KEYNOTE ADDRESS

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At the Graphic Business/Stanbic Bank Breakfast Meeting
Theme: "Sustaining Forex Gains: Business and Economic Impact"
Date: Tuesday, 15th July 2025 | Venue: Labadi Beach Hotel

Distinguished Colleagues,
Managing Director of Graphic Communications Group,
Chief Executive of Stanbic Bank Ghana,
Invited Guests, Ladies and gentlemen,

Good morning.

Let me begin by commending the Graphic Business and Stanbic Bank Ghana for yet another timely and thought-provoking edition of this flagship breakfast series. This platform has become a vital part of our national economic discourse, where ideas are tested, assumptions are challenged, and the policy-business interface is strengthened in the public interest.

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The theme for today—*"Sustaining Forex Gains: Business and Economic Impact"* could not be more relevant. It reflects not only the macroeconomic transformation underway in Ghana but also the central question on many minds: **Can the recent strength of the Cedi be sustained, and how can it be translated into meaningful business outcomes?**

Ladies and gentlemen,
The Ghanaian economy has, over the last three years, endured extraordinary shocks, ranging from the domestic debt exchange programme (DDEP) to global financial tightening, and fiscal slippages driven by excessive borrowing. These events tested the very fabric of our macroeconomic architecture. Inflation soared, the currency weakened sharply, and public confidence wavered.

But through decisive reforms, fiscal, monetary, and institutional, we have reached a critical turning point.

Today, the Cedi has not only stabilized; it has strengthened significantly, supported by robust external buffers, prudent monetary policy, coordinated fiscal consolidation, and renewed investor confidence. We must now move from stabilization to sustainability, and from headline gains to real sector benefits. That is the heart of our conversation this morning.

UNDERSTANDING GHANA'S RECENT FOREX GAINS

Overview of Recent Performance

Let me begin by outlining the facts.

- The Ghanaian Cedi has appreciated by over 42% year-to-date as of June 2025, reversing nearly all the losses incurred in 2022 and 2023.
- Gross international reserves now stand at US$11.1 billion, providing 4.8 months of import cover, up from US$8.98 billion at the end of last year.
- We recorded a trade surplus of US$4.14 billion in the first four months of 2025, with exports growing by over 60%, mainly from gold, cocoa, and oil.
- The current account surplus improved significantly to US$2.12 billion in Q1 2025, compared to just US$66 million a year earlier.
- Remittance inflows remain resilient, and Ghana's IMF-supported programme has passed successive reviews, leading to a sovereign credit rating upgrade by S&P from Selective Default to CCC+.

These outcomes represent more than just statistical improvement. They are a restoration of macroeconomic credibility, the kind that markets, investors, and citizens respond to with confidence.

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Role of Policy Coordination

How did we get here?

At the Bank of Ghana, we maintained a firm disinflation stance, raising and holding the monetary policy rate at 28%, conducting active Open Market Operations (OMO) to absorb excess liquidity, and enforcing discipline in the foreign exchange market through structured FX auctions and forward guidance.

These actions were not in isolation. They were reinforced by the Ministry of Finance's commitment to fiscal consolidation, as captured in the 2025 Budget and aligned with the structural benchmarks of the IMF programme.

What we are witnessing is the power of synchronized policy execution—where the central bank's inflation-targeting mandate and the government's expenditure rationalization converge to restore credibility, stabilize expectations, and anchor the Cedi.

The result is visible:

- A steady return of portfolio inflows.
- A revival of domestic confidence in Cedi-denominated assets.

- An uplift in the Purchasing Managers' Index (PMI) and the Composite Index of Economic Activity (CIEA) which rose 4.4% year-on-year in May 2025, reflecting rising business and consumer confidence

CHALLENGES IN SUSTAINING FOREX GAINS

Ladies and gentlemen,

While the Cedi's resurgence is commendable, it must not lull us into complacency. Sustaining forex gains is a far more complex task than achieving them. It requires anticipating headwinds, managing contradictions, and addressing deeply embedded structural challenges.

