

# **BANK OF GHANA**



## **QUARTERLY ECONOMIC BULLETIN**

**SECOND QUARTER 2023**

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## Overview

This report presents a review of global and the domestic economic developments during the second quarter of 2023. The domestic developments cover the real sector, inflation, monetary aggregates, banking sector credit, exchange rates, interest rates, government budgetary operations, the capital market, debt stock, and balance of payments.

### ***Global Economy***

The global economy was resilient in the second quarter of 2023, on the back of declining food and energy prices, the full re-opening of the Chinese economy, and improved business and consumer confidence.

### ***The Domestic Economy***

#### ***Real Sector***

Domestic economic activity improved in Q2:2023 as evidenced by the high frequency indicators, albeit at a slower pace. 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 declined in the first-four months of 2023 but inched up in May and June 2023 on the back of strong food price pressures. Headline inflation decreased to 42.5 percent at the end of Q2:2022, from 45.0 percent at the end of Q1:2023. In year-on-year terms, food inflation surged to 54.2 percent from 50.8 percent at the end of Q1:2023, while non-food inflation declined to 33.4 percent from 40.6 percent, over the same comparative period.

### ***Monetary Aggregates***

Growth in broad money supply (M2+) increased to 44.41 percent in Q2:2023, from 19.09 percent in the corresponding period in 2022. M2+ totalled GH¢209,620.61 million at the end of the review period, compared with GH¢145,156.93 million and GH¢206,986.41 million recorded in Q2:2022 and Q1:2023, respectively.

The growth in M2+ was driven by expansion in both the Net Domestic Assets (NDA) and Net Foreign Assets (NFA) of the Depository Corporations' sector. NFA recorded significant growth of 108.69 percent in Q2:2023, compared with 129.43percent contraction in Q2:2022 while NDA growth moderated to 36.92 percent in Q2:2023, from 58.15 percent in Q2:2022.

### ***Banking Sector Credit***

Annual growth in banks' outstanding credit to the public and private sectors slowed to 15.41 percent in Q2:2023, from 33.29 percent in Q2:2022. This was also lower than the growth of 19.73 percent recorded for Q1:2023. At the end of Q2:2023, total outstanding credit stood at GH¢73,125.27 million. In real terms, credit from the banks contracted by 19.01 percent at the end of Q2:2023, compared to 2.69 percent growth in Q2:2022.

The share of total outstanding credit to the private sector increased marginally to 90.76 percent at the end of Q2:2023, from 90.21 percent recorded in Q2:2022.

### **Exchange Rates**

On the interbank market, the Ghana cedi appreciated on a quarter-on-quarter basis by 0.2 percent against the U.S. dollar but depreciated against the pound sterling and the euro by 2.6 percent and 0.3 percent, respectively, in Q2:2023. On the forex bureaux market, the Ghana cedi appreciated on a quarter-on-quarter basis by 2.4 percent and 1.1 percent against the U.S. dollar and the euro, respectively, but depreciated against the pound sterling by 0.6 percent in Q2:2023.

### **Interest Rates**

Interest rates generally trended upwards on a year-on-year basis in Q2:2023. Rates on BOG bills and lending rates of DMBs increased in Q2:2023, while rates on GOG securities and deposit rates, showed a mixed trend compared with rates recorded in Q2:2022.

The Monetary Policy Rate (MPR) at the end of Q2:2023 was 29.50 percent, reflecting a 1,050-basis-point cumulative increase compared with the MPR at the end of Q2:2022.

The interbank weighted average interest rate increased by 609 basis points (bps), year-on-year, from 19.92 percent recorded in Q2:2022 to 26.01 percent in Q2:2023.

On the treasury market, the 91-day and 182-day T-bill rates decreased cumulatively by 237bps and 97bps, respectively, to settle at 21.77 percent, and 24.58 percent, respectively, at the end of Q1:2023, while the rate on the 364-day T-bills increased by 152bps to settle at 28.66 percent in Q2:2023.

### **Capital Market**

The Ghana Stock Exchange Composite Index (GSE-CI) gained 2.28 percent (62.70 points) on a quarter-on-quarter basis at the end of Q2:2023. The performance of the GSE-CI could be attributed to the dividend payments announced by some listed companies, and relative stability of the cedi.

Total market capitalization at the end of the review period stood at GH¢70,238.82 million, representing an increase of 3.53 percent (GH¢2,391.93 million) on a quarter-on-quarter basis.

### **Government Budgetary Operations**

Government budgetary operations during Q2:2023, resulted in an overall budget surplus of GH¢75.9 million (0.01% of GDP) on cash basis, compared to the deficit of GH¢12,499.4 million (2.1% of GDP) recorded in Q2:2022. The surplus was higher than the programmed deficit of GH¢16,952.1 million (2.1% of GDP). On commitment basis, however, the budget outturn was a deficit of GH¢1,194.75 (0.2% of GDP), lower than the programmed deficit of GH¢13,343.27 (1.7% of GDP).

Government receipts (including grants) for the review period totalled GH¢31,694.0 million (4.0% of GDP). This was higher than the target of GH¢31,151.2 million (3.9% of GDP) by 1.7 percent and recorded year-on-year growth of 31.6 percent. Total receipts comprised tax revenue of GH¢26,272.3

million (82.9% of total receipts), non-tax revenue of GH¢4,161.4 million (13.1%), other revenue of GH¢1,082.9 million (3.4%), and grants of GH¢177.2 million (0.6%).

Government expenditure and net lending for Q2:2023 was GH¢32,888.7 million (4.1% of GDP), below the budgeted target of GH¢44,494.4 million (5.6% of GDP).

The stock of domestic debt at the end of Q2:2023 stood at GH¢246,382.3 million compared to GH¢189,488.8 million recorded Q2:2022, due to the recapitalisation of interest on the old bonds during the first round of the DDEP. The growth in the domestic debt stock was on account of an increase of GH¢30,107.9 million and GH¢28,311.8 million in the short and long-term securities, respectively, while the medium-term bonds decreased by GH¢1,526.3 million.

### ***Balance of Payments***

The value of merchandise exports for the quarter under review was provisionally estimated at US\$3,802.51 million, indicating a decrease of 14.7 percent compared with US\$4,459.31 million recorded in Q2:2022. The decline in exports performance was driven by lower crude oil receipts, and lower earnings from timber and cocoa product exports. Total value of merchandise imports for Q2:2023 was US\$3,458.93 million, down by 10.3 percent from US\$3,857.81 million recorded in Q2:2022. The decrease in total imports was driven mainly by a reduction in both oil and non-oil imports.

The provisional trade balance was a surplus of US\$343.59 million in Q2:2023, lower than the surplus of US\$601.50 million recorded for the same period in 2022. The decrease in the trade surplus was on account of lower export earnings which more-than offset the decline in imports.

The country's Gross International Reserves (GIR) was estimated at US\$5,344.15 million at the end of Q2:2023, up from a stock position of US\$5,110.73 million recorded at the end of Q1:2023. However, there was a drawdown of US\$894.05 million at the end of Q2:2023 from a stock position of US\$6,238.19 million at the end of December 2022.

## 1. Developments in the World Economy

The global economy was resilient in the second quarter of 2023, on the back of declining food and energy prices, the full re-opening of the Chinese economy, and improved business and consumer confidence, despite headwinds driven mainly by the services sector. Headline inflation continued to moderate in many

	Estimate	Projections	
	2022	2023	2024
<b>World Output</b>	<b>3.4</b>	<b>2.8</b>	<b>3.0</b>
<b>Advanced Economies</b>	<b>2.7</b>	<b>1.3</b>	<b>1.4</b>
United States	2.1	1.6	1.1
Euro Area	3.5	0.8	1.4
Germany	1.8	-0.1	1.1
France	2.6	0.7	1.3
Italy	3.7	0.7	0.8
Spain	5.5	1.5	2.0
Japan	1.1	1.3	1.0
United Kingdom	4.0	-0.3	1.0
Canada	3.4	1.5	1.5
Other Advanced Economies	2.6	1.8	2.2
<b>Emerging Market and Developing Economies</b>	<b>4.0</b>	<b>3.9</b>	<b>4.2</b>
China	3.0	5.2	4.5
India	6.8	5.9	6.3
Russia	-2.1	0.7	1.3
Brazil	2.9	0.9	1.5
Mexico	3.1	1.8	1.6
Sub-Saharan Africa	3.9	3.6	4.2
Nigeria	3.3	3.2	3.0
South Africa	2.0	0.1	1.8

economies, reflecting synchronized monetary policy tightening and falling energy and food prices. However, underlying inflationary pressures remained strong due to the lingering effects of past cost shocks, tight labour markets and strong wage growth.

Given elevated prices, major central banks signalled the need to tighten monetary policy further. Global financial conditions eased somewhat at the end of Q2:2023. However, borrowing costs for emerging market and developing economies remained high, raising the risk of debt distress.

In the outlook, global growth will remain weak, and the balance of risk skewed to the downside. The persistence of

inflation reflecting tight labour markets and pass-through from past exchange rate depreciation could de-anchor longer-term inflation expectations in a number of economies. The war in Ukraine could intensify, further raising food, fuel, and fertilizer prices. Financial markets expect less tightening than policymakers have signalled, however unfavourable inflation data could trigger a sudden rise in expectations regarding interest rates. The Chinese economy could perform less than expected conditioned on a deeper-than-expected contraction in the real estate sector, a weaker-than-expected consumption due to subdued confidence, and unintended fiscal tightening in response to lower tax revenues for local governments.

### 1.1 United States

Economic activity in the U.S. grew, with annualized GDP growth of 2.4 percent in Q2:2023, amid the banking sector stress and tighter monetary policy. Consumer spending rose month-on-month in April–May, with retail sales up in June against a backdrop of ebbing inflation and robust job gains throughout the quarter. The banking crisis in March further tightened financing conditions in Q2:2023 but the quick action taken by regulators succeeded in reducing the risk of an immediate and broader crisis. Also, the resolution of U.S. debt ceiling tensions reduced the risk of disruptive rises in interest rates for sovereign debt. Looking ahead, growth in the United States is projected at 1.8 percent in 2023, further slowing to 1.0 percent in 2024.

### 1.2 United Kingdom

The U.K. economy underperformed other G7 countries in Q2:2023 on account of comparatively high inflation, rising interest rates, strikes, and a loss of competitiveness due to Brexit. In the outlook, the IMF projects growth of 0.4 percent in 2023, reflecting falling energy prices, lower post-Brexit uncertainty and a resilient financial sector as the March global banking stress dissipates. Risks to the outlook will come from policy overtightening by the Bank of England and worsening cost of living crisis.



### 1.3 Euro Area

The Euro area grew by 0.3 percent in Q2:2023, recovering from the flat growth in Q1:2023. The recovery in demand was supported by a moderation in inflationary pressures. However, higher interest rates and waning confidence continued to weigh on the economy. Additionally, economic sentiment averaged lower in Q2:2023 than in Q1:2023, and the manufacturing PMI posted contractions throughout Q2:2023. The IMF projects growth in the Euro area to remain weak at 0.9 percent in 2023, before rising to 1.5 percent in 2024.

### 1.4 Japan

Despite outperforming other major advanced economies in Q1:2023, the Japanese economy lost some steam in Q2:2023 amid post-pandemic normalization of activity and weakness in the manufacturing sector. The manufacturing PMI remained contractionary in Q2:2023. Real merchandise exports, tourist arrivals, the services PMI and economic sentiment all improved in Q2:2023 relative to Q1:2023. There was increased optimism among businesses with business confidence rising in Q2:2023. In the labour market, wage growth exceeded expectations in May, in the wake of recent negotiations between unions and employers. However, the industrial sector showed signs of weakness, with both industrial output and machinery orders falling sharply in June. Growth in Japan is projected to rise from 1.1 percent in 2022 to 1.4 percent in 2023, reflecting a modest upward revision, buoyed by pent-up demand and accommodative policies. Growth will however slow to 1.0 percent in 2024, as the effects of past stimuli dissipate.

### 1.5 China

Economic activity in China grew by 0.8 percent in Q2:2023, from a growth of 2.2 percent in Q1:2023. The waning momentum in economic activity was partly accounted for by the property downturn, subdued sentiment, declining exports due to weak global demand, mounting youth unemployment and the possibility of disinflation. The Chinese economy is projected to grow by 5.2 percent in 2023, but will, however, moderate to 4.5 percent in 2024 due to weakness in the global economy. Also, weakness in the property sector will pose a downside risk.

### 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, amid the global fight against inflation, the lingering effects of geopolitics, uncertainty about the global economic prospects, and lower commodity prices. Growth is projected to remain broadly stable with marked divergence across economies. In the outlook, tighter-than-expected global financial conditions could intensify vulnerabilities in emerging-market economies, adding to debt servicing costs and capital outflows, and reducing credit availability for borrowers relying on foreign lenders. Also, the uncertain course of war in Ukraine and the associated risks of renewed disruptions in global energy and food markets pose risk to inflation and accordingly interest rates and credit conditions in the regions.

### 1.7 Sub-Saharan African Countries

The region faced several headwinds in 2022, including high borrowing costs, unsustainable debt levels, and depreciating currencies, all of which exacerbated inflationary pressures. The IMF projects that growth in Sub-Saharan Africa (SSA) will moderate to 3.5 percent in 2023, from a growth outturn of 3.9 percent in 2022, reflecting weakening external demand, high inflation, and tightening global financial conditions. The

slowdown in larger economies such as Nigeria and South Africa is likely to weigh on regional growth in 2023. Growth in South Africa is expected to decline sharply to 0.3 percent in 2023 from 1.9 percent in 2022 due to ongoing power shortages, before recovering to 1.7 percent in 2024. In Nigeria, economic activity is projected to moderate in 2023 and 2024, reflecting security issues in the oil sector. In the outlook, risks to growth are skewed to the downside occasioned by extreme weather events and the recent collapse of the Black Sea grain deal. Again, debt distress and restructuring efforts pose risk to economic growth.

## 2. Real Sector Developments

A review of selected real sector indicators revealed an improvement in domestic economic activity during the second quarter of 2023, compared with trends observed during the same period in 2022.

### 2.1 Indicators of Economic Activity

#### Consumer Spending

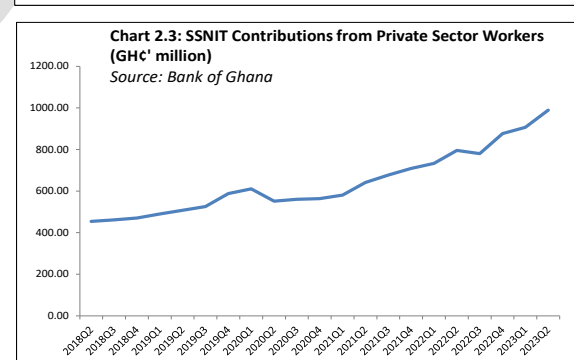
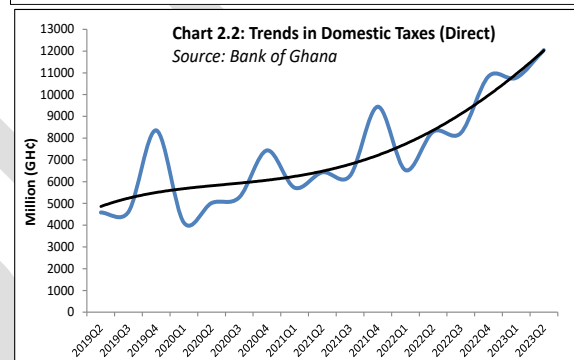
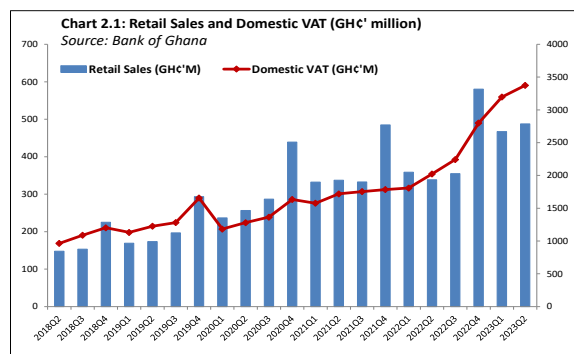
Consumer spending, proxied by domestic VAT collections and retail sales, improved in Q2:2023, compared with figures recorded in the corresponding period of 2022. Domestic VAT collections grew significantly by 66.9 percent (year-on-year) to GH¢3,374.01 million, relative to GH¢2,022.07 million collected during the corresponding quarter in 2022. Domestic VAT also increased by 5.6 percent, from GH¢3,196.30 million collected in Q1:2023.

