BANK OF GHANA

THE CONDUCT OF MONETARY POLICY AND MACROECONOMIC REVIEW - 2018

PRESENTED TO PARLIAMENT

in accordance with Section 53A of the Amended Bank of Ghana Act, 2016 (Act 918) which requires the Bank to submit a report to Parliament every six months on the conduct of activities in the exercise of the mandate of the Bank.

PREFACE

The Bank of Ghana's Economic Review provides a broad overview of monetary policy formulation and the latest macroeconomic developments. As stipulated in the Amended BOG Act 2016, Act 918, Section 53A, Bank of Ghana is to present half yearly reports to Parliament on the conduct of activities in the exercise of its mandate at the end of February and July each year. Through dissemination of these reports, the Bank of Ghana aims to promote accountability of monetary policy making process.

Monetary Policy in Ghana

The primary objective of the Bank of Ghana is to pursue sound monetary policies aimed at price stability, and create an enabling environment for sustainable economic growth. Price stability in this context is defined as a medium-term inflation target of 8 percent with a symmetric band of ±2 percent consistent with growth at full potential. Other functions of the Bank of Ghana include promoting and maintaining a sound financial sector and payment systems through effective regulation and supervision. This is important since systemic risks associated with financial markets can potentially be transmitted to wider macroeconomy, creating uncertainties and undermining the objectives of price stability.

Monetary Policy Strategy

To achieve the objective of price stability, Bank of Ghana was granted operational independence to employ policy tools deemed appropriate to stabilise inflation around the medium-term target. The Bank of Ghana's framework for conducting monetary policy is Inflation Targeting (IT), which allows the central bank to use the Monetary Policy Rate (MPR) as the primary policy tool to anchor inflation expectations in the economy.

The Monetary Policy Committee (MPC) Process

The MPC is a statutorily constituted body by the Bank of Ghana Act to formulate monetary policy. The MPC consists of seven members – five from the Bank of Ghana including the Governor who acts as the Chairman, and two external members appointed by the Board of Bank of Ghana. The MPC meets once in every two months to assess economic conditions and risks to the inflation and growth outlook, after which a policy decision is made on positioning the MPR. Each MPR decision provides a signal of tightening (increase), loosening (decrease) or maintaining (no change) the monetary policy stance. The MPC meeting dates are determined well in advance at the beginning of each year. The policy decision is arrived at by consensus with each member stating reasons underlying a preferred rate decision. An MPC policy statement is published via a press release, and announced through a press conference after each MPC meeting to communicate and explain the Committee's decisions to the financial markets and the general public.

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KEY DEVELOPMENTS IN 2018

- Global economic activity remained relatively robust for most part of 2018, although the expansion moderated in the third quarter of 2018. In the outlook, the growth momentum is anticipated to weaken in the first quarter of 2019 on account of tighter global financing conditions, uncertainty about resolution of trade tensions and the Brexit negotiations, as well as financial market volatility in some large emerging market economies. Global growth was projected at 3.7 percent in 2018.

- Global inflation remained stable through the year. In advanced economies, headline inflation was largely contained around the 2.0 percent target, while core inflation remained subdued. Among emerging market economies, inflation was fairly well-anchored, partly due to weakening international crude oil prices.

- Domestic economic activity continued to recover in 2018 but at a relatively modest pace compared to 2017. The disinflation process persisted with headline inflation trending further down in 2018, remaining within the medium-term target band of 8±2 percent for most part of the year. This was supported by the relatively tight monetary policy stance maintained throughout the year. Underlying inflationary pressures were similarly well-contained as all the Bank's measures of core inflation point to a general easing, and further underpinned by well-anchored inflation expectations of both consumers and businesses.

- Global financial developments, in particular, strengthening of the US dollar and rising yields adversely impacted currency markets in emerging market and frontier economies, including Ghana. These developments exerted significant pressures on the local currency in the second and third quarters of 2018, after relative stability in the foreign exchange market during the first quarter. Pressures in the domestic currency market eased somewhat in the last quarter on account of relatively stable global conditions and improved foreign exchange inflows.

- For the second consecutive year, the trade account recorded a surplus in 2018 mainly on the back of increased crude oil production and prices. Despite the trade surplus, the current account outturn, together with a lower net capital inflows, resulted in an overall balance of payments deficit compared to a surplus in 2017. Consequently, the country's Gross International Reserves (GIR) declined from US$7.6 billion at the end of December 2017 to US$7.0 billion in 2018.

