BANK OF GHANA

MONETARY POLICY REPORT

November 2023

The Monetary Policy Report highlights the economic and financial sector assessments that the Monetary Policy Committee considered prior to the policy decision during the 115th meeting held in November 2023.

Monetary Policy in Ghana

The primary objective of the Bank of Ghana is to pursue sound monetary policies aimed at price stability and creating an enabling environment for sustainable economic growth. Price stability, in this context, is defined as a medium-term inflation target of 8±2 percent. This implies that headline inflation should be aligned within the medium-term target band for the economy to grow at its full potential without excessive inflation pressures. Other tasks for the Bank of Ghana include promoting and maintaining a sound financial sector with efficient payment systems through effective regulation and supervision. This is important for intermediation since risks associated with financial markets are also considered in the monetary policy formulation process.

Monetary Policy Strategy

To achieve the objective of price stability, Bank of Ghana was granted operational independence to use whichever policy tools were deemed appropriate to stabilise inflation around the target band. The Bank of Ghana's framework for conducting monetary policy is Inflation Targeting (IT), in which the central bank uses the Monetary Policy Rate (MPR) as the primary policy tool to set the monetary policy stance and anchor inflation expectations in the economy.

The MPC Process

The MPC is a statutorily constituted body by the Bank of Ghana (Amendment) Act, Act 2016 (Act 918) to formulate monetary policy. The MPC consists of seven members – five from the Bank of Ghana (including the Governor who is the Chairman) and two external members appointed by the Board of the Bank. The MPC meeting dates are determined at the beginning of each year. The MPC meets bi-monthly to assess economic conditions and risks to the inflation outlook, after which a policy decision is made on positioning the MPR. Each decision signals a monetary policy stance of tightening (increase), easing (decrease) or no change (stay put). The policy decision is arrived at by consensus with each member stating reasons underlying a preferred MPR decision. Subsequently, the decision is announced at a press conference held after each MPC meeting and a press release issued to financial markets and the public.

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Overview

Tighter financing conditions, slower growth in the manufacturing and services sectors, and slower recovery in China exerted a moderating influence on global economic activity. Global economic activity improved in the first half of the year, but continued weakness in the manufacturing and services sector, coupled with weakening consumer and business confidence, especially in advanced economies, have moderated the pace of recovery in global growth.

Global headline inflation remains on a downward trajectory, largely supported by aggressive policy tightening and a decline in energy and food prices. However, the pace of the disinflation has slowed, underscored by still-tight labour markets across advanced economies. Longer-term inflation expectations, however, remain anchored, reflecting the continued tightening policy stance of central banks and the recent declines in headline and core inflation.

The prevailing higher policy rates, long-term bond yields, and renewed strength of the US dollar could continue to keep global financing conditions tight, with consequences for Emerging Market and Developing Economies. Furthermore, rising geopolitical tensions are creating uncertainty about crude oil prices and full crystallization of this risk could undermine the disinflation process in many economies, including Ghana.

Domestic economic activities continue to recover. Indications are that growth is still firming up, after averaging 3.2 percent in the first half year. In the third quarter, the Bank's high frequency real sector indicators pointed to a continued pick-up in economic activity, although at a moderate pace.

Headline inflation has decelerated further, consistent with forecasts. The Bank's latest forecast indicates that the disinflation process is expected to continue, supported by the current tight monetary policy stance, relatively stable exchange rate, and base drift effects. All the core measures of inflation and inflation expectations are also pointing downwards, indicating easing underlying inflation pressures.

The external sector position has improved, supported by import compression, a sharp drop in income payments, lower portfolio outflows, and reduced government amortisation. The early completion and settlement of favourable agreement terms with bilateral creditors and commercial bondholders will boost confidence and trigger additional resource flows to the economy. The strong build up in reserves has provided cushion against external vulnerabilities and will be further bolstered by receipt of the cocoa loan and disbursement of the second tranche of the IMF ECF funds.

Fiscal policy implementation for the first half of the year has been in line with the performance criteria under the IMF ECF-supported programme. In the outlook, sustained fiscal consolidation will be needed to place the economy firmly on the course of disinflation and economic growth. The implementation of the budget thus far has been strong, reflecting the attainment of fiscal targets under the programme for the first review. The 2024 Budget Statement has also been designed to reinforce the ongoing fiscal consolidation.

Despite a deceleration, headline inflation remains high relative to the medium-term target. Hence, the MPC deemed it fit to keep the policy rate tight at 30.0 percent until inflation is firmly anchored on a downward trajectory towards the medium-term target. Also, to reinforce the Bank's liquidity management operations, address excess structural liquidity conditions in the market, and provide additional impetus to the disinflation process, the Committee announced a new, unified Cash Reserve Ratio of 15 percent for total deposits, to be held in Ghana cedis, effective 30th November 2023.

1. Global Economic Developments

1.0 Highlights

Global economic activity improved more than expected in 2023H1, but the near-term growth outlook remains weak, with notable regional differences. Global headline inflation remained on a disinflation path but the persistence in core inflation was slowing the pace of the disinflation. Global financial conditions remain tight amid expectation of higher-for-longer policy rates, stricter lending standards and higher external borrowing costs for EMDEs.

1.1 Global Growth Developments

The global growth outlook for the near term was uncertain going into 2023. Inflation was very high, and the concern was that central banks could control inflation only at the cost of severe recession. These concerns were supported by the synchronous rapid increase in the policy rates across the globe, the withdrawal of the crisis fiscal support in advanced economies, the weaker-than-expected rebound in China and the subdued recovery in the manufacturing sector. However, economic activity improved in 2023H1, reflecting strong consumption amid tight labour markets, especially in the advanced economies, a relatively strong services sector in the first half of the year, normalization of supply chain constraints and the recovery of real incomes as disinflation continued. Despite improvements in global growth during the first half of the year, near-term growth outlook remains weak amid a slowdown in the manufacturing and services sectors. Also, the Purchasing Managers Indices point to a moderation in growth momentum in 2023Q4, with consumer and business confidence declining sharply.

Amid these headwinds, the IMF projects global growth to slow from 3.5 percent in 2022 to 3.0 percent in 2023, driven mainly by the slowdown in advanced economies, with notable regional differences in the outlook. Within the advanced economies, the Euro Area faced a key downside risk driven by a combination of high inflation, tighter financing conditions and lower external demand (Table 1.1). In contrast, growth in emerging markets and developing economies was still expected to remain strong, with 4.0 percent growth in 2023 and 2024.

Risks to the outlook remain tilted to the downside. An escalation of the geopolitical tensions in the Middle East may push oil prices further up and renew price pressures, alongside a resumption of policy rate hikes, triggering portfolio outflows and currency pressures in Emerging Market Development Economies (EMDEs). Also, underlying inflation could persist longer-than-expected due to tight labour markets, requiring further monetary policy tightening to lower inflation, raising the likelihood of abrupt asset repricing. China's growth rebounded in 2023Q3, but the risk of deflation has also emerged and the contraction in the property sector persists, with negative implications for trading partners. Finally, borrowing costs for emerging market and developing economies remain high, constraining priority spending and raising the risk of debt distress.

Table 1.1: Global Growth Projections

	Year over Year (%)		
	Estimates	Projections	
	2022	2023	2024
World	**3.5**	**3.0**	**2.9**
Advanced Economies	**2.6**	**1.5**	**1.4**
United States	2.1	2.1	1.5
Euro Area	3.3	0.7	1.2
Germany	1.8	–0.5	0.9
France	2.5	1.0	1.3
Italy	3.7	0.7	0.7
Spain	5.8	2.5	1.7
Japan	1.0	2.0	1.0
United Kingdom	4.1	0.5	0.6
Canada	3.4	1.3	1.6
Other Advanced Economies	2.6	1.8	2.2
Emerging Market and Developing Economies	**4.1**	**4.0**	**4.0**
China	3.0	5.0	4.2
India	7.2	6.3	6.3
Russia	–2.1	2.2	1.1
Brazil	2.9	3.1	1.5
Mexico	3.9	3.2	2.1
Sub-Saharan Africa	4.0	3.3	4.0
Nigeria	3.3	2.9	3.1
South Africa	1.9	0.9	1.8

Source: IMF, WEO October, 2023, Update

1.2 Global Price Developments

Global headline inflation remains on a downward trajectory, but the persistence in core inflation is slowing the pace of disinflation, with both food and energy prices declining relative to the peak of 2022. Oil prices have declined as Russia-Saudi Arabia supply curbs have been offset by concerns about global demand, amid fears that higher-for-longer interest rates will soften global demand and economic activity. The FAO food price index has also continued its downward trend in October, supported by declines in the price indices for sugar, cereals, vegetable oils and meat, while the index for dairy products rebounded. Meanwhile, core inflation is proving persistent mainly due to stickier-than-expected services inflation, amid still tight labour markets and the effects of past currency depreciations. Most survey-based indicators of near-term inflation expectations remain high, but longer-term inflation expectations were unchanged at 2.1 percent.

In the outlook, the gradual disinflation should continue as the effects of tighter monetary policy passthrough to core inflation. Core inflation is generally projected to decline more gradually than headline, reflecting still-tight labour markets and the effects of past currency depreciations. Also, energy price developments have become more uncertain in view of the new geopolitical tensions.

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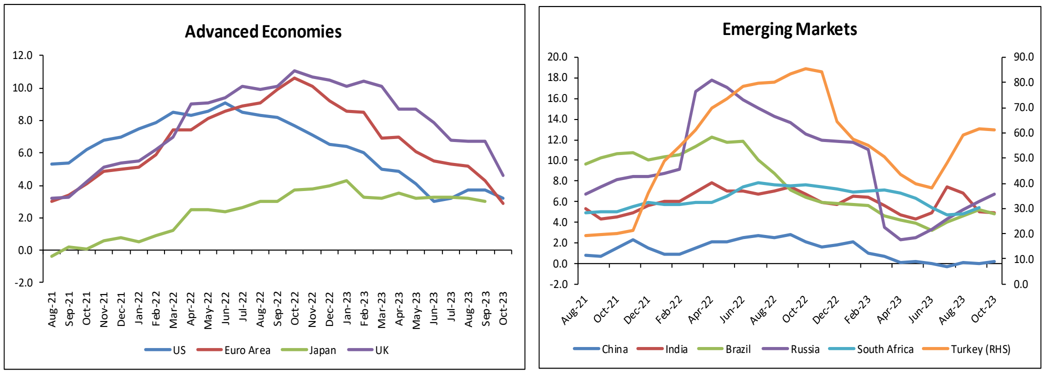
Figure 1.1: Headline Inflation Rates (%)



Source: BOG/Trading Economics

1.3 Global Financial Markets Developments

Global financial conditions remain tight. Monetary policy divergence is emerging, reflecting the ongoing disinflation in advanced economies and still-high inflation in EMDEs. Central banks in advanced economies have paused policy rate hikes, but policy rates are expected to remain higher for longer to anchor inflation. The expectation of higher policy rates has kept long-term bond yields relatively high amid stable spreads. Also, lending standards have tightened and loan demand has dropped in advanced economies driven by concerns about the global economy, increased borrower risks and more challenging bank funding conditions. Elevated spreads and the higher long-term bond yields have kept external borrowing costs for EMDEs very high, with outflows from EMs standing at US$3.4 billion in October 2023, despite being lower than the loss of US$13.7 billion in September 2023. However, progress on inflation and expectation of a quicker end to the tightening cycle have supported the equity market rally in recent weeks.

Table 1.2: Monetary Policy Stance of Selected Central Banks

	Policy rate - Previous (%)	Policy Rate Current (%)	Forecast	Inflation September 2023	Inflation October 2023	Real rate	Infl Target	Overall Fiscal Deficit (2022,% of GDP)	GDP Growth (Dec.2022)	GrossDebt/ GDP(2022)	YTD Depr/Apr
U.S	5.5	5.5	5.5	3.7	3.2	2.3	2%	-3.7	2.1	121.3	
Euro Area	4.5	4.5	4.50	4.3	2.9	1.6	< 2%	-3.6	3.3	91	-0.1
UK	5.25	5.25	5.25	6.7	4.6	0.65	2%	-5.5	4.1	101.9	1.6
Japan	-0.1	-0.1	-0.1	3.2	3	-3.1	2%	-6.9	1.0	260.1	-13.6
Russia	13	15	15	6	6.7	8.3	4%	-1.4	–2.1	18.9	-19.0
India	6.5	6.5	6.5	5.02	4.87	1.63	4±2%	-9.2	7.2	81	-0.7
Brazil	12.75	12.25	12.25	5.19	4.82	7.43	4.5±1.5%	-3.1	2.9	85.3	7.5
Turkey	30	35	40	61.53	61.36	-26.36	5±2%	-1.7	5.5	31.7	-34.6
Malaysia	3	3	3.0	2.2	1.9	1.09	3% - 4%	-5.9	8.7	65.6	-6.5
Indonesia	5.75	6	6	2.28	2.56	3.44	3.5% ± 1%	-2.1	5.3	40.1	-0.8
Chile	9.5	9	8.5	5.1	5	4	3±1%	1.4	2.4	38.0	-7.7
Ghana	30	30		38.1	35.2	-5.2	8±2%	-11.2	3.1	92.4	-15.4
South Africa	8.25	8.25	8.25	4.8	5.4	2.85	3% -6%	-4.7	1.9	71.1	-9.0
Nigeria	18.5	18.75	19	26.72	27.33	-8.58	6% -9%	-7.7	3.3	39.6	-43.3
Kenya	10.5	10.5	10.5	6.8	6.9	3.6	2.5-7.5%	-5.8	4.8	68.4	-19.4
Zambia	9.5	10	10	12	12.6	-2.6	9%	-5.6	4.7	98.5	-20.9
Morocco	3	3	3.0	5.0	4.9	-1.9		-5.2	1.3	71.5	
Angola	17	17	17.0	15.0	16.58	0.42	9-11%	0.7	3.0	40.1	-39.2
Egypt	18.25	19.25	19.25	38.0	35.8	-16.55	7± 2%	-5.8	6.7	88.5	-19.9

Source: Growth rate(World Bank); Debt/GDP (IMF, Zambia is Proj.); Inflation October figures in red, Policy Rates (Trading Economics), YTD depreciation is from Bloomberg

In the outlook, financial conditions will remain tight in the near term. Core inflation is still high and declining slowly in many advanced economies due to strong labour markets. Central banks may need to keep monetary policy tighter for longer. Higher policy rates, long-term bond yields and the renewed strength of the US dollar, could continue to keep financing conditions tight. Also, a weaker outlook and rising geopolitical uncertainty could spook equity markets.

1.4 Currency Markets

On the international currency market, the US dollar index has appreciated in recent months on strong U.S economic activity and the higher policy rate. In the domestic currency market, the Ghana cedi has been relatively stable since February, with marginal pressures in October 2023. The pressure on the Ghana cedi came from a tighter forex liquidity, reflecting the pick-up in pipeline requests and seasonal demand. Also, uncertainty surrounding the delay in syndicated cocoa loan as well as the negative sentiment around the second tranche of IMF loan have weighed on the Ghana cedi-US dollar exchange rate. Furthermore, the rally in the US dollar due to a stronger U.S. economy, a higher U.S. policy rate and higher safe-haven demand due to geopolitical uncertainty, contributed to the weakness of the local currency in October. In the near term, the US dollar’s strength may continue to pose some risk to the stability of the cedi.

In the interbank market, the Ghana cedi depreciated by 25.4 percent, 26.0 percent and 24.7 percent against the US dollar, the pound sterling, and the euro, respectively, on a year-to-date basis. This is against a depreciation of 53.8 percent, 45.7 percent and 46.9 percent against the US dollar, the pound sterling and the euro, respectively, during the same period in 2022 (Table 1.3). The Ghana cedi has been very stable since February 2023 on a year-to-date basis.

Table 1.3: Interbank Exchange Rates

	US$/GHC*	Monthly depreciation/ appreciation	Year-to-Date depreciation/ appreciation	GBP/GHC*	Monthly depreciation/ appreciation	Year-to-Date depreciation/ appreciation	Euro/GHC*	Monthly depreciation/ appreciation	Year-to-Date depreciation/ appreciation
2021									
Jan	5.7604	0.0	0.00	7.8996	-0.3	-0.32	6.9929	1.0	1.02
Feb	5.7374	0.4	0.40	7.9945	-1.2	-1.50	6.9545	0.6	1.58
Mar	5.7288	0.2	0.55	7.8717	1.6	0.03	6.7122	3.6	5.25
Apr	5.7322	-0.1	0.49	7.9222	-0.6	-0.61	6.8958	-2.7	2.44
May	5.7473	-0.3	0.22	8.1672	-3.0	-3.59	7.0268	-1.9	0.53
June	5.7626	-0.3	-0.04	7.9590	2.6	-1.07	6.8333	2.8	3.38
July	5.8011	-0.7	-0.71	8.0633	-1.3	-2.35	6.8808	-0.7	2.67
Aug	5.8517	-0.9	-1.56	8.0482	0.2	-2.16	6.9068	-0.4	2.28
Sep	5.8663	-0.2	-1.81	7.9140	1.7	-0.50	6.7952	1.6	3.96
Oct	5.9009	-0.6	-2.38	8.0816	-2.1	-2.57	6.8231	-0.4	3.54
Nov	5.9172	-0.3	-2.65	7.9054	2.2	-0.39	6.7346	1.3	4.90
Dec	6.0061	-1.5	-4.09	8.1272	-2.7	-3.11	6.8281	-1.4	3.46
2022									
Jan	6.0236	-0.3	-0.29	8.0882	0.5	0.48	6.7506	1.1	1.15
Feb	6.6004	-8.7	-9.00	8.8568	-8.7	-8.24	7.4100	-8.9	-7.85
Mar	7.1122	-7.2	-15.55	9.3515	-5.3	-13.09	7.8986	-6.2	-13.55
Apr	7.1128	0.0	-15.56	8.9333	4.7	-9.02	7.4963	5.4	-8.91
May	7.1441	-0.4	-15.93	9.0041	-0.8	-9.74	7.6650	-2.2	-10.92
June	7.2305	-1.2	-16.93	8.8043	2.3	-7.69	7.5797	1.1	-9.92
July	7.6120	-5.0	-21.10	9.2642	-5.0	-12.27	7.7658	-2.4	-12.07
Aug	8.2325	-7.5	-27.04	9.5872	-3.4	-15.23	8.2909	-6.3	-17.64
Sep	9.6048	-14.3	-37.47	10.7017	-10.4	-24.06	9.4147	-11.9	-27.47
Oct	13.0086	-26.2	-53.83	14.9541	-28.4	-45.65	12.8610	-26.8	-46.91
Nov	13.1044	-0.7	-54.17	15.6919	-4.7	-48.21	13.5813	-5.3	-49.72
Dec	8.5760	52.8	-29.97	10.3118	52.2	-21.19	9.1457	48.5	-25.34
2023									
Jan	10.7997	-20.6	-20.59	13.2863	-22.4	-22.39	11.7262	-22.0	-22.01
Feb	11.0135	-1.9	-22.13	13.3699	-0.6	-22.87	11.7182	0.1	-21.95
Mar	11.0137	0.0	-22.13	13.6218	-1.8	-24.30	11.9657	-2.1	-23.57
Apr	10.9516	0.6	-21.69	13.7624	-1.0	-25.07	12.0876	-1.0	-24.34
May	10.9715	-0.2	-21.83	13.5888	1.3	-24.12	11.6978	3.3	-21.82
June	10.9972	-0.2	-22.02	13.9879	-2.9	-26.28	12.0073	-2.6	-23.83
July	11.0034	-0.1	-22.06	14.1482	-1.1	-27.12	12.1272	-1.0	-24.59
August	11.0192	-0.1	-22.17	13.9514	1.4	-26.09	11.9473	1.5	-23.45
Sep	11.1285	-1.0	-22.94	13.5935	2.6	-24.14	11.7774	1.4	-22.35
Oct	11.4963	-3.2	-25.40	13.9399	-2.5	-26.03	12.1438	-3.0	-24.69

Source: Bank of Ghana staff computations

If we consider our major trade partners' currency movements, then, the cedi depreciated by 32.9 percent in nominal trade weighted terms and 33.9 percent in forex transaction weighted terms on a year-to-date basis (Table 1.4). This is against a depreciation of 91.4 percent and 113.5 percent in nominal trade weighted terms and nominal foreign exchange transaction weighted terms respectively over the same period in 2022.

