



BANK OF GHANA
MONETARY POLICY REPORT

November 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 121st meeting held in November 2024.

Monetary Policy Objective in Ghana

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

Monetary Policy Strategy

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

The MPC Process

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

©Research Department, Bank of Ghana MPC Report – November 2024

www.bog.gov.gh

Table of Contents

OVERVIEW	3
1. GLOBAL ECONOMIC DEVELOPMENTS	4
1.0 HIGHLIGHTS	4
1.1 GLOBAL GROWTH DEVELOPMENTS	4
1.2 GLOBAL PRICE DEVELOPMENTS	5
1.3 GLOBAL FINANCIAL MARKETS DEVELOPMENTS.....	6
1.4 CURRENCY MARKETS	7
1.5 GLOBAL ECONOMIC OUTLOOK AND RISKS.....	10
2. EXTERNAL SECTOR DEVELOPMENTS	11
2.0 HIGHLIGHTS	11
2.1 COMMODITY PRICE TRENDS	11
2.1.1 COMMODITY PRICE INDEX	11
2.2 TRADE BALANCE	12
2.3 CURRENT ACCOUNT.....	13
2.4 CAPITAL AND FINANCIAL ACCOUNTS.....	13
2.5 INTERNATIONAL RESERVES.....	13
2.6 COMMODITY PRICE OUTLOOK.....	13
3. REAL SECTOR DEVELOPMENTS	15
3.0 HIGHLIGHTS	15
3.1 TRENDS IN REAL SECTOR INDICATORS	15
3.2 LABOUR MARKET ACTIVITY	16
3.3 COMPOSITE INDEX OF ECONOMIC ACTIVITY	17
3.4 CONSUMER AND BUSINESS SURVEYS	17
4. MONETARY AND FINANCIAL DEVELOPMENTS	21
4.0 HIGHLIGHTS	21
4.1 DEVELOPMENTS IN MONETARY AGGREGATES	21
4.2 RESERVE MONEY	22
4.3 DEPOSIT MONEY BANKS CREDIT DEVELOPMENTS.....	23
4.4 MONEY MARKET DEVELOPMENTS	24
4.5 STOCK MARKET DEVELOPMENTS	25
4.6 CONCLUSION	26
5. BANKING SECTOR DEVELOPMENTS	28
5.0 HIGHLIGHTS	28
5.1 BANKS' BALANCE SHEET	28
5.1.1 ASSET AND LIABILITY STRUCTURE	29
5.1.2 SHARE OF BANKS' INVESTMENTS.....	30
5.2 CREDIT RISK	31
5.2.1 CREDIT PORTFOLIO ANALYSIS	31
5.2.2 OFF-BALANCE SHEET TRANSACTIONS	31
5.2.3 ASSET QUALITY.....	31
5.3 FINANCIAL SOUNDNESS INDICATORS	32
5.3.1 LIQUIDITY INDICATORS	32
5.3.2 CAPITAL ADEQUACY RATIO	33
5.3.3 PROFITABILITY.....	33
5.3.4 OPERATIONAL EFFICIENCY	34
5.3.5 BANKS' COUNTERPARTY RELATIONSHIPS.....	35
5.4 CREDIT CONDITIONS SURVEY	35
5.5 CONCLUSION AND OUTLOOK	36
6. PRICE DEVELOPMENTS	37
6.0 HIGHLIGHTS	37
6.1 DOMESTIC INFLATION	37

7.2 INFLATION RISK ASSESSMENT AND OUTLOOK	39
APPENDIX	40

PUBLIC

Overview

Global growth has remained robust, supported by the recovery of real incomes amid an ongoing process of disinflation. The policy easing cycle initiated by major central banks in Advanced Economies (AEs), in response to declining inflation rates, has generally supported growth. While global growth is expected to remain steady at 3.2 percent for 2024 and 2025, potential challenges such as the lagged effects of past policy tightening, persistent geopolitical tensions and a resurgence of trade protectionist policies present downside risks to the outlook.

Global inflation continues to moderate, primarily driven by lower energy inflation, easing labour cost pressures and the lagged effects of past monetary policy tightening. The moderation in global inflation has been aided by a decline in oil prices, stemming from concerns about a potential economic slowdown in China and increased crude oil supply from non-OPEC+ countries.

Global financial conditions remain restrictive despite recent policy rate cuts. In November, the Federal Reserve, the European Central Bank, and Bank of England each reduced their respective key policy rates by 25 basis points, based on their assessment of the inflation outlook. These central banks have signaled that their monetary policy stance will remain restrictive for as long as necessary to ensure that the disinflation process is not disrupted.

The Bank's high frequency real sector indicators pointed to a sustained pick-up in economic activity in the third quarter of the year. The updated real Composite Index of Economic Activity (CIEA) recorded an annual growth of 2.2 percent in September 2024, compared to a contraction of 0.4 percent in the corresponding period of 2023. Major drivers of the improvement in economic activity include increased port activity, households and firms consumption of goods and services, construction activities, credit to the private sector, and higher tourist arrivals.

Recent price developments show some sluggishness in the pace of disinflation. Since the last MPC meeting, headline inflation readings for September and October point to upticks driven by food price increases. Overall, headline inflation which stood at 20.4 percent in August, rose to 21.5 percent in September and then further to 22.1 percent in October 2024. The rise in inflation has largely been driven by food price pressures and some exchange rate pass-through effects from previous depreciation of the currency.

The external sector position has improved remarkably in the year, supported by a higher current account surplus and reduction in net financial outflows, leading to a strong external reserves build-up. The current account surplus increased to US\$2.2 billion in the first nine months of the year, compared with a surplus of US\$912 million over the corresponding period in 2023. From the beginning of the year to end-September 2024, a reserve build-up of over US\$1.91 billion was accumulated, pushing Reserves up to US\$7.83 billion (equivalent to 3.5 months of import cover).

Notwithstanding an elevated non-performing loans (NPL) profile, the banking sector remains sound, well capitalized and liquid. The banking sector continued to record improvements in performance with total assets growing by 42.4 percent to GH¢367.2 billion at end-October 2024, compared to 3.2 percent at end-October 2023. Solvency indicators also improved, with the capital adequacy ratio (with reliefs) increasing to 11.1 percent (14.2 %) from 7.3 percent (13.4%) in October 2023. Credit risk, however, remained elevated, with the NPL ratio rising to 22.7 percent from 18.3 percent over the review period

1. Global Economic Developments

1.0 Highlights

Global growth has remained robust, supported by the recovery of real incomes amid an ongoing process of disinflation. The policy easing cycle initiated by major central banks in Advanced Economies (AEs), in response to declining inflation rates, has generally supported growth. While global growth is expected to remain steady at 3.2 percent for 2024 and 2025, potential challenges such as the lagged effects of past policy tightening, persistent geopolitical tensions and a resurgence of trade protectionist policies present downside risks to the outlook. Global inflation continues to moderate, primarily driven by lower energy inflation, easing labour cost pressures and the lagged effects of past monetary policy tightening.

1.1 Global Growth Developments

Global growth has remained robust, supported by the recovery of real incomes amid an ongoing process of disinflation. Global growth is projected to remain steady at around 3.2 percent in 2024 and 2025, reflecting strong growth in both advanced and emerging market economies. The projections are premised on the recovery of real incomes and household spending due to declining inflation. This is despite the negative impact from restrictive financial conditions and heightened uncertainty arising from geopolitical risks and elections-related uncertainty in many countries. Growth has been uneven across regions and sectors. For instance, economic activity expanded strongly in the Euro Area and China in the third quarter but moderated in Japan and the United Kingdom. Across sectors, high frequency data points to a weakness in manufacturing arising from a reversal of frontloading of imports in the first half of 2024. Within the manufacturing sector, the weakness was broad-based across regions, but more so in the Euro Area. The IMF has revised its growth projections for 2025 down by 0.1 percentage points to 3.2 percent due to the lagged effect of past policy hikes and the heightened uncertainty in the global environment.

In the outlook, the risk to growth remains tilted to the downside. Even though policy easing has begun, the lagged effect of past policy tightening could lead to a faster-than-anticipated deceleration in near-term growth and rising unemployment. Also, underlying inflation may prove more persistent than expected, de-anchoring near-term inflation expectations and weakening consumer and business confidence. Surprises on either the pace of economic growth or inflation could trigger disruptive corrections in financial markets, triggering sovereign debt distress in emerging markets. Again, persistent geopolitical tensions and intensification of protectionist policies could potentially disrupt trade, leading to sustained increases in prices of energy, food and other commodities. While increased policy uncertainty associated with Donald Trump's election win in the US may delay the pace of the Fed's policy easing, alongside the strengthening of the dollar, which may cause currency challenges for EMDEs.

Table 1.1: Global Growth Projections (%)

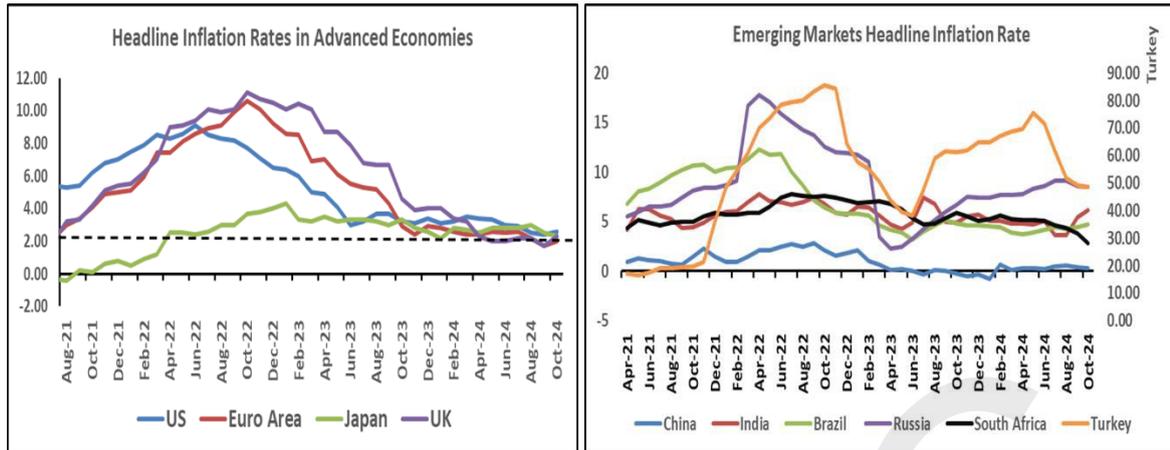
Overview of the World Economic Outlook Projections (Percent change)	Projections			Difference from July 2024 WEO Update	
	2023	2024	2025	2024	2025
	World	3.3	3.2	3.2	0.0
Advanced Economies	1.7	1.8	1.8	0.1	0.0
United States	2.9	2.8	2.2	0.2	0.3
Euro Area	0.4	0.8	1.2	-0.1	-0.3
Germany	-0.3	0.0	0.8	-0.2	-0.5
France	1.1	1.1	1.1	0.2	-0.2
Italy	0.7	0.7	0.8	0.0	-0.1
Spain	2.7	2.9	2.1	0.5	0.0
Japan	1.7	0.3	1.1	-0.4	0.1
United Kingdom	0.3	1.1	1.5	0.4	0.0
Canada	1.2	1.3	2.4	0.0	0.0
Other Advanced Economies	1.8	2.1	2.2	0.1	0.0
Emerging Market and Developing Economies	4.4	4.2	4.2	0.0	-0.1
China	5.2	4.8	4.5	-0.2	0.0
India	8.2	7.0	6.5	0.0	0.0
Russia	3.6	3.6	1.3	0.4	-0.2
Brazil	2.9	3.0	2.2	0.9	-0.2
Mexico	3.2	1.5	1.3	-0.7	-0.3
Sub-Saharan Africa	3.6	3.6	4.2	-0.1	0.1
Nigeria	2.9	2.9	3.2	-0.2	0.2
South Africa	0.7	1.1	1.5	0.2	0.3
Ghana	2.9	4.0	4.4		

Source: IMF, WEO October 2024, Update

1.2 Global Price Developments

Global inflation is gradually falling back to central bank targets in both advanced and emerging market economies. The decline in headline inflation is partly due to lower energy inflation. Oil prices rose by about 3.0 percent in September 2024 amid escalating geopolitical tensions in the Middle East, delay in OPEC+ cuts and an improved growth outlook that supported demand. Prices then declined in October amid concerns about possible economic slowdown in China and non-OPEC+ supply growth. However, the IMF projects that the oil price is expected to rise to US\$81 a barrel by the end of 2024 amid production cuts by OPEC+, sustained global oil demand growth and geopolitical tensions. Long-term inflation expectations remain anchored at 2 percent, while wage growth continues to cool. Also, the lagged effects of past monetary policy tightening continue to work its way through the transmission mechanism. Reflecting this, core inflation has declined in both advanced and emerging market economies. However, the FAO global food price index increased by 2.0 percent in October 2024, driven by unfavourable weather conditions and strong demand.

In the outlook, inflation is expected to fall back to target, helped by easing service price inflation as labour cost pressures moderate. Inflation in the emerging market economies is projected to remain generally higher than in the advanced economies, while also easing gradually.

Figure 1.1: Headline Inflation Rates (%)

Source: Bank of Ghana, /Trading Economics

1.3 Global Financial Markets Developments

Global financial conditions remain restrictive despite policy rate cuts. Major advanced economy central banks have continued with their policy easing cycles, with the Fed, ECB and the Bank of England cutting their policy rates by 25 basis points in November, based on their assessment of the inflation outlook, dynamics of underlying inflation and the strength of the transmission mechanism. However, most central banks have signalled that monetary policy will need to be restrictive for as long as it takes to ensure that the disinflation process is not derailed.

Reflecting the rate cuts, long-term nominal bond yields declined in advanced economies, but yields spiked after Trump's victory, as investors were concerned that his proposed import tariffs and tax cuts, along with mass deportations of immigrants, would be inflationary. Equity prices, in contrast, slipped after the Fed pointed out that the economy was not sending enough signals to warrant a speedy rate cut. Meanwhile, portfolio flows to emerging markets declined sharply in October 2024, falling to a 10-month low of US\$1.9 billion in October on the back of equity outflows of US\$25.5 billion. However, debt flows amounted to US\$27.4 billion, driven by sell-offs in equity markets, amid rising global uncertainty.

In the outlook, policy rates are projected to decline gradually, even as labour markets cool, and inflation returns to target. However, rising uncertainty associated with intensifying protectionist policies and geopolitical conflicts could force central banks to slow the pace of policy easing.

Table 1.2: Monetary Policy Stance of Selected Central Banks

Country	Policy rate - Previous (%)	Policy Rate Current (%)	Forecast	Inflation Sept, 2024	Inflation October, 2024	Real rate	Infl Target	Overall Fiscal Deficit (2023, % of GDP)	GDP Growth (Dec.2023)	Gross Debt/GDP(2 023, %)	YTD Depr/Nov. 20th 2024
US	5.00	4.75	4.5	2.4	2.6	2.15	2%	-7.1	2.9	118.7	
Euro Area	3.65	3.40	3.15	1.7	2	1.4	< 2%	-3.6	0.4	87.8	-4.48
UK	5.00	4.75	4.5	1.7	2.3	2.5	2%	-6	0.3	100.0	-0.62
Japan	0.25	0.25	0.25	2.5	2.3	-2.05	2%	-4.2	1.7	249.7	-9.26
Russia	19.0	21.0	22	8.6	8.5	12.5	4%	-2.3	3.6	19.7	-10.98
India	6.50	6.50	6.5	5.49	6.21	0.29	4±2%	-8.3	8.2	83	-1.43
Brazil	10.75	11.25	11.25	4.42	4.76	6.49	4.5±1.5%	-7.6	2.9	84.7	-15.95
Turkey	50.0	50.0	50	49.38	48.58	1.42	5±2%	-5.3	5.1	29.3	-14.33
Malaysia	3.0	3.0	3.0	1.8	1.9	1.1	3% - 4%	-4.4	3.6	69.8	2.74
Indonesia	6.25	6.25	6.25	1.84	1.7	4.54	3.5% ± 1%	-1.6	5	39.6	-2.97
Chile	5.5	5.25	5	4.1	4.7	0.55	3±1%	-2.3	0.2	39.4	-9.46
Ghana	29.0	27.0	27	21.5	22.1	4.9	8±2%	-3.6	2.9	82.9	-25.28
South Africa	8.3	8.0	7.75	3.8	2.8	5.2	3% -6%	-5.8	0.7	73.4	1.36
Nigeria	26.75	27.25	27.25	32.7	33.88	-6.63	6% -9%	-4.2	2.9	46.4	-45.83
Kenya	12.75	12.0	12.0	3.6	2.7	9.3	2.5-7.5%	-5.8	5.6	73.1	21.15
Zambia	13.5	14.0	14	15.6	15.7	-1.7	9%	-6.5	5.4	127.3	-7.36
Morocco	2.75	2.75	2.75	0.8	0.7	2.1		-4.3	3	69.5	-1.12
Angola	19.5	19.5	19.5	29.9	29.17	-9.67	9-11%	-1.9	1.0	73.7	-9.02
Egypt	27.25	27.25	27.25	26.4	26.5	0.75	7± 2%	-5.8	3.8	95.9	-37.86

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

1.4 Currency Markets

On the international currency market, the US dollar index has increased by about 6.0 percent since October 2024, amid stronger growth and expected slower cuts to policy rate due to proposed Trump policies. Also, increasing global uncertainty with regards to trade and geopolitics is lending support to safe demand for the dollar. The stronger dollar has renewed currency pressures in some EMDEs.

In the interbank market, the cedi is making some gains in recent weeks, supported by increased Bank of Ghana's support, reserve build-up from the gold purchase programme, and remittances and mining inflows. There were, however, demand pressures from election jitters, seasonal demand from corporations and weak market sentiments around COCOBOD financing.

In the outlook, the cedi is expected to recover in the near term as the Bank of Ghana builds up enough reserves and election-related demand wanes after the general elections. Also, positive sentiments from the successful IMF review in December, and the success with the alternative COCOBOD financing options will ease pressure in the forex market in the near term. However, the expected strength of the dollar and lingering debt restructuring negotiations remain a risk to the stability of the cedi.

In the interbank market, the cedi depreciated by 27.1 percent, 27.8 percent and 25.8 percent against the dollar, the pound and the euro, respectively, on a year-to-date basis in October 2024. This was against a depreciation of 25.4 percent, 26.0 percent and 24.7 percent respectively during the same period in 2023.

