

BANK OF GHANA



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FOURTH QUARTER 2022

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Overview

This report presents a review of global and the domestic economic developments during the fourth quarter of 2022. The domestic developments 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

The global economy weakened in the fourth quarter of 2022, from a surprise growth pickup in the third quarter, due to the persistence of record high inflation and trade disruption from Russia's war with Ukraine. Activity was also weakened by the prolonged COVID-19 containment measures in China, alongside the hawkish stance by major central banks which raised the cost of capital and adversely affected investment growth.

The Domestic Economy **Real Sector**

The domestic economy recorded some growth, albeit at a slower pace, during the fourth 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 jumped significantly to 54.1 percent at the end of Q4:2022, from 37.2 percent at the end of Q3:2022, driven by both demand pressures and supply shocks. In year-on-year terms, food inflation surged to 59.7 percent at the end of Q4:2022, from 38.8 percent at the end of Q3:2022, while non-food inflation rose to 49.9 percent, from 36.5 percent over the same comparative period.

Monetary Aggregates

Growth in broad money supply (M2+) increased to 32.98 percent in Q4:2022, from 12.51 percent in Q4:2021. M2+ totalled GH¢180,266.84 million at the end of the review period, compared with GH¢135,555.75 million and GH¢160,157.59 million recorded in Q4:2021 and Q3:2022, respectively.

The increase in growth in M2+ was driven by significant expansion in Net Domestic Assets (NDA), although growth in Net Foreign Assets (NFA) contracted. Growth in NDA increased considerably from 25.81 percent recorded in Q4:2021 to 50.28 percent in Q4:2022, while NFA sharply contracted by 261.11 percent in Q4:2022 compared with a contraction of 59.77 percent in Q4:2021.

Banking Sector Credit

Annual growth in banks' outstanding credit increased to 30.19 percent in Q4:2022, from 12.56 percent in Q4:2021. This was, however, lower than the growth of 41.68 percent recorded for Q3:2022. At the end of Q4:2022, total outstanding credit stood at GH¢70,000.22 million.

In real terms, growth in credit from the banks declined to -15.52 percent at the end of Q4:2022, from -0.04 percent in Q3:2021.

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

to 91.08 percent at the end of Q4:2022, from 89.99 percent recorded in 2021.

Exchange Rates

On the interbank market, the Ghana cedi appreciated on a quarter-on-quarter basis by 12.0 percent against the U.S. dollar, 3.8 percent against the pound sterling, and 2.9 percent against the euro, in Q4:2022.

On the forex bureaux market, the Ghana cedi depreciated on a quarter-on-quarter basis by 9.1 percent, 15.8 percent and 16.1 percent against the U.S. dollar, the pound sterling, and the euro, respectively, in Q4:2022.

Interest Rates

Interest rates generally trended upwards on a year-on-year basis in Q4:2022. Rates on BOG bills, GOG securities and deposits of DMBs all trended upwards compared with rates recorded in Q4:2021.

The Monetary Policy Rate (MPR) at the end of Q4:2022 was 27.0 percent, reflecting a 1,250-basis-point cumulative increase compared with the MPR at the end of Q4:2021.

The interbank weighted average interest rate increased by 1,282 basis points (bps), year-on-year, from 12.68 percent recorded in Q4:2021 to 25.51 percent in Q4:2022.

On the treasury market, the 91-day, 182-day and 364-day T-bill rates increased significantly on a year-on-year basis by 2,299bps, 2,305bps and 1,960bps, to settle at 35.48 percent, 36.23 percent, and 36.06 percent, respectively, at the end of Q4:2022.

Capital Market

The Ghana Stock Exchange Composite Index (GSE-CI) decreased by 0.66 percent in Q4:2022. The poor performance of the GSE-CI could be attributed to exchange rate pressures on the domestic currency and rising inflation as investors sought relatively attractive investments.

Total market capitalization at the end of Q4:2022 stood at GH¢64,507.32 million, representing an increase of 0.82 percent on a quarter-on-quarter basis.

Balance of Payments

The value of merchandise exports for Q4:2022 was provisionally estimated at US\$4,416.16 million, indicating an increase of 19.7 percent compared to US\$3,688.42 million recorded in Q4:2021. The improved exports performance was driven by higher crude oil receipts, non-traditional exports, gold exports as well as cocoa beans and products exports. Total value of merchandise imports for Q4:2022 was US\$3,154.20 million, down by 11.6 percent compared to US\$3,596.6 million recorded in Q4:2021. The decrease in total imports was driven mainly by a reduction in non-oil imports, although oil and gas imports increased.

The provisional trade balance was a surplus of US\$1,261.95 million in Q4:2022, higher than the surplus of US\$118.74 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\$6,238.19 million (2.7 months of import cover) at the end of December 2022, from a stock position of US\$9,695.22 million (4.3 months of import cover) at the end of December 2021.

External Debt

The provisional stock of outstanding government and government-guaranteed external debt at-November 2022 stood at US\$29,185.22 million, up from the stock position of US\$27,948.34 million at end-November 2021, largely due to net transactions during the review quarter.

The external debt stock at end-November 2022 represented 62.14 percent of GDP compared with 36.03 percent recorded for the same period in 2021.

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1. Developments in the World Economy

The global economy weakened in the last three months of 2022, from a surprise growth pickup in the third quarter, due to the persistence of record high inflation and trade disruption from Russia's war with Ukraine. Activity was also weakened by the prolonged COVID-19 containment measures in China, alongside the hawkish stance by major central banks which raised the cost of capital and adversely affected investment

| | Year-over-Year | | | |
|---|----------------|------------|-------------|------------|
| | Estimate | | Projections | |
| | 2021 | 2022 | 2023 | 2024 |
| World Output | 6.2 | 3.4 | 2.9 | 3.1 |
| Advanced Economies | 5.4 | 2.7 | 1.2 | 1.4 |
| United States | 5.9 | 2.0 | 1.4 | 1.0 |
| Euro Area | 5.3 | 3.5 | 0.7 | 1.6 |
| Germany | 2.6 | 1.9 | 0.1 | 1.4 |
| France | 6.8 | 2.6 | 0.7 | 1.6 |
| Italy | 6.7 | 3.9 | 0.6 | 0.9 |
| Spain | 5.5 | 5.2 | 1.1 | 2.4 |
| Japan | 2.1 | 1.4 | 1.8 | 0.9 |
| United Kingdom | 7.6 | 4.1 | -0.6 | 0.9 |
| Canada | 5.0 | 3.5 | 1.5 | 1.5 |
| Other Advanced Economies | 5.3 | 2.8 | 2.0 | 2.4 |
| Emerging Market and Developing Economies | 6.7 | 3.9 | 4.0 | 4.2 |
| Emerging and Developing Asia | 7.4 | 4.3 | 5.3 | 5.2 |
| China | 8.4 | 3.0 | 5.2 | 4.5 |
| India | 8.7 | 6.8 | 6.1 | 6.8 |
| Emerging and Developing Europe | 6.9 | 0.7 | 1.5 | 2.6 |
| Russia | 4.7 | -2.2 | 0.3 | 2.1 |
| Latin America and the Caribbean | 7.0 | 3.9 | 0.8 | 2.1 |
| Brazil | 5.0 | 3.1 | 1.2 | 1.5 |
| Mexico | 4.7 | 3.1 | 1.7 | 1.6 |
| Middle East and Central Asia | 4.5 | 5.3 | 3.2 | 3.7 |
| Saudi Arabia | 3.2 | 8.7 | 2.6 | 3.4 |
| Sub-Saharan Africa | 4.7 | 3.8 | 3.8 | 4.1 |
| Nigeria | 3.6 | 3.0 | 3.2 | 2.9 |
| South Africa | 4.9 | 2.6 | 1.2 | 1.3 |

growth. Economic activity slowed in the U.S. reflecting the tightness of financial conditions, and in China, driven by continuing COVID-19 infections despite greater-than-anticipated fiscal support. Headline inflation peaked in some advanced economies in Q4:2022, supported by declining commodity prices amidst weaker demand. Price pressures continued to be strong in Emerging Markets and Developing Economies (EMDEs) in Q4:2022, accounted for by rising commodity prices and depreciating currencies. Continuous policy tightening cycle in advanced economies drove up yields for long term bonds which, however, moderated at the close of the year even as US Fed signalled softening in policy stance. Rising interest rate as well as weak currencies due to the strong dollar led to a 90.0-percent decline in portfolio flows to emerging markets, with an inflow of

US\$33.7 billion in 2022, compared to US\$379.6 billion in 2021.

In the outlook, global growth will remain weak in Q1:2023 due to higher interest rates and the cost-of-living crisis. Also, faster-than-expected monetary tightening and a spill over of the Russia-Ukraine war are key risks to growth. However, China's reversal of its COVID-19 policies and a healthy global labour market should soften the downturn.

1.1 United States

The U.S. economy was buffeted by multi-decade high inflation in 2022, with rising food and energy prices as well as tight labour markets. Inflationary pressures, however, began to ease in the last quarter of the year against the backdrop of the Fed's aggressive monetary policy tightening. Reflecting the tightening of financial conditions and the squeeze on household incomes from still elevated prices, GDP grew at slower rate of 2.8 percent in Q4:2022, from an annualised growth of 3.2 percent in Q3:2022. Weakening household and invest demand led by high interest rates is expected to reduce cost of goods and services in the economy in 2023 as labour markets soften and wage pressures abate. Amid easing price pressures, the Fed has signalled a slowing in the pace of monetary policy tightening. Financial conditions are, however, expected to remain relatively tight and weigh on growth in coming quarters.

1.2 United Kingdom

The U.K. economy stalled in the last quarter of the year, recording no growth from a contraction of 0.2 percent in Q3:2022 amid high cost of living. A series of global shocks resulted in sharp and successive increases in the price of commodities, especially energy which drove inflation to decades high. The strong monetary policy response by the central bank moderated the uptick in inflation with headline inflation

consistently falling in the last-two months of the year, partly also reflecting declining fuel prices. The disinflationary process in the economy was also supported by weakening global demand and easing supply-chain bottlenecks. GDP is expected to remain weak in Q1:2023 with lower real household incomes eroded by the high cost of living. In the outlook, headline inflation which has begun to retreat is likely to fall sharply in 2023. However, the labour market remains tight and domestic price and wage pressures are stronger than expected, suggesting risks of greater persistence in underlying inflation.

1.3 Euro Area

The Euro area expanded by 0.1 percent in Q4:2022, the weakest growth in the year, down from a 0.3-percent expansion in the previous quarter. Activity in the bloc was heavily impacted by soaring energy prices, persistence of supply uncertainty and rising borrowing costs that affected domestic demand. Amongst the bloc's largest economies, GDP in Q4:2022 grew in Netherlands (0.6%), Spain (0.2%) and France (0.1%), but contracted in Germany (-0.2%) and Italy (-0.1%). The European governments introduced a broad range of fiscal stimulus to cushion the impact of energy price increases on households and businesses. Reflecting fiscal support and monetary tightening, inflation declined consistently in Q4:2022, but remained elevated above the central bank target. In the outlook, GDP growth will likely contract in the first and second quarters of 2023 in the Euro area, given global headwinds and tight financial conditions. However, existing and further fiscal stimulus will support consumption spending in the economy.

1.4 Japan

The Japanese economy grew by 0.2 percent in Q4:2022, falling short of market expectations but reversing from a 0.3-percent contraction in the previous quarter. Activity was supported by a pickup in private consumption after tough border controls were lifted, and despite headwinds from surging living costs. The economy is projected to grow at a faster pace in 2023, with continued monetary and fiscal policy support. CPI inflation surged continuously in the last quarter of 2022, reaching its highest level since January 1991 at the close of the year, driven by high commodity prices and weakening currency. In the outlook inflation is expected to recede in the course of 2023 conditioned on new fiscal measures. However, on the downside the broadening of inflation gives room for wage increases which could cause price pressures to persist longer than projected.

1.5 China

Economic activity in China stalled in Q4:2022, with zero growth in the last-three months of the year, due to persistence of the COVID-19 pandemic in the country. This was in contrast to the surprise expansion of 3.8 percent in Q3:2022. Activity is expected to remain weak in Q1:2023 on account of lingering COVID-19 infections and weak global demand, despite the removal of mobility restrictions in the last month of 2022. The People's Bank of China continued to maintain an accommodative stance to support economic activity in the economy. In addition, the government has rolled out an infrastructure-focused fiscal support, offsetting some of the headwinds to growth. GDP growth is, therefore, projected to pick up pace in 2023, conditioned on rapidly improving mobility. In the outlook, the removal of mobility restrictions would reduce the likelihood of future lockdowns, and potential future supply-chain disruption linked to the Chinese economy.

1.6 Emerging Markets and Developing Economies

Economic activity in EMDEs decelerated sharply in 2022 to an estimated 3.9 percent, from 6.7 percent in the previous year, reflecting weaker external demand compounded by high inflation, currency depreciation, tighter financing conditions, and other domestic headwinds. Synchronized monetary policy tightening in major advanced economies and geopolitical tensions dampened risk appetite and led to widespread capital outflows from EMDEs, more especially in the last month of 2022. The level of economic activity, however, differed across EM countries with Indonesia registering positive growth of 0.3 percent in Q4:2022. Survey indicators of economic activity were, however, contractionary for Brazil in Q4:2022, driven by deteriorating manufacturing business conditions amid uncertainty over fiscal policy and elevated borrowing costs. Activity also contracted in Malaysia and Poland in Q4:2022 over concerns of weak domestic demand and high interest rates. In the outlook, though price pressures may have peaked in some advanced economies, cost pressures mainly from weaker currencies will continue to keep inflation elevated in emerging market countries for some time. Economic growth in EMDEs is expected to strengthen in 2023, albeit below pre-pandemic level.

1.7 Sub-Sahara African Countries

The region faced several headwinds in 2022 with lingering possibilities of financial stress as borrowing cost rises. Also, debt levels remained elevated, with currency depreciations exacerbating inflationary pressures, while moderating investment and consumption spending. GDP growth projections for the region was revised marginally up to 3.8 percent in 2023, unchanged from 2022, amid prolonged fallout from the COVID-19 pandemic. The revision also reflected Nigeria's rising growth for 2023 as the country addresses insecurity issues in the oil sector. In the outlook, downside risks to growth remain, stemming from elevated prices and tighter domestic financing conditions as central banks raise policy rates to curb rising inflation. Higher external financing costs, in addition to elevated debt levels, threaten debt sustainability in the region. Weather events are also a risk. However, on the upside, the reopening of China and the decline in input costs will support export growth, while reducing import bills.

2. Real Sector Developments

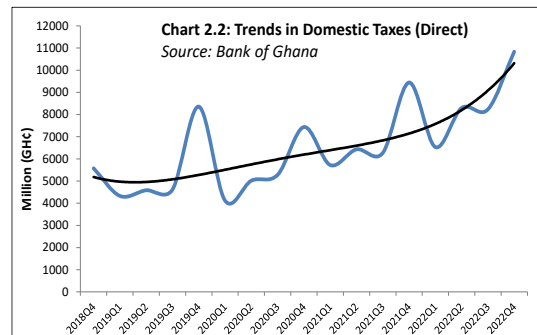
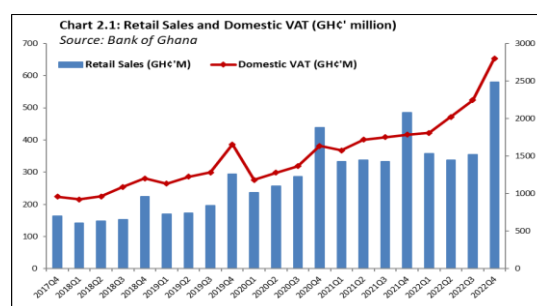
A review of selected real sector indicators revealed some moderation in domestic economic activity during the fourth quarter of 2022 compared with trends observed during the same period in 2021.

