



# **BANK OF GHANA**

# **MONETARY POLICY REPORT**

**September 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 120<sup>th</sup> meeting held in September 2024.*

**Monetary Policy Objective in Ghana**

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

**Monetary Policy Strategy**

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

**The MPC Process**

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

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## Overview

**Global growth continued at a steady pace in the second quarter of 2024, supported by stronger spending, a resilient services sector, and declining crude oil prices.** However, continued weakness in the manufacturing sector, moderating growth momentum in China, cooling labour markets in advanced economies, escalating geopolitical tensions, and rising uncertainties related to elections in many countries could potentially weigh on growth prospects in the second half of 2024. The latest projections by the International Monetary Fund forecasts growth to remain unchanged at 3.2 percent for 2024 and increase slightly to 3.3 percent in 2025.

**Global inflation continues to slow down, on account of declining crude oil and food prices and moderating wage growth.** Core inflation has also declined in both advanced and emerging market economies, with the weakening US dollar playing a crucial role in alleviating inflationary pressures for Emerging Market and Developing Economies. Looking ahead, the ongoing global disinflation is expected to continue, albeit at a slower pace.

**Central banks in major advanced economies have begun the much-anticipated policy easing cycle amid declining inflation rates.** The Federal Reserve Bank, the European Central Bank and the Bank of England have all reduced their policy rates in recent months as inflation gradually approaches targets in these countries and areas.

**Provisional GDP data from the Ghana Statistical Service for the second quarter of 2024 indicated a stronger growth outturn than expected.** Real GDP grew by 6.9 percent in the second quarter of 2024, compared with 2.5 percent in the corresponding quarter of 2023, and 4.7 percent in the first quarter of 2024. Trends in the Bank's high frequency real sector indicators also point to a sustained pickup in economic activity, together with a rebound in both consumer and business confidence.

**Domestic price developments since the last MPC indicate that the disinflation process remains on track.** This was largely supported by the still tight monetary policy stance and easing food inflation. Headline inflation has declined consistently since the last MPC to 20.4 percent in August, from 22.8 percent in June, and 20.9 percent in July 2024, driven mainly by food inflation.

**Provisional data on budget execution from January to July 2024 indicated an overall fiscal deficit (commitment basis) of 2.4 percent of GDP, against the budget target of 2.8 percent of GDP.** The deficit of GH¢24.8 billion was financed from domestic (GH¢ 24.2 billion) and foreign (GH¢17.4 billion) sources. The primary balance for the period was a deficit of GH¢3.8 billion (0.4% of GDP), against a primary deficit target of GH¢3.5 billion (0.3% of GDP).

**The banking sector's performance continued to improve, with assets growing at 38.7 percent at end-August 2024, compared to 19.6 percent in August 2023.** Both pre-tax and after-tax profits were higher in the first eight months of 2024 relative to the same period last year. With regards to solvency, the Capital Adequacy Ratio (CAR) of the industry stood at 10.3 percent in August 2024, higher than the 7.5 percent recorded in August 2023. With reliefs, CAR was 13.8 percent in August 2024, compared to 14.2 percent in August 2023.

**The external payment position was strong in the first eight months.** The trade balance recorded a provisional surplus of US\$2.78 billion, higher than the surplus of US\$1.66 billion recorded in the corresponding period of 2023. The surplus was primarily driven by an increase in gold and crude oil exports. The strong buildup in international reserves continued into August 2024. Gross International Reserves increased by US\$1.58 billion to US\$7.50 billion at end-August 2024, equivalent to 3.4 months of import cover.

**After coming under pressure in May and June, the exchange rate has generally stabilized.** The observed stability beyond the first half of the year, is mainly driven by the maintenance of a still tight monetary policy stance and improved forex liquidity support. From the beginning of the year to 25<sup>th</sup> September 2024, the Ghana cedi depreciated by 24.3 percent against the US dollar. Between June 2024 and September 25, 2024, the depreciation of the cedi stood at 7.1 percent.

# 1. Global Economic Developments

## 1.0 Highlights

*Since the last Monetary Policy Committee, the external environment has improved as global economic activity remained resilient in the second quarter of 2024. Global growth has been supported by private and government spending, a resilient services sector and declining oil prices. Additionally, the anticipated policy easing cycle initiated by major central banks in advanced economies, in response to declining inflation rates, have also been supportive of growth. The latest projections by the International Monetary Fund forecasts growth to remain unchanged at 3.2 percent for 2024 and increase slightly to 3.3 percent in 2025.*

*Global inflation continues to slow down, on account of declining crude oil and food prices, and moderating wage growth. Core inflation has also declined in both advanced and emerging market economies, with the weakening US dollar playing a crucial role in alleviating inflationary pressures for Emerging Market and Developing Economies.*

## 1.1 Global Growth Developments

Global growth continued at a steady pace in the second quarter of 2024, supported by stronger spending, a resilient services sector, and declining crude oil prices. However, continued weakness in the manufacturing sector, moderating growth momentum in China, cooling labour markets in advanced economies, escalating geopolitical tensions, and rising uncertainties related to elections in many countries could potentially weigh on growth prospects in the second half of 2024. Economic activity in the third quarter of the year is expected to slow down, reflecting weakness in manufacturing due to higher borrowing costs and lower export demand. The latest IMF World Economic Outlook growth projections remain unchanged at 3.2 percent for 2024 and 3.3 percent in 2025.

In the outlook, the balance of risks to growth remains on the downside. Incoming high frequency data points to a slowdown in activity in major economies such as the US and China. Interest rates remain relatively high, despite the resumption of rate cuts by major central banks, and the continuing weakness in manufacturing may likely spill over to the services sector. Also, geopolitical tensions in the Middle East and the escalation of the war between Russia and Ukraine are key downside risks to global growth.

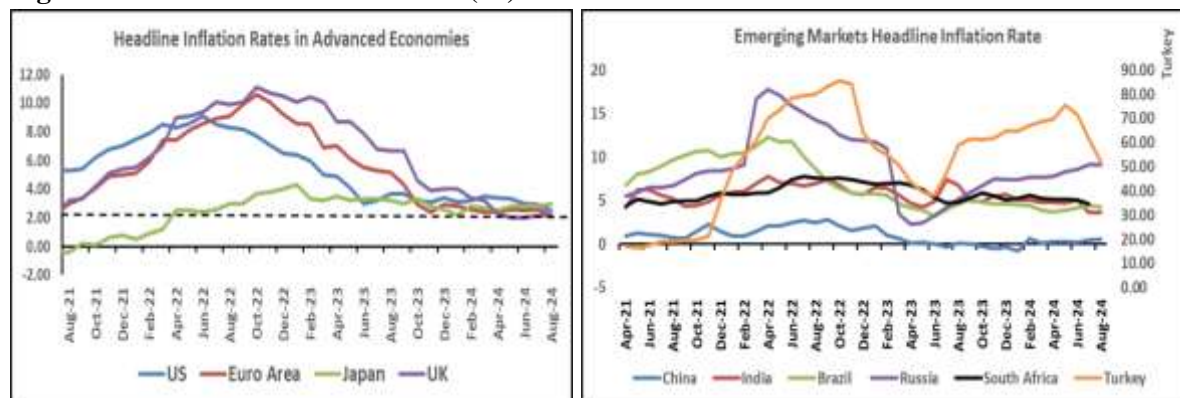
**Table 1.1: Global Growth Projections (%)**

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

Source: IMF, WEO Julyl 2024, Update

## 1.2 Global Price Developments

Global disinflation has continued amid a relatively tight monetary policy, declining oil prices and moderating wage growth. Inflation is steadily declining towards central bank targets in many advanced economies, supported by moderating services inflation. Declining prices also reflect falling oil prices due to weaker-than-expected demand, especially in China, and a drop in the FAO Food Price Index in August on account of falling cereal, meat and dairy prices. Meanwhile, headline inflation expectations for 2025 remain broadly unchanged, but projections have been revised lower for 2026, reflecting continued tightening policy stance and the gradual decline in headline and core inflation. In the outlook, the ongoing global disinflation is expected to continue, although at a slower pace.

**Figure 1.1: Headline Inflation Rates (%)**

Source: Bank of Ghana, /Trading Economics

### 1.3 Global Financial Markets Developments

Global financial conditions are expected to ease in the near term as major advanced economy central banks have begun the anticipated easing cycle amid declining inflation rates. The US Federal Reserve cut its policy rate by 50 basis points (bps) in September 2024 and has signalled another rate cut by the end of the year amid moderating wage growth and lower inflation. Also, the European Central Bank has resumed its easing cycle after periods of sluggish growth and cooling inflation. Additionally, the Bank of England has started to ease its policy rate as headline inflation hit the 2.0 percent target. The expectation of lower policy rates has brought down long-term bond yields and driven a recovery in equity prices. Reflecting falling yields in advanced economies, portfolio flows to emerging market economies have strengthened as investors search for higher yields.

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

Country	Policy rate - Previous (%)	Policy Rate Current (%)	Forecast	Inflation July, 2024	Inflation August, 2024	Real rate	Infl Target	Overall Fiscal Deficit (2023,% of GDP)	GDP Growth (Dec.2023)	Gross Debt/GDP (2023,%)	YTD Depr/Sept 17th
U.S	5.5	5.0	4.75	2.9	2.5	2.5	2%	-8.8	2.5	122.1	
Euro Area	4.25	3.65	3.65	2.6	2.2	1.45	< 2%	-3.5	0.4	88.6	0.33
UK	5.25	5.0	5.0	2.2	2.2	2.8	2%	-6	0.1	101.1	3.08
Japan	0.25	0.25	0.25	2.8	3	-2.75	2%	-5.8	1.9	252.4	0.13
Russia	18	19	20	9.1	9.1	9.9	4%	-2.3	3.6	19.7	-0.74
India	6.5	6.5	6.5	3.6	3.65	2.85	4±2%	-8.6	7.8	82.7	-0.82
Brazil	10.5	10.5	10.75	4.5	4.24	6.26	4.5±1.5%	-7.9	2.9	84.7	-12.82
Turkey	50	50	50	61.78	51.97	-1.97	5±2%	-5.5	4.5	28.9	-12.93
Malaysia	3	3	3.0	2.0		1.0	3% - 4%	-4.4	3.7	67.3	-3.56
Indonesia	6.25	6.25	6.25	2.13	2.1	4.13	3.5% ± 1%	-1.6	5	39.9	-0.02
Chile	5.75	5.5	5.25	4.6	4.7	0.8	3±1%	-2.2	0.2	39.4	-4.8
Ghana	29	29	28	20.9	20.4	8.6	8±2%	-4.6	2.3	86.1	-24.16
South Africa	8.25	8.25	8	4.6	4.4	3.85	3% -6%	-6	0.6	73.9	4.22
Nigeria	26.25	26.75	26.75	33.4	32.15	-5.4	6% -9%	-4.2	2.9	46.3	-44.38
Kenya	13	12.75	12.75	4.3	4.4	8.35	2.5-7.5%	-5.3	5.5	73.3	21.63
Zambia	13.5	13.5	14.25	15.4	15.5	-2	9%	-6.8	4.3	115.2	-2.36
Morocco	3	2.75	2.75	1.3		1.5		-4.4	3	70.6	1.26
Angola	19.5	19.5	20.0	31.1	30.53	-11.03	9-11%	-0.1	0.5	84.5	-10.54
Egypt	27.25	27.25	27.25	25.7	26.2	1.05	7± 2%	-5.8	3.8	95.9	-36.17

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

### 1.4 Currency Markets

On the international currency market, the US dollar weakened in July and August as investors anticipated a rate cut in September. The rate of depreciation of the Ghana cedi has declined since May 2024 on both the interbank and forex bureau markets. The easing pressure reflected positive sentiments from Bank of Ghana's improved forex liquidity support, and the revision of advanced payment guidelines for importers.

Recent policy easing by the US Federal Reserve together with continued market support from the Central Bank is expected to provide some cushion to the cedi and help stabilize the forex market. However, uncertainties surrounding the cocoa syndicated loan and the expected forex obligations as part of the debt restructuring may weigh on the currency. Pressures could also come from seasonal demand in the fourth quarter, and election-related expenditures.

On the interbank market, the cedi depreciated by 21.8 percent, 24.1 percent and 21.8 percent against the dollar, the pound sterling, and the euro, respectively, on a year-to-date basis in August 2024. This is against a depreciation of 22.2 percent, 26.1 percent and 23.5 percent, respectively, during the same comparative period in 2023.

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**Table 1.3: Interbank Exchange Rates**

	US\$/GHC*	Monthly depreciation/a ppreciation	Year-to-Date depreciation/a appreciation	GBP/GHC*	Monthly depreciation/a ppreciation	Year-to-Date depreciation/a appreciation	Euro/GHC*	Monthly depreciation/a appreciation	Year-to-Date depreciation/a ppreciation
<b>2022</b>									
Jan	6.0236	-0.3	-0.29	8.0882	0.5	0.48	6.7506	1.1	1.15
Feb	6.6004	-8.7	-9.00	8.8568	-8.7	-8.24	7.4100	-8.9	-7.85
Mar	7.1122	-7.2	-15.55	9.3515	-5.3	-13.09	7.8986	-6.2	-13.55
Apr	7.1128	0.0	-15.56	8.9333	4.7	-9.02	7.4963	5.4	-8.91
May	7.1441	-0.4	-15.93	9.0041	-0.8	-9.74	7.6650	-2.2	-10.92
June	7.2305	-1.2	-16.93	8.8043	2.3	-7.69	7.5797	1.1	-9.92
July	7.6120	-5.0	-21.10	9.2642	-5.0	-12.27	7.7658	-2.4	-12.07
Aug	8.2325	-7.5	-27.04	9.5872	-3.4	-15.23	8.2909	-6.3	-17.64
Sep	9.6048	-14.3	-37.47	10.7017	-10.4	-24.06	9.4147	-11.9	-27.47
Oct	13.0086	-26.2	-53.83	14.9541	-28.4	-45.65	12.8610	-26.8	-46.91
Nov	13.1044	-0.7	-54.17	15.6919	-4.7	-48.21	13.5813	-5.3	-49.72
Dec	8.5760	52.8	-29.97	10.3118	52.2	-21.19	9.1457	48.5	-25.34
<b>2023</b>									
Jan	10.7997	-20.6	-20.59	13.2863	-22.4	-22.39	11.7262	-22.0	-22.01
Feb	11.0135	-1.9	-22.13	13.3699	-0.6	-22.87	11.7182	0.1	-21.95
Mar	11.0137	0.0	-22.13	13.6218	-1.8	-24.30	11.9657	-2.1	-23.57
Apr	10.9516	0.6	-21.69	13.7624	-1.0	-25.07	12.0876	-1.0	-24.34
May	10.9715	-0.2	-21.83	13.5888	1.3	-24.12	11.6978	3.3	-21.82
June	10.9972	-0.2	-22.02	13.9879	-2.9	-26.28	12.0073	-2.6	-23.83
July	11.0034	-0.1	-22.06	14.1482	-1.1	-27.12	12.1272	-1.0	-24.59
Aug	11.0182	-0.1	-22.17	13.8814	1.4	-26.08	11.9473	1.5	-23.46
Sep	11.1285	-1.0	-22.94	13.5935	2.6	-24.14	11.7774	1.4	-22.35
Oct	11.4963	-3.2	-25.40	13.9399	-2.5	-26.03	12.1438	-3.0	-24.69
Nov	11.6206	-1.1	-26.20	14.6821	-5.1	-29.77	12.6756	-4.2	-27.85
Dec	11.8800	-2.2	-27.81	15.1334	-3.0	-31.86	13.1264	-3.4	-30.33
<b>2024</b>									
Jan	12.0356	-1.3	-1.29	15.3027	-1.1	-1.11	13.0547	0.5	0.55
Feb	12.4642	-3.4	-4.69	15.8022	-3.2	-4.23	13.5234	-3.5	-2.94
Mar	12.8770	-3.2	-7.74	16.2617	-2.8	-6.94	13.9031	-2.7	-5.59
Apr	13.2739	-3.0	-10.50	16.6243	-2.2	-8.97	14.1900	-2.0	-7.50
May	14.1301	-6.1	-15.92	17.9996	-7.6	-15.92	15.3345	-7.5	-14.40
June	14.5860	-3.1	-18.55	18.4375	-2.4	-17.92	15.6270	-1.9	-16.00
July	14.9009	-2.1	-20.27	19.1305	-3.6	-20.89	16.1065	-3.0	-18.50
Aug	15.1899	-1.9	-21.79	19.9261	-4.0	-24.05	16.7828	-4.0	-21.79

Source: Bank of Ghana Staff Calculations

The cedi depreciated by 28.3 percent in nominal trade weighted terms and 28.0 percent in forex transaction weighted terms, respectively, on a year-to-date basis in August 2024. This is against a depreciation of 28.8 percent and 30.3 percent, respectively, in the same period in 2023.

In real bilateral terms, the cedi depreciated by 14.7 percent, 17.1 percent and 14.3 percent against the dollar, the pound sterling and the euro, respectively, on a year-to-date basis in August 2024. Comparatively, for the corresponding period in 2023, the cedi's real exchange rate depreciated by 13.6 percent, 18.9 percent, and 14.4 percent.

The cedi depreciated by 14.6 percent and 14.7 percent in real trade weighted terms and real forex transaction weighted terms, respectively, on a year-to-date basis, in August 2024. This compares with a depreciation of 14.7 percent and 13.7 percent for the same period in 2023.



Table 1.4: Nominal Effective Exchange Rate

	2021=100		Monthly CHG(%)		Year-to-Date (%)	
	FXTWI	TWI	FXTWI	TWI	FXTWI	TWI
<b>2023</b>						
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
<b>2024</b>						
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
May-24	41.18	44.77	-6.63	-8.05	-18.78	-17.35
Jun-24	39.94	43.83	-3.11	-2.16	-22.48	-19.88
Jul-24	39.05	42.49	-2.28	-3.14	-25.27	-23.65
Aug-24	38.23	40.96	-2.14	-3.76	-27.95	-28.29

Source: Bank of Ghana Staff Calculations

Table 1.5: Real Bilateral Exchange Rate

Month	RER Index (Jan.2021=100)			MONTHLY CHANGE (Index)			Year-to-Date (%)		
	EUR	GBP	USD	EUR	GBP	USD	EUR	GBP	USD
<b>2023</b>									
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
<b>2024</b>									
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	93.00	87.65	81.79	-0.68	-0.59	-1.66	-3.13	-4.06	-7.38
May-24	88.40	82.92	79.12	-5.20	-5.59	-3.38	-8.49	-9.88	-11.01
Jun-24	89.04	83.17	78.84	0.73	0.30	-0.34	-7.70	-9.54	-11.39
Jul-24	88.04	81.90	78.66	-1.14	-1.56	-0.24	-8.93	-11.25	-11.66
Aug-24	83.90	77.84	76.56	-4.93	-5.21	-2.74	-14.30	-17.05	-14.71

Source: Bank of Ghana Staff Calculations

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

Month	RTWI and FXRTWI					
	INDEX (2021=100)		MONTHLY CHG		Year-to-Date (%)	
	RFXTWI	RTWI	RFXTWI	RTWI	RFXTWI	RTWI
<b>2023</b>						
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
<b>2024</b>						
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
May-24	79.87	86.61	-3.56	-4.96	-10.79	-8.95
Jun-24	79.67	87.09	-0.25	0.55	-11.06	-8.35
Jul-24	79.40	86.18	-0.34	-1.06	-11.44	-9.50
Aug-24	77.13	82.34	-2.95	-4.65	-14.73	-14.59

Source: Bank of Ghana Staff Calculations

### 1.5 Global Economic Outlook and Risks

Global growth remained strong in the second quarter of 2024, and the ongoing disinflation also continued. Amid falling prices, policy easing has begun in major advanced economies and the US dollar index has declined due to the expected rate cuts. Reflecting the anticipated policy easing cycle, pressures on emerging market currencies have moderated, while portfolio flows to emerging markets and developing economies have strengthened. In the outlook, the ongoing global disinflation is expected to continue, albeit at a slower pace. The expectation for lower policy rates has brought down long-term bond yields, supported a rebound in equity prices, and led to a strengthening of portfolio flows to emerging market and developing economies in recent months as investors search for higher yields. Further declines in the policy rate in advanced economies is expected to result in an ease in global financial conditions in the near term.

## 2. External Sector Developments

### 2.0 Highlights

*The external payment position continues to improve, characterized by a higher trade surplus, and strong reserves build-up. International reserves have been boosted, driven by a significant improvement in the current account balance—on account of gold exports and remittance inflows—and lower net outflows from the financial account driven in large part by improved FDI inflows, lower portfolio reversals, lower interest payments on public debt, and financial inflows from the IMF and World Bank. These developments resulted in an overall balance of payments surplus of US\$942.0 million for the first half of 2024 compared, with a deficit of US\$341.0 million recorded for the first half of 2023.*

### 2.1 Commodity Price Trends

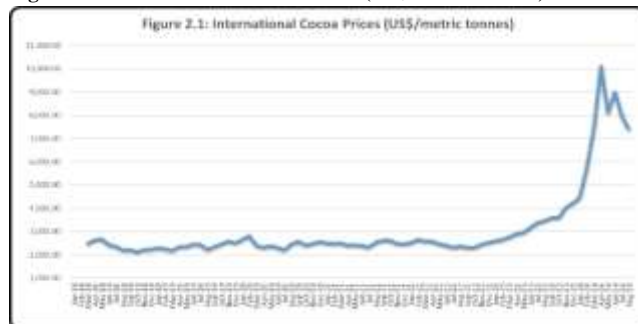
Cocoa prices declined for the second consecutive month into August 2024, by 7.3 percent, to settle at an average price of US\$7,409.5 per tonne. This was partly due to an improved outlook for the 2024/25 crops season in West Africa despite the extreme weather conditions and diseases experienced in some cocoa growing areas. From the beginning of the year to August 2024, cocoa prices increased significantly by 74.9 percent.

