

BANK OF GHANA



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Overview

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

Global Economy

Global economic activity declined in the third quarter of 2023, on the back of a slowdown in the services sector and weakness in the manufacturing sector.

The Domestic Economy

Real Sector

Domestic economic activity improved in Q3:2023, evidenced by the high frequency indicators, albeit at a slower pace. Indicators of consumer spending, manufacturing activities, industrial consumption of electricity, and international tourist arrivals picked up during the review quarter, while construction sector activities, vehicle registration, and port activity declined.

Inflation

Headline inflation decelerated to 38.1 percent at the end of Q3:2023, from 42.5 percent recorded at the end of Q2:2023, on account of tight monetary policy and relative exchange rate stability. In year-on-year terms, food inflation dropped to 49.3 percent from 54.2 percent at the end of Q2:2023, and non-food inflation declined to 29.2 percent from 33.4 percent, over the same comparative period.

Monetary Aggregates

Growth in broad money supply (M2+) increased to 36.84 percent in Q3:2023, from 28.54 percent in Q3:2022. M2+ totalled GH¢219,162.17 million at the end of the review period, compared with GH¢209,620.61 million and GH¢160,157.59 million recorded in Q2:2023 and Q3:2022, respectively.

The growth in M2+ was driven by expansion in both the Net Domestic Assets (NDA) and Net Foreign Assets (NFA) of the Depository Corporations' sector. NFA recorded significant growth of 89.80 percent in Q3:2023, compared with 209.64 percent contraction in Q3:2022, while NDA growth moderated to 24.91 percent in Q3:2023, from 61.63 percent in Q3:2022.

Banking Sector Credit

Annual growth in banks' outstanding credit to the public and private sectors slowed significantly to 2.83 percent in Q3:2023, from 41.68 percent in Q3:2022. This was also lower than the growth of 15.41 percent recorded for Q2:2023. At the end of Q3:2023, total outstanding credit stood at GH¢72,916.68 million. In real terms, credit from the banks contracted by 25.53 percent at the end of Q3:2023, compared to 3.04 percent growth in Q3:2022.

The share of total outstanding credit to the private sector increased marginally to 91.66 percent at the end of Q3:2023, from 90.28 percent recorded in Q3:2022.

Exchange Rates

On the interbank market, the Ghana cedi depreciated on a quarter-on-quarter

basis by 1.2 percent against the U.S. dollar but appreciated against the pound sterling and the euro by 2.9 percent and 2.0 percent, respectively, in Q3:2023. On the forex bureaux market, the Ghana cedi appreciated on a quarter-on-quarter basis by 0.5 percent, 1.9 percent, and 2.0 percent against the U.S. dollar, the pound sterling, and the euro, respectively, in Q3:2023.

Interest Rates

Interest rates reflected mixed trends on a year-on-year basis in Q3:2023. Rates on BOG bills and lending rates of DMBs increased in Q3:2023, while rates on GOG securities and deposit rates, decreased compared with rates recorded in Q3:2022.

The Monetary Policy Rate (MPR) at the end of Q3:2023 was 30.00 percent, reflecting an 800-basis-point cumulative increase compared with the MPR at the end of Q3:2022.

The interbank weighted average interest rate increased by 526 basis points (bps), year-on-year, from 22.05 percent recorded in Q3:2022 to 27.31 percent in Q3:2023.

On the treasury market, the 91-day and 182-day T-bill rates decreased cumulatively by 146bps and 110bps to settle at 28.20 percent and 29.84 percent, respectively, at the end of Q3:2023, while the rate on the 364-day T-bills increased by 204bps to settle at 32.29 percent in Q3:2023.

Capital Market

The Ghana Stock Exchange Composite Index (GSE-CI) gained 12.97 percent (364.32 points) on a quarter-on-quarter basis at the end of Q3:2023. The performance of the GSE-CI was fuelled by bullish sentiments among investors as most listed companies, especially in the Finance sector, posted impressive performances in their half-year financial statements. Total market capitalization at the end of the review period stood at GH¢74,189.35 million, representing an increase of 5.62 percent (GH¢3,950.53 million) on a quarter-on-quarter basis.

Balance of Payments

The value of merchandise exports for the quarter under review was provisionally estimated at US\$3,771.19 million, indicating a decrease of 10.2 percent compared with US\$4,201.14 million recorded in Q3:2022. The decline in exports performance was driven by lower crude oil receipts, and lower earnings from timber and cocoa product exports. Total value of merchandise imports for Q3:2023 was US\$3,597.11 million, down by 11.5 percent from US\$4,064.30 million recorded in Q3:2022. The decrease in total imports was driven mainly by a reduction in both oil and non-oil imports.

The provisional trade balance was a surplus of US\$174.08 million in Q3:2023, higher than the surplus of US\$136.84 million recorded for the same period in 2022. The increase in the trade surplus was on account of a higher decline in imports relative to export earnings.

The country's Gross International Reserves (GIR) was estimated at US\$4,992.50

million at the end of Q3:2023, from a stock position of US\$6,252.72 million recorded at the end of Q4:2022. This was sufficient to provide 2.3 months of imports cover for goods and services, compared to 2.7 months of imports cover as at December 2022.

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1. Developments in the World Economy

Global economic activity lost momentum as manufacturing remained weak, coupled with a slowdown in the services sector. The unwinding of policy support, delayed effect of past monetary policy tightening, and rising uncertainty contributed to the weakness in the manufacturing sector. The slowdown in the

	Estimate	Projections	
	2022	2023	2024
World Output	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	4.2
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

services sector was driven by the broadening effect of high interest rates and the spillover of weaker industrial activity. Headline inflation continued to moderate in many economies, but the persistence of core inflation slowed the pace of disinflation mainly due to tight labour markets and the effects of past currency depreciations. Central banks in advanced economies reached the peak of the hiking cycle, but policy rates are expected to remain high for longer to contain inflation.

In the outlook, global growth will remain weak, while the gradual global disinflation is expected to continue as the effects of tighter monetary policy pass through to core inflation. However, core inflation could persist longer than expected due to tight labour markets, requiring

further monetary policy tightening to lower inflation and raising the likelihood of abrupt asset repricing. Higher policy rates, long-term bond yields and the renewed strength of the U.S. dollar, could continue to keep financing conditions tight. There is also a threat of debt distress as borrowing costs for emerging market and developing economies remain high, constraining priority spending.

1.1 United States

Economic activity in the U.S. rebounded, with annualized GDP growth of 1.2 percent in Q3:2023. The expansion was driven by increased private consumption, spurred on by declining inflation and a tight labour market. However, tighter monetary policy by the Fed culminated into tighter credit conditions and in turn, a decline in investment and credit. The weaker global growth outlook supported the U.S. dollar to benefit from safe haven demand in July and August, and this exerted pressure on Emerging Market and Developing Economies (EMDEs) currencies. Looking ahead, growth in the United States is projected at 2.1 percent in 2023, further declining to 1.5 percent in 2024.

1.2 United Kingdom

GDP growth in the U.K. economy was flat in Q3:2023, away from the 0.2 percent expansion in Q2:2023. On a monthly basis, the sharp contraction of GDP in July offset expansion in August and September. The weak growth outturn partly contributed to strikes in the health, education, and transport sectors. Also, private and public spending, and fixed investment declined in the quarter under review. This was, however, offset by positive contributions from net exports. In the outlook, the IMF projects growth of 0.5 percent for the UK in 2023, reflecting tight monetary policy amid persistently high inflation and the enduring effects of the terms of trade shock caused by high energy costs.

1.3 Euro Area

Growth in the Euro area contracted by 0.1 percent in Q3:2023, on account of higher interest rates, persistent inflation, and Germany's ailing industrial sector. Activity in both services and manufacturing sectors was contractionary in Q3:2023, reflecting tighter financing conditions and weaker global demand. The IMF projects growth in the Euro area to remain weak at 0.7 percent in 2023, before rising to 1.2 percent in 2024.

1.4 Japan

Economic activity in Japan contracted in Q3:2023, driven by a decline in fixed investment and a deceleration in exports as global demand remained sluggish. Weak consumer spending due to the recent rise in inflation also contributed to the contraction in GDP growth. The unexpected weakness of the Japanese economy is likely to induce more fiscal and monetary stimulus with inflationary implications. Growth in Japan is projected to rise to 2.0 percent in 2023, reflecting a modest upward revision, buoyed by pent-up demand and accommodative policies, a surge in inbound tourism, and recovery of auto exports. Growth will, however, slow to 1.0 percent in 2024, as the effects of past stimuli dissipate.

1.5 China

The Chinese economy grew by 1.3 percent in Q3:2023, from 0.5 percent growth in Q2:2023. The expansion was supported by continuing monetary stimulus measures, including interest rate cuts and constant liquidity injections by the country's central bank. However, the housing sector remains a drag on the economy, as China's biggest property developers face large-scale default. Looking ahead, growth in China is projected at 5.0 percent in 2023 and 4.2 percent in 2024. The uncertain external environment, struggling property sector, and weak domestic demand remain a threat to economic activity in China. Nonetheless, it is anticipated that fiscal stimulus from the government will support domestic demand.

1.6 Emerging Markets and Developing Economies

Economic activity in EMDEs is expected to slow slightly from 4.1 percent in 2022 to 4.0 percent in 2023 and 2024. Growth is projected to remain broadly stable with marked divergence across economies due to country-specific peculiarities. For instance, growth projections were revised upwards for India, Russia, Ukraine, Brazil, and Mexico conditioned on strong domestic demand due to tight labour markets, fiscal stimulus, robust investment, and production growth. On the other hand, GDP growth was revised downward by 1.1 percentage point for Saudi Arabia due to planned oil production cuts. In the outlook, geopolitical tensions and weak global activity constitute downside risks to growth. Also, the potential impact of extreme weather phenomena, such as the El Nino, on food production is a threat to the current disinflationary process. Furthermore, increased external borrowing costs could heighten the risk of debt distress in the region while reducing business activity.

1.7 Sub-Saharan African Countries

The region faced several headwinds in 2023, including high borrowing costs, unsustainable debt levels, and depreciating currencies, all of which exacerbated inflationary pressures. The IMF projects that

growth in Sub-Saharan Africa (SSA) will moderate to 3.3 percent in 2023, from a growth outturn of 4.0 percent in 2022, reflecting worsening weather shocks, weakening global activity, and domestic supply issues, such as in the electricity sector in South Africa. Growth in South Africa is expected to decline from 1.9 percent in 2022 to 0.9 percent in 2023 due to the intensity of power shortages experienced in the second quarter, before recovering to 1.8 percent in 2024. Similarly, GDP growth in Nigeria is expected to decline from 3.3 percent in 2022 to 2.9 percent in 2023, before recovering to 3.1 percent in 2024, reflecting weaker oil production and the effect of high inflation on consumer spending. In the outlook, risks to growth are skewed to the downside occasioned by weak global demand and the recent collapse of the Black Sea grain deal. Again, debt distress and restructuring efforts as well as country-specific internal strife pose downside risks to economic growth.

2. Real Sector Developments

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

2.1 Indicators of Economic Activity

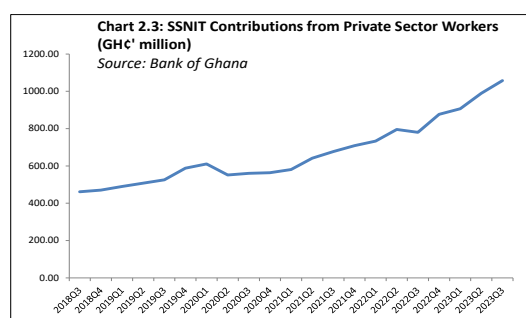
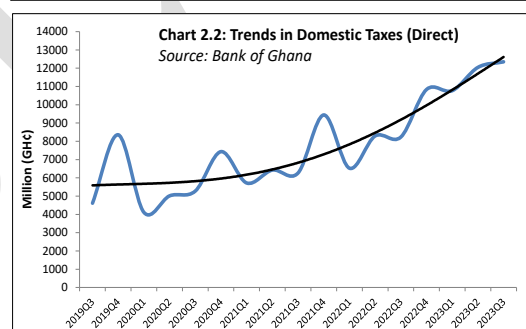
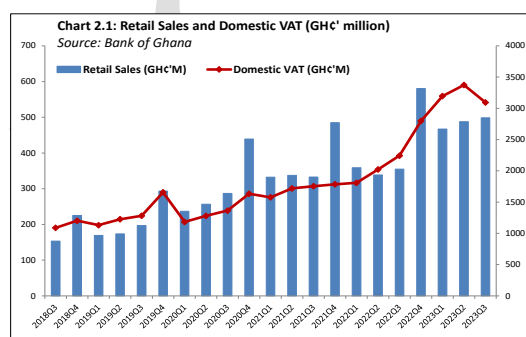
Consumer Spending

Consumer spending, proxied by domestic VAT collections and retail sales, improved in Q3:2023, compared with figures recorded in the corresponding period of 2022. Domestic VAT collections grew by 38.0 percent (year-on-year) to GH¢3,095.14 million, relative to GH¢2,242.89 million collected during the corresponding quarter in 2022. Domestic VAT, however, decreased by 8.3 percent, from GH¢3,374.01 million collected in Q2:2023.

