



BANK OF GHANA
MONETARY POLICY REPORT

January 2025

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 122nd meeting held in January 2025.

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 – January 2025

www.bog.gov.gh

Table of Contents

OVERVIEW	2
1. GLOBAL ECONOMIC DEVELOPMENTS	3
1.0 HIGHLIGHTS	3
1.1 GLOBAL GROWTH DEVELOPMENTS	3
1.2 GLOBAL PRICE DEVELOPMENTS	4
1.3 GLOBAL FINANCIAL MARKETS DEVELOPMENTS	5
1.4 CURRENCY MARKETS	6
1.5 GLOBAL ECONOMIC OUTLOOK AND RISKS	9
2. EXTERNAL SECTOR DEVELOPMENTS	10
2.0 HIGHLIGHTS	10
2.1 COMMODITY PRICE TRENDS	10
2.2 TRADE BALANCE	11
2.3 CURRENT ACCOUNT	12
2.4 CAPITAL AND FINANCIAL ACCOUNTS	12
2.5 INTERNATIONAL RESERVES	12
2.6 EXTERNAL SECTOR OUTLOOK	12
3. REAL SECTOR DEVELOPMENTS	14
3.0 HIGHLIGHTS	14
3.1 ECONOMIC GROWTH	14
3.2 TRENDS IN REAL SECTOR INDICATORS	14
3.3 LABOUR MARKET ACTIVITY	16
3.4 COMPOSITE INDEX OF ECONOMIC ACTIVITY	16
3.5 CONSUMER AND BUSINESS SURVEYS	16
4. MONETARY AND FINANCIAL DEVELOPMENTS	20
4.0 HIGHLIGHTS	20
4.1 DEVELOPMENTS IN MONETARY AGGREGATES	20
4.2 RESERVE MONEY	21
4.3 DEPOSIT MONEY BANKS CREDIT DEVELOPMENTS	22
4.4 MONEY MARKET DEVELOPMENTS	23
4.5 STOCK MARKET DEVELOPMENTS	24
4.6 CONCLUSION	25
5. BANKING SECTOR DEVELOPMENTS	26
5.0 HIGHLIGHTS	26
5.1 BANKS' BALANCE SHEET	26
5.2 CREDIT RISK	29
5.3 FINANCIAL SOUNDNESS INDICATORS	30
5.4 CREDIT CONDITIONS SURVEY	33
5.5 CONCLUSION AND OUTLOOK	34
6. PRICE DEVELOPMENTS	35
6.0 HIGHLIGHTS	35
6.1 DOMESTIC INFLATION	35
6.2 INFLATION RISK ASSESSMENT AND OUTLOOK	36
APPENDIX	38

Overview

The momentum in global economic growth observed at the beginning of 2024 was sustained throughout the year. The January 2025 World Economic Outlook (WEO) report indicates an upward revision in growth from 3.2 percent in the October 2024 WEO to 3.3 percent. The better-than-expected global growth outturn in 2024 was primarily due to strong growth in the US, a pickup of economic activity in China, and stability in Emerging Market Economies, which together offset weaker growth in the Euro Area. Global growth is expected to remain stable in 2025, underpinned by low inflation, steady employment growth and a supportive monetary policy stance.

Global inflation continued its downward trend throughout 2024, as most central banks moved closer to their targets. The ease in inflationary pressures was largely supported by subdued crude oil prices and the gains from tighter monetary policy stances adopted earlier. However, there are signs of underlying inflationary pressures in the services sector and tight labour market conditions. In the outlook, global headline inflation is forecast to decline further in 2025 and 2026 as core inflation trends down, mainly from slower wage growth.

Global financial conditions eased somewhat in late 2024 but remained restrictive. Policy rates globally have remained restrictive due to slower-than-expected disinflation in some regions, surging long-term bond yields in advanced economies, and increasing uncertainty surrounding changes to US trade and immigration policies. Looking ahead, financial conditions are expected to ease gradually as policy stances become more accommodative and inflation cools off in the United States and in the Euro Area.

On the domestic front, economic activity was stronger, with higher-than-projected growth in the first three quarters of 2024. The latest data from the Ghana Statistical Service showed that real GDP expanded at an annual rate of 6.3 percent during the first three quarters of 2024, relative to 2.6 percent during the corresponding period in 2023. Non-oil GDP grew by 6.2 percent, from 3.3 percent over the corresponding period last year. The strong growth outturn was mainly driven by gold production in the industry sector.

Price developments in 2024 indicated a slowdown in the disinflation process, resulting mainly from food price pressures. At the beginning of the year, inflation rose from 23.2 percent in December 2023 to 25.8 percent in March 2024. Thereafter, it declined steadily to 20.4 percent in August, but has since risen to 23.8 percent in December 2024, primarily due to food price increases.

The external sector position improved significantly in 2024 on account of an increased trade surplus and lower capital outflows. The current account recorded a provisional surplus of US\$3.8 billion, compared with a surplus of US\$1.4 billion in 2023, driven mainly by higher gold and crude oil exports, as well as strong remittance inflows. Gross International Reserves (GIR) increased to a stock position of US\$8.98 billion at the end of 2024 and was enough to cover 4.0 months of imports, exceeding targets under the IMF programme

The banking sector continues to be profitable, well-capitalized and liquid. Assets of the banking sector grew by 33.8 percent in 2024. Capital Adequacy Ratio (CAR) with reliefs grew marginally to 14.0 percent in December 2024 from 13.9 percent in December 2023. However, CAR without reliefs rose to 11.3 percent in December 2024, higher than the 8.3 percent recorded in December 2023. Profits went up in 2024 relative to 2023, but the pace of growth slowed, resulting in the moderation of profitability indicators during the period. In the outlook, elevated credit risk remained the main upside risk to the banking sector. The industry's Non-Performing Loans (NPL) ratio increased to 21.8 percent in December 2024, from 20.6 percent in December 2023.

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 is expected to remain stable in 2025, underpinned by rising real incomes, steady employment growth and less restrictive monetary policy. However, there are notable divergence across countries. Strong economic activity in the US will be offset by weaker activity in the Euro Area. Growth projections for the Euro Area are premised on persistent weakness in the manufacturing sector, on the back of waning export demand and elevated interest rates. Growth is expected to remain steady in Emerging Markets and Developing Economy (EMDEs), supported by global monetary easing, recovering real incomes and improving domestic demand.

The IMF projects the global economy to grow by 3.3 percent in both 2025 and 2026. This represents an upward revision of 0.1 percentage points, backed by stronger activity in the US, reflecting resilience in consumption and the labour market. In the outlook, risks to growth remain tilted to the downside. A surge in trade restrictions could lower investment, distort trade flows, and disrupt supply chains. Heightened geopolitical tensions could disrupt global trade and commodity markets. Also, inflation could prove more persistent than expected if trade policy shifts cause prices to rise and services inflation remains elevated. Again, growth in major economies such as the US could be weaker than expected if trade protectionism increases sharply and labour markets cool more quickly than envisaged.

Table 1.1: Global Growth Projections (%)

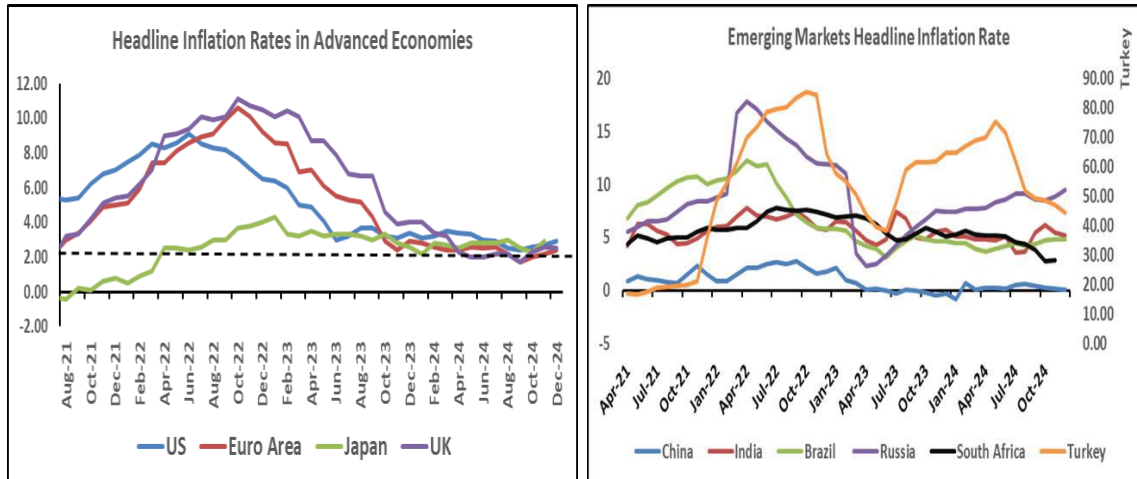
Overview of the World Economic Outlook Projections			
(Percent change)		Projections	
		2024	2025
World	3.2	3.3	3.3
Advanced Economies	1.7	1.9	1.8
United States	2.8	2.7	2.1
Euro Area	0.8	1.0	1.4
Germany	-0.2	0.3	1.1
France	1.1	0.8	1.1
Italy	0.6	0.7	0.9
Spain	3.1	2.3	1.8
Japan	-0.2	1.1	0.8
United Kingdom	0.9	1.6	1.5
Canada	1.3	2.0	2.0
Other Advanced Economies	2.0	2.1	2.3
Emerging Market and Developing Economies	4.2	4.2	4.3
China	4.8	4.6	4.5
India	6.5	6.5	6.5
Russia	3.8	1.4	1.2
Brazil	3.7	2.2	2.2
Mexico	1.8	1.4	2.0
Sub-Saharan Africa	3.8	4.2	4.2
Nigeria	3.1	3.2	3.0
South Africa	0.8	1.5	1.6

Source: IMF, WEO October 2024, Update

1.2 Global Price Developments

Global inflation continued its downward trend on the back of falling commodity prices and lagged effects of policy tightening. In terms of major commodities, oil prices remained subdued in 2024 amid ample supply and weakening global demand. There were renewed oil price pressures at the start of 2025 on supply concerns on the back of a temporary rollover of existing OPEC+ production curbs, increased oil demand due to colder weather in the US and Europe, and renewed sanctions on Russia's oil market. However, global food prices have declined, with the FAO Food Price Index dipping by 0.5 percent in December 2024, reflecting ample supply and weaker demand. Furthermore, underlying inflation has continued to decline but at a slower pace, reflecting the persistence in services price inflation.

In the outlook, global headline inflation is forecast to decline further in 2025 and 2026, driven by cooling core inflation, as services demand moderates due to easing labour markets and slower wage growth. Consistent with this, inflation expectations over the short and medium term are broadly unchanged with long-term inflation expectations remaining well anchored.

Figure 1.1: Headline Inflation Rates (%)

Source: Bank of Ghana, /Trading Economics

1.3 Global Financial Markets Developments

Global financial conditions tightened in late 2024 in EMDEs amid slower-than-expected disinflation in some regions, uncertainty about shifting US trade policies, and moderating expectations for future US policy rate cuts. There has been a divergence in policy decisions across central banks, reflecting differences in the pace of disinflation. Despite ongoing rate cuts, long-term nominal bond yields in advanced economies have risen sharply due to the resilience of the US economy and rising uncertainty associated with policies of the new administration. The heightened uncertainty is weighing on equity prices and affecting investor sentiment toward EMDEs, leading to fluctuations in portfolio inflows.

In the outlook, financial conditions are expected to ease gradually over the course of 2025. Monetary policy in the US is expected to become gradually less restrictive as inflation continues to moderate. In the Euro Area, real policy rates are likely to become somewhat accommodative by the end of 2025, reflecting a more subdued economic outlook. However, there are risks on the horizon including the fact that the US long-term bond yields continue to increase sharply amid resilient economic activity. Also, 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 November, 2024	Inflation December, 2024	Real rate	Infl Target	Overall Fiscal Deficit (2023,% of GDP)	GDP Growth (Dec.2023)	Gross Debt/GDP(2023,%)	YTD Depr/15th Jan 2025
US	4.75	4.50	4.5	2.7	2.9	1.6	2%	-7.1	2.9	118.7	
Euro Area	3.40	3.15	2.90	2.2	2.4	0.75	< 2%	-3.6	0.4	87.8	-0.62
UK	4.75	4.75	4.75	2.6	2.5	2.3	2%	-6	0.3	100.0	-2.19
Japan	0.25	0.25	0.50	2.9		-2.65	2%	-4.2	1.7	249.7	0.47
Russia	21.0	21.0	23	8.9	9.5	11.5	4%	-2.3	3.6	19.7	10.68
India	6.50	6.50	6.5	5.48	5.22	1.28	4±2%	-8.3	8.2	83	-0.87
Brazil	11.25	12.25	12.75	4.42	4.76	7.49	4.5±1.5%	-7.6	2.9	84.7	2.67
Turkey	50.0	47.5	47.5	47.09	44.38	3.12	5±2%	-5.3	5.1	29.3	-0.27
Malaysia	3.0	3.0	3.0	1.8		1.2	3% - 4%	-4.4	3.6	69.8	-0.60
Indonesia	6	5.75	6.25	1.55	1.6	4.18	3.5%± 1%	-1.6	5	39.6	-1.19
Chile	5.25	5.0	5.0	4.2	4.5	0.5	3±1%	-2.3	0.2	39.4	
Ghana	27.0	27.0	27	23	23.8	3.2	8±2%	-3.6	2.9	82.9	-1.01
South Africa	8.0	7.75	7.75	2.9		4.9	3% -6%	-5.8	0.7	73.4	0.32
Nigeria	27.25	27.5	27.25	34.6	34.8	-7.3	6% -9%	-4.2	2.9	46.4	-0.60
Kenya	12.0	11.25	12.0	2.8	3.0	8.25	2.5-7.5%	-5.8	5.6	73.1	0.02
Zambia	13.5	14.0	14.5	16.5	16.7	-2.7	6%-8%	-6.5	5.4	127.3	0.08
Morocco	2.75	2.5	2.75	0.8		1.7		-4.3	3	69.5	0.54
Angola	19.5	19.5	19.5	28.4	27.5	-8	9-11%	-1.9	1.0	73.7	0.07
Egypt	27.25	27.25	27.25	25.5	24.1	3.15	7± 2%	-5.8	3.8	95.9	0.79

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

1.4 Currency Markets

On the international currency market, the US dollar extended its appreciation to early 2025 amid resilient economic activity and increasing global uncertainty with regards to US trade policies and geopolitics. The stronger dollar is expected to put pressure on EMDE currencies.

In the interbank market, the cedi has made some gains in recent months on the back of increased Bank of Ghana's support from the gold purchase programme, remittances and mining inflows and to some extent, the IMF inflows. The cedi will likely make some gains from the easing of election-related demand, continuing reserve build-up and positive sentiment from the recent successful payments of restructured debt. However, heightened global uncertainty may rally the dollar, which could weigh on the Ghana cedi.

In the interbank market, the cedi depreciated by 19.2 percent, 17.8 percent and 13.7 percent against the dollar, the pound and the euro, respectively, on a year-to-date basis. This is against depreciations of 27.8 percent, 31.9 percent and 30.3 percent, respectively, during the same period in 2023. Also, the cedi was relatively more volatile during the first 10 transaction days in 2025 than during the same period in 2024.

Table 1.3: Interbank Exchange Rates

	Monthly depreciation/ap		Year-to-Date depreciation/ap		Monthly depreciation/ap		Year-to-Date depreciation/a		Monthly depreciation/ap		Year-to-Date depreciation/ap	
	US\$/GHC*	preciation	preciation	preciation	GBP/GHC*	preciation	preciation/a	preciation	Euro/GHC*	preciation	preciation	preciation
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	
Nov	15.2700	6.7	-22.20		19.3592	8.3	-21.83		16.1291	9.7	-18.62	
Dec	14.7000	3.9	-19.18		18.4008	5.2	-17.76		15.2141	6.0	-13.72	

Source: Bank of Ghana Staff Calculations

If we consider our major trade partners' currency movements, then the cedi depreciated by 17.5 percent in nominal trade weighted terms and 23.1 percent in forex transaction weighted terms on a year-to-date basis in December 2024. This is against depreciations of 42.5 percent and 39.0 percent in nominal trade weighted terms and nominal foreign exchange transaction weighted terms over the same period in 2023.

