

BANK OF GHANA



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SECOND QUARTER 2022

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Overview

This report presents a review of trends in the global and the domestic economy during the second quarter of 2022. The developments in the domestic economy cover the real sector, inflation, monetary aggregates, banking sector credit, exchange rates, interest rates, the capital market, debt stock, and balance of payments.

Global Economy

Global economic activity moderated further in the second quarter of 2022, reflecting the spill-over effects of the ongoing Russia-Ukraine war, which has exacerbated global supply-chain constraints, heightened uncertainty, and elevated inflationary pressures.

The Domestic Economy

Real Sector

The domestic economy recorded some growth, albeit at a slower pace during the second quarter of the year. Indicators of consumer spending, manufacturing activities, industrial consumption of electricity, and international tourist arrivals, picked up during the review quarter, while construction sector activities, vehicle registration and port activity declined.

Inflation

Headline inflation in Q2:2022 pointed to continued broad-based upward pressure on prices, reflecting the pass-through effects of increases in ex-pump petroleum prices, transport costs, currency depreciation, and food prices. Headline inflation increased markedly to 29.8 percent at the end of Q2:2022, from 19.4 percent at the end of Q1:2022. In year-on-year terms, food inflation accelerated to 30.7 percent in Q2:2022 from 22.4 percent in Q1:2022, while non-food inflation also rose to 29.1 percent from 17.0 percent over the period.

Monetary Aggregates

Growth in broad money supply (M2+) decreased to 19.09 percent in Q2:2022, from 21.29 percent in Q2:2021. M2+ totalled GH¢145,156.93 million at the end of the review period, compared with GH¢121,891.32 million and GH¢142,729.13 million recorded in Q2:2021 and Q1:2022, respectively.

The decline in growth in M2+ was driven by a significant reduction in Net Foreign Assets (NFA), although growth in Net Domestic Assets (NDA) was at a faster pace. Growth in NDA increased considerably from 22.77 percent recorded in Q2:2021 to 58.15 percent in Q2:2022, while NFA sharply contracted by 129.43 percent in Q2:2022 compared with 15.97 percent growth in Q2:2021.

Banking Sector Credit

Annual growth in banks' outstanding credit increased to 33.29 percent in Q2:2022, from 5.71 percent in Q2:2021. This was also higher than the growth of 24.64 percent recorded for Q1:2022. At the end of Q2:2022, total outstanding credit stood at GH¢63,362.78 million.

In real terms, growth in credit from the banks increased to 2.68 percent at the end of Q2:2022, from -1.95 percent in Q2:2021.

The share of total outstanding credit to the private sector increased marginally

to 90.21 percent at the end of Q2:2022, from 89.91 percent recorded in 2021.

Exchange Rates

On the interbank market, the Ghana cedi depreciated on a quarter-on-quarter basis by 1.6 percent against the U.S. dollar but appreciated by 6.2 percent and 4.2 percent against the pound sterling and the euro, respectively in Q2:2022.

On the forex bureaux market, the Ghana cedi depreciated on a quarter-on-quarter basis by 3.4 percent and 1.4 percent against the U.S. dollar and the euro, respectively but appreciated against the pound sterling by 1.2 percent in Q2:2022.

Interest Rates

Interest rates generally trended upwards on a year-on-year basis in Q2:2022. Rates on BOG bills, GOG securities and deposits of DMBs all trended upwards compared with rates recorded in Q2:2021.

The Monetary Policy Rate (MPR) at the end of Q2:2022 was 19.0 percent, reflecting a 550-basis-point cumulative increase compared with the MPR at the end of Q2:2021.

The interbank weighted average interest rate increased by 705 basis points (bps), year-on-year, from 12.88 percent recorded in Q2:2021 to 19.92 percent in Q2:2022.

On the treasury market, the 91-day, 182-day and 364-day T-bill rates increased significantly on a year-on-year basis by 1,150bps, 1,214bps and 1,081bps, to settle at 24.15 percent, 25.55 percent, and 27.14 percent, respectively, at the end of Q2:2022.

Capital Market

The Ghana Stock Exchange Composite Index (GSE-CI) decreased by 7.20 percent during Q2:2022 compared with an increase of 19.45 percent in the same period in 2021. The poor performance of the GSE-CI could be attributed to exchange rate pressures on the domestic currency and sell-off of equities by foreign investors.

Total market capitalization at the end of Q2:2022 stood at GH¢64,841.21 million, representing an increase of 1.27 percent on a quarter-on-quarter basis.

Government Budgetary Operations

Government budgetary operations during Q2:2022, resulted in an overall deficit of GH¢12,189.6 million (2.4% of GDP), compared to the deficit of GH¢10,783.9 million (2.4% of GDP) recorded in Q2:2021. The deficit was higher than the programmed target of GH¢8,242.9 million (1.6% of GDP) and was financed mainly from domestic sources.

Government receipts (including grants) for the review period totalled GH¢22,271.8 million (4.4% of GDP). This was lower than the target of GH¢24,115.5 million (4.8% of GDP) but higher than the GH¢15,747.8 million recorded for Q2:2021. Total receipts comprised Tax Revenue of GH¢18,148.1 million (81.5% of total receipts), Non-tax Revenue of GH¢3,031.8 million (13.6% of total receipts) and Grants of GH¢164.9 million (1.0% of total receipts).

Government expenditure and net lending in Q2:2022 totalled GH¢33,006.3 million (6.6% of GDP), above the programmed target of GH¢31,693.4 million (6.3% of GDP) by 4.1 percent.

The stock of domestic debt at the end of Q2:2022 stood at GH¢189,488.8 million, compared to GH¢173,835.2 million recorded in Q2:2021. The growth in the domestic debt stock was on account of an increase of GH¢18,309.2 million in the medium-term bonds, while the short-term securities and long-term stocks and bonds decreased by GH¢2,201.0 million and GH¢454.5 million, respectively.

Balance of Payments

The value of merchandise exports for Q2:2022 was provisionally estimated at US\$4,482.36 million, indicating an increase of 21.6 percent compared to US\$3,687.60 million recorded in Q2:2021. The improved exports performance was driven by higher receipts from crude oil, gold, and non-traditional exports.

Total value of merchandise imports for Q2:2022 was US\$3,993.80 million, up by 17.4 percent compared to US\$3,401.27 million recorded in Q2:2021. The rise in total imports was driven mainly by increased demand for oil imports, particularly oil products.

The provisional trade balance was a surplus of US\$488.6 million in Q2:2022, higher than the surplus of US\$254.5 million recorded for the same period in 2021. The improvement in the trade surplus was on account of a higher growth in exports than in imports.

The country's Gross International Reserves (GIR) stood at US\$7,680.34 million (3.4 months of import cover) at the end of June 2022, from a stock position of US\$9,695.22 million (4.4 months of import cover) at the end of December 2021.

External Debt

The provisional stock of outstanding government and government-guaranteed external debt at the end of Q2:2022 stood at US\$28,135.88 million, up from the stock position of US\$28,072.15 million at the end of Q2:2021, largely due to net transactions (disbursements and amortizations) during the review quarter.

The external debt stock at the end of Q2:2022 represented 40.48 percent of GDP compared with 35.24 percent recorded for the same period in 2021.

1. Developments in the World Economy

The Russia-Ukraine war continued to magnify pre-existing strains on the global economy through worsening supply-chain bottlenecks, rising energy and other commodity prices, elevated uncertainty and

	Year-over-Year			
	Estimate		Projections	
	2020	2021	2022	2023
World Output	-3.1	6.1	3.2	2.9
Advanced Economies	-4.5	5.2	2.5	1.4
United States	-3.4	5.7	2.3	1.0
Euro Area	-6.3	5.4	2.6	1.2
Germany	-4.6	2.9	1.2	0.8
France	-7.9	6.8	2.3	1.0
Italy	-9.0	6.6	3.0	0.7
Spain	-10.8	5.1	4.0	2.0
Japan	-4.5	1.7	1.7	1.7
United Kingdom	-9.3	7.4	3.2	0.5
Canada	-5.2	4.5	3.4	1.8
Other Advanced Economies	-1.8	5.1	2.9	2.7
Emerging Market and Developing Economies	-2.0	6.8	3.6	3.9
Emerging and Developing Asia	0.8	7.3	4.6	5.0
China	2.2	8.1	3.3	4.6
India	-6.6	8.7	7.4	6.1
ASEAN	-3.4	3.4	5.3	5.1
Emerging and Developing Europe	-1.8	6.7	-1.4	0.9
Russia	-2.7	4.7	-6.0	-3.5
Latin America and the Caribbean	-6.9	6.9	3.0	2.0
Brazil	-3.9	4.6	1.7	1.1
Mexico	-8.1	4.8	2.4	1.2
Middle East and Central Asia	-2.9	5.8	4.8	3.5
Saudi Arabia	-4.1	3.2	7.6	3.7
Sub-Saharan Africa	-1.6	4.6	3.8	4.0
Nigeria	-1.8	3.6	3.4	3.2
South Africa	-6.4	4.9	2.3	1.4

sharp rise in inflationary pressures. These price pressures have led to faster pace of monetary policy tightening and tighter financial conditions in both advanced and emerging market economies. Incoming data show that economic growth moderated in many advanced and emerging market economies in Q2:2022. The IMF's World Economic Outlook projections released in July 2022, revised global growth forecasts downwards to 3.2 percent in 2022 from 6.1 percent in 2021, reflecting the persistent spillover effects of the Russia-Ukraine war, the ongoing monetary policy normalization, China's zero COVID strategy, and heightened uncertainty about global growth prospects.

The risks to the outlook are tilted to the downside. Prolonged war in Ukraine could worsen pre-existing strains on the global economy. Inflationary pressures arising from rising commodity prices and supply

constraints could remain elevated for longer than expected, potentially de-anchoring inflation expectations. Tightening global financial conditions could induce debt distress in emerging market and developing economies. Furthermore, renewed COVID-19 outbreaks and variants would suppress global growth, while geopolitical fragmentation could impede global trade and cooperation.

1.1 United States

Economic activity in the U.S. contracted by 0.2 percent in Q2:2022, following a contraction of 0.4 percent in Q1:2022. The main drag to growth came from inventories and business investment. Inventories were low for general merchandise stores, motor vehicles, residential investments, and equipment. Headwinds from inflation and interest rates significantly curbed consumer spending and business investment over the quarter. Growth is, however, expected to rebound in Q3:2022 as contributions from net exports, government spending and inventories improve. The IMF has reduced its growth forecast for the U.S. by 1.4 percentage points on the back of lower growth in the first quarter, reduced household purchasing power amid rising prices, and tighter monetary policy. In the outlook, the ongoing war in Ukraine and related events will continue to put additional upward pressure on inflation and weigh on economic activity. Additionally, COVID-related lockdowns in China and possible new COVID-19 variants, will likely exacerbate supply-chain disruptions and weigh on the U.S. economy.

1.2 United Kingdom

The UK economy contracted by 0.1 percent in Q2:2022 after expanding by 0.8 percent in Q1:2022, reflecting a slowdown in household consumption as cost-of-living crisis weighed on consumer spending. However, there were positive contributions from net trade, consumer-facing services, including travel

agencies and tour operators as COVID-19 restrictions eased on the tourism industry, accommodation and food service activities, and arts, entertainment, and recreation activities. Growth in the UK is projected to slow down by 0.5 percent to close the year at 3.2 percent in 2022, according to IMF's July 2022 forecast. The output downgrade reflects soaring inflation, weak business investment and global economic shocks that have been compounded by the Russian invasion of Ukraine.

1.3 Euro Area

The Euro area expanded by 0.6 percent in Q2:2022, slightly above a growth of 0.5 percent in Q1:2022 as the negative economic impact of the Omicron variant in the first quarter was short lived. Economic activity was also supported by a strong labour market as unemployment fell amid easing COVID-19 restrictions. The European Central Bank has maintained an accommodative monetary policy stance to support economic recovery in the Euro area. In the outlook, the IMF projects growth in the Euro area to decline by 0.2 percent to close the year at 2.6 percent. The downward revision is driven by high commodity prices, protracted supply-chain disruptions and weak business and consumer confidence on account of the war in Ukraine.

1.4 Japan

Economic activity in Japan expanded by 0.5 percent in Q2:2022, compared with a contraction of 0.1 percent in Q1:2022, supported by an acceleration of private consumption spending due to the easing of COVID restrictions, a rebound in business spending as well as a rise in government spending. The external sector is however exerting some strain on the economy with declining export growth amid weak global economy. Also, ongoing COVID-19 restrictions in China are affecting market sentiment and investment growth. The IMF has marked down the growth projection for Japan by 0.7 percentage points with the country expected to grow at 1.7 percent and 1.7 percent for 2022 and 2023, respectively. In the outlook, economic activity is expected to pick up much stronger in the second half of the year on the back of improving domestic demand as looser COVID-19 restrictions boost private consumption and investment growth. Growth will, however, remain below the pre-pandemic level, given a weaker external sector due to geopolitical tensions and production challenges.

1.5 China

China's economy contracted by 2.6 percent in Q2:2022 amid widespread COVID-19 lockdowns. Amidst the strict lockdowns, retail sales and industrial production recorded their sharpest annual contractions since early 2020. The economy was further depressed by liquidity challenges in the housing market. As COVID-19 cases ease in the country, household spending, exports and industrial activity should recover to support growth into Q3:2022. In the outlook, growth in economic activity in China has been revised downwards by 1.1 percent with a growth projection of 3.3 percent for 2022. The revision is on account of higher energy and commodity prices, recent Omicron variant outbreaks and the country's zero-COVID-19 policy that has led to tighter restrictions and lockdowns in key cities. On the other hand, a stronger fiscal stimulus should provide some support.

1.6 Emerging Markets and Developing Economies

Economic activity in emerging markets and developing economies has been slow in recovering from the pandemic due to delayed vaccinations and limited fiscal space for stronger policy support to growth. Economic activity slowed further for commodity importer countries as commodity prices soared due to

persistent production and supply disruption linked to the war. However, rising commodity prices supported growth for commodity exporters in the region. The IMF has revised growth downwards for EMDEs on account of the sharp decline in economic activity in China and India. China's downgrade by 1.1 percentage points was on the back of COVID-19 outbreaks and related lockdowns, while India's revision was related to the outcomes of sharp policy tightening by regulators and unfavourable external environment related to trade and production challenges. In the outlook, higher interest rates in advanced economies have led to widespread capital flight from emerging market and developing economies with widening bond spreads. The current financial market conditions could amplify debt default risk for the region.

1.7 Sub-Sahara African Countries

The IMF maintained its growth projection for the region at 3.8 percent in 2022 in its July forecast, reflecting the gains made by commodity exporter countries in the region and the waning effect of the pandemic. The increase in oil prices lifted growth prospects for countries such as Nigeria. Also, the war in Ukraine has supported coal exports from South Africa to Europe. However, commodity importers in the region experienced currency pressures due to high oil and food prices. In the outlook, there are key risks to growth stemming from the economic and social impact of the war in Ukraine. Elevated expenditures from the pandemic in addition to rising cost of credit and currency depreciation are pushing debt levels to its highest in decades, placing many countries in debt distress risk. Also, rising food and energy prices are weighing on household incomes, contributing to labour unrest and food insecurity in the region.

2. Real Sector Developments

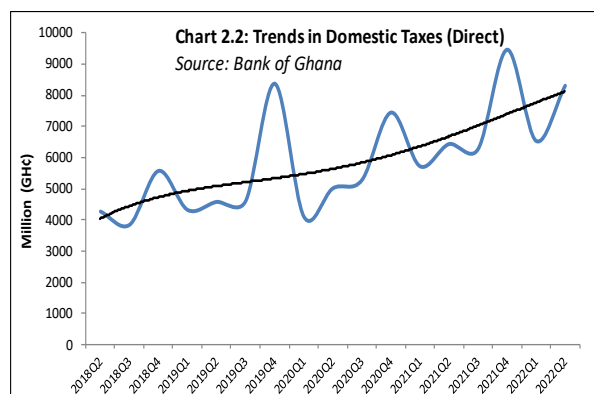
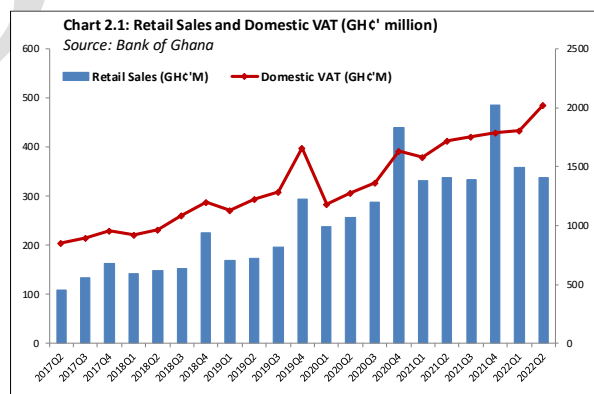
A review of selected real sector indicators revealed some moderation in domestic economic activity during the second quarter of 2022 compared with trends observed during the same period in 2021.

2.1 Indicators of Economic Activity

Consumer Spending

Consumer spending, proxied by domestic VAT collections and retail sales, improved in the second quarter of 2022 compared with figures recorded in the corresponding period of 2021. Domestic VAT collections grew by 17.6 percent (year-on-year) to GH¢2,022.07 million, relative to GH¢1,719.64 million collected during the corresponding quarter in 2021. Domestic VAT also increased by 11.8 percent from GH¢1,808.04 million collected for the first quarter of 2022.

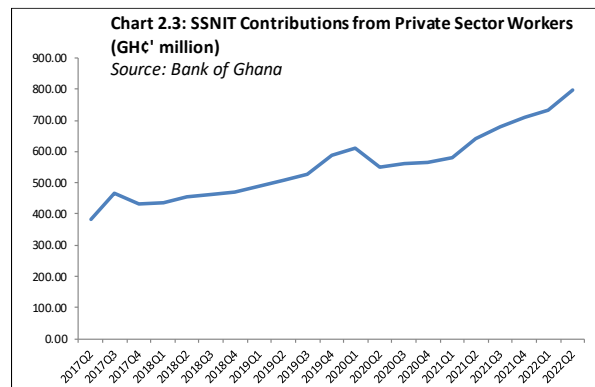
Retail sales remained largely unchanged (year-on-year), recording GH¢338.31 million during the second quarter of 2022, compared with GH¢337.43 million recorded in the corresponding quarter of 2021. However, retail



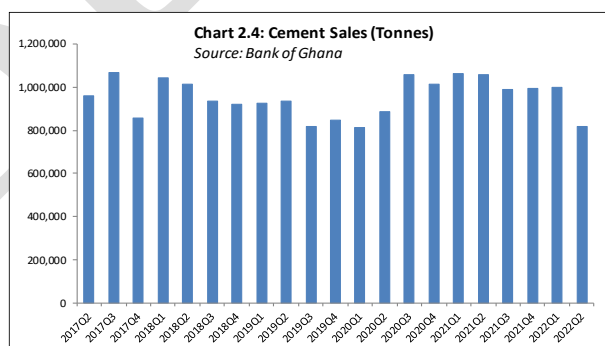
sales declined by 5.6 percent from GH¢358.50 million recorded for the first quarter of 2022.

Manufacturing Activities

Manufacturing-related activities, as proxied 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 during the second quarter of 2022, compared with what was observed in the same period of 2021. Total direct taxes collected increased by 29.0 percent (year-on-year) to GH¢8,294.84 million in the second quarter of 2022, from GH¢6,429.05 million recorded for the second quarter of 2021. Similarly, total direct taxes collected for the quarter under review, improved by 27.0 percent from GH¢6,529.91 million collected in the first quarter of 2022. In terms of contribution of the various sub-tax categories, Corporate Tax accounted for 50.0 percent, followed by Income Tax (PAYE and self-employed) with 37.5 percent, while other tax sources contributed 12.5 percent.



Similarly, private sector workers' contributions to the SSNIT Pension Scheme (Tier-1) rose by 24.1 percent (year-on-year) to GH¢795.43 million in the second quarter of 2022, from GH¢641.15 million collected during the corresponding quarter of 2021. Total contribution in the review period also grew by 8.5 percent when compared with GH¢733.45 million for the first quarter of 2022. 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.