Table 1. 4: Nominal Effective Exchange Rate

Month	2021=100		Monthly CHG(%)		Year-to-Date (%)	
	FXTWI	TWI	FXTWI	TWI	FXTWI	TWI
2022						
Jan-22	96.24	101.74	-0.18	0.72	-0.18	0.72
Feb-22	87.84	92.96	-9.56	-9.44	-9.76	-8.65
Mar-22	81.64	87.35	-7.59	-6.43	-18.10	-15.64
Apr-22	82.01	91.05	0.46	4.07	-17.56	-10.93
May-22	81.54	89.38	-0.58	-1.87	-18.24	-13.00
Jun-22	80.77	90.22	-0.95	0.93	-19.37	-11.96
Jul-22	76.87	87.42	-5.07	-3.20	-25.42	-15.55
Aug-22	71.24	82.20	-7.91	-6.35	-35.34	-22.88
Sep-22	61.23	72.11	-16.34	-14.00	-57.46	-40.08
Oct-22	45.15	52.78	-35.60	-36.61	-113.52	-91.36
Nov-22	44.60	50.11	-1.24	-5.34	-116.18	-101.58
Dec-22	68.00	74.88	34.41	33.09	-41.8	-34.9
2023						
Jan-23	53.91	58.69	-26.12	-27.59	-26.12	-27.59
Feb-23	53.00	58.90	-1.72	0.35	-28.29	-27.15
Mar-23	52.87	57.65	-0.25	-2.17	-28.60	-29.90
Apr-23	53.09	57.14	0.40	-0.89	-28.09	-31.05
May-23	53.12	58.45	0.07	2.25	-28.00	-28.11
Jun-23	52.89	57.30	-0.43	-2.02	-28.55	-30.69
Jul-23	52.82	56.85	-0.14	-0.78	-28.74	-31.71
Aug-23	52.82	57.46	-0.01	1.06	-28.75	-30.32
Sep-23	52.44	58.22	-0.71	1.30	-29.67	-28.62
Oct-23	50.77	56.37	-3.30	-3.29	-33.94	-32.85

Source: Bank of Ghana Staff Calculations

Table 1.5: Real Bilateral Exchange Rate

Month	RER Index (Jan.2021=100)			MONTHLY CHANGE (Index)			Year-to-Date (%)		
	EUR	GBP	USD	EUR	GBP	USD	EUR	GBP	USD
2022									
Jan-22	112.00	105.30	101.34	2.7	2.5	1.2	2.7	2.5	1.2
Feb-22	103.79	97.82	93.92	-7.9	-7.6	-7.9	-5.0	-4.9	-6.6
Mar-22	99.18	95.35	89.58	-4.7	-2.6	-4.8	-9.9	-7.6	-11.8
Apr-22	108.84	102.25	93.72	8.9	6.7	4.4	-0.1	-0.4	-6.9
May-22	109.84	104.97	96.04	0.9	2.6	2.4	0.8	2.2	-4.3
Jun-22	113.52	109.65	96.40	3.2	4.3	0.4	4.0	6.4	-3.9
Jul-22	113.96	106.84	94.46	0.4	-2.6	-2.1	4.4	4.0	-6.0
Aug-22	108.51	104.92	89.05	-5.0	-1.8	-6.1	-0.4	2.2	-12.5
Sep-22	97.41	96.22	78.70	-11.4	-9.0	-13.1	-11.9	-6.6	-27.3
Oct-22	72.21	69.69	59.44	-34.9	-38.1	-32.4	-50.9	-47.3	-68.5
Nov-22	73.97	71.18	64.15	2.4	2.1	7.3	-47.3	-44.2	-56.1
Dec-22	114.46	112.26	102.07	35.4	36.6	37.1	4.8	8.6	1.9
2023									
Jan-23	91.29	89.44	81.79	-25.4	-25.5	-24.8	-25.4	-25.5	-24.8
Feb-23	92.93	90.51	81.24	1.8	1.2	-0.7	-23.2	-24.0	-25.6
Mar-23	88.73	86.44	79.97	-4.7	-4.7	-1.6	-29.0	-29.9	-27.6
Apr-23	89.30	86.33	81.93	0.6	-0.1	2.4	-28.3	-28.5	-24.6
May-23	96.24	90.58	85.45	7.2	4.7	4.1	-18.9	-23.9	-19.4
Jun-23	96.86	91.24	87.72	0.6	0.7	2.6	-18.2	-23.0	-16.4
Jul-23	99.54	93.88	90.62	2.7	2.8	3.2	-15.0	-19.6	-12.6
Aug-23	100.03	94.40	89.89	0.5	0.6	-0.8	-14.4	-18.9	-13.5
Sep-23	103.16	98.44	90.45	3.0	4.1	0.6	-11.0	-14.0	-12.8
Oct-23	100.31	96.19	88.09	-2.8	-2.3	-2.7	-14.1	-16.7	-15.9

Source: Bank of Ghana Staff Calculations

In real bilateral terms, the cedi depreciated by 15.9 percent, 16.7 percent and 14.1 percent against the US dollar, the pound sterling and the euro, respectively, on a year-to-date basis. Comparatively, for the corresponding period in 2022, the cedi's real exchange rate had depreciated by 68.5 percent, 47.3 percent and 50.9 percent against the US dollar, the euro, and the pound sterling, respectively, over the same period in 2022 (Table 1.5).

Table 1.6 shows the real effective exchange rate movements of the cedi against the three major currencies (i.e., US dollar, the euro and pound sterling). The cedi depreciated by 14.6 percent and 15.8 percent in real trade weighted terms and real forex transaction weighted terms on a year-to-date basis. These compare with a depreciation of 52.9 percent and 66.5 percent in real trade weighted terms and real forex transaction weighted terms respectively for the same period in 2022.

Table 1.6: Real Effective Exchange Rate for Major Trade Partners

Month	INDEX (2021=100)		MONTHLY CHG		Year-to-Date (%)	
	RFXTWI	RTWI	RFXTWI	RTWI	RFXTWI	RTWI
2022						
Jan-22	102.20	109.92	1.32	2.48	1.32	2.48
Feb-22	94.72	101.89	-7.90	-7.89	-6.47	-5.21
Mar-22	90.40	97.50	-4.78	-4.50	-11.57	-9.94
Apr-22	94.98	106.10	4.82	8.11	-6.19	-1.03
May-22	97.21	107.46	2.30	1.26	-3.74	0.25
Jun-22	97.88	110.73	0.68	2.95	-3.03	3.19
Jul-22	96.08	110.51	-1.88	-0.20	-4.97	3.00
Aug-22	90.72	105.37	-5.91	-4.88	-11.17	-1.73
Sep-22	80.34	94.57	-12.92	-11.42	-25.53	-13.35
Oct-22	60.54	70.13	-32.71	-34.84	-66.59	-52.85
Nov-22	65.00	72.33	6.86	3.04	-55.16	-48.21
Dec-22	103.18	112.53	37.00	35.72	2.25	4.74
2023						
Jan-23	82.64	89.80	-24.85	-25.31	-24.85	-25.31
Feb-23	82.26	91.00	-0.46	1.32	-25.43	-23.66
Mar-23	80.74	87.31	-1.88	-4.23	-27.79	-28.88
Apr-23	82.59	88.02	2.24	0.81	-24.92	-27.85
May-23	86.39	94.24	4.39	6.58	-19.43	-19.43
Jun-23	88.46	95.09	2.34	0.92	-16.62	-18.34
Jul-23	91.34	97.80	3.16	2.77	-12.95	-15.06
Aug-23	90.72	98.12	-0.68	0.32	-13.73	-14.69
Sep-23	91.53	100.94	0.88	2.80	-12.73	-11.47
Oct-23	89.14	98.22	-2.68	-2.77	-15.75	-14.56

Source: Bank of Ghana Staff Calculations

1.5 Global Economic Outlook and Risks

The global economy improved in 2023H2, though it faced some persistent headwinds. Global inflation continues to decline as central banks maintain a tight policy stance, but still-persistent core inflation is expected to slow the pace of disinflation. Major central banks have reached the peak of the hiking cycle, but policy rates are expected to remain elevated for longer. Lending standards have been tightened and external borrowing costs for EMDEs remain high due to higher long-term bond yields and elevated spreads. Risks to inflation from the external environment have improved somewhat but remain elevated.

2. External Sector Developments

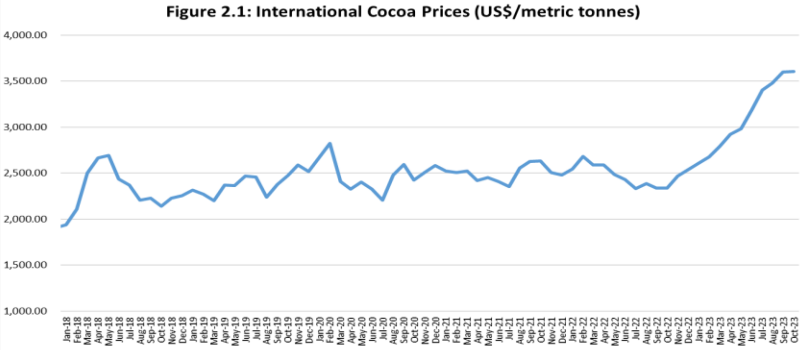
2.0 Highlights

The country's external sector further improved in the third quarter of the year, supported by a current account surplus, reflecting higher gold export receipts, import compression and lower investment income payments. This, together with the domestic gold purchase programme, along with increased voluntary repatriation by the mining sector and the liquidation of some short-term external liabilities, helped boost reserve accumulation.

2.1 Commodity Price Trends

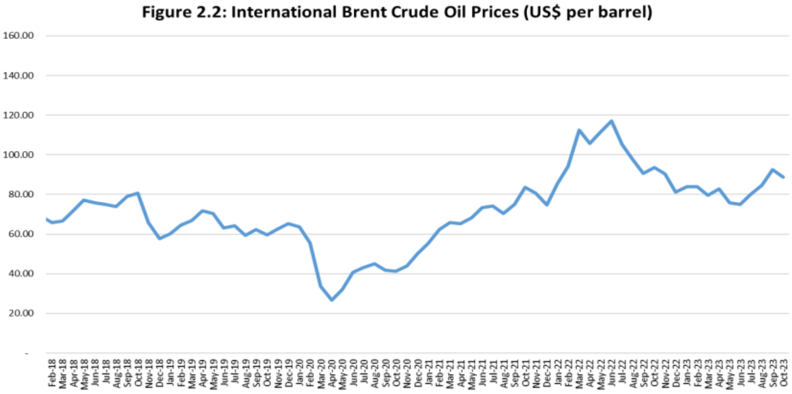
Cocoa continued to enjoy a bull's market, reaching levels last seen in the 1970s. Prices rallied further in October to reach US$3,603.27 per tonne, representing 54.1 percent year-on-year growth. The surging prices were due to mounting concerns over reduced supplies from West Africa, mainly Cote d'Ivoire and Ghana, stemming mainly from adverse weather conditions, black pod disease, and inadequate and insufficient fertilizers.

Figure 2.1: International Cocoa Prices (US$/metric tonnes)



International Benchmark Brent crude oil prices settled lower by 3.88 percent to close at an average price of US$88.70 per barrel in October 2023, compared with US$92.58 per barrel recorded in the previous month. Oil prices suffered losses due to demand concerns originating from slow economic data from the Euro Zone and the United Kingdom. On the supply side, the impact of the Israel-Hamas war has so far been contained, with limited supply disruptions. On a year-on-year basis, prices have fallen by 9.1 percent.

Figure 2.2: International Brent Crude Oil Prices (US$ per barrel)



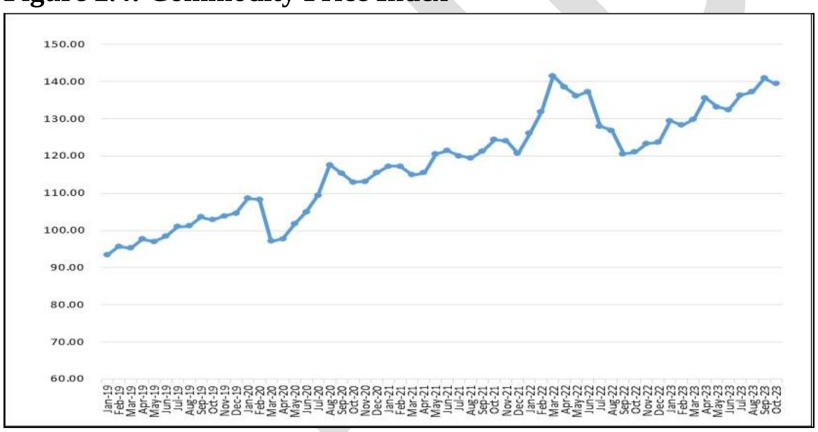
Spot gold prices also suffered losses in the month of October to settle at an average price of US$1,913.79, a drop of 5.6 percent relative to the previous month. The strength of the US dollar and prospects of higher U.S. interest rates affected the yellow metal, but losses were mitigated by the tension created by the Israel-Hamas war. Prices gained 6.6 percent compared to the same period in 2022.

Source: Reuters

2.1.1 Commodity Price Index

The weighted average price of the three major commodities exported by Ghana (cocoa, gold, and crude oil) declined in October 2023. The index decreased to 139.43 points from 140.89 point, representing a monthly decrease of 1.03 percent. The drop in the index was driven by a fall in both crude oil and gold sub-indices while the cocoa sub-index increased. The crude oil and gold sub-indices declined by 4.2 and 0.13 percent, respectively, while the cocoa sub-index increased by 0.11 percent.

Figure 2.4: Commodity Price Index



Source: BOG Staff Computations

2.2 Trade Balance

Transactions in the trade account for the first ten months of the year resulted in further improvement in the trade surplus to US$2,058.0 million, from US$1,854.5 million in the corresponding period of 2022. The improved trade surplus was mainly driven by higher reduction in imports relative to exports. Total exports dropped by 6.3 percent to US$13,453.8 million, largely driven by a fall in crude oil and cocoa products exports. The value of crude oil exports decreased by 33.5 percent to US$3,068.0 million driven by reductions in both volumes and prices. Crude oil export volumes declined by 17.0 percent to 37.1 million barrels with prices falling by 19.9 percent to US$82.6 per barrel. Cocoa products exports also fell by 17.4

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percent to US$653.3 million, due to a decline in volumes. In contrast, cocoa beans exports increased by 6.1 percent to US$1,055.8 million attributable to an increase in volumes by 7.1 percent to 431,390 tonnes. Gold exports were up 13.9 percent to US$6,072.3 million as volume and prices increased by 9.4 percent and 4.1 percent, respectively. Other exports, including non-traditional exports fell by 1.1 percent to US$2,604.3 million.

The import bill for the same period reduced by 8.9 percent to US$11,395.9 million on account of declines in both non-oil and oil imports. Non-Oil imports decreased by 9.3 percent to US$7,705.7 million and oil and gas imports declined by 8.1 percent to US$3,690.2 million.

2.3 External Sector Performance (January – September 2023)

2.3.1 Current Account

In the first nine months of 2023, the current account recorded a provisional surplus of US$1,047.71 million (1.4% of GDP), in contrast to a deficit of US$1,835.15 million (2.5% of GDP) for the same period in 2022. The surplus was driven by improvement in the trade account, sharp drop in income payment and strong growth in remittance inflows. Suspension of some external interest payments pending external debt restructuring helped reduce payments in the income account. As a result, income payments on net basis reduced by 56 percent to US$1,486 million with interest payments on public debt declining by 89.8 percent to US$134 million from US$1,312 same time in 2022. Remittances flows for the first nine months of 2023 was estimated at US$3,213 compared to US$2,483.1 million in the comparative period in 2022.

2.3.2 Capital and Financial Accounts

In the capital and financial account, the first nine months was marked by reduced portfolio outflows and lower amortization, resulting in reduced capital outflows. Net outflow in the capital and financial account was estimated at US$1,474.62 million, lower than the net outflow of US$1,593.62 million for the same period in 2022. Portfolio outflows on net basis amounted to US$195 million, compared to US$1,868 million in the same period in 2022. Government loan amortization reduced by 41.7 percent to US$523 million mainly due to the debt standstill announced in December 2022. Foreign direct investment, however, reduced to US$926 million from US$1,150 million in 2022. Short-term monetary capital, mainly the net foreign assets of the commercial banks, increased by US$602 million compared to an increase of US$141 million in the same period in 2022.

2.3.3 Overall Balance of Payments

The current account surplus and the reduced capital outflows helped improve the overall balance of payments to a deficit of US$617.0 million, compared to a deficit of US$3,409.7 million in the same period in 2022.

2.4 International Reserves

At the end of October 2023, the stock of Gross International Reserves (GIR) was US$5,150.2 million, enough to cover 2.4 months of imports of goods and services. This compares with GIR of US$6,252.7 (2.7 months) at the end of December 2022. The level of reserves excluding pledged assets and petroleum funds, as defined under the IMF-supported programme, increased to US$2.5 billion (equivalent to 1.1 months of import cover) at the end of October 2023, from the December 2022 position of US$1.5 billion (0.6 month of import cover). This indicates a build-up of about US$1.0 billion, mainly driven by the Gold for Reserves programme.

