



# **BANK OF GHANA**

## **MONETARY POLICY REPORT**

**July 2024**

*The Monetary Policy Report highlights the economic and financial sector assessments that the Monetary Policy Committee (MPC) considered prior to the policy decision during the 119<sup>th</sup> meeting held in July 2024.*

**Monetary Policy Objective in Ghana**

*The primary objective of the Bank of Ghana is to ensure stability in the general level of prices which has been defined as maintaining inflation over the medium term, within a band of  $8 \pm 2$  percent. Without limiting the primary objective, the Bank is also expected to support the general economic policy of the government, promote economic growth and development, foster the effective and efficient operation of the banking and credit system; and contribute to the promotion and maintenance of financial stability.*

**Monetary Policy Strategy**

*To achieve the objective of price stability, Bank of Ghana was granted operational independence to use whichever policy tools it sees 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 established 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 growth outturn was better than expected in the first half of the year.** This unexpected growth was due to improvements in the services sector in the Euro Area, as well as increased consumer spending and policy support in China, which offset the continued weaknesses in the property sector. The IMF World Economic Outlook projects growth at 3.2 percent for 2024 and at 3.3 percent for 2025.

**Tight global financing conditions have persisted, underpinned by a cautious approach to rate cuts in advanced countries.** The tight monetary policy stance by central banks in advanced economies has broadly led to higher long-term bond yields and triggered exchange rate pressures in Emerging Market and Developing Economies (EMDEs).

**Global headline inflation remains on a downward trajectory, although the disinflation process is expected to slow.** The decline in headline inflation in several countries, observed in the first half of the year, was on the back of the sustained tight monetary policy stance by most central banks and broadly anchored inflation expectations. In the outlook, strong nominal wage growth, which may de-anchor inflation expectations in the short term, is expected to pose some risks to the disinflation process.

**On the domestic front, provisional GDP growth for the first quarter of the year pointed to a strong growth recovery.** The latest release by the Ghana Statistical Service showed real GDP growth at 4.7 percent in the first quarter of 2024, higher than the 3.1 percent recorded in the same period of 2023. The Bank's high frequency real sector indicators, which provides a leading indicator of future GDP growth outcomes, reflected a pickup in economic activity. In May 2024, the updated real CIEA recorded an annual growth of 3.3 percent, compared to a contraction of 3.7 percent in May 2023.

**Recent price developments suggest a resumption of the disinflation process.** In June 2024, headline inflation eased to 22.8 percent, from 23.1 percent in May, and 25.0 percent in April. The decline in headline inflation was attributed to a deceleration in non-food inflation by 2.0 percentage points to 21.6 percent in June. Food inflation, on the other hand, increased by 1.4 percentage points to 24.0 percent over the same period. The Bank's main core inflation measure, which excludes energy and utility items from the consumer basket, declined to 22.1 percent in June 2024, from 22.6 percent in May.

**Fiscal policy implementation so far has been on track and aligned with the programme.** Staying on the course of the fiscal consolidation path for the rest of the year should lock -in stability in the overall macroeconomic conditions.

**Reserve build-up has been strong in the first half of the year.** The external payments position improved in the first half of the year. The current account surplus significantly improved, aided by strong gold exports, robust remittances, and the effect of the debt suspension. This development, along with the Domestic Gold Purchase Programme, helped reserves accumulate faster than envisaged under the IMF-supported programme.

**The Ghana cedi came under pressure in the first half of the year.** From the beginning of the year to 19th July 2024, the Ghana cedi depreciated by 19.6 percent against the US dollar, compared with 22.1 percent for the same period last year. The cedi's performance has improved recently, reflecting the continued tight monetary policy stance, implementation of the dynamic Cash Reserve Ratio (CRR) to mop excess liquidity, revised regulations on advanced payments for imports by the Bank, and positive sentiments from the release of the second tranche of the IMF Extended Credit Facility and agreement in principle with external creditors.

# 1. Global Economic Developments

## 1.0 Highlights

Notwithstanding the fact that the global economy continues to show signs of strengthening, headwinds to growth remain. The pace of disinflation is expected to slow, reflecting persistent services inflation in an environment characterized by tight labour markets that are adjusting only gradually. Financial conditions are easing, supported by buoyant corporate valuations despite the relatively high interest rates. Interest rate differentials have triggered exchange rate depreciation in some EMDEs, making their central banks cautious about rate cuts.

## 1.1 Global Growth Developments

Global economic growth surprised on the upside in many countries in 2024Q1, although there were some notable downside surprises as well. Economic activity moderated in the US due to the weakening of consumption spending and negative contribution from net exports. Cooling of labour markets, weak nominal wage growth, and diminished stocks of excess savings in the US contributed to the moderation in consumption spending. Expansion in the Euro Area and the UK were led by improvements in services activity. Potential swings in economic policy due to elections in several countries in 2024 have heightened global uncertainties. As a result, global consumer spending, which underpinned the post-COVID recovery, remained subdued at the close of the second quarter of the year. High frequency indicators such as the PMI point to the likelihood of slower expansion in the months ahead. The latest IMF World Economic Outlook growth projections are unchanged at 3.2 percent in 2024 and slightly higher at 3.3 percent in 2025. For Emerging Market and Developing Economies (EMDEs), growth has been revised upwards to 4.3 percent in both 2024 and 2025, driven by strong activity in China and India.

**Table 1.1: Global Growth Projections (%)**

	Year over Year		
	Estimates	Projections	
		2024	2025
	2023		
<b>World</b>	<b>3.3</b>	<b>3.2</b>	<b>3.3</b>
<b>Advanced Economies</b>	<b>1.7</b>	<b>1.7</b>	<b>1.8</b>
United States	2.5	2.6	1.9
Euro Area	0.5	0.9	1.5
Germany	-0.2	0.2	1.3
France	1.1	0.9	1.3
Italy	0.9	0.7	0.9
Spain	2.5	2.4	2.1
Japan	1.9	0.7	1.0
United Kingdom	0.1	0.7	1.5
Canada	1.2	1.3	2.4
Other Advanced Economies	1.8	2.0	2.2
<b>Emerging Market and Developing Economies</b>	<b>4.4</b>	<b>4.3</b>	<b>4.3</b>
China	5.2	5.0	4.5
India	8.2	7.0	6.5
Russia	3.6	3.2	1.5
Brazil	2.9	2.1	2.4
Mexico	3.2	2.2	1.6
Sub-Saharan Africa	<b>3.4</b>	<b>3.7</b>	<b>4.1</b>
Nigeria	2.9	3.1	3.0
South Africa	0.7	0.9	1.2

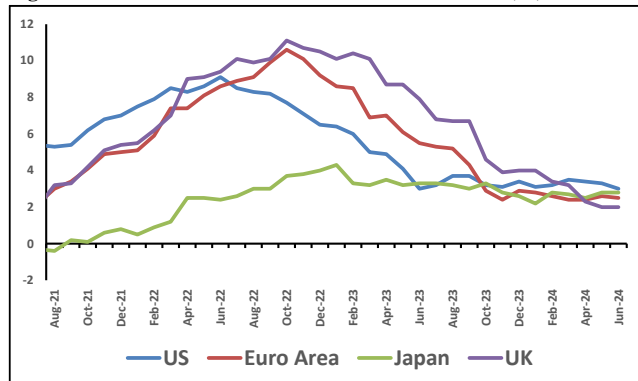
Source: IMF, WEO July, 2024, Update

Source: IMF, WEO April 2024, Update

## 1.2 Global Price Developments

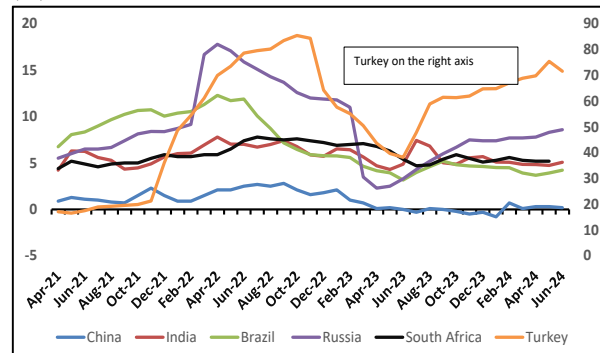
Global headline inflation remains on a downward trajectory. However, the pace of disinflation is expected to slow, reflecting persistent services inflation. Inflation remains above target in many advanced economies and EMDEs, sustained by relatively strong nominal wage growth and still-elevated short-term inflation expectations. Oil prices are falling as weaker-than-expected economic data from China in 2024Q2 sparked demand concerns. The FAO food price index remained unchanged in June, with increases in vegetable oil, sugar, and dairy products being balanced out by a decrease in the price for cereals. Longer-term inflation expectations remain anchored, reflecting the continued tightening policy stance of central banks and the gradual decline in headline and core inflation. In the outlook, progress on disinflation is expected to slow amid the persistence in services inflation and rising manufacturing input costs.

**Figure 1.1: Headline Inflation in Advanced Economies (%)**



Source: Trading Economics

**Figure 1.2: Headline Inflation in Emerging Market Economies (%)**



Source: Trading Economics

## 1.3 Global Financial Markets Developments

Global financial conditions are easing, mainly due to buoyant corporate valuations. Central banks in advanced economies continue to maintain tight policy stance due to persistently high inflation. Consequently, markets' expectations of the number of policy rate cuts to be delivered in 2024 have been revised downwards. In some EMDEs, interest rate differentials have triggered exchange rate depreciation, making their central banks cautious about rate cuts. In addition, longer-term bond yields have drifted upwards, in tandem with repricing of policy paths. Meanwhile, lower equity risk premia and higher short- and long-term earnings expectations boosted equity markets despite the elevated geopolitical tensions. In the outlook, financial conditions are expected to remain relatively tight as the risk of elevated inflation raises the prospects of higher-for-longer interest rates, which in turn could increase external, fiscal, and financial risks. Also, the slower pace of policy easing could exacerbate financial market volatility and reverse the gains in the stock market. Emerging market currencies may come under further pressure, with narrowing of interest rate differentials.

**Table 1.2: Monetary Policy Stance of Selected Central Banks**

Country	Policy rate - Previous (%)	Policy Rate Current (%)	Forecast	Inflation May, 2024	Inflation June, 2024	Real rate	Infl Target	Overall Fiscal Deficit (2023,% of GDP)	GDP Growth (Dec.2023)	Gross Debt/GDP (2023,%)	YTD Depr/June 17th
U.S	5.5	5.5	5.5	3.3	3	2.5	2%	-8.8	2.5	122.1	
Euro Area	4.25	4.25	4.25	2.6	2.5	1.75	< 2%	-3.5	0.4	88.6	-0.90
UK	5.25	5.25	5.0	2	2	3.25	2%	-6	0.1	101.1	0.02
Japan	0.1	0.1	0.0	2.8	2.8	-2.7	2%	-5.8	1.9	252.4	-9.71
Russia	16	16	18	8.3	8.6	7.4	4%	-2.3	3.6	19.7	0.98
India	6.5	6.5	6.5	4.75	5.08	1.42	4±2%	-8.6	7.8	82.7	-0.46
Brazil	10.5	10.5	9.75	3.93	4.23	6.27	4.5±1.5%	-7.9	2.9	84.7	-11.49
Turkey	50	50	50	75.45	71.6	-21.6	5±2%	-5.5	4.5	28.9	-10.74
Malaysia	3	3	3.0	2.0		1.0	3% - 4%	-4.4	3.7	67.3	-4.98
Indonesia	6.25	6.25	6.25	2.84	2.5	3.74	3.5% ± 1%	-1.6	5	39.9	-4.35
Chile	6	5.75	5.75	4.1	4.2	1.55	3±1%	-2.2	0.2	39.4	-4.75
Ghana	29	29		23.1	22.8	6.2	8±2%	-4.6	2.3	86.1	-19.5
South Africa	8.25	8.25	8.25	5.2		3.05	3% -6%	-6	0.6	73.9	0.897
Nigeria	24.75	26.25	26.25	33.95	34.19	-7.94	6% -9%	-4.2	2.9	46.3	-43.54
Kenya	13	13	13.0	5.1	4.6	8.4	2.5-7.5%	-5.3	5.5	73.3	18.27
Zambia	12.5	13.5	13.5	14.7	15.2	-1.7	9%	-6.8	4.3	115.2	-1.7
Morocco	3	2.75	2.8	0.4		2.4		-4.4	3	70.6	0.50
Angola	19	19.5	19.5	30.2	31	-11.5	9-11%	-0.1	0.5	84.5	-5.26
Egypt	27.25	27.25	27.25	28.1	27.5	-0.25	7± 2%	-5.8	3.8	95.9	-35.9

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

## 1.4 Currency Markets

On the international currency market, the US dollar strengthened in June but has since weakened as investors anticipate a rate cut in September, supported by the decline in inflation in June, and softer-than-expected US economic data. The pressure on the cedi eased somewhat in June from elevated pressures in May. The easing pressure was on the back of the revised regulations on advanced payments for imports by the central bank, and steadfast implementation of the new Cash Reserve Ratio (CRR) regime. Also, positive sentiments from the third tranche of the IMF ECF, the breakthrough with the external debt restructuring, as well as the Fed's expected rate cut supported the recovery in the cedi. The domestic currency depreciated by 18.6 percent, 17.9 percent, and 16.0 percent against the dollar, the pound, and the euro, respectively, on a year-to-date basis. This was against a depreciation of 22.0 percent, 26.3 percent, and 23.8 percent against the dollar, the pound, and the euro, respectively, during the same period in 2023.

In the outlook, the tight monetary policy stance in Ghana and forward guidance on policy rate cuts in some advanced economies are expected to work through the expectations channel to help ease pressure on the cedi. Also, strong liquidity management and continued Forex auctions are expected to support the forex market. However, fiscal spending amid upcoming elections remains an upside risk to the stability of the cedi.

**Table 1.3: Interbank Exchange Rates**

	US\$/GHC*	Monthly depreciation/a ppreciation	Year-to-Date depreciation/appreciation	GBP/GHC*	Monthly depreciation/a ppreciation	Year-to-Date depreciation/appreciation	Euro/GHC*	Monthly depreciation/appreciation	Year-to-Date depreciation/a ppreciation
<b>2022</b>									
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
<b>2023</b>									
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
<b>2024</b>									
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
Mar	12.8770	-3.2	-7.74	16.2617	-2.8	-6.94	13.9031	-2.7	-5.59
Apr	13.2739	-3.0	-10.50	16.6243	-2.2	-8.97	14.1900	-2.0	-7.50
May	14.1301	-6.1	-15.92	17.9996	-7.6	-15.92	15.3345	-7.5	-14.40
June	14.5860	-3.1	-18.55	18.4375	-2.4	-17.92	15.6270	-1.9	-16.00

Source: Bank of Ghana Staff Calculations

The cedi depreciated by 19.9 percent in nominal trade weighted terms, and 22.5 percent in forex transaction weighted terms, on a year-to-date basis against major trading partners currencies. This is against a depreciation of 30.7 percent, and 28.6 percent, in nominal trade weighted terms and nominal foreign exchange transaction weighted terms, respectively, over the same period in 2023.

In real bilateral terms, the cedi depreciated by 11.4 percent, 9.5 percent, and 7.7 percent, against the dollar, the pound sterling, and the euro, respectively, on a year-to-date basis. For the corresponding period in 2023, the cedi's real exchange rate had depreciated by 16.36 percent, 23.03 percent and 18.16 percent against the dollar, the pound sterling, and the euro, respectively.

The cedi depreciated by 8.4 percent and 11.1 percent in real trade weighted terms and real forex transaction weighted terms, respectively, on a year-to-date basis. This compares with depreciations of 18.3 percent and 16.6 percent, in real trade weighted terms and real forex transaction weighted terms, respectively, for the same period in 2023.



Table 1.4: Nominal Effective Exchange Rate

	2021=100		Monthly CHG (%)		Year-to-Date (%)	
	FXTWI	TWI	FXTWI	TWI	FXTWI	TWI
<b>2023</b>						
<b>Jan-23</b>	53.91	58.69	-26.12	-27.59	-26.12	-27.59
<b>Feb-23</b>	53.00	58.90	-1.72	0.35	-28.29	-27.15
<b>Mar-23</b>	52.87	57.65	-0.25	-2.17	-28.60	-29.90
<b>Apr-23</b>	53.09	57.14	0.40	-0.89	-28.09	-31.05
<b>May-23</b>	53.12	58.45	0.07	2.25	-28.00	-28.11
<b>Jun-23</b>	52.89	57.30	-0.43	-2.02	-28.55	-30.69
<b>Jul-23</b>	52.82	56.85	-0.14	-0.78	-28.74	-31.71
<b>Aug-23</b>	52.82	57.46	-0.01	1.06	-28.75	-30.32
<b>Sep-23</b>	52.44	58.22	-0.71	1.30	-29.67	-28.62
<b>Oct-23</b>	50.77	56.37	-3.30	-3.29	-33.94	-32.85
<b>Nov-23</b>	50.07	54.33	-1.39	-3.75	-35.80	-37.83
<b>Dec-23</b>	48.92	52.54	-2.36	-3.41	-39.01	-42.52
<b>2024</b>						
<b>Jan-24</b>	48.36	52.70	-1.15	0.30	-1.15	0.30
<b>Feb-24</b>	46.71	50.96	-3.54	-3.42	-4.73	-3.11
<b>Mar-24</b>	45.22	49.38	-3.30	-3.20	-8.18	-6.41
<b>Apr-24</b>	43.91	48.38	-2.97	-2.06	-11.40	-8.60
<b>May-24</b>	41.18	44.77	-6.63	-8.05	-18.78	-17.35
<b>Jun-24</b>	39.94	43.83	-3.11	-2.16	-22.48	-19.88

Source: Bank of Ghana Staff Calculations

Table 1.5: Real Bilateral Exchange Rate

Month	RER Index (Jan.2021=100)			MONTHLY CHANGE (Index)			Year-to-Date (%)		
	EUR	GBP	USD	EUR	GBP	USD	EUR	GBP	USD
<b>2023</b>									
<b>Jan-23</b>	91.29	89.44	81.79	-25.37	-25.51	-24.79	-25.37	-25.51	-24.79
<b>Feb-23</b>	92.93	90.51	81.24	1.75	1.19	-0.68	-23.17	-24.03	-25.63
<b>Mar-23</b>	88.73	86.44	79.97	-4.73	-4.70	-1.59	-28.99	-29.86	-27.64
<b>Apr-23</b>	89.30	86.33	81.93	0.64	-0.14	2.39	-28.25	-28.48	-24.59
<b>May-23</b>	96.24	90.58	85.45	7.23	4.71	4.15	-18.91	-23.90	-19.42
<b>Jun-23</b>	96.86	91.24	87.72	0.65	0.72	2.58	-18.16	-23.03	-16.36
<b>Jul-23</b>	99.54	93.88	90.62	2.69	2.81	3.21	-14.98	-19.58	-12.63
<b>Aug-23</b>	100.03	94.40	89.89	0.49	0.55	-0.81	-14.42	-18.92	-13.55
<b>Sep-23</b>	103.16	98.44	90.45	3.03	4.11	0.62	-10.95	-14.04	-12.84
<b>Oct-23</b>	100.32	96.19	88.09	-2.84	-2.33	-2.68	-14.10	-16.70	-15.87
<b>Nov-23</b>	98.42	93.25	88.67	-1.93	-3.15	0.65	-16.30	-20.38	-15.11
<b>Dec-23</b>	95.90	91.11	87.82	-2.62	-2.35	-0.96	-19.35	-23.21	-16.22
<b>2024</b>									
<b>Jan-24</b>	98.89	92.57	87.94	3.02	1.57	0.14	3.02	1.57	0.14
<b>Feb-24</b>	96.51	90.72	85.73	-2.46	-2.03	-2.58	0.63	-0.43	-2.44
<b>Mar-24</b>	93.63	88.07	83.15	-3.08	-3.01	-3.11	-2.43	-3.45	-5.63
<b>Apr-24</b>	93.00	87.65	81.79	-0.68	-0.59	-1.66	-3.13	-4.06	-7.38
<b>May-24</b>	88.40	82.92	79.12	-5.20	-5.59	-3.38	-8.49	-9.88	-11.01
<b>Jun-24</b>	89.04	83.17	78.84	0.73	0.30	-0.34	-7.70	-9.54	-11.39

Source: Bank of Ghana Staff Calculations

**Table 1.6: Real Effective Exchange Rate for Major Trade Partners**

RTWI and FXRTWI						
Month	INDEX (2021=100)		MONTHLY CHG		Year-to-Date (%)	
	RFXTWI	RTWI	RFXTWI	RTWI	RFXTWI	RTWI
<b>2023</b>						
<b>Jan-23</b>	82.64	89.80	-24.85	-25.31	-24.85	-25.31
<b>Feb-23</b>	82.26	91.00	-0.46	1.32	-25.43	-23.66
<b>Mar-23</b>	80.74	87.31	-1.88	-4.23	-27.79	-28.88
<b>Apr-23</b>	82.59	88.02	2.24	0.81	-24.92	-27.85
<b>May-23</b>	86.39	94.24	4.39	6.58	-19.43	-19.43
<b>Jun-23</b>	88.46	95.09	2.34	0.92	-16.62	-18.34
<b>Jul-23</b>	91.34	97.80	3.16	2.77	-12.95	-15.06
<b>Aug-23</b>	90.72	98.12	-0.68	0.32	-13.73	-14.69
<b>Sep-23</b>	91.53	100.94	0.88	2.80	-12.73	-11.47
<b>Oct-23</b>	89.14	98.22	-2.68	-2.77	-15.75	-14.56
<b>Nov-23</b>	89.47	96.60	0.37	-1.68	-15.32	-16.49
<b>Dec-23</b>	88.49	94.36	-1.11	-2.37	-16.60	-19.25
<b>2024</b>						
<b>Jan-24</b>	88.83	96.79	0.39	2.51	0.39	2.51
<b>Feb-24</b>	86.63	94.48	-2.54	-2.44	-2.14	0.13
<b>Mar-24</b>	84.01	91.66	-3.12	-3.07	-5.33	-2.94
<b>Apr-24</b>	82.71	90.91	-1.56	-0.83	-6.98	-3.80
<b>May-24</b>	79.87	86.61	-3.56	-4.96	-10.79	-8.95
<b>Jun-24</b>	79.67	87.09	-0.25	0.55	-11.06	-8.35

Source: Bank of Ghana Staff Calculations

### 1.5 Global Economic Outlook and Risks

The global economy is showing signs of strengthening, although headwinds to growth remain. The pace of disinflation is expected to slow, reflecting persistent services inflation. Financial conditions are easing somewhat, supported by buoyant corporate valuations, but risks remain while interest rate differentials have triggered exchange rate depreciation in some EMDEs. Risks to inflation from the external environment are elevated. Policy rates in advanced economies are expected to remain higher-for-longer due to the persistence in headline inflation, which may sustain the pressure on EMDE currencies. Elections in many countries this year have heightened uncertainty.