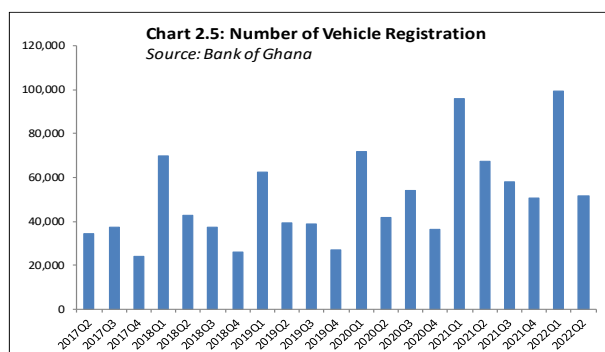


Construction Sector Activities

Economic activity in the construction sub-sector, as proxied by the volume of cement sales, declined by 22.6 percent (year-on-year) during the second quarter of 2022 to 818,735.43 tonnes, from 1,057,271.00 tonnes recorded in the second quarter of 2021. Similarly, total cement sales during the review period decreased by 18.2 percent when compared with 1,001,259.00 tonnes recorded during the first quarter of 2022. The year-on-year decline in total cement sales was due to a slowdown in construction activities during the review period.

Vehicle Registration

Transport-related economic activities, gauged by vehicle registration by the Driver and Vehicle Licensing Authority (DVLA), declined by 23.1 percent to 51,696 in the second quarter of 2022, from 67,190 vehicles registered during the corresponding quarter of 2021.

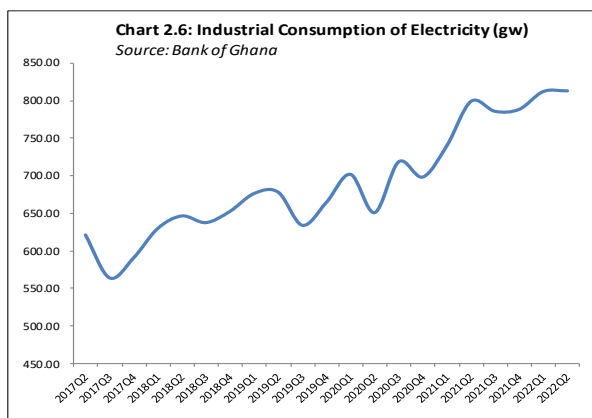


Similarly, the number of vehicles registered during the review period decreased by 48.1 percent relative to

99,514 vehicles recorded in the first quarter of 2022. The decline recorded in vehicle registration, year-on-year, was due to a moderation in vehicle importation during the quarter.

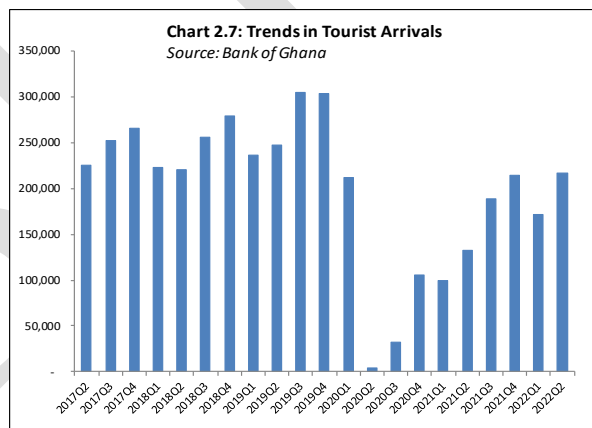
Industrial Consumption of Electricity

The consumption of electricity by industries, which is a proxy for activities within the productive sectors of the economy, went up marginally by 1.8 percent during the second quarter of 2022, compared with observations made in the corresponding period of 2021. Industries utilised 813.19 giga-watts of power in Q2:2022, as against 799.19 giga-watts recorded in Q2:2021. Industrial consumption of electricity remained largely unchanged from 812.29 giga-watts for Q1:2022. The relative improvement in the electricity consumed by industries, year-on-year, could be attributed to increased industrial activity during the review period.



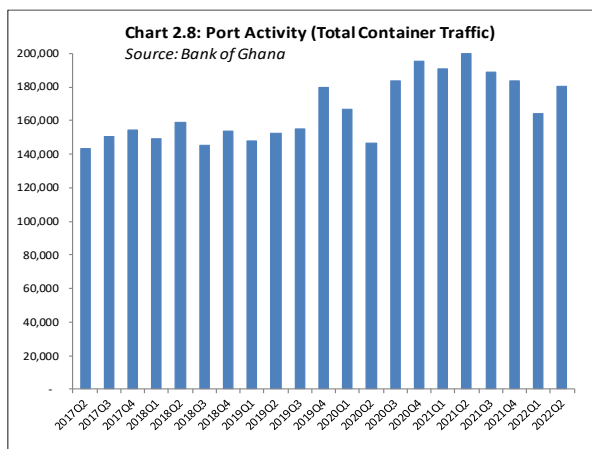
International Tourist Arrivals

Tourist arrivals through the country's various ports of entry improved significantly in the second quarter of 2022 when compared with figures recorded a year ago. A total of 216,589 tourists entered the country during the review period, as against 131,905 visitors received in the second quarter of 2021, indicating a marked improvement of 64.2 percent. Tourist arrivals during the period also went up by 26.6 percent when compared with 171,145 visitors received in the first quarter of 2022. The sharp year-on-year increase in tourist arrivals was due to the easing of travel restrictions over the review period.



Port Activity

International trade at the country's two main harbours (Tema and Takoradi), as measured by laden container traffic for inbound and outbound containers, recorded a decline during the second quarter of 2022, compared with what was observed in the corresponding quarter of 2021. Total container traffic for inbound and outbound containers decreased by 9.8 percent to 180,080 from 199,670 for the second quarter of 2021. Port activity, however, improved by 9.8 percent when compared to 163,936 laden containers recorded in the first quarter of 2022. The relative decline in port activities, year-on-year, was due to a slowdown in international trade activities amid ongoing geopolitical tensions during the review period.



2.2 Labour Market Conditions

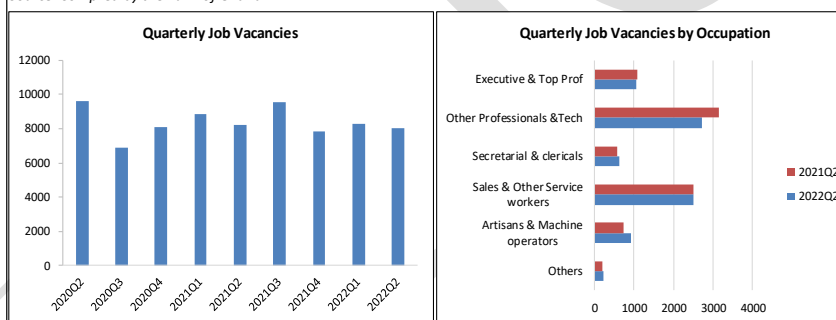
The number of jobs advertised in selected print¹ and online² media, which gauges labour demand in the economy, declined in the second quarter of 2022 relative to what was observed in the second quarter of 2021. In total, 8,038 job adverts were recorded in the second quarter of 2022 as compared with 8,251 for the second quarter of 2021, indicating a decline of 2.6 percent (year-on-year). Similarly, the number of job vacancies advertised in the review period decreased by 2.6 percent from 8,252 recorded for the first quarter of 2022.

Sector Distribution and Skill Set of Job Adverts

The Services Sector maintained its dominance as the leading job-providing sector in the economy, accounting for 80.2 percent of total job adverts recorded during the first quarter of 2022. This compares with a share of 79.0 percent it recorded in the second quarter of 2021. Industry followed with a share of 16.0 percent, down from 17.4% in Q2:2021, while the Agriculture Sector accounted for 3.9 percent of the job adverts during the period, compared with 3.6 percent of total job adverts recorded for the corresponding quarter of 2021.

Further analysis revealed that the main requirements for skilled employees were tertiary education qualification(s) and a minimum of three years' working experience. This category, classified as Professionals and Technicians, collectively accounted for 46.9 percent of total jobs advertised during the second quarter of 2022, relative to 51.4 percent recorded in the corresponding quarter of 2021. This was followed by the categories classified as Sales & Other Service Workers (31.3% in Q2:2022 vs. 30.2% in Q2:2021), Artisans & Machine Operators (11.3% vs. 9.0%), Secretarial & Clerical Staff (7.8% vs. 6.9%) and Others (2.8% vs. 2.5%).

Chart 2.9: Trends in Advertised Job Vacancies and Categories
Source: Compiled by the Bank of Ghana



3. Price Developments

3.1 Global Inflation

Global price pressures remained elevated, and headline inflation in several Advanced and Emerging Market economies drifted further above set targets, amid soaring energy and food prices, as well as protracted and outstretched supply-chain bottlenecks. These trends prompted swift and coordinated monetary policy responses by major central banks. In Advanced Economies, the U.S. Federal Open Market Committee, the Bank of England, and more recently, the European Central Bank, raised interest rates and signalled more aggressive rate increases to anchor inflation expectations. Similarly, central banks in several Emerging Market and Developing Economies (EMDEs) moved to tighten their monetary policy stance in response to

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

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

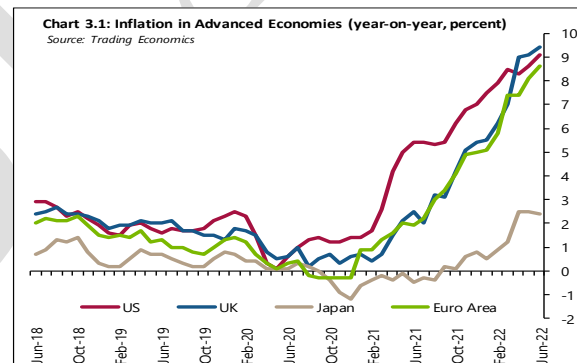
rising inflation and currency pressures. In the outlook, global inflation is projected to rise above targets in the near term but expected to return to target in the medium term as the effects of current monetary policy responses finally transmit into the system and lead to a decline in headline inflation. However, the projected global inflation outlook largely depends on the possibility of a peace treaty between the Russian and Ukrainian authorities to end the ongoing conflict.

Advanced Economies

Inflation in the **United States** climbed to 9.1 percent at the end of Q2:2022, the highest since November 1981, from 8.6 percent in May 2022 and 8.3 percent in April. The persistent rise was mainly due to an increase in energy prices and a surge in food costs. Inflation at the end of Q1:2022 stood at 8.5 percent. Excluding volatile energy and food categories, core inflation rose to 5.9 percent at the end of the first half of 2022, down from 6.5 percent recorded in Q1:2022.

The annual inflation rate in the **United Kingdom** jumped to 9.4 percent at the end of Q2:2022, the highest since 1982, from 9.1 percent in May 2022 and 9.0 percent in April. This compares with an inflation rate of 7.0 percent at the end of Q1:2022. The biggest price pressure came from the high cost of fuel as average petrol prices rose by 18.1 pence per litre in June. Core inflation, which excludes volatile food and energy items, inched up from 5.7 percent in March 2022 to 5.8 percent in June 2022.

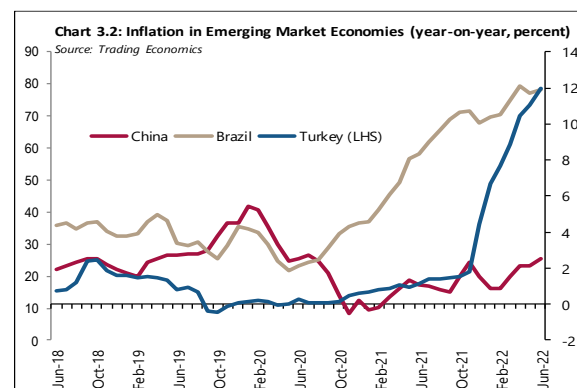
Annual inflation in the **Euro Area** soared to 8.6 percent at the end of Q2:2022, from 8.1 percent in May and 7.4 percent in April 2022, as the war in Ukraine and sanctions on Russia continued to push prices of commodities higher. At the end of Q1:2022, inflation was 5.9 percent. Core consumer price in the euro area, which strips out energy, food, alcohol, and tobacco, went up by 3.7 percent at the end of Q2:2022, from 2.9 percent at the end of Q1:2022.



Consumer prices in **Japan** edged down to 2.4 percent in June 2022 from 2.5 percent recorded in May and April 2022, but higher than the 1.2 percent recorded at the end of Q1:2022. This represented the third consecutive month with inflation above the Bank of Japan's 2.0 percent target, mainly due to surging fuel and food cost following Russia's invasion of Ukraine and a sharply weakening yen. Core inflation rose significantly to 2.2 percent at the end of Q2:2022, from 0.8 percent recorded in March 2022.

Emerging Market Economies

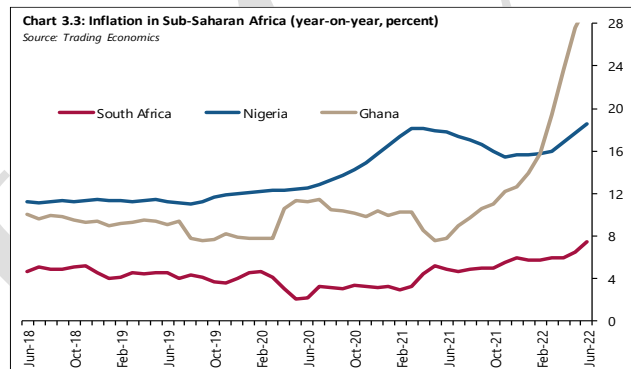
China's annual inflation rate climbed to 2.5 percent at the end of Q2:2022, from 2.1 percent recorded in April and May 2022, and 1.5 percent at the end of Q1:2022. This was the highest price increase since July 2020, driven by a



strong pick-up in food prices with cost of pork bouncing back sharply after a cut in production capacity and a strong demand recovery. The core inflation rate in China was 1.0 percent at the end of Q2:2022, lower than the first quarter's reading of 1.1 percent.

The annual inflation rate in **Brazil** shot up to 11.9 percent at the end of Q2:2022, from 11.3 percent in March 2022, marking the tenth consecutive month of double-digit inflation, and the second highest reading since 2003. The main drivers of inflation in the review period were transportation cost, food and alcoholic beverages, personal expenses, and housing. Core inflation in Brazil rose to 9.2 percent at the end of Q2:2022, as against 9.2 percent at the end of Q1:2022, and 7.3 percent at the end of Q4:2021.

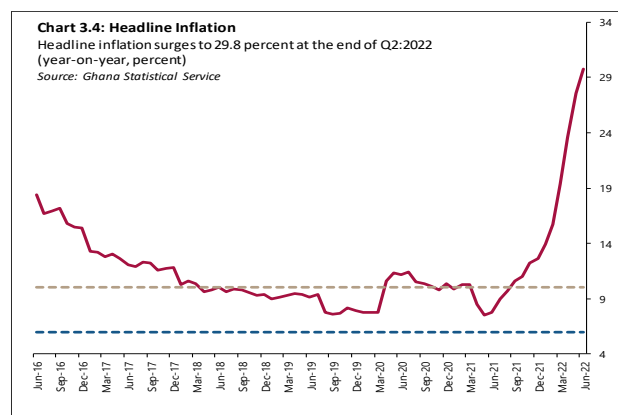
Turkey's inflation rate accelerated for the thirteenth consecutive time to 78.6 percent at the end of the first half of 2022, from 73.5 percent in May and 70.0 percent in April 2022 due to increasing energy and commodity prices because of the Russia-Ukraine war, exchange rate depreciation and a more accommodative monetary policy stance. Core inflation, excluding food and energy prices, jumped to 57.3 percent at the end of Q2:2022, compared to 48.4 percent at the end of Q1:2022.



Sub-Saharan Africa

The annual inflation rate in **South Africa** soared to 7.4 percent at the end of Q2:2022, from 6.5 percent in May and 5.9 percent in April 2022. The inflation rate recorded in June was above the upper limit of the South African Reserve Bank's inflation target range of between 3 and 6 percent. Main upward pressures came from transportation, food & non-alcoholic beverages, and housing & utilities categories. Core inflation, which excludes prices of food, non-alcoholic beverages, fuel and energy, accelerated to 4.4 percent at the end of Q2:2022, from 3.8 percent at the end of Q1:2022.

In **Nigeria**, the annual inflation rate increased to 18.6 percent at the end of Q2:2022, from 17.7 percent in May and 16.8 percent in April 2022. Inflation at the end of Q1:2022 was 15.9 percent. The price surge came on the heels of increasing pressures on diesel and petrol prices due to the Russia-Ukraine war, and exchange rate depreciation as a result of the dollar shortages. Additional price pressures came from sharp increases in food and non-alcoholic beverages, housing & utilities categories. The core inflation rate, which excludes the prices of agricultural produce, soared to 15.7 percent at the end of Q2:2022 from 13.9 percent at the end of Q1:2022.



3.2 Domestic Inflation

Headline Inflation

Headline inflation in Q2:2022 pointed to continued broad-based upward pressure on prices, reflecting the pass-through effects of increases in ex-pump petroleum prices, transport costs, currency depreciation, and

food prices. Headline inflation increased markedly to 29.8 percent at the end of Q2:2022, from 19.4 percent at the end of Q1:2022, the highest level since December 2003. In year-on-year terms, food price inflation accelerated to 30.7 percent in Q2:2022 from 22.4 percent in Q1:2022. Non-food inflation also edged up to 29.1 percent from 17.0 percent over the same period.

The Bank's core measure of inflation, defined to exclude energy and utility, also increased to 28.4 percent in Q2:2022 from 18.5 percent in Q1:2022, indicating strong underlying inflationary pressures.

Monthly Inflation

On a month-on-month basis, headline inflation averaged 4.1 percent in Q2:2022, relative to an average of 2.8 percent recorded in Q1:2022, and 1.2 percent a year ago. Average monthly food inflation jumped to 4.0 percent during Q2:2022, compared to an average of 3.2 percent in Q1:2022. Also, average monthly non-food inflation accelerated to 4.1 percent relative to 2.5 percent over the same period.

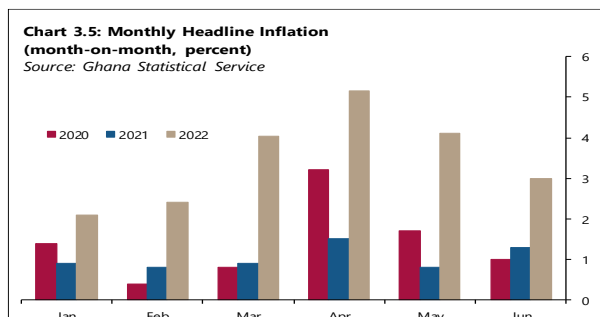
	Headline Inflation (%)			Monthly Changes in CPI (%)		
	Combined	Food	Non-food	Combined	Food	Non-food
Dec-19	7.9	7.2	8.5	0.3	-0.6	1.0
Dec-20	10.4	14.1	7.7	0.9	1.5	0.4
2021						
Jan	9.9	12.8	7.7	0.9	1.2	0.7
Feb	10.3	12.3	8.8	0.8	0.0	1.4
Mar	10.3	10.8	10.0	0.9	0.2	1.4
Apr	8.5	6.5	10.2	1.5	2.3	1.0
May	7.5	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
Oct	11.0	11.0	11.0	0.6	0.3	1.3
Nov	12.2	13.1	11.6	1.4	2.1	0.9
Dec	12.6	12.8	12.5	1.2	1.2	1.2
2022						
Jan	13.9	13.7	14.1	2.1	1.9	2.2
Feb	15.7	17.4	14.5	2.4	3.2	1.7
Mar	19.4	22.4	17.0	4.0	4.5	3.7
Apr	23.6	26.6	21.3	5.1	5.8	4.6
May	27.6	30.1	25.7	4.1	4.0	4.1
Jun	29.8	30.7	29.1	3.0	2.3	3.6

Source: Ghana Statistical Service

and Footwear (23.8 percent compared with 12.2 percent); Restaurants and Accommodation (20.2 percent compared with 12.6 percent); Information and Communication (14.5 percent compared with 13.4 percent); Health (12.8 percent compared with 8.8 percent); Education (4.4 percent compared with 2.9 percent); Alcoholic beverages and Tobacco (21.4 percent compared with 11.4 percent); Housing and Utilities (38.4 percent compared with 21.4 percent); Insurance and Financial Services (5.8 percent compared with 3.0 percent).