Brent crude oil prices declined by 5.9 percent to settle at an average price of US\$78.92 per barrel in August 2024. Prices fell on concerns about slowing demand in China and the US. On year-to-date basis, oil prices increased by 2.1 percent, largely on concerns about supply disruptions due to geopolitical tensions and planned output cuts by OPEC+.

In contrast, gold prices rose by 3.3 percent relative to the previous month to average US\$2,469.39 per fine ounce in August 2024. From the beginning of the year to August 2024, gold prices have increased by 21.3 percent, largely explained by the expectation of rates cuts by the US Federal Reserve and geopolitical tensions, both of which boosted the safe-haven appeal of the metal.

#### 2.1.1 Commodity Price Index

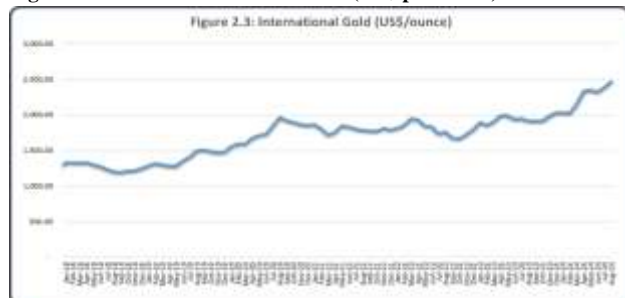
The weighted average price of the three major commodities exported by Ghana (cocoa, gold, and crude oil) fell by 1.6 percent to 188.7 in August 2024. The decrease was on account of a fall in the cocoa and crude oil sub-indices (by 7.3% and 5.9%, respectively), which more than offset the increase (3.2%) in the gold sub-index.

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

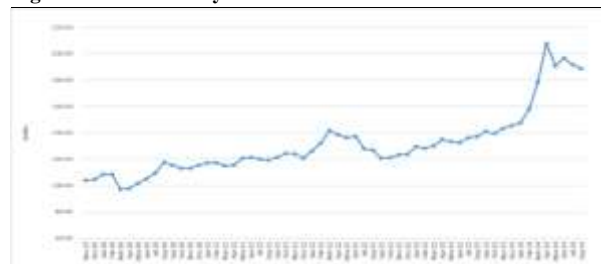
Source: Reuters

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

Source: Reuters

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

Source: Reuters

**Figure 2.4: Commodity Price Index**

Source: Reuters

## 2.2 Trade Balance

In the first eight months of 2024, the trade balance recorded a provisional surplus of US\$2.78 billion, higher than the surplus of US\$1.66 billion recorded in the corresponding period of 2023. The improved trade surplus resulted from a higher increase in exports relative to imports.

Total exports increased by 22.3 percent to US\$12.92 billion, largely driven by a robust increase in gold and crude oil exports, notwithstanding the sharp drop in cocoa exports. The value of gold exports increased by 62.2 percent to US\$7.27 billion, driven by both volume and prices. The volume of gold exports increased by 38.1 percent to 3.37 million ounces. The average realized price for gold increased by 17.5 percent to US\$2,154.2 per fine ounce. Earnings from crude oil exports increased by 16.9 percent to US\$2.77 billion, due largely to higher production volumes from the Jubilee Field. Earnings from cocoa exports (both beans and products), in contrast, dropped by 42.7 percent, from US\$1.60 billion in the first eight months of 2023 to US\$917.8 million in August 2024. This reflected the challenges in the cocoa sector, including extreme weather conditions, diseases and smuggling. Earnings from “other exports” (including non-traditional exports) declined by 8.2 percent to US\$1.97 billion.

On the import side, the total imports bill rose by 14.0 percent to US\$10.14 billion in the first eight months of the year, driven by both oil and non-oil imports. Oil imports increased by 3.6 percent to US\$3.0 billion, with non-oil imports increasing by 19.0 percent to US\$7.1 billion.

## 2.3 International Reserves

The strong buildup in international reserves continued into August 2024. Gross international reserves increased by US\$1.58 billion to US\$7.50 billion at end-August 2024, equivalent to 3.4 months of import cover. Net international reserves also increased by US\$1.73 billion to US\$4.92 billion at end-August 2024. The higher build-up in Gross Reserves was largely on account of the strong performance of the domestic gold purchase programme.

## 2.4 Commodity Price Outlook

Trends in the prices of Ghana's major export commodities were mixed. Cocoa prices stabilised well below peaks reached in April, as favourable weather contributed to an improved outlook for the 2024/2025 crop season in West Africa. The oil market is expected to remain elevated on concerns of escalating geopolitical tensions in the Middle East, announcement by OPEC+ of delay in increasing output until December, and reduced inventories. This is despite the increasing demand worries in China and the US on the back of slowing economic activity. Looking ahead to the end of the year, the balance of payments is projected to record a surplus, driven by increased exports, stronger remittance growth, and lower government external payments.

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

<b>Table 1</b>	<b>2022 Jan - Aug</b>	<b>2023 Jan - Aug</b>	<b>2024 Jan - Aug</b>	<b>Abs Y/Y Chg</b>	<b>Rel Y/Y Chg</b>
<b>Trade Balance</b>	<b>1,562.2</b>	<b>1,663.3</b>	<b>2,775.6</b>	<b>1,112.3</b>	<b>66.9</b>
<i>Trade Bal (% GDP)</i>	<i>2.1</i>	<i>2.2</i>	<i>3.3</i>		
<b>Total Exports</b>	<b>11,819.9</b>	<b>10,561.1</b>	<b>12,920.0</b>	<b>2,358.9</b>	<b>22.3</b>
<b>Gold ( \$'M)</b>	<b>4,226.7</b>	<b>4,479.0</b>	<b>7,265.9</b>	<b>2,786.9</b>	<b>62.2</b>
Volume (fine ounces)	2,350,515.8	2,443,278.1	3,372,974.5	929,696.4	38.1
Unit Price (\$/fine ounce)	1,798.2	1,833.2	2,154.2	321.0	17.5
<b>Cocoa Beans ( \$'M)</b>	<b>959.3</b>	<b>1,050.0</b>	<b>424.5</b>	<b>-625.5</b>	<b>-59.6</b>
Volume (tonnes)	388,254.2	428,970.7	157,205.0	-271,765.8	-63.4
Unit Price (\$/tonne)	2,470.9	2,447.7	2,700.3	252.6	10.3
<b>Cocoa Products ( \$'M)</b>	<b>660.1</b>	<b>550.5</b>	<b>493.3</b>	<b>-57.3</b>	<b>-10.4</b>
Volume (tonnes)	213,505.3	169,182.6	122,937.7	-46,244.8	-27.3
Unit Price (\$/tonne)	3,091.7	3,254.2	4,012.5	758.4	23.3
<b>Crude Oil ( \$'M)</b>	<b>3,827.8</b>	<b>2,369.8</b>	<b>2,765.0</b>	<b>395.2</b>	<b>16.7</b>
Volume (barrels)	36,312,333.0	29,480,554.0	33,485,643.0	4,005,089.0	13.6
Unit Price (\$/bbl)	105.4	80.4	82.6	2.2	2.7
<b>Other Exports</b>	<b>2,146.0</b>	<b>2,111.8</b>	<b>1,971.3</b>	<b>-140.5</b>	<b>-6.7</b>
<i>o/w: Non-Traditional Exports</i>	<i>1,656.6</i>	<i>1,613.3</i>	<i>1,481.6</i>	<i>-131.7</i>	<i>-8.2</i>
<b>Total Import</b>	<b>10,257.7</b>	<b>8,897.8</b>	<b>10,144.4</b>	<b>1,246.7</b>	<b>14.0</b>
<b>Non-Oil</b>	<b>7,014.8</b>	<b>6,001.5</b>	<b>7,142.9</b>	<b>1,141.4</b>	<b>19.0</b>
<b>Oil and Gas</b>	<b>3,242.9</b>	<b>2,896.2</b>	<b>3,001.5</b>	<b>105.3</b>	<b>3.6</b>
<i>of which: Products</i>	<i>3,109.4</i>	<i>2,634.2</i>	<i>2,754.0</i>	<i>119.8</i>	<i>4.5</i>
Crude Oil ( \$'M)	21.20	113.72	95.77	-17.9	-15.8
Volume (barrels)	203,488	1,510,925	1,142,386	-368,539.5	-24.4
Unit Price (\$/bbl)	104.16	75.26	83.83	8.6	11.4
Gas ( \$'M)	112.31	148.27	151.71	3.4	2.3
Volume (MMBtu)	14,470,136	17,122,679	17,292,781	170,101.2	1.0
Unit Price (\$ mMBtu)	7.76	8.66	8.77	0.1	1.3

Source: Bank of Ghana

### 3. Real Sector Developments

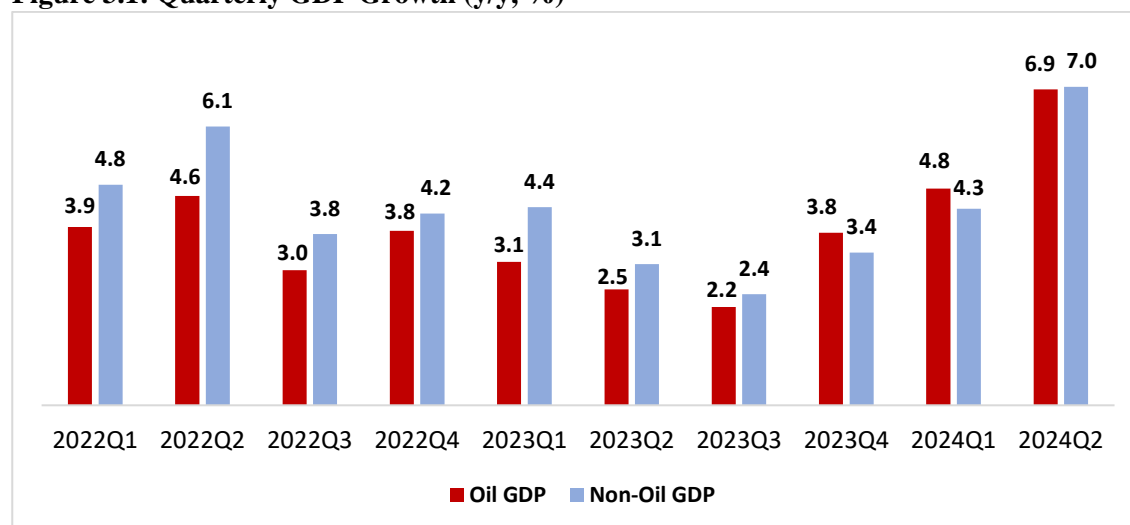
#### 3.0 Highlights

*The domestic economy continues to recover, evidenced by the stronger-than-expected GDP growth outturn for the second quarter of the year. Growth in the second half of the year is also expected to be firm. This sentiment is supported by the latest high frequency real sector indicators, which point to a sustained pickup in economic activity in July 2024, compared to a year ago. Consumer and business confidence have also rebounded, amidst improving macroeconomic conditions.*

#### 3.1 Economic Growth

Provisional GDP data from the Ghana Statistical Service for the second quarter of 2024 indicated a stronger growth outturn, with real GDP growth of 6.9 percent in the second quarter of 2024, compared with 2.5 percent in the corresponding quarter of 2023, and 4.7 percent in the first quarter of 2024. Non-oil GDP growth was 7.0 percent, compared with 3.1 percent in the same period of 2023. The growth outturn was largely driven by a strong performance in the industry sector, which grew by 9.3 percent, having contracted by 2.6 percent in the same period last year. The services and agricultural sectors also grew by 5.8 percent and 5.4 percent, respectively.

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



Source: Ghana Statistical Service

#### 3.2 Trends in Real Sector Indicators

##### *Consumer Spending*

Consumer spending, proxied by domestic VAT collections and retail sales, posted a positive performance in July 2024, compared with the corresponding period in 2023. It increased by 46.2 percent on a year-on-year basis to GH¢1.33 billion in July 2024, from GH¢906.60 million in July 2023. Cumulatively, total domestic VAT for the first seven months of 2024 went up by 19.2 percent to GH¢8.91 billion, compared with GH¢7.48 billion for the corresponding period of last year.

Retail sales increased by 27.4 percent (year-on-year) to GH¢214.64 million in July 2024, up from the GH¢168.46 million recorded in the same period in 2023. On a month-on-month basis, retail sales improved marginally by 2.6

percent in July 2024, from GH¢209.13 million in the preceding month. In cumulative terms, sales for the first seven months of 2024 went up by 21.7 percent, due to increased household consumption.

### ***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), increased in July 2024. Total direct taxes collected increased by 40.4 percent (year-on-year) to GH¢4.59 billion in July 2024, relative to GH¢3.27 billion recorded for the same period in 2023. Cumulatively, the total amount collected for the first seven months of 2024 went up by 44.5 percent to GH¢37.70 billion, from GH¢26.09 billion for the same period in 2023. In terms of contributions of the various sub-tax categories, income tax (PAYE and self-employed) accounted for 43.5 percent, corporate tax accounted for 33.1 percent, while "Other Tax Sources" contributed 23.4 percent.

Total private sector workers' contribution to the SSNIT Pension Scheme (Tier-1) increased by 29.4 percent in year-on-year terms to GH¢472.81 million in July 2024, from GH¢365.26 million collected during the corresponding period in 2023. Cumulatively, for the first seven months of 2024, the contribution grew by 25.6 percent to GH¢2.84 billion, relative to GH¢2.26 billion recorded in the same period in 2023.

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

Activity in the construction sub-sector, proxied by the volume of cement sales, increased by 22.4 percent (year-on-year) in July 2024 to 238,167.80 tonnes, up from 194,597.00 tonnes recorded a year ago. On a month-on-month basis, it increased by 3.8 percent in July 2024 compared with 229,351.36 tonnes recorded in June 2024. Sales for the first seven months of 2024 went up by 3.3 percent to 1.60 million tonnes, from 1.55 million tonnes for the same period in 2023. The relative improvement in total cement sales, year-on-year, was due to an uptick in construction activities during the review period.

### ***Vehicle Registration***

Transport sector activities, gauged by new vehicle registrations by the Driver and Vehicle Licensing Authority (DVLA), increased by 24.3 percent to 14,912 in July 2024, from 12,000 vehicles registered during the corresponding period of 2023. Cumulatively, vehicles registered by the DVLA within the first seven months of 2024 increased by 13.5 percent to 111,156, from 97,975 recorded a year ago.

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

Industrial consumption of electricity declined by 9.0 percent in July 2024 to 283.26 gigawatts, as against 311.35 gigawatts recorded for the corresponding period in 2023. In cumulative terms, electricity consumed by industries for the first seven months of 2024 decreased by 7.5 percent to 1,963.46 gigawatts, from 2,122.09 gigawatts for the corresponding period a year ago.

### ***Passenger Arrivals***

Passenger arrivals increased by 16.8 percent on year-on-year terms to 121,995 in July 2024, up from 104,460 arrivals recorded a year ago. Compared to June 2024, passenger arrivals went up by 15.8 percent. For the first seven months of 2024, there were 724,412 arrivals recorded at the international airport and the land borders, compared with 616,101 for the corresponding period in 2023, representing a growth of 17.6 percent.

### ***Ports and Harbours Activity***

International trade at the country's two main harbours (Tema and Takoradi), as measured by laden container traffic for inbound and outbound containers, improved during the period under review. Total container traffic increased by 2.6 percent, year-on-year, to 58,330 in July 2024, from 56,860 in July 2023. Cumulatively, total container traffic for the first seven months of 2024 went up by 12.3 percent to 401,845, compared with 357,680 for the corresponding period of last year.

## **3.3 Labour Market Activity**

### ***Private Sector Pension Contributors***

Total number of private sector contributors to the Social Security and National Insurance Trust (SSNIT), which partially gauges employment conditions, went up by 2.7 percent to 1,018,445 in July 2024, compared with 991,922 for the same period in 2023. The cumulative number of private sector contributors increased by 5.1 percent in the first seven months of the year to 7,156,941, from 6,806,775 recorded over the corresponding period in 2023.

### ***Advertised Jobs***

The number of jobs advertised in selected print<sup>1</sup> and online<sup>2</sup> media, which partially gauges labour demand in the economy, increased in August 2024 relative to what was observed in the corresponding period a year ago. In total, 3,123 job adverts were recorded, as compared with 2,775 for the same period in 2023, indicating an improvement of 12.5 percent (year-on-year). However, on a month-on-month basis, the number of job vacancies declined in August 2024 by 22.4 percent, from the 4,027 jobs advertised in July 2024. The total number of advertised jobs for the first seven months of the year went up by 9.5 percent to 24,428, compared with 22,303 recorded during the same period in 2023.

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

The Bank's updated real Composite Index of Economic Activity (CIEA) recorded an annual growth of 1.6 percent in July 2024, compared to a contraction of 2.8 percent for the corresponding period of 2023. Construction activities, consumption demand by households and firms, exports, imports, and tourist arrivals contributed to the improvement in economic activity during the period.

## **3.5 Consumer and Business Surveys**

The latest confidence surveys conducted in August 2024 showed a rebound in both consumer and business confidence. The Consumer Confidence Index improved to 87.6 in August 2024, from 81.2 in June 2024, on account of easing inflationary pressures, which has led to optimism about future economic conditions. Similarly, the Business Confidence Index increased to 91.1 from 88.8 as firms met their short-term targets and expressed positive sentiments about company and industry prospects amidst improving macroeconomic conditions. The survey findings were broadly in line with observed trends in Ghana's Purchasing Managers' Index (PMI), which improved to 51.1 in August 2024 from 50.1 in the previous month.

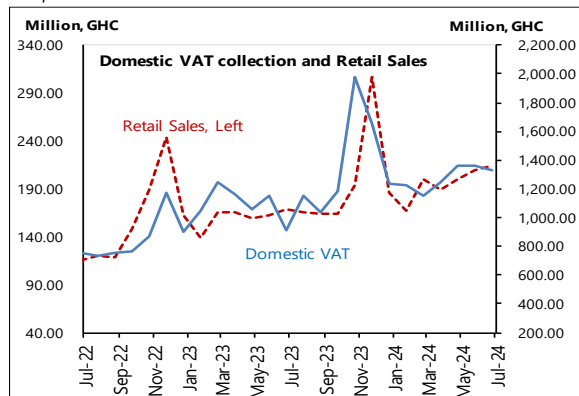
<sup>1</sup> The Daily Graphic newspaper was used to represent print media because it is the most widely circulated daily in Ghana.

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

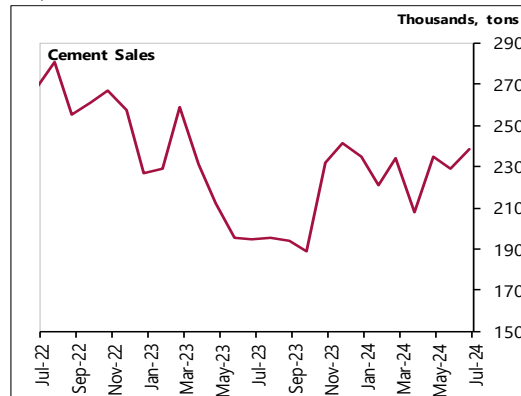


**Figure 3.2: High Frequency Economic Indicators****Panel 1:  
Ghana's Leading Indicators of Economic Activity**

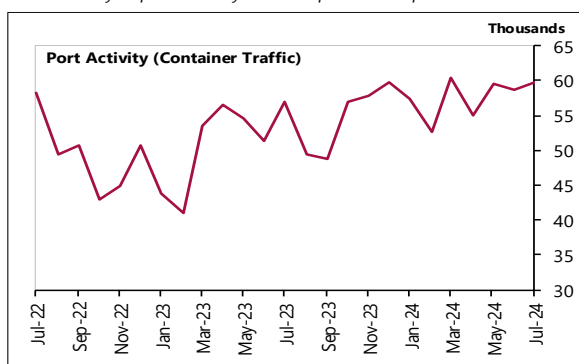
...Retail sales improved while Domestic VAT collections declined in July 2024 compared to June 2024...



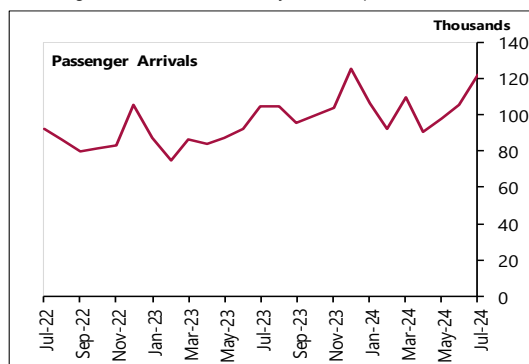
...Construction activities, proxied by cement sales, increased in July 2024 compared to June 2024...