Retail sales increased by 40.6 percent, year-on-year, to GH¢498.57 million in Q3:2023, from GH¢354.62 million recorded in the corresponding quarter of 2022. The improvement in retail sales could be attributed to an increase in household spending during the review period.

Manufacturing Activities

Manufacturing-related activities, as proxied by trends in the collection of direct taxes (income, corporate and others) and private sector workers' contributions to the SSNIT Pension Scheme (Tier-1), posted a positive outturn in Q3:2023 relative to the same period of 2022. Total direct taxes collected increased by 50.0 percent to GH¢12,352.02 million in Q3:2023, from GH¢8,233.97 million recorded in Q3:2022. Total direct taxes collected for the quarter under review, also went up marginally by 2.5 percent, from GH¢12,046.48 million collected in Q2:2023. In terms of contribution of the various sub-tax categories,



Corporate Tax accounted for 49.7 percent, followed by Income Tax (PAYE and Self-employed) with 36.4 percent, while other tax sources contributed 13.9 percent.

Similarly, private sector workers' contributions to the SSNIT Pension Scheme (Tier-1) rose by 35.5 percent to GH¢1,057.00 million in Q3:2023, from GH¢779.97 million collected in the same quarter of 2022. Total contribution in the review period also increased by 6.9 percent when compared with GH¢989.21 million for Q2:2023. The improvement in private workers' contributions to the Tier-1 pension scheme was due to the registration of new employees as well as improved compliance by private sector employers.

Construction Sector Activities

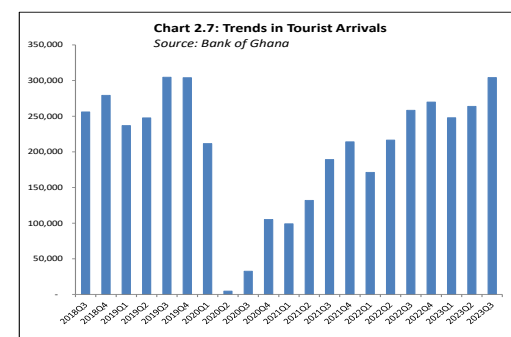
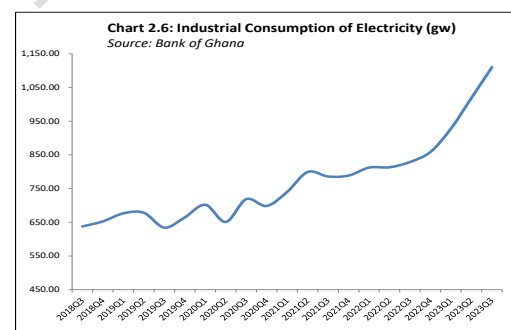
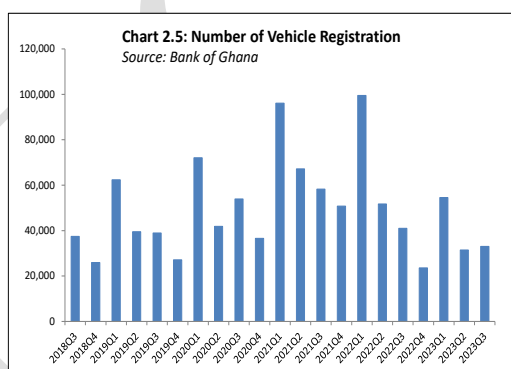
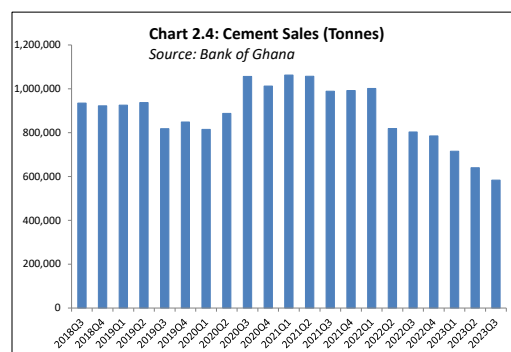
Economic activity in the construction sub-sector, as proxied by the volume of cement sales, declined by 27.3 percent (year-on-year) in Q3:2023 to 583,675.79 tonnes, from 803,233.18 tonnes recorded in Q3:2022. Similarly, total cement sales during the review period decreased by 8.7 percent when compared with 639,479.81 tonnes recorded in Q2:2023. The year-on-year decline in total cement sales was due to a slowdown in construction activities during the review period.

Vehicle Registration

Transport-related economic activities, gauged by vehicle registration by the Driver and Vehicle Licensing Authority (DVLA), declined by 19.4 percent to 32,992 in Q3:2023, from 40,956 vehicles registered during the corresponding quarter of 2022. However, the number of vehicles registered during the review period increased by 5.0 percent relative to 31,407 vehicles recorded in Q2:2023. The decline recorded in vehicle registration, year-on-year, was due to a moderation in vehicle importation during the quarter.

Industrial Consumption of Electricity

The consumption of electricity by industries, which is a proxy for activities within the productive sectors of the economy, went up by 33.9 percent during Q3:2023, compared with observations made in Q3:2022. Industries utilised 1,110.23 giga-watts of power in Q3:2023, as against 828.87 giga-watts recorded in Q3:2022. The improvement in the electricity



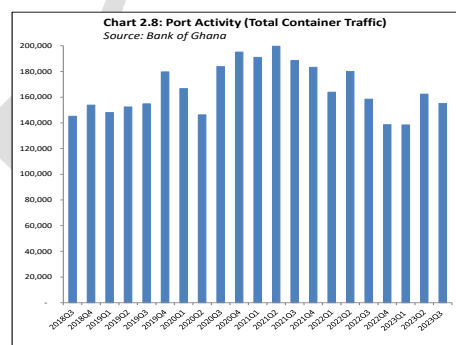
consumed by industries, year-on-year, could be attributed to increased industrial activity during the review period.

International Tourist Arrivals

Tourist arrivals through the country's various ports of entry improved in Q3:2023 when compared with figures recorded in the same quarter of 2022. A total of 304,171 tourists entered the country during the review period, as against 258,246 visitors received in Q3:2022, representing 17.8 percent annual growth. Tourist arrivals during the period, also went up by 15.3 percent on a quarter-on-quarter basis compared with 263,807 visitors received in Q2:2023. The year-on-year increase in tourist arrivals was due to a rise in tourism-related activities during the review period.

Port Activity

International trade at the country's two main harbours (Tema and Takoradi), as measured by laden container traffic for inbound and outbound containers, declined in Q3:2023, compared with what was observed in Q3:2022. Total container traffic for inbound and outbound containers decreased by 2.1 percent to 155,146, from 158,514 recorded in Q2:2023. The decline in port activities, year-on-year, was due to a slowdown in international trade activities amid ongoing geopolitical tensions during the review period.

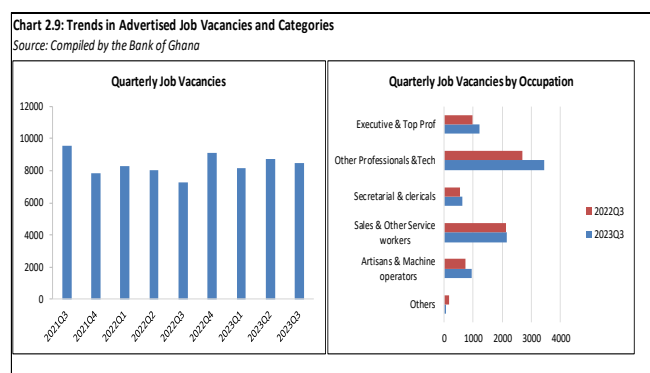


2.2 Labour Market Conditions

The number of jobs advertised in selected print¹ and online² media, which gauges labour demand in the economy, increased in Q3:2023 relative to what was observed in Q3:2022. In total, 8,455 job adverts were recorded in Q3:2023, as compared with 7,250 for Q3:2022, indicating an improvement of 16.6 percent (year-on-year). However, the number of job vacancies advertised in the review period declined by 3.3 percent from 8,740 recorded in Q2:2023.

Sector Distribution and Skill Set of Job Adverts

The Services sector maintained its dominance as the leading job-providing sector in the economy, accounting for 78.4 percent of total job adverts recorded in Q3:2023. This compares with its share of 79.0 percent recorded in Q3:2022. Industry followed with a share of 15.9 percent, down from 17.1 percent in Q3:2022, while the Agriculture Sector accounted for 5.7 percent of the job adverts during the period,



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.

compared with 3.9 percent of total job adverts recorded for the corresponding quarter of 2022.

Further analysis revealed that the main requirements for skilled employees were tertiary education qualification(s) and a minimum of three years' working experience. This category, classified as Professionals and Technicians, collectively accounted for 55.1 percent of total jobs advertised in Q3:2023, relative to 50.4 percent recorded in the corresponding quarter of 2022. This was followed by the categories classified as Sales & Other Service Workers (25.5% in Q3:2023 vs. 29.4% in Q3:2022), Artisans & Machine Operators (11.2% vs. 10.2%), Secretarial & Clerical Staff (7.5% vs. 7.6%) and Others (0.7% vs. 2.4%).

3. Price Developments

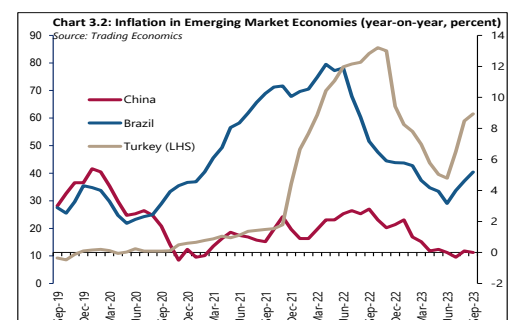
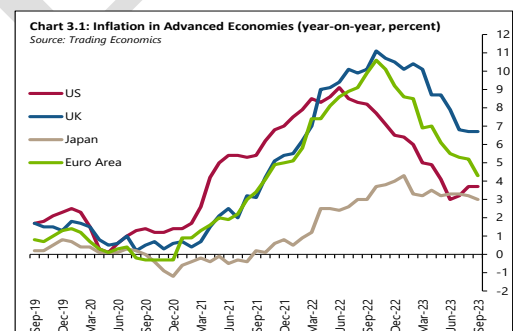
3.1 Global Inflation

Headline inflation continued to ease in some advanced and emerging market economies in the third quarter of 2023, supported by tighter monetary policy as well as declining commodity prices. Long-term inflation expectations for advanced and emerging market and developing economies remained largely well-anchored, reflecting the positive outcome from the continued monetary policy tightening posture of several central banks across the globe. In the outlook, global headline inflation is projected to decline steadily to 6.9 percent in 2023 and 5.8 percent in 2024, significantly down from the 8.7 percent outturn in 2022, while core inflation is projected to decline more gradually.

Advanced Economies

Inflation in the **United States** surged to 3.7 percent at the end of Q3:2023, from 3.0 percent at the end of Q2:2023, truncating the downward trend observed consecutively in the last four quarters. The rise in inflation was driven by rising crude oil prices during the period. Core consumer price inflation, which excludes volatile items such as food and energy, declined to 4.1 percent at the end of Q3:2023, from 4.3 percent at the end of Q2:2023.

The annual inflation in the **United Kingdom** reduced to 6.7 percent in Q3:2023, from 7.9 percent in Q2:2023, on the back of a slump in fuel prices, deceleration in food inflation and a slowdown in the cost of accommodation services. Similarly, core inflation rate in the United Kingdom declined to 6.1 percent in Q3:2023, from 6.8 percent in Q2:2023.



Headline inflation in the **Euro Area** declined to 4.3 percent, year-on-year, at the end of Q3:2023, from 5.5 percent in Q2:2023. The moderation in inflation was broad-based. Core inflation reduced to 4.3 percent in Q3:2023, from 5.3 percent at the end of the previous quarter.

Consumer prices in **Japan** eased to 3.0 percent in Q3:2023, from 3.3 percent recorded in Q2:2023, driven in part by government's subsidies on gas and electricity, and a reduction in energy prices. Core inflation, which excludes fresh food but includes fuel costs, also decreased to 2.7 percent, year-on-year, from 3.3 percent in Q2:2023.

Emerging Market Economies

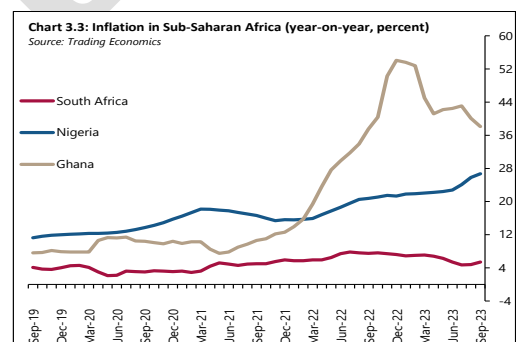
China's inflation rate remained at zero at the end Q3:2023. The persistent deflationary pressures in the world's second-largest economy underscores the risks regarding the sustainability of the economic recovery due to slow demand. Core inflation in China edged up to 0.8 percent in Q3:2023 from 0.4 percent at the end of Q2:2023.

