



BANK OF GHANA

MONETARY POLICY REPORT

May 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 118th meeting held in May 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 ± 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 economic activity remains resilient despite sustained monetary policy tightening across advanced economies and Emerging Market and Developing Economies. The robust economic activity, observed over the period, was attributable to stronger consumption spending arising from employment growth in advanced economies and policy support in China, the US, and some larger Emerging Market and Developing Economies (EMDEs). Other factors that supported global activity in 2023 were additions to the stock of capital, a rebound in the manufacturing and services sector, improved trade, and resolution of pandemic-era supply chain disruptions.

Progress towards inflation targets has stalled somewhat since the beginning of the year. This development was due to increasing prices in the services sector and a resurgence in crude oil prices, as OPEC+ slashed production. This notwithstanding, inflation is projected to decline steadily on the back of tighter monetary policy, softening labour market conditions, and the waning effects of past shocks.

Policy rates have been kept elevated to anchor inflation and lower inflation rates further. Consequently, global financial conditions have generally remained restrictive. Longer-term bond yields have also risen, due to the expectation that a tight policy stance would be maintained in the near term. In the outlook, financial conditions are expected to ease in 2024 as the disinflation process continues and oil prices decline, amid well-anchored inflation expectations.

The Bank of Ghana's high-frequency real sector indicators pointed to steady improvement in economic activity, evidenced by continued steady growth in the CIEA. Also, the Purchasing Managers' Index (PMI) firmed up, driven by resilient consumer demand. Despite the steady improvement in economic activity, real private sector credit remained generally weak, while business and consumer confidence softened, reflecting concerns about the high cost of raw materials and foreign exchange market pressures.

The disinflation process remained sluggish over the first quarter of the year. Inflation, which was 23.1 percent in December 2023, increased to 25.8 percent in March 2024 largely on the back of rising food inflation. In April, however, inflation eased to 25 percent on account of increased supply of seasonal food crops.

Banking sector indicators point to a recovery from the impact of the Domestic Debt Exchange Programme (DDEP). In the first four months of 2024, key financial soundness indicators broadly improved, with banks reporting higher profits as compared to the same period in the previous year. Total assets also increased by 28.8 percent.

Ghana's external sector position remains strong, although the current account surplus nearly halved in the first quarter of the year. The reduction in the current account surplus broadly reflected a rebound in imports and net income payments (energy sector payments), which increased pressure on the Ghana cedi in the foreign exchange market. From the current account position, reserves were accumulated in the first quarter of the year, with reserve buffers expected to exceed programme expectations in June.

1. Global Economic Developments

1.0 Highlights

Despite a tight monetary policy stance, Global growth remains relatively strong, bolstered by an expansion of economic activity in large economies. Progress toward attaining inflation targets globally has somewhat stalled as oil prices have risen due to escalating geopolitical tensions. For emerging markets and developing economies, the strengthening of the US dollar and the tight monetary policy stance of the US Fed have induced more headwinds to the disinflation process. Due to these developments, central banks have mostly been reluctant to loosen their tight monetary policy stance.

1.1 Global Growth Developments

Global economic activity remained resilient despite synchronous policy tightening. The robust economic activity reflected stronger consumption spending arising from employment growth in advanced economies, and policy support in China, the US and some Emerging Markets and Developing Economies (EMDEs). Additionally, global economic activity was supported by supply side factors such as increases in the labour force due to migration, additions to the stock of capital, a rebound in both the manufacturing and services sector, and resolution of pandemic era supply chain bottlenecks. Despite these tailwinds to growth, geopolitical uncertainty, the slower pace of disinflation, and elevated debt burdens are dampening the growth outlook. The IMF, in its April 2024 World Economic Outlook, projects global growth to remain at 3.2 percent in 2024 and 2025.

Table 1.1: Global Growth Projections (%)

	Year over Year		
	Estimates	Projections	
		2024	2025
World	3.2	3.2	3.2
Advanced Economies	1.6	1.7	1.8
United States	2.5	2.7	1.9
Euro Area	0.4	0.8	1.5
Germany	-0.3	0.2	1.3
France	0.9	0.7	1.4
Italy	0.9	0.7	0.7
Spain	2.5	1.9	2.1
Japan	1.9	0.9	1.0
United Kingdom	0.1	0.5	1.5
Canada	1.1	1.2	2.3
Other Advanced Economies	1.8	2.0	2.4
Emerging Market and Developing Economies	4.3	4.2	4.2
China	5.2	4.6	4.1
India	7.8	6.8	6.5
Russia	3.6	3.2	1.8
Brazil	2.9	2.2	2.1
Mexico	3.2	2.4	1.4
Sub-Saharan Africa	3.4	3.8	4.0
Nigeria	2.9	3.3	3.0
South Africa	0.6	0.9	1.2

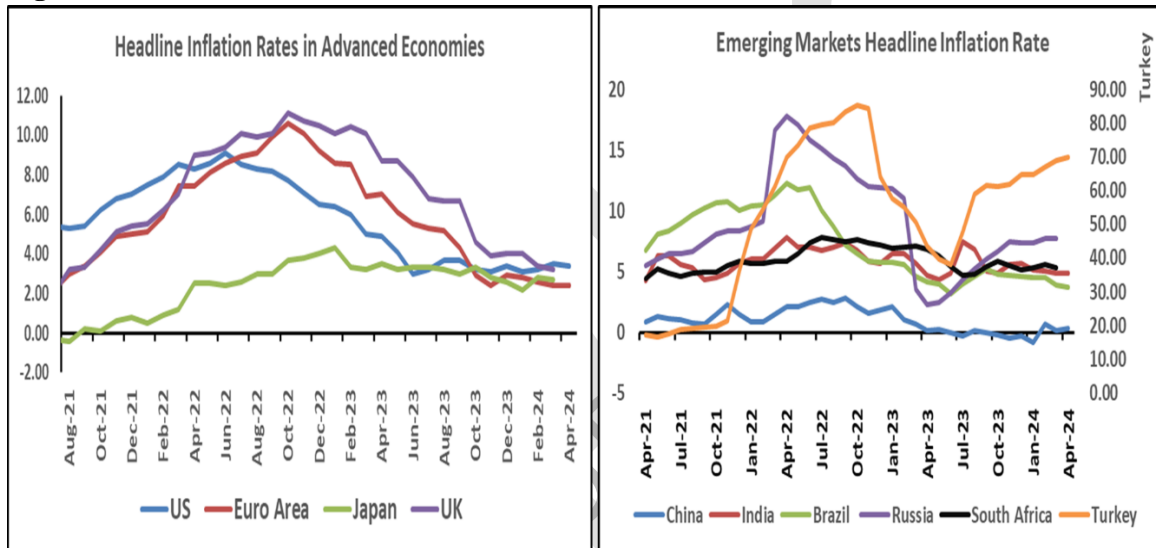
Source: IMF, WEO April 2024 Update

1.2 Global Price Developments

Global headline inflation largely trended downwards in 2023, but the momentum has stalled in 2024. The slower disinflation observed in the first four months of 2024 was largely attributable to an uptick in the prices of oil, services and food items such as meat, vegetable oil, and cereal. Core inflation also remained sticky, largely due to services inflation which has risen on the back of strong wage growth.

Supported by tighter monetary policy, softening labour markets, and the waning effects of past shocks, core inflation is expected to decline by 1.2 percentage points in 2024, after contracting by 0.2 percent in 2023. Similarly, global headline inflation is expected to decline steadily in 2024 and 2025 on the back of a decline in oil prices arising from oil production increases by non-OPEC+ countries.

Figure 1.1: Headline Inflation Rates (%)



Source: Trading Economics

1.3 Global Financial Markets Developments

Central banks across many economies have been reluctant to begin the much-anticipated policy easing cycle amid still high inflation and emerging price pressures related to geopolitical tensions in the Middle East. Consequently, global financial conditions have remained restrictive. Expectations of future policy rate cuts have supported portfolio flows to EMDEs with equity and debt flows at US\$10.2 billion and US\$22.5 billion, respectively, in March 2024. In the outlook, financial conditions are set to ease in the second half of 2024, reflecting expected policy rates cuts by major central banks in advanced economies.

Table 1.2: Monetary Policy Stance of Selected Central Banks

	Policy rate - Previous (%)	Policy Rate Current (%)	Forecast	Inflation March, 2024	Inflation April, 2024	Real rate	Infl Target	Overall Fiscal Deficit (2023,% of GDP)	GDP Growth (Dec.2023)	GrossDeb t/GDP(20 23,%)	YTD Dep/May
U.S	5.5	5.5	5.5	3.5	3.4	2.1	2%	-8.8	2.5	122.1	
Euro Area	4.5	4.5	4.50	2.4	2.4	2.1	< 2%	-3.5	0.4	88.6	-1.39
UK	5.25	5.25	5.25	3.2		2.05	2%	-6	0.1	101.1	-0.36
Japan	0.1	0.1	0.0	2.7			2%	-5.8	1.9	252.4	-8.94
Russia	16	16	16	7.7	7.8	8.2	4%	-2.3	3.6	19.7	-1.88
India	6.5	6.5	6.5	4.85	4.83	1.67	4±2%	-8.6	7.8	82.7	-0.35
Brazil	10.75	10.5	10.5	3.93	3.69	6.81	4.5±1.5%	-7.9	2.9	84.7	-5.53
Turkey	50	50	50	68.5	69.8	-19.8	5±2%	-5.5	4.5	28.9	-8.35
Malaysia	3	3	3.0	1.8		1.2	3% - 4%	-4.4	3.7	67.3	-3.65
Indonesia	6	6.25	6.25	3.05	3.0	3.25	3.5% ± 1%	-1.6	5	39.9	-3.94
Chile	7.25	6.5	6.5	3.7	4.0	2.5	3±1%	-2.2	0.2	39.4	-2.66
Ghana	29	29		25.8	25.0	4	8±2%	-4.6	2.3	86.1	-13.5
South Africa	8.25	8.25	8.25	5.3		2.95	3% -6%	-6	0.6	73.9	0.49
Nigeria	22.75	24.75	25.75	33.2	33.69	-8.94	6% -9%	-4.2	2.9	46.3	-40.18
Kenya	13	13	13.0	5.7	5	8	2.5-7.5%	-5.3	5.5	73.3	19.78
Zambia	11	12.5	14	13.7	13.8	-1.3	9%	-6.8	4.3	115.2	1.35
Morocco	3	3	2.5	0.9		2.1		-4.4	3	70.6	-0.80
Angola	18	19	19.0	26.1	28.2	-9.2	9-11%	-0.1	0.5	84.5	-0.77
Egypt	21.25	27.25	27.25	33.3	32.5	-5.25	7± 2%	-5.8	3.8	95.9	-34.0

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

1.4 Currency Markets

A strengthened US dollar and heightened demand from the energy, manufacturing, and commerce sectors weighed on the Ghana cedi in the foreign exchange market. On the interbank market, the cedi depreciated by 10.5 percent, 9.0 percent and 9.4 percent against the dollar, the pound sterling, and the euro, respectively, on a year-to-date basis. During the same period in 2023, the cedi depreciated by 21.7 percent, 25.1 percent and 24.3 percent against the dollar, the pound sterling, and the euro, respectively. In the outlook, the tight monetary policy stance in Ghana and the signalled policy rate cuts in some advanced economies are expected to ease pressure on the cedi in the near-term.

Table 1.3: Interbank Exchange Rates

	US\$/GHC*	Monthly depreciation/appreciation	Year-to-Date depreciation/appreciation	GBP/GHC*	Monthly depreciation/appreciation	Year-to-Date depreciation/appreciation	Euro/GHC*	Monthly depreciation/appreciation	Year-to-Date depreciation/appreciation
2022									
Jan	6.0236	-0.3	-0.29	8.0882	0.5	0.48	6.7506	1.1	1.15
Feb	6.6004	-8.7	-9.00	8.8568	-8.7	-8.24	7.4100	-8.9	-7.85
Mar	7.1122	-7.2	-15.55	9.3515	-5.3	-13.09	7.8986	-6.2	-13.55
Apr	7.1128	0.0	-15.56	8.9333	4.7	-9.02	7.4963	5.4	-8.91
May	7.1441	-0.4	-15.93	9.0041	-0.8	-9.74	7.6650	-2.2	-10.92
June	7.2305	-1.2	-16.93	8.8043	2.3	-7.69	7.5797	1.1	-9.92
July	7.6120	-5.0	-21.10	9.2642	-5.0	-12.27	7.7658	-2.4	-12.07
Aug	8.2325	-7.5	-27.04	9.5872	-3.4	-15.23	8.2909	-6.3	-17.64
Sep	9.6048	-14.3	-37.47	10.7017	-10.4	-24.06	9.4147	-11.9	-27.47
Oct	13.0086	-26.2	-53.83	14.9541	-28.4	-45.65	12.8610	-26.8	-46.91
Nov	13.1044	-0.7	-54.17	15.6919	-4.7	-48.21	13.5813	-5.3	-49.72
Dec	8.5760	52.8	-29.97	10.3118	52.2	-21.19	9.1457	48.5	-25.34
2023									
Jan	10.7997	-20.6	-20.59	13.2863	-22.4	-22.39	11.7262	-22.0	-22.01
Feb	11.0135	-1.9	-22.13	13.3699	-0.6	-22.87	11.7182	0.1	-21.95
Mar	11.0137	0.0	-22.13	13.6218	-1.8	-24.30	11.9657	-2.1	-23.57
Apr	10.9516	0.6	-21.69	13.7624	-1.0	-25.07	12.0876	-1.0	-24.34
May	10.9715	-0.2	-21.83	13.5888	1.3	-24.12	11.6978	3.3	-21.82
June	10.9972	-0.2	-22.02	13.9879	-2.9	-26.28	12.0073	-2.6	-23.83
July	11.0034	-0.1	-22.06	14.1482	-1.1	-27.12	12.1272	-1.0	-24.59
Aug	11.0192	-0.1	-22.17	13.9514	1.4	-26.09	11.9473	1.5	-23.45
Sep	11.1285	-1.0	-22.94	13.5935	2.6	-24.14	11.7774	1.4	-22.35
Oct	11.4963	-3.2	-25.40	13.9399	-2.5	-26.03	12.1438	-3.0	-24.69
Nov	11.6206	-1.1	-26.20	14.6821	-5.1	-29.77	12.6756	-4.2	-27.85
Dec	11.8800	-2.2	-27.81	15.1334	-3.0	-31.86	13.1264	-3.4	-30.33
2024									
Jan	12.0356	-1.3	-1.29	15.3027	-1.1	-1.11	13.0547	0.5	0.55
Feb	12.4642	-3.4	-4.69	15.8022	-3.2	-4.23	13.5234	-3.5	-2.94
Mar	12.8770	-3.2	-7.74	16.2617	-2.8	-6.94	14.2691	-5.2	-8.01
Apr	13.2739	-3.0	-10.50	16.6243	-2.2	-8.97	14.4817	-1.5	-9.36

Source: Bank of Ghana Staff Calculations

Relative to Ghana's major trading partners' currencies, the cedi depreciated on a year-to-date basis by 8.6 percent in nominal trade weighted terms and 11.4 percent in forex transaction weighted terms. This is against a depreciation of 31.1 percent and 28.1 percent in nominal trade weighted terms and nominal foreign exchange transaction weighted terms, respectively, over the same period in 2023.

Table 1.4: Nominal Effective Exchange Rate

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

Source: Bank of Ghana Staff Calculations

In real bilateral terms, the cedi depreciated on a year-to-date basis by 7.4 percent, 4.0 percent and 3.2 percent against the dollar, the pound sterling, and the euro, respectively. For the corresponding period in 2023, the cedi depreciated by 24.6 percent, 28.5 percent and 28.3 percent against the dollar, the pound sterling, and the euro, respectively.

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
Jan-23	91.29	89.44	81.79	-25.37	-25.51	-24.79	-25.37	-25.51	-24.79
Feb-23	92.93	90.51	81.24	1.75	1.19	-0.68	-23.17	-24.03	-25.63
Mar-23	88.73	86.44	79.97	-4.73	-4.70	-1.59	-28.99	-29.86	-27.64
Apr-23	89.30	86.33	81.93	0.64	-0.14	2.39	-28.25	-28.48	-24.59
May-23	96.24	90.58	85.45	7.23	4.71	4.15	-18.91	-23.90	-19.42
Jun-23	96.86	91.24	87.72	0.65	0.72	2.58	-18.16	-23.03	-16.36
Jul-23	99.54	93.88	90.62	2.69	2.81	3.21	-14.98	-19.58	-12.63
Aug-23	100.03	94.40	89.89	0.49	0.55	-0.81	-14.42	-18.92	-13.55
Sep-23	103.16	98.44	90.45	3.03	4.11	0.62	-10.95	-14.04	-12.84
Oct-23	100.32	96.19	88.09	-2.84	-2.33	-2.68	-14.10	-16.70	-15.87
Nov-23	98.42	93.25	88.67	-1.93	-3.15	0.65	-16.30	-20.38	-15.11
Dec-23	95.90	91.11	87.82	-2.62	-2.35	-0.96	-19.35	-23.21	-16.22
Jan-24	98.89	92.57	87.94	3.02	1.57	0.14	3.02	1.57	0.14
Feb-24	96.51	90.72	85.73	-2.46	-2.03	-2.58	0.63	-0.43	-2.44
Mar-24	93.63	88.07	83.15	-3.08	-3.01	-3.11	-2.43	-3.45	-5.63
Apr-24	92.95	87.65	81.79	-0.73	-0.49	-1.66	-3.17	-3.95	-7.38

Source: Bank of Ghana Staff Calculations

The cedi depreciated by 3.8 percent and 7.0 percent in real trade weighted terms and real forex transaction weighted terms, respectively, on a year-to-date basis. This compares with a depreciation of 27.9 percent and 24.9 percent in real trade weighted terms and real foreign exchange transaction weighted terms respectively for the same period in 2023.

Table 1.6: Real Effective Exchange Rate for Major Trade Partners

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

Source: Bank of Ghana Staff Calculations

1.5 Global Economic Outlook and Risks

The global economy remains resilient despite the tight monetary policy stance by central banks. Headline inflation remains above central bank targets in most countries due to a resurgence in oil prices, geopolitical uncertainty, and high services inflation. Financial conditions also remain restrictive, reflecting high policy rates. In the outlook, risks to inflation from the external environment are elevated as policy rates in advanced economies are expected to remain high as inflation, though declining, remains high relative to targets. This may keep the dollar strong for a longer period, a development that will likely lead to exertion of pressure on the exchange rate.

