BANK OF GHANA

MONETARY POLICY REPORT

March 2024

The Monetary Policy Report highlights the economic and financial sector assessments that the Monetary Policy Committee considered prior to the policy decision during the 117th meeting held in March 2024.

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

Global economic activity turned out stronger than expected in 2023. The strong growth outcome stemmed from robust activity in China, the United States, and some large Emerging Market and Developing Economies. However, geopolitical uncertainty, particularly in the Middle East, may dampen the growth outlook. The World Economic Outlook (WEO) report of the IMF for 2023, released in January 2024, showed that global growth was 3.1 percent in 2023, up by 0.2 percentage points from the October 2023 WEO forecast. Global growth is forecasted to reach 3.1 percent and 3.2 percent in 2024 and 2025, respectively.

Global headline inflation has continued a downward trajectory, sustained by tighter monetary policy, and lower food and energy prices. In the outlook, global inflation is expected to decline further, but increasing geopolitical tensions and potential supply constraints associated with developments in the Red Sea could pose some major risks to the outlook.

Global financing conditions have eased somewhat but are expected to remain relatively tight. Although policy rates have remained relatively high to sustain continued disinflation, long-term bond yields have recently retreated in line with expectations of policy rate cuts.

In the domestic economy, growth in 2023 was above expectations. GDP data for 2023 recently released by the Ghana Statistical Service pointed to a real GDP growth rate of 2.9 percent, compared with the revised target of 2.3 percent, driven by the services and agriculture sectors. The updated CIEA also improved further in January, following the upturn in December 2023, affirming the rebound in economic activity.

Headline inflation has remained broadly stable since December 2023. Headline inflation declined to 23.2 percent in February, down from 23.5 percent recorded in January 2024. The decline was broad-based, with food inflation down by 0.1 percentage points to 27.0 percent, while non-food inflation declined to 20.0 percent. Core inflation also slowed down, indicating continued broad-based easing in underlying inflationary pressures.

External sector conditions remain positive, with improving reserve buffers. This notwithstanding, the exchange rate came under strong demand pressures in the first few months of the year. Looking ahead, however, inflows from the World Bank, the tight monetary policy stance, and a weaker US dollar from potential policy rate cuts in the US, are expected to support the relative stability of the Ghana cedi.

The banking sector's performance has rebounded after the implementation of the Domestic Debt Exchange Programme (DDEP). In the first two months of 2024, total assets of the Banks increased by 21.0 percent, while total deposits and advances rose by 25.5 percent, and 1.8 percent, respectively.

The foreign exchange market came under some seasonal pressures in February and early March 2024, but the Ghana cedi continues to recover its value. The pressures emanated mainly from the strengthening of the US dollar in international markets, and payments made for the energy and corporate sectors. These were compounded by delays and uncertainties associated with the second tranche of the cocoa loan inflow and World Bank's disbursement of Budget Support.

Although inflation rose slightly in January 2024 and edged down in February, the latest inflation forecast suggests a slightly elevated profile from the possible upward revision in transport fares, adjustment in utility tariffs, higher ex-pump prices, and some pass through of exchange rate depreciation. Overall, risks to inflation are slightly on the upside and will require close monitoring.

1. Global Economic Developments

1.0 Highlights

Global economic activity ended 2023 at 3.1 percent, supported by higher growth projections for China, the U.S, and some EMDEs. Growth is projected to remain at 3.1 percent in 2024 and rise marginally to 3.2 percent in 2025. Global headline inflation remains on a downward trajectory, supported by declines in food and energy inflation and tighter monetary policy. However, risks remain from developments in the Middle East and disruptions to shipping through the Red Sea. Financial conditions have eased somewhat, reflecting lower long-term bond yields and stronger stock prices.

1.1 Global Growth Developments

Global economic activity was stronger than expected in 2023 amid higher growth projections for China, the U.S, and some Emerging Markets and Developing Economies (EMDEs). The IMF estimates released in January 2024 showed that global growth ended 2023 at 3.1 percent, a 0.2 percentage point higher than the October 2023 forecast. The higher growth momentum is expected to carry over into 2024, supported by the resilience in emerging markets economies, and expected rebound in the Euro Area. Recent composite output PMIs suggest a rebound in the manufacturing sector, reflecting an easing cost-of-living crisis, stronger equity and labour markets, as well as a build-up of inventory of raw materials amid signs of firming business investment in the Euro Area. Also, inventory build-up resumed in recent weeks reflecting fears of a resurgence in supply chain constraints and the firming of business confidence, particularly in the Euro Area, over the past year. However, geopolitical uncertainty in the Middle East may cloud the outlook for growth in the near-term. In addition, the ongoing persistence in core inflation may require a tighter monetary policy stance for a longer than expected period, potentially triggering financial stability concerns.

Table 1.1: Global Growth Projections (%)

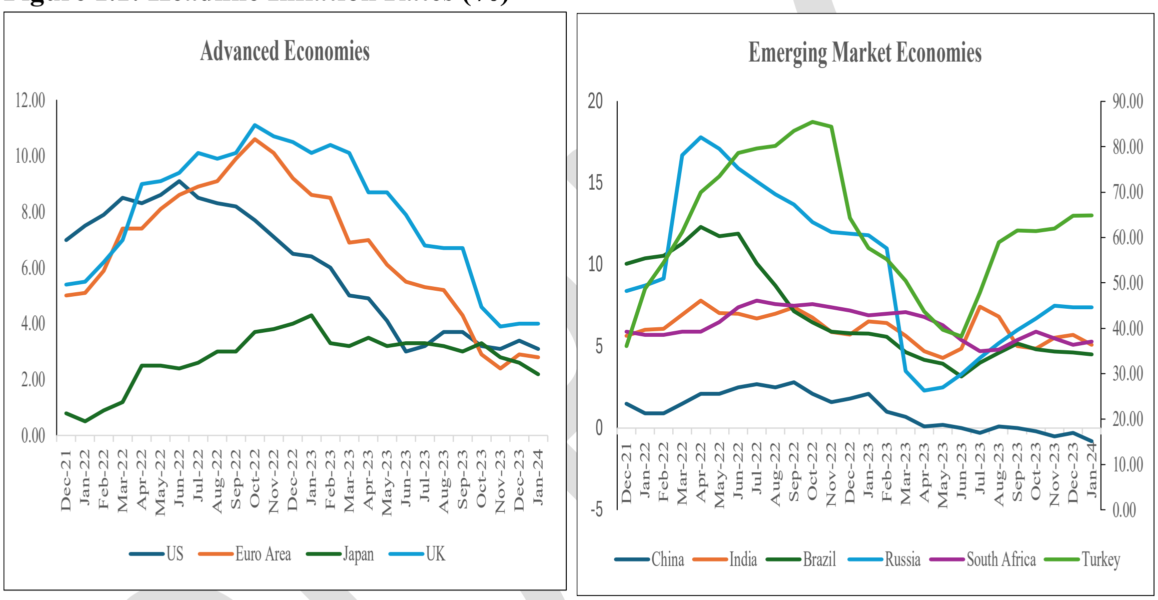
	Year over Year		
	Estimates	Projections	
	2023	2024	2025
World	**3.1**	**3.1**	**3.2**
Advanced Economies	**1.6**	**1.5**	**1.8**
United States	2.5	2.1	1.7
Euro Area	0.5	0.9	1.7
Germany	–0.3	0.5	1.6
France	0.8	1.0	1.7
Italy	0.7	0.7	1.1
Spain	2.4	1.5	2.1
Japan	1.9	0.9	0.8
United Kingdom	0.5	0.6	1.6
Canada	1.1	1.4	2.3
Other Advanced Economies	1.7	2.1	2.5
Emerging Market and Developing Economies	**4.1**	**4.1**	**4.2**
China	5.2	4.6	4.1
India	6.7	6.5	6.5
Russia	3.0	2.6	1.1
Brazil	3.1	1.7	1.9
Mexico	3.4	2.7	1.5
Sub-Saharan Africa	**3.3**	**3.8**	**4.1**
Nigeria	2.8	3.0	3.1
South Africa	0.6	1.0	1.3

Source: IMF, WEO January 2024, Update

1.2 Global Price Developments

Global headline inflation remains on a downward trajectory, supported by lower energy and food prices and tighter monetary policy. Nonetheless, emerging risks to inflation may slow the pace of disinflation in the near-term. For instance, oil prices have been creeping higher since the start of 2024, driven by cuts in supply by OPEC+ and geopolitical tensions in the Middle East. Also, oil supply outages in North America (prompted by an Arctic freeze), and Libya are increasing oil supply constraints. The FAO food price index continued to decline in February as decreases in the price indices for cereals and vegetable oil more than offset increases in those for sugar, meat, and dairy products. Core inflation remains sticky amid cooling but still tight labour markets and the effects of past currency depreciations. In the outlook, global inflation is expected to decline further, but risks remain. There is expected further disinflation in advanced economies due to softening labour markets, fading effects of past costs shocks, and an ongoing decline in energy prices.

Figure 1.1: Headline Inflation Rates (%)



Source: BOG/Trading Economics

1.3 Global Financial Markets Developments

Global financial conditions eased somewhat in recent weeks but are expected to remain relatively tight amid uncertainty about the pace of disinflation in the near-term. Although policy rates have remained relatively high to sustain the ongoing disinflationary process, long-term bond yields have recently retreated somewhat in line with the expectations that advanced economy central banks will cut policy rates soon. The expected policy rate path in the near-term has also strengthened equity prices and increased portfolio flows to emerging market economies in February. Total flows stood at US$22.20 billion, with equity and debt flows accounting for US$17.20 billion, and US$5.0 billion, respectively. Spreads in some EMDEs remain elevated amid growing indebtedness, while the escalating geopolitical developments in the Middle East, particularly in the Red Sea, may disrupt oil supply and push up oil prices, forcing central banks to maintain a tight policy stance in the near-term.

In the outlook, financial conditions will ease somewhat, but risks remain in the near-term. Expectations of policy rate cuts in the near-term may continue to lower long-term bond yields and strengthen stock prices.

Escalating geopolitical developments in the Middle East may disrupt oil supply and push up oil prices, forcing central banks to maintain a tight policy stance.

Table 1.2: Monetary Policy Stance of Selected Central Banks

	Policy rate - Previous (%)	Policy Rate Current (%)	Forecast	Inflation January, 2024	Inflation February, 2024	Real rate	Infl Target	Overall Fiscal Deficit (2022,% of GDP)	GDP Growth (Dec.2022)	GrossDebt/GDP(2022,%)
U.S	5.5	5.5	5.5	3.1	3.2	2.3	2%	-3.7	2.1	121.3
Euro Area	4.5	4.5	4.50	2.8	2.6	1.9	< 2%	-3.6	3.3	91
UK	5.25	5.25	5.25	4		1.25	2%	-5.5	4.1	101.9
Japan	-0.1	0 -0.1	-0.1	2.2			2%	-6.9	1.0	260.1
Russia	16	16	16	7.4	7.4	8.6	4%	-1.4	–2.1	18.9
India	6.5	6.5	6.5	5.1	5.09	1.41	4±2%	-9.2	7.2	81
Brazil	11.75	11.25	11.75	4.51	4.5	6.75	4.5±1.5%	-3.1	2.9	85.3
Turkey	45	45	42.5	64.86	67.07	-22.07	5±2%	-1.7	5.5	31.7
Malaysia	3	3	3.0	1.5		1.5	3% - 4%	-5.9	8.7	65.6
Indonesia	6	6	6	2.57	2.75	3.25	3.5% ± 1%	-2.1	5.3	40.1
Chile	8.25	7.25	7.25	3.8	4.5	2.75	3±1%	1.4	2.4	38.0
Ghana	30	29		23.5	23.2	5.8	8±2%	-11.2	3.1	92.4
South Africa	8.25	8.25	8.25	5.3		2.95	3% -6%	-4.7	1.9	71.1
Nigeria	18.5	22.75	24	29.9	28.9	-6.15	6% -9%	-7.7	3.3	39.6
Kenya	12.5	13	13.0	6.9	6.2	6.8	2.5-7.5%	-5.8	4.8	68.4
Zambia	11	12.5	12.5	13.2	13.5	-1	9%	-5.6	4.7	98.5
Morocco	3	3	2.5	2.3		0.7		-5.2	1.3	71.5
Angola	18	18	18.0	22.0	20.01	-2.01	9-11%	0.7	3.0	40.1
Egypt	21.25	27.25	29.25	29.8	35.7	-8.45	7± 2%	-5.8	6.7	88.5

Source: Growth Rate (World Bank); Debt/GDP (IMF) Policy Rates (Trading Economics)

1.4 Currency Markets

On the international currency market, the US dollar index rose in March 2024 as investors reassessed the outlook for U.S monetary policy amid stronger consumer and producer price data for February 2024. The cedi came under some pressure in recent weeks amid the stronger dollar, the usual seasonal demand pressures emanating from the energy and corporate sectors, uncertainties arising from the delay in the disbursement of the second tranche of cocoa loans, as well as the ongoing discussions on external debt restructuring. These pressures have been mitigated by higher inflows from remittances and mining companies as well as from the Gold for Reserves programme. Looking ahead, the tight monetary policy stance in Ghana and the signalled policy rates cuts in some advanced economies are expected to support the relative stability of the cedi.

On the interbank market, the cedi depreciated by 4.7 percent, 4.2 percent, and 2.9 percent against the dollar, the pound sterling, and the euro, respectively, on a year-to-date basis. This is against a depreciation of 22.1 percent, 22.9 percent, and 22.0 percent against the dollar, the pound sterling, and the euro, respectively, during the same period in 2023 (Table 1.3).

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
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
Aug	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
Nov	11.6206	-1.1	-26.20	14.6821	-5.1	-29.77	12.6756	-4.2	-27.85
Dec	11.8800	-2.2	-27.81	15.1334	-3.0	-31.86	13.1264	-3.4	-30.33
2024									
Jan	12.0356	-1.3	-1.29	15.3027	-1.1	-1.11	13.0547	0.5	0.55
Feb	12.4642	-3.4	-4.69	15.8022	-3.2	-4.23	13.5234	-3.5	-2.94

Source: Bank of Ghana Staff Calculations

Considering Ghana's major trade partners currency movements, the cedi depreciated by 3.1 percent in nominal trade weighted terms and 4.7 percent in forex transaction weighted terms on a year-to-date basis. This is against a depreciation of 27.2 percent, and 28.3 percent, in nominal trade weighted terms and nominal foreign exchange transaction weighted terms, respectively, over the same period in 2023 (Table 1.4).

Table 1.4: Nominal Effective Exchange Rate

Month	2021=100		Monthly CHG(%)		Year-to-Date (%)	
	FXTWI	TWI	FXTWI	TWI	FXTWI	TWI
			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
Nov-23	50.07	54.33	-1.39	-3.75	-35.80	-37.83
Dec-23	48.92	52.54	-2.36	-3.41	-39.01	-42.52
			2024			
Jan-24	48.36	52.70	-1.15	0.30	-1.15	0.30
Feb-24	46.71	50.96	-3.54	-3.42	-4.73	-3.11

Source: Bank of Ghana Staff Calculations

In real bilateral terms, the cedi depreciated by 2.4 percent, and 0.03 percent, against the dollar and the pound sterling, respectively, but appreciated by 0.6 percent against the euro on a year-to-date basis. Comparatively, for the corresponding period in 2023, the cedi's real exchange rate depreciated by 25.6 percent, 24.0 percent, and 23.2 percent against the dollar, the pound sterling, and the euro, respectively, over the same period in 2023 (Table 1.5).

Table 1.5: Real Bilateral Exchange Rate

Month	EUR	GBP	USD	EUR	GBP	USD	EUR	GBP	USD
				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	100.32	96.19	88.09	-2.8	-2.3	-2.7	-14.1	-16.7	-15.9
Nov-23	98.42	93.25	88.67	-1.93	-3.15	0.65	-16.30	-20.38	-15.11
Dec-23	95.90	91.11	87.82	-2.62	-2.35	-0.96	-19.35	-23.21	-16.22
				2024					
Jan-24	98.89	92.57	87.94	3.02	1.57	0.14	3.02	1.57	0.14
Feb-24	96.52	91.08	85.74	-2.45	-1.63	-2.57	0.64	-0.03	-2.43

Source: Bank of Ghana Staff Calculations

Table 1.6 shows the real effective exchange rate movements of the cedi against the three major currencies (i.e., the US dollar, the euro and pound sterling). The cedi appreciated by 0.2 percent in real trade weighted terms but depreciated by 2.1 percent in real forex transaction weighted terms, on a year-to-date basis. This compares with a depreciation of 23.7 percent, and 25.4 percent, in real trade weighted terms and real forex transaction weighted terms, respectively, for the same period in 2023.

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
			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
Nov-23	89.47	96.60	0.37	-1.68	-15.32	-16.49
Dec-23	88.49	94.36	-1.11	-2.37	-16.60	-19.25
			2024			
Jan-24	88.83	96.79	0.39	2.51	0.39	2.51
Feb-24	86.63	94.52	-2.54	-2.40	-2.14	0.17

Source: Bank of Ghana Staff Calculations

1.5 Global Economic Outlook and Risks

Global economic activity was stronger than expected in 2023 amid upgrades in growth projections for the U.S, China, and some EMDEs. The momentum is expected to carry over into 2024, but geopolitical uncertainty and the projected slowdown in the U.S and China may cloud the outlook. Global headline inflation remains on a downward trajectory, but risks remain from developments in the Middle East and disruptions to shipping through the Red Sea. Global financial conditions eased somewhat on the back of a decline in long-term bond yields and stronger equity markets, but policy rates may remain high for a much longer than expected period.

2. External Sector Developments

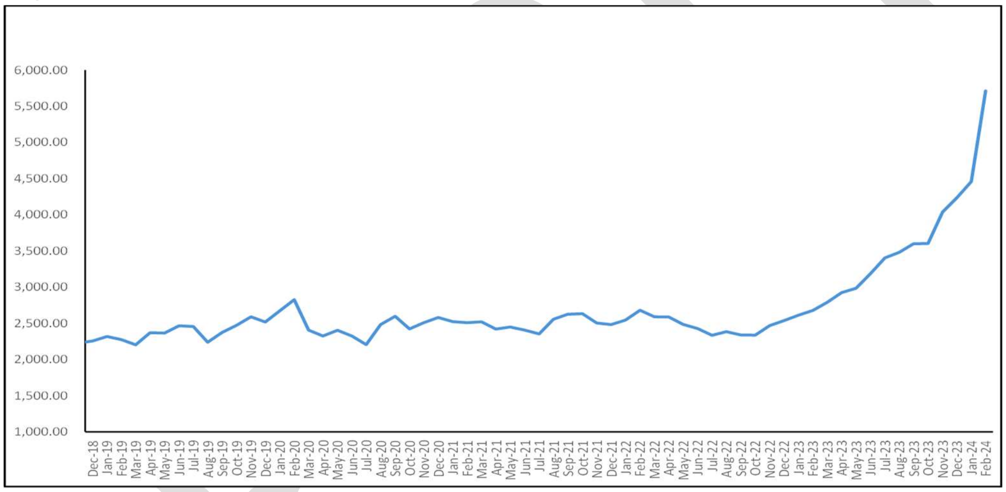
2.0 Highlights

External sector conditions remain positive, with improving reserve buffers. The provisional balance of payments for 2023 indicated an overall surplus compared to a deficit in 2022, driven mainly by lower income payments, lower outflows from the capital account, and higher remittance inflows. This notwithstanding, the exchange rate came under strong demand pressures in the first few months of the year. Inflows from the World Bank, the tight monetary policy stance, and a weaker US dollar from potential policy rate cuts in the US, are expected to support the relative stability of the Ghana cedi.

2.1 Commodity Price Trends

The ascent of cocoa prices continued, reaching US$5,712.95 per tonne in February 2024. This represented an increase of 28.2 percent relative to the previous month. A significant drop in production from Ghana and Cote d'Ivoire, due to extreme weather conditions and black pod and swollen shoot diseases continue to affect supply, causing prices to skyrocket. On a year-to-date basis, cocoa prices have increased by 34.9 percent.

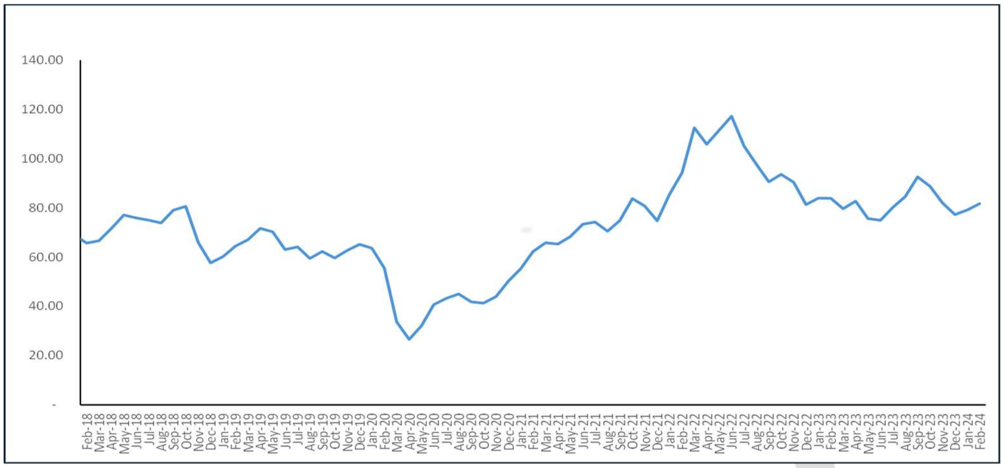
Figure 2.1: International Cocoa Prices (US$/metric tonnes)



Source: Reuters

Benchmark Brent crude oil prices averaged US$81.71 per barrel in February, up by 3.2 percent from the previous month. Relative to December 2023, Brent crude prices increased by 5.8 percent. Prices were supported by tight supply as the war between Russia and Ukraine, as well as the Middle East conflicts, linger amid ongoing cutbacks in production from OPEC.