Table 1.4: Nominal Effective Exchange Rate

Month	2021=100		Monthly CHG(%)		Year-to-Date (%)	
	FXTWI	TWI	FXTWI	TWI	FXTWI	TWI
2023						
Jan-23	53.91	58.69	-26.12	-27.59	-26.12	-27.59
Feb-23	53.00	58.90	-1.72	0.35	-28.29	-27.15
Mar-23	52.87	57.65	-0.25	-2.17	-28.60	-29.90
Apr-23	53.09	57.14	0.40	-0.89	-28.09	-31.05
May-23	53.12	58.45	0.07	2.25	-28.00	-28.11
Jun-23	52.89	57.30	-0.43	-2.02	-28.55	-30.69
Jul-23	52.82	56.85	-0.14	-0.78	-28.74	-31.71
Aug-23	52.82	57.46	-0.01	1.06	-28.75	-30.32
Sep-23	52.44	58.22	-0.71	1.30	-29.67	-28.62
Oct-23	50.77	56.37	-3.30	-3.29	-33.94	-32.85
Nov-23	50.07	54.33	-1.39	-3.75	-35.80	-37.83
Dec-23	48.92	52.54	-2.36	-3.41	-39.01	-42.52
2024						
Jan-24	48.36	52.70	-1.15	0.30	-1.15	0.30
Feb-24	46.71	50.96	-3.54	-3.42	-4.73	-3.11
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
Nov-24	38.18	42.26	6.55	8.49	-28.12	-24.33
Dec-24	39.74	44.70	3.93	5.46	-23.09	-17.54

Source: Bank of Ghana Staff Calculations

Note: TWI and FXTWI are index measures of the value, in nominal terms, of the cedi relative to Ghana's top three trading currencies: the euro, the pound and the US dollar.

In real bilateral terms, the cedi depreciated by 2.8 percent and 0.7 percent against the dollar and pound sterling, respectively, but appreciated by 4.0 percent against the euro on a year-to-date basis in December 2024. Comparatively, for the corresponding period in 2023, the cedi's real exchange rate depreciated by 16.2 percent, 23.2 percent and 19.4 percent against the dollar, pound sterling and euro, respectively, over the same period in 2023.

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
2023									
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
2024									
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
Nov-24	92.79	84.37	80.80	11.53	9.77	8.71	-3.36	-8.00	-8.70
Dec-24	99.88	90.44	85.41	7.10	6.72	5.40	3.98	-0.74	-2.82

Source: Bank of Ghana Staff Calculations

Table 1.6 shows the real effective exchange rate movements of the cedi against the three major currencies (i.e., US dollar, the euro and the pound). The cedi appreciated by 2.7 percent in real trade weighted terms and depreciated by 2.2 percent in real forex transaction weighted terms on a year-to-date basis in December 2024. This compares with depreciations of 19.3 percent and 16.6 percent for the same period in 2023.

Table 1.6: Real Effective Exchange Rate for Major Trade Partners

	INDEX (2021=100)		MONTHLY CHG		Year-to-Date (%)	
	RFXTWI	RTWI	RFXTWI	RTWI	RFXTWI	RTWI
2023						
Jan-23	82.64	89.80	-24.85	-25.31	-24.85	-25.31
Feb-23	82.26	91.00	-0.46	1.32	-25.43	-23.66
Mar-23	80.74	87.31	-1.88	-4.23	-27.79	-28.88
Apr-23	82.59	88.02	2.24	0.81	-24.92	-27.85
May-23	86.39	94.24	4.39	6.58	-19.43	-19.43
Jun-23	88.46	95.09	2.34	0.92	-16.62	-18.34
Jul-23	91.34	97.80	3.16	2.77	-12.95	-15.06
Aug-23	90.72	98.12	-0.68	0.32	-13.73	-14.69
Sep-23	91.53	100.94	0.88	2.80	-12.73	-11.47
Oct-23	89.14	98.22	-2.68	-2.77	-15.75	-14.56
Nov-23	89.47	96.60	0.37	-1.68	-15.32	-16.49
Dec-23	88.49	94.36	-1.11	-2.37	-16.60	-19.25
2024						
Jan-24	88.83	96.79	0.39	2.51	0.39	2.51
Feb-24	86.63	94.48	-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
Nov-24	81.73	90.33	8.95	11.00	-8.27	-4.46
Dec-24	86.54	96.97	5.56	6.84	-2.24	2.69

Source: Bank of Ghana Staff Calculations

1.5 Global Economic Outlook and Risks

The Committee noted that global economic conditions broadly improved in 2024. Global inflationary pressures eased gradually over the period, which has led to an easing monetary policy stance across several countries. Consequently, global financial conditions are expected to ease gradually as policy stances become more accommodative and inflation targets in Advanced Economies are met and expectations anchored. These conditions are expected to result in improvements in investor sentiments towards emerging market and developing economies. On top of the projected steady growth for 2025, the international markets have priced in a much stronger US economy stemming from the policies to be implemented by the new US administration. This has already instigated a stronger US dollar with implications for emerging markets and developing economies, including Ghana. Complementary fiscal and monetary policies will therefore have to be carefully set to prevent spillovers to the Ghanaian economy

2. External Sector Developments

2.0 Highlights

The country's external sector improved further in 2024, ending the year with a strong current account surplus. This development reflected higher gold export receipts, improved remittance flows, lower capital outflows and higher foreign direct investment (FDI) flows and official disbursements. The robust performance of the external sector was supported by policies such as the Domestic Gold Purchase Programme, reforms in the remittances ecosystem, the debt standstill, and adherence to the IMF programme, which helped to improve the capital and financial account.

2.1 Commodity Price Trends

Prices of Ghana's primary exports (cocoa, gold, and crude oil) recorded a mixed performance on the international commodities market in December 2024. Cocoa prices shot up by 34.1 percent to US\$10,869.14 per tonne in December 2024, from US\$8,105.0 per tonne in November 2024, on the back of reduced supplies in top-producers (such as Cote d'Ivoire) due to the adverse weather conditions. Compared to a year earlier, cocoa prices have soared by 156.6 percent, mainly due to bad weather conditions, black pod disease and inadequate fertilizers, which have combined to weaken supply.

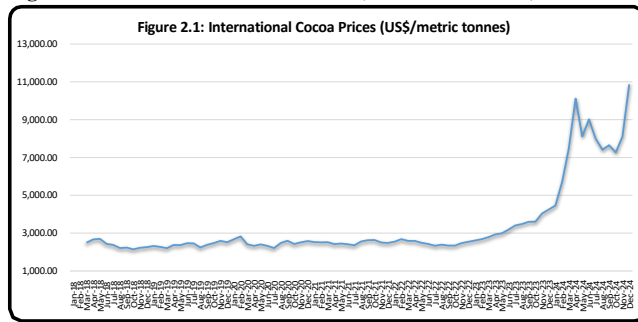
Crude oil prices, on the other hand, moderated by 0.2 percent to settle at an average of US\$73.18 per barrel in December 2024, from US\$73.36 per barrel in November 2024, due to easing concerns over supply risks and the prospects of increased supply in 2025. Compared to a year earlier, crude oil prices dipped by 5.3 percent, mainly due to weak demand from China.

Similarly, gold prices softened by 0.4 percent to US\$2,41.45 per fine ounce in December 2024 from US\$2,651.70 per fine ounce in November 2024, owing to the strengthening of the US dollar. Compared to a year earlier, gold prices increased by 30.0 percent in December 2024, from US\$2,035.43 per fine ounce in December 2023.

2.1.1 Commodity Price Index

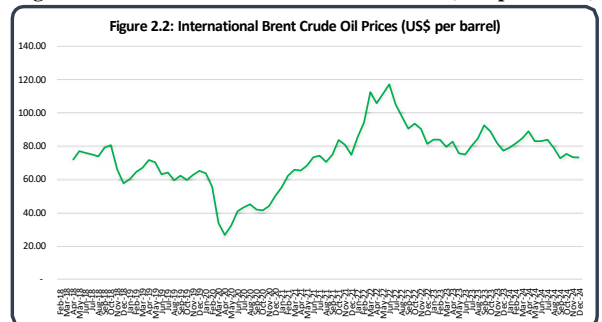
The weighted average price of the three major commodities exported by Ghana (cocoa, gold, and crude oil) increased in the month of December 2024. The index edged up to 220.71 in December 2024, from 199.74 in the previous month, representing an uptick of 10.5 percent. The increase was on account of the spike in the cocoa sub-index, while the gold and crude oil sub-indices moderated during the period under review. The cocoa sub-index increased sharply by 34.1 percent in December 2024, while the crude oil and gold sub-indices declined by 0.2 percent and 0.4 percent, respectively.

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



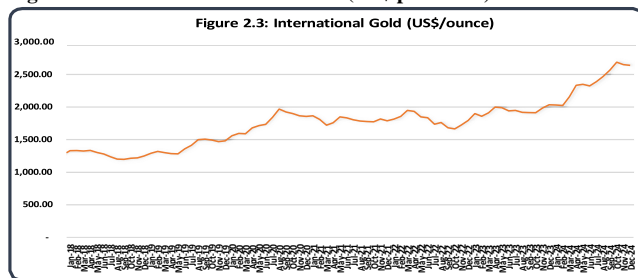
Source: Reuters

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



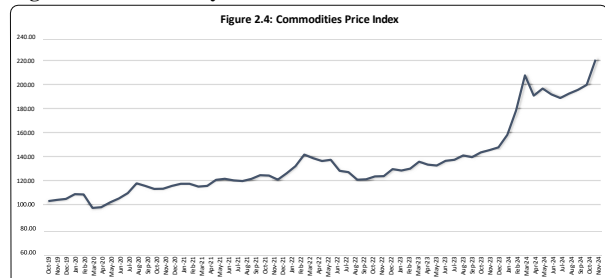
Source: Reuters

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

Ghana’s trade balance recorded a strong surplus in 2024, increasing by 84.8 percent to US\$4.98 billion in December 2024 from US\$2.69 billion in December 2023. The improved trade surplus stemmed from a higher increase in exports relative to imports. Total exports increased by 21.1 percent to US\$20.22 billion, largely driven by a robust increase in gold exports, supported by a marginal pickup in crude oil exports, while cocoa exports slumped.

The value of gold exports rose by 53.2 percent to US\$11.64 billion on account of increases in both the volume and price of gold. The volume of gold exports increased by 23.7 percent to 5.10 million fine ounces, largely on the back of increased output from the responsible and regulated small-scale gold mines, coupled with the sustained output of the large-scale mines. The volume of gold export by small-scale miners increased by 28.6 percent to 2.0 million ounces, while large scale gold production rose by 20.7 percent to 3.1 million ounces. The average realized price for gold also increased by 23.8 percent to US\$2,282.6 per fine ounce in December 2024 compared to US\$1,843.1 per fine ounce in December 2023. Earnings from crude oil exports recorded a modest increase of 0.9 percent to US\$3.87 billion, due to a 3.3 percent increase in the volume of production, particularly from the Jubilee field, while the price fell by 2.4 percent to US\$79.8 per barrel.

In contrast, cocoa exports (beans and products) dropped by 21.2 percent to US\$1.70 billion in December 2024, from US\$2.15 billion in 2023. The sharp drop in the value of cocoa exports reflected the challenges in the cocoa sector, including extreme weather conditions, diseases and smuggling. Similarly, “other exports”, including non-traditional exports, declined by 3.2 percent to US\$3.01 billion, from US\$3.11 billion during the same review period in 2023.

Total imports, on the other hand, rose by 8.8 percent to US\$15.24 billion in 2024, from US\$14.01 billion in the corresponding period of 2023, due to a pick-up in non-oil imports, while oil imports remained broadly unchanged. Non-oil imports increased by 12.9 percent to US\$10.76 billion, whereas oil imports remained flat at US\$4.48 billion during the period under review.

2.3 Current Account

The current account recorded a surplus of US\$3.55 billion in 2024, representing a sharp increase of 152.0 percent over the surplus of US\$1.41 billion recorded in 2023. The higher current account surplus came on the back of the improved trade surplus and higher remittance inflows. Net remittance flows for the review period increased by 34.1 percent to US\$5.42 billion in 2024, from US\$4.04 billion in 2023. Net investment income payment and payment for services, however, increased by 44.0 percent and 14.9 percent, respectively, to US\$3.0 billion and US\$3.85 billion in the same reference period.

2.4 Capital and Financial Accounts

The capital and financial account for 2024 showed a significantly lower net outflow of US\$588.0 million, from US\$733.0 million in the corresponding period of 2023. The lower net capital outflows came on the back of higher government loan disbursements, reduced amortizations, and lower portfolio outflows.

Portfolio outflows, on net basis, amounted to US\$39.0 million in December 2024, compared to US\$261.0 million in the same period in 2023, representing a decline of 85.0 percent. Government loan amortization was also lower at US\$388.0 million in December 2024, from US\$575.0 million in December 2023, on account of the debt standstill. Meanwhile disbursements, largely from the IMF and the World Bank, increased by 72.5 percent to US\$2.51 billion, from US\$1.45 billion in December 2023. Similarly, net foreign direct investment (FDI) showed an inflow of US\$1.74 billion in 2024, an increase of 32.7 percent from the US\$1.31 billion recorded in the same period of 2023. “Other capital”, including private capital, recorded a higher net outflow of US\$2.67 billion, compared to an outflow of US\$1.78 billion in the corresponding period of 2023.

The current account surplus, together with the reduced capital outflows, resulted in an overall Balance of Payments (BOP) surplus of US\$3.06 billion in 2024, compared to a surplus of US\$518.0 million for the same period in 2023.

2.5 International Reserves

Gross International Reserves (GIR) increased to a stock position of US\$8.98 billion at the end of December 2024, equivalent to 4.0 months of imports cover. Net International Reserves (NIR) also increased by US\$3.18 billion to US\$6.38 billion at end-December 2024. Under the IMF programme, there has been a reserve accumulation of US\$1.89 billion at the end-December 2024, well 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 External Sector Outlook

Initial baseline projections suggest a favourable outlook for the external sector in 2025. The improved performance is projected to be driven by strong performance in the gold sector, higher remittance flows, and high commodity prices. The sector is projected to improve further on the back of commitment to implement policies and reforms under the IMF programme, which will help restore investor confidence and improve FDI flows.

The outlook for the prices of Ghana's major export commodities remains mixed. Cocoa prices have picked up in the first few weeks of 2025 and are projected to maintain the upward trajectory as supply constraints persist, amid concerns about low production from the adverse weather outlook, illegal mining activities and pest attacks on the bean in West Africa. The outlook for crude oil prices is expected to remain pressured in 2025, with expectation of low demand from China and excess supply due to US government's policies on crude oil. Gold prices are projected to remain supported as a safe haven in 2025, on the back of pessimism about geopolitical developments including possible trade tensions emanating from the expected increase in US tariffs and continuous government buying. For 2025, the balance of payments surplus recorded in 2024 is projected to improve, driven by increased exports, stronger remittance growth, and lower government external payments.