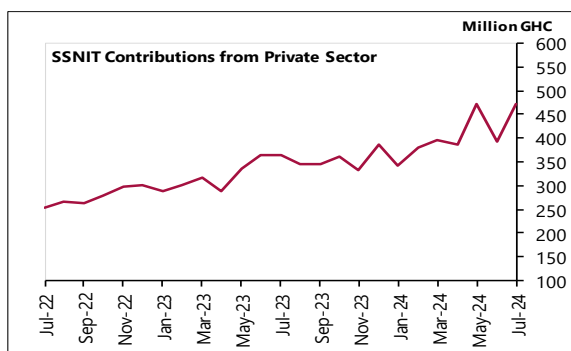
...Port activity improved in July 2024 compared to the previous month...



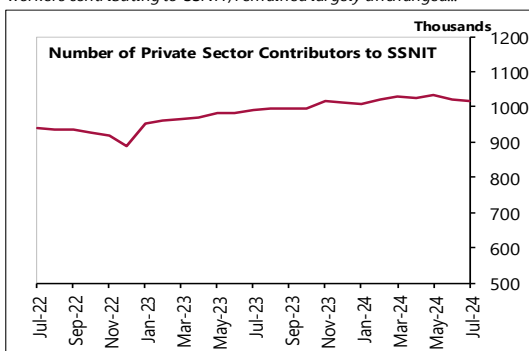
...Passenger arrivals increased in July 2024 compared to June 2024...



...Labour market conditions improved in July 2024 relative to June 2024...



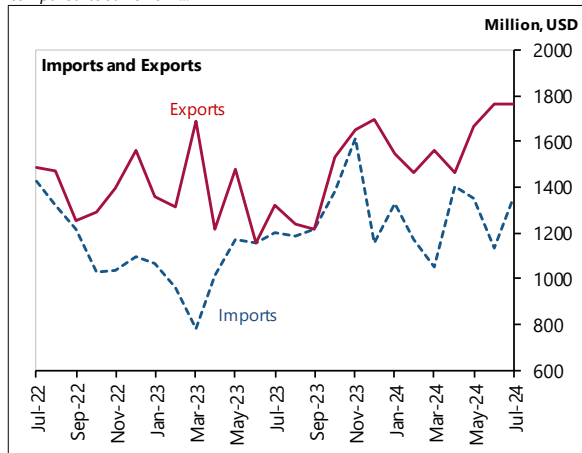
...Labour hiring conditions, proxied by the number of private sector workers contributing to SSNIT, remained largely unchanged...



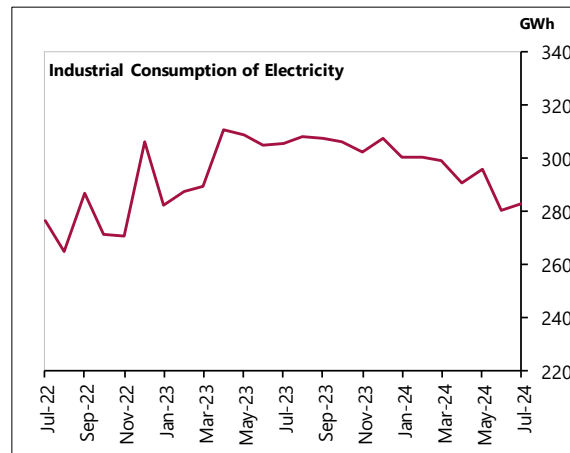
Sources: Bank of Ghana, Various Stakeholders

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

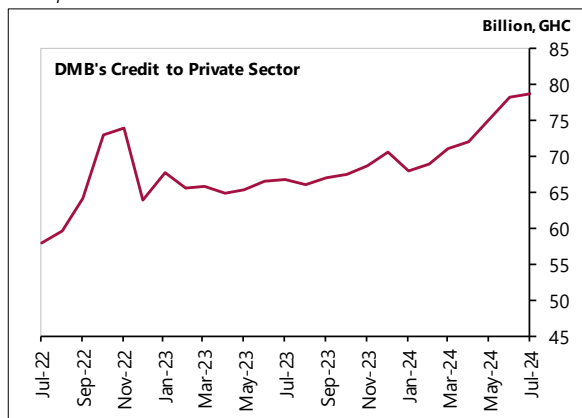
...Imports improved while Exports remained largely unchanged in July 2024 compared to June 2024...



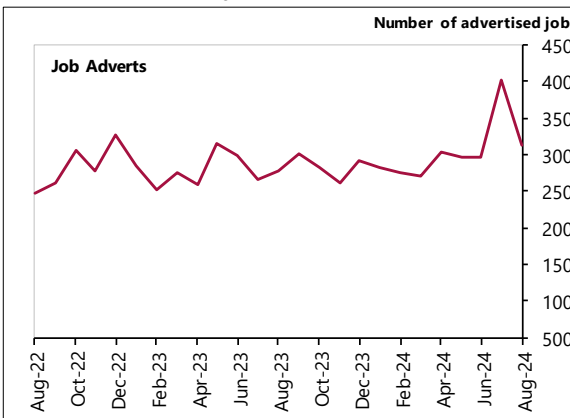
...Industrial activity, proxied by industrial consumption of electricity, increased...



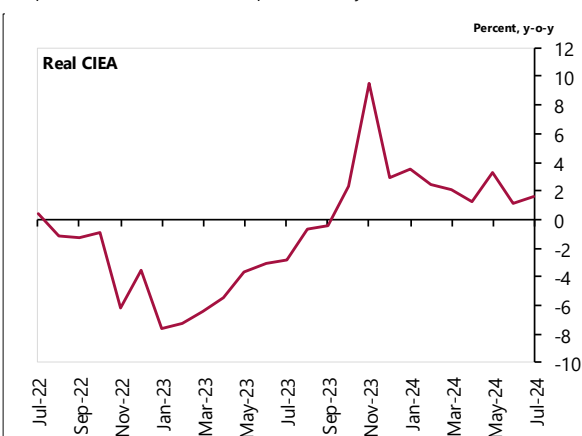
...Commercial banks' credit to the private sector improved in July 2024 relative to the previous month...



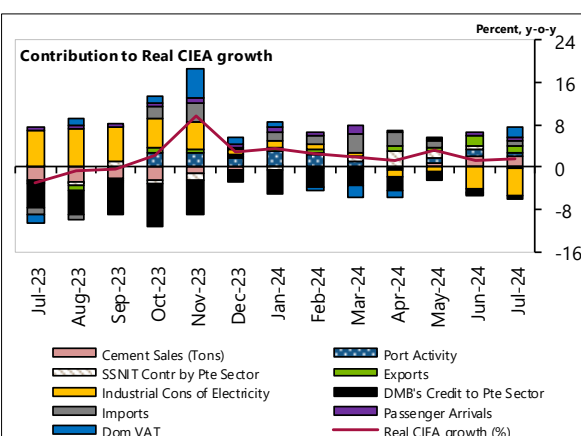
...Demand for labour, proxied by the number of job adverts (in print and online media), declined in August 2024...



...On a year-on-year basis, the real CIEA grew by 1.6 percent in July 2024, compared with a contraction of 2.8 percent in July 2023...



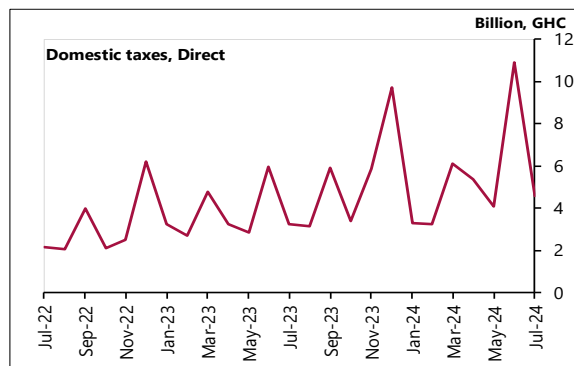
...The growth in the real CIEA was driven by a pick-up in Cement Sales, Domestic VAT, Exports, Imports, Passenger Arrivals and Port Activity...



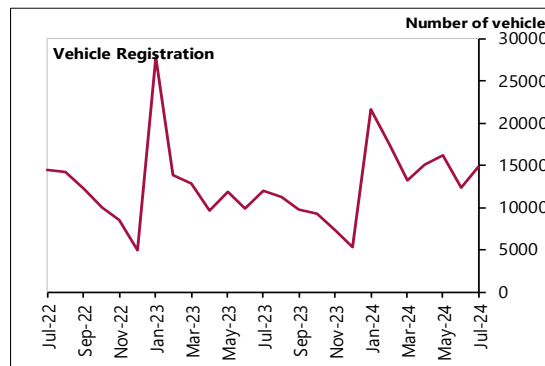
Source: Bank of Ghana, Various Stakeholders

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

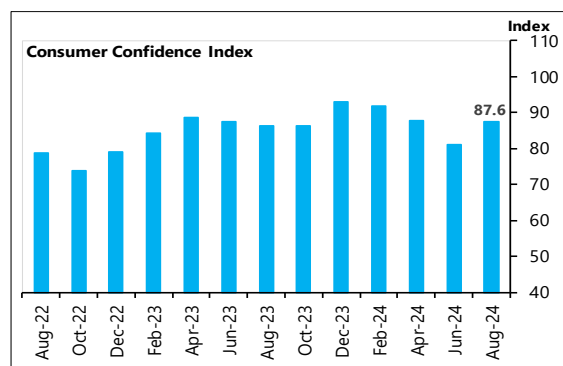
...Domestic tax collection decreased in July 2024 compared to June 2024...



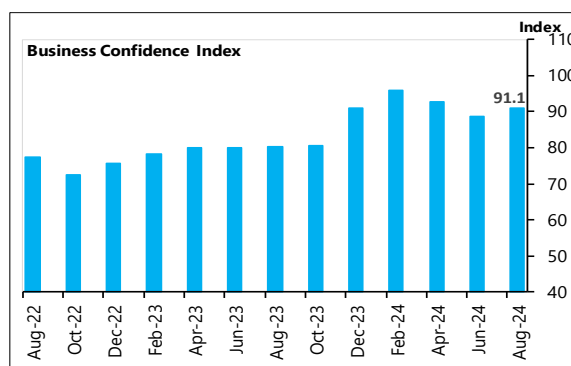
...Vehicle registration increased in July 2024 compared to the month before...



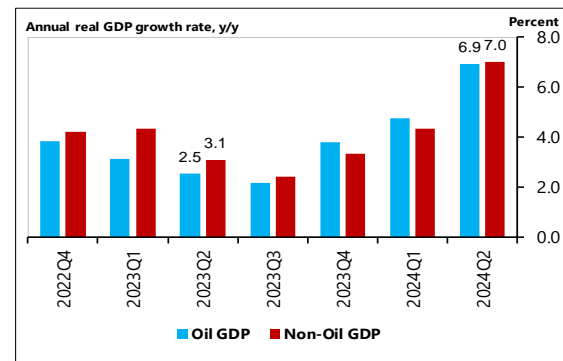
...Consumer confidence improved on account of easing inflationary pressures which has led to optimism about future economic conditions ...



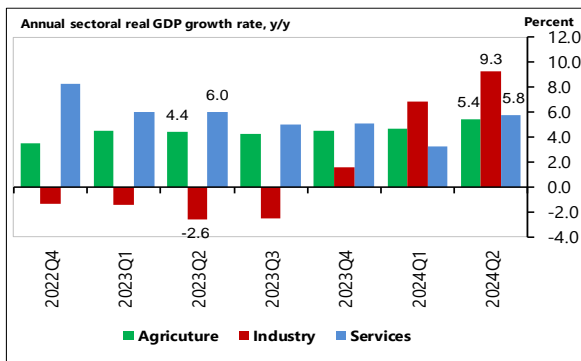
...Business confidence increased as firms met their short-term targets and expressed positive sentiments about company and industry prospects amidst improving macroeconomic conditions ...



...Real Oil and Non-Oil GDP grew by 6.9 percent and 7.0 percent respectively in 2024Q2, compared with growth rates of 2.5 percent and 3.1 percent respectively in the corresponding period of 2023...



...The 2024Q2 growth outturn was largely driven by the industry sector, which grew by 9.3 percent, having contracted by 2.6 percent same time last year...



Source: Bank of Ghana, Various Stakeholders

## 4. Monetary and Financial Developments

### 4.0 Highlights

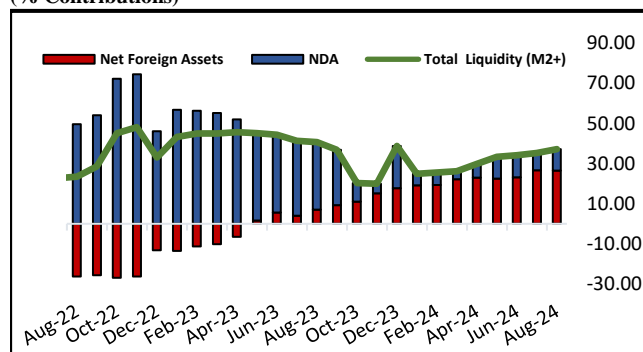
Developments in August 2024 showed a decline in total liquidity relative to the corresponding period in 2023. Annual growth in M2+ declined to 37.1 percent in August 2024, relative to 40.8 percent in August 2023, due to a moderation in the pace of growth in Net Domestic Assets of depository institutions. In contrast, Net Foreign Assets of depository institutions increased significantly, reflecting a net build-up in foreign assets. The decline in broad money supply was reflected in a slower pace of growth in demand deposits, savings and time deposits, and foreign currency deposits. Growth in currency held by the public, however, increased over the same comparative period. Private sector credit continued to grow at 21.7 percent (year-on-year) in August 2024, from a year-on-year growth of 10.7 percent in August 2023.

### 4.1 Developments in Monetary Aggregates

#### Money Supply

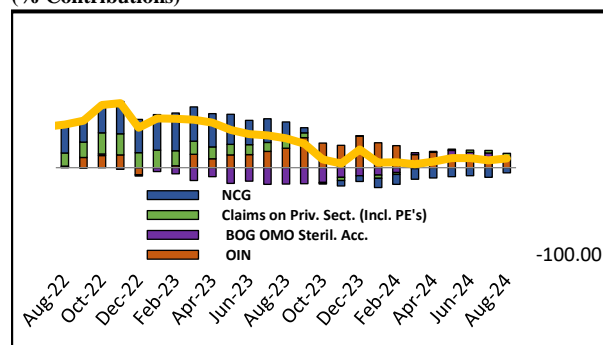
In August 2024, there was a decline in the annual growth in broad money supply (M2+) relative to the corresponding period of 2023, mainly driven by moderation in the pace of growth in the Net Domestic Assets (NDA) of depository institutions, underpinned by the tight monetary policy stance. In contrast, Net Foreign Assets (NFA) of the depository institutions increased significantly, reflecting a net build-up in foreign assets. Annual growth in M2+ declined to 37.1 percent in August 2024, relative to 40.8 percent in the corresponding period of 2023. The contribution of NDA to the growth of M2+ decreased to 10.6 percent from 33.7 percent, while that of NFA increased to 26.5 percent from 7.0 percent, over the same comparative period. In terms of annual growth rates, NDA expanded by 10.4 percent in August 2024, relative to 30.9 percent in August 2023, while NFA expanded by 1,745.8 percent, relative to 76.7 percent, over the same comparative period.

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

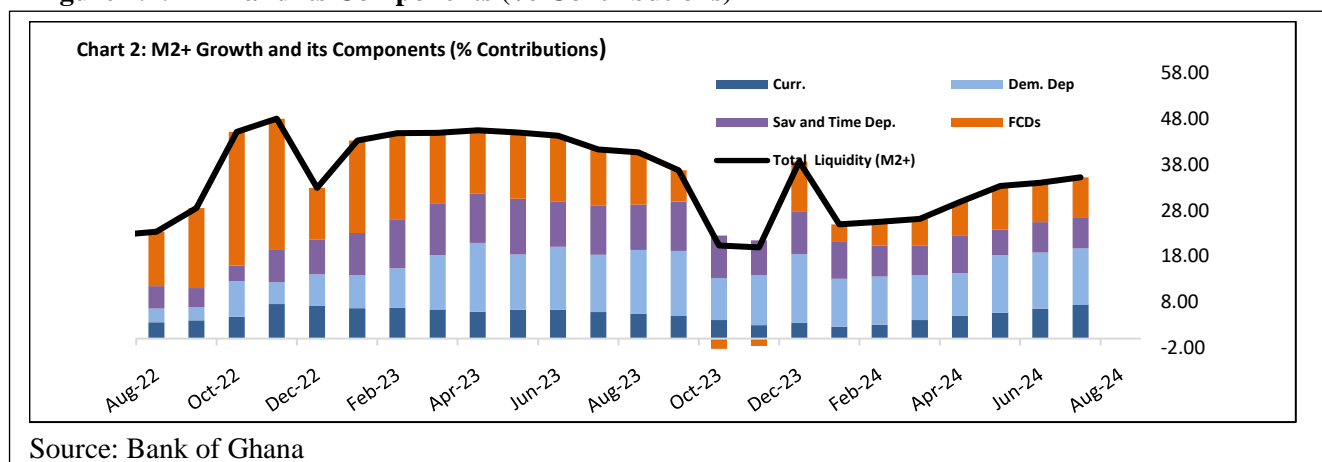


Source: Bank of Ghana

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



Source: Bank of Ghana

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

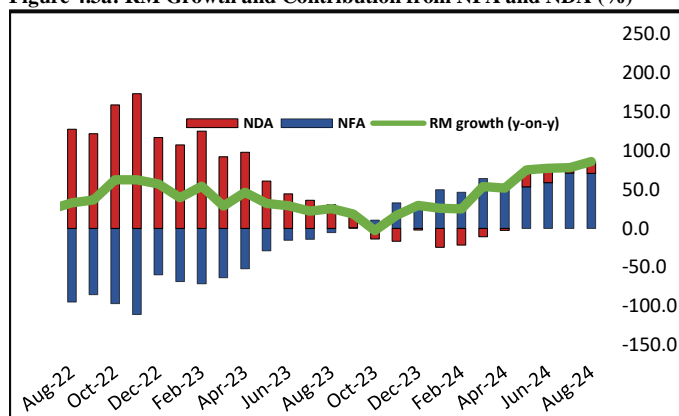
The decline in the contribution of the NDA in the growth of M2+ was mainly driven by contraction in the Net Claims on Government (NCG), and moderated by increased investments in BOG bills and Other Items (Net) (OIN).

The decline in the growth of M2+, largely reflected in declines in the growth in demand deposits, savings and time deposits, and foreign currency deposits relative to same period in 2023. Growth in currency with the public, however, increased over the same comparative period.

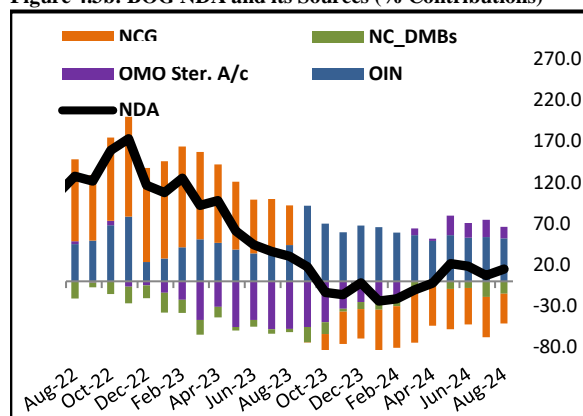
#### 4.2 Reserve Money

Growth in Reserve Money (RM) continued to increase in August 2024, largely on the back of significant expansion in the Net Foreign Assets (NFA), driven by proceeds from Gold for Reserve (G4R) Programme, forex purchases, and some inflows from the IMF. The growth in RM was also underpinned by the dynamic Cash Reserve Requirement (CRR), which led to an increase in reserves by Deposit Money Banks (DMBs) to shore up regulatory reserves. Annual growth in RM increased significantly to 86.2 percent in August 2024 from 25.5 percent recorded in the corresponding period of 2023.

Growth in NDA declined on the back of contraction in the NCG, reflecting the lingering impact of the Domestic Debt Exchange Programme (DDEP) on the Central Bank balance sheet. Meanwhile, net claims on DMBs declined, due to the build-up in foreign currency deposits of banks with the Central Bank. The contribution of NDA to the growth in RM declined to 15.0 percent in August 2024 from 30.6 percent recorded in August 2023. In contrast, the contribution of the NFA to the growth in RM increased to 71.2 percent from *negative* 5.1 percent recorded over the same comparative period in 2023.