- The monetary policy easing cycle moderated significantly in 2018 after cumulative 550 basis point drop in the Monetary Policy Rate during 2017. In the year to May 2018, the Monetary Policy Rate was lowered by cumulative 300 basis points to 17 percent and maintained for the rest of the year due to increasing underlying risks to the inflation outlook via global conditions and exchange rate developments.

MONETARY POLICY FORMULATION

Monetary Policy Meetings

The Monetary Policy Committee (MPC) held six meetings to assess macroeconomic developments and the outlook for growth and inflation. The meetings were held in January, March, May, July, September and November. At the January meeting, the MPR was maintained at 20 percent but was reduced by 200 basis points at the March meeting, and reduced further by 100 basis points during the May meeting. The 300 basis point ease in the monetary policy stance was underpinned by marked decline in headline, core inflation and inflation expectations, with inflation reaching the medium-term target for the first time since 2013. The MPR was maintained at 17 percent at the other three meetings for the year, mainly due to external vulnerabilities arising from US monetary policy normalisation, tightening financial market conditions and rising global trade tensions which had implications for the domestic economy through the trade and financial channels.

Table 1: Monetary Policy Decisions in 2018

MPC Meeting Date	Policy Decision	MPR (%)
16 – 20 January	MPR remained unchanged	20.0
20 – 24 March	MPR reduced by 200 basis points	18.0
15 – 19 May	MPR reduced by 100 basis points	17.0
16 - 20 July	MPR remained unchanged	17.0
17 – 21 September	MPR remained unchanged	17.0
19 – 23 November	MPR remained unchanged	17.0

Summary of Risk Assessments and Resultant Monetary Policy Decisions

The January 2018 Policy Meeting Decision

In arriving at the decision to maintain the policy rate at 20 percent, the Committee considered a variety of factors including recent economic developments for 2017 and the outlook for inflation and growth. On the external side, the Committee noted that although near-term growth risks were on the upside, the global outlook could face substantial downside risks from a possible wave of trade protectionism between the US and other major trading partners. A development that could result in higher prices for most imported items with inflationary consequences. Another potential source of inflationary concern from the external side stemmed from the narrowing of output gaps in advanced economies which could lead to gradual monetary policy normalization, with repercussions for capital outflows from emerging markets and frontier economies, including Ghana. In the view of the Committee, the materialization of this risk could exert pressure on the exchange rate with potential pass-through to inflation.

On the balance of payments, Committee viewed developments as strong with a trade surplus and favourable outturn in the current account, and a higher-than-programmed reserve build-up in 2018, providing enough buffers against potential external vulnerabilities. These developments, in the view of the Committee, were reflecting in increased confidence, especially with external partners — evident in the tightening of interest rate spreads on Ghana's sovereign bond instruments on international capital markets.

On growth dynamics, the view was that the realigning and scaling back of expenditures to address revenue shortfalls had ensured that fiscal policy remained on track. While the overall fiscal deficit was expected to deliver a better-than-programmed budget deficit, the projected outturn was withdrawing stimulus from the economy, acting as a drag on growth. However, provisional estimates for overall real GDP growth for the third quarter of 2017 turned in strong on the back of oil exports and evidence from all leading indicators of growth — the momentum on the Composite Index of Economic Activity (CIEA), realization of businesses expectations, a rebound in the non-oil sector of the economy after a sluggish performance in the first half of the year, and a pick-up in private sector — point to the fact that the end year projected GDP of 7.9 percent was likely to be attained.

On inflation, the observation was that the tight policy stance, relative stability of the exchange rate and fiscal consolidation efforts had all acted in concert to support the observed trend decline in headline and core inflation. The forecast also showed that inflation was likely to stay within the target band well into 2018.

In its final assessment, the Committee noted that although inflation expectations appeared to be well-anchored, the emergence of underlying inflation pressures in the last two months of 2017 warranted some caution. The Committee therefore decided to maintained the monetary policy rate at 20 percent to ensure that the inflation target horizon was maintained and the medium-term 8±2 percent target band achieved.

The March 2018 MPC Meeting Decision

At the March MPC meeting, the Committee noted the strengthening of global economic activity in the first-two months of the year, as favourable financing conditions and improved business confidence and accommodative monetary policies boosted investment and consumer spending. While economic expansion was strong in advanced and emerging economies, growth remained modest in Sub-Saharan Africa. Global inflation was gradually firming up in advanced economies, although core inflation remained muted. The uptick in headline inflation coupled with stronger wage growth and narrow output gaps, was envisaged to lead to a faster than anticipated monetary policy normalization.