2. External Sector Developments

2.0 Highlights

Ghana's external sector position remains strong although the current account surplus nearly halved in the first quarter of 2024. The performance in the current account reflects a rebound in imports and net income payments. Accumulation of reserve buffers remains on course and is set to exceed the programme expectation in June, largely due to the domestic gold purchase programme. The overall balance of payments recorded a surplus of US\$84.74 million in the first quarter of 2024, compared to a deficit of US\$586.99 million in the first quarter of 2023.

2.1 Commodity Price Trends

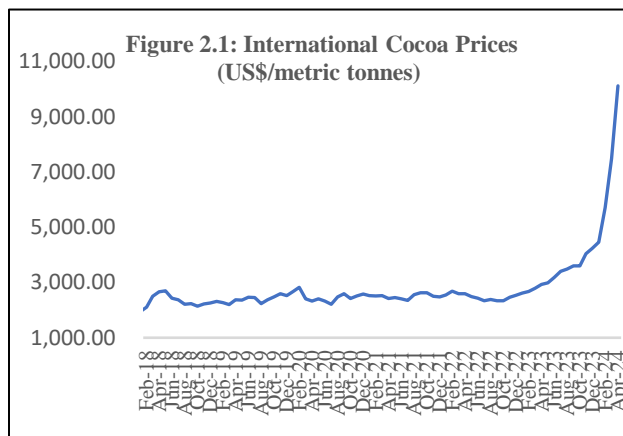
Cocoa futures recorded its highest month-on-month gains in April 2024 as prices went up significantly by 35.2 percent compared to the previous month's average of US\$10,113.9 per tonne. The recent upticks in cocoa prices have been triggered by extreme weather conditions and blackpod and swollen shoot diseases, which have led to a reduction in supplies from Ghana and Cote d'Ivoire. From the beginning of the year to April 2024, prices have more than doubled, increasing by about 138.9 percent.

Benchmark Brent crude oil prices recovered from the previous month's loss to settle at an average of price of US\$89.0 per barrel in April, representing an increase of 5.0 percent. Prices were supported by heightened geopolitical tensions through the remainder of the year. On a year-on-year basis, crude oil prices have gained 15.0 percent.

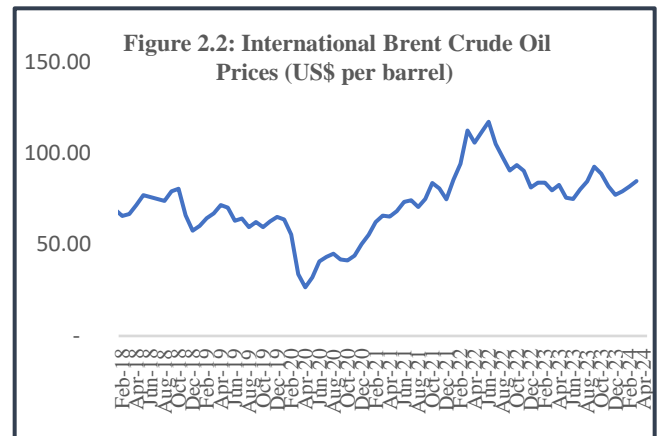
Spot gold prices edged higher by 8.2 percent to close at an average price of US\$2,334.2 per fine ounce in April 2024 compared to US\$2,158.2 per fine ounce in March 2024. Prospects of monetary policy easing by major central banks, geopolitical tensions in the Middle East, and the Russia-Ukraine war have combined to push gold prices up. Year to date, gold prices have increased by 15.2 percent.

2.1.1 Commodity Price Index

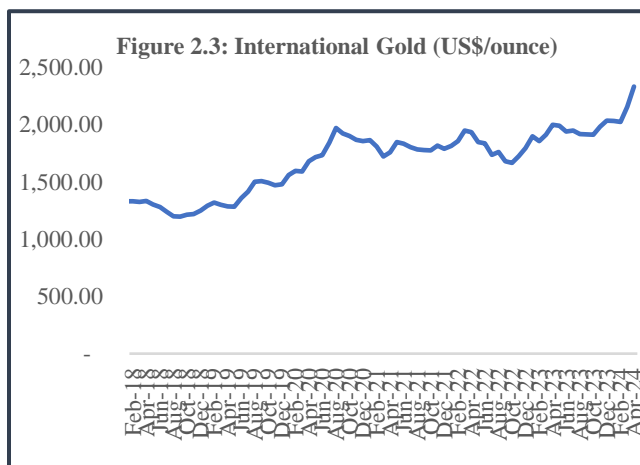
The weighted average price of the three major commodities exported by Ghana (cocoa, gold, and crude oil) increased for the third consecutive month in March 2024. The index rose increased by 12.9 percent to 178.4 from 158.0 in the previous month. The increase in the commodity index was on account of a rise in cocoa, crude oil, and gold sub-indices by 31.0 percent, 3.7 percent, and 6.5 percent, respectively.



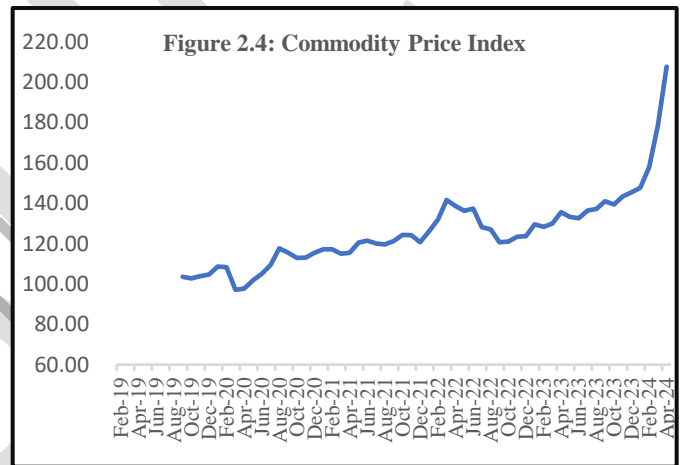
Source: Reuters



Source: Reuters



Source: Reuters



Source: BOG Staff Computations

2.2 Trade Balance

The balance of trade recorded a surplus of US\$744.3 million for the first four months of 2024. On the back of an increase in imports, the trade surplus in the first four months of 2024 was lower than the surplus of US\$1.39 billion recorded for the same period in 2023. Total exports grew by 4.9 percent to US\$5.83 billion, driven mainly by increase in gold exports. Earnings from gold exports amounted to US\$2.97 billion, an increase of 37.0 percent, driven mainly by higher volumes of exports and a modest increase in prices. The value of crude oil exports was US\$1.27 billion, representing an increase of 9.4 percent. In contrast, cocoa exports, both beans and products, dropped by 49.0 percent to US\$599.3 million, mainly on the back of lower volumes of exports. Other exports including non-traditional exports decreased by 6.0 percent to US\$981.8 million. The value of imports increased by 22.2 percent to US\$5.08 billion, driven mainly by non-oil imports, which went up by 31.2 percent to US\$3.53 billion, while oil imports increased by 5.6 percent to US\$1.55 billion.

2.3 Current Account

The provisional data for the first quarter of the year showed a current account surplus of US\$372.12 million, representing a 40.8 percent decline from the surplus of US\$629.01 million recorded during the same period in 2023. The lower surplus was driven by a reduced trade surplus and higher investment income payments. Net income payments amounted to US\$727 million for the first quarter of 2024, compared to US\$508 million for the first quarter of 2023. Net remittance flows was US\$1.44 billion in the first quarter of 2024, compared to US\$971 million in the corresponding period of 2023.

2.4 Capital and Financial Account

The capital and financial account recorded a net outflow of US\$113 million in 2024, lower than the net outflow of US\$998.40 million recorded in the same period in 2023. The reduction in the net outflow was largely driven by significant inflows from the IMF and World Bank, as well as improved FDI flows into the economy. The combined outcomes in the current account and the capital and financial account resulted in an overall balance of payments surplus of US\$84.7 million in the first quarter 2024, against a deficit of US\$586.9 million in the corresponding period of 2023.

2.5 International Reserves

Gross International Reserves (GIR) at end-April 2024 amounted to US\$6.6 billion, providing cover for 3.0 months of imports of goods and services. This represents a build-up of US\$687.6 million so far as at April 2024 compared with the end-December 2023 position of US\$5.9 billion (equivalent to 2.7 months of import cover)

2.6 Commodity Price Outlook

The demand for cocoa appears to have peaked, and expectations are for prices to retreat, despite the forecast of another round of a supply deficit. In contrast to cocoa prices, crude oil prices are largely expected to remain high in the near-term on the back of ongoing geopolitical tensions and continued production restraints by some OPEC+ producers. A slowdown in the major economies and expectation of increased production by non-OPEC countries is expected to moderate potential price increases. Like oil prices, gold prices are also expected to remain elevated for the remainder of 2024. Ongoing geopolitical tensions and the expectation of interest rate cuts by the Fed in 2024 is expected to support gold prices in the near-to-medium term.

Table 2.1: Trade Balance (US\$ million)

	2022 Jan - Apr	2023 Jan - Apr	Prov 2024 Jan - Apr	Abs Y/Y Chg	Rel Y/Y Chg
Trade Balance (\$'M)	1,153.1	1,392.2	744.3	-647.8	-46.5
<i>Trade Bal (% GDP)</i>	<i>1.6</i>	<i>1.8</i>	<i>0.9</i>		
Total Exports (\$'M)	5,857.6	5,553.4	5,828.0	274.6	4.9
Gold (\$'M)	1,874.3	2,169.7	2,972.3	802.6	37.0
Volume (fine ounces)	998,419.2	1,177,988.5	1,475,865.1	297,876.6	25.3
Unit Price (\$/fine ounce)	1,877.3	1,841.9	2,014.0	172.1	9.3
Cocoa Beans (\$'M)	729.7	896.3	388.6	-507.8	-56.7
Volume (tonnes)	295,484.0	361,260.5	145,558.8	-215,701.7	-59.7
Unit Price (\$/tonne)	2,469.5	2,481.2	2,669.5	188.3	7.6
Cocoa Products (\$'M)	310.0	278.2	210.7	-67.5	-24.3
Volume (tonnes)	101,602.5	85,174.0	59,215.6	-25,958.4	-30.5
Unit Price (\$/tonne)	3,051.5	3,265.7	3,557.8	292.2	8.9
Crude Oil (\$'M)	1,850.8	1,164.9	1,274.7	109.8	9.4
Volume (barrels)	18,091,788.0	14,304,062.0	15,257,365.0	953,303.0	6.7
Unit Price (\$/bbl)	102.3	81.4	83.5	2.1	2.6
Other Exports	1,092.8	1,044.3	981.8	-62.5	-6.0
<i>o/w Non-Traditional Exports</i>	<i>859.1</i>	<i>794.7</i>	<i>746.3</i>	<i>-48.4</i>	<i>-6.1</i>
Total Import (\$'M)	4,704.4	4,161.2	5,083.7	922.5	22.2
Non-Oil	3,418.1	2,691.8	3,531.5	839.7	31.2
Oil and Gas	1,286.3	1,469.4	1,552.2	82.8	5.6
<i>of which: Products</i>	<i>1,218.4</i>	<i>1,291.8</i>	<i>1,450.6</i>	<i>158.8</i>	<i>12.3</i>
Gas (\$'M)	25.1	23.5	39.6	16.1	68.6

Source: Bank of Ghana

3. Real Sector Developments

3.0 Highlights

The latest high frequency real sector indicators pointed to a sustained pick-up in economic activity in March 2024 compared to a year ago. The pick-up in economic activity was supported by port activity, SSNIT contributions from the private sector, industrial consumption of electricity and passenger arrivals. Cement sales, however, contracted in the review period.

3.1 Trends in Real Sector Indicators

Consumer Spending

Consumer spending, proxied by domestic VAT collections and retail sales, posted a mixed performance in March 2024, compared with the corresponding period in 2023. Domestic VAT collections decreased by 8.2 percent on a year-on-year basis to GH¢1.15 billion. However, cumulatively, total domestic VAT for the first quarter of 2024 went up by 13.1 percent to GH¢3.62 billion, compared with GH¢3.20 billion for the corresponding period of last year.

Retail sales increased by 20.9 percent (year-on-year) to GH¢199.80 million in March 2024, up from the GH¢165.20 million recorded in the same period in 2023. On a month-on-month basis, retail sales improved by 19.3 percent in March 2024, from GH¢167.48 million in the preceding month. In cumulative terms, retail sales for the first quarter of 2024 went up by 18.6 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 March 2024. Total direct taxes collected increased by 27.8 percent (year-on-year) to GH¢6.12 billion in March 2024, relative to GH¢4.79 billion recorded in the same period of 2023. Cumulatively, total direct taxes collected for the first quarter of 2024 went up by 17.8 percent to GH¢12.69 billion, compared with GH¢10.77 billion collected for the same period in 2023. In terms of contributions of the various sub-tax categories, corporate tax accounted for 67.2 percent, income tax (PAYE and self-employed) accounted for 18.7 percent, while "other tax sources" contributed 14.1 percent.

Total private sector workers' contribution to the SSNIT Pension Scheme (Tier-1) increased by 24.5 percent in year-on-year terms to GH¢395.34 million in March 2024, from GH¢317.61 million collected during the corresponding period in 2023. Cumulatively, for the first quarter of 2024, the contribution grew by 23.2 percent to GH¢1.12 billion, relative to GH¢906.95 million recorded in the same period in 2023.

Construction Sector Activities

Activity in the construction sub-sector, proxied by the volume of cement sales, declined by 9.6 percent (year-on-year) in March 2024 to 233,741.82 tonnes. On a month-on-month basis, total cement sales improved by 5.7 percent in March 2024, compared with 221,085.65 tonnes recorded in February 2024. Cement sales for the first quarter of 2024 went down by 3.5 percent to 689,912.03 tonnes, from 715,070.24 tonnes for the same period of 2023. The decline in total cement sales was due to a slowdown 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), improved by 3.5 percent to 13,297 in March 2024, from 12,847 vehicles registered during the corresponding period of 2023. Cumulatively, however, vehicles registered by the DVLA within the first quarter of 2024 decreased by 3.7 percent to 52,576.

Industrial Consumption of Electricity

Industrial consumption of electricity increased by 3.4 percent in March 2024 to 299.02 gigawatts, as against 289.23 gigawatts recorded for the corresponding period in 2023. In cumulative terms, electricity consumed by industries for the first quarter of 2024 increased by 2.4 percent to 900.06 gigawatts, from 879.11 gigawatts for the corresponding period a year ago.

Passenger Arrivals

Passenger arrivals improved by 27.0 percent in year-on-year terms to 109,380 in March 2024, from 86,115 arrivals recorded a year ago. In February 2024, passenger arrivals went up by 18.5 percent. For the first quarter of 2024, there were 308,024 arrivals recorded at the international airport and land borders, compared with 247,834 for the corresponding period in 2023, representing a growth of 24.3 percent.

Ports and Harbours Activity

International trade at the country's two main harbours (Tema and Takoradi), as measured by laden container traffic for inbound and outbound containers, improved during the period under review. Total container traffic increased by 12.5 percent, year-on-year, to 60,309 in March 2024, up from 53,615 recorded for the period in 2023. In cumulative terms, total container traffic for the first quarter of 2024 went up by 22.9 percent to 170,192, compared with 138,430 for the corresponding period of last year.

Labour Market - Advertised Jobs

The number of jobs advertised in selected print¹ and online² media, which partially gauges labour demand in the economy, increased in April 2024 relative to what was observed in the corresponding period a year ago. In total, 3,045 job adverts were recorded, compared with 2,581 for the same period in 2023, indicating an improvement of 18.0 percent (year-on-year). On a month-on-month basis, the number of job vacancies in April 2024 increased by 12.3 percent, from 2,712 jobs advertised in March 2024. Cumulatively, for the first four months of 2024, the total number of advertised jobs went up by 5.9 percent to 11,334, from 10,707 recorded during the same period in 2023.

Private Sector Pension Contributions

Total number of private sector SSNIT contributors, which partially gauges employment conditions, improved by 2.6 percent to 990,746 in March 2024, compared with 965,581 for the same period in 2023. Cumulatively, for the first quarter of 2024, the total number of private sector contributors increased by 2.8 percent to 2,960,376, from 2,879,122 recorded over the corresponding period in 2023.

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

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

3.2 Composite Index of Economic Activity

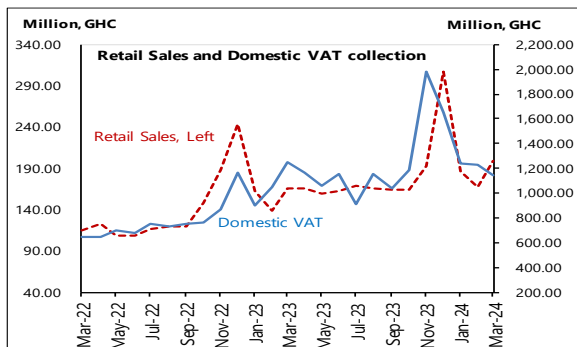
The Bank's updated real Composite Index of Economic Activity (CIEA) recorded an annual growth of 2.1 percent in March 2024, compared to a contraction of 6.4 percent observed for the same period of 2023. The key growth drivers of the index over the period were imports, passenger arrivals, port activity, SSNIT contributions from the private sector and industrial consumption of electricity.

3.3 Consumer and Business Surveys

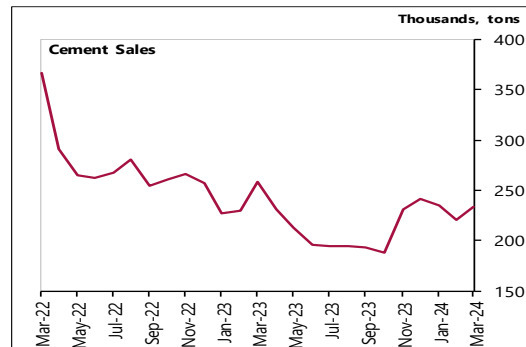
The latest confidence surveys conducted in April 2024 pointed to a softening of sentiments. The Consumer Confidence Index declined to 87.7 in April 2024, from 92.0 in February 2024, on account of uncertainties about future economic conditions. Similarly, the Business Confidence Index dipped to 92.6 from 96.0 in the same comparative period as businesses expressed concern that recent exchange rate volatility and the unstable intermittent power supply situation could significantly raise their operational costs moving forward. Ghana's Purchasing Managers' Index (PMI), however, signalled an improvement in business activity in the review period as the index rose to 51.3 in April 2024 from 50.9 in March 2024 due to improved consumer demand.

Figure 3.1: High Frequency Economic Indicators**Panel 1:
Ghana's Leading Indicators of Economic Activity**

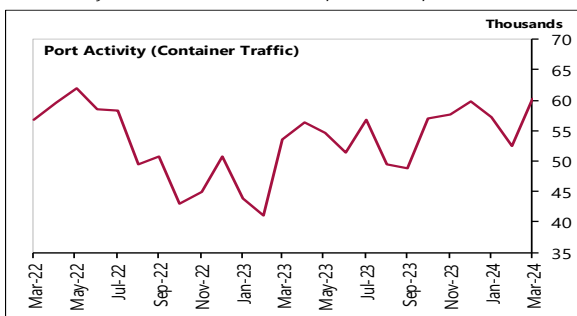
...Domestic VAT collections declined while retail sales improved in March 2024 compared to February 2024...