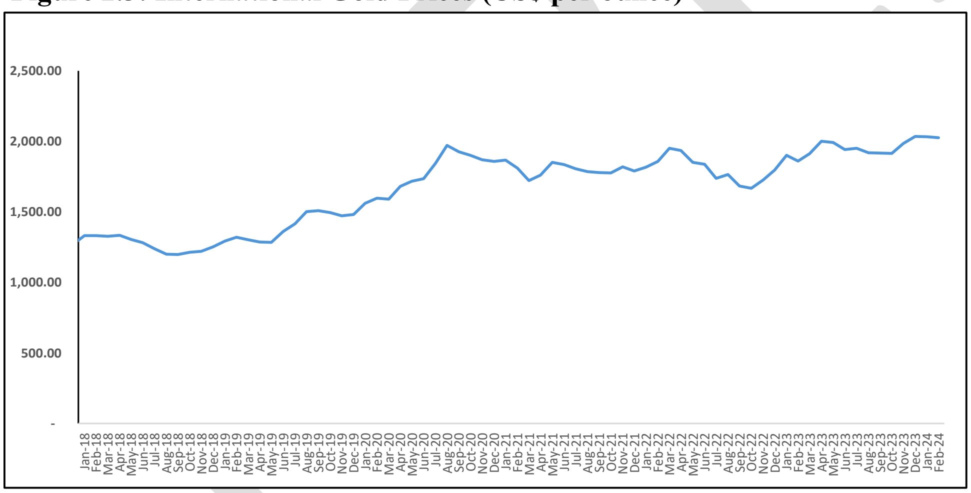
Figure 2.2: International Brent Crude Oil Prices (US$ per barrel)



Source: Reuters

Gold prices have remains relatively stable, rising by a marginal 0.3 percent (month-on-month) to settle at an average price of US$2,025.73 per fine ounce in February 2024. Prices were supported by strong dollar and elevated bond yields. Since December 2023, gold prices have increased by 0.5 percent, mainly on the back of stronger U.S dollar.

Figure 2.3: International Gold Prices (US$ per ounce)

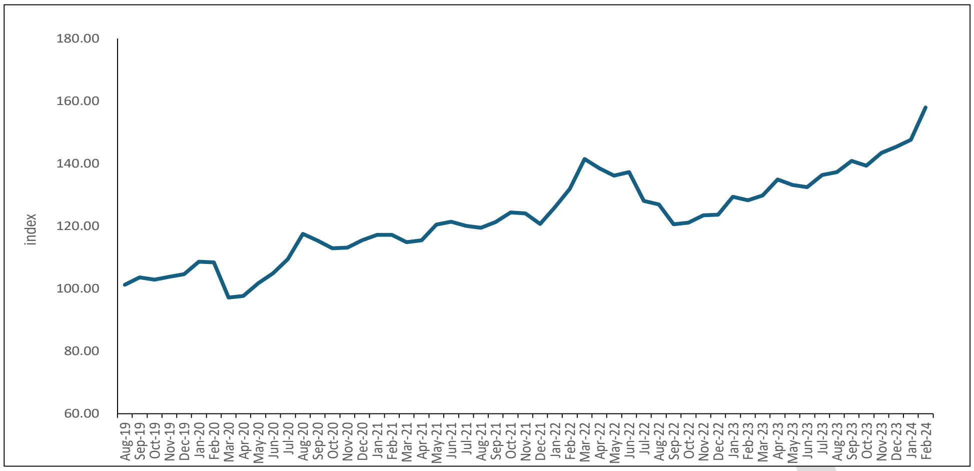


Source: Reuters

2.1.1 Commodity Price Index

The weighted average price of the three major commodities exported by Ghana (cocoa, gold, and crude oil) rose to 147.62 in January 2024 from 145.35 in December 2023, representing a monthly rise of 1.6 percent. The rise was due to increases in the cocoa, and crude oil sub-indices by 5.2 percent, and 2.4 percent, respectively, which was more than enough to offset the fall in the gold sub-index by 0.15 percent.

Figure 2.4: Commodity Price Index



Source: BOG Staff Computations

2.2 Trade Balance

The trade balance for the first two months of 2024 was a surplus of US$392.84 million, lower than the surplus of US$862.51 million in the corresponding period of last year. The decline in the trade surplus was on account of a higher import bill relative to exports. Exports earnings increased marginally by 1.57 percent to US$2.87 billion, driven mainly by crude oil and gold exports. The value of crude oil exports increased by 12.4 percent to US$619.76 million mainly due to a rise in volumes exported. Gold exports also increased by 16.6 percent to US$1.3 million, driven by higher volumes of gold production, largely from small-scale gold mining companies and higher prices. Cocoa exports, both beans and products, however, fell by 41.2 percent to US$508.39 million mainly due to lower production volumes.

Consistent with the pickup in economic activity, the total import bill increased by 26.2 percent to US$2.5 billion, driven mainly by non-oil imports. Non-oil imports increased by 45.8 percent to US$1.88 billion. In contrast, oil and gas imports decreased by 11.5 percent to US$598.5 million.

2.3 Current Account

For the year 2023, the current account recorded a surplus of US$1.1 billion (1.4% of GDP) compared with a deficit of US$1.5 billion (2.1% of GDP) in 2022. The current account surplus was on the back of lower investment income outflows and higher remittances inflows. The reduced investment income payments reflected mainly the suspension of interest payments on some selected external debt. Private individual transfers improved by 10.1 percent to a net inflow of US$3.9 billion in the review period.

2.4 Capital and Financial Accounts

The capital and financial accounts registered a net outflow of US$756.25 million in 2023, lower than the net outflow of US$2.1 billion for the same period in 2022. The reduced capital outflows were due to lower portfolio outflows and reduced amortisation on government external debt, attributed to the debt standstill on some external debt. As a result of these developments, the overall balance of payments recorded a surplus of US$461.60 million in 2023, against a deficit of US$3.4 billion in the corresponding period of 2022.

2.5 International Reserves

Gross International Reserves at end-February 2024 was US$6.2 billion, providing cover for 2.8 months of imports of goods and services. This represents a build-up of US$292.95 million when compared with the end-December 2023 position of US$5.9 billion, equivalent to 2.7 months of import cover.

2.6 Commodity Price Outlook

Cocoa is expected to continue to enjoy a bull's market mainly due to disappointing harvest from key cocoa-producing countries. Prices are therefore projected to remain firm in the near-term. Crude oil price is expected to remain supported mainly on the back of geopolitical tension amid the ongoing production cutbacks from OPEC. Gold price is expected to remain firm in the near-term supported by the expected interest rate cuts and geopolitical uncertainty.

Table 2.1: Trade Balance (US$ million)

	2022 Jan - Feb	2023 Jan - Feb	2024 Jan - Feb	Abs Y/Y Chg	Rel Y/Y Chg
Trade Balance	**205.9**	**862.5**	**392.8**	**-469.7**	**-54.5**
Trade Bal (% GDP)	*0.3*	*1.1*	*0.4*		
Total Exports	**2,488.8**	**2,823.7**	**2,868.0**	**44.3**	**1.6**
Gold ($'M)	**824.6**	**1,080.9**	**1,260.4**	**179.5**	**16.6**
Volume (fine ounces)	447,322.6	599,065.1	683,281.6	84,216.5	14.1
Unit Price ($/fine ounce)	1,843.3	1,804.3	1,844.6	40.3	2.2
Cocoa Beans ($'M)	**335.7**	**555.5**	**415.3**	**-140.3**	**-25.2**
Volume (tonnes)	133,534.4	223,393.9	157,598.3	-65,795.6	-29.5
Unit Price ($/tonne)	2,513.9	2,486.7	2,634.9	148.2	6.0
Cocoa Products ($'M)	**154.2**	**156.0**	**93.1**	**-62.8**	**-40.3**
Volume (tonnes)	48,763.9	47,856.9	28,983.5	-18,873.4	-39.4
Unit Price ($/tonne)	3,162.7	3,259.4	3,213.4	-46.0	-1.4
Crude Oil ($'M)	**688.8**	**551.3**	**619.8**	**68.4**	**12.4**
Volume (barrels)	7,686,225.0	6,651,425.0	7,675,961.0	1,024,536.0	15.4
Unit Price ($/bbl)	89.6	82.9	80.7	-2.1	-2.6
Other Exports	485.6	480.0	479.5	**-0.5**	**-0.1**
o/w: Non-Tradional Exports	382.2	377.4	366.3	**-11.2**	**-3.0**
Total Import	**-2,283.0**	**-1,961.2**	**-2,475.2**	**-514.0**	**26.2**
Non-Oil	**-1,688.5**	**-1,287.6**	**-1,876.7**	**-589.1**	**45.8**
Oil and Gas	**-594.5**	**-673.6**	**-598.5**	**75.1**	**-11.2**
of which: Products	-551.3	-641.7	-48.9	-592.8	92.4
Gas ($'M)	-23.5	-31.2	-48.9	-17.7	56.8

Source: Bank of Ghana

3. Real Sector Developments

3.0 Highlights

Domestic economic activity continued to pick-up in January 2024 compared to a year ago. The latest high frequency data showed broad-based improvement in most key real sector indicators, year-on-year. Domestic VAT collections, cement sales, industrial consumption of electricity, port activity and passenger arrivals all improved. Vehicle registration, however, contracted in the review period.

3.1 Economic Growth

GDP data for 2023 released by the Ghana Statistical Service point to a real GDP growth rate of 2.9 percent, compared with the revised target of 2.3 percent, driven by the services and agriculture sectors. In terms of contribution, the services sector contributed 2.3 percent, driven in large part by strong activity in the information & communications, and the transport and storage sub-sectors. The agricultural sector contributed 0.9 percent with crops and livestock production supporting growth in that sector. Within the crops sub-sector, cocoa production declined. Activity in the industrial sector was sluggish and acted as a drag on the overall growth, recording a negative growth of 0.4 percent in 2023. Electricity consumption and oil production both recorded declines in output. Non-oil GDP grew by 3.3 percent.

3.2 Trends in Real Sector Indicators

Consumer Spending

Consumer spending, proxied by domestic VAT collections and retail sales, posted a positive performance in January 2024 compared with the corresponding period in 2023. Domestic VAT collections increased by 38.1 percent on a year-on-year basis to GH¢1,239.76 million but dipped by 25.0 percent on a month-on-month basis in January 2024 from GH¢1,653.63 million recorded in the preceding month.

Retail sales increased by 14.2 percent (year-on-year) to GH¢186.42 million in January 2024, up from GH¢163.20 million recorded in the same period in 2023. Compared to December 2023, however, retail sales declined by 39.3 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), recorded a positive performance in January 2024.

Total direct taxes collected increased marginally to GH¢3,325.09 million in January 2024, compared with GH¢3,272.79 million recorded in January 2023. On a month-on-month basis, total direct taxes collected for January 2023 declined by 65.7 percent from GH¢9,697.20 million collected in December 2023. In terms of contributions of the various sub-tax categories, corporate tax accounted for 47.5 percent, income tax (PAYE and self-employed) accounted for 36.3 percent, while "Other Tax Sources" contributed 16.2 percent.

Total private sector workers' contribution to the SSNIT Pension Scheme (Tier-1) went up by 18.9 percent in year-on-year terms to GH¢341.12 million in January 2024, from GH¢286.98 million collected during the corresponding period in 2023.

Construction Sector Activities

Activity in the construction sub-sector, proxied by the volume of cement sales, improved by 3.5 percent (year-on-year) in January 2024 to 235,084.56 tonnes, compared with 227,141.83 tonnes recorded a year ago. On a month-on-month basis, total cement sales dipped by 2.7 percent in January 2024 compared with the 241,625.04 tonnes recorded in December 2023. The relative improvement in total cement sales (year-on-year) was due to an uptick in construction activities during the review period.

Vehicle Registration

Transport sector activities, gauged by new vehicle registrations by the Driver and Vehicle Licensing Authority (DVLA), declined by 25.1 percent to 20,889 in January 2024 from 27,875 vehicles registered during the corresponding period of 2023. On a month-on-month basis, DVLA vehicle registrations improved significantly from 5,346 vehicles recorded in the preceding month.

Industrial Consumption of Electricity

Industrial consumption of electricity increased by 3.9 percent in January 2024 to 300.79 gigawatts, as against 289.42 gigawatts recorded for the corresponding period in 2023. On a month-on-month basis, electricity consumed by industries in January 2024 decreased by 3.5 percent from 311.83 gigawatts utilised for December 2023.

Passenger Arrivals

Passenger arrivals improved by 22.1 percent (year-on-year) to 106,324 in January 2024, up from 87,083 arrivals recorded a year ago. Compared to a month earlier, passenger arrivals recorded at the international airport and the land borders went down by 15.3 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, improved during the period under review. Total container traffic increased by 30.7 percent (year-on-year) to 57,310 in January 2024, up from 43,846 recorded for a similar period in 2023. On a month-on-month basis, total container traffic dipped by 4.1 percent when compared to 59,750 recorded in December 2023.

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, increased in February 2024 relative to what was observed in the corresponding period a year ago. In total, 2,754 job adverts were recorded as compared with 2,529 for the same period in 2023, indicating an improvement of 8.9 percent (year-on-year). On a month-on-month basis, the number of job vacancies in February 2024 declined by 2.4 percent from 2,823 jobs advertised in January 2024. Cumulatively, 5,577 advertised jobs were recorded for the first two months of 2024, compared with 5,372 jobs advertised during the same period in 2023.

[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.

Private Sector Pension Contributions

Total number of private sector SSNIT contributors, which partially gauges employment conditions, declined marginally by 1.1 percent to 942,608 in January 2024, compared with 953,117 for the same period in 2023. On a month-on-month basis, total number of private sector SSNIT contributors decreased by 4.2 percent from the 985,079 individuals recorded in December 2023.

3.3 Composite Index of Economic Activity

The Bank's updated real Composite Index of Economic Activity (CIEA) recorded an annual growth of 3.5 percent in January 2024 compared to a contraction of 7.6 percent observed for the same period of 2023. The key growth drivers in the index over the period were port activity, imports, industrial consumption of electricity, domestic VAT, passenger arrivals, exports, and cement sales.

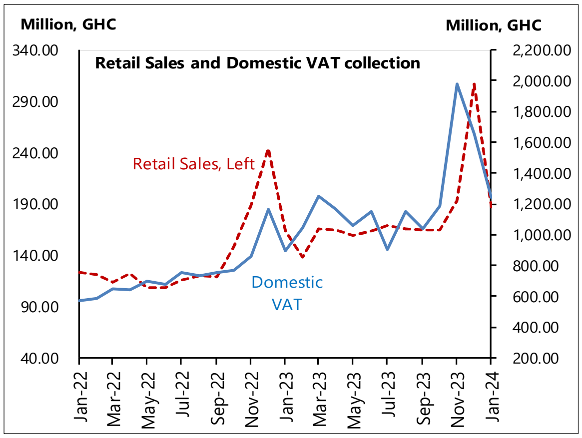
3.4 Consumer and Business Surveys

The latest confidence surveys conducted in March 2024 reflected sustained improvements in business sentiments. The Consumer Confidence Index remained broadly unchanged at 92.0 in February 2024 compared to 93.0 in December 2023. The Business Confidence Index on the other hand increased to 96.0 from 90.9 in the same comparative period as firms indicated meeting their short-term targets and expressed optimism about company and industry prospects. Results from the confidence surveys were broadly aligned with the observed trend in Ghana's Purchasing Managers' Index (PMI) which also signalled an improvement in business conditions. The PMI rose marginally above the 50.0 benchmark to 50.2 in February 2024, from 48.4 in January 2024.

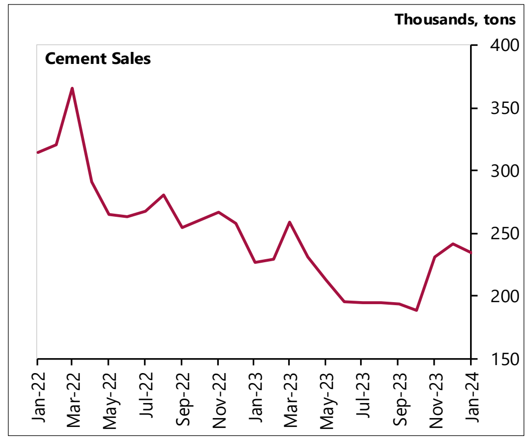
High Frequency Economic Indicators

Panel 1:
Ghana's Leading Indicators of Economic Activity

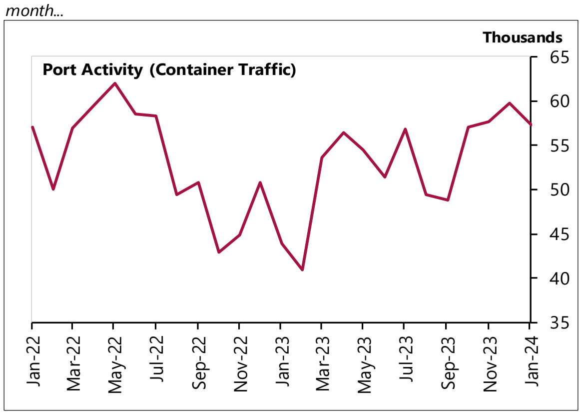
...Domestic VAT collections and retail sales declined in January 2024 compared to December 2023...



...Construction activities, proxied by cement sales, dipped in January 2024 compared to December 2023...

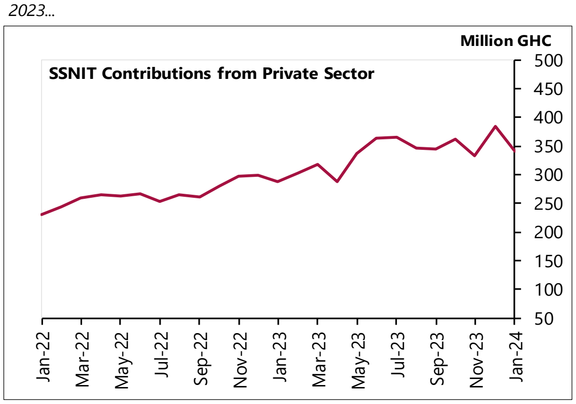


...Port activity decreased in January 2024 compared to the previous month...

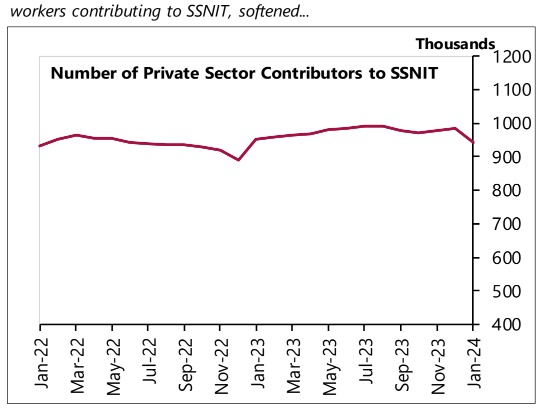


...Passenger arrivals decreased in January 2024 compared to December 2023...

...Labour market conditions softened in January 2024 relative to December 2023...



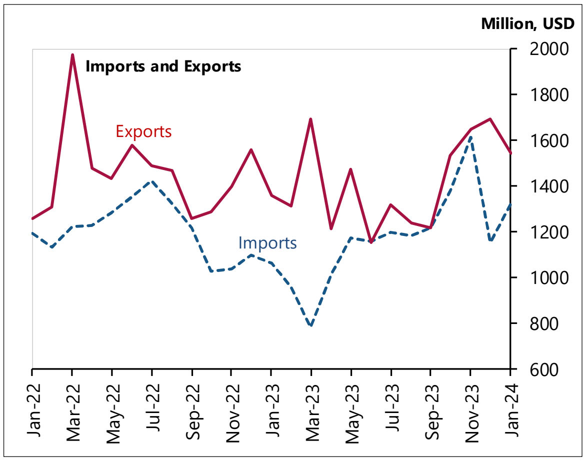
...Labour hiring conditions, proxied by the number of private sector workers contributing to SSNIT, softened...



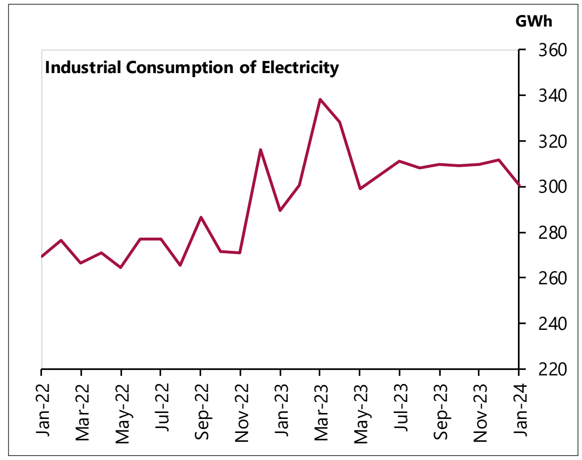
Sources: Bank of Ghana, Various Stakeholders

Panel 2:
Ghana's Leading Indicators of Economic Activity

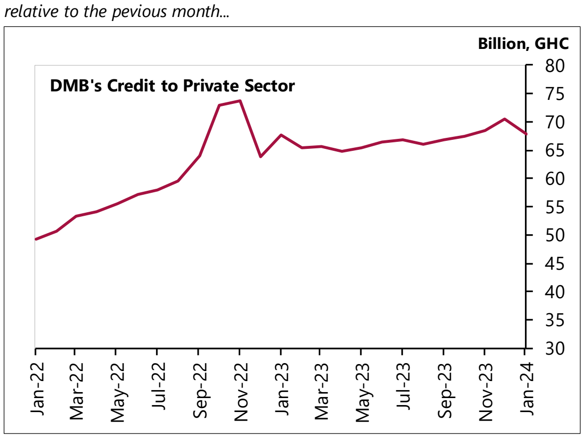
...Imports went up while exports declined in January 2024 compared to December 2023...



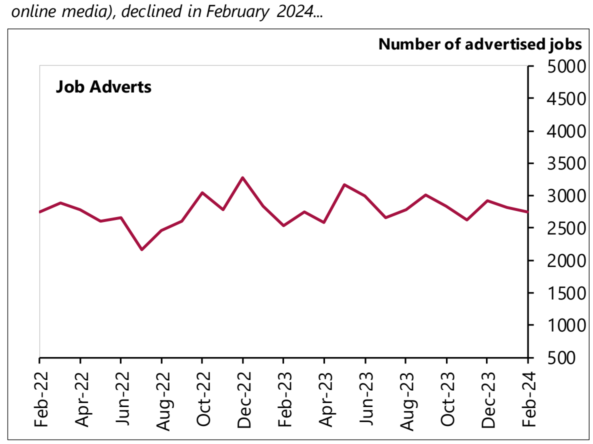
...Industrial activity, proxied by industrial consumption of electricity, dipped...



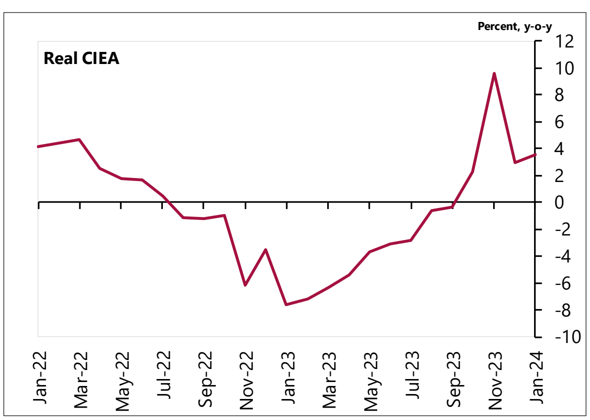
...Commercial banks' credit to the private sector declined in January 2024 relative to the pevious month...