The external sector position continued to improve as prices of Ghana's major exports rebounded somewhat with crude oil in particular delivering the most gains, reaching US$69.1 per barrel. The foreign exchange market experienced relative calmness over the first quarter of 2018 compared to the same period in 2017 when pressures increased due to a strengthening US dollar and seasonal demand factors and speculative activities.

The Committee also noted the decline in headline inflation in line with the Bank's forecasts as inflation fell from 11.8 percent in December 2017 to 10.3 percent in January before edging up marginally to 10.6 percent in February 2018. The observed uptick in inflation was influenced by the upward adjustment of ex-pump prices of petroleum products, following increases in international crude oil prices. Core inflation and inflation expectations across all sectors – consumers, businesses and the financial sector – also eased over the period.

High frequency real sector indicators showed a continuance of the strong growth in 2017 into the first-two months of 2018. The BoG's CIEA grew by 3.1 percent year-on-year in January, while the Bank's confidence surveys conducted in February indicated positive sentiments on growth prospects, realization of business expectations and general improvements in the economy. However, real private sector credit expanded at a slower pace by 1.3 percent in January 2018 compared with 2.1 percent growth in the same month a year earlier, with the latest credit conditions survey pointing to overall net tightening in credit stance to enterprises.

Broadly, the Committee's deliberations pointed to the fact that the medium-term inflation target of 8±2 percent was likely to be attained within the forecast horizon. Additionally, the current inflation forecasts provided some scope to ease monetary policy in order to realign interest rates, translate the gains from disinflation to the market and finally reinforce the fiscal consolidation process by easing the burden of interest payments on government. Consequently, the MPC lowered the monetary policy rate by 200 basis points to 18 percent.

The May 2018 MPC Meeting Decision

The Committee observed that global growth was projected to firm up in the near-term supported by positive business and consumer sentiments. Although global financing conditions remained favourable, strengthening of the US dollar, rising oil prices and US long-term yields had begun exerting pressures on emerging market currencies. Inflation picked up in major advanced economies as well as most commodity importing emerging markets due to rising oil prices and narrowing output gaps. In Ghana's case, the external sector improved as prices of the major export commodities firmed up across board. The strong external position translated into a trade and current account surplus, with cedi remaining stable and appreciating by 0.02 percent against the US dollar as at the May MPC Meeting.

On inflation, the Committee observed that near- and long-term inflation expectations remained subdued. Headline inflation had declined steadily from 11.8 percent in December 2017 to 9.6 percent in April 2018, the lowest since 2013 and was within the medium-term target band of 8±2 percent. Underlying inflation pressures seemed contained as reflected in the Bank's measures of core inflation and inflation expectations of businesses, consumers and the financial sector.

The updated CIEA pointed to some moderation in economic activity during the first quarter of 2018. Growth in the CIEA was 2.3 percent year-on-year compared with 4.5 percent over the same period last year. The Bank of Ghana's business and consumer confidence surveys showed continued optimism based on an improvement in macroeconomic fundamentals and realized business expectations, although lingering concerns about employment opportunities remained. Private sector credit, though recovering, remained subpar, partly as a result of on-going balance sheet restructuring by banks.

In assessing the economic outlook, the Committee noted that although fiscal performance reflected continued consolidation, revenue mobilization concerns were prevalent. This stressed the need to intensify revenue mobilization efforts to help finance government programs and accelerate arrears clearance to minimize its negative feedback loop on the financial sector. The Committee further noted that the risks to the inflation outlook were subdued in the forecast horizon. While global and domestic developments did not pose a threat to inflation in the near term, changes in global financing conditions time and its impact on emerging market asset classes required some vigilance. Given these considerations, the Committee judged that the downside risks to growth outweighed the upside risks to inflation in the outlook, and therefore decided to reduce the policy rate by 100 basis points to 17 percent. The Committee provided assurance that it will stand ready to take the necessary policy actions to address any potential threats to the disinflation path.

The July 2018 MPC Meeting Decision

During the July 2018 MPC meeting, the Committee noted the strengthening of global economic activity despite mounting medium-term risks. The Committee noted that while economic activity was strong in the US, growth remained sluggish in the UK, Euro area and Japan. Global inflation had picked up in most advanced economies driven mainly by wage dynamics as labour market conditions tightened and crude oil price increases. Core inflation, on the other hand, remained muted but projected to rise.