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

Source: Bank of Ghana

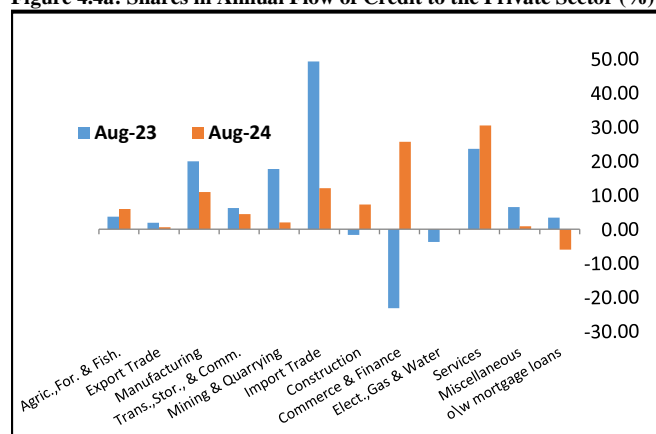
**Figure 4.3b: BOG NDA and its Sources (% Contributions)**

Source: Bank of Ghana

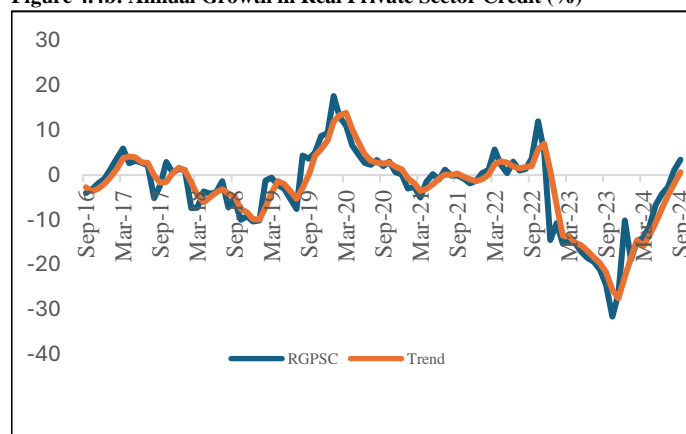
### 4.3 Deposit Money Banks Credit Developments

Total DMBs' credit to the private sector and public institutions grew by 19.7 percent in August 2024, compared to a growth of 9.6 percent recorded in August 2023. Credit to the private sector increased by 21.7 percent in August 2024, compared to 10.7 percent growth recorded in the corresponding period of 2023. Private sector credit accounted for 100.50 percent of the flow in total outstanding credit in August 2024, relative to 100.34 percent recorded in the corresponding period of 2023. The top five sectors with significant share of credit flows were: services (30.5%); commerce and finance (25.6%); import trade (12.1%); manufacturing (10.9%); and construction (7.3%).

Total outstanding credit to the private sector at the end of August 2024 was GH¢80.32 billion, compared with GH¢66.0 billion recorded in August 2023. In real terms, credit to the private sector increased by 1.1 percent, relative to a contraction of 21.0 percent recorded over the same comparative period last year. Growth in real private sector credit remained above the long-run trend during the review month.

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

Source: Bank of Ghana

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

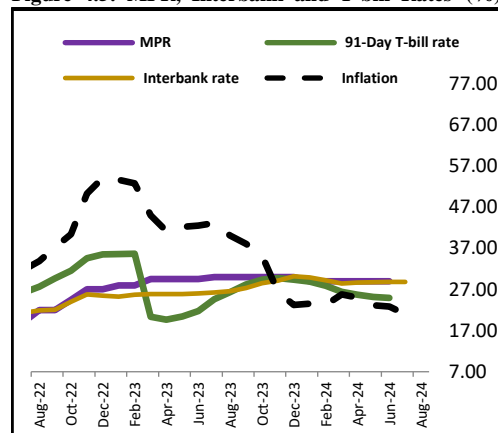
Source: Bank of Ghana

#### 4.4 Money Market Developments

On year-on-year basis, money market interest rates broadly trended downwards. The 91-day and 182-day Treasury bill rates decreased to 24.85 percent and 26.76 percent, respectively, in August 2024, from 26.35 percent and 27.84 percent in the corresponding period in 2023. The rate on the 364-day instrument declined to 27.90 percent in August 2024 from 30.88 percent in August 2023. Interest rates on longer-dated instruments, however, remained stable. Rates on the 2-year, 3-year, 5-year, 6-year, 7-year, 10-year, 15-year, and 20-year bonds remained at 21.50 percent, 29.85 percent, 22.30 percent, 21.75 percent, 18.10 percent, 19.75 percent, 19.75 percent, and 20.20 percent, respectively, due to the non-issuance of these instruments during the review period.

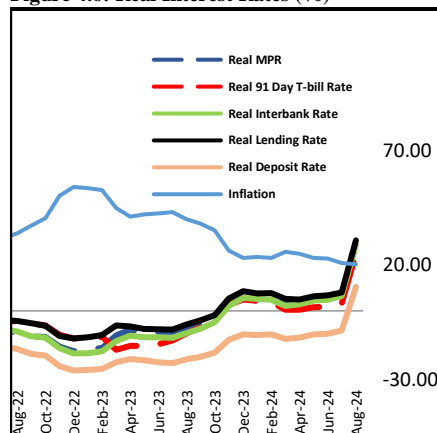
The Interbank Weighted Average Rate (IWAR) increased to 28.84 percent in August 2024, from 26.59 percent in August 2023, underpinned by sustained liquidity withdrawal from the market. However, the average lending rates of banks declined marginally to 30.79 percent in August 2024, from 31.78 percent in the corresponding period of 2023, mainly reflecting the transmission of the declines in Treasury bill rates.

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



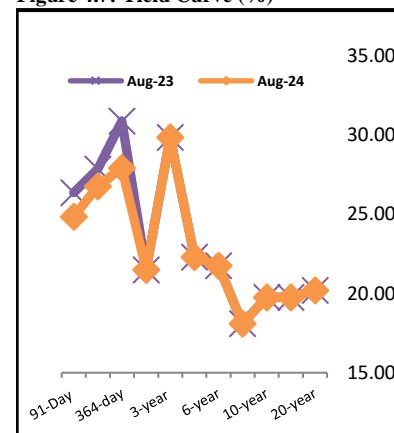
Source: Bank of Ghana

Figure 4.6: Real Interest Rates (%)



Source: Bank of Ghana

Figure 4.7: Yield Curve (%)



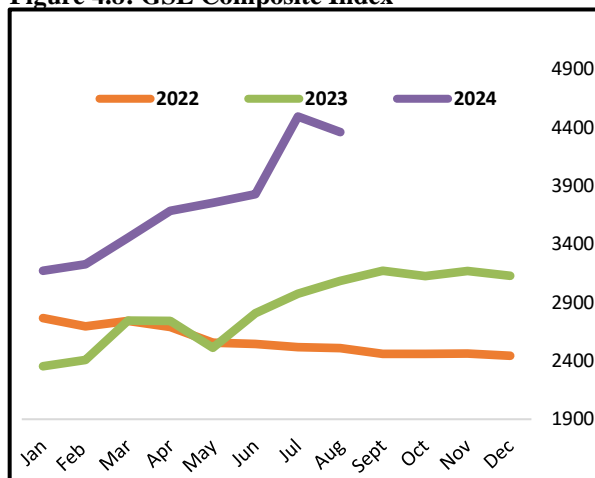
Source: Bank of Ghana

#### 4.5 Stock Market Developments

The Ghana Stock Exchange Composite Index (GSE-CI) increased to 4,359.85 points in August 2024, from 3,084.79 points recorded in the corresponding period of 2023. This reflected a year-on-year gain of 41.3 percent, compared to 23.0 percent growth in August 2023. The performance of the GSE-CI was driven by improved demand for equities, because of the shift in investor appetite following the closure of the bonds market and the significant recovery in the profitability of listed financial institutions. The main sectors that contributed to the gains recorded were food and beverages, manufacturing, distribution, finance, ETFund and agriculture.

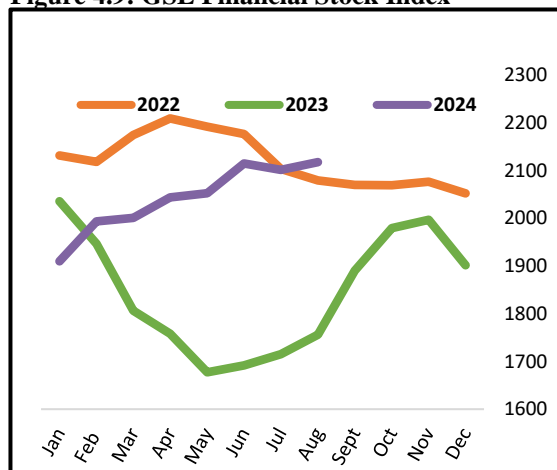
The GSE-Financial Stocks Index (GSE-FI) closed at 2,118.06 points, reflecting a gain of 20.6 percent compared to a loss of 15.6 percent over the same comparative period last year. The gain in the GSE-FSI was mainly on the back of improved profitability of listed financial institutions.

Figure 4.8: GSE Composite Index



Source: Bank of Ghana

Figure 4.9: GSE Financial Stock Index



Source: Bank of Ghana

Total market capitalisation of the GSE at the end of August 2024 was GH¢92.04 billion, representing a year-on-year growth of 25.7 percent, compared with a growth of 13.7 percent in August 2023. The increase in market capitalization was mainly driven by appreciation in share prices in the food & beverages, manufacturing, distribution, finance, mining, and IT sectors.

Table 4.1: Performance of Ghana Stock Exchange

												Changes		Y-T-D
	Aug-22	Dec-22	Mar-23	Jun-23	Aug-23	Sep-23	Dec-23	Mar-24	Jun-24	Jul-24	Aug-24	2023	2024	
GSE CI	2508.99	2443.91	2745.33	2808.03	3084.79	3172.35	3130.23	3456.2	3829.61	4493.92	4359.85	22.95	41.33	39.28
GSE FI	2079.94	2052.59	1806.67	1691.91	1756.12	1890.13	1901.57	2001.47	2115.04	2101.9	2118.06	(15.57)	20.61	11.38
Market Capitalization	64445.45	64507.32	67846.89	70238.82	73250.18	74189.35	73893.17	77701.17	85096.58	93348.22	92041.99	13.66	25.65	24.56

Source: Ghana Stock Exchange and Bank of Ghana Staff Calculations

#### 4.6 Conclusion

Developments in monetary aggregates for August 2024 pointed to a decline in the annual growth in broad money supply (M2+) relative to the corresponding period of 2023. This was largely driven by a moderation in the pace of growth in the NDA of depository institutions. Net Foreign Assets of the depository institutions increased significantly, reflecting a net build-up in foreign assets. Interest rates broadly showed downward trends at the short-end of the primary market, on year-on-year basis. The Ghana Stock Exchange Composite Index recorded significant year-on-year gains in August 2024, reflecting a shift in the demand for equities due to the adverse shocks to bond prices and the closure of the bonds market on account of the DDEP. Investor appetite for stocks was also reinforced by the significant improvement in the profitability of listed financial institutions.



## 5. Banking Sector Developments

### 5.0 Highlights

*The banking sector continued to record improved performance, with assets growing at 38.7 percent at end-August 2024, compared to a growth of 19.6 percent in August 2023. Both pre-tax and after-tax profits were higher in the first eight months of 2024 relative to the same period last year. The Capital Adequacy Ratio (CAR) stood at 10.3 percent in August 2024, higher than the 7.5 percent recorded in August 2023. With reliefs, CAR was 13.8 percent in August 2024, compared to 14.2 percent in August 2023. Liquidity and efficiency ratios also improved during the first eight months of the year, highlighting that, broadly, key financial soundness indicators were improving. Despite these improvements, the Non-Performing Loan (NPL) ratio was 24.3 percent in August 2024, up from 20.0 percent in August 2023.*

### 5.1 Banks' Balance Sheet

Total assets of the banking sector grew by 38.7 percent to GH¢339.3 billion as at August 2024, compared with 19.6 percent growth recorded in August 2023, driven by robust growth in deposits and other funding sources. Foreign assets grew by 71.2 percent in August 2024, compared to 48.6 percent in August 2023, while domestic assets went up by 35.9 percent in August 2024, compared to 17.7 percent in August 2023. The share of foreign assets in total assets increased to 9.7 percent from 7.8 percent, while the share of domestic assets declined to 90.3 percent from 92.2 percent, during the reference period.

Banks' investments grew by 20.2 percent to GH¢116.7 billion in August 2024, up from 19.9 percent growth recorded in August 2023. Investments in long-term instruments shot up by 37.4 percent from a negative growth of 28.6 percent recorded in August 2023, reflecting in part the reclassification of the restructured cocoa bills to bonds and exchange rate effects. Investments in short-term bills increased by 3.7 percent in August 2024, compared to the growth of 242.6 percent recorded in the previous year. This resulted in the share of short-term bills falling to 15.1 percent in August 2024, from 20.2 percent in August 2023. The mixed developments in bills and securities culminated in a declined share of investments in total assets of 34.4 percent in August 2024, from 39.7 percent in August 2023.

Credit growth continued to pick up within the banking sector. Gross loans and advances grew by 19.7 percent to GH¢86.7 billion in August 2024, compared to 9.6 percent in August 2023. Growth in net loans and advances (gross loans adjusted for provisions and interest in suspense) increased significantly, from 5.7 percent in August 2023 to 13.8 percent in August 2024.

Deposits of GH¢254.8 billion as at end-August 2024 remained the main source of funding for the banking sector. However, growth in deposits moderated from 38.9 percent in August 2023 to 34.2 percent in August 2024. In cedi terms, the foreign currency component of deposits grew by 33.9 percent to GH¢83.1 billion in August 2024, compared to a growth of 48.6 percent a year ago, a signal that the overall growth in total deposits was partly driven by currency depreciation.

Borrowings in August 2024 surged by 86.4 percent to GH¢25.8 billion, from a decline of 41.0 percent in August 2023, driven largely by significant growth in domestic short-term borrowings as well as an increase in foreign short-term borrowings. Long-term foreign borrowings grew by 9.9 percent in August 2024, from a contraction of 31.9 percent in August 2023. Meanwhile, long-term domestic borrowings recorded a contraction of 30.5 percent, compared to the previous year's growth of 56.5 percent.

The industry's shareholders' funds (comprising paid-up capital and reserves) grew by 39.9 percent to GH¢33.4 billion in August 2024, compared to a contraction of 10.3 percent in August 2023. The increase in shareholders' funds was due to capital injection by shareholders, as well as the ploughing back of profits.

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

	(GH c'million)			Y-on-Y Growth (%)			Shares (%)	
	<u>Aug-23</u>	<u>Jun-24</u>	<u>Aug-24</u>	<u>Aug-23</u>	<u>Jun-24</u>	<u>Aug-24</u>	<u>Aug-23</u>	<u>Aug-24</u>
<b>TOTAL ASSETS</b>	<b>244,724.3</b>	<b>323,177.5</b>	<b>339,329.5</b>	<b>19.6</b>	<b>33.3</b>	<b>38.7</b>	<b>100.0</b>	<b>100.0</b>
<b>A. Foreign Assets</b>	19,158.3	33,010.0	32,800.6	48.6	57.6	71.2	7.8	9.7
<b>B. Domestic Assets</b>	225,566.0	290,167.5	306,528.9	17.7	31.0	35.9	92.2	90.3
<b>Investments</b>	97,077.8	107,211.3	116,692.1	19.9	19.2	20.2	39.7	34.4
i. <b>Bills</b>	49,469.5	42,796.0	51,304.4	242.6	7.3	3.7	20.2	15.1
ii. <b>Securities</b>	47,348.1	64,078.7	65,051.1	(28.6)	28.6	37.4	19.3	19.2
<b>Advances (Net)</b>	61,883.1	69,104.7	70,450.3	5.7	10.3	13.8	25.3	20.8
of which <b>Foreign Currency</b>	20,910.1	24,333.5	23,566.9	11.8	10.4	12.7	8.5	6.9
<b>Gross Advances</b>	<b>72,429.4</b>	<b>84,530.0</b>	<b>86,677.4</b>	9.6	15.6	19.7	29.6	25.5
<b>Other Assets</b>	14,375.8	21,961.5	22,038.8	34.8	49.3	53.3	5.9	6.5
<b>Fixed Assets</b>	7,539.0	8,582.7	8,769.0	38.3	15.1	16.3	3.1	2.6
<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>244,724.3</b>	<b>323,177.5</b>	<b>339,329.5</b>	<b>19.6</b>	<b>33.3</b>	<b>38.7</b>	<b>100.0</b>	<b>100.0</b>
<b>Total Deposits</b>	<b>189,863.8</b>	<b>245,880.2</b>	<b>254,758.0</b>	<b>38.9</b>	<b>31.1</b>	<b>34.2</b>	<b>77.6</b>	<b>75.1</b>
of which <b>Foreign Currency</b>	62,048.6	81,228.3	83,068.6	48.6	29.8	33.9	25.4	24.5
<b>Total Borrowings</b>	13,851.8	23,168.3	25,815.9	(41.0)	44.4	86.4	5.7	7.6
<b>Foreign Liabilities</b>	6,104.3	7,487.5	7,246.0	(55.0)	(0.8)	18.7	2.5	2.1
i. <b>Short-term borrowings</b>	1,362.2	2,490.6	2,165.2	(77.9)	33.2	58.9	0.6	0.6
ii. <b>Long-term borrowings</b>	3,854.7	4,015.1	4,234.5	(31.9)	(2.5)	9.9	1.6	1.2
iii. <b>Deposits of non-residents</b>	884.3	940.6	821.6	(48.7)	(39.1)	(7.1)	0.4	0.2
<b>Domestic Liabilities</b>	213,884.2	281,979.5	297,426.2	30.9	33.2	39.1	87.4	87.7
i. <b>Short-term borrowing</b>	6,551.3	15,230.3	17,967.7	(36.5)	83.0	174.3	2.7	5.3
ii. <b>Long-term Borrowings</b>	2,083.5	1,432.3	1,448.6	56.5	(17.6)	(30.5)	0.9	0.4
iii. <b>Domestic Deposits</b>	188,979.5	244,939.5	253,936.4	40.0	31.7	34.4	77.2	74.8
Other Liabilities	16,560.7	21,093.0	24,627.7	(6.9)	32.6	48.7	6.8	7.3
<b>Paid-up capital</b>	10,432.1	13,023.9	13,769.8	1.6	24.8	32.0	4.3	4.1
<b>Shareholders' Funds</b>	23,878.4	32,307.2	33,399.8	(10.3)	44.9	39.9	9.8	9.8

Source: Bank of Ghana

### 5.1.1 Asset and Liability Structure

The asset structure of the industry's balance sheet in August 2024 reflected banks' preference for more liquid assets. Cash and bank balances replaced investments as the largest component of total assets following the introduction of the dynamic Cash Reserve Ratio (CRR). Accordingly, the share of cash and bank balances rose from 25.9 percent in August 2023 to 35.6 percent at end-August 2024 as banks increased reserves in compliance with the new cash reserve requirements. Investments (comprising bills, securities, and equity) was the second largest component of banks' assets, although its share in total assets declined to 34.4 percent in August 2024, from 39.7 percent in August 2023. Investments, and cash and bank balances together accounted for 70.0 percent of total assets in August 2024, compared to a share of 65.6 percent in August 2023. Notwithstanding the moderate pick-up in credit growth, net loans and advances constituted the third-largest component of total assets, recording a share of 20.8 percent in August 2024, down from 25.3 percent in August 2023. Non-earning assets (fixed assets and other assets) in banks' total assets increased marginally in share to 9.3 percent in August 2024 percent, from 9.2 percent during a similar period in 2023.