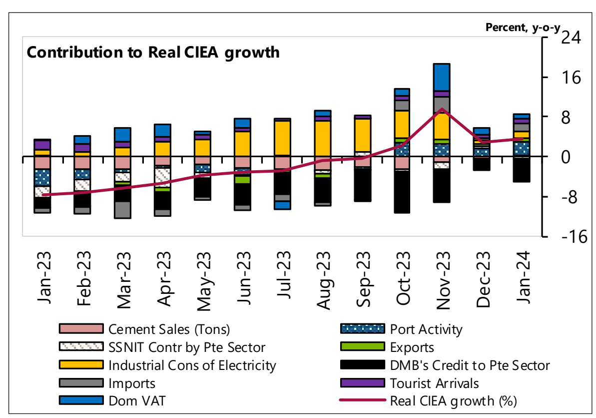
...Demand for labour, proxied by the number of job adverts (in print and online media), declined in February 2024...



...On a year-on-year basis, the real CIEA grew by 3.5 percent in January 2024, compared with a contraction of 7.6 percent in January 2023...



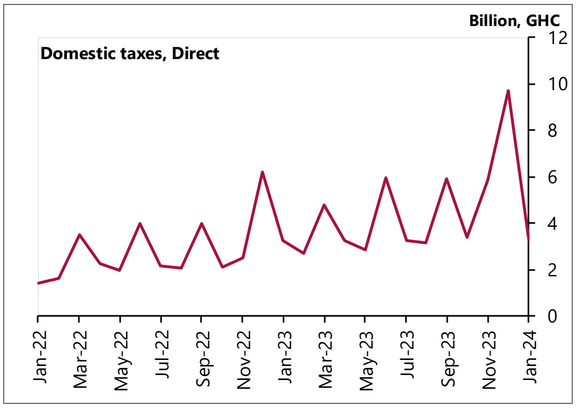
...The growth in the real CIEA was mainly driven by a pick-up in Port Activity, Imports, Industrial Consumption of Electricity, Domestic VAT, Passenger Arrivals, Exports and Cement Sales...



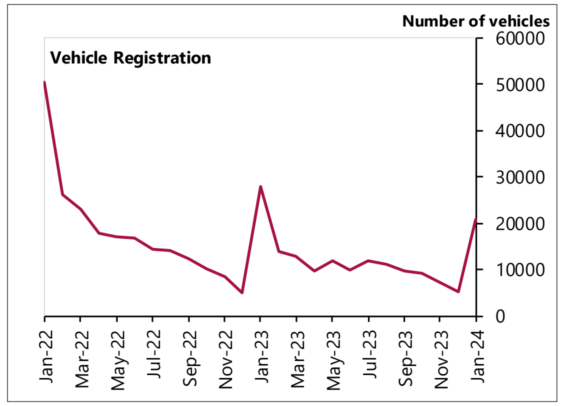
Source: Bank of Ghana, Various Stakeholders

Panel 3:
Ghana's Leading Indicators of Economic Activity

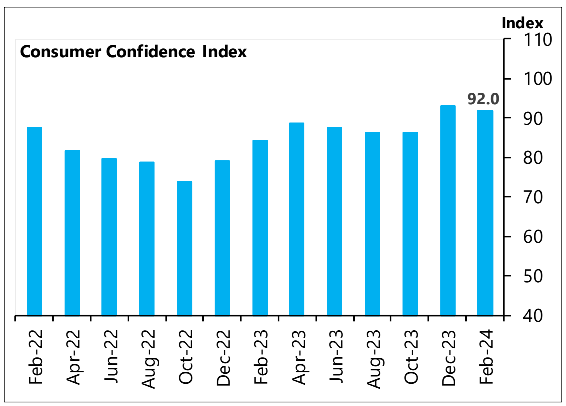
...Domestic tax collection decreased in January 2024 compared to December 2023...



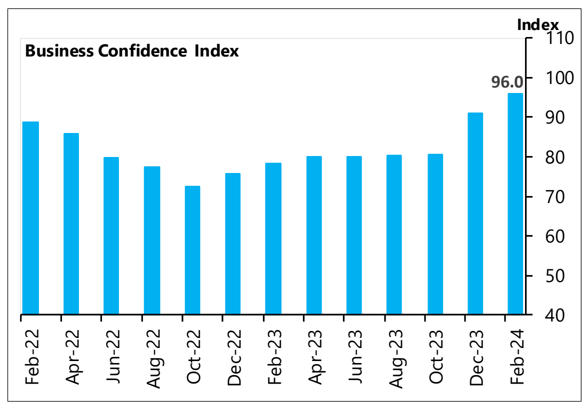
...Vehicle registration increased in January 2024 compared to the month before...



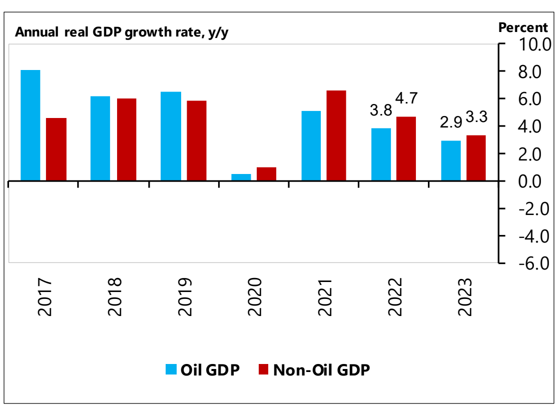
...Consumer Confidence remained broadly unchanged...



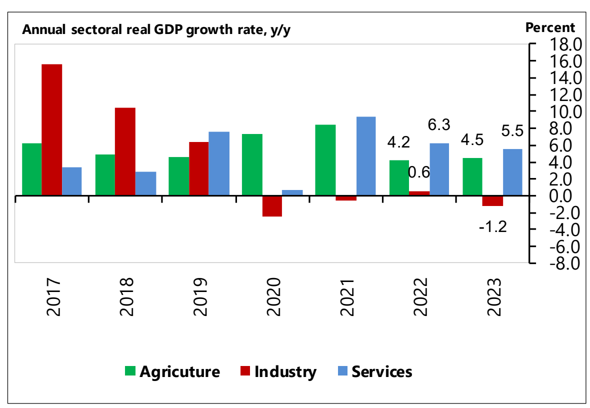
...Business sentiments improved as firms indicated meeting their short-term targets and expressed optimism about company and industry prospects...



...Real Oil and Non-Oil GDP grew by 2.9 percent and 3.3 percent respectively in 2023, compared with growth rates of 3.8 percent and 4.7 percent respectively in 2022...



...The Services and Agriculture sectors were the drivers of growth in 2023, recording growth rates of 5.5 percent and 4.5 percent respectively...



Source: Bank of Ghana, Various Stakeholders

4. Monetary and Financial Developments

4.0 Highlights

Growth in monetary aggregates declined considerably in February 2024 (year-on-year), largely on the back of moderation in the pace of growth in Net Domestic Assets (NDA) of the depository corporations' sector, reflecting tighter liquidity management, weaker financial intermediation and the impact of the Domestic Debt Exchange Programme (DDEP) on Central Bank's claims on Government. Net Foreign Assets (NFA) of depository corporations expanded significantly. Impairments in financial intermediation function of DMBs remained persistent, instigated by increased risk aversion of banks on the back of higher NPLs and weaker capital positions of banks, while the tight monetary policy stance continued to reinforce the slowdown in credit creation.

4.1 Developments in Monetary Aggregates

Money Supply

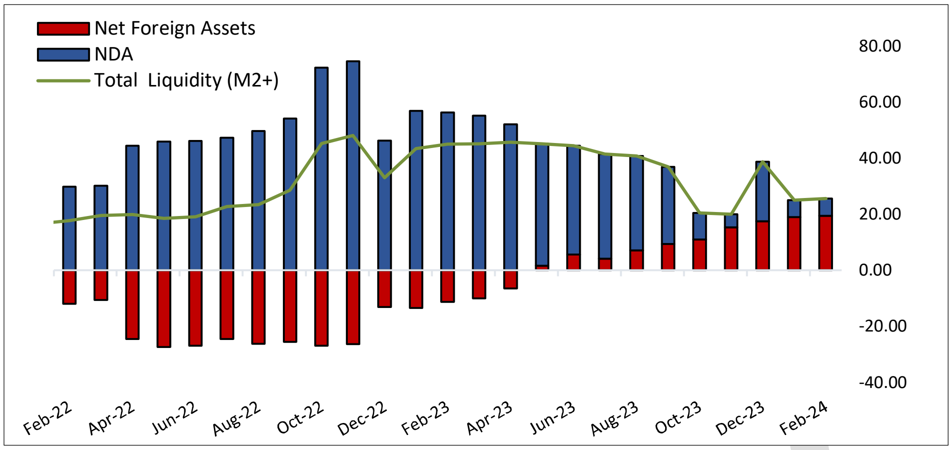
Developments in monetary aggregates for February 2024 showed considerable decline in the annual growth in M2+ relative to the corresponding period of 2023, driven mainly by a significant moderation in the pace of growth in the Net Domestic Assets (NDA) of the depository corporations' sector. The Net Foreign Assets (NFA) position of the depository institutions, however, improved significantly. Annual growth in M2+ declined to 25.5 percent in February 2024, relative to 44.9 percent in the corresponding period of 2023. The contribution of NDA to the growth in M2+ decreased to 6.2 percent from 56.2 percent, while that of NFA increased to positive 19.3 percent from negative 11.29 percent over the same comparative period.

In terms of annual growth rates, NDA expanded by 5.9 percent in February 2024 relative to 58.3 percent in February 2023, while NFA expanded by 360.7 percent relative to negative 320.8 percent, over the same comparative period (Figure 4.1a and Annexes Table 4.1).

The decline in the contribution of NDA to the growth of M2+ was partly driven by the tighter monetary policy stance and increased sterilisation of liquidity. Net Claims on Government (NCG) contracted significantly on the back of the impact of the Domestic Debt Exchange Programme (DDEP), to compress the contribution of NDA in M2+ growth (Figure 4.1b, and Annexes Table 4.1).

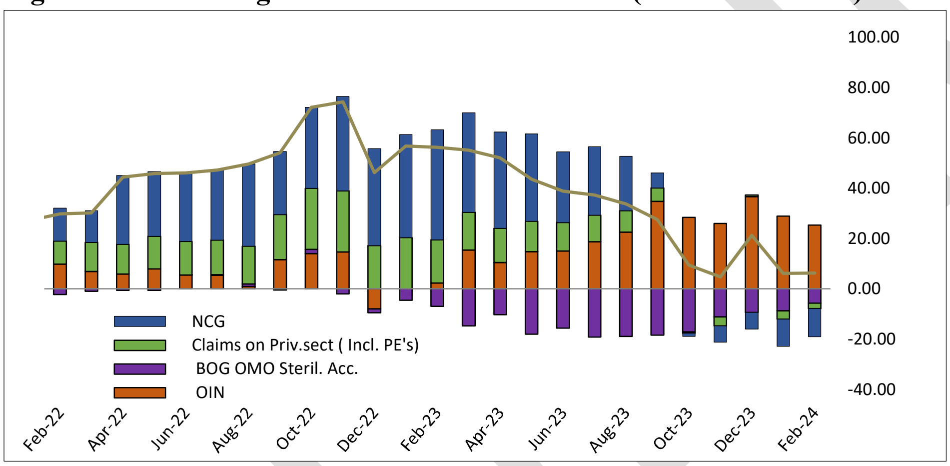
Analysis of the components of M2+ showed that the decrease in the growth of M2+ largely reflected in declines in the percentage contributions of currency outside banks, savings and time deposits, and foreign currency deposits in February 2024 relative to the same period in 2023. Contributions of demand deposits, however, increased over the same comparative period, partly reflecting the conversion of bonds to deposits on account of DDEP, as well as inflows from the fiscal sector, particularly, in the second half of 2023 (Figure 4.2).

Figure 4.1a: M2+ Growth and its Sources (% Contributions)



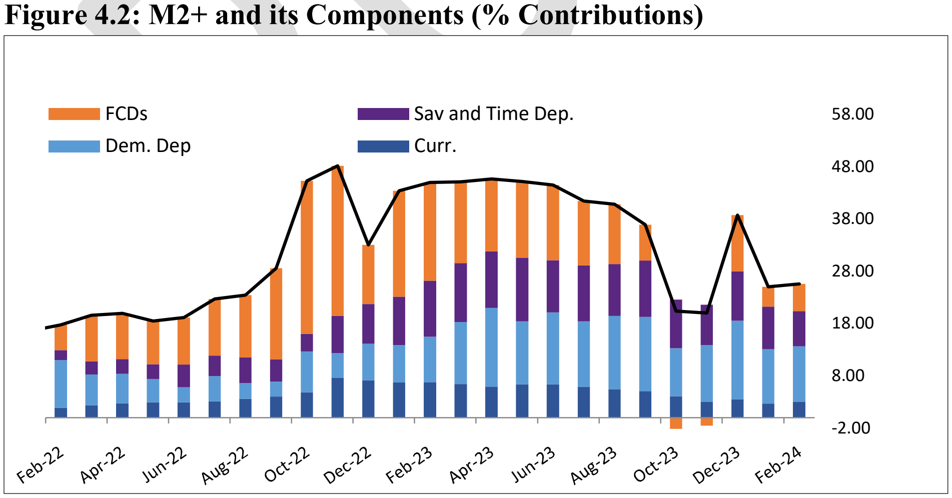
Sources: Bank of Ghana

Figure 4.1b: Banking Sector NDA and its Sources (% Contributions)



Sources: Bank of Ghana

Figure 4.2: M2+ and its Components (% Contributions)



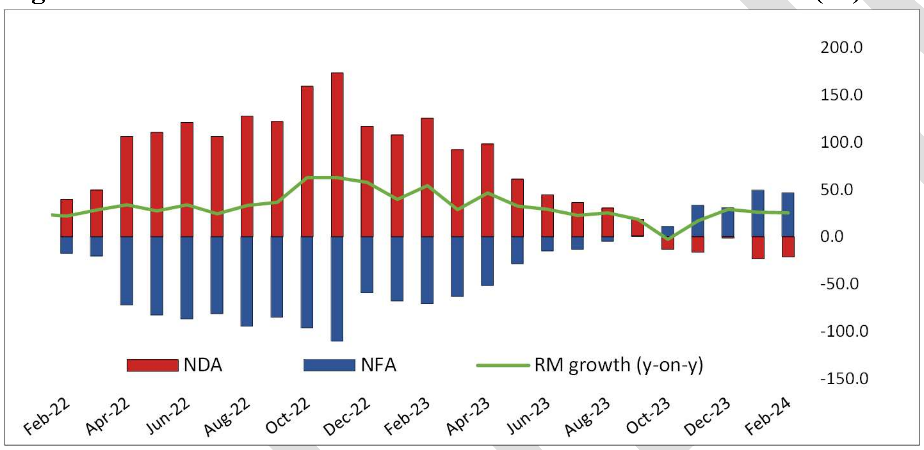
Sources: Bank of Ghana

4.2 Reserve Money

Annual growth in Reserve Money (RM) declined considerably to 25.3 percent in February 2024, from 54.3 percent recorded in the corresponding period of 2023. The significant decline in the growth in reserve money was on the back of DDEP effects on the Central Bank's claims on Government and sustained sterilisation of structural excess liquidity. The slowdown in the pace of growth in the RM was also reinforced by a net build-up in foreign currency deposits of 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 21.2 percent compared to positive 125.3 percent, over the same comparative period a year earlier.

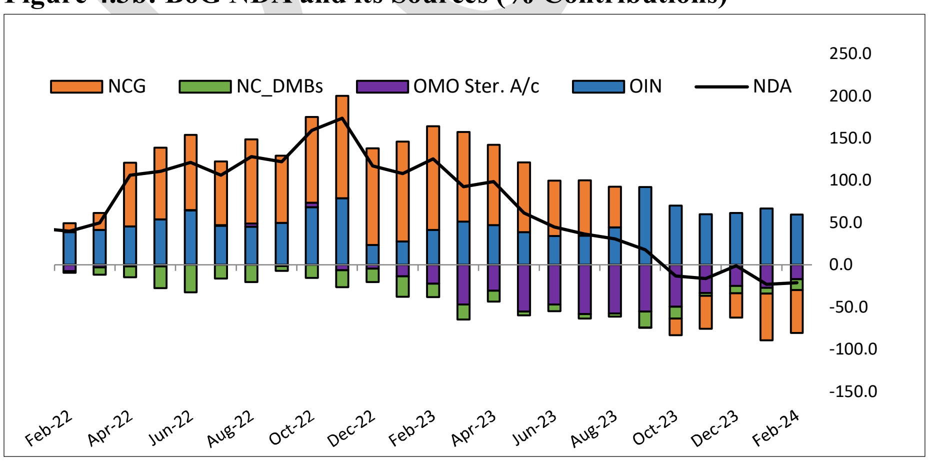
In contrast, the NFA of the Bank of Ghana expanded, reflecting a net build-up in foreign assets, largely driven by inflows from Gold for Reserve Programme, forex purchases, and proceeds from the IMF Extended Credit Facility (ECF) and cocoa syndicated loan. The contribution of NFA to the growth in RM was 45.5 percent in February 2024, relative to negative 71.0 percent recorded in the corresponding period of 2023 (Figure 4.3a, 4.3b, and Annexes Table 2).

Figure 4.3a: RM Growth and Contribution from NFA and NDA (%)



Sources: Bank of Ghana

Figure 4.3b: BoG NDA and its Sources (% Contributions)



Sources: Bank of Ghana

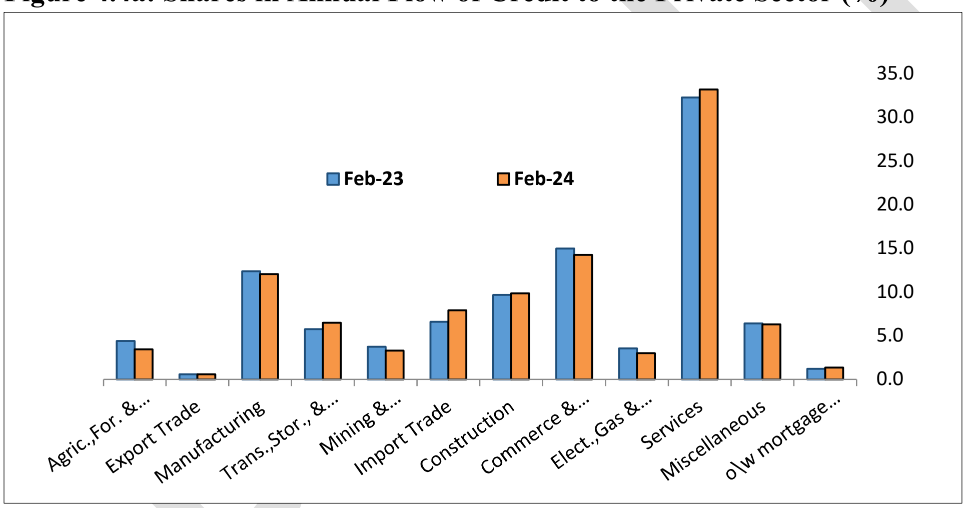
4.3 Deposit Money Banks Credit Developments

Deposit Money Banks' (DMBs') Credit Developments

DMBs' credit to the private sector and public institutions increased by GH¢1,287.69 million (1.8%) in February 2024 compared to GH¢17,243.43 million (30.7%) recorded in February 2023. Credit to the private sector increased by GH¢3,312.48 million (5.1%) in February 2024 compared to GH¢14,904.07 million (29.5%) recorded in the corresponding period of 2023. The decreased flow of credit to the private sector in nominal terms was partly underpinned by DMBs' balance sheet constraints, manifesting in increased portfolio of non-performing loans and weaker capital buffers, induced by the impact of the DDEP. The tight monetary policy stance has also contributed to the sluggish pace of growth in credit. The top five sectors holding significant allocations of private sector were: services (33.2%); commerce and finance (14.2%); manufacturing (12.0%); construction (9.8%); and import trade (7.9%) (Figure 4.4a).

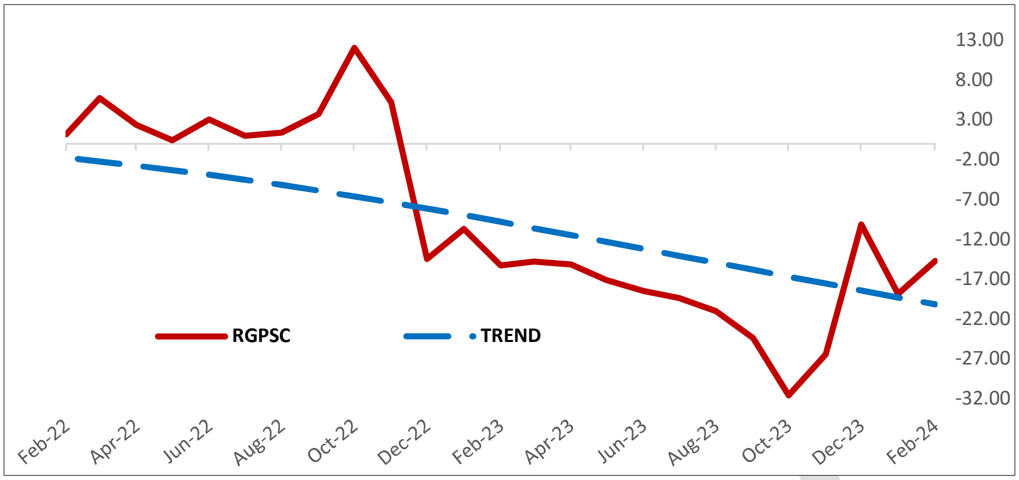
Outstanding credit to the private sector at end-February 2024 stood at GH¢68,809.90 million, compared with GH¢65,497.42 million recorded in February 2023. In real terms, credit to the private sector contracted by 14.7 percent relative to a contraction by 15.3 percent recorded over the same comparative period in 2023. The decline in the growth in real private sector credit was due to lower growth in nominal credit and higher inflation.