Table 1.3: Interbank Exchange Rates

	US\$/GHC*	Monthly depreciation/a ppreciation	Year-to-Date depreciation/ appreciation	GBP/GHC*	Monthly depreciation/a ppreciation	Year-to-Date depreciation/ appreciation	Euro/GHC*	Monthly depreciation/ appreciation	Year-to-Date depreciation/a ppreciation
2022									
Jan	6.0236	-0.3	-0.29	8.0882	0.5	0.48	6.7506	1.1	1.15
Feb	6.6004	-8.7	-9.00	8.8568	-8.7	-8.24	7.4100	-8.9	-7.85
Mar	7.1122	-7.2	-15.55	9.3515	-5.3	-13.09	7.8986	-6.2	-13.55
Apr	7.1128	0.0	-15.56	8.9333	4.7	-9.02	7.4963	5.4	-8.91
May	7.1441	-0.4	-15.93	9.0041	-0.8	-9.74	7.6650	-2.2	-10.92
June	7.2305	-1.2	-16.93	8.8043	2.3	-7.69	7.5797	1.1	-9.92
July	7.6120	-5.0	-21.10	9.2642	-5.0	-12.27	7.7658	-2.4	-12.07
Aug	8.2325	-7.5	-27.04	9.5872	-3.4	-15.23	8.2909	-6.3	-17.64
Sep	9.6048	-14.3	-37.47	10.7017	-10.4	-24.06	9.4147	-11.9	-27.47
Oct	13.0086	-26.2	-53.83	14.9541	-28.4	-45.65	12.8610	-26.8	-46.91
Nov	13.1044	-0.7	-54.17	15.6919	-4.7	-48.21	13.5813	-5.3	-49.72
Dec	8.5760	52.8	-29.97	10.3118	52.2	-21.19	9.1457	48.5	-25.34
2023									
Jan	10.7997	-20.6	-20.59	13.2863	-22.4	-22.39	11.7262	-22.0	-22.01
Feb	11.0135	-1.9	-22.13	13.3699	-0.6	-22.87	11.7182	0.1	-21.95
Mar	11.0137	0.0	-22.13	13.6218	-1.8	-24.30	11.9657	-2.1	-23.57
Apr	10.9516	0.6	-21.69	13.7624	-1.0	-25.07	12.0876	-1.0	-24.34
May	10.9715	-0.2	-21.83	13.5888	1.3	-24.12	11.6978	3.3	-21.82
June	10.9972	-0.2	-22.02	13.9879	-2.9	-26.28	12.0073	-2.6	-23.83
July	11.0034	-0.1	-22.06	14.1482	-1.1	-27.12	12.1272	-1.0	-24.59
Aug	11.0192	-0.1	-22.17	13.9514	1.4	-26.09	11.9473	1.5	-23.45
Sep	11.1285	-1.0	-22.94	13.5935	2.6	-24.14	11.7774	1.4	-22.35
Oct	11.4963	-3.2	-25.40	13.9399	-2.5	-26.03	12.1438	-3.0	-24.69
Nov	11.6206	-1.1	-26.20	14.6821	-5.1	-29.77	12.6756	-4.2	-27.85
Dec	11.8800	-2.2	-27.81	15.1334	-3.0	-31.86	13.1264	-3.4	-30.33
2024									
Jan	12.0356	-1.3	-1.29	15.3027	-1.1	-1.11	13.0547	0.5	0.55
Feb	12.4642	-3.4	-4.69	15.8022	-3.2	-4.23	13.5234	-3.5	-2.94
Mar	12.8770	-3.2	-7.74	16.2617	-2.8	-6.94	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
Sep	15.8000	-3.9	-24.81	21.1823	-5.9	-28.56	17.6108	-4.7	-25.46
Oct	16.3000	-3.1	-27.12	20.9700	1.0	-27.83	17.6992	-0.5	-25.84

Source: Bank of Ghana Staff Calculations

The cedi depreciated by 35.9 percent in nominal trade weighted terms and 37.1 percent in forex transaction weighted terms, respectively, on a year-to-date basis in October 2024. This is against a depreciation of 32.9 percent and 33.9 percent, respectively, in nominal trade weighted terms and nominal foreign exchange transaction weighted terms over the same period in 2023.

In real bilateral terms, the cedi depreciated by 19.1 percent, 19.7 percent and 16.8 percent against the dollar, the pound sterling and the euro, respectively, on a year-to-date basis in October 2024. Comparatively, for the corresponding period in 2023, the cedi's real exchange rate depreciated by 15.9 percent, 16.7 percent and 14.1 percent, respectively.

The cedi depreciated by 17.4 percent and 18.9 percent in real trade weighted terms and real forex transaction weighted terms, respectively, on a year-to-date basis. This compares with a depreciation of 14.6 percent and 15.8 percent, respectively, for the same period in 2023.

Table 1.4: Nominal Effective Exchange Rate

Month	2021=100		Monthly CHG(%)		Year-to-Date (%)	
	FXTWI	TWI	FXTWI	TWI	FXTWI	TWI
Jan-23	53.91	58.69	-26.12	-27.59	-26.12	-27.59
Feb-23	53.00	58.90	-1.72	0.35	-28.29	-27.15
Mar-23	52.87	57.65	-0.25	-2.17	-28.60	-29.90
Apr-23	53.09	57.14	0.40	-0.89	-28.09	-31.05
May-23	53.12	58.45	0.07	2.25	-28.00	-28.11
Jun-23	52.89	57.30	-0.43	-2.02	-28.55	-30.69
Jul-23	52.82	56.85	-0.14	-0.78	-28.74	-31.71
Aug-23	52.82	57.46	-0.01	1.06	-28.75	-30.32
Sep-23	52.44	58.22	-0.71	1.30	-29.67	-28.62
Oct-23	50.77	56.37	-3.30	-3.29	-33.94	-32.85
Nov-23	50.07	54.33	-1.39	-3.75	-35.80	-37.83
Dec-23	48.92	52.54	-2.36	-3.41	-39.01	-42.52
Jan-24	48.36	52.70	-1.15	0.30	-1.15	0.30
Feb-24	46.71	50.96	-3.54	-3.42	-4.73	-3.11
Mar-24	45.22	49.38	-3.30	-3.20	-8.18	-6.41
Apr-24	43.91	48.38	-2.97	-2.06	-11.40	-8.60
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
Sep-24	36.72	39.07	-4.12	-4.82	-33.23	-34.47
Oct-24	35.68	38.67	-2.91	-1.03	-37.10	-35.86

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
Jan-23	91.29	89.44	81.79	-25.37	-25.51	-24.79	-25.37	-25.51	-24.79
Feb-23	92.93	90.51	81.24	1.75	1.19	-0.68	-23.17	-24.03	-25.63
Mar-23	88.73	86.44	79.97	-4.73	-4.70	-1.59	-28.99	-29.86	-27.64
Apr-23	89.30	86.33	81.93	0.64	-0.14	2.39	-28.25	-28.48	-24.59
May-23	96.24	90.58	85.45	7.23	4.71	4.15	-18.91	-23.90	-19.42
Jun-23	96.86	91.24	87.72	0.65	0.72	2.58	-18.16	-23.03	-16.36
Jul-23	99.54	93.88	90.62	2.69	2.81	3.21	-14.98	-19.58	-12.63
Aug-23	100.03	94.40	89.89	0.49	0.55	-0.81	-14.42	-18.92	-13.55
Sep-23	103.16	98.44	90.45	3.03	4.11	0.62	-10.95	-14.04	-12.84
Oct-23	100.32	96.19	88.09	-2.84	-2.33	-2.68	-14.10	-16.70	-15.87
Nov-23	98.42	93.25	88.67	-1.93	-3.15	0.65	-16.30	-20.38	-15.11
Dec-23	95.90	91.11	87.82	-2.62	-2.35	-0.96	-19.35	-23.21	-16.22
Jan-24	98.89	92.57	87.94	3.02	1.57	0.14	3.02	1.57	0.14
Feb-24	96.51	90.72	85.73	-2.46	-2.03	-2.58	0.63	-0.43	-2.44
Mar-24	93.63	88.07	83.15	-3.08	-3.01	-3.11	-2.43	-3.45	-5.63
Apr-24	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
Sep-24	82.36	75.56	75.54	-1.89	-3.02	-1.35	-16.44	-20.59	-16.26
Oct-24	82.09	76.12	73.76	-0.33	0.74	-2.41	-16.82	-19.69	-19.07

Source: Bank of Ghana Staff Calculations

Table 1.6: Real Effective Exchange Rate for Major Trade Partners

Month	RTWI and FXRTWI					
	DEX (2021=100)		MONTHLY CHG		Year-to-Date (%)	
	RFXTWI	RTWI	RFXTWI	RTWI	RFXTWI	RTWI
Jan-23	82.64	89.80	-24.85	-25.31	-24.85	-25.31
Feb-23	82.26	91.00	-0.46	1.32	-25.43	-23.66
Mar-23	80.74	87.31	-1.88	-4.23	-27.79	-28.88
Apr-23	82.59	88.02	2.24	0.81	-24.92	-27.85
May-23	86.39	94.24	4.39	6.58	-19.43	-19.43
Jun-23	88.46	95.09	2.34	0.92	-16.62	-18.34
Jul-23	91.34	97.80	3.16	2.77	-12.95	-15.06
Aug-23	90.72	98.12	-0.68	0.32	-13.73	-14.69
Sep-23	91.53	100.94	0.88	2.80	-12.73	-11.47
Oct-23	89.14	98.22	-2.68	-2.77	-15.75	-14.56
Nov-23	89.47	96.60	0.37	-1.68	-15.32	-16.49
Dec-23	88.49	94.36	-1.11	-2.37	-16.60	-19.25
Jan-24	88.83	96.79	0.39	2.51	0.39	2.51
Feb-24	86.63	94.48	-2.54	-2.44	-2.14	0.13
Mar-24	84.01	91.66	-3.12	-3.07	-5.33	-2.94
Apr-24	82.71	90.91	-1.56	-0.83	-6.98	-3.80
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
Sep-24	76.04	80.81	-1.43	-1.90	-16.37	-16.77
Oct-24	74.41	80.39	-2.19	-0.51	-18.91	-17.37

Source: Bank of Ghana Staff Calculations

1.5 Global Economic Outlook and Risks

Global growth has remained resilient, while global disinflation has continued, but many headwinds remain. Financial conditions remain tight despite policy easing in major advanced economies. The US dollar index has strengthened in recent weeks amid stronger growth in the US and the expectations that the pace of policy easing will slow. There is also a possibility of renewed spikes in energy and food prices arising from protectionist policies, geopolitical conflicts, and extreme weather conditions. Inflation surprises may trigger repricing in financial markets, tighten financial conditions and trigger debt distress and disorderly currency movements in emerging markets and developing economies. Meanwhile, the uncertainty associated with China's property sector and the recent weakness in consumption have raised concerns about the health of the Chinese economy. Against this background, the risk from the external sector is somewhat elevated.

2. External Sector Developments

2.0 Highlights

The external sector position has improved remarkably in the year, supported by a higher current account surplus and reduction in net financial outflows, leading to a strong external reserves build-up. The current account surplus increased to US\$2.2 billion in the first nine months of the year, compared with a surplus of US\$912 million over the corresponding period in 2023. The strong current account surplus was supported by increased gold and crude oil exports as well as robust remittance inflows. This development, together with a lower net outflow of US\$414 million in the capital and financial account (relative to a net outflow of US\$1.4 billion in 2023) contributed to an improved balance of payments position in the first three quarters of the year.

2.1 Commodity Price Trends

Prices of Ghana's primary exports (cocoa, gold, and crude oil) traded mixed in October 2024. Cocoa futures reverted to their downward trajectory after showing some signs of recovery in the previous month. Prices dropped by 4.9 percent to settle at an average of US\$7,273.57 per tonne in October 2024, compared with US\$7,646.70 per tonne in the preceding month. The decline in prices was supported by favorable weather conditions in Cote d'Ivoire and Ghana, which have improved the outlook for the 2024/25 main crop.

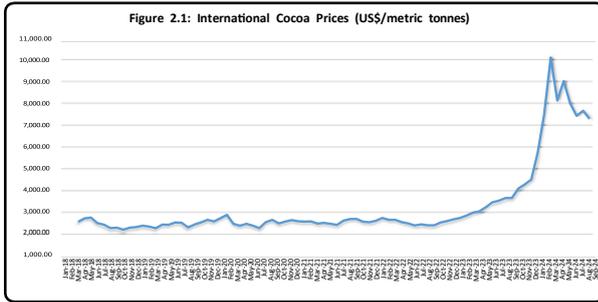
Crude oil prices, on the other hand, rose by 3.7 percent to settle at an average of US\$75.37 per barrel in October 2024 as against the US\$72.70 per barrel recorded in September 2024. Prices were supported by the escalating geopolitical tensions in the Middle East, the decision by OPEC+ to delay oil production increases and an improved growth outlook following expectations of rate cut by the Fed.

The rally of gold prices continued into October 2024, reaching an average price of US\$2,689.38 per fine ounce, up by 4.7 percent. Prices rose as uncertainties surrounding the US presidential elections and the Middle East conflict, along with expectations of an interest rate cut by the Federal Reserve boosted bullion's appeal.

2.1.1 Commodity Price Index

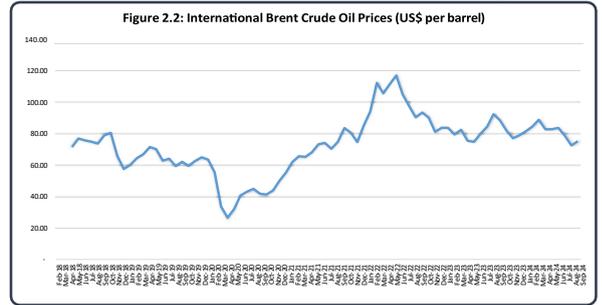
The weighted average price of the three major commodities exported by Ghana (cocoa, gold, and crude oil) softened in the month of October 2024. The index fell to 190.53 in October 2024, from 192.48 in the previous month, representing a decline of 1.0 percent. The dip was on account of a moderation in the cocoa sub-index, which offset the increase in the crude oil sub-index, while the gold sub-index remained unchanged during the period under review. The cocoa sub-index declined by 4.9 percent, while the crude oil sub-index increased by 3.7 percent, with the gold sub-index remaining flat.

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



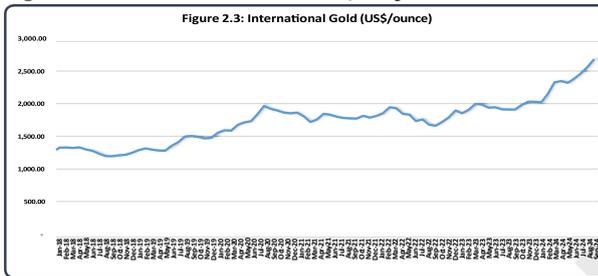
Source: Reuters

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



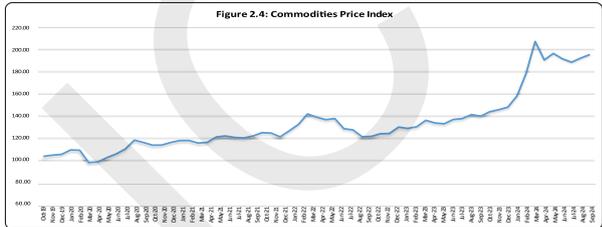
Source: Reuters

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



Source: Reuters

Figure 2.4: Commodity Price Index



Source: BOG Staff Computations

2.2 Trade Balance

Transactions in Ghana’s trade account for the first ten months of 2024 resulted in a doubling of the trade surplus to US\$3.85 billion, from the US\$1.93 billion recorded during the same period in 2023. The improved trade surplus stemmed from a higher increase in exports relative to imports. Total exports increased by 23.9 percent to US\$16.51 billion, largely driven by robust increases in gold and crude oil exports, notwithstanding the slump in cocoa exports.

The value of gold exports rose by 61.7 percent to US\$9.58 billion on account of increases in both the volume and price of gold. The volume of gold exports increased by 32.4 percent to 4.29 million fine ounces, largely on the back of increased output from the licensed small-scale gold mines, coupled with the sustained output of the large-scale mines. Small-scale gold output increased sharply by 124.9 percent to 2.0 million ounces, while large-scale gold production rose by 5.3 percent to 2.3 million ounces. The average realized price for gold increased by 32.1 percent to US\$2,689.38 per fine ounce. Earnings from crude oil exports increased by 8.5 percent to US\$3.33 billion, due to a 10.5 percent rise in the volume of production, particularly from the Jubilee field, while the price dipped by 1.8 percent to US\$81.1 per barrel.

In contrast, cocoa exports, both beans and products, plummeted by 33.2 percent to US\$1.15 billion in October 2024, from US\$1.72 billion in the first ten months of 2023. The sharp drop in the value of cocoa exports reflected the challenges in the sector, including extreme weather conditions, diseases and smuggling. Similarly, “other exports”, (including non-traditional exports) declined by 6.0 percent to US\$2.45 billion, from US\$2.61 billion during the same review period in 2023.

Total imports, on the other hand, rose by 11.0 percent to US\$12.66 billion in the first ten months of the year, from US\$11.41 billion in the corresponding period of 2023, due to a pick-up in non-oil imports, while oil imports declined. Non-oil imports increased by 17.8 percent to US\$8.99 billion, whereas oil imports contracted by 2.8 percent to US\$3.68 billion during the period under review.

2.3 Current Account

The current account recorded a surplus of US\$2.16 billion in the first nine months of 2024, representing a sharp increase of 137.0 percent over the surplus of US\$912.0 million recorded during the same period in 2023. The higher current account surplus was on the back of the improved trade surplus and higher remittance inflows. Net remittance flows for the review period increased by 22.3 percent to US\$3.93 billion in 2024, from US\$3.21 billion in 2023. Net income payment and payment for services, however, increased by 34.5 percent and 24.2 percent, respectively, to US\$2.0 billion and US\$3.08 billion in the same reference period.