2.1 Indicators of Economic Activity

Consumer Spending

Consumer spending, proxied by domestic VAT collections and retail sales, improved in Q4:2022 compared with figures recorded in the corresponding period of 2021. Domestic VAT collections grew by 56.8 percent (year-on-year) to GH¢2,799.24 million, relative to GH¢1,785.02 million collected during the corresponding quarter in 2021.

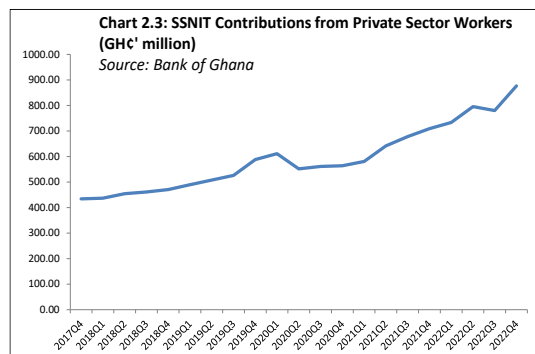
Domestic VAT also increased by 24.8 percent from GH¢2,242.89 million collected in Q3:2022.



Retail sales increased by 19.7 percent (year-on-year), recording GH¢580.50 million in Q4:2022, compared with GH¢484.78 million recorded in the corresponding quarter of 2021. The improvement in retail sales could be attributed to an increase in household spending during the review period.

Manufacturing Activities

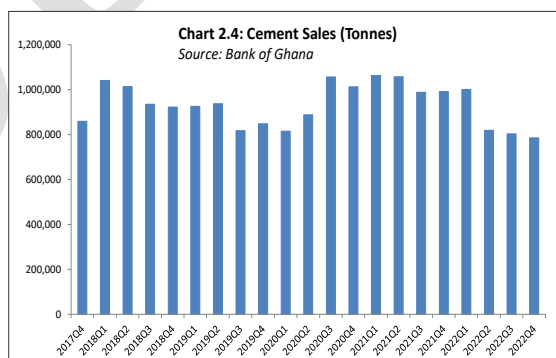
Manufacturing-related activities, as proxied by trends in the collection of direct taxes (income, corporate and others) and private sector workers' contributions to the SSNIT Pension Scheme (Tier-1), posted a positive outturn in Q4:2022, compared with what was observed in the same period of 2021. Total direct taxes collected increased by 14.7 percent to GH¢10,835.71 million in Q4:2022, from GH¢9,443.52 million recorded for the fourth quarter of 2021. Total direct taxes collected for the quarter under review also went up by 31.6 percent, from GH¢8,233.97 million collected in Q3:2022. In terms of contribution of the various sub-tax categories, Corporate Tax accounted for 55.7 percent, followed by Income Tax (PAYE and self-employed) with 34.7 percent, while other tax sources contributed 9.6 percent.



Similarly, private sector workers' contributions to the SSNIT Pension Scheme (Tier-1) rose by 23.6 percent to GH¢876.49 million in Q4:2022, from GH¢708.91 million collected in the same quarter of 2021. Total contribution in the review period, also increased by 12.4 percent when compared with GH¢779.97 million for Q3:2022. 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.

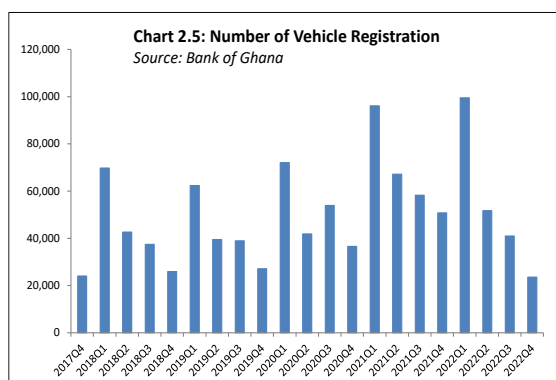
Construction Sector Activities

Economic activity in the construction sector, as proxied by the volume of cement sales, declined by 20.8 percent to 785,170.61 tonnes in Q4:2022, from 991,902.88 tonnes recorded in Q4:2021. Similarly, total cement sales during the review period decreased by 2.2 percent when compared with 803,233.18 tonnes recorded in Q3:2022. The year-on-year decline in total cement sales was due to a slowdown in construction activities during the review period.



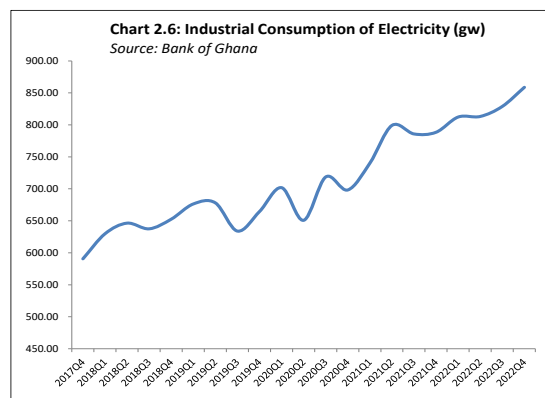
Vehicle Registration

Transport-related economic activities, gauged by vehicle registration by the Driver and Vehicle Licensing Authority (DVLA), declined by 53.6 percent to 23,579 in Q4:2022, from 50,780 vehicles registered during the corresponding quarter of 2021. Similarly, the number of vehicles registered during the review period decreased by 42.4 percent relative to 40,956 vehicles recorded in Q3:2022. The decline recorded in vehicle registration, year-on-year, was due to a moderation in vehicle importation during the quarter.



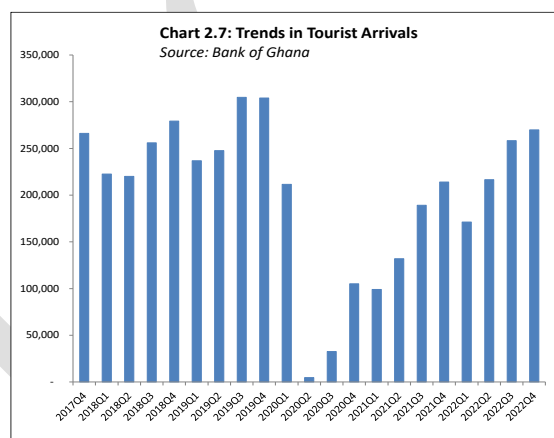
Industrial Consumption of Electricity

The consumption of electricity by industries, which is a proxy for activities within the productive sectors of the economy, went up by 8.9 percent during Q4:2022, compared with observations made in Q4:2021. Industries utilised 858.79 giga-watts of power in Q4:2022, as against 788.52 giga-watts recorded in Q4:2021. Industrial consumption of electricity also increased by 3.6 percent from 828.87 giga-watts in Q3:2022. The improvement in the electricity consumed by industries, year-on-year, could be attributed to increased industrial activity during the review period.



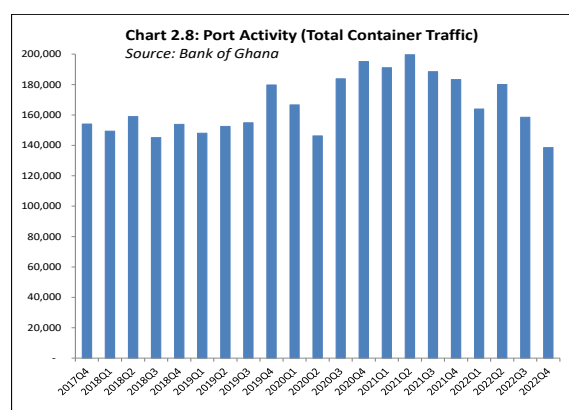
International Tourist Arrivals

Tourist arrivals through the country's various ports of entry improved in Q4:2022 when compared with figures recorded in the same quarter of 2021. A total of 269,845 tourists entered the country during the review period, as against 213,962 visitors received in Q4:2021, indicating an improvement of 26.1 percent. Tourist arrivals during the period also went up by 4.5 percent when compared with 258,246 visitors received in Q3:2022. The 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 in Q4:2022, compared with what was observed in Q4:2021. Total container traffic for inbound and outbound containers decreased by 24.4 percent to 138,542 from 183,301 recorded in Q4:2021. Port activity also dipped by 12.6 percent when compared to 158,514 laden containers recorded in Q3:2022. The 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

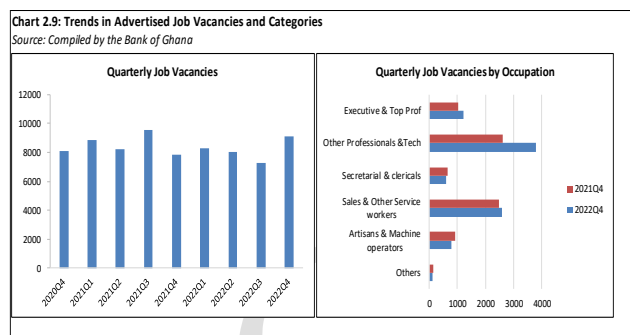
The number of jobs advertised in selected print¹ and online² media, which gauges labour demand in the economy, improved in Q4:2022 relative to what was observed in Q4:2021. In total, 9,111 job adverts were

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

recorded in Q4:2022 as compared with 7,838 for Q4:2021, indicating an increase of 16.2 percent (year-on-year). Also, the number of job vacancies advertised in the review period went up by 25.7 percent from 7,250 recorded for Q3:2022.

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 81.5 percent of total job adverts recorded in Q4:2022. This compares with its share of 80.2 percent recorded in Q4:2021. Industry followed with a share of 15.1 percent, down from 16.1 percent in Q4:2021, while the Agriculture Sector accounted for 3.4 percent of the job adverts during the period, compared with 3.7 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 54.9 percent of total jobs advertised in Q4:2022, relative to 46.3 percent recorded in the corresponding quarter of 2021. This was followed by the categories classified as Sales & Other Service Workers (28.5% in Q4:2022 vs. 31.7% in Q4:2021), Artisans & Machine Operators (8.7% vs. 11.8%), Secretarial & Clerical Staff (6.6% vs. 8.3%) and Others (1.4% vs. 1.8%).

3. Price Developments

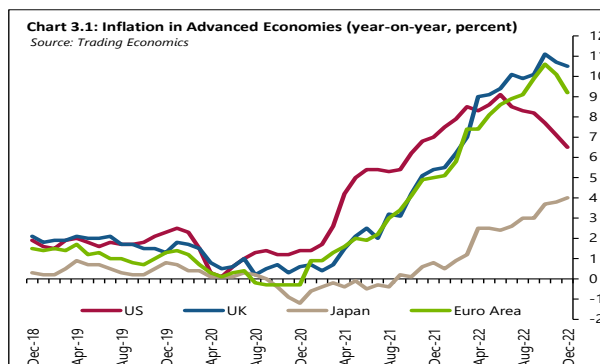
3.1 Global Inflation

Headline inflation started showing signs of easing in some advanced and emerging market economies in the last quarter of 2022, supported by declining commodity prices and weaker demand. This notwithstanding, there were underlying inflation pressures from the pass-through effects of past input costs, rising wages especially in Advanced Economies, currency depreciation against the U.S. dollar, and rising short-term inflation expectations, which remain major concerns for central banks.

Advanced Economies

Inflation in the **United States** slowed to 6.5 percent in December 2022, down from 8.2 percent at the end of the third quarter of 2022, on the heels of a slower increase in energy cost as gasoline cost dropped. Additionally, fuel costs and food prices eased over the period. Inflation in the last quarter of the year softened as a result of the Fed's aggressive monetary tightening cycle and interest rate increases in 2022.

Core consumer price inflation, which excludes volatile items such as food and energy, declined to 5.7 percent at the end of Q4:2022, from 6.6 percent in September 2022.



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

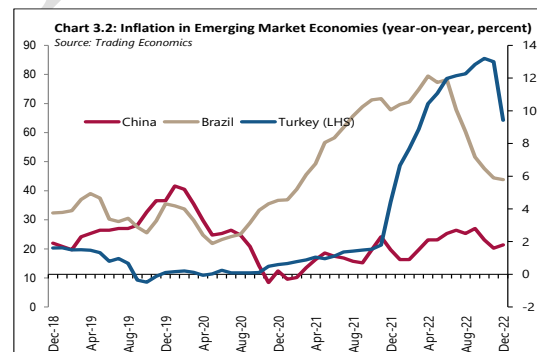
The annual inflation in the **United Kingdom** reduced to 10.5 percent in December 2022, from 10.7 percent in November and 11.1 percent in October 2022. Inflation declined at the end of the year mainly due to a slowdown in the pace of increase in transport fares, as average petrol prices fell between November and December. Prices for clothing and footwear, and recreation and culture, mainly games, toys and hobbies also edged down within the period. Core inflation rate in the United Kingdom inched down to 6.3 percent in December 2022, from 6.5 percent at the end of the third quarter.

Annual inflation in the **Euro Area** was pegged at 9.2 percent, year-on-year, at the end of Q4:2022, down from 9.9 percent in September 2022. Given that inflation remained well above the European Central Bank's target of 2.0 percent, policymakers might continue their policy tightening stance. A steep slowdown in energy inflation offset faster increases in the prices of services, non-energy industrial goods and food, alcohol & tobacco, to drive inflation down in December. However, core inflation rate, which strips out volatile items such as energy and food, edged up to 5.2 percent in December 2022, from 4.8 percent at the end of the prior quarter.

Consumer prices in **Japan** increased to 4.0 percent in December, from 3.0 percent recorded in September 2022, amid a rise in the prices of imported raw commodities and a weak yen. This represented the third consecutive quarter with inflation above the Bank of Japan's inflation target of 2.0 percent. Core inflation, which excludes fresh food but includes fuel costs, also increased to 4.0 percent, year-on-year, from 3.0 percent in September.

Emerging Market Economies

China's annual inflation rate fell from 2.8 percent in September 2022 to 2.1 percent in October and further down to 1.6 percent in November, broadly due to a sharp slowdown in the cost of food as pork prices eased further after authorities released national reserves into the market. However, in December, these gains were eroded and inflation climbed to 1.8 percent, mainly reflecting a rise in food prices amid sluggish domestic demand and a spike in COVID infections. Core inflation rate in China rose to 0.7 percent at the end of Q4:2022, from 0.6 percent recorded in September 2022.



The annual inflation rate in **Brazil** slowed significantly to 5.8 percent at the end of Q4:2022, from 7.2 percent at the end of the previous quarter, as prices continued to ease for transport, while slowing for food & non-alcoholic beverages and housing. Over the period, core inflation rate in Brazil, which excludes fuel and volatile food and beverages, eased to 7.8 percent from 8.6 percent.

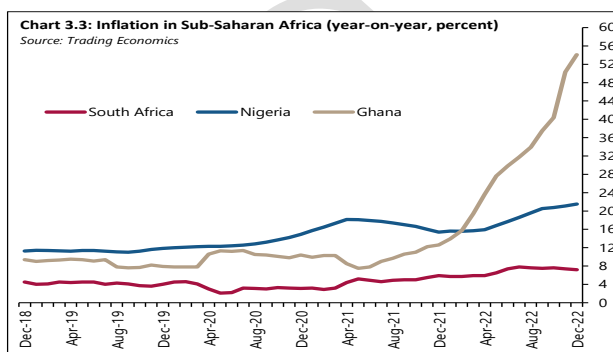
Turkey's inflation rate slowed significantly to 64.3 percent in December 2022, from 83.5 percent in September 2022. Within the year 2022, inflation remained high and persistent mainly due to the pursuit of unorthodox low interest-rate monetary policy, resulting in a currency crisis. Price pressures softened in all components in December 2022, largely due to a favourable base effect. Core inflation, defined to exclude

energy, food and non-alcoholic beverages, alcoholic beverages, tobacco and gold, also dropped to 51.9 percent at the end of Q4:2022, from 68.1 percent at the end of September 2022.

Sub-Saharan Africa

The annual inflation rate in **South Africa** dropped to 7.2 percent at the end of the year, from 7.5 percent at the end of Q3:2022, as prices continued to slow down primarily for transportation as fuel prices increased at a much slower pace. Despite the slowdown, inflation was still above the upper limit of the South African Reserve Bank's inflation target range of 3 to 6 percent. Core inflation, which excludes prices of food, non-alcoholic beverages, fuel and energy, rose to 4.9 percent at the end of Q4:2022, from 4.7 percent at the end Q3:2022.