Retail sales increased by 44.2 percent, year-on-year, to GH¢487.77 million in Q2:2023, from GH¢338.31 million recorded in the corresponding quarter of 2022. 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 Q2:2023 relative to the same period of 2022. Total direct taxes collected increased by 45.2 percent to GH¢12,046.48 million in Q2:2023, from GH¢8,294.84 million recorded in Q2:2022. Total direct taxes collected for the quarter under review, also went up by 11.8 percent, from GH¢10,773.16 million collected in Q1:2023. In terms of contribution of the various sub-tax categories, Corporate Tax accounted for 51.8 percent, followed by Income Tax (PAYE and Self-employed) with 37.1 percent, while other tax sources contributed 11.1 percent.

Similarly, private sector workers' contributions to the SSNIT Pension Scheme (Tier-1) rose by 24.4 percent to GH¢989.21 million in Q2:2023, from GH¢795.43 million collected in the same quarter of 2022. Total



contribution in the review period also increased by 9.1 percent when compared with GH¢906.95 million for Q1:2023. The improvement in private workers' contributions to the Tier-1 pension scheme was due to the registration of new employees as well as improved compliance by private sector employers.

### Construction Sector Activities

Economic activity in the construction sub-sector, as proxied by the volume of cement sales, declined by 21.9 percent (year-on-year) in Q2:2023 to 639,479.81 tonnes, from 818,735.43 tonnes recorded in Q2:2022. Similarly, total cement sales during the review period decreased by 10.6 percent when compared with 715,070.24 tonnes recorded in Q1:2023. The year-on-year decline in total cement sales was due to a slowdown in construction activities during the review period.

### Vehicle Registration

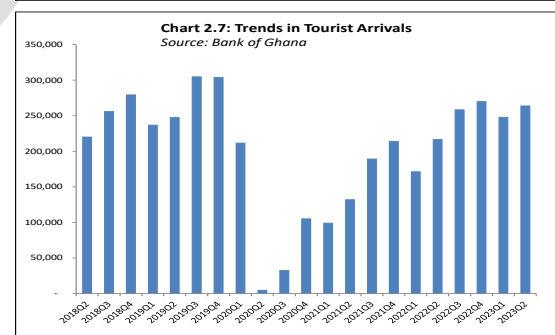
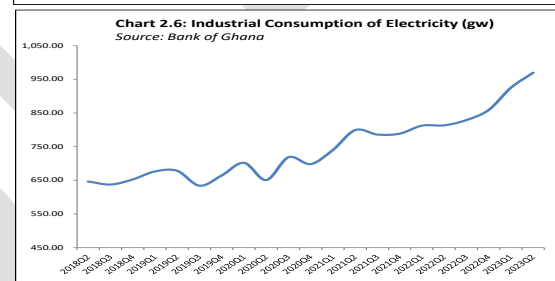
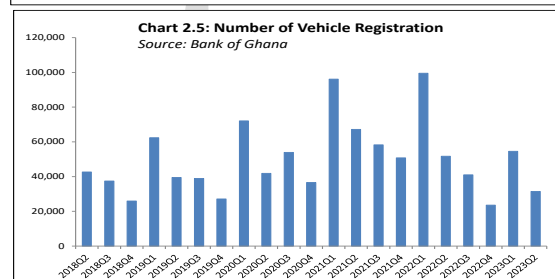
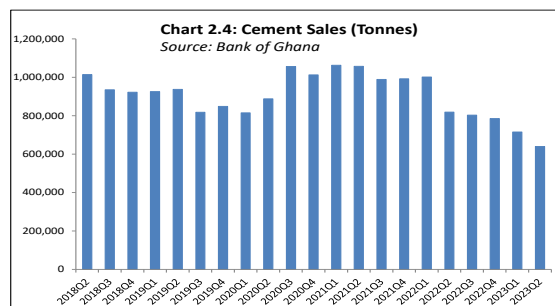
Transport-related economic activities, gauged by vehicle registration by the Driver and Vehicle Licensing Authority (DVLA), declined by 39.2 percent to 31,407 in Q2:2023, from 51,696 vehicles registered during the corresponding quarter of 2022. Similarly, the number of vehicles registered during the review period decreased by 42.4 percent relative to 54,568 vehicles recorded in Q1:2023. 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 19.2 percent during Q2:2023, compared with observations made in Q2:2022. Industries utilised 969.49 giga-watts of power in Q2:2023, as against 813.19 giga-watts recorded in Q2:2022. The improvement in the electricity consumed by industries, year-on-year, could be attributed to increased industrial activity during the review period.

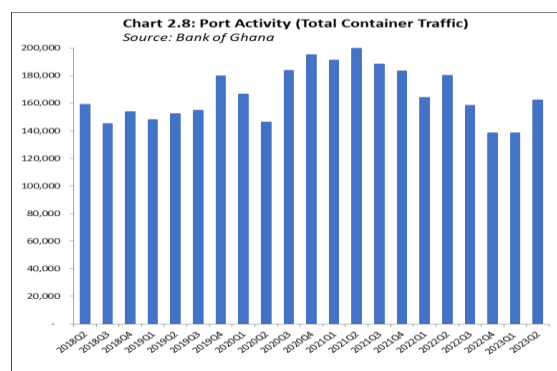
### International Tourist Arrivals

Tourist arrivals through the country's various ports of entry improved in Q2:2023 when compared with figures recorded in the same quarter of 2022. A total of 263,807 tourists entered the country during the review period, as against 216,589 visitors received in Q2:2022, indicating an improvement of 21.8 percent. Tourist arrivals during the period, also went up by 6.4 percent when compared with 247,834 visitors received in Q1:2023. The year-on-year increase in tourist arrivals was due to a rise in tourism-related activities during 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, declined in Q2:2023, compared with what was observed in Q2:2022. Total container traffic for inbound and outbound containers decreased by 9.8 percent to 162,390, from 180,080 recorded in Q2:2022. 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 print<sup>1</sup> and online<sup>2</sup> media, which gauges labour demand in the economy, increased in Q2:2023 relative to what was observed in Q2:2022. In total, 8,740 job adverts were recorded in Q2:2023, as compared with 8,038 for Q2:2022, indicating an improvement of 8.7 percent (year-on-year). Also, the number of job vacancies advertised in the review period went up by 7.6 percent, from 8,126 recorded in Q1:2023.

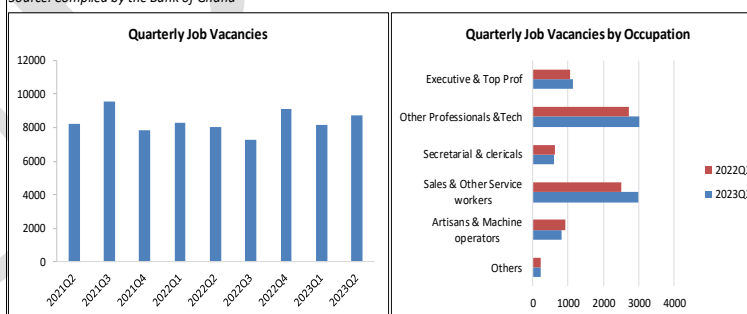
### Sector Distribution and Skill Set of Job Adverts

The Services Sector maintained its dominance as the leading job-providing sector in the economy, accounting for 80.8 percent of total job adverts recorded in Q2:2023. This compares with its share of 80.2 percent recorded in Q2:2022. Industry followed with a share of 13.5 percent, down from 16.0 percent in Q2:2022, while the Agriculture Sector accounted for 5.7 percent of the job adverts during the period, compared with 3.8 percent of total job adverts recorded for the corresponding quarter of 2022.

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 47.7 percent of total jobs advertised in Q2:2023, relative to 46.9 percent recorded in the corresponding quarter of 2022. This was followed by the categories classified as Sales & Other Service Workers (34.2% in Q2:2023 vs. 31.3% in Q2:2022), Artisans & Machine Operators (9.2% vs. 11.3%), Secretarial & Clerical Staff (6.8% vs. 7.8%) and Others (2.5% vs. 2.8%).

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



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

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

### 3. Price Developments

#### 3.1 Global Inflation

Headline inflation continued to ease in some advanced and emerging market economies in the second quarter of 2023, supported by tighter monetary policy, reduced supply disruptions as well as declining energy and food prices. Core inflation, however, was somewhat more persistent amid cost pressures and resilient labour markets. In the outlook, production cuts by some OPEC+ members may provide headwinds to the disinflationary process, especially if global demand picks up. Despite these upside risks, global headline inflation is projected to decelerate to 5.2 percent in 2024.

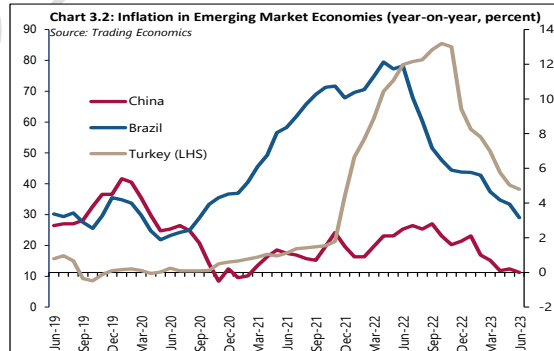
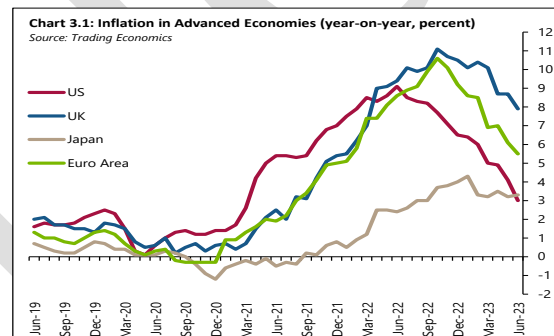
##### Advanced Economies

Inflation in the **United States** slowed to 3.0 percent at the end of Q2:2023, from a peak of 9.1 percent at the end of the last quarter of 2022, and 5.0 percent at the end of Q1:2023, driven by continued moderation in food prices, energy cost and base effects. Core consumer price inflation, which excludes volatile items such as food and energy, declined to 4.3 percent at the end of Q2:2023, from 5.6 percent at the end of Q1:2023.

The annual inflation in the **United Kingdom** reduced to 7.9 percent in Q2:2023, from 10.1 percent in Q1:2023, mainly due to a slump in fuel prices. Core inflation rate in the United Kingdom edged up to 6.8 percent in Q2:2023, from 6.2 percent in Q1:2023.

Headline inflation in the **Euro Area** declined to 5.5 percent, year-on-year, at the end of Q2:2023, from 6.9 percent in Q1:2023, on account of a decline in energy prices, and the ease in food, alcohol, tobacco, and non-energy industrial goods inflation, and services. Core inflation reduced to 5.3 percent in Q2:2023, from 5.7 percent at the end of the previous quarter.

Consumer prices in **Japan** edged up slightly to 3.3 percent in Q2:2023, from 3.2 percent recorded in Q1:2023. The uptick was driven by a rise in cost of food, housing, transport, furniture & household utensils, clothes, medical care, culture & recreation, and education. Core inflation, which excludes fresh food but includes fuel costs, also increased to 3.3 percent, year-on-year, from 3.1 percent in Q1:2023.



##### Emerging Market Economies

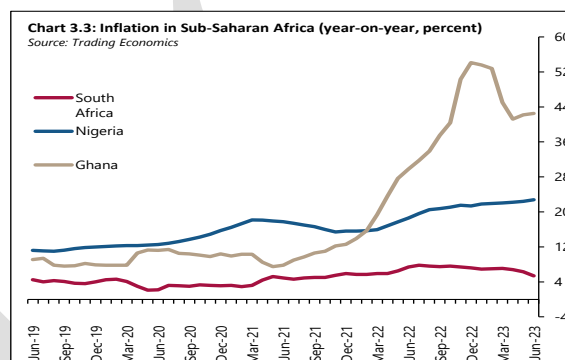
**China's** inflation rate reached zero in Q2:2023, from 0.7 percent in Q1:2023. Food inflation fell to a 13-month low, due to a notable slowdown in the prices of pork, and a steep drop in the price of fresh vegetables. Also, non-food inflation continued to moderate, owing to further declines in transport and housing costs. Core inflation in China eased to 0.4 percent in Q2:2023 from 0.7 percent at the end of Q1:2023.

The headline inflation rate in **Brazil** declined to 3.2 percent at the end of Q1:2023, from 4.6 percent at the end of the previous quarter, as prices continued to ease for transport and food & non-alcoholic beverages. Over the period, core inflation in Brazil, which excludes fuel and volatile food and beverages, also slowed to 6.6 percent in Q2:2023 from 7.3 percent in Q1:2023.

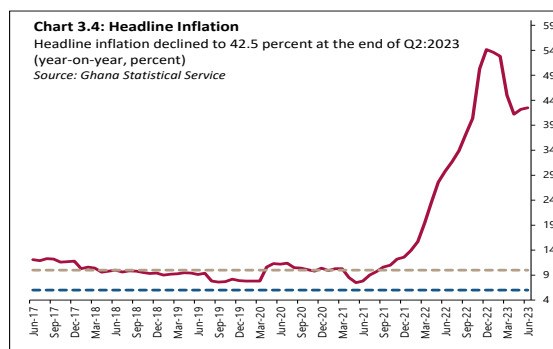
**Turkey's** inflation rate slowed significantly to 38.2 percent in Q2:2023, from 50.5 percent in Q1:2023. The decline in inflation reflected the pre-election promise made by President Erdogan to provide unlimited free natural gas to all households for a year. Core inflation, defined to exclude energy, food and non-alcoholic beverages, alcoholic beverages, tobacco, and gold, also dropped marginally to 47.3 percent at the end of Q2:2023, from 47.4 percent at the end of Q1:2022.

### Sub-Saharan Africa

The headline inflation rate in **South Africa** decelerated to 5.3 percent at the end of Q2:2023, from 7.1 percent at the end of Q1:2023. The moderation in annual inflation was driven by food inflation. Prices also softened for household contents & services, clothing, transport, and restaurant & hotels. Core inflation, which excludes prices of food, non-alcoholic beverages, fuel, and energy, slowed to 5.0 percent at the end of Q2:2023, from 5.2 percent at the end of Q1:2023.



In **Nigeria**, headline inflation increased from 22.0 percent in Q1:2023 to 22.8 percent at the end of Q2:2023. The uptick reflected increases in the cost of oil and fat, bread and cereals, fish, potatoes, yam, fruits, meat, vegetable, milk, and cheese. Prices increased sharply for transportation, underpinned by the removal of government subsidies on fuel. The Nigerian government took some initiatives to tackle rising food prices and shortages which included provision of fertilisers and seeds to farmers to mitigate the effects of the subsidy removal, and the creation of a strategic food reserves to be used as a price stabilisation mechanism for cereals and other foodstuffs. Core inflation, which strips out the prices of agricultural produce, increased to 20.3 percent in Q2:2023, from 19.9 percent in Q1:2023.



## 3.2 Domestic Inflation

### Headline Inflation

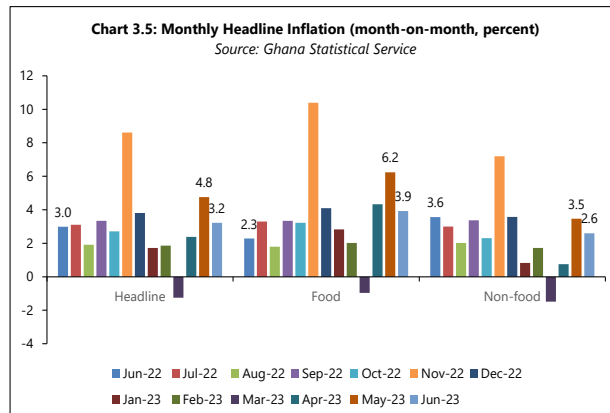
Headline inflation, which peaked at 54.1 percent in December 2022, declined in the first-four months of 2023 but inched up in May and June 2023 on the back of strong food price pressures. However, relative exchange rate stability, stable ex-pump petroleum prices, and monetary policy tightening exerted a moderating influence on non-food prices. Overall, inflation fell to 41.2 percent in April 2023 from 45.0 percent in March but edged up to 42.5 percent in June. The uptick was driven mainly by food inflation which went up to 54.2 percent in June 2023, from 50.8 percent in March, while non-food inflation declined to 33.4 percent from 40.6 percent over the same period.



The Bank's core measure of inflation, defined to exclude energy and utility prices, declined to 43.5 percent in Q2:2023, from 44.6 percent in Q1:2023.

### Monthly Inflation

On a month-on-month basis, inflation rose to 3.2 percent in June 2023, from -1.2 percent in March 2023. The development in June was due to a pickup in prices of both food and non-food items in the CPI basket. Monthly inflation in Q2:2023 averaged 3.5 percent compared to an average of 0.8 percent in the previous quarter. Average monthly food inflation dropped to 4.8 percent in Q2:2023, compared to an average of 1.3 percent in Q1:2023. Similarly, average monthly non-food inflation edged up to 2.3 percent relative to 0.4 percent over the same period.