2.4 Capital and Financial Accounts

The capital and financial accounts for the first nine months of 2024 showed a significantly lower net outflows of US\$414.0 million from US\$1.37 billion in the corresponding period of 2023. The lower capital outflow was driven mainly by higher government loan disbursements, reduced amortizations, and lower portfolio outflows. Portfolio outflows, on net basis, amounted to US\$18.0 million in September 2024, compared to US\$195.0 million in the same period in 2023, representing a decline of 90.8 percent. Government loan amortization also slowed by 65.4 percent to US\$167.0 million on account of the debt standstill, while disbursements, largely from the IMF and the World Bank, increased by 59.2 percent to US\$1.92 billion, from US\$1.20 billion in September 2023. Similarly, net foreign direct investment (FDI) showed an inflow of US\$1.25 billion in the first three quarters of 2024, an increase of 37.6 percent from the US\$910 million recorded in the same period of 2023. “Other capital”, including private capital, recorded a higher net outflow of US\$1.74 billion, compared to an outflow of US\$1.70 billion in the corresponding period of 2023.

The current account surplus, together with the reduced capital outflows, resulted in an overall Balance of Payments surplus of US\$1.91 billion in the first nine months of 2024, compared to a deficit of US\$617.0 million for the same period in 2023.

2.5 International Reserves

Gross International Reserves (GIR) increased to a stock position of US\$7.83 billion at the end of September 2024, enough to cover 3.5 months of imports of goods and services. The GIR at the end of October 2024 was US\$7.68 billion, equivalent to 3.5 months of import cover. Net International Reserves (NIR) also increased by US\$2.01 billion to US\$5.20 billion at end-September 2024. Under the IMF programme, there has been a reserve accumulation of US\$1.3 billion at the end of October 2024, above the end-year target of US\$908 million. The higher build-up in the GIR was largely on account of the strong performance of the Domestic Gold Purchase Programme.

2.6 Commodity Price Outlook

The outlook for the prices of Ghana’s major export commodities remains mixed. Cocoa has stabilised at prices well below peaks reached in April as favourable weather has improved the outlook for the 2024/2025 crop season in West Africa. The crop may remain underpinned by extremely tight supplies this season, though expectations for a much larger crop in 2024/25 (October-September) may limit gains. The oil market is expected to remain supported on concerns of escalating geopolitical tensions in

the Middle East, announcement by OPEC+ of a 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. The anticipation of rate cuts by the Federal Reserve, along with continued inflationary pressures and geopolitical risks, are likely to further bolster gold's appeal as a hedge against market volatility.

Table 2.1: Trade Balance (US\$ million)

Table 1	2022 Jan - Oct	2023 Jan - Oct	Prov 2024 Jan - Oct	Abs Y/Y Chg	Rel Y/Y Chg
Trade Balance (\$'M)	1,854.5	1,915.6	3,850.5	1,934.9	101.0
<i>Trade Bal (% GDP)</i>	<i>2.5</i>	<i>2.5</i>	<i>4.6</i>	<i>2.3</i>	<i>0.1</i>
Total Exports (\$'M)	14,365.7	13,324.7	16,513.3	3,188.6	23.9
Gold (\$'M)	5,332.1	5,926.4	9,581.1	3,654.6	61.7
Volume (fine ounces)	3,032,638.9	3,240,513.5	4,291,833.6	1,051,320.1	32.4
Unit Price (\$/fine ounce)	1,758.2	1,828.9	2,232.4	403.5	22.1
Cocoa Beans (\$'M)	995.1	1,069.8	446.8	-622.9	-58.2
Volume (tonnes)	402,744.2	436,970.7	164,847.7	-272,123.0	-62.3
Unit Price (\$/tonne)	2,470.8	2,448.1	2,710.5	262.4	10.7
Cocoa Products (\$'M)	790.6	653.3	704.0	50.7	7.8
Volume (tonnes)	260,331.3	199,962.0	153,461.0	-46,501.0	-23.3
Unit Price (\$/tonne)	3,036.9	3,267.3	4,587.4	1,320.2	40.4
Crude Oil (\$'M)	4,614.1	3,069.3	3,331.3	262.0	8.5
Volume (barrels)	44,736,567.0	37,194,966.0	41,093,100.0	3,898,134.0	10.5
Unit Price (\$/bbl)	103.1	82.5	81.1	-1.5	-1.8
Other Exports	2,633.9	2,605.9	2,450.1	-155.8	-6.0
<i>o/w Non-Traditional Exports</i>	2,030.9	1,992.9	1,835.3	-157.6	-7.9
Total Import (\$'M)	12,511.2	11,409.1	12,662.7	1,253.6	11.0
Non-Oil	8,495.5	7,625.4	8,986.1	1,360.7	17.8
Oil and Gas	4,015.7	3,783.7	3,676.6	-107.1	-2.8
<i>of which: Products</i>	3,768.1	3,184.2	3,224.5	40.3	1.3
Crude Oil (\$'M)	23.1	293.6	135.7	-158.0	-53.8
Volume (barrels)	223,079.0	3,495,897.7	1,695,155.6	-1,800,742.0	-51.5
Unit Price (\$/bbl)	103.6	84.0	80.0	-4.0	-4.7
Gas (\$'M)	247.6	599.4	452.1	-147.4	-24.6
Volume (MMBtu)	16,623,616.6	21,768,680.1	22,166,255.7	397,575.7	1.8
Unit Price (\$/mmBtu)	7.8	8.7	8.6	0.0	-0.2

Source: Bank of Ghana

3. Real Sector Developments

3.0 Highlights

On the domestic economy, high frequency indicators point to continued improvement in economic activity. In the third quarter, the Bank's high frequency real sector indicators pointed to a sustained pick-up in economic activity. The updated real Composite Index of Economic Activity (CIEA) recorded an annual growth of 2.2 percent in September 2024, compared to a contraction of 0.4 percent in the corresponding period of 2023. Major drivers of the improvement in economic activity include increased port activity, households and firms consumption of goods and services, construction activities, credit to the private sector, and higher tourist arrivals.

3.1 Trends in Real Sector Indicators

Consumer Spending

Consumer spending, proxied by domestic VAT collections and retail sales, posted a positive performance in September 2024, compared with the corresponding period in 2023. Domestic VAT collections increased by 34.1 percent on a year-on-year basis to GH¢1.39 billion, from GH¢1.04 billion. Cumulatively, total domestic VAT for the first three quarters of 2024 went up by 27.5 percent to GH¢12.33 billion, compared with GH¢9.67 billion for the corresponding period of last year.

Retail sales increased by 44.9 percent (year-on-year) to GH¢238.32 million in September 2024, up from the GH¢164.48 million recorded in the same period in 2023. On a month-on-month basis, retail sales improved by 7.6 percent in September 2024, from GH¢221.48 million in the preceding month. In cumulative terms, retail sales for the first three quarters of 2024 went up by 25.7 percent. The relative improvement in retail sales, year-on-year, was due to increased household spending during the review period.

Manufacturing Activities

Activities in the manufacturing sub-sector, gauged by trends in the collection of direct taxes and private sector workers' contributions to the Social Security and National Insurance Trust (SSNIT) Pension Scheme (Tier-1), improved in September 2024. Total Direct Taxes collected increased by 41.0 percent (year-on-year) to GH¢8.34 billion in September 2024, relative to GH¢5.91 billion recorded in a similar period in 2023. Cumulatively, total direct taxes collected for the first three quarters of 2024 went up by 42.5 percent to GH¢50.11 billion, from GH¢35.17 billion for the same period in 2023. In terms of contributions of the various sub-tax categories, corporate tax accounted for 65.7 percent, income tax (PAYE and self-employed) accounted for 24.8 percent, while "Other Tax Sources" contributed 9.5 percent.

Total private sector workers' contribution to the SSNIT Pension Scheme (Tier-1) increased by 33.4 percent on year-on-year terms to GH¢460.34 million in September 2024, from GH¢345.16 million collected during the corresponding period in 2023. Cumulatively, for the first three quarters of 2024, the contribution grew by 26.3 percent to GH¢3.73 billion, relative to GH¢2.95 billion recorded in the same period in 2023.

Construction Sector Activities

Activity in the construction sub-sector, proxied by the volume of cement sales, improved by 13.4 percent (year-on-year) in September 2024 to 219,917.77 tonnes, up from 193,947.87 tonnes recorded a year ago. On a month-on-month basis, total cement sales declined by 9.0 percent in September 2024, compared with 241,571.96 tonnes recorded in August 2024. Cement sales for the first three quarters of 2024 went up by 6.4 percent to 2.06 million tonnes, from 1.94 million tonnes for the same period of 2023. The relative improvement in total cement sales, year-on-year, was due to an uptick in construction activities during the review period.

Vehicle Registration

Transport sector activities, gauged by new vehicle registrations by the Driver and Vehicle Licensing Authority (DVLA), improved by 28.6 percent to 12,511 in September 2024, from 9,730 vehicles registered during the corresponding period of 2023. Cumulatively, vehicles registered by the DVLA within the first three quarters of 2024 increased by 14.4 percent to 136,112 from 118,967 recorded a year ago.

Industrial Consumption of Electricity

Industrial consumption of electricity declined by 11.5 percent in September 2024 to 274.26 gigawatts, as against 309.80 gigawatts recorded for the corresponding period in 2023. In cumulative terms, electricity consumed by industries for the first three quarters of 2024 decreased by 5.8 percent to 2,528.35 gigawatts, from 2,682.91 gigawatts for the corresponding period a year ago.

Passenger Arrivals

Passenger arrivals improved by 8.4 percent in year-on-year terms to 103,387 in September 2024, up from 95,378 arrivals recorded a year ago. Compared to August 2024, passenger arrivals dipped by 9.2 percent. For the first three quarters of 2024, there were 941,692 arrivals recorded at the international airport and the land borders, compared with 815,812 for the corresponding period in 2023, representing a growth of 15.4 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 25.0 percent, year-on-year, to 61,093 in September 2024, from 48,876 for a similar period in 2023. In cumulative terms, total container traffic for the first three quarters of 2024 went up by 15.3 percent, to 525,623 compared with 455,966 for the corresponding period of last year.

3.2 Labour Market Activity***Private Sector Pension Contributors***

Total number of private sector SSNIT contributors, which partially gauges employment conditions, improved by 4.6 percent to 1,039,754 in September 2024, compared with 994,406 for the same period in 2023. Cumulatively, for the first three quarters of 2024, the total number of private sector contributors increased by 5.8 percent to 9,308,415 from 8,797,826 recorded over the corresponding period in 2023.

Advertised Jobs

The number of jobs advertised in selected print¹ and online² media, which partially gauges labour demand in the economy, remained largely unchanged in October 2024 relative to what was observed in the corresponding period of 2023. In total, 2,849 job adverts were recorded, as compared with 2,831 for the same period in 2023. However, on a month-on-month basis, the number of job vacancies in October 2024 declined by 3.1 percent from the 2,941 jobs advertised in September 2024. Cumulatively, for the first ten months of 2024, the total number of advertised jobs went up by 7.3 percent to 30,218, from 28,152 recorded during the same period in 2023.

3.3 Composite Index of Economic Activity

The Bank's updated real Composite Index of Economic Activity (CIEA) recorded an annual growth of 2.2 percent in September 2024, compared to a contraction of 0.4 percent in the corresponding period of 2023. Major drivers of the improvement in economic activity include increased port activity, households' and firms' consumption of goods and services, construction activities, credit to the private sector and higher tourist arrivals.

3.4 Consumer and Business Surveys

The latest confidence surveys conducted in October 2024 largely reflected a sustained recovery in sentiments. The Consumer Confidence Index remained generally stable at 86.1 in October 2024 compared to 87.6 in August 2024. The Business Confidence Index, on the other hand, improved to 92.8 from 91.1 in the same comparative period as firms met their short-term targets and expressed optimism about company and industry prospects. The survey findings were broadly consistent with trends observed in Ghana's Purchasing Managers' Index (PMI), which also signalled an improvement in business conditions. The PMI increased to 50.6 in October 2024, from 49.1 in September 2024.

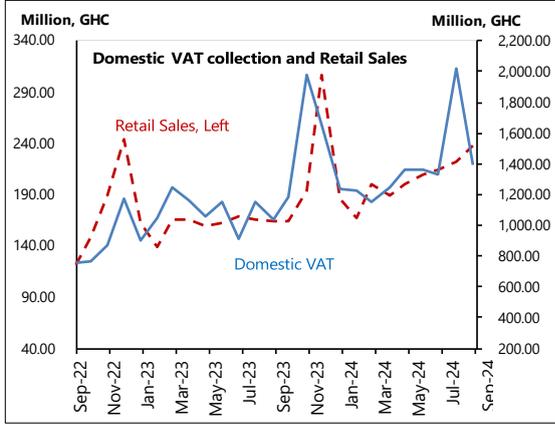
¹ The Daily Graphic newspaper was used to represent print media because it is the most widely circulated daily in Ghana.

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

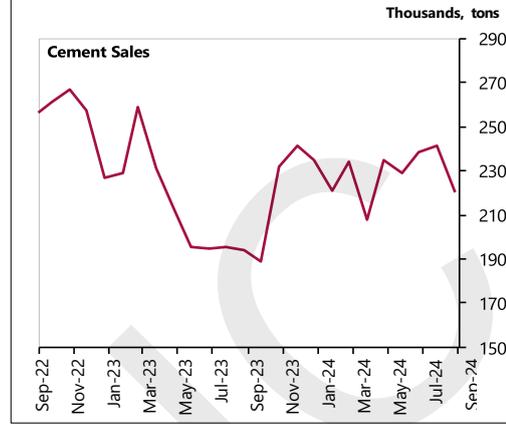
Figure 3.1: High Frequency Economic Indicators

**Panel 1:
Ghana's Leading Indicators of Economic Activity**

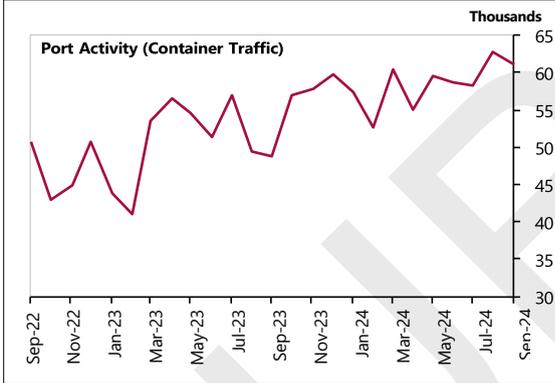
...Retail sales improved while Domestic VAT collections declined in September 2024 compared to August 2024...



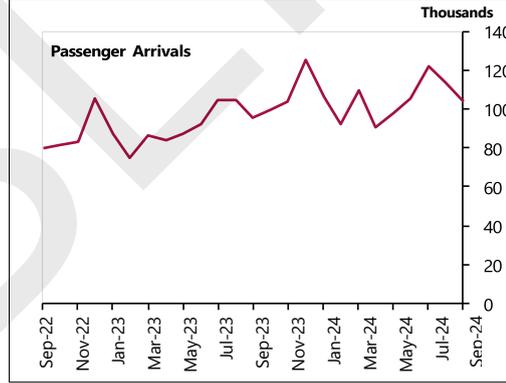
...Construction activities, proxied by cement sales, slowed in September 2024 compared to August 2024...



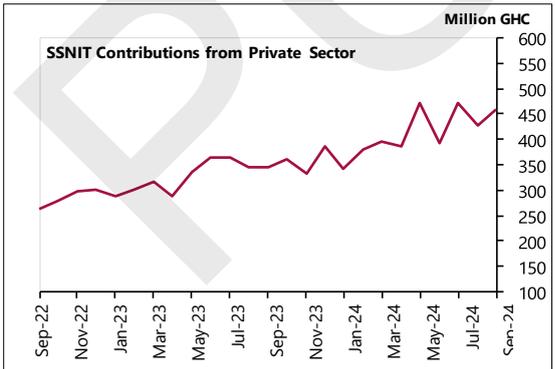
...Port activity dipped in September 2024 compared to the previous month...



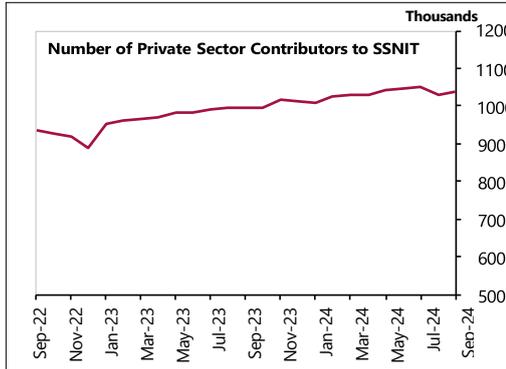
...Passenger arrivals decreased in September 2024 compared to August 2024...



...Labour market conditions improved in September 2024 relative to August 2024...



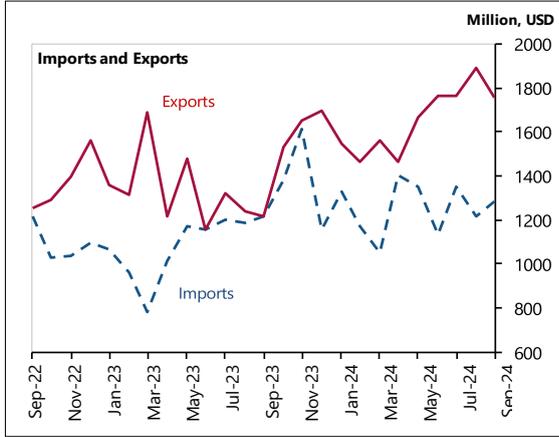
...Labour hiring conditions, proxied by the number of private sector workers contributing to SSNIT, improved...



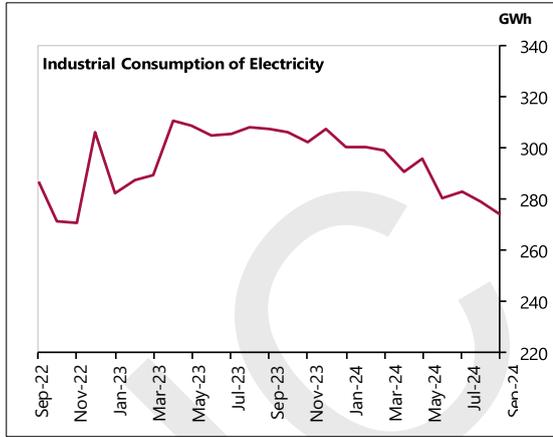
Sources: Bank of Ghana, Various Stakeholders

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

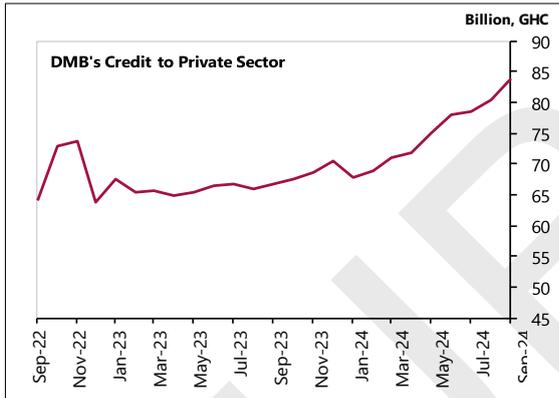
...Imports improved while Exports declined in September 2024 compared to August 2024...



