86</b>	<b>-60.66</b>
ESLA Transfers	570.17	766.74	766.55	673.64	774.81	-13.06	-12.14
Covid-Related Expenditure	3,051.44	1,805.46	1,216.41	338.21	853.41	-60.37	-81.27
<b>Acquisition of Non-Financial Assets</b>	<b>2,841.98</b>	<b>2,878.94</b>	<b>3,051.26</b>	<b>2,418.32</b>	<b>3,173.74</b>	<b>-23.80</b>	<b>-16.00</b>
Domestic financed	1,393.44	1,592.81	524.30	1,194.66	1,077.90	10.83	-25.00
Foreign financed	1,448.54	1,286.13	2,526.97	1,223.66	2,095.85	-41.62	-4.86
<b>TOTAL EXP. &amp; NET LENDING</b>	<b>23,555.83</b>	<b>24,650.01</b>	<b>24,057.75</b>	<b>29,250.70</b>	<b>27,973.70</b>	<b>4.57</b>	<b>18.66</b>

Source: Bank of Ghana and Ministry of Finance

### **Interest Payments**

Interest payments for the review quarter totalled GH¢10,372.6 million. This was 43.5 percent above the programmed target, and recorded a mixed performance. Domestic interest payments, which accounted for 83.8 percent of the total Interest payments, overshot its target by 60.2 percent, while external interest payments, with a share of 16.2 percent, fell short of its target by 6.8 percent.

### **Grants to Other Government Units**

Grants to Other Government Units totalled GH¢4,244.4 million and was below the budgeted target of GH¢4,880.0 million by 13.0 percent. Payments to the National Health Fund and GET Fund for the period were GH¢507.4 million and GH¢291.4 million, respectively, while payments made in respect of the District Assemblies Common Fund was GH¢417.0 million. Internally Generated Funds retained by MDAs and transfer to GNPC from Oil revenue were GH¢1,307.4 million and GH¢315.7 million, respectively.

### **Capital Expenditure**

Government acquisition of non-financial assets during the third quarter of 2021 was GH¢2,418.3 million, below its budgetary target of GH¢3,173.7 million by 23.8 percent. Total domestic-financed capital expenditure for the period was GH¢1,194.7 million, representing 49.4 percent of total capital expenditure, while foreign-financed capital expenditure was GH¢1,223.7 million and constituted 50.6 percent of the total outlay.

## **5.3 Financing**

The overall budget balance, including divestiture and discrepancy in the third quarter of 2021, resulted in a deficit of GH¢11,257.4 million (2.6% of GDP), against a target of GH¢9,844.5 million (2.2% of GDP). The deficit, together with a net foreign loan outflow of GH¢2,115.4 million and a transfer to the Ghana Petroleum funds of GH¢518.3 million, created a resource gap of GH¢13,891.1 million, which was financed from the domestic economy.

The Banking sector financed GH¢12,788.0 million of the resource gap with Non-Bank sector financing the remaining GH¢1,103.1 million. Out of the banking sector financing of GH¢12,788.0 million, government drew down on its cash balances with the Bank of Ghana by GH¢11,838.6 million and borrowed GH¢949.4 million from the Deposit Money Banks (DMBs).



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

Million Ghana Cedis	2020		2021		
	Prov Q2	Prov Q3	Prov Q2	Prov Q3	Prog Q3
<b>Overall balance (commitment)</b>	<b>-11,604.29</b>	<b>-11,150.78</b>	<b>-8,459.93</b>	<b>-10,974.86</b>	<b>-8,839.48</b>
(percent of GDP)	-3.03	-2.91	-1.93	-2.50	-2.01
Road Arrears (net change)	-544.03	-99.28	-1,046.31	-966.59	-1,005.00
Clearance of outstanding commitments	-544.03	-99.28	0.00	0.00	0.00
<b>Overall balance (cash)</b>	<b>-12,148.31</b>	<b>-11,250.06</b>	<b>-9,506.24</b>	<b>-11,941.45</b>	<b>-9,844.48</b>
(percent of GDP)	-3.17	-2.93	-2.16	-2.72	-2.24
Discrepancy	1,752.01	2,992.16	-1,107.02	684.06	0.00
<b>Overall balance (incl. Divestiture and Discrepancy)</b>	<b>-10,396.31</b>	<b>-8,257.89</b>	<b>-10,613.25</b>	<b>-11,257.38</b>	<b>-9,844.48</b>
(percent of GDP)	-2.71	-2.15	-2.42	-2.56	-2.24
<b>Financing</b>	<b>10,396.31</b>	<b>8,257.89</b>	<b>10,613.25</b>	<b>11,257.38</b>	<b>9,844.48</b>
<b>Foreign (net)</b>	<b>-1,835.01</b>	<b>-1,383.12</b>	<b>15,007.09</b>	<b>-2,115.44</b>	<b>-1,355.28</b>
Borrowing	1,122.54	1,112.17	18,367.59	1,120.90	1,770.77
Project loans	1,122.54	112.17	2,399.58	1,062.99	1,770.77
Sovereign Bond	0.00	0.00	15,975.99	15,795.99	24,509.63
Amortisation (due)	-2,957.55	-2,495.30	-3,360.49	-3,236.35	-3,126.05
<b>Domestic (net)</b>	<b>12,420.15</b>	<b>9,719.44</b>	<b>-3,453.49</b>	<b>13,891.11</b>	<b>11,588.09</b>
Banking	11,589.72	4,968.76	-8,695.63	12,787.98	8,438.94
Bank of Ghana	8,834.47	7,455.53	-12,501.65	11,838.61	0.00
Comm. Banks	2,755.25	-2,486.77	3,806.02	949.37	8,438.94
Non-banks	830.43	4,750.68	5,242.14	1,103.14	2,877.33
o/w Non-residents	-2,352.86	796.61	2,023.93	-1,457.52	0.00
Other Domestic	0.00	0.00	0.00	0.00	271.83
<b>Other Financing</b>	<b>-25.33</b>	<b>-30.25</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Other domestic financing	-25.33	-30.25	0.00	0.00	0.00
<b>Ghana Petroleum Funds</b>	<b>1,040.22</b>	<b>-48.16</b>	<b>-280.23</b>	<b>-518.29</b>	<b>-116.50</b>
Transfer to Ghana Petroleum Funds	-163.49	-48.16	-280.23	-518.29	-388.33
o/w Stabilisation Fund	-114.45	-24.48	-171.16	-350.58	-271.83
o/w Heritage Fund	-49.05	-23.69	-109.07	-167.71	-116.50
Transfer from Stabilisation Fund	1,203.72	0.00	0.00	0.00	271.83
<b>Sinking Fund</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>-271.83</b>
<b>Contingency Fund</b>	<b>-1,203.72</b>	<b>0.00</b>	<b>-660.12</b>	<b>0.00</b>	<b>0.00</b>
<b>Nominal GDP (Including oil)</b>	<b>383,486.09</b>	<b>383,486.09</b>	<b>439,381.35</b>	<b>439,381.35</b>	<b>439,381.35</b>

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 Q3:2021 stood at GH¢178,809.6 million, compared to GH¢128,716.7 million recorded in Q3:2020. The growth in the domestic debt stock reflected increases in the short-, medium-, and long-term bonds and stocks by GH¢7,491.8 million, GH¢37,274.8 million and GH¢5,326.4 million, respectively.

The growth in short-term debt reflected increases of GH¢1,494.4 million, GH¢1,866.7 million, and GH¢4,130.7 million in the 91-day, 182-day, and 364-day Treasury bills, respectively.

The increase in medium-term securities at the end of Q3:2021 was on account of increases in the 3-year fixed Treasury note (GH¢7,057.1 million), 5-year GoG bond (GH¢7,035.4 million), 6-year GoG bond (GH¢4,788.1 million) and 10-year GoG bond (GH¢9,933.5 million). Additional increases of GH¢3,683.1 million, GH¢3,687.0 million, GH¢597.8 million and GH¢541.4 million in the 2-year fixed Treasury note, 7-year GoG bond, 3-year USD Domestic Bond and 4-year GoG bond, respectively, were recorded. There was, however, a marginal decrease of GH¢48.7 million in the 3-year stock (SSNIT).

The increase in long-term debt was due to moderate increases of GH¢3,311.6 million, GH¢1,384.6 million and GH¢735.1 million, in the Long-term Government stocks, 20-year GoG bond, and 15-year GoG bond, respectively. A marginal decrease of GH¢104.9 million was recorded in the TOR bonds.