### 3.3 Inflation Outlook

In the outlook, headline inflation is expected to return to the disinflation path in the near-term. However, inflation is projected to remain above the upper band of the medium-term target of  $8 \pm 2$  percent until 2025. The risks to the outlook remain, on the back of persistent core inflation, as well as unstable food prices, the recent upward price adjustments in utility and fuel. These risks are expected to be moderated by increased sterilization efforts and relative exchange rate stability, reinforced further by the expected cocoa syndication inflows and the anticipated disbursement of the second tranche of the IMF Extended Credit Facility.

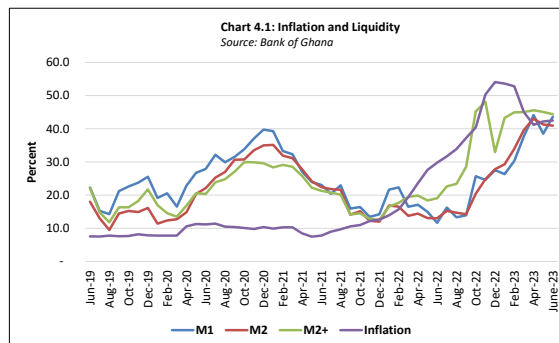
**Table 3.1: Headline Inflation and Components**

	Headline Inflation (%)			Monthly Changes in CPI (%)		
	Combined	Food	Non-food	Combined	Food	Non-food
<b>Dec-20</b>	<b>10.4</b>	<b>14.1</b>	<b>7.7</b>	<b>0.9</b>	<b>1.5</b>	<b>0.4</b>
<b>2021</b>						
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
<b>2022</b>						
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
<b>2023</b>						
Jan	53.6	61.0	47.9	1.7	2.8	0.8
Feb	52.8	59.1	47.9	1.9	2.0	1.7
Mar	45.0	50.8	40.6	-1.2	-0.9	-1.5
Apr	41.2	48.7	35.4	2.4	4.3	0.7
May	42.2	51.8	34.6	4.8	6.2	3.5
Jun	42.5	54.2	33.4	3.2	3.9	2.6

Source: Ghana Statistical Service

## 4. Money and Financial Market Developments

The pace of growth in broad money supply (M2+) accelerated in Q2:2023, mainly driven by expansion in both the Net Domestic Assets (NDA) and Net Foreign Assets (NFA) of the Depository Corporations' sector. The observed increase in the growth in M2+ reflected in increased growth in all 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 44.41 percent in Q2:2023, from 19.09 percent in Q2:2022. The stock of broad money supply stood at GH¢209,620.61 million during the review period, compared with GH¢145,156.93 million and GH¢206,986.41 million recorded in Q2:2022 and Q1:2023, respectively.

	Levels (GH¢ Millions)			Year-On-Year Variation					
	Jun-22	Mar-23	Jun-23	As at end-Jun 2022		As at end-Mar 2023		As at end-Jun 2023	
				Absolute Δ	% change	Absolute Δ	% change	Absolute Δ	% change
Reserve Money	48,237.98	57,840.77	62,343.44	12,174.34	33.76	12,974.19	28.92	14,105.46	29.24
Narrow Money (M1)	66,917.35	94,959.69	96,097.32	6,996.24	11.68	26,041.00	37.79	29,179.97	43.61
Broad Money (M2)	106,488.56	148,131.00	150,070.56	12,277.87	13.03	42,080.11	39.68	43,582.00	40.93
<b>Broad Money (M2+)</b>	<b>145,156.93</b>	<b>206,986.41</b>	<b>209,620.61</b>	<b>23,265.61</b>	<b>19.09</b>	<b>64,257.28</b>	<b>45.02</b>	<b>64,463.68</b>	<b>44.41</b>
Currency with the Public	27,102.32	31,194.57	31,238.50	3,545.35	19.11	9,103.76	41.21	9,136.18	41.34
Demand Deposits	44,815.03	63,765.13	64,858.82	3,450.89	8.34	16,937.24	36.17	20,043.79	44.73
Savings & Time Deposits	39,571.21	53,171.31	53,973.24	5,281.63	15.40	16,039.11	43.19	14,402.03	36.40
Foreign Currency Deposits	38,668.37	58,855.41	59,550.05	10,987.74	39.69	22,177.16	60.46	20,881.68	54.00
<b>Sources of M2+</b>									
Net Foreign Assets (NFA)	(7,470.94)	(12,006.15)	649.46	(32,855.49)	(129.43)	(14,421.94)	(596.99)	8,120.40	(108.69)
BOG	(6,401.93)	(23,944.40)	(13,750.49)	(31,435.77)	(125.57)	(28,430.26)	(633.78)	(7,348.56)	(114.79)
DMBs	(1,069.01)	11,938.25	14,399.95	(1,419.72)	(404.81)	14,008.32	(676.71)	15,468.95	(1,447.04)
<b>Net Domestic Assets</b>	<b>152,627.87</b>	<b>218,992.56</b>	<b>208,971.16</b>	<b>56,121.10</b>	<b>58.15</b>	<b>78,679.21</b>	<b>56.07</b>	<b>56,343.28</b>	<b>36.92</b>
Claims on Government (net)	96,441.19	144,230.49	137,161.10	33,159.35	52.40	56,442.78	64.29	40,719.91	42.22
BOG	51,437.82	87,171.91	82,951.81	32,097.01	165.95	47,675.22	120.71	31,513.99	61.27
DMBs	45,003.37	57,058.57	54,209.29	1,062.34	2.42	8,767.56	18.16	9,205.91	20.46
Claims on Public Sector	8,457.33	8,630.75	7,675.22	822.52	10.77	723.21	9.15	(782.10)	(9.25)
BOG	2,255.50	866.37	920.91	(584.15)	(20.57)	(1,255.02)	(59.16)	(1,334.59)	(59.17)
DMBs	6,201.82	7,764.38	6,754.31	1,406.67	29.34	1,978.23	34.19	552.49	8.91
Claims on Private Sector	57,856.53	73,519.97	74,117.64	14,469.48	33.35	19,643.35	36.46	16,261.11	28.11
BOG	695.58	7,791.67	7,746.68	51.98	8.08	7,119.87	1,059.82	7,051.10	1,013.71
DMBs	57,160.95	65,728.30	66,370.96	14,417.51	33.73	12,523.48	23.54	9,210.01	16.11
Other Items (Net) (OIN) 1/2	(10,127.18)	(7,388.65)	(9,982.80)	7,669.74	(43.10)	1,869.87	(20.20)	144.37	(1.43)
o/w BOG OMO (Sterilisation)	(4,583.13)	(27,440.77)	(27,273.48)	(47.83)	1.05	(21,151.42)	336.31	(22,690.35)	495.08

Source: Bank of Ghana

## 4.2 Sources of Change in M2+

The observed increase in the growth of M2+ was mainly attributed to considerable expansion in NDA of the Depository Corporations' sector, and considerable growth in the NFA of Deposit Money Banks (DMBs). Provisional data showed that growth in NDA slowed significantly to 36.92 percent in Q2:2023, from 58.15 percent recorded in Q2:2022. This was also lower than the growth of 56.07 percent recorded in Q1:2023. In contrast, growth in NFA increased to 108.69 percent in Q2:2023, compared with a 129.43 percent contraction recorded in Q2:2022. This was also higher than the contraction of 596.99 percent recorded in Q1:2023.

## Components of Net Domestic Assets

In terms of components of NDA, growth in net claims on Government decreased to 42.22 percent in Q2:2023, from 52.40 percent in Q2:2022, while growth in claims on the public sector decreased to *negative* 9.25 percent in Q2:2023, from 10.77 percent recorded in Q2:2022. Growth in claims on the private sector also decreased to 28.11 percent, from 33.35 percent over the same comparative period. The Other Items (Net) changed by *negative* 1.43 percent in Q2:2023.

	Levels (GH¢ Millions)			Year-On-Year Variation					
	Jun-22	Mar-23	Jun-23	As at end-Jun 2022		As at end-Mar 2023		As at end-Jun 2023	
				Absolute Δ	% change	Absolute Δ	% change	Absolute Δ	% change
<b>Public Sector</b>	<b>6,201.82</b>	<b>7,764.38</b>	<b>6,754.31</b>	<b>1,406.67</b>	<b>29.34</b>	<b>1,978.23</b>	<b>25.48</b>	<b>552.49</b>	<b>8.91</b>
Private Sector	57,160.95	65,728.30	66,370.96	14,417.51	33.73	12,523.48	19.05	9,210.01	16.11
Agric. For. & Fish.	2,044.45	2,618.54	2,619.62	512.86	33.49	630.50	24.08	575.17	28.13
Export Trade	245.42	440.48	474.92	80.85	49.12	198.93	45.16	229.50	93.51
Manufacturing	6,034.83	7,965.96	7,739.05	849.95	16.39	2,343.91	29.42	1,704.23	28.24
Trans., Stor., & Comm.	3,101.12	3,727.15	3,770.45	(186.74)	(5.68)	253.73	6.81	669.33	21.58
Mining & Quarrying	1,330.25	2,436.64	2,489.31	278.97	26.54	1,380.20	56.64	1,159.06	87.13
Import Trade	1,931.37	4,552.87	4,904.19	753.19	63.93	2,779.94	61.06	2,972.82	153.92
Construction	5,964.24	6,413.31	6,503.67	1,886.74	46.27	666.02	10.38	539.44	9.04
Commerce & Finance	10,926.74	9,606.79	9,828.76	2,796.27	34.39	147.56	1.54	(1,097.97)	(10.05)
Elect., Gas & Water	2,629.65	2,415.77	2,606.11	552.40	26.59	(23.50)	(0.97)	(23.54)	(0.90)
Services	19,084.41	20,899.02	21,235.79	6,195.12	48.06	3,382.40	16.18	2,151.38	11.27
Miscellaneous	3,868.48	4,651.77	4,199.07	697.89	22.01	763.79	16.42	330.59	8.55
<b>Grand Total</b>	<b>63,362.78</b>	<b>73,492.68</b>	<b>73,125.27</b>	<b>15,824.18</b>	<b>33.29</b>	<b>14,501.72</b>	<b>19.73</b>	<b>9,762.49</b>	<b>15.41</b>

Source: Bank of Ghana

## 4.3 Developments in Banks' Credit

The annual growth in banks' outstanding credit to the public and private sectors decreased significantly to 15.41 percent in Q2:2023, from 33.29 percent in Q2:2022. This was also lower than the growth of 19.73 percent recorded for Q1:2023. At the end of Q2:2023, total outstanding credit stood at GH¢73,125.27 million compared with GH¢63,362.78 million and GH¢73,492.68 million recorded in Q2:2022 and Q1:2023, respectively. The decrease in the nominal growth in credit was reflected in decreased nominal growth of credit to the public sector.

In real terms, growth in credit from the banks declined to *negative* 19.01 percent at the end of Q2:2023, from 2.69 percent in Q2:2022. This was also lower than the *negative* 14.08 percent growth realised in Q1:2023.

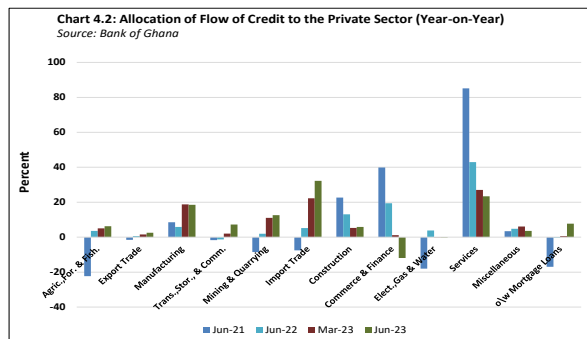


The share of total outstanding credit to the private sector increased marginally to 90.76 percent at the end of Q2:2023, from 90.21 percent recorded for the same period in 2022.

### Distribution of Outstanding Credit to the Private Sector

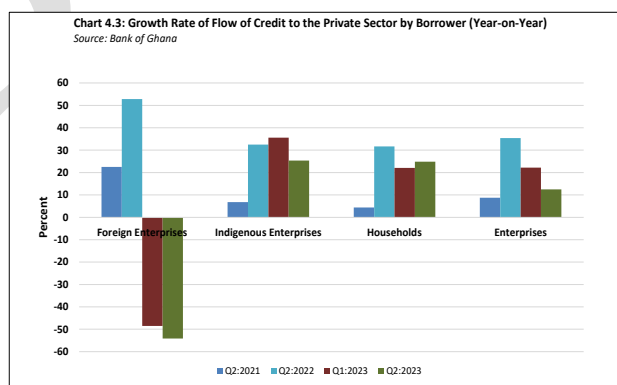
The growth in outstanding credit to the private sector at the end of Q2:2023 was lower in nominal and real terms relative to the corresponding period in 2022. In nominal terms, it decreased to 16.11 percent in Q2:2023, from 33.73 percent recorded in Q2:2022. This was also lower than the 19.05 percent growth recorded at the end of Q1:2023.

The outstanding credit to the private sector at the end of Q2:2023 was GH¢66,370.96 million, compared with GH¢57,160.95 million and GH¢65,728.30 million recorded in Q2:2022 and Q1:2023, respectively. In real terms, the annual growth rate of outstanding credit to the private sector declined to *negative* 18.52 percent at the end of Q2:2023, from a growth of 3.03 percent recorded in Q2:2022.



The increase in private sector credit growth in Q2:2023 relative to the corresponding period in 2022 was reflected in increases in annual flow of credit to the following sectors: agriculture, forestry & fisheries; manufacturing; export trade; transport, storage & communication; mining and quarrying and import trade. However, construction; commerce and finance; electricity, gas and water; and services sectors recorded decreases in credit flow in Q2:2023 relative to the corresponding period in 2022. The top five (5) beneficiary sectors of annual flow of private sector credit in Q2:2023 were: import trade (32.3%), services (23.4%), manufacturing (18.5%), mining and quarrying (12.6%) and transport, storage & communication (7.3%). These top five sectors accounted for 93.99 percent of the overall credit flow for Q2:2023.

In terms of annual growth in private sector credit by borrower, credit flows to households, and both indigenous and foreign enterprises subsectors decreased in Q2:2023, relative to Q2:2022. In contrast, credit flows to the “Others” category increased in Q2:2023, relative to the same period in 2022.



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

Total deposits remained the dominant source of funds into the banking system in Q2:2023. This was followed by other liabilities, which included margin deposits, cheques in transit, interest in suspense accounts, and borrowings from other resident banks. Other Assets received the largest share in terms of uses of funds by the banking system in Q2:2023. This was followed by balances with Bank of Ghana and investments in Government securities.

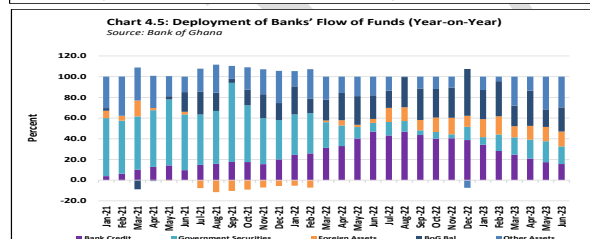
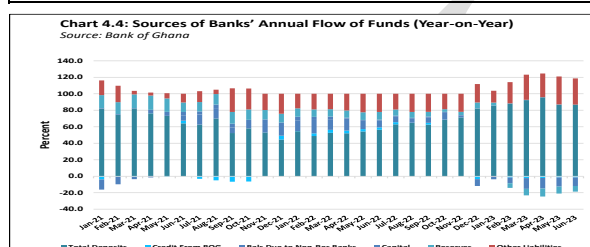
The provisional figures for Q2:2023 showed that the proportion of commercial banks' fund flows allocated to foreign assets, investment in Government securities, balances with Bank of Ghana and other assets increased, while proportion of fund flows to bank credit decreased relative to that of the corresponding period in 2022.