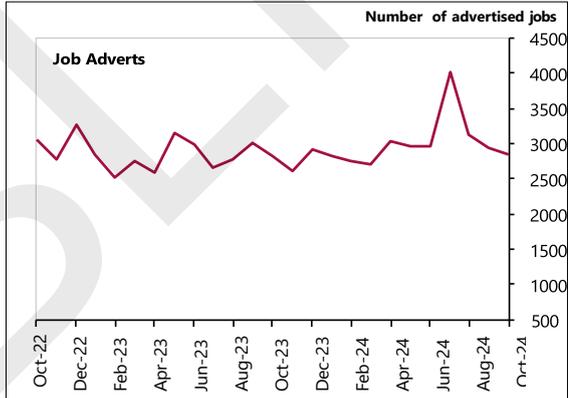
...Industrial activity, proxied by industrial consumption of electricity, decreased...



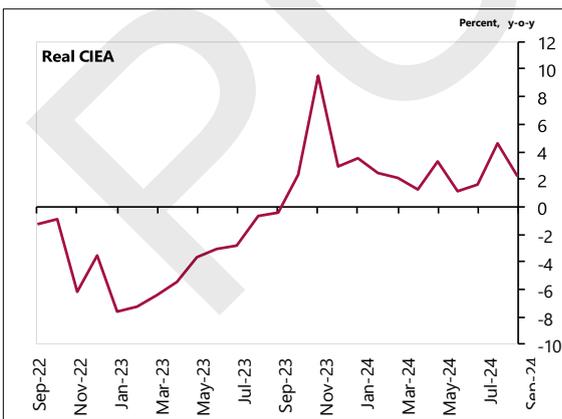
...Commercial banks' credit to the private sector improved in September 2024 relative to the previous month...



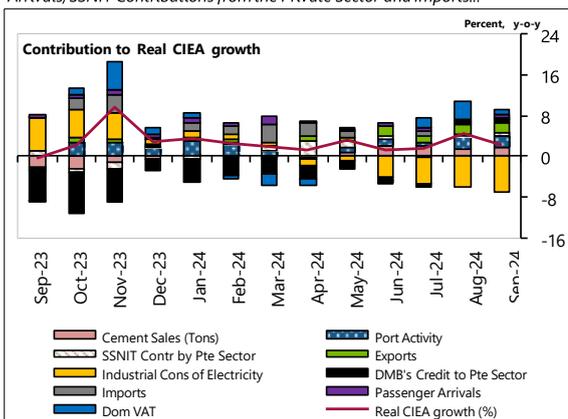
...Demand for labour, proxied by the number of job adverts (in print and online media), declined in October 2024...



...On a year-on-year basis, the real CIEA grew by 2.2 percent in September 2024, compared with a contraction of 0.4 percent in September 2023...



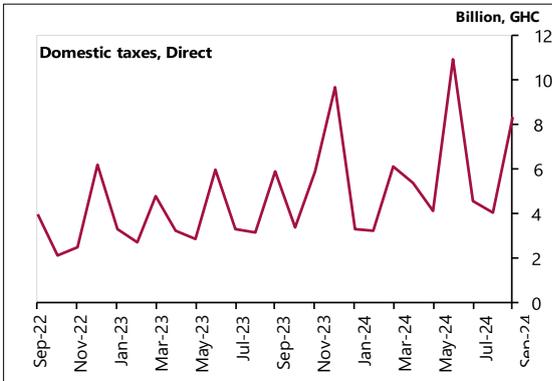
...The growth in the real CIEA was driven by a pick-up in Port Activity, Exports, Cement Sales, Domestic VAT, DMB's Credit to the Private Sector, Passenger Arrivals, SSNIT Contributions from the Private Sector and Imports...



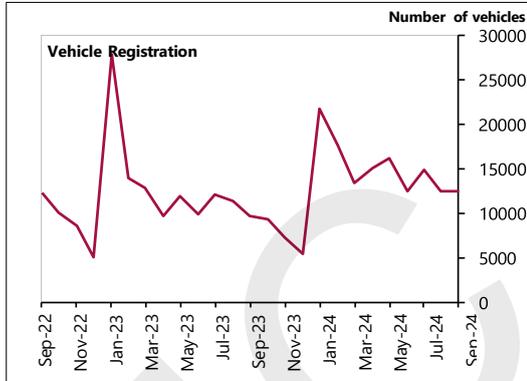
Source: Bank of Ghana, Various Stakeholders

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

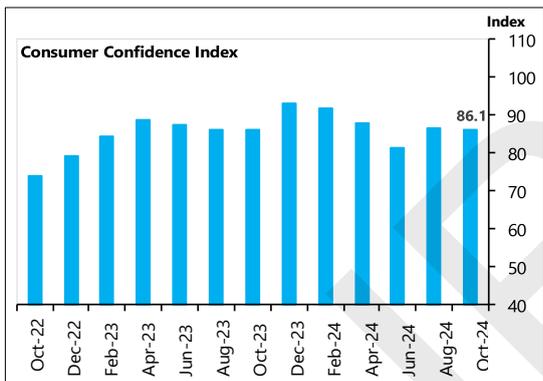
...Domestic tax collection increased in September 2024 compared to August 2024...



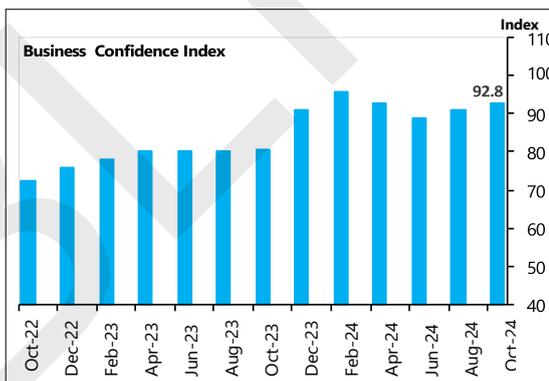
...Vehicle registration remained largely unchanged in September 2024 compared to the month before...



...Consumer confidence remained generally stable...



...Business confidence increased as firms met their short-term targets and expressed optimism about company and industry prospects...



Source: Bank of Ghana, Various Stakeholders

4. Monetary and Financial Developments

4.0 Highlights

Developments in monetary aggregates for October 2024 showed significant acceleration in the pace of growth in broad money supply (M2+) relative to the corresponding period of 2023, largely on the back of a net buildup in foreign assets of depository corporations, while domestic assets increased, on net basis, to reinforce growth in M2+. Developments in credit to the private sector continued to show sustained growth, supported by a pickup in real sector activities. Interest rates continue to decline at the short-end of the market. The 91-day and 182-day Treasury bill rates decreased to 25.80 percent and 27.01 percent respectively, in October 2024, from 29.40 percent and 31.37 percent respectively for the corresponding period of 2023. Similarly, the rate on the 364-day instrument declined to 28.70 percent in October 2024 from 33.16 percent in October 2023. The Interbank Weighted Average Rate decreased to 27.69 percent in October 2024 from 28.49 percent in October 2023, reflecting the transmission of the reduction in monetary policy rate to the interbank market. Similarly, the average lending rates of banks declined marginally to 30.45 percent in October 2024 from 32.69 percent, recorded in the corresponding period of 2023.

4.1 Developments in Monetary Aggregates

Money Supply

In October 2024, broad money supply (M2+) recorded higher growth relative to the corresponding period in 2023. This was on the back of net buildup in both foreign and domestic assets of depository corporations. Annual growth in M2+ increased to 43.8 percent in October 2024, relative to 20.4 percent in the corresponding period in 2023. The contribution of Net Domestic Asset (NDA) to the growth of M2+ increased to 13.2 percent, from 9.4 percent, while the contribution of Net Foreign Asset (NFA) increased to 30.6 percent, from 11.0 percent, over the same comparative period. In terms of annual growth rates, NDA expanded by 13.3 percent in October 2024, relative to a growth of 8.5 percent in October 2023, while NFA expanded by 6,613.61 percent, relative to a growth of 105.34 percent, over the same comparative period.

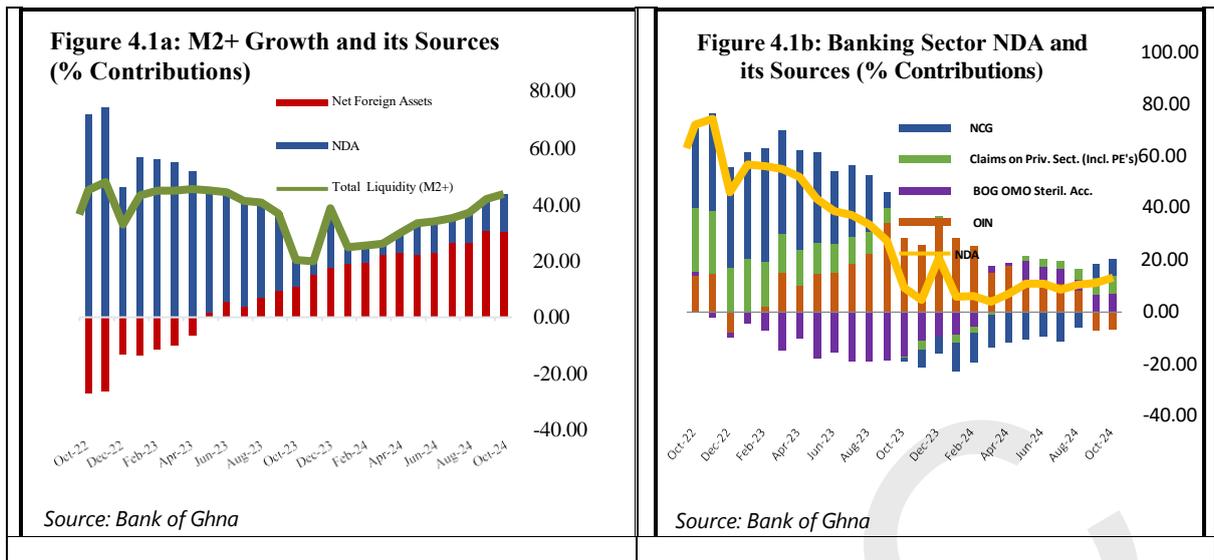
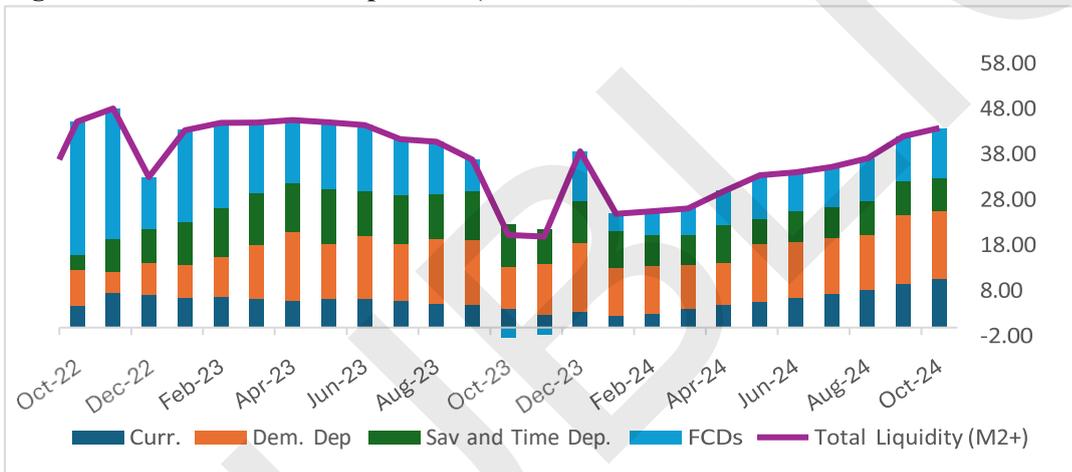


Figure 4.2: M2+ and its Components (% Contributions)



The increase in the contribution of NDA to the growth of M2+ was mainly driven by increase in Net Claims on Government (NCG) and a slowdown in OMO sterilization. This was moderated by contraction in the Other Items (Net) (OIN). Claims on both the private and public sectors continued to expand in the review month, which reflected mainly in an increase in domestic currency credit.

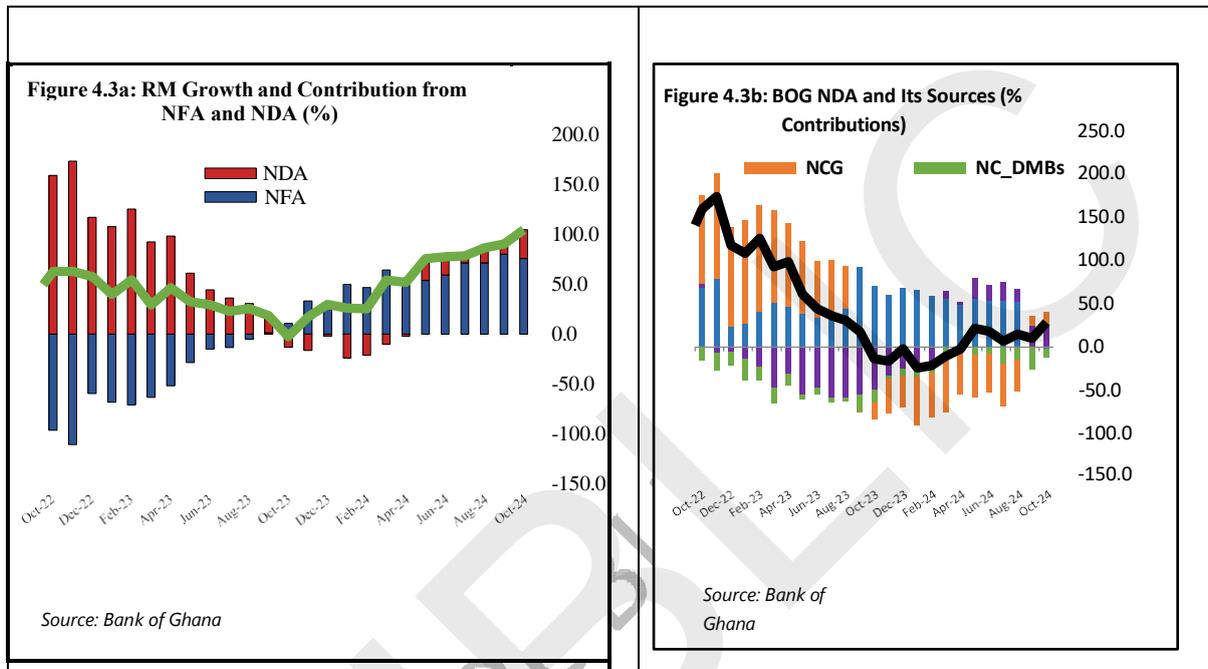
Analysis of the components of M2+ showed that the increase in the growth in M2+ was largely reflected in increased growth in currency with the public, demand deposits and foreign currency deposits in October 2024, relative to same period in 2023. Growth in savings and time deposits, however, decreased over the same comparative period.

4.2 Reserve Money

Growth in Reserve Money (RM) remained strong, largely on the back of significant expansion in the Net Foreign Assets (NFA), driven by proceeds from Gold for Reserve (G4R) Programme, Gold for Oil (G4O) programme, forex purchases, and proceeds from cocoa syndicated loan. The growth in RM was also underpinned by the dynamic Cash Reserve Requirement, which instigated an increase in banks'

reserves to shore up regulatory reserves. Annual growth in reserve money increased significantly to 104.5 percent in October 2024, from *negative* 2.6 percent recorded in the corresponding period of 2023.

Growth in NDA increased on the back of net outflows through OMO sterilization as well as expansion in the Net Claims on Government, partly reflecting a net drawdown on Government’s deposits. The contribution of NDA to the growth in RM increased to 28.7 percent in October 2024, compared to *negative* 13.3 percent recorded in October 2023. Similarly, the contribution of the NFA to the growth in RM increased to 75.9 percent, relative to a growth of 10.7 percent, over the same comparative period.

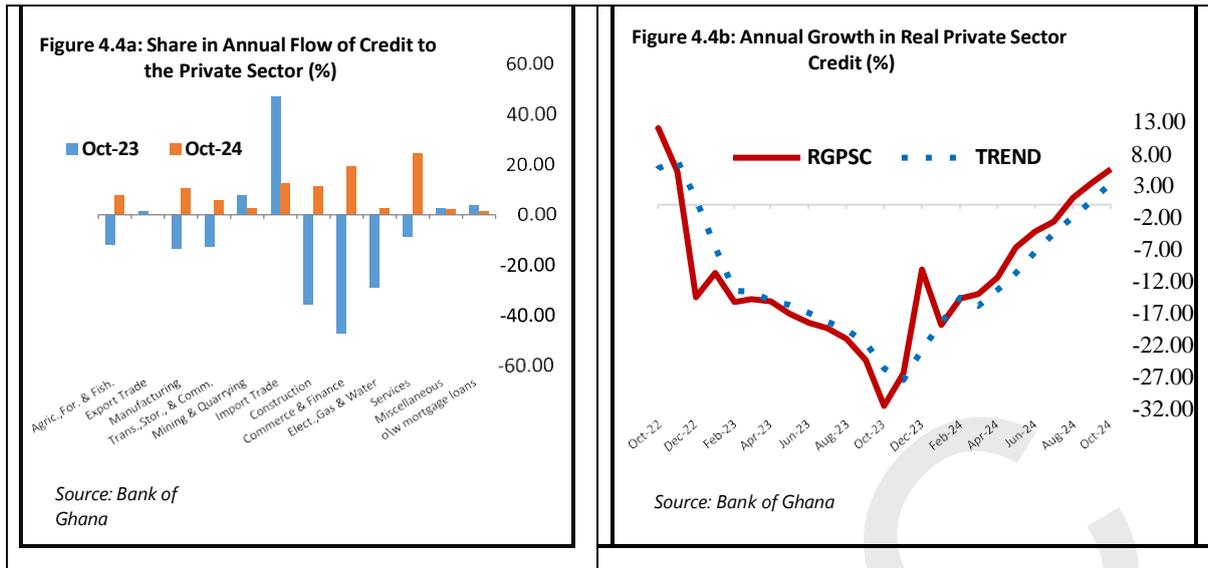


4.3 Deposit Money Banks Credit Developments

Total DMBs’ credit to the private sector and public institutions increased by GH¢20.95 billion (28.50%) in October 2024 compared to a decrease of GH¢7.70 billion (9.48%) recorded in October 2023. The increase in credit flows was largely due to expansion of credit to the private sector by GH¢19.44 billion (28.83%) in October 2024, compared to a decrease of GH¢5.44 billion (7.74%) recorded in the corresponding period of 2023. The increased flow of credit to the private sector in nominal terms was on the back of increase in domestic currency credit, underpinned by a pickup in real sector activities.