The funding structure of banks continued to be dominated by deposits. However, the share of deposits in banks' liabilities and shareholders' funds declined to 75.1 percent in August 2024, from 77.6 percent in the corresponding period last year, following the moderation in growth. The share of borrowings rose to 7.6 percent in August 2024, from

*Monetary Policy Report, BOG Research Department – September 2024*

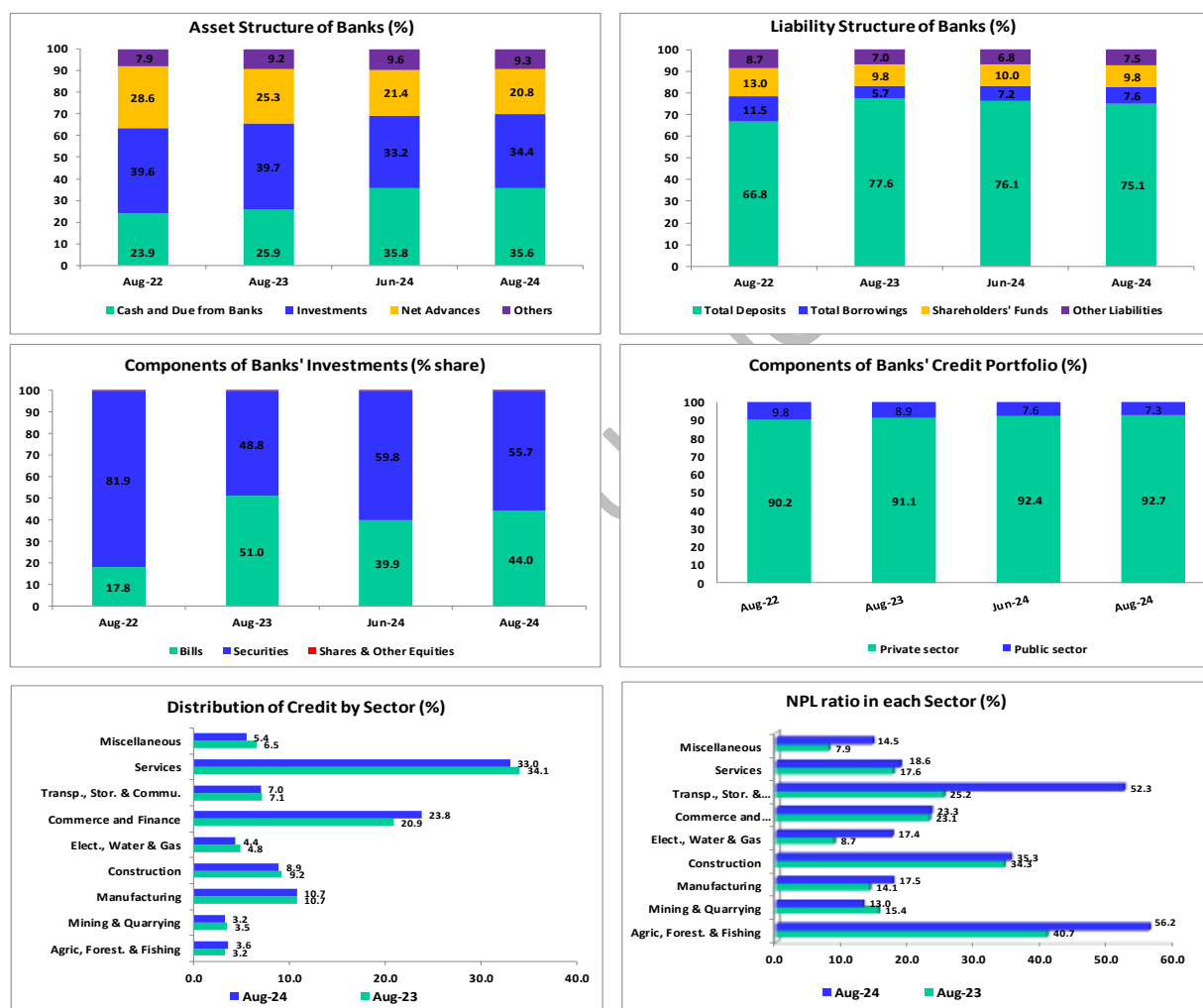
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5.7 percent in August 2023, in line with the observed strong growth in total borrowings. The share of shareholders' funds in banks' liabilities and shareholders' funds, on the other hand, remained stable at 9.8 percent while the share of other liabilities increased to 7.5 percent in August 2024, from 7.0 percent over the same comparative period last year.

### 5.1.2 Share of Banks' Investments

Long-term securities constituted the largest component of banks' investment portfolio, increasing from 48.8 percent in August 2023 to 55.7 percent in August 2024. Bills (short-term debt instruments) was the second largest component of banks' investment portfolio. Its share, however, dropped from 51.0 percent in August 2023 to 44.0 percent in August 2024, in line with the moderation in growth recorded during the reference period. The share of equity investments remained negligible at 0.3 percent during the period under review.

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



Source: Bank of Ghana Staff Calculations

## 5.2 Credit Risk

The industry's asset quality deteriorated in August 2024 relative to the same period in August 2023. The elevated credit risk was broad-based with increases in non-performing loan (NPL) ratios in all economic sectors except for the mining and quarrying sector.

### 5.2.1 Credit Portfolio Analysis

The pick-up in credit growth recorded in August 2024 was driven by an increase in credit to the private sector. The stock of gross loans and advances increased by 19.7 percent in August 2024 to GH¢86.7 billion, compared to an annual growth of 9.6 percent in August 2023. Private sector credit (comprising credit to private enterprises and households) also went up by 21.7 percent to GH¢80.3 billion in August 2024, compared to 10.6 percent recorded in the previous year. Public sector credit, however, posted a contraction of 1.1 percent to GH¢6.4 billion at end-August 2024, compared to a contraction of 0.3 percent in August 2023. Consequently, the share of private sector credit in total credit inched up to 92.7 percent in August 2024, from 91.1 percent in August 2023, while that of public sector credit declined to 7.3 percent, from 8.9 percent over the same period a year earlier.

In terms of the sectoral distribution of credit, the services sector accounted for the largest share of 33.0 percent as at end-August 2024 (from 34.1 percent in August 2023), followed by the commerce and finance sectors with a share of 23.8 percent (from 20.9 percent in August 2023), while the manufacturing sector maintained its share of 10.7 percent. Together, these sectors accounted for 67.5 percent of total credit (compared with 65.7 percent in August 2023). The mining and quarrying sector was the lowest recipient of industry credit with a share of 3.2 percent (down marginally from 3.5 percent in August 2023).

### 5.2.2 Off-Balance Sheet Transactions

Off-balance sheet transactions (largely trade finance and guarantees) increased during the review period. Contingent liabilities grew by 50.2 percent to GH¢27.1 billion as at end-August 2024, from GH¢18.0 billion as at end-August 2023. Accordingly, banks' contingent liabilities as a percentage of total liabilities increased from 8.2 percent in August 2023 to 8.9 percent in August 2024.

### 5.2.3 Asset Quality

The banking industry's asset quality declined during the period under review. The industry's NPL ratio rose to 24.3 percent in August 2024, from 20.0 percent in August 2023. When adjusted for the fully provisioned loan loss category, the industry's NPL ratio also increased from 9.0 percent in August 2023 to 10.6 percent in August 2024, reflecting increasing shares of both sub-standard and loss loans in the NPL stock. The rise in the NPL ratio was attributable to the higher growth in the NPL stock (45.2% year-on-year growth) relative to the growth in total loans (19.7% year-on-year growth). The industry's NPL stock increased by 45.2 percent to GH¢21.1 billion in August 2024, from GH¢14.5 billion in August 2023, reflecting a deterioration in both domestic and foreign currency-denominated loans.

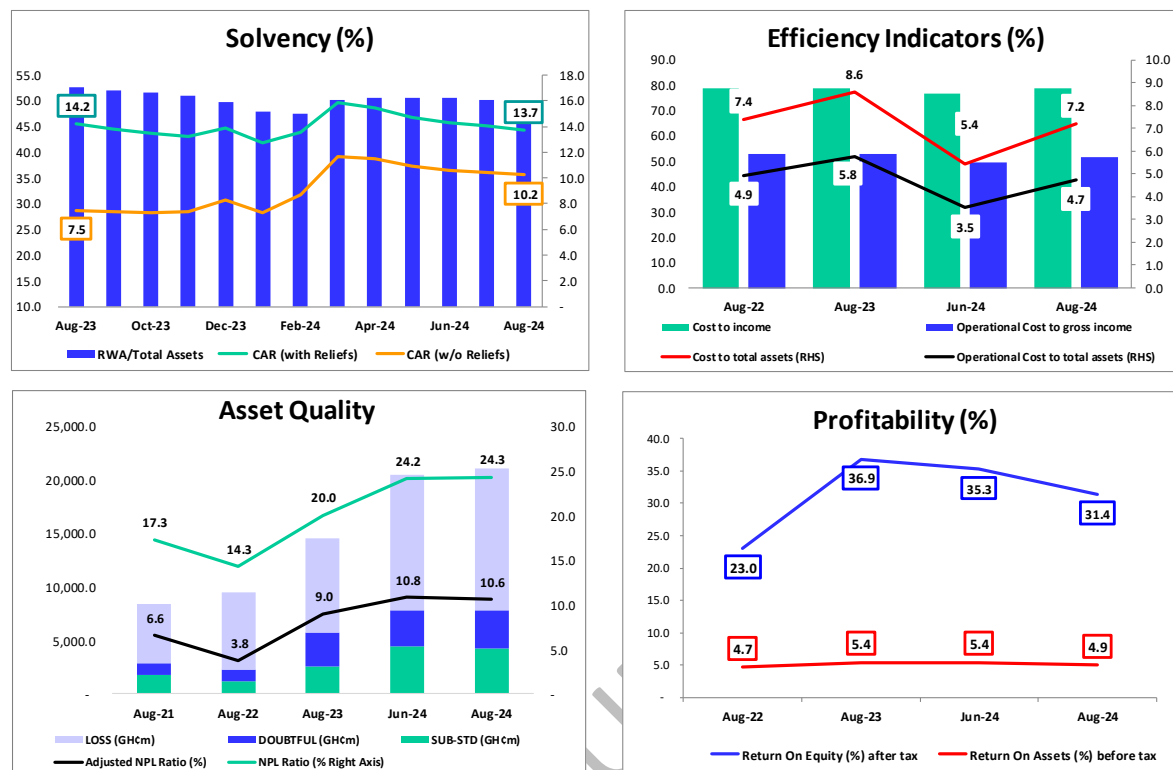
The private sector was the largest recipient of the industry's credit and accounted for the largest share of NPLs as at end-August 2024. The proportion of NPLs attributable to the private sector increased marginally from 95.0 percent in August 2023 to 96.0 percent in August 2024, while that of the public sector declined from 5.0 percent in August 2023 to 4.0 at end-August 2024.

The mining and quarrying sector recorded an NPL ratio of 13.0 percent in August 2024, which was the lowest among the economic sectors. This figure was down from 15.4 percent in August 2023, the only instance of an improvement in NPL ratio between August 2023 and August 2024 among the sectors. The agriculture, forestry and fishing sector maintained its position as the sector with the highest NPL ratio of 56.2 percent (from 40.7 percent in August 2023). It was followed closely by the transportation, storage, and communication sector with an NPL ratio of 52.3 percent (from 25.2 percent). The construction sector dropped to third place with an NPL ratio of 35.3 percent (from 34.3 percent). This was followed by the commerce and finance sector with an NPL ratio of 23.3 percent (from 23.1 percent) and then the services sector at 18.6 percent (from 17.6 percent). The manufacturing and electricity, water and gas sectors had NPL ratios of 17.5 percent and 17.4 percent, respectively, (from 14.1 percent and 8.7 percent).

### 5.3 Financial Soundness Indicators

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

**Figure 5.2: Key Financial Soundness Indicators**



Source: Bank of Ghana Staff Calculations

#### 5.3.1 Liquidity Indicators

The industry's liquidity position remained strong in August 2024, with improvements in both core and broad measures following the increase in the cash reserve requirement. The ratio of core liquid assets (mainly cash and due from banks) to total deposits increased from 33.4 percent in August 2023 to 47.4 percent in August 2024, while the ratio of core liquid assets to total assets increased from 25.9 percent to 35.6 percent. The ratio of broad liquid assets to total deposits also increased from 84.4 percent to 93.1 percent, while the ratio of broad liquid assets to total assets ratio increased from 65.5 percent to 69.9 percent over the review period.

#### 5.3.2 Capital Adequacy Ratio

The industry's solvency position, measured by the Capital Adequacy Ratio (CAR), stood at 10.2 percent in August 2024, higher than the 7.5 percent recorded in August 2023. This development was on account of the rebound in profitability following the DDEP implementation, as well as the ongoing recapitalisation of the sector. With reliefs, CAR was 13.8 percent in August 2024, compared to 14.2 percent in August 2023.

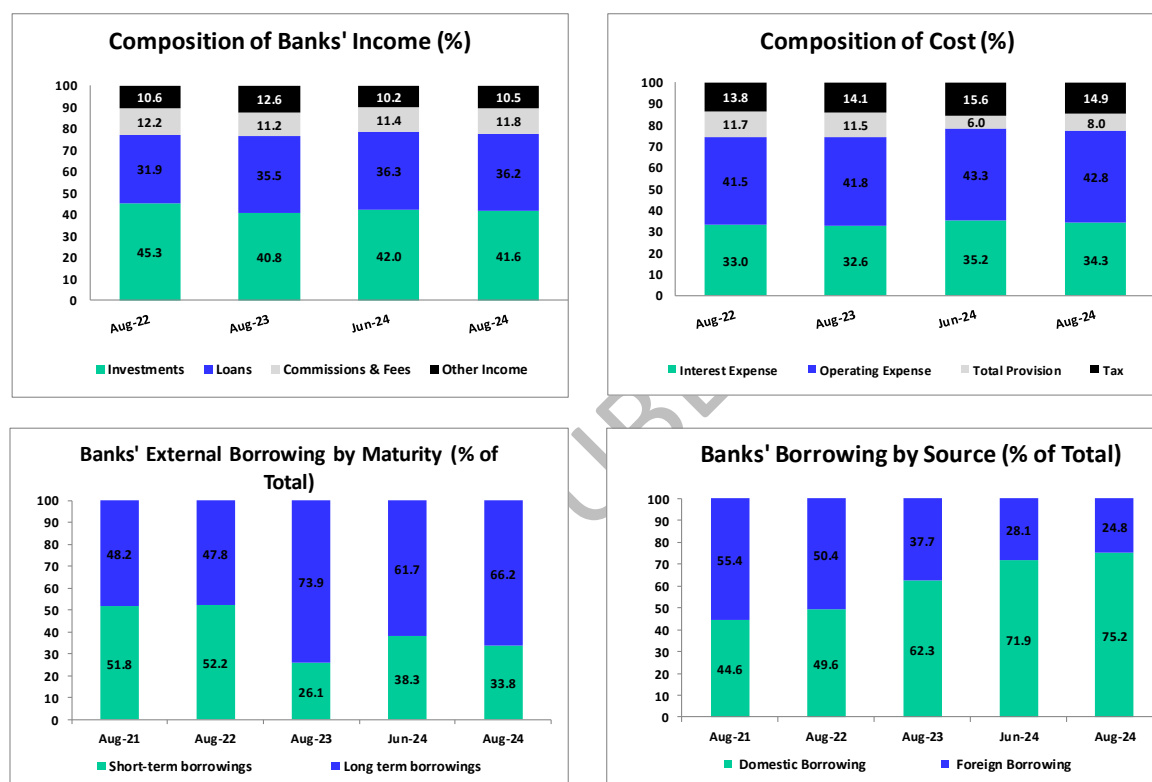
#### 5.3.3 Profitability

The banking industry remained profitable for the first eight months of 2024, recording a growth of 19.4 percent (to GH¢10.3 billion) in profit-before-tax (PBT), and a growth of 17.6 percent (to GH¢6.7 billion) in profit-after-tax (PAT).

This was relative to GH¢8.6 billion in PBT and GH¢5.7 billion in PAT recorded in August 2023, both of which were moderations in growth.

Largely, all income lines grew, but at a slower pace, in August 2024 compared to the same period last year. Net interest income picked up by 16.9 percent to GH¢15.8 billion, lower than the corresponding growth of 37.9 percent in 2023. On year-on-year terms, interest income improved by 18.7 percent to GH¢24.1 billion, up from GH¢20.3 billion in August 2023. Interest expenses also increased to GH¢8.4 billion, up from GH¢6.9 billion in August 2023, representing a growth rate of 22.1 percent relative to the 37.5 percent growth recorded in August 2023. The slowdown in growth in net interest income was attributable to the lower rates on lending and money market instruments in August 2024 compared to August 2023.

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



Source: Bank of Ghana Staff Calculation

Net fees and commissions recorded a slower growth of 22.9 percent, from 27.3 percent a year ago, while “other income” contracted by 2.9 percent to GH¢3.3 million, from GH¢3.4 billion (64.6% growth) during the same review period. These developments resulted in a 10.9 percent growth in the industry’s net operating income, compared with the 39.9 percent growth recorded in August 2023.

The cost lines also recorded similar increases but at lower growth rates compared to the same period in 2023. The industry’s operating expenses grew by 18.9 percent in August 2024, compared to 40.1 percent in 2023, on the back of lower growth in staff costs and other operating (administrative) expenses. Provisions for depreciation, bad debt and impairment losses on financial assets, however, contracted by 19.2 percent, compared to 34.4 percent increase recorded in August 2023 on account the domestic debt restructuring.

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

The banking sector's profitability indicators, namely, return-on-assets (ROA) and return-on-equity (ROE), moderated during the period under review following the slowdown in growth of PBT and PAT. The ROE declined from 36.9 percent to 31.4 percent in August 2024, while the ROA moderated to 4.9 percent from 5.4 percent over the same comparative period.

*(b) Interest Margin and Spread*

Interest spreads for the banking sector widened to 8.3 percent in August 2024, from 8.1 percent in August 2023. The increase in spreads was on the back of a decline in interest payable to 3.9 percent, from 4.1 percent a year earlier, while gross yields remained unchanged during the reference period. The interest margin to total assets ratio also fell to 4.6 percent from 5.5 percent, while interest margin to gross income increased marginally to 50.8 percent from 50.5 percent during the period under review. The ratio of gross income to total assets (asset utilisation) declined to 9.1 percent from 10.9 percent in August 2023, while the profitability ratio increased marginally to 21.5 percent from 21.3 percent over the review period.

*(c) Composition of Banks' Income*

Income from investments remained the largest component of banks' total income, with its share growing to 41.6 percent from 40.8 percent in August 2023. The share of interest income from loans also rose to 36.2 percent from 35.5 percent, in line with the increase in gross advances during the year. The share of banks' income from fees and commissions, similarly, increased to 11.8 percent from 11.2 percent, while the share of income from other sources declined to 10.5 percent from 12.6 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 improved to 78.5 percent from 78.7 percent in August 2023, while cost-to-total assets ratio improved to 7.2 percent from 8.6 percent. The operational cost-to-total assets ratio also went down to 4.7 percent from 5.8 percent while the ratio of operational cost to total income improved to 51.6 percent in August 2024 from 53.0 percent.

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

Total offshore balances grew by 88.6 percent to GH¢29.3 billion in August 2024, compared to the 39.7 percent growth recorded in the previous year, driven largely by growth in nostro balances and placements. Nostro balances grew by 99.6 percent, compared with a growth of 12.9 percent in August 2023. Growth in industry placements was also higher at 81.5 percent, compared to the growth of 67.1 percent during the same period last year. Accordingly, the ratio of offshore balances to net worth increased to 87.6 percent, from 65.0 percent in August 2023.

The share of banks' external borrowings in total borrowings declined to 24.8 percent from 37.7 percent in August 2023, while the share of domestic borrowings increased to 75.2 percent from 62.3 percent over the same period. Banks' external borrowings were directed towards long-term instruments, although the share of long-term borrowings in total external borrowings declined to 66.2 percent in August 2024 from 73.9 percent in August 2023, while the share of short-term borrowings increased to 33.8 percent from 26.1 percent over the same period.

## **5.4 Credit Conditions Survey**

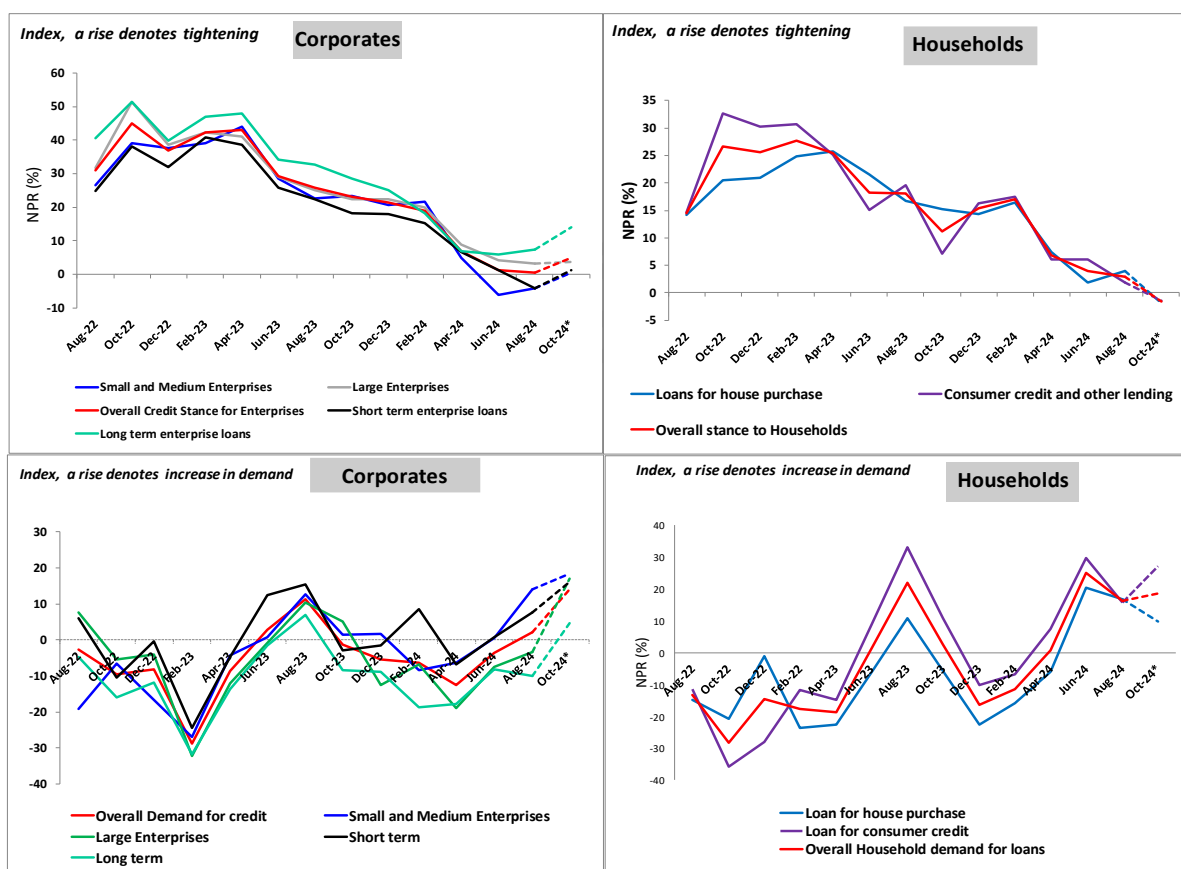
Results of the August 2024 Credit Conditions Survey indicated a net easing in the overall stance on loans to enterprises between July and August 2024, on the back of a net easing in the stance on loans to large enterprises. Banks projected

that their overall stance on enterprise loans would tighten in the next two months, from net tightening in all components of enterprise loans.