The headline inflation rate in **Brazil** inched up to 5.2 percent at the end of Q3:2023, from 3.2 percent at the end of the previous quarter, driven largely by inflation in the non-food sector. Over the period, core inflation in Brazil, which excludes fuel and volatile food and beverages, however, eased marginally to 6.0 percent in Q3:2023 from 6.6 percent in Q2:2023.

Turkey's inflation rate accelerated to 61.5 percent in Q3:2023, from 38.2 percent in Q2:2023. The rise in inflation was driven by increasing prices of housing, utilities, household equipment and healthcare. Core inflation, defined to exclude energy, food and non-alcoholic beverages, alcoholic beverages, tobacco, and gold, also rose to 68.9 percent at the end of Q3:2023, from 47.3 percent at the end of Q2:2023.

Sub-Saharan Africa

Headline inflation in **South Africa** inched up to 5.4 percent at the end of Q3:2023, from 5.3 percent at the end of Q2:2023. The uptick was driven largely by food, non-alcoholic beverages as well as hikes in transportation costs. In contrast, core inflation, which excludes prices of food, non-alcoholic beverages, fuel, and energy, slowed to 4.5 percent at the end of Q3:2023, from 5.0 percent at the end of Q2:2023.

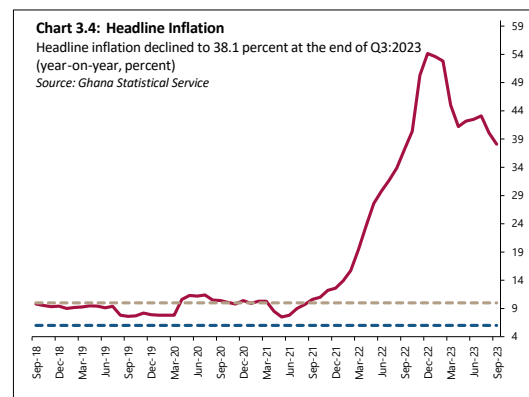


In **Nigeria**, headline inflation increased from 22.8 percent in Q2:2023 to 26.9 percent at the end of Q3:2023. The uptick reflected the second-round effects of the impact of the removal of fuel subsidies and the devaluation of the official exchange rate. Core inflation, which strips out the prices of agricultural produce, increased to 22.1 percent in Q3:2023, from 20.3 percent in Q2:2023.

3.2 Domestic Inflation

Headline Inflation

Headline inflation, which peaked at 54.1 percent in December 2022, declined to 45.0 percent at the end of Q1:2023. Headline inflation decelerated further to 38.1 percent at the end of Q3:2023, from 42.5 percent recorded at the end of Q2:2023, on account of tight monetary policy and relative exchange rate stability observed during the quarter under review. The decline in headline inflation was broad-based, reflecting the decline in both food and non-food inflation. Food inflation dropped to 49.3 percent at the end of Q3:2023, from 54.2 percent recorded at the end of Q2:2023, while non-food inflation also declined to 29.2 percent at the end of Q3:2023 from 33.4 percent at the end of Q2:2023.



The Bank's core measure of inflation, defined to exclude energy and utility prices, declined to 39.0 percent in Q3:2023, from 43.5 percent in Q2:2023.

Monthly Inflation

On a month-on-month basis, inflation eased to 1.9 percent in September 2023, from 3.2 percent in June 2023. The development in September was driven by softening prices of both food and non-food items in the CPI basket. Monthly inflation in Q3:2023 averaged 1.7 percent compared to an average of 3.5 percent in the previous quarter. Average monthly food inflation also dropped to 1.7 percent in Q3:2023, compared to an average of 4.8 percent in Q2:2023. Similarly, average monthly non-food inflation eased to 1.8 percent relative to 2.3 percent over the same period.

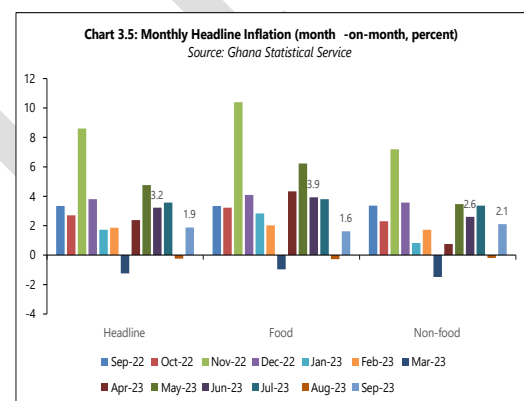


Table 3.1: Headline Inflation and Components						
	Headline Inflation (%)			Monthly Changes in CPI (%)		
	Combined	Food	Non-food	Combined	Food	Non-food
Dec-20	10.4	14.1	7.7	0.9	1.5	0.4
2021						
Sept	10.6	11.5	9.9	0.6	0.0	1.2
Oct	11.0	11.0	11.0	0.6	0.3	1.3
Nov	12.2	13.1	11.6	1.4	2.1	0.9
Dec	12.6	12.8	12.5	1.2	1.2	1.2
2022						
Jan	13.9	13.7	14.1	2.1	1.9	2.2
Feb	15.7	17.4	14.5	2.4	3.2	1.7
Mar	19.4	22.4	17.0	4.0	4.5	3.7
Apr	23.6	26.6	21.3	5.1	5.8	4.6
Sept	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
Sept	38.1	49.3	29.3	1.9	1.6	2.1

Source: Ghana Statistical Service

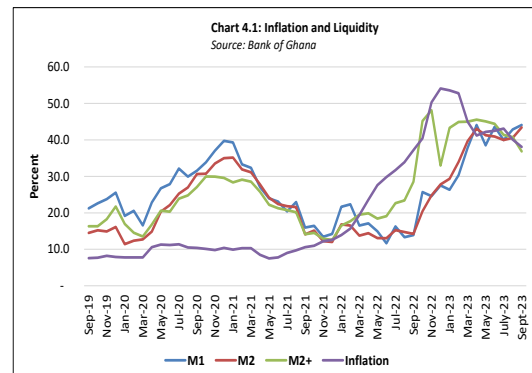
3.3 Inflation Outlook

In the outlook, the disinflation process is expected to continue. However, inflation is projected to remain above the upper band of the medium-term target of 8 ± 2 percent until 2025. Risks to the outlook include the second-round effects of the recent upward adjustments in utility tariffs in September 2023 (electricity by 4.22% and water by 1.18%), climatic factors, unexpected cuts in OPEC+ crude oil production, and the escalation of geopolitical tensions which might impact crude oil prices.

These risks, however, are expected to be moderated by favourable base drift effects, tight monetary policy stance, relative exchange rate stability, expected inflows from the cocoa syndication loan, disbursement of the second tranche of the IMF Extended Credit Facility, and from other multilaterals such as the World Bank and African Development Bank.

4. Money and Financial Market Developments

The pace of growth in broad money supply (M2+) accelerated in Q3:2023, mainly driven by expansion in both the Net Domestic Assets (NDA) and Net Foreign Assets (NFA) of the Depository Corporations' sector. The observed increase in the growth in M2+ reflected in increased growth in currency with the public, demand deposits, savings, and time deposits. Growth in foreign currency deposits, however, moderated over the period.



4.1 Broad Money Supply

Developments in the monetary aggregates showed acceleration in broad money supply (M2+) growth on a year-on-year basis. Annual growth in broad money supply (M2+) increased to 36.84 percent in Q3:2023, from 28.54 percent in Q3:2022. The stock of broad money supply stood at GH¢219,162.17 million during the review period, compared with GH¢209,620.61 million and GH¢160,157.59 million recorded in Q2:2023 and Q3:2022, respectively.

	Levels (GH¢ Millions)			Year-On-Year Variation							
	Sep-22	Jun-23	Sep-23	As at end-Sep 2022		As at end-Jun 2023		As at end-Sep 2023			
				Absolute Δ	% change	Absolute Δ	% change	Absolute Δ	% change		
Reserve Money	53,503.90	62,343.44	63,496.22	14,347.77	36.64	14,105.46	29.24	9,992.32	18.68		
Narrow Money (M1)	69,671.98	96,097.32	100,401.21	8,518.05	13.93	29,179.97	43.61	30,729.23	44.11		
Broad Money (M2)	110,613.58	150,070.56	158,647.67	13,774.88	14.22	43,582.00	40.93	48,034.08	43.43		
Broad Money (M2+)	160,157.59	209,620.61	219,162.17	35,560.99	28.54	64,463.68	44.41	59,004.58	36.84		
Currency with the Public	23,786.09	31,238.50	31,834.02	4,973.72	26.44	9,136.18	41.34	8,047.93	33.83		
Demand Deposits	45,885.89	64,858.82	68,567.19	3,544.34	8.37	20,043.79	44.73	22,681.31	49.43		
Savings & Time Deposits	40,941.60	53,973.24	58,246.46	5,256.83	14.73	14,402.03	36.40	17,304.85	42.27		
Foreign Currency Deposits	49,544.01	59,550.05	60,514.50	21,786.11	78.49	20,881.68	54.00	10,970.49	22.14		
Sources of M2+											
Net Foreign Assets (NFA)	(16,665.29)	649.68	(1,699.17)	(31,864.80)	(209.64)	8,120.62	(108.70)	14,966.12	(89.80)		
BOG	(16,871.08)	(13,750.27)	(16,263.13)	(33,375.39)	(202.22)	(7,348.33)	114.78	607.95	(3.60)		
DMBs	205.79	14,399.95	14,563.96	1,510.59	(115.77)	15,468.95	(1,447.04)	14,358.17	6,976.98		
Net Domestic Assets	176,822.88	208,970.93	220,861.34	67,425.79	61.63	56,343.06	36.92	44,038.46	24.91		
Claims on Government (net)	108,948.92	137,161.10	118,393.21	31,300.62	40.31	40,719.91	42.22	9,444.29	8.67		
BOG	62,420.49	82,951.81	62,865.81	31,241.08	100.20	31,513.99	61.27	445.32	0.71		
DMBs	46,528.43	54,209.29	55,527.40	59.55	0.13	9,205.91	20.46	8,998.98	19.34		
Claims on Public Sector	9,052.95	7,675.22	6,951.99	2,063.60	29.52	(782.10)	(9.25)	(2,100.95)	(23.21)		
BOG	2,161.54	920.91	870.39	228.73	11.82	(1,334.59)	(59.17)	(1,293.15)	(59.77)		
DMBs	6,889.40	6,754.31	6,081.60	1,834.87	36.30	552.49	8.91	(807.80)	(11.73)		
Claims on Private Sector	64,956.82	74,116.51	74,757.13	19,245.96	42.10	16,259.98	28.10	9,800.31	15.09		
BOG	936.92	7,745.55	7,922.06	220.47	30.77	7,049.97	1,013.55	6,985.14	745.54		
DMBs	64,019.90	66,370.96	66,835.08	19,025.49	42.28	9,210.01	16.11	2,815.18	4.40		
Other Items (Net) (OIN) 1/2	(6,135.81)	(9,981.90)	20,759.00	14,815.60	(70.73)	145.28	(1.43)	26,894.81	(438.33)		
o/w BOG OMO (Sterilisation)	(5,940.43)	(27,273.48)	(36,582.70)	(618.78)	9.79	(22,690.35)	495.08	(29,642.27)	427.10		

Source: Bank of Ghana

	Levels (GH¢ Millions)			Year-On-Year Variation							
	Sep-22	Jun-23	Sep-23	As at end-Sep 2022		As at end-Jun 2023		As at end-Sep 2023			
				Absolute Δ	% change	Absolute Δ	% change	Absolute Δ	% change		
Public Sector	6,889.40	6,754.31	6,081.60	1,834.87	36.30	552.49	8.91	(807.80)	(11.73)		
Private Sector	64,019.90	66,370.96	66,835.08	19,025.49	42.28	9,210.01	16.11	2,815.18	4.40		
Agric, For. & Fish.	2,148.76	2,619.62	2,732.10	402.80	23.07	575.17	28.13	583.34	27.15		
Export Trade	287.06	474.92	272.80	120.86	72.72	229.50	93.51	(14.26)	(4.97)		
Manufacturing	6,997.12	7,739.05	7,609.11	1,591.39	29.44	1,704.23	28.24	611.99	8.75		
Trans., Stor., & Comm.	3,738.30	3,770.45	3,670.93	432.94	13.09	669.33	21.58	(68.37)	(1.83)		
Mining & Quarrying	1,571.11	2,489.31	2,500.12	583.86	59.14	1,159.06	87.13	929.01	59.13		
Import Trade	2,103.13	4,904.19	4,888.34	713.28	51.32	2,972.82	153.92	2,785.21	132.43		
Construction	7,183.99	6,503.67	6,288.84	2,448.99	51.72	539.44	9.04	(895.14)	(12.46)		
Commerce & Finance	12,021.62	9,828.76	9,890.93	3,767.87	45.65	(1,097.97)	(10.05)	(2,130.70)	(17.72)		
Elect., Gas & Water	3,141.26	2,606.11	2,504.19	1,137.61	56.78	(23.54)	(0.90)	(637.07)	(20.28)		
Services	20,735.59	21,235.79	22,044.86	7,122.00	52.32	2,151.38	11.27	1,309.28	6.31		
Miscellaneous	4,090.96	4,199.07	4,432.85	703.89	20.78	330.59	8.55	341.89	8.36		
Grand Total	70,909.31	73,125.27	72,916.68	20,860.36	41.68	9,762.49	15.41	2,007.37	2.83		

Source: Bank of Ghana

4.2 Sources of Change in M2+

The observed increase in the growth of M2+ was mainly attributed to considerable expansion in both NDA and NFA of the Depository Corporations' sector. Provisional data showed that growth in NDA slowed significantly to 24.91 percent in Q3:2023, from 61.63 percent recorded in Q3:2022. This was also lower than the growth of 36.92 percent recorded in Q2:2023. In contrast, growth in NFA increased to 89.80 percent in Q3:2023, compared with a 209.64 percent contraction recorded in Q3:2022. This also contrasted with the 108.70-percent contraction recorded in Q2:2023.