Table 2.1: Trade Balance (US\$ million)

	2020 Jan - Oct	2022 Jan - Dec	2023 Jan - Dec	2024 Jan - Dec	Abs Y/Y Chg	Rel Y/Y Chg
Trade Balance (\$'M)	417.5	2,654.7	2,694.5	4,980.4	2,285.8	84.8
<i>Trade Bal (% GDP)</i>	0.6	3.6	3.5	5.9	2.7	0.1
Total Exports (\$'M)	417.5	17,275.9	16,703.0	20,221.6	3,518.6	21.1
Gold (\$'M)	0.0	6,608.4	7,600.8	11,641.3	4,040.5	53.2
Volume (fine ounces)		3,778,128.5	4,123,865.3	5,099,947.3	976,082.0	23.7
Unit Price (\$/fine ounce)		1,749.1	1,843.1	2,282.6	439.5	23.8
Cocoa Beans (\$'M)	0.0	1,329.1	1,360.0	750.1	-610.0	-44.8
Volume (tonnes)		537,849.2	538,906.3	258,472.8	-280,433.5	-52.0
Unit Price (\$/tonne)		2,471.2	2,523.7	2,901.9	378.2	15.0
Cocoa Products (\$'M)	0.0	970.6	792.4	946.1	153.7	19.4
Volume (tonnes)		316,034.4	240,896.4	192,429.1	-48,467.3	-20.1
Unit Price (\$/tonne)		3,071.0	3,289.4	4,916.4	1,627.0	49.5
Crude Oil (\$'M)	0.0	5,428.6	3,837.3	3,870.2	32.9	0.9
Volume (barrels)		54,184,879.0	46,922,278.0	48,492,752.0	1,570,474.0	3.3
Unit Price (\$/bbl)		100.2	81.8	79.8	-2.0	-2.4
Other Exports	417.5	2,939.2	3,112.4	3,014.0	-98.5	-3.2
<i>o/w Non-Traditional Exports</i>	349.0	2,429.7	2,384.1	2,285.2	-98.9	-4.1
Total Import (\$'M)	0.0	14,621.2	14,008.5	15,241.2	1,232.7	8.8
Non-Oil		9,994.6	9,533.2	10,759.5	1,226.3	12.9
Oil and Gas		4,626.6	4,475.3	4,481.7	6.5	0.1
<i>of which: Products</i>		4,444.5	3,948.0	4,073.3	125.3	3.2
Crude Oil (\$'M)	53.1	158.3	232.8	231.6	-1.3	-0.5
Volume (barrels)	843,770	23.85	294.47	176.89	-117.6	-39.9
Unit Price (\$/bbl)	62.9	231,644	3,506,662	2,256,104	-1,250,557.8	-35.7
Gas (\$'M)	28	102.96	83.97	78.41	-5.6	-6.6
Volume (MMBtu)	3,805,828	158.30	232.84	231.58	-1.3	-0.5
Unit Price (\$/mmBtu)	7	20,115,626	26,890,896	26,973,752	82,856.8	0.3

Source: Bank of Ghana

3. Real Sector Developments

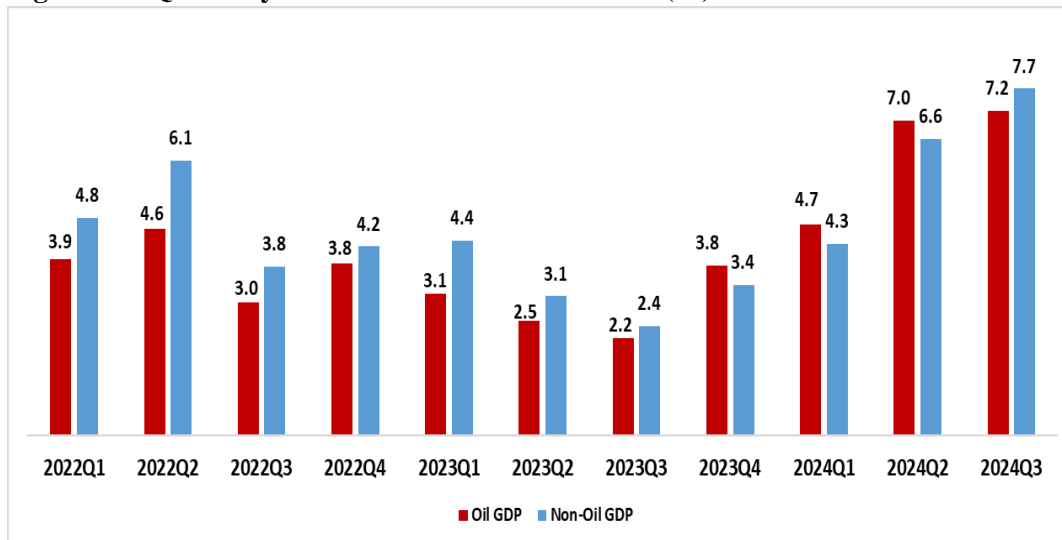
3.0 Highlights

Economic activity for the first three quarters of 2024 was robust, with a higher-than-projected growth outturn. Growth in the fourth quarter of 2024 was also expected to remain firm. This is supported by the latest high frequency real sector indicators, which point to a sustained pickup in economic activity in November 2024. Consumer and business confidence also increased, in line with improving macroeconomic conditions.

3.1 Economic Growth

The latest data from the Ghana Statistical Service showed that real GDP expanded at an annual rate of 6.3 percent during the first three quarters of 2024, relative to 2.6 percent during the corresponding period in 2023. Non-oil GDP also grew by 6.2 percent from 3.3 percent over the same comparative period. The strong growth outturn was mainly driven by gold production in the industry sector.

Figure 3.1: Quarterly Oil and Non-Oil GDP Growth (%)



Source: Ghana Statistical Service

3.2 Trends in Real Sector Indicators

Consumer Spending

Consumer spending, proxied by domestic VAT collections and retail sales, posted a mixed performance in November 2024, compared with the corresponding period in 2023. Domestic VAT collections declined by 19.2 percent on a year-on-year basis to GH¢1.60 billion, from GH¢1.98 billion. Cumulatively, total domestic VAT for the first eleven months of 2024 went up by 20.7 percent to GH¢15.48 billion, compared with GH¢12.83 billion for the corresponding period of 2023.

Retail sales increased by 64.6 percent (year-on-year) to GH¢317.86 million in November 2024, up from the GH¢193.12 million recorded in the same period in 2023. On a month-on-month basis, retail sales improved by 32.6 percent in November 2024, from GH¢239.65 million in the preceding month. In cumulative terms, retail sales for the first eleven months of 2024 went up by 31.6 percent. The relative

improvement in retail sales, year-on-year, was due to increased household consumption 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), posted a mixed performance in November 2024. Total direct taxes collected decreased by 19.9 percent (year-on-year) to GH¢4.71 billion in November 2024, relative to GH¢5.88 billion recorded in a similar period in 2023. Cumulatively, total direct taxes collected for the first eleven months of 2024 went up by 34.5 percent to GH¢59.74 billion, from GH¢44.43 billion for the same period in 2023. In terms of contributions of the various sub-tax categories, income tax (PAYE and self-employed) accounted for 42.4 percent, corporate tax accounted for 34.5 percent, while "other tax sources" contributed 23.1 percent.

Total private sector workers' contribution to the SSNIT Pension Scheme (Tier-1) increased by 33.8 percent in year-on-year terms to GH¢447.19 million in November 2024, from GH¢334.18 million collected during the corresponding period in 2023. Cumulatively, for the first eleven months of 2024, the contribution grew by 27.9 percent to GH¢4.67 billion, relative to GH¢3.65 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 marginally by 2.1 percent (year-on-year) in November 2024 to 236,442.97 tonnes, from 231,571.37 tonnes recorded in the same period of 2023. On a month-on-month basis, total cement sales remained largely unchanged compared with the 237,385.60 tonnes recorded in October 2024. Cement sales for the first eleven months of 2024 went up by 7.5 percent to 2,535,491.78 tonnes, from 2,358,386.77 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 45.5 percent to 10,574 in November 2024, from 7,268 vehicles registered during the corresponding period of 2023. Cumulatively, vehicles registered by the DVLA within the first eleven months of 2024 increased by 18.2 percent to 160,267, from 135,544 recorded in the same period of 2023.

Industrial Consumption of Electricity

Industrial consumption of electricity declined by 6.5 percent in November 2024 to 289.27 gigawatts, as against 309.41 gigawatts recorded for the corresponding period in 2023. In cumulative terms, electricity consumed by industries for the first eleven months of 2024 decreased by 6.0 percent to 3,103.03 gigawatts, from 3,301.36 gigawatts for the corresponding period of 2023.

Passenger Arrivals

Passenger arrivals improved by 5.5 percent in year-on-year terms to 109,929 in November 2024, up from 104,157 arrivals recorded a year ago. On a month-on-month basis, passenger arrivals remained largely unchanged compared with the 110,407 recorded in October 2024. For the first eleven months of

2024, there were 1,162,028 arrivals recorded at the international airport and the land borders, compared with 1,019,841 for the corresponding period in 2023, representing a growth of 13.9 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 15.0 percent, year-on-year, to 66,382 in November 2024, up from 57,738 for a similar period in 2023. In cumulative terms, total container traffic for the first eleven months of 2024 went up by 14.8 percent to 655,439 compared with 570,711 for the corresponding period of last year.

3.3 Labour Market Activity

Private Sector Pension Contributors

Total number of private sector SSNIT contributors, which partially gauges employment conditions, improved marginally by 1.9 percent to 1,034,932 in November 2024, compared with 1,015,696 for the same period in 2023. Cumulatively, for the first eleven months of 2024, the total number of private sector contributors increased by 5.3 percent to 11,388,599 from 10,811,204 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, decreased in December 2024 relative to what was observed in the corresponding period a year ago. In total, 2,725 job adverts were recorded as compared with 2,925 for the same period in 2023, indicating a decline of 6.8 percent (year-on-year). Similarly, on a month-on-month basis, the number of job vacancies in December 2024 dipped by 5.0 percent from the 2,867 jobs advertised in November 2024. Cumulatively, for 2024, the total number of advertised jobs went up by 6.3 percent to 35,810 from 33,692 recorded in 2023.

3.4 Composite Index of Economic Activity

The Bank's updated real Composite Index of Economic Activity (CIEA) recorded an annual growth of 2.3 percent in November 2024, compared to a growth of 9.6 percent for the corresponding period of 2023. International trade activities, increased credit to the private sector by banks, construction activities and tourist-related spending contributed to the improvement in economic activity during the period.

3.5 Consumer and Business Surveys

The latest confidence surveys conducted in December 2024 showed an improvement in both consumer and business confidence. The Consumer Confidence Index improved to 90.2 in December 2024 from 86.1 in October 2024, largely on account of optimism about future economic conditions. Similarly, the Business Confidence Index increased to 96.6 from 92.8 in the same comparative period as firms met their short-term targets and expressed positive sentiments about company and industry prospects in line with improving macroeconomic conditions. Ghana's Purchasing Managers' Index (PMI), however, declined to 49.4 in December 2024 from 52.5 in the previous month, largely due to a slowdown in firms' operations during the election period.

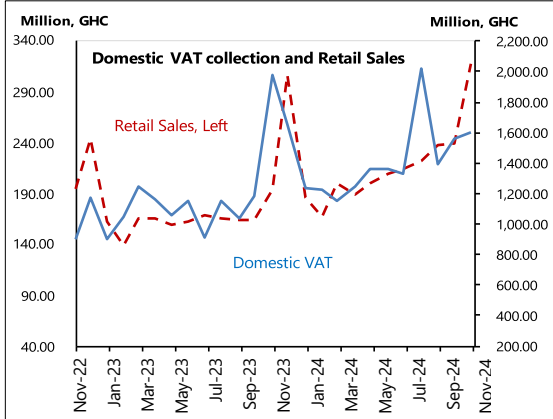
¹ The Daily Graphic newspaper was used to represent print media because it is the most widely circulated daily in Ghana.

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

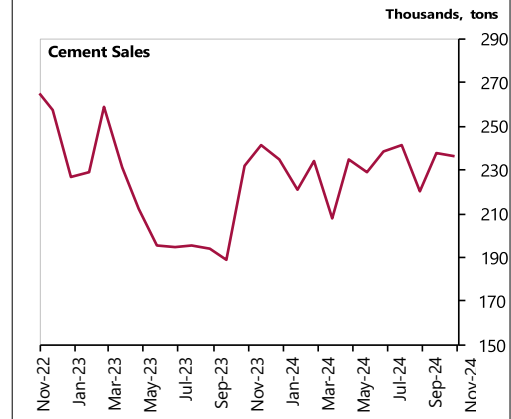
Figure 3.2: High Frequency Economic Indicators

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

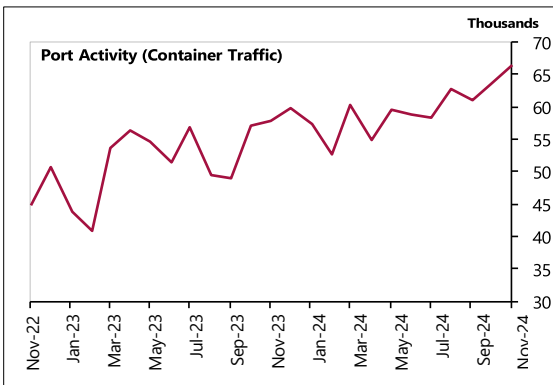
...Domestic VAT collections and retail sales improved in November 2024 compared to October 2024...



...Construction activities, proxied by cement sales, remained largely unchanged in November 2024 compared to October 2024...



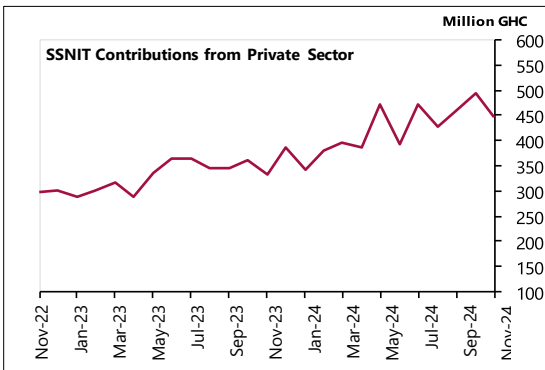
...Port activity improved in November 2024 compared to the previous month...



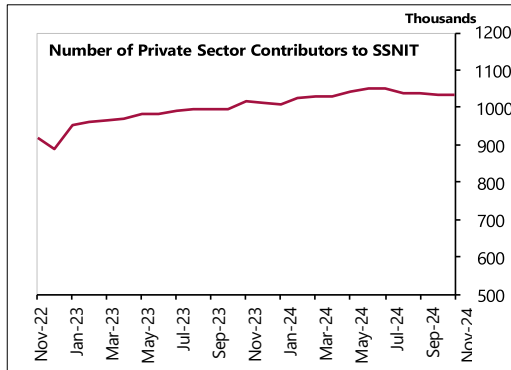
...Passenger arrivals remained broadly unchanged in November 2024 compared to October 2024...



...Labour market conditions softened in November 2024 relative to October 2024...



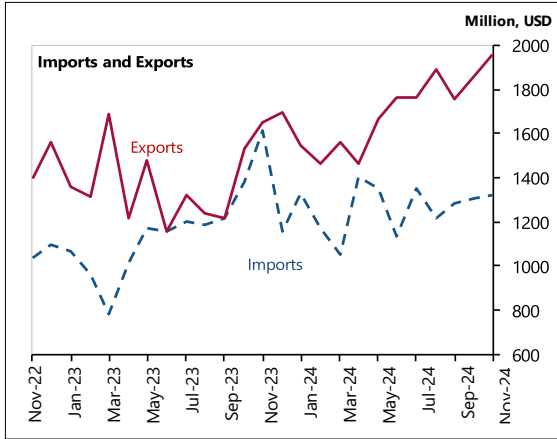
...Labour hiring conditions, proxied by the number of private sector workers contributing to SSNIT, remained largely unchanged...



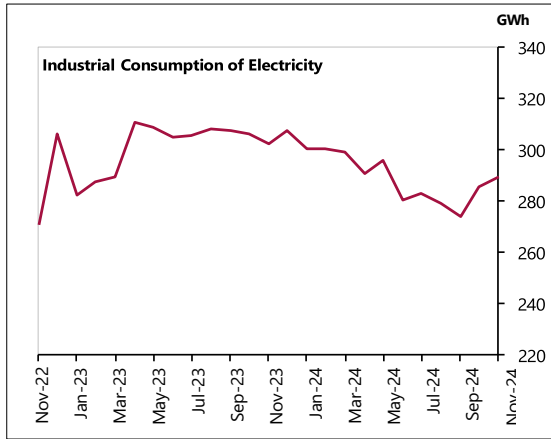
Sources: Bank of Ghana, Various Stakeholders

Panel 2:
Ghana's Leading Indicators of Economic Activity

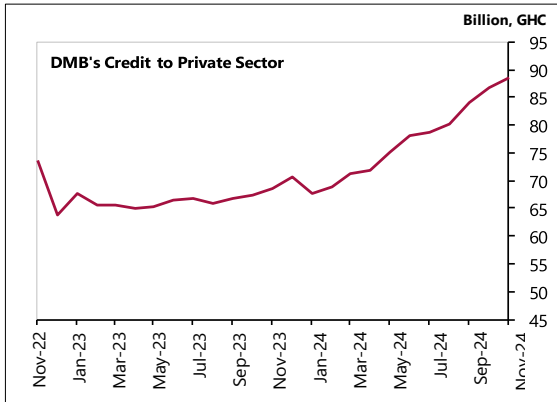
...Exports and Imports increased in November 2024 compared to October 2024...



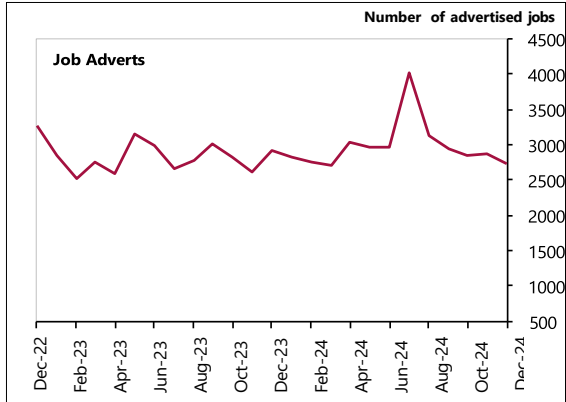
...Industrial activity, proxied by industrial consumption of electricity, increased...



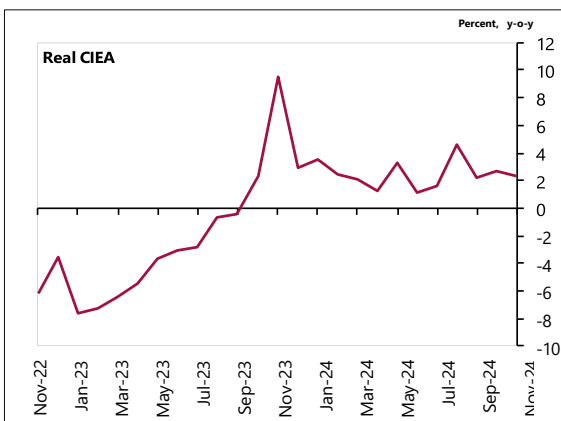
...Commercial banks' credit to the private sector improved in November 2024 relative to the previous month...