Private sector credit accounted for 92.8 percent of the flow in total outstanding credit in October 2024, relative to 78.8 percent recorded in the corresponding period of 2023. The top five sectors with significant shares of credit flows were: services (24.5%); commerce and finance (19.2%); import trade (12.6%); construction (11.4%); and manufacturing (10.6%).

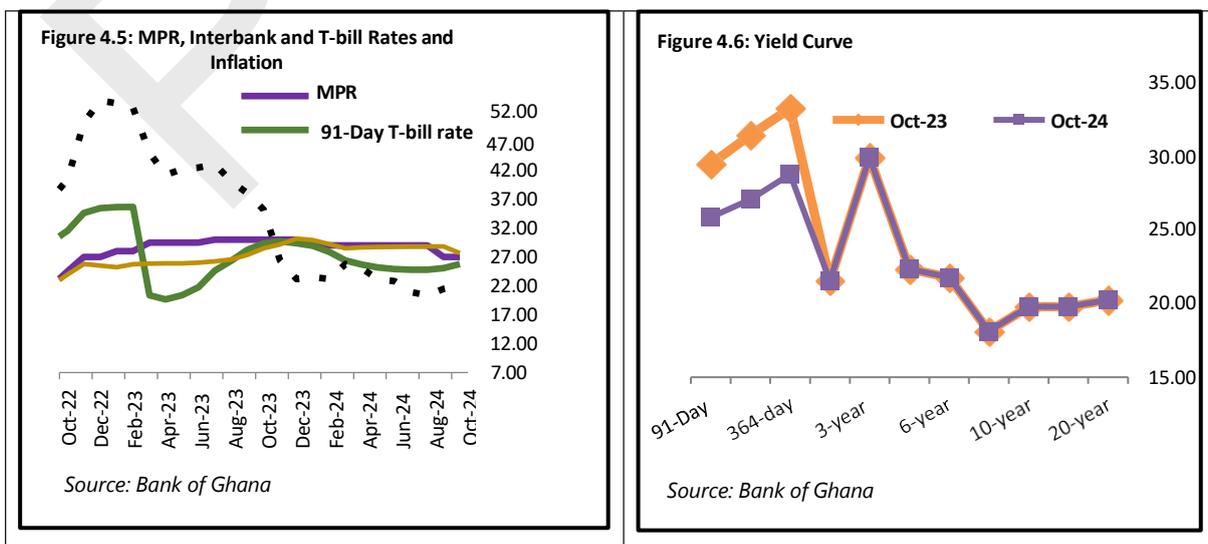
Total outstanding credit to the private sector at the end of October 2024 was GH¢86.85 billion, compared with GH¢67.41 billion recorded in October 2023. In real terms, credit to the private sector increased by 5.5 percent, relative to 31.6 percent contraction recorded over the same comparative period in 2023. The boost in growth of credit was supported by the pick-up in real sector activities and the disinflation process broadly observed over the comparative period. Growth in real private sector credit remained above its trend during the review month.

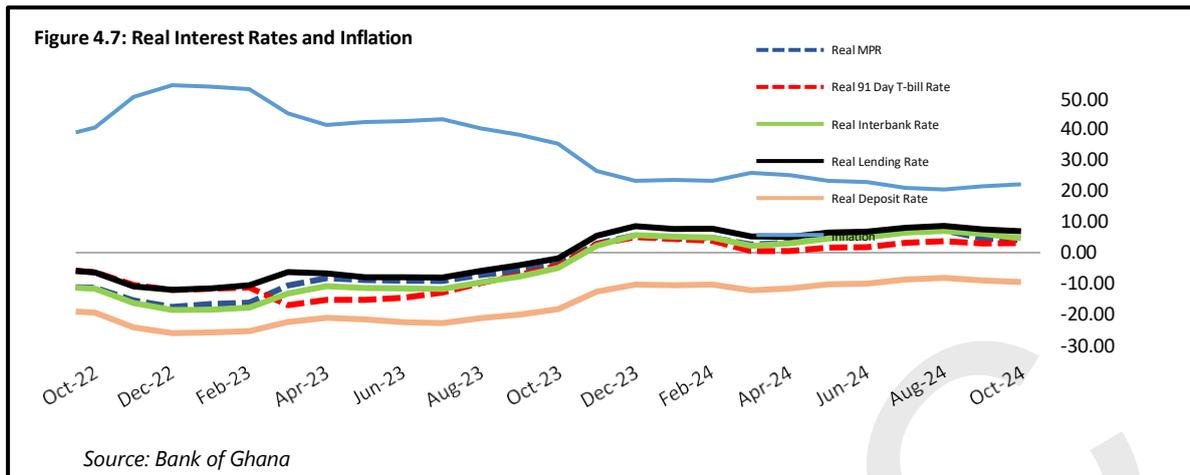


4.4 Money Market Developments

Interest rates broadly showed downward trends at the short end of the primary market, on year-on-year basis. Interest rates on longer-dated instruments, however, remained stable. The 91-day and 182-day Treasury bill rates decreased to 25.80 percent and 27.01 percent respectively, in October 2024, from 29.40 percent and 31.37 percent in the corresponding period of 2023. Similarly, the rate on the 364-day instrument declined to 28.70 percent in October 2024, from 33.16 percent in October 2023. Rates on the 2-year, 3-year, 5-year, 6-year, 7-year, 10-year, 15-year, and 20-year bonds, however, remained broadly stable at 21.50 percent, 29.85 percent, 22.30 percent, 21.75 percent, 18.10 percent, 19.75 percent, 19.75 percent, and 20.20 percent due to the non-issuance of these instruments during the review period.

The Interbank Weighted Average Rate (IWAR) decreased to 27.69 percent in October 2024, from 28.49 percent in October 2023, reflecting the transmission of the reduction in monetary policy rate to the interbank market. Similarly, the average lending rates of banks declined marginally to 30.45 percent in October 2024, from 32.69 percent recorded in the corresponding period of 2023, reflecting the pass-through effect of declines in the rates on the wholesale funds market.

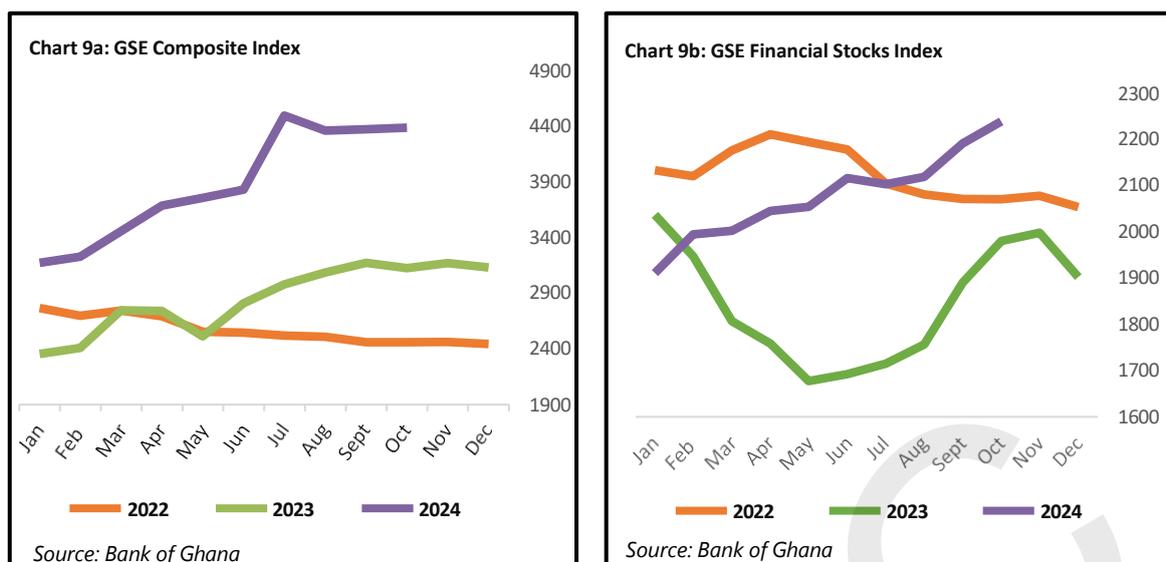




4.5 Stock Market Developments

The Ghana Stock Exchange Composite Index (GSE-CI) increased to 4,385.94 points in October 2024, from 3,125.62 points recorded in the corresponding period of 2023. This translates into a year-on-year gain of 40.3 percent in October 2024, compared to a growth of 27.0 percent in October 2023. The robust performance of the GSE-CI was underpinned by improved investor appetite, driven by significant recovery in the profitability of listed financial institutions and improved liquidity. The GSE-CI has also been boosted by the limited investment options on the domestic markets on account of the Domestic Debt Exchange Programme (DDEP). The main sectors that contributed to the gains recorded by the GSE-CI were food and beverages, manufacturing, distribution, finance, ETFund and agriculture.

The GSE-Financial Stocks Index (GSE-FI) closed at 2,237.45 points, reflecting a year-on-year gain of 13.04 percent in October 2024, compared to a loss of 4.37 percent, over the same comparative period in 2023. The gain in the GSE-FSI was mainly on the back of improved profitability of listed financial institutions, following sustained periods of losses induced by the impact of the DDEP.



Total market capitalisation of the GSE at the end of October 2024 was GH¢100.15 billion, representing a year-on-year growth of 35.8 percent (GH¢26.41 billion), compared with a growth of 13.9 percent (GH¢9.01 billion) in October 2023. The increase in market capitalization was mainly driven by appreciation in share prices, underpinned by renewed investor confidence, particularly in the mining, IT, and finance sectors. This was also supported by the issuance of new shares by CAL Bank and ADB.

Table 4.1: Performance of Ghana Stock Exchange

	Oct-22	Oct-23	Dec-23	Mar-24	Jun-24	Sep-24	Oct-24	Changes Y-O-Y		
								2023	2024	Y-T-D 2024
GSE CI	2460.31	3125.62	3130.23	3456.2	3829.61	4369.44	4385.94	27.04	40.32	40.12
GSE FI	2069.89	1979.43	1901.57	2001.47	2115.04	2190.37	2237.45	(4.37)	13.04	17.66
Market Capitalization	64727.18	73736.96	73893.17	77701.17	85096.58	99101.87	100150.22	13.92	35.82	35.53

Source: Ghana Stock Exchange and Bank of Ghana Staff Calculations

4.6 Conclusion

Developments in monetary aggregates for October 2024 showed significant acceleration in the pace of growth in broad money supply (M2+) relative to the corresponding period of 2023, largely on the back of a net buildup in net domestic asset and net foreign assets of depository corporations. The Central Bank's balance sheet recorded sustained growth in RM largely on the back of significant expansion in the NFA. Developments in credit to private and public sectors showed sustained expansion on the back of increase in domestic currency credit, supported by improvements in real sector activities. In real terms, growth in private sector credit increased relative to a contraction in the corresponding period in October 2023, supported by the disinflation process and growth in nominal credit.

Developments in interest rates broadly showed downward trends at the short-end of the primary market, on year-on-year basis. Rates on longer-dated instruments, however, remained stable. On the interbank market, the Interbank Weighted Average Rate (IWAR) declined, reflecting the transmission of the reduction in monetary policy rate to the interbank market. Similarly, the average lending rates of banks declined marginally, reflecting the pass-through effect of declines in the rates on the wholesale funds market.

The GSE Composite Index (GSE-CI) recorded increased year-on-year gain in October 2024 relative to the corresponding period last year. The performance of the GSE-CI is underpinned by improved investor appetite, driven by significant recovery in the profitability of listed financial institutions and improved liquidity. The GSE-CI has also been boosted by shift in investment towards the capital markets following the Domestic Debt Exchange Programme (DDEP).

PUBLIC

5. Banking Sector Developments

5.0 Highlights

Notwithstanding an elevated non-performing loans (NPL) profile, the banking sector remains sound, well capitalized and liquid. The banking sector continued to record improvements in performance with total assets growing by 42.4 percent to GH¢367.2 billion at end-October 2024, compared to 3.2 percent at end-October 2023. Solvency indicators also improved, with the capital adequacy ratio (with reliefs) increasing to 11.1 percent (14.2 %) from 7.3 percent (13.4%) in October 2023. Credit risk, however, remained elevated, with the NPL ratio rising to 22.7 percent from 18.3 percent over the review period. In the outlook, performance will be contingent on a rebound in profits, continuous adherence to recapitalisation plans and enforcement of strict credit underwriting standards. Growth in private sector credit increased to 28.8 percent in October 2024 from negative 7.5 percent recorded in the corresponding period of 2023. In real terms, credit to the private sector increased by 5.5 percent relative to a 31.6 percent contraction, recorded over the same comparative period.

5.1 Banks' Balance Sheet

Total assets of the banking sector grew by 42.4 percent to GH¢367.2 billion as at October 2024, compared with 3.2 percent growth recorded in October 2023. In terms of components, foreign assets grew by 102.3 percent in October 2024, from 14.3 percent in October 2023, while domestic assets went up by 37.1 percent in October 2024, compared to 2.3 percent growth a year earlier. The share of foreign assets in total assets increased from 8.2 percent to 11.6 percent, while that of domestic assets declined to 88.4 percent from 91.8 percent, during the same reference period, on account of the stronger growth in foreign assets in October 2024.

Banks' investments increased by 13.7 percent to GH¢118.0 billion at end-October 2024, compared to a growth of 22.0 percent in October 2023. The moderation in growth over the review period reflected trends in banks' short-term investments (bills), which contracted by 2.7 percent in October 2024, in contrast to a robust growth of 285.8 percent in October 2023. Investments in long-term instruments, on the other hand, increased by 29.0 percent, from a contraction of 25.5 percent recorded in October 2023, reflecting, in part, the reclassification of the restructured cocoa bills to bonds, and exchange rate effects.

Credit growth improved within the banking sector, reflecting the sustained pick-up in economic activity. Gross loans and advances grew significantly by 28.5 percent to GH¢94.5 billion in October 2024, compared to 9.5 percent contraction in October 2023. Net loans and advances (gross loans adjusted for provisions and interest in suspense) grew by 23.3 percent in October 2024, compared to a 12.8 percent contraction in October 2023.

Deposits remained the main source of funding for the banking sector, accounting for 75.5 percent share of total assets in October 2024. Deposits increased by 38.7 percent year-on-year to GH¢277.3 billion in October 2024, compared with 16.2 percent growth in the same period of last year, on the back of increases in domestic currency deposits. Foreign currency deposits in cedi terms, however, grew by 39.8 percent to GH¢90.4 billion in October 2024, compared to a contraction of 7.0 percent a year ago, partly driven by exchange rate effects.

Borrowings also increased by 75.4 percent to GH¢26.2 billion in October 2024, from a contraction of 50.9 percent in October 2023. The increase in borrowings in October 2024 was due to the significant

growth in domestic and foreign short-term borrowings. Long-term foreign borrowings, on the other hand, contracted by 34.2 percent in October 2024, following a decline of 53.0 percent in October 2023. Meanwhile, long-term domestic borrowings recorded a growth of 62.1 percent, compared to the previous year's contraction of 36.8 percent.

The industry's shareholders' funds (comprising paid-up capital and reserves) grew by 49.5 percent to GH¢37.9 billion in October 2024, compared to a contraction of 4.2 percent in October 2023. The increase in shareholders' funds was due to improved profitability and capital increases from the ongoing recapitalization of the sector.