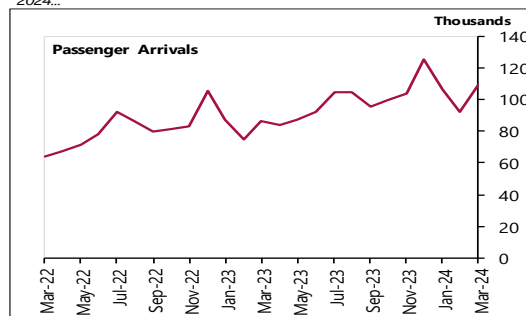
...Construction activities, proxied by cement sales, improved in March 2024 compared to February 2024...



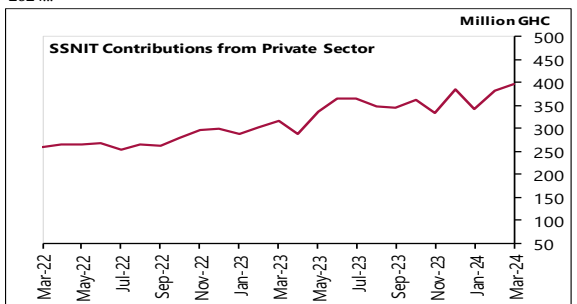
...Port activity increased in March 2024 compared to the previous month...



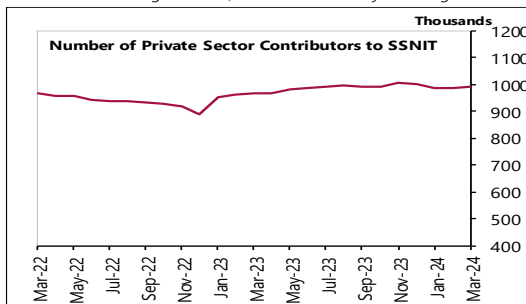
...Passenger arrivals increased in March 2024 compared to February 2024...



...Labour market conditions improved in March 2024 relative to February 2024...



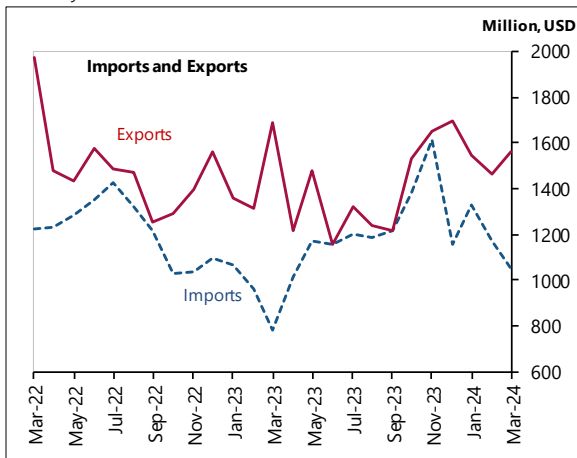
...Labour hiring conditions, proxied by the number of private sector workers contributing to SSNIT, remained relatively unchanged...



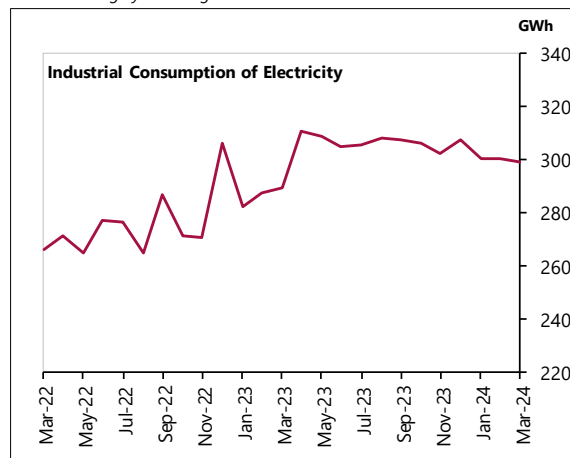
Sources: Bank of Ghana, Various Stakeholders

Panel 2: Ghana's Leading Indicators of Economic Activity

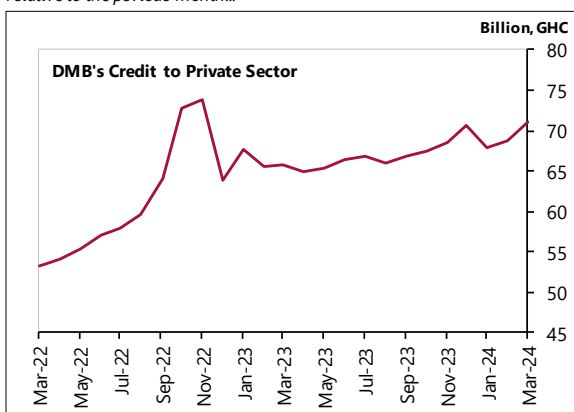
...Exports went up while imports declined in March 2024 compared to February 2024...



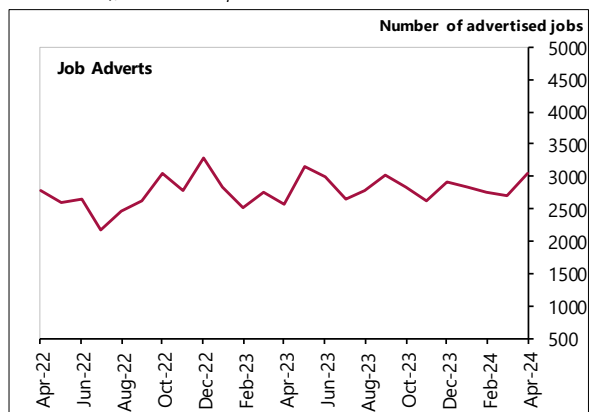
...Industrial activity, proxied by industrial consumption of electricity, remained largely unchanged...



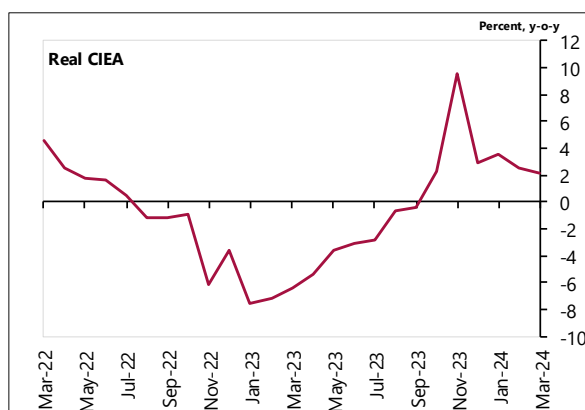
...Commercial banks' credit to the private sector improved in March 2024 relative to the previous month...



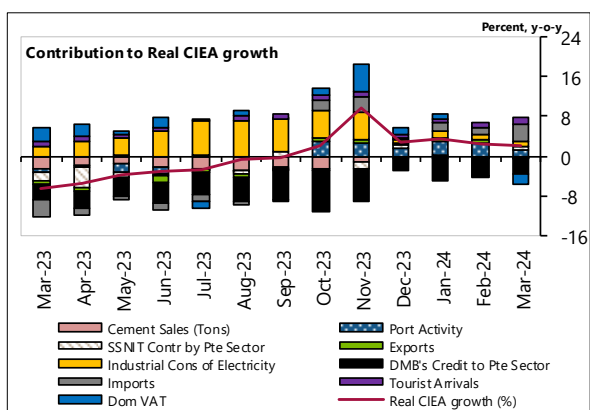
...Demand for labour, proxied by the number of job adverts (in print and online media), increased in April 2024...



...On a year-on-year basis, the real CIEA grew by 2.1 percent in March 2024, compared with a contraction of 6.4 percent in March 2023...



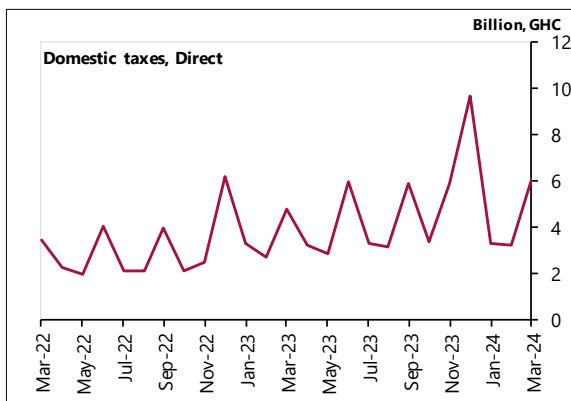
...The growth in the real CIEA was driven by a pick-up in Imports, Passenger Arrivals, Port Activity, SSNIT contributions from the private sector and Industrial Consumption of Electricity...



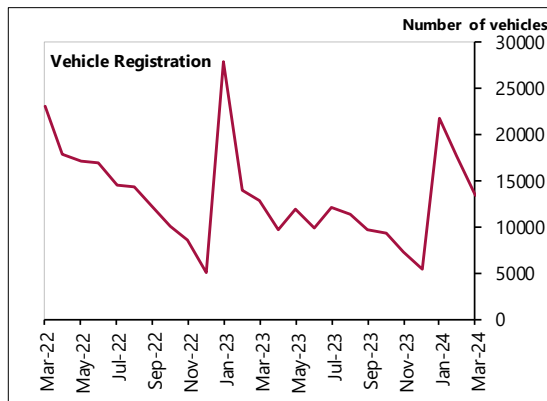
Source: Bank of Ghana, Various Stakeholders

Panel 3: Ghana's Leading Indicators of Economic Activity

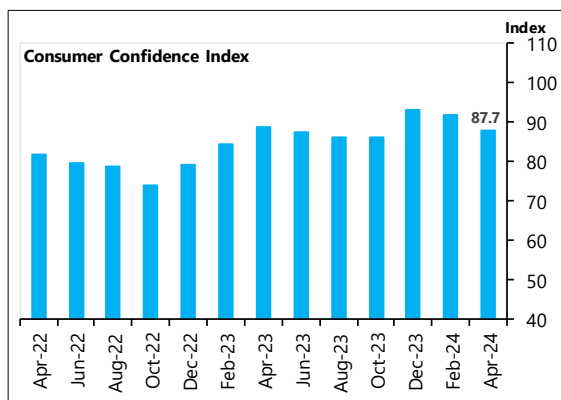
...Domestic tax collection increased in March 2024 compared to February 2024...



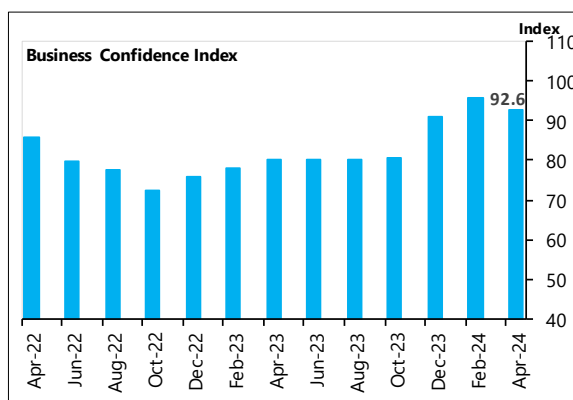
...Vehicle registration decreased in March 2024 compared to the month before...



...Consumer Confidence dipped on account of uncertainties about future economic conditions...



...Business sentiments declined as firms expressed concern that recent exchange rate volatility and unstable intermittent power supply situation could significantly raise their operational costs moving forward...



Source: Bank of Ghana, Various Stakeholders

4. Monetary and Financial Developments

4.0 Highlights

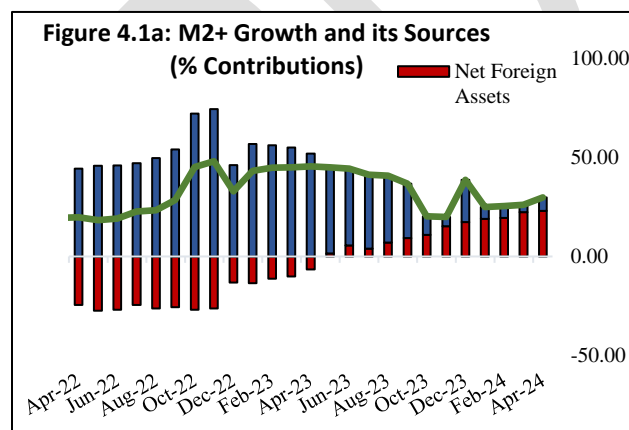
Growth in monetary aggregates slowed down considerably in April 2024, reflecting strong liquidity management operations to tighten liquidity. Total liquidity (M2+) grew by 29.9 percent in April 2024, on year-on-year basis, compared with a growth of 45.6 percent in April 2023. Commercial banks' reserves with the Central Bank surged following implementation of the dynamic Cash Reserve Requirement (CRR). Credit growth to the private sector also slowed due to increased risk aversion of banks on the back of increased NPLs, and tight monetary policy. Interest rates on the money market broadly showed upward trends at the short end of the yield curve.

4.1 Developments in Monetary Aggregates

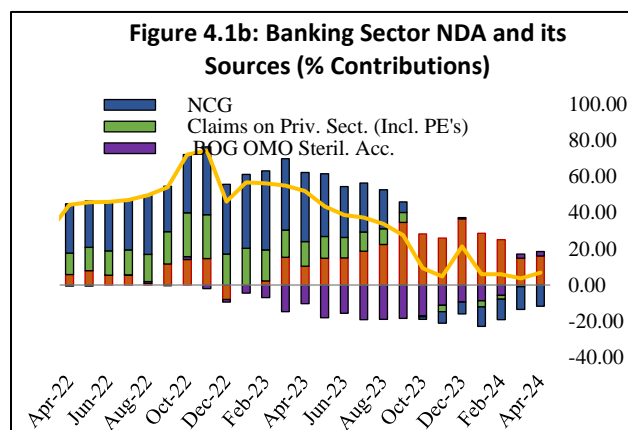
Money Supply

Developments in monetary aggregates for April 2024 points to a decrease in the annual growth in broad money supply (M2+) relative to the corresponding period of 2023. This was driven mainly by a moderation in the pace of growth in Net Domestic Assets (NDA) of the depository corporations' sector, partially reflecting tight monetary policy and strong liquidity management. Net Foreign Assets (NFA) of the depository institutions, however, increased significantly. Annual growth in M2+ declined to 29.9 percent in April 2024, relative to 45.6 percent in the corresponding period of 2023. The contribution of NDA to the growth of M2+ decreased to 6.8 percent from 52.1 percent, while that of NFA increased to 23.1 percent from negative 6.5 percent over the same comparative period. In terms of annual growth rates, NDA expanded by 6.7 percent in April 2024, relative to 51.6 percent in April 2023, while NFA expanded by 457.9 percent, relative to negative 803.0 percent, over the same comparative period.

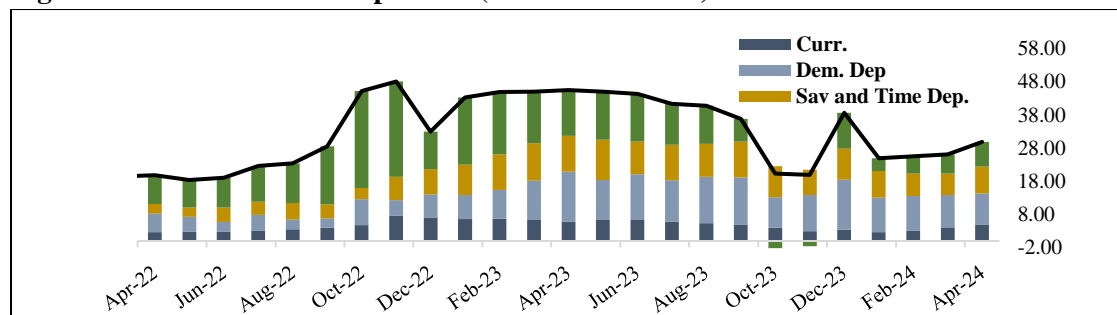
Analysis of the components of M2+ showed that the decrease in the growth in M2+ largely reflected in declines in the percentage distribution of growth in currency outside banks, demand deposits, savings and time deposits, and foreign currency deposits in April 2024 relative to the same period in 2023.



Source: Bank of Ghana



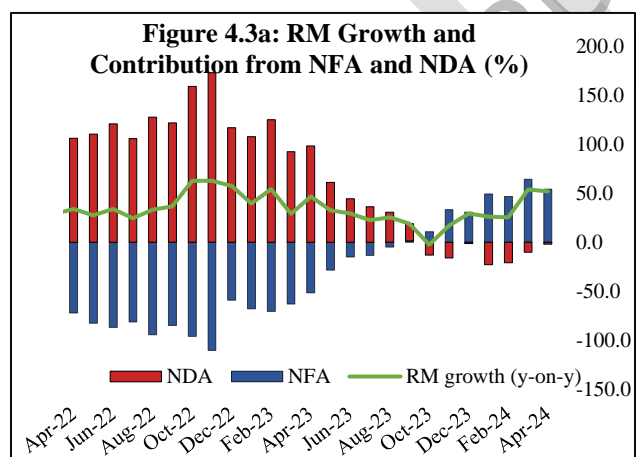
Source: Bank of Ghana

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

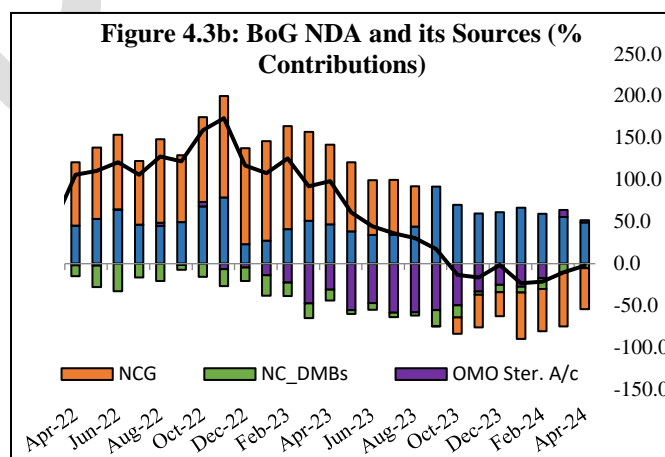
Source: Bank of Ghana

4.2 Reserve Money

Annual growth in Reserve Money (RM) increased to 51.9 percent in April 2024, from 46.5 percent recorded in the corresponding period of 2023. The introduction of the dynamic CRR instigated disinvestment of Bank of Ghana bills and overnight placements by banks to shore up regulatory reserves. Net claims on Government contracted, reflecting the lingering impact of the DDEP on the Central Bank balance sheet, while net claims on DMBs increased on the back of the maturing depo placements, which were used by banks to bolster their reserve position following the introduction of the dynamic CRR. The contribution of NDA to the growth in RM was negative 2.2 percent, compared to 98.2 percent over the same comparative period last year. In contrast, the NFA of the central bank expanded significantly, reflecting a net build-up in foreign assets, largely driven by inflows from the Gold for Reserve (G4R) programme, forex purchases, and proceeds from the IMF Extended Credit Facility (ECF) and cocoa syndicated loan. The contribution of NFA to the growth in RM was 54.1 percent in April 2024, relative to a negative 51.7 percent contribution in the corresponding period in 2023.