The overall stance on loans to households also eased marginally during the August 2024 survey round from a net ease in the stance on consumer credit whereas the stance on loans for house purchases tightened in August 2024. Over the next two months, banks projected a further net easing in the overall stance on loans to households, which would be reflected in loans for house purchases and consumer credit.

The August 2024 survey further indicated an increase in overall demand for enterprise loans from net increases in all components of enterprise loans except long-term loans. Banks projected that demand for corporate loans would continue to increase in the next two months, driven by net increases in the demand for all categories of enterprise loans. Credit demand by households, on the other hand, softened between July and August 2024, from a net decrease in the demand for mortgages and consumer credit and other lending. Over the next two months, however, banks projected a pickup in the demand for consumer credit 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 August 2024 pointed to continuing recovery from the macroeconomic challenges since the 2022 crisis. The Capital Adequacy Ratio adjusted for regulatory reliefs was above the required minimum as at end-August 2024, reflecting the rebound in profitability following the Domestic Debt Exchange Programme



implementation, as well as the ongoing recapitalisation of the sector. The banking sector was also profitable, with improvements in liquidity and efficiency during the review period. Asset quality concerns, however, remained a strain on the performance of the sector. The industry's outlook remains stable, contingent on the recapitalisation of the sector by the 2025 deadline and enforcement of stringent credit underwriting standards, and intensification of loan recovery efforts to address asset quality concerns in the sector.

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## 6. Fiscal Developments

### 6.0 Highlights

*Provisional data on budget execution from January to July 2024 indicated an overall fiscal deficit (commitment basis) of 2.4 percent of GDP, against the budget target of 2.8 percent of GDP. The deficit of GH¢24.8 billion was financed from domestic (GH¢ 24.2 billion) and foreign (GH¢17.4 billion) sources. The primary balance for the period was a deficit of GH¢3.8 billion (0.4% of GDP), against a primary deficit target of GH¢3.5 billion (0.3% of GDP)*

#### 6.1 Total Revenue and Grants

Total revenue and grants as of July 2024 was GH¢89.35 billion (8.8% of GDP), slightly higher than the target of GH¢88.74 billion (8.7 % of GDP). The outturn represented an excess of 0.7 percent over the target and a year-on-year growth of 27.5 percent. Domestic revenue totalled GH¢88.90 billion (8.7% of GDP), marginally above the target of GH¢86.86 billion (8.5% of GDP).

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¢72.20 billion (7.1% of GDP), higher than the target of GH¢69.62 billion (6.8% of GDP).

Taxes on income and property (made up of personal income tax, company taxes, royalties from oil and minerals, and other direct taxes) totalled GH¢35.15 billion (3.4% of GDP), 13.1 percent above the target of GH¢31.07 billion (3.0% of GDP). All the components exceeded their targets except personal taxes and company taxes on oil. The total collections from this tax handle was also higher than the GH¢27.56 billion collected in the corresponding period of 2023, reflecting a year-on-year growth of 27.5 percent.

Taxes on domestic goods and services (consisting of Domestic VAT, Excise Duty, GET Fund Levy, National Health Insurance Levy (NHIL) and Communication Service Tax) totalled GH¢31.10 billion (3.0% of GDP), falling by 9.1 percent below the target of GH¢34.18 billion. On year-on-year basis, the outturn represented a growth of 26.7 percent.

Non-tax revenue raked in GH¢13.12 billion, slightly lower than the target of GH¢13.13 billion and represented a year-on-year growth of 35.7 percent.

Taxes on international trade (comprising mainly import duties) was GH¢10.21 billion, above the target of GH¢9.21 billion by 10.8 percent. This tax handle also recorded a year-on-year growth of 38.3 percent.

“Other revenue” of GH¢2.92 billion failed to meet its target of GH¢3.58 billion, recording a negative deviation of 18.4 percent. However, this outturn was above the total of GH¢2.86 billion collected in the corresponding period of 2023, reflecting a year-on-year increase of 2.0 percent.

Grants received over the review period totalled GH¢457.3 million, significantly below GH¢1.88 billion programmed for the review period, thus falling below its target by 75.7 percent. The outturn was also lower than GH¢1.03 billion received in the corresponding period of 2023.

**Table 6.1: Total Revenue and Grants**

Million Ghana Cedis	2023	2024	2024	2024	2024	2024
	JAN-JUL	Q1+Q2	JAN-JUL	JAN-JUL	DEVIATION	Y-O-Y
	OUTTURN	OUTTURN	OUTTURN	PROG	OVER(+)/ BELOW(-)	GROWTH
<b>TAX REVENUE</b>	<b>55,981.9</b>	<b>59,696.6</b>	<b>72,159.50</b>	<b>69,619.0</b>	<b>3.6</b>	<b>28.9</b>
<b>TAXES ON INCOME &amp; PROPERTY</b>	<b>27,563.2</b>	<b>28,676.0</b>	<b>35,152.23</b>	<b>31,069.0</b>	<b>13.1</b>	<b>27.5</b>
Personal	9,653.6	9,418.3	12,174.03	12,240.1	(0.5)	26.1
Companies	11,348.6	12,152.2	14,248.56	11,356.4	25.5	25.6
Company Taxes on Oil	1,833.5	1,821.9	1,821.88	2,564.8	(29.0)	(0.6)
Others	4,727.4	5,283.6	6,907.76	4,907.7	40.8	46.1
<b>TAXES ON DOMESTIC GOODS AND SERVICES</b>	<b>24,529.0</b>	<b>25,966.6</b>	<b>31,066.8</b>	<b>34,175.7</b>	<b>(9.1)</b>	<b>26.7</b>
Excises	3,189.8	3,250.8	3,813.9	5,112.7	(25.4)	19.6
VAT	13,330.5	14,312.2	17,065.2	17,596.2	(3.0)	28.0
National Health Insurance Levy (NHIL)	2,960.4	3,066.4	3,685.5	3,982.9	(7.5)	24.5
GETFund Levy	2,961.2	3,066.5	3,685.6	3,983.9	(7.5)	24.5
Communication Service Tax	375.4	367.3	465.3	692.4	(32.8)	24.0
E-Transaction Levy	537.0	810.5	1,006.2	1,128.8	(10.9)	87.4
Covid-19 Health Levy	1,174.6	1,092.8	1,345.2	1,678.8	(19.9)	14.5
<b>TAXES ON INTERNATIONAL TRADE</b>	<b>7,381.3</b>	<b>8,386.2</b>	<b>10,206.1</b>	<b>9,211.6</b>	<b>10.8</b>	<b>38.3</b>
Imports Duty	7,381.3	8,386.2	10,206.1	9,211.6		
<b>TAX REFUND</b>	<b>(3,491.6)</b>	<b>(3,332.2)</b>	<b>(4,265.7)</b>	<b>(4,837.3)</b>	<b>(11.8)</b>	<b>22.2</b>
<b>SOCIAL CONTRIBUTIONS</b>	<b>565.0</b>	<b>692.6</b>	<b>692.6</b>	<b>536.7</b>	<b>29.1</b>	<b>22.6</b>
<b>NON-TAX REVENUE</b>	<b>9,674.3</b>	<b>11,265.1</b>	<b>13,124.3</b>	<b>13,127.4</b>	<b>(0.0)</b>	<b>35.7</b>
<b>OTHER REVENUE</b>	<b>2,861.8</b>	<b>2,539.5</b>	<b>2,919.5</b>	<b>3,579.8</b>	<b>(18.4)</b>	<b>2.0</b>
<b>DOMESTIC REVENUE</b>	<b>69,083.0</b>	<b>74,193.7</b>	<b>88,895.9</b>	<b>86,862.9</b>	<b>2.3</b>	<b>28.7</b>
<b>GRANTS</b>	<b>1,025.1</b>	<b>457.3</b>	<b>457.3</b>	<b>1,879.7</b>	<b>(75.7)</b>	<b>(55.4)</b>
Project Grants	1,025.1	457.3	457.3	1,153.4		
Programme Grants	0.0	0.0	0.0	726.3		
<b>TOTAL REVENUE &amp; GRANTS</b>	<b>70,108.1</b>	<b>74,651.0</b>	<b>89,353.2</b>	<b>88,742.62</b>	<b>0.69</b>	<b>27.5</b>

Source: Ministry of Finance

## 6.2 Total Expenditures

Total expenditures (including arrears clearance and discrepancy) for the review period totalled GH¢116.66 billion (11.4% of GDP). This was below the target of GH¢117.45 billion (11.5% of GDP). It also represented a 41.2 percent year-on-year growth.

Compensation of employees (including wages and salaries, pensions & gratuities, and other wage related expenditure) was GH¢35.24 billion, marginally higher than the target of GH¢35.19 billion, and a year-on-year growth of 25.7 percent. In terms of fiscal flexibility, compensation of employees constituted 39.6 percent of domestic revenue mobilized during the period under review.

Use of goods and services totalled GH¢7.96 billion, higher than the expected target of GH¢4.67 billion, an overrun of 70.5 percent. This expense was also higher than the GH¢7.43 billion recorded in the corresponding period of 2023, reflecting a year-on-year expansion of 7.1 percent.

Total interest payments of GH¢20.97 billion fell below the programmed target of GH¢25.19 billion. This compares with GH¢15.91 billion recorded in the corresponding period of 2023. The fall in interest payments was mainly on account of a partial freeze on external debt service.

Grants to other government units (made up of National Health Fund, Education Trust Fund, Road Fund, Energy Fund, District Assemblies Common Fund, Retention of IGFs, transfer to GNPC, Ghana Infrastructure Fund and other earmarked funds) was GH¢22.67 billion, higher than the expected target of GH¢20.71 billion, resulting in an overrun of 9.3 percent. It also recorded a year-on-year growth of 42.3 percent.

Capital expenditure was GH¢16.02 billion (1.6% of GDP), lower than the programmed target of GH¢20.27 billion (2.0% of GDP). This outturn represented a year-on-year growth of 67.5 percent.

“Other expenditure” for the first seven months of 2024 was GH¢13.29 billion, 24.4 percent above the target of GH¢10.68 billion. Out of this, energy sector payment shortfalls totalled GH¢10.60 billion (1.0% of GDP), higher than the programmed target of GH¢4.76 billion (0.5% of GDP). The outturn of GH¢13.29 billion dwarfs the GH¢ 5.52 billion recorded in the corresponding period of 2023.

**Table 6.2: Total Expenditures**

<i>Million Ghana Cedis</i>	2023	2024	2024	2024	2024	2024
	JAN-JUL	Q1+Q2	JAN-JUL	JAN-JUL	DEVIATION	Y-O-Y
	OUTTURN	OUTTURN	OUTTURN	YROG	OYER(+)/ BELOW(-)	GROWTH
<b>Compensation of Employees</b>	<b>28,031.9</b>	<b>29,298.2</b>	<b>35,237.4</b>	<b>35,193.4</b>	<b>0.1</b>	<b>25.7</b>
Wages & Salaries	24,906.5	26,278.3	31,345.9	31,885.4	(1.7)	25.9
Social Contributions	3,125.4	3,019.9	3,891.4	3,308.0	17.6	24.5
<b>Use of Goods and Services</b>	<b>7,432.0</b>	<b>5,773.9</b>	<b>7,961.6</b>	<b>4,669.5</b>	<b>70.5</b>	<b>7.1</b>
<b>Interest Payment</b>	<b>15,909.2</b>	<b>19,028.5</b>	<b>20,969.8</b>	<b>25,186.2</b>	<b>(16.7)</b>	<b>31.8</b>
Domestic	14,674.0	18,463.1	20,326.2	20,662.2	(1.6)	38.5
External (Due)	1,235.3	565.4	643.6	4,524.0	(85.8)	(47.9)
<b>Subsidies</b>	<b>0.0</b>	<b>145.3</b>	<b>145.3</b>	<b>173.7</b>	<b>(16.4)</b>	
<b>Grants to Other Government U</b>	<b>15,933.7</b>	<b>19,698.3</b>	<b>22,669.7</b>	<b>20,741.9</b>	<b>9.3</b>	<b>42.3</b>
<b>Social Benefits</b>	<b>221.7</b>	<b>376.8</b>	<b>376.8</b>	<b>535.0</b>	<b>(29.6)</b>	<b>70.0</b>
<b>Other Expenditure</b>	<b>5,517.4</b>	<b>12,976.9</b>	<b>13,287.5</b>	<b>10,679.4</b>	<b>24.4</b>	<b>140.8</b>
o/w Energy Sector Payment Sl	3,043.1	10,600.6	10,600.6	4,761.7	122.6	248.3
<b>Capital Expenditure</b>	<b>9,559.6</b>	<b>13,914.8</b>	<b>16,016.7</b>	<b>20,270.4</b>	<b>(21.0)</b>	<b>67.5</b>
Domestic financed	2,699.4	7,450.3	8,275.9	11,152.9	(25.8)	206.6
Foreign financed	6,860.2	6,464.4	7,740.9	9,117.5	(15.1)	12.8
<b>TOTAL EXPENDITURE</b>	<b>82,605.4</b>	<b>101,212.7</b>	<b>116,664.8</b>	<b>117,449.5</b>	<b>(0.7)</b>	<b>41.2</b>

Source: Ministry of Finance

### 6.3 Budget Balance and Financing

Government budgetary operations resulted in an overall budget deficit of GH¢24.78 billion (2.4% of GDP) on commitment basis for the period of Jan-July 2024. This was lower than the targeted deficit of GH¢28.71 billion (2.8% of GDP). In addition, the primary balance recorded a deficit of 0.4 percent of GDP, against a target of 0.3 percent of GDP. On cash basis, the overall budget deficit was GH¢39.62 billion (3.9% of GDP) compared to the target of GH¢35.79 billion (3.5% of GDP). The primary deficit on cash basis was GH¢18.65 billion (1.8% of GDP) compared to GH¢10.61 billion (1.0% of GDP).

The overall balance of GH¢24.78 billion was financed largely from domestic sources. Domestic financing (net) was GH¢24.23 billion (2.4% of GDP), higher than GH¢19.63 billion (2.3% of GDP) recorded in the same period in 2023. Foreign financing recorded a net inflow of GH¢17.41 billion (1.7% of GDP), higher than the programmed target of GH¢14.62 billion (1.4% of GDP).

**Table 6.3: Budget Balance and Financing**

Million Ghana Cedis	2023	2024	2024	2024	2024	2024
	JAN-JUL OUTTURN	Q1+Q2 OUTTURN	JAN-JUL OUTTURN	JAN-JUL PROG	DEVIATION BYER(+)/ BELOW(-)	Y-O-Y GROWTH
<b>Revenue &amp; Grants</b>	<b>70,108.1</b>	<b>74,651.0</b>	<b>89,353.2</b>	<b>88,742.6</b>	<b>0.69</b>	<b>27.5</b>
<b>Expenditure</b>	<b>82,605.4</b>	<b>101,212.7</b>	<b>116,664.8</b>	<b>117,449.5</b>	<b>(0.7)</b>	<b>41.2</b>
<b>Overall balance (commitment)</b>	<b>(23,806.5)</b>	<b>(26,561.8)</b>	<b>(24,776.1)</b>	<b>(28,706.9)</b>	<b>(13.7)</b>	<b>4.1</b>
(percent of GDP)	(2.8)	(2.6)	(2.4)	(2.8)		
<b>Payables/Arrears Clearance (Net)</b>	<b>328.1</b>	<b>(14,848.0)</b>	<b>(14,848.0)</b>	<b>(7,087.8)</b>	<b>109.5</b>	<b>(4,625.3)</b>
o/w Clearance of Arrears	(8,142.3)	(19,383.5)	(19,383.5)	(7,087.8)	173.5	138.1
o/w Payables build-up	8,470.4	4535.5	4535.5	0.0		
o/w Outstanding payables build-up rep	8,470.4	4535.5	4535.5	0.0		
<b>Overall balance (cash)</b>	<b>(12,169.3)</b>	<b>(41,409.8)</b>	<b>(39,624.1)</b>	<b>(35,794.7)</b>	<b>10.7</b>	<b>225.6</b>
(percent of GDP)	(1.4)	(4.1)	-3.9	-3.5		
Discrepancy	(11,309.1)	5,278.1	2,535.6	2,535.6		(122.4)
<b>Overall balance (incl. Divestiture and Discrep</b>	<b>(23,478.4)</b>	<b>(41,409.8)</b>	<b>(42,159.7)</b>	<b>(35,794.7)</b>	<b>17.8</b>	<b>79.6</b>
(percent of GDP)	(2.8)	(4.1)	-4.1	-3.5		
<b>Financing</b>	<b>23,478.4</b>	<b>36,131.7</b>	<b>39,624.1</b>	<b>35,794.7</b>	<b>10.7</b>	<b>68.8</b>
<b>Foreign (net)</b>	<b>3,992.9</b>	<b>16,424.4</b>	<b>17,407.6</b>	<b>14,618.5</b>	<b>19.1</b>	<b>336.0</b>
Borrowing	7,335.1	17,503.4	18,779.8	16,624.1	13.0	156.0
Project loans	5,835.1	6,007.2	7,283.6	7,964.1	(8.5)	24.8
Programme Loans	1500.0	11,496.2	11,496.2	8,660.0	32.8	666.4
Sovereign Bond	0.0	0.0	0.0	0.0		
Amortisation (due)	(3,342.2)	(1,078.9)	(1,372.2)	(2,005.6)	(31.6)	(58.9)
<b>Domestic (net)</b>	<b>19,629.7</b>	<b>21,603.3</b>	<b>24,232.8</b>	<b>21,953.8</b>	<b>10.4</b>	<b>23.4</b>
Banking	10,073.6	(3,146.8)	(2,259.0)	28,518.2	(107.9)	(122.4)
Bank of Ghana	3,016.6	(4,075.0)	(3,187.2)	0.0		(205.7)
o/w SDR	0.0	0.0	0.0	0.0		
Comm. Banks	7,057.1	928.2	928.2	28,518.2	(96.7)	(86.8)
Non-banks	4,883.9	24,750.1	0.0	0.0		(100.0)
Other Domestic	4,672.2	0.0	26,491.8	11,958.3		
o/w Buffer for Auction Shortfalls	-	0.0	0.0	0.0		
o/w Domestic Standard Loan	-120.5	0.0	0.0	0.0		
<b>Ghana Petroleum Funds</b>	<b>(521.9)</b>	<b>(814.1)</b>	<b>(934.3)</b>	<b>(630.5)</b>	<b>48.2</b>	<b>79.0</b>
Transfer to Ghana Petroleum Funds	(1,481.3)	(1,336.7)	(1,737.6)	(2,101.7)	(17.3)	17.3
o/w Stabilisation Fund	(1,036.9)	(935.7)	(1,216.3)	(1,471.2)	(17.3)	17.3
o/w Heritage Fund	(444.4)	(401.0)	(521.3)	(630.5)	(17.3)	17.3
Transfer from Stabilisation Fund	959.5	522.6	803.3	1,471.2	(45.4)	(16.3)
<b>Sinking Fund</b>	<b>377.6</b>	<b>(1,082.0)</b>	<b>(1,082.0)</b>	<b>(147.1)</b>	<b>635.4</b>	<b>(386.5)</b>
<b>Contingency Fund</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>		
<b>Nominal GDP (Including Oil)</b>	<b>841,632.9</b>	<b>1,020,179.9</b>	<b>1,020,179.9</b>	<b>1,020,179.9</b>		
<b>Nominal GDP (Excluding oil)</b>	<b>803,900.9</b>	<b>904,452.9</b>	<b>904,452.9</b>	<b>904,452.9</b>		

Source: Ministry of Finance

## 6.4 Public Debt Analysis

The stock of public debt at the end of July 2024 stood at GH¢761.3 billion, showing an increase of GH¢152.7 billion over the end-December 2023 stock of GH¢608.58 billion. This was largely due to net exchange rate effect and the depreciation of the Ghanaian cedi.