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



Sources: Bank of Ghana

Figure 4.4b: Annual Growth in Real Private Sector Credit (%)



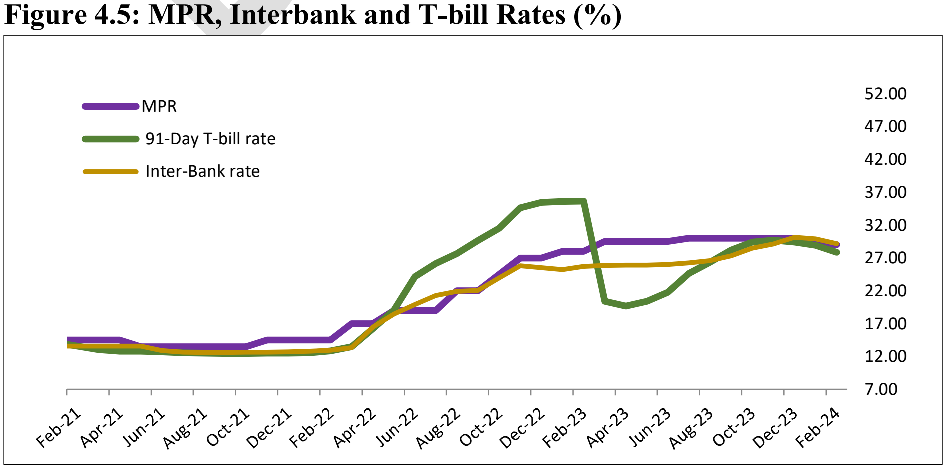
Sources: Bank of Ghana

4.4 Money Market Developments

Developments in interest rates broadly showed downward 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 to 27.87 percent, and 30.34 percent, respectively, in February 2024, from 35.67 percent, and 35.73 percent, respectively, in the corresponding period of 2023. Similarly, the rate on the 364-day instrument decreased to 30.90 percent in February 2024 from 34.92 percent in February 2023. Rates on the 2-year, 3-year, 5-year, 6-year, 7-year, 10-year, 15-year, and 20-year bonds remained broadly stable at 21.50 percent, 29.85 percent, 22.30 percent, 21.75 percent, 18.10 percent, 19.75 percent, 19.75 percent, and 19.75 percent, respectively, due to the non-issuance of these instruments during the review period.

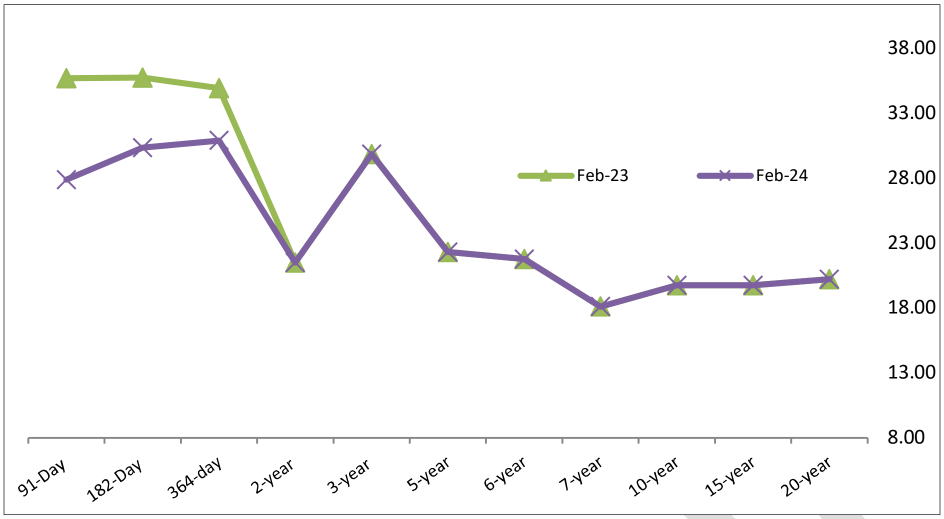
The Interbank Weighted Average Rate (IWAR) increased to 29.19 percent in February 2024 from 25.73 percent in February 2023, in tandem with tight monetary policy rate, supported by the unified cash reserve requirement. In contrast, the average lending rates of banks declined to 32.77 percent in February 2024 from 36.64 percent, recorded in the corresponding period of 2023, largely reflecting the pass-through effects of relatively lower Treasury bill rates over the same comparative period (Figure 4.5, 4.6 and 4.7).

Figure 4.5: MPR, Interbank and T-bill Rates (%)



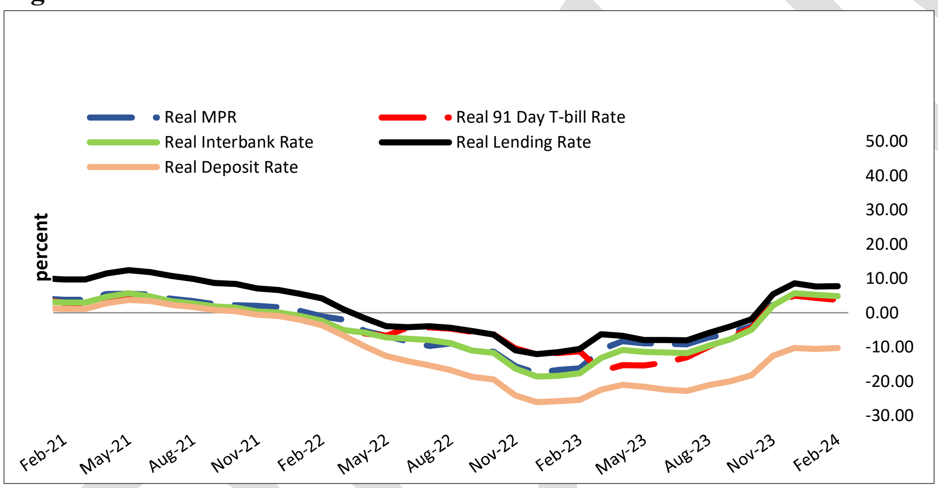
Sources: Bank of Ghana

Figure 4.6: Yield Curve (%)



Sources: Bank of Ghana

Figure 4.7: Real Interest Rates



Sources: Bank of Ghana

4.5 Stock Market Developments

The Ghana Stock Exchange Composite Index (GSE-CI) increased to 3227.85 points in February 2024 from 2408.00 points recorded in the corresponding period of 2023. This translates into a year-on-year gain of 34.1 percent in February 2024 compared to a loss of 10.7 percent in February 2023. The performance of GSE-CI reflected a shift in the demand for equities during the review year, induced by adverse shocks to bond prices and the closure of the bonds market on account of the DDEP. The main sectors that contributed to the gains recorded by the GSE-CI were the food and beverages, manufacturing, distribution, IT and agriculture sectors (Figure 4.8a).

The GSE-Financial Stocks Index (GSE-FI) closed at 1993.92 points, reflecting a marginal gain of 2.4 percent compared to a loss of 8.1 percent over the same comparative period a year earlier. The gain in GSE-FSI was mainly on the back of improved profitability of listed financial institutions, following sustained periods of losses induced by the impact of the DDEP on balance sheets of listed financial institutions (Figure 4.8b).

Table 4.1: Performance of Ghana Stock Exchange

												Changes Y-O-Y		Y-T-D
	Feb-22	Mar-22	Dec-22	Jan-23	Feb-23	Mar-23	Jun-23	Sep-23	Dec-23	Jan-24	Feb-24	2023	2024	2024
GSE CI	2696.45	2742.85	2443.91	2354.02	2408	2745.33	2808.03	3172.35	3130.23	3172.43	3227.85	(10.70)	34.05	3.12
GSE FI	2118.96	2174.96	2052.59	2036.05	1946.57	1806.67	1691.91	1890.13	1901.57	1910.16	1993.92	(8.14)	2.43	4.86
Market Capitalization	62881.97	64029.79	64507.32	63706.71	64235.77	67846.89	70238.82	74189.35	73893.17	74416.27	75070.11	2.15	16.87	1.59

Source: Ghana Stock Exchange and Bank of Ghana Staff Calculations

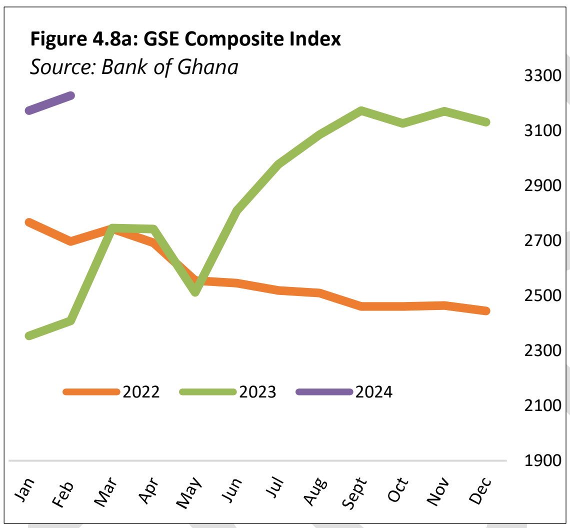


Figure 4.8a: GSE Composite Index
Source: Bank of Ghana

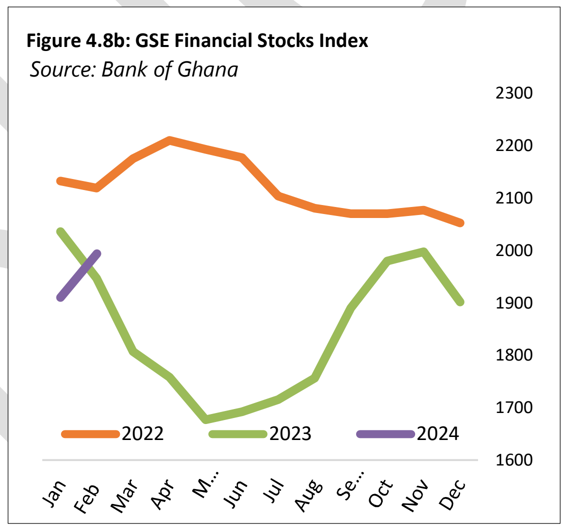


Figure 4.8b: GSE Financial Stocks Index
Source: Bank of Ghana

Ghana Stock Exchange and Bank of Ghana Staff Calculations

Total market capitalisation of the GSE at the end of February 2024 was GH¢75.07 billion, representing a year-on-year growth of 16.9 percent, compared with a growth of 2.2 percent in February 2023. The increase in market capitalisation was mainly driven by appreciation in share prices in the food and beverages, manufacturing, IT, and agriculture sectors (Table 4.1, Figures 4.8a, 4.8b).

4.6 Conclusion

Growth in monetary aggregates declined considerably in February 2024 relative to February 2023, largely on the back of significantly slower pace of growth in the Net Domestic Assets (NDA) of the depository corporations' sector. Nominal growth in private sector credit broadly decelerated in February 2024, underpinned by DMBs' balance sheet constraints, instigated by increased portfolio of non-performing loans, and capital dissipation on account of the impact of the Domestic Debt Exchange Programme (DDEP).

Developments in interest rates broadly showed downward trends at the short end of the yield curve. The weighted average interbank rate increased significantly, underpinned by the tight monetary policy stance, and sustained liquidity withdrawal. The Ghana Stock Exchange (GSE) Composite Index recorded significant gain on year-on-year basis, reflecting a shift in the demand for equities, induced by adverse shocks to bond prices and the closure of the bonds market on account of the DDEP.

Annexes Table 4.1

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

		Feb-22	Dec-22	Feb-23	Mar-23	Jun-23	Sep-23	Dec-23	Jan-24	Feb-24
1	Net Foreign Assets	4908.33	(10321.15)	(10838.10)	(12006.65)	649.68	(1699.17)	21038.44	25138.15	28251.71
	Bank of Ghana	9154.33	(17487.62)	(21493.90)	(23944.90)	(13750.27)	(16263.13)	3348.61	9566.34	9522.02
	Commercial Banks	(4246.00)	7166.46	10655.80	11938.25	14399.95	14563.96	17689.83	15571.81	18729.70
2	Net Domestic Assets	134536.04	190587.99	212950.35	218993.06	208970.93	220861.34	228981.08	221038.58	225447.72
3	ow: Claims on government (net)	85117.84	127515.37	146064.22	144230.49	137161.10	118393.21	115681.46	118333.10	123262.55
4	ow: Claims on Private sector(Incl. PE's)	64080.22	85078.76	88182.28	88275.49	87839.24	88145.55	86240.96	82955.65	83859.44
	BOG OMO Sterilisation Acc.	(8548.60)	(7725.48)	(18296.64)	(27440.77)	(27273.48)	(36582.70)	(24795.37)	(30177.25)	(29850.45)
5	Total Liquidity (M2+)	139444.38	180266.84	202112.25	206986.41	209620.61	219162.17	250019.53	246176.73	253699.43
6	ow: Broad Money Supply (M2)	107281.63	135142.49	143732.50	148131.00	150070.56	158647.67	185426.12	181622.65	184856.28
7	ow: Foreign Currency Deposits(¢million)	32162.74	45124.35	58379.75	58855.41	59550.05	60514.50	64593.40	64554.07	68843.15
	Change from previous year (in per cent)									
8	Net Foreign Assets	(74.35)	(237.04)	(320.81)	(597.01)	(108.70)	(89.80)	(303.84)	(308.51)	(360.67)
9	Net Domestic Assets	35.44	48.87	58.28	56.07	36.92	24.91	20.14	5.73	5.87
10	ow: Claims on government (net)	22.14	69.31	71.60	64.29	42.22	8.67	(9.28)	(15.20)	(15.61)
11	ow: Claims on Private sector(Incl. PE's)	20.39	37.70	37.61	32.13	23.12	10.95	1.37	(7.34)	(4.90)
12	ow: BOG OMO Sterilisation Acc.	(46.77)	(36.62)	(114.03)	(336.31)	(495.08)	(427.10)	(220.96)	(132.83)	(63.15)
12	Total Liquidity (M2+)	17.71	32.98	44.94	45.02	44.41	36.84	38.69	24.97	25.52
13	Broad Money Supply (M2)	16.52	27.81	33.98	39.68	40.93	43.43	37.21	29.76	28.61
14	Foreign Currency Deposits (FCDs)	21.85	51.33	81.51	60.46	54.00	22.14	43.15	13.20	17.92
	Cummulative change from previous year end (in per cent)									
15	Net Foreign Assets	(34.83)	(237.04)	5.01	16.33	(106.29)	(83.54)	(303.84)	19.49	34.29
16	Net Domestic Assets	5.09	48.87	11.73	14.90	9.65	15.88	20.14	(3.47)	(1.54)
17	o/w: Claims on government (net)	13.02	69.31	14.55	13.11	7.56	(7.15)	(9.28)	2.29	6.55
18	Broad Money(M2+)	2.87	32.98	12.12	14.82	16.28	21.58	38.69	(1.54)	1.47
	Annual per cent contribution to money growth									
19	Net Foreign Assets	(12.01)	(13.17)	(11.29)	(10.10)	5.59	9.34	17.40	18.88	19.34
20	NDA	29.71	46.15	56.23	55.13	38.82	27.50	21.30	6.09	6.18
21	Total Liquidity (M2+)	17.71	32.98	44.94	45.02	44.41	36.84	38.69	24.97	25.52
	Memorandum items									
22	Reserve Money	43197.72	68103.84	66660.76	57840.77	62343.44	63496.22	87987.66	79088.72	83520.29
23	NFA ($million)	743.64	(1203.49)	(984.07)	(1090.16)	59.08	(152.69)	1770.91	2088.65	2266.63
24	Currency ratio	0.18	0.21	0.18	0.18	0.18	0.17	0.18	0.17	0.17
25	**FCD/M2+**	0.23	0.25	0.29	0.28	0.28	0.28	0.26	0.26	0.27
26	**FCD/Total Deposit**	0.27	0.30	0.34	0.33	0.33	0.32	0.30	0.31	0.32
27	RM multiplier	2.48	1.98	2.16	2.56	2.41	2.50	2.11	2.30	2.21

Source: Bank of Ghana Staff Caluculations

Annexes Table 4.2

	Appendix 2: Sources of Growth in Reserve Money (millions of Ghana cedis unless otherwise stated)	Feb-22	Dec-22	Feb-23	Mar-23	Jun-23	Sep-23	Dec-23	Jan-24	Feb-24
1	Net Foreign Assets (NFA)	9154.3	(17487.6)	(21493.9)	(23944.9)	(13750.3)	(16263.1)	3348.6	9566.3	9522.0
2	Net Domestic Assets (NDA)	34043.4	85591.5	88154.7	81785.7	76093.7	79759.3	84639.0	69522.4	73998.3
	of which:									
3	ow: Claims on government (net)	35960.1	78871.2	88867.5	87171.9	82951.8	62372.8	54356.1	54706.2	55130.3
4	Claims on DMB's (net)	617.3	(4057.4)	(6256.6)	(9875.3)	(8502.2)	(11639.7)	(10168.1)	(14890.7)	(14738.0)
5	OMO Sterilisation Account.	(8548.6)	(7725.5)	(18296.6)	(27440.8)	(27273.5)	(36582.7)	(24795.4)	(30177.2)	(29850.4)
6	Reserve Money (RM)	43197.7	68103.8	66660.5	57840.8	62343.4	63496.2	87987.7	79088.7	83520.3
7	ow:Currency	21658.1	31420.6	31005.6	31194.6	31238.5	31834.0	37621.0	36182.6	36339.2
8	DMB's reserves	15757.6	31727.8	30558.4	21355.4	25888.2	26051.9	37738.1	36276.4	40627.4
9	Non-Bank deposits	5782.0	4955.3	5096.6	5290.8	5216.7	5610.3	12628.5	6629.7	6553.7
	Change from previous year (in per cent)									
10	Net Foreign Assets	(40.8)	(312.0)	(334.8)	(633.8)	114.8	(3.6)	(119.1)	(144.9)	(144.3)
11	Net Domestic Assets	70.4	144.6	158.9	102.5	39.3	13.3	(1.1)	(17.3)	(16.1)
12	ow: Claims on government (net)	11.8	168.4	147.1	120.7	61.3	(0.1)	(26.5)	(38.8)	(38.0)
13	Claims on DMB's (net)	50.8	243.9	1113.6	(420.8)	(81.7)	(678.8)	(150.6)	(41.3)	(135.6)
14	OMO Sterilisation Account.	(46.8)	(36.6)	(114.0)	(336.3)	(495.1)	(427.1)	(221.0)	(132.8)	(63.1)
15	**Reserve Money (RM)**	(0.1)	57.5	(2.1)	(15.1)	(8.5)	(6.8)	29.2	(10.1)	(5.1)
16	ow:Currency	(0.5)	44.3	(1.3)	(0.7)	(0.6)	1.3	19.7	(3.8)	(3.4)
	Cumulative change from previous year end (in per cent)									
17	Net Foreign Assets (NFA)	11.0	(312.0)	22.9	36.9	(21.4)	(7.0)	(119.1)	185.7	184.4
18	Net Domestic Assets (NDA)	(2.7)	144.6	3.0	(4.4)	(11.1)	(6.8)	(1.1)	(17.9)	(12.6)
19	o/w: Claims on government (net)	22.4	168.4	12.7	10.5	5.2	(20.9)	(26.5)	0.6	1.4
20	Reserve Money (RM)	(0.1)	57.5	(2.1)	(15.1)	(8.5)	(6.8)	29.2	(10.1)	(5.1)
	Annual per cent contribution									
21	Net Foreign Assets	(17.79)	(59.51)	(70.95)	(63.37)	(15.23)	1.14	30.59	49.21	46.53
22	Net Domestic Assets (NDA)	39.69	116.99	125.26	92.28	44.47	17.54	(1.40)	(23.17)	(21.24)
23	RM growth (y-o-y)	21.89	57.48	54.32	28.92	29.24	18.68	29.20	26.03	25.29

Source: Bank of Ghana Staff Caluculations

5. Banking Sector Developments

5.0 Highlights

The banking sector recorded a rebound in performance during the first two months of 2024, after the implementation of the Domestic Debt Exchange Programme (DDEP) in 2023. The industry's assets recorded a strong growth in February 2024, funded by the sustained growth in total deposits. Growth in investments continued to be high, while growth in loans and advances remained subdued on account of lower new advances and increased repayments during the period. Trends in key financial soundness indicators were mixed. The Capital Adequacy Ratio (CAR), adjusted for reliefs, was higher than what was recorded during the same period last year, and well-above the regulatory minimum threshold. Liquidity and profitability ratios also improved compared to a year earlier. The non-performing loans (NPL) ratio, on the other hand, recorded a spike in February 2024, reflecting the downgrading of several large exposures to the banks.

5.1 Banks' Balance Sheet

Total assets of the banking industry grew by 21.0 percent (year-on-year) to GH¢287.0 billion as at February 2024, lower than the 26.3 percent growth recorded in the same period of 2023. Growth in domestic assets was lower at 20.3 percent in February 2024 from 21.6 percent in February 2023, while foreign assets grew by 29.5 percent, down from a growth of 123.8 percent recorded during the same review period last year. Consequently, the share of foreign assets in total assets increased to 8.8 percent from 8.2 percent, while that of domestic assets declined to 91.2 percent from 91.8 percent during the reference period (Table 5.1).

Investments (comprising bills, securities, and equity) remained the largest component of total assets as at end-February 2024, growing by 32.4 percent from a contraction of 3.8 percent in the previous year. The increase in investments reflected a sharp increase in short-term bills during the period while long-term securities recorded a moderate increase, after contracting in the previous year following the implementation of the Domestic Debt Exchange Programme (DDEP). Accordingly, the share of investments in total assets increased to 39.3 percent in February 2024 from 35.9 percent in February 2023.

The industry's stock of gross loans and advances increased to GH¢74.8 billion in February 2024 from GH¢73.5 billion in February 2023, representing a modest year-on-year growth of 1.8 percent in February 2024 from the 30.7 percent growth recorded during the same period in 2023. Net loans and advances (gross loans adjusted for provisions and interest in suspense) contracted by 2.7 percent in February 2024 from the 26.9 percent growth in February 2023. The foreign currency component of net advances also contracted by 5.9 percent from 50.2 percent during the same reference period. New loans and advances declined by 16.0 percent in February 2024 to GH¢8.0 billion from GH¢9.5 billion (18.2% y/y growth) during the same period in 2023.

Growth in the industry's deposits remained strong, increasing by 25.5 percent to GH¢224.4 billion as at end-February 2024, relative to the 45.4 percent growth recorded during the comparative period in 2023 (Table 5.1). On the other hand, total borrowings by banks (foreign and domestic) continued to decline during the period under review, contracting by 20.0 percent to GH¢14.5 billion in February 2024 from GH¢18.1 billion in February 2023. The contraction in borrowings was reflected in all components of total borrowings, both foreign and domestic, as well as short-term and long-term borrowings.

The industry's shareholders' funds (comprising paid-up capital and reserves) rebounded strongly in February 2024 with a growth of 34.6 percent to GH¢30.1 billion from the 12.7 percent contraction recorded in February 2023, reflecting the strong growth in the industry's profits during the period.

Overall, the industry's balance sheet performance as at end-February 2024 was robust, reflected by increases in total assets, deposits, and shareholders' funds, notwithstanding the subdued credit growth.