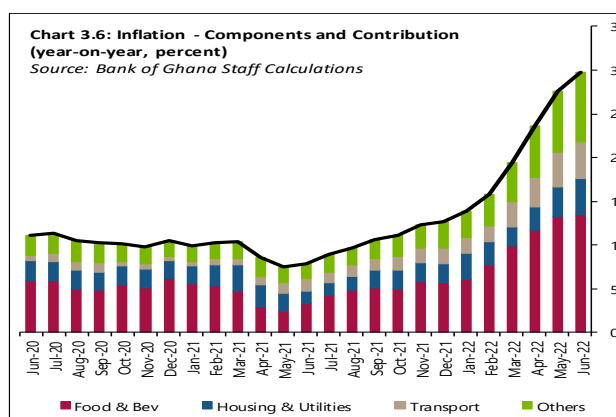
3.3 Inflation Outlook

In the outlook, there are elevated pressures emanating from the rise in global energy and commodity prices, and its effects on domestic ex-pump petroleum prices and transportation costs, food prices and the



Inflation by Sub-Groups

On a year-on-year basis, there was a broad pick-up across subcomponents of the basket. The following components recorded higher inflation at the end of Q2:2022 compared to Q1:2022; Transport (41.6 percent in June 2022 compared with 27.6 percent in March 2022); Household Equipment and maintenance (39.6 percent compared with 18.5 percent); Personal Care and Miscellaneous Goods (31.7 percent compared with 17.0 percent); Recreation and Culture (31.3 percent compared with 17.0 percent); Clothing



pass-through effects of the recent exchange rate depreciation. These have been intensified by China's zero COVID policy, lingering global supply-chain bottlenecks, the proposed 35.0 percent increase in utility tariffs,

	Weights (%)	2020							2021					2022				
		Dec	Mar	Apr	May	Jun	Sept	Dec	Jan	Mar	Apr	May	Jun	Jan	Mar	Apr	May	Jun
Overall	100.0	10.4	10.3	8.5	7.5	7.8	10.6	12.6	13.9	19.4	23.6	27.6	29.8	13.9	19.4	23.6	27.6	29.8
Food and Beverages	43.1	14.1	10.8	6.5	5.4	7.3	11.5	12.8	13.7	22.4	26.6	30.1	30.7	13.7	22.4	26.6	30.1	30.7
Non-food	56.9	7.7	10.0	10.2	9.2	8.2	9.9	12.5	14.1	17.0	21.3	25.7	29.1	14.1	17.0	21.3	25.7	29.1
Alcoholic Beverages, Tobacco	3.7	6.0	7.0	8.0	7.3	6.5	8.1	9.6	8.0	11.4	16.3	18.5	21.4	8.0	11.4	16.3	18.5	21.4
Clothing and footwear	8.1	7.9	6.0	7.1	6.5	6.0	6.8	8.6	8.3	12.2	15.6	20.2	23.8	8.3	12.2	15.6	20.2	23.8
Housing and Utilities	10.2	20.1	29.0	25.0	19.9	14.2	18.7	20.7	28.7	21.4	25.0	32.3	38.4	28.7	21.4	25.0	32.3	38.4
Household Equipment and Maintenance	3.2	4.7	4.7	4.9	4.6	4.7	6.3	9.6	11.0	18.5	28.5	33.8	39.6	11.0	18.5	28.5	33.8	39.6
Health	0.7	6.0	7.1	7.4	8.4	6.0	4.6	6.0	5.4	8.8	10.0	11.3	12.8	5.4	8.8	10.0	11.3	12.8
Transport	10.1	4.8	6.8	9.6	11.7	13.4	13.6	17.6	17.4	27.6	33.5	39.0	41.6	17.4	27.6	33.5	39.0	41.6
Information and Communication	3.6	7.0	8.1	7.4	5.1	4.9	6.6	9.0	8.9	13.4	15.5	16.8	14.5	8.9	13.4	15.5	16.8	14.5
Recreation & Culture	3.5	1.8	4.0	5.1	3.6	3.6	6.8	11.4	12.0	17.0	22.3	26.8	31.3	12.0	17.0	22.3	26.8	31.3
Education	6.5	0.2	0.4	0.6	0.8	0.9	0.9	1.0	0.9	2.9	3.7	4.2	4.4	0.9	2.9	3.7	4.2	4.4
Restaurants and Accommodation	4.6	5.4	6.1	6.7	6.0	4.8	3.2	8.9	9.1	12.6	16.5	18.1	20.2	9.1	12.6	16.5	18.1	20.2
Insurance and Financial services	0.2	3.3	7.8	9.0	9.0	5.5	7.1	6.3	6.3	3.0	2.1	3.1	5.8	6.3	3.0	2.1	3.1	5.8
Personal care & Miscellaneous goods	2.4	3.8	4.5	5.2	4.4	4.5	7.2	10.6	10.8	17.0	23.2	27.3	31.7	10.8	17.0	23.2	27.3	31.7

Source: Ghana Statistical Service

the 15.0 percent increase in government fees as well as the steady upturn in domestic growth conditions over the forecast horizon. The revised forecast assumptions together with tight external financing conditions, heightened inflation expectations and increased production costs are likely to keep inflation above the medium-term target band of 8 ± 2 percent in the near term but expected to return to the target band in 2024. Price gains this year could peak at 35.0 percent before reverting to the target band in the

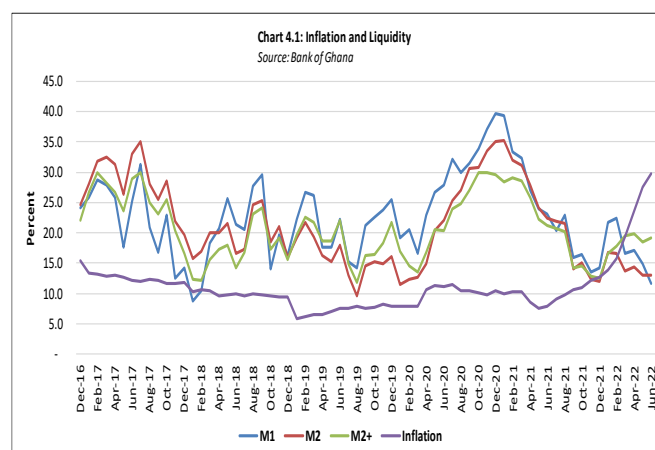
medium term as monetary conditions tighten, exchange rate stabilizes and supply-chain disruptions abate, barring any unanticipated shocks.

4. Money and Financial Market Developments

The pace of growth in broad money supply (M2+) moderated in Q2:2022, mainly driven by contraction in the Net Foreign Assets (NFA) of the depository corporations' sector. The Net Domestic Assets (NDA), however, increased considerably during the review period to offset the contraction in the NFA. The moderation in the growth in M2+ reflected in decreased growth in currency outside banks, demand deposits, and savings and time deposits. However, growth in foreign currency deposits increased during the period under review.

4.1 Broad Money Supply

Developments in the monetary aggregates showed moderation in broad money supply (M2+) growth on year-on-year basis. Annual growth in broad money supply (M2+) decreased to 19.09 percent in Q2:2022 from 21.29 percent in Q2:2021. The stock of broad money supply stood at GH¢145,156.93 million during the review period, compared with GH¢121,891.32 million and GH¢142,729.13 million recorded in Q2:2021 and Q1:2022, respectively. The observed moderation in the growth of M2+ reflected in decreased growth in demand deposits. However, growth in currency with the public, savings and time deposits, and foreign currency deposits increased during the period under review.



4.2 Sources of Change in M2+

The observed moderation in the growth in M2+ was mainly attributed to considerable contraction in NFA of the depository corporations' sector. The NDA, however, expanded at a faster pace, relative to the previous

	Levels (GH¢ Millions)			Year-On-Year Variation					
	Jun-21	Mar-22	Jun-22	As at end-June 2021		As at end-March 2022		As at end-June 2022	
				Absolute Δ	% change	Absolute Δ	% change	Absolute Δ	% change
Reserve Money	36,063.64	44,866.58	48,237.98	10,516.81	41.17	9,961.96	28.54	12,174.34	33.76
Narrow Money (M1)	59,921.11	68,918.69	66,917.35	11,236.43	23.08	9,770.56	16.52	6,996.24	11.68
Broad Money (M2)	94,210.69	106,050.89	106,488.56	17,258.85	22.43	12,824.88	13.76	12,277.87	13.03
Broad Money (M2+)	121,891.32	142,729.13	145,156.93	21,392.41	21.29	23,283.91	19.49	23,265.61	19.09
Currency with the Public	18,556.97	22,090.81	22,102.32	3,739.53	25.24	2,766.07	14.31	3,545.35	19.11
Demand Deposits	41,364.14	46,827.89	44,815.03	7,496.90	22.14	7,004.49	17.59	3,450.89	8.34
Savings & Time Deposits	34,289.58	37,132.19	39,571.21	6,022.42	21.31	3,054.32	8.96	5,281.63	15.40
Foreign Currency Deposits	27,680.63	36,678.24	38,668.37	4,133.56	17.55	10,459.03	39.89	10,987.74	39.69
Sources of M2+									
Net Foreign Assets (NFA)	25,384.55	2,415.79	(7,470.94)	3,496.21	15.97	(12,681.09)	(84.00)	(32,855.49)	(129.43)
BOG	25,033.84	4,485.86	(6,401.93)	4,575.16	22.36	(7,254.67)	(61.79)	(31,435.77)	(125.57)
DMBs	350.71	(2,070.07)	(1,069.01)	(1,078.95)	(75.47)	(5,426.42)	(161.68)	(1,419.72)	(404.81)
Net Domestic Assets	96,506.78	140,313.35	152,627.87	17,896.21	22.77	35,965.00	34.47	56,121.10	58.15
Claims on Government (net)	63,281.84	87,787.70	96,441.19	9,605.52	17.90	15,150.12	20.86	33,159.35	52.40
BOG	19,340.81	39,496.69	51,437.82	(2,373.32)	(10.93)	6,994.11	21.52	32,097.01	165.95
DMBs	43,941.03	48,291.01	45,003.37	11,978.84	37.48	8,156.00	20.32	1,062.34	2.42
Claims on Public Sector	7,495.22	7,832.46	8,392.48	1,569.57	26.49	1,941.07	32.95	897.25	11.97
BOG	2,839.65	2,121.40	2,255.50	1,787.92	170.00	1,210.77	132.96	(584.15)	(20.57)
DMBs	4,655.57	5,711.06	6,136.97	(218.35)	(4.48)	730.30	14.66	1,481.40	31.82
Claims on Private Sector	43,387.05	53,876.62	57,856.53	2,862.35	7.06	10,986.02	25.61	14,469.48	33.35
BOG	643.60	671.80	695.58	155.69	31.91	(62.99)	(8.57)	51.98	8.08
DMBs	42,743.45	53,204.82	57,160.95	2,706.66	6.76	11,049.01	26.21	14,417.51	33.73
Other Items (Net) (OIN) \2	(17,657.33)	(9,183.44)	(10,062.33)	3,858.77	(17.93)	7,887.79	(46.21)	7,595.01	(43.01)
o/w BOG OMO (Sterilisation)	(4,535.30)	(6,289.35)	(4,583.13)	3,710.41	(45.00)	(1,298.38)	26.01	(47.83)	1.05

Source: Bank of Ghana

period. Provisional data showed that growth in NDA increased considerably from 22.77 percent recorded in Q2:2021, to 58.15 percent in Q2:2022. This was higher than the growth of 34.47 percent recorded in Q1:2022. In contrast, NFA contracted significantly by 129.43 percent in Q2:2022 compared with a growth of 15.97 percent in Q2:2021. The contraction in the NFA recorded in Q2:2022 was also higher, in absolute terms, relative to the 84.0 percent contraction recorded in Q1:2022.

Components of Net Domestic Assets

In terms of components of NDA, growth in net claims on Government increased to 52.40 percent in Q2:2022 from 17.90 percent in Q2:2021. Growth in claims on public sector decreased to 11.97 percent in Q2:2022, from 26.49 percent recorded in Q2:2021, while growth in claims on private sector increased to 33.35 percent from 7.06 percent, over the same comparative period. The Other Items (Net) changed by *negative* 43.01 percent in Q2:2022 compared to a change of *negative* 17.93 percent in Q2:2021.

4.3 Developments in Banks' Credit

The annual growth in banks' outstanding credit to the public and private sectors in Q2:2022 increased significantly compared to the corresponding period of 2021. The nominal annual growth rate of banks'

	Levels (GH¢ Millions)			Year-On-Year Variation					
	Jun-21	Mar-22	Jun-22	As at end-June 2021		As at end-March 2022		As at end-June 2022	
				Absolute Δ	% change	Absolute Δ	% change	Absolute Δ	% change
Public Sector	4,795.15	5,786.14	6,201.82	(137.68)	(2.79)	612.26	11.83	1,406.67	29.34
Private Sector	42,743.45	53,204.82	57,160.95	2,706.66	6.76	11,049.01	26.21	14,417.51	33.73
Agric., For. & Fish.	1,531.59	1,988.04	2,044.45	(604.29)	(28.29)	668.43	50.65	512.86	33.49
Export/Trade	164.58	241.55	245.42	(41.73)	(20.23)	124.93	107.13	80.85	49.12
Manufacturing	5,184.87	5,622.05	6,034.83	231.27	4.67	571.17	11.31	849.95	16.39
Trans., Stor., & Comm.	3,287.86	3,473.42	3,101.12	(44.74)	(1.34)	464.29	15.43	(186.74)	(5.68)
Mining & Quarrying	1,051.28	1,056.44	1,330.25	(230.89)	(18.01)	(72.03)	(6.38)	278.97	26.54
Import/Trade	1,178.18	1,772.93	1,931.37	(204.93)	(14.82)	701.75	65.51	753.19	63.93
Construction	4,077.50	5,747.29	5,964.24	613.73	17.72	1,471.63	34.42	1,886.74	46.27
Commerce & Finance	8,130.46	9,459.23	10,926.74	1,078.72	15.30	1,439.12	17.94	2,796.27	34.39
Elect., Gas & Water	2,077.25	2,439.27	2,629.65	(488.47)	(19.04)	(61.82)	(2.47)	552.40	26.59
Services	12,889.29	17,516.62	19,084.41	2,306.16	21.79	5,034.06	40.33	6,195.12	48.06
Miscellaneous	3,170.59	3,887.98	3,868.48	91.84	2.98	707.49	22.24	697.89	22.01
Grand Total	47,538.60	58,990.96	63,362.78	2,568.97	5.71	11,661.27	24.64	15,824.18	33.29

Source: Bank of Ghana

In real terms, growth in credit from the banks increased to 2.68 percent at the end of Q2:2022 from *negative* 1.95 percent in Q2:2021. This was, however, lower than the 4.45 percent growth realised in Q1:2022.

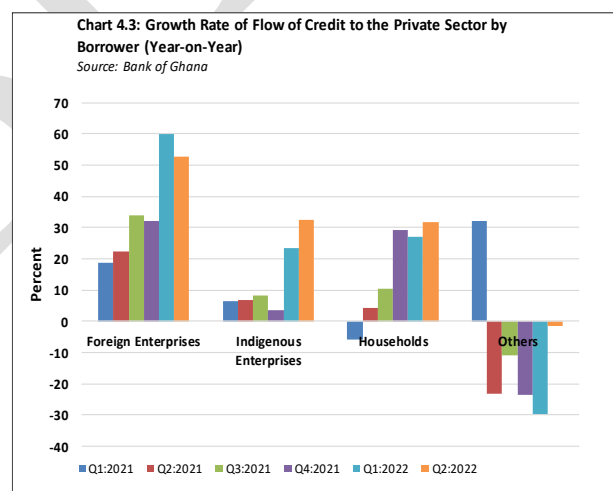
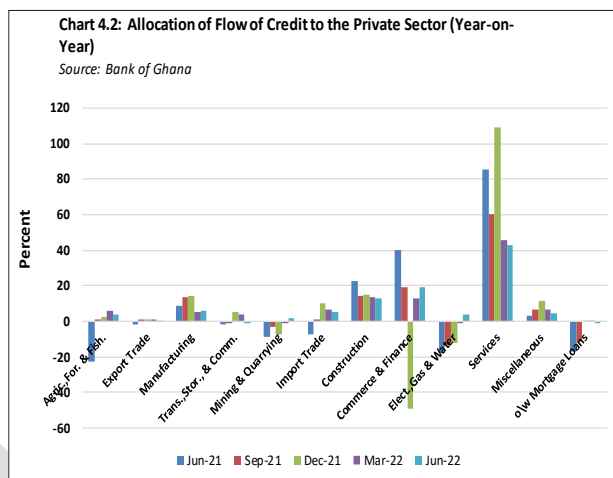
The share of total outstanding credit to the private sector increased marginally to 90.21 percent at the end of Q2:2022, from 89.91 percent recorded for the same period in 2021.

Distribution of Outstanding Credit to the Private Sector

The growth in outstanding credit to the private sector at the end of Q2:2022 was higher in nominal and real terms relative to the corresponding period in 2021. In nominal terms, it increased to 33.73 percent in Q2:2022, from 6.76 percent recorded in Q2:2021. This was also higher than the 26.21 percent growth recorded at the end of Q1:2022.

The outstanding credit to the private sector at the end of Q2:2022 was GH¢57,160.95 million, compared with GH¢42,743.45 million and GH¢53,204.82 million recorded in Q2:2021 and Q1:2022, respectively. In real terms, the annual growth rate of outstanding credit to the private sector increased to 3.02 percent at the end of Q2:2022, from *negative* 0.97 percent recorded in Q2:2021.

The increase in growth in credit to the private sector in Q2:2022 relative to the corresponding period in 2021 was reflected in increases in annual flow of credit to the following sectors: agriculture, forestry & fisheries, export trade, transport, storage & communication; mining and quarrying; import trade; and electricity, gas and water. However, manufacturing; construction; commerce and finance; and services sectors recorded decreases in credit flow in Q2:2022 relative to the corresponding period in 2021. The top five (5) beneficiary sectors of annual flow of private sector credit in Q2:2022 were services (43.0%), commerce and finance (19.4%), construction (13.1%), manufacturing (5.9%), and import trade (5.9%). These top five sectors accounted for 86.57 percent of the overall credit flow for Q2:2022.



In terms of annual growth in credit to private sector by borrower, credit flows to indigenous enterprises and household subsectors increased in Q2:2022, relative to Q2:2021. Similarly, credit flows to the 'Others' category improved over the same comparative period.

4.4 Sources and Uses of Banks' Flow of Funds

The provisional figures for Q2:2022 showed that the proportion of commercial banks' fund flows allocated to investment in Government securities decreased, while proportion of funds flows to bank credit, foreign assets, balances with Bank of Ghana, and other assets increased relative to that of the corresponding period in 2021.