2.5 Commodity Price Outlook

The outlook for cocoa prices seems positive as global supply is expected to dwindle further given that Cote d'Ivoire, the highest producer expects a 25 percent drop in main crop cocoa arrivals from last year due to poor weather conditions.

OPEC+, led by Saudi Arabia and Russia, cut production by 1.3 million per day (bpd) earlier this year and in September extended the reduced production level through the end of the year. This decision of the OPEC+ is expected to lend some support to crude oil prices.

Gold prices have been resilient throughout 2023 and are expected to remain strong in the near-term in response to strong demand from central banks and safe haven flows from geopolitical tension in the Middle East. This is in spite of the surge in treasury yields and the strength in the US dollar.

Table 2.1: Trade Balance (US$ million)

	2021 Jan - Oct	2022 Jan - Oct	Prov 2023 Jan - Oct	Abs Y/Y Chg	Rel Y/Y Chg
Trade Balance ($'M)	**1,021.3**	**1,854.5**	**2,058.0**	**203.5**	**11.0**
Trade Bal (% GDP)	***1.1***	***2.1***	***2.6***		
Total Exports ($'M)	**12,165.7**	**14,365.7**	**13,453.8**	**-911.9**	**-6.3**
Gold ($'M)	4,215.8	5,332.1	6,072.3	740.2	13.9
Volume (fine ounces)	2,340,755	3,032,639	3,318,066	285,426.7	9.4
Unit Price ($/fine ounce)	1,801.0	1,758.2	1,830.1	71.8	4.1
Cocoa Beans ($'M)	1,526.0	995.1	1,055.8	60.7	6.1
Volume (tonnes)	598,874	402,744	431,390	28,645.6	7.1
Unit Price ($/tonne)	2,548.1	2,470.8	2,447.5	-23.3	-0.9
Cocoa Products ($'M)	915.3	790.6	653.3	-137.3	-17.4
Volume (tonnes)	271,423	260,331	199,981	-60,349.8	-23.2
Unit Price ($/tonne)	3,372.2	3,036.9	3,266.9	230.1	7.6
Crude Oil ($'M)	3,108.7	4,614.1	3,068.0	-1,546.0	-33.5
Volume (barrels)	44,861,820	44,736,567	37,148,655	-7,587,912.0	-17.0
Unit Price ($/bbl)	69.3	103.1	82.6	-20.6	-19.9
Other Exports	2,399.9	2,633.9	2,604.3	-29.6	-1.1
o/w Non-Tradional Exports	1,923.5	2,030.9	1,994.6	-36.3	-1.8
Total Import ($'M)	**11,144.4**	**12,511.2**	**11,395.9**	**-1,115.4**	**-8.9**
Non-Oil	9,064.0	8,495.5	7,705.7	-789.8	-9.3
Oil and Gas	2,080.4	4,015.7	3,690.2	-325.5	-8.1
of which: Products	1,906.4	3,862.7	3,419.6	-443.2	-11.5
Crude Oil ($'M)	57.4	23.1	82.1	59.0	255.3
Volume (barrels)	823,641	223,079	1,089,397	866,317.5	388.3
Unit Price ($/bbl)	69.7	103.6	75.4	-28.2	-27.2
Gas ($'M)	116.6	129.9	188.5	58.6	45.1
Volume (MMBtu)	15,549,233	16,623,617	21,768,680	5,145,063.4	31.0
Unit Price ($/mmBtu)	7.5	7.8	8.7	0.8	10.8

Source: Bank of Ghana

3. Real Sector Developments

3.0 Highlights

The latest high frequency indicators pointed to a steady pick-up in economic activity in September 2023 compared to a year ago. Industrial consumption of electricity, private sector contributions to Social Security and passenger arrivals improved. Cement sales, port activity and vehicle registration, however, contracted in the review period.

3.1 Trends in Real Sector Indicators

Consumer Spending

Consumer spending, proxied by domestic VAT collections and retail sales, posted a positive performance in September 2023, compared with the corresponding period in 2022. Domestic VAT collections increased by 37.2 percent on a year-on-year basis to GH¢1,036.76 million, from GH¢755.53 million. Cumulatively, total domestic VAT for the first three quarters of 2023 went up by 59.2 percent to GH¢9,665.45 million compared with GH¢6,073.00 million for the corresponding period of last year.

Retail sales increased by 38.5 percent (year-on-year) to GH¢164.48 million in September 2023, up from the GH¢118.78 million recorded in the same period in 2022. In cumulative terms, retail sales for the first three quarters of 2023 went up by 38.2 percent.

Manufacturing Activities

Activities in the manufacturing sub-sector, gauged by trends in the collection of direct taxes and private sector workers' contributions to the Social Security and National Insurance Trust (SSNIT) Pension Scheme (Tier-1), improved in September 2023.

Total Direct Taxes collected increased by 47.6 percent (year-on-year) to GH¢5,911.66 million in September 2023, relative to GH¢4,004.27 million recorded in a similar period in 2022. Cumulatively, total Direct Taxes collected for the first three quarters of 2023 went up by 52.5 percent to GH¢35,171.66 million, from GH¢23,058.72 million for the same period in 2022. In terms of contributions of the various sub-tax categories, Corporate tax accounted for 60.7 percent, Income tax (PAYE and self-employed) accounted for 24.8 percent, while "Other Tax Sources" contributed 14.5 percent.

Total private sector workers' contribution to the SSNIT Pension Scheme (Tier-1) increased by 31.9 percent in year-on-year terms to GH¢345.16 million in September 2023, from GH¢261.63 million collected during the corresponding period in 2022. Cumulatively, for the first three quarters of 2023, the contribution grew by 27.9 percent to GH¢2,953.16 million, relative to GH¢2,308.85 million recorded in the same period in 2022.

Construction Sector Activities

Activity in the construction sub-sector, proxied by the volume of cement sales, declined by 24.0 percent (year-on-year) in September 2023 to 193,947.87 tonnes, down from 255,045.87 tonnes recorded a year ago. On a month-on-month basis, total cement sales remained largely unchanged in September 2023 compared with the 195,130.92 tonnes recorded in August 2023. Cement sales for the first three quarters of 2023 went down by 26.1 percent to 1,938,225.84 tonnes, from 2,623,228.51 tonnes for the same period of 2022.

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Vehicle Registration

Transport sector activities, gauged by new vehicle registrations by the Driver and Vehicle Licensing Authority (DVLA), declined by 21.0 percent to 9,730 in September 2023, from 12,310 vehicles registered during the corresponding period of 2022. Cumulatively, vehicles registered by the DVLA within the first three quarters of 2023 decreased by 38.1 percent to 118,967 from 192,166 recorded a year ago.

Industrial Consumption of Electricity

Industrial consumption of electricity increased by 30.3 percent in September 2023 to 373.74 gigawatts, as against 286.76 gigawatts recorded for the corresponding period in 2022. In cumulative terms, electricity consumed by industries for the first three quarters of 2023 increased by 24.6 percent to 3,057.41 gigawatts from 2,454.35 gigawatts for the corresponding period a year ago.

Passenger Arrivals

Passenger arrivals improved by 19.8 percent in year-on-year terms to 95,378 in September 2023, up from 79,637 arrivals recorded a year ago. However, compared to August 2023, passenger arrivals declined by 8.6 percent. Cumulatively, for the first three quarters of 2023, there were 815,812 arrivals recorded at the international airport and the land borders, compared with 645,980 arrivals for the corresponding period in 2022, representing a growth of 26.3 percent.

Ports and Harbours 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 during the period under review. Total container traffic decreased by 3.8 percent, year-on-year, to 48,876 in September 2023, down from 50,807 in September 2022. In cumulative terms, total container traffic for the first three quarters of 2023 dipped by 9.3 percent to 455,966 compared with 502,530 for the corresponding period of last year.

Labour Market - Advertised Jobs

The number of jobs advertised in selected print[1] and online[2] media, which partially gauges labour demand in the economy, decreased in October 2023 relative to what was observed in the corresponding period a year ago. In total, 2,999 job adverts were recorded as compared with 3,055 for the same period in 2022, indicating a marginal decline of 1.8 percent (year-on-year). On a month-on-month basis, the number of job vacancies remained largely unchanged from the 3,018 jobs advertised in September 2023. Cumulatively, for the first ten months of 2023, the total number of advertised jobs went up by 6.5 percent to 28,320 from 26,595 recorded during the same period in 2022.

Private Sector Pension Contributions

Total number of private-sector SSNIT contributors, which partially gauges employment conditions, improved by 3.1 percent to 964,015 in September 2023, compared with 934,683 for the same period in 2022. On a month-on-month basis, total number of private-sector SSNIT contributors remained largely unchanged from the 971,030 individuals recorded in August 2023. Cumulatively, for the first three quarters of 2023, the total number of private sector contributors increased by 2.4 percent to 8,715,440 from 8,511,467 recorded over the corresponding period in 2022.

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

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

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3.2 Composite Index of Economic Activity

The Bank's updated real Composite Index of Economic Activity (CIEA) contracted at a lower rate of 0.4 percent in September 2023, compared with a sharper contraction of 1.2 percent in the corresponding period of 2022. The main indicators that contributed to the relative improvement in the CIEA were industrial consumption of electricity, private sector contributions to Social Security and passenger arrivals. Credit to the private sector, cement sales and port activity, however, slowed down over the period.

3.3 Consumer and Business Surveys

The consumer and business confidence surveys conducted in October 2023 reflected emerging positive sentiments about the economy. The Consumer Confidence Index remained generally unchanged and stable at 86.3 in October 2023 compared to 86.2 in August 2023. The Business Confidence Index, on the other hand, improved to 80.7 from 80.3 in the same comparative period as firms met their short-term targets and expressed optimism about business prospects. Ghana's Purchasing Managers' Index (PMI) also remained unchanged at 50.5 compared to the previous month.

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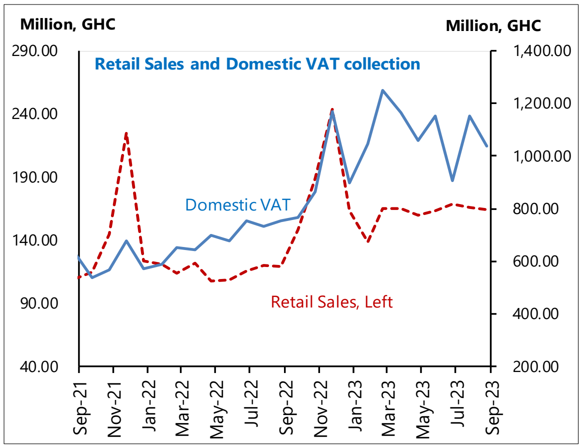
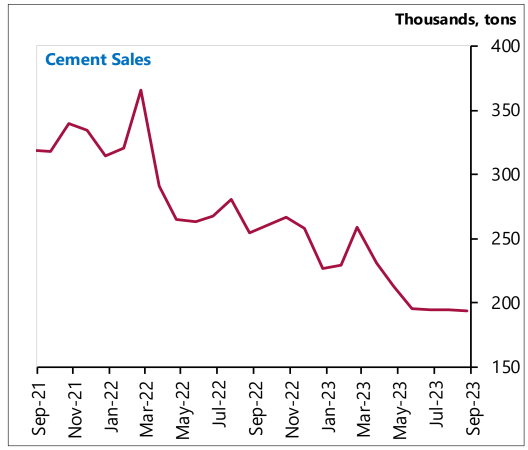
Appendix

Panel 1:
Ghana's Leading Indicators of Economic Activity

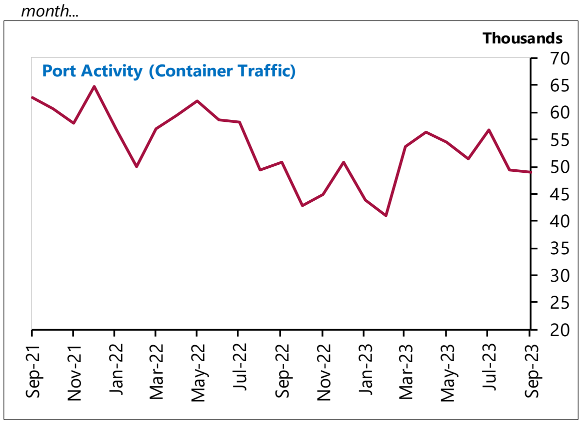
...Domestic VAT collections declined while retail sales remained largely unchanged in September 2023 compared to August 2023...



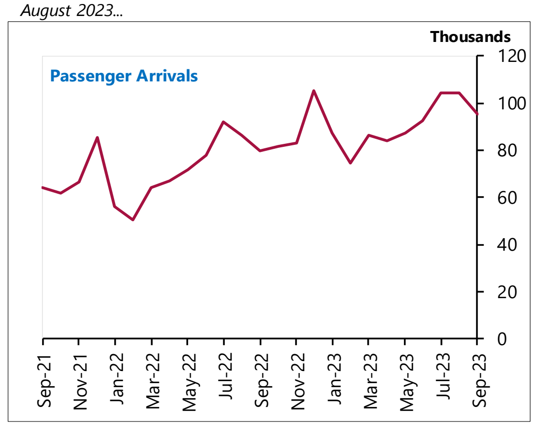
...Construction activities, proxied by cement sales, remained largely unchanged in September 2023 compared to August 2023...



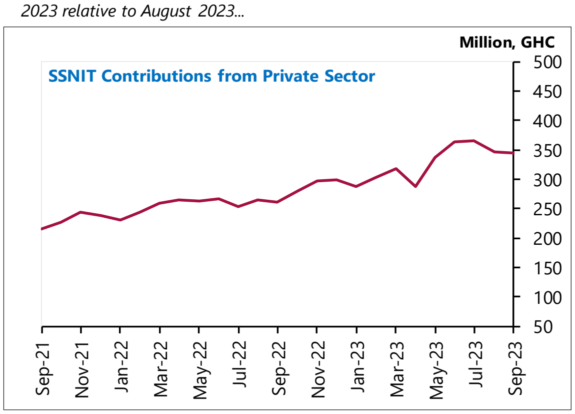
...Port activity dipped in September 2023 compared to the previous month...



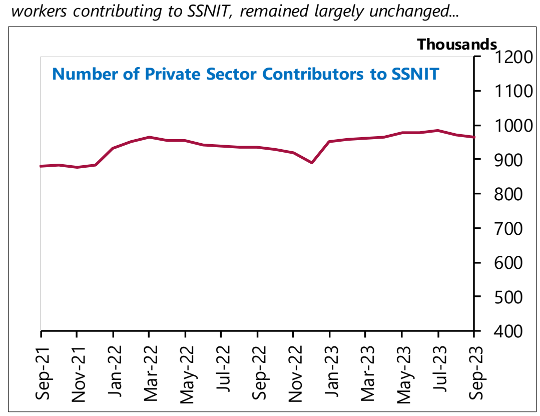
...Passenger arrivals decreased in September 2023 compared to August 2023...



...Labour market conditions remained largely unchanged in September 2023 relative to August 2023...



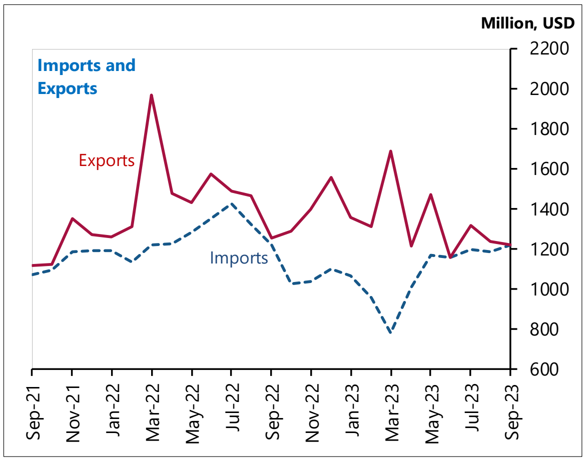
...Labour hiring conditions, proxied by the number of private sector workers contributing to SSNIT, remained largely unchanged...



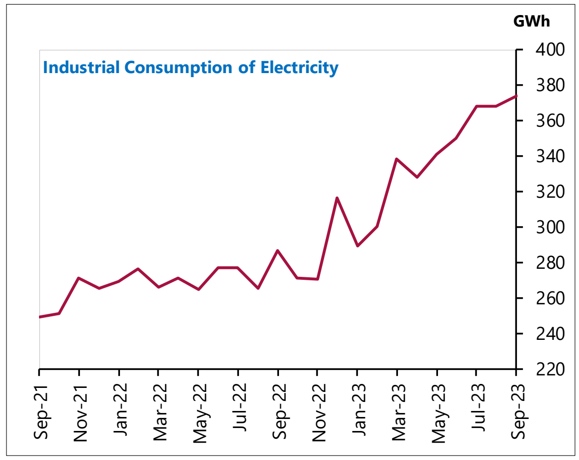
Sources: Bank of Ghana, Various Stakeholders

Panel 2:
Ghana's Leading Indicators of Economic Activity

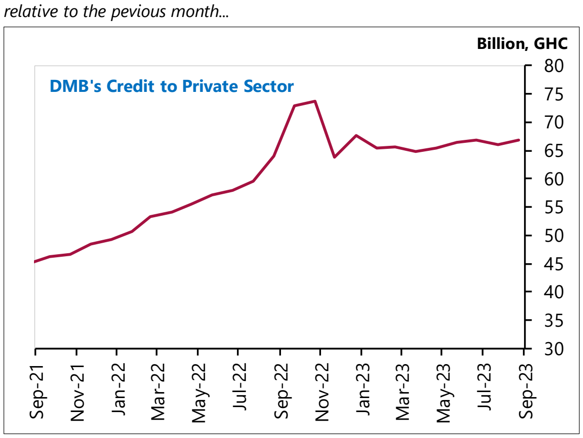
...Imports improved while exports declined in September 2023 compared to August 2023...



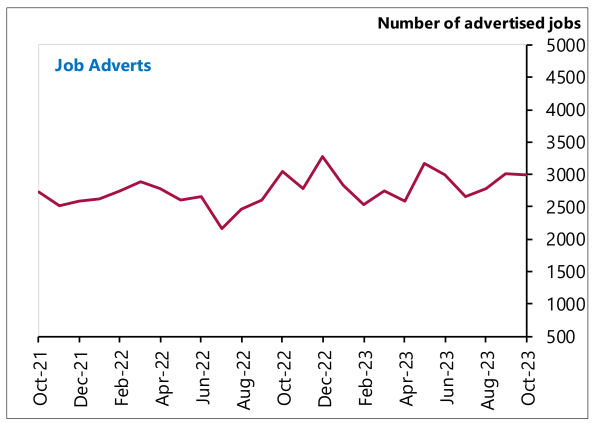
...Industrial activity, proxied by industrial consumption of electricity, improved...