### Holdings of Domestic Debt

Bank of Ghana's holdings of domestic debt at the end of Q3:2021 was GH¢34,532.0 million, representing 19.3 percent of the total domestic debt holdings. The Deposit Money Banks (DMBs) held GH¢56,547.5 million (31.6%). SSNIT held GH¢591.8 million (0.3%), Insurance companies - GH¢1,039.0 million (0.6%), whilst "Other holders", made up of Rural Banks, Firms and Institutions and Individuals, held GH¢53,734.5 million (30.1%). Non-Resident Investors held GH¢32,364.8 million (18.1%), compared to their holding of GH¢22,269.2 million (17.3%) recorded in the corresponding period of 2020.

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

STRUCTURE OF DOMESTIC DEBT	2020			2021			Q3:2021- Q3:2020	Q3:2021 - Q4:2020
	Q2	Q3	Q4	Q1	Q2	Q3		
<b>A. Short-Term Instruments</b>	<b>16,659.67</b>	<b>16,286.95</b>	<b>16,861.02</b>	<b>20,666.88</b>	<b>23,086.46</b>	<b>23,778.74</b>	<b>7,491.79</b>	<b>6,917.72</b>
91-Day Treasury Bill	8,760.19	8,877.52	10,030.72	10,877.48	10,959.36	10,371.93	1,494.41	341.21
182-Day Treasury Bill	2,935.30	2,892.18	2,856.51	4,212.42	4,606.38	4,758.92	1,866.74	1,902.41
364-Day Treasury Bill	4,964.18	4,517.25	3,973.79	5,576.98	7,520.72	8,647.89	4,130.64	4,674.10
<b>B. Medium-Term Instruments</b>	<b>64,624.00</b>	<b>72,973.91</b>	<b>90,385.69</b>	<b>100,303.55</b>	<b>105,781.96</b>	<b>110,248.68</b>	<b>37,274.77</b>	<b>19,862.99</b>
2-Year Fixed Treasury Note	12,160.66	15,752.76	17,441.50	19,063.22	19,226.88	19,435.91	3,683.15	1,994.41
3-Year Fixed Treasury Note	15,725.86	20,725.62	27,342.73	30,238.43	29,050.62	27,782.69	7,057.07	439.96
3-year USD Domestic Bond	2,105.91	2,119.13	2,241.30	2,229.09	2,242.23	2,716.88	597.75	475.58
3-Year Stock(SSNIT)	48.66	48.66	(0.00)	(0.00)	(0.00)	(0.00)	(48.66)	0.00
4-Year GOG Bond	-	-	-	-	-	541.36	541.36	541.36
5-Year GOG Bond	23,478.25	20,693.94	22,499.62	23,820.95	27,404.35	27,729.37	7,035.43	5,229.75
6-Year GOG Bond	2,286.81	2,853.32	2,870.62	5,929.31	6,037.96	7,641.44	4,788.12	4,770.82
7-Year GOG Bond	5,319.90	4,887.92	5,388.15	5,620.69	7,744.65	8,574.97	3,687.05	3,186.82
10-Year GOG Bond	3,497.96	5,892.55	12,601.77	13,401.77	14,075.27	15,826.06	9,933.51	3,224.29
<b>C. Long-Term Instruments</b>	<b>34,896.49</b>	<b>39,455.81</b>	<b>43,630.40</b>	<b>43,926.83</b>	<b>44,966.77</b>	<b>44,782.17</b>	<b>5,326.36</b>	<b>1,151.77</b>
15-Year GOG Bond	14,883.32	14,942.64	15,342.64	15,239.07	15,805.11	15,677.71	735.07	335.07
20-Year GOG Bond	162.13	162.13	338.60	538.60	1,546.76	1,546.76	1,384.63	1,208.16
Long Term Government Stocks	19,138.37	23,638.87	27,060.03	27,060.03	26,949.97	26,949.97	3,311.10	(110.06)
GOG Petroleum Finance Bond	80.02	80.02	80.02	80.02	80.02	80.02	0.00	0.00
TOR Bonds	162.13	162.13	338.60	538.60	114.40	57.20	(104.93)	(281.40)
Telekom Malaysia Stocks	109.46	109.46	109.46	109.46	109.46	109.46	0.00	0.00
Revaluation Stock	361.06	361.06	361.06	361.06	361.06	361.06	0.00	0.00
<b>TOTAL</b>	<b>116,180.17</b>	<b>128,716.66</b>	<b>150,877.11</b>	<b>164,897.26</b>	<b>173,835.19</b>	<b>178,809.59</b>	<b>50,092.93</b>	<b>27,932.48</b>

Source: Bank of Ghana

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

Holdings of Domestic Debt	2020			2021		
	Q2	Q3	Q4	Q1	Q2	Q3
<b>A. Banking sector</b>	<b>60,446.89</b>	<b>69,237.54</b>	<b>77,782.95</b>	<b>83,089.79</b>	<b>87,290.76</b>	<b>91,079.52</b>
Bank of Ghana	22,798.19	31,225.70	34,758.49	34,820.68	34,671.67	34,532.02
Deposit Money Banks	37,648.70	38,011.83	43,024.46	48,269.10	52,619.09	56,547.50
<b>B. Nonbank sector</b>	<b>34,405.00</b>	<b>37,209.94</b>	<b>45,379.98</b>	<b>49,836.42</b>	<b>52,721.92</b>	<b>55,365.29</b>
SSNIT	574.80	374.17	662.22	474.51	574.06	591.78
Insurance Co.s	624.88	672.08	877.51	954.07	949.09	1,039.04
Others Holders	33,205.31	36,163.69	43,840.25	48,407.84	51,198.78	53,734.47
<i>Rural Banks</i>	<i>941.54</i>	<i>1,090.33</i>	<i>1,696.03</i>	<i>1,836.27</i>	<i>1,913.64</i>	<i>1,847.77</i>
<i>Firms &amp; Institutions</i>	<i>21,620.82</i>	<i>23,198.16</i>	<i>29,957.84</i>	<i>33,054.01</i>	<i>34,544.89</i>	<i>35,995.47</i>
<i>Individuals</i>	<i>10,642.95</i>	<i>11,875.20</i>	<i>12,186.38</i>	<i>13,517.56</i>	<i>14,740.25</i>	<i>15,891.24</i>
<b>C. Foreign sector(Non-Residents)</b>	<b>21,328.28</b>	<b>22,269.18</b>	<b>27,714.18</b>	<b>31,971.05</b>	<b>33,822.51</b>	<b>32,364.78</b>
<b>TOTAL</b>	<b>116,180.17</b>	<b>128,716.66</b>	<b>150,877.11</b>	<b>164,897.19</b>	<b>173,835.19</b>	<b>178,809.59</b>

Source: Bank of Ghana

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

Holdings of Domestic Debt	2020 Q2	2020 Q3	2020 Q4	2021 Q1	2021 Q2	2021 Q3
<b>A. Banking sector</b>	<b>52.03</b>	<b>53.79</b>	<b>51.55</b>	<b>50.39</b>	<b>50.21</b>	<b>50.94</b>
Bank of Ghana	19.62	24.26	23.04	21.12	19.95	19.31
Deposit Money Banks	32.41	29.53	28.52	29.27	30.27	31.62
<b>B. Nonbank sector</b>	<b>29.61</b>	<b>28.91</b>	<b>30.08</b>	<b>30.22</b>	<b>30.33</b>	<b>30.96</b>
SSNIT	0.49	0.29	0.44	0.29	0.33	0.33
Insurance Co.s	0.54	0.52	0.58	0.58	0.55	0.58
Others Holders	28.58	28.10	29.06	29.36	29.45	30.05
<i>Rural Banks</i>	<i>0.81</i>	<i>0.85</i>	<i>1.12</i>	<i>1.11</i>	<i>1.10</i>	<i>1.03</i>
<i>Firms &amp; Institutions</i>	<i>18.61</i>	<i>18.02</i>	<i>19.86</i>	<i>20.05</i>	<i>19.87</i>	<i>20.13</i>
<i>Individuals</i>	<i>9.16</i>	<i>9.23</i>	<i>8.08</i>	<i>8.20</i>	<i>8.48</i>	<i>8.89</i>
<b>C. Foreign sector(Non-Residents)</b>	<b>18.36</b>	<b>17.30</b>	<b>18.37</b>	<b>19.39</b>	<b>19.46</b>	<b>18.10</b>
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

Source: Bank of Ghana

## 6. Balance of Payments

### 6.1 International Trade and Finance

Preliminary estimates indicated that Ghana's balance of payments for Q3:2021 was a deficit of US\$685.05 million, compared to a deficit of US\$675.73 million recorded in Q3:2020. The higher deficit recorded was mainly due to a widening of the current account deficit.