**Table 6.4: Public Debt**

	2023	2024	2024	2024	2024	2024	2024	2024	Jul 2024 -Dec 2023
	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	CHANGE
<b>TOTAL DOMESTIC DEBT (GH¢m)</b>	<b>257,295.9</b>	<b>265,610.2</b>	<b>275,784.5</b>	<b>282,922.8</b>	<b>284,791.2</b>	<b>287,013.2</b>	<b>289,990.1</b>	<b>290,908.2</b>	<b>33,612.3</b>
SHORT TERM	67,069.0	75,095.3	82,105.8	89,076.2	89,081.7	90,982.3	93,542.5	94,678.6	27,609.6
MEDIUM-TERM	123,633.0	123,930.0	125,794.3	126,023.5	126,816.4	127,084.2	127,374.6	127,368.4	3,735.5
LONG-TERM	65,138.6	65,138.6	66,494.0	66,494.0	67,684.1	67,684.1	67,771.6	67,661.5	2,522.9
STANDARD LOANS	1,455.3	1,446.4	1,390.4	1,329.1	1,209.0	1,262.5	1,301.4	1,199.6	(255.7)
<b>HOLDINGS OF DOMESTIC DEBT (GH¢m)</b>	<b>255,840.6</b>	<b>264,163.9</b>	<b>274,394.0</b>	<b>281,593.7</b>	<b>283,582.3</b>	<b>285,750.7</b>	<b>288,688.7</b>	<b>289,708.6</b>	<b>33,868.0</b>
BANKING SYSTEM	130,576.8	134,125.8	140,141.1	141,325.8	139,616.4	137,635.8	136,270.9	134,021.8	3,445.0
NON-BANK	112,206.7	116,972.5	120,950.6	127,045.8	130,759.8	134,916.1	139,211.1	142,125.5	29,918.7
FOREIGN SECTOR (Non-Resident)	13,057.0	13,065.6	13,302.3	13,222.1	13,206.1	13,198.7	13,206.7	13,561.3	504.2
<b>TOTAL EXTERNAL (US\$m)</b>	<b>30,156.2</b>	<b>30,597.1</b>	<b>30,658.7</b>	<b>30,946.5</b>	<b>30,929.5</b>	<b>31,061.8</b>	<b>31,037.3</b>	<b>31,566.3</b>	<b>1,410.1</b>
MULTILATERAL	9,115.0	9,638.9	9,682.8	9,981.6	10,003.9	10,029.9	10,056.6	10,541.7	1,426.7
BILATERAL	5,456.9	5,395.5	5,413.0	5,404.4	5,374.2	5,469.9	5,430.5	5,465.1	8.2
COMMERCIAL	15,584.3	15,562.6	15,562.9	15,560.4	15,551.4	15,562.0	15,550.2	15,559.5	(24.8)
<b>TOTAL EXTERNAL (GH¢m)</b>	<b>351,283.6</b>	<b>367,734.1</b>	<b>380,241.3</b>	<b>398,442.2</b>	<b>409,840.1</b>	<b>438,123.7</b>	<b>452,160.3</b>	<b>470,366.5</b>	<b>119,082.9</b>
<b>TOTAL PUBLIC DEBT (GH¢m)</b>	<b>608,579.5</b>	<b>633,344.4</b>	<b>656,025.8</b>	<b>681,365.0</b>	<b>694,631.3</b>	<b>725,136.9</b>	<b>742,150.4</b>	<b>761,274.7</b>	<b>152,695.2</b>
<b>EXCHANGE RATE (End Period Selling MOF)</b>	<b>11.6488</b>	<b>12.0186</b>	<b>12.4024</b>	<b>12.8752</b>	<b>13.2508</b>	<b>14.1049</b>	<b>14.5683</b>	<b>14.9009</b>	
MEMORANDUM ITEMS									
<b>NOMINAL GDP ( GH¢m)</b>	<b>841,632.9</b>	<b>1,020,179.9</b>	<b>1,020,179.9</b>	<b>1,020,179.9</b>	<b>1,020,179.9</b>	<b>1,020,179.9</b>	<b>1,020,179.9</b>	<b>1,020,179.9</b>	
<b>TOTAL DEBT /GDP RATIO (%)</b>	<b>72.31</b>	<b>62.08</b>	<b>64.30</b>	<b>66.79</b>	<b>68.09</b>	<b>71.08</b>	<b>72.75</b>	<b>74.62</b>	
<b>EXTERNAL DEBT/GDP</b>	<b>41.7</b>	<b>36.0</b>	<b>37.3</b>	<b>39.1</b>	<b>40.2</b>	<b>42.9</b>	<b>44.3</b>	<b>46.1</b>	
<b>DOMESTIC DEBT/GDP</b>	<b>30.6</b>	<b>26.0</b>	<b>27.0</b>	<b>27.7</b>	<b>27.9</b>	<b>28.1</b>	<b>28.4</b>	<b>28.5</b>	
<b>EXTERNAL DEBT/TOTAL DEBT</b>	<b>57.7</b>	<b>58.1</b>	<b>58.0</b>	<b>58.5</b>	<b>59.0</b>	<b>60.4</b>	<b>60.9</b>	<b>61.8</b>	
<b>DOMESTIC DEBT/TOTAL DEBT</b>	<b>42.3</b>	<b>41.9</b>	<b>42.0</b>	<b>41.5</b>	<b>41.0</b>	<b>39.6</b>	<b>39.1</b>	<b>38.2</b>	

Source: Bank of Ghana, Ministry of Finance

## 6.5 Conclusion

Budget execution for the period January to July 2024 showed a revenue outturn that was slightly above target and a total expenditure that was marginally below target. The revenue overperformance was largely on account of higher-than-programmed receipts from tax revenue for the period. The expenditure performance on the other hand was partly attributed to reduced spending on debt servicing, and lower-than-programmed capital expenditures. These developments resulted in an overall budget deficit (commitment) which was below the target, and mainly financed from domestic sources.

## 7. Price Developments

### 7.0 Highlights

Domestic price developments since the last Monetary Policy Committee (MPC) meeting indicate a disinflation process that remains on track. This was largely supported by the still tight monetary policy stance and easing food inflation. Headline inflation has declined consistently since the last MPC to 20.4 percent in August, from 22.8 percent in June, and 20.9 percent in July 2024, driven mainly by food inflation. The Bank's main core measure of inflation, which isolates prices of energy and utility items from the consumer basket, eased to 19.4 percent in August 2024 from 22.1 percent in June.

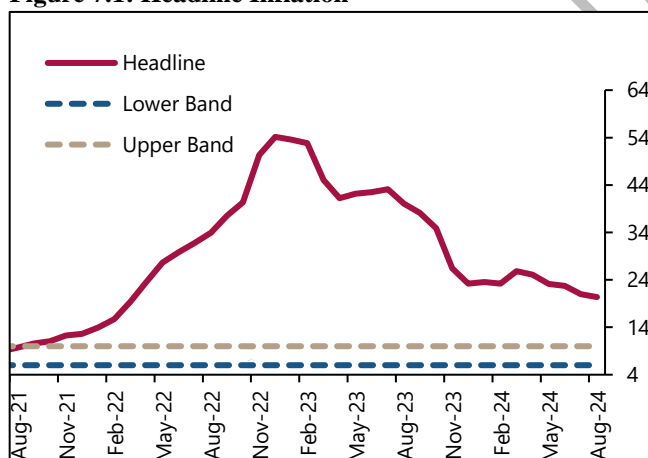
### 7.1 Domestic Inflation

Domestic price developments indicate that the disinflation process remains on track. Headline inflation decreased to 20.4 percent in August 2024, down from 22.8 percent in June 2024 and 25.8 percent in March. The August outturn marked a continuous decline in headline inflation over the past five-months.

The decline in headline inflation observed for the month of August was primarily on the back of food inflation. Food inflation declined to 19.1 percent in August, down from 24.0 percent in June and 29.6 percent in March. In contrast, non-food inflation was stickier, dropping marginally to 21.5 percent in August, from 21.6 percent in June and 22.6 percent in March.

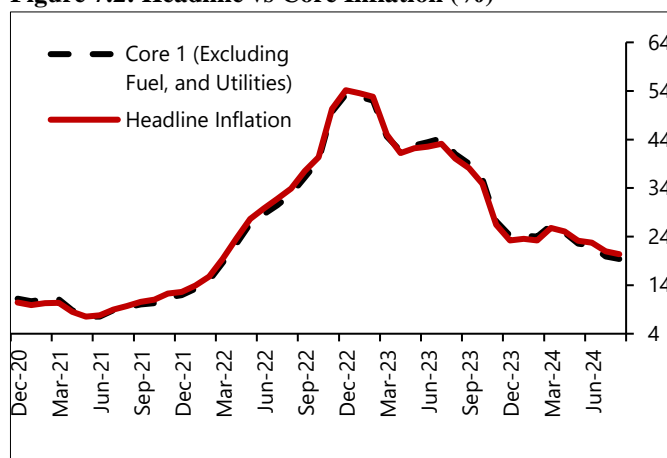
In line with headline inflation, underlying inflationary pressures, as proxied by the Bank's core measure of inflation, have also broadly eased. Core inflation, which isolates prices of energy and utility items from the consumer basket, eased to 19.4 percent in August 2024, from 22.1 percent in June, and 26.3 percent in March 2024.

**Figure 7.1: Headline Inflation**



Source: GSS and Bank of Ghana Staff Calculations

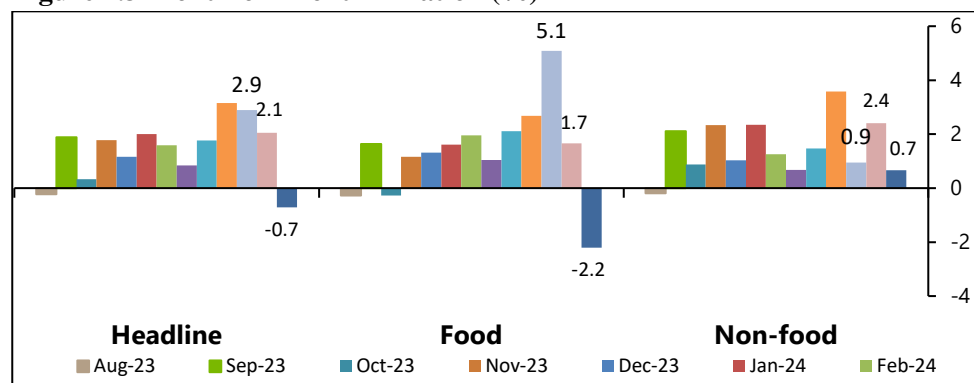
**Figure 7.2: Headline vs Core Inflation (%)**



Source: GSS and Bank of Ghana Staff Calculations

On month-on-month basis, headline inflation also fell to -0.7 percent in August 2024, down from 2.9 percent in June 2024 and 0.8 percent in March 2024. The decline in headline inflation was primarily driven by food inflation which fell to -2.2 percent in August 2024, lower than the 5.1 percent recorded in June 2024, and 1.0 percent recorded in March 2024. Monthly non-food inflation, in contrast was stickier, as it recorded 0.7 percent in August, 0.9 percent in June and 0.7 percent in March.

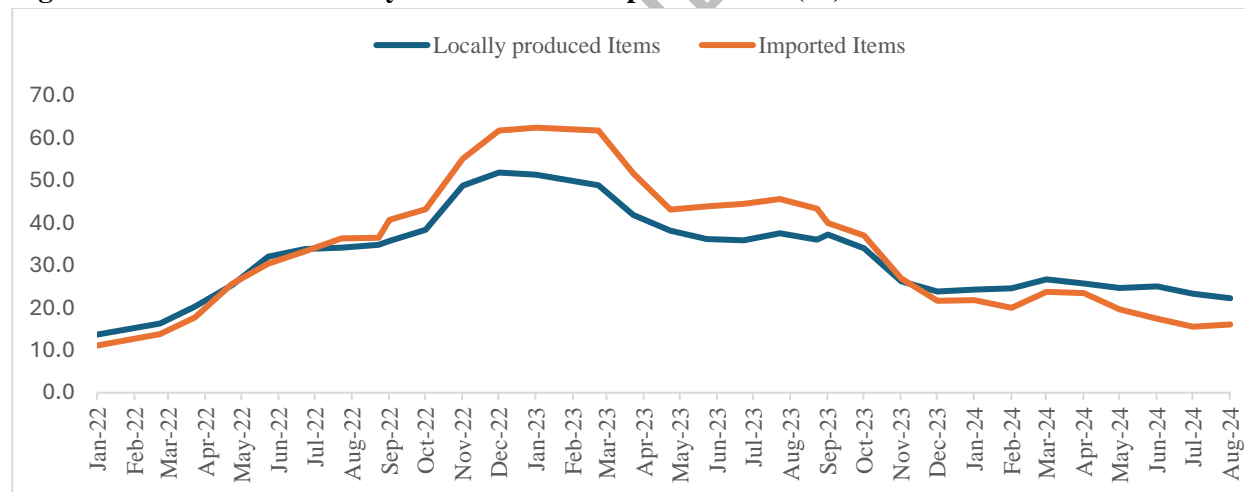
**Figure 7.3 Month-on-Month Inflation (%)**



Source: GSS and Bank of Ghana Staff Calculations

Inflation for locally imported items also decreased in August 2024 to 22.2 percent, down from 25.1 percent and the 26.7 percent recorded in June and March respectively. Similarly, inflation for imported items, decreased to 16.1 percent in August, from 17.5 percent in June and 23.8 percent in March 2024.

**Figure 7.4 Inflation for Locally Produced and Imported Items (%)**



Source: GSS and Bank of Ghana Staff Calculations

An analysis of inflation by sub-groups showed broad declines across the non-food CPI components. Specifically, from June 2024 to August 2024, inflation declined for the following sub-groups: Alcoholic beverages, tobacco & narcotics (25% in August vs 32.3% in June 2024), clothing & footwear (17.9% vs 18.2%), furnishings & household equipment (12.6% vs 17.0%), health (20.6% vs 22.6%), recreation & culture (19.6 vs 20.5%), hotels, cafes & restaurants (29.5% vs 30.7%), and personal care & miscellaneous goods (14.9% vs 19.5%).



**Table 7.1 CPI Components**

	Weights (%)	CPI Components (%)															
		2020	2021	2022	2023					2024							
		Dec	Dec	Dec	Mar	Jun	Aug	Sept	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
<b>Overall</b>	100.0	10.4	12.6	54.1	45.0	42.5	40.1	38.1	23.2	23.5	23.2	25.8	25.0	23.1	22.8	20.9	<b>20.4</b>
<b>Food and Beverages</b>	43.1	14.1	12.8	59.7	50.8	54.2	51.9	49.3	28.7	27.1	27.0	29.6	26.8	22.6	24.0	21.5	<b>19.1</b>
<b>Non-food</b>	56.9	7.7	12.5	49.9	40.6	33.4	30.9	29.3	18.7	20.5	20.0	22.6	23.5	23.6	21.6	20.5	<b>21.5</b>
Alcoholic Beverages, Tobacco & Narcotics	3.7	6.0	9.6	38.5	41.2	43.9	46.4	49.4	38.2	38.5	38.5	41.0	39.4	34.2	32.3	26.8	<b>25.0</b>
Clothing and footwear	8.1	7.9	8.6	41.9	38.3	33.9	35.4	32.5	22.3	22.8	22.5	24.5	23.8	20.5	18.2	16.9	<b>17.9</b>
Housing and Utilities	10.2	20.1	20.7	82.3	64.7	49.2	42.2	28.6	19.5	22.6	22.9	24.9	28.1	26.9	26.0	28.6	<b>31.8</b>
Furnishings, Household Equipment	3.2	4.7	9.6	71.5	67.4	54.2	52.6	44.9	26.9	27.6	25.4	23.0	21.3	17.9	17.0	14.3	<b>12.6</b>
Health	0.7	6.0	6.0	34.4	27.9	37.2	38.3	31.3	23.0	26.6	28.1	32.0	31.2	26.5	22.6	21.2	<b>20.6</b>
Transport	10.1	4.8	17.6	71.4	52.0	32.3	26.4	25.9	4.4	5.6	3.5	7.9	10.3	20.3	19.0	18.1	<b>17.4</b>
Information and Communication	3.6	7.0	9.0	21.5	15.8	21.6	20.4	21.1	14.2	13.6	13.5	15.2	14.7	13.2	10.4	10.1	<b>12.4</b>
Recreation & Culture	3.5	1.8	11.4	42.4	32.8	29.7	28.7	30.1	24.9	25.9	25.6	29.4	28.7	24.1	20.5	17.1	<b>19.6</b>
Education	6.5	0.2	1.0	11.3	7.9	14.3	13.0	11.3	13.9	19.8	19.7	23.7	23.4	25.2	20.9	18.0	<b>22.0</b>
Hotels, cafes and restaurants	4.6	5.4	8.9	9.2	6.9	4.7	7.6	19.5	28.0	29.2	31.9	32.7	33.9	31.6	30.7	28.3	<b>29.5</b>
Insurance and Financial services	0.2	3.3	6.3	10.8	10.5	10.7	11.1	5.0	8.1	8.6	8.9	9.3	9.6	8.7	6.2	11.3	<b>12.4</b>
Personal care, social protection & Miscellaneous services	2.4	3.8	10.6	60.9	53.7	55.1	56.3	49.2	31.1	32.0	30.3	33.5	31.9	24.3	19.5	16.0	<b>14.9</b>

Source: Ghana Statistical Service

Source: GSS and Bank of Ghana Staff Calculations

**7.2 Inflation Risk Assessment and Outlook**

Since the first quarter of 2024, headline inflation has declined for five consecutive months by 5.4 percentage points. Core inflation has also dropped sharply over the same comparative period by 6.9 percentage points, an indication that the disinflation process is set to continue, anchored on a tight monetary policy stance and improved exchange rate stability. The latest forecasts show that inflation will continue to ease towards the target range of 13-17 percent for the year and steadily decline towards the medium-term target of 8±2 percent by the end of 2025, barring unanticipated shocks. Risks such as shocks to crude oil prices from rising geopolitical tensions, upward utility tariff adjustments and food supply bottlenecks will need to be monitored closely. These risks are expected to be moderated by tight monetary conditions, improved reserve buffers and tight liquidity management.

**Decision on the Monetary Policy Rate**

Given the assessment of the various sectors of the economy and the implication for the inflation outlook, the Monetary Policy Committee decided to lower the Monetary Policy Rate by 200 basis points to 27.0 percent.

## APPENDIX

**Table A1: Sources of Growth in Total Liquidity (GH¢ Millions, unless otherwise stated)**

Appendix 1: Sources of Growth in Total Liquidity (M2+) (millions of Ghana cedis unless otherwise stated)										
	Aug-22	Dec-22	Aug-23	Dec-23	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24
1 Net Foreign Assets	(13987.40)	(10321.15)	(3262.56)	21710.89	34085.37	37191.77	42110.69	49084.99	53866.25	53694.05
Bank of Ghana	(14375.54)	(17487.62)	(16909.37)	4021.06	13251.29	14414.95	16083.20	23057.19	27477.05	27734.59
Commercial Banks	388.14	7166.46	13646.81	17689.83	20834.09	22776.82	26027.49	26027.80	26389.20	25959.46
2 Net Domestic Assets	166443.23	190587.99	217857.65	228308.31	227034.13	232413.29	233977.14	231954.03	233815.58	240594.18
3 ow: Claims on government (net)	111504.72	127515.37	144411.94	115681.46	118345.15	121337.10	122803.48	117391.93	118552.67	131576.91
4 ow: Claims on Private sector( Incl. PE's)	74602.10	85078.76	87747.26	86096.51	86193.53	87069.71	90489.46	93719.28	94573.89	96451.37
BOG OMO Sterilisation Acc.	(5842.44)	(7725.48)	(34729.01)	(24795.37)	(22605.87)	(17663.12)	(16510.59)	(16244.51)	(21158.62)	(26026.81)
5 Total Liquidity (M2+)	152455.83	180266.84	214595.09	250019.20	261119.50	269605.06	276087.83	281039.02	287681.83	294288.23
6 ow: Broad Money Supply (M2)	110233.88	135142.49	154965.77	185425.80	190181.12	197131.66	198666.17	203530.25	209091.58	214821.11
7 ow: Foreign Currency Deposits(£million)	42221.95	45124.35	59629.32	64593.40	70938.38	72473.40	77421.66	77508.78	78590.25	79467.11
<b>Change from previous year (in per cent)</b>										
8 Net Foreign Assets	(175.84)	(237.04)	(76.67)	(310.35)	(383.89)	(457.88)	(1069.85)	7455.25	(1952.81)	(1745.76)
9 Net Domestic Assets	58.36	48.87	30.89	19.79	3.67	6.65	10.74	11.00	8.47	10.44
10 ow: Claims on government (net)	56.79	69.31	29.51	(9.28)	(17.95)	(16.71)	(14.98)	(14.41)	(16.78)	(8.89)
11 ow: Claims on Private sector( Incl. PE's)	33.12	37.70	17.62	1.20	(2.36)	(0.01)	4.10	6.69	7.05	9.92
12 ow: BOG OMO Sterilisation Acc.	18.45	(36.62)	(494.43)	(220.96)	17.62	9.53	46.78	40.44	37.64	25.06
12 Total Liquidity (M2+)	23.40	32.98	40.76	38.69	26.15	29.91	33.41	34.07	35.28	37.14
13 Broad Money Supply (M2)	14.73	27.81	40.58	37.21	28.39	30.99	33.15	35.62	36.68	38.62
14 Foreign Currency Deposits (FCDs)	53.72	51.33	41.23	43.15	20.53	27.07	34.08	30.16	31.70	33.27
<b>Cummulative change from previous year end (in per cent)</b>										
15 Net Foreign Assets	(285.72)	(237.04)	(68.39)	(310.35)	57.00	71.30	93.96	126.08	148.11	147.31
16 Net Domestic Assets	30.01	48.87	14.31	19.79	(0.56)	1.80	2.48	1.60	2.41	5.38
17 o/w: Claims on government (net)	48.05	69.31	13.25	(9.28)	2.30	4.89	6.16	1.48	2.48	13.74
18 Broad Money(M2+)	12.47	32.98	19.04	38.69	4.44	7.83	10.43	12.41	15.06	17.71
<b>Annual per cent contribution to money growth</b>										
19 Net Foreign Assets	(26.25)	(13.17)	7.03	17.77	22.27	22.93	22.45	23.11	26.70	26.54
20 NDA	49.65	46.15	33.72	20.92	3.88	6.98	10.96	10.96	8.58	10.60
21 Total Liquidity (M2+)	23.40	32.98	40.76	38.69	26.15	29.91	33.41	34.07	35.28	37.14
<b>Memorandum items</b>										
22 Reserve Money	49977.35	68103.84	62730.87	87987.66	89011.62	105041.20	108282.66	110578.33	108211.32	116795.08
23 NFA (\$million)	(1699.05)	(1203.49)	(296.08)	1827.52	2647.00	2801.87	2980.21	3365.21	3632.66	3534.85
24 Currency ratio	0.18	0.21	0.17	0.18	0.18	0.18	0.19	0.19	0.19	0.20
25 FCD/M2+	0.28	0.25	0.28	0.26	0.27	0.27	0.28	0.28	0.27	0.27
26 FCD/Total Deposit	0.33	0.30	0.33	0.30	0.32	0.32	0.33	0.33	0.33	0.32
27 RM multiplier	2.21	1.98	2.47	2.11	2.14	1.88	1.83	1.84	1.93	1.84