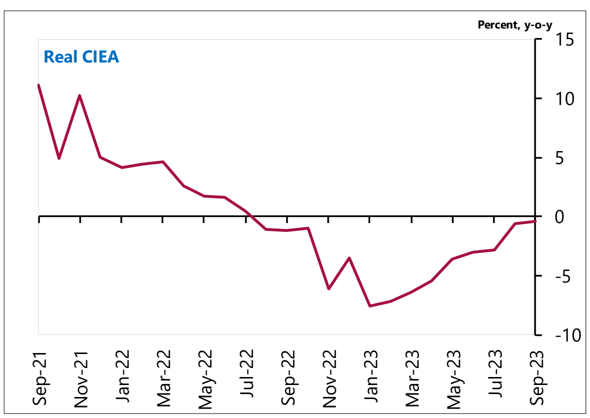
...Commercial banks' credit to the private sector inched up in September 2023 relative to the pevious month...



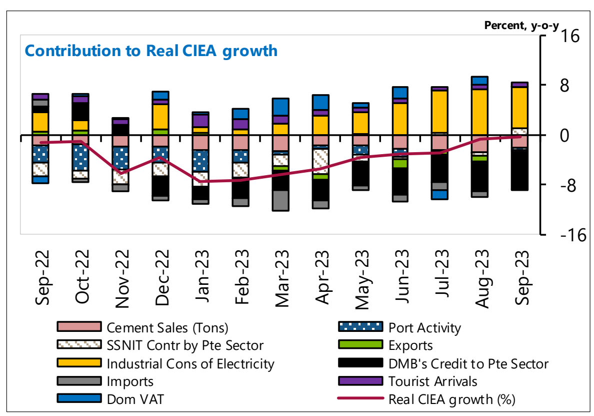
...Demand for labour, proxied by the number of job adverts (in print and online media), remained largely unchanged in October 2023...



...On a year-on-year basis, the real CIEA contracted by 0.4 percent in September 2023, compared with a contraction of 1.2 percent in September 2022...



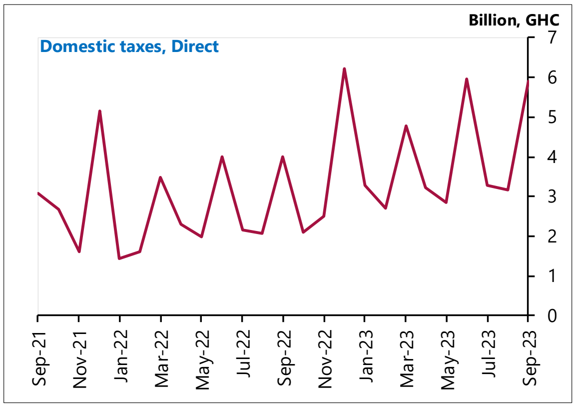
...The decline in the real CIEA was mainly due to contractions in DMBs Credit to the Private Sector, Cement Sales, Port Activity, Exports and Domestic VAT...



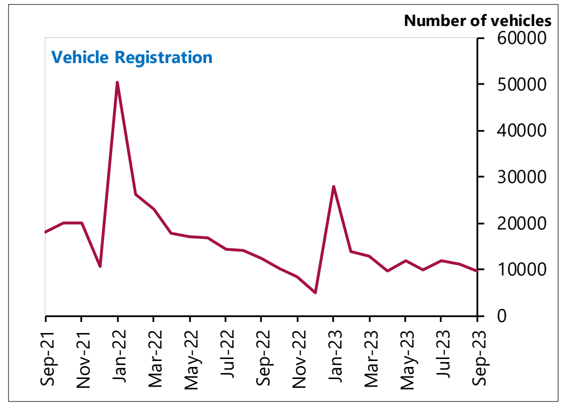
Source: Bank of Ghana, Various Stakeholders

Panel 3:
Ghana's Leading Indicators of Economic Activity

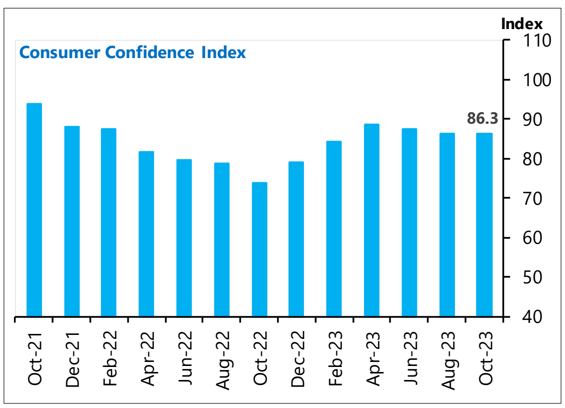
...Domestic tax collection increased in September 2023 compared to August 2023...



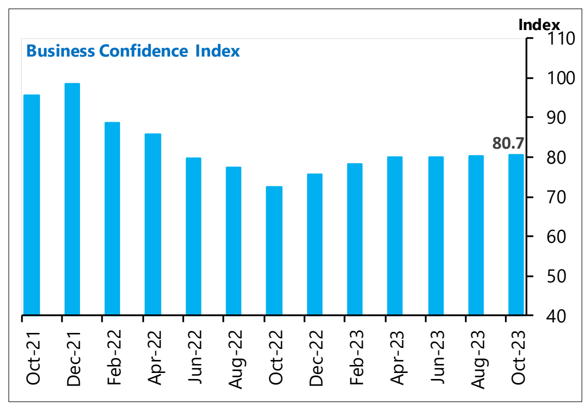
...Vehicle registration decreased in September 2023 compared to the month before...



...Consumer Confidence remained generally unchanged and stable...



...Business sentiments improved as firms met their short-term targets and expressed optimism about business prospects...



Source: Bank of Ghana, Various Stakeholders

4. Monetary and Financial Developments

4.0 Highlights

The pace of growth in monetary aggregates has significantly slowed, underpinned by tighter liquidity management. Developments in interest rates on the money market broadly showed mixed trends at the short end of the yield curve. The GSE-CI recorded a significant year-to-date gain in October 2023, compared with a loss for the same period last year. The performance of the GSE-CI reflects an upward shift in the demand for equities, reflecting the shocks to bond prices induced by the DDEP. Investor appetite for stocks was also reinforced by the relative stability in the exchange rate.

4.1 Developments in Monetary Aggregates

Money Supply

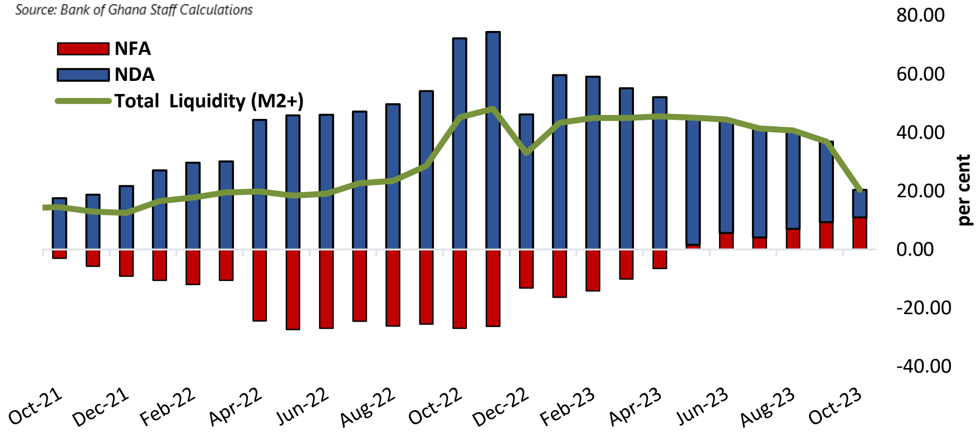
Developments in monetary aggregates for October 2023 showed a significant deceleration in the pace of growth in M2+ on year-on-year basis, underpinned by tighter liquidity management. Annual growth in M2+ declined to 20.35 percent in October 2023, relative to 45.21 percent in the corresponding period of 2022. The contribution of NDA to the growth of M2+ decreased to 9.4 percent from 72.2 percent, while that of NFA increased to 11.0 percent from negative a 27.0 percent, over the same comparative period.

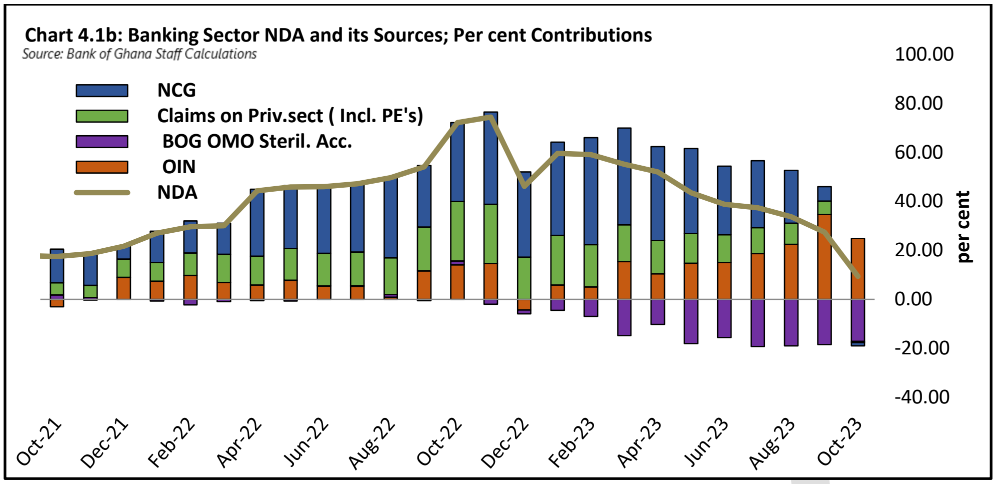
In terms of annual growth rates, NDA expanded by 8.5 percent in October 2023 relative to 81.7 percent in October 2022, while the NFA expanded by 105.4 relative to negative 227.6 percent, over the same comaprative period (Chart 4.1a and Appendix Table 4.1).

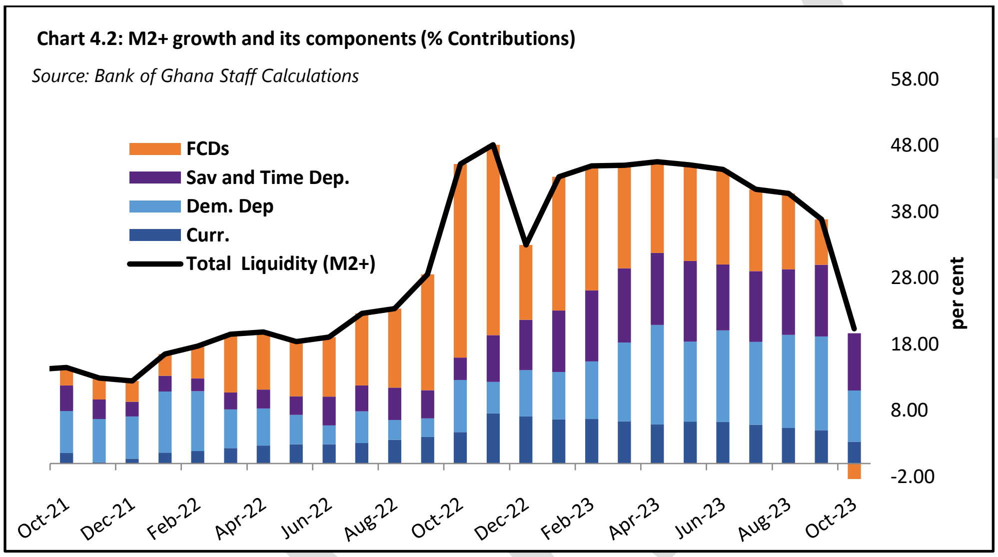
The decrease in the contribution of NDA in the growth of M2+ was mainly driven by increased OMO sterilization, reflecting the tight monetary policy stance of the Central Bank. In addition, Net Claims on Government (NCG) and claims on private sector contracted marginally to depress the contribution of NDA in the M2+ growth (Chart 4.1b, and Appendix Table 4.1).

Chart 4.1a: M2+ Growth and its Sources (% contributions)

Source: Bank of Ghana Staff Calculations





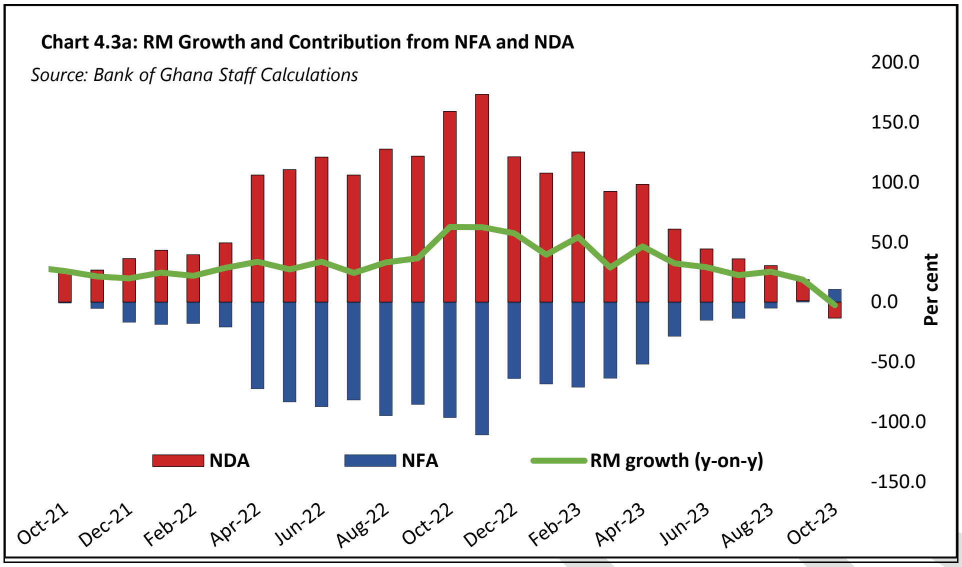


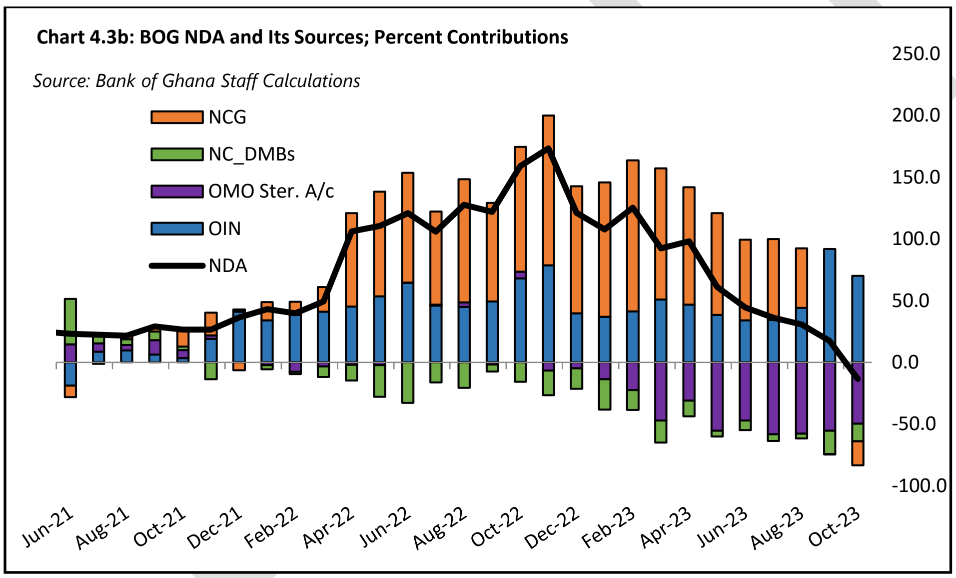
Analysis of the components of M2+ showed that the decrease in the growth in M2+ largely reflected in contraction in foreign currency deposits and slower growth in currency in circulation in October 2023 relative to same period in 2022. Growth in demand deposits, and savings and time deposits, however increased relative to same period in 2023 (Chart 4.2).

4.2 Reserve Money

Annual growth in Reserve Money (RM) declined considerably to negative 2.6 percent in October 2023, from 62.7 percent recorded in the corresponding period of 2022. The significant contraction in reserve money was on the back of strict adherence to zero financing of the budget, and sustained sterilization of structural excess liquidity. The contraction in the RM was also reinforced by a net build-up in foreign currency deposits of Deposit Money Banks (DMBs) held with Bank of Ghana, inducing a contraction in the net claims on DMBs. The contribution of NDA to the growth in RM was negative 13.3 percent compared to 159.1 percent, over the same comparative period.

In contrast, the NFA of the Central Bank expanded, reflecting a net build-up in the foreign assets, largely driven by inflows from Gold for Reserve Programme, forex purchases, and proceeds from the IMF Extended Credit Facility. The contribution of NFA to the growth in RM was 10.7 percent in October 2023, relative to negative 96.4 percent recorded in the corresponding period of 2022 (Chart 4.3a, 4.3b, and Appendix 4.2).





4.3 Deposit Money Banks Credit Developments

Deposit Money Banks' (DMBs') Credit Developments

DMBs' credit to the private sector and public institutions decreased by GH¢7,700.97 million (negative 9.48%) in October 2023, compared to a GH¢29,645.87 million (57.48%) increase recorded in October 2022. Credit to the private sector decreased by GH¢5,440.71 million (negative 7.47%) in October 2023 compared to a GH¢26,532.74 million (57.28%) increase recorded in the corresponding period of 2022. The contraction in nominal private sector credit partially reflects banks' increased perception of risks associated with lending, following the deterioration in macroeconomic conditions and the impact of the Domestic Debt Exchange Programme (DDEP). Private sector credit accounted for 70.7 percent of the contraction in total outstanding credit in October 2023, relative to 89.5 percent of the increase in total outstanding credit recorded in the corresponding period of 2022. The top five sectors that contributed significantly to the contraction in credit to the private sectors were: commerce and finance; construction; electricity, gas, and water; manufacturing; and transport, storage, and communication sectors (Chart 4.4a).

Outstanding credit to the private sector at the end of October 2023 was GH¢67,410.86 million, compared with GH¢72,851.57 million recorded in October 2022. In real terms, credit to the private sector contracted by 33.1 percent, relative to a growth of 12.2 percent, over the same comparative period in 2022, reflecting sustained price pressures and the contraction in nominal private sector credit. Growth in real private sector credit continued to trend below the long-run path in October 2023 (Chart 4.4b).