Table 5.1: Key Developments in DMBs' Balance Sheet

	(GH c'million)			Y-on-Y Growth (%)			Shares (%)	
	Oct-23	Aug-24	Oct-24	Oct-23	Aug-24	Oct-24	Oct-23	Oct-24
TOTAL ASSETS	257,888.5	339,329.5	367,211.5	3.2	38.7	42.4	100.0	100.0
A. Foreign Assets	21,026.3	32,800.6	42,544.5	14.3	71.2	102.3	8.2	11.6
B. Domestic Assets	236,862.3	306,528.9	324,667.0	2.3	35.9	37.1	91.8	88.4
Investments	103,747.0	116,692.1	117,989.2	22.0	20.2	13.7	40.2	32.1
i. Bills	49,976.5	51,304.4	48,649.5	285.8	3.7	(2.7)	19.4	13.2
ii. Securities	53,510.3	65,051.1	69,002.2	(25.5)	37.4	29.0	20.7	18.8
Advances (Net)	62,886.5	70,450.3	77,521.3	(12.8)	13.8	23.3	24.4	21.1
of which Foreign Currency	21,535.3	23,566.9	24,918.1	(28.2)	12.7	15.7	8.4	6.8
Gross Advances	73,525.1	86,677.4	94,477.3	(9.5)	19.7	28.5	28.5	25.7
Other Assets	15,031.4	22,038.8	25,666.8	(20.7)	53.3	70.8	5.8	7.0
Fixed Assets	7,729.1	8,769.0	8,688.2	34.9	16.3	12.4	3.0	2.4
TOTAL LIABILITIES AND CAPITAL	257,888.5	339,329.5	367,211.5	3.2	38.7	42.4	100.0	100.0
Total Deposits	199,939.2	254,758.0	277,256.3	16.2	34.2	38.7	77.5	75.5
of which Foreign Currency	64,666.0	83,068.6	90,431.1	(7.0)	33.9	39.8	25.1	24.6
Total Borrowings	14,944.9	25,815.9	26,216.2	(50.9)	86.4	75.4	5.8	7.1
Foreign Liabilities	6,509.8	7,246.0	6,454.8	(64.0)	18.7	(0.8)	2.5	1.8
i. Short-term borrowings	1,510.5	2,165.2	3,127.4	(80.6)	58.9	107.0	0.6	0.9
ii. Long-term borrowings	3,953.1	4,234.5	2,602.2	(53.0)	9.9	(34.2)	1.5	0.7
iii. Deposits of non-residents	1,044.8	821.6	714.8	(44.7)	(7.1)	(31.6)	0.4	0.2
Domestic Liabilities	225,148.9	297,426.2	322,813.5	10.1	39.1	43.4	87.3	87.9
i. Short-term borrowing	8,547.0	17,967.7	18,971.7	(32.8)	174.3	122.0	3.3	5.2
ii. Long-term Borrowings	934.3	1,448.6	1,514.9	(36.8)	(30.5)	62.1	0.4	0.4
iii. Domestic Deposits	198,894.4	253,936.4	276,541.5	16.9	34.4	39.0	77.1	75.3
Other Liabilities	17,110.8	24,627.7	25,108.7	(18.0)	48.7	46.7	6.6	6.8
Paid-up capital	10,432.2	13,769.8	16,902.2	0.4	32.0	62.0	4.0	4.6
Shareholders' Funds	25,372.4	33,399.8	37,943.2	(4.2)	39.9	49.5	9.8	10.3

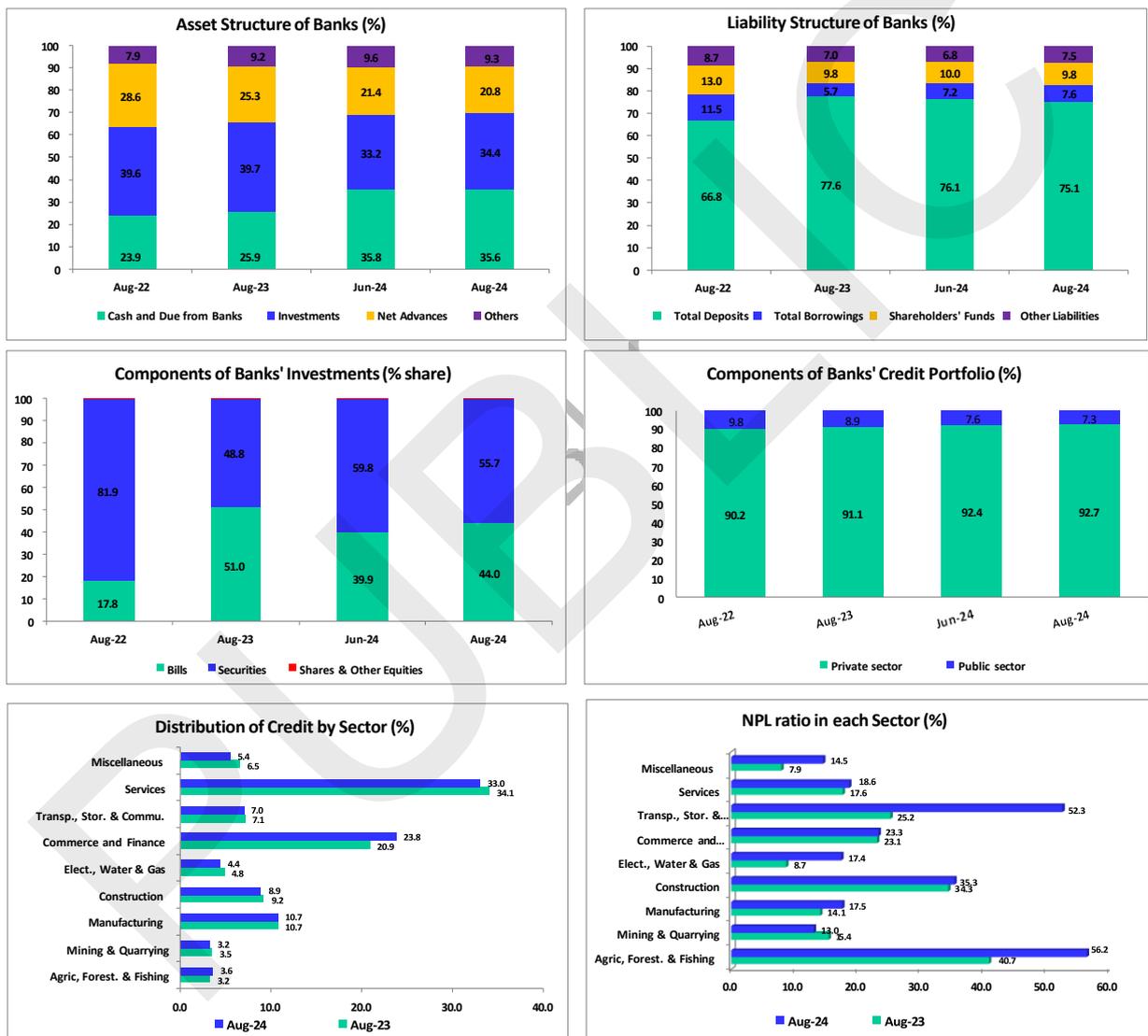
Source: Bank of Ghana

5.1.1 Asset and Liability Structure

The asset structure of the industry's balance sheet in October 2024 remained tilted towards 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) policy. Accordingly, the share of cash and bank balances rose from 26.3 percent in October 2023 to 37.2 percent at end-October 2024 as banks increased reserves, in compliance with the new CRR requirements. Investments (comprising bills, securities, and equity) was the second largest component of banks' assets in October 2024, although its share in total assets declined to 32.1 percent in October 2024, from 40.2 percent in October 2023. Investments and cash and bank balances together accounted for 69.3 percent of total assets in October 2024, compared to a share of 66.5 percent in October 2023. Notwithstanding the pick-up in credit growth, net loans and advances constituted the third-largest component of total assets, recording a share of 21.2 percent in October 2024, down from 24.4 percent in October 2023. The share of non-earning assets (fixed assets and other assets) in banks' total assets increased marginally to 9.5 percent in October 2024, from 9.1 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 75.5 percent in October 2024, from 77.5 percent in the corresponding period last year, following a moderation in growth. The share of borrowings rose to 7.1 percent in October 2024, from 5.8 percent in October 2023, in line with the observed strong growth in total borrowings. The share of shareholders' funds in banks' liabilities and capital inched up to 10.3 percent in October 2024, from 9.8 percent over the same comparative period last year, consistent with the observed increase in shareholders' funds. The share of "other liabilities" also increased marginally to 7.0 percent in October 2024, from 6.8 percent during the same period a year ago.

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



Source: Bank of Ghana

5.1.2 Share of Banks' Investments

Long-term securities constituted the largest component of banks' investment portfolio, with its share increasing from 51.6 percent in October 2023 to 58.5 percent in October 2024. The share of bills (short-term debt instruments), however, dropped from 48.2 percent in October 2023 to 41.2 percent in October

2024, in line with the moderation in growth recorded during the reference period. The share of equity investments remained negligible and flat at 0.3 percent during the period under review.

5.2 Credit Risk

The industry's asset quality deteriorated in October 2024, relative to the outturn for October 2023. The elevated credit risk was broad-based, with increases in non-performing loan (NPL) ratios in all economic sectors except for the construction sector. This led to a rise in the NPL ratio, pointing to heightened credit risk within the banking industry.

5.2.1 Credit Portfolio Analysis

The stock of gross loans and advances increased by 28.5 percent in October 2024 to GH¢94.5 billion, compared to a contraction of 9.5 percent in October 2023, reflecting increases in both private sector and public sector credit. Private sector credit (comprising credit to private enterprises and households) grew by 28.8 percent to GH¢86.8 billion in October 2024, from a contraction of 7.5 percent in the previous year. Similarly, public sector credit increased by 24.9 percent to GH¢7.6 billion at end-October 2024, compared to a contraction of 27.0 percent in October 2023. Consequently, the share of private sector credit in total credit inched up marginally to 91.9 percent in October 2024, from 91.7 percent in October 2023, while the share of public sector declined to 8.1 percent, from 8.3 percent a year earlier.

In terms of the sectoral distribution of credit, the services sector remained the largest recipient of the industry's credit, accounting for a share of 31.4 percent at end-October 2024 (from 34.1% in October 2023), followed by the commerce and finance sector with a share of 25.4 percent (from 22.6%). The manufacturing sector accounted for a 10.2 percent share, (marginally up from 10.3%). Together, these three sectors accounted for 67.0 percent of total credit in October 2024 (compared with 67.1% in October 2023). The mining and quarrying sector was the lowest recipient of credit with a share of 2.9 percent (down from 3.0% in October 2023).

5.2.2 Off-Balance Sheet Transactions

Off-balance sheet transactions (largely trade finance and guarantees) went up during the review period. Banks' contingent liabilities rose by 39.8 percent to GH¢27.2 billion as at end-October 2024, from GH¢19.5 billion as at end-October 2023 (y/y growth of -37.7%). In relative terms, however, contingent liabilities as a percentage of total liabilities declined marginally to 8.3 percent in October 2024, from 8.4 percent in October 2023.

5.2.3 Asset Quality

The banking industry's asset quality weakened during the period under review, evidenced by the increase in NPL ratio to 22.7 percent in October 2024, from 18.3 percent in October 2023. When adjusted for the fully provisioned loan loss category, the industry's NPL ratio increased to 9.4 percent from 6.4 percent during the same review period. The rise in the NPL ratio was attributable to the higher growth in the NPL stock (59.1% year-on-year growth) relative to the growth in total loans (28.5% year-on-year growth) during the reference period. The build-up in the industry's NPL stock to GH¢21.5 billion in October 2024, from GH¢13.5 billion in October 2023, continued to reflect the spillover of the 2022 macroeconomic challenges on the sector.

The private sector was the largest recipient of the industry's credit and accounted for the largest share of NPLs as at end-October 2024. The proportion of NPLs attributable to the private sector increased

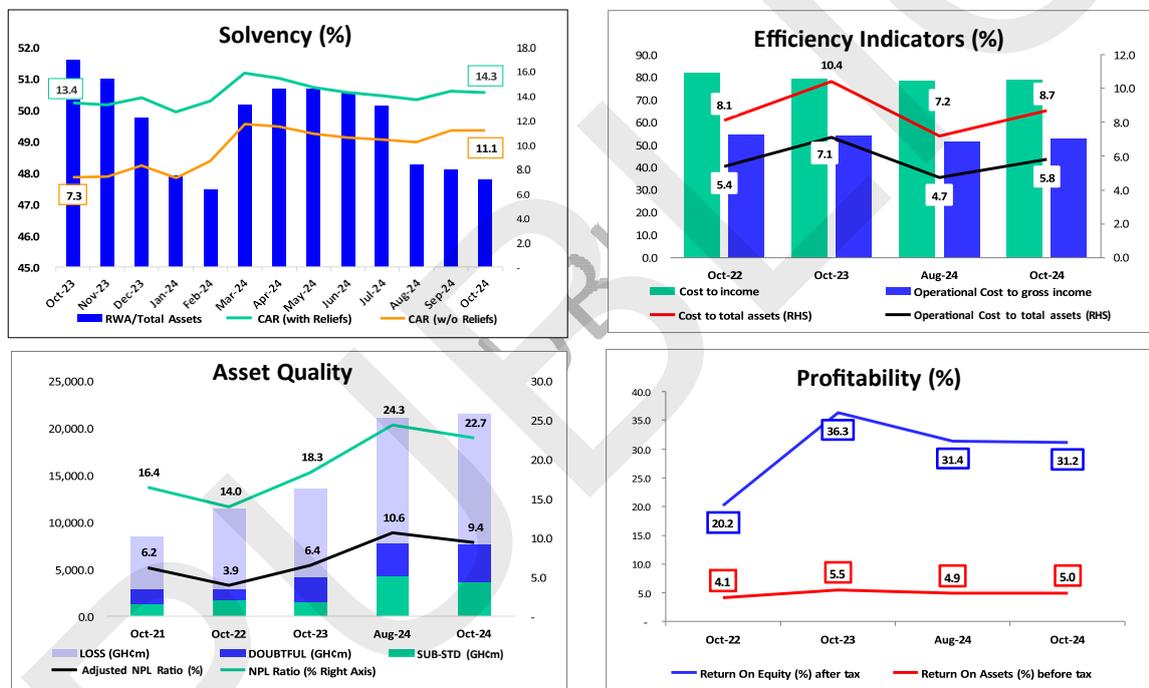
marginally from 94.8 percent in October 2023 to 96.0 percent in October 2024, while that of the public sector declined from 5.2 percent in October 2023 to 4.0 at end-October 2024.

The increase in NPL ratios among sectors was broad-based with all but one sector recording increases in October 2024 compared to the same period in October 2023. The transportation, storage and communication sector recorded the highest year-on-year increase in NPL ratio (to 49.4% from 27.3%), followed by the agriculture, forestry and fishing sector (to 44.7% from 37.4%). The construction sector had the third highest NPL ratio although it was the sole sector to record an improvement in its NPL ratio (to 32.2% from 36.9%). The mining and quarrying sector recorded the lowest NPL ratio (12.0% in October 2024, up from 4.1% in October 2023).

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

5.3.1 Liquidity Indicators

The industry’s liquidity position remained strong in October 2024, with improvements in both core and broad measures following the increase in the CRR requirement. The ratio of core liquid assets (mainly cash and due from banks) to total deposits increased to 49.3 percent in October 2024 from 34.0 percent in October 2023, while core liquid assets to total assets ratio increased to 37.2 percent from 26.3 percent. The ratio of broad liquid assets to total deposits also increased to 91.7 percent from 85.7 percent, while the broad liquid assets to total assets ratio increased to 69.3 percent from 66.5 percent over the same review period.

5.3.2 Capital Adequacy Ratio

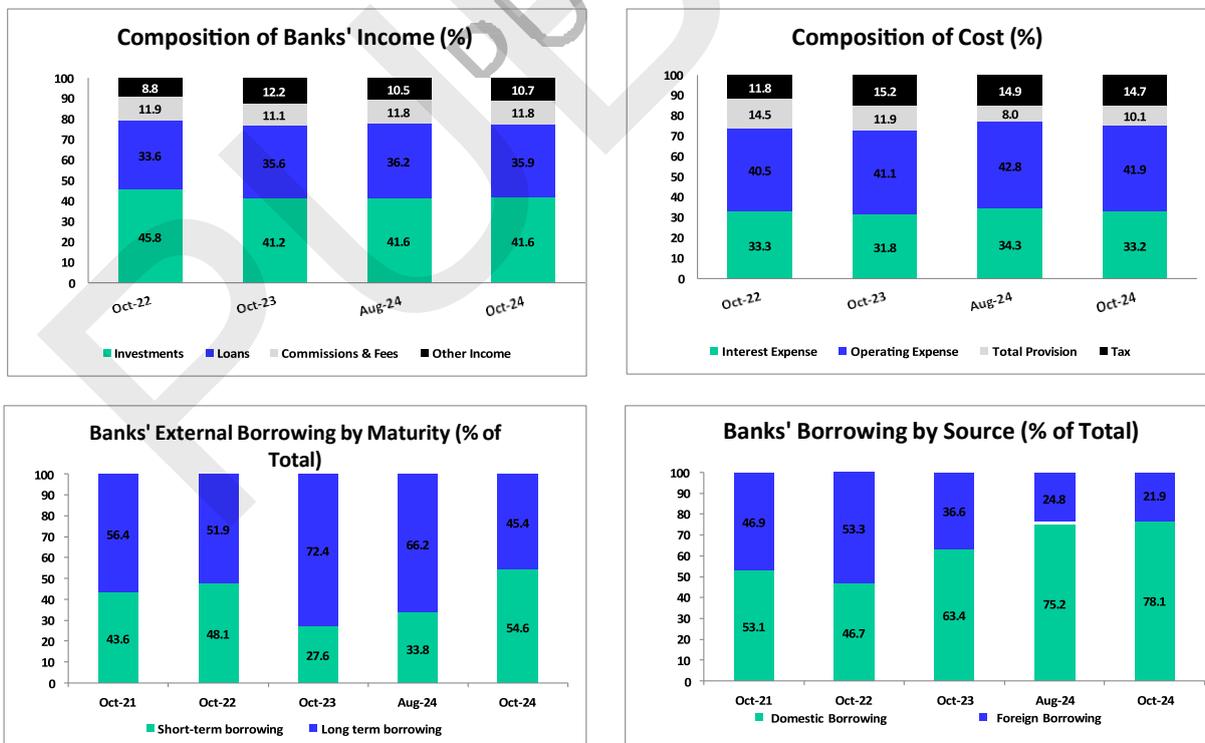
The industry’s solvency position, measured by the Capital Adequacy Ratio (CAR), improved to 11.1 percent in October 2024, from 7.3 percent in October 2023, on account of the rebound in profitability following the DDEP implementation, as well as the ongoing recapitalisation of the sector. When the DDEP regulatory reliefs are taken into account, the CAR increased to 14.3 percent in October 2024 from 13.4 percent in October 2023.

5.3.3 Profitability

The banking industry remained profitable, posting a higher profit-before-tax (PBT) of GH¢13.2 billion and a higher profit-after-tax (PAT) of GH¢8.5 billion for the first ten months of 2024 compared to the same period in 2023. Growth in PBT, however, moderated to 18.2 percent in October 2024 from 64.3 percent in October 2023 while PAT growth declined to 19.9 percent from 60.4 percent over the same comparative period.

Largely, all income lines grew but at a slower pace in October 2024 compared to the same period last year. Net interest income picked up by 18.3 percent to GH¢20.7 billion, lower than the corresponding growth of 36.5 percent in October 2023. In year-on-year terms, interest income improved by 20.2 percent to GH¢31.3 billion in October 2024, up from GH¢26.0 billion in October 2023. Interest expenses also improved to GH¢10.6 billion in October 2024, up from GH¢8.5 billion in October 2023, representing a growth rate of 24.0 percent, relative to the 26.9 percent growth recorded in October 2023. The slowdown in growth in net interest income was attributable to the lower lending rates and lower rates on money market instruments in October 2024 compared to October 2023.