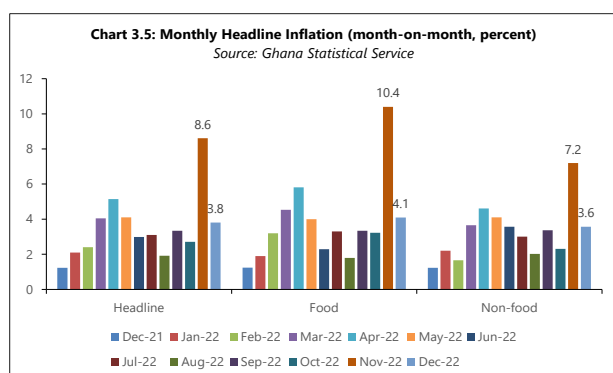
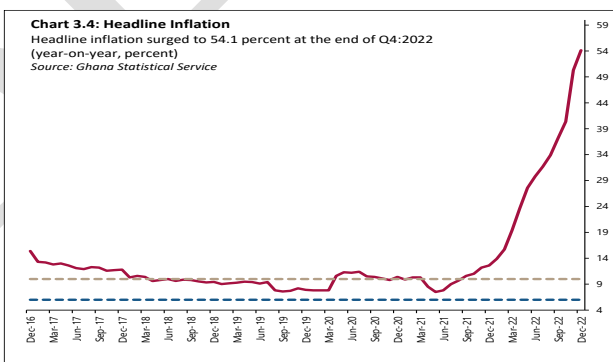
In **Nigeria**, the annual inflation rate increased from 20.8 percent in September 2022 to 21.1 percent in October and further up to 21.5 percent in November, before edging down to 21.3 percent at the end of the year. The marginal decline in December 2022 was occasioned by a slight deceleration in the cost of food. Additionally, prices rose less for alcoholic beverages, tobacco and kola, clothing & footwear, recreation & culture and communication. Core inflation rate, which strips the prices of agricultural produce, surged to 18.5 percent in December 2022, from 17.6 percent in September 2022.



3.2 Domestic Inflation

Headline Inflation

Headline inflation jumped significantly to 54.1 percent in December 2022, from 50.3 percent in November and 40.4 percent in October 2022. The acceleration in inflation was driven mainly by lagged effects of the sharp currency depreciation recorded in October and administrative price increases in September 2022, amid upward adjustments in transport fares on the back of rising fuel prices and distributional challenges within the food sector. Food and non-food inflation went up significantly over the period. Food inflation surged to 59.7 percent in December, from 38.8 percent in September 2022, while non-food inflation rose to 49.9 percent, from 36.5 percent over the same comparative period.



The Bank's core measure of inflation, defined to exclude energy and utility, edged up to 53.2 percent in December, from 36.2 percent in September 2022. However, the Bank's surveys on consumers, businesses, and the financial sector showed that inflation expectations eased at the end of Q4:2022, indicating agents' expectations of moderation in inflationary pressures on the horizon.

Monthly Inflation

On a month-on-month basis, prices increased at a much slower pace by 3.8 percent in December 2022 relative to the peak of 8.6 percent in November 2022. Monthly inflation in Q4:2022 averaged 5.0 percent compared to an average of 2.8 percent in the previous quarter. Average monthly food inflation picked up strongly to 5.9 percent in Q4:2022, compared to an average of 2.8 percent in Q3:2022. Also, average monthly non-food inflation grew to 4.4 percent relative to 2.8 percent over the same period.

3.3 Inflation Outlook

In the outlook, global inflation may remain persistent a little longer than previously assumed, requiring continued policy rate hikes, albeit, at a slower pace. However, both headline and underlying inflation are expected to slow down as monetary policy gets tighter, global growth cools, food and energy prices continue to fall and supply bottlenecks ease.

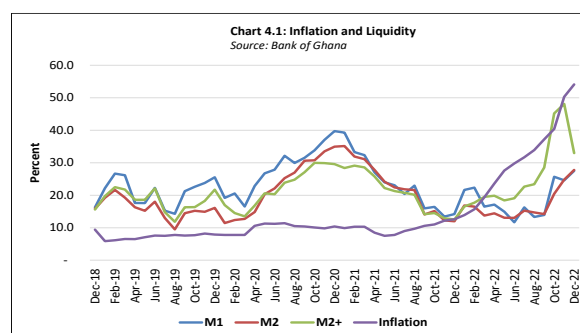
| | Headline Inflation (%) | | | Monthly Changes in CPI (%) | | |
|---------------|------------------------|-------------|-------------|----------------------------|------------|------------|
| | Combined | Food | Non-food | Combined | Food | Non-food |
| Dec-20 | 10.4 | 14.1 | 7.7 | 0.9 | 1.5 | 0.4 |
| 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 |
| Jul | 31.7 | 32.3 | 31.3 | 3.1 | 3.3 | 3.0 |
| Aug | 33.9 | 34.4 | 33.6 | 1.9 | 1.8 | 2.0 |
| Sept | 37.2 | 37.8 | 36.8 | 2.0 | 2.2 | 1.7 |
| Oct | 40.4 | 43.7 | 37.8 | 2.7 | 3.2 | 2.3 |
| Nov | 50.3 | 55.3 | 46.5 | 8.6 | 10.4 | 7.2 |
| Dec | 54.1 | 59.7 | 49.9 | 3.8 | 4.1 | 3.6 |

Source: Ghana Statistical Service

In December 2022, the Government of Ghana secured a Staff Level Agreement (SLA) with the IMF which spells out measures that would put the fiscal on the path of consolidation. Consistent with the SLA is the 2023 Government of Ghana Budget which has been passed by Parliament and frontloads the consolidation efforts. The SLA is also contingent on the Domestic Debt Exchange Programme and external debt restructuring, which when concluded and the necessary financial commitment obtained, will allow the presentation of the SLA to the IMF Board. These measures are expected to help restore fiscal and debt sustainability and bring down inflation as well as help stabilise the currency.

4. Money and Financial Market Developments

The pace of growth in broad money supply (M2+) accelerated in Q4:2022, mainly driven by appreciable expansion in the Net Domestic Assets (NDA) of the depository corporations' sector. The Net Foreign Assets (NFA), however, contracted considerably during the review period to moderate the growth in M2+. The observed increase in the growth in M2+ reflected in increased growth in all of its components: currency with the public, demand deposits, savings and time deposits and foreign currency deposits.



4.1 Broad Money Supply

Developments in the monetary aggregates showed acceleration in broad money supply (M2+) growth on a year-on-year basis. Annual growth in broad money supply (M2+) increased to 32.98 percent in Q4:2022, from 12.51 percent in Q4:2021. The stock of broad money supply stood at GH¢180,266.84 million during

the review period, compared with GH¢135,555.75 million and GH¢160,157.59 million recorded in Q4:2021 and Q3:2022, respectively.

4.2 Sources of Change in M2+

The observed increase in the growth in M2+ was mainly attributed to considerable expansion in NDA of the depository corporations' sector. The NFA, however, contracted at a faster pace, relative to the previous period. Provisional data showed that NFA contracted by 261.11 percent in Q4:2022, compared with a contraction of 59.77 percent in Q4:2021. This was also higher than the 209.64 percent contraction recorded in Q3:2022. In contrast, growth in NDA expanded significantly to 50.28 percent in Q4:2022, from 25.81 percent recorded in Q4:2021. This was, however, lower than the growth of 61.63 percent recorded in Q3:2022.

Components of Net Domestic Assets

In terms of components of NDA, growth in net claims on Government increased to 62.72 percent in Q4:2022, from 9.21 percent in Q4:2021, largely reflecting the monetisation of the uncovered Public Sector Borrowing Requirement (PSBR) auction by the Bank of Ghana. Growth in claims on public sector decreased to 17.02 percent in Q4:2022, from 26.28 percent recorded in Q4:2021. Growth in claims on private sector increased to 27.96 percent, from 14.09 percent, over the same comparative period, reflecting improved credit flows to the private sector, which was largely supported by Deposit Money Banks (DMBs). The Other Items (Net) changed by *negative* 48.04 percent in Q4:2022 compared to a change of *negative* 75.30 percent in Q4:2021.

| | Levels (GH¢ Millions) | | | Year-On-Year Variation | | | | | |
|-----------------------------|-----------------------|-------------------|-------------------|------------------------|--------------|--------------------|--------------|--------------------|--------------|
| | Dec-21 | Sep-22 | Dec-22 | As at end-Dec 2021 | | As at end-Sep 2022 | | As at end-Dec 2022 | |
| | | | | Absolute Δ | % change | Absolute Δ | % change | Absolute Δ | % change |
| Reserve Money | 43,244.90 | 53,503.90 | 68,103.84 | 7,162.85 | 19.85 | 14,347.77 | 36.64 | 24,858.94 | 57.48 |
| Narrow Money (M1) | 69,389.31 | 69,671.98 | 88,484.18 | 8,605.86 | 14.16 | 8,518.05 | 13.93 | 19,094.87 | 27.52 |
| Broad Money (M2) | 105,737.27 | 110,613.58 | 135,142.49 | 11,288.24 | 11.95 | 13,774.88 | 14.22 | 29,405.22 | 27.81 |
| Broad Money (M2+) | 135,555.75 | 160,157.59 | 180,266.84 | 15,076.66 | 12.51 | 35,560.99 | 28.54 | 44,711.09 | 32.98 |
| Currency with the Public | 21,773.90 | 23,786.09 | 31,420.65 | 884.27 | 4.23 | 4,973.72 | 26.44 | 9,646.75 | 44.30 |
| Demand Deposits | 47,615.41 | 45,885.89 | 57,063.53 | 7,721.59 | 19.36 | 3,544.34 | 8.37 | 9,448.12 | 19.84 |
| Savings & Time Deposits | 36,347.96 | 40,941.60 | 46,658.31 | 2,682.39 | 7.97 | 5,256.83 | 14.73 | 10,310.35 | 28.37 |
| Foreign Currency Deposits | 29,818.48 | 49,544.01 | 45,124.35 | 3,788.41 | 14.55 | 21,786.11 | 78.49 | 15,305.87 | 51.33 |
| Sources of M2+ | | | | | | | | | |
| Net Foreign Assets (NFA) | 7,531.35 | (16,665.29) | (12,133.70) | (11,189.71) | (59.77) | (31,864.80) | (209.64) | (19,665.05) | (261.11) |
| BOG | 8,247.02 | (16,871.08) | (19,300.17) | (5,997.47) | (42.10) | (33,375.39) | (202.22) | (27,547.18) | (334.03) |
| DMBs | (715.67) | 205.79 | 7,166.46 | (5,192.24) | (115.99) | 1,510.59 | (115.77) | 7,882.13 | (1,101.37) |
| Net Domestic Assets | 128,024.40 | 176,822.88 | 192,400.54 | 26,266.37 | 25.81 | 67,425.79 | 61.63 | 64,376.14 | 50.28 |
| Claims on Government (Net) | 75,314.27 | 108,948.92 | 122,554.34 | 6,348.68 | 9.21 | 31,300.62 | 40.31 | 47,240.07 | 62.72 |
| BOG | 29,389.54 | 62,420.49 | 73,910.16 | (2,341.58) | (7.38) | 31,241.08 | 100.20 | 44,520.62 | 151.48 |
| DMBs | 45,924.73 | 46,528.43 | 48,644.18 | 8,690.26 | 23.34 | 59.55 | 0.13 | 2,719.45 | 5.92 |
| Claims on Public Sector | 6,266.45 | 8,998.57 | 7,332.74 | 1,303.99 | 26.28 | 2,104.03 | 30.52 | 1,066.30 | 17.02 |
| BOG | 966.11 | 2,163.54 | 1,578.28 | 34.78 | 3.73 | 228.73 | 11.82 | 612.16 | 63.36 |
| DMBs | 5,300.33 | 6,835.03 | 5,754.47 | 1,269.22 | 31.49 | 1,875.29 | 37.81 | 454.13 | 8.57 |
| Claims on Private Sector | 50,502.62 | 64,956.82 | 64,622.37 | 6,238.76 | 14.09 | 19,245.96 | 42.10 | 14,119.75 | 27.96 |
| BOG | 2,117.04 | 936.92 | 868.92 | 1,386.37 | 189.74 | 220.47 | 30.77 | (1,248.13) | (58.96) |
| DMBs | 48,385.58 | 64,019.90 | 63,753.45 | 4,852.39 | 11.15 | 19,025.49 | 42.28 | 15,367.88 | 31.76 |
| Other Items (Net) (OIN) 1/2 | (4,058.94) | (6,081.44) | (2,108.91) | 12,374.93 | (75.30) | 14,775.17 | (70.84) | 1,950.03 | (48.04) |
| q/w BOG OMO (Sterilised) | (5,654.59) | (6,940.43) | (7,725.48) | 4.22 | (0.07) | (618.78) | 9.79 | (2,070.89) | 36.62 |

Source: Bank of Ghana

4.3 Developments in Banks' Credit

The annual growth in banks' outstanding credit to the public and private sectors increased considerably to 30.19 percent in Q4:2022, from 12.56 percent in Q4:2021. This was, however, lower than the growth of 41.68 percent recorded for Q3:2022. At the end of Q4:2022, total outstanding credit stood at GH¢70,000.22 million compared with GH¢53,767.32 million and GH¢70,909.31 million recorded in Q4:2021 and Q3:2022, respectively. The increase in the nominal growth in credit was reflected in increased nominal growth of credit to the private sector, while nominal growth in credit to the public sector declined.

In real terms, growth in credit from the banks declined to *negative* 15.52 percent at the end of Q4:2022, from *negative* 0.04 percent in Q3:2021. This was also lower than the 3.27 percent growth realised in Q3:2022.

| | Levels (GH¢ Millions) | | | Year-On-Year Variation | | | | | |
|------------------------|-----------------------|------------------|------------------|------------------------|--------------|--------------------|--------------|--------------------|--------------|
| | Dec-21 | Sep-22 | Dec-22 | As at end-Dec 2021 | | As at end-Sep 2022 | | As at end-Dec 2022 | |
| | | | | Absolute Δ | % change | Absolute Δ | % change | Absolute Δ | % change |
| Public Sector | 5,381.75 | 6,889.40 | 6,246.77 | 1,145.89 | 27.05 | 1,834.87 | 36.30 | 865.02 | 16.07 |
| Private Sector | 48,385.58 | 64,019.90 | 63,753.45 | 4,852.39 | 11.15 | 19,025.49 | 42.28 | 15,367.88 | 31.76 |
| Agric., For. & Fish. | 1,656.64 | 2,148.76 | 2,664.02 | 118.25 | 7.69 | 402.80 | 23.07 | 1,007.38 | 60.81 |
| Export Trade | 200.54 | 287.06 | 386.70 | 37.71 | 23.16 | 120.86 | 72.72 | 186.16 | 92.83 |
| Manufacturing | 5,688.17 | 6,997.12 | 7,129.87 | 702.73 | 14.10 | 1,591.39 | 29.44 | 1,441.70 | 25.35 |
| Trans., Stor., & Comm. | 3,353.27 | 3,739.30 | 3,562.29 | 256.68 | 8.29 | 432.94 | 29.09 | 209.02 | 6.23 |
| Mining & Quarrying | 817.41 | 1,571.11 | 1,564.11 | (361.22) | (30.65) | 583.86 | 59.14 | 746.70 | 91.35 |
| Import Trade | 1,733.00 | 2,103.13 | 2,092.13 | 500.79 | 40.64 | 713.28 | 51.32 | 359.12 | 20.72 |
| Construction | 5,089.74 | 7,183.99 | 6,454.74 | 712.51 | 16.28 | 2,448.99 | 51.72 | 1,365.00 | 26.82 |
| Commerce & Finance | 7,498.53 | 12,021.62 | 11,513.42 | (2,376.71) | (24.07) | 3,767.87 | 45.65 | 4,014.90 | 53.54 |
| Elect., Gas & Water | 1,961.31 | 3,141.26 | 3,501.71 | (582.91) | (22.91) | 1,137.61 | 56.78 | 1,540.41 | 78.54 |
| Services | 16,867.22 | 20,735.59 | 20,855.96 | 5,286.36 | 45.65 | 7,122.00 | 52.32 | 3,988.74 | 23.65 |
| Miscellaneous | 3,519.76 | 4,090.96 | 4,028.50 | 558.19 | 18.85 | 703.89 | 20.78 | 508.74 | 14.45 |
| Grand Total | 53,767.32 | 70,909.31 | 70,000.22 | 5,998.28 | 12.56 | 20,860.36 | 41.68 | 16,232.90 | 30.19 |

Source: Bank of Ghana

The share of total outstanding credit to the private sector increased marginally to 91.08 percent at the end of Q4:2022, from 89.99 percent recorded in Q3:2021.