Source: Bank of Ghana



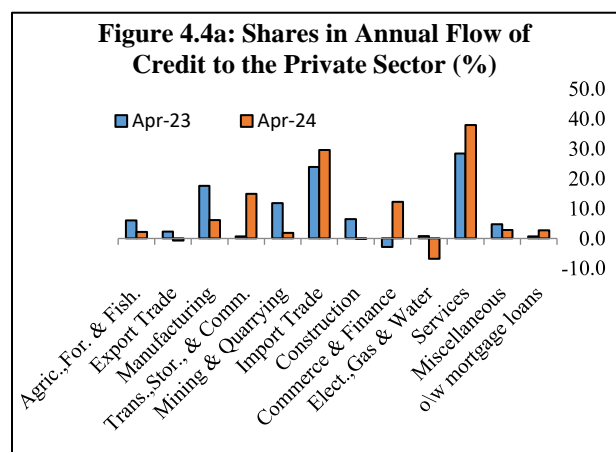
Source: Bank of Ghana

4.3 Deposit Money Banks Credit Developments

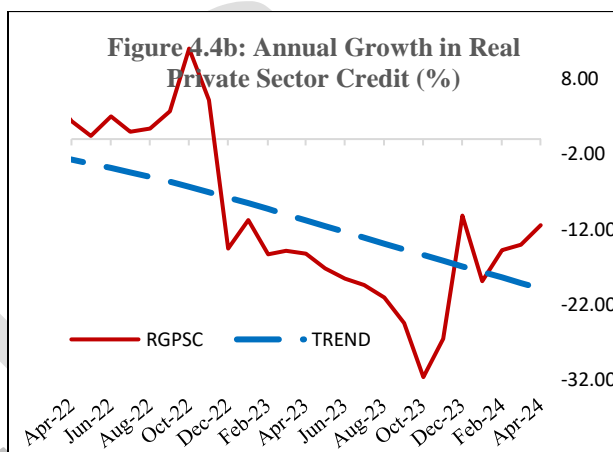
DMBs' credit to the private sector and public institutions increased by 7.7 percent in April 2024, compared to 20.2 percent in April 2023. The decline in growth in credit was mainly due to a contraction in credit to the public sector. Credit to the private sector increased by 10.8 percent in April 2024, compared to 19.8 percent recorded in the corresponding period of 2023. The decreased flow of credit to the private sector in nominal terms was partially underpinned by DMBs' balance sheet constraints, manifesting in an increased

portfolio of non-performing loans and relatively weaker capital buffers, which were induced by the DDEP. The tight monetary stance also contributed to the sluggish pace of growth in credit.

The top five sectors with significant share of credit flows were: services (33.9%); import trade (29.6%); transport, storage, and communication (14.9%); commerce and finance (12.2%); and manufacturing (6.1%) Outstanding credit to the private sector at end-April 2024 was GH¢71.86 billion, compared with GH¢64.88 billion at end-April 2023. In real terms, credit to the private sector contracted by 11.4 percent, relative to a 15.2 percent contraction recorded over the same comparative period in 2023.



Source: Bank of Ghana

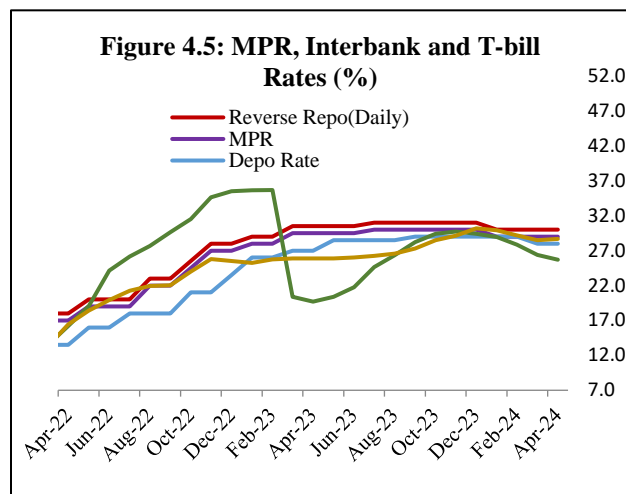


Source: Bank of Ghana

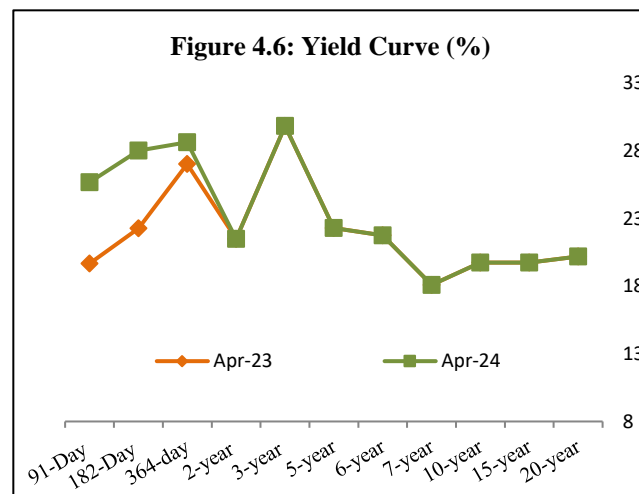
4.4 Money Market Developments

Developments in interest rates broadly showed an upward trend at the short end of the yield curve. Rates at the longer-dated segment of the market, however, remained stable. The 91-day and 182-day Treasury bill rates increased to 25.68 percent and 28.03 percent, respectively, in April 2024, from 19.67 percent and 22.29 percent, respectively, in the corresponding period of 2022. Similarly, the rate on the 364-day instrument increased to 28.64 percent in April 2024, from 27.04 percent in April 2023.

The Interbank Weighted Average Rate (IWAR) increased to 28.68 percent in April 2024, from 25.89 percent in April 2024, consistent with the trajectory of the monetary policy rate. In contrast, the average lending rates of banks declined marginally to 31.25 percent in April 2024, from the 31.66 percent recorded in the corresponding period of 2023.



Source: Bank of Ghana



Source: Bank of Ghana

4.5 Stock Market Developments

The Ghana Stock Exchange Composite Index (GSE-CI) recorded a year-on-year gain of 34.5 percent to 3687.09 points in April 2024. The performance of the GSE-CI was underpinned by improved demand for equities, driven by some recovery in the profitability of listed financial institutions. In addition, adverse shocks to bond prices and the closure of the bond market on account of the DDEP have induced some shifts in favour of equities. The main sectors that contributed to the gains were food and beverages, manufacturing, distribution, finance, IT and agriculture.

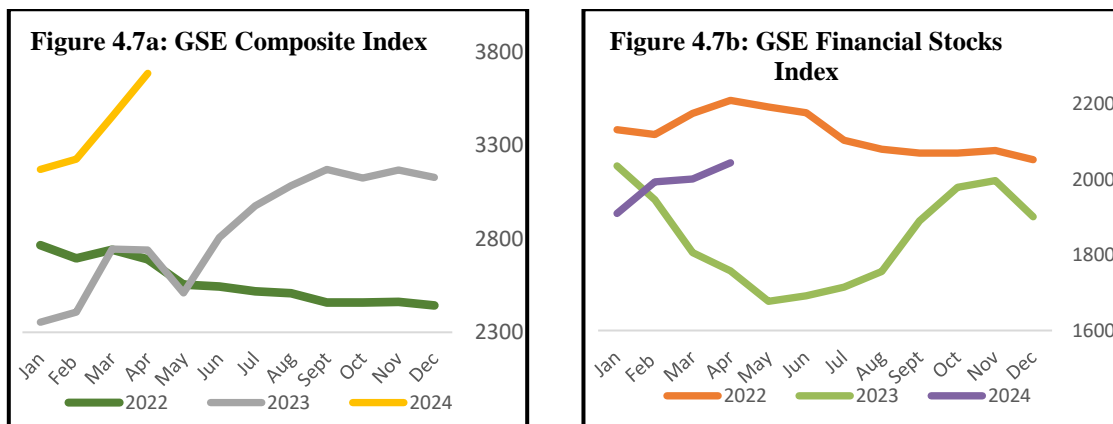
The GSE-Financial Stocks Index (GSE-FI) closed at 2044.36 points, reflecting a gain of 16.3 percent, compared to a loss of 20.4 percent over the same comparative period in 2023. The gain in GSE-FSI was mainly on the back of improved profitability of listed financial institutions following sustained periods of losses induced by the impact of the DDEP.

Total market capitalisation of the GSE at the end of April 2024 was GH¢80.32 billion, representing a year-on-year growth of 17.6 percent. The increase in market capitalisation was mainly driven by appreciation in share prices in the food & beverages, manufacturing, distribution, finance, IT and agriculture sectors.

Table 4.1: Performance of Ghana Stock Exchange

									Changes		Y-T-D
	Apr-22	Dec-22	Apr-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	2023	2024	
GSE CI	2691.19	2443.91	2741.46	3130.23	3172.43	3227.85	3456.2	3687.09	1.87	34.49	17.79
GSE FI	2209.7	2052.59	1758.28	1901.57	1910.16	1993.92	2001.47	2044.36	(20.43)	16.27	7.51
Market Capitalization	63817.62	64507.32	68278.45	73893.17	74416.27	75070.11	77701.17	80315.67	6.99	17.63	8.69

Source: Ghana Stock Exchange and Bank of Ghana Staff Calculations



Source: Ghana Stock Exchange and Bank of Ghana Staff Calculations

4.6 Conclusion

Compared to the previous year, developments in April 2024 points to a decline in the annual growth of monetary aggregates. The decline is attributable to considerable moderation in the pace of growth in the NDA of depository corporations. Nominal private sector credit also broadly declined on a year-on-year basis due to high non-performing loans, and tight monetary policy. Interest rates in April broadly increased at the short end of the yield curve, although they remained stable at the longer-dated segment of the market. Underpinned by a tight monetary policy stance and sustained liquidity withdrawal, the weighted average interbank rate increased.

5. Banking Sector Developments

5.0 Highlights

The banking sector posted a sturdy performance during the first four months of 2024, on the back of sustained improvement in deposits and other sources of funding. The Financial Soundness Indicators (FSIs) remained healthy, with improved solvency and liquidity measures, while profitability indicators remained robust. The industry's Non-Performing Loans (NPL) ratio, however, worsened during the period under review.

5.1 Banks' Balance Sheet

Total assets of the banking sector increased by 28.8 percent to GH¢306.8 billion at end-April 2024, relative to 22.6 percent growth recorded in April 2023. Foreign assets grew by 47.5 percent in April 2024, from 64.4 percent in April 2023, while domestic assets went up by 27.1 percent in April 2024, up from 19.9 percent in April 2023. Subsequently, the share of foreign assets in total assets increased to 9.5 percent from 8.3 percent, while that of domestic assets declined to 90.5 percent from 91.7 percent.

Investments picked-up by 27.1 percent to GH¢105.9 billion in April 2024, significantly up from a contraction of 0.6 percent in April 2023, as banks recorded growth in both short-term and long-term instruments. The share of investments in total assets, however, declined to 34.5 percent in April 2024 from 35.0 percent in April 2023. Investments in securities grew by 22.0 percent in April 2024, after contracting by 24.2 percent a year earlier on account of restructuring of long-term instruments due to the Domestic Debt Exchange Programme (DDEP). Growth in short-term bills, on the other hand, moderated to 34.6 percent in April 2024, after growing sharply by 86.6 percent in April 2023.

Credit growth remained sluggish in April 2024, with a slower annual growth in gross loans and advances of 7.7 percent in April 2024, down from 20.2 percent registered in April 2023. Growth in net loans and advances (gross loans adjusted for provisions and interest in suspense) was also lower, at 0.9 percent in April 2024, down from 16.8 percent recorded during the corresponding period of last year.

The strong growth in assets was funded by significant growth in total deposits and other funding sources. Deposits, the main source of funding for the banking sector, picked up by 28.4 percent to GH¢236.2 billion in April 2024, compared to 44.7 percent growth recorded in April 2023. The foreign currency component of deposits increased by 26.0 percent to GH¢75.7 billion in April 2024, against a growth of 63.3 percent a year ago. Borrowings also increased by 22.5 percent to GH¢19.5 billion in April 2024, up from a contraction of 38.5 percent recorded in April 2023. This reflected an uptick in both short-term foreign and domestic borrowings, while long-term domestic and foreign borrowings contracted during the period.

Banks' shareholders' funds (comprising paid-up capital and reserves) continued to improve on account of a rebound in profits across the industry. Total shareholders' funds increased by 46.1 percent to GH¢30.8 billion at end-April 2024, compared to a contraction of 20.5 percent recorded a year ago.

Table 5.1: Key Developments in DMBs' Balance Sheet

	(GH c'million)			Y-on-Y Growth (%)			Shares (%)	
	<u>Apr-23</u>	<u>Feb-24</u>	<u>Apr-24</u>	<u>Apr-23</u>	<u>Feb-24</u>	<u>Apr-24</u>	<u>Apr-23</u>	<u>Apr-24</u>
TOTAL ASSETS	238,200.2	287,004.4	306,785.1	22.6	21.0	28.8	100.0	100.0
A. Foreign Assets	19,736.1	25,124.0	29,114.9	64.4	29.5	47.5	8.3	9.5
B. Domestic Assets	218,464.1	261,880.5	277,670.2	19.9	20.3	27.1	91.7	90.5
Investments	83,312.5	112,724.9	105,930.0	(0.6)	32.4	27.1	35.0	34.5
i. Bills	33,361.8	53,631.9	44,903.7	86.6	67.6	34.6	14.0	14.6
ii. Securities	49,816.9	58,837.1	60,763.4	(24.2)	11.2	22.0	20.9	19.8
Advances (Net)	62,237.8	61,534.5	62,810.4	16.8	(2.7)	0.9	26.1	20.5
of which Foreign Currency	22,028.6	21,716.7	22,602.9	30.7	(5.9)	2.6	9.2	7.4
Gross Advances	72,359.0	74,789.0	77,938.6	20.2	1.8	7.7	30.4	25.4
Other Assets	14,854.3	17,079.7	21,229.5	54.3	14.3	42.9	6.2	6.9
Fixed Assets	7,362.1	8,298.3	8,401.6	37.5	14.8	14.1	3.1	2.7
TOTAL LIABILITIES AND CAPITAL	238,200.2	287,004.4	306,785.1	22.6	21.0	28.8	100.0	100.0
Total Deposits	183,994.6	224,383.1	236,260.2	44.7	25.5	28.4	77.2	77.0
of which Foreign Currency	60,082.5	72,080.6	75,692.5	63.3	18.6	26.0	25.2	24.7
Total Borrowings	15,893.3	14,455.0	19,469.0	(38.5)	(20.0)	22.5	6.7	6.3
Foreign Liabilities	8,120.1	6,689.3	6,547.5	(48.2)	(31.1)	(19.4)	3.4	2.1
i. Short-term borrowings	1,762.7	2,248.8	1,999.0	(79.8)	(3.4)	13.4	0.7	0.7
ii. Long-term borrowings	4,673.8	3,780.7	3,801.5	(16.4)	(35.4)	(18.7)	2.0	1.2
iii. Deposits of non-residents	1,423.8	658.0	731.4	4.3	(56.1)	(48.6)	0.6	0.2
Domestic Liabilities	208,121.5	249,342.9	268,542.4	37.8	22.0	29.0	87.4	87.5
i. Short-term borrowing	8,015.5	7,070.3	12,444.3	(22.8)	(16.7)	55.3	3.4	4.1
ii. Long-term Borrowings	1,441.3	1,355.2	1,224.3	25.3	(3.7)	(15.1)	0.6	0.4
iii. Domestic Deposits	182,570.7	223,725.0	235,528.8	45.1	26.2	29.0	76.6	76.8
Other Liabilities	16,378.2	18,051.2	20,217.8	11.3	3.1	23.4	6.9	6.6
Paid-up capital	10,432.1	13,039.2	13,033.2	2.6	25.1	24.9	4.4	4.2
Shareholders' Funds	21,101.1	30,114.7	30,837.7	(20.5)	34.6	46.1	8.9	10.1

Source: Bank of Ghana

5.1.1 Asset and Liability Structure

The asset structure of the industry's balance sheet in April 2024 reflected banks' preference for less risky assets. Cash and bank balances replaced investments as the largest component of total assets, with a share of 35.2 percent in April 2024, up from 29.3 percent in April 2023, as banks' accumulated 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 as at April 2024, although its share in total assets declined to 34.5 percent, marginally down from 35.0 percent in April 2023. Investments, and cash and bank balances together accounted for 69.7 percent of total assets in April 2024, compared to a share of 64.3 percent in April 2023. Net loans and advances constituted the third-largest component of total assets, recording a decreased share of 20.5 percent, from 26.1 percent a year earlier. Non-earning assets (fixed assets and other assets) in banks' total assets recorded a marginal increase in share to 9.8 percent, from 9.6 percent during the review period.

On the liability side, the share of deposits in banks' liabilities and shareholders' funds declined marginally to 77.0 percent in April 2024, from 77.2 percent recorded in the corresponding period of last year. The share of borrowings also dipped during the period under review to 6.3 percent from 6.7 percent, despite the growth in total borrowings. The share of shareholders' funds in banks' funding structure, however, grew by 10.1 percent, up from 8.9 percent, consistent with the strong growth of shareholders' funds. The proportion of other liabilities declined to 6.6 percent, down from 7.2 percent a year earlier.

5.1.2 Share of Banks' Investments

Securities (long-term debt instruments) constituted the largest component of banks' investment portfolio, although its share declined to 57.4 percent in April 2024, from 59.8 percent in April 2023. The share of short-term bills in total investments, however, increased to 42.4 percent, from 40.0 percent in April 2023. The share of equity investments remained negligible and unchanged at 0.2 percent during the period under review.

5.2 Credit Risk

The industry's asset quality deteriorated in April 2024 relative to April 2023, reflecting the lagged effect of the macroeconomic challenges in 2022. The elevated credit risk was broad-based, with increases in NPL ratios in all economic sectors in April 2024 compared to April 2023.