The proportion of fund flows to Government securities increased significantly to 17.09 percent in Q2:2023, from 8.34 percent in the corresponding period in 2022. This reflected in an increase in the share of fund

	(Amount in GH¢ 'Million)			Year-On-Year Variation					
	Jun-22	Mar-23	Jun-23	As at end-Jun 2022		As at end-Mar 2023		As at end-Jun 2023	
				Absolute Δ	(A/Total Δ)%	Absolute Δ	(A/Total Δ)%	Absolute Δ	(A/Total Δ)%
<b>Sources of Funds</b>									
Total Deposits	118,740.24	170,501.06	173,165.40	19,016.83	56.45	54,186.64	92.35	54,425.16	86.82
Domestic	80,071.87	111,645.66	113,615.35	8,029.09	23.83	32,009.48	54.55	33,543.48	53.51
Demand Deposits	40,500.66	58,474.35	59,642.11	2,747.46	8.16	15,970.37	27.22	19,141.45	30.53
Savings Deposits	20,805.70	28,439.97	28,678.41	2,381.01	7.07	8,700.26	14.83	7,872.70	12.56
Time Deposits	18,765.51	24,731.34	25,294.83	2,900.61	8.61	7,338.86	12.51	6,529.32	10.42
Foreign Currency	38,668.37	58,855.41	59,550.05	10,987.74	32.62	22,177.16	37.79	20,881.68	33.31
Credit From BOG	1,961.03	1,050.98	1,050.73	936.43	2.78	-1,334.59	-2.27	-910.30	-1.45
Balances Due to Non-Resident Banks	13,070.88	7,000.11	6,546.31	2,727.35	8.10	-7,667.03	-13.07	-6,524.57	-10.41
Capital	11,243.58	11,289.65	11,289.59	458.14	1.36	165.99	0.28	46.01	0.07
Reserves	16,114.20	11,498.01	11,861.57	3,112.77	9.24	-4,565.96	-7.78	-4,252.63	-6.78
Other Liabilities*	39,322.99	54,272.22	59,229.32	7,436.44	22.07	17,893.16	30.49	19,906.34	31.75
<b>Total</b>	<b>200,452.93</b>	<b>255,612.03</b>	<b>263,142.93</b>	<b>33,687.95</b>	<b>100.00</b>	<b>58,678.21</b>	<b>100.00</b>	<b>62,689.99</b>	<b>100.00</b>
<b>Uses of Funds</b>									
Bank Credit	63,362.78	73,492.68	73,125.27	15,824.18	46.97	14,501.72	24.71	9,762.49	15.57
o/w Private Sector Credit	57,160.95	65,728.30	66,370.96	14,417.51	42.80	12,523.48	21.34	9,210.01	14.69
Investment in Government Securities	54,660.62	68,866.94	65,377.36	2,810.25	8.34	9,776.26	16.66	10,716.74	17.09
Short Term	5,560.65	13,674.32	12,368.23	-970.20	-2.88	6,807.90	11.60	6,807.58	10.86
Medium/Long Term	49,099.97	55,192.62	53,009.12	3,780.45	11.22	2,968.35	5.06	3,909.15	6.24
Foreign Assets	12,001.88	18,938.36	20,946.26	1,307.64	3.88	6,341.29	10.81	8,944.38	14.27
Balances with BOG	28,134.15	36,440.46	42,821.30	7,703.21	22.87	11,603.53	19.77	14,687.15	23.43
Other Assets**	42,293.50	59,873.59	60,872.74	6,042.69	17.94	16,455.42	28.04	18,579.23	29.64
<b>Total</b>	<b>200,452.93</b>	<b>255,612.03</b>	<b>263,142.93</b>	<b>33,687.95</b>	<b>100.00</b>	<b>58,678.21</b>	<b>100.00</b>	<b>62,689.99</b>	<b>100.00</b>

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

Source: Bank of Ghana



flows to investments in short-term securities to 10.86 percent in Q2:2023, from *negative* 2.88 percent in Q2:2022. However, the proportion of fund flows to investment in medium, and long-term securities decreased to 6.24 percent in Q2:2023, from 11.22 percent in Q2:2022.

The proportion of bank funds allocated to bank credit decreased to 15.57 percent in Q2:2023, from 46.97 percent in Q2:2022. In contrast, the proportion of fund flows to balances with BOG increased to 23.43 percent during the review period, from 22.87 percent in Q2:2022. The proportion of fund flows to foreign assets and other assets also increased to 14.27 percent and 29.64 percent, respectively, from 3.88 percent and 17.94 percent, respectively, over the same comparative period.

The main source of fund flows for financing of banks' assets was deposits. Its share in the sources of fund flows increased to 86.82 percent in Q2:2023, from 56.45 percent in Q2:2022. This was, however, lower than the 92.35 percent recorded in Q1:2023. 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 33.31 percent, from 32.62 percent in Q2:2022, while the share of fund flows from domestic currency deposits increased to 53.51 percent in Q2:2023, from 23.83 percent in Q2:2022. An increase in fund flows from demand deposits, savings and time deposits mainly accounted for the increase in fund flows from domestic currency deposits during the review period.

The proportion of fund flows from credit from Bank of Ghana, balances due to non-resident banks, bank capital, and bank reserves decreased during the period under review. The share of fund flows attributable to credit from Bank of Ghana, balances due non-resident banks, bank capital, and bank reserves decreased to *negative* 1.45 percent, *negative* 10.41 percent, 0.07 percent, and *negative* 6.78 percent, respectively, in Q2:2023, from 2.78 percent, 8.10 percent, 1.36 percent and 9.24 percent, respectively, in Q2:2022. In



## Lending Rate

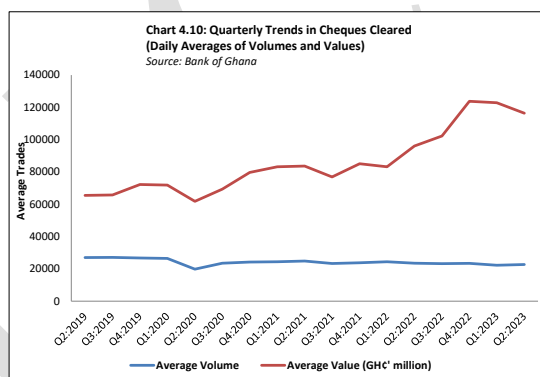
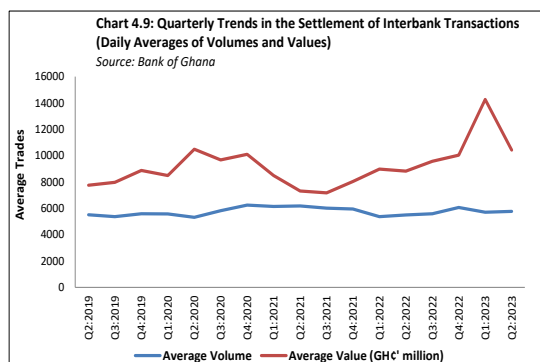
Lending rates trended upwards during the review quarter. The average lending rate increased by 688bps to 31.15 percent at the end of Q2:2023, from 24.27 percent in Q2:2022. Compared to Q1:2023, the average lending rate decreased by 471bps.

The spread between the borrowing and lending rates expanded by 788bps on a year-on-year basis to 20.65 percent in Q2:2023. For the corresponding quarter in 2022, the spread had increased by 366bps.

## 4.6 Payments System Developments

### Settlement of Interbank Transactions

The volume of transactions settled through the Ghana Interbank System (GIS) during Q2:2023 totalled 346,614, valued at GH¢625,386.85 million. This represented an increase in volume and value by 3.34 percent and 16.19 percent, respectively, compared to transactions in Q2:2022. When compared with transactions settled during Q1:2023, there was a decrease in both volume and value by 2.11 percent and 29.27 percent, respectively. On the average, 5,777 transactions were settled daily through the GIS, valued at GH¢10,423.11 million during the quarter under review, compared with a total of 5,711 transactions, valued at GH¢14,260.47 million during Q1:2023. In Q2:2022, an average of 5,499 transactions were settled daily, valued at GH¢8,823.99 million.

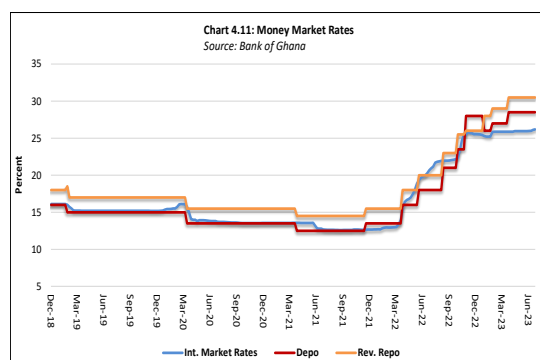


### Cheques Cleared

The volume of cheques cleared during Q2:2023 totalled 1,362,959 valued at GH¢69,814.45 million. This represented a decrease in volume by 4.91 percent and an increase in value by 19.20 percent compared to transactions in Q2:2022. When compared with Q1:2023, the volume of transactions and the value of cheques cleared decreased by 1.33 percent and 8.36 percent, respectively. On a daily basis, an average of 22,715.98 cheques, valued at GH¢1,163.57 million, were cleared during the period under review, compared with 23,496.62 cheques, valued at GH¢960.17 million, in Q2:2022. In Q1:2023, an average of 22,279.08 cheques, valued at GH¢1,228.75 million, were cleared.

## 4.7 Money Market

Depos amounted to GH¢37,181.50 million in Q2:2023, from GH¢129,945.00 million recorded in Q1:2023. Compared with same period in the previous year, depo trades increased by 792.79 percent from GH¢4,145.00 million. There were no reverse repo trades during the review period.

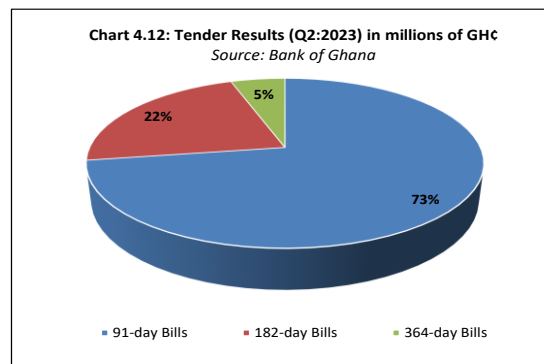


On the interbank market, the value of trades during Q2:2023 ranged between GH¢1,365.00 million and GH¢4,700.00 million at a weighted average rate ranging

from 25.76 percent to 26.17 percent. In the previous quarter, the value of trades ranged from GH¢495.00 million to GH¢2,880.00 million at a weighted average rate ranging from 25.21 percent to 25.87 percent. In Q2:2022, the value of trades ranged from GH¢940.00 million to GH¢6,308.00 million at a weighted average rate ranging from 16.38 percent to 20.66 percent

### Tender Results

Total sales at the auction during Q2:2023 totalled GH¢81,577.13 million, with maturities totalling GH¢78,595.72 million. This resulted in a net sale of GH¢2,981.41 million, consisting of a net sale of Government securities of GH¢2,532.19 million and a net sale of BOG bills to the tune of GH¢449.21 million.



## 4.8 Currency Markets

### The International Currency Market

The U.S. dollar ended Q2:2023 on a weak note because of a slowdown in the U.S. economy. The pound sterling, however, was strong on the international market for the second quarter of 2023 on account of consistent bets on interest rate hikes and increased appetite for risk by investors. The euro, at the end of the review period, had a mixed performance due to initial hawkish comments from officials of the European Central Bank (ECB), which were later muted by a decline in retail sales in Germany. The yen experienced a weak performance at the end of Q2:2023. This was due to the prospect of continued ultra-loose monetary policy, gloomy economic outlook, and slow growth in the country's export market.

The **U.S. dollar** was weak against the pound sterling and the euro but appreciated against the Japanese yen in Q2:2023. The currency depreciated due to weak economic indicators including a slump in manufacturing and construction activities, as well as falling inflation. Consumer confidence index dropped to a nine-month low in April, exacerbating fears of a recession. Also, in June, the legislation passed to lift the U.S. debt ceiling to avert a debt default adversely affected the currency because it enjoyed a safe haven status. At the end of Q2:2023, the U.S. dollar depreciated by 2.8 percent against the pound sterling, 0.5 percent against the euro, but appreciated by 8.7 percent against the Japanese yen.

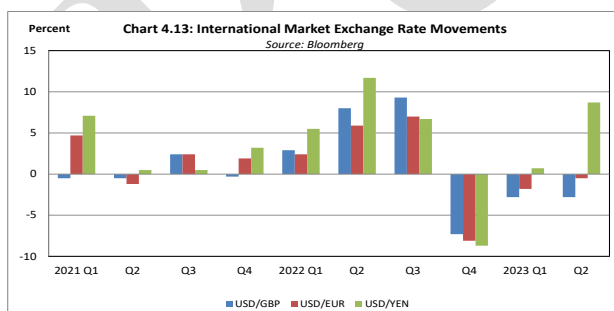


Table 4.4: International Market Exchange Rate Movements

End Period	Quarterly depreciation/ appreciation		Annual depreciation/ appreciation		Quarterly depreciation/ appreciation		Annual depreciation/ appreciation		Quarterly depreciation/ appreciation		Annual depreciation/ appreciation	
	US\$/£		US\$/€		US\$/¥		US\$/¥		US\$/¥		US\$/¥	
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	11.7					
2022 Q1	1.3149	2.9	1.1107	2.4	0.0082	5.5						
Q2	1.2177	8.0	1.0484	5.9	0.0074	11.7						
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	14.8					
2023 Q1	1.2368	-2.8	1.0864	-1.8	0.0075	0.7						
Q2	1.272	-2.8	1.0919	-0.5	0.0069	8.7						

Depreciation (-)/ Appreciation (+)

Source: Bloomberg

The **pound sterling** was strong during the period under review. Reasons for this outcome include consistent bets on interest rate hikes, coupled with a risk-on mood by investors, and interest rate hikes by the Bank of

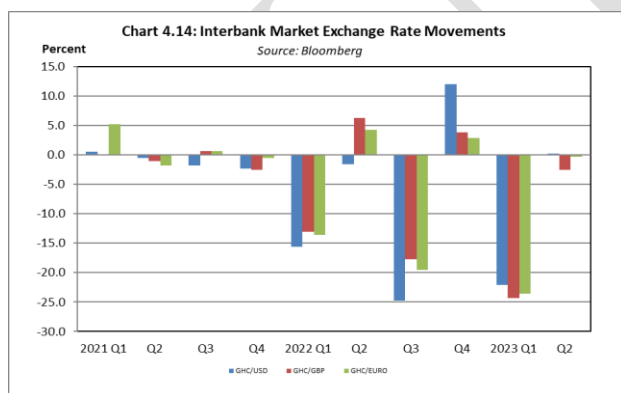
England in May and June. Consequently, the pound sterling appreciated against the U.S. dollar, the euro and the Japanese yen by 2.8 percent, 2.3 percent, and 11.5 percent, respectively.

The **euro** experienced a mixed performance in Q2:2023. The currency was buoyed by a rise in European bond yields and decreasing investor pessimism in April. The President of the European Central Bank indicated that inflation was still high and further policy tightening was necessary although there was a decline in inflation in May. The euro was also hit by an annual shortfall of 4.3 percent in German retail sales as well as a mixed set of economic data in June. At the end of the quarter, the euro appreciated against the U.S. dollar and the Japanese yen by 0.5 percent and 9.2 percent, respectively, but depreciated against and the pound sterling by 2.3 percent.

The **Japanese yen** was weak in Q2:2023. This was due to comments from the Governor of the Bank of Japan indicating that the central bank was not ready to reduce its stimulus. The yen also faced pressure in April when U.S. treasury yields rose due to a decision by OPEC+ to cut down production. Earlier in May, the Governor of the central bank reiterated that monetary policy was likely to remain dovish in the near-term, heralding little support for the yen. At its June meeting, the policy rate was kept low compared to other central banks globally that have continually hiked rates to combat inflation. As a result, the Japanese yen depreciated against the U.S. dollar, the pound sterling and the euro by 8.0 percent, 10.3 percent, and 8.5 percent, respectively.

### The Domestic Currency Market

The Ghana cedi experienced a mixed performance against the three major currencies in Q2:2023. The performance of the currency during the period was buoyed by muted forex demand pressures, positive sentiments on expectations of an IMF board approval for a US\$3.00 billion bailout and subsequent receipt of the first tranche of US\$600.00 million, observed improved forex liquidity on the interbank market, and relatively low forex demand in forex bureaux market. However, in June, a subsequent rise in forex demand



**Table 4.5: Interbank Market Exchange Rate Movements**

End Period	c/US\$		c/GBP		c/Euro	
	Quarterly depreciation/ appreciation	Annual depreciation/ appreciation	Quarterly depreciation/ appreciation	Annual depreciation/ appreciation	Quarterly depreciation/ appreciation	Annual depreciation/ appreciation
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
2023 Q1	11.0137	-22.1	13.6218	-24.3	11.9657	-23.6
Q2	10.9972	0.2	13.9879	-2.6	12.0073	-0.3

Depreciation (-)/ Appreciation (+)

Source: Bank of Ghana

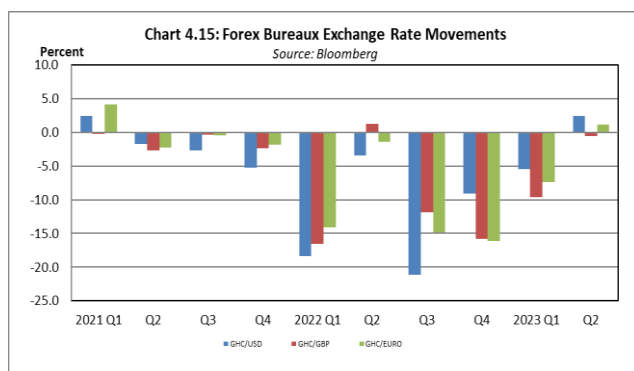
from the main sectors, largely from the manufacturing sector led to a fall in the cedi's performance. At the retail end of the market, the cedi recorded marginal losses as a result of realignment of rates by dealers as well as an increase in demand by the market. Additionally, rate adjustments at the cash end of the market also led to the depreciation of the currency.