Table 5.1: Key Developments in DMBs' Balance Sheet

	(GH ¢'million)			Y-on-Y Growth (%)			Shares (%)	
	Feb-23	Dec-23	Feb-24	Feb-23	Dec-22	Feb-24	Feb-23	Feb-24
TOTAL ASSETS	**237,157.4**	**274,921.5**	**287,004.4**	**26.3**	**29.7**	***21.0***	***100.0***	***100.0***
A. Foreign Assets	19,396.4	23,870.9	25,124.0	123.8	61.9	*29.5*	*8.2*	*8.8*
B. Domestic Assets	217,761.0	251,050.6	261,880.5	21.6	27.3	*20.3*	*91.8*	*91.2*
Investments	85,149.6	100,181.6	112,724.9	(3.8)	47.5	*32.4*	*35.9*	*39.3*
i. Bills	31,990.7	41,775.9	53,631.9	36.9	133.8	*67.6*	*13.5*	*18.7*
ii. Securities	52,919.0	58,149.5	58,837.1	(18.4)	16.8	*11.2*	*22.3*	*20.5*
Advances (Net)	63,228.7	65,410.7	61,534.5	26.9	9.4	*(2.7)*	*26.7*	*21.4*
of which Foreign Currency	23,070.0	21,520.8	21,716.7	50.2	17.8	*(5.9)*	*9.7*	*7.6*
Gross Advances	**73,501.3**	**77,009.7**	**74,789.0**	30.7	10.9	***1.8***	***31.0***	***26.1***
Other Assets	14,938.2	16,001.8	17,079.7	61.0	13.1	*14.3*	*6.3*	*6.0*
Fixed Assets	7,227.9	8,290.1	8,298.3	37.1	10.4	*14.8*	*3.0*	*2.9*
TOTAL LIABILITIES AND CAPITAL	**237,157.4**	**274,921.5**	**287,004.4**	**26.3**	**29.7**	***21.0***	***100.0***	***100.0***
Total Deposits	**178,792.9**	**214,486.9**	**224,383.1**	**45.4**	**34.0**	***25.5***	***75.4***	***78.2***
of which Foreign Currency	60,783.0	67,354.2	72,080.6	92.3	41.5	*18.6*	*25.6*	*25.1*
Total Borrowings	18,066.5	15,020.4	14,455.0	(29.1)	(20.1)	*(20.0)*	*7.6*	*5.0*
Foreign Liabilities	9,706.1	6,460.8	6,689.3	(29.7)	(20.0)	*(31.1)*	*4.1*	*2.3*
i. Short-term borrowings	2,328.2	2,132.1	2,248.8	(65.4)	(16.4)	*(3.4)*	*1.0*	*0.8*
ii. Long-term borrowings	5,848.1	3,682.2	3,780.7	1.0	(22.9)	*(35.4)*	*2.5*	*1.3*
iii. Deposits of non-residents	1,499.5	642.9	658.0	14.8	(13.2)	*(56.1)*	*0.6*	*0.2*
Domestic Liabilities	204,296.6	238,411.7	249,342.9	38.6	29.1	*22.0*	*86.1*	*86.9*
i. Short-term borrowing	8,483.1	8,010.7	7,070.3	(28.5)	(20.5)	*(16.7)*	*3.6*	*2.5*
ii. Long-term Borrowings	1,407.1	1,195.4	1,355.2	27.6	(14.6)	*(3.7)*	*0.6*	*0.5*
iii. Domestic Deposits	177,293.4	213,844.0	223,725.0	45.8	34.3	*26.2*	*74.8*	*78.0*
Other Liabilities	17,515.1	15,711.8	17,545.0	27.5	9.7	*0.2*	*7.4*	*6.1*
Paid-up capital	10,426.2	13,039.2	13,039.2	2.6	25.5	*25.1*	*4.4*	*4.5*
Shareholders' Funds	22,368.0	29,191.6	30,114.7	(12.7)	59.0	*34.6*	*9.4*	*10.5*

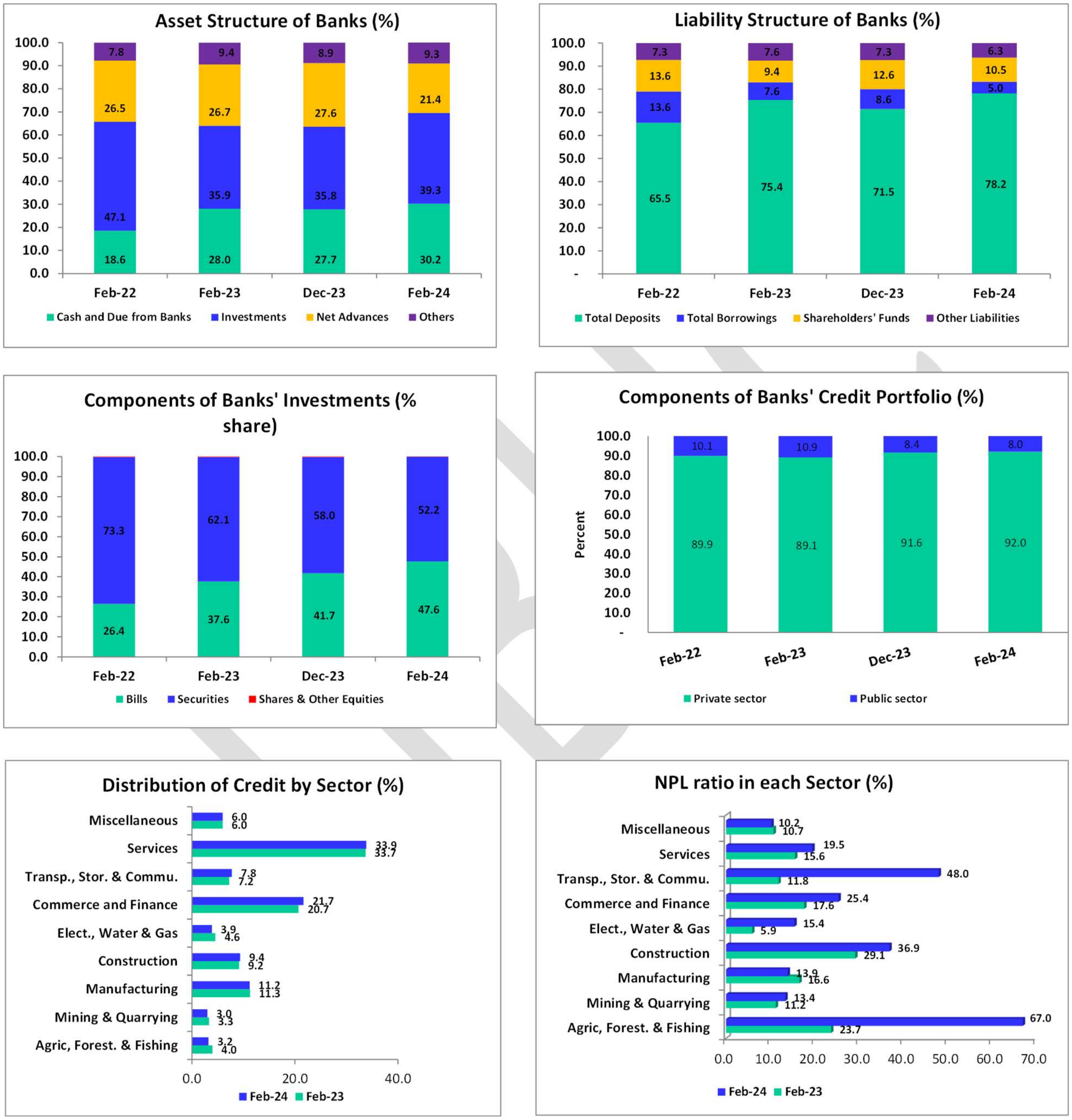
Source: Bank of Ghana

5.1.1 Asset and Liability Structure

The asset and liability structure of the banking industry during the review period remained tilted towards less risky assets. Investments continued to dominate the asset mix, with an increased share of 39.3 percent in February 2024 compared with 35.9 percent in February 2023. The share of "Cash and Due from Banks" increased during the period to 30.2 percent from 28.0 percent. Loans and advances (net) however, recorded a lower share of 21.4 percent in February 2024 from 26.7 percent during the same period last year, 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 remained broadly unchanged at 9.3 percent from 9.4 percent during the same reference period (Annexes Table 5.1).

On the liability side, deposits remained the main source of funding for banks. The share of deposits in the banks' pool of funds increased to 78.2 percent in February 2024 from 75.4 percent in February 2023. The share of borrowings, on the other hand, declined to 5.0 percent from 7.6 percent, highlighting the sharp contraction in the industry's borrowing during the reference period. The proportion of shareholders' funds in banks' liabilities and capital rose to 10.5 percent from 9.4 percent in line with the observed growth in shareholders' funds. The share of other liabilities declined to 6.3 percent in February 2024 from 7.6 percent in February 2023 (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

Securities (long-term debt instruments) remained the largest component of banks' investment portfolio although its share declined sharply to 52.2 percent in February 2024 from 62.1 percent in February 2023, still reflecting the portfolio reallocation by banks in favour of short-term investments post-DDEP implementation. The share of short-term bills in total investments, consequently, increased to 47.6 percent from 37.6 percent over the same comparative period last year. The share of equity investments remained negligible at 0.2 percent in February 2024 from 0.3 percent in February last year (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

Gross loans and advances totalled GH¢74.8 billion at end-February 2024, representing an annual growth of 1.8 percent compared to 30.7 percent growth in February 2023. The lower growth in gross loans and advances in February 2024 was on the back of declines in growth in both private sector and public sector credit. Private sector credit recorded a lower growth of 5.1 percent to GH¢68.8 billion in February 2024 compared with the 29.4 percent growth recorded in February 2023. Public sector credit contracted by 25.3 percent to GH¢6.0 billion in February 2024 compared to a growth of 41.3 percent in the previous year. The bulk of the industry's credit continues to be allocated to the private sector, accounting for 92.0 percent of the total credit as of February 2024, and an increase from the 89.1 percent share recorded during the same period a year ago. Accordingly, the public sector recorded a reduced share in credit allocation to 8.0 percent from 10.9 percent during the same reference period in 2023 (Annexes Tables 5.2 and 5.4).

The decline in the growth of credit to the private sector reflected in loans to both indigenous private enterprises and households. While growth in credit to indigenous private enterprises declined to 5.0 percent in February 2024 from 41.8 percent in February 2023, loans to households recorded a lower growth of 13.9 percent from 25.9 percent during the same comparative period in 2023. However, credit to foreign private enterprises recorded a moderated contraction of 14.6 percent during the period under review, from the contraction of 34.4 percent in the corresponding period last year (Annexes Table 5.2).

In terms of sectorial distribution of credit, the services sector continued to have the largest share of outstanding credit of 33.9 percent at end-February 2024 compared to 33.7 percent in February 2023, followed by the commerce and finance sector with 21.7 percent from 20.7 percent and manufacturing with 11.2 percent, a marginal decline from 11.3 percent during the same review period last year. These top three sectors together accounted for 66.8 percent of total credit at end-February 2024 compared with 65.7 percent for the same three sectors during the corresponding period in 2023. The other economic sectors accounted for the remaining 33.2 percent in various proportions in February 2024, down from 34.3 percent a year ago (Figure 5.1). The mining and quarrying sector remained the lowest beneficiary of industry credit, with its share declining further to 3.0 percent at end-February 2024, from 3.3 percent in February 2023 (Figure 5.1).

5.2.2 Off - Balance Sheet Activities

Off-balance sheet transactions (largely trade finance and guarantees) increased during the review period, partly on account of exchange rate variations. Contingent liabilities grew by 21.0 percent to GH¢23.3 billion as at end-February 2024, from GH¢20.2 billion as at end-February 2023 (3.3% year-on-year contraction).

However, banks' contingent liabilities as a percentage of total liabilities declined to 9.1 percent from 9.5 percent during the review period (Annexes Table 5.3).

5.2.3 Asset Quality

Asset quality risks were elevated in February 2024, reflecting the pickup in the NPL stock and NPL ratio during the period. The industry's NPL ratio increased to 24.6 percent in February 2024 from 16.6 percent in February 2023 on account of a higher growth in the NPL stock, coupled with the decline in credit growth during the review period. Similarly, the NPL ratio adjusted for the fully provisioned loan loss category increased to 9.8 percent from 6.3 percent during the same comparative period (Figure 5.2). The NPL stock increased by 51.2 percent to GH¢18.4 billion in February 2024 from GH¢12.2 billion (50.1% y/y growth) in February 2023, reflecting a deterioration in both domestic currency and foreign currency loans, as well as the downgrade of some large exposures in the banking sector. The private sector accounted for the larger share of non-performing loans of 94.5 percent in February 2024, from 91.3 percent February 2023. The share of public sector NPLs however, declined to 5.5 percent, from 8.7 percent during the same period a year ago (Annexes Table 5.4).

The increase in the industry NPL ratio reflected the deterioration in NPL ratios for all but one economic sector which recorded an improvement during the review period. The agriculture, forestry and fishing sector, the second lowest recipient of industry credit of 3.2 percent, recorded the highest NPL ratio of 67.0 percent in February 2024, a sharp increase from 23.7 percent exactly a year ago. The transportation, storage and communication sector followed with an NPL ratio of 48.0 percent, from 11.8 percent a year earlier. The NPL ratios of the construction sector also increased to 36.9 percent from 29.1 percent, while that of commerce & finance was at 25.4 percent from 17.6 percent during the same reference period. The services, electricity, water & gas and mining & quarrying sectors also recorded increases in the NPL ratios during the review period. The manufacturing sector was the only sector that recorded an improvement in its NPL ratio to 13.9 percent in February 2024 from 16.6 percent in February 2023. The mining and quarrying sector accounted for the lowest NPL ratio at 13.4 percent from 11.2 percent a year ago (Figure 5.1).

5.3 Financial Soundness Indicators

The key financial soundness indicators (FSIs) of the banking industry recorded a mixed performance in February 2024.

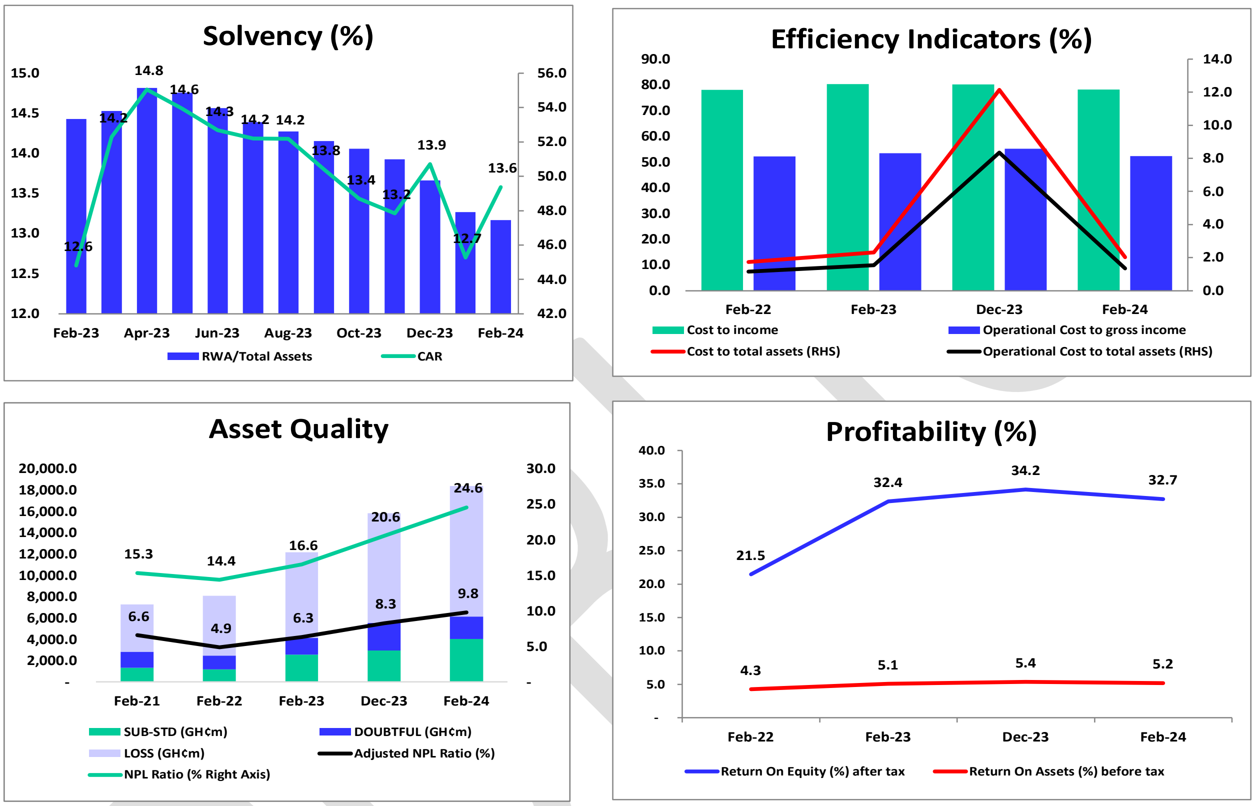
5.3.1 Liquidity Indicators

The industry maintained adequate liquidity levels during the period under review, with improvements in both core liquidity and broad liquidity measures. The ratio of core liquid assets (mainly cash and due from banks) to total deposits rose to 38.6 percent in February 2024 from 37.2 percent during the same period last year, while the ratio of core liquid assets to total assets improved to 30.2 percent from 28.0 percent during the same reference period in 2023 (Annexes Table 5.5). The broad liquidity indicators also improved with broad liquid assets to total deposits increasing to 88.8 percent in February 2024 from 84.7 percent in February 2023, while broad liquid assets to total assets improved to 69.4 percent from 63.8 percent during the review period (Annexes Table 5.5).

5.3.2 Capital Adequacy Ratio

The industry's solvency recorded some improvement in February 2024, indicated by the increase in the Capital Adequacy Ratio (CAR) adjusted for regulatory reliefs to 13.6 percent in February 2024, higher than the revised prudential minimum of 10 percent, and above the 12.6 percent recorded in February 2023. The higher CAR in February 2024 was attributable to the ongoing recapitalisation efforts by banks impacted by the DDEP in 2023 to meet the 2025 recapitalisation deadline set by the Bank of Ghana.

Figure 5.2: Key Financial Soundness Indicators (FSIs)



Source: Bank of Ghana Staff Calculations

5.3.3 Profitability

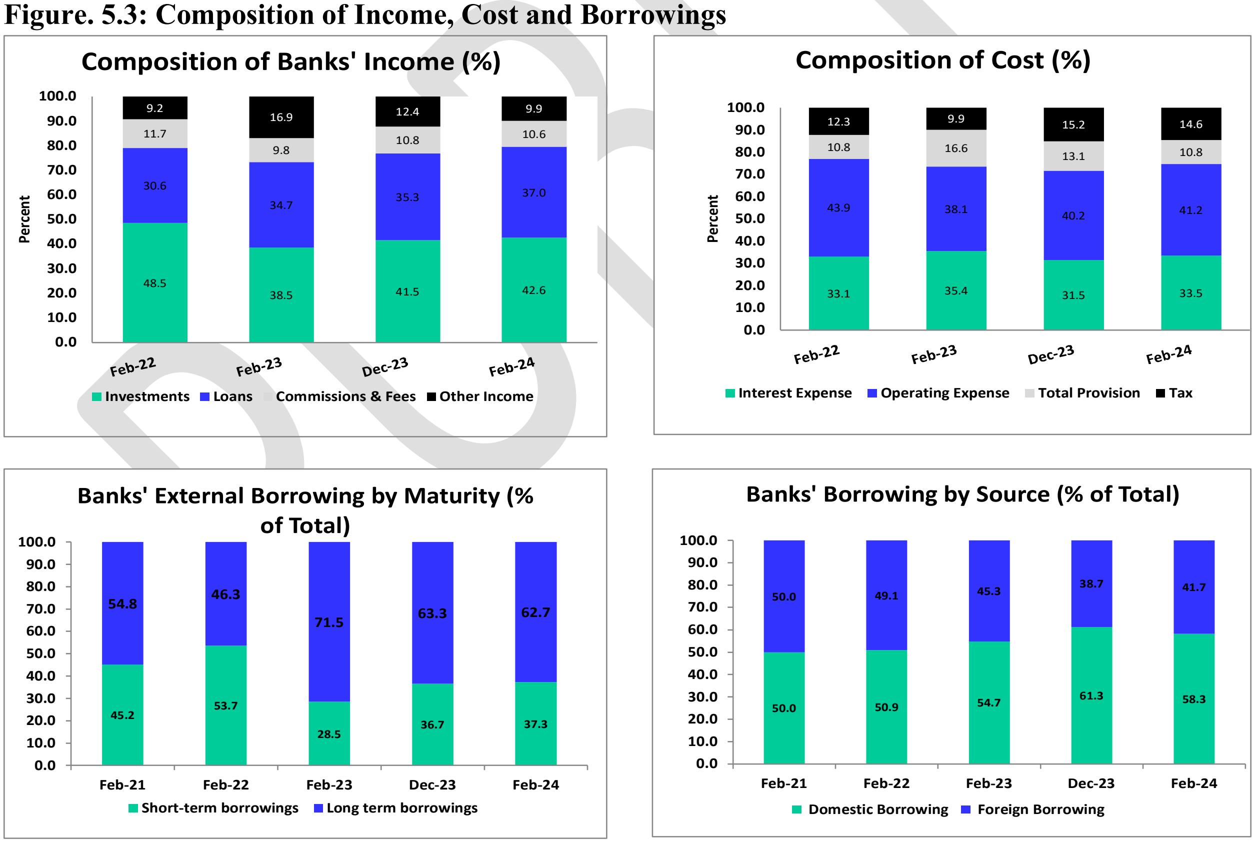
The banking industry maintained a strong profitability performance during the first two months of the year with the sector recording a higher profit-after-tax of GH¢1.6 billion compared to GH¢1.3 billion in the same corresponding period last year. That notwithstanding, growth in profit-after-tax moderated to 20.0 percent in February 2024 from 47.3 percent in the previous year. The moderation in growth in profit-after tax was on account of a moderation in growth in income lines which outweighed the decline in growth in cost lines during the review period. Similarly, the industry's profit-before-tax (PBT) increased to GH¢2.4 billion but at a lower growth rate of 21.9 percent during the first two months of 2024, compared to a growth of 53.3 percent during the corresponding period in 2023.

Net interest income moderated in growth to 25.5 percent in February 2024 from 43.0 percent a year ago, on the back of a lower growth in interest income to 17.9 percent from 52.2 percent, although growth in interest expense also moderated to 4.8 percent from 71.0 percent during the same review period. The slow growth in the interest expense of banks during the period under review can be explained by the contraction in borrowings (which are usually more expensive relative to savings and demand deposits) in the funding mix of banks. On the other hand, the decline in the growth of interest income can be attributed to the slowdown in loan growth coupled with declines in the interest rates on money market instruments and the lending rates of banks during the period under review.