5.2.1 Credit Portfolio Analysis

The stock of gross loans and advances (domestic and foreign) recorded a slower annual growth of 7.7 percent to GH¢77.9 billion at end-April 2024, compared to 20.2 percent growth recorded in the previous year. In terms of components, private sector credit (comprising credit to private enterprises and households) posted a lower growth of 10.8 percent to GH¢71.9 billion in April 2024, from 19.8 percent in the corresponding period of last year. Public sector credit, on the other hand, contracted by 18.7 percent to GH¢6.1 billion at end-April 2024, after increasing by 23.9 percent in April 2023. Accordingly, the share of private sector credit in total credit rose to 92.2 percent in April 2024, from 88.8 percent in April 2023, while that of public sector credit declined to 7.8 percent, from 11.2 percent a year earlier.

In terms of the distribution of credit by sectors, the services sector accounted for the largest share of 33.2 percent as at end-April 2024 (33.7 percent in April 2023), followed by the commerce and finance sector with a share of 23.0 percent (20.8 percent in April 2023), while the manufacturing sector had a share of 10.6 percent (10.7 percent in April 2023). Together, these sectors accounted for 66.7 percent of total credit in April 2024 (compared with 65.2 percent in April 2023). The mining and quarrying sector remained the lowest recipient of industry credit, with its share of 3.2 percent (unchanged from the previous year).

5.2.2 Off - Balance Sheet Activities

Off-balance sheet transactions (largely trade finance and guarantees) increased during the review period. Contingent liabilities grew by 23.6 percent to GH¢24.4 billion as at end-April 2024, from GH¢19.7 billion as at end-April 2023 (a contraction of 3.8 percent). Notwithstanding the growth in contingent liabilities, the ratio of contingent liabilities to total liabilities declined to 8.8 percent in April 2024, from 9.1 percent in the previous year.

5.2.3 Asset Quality

The industry's asset quality declined during the period under review. The industry's NPL ratio rose to 25.7 percent in April 2024, from 18.0 percent in April 2023. When adjusted for the fully provisioned loan loss category, the industry's NPL ratio also increased to 11.1 percent from 7.6 percent, reflecting increasing stocks of all categories of nonperforming loans. The rise in the NPL ratio was attributed to the higher growth in the NPL stock relative to the growth in total loans during the reference period. The industry's NPL stock increased by 53.2 percent to GH¢20.0 billion in April 2024, from GH¢13.1 billion in April 2023, reflecting a deterioration in both domestic and foreign currency denominated loans.

Decomposition of the NPL stock showed that the private sector accounted for the larger share of non-performing loans, in line with its larger share of industry credit. The proportion of NPLs attributable to the private sector, however, declined to 91.0 percent in April 2024, from 93.7 percent in April 2023, while that of the public sector increased to 9.0 percent, from 6.3 percent a year earlier.

NPL ratios picked up across all sectors in April 2024 compared to the same period last year. The agriculture, forestry, and fishing sector recorded the highest NPL ratio of 58.7 percent (from 26.9 percent a year earlier) followed by the transportation, storage, and communications sector with 49.0 percent (an increase from 21.5 percent a year ago). That of the construction sector rose to 41.3 percent (from 33.8 percent in 2023) to round up the top three sectoral NPL ratios. The mining and quarrying sector accounted for the lowest NPL ratio of 14.4 percent in April 2024 (from 12.1 percent a year earlier).

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

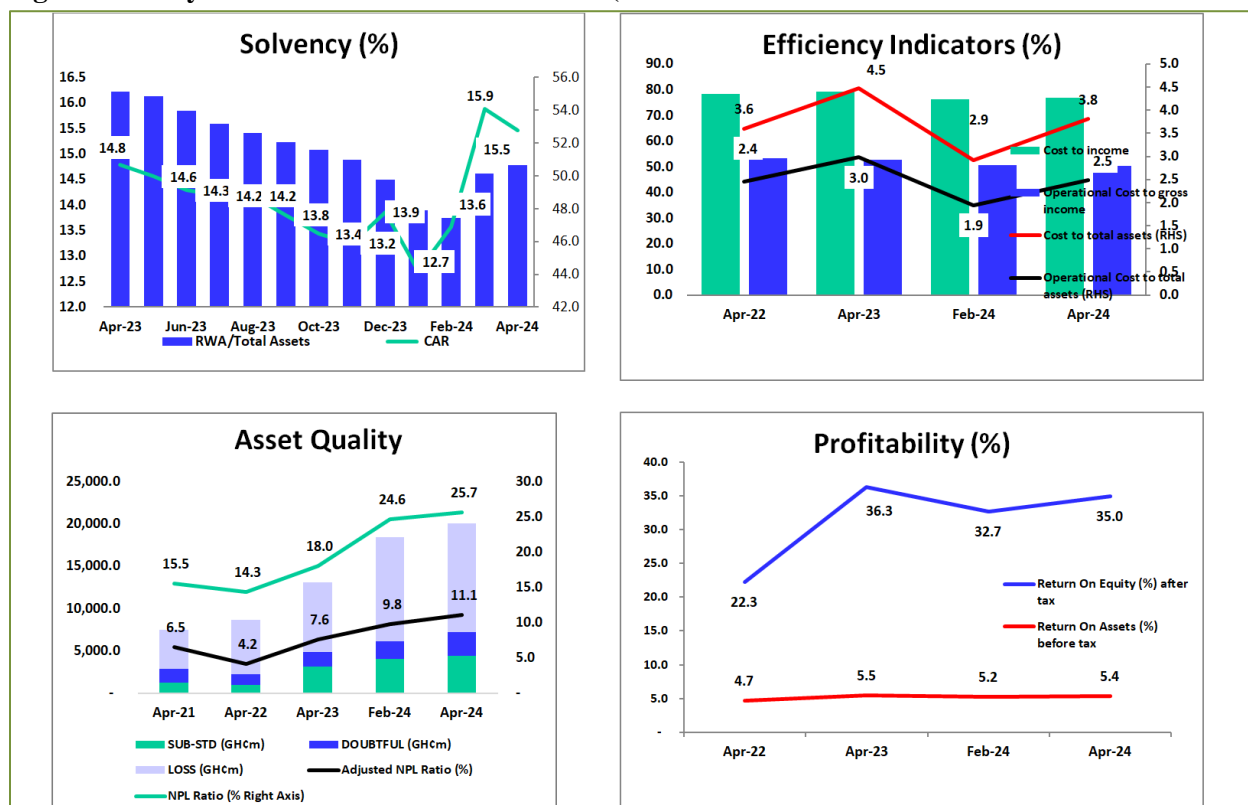


Source: Bank of Ghana Staff Calculations

5.3 Financial Soundness Indicators

Notwithstanding the increase in the NPL ratio during the review period, other key financial soundness indicators (FSIs) as at April 2024 points to a liquid and profitable sector with improving capital buffers.

Figure 5.2: Key Financial Soundness Indicators (FSI)



Source: Bank of Ghana Staff Calculations

5.3.1 Liquidity Indicators

The industry's liquidity position remained robust in April 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 45.7 percent in April 2024, from 38.0 percent in April 2023, while the ratio of core liquid assets to total assets picked up to 35.2 percent from 29.3 percent. The ratio of broad liquid assets to total deposits also rose to 90.4 percent in April 2024, from 83.2 percent in April 2023, while the ratio of broad liquid assets to total assets grew to 69.6 percent in April 2024, from 64.3 percent in the corresponding period in 2023.

5.3.2 Capital Adequacy Ratio

The industry's solvency position, measured by the Capital Adequacy Ratio (CAR) adjusted for regulatory reliefs, stood at 15.5 percent in April 2024, higher than the revised prudential minimum of 10 percent, and above the 14.8 percent ratio recorded in April 2023. The higher CAR in April 2024 reflected the recognition of 2023 profits posted by banks for purposes of CAR computation, as well as the on-going recapitalisation of banks.

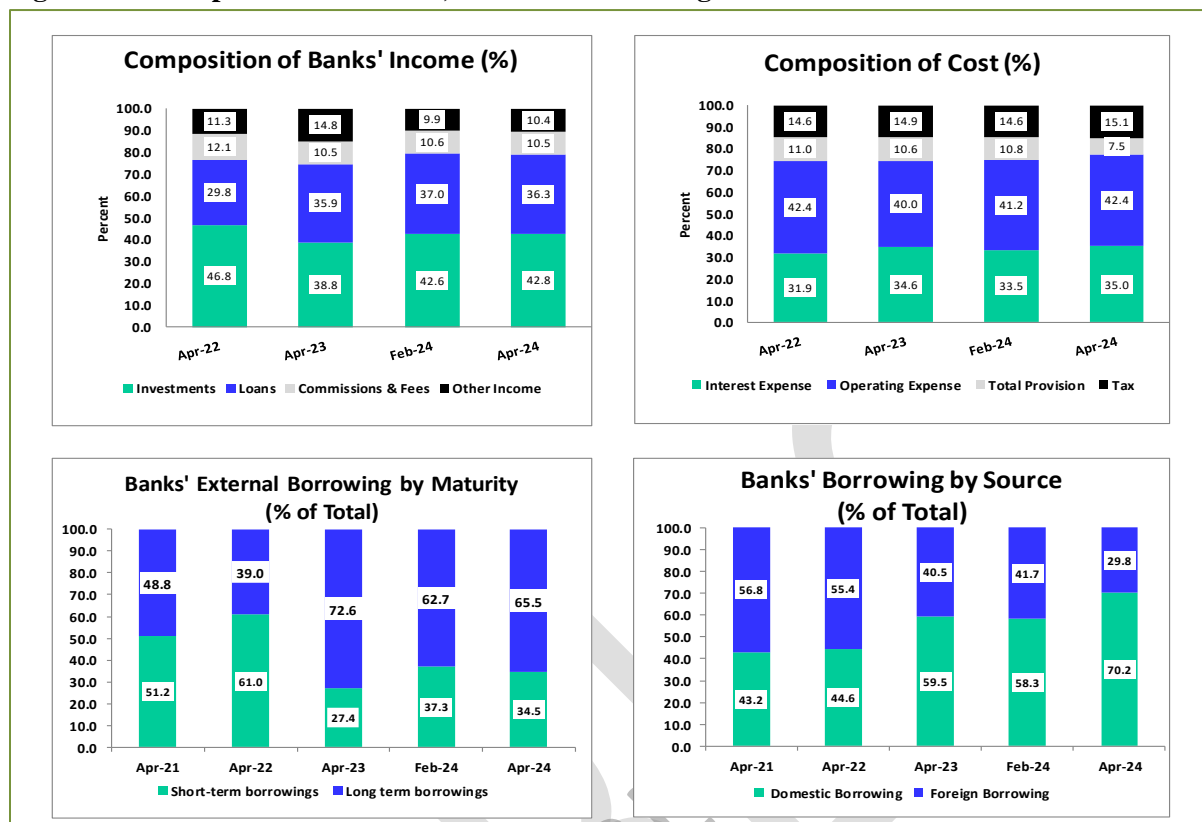
5.3.3 Profitability

The banking industry remained profitable for the first four months of 2024, recording higher profit-before-tax and profit-after-tax in April 2024 relative to the same period last year, although growth in both profit-before-tax and profit-after-tax moderated somewhat.

Generally, all income lines grew but at a slower pace in April 2024 relative to the same period last year. Net interest income picked up by 22.4 percent to GH¢8.0 billion, lower than the growth of 41.7 percent in April 2023. In year-on-year terms, interest income improved to GH¢12.0 billion, up from GH¢10.0 billion, indicating a lower growth of 19.4 percent in April 2024 compared to 47.3 percent in April 2023. The slower pace of growth in interest income was partially due to the relatively lower rates of return on money market instruments in 2024 as against what prevailed during the first quarter of 2023, as well as a decline in lending rates. Interest expenses also rose to GH¢4.0 billion in April 2024, representing a lower growth rate of 14.0 percent, down from 58.9 percent growth recorded in April 2023.

Net fees and commissions recorded a slower growth of 12.8 percent in April 2024, from 30.4 percent a year ago, while other income recorded a contraction of 20.8 percent to GH¢1.6 million. The combined effect of the changes in the different income lines culminated in an increase in the industry's operating income to GH¢11.1 billion in April 2024, from GH¢9.9 billion, representing a lower growth of 12.3 percent, compared to 48.3 percent in the year prior. Similarly, gross income increased to GH¢15.1 billion in April 2024 (12.8% year-on-year growth) from GH¢13.5 billion in April 2023 (51.0% year-on-year growth).

Cost lines recorded similar increases in April 2024 but at lower growth rates compared to the same period in 2023. The industry's operating expenses grew by 11.9 percent in April 2024, compared to 51.5 percent in April 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 20.6 percent in April 2024, compared to 41.6 percent increase in April 2023 following the completion of phase one of the DDEP.

Figure 5.3: Composition of Income, Cost and Borrowings

Source: Bank of Ghana Staff Calculations

Subsequently, the industry's profit-before-tax increased by 21.1 percent during the first four months of 2024 to GH¢5.2 billion, from GH¢4.3 billion, recorded during the corresponding period in 2023. Also, profit-after-tax grew by 24.6 percent to GH¢3.5 billion, compared to GH¢2.8 billion recorded during the same period a year ago.

(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 slowdowns in growth of profit-before-tax and profit-after-tax, respectively. The ROE declined to 35.0 percent in April 2024, from 36.3 percent in April 2023, while ROA was marginally lower at 5.4 percent, from 5.5 percent in April 2023.

(b) Interest Margin and Spread

Interest spreads for the banking sector widened to 4.3 percent in April 2024, from 4.0 percent in April 2023. The increase in spreads was on the back of a marginal uptick in gross yields to 6.3 percent in April 2024, from 6.2 percent in April 2023, while interest payable recorded a marginal decline to 2.0 percent, from 2.1 percent a year earlier. The interest margin to total assets ratio also decreased to 2.6 percent, from 2.7 percent, while interest margin to gross income rose to 52.5 percent, from 48.3 percent, during the period under review. The ratio of gross income to total assets (asset utilisation) declined from 5.6 percent in April 2023 to 4.9 percent in April 2024, while the profitability ratio rose from 20.9 percent to 23.1 percent.

(c) Composition of Banks' Income

Income from investments remained the largest component of banks' total income in April 2024, with its share rising to 42.8 percent, up from 38.8 percent in April 2023 following the growth in total investments. The share of interest income from loans, also, increased to 36.3 percent from 35.9 percent, during the same review period. The share of banks' income from fees and commissions, however, remained unchanged at 10.5 percent, while the share of income from other sources moderated to 10.4 percent from 14.8 percent.

5.3.4 Operational Efficiency

The industry's efficiency generally improved on the back of the slowdown in growth of operating expenses during the review period. The cost-to-income ratio declined to 76.9 percent in April 2024 from 79.1 percent in April 2023, while cost-to-total assets ratio improved to 3.8 percent from 4.5 percent. The operational cost-to-total assets ratio also went down to 2.5 percent in April 2024 from 3.0 percent a year earlier while the ratio of operational cost to total income improved to 50.3 percent, from 52.8 percent.

5.3.5 Banks' Counterparty Relationships

Total offshore balances grew by 50.2 percent to GH¢25.6 billion in April 2024, down from 64.7 percent growth in the previous year. Industry placements with foreign counterparties recorded a significant rise of 87.5 percent, from the 33.8 percent growth recorded during the same period a year earlier. Nostro balances, on the other hand, grew by 23.3 percent in April 2024, compared with an increase of 98.9 percent in April 2023. As a result, the ratio of offshore balances to net worth rose to 83.0 percent from 80.7 percent during the review period.

The share of banks' external borrowings in total borrowings declined to 29.8 percent in April 2024, from 40.5 percent in April 2023, while the share of domestic borrowings increased to 70.2 percent, from 59.5 percent in April 2023. Banks' external borrowings was tilted towards long-term instruments, although the share of long-term borrowings in total external borrowings declined to 65.5 percent from 72.6 percent while the share of short-term borrowings increased to 34.5 percent from 27.4 percent.

5.4 Credit Conditions Survey

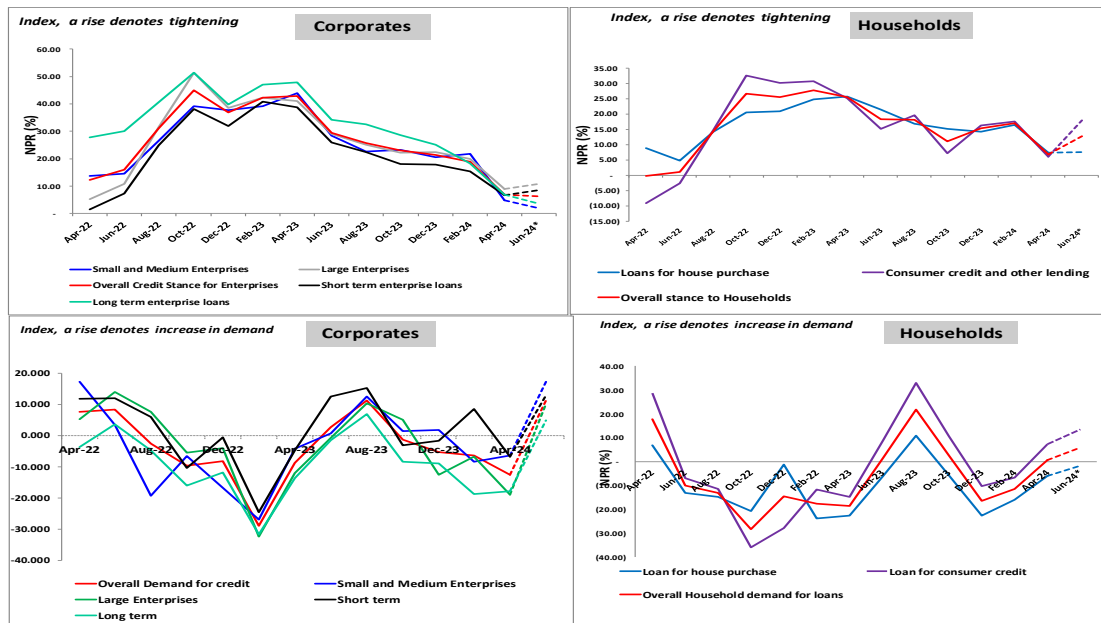
Results of the April 2024 Credit Conditions Survey indicated a marginal net easing in the overall stance on loans to enterprises between February and April 2024, on the back of a net ease in the stance in all components of enterprise loans. Banks projected their overall stance on enterprise loans to ease further between May and June 2024, from a net ease in the stance on long-term loans particularly, loans to small and medium enterprises (SMEs).

The overall stance on loans to households also eased during the April 2024 survey round from net eases in both components of household loans (namely, loans for house purchase and consumer credit and other lending). Over the next two months, banks project a tightening in the overall stance on loans to households, driven largely by a net tightening of the credit stance for consumer credit.