Components of Net Domestic Assets

In terms of components of NDA, growth in net claims on Government decreased to 8.67 percent in

Q3:2023, from 40.31 percent in Q3:2022 due to the recognition of the 50.00 percent haircut on BOG holdings of non-marketable Government securities. Growth in claims on the public sector decreased to *negative* 23.21 percent in Q3:2023, from 29.52 percent recorded in Q3:2022, largely on account of the restructuring of the COCOBOD facility. Growth in claims on the private sector also decreased to 15.09 percent, from 42.10 percent over the same comparative period. The Other Items (Net) changed by *negative* 438.33 percent in Q3:2023 compared to a change of *negative* 70.71 percent in Q3:2022.

4.3 Developments in Banks' Credit

The annual growth in banks' outstanding credit to the public and private sectors decreased significantly to 2.83 percent in Q3:2023, from 41.68 percent in Q3:2022. This was also lower than the growth of 15.41 percent recorded for Q2:2023. At the end of Q3:2023, total outstanding credit stood at GH¢72,916.68 million compared with GH¢70,909.31 million and GH¢73,125.27 million recorded in Q3:2022 and Q2:2023, respectively. The decrease in the nominal growth in credit was reflected in decreased nominal growth of credit to the public sector.

In real terms, growth in credit from the banks declined to *negative* 25.53 percent at the end of Q3:2023, from 3.04 percent in Q3:2022. This was also lower than the *negative* 19.01 percent growth realised in Q2:2023.

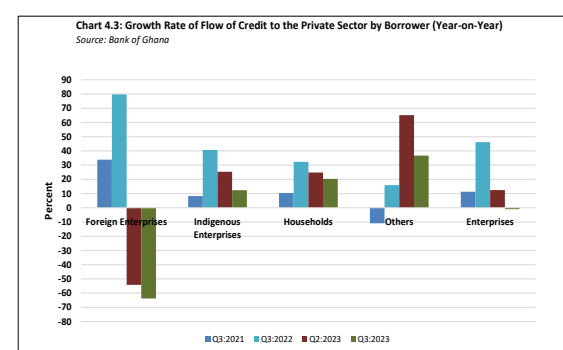
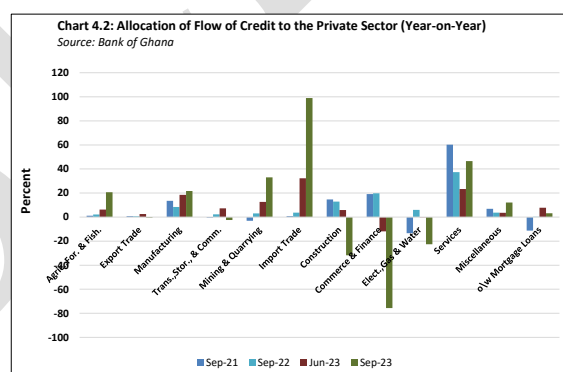
The share of total outstanding credit to the private sector increased marginally to 91.66 percent at the end of Q3:2023, from 90.28 percent recorded for the same period in 2022.

Distribution of Outstanding Credit to the Private Sector

The growth in outstanding credit to the private sector at the end of Q3:2023 was lower in nominal and real terms relative to the corresponding period in 2022. In nominal terms, it decreased to 4.40 percent in Q3:2023, from 42.28 percent recorded in Q3:2022. This was also lower than the 16.11 percent growth recorded at the end of Q2:2023.

The outstanding credit to the private sector at the end of Q3:2023 was GH¢66,835.08 million, compared with GH¢64,019.90 million and GH¢66,370.96 million recorded in Q3:2022 and Q2:2023, respectively. In real terms, the annual growth rate of outstanding credit to the private sector declined to *negative* 24.40 percent at the end of Q3:2023, from a growth of 3.48 percent recorded in Q3:2022.

The increase in private sector credit growth in Q3:2023 relative to the corresponding period in 2022 was reflected in increases in annual flow of credit to the following sectors: agriculture, forestry & fisheries;



manufacturing; export trade; mining and quarrying; import trade; and services. However, export trade; transport, storage & communication; construction; commerce and finance; and electricity, gas and water sectors recorded decreased in credit flow in Q3:2023 relative to the corresponding period in 2022. The top five (5) beneficiary sectors of annual flow of private sector credit in Q3:2023 were: import trade, services, manufacturing, mining and quarrying, and agriculture, forestry & fisheries.

In terms of annual growth in private sector credit by borrower, credit flows to households, and both indigenous and foreign enterprises subsectors decreased in Q3:2023, relative to Q3:2022. In contrast, credit flows to the “Others” category increased in Q3:2023, relative to the same period in 2022.

4.4 Sources and Uses of Banks’ Flow of Funds

	(Amount in GH¢ Million)			Year-on-Year Variation					
	Sep-22	Jun-23	Sep-23	As at end-Sep 2022		As at end-Jun 2023		As at end-Sep 2023	
				Absolute Δ	(A/Total Δ%)	Absolute Δ	(A/Total Δ%)	Absolute Δ	(A/Total Δ%)
Sources of Funds									
Total Deposits	131,773.95	173,165.40	181,717.87	29,941.23	62.54	54,425.16	86.82	49,943.91	98.99
Domestic	82,229.94	113,615.35	121,203.36	8,155.12	17.03	33,543.48	53.51	38,973.42	77.24
Demand Deposits	41,288.34	59,642.11	62,956.91	2,898.29	6.05	19,141.45	30.53	21,668.57	42.95
Savings Deposits	21,719.03	28,678.41	30,063.15	2,790.18	5.83	7,872.70	12.56	8,344.11	16.54
Time Deposits	19,222.57	25,294.83	28,183.31	2,466.65	5.15	6,529.32	10.42	8,960.74	17.76
Foreign Currency	49,544.01	59,550.05	60,514.50	21,786.11	45.50	20,881.68	33.31	10,970.49	21.74
Credit From BOG	2,094.87	1,050.73	586.25	1,069.79	2.23	-910.30	-1.45	-1,508.62	-2.99
Balances Due to Non-Resident Banks	13,233.58	6,546.31	5,560.25	3,250.98	6.79	-6,524.57	-10.41	-7,673.32	-15.21
Capital	11,243.58	11,289.59	11,289.59	420.97	0.88	46.01	0.07	46.01	0.09
Reserves	16,532.15	11,861.57	14,109.83	2,711.81	5.66	-4,252.63	-6.78	-3,422.32	-4.80
Other Liabilities*	45,691.14	59,229.32	57,760.16	10,482.71	21.89	19,906.34	31.75	12,069.02	23.92
Total	220,569.26	263,142.93	271,023.95	47,877.48	100.00	62,689.99	100.00	50,454.68	100.00
Uses of Funds									
Bank Credit	70,909.31	73,125.27	72,916.68	20,860.36	43.57	9,762.49	15.57	2,007.37	3.98
o/w Private Sector Credit	64,019.90	66,370.86	66,835.08	19,025.49	39.74	9,210.01	14.69	2,815.18	5.58
Investment in Government Securities	57,871.13	65,377.36	66,492.14	2,221.06	4.64	10,716.74	17.09	8,621.01	17.09
Short Term	5,479.84	12,368.23	13,870.61	-2,004.50	-4.19	6,807.58	10.86	8,390.77	16.63
Medium/Long Term	52,391.29	53,009.12	52,621.53	4,225.56	8.83	3,909.15	6.24	230.24	0.46
Foreign Assets	13,439.37	20,946.26	20,124.21	4,761.57	9.95	8,944.38	14.27	6,684.84	13.25
Balances with BOG	34,291.32	42,821.30	40,670.07	14,570.36	30.43	14,687.15	23.43	6,378.74	12.64
Other Assets**	44,058.13	60,872.74	70,820.84	5,464.13	11.41	18,579.23	29.64	26,762.71	53.04
Total	220,569.26	263,142.93	271,023.95	47,877.48	100.00	62,689.99	100.00	50,454.68	100.00

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

**Includes real estate and equipment and other unclassified assets

Source: Bank of Ghana

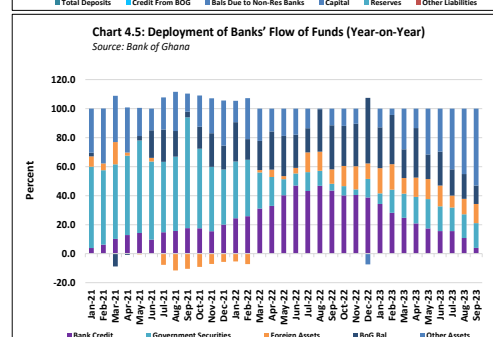
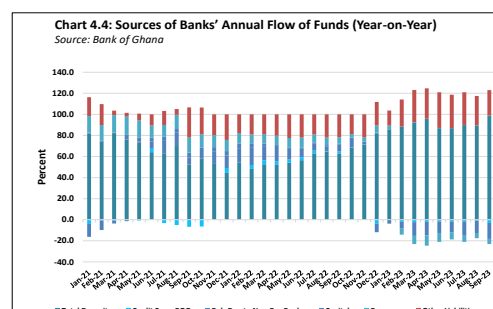
assets increased, while proportion of fund flows to bank credit and balances with Bank of Ghana decreased relative to that of the corresponding period in 2022.

The proportion of fund flows to Government securities increased significantly to 17.09 percent in Q3:2023, from 4.64 percent in the corresponding period in 2022. This reflected in an increase in the share of fund flows to investments in short-term securities to 16.63 percent in Q3:2023, from *negative* 4.19 percent in Q3:2022. However, the proportion of fund flows to investment in medium, and long-term securities decreased to 0.46 percent in Q3:2023, from 8.83 percent in Q3:2022.

The proportion of bank funds allocated to bank credit decreased to 3.98 percent in Q3:2023, from 43.57 percent in Q3:2022. Similarly, the proportion of fund

Total deposits remained the dominant source of funds into the banking system in Q3:2023. This was followed by other liabilities, which included margin deposits, cheques in transit, interest in suspense accounts, and borrowings from other resident banks. Other Assets received the largest share in terms of uses of funds by the banking system in Q3:2023. This was followed by investments in Government securities, and foreign assets.

The provisional figures for Q3:2023 showed that the proportion of commercial banks’ fund flows allocated to foreign assets, investment in Government securities, and other



flows to balances with BOG decreased to 12.64 percent during the review period, from 30.43 percent in Q3:2022. In contrast, the proportion of fund flows to foreign assets and other assets increased to 13.25 percent and 53.04 percent, respectively, from 9.95 percent and 11.41 percent, respectively, over the same comparative period.

The main source of fund flows for financing of banks' assets was deposits. Its share in the sources of fund flows increased to 98.99 percent in Q3:2023, from 62.54 percent in Q3:2022. This was higher than the 86.82 percent recorded in Q2:2023. The increase in flows from total deposits, for the period under review, reflected an increase in the share of fund flows from domestic currency deposits. The share of fund flows from foreign currency deposits decreased to 21.74 percent, from 45.50 percent in Q3:2022, while the share of fund flows from domestic currency deposits increased to 77.24 percent in Q3:2023, from 17.03 percent in Q3:2022. An increase in fund flows from demand deposits, savings and time deposits mainly accounted for the increase in fund flows from domestic currency deposits during the review period.