On the **Interbank market**, the Ghana cedi appreciated on a quarter-on-quarter basis by 0.2 percent against the U.S. dollar but depreciated against the pound sterling and the euro by 2.6 percent and 0.3 percent,



respectively, in Q2:2023. In Q2:2022, the cedi had depreciated against the U.S. dollar by 1.6 percent but appreciated against the pound sterling and the euro by 6.2 percent and 4.2 percent, respectively.

On the **Forex Bureaux market**, the Ghana cedi appreciated on a quarter-on-quarter basis by 2.4 percent, and 1.1 percent against the U.S. dollar and the euro, respectively, but depreciated against the pound sterling by 0.6 percent in Q2:2023. The cedi performed well in Q2:2023 compared to the corresponding period of 2022 when it had depreciated by 1.7 percent, 2.7 percent and 2.3 percent against the U.S. dollar, the pound sterling and the euro, respectively.



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

End Period	Quarterly depreciation/ appreciation		Annual depreciation/ appreciation		Quarterly depreciation/ appreciation		Annual depreciation/ appreciation	
	c/US\$	c/GBP	c/US\$	c/GBP	c/Euro	c/GBP	c/US\$	c/Euro
2021 Q1	5.7700	7.8882	2.4	-0.3	6.8164	4.1		
Q2	5.8705	8.1091	-1.7	-2.7	6.9800	-2.3		
Q3	6.0345	8.1409	-2.7	-0.4	7.0136	-0.5		
Q4	6.3752	8.3440	-5.3	-2.4	7.1405	-1.8		
2022 Q1	7.8175	9.9990	-18.4	-16.6	8.3100	-14.1		
Q2	8.0900	9.8850	-3.4	1.2	8.4250	-1.4		
Q3	10.2525	11.2200	-21.1	-11.9	9.8845	-14.8		
Q4	11.2800	13.3250	-9.1	-15.8	11.7750	-16.1		
2023 Q1	11.9362	14.7334	-5.5	-9.6	12.7111	-7.4		
Q2	11.6517	14.8239	2.4	-0.6	12.5778	1.1		

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

## Foreign Exchange Transaction Market

At the end of Q2:2023, the total volume of forex purchases recorded was US\$4,003.93 million. Commercial banks' purchases contributed 90.8 percent of the total purchases (US\$3,634.71 million). The Central Bank's support to the market accounted for 7.8 percent (US\$311.53 million) and purchases from forex bureaux contributed the remaining 1.5 percent (US\$58.39 million).

Compared to Q1:2023, the volume of total purchases increased by 0.5 percent. Commercial banks' purchases increased by 2.2 percent, while forex bureaux purchases and Bank of Ghana's support decreased by 0.4 percent and 15.3 percent, respectively.

**Table 4.7: Foreign Exchange Transaction Market**

		Purchases (million \$)				Sales (million \$)			
		Commercial	Bank	Forex Bureaux	Total	Commercial	Bank	Forex Bureaux	Total
2022	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
2023	Jan	163.60	1,210.17	22.24	1,396.01	1,416.18	21.97		1,438.15
	Feb	71.02	1,095.73	17.42	1,184.17	1,174.71	17.23		1,191.94
	Mar	132.98	1,251.31	18.50	1,402.79	1,394.25	18.64		1,412.89
	Q1	367.60	3,557.21	58.16	3,982.97	3,985.14	57.84		4,042.98
	Apr	132.98	1,176.48	18.27	1,327.73	1,279.97	18.21		1,298.18
	May	94.23	1,275.74	20.59	1,390.56	1,335.07	20.90		1,355.97
	Jun	84.32	1,181.79	19.53	1,285.64	1,347.75	19.57		1,367.32
	Q2	311.53	3,634.01	58.39	4,003.93	3,962.79	58.68		4,021.47

Source: Bank of Ghana

On sales, total volume recorded was US\$4,021.47 million.

Commercial bank sales amounted to US\$3,962.79 million (98.5% of the total amount). Forex bureaux contributed the remaining amount. The total volume of sales decreased by 0.5 percent on a quarterly basis. Also, compared to Q2:2022, total sales decreased by 29.7 percent.

## 4.9 The Stock Market

The GSE-Cl trended upward in Q2:2023, recording a year-on-year growth of 10.31 percent. The GSE-Cl rallied as a result of a gradual pickup in demand for equities following the implementation of the Domestic Debt Exchange Programme (DDEP). In addition, investor appetite for equities increased on the back of announced dividend payment schedules by listed companies and relative stability of the domestic currency.

### The GSE-Cl

The GSE-Cl gained 2.28 percent (62.70 points) on a quarter-on-quarter basis at the end of Q2:2023, against a contraction of 7.20 percent (-197.37 points) in the same period in 2022. The performance of the GSE-Cl could be attributed to the dividend payments announcement by some listed stocks, and relative stability of the cedi. In year-on-year terms, the GSE-Cl gained 12.33 percent (301.42 points) as at the end of Q2:2023.

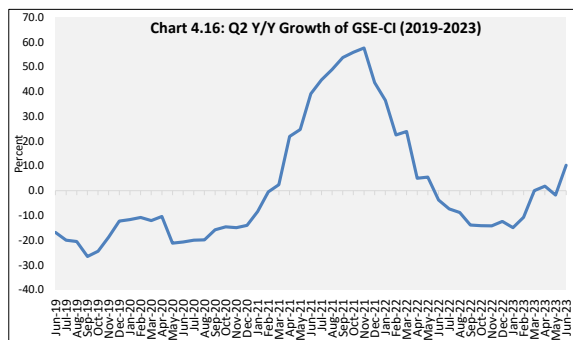


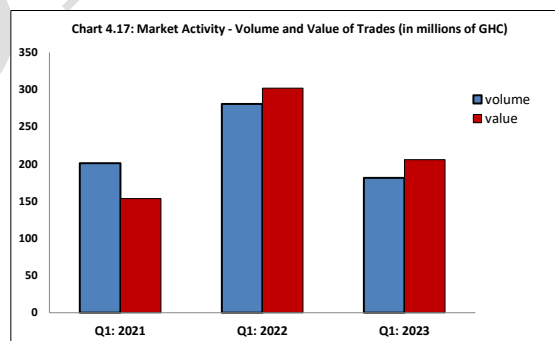
Table 4.8: Sector's Contribution to the Growth of GSE-Cl

Month	SECTOR											GSE-Cl
	F&B	MAN	FINANCE	DISTR	MINING	IT	AGRIC	OIL	ETFund	EDUC	AD & PROD	
Jun-22	1276.36	609.76	2176.97	2749.66	155.03	32.63	1200.00	40.20	62.62	100.01	100.00	2545.48
Mar-23	776.40	445.18	2745.33	2744.35	159.84	45.32	2334.00	40.45	5287.42	100.01	100.00	2745.33
Jun-23	1002.50	638.60	1691.91	3206.48	164.41	51.53	2822.00	40.45	5107.32	100.01	100.00	2808.03
2023 (Q-on-Q)												
Absolute Δ	226.10	193.43	-1053.42	462.13	4.57	6.22	488.00	0.00	-180.10	0.00	0.00	62.70
% Δ	29.12	43.45	-38.37	16.84	2.86	13.72	20.91	0.00	-3.41	0.00	0.00	2.28
2023 (Y-on-Y)												
Absolute Δ	-273.86	28.85	-485.06	456.82	9.38	18.91	1622.00	0.25	5044.71	0.00	0.00	262.55
% Δ	-21.46	4.73	-22.28	16.61	6.05	57.95	135.17	0.62	8056.13	0.00	0.00	10.31

Source: Ghana Stock Exchange

### Sector Performance

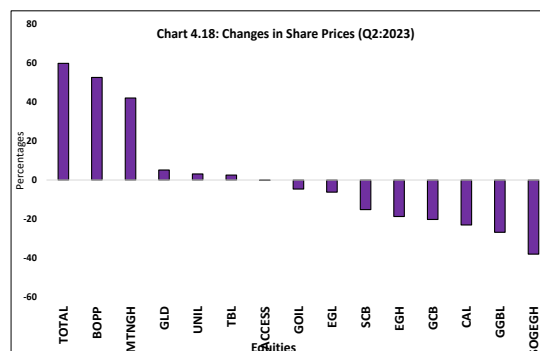
The performance in the GSE-Cl in Q2:2023 was driven mainly by share price appreciation of stocks in the Manufacturing (43.45 percent; 193.43 points), Food & Beverages (29.12 percent; 226.10 points), Agriculture (20.91 percent; 488.00 points), Distribution (16.84 percent; 462.13 points), and IT (13.72 percent; 6.22 points) sectors. However, the Finance sector which usually influences the performance of the GSE-Cl, recorded a loss of 38.37 percent (1,053.42 points), reflecting the adverse impact of the DDEP on balance sheets of listed banks. The ETFund sector also recorded a loss of 3.41 percent (-180.10 points) to moderate the gains in the GSE-Cl.



### Market Performance

The total volume of trades on the GSE in Q2:2023 amounted to 46 million shares, valued at GH¢131.98 million, compared with a volume of 810 million shares, valued at GH¢759.74 million in Q2:2022. During the period, MTNGH in the IT sector recorded the highest volume and value of trades.

In Q2:2023, nine (9) stocks gained, while six (6) lost value to moderate the gains in the GSE-Cl. The rest remained unchanged at the end of the review period. UNIL, GGBL and BOPP were the best performers and led the list of advancers with share price appreciations of 56.00 percent, 41.33 percent, and 20.91 percent, respectively.





However, SIC, SCB, EGL and ACCESS shed 25.81 percent, 24.50 percent, 19.67 percent, and 5.00 percent, respectively, to top the losers.

## Market Capitalization

Total market capitalization at the end of Q2:2023 stood at GH¢70,238.82 million, representing an increase of 3.53 percent (GH¢2,391.93 million). Comparatively, market capitalization had increased by 1.27 percent (GH¢811.42 million) in the same period in 2022. The main sectors that accounted for the increase in market capitalization in Q2:2023 were the Manufacturing (43.45%; GH¢138.91 million), Food & Beverages (29.12%; GH¢194.20 million), Agriculture (20.91%; GH¢84.91 million), and IT (13.72%; GH¢2,108.65 million) sectors. The increase in market capitalization was mainly on account of share price appreciation and additional share issuances by AGA, ASG and MTNGH, but was moderated by decreases in the Finance (-5.10%; GH¢661.27 million) and ETFund (-3.41%; GH¢22.62 million) sectors.

Month	SECTOR (GH¢ mill)											MKT. CAP.
	F&B	MAN	FINANCE	DISTR	MINING	IT	AGRIC	OIL	ETFund	EDUC	AD & PROD	
Jun-22	1096.26	437.90	15430.29	1177.56	18275.43	11062.45	208.80	17123.40	7.87	10.57	10.70	64841.21
Mar-23	666.85	319.70	12965.45	1367.13	18842.38	15364.11	406.12	17229.79	664.10	10.57	10.70	67846.89
Jun-23	861.04	458.61	12304.18	1377.76	19380.91	17472.77	491.03	17229.79	641.48	10.57	10.70	70238.82
2023 (Q-on-Q)												
Absolute Δ	194.20	138.91	-661.27	10.63	538.54	2108.65	84.91	0.00	-22.62	0.00	0.00	2391.93
% Δ	29.12	43.45	-5.10	0.78	2.86	13.72	20.91	0.00	-3.41	0.00	0.00	3.53
2023 (Y-on-Y)												
Absolute Δ	-235.22	20.72	-3126.11	200.20	1105.48	6410.32	282.23	106.40	633.62	0.00	0.00	5397.61
% Δ	-21.46	4.73	-20.26	17.00	6.05	57.95	135.17	0.62	8056.13	0.00	0.00	8.32

Source: Ghana Stock Exchange

## The Bond Market

The total value of Government of Ghana Notes and Bonds listed on the Ghana Fixed Income Market (GFIM) at end-June 2023 stood at GH¢193,523.53 million, compared to GH¢157,480.77 million at end-June 2022. The total value of corporate bonds stood at GH¢616.21 million at end-June 2023, compared with GH¢12,340.84 million at end-June 2022. The cumulative volume of trades on the GFIM from the beginning of the year to the end of June 2023 stood at GH¢40,886.05 million, and the number of trades was 205,128.

## 5. Fiscal Developments

Fiscal developments in Q2:2023 resulted in a provisional surplus on cash basis of GH¢75.9 million (0.01% of GDP), higher than the programmed deficit of GH¢16,952.1 million (2.1% of GDP), and higher than the deficit of GH¢12,499.4 million (2.1% of GDP) recorded in Q2:2022. On commitment basis, however, the budget outturn was a deficit of GH¢1,194.75 (0.2% of GDP), lower than the programmed deficit of GH¢13,343.27 (1.7% of GDP). The second quarter of 2023 also recorded a primary surplus of GH¢4,335.0 million (0.5% of GDP) against the programmed deficit of GH¢2,353.8 million (0.3% of GDP) and a primary deficit of GH¢2,953.2 million (0.5% of GDP) in Q2:2022.

Table 5.1: Fiscal Indicators (GH¢ million)

		2022		2023*		Deviation (Prov.-Prog.) Under (-)/ Over (+)		% change	
		Prov. Q2	Prov. Q1	Prov. Q2	Prog. Q2			Q2:2023	Q2:2022
Taxes on income and property		9,882.81	10,299.16	13,430.60	12,382.75	8.46	35.90		
percent of GDP		1.62	1.29	1.68	1.55				
Taxes on goods and services		7,602.84	9,913.80	10,994.90	11,192.25	-1.76	44.62		
percent of GDP		1.25	1.24	1.37	1.40				
Taxes on international trade		2,294.35	2,692.42	3,335.84	3,541.23	-5.80	45.39		
percent of GDP		0.38	0.34	0.42	0.44				
Tax revenue including oil		18,754.63	21,529.91	26,272.34	25,565.58	2.76	40.08		
percent of GDP		3.07	2.69	3.28	3.19				
Tax revenue excluding oil		16,315.91	20,085.20	24,988.58	24,293.67	2.86	53.15		
percent of GDP		2.83	2.76	3.44	3.34				
Nontax revenue		3,471.04	4,089.94	4,161.44	3,485.52	19.39	19.89		
percent of GDP		0.57	0.51	0.52	0.44				
Domestic revenue including oil		23,659.75	27,150.42	31,516.76	30,502.16	3.33	33.21		
percent of GDP		3.88	3.39	3.94	3.81				
Domestic revenue excluding oil		21,221.04	25,705.70	30,233.00	29,230.25	3.43	42.47		
percent of GDP		3.68	3.54	4.16	4.02				
Grants		430.47899	455.63387	177.21111	649.00701	-72.70	-58.83		
percent of GDP		0.07	0.06	0.02	0.08				
Total revenue and grants		24,090.23	27,606.05	31,693.98	31,151.17	1.74	31.51		
percent of GDP		3.95	3.45	3.96	3.89				
Compensation of Employees		9,152.33	11,486.60	12,397.62	11,380.68	8.94	35.44		
percent of GDP		1.50	1.43	1.55	1.42				
Goods and services		2,267.07	768.13	3,948.29	1,529.21	158.19	74.11		
percent of GDP		0.37	0.10	0.49	0.19				
Interest payments		9,546.15	10,885.26	4,259.10	14,598.24	-70.82	-55.33		
percent of GDP		1.56	1.36	0.53	1.82				
Subsidies		167.03	37.14	0.00	32.09	-100.00			
percent of GDP		0.03	0.00	0.00	0.00				
Non-Financial Assets (Capital Expenditure)		5,504.64	3,836.50	4,070.45	7,891.25	-48.42	-26.00		
percent of GDP		0.90	0.48	0.51	0.99				
Total expenditure & net lending		35,433.00	35,616.14	32,888.73	44,494.41	-26.08	-7.11		
percent of GDP		5.81	4.45	4.11	5.56				
Overall Budget Balance		-12,499.39	-10,416.70	75.94	-16,952.07	-100.45	-100.66		
per cent of GDP		-2.05	-1.30	0.01	-2.12				
Domestic Expenditure		19,492.08	18,130.73	26,288.68	23,556.39	11.60	34.88		
percent of GDP		3.19	2.26	3.28	2.94				
Domestic Primary Balance		4167.67421	9,019.68	5,228.08	6,945.77	-24.73	25.44		
percent of GDP		0.68	1.13	0.65	0.87				
Primary Balance		-2,953.23	468.56	4,335.04	-2,353.8333	-284.17	-246.79		
percent of GDP		-0.48	0.06	0.54	-0.29				
Stock of Domestic Debt		189,488.81	244,368.30	246,382.27					
percent of GDP		31.05	39.51	30.76					
Nominal GDP (including oil)		610,222.29	800,920.53	800,920.53	800,920.53				
Nominal GDP (Excluding oil)		577,282.96	726,625.40	726,625.40	726,625.40				

\* Provisional  
Source: Bank of Ghana and Ministry of Finance

## 5.1. Government Revenue

Government receipts (including grants) for the review period totalled GH¢31,694.0 million (4.0% of GDP). This was higher than the target of GH¢31,151.2 million (3.9% of GDP) by 1.7 percent and recorded year-on-year growth of 31.6 percent. Total receipts comprised tax revenue of GH¢26,272.3 million (82.9% of total receipts), non-tax revenue of GH¢4,161.4 million (13.1%), other revenue of GH¢1,082.9 million (3.4%), and Grants of GH¢177.2 million (0.6%).