On the demand side, the April 2024 survey further indicated a slump in overall demand for enterprise loans due to declines in the demand for loans by large enterprises as well as short-term enterprise loans. Banks projected a net increase in demand for corporate loans over the next two months, driven by net increases in the demand for all categories of enterprise loans.

Credit demand by households recorded a net increase between March and April 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 further increase in the demand for both consumer credit and loans for house purchases to drive an increase 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 April 2024 pointed to continuing recovery from the DDEP though asset quality concerns remained a drag on the performance of the sector. The sector remained profitable and generally efficient during the review period, with improvements in solvency reflecting the rebound in profitability in the industry post-DDEP implementation, as well as the ongoing recapitalisation of the sector. In the outlook, the banking industry is expected to remain stable and liquid. Recapitalisation and enforcement of stringent credit underwriting standards, as well as intensified loan recovery efforts, remain critical to the performance of the sector going forward.

6. Fiscal Developments

6.0 Highlights

Fiscal performance was broadly in line with targets agreed under the International Monetary Fund (IMF)-supported programme. Provisional data on the execution of the budget showed that the primary balance (on commitment basis) recorded a deficit of 0.6 percent compared with a target deficit of 0.2 percent. The overall broad budget balance (on commitment basis) also recorded a deficit of 1.8 percent of GDP compared with a deficit target of 1.7 percent of GDP. Total revenue and grants for the period amounted to GH¢30.4 billion (2.9 percent of GDP) compared with a programmed target of GH¢37.7 billion (3.6 percent of GDP). Total expenditures (on commitment basis, including other outstanding payments) for the period also amounted to GH¢49.0 billion (4.7 percent of GDP) compared with a target of GH¢55.5 billion (5.3 percent of GDP).

6.1 Total Revenue and Grants

Total Revenue & Grants for the first quarter of 2024 was GH¢30.41 billion (2.9% of GDP), lower than the target of GH¢37.73 billion (3.6% of GDP). The outturn for revenue and grants represented 19.4 percent of the target and reflected a year-on-year growth of 7.4 percent. During the review period, domestic revenue totalled GH¢30,378.9 million (2.9% of GDP), below the target of GH¢37,200.8 million (3.5% of GDP). All tax handles reflected a negative deviation.

Of the total revenue and grants, 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¢24.34 billion (2.3% of GDP). The outturn was lower than the target of GH¢29.79 million (2.8% of GDP) and represented a negative deviation of 18.3 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¢9.65 billion (0.9% of GDP). This outturn was 26.0 percent below the target of GH¢13.04 billion (1.2% of GDP), with all its components missing their targets. This was also lower than the GH¢10.30 billion collected in the corresponding period of 2023, reflecting a year-on-year decline of 6.3 percent.

Taxes on Domestic Goods and Services consisting of Domestic VAT, Excise Duty, GETFund Levy, National Health Insurance Levy (NHIL) and Communication Service Tax (CST) for the review period summed up to GH¢12.26 billion (1.2% of GDP), falling below the target of GH¢14.51 billion. On year-on-year basis, the outturn represented a growth of 23.7 percent.

Non-Tax Revenue, raked in GH¢4.57 billion, missing the target of GH¢5.71 billion by 19.9 percent but recorded a year-on-year growth of 0.1 percent. The underperformance of non-tax revenue was mainly due to lower than budgeted lodgements, resulting mainly from lower collection efforts by some MDAs. Unrealised dividend payments also contributed to this development.

Taxes on international trade comprising import duties was GH¢3.77 billion and lower than the target of GH¢4.28 billion by 12.0 percent. Revenue from taxes on international trade on a year-on-year basis grew by 40 percent.

Other revenue of GH¢1.12 billion failed to meet its target of GH¢1.48 billion by 23.9 percent. This was also below the total of GH¢1.15 billion collected in the corresponding period of 2022, reflecting a year-on-year decline of 2.6 percent.

Grants received was GH¢35million, below the GH¢534.9 million programmed for the review period and below the target by 93.5 percent. This outturn was lower than the GH¢508.3 million received in the corresponding period of 2023.

Table 6.1: Total Revenue and Grants

<i>Million Ghana Cedis</i>	2023	2023	2024	2024	2024	2024
	Provisional	Provisional	Provisional	Budget	DEVIATION OVER (+)/ BELOW (-)	Year-on- Year GROWTH
	Q1	Q1-Q4	Q1	Q1		
TAX REVENUE	21,529.9	110,019.3	24,345.5	29,785.2	(18.3)	13.1
TAXES ON INCOME & PROPERTY	10,299.2	56,519.9	9,654.6	13,040.0	(26.0)	(6.3)
Personal	3,416.4	16,966.8	3,367.1	4,987.7	(32.5)	(1.4)
Companies	4,238.9	25,162.1	4,525.4	4,594.4	(1.5)	6.8
Company Taxes on Oil	976.8	4,965.1	0.0	1,282.4		
Others	1,667.0	9,425.9	1,762.1	2,175.5	(19.0)	5.7
TAXES ON DOMESTIC GOODS AND SERVICES	9,913.8	45,726.4	12,260.9	14,509.8	(15.5)	23.7
Excises	1,301.3	5,586.8	1,534.5	2,064.2	(25.7)	17.9
VAT	5,311.7	25,547.2	6,702.6	8,125.8	(17.5)	26.2
National Health Insurance Levy (NHIL)	1,222.9	5,334.3	1,449.5	1,473.5	(1.6)	18.5
GETFund Levy	1,223.3	5,335.8	1,449.6	1,474.0	(1.7)	18.5
Communication Service Tax	155.9	663.2	183.0	266.5	(31.3)	17.4
E-Transaction Levy	216.5	1,150.9	358.5	435.2	(17.6)	65.6
Covid-19 Health Levy	482.2	2,108.3	583.2	670.6	(13.0)	20.9
TAXES ON INTERNATIONAL TRADE	2,692.4	13,933.2	3,769.7	4,281.7	(12.0)	40.0
Imports Duty	2,692.4	13,933.2	3,769.7	4,281.7		
TAX REFUND	(1,375.5)	(6,160.3)	(1,339.8)	(2,046.3)	(34.5)	(2.6)
SOCIAL CONTRIBUTIONS	565.0	635.0	339.7	230.0	47.7	(39.9)
NON-TAX REVENUE	4,562.7	17,645.7	4,569.3	5,707.0	(19.9)	0.1
OTHER REVENUE	1,154.0	5,059.6	1,124.4	1,478.5	(23.9)	(2.6)
DOMESTIC REVENUE	27,811.6	133,359.6	30,378.9	37,200.8	(18.3)	9.2
GRANTS	508.3	2,651.7	35.0	534.9	(93.5)	(93.1)
Project Grants	508.3	2,651.7	35.0	534.9		
Programme Grants	0.0	0.0	0.0	0.0		
TOTAL REVENUE & GRANTS	28,319.9	136,011.2	30,413.9	37,735.7	(19.40)	7.4

Source: Ministry of Finance

6.2 Total Expenditures

Total expenditures (including arrears clearance and discrepancy) for the review period totalled GH¢46.56 billion (4.4 % of GDP), 16.1 percent below its target of GH¢55.49 billion (5.3% of GDP) and representing a 22.0 percent year-on-year increase.

Compensation of Employees (including wages and salaries, pensions & gratuities, and other wage related expenditure) was GH¢13.32 billion, lower than the target of GH¢13.95 billion. This outturn which fell short of the target by 4.5 percent represented a 16.0 percent year-on-year growth. In terms of fiscal flexibility, compensation of employees constituted 43.8 percent of domestic revenue mobilised during the period under review.

Use of Goods and Services totalled GH¢1.54 billion, 16.6 percent lower than the expected target of GH¢1.84 billion. In addition, the expense recorded was lower than the GH¢1.68 billion recorded in the corresponding period of 2023, reflecting a year-on-year contraction of 8.5 percent.

Total interest payments of GH¢12.56 billion fell below the envisioned target of GH¢15.58 billion for the review period. This outturn compares with GH¢10.89 billion recorded in the corresponding period of 2023.

Grants to other Government units, made up of National Health Fund, Education Trust Fund (GET Fund), Road Fund, Energy Fund, District Assemblies Common Fund (DACF), Retention of IGFs, transfer to GNPC, Ghana Infrastructure Fund and other earmarked funds all summed up to GH¢7.56 billion, 12.8 percent lower than the expected target of GH¢8.68 billion. Grants to other Government unit increased on a year-on-year basis by 6.1 percent.

Capital Expenditure for the period under review was GH¢ 4.52 billion (0.4% of GDP), 62.7 percent lower than the programmed target of GH¢12.10 billion (1.2% of GDP). Capital expenditure increased on a year-on-year basis by 4.3 percent.

Other Expenditures amounted to GH¢7.07 billion, 132.2 percent above the target of GH¢3.04 billion. Of the total, Energy Sector Payment Shortfalls totalled GH¢6.38 billion (0.6% of GDP), higher than the programmed target of GH¢1.89 (0.2% of GDP). Other expenditure grew on a year-on-year basis by 177.0 percent.

Table 6.2: Total Expenditures

<i>Million Ghana Cedis</i>	2023	2023	2024	2024	2024	2024
	Provisional	Provisional	Provisional	Budget	DEVIATION OVER (+)/ BELOW (-)	Year-on- Year GROWTH
	Q1	Q1-Q4	Q1	Q1		
Compensation of Employees	11,486.6	50,807.8	13,319.4	13,952.8	(4.5)	16.0
Wages & Salaries	10,174.0	45,353.6	11,643.6	12,668.4	(8.1)	14.4
Social Contributions	1,312.6	5,454.2	1,675.7	1,284.4	30.5	27.7
Use of Goods and Services	1,680.2	8,445.6	1,536.9	1,842.6	(16.6)	(8.5)
Interest Payment	10,885.3	29,347.8	12,562.8	15,582.9	(19.4)	15.4
Domestic	10,635.9	27,572.9	12,335.0	11,534.9	6.9	16.0
External (Due)	249.4	1,774.9	227.9	4,048.0	(94.4)	(8.6)
Subsidies	0.0	0.0	0.0	74.4		
Grants to Other Government Units	7,126.1	31,172.8	7,560.9	8,667.8	(12.8)	6.1
Social Benefits	100.0	428.9	0.0	217.5		
Other Expenditure	2,550.9	13,335.2	7,066.16	3,043.6	132.2	177.0
o/w Energy Sector Payment						
Shortfalls	1,702.0	8,769.5	6378.0	1,892.4	237.0	274.7
Capital Expenditure	4,330.3	21,111.3	4,516.4	12,104.7	(62.7)	4.3
Domestic financed	965.1	9,147.5	2,495.0	7,079.0	(64.8)	158.5
Foreign financed	3,365.2	11,963.8	2,021.4	5,025.7	(59.8)	(39.9)
TOTAL EXPENDITURE	38,159.4	154,649.2	46,562.6	55,486.3	(16.1)	22.0

Source: Ministry of Finance

6.3 Budget Balance and Financing

Government budgetary operations resulted in an overall budget deficit of 1.8% of GDP on commitment basis for the period of Jan-March 2024. This was slightly higher than the targeted deficit of 1.7 % of GDP. The primary balance recorded a deficit of 0.6 percent of GDP, against a targeted primary surplus of 0.2 percent of GDP. The overall fiscal deficit was largely financed from domestic sources. Domestic financing (net) was GH¢15.00 billion (1.4% of GDP), and substantially higher than the GH¢13.39 billion (1.6% of GDP) recorded in the same period in 2023. Foreign financing recorded a net inflow of GH¢13.0 billion (1.2% of GDP), higher than the envisioned repayment target of GH¢3.43 billion (0.3 % of GDP).

Table 6.3: Budget Balance and Financing

<i>Million Ghana Cedis</i>	2023	2023	2024	2024	2024	2024
	Prov.	Prov	Prov.	Prog.	DEVIATION	Y-O-Y
	Q1	Q1-Q4	Q1	Q1	OVER (+)/ BELOW (-)	GROWTH
Revenue & Grants	28,319.9	136,011.2	30,413.9	37,735.7	(19.40)	7.4
Expenditure	38,159.4	154,649.2	46,562.6	55,486.3	(16.1)	22.0
Overall balance (commitment)	(12,767.3)	(18,638.0)	(16,148.7)	(17,750.6)	(9.0)	26.5
<i>(% of GDP)</i>	(1.5)	(2.2)	(1.5)	(1.7)		
Road Arrears (net change)	(2,011.9)	3,516.2	(9,078.5)	(2,482.9)	265.6	351.2
o/w Clearance of Arrears	(4,752.8)	(10,436.5)	(9,078.5)	(2,482.9)	265.6	91.0
o/w Clearance Outstanding Payments	0.0	0.0	0.0	0.0		
o/w Payables build-up	2,740.9	13,952.6	0.0	0.0		
o/w Outstanding payables build-up reported in GIFMIS	2,740.9	13,952.6	0.0	0.0		
Overall balance (cash)	(11,851.4)	(15,121.8)	(25,227.2)	(20,233.5)	24.7	112.9
<i>(% of GDP)</i>	(1.4)	(1.8)	(2.4)	(1.9)		
Discrepancy	(2,927.7)	(12,865.1)	(2,439.5)	0.0		(16.7)
Overall balance (incl. Divestiture and Discrepancy)	(14,779.1)	(15,121.8)	(25,227.2)	(20,233.5)	24.7	70.7
<i>(% of GDP)</i>	(1.8)	(1.8)	(2.4)	(1.9)		
Financing	14,779.1	27,986.9	27,666.8	20,233.5	36.7	87.2
Foreign (net)	1,992.6	11,219.4	12,997.7	(3,428.1)	(479.2)	552.3
Borrowing	2,856.9	15,484.5	13,482.6	4,490.8	200.2	371.9
Project loans	2,856.9	9,312.1	1,986.4	4,490.8	(55.8)	(30.5)
Programme Loans	0.0	6,172.4	11,496.2	0.0		
Sovereign Bond	0.0	0.0	0.0	0.0		
Amortisation (due)	(864.3)	(4,265.1)	(484.9)	(7,918.9)	(93.9)	(43.9)
Domestic (net)	13,394.3	16,531.9	15,004.0	24,050.4	(37.6)	12.0
Banking	11,826.3	(18,767.4)	1,822.5	23,516.9	(92.3)	(84.6)
Bank of Ghana	3,411.9	(31,448.6)	(5,952.6)	0.0		(274.5)
o/w SDR	0.0	0.0	0.0	0.0		
Comm. Banks	8,414.4	12,681.2	7,775.1	23,516.9	(66.9)	(7.6)
Non-banks	(3,204.8)	28,723.8	13,181.5	8471.8		(511.3)
Other Domestic	4,772.8	6,575.5	0.0	-7938.3		
o/w Capitalised Interest from DDEP	4,792.7	6,696.0	0.0	-7938.3		
o/w Domestic Standard Loan	-19.9	-120.5	0.0	0.0		
Other Financing	0.0	0.0	0.0	0.0		
Other Programme Financing	0.0	0.0	0.0	0.0		
Other Domestic Financing	0.0	0.0	0.0	0.0		
Ghana Petroleum Funds	(607.8)	(964.3)	(334.9)	(315.2)	6.2	(44.9)
Transfer to Ghana Petroleum Funds	(607.8)	(2,956.1)	(334.9)	(1,050.8)	(68.1)	(44.9)
o/w Stabilisation Fund	(425.4)	(2,069.3)	(234.4)	(735.6)	(68.1)	(44.9)
o/w Heritage Fund	(182.3)	(886.8)	(100.5)	(315.2)	(68.1)	(44.9)
Transfer from Stabilisation Fund	0.0	1,991.8	0.0	735.6		
Sinking Fund	0.0	1,199.9	0.0	(73.6)		
Contingency Fund	0.0	0.0	0.0	0.0		
Nominal GDP (Including Oil)	841,632.9	841,632.9	1,050,978.3	1,050,978.3		
Nominal GDP (Excluding oil)	803,900.9	803,900.9	979,407.7	979,407.7		

Source: Ministry of Finance

6.4 Public Debt Analysis

The stock of public debt at end-February 2024 stood at GH¢658.6 billion, showing an increase of GH¢47.4 billion over the end-December 2023 stock of GH¢611.2 billion. This was due to the adjustment of the December stock to include Bank of Ghana's Overdraft of GH¢37.9 billion to Government, which was securitized in December 2022. In terms of GDP, the total public debt at end-February 2024 stood at 62.7 percent, lower than the 72.6 percent recorded in December 2023.

Table 6.4: Public Debt

	2023	2024	2024	Feb 2024 - Dec 2023
	DECEMBER	JANUARY	FEBRUARY	CHANGE
TOTAL DOMESTIC DEBT (GH¢million)	260,155.80	268,454.10	278,672.60	18,516.80
SHORT TERM	67,069.00	75,095.30	82,105.80	15,036.80
MEDIUM-TERM	125,558.90	125,851.70	127,711.60	2,152.70
LONG-TERM	66,562.10	66,562.10	67,917.40	1,355.30
STANDARD LOANS	965.8	945	937.7	-28.1
HOLDINGS OF DOMESTIC DEBT (GH¢million)	259,190.00	267,509.00	277,734.90	18,544.90
BANKING SYSTEM	130,579.50	134,126.00	140,141.90	9,562.40
NON-BANK	115,553.40	120,317.40	124,290.70	8,737.30
FOREIGN SECTOR (Non-Resident)	13,057.00	13,065.60	13,302.30	245.2
TOTAL EXTERNAL(US\$million)	30,137.20	30,577.60	30,637.10	499.8
MULTILATERAL	9,144.20	9,606.50	9,650.40	506.2
BILATERAL	3,564.90	3,523.40	3,527.60	-37.3
COMMERCIAL	17,428.10	17,447.70	17,459.00	30.8
TOTAL EXTERNAL DEBT (GH¢million)	351,062.80	367,500.40	379,973.00	28,910.20
TOTAL PUBLIC DEBT (GH¢million)	611,218.50	635,954.50	658,645.50	47,427.00
EXCHANGE RATE (End Period Selling MOF)	11.6488	12.0186	12.4024	
MEMORANDUM ITEMS				
NOMINAL GDP (GH¢million)	841,632.90	1,050,978.30	1,050,978.30	
<i>TOTAL DEBT /GDP RATIO (%)</i>	72.62	60.51	62.67	
<i>EXTERNAL DEBT/GDP</i>	41.7	35	36.2	
<i>DOMESTIC DEBT/GDP</i>	30.9	25.5	26.5	
<i>EXTERNAL DEBT/TOTAL DEBT</i>	57.4	57.8	57.7	
<i>DOMESTIC DEBT/TOTAL DEBT</i>	42.6	42.2	42.3	

Source: Bank of Ghana and Ministry of Finance

6.5 Conclusion

Budget execution for the first quarter of 2024 showed expenditures outpacing revenue growth in the first quarter, reflecting the frontloading of IPP arrears payments. Government budgetary operations resulted in an overall budget deficit of 1.8 percent of GDP on commitment basis for the first quarter of the year. This was slightly higher than the targeted deficit of 1.7 percent of GDP. The primary balance also recorded a deficit of 0.6 percent of GDP, against a targeted primary surplus of 0.2 percent of GDP. Maintaining strict fiscal discipline for the rest of the year will be crucial to strengthen confidence in the economy.