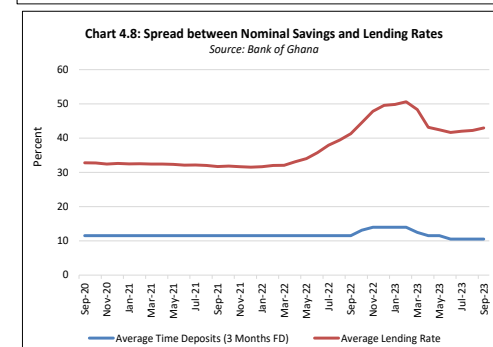
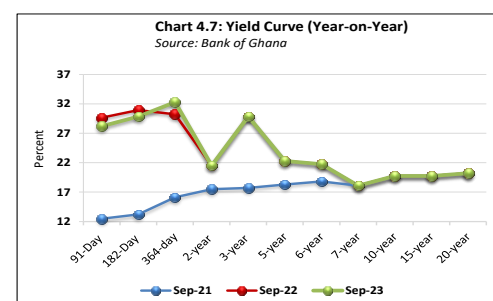
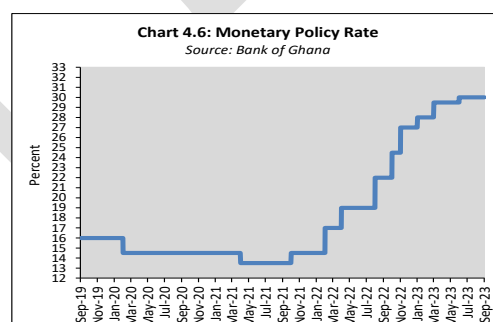
The proportion of fund flows from credit from Bank of Ghana, balances due to non-resident banks, bank capital, and bank reserves decreased during the period under review. The share of fund flows attributable to credit from Bank of Ghana, balances due non-resident banks, bank capital, and bank reserves decreased to *negative* 2.99 percent, *negative* 15.21 percent, 0.09 percent, and *negative* 4.80 percent, respectively, in Q3:2023, from 2.23 percent, 6.79 percent, 0.88 percent and 5.66 percent, respectively, in Q3:2022. In contrast, the share of fund flows from other liabilities increased to 23.92 percent, from 21.89 percent over the same comparative period.

4.5 Interest Rate Developments

Interest rates reflected mixed trends on a year-on-year basis across the spectrum of the yield curve in Q3:2023. Rates on BOG bills and lending rates of DMBs increased over the review period. Rates on GOG securities and deposit rates, however, decreased compared with rates recorded in Q3:2022.

Monetary Policy Rate

The Monetary Policy Rate (MPR) at the end of Q3:2023 was 30.00 percent, reflecting a cumulative 800-basis-point increase compared with the MPR at the end of Q3:2022. The upward review in the MPR was to place the economy firmly on the path of stability and reinforce the pace of disinflation.



BOG Bills

The interest equivalent on the 14-day and 56-day BOG bills increased cumulatively by 750bps and 1,295bps, respectively, to 29.50 percent and 29.95 percent at the end of Q3:2023, from 22.00 percent and 17.00 percent in Q3:2022. When compared with Q2:2023, the rate on the 14-day BOG bill recorded no change in basis points due to non-issuance during the period, while the rate on the 56-day BOG bill increased by 287bps.

Government Securities

On the treasury market, interest rates in Q3:2023 generally showed a mixed trend. The 91-day and 182-day T-bill rates decreased cumulatively by 146bps and 110bps, respectively, to settle at 28.20 percent, and 29.84 percent, respectively, compared to interest rates recorded on the discount bearing securities at the end of Q3:2022, while the rate on the 364-day T-bills increased by 204bps to settle at 32.29 percent in the review quarter. The interest earned on short-term GOG bills, however, recorded increases in rates when compared with the second quarter of 2023.

Yields on the Domestic Debt Exchange Programme (DDEP) Bonds

The secondary market yields on the 4-year, 5-year, 6-year, and 7-year DDEP bonds increased by 415bps, 1,434bps, 963bps and 865bps, respectively, compared to Q2:2023 to settle at 16.13 percent, 26.52 percent, 25.03 percent, and 23.94 percent at the end of Q3:2023. The yields on the 8-year, 9-year, 10-year, and 11-year DDEP bonds increased by 1,248bps, 804bps, 756bps and 769bps, respectively, to settle at 23.32 percent, 22.94 percent, 22.70 percent, and 22.53 percent at the end of Q3:2023. The yields on the 12-year, 13-year, 14-year, and 15-year DDEP bonds increased by 1,122bps, 775bps, 744bps, and 755bps, respectively, to settle at 22.43 percent, 22.42 percent, 22.39 percent, and 22.44 percent for the period under review.

Interbank Market

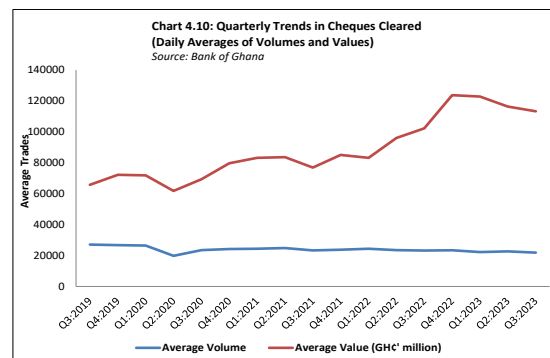
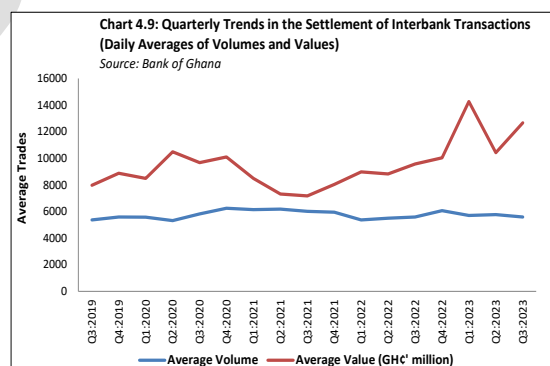
The interbank weighted average interest rate increased cumulatively by 526bps to 27.31 percent in Q3:2023, from 22.05 percent recorded in Q3:2022. Compared to Q2:2023, the interbank weighted average interest rate increased by 130bps.

Time and Savings Deposit Rates

The average interest rate on the DMBs' 3-month time deposits decreased by 100bps to settle at 10.50 percent in Q3:2023, from 11.50 percent recorded in Q3:2022. The savings deposit rate decreased by 263bps to 5.00 percent, from 7.63 percent recorded in Q3:2022.

Lending Rate

Lending rates trended upwards during the review



quarter. The average lending rate increased by 267bps to 32.48 percent at the end of Q3:2023, from 29.81 percent in Q3:2022. Compared to Q2:2023, the average lending rate decreased by 133bps.

The spread between the borrowing and lending rates expanded by 367bps on a year-on-year basis to 21.98 percent in Q3:2023. For the corresponding quarter in 2022, the spread had increased by 958bps.

4.6 Payments System Developments

Settlement of Interbank Transactions

The volume of transactions settled through the Ghana Interbank System (GIS) during Q3:2023 totalled 351,814, valued at GH¢797,697.76 million. This represented a decrease in volume by 0.05 percent, and an increase in value by 32.24 percent, compared to transactions in Q3:2022. When compared with transactions settled during Q2:2023, there was an increase in both volume and value by 1.50 percent and 27.55 percent, respectively. On the average, 5,584 transactions were settled daily through the GIS, valued at GH¢12,661.87 million during the quarter under review, compared with a total of 5,777 transactions, valued at GH¢10,423.11 million during Q2:2023. In Q3:2022, an average of 5,587 transactions were settled daily, valued at GH¢9,574.78 million.

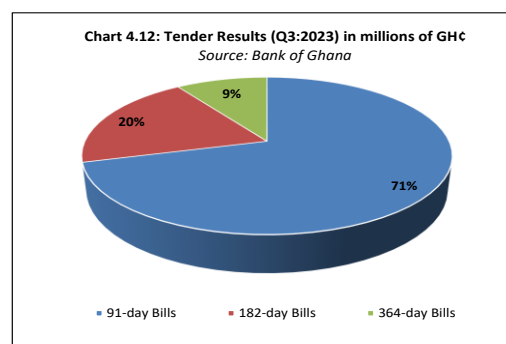
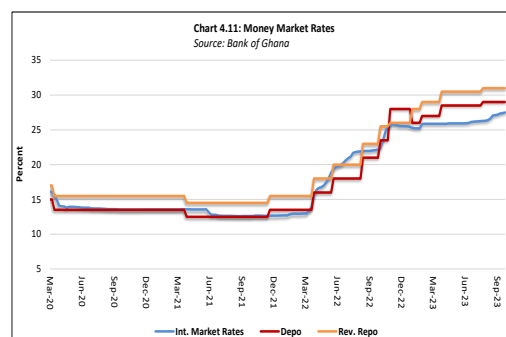
Cheques Cleared

The volume of cheques cleared during Q3:2023 totalled 1,378,874 valued at GH¢71,371.40 million. This represented a decrease in volume by 5.87 percent and an increase in value by 10.76 percent compared to transactions in Q3:2022. When compared with Q2:2023, the volume of transactions and the value of cheques cleared increased by 1.17 percent and 2.23 percent, respectively. On a daily basis, an average of 21,887 cheques, valued at GH¢1,132.88 million, were cleared during the period under review, compared with 23,251.08 cheques, valued at GH¢1,022.86 million, in Q3:2022. In Q2:2023, an average of 22,716 cheques, valued at GH¢1,163.57 million, were cleared.

4.7 Money Market

Depos amounted to GH¢132,625.0 million in Q3:2023, from GH¢37,181.50 million recorded in Q2:2023. Compared with same period in the previous year, depo trades increased by 2020.42 percent from GH¢25,445.00 million in Q3:2022. There were no reverse repo trades during the review period.

On the interbank market, the value of trades during Q3:2023 ranged between GH¢720.0 million and GH¢5,014.0 million at a weighted average rate ranging from 21.35 percent to 27.50 percent. In the previous quarter, the value of trades ranged from GH¢1,365.0 million to GH¢4,700.0 million at a weighted average rate ranging from 25.76



percent to 26.17 percent. In Q3:2022, the value of trades ranged from GH¢2,759.0 million to GH¢5,368.0 million at a weighted average rate ranging from 20.92 percent to 22.16 percent.

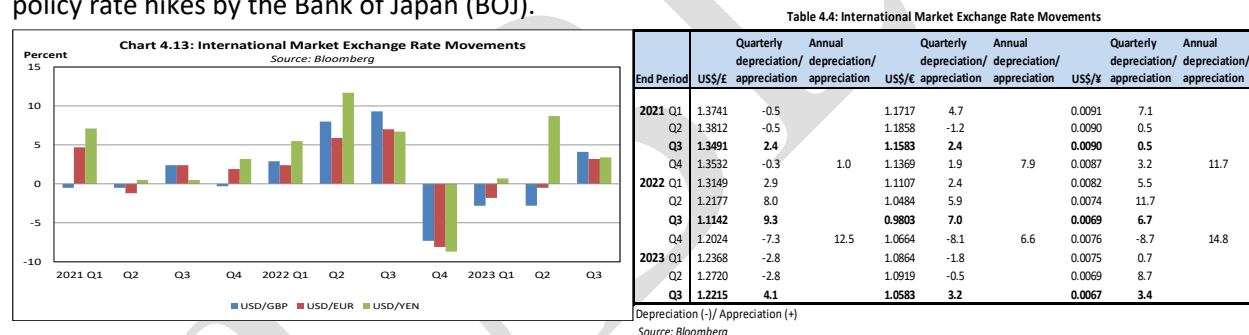
Tender Results

Total sales at the auction during Q3:2023 totalled GH¢90,033.59 million, with maturities totalling GH¢75,095.80 million. This resulted in a net sale of GH¢14,937.79 million, consisting of a net sale of Government securities of GH¢5,060.16 million and a net sale of BOG bills to the tune of GH¢9,877.63 million.

4.8 Currency Markets

The International Currency Market

The U.S. dollar ended Q3:2023 on a strong note due to tightening credit conditions and the perceived resilience of the U.S. economy. The pound sterling, however, was weak on the international market for the third quarter of 2023 due to a slowdown in growth in the manufacturing and services sectors, coupled with fears of a recession, which led to reduced demand for the currency. The euro, at the end of the review period, had a mixed performance due to a decline in the Eurozone's manufacturing Purchasing Manager's Index as well as interest rate hikes by the European Central Bank (ECB). The yen experienced a weak performance at the end of Q3:2023. This was due to investor uncertainty about policy rate hikes by the Bank of Japan (BOJ).



The **U.S. dollar** experienced a strong performance in Q3:2023. The currency gained from tightening credit conditions, safe haven flows, as well as the perceived resilience of the U.S. economy. It also benefited from hawkish signals from The Fed and from private data which showed that U.S. payrolls grew substantially than expected for July, thus, renewing expectation of wage pressures and its consequent monetary policy tightening. The producer price index for July was also higher than expected and this raised treasury yields higher. These resulted in the U.S. dollar firming up. Again, fears of a recession and a slowdown in global growth contributed to the robustness of the U.S. dollar. At the end of Q3:2023, the U.S. dollar appreciated against the pound sterling, the euro, and the Japanese yen by 4.1 percent, 3.2 percent, and 3.4 percent, respectively.

The **pound sterling** was weak during the period under review. Fears of a recession weakened the currency. Growth in the manufacturing and services sectors slowed in July, which led to reduced demand for the pound sterling. The reports of a decline in British house prices, and general prices in U.K. stores suggested that previous policy rate hikes had been effective and could therefore pressure the Bank of England (BOE) to ease its tightening stance. This was supported by dovish statements from the

Governor of the BOE. Consequently, the pound sterling depreciated against the U.S. dollar, the euro and the Japanese yen by 4.0 percent, 0.9 percent, and 0.7 percent, respectively.