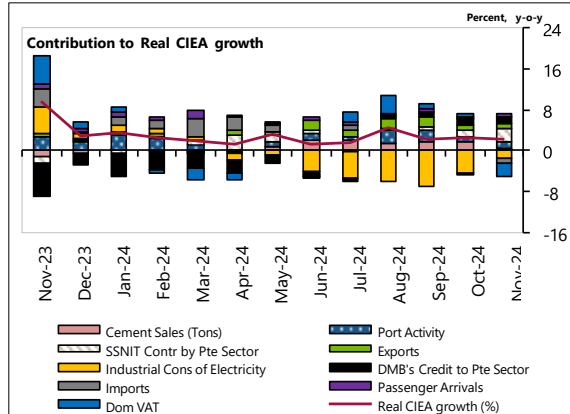
...Demand for labour, proxied by the number of job adverts (in print and online media), dipped in December 2024...



...On a year-on-year basis, the real CIEA grew by 2.3 percent in November 2024, compared with a growth of 9.6 percent in November 2023...



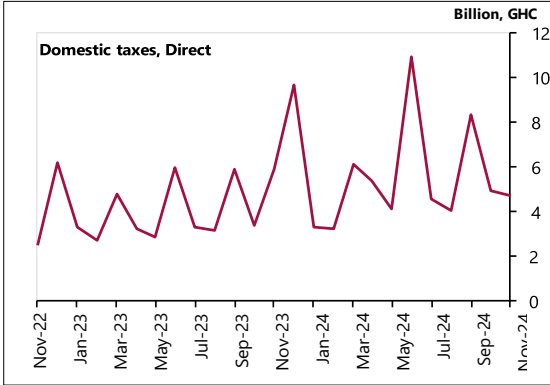
...The growth in the real CIEA was driven by a pick-up in SSNIT Contributions from the Private Sector, Port Activity, DMB's Credit to the Private Sector, Exports, Passenger Arrivals and Cement Sales...



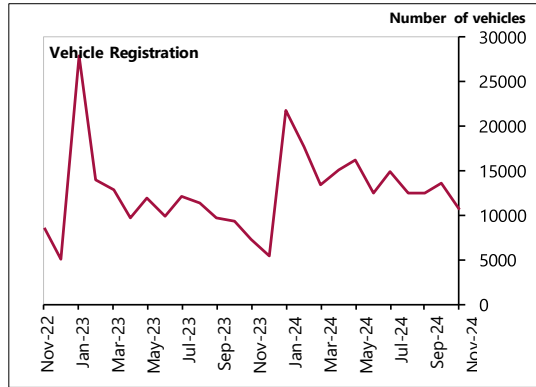
Source: Bank of Ghana, Various Stakeholders

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

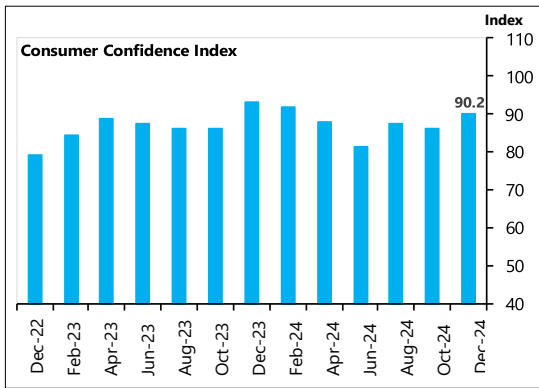
...Domestic tax collection dipped in November 2024 compared to October 2024...



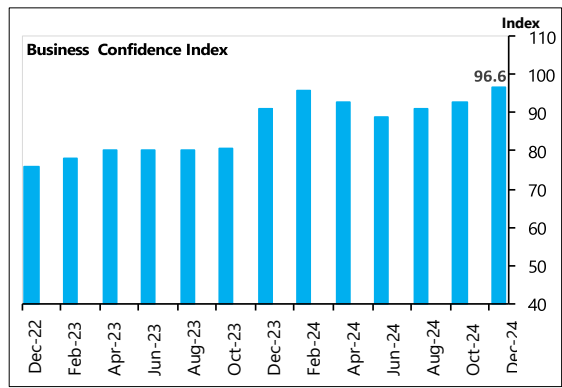
...Vehicle registration declined in November 2024 compared to the month before...



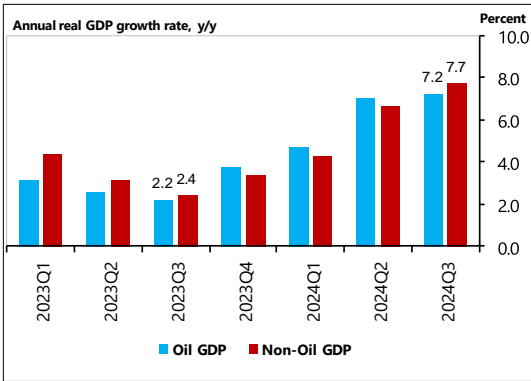
...Consumer confidence improved largely on account of optimism about future economic conditions...



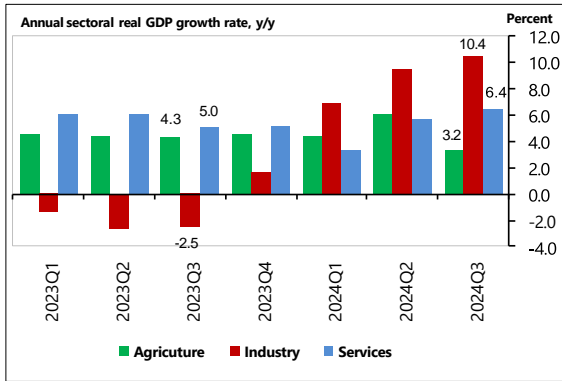
...Business confidence increased as firms met their short-term targets and expressed positive sentiments about company and industry prospects in line with improving macroeconomic conditions...



...Real Oil and Non-Oil GDP grew by 7.2 percent and 7.7 percent respectively in 2024Q3, compared with growth rates of 2.2 percent and 2.4 percent respectively in the corresponding period of 2023...



...The 2024Q3 growth outturn was largely driven by the industry sector, which grew by 10.4 percent, having contracted by 2.5 percent same time last year...



Source: Bank of Ghana, Various Stakeholders

4. Monetary and Financial Developments

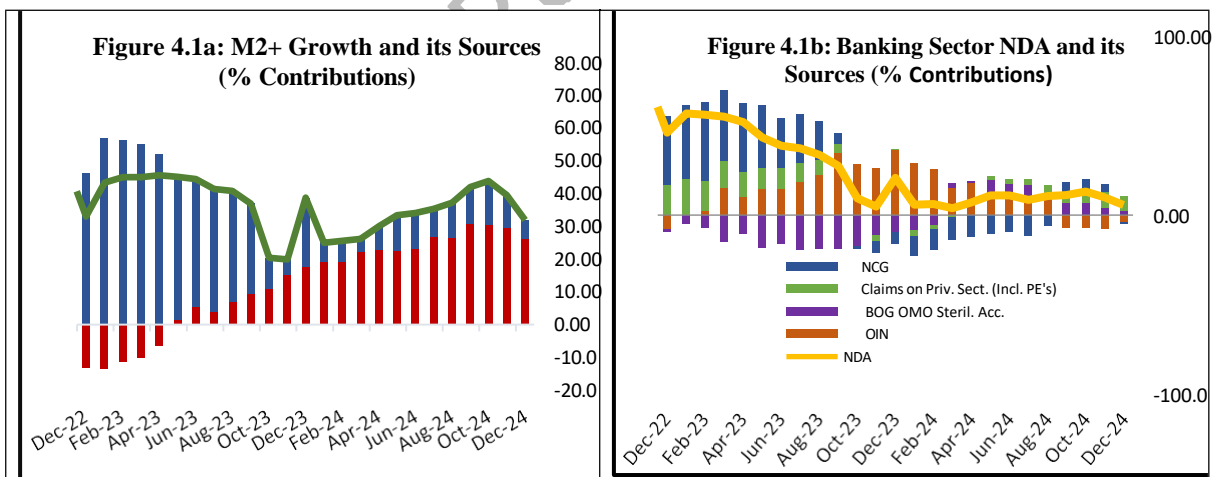
4.0 Highlights

In December 2024, there was a decline in the growth of broad money supply (M2+) relative to the corresponding period of 2023. Annual growth in broad money supply (M2+) decreased to 31.9 percent in December 2024, relative to 38.7 percent in December 2023. The decline in M2+ growth was attributable to a slower pace of growth in all the components – demand deposits, savings and time deposits, and foreign currency deposits – except for currency held by the public, which increased over the same comparative period. Private sector credit growth continued to increase towards pre-2022 macroeconomic crisis levels, albeit slowly. Nominal growth in the private sector credit increased to 26.3 percent in December 2024 from 10.7 percent recorded in the corresponding period of 2023. In real terms, credit to the private sector increased relative to a contraction recorded over the same comparative period in the previous year.

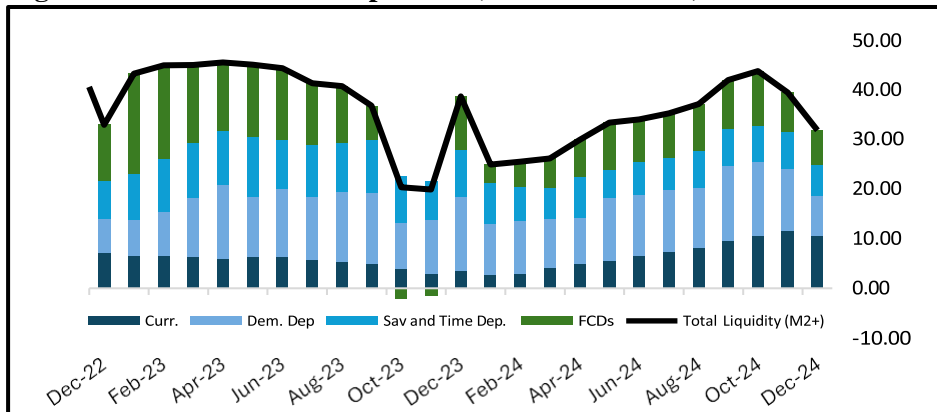
4.1 Developments in Monetary Aggregates

Money Supply

In December 2024, there was a decline in the growth of broad money supply (M2+) relative to the corresponding period of 2023, mainly on the back of significant moderation in the pace of growth in Net Domestic Assets (NDA) of depository corporations, while expansion in Net Foreign Assets (NFA) remained robust. Annual growth in M2+ decreased to 31.9 percent in December 2024, relative to 38.7 percent in the corresponding period of 2023. The contribution of NDA to the growth in M2+ decreased to 5.6 percent from 20.9 percent, while the contribution of NFA increased to 26.3 percent from 17.8 percent, over the same comparative period.



Sources: Bank of Ghana

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

Source: Bank of Ghana

In terms of annual growth rates, NDA expanded by 6.1 percent in December 2024, relative to 19.8 percent in December 2023, while the NFA expanded by 302.6 percent relative to 310.4 percent, over the same comparative period.

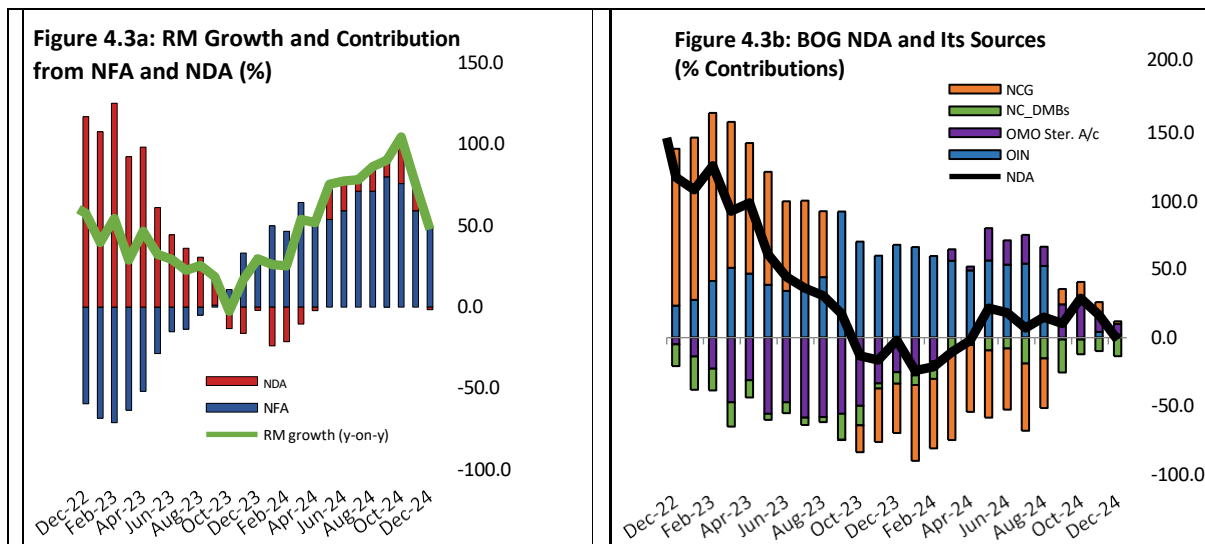
The decline in the contribution of the NDA to the growth of M2+ was mainly driven by contractions in the Net Claims on Government (NCG) and the Other Items (Net) (OIN), moderated by expansion in claims on private and public sector credit and a slowdown in OMO sterilization. Claims on private and public sector continued to expand in the December 2024, which reflected mainly in an increase in domestic currency credit.

Analysis of the components of M2+ showed that the decline in the growth in M2+ reflected in decreased growth in demand deposits, savings and time deposits, and foreign currency deposits in December 2024 relative to same period in 2023; growth in currency outside banks, however, increased significantly.

4.2 Reserve Money

Reserve money expanded significantly in 2024, supported by considerable growth in the Net Foreign Assets (NFA) of the Central Bank, mainly on account of inflows from the Gold for Reserve (G4R) Programme, forex purchases, and proceeds from the IMF Extended Credit Facility (ECF). The growth in reserve money was also underpinned by the dynamic Cash Reserve Requirement (CRR), which induced an increase in reserves of the deposit money banks to shore up regulatory reserves. Annual growth in reserve money increased considerably to 47.8 percent in December 2024, from a growth of 29.7 percent recorded in the corresponding period of 2023.

The NDA of the Central Bank, however, declined on the back of contractions in Claims on Deposit Money Banks (DMBs), and decrease in Net Claims on Government, partly reflecting a build-up in Government's deposit during the review month. The contribution of NDA to the growth in RM increased marginally to *negative* 1.64 percent in December 2024, compared to *negative* 1.93 percent recorded in December 2023. Similarly, the contribution of the NFA to the growth in RM increased to 49.41 percent, relative to a growth of 31.58 percent over the same comparative period in 2023.



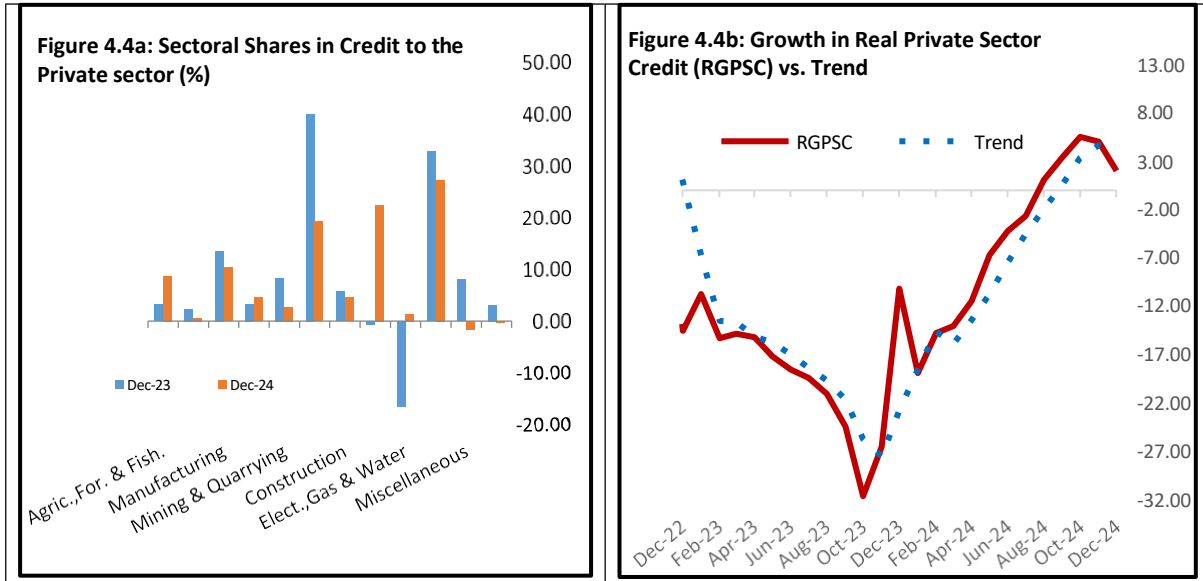
Source: Bank of Ghana

4.3 Deposit Money Banks Credit Developments

DMBs’ credit to the private sector and public institutions increased by GH¢18.53 billion (24.06%) in December 2024, compared to an increase of GH¢7.01 billion (10.01%) recorded in December 2023. The increase in credit flows was mainly due to expansion of credit to the private sector. Credit to the private sector increased by GH¢18.56 billion (26.31%) in December 2024, compared to an increase of GH¢6.81 billion (10.68%) recorded in the corresponding period of 2023. The increased flow of credit to the private sector was on the back of increase in domestic currency credit, underpinned by a pickup in real sector activities.