7. Price Developments

7.0 Highlights

Global headline inflation remains high due to a resurgence in crude oil prices and increasing prices in the services sector. In Ghana, the disinflation process remained sluggish over the first quarter of the year. Inflation, which declined to 23.1 percent in December 2023, moved up to 25.8 percent by the end of the first quarter of 2024 largely on the back of rising food inflation. In April 2024, Inflation eased to 25.0 percent on account of improvements in the supply of seasonal food crops.

7.1 Global Price Developments

In 2024, the pace of disinflation has somewhat slowed down due to rising prices in the services sector and a resurgence in crude oil prices as OPEC+ cut production. Despite the headwinds, inflation is projected to decline steadily on the back of a tighter monetary policy stance, softening labour market conditions, and the waning effects of past shocks.

Advanced Economies

The annual inflation rate in the United States eased to 3.4 percent in April 2024 from 3.5 percent in March. It remained stable for food and slowed for shelter, while prices continued to decline for new vehicles, used cars and trucks. Similar to headline inflation, core inflation slowed to 3.6 percent, down from 3.8 percent in both March and February.

Headline inflation in the United Kingdom eased to 2.3 percent in April 2024, from 3.2 percent in March, due to a decline in gas and electricity costs as the Office of Gas and Electricity Markets (Ofgem) placed an energy price cap in April. Prices also slowed for food, recreation, and culture. The annual core inflation rate in the UK decelerated for the third consecutive month to 3.9 percent in April 2024, compared to 5.1 percent in January 2024.

In the Euro Area, annual inflation was confirmed at 2.4 percent in April 2024, same as the figure recorded in March. Prices for services, energy and non-energy industrial goods slowed during the period, while prices of food, alcohol, and tobacco rose slightly. Core inflation rate, which excludes energy, food, alcohol, and tobacco, fell to 2.7 percent in April 2024 from 2.9 percent in the previous month, marking the lowest level since February 2022.

In Japan, annual inflation declined to 2.5 percent in April 2024, from 2.7 percent in the previous month, marking the second consecutive month of moderation. Food prices saw their most modest rise in nearly a year and a half, while prices eased for furniture and household utensils, healthcare, education and culture. In line with developments in headline inflation, core inflation dropped to 2.2 percent in April from 2.6 percent in March.

Emerging Market Economies

China's annual inflation rose to 0.3 percent in April 2024 from 0.1 percent in March 2024 on the back of an ongoing recovery in domestic demand. Non-food inflation accelerated, fuelled by rising prices for clothing, housing, health, and education. Additionally, transportation costs increased due to recent utility price hikes, including natural gas and train fares. Core consumer inflation, which excludes the cost of food and energy, also increased to 0.7 percent in April from 0.6 percent in March.

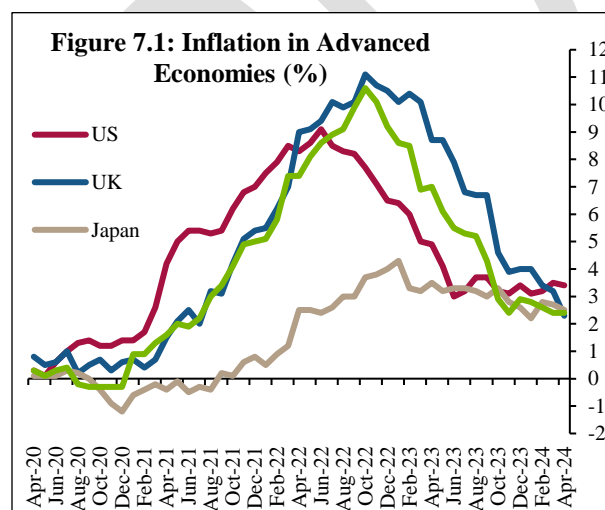
In Brazil, annual inflation decreased slightly to 3.7 percent in April 2024 from 3.9 percent in the previous month. This marked the seventh consecutive drop in Brazil's inflation rate, bringing price growth closer to the central bank's target of 3.5 percent and increasing the likelihood of further rate cuts. Inflation decelerated for housing, utilities, and transportation, despite the sharp increase in fuel prices and healthcare costs.

Annual inflation in Turkey increased to 69.8 percent in April from 68.5 percent in the previous month, marking the highest reading since November 2022. This rise was primarily driven by higher prices of housing and utilities, as well as transportation. Additionally, inflation increased for clothing and footwear, alcoholic beverages and tobacco, furnishings, household equipment, and routine maintenance, as well as hotels, cafes, and restaurants. Core inflation also increased slightly to 75.8 percent in April, from 75.2 percent in the previous month.

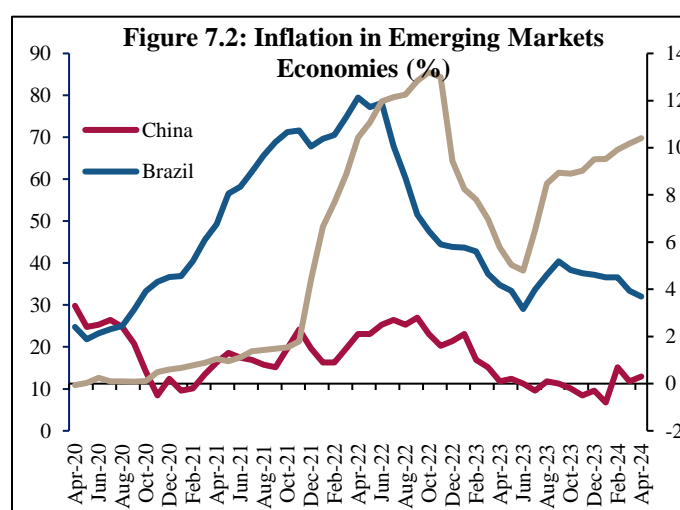
Sub-Saharan Africa

South Africa's annual inflation rate, which was within the central bank's target range of 3-6 percent in March, eased to 5.2 percent in April 2024, from 5.3 percent in the prior month. Prices primarily softened for food and non-alcoholic beverages, with most sub-categories experiencing lower annual inflation rates, except for vegetables, fruit, and hot beverages. Slower price growth was also recorded in other sub-groups, including miscellaneous goods and services, alcoholic beverages and tobacco, and housing and utilities. Core inflation rate, which excludes volatile items such as food and non-alcoholic beverages, fuels, and energy, fell to 4.6 percent in April 2024, from 4.9 percent in the prior month.

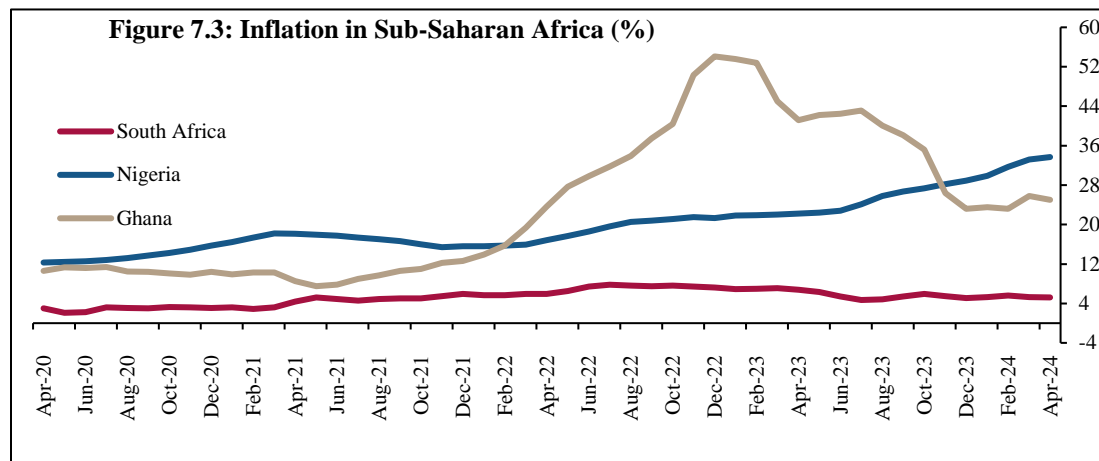
Nigeria's headline inflation rate continued its ascent, reaching 33.7 percent in April 2024, up from 33.2 percent in the prior month. The increase in inflation was driven by increases in the prices of housing, utilities, food and transportation arising from renewed weakness in the naira and removal of fuel subsidies. The annual core inflation rate, which excludes prices of farm produce and energy, increased to 26.8 percent in April from 25.9 percent in March 2024.



Source: Trading Economics



Source: Trading Economics



Source: Trading Economics

7.2 Domestic Inflation

On the domestic front, the pace of disinflation remained sluggish throughout the first quarter of the year. Headline inflation, which had decreased to 23.1 percent in December 2023, rose to 25.8 percent by March 2024 largely on the back of food inflation. In April, however, headline inflation eased to 25.0 percent due to improvements in the supply of seasonal food crops. Food inflation declined to 26.8 percent in April 2024, from 29.6 percent in March 2024, while non-food inflation increased to 23.5 percent, from 22.6 percent during the same period. Core inflation, which excludes prices of energy and utility items, moderated to 24.8 percent in April 2024 from 26.3 percent in March.

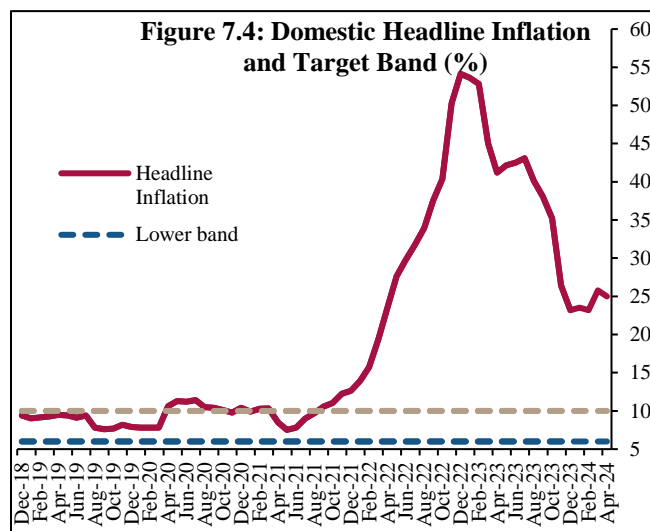
In April 2024, month-on-month headline inflation increased to 1.8 percent from 0.8 percent in March 2024. During the same period, monthly food inflation rose to 2.1 percent from 1.0 percent, while monthly non-food inflation increased to 1.5 percent from 0.7 percent in March.

7.3 Inflation Risk Assessment and Outlook

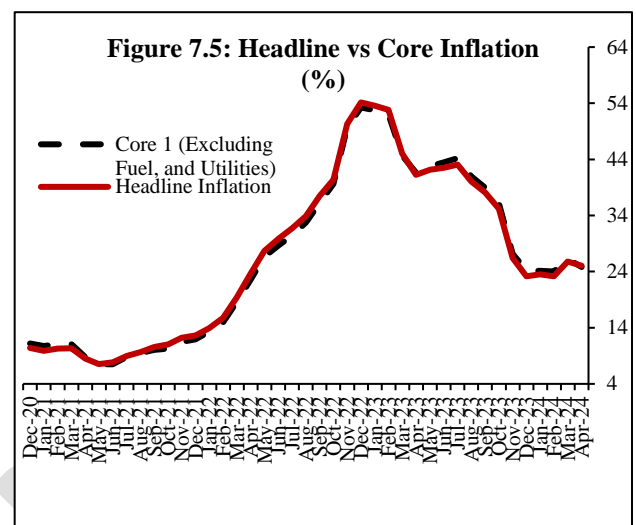
The latest forecast shows a slightly elevated inflation profile on account of recent exchange rate pressures and adjustments in transportation fares. However, the projections show that inflation will remain within the monetary policy consultation clause of 13-17 percent at the end of the year. These forecasts are contingent on sustaining a tight monetary policy stance, including aggressive liquidity management operations. Risks such as upward adjustment in transportation fares, crude oil price increases, utility tariff adjustments and unfavourable forex market dynamics will need to be monitored closely. These risks are expected to be moderated by tight monetary conditions, improved reserve buffers and efficient liquidity management strategies.

Decision on the Monetary Policy Rate

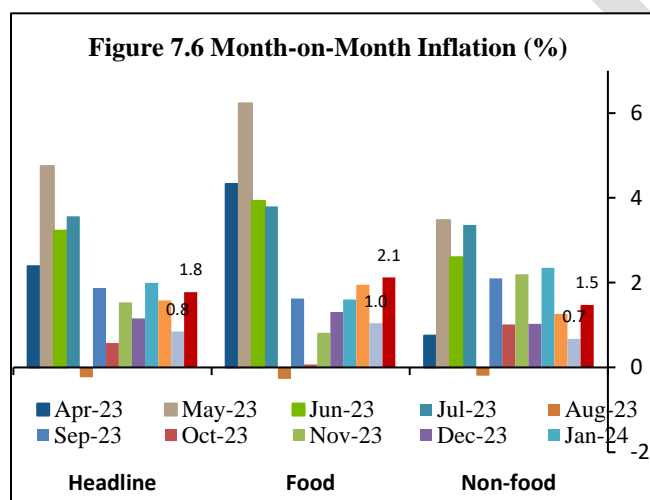
At the 118th Meeting, the Monetary Policy Committee acknowledged the slightly elevated inflation profile and the need to closely monitor the risks ahead. Given these considerations, the Committee decided to maintain the policy rate at 29.0 percent.



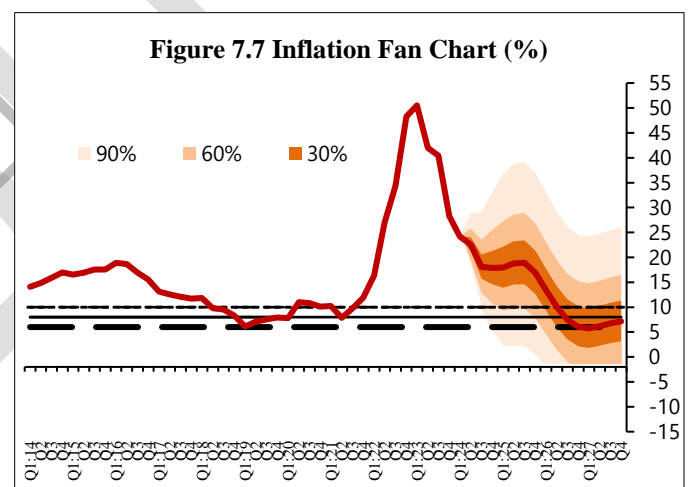
Source: GSS and Bank of Ghana Staff Calculations



Source: GSS and Bank of Ghana Staff Calculations



Source: GSS and Bank of Ghana Staff Calculations



Source: Bank of Ghana Staff Calculations

Appendix

Table A.1: Sources of Growth in M2+ (GH¢ million, unless otherwise stated)

	Apr-22	Dec-22	Apr-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24
1 Net Foreign Assets	(1150.85)	(10321.15)	(10392.27)	21038.44	25523.91	28637.47	34456.71	37481.40
Bank of Ghana	1453.09	(17487.62)	(22971.16)	3348.61	9952.09	9907.78	13622.62	14704.58
Commercial Banks	(2603.94)	7166.46	12578.90	17689.83	15571.81	18729.70	20834.09	22776.82
2 Net Domestic Assets	143714.52	190587.99	217920.46	228981.08	220652.82	225061.96	226663.12	232123.66
ow. Claims on government (net)	91091.89	127515.37	145678.43	115681.46	118333.10	123262.55	118345.15	121337.10
ow. Claims on Private sector(Incl. PE's)	67652.52	85078.76	87074.43	86240.96	82955.65	83859.44	86193.53	87069.67
BOG OMO Sterilisation Acc.	(4888.06)	(7725.48)	(19524.09)	(24795.37)	(30177.25)	(29850.45)	(22605.87)	(14181.19)
5 Total Liquidity (M2+)	142563.67	180266.84	207528.19	250019.53	246176.73	253699.43	261119.83	269605.06
6 ow. Broad Money Supply (M2)	105204.84	135142.49	150496.16	185426.12	181622.65	184856.28	190181.45	197131.66
7 ow. Foreign Currency Deposits(\$million)	37358.83	45124.35	57032.04	64593.40	64554.07	68843.15	70938.38	72473.40
Change from previous year (in per cent)								
8 Net Foreign Assets	(104.11)	(237.04)	803.01	(303.84)	(311.71)	(364.23)	(386.98)	(460.67)
9 Net Domestic Assets	58.02	48.87	51.63	20.14	5.55	5.69	3.50	6.52
10 ow. Claims on government (net)	55.39	69.31	59.92	(9.28)	(15.20)	(15.61)	(17.95)	(16.71)
11 ow. Claims on Private sector(Incl. PE's)	26.36	37.70	28.71	1.37	(7.34)	(4.90)	(2.36)	(0.01)
12 ow. BOG OMO Sterilisation Acc.	(17.62)	(36.62)	(299.42)	(220.96)	(132.83)	(63.15)	17.62	27.37
12 Total Liquidity (M2+)	19.87	32.98	45.57	38.69	24.97	25.52	26.15	29.91
13 Broad Money Supply (M2)	14.42	27.81	43.05	37.21	29.76	28.61	28.39	30.99
14 Foreign Currency Deposits (FCDs)	38.41	51.33	52.66	43.15	13.20	17.92	20.53	27.07
Cumulative change from previous year end (in per cent)								
15 Net Foreign Assets	(115.28)	(237.04)	0.69	(303.84)	21.32	36.12	63.78	78.18
16 Net Domestic Assets	12.26	48.87	14.34	20.14	(3.64)	(1.71)	(1.01)	1.37
17 ow. Claims on government (net)	20.95	69.31	14.24	(9.28)	2.29	6.55	2.30	4.89
18 Broad Money(M2+)	5.17	32.98	15.12	38.69	(1.54)	1.47	4.44	7.83
Annual per cent contribution to money growth								
19 Net Foreign Assets	(24.50)	(13.17)	(6.48)	17.40	19.08	19.53	22.45	23.07
20 NDA	44.37	46.15	52.05	21.30	5.89	5.99	3.71	6.84
21 Total Liquidity (M2+)	19.87	32.98	45.57	38.69	24.97	25.52	26.15	29.91
Memorandum items								
22 Reserve Money	47215.05	68103.84	69161.50	87987.66	79088.72	83520.29	89011.62	105041.20
23 NFA (\$million)	(161.80)	(1203.49)	(948.93)	1770.91	2120.70	2297.58	2675.83	2823.69
24 Currency ratio	0.19	0.21	0.18	0.18	0.17	0.17	0.18	0.18
25 FCD/M2+	0.26	0.25	0.27	0.26	0.26	0.27	0.27	0.27
26 FCD/Total Deposit	0.31	0.30	0.32	0.30	0.31	0.32	0.32	0.32
27 RM multiplier	2.23	1.98	2.18	2.11	2.30	2.21	2.14	1.88