## 2. External Sector Developments

### 2.0 Highlights

*The external payments position improved in the first half of the year. The current account recorded a surplus which was significantly higher than same time last year. The improvement was supported by strong gold exports, robust remittances. This development, along with the Domestic Gold Purchase Programme, helped with a faster reserves accumulation.*

### 2.1 Commodity Price Trends

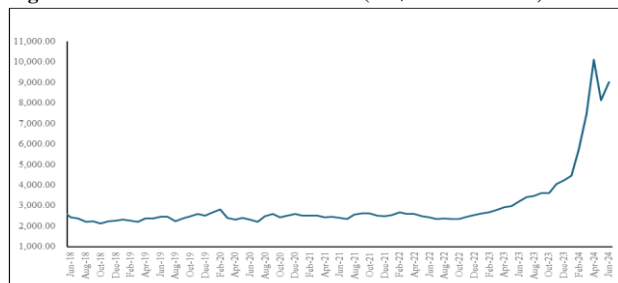
Cocoa futures bounced back in June, reaching US\$9,022.6 per tonne after a drop of 19.2 percent in May. Tight supply, spurred by extreme weather conditions and diseases amid increasing demand, supported the price increase. From January to June 2024, cocoa prices soared by 113.02 percent, mainly on the back of tight supply.

Crude oil prices were broadly stable in June, gaining just 0.01 percent to settle at an average price of US\$83.01 per barrel. Prices were supported by escalating geopolitical tension in Europe and Middle East, notwithstanding OPEC+'s decision to boost supply later in the year. Since January 2024, crude oil prices have increased by 7.4 percent, mainly on concerns about supply disruptions due to geopolitical tensions and the planned output cut by OPEC+.

Spot gold dropped marginally by 1.1 percent to close at an average price of US\$2,325.34 per fine ounce in June 2024. Gold prices were weighed down by a rising US dollar and increasing Treasury yields but losses were moderated by safe-haven demand amid tensions in the Middle East and rising bets that the U.S. Federal Reserve might reduce interest rates later in the year. From the beginning of the year to date, gold prices have increased by 14.2 percent, largely explained by expectation of rates cuts by the Fed, and geopolitical tension that boosted the safe haven appeal of the metal.

#### 2.1.1 Commodity Price Index

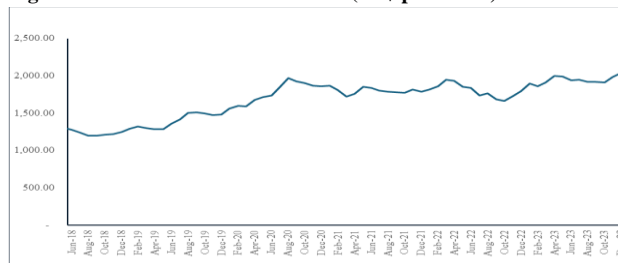
Prices of Ghana's key export commodities increased on the global commodities market. The weighted average price of the three major commodities exported by Ghana (cocoa, gold, and crude oil) increased in the month of June 2024. The index rose to 196.68 from 190.74 in the previous month, representing an increase of 3.1 percent. The increase was on account of a rise in the cocoa and crude oil sub-indices, which was enough to outweigh the fall in the gold sub-index. The cocoa sub-index grew by 11.1 percent while the crude oil sub-index remained almost unchanged at 0.01 percent and the gold sub-index fell by 1.1 percent.

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

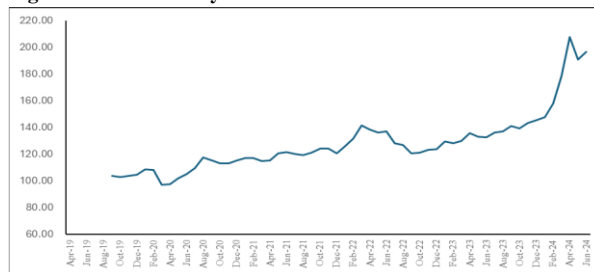
Source: Reuters

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

Source: Reuters

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

Source: Reuters

**Figure 2.4: Commodity Price Index**

Source: BOG Staff Computations

## 2.2 Trade Balance

The trade balance recorded a provisional surplus of US\$1.81 billion in the first half of the year, higher than the surplus of US\$1.60 billion recorded in the corresponding period of 2023. The improved trade surplus resulted from a higher increase in exports relative to imports. Total exports increased by US\$1.09 billion (13.4%) to US\$9.23 billion, mainly on the back of strong growth in gold and crude oil exports. The value of gold exports increased by 46.4 percent to US\$5.04 billion, driven by both volume and price increases. The volume of gold exports increased by 28.9 percent to 2.4 million ounces, driven largely by higher output from small-scale mining, while realized prices of gold increased by 13.6 percent to US\$2,094.5 per fine ounce. Earnings from crude oil exports reached US\$1.98 billion, from US\$1.66 billion in the same period last year. Receipts from cocoa exports, both beans and products, declined by 47.4 percent, from US\$1.454 billion in the first half of 2023, to US\$760 million in the first half of 2024. The sharp drop in the value of cocoa exports reflected the challenges in the cocoa sector, including extreme weather conditions, diseases and smuggling. The value of “other exports” (including non-traditional exports) went down by 8.7 percent to US\$1.5 billion.

The total imports bill rose by 13.5 percent to US\$7.42 billion in the first half of the year, driven by both oil and non-oil imports. Oil imports increased by 6.1 percent to US\$2.30 billion, with non-oil imports increasing by 17.2 percent to US\$5.12 billion.

## 2.3 Current Account

Provisional data for the first half of the year showed a current account surplus of US\$1.28 billion, representing a 48.2 percent increase over the surplus of US\$863.04 million recorded during the same period in 2023, due largely to an improved trade surplus, and higher remittance inflows. Net remittance flows for the review period increased by 33.2

percent to US\$2.69 billion. Net income payment and payment for services, however, increased by 20.1 percent and 13.6 percent, respectively, to US\$1.23 billion and US\$1.98 billion.

## 2.4 Capital and Financial Accounts

In the capital and financial account, net outflows reduced from US\$1.04 billion in the first half of 2023 to US\$368 million in the first half of 2024. The lower capital outflows recorded is due to higher government loan disbursements, reduced amortizations, and lower portfolio outflows. “Other capital”, including private capital, recorded a net outflow of US\$1.61 billion, compared to an outflow of US\$1.13 billion for the same time in 2023. The current account surplus, together with the reduced capital outflows, resulted in an overall Balance of Payments (BOP) surplus of US\$942.3 million in the first half of 2024, compared to a deficit of US\$341.0 million for the same period in 2023.

## 2.5 International Reserves

Gross international reserves (GIR) at the end of June 2024 stood at US\$6.87 billion, equivalent to 3.1 months of import cover. Meanwhile, GIR (excluding encumbered and petroleum assets) was US\$4.52 billion. This compares with a GIR stock of US\$5.92 billion and GIR (excluding encumbered and petroleum assets) of US\$3.68 billion at the end of December 2023.

## 2.6 Commodity Price Outlook

With the onset of a new crop season portending larger crop sizes in Ghana and Cote d’Ivoire, the cocoa market is expected to be calm and cocoa prices could potentially decrease. Prices will, however, remain high relative to the pre-spike level. The ongoing geopolitical tensions in the Middle East and the expectation of continued production restraint by some OPEC+ producers may continue to lend some support to oil. Gold prices may suffer losses as we move closer to possible Fed rate cuts in the second half of the year.

**Table 2.1: Trade Balance (US\$ million)**

	2020 Jan - Jun	2022 Jan - Jun	2023 Jan - Jun	Prov 2024 Jan - Jun	Abs Y/Y Chg	Rel Y/Y Chg
<b>Trade Balance ( US\$'M)</b>	<b>827.3</b>	<b>1,255.9</b>	<b>1,602.2</b>	<b>1,805.7</b>	<b>203.5</b>	<b>12.7</b>
<b>Total Exports ( US\$'M)</b>	<b>2,801.6</b>	<b>8,658.6</b>	<b>8,140.6</b>	<b>9,228.7</b>	<b>1,088.0</b>	<b>13.4</b>
<b>Gold ( US\$'M)</b>	985.9	3,025.4	3,444.8	5,041.7	<b>1,596.9</b>	<b>46.4</b>
Volume (fine ounces)	625,514	1,642,403.5	1,867,845.1	2,407,117.3	539,272.2	28.9
Unit Price (US\$/fine ounce)	1,576.2	1,842.0	1,844.3	2,094.5	250.2	13.6
<b>Cocoa Beans (US\$'M)</b>	559.3	922.8	1,031.6	403.7	<b>-627.9</b>	<b>-60.9</b>
Volume (tonnes)	226,668	373,563.5	420,734.7	149,846.9	-270,887.9	-64.4
Unit Price (US\$/tonne)	2,467.7	2,470.3	2,451.9	2,694.2	242.3	9.9
<b>Cocoa Products (US\$'M)</b>	157.0	493.0	421.9	356.3	<b>-65.6</b>	<b>-15.6</b>
Volume (tonnes)	49,074	159,369.6	129,309.5	90,245.9	-39,063.6	-30.2
Unit Price (US\$/tonne)	3,199.0	3,093.3	3,262.8	3,947.9	685.0	21.0
<b>Crude Oil (US\$'M)</b>	681.8	2,615.0	1,659.5	1,981.2	<b>321.6</b>	<b>19.4</b>
Volume (barrels)	11,440,215	24,715,450.0	20,960,643.0	23,827,026.0	2,866,383.0	13.7
Unit Price (US\$/bbl)	59.6	105.8	79.2	83.1	4.0	5.0
<b>Other Exports</b>	417.5	1,602.4	1,582.7	1,445.8	-136.9	-8.7
<i>o/w Non-Tradional Exports</i>	349.0	1,251.1	1,210.9	1,117.4	<b>-93.5</b>	<b>-7.7</b>
<b>Total Import (US\$'M)</b>	<b>1,974.2</b>	<b>7,402.7</b>	<b>6,538.4</b>	<b>7,423.0</b>	<b>884.5</b>	<b>13.5</b>
Non-Oil	1,635.8	5,184.2	4,369.9	5,122.2	752.3	17.2
Oil and Gas	338.5	2,218.5	2,168.6	2,300.8	132.2	6.1
<i>of which: Products</i>	293.8	2,117.5	1,949.8	2,094.7	144.9	7.4
Gas (US\$'M)	27.9	101.0	218.8	206.1	-12.7	-5.8

Source: Bank of Ghana

### 3. Real Sector Developments

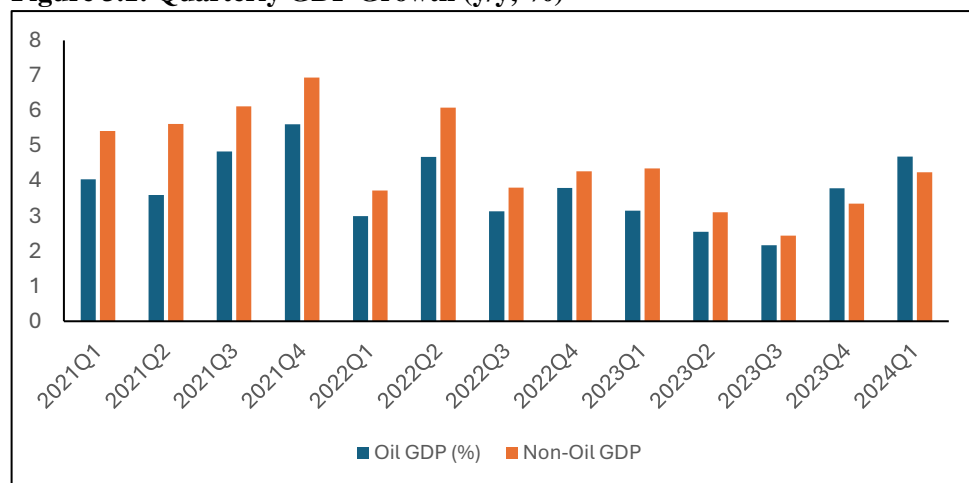
#### 3.0 Highlights

*The GDP growth outturn for the first quarter of 2024 was stronger than expected. Economic activity remained resilient in the context of a generally tight policy stance. This is reflected in the latest GDP data released by the Ghana Statistical Service which showed a growth of 4.7 percent in Q1:2024 and a revision of the overall growth for 2024 to 3.1 percent, from an earlier projection of 2.8 percent. Similarly, recent high frequency indicators of economic activity suggested stronger growth outcomes. Consumer and business confidence sentiments softened, driven by the rapid exchange rate depreciation observed in May and high food prices in June 2024.*

#### 3.1 Economic Growth

The latest data from the Ghana Statistical Service showed that real GDP grew by 4.7 percent in the first quarter of 2024, compared with 3.1 percent recorded in the corresponding quarter of 2023. Non-oil GDP growth was 4.2 percent, compared with 4.4 percent in the same period of 2023. The observed growth outturn was largely driven by a strong rebound in the industry sector, which grew by 6.8 percent, having contracted by 1.4 percent in the corresponding period of last year. The agriculture and services sectors grew by 4.1 percent and 3.3 percent, respectively.

**Figure 3.1: Quarterly GDP Growth (y/y, %)**



Source: Ghana Statistical Service

#### 3.2 Trends in Real Sector Indicators

##### Consumer Spending

Consumer spending, proxied by domestic VAT collections and retail sales, posted a positive performance in May 2024 compared with the corresponding period in 2023. Domestic VAT collections increased by 28.7 percent on a year-on-year basis to GH¢1.36 billion. Cumulatively, total domestic VAT for the first five months of 2024 went up by 14.8 percent to GH¢6.22 billion, compared with GH¢5.42 billion for the corresponding period of last year.

Retail sales increased by 25.5 percent (year-on-year) to GH¢200.27 million in May 2024, up from the GH¢159.57 million recorded in the same period in 2023. On a month-on-month basis, retail sales improved by 6.0 percent in May 2024, from GH¢188.87 million in the preceding month. In cumulative terms, retail sales for the first five months of 2024 went up by 19.1 percent.

### ***Manufacturing Activities***

Activities in the manufacturing sub-sector, gauged by trends in the collection of direct taxes and private sector workers' contributions to the Social Security and National Insurance Trust (SSNIT) Pension Scheme (Tier-1), improved in May 2024. Total direct taxes increased by 43.7 percent (year-on-year) to GH¢4.11 billion in May 2024, relative to GH¢2.86 billion recorded in May 2023. Cumulatively, total direct taxes collected for the first five months of 2024 went up by 31.6 percent to GH¢22.19 billion, compared to GH¢16.86 billion recorded in the first five months of 2023. In terms of contributions of the various sub-tax categories, income tax (PAYE and self-employed) accounted for 48.8 percent, corporate tax accounted for 38.4 percent, while "other tax sources" contributed 12.8 percent.

Total private sector workers' contribution to the SSNIT Pension Scheme (Tier-1) increased by 39.6 percent in year-on-year terms to GH¢470.92 million in May 2024, relative to GH¢337.23 million collected during the corresponding period in 2023. Cumulatively, for the first five months of 2024, the contribution grew by 28.8 percent to GH¢1.97 billion, relative to GH¢1.53 billion recorded in the same period in 2023.

### ***Construction Sector Activities***

Activity in the construction sub-sector, proxied by the volume of cement sales, increased by 10.6 percent (year-on-year) to 235,050.55 tonnes in May 2024, up from 212,584.38 tonnes recorded a year ago. On a month-on-month basis, total cement sales increased by 13.2 percent in May 2024 compared with the 207,691.74 tonnes recorded in April 2024. However, for the first five months of 2024, sales declined marginally by 2.3 percent to 1,132,654.32 tonnes, from 1,158,854.69 tonnes for the same period of 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), increased year-on-year by 36.1 percent to 16,220 in May 2024. Cumulatively, the number of vehicles registered by the DVLA within the first five months of 2024 increased by 10.2 percent to 83,878, from 76,115 recorded a year ago.

### ***Industrial Consumption of Electricity***

Industrial consumption of electricity declined marginally by 1.2 percent in May 2024 to 295.71 gigawatts, as against 299.23 gigawatts recorded for the corresponding period in 2023. In cumulative terms, electricity consumed by industries for the first five months of 2024 decreased by 7.0 percent to 1,399.80 gigawatts, from 1,505.47 gigawatts for the corresponding period a year ago.

### ***Passenger Arrivals***

Passenger arrivals improved by 12.7 percent in year-on-year terms to 98,205 in May 2024, up from 87,156 arrivals recorded a year ago. Compared to April 2024, passenger arrivals went up by 8.1 percent. For the first five months of 2024, there were 497,048 arrivals recorded at the international airports and the land borders, compared with 419,206 for the corresponding period in 2023, representing a growth of 18.6 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 9.4 percent, year-on-year, to 59,639 in May 2024, up from 54,538 in May 2023. In cumulative terms, total container traffic for the first five months of 2024 went up by 14.2 percent to 284,745.

### 3.3 Labour Market Activity

#### *Private Sector Pension Contributors*

Total number of private sector SSNIT contributors, which partially gauges employment conditions, improved by 2.7 percent to 1,007,341 in May 2024, compared with 980,808 for the same period in 2023. Cumulatively, for the first five months of 2024, the total number of private sector contributors increased by 4.8 percent to 5,063,676, from 4,829,487 recorded over the corresponding period in 2023.

#### *Advertised Jobs*

The number of jobs advertised in selected print<sup>1</sup> and online<sup>2</sup> media, which partially gauges labour demand in the economy, remained largely unchanged in June 2024 relative to what was observed in the corresponding period a year ago. In total, 2,968 job adverts were recorded as compared with 2,993 for the same period in 2023. Cumulatively, for the first half of 2024, the total number of advertised jobs went up by 2.4 percent to 17,278, from 16,866 recorded during the same period in 2023.

### 3.4 Composite Index of Economic Activity (CIEA)

The Bank's updated real Composite Index of Economic Activity (CIEA) recorded an annual growth of 3.3 percent in May 2024, compared to a contraction of 3.7 percent observed for the same period in 2023. The key growth drivers of the index over the period were SSNIT contributions from the private sector, imports, port activity, cement sales, exports, passenger arrivals and domestic VAT.

### 3.5 Consumer and Business Surveys

The latest confidence surveys conducted in June 2024 indicated some softening of consumer and business sentiments. The Consumer Confidence Index declined to 81.2 in June 2024, from 87.7 in April 2024, on account of high food prices and some uncertainties about future economic conditions. Similarly, the Business Confidence Index dipped to 88.8 from 92.6 in the same comparative period as businesses expressed concern about the cost implications of the rapid exchange rate depreciation observed in May 2024. These findings were broadly in line with observed trends in Ghana's Purchasing Managers' Index (PMI), which fell below the 50.0 benchmark to 49.7 in June 2024, from 51.6 in the previous month.

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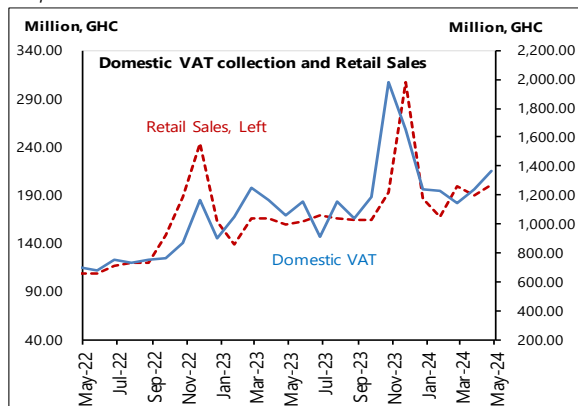
<sup>1</sup> The Daily Graphic newspaper was used to represent print media because it is the most widely circulated daily in Ghana.