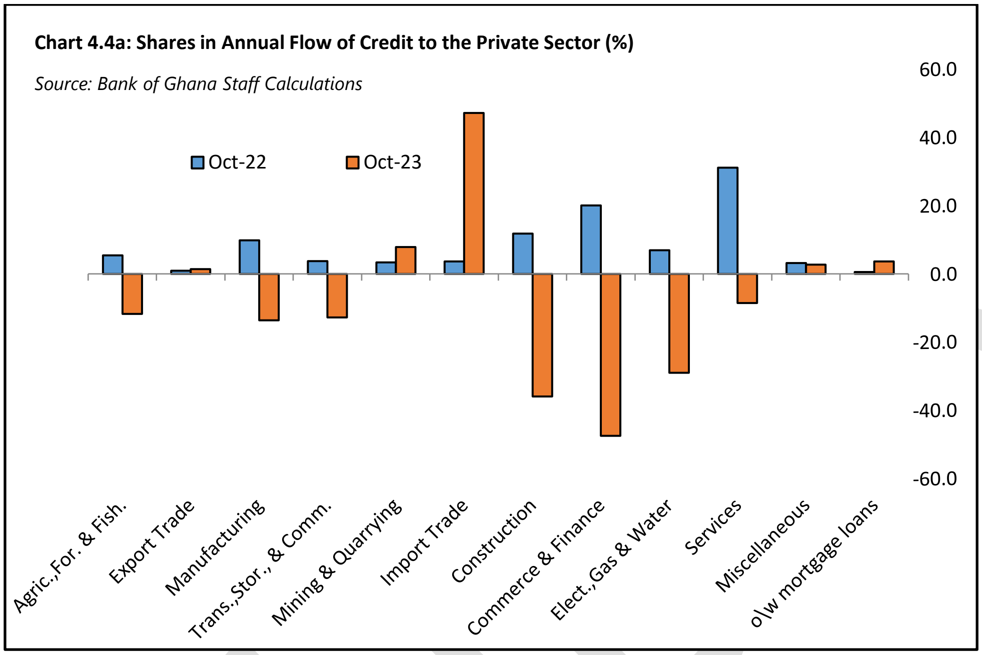


Chart 4.4a: Shares in Annual Flow of Credit to the Private Sector (%)

Source: Bank of Ghana Staff Calculations

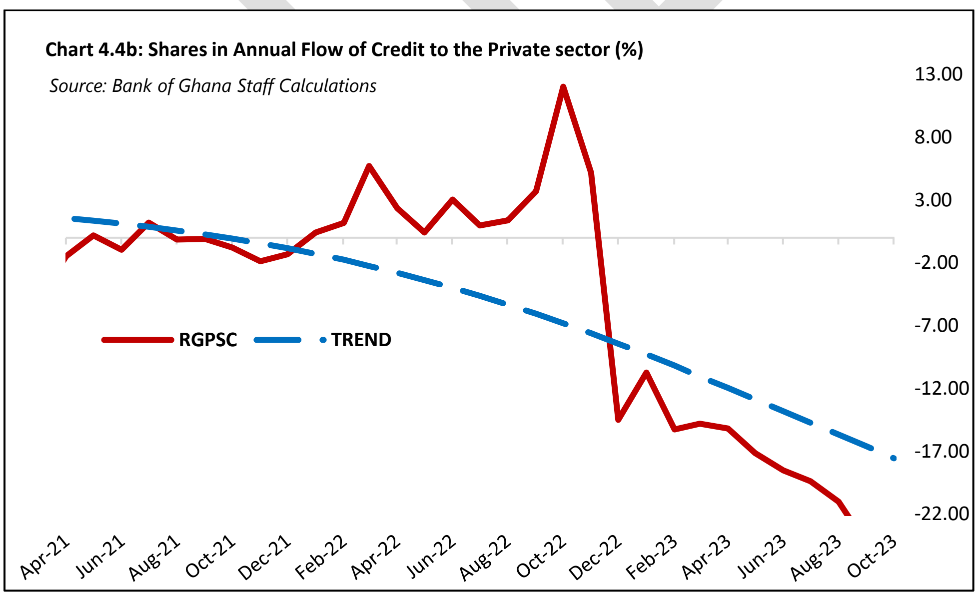


Chart 4.4b: Shares in Annual Flow of Credit to the Private sector (%)

Source: Bank of Ghana Staff Calculations

4.4 Money Market Developments

Developments in interest rates broadly showed mixed trends at the short end of the yield curve; interest rates at the longer-dated segment of the market, however, remained stable. The 91-day and 182-day Treasury bill rates decreased marginally to 29.40 percent and 31.37 percent respectively, in October 2023, from 31.53 percent and 32.61 percent respectively, in the corresponding period of 2022. The rate on the 364-day instrument, however, increased to 33.16 percent in October 2023 from 32.32 percent in October 2022.

The Interbank Weighted Average Rate (IWAR) increased to 28.49 percent in October 2023, from 23.98 percent in October 2022, in tandem with increases in the monetary policy rate, supported by the increase in the Cash Reserve Ratio (CRR), over the same comparative period. Consequently, retail rates have adjusted upwards, inducing the average lending rates of banks to increase to 32.69 percent in October 2023 from 31.40 percent recorded in the corresponding period of 2022 (Charts 4.5, 4.6 and 4.7).

Chart 4.5: MPR, Depo, Reverse Repo, Interbank and T-bill Rates (%)

Source: Bank of Ghana

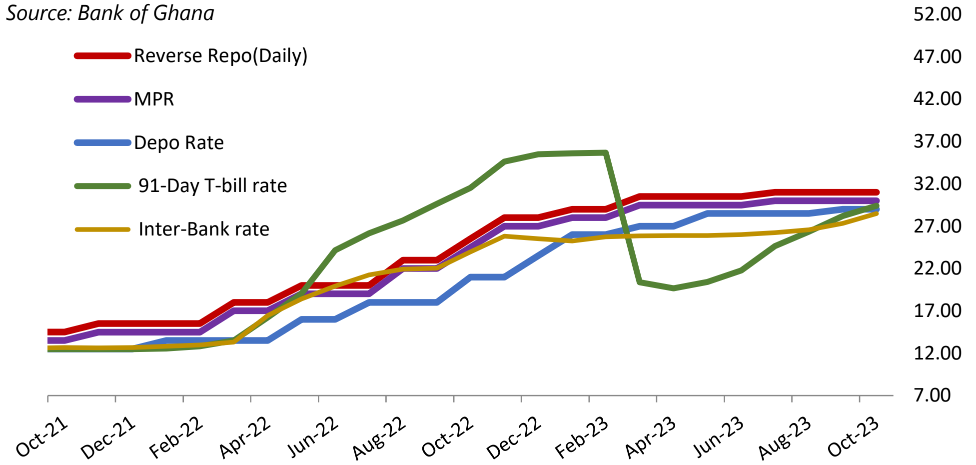


Chart 4.6: Yield Curve (%)

Source: Bank of Ghana

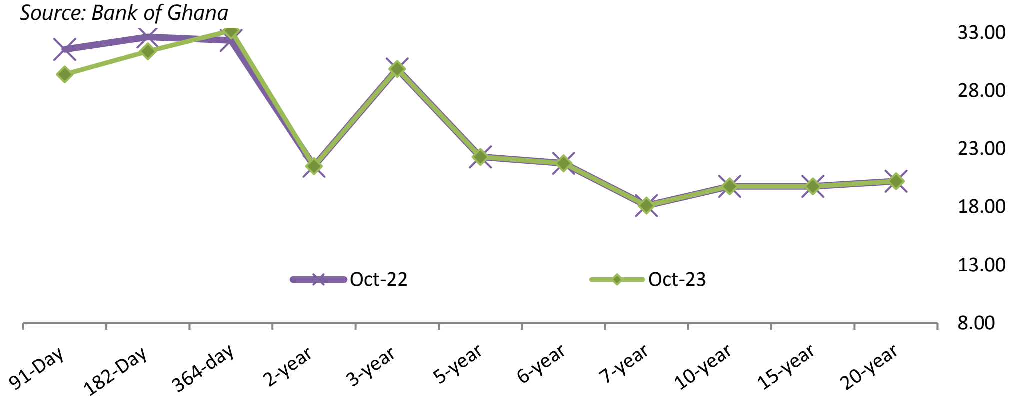
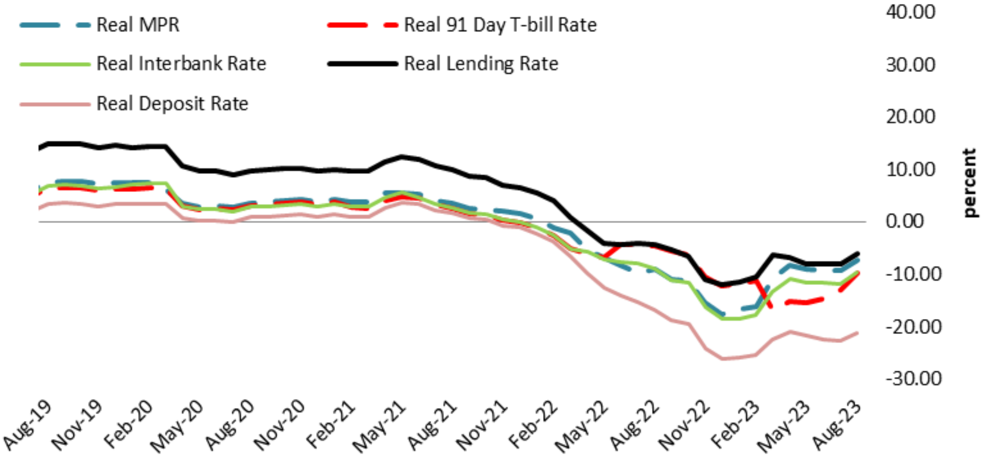


Chart 7: Real Interest Rates and Inflation

Source: Bank of Ghana



4.5 Stock Market Developments

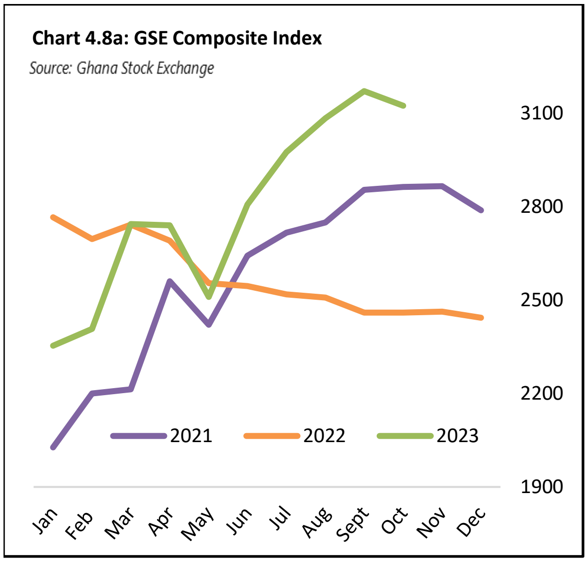
The Ghana Stock Exchange Composite Index (GSE-CI) increased to 3125.62 points in October 2023 from 2460.31 points recorded in the corresponding period of 2022. This translates into a year-on-year gain of 27.0 percent in October 2023 compared to a loss of 14.1 percent in October 2022. The performance of GSE-CI reflects a shift in the demand for equities, reflecting the shocks to bond prices. Investor appetite for stocks was also reinforced by the relative stability in the exchange rate. The main sectors that contributed to the gain recorded by the GSE-CI were the agriculture, IT, manufacturing, distribution, and food and beverages sectors.

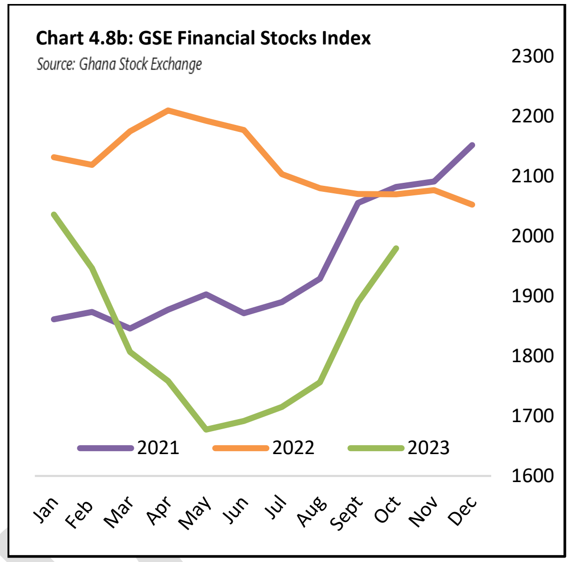
The GSE-Financial Stocks Index (GSE-FSI) closed at 1979.43 points, reflecting a loss of 4.4 percent compared to a loss of 0.6 percent, over the same comparative period. The loss in GSE-FSI was mainly on the back of increased perception of risk in the financial sector, induced by the impact of the DDEP on banks' balance sheets. The financial index, despite the year-on-year loss, appear resilient, showing considerable recovery following the completion of the DDEP and profitability by listed financial institutions (Chart 4.8b).

Performance of Ghana Stock Exchange (Table 2)

											Changes Y-O-Y		Y-T-D	M-O-M (October)	
	Oct-21	Oct-22	Dec-22	Jan-23	Mar-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	2022	2023	2023	2022	2023
GSE CI	2864.31	2460.31	2443.91	2354.02	2745.33	2808.03	2976.77	3084.79	3172.35	3125.62	(14.10)	27.04	27.89	0.01	(1.47)
GSE FI	2082.12	2069.89	2052.59	2036.05	1806.67	1691.91	1715.17	1756.12	1890.13	1979.43	(0.59)	(4.37)	(3.56)	(0.01)	4.72
Market Capitalization	64270.46	64727.18	64507.32	63706.71	67846.89	70238.82	72075.71	73250.18	74189.35	73736.96	0.71	13.92	14.31	1.16	(0.61)

Source: Ghana Stock Exchange and Bank of Ghana Staff Calculations





Total market capitalisation of the GSE was GH¢73.25 billion at the end of August 2023, representing a 13.7 percent growth, relative to a 2.5 percent growth in August 2022. The increase in market capitalization was mainly driven by appreciation in share prices in the manufacturing, distribution, mining, IT, agriculture, and oil sectors. (Table 4.2, Charts 4.8a, 4.8b).

Conclusion

Developments in monetary aggregates for October 2023 showed a significant deceleration in the pace of growth in M2+ on year-on-year basis, underpinned by tighter liquidity management. Annual growth in Reserve Money (RM) declined considerably on the back of strict adherence to zero financing of the budget, and sustained sterilization of structural excess liquidity. Nominal growth in private sector credit decelerated significantly, partially reflecting increased banks' perception of risk associated with lending. Similarly, in real terms, private sector credit contracted, largely on account of price pressures and the sluggish growth in nominal credit. The weighted interbank average rate increased significantly, underpinned by the tight monetary policy stance, and sustained liquidity withdrawal from the market.

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Appendix Table 4.1

Appendix 1: Sources of Growth in Total Liquidity (M2+) (millions of Ghana cedis unless otherwise stated)

		Oct-21	Oct-22	Dec-22	Mar-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23
1	Net Foreign Assets	15304.21	(19528.25)	(10321.15)	(12006.65)	649.68	(2907.27)	(3262.56)	(1699.17)	1043.65
	Bank of Ghana	17247.01	(21098.91)	(17487.62)	(23944.90)	(13750.27)	(15749.79)	(16909.37)	(16263.13)	(14153.57)
	Commercial Banks	(1942.80)	1570.66	7166.46	11938.25	14399.95	12842.51	13646.81	14563.96	15197.22
2	Net Domestic Assets	113926.79	207187.45	190587.99	218993.06	208970.93	215563.91	217857.65	220861.34	224795.30
3	ow: Claims on government (net)	79598.07	121169.24	122554.34	144230.49	137161.10	142457.36	144411.94	118393.21	118698.08
4	ow: Claims on Private sector(Incl. PE's)	58428.89	89844.06	85078.76	88275.49	87839.24	88343.61	87747.26	88145.55	88835.75
	BOG OMO Sterilisation Acc.	(7805.91)	(5699.78)	(7725.48)	(27440.77)	(27273.48)	(33930.72)	(34729.01)	(36582.70)	(37864.75)
5	Total Liquidity (M2+)	129231.01	187659.20	180266.84	206986.41	209620.61	212656.64	214595.09	219162.17	219162.17
6	ow: Broad Money Supply (M2)	101128.67	121790.71	135142.49	148131.00	150070.56	152984.19	154965.77	158647.67	158647.67
7	ow: Foreign Currency Deposits(¢million)	28102.33	65868.49	45124.35	58855.41	59550.05	59672.45	59629.32	60514.50	60514.50
	Change from previous year (in per cent)									
8	Net Foreign Assets	(18.26)	(227.60)	(237.04)	(597.01)	(108.70)	(67.62)	(76.67)	(89.80)	(105.34)
9	Net Domestic Assets	21.02	81.86	48.87	56.07	36.92	35.24	30.89	24.91	8.50
10	ow: Claims on government (net)	24.28	52.23	62.72	64.29	42.22	40.46	29.51	8.67	(2.04)
11	ow: Claims on Private sector(Incl. PE's)	10.47	53.77	37.70	32.13	23.12	22.03	17.62	10.95	(1.12)
12	ow: BOG OMO Sterilisation Acc.	20.92	26.98	(36.62)	(336.31)	(495.08)	(573.11)	(494.43)	(427.10)	(564.32)
12	Total Liquidity (M2+)	14.51	45.21	32.98	45.02	44.41	41.38	40.76	36.84	16.79
13	Broad Money Supply (M2)	15.14	20.43	27.81	39.68	40.93	39.96	40.58	43.43	30.26
14	Foreign Currency Deposits (FCDs)	12.29	134.39	51.33	60.46	54.00	45.15	41.23	22.14	(8.13)
	Cummulative change from previous year end (in per cent)									
15	Net Foreign Assets	(17.72)	(359.29)	(237.04)	16.33	(106.29)	(71.83)	(68.39)	(83.54)	(110.11)
16	Net Domestic Assets	11.78	61.83	48.87	14.90	9.65	13.10	14.31	15.88	17.95
17	o/w: Claims on government (net)	15.42	60.88	62.72	17.69	11.92	16.24	17.84	(3.40)	(3.15)
18	Broad Money(M2+)	7.23	38.44	32.98	14.82	16.28	17.97	19.04	21.58	21.58
	Annual per cent contribution to money growth									
19	Net Foreign Assets	(3.03)	(26.95)	(14.51)	(10.10)	5.59	4.04	7.03	9.34	10.96
20	NDA	17.54	72.17	47.49	55.12	38.82	37.34	33.72	27.50	9.38
21	Total Liquidity (M2+)	14.51	45.21	32.98	14.82	16.28	17.97	19.04	21.58	21.58
	Memorandum items									
22	Reserve Money	39785.36	64737.95	68103.84	57840.77	62343.44	60728.08	62730.87	63496.22	63496.22
23	NFA ($million)	2593.54	(1501.18)	(1203.49)	(1090.16)	59.08	(264.21)	(296.08)	(152.69)	93.78
24	Currency ratio	0.18	0.16	0.21	0.18	0.18	0.17	0.17	0.17	0.17
25	**FCD/M2+**	0.22	0.35	0.25	0.28	0.28	0.28	0.28	0.28	0.28
26	**FCD/Total Deposit**	0.26	0.41	0.30	0.33	0.33	0.33	0.33	0.32	0.32
27	RM multiplier	2.54	1.88	1.98	2.56	2.41	2.52	2.47	2.50	2.50