**Table 6.1: Balance of Payments, Q3:2019 – Q3:2021 (US\$' million)**

	2019	2020+	2021*	Q3:2020/21	
	Q3	Q3	Q3	Absolute change	% change
<b>CURRENT ACCOUNT</b>	<b>-836.2</b>	<b>-689.4</b>	<b>-1,150.8</b>	<b>-461.4</b>	<b>66.9</b>
				<b>0.0</b>	
<b>Merchandise Exports (f.o.b.)</b>	<b>3,665.6</b>	<b>3,402.7</b>	<b>3,384.6</b>	<b>-18.1</b>	<b>-0.5</b>
Cocoa beans and products	226.3	210.7	511.18	300.5	142.6
Gold	1,656.7	1,822.2	1,167.94	-654.2	-35.9
Timber products	43.2	42.8	36.94	-5.8	-13.6
Oil	1,135.7	784.6	1,033.14	248.5	31.7
Others (including non-traditionals)	603.7	542.5	635.44	93.0	17.1
<b>Merchandise Imports (f.o.b.)</b>	<b>-3,490.5</b>	<b>-2,851.8</b>	<b>-3,336.2</b>	<b>-484.5</b>	<b>17.0</b>
Non-oil	-2,885.9	-2,428.0	-2,653.18	-225.1	9.3
Oil	-604.6	-423.7	-683.05	-259.3	61.2
<b>Trade Balance</b>	<b>175.1</b>	<b>551.0</b>	<b>48.4</b>	<b>-502.5</b>	<b>-91.2</b>
<b>Services (net)</b>	<b>-822.6</b>	<b>-1,101.6</b>	<b>-758.0</b>	<b>343.6</b>	<b>-31.2</b>
Receipts	2,724.7	1,840.5	2,448.53	608.0	33.0
Payments	-3,547.3	-2,942.1	-3,206.48	-264.4	9.0
<b>Income (net)</b>	<b>-1,001.6</b>	<b>-1,072.3</b>	<b>-1,296.3</b>	<b>-224.0</b>	<b>20.9</b>
Receipts	119.0	149.0	187.03	38.0	25.5
Payments	-1,120.7	-1,221.4	-1,483.34	-262.0	21.4
<b>Current Transfers (net)</b>	<b>812.9</b>	<b>933.5</b>	<b>855.0</b>	<b>-78.5</b>	<b>-8.4</b>
Official	0.0	68.4	8.14	-60.3	-88.1
Private	812.9	865.1	846.89	-18.2	-2.1
<b>Services, Income and Current Transfers (net)</b>	<b>-1,011.3</b>	<b>-1,240.4</b>	<b>-1,199.2</b>	<b>41.2</b>	<b>-3.3</b>
<b>CAPITAL &amp; FINANCIAL ACCOUNT</b>	<b>301.6</b>	<b>-1.4</b>	<b>508.6</b>	<b>510.0</b>	<b>-36,737.6</b>
<b>Capital Account(net)</b>	<b>79.2</b>	<b>38.3</b>	<b>25.8</b>	<b>-12.5</b>	<b>-32.6</b>
Capital transfers (net)	79.2	38.3	25.82	-12.5	-32.6
<b>Financial Account(net)</b>	<b>222.4</b>	<b>-39.7</b>	<b>482.8</b>	<b>522.5</b>	<b>-1,316.3</b>
Direct Investments (net)	762.7	429.3	942.55	513.3	119.6
Portfolio Investments (net)	-24.6	-91.4	-380.69	-289.3	316.6
Financial Derivatives (net)	-35.1	59.2	104.46	45.3	76.6
Other Investments (net)	-480.6	-436.7	-183.5	253.2	-58.0
Of Which:				0.0	
Official Capital (net)	-62.6	16.7	-39.75	-56.5	-338.0
Other Private Capital (net)	-244.7	100.8	-44.56	-145.4	-144.2
Short-term capital (net)	-173.3	-554.2	-99.17	455.1	-82.1
<b>ERRORS AND OMISSIONS</b>	<b>90.1</b>	<b>15.1</b>	<b>-42.9</b>	<b>-58.0</b>	<b>-383.3</b>
<b>OVERALL BALANCE</b>	<b>-444.4</b>	<b>-675.7</b>	<b>-685.1</b>	<b>-9.4</b>	<b>1.4</b>
<b>FINANCING</b>	<b>444.4</b>	<b>675.7</b>	<b>685.1</b>	<b>9.4</b>	<b>1.4</b>
Changes in international reserves	444.4	675.7	685.05	9.4	1.4

+ Revised \* Provisional

Source: Bank of Ghana

## 6.2 The Current Account

The current account deficit worsened by 66.9 percent from US\$689.43 million in Q3:2020 to US\$1,150.81 million in Q3:2021. The increase in the current account deficit was influenced largely by a narrowing trade balance, a reduction in investment income outflows, and a marginal decline in unilateral transfers.

**Table 6.2: Current Account Balance Q3:2019 – Q3:2021 (US\$' million)**

	Q3:2019	Q3:2020	Q3:2021	% Change Q3:2020/21
<b>Current Account Balance</b>	<b>-836.20</b>	<b>-689.43</b>	<b>-1,150.81</b>	<b>66.9</b>
Trade Balance	175.10	550.96	48.41	-91.2
Services Balance	-822.59	-1,101.60	-757.95	-31.2
Investment income Balance	-1,001.64	-1,072.33	-1,296.30	20.9
Net Unilateral Transfers	812.93	933.54	855.03	-8.4

Source: Bank of Ghana

### 6.2.1 Merchandise Trade

The provisional trade balance for Q3:2021 showed a narrowed surplus of US\$48.41 million compared to a surplus of US\$550.96 million recorded for the same period in 2020. The decline in the trade surplus was due to relatively higher demand for imports as against lower export receipts.

#### Merchandise Exports

The value of merchandise exports for Q3:2021 was provisionally estimated at US\$3,384.63 million, indicating a decrease of US\$18.08 million or 0.5 percent, compared with US\$3,402.71 million recorded in the same period in 2020. This was as a result of a significant decline in gold exports, mainly due to reduction in volume produced by the major mining companies and losses in small-scale mining output by about 90 percent.

**Table 6.3: Merchandise Exports Q3:2019 – Q3:2021 (US\$' million)**

	Q3:2019	Q3:2020	Q3:2021	Q3:2020/21	
				Absolute change	% change
<b>Exports</b>					
Gold	1,656.71	1,822.18	1,167.94	-654.25	-35.9
Cocoa Beans	24.72	34.92	197.00	162.07	464.1
Cocoa Products	201.57	175.76	314.18	138.42	78.8
Timber	43.21	38.88	36.94	-1.93	-5.0
Crude oil	1,135.72	784.59	1,033.14	248.55	31.7
Others	603.66	546.38	635.44	89.06	16.3
<b>Total</b>	<b>3,665.60</b>	<b>3,402.71</b>	<b>3,384.63</b>	<b>-18.08</b>	<b>-0.5</b>

Source: Bank of Ghana

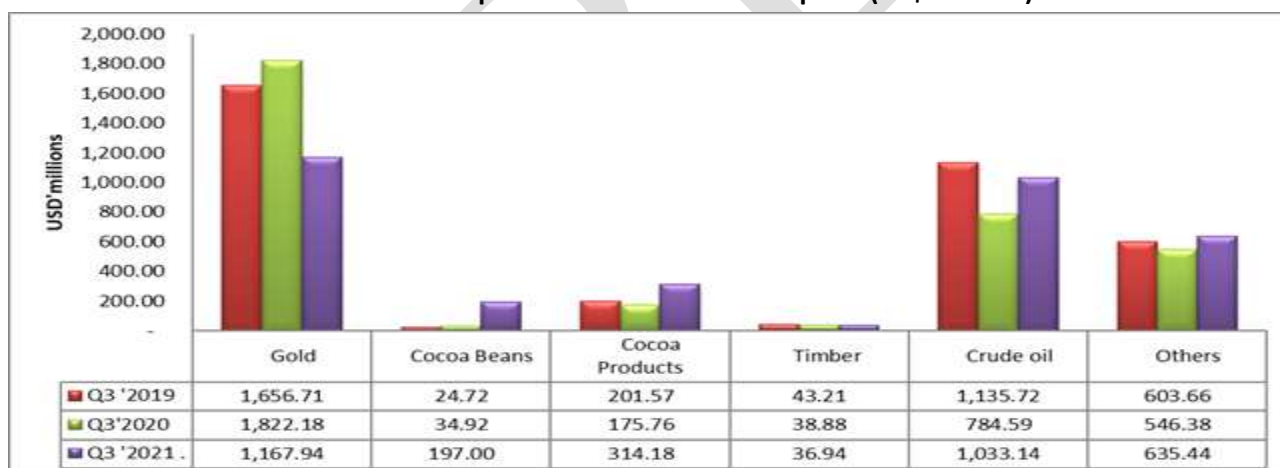
Gold exports during the review period amounted to US\$1,167.94 million, compared to US\$1,822.18 million recorded during the same period in 2020. The decrease in receipts was influenced by both price and volume effects, with a decrease in the average realized price of gold by 5.3 percent to US\$1,791.84 per fine ounce, and a reduction in the volume of gold exported by 32.3 percent to 651,807 fine ounces.