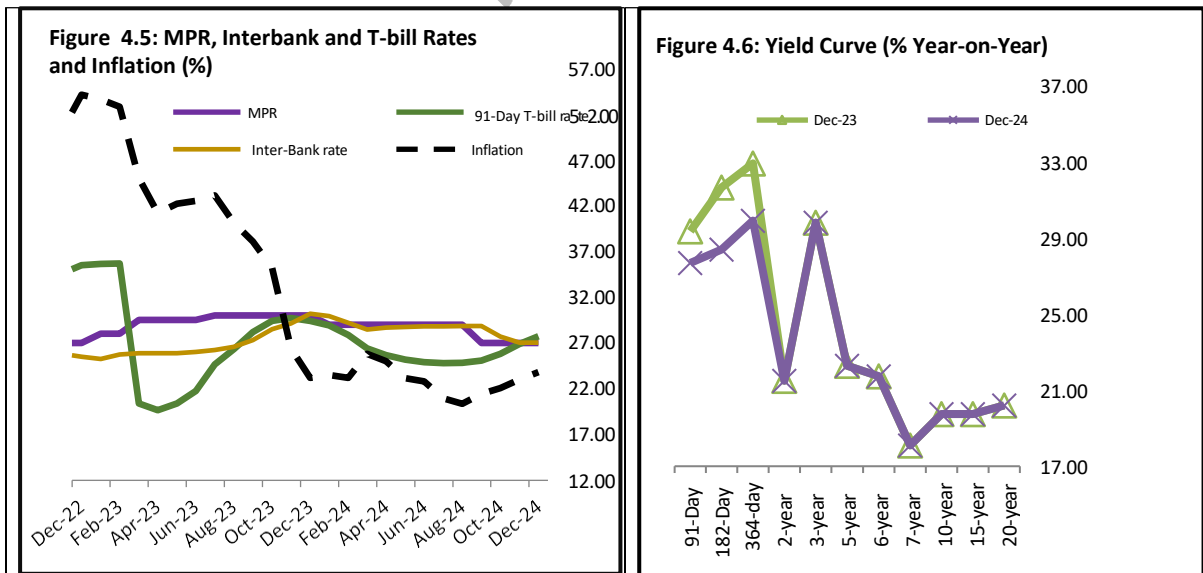
Private sector credit accounted for 100.17 percent of the flow in total outstanding credit in December 2024, relative to 97.10 percent recorded in the corresponding period of 2023. The top five sectors with significant shares of credit flows were: services (27.25%); commerce and finance (22.41%); import trade (19.29%); manufacturing (10.34%); and agriculture, forestry and fisheries sectors (8.68%)

Outstanding credit to the private sector at the end of December 2024 was GH¢89.12 billion, compared with GH¢70.56 billion recorded in December 2023. In real terms, credit to the private sector increased by 2.01 percent, relative to 10.16 percent contraction recorded over the same period in 2023. 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 money market on year-on-year basis. The 91-day and 182-day Treasury bill rates decreased to 27.73 percent and 28.43 percent, respectively, in December 2024, from 29.39 percent and 31.70 percent in the corresponding period of 2023. The Interbank Weighted Average Rate (IWAR) decreased to 27.03 percent in December 2024, from 30.19 percent in December 2023, reflecting the transmission of the reduction in the Monetary Policy Rate to the interbank market. Similarly, the average lending rates of banks declined marginally to 30.25 percent in December 2024, from 33.75 percent recorded in the corresponding period of 2023, reflecting the pass-through effect of declines in the rates on the wholesale funds market.



Source: Bank of Ghana

4.5 Stock Market Developments

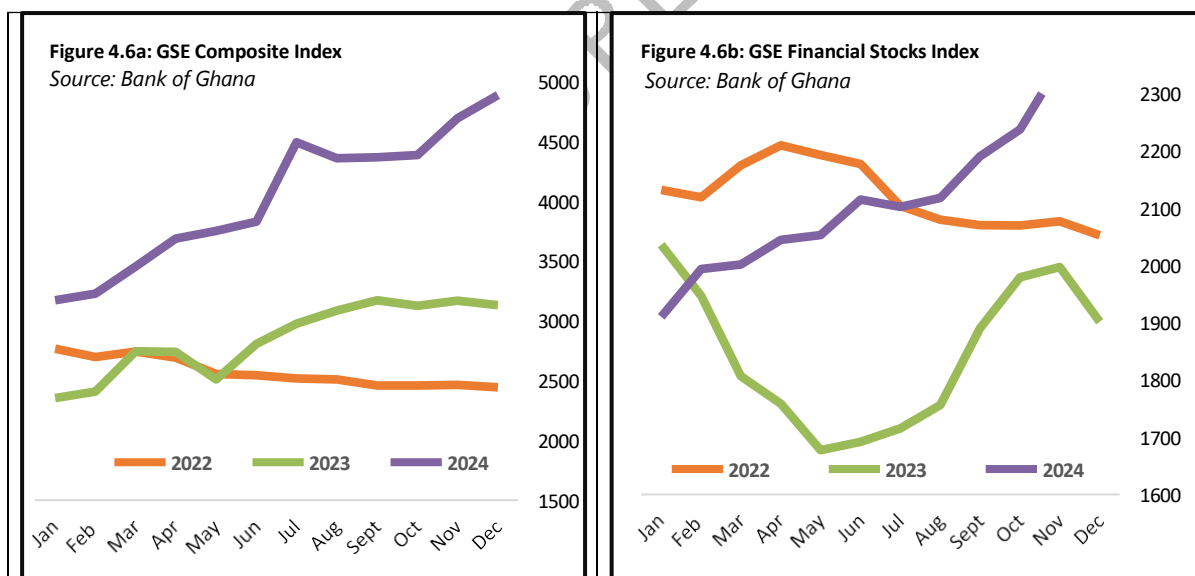
The Ghana Stock Exchange Composite Index (GSE-CI) increased to 4,888.53 points in December 2024 from 3,130.24 points recorded in the corresponding period of 2023. This translates into a year-on-year gain of 56.2 percent in December 2024 compared to a growth of 28.1 percent in December 2023. The robust 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 of that segment of the market. 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, and ETFund.

Table 4.1: Performance of Ghana Stock Exchange

	Oct-22	Nov-22	Dec-22	Nov-23	Dec-23	Feb-24	Mar-24	Jun-24	Sep-24	Oct-24	Nov-24	Dec-24	Changes		Y-T-D
													2023	2024	
GSE CI	2460.31	2463.27	2443.91	3169.9	3130.235	3227.853842	3456.197	3829.61	4369.44	4385.94	4694.37	4888.53	28.08	56.17	56.17
GSE FI	2069.89	2076.84	2052.59	1996.95	1901.575	1993.92	2001.47	2115.04	2190.37	2237.45	2351.16	2380.79	(7.36)	25.20	25.20
Market Capitalization	64727.18	64821.04	64507.32	74234.27	73893.17	75070.11	77701.17	85096.58	99101.87	100150.22	108368.85	111356.09	14.55	50.70	50.70

Source: Ghana Stock Exchange and Bank of Ghana Staff Calculations

The GSE-Financial Stocks Index (GSE-FI) closed at 2,380.79 points, reflecting a year-on-year gain of 25.20 percent, compared to a loss of 7.36 percent over the corresponding 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.



Source: Bank of Ghana

Total market capitalisation of the GSE at the end of December 2024 was GH¢111.36 billion, representing a year-on-year growth of 50.70 percent (GH¢37.46 billion), compared with a growth of 14.55 percent (GH¢9.39 billion) in December 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 during the reference period.

4.6 Conclusion

In December 2024, there was a decline in the growth of broad money supply (M2+) relative to the corresponding period of 2023, mainly on the back of significant moderation in the pace of growth in Net Domestic Assets (NDA) of depository corporations, while expansion in Net Foreign Assets (NFA) remained robust. Reserve money expanded significantly in 2024, supported by considerable growth in the Net Foreign Assets (NFA) of the Central Bank. Credit to the private and public sector expanded on the back of an increase in domestic currency credit, supported by improvements in real sector activities. Money market rates broadly trended downwards at the short-end of the primary market, on year-on-year basis. 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. In the capital market, the GSE Composite Index (GSE-CI) recorded an increased year-on-year gain in December 2024 relative to the corresponding period in 2023.

PUBLIC

5. Banking Sector Developments

5.0 Highlights

The banking sector's performance in 2024 signalled the sector was continuing on the path to recovery that began in 2023 after the impact of the Domestic Debt Exchange Programme (DDEP). The industry's balance sheet was generally robust, with the strong growth in assets in December 2024 funded principally by significant growth in total deposits, bank borrowings and shareholder's funds. Although profitability within the banking sector moderated due to slowdown in growth in major income handles, the banking industry remained profitable in 2024. The profit-before-tax (PBT) and profit-after-tax (PAT) for 2024 were higher than 2023. Financial Soundness Indicators (FSIs) for the banking sector remained broadly positive with improvements in solvency, liquidity and efficiency indicators in December 2024 relative to December 2023. Banks however, reported a decline in profitability indicators on the back of the slowdown in growth in PBT and PAT. Furthermore, the banking industry's Non-Performing Loans (NPL) ratio picked up in 2024 relative to 2023 on account of higher growth in the NPL stock relative to the growth in loans and advances. Broadly, the outlook for the banking sector remains stable and sound, contingent on banks' adherence to recapitalisation strategies, profits rebounding, and enforcement of strict credit underwriting standards

5.1 Banks' Balance Sheet

Total assets of the banking industry grew by 33.8 percent (year-on-year) to GH¢ 367.8 billion as at end-December 2024, higher than the 29.7 percent growth recorded in December 2023. Foreign assets picked up strongly by 87.9 percent in December 2024, from 61.9 percent in December 2023, while domestic assets expanded by 28.6 percent in December 2024, relative to 27.3 percent growth a year ago. The share of foreign assets in total assets consequently jumped from 8.7 percent to 12.2 percent, while the share of domestic assets declined from 91.3 percent to 87.8 percent.

In terms of components, growth in investments moderated in 2024 relative to 2023 on account of the decline in rates on the money market during the review period. Investments grew by 12.9 percent to GH¢113.1 billion in December 2024 as against a growth of 47.5 percent in December 2023. The slowdown in growth in investments reflected in growth in short-term investments which moderated to 9.1 percent in December 2024, down from 133.8 percent growth observed in December 2023 on account of the decline in rates on the money market. Long-term investments also grew by 15.4 percent in December 2024 relative to 16.8 percent growth realised in December 2023.

Credit growth continued to trend upwards in 2024, reflecting the observed rebound in economic activity. Gross loans and advances grew by 24.1 percent to GH¢95.5 billion at end-December 2024, up from 10.9 percent in December 2023. Growth in net loans and advances (gross loans adjusted for provisions and interest in suspense) also jumped to 21.0 percent at end-December 2024, up from 9.4 percent over the corresponding period in 2023.

Deposits remained the main source of funding for the banking sector, growing by 28.8 percent to GH¢276.2 billion in December 2024 from GH¢214.5 billion in December 2023, driven mainly by a strong pickup in domestic deposits.

Borrowings also grew strongly by 85.9 percent to GH¢27.9 billion in December 2024, following a contraction of 20.1 percent recorded a similar period in 2023.

The industry's shareholders' funds position, which weakened in December 2022 because of the substantial impairments on the DDEP restructured bonds, continued to improve following the rebound in banks' profits in 2023 and 2024 and the on-going recapitalisation effort of the sector. Consequently, shareholders' funds grew by 36.6 percent to GH¢39.9 billion as at end-December 2024, relative to a 59.0 percent growth in December 2023.

Overall, the balance sheet of the banking industry suggested an improved performance of the industry in December 2024 on the back of increased liquidity flows from deposits, borrowings and shareholders' funds relative to the situation in 2023.

Table 5.1: Key Developments in DMBs' Balance Sheet

	(GH ¢million)			Y-on-Y Growth (%)			Shares (%)	
	Dec-23	Oct-24	Dec-24	Dec-23	Oct-23	Dec-24	Dec-23	Dec-24
TOTAL ASSETS	274,921.5	367,211.5	367,805.1	29.7	42.4	33.8	100.0	100.0
A. Foreign Assets	23,870.9	42,544.5	44,855.0	61.9	102.3	87.9	8.7	12.2
B. Domestic Assets	251,050.6	324,667.0	322,950.1	27.3	37.1	28.6	91.3	87.8
Investments	100,181.6	117,989.2	113,080.2	47.5	13.7	12.9	36.4	30.7
i. Bills	41,775.9	48,649.5	45,588.3	133.8	(2.7)	9.1	15.2	12.4
ii. Securities	58,149.5	69,002.2	67,086.6	16.8	29.0	15.4	21.2	18.2
Advances (Net)	65,410.7	77,521.3	79,147.2	9.4	23.3	21.0	23.8	21.5
of which Foreign Currency	21,520.8	24,918.1	23,098.0	17.8	15.7	7.3	7.8	6.3
Gross Advances	77,009.7	94,477.3	95,540.3	10.9	28.5	24.1	28.0	26.0
Other Assets	16,001.8	25,666.8	23,879.7	13.1	70.8	49.2	5.8	6.5
Fixed Assets	8,290.1	8,688.2	8,925.7	10.4	12.4	7.7	3.0	2.4
TOTAL LIABILITIES AND CAPITAL	274,921.5	367,211.5	367,805.1	29.7	42.4	33.8	100.0	100.0
Total Deposits	214,486.9	277,256.3	276,160.4	34.0	38.7	28.8	78.0	75.1
of which Foreign Currency	67,354.2	90,431.1	85,416.8	41.5	39.8	26.8	24.5	23.2
Total Borrowings	15,020.4	26,216.2	27,920.9	(20.1)	75.4	85.9	5.5	7.6
Foreign Liabilities	6,460.8	6,454.8	5,732.1	(20.0)	(0.8)	(11.3)	2.4	1.6
i. Short-term borrowings	2,132.1	3,127.4	1,800.5	(16.4)	107.0	(15.6)	0.8	0.5
ii. Long-term borrowings	3,682.2	2,602.2	2,837.6	(22.9)	(34.2)	(22.9)	1.3	0.8
iii. Deposits of non-residents	642.9	714.8	1,076.9	(13.2)	(31.6)	67.5	0.2	0.3
Domestic Liabilities	238,411.7	322,813.5	322,176.1	29.1	43.4	35.1	86.7	87.6
i. Short-term borrowing	8,010.7	18,971.7	21,660.6	(20.5)	122.0	170.4	2.9	5.9
ii. Long-term Borrowings	1,195.4	1,514.9	1,622.2	(14.6)	62.1	35.7	0.4	0.4
iii. Domestic Deposits	213,844.0	276,541.5	275,083.5	34.3	39.0	28.6	77.8	74.8
Other Liabilities	15,711.8	25,108.7	23,167.7	9.7	46.7	47.5	5.7	6.3
Paid-up capital	13,039.2	16,902.2	17,118.3	25.5	62.0	31.3	4.7	4.7
Shareholders' Funds	29,191.6	37,943.2	39,884.8	59.0	49.5	36.6	10.6	10.8