	(Amount in GHe 'Million)			Year-On-Year Variation					
				As at end-June 2021		As at end-March 2022		As at end-June 2022	
	Jun-21	Mar-22	Jun-22	Absolute Δ	% change	Absolute Δ	% change	Absolute Δ	% change
Sources of Funds									
Total Deposits	99,723.42	116,314.42	118,740.24	17,050.63	64.16	19,683.28	52.62	19,016.83	56.45
Domestic	72,042.79	79,636.18	80,071.87	12,917.07	48.60	9,224.25	24.66	8,029.09	23.83
Demand Deposits	37,753.20	42,503.98	40,500.66	6,894.65	25.94	6,169.93	16.49	2,747.46	8.16
Savings Deposits	18,424.69	19,739.71	20,805.70	4,084.30	15.37	1,247.65	3.34	2,381.01	7.07
Time Deposits	15,864.89	17,392.48	18,765.51	1,938.12	7.29	1,806.66	4.83	2,900.61	7.75
Foreign Currency	27,680.63	36,678.24	38,668.37	4,133.56	15.55	10,459.03	27.96	10,987.74	32.62
Credit From BOG	1,024.61	2,385.57	1,961.03	866.41	3.26	1,373.42	3.67	936.43	2.78
Balances Due to Non-Resident Banks	10,343.53	14,667.14	13,070.88	1,753.84	6.60	6,026.06	16.11	2,727.35	8.10
Capital	10,785.44	11,123.66	11,243.58	1,047.26	3.94	1,201.36	3.21	458.14	1.36
Reserves	13,001.43	16,063.98	16,114.20	3,058.85	11.51	3,318.11	8.87	3,112.77	9.24
Other Liabilities*	31,886.55	36,379.05	39,322.99	2,798.61	10.53	5,805.78	15.52	7,436.44	22.07
Total	166,764.98	196,933.81	200,452.93	26,575.61	100.00	37,408.01	100.00	33,687.95	100.00
Uses of Funds									
Bank Credit	47,538.60	58,990.96	63,362.78	2,568.97	9.67	11,661.27	31.17	15,824.18	46.97
o/w Private Sector Credit	42,743.45	53,204.82	57,160.95	2,706.66	10.18	11,049.01	29.54	14,417.51	42.80
Investment in Government Securities	51,850.37	57,090.69	54,660.62	14,319.35	53.88	9,311.85	24.89	2,810.25	8.34
Short-Term	6,530.85	6,866.42	5,560.65	1,774.88	6.68	1,792.07	4.79	-970.20	-2.88
Medium/Long Term	45,319.52	50,224.27	49,099.97	12,544.47	47.20	7,519.77	20.10	3,780.45	11.22
Foreign Assets	10,694.24	12,597.07	12,001.88	674.89	2.54	599.64	1.60	1,307.64	3.88
Balances with BOG	20,430.95	24,836.92	28,134.15	5,054.21	19.02	7,536.29	20.15	7,703.21	22.87
Other Assets**	36,250.82	43,418.17	42,293.50	3,958.19	14.89	8,298.97	22.19	6,042.69	17.94
Total	166,764.98	196,933.81	200,452.93	26,575.61	100.00	37,408.01	100.00	33,687.95	100.00

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

**Includes real estate and equipment and other unclassified assets

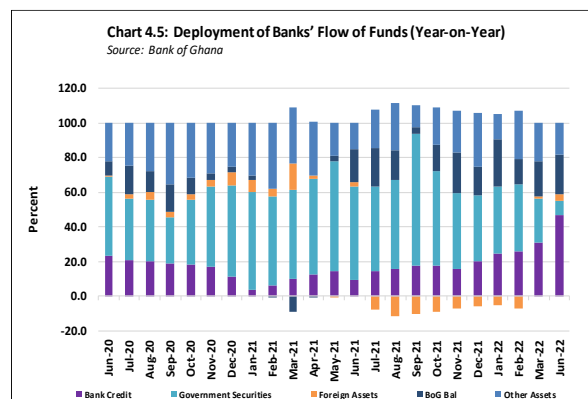
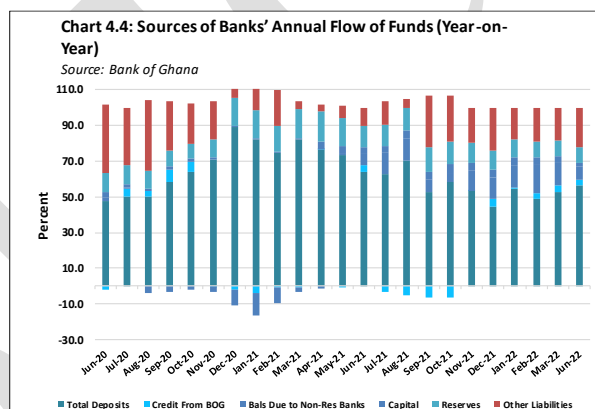
Source: Bank of Ghana

The proportion of fund flows to bank credit increased to 46.97 percent in Q2:2022, from 9.67 percent at the end of Q2:2021. This was also higher than the 31.17 percent recorded in Q1:2022. Similarly, the proportion of fund flows to foreign assets, balances with Bank of Ghana, and other assets increased to 3.88 percent, 22.87 percent, and 17.94 percent respectively, from 2.54 percent, 19.02 percent, and 14.89 percent, respectively, over the same comparative period.

The main source of fund flows for financing of banks' assets was deposits. Its share in the sources of fund flows, however, decreased to 56.45 percent in Q2:2022 from 64.16 percent in Q2:2021. This was higher than the 52.62 percent recorded in Q1:2022. The decrease in flows from total deposits, for the period under review, reflected a decline in fund flows from domestic currency deposits. Fund flows from foreign currency deposits, however, increased. The proportion of fund flows from domestic deposits decreased to 23.83 percent in Q2:2022 from 48.60 percent in Q2:2021. Fund flows from components of domestic currency deposits showed that demand deposits and savings deposits mainly accounted for the decrease in fund flows from domestic currency deposits over the comparative period. In contrast, the share of fund flows from foreign currency deposits increased to 32.62 percent in Q2:2022 from 15.55 percent in Q2:2021.

The proportion of fund flows from credit from Bank of Ghana, bank capital, and bank reserves decreased during the period under review. The share of fund flows attributable to credit from Bank of Ghana, bank capital and bank reserves decreased to 2.78 percent, 1.36 percent, and 9.24 percent, respectively, in Q2:2022, from 3.26 percent, 3.94 percent, and 11.51 percent, respectively, in Q2:2021. In contrast, the

The proportion of bank funds allocated to Government securities decreased significantly to 8.34 percent in Q2:2022, from 53.88 percent in Q2:2021. This reflected in decreases in the share of fund flows to investments in both short-term and medium- to long-term securities. The proportion of fund flows to investment in short-term and medium- to long-term securities decreased to 2.88 percent and 11.22 percent respectively, in Q2:2022, from 6.68 percent and 47.20 percent respectively, recorded in Q2:2021.



share of fund flows from balances due non-resident banks, and other liabilities increased to 8.10 percent and 22.07 percent, respectively, from 6.60 percent and 10.53 percent, respectively, over the same comparative period.

Total deposits remained the dominant source of funds into the banking system in Q2:2022. This was followed by other liabilities, which include margin deposits, cheques in transit, interest in suspense accounts, and borrowings from other resident banks.

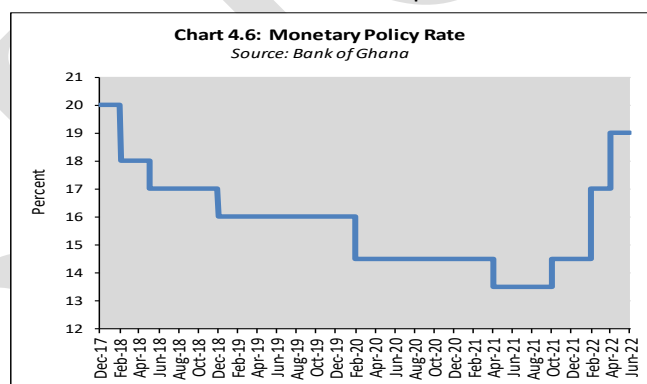
Bank credit received the largest share in terms of uses of funds by the banking system in Q2:2022. This was followed by allocations to balances with Bank of Ghana and other assets, respectively.

4.5 Interest Rate Developments

Interest rate developments in the money market for Q2:2022 showed an upward trend on a year-on-year basis across the spectrum of the yield curve. Rates on Government of Ghana (GOG) securities and BOG bills increased. At the retail end, lending rates trended upwards compared with rates recorded in Q2:2021, reflecting the transmission of the policy rate at the wholesale end of the market. Compared with Q1:2022 interest rates on BOG bills, GOG securities and the lending rate of DMBs increased, whereas the deposit rates of DMB's recorded no change.

Monetary Policy Rate

The Monetary Policy Rate (MPR) at the end of Q2:2022 was 19.00 percent, reflecting a cumulative 550bps increase compared with the MPR at the end of Q2:2021. The upward review in the MPR was due to upside risks in the inflation outlook.



BOG Bills

The interest equivalent on the 14-day and 56-day BOG bills increased cumulatively by 550bps to 19.0 percent at the end of Q2:2022 from 13.50 percent in Q2:2021. Similarly, when compared with Q1:2022, the rates on the 14-day and 56-day BOG bills increased cumulatively by 350bps and 125bps, respectively.

The 7-day, 28-day and 270-day BOG bills registered no changes in interest rates and remained at 11.74 percent, 24.27 percent, and 26.82 percent, respectively, at the end of Q2:2022. This was on account of inactivity and non-issuance.

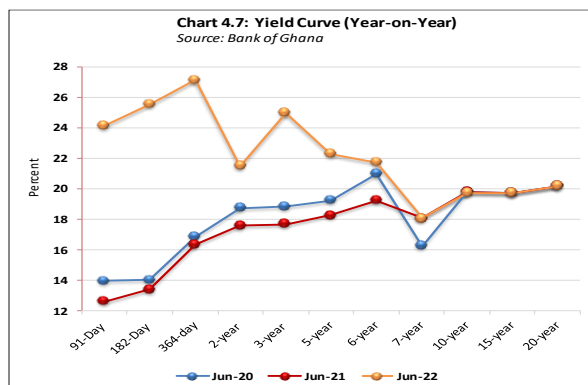
Government Securities

On the treasury market, interest rates in Q2:2022 generally trended upwards. The 91-day, 182-day and 364-day T-bill rates increased cumulatively by 1,150bps, 1,214bps and 1,081bps, to settle at 24.15 percent, 25.55 percent, and 27.14 percent, respectively, compared to interest rates recorded on the discount bearing securities at the end of Q2:2021. The interest earned on short-term GOG bills, also recorded increases in rates when compared with the first quarter of 2022.

Interest rates on the 2-year note, 3-year, 5-year and 6-year GOG bonds increased cumulatively by 390bps, 730bps, 400bps, and 250bps, year-on-year, to settle at 21.50 percent, 25.00 percent, 22.30 percent and 21.75 percent, respectively, at the end of Q2:2022. The interest rate on the 7-year, 10-year, 15-year and 20-year bonds remained unchanged at the end of Q2:2022.

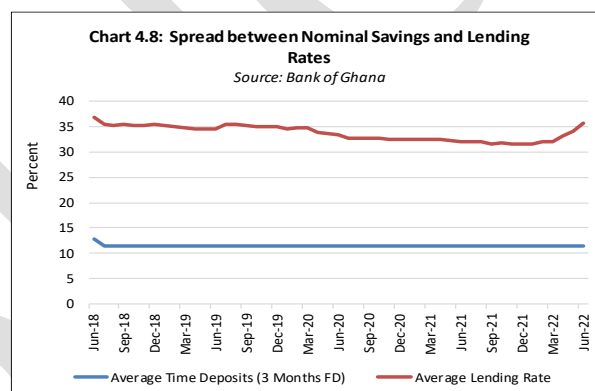
Interbank Market

The interbank weighted average interest rate increased cumulatively by 705bps to 19.92 percent in Q2:2022, from 12.88 percent recorded in Q2:2021. Compared to Q1:2022, the interbank weighted average interest rate increased by 660 bps.



Time and Savings Deposit Rates

The average interest rate on the DMBs' 3-month time and savings deposits remained unchanged at 11.50 percent and 7.63 percent, respectively, at the end of Q2:2022 compared to Q2:2021. Compared with the Q1:2022, the average interest rates on DMBs' 3-month time and savings deposits also remained unchanged.



Lending Rate

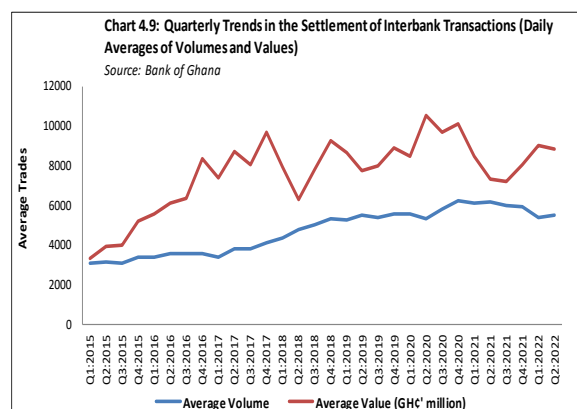
Lending rates trended upwards during the review quarter. The average lending rate increased by 366bps to 24.27 percent at the end of Q2:2022, from 20.61 percent in Q2:2021. Compared to Q1:2022, the average lending rate increased by 370bps.

The spread between the borrowing and lending rates expanded by 366bps on a year-on-year basis to 12.77 percent in Q2:2022. For the corresponding quarter in 2021, the spread narrowed by 134bps.

4.6 Payments System Developments

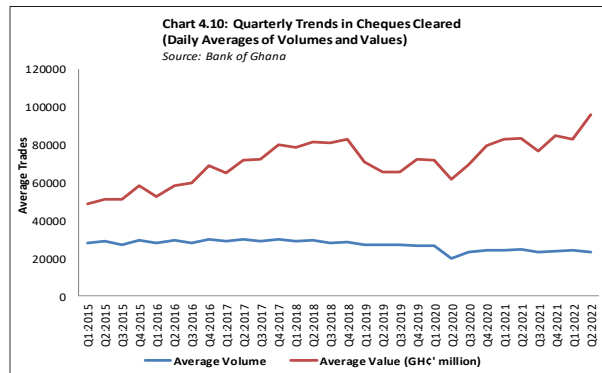
Settlement of Interbank Transactions

The volume of transactions settled through the Ghana Interbank System (GIS) during Q2:2022 totalled 335,421 valued at GH¢538,263.42 million. This represented a decrease in volume by 10.98 percent and an increase in value by 20.64 percent, compared to transactions in Q2:2021. When compared with transactions settled during Q1:2022, there was an increase in the volume of transaction by 2.30 percent and a decrease in value by 1.77 percent. On the average, 5,499 transactions were settled daily through the GIS, valued at GH¢8,823.99 million during the quarter under review, compared with a total of 5,375 cheques, valued at GH¢8,982.66 million during Q1:2022. In Q2:2021, an average of 6,177.26 transactions were settled daily, valued at GH¢7,314.33 million.



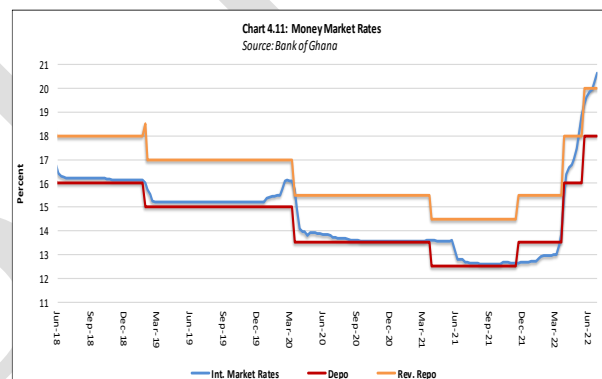
Cheques Cleared

The volume of cheques cleared during Q2:2022 totalled 1,433,294 valued at GH¢58,570.3 million. This represented a decrease in volume by 5.50 percent and an increase in value by 14.75 percent compared to transactions in Q2:2021. When compared with Q1:2022, the volume of transactions and value of cheques cleared increased by 0.92 percent and 7.06 percent, respectively. On a daily basis, an average of 23,496.62 cheques valued at GH¢960.17 million were cleared during the period under review, compared with 24,863.46 cheques valued at GH¢836.73 million in Q2:2021. In Q1:2022, an average of 24,423.84 cheques valued at GH¢832.15 million were cleared.



4.7 Money Market

Depos decreased to GH¢4,145.00 million in Q2:2022 from GH¢4,797.00 million recorded in Q1:2022. Compared with same period in the previous year, depo trades increased by 19.66 percent from GH¢3,464.00 million in Q2:2021 to GH¢4,145.00 million in the review period. Reverse Repo activities by the commercial banks increased significantly during Q2:2022 when compared to the previous quarter.

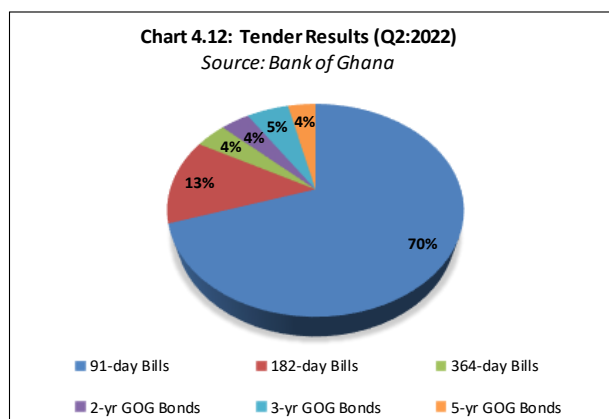


Reverse Repo trades totalled GH¢18,080.60 million, an increase of 170.49 percent from the Q1:2022 position, and 2027.13 percent when compared to Q2:2021. Reverse repo trades totalled GH¢850 million in Q2:2021.

On the interbank market, the value of trades during Q2:2022 ranged between GH¢940.00 million and GH¢6,308.00 million at a weighted average rate, ranging from 16.38 percent to 20.66 percent. In the previous quarter, values of trades ranged from GH¢1,625.00 million to GH¢7,155.00 million at a weighted average rate, ranging from 12.70 percent to 15.47 percent.

Tender Results

Total sales at the auction during Q2:2022 totalled GH¢25,565.77 million with maturities totalling GH¢27,206.48 million. This resulted in a net repayment of GH¢1,640.71 million out of which an amount of GH¢10.18 million was used to finance government's activities and an injection through Bank of Ghana's OMO activities to the tune of GH¢1,650.89 million.



4.8 Currency Markets

The International Currency Market

The U.S. dollar ended Q2:2022 on a strong note due to expectations of rate hikes by the U.S. Federal Reserve, rising U.S. Treasury yields and investors' flight to a safe-haven. The performance of the pound sterling was weak due to cost-of-living crisis in the UK, Northern Ireland protocol issues, central bank policy divergence, and fears of a recession. The euro, on the other hand, had a mixed performance amid expectations of a hawkish policy stance by the European Central Bank (ECB) and expected interest rate decision from the ECB. The safe-haven Japanese yen was very weak in Q2:2022 due to the Bank of Japan's Governor's stance on keeping yields near zero and continued monetary easing.

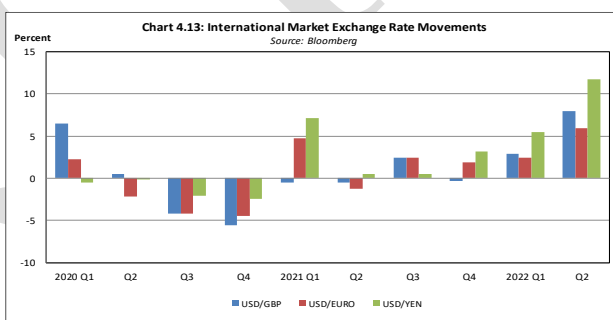
The **U.S. dollar** had a strong performance in Q2:2022, benefiting from the on-going war in Ukraine and risk-off market mood as risk appetite collapsed in April 2022. It was also buoyed by expectations of aggressive monetary policy from the U.S. Federal Reserve in June 2022. Positive U.S. economic data showed a pickup in manufacturing activities, coupled with a strong demand for goods which allayed fears of an impending recession. Additionally, fears of a global recession increased the demand for the U.S. dollar as a safe-haven in June 2022. At the end of the quarter, the U.S. dollar appreciated by 8.0 percent against the pound sterling, 5.9 percent against the euro and 11.7 percent against the Japanese yen, respectively.