Volatility Risks

First, the risks of volatility remain real and persistent. Our current account and reserve strength are still largely dependent on a few commodity exports, gold, cocoa, and oil. These sectors are highly vulnerable to price fluctuations driven by factors beyond our control.

For example, gold prices, which have significantly boosted our export earnings, are currently above US$3,200/oz, influenced by geopolitical uncertainty, including the recent Iran-Israel conflict. While beneficial for now, a future correction in prices could quickly narrow our trade surplus.

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Moreover, Ghana's import profile is heavily skewed toward energy, capital goods, and essential commodities. This creates seasonal forex demand spikes, particularly in the second half of the year. Without diversification, even small shifts in global sentiment or commodity cycles can trigger renewed pressure on the Cedi.

Behavioural and Market Risks

The second challenge is behavioural. We are still grappling with a deep-rooted culture of dollarization. Too many businesses continue to price in dollars, in real estate, education, and luxury retail, despite transacting entirely within Ghana. This practice not only violates legal tender laws but also undermines confidence in the Cedi.

Even more concerning is the mismatch between forex inflows and domestic reinvestment. While export receipts have risen, a significant portion is either held offshore or not channelled back into productive activity at home. Ghana's formal savings rate remains low, and our export value retention, particularly among SMEs and in the informal sector, is far below potential.

Policy Dilemma

Then there is the policy dilemma. A strong currency improves terms of trade and helps lower inflation. But prolonged appreciation can hurt export competitiveness, make Ghanaian goods less attractive abroad, and slow the industrial recovery.

The Bank of Ghana must, therefore, walk a delicate line, managing forex strength without over-tightening liquidity, which could suppress private sector credit and stifle the very growth we seek to encourage. This balance is not static. It requires constant recalibration based on evolving data and market behaviour.

LEVERAGING FOREX GAINS FOR ECONOMIC TRANSFORMATION

Colleagues, it is not enough to stabilize the Cedi. The real measure of success is whether we can translate forex stability into broad-based economic transformation, one that empowers businesses, creates jobs, and lifts the productive capacity of the nation.

Let me offer four priority areas where this conversion must occur.

Strengthen FX Retention and Circularity

First, we must increase domestic retention and circulation of forex earnings.

Exporters should be encouraged not coerced to reinvest their earnings locally. Tax incentives, preferential credit access, and public procurement schemes can be linked to evidence of local reinvestment.

We must also improve the ability of formal SMEs to earn and retain forex through digital channels. This includes fintech-driven cross-border platforms, digital trade finance tools, and transparent export documentation systems. If we empower SMEs to participate directly in international trade, we broaden the forex base and reduce concentration risk.

Diversify and Deepen the Export Base

Second, Ghana must move beyond raw commodity dependence.

- In cocoa, it is time to scale value-added processing, branding, and retail export chains.
- In gold, we must accelerate efforts toward in-country refining and bullion storage.
- In oil and gas, investment in a petrochemical industry is now imperative.

Beyond commodities, we must invest in non-traditional and services exports. Ghana has an untapped edge in information technology, digital finance, education services, architecture, and creative industries. With the right regulatory support and market access frameworks, these sectors can generate stable forex, create high-quality jobs, and diversify our revenue streams.

Enhance FX Market Efficiency

Third, we must build a more efficient, transparent, and liquid FX market. In this direction, the Bank of Ghana will continue expanding FX forward auctions, while encouraging the development of basic derivatives markets that allow businesses to hedge currency risk.

We encourage financial institutions and corporates to explore hedging instruments—such as swaps and forwards—to better manage forex exposure. These tools are not only risk mitigators; they deepen market sophistication and reduce panic-driven volatility.

Support Cedi Dominance and De-dollarization

Finally, we must actively protect the Cedi's role in the domestic economy.