Source: Bank of Ghana

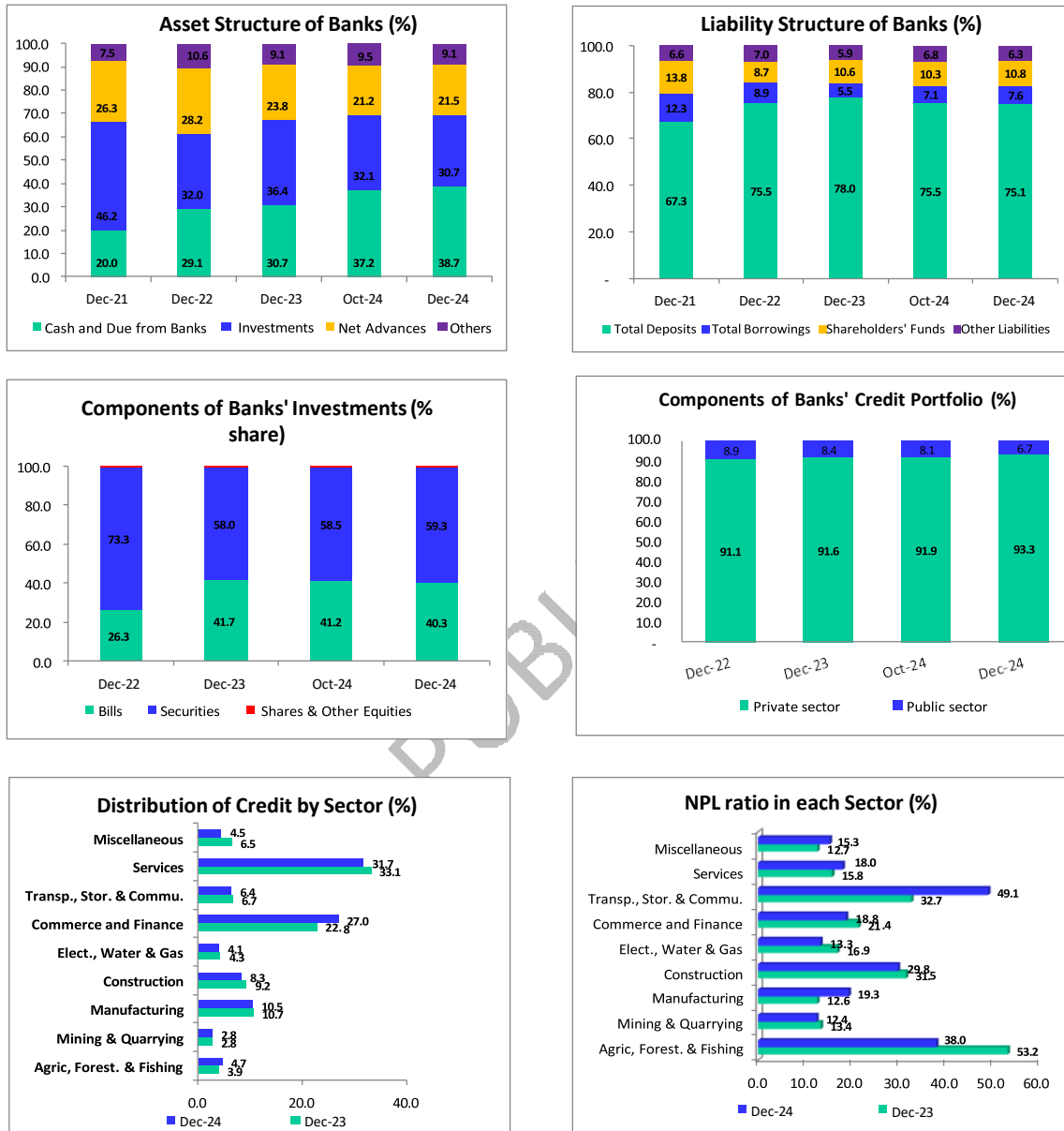
5.1.1 Asset and Liability Structure

The asset structure of the industry's balance sheet in December 2024 reflected banks' preference for less risky assets. Cash and bank balances was the largest component of total assets with its share improving to 38.7 percent in December 2024 from 30.7 percent in December 2023, following the implementation of the dynamic cash reserve requirements in April 2024. The share of investments (comprising bills, securities, and equity) in total assets, however, declined to 30.7 percent in December 2024 from 36.4 percent in December 2023 on account of the moderation in growth in investments. Similarly, the proportion of net advances in total assets declined to 21.5 percent in December 2024 from 23.8 percent in 2023 while the share of non-earning assets (fixed assets and other assets) reduced to 9.0 percent from 9.1 percent during the same period under review.

On the liability side, the share of deposits in banks' liabilities and shareholders' funds decreased to 75.1 percent in December 2024 from 78.0 percent in December 2023, reflecting the slowdown in deposit growth in 2024. The increase in borrowings however, translated into an increased share of 7.6 percent

in December 2024 from 5.5 percent in December 2023. The proportion of shareholders’ funds in banks’ total funding also improved to 10.8 percent in December 2024 from 10.6 percent a year earlier, while the share of other liabilities rose to 6.3 percent from 5.9 percent during the same comparative period.

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 portfolios, with its share increasing to 59.3 percent in December 2024 from 58.0 percent in December 2023. The share of bills (short-term debt instruments), however, declined to 40.3 percent in December 2024 from 41.7 percent in December 2023 in line with the moderation in growth recorded during the reference period. The share of equity investments remained negligible and was flat at 0.4 percent during the period under review.

5.2 Credit Risk

The industry's asset quality deteriorated in December 2024, relative to December 2023, reflected in a rise in the non-performing loan (NPL) ratio and the NPL stock during the review period.

5.2.1 Credit Portfolio Analysis

The stock of gross loans and advances increased by 24.1 percent to GH¢95.5 billion in December 2024, relative to a growth of 10.8 percent in December 2023, reflecting increases in private sector credit. Private sector credit (comprising credit to private enterprises and households) grew by 26.3 percent to GH¢89.1 billion in December 2024, as against a growth of 12.9 percent in the previous year. However, public sector credit contracted further by 0.5 percent to GH¢6.4 billion at end-December 2024, after the initial decline of 8.4 percent in December 2023. Consequently, the share of private sector credit in total credit inched up marginally to 93.3 percent 2024 in December, from 91.6 percent in December 2023, while the share of public sector declined to 6.7 percent in December 2024, from 8.4 percent a year earlier.

In terms of the distribution of credit by sectors, the services sector remained the largest recipient of the industry's credit, accounting for a share of 31.7 percent at end-December 2024 (down from 33.1 percent in December 2023), followed by the commerce and finance sector with a share of 27.0 percent (up from 22.8 percent in December 2023). The share for the manufacturing sector declined marginally to 10.5 percent in December 2024, from 10.7 percent in December 2023. These three sectors constituted 69.3 percent of total credit in December 2024, compared with 66.6 percent in December 2023. The mining and quarrying sector remained the lowest recipient of total credit, with a share of 2.8 percent in December 2024, same as recorded a year ago.

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 6.2 percent to GH¢24.0 billion as at end-December 2024, from GH¢22.5 billion as at end-December 2023, representing a year-on-year growth of 17.0 percent. In relative terms, however, contingent liabilities as a percentage of total liabilities declined marginally to 7.3 percent in December 2024, from 9.2 percent in December 2023.

5.2.3 Asset Quality

Asset quality risks were elevated in December 2024, reflecting the lingering impact of the 2022 macroeconomic challenges on the banking sector. The industry's NPL ratio increased to 21.8 percent in December 2024, from 20.7 percent in December 2023. Similarly, the NPL ratio adjusted for the fully provisioned loan loss category inched up from 8.4 percent to 8.5 percent during the same comparative period. The NPL stock increased by 31.4 percent to GH¢20.8 billion in December 2024, relative to a growth of 37.4 percent recorded in December 2023.

Decomposition of the NPLs showed that the private sector accounted for the most non-performing loans, due to its dominant share of total credit. The proportion of NPLs attributable to the private sector increased to 96.2 percent in December 2024, from 91.6 percent in December 2023, while that of the public sector declined to 3.8 percent, from 6.9 percent a year earlier.

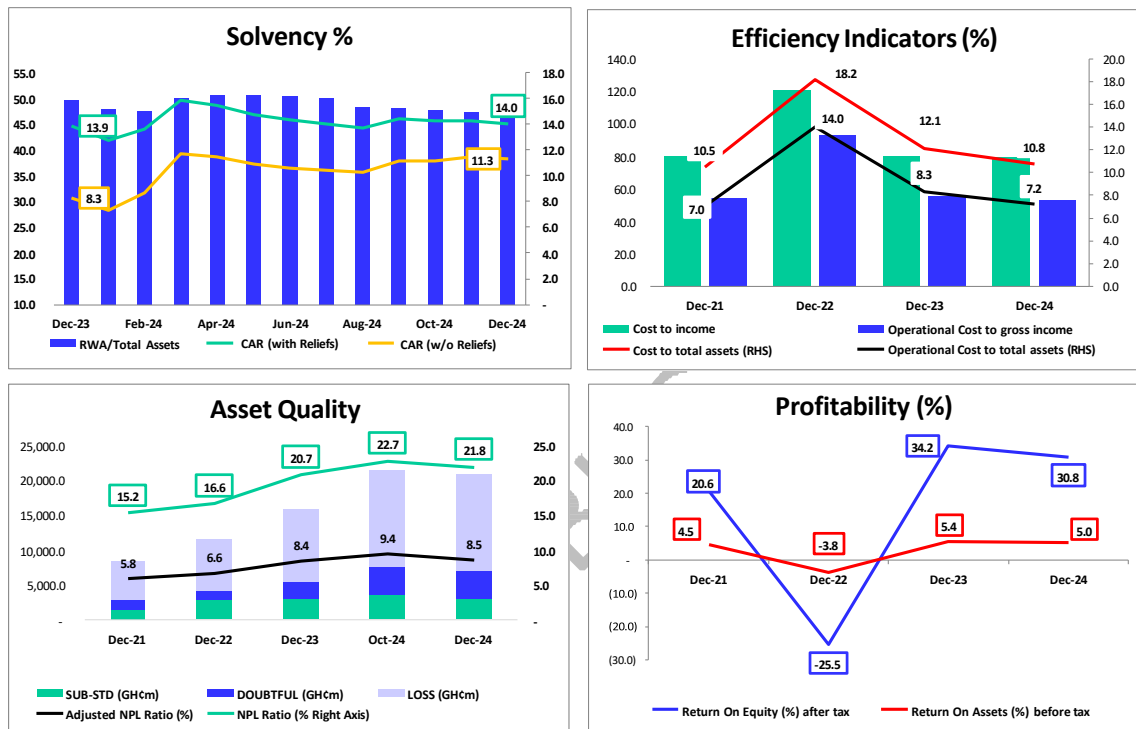
The increase in the industry NPL ratio year-on-year reflected the deterioration in loans in the transportation, storage and communication, manufacturing and services sectors. The NPL ratio in the transportation, storage and communication sector increased from 32.7 percent in December 2023 to

49.1 percent in December 2024, while NPL ratios in the manufacturing and services sectors increased from 12.6 percent and 15.8 percent to 19.3 percent and 18.0 percent, respectively. All other sectors recorded improvements in asset quality during the review period.

5.3 Financial Soundness Indicators

The financial soundness indicators in December 2024 were broadly positive following improvements in solvency, liquidity and efficiency indicators. Profitability and asset quality indicators, however, moderated during the review period.

Figure 5.2: Key Financial Soundness Indicators



Source: Bank of Ghana

5.3.1 Liquidity Indicators

The industry’s liquidity position remained strong following increases in core and broad liquidity measures during the review period. The ratio of core liquid assets (mainly cash and due from banks) to total deposits increased to 51.5 percent in December 2024 from 39.3 percent at end-December 2023. Similarly, the ratio of core liquid assets to total assets increased from 30.7 percent to 38.7 percent over the same comparative period. The increases in the core liquidity measures reflect, in part, the upward revision in the cash reserve ratio during the year. Despite the moderation in the growth of banks’ holdings in short-term investments, the ratio of broad liquid assets to total deposits increased from 85.9 percent to 92.3 percent while the ratio of broad liquid assets to total assets increased from 67.0 percent to 69.3 percent during the review period.

5.3.2 Capital Adequacy Ratio

The industry’s solvency position, measured by the Capital Adequacy Ratio (CAR) was 11.3 percent in December 2024, compared to 8.3 percent a year ago, higher than the revised prudential minimum of 10 percent. This improvement in the solvency of the banking sector was due to the rebound in profitability

across the banking sector and the recapitalisation efforts by undercapitalised banks. As part of reliefs to minimise the impact of the DDEP, banks were allowed to spread derecognition losses on the restructured bonds till the end of 2025. When the DDEP regulatory reliefs are considered, the CAR increases to 14.0 percent in December 2024, compared to 13.9 percent in December 2023.

5.3.3 Profitability

Profitability of the banking sector increased in 2024 relative to the outturn in 2023, although the pace of growth moderated. The industry recorded profit-after-tax (PAT) of GH¢10.4 billion for the year 2024 compared to GH¢8.3 billion in 2023. However, growth in PAT moderated to 26.2 percent in December 2024, from 224.6 percent in the previous year when the sector recovered from the DDEP-related losses. Similarly, profit-before-tax (PBT) recorded a growth of 24.4 percent in December 2024, relative to a growth of 267.1 percent in December 2023.

Apart from fees and commissions, which recorded a higher growth rate in 2024 relative to 2023, all income lines grew but at slower pace in December 2024 compared to the same period last year. Growth in net interest income was 18.0 percent in 2024, down from 41.5 percent in 2023, reflecting the moderation in growth in interest income which was due to the decline in lending rates and rates on money market instruments during the review period. Fees and commissions, however, grew by 25.8 percent in 2024 relative to a growth of 25.2 percent in 2023.

Similar declines in growth in cost lines moderated the impact of the decline in growth in income lines on the bottom line. The industry's operating expenses grew by 22.0 percent in December 2024, compared to 34.9 percent in 2023, reflecting the moderation in growth in non-staff-related expenses. Provisions for depreciation, bad debt and impairment losses on financial assets also contracted by 11.7 percent in December 2024, compared to the 79.2 percent contraction recorded in December 2023.

(a) Return on Assets and Return on Equity

Profitability indicators for the banking sector moderated in December 2024 on the back of the slowdown in profit-before-tax and profit-after-tax recorded during the year. The sector's Return on Assets (ROA) declined to 5.0 percent in December 2024, from 5.4 percent in December 2023. Also, banks' Return on Equity (ROE) fell to 30.8 percent in December 2024, from 34.2 percent over the same comparative period in 2023.

(b) Interest Margin and Spread

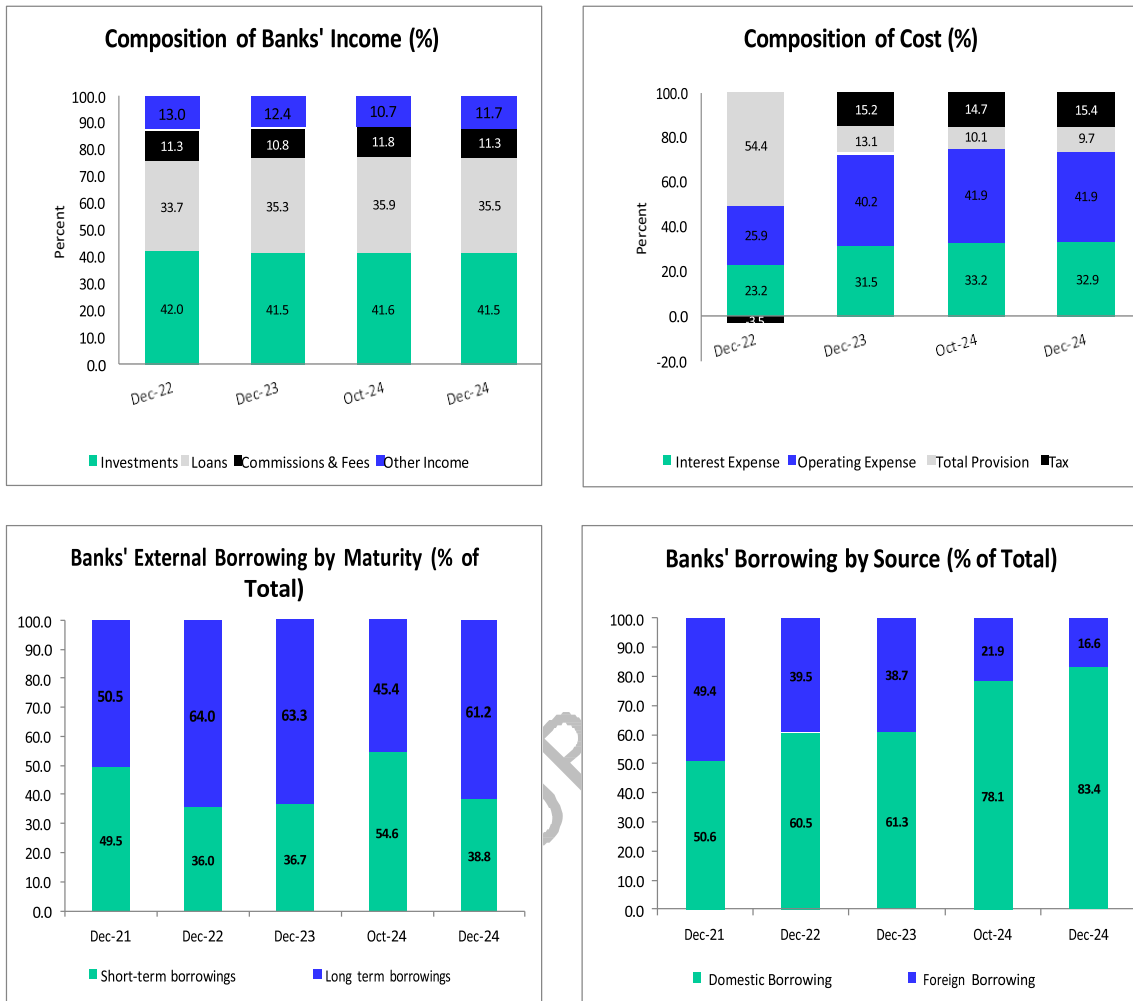
The sector's interest spread widened marginally from 12.7 percent in December 2023 to 12.9 percent in December 2024. The increase in spread resulted from the decline in interest payable to 5.8 percent, from 6.1 percent a year earlier. Gross yields, however, remained fairly flat at 18.7 percent in December 2024 compared to 18.8 percent a year ago. The ratio of gross income to total assets (asset utilisation) also dropped from 15.2 percent to 13.6 percent whereas the profitability ratio recorded an increase to 20.9 percent in December 2024 from 19.9 percent in December 2023.