Net fees and commissions income recorded a slower growth of 17.7 percent from 37.0 percent a year ago, whereas other income recorded a sharp contraction of 36.6 percent to GH¢732.1 million from GH¢1.2 billion (201.4% y/y growth) during the same review period. The changes in the different income lines culminated in an increase in the industry's operating income to GH¢5.5 billion in February 2024 from GH¢5.0 billion in February 2023, representing a growth of 10.1 percent from 61.8 percent in the prior year. Similarly, gross income increased to GH¢7.4 billion in February 2024 (8.7% y/y growth) from GH¢6.8 billion in February 2023 (64.2% y/y growth).

The growth in the industry's operating expenses also moderated to 14.3 percent in February 2024, after recording a growth of 48.9 percent during the same period in 2023, from moderated increases in both staff costs and other operating expenses. Total provisions (comprising loan losses, depreciation, and others) contracted in growth by 28.0 percent in February 2024 after increasing sharply by 145.9 percent in February 2023 following the implementation of the Domestic Debt Exchange Programme (DDEP). (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

The improvement in profits for the sector translated into improved profitability indicators, namely, Return on Equity (ROE) and Return on Assets (ROA), during the period under review. The industry's ROA edged up to 5.2 percent in February 2024 from 5.1 percent in February 2023, while ROE rose to 32.7 percent from 32.4 percent during the same reference period (Figure 5.2 and Annexes Table 5.6).

(b) Interest Margin and Spread

Banks' interest spread rose marginally to 2.1 percent in February 2024 from 2.0 percent in February 2023 on the back of a marginal rise in gross yield to 3.1 percent from 3.0 percent, and a marginal decline in interest payable to 1.0 percent from 1.1 percent during the same review period. The interest margin to total assets ratio rose slightly to 1.4 percent in February 2024 from 1.3 percent in February 2023, while interest margin to gross income also rose to 53.6 percent from 46.4 percent during the same reference period. The ratio of gross income to total assets (asset utilisation) however, declined to 2.6 percent in February 2024 from 2.9 percent in February 2023, while the profitability ratio increased to 21.8 percent from 19.7 percent over the review period (Annexes Table 5.6).

(c) Composition of Banks' Income

Investment income remained the largest component of banks' income as of February 2024, as its share rose to 42.6 percent from 38.5 percent during the same period a year ago. Interest income from loans constituted the second largest source of banks' income, bringing in a higher share of 37.0 percent compared with 34.7 percent during the same comparative period. The share of banks' income from fees and commissions also increased to 10.6 percent from 9.8 percent. The proportion of income from other sources, however, declined to 9.9 percent from 16.9 percent during the period under review (Figure 5.3).

5.3.4 Operational Efficiency

Banks remained broadly cost efficient following the moderation in growth in cost lines during the period under review. Cost-to-income ratio improved in February 2024 to 78.2 percent from 80.3 percent in February 2023, while the cost-to-total assets ratio also recorded an improvement to 2.0 percent from 2.3 percent during the reference period. Similarly, the ratio of operational cost to total income declined to 52.3 percent from 53.4 percent, as the operational cost-to-total assets ratio went down marginally to 1.4 percent from 1.5 percent during the same comparative period (Figure 5.2).

5.3.5 Banks' Counterparty Relationships

Total offshore balances increased by 22.0 percent to GH¢20.8 billion in February 2024, compared to a growth of 132.7 percent a year earlier, from a substantial growth in placements while nostro balances contracted. Nostro balances declined by 20.8 percent in February 2024 from a growth of 195.3 percent in February 2023, while placements with foreign counterparties rose sharply by 120.3 percent from the 57.5 percent recorded during the same period in the prior year. Following these developments, the ratio of offshore balances to net worth moderated to 69.0 percent from 76.4 percent during the review period (Annexes Table 5.8).

The share of banks' external borrowings in total borrowings moderated to 41.7 percent in February 2024 from 45.3 percent in February 2023, while that of domestic borrowing increased to 58.3 percent from 54.7 percent during the review period. Banks' external borrowings were largely long-term in nature, although the share of long-term borrowings in total external borrowing moderated to 62.7 percent from 71.5 percent, while that of short-term borrowings rose to 37.3 percent from 28.5 percent over the review period (Figure 5.3).

5.4 Credit Conditions Survey

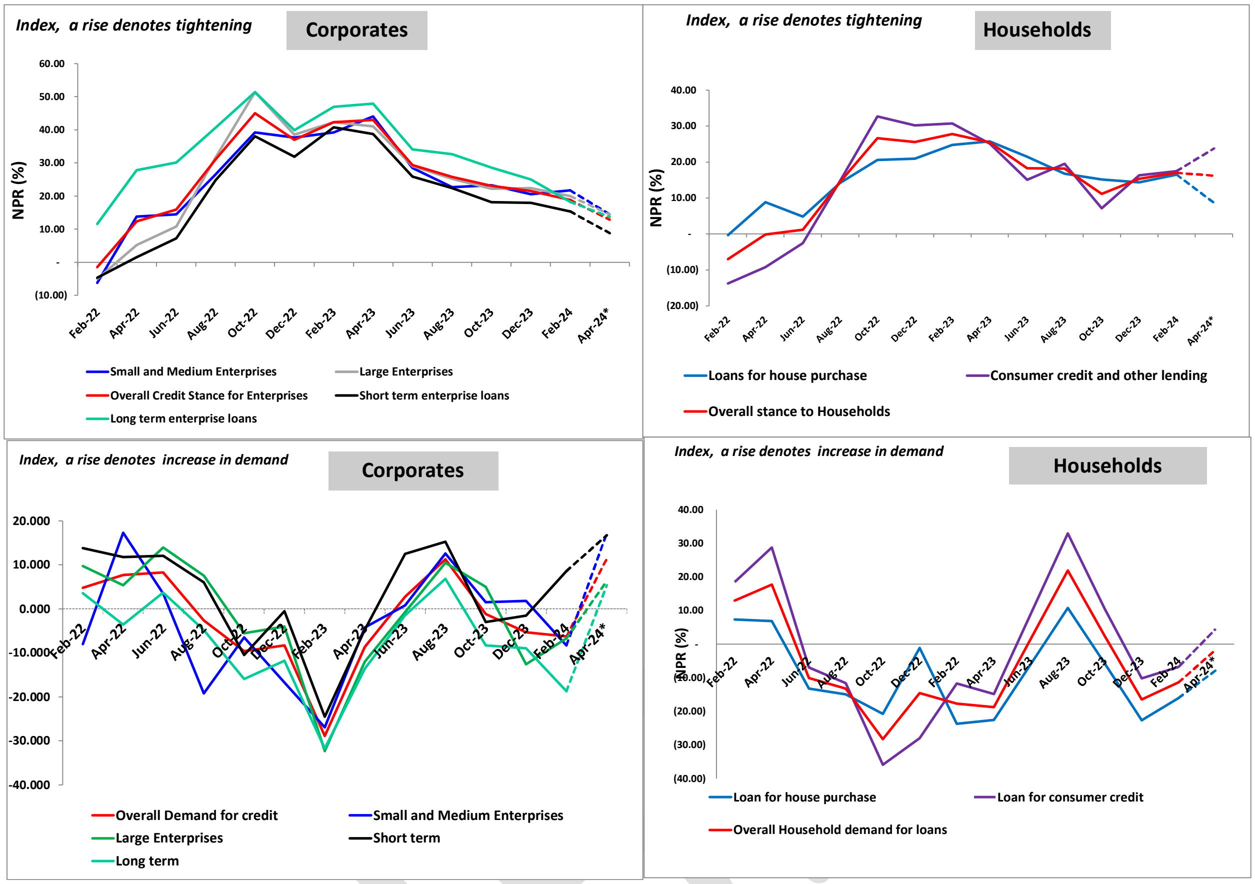
Banks continued to maintain a tight credit stance on loans to both corporates and households. Results from the February 2024 credit conditions survey however, pointed to a marginal net easing in the overall credit stance on loans to enterprises in the first two months of 2024. This net eased credit stance was reflected in all components of enterprise loans except loans to small and medium enterprises (SMEs). Banks project a further net easing in the overall stance on loans to enterprises over the next two months, to be driven by net easing in the stance on all the categories of enterprise loans.

Conversely, the overall credit stance on household loans recorded a further net tightening during the survey period, driven by net tightening in the credit stance for both categories of household loans, namely, loans for house purchases and consumer credit. Over the next two months, banks project a net easing in the overall stance on loans to households, which will be reflected in loans for house purchases, while the stance on consumer credit is projected to record further tightening.

On the demand side, demand for loans by enterprises recorded a net decline during the current survey period from declines in the demand for loans by SMEs and demand for long term enterprise loans, while demand for loans by large enterprises and demand for short term enterprise loans recorded net increases. Banks project overall demand for loans by enterprises to recover over the next two months, driven by net increases in the demand for all sub-categories of enterprise loans.

For households, overall demand for loans recorded a net increase during the current survey period driven by increases in the demand for both categories of household loans. Similar to enterprises, demand for loans by households is projected to rise further from net increases in the demand for both consumer credit and the demand for loans for house purchases (Figure 5.4).

Figure 5.4: Credit Conditions Survey Results



Source: Bank of Ghana Staff Calculations

5.5 Conclusion and Outlook

During the first two months of 2024, the banking sector maintained the improved performance recorded at the end of 2023, fuelled by the strong rebound in profitability as well as improvement in the industry's solvency from the ongoing recapitalisation efforts by the banks adversely impacted by the DDEP. Key financial soundness indicators remained healthy and within prudential benchmarks, although asset quality risks are elevated from the downgrade of some large exposures by banks.

The industry is, however, not out of the woods yet as the sector's performance continues to be moderated by the lingering impact of the macroeconomic challenges and the DDEP. The outlook is broadly positive, and it is expected that intensified efforts at early completion of recapitalisation efforts by banks with solvency challenges will further strengthen the sector's performance and properly position it to provide the necessary impetus for economic recovery. There is also the need for banks to tighten their credit risk management frameworks and step-up their loan recovery efforts to moderate the build-up in the industry's NPL stock.

Annexes Table 5.1: Asset and Liability Structure of the Banking Sector

	Feb-21	Feb-22	Feb-23	Dec-23	Feb-24
Components of Assets (% of Total)					
Cash and Due from Banks	19.9	18.6	28.0	27.7	30.2
Investments	44.7	47.1	35.9	35.8	39.3
Net Advances	27.2	26.5	26.7	27.6	21.4
Others	8.2	7.8	9.4	8.9	9.3
Components of Liabilities and Shareholders' Funds (% of Total)					
Total Deposits	68.4	65.5	75.4	71.5	78.2
Total Borrowings	9.4	13.6	7.6	8.6	5.0
Shareholders' Funds	14.6	13.6	9.4	12.6	10.5
Other Liabilities	7.7	7.3	7.6	7.3	6.3

Source: Bank of Ghana Staff Calculations

Annexes Table 5.2: Asset and Liability Structure of the Banking Sector

Economic Sector	Gh¢million				y/y growth (%)	
	Feb-22	Feb-23	Dec-23	Feb-24	Feb-23	Feb-24
Public Sector	**5,664.48**	**8,003.84**	**6,450.35**	**5,979.06**	**41.3**	**-25.3**
Private Sector	**50,615.39**	**65,497.42**	**70,559.32**	**68,809.90**	**29.4**	**5.1**
- Private Enterprises	36,868.78	48,365.58	51,833.29	50,145.60	31.2	3.7
o/w Foreign	5,127.72	3,363.01	2,917.62	2,871.36	-34.4	-14.6
Indigeneous	31,741.06	45,002.57	48,915.67	47,274.24	41.8	5.0
- Households	12,285.53	15,468.93	17,315.34	17,620.52	25.9	13.9
Gross Loans	**56,279.9**	**73,501.3**	**77,009.7**	**74,789.0**	**30.6**	**1.8**

Source: Bank of Ghana Staff Calculations

Annexes Table 5.3: Contingent Liability

	Feb-21	Feb-22	Feb-23	Dec-23	Feb-24
Contingent Liabilities (GH¢million)	11,912.5	19,109.3	20,230.3	22,549.7	23,348.2
Growth (y-o-y)	7.4	41.2	-3.3	4.7	21.0
% of Total Liabilities	9.2	11.8	9.5	9.2	9.1

Source: Bank of Ghana Staff Calculations

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

	Feb-22		Feb-23		Dec-23		Feb-24	
	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	**10.1**	**4.5**	**10.9**	**8.7**	**8.4**	**6.9**	**8.0**	**5.5**
i. Government	5.1	1.9	5.5	5.4	2.9	2.2	2.7	1.7
ii. Public Institutions	1.9	0.0	1.8	0.2	2.0	0.8	1.8	0.7
iii. Public Enterprises	3.1	2.5	3.6	3.1	3.6	3.9	3.5	3.1
b. Private Sector	**89.9**	**95.5**	**89.1**	**91.3**	**91.6**	**93.1**	**92.0**	**94.5**
i. Private Enterprises	65.5	86.5	65.8	82.8	67.3	80.2	67.0	83.0
o/w Foreign	9.1	8.6	4.6	3.0	3.8	2.0	3.8	2.0
Indigeneous	56.4	78.0	61.2	78.6	63.5	78.2	63.2	81.0
ii. Households	21.8	7.4	21.0	8.8	22.5	12.3	23.6	11.1
iii. Others	2.6	1.6	2.3	0.9	1.8	0.6	1.4	0.5

Source: Bank of Ghana Staff Calculations

Annexes Table 5.5: Liquidity Ratios

	Feb-21	Feb-22	Feb-23	Dec-23	Feb-24
Liquid Assets (Core) - (GH¢'million)	30,216.39	34,872.5	66,507.94	84,399.63	86,707.40
Liquid Assets (Broad) -(GH¢'million)	97,917.44	123,129.6	151,417.66	184,325.02	199,176.39
Liquid Assets to total deposits (Core)-%	29.1	28.4	37.2	39.3	38.6
Liquid Assets to total deposits (Broad)- %	94.2	100.2	84.7	85.9	88.8
Liquid assets to total assets (Core)- %	19.9	18.6	28.0	30.7	30.2
Liquid assets to total assets (Broad)- %	64.4	65.6	63.8	67.0	69.4

Source: Bank of Ghana Staff Calculations

Annexes Table 5.6: Profitability Indicators (%)

	Feb-22	Feb-23	Dec-23	Feb-24
Gross Yield	2.4	3.0	18.8	3.1
Interest Payable	0.8	1.1	6.1	1.0
Spread	1.5	2.0	12.7	2.1
Asset Utilitisation	2.2	2.9	15.1	2.6
Interest Margin to Total Assets	1.2	1.3	7.8	1.4
Interest Margin to Gross income	53.2	46.4	51.8	53.6
Profitability Ratio	22.0	19.7	19.9	21.8
Return On Equity (%) after tax	21.5	32.4	34.2	32.7
Return On Assets (%) before tax	4.3	5.1	5.4	5.2

Source: Bank of Ghana Staff Calculations

Annexes Table 5.7: DMBs' Income Statement Highlights

	Feb-22	Feb-23	Dec-23	Feb-24	Feb-23	Dec-23	Feb-24
	(GH ¢'million)				Y-on-y Growth (%)		
Interest Income	3,286.3	5,000.8	31,989.8	5,896.8	52.2	32.5	17.9
Interest Expenses	(1,073.6)	(1,836.3)	(10,420.0)	(1,924.3)	71.0	17.1	4.8
Net Interest Income	**2,212.7**	**3,164.5**	**21,569.8**	**3,972.6**	**43.0**	**41.5**	**25.5**
Fees and Commissions (Net)	486.8	667.1	4,505.8	785.3	37.0	25.2	17.7
Other Income	383.2	1,154.9	5,144.3	732.1	201.4	24.5	(36.6)
Operating Income	3,082.7	4,986.5	31,219.9	5,489.9	61.8	35.9	10.1
Operating Expenses	(1,422.5)	(2,118.1)	(13,592.9)	(2,421.7)	48.9	34.9	14.3
Staff Cost (deduct)	(775.9)	(1,025.5)	(6,525.4)	(1,206.0)	32.2	24.5	17.6
Other operating Expenses	(646.7)	(1,092.6)	(7,067.4)	(1,215.7)	69.0	46.1	11.3
Net Operating Income	**1,660.2**	**2,868.4**	**17,627.1**	**3,068.3**	**72.8**	**36.7**	**7.0**
Total Provision (Loan losses, Depreciation & others)	(349.4)	(859.2)	(4,331.0)	(619.0)	145.9	(79.2)	(28.0)
Income Before Tax	1,310.8	2,009.2	13,296.1	2,449.3	**53.3**	**(267.1)**	**21.9**
Tax	(398.3)	(664.8)	(5,028.3)	(836.2)	66.9	(480.0)	25.8
Net Income	**912.6**	**1,344.4**	**8,267.8**	**1,613.1**	**47.3**	**(224.6)**	**20.0**
Gross Income	4,156.3	6,822.8	41,640.0	7,414.2	64.2	30.6	8.7

Source: Bank of Ghana Staff Calculations

Annexes Table 5.8: Developments in Offshore Balances

	Feb-21	Feb-22	Feb-23	Dec-23	Feb-24
Offshore balances as % to Networth	44.5	28.6	76.4	67.7	69.0
Annual Growth in Offshore balances (%)	6.8	-25.8	132.7	47.7	22.0
Annual Growth in Nostro Balances (%)	15.3	-25.4	195.3	-0.7	-20.8
Annual Growth in Placement (%)	-1.9	-26.4	57.5	169.6	120.3

Source: Bank of Ghana Staff Calculations

6. Fiscal Developments

6.0 Highlights

Fiscal performance pointed to some consolidation, as the 2023 targets were broadly met. Provisional data on budget execution for January to December 2023 indicated an overall fiscal deficit of 3.3 percent of GDP, against the target of 5.8 percent of GDP. The primary balance for the period was a deficit of GH¢2.6 billion (0.4 percent of GDP), against a primary deficit target of GH¢4.1 billion (0.5 percent of GDP).

6.1 Total Revenue and Grants

Total Revenue and Grants for 2023 was GH¢135.00 billion (16% of GDP), higher than the target of GH¢134.91 billion (15.8% of GDP), and a year-on-year growth of 39.7 percent. Domestic revenue totalled GH¢132.35 billion (15.7% of GDP), below the target of GH¢132.44 billion (15.5% of GDP).

Tax Revenue

Tax revenue, comprising taxes on income and property, domestic goods and services, and international trade taxes, excluding oil and gas related taxes, was GH¢110.02 billion (13.1% of GDP), higher than the target of GH¢108.48 billion (12.7% of GDP).

Taxes on Income and Property

Taxes on income and property, made up of personal income tax (PAYE), company taxes (including taxes on oil), royalties from oil and minerals, and other direct taxes amounted to GH¢56.52 billion (6.7% of GDP), above the target of GH¢52.88 billion (6.2% of GDP), and 49.7 percent year-on-year growth.

Taxes on Domestic Goods and Services

Taxes on domestic goods and services consisting of domestic VAT, excise duty, GET Fund Levy, National Health Insurance Levy (NHIL) and Communication Service Tax (CST) for the review period was GH¢45.73 billion (5.4% of GDP) in 2023. On year-on-year basis, the outturn represented a growth of 45.7 percent over the same period in 2022.

Non-Tax Revenue

Non-tax revenue raked in GH¢17.65 billion, missing the target of GH¢17.77 billion by 0.7 percent, but recorded a year-on-year growth of 21.2 percent. This underperformance was mainly due to lower than budgeted lodgements, resulting mainly from lower collection efforts by MDAs as well as some unrealised dividend payments.

Taxes on International Trade

Taxes on international trade was GH¢13.93 billion, lower than the target of GH¢14.62 billion by 4.7 percent, and a year-on-year growth of 41.5 percent.

Other Revenue

Other revenue of GH¢4.05 billion failed to meet its target of GH¢5.52 billion by 26.7 percent. This was also below the total of GH¢5.07 billion collected in 2022, reflecting a year-on-year decline of 20.2 percent.

Grants

Grants received was GH¢2.65 billion in 2023, higher than the programmed target by 7.2 percent. The outturn was also 40.5 percent higher than the amount received in 2022.

Table 6.1: Total Revenue and Grants

Million Ghana Cedis	2022	2023	2023	2023	2023
	Prov. JAN-DEC	Prov. JAN-DEC	Prog. JAN-DEC	DEVIATION OVER (+)/ BELOW (-)	Y-O-Y GROWTH
TAX REVENUE	**75,548.2**	**110,019.3**	**108,481.8**	**1.4**	**45.6**
TAXES ON INCOME & PROPERTY	**38,424.5**	**56,519.9**	**52,875.5**	**6.9**	**47.1**
Personal	12,648.9	16,966.8	18,740.0	(9.5)	34.1
Companies	16,002.1	25,162.1	22,741.2	10.6	57.2
Company Taxes on Oil	3,498.8	4,965.1	3,702.9	34.1	41.9
Others	6,274.6	9,425.9	7,691.4	22.6	50.2
TAXES ON DOMESTIC GOODS AND SERVICES	**31,391.8**	**45,726.4**	**47,572.6**	**(3.9)**	**45.7**
Excises	5,019.7	5,586.8	6,520.8	(14.3)	11.3
VAT	15,950.8	25,547.2	26,180.0	(2.4)	60.2
National Health Insurance Levy (NHIL)	3,775.4	5,334.3	5,129.0	4.0	41.3
GETFund Levy	3,776.5	5,335.8	5,129.0	4.0	41.3
Communication Service Tax	712.6	663.2	938.1	(29.3)	(6.9)
E-Transaction Levy	592.1	1,150.9	1,111.3	3.6	94.4
Covid-19 Health Levy	1,564.7	2,108.3	2,564.5	(17.8)	34.7
TAXES ON INTERNATIONAL TRADE	**9,848.2**	**13,933.2**	**14,617.7**	**(4.7)**	**41.5**
Imports Duty	9,848.2	13,933.2	14,617.7	(4.7)	41.5
Tax Refunds	**(4,116.2)**	**(6,160.3)**	**(6,584.1)**	**(6.4)**	**49.7**
SOCIAL CONTRIBUTIONS	**350.0**	**635.0**	**666.8**	**(4.8)**	**81.4**
NON-TAX REVENUE	**14,561.0**	**17,645.7**	**17,769.5**	**(0.7)**	**21.2**
OTHER REVENUE	**5,073.4**	**4,048.8**	**5,520.4**	**(26.7)**	**(20.2)**
DOMESTIC REVENUE	**95,532.7**	**132,348.8**	**132,438.4**	**(0.1)**	**38.5**
GRANTS	**1,118.6**	**2,651.7**	**2,474.2**	**7.2**	**137.1**
Project Grants	1,118.6	2,651.7	1,887.1	40.5	137.1
Programme Grants	0.0	0.0	587.1		
TOTAL REVENUE & GRANTS	**96,651.2**	**135,000.5**	**134,912.6**	**0.1**	**39.7**

Source: Ministry of Finance

6.2 Total Expenditures

Government spending and arrears clearance largely fell short of target in 2023. Total expenditures, (including arrears clearance and discrepancy), for the review period, amounted to GH¢161.80 billion (19.2% of GDP). This was below the target of GH¢189.86 billion (22.2% of GDP) by 14.8 percent and a 10.5 percent year-on-year growth.