Distribution of Outstanding Credit to the Private Sector

The growth in outstanding credit to the private sector at the end of Q3:2022 was higher in nominal terms relative to Q3:2021. However, in real terms, growth in credit to the private sector declined. In nominal terms, it increased to 31.76 percent in Q4:2022, from 11.15 percent recorded in Q4:2021. This was, however, lower than the 42.28 percent growth recorded in Q3:2022.

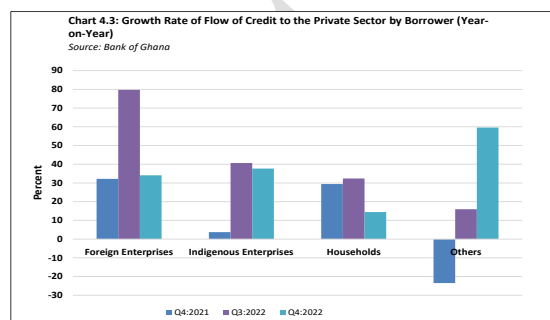
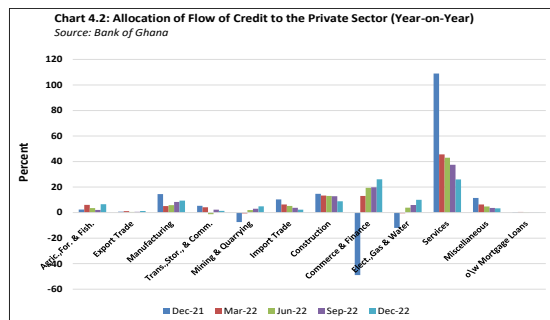
The outstanding credit to the private sector at the end of Q4:2022 was GH¢63,753.45 million, compared with GH¢48,385.58 million and GH¢64,019.90 million recorded in Q4:2021 and Q3:2022, respectively. In real terms, the annual growth rate of outstanding credit to the private sector contracted to *negative* 14.50 percent at the end of Q4:2022, from *negative* 1.29 percent recorded in Q4:2021.

The increase in private sector credit growth in Q4:2022 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; mining and quarrying; commerce and finance; and electricity, gas and water. However, manufacturing; transport, storage & communication; import trade; construction; and services sectors recorded decreases in credit flow in Q4:2022 relative to the corresponding period in 2021. The top five (5) beneficiary sectors of annual flow of private sector credit in Q4:2022 were commerce and finance (26.1%), services (26.0%), electricity, gas and water (10.0%), manufacturing (9.4%) and construction (8.9%). These top five sectors accounted for 80.37 percent of the overall credit flow for Q4:2022.

In terms of annual growth in private sector credit by borrower, credit flows to both foreign enterprises and indigenous enterprises increased in Q4:2022, relative to Q4:2021. Similarly, credit flows to 'Others' category improved over the same comparative period. In contrast, credit flows to households declined relative to the same period in 2021.

4.4 Sources and Uses of Banks' Flow of Funds

Total deposits remained the dominant source of funds into the banking system in Q4:2022. This was followed by other liabilities, which included margin deposits, cheques in transit, interest in suspense



| | (Amount in GH¢ 'Million) | | | Year-On-Year Variation | | | |
|-------------------------------------|--------------------------|-------------------|-------------------|------------------------|---------------|--------------------|---------------|
| | Dec-21 | Sep-22 | Dec-22 | As at end-Dec-2021 | | As at end-Sep-2022 | |
| | | | | Absolute Δ | Δ/Total A/R | Absolute Δ | Δ/Total A/R |
| Sources of Funds | | | | | | | |
| Total Deposits | 109,533.94 | 131,773.95 | 143,890.85 | 13,276.06 | 44.46 | 29,941.23 | 62.54 |
| Domestic | 79,715.46 | 82,229.94 | 98,766.50 | 9,487.65 | 31.77 | 8,155.12 | 17.03 |
| Demand Deposits | 43,367.50 | 41,288.34 | 52,108.18 | 6,805.26 | 22.79 | 2,898.29 | 6.05 |
| Savings Deposits | 19,693.06 | 21,719.03 | 25,199.33 | 1,758.23 | 5.89 | 2,790.18 | 5.83 |
| Time Deposits | 16,654.90 | 19,222.57 | 21,458.99 | 924.16 | 3.09 | 2,466.65 | 5.15 |
| Foreign Currency | 29,818.48 | 49,544.01 | 45,124.35 | 3,788.41 | 12.69 | 21,786.11 | 45.50 |
| Credit From BOG | 2,618.53 | 2,094.87 | 1,123.72 | 1,391.08 | 4.66 | 1,069.79 | 2.23 |
| Balances Due to Non-Resident Banks | 11,167.07 | 13,233.58 | 7,739.86 | 3,506.98 | 11.74 | 3,250.98 | 6.79 |
| Capital | 11,100.39 | 11,243.58 | 11,289.65 | 1,303.10 | 4.36 | 420.97 | 0.88 |
| Reserves | 14,645.46 | 16,532.15 | 17,519.26 | 3,153.63 | 10.56 | 2,711.81 | 5.66 |
| Other Liabilities* | 33,347.52 | 45,691.14 | 42,703.53 | 7,233.13 | 24.22 | 10,482.71 | 21.89 |
| Total | 182,412.91 | 220,569.26 | 224,266.87 | 29,863.97 | 100.00 | 47,877.48 | 100.00 |
| Uses of Funds | | | | | | | |
| Bank Credit | 53,767.32 | 70,909.31 | 70,000.22 | 5,998.28 | 20.09 | 20,860.36 | 43.57 |
| o/w Private Sector Credit | 48,385.58 | 64,019.90 | 63,753.45 | 4,852.39 | 16.25 | 19,025.49 | 39.74 |
| Investment in Government Securities | 54,303.23 | 57,871.13 | 59,647.84 | 11,334.79 | 37.95 | 2,221.06 | 4.64 |
| Short Term | 6,719.41 | 5,479.84 | 9,133.66 | 3,256.73 | 10.91 | 2,004.50 | 4.19 |
| Medium/Long Term | 47,583.82 | 52,391.29 | 50,514.18 | 8,078.06 | 27.05 | 4,225.56 | 8.83 |
| Foreign Assets | 10,451.40 | 13,439.37 | 14,906.33 | -1,685.26 | -5.64 | 4,761.57 | 9.95 |
| Balances with BOG | 21,679.64 | 34,291.32 | 40,609.43 | 4,931.94 | 16.51 | 14,570.36 | 30.43 |
| Other Assets** | 42,211.31 | 44,058.13 | 39,103.05 | 9,284.23 | 31.09 | 5,464.13 | 11.41 |
| Total | 182,412.91 | 220,569.26 | 224,266.87 | 29,863.97 | 100.00 | 47,877.48 | 100.00 |

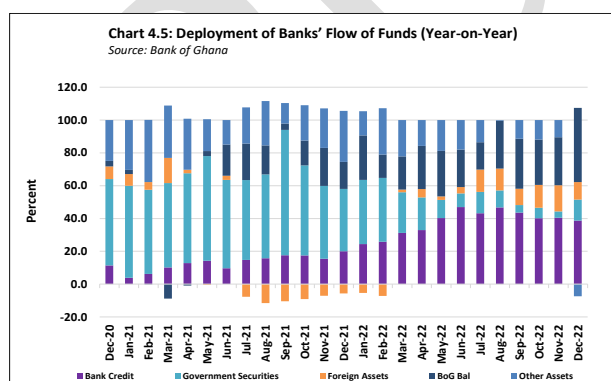
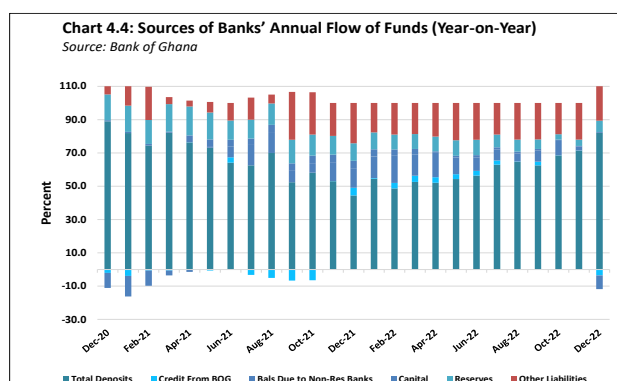
*Includes margin deposits, cheques for clearing, interest in suspense, borrowings from other resident banks and other unclassified liabilities.
**Includes real estate and equipment and other unclassified assets
Source: Bank of Ghana

accounts, and borrowings from other resident banks. Balances with Bank of Ghana received the largest share in terms of uses of funds by the banking system in Q4:2022. This was followed by allocations to bank credit, investment in Government securities, and foreign assets, respectively.

The provisional figures for Q4:2022 showed that the proportion of commercial banks' fund flows allocated to investment in credit, foreign assets and balances with Bank of Ghana increased, while proportion of fund flows to investment in Government securities, and other assets decreased relative to that of the corresponding period in 2021.

The proportion of bank funds allocated to bank credit increased significantly to 38.78 percent in Q4:2022, from 20.09 percent in Q4:2021. This was, however, lower than the 43.57 percent recorded in Q3:2022. Similarly, the proportion of fund flows to foreign assets increased to 10.64 percent during the review period, from *negative* 5.64 percent in Q3:2021.

In contrast, the proportion of fund flows to Government securities decreased significantly to 12.77 percent in Q4:2022, from 37.95 percent in the corresponding period in 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 5.77 percent and 7.00 percent respectively, in Q4:2022, from 10.91 percent and 27.05 percent respectively, in Q4:2021.



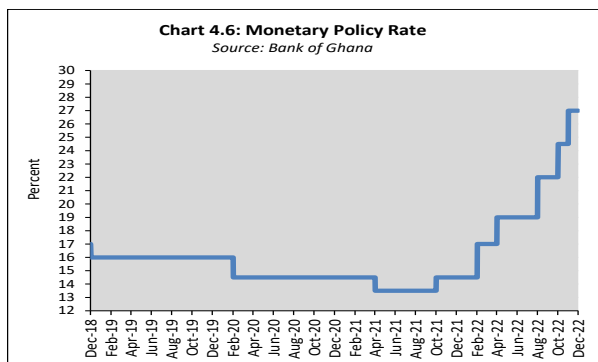
The main source of fund flows for financing of banks' assets was deposits. Its share in the sources of fund flows increased to 82.09 percent in Q4:2022, from 44.46 percent in Q4:2021. This was higher than the 62.54 percent recorded in Q3:2022. The increase in flows from total deposits, for the period under review, reflected an increase in the share of fund flows from both domestic and foreign currency deposits. The share of fund flows from foreign currency deposits increased to 36.57 percent, from 12.69 percent in Q4:2021, partly reflecting exchange rate effects. The share of fund flows from domestic currency deposits increased to 45.52 percent in Q4:2022, from 31.77 percent in Q4:2021. An increase in fund flows from demand deposits mainly accounted for the increase in fund flows from domestic currency deposits during the review period. Savings and time deposits recorded significant improvements from the previous year's positions.

The proportion of fund flows from credit from Bank of Ghana, balances due to non-resident banks, bank capital, bank reserves and other liabilities 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 *negative* 3.57 percent, 0.45 percent, and 6.87 percent, respectively, in Q4:2022, from 4.66 percent, 4.36 percent, and

10.56 percent, respectively, in Q4:2021. Similarly, the share of fund flows from balances due to non-resident banks, and other liabilities decreased to *negative* 8.19 percent and 22.35 percent, respectively, from 11.74 percent and 24.22 percent, respectively, over the same comparative period.

4.5 Interest Rate Developments

Interest rates continued to trend upward on a year-on-year basis across the spectrum of the yield curve in Q4:2022. Rates on Government of Ghana (GOG) securities and BOG bills increased. At the retail end,



lending rates trended upwards compared with rates recorded in Q4:2021, reflecting the transmission of the policy rate at the wholesale end of the market. Compared with Q3:2022 interest rates across the spectrum of the yield curve increased.

Monetary Policy Rate

The Monetary Policy Rate (MPR) at the end of Q4:2022 was 27.0 percent, reflecting a cumulative 1,250bps increase compared with the MPR at the end of Q4:2021. The upward review in the MPR was due to inflationary pressures.

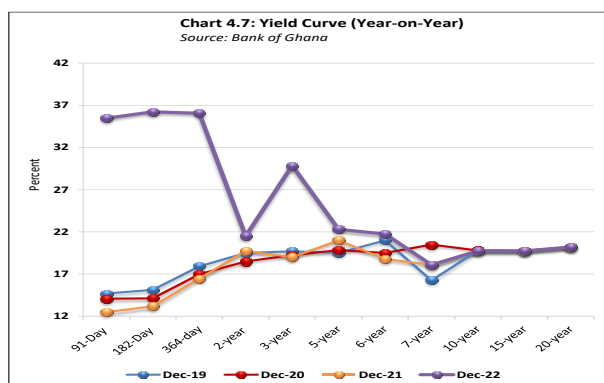
BOG Bills

The interest equivalent on the 14-day and 56-day BOG bills increased cumulatively by 1,250bps and 250bps to 27.0 percent and 17.0 percent, respectively, at the end of Q4:2022, from 14.50 percent each in Q4:2021. Similarly, when compared with Q3:2022, the rate on the 14-day BOG bill increased cumulatively by 500bps, while the rate on the 56-day BOG bill remained unchanged.

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 Q4:2022. This was on account of inactivity and non-issuance.

Government Securities

On the treasury market, interest rates in Q4:2022 generally trended upwards. The 91-day, 182-day and 364-day T-bill rates increased cumulatively by 2,299bps, 2,305bps and 1,960bps, to settle at 35.48 percent, 36.23 percent, and 36.06 percent, respectively, compared to interest rates recorded on the discount bearing securities at the end of Q4:2021. The interest earned on short-term GOG bills also recorded increases in rates when compared with the third quarter of 2022.



Interest rates on the 2-year note, 3-year, 5-year and 6-year GOG bonds increased cumulatively by 175bps, 1,805bps, 130bps, and 295bps, year-on-year, to settle at 21.50 percent, 29.85 percent, 22.30 percent and 21.75 percent, respectively, at the end of Q4:2022. When compared to the third quarter of 2022, the yields

for all medium-term securities recorded no change due to non-issuance. Interest rates on the 7-year, 15-year and 20-year GOG bonds remained unchanged on a year-on-year basis due to non-issuance during the review period.

Interbank Market

The interbank weighted average interest rate increased cumulatively by 1,282bps to 25.51 percent in Q4:2022, from 12.68 percent recorded in Q4:2021. Compared to Q3:2022, the interbank weighted average interest rate increased by 346bps.

Time and Savings Deposit Rates

The average interest rate on the DMBs' 3-month time deposits increased by 250bps to settle at 14.00 percent in Q4:2022, from 11.50 percent recorded in Q4:2021. The savings deposits rate remained unchanged at 7.63 percent at the end of Q4:2022.