Appendix Table 4.2

Appendix 2: Sources of Growth in Reserve Money (millions of Ghana cedis unless otherwise stated)

		Oct-21	Oct-22	Dec-22	Mar-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23
1	Net Foreign Assets (NFA)	17247.01	(21098.91)	(17487.62)	(23944.90)	(13750.27)	(15749.79)	(16909.37)	(16263.13)	(14153.57)
2	Net Domestic Assets (NDA)	22538.35	85836.86	85591.45	81785.67	76093.71	76477.87	79640.24	79759.35	77219.31
	of which:									
3	ow: Claims on government (net)	33808.99	74101.60	73910.16	87171.91	82951.81	86756.11	87652.68	62372.76	61494.78
4	Claims on DMB's (net)	538.07	(5679.57)	(4057.39)	(9875.29)	(8502.16)	(8285.03)	(9085.23)	(11639.68)	(14904.92)
5	OMO Sterilisation Account.	(7805.91)	(5699.78)	(7725.48)	(27440.77)	(27273.48)	(33930.72)	(34729.01)	(36582.70)	(37864.75)
6	Reserve Money (RM)	39785.36	64737.95	68103.84	57840.77	62343.44	60728.08	62730.87	63496.22	63065.75
7	ow:Currency	19497.85	25674.07	31420.65	31194.57	31238.50	31124.87	31396.13	31834.02	33556.15
8	DMB's reserves	16277.89	33358.59	31727.84	21355.42	25888.23	24102.53	25767.98	26051.92	23574.15
9	Non-Bank deposits	4009.62	5705.29	4955.35	5290.78	5216.71	5500.69	5678.76	5610.28	5935.45
	Change from previous year (in per cent)									
10	Net Foreign Assets	(1.41)	(222.33)	(312.05)	(633.79)	114.78	75.09	17.63	(3.60)	(32.92)
11	Net Domestic Assets	59.64	280.85	144.56	102.54	39.26	30.63	23.76	13.33	(10.04)
12	ow: Claims on government (net)	14.68	119.18	151.48	120.71	61.27	59.83	37.75	(0.08)	(17.01)
13	Claims on DMB's (net)	228.16	1155.54	243.91	(420.80)	(81.71)	(48.13)	(27.30)	(678.84)	(162.43)
14	OMO Sterilisation Account.	20.92	26.98	(36.62)	(336.31)	(495.08)	(573.11)	(494.43)	(427.10)	(564.32)
15	**Reserve Money (RM)**	25.86	62.72	57.48	28.92	29.24	22.56	25.52	18.68	(2.58)
16	ow:Currency	10.10	31.68	44.30	41.21	41.34	39.23	35.57	33.83	30.70
	Cumulative change from previous year end (in per cent)									
17	Net Foreign Assets (NFA)	21.08	(355.84)	(312.05)	36.92	(21.37)	(9.94)	(3.31)	(7.00)	(19.07)
18	Net Domestic Assets (NDA)	3.21	145.26	144.56	(4.45)	(11.10)	(10.65)	(6.95)	(6.81)	(9.78)
19	o/w: Claims on government (net)	6.55	152.14	151.48	17.94	12.23	17.38	18.59	(15.61)	(16.80)
20	Reserve Money (RM)	10.13	49.70	57.48	(15.07)	(8.46)	(10.83)	(7.89)	(6.77)	(7.40)
	Annual per cent contribution									
21	Net Foreign Assets	(0.78)	(96.38)	(59.51)	(63.37)	(15.23)	(13.63)	(5.07)	1.14	10.73
22	Net Domestic Assets (NDA)	26.64	159.10	116.99	92.28	44.47	36.19	30.59	17.54	(13.31)
23	RM growth (y-o-y)	25.86	62.72	57.48	28.92	29.24	22.56	25.52	18.68	(2.58)

Source: Bank of Ghana Staff Caluculations

5. Banking Sector Developments

5.0 Highlights

The banking sector remained stable, as banks continued to adjust to the impact of the Domestic Debt Exchange programme (DDEP). Profitability continued to improve, sustained by increases in net interest income and other income sources in the first ten months of the year.

Key financial soundness indicators were broadly strong, however, the industry's solvency measure, the Capital Adequacy Ratio (CAR) declined in October 2023, reflecting impairment losses on restructured bonds from the DDEP. The CAR, however, remained above the revised prudential minimum of 10 percent, supported by the regulatory reliefs on capital. Asset quality risks, on the other hand, remained elevated as indicated by the increase in the NPL stock and the NPL ratio over the year.

5.1 Banks' Balance Sheet

Total assets of the banking sector grew by 3.2 percent year-on-year to GH¢257.9 billion as at October 2023, compared with 43.7 percent growth in October 2022. A breakdown of assets into its two main parts indicates that foreign assets grew by 14.3 percent in October 2023, from 125.3 percent in October 2022, while domestic assets went up by 2.3 percent in October 2023, compared to 39.7 percent growth in October 2022. Accordingly, the share of foreign assets in total assets increased to 8.2 percent from 7.4 percent, while the share of domestic assets declined from 92.6 percent to 91.8 percent, during the same reference period (Table 5.1).

Investments constituted the largest component of total assets and was up by 22.0 percent year-on-year to GH¢103.7 billion in October 2023, compared to 1.9 percent in October 2022. Following the completion of the DDEP, banks' holdings of long-term investments (securities) contracted by 25.5 percent in October 2023 from 20.9 percent growth in October 2022, while short-term investments (bills) increased sharply by 285.8 percent, after contracting by 45.5 percent during the same reference period. Consequently, the share of investments in total assets increased to 40.2 percent in October 2023, from 34.0 percent in October 2022.

Gross loans and advances contracted by 9.5 percent to GH¢73.5 billion in October 2023 compared to the strong growth of 57.5 percent in October 2022. The decline in credit was mainly on the back of general risk aversion reflecting the current macroeconomic challenges. Net loans and advances (gross loans adjusted for provisions and interest in suspense) also contracted by 12.8 percent in October 2023 compared to 60.8 percent growth in October 2022.

Deposits remained the main source of funding for the banking sector, accounting for 77.5 percent share of total assets in October 2023, up from 68.9 percent a year ago. The growth in deposits, however, declined within the review period, partly reflecting the translation effects of the appreciation of the Ghana cedi in October 2023 relative to October 2022. Accordingly, total deposits grew by 16.2 percent year-on-year to GH¢199.9 billion in October 2023, compared with 46.5 percent growth in the same period of last year.

The other sources of funding for the banking sector, namely, borrowings and shareholders' funds recorded contractions in October 2023 relative to the same period last year. For instance, the banking sector's borrowings from domestic and external sources declined by 50.9 percent to GH¢14.9 billion in October 2023, after increasing by 47.6 percent in October 2022. The contraction in borrowings reflected sharp

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declines in the main components of total borrowings. Short-term domestic borrowings contracted by 32.8 percent at end-October 2023 compared with the 29.8 percent growth in October 2022, whereas long-term domestic borrowings contracted by 36.8 percent in October 2023, relative to the growth of 29.4 percent during the same period in the previous year. Similarly, short-term foreign borrowings contracted by 80.6 percent, after increasing by 85.0 percent in the same comparative period, while long-term foreign borrowings contracted by 53.0 percent against a 54.3 percent growth a year prior.

The sector's shareholders' funds also declined in October 2023 relative to the same period last year, mainly reflecting losses from the DDEP which impacted the reserves of banks. Shareholders' funds contracted by 4.2 percent to GH¢25.4 billion in October 2023, compared to a growth of 11.9 percent in October 2022. The decline in shareholders' funds is also attributable to the slower growth in paid-up capital from 4.4 percent in October 2022 to 0.4 percent in October 2023. The equity position of banks is, however, projected to improve as banks step up recapitalisation efforts to meet the 2025 deadline announced by the Bank of Ghana.

Table 5.1: Key Developments in DMBs' Balance Sheet

	(GH ¢'million)			Y-on-Y Growth (%)			Shares (%)	
	Oct-22	Aug-23	Oct-23	Oct-22	Aug-23	Oct-23	Oct-22	Oct-23
TOTAL ASSETS	**249,854.9**	**244,724.3**	**257,888.5**	**43.7**	**19.6**	***3.2***	***100.0***	***100.0***
A. Foreign Assets	18,398.0	19,158.3	21,026.3	125.3	**48.6**	*14.3*	*7.4*	*8.2*
B. Domestic Assets	231,456.9	225,566.0	236,862.3	39.7	**17.7**	*2.3*	*92.6*	*91.8*
Investments	85,012.5	97,077.8	103,747.0	1.9	**19.9**	*22.0*	*34.0*	*40.2*
i. Bills	12,954.8	49,469.5	49,976.5	(45.5)	**242.6**	*285.8*	*5.2*	*19.4*
ii. Securities	71,842.2	47,348.1	53,510.3	20.9	**(28.6)**	*(25.5)*	*28.8*	*20.7*
Advances (Net)	72,108.0	61,883.1	62,886.5	60.8	**5.7**	*(12.8)*	*28.9*	*24.4*
of which Foreign Currency	29,987.7	20,910.1	21,535.3	120.1	**11.8**	*(28.2)*	*12.0*	*8.4*
Gross Advances	**81,226.0**	**72,429.4**	**73,525.1**	57.5	**9.6**	***(9.5)***	***32.5***	***28.5***
Other Assets	18,950.8	14,375.8	15,031.4	152.8	**34.8**	*(20.7)*	*7.6*	*5.8*
Fixed Assets	5,728.7	7,539.0	7,729.1	10.0	**38.3**	*34.9*	*2.3*	*3.0*
TOTAL LIABILITIES AND CAPITAL	**249,854.9**	**244,724.3**	**257,888.5**	**43.7**	**19.6**	***3.2***	***100.0***	***100.0***
Total Deposits	**172,092.6**	**189,863.8**	**199,939.2**	**46.5**	**38.9**	***16.2***	***68.9***	***77.5***
of which Foreign Currency	69,552.6	62,048.6	64,666.0	133.3	**48.6**	*(7.0)*	*27.8*	*25.1*
Total Borrowings	30,410.6	13,851.8	14,944.9	47.6	**(41.0)**	*(50.9)*	*12.2*	*5.8*
Foreign Liabilities	18,098.5	6,104.3	6,509.8	67.5	**(55.0)**	*(64.0)*	*7.2*	*2.5*
i. Short-term borrowings	7,801.7	1,362.2	1,510.5	85.0	**(77.9)**	*(80.6)*	*3.1*	*0.6*
ii. Long-term borrowings	8,406.2	3,854.7	3,953.1	54.3	**(31.9)**	*(53.0)*	*3.4*	*1.5*
iii. Deposits of non-residents	1,890.7	884.3	1,044.8	66.0	**(48.7)**	*(44.7)*	*0.8*	*0.4*
Domestic Liabilities	204,422.6	213,884.2	225,148.9	47.8	**30.9**	*10.1*	*81.8*	*87.3*
i. Short-term borrowing	12,724.5	6,551.3	8,547.0	29.8	**(36.5)**	*(32.8)*	*5.1*	*3.3*
ii. Long-term Borrowings	1,478.3	2,083.5	934.3	29.4	**56.5**	*(36.8)*	*0.6*	*0.4*
iii. Domestic Deposits	170,202.0	188,979.5	198,894.4	46.4	**40.0**	*16.9*	*68.1*	*77.1*
Other Liabilities	20,875.3	16,560.7	17,110.8	71.9	**(6.9)**	*(18.0)*	*8.4*	*6.6*
Paid-up capital	10,386.1	10,432.1	10,432.2	4.4	**1.6**	*0.4*	*4.2*	*4.0*
Shareholders' Funds	26,476.3	23,878.4	25,372.4	11.9	**(10.3)**	*(4.2)*	*10.6*	*9.8*

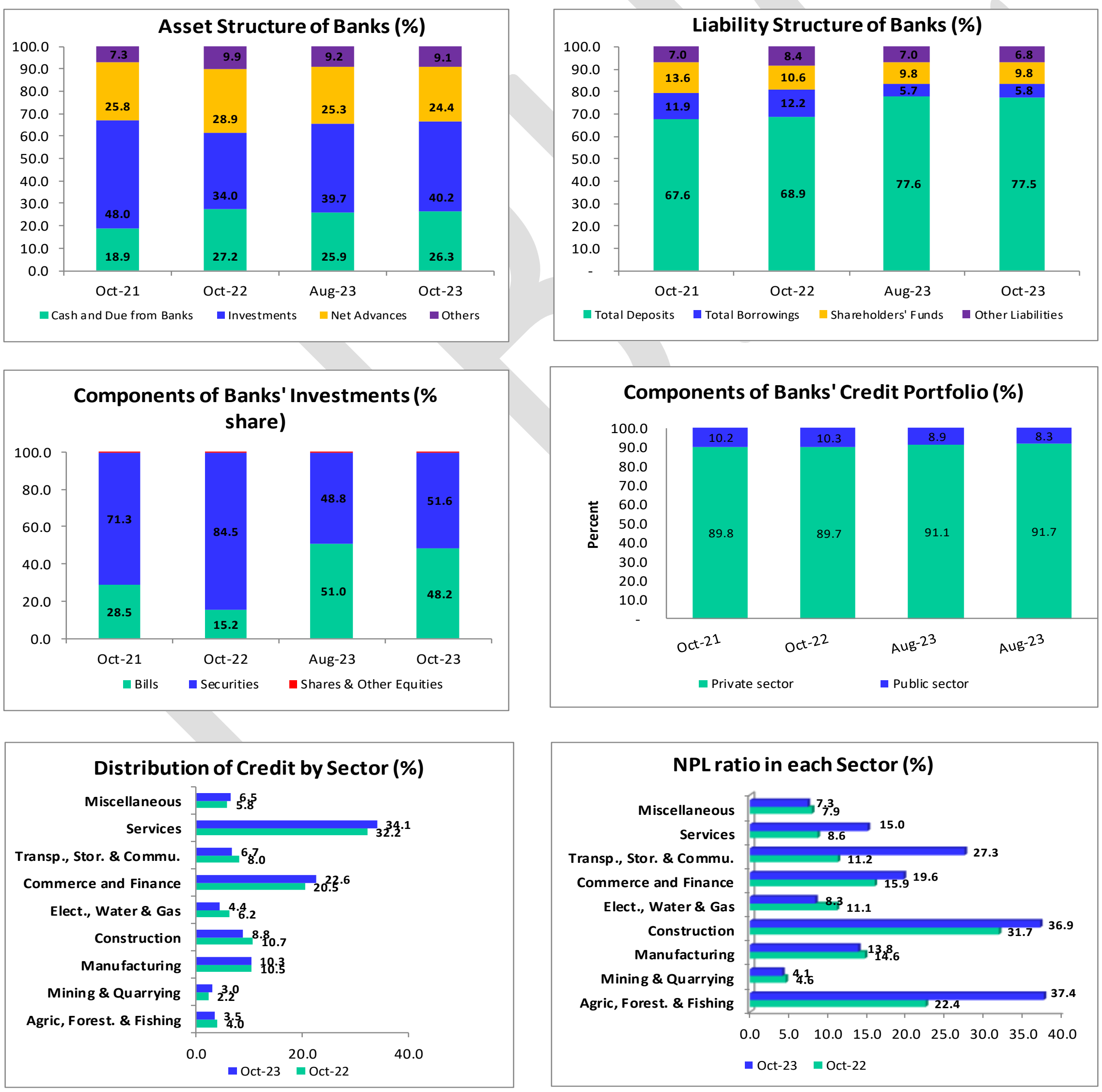
Source: Bank of Ghana

5.1.1 Asset and Liability Structure

The structure of banks' balance sheet reflected an on-going reallocation of liquidity from other asset classes to investments. The share of investments (comprising bills, securities, and equity) in total assets increased from 34.0 percent in October 2022 to 40.2 percent in October 2023 as banks increased their holdings of short-term investments during the year. On the other hand, the share of cash and bank balances, declined marginally from 27.2 percent to 26.3 percent in the same review period. Similarly, the share of net loans and advances declined from 28.9 percent to 24.4 percent, on the back of the slowdown in credit growth during the period under review. The share of non-earning assets (fixed assets and other assets) in banks' total assets also decreased to 9.1 percent in October 2023, from 9.9 percent in October 2022, driven by a contraction in the 'other assets' component during the review period (Annexes Table 5.1).

Notwithstanding the lower growth in deposits in October 2023 compared to October 2022, the share of deposits in banks' liabilities and shareholders' funds increased to 77.5 percent in October 2023, from 68.9 percent in the corresponding period last year, as other funding sources recorded sharp contractions within the review period. The share of borrowings declined to 5.8 percent in October 2023 from 12.2 percent in October 2022, in line with the sharp contraction in total borrowings. The proportion of shareholders' funds in banks' liabilities and capital, also declined to 9.8 percent from 10.6 percent, consistent with the observed decline in shareholders' funds. The share of other liabilities also declined to 6.8 percent in October 2023, from 8.4 percent during the same period a year ago. (Annexes Table 5.1).

Figure 5.1: Developments in Banks' Balance Sheet & Asset Quality



Source: Bank of Ghana Staff Calculations

5.1.2 Share of Banks' Investments

Notwithstanding the sharp decline in banks' holdings of long-term debt instruments following the implementation of the DDEP, securities constituted the largest component of banks' investment portfolio, with its share at 51.6 percent in October 2023 compared with 84.5 percent in October 2022. The share of short-term bills in total investments, however, rose significantly to 48.2 percent from 15.2 percent over the same reference period. The share of equity investments remained negligible and flat at 0.2 percent during the period under review (Figure 5.1).

5.2 Credit Risk

Credit risk remained elevated during the period under review, reflecting the sharp increase in the stock of non-performing loans, which translated into a higher NPL ratio.

5.2.1 Credit Portfolio Analysis

The stock of gross loans and advances (domestic and foreign) contracted between October 2022 and October 2023, reflecting a slowdown in new lending by banks and the effect of the appreciation of the Ghana cedi on the outstanding loan balance during the review period. Accordingly, gross loans declined by 9.5 percent to GH¢73.5 billion at end-October 2023, compared to the 57.5 percent growth in October 2022. New loans by banks for the first ten months of 2023 was lower at GH¢40.9 billion compared to GH¢45.3 billion in the same corresponding period last year.