### Income and Property Tax

Taxes from income and property during Q2:2023 was GH¢13,430.6 million. This was above the budgeted target of GH¢12,382.8 million by 8.5 percent and recorded a year-on-year growth of 35.9 percent. Personal income taxes raked in GH¢4,856.6 million, recording year-on-year growth of 63.5 percent, and was above the programmed target by 12.4 percent. Corporate taxes totalled GH¢5,973.2 million, while “Others” summed up to GH¢1,167.4 million. Inflows from National Fiscal Stabilization Levy (NFSL) for the period was GH¢205.2 million compared to GH¢100.8 million recorded in Q2:2022. Inflows from Airport tax totalled GH¢280.4 million compared to GH¢163.1 million recorded in Q2:2022.

### Taxes on Domestic Goods and Services

Taxes on domestic goods and services of GH¢10,994.9 million was lower than the programmed target of GH¢11,192.3 million by 1.8 percent. This tax component comprised excise duty of GH¢145.5 million and petroleum tax of GH¢1,402.7 million, VAT collections of GH¢6,084.0 million, National Health Insurance Levy of GH¢1,299.2 million, GET fund levy of GH¢1,299.5 million, Communication Service tax of GH¢159.2 million, E-levy of GH¢239.1 million, and COVID-19 health levy of GH¢511.3 million.

### Taxes on International Trade

International trade taxes totalled GH¢3,335.8 million, lower than the budget target of GH¢3,541.2 million by 5.8 percent. However, it was higher than the GH¢2,294.4 million recorded in Q2:2022, indicating year-on-year growth of 45.4 percent.

### Non-Tax Receipts

Non-Tax receipts were made up of Non-Tax Revenue of GH¢4,161.4 million, above the programmed target by 19.4 percent, and other revenue of GH¢1,083.0 million, below its target by 16.2 percent. Non-Tax Revenue comprised Retention of Internally Generated Funds (IGF) of GH¢1,849.0 million and Lodgement of GH¢2,312.5 million.

Table 5.2: Government Revenue (GH¢ million)

	2022		2023*		Deviation (Prov.-Prog.) Under (-)/ Over (+)	% change Q2:2023 - Q2:2022
	Prov. Q2	Prov. Q1	Prov. Q2	Prog. Q2		
<b>TAX REVENUE</b>	<b>18,754.63</b>	<b>21,529.91</b>	<b>26,272.34</b>	<b>25,565.58</b>	<b>2.76</b>	<b>40.08</b>
(percent of GDP)	3.07	2.69	3.28	3.19		
<b>TAXES ON INCOME &amp; PROPERTY</b>	<b>9,882.81</b>	<b>10,299.16</b>	<b>13,430.60</b>	<b>12,382.75</b>	<b>8.46</b>	<b>35.90</b>
Personal	2,969.96	3,416.44	4,856.57	4,319.71	12.43	63.52
Companies	3,492.65	4,238.91	5,973.23	5,203.39	14.80	71.02
Company taxes on oil	1,339.34	976.76	856.71	858.97	-0.26	-36.03
Others	2,080.87	1,667.04	1,744.08	2,000.69	-12.83	-16.18
Other direct taxes /1	1,725.99	1,239.24	1,167.37	1,355.39	-13.87	-32.36
National Fiscal Stabilisation Levy	100.76	86.35	205.18	373.87	-45.12	103.63
Finsec Clean-up Levy	91.04	67.74	91.10	87.29	4.36	0.06
Airport Tax	163.08	273.71	280.43	184.13	52.30	71.96
<b>TAXES ON DOMESTIC GOODS AND SERVICES</b>	<b>7,602.84</b>	<b>9,913.80</b>	<b>10,994.90</b>	<b>11,192.25</b>	<b>-1.76</b>	<b>44.62</b>
Excises	1,371.68	1,301.28	1,402.68	1,522.58	-7.87	2.26
Excise Duty	145.46	200.62	211.55	255.10	-17.07	45.44
Petroleum tax	1,226.22	1,100.66	1,191.13	1,267.48	-6.02	-2.86
<b>VAT</b>	<b>3,739.08</b>	<b>5,311.68</b>	<b>6,083.98</b>	<b>5,896.07</b>	<b>3.19</b>	<b>62.71</b>
Domestic	2,116.95	3,207.54	3,353.68	3,958.81	-15.29	58.42
External	1,622.13	2,104.14	2,730.30	1,937.26	40.94	68.32
National Health Insurance Levy (NHIL)	914.52	1,222.91	1,299.21	1,201.91	8.09	42.06
GET Fund Levy	914.82	1,223.26	1,299.50	1,201.73	8.14	42.05
Communication Service Tax	188.94	155.93	159.19	189.31	-15.91	-15.74
E-Transaction Levy	93.73	216.50	239.08	568.89	-57.98	0.00
Covid-19 Health Levy	380.07	482.23	511.27	611.76	-16.43	34.52
<b>TAXES ON INTERNATIONAL TRADE</b>	<b>2,294.35</b>	<b>2,692.42</b>	<b>3,335.84</b>	<b>3,541.23</b>	<b>-5.80</b>	<b>45.39</b>
Imports	2,294.35	2,692.42	3,335.84	3,541.23	-5.80	45.39
Import duty	2,294.35	2,692.42	3,335.84	3,541.23	-5.80	45.39
Tax Refunds	-1,025.38	-1,375.47	-1,489.00	-1,550.66	-3.98	45.22
<b>SOCIAL CONTRIBUTIONS</b>	<b>70.00</b>	<b>565.00</b>	<b>0.00</b>	<b>158.13</b>	<b>-100.00</b>	<b>-100.00</b>
<b>NON-TAX REVENUE</b>	<b>3,471.04</b>	<b>4,089.94</b>	<b>4,161.44</b>	<b>3,485.52</b>	<b>19.39</b>	<b>19.39</b>
Retention	1,446.39	2,543.00	1,848.99	2,080.09	-11.11	27.83
Lodgement	2,024.65	1,546.94	2,312.46	1,405.43	64.54	14.22
<b>OTHER REVENUE</b>	<b>1,364.08</b>	<b>965.56</b>	<b>1,082.98</b>	<b>1,292.93</b>	<b>-16.24</b>	<b>-20.61</b>
ESIA Proceeds	1,364.08	965.56	1,082.98	1,292.93	-16.24	-20.61
<b>DOMESTIC REVENUE</b>	<b>23,659.75</b>	<b>27,150.42</b>	<b>31,516.76</b>	<b>30,502.16</b>	<b>3.33</b>	<b>33.21</b>
<b>GRANTS</b>	<b>430.48</b>	<b>455.63</b>	<b>177.21</b>	<b>649.01</b>	<b>-72.70</b>	<b>-58.83</b>
Project grants	430.48	455.63	177.21	649.01	-72.70	-58.83
<b>TOTAL REVENUE &amp; GRANTS</b>	<b>24,090.23</b>	<b>27,606.05</b>	<b>31,693.98</b>	<b>31,151.17</b>	<b>1.74</b>	<b>31.56</b>

\* Provisional

Source: Bank of Ghana and Ministry of Finance

## 5.2 Government Expenditure

Government expenditure and net lending for Q2:2023 was GH¢32,888.7 million (4.1% of GDP), below the budgeted target of GH¢44,494.4 million (5.6% of GDP). This was, however, lower than the payments of GH¢35,433.0 million (5.8% of GDP) in Q2:2022 by 4.1 percent. Compensation of employees, interest payments, grants to other Government units and acquisition of non-financial assets were the main drivers of expenditures as they constituted about 82.2 percent of total payments made in the period under review.

### Compensation of Employees

Compensation of employees, comprising wages and salaries, and social security contributions for Q2:2023 totalled GH¢12,397.6 million. This was 8.9 percent above the programmed target of GH¢11,380.7 million and higher than the payment of GH¢9,152.3 million made in a similar period of 2022 by 35.5 percent.

### Interest Payments

Interest payments for the review quarter totalled GH¢4,259.1 million and was 70.8 percent below the programmed target. Domestic interest payments accounted for 87.0 percent of the total interest payments and registered year-on-year growth of 45.0 percent, while external interest payments accounted for the remaining 13.0 percent and recorded year-on-year decline of 80.4 percent.

### Grants to Other Government Units

Grants to other government units for the review period totalled GH¢6,303.2 million, which was above the budgeted target of GH¢6,249.1 million by 0.9 percent. Payments of GH¢437.2 million to National Health Fund, GH¢1,067.6 million to District Assembly Common Fund and GH¢235.0 million to the Road Fund were below their respective programmed targets. The use of Internally Generated Funds by MDAs was GH¢1,849.0 million, missing the programmed target by 11.1 percent.

### Other Expenditure

Other Earmarked Funds totalled GH¢1,688.4 million, while ESLA transfers amounted to GH¢1,017.4 million. Other earmarked funds and ESLA transfers were above the budget target by 8.5 percent and 29.5 percent, respectively.

Table 5.3: Government Expenditure (GH¢ million)

	2022		2023*		Deviation (Prov.-Prog.) Under (-)/ Over (+)	% change Q2:2023 - Q2:2022
	Prov. Q2	Prov. Q1	Prov. Q2	Prog. Q2		
<b>Compensation of Employees</b>	<b>9,152.33</b>	<b>11,486.60</b>	<b>12,397.62</b>	<b>11,380.68</b>	<b>8.94</b>	<b>35.46</b>
Wages & Salaries	8,186.39	10,173.97	11,032.98	9,815.87	12.40	34.77
Social Contributions	965.95	1,312.64	1,364.64	1,564.81	-12.79	41.27
Pensions	348.81	425.09	474.59	464.93	2.08	36.06
Gratuities	53.79	114.94	107.05	111.77	-4.23	99.01
Social Security	563.35	772.61	783.00	988.12		
<b>Use of Goods and Services</b>	<b>2,267.07</b>	<b>768.13</b>	<b>3,948.29</b>	<b>1,529.21</b>	<b>158.19</b>	<b>74.16</b>
o/w Recurrent Expenditure share of ABFA from Oil (30% of ABFA)	603.93	264.49	2698.73	1240.81		
<b>Interest Payments</b>	<b>9,546.15</b>	<b>10,885.26</b>	<b>4,259.10</b>	<b>14,598.24</b>	<b>-70.82</b>	<b>-55.38</b>
Domestic	6,732.05	10,635.90	3,706.03	8,142.41	-54.48	-44.95
External (Due)	2,814.10	249.36	553.07	6,455.83	-91.43	-80.35
<b>Subsidies</b>	<b>167.03</b>	<b>37.14</b>	<b>0.00</b>	<b>32.09</b>		
Subsidies to Utility Companies	0.00	0.00	0.00	0.00		
Subsidies on Petroleum products	167.03	37.14	0.00	32.09		
<b>Grants to Other Government Units</b>	<b>6,187.95</b>	<b>6,664.97</b>	<b>6,303.19</b>	<b>6,249.05</b>	<b>0.87</b>	<b>1.86</b>
National Health Fund (NHF)	607.12	633.24	437.15	583.52	-25.08	-28.00
Education Trust Fund	608.43	358.24	437.15	425.39	2.76	-28.15
Road Fund	455.67	192.55	234.96	228.64	2.76	-48.44
Energy Fund	9.30	4.61	5.63	5.48		
Petroleum Related Fund	0.00	0.00	0.00	0.00		
Dist. Ass. Common Fund	741.50	835.41	1,067.63	996.38	7.15	43.98
o/w ABFA	0.00	70.91	60.55	48.07	25.96	
Ghana Infrastructure Fund	118.28	198.54	169.53	134.59	25.96	43.32
o/w ABFA	0.00	198.54	169.53	134.59		
Retention of Internally-generated funds (IGFs)	1,446.39	2,543.00	1,848.99	2,080.09	-11.11	27.83
Transfer to GNPC from Oil Revenue	794.74	648.85	734.30	533.76	37.57	-7.60
Other Earmarked Funds	1,406.51	1,250.52	1,367.84	1,261.18	8.46	-2.75
Youth Employment Agency	110.39	67.38	76.02	80.85	-5.98	-31.14
Student's Loan Trust	1.21	0.60	0.74	0.72	2.76	-39.15
Ghana EXIM Bank Ltd	74.08	34.84	42.51	41.37		
Export Development Levy	0.00	273.71	280.43	184.13	52.30	
Ghana Airport Authority	163.08	39.29	47.95	46.66	2.76	-70.60
Mineral Development Fund	62.30	157.18	191.80	186.64	2.76	207.84
Mineral Income Investment Fund	445.31	677.04	727.83	720.26	1.05	63.44
GRA Retention	549.02	0.46	0.56	0.55	2.76	-99.90
Plastic Waste Recycling Fund	1.11	0.00	0.00	0.00		-100.00
<b>Social Benefits</b>	<b>0.00</b>	<b>0.00</b>	<b>221.69</b>	<b>136.27</b>	<b>62.69</b>	
Lifeline Consumers of Electricity	0.00	0.00	0.00	37.50	-100.00	
Transfers for Social Protection	0.00	0.00	221.69	98.77		
<b>Other Expenditure</b>	<b>2,607.81</b>	<b>1,937.54</b>	<b>1,688.39</b>	<b>2,677.62</b>	<b>-36.94</b>	<b>-35.26</b>
ESLA Transfers	1,220.10	664.52	1,017.42	785.59	29.51	-16.61
Covid-Related Expenditure	0.00	0.00	0.00	0.00		
Energy Sector Payment Shortfalls	1,387.71	1,273.02	670.97	1,892.03		
Financial Sector Cost (Cash) / Other	0.00	0.00	0.00	0.00		
Critical spending	0.00	0.00	0.00	0.00		
<b>Acquisition of Non-Financial Assets</b>	<b>5,504.64</b>	<b>3,836.50</b>	<b>4,070.45</b>	<b>7,891.25</b>	<b>-48.42</b>	<b>-26.05</b>
Domestic financed	710.90	585.37	1,283.07	1,551.47	-17.30	80.49
Foreign financed	4,793.74	3,251.13	2,787.38	6,339.78	-56.03	-41.85
<b>TOTAL EXP. &amp; NET LENDING</b>	<b>35,433.00</b>	<b>35,616.14</b>	<b>32,888.73</b>	<b>44,494.41</b>	<b>-26.08</b>	<b>-7.18</b>

\* Provisional

Source: Bank of Ghana and Ministry of Finance

Table 5.4: Government Financing (GH¢ million)