Lending Rate

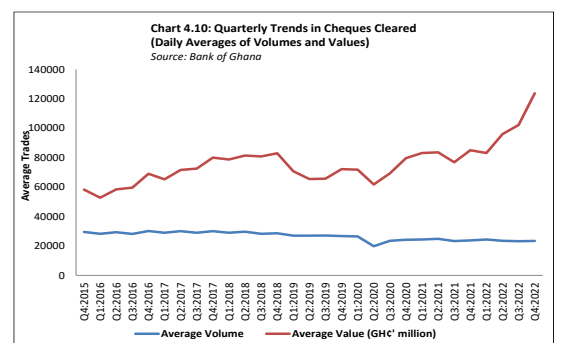
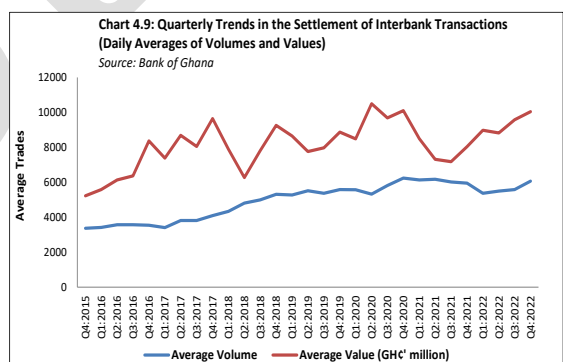
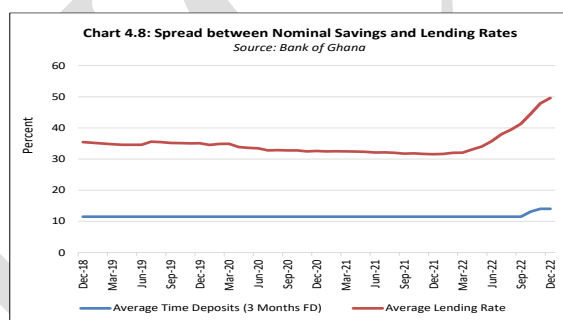
Lending rates trended upwards during the review quarter. The average lending rate increased by 1,554bps to 35.58 percent at the end of Q4:2022, from 20.04 percent in Q4:2021. Compared to Q3:2022, the average lending rate increased by 346bps.

The spread between the borrowing and lending rates expanded by 1,304bps on a year-on-year basis to 21.58 percent in Q4:2022. For the corresponding quarter in 2021, the spread narrowed by 106bps.

4.6 Payments System Developments

Settlement of Interbank Transactions

The volume of transactions settled through the Ghana Interbank System (GIS) during Q4:2022 totalled 376,299 valued at GH¢622,646.51 million. This represented an increase in volume and value by 0.35 percent and 22.95 percent, respectively, compared to transactions in Q4:2021. When compared with transactions settled during Q3:2022, there was an increase in the volume and value of transactions by 6.91 percent and 3.22 percent, respectively. On the average, 6,609 transactions were settled daily through the GIS, valued at GH¢10,042.69 million during the quarter under review, compared with a total of 5,587 transactions, valued at GH¢9,574.78 million during Q3:2022. In Q4:2021, an average of 5,952.41 transactions were settled daily, valued at GH¢8,038.77 million.



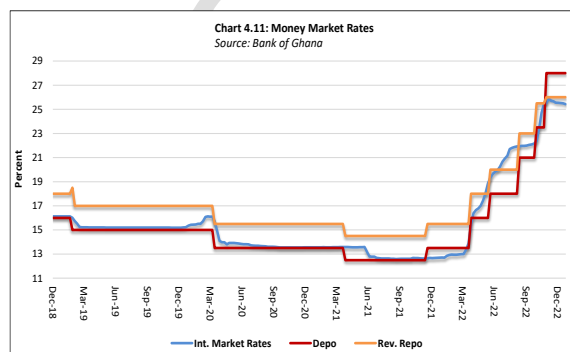
Cheques Cleared

The volume of cheques cleared during Q4:2022 totalled 1,452,300 valued at GH¢76,719.74 million. This represented a decrease in volume by 3.06 percent and an increase in value by 43.08 percent compared to transactions in Q4:2021. When compared with Q3:2022, the volume of transactions decreased by 0.85 percent, while the value of cheques cleared increased by 19.06 percent. On a daily basis, an average of 23,424 cheques valued at GH¢1,237.42 million were cleared during the period under review, compared with 23,251 cheques valued at GH¢1,022.86 million in Q3:2022. In Q4:2021, an average of 23,779 cheques valued at GH¢851.12 million were cleared.

4.7 Money Market

Depos amounted to GH¢14,555.00 million in Q4:2022 from GH¢25,445.00 million recorded in Q3:2022. Compared with same period in the previous year, depo trades increased by 557.11 percent from GH¢2,215.00 million in Q4:2021.

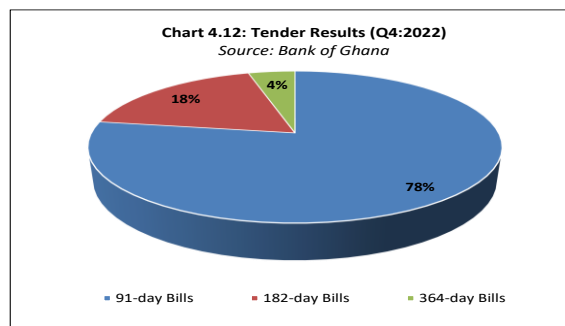
Reverse Repo trades totalled GH¢5,765.00 million in Q4:2022, an increase of 2.63 percent from the Q4:2021 position. Compared to Q3:2022, reverse repo transactions decreased by 15.32 percent.



On the interbank market, the value of trades during Q4:2022 ranged between GH¢560.00 million and GH¢4,590.00 million at a weighted average rate, ranging from 22.36 percent to 25.94 percent. In the previous quarter, value of trades ranged from GH¢2,759.00 million to GH¢5,368.00 million at a weighted average rate, ranging from 20.92 percent to 22.16 percent.

Tender Results

Total sales at the auction during Q4:2022 totalled GH¢47,867.32 million with maturities totalling GH¢46,950.09 million. This resulted in a net sale of GH¢917.23 million, out of which an amount of GH¢141.31 million was used to finance government's activities and an injection through Bank of Ghana's OMO activities to the tune of GH¢775.92 million.



4.8 Currency Markets

The International Currency Market

The U.S. dollar ended Q4:2022 on a weak note as a result of easing inflationary pressures and rare dovish comments from Federal Reserve policymaker, and the Federal Reserve Chairman's speech which confirmed that the pace of policy rate hikes would slow down. The pound sterling was also weak on the international market for the last quarter of 2022 on account of worsening domestic economic conditions, global economic slowdown and investors wary due to gloomy news on inflation, and food supply issues. The euro at the end of the review period had a mixed performance due to Russia President's decision to restart grain

exports through Ukraine, as well as dovish remarks by the Federal Reserve Chairman. The yen experienced a strong performance at the end of Q4:2022. This was due to the government's intervention in the foreign exchange market and a positive statement from Bank of Japan Governor.

The **U.S. dollar** was weak against the pound sterling, the euro and the Japanese yen in Q4:2022. Earlier in November, the U.S. dollar soared after Federal Reserve Chair dashed hopes that the U.S. central bank would soon start reducing the pace of its interest

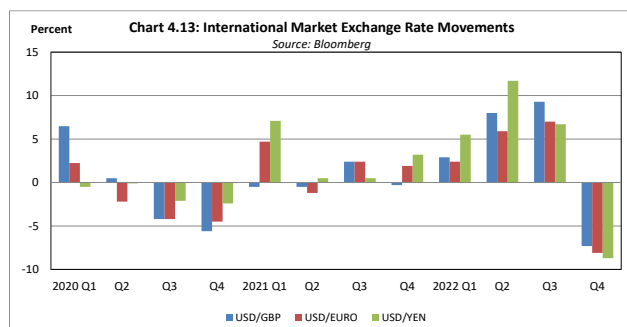


Table 4.4: International Market Exchange Rate Movements

| End Period | USD/£ | | USD/€ | | USD/¥ | |
|------------|--------------------------------------|-----------------------------------|--------------------------------------|-----------------------------------|--------------------------------------|-----------------------------------|
| | Quarterly depreciation/ appreciation | Annual depreciation/ appreciation | Quarterly depreciation/ appreciation | Annual depreciation/ appreciation | 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 | 1.2265 | -4.5 | 0.0097 | -2.4 |
| 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 | 1.1369 | 1.9 | 0.0087 | 3.2 |
| 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 |
| Q3 | 1.1142 | 9.3 | 0.9803 | 7.0 | 0.0069 | 6.7 |
| Q4 | 1.2024 | -7.3 | 1.0664 | -8.1 | 0.0076 | -8.7 |

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

rate increases, saying it was "very premature" to discuss when the Fed might pause its increases in the aftermath of another 75 basis-point hike. Federal Reserve Chairman, Jerome Powell also commented in December that it was time to slow rate hikes. At the end of Q4:2022, the U.S. dollar depreciated by 7.3 percent against the pound sterling, 8.1 percent against the euro and 8.7 percent against the Japanese yen.

The **pound sterling** was weak during the period under review. Reasons for this outcome include the hawkish interest rate hike to 3.0 percent, after the Bank of England (BOE) offered a pretty sobering assessment of Britain's growth outlook, suggesting the country's economy was already in recession, which could last two years. Also, in December, the U.K. economy faced challenges such as high energy costs confronting farmers. Consequently, the pound sterling appreciated against the U.S. dollar by 7.9 percent but depreciated against the euro and the Japanese yen by 0.8 percent and 1.4 percent, respectively.

The **euro** experienced a mixed performance in Q4:2022. This was primarily due to the European Commission's proposal in October to implement a plan that would place a price cap for natural gas and mandatory limits on the degree to which traded prices can fluctuate, which boosted the euro's performance. However, reports of output cuts by oil producers weighed on the euro. In early November, Vladimir Putin's decision to restart the export of grain through Ukraine also caused further strain of Europe's infrastructure and the single currency. The regain of the euro in December against the U.S. dollar was due to Jerome Powell's speech, which confirmed the prospect of smaller changes in future rate hikes by the Federal Reserve. At the end of the quarter, the euro appreciated against the U.S. dollar and the pound sterling by 8.8 percent and 0.8 percent, respectively, but depreciated against and the Japanese yen by 0.7 percent.

The **Japanese yen** was strong in Q4:2022. The finance ministry spent a record US\$42.8 billion on intervening in foreign exchange markets in late October to support the currency. In November, the currency also benefited from Bank of Japan (BOJ) Governor's speech on the possibility of tweaking the BOJ's ultra-dovish policy if inflation eases in the country. The currency, in December, also benefitted from

expectations that the BOJ could end its accommodative monetary policy stance because of high inflation. As a result, the Japanese yen appreciated against the U.S. dollar, the pound sterling and the euro by 9.5 percent, 1.5 percent and 0.7 percent, respectively.

The Domestic Currency Market

The Ghana cedi depreciated against the three major currencies in Q4:2022. The performance of the currency during the period was due to high demand pressures which lingered in the first-two months of the fourth quarter. The aggressive pricing behaviour of some of the banks partly impacted on the domestic currency's weakness. Reported rate adjustments by some dealers caused the cedi to depreciate marginally in the forex bureaux market. However, the Ghana cedi strengthened in December owing to several factors

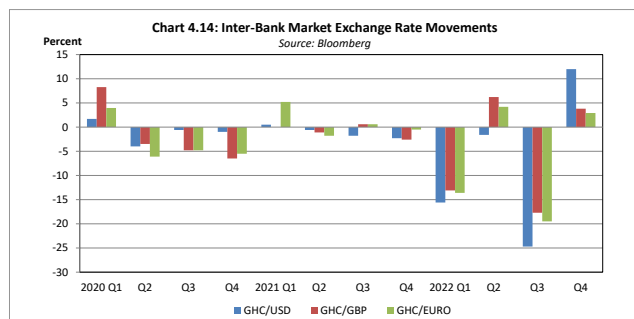


Table 4.5: Inter-Bank Market Exchange Rate Movements

| End Period | Quarterly c/US\$ depreciation/ appreciation | Annual depreciation/ appreciation | Quarterly c/GBP depreciation/ appreciation | Annual depreciation/ appreciation | Quarterly c/Euro depreciation/ appreciation | Annual depreciation/ appreciation |
|------------|---|-----------------------------------|--|-----------------------------------|---|-----------------------------------|
| 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 |
| Q3 | 9.6048 | -24.7 | 10.7017 | -17.7 | 9.4147 | -19.5 |
| Q4 | 8.5760 | 12.0 | 10.3118 | 3.8 | 9.1457 | 2.9 |

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

including a decrease in demand for forex due to reported cedi liquidity tightness by banks, and favourable forex inflows from remittances and mining sectors, which enhanced forex supply on the market. The IMF staff level agreement during the period for a US\$3billion loan facility for the country caused a return of market confidence and positively affected the Ghana cedi's performance.

On the **Interbank market**, the Ghana cedi appreciated on a quarter-on-quarter basis by 12.0 percent against the U.S. dollar, 3.8 percent against the pound sterling, and 2.9 percent against the euro, in Q4:2022. In Q4:2021, the cedi depreciated against the U.S. dollar, the pound sterling and the euro by 2.3 percent, 2.6 percent and 0.5 percent, respectively.

On the **Forex Bureaux market**, the Ghana cedi depreciated on a quarter-on-quarter basis by 9.1 percent, 15.8 percent and 16.1 percent against the U.S. dollar, the pound sterling and the euro, respectively, in Q4:2022. The cedi performed abysmally in Q4:2022 compared to the corresponding period of 2021 when it depreciated by 5.3 percent, 2.4 percent and 1.8 percent against the U.S. dollar, the pound sterling and the euro, respectively.

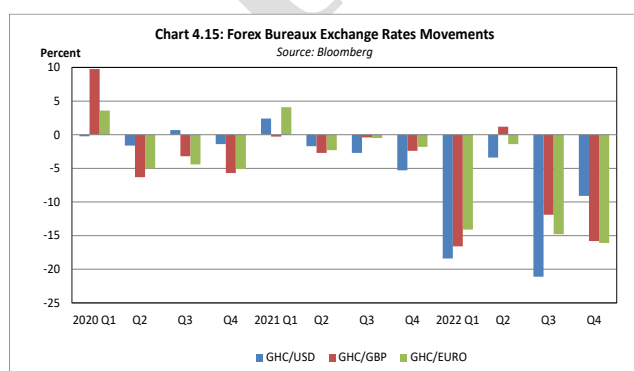


Table 4.6: Forex Bureaux Exchange Rate Movements

| End Period | Quarterly c/US\$ depreciation/ appreciation | Annual depreciation/ appreciation | Quarterly c/GBP depreciation/ appreciation | Annual depreciation/ appreciation | Quarterly c/Euro depreciation/ appreciation | Annual depreciation/ appreciation |
|------------|---|-----------------------------------|--|-----------------------------------|---|-----------------------------------|
| 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 | 8.3100 | -14.1 |
| Q2 | 8.0900 | -3.4 | 9.8850 | 1.2 | 8.4250 | -1.4 |
| Q3 | 10.2525 | -21.1 | 11.2200 | -11.9 | 9.8845 | -14.8 |
| Q4 | 11.2800 | -9.1 | 13.3250 | -15.8 | 11.7750 | -16.1 |

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

Foreign Exchange Transaction Market

At the end of Q4:2022, the total volume of forex purchases recorded was US\$4,671.53 million. Commercial banks' purchases contributed 81.1 percent of the total purchases (US\$3,788.99 million). The Central Bank's support to the market accounted for 17.5 percent (US\$815.83 million) and purchases from forex bureaux contributed the remaining 1.4 percent (US\$66.7 million).

Compared to Q3:2022, the volume of total purchases decreased by 0.8 percent. Commercial banks' purchases decreased by 3.6 percent while Bank of Ghana's support increased by 16.8 percent. However, forex bureaux purchases decreased by 14.1 percent.