The **euro** experienced a mixed performance in Q3:2023. Despite its weak performance in July and August, the currency bounced back in September. Factors that contributed to the weakening of the euro included a fall in German exports and a decline in the Spanish manufacturing Purchasing Manager's Index. Again, a fall in the Eurozone's manufacturing Purchasing Manager's Index to its lowest in August reduced demand for the euro. However, the ECB raised interest rates by 25bps in September and this led to the euro recovering some of its losses. At the end of the quarter, the euro depreciated against the U.S. dollar by 3.1 percent, but appreciated against the pound sterling and the Japanese yen by 0.9 percent and 0.2 percent, respectively.

The **Japanese yen** was weak in Q3:2023. The currency faced pressure as high U.S. treasury yields attracted investors to buy U.S. bonds, coupled with uncertainty about policy rate hikes while the ultra-loose monetary policy persisted, as well as unplanned bond buying operations by the BOJ. The currency also weakened due to a downward revision of the second quarter GDP growth estimate by the Japanese government. As a result, the Japanese yen depreciated against the U.S. dollar and the euro by 3.3 percent and 0.2 percent, respectively, but appreciated against the pound sterling by 0.7 percent.

The Domestic Currency Market

The Ghana cedi was relatively strong in Q3:2023. Although it depreciated against the U.S. dollar on the interbank market, it appreciated against the pound sterling and the euro on both the interbank and the forex bureaux markets. The currency also appreciated against the U.S. dollar on the forex bureaux market. On the interbank market, the Ghana cedi was severely hit due to international market developments. However, subsequent reduction in demand for foreign exchange, improved interbank forex liquidity, as well as positive market sentiments improved the fortunes of the local currency against the major trading currencies.

On the **Interbank market**, the Ghana cedi depreciated on a quarter-on-quarter basis by 1.2 percent

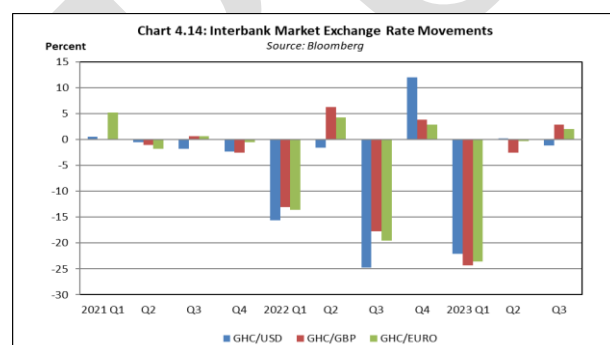


Table 4.5: Interbank Market Exchange Rate Movements

End Period	Quarterly depreciation/ appreciation		Annual depreciation/ appreciation		Quarterly depreciation/ appreciation		Annual depreciation/ appreciation		Quarterly depreciation/ appreciation		Annual depreciation/ appreciation	
	c/US\$		c/GBP		c/US\$		c/GBP		c/Euro		c/Euro	
2021 Q1	5.7288	0.5	7.8717	0.0	6.7122	5.2						
Q2	5.7626	-0.6	7.9590	-1.1	6.8333	-1.8						
Q3	5.8663	-1.8	7.9140	0.6	6.7952	0.6						
Q4	6.0061	-2.3	8.1272	-2.6	6.8281	-0.5	3.5					
2022 Q1	7.1122	-15.6	9.3515	-13.1	7.8986	-13.6						
Q2	7.2305	-1.6	8.8043	6.2	7.5797	4.2						
Q3	9.6048	-24.7	10.7017	-17.7	9.4147	-19.5						
Q4	8.5760	12.0	10.3118	3.8	9.1457	2.9	-25.3					
2023 Q1	11.0137	-22.1	13.6218	-24.3	11.9657	-23.6						
Q2	10.9972	0.2	13.9879	-2.6	12.0073	-0.3						
Q3	11.1285	-1.2	13.5935	2.9	11.7774	2.0						

Depreciation (-)/Appreciation (+)

Source: Bank of Ghana

against the U.S. dollar but appreciated against the pound sterling and the euro by 2.9 percent and 2.0 percent, respectively, in Q3:2023. In Q3:2022, the cedi had depreciated against the U.S. dollar, the pound sterling and the euro by 24.7 percent, 17.7 percent, and 19.5 percent, respectively.

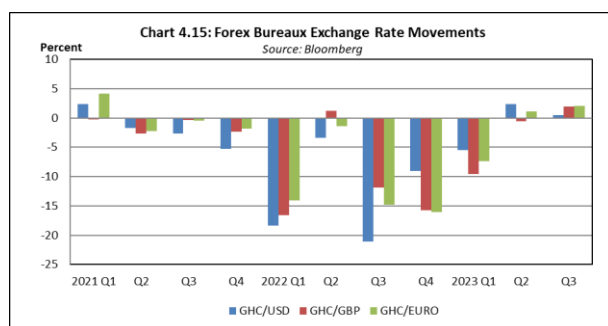


Table 4.6: Forex Bureaux Exchange Rate Movements

End Period	Quarterly depreciation/ appreciation		Annual depreciation/ appreciation		Quarterly depreciation/ appreciation		Annual depreciation/ appreciation		Quarterly depreciation/ appreciation		Annual depreciation/ appreciation	
	c/US\$		c/GBP		c/Euro							
2021 Q1	5.7700	2.4	7.8882	-0.3	6.8164	4.1						
Q2	5.8705	-1.7	8.1091	-2.7	6.9800	-2.3						
Q3	6.0345	-2.7	8.1409	-0.4	7.0136	-0.5						
Q4	6.3752	-5.3	8.3440	-2.4	7.1405	-1.8						
2022 Q1	7.8175	-18.4	9.9990	-16.6	8.3100	-14.1						
Q2	8.0900	-3.4	9.8850	1.2	8.4250	-1.4						
Q3	10.2525	-21.1	11.2200	-11.9	9.8845	-14.8						
Q4	11.2800	-9.1	13.3250	-15.8	11.7750	-16.1						
2023 Q1	11.9362	-5.5	14.7334	-9.6	12.7111	-7.4						
Q2	11.6517	2.4	14.8239	-0.6	12.5778	1.1						
Q3	11.5895	0.5	14.5473	1.9	12.3362	2.0						

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

On the **Forex Bureaux market**, the Ghana cedi appreciated on a quarter-on-quarter basis by 0.5 percent, 1.9 percent, and 2.0 percent against the U.S. dollar, the pound sterling, and the euro, respectively. Comparatively, the Ghana depreciated by 21.1 percent, 11.9 percent and 14.8 percent against the U.S. dollar, the pound sterling and the euro, respectively in Q3:2022.

Foreign Exchange Transaction Market

At the end of Q3:2023, the total volume of forex purchases recorded was US\$3,516.18 million. Commercial banks' purchases contributed 91.3 percent of the total purchases (US\$3,209.24 million). The central bank's support to the market accounted for 7.2 percent (US\$55.33 million) and purchases from forex bureaux contributed the remaining 1.5 percent (US\$55.33 million).

Compared to Q2:2023, the volume of total purchases decreased by 12.2 percent. Commercial banks' purchases, forex bureaux purchases, and Bank of Ghana's support decreased by 11.7 percent, 5.2 percent, and 19.2 percent, respectively.

On sales, total volume recorded was US\$3,582.58 million. Commercial bank sales amounted to US\$3,527.69 million (98.5% of the total amount). Forex bureaux contributed the remaining amount. The total volume of sales decreased by 10.9 percent on a quarterly basis. Also, compared to Q3:2022, total sales decreased by 20.7 percent.

4.9 The Stock Market

The GSE-CI trended upward in Q3:2023, recording a year-on-year growth of 28.95 percent. The GSE-CI

Table 4.7: Foreign Exchange Transaction Market

		Purchases (million \$)				Sales (million \$)			
		Commercial		Forex	Total	Commercial		Forex	Total
		BOG	Bank	Bureaux	Purchases	Bank	Bureaux	Sales	
2022	Jan	277.43	1,186.41	22.09	1,485.93	1,469.47	21.98	1,491.95	
	Feb	480.42	1,259.63	20.69	1,760.74	1,722.60	20.63	1,743.23	
	Mar	561.82	1,752.54	24.18	2,338.94	2,246.96	23.82	2,270.78	
	Q1	1,319.67	4,198.14	66.96	5,581.65	5,439.03	66.43	5,505.46	
	Apr	357.66	1,887.43	22.90	2,267.99	2,219.09	22.88	2,241.97	
	May	344.37	1,310.84	23.54	1,678.75	1,683.13	24.23	1,707.36	
	Jun	288.06	1,498.80	27.27	1,814.13	1,743.41	26.62	1,770.03	
	Q2	990.09	4,697.07	73.71	5,760.87	5,645.63	73.73	5,719.36	
	Jul	207.88	1,385.37	24.72	1,617.97	1,546.95	24.92	1,571.87	
	Aug	214.89	1,205.92	25.94	1,446.75	1,395.35	26.15	1,421.50	
	Sep	275.88	1,339.78	27.01	1,642.67	1,495.82	26.80	1,522.62	
	Q3	698.65	3,931.07	77.67	4,707.39	4,438.12	77.87	4,519.99	
	Oct	249.52	1,123.53	21.41	1,394.46	1,333.39	22.16	1,355.55	
	Nov	313.56	1,265.61	22.6	1,601.77	1,570.14	22.01	1,592.15	
	Dec	252.75	1,399.85	22.7	1,675.30	1,695.21	24.70	1,719.91	
	Q4	815.83	3,788.99	66.71	4,671.53	4,598.74	68.87	4,667.61	
2023	Jan	163.60	1,210.17	22.24	1,396.01	1,416.18	21.97	1,438.15	
	Feb	71.02	1,095.73	17.42	1,184.17	1,174.71	17.23	1,191.94	
	Mar	132.98	1,251.31	18.50	1,402.79	1,394.25	18.64	1,412.89	
	Q1	367.60	3,557.21	58.16	3,982.97	3,985.14	57.84	4,042.98	
	Apr	132.98	1,176.48	18.27	1,327.73	1,279.97	18.21	1,298.18	
	May	94.23	1,275.74	20.59	1,390.56	1,335.07	20.90	1,355.97	
	Jun	84.32	1,181.79	19.53	1,285.64	1,347.75	19.57	1,367.32	
	Q2	311.53	3,634.01	58.39	4,003.93	3,962.79	58.68	4,021.47	
	Jul	64.65	1,327.91	13.88	1,406.44	1,430.74	13.71	1,444.45	
	Aug	115.16	1,124.77	21.30	1,261.23	1,269.90	21.10	1,291.00	
	Sep	71.80	756.56	20.15	848.51	827.05	20.08	847.13	
	Q3	251.61	3,209.24	55.33	3,516.18	3,527.69	54.89	3,582.58	

Source: Bank of Ghana

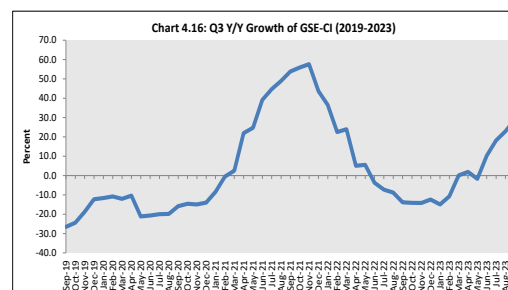


Table 4.8: Sector's Contribution to the Growth of GSE-CI

Table 4.6: Sector Contribution to the Growth of GSE-CI												
Month	SECTOR											GSE-CI
	F&B	MAN	FINANCE	DISTR	MINING	IT	AGRIC	OIL	ETFund	EDUC	AD & PROD	
Sep-22	1204.74	559.18	2070.10	2743.13	158.10	31.90	1296.00	40.26	530.25	100.01	100.00	2460.12
Jun-23	1002.50	638.60	1691.91	3006.48	164.41	51.53	2822.00	40.45	5107.32	100.01	100.00	2808.09
Sep-23	1689.56	800.48	1890.13	3797.45	164.52	56.61	3726.00	40.45	4918.22	100.01	100.00	3172.35
2023 (Q-on-Q)												
Absolute Δ	687.06	161.87	198.22	590.97	0.11	5.08	904.00	0.00	-189.10	0.00	0.00	364.32
% Δ	68.53	25.35	11.72	18.48	0.07	9.85	32.03	0.00	-3.70	0.00	0.00	12.97
2023 (Y-on-Y)												
Absolute Δ	484.83	241.29	-179.97	1054.32	6.41	24.71	2430.00	0.19	4387.97	0.00	0.00	712.23
% Δ	40.24	43.15	-8.69	38.43	4.06	77.44	187.50	0.48	827.52	0.00	0.00	28.95

Source: Ghana Stock Exchange

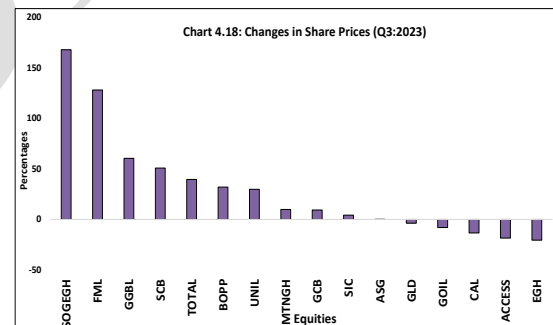
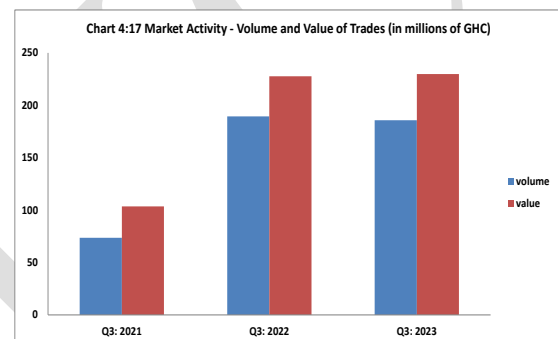
recorded gains was fuelled by bullish sentiments among investors as most listed companies posted impressive performances in their half-year financial statements. In addition, investors turned to the local bourse to diversify their portfolios on the back of the adverse impact of the implementation of the Domestic Debt Exchange Programme (DDEP) on the bonds market. In the outlook, the GSE-CI is expected to continue the upward trend in the ensuing quarter on account of positive sentiments about the economy.