The currency markets experienced strong pressures between May and June as the stronger US dollar and rising yields instigated reversal of capital inflows in most emerging market and frontier economies, including Ghana. However, the Committee noted that the Gross International Reserves (GIR) which stood at US$7.3 billion at the end of June 2018, equivalent to 3.9 months of import cover, provided enough buffers against external shocks and remained adequate to address any external vulnerabilities.

Headline inflation picked up from 9.6 percent in April 2018 to 9.8 percent in May before further edging up to 10 percent in June on the back of increases in administered transport fares. Notwithstanding the rise in headline inflation, the Committee viewed underlying inflation to be subdued as weighted inflation expectations of businesses, consumers and the financial sector remained well-anchored and the core measure of inflation, which excludes volatile food items and transports, declined.

High frequency real sector indicators showed increased momentum in economic activity for the first-five months of 2018. The BOG's CIEA recorded an annual growth of 3.2 percent in May 2018, compared to 2.6 percent in the same period of 2017. Provisional data from the Ghana Statistical Service also recorded strong GDP growth of 6.8 percent GDP in the first quarter of 2018, compared with 6.7 percent in the same period of 2017. Non-oil growth also picked up strongly to 5.4 percent, from 4.0 percent over the same comparative periods. Indications are that overall growth may go up by end of year. Although private sector credit growth was below expectations, there were emerging signs of recovery evidenced by increased new loan advances and easing credit stance on loans to households.

In the concluding assessments, the Committee indicated that headline inflation would remain within the medium-term inflation target of 8±2 percent as showed from the latest forecasts. The Committee noted that headline inflation had inched up in the recent readings due to upward adjustments in the administered prices of petroleum and transport. The Committee however viewed the second round effects as not significant to shift the projected inflation trajectory over the medium-term and decided to maintain the monetary policy rate at 17 percent.

The September 2018 Policy Meeting Decision

In arriving at its decision to maintain the policy rate at 17 percent, the Committee considered a variety of factors including recent economic developments and the outlook for inflation and growth. On the external side, the Committee observed that global growth momentum was steady through the second quarter of 2018, despite emerging risks such as the trade dispute between the US and China, rising oil prices and the impact of a stronger US dollar. Financial markets volatilities intensified as a result of uncertainties in international trade policies, oil price movements, and the impact of a stronger dollar on exchange rates. These risk factors instigated capital flow reversals as investors become more focused on country-specific vulnerabilities, especially in emerging markets and developing economies.

Developments in Ghana's external sector remained strong with a trade surplus on account of higher exports from oil receipts. However, increased net services and income outflows in the current account together with a lower net financial and capital account outturn resulted in an overall balance of payments deficit for the first-half of 2018. This resulted in a drawdown in reserves, but proceeds from the cocoa loan syndication is expected to provide some buffer in the near-term.

The BoG's leading real sector indicator confirmed economic activity remained fairly robust. The CIEA grew by 6.6 percent in July 2018, the highest in eight months, compared to 2.1 percent in the corresponding period of 2017. However, the growth outlook was moderated by some uncertainty surrounding the potential impact of higher petrol prices, exchange rate depreciation and tightened credit stance of banks on economic activity. On fiscal dynamics, the Committee's view was that since revenue performance was below target, extreme vigilance was needed to re-align expenditures to revenue in order to minimize any risks to the fiscal framework.

On inflation, the observation was that notwithstanding the marginal decline in headline inflation between June and August 2018, the most recent forecasts show some marginal elevation of the disinflation path after taking into account the possible second round effects of the recent increases in petroleum prices, exchange rate depreciation, effects of recent increases in taxes, pick up in global inflation as well as the effects of the tight global financing conditions. The forecast also showed that inflation was likely to remain within the target band in the medium-term.

In taking the final decision, the Committee noted that the emergence of pressures in underlying inflation would have warranted some adjustment in the policy rate, but on consideration of the balance of risks to growth and inflation the Committee decided to observe subsequent readings to assess whether the recent pressures have become embedded. Under the circumstances, the Committee decided to maintain the monetary policy rate at 17 percent.