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

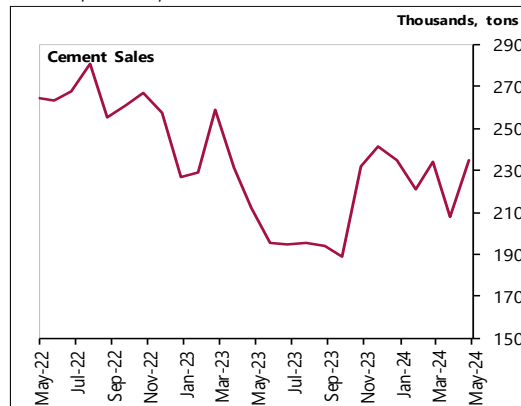


**Figure 3.2: High Frequency Economic Indicators****Panel 1:  
Ghana's Leading Indicators of Economic Activity**

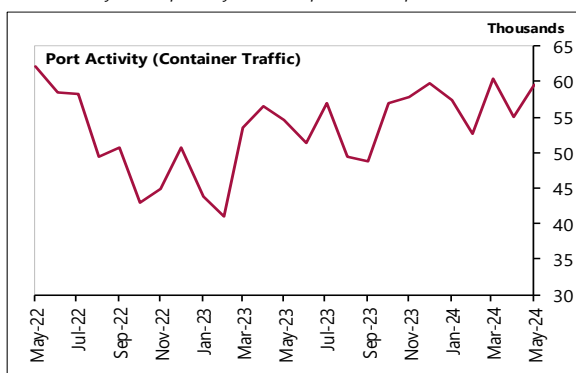
...Domestic VAT collections and retail sales improved in May 2024 compared to April 2024...



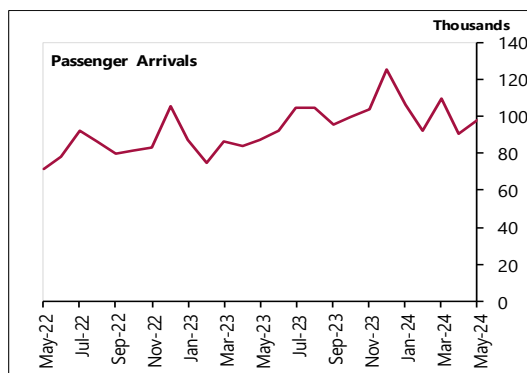
...Construction activities, proxied by cement sales, increased in May 2024 compared to April 2024...



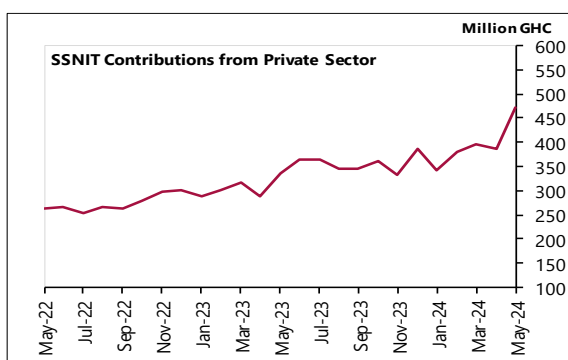
...Port activity went up in May 2024 compared to the previous month...



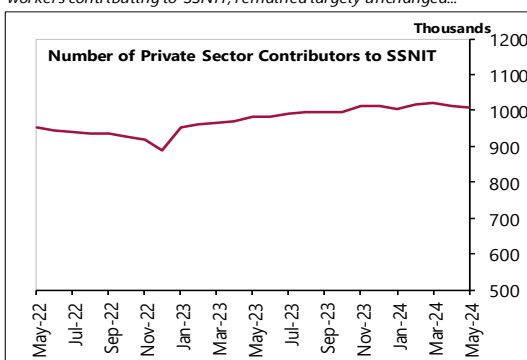
...Passenger arrivals increased in May 2024 compared to April 2024...



...Labour market conditions improved in May 2024 relative to April 2024...



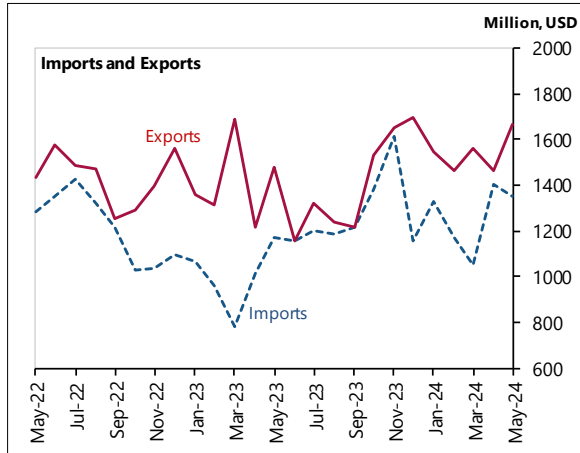
...Labour hiring conditions, proxied by the number of private sector workers contributing to SSNIT, remained largely unchanged...



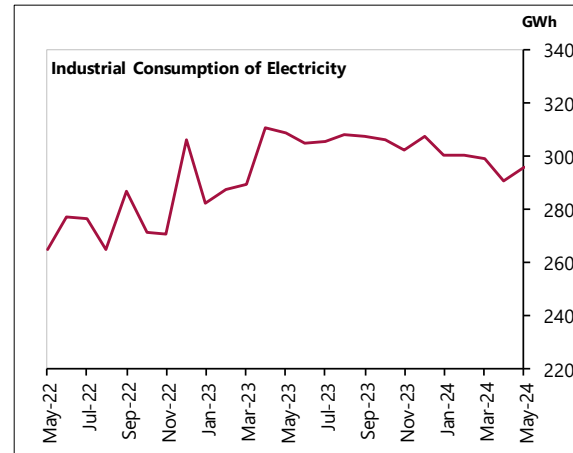
Sources: Bank of Ghana, Various Stakeholders

## Panel 2: Ghana's Leading Indicators of Economic Activity

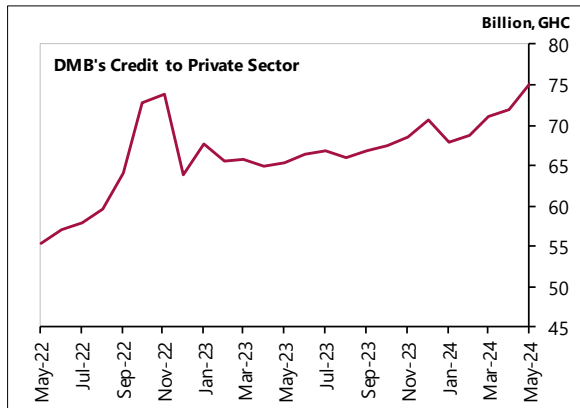
...Exports improved while imports declined in May 2024 compared to April 2024...



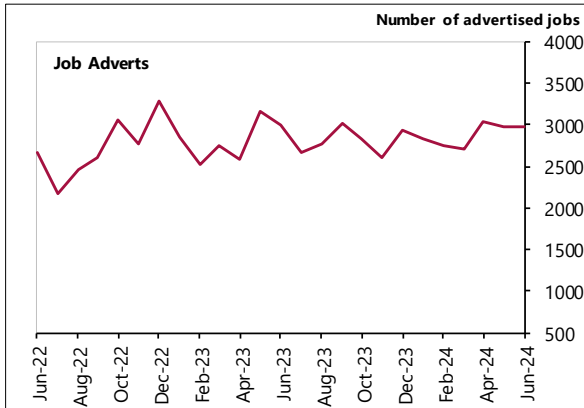
...Industrial activity, proxied by industrial consumption of electricity, increased...



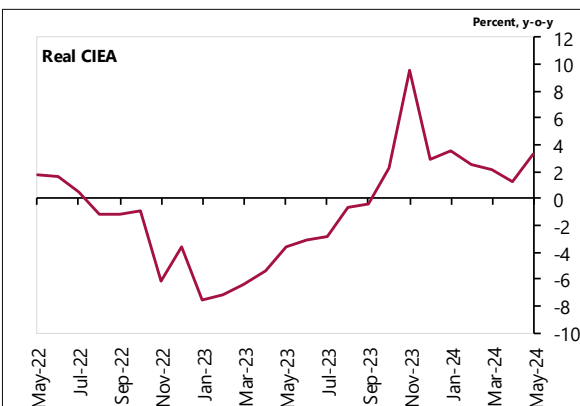
...Commercial banks' credit to the private sector improved in May 2024 relative to the previous month...



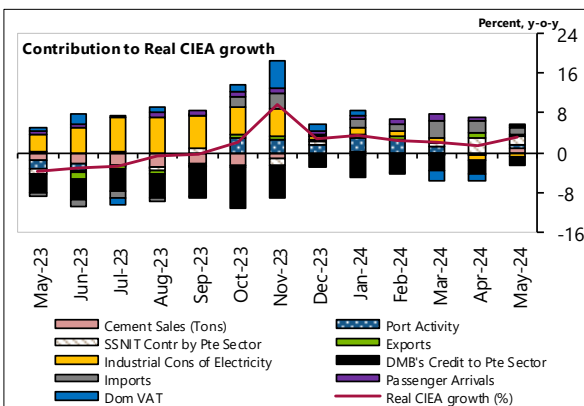
...Demand for labour, proxied by the number of job adverts (in print and online media), remained largely unchanged in June 2024...



...On a year-on-year basis, the real CIEA grew by 3.3 percent in May 2024, compared with a contraction of 3.7 percent in May 2023...



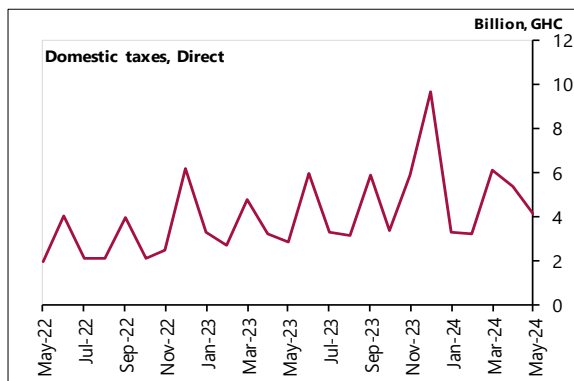
...The growth in the real CIEA was driven by a pick-up in SSNIT contributions from the private sector, Imports, Port Activity, Cement Sales, Exports, Passenger Arrivals and Domestic VAT...



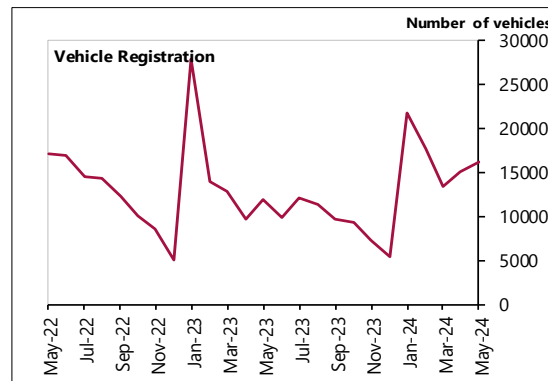
Source: Bank of Ghana, Various Stakeholders

### Panel 3: Ghana's Leading Indicators of Economic Activity

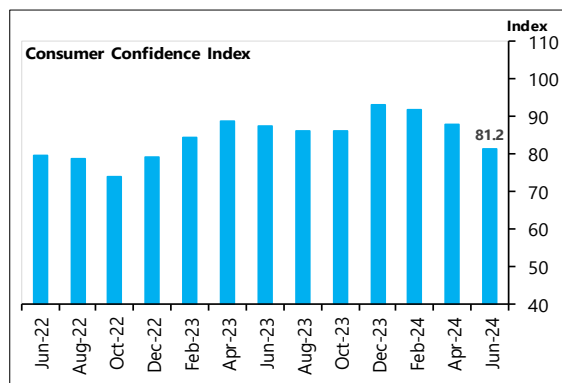
...Domestic tax collection decreased in May 2024 compared to April 2024...



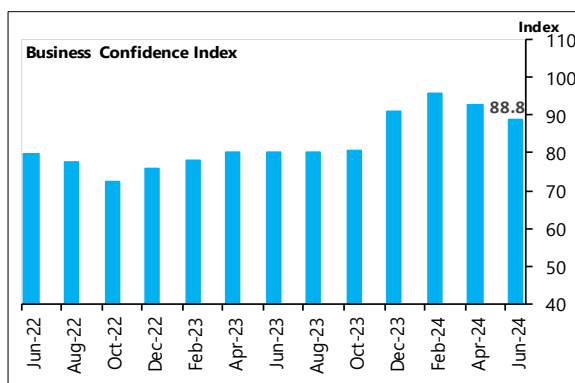
...Vehicle registration increased in May 2024 compared to the month before...



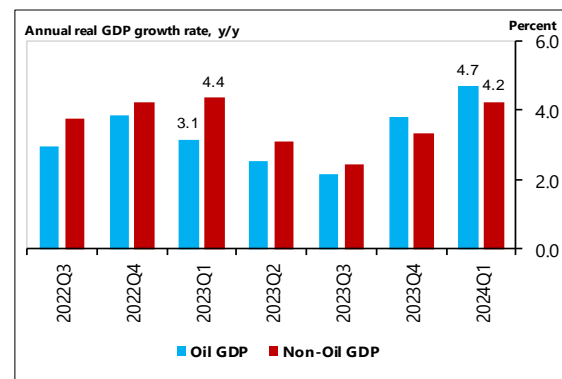
...Consumer confidence declined on account of high food prices and some uncertainties about future economic conditions...



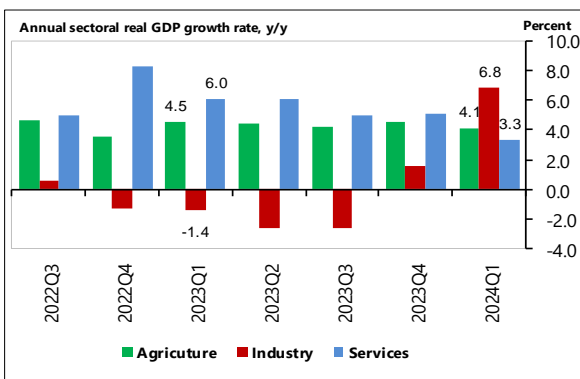
...Business confidence decreased as businesses expressed concern about the cost implications of the rapid exchange rate depreciation observed in May 2024....



...Real Oil and Non-Oil GDP grew by 4.7 percent and 4.2 percent respectively in 2024Q1, compared with growth rates of 3.1 percent and 4.4 percent respectively in the corresponding period of 2023...



...The Industry, Agriculture and Services sectors all drove growth in 2024Q1, recording growth rates of 6.8 percent, 4.1 percent and 3.3 percent respectively...



Source: Bank of Ghana, Various Stakeholders

## 4. Monetary and Financial Developments

### 4.0 Highlights

Growth in monetary aggregates slowed down in June 2024 relative to June 2023, driven in large part by moderation in the pace of growth in the Net Domestic Assets (NDA) of the banking sector. In contrast, the Net Foreign Assets (NFA) of the banking sector expanded considerably. Interest rates broadly showed mixed trends at the short end of the primary market on year-on-year basis. The GSE Composite Index (GSE-CI) recorded increased year-on-year growth in June 2024 relative to the corresponding period last year. The shift in demand for equities on the stock exchange market which led to significant gains on the exchange reflects the adverse shocks to bond prices due to the closure of the bond market on account of the Domestic Debt Exchange Programme (DDEP). Improvement in profitability of listed financial institutions also contributed to the demand for stocks during the period.

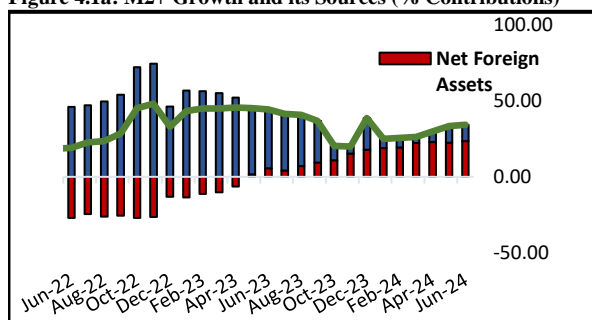
### 4.1 Developments in Monetary Aggregates

#### Money Supply

In June 2024, there was a decline in the annual growth in M2+ relative to the corresponding period of 2023, largely driven by a slower pace of growth in the Net Domestic Assets (NDA) of depository corporations. The Net Foreign Assets (NFA) position of the depository institutions, however, improved significantly. Annual growth in M2+ declined to 34.2 percent in June 2024, relative to 44.4 percent in the corresponding period of 2023. The contribution of NDA to the growth of M2+ decreased to 10.8 percent from 38.8 percent, while that of NFA increased to 23.5 percent from 5.6 percent over the same comparative period. In terms of annual growth rates, NDA expanded by 10.79 percent in June 2024, relative to 36.9 percent in June 2023, while the NFA expanded by 7,567.3 percent relative to 108.7 percent over the same comparative period).

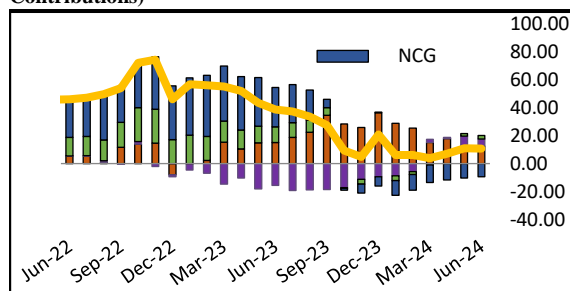
The decline in the contribution of NDA to the growth of M2+ was mainly driven by a contraction in the Net Claims on Government (NCG), and moderated by increased investments in BOG bills and Other Items (Net)(OIN). Analysis of the components of M2+ showed that the decrease in the growth in M2+ largely reflected in declines in the growth in currency outside banks, demand deposits, savings and time deposits, and foreign currency deposits in June 2024 relative to same period in 2023.