Compensation of Employees

Compensation of Employees (including wages and salaries, pensions & gratuities, and other wage related expenditure) was GH¢50.81 billion. This outturn fell short of the target by 1.0 percent but recorded 28.8 percent year-on-year growth. Compensation of employees constituted 38.4 percent of domestic revenue mobilised during the period under review.

Use of Goods and Services

Use of goods and services amounted to GH¢8.45 billion, lower than the target of GH¢8.58 billion by 1.6 percent. This was, however, higher than GH¢7.93 billion recorded in 2022, reflecting a year-on-year growth of 6.6 percent.

Total Interest Payments

Total interest payments of GH¢31.10 billion fell below the envisioned target of GH¢44.87 billion for the review period. This outturn compares with GH¢45.69 billion recorded in 2022. The reduced interest payment was mainly on account of a partial freeze on debt service.

Grants to Other Government Units

Grants to other Government units, made up of National Health Fund, GET Fund, Road Fund, Energy Fund, District Assemblies Common Fund (DACF), Retention of IGFs, transfer to GNPC, Ghana Infrastructure Fund and other earmarked funds was GH¢31.17 billion, higher than the target of GH¢30.10 billion. It represented year-on-year growth of 27.0 percent compared to 2022.

Capital Expenditure

Capital Expenditure for the period under review was GH¢21.08 billion (2.5% of GDP), higher than the programmed target of GH¢20.44 billion (2.4% of GDP) by 3.1 percent and represented a year-on-year growth of 12.8 percent.

Other Expenditure

Other expenditure was GH¢12.15 billion in 2023, 54.6 percent below the target of GH¢26.74 billion. Out of this, energy sector payment shortfalls totalled GH¢8.77 billion (1.0% of GDP), lower than the programmed target of GH¢23.65 billion (2.8% of GDP). This outturn compares with GH¢5.24 billion recorded in the corresponding period of 2022.

Table 6.2: Total Expenditures

Million Ghana Cedis	2022 Prov. Jan-Dec	2023 Prov. Jan-Dec	2023 Prog. Jan-Dec	2023 DEVIATION OVER(+)/ BELOW(-)	2023 Y-O-Y GROWTH
Compensation of Employees	**39,434.1**	**50,807.8**	**51,346.3**	**(1.0)**	**28.8**
Wages & Salaries	35,394.0	45,353.6	45,020.5	0.7	28.1
Social Contributions	4,040.1	5,454.2	6,325.8	(13.8)	35.0
Use of Goods and Services	**7,926.2**	**8,445.6**	**8,578.8**	**(1.6)**	**6.6**
Interest Payment	**45,687.4**	**31,066.2**	**44,866.2**	**(30.8)**	**(32.0)**
Domestic	33,881.4	29,291.3	27,796.7	5.4	(13.5)
External (Due)	11,805.9	1,774.9	17,069.6	(89.6)	(85.0)
Subsidies	**167.0**	**0.0**	**350.5**		
Grants to Other Government Units	**24,552.6**	**31,172.8**	**30,996.3**	**0.6**	**27.0**
Social Benefits	**93.5**	**428.9**	**545.1**	**(21.3)**	**358.5**
Other Expenditure	**9,823.4**	**12,153.2**	**26,739.9**	**(54.6)**	**23.7**
o/w Energy Sector Payment Shortfalls	5,238.8	8,769.5	23,652.6	(62.9)	67.4
Capital Expenditure	**18,688.7**	**21,084.6**	**20,440.9**	**3.1**	**12.8**
Domestic financed	6,333.5	9,147.5	10,537.6	(13.2)	44.4
Foreign financed	12,355.2	11,937.1	9,903.2	20.5	(3.4)
Discrepancy	872.1	(13,588.8)	0.0		
TOTAL EXPENDITURE	**146,373.0**	**161,792.3**	**189,864.0**	**(14.8)**	**10.5**

Source: Ministry of Finance

6.3 Budget Balance and Financing

Government budgetary operations resulted in an overall budget deficit (on cash basis) of GH¢27.40 billion (3.3% of GDP) in 2023. This was lower than the target of GH¢54.95 billion (6.4% of GDP). In addition, the primary balance recorded a surplus of 0.4 percent of GDP against a primary deficit target of 1.2 percent of GDP.

The deficit was mostly financed from domestic sources. Domestic financing (net) was GH¢16.53 billion (2.0% of GDP), substantially lower than GH¢39.51 billion (6.4% of GDP) recorded in 2022. Foreign financing recorded a net inflow of GH¢10.63 billion (1.3% of GDP), higher than the target of GH¢8.97 billion (1.0 % of GDP).

Table 6.3: Budget Balance and Financing

Million Ghana Cedis	2022	2023		2023	2023
	Prov JAN-DEC	Prov. JAN-DEC	Prog JAN-DEC	DEVIATION OVER (+)/ BELOW (-)	Y-O-Y GROWTH
Revenue & Grants	**96,651.2**	**135,000.5**	**134,912.6**	**0.1**	**39.7**
Expenditure	**146,373.0**	**161,792.3**	**189,864.0**	**(14.8)**	**10.5**
Overall balance (commitment)	**(68,405.7)**	**(20,158.6)**	**(48,951.4)**	**(58.8)**	**(70.5)**
(percent of GDP)	**(11.2)**	**(2.4)**	**(5.7)**		
Road Arrears (net change)	17,036.7	6,347.2	(6,000.0)	**(205.8)**	**(62.7)**
o/w Clearance of Arrears	(1,899.2)	(10,436.5)	(6,000.0)	73.9	**449.5**
o/w Clearance Outstanding Payments	(9,744.0)	0.0	0.0		
o/w Payables build-up	28,679.9	16,783.7	0.0		
o/w Outstanding payables build-up reported in GIFMIS	99,960.1	0.0	0.0		
Overall balance (cash)	**(51,369.0)**	**(13,811.3)**	**(54,951.4)**	**(74.9)**	**(73.1)**
(percent of GDP)	*(8.4)*	(1.6)	(6.4)		
Discrepancy	872.1	(13,588.8)	0.0		**(1,658.2)**
Overall balance (incl. Divestiture and Discrepancy)	**(50,497.0)**	**(27,400.2)**	**(54,951.4)**	**(50.1)**	**(45.7)**
(percent of GDP)	*(8.2)*	(3.3)	(6.4)		
Financing	**50,497.0**	**27,400.2**	**54,951.4**	**(50.1)**	**(45.7)**
Foreign (net)	**9,600.0**	**10,632.7**	**8,973.3**	**18.5**	**10.8**
Borrowing	17,098.4	14,897.8	25,116.1	(40.7)	(12.9)
Project loans	11,236.7	9,285.4	8,016.1	15.8	(17.4)
Programme Loans	0.8	5,612.4	17,100.0	(67.2)	727,445.3
Sovereign Bond	5,861.0	0.0	0.0		
Amortisation (due)	(7,498.5)	(4,265.1)	(16,142.9)	(73.6)	(43.1)
Domestic (net)	**39,510.6**	**16,531.9**	**46,871.8**	(64.7)	**(58.2)**
Banking	41,210.3	(18,767.4)	46,871.8	(140.0)	(145.5)
Bank of Ghana	38,490.9	(31,448.6)	0.0		(181.7)
o/w SDR	5,110.1	0.0	0.0		
Comm. Banks	2,719.4	12,681.2	46,871.8	(72.9)	366.3
Non-banks	(1,699.7)	28,723.8	0.0		(1,789.9)
Other Domestic	0.0	6,575.5	0.0		
o/w Capitalised Interest from DDEP	0.0	6,696.0	0.0		
o/w Domestic Standard Loan	0.0	(120.5)	0.0		
Other Financing	0.0	0.0	0.0		
Other Programme Financing	0.0	0.0	0.0		
Other Domestic Financing	0.0	0.0	0.0		
Ghana Petroleum Funds	**1,343.9**	**(964.3)**	**(724.5)**	**33.1**	**(171.8)**
Transfer to Ghana Petroleum Funds	(2,787.0)	(2,956.1)	(2,415.1)	22.4	6.1
o/w Stabilisation Fund	(1,950.9)	(2,069.3)	(1,690.6)	22.4	6.1
o/w Heritage Fund	(836.1)	(886.8)	(724.5)	22.4	6.1
Transfer from Stabilisation Fund	4,130.9	1,991.8	1,690.6	17.8	(51.8)
Sinking Fund	**42.5**	**1,199.9**	**(169.1)**	**(809.7)**	**2,721.2**
Contingency Fund	**0.0**	**0.0**	**0.0**		
Nominal GDP (Including Oil)	**614,336.3**	**841,632.9**	**854,834.5**		
Nominal GDP (Excluding oil)	**581,396.9**	**803,900.9**	**803,093.3**		

Source: Ministry of Finance

6.4 Public Debt Analysis

The stock of public debt was equivalent to 72.5 percent of GDP at end-December 2023, slightly lower than the end-December 2022 figure of 73.0 percent of GDP. The stock of public debt at end-December 2023 stood at GH¢610.0 billion, an increase of GH¢161.7 billion over the end-December 2022 stock of GH¢448.3 billion.

Table 6.4: Public Debt

	2022	2023	2023	2023	2023	2023	2024	2024	Dec 2023 -Dec 2022
	DECEMBER	MARCH	JUNE	AUGUST	SEPTEMBER	DECEMBER	JANUARY	FEBRUARY	CHANGE
TOTAL DOMESTIC DEBT (GH¢m)	205,593.9	246,788.7	246,910.9	257,457.1	240,628.6	259,772.9	262,930.8	273,160.2	54,179.0
SHORT TERM	34,192.3	48,290.7	50,993.4	55,217.4	57,719.0	67,069.0	75,095.3	82,105.8	32,876.7
MEDIUM-TERM	123,665.1	107,206.6	104,726.7	109,548.6	121,849.2	125,151.2	145,189.7	147,405.0	1,486.1
LONG-TERM	46,877.3	90,662.2	90,662.2	92,171.8	60,545.7	66,562.1	42,131.2	43,134.8	19,684.8
STANDARD LOANS	859.2	629.3	528.7	519.3	514.6	990.6	514.6	514.6	131.4
HOLDINGS OF DOMESTIC DEBT (GH¢m)	205,593.9	246,788.7	246,910.9	257,457.1	240,628.6	259,772.9	262,930.8	273,160.2	54,179.0
BANKING SYSTEM	110,689.4	156,814.7	154,110.2	155,865.6	127,041.0	135,270.5	134,141.9	140,193.3	24,581.1
NON-BANK	80,225.0	76,835.1	79,767.7	88,455.9	99,840.3	110,454.8	115,210.2	119,151.4	30,229.8
FOREIGN SECTOR (Non-Resident)	13,820.4	12,509.7	12,504.4	12,616.2	13,232.6	13,057.0	13,064.2	13,300.8	(763.4)
TOTAL EXTERNAL(US$m)	29,177.5	29,272.7	29,866.5	29,663.1	29,398.0	30,069.9	30,641.5	30,025.9	892.4
MULTILATERAL	8,068.8	8,963.5	9,659.8	9,652.1	9,512.2	9,133.2	9,704.8	9,091.2	1,064.4
BILATERAL	3,650.4	3,467.5	3,456.3	3,273.0	3,212.6	3,516.3	3,516.3	3,516.3	(134.1)
COMMERCIAL	17,458.3	16,841.6	16,750.3	16,738.0	16,673.2	17,420.4	17,420.4	17,418.3	(37.9)
TOTAL EXTERNAL(GH¢m)	242,733.5	322,564.2	328,611.8	326,952.4	326,717.2	350,254.2	368,788.7	374,248.3	107,520.7
TOTAL PUBLIC DEBT (GH¢m)	448,327.4	569,352.9	575,522.7	584,409.5	567,345.7	610,027.1	631,719.6	647,408.5	161,699.7
EXCHANGE RATE (End Period Selling MOF)	8.3192	11.0193	11.0027	11.0222	11.1136	11.6480	12.0356	12.4642	
MEMORANDUM ITEMS									
NOMINAL GDP (GH¢m)	614,336.3	841,632.9	841,632.9	841,632.9	841,632.9	841,632.9	1,050,978.3	1,050,978.3	
TOTAL DEBT /GDP RATIO (%)	72.98	67.65	68.38	69.44	67.41	72.48	60.11	61.60	
EXTERNAL DEBT/GDP	39.5	38.3	39.0	38.8	38.8	41.6	35.1	35.6	
DOMESTIC DEBT/GDP	33.5	29.3	29.3	30.6	28.6	30.9	25.0	26.0	
EXTERNAL DEBT/TOTAL DEBT	54.1	56.7	57.1	55.9	57.6	57.4	58.4	57.8	
DOMESTIC DEBT/TOTAL DEBT	45.9	43.3	42.9	44.1	42.4	42.6	41.6	42.2	

Source: Bank of Ghana and Ministry of Finance

6.5 Conclusion and Outlook

Fiscal policy implementation so far has been broadly consistent with targets under the IMF ECF-supported programme. Although the primary fiscal balance target for 2023 was attained, the fiscal assessment is made on commitment basis. This will require vigilance to ensure that commitment control is effective in 2024. Revenue flows in the first two months of the year are lower vis-a-vis targets, and expenditures have been fast-paced driven largely by clearance of arrears in the energy sector. It is expected that revenue flows will pick up in March as the deadline for filing tax returns in April approaches.

Annexes Table 6.1: Fiscal indicators

Million Ghana Cedis	2022 JAN-DEC OUTTURN	2023 JAN-DEC OUTTURN	2023 JAN-DEC PROG
TaxRevenue	**75,548.2**	**110,019.3**	**108,481.8**
(percent of GDP)	12.3	13.1	12.7
Non-Tax Revenue	**14,561.0**	**17,645.7**	**17,769.5**
(percent of GDP)	2.4	2.1	2.1
Domestic Revenue	**95,532.7**	**132,348.8**	**132,438.4**
(percent of GDP)	15.6	15.7	15.5
Total Revenue & Grants	**96,651.2**	**135,000.5**	**134,912.6**
(percent of GDP)	15.7	16.0	15.8
Compensation of Employees	**39,434.1**	**50,807.8**	**51,346.3**
(percent of GDP)	6.4	6.0	6.0
Use of Goods and Services	**7,926.2**	**8,445.6**	**8,578.8**
(percent of GDP)	1.3	1.0	1.0
Interest Payment	**45,687.4**	**31,066.2**	**44,866.2**
(percent of GDP)	7.4	3.7	5.2
Total Expenditure	**146,373.0**	**161,792.3**	**189,864.0**
(percent of GDP)	23.8	19.2	22.2
Domestic expenditure	**87,458.4**	**125,744.6**	**129,094.6**
(percent of GDP)	14.2	14.9	15.1
Domestic Primary Balance	**8,074.3**	**6,604.2**	**3,343.9**
(percent of GDP)	1.3	0.8	0.4
Primary Balance (Commitment)	**(22,718.3)**	**(2,681.2)**	**(4,085.2)**
(percent of GDP)	(3.7)	(0.3)	(0.5)
Primary Balance (Cash)	**(4,809.6)**	**3,666.1**	**(10,085.2)**
(percent of GDP)	(0.8)	0.4	(1.2)
Overall Balance (Commitment)	**(68,405.7)**	**(33,747.4)**	**(48,951.4)**
(percent of GDP)	(11.1)	(4.0)	(5.7)
Overall Balance (cash, discrepancy)	**(50,497.0)**	**(27,400.2)**	**(54,951.4)**
(percent of GDP)	(8.2)	(3.3)	(6.4)
Oil Revenue	**12,061.8**	**12,625.2**	**11,498.6**
(percent of GDP)	2.0	1.5	1.3
Non-Oil Revenue and Grants	**84,589.4**	**122,375.2**	**123,414.0**
(percent of GDP)	13.8	14.5	14.4
Benchmark Oil Revenue	**9,290.0**	**9,853.8**	**8,050.4**
(percent of GDP)	1.5	1.2	0.9
Annual Budget Funding Amount (ABFA)	**6,503.0**	**6,519.3**	**5,635.3**
(percent of GDP)	1.1	0.8	0.7
Nominal GDP	**614,336.3**	**841,632.9**	**854,834.5**
Non-Oil Nominal GDP	**581,396.9**	**803,900.9**	**803,093.3**

Source: Ministry of Finance

7. Price Developments

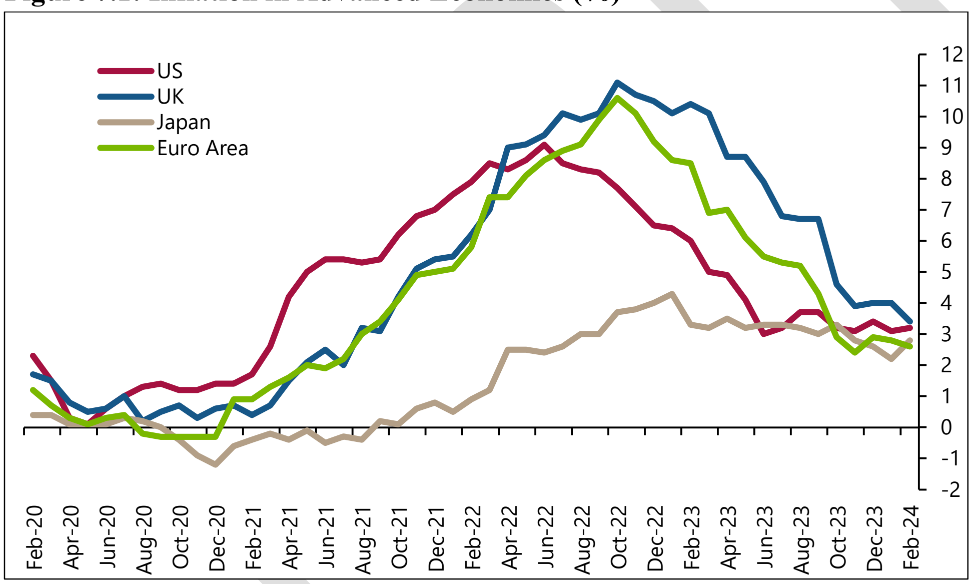
7.0 Global and Domestic Price Developments

Global headline inflation has remained on a downward trajectory, supported by tighter monetary policy, and lower food and energy prices. Despite the declining trends in global inflation, recent events in the Middle East, particularly the attacks in the Red Sea, have prompted concerns regarding prolonged delivery times and increased shipping costs. These incidents, coupled with production cuts by OPEC+, have gradually driven up oil prices in recent weeks, posing a risk to the disinflationary process in both advanced, emerging market and developing economies. Heightened vigilance and proactive policy measures may be necessary to mitigate these emerging risks to ensure that stability of global economic conditions is sustained.

Advanced Economies

Headline inflation in the United States unexpectedly edged up to 3.2 percent in February 2024 compared to 3.1 percent in January 2024, as prices continued to rise for transportation as energy costs dropped much less than expected. On the other hand, core inflation eased to 3.8 percent in February 2024 from 3.9 percent a month ago.

Figure 7.1: Inflation in Advanced Economies (%)



Source: Trading Economics

In the United Kingdom, inflation rate dropped to 3.4 percent year-on-year in February 2024, down from 4.0 percent recorded in January 2024, the lowest rate since September 2021, driven by a slowdown in price increases for food and non-alcoholic beverages, restaurants and hotels, recreation and culture and miscellaneous goods and services. In line with the decline in headline inflation, core inflation, which excludes volatile items such as energy and food, fell to 4.5 percent in February 2024 from 5.1 percent in the prior month.

Annual inflation in the Euro Area was confirmed at 2.6 percent in February 2024, down from 2.8 percent recorded in the previous month. The decline was on the back of a drop in energy prices, while the pace of price rises moderated for both food, alcohol & tobacco and non-energy industrial goods. The core inflation rate, which excludes volatile food and energy prices, was also confirmed at 3.1 percent in February 2024, down from 3.3 percent in January 2024.

The annual inflation rate in Japan climbed to 2.8 percent in February 2024 from 2.2 percent in the prior month, accelerating for the first time in four months. The rise was mainly due to base effects, as energy subsidies introduced by the government in February 2023 are beginning lose their effect. The core inflation rate, which excludes fresh food, also jumped to a four-month high of 2.8 percent in February 2024, up from 2.0 percent in January 2024.

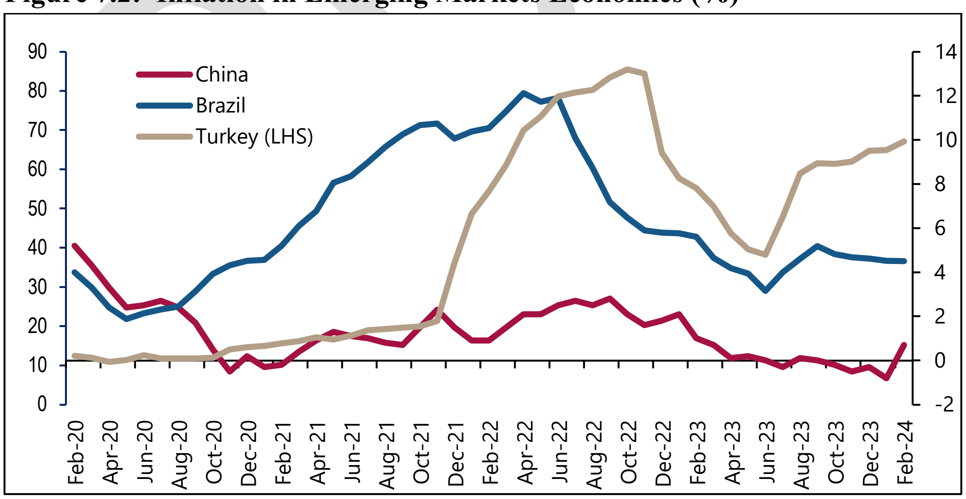
Emerging Market Economies

China recorded an inflation rate of 0.7 percent in February 2024. Robust spending during the Lunar New Year holiday largely accounts for the pick-up observed in February 2024. As a result, non-food inflation sharply accelerated, with prices rising further for clothing, housing, health, and education. Food prices also declined the least in eight months, reflecting upturns in costs of pork and fresh vegetables. The core inflation rate, which strips out food and energy prices, increased to1.2 percent in February 2024, the most since January 2022.

Headline inflation in Brazil eased for the fifth straight month to 4.5 percent in February 2024, down from 5.2 percent in September 2023. Prices slowed down primarily for housing & utilities, clothing & footwear, health & personal care, and education. Core inflation fell to 4.7 percent in February 2024 from 5.1 percent in January 2024.