The November 2018 MPC Meeting Decision

At the last MPC meeting for 2018, the Committee observed that the strong growth momentum in advanced economies appeared to be moderating amid escalating trade tensions, rising global inflation pressures and financial market volatility. In emerging and developing markets, the outlook for growth had weakened considerably reflecting country-specific weaknesses and tighter external financing conditions. The on-going normalization of monetary policy has strengthened the US dollar triggering portfolio reversals with consequential weaknesses in local currencies of most emerging and frontier markets. Global inflation was steadily rising, supported by tight labour market conditions, although core inflation remained broadly subdued.

On the domestic front, headline inflation declined steadily from 9.9 percent in August to 9.5 percent in October 2018, the lowest since 2013 and remained within the medium term target band of 8±2 percent. Underlying inflation pressures also appeared to be easing as reflected in the Bank's measures of core inflation. Similarly, the Committee observed that near- and long-term inflation expectations for businesses and the financial sector remained well-anchored in line with declines in headline and core inflation.

Economic activity continued to pick-up with the updated CIEA recording an annual growth of 4.2 percent year-on-year in September 2018 compared with 4.0 percent over the same period last year. Private sector credit continued to recover albeit at a moderate place, while the latest credit conditions survey indicated easing credit stance as banks increased credit to both households and enterprises.

The Committee noted the 2019 Budget Statement aimed to provide some fiscal impulse to boost economic expansion in 2019, especially in the non-oil sector. While execution of the 2018 budget was adversely impacted by lower-than-projected revenue outturns, indications were that fiscal consolidation remained broadly on track. Going forward, sustaining fiscal discipline would require extra vigilance and discipline to protect the gains made so far, especially as Ghana prepares to exit the Extended Credit Facility Program with the IMF in 2019.

Given these considerations, the Committee judged that although inflation was forecasted to remain within the medium-term target band, the latest assessment showed the emergence of upside risks to the inflation outlook, such as escalating global trade tensions, steady rise in global inflation, further hikes in US interest rates, and a stronger US dollar. On the downside, the recent significant decline in crude oil prices since mid-October 2018 by about 24 percent could lower ex-pump prices, and help moderate the risks going forward. In the circumstances, the Committee decided to maintain the policy rate at 17 percent.

DEVELOPMENTS IN THE GLOBAL ECONOMY

The global economy continued to expand, but the momentum moderated in the third quarter of 2018 driven by a slowdown in advanced economies and some major emerging market economies. Indications pointed to further slowdown in the last quarter, amid uncertainty about resolution of trade tensions, potential impact of the partial United States (US) government shutdown on growth, weakening financial market sentiments, concerns about China's outlook and likely ramifications of the Brexit negotiations. The growth outturn was mixed in emerging markets and developing economies. While economic activity in China and India were relatively strong, growth contracted in Argentina and Turkey, reflecting the adverse effects of the recent financial turmoil triggered by the stronger US dollar and other geo-political factors. The sharp decline in oil prices in the fourth quarter of 2018 also weighed on growth in emerging market oil exporting countries.

According to the International Monetary Fund (IMF) World Economic Outlook (WEO, January 2019 Updates), global output growth was estimated at 3.7 per cent in 2018, 0.1 percentage points lower than the 3.8 per cent recorded for 2018. This reflected weakening financial market sentiment, trade policy uncertainty, concerns about China's outlook, and country-specific factors such as new fuel emission standards in Germany, fiscal challenges in Italy, and natural disasters in Japan. In advanced economies, growth is projected at 2.3 percent, 0.1 percentage point lower than the estimate for 2017. In emerging markets and developing economies, growth is projected at 4.6 percent although with a mixed outturn for countries.

Global Growth Projections (%)

	Year-on-Year (%)		
	2016	2017	2018
World Output	**3.2**	**3.8**	**3.7**
Advanced Economies	**1.7**	**2.4**	**2.3**
United States	1.5	2.2	2.9
Euro Area	1.8	2.4	1.8
Germany	1.9	2.5	1.5
France	1.2	2.3	1.5
Italy	0.9	1.6	1.0
Spain	3.3	3.0	2.5
Japan	0.9	1.9	0.9
United Kingdom	1.9	1.8	1.4
Emerging Market and Developing Economies	**4.1**	**4.7**	**4.6**
Russia	-3.7	1.5	1.7
China	6.9	6.9	6.6
India	7.6	6.7	7.3
Brazil	-3.8	1.1	1.3
Sub-Saharan Africa	**3.4**	**2.9**	**2.9**
South Africa	1.3	0.8	1.9
Nigeria	2.7	1.3	0.8
Memorandum			
World Trade Volume (goods & services)	2.7	**5.3**	**4.0**
Advanced Economies	4.0	4.3	3.2
Emerging Market and Developing Economies	0.3	7.1	5.4
Commodity Prices (US dollars)			
Oil	-47.2	23.3	29.9
Non-Oil	-17.4	6.4	1.9
Consumer Prices			
Advanced Economies	0.3	1.7	2.0
Emerging Market and Developing Economies	4.7	4.3	4.9