	2022		2023*		Deviation (Prov.-Prog.) Under (-)/ Over (+)	% change Q2:2023 - Q2:2022
	Prov. Q2	Prov. Q1	Prov. Q2	Prog. Q2		
<b>Overall balance (commitment)</b>	<b>-11,342.77</b>	<b>-8,010.09</b>	<b>-1,194.75</b>	<b>-13,343.24</b>	<b>-91.05</b>	<b>-89.47</b>
(percent of GDP)	-1.86	-1.00	-0.15	-1.67		
Road Arrears (net change)	-2,757.64	-5,755.63	1,717.13	-3,608.83		
Clearance of outstanding commitments	0.00	0.00	0.00	0.00		
<b>Overall balance (cash)</b>	<b>-14,100.41</b>	<b>-13,765.72</b>	<b>522.37</b>	<b>-16,952.07</b>	<b>-103.08</b>	<b>-103.70</b>
(percent of GDP)	-2.31	-1.72	0.07	-2.12		
Discrepancy	1,601.02	3,349.02	-446.44	0.00		-127.88
<b>Overall balance (incl. Divestiture and Discrepancy)</b>	<b>-12,499.39</b>	<b>-10,416.70</b>	<b>75.94</b>	<b>-16,952.07</b>	<b>-100.45</b>	<b>-100.61</b>
(percent of GDP)	-2.05	-1.30	0.01	-2.12		
<b>Financing</b>	<b>12,499.39</b>	<b>10,416.70</b>	<b>75.94</b>	<b>16,952.07</b>	<b>55.46</b>	<b>8.23</b>
<b>Foreign (net)</b>	<b>2,431.99</b>	<b>1,931.16</b>	<b>2,815.75</b>	<b>7,848.35</b>	<b>-64.12</b>	<b>15.78</b>
Borrowing	4,363.26	2,795.49	4,110.17	13,590.77	-69.76	-5.80
Project loans	4,363.26	2,795.49	2,610.17	5,690.77	-54.13	-40.18
Programme loans	0.00	0.00	1,500.00	7,900.00		
Sovereign Bond	0.00	0.00	0.00	0.00		
Amortisation (due)	-1,931.27	-864.33	-1,294.42	-5,742.43	-77.46	-32.98
<b>Exceptional financing</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>9,383.57</b>		
IMF SDR	0.00	0.00	0.00	9,383.57		
<b>Domestic (net)</b>	<b>10,403.18</b>	<b>8,621.54</b>	<b>-3,083.96</b>	<b>0.00</b>		-129.64
Banking	7,391.43	11,826.34	-7,069.39	0.00		-195.64
Bank of Ghana	10,679.07	3,411.94	-4,220.10	0.00		-139.52
Comm. Banks	-3,287.64	8,414.40	-2,849.29	0.00		-13.33
Non-banks	3,011.75	-3,204.80	3,985.42	0.00		32.33
Other Domestic	0.00	0.00	0.00	264.70		
<b>Other Financing</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>		
<b>Ghana Petroleum Funds</b>	<b>-1,033.12</b>	<b>-136.00</b>	<b>192.28</b>	<b>-123.60</b>	<b>-255.56</b>	<b>-118.61</b>
Transfer to Ghana Petroleum Funds	-1,033.12	-607.77	-518.96	-412.00	25.96	-49.77
o/w Stabilisation Fund	-723.18	-425.44	-363.27	-288.40	25.96	-49.77
o/w Heritage Fund	-309.94	-182.33	-155.69	-123.60	25.96	-49.77
Transfer from Stabilisation Fund	0.00	471.77	711.24	288.40	146.61	
<b>Sinking Fund</b>	<b>697.33</b>	<b>0.00</b>	<b>0.00</b>	<b>-156.24</b>		
<b>Contingency Fund</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>		
<b>Nominal GDP (including oil)</b>	<b>610,222.29</b>	<b>800,920.53</b>	<b>800,920.53</b>	<b>800,920.53</b>		
<b>Nominal GDP (Excluding oil)</b>	<b>577,282.96</b>	<b>726,625.40</b>	<b>726,625.40</b>	<b>726,625.40</b>		

\* Provisional

Source: Bank of Ghana and Ministry of Finance

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

Government acquisition of non-financial assets in Q2:2023 was GH¢4,070.5 million, below the budgeted target of GH¢7,891.3 million by 48.4 percent. Total domestic financed capital expenditure for the period was GH¢1,283.1 million (31.5 percent of capital expenditure), while foreign financed capital expenditure was GH¢2,787.4 million (68.5 percent of capital expenditure).

### 5.3 Financing

The overall budget balance on cash basis, including divestiture and discrepancy, in the second quarter of 2023 was a surplus of GH¢75.9 million (0.01% of GDP). The surplus together with net foreign loan inflow of GH¢2,815.8 million and transfers of GH¢192.3 million to the Ghana Petroleum Funds were used to reduce the Government's indebtedness to the domestic economy.

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

STRUCTURE OF DOMESTIC DEBT	2022			2023		Absolute Δ Q2:2023- Q2:2022
	Q2	Q3	Q4	Q1	Q2	
<b>A. Short-Term Instruments</b>	<b>20,885.43</b>	<b>26,196.70</b>	<b>34,192.34</b>	<b>48,290.73</b>	<b>50,993.36</b>	<b>30,107.92</b>
91-Day Treasury Bill	10,516.74	14,650.82	18,167.48	23,100.15	22,904.12	12,387.38
182-Day Treasury Bill	4,171.19	6,342.02	8,746.56	13,793.46	16,536.57	12,365.38
364-Day Treasury Bill	6,197.50	5,203.86	7,278.30	11,397.11	11,552.67	5,355.17
<b>B. Medium-Term Instruments</b>	<b>124,091.11</b>	<b>124,451.75</b>	<b>115,908.88</b>	<b>123,253.49</b>	<b>122,564.82</b>	<b>(1,526.29)</b>
2-Year Fixed Treasury Note	21,568.17	19,457.50	13,721.90	1,911.64	1,911.64	(19,656.52)
3-Year Fixed Treasury Note	28,118.02	30,868.42	31,279.53	5,866.35	5,191.04	(22,926.99)
3-Year USD Domestic Bond	3,348.70	4,448.33	3,971.87	5,100.84	5,093.21	1,744.50
4-Year GOG Bond	541.36	541.36	541.36	8840.77933	8840.779329	8299.42
4.5-Year GOG Bond (DDEP)	0.00	0.00	0.00	3275.53515	3275.535145	
5-Year GOG Bond	32,165.99	28,389.13	25,859.29	16,120.93	16,120.93	(16,045.06)
5.5-Year GOG Bond (DDEP)	0.00	0.00	0.00	3,275.54	3,275.54	
5-Year USD Domestic Bond	1,915.91	3,181.59	2,969.50	3,813.57	3,807.86	1,891.95
6-Year GOG Bond	10,521.49	11,231.18	11,231.18	13,427.16	13,427.16	2,905.67
7-Year GOG Bond	9,387.15	9,768.67	9,768.67	12,674.15	12,674.15	3,287.00
8-Year GOG Bond (DDEP)	0.00	0.00	0.00	8,028.42	8,028.42	
9-Year GOG Bond (DDEP)	0.00	0.00	0.00	8,028.42	8,028.42	
10-Year GOG Bond	16,524.32	16,565.58	16,565.58	15,052.06	15,052.06	(1,472.26)
11-Year GOG Bond (DDEP)	0.00	0.00	0.00	4,459.52	4,459.52	
12-Year GOG Bond (DDEP)	0.00	0.00	0.00	4,459.52	4,459.52	
13-Year GOG Bond (DDEP)	0.00	0.00	0.00	4,459.52	4,459.52	
14-Year GOG Bond (DDEP)	0.00	0.00	0.00	4,459.52	4,459.52	
<b>C. Long-Term Instruments</b>	<b>44,512.26</b>	<b>44,355.93</b>	<b>81,804.53</b>	<b>72,824.09</b>	<b>72,824.09</b>	<b>28,311.83</b>
15-Year GOG Bond	15,739.52	15,583.18	15,583.18	7,576.39	7,576.39	(8,163.13)
20-Year GOG Bond	1,546.76	1,546.76	1,546.76	573.11	573.11	(973.65)
Long Term Government Stocks	26,675.45	26,675.45	26,167.25	26,167.25	26,167.25	(508.20)
GOG Petroleum Finance Bond	80.02	80.02	80.02	80.02	80.02	0.00
TOR Bonds	0.00	0.00	0.00	0.00	0.00	-
Telekom Malaysia Stocks	109.46	109.46	109.46	109.457701	109.46	-
Revaluation Stock	361.06	361.06	361.06	361.059032	361.06	-
Other Government Stocks	0.00	0.00	37,956.80	37,956.80	37,956.80	37,956.80
<b>TOTAL</b>	<b>189,488.81</b>	<b>195,004.38</b>	<b>231,905.74</b>	<b>244,368.30</b>	<b>246,382.27</b>	<b>56,893.46</b>

Source: Bank of Ghana and Ministry of Finance

### 5.4 Domestic Debt

#### Composition of Domestic Debt

The stock of domestic debt at the end of Q2:2023 stood at GH¢246,382.3 million compared to GH¢189,488.8 million recorded in a similar period in 2022, due to the recapitalisation of interest on the old bonds during the first round of the DDEP. The growth in the domestic debt stock was on account of an increase of GH¢30,107.9 million and GH¢28,311.8 million in the short and long-term securities, respectively, while the medium-term bonds decreased by GH¢1,526.3 million.

The growth in the short-term securities at the end of Q2:2023, reflected increases in all sub-categories. The growth in the long-term securities was on account of increases in other Government stocks of GH¢37,956.8 million, although there were also decreases of GH¢8,163.1 million, GH¢973.7 million and GH¢508.2 million in the 15-year GOG bond, 20-year GOG bond, and Long-Term Government stocks, respectively. The decline in the medium-term instruments reflected decreases of GH¢19,656.5 million, GH¢22,927.0 million, GH¢16,045.1 million and GH¢1,472.3 million in the 2-year Fixed Treasury Note, 3-year Fixed Treasury Note, 5-year GOG and 10-year GOG bonds, respectively.

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

Holdings of Domestic Debt	2022			2023	
	Q2	Q3	Q4	Q1	Q2
<b>A. Banking sector</b>	<b>91,831.54</b>	<b>100,384.74</b>	<b>141,601.89</b>	<b>153,443.29</b>	<b>150,366.42</b>
Bank of Ghana	36,468.35	42,107.20	80,283.31	82,191.57	82,139.60
Deposit Money Banks	55,363.19	58,277.53	61,318.58	71,251.72	68,226.82
<b>B. Nonbank sector</b>	<b>70,116.69</b>	<b>77,357.18</b>	<b>76,484.48</b>	<b>78,700.55</b>	<b>83,511.49</b>
SSNIT	614,361.57	660,265.89	791,102.81	638,205.32	758,628
Insurance Co.s	1,354.01	1,477.41	1,506.25	1,725.39	1,759.13
Others Holders	68,148.32	75,219.50	74,187.13	76,336.95	80,993.73
Rural Banks	2,237.86	2,282.39	2,974.58	3,368.56	3,743.46
Firms & Institutions	47,492.69	51,296.36	49,616.58	51,917.09	53,654.09
Individuals	18,417.77	21,640.75	21,595.96	21,051.30	23,596.18
<b>C. Foreign sector (Non-Residents)</b>	<b>27,540.58</b>	<b>17,262.47</b>	<b>13,819.37</b>	<b>12,224.47</b>	<b>12,504.36</b>
<b>TOTAL</b>	<b>189,488.81</b>	<b>195,004.38</b>	<b>231,905.74</b>	<b>244,368.30</b>	<b>246,382.27</b>

Source: Bank of Ghana and Ministry of Finance

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

Holdings of Domestic Debt	2022			2023	
	Q2	Q3	Q4	Q1	Q2
<b>A. Banking sector</b>	<b>48.46</b>	<b>51.48</b>	<b>61.06</b>	<b>62.79</b>	<b>61.03</b>
Bank of Ghana	19.25	21.59	34.62	33.63	33.34
Deposit Money Banks	29.22	29.89	26.44	29.16	27.69
<b>B. Nonbank sector</b>	<b>37.00</b>	<b>39.67</b>	<b>32.98</b>	<b>32.21</b>	<b>33.90</b>
SSNIT	0.32	0.34	0.34	0.26	0.31
Insurance Co.s	0.71	0.76	0.65	0.71	0.71
Others Holders	35.96	38.57	31.99	31.24	32.87
Rural Banks	1.18	1.17	1.28	1.38	1.52
Firms & Institutions	25.06	26.31	21.40	21.25	21.78
Individuals	9.72	11.10	9.31	8.61	9.58
<b>C. Foreign sector (Non-Residents)</b>	<b>14.53</b>	<b>8.85</b>	<b>5.96</b>	<b>5.00</b>	<b>5.08</b>
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

Source: Bank of Ghana and Ministry of Finance

## Holdings of Domestic Debt

Bank of Ghana's holding of domestic debt at the end of Q3:2023 stood at GH¢82,139.6 million, representing 33.3 percent of the total domestic debt. The Deposit Money Banks' (DMBs) holdings of domestic debt was GH¢68,226.8 million (27.7%) in Q2:2023. SSNIT held GH¢758.6 million (0.3%), Insurance companies GH¢1,759.1 million (0.7%), while 'Other holders' comprising rural banks, firms, and institutions as well as individuals held a total of GH¢80,993.7 million (32.9%). Non-Resident investors held GH¢12,504.4 million (5.1%) compared to their holding of GH¢27,540.58 million (14.5%) recorded in Q2:2022.

## 6. Balance of Payments

### 6.1 International Trade and Finance

Preliminary estimates of Ghana's balance of payments for Q2:2023 show a surplus of US\$246.03 million compared to a deficit of US\$1,562.61 million recorded in Q2:2022. The overall BOP surplus was the combined effect of net inflows in the capital and financial account, and a current account surplus.

### 6.2 The Current Account

The current account recorded a surplus of US\$172.96 million in Q2:2023, in contrast to a deficit of US\$557.47 million observed in Q2:2022. This was as a result of an increase in private transfers as well as lower investment income payments and services outflows.

### Merchandise Trade

The trade account recorded a surplus of US\$343.59 million in Q2:2023, lower than the surplus of US\$601.50 million recorded for the same period in 2022. The decrease in the trade surplus was on account of lower export earnings.

### Exports

The value of merchandise exports for the review period was provisionally estimated at US\$3,802.51 million, indicating a decrease of 14.7 percent compared with US\$4,459.31 million recorded in the same period in 2022. The decline in exports performance was driven by lower crude oil receipts, and lower earnings from timber and cocoa product exports.

Gold exports amounted to US\$1,713.99 million, compared to US\$1,651.77 million recorded during the same period in 2022. The increase in gold export earnings was due to both volume and price effects. The

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

	Q2:2022	Q2:2023*	Q2:2023/Q2:2022	
			Abs change	% change
<b>CURRENT ACCOUNT</b>	<b>-557.47</b>	<b>172.96</b>	<b>730.44</b>	<b>-131.0</b>
Merchandise Exports (f.o.b.)	4,459.31	3,802.51	-656.80	-14.7
Cocoa beans and products	525.27	474.39	-50.88	-9.7
Gold	1,651.77	1,713.99	62.22	3.8
Timber products	44.29	33.38	-10.91	-24.6
Oil	1,493.05	811.86	-681.19	-45.6
Others (including non-traditionals)	744.94	768.90	23.96	3.2
Merchandise Imports (f.o.b.)	-3,857.81	-3,458.93	398.88	-10.3
Non-oil	-2,618.06	-2,428.68	189.38	-7.2
Oil	-1,239.75	-1,030.24	209.51	-16.9
Trade Balance	601.50	343.59	-257.92	-42.9
Services (net)	-748.21	-590.39	157.82	-21.1
Receipts	2,062.27	2,281.69	219.43	10.6
Payments	-2,810.48	-2,872.08	-61.60	-2.2
Income (net)	-1,102.36	-501.40	600.96	-54.5
Receipts	205.72	165.28	-40.45	-19.7
Payments	-1,308.08	-666.68	641.40	-49.0
Current Transfers (net)	691.60	921.17	229.57	33.2
Official	0.00	0.00	0.00	0.0
Private	691.60	921.17	229.57	33.2
Services, Income and Current Transfers (net)	-1,158.97	-170.62	988.35	-85.3
<b>CAPITAL &amp; FINANCIAL ACCOUNT</b>	<b>-889.82</b>	<b>158.73</b>	<b>1,048.55</b>	<b>-117.8</b>
Capital Account (net)	60.02	16.19	-43.84	-73.0
Capital transfers (net)	60.02	16.19	-43.84	-73.0
Financial Account (net)	-949.84	142.54	1,092.38	-115.0
Direct Investments (net)	354.07	319.72	-34.35	-9.7
Portfolio Investments (net)	-274.61	24.44	299.04	-108.9
Financial Derivatives (net)	39.46	-28.81	-68.27	-173.0
Other Investments (net)	-1,068.77	-172.81	895.96	-83.8
Of Which:				
Official Capital (net)	-91.81	672.93	764.74	-833.0
Other Private Capital (net)	-520.86	-470.13	50.72	-9.7
Short-term capital (net)	-456.11	-375.60	80.50	-17.7
ERRORS AND OMISSIONS	-115.32	-85.67	29.65	-25.7
<b>OVERALL BALANCE</b>	<b>-1,562.61</b>	<b>246.03</b>	<b>1,808.63</b>	<b>-115.7</b>
FINANCING	1,562.61	-246.03	-1,808.63	-115.7
Changes in international reserves	1,562.61	-246.03	-1,808.63	-115.7

\* Provisional

Source: Bank of Ghana

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

	Q2:2021	Q2:2022	Q2:2023	Q2:2023/Q2:2022	
				Abs change	% Change
<b>Current Account Balance</b>	<b>-564.85</b>	<b>-557.47</b>	<b>172.96</b>	<b>730.44</b>	<b>-131.0</b>
Trade Balance	254.45	601.50	343.59	-257.92	-42.9
Services Balance	-889.88	-748.21	-590.39	157.82	-21.1
Investment income Balance	-737.16	-1,102.36	-501.40	600.96	-54.5
Net Unilateral Transfers	807.74	691.60	921.17	229.57	33.2

Source: Bank of Ghana

Table 6.3: Merchandise Exports (US\$ Million)

	Q2:2021	Q2:2022	Q2:2023	Q2:2023/Q2:2022	
				Abs change	% change
<b>Total Exports</b>	<b>3,687.60</b>	<b>4,459.31</b>	<b>3,802.51</b>	<b>-656.80</b>	<b>-14.7</b>
Gold	1,288.76	1,651.77	1,713.99	62.22	3.8
Cocoa Beans	501.05	273.19	286.16	12.97	4.7
Cocoa Products	264.54	252.08	188.23	-63.85	-25.3
Timber	41.16	44.29	33.38	-10.91	-24.6
Crude oil	920.87	1,493.05	811.86	-681.19	-45.6
Others	671.22	744.94	768.90	23.96	3.2

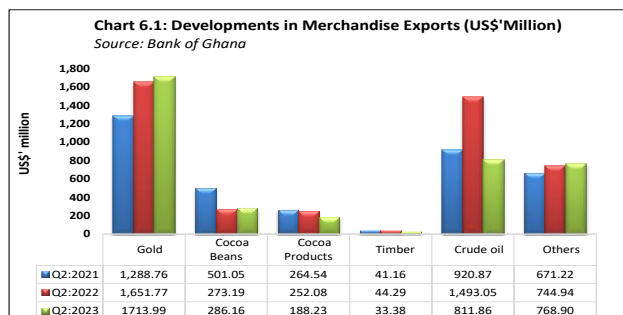
Source: Bank of Ghana



volume of gold exports increased by 0.9 percent to 918,653 fine ounces, the average realised price of gold increased by 2.8 percent to settle at US\$1,865.76 per fine ounce.