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

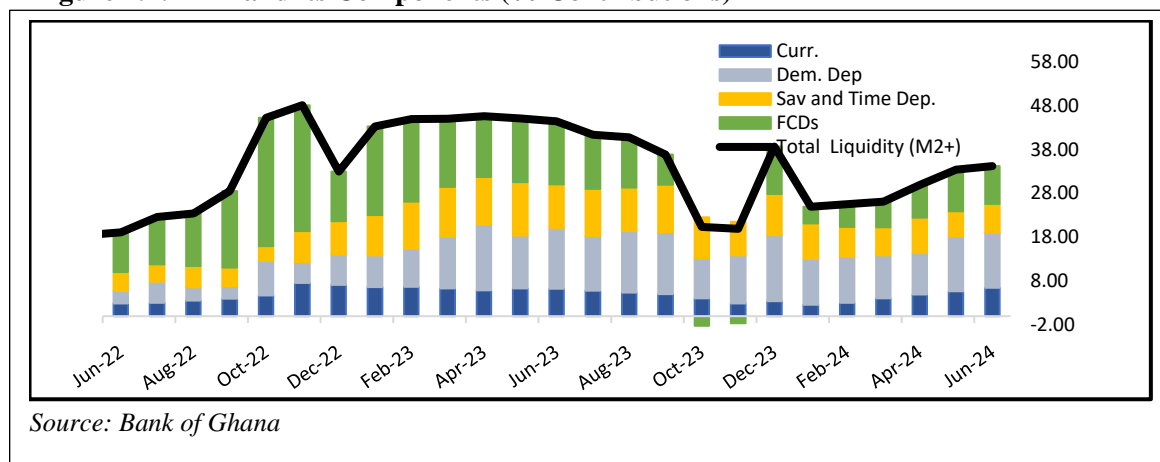


Source: Bank of Ghana

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

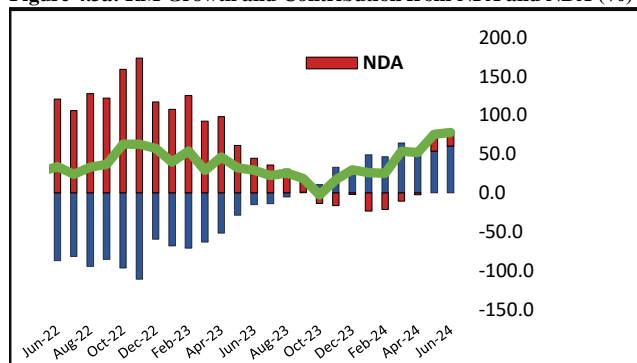
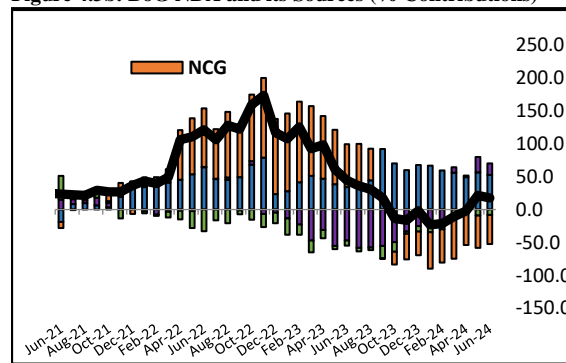


Source: Bank of Ghana

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

## 4.2 Reserve Money

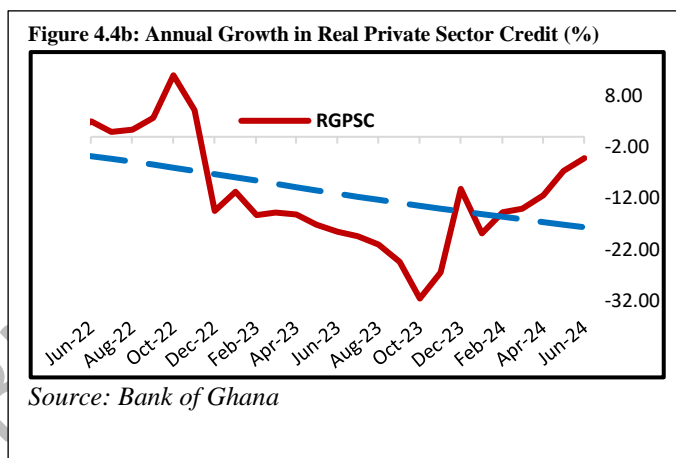
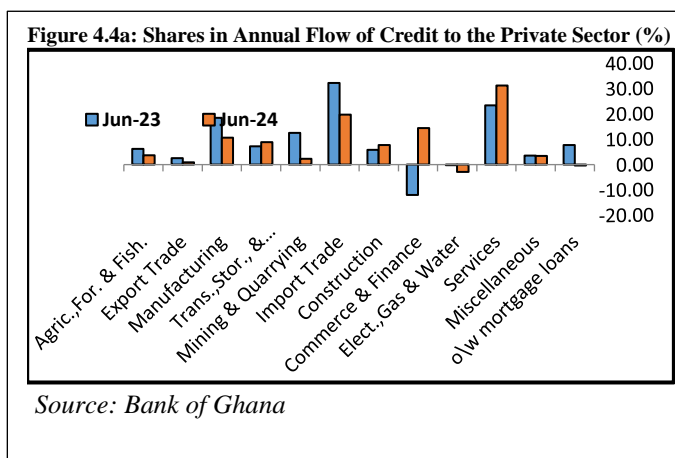
Growth in reserve money continued to increase in June 2024, partially on the back of the implementation of dynamic CRR, which induced growth in the regulatory reserves of banks. Reserve Money (RM) grew by 77.8 percent in June 2024, compared with 29.2 percent recorded in the corresponding period of 2023. The introduction of the dynamic CRR instigated disinvestments of BOG bills and overnight placements by banks to shore up regulatory reserves, reflecting in injections through sterilisation operations. Net Claims on Government (NCG) contracted, reflecting the lingering impact of the DDEP on the Central Bank balance sheet, while net claims on DMBs declined on the back of the build-up in foreign currency deposits with the Central Bank. The contribution of NDA to the growth in RM was 17.6 percent, compared to 44.5 percent over the same comparative period last year. The NFA of the Central Bank expanded, reflecting a net build-up in foreign assets, largely driven by inflows from the Gold for Reserves (G4R) programme, forex purchases, proceeds from the IMF ECF, and the cocoa syndicated loan. The contribution of the NFA to the growth in RM was 60.2 percent in June 2024, relative to a contribution of negative 15.2 percent recorded in the corresponding period of 2023.

**Figure 4.3a: RM Growth and Contribution from NFA and NDA (%)****Figure 4.3b: BoG NDA and its Sources (% Contributions)**

### 4.3 Deposit Money Banks Credit Developments

Total Deposit Money Banks' (DMBs') credit to the private sector and public institutions increased by 15.5 percent in June 2024, marginally higher than 15.4 percent recorded in June 2023. Credit to the private sector grew by 17.6 percent in June 2024, compared to 16.1 percent recorded in the corresponding period of 2023. Private sector credit accounted for 103.0 percent of the flow in total outstanding credit in June 2024, relative to 94.3 percent recorded in the corresponding period of 2023. The top five sectors with significant share of credit flows were: services (31.3%); import trade (19.8%); commerce and finance (14.4%); manufacturing (10.7%); and transport, storage, and communication (8.9%).

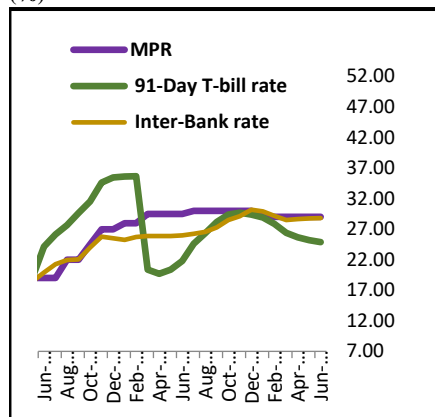
Total Outstanding credit to the private sector at the end of June 2024 was GH¢78.06 billion, compared with GH¢66.37 billion recorded in June 2023. In real terms, credit to the private sector contracted by 4.2 percent, relative to a contraction of 18.5 percent recorded over the same comparative period last year.



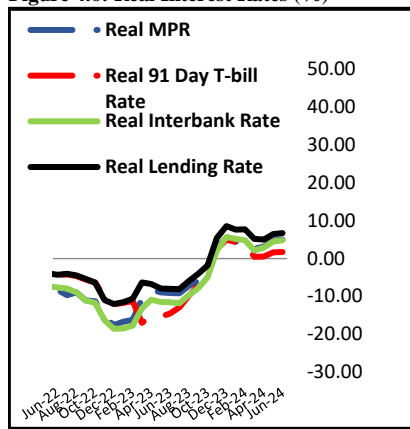
### 4.4 Money Market Developments

Interest rates broadly showed mixed trends at the short end of the primary market on year-on-year basis. The 91-day and 182-day Treasury bill rates increased to 24.91 percent, and 26.84 percent, respectively, in June 2024, from 21.77 percent and 24.58 percent in the corresponding period of 2023. The rate on the 364-day instrument decreased to 27.83 percent in June 2024 from 28.66 percent in June 2023.

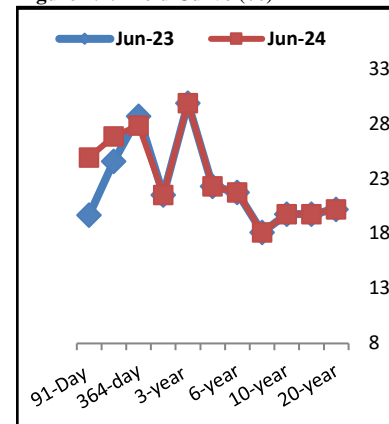
The Interbank Weighted Average Rate (IWAR) increased to 28.80 percent in June 2024, from 26.01 percent in June 2023, consistent with the trajectory of monetary policy rate, and underpinned by sustained liquidity withdrawal from the market. However, the average lending rates of banks declined marginally to 31.10 percent in June 2024, from 31.15 percent recorded in the corresponding period of 2023.

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

Source: Bank of Ghana

**Figure 4.6: Real Interest Rates (%)**

Source: Bank of Ghana

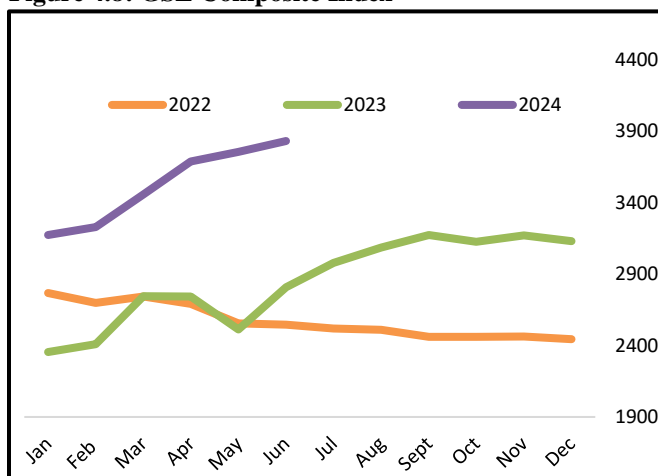
**Figure 4.7: Yield Curve (%)**

Source: Bank of Ghana

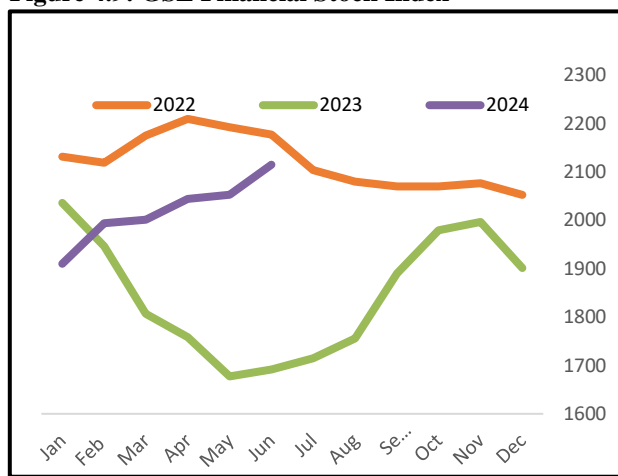
#### 4.5 Stock Market Developments

The Ghana Stock Exchange Composite Index (GSE-CI) increased to 3,829.6 points in June 2024, from 2,808.03 points recorded in the corresponding period of 2023. This translated into a year-on-year gain of 36.4 percent. The performance of the GSE-CI was underpinned by improved demand for equities, driven by a shift in investor appetite following the closure of the bonds market and the recovery in the profitability of listed financial institutions. The main sectors that contributed to the gains were food and beverages, manufacturing, distribution, finance, IT, ETFund and agriculture.

The GSE-Financial Stocks Index (GSE-FI) closed at 2,115.04 points, reflecting a gain of 25.0 percent, compared to a loss of 22.3 percent over the same comparative period in 2023. The gain in the 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.

**Figure 4.8: GSE Composite Index**

Source: Bank of Ghana

**Figure 4.9: GSE Financial Stock Index**

Source: Bank of Ghana

Total market capitalisation of the GSE at the end of June 2024 was GH¢85.10 billion, representing a year-on-year growth of 21.2 percent, compared with a growth of 8.3 percent in June 2023. The increase in market capitalization was mainly driven by the appreciation in share prices in the food & beverages, manufacturing, distribution, finance, mining, IT and agriculture sectors.

**Table 4.1: Performance of Ghana Stock Exchange**

											Changes Y-O-Y		Y-T-D
	Jun-22	Dec-22	Jun-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	2023	2024	2024
GSE CI	2545.48	2443.91	2808.03	3130.23	3172.43	3227.85	3456.2	3687.09	3753.69	3829.61	10.31	36.38	22.34
GSE FI	2176.97	2052.59	1691.91	1901.57	1910.16	1993.92	2001.47	2044.36	2052.7	2115.04	(22.28)	25.01	11.23
Market Capitalization	64841.21	64507.32	70238.82	73893.17	74416.27	75070.11	77701.17	80315.67	84016.55	85096.58	8.32	21.15	15.16

Source: Ghana Stock Exchange and Bank of Ghana Staff Calculations

#### 4.6 Conclusion

Developments in key monetary aggregates for June 2024, point to a slowdown annual growth, driven mainly by a moderation in the pace of growth in the Net Domestic Assets (NDA) of depository corporations. The Net Foreign Assets (NFA) position of the depository institutions improved significantly, largely on the back of a net build-up in the foreign assets of Bank of Ghana. Interest rates broadly showed mixed trends at the short end of the money market. The weighted interbank average rate increased, underpinned by the tight monetary policy stance and sustained liquidity withdrawals from the market. The Ghana Stock Exchange Composite Index recorded strong gains, reflecting a shift in the demand for equities due to the adverse shocks to bond prices and the closure of the bonds market on account of the DDEP. Investor appetite for stocks was also reinforced by the increase in profitability of listed financial institutions.



## 5. Banking Sector Developments

### 5.0 Highlights

*The banking sector posted strong performance during the first six months of 2024, on the back of sustained increases in deposits and other funding sources. The financial soundness indicators remained healthy, with improved solvency, liquidity, and profitability. The industry's Non-Performing Loans ratio, however, picked up due to an increase in the NPL stock as well as a slowdown in the pace of credit growth.*

### 5.1 Banks' Balance Sheet

Total assets of the banking sector grew by 33.3 percent to GH¢323.2 billion as at June 2024, relative to a growth of 21.2 percent recorded in June 2023. The higher growth in assets was driven by a robust growth in deposits, as well as the depreciation of the Ghana cedi. Foreign assets grew by 57.6 percent in June 2024, compared to 74.5 percent in June 2023, while domestic assets grew by 31.0 percent in June 2024, up from 17.8 percent growth same period last year. The share of foreign assets in total assets increased to 10.2 percent from 8.6 percent, while the share of domestic assets declined to 89.8 percent from 91.4 percent in June 2023.

Investments grew by 19.2 percent to GH¢107.2 billion in June 2024, up from a growth of 11.0 percent in June 2023, due to a significant growth in both short-term and long-term instruments. The growth in investments reflected a 7.3 percent growth in short-term bills, from a growth of 149.6 percent in June 2023, while long-term investments (securities) also grew by 28.6 percent in June 2024, having contracted by 23.2 percent in June 2023. The mixed growth in both bills and securities investments culminated in a reduced share of investments in total assets to 33.2 percent in June 2024, from 37.1 percent in June 2023.

Gross loans and advances rose by 15.6 percent to GH¢84.5 billion in June 2024, relative to a 15.4 percent growth in June 2023. Growth in net loans and advances (gross loans adjusted for provisions and interest in suspense) also moderated to 10.3 percent, from 11.3 percent during the same period last year.

The higher growth in assets was funded by increases in deposits and other funding sources. Deposits remained the main source of funding for the banking sector, accounting for 76.1 percent share of total assets in June 2024, from 77.4 percent in June 2023. Deposits improved by 31.1 percent to GH¢245.9 billion in June 2024, as against 42.8 percent growth recorded in June 2023. The foreign currency component of deposits grew by 29.8 percent to GH¢81.2 billion in June 2024, relative to a growth of 62.5 percent in June 2023, suggesting some currency depreciation effect on the overall growth in total deposits. Borrowings also picked up by 44.4 percent to GH¢23.2 billion in June 2024, up from 39.1 percent contraction recorded in June 2023. The growth in borrowings reflected an uptick in both short-term foreign and domestic borrowings while long-term domestic and foreign borrowings contracted. Short-term domestic borrowings of GH¢15.2 billion at end-June 2024 suggested a growth of 83.0 percent, relative to a contraction of 33.6 percent recorded in June 2023. Long-term domestic borrowing, however, contracted by 17.6 percent in June 2024, down from a growth of 45.1 percent during the same period in 2023. Short-term foreign borrowings grew by 33.2 percent, after contracting by 75.7 percent in June 2023, while long-term foreign borrowings contracted by 2.5 percent, from the 16.2 percent contraction registered in June 2023.

Banks' shareholders' funds position (comprising paid-up capital and reserves) continued to improve on account of a rebound in profits across the industry. Total shareholders' funds grew sharply by 44.9 percent to GH¢32.3 billion as at end-June 2024, relative to a contraction of 15.1 percent recorded a year ago.

**Table 5.1: Key Developments in DMBs' Balance Sheet**

	(GH ¢'million)			Y-on-Y Growth (%)		
	<u>Jun-23</u>	<u>Apr-24</u>	<u>Jun-24</u>	<u>Jun-23</u>	<u>Apr-24</u>	<u>Jun-24</u>
<b>TOTAL ASSETS</b>	<b>242,399.8</b>	<b>306,785.1</b>	<b>323,177.5</b>	<b>21.2</b>	<b>28.8</b>	<b>33.3</b>
<b>A. Foreign Assets</b>	20,946.3	29,114.9	33,010.0	74.5	47.5	57.6
<b>B. Domestic Assets</b>	221,453.6	277,670.2	290,167.5	17.8	27.1	31.0
<b>Investments</b>	89,971.9	105,930.0	107,211.3	11.0	27.1	19.2
i. <b>Bills</b>	39,895.1	44,903.7	42,796.0	149.6	34.6	7.3
ii. <b>Securities</b>	49,816.9	60,763.4	64,078.7	(23.2)	22.0	28.6
<b>Advances (Net)</b>	62,623.9	62,810.4	69,104.7	11.3	0.9	10.3
<b>of which Foreign Currency</b>	22,049.8	22,602.9	24,333.5	25.8	2.6	10.4
<b>Gross Advances</b>	<b>73,125.3</b>	<b>77,938.6</b>	<b>84,530.0</b>	<b>15.4</b>	<b>7.7</b>	<b>15.6</b>
<b>Other Assets</b>	14,711.8	21,229.5	21,961.5	39.2	42.9	49.3
<b>Fixed Assets</b>	7,457.4	8,401.6	8,582.7	39.4	14.1	15.1
<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>242,399.8</b>	<b>306,785.1</b>	<b>323,177.5</b>	<b>21.2</b>	<b>28.8</b>	<b>33.3</b>
<b>Total Deposits</b>	<b>187,569.2</b>	<b>236,260.2</b>	<b>245,880.2</b>	<b>42.8</b>	<b>28.4</b>	<b>31.1</b>
<b>of which Foreign Currency</b>	62,596.5	75,692.5	81,228.3	62.5	26.0	29.8
<b>Total Borrowings</b>	16,047.5	19,469.0	23,168.3	(39.1)	22.5	44.4
<b>Foreign Liabilities</b>	7,548.2	6,547.5	7,487.5	(47.0)	(19.4)	(0.8)
i. <b>Short-term borrowings</b>	1,869.6	1,999.0	2,490.6	(75.7)	13.4	33.2
ii. <b>Long-term borrowings</b>	4,117.9	3,801.5	4,015.1	(16.2)	(18.7)	(2.5)
iii. <b>Deposits of non-residents</b>	1,543.5	731.4	940.6	(5.8)	(48.6)	(39.1)
<b>Domestic Liabilities</b>	211,700.4	268,542.4	281,979.5	33.6	29.0	33.2
i. <b>Short-term borrowing</b>	8,321.2	12,444.3	15,230.3	(33.6)	55.3	83.0
ii. <b>Long-term Borrowings</b>	1,738.8	1,224.3	1,432.3	45.1	(15.1)	(17.6)
iii. <b>Domestic Deposits</b>	186,025.7	235,528.8	244,939.5	43.4	29.0	31.7
<b>Other Liabilities</b>	15,907.4	19,610.9	21,093.0	(1.0)	19.7	32.6
<b>Paid-up capital</b>	10,432.1	13,033.2	13,023.9	2.6	24.9	24.8
<b>Shareholders' Funds</b>	22,293.7	30,837.7	32,307.2	(15.1)	46.1	44.9

Source: Bank of Ghana

### 5.1.1 Asset and Liability Structure

The asset structure of the banking industry's balance sheet in June 2024 reflected banks' preference for less risky assets. Cash and bank balances replaced investments as the largest component of total assets, with an increased share of 35.8 percent in June 2024, from 27.7 percent in June 2023, on account of significant increase in banks' reserves in compliance with the new Cash Reserve Ratio (CRR) requirements. Investments (comprising bills, securities, and equity) was the second largest component of banks' assets at the end of June 2024, although its share in total assets declined to 33.2 percent, from 37.1 percent in June 2023. Investments and cash and bank balances together accounted for 69.0 percent of total assets in June 2024, compared to a share of 64.8 percent in June 2023. Net loans and advances constituted the third-largest component of total assets, recording a share of 21.4 percent in June 2024, down from 25.8 percent during the same period a year ago. Non-earning assets (fixed assets and other assets) in banks' total assets recorded a marginal pickup in share to 9.6 percent, from 9.4 percent during the same period in 2023.

On the liability side, the share of deposits in banks' liabilities and shareholders' funds declined marginally to 76.1 percent in June 2024, from 77.4 percent in the corresponding period last year. The share of borrowings rose to 7.2 percent in June 2024, from 6.6 percent a year ago, reflecting the growth in total borrowings during the period. The share of shareholders' funds in banks' liabilities and shareholders' funds also rose to 10.0 percent, from 9.2 percent,

consistent with the strong growth of shareholders' funds. The proportion of "other liabilities" was unchanged at 6.8 percent during the review period.

**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) constituted the largest component of banks' investment portfolio after its share rose to 59.8 percent in June 2024, from 55.4 percent in June 2023. The share of short-term bills in total investments, however, declined from 44.3 percent to 39.9 percent over the same period. The share of equity investments remained negligible and unchanged at 0.3 percent during the period under review.

## 5.2 Credit Risk

The industry's asset quality deteriorated during the first half of 2024 relative to same period in 2023, principally due to a sharp increase in the Non-Performing Loan (NPL) stock, which accounted for the rise in the NPL ratio. The elevated credit risk was broad-based, with increases in NPL ratios in all but one economic sector in June 2024 relative to June 2023.