Source: IMF World Economic Update, January 2019

In the *United States*, real GDP growth averaged 2.9 per cent in 2018, 0.7 percentage point higher than the 2.2 per cent recorded in 2017. The growth in real GDP reflected increases in consumer spending, business investment, exports, as well as federal, state and local government spending. The *Eurozone* real GDP growth in 2018 was 1.8 per cent, significantly lower than the 2.4 per cent recorded in 2017, reflecting a slowdown in external demand and adverse effects of country-specific factors such as new fuel emission standards in Germany and fiscal challenges in Italy. According to the ECB Economic Bulletin Issue 8, 2018, the slightly lower growth in 2018 was however supported by domestic demand on the back of accommodative monetary policy stance in the Euro area, employment gains and rising wages and favourable financing conditions.

Economic activity *in Emerging Market Economies (EMEs)* continued to recover in 2018, with GDP growth estimated at 4.6 per cent, marginally lower than the 4.7 per cent recorded in 2017. China and India continued to grow at a solid rate despite the expected and gradual slowdown in China. However, tighter financial conditions in some large EMEs such as Argentina and Turkey largely reflecting policy rate hikes in the US contributed to disorderly currency movements and weaker economic activity in those countries. In addition, the sharp drop in commodity prices during the fourth quarter of 2018 is expected to weigh on the on-going recovery in commodity-exporting EMEs.

In *Sub-Saharan Africa*, growth was estimated to have inched up to 2.9 per cent in 2018, from 2.8 per cent in 2017. The pickup was supported by rising commodity prices, stronger household demand, and improved economic activity in the large economies of Nigeria and South Africa. Downside risks to growth in the region include an unexpectedly sharp decline in commodity prices, an abrupt tightening of global financial conditions, and escalating trade tensions between the US and China. In addition, a slower growth in China and the Euro area, which have strong trade and investment links to SSA, may impact adversely on the region's growth. Domestic risks factors in the region include fiscal slippages, political uncertainty, domestic conflict and adverse weather conditions.

Commodity prices traded mixed

Market fundamentals on international commodity prices were mixed in 2018 underpinned by Brexit fears, OPEC output cut, geopolitical tensions in the global economy and normalisation policy by the US Federal Reserve Bank.

Crude Oil

Crude oil opened trading on the positive in 2018 at US$69.09 per barrel but lost grounds in February. Prices regained momentum to trade above US$70 per barrel from May through to peak at US$80.63 barrels per day in October after which it declined steadily to close the year at US$57.67 barrels per day, marking its lowest for the period. The average price for the year was US$71.53 barrels per day, up by 30.59 per cent compared to 2017. Major fundamental factors that contributed to the gains in crude oil prices despite increased US shale production were the extension of crude oil production cuts by OPEC and its allies through to the end of 2018, sanctions on Iran, supply disruptions in Venezuela and reduction in global demand emanating from the trade banter between the two world's biggest economies.

Gold

Spot gold prices rose from its 2017 end year levels to trade above US$1,300 per fine ounce for the first-five months of 2018 on the back of global uncertainties including tensions between US and North Korea and the Brexit fear coupled with strong demand for physical gold especially from Asia. Consequently prices nosedived to settle at US$1,198.14 per ounce in September buoyed by an increase in interest rates by the Fed. The yellow metal regained it safe haven appeal as stock prices plummeted, causing prices to increase gradually to end the year at US$1,251.11 per ounce. The average price for the year was US$1,269.33 per fine ounce, a marginal increase of about 1 per cent from the US$1,256.38 recorded at the end of 2017.