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- Enforcement of legal tender laws will be stepped up, especially in sectors where FX pricing has become normalized.
- The ongoing rollout of the eCedi will be integrated with retail payment ecosystems to ensure that even in a digital economy, the Cedi remains central.
- We are also finalizing a regulatory framework for Virtual Asset Service Providers (VASPs). This will bring cryptocurrency exchanges and digital asset platforms under formal oversight, aligning them with AML/CFT rules and ensuring that digital innovation supports, rather than undermines, FX control and monetary stability.

THE ROLE OF BUSINESSES AND FINANCIAL INSTITUTIONS

Ladies and gentlemen,

The Bank of Ghana has played its part and will continue to do so through sound policy, credible regulation, and institutional discipline. But sustaining forex stability cannot be achieved by the central bank alone. It must be embedded in how businesses operate, plan, and engage the financial system.

Anchor Forex Discipline in Corporate Strategy

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We encourage export-oriented businesses to reinvest their proceeds locally, not just as a patriotic gesture, but as a long-term strategy for profitability and resilience.

Firms that invoice in Cedis or adopt hedged forex positions are not only reducing their exposure to volatility; they are strengthening the ecosystem within which they operate. Such firms deserve recognition and support, through access to tailored credit products, FX liquidity facilities, and procurement incentives where possible.

Let me be clear: the more value we keep within Ghana, the stronger the Cedi becomes—and the more sustainable our macroeconomic trajectory.

Build Resilient Business Models

Beyond invoicing and reinvestment, I urge Ghanaian businesses to internalize forex risk as part of strategic planning.

- Do you understand your currency exposure across the value chain?
- Do you have a hedging or pricing mechanism for exchange rate fluctuations?
- Are you factoring FX conditions into investment and inventory decisions?

These are not questions for your finance department alone, they are boardroom-level concerns. Financial literacy on forex management must deepen, not just among bankers, but across every sector that imports, exports, or manages capital.

Partner with the Central Bank

Finally, we invite you to partner with the Bank of Ghana, not only as a regulator, but as a co-architect of Ghana's monetary future.

- Share market intelligence that can improve our forward guidance and FX auction design.
- Collaborate in building fintech innovations that support cedi-denominated payments, credit access, and cross-border transactions.
- Join us in piloting and scaling initiatives such as the eCedi, which has the potential to transform payment infrastructure and reduce informal currency substitution.

Together, we can shift from a reactive posture to a proactive partnership, where businesses help shape the very environment they operate in.

Ladies and gentlemen, let me leave you with a thought:

"Sustaining forex gains must not be about preserving numbers. It must be about **building resilience, expanding value, and ensuring these gains touch the lives of everyday Ghanaians**."

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Stability in the foreign exchange market is not an end in itself. It is a means, to lower inflation, to encourage investment, to improve planning, and to build an economy that serves its people more predictably and inclusively.

Towards a Sustainable FX Ecosystem

Our vision must be a Ghana where:

- Exporters thrive in a competitive, rules-based environment.
- The Cedi is trusted, digital, and dominant in everyday transactions.
- Monetary stability is matched by real-sector dynamism, where business expansion, job creation, and value addition become the true dividends of forex discipline.

This is the sustainable FX ecosystem we must build. Not one managed from a control tower, but one co-owned by regulators, businesses, and citizens.

A Shared Responsibility

Let us be reminded: **macroeconomic stability is a public good**. It benefits all, and thus demands the participation of all, regulators, banks, exporters, importers, investors, the media, and the public.

We each have a role:

- To uphold confidence.

- To respect currency laws.
- To educate and inform responsibly.
- And to ensure that Ghana's recovery is not just technical, but transformational.

Closing

In conclusion, allow me to once again commend Graphic Communications Group and Stanbic Bank Ghana for convening this important forum. Your leadership in shaping national conversations like these is vital to the health of our economy and the quality of our policymaking.

As we engage in today's panel discussions, I encourage open contributions and bold ideas. Let us use this moment to forge a collective strategy for Ghana's foreign exchange future—one built on credibility, capacity, and courage.

The Cedi is rising. Let us ensure that Ghana rises with it.

Thank you and may God continue to bless us all.

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