Figure 5.3: Composition of Income, Cost and Borrowings



Source: Bank of Ghana

Net fees and commissions recorded a slower growth of 26.0 percent, from 29.3 percent a year ago, while other income rose by 4.9 percent (to GH¢4.3 million from GH¢4.1 billion), compared to the increase of 91.2 percent in October 2023. These developments resulted in a 14.4 percent growth in the industry's net operating income in October 2024, compared with the 47.8 percent growth recorded in October 2023.

The cost lines also recorded similar increases in October 2024 but at lower growth rates compared to the same period in 2023. The industry's operating expenses grew by 21.0 percent in October 2024, compared to 34.9 percent in 2023, on the back of higher growth in staff costs and other operating (administrative) expenses. Provisions for depreciation, bad debt and impairment losses on financial assets went up by 1.0 percent in October 2024, compared to the 9.5 percent increase recorded in October 2023.

(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 profit-before-tax and profit-after-tax, respectively. The ROE declined to 31.2 percent in October 2024 from 36.3 percent in October 2023 and the ROA also decreased to 5.0 percent from 5.5 percent during the same reference period.

(b) Interest Margin and Spread

Interest spreads for the banking sector widened to 10.8 percent in October 2024, from 10.4 percent in October 2023. The increase in spreads was on the back of a moderate decline in interest payable to 4.8 percent, from 5.0 percent a year earlier, while gross yields rose marginally to 15.6 percent in October 2024, from 15.4 percent a year ago. The interest margin to total assets ratio and interest margin to gross income ratio also fell to 5.6 percent and 51.3 percent, respectively, from 6.8 percent and 51.6 percent during the period under review. The ratio of gross income to total assets (asset utilisation) declined to 11.0 percent in October 2024 from 13.2 percent in October 2023, while the profitability ratio increased marginally to 21.1 percent from 20.9 percent.

(c) Composition of Banks' Income

Income from investments remained the largest component of banks' total income in October 2024, with its share growing to 41.6 percent, from 41.2 percent in October 2023. The share of interest income from loans, also rose to 35.9 percent from 35.6 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 11.1 percent, while the share of income from other sources declined to 10.7 percent from 12.2 percent.

5.3.4 Operational Efficiency

The industry remained broadly efficient, on the back of the slowdown in growth of operating expenses during the period under review. The cost-to-income ratio improved marginally to 78.9 percent in October 2024 from 79.1 percent in October 2023, while the cost-to-total assets ratio improved to 8.7 percent, from 10.4 percent in the same reference period. The operational cost-to-total assets ratio also went down to 5.8 percent in October 2024 from 5.8 percent in October 2023, while the ratio of operational cost to total income declined to 52.7 percent from 53.9 percent.

5.3.5 Banks' Counterparty Relationships

Total offshore balances shot up significantly by 125.7 percent to GH¢38.8 billion in October 2024, compared to the 4.6 percent growth recorded in the previous year, driven by growth in both nostro balances and placements. Nostro balances grew by 176.6 percent in October 2024, compared with a contraction of 21.5 percent in October 2023. Growth in industry placements was also higher at 90.8 percent in October 2024, compared to the growth of 36.0 percent during the same period last year. Accordingly, the ratio of offshore balances to net worth increased to 102.2 percent in October 2024, from 67.7 percent in October 2023.

The share of banks' external borrowings in total borrowings declined to 21.9 percent in October 2024, from 36.6 percent in October 2023, while the share of domestic borrowings increased to 78.1 percent from 63.4 percent over the same reference period. Banks' external borrowings were tilted towards short-term instruments, as the share of short-term borrowings in total external borrowings increased to 54.6 percent in October 2024 from 27.6 percent in October 2023, while the share of long-term borrowings declined to 45.4 percent from 72.4 percent.

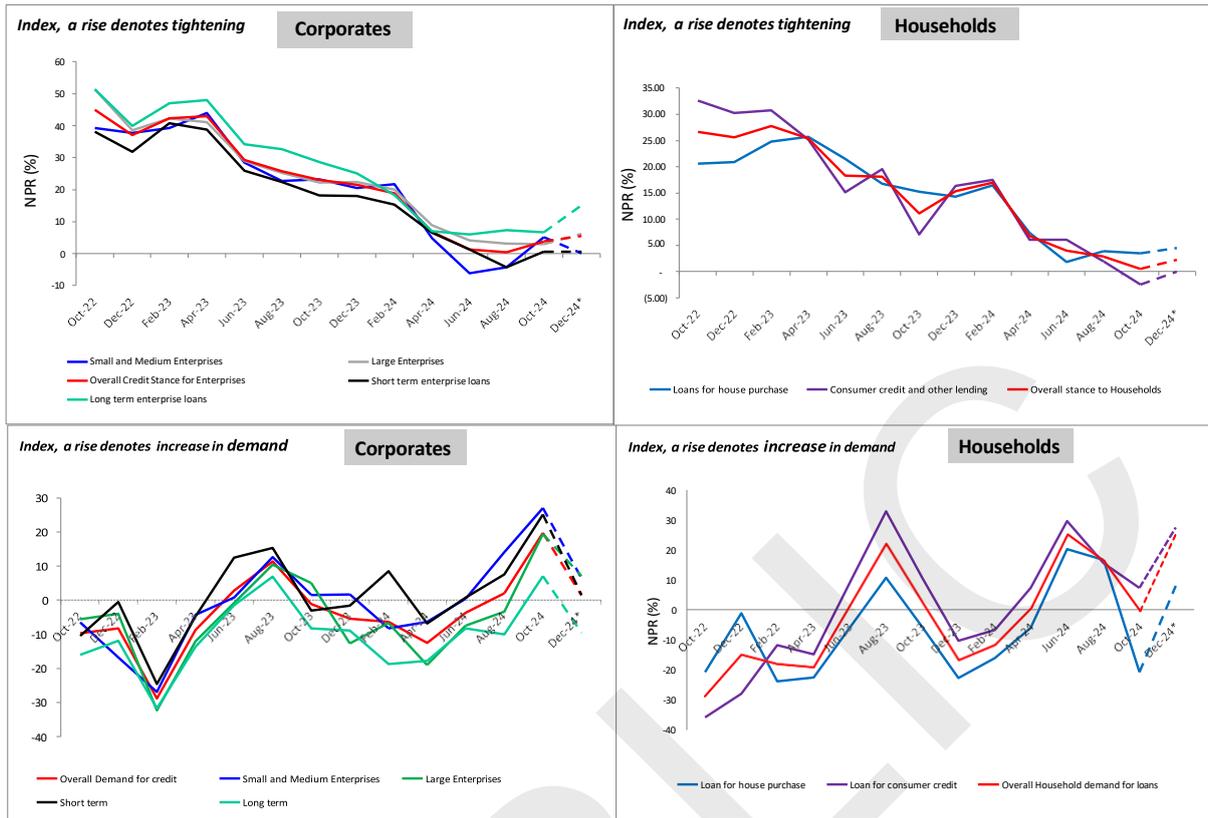
5.4 Credit Conditions Survey

Results of the October 2024 Credit Conditions Survey indicated a net tightening in the overall stance on loans to enterprises in September and October 2024, on the back of a net tightening stance on all components of enterprise loans during the review period. Banks projected that their overall stance on enterprise loans would tighten further in the next two months, from net tightening in all components of enterprise loans except for loans to small and medium enterprises.

The overall credit stance on loans to households, on the other hand, eased during the October 2024 survey round, from a net ease in all components of household loans, namely loans for house purchase, and consumer credit and other lending. Over the next two months, banks project a net tightening in the overall stance on loans to households, which will be reflected in loans for house purchases and consumer credit.

The October 2024 survey further indicated an increase in overall demand for enterprise loans from net increases in all components of enterprise loans. Banks project a net decrease in corporate loans in the next two months, driven by net decreases in the demand for all categories of enterprise loans. Credit demand by households, however, softened between September and October 2024, from a net decline in the demand for loans for house purchase and consumer credit and other lending. Over the next two months, however, banks project an increase in the demand for both consumer credit and loans for house purchases to drive an increase in the overall demand for household loans.

Figure 5.4: Credit Conditions Survey Results



Source: Bank of Ghana

5.5 Conclusion and Outlook

The banking sector’s performance in October 2024 was strong and continued to signal a recovery from the 2022 macroeconomic crisis. Asset growth was robust, evidenced by sustained increases in deposits and other funding sources. The industry’s CAR improved in October 2024 relative to October 2023, reflecting the rebound in profitability following the DDEP implementation, as well as the ongoing recapitalisation of the sector. The banking sector also recorded improvements in liquidity and efficiency during the review period. Asset quality concerns, however, remained a risk to the outlook, with the potential to erode some of the gains the sector has made. Overall, the industry’s outlook remains stable, contingent on the recapitalisation of the sector by the end of December 2025, implementation of rigorous credit risk underwriting standards, and intensification of loan recovery efforts to address asset quality concerns in the sector.

6. Price Developments

6.0 Highlights

Recent price developments show some sluggishness in the pace of disinflation. Since the last MPC meeting, headline inflation readings for September and October point to upticks driven by food price increases. Overall, headline inflation which stood at 20.4 percent in August, rose to 21.5 percent in September and then further to 22.1 percent in October 2024. The rise in inflation has largely been driven by food price pressures and some exchange rate pass-through effects from previous depreciation of the currency. On a year-on-year basis, however, the inflation rate of 22.1 percent for October 2024 reflects an ease in inflationary conditions from the rate of 35.1 percent recorded in October 2023.

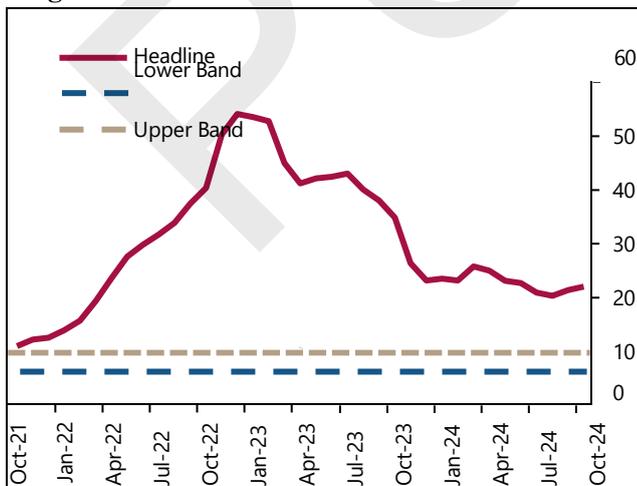
6.1 Domestic Inflation

Recent price developments show some sluggishness in the pace of disinflation. Headline inflation picked up to 22.1 percent in October, from 21.5 percent in September and 20.4 percent in August 2024, following five months of consistent disinflation. The upticks were primarily driven by food price pressures and some exchange rate pass-through effects from previous depreciation of the currency. On a year-on-year basis, however, the inflation rate of 22.1 percent for October 2024 reflects an ease in inflationary conditions from the rate of 35.1 percent recorded in October 2023.

Food inflation increased to 22.8 percent in October, from 22.1 percent in September and 19.1 percent in August 2024. The increase in food inflation was broadly attributed to adverse weather conditions that likely affected agricultural yields and a higher demand for food products as the harvest season transitioned. Non-food inflation edged down to 20.9 percent in September, before inching up to 21.5 percent in October, same as the level observed in August 2024.

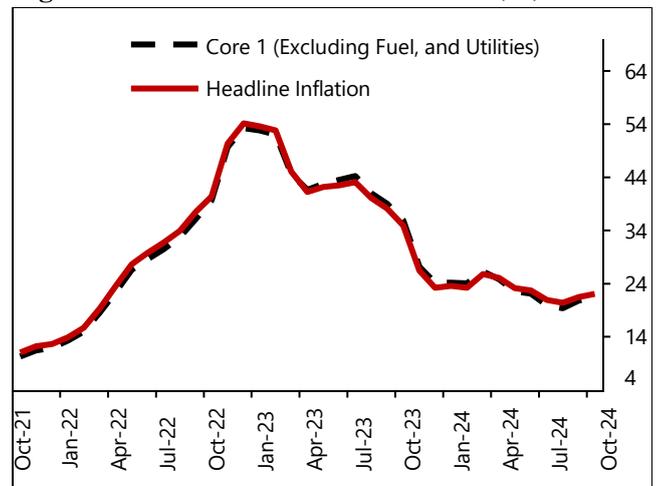
Core inflation has eased considerably over the year. However, recent trends point to some underlying inflationary pressures consistent with current inflation developments. Excluding the prices of energy and utility items from the consumer basket, the Bank's main measure of core inflation climbed to 21.4 percent in October 2024 from 19.4 percent in August 2024. Core inflation, however, declined by 14.0 percentage points since October 2023.

Figure 6.1: Headline Inflation



Source: GSS and Bank of Ghana Staff Calculations

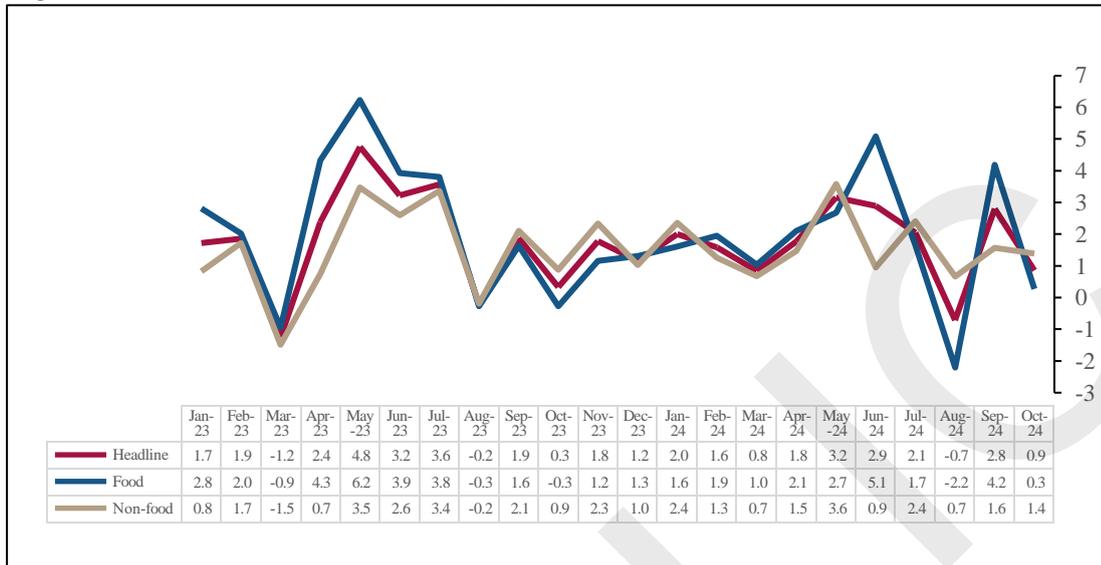
Figure 6.2: Headline vs Core Inflation (%)



Source: GSS and Bank of Ghana Staff Calculations

Month-on-month inflation for October 2024 slowed significantly to 0.9 percent, from 2.8 percent in the previous month, driven mainly by food inflation. While monthly food inflation fell sharply to 0.3 percent in October from 4.2 percent in September 2024, monthly non-food inflation edged down to 1.4 percent from 1.6 percent over the same period.

Figure 6.3: Month-on-Month Inflation (%)



Source: Ghana Statistical Service

A disaggregation of the Consumer Price Index by sub-groups shows a broad increase in inflation across the basket between August 2024 and October 2024. However, compared to a year ago, inflation has slowed broadly across the basket.

Table 6.1 CPI Components

	Weights (%)	CPI Components (%)													
		2021		2022				2023				2024			
		Dec	Dec	Sept	Oct	Nov	Dec	Jan	Mar	Jun	Jul	Aug	Sept	Oct	
Overall	100.0	12.6	54.1	38.1	35.2	26.4	23.2	23.5	25.8	22.8	20.9	20.4	21.5	22.1	
Food and Beverages	43.1	12.8	59.7	49.3	44.8	32.2	28.7	27.1	29.6	24.0	21.5	19.1	22.1	22.8	
Non-food	56.9	12.5	49.9	29.3	27.7	21.7	18.7	20.5	22.6	21.6	20.5	21.5	20.9	21.5	
Alcoholic Beverages, Tobacco & Narcotics	3.7	9.6	38.5	49.4	45.7	39.0	38.2	38.5	41.0	32.3	26.8	25.0	27.6	31.5	
Clothing and footwear	8.1	8.6	41.9	32.5	30.6	24.8	22.3	22.8	24.5	18.2	16.9	17.9	19.0	20.2	
Housing and Utilities	10.2	20.7	82.3	28.6	25.3	21.5	19.5	22.6	24.9	26.0	28.6	31.8	26.4	26.9	
Furnishings, Household Equipment	3.2	9.6	71.5	44.9	40.9	32.2	26.9	27.6	23.0	17.0	14.3	12.6	14.5	16.8	
Health	0.7	6.0	34.4	31.3	28.1	23.6	23.0	26.6	32.0	22.6	21.2	20.6	22.3	23.9	
Transport	10.1	17.6	71.4	25.9	25.0	11.5	4.4	5.6	7.9	19.0	18.1	17.4	16.3	16.1	
Information and Communication	3.6	9.0	21.5	21.1	19.3	16.8	14.2	13.6	15.2	10.4	10.1	12.4	14.2	13.1	
Recreation & Culture	3.5	11.4	42.4	30.1	28.8	23.4	24.9	25.9	29.4	20.5	17.1	19.6	18.7	19.2	
Education	6.5	1.0	11.3	11.3	12.9	14.1	13.9	19.8	23.7	20.9	18.0	22.0	23.7	21.7	
Hotels, cafes and restaurants	4.6	8.9	9.2	19.5	22.6	27.1	28.0	29.2	32.7	30.7	28.3	29.5	27.9	24.6	
Insurance and Financial services	0.2	6.3	10.8	5.0	5.5	8.5	8.1	8.6	9.3	6.2	11.3	12.4	13.3	16.6	
Personal care, social protection & Miscellaneous services	2.4	10.6	60.9	49.2	45.0	35.4	31.1	32.0	33.5	19.5	16.0	14.9	17.3	19.8	

Source: Ghana Statistical Service

Source: Ghana Statistical Service

7.2 Inflation Risk Assessment and Outlook

Headline inflation declined to 20.4 percent in August 2024, from a height of 25.8 percent at the end of March 2024. However, in September 2024, headline inflation rose to 21.5 percent, marking the first increase after five months of consistent decline, and further edged up to 22.1 percent in October 2024. The Bank's main measure of core inflation has also picked up from 19.4 percent in August 2024 to 21.4 percent in October 2024. The recent developments in inflation have largely been occasioned by steep price increases in food items this year, coupled with a fast-paced depreciating currency earlier in the year and upward adjustments in fuel prices and utility tariffs. This has altered the inflation trajectory and stalled the disinflation process. Inflation projections show a slightly elevated profile.