Source: Bank of Ghana Staff Calculations

**Table A2: Sources of Growth in Reserve Money (GH¢ Millions, unless otherwise stated)**

Appendix 2: Sources of Growth in Reserve Money (millions of Ghana cedis unless otherwise stated)										
	Aug-22	Dec-22	Aug-23	Dec-23	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24
1 Net Foreign Assets ( NFA)	(14375.5)	(17487.6)	(16909.4)	4021.1	13251.3	14415.0	16083.2	23057.2	27477.0	27734.6
2 Net Domestic Assets ( NDA)	64352.9	85591.5	79640.2	84278.4	75760.0	90626.2	92199.5	87521.1	80734.3	89060.5
3 of which:										
4 ow: Claims on government (net)	63633.4	78871.2	87652.7	54356.1	50086.8	54517.7	57065.6	55138.4	56916.9	64947.6
5 Claims on DMB's (net)	(7136.8)	(4057.4)	(9085.2)	(9878.4)	(16020.1)	(12880.5)	(11917.0)	(13451.5)	(19716.9)	(18523.3)
OMO Sterilisation Account.	(5842.4)	(7725.5)	(34729.0)	(24795.4)	(22605.9)	(17663.1)	(16510.6)	(16244.5)	(21158.6)	(26026.8)
6 Reserve Money ( RM)	49977.4	68103.8	62730.9	88299.4	89011.3	105041.2	108282.7	110578.3	108211.3	116795.1
7 ow:Currency	23075.4	31420.6	31284.1	37620.7	39677.6	41690.8	43382.7	44895.6	46752.9	48951.9
8 DMB's reserves	22516.9	31727.8	25768.0	38050.2	42754.5	56616.6	58160.8	58972.2	54035.5	60668.6
9 Non-Bank deposits	4385.0	4955.3	5678.8	12628.5	6579.2	6733.8	6739.1	6710.6	7422.9	7174.5
<b>Change from previous year (in per cent)</b>										
10 Net Foreign Assets	(167.9)	(312.0)	17.6	(123.0)	(155.3)	(162.8)	(193.8)	(267.7)	(274.5)	(264.0)
11 Net Domestic Assets	292.7	144.6	23.8	(1.5)	(7.4)	(1.6)	16.9	15.0	5.6	11.8
12 ow: Claims on government (net)	143.5	168.4	37.7	(31.1)	(42.5)	(38.2)	(34.7)	(33.5)	(34.4)	(25.9)
13 Claims on DMB's (net)	1183.2	243.9	(27.3)	(143.5)	(62.2)	(40.6)	(91.5)	(58.2)	(138.0)	(103.9)
14 OMO Sterilisation Account.	18.4	(36.6)	(494.4)	(221.0)	17.6	9.5	46.8	40.4	37.6	25.1
15 Reserve Money ( RM)	15.6	57.5	(7.9)	29.7	0.8	19.0	22.6	25.2	22.6	32.3
16 ow:Currency	6.0	44.3	(0.4)	19.7	5.5	10.8	15.3	19.3	24.3	30.1
<b>Cummulative change from previous year end (in per cent)</b>										
17 Net Foreign Assets ( NFA)	(274.3)	(312.0)	(3.3)	(123.0)	229.5	258.5	300.0	473.4	583.3	589.7
18 Net Domestic Assets ( NDA)	83.9	144.6	(7.0)	(1.5)	(10.1)	7.5	9.4	3.8	(4.2)	5.7
19 o/w: Claims on government (net)	116.5	168.4	11.1	(31.1)	(7.9)	0.3	5.0	1.4	4.7	19.5
20 Reserve Money ( RM)	15.6	57.5	(7.9)	29.7	0.8	19.0	22.6	25.2	22.6	32.3
<b>Annual per cent contribution</b>										
21 Net Foreign Assets	(94.64)	(59.51)	(5.07)	31.58	64.31	54.06	53.85	59.04	71.18	71.17
22 Net Domestic Assets ( NDA)	127.71	116.99	30.59	(1.93)	(10.42)	(2.18)	21.57	18.33	7.01	15.02
23 RM growth ( y-o-y)	33.07	57.48	25.52	29.65	53.89	51.88	75.42	77.37	78.19	86.18

Source: Bank of Ghana Staff Calculations

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

	<u>Aug-21</u>	<u>Aug-22</u>	<u>Aug-23</u>	<u>Jun-24</u>	<u>Aug-24</u>
<b>Components of Assets (% of Total)</b>					
Cash and Due from Banks	18.6	23.9	25.9	35.8	35.6
Investments	48.3	39.6	39.7	33.2	34.4
Net Advances	25.4	28.6	25.3	21.4	20.8
Others	7.7	7.9	9.2	9.6	9.3
<b>Components of Liabilities and Shareholders' Funds (% of Total)</b>					
Total Deposits	67.1	66.8	77.6	76.1	75.1
Total Borrowings	11.3	11.5	5.7	7.2	7.6
Shareholders' Funds	14.1	13.0	9.8	10.0	9.8
Other Liabilities	7.5	8.7	7.0	6.8	7.5

Source: Bank of Ghana Staff Calculations

**Table A.4: Credit Growth**

Economic Sector	Gh¢million				y/y growth (%)	
	Aug-22	Aug-23	Jun-24	Aug-24	Aug-23	Aug-24
<b>Public Sector</b>	<b>6,452.26</b>	<b>6,430.55</b>	<b>6,416.98</b>	<b>6,359.32</b>	<b>-0.3</b>	<b>-1.1</b>
<b>Private Sector</b>	<b>59,648.67</b>	<b>65,998.88</b>	<b>78,113.05</b>	<b>80,318.06</b>	<b>10.6</b>	<b>21.7</b>
- Private Enterprises	43,930.46	47,982.93	57,447.21	58,327.82	9.2	21.6
o/w Foreign	6,717.59	3,393.85	4,469.18	4,008.61	-49.5	18.1
Indigenous	37,212.87	44,589.08	52,978.03	54,319.21	19.8	21.8
- Households	13,837.50	16,925.84	19,289.09	20,189.70	22.3	19.3
<b>Gross Loans</b>	<b>66,100.9</b>	<b>72,429.4</b>	<b>84,530.0</b>	<b>86,677.4</b>	<b>9.6</b>	<b>19.7</b>

Source: Bank of Ghana Staff Calculations

**Table A.5: Contingent Liabilities**

	<u>Aug-21</u>	<u>Aug-22</u>	<u>Aug-23</u>	<u>Jun-24</u>	<u>Aug-24</u>
<b>Contingent Liabilities (GH¢million)</b>	14,997.9	23,097.1	18,046.7	25,657.6	27,114.8
<b>Growth (y-o-y)</b>	39.1	54.0	(21.9)	29.0	50.2
<b>% of Total Liabilities</b>	10.6	13.0	8.2	8.8	8.9

Source: Bank of Ghana Staff Calculations

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

	Aug-22		Aug-23		Jun-24		Aug-24	
	Share in Total Credit	Share in NPLs	Share in Total Credit	Share in NPLs	Share in Total Credit	Share in NPLs	Share in Total Credit	Share in NPLs
<b>a. Public Sector</b>	<b>9.8</b>	<b>4.1</b>	<b>8.9</b>	<b>5.0</b>	<b>7.6</b>	<b>4.4</b>	<b>7.3</b>	<b>4.0</b>
i. Government	5.1	1.6	3.5	3.2	2.7	1.2	2.2	1.1
ii. Public Institutions	1.8	0.2	1.7	0.0	1.6	0.1	1.6	0.0
iii. Public Enterprises	2.8	2.4	3.7	1.8	3.3	3.1	3.5	3.0
<b>b. Private Sector</b>	<b>90.2</b>	<b>95.9</b>	<b>91.1</b>	<b>95.0</b>	<b>92.4</b>	<b>95.6</b>	<b>92.7</b>	<b>96.0</b>
i. Private Enterprises	66.5	84.4	66.2	84.7	68.0	83.7	67.3	83.6
o/w Foreign	10.2	10.5	4.7	2.5	5.3	2.2	4.6	2.2
Indigeneous	56.3	73.9	61.6	82.2	62.7	81.5	62.7	81.4
ii. Households	20.9	9.2	23.4	9.6	22.8	11.1	23.3	11.5
iii. Others	2.8	2.3	1.5	0.7	1.6	0.8	2.1	0.9

Source: Bank of Ghana Staff Calculations

**Table A.7: Liquidity Ratios**

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

Source: Bank of Ghana Staff Calculations

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

	<b>Aug-22</b>	<b>Aug-23</b>	<b>Jun-24</b>	<b>Aug-24</b>
<b>Gross Yield</b>	10.1	12.2	9.4	12.2
<b>Interest Payable</b>	3.6	4.1	3.0	3.9
<b>Spread</b>	6.5	8.1	6.4	8.3
<b>Asset Utilisation</b>	9.4	10.9	7.1	9.1
<b>Interest Margin to Total Assets</b>	4.8	5.5	3.7	4.6
<b>Interest Margin to Gross income</b>	51.1	50.5	51.4	50.8
<b>Profitability Ratio</b>	21.0	21.3	23.5	21.5
<b>Return On Equity (%) after tax</b>	23.0	36.9	35.3	31.4
<b>Return On Assets (%) before tax</b>	4.7	5.4	5.4	4.9

Source: Bank of Ghana Staff Calculations

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

	Aug-22	Aug-23	Jun-24	Aug-24	Aug-23	Jun-24	Aug-24
	(GH c'million)				Y-on-y Growth (%)		
Interest Income	14,759.1	20,330.3	17,980.5	24,126.8	37.7	19.1	18.7
Interest Expenses	(4,985.5)	(6,853.8)	(6,180.4)	(8,368.5)	37.5	18.6	22.1
<b>Net Interest Income</b>	<b>9,773.6</b>	<b>13,476.4</b>	<b>11,800.0</b>	<b>15,758.3</b>	<b>37.9</b>	<b>19.4</b>	<b>16.9</b>
Fees and Commissions (Net)	2,342.3	2,982.9	2,620.1	3,666.8	27.3	16.8	22.9
Other Income	2,036.4	3,350.9	2,352.5	3,252.3	64.6	(16.2)	(2.9)
Operating Income	14,152.3	19,810.2	16,772.7	22,677.4	40.0	12.3	14.5
Operating Expenses	(6,261.2)	(8,770.0)	(7,594.1)	(10,429.5)	40.1	15.5	18.9
Staff Cost (deduct)	(3,350.5)	(4,193.9)	(3,813.7)	(5,202.4)	25.2	22.2	24.0
Other operating Expenses	(2,910.7)	(4,576.0)	(3,780.4)	(5,227.0)	57.2	9.3	14.2
<b>Net Operating Income</b>	<b>7,891.1</b>	<b>11,040.2</b>	<b>9,178.6</b>	<b>12,247.9</b>	<b>39.9</b>	<b>9.9</b>	<b>10.9</b>
Total Provision (Loan losses, Depreciation & others)	(1,798.1)	(2,416.6)	(1,048.2)	(1,953.6)	34.4	(39.5)	(19.2)
<b>Income Before Tax</b>	<b>6,093.0</b>	<b>8,623.7</b>	<b>8,130.4</b>	<b>10,294.3</b>	<b>41.5</b>	<b>22.8</b>	<b>19.4</b>
Tax	(2,076.3)	(2,957.0)	(2,733.8)	(3,632.3)	42.4	17.8	22.8
<b>Net Income</b>	<b>4,016.7</b>	<b>5,666.6</b>	<b>5,396.5</b>	<b>6,662.0</b>	<b>41.1</b>	<b>25.5</b>	<b>17.6</b>
Gross Income	19,137.8	26,664.1	22,953.1	31,045.9	39.3	14.0	16.4

Source: Bank of Ghana Staff Calculations

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

	<u>Aug-21</u>	<u>Aug-22</u>	<u>Aug-23</u>	<u>Jun-24</u>	<u>Aug-24</u>
<b>Offshore balances as % to Networth</b>	27.1	41.7	65.0	92.6	87.6
<b>Annual Growth in Offshore Balances (%)</b>	-36.4	74.6	39.7	71.4	88.6
<b>Annual Growth in Nostro Balances (%)</b>	-36.7	48.9	12.9	73.6	99.6
<b>Annual Growth in Placement (%)</b>	-36.1	112.8	67.1	69.4	81.5

Source: Bank of Ghana Staff Calculations

**Table A.11 Fiscal Indicators**

<i>Million Ghana Cedis</i>	2023	2024	2024	2024	2024	2024
	JAN-JUL OUTTURN	Q1+Q2 OUTTURN	JAN-JUL OUTTURN	JAN-JUL PROG	DEVIATION OYER(+)/ BELOW(-)	Y-O-Y GROWTH
<b>Domestic Revenue</b>	<b>69,083.0</b>	<b>74,193.7</b>	<b>88,895.9</b>	<b>86,862.9</b>	2.3	28.7
(percent of GDP)	8.2	7.3	8.7	8.5	2.3	6.2
<b>Domestic expenditure</b>	<b>71,145.1</b>	<b>70,441.7</b>	<b>85,418.6</b>	<b>83,145.8</b>	2.7	20.1
(percent of GDP)	8.5	6.9	8.4	8.2	2.7	(1.0)
<b>Domestic Primary Balance</b>	<b>(2,062.1)</b>	<b>3,752.0</b>	<b>3,477.3</b>	<b>3,717.1</b>	(6.5)	(268.6)
(percent of GDP)	(0.2)	0.4	0.3	0.4	(6.5)	(239.1)
<b>Primary Balance (Commitment)</b>	<b>(7,897.2)</b>	<b>(2,255.2)</b>	<b>(3,806.3)</b>	<b>(3,520.7)</b>	8.1	(51.8)
(percent of GDP)	(0.9)	(0.2)	(0.4)	(0.3)	8.1	(60.2)
<b>Primary Balance (Cash)</b>	<b>(7,569.1)</b>	<b>(17,103.2)</b>	<b>(18,654.3)</b>	<b>(10,608.5)</b>	75.8	146.5
(percent of GDP)	(0.9)	(1.7)	(1.8)	(1.0)	75.8	103.3
<b>Non-Oil Primary Balance</b>	<b>(14,273.4)</b>	<b>(23,064.0)</b>	<b>(25,951.5)</b>	<b>(19,594.4)</b>	32.4	81.8
(percent of GDP)	(1.7)	(2.3)	(2.5)	(1.9)	32.4	50.0
<b>Overall Balance (Commitment)</b>	<b>(23,806.5)</b>	<b>(21,283.7)</b>	<b>(24,776.1)</b>	<b>(28,706.9)</b>	(13.7)	4.1
(percent of GDP)	(2.8)	(2.1)	(2.4)	(2.8)	(13.7)	(14.1)
<b>Overall Balance (cash, discrepancy)</b>	<b>(23,478.4)</b>	<b>(36,131.7)</b>	<b>(39,624.1)</b>	<b>(35,794.7)</b>	10.7	68.8
(percent of GDP)	(2.8)	(3.5)	(3.9)	(3.5)	10.7	39.2
<b>Oil Revenue</b>	<b>6,704.2</b>	<b>5,960.8</b>	<b>7,297.3</b>	<b>8,985.9</b>	(18.8)	8.8
(percent of GDP)	0.8	0.6	0.7	0.9	(18.8)	(10.2)
<b>Non-Oil Revenue and Grants</b>	<b>63,403.8</b>	<b>68,690.2</b>	<b>82,055.9</b>	<b>79,756.7</b>	2.9	29.4
(percent of GDP)	7.5	6.7	8.0	7.8	2.9	6.8
<b>Benchmark Oil Revenue</b>	<b>4,937.8</b>	<b>4,455.7</b>	<b>5,792.1</b>	<b>7,005.5</b>	(17.3)	17.3
(percent of GDP)	0.6	0.4	0.6	0.7	(17.3)	(3.2)
<b>Annual Budget Funding Amount (ABFA)</b>	<b>3,456.4</b>	<b>3,119.0</b>	<b>4,054.5</b>	<b>4,903.9</b>	(17.3)	17.3
(percent of GDP)	0.4	0.3	0.4	0.5	(17.3)	(3.2)
<b>Nominal GDP</b>	<b>841,632.9</b>	<b>1,020,179.9</b>	<b>1,020,179.9</b>	<b>1,020,179.9</b>		
<b>Non-Oil Nominal GDP</b>	<b>803,900.9</b>	<b>904,452.9</b>	<b>904,452.9</b>	<b>904,452.9</b>		

Source: Ministry of Finance

**Table A.12: Headline Inflation**

	Annual Changes in CPI (%)			Monthly Changes in CPI (%)			Core Inflation (%)			
	Combined	Food	Non-food	Combined	Food	Non-food	Core 1	Core 2	Core 3	Core 4
Dec-20	10.4	14.1	7.7	0.9	1.5	0.4	11.2	8.5	11.4	8.3
Dec-21	12.6	12.8	12.5	1.2	1.2	1.2	11.9	11.9	11.5	10.7
Dec-22	54.1	59.7	49.9	3.8	4.1	3.6	53.2	53.5	54.4	47.2
<b>2023</b>										
Jan	53.6	61.0	47.9	1.7	2.8	0.8	52.8	52.8	54.0	45.7
Feb	52.8	59.1	47.9	1.9	2.0	1.7	52.0	52.3	53.4	45.6
Mar	45.0	50.8	40.6	-1.2	-0.9	-1.5	44.6	45.4	46.7	39.0
Apr	41.2	48.7	35.4	2.4	4.3	0.7	41.7	41.1	43.4	35.6
May	42.2	51.8	34.6	4.8	6.2	3.5	42.8	40.8	45.3	35.0
Jun	42.5	54.2	33.4	3.2	3.9	2.6	43.5	40.9	46.1	34.8
Jul	43.1	55.0	33.8	3.6	3.8	3.4	44.2	41.5	47.2	35.6
<b>Aug</b>	<b>40.1</b>	<b>51.9</b>	<b>30.9</b>	<b>-0.2</b>	<b>-0.3</b>	<b>-0.2</b>	<b>41.0</b>	<b>38.3</b>	<b>44.0</b>	<b>32.5</b>
Sept	38.1	49.3	29.3	1.9	1.6	2.1	39.0	35.3	40.0	29.5
Oct	35.2	44.8	27.7	0.6	0.1	1.0	36.2	33.1	37.2	28.3
Nov	26.4	32.2	21.7	1.5	0.8	2.2	27.2	24.8	28.6	22.9
Dec	23.2	28.7	18.7	1.2	1.3	1.0	24.2	22.3	25.5	20.7
<b>2024</b>										
Jan	23.5	27.1	20.5	2.0	1.6	2.4	24.2	22.4	25.4	21.8
Feb	23.2	27.0	20.0	1.6	2.0	1.3	24.0	22.2	25.0	21.8
Mar	25.8	29.6	22.6	0.8	1.0	0.7	26.3	24.0	27.2	23.8
Apr	25.0	26.8	23.5	1.8	2.1	1.5	24.8	22.9	25.9	22.9
May	23.1	22.6	23.6	3.2	2.7	3.6	22.6	21.5	23.2	21.9
June	22.8	24.0	21.6	2.9	5.1	0.9	22.1	19.5	23.2	19.1
July	20.9	21.5	20.5	2.1	1.7	2.4	19.9	16.7	20.8	17.3
<b>Aug</b>	<b>20.4</b>	<b>19.1</b>	<b>21.5</b>	<b>-0.7</b>	<b>-2.2</b>	<b>0.7</b>	<b>19.4</b>	<b>16.9</b>	<b>20.0</b>	<b>18.9</b>
<b>Source: Ghana Statistical Service</b>							<b>Bank of Ghana</b>			