The value of crude oil exported was US\$1,033.14 million, compared to US\$784.59 million recorded in the same period of 2020. The increase in value was mainly due to a rise in the average realized price by 70.4 percent to settle at US\$73.39 per barrel compared to US\$43.07 per barrel recorded for Q3:2020. There was, however, a decrease in volume exported by 22.7 percent to 14,078,245 barrels compared to 18,214,909 barrels in Q3:2020.

Earnings from cocoa beans and products exports totalled US\$511.18 million as compared to US\$210.68 million for the same period in 2020, representing an increase of US\$300.5 million. Earnings from cocoa beans amounted to US\$197.0 million, an increase of US\$162.07 million over the level recorded in Q3:2020. The volume exported increased by 65,019.5 metric tonnes to settle at 81,025 metric tonnes, and the average price of cocoa beans increased by 11.4 percent to settle at US\$2,431.32 per tonne. Earnings from the export of cocoa products increased by 78.8 percent to US\$314.18 million on account of a 63.5 percent rise in volume to 93,730 metric tonnes, and a 9.3 percent increase in price to US\$3,351.96 per tonne.

Earnings from the export of timber products fell to US\$36.94 million, from US\$38.88 million recorded in Q3:2020. The value of “other” exports, which is made up of non-traditional exports, electricity and other minerals (bauxite, diamond, aluminium and manganese), was estimated at US\$635.44 million; which was 16.3 percent higher than the outturn in Q3:2020.

**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\$268.28 million compared to US\$195.49 million recorded for the same period in 2020. Among the top-ten non-traditional items exported in the review period were palm oil and its fractions, shea oil and its fractions and cashew nuts.

**Table 6.4: The Top-Ten Non-Traditional Exports: July – September 2020/2021**

July - Sept 2020			July - Sept 2021		
Description	US\$'M	% Distr.	Description	US\$'M	% Distr.
Palm oil and its fractions	39.58	20.25	Tunas, skipjack and Atlantic bonito ( <i>Sarda spp.</i> ), whole or in pieces, but not minced	45.08	16.80
Prepared or preserved tuna	34.01	17.40	Palm oil and its fractions	44.60	16.62
Shea (karite) oil and fractions	31.68	16.21	Technically specified natural rubber (TSNR)	36.97	13.78
Cashew nuts	19.24	9.84	Iron/Steel	31.65	11.80
Avocados, guavas, mangoes and mangosteens, fresh or dried	18.72	9.58	Cashew nuts	27.54	10.27
Aluminium, not alloyed	15.31	7.83	Shea (karite) oil and fractions	25.46	9.49
Technically specified natural rubber (TSNR)	10.71	5.48	Aluminium	19.32	7.20
Wheat or meslin flour	9.28	4.75	Avocados, guavas, mangoes and mangosteens, fresh or dried	18.51	6.90
Iron/Steel	8.62	4.41	Non-refractory ceramic bricks, tiles, pipes and similar products	9.99	3.72
Bananas (including plantains), fresh or dried	8.33	4.26	Other, welded, of non-circular cross-section	9.16	3.41
<b>Total</b>	<b>195.49</b>	<b>100.0</b>	<b>Total</b>	<b>268.28</b>	<b>100.0</b>

Source: Bank of Ghana

## Imports

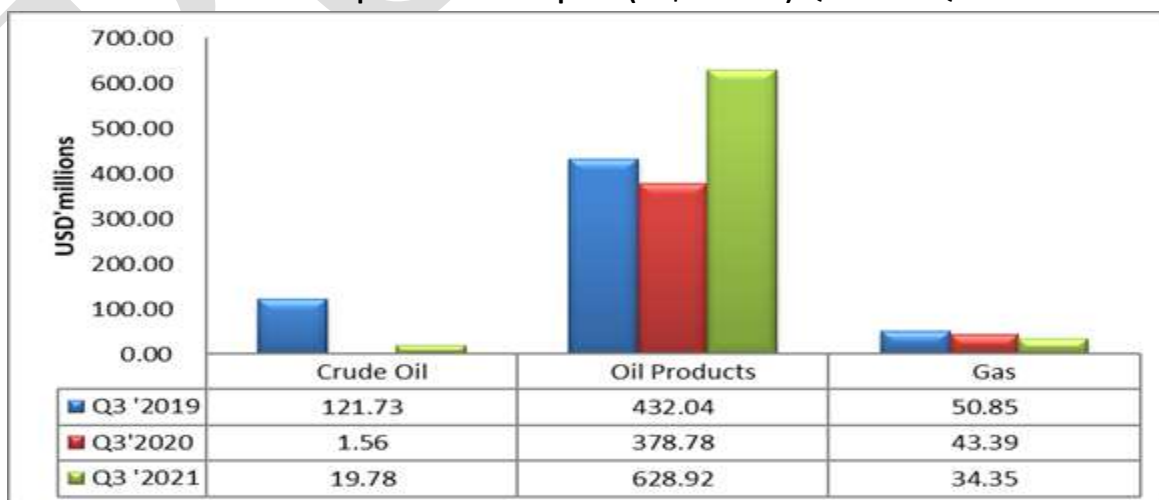
Total value of merchandise imports for Q3:2021 amounted to US\$3,336.22 million, up by 17.0 percent compared to US\$2,851.76 million recorded in Q3:2020. This resulted in an increase in both oil and non-oil imports.

### Oil and Gas Imports

During the period under review, oil imports (made up of crude, gas and refined products) increased by 61.2 percent to US\$683.05 million from US\$423.72 million in 2020. Crude oil imports in Q3:2021 were 278,388 barrels, valued at US\$19.78 million, at an average realized price of US\$71.05 per barrel.

In addition, VRA imported 4,445,175 Million Metric British Thermal units (MMBTu) of gas worth US\$34.35 million from the West African Gas Company (WAGP) at an average price of US\$7.7 per MMBTu for its operations. For the same period in 2020, a total of 6,158,733 MMBTu of gas worth US\$43.39 million was imported.

The value of finished oil products imported in Q3:2021 amounted to US\$605.04 million, compared to US\$378.78 million in the same period of 2020.

**Chart 6.2: Developments in Oil Imports (US\$ 'Million) Q3:2019 – Q3:2021**

Source: Bank of Ghana



### Merchandise Non – Oil Imports

The total non-oil merchandise imports for Q3:2021 was provisionally estimated at US\$2,653.18 million, up by 9.3 percent from US\$2,428.03 million recorded in Q3:2020. The increase in non-oil imports was as a result of increased demand in all sub categories except for consumption.

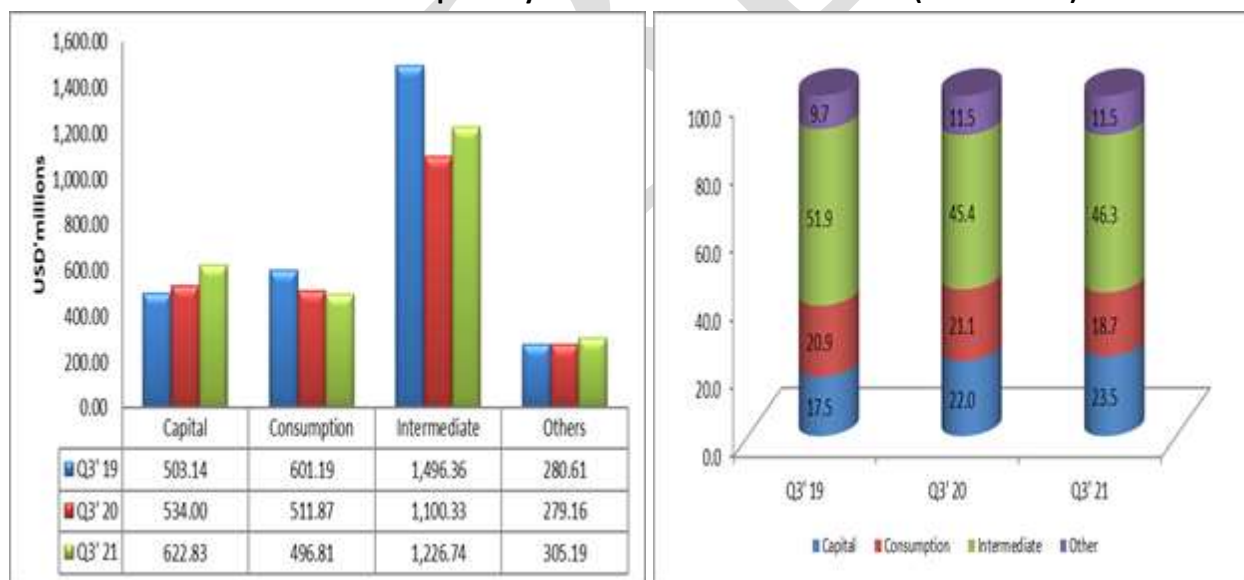
The value of **capital goods** imported during the period was US\$622.83 million, up by 16.63 percent or US\$88.83 million from the value recorded for the same period in 2020. This was due to a 49.94 percent increase in industrial transport goods.