Table 4.4: International Market Exchange Rate Movements

End Period	US\$/£	Quarterly depreciation/ appreciation	Annual depreciation/ appreciation	US\$/€	Quarterly depreciation/ appreciation	Annual depreciation/ appreciation	US\$/¥	Quarterly depreciation/ appreciation	Annual depreciation/ appreciation
2020 Q1	1.2418	6.5		1.0978	2.2		0.0093	-0.5	
Q2	1.2358	0.5		1.1225	-2.2		0.0093	-0.1	
Q3	1.2904	-4.2		1.1712	-4.2		0.0095	-2.1	
Q4	1.3670	-5.6	-3.3	1.2265	-4.5	-8.5	0.0097	-2.4	-5.1
2021 Q1	1.3741	-0.5		1.1717	4.7		0.0091	7.1	
Q2	1.3812	-0.5		1.1858	-1.2		0.0090	0.5	
Q3	1.3491	2.4		1.1583	2.4		0.0090	0.5	
Q4	1.3532	-0.3	1.0	1.1369	1.9	7.9	0.0087	3.2	11.7
2022 Q1	1.3149	2.9		1.1107	2.4		0.0082	5.5	
Q2	1.2177	8.0		1.0484	5.9		0.0074	11.7	

Depreciation (-)/ Appreciation (+)

Source: Bloomberg



The **pound sterling** was weak against the U.S. dollar and euro but was strong against the Japanese yen in Q2:2022. The pound sterling and government bond yields slid in early May after the Bank of England raised interest rates to the highest level since the financial crisis of 2009, and warned the economy was on course to shrink next year due to pressure from double-digit inflation. Investors in the British pound were also worried that a hard-line attitude towards Brexit could trigger a trade war in late June. Consequently, the pound sterling recorded depreciations of 7.4 percent and 1.9 percent against the U.S. dollar and the euro, respectively, but appreciated against the Japanese yen by 3.4 percent.

The **euro** was strong against the pound sterling and the Japanese yen but was weak against U.S. dollar during Q2:2022. This was due to several factors including the ongoing Russia-Ukraine war, continued energy crises, fears of a Eurozone recession, and a fall in German factory orders. Expectations of a hawkish stance from the ECB averted serious losses for the euro but this buffer was removed as later ECB pronouncements seemed dovish to the markets. At the end of the quarter, the euro appreciated by 1.9 percent and 5.4 percent against the pound sterling and the Japanese yen, respectively, but depreciated by 5.6 percent against the U.S. dollar.

The **Japanese yen** was very weak in Q2:2022. The Bank of Japan (BoJ) frequently intervened to keep benchmark bond yields around zero, a disparity to most of the yields of rival countries' debt in the early periods of the second quarter. In contrast to Federal Reserve interest rate hikes, targets for the 10-year bond yields were also to be maintained at 0.25 percent in Japan. Officials of BoJ reiterated the Bank's position on non-tightening of the policy rate and this contributed to the weakening of the Japanese yen in June 2022. Therefore, the safe-haven currency ended the quarter with losses of 10.5 percent, 3.3 percent and 5.1 percent against the U.S. dollar, the pound sterling and the euro, respectively.

The Domestic Currency Market

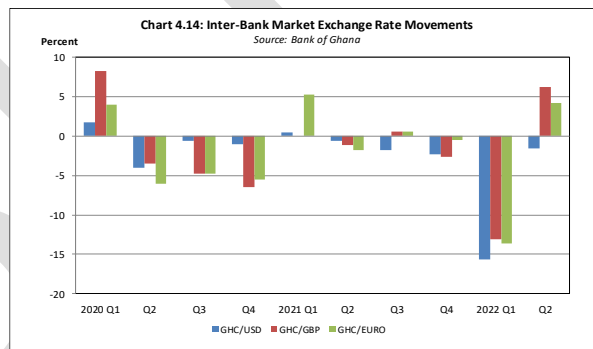
The Ghana cedi experienced a mixed performance against the three major currencies in Q2:2022. It had a strong performance in the first month of the second quarter mainly due to pipeline demand which trended downwards with pricing pressures easing on the back of improved market sentiments. Improved forex liquidity quality also remained supportive of the cedi's recovery. However, the poor performance of the cedi in May 2022 and June 2022 was due to traders adjusting rates to reflect interbank levels, large demand for forex, especially from the energy sector as well as from offshore secondary market activities. Also, developments in the international currency markets regarding the euro and the pound sterling affected the cedi's performance.

Table 4.5: Inter-Bank Market Exchange Rate Movements

End Period	Quarterly depreciation/ appreciation c/US\$	Annual depreciation/ appreciation	Quarterly depreciation/ appreciation c/GBP	Annual depreciation/ appreciation	Quarterly depreciation/ appreciation c/Euro	Annual depreciation/ appreciation
2020 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
Q3	5.7027	-0.6	7.3585	-4.8	6.6786	-4.8
Q4	5.7602	-1.0	7.8742	-6.5	7.0643	-5.5
2021 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
Q3	5.8663	-1.8	7.9140	0.6	6.7952	0.6
Q4	6.0061	-2.3	8.1272	-2.6	6.8281	-0.5
2022 Q1	7.1122	-15.6	9.3515	-13.1	7.8986	-13.6
Q2	7.2305	-1.6	8.8043	6.2	7.5797	4.2

Depreciation (-)/ Appreciation (+)

Source: Bank of Ghana



On the **Interbank market**, the Ghana cedi depreciated on a quarter-on-quarter basis by 1.6 percent against the U.S. dollar but appreciated by 6.2 percent and 4.2 percent against the pound sterling and the euro, respectively, during the second quarter of the year. The cedi, however, performed better against the major international currencies in Q2:2022 compared to Q2:2021 when it depreciated by 0.6 percent, 1.1 percent and 1.8 percent against the U.S. dollar, the pound sterling and the euro, respectively.

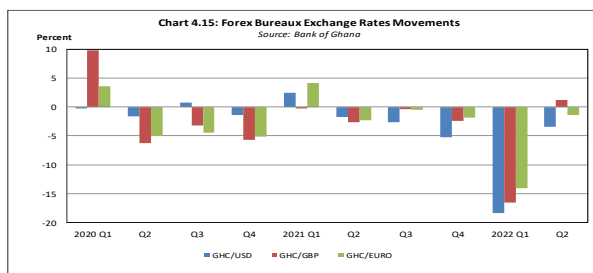
On the **Forex Bureaux market**, the Ghana cedi depreciated on a quarter-on-quarter basis by 3.4 percent and 1.4 percent against the U.S. dollar and the euro, respectively, but appreciated against the pound sterling by 1.2 percent. The cedi performed better in Q2:2022 than in Q2:2021 when it depreciated by 1.7 percent, 2.7 percent and 2.3 percent against the U.S. dollar, the pound sterling and the euro, respectively.

Table 4.6: Forex Bureaux Exchange Rate Movements

End Period	Quarterly depreciation/ appreciation c/US\$	Annual depreciation/ appreciation	Quarterly depreciation/ appreciation c/GBP	Annual depreciation/ appreciation	Quarterly depreciation/ appreciation c/Euro	Annual depreciation/ appreciation
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
Q4	6.3752	-5.3	8.3440	-2.4	7.1405	-1.8
2022 Q1	7.8175	-18.4	9.9990	-16.6	8.31	-14.1
Q2	8.0900	-3.4	9.8850	1.2	8.4250	-1.4

Depreciation (-)/ Appreciation (+)

Source: Bank of Ghana



Foreign Exchange Transaction Market

At the end of Q2:2022, the total volume of forex purchases recorded was US\$5,760.87 million. Commercial banks' purchases contributed 81.5 percent of the total purchases (US\$4,697.07 million). The Central Bank's

Table 4.7: Foreign Exchange Transaction Market

		Purchases (million \$)				Sales (million \$)			
		Commercial		Forex	Total	Commercial		Forex	Total
		BOG Sales	Bank	Bureaux	Purchases	Bank	Bureaux	Total	Sales
2021	Jan	95.00	1,507.91	15.99	1,618.90	1,825.67	15.85	1,841.52	
	Feb	140.28	1,305.31	14.07	1,459.66	1,495.54	14.06	1,509.60	
	Mar	191.97	1,521.90	16.52	1,730.39	2,104.66	16.56	2,121.22	
	Q1	427.25	4,335.12	46.58	4,808.95	5,425.87	46.47	5,472.34	
	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	1,683.29	
	Q2	597.20	4,167.80	53.12	4,818.12	4,818.32	51.66	4,869.98	
	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	
	Q3	1,305.69	3,686.07	63.55	5,055.31	5,244.92	63.77	5,308.69	
2022	Oct	564.52	1,220.02	21.70	1,806.24	1,772.13	21.61	1,793.74	
	Nov	387.18	1,030.18	20.25	1,437.61	1,376.84	20.34	1,397.18	
	Dec	637.66	1,166.99	24.37	1,829.02	1,642.45	24.18	1,666.63	
	Q4	1,589.36	3,417.19	66.32	5,072.87	4,791.42	66.13	4,857.55	
	Jan	277.43	1,186.41	22.09	1,485.93	1,469.47	21.98	1,491.95	
	Feb	480.42	1,259.63	20.69	1,760.74	1,722.60	20.63	1,743.23	
	Mar	561.82	1,752.54	24.18	2,338.94	2,246.96	23.82	2,270.78	
	Q1	1,319.67	4,198.14	66.96	5,581.65	5,439.03	66.43	5,505.46	
	Apr	357.66	1,887.43	22.90	2,267.99	2,219.09	22.88	2,241.97	
	May	344.37	1,310.84	23.54	1,678.75	1,683.13	24.23	1,707.36	
	Jun	288.06	1,498.80	27.27	1,814.13	1,743.41	26.62	1,770.03	
	Q2	990.09	4,697.07	73.71	5,760.87	5,645.63	73.73	5,719.36	

Source: Bank of Ghana

support to the market accounted for 17.2 percent (US\$990.09 million) and purchases from forex bureaux contributed the remaining 1.3 percent.

Compared to Q1:2022, the volume of total purchases increased by 3.1 percent. Commercial banks' purchases increased by 11.9 percent, while Bank of Ghana's support decreased significantly by 25.0 percent. Forex bureaux purchases grew by 10.1 percent.

On sales, total volume recorded was US\$5,719.36 million. Commercial bank sales amounted to US\$5,645.63 million (98.7% of

4.9 The Stock Market

The GSE-CI continued the downward trend in Q2:2022, recording a loss of 7.20 percent. The poor performance of the GSE-CI could partly be attributed to the poor performance of the domestic currency and rising inflation. However, market capitalization increased due to the listing of Asante Gold Plc (ASG). With the possibility of government signing up onto an IMF-supported programme, government securities would become relatively attractive to investors. Hence, the GSE-CI might continue the downward trend in the ensuing quarter.

The GSE-CI

The GSE-CI decreased by 7.20 percent (-197.37 points) on a quarter-on-quarter basis at the end of Q2:2022 as against an increase of 19.45 percent (430.38 points) in the same period in 2021. The poor performance of the GSE-CI could be attributed to exchange rate pressures on the domestic currency and sell-off of equities by foreign investors. The GSE-CI recorded a year-on-year growth of 3.71 percent (98.19 points) at the end of Q2:2022.

Sector Performance

The performance in the GSE-CI in Q2:2022 was driven mainly by share price depreciation of stocks in the IT (-15.09%; -5.80 points), Distribution (-8.01%; -239.54 points) and Manufacturing (-0.59%; -3.60 points)

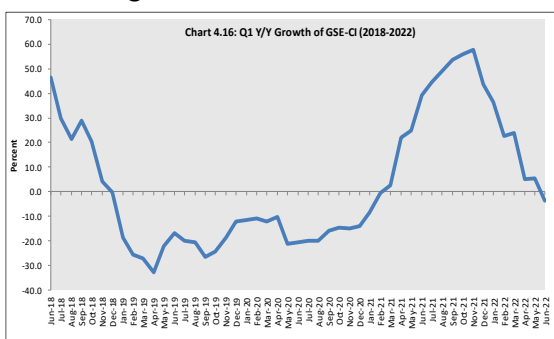


Table 4.8: Sector's Contribution to the Growth of GSE-CI

Table 4b: Sector Contribution to the Growth of GSE-CI												
Month	SECTOR											
	F&B	MAN	FINANCE	DISTR	MINING	IT	AGRIC	OIL	ETFund	EDUC	AD & PROD	GSE-CI
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
Mar-22	1276.36	613.36	2174.96	2989.20	131.07	38.43	1200.00	40.10	6.31	100.01	100.00	2742.85
Jun-22	1276.36	609.76	2176.97	2749.66	155.03	32.63	1200.00	40.20	62.62	100.01	100.00	2545.48
2022 (Q-on-Q)												
Absolute Δ	0.00	-3.60	2.01	-238.54	23.96	-5.80	0.00	0.10	56.31	0.00	0.00	-197.37
% Δ	0.00	-0.59	0.09	-8.01	18.28	-15.09	0.00	0.26	891.80	0.00	0.00	-7.20
2022 (Y-on-Y)												
Absolute Δ	544.67	219.19	305.56	352.26	19.66	-10.87	766.00	0.53	58.75	0.01	0.00	-98.19
% Δ	74.44	56.12	16.33	14.69	14.52	-25.00	176.50	1.33	1516.65	0.01	0.00	-3.71

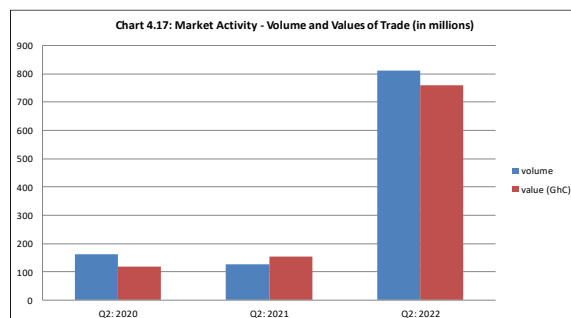
Source: Ghana Stock Exchange

Source: Ghana Stock Exchange

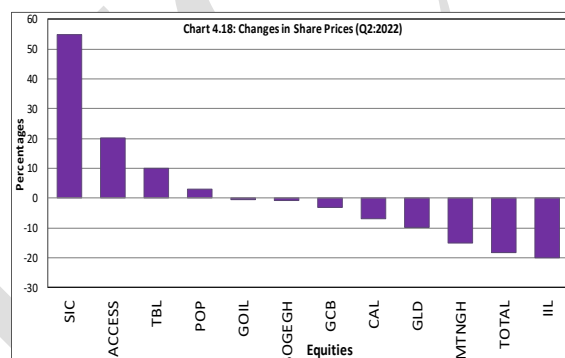
sectors. However, Petroleum, Mining, Finance and ETFund sector stocks gained, while the Food and Beverage, Education, Agriculture and Advertising & Production sector stocks recorded no change in prices.

Market Performance

The total volume of trades on the GSE in Q2:2022 amounted to 810.41 million shares, valued at GH¢759.74 million, compared with a volume of 126.17 million shares, valued at GH¢154.15 million in Q2:2021. During the period, MTNGH in the IT sector recorded the highest volume and value of trades. The increase in the volume and value of trades was mainly on account of sell-off of securities, consequently decreasing the GSE-CI.



In Q2:2022, eight (8) stocks lost, while four (4) gained to moderate the losses in the GSE-CI. The rest remained unchanged at the end of the review period. SIC and ACCESS were the best performers and led the list of advancers with a share price appreciation of 55.0 percent and 20.1 percent, respectively. TBL and POP also recorded gains of 10.0 percent and 3.03 percent, respectively. However, IIL, TOTAL and MTNGH shed 20.0 percent, 18.33 percent and 15.09 percent, respectively, to top the losers.



Market Capitalization

Total market capitalization at the end of Q2:2022 stood at GH¢64,841.21 million, representing an increase of 1.27 percent (GH¢811.42 million). Comparatively, market capitalization increased by 7.29 percent (GH¢4,169.22 million) in the same period in 2021.

Month	SECTOR (GH¢ mill)										
	F&B	MAN	FINANCE	DISTR	MINING	IT	AGRIC	OIL	ETFund	EDUC	AD & PROD
Jun-21	628.44	280.48	11688.89	1030.12	15957.88	14749.59	75.52	16898.72	0.49	10.57	10.70
Mar-22	1096.26	440.48	15418.60	1284.40	15451.47	13028.92	208.80	17078.80	0.79	10.57	10.70
Jun-22	1096.26	437.90	15430.29	1177.56	18275.43	11062.45	208.80	17123.40	7.87	10.57	10.70
2022 (Q-on-Q)											
Absolute Δ	0.00	-2.59	11.69	-106.84	2823.96	-1966.48	0.00	44.60	7.07	0.00	0.00
% Δ	0.00	-0.99	0.08	-8.32	18.28	-15.09	0.00	0.26	891.80	0.00	0.00
2022 (Y-on-Y)											
Absolute Δ	467.81	157.41	3741.40	147.44	2317.55	-3687.14	133.28	224.68	7.38	0.00	0.00
% Δ	74.44	56.12	32.01	14.31	14.52	-25.00	176.50	1.33	1516.65	0.01	0.00
Source: Ghana Stock Exchange											

The main sectors that accounted for the increase in market capitalization in Q2:2022 were the Mining (18.28%; GH¢2,823.96 million), ETFund (891.80%; GH¢7.07 million), Oil (0.26%; GH¢44.60) and Finance (0.08%; GH¢11.69 million) sectors. The increase in market capitalization was moderated by decreases in the IT (-15.09%; -GH¢1,966.48 million) and Distribution (-8.32%; -GH¢106.84 million)

sectors.

The Bond Market

The total value of Government of Ghana Notes and Bonds listed on the GFIM at end-June 2022 stood at GH¢157,480.77 million compared to GH¢144,092.42 million at end-June 2021. Total value of corporate bonds stood at GH¢12,340.84 million at the end of June 2022 compared with GH¢10,380.76 million at the end of June 2021. The cumulative volume of trades on the GFIM from the beginning of the year to the end of June 2022 stood at GH¢124,139.32 million, and the number of trades was 268,784.

5. Fiscal Developments

Fiscal developments in Q2:2022 resulted in a provisional deficit of GH¢12,189.6 million (2.4% of GDP), higher than the programmed target of GH¢8,242.9 million (1.6% of GDP), and higher than the deficit of

GH¢10,783.9 million (2.4% of GDP) recorded in Q2:2021. The second quarter of 2022 also recorded a primary deficit of GH¢3,168.3 million (0.6% of GDP) against the programmed surplus of GH¢1,307.0 million (0.3% of GDP) and a primary deficit of GH¢4,029.3 million (0.9% of GDP) in Q2:2021.