(c) Composition of Banks' Income

Interest income from investments continued to be the largest component of banks' total income in December 2024, with its share unchanged at 41.5 percent. The share of interest income from loans rose marginally to 35.5 percent in December 2024 from 35.3 percent in December 2023, in line with the increase in gross advances during the year. The share of banks' income from fees and commissions, likewise, increased to 11.3 percent in December 2024 from 10.8 percent in December 2023, while the

share of income from other sources declined to 11.7 percent from 12.4 percent during the same reference period.

Figure 5.3: Composition of Income, Cost and Borrowings



Source: Bank of Ghana

5.3.4 Operational Efficiency

The banking sector was relatively cost efficient due to slowdown in the growth of operating expenses during the period under review. The cost-to-income ratio fell to 79.1 percent in December 2024 from 80.1 percent in December 2023, while the cost-to-total assets ratio improved to 10.8 percent from 12.1 percent. The operational cost to gross income ratio also declined to 53.1 percent from 55.1 percent, whereas the operational cost to total asset ratio improved to 7.2 percent from 8.3 percent over the same comparative period.

5.3.5 Banks' Counterparty Relationships

Total offshore balances grew by 110.1 percent to GH¢41.5 billion in December 2024, compared to the 47.7 percent growth recorded in the previous year, driven largely by growth in nostro balances and placements. Nostro balances grew by 118.4 percent in December 2024 compared with a contraction of 0.7 percent in December 2023. Growth in industry placements was also strong but lower at 102.9

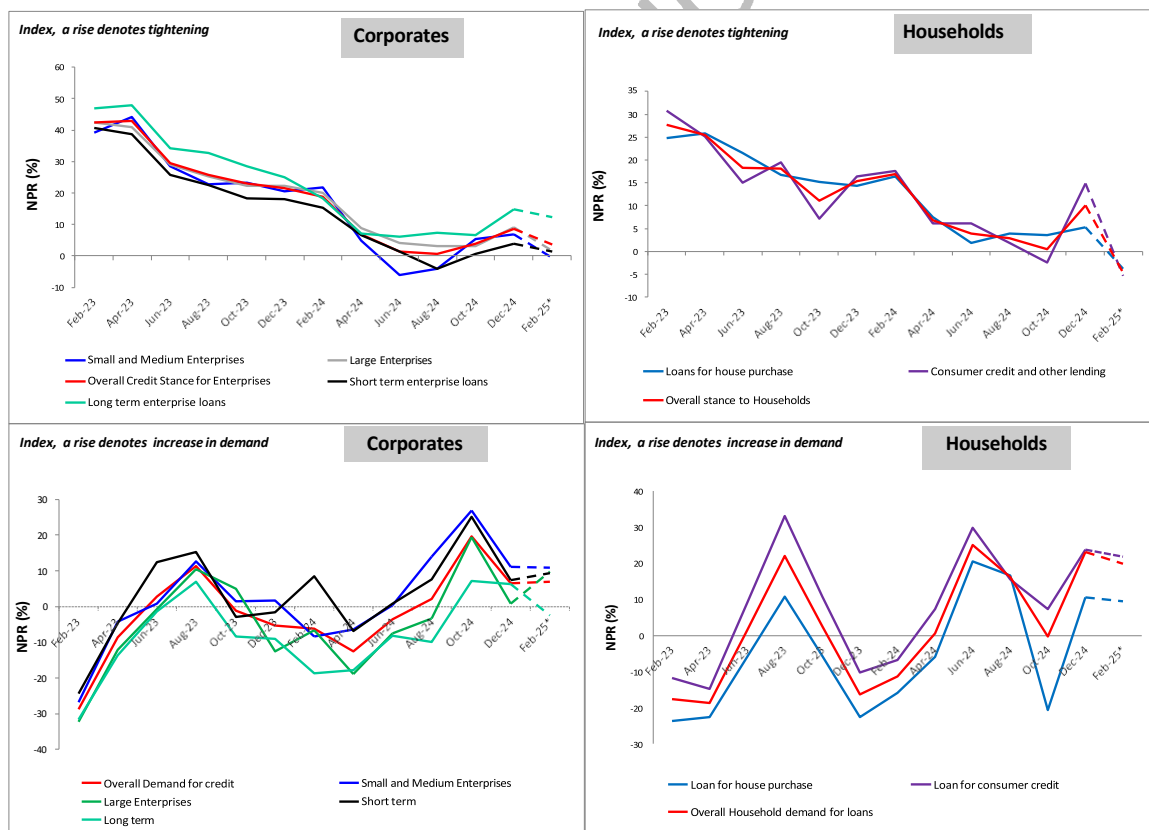
percent in December 2024, compared to the growth of 169.6 percent during the same period last year. Consequently, the ratio of offshore balances to net worth increased significantly to 104.1 percent in December 2024, from 67.7 percent in December 2023.

The share of banks’ external borrowings in total borrowings declined to 16.6 percent in December 2024, from 38.7 percent in December 2023, while the share of domestic borrowings increased to 83.4 percent from 61.3 percent in December 2023 as interbank activities picked up more strongly during the year. Banks’ external borrowings were largely long-term in nature, although the share of long-term borrowings in total external borrowings declined to 61.2 percent in December 2024, from 63.3 percent in December 2023, while the share of short-term borrowings increased to 38.8 percent in December 2024, from 36.7 percent a year earlier.

5.4 Credit Conditions Survey

Notwithstanding banks’ relative eased stance on loans in 2024 relative to 2023, banks reported a net tightening in the stance on loans to enterprises and households in the December 2024 Credit Conditions Survey round relative to the October 2024 survey round. The net tightening in the overall credit stance to enterprises was due to the tight stance on all sub-categories of corporate loans as a result of high cost of funds. Banks projected a net ease in the overall stance on corporate loans in the first two months of 2025, driven by a net ease in the stance on loans to all sub-categories of corporates.

Figure 5.4: Credit Conditions Survey Results



Source: Bank of Ghana

The stance on loans to households also tightened during the last two months of 2024 from a net tightened stance on consumer credit and other lending. Banks project the overall stance on loans to households to

ease during the first two months of 2025 from a projected net ease in the stance on both consumer credit and mortgages.

The December 2024 survey round pointed to a softening in the overall demand for credit by enterprises, which reflected in all components of enterprise loans. Credit demand by corporates is, however, projected to be stronger in January and February 2025.

Banks reported an increase in the demand for loans by households in the last two months of 2024, driven by increases in demand for loans for house purchases as well as consumer credit. Demand for household loans is, however, projected to decline in the first two months of 2025, in line with decrease in demand for mortgages and consumer credit.

5.5 Conclusion and Outlook

The banking sector's performance in 2024 pointed to a gradual recovery from the macroeconomic challenges faced in 2022. Growth in the banking industry's assets was strong in December 2024 relative to December 2023, driven by increased liquidity flows from deposits and other funding sources. The banking industry also recorded relative improvements in liquidity and efficiency indicators in 2024 as against the 2023 performance. The industry's solvency position improved in December 2024 relative to December 2023, with the industry Capital Adequacy Ratio (CAR) without reliefs improving due to ongoing recapitalisation efforts of the banking sector. Asset quality concerns, however, remained, representing an upside risk to the entire banking industry. Overall, the industry's outlook remains stable and sound, conditional on the recapitalisation of the sector by the end of December 2025 as well as the implementation of rigorous credit risk underwriting standards and intensification of loan recovery efforts to address asset quality concerns in the sector.

6. Price Developments

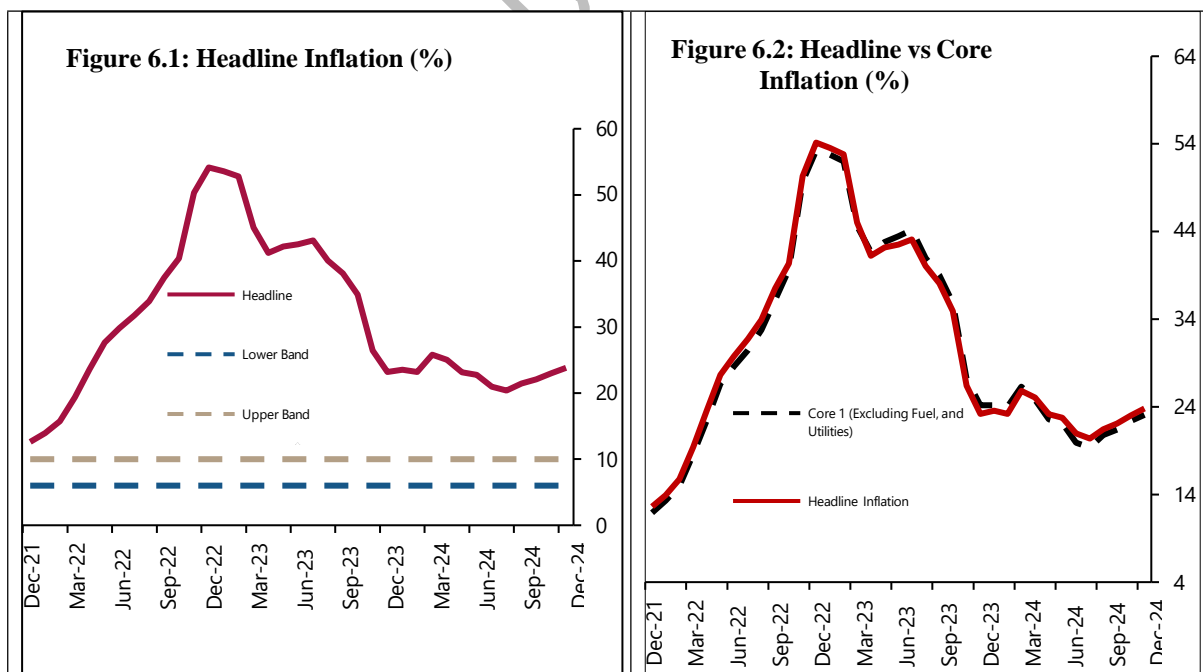
6.0 Highlights

Recent price developments show a slowdown in the pace of disinflation and, subsequent to the last MPC meeting, headline inflation experienced upticks in November and December, largely driven by food price increases. Overall, headline inflation rose steadily from 20.4 percent in August to 23.8 percent in December 2024. This was after inflation had experienced a smooth decline in the early part of the year. On a year-on-year basis, the inflation rate of 23.8 percent for December 2024 was slightly higher than 23.2 percent recorded in December 2023.

6.1 Domestic Inflation

Domestic price developments since the last MPC indicate a disinflation process that has slowed down. This has been driven mainly by food inflation and lagged pass-through of the exchange rate depreciation. Inflation, which was 23.2 percent in December 2023, increased to 25.8 percent by the end of the first quarter of 2024. It then eased steadily to 20.4 percent in August. Subsequently, however, it increased gradually to 23.0 percent in November and then 23.8 percent in December. The increase in the December inflation was mainly due to pick-up in price pressures of food, reflecting the disruptive impact of the dry spell on crop production, especially that of cereals. Non-food inflation, however, declined to 20.3 percent in December from 20.7 percent in November 2024.

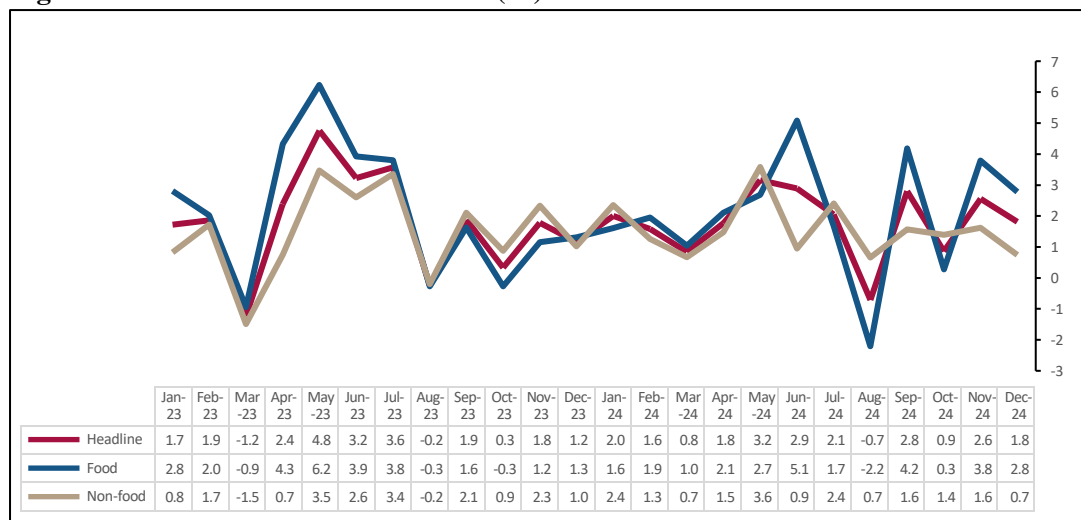
The underlying inflationary pressures have remained sluggish. The Bank’s main core measure of inflation, which isolates price increases of energy and utility items from the consumer basket, increased to 23.1 percent in December 2024, from 22.4 percent in November and 21.4 percent in October.



Source: GSS and Bank of Ghana Staff Calculations

On a month-on-month basis, headline inflation increased by 1.8 percent in December 2024, from 2.6 percent in November 2024 and 0.9 percent in October. During the same period, monthly food inflation increased by 2.8 percent in December, from 3.8 percent in November and 1.8 percent in October. Monthly non-food inflation edged down by 0.7 percent in December 2024, from 1.6 percent in November and 1.4 percent in October.

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



Source: Ghana Statistical Service

A disaggregation of the Consumer Price Index by sub-groups shows a broad decline in inflation across the basket in 2024. However, four items with significant weight in the sub-groups drove the marginal uptick in headline inflation in the year. These were housing and utilities, transport, education, and insurance and financial services.

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	Nov	Dec	
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	23.0	23.8	
Food and Beverages	42.7	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	25.9	27.8	
Non-food	57.4	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	20.7	20.3	
Alcoholic Beverages, Tobacco & Narcotics	3.9	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	30.0	28.4	
Clothing and footwear	8.0	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	20.1	20.0	
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	29.2	26.3	
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	16.7	16.7	
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	22.2	21.4	
Transport	10.5	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	16.5	16.8	
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	11.9	12.0	
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	17.9	17.4	
Education	6.6	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	19.5	19.1	
Restaurants and accommodation services	4.3	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	18.4	16.5	
Insurance and Financial services	0.4	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	16.5	16.5	
Personal care, social protection & Miscellaneous services	2.5	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	19.9	19.3	

Source: Ghana Statistical Service

6.2 Inflation Risk Assessment and Outlook

The inflation profile remains elevated, largely driven by food price movements, especially in the last quarter of the year. Climate-related factors, including the dry spell in some parts of the food-growing

regions of the country and the late onset of rains, negatively affected production, while supply chain weaknesses generally affected food prices. While the inflation outturn for 2024 deviated from target, it is expected that the disinflation process will resume, contingent on renewed efforts at fiscal consolidation, which is anticipated in the new administration's economic policy agenda and the yet-to-be-presented 2025 Budget Statement. The Bank's latest inflation forecast shows a steady decline and return to the path of disinflation, with an extended time horizon of achieving the medium-term target of 8 ± 2 percent in the second quarter of 2026.