**Consumption goods** imports, however, decreased by 2.94 percent to US\$496.81 million, from US\$601.19 million worth of consumption goods imported during the same period in 2020. This was explained by decreases in durable consumer goods, primary food and beverages, processed food and beverages, and semi-durable consumer goods sub categories.

The value of **intermediate goods** imported increased by 11.49 percent to US\$1,226.74 million, compared to US\$1,496.36 million recorded a year ago. This was due to an increase in the demand for goods in all sub-categories.

The value of **‘other goods’** imports was US\$305.19 million, a 9.32 percent increase from the previous year’s level, mainly due to an increase in demand for passenger cars. During the period, 13,809,850 kWh of electricity valued at US\$1.7 million was imported by VRA, compared to 22,253,375 kWh worth US\$2.7 million, imported during the same period in 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 Q3:2021 amounted to US\$861.10 million, compared to US\$743.19 million recorded in Q3:2020. Key items included motor vehicles for the transport of persons and goods, self-propelled bulldozers, cereal grains and rice.



**Table 6.5: Top-Ten Non-Oil Imports, July - September 2020/2021**

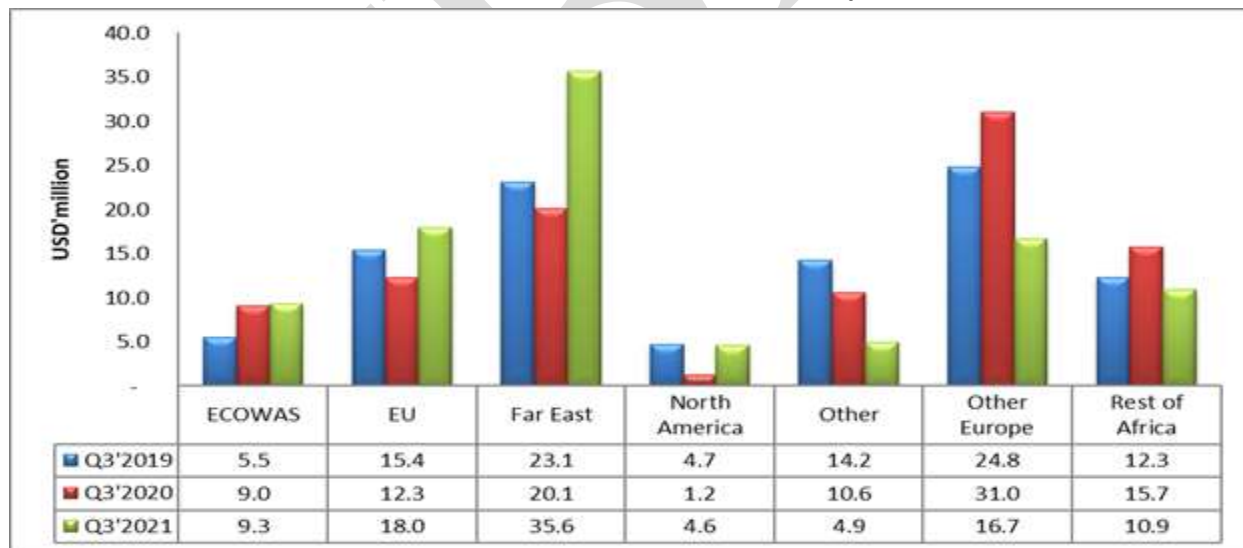
July - Sept 2020			July - Sept 2021		
Description	US\$'M (fob)	% Distr.	Description	US\$'M (fob)	% Distr.
<b>Capital</b>	<b>184.12</b>	<b>24.8</b>	<b>Capital</b>	<b>301.03</b>	<b>35.0</b>
Motor vehicles for the transport of goods, n.e.s.	132.74	17.9	Motor vehicles for the transport of goods, n.e.s.	208.20	24.2
Self-propelled bulldozers	51.37	6.9	Self-propelled bulldozers, excavators nes	61.33	7.1
Consumption	216.31	29.1	Road tractors for semi-trailers	<b>31.49</b>	<b>3.7</b>
<b>Frozen fish</b>	<b>52.35</b>	<b>7.0</b>	<b>Consumption</b>	<b>134.42</b>	<b>15.6</b>
Weed killers (herbicides) and Insecticides	45.74	6.2	Weed killers (herbicides) and Insecticides	52.89	6.1
Rice	45.56	6.1	Rice	47.01	5.5
Sugar	36.66	4.9	Cereal grains, worked but not rolled or of other cereal, nes	34.52	4.0
<b>Cereal grains, worked but not rolled or of other cereal, nes</b>	<b>36.00</b>	<b>4.8</b>	<b>Intermediate</b>	<b>132.03</b>	<b>15.3</b>
Intermediate	71.14	9.6	Iron and steel bars and rods	49.84	5.8
Cement clinkers	38.74	5.2	Polyethylene	41.49	4.8
Polyethylene	32.40	4.4	Guts, bladders and stomachs of animals	40.70	4.7
<b>Other</b>	<b>271.63</b>	<b>36.5</b>	<b>Other</b>	<b>293.62</b>	<b>34.1</b>
Motor vehicles for the transport of persons, n.e.s.	271.63	36.5	Motor vehicles for the transport of persons, n.e.s.	293.62	34.1
<b>Total</b>	<b>743.19</b>	<b>100.0</b>	<b>Total</b>	<b>861.10</b>	<b>100.0</b>

Source: Bank of Ghana

## Direction of Trade

### Destination of Exports

During the review period, the Far East received the largest share (35.6%) of Ghana's total exports. The other recipients were the European Union (18.0%), Other European countries (16.7%), the Rest of Africa (10.9%), ECOWAS (9.3%), Other Economies (4.9%), and North America (4.6%).

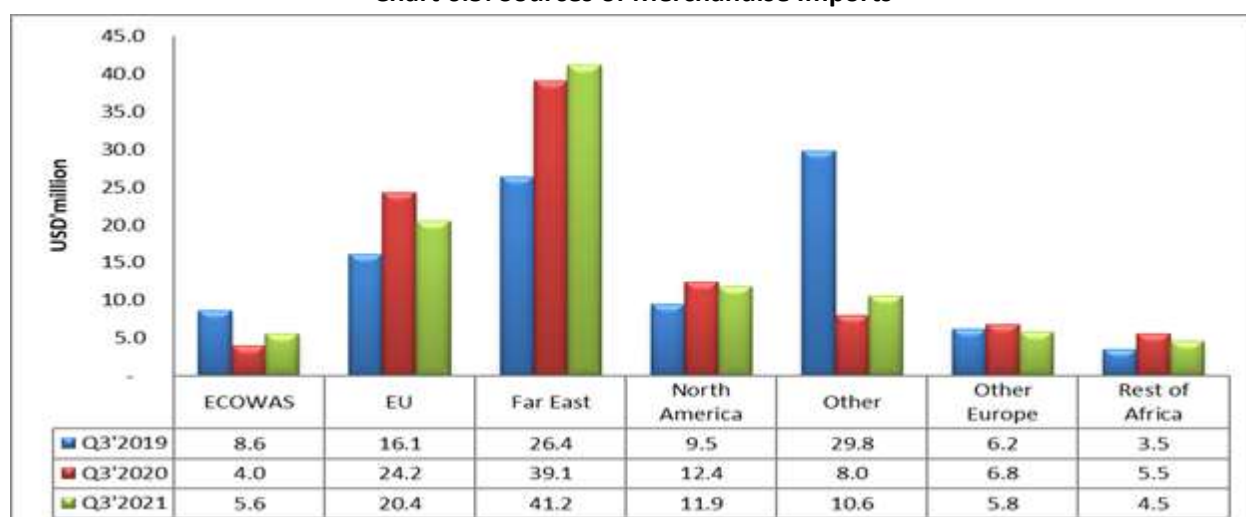
**Chart 6.4: Destination of Merchandise Exports**

Source: Bank of Ghana

### Sources of Merchandise Imports

The majority of Ghana's imports during the period under review originated from the Far East, which accounted for 41.2 percent of the total imports. Then came the European Union (20.4%), North America (11.9%), Other Economies (10.6%), Other Europe (5.8%), ECOWAS (5.6%), and Rest of Africa (4.5%).