Table 5.1: Fiscal Indicators (GH¢million)

	2021	2022*		Deviation		% change
	Prov. Q2	Prov. Q1	Prov. Q2	Prog. Q2	(Prov.-Prog.) Under (-)/ Over (+)	Q2:2022 - Q2:2021
Taxes on income and property	6,463.58	5,636.78	9,665.91	9,471.12	2.06	49.54
percent of GDP	1.41	1.12	1.92	1.89		
Taxes on goods and services	5,467.12	5,159.16	7,225.63	7,899.85	-8.53	32.17
percent of GDP	1.19	1.03	1.44	1.57		
Taxes on international trade	1,640.31	1,863.35	2,294.35	2,175.28	5.47	39.87
percent of GDP	0.36	0.37	0.46	0.43		
Tax revenue including oil	12,870.02	11,918.23	18,148.08	18,829.48	-3.62	41.01
percent of GDP	2.8	2.37	3.61	3.75		
Tax revenue excluding oil	12,002.39	11,587.20	15,785.77	17,313.10	-8.82	31.52
percent of GDP	2.78	2.37	3.23	3.55		
Nontax revenue	1,754.79	2,431.20	3,031.75	3,849.14	-21.24	72.77
percent of GDP	0.38	0.48	0.6	0.77		
Domestic revenue including oil	15,592.37	15,451.45	22,106.87	23,950.54	-7.70	41.78
percent of GDP	3.4	3.08	4.4	4.77		
Domestic revenue excluding oil	14,724.75	15,120.42	19,744.56	22,434.16	-11.99	34.09
percent of GDP	3.42	3.1	4.05	4.6		
Grants	155.38	84.61	164.93	164.93	0.00	6.15
percent of GDP	0.03	0.02	0.03	0.03		
Total revenue and grants	15,747.76	15,536.06	22,271.80	24,115.47	-7.65	41.43
percent of GDP	3.43	3.09	4.43	4.8		
Compensation of Employees	7,805.14	8,121.05	8,998.70	8,960.31	0.43	15.29
percent of GDP	1.7	1.62	1.79	1.78		
Goods and services	717.64	78.14	2,132.32	1,889.34	12.86	197.13
percent of GDP	0.16	0.02	0.42	0.38		
Interest payments	6,754.58	10,926.98	9,549.93	9,021.24	5.86	41.38
percent of GDP	1.47	2.17	1.9	1.8		
Subsidies	86.25	-	167.03	55.5	200.95	93.66
percent of GDP	0.02	-	0.03	0.01		
Non-Financial Assets (Capital Expenditure)	3,789.64	2,892.30	4,215.21	3,401.93	23.91	11.23
percent of GDP	0.83	0.58	0.84	0.68		
Total expenditure & net lending	24,859.08	28,862.53	33,006.31	31,693.40	4.14	32.77
percent of GDP	5.41	5.74	6.57	6.31		
Overall Budget Balance	-10,783.91	-15,963.23	-12,189.56	-8,242.93	47.88	13.03
per cent of GDP	-2.35	-3.18	-2.43	-1.64		
Domestic Expenditure	16,081.29	17,672.67	20,901.54	21,210.05	-1.45	29.97
percent of GDP	3.50	3.52	4.16	4.22		
Domestic Primary Balance	-488.91	-2,221.22	1,205.33	2,740.49	-56.02	-346.53
percent of GDP	-0.11	-0.44	0.24	0.55		
Primary Balance	-4,029.32	-5,036.25	-2,639.63	778.32	-439.14	-34.49
percent of GDP	-0.88	-1.00	-0.53	0.15		
Stock of Domestic Debt	173,833.19	189,614.19	189,488.81			
percent of GDP	37.86	37.74	37.71			
Nominal GDP (Including oil)	459,130.92	502,429.68	502,429.68	502,429.68		
Nominal GDP (Excluding oil)	431,144.34	488,054.81	488,054.81	488,054.81		

* Provisional

Source: Bank of Ghana and Ministry of Finance

5.1. Government Revenue

Government receipts (including grants) for the review period totalled GH¢22,271.8 million (4.4% of GDP). This was lower than the target of GH¢24,115.5 million (4.8% of GDP) but higher than GH¢15,747.8 million recorded for the corresponding quarter in 2021. Total receipts comprised tax revenue of GH¢18,148.1 million (81.5% of total receipts), non-tax revenue of GH¢3,031.8 million (13.6% of total receipts), and Grants of GH¢164.9 million (1.0% of total receipts).

Income and Property Tax

Taxes from income and property during the second quarter of 2022 was GH¢9,665.9 million. This was above the budgeted target of GH¢9,471.1 million by 2.1 percent and recorded a year-on-year growth of 49.5 percent. Personal income taxes raked in GH¢2,875.0 million and was below the programmed target by 17.2 percent. However, it recorded year-on-year growth of 33.6 percent. Corporate taxes totalled GH¢3,351.7 million, while “Others” summed up to GH¢1,747.6 million. Inflows from Airport tax totalled GH¢163.1 million compared to GH¢93.0 million recorded in the same period in 2021.

Taxes on Domestic Goods and Services

Taxes on domestic goods and services of GH¢7,225.6 million was lower than the programmed target of GH¢7,899.9 million by 8.5 percent. This tax component comprised excise duty and petroleum tax of GH¢1,359.5 million, VAT collections of GH¢3,579.3 million, National Health Insurance Levy of GH¢830.2 million, GET fund levy of GH¢830.5 million, communication service tax of GH¢172.2 million, E-levy of GH¢93.7 million, and COVID-19 health levy of 360.2 million. All these tax components over-performed compared to their respective programmed targets, except excise duty and petroleum tax, and E-levy.

Taxes on International Trade

International trade taxes totalled GH¢2,294.4 million, higher than the budget target of GH¢2,175.3 million by 5.5 percent. It was also higher than the GH¢1,640.3 million recorded in Q2:2021, indicating a year-on-year growth of 39.9 percent.

Table 5.2: Government Revenue (GH¢ million)

	2021	2022*				Deviation (Prov.-Prog.)		% change Q2:2022 - Q2:2021
	Prov. Q2	Prov. Q1	Prov. Q2	Prog. Q2		Under (-) / Over (+)		
TAX REVENUE	12,870.02	11,918.23	18,148.08	18,829.48		-3.62		41.01
(percent of GDP)	2.8	2.37	3.61	3.75				
TAXES ON INCOME & PROPERTY	6,463.58	5,636.78	9,665.91	9,471.12		2.06		49.54
Personal	2,268.81	1,894.07	2,874.99	3,470.77		-17.17		26.72
Companies	2,539.11	2,810.40	3,351.72	3,613.90		-7.25		32.00
Company taxes on oil	322.34	91.08	1,339.34	846.81		58.16		315.51
Others	1,333.32	841.23	2,099.86	1,539.64		36.39		57.49
Other direct taxes /1	1,075.97	599.82	1,747.62	1,517.75		15.15		62.47
National Fiscal Stabilisation Levy	96.39	110.34	97.61	154.87		-36.97		1.27
Finsec Clean-up Levy	68.27	85.61	91.56	65.73		99.30		34.11
Airport Tax	92.98	45.47	163.08	72.17		125.97		75.39
TAXES ON DOMESTIC GOODS AND SERVICES	5,467.12	5,159.16	7,225.63	7,899.85		-8.53		32.17
Excises	1,331.53	1,269.28	1,359.46	1,400.81		-2.95		2.10
Excise Duty	132.24	124.20	133.24	168.15		-20.76		0.76
Petroleum tax	1,199.29	1,145.08	1,226.22	1,232.66		-0.52		2.25
VAT	2,859.84	2,225.51	3,579.26	3,365.72		6.34		25.16
Domestic	1,646.31	892.61	1,957.13	1,985.49		-1.43		18.88
External	1,213.52	1,332.91	1,622.13	1,380.23		17.53		33.67
National Health Insurance Levy (NHIL)	558.76	637.24	830.21	758.71		9.42		48.58
GETFund Levy	559.00	637.40	830.51	563.29		47.44		48.57
Communication Service Tax	95.24	109.91	172.22	156.96		11.14		80.83
E-Transaction Levy	0.00	0.00	93.73	1,462.31		-93.59		
Covid-19 Health Levy	62.75	279.82	360.24	194.07		85.62		
TAXES ON INTERNATIONAL TRADE	1,640.31	1,863.35	2,294.35	2,175.28		5.47		39.87
Imports	1,640.31	1,863.35	2,294.35	2,175.28		5.47		39.87
Import duty	1,640.31	1,863.35	2,294.35	2,175.28		5.47		39.87
Tax Refunds	-700.98	-741.06	-1,037.81	-716.77		44.79		48.05
SOCIAL CONTRIBUTIONS	0.00	140.00	70.00	193.11		-63.75		
SSNIT Contribution to NHIL	0.00	140.00	70.00	193.11		-63.75		
NON-TAX REVENUE	1,754.79	2,431.20	3,031.75	3,849.14		-21.24		72.77
Retention	843.24	1,455.69	989.99	1,631.51		-39.32		17.40
Lodgement	911.55	975.51	2,041.76	2,217.63		-7.93		123.99
OTHER REVENUE	967.57	962.02	857.09	1,078.81		-20.56		-11.42
ESIA Proceeds	867.24	962.02	857.09	1,078.81		-20.56		-1.38
DOMESTIC REVENUE	15,592.37	15,451.45	22,106.87	23,950.54		-7.70		41.78
GRANTS	155.38	84.61	164.93	164.93		0.00		6.15
Project grants	155.38	84.61	164.93	164.93		0.00		6.15
TOTAL REVENUE & GRANTS	15,747.76	15,536.06	22,271.80	24,115.47		-7.65		41.43

* Provisional

Source: Bank of Ghana and Ministry of Finance

Table 5.3: Government Expenditure (GH¢ million)

	2021	2022*				Deviation (Prov.-Prog.)		% change Q2:2022 - Q2:2021
	Prov. Q2	Prov. Q1	Prov. Q2	Prog. Q2		Under (-) / Over (+)		
Compensation of Employees	7,805.14	8,121.05	8,998.70	8,960.31		0.43		15.29
Wages & Salaries	6,937.60	7,126.68	8,041.59	7,724.24		4.11		15.91
Social Contributions	867.54	994.37	957.11	1,236.07		-22.57		10.32
Pensions	305.39	346.65	350.66	463.45		-24.34		14.82
Gratuities	252.68	86.67	43.09	76.34		-43.56		-82.95
Social Security	309.48	561.06	563.35	696.28		-696.28		
Use of Goods and Services	717.64	78.14	2,132.32	1,889.34		12.86		197.13
o/w Recurrent Expenditure share of ABFA from OII (30% of ABFA)	404.07	119.99	710.73	529.4				
Interest Payments	6,754.58	10,926.98	9,549.93	9,021.24		5.86		41.38
Domestic	5,181.83	9,129.82	6,732.05	6,504.37		3.50		29.92
External (Due)	1,572.75	1,797.16	2,817.88	2,516.87		11.96		79.17
Subsidies	86.25	0.00	167.03	55.50				
Subsidies to Utility Companies	0.00	0.00	0.00	0.00				
Subsidies on Petroleum products	86.25	0.00	167.03	55.50				
Grants to Other Government Units	3,302.70	4,302.79	5,842.36	6,181.98		-5.49		76.90
National Health Fund (NHIF)	170.00	385.81	587.48	802.65		-26.81		245.58
Education Trust Fund	504.92	386.65	588.76	610.86		-3.62		16.60
Road Fund	174.15	289.57	440.93	457.49		-3.62		153.19
Energy Fund	0.00	0.00	0.00	0.00				
Petroleum Related Fund	10.94	5.91	9.00	9.34				
Dist. Ass. Common Fund	99.00	465.71	722.63	802.00		-9.00		629.93
o/w ABFA	32.38	14.00	49.15	10.39				
Ghana Infrastructure Fund	90.67	55.99	331.68	247.06				
o/w ABFA	0.00	14.00	82.92	0.00				
Retention of internally-generated funds (IGFs)	843.24	1,455.69	989.99	1,631.51		-39.32		17.40
Transfer to GHPC from Oil Revenue	461.78	1,123.04	794.74	395.31				
Other Earmarked Funds	948.02	844.41	1,377.15	1,225.77		12.35		45.27
Youth Employment Agency	69.81	68.12	104.70	103.88		0.79		49.98
Student's Loan Trust	0.85	0.77	1.17	1.21		-3.31		37.65
Ghana EXIM Bank Ltd	0.00	0.00	0.00	0.00				
Export Development Levy	44.30	47.08	71.69	74.38				
Ghana Airport Authority	92.98	45.47	163.08	72.17		125.97		75.39
Mineral Development Fund	48.26	39.59	60.39	62.55		-3.61		24.99
Mineral Income Investment Fund	340.50	250.27	440.02	359.71		22.33		
GRA Retention	350.49	392.41	535.13	550.74		-2.83		52.68
Plastic Waste Recycling Fund	0.84	0.71	1.08	1.12		-3.57		28.57
Social Benefits	0.00	0.00	0.00	56.14				
Ufeline Consumers of Electricity	0.00	0.00	0.00	56.14				
Other Expenditure	2,403.13	2,541.27	2,100.76	2,136.95		-1.23		-12.58
ESIA Transfers	792.81	978.31	713.05	1,023.31		-30.32		-10.06
Covid-Related Expenditure	1,610.32	0.00	0.00	0.00				
Financial Sector Cost (Cash) / Other Critical spending	0.00	0.00	1,387.71	1,103.64				
Acquisition of Non-Financial Assets	3,789.64	2,892.30	4,215.21	3,401.93		23.91		11.23
Domestic financed	1,140.15	38.11	710.90	1,939.83		-63.35		-37.65
Foreign financed	2,649.49	2,854.19	3,504.32	1,462.10		199.68		32.26
TOTAL EXP. & NET LENDING	24,859.08	28,862.93	33,006.31	31,693.40		4.14		32.72

* Provisional

Source: Bank of Ghana and Ministry of Finance

Non-Tax Receipts

Non-Tax receipts were made up of Non-Tax Revenue of GH¢3,031.8 million and other revenue of GH¢857 million. These were below their programmed targets by 21.2 percent and 20.6 percent, respectively. Non-Tax Revenue comprised Retention of Internally Generated Funds (IGF) of GH¢990.0 million and Lodgement of GH¢2,041.8 million.

5.2 Government Expenditure

Government expenditure and net lending for the second quarter of 2022 was GH¢33,006.3 million (6.6% of GDP), above the budgeted target of GH¢31,693.4 million (6.3% of GDP) by 4.1 percent. This was also higher than the payments of GH¢24,859.1 million (5.4% of GDP) in Q2:2021 by 32.8 percent. Compensation of employees, goods and services and interest payments were the main drivers of expenditures as they constituted about 62.7 percent of total payments made in the period under review.

Compensation of Employees

Compensation of employees, comprising wages and salaries, and social security contributions for the second quarter of 2022, totalled GH¢8,998.7 million. This was 0.4 percent above the programmed target of GH¢8,960.3 million but higher than the payment of GH¢7,805.1 million made in a similar period of 2021 by 15.3 percent.

Interest Payments

Interest payments for the review quarter totalled GH¢9,549.9 million and was 5.9 percent above the programmed target. Domestic interest payments accounted for 70.5 percent of the total interest payments and registered a year-on-year growth of 29.9 percent, while external interest payments accounted for the remaining 29.5 percent and recorded a year-on-year growth of 79.2 percent.

Grants to Other Government Units

Grants to other government units for the review period totalled GH¢5,842.4 million and was below the budgeted target of GH¢6,182 million by 5.5 percent. Payments of GH¢587.5 million to National Health Fund, GH¢722.6 million to District Assembly Common Fund and GH¢440.9 million to the Road Fund were below their respective programmed targets. The use of Internally Generated Funds by MDAs was GH¢990.0 million, also missing the programmed target by 39.3 percent.

Other Expenditure

Other Earmarked Funds totalled GH¢1,377.2 million, while ESLA transfers was GH¢713.1 million. Other earmarked funds were above the budget target by 12.4 percent, while ESLA transfers fell short of the budgetary target by 30.3 percent, respectively.

Acquisition of Non-Financial Assets (i.e., Capital Expenditure)

Government acquisition of non-financial assets in Q2:2022 was GH¢4,215.2 million, above the budgeted target of GH¢3,401.9 million by 23.9 percent. Total domestic financed capital expenditure for the period was GH¢710.9 million (16.9 percent of capital expenditure), while foreign financed capital expenditure was GH¢3,504.3 million (83.1 percent of capital expenditure).

5.3 Financing

The overall budget balance, including divestiture and discrepancy, in the second quarter of 2022 was GH¢12,189.6 million (2.4% of GDP) against a target of GH¢8,242.9 million (1.6% of GDP). The deficit together with transfers of GH¢304.6 million and GH¢5.4 million to the Ghana petroleum funds and the Sinking fund, respectively, created a resource gap of GH¢12,499.5 million which was financed from the domestic economy (GH¢11,665.2 million) and foreign sources (GH¢834.3 million).

The Banking sector financed GH¢8,653.5 million of the resource gap, while the Non-Bank sector financed the remaining GH¢3,011.8 million.

5.4 Domestic Debt

Composition of Domestic Debt

The stock of domestic debt at the end of the second

Table 5.4: Government Financing (GH¢ million)

	2021	2022*			Deviation (Prov.-Prog.) Under (-)/ Over (+)	% change Q1:2022 - Q1:2021
	Prov. Q2	Prov. Q1	Prov. Q2	Prog. Q2		
Overall balance (commitment)	-9,111.33	-13,326.47	-10,734.52	-7,577.93	41.66	17.82
(percent of GDP)	-5.09	-2.65	-2.14	-1.51		
Road Arrears (net change)	-1,046.31	-45.45	-505.57	-665.00		
Clearance of outstanding commitments	0.00	0.00	0.00	0.00		
Overall balance (cash)	-10,157.63	-13,371.92	-11,240.08	-8,242.93	36.36	10.66
(percent of GDP)	-2.21	-2.66	-2.24	-1.64		
Discrepancy	-626.28	-2,591.31	-949.47	0.00		51.60
Overall balance (incl. Divestiture and Discrepancy)	-10,783.91	-15,963.23	-12,189.56	-8,242.93	47.88	13.03
(percent of GDP)	-4.06	-3.18	-2.43	-1.64		
Financing	10,783.91	15,963.23	12,189.56	8,242.93	47.88	13.03
Foreign (net)	15,102.19	423.36	834.27	4,014.40	-79.22	-94.48
Borrowing	18,462.69	2,978.59	3,879.45	6,161.37	-37.04	-78.99
Project loans	2,494.10	2,769.58	3,339.39	1,297.17	157.44	33.89
Programme loans	172.59	209.01	540.06	0.00		
Sovereign Bond	15,795.99	0.00	0.00	4,864.20		
Amortisation (due)	-3,360.49	-2,555.24	-3,045.18	-2,146.97	41.84	-9.38
Domestic (net)	-3,453.49	16,459.13	11,665.24	180.20	6,373.50	-437.78
Banking	-8,695.63	12,473.43	8,653.49	2,547.32	239.71	-199.52
Bank of Ghana	-12,501.65	10,107.15	11,941.13	0.00		-195.52
Comm. Banks	3,806.02	2,366.29	-3,287.64	0.00		-186.38
Non-banks	5,242.14	3,985.70	3,011.75	-2,631.82	-214.44	-42.55
Other Domestic	0.00	0.00	0.00	264.70		
Other Financing	0.00	0.00	0.00	0.00		
Ghana Petroleum Funds	-206.02	-51.42	-304.60	-226.89	34.25	47.85
Transfer to Ghana Petroleum Funds	-206.02	-171.41	-1,015.33	-756.29		392.83
o/w Stabilisation Fund	-122.76	-119.99	-710.73	-529.40		476.96
o/w Heritage Fund	-83.26	-51.42	-304.60	-226.89		265.84
Transfer from Stabilisation Fund	-166.41	119.99	710.73	529.40	34.25	-527.10
Sinking Fund	0.00	-867.83	-5.35	0.00		
Contingency Fund	-658.77	0.00	0.00	-264.70		
Nominal GDP (Including oil)	459,130.92	502,429.68	502,429.68	502,429.68		
Nominal GDP (Excluding oil)	431,144.34	488,054.81	488,054.81	488,054.81		

* Provisional
Source: Bank of Ghana and Ministry of Finance

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

STRUCTURE OF DOMESTIC DEBT	2021				2022		Absolute Δ Q2:2022 - Q2:2021
	Q1	Q2	Q3	Q4	Q1	Q2	
A. Short-Term Instruments	20,666.88	23,086.46	23,778.74	22,616.96	22,854.22	20,885.43	(2,201.03)
91-Day Treasury Bill	10,877.48	10,959.36	10,371.93	9,634.10	10,812.58	10,516.74	(442.62)
182-Day Treasury Bill	4,212.42	4,606.38	4,758.92	4,653.12	4,074.29	4,171.19	(435.19)
364-Day Treasury Bill	5,576.98	7,520.72	8,647.89	8,329.74	7,967.35	6,197.50	(1,323.22)
B. Medium-Term Instruments	100,303.55	105,781.96	110,248.68	115,074.26	122,116.24	124,091.11	18,309.15
2-Year Fixed Treasury Note	19,063.32	19,226.88	19,435.91	20,145.37	21,858.25	21,568.17	2,341.29
3-Year Fixed Treasury Note	30,238.43	29,050.62	27,782.69	27,174.32	28,791.42	28,118.02	(932.60)
3-year USD Domestic Bond	2,229.09	2,242.23	2,716.88	2,781.64	3,293.94	3,348.70	1,106.47
4-Year GOG Bond	0.00	0.00	541.36	541.36	541.36	541.36	541.36
5-Year GOG Bond	23,820.95	27,404.35	27,729.37	30,019.85	30,538.51	32,165.99	4,761.64
5-Year USD Domestic Bond	0.00	0.00	1,015.44	1,884.58	1,915.91	1,915.91	1,915.91
6-Year GOG Bond	5,929.31	6,037.96	7,641.44	8,671.36	10,228.52	10,521.49	4,483.53
7-Year GOG Bond	5,620.69	7,744.65	8,574.97	8,826.55	8,924.79	9,387.15	1,642.50
10-Year GOG Bond	13,401.77	14,075.27	15,826.06	15,898.36	16,054.86	16,524.32	2,449.05
C. Long-Term Instruments	43,559.84	44,966.77	44,782.17	44,800.06	44,643.73	44,512.26	(454.51)
15-Year GOG Bond	15,239.07	15,805.11	15,677.71	15,805.66	15,649.33	15,739.52	(65.59)
20-Year GOG Bond	538.60	1,546.76	1,546.76	1,546.76	1,546.76	1,546.76	0.00
Long Term Government Stocks	27,060.03	26,949.97	26,949.97	26,839.90	26,839.90	26,675.45	(274.52)
GOG Petroleum Finance Bond	80.02	80.02	80.02	80.02	80.02	80.02	0.00
TOR Bonds	171.60	114.40	57.20	57.20	57.20	0.00	(114.40)
Telekom Malaysia Stocks	109.46	109.46	109.46	109.46	109.46	109.46	0.00
Revaluation Stock	361.06	361.06	361.06	361.06	361.06	361.06	0.00
TOTAL	164,530.26	173,835.19	178,809.59	182,491.28	189,614.19	189,488.81	15,653.62

Source: Bank of Ghana and Ministry of Finance

quarter of 2022 stood at GH¢189,488.8 million compared to GH¢173,835.2 million recorded in a similar period in 2021. The growth in the domestic debt stock was on account of an increase of GH¢18,309.2 million in the medium-term bonds, while the short-term securities and long-term stocks and bonds decreased by GH¢2,201.0 million and GH¢454.5 million, respectively.