Inflation projections show a slightly elevated profile driven by high and unstable food prices, pass-through of previous exchange rate pressures, fuel prices and utility tariff adjustments. The price increases in food items have been steep in the course of the year and together with a fast-paced depreciating currency earlier on in the year have altered the inflation trajectory and stalled the disinflation process. At the time of the last MPC meeting, average inflation forecast a year ahead which stood at 19.0 percent has increased slightly to 20.1 percent at this forecast round. The horizon for inflation to get back within the target band of 6-10 percent has slightly shifted forward to Q42025 from the original forecast period of Q32025. In the near-term, strengthening of the currency will augur well for future price developments. Under the circumstances, the Monetary Policy Committee decided to keep the policy rate unchanged at 27 percent.

Decision on the Monetary Policy Rate

Under the circumstances, the Monetary Policy Committee decided to keep the policy rate unchanged at 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)										
	Oct-22	Dec-22	Oct-23	Dec-23	Mar-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24
1 Net Foreign Assets	(19528.25)	(10321.15)	1043.65	21710.89	34085.37	49084.99	53866.25	53694.05	65801.73	70066.63
Bank of Ghana	(21098.91)	(17487.62)	(14153.57)	4021.06	13251.29	23057.19	27477.05	27734.59	34489.38	33675.59
Commercial Banks	1570.66	7166.46	15197.22	17689.83	20834.09	26027.80	26389.20	25959.46	31312.35	36391.04
2 Net Domestic Assets	207187.45	190587.99	224795.30	228308.31	227034.13	231954.03	233815.58	240594.18	245378.55	254687.83
ow: Claims on government (net)	121169.24	127515.37	118699.03	115681.46	118345.15	117391.93	118552.67	131576.91	130147.19	132334.10
ow: Claims on Private sector(Incl. PE's)	89844.06	85078.76	88835.75	86096.51	86193.53	93719.28	94573.89	96451.37	101487.64	104305.33
ow: BOG OMO Sterilisation Acc.	(5699.78)	(7725.48)	(37864.75)	(24795.37)	(22605.87)	(16244.51)	(21158.62)	(26026.81)	(21138.18)	(21570.86)
5 Total Liquidity (M2+)	187659.20	180266.84	225838.95	250019.20	261119.50	281039.02	287681.83	294288.23	311180.28	324754.46
6 ow: Broad Money Supply (M2)	121790.71	135142.49	164098.14	185425.80	190181.12	203530.25	209091.58	214821.11	229253.49	238258.07
7 ow: Foreign Currency Deposits(€million)	65868.49	45124.35	61740.81	64593.40	70938.38	77508.78	78590.25	79467.11	81926.79	86496.39
Change from previous year (in per cent)										
8 Net Foreign Assets	(227.60)	(237.04)	(105.34)	(310.35)	(383.89)	7455.25	(1952.81)	(1745.76)	(3972.59)	6613.61
9 Net Domestic Assets	81.86	48.87	8.50	19.79	3.67	11.00	8.47	10.44	11.10	13.30
10 ow: Claims on government (net)	52.23	69.31	(2.04)	(9.28)	(17.95)	(14.41)	(16.78)	(8.88)	9.93	11.49
11 ow: Claims on Private sector(Incl. PE's)	53.77	37.70	(1.12)	1.20	(2.36)	6.69	7.05	9.92	15.14	17.41
12 ow: BOG OMO Sterilisation Acc.	26.98	(36.62)	(564.32)	(220.96)	17.62	40.44	37.64	25.06	42.22	43.03
13 Total Liquidity (M2+)	45.21	32.98	20.35	38.69	26.15	34.07	35.28	37.14	41.99	43.80
14 Broad Money Supply (M2)	20.43	27.81	34.74	37.21	28.39	35.62	36.68	38.62	44.50	45.19
15 Foreign Currency Deposits (FCDs)	134.39	51.33	(6.27)	43.15	20.53	30.16	31.70	33.27	35.38	40.10
Cumulative change from previous year end (in per cent)										
16 Net Foreign Assets	(359.29)	(237.04)	(110.11)	(310.35)	57.00	126.08	148.11	147.31	203.08	222.73
17 Net Domestic Assets	61.83	48.87	17.95	19.79	(0.56)	1.60	2.41	5.38	7.48	11.55
18 ow: Claims on government (net)	60.88	69.31	(6.91)	(9.28)	2.30	1.48	2.48	13.74	12.50	14.40
19 Broad Money(M2+)	38.44	32.98	25.28	38.69	4.44	12.41	15.06	17.71	24.46	29.89
Annual per cent contribution to money growth										
20 Net Foreign Assets	(26.95)	(13.17)	10.96	17.77	22.27	23.11	26.70	26.54	30.80	30.56
21 NDA	72.17	46.15	9.38	20.92	3.88	10.96	8.58	10.60	11.19	13.24
22 Total Liquidity (M2+)	45.21	32.98	20.35	38.69	26.15	34.07	35.28	37.14	41.99	43.80
Memorandum items										
23 Reserve Money	64737.95	68103.84	63065.75	87987.66	89011.62	110578.33	108211.32	116795.08	120771.47	128961.15
24 NFA (\$million)	(1501.18)	(1203.49)	90.78	1827.52	2647.00	3365.21	3632.66	3534.85	4164.67	4298.57
25 Currency ratio	0.16	0.21	0.17	0.18	0.18	0.19	0.19	0.20	0.20	0.21
26 FCD/M2+	0.35	0.25	0.27	0.26	0.27	0.28	0.27	0.27	0.26	0.27
27 FCD/Total Deposit	0.41	0.30	0.32	0.30	0.32	0.33	0.33	0.32	0.32	0.32
28 RM multiplier	1.88	1.98	2.60	2.11	2.14	1.84	1.93	1.84	1.90	1.85

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)										
	Oct-22	Dec-22	Oct-23	Dec-23	Mar-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24
1 Net Foreign Assets (NFA)	(21098.9)	(17487.6)	(14153.6)	4021.1	13251.3	23057.2	27477.0	27734.6	34489.4	33675.6
2 Net Domestic Assets (NDA)	85836.9	85591.5	77219.3	84278.4	75760.0	87521.1	80734.3	89060.5	86282.1	95285.6
of which:										
3 ow: Claims on government (net)	74101.6	78871.2	61494.8	54356.1	50086.8	55138.4	56916.9	64947.6	69537.6	70877.4
4 Claims on DMB's (net)	(5679.6)	(4057.4)	(14904.9)	(9878.4)	(16020.1)	(13451.5)	(19716.9)	(18523.3)	(26897.1)	(21593.3)
5 OMO Sterilisation Account.	(5699.8)	(7725.5)	(37864.8)	(24795.4)	(22605.9)	(16244.5)	(21158.6)	(26026.8)	(21138.2)	(21570.9)
6 Reserve Money (RM)	64738.0	68103.8	63065.7	88299.4	89011.3	110578.3	108211.3	116795.1	120771.5	128961.2
7 ow:Currency	25674.1	31420.6	33301.2	37620.7	39677.6	44895.6	46752.9	48951.9	52752.8	57354.0
8 DMB's reserves	33358.6	31727.8	23829.1	38050.2	42754.5	58972.2	54035.5	60668.6	60760.4	58415.5
9 Non-Bank deposits	5705.3	4955.3	5935.5	12628.5	6579.2	6710.6	7422.9	7174.5	7258.3	7289.6
Change from previous year (in per cent)										
10 Net Foreign Assets	(222.3)	(312.0)	(32.9)	(123.0)	(155.3)	(267.7)	(274.5)	(264.0)	(312.1)	(337.9)
11 Net Domestic Assets	280.8	144.6	(10.0)	(1.5)	(7.4)	15.0	5.6	11.8	8.2	23.4
12 ow: Claims on government (net)	119.2	168.4	(17.0)	(31.1)	(42.5)	(33.5)	(34.4)	(25.9)	11.5	15.3
13 Claims on DMB's (net)	1155.5	243.9	(162.4)	(143.5)	(62.2)	(58.2)	(138.0)	(103.9)	(131.1)	(44.9)
14 OMO Sterilisation Account.	27.0	(36.6)	(564.3)	(221.0)	17.6	40.4	37.6	25.1	42.2	43.0
15 Reserve Money (RM)	49.7	57.5	(7.4)	29.7	0.8	25.2	22.6	32.3	36.8	46.0
16 ow:Currency	17.9	44.3	6.0	19.7	5.5	19.3	24.3	30.1	40.2	52.5
Cumulative change from previous year end (in per cent)										
17 Net Foreign Assets (NFA)	(355.8)	(312.0)	(19.1)	(123.0)	229.5	473.4	583.3	589.7	757.7	737.5
18 Net Domestic Assets (NDA)	145.3	144.6	(9.8)	(1.5)	(10.1)	3.8	(4.2)	5.7	2.4	13.1
19 ow: Claims on government (net)	152.1	168.4	(16.8)	(31.1)	(7.9)	1.4	4.7	19.5	27.9	30.4
20 Reserve Money (RM)	49.7	57.5	(7.4)	29.7	0.8	25.2	22.6	32.3	36.8	46.0
Annual per cent contribution										
21 Net Foreign Assets	(96.38)	(59.51)	10.73	31.58	64.31	59.04	71.18	71.17	79.93	75.84
22 Net Domestic Assets (NDA)	159.10	116.99	(13.31)	(1.93)	(10.42)	18.33	7.01	15.02	10.27	28.65
23 RM growth (y-o-y)	62.72	57.48	(2.58)	29.65	53.89	77.37	78.19	86.18	90.20	104.49

Source: Bank of Ghana Staff Calculations

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

	<u>Oct-21</u>	<u>Oct-22</u>	<u>Oct-23</u>	<u>Aug-24</u>	<u>Oct-24</u>
Components of Assets (% of Total)					
Cash and Due from Banks	18.9	27.2	26.3	35.6	37.2
Investments	48.0	34.0	40.2	34.4	32.1
Net Advances	25.8	28.9	24.4	20.8	21.2
Others	7.3	9.9	9.1	9.3	9.5
Components of Liabilities and Shareholders' Funds (% of Total)					
Total Deposits	67.6	68.9	77.5	75.1	75.5
Total Borrowings	11.9	12.2	5.8	7.6	7.1
Shareholders' Funds	13.6	10.6	9.8	9.8	10.3
Other Liabilities	7.0	8.4	6.8	7.5	7.0

Source: Bank of Ghana Staff Calculations

Table A.4: Credit Growth

	Gh¢million				y/y growth (%)	
	Oct-22	Oct-23	Aug-24	Oct-24	Oct-23	Oct-24
Public Sector	8,374.46	6,114.20	6,359.32	7,634.96	-27.0	24.9
Private Sector	72,851.57	67,410.86	80,318.06	86,842.39	-7.5	28.8
- Private Enterprises	55,763.72	48,687.99	58,327.82	64,183.22	-12.7	31.8
o/w Foreign	10,603.48	2,997.28	4,008.61	4,798.64	-71.7	60.1
Indigenous	45,160.25	45,690.71	54,319.21	59,384.58	1.2	30.0
- Households	14,773.68	17,284.45	20,189.70	21,085.05	17.0	22.0
Gross Loans	81,226.0	73,525.1	86,677.4	94,477.3	-9.5	28.5

Source: Bank of Ghana Staff Calculations

Table A.5: Contingent Liabilities

	<u>Oct-21</u>	<u>Oct-22</u>	<u>Oct-23</u>	<u>Aug-24</u>	<u>Oct-24</u>
Contingent Liabilities (GH¢million)	16,532.8	31,219.8	19,458.2	27,114.8	27,195.9
Growth (y-o-y)	44.6	88.8	(37.7)	50.2	39.8
% of Total Liabilities	11.0	14.0	8.4	8.9	8.3

Source: Bank of Ghana Staff Calculations

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

	Oct-22		Oct-23		Aug-24		Oct-24	
	Share in Total Credit	Share in NPLs	Share in Total Credit	Share in NPLs	Share in Total Credit	Share in NPLs	Share in Total Credit	Share in NPLs
a. Public Sector	10.3	5.0	8.3	5.2	7.3	4.0	8.1	4.0
i. Government	5.3	1.4	3.1	2.3	2.2	1.1	2.0	1.0
ii. Public Institutions	1.7	0.1	1.7	0.0	1.6	0.0	2.5	0.0
iii. Public Enterprises	3.3	3.5	3.5	3.0	3.5	3.0	3.6	2.9
b. Private Sector	89.7	95.0	91.7	94.8	92.7	96.0	91.9	96.0
i. Private Enterprises	68.7	85.8	66.2	84.3	67.3	83.6	67.9	83.4
o/w Foreign	13.1	12.9	4.1	2.4	4.6	2.2	5.1	2.4
Indigenous	55.6	72.9	62.1	81.9	62.7	81.4	62.9	81.0
ii. Households	18.2	8.3	23.5	9.7	23.3	11.5	22.3	11.7
iii. Others	2.8	0.8	2.0	0.8	2.1	0.9	1.7	0.9

Source: Bank of Ghana Staff Calculations

Table A.7: Liquidity Ratios

	Oct-21	Oct-22	Oct-23	Aug-24	Oct-24
Liquid Assets (Core) - (GH¢'million)	32,822.3	68,018.6	67,888.8	120,794.4	136,713.0
Liquid Assets (Broad) -(GH¢'million)	116,016.0	152,815.6	171,375.6	237,149.9	254,364.6
Liquid Assets to total deposits (Core)-%	28.0	39.5	34.0	47.4	49.3
Liquid Assets to total deposits (Broad)- %	98.8	88.8	85.7	93.1	91.7
Liquid assets to total assets (Core)- %	18.9	27.2	26.3	35.6	37.2
Liquid assets to total assets (Broad)- %	66.7	61.2	66.5	69.9	69.3

Source: Bank of Ghana Staff Calculations

Table A.8: Profitability Indicators (%)

	Oct-22	Oct-23	Aug-24	Oct-24
Gross Yield	13.3	15.4	12.2	15.6
Interest Payable	4.8	5.0	3.9	4.8
Spread	8.5	10.4	8.3	10.8
Asset Utilisation	9.9	13.2	9.1	11.0
Interest Margin to Total Assets	5.1	6.8	4.6	5.6
Interest Margin to Gross income	52.1	51.6	50.8	51.3
Profitability Ratio	18.0	20.9	21.5	21.1
Return On Equity (%) after tax	20.2	36.3	31.4	31.2
Return On Assets (%) before tax	4.1	5.5	4.9	5.0

Source: Bank of Ghana Staff Calculations

Table A.9: DMBs' Income Statement

	Oct-22	Oct-23	Oct-24	Oct-23	Oct-24
	<u>(GH c'million)</u>			<u>Y-on-y Growth (%)</u>	
Interest Income	19,552.8	26,041.9	31,296.8	33.2	20.2
Interest Expenses	(6,727.1)	(8,538.2)	(10,589.9)	26.9	24.0
Net Interest Income	12,825.7	17,503.7	20,706.9	36.5	18.3
Fees and Commissions (Net)	2,921.6	3,776.2	4,756.3	29.3	26.0
Other Income	2,161.4	4,133.0	4,336.9	91.2	4.9
Operating Income	17,908.7	25,412.9	29,800.1	41.9	17.3
Operating Expenses	(8,184.8)	(11,038.7)	(13,357.6)	34.9	21.0
Staff Cost (deduct)	(4,312.3)	(5,356.0)	(6,652.3)	24.2	24.2
Other operating Expenses	(3,872.5)	(5,682.6)	(6,705.3)	46.7	18.0
Net Operating Income	9,723.9	14,374.3	16,442.5	47.8	14.4
Total Provision (Loan losses, Depreciation & others)	(2,920.3)	(3,196.3)	(3,227.4)	9.5	1.0
Income Before Tax	6,803.6	11,177.9	13,215.2	64.3	18.2
Tax	(2,377.8)	(4,077.0)	(4,699.9)	71.5	15.3
Net Income	4,425.8	7,101.0	8,515.3	60.4	19.9
Gross Income	24,635.8	33,951.1	40,390.0	37.8	19.0

Source: Bank of Ghana Staff Calculations

Table A.10: Developments in Offshore Balances

	Oct-21	Oct-22	Oct-23	Aug-24	Oct-24
Offshore balances as % to Networth	27.5	62.0	67.7	87.6	102.2
Annual Growth in Offshore balances (%)	-30.7	152.6	4.6	88.6	125.7
Annual Growth in Nostro Balances (%)	-38.8	158.3	-21.5	99.6	176.6
Annual Growth in Placement (%)	-18.5	147.9	36.0	81.5	90.8

Source: Bank of Ghana Staff Calculations

Table A.11: 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
2023										
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
Aug	40.1	51.9	30.9	-0.2	-0.3	-0.2	41.0	38.3	44.0	32.5
Sept	38.1	49.3	29.3	1.9	1.6	2.1	39.0	35.3	40.0	29.5
Oct	35.2	44.8	27.7	0.6	0.1	1.0	36.2	33.1	37.2	28.3
Nov	26.4	32.2	21.7	1.5	0.8	2.2	27.2	24.8	28.6	22.9
Dec	23.2	28.7	18.7	1.2	1.3	1.0	24.2	22.3	25.5	20.7
2024										
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
Jun	22.8	24.0	21.6	2.9	5.1	0.9	22.1	19.5	23.2	19.1
Jul	20.9	21.5	20.5	2.1	1.7	2.4	19.9	16.7	20.8	17.3
Aug	20.4	19.1	21.5	-0.7	-2.2	0.7	19.4	16.9	20.0	18.9
Sep	21.5	22.1	20.9	2.8	4.2	1.6	20.8	17.6	21.5	18.4
Oct	22.1	22.8	21.5	0.9	0.3	1.4	21.4	19.5	22.2	19.1

Source: Ghana Statistical Service

Bank of Ghana