### 5.2.1 Credit Portfolio Analysis

The stock of gross loans and advances (domestic and foreign) recorded a growth of 15.6 percent to GH¢84.5 billion at end-June 2024, as against a growth of 15.4 percent during the same period last year. Private sector credit (comprising credit to private enterprises and households) posted a higher growth of 17.7 percent to GH¢78.1 billion in June 2024,

from 16.1 percent in a similar period a year ago. Public sector credit contracted by 5.0 percent to GH¢6.4 billion at end-June 2024, down from a growth of 8.9 percent recorded in June 2023. Consequently, the share of private sector credit in total credit rose to 92.4 percent in June 2024, from 90.8 percent in June 2023, whereas the share of public sector credit declined to 7.6 percent in June 2024, from 9.2 percent a year earlier.

In terms of sectoral distribution of credit, the services sector accounted for the largest share of 32.8 percent as at end-June 2024 (from 33.6 percent in June 2023), followed by the commerce and finance sectors, with a relative share of 23.6 percent (from 21.5 percent in June 2023), while the manufacturing sector accounted for a share of 10.7 percent (from 10.6 percent in June 2023). Together, these top three sectors accounted for 67.2 percent of total credit (up from 65.7 percent in June 2023). The mining and quarrying sector remained the lowest recipient of industry credit, with a share of 3.3 percent (from 3.4 percent in June 2023).

### **5.2.2 Off-Balance Sheet Transactions**

Off-balance sheet transactions (largely trade finance and guarantees) grew during the review period. Contingent liabilities rose by 29.0 percent to GH¢25.7 billion as at end-June 2024, from GH¢19.9 billion as at end-June 2023. However, banks' contingent liabilities as a percentage of total liabilities declined to 8.8 percent in June 2024, from 9.0 percent in June 2023.

### **5.2.3 Asset Quality**

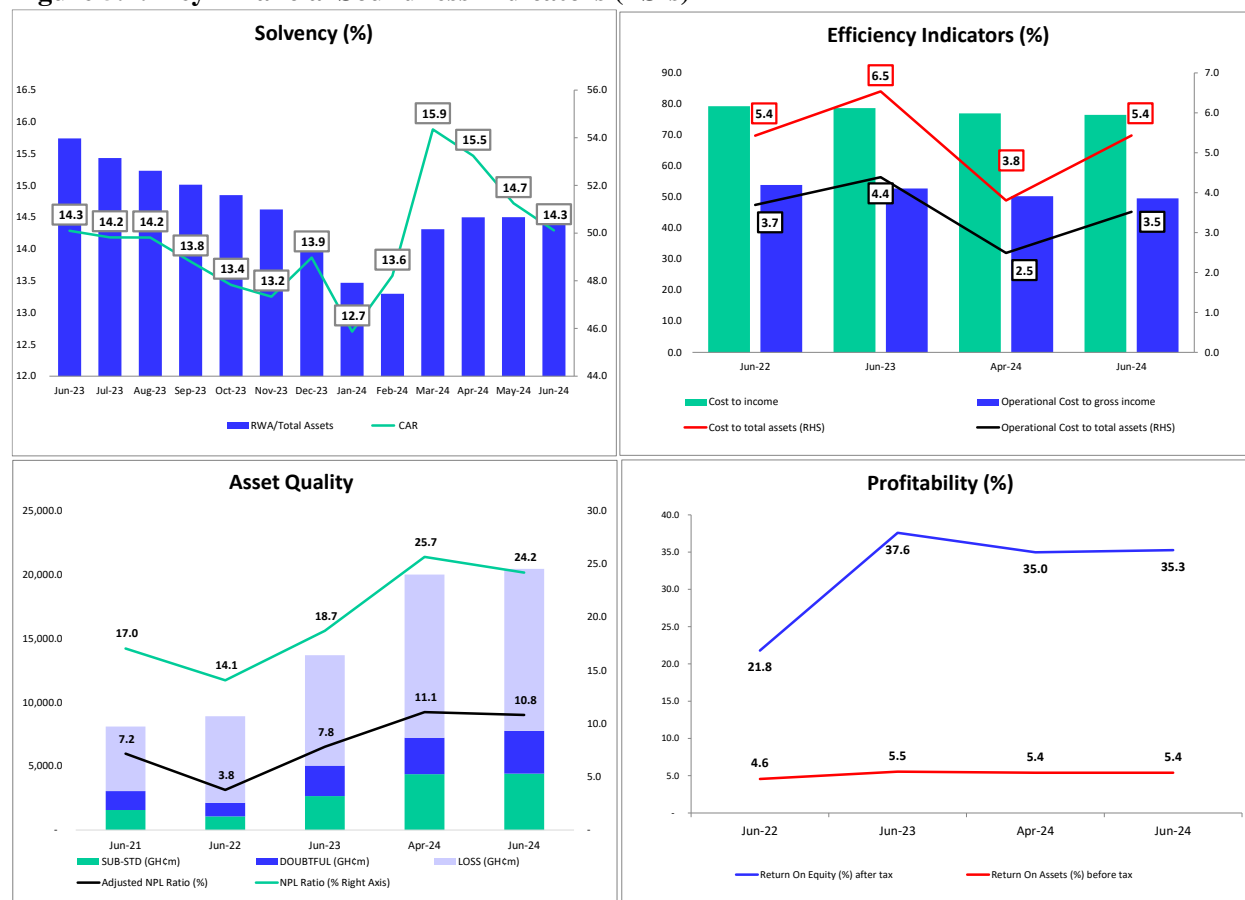
The asset quality of the banking industry declined during the period under review. The industry's NPL ratio rose to 24.2 percent in June 2024, from 18.7 percent in June 2023. When adjusted for the fully provisioned loan loss category, the industry's NPL ratio still increased to 10.8 percent in June 2024, from 7.8 percent, reflecting increasing stock of all categories of nonperforming loans. The rise in the NPL ratio during the period under review was explained by the higher growth in the NPL stock relative to the growth in total loans. The industry's NPL stock grew by 49.4 percent to GH¢20.4 billion in June 2024, up from GH¢13.7 billion, reflecting a deterioration in both domestic and foreign currency-denominated loans in the period under review.

The private sector accounted for the largest share of the non-performing loans, being the largest recipient of the industry's credit. The proportion of NPLs attributable to the private sector rose marginally to 95.6 percent in June 2024, from 95.5 percent in June 2023, while that of the public sector declined to 4.4 percent, from 4.5 percent in a similar period last year.

The agriculture, forestry, and fishing sector recorded the highest NPL ratio of 56.4 percent (an increase from 30.0 percent a year ago), followed by the transportation, storage and communication sector with an NPL ratio of 49.1 percent (from 22.1 percent a year earlier). The NPL ratio of the construction sector rose to 36.8 percent (from 32.8 percent), followed by the electricity, water and gas sector at 20.6 percent (from 7.8 percent), and then the commerce and finance sector unchanged at 20.2 percent. The mining and quarrying sector accounted for the lowest NPL ratio of 13.7 percent in June 2024 (from 12.7 percent a year earlier).

## **5.3 Financial Soundness Indicators**

Key financial soundness indicators (FSIs) in the first half of 2024 pointed to a liquid and profitable sector with improved capital buffers.

**Figure 5.2: Key Financial Soundness Indicators (FSIs)**

Source: Bank of Ghana Staff Calculations

### 5.3.1 Liquidity Indicators

The industry's liquidity position remained strong in June 2024, with improvements in the core measures following the increase in the CRR requirement. The ratio of core liquid assets (mainly cash and due from banks) to total deposits improved to 47.1 percent in June 2024, from 35.8 percent in June 2023. Also, the ratio of core liquid assets to total assets rose to 35.8 percent in June 2024, from 27.7 percent in June 2023. Also, the ratio of broad liquid assets to total deposits increased to 90.6 percent, from 83.6 percent, while broad liquid assets to total assets increased to 68.9 percent from 64.7 percent over the review period.

### 5.3.2 Capital Adequacy Ratio

The industry's solvency position, measured by the Capital Adequacy Ratio (CAR) adjusted for the regulatory reliefs, was 14.3 percent in June 2024, higher than the prudential minimum of 10.0 percent, and unchanged from 14.3 percent recorded in June 2023. The CAR in June 2024 reflected the recognition of 2024 profits posted by banks for purposes of CAR computation, as well as the on-going recapitalisation of banks.

### 5.3.3 Profitability

The banking industry remained profitable for the first half of 2024, recording higher profit-before-tax (PBT) and profit-after-tax (PAT) in June 2024 relative to the same period last year. However, the growth rate in profit moderated to 25.5 percent in June 2024 relative to 51.4 percent recent same period last year.

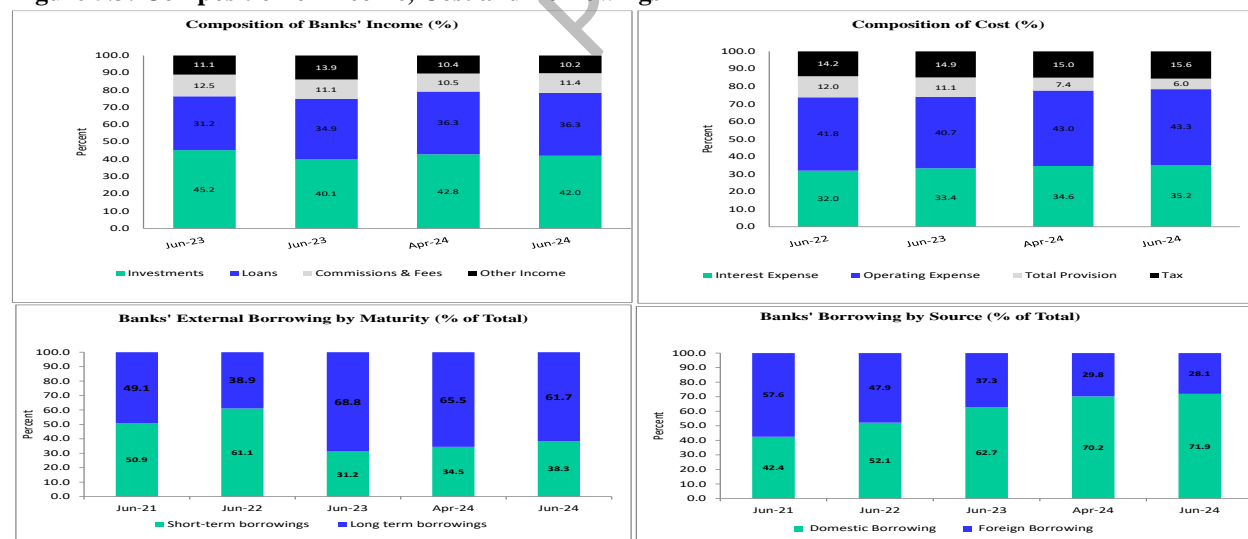
Generally, all income lines increased but at a lower growth rate in June 2024 relative to the same period last year. Net interest income grew by 19.4 percent to GH¢11.8 billion, lower than the corresponding period's growth of 41.4 percent in 2023. In year-on-year terms, interest income increased to GH¢18.0 billion from GH¢15.1 billion, representing a growth of 19.1 percent relative to 44.3 percent in June 2023. The lower growth in interest income was explained by the relatively lower rates on money market instruments this year compared to the first half of 2023, as well as a decline in lending rates. Interest expenses also rose to GH¢6.2 billion in June 2024, representing a lower growth rate of 18.6 percent compared to the 50.0 percent recorded in June 2023.

Net fees and commissions recorded a slower growth of 16.8 percent in June 2024, from 30.6 percent a year ago, while other income recorded a sharp contraction of 16.2 percent to GH¢2.4 billion in June 2024, from GH¢2.8 billion in June 2023. These developments in the different income lines culminated into a sharp increase in industry's operating income to GH¢16.8 billion in June 2024, from GH¢14.9 billion in June 2023. Similarly, gross income increased to GH¢23.0 billion in June 2024, from GH¢20.1 billion in June 2023.

The cost lines recorded similar increases in June 2024, but at lower growth rates compared to the same period in 2023. The industry's operating expenses grew by 15.5 percent in June 2024, compared to 44.9 percent in June 2023, on the back of slower growth in staff costs and other operating (administrative) expenses. Impairment losses on financial assets, as well as provisions for bad debt and depreciation, contracted by 39.5 percent in June 2024, compared to 32.7 percent increase in June 2023.

Consequently, the industry's profit-after-tax increased by 25.5 percent to GH¢5.4 billion in June 2024, compared with the 51.4 percent growth recorded in June 2023. Profit-before-tax also rose by 22.8 percent to GH¢8.1 billion. The lower growth in profit during the first half of this year was because of lower increases in interest income and other income lines in 2024, relative to the same period in 2023.

**Figure 5.3: Composition of Income, Cost and Borrowings**



Source: Bank of Ghana Staff Calculations

**(a) Return on Assets and Return on Equity**

The banking sector's profitability indicators, namely, return-on-assets (ROA) and return-on-equity (ROE), moderated during the period under review following the slowdown in growth of profit-before-tax and profit-after-tax, respectively. The ROE declined to 35.3 percent in June 2024, from 37.6 percent in June 2023, while ROA was marginally lower at 5.4 percent, from 5.5 percent in the same reference period.

### *(b) Interest Margin and Spread*

Interest spreads for the banking sector widened to 6.4 percent in June 2024, from 6.0 percent in June 2023. The increase in spreads was on the back of an increase in gross yields to 9.4 percent in June 2024, from 9.1 percent in June 2023, while interest payable declined to 3.0 percent, from 3.2 percent a year earlier. The interest margin to total assets ratio also inched down to 3.7 percent from 4.1 percent, while interest margin to gross income rose from 49.1 percent to 51.4 percent during the period under review. The ratio of gross income to total assets (asset utilisation) declined to 7.1 percent in June 2024, from 8.3 percent in June 2023, while the profitability ratio rose from 21.3 percent to 23.5 percent over the review period.

### *(c) Composition of Banks' Income*

Income from investments remained the largest component of banks' total income in June 2024, with its share rising to 42.0 percent from 40.1 percent in June 2023 following the growth in total investments. The share of interest income from loans improved to 36.3 percent from 34.9 percent during the same review period. The share of banks' income from fees and commissions also went up to 11.4 percent from 11.1 percent, while the share of income from other sources moderated to 10.2 percent from 13.9 percent.

### **5.3.4 Operational Efficiency**

The industry's efficiency improved on the back of the slowdown in growth of operating expenses during the review period. The cost-to-income ratio declined from 78.7 percent in June 2023 to 76.5 percent in June 2024, while cost-to-total assets ratio decreased to 5.4 percent from 6.5 percent a year earlier. The operational cost-to-total assets ratio also went down to 3.5 percent from 4.4 percent a year earlier, while the ratio of operational cost to total income reduced to 49.6 percent in June 2024 from 52.8 percent.

### **5.3.5 Banks' Counterparty Relationships**

Total offshore balances increased by 71.4 percent to GH¢29.9 billion in June 2024, compared to the 67.8 percent growth in the previous year, driven largely by substantial growth in placements. Industry placements with foreign counterparties increased by 69.4 percent in June 2024, from 58.8 percent growth recorded during the same period a year earlier. Nostro balances on the other hand, moderated to 73.6 percent, compared with a growth of 77.9 percent in June 2023. As a result, the ratio of offshore balances to net worth rose to 92.6 percent from 78.3 percent.

The share of banks' external borrowings in total borrowings declined to 28.1 percent in June 2024, from 37.3 percent in June 2023, while the share of domestic borrowings increased to 71.9 percent, from 62.7 percent in June 2023. Banks' external borrowings were tilted towards long-term instruments, although the share of long-term borrowings in total external borrowings declined to 61.7 percent from 68.8 percent, while the share of short-term borrowings picked up to 38.3 percent from 31.2 percent a year earlier.

### **5.4 Credit Conditions Survey**

Results of the June 2024 Credit Conditions Survey indicated a net easing in the overall stance on loans to enterprises between May and June 2024, on the back of a net easing in the stance on all components of enterprise loans (namely short-term and long-term enterprise loans, loans to SMEs, and loans to large enterprises). Banks projected their overall stance on enterprise loans to record a net tightening in July and August 2024, from a tightening in all components of enterprise loans apart from loans to large enterprises.

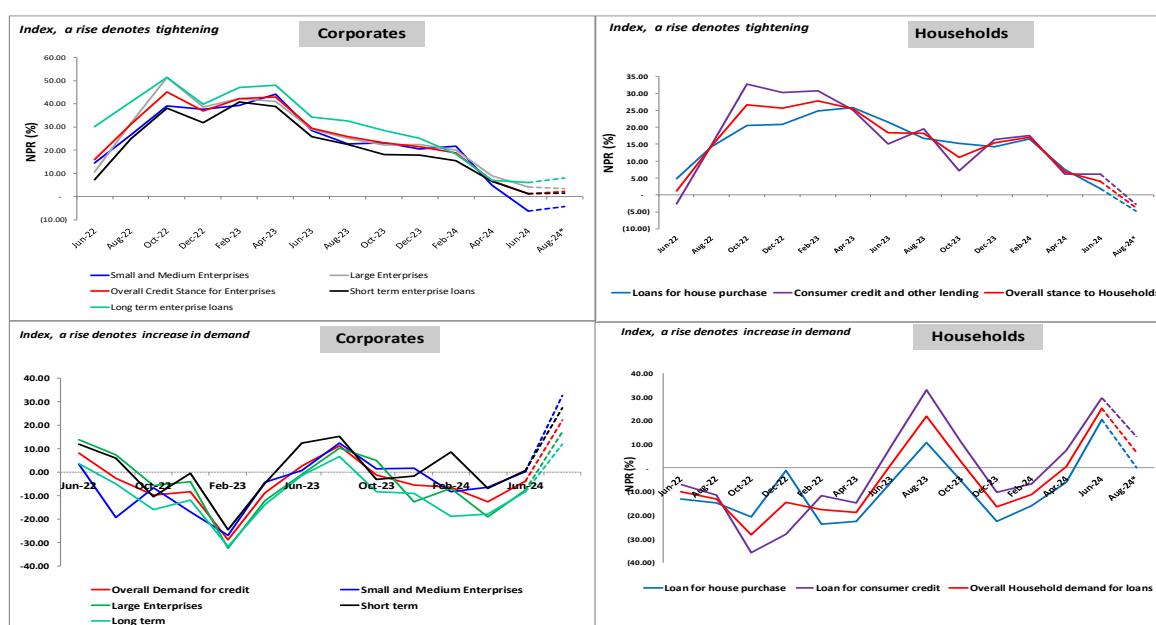
The overall stance on loans to households also eased during the June 2024 survey round from net ease in loans for house purchase, while consumer credit and other lending tightened marginally. Over the next two months, banks

project further net easing in the overall stance on loans to households, which will be reflected in loans for house purchases and consumer credit.

On the demand side, the June 2024 survey further indicated a soaring in overall demand for enterprise loans from increases in the demand for loans on all components of enterprise loans. Banks projected a net increased demand for corporate loans over the next two months, also driven by net increases in the demand for all categories of enterprise loans.

Credit demand by households recorded a net increase between May and June 2024, from a net increase in the demand for both mortgages and consumer credit and other lending. Over the next two months, banks expect a slump in the demand for both consumer credit and loans for house purchases to drive a decrease in the overall demand for household loans.

**Figure 5.4: Credit Conditions Survey Results**



Source: Bank of Ghana Staff Calculations

## 5.5 Conclusion and Outlook

The banking sector's performance in June 2024 pointed to continuing recovery from the macroeconomic challenges since 2022. However, asset quality concerns remained a drag on the performance of the sector. The banking sector remained profitable, liquid, and generally efficient during the review period, with stable solvency reflecting the rebound in profitability in the industry post-DDEP implementation, as well as the ongoing recapitalisation effort by banks. The outlook remains stable, but recapitalisation and enforcement of stringent credit underwriting standards, and intensified loan recovery efforts are critical to ensuring good performance of the banking sector in the medium term.



## 6. Fiscal Developments

### 6.0 Highlights

*Provisional data on budget execution indicated an overall fiscal deficit (commitment basis) of 2.0 percent of GDP, against the budget target of 2.7 percent of GDP. The deficit of GH¢21.3 billion was financed from both domestic and foreign sources. The primary balance recorded a deficit of GH¢2.3 billion (0.2% of GDP), against the deficit target of GH¢2.4 billion (0.2% of GDP).*

### 6.1 Total Revenue and Grants

Total revenue and grants for second quarter of 2024 was GH¢74.65 billion (7.1% of GDP), lower than the target of GH¢76.07 billion (7.2% of GDP). The outturn represented a shortfall of 1.9 percent with respect to the target, but a year-on-year growth of 24.6 percent. Domestic revenue totalled GH¢74.19 billion (7.1% of GDP), marginally below the target of GH¢74.41 billion (7.1% of GDP). A mixed performance was observed for the various tax handles.

Tax revenue, (comprising taxes on income & property, taxes on domestic goods and services and international trade taxes, excluding oil and gas related taxes), was GH¢59.70 billion (5.7% of GDP), higher than the target of GH¢59.30 billion (5.6% of GDP). This represented a marginal overperformance by 0.7 percent.

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) totalled GH¢28.68 billion (2.7% of GDP), 4.5 percent above the target of GH¢27.44 billion (2.6% of GDP). All the components exceeded their targets with the exception “Personal taxes” and “Company taxes on oil”. This was also higher than the GH¢23.73 billion collected in the corresponding period of 2023, reflecting a year-on-year growth of 20.8 percent.