Decision on the Monetary Policy Rate

Under the circumstances, the Monetary Policy Committee decided to keep the policy rate unchanged at 27.0 percent.

PUBLIC

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)											
	Dec-22	Dec-23	Mar-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	
1 Net Foreign Assets											
Bank of Ghana	(10321.15)	21710.89	34085.37	49084.99	53866.25	53694.05	65801.73	70066.63	74315.55	87417.32	
Commercial Banks	7166.46	17689.83	20834.09	26027.80	26389.20	25959.46	31312.35	36391.04	38662.65	39770.20	
2 Net Domestic Assets	190587.99	228308.31	227034.13	231954.03	233815.58	240594.18	245378.55	254687.83	251851.07	242321.48	
3 ow: Claims on government (net)	127515.37	115681.46	118345.15	117391.93	118552.67	131576.91	130147.19	132334.10	131327.71	113291.69	
4 ow: Claims on Private sector(Incl. PE's)	85078.76	86096.51	86193.53	93719.28	94573.89	96451.37	101487.64	104305.33	105396.23	105901.21	
BOG OMO Sterilisation Acc.	(7725.48)	(24795.37)	(22605.87)	(16244.51)	(21158.62)	(26026.81)	(21138.18)	(21570.86)	(23492.53)	(18142.88)	
5 Total Liquidity (M2+)	180266.84	250019.20	261119.50	281039.02	287681.83	294288.23	311180.28	324754.46	326166.62	329738.77	
6 ow: Broad Money Supply (M2)	135142.49	185425.80	190181.12	203530.25	209091.58	214821.11	229253.49	238258.07	244128.78	247761.93	
7 ow: Foreign Currency Deposits(€million)	45124.35	64593.40	70938.38	77508.78	78590.25	79467.11	81926.79	86496.39	82037.84	81976.84	
Change from previous year (in per cent)											
8 Net Foreign Assets	(237.04)	(310.35)	(383.89)	7455.25	(1952.81)	(1745.76)	(3972.59)	6613.61	1316.76	302.64	
9 Net Domestic Assets	48.87	19.79	3.67	11.00	8.47	10.44	11.10	13.30	10.17	6.14	
10 ow: Claims on government (net)	69.31	(9.28)	(17.95)	(14.41)	(16.78)	(8.89)	9.93	11.49	8.35	(2.07)	
11 ow: Claims on Private sector(Incl. PE's)	37.70	1.20	(2.38)	6.69	7.05	9.92	15.14	17.41	26.20	23.00	
12 ow: BOG OMO Sterilisation Acc.	(36.62)	(220.96)	17.62	40.44	37.64	25.06	42.22	43.03	27.55	26.83	
13 Total Liquidity (M2+)	32.98	38.69	26.15	34.07	35.28	37.14	41.99	43.80	39.48	31.89	
14 Broad Money Supply (M2)	27.81	37.21	28.39	35.62	36.68	38.62	44.50	45.19	43.23	33.62	
Foreign Currency Deposits (FCDs)	51.33	43.15	20.53	30.16	31.70	33.27	35.38	40.10	29.39	26.91	
Cumulative change from previous year end (in per cent)											
15 Net Foreign Assets	(237.04)	(310.35)	57.00	126.08	148.11	147.31	203.08	222.73	242.30	302.64	
16 Net Domestic Assets	48.87	19.79	(0.56)	1.60	2.41	5.38	7.48	11.55	10.31	6.14	
17 ow: Claims on government (net)	69.31	(9.28)	2.30	1.48	2.48	13.74	12.50	14.40	13.53	(2.07)	
18 Broad Money(M2+)	32.98	38.69	4.44	12.41	15.06	17.71	24.46	29.89	30.46	31.89	
Annual per cent contribution to money growth											
19 Net Foreign Assets	(13.17)	17.77	22.27	23.11	26.70	26.54	30.80	30.56	29.54	26.28	
20 NDA	46.15	20.92	3.88	10.96	8.58	10.60	11.19	13.24	9.94	5.60	
21 Total Liquidity (M2+)	32.98	38.69	26.15	34.07	35.28	37.14	41.99	43.80	39.48	31.89	
Memorandum items											
22 Reserve Money	68103.84	87987.66	89011.62	110578.33	108211.32	116795.08	120771.47	128961.15	134567.43	130481.72	
23 NFA (\$million)	(1203.49)	1827.52	2647.00	3365.21	3632.66	3534.85	4164.67	4298.57	4866.77	5946.76	
24 Currency ratio	0.21	0.18	0.18	0.19	0.19	0.20	0.20	0.21	0.24	0.24	
25 FCD/M2+	0.25	0.26	0.27	0.28	0.27	0.27	0.26	0.27	0.25	0.25	
26 FCD/Total Deposit	0.30	0.30	0.32	0.33	0.33	0.32	0.32	0.32	0.31	0.31	
27 RM multiplier	1.98	2.11	2.14	1.84	1.93	1.84	1.90	1.85	1.81	1.90	

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)											
	Dec-22	Dec-23	Mar-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	
1 Net Foreign Assets (NFA)	(17487.6)	4021.1	13251.3	23057.2	27477.0	27734.6	34489.4	33675.6	35652.9	47647.1	
2 Net Domestic Assets (NDA)	85591.5	84278.4	75760.0	87521.1	80734.3	89060.5	86282.1	95285.6	98914.5	82834.6	
3 of which:											
4 ow: Claims on government (net)	78871.2	54356.1	50086.8	55138.4	56916.9	64947.6	69537.6	70877.4	68939.8	56031.5	
5 Claims on DMB's (net)	(4057.4)	(9878.4)	(16202.1)	(13451.5)	(19716.9)	(18523.3)	(26897.1)	(21593.3)	(17002.5)	(21783.3)	
OMO Sterilisation Account.	(7725.5)	(24795.4)	(22605.9)	(16244.5)	(21158.6)	(26026.8)	(21138.2)	(21570.9)	(23492.5)	(18142.9)	
6 Reserve Money (RM)	68103.8	88299.4	89011.3	110578.3	108211.3	116795.1	120771.5	128961.2	134567.4	130481.7	
7 ow: Currency	31420.6	37620.7	39677.6	44895.6	46752.9	48951.9	52752.8	57354.0	62344.8	64127.7	
8 DMB's reserves	31727.8	38050.2	42754.5	58972.2	54035.5	60668.6	60760.4	64317.5	65111.7	58769.1	
9 Non-Bank deposits	4955.3	12628.5	6579.2	6710.6	7422.9	7174.5	7258.3	7289.6	7110.9	7584.9	
Change from previous year (in per cent)											
10 Net Foreign Assets	(312.0)	(123.0)	(155.3)	(267.7)	(274.5)	(264.0)	(312.1)	(337.9)	(466.7)	1084.9	
11 Net Domestic Assets	144.6	(1.5)	(7.4)	15.0	5.6	11.8	8.2	23.4	14.4	(1.7)	
12 ow: Claims on government (net)	168.4	(31.1)	(42.5)	(33.5)	(34.4)	(25.9)	11.5	15.3	12.7	3.1	
13 Claims on DMB's (net)	243.9	(143.5)	(62.2)	(58.2)	(138.0)	(103.9)	(131.1)	(44.9)	(78.3)	(120.5)	
14 OMO Sterilisation Account.	(36.6)	(221.0)	17.6	40.4	37.6	25.1	42.2	43.0	27.6	26.8	
15 Reserve Money (RM)	57.5	29.7	0.8	25.2	22.6	32.3	36.8	46.0	52.4	47.8	
16 ow: Currency	44.3	19.7	5.5	19.3	24.3	30.1	40.2	52.5	65.7	70.5	
Cumulative change from previous year end (in per cent)											
17 Net Foreign Assets (NFA)	(312.0)	(123.0)	229.5	473.4	583.3	589.7	757.7	737.5	786.7	1084.9	
18 Net Domestic Assets (NDA)	144.6	(1.5)	(10.1)	3.8	(4.2)	5.7	2.4	13.1	17.4	(1.7)	
19 ow: Claims on government (net)	168.4	(31.1)	(7.9)	1.4	4.7	19.5	27.9	30.4	26.8	3.1	
20 Reserve Money (RM)	57.5	29.7	0.8	25.2	22.6	32.3	36.8	46.0	52.4	47.8	
Annual per cent contribution											
21 Net Foreign Assets	(59.51)	31.58	64.31	59.04	71.18	71.17	79.93	75.84	59.15	49.41	
22 Net Domestic Assets (NDA)	116.99	(1.93)	(10.42)	18.33	7.01	15.02	10.27	28.65	16.27	(1.64)	
23 RM growth (y-o-y)	57.48	29.65	53.89	77.37	78.19	86.18	90.20	104.49	75.42	47.77	

Source: Bank of Ghana Staff Calculations

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

	<u>Dec-21</u>	<u>Dec-22</u>	<u>Dec-23</u>	<u>Oct-24</u>	<u>Dec-24</u>
Components of Assets (% of Total)					
Cash and Due from Banks	20.0	29.1	30.7	37.2	38.7
Investments	46.2	32.0	36.4	32.1	30.7
Net Advances	26.3	28.2	23.8	21.2	21.5
Others	7.5	10.6	9.1	9.5	9.1
Components of Liabilities and Shareholders' Funds (% of Total)					
Total Deposits	67.3	75.5	78.0	75.5	75.1
Total Borrowings	12.3	8.9	5.5	7.1	7.6
Shareholders' Funds	13.8	8.7	10.6	10.3	10.8
Other Liabilities	6.6	7.0	5.9	6.8	6.3

Source: Bank of Ghana Staff Calculations

Table A.4: Credit Growth

Economic Sector	Gh€million				y/y growth (%)	
	Dec-22	Dec-23	Oct-24	Dec-24	Dec-23	Dec-24
Public Sector	7,043.8	6,450.3	7,635.0	6,418.7	-8.4	-0.5
Private Sector	62,473.0	70,559.3	86,842.4	89,121.6	12.9	26.3
- Private Enterprises	45,978.9	51,833.3	64,183.2	65,068.7	12.7	25.5
o/w Foreign	2,801.4	2,917.6	4,798.6	4,111.0	4.1	40.9
Indigeneous	43,177.5	48,915.7	59,384.6	60,957.6	13.3	24.6
- Households	15,032.3	17,315.3	21,085.1	21,212.0	15.2	22.5
Gross Loans	69,516.9	77,009.7	94,477.3	95,540.3	10.8	24.1

Source: Bank of Ghana Staff Calculations

Table A.5: Contingent Liabilities

	<u>Dec-21</u>	<u>Dec-22</u>	<u>Dec-23</u>	<u>Oct-24</u>	<u>Dec-24</u>
Contingent Liabilities (GH€million)	17,485.5	19,271.5	22,549.7	27,195.9	23,953.9
Growth (y-o-y)	42.3	10.2	17.0	39.8	6.2
% of Total Liabilities	11.3	10.0	9.2	8.3	7.3

Source: Bank of Ghana Staff Calculations

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

	Dec-22		Dec-23		Oct-24		Dec-24	
	Share in Total Credit	Share in NPLs	Share in Total Credit	Share in NPLs	Share in Total Credit	Share in NPLs	Share in Total Credit	Share in NPLs
a. Public Sector	10.1	7.7	8.4	6.9	8.1	4.0	6.7	3.8
i. Government	4.8	4.5	2.9	2.2	2.0	1.0	1.6	1.1
ii. Public Institutions	2.4	0.2	2.0	0.8	2.5	0.0	1.1	0.2
iii. Public Enterprises	2.9	3.0	3.6	3.9	3.6	2.9	4.0	2.6
b. Private Sector	89.9	92.3	91.6	93.1	91.9	96.0	93.3	96.2
i. Private Enterprises	66.1	82.7	67.3	80.2	67.9	83.4	68.1	83.1
o/w Foreign	4.0	2.3	3.8	2.0	5.1	2.4	4.3	2.2
Indigeneous	62.1	80.4	63.5	78.2	62.9	81.0	63.8	80.9
ii. Households	21.6	8.8	22.5	12.3	22.3	11.7	22.2	12.2
iii. Others	2.1	0.8	1.8	0.6	1.7	0.9	3.0	0.9

Source: Bank of Ghana Staff Calculations

Table A.7: Liquidity Ratios

	<u>Dec-21</u>	<u>Dec-22</u>	<u>Dec-23</u>	<u>Oct-24</u>	<u>Dec-24</u>
Liquid Assets (Core) - (GH¢'million)	35,955.8	61,396.7	84,399.6	136,713.0	142,259.4
Liquid Assets (Broad) -(GH¢'million)	118,853.5	129,071.8	184,325.0	254,364.6	254,934.3
Liquid Assets to total deposits (Core)-%	29.7	38.4	39.3	49.3	51.5
Liquid Assets to total deposits (Broad)- %	98.2	80.7	85.9	91.7	92.3
Liquid assets to total assets (Core)- %	20.0	29.0	30.7	37.2	38.7
Liquid assets to total assets (Broad)- %	66.1	60.9	67.0	69.3	69.3

Source: Bank of Ghana Staff Calculations

Table A.8: Profitability Indicators (%)

	<u>Dec-21</u>	<u>Dec-22</u>	<u>Dec-23</u>	<u>Dec-24</u>
Gross Yield	15.4	16.0	18.8	18.7
Interest Payable	5.4	5.8	6.1	5.8
Spread	10.0	10.2	12.7	12.9
Asset Utilisation	13.1	15.0	15.2	13.6
Interest Margin to Total Assets	7.1	7.2	7.8	6.9
Interest Margin to Gross income	54.5	47.8	51.8	50.9
Profitability Ratio	20.2	-20.8	19.9	20.9
Return On Equity (%) after tax	20.6	-25.5	34.2	30.8
Return On Assets (%) before tax	4.5	-3.8	5.4	5.0

Source: Bank of Ghana Staff Calculations

Table A.9: DMBs' Income Statement

	<u>Dec-21</u>	<u>Dec-22</u>	<u>Dec-23</u>	<u>Dec-24</u>	<u>Dec-22</u>	<u>Dec-23</u>	<u>Dec-24</u>
	<u>(GH c'million)</u>				<u>Y-on-y Growth (%)</u>		
Interest Income	18,959.1	24,142.6	31,989.8	38,489.4	27.3	32.5	20.3
Interest Expenses	(6,122.7)	(8,901.8)	(10,420.0)	(13,032.6)	45.4	17.1	25.1
Net Interest Income	12,836.5	15,240.8	21,569.8	25,456.8	18.7	41.5	18.0
Fees and Commissions (Net)	2,931.8	3,598.6	4,505.8	5,670.0	22.7	25.2	25.8
Other Income	1,662.8	4,131.5	5,144.3	5,832.6	148.5	24.5	13.4
Operating Income	17,431.0	22,970.9	31,219.9	36,959.4	31.8	35.9	18.4
Operating Expenses	(7,920.8)	(10,078.9)	(13,592.9)	(16,588.4)	27.2	34.9	22.0
Staff Cost	(4,254.1)	(5,241.6)	(6,525.4)	(8,222.0)	23.2	24.5	26.0
Other operating Expenses	(3,666.7)	(4,837.2)	(7,067.4)	(8,366.4)	31.9	46.1	18.4
Net Operating Income	9,510.2	12,892.1	17,627.1	20,370.9	35.6	36.7	15.6
Total Provision (Loan losses, Depreciation & others)	(2,085.7)	(20,850.5)	(4,331.0)	(3,825.6)	899.7	(79.2)	(11.7)
Income Before Tax	7,424.5	(7,958.4)	13,296.1	16,545.3	(207.2)	267.1	24.4
Tax	(2,659.8)	1,323.3	(5,028.3)	(6,107.9)	(149.8)	(480.0)	(21.5)
Net Income	4,764.7	(6,635.1)	8,267.8	10,437.4	(239.3)	224.6	26.2
Gross Income	23,553.7	31,872.7	41,640.0	49,992.0	35.3	30.6	20.1

Source: Bank of Ghana Staff Calculations

Table A.10: Developments in Offshore Balances

	<u>Dec-21</u>	<u>Dec-22</u>	<u>Dec-23</u>	<u>Oct-24</u>	<u>Dec-24</u>
Offshore balances as % to Networth	33.8	72.9	67.7	102.2	104.1
Annual Growth in Offshore balances (%)	-23.8	59.5	47.7	125.7	110.1
Annual Growth in Nostro Balances (%)	-26.3	120.7	-0.7	176.6	118.4
Annual Growth in Placement (%)	-21.1	-5.7	169.6	90.8	102.9

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
Nov	23.0	25.9	20.7	2.6	3.8	1.6	22.4	18.7	23.2	17.6
Dec	23.8	27.8	20.3	1.8	2.8	0.7	23.1	18.5	24.0	17.1

Source: Ghana Statistical Service

Bank of Ghana