Cocoa

Cocoa futures staged a strong recovery in 2018 from its low 2017 levels as the bears in the former year were dislodged by the bulls in 2018. Prices swung within a range of US$1,940.52 and US$2,663.52 per tonne to end the whole of 2018 at an average of US$2,314.57 per tonne compared to an average price of US$2,000.48 per tonne in 2017. The rally in prices in 2018 stemmed from hampered development of the crop in the 2017/2018 crop season from the two largest producers Ivory Coast and Ghana against a backdrop of hot weather and harmattan winds. Prices were further supported by an increase in demand as measured by grinding data which was up by 3.92 as well as strong technical signals.

DEVELOPMENTS IN THE DOMESTIC ECONOMY

Real Sector Performance

Developments in the real sector indicated firm growth trends in 2018, although at a slower pace compared to 2017 in line with projections made at the beginning of the year. Real GDP growth averaged 6.1 percent over the first three quarters of 2018, compared with 9.1 percent for the same period in 2017. This was NonSimilarly, non-oil GDP growth averaged 5.9 percent against 6.1 percent over the same comparative period. Overall, GDP growth for 2018 is projected to expand by 5.6 percent.

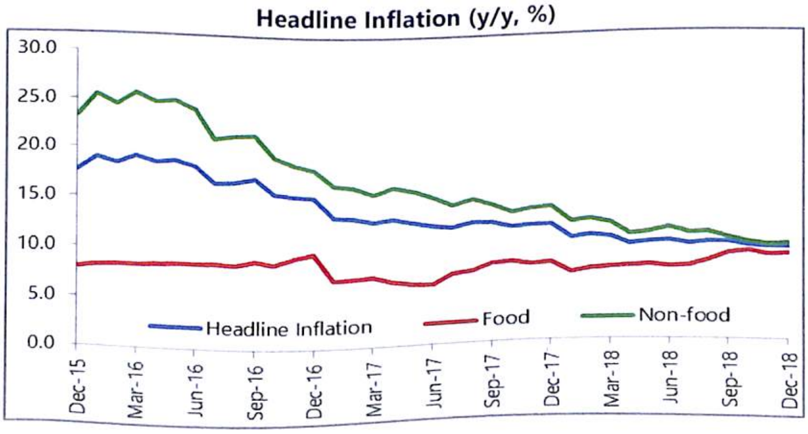
The Bank's updated Composite Index of Economic Activity (CIEA) also picked up, although at a slower pace than in 2017. The CIEA recorded an annual growth of 3.1 percent in November 2018, compared with 8.3 percent for the same period of 2017. Notwithstanding the developments in the CIEA, evidence from the business and consumer surveys showed some rebound in confidence and optimism about performance of the domestic economy.

Price Developments

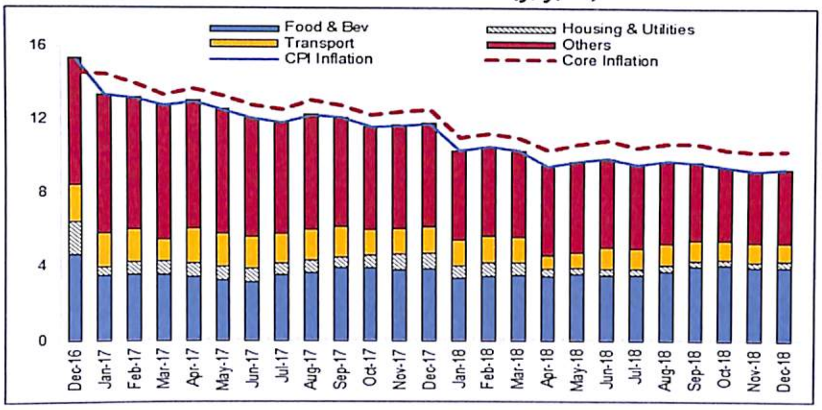
The disinflation process observed since December 2016 continued in 2018. Headline inflation eased to 9.4 percent in December 2018, down from 11.8 percent recorded in December 2017. Headline inflation trended within the medium term target of 8±2 percent since April 2018 driven in large part by a steady decline in non-food inflation supported by the relatively tight monetary policy stance maintained throughout the year. Non-food inflation eased to 9.8 percent in December 2018 from 13.6 percent registered at the end of 2017. By contrast, food inflation remained persistent over the period, edging up to 8.7 percent from 8.0 percent over the same period.

Overall inflationary pressures have eased, as reflected in a broad decline in all components of the consumer price index except alcoholic beverages and tobacco, health, and education which recorded some persistence during the year 2018. Underlying inflationary pressures within the year remained broadly well-anchored as the Bank's core measure of inflation, which strips out energy and utility prices, fell to 10.4 percent in December 2018 from 12.6 percent a year ago, signalling easing underlying inflationary pressures.