Chart 6.5: Sources of Merchandise Imports



Source: Bank of Ghana

### Services, Income and Transfers Account

During the period under review, the Services, Income and Unilateral Transfers' account recorded a deficit of US\$1,199.22 million, compared to a deficit of US\$1,240.39 million in Q3:2020. This was mainly due to a reduction in net outflows in the services account during the period. The balance on the Services account improved from a deficit of US\$1,101.60 million in Q3:2020 to a deficit of US\$757.95 million in Q3:2021, as a result of a decrease in net payments related to other services. The balance on the Income account, however, deteriorated from a deficit of US\$1,072.33 million in Q3:2020 to a deficit US\$1,296.30 million in Q3:2021, due to increased interest payments, and profit and dividend repatriations. Current transfers, which are mostly private remittances, also deteriorated from a surplus of US\$933.54 million in Q3:2020 to a surplus of US\$855.03 million in Q3:2021.

Table 6.6: Services, Income and Unilateral Transfers (net) in US\$ millions

	Q3:2019	Q3:2020	Q3:2021 prov.	Q3:2020/21	
				Absolute change	% change
	Amounts in millions of U.S. dollars				
Services (net)	-822.59	-1,101.60	-757.95	343.65	-31.2
Freight and Insurance	-186.27	-147.03	-173.95	-26.92	18.3
Other Services	-636.32	-954.57	-584.00	370.57	-38.8
Income (net)	-1,001.64	-1,072.33	-1,296.30	-223.97	20.9
Current Transfers (net)	812.93	933.54	855.03	-78.51	-8.4
Official	0.00	68.40	8.14	-60.26	0.0
Private	812.93	865.14	846.89	-18.25	-2.1
Services, Income and Current Transfers (net)	-1,011.30	-1,240.39	-1,199.22	41.16	-3.3

Source: Bank of Ghana

### 6.3 Capital and Financial Account

The capital and financial account increased to a surplus of US\$508.65 million in Q3:2021, from a deficit of US\$1.39 million recorded in Q3:2020. This was attributable to improvements in the financial account during the review period.

#### Capital Account

The capital account received transfers totalling US\$25.82 million during the review period, compared to US\$38.31 million received in the same period in 2020.

#### Financial Account

Transactions in the financial account improved significantly from a net outflow of US\$39.7 million in Q3:2020 to a net inflow of US\$482.83 million in Q3:2021. This development was due to higher inflows of foreign direct investment.

During the third quarter of 2021, net **foreign direct investments** into Ghana by non-residents increased to US\$942.55 million, compared to US\$429.25 million recorded for the same quarter last year. Net **portfolio investment** outflows during the review period totalled US\$380.69 million, compared to an outflow of US\$91.39 million in Q3:2020.

**Table 6.7: Capital and Financial Account (US\$' million), Q3:2019-Q3:2021**

Table 0.7: Capital and Financial Account (US\$ million), Q3:2019-Q3:2021					
	Q3:2019	Q3:2020	Q3:2021 (prov.)	Q3:2020/21	
				Absolute change	% change
	Amounts in millions of U.S. dollars				
Capital and Financial Accounts	301.61	-1.39	508.65	510.0	-36,737.6
Capital transfers	79.23	38.31	25.82	-12.5	-32.6
Financial Account	222.39	-39.70	482.83	522.5	-1,316.3
Foreign Direct Investments	762.69	429.25	942.55	513.3	119.6
Portfolio Investments	-24.61	-91.39	-380.69	-289.3	316.6
Other Investments	-515.69	-377.56	-79.03	298.5	-79.1
Official	-51.15	30.60	-0.26	-30.9	-100.9
Disbursements	233.49	218.73	249.54	30.8	14.1
Amortisation	-284.64	-188.14	-249.80	-61.7	32.8
Private	-279.79	159.97	59.90	-100.1	-62.6
Disbursements	2,681.22	1,732.75	3,297.05	1,564.3	90.3
Amortisation	-2,961.01	-1,572.78	-3,237.15	-1,664.4	105.8
Short-term	-173.28	-554.23	-99.17	455.1	-82.1
Non-Monetary	-380.53	-322.69	-383.46	-60.8	18.8
Monetary	207.25	-231.55	284.28	515.8	-222.8
Government Oil Investments	-11.48	-13.89	-39.49	-25.6	184.2
Inflow	33.60	0.00	0.00	0.0	0.0
Outflow	-45.07	-13.89	-39.49	-25.6	184.2

Source: Bank of Ghana

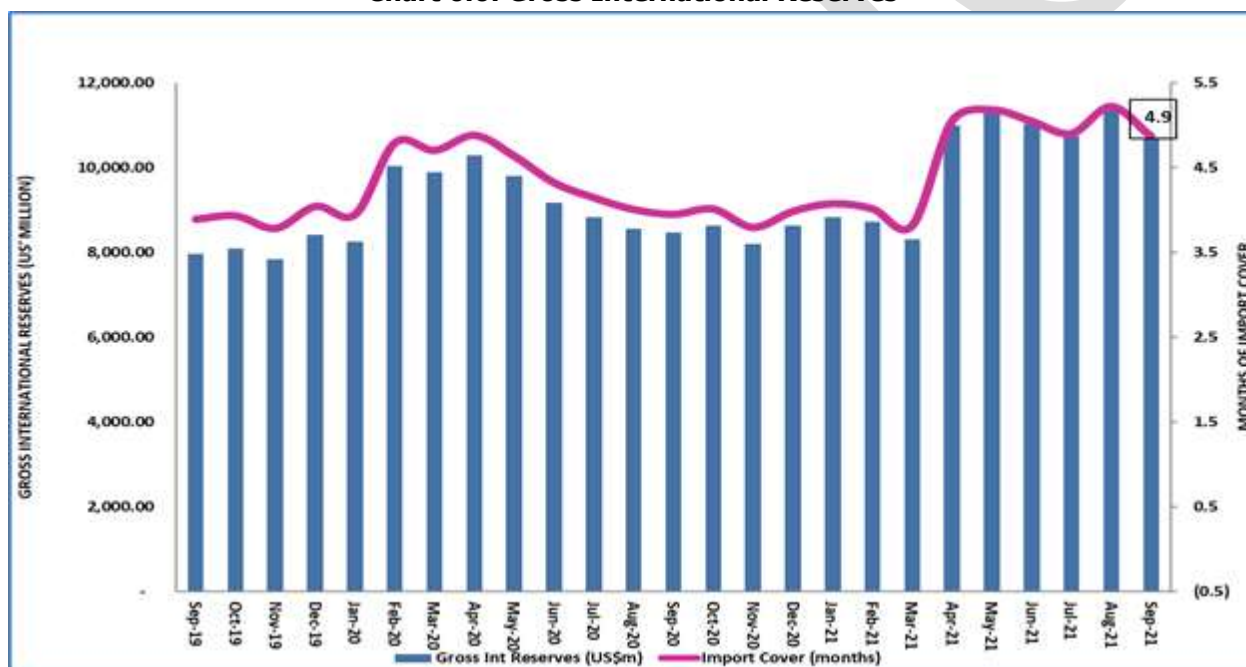
**‘Other investments’** recorded a net outflow of US\$79.03 million in Q3:2021, compared to US\$377.56 million recorded in Q3:2020. The narrowed net outflow position in the ‘Other investment’ account was driven by short-term capital and private capital. These were more than enough to offset declines in official capital and government oil investment outflows.

## 6.4 International Reserves

The stock of net international reserves (NIR) at the end of September 2021 was estimated at US\$7,254.11 million, indicating a build-up of US\$1,684.7 million, from a stock position of US\$5,569.41 million at the end of December 2020.

The country’s gross international reserves stood at US\$10,694.44 million at the end of September 2021 from a stock position of US\$8,624.38 million at end-December 2020. This represents 4.9 months of imports cover at end-September 2021 compared to 4.0 months of imports cover at end-December 2020.

**Chart 6.6: Gross International Reserves**



Source: Bank of Ghana

## 7. External Debt

### 7.1 Debt Stock

The provisional stock of outstanding public and publicly-guaranteed external debt at end-September 2021 was US\$27,887.98 million, down from the stock position of US\$28,072.15 million at end-June 2021.

Again, the external debt stock was US\$3,557.00 million (14.6%) above the level of US\$24,330.98 million recorded at end-September 2020. This rise in the stock was largely due to the US\$3.00 billion Eurobond floated on the International Capital Market in April 2021.

The external debt stock at the end of the third quarter of 2021 increased by 1.05 percent of estimated GDP from 36.20 percent recorded for the same period in 2020.