Source: Bank of Ghana Staff Calculations

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

	Apr-22	Dec-22	Apr-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24
1 Net Foreign Assets (NFA)	1453.1	(17487.6)	(22971.2)	3348.6	9566.3	9522.0	13251.3	14415.0
2 Net Domestic Assets (NDA)	45762.0	85591.5	92132.7	84639.0	69522.4	73998.3	75760.3	90626.2
of which:								
3 ow: Claims on government (net)	43185.3	78871.2	88150.9	54356.1	54706.2	55130.3	50086.8	54517.7
4 Claims on DMB's (net)	(3158.6)	(4057.4)	(9161.5)	(10168.1)	(14890.7)	(14738.0)	(15938.4)	(12880.5)
5 OMO Sterilisation Account.	(4888.1)	(7725.5)	(19524.1)	(24795.4)	(30177.2)	(29850.4)	(22605.9)	(17663.1)
6 Reserve Money (RM)	47215.1	68103.8	69161.5	87987.7	79088.7	83520.3	89011.6	105041.2
7 ow:Currency	23421.4	31420.6	31338.5	37621.0	36182.6	36339.2	39678.0	41690.8
8 DMB's reserves	19283.1	31727.8	32532.0	37738.1	36276.4	40627.4	42754.5	56616.6
9 Non-Bank deposits	4510.5	4955.3	5290.9	12628.5	6629.7	6553.7	6579.2	6733.8
Change from previous year (in per cent)								
10 Net Foreign Assets	(94.6)	(312.0)	(1680.9)	(119.1)	(144.9)	(144.3)	(155.3)	(162.8)
11 Net Domestic Assets	449.6	144.6	101.3	(1.1)	(17.3)	(16.1)	(7.4)	(1.6)
12 ow: Claims on government (net)	161.1	168.4	104.1	(26.5)	(38.8)	(38.0)	(42.5)	(38.2)
13 Claims on DMB's (net)	340.3	243.9	(190.0)	(150.6)	(41.3)	(135.6)	(61.4)	(40.6)
14 OMO Sterilisation Account.	(17.6)	(36.6)	(299.4)	(221.0)	(132.8)	(63.1)	17.6	9.5
15 Reserve Money (RM)	9.2	57.5	1.6	29.2	(10.1)	(5.1)	1.2	19.4
16 ow:Currency	7.6	44.3	(0.3)	19.7	(3.8)	(3.4)	5.5	10.8
Cumulative change from previous year end (in per cent)								
17 Net Foreign Assets (NFA)	(82.4)	(312.0)	31.4	(119.1)	185.7	184.4	296.0	330.8
18 Net Domestic Assets (NDA)	30.8	144.6	7.6	(1.1)	(17.9)	(12.6)	(10.5)	7.1
19 ow: Claims on government (net)	46.9	168.4	11.8	(26.5)	0.6	1.4	(7.9)	0.3
20 Reserve Money (RM)	9.2	57.5	1.6	29.2	(10.1)	(5.1)	1.2	19.4
Annual per cent contribution								
21 Net Foreign Assets	(72.29)	(59.51)	(51.73)	30.59	49.21	46.53	64.31	54.06
22 Net Domestic Assets (NDA)	106.07	116.99	98.21	(1.40)	(23.17)	(21.24)	(10.42)	(2.18)
23 RM growth (y-o-y)	33.78	57.48	46.48	29.20	26.03	25.29	53.89	51.88

Source: Bank of Ghana Staff Calculations

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

	Apr-21	Apr-22	Apr-23	Feb-24	Apr-24
Components of Assets (% of Total)					
Cash and Due from Banks	18.6	21.7	29.3	30.2	35.2
Investments	47.0	43.2	35.0	39.3	34.5
Net Advances	26.5	27.4	26.1	21.4	20.5
Others	7.9	7.7	9.6	9.1	9.8
Components of Liabilities and Shareholders' Funds (% of Total)					
Total Deposits	67.3	65.5	77.2	78.2	77.0
Total Borrowings	10.0	13.3	6.7	5.0	6.3
Shareholders' Funds	15.2	13.7	8.9	10.5	10.1
Other Liabilities	7.5	7.6	7.2	6.3	6.6

Source: Bank of Ghana Staff Calculations

Table A.4: Credit Growth

	Gh¢million				y/y growth (%)	
	Apr-22	Apr-23	Feb-24	Apr-24	Apr-23	Apr-24
Public Sector	6,038.92	7,483.53	5,979.06	6,082.98	23.9	-18.7
Private Sector	54,168.75	64,875.46	68,809.90	71,855.61	19.8	10.8
- Private Enterprises	39,077.81	47,380.35	50,145.60	52,269.44	21.2	10.3
o/w Foreign	5,390.06	3,200.58	2,871.36	3,525.57	-40.6	10.2
Indigenous	33,687.76	44,179.77	47,274.24	48,743.87	31.1	10.3
- Households	13,186.98	15,721.79	17,620.52	18,353.83	19.2	16.7
Gross Loans	60,207.7	72,359.0	73,501.3	77,938.6	20.2	7.7

Source: Bank of Ghana Staff Calculations

Table A.5: Contingent Liabilities

	<u>Apr-21</u>	<u>Apr-22</u>	<u>Apr-23</u>	<u>Feb-24</u>	<u>Apr-24</u>
Contingent Liabilities (GH¢million)	13,870.0	20,116.1	19,743.0	23,348.2	24,400.1
Growth (y-o-y)	26.6	45.0	(3.8)	15.4	23.6
% of Total Liabilities	10.5	12.0	9.1	9.1	8.8

Source: Bank of Ghana Staff Calculations

Table A.6: Distribution of Loans and NPLs (%)

	Apr-22		Apr-23		Feb-24		Apr-24	
	Share in Total Credit	Share in NPLs	Share in Total Credit	Share in NPLs	Share in Total Credit	Share in NPLs	Share in Total Credit	Share in NPLs
a. Public Sector	10.0	4.3	11.2	6.3	8.0	5.5	7.8	9.0
i. Government	5.5	1.8	5.0	4.5	2.7	1.7	2.7	3.0
ii. Public Institutions	1.7	0.0	2.7	0.0	1.8	0.7	1.7	2.2
iii. Public Enterprises	2.9	2.5	3.6	1.8	3.5	3.1	3.5	3.8
b. Private Sector	90.0	95.7	88.8	93.7	92.0	94.5	92.2	91.0
i. Private Enterprises	64.9	86.0	61.4	84.4	67.0	83.0	67.1	61.2
o/w Foreign	9.0	8.6	4.8	2.7	3.8	2.0	4.5	5.4
Indigenous	56.0	77.5	56.6	81.7	63.2	81.0	62.5	55.8
ii. Households	21.9	7.6	24.5	9.2	23.6	11.1	23.5	27.9
iii. Others	3.2	2.0	2.8	0.1	1.4	0.5	1.6	1.9

Source: Bank of Ghana Staff Calculations

Table A.7: Liquidity Ratios

	<u>Apr-21</u>	<u>Apr-22</u>	<u>Apr-23</u>	<u>Feb-24</u>	<u>Apr-24</u>
Liquid Assets (Core) - (GHC'million)	28,902.7	42,150.6	69,897.1	86,707.4	107,918.8
Liquid Assets (Broad) -(GHC'million)	101,939.4	125,785.5	153,075.8	199,176.4	213,585.9
Liquid Assets to total deposits (Core)-%	27.6	33.1	38.0	38.6	45.7
Liquid Assets to total deposits (Broad)- %	97.2	98.9	83.2	88.8	90.4
Liquid assets to total assets (Core)- %	18.6	21.7	29.3	30.2	35.2
Liquid assets to total assets (Broad)- %	65.5	64.7	64.3	69.4	69.6

Source: Bank of Ghana Staff Calculations

Table A.8: Profitability Indicators (%)

	<u>Apr-22</u>	<u>Apr-23</u>	<u>Feb-24</u>	<u>Apr-24</u>
Gross Yield	4.8	6.2	3.1	6.3
Interest Payable	1.7	2.1	1.0	2.0
Spread	3.1	4.0	2.1	4.3
Asset Utilisation	4.6	5.6	2.6	4.9
Interest Margin to Total Assets	2.4	2.7	1.4	2.6
Interest Margin to Gross income	51.5	48.3	53.6	52.5
Profitability Ratio	21.6	20.9	21.8	23.1
Return On Equity (%) after tax	22.3	36.3	32.7	35.0
Return On Assets (%) before tax	4.7	5.5	5.2	5.4

Source: Bank of Ghana Staff Calculations

Table A.9: DMBs Income Statement Highlights

	Apr-22	Apr-23	Feb-24	Apr-24	Apr-23	Feb-24	Apr-24
	<u>(GH c'million)</u>				<u>Year-on-Year Growth (%)</u>		
Interest Income	6,819.8	10,048.7	5,896.8	12,002.0	47.3	17.9	19.4
Interest Expenses	(2,230.7)	(3,545.3)	(1,924.3)	(4,041.7)	58.9	4.8	14.0
Net Interest Income	4,589.1	6,503.4	3,972.6	7,960.2	41.7	25.5	22.4
Fees and Commissions (Net)	1,080.0	1,408.5	785.3	1,589.2	30.4	17.7	12.8
Other Income	1,010.9	1,997.3	732.1	1,581.9	97.6	(36.6)	(20.8)
Operating Income	6,679.9	9,909.2	5,489.9	11,131.3	48.3	10.1	12.3
Operating Expenses	(2,963.1)	(4,487.8)	(2,421.7)	(5,020.0)	51.5	14.3	11.9
Staff Cost (deduct)	(1,604.2)	(2,112.1)	(1,206.0)	(2,526.9)	31.7	17.6	19.6
Other operating Expenses	(1,358.9)	(2,375.7)	(1,215.7)	(2,493.1)	74.8	11.3	4.9
Net Operating Income	3,716.9	5,421.4	3,068.3	6,111.3	45.9	7.0	12.7
Total Provision (Loan losses, Depreciation & others)	(768.3)	(1,087.7)	(619.0)	(863.4)	41.6	(28.0)	(20.6)
Income Before Tax	2,948.6	4,333.6	2,449.3	5,247.9	47.0	21.9	21.1
Tax	(1,022.2)	(1,525.3)	(836.2)	(1,748.3)	49.2	25.8	14.6
Net Income	1,926.3	2,808.3	1,613.1	3,499.6	45.8	20.0	24.6
Gross Income	8,910.6	13,454.5	7,414.2	15,173.1	51.0	8.7	12.8

Source: Bank of Ghana Staff Calculations

Table A.10: Developments in Offshore Balances

	Apr-21	Apr-22	Apr-23	Feb-24	Apr-24
Offshore balances as % to Networth	36.5	38.9	80.7	69.0	83.0
Annual Growth in Offshore balances (%)	-2.6	19.6	64.7	22.0	50.2
Annual Growth in Nostro Balances (%)	3.5	5.9	98.9	-20.8	23.3
Annual Growth in Placement (%)	-9.0	35.9	33.8	120.3	87.5

Source: Bank of Ghana Staff Calculations

Table A.11: Fiscal indicators

	2023 Q1 OUTTURN	2023 Q1-Q4 OUTTURN	2024 Q1 OUTTURN	2024 Q1 PROG
Domestic Revenue	27,811.6	133,359.6	30,378.9	37,200.8
(% of GDP)	3.3	15.8	2.9	3.5
Domestic expenditure	26,836.6	126,202.8	34,417.9	34,877.7
(% of GDP)	3.2	15.0	3.3	3.3
Domestic Primary Balance	975.0	7,156.8	(4,039.0)	2,323.1
(% of GDP)	0.1	0.9	(0.4)	0.2
Primary Balance (Commitment)	(1,882.0)	(2,155.3)	(6,025.4)	(2,167.7)
(% of GDP))	(0.2)	(0.3)	(0.6)	(0.2)
Primary Balance (Cash)	(3,893.9)	1,360.9	(15,104.0)	(4,650.6)
(% of GDP)	(0.5)	0.2	(1.4)	(0.4)
Non-Oil Primary Balance	(6,568.6)	(11,264.3)	(17,007.7)	(9,143.5)
(% of GDP))	(0.8)	(1.3)	(1.6)	(0.9)
Overall Balance (Commitment)	(9,839.6)	(31,503.0)	(18,588.2)	(17,750.6)
(% of GDP)	(1.2)	(3.7)	(1.8)	(1.7)
Overall Balance (cash, discrepancy)	(14,779.1)	(27,986.9)	(27,666.8)	(20,233.5)
(% of GDP)	(1.8)	(3.3)	(2.6)	(1.9)
Oil Revenue	2,674.7	12,625.2	1,903.8	4,492.9
(% of GDP)	0.3	1.5	0.2	0.4
Non-Oil Revenue and Grants	25,645.1	123,386.0	28,510.1	33,242.7
(% of GDP)	3.0	14.7	2.7	3.2
Benchmark Oil Revenue	2,025.9	9,853.8	1,116.4	3,502.8
(% of GDP)	0.2	1.2	0.1	0.3
Annual Budget Funding Amount (ABFA)	1,418.1	6,519.3	781.5	2,451.9
(% of GDP)	0.2	0.8	0.1	0.2
Nominal GDP	841,632.9	841,632.9	1,050,978.3	1,050,978.3
Non-Oil Nominal GDP	803,900.9	803,900.9	979,407.7	979,407.7

Source: Ministry of Finance

Table A.12: Headline Inflation

	Combined	Food	Non-food	Combined	Food	Non-food
Dec-20	10.4	14.1	7.7	0.9	1.5	0.4
Dec-21	12.6	12.8	12.5	1.2	1.2	1.2
2022						
Mar	19.4	22.4	17.0	4.0	4.5	3.7
Jun	29.8	30.7	29.1	3.0	2.3	3.6
Sep	37.5	38.8	36.5	3.3	3.3	3.4
Dec	54.1	59.7	49.9	3.8	4.1	3.6
2023						
Jan	53.6	61.0	47.9	1.7	2.8	0.8
Feb	52.8	59.1	47.9	1.9	2.0	1.7
Mar	45.0	50.8	40.6	-1.2	-0.9	-1.5
Apr	41.2	48.7	35.4	2.4	4.3	0.7
May	42.2	51.8	34.6	4.8	6.2	3.5
Jun	42.5	54.2	33.4	3.2	3.9	2.6
Jul	43.1	55.0	33.8	3.6	3.8	3.4
Aug	40.1	51.9	30.9	-0.2	-0.3	-0.2
Sept	38.1	49.3	29.3	1.9	1.6	2.1
Oct	35.2	44.8	27.7	0.6	0.1	1.0
Nov	26.4	32.2	21.7	1.5	0.8	2.2
Dec	23.2	28.7	18.7	1.2	1.3	1.0
2024						
Jan	23.5	27.1	20.5	2.0	1.6	2.4
Feb	23.2	27.0	20.0	1.6	2.0	1.3
Mar	25.8	29.6	22.6	0.8	1.0	0.7
Apr	25.0	26.8	23.5	1.8	2.1	1.5

Source: Ghana Statistical Service

Table A.13: CPI Components

CPI Components (%)																
	Weights (%)	2022	2023										2024			
		Dec	Jan	Feb	Mar	Apr	May	Jun	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Overall	100.0	54.1	53.6	52.8	45.0	41.2	42.2	42.5	38.1	35.2	26.4	23.2	23.5	23.2	25.8	25.0
Food and Beverages	43.1	59.7	61.0	59.1	50.8	48.7	51.8	54.2	49.3	44.8	32.2	28.7	27.1	27.0	29.6	26.8
Non-food	56.9	49.9	47.8	47.9	40.6	35.4	34.6	33.4	29.3	27.7	21.7	18.7	20.5	20.0	22.6	23.5
Alcoholic Beverages, Tobacco & Narcotics	3.7	38.5	43.3	44.5	41.2	37.5	42.1	43.9	49.4	45.7	39.0	38.2	38.5	38.5	41.0	39.4
Clothing and footwear	8.1	41.9	43.5	43.7	38.3	34.1	34.0	33.9	32.5	30.6	24.8	22.3	22.8	22.5	24.5	23.8
Housing and Utilities	10.2	82.3	71.1	69.6	64.7	59.0	54.0	49.2	28.6	25.3	21.5	19.5	22.6	22.9	24.9	28.1
Furnishings, Household Equipment	3.2	71.5	71.7	69.8	67.4	56.3	57.8	54.2	44.9	40.9	32.2	26.9	27.6	25.4	23.0	21.3
Health	0.7	34.4	35.0	33.5	27.9	28.7	33.6	37.2	31.3	28.1	23.6	23.0	26.6	28.1	32.0	31.2
Transport	10.1	71.4	68.8	70.3	52.0	42.5	36.9	32.3	25.9	25.0	11.5	4.4	5.6	3.5	7.9	10.3
Information and Communication	3.6	21.5	22.9	21.1	15.8	14.0	16.1	21.6	21.1	19.3	16.8	14.2	13.6	13.5	15.2	14.7
Recreation & Culture	3.5	42.4	41.6	42.0	32.8	27.1	29.2	29.7	30.1	28.8	23.4	24.9	25.9	25.6	29.4	28.7
Education	6.5	11.3	10.8	12.4	7.9	7.1	10.5	14.3	11.3	12.9	14.1	13.9	19.8	19.7	23.7	23.4
Hotels, cafes and restaurants	4.6	9.2	9.6	9.2	6.9	4.2	5.9	4.7	19.5	22.6	27.1	28.0	29.2	31.9	32.7	33.9
Insurance and Financial services	0.2	10.8	11.7	11.5	10.5	10.3	10.2	10.7	5.0	5.5	8.5	8.1	8.6	8.9	9.3	9.6
Personal care, social protection & Miscellaneous services	2.4	60.9	63.1	62.5	53.7	48.5	53.4	55.1	49.2	45.0	35.4	31.1	32.0	30.3	33.5	31.9

Source: Ghana Statistical Service