Taxes on domestic goods and services (consisting of domestic VAT, excise duty, GET Fund Levy, National Health Insurance Levy, and Communication Service Tax) was GH¢25.97 billion (2.5% of GDP), below the target of GH¢28.30 billion. On year-on-year basis, the outturn represented a growth of 24.2 percent.

Non-tax revenue raked in GH¢11.27 billion, missing the target of GH¢11.66 billion by 3.4 percent, but recorded a year-on-year growth of 36.5 percent. This performance was mainly due to lower-than-budgeted lodgements, resulting mainly from the underperformance of “Fees & Charges”. Dividend payments also mitigated the offset of the non-tax revenue handle from its target.

Taxes on international trade (comprising mainly import duties) was GH¢8.39 billion, above the target of GH¢7.63 billion by 10.0 percent and a year-on-year growth of 39.1 percent.

“Other revenue” of GH¢2.54 billion failed to meet its target of GH¢2.99 billion, recording a negative deviation of 15.1 percent, but was above the total of GH¢2.44 billion collected in the corresponding period of 2023, reflecting a year-on-year increase of 4.1 percent.

Grants received was GH¢457.3 million, significantly below GH¢1.65 billion programmed for the review period, thus falling below its target by 72.3 percent. This outturn was lower than the GH¢864.7 million received in the corresponding period of 2023.

**Table 6.1: Total Revenue and Grants**

<i>Million Ghana Cedis</i>	2023	2024	2024	2024	2024	2024
	Prov. Q1+Q2	Prov Q1	Prov. Q1+Q2	Budget Q1+Q2	DEVIATION OVER (+)/ BELOW (-)	Y-O-Y GROWTH
<b>TAX REVENUE</b>	<b>47,802.30</b>	<b>24,345.50</b>	<b>59,696.60</b>	<b>59,300.00</b>	<b>0.7</b>	<b>24.9</b>
<b>TAXES ON INCOME &amp; PROPERTY</b>	<b>23,729.80</b>	<b>9,654.60</b>	<b>28,676.00</b>	<b>27,442.10</b>	<b>4.5</b>	<b>20.8</b>
Personal	8,273.00	3,367.10	9,418.30	10,372.10	-9.2	13.8
Companies	10,212.10	4,525.40	12,152.20	9,907.90	22.7	19
Company Taxes on Oil	1,833.50	-	1821.9	2,564.80		
Others	3,411.10	1,762.10	5,283.60	4,597.40	14.9	54.9
<b>TAXES ON DOMESTIC GOODS AND SERVICES</b>	<b>20,908.70</b>	<b>12,260.90</b>	<b>25,966.60</b>	<b>28,304.00</b>	<b>-8.3</b>	<b>24.2</b>
Excises	2,704.00	1,534.50	3,250.80	4,347.20	-25.2	20.2
VAT	11,395.70	6,702.60	14,312.20	14,392.50	-0.6	25.6
National Health Insurance Levy (NHIL)	2,522.10	1,449.50	3,066.40	3,344.10	-8.3	21.6
GETFund Levy	2,522.80	1,449.60	3,066.50	3,344.80	-8.3	21.6
Communication Service Tax	315.1	183	367.3	564.2	-34.9	16.6
E-Transaction Levy	455.6	358.5	810.5	898.4	-9.8	77.9
Covid-19 Health Levy	993.5	583.2	1,092.80	1,412.90	-22.7	10
<b>TAXES ON INTERNATIONAL TRADE</b>	<b>6,028.30</b>	<b>3,769.70</b>	<b>8,386.20</b>	<b>7,626.40</b>	<b>10</b>	<b>39.1</b>
Imports Duty	6,028.30	3,769.70	8,386.20	7,626.40		
<b>TAX REFUND</b>	<b>-2,864.50</b>	<b>-1,339.80</b>	<b>-3,332.20</b>	<b>-4,072.50</b>	<b>-18.2</b>	<b>16.3</b>
<b>SOCIAL CONTRIBUTIONS</b>	<b>565</b>	<b>339.7</b>	<b>692.6</b>	<b>460</b>	<b>50.6</b>	<b>22.6</b>
<b>NON-TAX REVENUE</b>	<b>8,251.40</b>	<b>4,569.30</b>	<b>11,265.10</b>	<b>11,662.30</b>	<b>-3.4</b>	<b>36.5</b>
<b>OTHER REVENUE</b>	<b>2,438.60</b>	<b>1,124.40</b>	<b>2,539.50</b>	<b>2,992.40</b>	<b>-15.1</b>	<b>4.1</b>
<b>DOMESTIC REVENUE</b>	<b>59,057.30</b>	<b>30,378.90</b>	<b>74,193.70</b>	<b>74,414.70</b>	<b>-0.3</b>	<b>25.6</b>
<b>GRANTS</b>	<b>864.7</b>	<b>35</b>	<b>457.3</b>	<b>1,651.90</b>	<b>-72.3</b>	<b>-47.1</b>
Project Grants	864.7	35	457.3	925.6		
Programme Grants	0	0	0	726.3		
<b>TOTAL REVENUE &amp; GRANTS</b>	<b>59,922.00</b>	<b>30,413.90</b>	<b>74,651.00</b>	<b>76,066.60</b>	<b>-1.86</b>	<b>24.6</b>

Source: Ministry of Finance

## 6.2 Total Expenditures

Total expenditures (including arrears clearance and discrepancy) for the review period was GH¢101.21 billion (9.6% of GDP). This was below the target of GH¢104.77 billion (10% of GDP) by 3.4 percent despite its 66.5 percent year-on-year increase.

Compensation of Employees (including wages and salaries, pensions & gratuities, and other wage related expenditure) was GH¢29.30 billion, marginally lower than the target of GH¢29.96 billion. This outturn fell short of its target by 2.2 percent and recorded 48.4 percent year-on-year growth. In terms of fiscal flexibility, compensation of employees constituted 39.5 percent of domestic revenue mobilized during the period under review.

Use of Goods and Services totalled GH¢5.77 billion, higher than the expected target of GH¢4.56 billion, an overrun of 26.6 percent. This expense was lower than the GH¢6.25 billion observed in the corresponding period of 2023, reflecting a year-on-year contraction of 7.6 percent.

Total interest payments of GH¢19.03 billion fell below the envisioned target of GH¢26.35 billion for the review period. This outturn compares with GH¢13.39 billion recorded in the corresponding period of 2023. The decreased interest payment was mainly on account of a partial freeze on debt service because of the debt restructuring program by Government to help resolve Ghana's fiscal and debt vulnerabilities.

Grants to other Government units (made up of National Health Fund, Education Trust Fund, Road Fund, Energy Fund, District Assemblies Common Fund, Retention of IGFs, transfer to GNPC, Ghana Infrastructure Fund and other earmarked funds) all summed up to GH¢19.70 billion, higher than the target of GH¢17.55 billion, resulting in a positive deviation of 12.2 percent. It also recorded a year-on-year growth of 83.4 percent.

Capital expenditure for the period under review was GH¢13.91 billion (1.3% of GDP), lower than the programmed target of GH¢19.13 billion (1.8% of GDP) by 27.2 percent. This outturn represented a year-on-year growth of 107.8 percent.

Other expenditure for the second quarter of 2024 was GH¢12.98 billion, 95.1 percent above the target of GH¢6.65 billion. Out of this, energy sector payment shortfalls totalled GH¢10.60 billion (1.0% of GDP), higher than the programmed target of GH¢2.84 billion (0.3% of GDP). This contributed to the resulting positive deviation of 95.1 percent. This outturn of GH¢12.98 billion dwarfed the GH¢3.76 billion recorded in the corresponding period of 2023.

**Table 6.2: Total Expenditures**

<i>Million Ghana Cedis</i>	2023	2024	2024	2024	2024	2024
	Prov. Q1+Q2	Prov Q1	Prov. Q1+Q2	Budget Q1+Q2	DEVIATION TER (+)/ BELOW	Y-O-Y GROWTH
<b>Compensation of Employees</b>	<b>19,736.40</b>	<b>13,319.40</b>	<b>29,298.20</b>	<b>29,962.00</b>	<b>-2.2</b>	<b>48.4</b>
Wages & Salaries	17,505.50	11,643.60	26,278.30	27,173.40	-3.3	50.1
Social Contributions	2,230.90	1,675.70	3,019.90	2,788.60	8.3	35.4
<b>Use of Goods and Services</b>	<b>6,248.30</b>	<b>1,536.90</b>	<b>5,773.90</b>	<b>4,562.10</b>	<b>26.6</b>	<b>-7.6</b>
<b>Interest Payment</b>	<b>13,391.10</b>	<b>12,562.80</b>	<b>19,028.50</b>	<b>26,347.60</b>	<b>-27.8</b>	<b>42.1</b>
Domestic	12,758.50	12,335.00	18,463.10	16,664.30	10.8	44.7
External (Due)	632.6	227.9	565.4	9,683.30	-94.2	-10.6
<b>Subsidies</b>	<b>0</b>	<b>0</b>	<b>145.3</b>	<b>132.8</b>		
<b>Grants to Other Government Units</b>	<b>10,742.40</b>	<b>7,560.90</b>	<b>19,698.30</b>	<b>17,552.00</b>	<b>12.2</b>	<b>83.4</b>
<b>Social Benefits</b>	<b>221.7</b>	<b>-</b>	<b>376.8</b>	<b>435</b>		
<b>Other Expenditure</b>	<b>3,756.70</b>	<b>7,066.20</b>	<b>12,976.93</b>	<b>6,651.40</b>	<b>95.1</b>	<b>245.4</b>
o/w Energy Sector Payment Shortfalls	2,086.40	6,378.00	10,600.60	2,838.40		408.1
<b>Capital Expenditure</b>	<b>6,695.90</b>	<b>4,516.40</b>	<b>13,914.80</b>	<b>19,126.20</b>	<b>-27.2</b>	<b>107.8</b>
Domestic financed	1,498.70	2,495.00	7,450.30	10,296.80	-27.6	397.1
Foreign financed	5,197.20	2,021.40	6,464.40	8,829.40	-26.8	24.4
<b>TOTAL EXPENDITURE</b>	<b>60,792.50</b>	<b>46,562.60</b>	<b>101,212.70</b>	<b>104,769.10</b>	<b>-3.4</b>	<b>66.5</b>

Source: Ministry of Finance

### 6.3 Budget Balance and Financing

Government budgetary operations resulted in an overall budget deficit of GH¢21.28 billion (2.0% of GDP) on commitment basis for the period of Jan-June 2024. This was slightly lower than the targeted deficit of GH¢28.70 billion (2.7% of GDP). In addition, the primary balance recorded a deficit of 0.22 percent of GDP against a targeted primary deficit of 0.21 percent of GDP.

On cash basis, the overall budget deficit was GH¢36.13 billion (3.4% of GDP), compared to the target of GH¢35.17 billion (3.3% of GDP). The primary deficit on cash basis was GH¢17.10 billion (1.6% of GDP) compared to the target of GH¢8.82 billion (0.8% of GDP).

The deficit was financed largely from domestic sources. Domestic financing (net) was GH¢21.60 billion (2.1% of GDP), substantially higher than GH¢10.24 billion (1.2% of GDP) recorded in the same period in 2023. Foreign financing recorded a net inflow of GH¢16.42 billion (1.6% of GDP), higher than the envisioned target of a repayment of GH¢509.5 million (-0.01% of GDP).

**Table 6.3: Budget Balance and Financing**

<i>Million Ghana Cedis</i>	2023	2024	2024	2024	2024	2024
	Prov. Q1+Q2	Prov Q1	Prov. Q1+Q2	Budget Q1+Q2	DEVIATION /ER (+)/ BELOW	Y-O-Y GROWTH
<b>Revenue &amp; Grants</b>	<b>59,922.00</b>	<b>30,413.90</b>	<b>74,651.00</b>	<b>76,066.60</b>	<b>-1.86</b>	<b>24.6</b>
<b>Expenditure</b>	<b>72,014.10</b>	<b>46,562.60</b>	<b>101,212.70</b>	<b>104,769.10</b>	<b>-3.4</b>	<b>40.5</b>
<b>Overall balance (commitment)</b>	<b>-14,239.80</b>	<b>-16,148.70</b>	<b>-26,561.80</b>	<b>-28,702.50</b>	<b>-7.5</b>	<b>86.5</b>
<i>(percent of GDP)</i>	-1.7	-1.5	-2.5	-2.7		
<b>Payables/Arrears Clearance (Net)</b>	<b>-423.3</b>	<b>-9,078.50</b>	<b>-14,848.00</b>	<b>-6,467.80</b>	<b>129.6</b>	<b>3,408.00</b>
o/w Clearance of Arrears	-8,142.30	-9,078.50	-19,383.50	-6467.8		<b>138.1</b>
<b>o/w Payables build-up</b>	<b>7,719.10</b>	<b>0</b>	<b>4535.5</b>	<b>0</b>		
o/w Outstanding payables build-up reported in GIF	7,719.10	0	4535.5	0		
<b>Overall balance (cash)</b>	<b>-12,515.40</b>	<b>-25,227.20</b>	<b>-41,409.80</b>	<b>-35,170.30</b>	<b>17.7</b>	<b>230.9</b>
<i>(percent of GDP)</i>	-1.5	-2.4	-3.9	-3.3		
Discrepancy	-2,147.70	-2,439.50	5,278.10	0		<b>-345.8</b>
<b>Overall balance (incl. Divestiture and Discrepancy)</b>	<b>-14,663.10</b>	<b>-25,227.20</b>	<b>-41,409.80</b>	<b>-35,170.30</b>	<b>17.7</b>	<b>182.4</b>
<i>(percent of GDP)</i>	-1.7	-2.4	-3.9	-3.3		
<b>Financing</b>	<b>14,663.10</b>	<b>27,666.80</b>	<b>36,131.70</b>	<b>35,170.30</b>	<b>2.7</b>	<b>146.4</b>
<b>Foreign (net)</b>	<b>4,835.60</b>	<b>12,997.70</b>	<b>16,424.40</b>	<b>-509.5</b>	<b>-3,323.90</b>	<b>239.7</b>
Borrowing	6,994.30	13,482.60	17,503.40	12,094.10	44.7	150.3
Project loans	5,494.30	1,986.40	6,007.20	7,903.80	-24	9.3
Programme Loans	1500	11,496.20	11,496.20	4,190.30		
Sovereign Bond	0	0	0	0		
Amortisation (due)	-2,158.80	-484.9	-1,078.90	-12,603.60	-91.4	-50
<b>Domestic (net)</b>	<b>10,243.00</b>	<b>15,004.00</b>	<b>21,603.30</b>	<b>36,457.40</b>	<b>-40.7</b>	<b>110.9</b>
Banking	4,790.20	1,822.50	-3,146.80	30,098.60	-110.5	-165.7
Bank of Ghana	-774.9	-5,952.60	-4,075.00	0		425.9
o/w SDR	0	0	0	0		
Comm. Banks	5,565.10	7,775.10	928.2	30,098.60	-96.9	-83.3
Non-banks	780.6	13,181.50	24,750.10	22235.4		3,070.60
Other Domestic	4,672.20	0	0	-15,876.60		
o/w Buffer for Auction Shortfalls	4,792.70	0	0	-15876.6		
o/w Domestic Standard Loan	-120.5	0	0	0		
<b>Ghana Petroleum Funds</b>	<b>-415.5</b>	<b>-334.9</b>	<b>-814.1</b>	<b>-630.5</b>		<b>95.9</b>
Transfer to Ghana Petroleum Funds	-1,126.70	-334.9	-1,336.70	-2101.7		18.6
o/w Stabilisation Fund	-788.7	-234.4	-935.7	-1471.2		18.6
o/w Heritage Fund	-338	-100.5	-401	-630.5		18.6
Transfer from Stabilisation Fund	711.2	0	522.6	1471.2		
<b>Sinking Fund</b>	<b>0</b>	<b>0</b>	<b>-1082</b>	<b>-147.1</b>		
<b>Contingency Fund</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		
<b>Nominal GDP (Including Oil)</b>	<b>841,632.90</b>	<b>1,050,978.30</b>	<b>1,050,978.30</b>	<b>1,050,978.30</b>		
<b>Nominal GDP (Excluding oil)</b>	<b>803,900.90</b>	<b>979,407.70</b>	<b>979,407.70</b>	<b>979,407.70</b>		

Source: Ministry of Finance

## 6.4 Public Debt Analysis

The stock of public debt at the end of June 2024 stood at GH¢742 billion (70.6% of GDP), an increase of GH¢133.6 billion over the end-December 2023 stock of GH¢608.4 billion (72.3% of GDP).

**Table 6.4: Public Debt**

	2023	2024	2024	2024	2024	2024	2024	Jun 2024 -Jun 2023
	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	CHANGE
<b>TOTAL DOMESTIC DEBT (GH¢m)</b>	<b>257,295.9</b>	265,610.2	275,784.5	282,922.8	284,791.2	287,013.2	290,000.0	34,634.5
SHORT TERM	67,069.0	75,095.3	82,105.8	89,076.2	89,081.7	90,982.3	93,542.5	42,549.1
MEDIUM-TERM	123,633.0	123,930.0	125,794.3	126,023.5	126,816.4	127,084.2	126,443.9	16,309.7
LONG-TERM	65,138.6	65,138.6	66,494.0	66,494.0	67,684.1	67,684.1	67,061.2	(25,586.6)
STANDARD LOANS	1,455.3	1,446.4	1,390.4	1,329.1	1,209.0	1,262.5	1,262.5	(327.7)
<b>HOLDINGS OF DOMESTIC DEBT (GH¢m)</b>	<b>255,840.6</b>	264,163.9	274,394.0	281,593.7	283,582.3	285,750.7	290,000.0	36,224.6
BANKING SYSTEM	130,576.8	134,125.8	140,141.1	141,325.8	139,616.4	137,635.8	142,313.1	(8,057.3)
NON-BANK	112,206.7	116,972.5	120,950.6	127,045.8	130,759.8	134,916.1	131,529.2	40,630.5
FOREIGN SECTOR (Non-Resident)	13,057.0	13,065.6	13,302.3	13,222.1	13,206.1	13,198.7	13,205.3	699.0
<b>TOTAL EXTERNAL(US\$m)</b>	<b>30,142.8</b>	30,583.7	30,645.3	30,933.1	30,916.1	31,048.4	30,988.6	1,198.3
MULTILATERAL	9,115.0	9,638.9	9,682.8	9,981.6	10,003.9	10,029.9	10,018.4	1,062.8
BILATERAL	5,443.5	5,347.5	5,365.0	5,356.5	5,326.6	5,410.6	5,410.6	190.2
COMMERCIAL	15,584.3	15,597.2	15,597.5	15,594.9	15,585.5	15,607.9	15,607.9	(6.4)
TOTAL EXTERNAL(GH¢m)	351,127.5	367,573.1	380,075.2	398,269.7	409,662.6	437,934.8	452,000.0	124,225.8
<b>TOTAL PUBLIC DEBT (GH¢m)</b>	<b>608,423.4</b>	633,183.3	655,859.7	681,192.5	694,453.8	724,947.9	742,000.0	158,860.2
EXCHANGE RATE (End Period Selling MOF)	11.6488	12.0186	12.4024	12.8752	13.2508	14.1049	14.5860	
MEMORANDUM ITEMS								
NOMINAL GDP ( GH¢m)	841,632.9	1,050,978.3	1,050,978.3	1,050,978.3	1,050,978.3	1,050,978.3	1,050,978.3	
TOTAL DEBT /GDP RATIO (%)	72.29	60.25	62.40	64.82	66.08	68.98	70.60	
EXTERNAL DEBT/GDP	41.7	35.0	36.2	37.9	39.0	41.7	43.0	
DOMESTIC DEBT/GDP	30.6	25.3	26.2	26.9	27.1	27.3	27.6	
EXTERNAL DEBT/TOTAL DEBT	57.7	58.1	58.0	58.5	59.0	60.4	60.9	
DOMESTIC DEBT/TOTAL DEBT	42.3	41.9	42.0	41.5	41.0	39.6	39.1	

Source: Bank of Ghana, Ministry of Finance

## 6.5 Conclusion and Outlook

Budget execution for January to June 2024 showed revenue outturn below its budget target. Expenditures were below target. The shortfall in revenue was largely on account of lower-than-programmed receipts from personal and company taxes on oil. The expenditure performance, on the other hand, was partly attributed to a reduced debt service because of the debt restructuring program embarked by Government. These fiscal developments resulted in an overall budget deficit (commitment), which was below its programmed target and was mainly financed from domestic sources.