The GSE-CI

The GSE-CI gained 12.97 percent (364.32 points) on a quarter-on-quarter basis at the end of Q3:2023, against a contraction of 3.35 percent (-85.36 points) in the same period in 2022. The performance of the GSE-CI could be attributed to the impressive profits posted by most stocks, especially, the Finance sector stocks. In year-on-year terms, the GSE-CI gained 28.95 percent (712.23 points) as at the end of Q3:2023.

Sector Performance

The performance in the GSE-CI in Q3:2023 was driven mainly by share price appreciation of stocks in the Food & Beverages (68.53 percent; 687.06 points), Agriculture (32.03 percent, 904.00 points), Manufacturing (23.45 percent; 161.87 points), Distribution (18.43 percent; 590.97 points), and IT (9.85 percent, 5.08 points) sectors. The Finance sector which usually influences the performance of the GSE-CI, gained 11.72 percent (198.22 points). Despite the impact of the DDEP on the banks' balance sheet, the banks posted impressive profits in the first half of the year which drove investors to patronise the Finance sector stocks, thereby pushing the GSE-CI upwards. The ETFund sector, however, recorded a loss of 3.70 percent (-189.10 points) to moderate the gains in the GSE-CI.



Market Performance

The total volume of trades on the GSE in Q3:2023 amounted to 186 million shares, valued at GH¢229.75 million, compared with a volume of 189 million shares, valued at GH¢227.66 million in Q3:2022. During the period, MTNGH in the IT sector recorded the highest volume and value of trades.

In Q3:2023, eleven stocks gained, while five lost value to moderate the gains in the GSE-CI. The rest remained unchanged at the end of the review period. SOGEGH, FML and GGBL were the best performers and led the list of advancers with share price appreciations of 167.80 percent, 128.03 percent, and 60.38 percent, respectively. However, EGH, ACCESS, CAL and GOIL shed 20.37 percent, 18.42 percent, 13.33 percent, and 7.88 percent, respectively, to top the losers.

Market Capitalization

Total market capitalization at the end of Q3:2023 stood at GH¢74,189.35 million, representing a quarter-on-quarter increase of 5.62 percent (GH¢3,950.53 million). On a year-on-year basis, market capitalization increased by 15.95 percent (GH¢10,203.54 million) at the end of Q3:2023. The main sectors that accounted for the increase in market capitalization in Q3:2023 were the Food & Beverages (68.53%; GH¢590.11 million), Agriculture (32.03%; GH¢157.30 million), Manufacturing (23.35%; GH¢116.25 million), IT (13.72%; GH¢2,108.65 million), and Finance (9.28%; GH¢1,142.19 million) sectors. The increase in market capitalization was mainly on account of share price appreciation but was moderated by decreases in the market capitalization of the ETFund (-3.70%; GH¢23.75 million) sector.

Month	SECTOR (GH¢ mill)											
	F&B	MAN	FINANCE	DISTR	MINING	IT	AGRIC	OIL	ETFund	EDUC	AD & PRD	MKT. CAP.
Sep-22	1034.74	401.58	14483.42	1150.70	18638.17	10816.64	225.50	17147.21	66.60	10.57	10.70	63985.81
Jun-23	861.04	458.61	12304.18	1377.76	19380.91	17472.77	491.03	17229.79	641.48	10.57	10.70	70238.82
Sep-23	1451.15	574.86	13446.37	1612.10	19394.31	19193.47	648.32	17229.79	617.73	10.57	10.70	74189.35
2023 (Q-on-Q)												
Absolute Δ	590.11	116.25	1142.19	234.33	13.40	1720.70	157.30	0.00	-23.75	0.00	0.00	3950.53
% Δ	68.53	25.35	9.28	17.01	0.07	9.85	32.03	0.00	-3.70	0.00	0.00	5.62
2023 (Y-on-Y)												
Absolute Δ	416.42	173.28	-1037.05	461.40	756.14	8376.83	422.82	82.58	551.13	0.00	0.00	10203.54
% Δ	40.24	43.15	-7.16	40.10	4.06	77.44	187.50	0.48	827.52	0.00	0.00	15.95

Source: Ghana Stock Exchange

Source: Ghana Stock Exchange

The Bond Market

The total value of Government of Ghana Notes and Bonds listed on the Ghana Fixed Income Market (GFIM) at end-September 2023 stood at GH¢216,335.51 million, compared to GH¢134,094.91 million at end-September 2022. The total value of corporate bonds stood at GH¢8,468.77 million at end-September 2023, compared with GH¢12,340.84 million at end-September 2022. The cumulative volume of trades on the GFIM from the beginning of the year to the end of September 2023 was 296,650 valued at GH¢59,217.68 million.

5. Balance of Payments

5.1 International Trade and Finance

Preliminary estimates of Ghana's balance of payments for Q3:2023 show a deficit of US\$246.07 million compared to a deficit of US\$912.68 million recorded in Q3:2022. The overall BOP deficit was the combined effect of higher net outflows in the capital and financial account and a current account surplus.

5.2 The Current Account

The current account recorded a surplus of US\$172.70 million in Q3:2023, in contrast to a deficit of US\$723.28 million observed in Q3:2022. This was because of an improvement in the trade surplus, strong growth in remittance, and lower income payments.

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

	Q3:2022	Q3:2023*	Q3:2023/Q3:2022	
			Abs change	% change
CURRENT ACCOUNT	-723.28	175.70	898.98	-124.3
Merchandise Exports (f.o.b.)	4,201.14	3,771.19	-429.95	-10.2
Cocoa beans and products	277.64	199.21	-78.43	-28.2
Gold	1,776.38	1,731.85	-44.53	-2.5
Timber products	45.94	33.52	-12.42	-27.0
Oil	1,336.88	1,069.57	-267.31	-20.0
Others (including non-traditionals)	764.30	737.04	-27.25	-3.6
Merchandise Imports (f.o.b.)	-4,064.30	-3,597.11	467.19	-11.5
Non-oil	-2,592.70	-2,429.36	163.35	-6.3
Oil	-1,471.60	-1,167.75	303.85	-20.6
Trade Balance	136.84	174.08	37.24	27.2
Services (net)	-731.11	-733.45	-2.34	0.3
Receipts	2,036.91	2,123.38	86.47	4.2
Payments	-2,768.03	-2,856.83	-88.81	3.2
Income (net)	-1,039.95	-460.25	579.70	-55.7
Receipts	185.04	229.59	44.56	24.1
Payments	-1,224.99	-689.84	535.14	-43.7
Current Transfers (net)	910.94	1,195.32	284.37	31.2
Official	0.00	0.00	0.00	0.0
Private	910.94	1,195.32	284.37	31.2
Services, Income and Current Transfers (net)	-860.12	1.62	861.74	-100.2
CAPITAL & FINANCIAL ACCOUNT	-252.40	-353.55	-101.15	40.1
Capital Account (net)	25.10	30.20	5.10	20.3
Capital transfers (net)	25.10	30.20	5.10	20.3
Financial Account (net)	-277.51	-383.76	-106.25	38.3
Direct Investments (net)	363.08	316.14	-46.94	-12.9
Portfolio Investments (net)	-1,522.44	53.04	1,575.48	-103.5
Financial Derivatives (net)	135.21	-7.01	-142.22	-105.2
Other Investments (net)	746.64	-745.93	-1,492.57	-199.9
Of Which:				
Official Capital (net)	902.90	-226.18	-1,129.09	-125.1
Other Private Capital (net)	232.70	-564.70	-797.39	-342.7
Short-term capital (net)	-388.96	44.96	433.91	-111.6
ERRORS AND OMISSIONS	63.01	-98.22	-161.23	-255.9
OVERALL BALANCE	-912.68	-276.07	636.61	-69.8
FINANCING	912.68	276.07	-636.61	-69.8
Changes in international reserves	912.68	276.07	-636.61	-69.8

* Provisional

Source: Bank of Ghana

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

	Q3:2021	Q3:2022	Q3:2023	Q3:2023/Q3:2022	
				Abs change	% Change
Current Account Balance	-1,098.51	-723.28	175.70	-124.3	
Trade Balance	93.21	136.84	174.08	27.2	
Services Balance	-742.31	-731.11	-733.45	0.3	
Investment income Balance	-1,296.30	-1,039.95	-460.25	-55.7	
Net Unilateral Transfers	846.89	910.94	1,195.32	31.2	

Source: Bank of Ghana

Table 5.3: Merchandise Exports (US\$ Million)

	Q3:2021	Q3:2022	Q3:2023	Q3:2023/Q3:2022	
				Abs change	% change
Total Exports	3,389.79	4,201.14	3,771.19	-429.95	-10.2
Gold	1,167.94	1,776.38	1,731.85	-44.53	-2.5
Cocoa Beans	197.00	44.60	20.36	-24.24	-54.3
Cocoa Products	314.18	233.04	178.85	-54.20	-23.3
Timber	38.60	45.94	33.52	-12.42	-27.0
Crude oil	1,033.14	1,336.88	1,069.57	-267.31	-20.0
Others	638.94	764.30	737.04	-27.25	-3.6

Source: Bank of Ghana

Merchandise Trade

The trade account recorded a surplus of US\$174.08 million in Q3:2023, higher than the surplus of US\$136.84 million recorded for the same period in 2022. The increase in the trade surplus was on account of a higher decline in imports relative to export earnings.

Exports

The value of merchandise exports for the review period was provisionally estimated at US\$3,771.19 million, indicating a decrease of 10.2 percent compared with US\$4,201.14 million recorded in the same period in 2022. The decline in exports performance was driven by lower crude oil receipts, and lower earnings from timber and cocoa product exports.

Gold exports amounted to US\$1,731.85 million, compared to US\$1,776.38 million recorded during the same period in 2022. The decrease in gold export earnings was due to lower volumes of exports. The volume of gold exports decreased by 8.9 percent to 966,335 fine ounces, while the average realised price of gold increased by 7.0 percent to settle at US\$1,792.18 per fine ounce.

The value of crude oil exported was US\$1,069.57 million, compared to US\$1,336.88 million recorded in Q3:2022. The decrease in value was due to a reduction in the average realized price by 13.4 percent to settle at US\$86.39 per barrel, and a decrease in volume by 7.6 percent to 12,381,270 barrels.

Earnings from cocoa beans and cocoa products totalled US\$199.21 million in Q3:2023, compared to US\$277.64 million for the same period in 2022, representing a decrease of 28.3 percent. Earnings from cocoa beans amounted to US\$20.36 million, a 54.3-percent decrease from the level recorded in Q3:2022. Prices decreased by 9.4 percent to settle at US\$2,247.03 per tonne, and the volume exported decreased by 49.6 percent to 9,061 tonnes. Earnings from the export of cocoa products, also decreased by 23.3 percent to US\$178.85 million on account of a 29.9-percent decline in volume to 54,658 metric tonnes. The average price, on the other hand, increased by 9.5 percent to US\$3,272.12 per tonne.