The decline in the short-term securities, reflected decreases of GH¢442.6 million, GH¢435.2 million, and GH¢1,323.2 million in the 91-day, 182-day, and 364-day Treasury bills, respectively.

The growth in the medium-term securities at the end of Q2:2022 was on account of increases in all securities except for the 3-year Fixed Treasury Note which declined by GH¢932.6 million.

The decline in the long-term instruments was due to a decrease of GH¢274.5 million in long-term Government stocks. There were also decreases of GH¢65.6 million and GH¢114.4 million in the 15-year GOG bond and TOR bonds, respectively.

Holdings of Domestic Debt

Bank of Ghana's holding of domestic debt at the end of the second quarter of 2022 stood at GH¢36,468.4 million, representing 19.3 percent of the total domestic debt. The Deposit Money Banks' (DMBs) holdings of domestic debt was GH¢55,363.2 million (29.2%) in Q2:2022. SSNIT held GH¢614.4 million (0.3%), Insurance companies GH¢1,354.0 million (0.7%), while 'Other holders' comprising rural banks, firms, and institutions as well as individuals held a total of GH¢68,148.3 million (36.0%). Non-Resident investors held GH¢27,540.6 million (14.5%) compared to their holding of GH¢33,822.5 million (19.5%) recorded in Q2:2021.

6. Balance of Payments

6.1 International Trade and Finance

Preliminary estimates of Ghana's balance of payments for Q2:2022 show a deficit of US\$1,562.6 million compared to a surplus of US\$2,799.7 million recorded in Q2:2021. The overall BOP deficit was due to the combined effect of the current account deficit and higher

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

Holdings of Domestic Debt	2021				2022	
	Q1	Q2	Q3	Q4	Q1	Q2
A. Banking sector	83,137.27	87,290.76	91,079.52	92,125.33	95,335.15	91,831.54
Bank of Ghana	34,820.58	34,671.67	34,532.02	36,998.23	37,437.91	36,468.35
Deposit Money Banks	48,316.70	52,619.09	56,547.50	55,127.10	57,897.24	55,363.19
B. Nonbank sector	49,422.92	52,721.92	55,365.29	61,170.44	65,160.08	70,116.69
SSNIT	474.51	574.06	591.78	537.91	502.24	614.36
Insurance Co.s	913.95	949.09	1,039.04	1,094.62	1,259.76	1,354.01
Others Holders	48,034.45	51,198.78	53,734.47	59,537.91	63,398.08	68,148.32
Rural Banks	1,831.27	1,913.64	1,847.77	2,006.72	2,133.27	2,237.86
Firms & Institutions	32,751.05	34,544.89	35,995.47	41,013.77	44,245.18	47,492.69
Individuals	13,452.13	14,740.25	15,891.24	16,517.42	17,019.63	18,417.77
C. Foreign sector (Non-Residents)	31,970.07	33,822.51	32,364.78	29,195.51	29,118.96	27,540.58
TOTAL	164,530.26	173,835.19	178,809.59	182,491.28	189,614.19	189,488.81

Source: Bank of Ghana and Ministry of Finance

Table 5.7: Holdings of Domestic Debt (Percent of Total Domestic Debt)

Holdings of Domestic Debt	2021				2022	
	Q1	Q2	Q3	Q4	Q1	Q2
A. Banking sector	50.53	50.21	50.94	50.48	50.28	48.46
Bank of Ghana	21.16	19.95	19.31	20.27	19.74	19.25
Deposit Money Banks	29.37	30.27	31.62	30.21	30.53	29.22
B. Nonbank sector	30.04	30.33	30.96	33.52	34.36	37.00
SSNIT	0.29	0.33	0.33	0.29	0.26	0.32
Insurance Co.s	0.56	0.55	0.58	0.60	0.66	0.71
Others Holders	29.19	29.45	30.05	32.63	33.44	35.96
Rural Banks	1.11	1.10	1.03	1.10	1.13	1.18
Firms & Institutions	19.91	19.87	20.13	22.47	23.33	25.06
Individuals	8.18	8.48	8.89	9.05	8.98	9.72
C. Foreign sector (Non-Residents)	19.43	19.46	18.10	16.00	15.36	14.53
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00

Source: Bank of Ghana and Ministry of Finance

Table 6.1: Balance of Payments (US\$' Million)

	Q2:2021*	Q2:2022*	Q2:2021/2022	
			Abs change	% change
CURRENT ACCOUNT	-564.8	-690.6	-125.7	22.3
Merchandise Exports (f.o.b.)	3,687.6	4,482.4	794.8	21.6
Cocoa beans and products	765.6	490.7	-274.9	-35.9
Gold	1,288.8	1,642.2	353.4	27.4
Timber products	41.2	37.8	-3.4	-8.2
Oil	920.9	1,493.0	572.2	62.1
Others (including non-traditionals)	671.2	818.7	147.5	22.0
Merchandise Imports (f.o.b.)	-3,433.1	-3,993.8	-560.7	16.3
Non-oil	-2,751.5	-2,674.7	76.9	-2.8
Oil	-681.6	-1,319.1	-637.5	93.5
Trade Balance	254.5	488.6	234.1	92.0
Services (net)	-889.9	-1,053.8	-163.9	18.4
Receipts	2,299.1	2,063.6	-235.5	-10.2
Payments	-3,189.0	-3,117.5	71.5	-2.2
Income (net)	-737.2	-817.2	-80.0	10.9
Receipts	202.1	260.0	57.9	28.7
Payments	-939.2	-1,077.2	-138.0	14.7
Current Transfers (net)	807.7	691.9	-115.9	-14.3
Official	0.0	0.0	0.0	0.0
Private	807.7	691.9	-115.9	-14.3
Services, Income and Current Transfers (net)	-819.3	-1,179.1	-359.8	43.9
CAPITAL & FINANCIAL ACCOUNT	3,307.5	-878.1	-4,185.6	-126.5
Capital Account (net)	27.1	39.3	12.2	45.1
Capital transfers (net)	27.1	39.3	12.2	45.1
Financial Account (net)	3,280.4	-917.4	-4,197.8	-128.0
Direct Investments (net)	542.9	359.8	-183.1	-33.7
Portfolio Investments (net)	2,791.3	-19.3	-2,810.7	-100.7
Financial Derivatives (net)	-100.8	54.0	154.8	-153.6
Other Investments (net)	47.0	-1,311.9	-1,358.9	-2,893.7
Of Which:				
Official Capital (net)	276.5	-158.5	-434.9	-157.3
Other Private Capital (net)	-328.1	-858.2	-530.1	161.5
Short-term capital (net)	98.6	-295.2	-393.9	-399.4
ERRORS AND OMISSIONS	57.0	6.1	-51.0	-89.4
OVERALL BALANCE	2,799.7	-1,562.6	-4,362.3	-155.8
FINANCING	-2,799.7	1,562.6	4,362.3	-155.8
Changes in international reserves	-2,799.7	1,562.6	4,362.3	-155.8

* Provisional

Source: Bank of Ghana

net outflows from the capital and financial account.

6.2 The Current Account

The current account deficit worsened by 22.3 percent from US\$564.85 million in Q2:2021 to US\$690.59 million in Q2:2022. The widening of the current account deficit was influenced largely by higher investment income and services outflows which eroded gains made in the trade account.

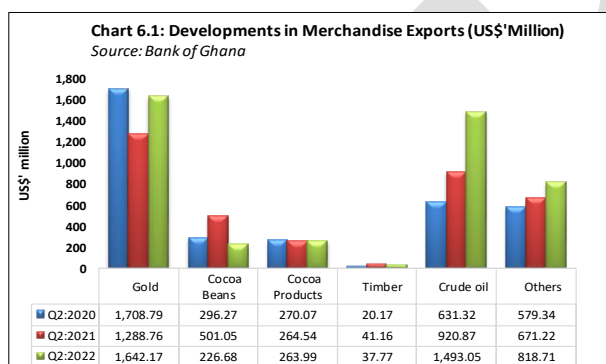
Table 6.2: Current Account Balance (US\$' Million)

	Q2:2020	Q2:2021	Q2:2022	% Change Q2:2021/2022
Current Account Balance	-654.09	-564.85	-690.59	22.3
Trade Balance	156.40	254.45	488.55	92.0
Services Balance	-1,086.93	-889.88	-1,053.83	18.4
Investment income Balance	-679.89	-737.16	-817.18	10.9
Net Unilateral Transfers	956.33	807.74	691.87	-14.3

Source: Bank of Ghana

Exports

The value of merchandise exports for the review period was provisionally estimated at US\$4,482.36 million, indicating an increase of US\$794.8 million or 21.6 percent compared with US\$3,687.60 million recorded in the same period in 2021. The improved exports performance was driven by higher crude oil receipts, non-traditional exports, and gold exports.



million, compared to US\$920.87 million recorded in Q2:2021. The increase in value was due to an increase in the average realized price by 62.8 percent to settle at US\$111.79 per barrel compared to US\$68.66 per barrel recorded for Q2:2021. The volume of crude oil exported, however, decreased by 0.4 percent to 13,307,243 barrels compared to 13,412,662 barrels in Q2:2021.

Earnings from cocoa beans and cocoa products totalled US\$490.67 million in Q2:2022, compared to US\$765.59 million for the same period in 2021, representing a decrease of 35.9 percent. Earnings from cocoa beans amounted to US\$226.68 million, a 54.8-percent decrease from the level recorded in Q2:2021. Prices increased by 2.0 percent to settle at US\$2,471.66 per tonne, while the volume exported decreased by 55.7 percent to 91,712 tonnes. Earnings from the export of cocoa products also decreased by 0.2 percent to US\$263.99 million on account of a 7.7 percent decline in price to US\$3,148.49 per tonne. The volume exported however, increased by 8.1 percent to 83,846 metric tonnes.

Merchandise Trade

The trade account recorded a surplus of US\$488.6 million in Q2:2022, higher than the surplus of US\$254.5 million recorded for the same period in 2021. The improvement in the trade surplus was on account of a higher growth in exports than in imports.

Table 6.3: Merchandise Exports (US\$' Million)

	Q2:2020	Q2:2021	Q2:2022	Q2:2021/2022	
				Abs change	% change
Total Exports	3,505.97	3,687.60	4,482.36	794.76	21.6
Gold	1,708.79	1,288.76	1,642.17	353.40	27.4
Cocoa Beans	296.27	501.05	226.68	-274.37	-54.8
Cocoa Products	270.07	264.54	263.99	-0.55	-0.2
Timber	20.17	41.16	37.77	-3.39	-8.2
Crude oil	631.32	920.87	1,493.05	572.18	62.1
Others	579.34	671.22	818.71	147.49	22.0

Source: Bank of Ghana

Gold exports amounted to US\$1,642.17 million, compared to US\$1,288.76 million recorded during the same period in 2021. The increase in gold export earnings was due to a rise in the volume of gold exports by 27.9 percent to 905,045 fine ounces. On the other hand, the average price of gold decreased by 0.4 percent to settle at US\$1,814.46 per fine ounce.

The value of crude oil exported was US\$1,493.05 million, compared to US\$920.87 million recorded in Q2:2021. The increase in value was due to an increase in the average realized price by 62.8 percent to settle at US\$111.79 per barrel compared to US\$68.66 per barrel recorded for Q2:2021. The volume of crude oil exported, however, decreased by 0.4 percent to 13,307,243 barrels compared to 13,412,662 barrels in Q2:2021.

Timber product exports amounted to US\$37.77 million, lower than the US\$41.16 million recorded same period last year. 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\$818.71 million, some 22.0 percent higher than the outturn in Q2:2021.

Top Ten Exported Non-Traditional Items

The value of the top ten non-traditional commodities exported during the period under review was US\$360.93 million, compared to US\$316.53 million recorded for the same period in 2021. Cashew nuts continued to account for the largest share of the top ten NTEs with a share of 33.39 percent, followed by palm oil and its fractions (12.94%), and iron/steel (11.92%), among others.

Table 6.4: Top-Ten Non-Traditional Exports, April - June 2021/2022

April - June 2021			April - June 2022		
Description	US\$'M	% Distr.	Description	US\$'M	% Distr.
Cashew nuts	116.17	36.70	Cashew nuts	120.50	33.39
Palm oil and its fractions	46.18	14.59	Palm oil and its fractions	46.69	12.94
Prepared or preserved tuna	25.65	8.10	Iron/Steel	43.03	11.92
Aluminium	23.14	7.31	Prepared or preserved tuna	32.96	9.13
Technically specified natural rubber (TSNR)	22.18	7.01	Technically specified natural rubber (TSNR)	27.90	7.73
Shea (karite) oil and fractions	20.26	6.40	Aluminium	25.28	7.00
Avocados, guavas, mangoes and mangosteens, fresh or dried	19.83	6.26	Avocados, guavas, mangoes and mangosteens, fresh or dried	21.91	6.07
Iron/Steel	19.28	6.09	Shea (karite) oil and fractions	20.51	5.68
Bars and rods of iron or non-alloy steel	14.62	4.62	Flat-rolled products of iron or non-alloy steel; plated with zinc	12.68	3.51
Bananas (including plantains), fresh or dried	9.24	2.92	Napkins and napkin liners for babies	9.46	2.62
Total	316.53	100.0	Total	360.93	100.0

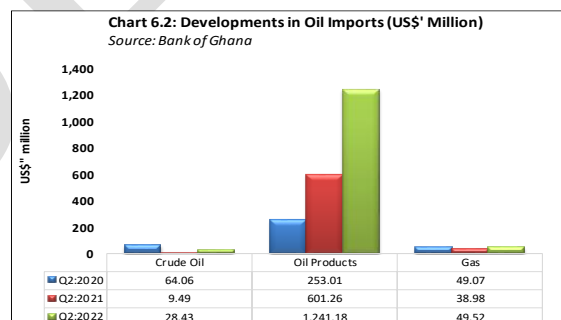
Source: Bank of Ghana

Imports

Total value of merchandise imports for Q2:2022 was US\$3,993.80 million, up by 17.4 percent compared to US\$3,401.27 million recorded in Q2:2021. The rise in total imports was driven mainly by increased demand for oil imports, particularly oil products.

Oil and Gas Imports

During the period under review, oil imports (made up of crude, gas and refined products) increased by more than 100.0 percent to US\$1,319.13 million from US\$649.73 million in 2021. Crude oil imports of 254,516 barrels valued at US\$28.43 million with an average realized price of US\$111.71 per barrel were recorded during Q2:2022, compared to the import of 134,958 barrels valued at US\$9.49 million at an average realized price of US\$70.28 per barrel recorded during the same period in 2021.



In addition, the VRA imported 6,407,757 MMBTu (Million Metric British Thermal units) of gas worth US\$39.21 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 last year 5,253,338 MMBTu of gas worth US\$38.98 million at an average realized price of US\$7.4 was imported.

The value of refined petroleum products imported in Q2:2022 was US\$1,241.18 million compared to US\$601.26 million in the same period in 2021.

Merchandise Non – Oil Imports

The total merchandise non-oil imports (including electricity imports) for Q2:2022 was provisionally estimated at US\$2,673.86 million, down by 2.77 percent, compared to an outturn of US\$2,750.00 million recorded for the same period in 2021. The drop in non-oil imports was the result of decreases in the imports of capital and other goods.

The value of **capital goods** imported during the review period was US\$522.92 million, down by 17.50 percent from US\$633.82 million recorded for the same period in 2021. This was on account of an 11.07-percent decrease in both capital goods and industrial transport goods.

Consumption goods imported increased by 0.53 percent to US\$521.62 million, from US\$518.87 million recorded a year ago. This was due to a 46.07-percent increase in non-durable consumer goods.

The value of **intermediate goods** imported increased by 8.41 percent to US\$1,358.96 million, largely on account of an increase in the demand for capital goods (parts and accessories), processed industrial supplies, and transport equipment (parts and accessories). The value of **other goods** imported was US\$270.35 million, which was 21.36 percent less than the previous year's level of US\$343.80 million as a result of a decrease in demand for passenger cars.

Table 6.5: Top-Ten Non-Oil Imports, April - June 2021/2022

April - June 2021			April - June 2022		
Description	US\$'M (fob)	% Distr.	Description	US\$'M (fob)	% Distr.
Capital	282.70	33.3	Capital	191.99	25.2
Motor vehicles for the transport of goods, n.e.s.	183.76	21.7	Motor vehicles for the transport of goods, n.e.s.	131.85	17.3
Self-propelled bulldozers, excavators nes	62.79	7.40	Self-propelled bulldozers, excavators nes	60.14	7.88
Road tractors for semi-trailers	36.15	4.26	Consumption	145.81	19.10
Consumption	113.89	13.4	Weed killers (herbicides) and insecticides	75.82	9.9
Weed killers (herbicides) and insecticides	45.22	5.3	Poultry cuts and offal (other than liver), frozen	36.80	4.8
Rice	34.49	4.1	Cereal grains, worked but not rolled	33.19	4.3
Sugar	34.18	4.03	Intermediate	166.61	21.83
Intermediate	120.11	14.16	Ammonium nitrate	48.29	6.33
Guts, bladders and stomachs of animals	40.56	4.78	Polyethylene	44.46	5.83
Refined oil and its fractions	39.97	4.7	Articles of iron or steel	41.32	5.4
Polyethylene	39.58	4.7	Cement clinkers	32.54	4.3
Other	331.32	39.1	Other	258.83	33.9
Motor vehicles for the transport of persons, n.e.s.	331.32	39.1	Motor vehicles for the transport of persons, n.e.s.	258.83	33.9
Total	848.01	100.00	Total	763.23	100.00

Source: Bank of Ghana

million, compared to US\$848.01 million recorded a year ago. Key items included motor vehicles for the transport of persons and goods, self-propelled bulldozers, cereal grains, polyethylene, among others.