## 7. Price Developments

### 7.0 Highlights

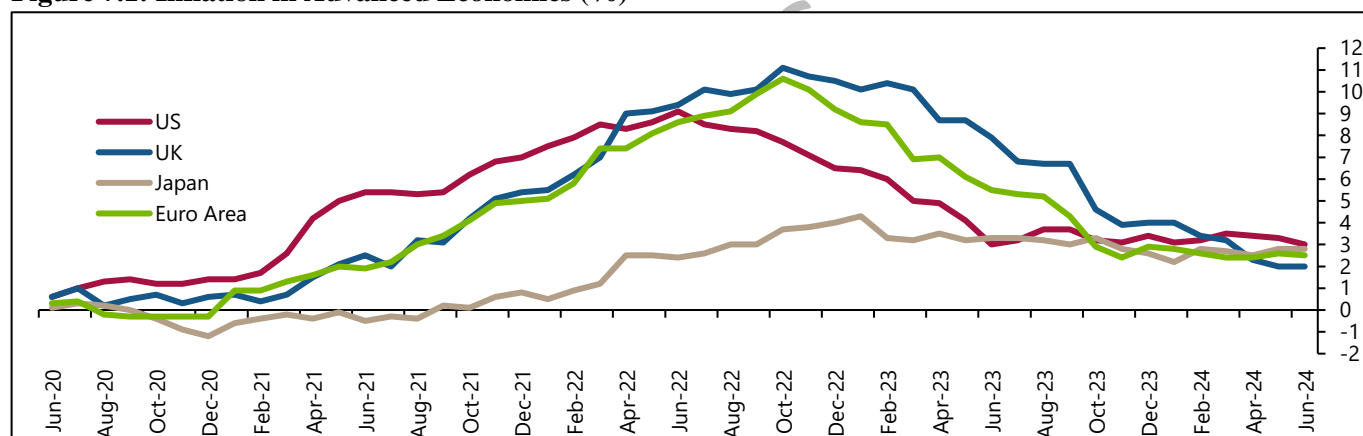
Global headline inflation remains on a downward trajectory, although the disinflation process is expected to slow. In the domestic economy, recent price developments suggest a resumption of the disinflation process. In June 2024, headline inflation eased to 22.8 percent, from 23.1 percent in May, and 25.0 percent in April. However, there is some uncertainty regarding the inflation path for the year, given recent exchange rate pressures, upward adjustment in utility tariffs and increases in ex-pump fuel prices.

### 7.1 Global Inflation Trends

#### Advanced Economies

Annual headline inflation in the United States declined to 3.0 percent in June 2024, from 3.3 percent in May. The slowdown was on the back of easing prices of gasoline, new vehicles, used cars and trucks, as well as a decline in inflation for energy, shelter, and transportation. Consistent with the decline in headline inflation, core inflation inched down to 3.3 percent in June 2024 from 3.4 percent in May 2024.

**Figure 7.1: Inflation in Advanced Economies (%)**



Source: Trading Economics

In the United Kingdom, headline inflation was confirmed at 2.0 percent in June 2024, unchanged from the May figure. The main upward drivers were costs of restaurants and hotels, and transport, which were primarily offset by easing prices of housing and utilities. Core inflation also remained at 3.5 percent in June 2024, unchanged from the prior month.

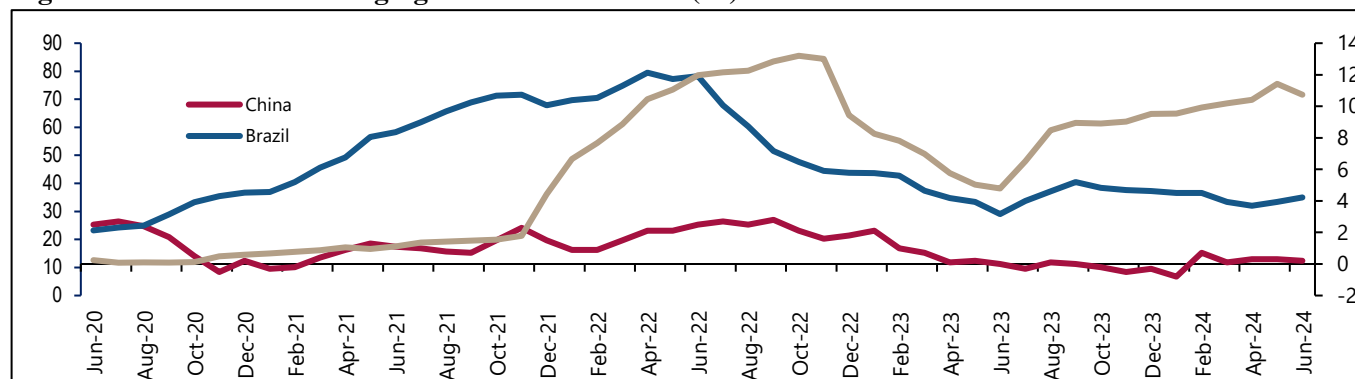
Annual inflation in the Euro Area slowed to 2.5 percent in June 2024, from 2.6 percent in the preceding month. The slowdown was on the back of a decline in inflation for energy, food, alcohol and tobacco. The core inflation rate, which excludes energy, food, alcohol, and tobacco, was steady at 2.9 percent in May and June 2024.

The annual inflation rate in Japan was steady at 2.8 percent in June 2024, unchanged from the reading in May. The main upward drivers were the prices of gas, transport, furniture & household utensils, healthcare, culture and communication. The core inflation rate edged up to 2.6 percent in June from 2.5 percent in the previous month.

### Emerging Market Economies

China's annual inflation rate decreased to 0.2 percent in June 2024, from 0.3 percent in May. The decline was driven primarily by softening food prices, while non-food inflation remained stable. Core inflation, excluding food and energy prices, was 0.6 percent year-on-year in June 2024, unchanged from the prior month.

**Figure 7.2: Inflation in Emerging Markets Economies (%)**



Source: Trading Economics

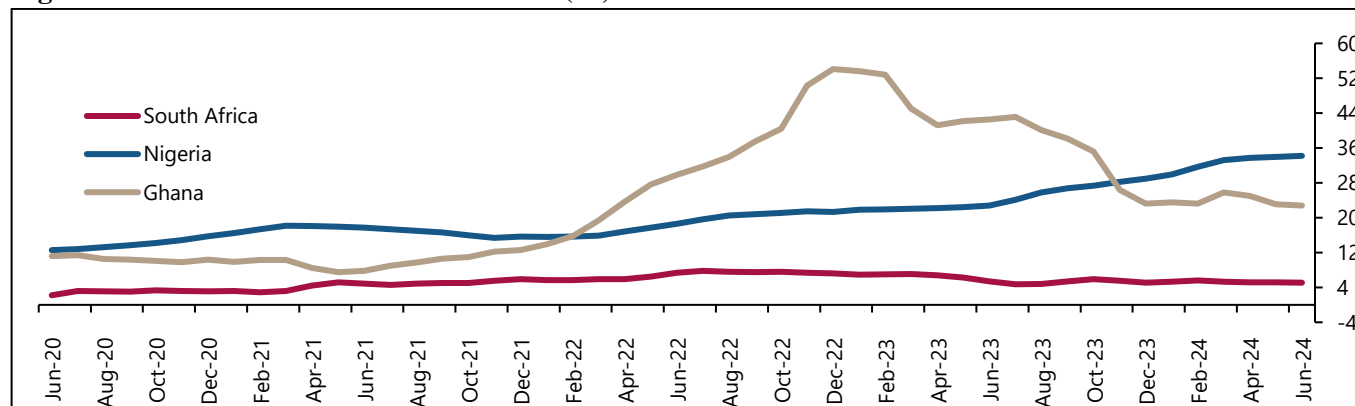
Brazil's annual inflation picked up to 4.2 percent in June 2024, from 3.9 percent in the previous month. The uptick was underpinned by an increase in the prices of food and beverages, transportation, and healthcare. The uptick in inflation in June 2024 was the second consecutive month that inflation rose following seven straight months of easing.

Turkey's annual inflation rate fell to 71.6 percent in June 2024, from 75.5 percent in the previous month. This marked the first decline after seven consecutive increases in inflation. The deceleration was driven by lower inflation for transportation, food, and non-alcoholic beverages. Consistent with headline inflation, core inflation edged down to 71.4 percent in June 2024, from 75.0 percent in the previous month.

### Sub-Saharan Africa

South Africa's annual inflation rate dropped to 5.1 percent in June 2024 from 5.2 percent in May, on the back of lower inflation for food & non-alcoholic beverages, housing & utilities, health, transport, and recreation & culture. The core inflation rate, which excludes volatile items such as food and non-alcoholic beverages, fuel, and energy, declined to 4.5 percent in June 2024, from 4.6 percent in the previous month.

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



Source: Trading Economics

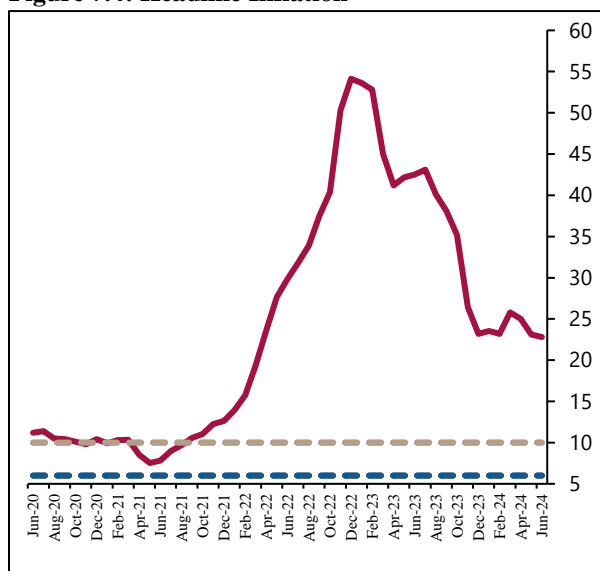
In Nigeria, headline inflation rose for the eighteenth consecutive month, hitting 34.2 percent in June 2024, from 34.0 percent in May. The acceleration was largely due to a surge in fuel prices following the weakening of the naira relative to the dollar, and the removal of government subsidies. Price pressures came from food, housing & utilities, and beverages & tobacco. The annual core inflation rate, which excludes farm produce and energy, increased to 27.4 percent in June 2024, from 27.0 percent in May.

## 7.2 Domestic Inflation

On the domestic front, headline inflation fell to 22.8 percent in June 2024, from 23.1 percent in May and 25.0 percent in April. The decline was attributable to a 2.0 percentage point decline in non-food inflation to 21.6 percent in June 2024. The decline in non-food inflation was occasioned by the relative stability of the exchange rate in June following heightened pressures in May, the tight monetary policy stance, the implementation of the dynamic Cash Reserve Ratio (CRR) to mop up excess liquidity, revised regulations on advanced payments for imports by the Bank, the agreement in principle with external creditors for external debt restructuring, and positive sentiments from the third tranche of the IMF Extended Credit Facility. Food inflation, on the other hand, increased by 1.4 percentage points to 24.0 percent over the same period.

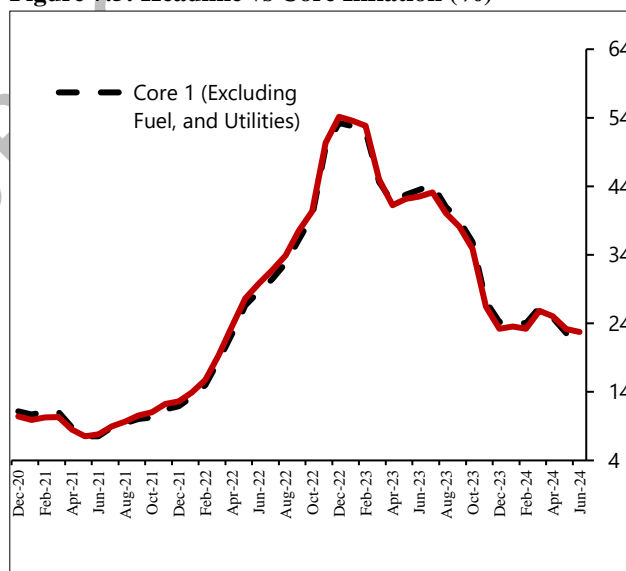
Consistent with the easing of headline inflation, the Bank's main core inflation measure, which excludes energy and utility items, declined to 22.1 percent in June 2024, from 22.6 percent in May.

**Figure 7.4: Headline Inflation**



Source: GSS and Bank of Ghana Staff Calculations

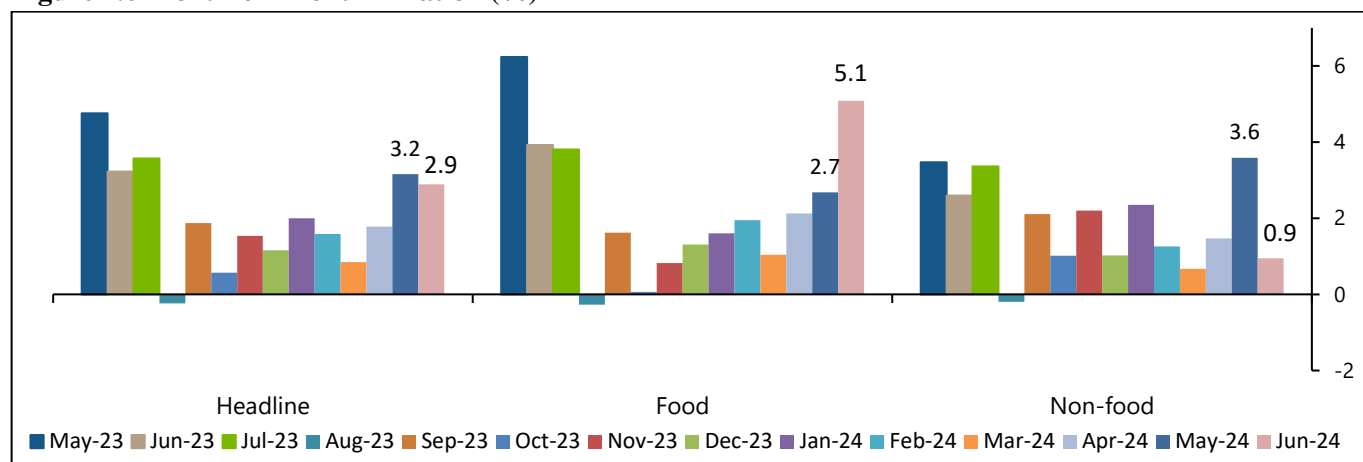
**Figure 7.5: Headline vs Core Inflation (%)**



Source: GSS and Bank of Ghana Staff Calculations

On a month-on-month basis, headline inflation edged down to 2.9 percent in June 2024, from 3.2 percent in May. During the same period, monthly non-food inflation declined sharply to 0.9 percent from 3.6 percent, while monthly food inflation rose to 5.1 percent from 2.7 percent.



**Figure 7.6 Month-on-Month Inflation (%)**

Source: GSS and Bank of Ghana Staff Calculations

### 7.3 Inflation Risk Assessment and Outlook

There is some uncertainty regarding the inflation path for the year, given recent exchange rate pressures, upward adjustment in utility tariffs and increases in ex-pump fuel prices. The above developments have resulted in a slightly elevated inflation profile for the year. Even though inflation is expected to remain within the target band for the year, the risks are tilted slightly on the upside. Mitigating the current risks to inflation will require continued maintenance of a tight monetary policy stance supported by strong fiscal consolidation efforts, including remaining vigilant to other forms of risks to ensure that the end year inflation objectives are achieved.

#### Decision on the Monetary Policy Rate

At the end of the deliberations, the Monetary Policy Committee decided to maintain the policy rate at 29.0 percent.

## Appendix

**Table A.1: Sources of Growth in Total liquidity (GH¢ Millions, unless otherwise stated)**

	Jun-22	Dec-22	Jun-23	Dec-23	Feb-24	Mar-24	Apr-24	May-24	Jun-24
1 Net Foreign Assets	(7470.94)	(10321.15)	649.68	21710.89	28251.71	34085.37	37191.77	42110.69	49813.04
Bank of Ghana	(6401.93)	(17487.62)	(13750.27)	4021.06	9522.02	13251.29	14414.95	16083.20	23785.24
Commercial Banks	(1069.01)	7166.46	14399.95	17689.83	18729.70	20834.09	22776.82	26027.49	26027.80
2 Net Domestic Assets	152627.87	190587.99	208970.93	228308.63	225447.72	227034.45	232413.29	233977.14	231520.46
3 ow: Claims on government (net)	96441.19	127515.37	137161.10	115681.46	123262.55	118345.15	121337.10	122803.48	117391.93
4 ow: Claims on Private sector (Incl. PE's)	71346.80	85078.76	87839.24	86096.51	83859.44	86193.53	87069.67	90489.46	92991.23
BOG OMO Sterilization Acc.	(4583.13)	(7725.48)	(27273.48)	(24795.37)	(29850.45)	(22605.87)	(17663.12)	(16510.59)	(16389.17)
5 Total Liquidity (M2+)	145156.93	180266.84	209620.61	250019.53	253699.43	261119.83	269605.06	276087.83	281333.50
6 ow: Broad Money Supply (M2)	106488.56	135142.49	150070.56	185426.12	184856.28	190181.45	197131.66	198666.17	203824.72
7 ow: Foreign Currency Deposits(\$million)	38668.37	45124.35	59550.05	64593.40	68843.15	70938.38	72473.40	77421.66	77508.78
<b>Change from previous year (in per cent)</b>									
8 Net Foreign Assets	(129.43)	(237.04)	(108.70)	(310.35)	(360.67)	(383.89)	(457.88)	(1069.85)	7567.32
9 Net Domestic Assets	58.15	48.87	36.92	19.79	5.87	3.67	6.65	10.74	10.79
10 ow: Claims on government (net)	52.40	69.31	42.22	(9.28)	(15.61)	(17.95)	(16.71)	(14.98)	(14.41)
11 ow: Claims on Private sector (Incl. PE's)	29.46	37.70	23.12	1.20	(4.90)	(2.36)	(0.01)	4.10	5.87
12 ow: BOG OMO Sterilization Acc.	1.79	(36.62)	(495.08)	(220.96)	(63.15)	17.62	9.53	46.78	39.91
12 Total Liquidity (M2+)	19.09	32.98	44.41	38.69	25.52	26.15	29.91	33.41	34.21
13 Broad Money Supply (M2)	13.03	27.81	40.93	37.21	28.61	28.39	30.99	33.15	35.62
14 Foreign Currency Deposits (FCDs)	39.69	51.33	54.00	43.15	17.92	20.53	27.07	34.08	30.16
<b>Cumulative change from previous year end (in per cent)</b>									
15 Net Foreign Assets	(199.20)	(237.04)	(106.29)	(310.35)	30.13	57.00	71.30	93.96	129.44
16 Net Domestic Assets	19.22	48.87	9.65	19.79	(1.25)	(0.56)	1.80	2.48	1.41
17 ow: Claims on government (net)	28.05	69.31	7.56	(9.28)	6.55	2.30	4.89	6.16	1.48
18 Broad Money(M2+)	7.08	32.98	16.28	38.69	1.47	4.44	7.83	10.43	12.52
<b>Annual per cent contribution to money growth</b>									
19 Net Foreign Assets	(26.95)	(13.17)	5.59	17.77	19.34	22.27	22.93	22.45	23.45
20 NDA	46.04	46.15	38.82	20.92	6.18	3.88	6.98	10.96	10.76
21 Total Liquidity (M2+)	19.09	32.98	44.41	38.69	25.52	26.15	29.91	33.41	34.21
<b>Memorandum Items</b>									
22 Reserve Money	48237.98	68103.84	62343.44	87987.66	83520.29	89011.62	105041.20	108282.66	110872.80
23 NFA (\$million)	(1033.25)	(1203.49)	59.08	1827.52	2266.63	2647.00	2801.87	2980.21	3415.13
24 Currency ratio	0.18	0.21	0.18	0.16	0.17	0.18	0.18	0.19	0.19
25 FCD/M2+	0.27	0.25	0.28	0.26	0.27	0.27	0.27	0.28	0.28
26 FCD/Total Deposit	0.31	0.30	0.33	0.30	0.32	0.32	0.32	0.33	0.33
27 RM multiplier	2.21	1.98	2.41	2.11	2.21	2.14	1.88	1.83	1.84