The decline in gross credit reflected contractions in both components. Private sector credit shrunk by 7.5 percent to GH¢67.4 billion in October 2023, relative to 57.2 percent growth in the corresponding period last year. This was attributable to the 12.7 percent contraction in loans to private enterprises, which was offset by 17.0 percent growth in loans to households. Public sector credit also declined by 27.0 percent to GH¢6.1 billion at end-October 2023 compared to the 59.2 percent growth in October 2022. In view of the sharper contraction in public sector credit, the share of private sector credit in total credit rose to 91.7 percent in October 2023 from 89.7 percent in October 2022, whereas the share of public sector credit declined from 10.3 percent to 8.3 percent during the same review period (Annexes Tables 5.2 & 5.4).

In terms of the sector distribution, credit to the services sector was the largest, accounting for 34.1 percent of total credit at end-October 2023 compared to 32.2 percent in October 2022. The commerce and finance sector came second, with a share of 22.6 percent, up from 20.5 percent in October 2022, while the manufacturing sector accounted for a 10.3 percent share, marginally down from 10.5 percent in October 2022 (Figure 5.1). Together, these three sectors accounted for 67.0 percent of total credit in October 2023, compared with 63.2 percent in October 2022. The mining and quarrying sector was the lowest recipient of total credit with a share of 3.0 percent, up from 2.2 percent during the period under review (Figure 5.1).

5.2.2 Off - Balance Sheet Activities

Off-balance sheet transactions (largely trade finance and guarantees) contracted during the period under review as trade finance activities by banks moderated. Banks' contingent liabilities contracted by 32.6 percent to GH¢19.5 billion as at end-October 2023, from GH¢31.2 billion at end-October 2022 (annual growth of 72.3 percent). In relative terms, contingent liabilities as a percentage of total liabilities declined to 8.4 percent in October 2023 from 14.0 percent in October 2022 (Annexes Table 5.3).

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5.2.3 Asset Quality

Asset quality risks elevated in October 2023, reflecting the pickup in the NPL stock and NPL ratio during the period. The industry's NPL ratio increased to 18.3 percent in October 2023, from 14.0 percent in October 2022 on account of a higher growth in the NPL stock and a contraction in gross loans during the review period. Similarly, the NPL ratio adjusted for the fully provisioned loan loss category increased from 3.9 percent to 6.4 percent during the same comparative period (Figure 5.2). The NPL stock increased by 18.8 percent to GH¢13.5 billion in October 2023 from GH¢11.3 billion in October 2022, reflecting a deterioration in domestic currency loans. The private sector accounted for the largest share of non-performing loans of 93.8 percent in October 2023, marginally lower than the share of 95.0 percent recorded in October 2022. The share of public sector NPLs however, rose to 6.2 percent, from 5.0 percent a year ago (Annexes Table 5.4).

The increase in the industry NPL ratio reflected deterioration in NPL ratios for five economic sectors while three reported improvements during the review period. The agriculture, forestry and fishing sector recorded the highest NPL ratio of 37.4 percent, a sharp increase from 22.4 percent a year ago, followed by the construction sector with an NPL ratio of 36.9 percent, from 31.7 percent a year earlier. The NPL ratio of the transportation, storage and communication sector recorded the highest year-on-year increase to 27.3 percent from 11.2 percent, while the commerce and finance sector NPL ratio increased to 19.6 percent from 15.9 percent over the same comparative period. The NPL ratios of the electricity, water and gas, manufacturing and mining and quarrying sectors, however, declined to 8.3 percent, 13.8 percent and 4.1 percent in October 2023 from their respective positions of 11.1 percent, 14.6 percent and 4.6 percent in October 2022. The mining and quarrying sector accounted for the lowest NPL ratio at 4.1 percent while the electricity, water and gas sector recorded the highest year-on-year decrease in NPL ratio during the review period (Figure 5.1).

5.3 Financial Soundness Indicators

Trends in the industry's Financial Soundness Indicators (FSIs) were mixed during the period under review.

5.3.1 Liquidity Indicators

The industry's liquidity position remained strong in October 2023 compared with the same period in 2022, although the sector recorded moderations in the core liquidity indicators during the review period. The ratio of core liquid assets (mainly cash and due from banks) to total assets ratio declined marginally from 27.2 percent in October 2022 to 26.3 percent in October 2023, while the ratio of core liquid assets to total deposits decreased from 39.5 percent to 34.0 percent. The ratio of broad liquid assets to total deposits, also declined to 85.7 percent in October 2023, from 88.8 percent in October 2022. The broad liquid assets to total assets ratio on the other hand, increased to 66.5 percent from 61.2 percent, reflecting the moderation in growth in total assets relative to liquid assets over the same comparative period (Annexes Table 5.5).

5.3.2 Capital Adequacy Ratio

The industry's solvency position, measured by the Capital Adequacy Ratio (CAR) adjusted for regulatory reliefs, was 13.4 percent in October 2023, higher than the revised prudential minimum of 10 percent, but lower than the 14.2 percent ratio recorded in October 2022. The lower CAR in October 2023 was a result of losses incurred by banks on their investments following the DDEP.

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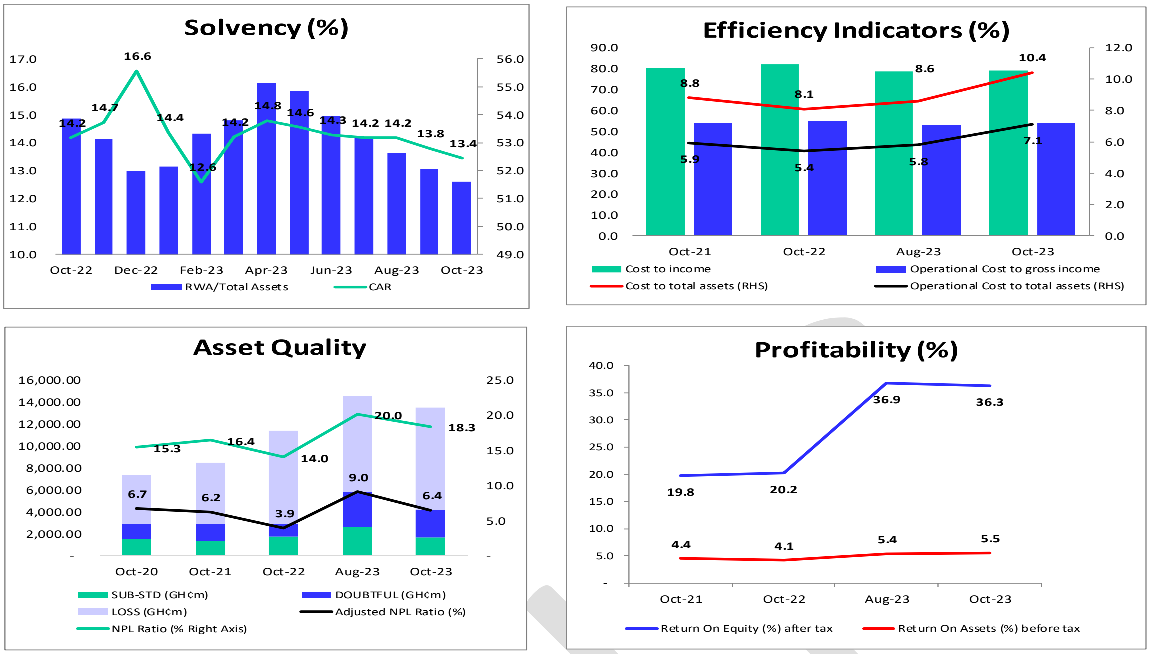
Figure 5.2: Key Financial Soundness Indicators (FSIs)



Source: Bank of Ghana Staff Calculations

5.3.3 Profitability

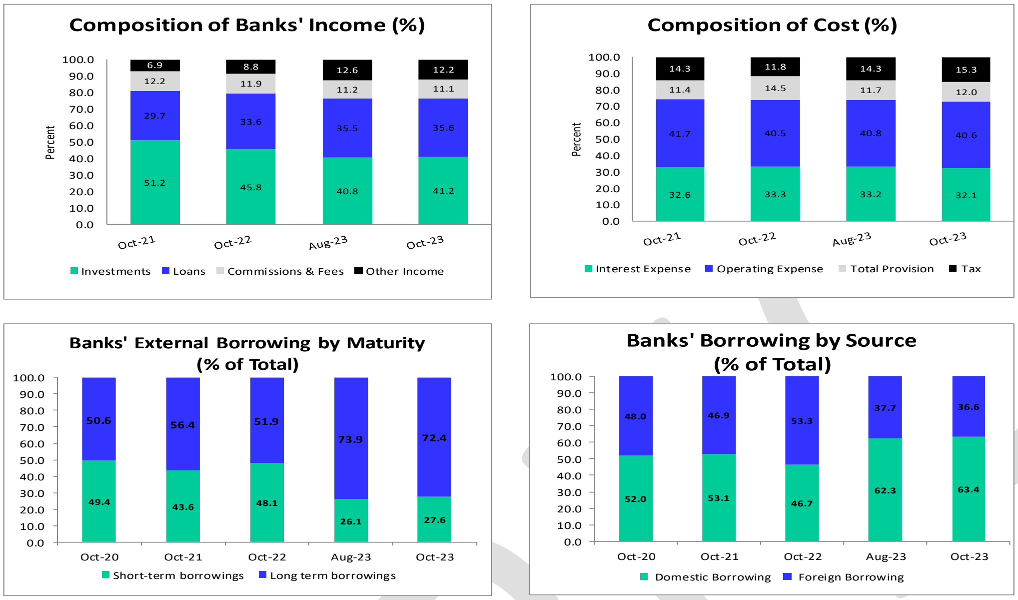
Banks continued to record higher profits this year compared to last year, driven by increases in the major income lines for the sector. The industry's profit-after-tax improved over the first ten months of the year was GH¢7.1 billion, representing an increase of 60.4 percent, compared with the 17.2 percent growth recorded during the same period last year. Profit-before-tax also grew by 64.3 percent to GH¢11.2 billion in October 2023, compared to a growth of 14.1 percent in October 2022.

Net interest income growth increased from 22.7 percent to 36.5 percent during the review period on account of a higher increase in interest income relative to interest expenses. While growth in interest income increased to 33.2 percent in October 2023 from 26.7 percent in October 2022, growth in interest expenses moderated to 26.9 percent from 34.9 percent during the same comparative period. The higher interest income growth in October 2023 is explained by improved interest income on loans and investments arising from increases in lending rates and interest rates on money market instruments. The contraction in borrowings during the year contributed to the lower growth in interest expenses in October 2023 relative to October 2022.

Other income lines also increased during the period under review. Net fees and commissions increased by 29.3 percent in October 2023, from 25.4 percent in October 2022, whereas other income grew strongly from 63.7 percent in October 2022 to 91.2 percent growth in October 2023. These developments culminated in a 37.8 percent increase in the industry's gross income to GH¢34.0 billion in October 2023 compared with the 29.1 percent growth recorded in October 2022.

Higher growth in operating expenses was not enough to offset the strong outturn in income recorded for the first ten months of the year. The industry's operating expenses grew by 34.9 percent in October 2023, compared to 28.1 percent in October 2022, on the back of higher other operating (administrative) expenses, while growth in staff cost declined marginally. Growth in provisions for depreciation and impairment losses on financial assets however moderated to 9.5 percent in October 2023, compared to the 66.9 percent increase recorded in October 2022 (Annexes Table 5.7 and Figure 5.3).

Figure 5.3: Composition of Income, Cost and Borrowings



Source: Bank of Ghana Staff Calculations

(a) Return on Assets and Return on Equity

Following the strong profit outturn, profitability indicators improved. The sector's Return-on-Equity (ROE) increased to 36.3 percent in October 2023 from 20.2 percent in October 2022, and Return-on-Assets (ROA) also increased to 5.5 percent from 4.1 percent over the same comparative period (Figure 5.2 and Annexes Table 5.6).

(b) Interest Margin and Spread

Banks' interest spread widened from 9.2 percent in October 2022, to 10.3 percent in October 2023 on account of an increase in gross yield to 15.4 percent in October 2023 from 14.1 percent a year ago. Interest payable also increased marginally to 5.0 percent, from 4.8 percent during the same review period. The interest margin to total assets ratio rose to 6.8 percent in October 2023 from 5.1 percent in October 2022, while interest margin to gross income moderated to 51.6 percent from 52.1 percent during the same reference period. The ratio of gross income to total assets (asset utilisation) increased to 13.2 percent in October 2023 from 9.9 percent in October 2022, while the profitability ratio increased to 20.9 percent from 18.0 percent over the review period (Annexes Table 5.6).

(c) Composition of Banks' Income

Income from investments remained the largest component of banks' total income in October 2023, although its share declined to 41.2 percent from 45.8 percent in October 2022. The share of interest income from loans, conversely, increased to 35.6 percent from 33.6 percent, in line with increases in lending rates during the year. The share of banks' income from fees and commissions, moderated to 11.1 percent from 11.9 percent. The proportion of income from other sources however, overtook income from fees and commissions with its share increasing from 8.8 percent from 12.2 percent during the same reference period (Figure 5.3).

5.3.4 Operational Efficiency

Banks remained broadly cost efficient during the period under review. Cost-to-income ratio improved from 82.1 percent in October 2022 to 79.1 percent in October 2023. Similarly, the ratio of operational cost to total income improved from 54.8 percent to 53.9 percent, following the pickup in gross income in October 2023 compared to the corresponding period last year. The cost-to-total assets ratio however weakened to 10.4 percent, from 8.1 percent in the same reference period while the operational cost-to-total assets ratio also went up to 7.1 percent in October 2023 from 5.4 percent in October 2022, reflecting the moderation in growth in total assets during the period under review (Figure 5.2).

5.3.5 Banks' Counterparty Relationships

Total offshore balances increased by 4.6 percent to GH¢17.2 billion in October 2023, compared to the 152.6 percent growth in the corresponding period in the previous year. The lower growth in offshore balances in October 2023 was driven largely by the 21.5 percent contraction in nostro balances in October 2023, compared with the 158.3 percent growth recorded in October 2022. Growth in industry placements also moderated to 36.0 percent in October 2023, from 147.9 percent last year. The ratio of offshore balances to net worth however, increased to 67.7 percent in October 2023, from 62.0 percent in October 2022, reflecting the contraction in the industry's net worth during the period under review (Annexes Table 5.8).

The share of banks' external borrowings in total borrowings declined to 36.6 percent in October 2023, from 53.3 percent in October 2022, while the share of domestic borrowings increased to 63.4 percent from 46.7 percent over the same reference period. Banks' external borrowings were largely long-term in nature with the share of long-term borrowings in total external borrowings increasing to 72.4 percent in October 2023, from 51.9 percent in October 2022. The share of short-term external borrowings, on the other hand, declined to 27.6 percent, from 48.1 percent during the period under review (Figure 5.3).

5.4 Credit Conditions Survey

Results of the October 2023 Credit Conditions Survey indicated a net easing in the overall stance on loans to enterprises between September and October 2023. This reflected a net ease stance on all components of enterprise loans except loans to small and medium enterprises which tightened during the review period. Over the next two months, banks project a net ease in the overall stance on loans to corporates on the back of a net ease in all components of enterprise loans.

Similarly, the overall credit stance on household loans recorded a net easing in September and October 2023, from a net ease in both components of household loans namely loans for house and consumer credit and other lending. Banks project a further net ease in the overall stance on loans to households in the outlook for the next two months.

Banks reported a decline in the demand for all categories of enterprise loans which translated into a decline in the overall demand for loans by enterprises during the survey period. Banks, however, project an increase in demand for corporate loans in the next two months, driven by increases in demand for all categories of enterprise loans. Credit demand by households, however, slowed on the back of declines in the demand for both consumer credit and mortgages. Over the next two months, banks expect a rebound in demand for both

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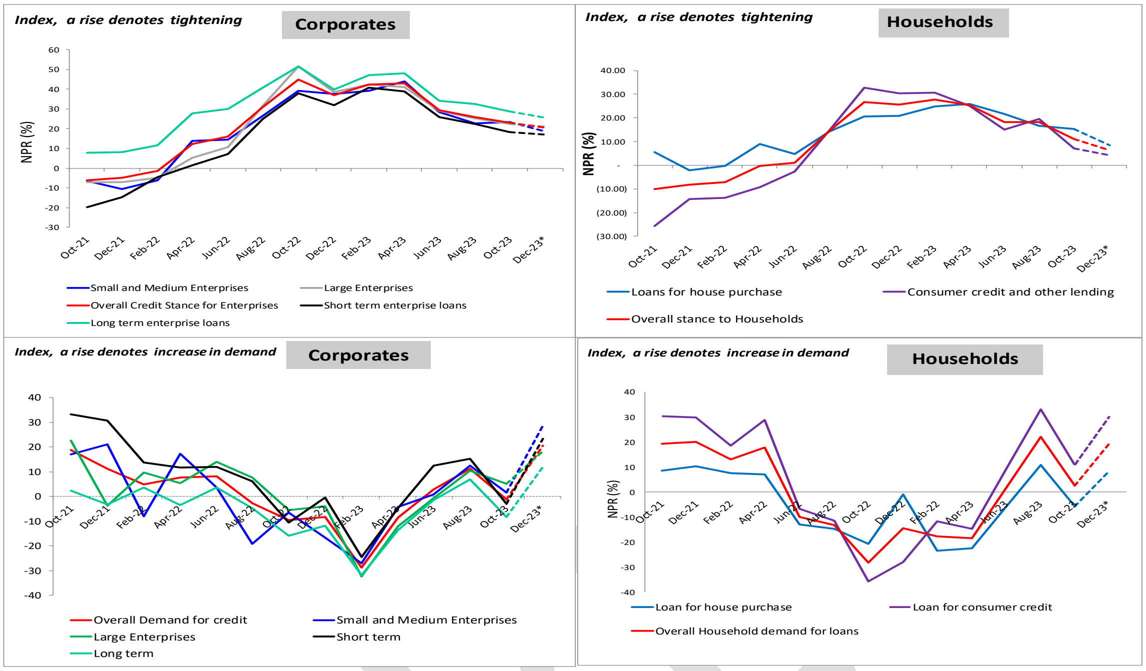
consumer credit and loans for house purchases to drive an increase in overall demand for household loans (Figure 5.4).

Figure 5.4: Credit Conditions Survey Results



Source: Bank of Ghana Staff Calculations

5.5 Conclusion and Outlook

Overall, the banking sector was stable as banks continued to adjust to the impact of the DDEP. The key Financial Soundness Indicators (FSIs) remained strong despite weakening in some of the indicators, particularly solvency and asset quality. The sustained increases in profits are projected to boost the capital levels of banks and support recapitalisation efforts. Asset quality, however, remains a key risk in the outlook and will have to be monitored closely to minimise its impact on the sector.