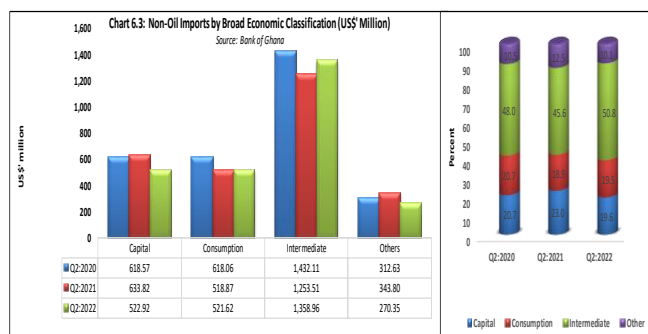
Direction of Trade

Destination of Exports

During the review period, the Far East received the largest share of Ghana's exports, 31.5 percent of total exports. The other recipients were Other European countries (20.0%), North America (14.3%), the Rest of Africa (13.1%), the EU (11.7%), ECOWAS (8.0%), and Other Economies (1.4%).

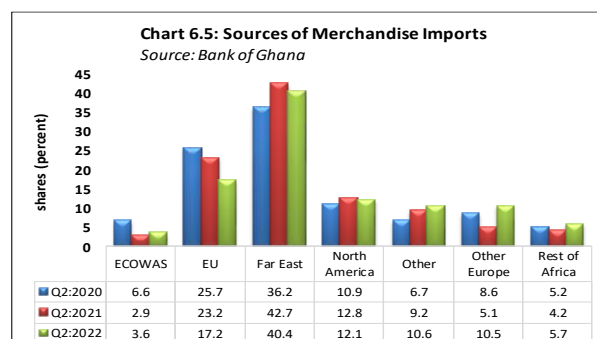
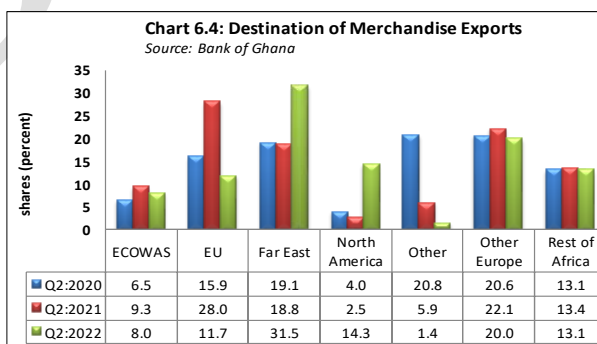
Sources of Merchandise Imports

The Far East emerged as the leading source of imports, accounting for 36.9 percent of the total imports. The European Union followed with a share of 27.6 percent,



Top Ten Major Non-Oil Imports

The top ten non-oil merchandise imports for the second quarter of 2022 amounted to US\$763.23



North America (12.1%), Other Economies (8.9%), Rest of Africa (5.6%), Other Europe (4.5%), and ECOWAS (4.4%).

Services, Income and Transfers Account

During the period under review, the Services, Income and Current Transfers Account recorded a deficit of US\$1,179.14 million compared to a deficit of US\$819.30 million in Q2:2021. This was mainly on account of higher investment income and services outflows as well as reduction in private transfers. The balance on the Services account worsened from a deficit of US\$889.88 million to a deficit of US\$1,053.83 million as a result of an increase in freight and insurance payments. The deficit on the income account also increased by 10.9 percent to US\$817.18 million, from US\$737.16 million in Q2:2021. The higher net income outflow was in respect of interest payments, dividend payments, and distribution of profits. Current transfers, which are mostly private remittances, decreased by 14.3 percent from US\$807.74 million in Q2:2021 to US\$691.87 million in Q2:2022.

Table 6.6: Services, Income and Unilateral Transfers (net)

	Q2:2020	Q2:2021	Q2:2022	Q2:2021/2022	
			prov.	Abs change	% change
Amounts in millions of U.S. dollars					
Services (net)	-1086.93	-889.88	-1,053.83	-163.95	18.4
Freight and Insurance	-193.15	-222.03	-419.80	-197.77	89.1
Other Services	-893.78	-667.85	-634.03	33.82	-5.1
Income (net)	-679.89	-737.16	-817.18	-80.02	10.9
Current Transfers (net)	956.33	807.74	691.87	-115.88	-14.3
Official	0.00	0.00	0.00	0.00	0.0
Private	956.33	807.74	691.87	-115.88	-14.3
Services, Income and Current Transfers (net)	-810.50	-819.30	-1,179.14	-359.84	43.9

Source: Bank of Ghana

6.3 Capital and Financial Account

The deficit recorded in capital and financial account increased to US\$878.09 million in Q2:2022, from a surplus of US\$3,307.48 million in Q2:2021. This was attributed to an increase in outflows from the capital and financial account during the review period.

Capital Account

The capital account received transfers totalling US\$39.28 million during the review period, compared to US\$27.08 million received in the same period in 2021.

Financial Account

Transactions in the financial account worsened significantly from a net inflow of US\$3,280.41 million in Q2:2021 to a net outflow of US\$917.37 million in Q2:2022. The higher outflows in the financial account were driven by net portfolio reversals, net outflows in the "Other" investment accounts, as well as lower net foreign direct investments inflows.

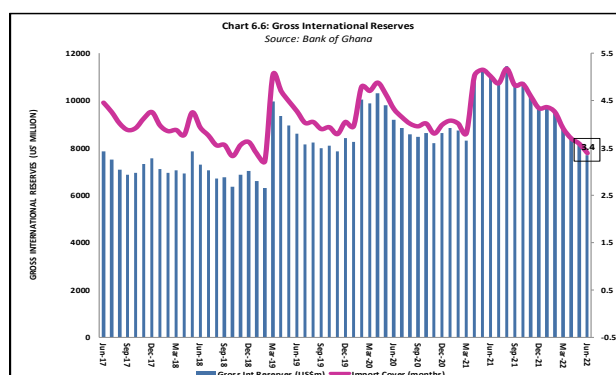
6.4 International Reserves

The stock of Net International Reserves (NIR) at the end of June 2022 was estimated at US\$3,582.47 million, indicating a drawdown of US\$2,497.07 million from a stock position of US\$6,079.54 million at the end of December 2021.

Table 6.7: Capital and Financial Account (net)

	Q2:2020	Q2:2021	Q2:2022	Q2:2021/2022	
			prov.	Abs change	% change
Amounts in millions of U.S. dollars					
Capital and Financial Accounts	81.33	3,307.48	-878.09	-4,185.6	-126.5
Capital transfers	61.95	27.08	39.28	12.2	45.1
Financial Account	19.38	3,280.41	-917.37	-4,197.8	-128.0
Foreign Direct Investments	331.13	542.91	359.85	-183.1	-33.7
Portfolio Investments	-486.95	2,791.33	-19.35	-2,810.7	-100.7
Other Investments	175.19	-53.83	-1,257.87	-1,204.0	2,236.9
Official	940.78	216.95	204.07	-12.9	-5.9
Disbursements	1218.68	464.22	541.69	77.5	16.7
Amortisation	-277.90	-247.27	-337.62	-90.4	36.5
Private	-1251.78	-428.92	-804.18	-375.3	87.5
Disbursements	2527.01	2,442.19	3,402.13	959.9	39.3
Amortisation	-2553.16	-2,871.11	-4,206.31	-1,335.2	46.5
Short-term	-911.23	98.62	-295.23	-393.9	-399.4
Non-Monetary	-455.58	-425.12	-150.12	275.0	-64.7
Monetary	-455.65	523.74	-145.11	-668.8	-127.7
Government Oil Investments	171.78	59.53	-362.53	-422.1	-709.0
Inflow	218.95	114.98	0.00	-115.0	0.0
Outflow	-47.17	-55.46	-362.53	-307.1	553.7

Source: Bank of Ghana



The country's Gross International Reserves (GIR) declined by US\$2,014.88 million to US\$7,680.34 million at the end of June 2022 from a stock position of US\$9,695.22 million at the end of December 2021. This was sufficient to provide 3.4 months of imports cover for goods and services compared to 5.0 and 4.4 months of imports cover as at June 2021 and December 2021, respectively.

7. External Debt

7.1 Debt Stock

The provisional stock of outstanding government and government-guaranteed external debt at end-June 2022 stood at US\$28,135.88 million, below the stock position of US\$28,379.07 million at end-March 2022. Compared with the stock level of US\$28,072.15 million recorded at end-June 2021, the external debt stock registered a year-on-year increase of 0.23 percent at end-June 2022, largely due to net transactions (disbursement and amortization). As a percentage of GDP, the external debt stock rose to 40.48 percent at end-June 2022, from 35.24 percent at end-June 2021.

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

	2020	2021					2022*	
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	
Total External Debt	24,715.77	24,598.81	28,072.15	27,887.98	28,339.22	28,379.07	28,135.88	
Multilateral Creditors	8,280.17	8,122.88	8,302.36	8,182.68	8,192.45	8,150.01	8,073.63	
Bilateral Creditors	1,297.36	1,245.70	1,248.23	1,255.28	1,336.02	1,378.56	1,276.60	
Export Credit Agencies	966.12	914.05	1,013.03	990.45	981.11	946.66	911.13	
Other Concessional	1,541.66	1,512.17	1,650.60	1,606.51	1,594.91	1,574.76	1,552.40	
Commercial Creditors	2,415.37	2,588.57	2,722.08	2,733.20	3,114.87	3,209.22	3,202.26	
International Capital Market	10,215.09	10,215.45	13,135.85	13,119.86	13,119.86	13,119.86	13,119.86	

*Provisional

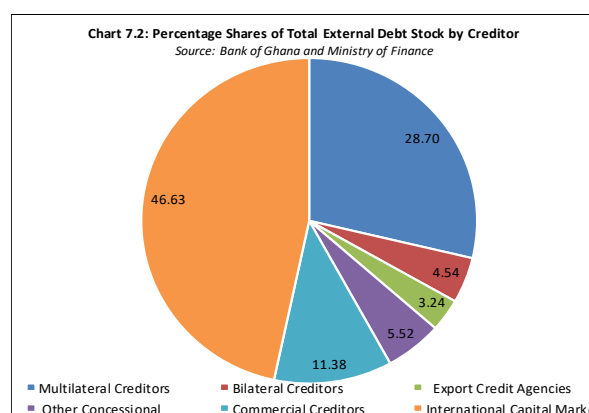
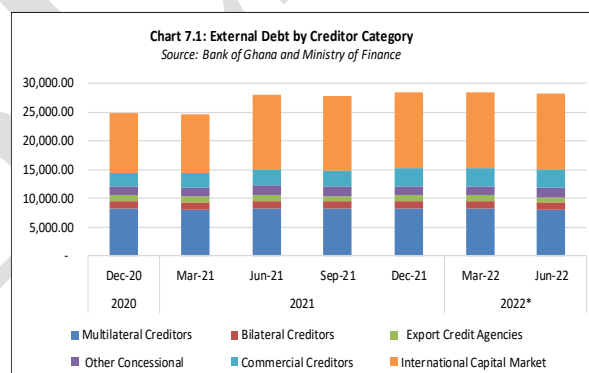
Source: Bank of Ghana

Debt Stock by Creditor Group

In terms of creditor category, multilateral debt decreased by 0.94 percent to US\$8,073.63 million at end-June 2022, from the stock of US\$8,150.01 million recorded at the end of the previous quarter. Multilateral debts accounted for 28.70 percent of the total external debt stock at end-June 2022, compared to 29.58 percent at end-June 2021.

The bilateral debt owed at the end of Q2:2022 was US\$1,276.60 million, representing 4.54 percent of the total external debt stock, compared to 4.45 percent at end-June 2021. The bilateral debt was 7.40 percent less than the US\$1,378.56 million recorded at the end of March 2022 and 2.27 percent above the stock of US\$1248.23 million registered in June 2021.

Commercial debts at end-June 2022 totalled US\$3,202.26 million and accounted for 11.38 percent of the total external debt stock, compared to 9.70 percent at end-June 2021. Commercial debts decreased by (0.22 percent from US\$3,209.22 million recorded at end-March 2022, but increased by 17.64 percent above the level of US\$2,722.08 million recorded for the same period in 2021.



Debts owed to the International Capital Market stood at US\$13,119.86 million at end-June 2022, constituting the highest share of 46.63 percent of the total external debt stock. This was the same as the level registered in March 2022 but was US\$15.99 million below the position of US\$13,135.85 million recorded at end-June 2021.

Debts owed to Export Credit Agencies totalled US\$911.13 million at end-June 2022 and constituted 3.24 percent of the total external debt, compared with 3.61 percent at end-June 2021. This showed a decline of 3.75 percent from the level of US\$946.66 million recorded at end-March 2022, and 10.06 percent from the level of US\$1,013.03 million registered at end-June 2021.

Other Concessional loans at end-June 2022 amounted to US\$1,552.40 million and accounted for 5.52 percent of the total external debt, compared to 5.88 percent at end-June 2021. This showed a decrease of 1.42 percent below the level of US\$1,574.76 million registered at end-March 2022 and 5.95 percent from the position of US\$1,650.60 million recorded at end-June 2021.

7.2 Debt Service Payments

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

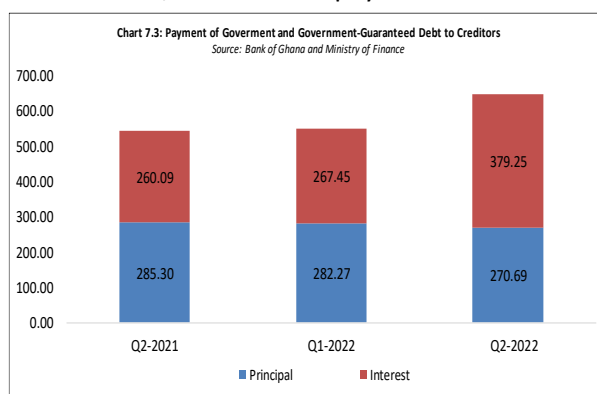
Creditor Category	Q2-2021			Q1-2022			Q2-2022		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
Total	285.3	260.1	545.4	282.3	267.5	549.7	270.7	379.3	649.9
Multilateral Creditors	27.6	16.3	43.9	43.9	17.8	61.8	28.8	17.8	46.6
IDA	18.1	12.6	30.7	33.0	13.1	46.1	17.5	14.1	31.7
ADB/ ADF	2.1	2.4	4.5	6.5	3.7	10.2	3.8	2.5	6.3
Others	7.4	1.3	8.7	4.4	1.0	5.4	7.4	1.1	8.6
Bilateral Creditors	43.5	5.7	49.2	42.7	7.9	50.6	72.6	4.9	77.5
Paris Club	22.0	2.0	24.1	28.0	4.3	32.3	17.3	1.9	19.3
Non-Paris Club	21.5	3.7	25.2	14.8	3.6	18.3	55.2	3.0	58.2
Commercial Creditors	214.2	26.5	240.7	195.6	44.3	240.0	169.3	40.9	210.2
Sovereign Bond	0.0	211.6	211.6	0.0	197.4	197.4	0.0	315.6	315.6

Source: Bank of Ghana

The total amount of debt service made through the Bank of Ghana on government and government- guaranteed external debt at end-June 2022 was US\$649.94 million. This was 18.23 percent more than the payment of US\$549.72 million made in Q1:2022 and was 19.17 percent higher than the payment of US\$545.39 million made in Q2:2021. Of the amount paid, US\$270.69 million was in respect of principal payments and US\$379.25 million was for interest expense.

During the second quarter of 2022, multilateral creditors were paid a total of US\$46.57 million. Of the amount paid, US\$28.79 million was in respect of principal payments and US\$17.78 million was for interest payments, compared with principal repayments of US\$27.59 million, and interest payments of US\$16.28 million made in the corresponding quarter of 2021.

Total payments made to bilateral creditors at end-June 2022 amounted to US\$77.50 million. Out of the total amount paid, US\$72.57 million was in respect of principal repayment and US\$4.94 million in interest payments, compared with US\$43.53 and US\$5.72 million paid as principal and interest, respectively, in the second quarter of 2021.



Commercial creditors were paid a total of US\$210.23 million during the quarter under review. Of the amount paid, US\$169.33 million was in respect of principal payments and US\$40.90 million was for interest payments, as against principal repayments of US\$214.18 million and interest payments of US\$26.51 million made in the same period in 2021.

In the International Capital Market, a coupon payment of US\$315.63 million was made on the outstanding Eurobond for the second quarter of 2022, as against a coupon payment of US\$211.58 million for the corresponding period in 2021.

8. The Rural Banking Sector

Provisional data from the Rural/Community Banks (RCBs) during Q2:2022 indicated an improvement in the sector's performance compared with developments in Q2:2021.

Table 8.1: Consolidated Assets and Liabilities of Rural/Community Banks (GHC' million)

	2021			2022		Variations	
						Q-on-Q	Y-on-Y
	Q2	Q3	Q4	Q1	Q2	(Q2:22-Q1:22)	(Q2:22-Q2:21)
Assets							
Cash Holdings & Balances with Banks	883.6	945.2	869.4	943.3	1,037.4	10.0	17.4
Bills and Bonds	3,042.0	3,039.9	3,128.2	3,280.6	3,372.5	2.8	10.9
Loans and Advances	1,910.1	2,003.6	2,050.3	2,181.1	2,242.0	2.8	17.4
Other Assets	696.1	715.1	710.9	739.4	737.6	-0.2	6.0
Total Assets	6,531.9	6,703.8	6,758.8	7,144.3	7,389.5	3.4	13.1
Liabilities							
Total Deposits	5,717.1	5,843.8	5,977.2	6,295.4	6,529.6	3.7	14.2
Shareholders' Funds	375.7	428.1	389.0	427.4	410.9	-3.9	9.4
Other Liabilities	439.1	431.8	392.6	421.5	449.0	6.5	2.2
Total Liabilities	6,531.9	6,703.8	6,758.8	7,144.3	7,389.5	3.4	13.1
No. of Reporting Banks	144	145	145	145	146		

Source: Bank of Ghana

Table 8.2: Proportion of RCB's Total Assets of the Banking System (GHC' million)

	2021				2022			
	Q2		Q3		Q4		Q1	
	GHC	% Share	GHC	% Share	GHC	% Share	GHC	% Share
Commercial Banks	166,765.0	96.2	172,691.8	96.3	182,412.9	96.4	196,933.8	96.5
Rural Banks	6,531.9	3.8	6,703.8	3.7	6,758.8	3.6	7,144.3	3.5
Total	173,296.8	100.0	179,395.5	100.0	189,171.7	100.0	204,078.1	100.0

Source: Bank of Ghana

Table 8.3: Proportion of RCB's Deposits of the Banking System (GHC' million)

	2021				2022			
	Q2		Q3		Q4		Q1	
	GHC	% Share	GHC	% Share	GHC	% Share	GHC	% Share
Commercial Banks	99,723.4	94.6	101,832.7	94.6	109,533.9	94.8	116,314.4	94.9
Rural Banks	5,717.1	5.4	5,843.8	5.4	5,977.2	5.2	6,295.4	5.1
Total	105,440.5	100.0	107,676.6	100.0	115,511.2	100.0	122,609.8	100.0

Source: Bank of Ghana

quarter, and 5.4 percent at the end of Q2:2021.

Loans and Advances

Loans and advances made by RCBs stood at GH¢2,242.0 million in the second quarter of 2022, indicating a growth of 17.4 percent, from GH¢1,910.1 million recorded at the end of Q2:2021.

Assets

Total assets of RCBs amounted to GH¢7,389.5 million in Q2:2022, representing a growth of 3.4 percent over GH¢7,144.3 million recorded in Q1:2022. On a year-on-year basis, total assets grew by 13.1 percent at the end of Q2:2022. Total assets of RCBs constituted 3.6 percent of the banking system assets at the end of Q2:2022.

Deposits

Provisional data indicated that deposit mobilisation by the RCBs further improved in Q2:2022. Total deposits of RCBs increased by 14.2 percent, year-on-year, to GH¢ 6,529.6 million at the end of Q2:2022, from GH¢6,295.4 million recorded for Q1:2022. The level of RCBs deposits at the end of the review quarter constituted 5.2 percent of total deposits of the banking system, increasing from its share in the previous