Source: Bank of Ghana Staff Calculations

**Table: A.2 Table 4.1: Sources of Growth in Reserve Money (GH¢ Millions, unless otherwise stated)**

	Jun-22	Dec-22	Jun-23	Dec-23	Feb-24	Mar-24	Apr-24	May-24	Jun-24
1 Net Foreign Assets ( NFA)	(6401.9)	(17487.6)	(13750.3)	4021.1	9522.0	13251.3	14415.0	16083.2	23785.2
2 Net Domestic Assets ( NDA)	54639.9	85591.5	76093.7	84278.4	73998.3	75760.3	90626.2	92199.5	87087.6
3 of which:									
4 ow: Claims on government (net)	51437.8	78871.2	82951.8	54356.1	55130.3	50086.8	54517.7	57065.6	55138.4
5 Claims on DMB's (net)	(4678.9)	(4057.4)	(8502.2)	(9878.4)	(14738.0)	(15938.4)	(12880.5)	(11917.0)	(13451.5)
OMO Sterilisation Account.	(4583.1)	(7725.5)	(27273.5)	(24795.4)	(29850.4)	(22605.9)	(17663.1)	(16510.6)	(16244.5)
6 Reserve Money ( RM)	48238.0	68103.8	62343.4	88299.4	83520.3	89011.6	105041.2	108282.7	110872.8
7 ow:Currency	22102.3	31420.6	31238.5	37620.7	37132.1	39678.0	41690.8	43382.7	44895.6
8 DMB's reserves	21821.3	31727.8	25888.2	38050.2	39834.5	42754.5	56616.6	58160.8	58972.2
9 Non-Bank deposits	4314.4	4955.3	5216.7	12628.5	6553.7	6579.2	6733.8	6739.1	7005.1
<b>Change from previous year (in per cent)</b>									
10 Net Foreign Assets	(125.6)	(312.0)	114.8	(123.0)	(144.3)	(155.3)	(162.8)	(193.8)	(273.0)
11 Net Domestic Assets	395.4	144.6	39.3	(1.5)	(16.1)	(7.4)	(1.6)	16.9	14.4
12 ow: Claims on government (net)	166.0	168.4	61.3	(31.1)	(38.0)	(42.5)	(38.2)	(34.7)	(33.5)
13 Claims on DMB's (net)	165.7	243.9	(81.7)	(143.5)	(135.6)	(61.4)	(40.6)	(91.5)	(58.2)
14 OMO Sterilisation Account.	1.8	(36.6)	(495.1)	(221.0)	(63.1)	17.6	9.5	46.8	40.4
15 Reserve Money ( RM)	11.5	57.5	(8.5)	29.7	(5.4)	0.8	19.0	22.6	25.6
16 ow:Currency	1.5	44.3	(0.6)	19.7	(1.3)	5.5	10.8	15.3	19.3
<b>Cumulative change from previous year end (in per cent)</b>									
17 Net Foreign Assets ( NFA)	(177.6)	(312.0)	(21.4)	(123.0)	136.8	229.5	258.5	300.0	491.5
18 Net Domestic Assets ( NDA)	56.1	144.6	(11.1)	(1.5)	(12.2)	(10.1)	7.5	9.4	3.3
19 o/w: Claims on government (net)	75.0	168.4	5.2	(31.1)	1.4	(7.9)	0.3	5.0	1.4
20 Reserve Money ( RM)	11.5	57.5	(8.5)	29.7	(5.4)	0.8	19.0	22.6	25.6
<b>Annual per cent contribution</b>									
21 Net Foreign Assets	(87.17)	(59.51)	(15.23)	31.58	46.53	64.31	54.06	53.85	60.21
22 Net Domestic Assets ( NDA)	120.93	116.99	44.47	(1.93)	(21.24)	(10.42)	(2.18)	21.57	17.63
23 RM growth ( y-o-y)	33.76	57.48	29.24	29.65	25.29	53.89	51.88	75.42	77.84

Source: Bank of Ghana Staff Calculations

**Table A.3: Asset and Liability Structure of the Banking Sector**

	<u>Jun-21</u>	<u>Jun-22</u>	<u>Jun-23</u>	<u>Apr-24</u>	<u>Jun-24</u>
<b>Components of Assets (% of Total)</b>					
Cash and Due from Banks	20.7	23.4	27.7	35.2	35.8
Investments	46.5	40.5	37.1	34.5	33.2
Net Advances	25.2	28.1	25.8	20.5	21.4
Others	7.6	8.0	9.4	9.8	9.6
<b>Components of Liabilities and Shareholders' Funds (% of Total)</b>					
Total Deposits	67.7	65.7	77.4	77.0	76.1
Total Borrowings	10.5	13.2	6.6	6.3	7.2
Shareholders' Funds	14.0	13.1	9.2	10.1	10.0
Other Liabilities	7.8	8.0	6.8	6.6	6.8

Source: Bank of Ghana Staff Calculations

**Table A.4: Credit Growth**

Economic Sector	GH¢million				y/y growth (%)	
	Jun-22	Jun-23	Apr-24	Jun-24	Jun-23	Jun-24
<b>Public Sector</b>	6,201.82	6,754.31	6,082.98	6,416.98	8.9	-5.0
<b>Private Sector</b>	57,160.95	66,370.96	71,855.61	78,113.05	16.1	17.7
- Private Enterprises	41,834.52	46,643.78	52,269.44	57,447.21	11.5	23.2
o/w Foreign	5,887.52	3,219.23	3,525.57	4,469.18	-45.3	38.8
Indigenous	35,947.00	45,424.55	48,743.87	52,978.03	26.4	16.6
- Households	12,981.00	16,208.51	18,353.83	19,289.09	24.9	19.0
<b>Gross Loans</b>	63,362.8	73,125.3	77,938.6	84,530.0	15.4	15.6

Source: Bank of Ghana Staff Calculations

**Table A.5: Contingent Liabilities**

	<u>Jun-21</u>	<u>Jun-22</u>	<u>Jun-23</u>	<u>Apr-24</u>	<u>Jun-24</u>
<b>Contingent Liabilities (GH¢million)</b>	14,071.7	21,921.0	19,885.5	24,400.1	25,657.6
<b>Growth (y-o-y)</b>	25.7	50.3	(12.9)	23.6	29.0
<b>% of Total Liabilities</b>	10.1	12.6	9.0	8.8	8.8

Source: Bank of Ghana Staff Calculations

**Table A.6: Distribution of Loans and NPLs by Economic Sector (%)**

	Jun-22		Jun-23		Apr-24		Jun-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
<b>a. Public Sector</b>	<b>9.8</b>	<b>4.2</b>	<b>9.2</b>	<b>4.5</b>	<b>7.8</b>	<b>4.4</b>	<b>7.6</b>	<b>4.4</b>
i. Government	5.2	1.7	4.1	2.3	2.7	1.7	2.7	1.2
ii. Public Institutions	1.9	0.2	1.8	0.0	1.7	0.1	1.6	0.1
iii. Public Enterprises	2.7	2.3	3.3	2.2	3.5	2.6	3.3	3.1
<b>b. Private Sector</b>	<b>90.2</b>	<b>95.8</b>	<b>90.8</b>	<b>95.5</b>	<b>92.2</b>	<b>95.6</b>	<b>92.4</b>	<b>95.6</b>
i. Private Enterprises	66.0	85.4	66.5	84.0	67.1	83.9	68.0	83.7
o/w Foreign	9.3	10.7	4.4	2.6	4.5	2.0	5.3	2.2
Indigenous	56.7	74.7	62.1	81.4	62.5	82.0	62.7	81.5
ii. Households	20.5	8.0	22.2	10.8	23.5	10.9	22.8	11.1
iii. Others	3.7	2.4	2.1	0.7	1.6	0.8	1.6	0.8

Source: Bank of Ghana Staff Calculations

**Table A.7: Liquidity Ratios**

	<u>Jun-21</u>	<u>Jun-22</u>	<u>Jun-23</u>	<u>Apr-24</u>	<u>Jun-24</u>
<b>Liquid Assets (Core) - (GH¢'million)</b>	33,656.1	46,726.4	67,100.0	107,918.8	115,827.0
<b>Liquid Assets (Broad) -(GH¢'million)</b>	109,129.9	127,547.3	156,811.9	213,585.9	222,701.8
<b>Liquid Assets to total deposits (Core)-%</b>	30.5	35.6	35.8	45.7	47.1
<b>Liquid Assets to total deposits (Broad)- %</b>	98.9	97.1	83.6	90.4	90.6
<b>Liquid assets to total assets (Core)- %</b>	20.7	23.4	27.7	35.2	35.8
<b>Liquid assets to total assets (Broad)- %</b>	67.0	63.8	64.7	69.6	68.9

Source: Bank of Ghana Staff Calculations

**Table A.8: Profitability Indicators (%)**

	Jun-22	Jun-23	Apr-24	Jun-24
Gross Yield	7.8	9.1	6.3	9.4
Interest Payable	2.6	3.2	2.0	3.0
Spread	5.2	6.0	4.3	6.4
Asset Utilisation	6.8	8.3	4.9	7.1
Interest Margin to Total Assets	3.5	4.1	2.6	3.7
Interest Margin to Gross income	51.0	49.1	52.5	51.4
Profitability Ratio	20.7	21.3	23.1	23.5
Return On Equity (%) after tax	21.8	37.6	35.0	35.3
Return On Assets (%) before tax	4.6	5.5	5.4	5.4

Source: Bank of Ghana Staff Calculations

**Table A.9: DMBs' Income Statement**

	<b>Jun-22</b>	<b>Jun-23</b>	<b>Apr-24</b>	<b>Jun-24</b>	<b>Jun-23</b>	<b>Apr-24</b>	<b>Jun-24</b>
	<b>(GH c'million)</b>				<b>Y-on-y Growth (%)</b>		
Interest Income	10,461.7	15,092.6	12,002.0	17,980.5	44.3	19.4	19.1
Interest Expenses	(3,475.1)	(5,211.3)	(4,041.7)	(6,180.4)	50.0	14.0	18.6
<b>Net Interest Income</b>	<b>6,986.5</b>	<b>9,881.2</b>	<b>7,960.2</b>	<b>11,800.0</b>	<b>41.4</b>	<b>22.4</b>	<b>19.4</b>
Fees and Commissions (Net)	1,717.7	2,243.4	1,589.2	2,620.1	30.6	12.8	16.8
Other Income	1,517.4	2,805.7	1,581.9	2,352.5	84.9	(20.8)	(16.2)
Operating Income	10,221.7	14,930.3	11,131.3	16,772.7	46.1	12.3	12.3
Operating Expenses	(4,538.9)	(6,577.6)	(5,020.0)	(7,594.1)	44.9	11.9	15.5
Staff Cost (deduct)	(2,458.7)	(3,120.0)	(2,526.9)	(3,813.7)	26.9	19.6	22.2
Other operating Expenses	(2,080.3)	(3,457.7)	(2,493.1)	(3,780.4)	66.2	4.9	9.3
<b>Net Operating Income</b>	<b>5,682.7</b>	<b>8,352.7</b>	<b>6,111.3</b>	<b>9,178.6</b>	<b>47.0</b>	<b>12.7</b>	<b>9.9</b>
Total Provision (Loan losses, Depreciation & others)	(1,305.2)	(1,731.9)	(863.4)	(1,048.2)	32.7	(20.6)	(39.5)
<b>Income Before Tax</b>	<b>4,377.5</b>	<b>6,620.8</b>	<b>5,247.9</b>	<b>8,130.4</b>	<b>51.2</b>	<b>21.1</b>	<b>22.8</b>
Tax	(1,537.4)	(2,320.9)	(1,748.3)	(2,733.8)	51.0	14.6	17.8
<b>Net Income</b>	<b>2,840.2</b>	<b>4,299.9</b>	<b>3,499.6</b>	<b>5,396.5</b>	<b>51.4</b>	<b>24.6</b>	<b>25.5</b>
Gross Income	13,696.8	20,141.6	15,173.1	22,953.1	47.1	12.8	14.0

Source: Bank of Ghana Staff Calculations

**Table A.10: Development in Offshore Balances**

	<b>Jun-21</b>	<b>Jun-22</b>	<b>Jun-23</b>	<b>Apr-24</b>	<b>Jun-24</b>
<b>Offshore balances as % to Networth</b>	40.4	39.6	78.3	83.0	92.6
<b>Annual Growth in Offshore balances (%)</b>	-0.3	13.4	67.8	50.2	71.4
<b>Annual Growth in Nostro Balances (%)</b>	14.5	-10.7	77.9	23.3	73.6
<b>Annual Growth in Placement (%)</b>	-17.3	51.7	58.8	87.5	69.4

Source: Bank of Ghana Staff Calculations

**Table A.11: Fiscal Indicators**

<i>Million Ghana Cedis</i>	2023	2024	2024	2024	2024	2024
	Q1+Q2	Q1	Q1+Q2	Q1+Q2	DEVIATION	Y-O-Y
	OUTTURN	OUTTURN	OUTTURN	PROG	OVER (+)/ BELOW (-)	GROWTH
<b>Domestic Revenue</b>	<b>59,057.30</b>	<b>30,378.90</b>	<b>74,193.70</b>	<b>74,414.70</b>	<b>-0.3</b>	<b>25.6</b>
(percent of GDP)	7	2.9	7.1	7.1	-0.3	0.6
<b>Domestic expenditure</b>	<b>53,371.10</b>	<b>34,417.90</b>	<b>70,441.70</b>	<b>69,592.20</b>	<b>1.2</b>	<b>32</b>
(percent of GDP)	6.3	3.3	6.7	6.6	1.2	5.7
<b>Domestic Primary Balance</b>	<b>5,686.20</b>	<b>-4,039.00</b>	<b>3,752.00</b>	<b>4,822.60</b>	<b>-22.2</b>	<b>-34</b>
(percent of GDP)	0.7	-0.4	0.4	0.5	-22.2	-47.2
<b>Primary Balance (Commitment)</b>	<b>191.9</b>	<b>-6,025.40</b>	<b>-2,255.20</b>	<b>-2,354.90</b>	<b>-4.2</b>	<b>-1,275.40</b>
(percent of GDP)	0	-0.6	-0.21	-0.22	-4.2	-1,041.30
<b>Primary Balance (Cash)</b>	<b>-231.4</b>	<b>-15,104.00</b>	<b>-17,103.20</b>	<b>-8,822.70</b>	<b>93.9</b>	<b>7,291.30</b>
(percent of GDP)	0	-1.4	-1.6	-0.8	93.9	5,819.00
<b>Non-Oil Primary Balance</b>	<b>-6,180.20</b>	<b>-17,007.70</b>	<b>-23,064.00</b>	<b>-17,808.60</b>	<b>29.5</b>	<b>273.2</b>
(percent of GDP)	-0.7	-1.6	-2.2	-1.7	29.5	198.9
<b>Overall Balance (Commitment)</b>	<b>-14,239.80</b>	<b>-18,588.20</b>	<b>-21,283.70</b>	<b>-28,702.50</b>	<b>-25.8</b>	<b>49.5</b>
(percent of GDP)	-1.7	-1.8	-2	-2.7	-25.8	19.7
<b>Overall Balance (cash, discrepancy)</b>	<b>-14,663.10</b>	<b>-27,666.80</b>	<b>-36,131.70</b>	<b>-35,170.30</b>	<b>2.7</b>	<b>146.4</b>
(percent of GDP)	-1.7	-2.6	-3.4	-3.3	2.7	97.3
<b>Oil Revenue</b>	<b>5,948.80</b>	<b>1,903.80</b>	<b>5,960.80</b>	<b>8,985.90</b>	<b>-33.7</b>	<b>0.2</b>
(percent of GDP)	0.7	0.2	0.6	0.9	-33.7	-19.8
<b>Non-Oil Revenue and Grants</b>	<b>53,973.20</b>	<b>28,510.10</b>	<b>68,690.20</b>	<b>67,080.80</b>	<b>2.4</b>	<b>27.3</b>
(percent of GDP)	6.4	2.7	6.5	6.4	2.4	1.9
<b>Benchmark Oil Revenue</b>	<b>3,755.80</b>	<b>1,116.40</b>	<b>4,455.70</b>	<b>7,005.50</b>	<b>-36.4</b>	<b>18.6</b>
(percent of GDP)	0.4	0.1	0.4	0.7	-36.4	-5
<b>Annual Budget Funding Amount (ABFA)</b>	<b>2,629.00</b>	<b>781.5</b>	<b>3,119.00</b>	<b>4,903.90</b>	<b>-36.4</b>	<b>18.6</b>
(percent of GDP)	0.3	0.1	0.3	0.5	-36.4	-5
<b>Nominal GDP</b>	<b>841,632.90</b>	<b>1,050,978.30</b>	<b>1,050,978.30</b>	<b>1,050,978.30</b>		
<b>Non-Oil Nominal GDP</b>	<b>803,900.90</b>	<b>979,407.70</b>	<b>979,407.70</b>	<b>979,407.70</b>		

Source: Ministry of Finance

**Table A.12: Headline Inflation**

	Annual Changes in CPI (%)			Monthly Changes in CPI (%)			Core Inflation (%)			
	Combined	Food	Non-food	Combined	Food	Non-food	Core 1	Core 2	Core 3	Core 4
Dec-20	10.4	14.1	7.7	0.9	1.5	0.4	11.2	8.5	11.4	8.3
Dec-21	12.6	12.8	12.5	1.2	1.2	1.2	11.9	11.9	11.5	10.7
Dec-22	54.1	59.7	49.9	3.8	4.1	3.6	53.2	53.5	54.4	47.2
<b>2023</b>										
Jan	53.6	61.0	47.9	1.7	2.8	0.8	52.8	52.8	54.0	45.7
Feb	52.8	59.1	47.9	1.9	2.0	1.7	52.0	52.3	53.4	45.6
Mar	45.0	50.8	40.6	-1.2	-0.9	-1.5	44.6	45.4	46.7	39.0
Apr	41.2	48.7	35.4	2.4	4.3	0.7	41.7	41.1	43.4	35.6
May	42.2	51.8	34.6	4.8	6.2	3.5	42.8	40.8	45.3	35.0
<b>Jun</b>	<b>42.5</b>	<b>54.2</b>	<b>33.4</b>	<b>3.2</b>	<b>3.9</b>	<b>2.6</b>	<b>43.5</b>	<b>40.9</b>	<b>46.1</b>	<b>34.8</b>
Jul	43.1	55.0	33.8	3.6	3.8	3.4	44.2	41.5	47.2	35.6
Aug	40.1	51.9	30.9	-0.2	-0.3	-0.2	41.0	38.3	44.0	32.5
Sept	38.1	49.3	29.3	1.9	1.6	2.1	39.0	35.3	40.0	29.5
Oct	35.2	44.8	27.7	0.6	0.1	1.0	36.2	33.1	37.2	28.3
Nov	26.4	32.2	21.7	1.5	0.8	2.2	27.2	24.8	28.6	22.9
Dec	23.2	28.7	18.7	1.2	1.3	1.0	24.2	22.3	25.5	20.7
<b>2024</b>										
Jan	23.5	27.1	20.5	2.0	1.6	2.4	24.2	22.4	25.4	21.8
Feb	23.2	27.0	20.0	1.6	2.0	1.3	24.0	22.2	25.0	21.8
Mar	25.8	29.6	22.6	0.8	1.0	0.7	26.3	24.0	27.2	23.8
Apr	25.0	26.8	23.5	1.8	2.1	1.5	24.8	22.9	25.9	22.9
May	23.1	22.6	23.6	3.2	2.7	3.6	22.6	21.5	23.2	21.9
<b>June</b>	<b>22.8</b>	<b>24.0</b>	<b>21.6</b>	<b>2.9</b>	<b>5.1</b>	<b>0.9</b>	<b>22.1</b>	<b>19.5</b>	<b>23.2</b>	<b>19.1</b>

Source: Ghana Statistical Service

**Table A.13: CPI Components**

CPI Components (%)																
	Weights (%)	2020	2021	2022	2023						2024					
		Dec	Dec	Dec	Jan	Mar	May	Jun	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Overall	100.0	10.4	12.6	54.1	53.6	45.0	42.2	42.5	26.4	23.2	23.5	23.2	25.8	25.0	23.1	22.8
Food and Beverages	43.1	14.1	12.8	59.7	61.0	50.8	51.8	54.2	32.2	28.7	27.1	27.0	29.6	26.8	22.6	24.0
Non-food	56.9	7.7	12.5	49.9	47.8	40.6	34.6	33.4	21.7	18.7	20.5	20.0	22.6	23.5	23.6	21.6
Alcoholic Beverages, Tobacco & Narcotics	3.7	6.0	9.6	38.5	43.3	41.2	42.1	43.9	39.0	38.2	38.5	38.5	41.0	39.4	34.2	32.3
Clothing and footwear	8.1	7.9	8.6	41.9	43.5	38.3	34.0	33.9	24.8	22.3	22.8	22.5	24.5	23.8	20.5	18.2
Housing and Utilities	10.2	20.1	20.7	82.3	71.1	64.7	54.0	49.2	21.5	19.5	22.6	22.9	24.9	28.1	26.9	26.0
Furnishings, Household Equipment	3.2	4.7	9.6	71.5	71.7	67.4	57.8	54.2	32.2	26.9	27.6	25.4	23.0	21.3	17.9	17.0
Health	0.7	6.0	6.0	34.4	35.0	27.9	33.6	37.2	23.6	23.0	26.6	28.1	32.0	31.2	26.5	22.6
Transport	10.1	4.8	17.6	71.4	68.8	52.0	36.9	32.3	11.5	4.4	5.6	3.5	7.9	10.3	20.3	19.0
Information and Communication	3.6	7.0	9.0	21.5	22.9	15.8	16.1	21.6	16.8	14.2	13.6	13.5	15.2	14.7	13.2	10.4
Recreation & Culture	3.5	1.8	11.4	42.4	41.6	32.8	29.2	29.7	23.4	24.9	25.9	25.6	29.4	28.7	24.1	20.5
Education	6.5	0.2	1.0	11.3	10.8	7.9	10.5	14.3	14.1	13.9	19.8	19.7	23.7	23.4	25.2	20.9
Hotels, cafes and restaurants	4.6	5.4	8.9	9.2	9.6	6.9	5.9	4.7	27.1	28.0	29.2	31.9	32.7	33.9	31.6	30.7
Insurance and Financial services	0.2	3.3	6.3	10.8	11.7	10.5	10.2	10.7	8.5	8.1	8.6	8.9	9.3	9.6	8.7	6.2
Personal care, social protection & Miscellaneous services	2.4	3.8	10.6	60.9	63.1	53.7	53.4	55.1	35.4	31.1	32.0	30.3	33.5	31.9	24.3	19.5
Source: Ghana Statistical Service																

Source: Ghana Statistical Service