Table 4.7: Foreign Exchange Transaction Market

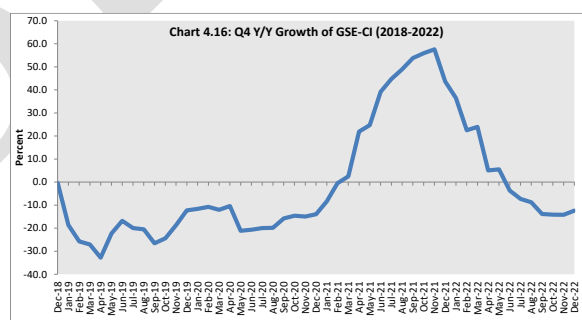
| | | Purchases (million \$) | | | | Sales (million \$) | | | |
|------|-----|------------------------|-----------------|---------------|-----------------|--------------------|---------------|-------------|--|
| | | BOG Sales | Commercial Bank | Forex Bureaux | Total Purchases | Commercial Bank | Forex 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 | |
| | Oct | 564.52 | 1,220.02 | 21.70 | 1,806.24 | 1,772.13 | 21.61 | 1,793.74 | |
| 2022 | 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 | |
| | Jul | 207.88 | 1,385.37 | 24.72 | 1,617.97 | 1,546.95 | 24.92 | 1,571.87 | |
| | Aug | 214.89 | 1,205.92 | 25.94 | 1,446.75 | 1,395.35 | 26.15 | 1,421.50 | |
| | Sep | 275.88 | 1,339.78 | 27.01 | 1,642.67 | 1,495.82 | 26.80 | 1,522.62 | |
| | Q3 | 698.65 | 3,931.07 | 77.67 | 4,707.39 | 4,438.12 | 77.87 | 4,519.99 | |
| | Oct | 249.52 | 1,123.53 | 21.41 | 1,394.46 | 1,333.39 | 22.16 | 1,355.55 | |
| | Nov | 313.56 | 1,265.61 | 22.6 | 1,601.77 | 1,570.14 | 22.01 | 1,592.15 | |
| | Dec | 252.75 | 1,399.85 | 22.7 | 1,675.30 | 1,695.21 | 24.70 | 1,719.91 | |
| | Q4 | 815.83 | 3,788.99 | 66.71 | 4,671.53 | 4,598.74 | 68.87 | 4,667.61 | |

Source: Bank of Ghana

On sales, total volume recorded was US\$4,667.61 million. Commercial bank sales amounted to US\$4,598.74 million (98.5% of the total amount). Forex bureaux contributed the remaining amount. The total volume of sales increased by 3.4 percent on a quarterly basis. Also, compared to Q4:2021, total sales decreased by 3.9 percent.

4.9 The Stock Market

The GSE-CI continued the downward trend in Q4:2022, recording a loss of 0.66 percent. The poor performance of the GSE-CI could partly be attributed to the poor performance of the domestic currency and rising inflation as investors sought relatively attractive investments. However, market capitalization increased, recording a growth of 0.82 percent on account of additional share issuance of TULLOW and ASG. Activity on GSE-CI in the ensuing quarter may largely be influenced by the trend in interest rates of fixed income securities, especially Government securities, as well as the performance of the domestic currency.



The GSE-CI

The GSE-CI decreased by 0.66 percent (-16.21 points) on a quarter-on-quarter basis at the end of Q4:2022, against a growth of -2.31 percent (-65.95 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. In year-on-year terms, the GSE-CI declined by 12.38 percent (-345.4 points) as at the end of Q4:2022 compared with an impressive growth of 43.66 percent (847.75 points) in Q4:2021.

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

| Month | SECTOR | | | | | | | | | | | GSE-CI |
|---------------|---------|---------|---------|---------|--------|--------|---------|-------|-----------|--------|-----------|---------|
| | F&B | MAN | FINANCE | DISTR | MINING | IT | AGRIC | OIL | ETFund | EDUC | AD & PROD | |
| Dec-21 | 1250.50 | 613.36 | 2151.85 | 3000.37 | 135.22 | 40.24 | 1330.00 | 40.07 | 4.32 | 100.00 | 100.00 | 2789.34 |
| Sep-22 | 1204.74 | 559.18 | 2070.10 | 2743.13 | 158.10 | 31.90 | 1296.00 | 40.26 | 530.25 | 100.01 | 100.00 | 2460.12 |
| Dec-22 | 1204.74 | 434.73 | 2052.59 | 2650.66 | 159.17 | 31.90 | 1530.00 | 40.26 | 5028.82 | 100.01 | 100.00 | 2443.91 |
| 2022 (Q-on-Q) | | | | | | | | | | | | |
| Absolute Δ | 0.00 | -124.45 | -17.51 | -92.47 | 1.07 | 0.00 | 234.00 | 0.00 | 4498.57 | 0.00 | 0.00 | -16.21 |
| % Δ | 0.00 | -22.26 | -0.85 | -3.37 | 0.67 | 0.00 | 18.06 | 0.00 | 848.38 | 0.00 | 0.00 | -0.66 |
| 2022 (Y-on-Y) | | | | | | | | | | | | |
| Absolute Δ | -45.77 | -178.63 | -99.26 | -343.71 | 23.95 | -8.34 | 200.00 | 0.19 | 5024.50 | 0.01 | 0.00 | -345.43 |
| % Δ | -3.66 | -29.12 | -4.61 | -11.66 | 17.71 | -20.72 | 15.04 | 0.48 | 116220.44 | 0.01 | 0.00 | -12.38 |

Source: Ghana Stock Exchange

Sector Performance

The poor performance in the GSE-CI in Q4:2022 was driven mainly by share price depreciation of stocks in the Finance (-0.85%; -17.51 points), Distribution (-3.37%; -92.47 points) and Manufacturing (-22.26%; -124.45 points) sectors. However, the Mining, Agriculture and ETFund sector stocks gained, while the Education, IT and Advertising & Production sector stocks recorded no change in prices to moderate the decline in the GSE-CI.

Market Performance

The total volume of trades on the GSE in Q4:2022 amounted to 55 million shares, valued at GH¢350.54 million, compared with a volume of 86 million shares, valued at GH¢122.17 million in Q4:2021. During the period, MTNGH in the IT sector recorded the highest volume and value of trades. The decrease in the volume of trades was mainly on account of a slowdown in market activity.

In Q4:2022, six (6) 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. TBL and GLD were the best performers and led the list of advancers with a share price appreciation of 66.67 percent and 30.81 percent, respectively. However, UNIL, CAL and RBGH shed 26.93 percent, 18.75 percent and 10.00 percent, respectively, to top the losers.

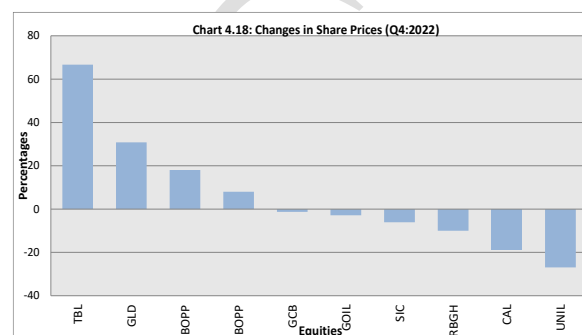
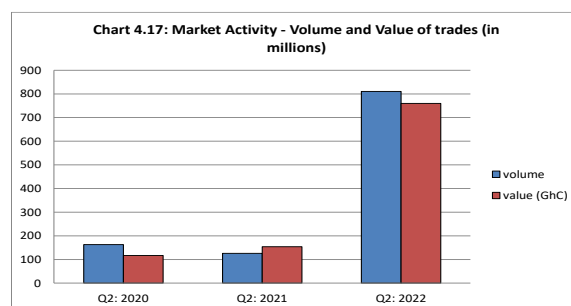


Table 4.9: Sector's Contribution to the Growth of Market Capitalization

| Month | SECTOR (GH¢ mil) | | | | | | | | | | | MKT. CAP. |
|---------------|------------------|---------|----------|---------|----------|----------|--------|----------|----------|-------|-----------|-----------|
| | F&B | MAN | FINANCE | DISTR | MINING | IT | AGRIC | OIL | ETFund | EDUC | AD & PROD | |
| Dec-21 | 1074.05 | 440.48 | 14788.91 | 1289.20 | 15940.22 | 13643.45 | 231.42 | 17065.66 | 0.54 | 10.57 | 10.70 | 64495.20 |
| Sep-22 | 1034.74 | 401.58 | 14483.42 | 1150.70 | 18638.17 | 10816.64 | 225.50 | 17147.21 | 66.60 | 10.57 | 10.70 | 63985.80 |
| Dec-22 | 1034.74 | 312.20 | 14382.51 | 1131.10 | 18763.84 | 10816.64 | 266.22 | 17147.21 | 631.62 | 10.57 | 10.70 | 64507.32 |
| 2022 (Q-on-Q) | | | | | | | | | | | | |
| Absolute Δ | 0.00 | -89.38 | -100.91 | -19.59 | 125.67 | 0.00 | 40.72 | 0.00 | 565.02 | 0.00 | 0.00 | 521.51 |
| % Δ | 0.00 | -22.26 | -0.70 | -1.70 | 0.67 | 0.00 | 18.06 | 0.00 | 848.38 | 0.00 | 0.00 | 0.82 |
| 2022 (Y-on-Y) | | | | | | | | | | | | |
| Absolute Δ | -39.31 | -128.28 | -406.41 | -158.10 | 2823.61 | -2826.81 | 34.80 | 81.56 | 631.08 | 0.00 | 0.00 | 12.12 |
| % Δ | -3.66 | -29.12 | -2.75 | -12.26 | 17.71 | -20.72 | 15.04 | 0.48 | 11620.44 | 0.01 | 0.00 | 0.02 |

Source: Ghana Stock Exchange

Market Capitalization

Total market capitalization at the end of Q4:2022 stood at GH¢64,507.32 million, representing an increase of 0.82 percent (GH¢855.40 million). Comparatively, market capitalization increased by 0.51 percent (GH¢324.4 million) in the same period in 2021. The main sectors that accounted for the increase in market capitalization in Q4:2022 were the ETFund (848.38%; GH¢565.02), Agriculture (18.06%; GH¢40.72), and Mining (0.67%; GH¢125.67 million) sectors. The increase in market capitalization was moderated by decreases in the Finance (22.26%; GH¢89.38 million) and Distribution (1.70%; GH¢19.59 million) sectors.

The Bond Market

The total value of Government of Ghana Notes and Bonds listed on the Ghana Fixed Income Market (GFIM) at end-December 2022 stood at GH¢161,191.77 million compared to GH¢152,722.58 million at end-December 2021. Total value of corporate bonds stood at GH¢28,219.33 million at end-December 2022 compared with GH¢31,358.05 million at end-December 2021. The cumulative value of trades on the GFIM from the beginning of the year to the end of December 2022 stood at GH¢230,316.70 million, and the number of trades was 528,188.

5. Balance of Payments

5.1 International Trade and Finance

Preliminary estimates of Ghana's balance of payments for Q4:2022 show a deficit of US\$229.78 million compared to a deficit of US\$1,174.57 million recorded in Q4:2021. The overall BOP deficit was driven mainly by outflows from the capital and financial account which more than offset the surplus in the current account.

5.2 The Current Account

The current account recorded a surplus of US\$318.21 million in Q4:2022, in contrast to a deficit of US\$681.12 million observed in Q4:2021. This was as a result of significant improvement in the trade balance and higher remittance inflows.

Merchandise Trade

The trade account recorded a surplus of US\$1,261.95 million in Q4:2022, higher than the surplus of US\$118.74 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.

Exports

The value of merchandise exports for the review period was provisionally estimated at US\$4,416.16 million, indicating an increase of 19.7 percent compared with US\$3,688.42 million recorded in the same period in 2021. The improved exports performance was driven by higher crude oil receipts, non-traditional exports, gold exports as well as exports of cocoa beans and products.

Gold exports amounted to US\$1,806.66 million, compared to US\$1,248.53 million recorded during the same period in 2021. The increase in gold export earnings was driven by higher volumes of gold production largely from small scale gold mining companies. The volume of gold exports increased by 55.0 percent to 1,075,424 fine ounces. On the other hand, the average realised price of gold decreased by 6.7 percent to settle at US\$1,679.95 per fine ounce.

The value of crude oil exported was US\$1,258.26 million, compared to US\$1,157.51 million recorded in Q4:2021. The increase in value was due to an increase in the average realized price by 10.8 percent to settle at US\$89.12 per barrel. The volume of crude oil exported,

Table 5.1: Balance of Payments (US\$' Million)

| | Q4:2021* | Q4:2022* | Q4:2022/2021 | |
|--|------------------|----------------|----------------|---------------|
| | | | Abs change | % change |
| CURRENT ACCOUNT | -681.12 | 318.21 | 999.32 | -146.7 |
| Merchandise Exports (f.o.b.) | 3,688.42 | 4,416.16 | 727.73 | 19.7 |
| Cocoa beans and products | 540.06 | 606.26 | 66.20 | 12.3 |
| Gold | 1,248.53 | 1,806.66 | 558.12 | 44.7 |
| Timber products | 38.25 | 37.49 | -0.76 | -2.0 |
| Oil | 1,157.51 | 1,258.26 | 100.75 | 8.7 |
| Others (including non-traditionals) | 704.07 | 707.49 | 3.42 | 0.5 |
| Merchandise Imports (f.o.b.) | -3,569.69 | -3,154.20 | 415.49 | -11.6 |
| Non-oil | -2,711.42 | -2,217.68 | 493.74 | -18.2 |
| Oil | -858.26 | -936.52 | -78.25 | 9.1 |
| Trade Balance | 118.74 | 1,261.95 | 1,143.22 | 962.8 |
| Services (net) | -689.65 | -906.86 | -217.21 | 31.5 |
| Receipts | 2,343.09 | 2,034.87 | -308.22 | -13.2 |
| Payments | -3,032.74 | -2,941.73 | 91.01 | -3.0 |
| Income (net) | -903.40 | -1,126.71 | -223.30 | 24.7 |
| Receipts | 205.91 | 260.05 | 54.14 | 26.3 |
| Payments | -1,109.32 | -1,386.76 | -277.44 | 25.0 |
| Current Transfers (net) | 793.20 | 1,089.82 | 296.62 | 37.4 |
| Official | 0.00 | 0.06 | 0.06 | 0.0 |
| Private | 793.20 | 1,089.76 | 296.55 | 37.4 |
| Services, Income and Current Transfers (net) | -799.85 | -943.75 | -143.90 | 18.0 |
| CAPITAL & FINANCIAL ACCOUNT | -187.47 | -547.64 | -360.17 | 192.1 |
| Capital Account (net) | 45.04 | 26.06 | -18.98 | -42.1 |
| Capital transfers (net) | 45.04 | 26.06 | -18.98 | -42.1 |
| Financial Account (net) | -232.51 | -573.70 | -341.19 | 146.7 |
| Direct Investments (net) | 517.18 | 322.12 | -195.07 | -37.7 |
| Portfolio Investments (net) | -308.06 | -189.02 | 119.04 | -38.6 |
| Financial Derivatives (net) | 76.32 | 330.43 | 254.11 | 332.9 |
| Other Investments (net) | -517.96 | -1,037.23 | -519.27 | 100.3 |
| Of Which: | | | | |
| Official Capital (net) | -52.67 | 1.70 | 54.37 | -103.2 |
| Other Private Capital (net) | -1,427.84 | -875.59 | 552.25 | -38.7 |
| Short-term capital (net) | 962.55 | -163.34 | -1,125.89 | -117.0 |
| ERRORS AND OMISSIONS | -305.98 | -0.34 | 305.64 | -99.9 |
| OVERALL BALANCE | -1,174.57 | -229.78 | 944.79 | -80.4 |
| FINANCING | 1,174.57 | 229.78 | -944.79 | -80.4 |
| Changes in international reserves | 1,174.57 | 229.78 | -944.79 | -80.4 |

* Revised * Provisional
Source: Bank of Ghana

Table 5.2: Current Account Balance (US\$' Million)

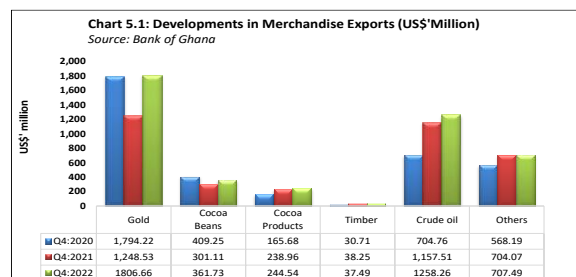
| | Q4:2020 | Q4:2021 | Q4:2022 | Q4:2022/2021 | |
|--------------------------------|----------------|----------------|---------------|-----------------|---------------|
| | | | | Abs change | % Change |
| Current Account Balance | -896.37 | -681.12 | 318.21 | 1,000.00 | -146.7 |
| Trade Balance | 486.56 | 118.74 | 1,261.95 | 1,143.22 | 962.8 |
| Services Balance | -1,294.10 | -689.65 | -906.86 | -217.21 | 31.5 |
| Investment income Balance | -1,162.83 | -903.40 | -1,126.71 | -223.30 | 24.7 |
| Net Unilateral Transfers | 1,074.01 | 793.20 | 1,089.82 | 296.62 | 37.4 |

Source: Bank of Ghana

Table 5.3: Merchandise Exports (US\$' Million)

| | Q4:2020 | Q4:2021 | Q4:2022 | Q4:2022/2021 | |
|----------------------|-----------------|-----------------|-----------------|---------------|-------------|
| | | | | Abs change | % change |
| Total Exports | 3,672.81 | 3,688.42 | 4,416.16 | 727.73 | 19.7 |
| Gold | 1,794.22 | 1,248.53 | 1,806.66 | 558.12 | 44.7 |
| Cocoa Beans | 409.25 | 301.11 | 361.73 | 60.62 | 20.1 |
| Cocoa Products | 165.68 | 238.96 | 244.54 | 5.58 | 2.3 |
| Timber | 30.71 | 38.25 | 37.49 | -0.76 | -2.0 |
| Crude oil | 704.76 | 1,157.51 | 1,258.26 | 100.75 | 8.7 |
| Others | 568.19 | 704.07 | 707.49 | 3.42 | 0.5 |

Source: Bank of Ghana



however, decreased by 1.9 percent to 14,119,123 barrels.