The value of crude oil exported was US\$811.86 million, compared to US\$1,493.05 million recorded in Q2:2022. The decrease in value was due to a reduction in the average realized price by 30.9 percent to settle at US\$77.27 per barrel, and a decrease in volume by 21.3 percent to 10,506,456 barrels.

Earnings from cocoa beans and cocoa products totalled US\$474.39 million in Q2:2023, compared to US\$525.27 million for the same period in 2022, representing a decrease of 9.7 percent. Earnings from cocoa beans amounted to US\$286.16 million, a 4.7-percent increase from the level recorded in Q2:2022. Prices decreased by 2.7 percent to settle at US\$2,411.25 per tonne, while the volume exported increased by 7.6 percent to 118,677 tonnes. Earnings from the export of cocoa products, however, decreased by 25.3 percent to US\$188.23 million on account of a 26.6-percent decline in volume to 58,770 metric tonnes. The average price on the other hand increased by 1.7 percent to US\$3,202.88 per tonne.



Timber product exports amounted to US\$33.38 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\$768.90 million, and was 3.2 percent higher than the outturn in Q2:2022.

### Top Ten Exported Non-Traditional Items

The value of the top ten non-traditional commodities exported during the period under review was US\$266.25 million, compared to US\$360.93 million recorded for the same period in 2022. Cashew nuts accounted for the largest share of the top ten NTEs, with a share of 27.20 percent, followed by aluminium (11.75%), and prepared or preserved tuna (10.87%), among others.

Table 6.4: Top-Ten Non-Traditional Exports, April - June 2022/2023

April - June 2022			April - June 2023		
Description	US\$'M	% Distr.	Description	US\$'M	% Distr.
Cashew nuts	120.50	33.39	Cashew nuts	72.43	27.20
Palm oil and its fractions	46.69	12.94	Aluminium	31.29	11.75
Iron/Steel	43.03	11.92	Prepared or preserved tuna	28.93	10.87
Prepared or preserved tuna	32.96	9.13	Technically specified natural rubber (TSNR)	27.55	10.35
Technically specified natural rubber (TSNR)	27.90	7.73	Palm oil and its fractions	21.43	8.05
Aluminium	25.28	7.00	Bars and rods of iron or non-alloy steel	20.71	7.78
Avocados, guavas, mangoes and mangosteens, fresh or dried	21.91	6.07	Shea (karite) oil and fractions	17.53	6.59
Shea (karite) oil and fractions	20.51	5.68	Non-refractory ceramic bricks, tiles and similar products	17.09	6.42
Flat-rolled products of iron or non-alloy steel; plated with zinc	12.68	3.51	Avocados, guavas, mangoes and mangosteens, fresh or dried	15.58	5.85
Napkins and napkin liners for babies	9.46	2.62	Napkins and napkin liners for babies	13.71	5.15
<b>Total</b>	<b>360.93</b>	<b>100.0</b>	<b>Total</b>	<b>266.25</b>	<b>100.0</b>

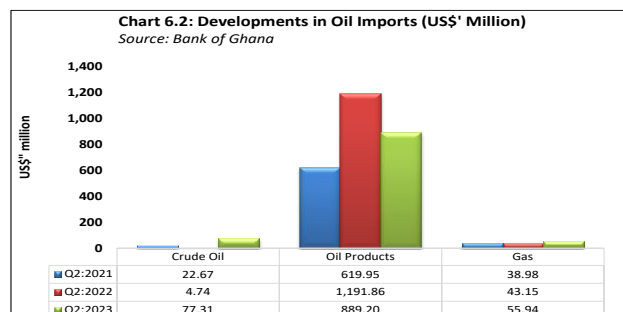
Source: Bank of Ghana

### Imports

Total value of merchandise imports for Q2:2023 was US\$3,458.93 million, down by 10.3 percent from US\$3,857.81 million recorded in Q2:2022. The decrease in total imports was driven mainly by a reduction in both oil and non-oil imports.

### Oil and Gas Imports

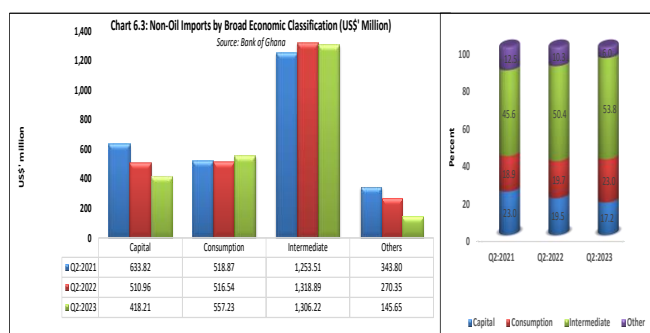
During the period under review, oil imports (made up of crude, gas and refined products) decreased by 16.9 percent to US\$1,030.24 million, from US\$1,239.75 million in 2022. Crude oil imports increased to US\$77.31 million in Q2:2023, from US\$4.74 million in the corresponding period of 2022. The Volta River Authority (VRA) imported 6,459,451.57 MMBTu (Million Metric British Thermal units) of gas worth US\$55.94 million



from the West African Gas Company (WAGP) at an average price of US\$8.66 per MMBTu for its operations. A total of 6,130,544.4 MMBTu of gas worth US\$53.09 million was imported in Q2:2022. The value of oil products imported was US\$889.20 million in Q2:2023, compared to US\$1,191.86 million in the same period in 2022. The reduced value of imports was due mainly to lower oil prices on the international market.

### Merchandise Non – Oil Imports

The total merchandise non-oil imports (including electricity imports) for Q2:2023 was provisionally estimated at US\$2,428.68 million, down by 7.2 percent compared to the outturn recorded for the same period in 2022. The drop in non-oil imports was the result of decreases in demand for capital and intermediate goods imports.



The value of **capital goods** imported during the review period was US\$418.21 million, down by 18.15 percent from the value recorded for the same period in 2022. This was on account of a decrease in the imports of both capital goods and industrial transport goods.

**Consumption goods** imported increased by 7.8 percent to US\$557.23 million, from US\$516.54 million recorded a year ago. This was due to a rise in imports of all the sub-categories apart from “durable and non-durable consumer goods and primary food and beverages, mainly for household consumption”.

The value of **intermediate goods** imported decreased by 0.96 percent to US\$1,306.22 million, compared to US\$1,318.89 million recorded a year ago.

The value of **other goods** imported was US\$145.65 million, compared to US\$270.35 million recorded in Q2:2022.

Table 6.5: Top-Ten Non-Oil Imports, April - June 2022/2023

April - June 2022			April - June 2023		
Description	US\$'M (fob)	% Distr.	Description	US\$'M (fob)	% Distr.
<b>Capital</b>	<b>191.99</b>	<b>25.2</b>	<b>Capital</b>	<b>127.13</b>	<b>19.9</b>
Motor vehicles for the transport of goods	131.85	17.3	Motor vehicles for the transport of goods	79.62	12.5
Self-propelled bulldozers, excavators nes	60.14	7.88	Self-propelled bulldozers, excavators nes	47.50	7.45
<b>Consumption</b>	<b>145.81</b>	<b>19.10</b>	<b>Consumption</b>	<b>163.85</b>	<b>25.70</b>
Weed killers (herbicides) and Insecticides	75.82	9.9	Weed killers (herbicides) and Insecticides	70.34	11.0
Poultry cuts and offal (other than liver), frozen	36.80	4.8	Cereal grains, worked but not rolled	48.33	7.6
Cereal grains, worked but not rolled	33.19	4.3	Sugar	45.19	7.1
<b>Intermediate</b>	<b>166.61</b>	<b>21.83</b>	<b>Intermediate</b>	<b>221.19</b>	<b>34.69</b>
Ammonium nitrate	48.29	6.33	Cement clinkers	72.94	11.44
Polyethylene	44.46	5.83	Palm oil and its fractions	55.53	8.71
Articles of Iron or Steel	41.32	5.4	Articles of Iron or Steel	49.20	7.7
Cement clinkers	32.54	4.3	Flexible tubing of base metal, with or without fittings	43.52	6.8
<b>Other</b>	<b>258.83</b>	<b>33.9</b>	<b>Other</b>	<b>125.37</b>	<b>19.7</b>
Motor vehicles for the transport of persons	258.83	33.9	Motor vehicles for the transport of persons	125.37	19.7
<b>Total</b>	<b>763.23</b>	<b>100.00</b>	<b>Total</b>	<b>637.53</b>	<b>100.00</b>

Source: Bank of Ghana

During the period, 11,833,754 kWh of electricity valued at US\$1.36 million was imported by VRA compared to 10,933,000 kWh worth US\$1.31 million imported during the same period in 2022.

### Top Ten Major Non-Oil Imports

The top ten non-oil merchandise imports for Q2:2023 amounted to US\$637.53 million, compared to US\$763.23 million recorded a year ago. Key items included motor vehicles for the transport of persons and goods, self-propelled bulldozers, sugar, among others.

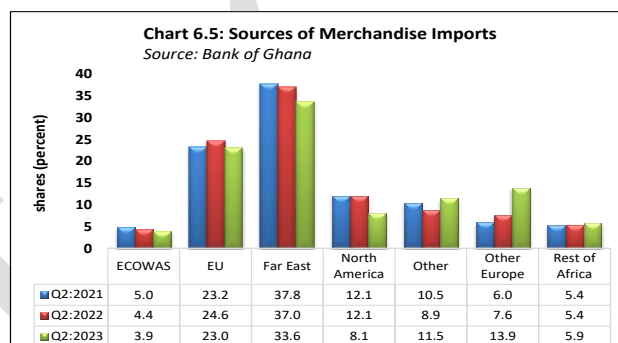
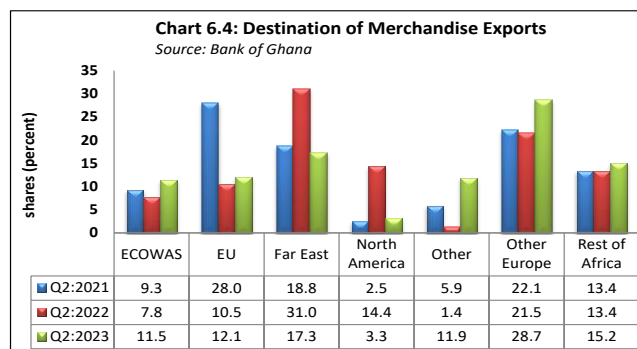
## Direction of Trade

### Destination of Exports

During the review period, Other Europe received the largest share (28.7%) of Ghana's exports. The other recipients were the Far East (17.3%), the Rest of Africa (15.2%), the EU (12.1%), Other Economies (11.9%), ECOWAS (11.5%), and North America (3.3%).

### Sources of Merchandise Imports

The Far East emerged as the leading source of imports, accounting for 33.6 percent of the total imports. Then followed the European Union (23.0%), Other Europe (13.9%), Other Economies (11.5%), North America (8.1%), Rest of Africa (5.9%) and ECOWAS (3.9%).



## Services, Income and Transfers Account

During the period under review, the Services, Income and Current Transfers Account recorded a deficit of US\$170.62 million, compared to a deficit of US\$1,158.97 million in Q2:2022. This was mainly on account of an increase in private transfers and lower investment income and services outflows. The balance on the Services account narrowed from a deficit of US\$748.21 million to a deficit of US\$590.39 million. The deficit on the income account also narrowed to US\$501.40 million in Q2:2023, from US\$1,102.36 million in Q2:2022, on account of a decrease in outflows in respect of interest payments, mainly due to the suspension of interest payments on some selected external debt. Current transfers, which are mostly private remittances, increased to US\$921.17 million in Q2:2023, from US\$691.60 million in Q2:2022.

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

	Q2:2022	Q2:2023	Q2:2023/Q2:2022	
		prov.	Abs change	% change
Amounts in millions of U.S. dollars				
Services (net)	-748.21	-590.39	157.82	-21.1
Freight and Insurance	-410.88	-264.45	146.43	-35.6
Other Services	-337.33	-325.94	11.39	-3.4
Income (net)	-1,102.36	-501.40	600.96	-54.5
Current Transfers (net)	691.60	921.17	229.57	33.2
Official	0.00	0.00	0.00	0.0
Private	691.60	921.17	229.57	33.2
Services, Income and Current Transfers (net)	-1,158.97	-170.62	988.35	-85.3

Source: Bank of Ghana

Table 6.7: Capital and Financial Account (net)

	Q2:2022	Q2:2023	Q2:2023/Q2:2022	
		prov.	Abs change	% change
Amounts in millions of U.S. dollars				
Capital and Financial Accounts	-889.82	158.73	1,048.55	-117.8
Capital transfers	60.02	16.19	-43.84	-73.0
Financial Account	-949.84	142.54	1,092.38	-115.0
Foreign Direct Investments	354.07	319.72	-34.35	-9.7
Portfolio Investments	-274.61	24.44	299.04	-108.9
Financial Derivatives	39.46	-28.81	-68.27	-173.0
Other Investments	-1,068.77	-172.81	895.96	-83.8
Official Capital (Net)	-91.81	672.93	764.74	-833.0
Official	270.72	680.77	410.05	151.5
Disbursements	608.34	842.43	234.08	38.5
Amortisation	-337.62	-161.66	175.96	-52.1
Government Oil Investments	-362.53	-7.84	354.69	-97.8
Inflow	0.00	39.35	39.35	0.0
Outflow	-362.53	-47.19	315.34	-87.0
Other Private Capital (Net)	-520.86	-470.13	50.72	-9.7
Disbursements	1,810.43	1,474.32	-336.12	-18.6
Amortisation	-2,331.29	-1,944.45	386.84	-16.6
Short-term	-456.11	-375.60	80.50	-17.7
Non-Monetary	-312.89	-151.15	161.74	-51.7
Monetary	-143.21	-224.45	-81.24	56.7

Source: Bank of Ghana

## 6.3 Capital and Financial Account

The capital and financial account recorded a surplus of US\$158.73 million in Q2:2023, compared to a deficit of US\$889.82 million in Q2:2022. This was attributed to a decrease in outflows from the capital and financial account during the review period.



## Capital Account

The capital account received transfers totalling US\$16.19 million during the review period, compared to US\$60.02 million received in the same period in 2022.

## Financial Account

Transactions in the financial account resulted in a net inflow of US\$142.54 million in Q2:2023, compared to a net outflow of US\$949.84 million in Q2:2022. The higher inflows in the financial account were driven by higher portfolio and other investment inflows, due to higher disbursements, including the IMF Extended Credit Facility, and lower amortisation.

### 6.4 International Reserves

The stock of Net International Reserves (NIR) at the end of June 2023 was estimated at US\$2,332.21 million, an increase from a stock of US\$2,086.18 million recorded at the end of March 2023. However, there was a drawdown of US\$107.81 million at the end of Q2:2023 from a stock position of US\$2,440.02 million at the end of December 2022.

The country's Gross International Reserves (GIR) was estimated at US\$5,344.15 million at the end of Q2:2023, up from a stock position of US\$5,110.73 million recorded at the end of Q1:2023. However, there was a drawdown of US\$894.05 million at the end of Q2:2023 from a stock position of US\$6,238.19 million at the end of December 2022.