Timber product exports amounted to US\$33.52 million from US\$45.94 million in Q3:2022. The value of “other” exports, which was made up of non-traditional exports, electricity, and other minerals (bauxite,

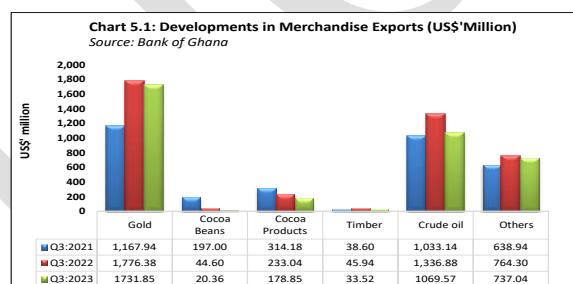
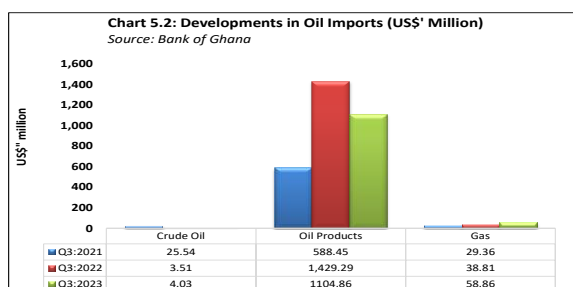


Table 5.4: Top-Ten Non-Traditional Exports, July-September 2022/2023

July-September 2022			July-September 2023		
Description	US\$'M	% Distr.	Description	US\$'M	% Distr.
Bars and rods of iron or non-alloy steel	68.54	21.59	Tunas, skipjack and Atlantic bonito (Sarda spp.), whole or in pieces, but not minced	37.34	15.44
Aluminium	54.25	17.09	Iron/Steel	36.15	14.95
Tunas, skipjack and Atlantic bonito (Sarda spp.), whole or in pieces, but not minced	45.85	14.44	Aluminium	26.85	11.11
Technically specified natural rubber (TSNR)	36.98	11.65	Shea (karite) oil and fractions	23.59	9.76
Refined oil and its fractions	23.73	7.48	Technically specified natural rubber (TSNR)	23.24	9.61
Shea (karite) oil and fractions	21.11	6.65	Non-refractory ceramic bricks, tiles, pipes and similar products	23.22	9.60
Non-refractory ceramic bricks, tiles, pipes and similar products	17.77	5.60	Flat-rolled products of iron or non-alloy steel; plated with zinc	21.34	8.83
Iron/Steel	17.59	5.54	Avocados, guavas, mangoes and mangosteens, fresh or dried	17.04	7.04
Avocados, guavas, mangoes and mangosteens, fresh or dried	16.99	5.35	Napkins and napkin liners for babies	16.78	6.94
Cashew nuts	14.65	4.61	Palm oil and its fractions	16.27	6.73
Total	317.45	100.0	Total	241.81	100.0

Source: Bank of Ghana



diamond, aluminium, and manganese), was estimated at US\$737.04 million, and was 3.6 percent lower than the outturn in Q3:2022.

Top Ten Exported Non-Traditional Items

The value of the top ten non-traditional commodities exported during the period under review was US\$241.81 million, compared to US\$317.45 million recorded for the same period in 2022. Tuna accounted for the largest share of the top ten NTEs, with a share of 15.44 percent, followed by iron/steel (14.95%) and aluminium (11.11%), among others.

Imports

Total value of merchandise imports for Q3:2023 was US\$3,597.11 million, down by 11.5 percent from US\$4,064.30 million recorded in Q3:2022. The decrease in total imports was driven mainly by a reduction in both oil and non-oil imports.

Oil and Gas Imports

During the period under review, oil imports (made up of crude, gas and refined products) decreased by 20.6 percent to US\$1,167.75 million, from US\$1,471.60 million in 2022. Crude oil imports increased to US\$4.03 million in Q3:2023, from US\$3.51 million in the corresponding period of 2022. The Volta River Authority (VRA) imported 6,799,025 MMBTu (Million Metric British Thermal units) of gas worth US\$58.86 million from the West African Gas Company (WAGP) at an average price of US\$8.7 per MMBTu for its operations. A total of 4,731,059 MMBTu of gas worth US\$38.81 million was imported in Q3:2022.

The value of oil products imported declined to US\$1,104.86 million in Q3:2023, compared to US\$1,429.29 million in the same period in 2022.

Merchandise Non – Oil Imports

The total merchandise non-oil imports (including electricity imports) for Q3:2023 was provisionally estimated at US\$2,425.98 million, down by 6.4 percent compared to the outturn recorded for the same period in 2022. The drop in non-oil imports was the result of decreases in demand for capital and intermediate goods imports.

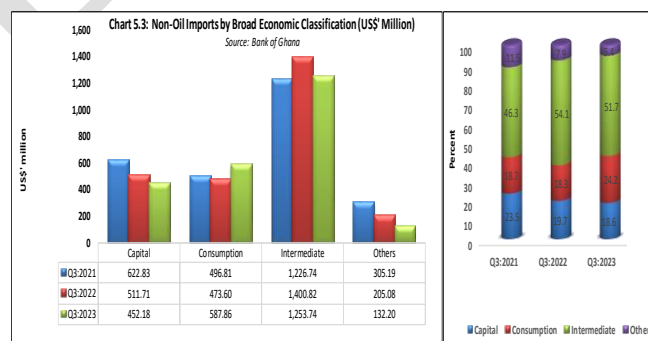


Table 5.5: Top-Ten Non-Oil Imports, July-September 2022/2023

July-September 2022			July-September 2023		
Description	US\$'M (fob)	% Distr.	Description	US\$'M (fob)	% Distr.
Capital	174.03	26.0	Capital	147.05	24.9
Motor vehicles for the transport of goods, n.e.s.	104.86	15.6	Self-propelled bulldozers, excavators nes	74.74	12.6
Self-propelled bulldozers, excavators nes	69.17	10.32	Motor vehicles for the transport of goods, n.e.s.	72.32	12.22
Consumption	88.68	13.23	Consumption	240.25	40.61
Cereal grains, worked but not rolled or of other cereal, nes	47.13	7.0	Cereal grains, worked but not rolled or of other cer	63.84	10.8
Weed killers (herbicides) and insecticides	41.55	6.2	Broken rice	56.59	9.6
Intermediate	214.53	32.0	Weed killers (herbicides) and insecticides	54.00	9.1
Iron and steel bars and rods	69.76	10.41	Sugar	33.97	5.74
Ammonium nitrate	42.58	6.35	Frozen cuts and offal of fowl (Gallus - eg chicken)	31.85	5.38
Polyethylene	38.40	5.73	Intermediate	79.75	13.48
Fertilizers	32.41	4.8	Iron and steel bars and rods	44.18	7.5
Wadding, gauze, bandages and similar articles	31.39	4.7	Polyethylene	35.57	6.0
Other	193.10	28.8	Other	124.62	21.1
Motor vehicles for the transport of persons, n.e.s.	193.10	28.8	Motor vehicles for the transport of persons, n.e.s.	124.62	21.1
Total	670.35	100.00	Total	591.67	100.00

Source: Bank of Ghana

The value of **capital goods** imported during the review period was US\$452.18 million, down by 11.63 percent from the value recorded for the same period in 2022. This was on account of a decrease in the imports of

both capital goods and industrial transport goods.

Consumption goods imported, however, increased by 24.13 percent to US\$587.86 million, from US\$473.60 million recorded a year ago. This was due to a rise in imports of all the sub-categories.

The value of **intermediate goods** imported decreased by 10.50 percent to US\$1,253.74 million, compared to US\$1,400.82 million recorded a year ago.

The value of **other goods** imported was US\$132.20 million, compared to US\$205.08 million recorded in Q3:2022.

During the period, 32,319,465 kWh of electricity valued at US\$3.38 million was imported by VRA compared to 12,435,875 kWh worth US\$1.49 million imported during the same period in 2022.

Top Ten Major Non-Oil Imports

The top ten non-oil merchandise imports for Q3:2023 amounted to US\$591.67 million, compared to US\$670.35 million recorded a year ago. Key items included motor vehicles for the transport of persons and goods, cereals, and self-propelled bulldozers, among others.

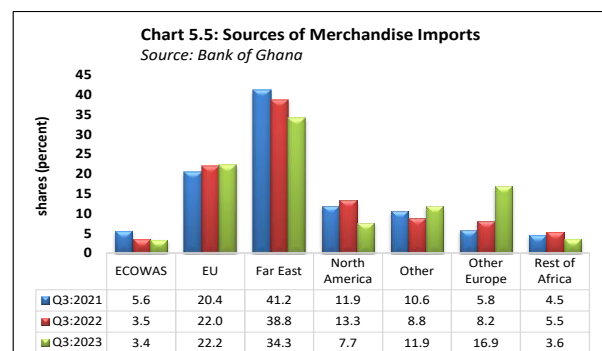
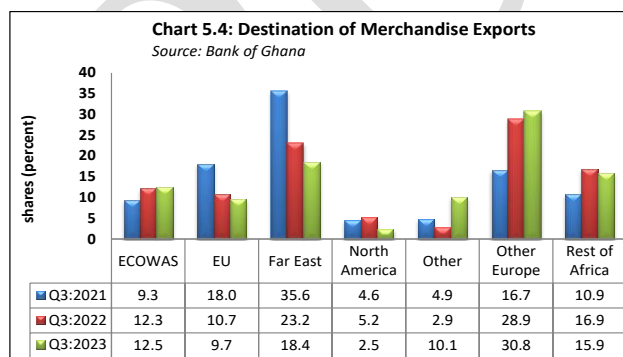
Direction of Trade

Destination of Exports

During the review period, Other Europe received the largest share (30.8%) of Ghana's exports. The other recipients were the Far East (18.4%), the Rest of Africa (15.9%), ECOWAS (12.5%), Other Economies (10.1%), the European Union (9.7%), and North America (2.5%).

Sources of Merchandise Imports

The Far East emerged as the leading source of imports, accounting for 34.3 percent of the total imports. It was followed by the European Union (22.2%), Other Europe (16.9%), Other Economies (11.9%), North America (7.7%), Rest of Africa (3.6%), and ECOWAS (3.4%).



Services, Income and Transfers Account

During the period under review, the Services, Income and Current Transfers Account recorded a surplus of US\$1.62 million, compared to a deficit of US\$860.12 million in Q3:2022. This was mainly on account of an increase in remittance flows and lower investment income outflows. The balance on the Services

account widened from a deficit of US\$731.11 million to a deficit of US\$733.45 million. The deficit on the income account narrowed to US\$460.25 million in Q3:2023, from US\$1,039.95 million in Q3:2022, on account of a decrease in outflows in respect of dividend payments, distribution of profits, and lower interest payments, mainly due to the suspension of interest payments on some selected external debt. Current transfers, which are mostly private remittances, increased to US\$1,195.32 million in Q3:2023, from US\$910.94 million in Q3:2022.

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

	Q3:2022	Q3:2023	Q3:2023/Q3:2022	
		prov.	Abs change	% change
Amounts in millions of U.S. dollars				
Services (net)	-731.11	-733.45	-2.34	0.3
Freight and Insurance	-406.42	-258.70	147.71	-36.3
Other Services	-324.70	-474.75	-150.05	46.2
Income (net)	-1,039.95	-460.25	579.70	-55.7
Current Transfers (net)	910.94	1,195.32	284.37	31.2
Official	0.00	0.00	0.00	0.0
Private	910.94	1,195.32	284.37	31.2
Services, Income and Current Transfers (net)	-860.12	1.62	861.74	-100.2

Source: Bank of Ghana

5.3 Capital and Financial Account

The capital and financial account recorded a deficit of US\$353.55 million in Q3:2023, compared to a deficit of US\$252.40 million in Q3:2022. This was attributed to an increase in outflows from the capital and financial account during the review period.

Capital Account

The capital account received transfers totalling US\$30.20 million during the review period, compared to US\$25.10 million received in the same period in 2022.

Financial Account

Transactions in the financial account resulted in a net outflow of US\$383.8 million in Q3:2023, compared to a net outflow of US\$277.5 million in Q3:2022. The higher outflows in the financial account were driven by lower net foreign direct investments inflows and higher other investments outflows.

Table 5.7: Capital and Financial Account (net)

	Q3:2022	Q3:2023	Q3:2023/Q3:2022	
		prov.	Abs change	% change
Amounts in millions of U.S. dollars				
Capital and Financial Accounts	-252.40	-353.55	-101.15	40.1
Capital transfers	25.10	30.20	5.10	20.3
Financial Account	-277.51	-383.76	-106.25	38.3
Foreign Direct Investments	363.08	316.14	-46.94	-12.9
Portfolio Investments	-1,522.44	53.04	1,575.48	-103.5
Financial Derivatives	135.21	-7.01	-142.22	-105.2
Other Investments	746.64	-745.93	-1,492.57	-199.9
Official Capital (Net)	902.90	-226.18	-1,129.09	-125.1
Official	757.63	-159.01	-916.64	-121.0
Disbursements	995.96	83.06	-912.91	-91.7
Amortisation	-238.33	-242.06	-3.73	1.6
Government Oil Investments	145.27	-67.18	-212.45	-146.2
Inflow	273.51	34.33	-239.18	0.0
Outflow	-128.25	-101.51	26.74	-20.8
Other Private Capital (Net)	232.70	-564.70	-797.39	-342.7
Disbursements	-347.60	-484.94	-137.34	39.5
Amortisation	580.30	-79.76	-660.05	-113.7
Short-term	-388.96	44.96	433.91	-111.6
Non-Monetary	-219.68	50.38	270.07	-122.9
Monetary	-169.27	-5.43	163.85	-96.8

Source: Bank of Ghana

5.4 International Reserves

The stock of Net International Reserves (NIR) at the end of September 2023 was estimated at US\$2,056.14 million, indicating a drawdown of US\$617.03 million from a stock position of US\$2,673.17 million at the end of December 2022.

The country's Gross International Reserves (GIR), including encumbered assets and petroleum funds, was estimated at US\$4,992.50 million at the end of Q3:2023, from a stock position of US\$6,252.72 million recorded at the end of Q4:2022. This was sufficient to provide 2.3 months of imports cover for goods and services, compared to 2.7 months of imports cover as at December 2022.