Earnings from cocoa beans and cocoa products totalled US\$606.26 million in Q4:2022, compared to US\$540.06 million for the same period in 2021, representing an increase of 12.3 percent. Earnings from cocoa beans amounted to US\$361.73 million, a 20.1-percent increase from the level recorded in Q4:2021. Prices increased by 7.0 percent to settle at US\$2,472.57 per tonne, and the volume exported increased by 12.3 percent to 146,295 tonnes. Earnings from the export of cocoa products also increased by 2.3 percent to US\$244.54 million on account of a 3.6-percent rise in volume to 78,658 metric tonnes. However, there was a 1.2-percent decline in price to US\$3,108.86 per tonne.

Timber product exports amounted to US\$37.49 million. The value of “other” exports which was made up of non-traditional exports, electricity and other minerals (bauxite, diamond, aluminium and manganese) was estimated at US\$707.49 million, and was 0.5 percent higher than the outturn in Q4:2021.

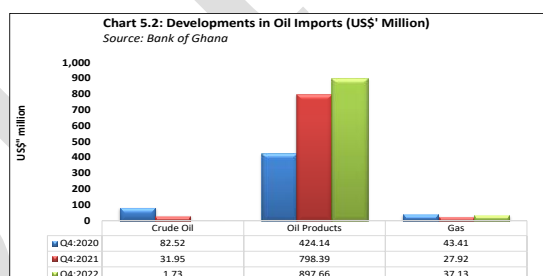
Table 5.4: Top-Ten Non-Traditional Exports, October - December 2021/2022

| October - December 2021 | | | October - December 2022 | | |
|--|---------------|--------------|--|---------------|--------------|
| Description | US\$'M | % Distr. | Description | US\$'M | % Distr. |
| Prepared or preserved tuna | 48.55 | 18.48 | Iron/Steel | 36.54 | 16.52 |
| Palm oil and its fractions | 44.37 | 16.89 | Prepared or preserved tuna | 34.95 | 15.81 |
| Technically specified natural rubber (TSNR) | 39.12 | 14.89 | Technically specified natural rubber (TSNR) | 26.52 | 11.99 |
| Iron/Steel | 30.43 | 11.58 | Aluminium, not alloyed | 26.22 | 11.86 |
| Aluminium, not alloyed | 29.63 | 11.28 | Shea (karite) oil and fractions | 24.68 | 11.16 |
| Shea (karite) oil and fractions | 24.43 | 9.30 | Palm oil and its fractions | 18.25 | 8.25 |
| Bars and rods of iron or non-alloy steel | 15.27 | 5.81 | Non-refractory ceramic bricks, tiles, pipes and similar products | 16.97 | 7.68 |
| Non-refractory ceramic bricks, tiles, pipes and similar products | 11.56 | 4.40 | Napkins and napkin liners for babies | 12.84 | 5.81 |
| Avocados, guavas, mangoes and mangosteens, fresh or dried | 10.05 | 3.83 | Tableware, kitchenware, other household articles | 12.42 | 5.62 |
| Bananas (including plantains), fresh or dried | 9.28 | 3.53 | Frozen yellowfin tunas | 11.72 | 5.30 |
| Total | 262.69 | 100.0 | Total | 221.10 | 100.0 |

Source: Bank of Ghana

Top Ten Exported Non-Traditional Items

The value of the top ten non-traditional commodities exported during the period under review was US\$221.10 million, compared to US\$269.69 million recorded for the same period in 2021. Iron/steel accounted for the largest share of the top ten NTEs with a share of 16.52 percent, followed by prepared or preserved tuna (15.81%), and technically specified natural rubber (11.99%), among others.

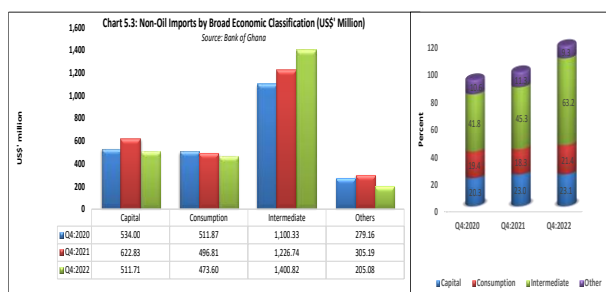


Imports

Total value of merchandise imports for Q4:2022 was US\$3,154.20 million, down by 11.6 percent, from US\$3,569.69 million recorded in Q4:2021. The decrease in total imports was driven mainly by a reduction in non-oil imports, although oil and gas imports increased.

Oil and Gas Imports

During the period under review, oil imports (made up of crude, gas and refined products) increased by 9.1 percent to US\$936.52 million, from US\$858.26 million in 2021. Crude oil imports declined to US\$1.73 million in Q4:2022, from US\$31.95 million in the corresponding period of 2021. The Volta River Authority (VRA) imported 4,558,810 MMBTu (Million Metric British Thermal units) of gas worth US\$37.13 million from the West African Gas Company (WAGP) at an average price of US\$8.1 per MMBTu for its operations. A total of 3,628,960 MMBTu of gas worth US\$27.92 million was imported in Q4:2021.



The value of oil products imported was US\$897.66 million in Q4:2022, compared to US\$798.39 million in the same period in 2021.

Merchandise Non – Oil Imports

The total merchandise non-oil imports (including electricity imports) for Q4:2022 was provisionally estimated at US\$2,216.70 million, down by 18.2 percent, compared to the outturn recorded for the same period in 2021. The drop in non-oil imports was the result of decreases in demand for all the sub-categories due to the slowdown in economic activity and currency depreciation.

The value of **capital goods** imported during the review period was US\$455.89 million, down by 31.54 percent from the value recorded for the same period in 2021. This was on account of a decrease in the imports of both capital goods and industrial transport goods.

Consumption goods imported decreased by 4.15 percent to US\$463.86 million, from US\$483.96 million recorded a year ago. This was due to a fall in imports of all the sub categories apart from primary food and beverages, mainly for household consumption.

The value of **intermediate goods** imported decreased by 7.65 percent to US\$1,128.32 million, compared to US\$1,221.80 million recorded a year ago. The value of **other goods** imported was US\$168.63 million, which was 50.19 percent less than the previous year's level as a result of a decrease in demand for passenger cars.

Top Ten Major Non-Oil Imports

The top ten non-oil merchandise imports for the fourth quarter of 2022 amounted to US\$564.62 million, compared to US\$860.55 million recorded a year ago. Key items included motor vehicles for the transport of persons and goods, rice, cereal grains, among others.

Direction of Trade

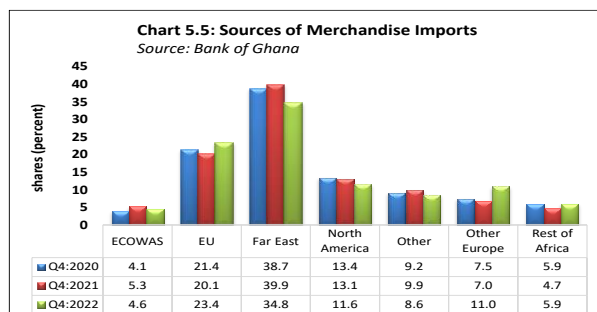
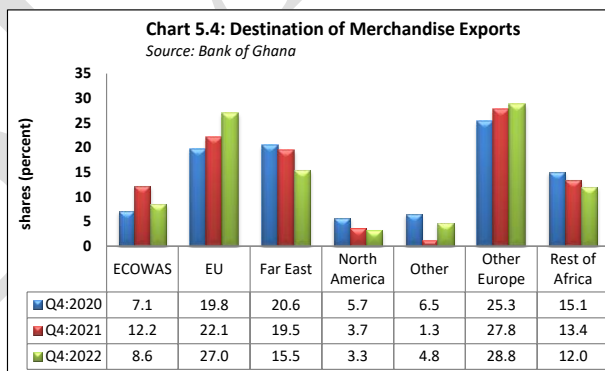
Destination of Exports

During the review period, Other Europe received the largest share of Ghana's exports, 28.8 percent of total exports. The other recipients were the EU (27.0%), the Far East (15.5%), the Rest of Africa (12.0%), ECOWAS (8.6%), Other Economies (4.8%), and North America (3.3%).

Table 5.5: Top-Ten Non-Oil Imports, October - December 2021/2022

| October - December 2021 | | | October - December 2022 | | |
|--|--------------|----------|--|--------------|----------|
| Description | US\$'M (Feb) | % Distr. | Description | US\$'M (Feb) | % Distr. |
| Capital | 247.96 | 28.8 | Capital | 137.29 | 24.3 |
| Motor vehicles for the transport of goods, n.e.s. | 204.97 | 23.8 | Motor vehicles for the transport of goods, n.e.s. | 95.84 | 17.0 |
| Self-propelled bulldozers, excavators nes | 42.99 | 5.00 | Self-propelled bulldozers, excavators nes | 41.45 | 7.34 |
| Consumption | 86.08 | 10.00 | Consumption | 145.92 | 25.84 |
| Rice | 48.60 | 5.6 | Cereal grains, worked but not rolled or of other cereal, nes | 66.24 | 11.7 |
| Cereal grains, worked but not rolled or of other cereal, nes | 37.49 | 4.4 | Rice | 53.77 | 9.5 |
| Intermediate | 200.51 | 23.3 | Poultry cuts and offal (other than liver), frozen | 25.91 | 4.6 |
| Refined oil and its fractions | 48.16 | 5.60 | Intermediate | 126.59 | 22.42 |
| Iron and steel bars and rods | 40.15 | 4.67 | Refined oil and its fractions | 35.50 | 6.29 |
| Guts, bladders and stomachs of animals (other than fish) | 39.83 | 4.63 | Wadding, gauze, bandages and similar articles | 34.34 | 6.08 |
| Wadding, gauze, bandages and similar articles | 36.99 | 4.3 | Cement clinkers | 29.24 | 5.2 |
| Polyethylene | 35.38 | 4.1 | Polyethylene | 27.50 | 4.9 |
| Other | 326.00 | 37.9 | Other | 154.82 | 27.4 |
| Motor vehicles for the transport of persons, n.e.s. | 326.00 | 37.9 | Motor vehicles for the transport of persons, n.e.s. | 154.82 | 27.4 |
| Total | 860.55 | 100.00 | Total | 564.62 | 100.00 |

Source: Bank of Ghana



Sources of Merchandise Imports

The Far East emerged as the leading source of imports, accounting for 34.8 percent of the total imports. The European Union followed with a share of 23.4 percent, North America (11.6%), Other Europe (11.0%), Other Economies (8.6%), Rest of Africa (5.9%) and ECOWAS (4.6%).

Services, Income and Transfers Account

During the period under review, the Services, Income and Current Transfers Account recorded a deficit of US\$943.75 million compared to a deficit of US\$799.85 million in Q4:2021. This was mainly on account of higher services outflows and higher income payments. The balance on the Services account worsened from a deficit of US\$689.65 million to a deficit of US\$906.86 million as a result of an increase in freight and insurance payments and other services payments. The deficit on the income account also widened to US\$1,126.71 million, from US\$903.40 million in Q4:2021. Current transfers, which are mostly private remittances, increased to US\$1,089.82 million in Q4:2022, from US\$793.20 million in Q4:2021.

Table 5.6: Services, Income and Unilateral Transfers (net)

| | Q4:2021 | Q4:2022 | Q4:2022/2021 | |
|--|---------|-----------|--------------|----------|
| | | prov. | Abs change | % change |
| Amounts in millions of U.S. dollars | | | | |
| Services (net) | -689.65 | -906.86 | -217.21 | 31.5 |
| Freight and Insurance | -176.10 | -317.29 | -141.18 | 80.2 |
| Other Services | -513.55 | -589.57 | -76.03 | 14.8 |
| Income (net) | -903.40 | -1,126.71 | -223.30 | 24.7 |
| Current Transfers (net) | 793.20 | 1,089.82 | 296.62 | 37.4 |
| Official | 0.00 | 0.06 | 0.06 | 0.0 |
| Private | 793.20 | 1,089.76 | 296.55 | 37.4 |
| Services, Income and Current Transfers (net) | -799.85 | -943.75 | -143.90 | 18.0 |

Source: Bank of Ghana

5.3 Capital and Financial Account

The capital and financial account recorded a deficit of US\$547.64 million in Q4:2022, compared to a deficit of US\$187.47 million in Q4:2021. 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\$26.06 million during the review period, compared to US\$45.04 million received in the same period in 2021.