#### Debt Stock by Creditor Group

Analysis of the external debt by creditor category indicated that multilateral debt declined by US\$119.69 million (1.4%) to US\$8,182.68 million at the end of Q3:2021, from US\$8,302.36 million recorded at the end of the previous quarter. Multilateral debts accounted for 29.3 percent of the total external debt stock at end-September 2021, down from 32.6 percent at end-September 2020.

The Bilateral component of the total external debt stock at the end of Q3:2021 was US\$1,255.28, representing a share of 4.5 percent of the total external debt stock. Bilateral debts were US\$7.05 million (0.6%) more than the stock position of US\$1,248.23 million recorded at the end of June 2021, and US\$8.06 million (0.6%) below the level of US\$1,263.35 million registered in September 2020.

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

	2020				2021*		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
<b>Total External Debt</b>	23,061.93	24,109.07	24,330.98	24,715.77	24,598.81	28,072.15	27,887.98
<b>Multilateral Creditors</b>	6,670.06	7,810.76	7,932.83	8,280.17	8,122.88	8,302.36	8,182.68
<b>Bilateral Creditors</b>	1,203.47	1,204.32	1,263.35	1,297.36	1,245.70	1,248.23	1,255.28
Export Credit Agencies	1,009.89	978.55	1,002.00	966.12	914.05	1,013.03	990.45
Other Concessional	1,673.91	1,654.58	1,549.33	1,541.66	1,512.17	1,650.60	1,606.51
<b>Commercial Creditors</b>	2,273.52	2,229.76	2,368.39	2,415.37	2,588.57	2,722.08	2,733.20
International Capital Market	10,231.08	10,231.08	10,215.09	10,215.09	10,215.45	13,135.85	13,119.86

\*Provisional

Source: Bank of Ghana and Ministry of Finance

Commercial debts at the end of September 2021 totalled US\$2,733.20 million, and accounted for 9.8 percent of the total external debt stock. Commercial debts increased by US\$11.12 million (0.4%) in

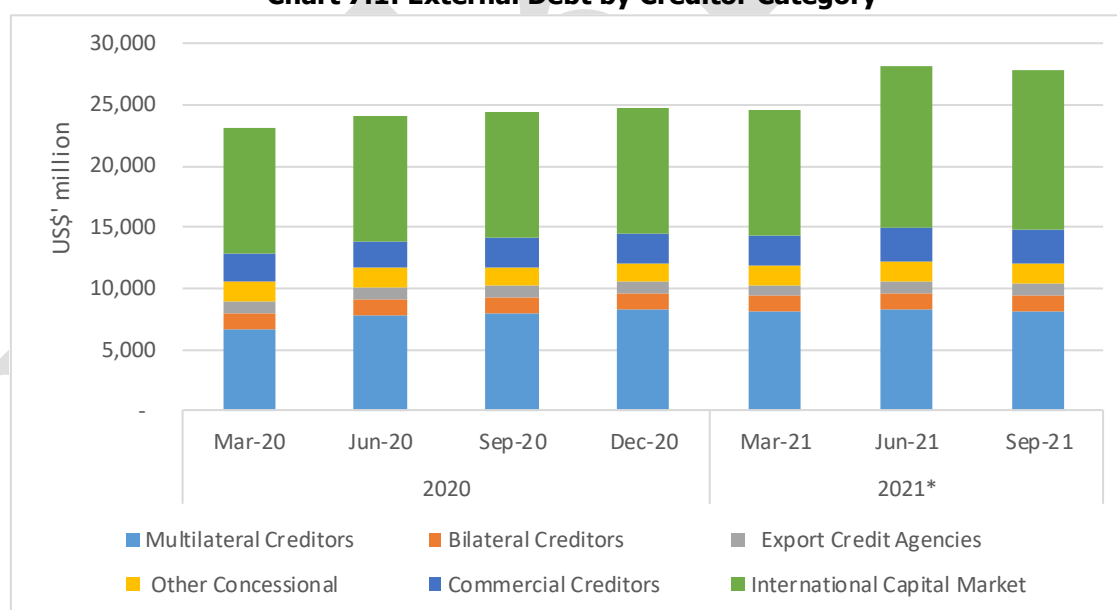
Q3:2021, from US\$2722.08 million recorded at the end of Q2:2021, and a rise of US\$364.81 million (15.4%) above the level of US\$2,368.39 million recorded at the end of Q3:2020.

Debts owed to the International Capital Market stood at US\$13,119.86 million, constituting the highest share of 47.0 percent of the total external debt stock at the end of Q3:2021. This was US\$2,904.77 million above the position recorded in the corresponding period of 2020 (US\$10,215.09 million). The significant rise in the stock of international capital debts was mainly due to the US\$3.00 billion Eurobond floated in April 2021.

The Export Credit Agencies component of the total external debt stock at the end of Q3:2021 totalled US\$990.45 million, representing 3.6 percent of the total external debt stock. This showed a decline of US\$22.58 million (2.2%) from the level of US\$1,013.03 million recorded at the end of the second quarter, and a fall of US\$11.54 million (1.2%) from the level of US\$1,002.00 million recorded at the end of September 2020.

Other Concessional debts at the end of September 2021 stood at US\$1,606.51 million, constituting 5.8 percent of the total external debt stock. This indicated a decrease of US\$44.09 million (2.7%) compared to the previous quarter's position of US\$1,650.60 million. However, from Q3:2020 to Q3:2021, other concessional debts increased by US\$57.18 million from the stock position of US\$1,549.33 million.

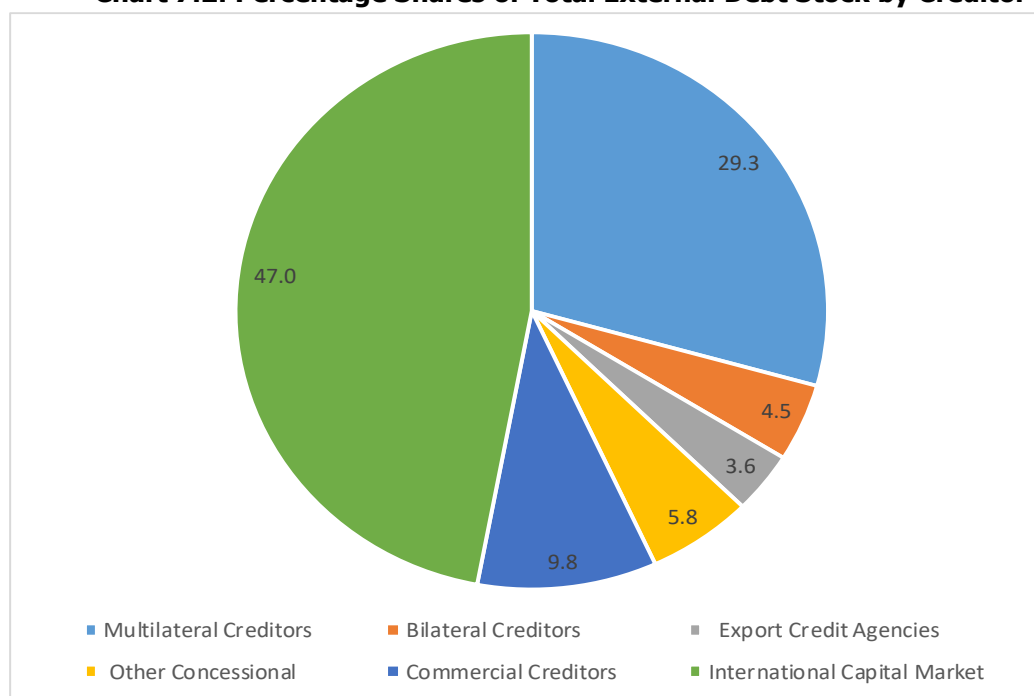
**Chart 7.1: External Debt by Creditor Category**



\* Provisional

Source: Bank of Ghana and Ministry of Finance

**Chart 7.2: Percentage Shares of Total External Debt Stock by Creditor**



Source: Bank of Ghana and Ministry of Finance

## 7.2 Debt Service Payments

Debt service payments in Q3:2021 on public and publicly-guaranteed external debt made through the Bank of Ghana amounted to US\$513.38 million. This was US\$32.01 million (5.9%) less than the payment of US\$545.39 made in Q2:2021. However, it was US\$23.12 million (4.7%) higher than the payment of US\$490.26 million made in Q3:2020. Payments in the review quarter were made up of principal repayment of US\$233.92 million and interest expense of US\$279.46 million.