Annexes

Table 5.1: Asset and Liability Structure of the Banking Sector

	Oct-20	Oct-21	Oct-22	Aug-23	Oct-23
Components of Assets (% of Total)					
Cash and Due from Banks	20.5	18.9	27.2	25.9	26.3
Investments	44.4	48.0	34.0	39.7	40.2
Net Advances	27.5	25.8	28.9	25.3	24.4
Others	7.5	7.3	9.9	9.2	9.1
Components of Liabilities and Shareholders' Funds (% of Total)					
Total Deposits	66.9	67.6	68.9	77.6	77.5
Total Borrowings	12.0	11.9	12.2	5.7	5.8
Shareholders' Funds	13.7	13.6	10.6	9.8	9.8
Other Liabilities	10.6	7.0	8.4	7.0	6.8

Table 5.2: Credit Growth

Economic Sector	Gh¢million				y/y growth (%)	
	Oct-21	Oct-22	Aug-23	Oct-23	Oct-22	Oct-23
Public Sector	**5,261.33**	**8,374.46**	**6,430.55**	**6,114.20**	**59.2**	**-27.0**
Private Sector	**46,332.38**	**72,851.57**	**65,998.88**	**67,410.86**	**57.2**	**-7.5**
- Private Enterprises	33,299.75	55,763.72	47,982.93	48,687.99	67.5	-12.7
o/w Foreign	4,393.76	10,603.48	3,393.85	2,997.28	141.3	-71.7
Indigenous	28,905.99	45,160.25	44,589.08	45,690.71	56.2	1.2
- Households	11,480.31	14,773.68	16,925.84	17,284.45	28.7	17.0
Gross Loans	**51,593.7**	**81,226.0**	**72,429.4**	**73,525.1**	**57.4**	**-9.5**

Table 5.3: Contingent Liability

	Oct-20	Oct-21	Oct-22	Aug-23	Oct-23
Contingent Liabilities (GH¢million)	11,430.2	16,532.8	31,219.8	18,046.7	19,458.2
Growth (y-o-y)	(0.3)	44.8	72.3	(30.1)	(32.6)
% of Total Liabilities	8.8	11.0	14.0	8.2	8.4

Table 5.4: Distribution of Loans and NPLs By Economic Sector (Percent)

	Oct-21		Oct-22		Aug-23		Oct-23	
	Share in Total Credit	Share in NPLs	Share in Total Credit	Share in NPLs	Share in Total Credit	Share in NPLs	Share in Total Credit	Share in NPLs
a. Public Sector	**10.2**	**4.0**	**10.3**	**5.0**	**8.9**	**5.0**	**8.3**	**6.2**
i. Government	4.9	1.8	5.3	1.4	3.5	3.2	3.1	1.4
ii. Public Institutions	2.3	0.0	1.7	0.1	1.7	0.0	1.7	1.9
iii. Public Enterprises	3.1	2.2	3.3	3.5	3.7	1.8	3.5	2.9
b. Private Sector	**89.8**	**96.0**	**89.7**	**95.0**	**91.1**	**95.0**	**91.7**	**93.8**
i. Private Enterprises	64.5	87.4	68.7	85.8	66.2	84.7	66.2	70.9
o/w Foreign	8.5	7.9	13.1	12.9	4.7	2.5	4.1	12.7
Indigeneous	56.0	79.5	55.6	72.9	61.6	82.2	62.1	58.2
ii. Households	22.3	7.0	18.2	8.3	23.4	9.6	23.5	17.4
iii. Others	3.0	1.6	2.8	0.8	1.5	0.7	2.0	5.5

Table 5.5: Liquidity Ratios

	Oct-20	Oct-21	Oct-22	Aug-23	Oct-23
Liquid Assets (Core) - (GH¢'million)	30,723.4	32,822.3	68,018.6	63,368.6	67,888.8
Liquid Assets (Broad) -(GH¢'million)	96,981.2	116,016.0	152,815.6	160,186.2	171,375.6
Liquid Assets to total deposits (Core)-%	30.7	28.0	39.5	33.4	34.0
Liquid Assets to total deposits (Broad)- %	96.8	98.8	88.8	84.4	85.7
Liquid assets to total assets (Core)- %	20.5	18.9	27.2	25.9	26.3
Liquid assets to total assets (Broad)- %	64.8	66.7	61.2	65.5	66.5

Source: Bank of Ghana Staff Calculations

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Table 5.6: Profitability Indicators (%)

	Oct-21	Oct-22	Aug-23	Oct-23
Gross Yield	13.8	14.1	12.2	15.4
Interest Payable	4.4	4.8	4.1	5.0
Spread	9.3	9.2	8.1	10.3
Asset Utilitisation	11.0	9.9	10.9	13.2
Interest Margin to Total Assets	6.0	5.1	5.5	6.8
Interest Margin to Gross income	54.8	52.1	50.5	51.6
Profitability Ratio	19.8	18.0	21.3	20.9
Return On Equity (%) after tax	19.8	20.2	36.9	36.3
Return On Assets (%) before tax	4.4	4.1	5.4	5.5

Table 5.7: DMBs' Income Statement Highlights

	Oct-21	Oct-22	Aug-23	Oct-23	Oct-22	Aug-23	Oct-23
	(GH ₵'million)				Y-on-y Growth (%)		
Interest Income	15,437.1	19,552.8	20,330.3	26,041.9	26.7	37.7	33.2
Interest Expenses	(4,986.0)	(6,727.1)	(6,853.8)	(8,538.2)	34.9	37.5	26.9
Net Interest Income	**10,451.1**	**12,825.7**	**13,476.4**	**17,503.7**	**22.7**	**37.9**	**36.5**
Fees and Commissions (Net)	2,329.0	2,921.6	2,982.9	3,776.2	25.4	27.3	29.3
Other Income	1,320.1	2,161.4	3,350.9	4,133.0	63.7	64.6	91.2
Operating Income	14,100.2	17,908.7	19,810.2	25,412.9	27.0	40.0	41.9
Operating Expenses	(6,389.1)	(8,184.8)	(8,770.0)	(11,038.7)	28.1	40.1	34.9
Staff Cost (deduct)	(3,461.7)	(4,312.3)	(4,193.9)	(5,356.0)	24.6	25.2	24.2
Other operating Expenses	(2,927.4)	(3,872.5)	(4,576.0)	(5,682.6)	32.3	57.2	46.7
Net Operating Income	**7,711.1**	**9,723.9**	**11,040.2**	**14,374.3**	**26.1**	**39.9**	**47.8**
Total Provision (Loan losses, Depreciation & others)	(1,749.8)	(2,920.3)	(2,416.6)	(3,196.3)	66.9	34.4	9.5
Income Before Tax	5,961.3	6,803.6	8,623.7	11,177.9	**14.1**	**41.5**	**64.3**
Tax	(2,183.9)	(2,377.8)	(2,957.0)	(4,077.0)	8.9	42.4	71.5
Net Income	**3,777.4**	**4,425.8**	**5,666.6**	**7,101.0**	**17.2**	**41.1**	**60.4**
Gross Income	19,086.2	24,635.8	26,664.1	33,951.1	29.1	39.3	37.8

Table 5.8: Developments in Offshore Balances

	Oct-20	Oct-21	Oct-22	Aug-23	Oct-23
Offshore balances as % to Networth	45.8	27.5	62.0	65.0	67.7
Annual Growth in Offshore balances (%)	6.2	-30.7	152.6	39.7	4.6
Annual Growth in Nostro Balances (%)	23.4	-38.8	158.3	12.9	-21.5
Annual Growth in Placement (%)	-12.4	-18.5	147.9	67.1	36.0

Source: Bank of Ghana Staff Calculations

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6. Price Developments

6.0 Global Price Developments

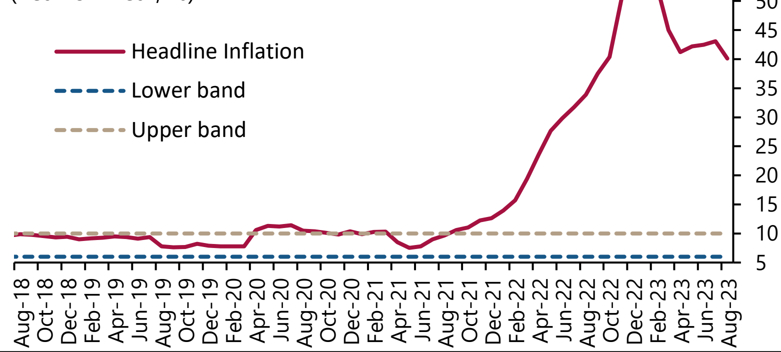
Global headline inflation is projected to decline to 6.8 percent in 2023, down from 8.7 percent in 2022. With declining inflation, long-term inflation expectations for advanced economies and EMDEs have remained largely anchored, reflecting the continued tightening policy stance of central banks. Some risks to the disinflation path remain, particularly increases in crude oil prices and passthrough effects of past cost shocks, which could exert some upward pressure on global inflation.

6.1 Domestic Price Developments

Headline inflation eased to 40.1 percent in August 2023, from 43.1 percent in July, after increasing for three consecutive months. Food inflation declined by 3.1 percentage points to 51.9 percent in August 2023, while non-food inflation declined by 2.9 percentage points to 30.9 percent over the same period. In line with developments in headline inflation, underlying inflationary pressures also softened in August. Core inflation, excluding energy and utility prices, declined to 41.0 percent in August 2023, from 44.2 percent in July 2023.

In terms of inflation dynamics, imported inflation slowed to 36.2 percent in August, from 45.7 percent in July 2023. This contrasted with local inflation, which increased to 42.4 percent from 37.5 percent over the same period.

Figure 6.1: Headline Inflation declined in August 2023
(Year-on-Year, %)



Source: Bank of Ghana and GSS

Figure 6.2: Headline inflation decomposition (year-on-year, %)

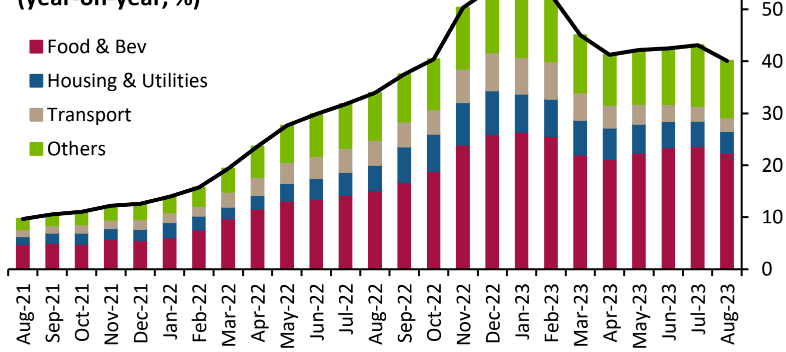
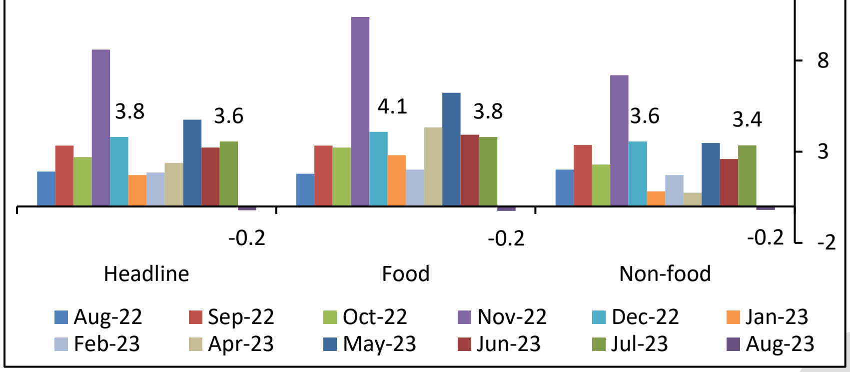


Figure 6.3: Month-on-Month Inflation (%)



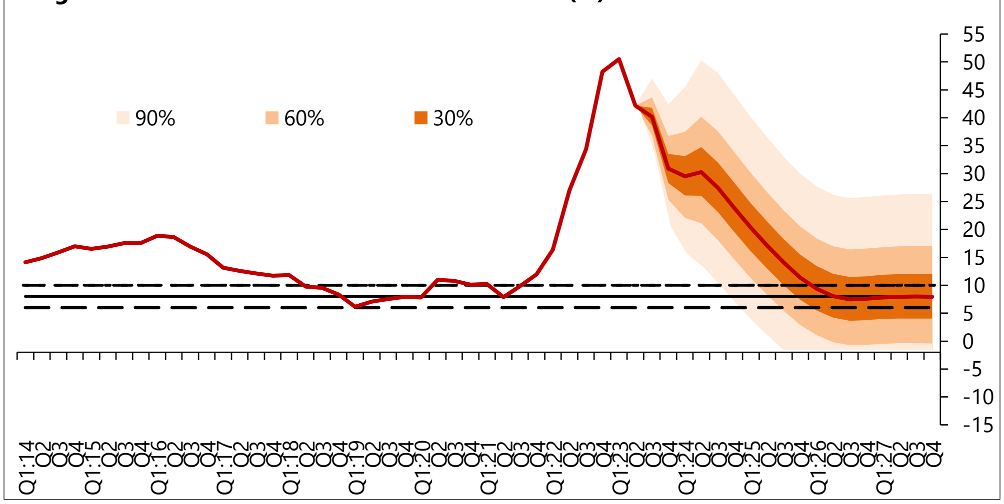
Source: Bank of Ghana and GSS

6.2 Inflation Risk Assessment and Outlook

The tight monetary policy stance and relative exchange rate stability have contributed significantly to the disinflation process observed in the first eight months of the year, notwithstanding the marginal increases witnessed between May and July. Headline inflation has declined by a cumulative 14.0 percent since the peak of 54.1 percent recorded in December 2022. Non-food inflation has also declined sharply by almost 20 percent, broadly reflecting the effectiveness of monetary policy. All the Banks' measures of core inflation are on a downward trend, indicating continued easing of underlying inflationary pressures.

The disinflation process is expected to continue to ensure that headline inflation returns to target in the medium term. However, the main risk to the inflation outlook is increased volatility in commodity prices, especially, crude oil prices. This could, however, be moderated by the tight monetary policy, relative stability in the local currency, and some base drift effects.

Figure 6.4: Medium Term Outlook for Inflation (%)



Source: Bank of Ghana Staff Calculations

Headline Inflation (%)

	Combined	Food	Non-food	Combined	Food	Non-food
Dec-20	10.4	14.1	7.7	0.9	1.5	0.4
2021						
Jul	9.0	9.5	8.6	1.6	2.0	1.3
Aug	9.7	10.6	8.7	0.3	0.2	0.3
Sept	10.6	11.5	9.9	0.6	0.0	1.2
Oct	11.0	11.0	11.0	0.6	0.3	1.3
Nov	12.2	13.1	11.6	1.4	2.1	0.9
Dec	12.6	12.8	12.5	1.2	1.2	1.2
2022						
Jan	13.9	13.7	14.1	2.1	2.0	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
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**
Sep	37.5	38.8	36.5	3.3	3.3	3.4
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
2023						
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
Jul	43.1	55.0	33.8	3.6	3.8	3.4
Aug	**40.1**	**51.9**	**30.9**	**-0.2**	**-0.3**	**-0.2**

Source: Ghana Statistical Service

CPI Components (%)

CPI Components (%)		2020	2021	2022							2023							
	Weghts (%)	Dec	Dec	Jan	Feb	Mar	Jun	Jul	Aug	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Overall	100.0	10.4	12.6	13.9	15.7	19.4	29.8	31.7	33.9	**54.1**	53.6	52.8	45.0	41.2	42.2	42.5	43.1	**40.1**
Food and Beverages	43.1	14.1	12.8	13.7	17.4	22.4	30.7	32.3	34.4	**59.7**	61.0	59.1	50.8	48.7	51.8	54.2	55.0	**51.9**
Non-food	56.9	7.7	12.5	14.1	14.5	17.0	29.1	31.3	33.6	**49.9**	47.8	47.9	40.6	35.4	34.6	33.4	33.8	**30.9**
Alcoholic Beverages, Tobacco & Narcotics	3.7	6.0	9.6	8.0	9.0	11.4	21.4	21.2	23.7	**38.5**	43.3	44.5	41.2	37.5	42.1	43.9	48.7	**46.4**
Clothing and footwear	8.1	7.9	8.6	8.3	9.5	12.2	23.8	24.7	26.2	**41.9**	43.5	43.7	38.3	34.1	34.0	33.9	36.2	**35.4**
Housing and Utilities	10.2	20.1	20.7	28.7	25.4	21.4	38.4	43.0	46.7	**82.3**	71.1	69.6	64.7	59.0	54.0	49.2	47.4	**42.2**
Furnishings, Household Equipment	3.2	4.7	9.6	11.0	14.4	18.5	39.6	42.0	44.7	**71.5**	71.7	69.8	67.4	56.3	57.8	54.2	56.9	**52.6**
Health	0.7	6.0	6.0	5.4	6.9	8.8	12.8	14.1	16.2	**34.4**	35.0	33.5	27.9	28.7	33.6	37.2	41.2	**38.3**
Transport	10.1	4.8	17.6	17.4	18.3	27.6	41.6	44.6	45.7	**71.4**	68.8	70.3	52.0	42.5	36.9	32.3	28.5	**26.4**
Information and Communication	3.6	7.0	9.0	8.9	10.2	13.4	14.5	14.3	15.0	**21.5**	22.9	21.1	15.8	14.0	16.1	21.6	22.6	**20.4**
Recreation & Culture	3.5	1.8	11.4	12.0	12.7	17.0	31.3	33.8	36.4	**42.4**	41.6	42.0	32.8	27.1	29.2	29.7	32.4	**28.7**
Education	6.5	0.2	1.0	0.9	1.3	2.9	4.4	5.1	7.2	**11.3**	10.8	12.4	7.9	7.1	10.5	14.3	17.0	**13.0**
Hotels, cafes and restaurants	4.6	5.4	8.9	9.1	10.6	12.6	20.2	20.9	22.4	**9.2**	9.6	9.2	6.9	4.2	5.9	4.7	6.9	**7.6**
Insurance and Financial services	0.2	3.3	6.3	6.3	2.9	3.0	5.8	5.3	5.4	**10.8**	11.7	11.5	10.5	10.3	10.2	10.7	11.2	**11.1**
Personal care, social protection & Miscellaneous services	2.4	3.8	10.6	10.8	13.5	17.0	31.7	33.7	36.0	**60.9**	63.1	62.5	53.7	48.5	53.4	55.1	60.5	**56.3**

Source: Ghana Statistical Service