Table 5.7: Capital and Financial Account (net)

| | Q4:2021 | Q4:2022 | Q4:2022/2021 | |
|-------------------------------------|-----------|-----------|--------------|----------|
| | | prov. | Abs change | % change |
| Amounts in millions of U.S. dollars | | | | |
| Capital and Financial Accounts | -187.47 | -547.64 | -360.17 | 192.1 |
| Capital transfers | 45.04 | 26.06 | -18.98 | -42.1 |
| Financial Account | -232.51 | -573.70 | -341.19 | 146.7 |
| Foreign Direct Investments | 517.18 | 322.12 | -195.07 | -37.7 |
| Portfolio Investments | -308.06 | -189.02 | 119.04 | -38.6 |
| Financial Derivatives | 76.32 | 330.43 | 254.11 | 332.9 |
| Other Investments | -441.64 | -1,037.23 | -595.60 | 134.9 |
| Official Capital (Net) | 58.58 | 1.70 | -56.88 | -97.1 |
| Official | -52.67 | -25.31 | 27.36 | -51.9 |
| Disbursements | 702.31 | 163.13 | -539.18 | -76.8 |
| Amortisation | -643.73 | -188.44 | 455.29 | -70.7 |
| Government Oil Investments | -111.25 | 27.01 | 138.26 | -124.3 |
| Inflow | 0.00 | 90.25 | 90.25 | 0.0 |
| Outflow | -111.25 | -63.24 | 48.00 | -43.1 |
| Other Private Capital (Net) | -1,351.52 | -875.59 | 475.93 | -35.2 |
| Disbursements | 2,376.78 | 4,334.65 | 1,957.87 | 82.4 |
| Amortisation | -3,728.30 | -4,879.81 | -1,151.51 | 30.9 |
| Short-term | 962.55 | -163.34 | -1,125.89 | -117.0 |
| Non-Monetary | 1,065.81 | 650.88 | -414.94 | -38.9 |
| Monetary | -103.27 | -814.22 | -710.95 | 688.5 |

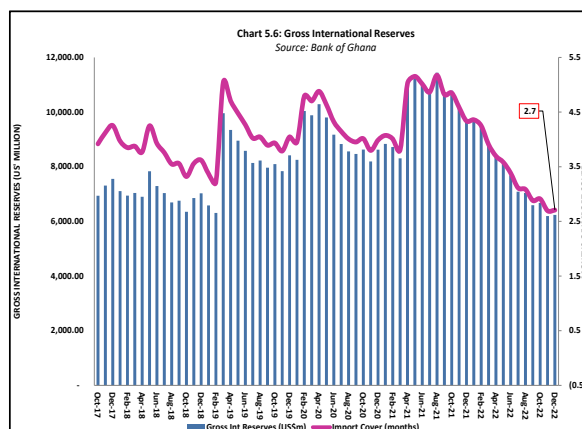
Source: Bank of Ghana

Financial Account

Transactions in the financial account resulted in a net outflow of US\$573.70 million in Q4:202, compared to a net outflow of US\$232.51 million in Q4:2021. The higher outflows in the financial account were driven by net portfolio reversals, as well as lower net foreign direct investments inflows.

5.4 International Reserves

The stock of Net International Reserves (NIR) at the end of December 2022 was estimated at US\$2,440.02 million, indicating a drawdown of US\$3,639.52 million



from a stock position of US\$6,079.54 million at the end of December 2021.

The country's Gross International Reserves (GIR) declined by US\$3,457.03 million to US\$6,238.19 million at the end of December 2022 from a stock position of US\$9,695.22 million at the end of December 2021. This was sufficient to provide 2.7 months of imports cover for goods and services compared to 4.3 months of imports cover as at December 2021.

6. External Debt

6.1 Debt Stock

The provisional stock of outstanding government and government-guaranteed external debt at end-November 2022 stood at US\$29,185.22 million, above the stock position of US\$28,412.13 million at end-September 2022. Compared with the stock level of US\$27,948.34 million recorded at end-November 2021, the external debt stock registered a year-on-year increase of 4.43 percent at end-November 2022, largely due to net transactions. As a percentage of GDP, the external debt stock increased by 26.11 percent at end-November 2022, from 36.03 percent at end-November 2021.

Debt Stock by Creditor Group

In terms of creditor category, multilateral debt increased by 2.09 percent to US\$7,919.34 million at end-November 2022, from the stock of US\$7,757.44 million recorded at the end of the previous quarter. Multilateral debts accounted for 27.13 percent of the total external debt stock at end-November 2022, compared to 29.11 percent at end-November 2021.

The bilateral debt owed at the end of Q4:2022 was US\$1,232.50 million, representing 4.22 percent of the total external debt stock. The bilateral debt was 3.56 percent higher than the US\$1,190.12 million recorded at the end of September 2022, but 0.34 percent below the stock of US\$1,236.64 million registered in November 2021.

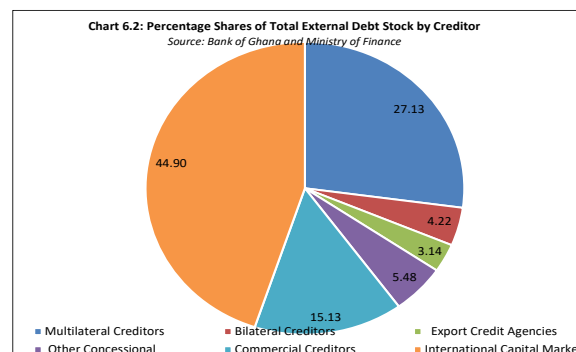
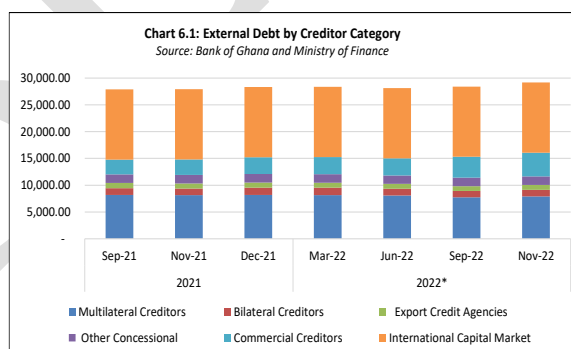
Commercial debts at end-November 2022 totalled US\$4,415.33.00 million and accounted for 15.13 percent of the total external debt stock. Commercial debts increased by 13.30 percent from US\$3,897.00 million recorded at end-September 2022. Similarly, commercial debts increased by 52.54 percent above the level of US\$2,894.62 million recorded for the same period in 2021.

Table 6.1: Total External Debt Stock (US\$ Million)

| | 2021 | | 2022* | | | |
|------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| | Q3 | Q4 | Q1 | Q2 | Q3 | Nov-22 |
| Total External Debt | 27,887.98 | 28,339.22 | 28,379.07 | 28,135.88 | 28,412.13 | 29,185.22 |
| Multilateral Creditors | 8,182.68 | 8,192.45 | 8,150.01 | 8,073.63 | 7,757.44 | 7,919.34 |
| Bilateral Creditors | 1,255.28 | 1,336.02 | 1,378.56 | 1,276.60 | 1,190.12 | 1,232.50 |
| Export Credit Agencies | 990.45 | 981.11 | 946.66 | 911.13 | 877.37 | 915.71 |
| Other Concessional | 1,606.51 | 1,594.91 | 1,574.76 | 1,552.40 | 1,586.33 | 1,598.47 |
| Commercial Creditors | 2,733.20 | 3,114.87 | 3,209.22 | 3,202.26 | 3,897.00 | 4,415.33 |
| International Capital Market | 13,119.86 | 13,119.86 | 13,119.86 | 13,119.86 | 13,103.87 | 13,103.87 |

*Provisional

Source: Bank of Ghana



Debts owed to the International Capital Market stood at US\$13,103.87 million at end-November 2022, constituting the highest share of 44.90 percent of the total external debt stock. This was the same as the level registered in September 2021, but was US\$15.99 million (0.12%) below the position of US\$13,119.86 million recorded in November 2021. The decline in the review quarter was mainly due to the amortization of the 2016 Eurobond.

Debts owed to Export Credit Agencies totalled US\$915.71 million at end-November 2022 and constituted 3.14 percent of the total external debt. This showed an increase of 4.37 percent from the level of US\$877.37 million recorded at end-September 2022, but showed a decline of 5.04 percent from the level of US\$964.34 million registered at end-November 2021.

Other Concessional loans at end-November 2022 amounted to US\$1,598.47 million and accounted for 5.48 percent of the total external debt. This showed an increase of 0.77 percent above the level of US\$1,586.33 million registered at end-September 2022, and an increase of 0.12 percent from the position of US\$1,596.53 million recorded at end-November 2021.

6.2 Debt Service Payments

The total amount of debt service made through the Bank of Ghana on government and government-guaranteed external debt at the end of the fourth quarter of 2022 was US\$538.79 million. This was 11.94 percent more than the payment of US\$481.31 million made in Q3:2022 but was 10.91 percent lower than the payment of US\$604.75 million made in Q4:2021. Of the amount paid in Q4:2022, US\$175.64 million was in respect of principal payments and US\$363.15 million was for interest expense.

Table 6.2: Payment of Government and Government-Guaranteed Debt to Creditors (US\$' Million)

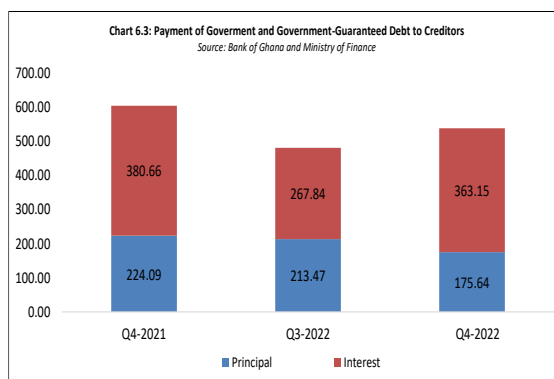
| Creditor Category | Q4-2021 | | | Q3-2022 | | | Q4-2022 | | |
|-------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Principal | Interest | Total | Principal | Interest | Total | Principal | Interest | Total |
| Total | 224.1 | 380.7 | 604.8 | 213.5 | 267.8 | 481.3 | 175.6 | 363.2 | 538.8 |
| Multilateral Creditors | 27.9 | 17.5 | 45.5 | 41.6 | 16.9 | 58.6 | 25.5 | 17.6 | 43.1 |
| IDA | 17.9 | 13.8 | 31.7 | 33.3 | 12.7 | 46.1 | 16.0 | 14.5 | 30.5 |
| ADB/ ADF | 2.4 | 2.5 | 4.8 | 6.3 | 3.7 | 10.0 | 4.5 | 2.5 | 7.0 |
| Others | 7.6 | 1.3 | 8.9 | 2.0 | 0.5 | 2.5 | 5.1 | 0.6 | 5.7 |
| Bilateral Creditors | 41.4 | 7.2 | 48.7 | 18.0 | 7.1 | 25.1 | 48.9 | 6.0 | 54.9 |
| Paris Club | 17.2 | 3.4 | 20.6 | 17.9 | 3.0 | 20.9 | 7.2 | 2.0 | 9.2 |
| Non-Paris Club | 24.2 | 3.8 | 28.0 | 0.1 | 4.1 | 4.2 | 41.7 | 4.0 | 45.7 |
| Commercial Creditors | 154.8 | 36.6 | 191.3 | 137.8 | 39.9 | 177.7 | 101.2 | 23.9 | 125.1 |
| Sovereign Bond | 0.0 | 319.3 | 319.3 | 16.0 | 204.0 | 220.0 | 0.0 | 315.6 | 315.6 |

Source: Bank of Ghana

During the fourth quarter of 2022, multilateral creditors were paid a total of US\$43.12 million. Of the amount paid, US\$25.51 million was in respect of principal payments and US\$17.61 million was for interest payments, compared with principal repayments of US\$27.91 million, and interest payments of US\$17.55 million made in the corresponding quarter of 2021.

Total payments made to bilateral creditors at the end of the fourth quarter of 2022 amounted to US\$54.93 million. Out of the total amount paid, US\$48.90 million was in respect of principal repayment and US\$6.03 million in interest payments, compared with US\$41.41 and US\$7.24 million paid as principal and interest, respectively, in the fourth quarter of 2021.

Commercial creditors were paid a total of US\$125.11 million during the quarter under review. Of the amount



paid, US\$101.23 million was in respect of principal payments and US\$23.88 million was for interest payments, as against principal repayments of US\$154.77 million and interest payments of US\$36.55 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 fourth quarter of 2022, as against a coupon payment of US\$319.33 million for the corresponding period in 2021.

7. The Rural Banking Sector

Provisional data from the Rural/Community Banks (RCBs) during Q4:2022 indicated an improvement in the sector's performance compared with developments in Q4:2021.

Table 7.1: Consolidated Assets and Liabilities of Rural/Community Banks (GHC' million)

| | 2021 | 2022 | | | | Variations | |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------|-------------|-------------|
| | | Q4 | Q1 | Q2 | Q3 | Q4 | Q4:22-Q3:22 |
| | | | | | | | |
| Assets | | | | | | | |
| Cash Holdings & Balances with Banks | 869.4 | 943.3 | 1,037.4 | 1,172.1 | 1,401.3 | 19.6 | 61.2 |
| Bills and Bonds | 3,128.2 | 3,280.6 | 3,372.5 | 3,436.0 | 4,025.0 | 17.1 | 28.7 |
| Loans and Advances | 2,050.3 | 2,181.1 | 2,242.0 | 2,333.5 | 2,367.9 | 1.5 | 15.5 |
| Other Assets | 710.9 | 739.4 | 737.6 | 748.2 | 753.8 | 0.8 | 6.0 |
| Total Assets | 6,758.8 | 7,144.3 | 7,389.5 | 7,689.7 | 8,548.1 | 11.2 | 26.5 |
| Liabilities | | | | | | | |
| Total Deposits | 5,977.2 | 6,295.4 | 6,529.6 | 6,765.9 | 7,527.3 | 11.3 | 25.9 |
| Shareholders' Funds | 389.0 | 427.4 | 410.9 | 456.1 | 473.8 | 3.9 | 21.8 |
| Other Liabilities | 392.6 | 421.5 | 449.0 | 467.7 | 547.1 | 17.0 | 39.3 |
| Total Liabilities | 6,758.8 | 7,144.3 | 7,389.5 | 7,689.7 | 8,548.1 | 11.2 | 26.5 |
| No. of Reporting Banks | 145 | 145 | 146 | 146 | 146 | | |

Source: Bank of Ghana

Table 7.2: Proportion of RCB's Total Assets of the Banking System (GHC' million)

| | 2021 | | 2022 | | | | | |
|------------------|------------------|--------------|------------------|--------------|------------------|--------------|------------------|--------------|
| | Q4 | | Q1 | | Q2 | | Q3 | |
| | GHC | % Share | GHC | % Share | GHC | % Share | GHC | % Share |
| Commercial Banks | 182,412.9 | 96.4 | 196,933.8 | 96.5 | 200,452.9 | 96.4 | 220,569.3 | 96.6 |
| Rural Banks | 6,758.8 | 3.6 | 7,144.3 | 3.5 | 7,389.5 | 3.6 | 7,689.7 | 3.4 |
| Total | 189,171.7 | 100.0 | 204,078.1 | 100.0 | 207,842.4 | 100.0 | 228,259.0 | 100.0 |

Source: Bank of Ghana

Table 7.3: Proportion of RCB's Deposits of the Banking System (GHC' million)

| | 2021 | | 2022 | | | | | |
|------------------|------------------|--------------|------------------|--------------|------------------|--------------|------------------|--------------|
| | Q4 | | Q1 | | Q2 | | Q3 | |
| | GHC | % Share | GHC | % Share | GHC | % Share | GHC | % Share |
| Commercial Banks | 109,533.9 | 94.8 | 116,314.4 | 94.9 | 118,740.2 | 94.8 | 131,774.0 | 95.1 |
| Rural Banks | 5,977.2 | 5.2 | 6,295.4 | 5.1 | 6,529.6 | 5.2 | 6,765.9 | 4.9 |
| Total | 115,511.2 | 100.0 | 122,609.8 | 100.0 | 125,269.8 | 100.0 | 138,539.8 | 100.0 |

Source: Bank of Ghana

banking system, increasing from its share of 4.9 percent in the previous quarter, but decreasing from its share of 5.3 percent at the end of Q4:2021.

Loans and Advances

Loans and advances made by RCBs stood at GH¢2,367.9 million in Q4:2022, indicating a growth of 15.5 percent, from GH¢2,050.3 million recorded at the end of Q4:2021.

Assets

Total assets of RCBs amounted to GH¢8,548.1 million in Q4:2022, representing a growth of 11.2 percent over GH¢7,689.7 million recorded in Q3:2022. On a year-on-year basis, total assets grew by 26.5 percent at the end of Q4:2022. Total assets of RCBs constituted 3.7 percent of the banking system assets at the end of Q4:2022.

Deposits

Provisional data indicated that deposit mobilisation by the RCBs further improved in Q4:2022. Total deposits of RCBs increased by 25.9 percent, year-on-year, to GH¢7,527.3 million at the end of Q4:2022, from GH¢5,977.2 million recorded for Q4:2021. The level of RCBs' deposits at the end of the review quarter constituted 5.0 percent of total deposits of the banking system, increasing from its share of 4.9 percent in the previous quarter, but decreasing from its share of 5.3 percent at the end of Q4:2021.