The annual inflation rate in Turkey rose to 67.1 percent in February 2024, accelerating from 64.9 percent in the previous month. It was the highest reading since November 2022, driven by a rise in minimum wage and adjustments in government taxes. Moreover, core inflation increased to 72.9 percent in February 2024, up from 70.5 percent in the prior period.

Figure 7.2: Inflation in Emerging Markets Economies (%)



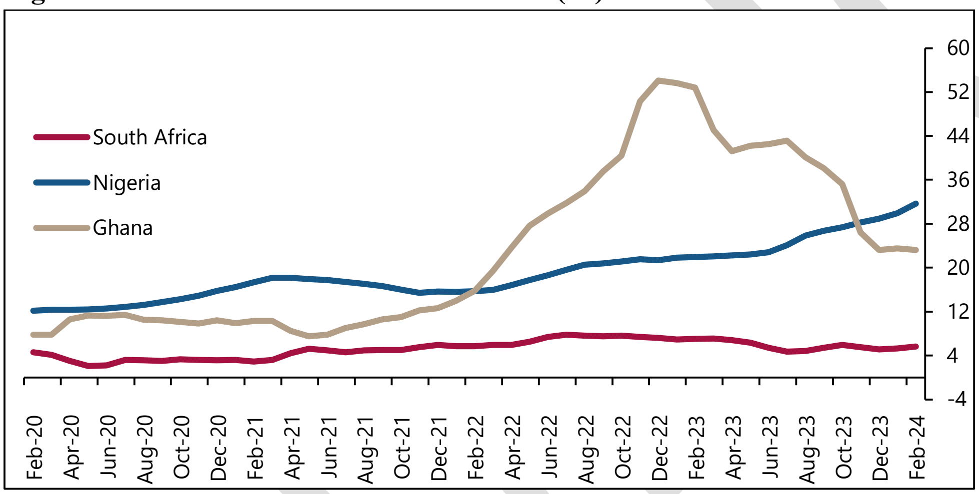
Source: Trading Economics

Sub-Saharan Africa

South Africa's annual inflation rose to 5.6 percent in February 2024, up from 5.3 percent in January, and higher than the central bank's preferred 4.5 percent midpoint of 3–6 percent target range. It was the highest reading in four months, mainly due to accelerated prices for transport, housing & utilities, and miscellaneous goods & services. The annual core inflation, which excludes food and fuel prices, picked up to an eight-month high of 5.0 percent in February 2024, from 4.6 percent in January 2024.

Headline inflation in Nigeria increased to 31.7 percent in February 2024, from 29.9 percent in January 2024 mainly because of oil subsidy removal and devaluation of the naira. Between June 2023, when the foreign exchange market was liberalised, and mid-February 2024, the naira depreciated by 69 percent, leading to a considerable rise in import costs and significantly impacting Nigeria's import-dependent economy. Core inflation, which excludes prices of farm produce, increased to 24.7 percent in February 2024 from 23.4 percent in the prior month.

Figure 7.3: Inflation in Sub-Saharan Africa (%)

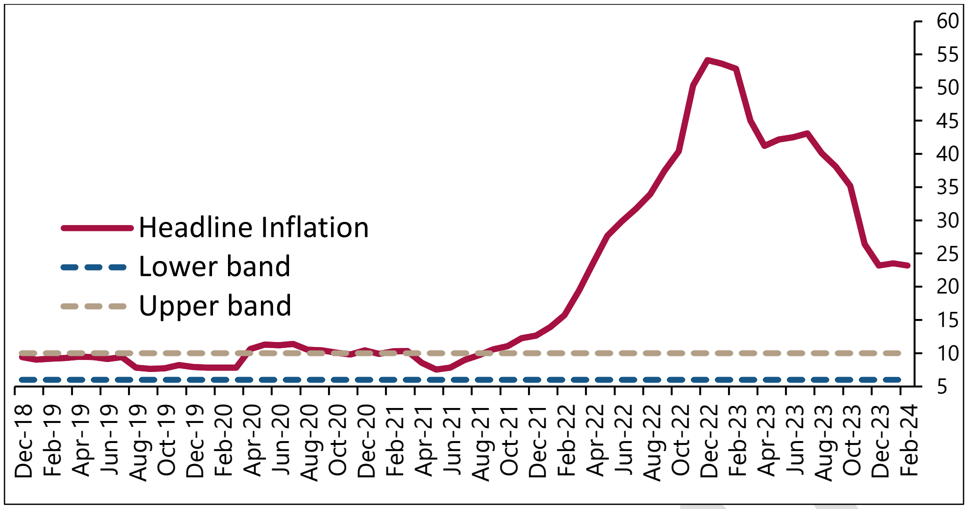


Source: Trading Economics

7.1 Domestic Inflation

Headline inflation has remained broadly stable since December 2023, supported by prudent monetary policy efforts. Headline inflation declined to 23.2 percent in February 2024, down from 23.5 percent recorded in January 2024. The ease in inflation was broad-based, with food inflation down by 0.1 percentage point to 27.0 percent in February 2024, while non-food inflation edged down from 20.5 percent in January 2024 to 20.0 percent in February 2024.

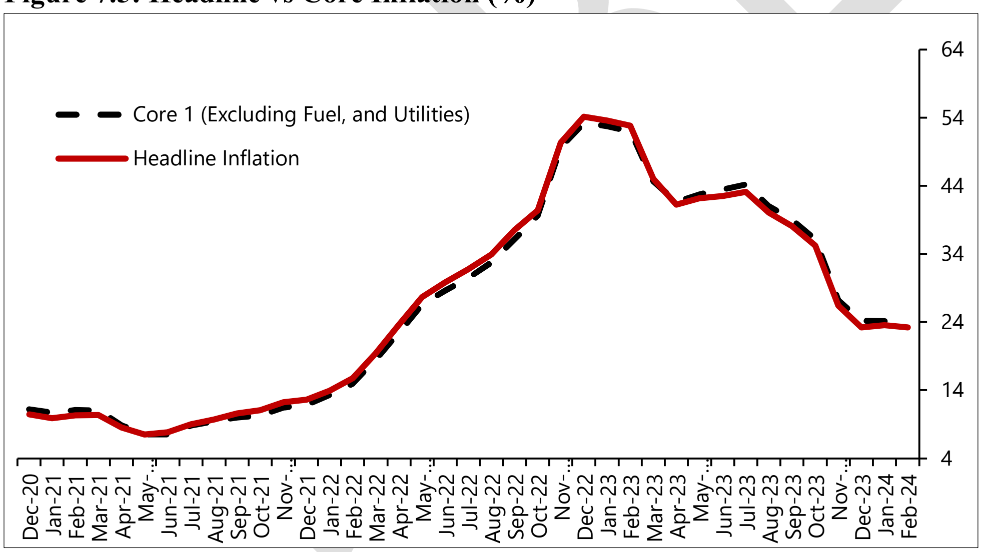
Figure 7.4: Headline Inflation and Target Band (%)



Source: GSS and Bank of Staff Calculations

Consistent with the decline in headline inflation, core inflation also slowed down, indicating continued broad-based easing in underlying inflationary pressures. The Bank's key measure of core inflation, which excludes energy and utility prices, declined to 24.0 percent in February 2024 from 24.2 percent recorded in January 2024.

Figure 7.5: Headline vs Core Inflation (%)

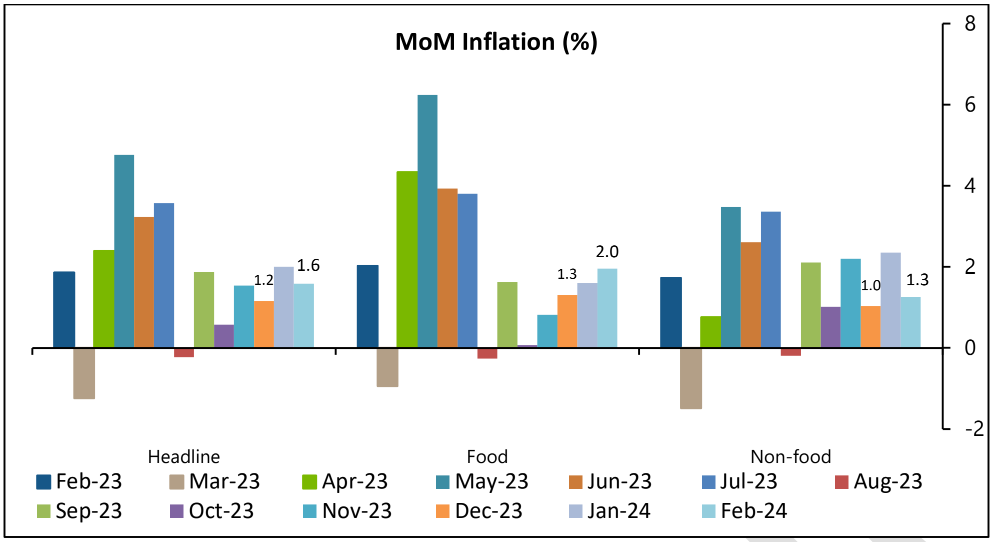


Source: GSS and Bank of Staff Calculations

7.1.1 Monthly Inflation

Month-on-month headline inflation fell to 1.6 percent in February 2024, from 2.0 percent in January 2024. This was driven by a sharp drop in monthly non-food inflation which fell to 1.3 percent in February 2024 from 2.4 percent in January 2024. However, monthly food inflation picked up to 2.0 percent in February 2024 from 1.6 percent in January 2024. The increase in food inflation could partially be attributed to the seasonal fluctuations affecting certain food items which are currently out of season. As these items return to season, it is anticipated that monthly food inflation will revert to its previous disinflation path.

Figure 7.6: Mont-on-Mont Inflation



Source: GSS and Bank of Staff Calculations

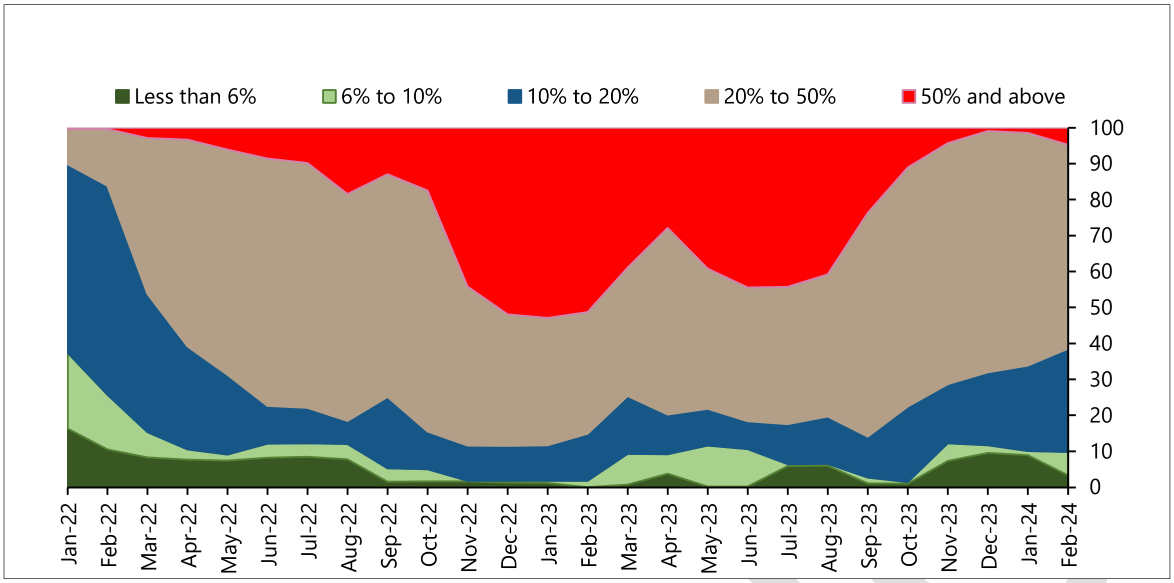
7.1.2 Inflation by Sub-groups

An analysis of inflation by sub-groups showed a relatively broad deceleration of prices in the review period. Inflation dropped for the following sub-groups: clothing and footwear (22.5 percent in February 2024 vs 22.8 percent in January 2024); furnishings, household equipment (25.4 percent vs 27.6 percent); transport (3.5 percent vs 5.6 percent); information and communication (13.5 percent vs 13.6 percent); recreation & culture (25.6 percent vs 25.9 percent); education (19.7 percent vs 19.8 percent); personal care & miscellaneous goods (30.3 percent vs 32.0 percent). In contrast, inflation picked up for hotels, cafes & restaurants (31.9 percent vs 29.2 percent); insurance and financial services (8.9 percent vs 8.6 percent); housing and utilities (22.9 percent vs 22.6 percent) and health (28.1 percent vs 26.6 percent) sub-groups.

7.2 Inflation Outlook

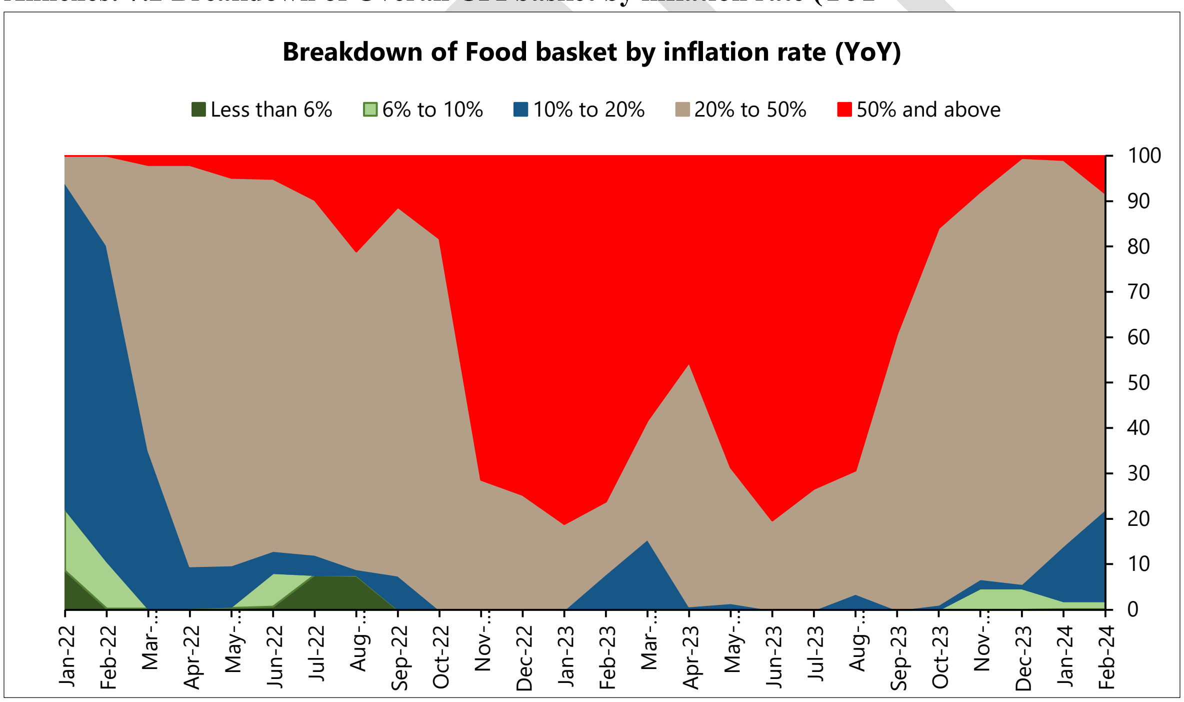
Headline inflation fell sharply in 2023 on the back of tight monetary policy, a relatively stable exchange rate, and increased sterilisation efforts to mop up excess liquidity. Despite the gains in 2023, the pace of disinflation has slowed in the first two months of 2024. Headline inflation inched up in January 2024 but dropped in February 2024. The slowdown in the disinflation process was largely due to exchange rate depreciation and some seasonal variations that have impacted food items that are currently out of season. The latest inflation forecast suggests a slightly elevated profile from the possible upward revision in transport fares, adjustment in utility tariffs, higher ex-pump prices and some pass-through of exchange rate depreciation. On the global front, inflation is expected to decline further, but increasing geopolitical tensions and potential supply constraints associated with developments in the Red Sea could pose major risks to the outlook. Overall, risks to the inflation outlook are slightly on the upside and will require close monitoring and appropriate policy response by the Bank of Ghana when necessary.

Annexes: 7.1 Breakdown of Overall CPI basket by inflation rate (YoY)



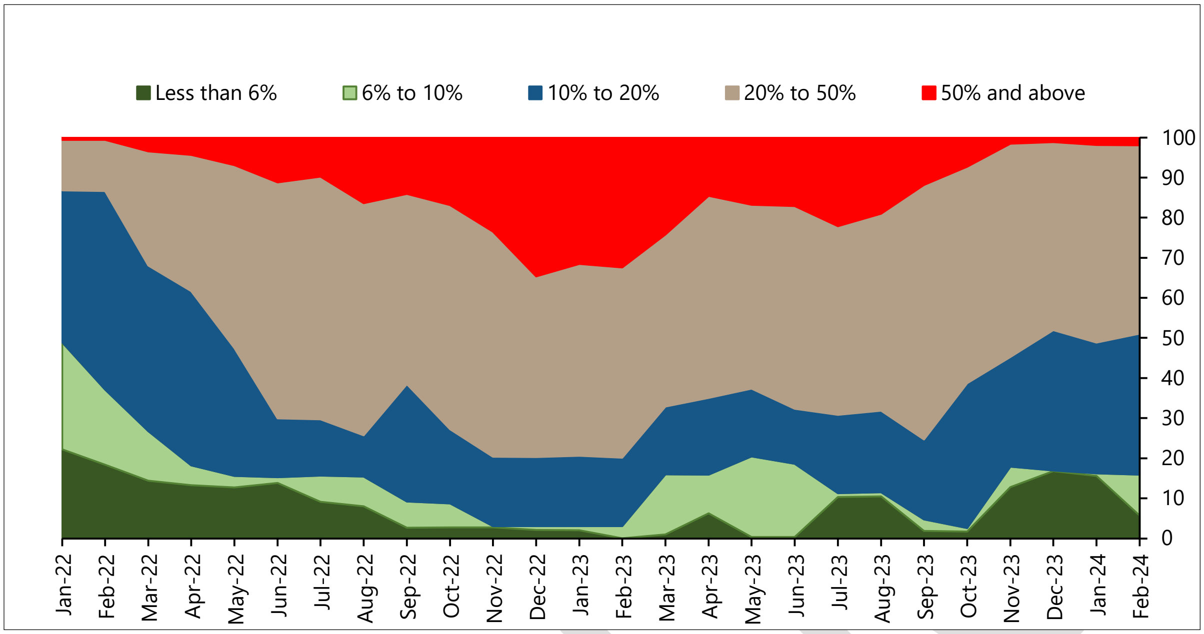
Source: GSS and Bank of Ghana Staff Calculations

Annexes: 7.2 Breakdown of Overall CPI basket by inflation rate (YoY



Source: GSS and Bank of Staff Calculations

Annexes 7.3: Breakdown of Non-food basket by inflation rate (YoY



Annexes Table 7.1: Headline Inflation

	Combined	**Food**	**Non-food**	**Combined**	**Food**	**Non-food**
Dec-20	10.4	14.1	7.7	0.9	1.5	0.4
Dec-21	12.6	12.8	12.5	1.2	1.2	1.2
2022						
Mar	19.4	22.4	17.0	4.0	4.5	3.7
Jun	29.8	30.7	29.1	3.0	2.3	3.6
Sep	37.5	38.8	36.5	3.3	3.3	3.4
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
Oct	35.2	44.8	27.7	0.6	0.1	1.0
Nov	26.4	32.2	21.7	1.5	0.8	2.2
Dec	23.2	28.7	18.7	1.2	1.3	1.0
2024						
Jan	23.5	27.1	20.5	2.0	1.6	2.4
Feb	**23.2**	**27.0**	**20.0**	**1.6**	**2.0**	**1.3**
Source: Ghana Statistical Service						

Annexes Table 7.2: CPI Components (%)

CPI Components (%)	Weghts (%)	2020	2021	2022				2023						2024	
		Dec	Dec	Mar	Jun	Sept	Dec	Jan	Feb	Mar	Jun	Sept	Dec	Jan	Feb
Overall	100.0	10.4	12.6	19.4	29.8	37.2	54.1	53.6	**52.8**	45.0	42.5	38.1	23.2	23.5	**23.2**
Food and Beverages	43.1	14.1	12.8	22.4	30.7	37.8	59.7	61.0	**59.1**	50.8	54.2	49.3	28.7	27.1	**27.0**
Non-food	56.9	7.7	12.5	17.0	29.1	36.5	49.9	47.8	**47.9**	40.6	33.4	29.3	18.7	20.5	**20.0**
Alcoholic Beverages, Tobacco & Narcotics	3.7	6.0	9.6	11.4	21.4	22.0	38.5	43.3	**44.5**	41.2	43.9	49.4	38.2	38.5	**38.5**
Clothing and footwear	8.1	7.9	8.6	12.2	23.8	28.7	41.9	43.5	**43.7**	38.3	33.9	32.5	22.3	22.8	**22.5**
Housing and Utilities	10.2	20.1	20.7	21.4	38.4	68.8	82.3	71.1	**69.6**	64.7	49.2	28.6	19.5	22.6	**22.9**
Furnishings, Household Equipment	3.2	4.7	9.6	18.5	39.6	51.5	71.5	71.7	**69.8**	67.4	54.2	44.9	26.9	27.6	**25.4**
Health	0.7	6.0	6.0	8.8	12.8	22.8	34.4	35.0	**33.5**	27.9	37.2	31.3	23.0	26.6	**28.1**
Transport	10.1	4.8	17.6	27.6	41.6	46.8	71.4	68.8	**70.3**	52.0	32.3	25.9	4.4	5.6	**3.5**
Information and Communication	3.6	7.0	9.0	13.4	14.5	14.9	21.5	22.9	**21.1**	15.8	21.6	21.1	14.2	13.6	**13.5**
Recreation & Culture	3.5	1.8	11.4	17.0	31.3	36.3	42.4	41.6	**42.0**	32.8	29.7	30.1	24.9	25.9	**25.6**
Education	6.5	0.2	1.0	2.9	4.4	8.3	11.3	10.8	**12.4**	7.9	14.3	11.3	13.9	19.8	**19.7**
Hotels, cafes and restaurants	4.6	5.4	8.9	12.6	20.2	11.1	9.2	9.6	**9.2**	6.9	4.7	19.5	28.0	29.2	**31.9**
Insurance and Financial services	0.2	3.3	6.3	3.0	5.8	13.6	10.8	11.7	**11.5**	10.5	10.7	5.0	8.1	8.6	**8.9**
Personal care, social protection & Miscellaneous services	2.4	3.8	10.6	17.0	31.7	42.6	60.9	63.1	**62.5**	53.7	55.1	49.2	31.1	32.0	**30.3**

Source: Ghana Statistical Service