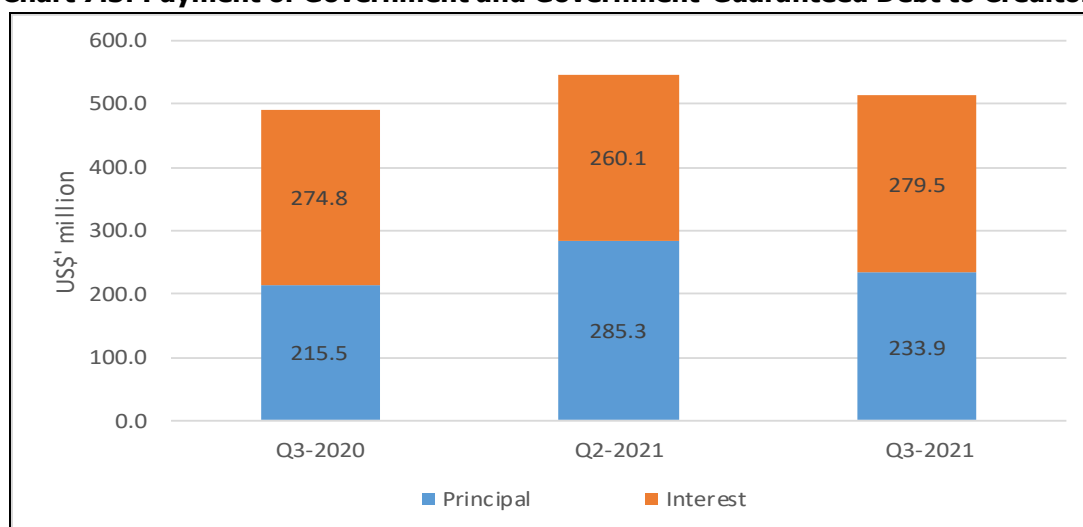
The multilateral group of creditors were paid US\$43.40 million in principal repayments, and interest payment of US\$18.06 million in Q3:2021, compared with principal repayments of US\$26.87 million and interest payments of US\$13.83 million made in Q3:2020.

The bilateral creditors received US\$42.26 million in principal repayments and US\$10.24 million in interest payments in the review period, compared with US\$37.78 million and US\$11.02 million paid as principal and interest, respectively, in Q3:2020.

Commercial creditors were paid US\$202.03 million in Q3:2021, made up of principal repayments of US\$148.27 million and interest payments of US\$53.76 million. These compared with principal repayments of US\$150.85 million and interest payments of US\$37.06 million for the same period in 2020.

In addition, a coupon payment of US\$197.41 million was made on outstanding Eurobond debt in the review quarter, which was below the coupon of US\$212.86 million paid in the corresponding period of 2020.

**Chart 7.3: Payment of Government and Government-Guaranteed Debt to Creditors**



Source: Bank of Ghana and Ministry of Finance

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

Creditor Category	Q3-2020			Q2-2021			Q3-2021		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
<b>Total</b>	<b>215.5</b>	<b>274.8</b>	<b>490.3</b>	<b>285.3</b>	<b>260.1</b>	<b>545.4</b>	<b>233.9</b>	<b>279.5</b>	<b>513.4</b>
<b>Multilateral Creditors</b>	<b>26.9</b>	<b>13.8</b>	<b>40.7</b>	<b>27.6</b>	<b>16.3</b>	<b>43.9</b>	<b>43.4</b>	<b>18.1</b>	<b>61.5</b>
IDA	19.2	9.5	28.7	18.1	12.6	30.7	33.2	13.3	46.4
ADB/ ADF	3.8	3.4	7.3	2.1	2.4	4.5	5.3	3.7	9.0
Others	3.8	1.0	4.7	7.4	1.3	8.7	4.9	1.1	6.0
<b>Bilateral Creditors</b>	<b>37.8</b>	<b>11.0</b>	<b>48.8</b>	<b>43.5</b>	<b>5.7</b>	<b>49.2</b>	<b>42.3</b>	<b>10.2</b>	<b>52.5</b>
Paris Club	4.2	0.8	5.0	22.0	2.0	24.1	16.4	3.4	19.8
Non-Paris Club	33.6	10.2	43.8	21.5	3.7	25.2	25.8	6.8	32.6
<b>Commercial Creditors</b>	<b>150.8</b>	<b>37.1</b>	<b>187.9</b>	<b>214.2</b>	<b>26.5</b>	<b>240.7</b>	<b>148.3</b>	<b>53.8</b>	<b>202.0</b>
<b>Sovereign Bond</b>	<b>0.0</b>	<b>212.9</b>	<b>212.9</b>	<b>0.0</b>	<b>211.6</b>	<b>211.6</b>	<b>0.0</b>	<b>197.4</b>	<b>197.4</b>

Source: Bank of Ghana and Ministry of Finance



## 8. The Rural Banking Sector

Provisional data from the Rural/Community Banks (RCBs) during Q3:2021 indicated an improvement in the sector's performance compared with developments in Q3:2020.

### Assets

Total assets of RCBs amounted to GH¢6,703.8 million in Q3:2021, representing a growth of 2.6 percent over GH¢6,531.9 million recorded in Q2:2021. On a year-on-year basis, total assets grew by 18.1 percent at the end of Q3:2021. Total assets of RCBs constituted 3.7 percent of the banking system assets at the end of Q3:2021.

### Deposits

Provisional data indicated that deposit mobilisation by the RCBs further improved in Q3:2021. Total deposits of RCBs increased by 20.7 percent, year-on-year, to GH¢5,843.8 million at the end of Q3:2021, from GH¢4,841.1 million recorded for Q3:2020. The level of RCBs' deposits at the end of the review quarter constituted 5.4 percent of total deposits of the banking system, remaining unchanged from its share in the previous quarter and up from 5.1 percent at the end of Q3:2020.

### Loans and Advances

Loans and advances made by RCBs stood at GH¢2,003.6 million in the third quarter of 2021, indicating a growth of 17.4 percent, from GH¢1,706.2 million recorded at the end of Q3:2020.

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

	2020		2021			Variations %	
	Q3	Q4	Q1	Q2	Q3	Q-on-Q	Y-on-Y
						(Q3:21-Q2:21)	(Q3:21-Q3:20)
<b>Assets</b>							
Cash Holdings & Balances with Banks	951.0	870.5	886.4	883.6	945.2	7.0	-0.6
Bills and Bonds	2,286.1	2,894.5	2,989.8	3,042.0	3,039.9	-0.1	33.0
Loans and Advances	1,706.2	1,688.8	1,805.0	1,910.1	2,003.6	4.9	17.4
Other Assets	730.8	717.2	727.3	696.1	715.1	2.7	-2.1
<b>Total Assets</b>	<b>5,674.1</b>	<b>6,170.9</b>	<b>6,408.5</b>	<b>6,531.9</b>	<b>6,703.8</b>	<b>2.6</b>	<b>18.1</b>
<b>Liabilities</b>							
Total Deposits	4,841.1	5,353.1	5,594.3	5,717.1	5,843.8	2.2	20.7
Shareholders' Funds	414.6	377.2	390.8	375.7	428.1	14.0	3.3
Other Liabilities	418.4	440.6	423.3	439.1	431.8	-1.7	3.2
<b>Total Liabilities</b>	<b>5,674.1</b>	<b>6,170.9</b>	<b>6,408.5</b>	<b>6,531.9</b>	<b>6,703.8</b>	<b>2.6</b>	<b>18.1</b>
<b>No. of Reporting Banks</b>	144	145	144	144	145		

Source: Bank of Ghana

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

	2020				2021					
	Q3		Q4		Q1		Q2		Q3	
	GH¢	% Share	GH¢	% Share	GH¢	% Share	GH¢	% Share	GH¢	% Share
Commercial Banks	149,205.5	96.3	152,548.9	96.1	159,525.8	96.1	166,765.0	96.2	172,691.8	96.3
Rural Banks	5,674.1	3.7	6,170.9	3.9	6,408.5	3.9	6,531.9	3.8	6,703.8	3.7
<b>Total</b>	<b>154,879.5</b>	<b>100.0</b>	<b>158,719.8</b>	<b>100.0</b>	<b>165,934.3</b>	<b>100.0</b>	<b>173,296.8</b>	<b>100.0</b>	<b>179,395.5</b>	<b>100.0</b>

Source: Bank of Ghana

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

	2020				2021					
	Q3		Q4		Q1		Q2		Q3	
	GH¢	% Share	GH¢	% Share	GH¢	% Share	GH¢	% Share	GH¢	% Share
Commercial Banks	89,518.4	94.9	96,257.9	94.7	96,631.1	94.5	99,723.4	94.6	101,832.7	94.6
Rural Banks	4,841.1	5.1	5,353.1	5.3	5,594.3	5.5	5,717.1	5.4	5,843.8	5.4
<b>Total</b>	<b>94,359.5</b>	<b>100.0</b>	<b>101,611.0</b>	<b>100.0</b>	<b>102,225.5</b>	<b>100.0</b>	<b>105,440.5</b>	<b>100.0</b>	<b>107,676.6</b>	<b>100.0</b>

Source: Bank of Ghana