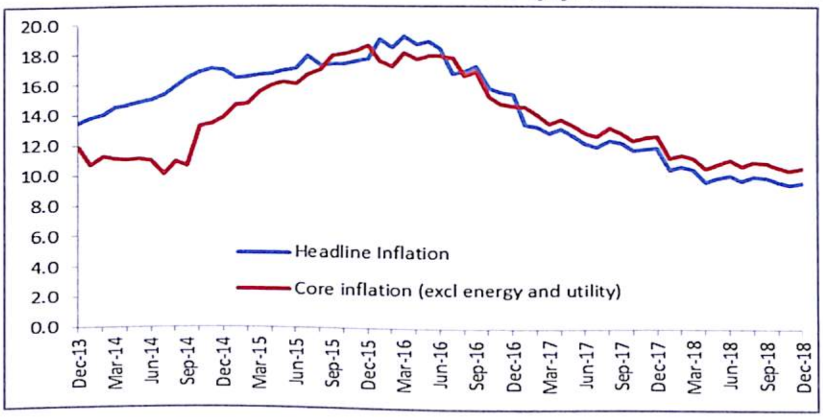
These inflation developments were further underpinned by well-anchored inflation expectations, as the Bank's inflation expectations indices signal a general easing, in line with the disinflation process throughout 2018. Business inflation expectations fell markedly from 12.3 percent in December 2017 to 8.3 percent at the end of 2018. Also, inflation expectations by the financial sector eased, although marginally, from 11.4 percent to 11.3 percent over the same period under consideration. The consumer inflation expectation index however, inched up to 78.6 percent at the end of the year from 76.4 percent a year ago. The gradual decline in inflation expectations was attributed to the continued disinflation process in 2018, favourable company and industry prospects, as well as the decline in administered prices during the period.



Contribution to Inflation (y/y, %)



Headline and Core Inflation (y/y, %)



Headline Inflation (%)

	Headline Inflation (%)			Monthly Changes in CPI (%)		
	Combined	Food	Non-food	Combined	Food	Non-food
Dec-16	**15.4**	**9.7**	**18.2**	**0.9**	**1.2**	**0.8**
2017						
Jan	*13.3*	*7.0*	*16.6*	*2.8*	*3.2*	*2.5*
Feb	*13.2*	*7.1*	*16.4*	*0.6*	*0.8*	*0.6*
Mar	*12.8*	*7.3*	*15.6*	*1.3*	*0.9*	*1.4*
Apr	*13.0*	*6.7*	*16.3*	*1.6*	*1.0*	*1.9*
May	*12.6*	*6.3*	*15.8*	*0.7*	*0.9*	*0.6*
Jun	*12.1*	*6.2*	*15.1*	*0.9*	*1.4*	*0.6*
Jul	*11.9*	*7.2*	*14.2*	*0.7*	*0.2*	*0.9*
Aug	*12.3*	*7.4*	*14.7*	*-0.2*	*-1.2*	*0.2*
Sep	12.2	8.1	14.1	0.0	-1.8	0.9
Oct	*11.6*	*8.2*	*13.2*	*0.9*	*-0.1*	*1.4*
Nov	*11.7*	*7.9*	*13.6*	*0.9*	*1.2*	*0.8*
Dec	***11.8***	***8.0***	***13.6***	***1.0***	***1.3***	***0.9***
2018						
Jan	10.3	6.8	12.0	1.4	2.1	1.1
Feb	10.6	7.2	12.2	0.9	1.1	0.7
Mar	10.4	7.3	11.8	1.1	1.0	1.1
Apr	9.6	7.4	10.6	0.9	1.0	0.8
May	9.8	7.6	10.9	1.0	1.1	0.9
Jun	10.0	7.3	11.2	1.0	1.1	1.0
Jul	*9.6*	*7.4*	*10.7*	*0.4*	*0.3*	*0.4*
Aug	9.9	7.9	10.8	0.0	-0.7	0.3
Sep	9.8	8.7	10.3	0.0	-1.1	0.5
Oct	*9.5*	*8.9*	*9.8*	*0.7*	*0.1*	*0.9*
Nov	9.3	8.6	9.7	0.7	1.0	0.6
Dec	***9.4***	***8.7***	***9.8***	***9.8***	***1.3***	***1.0***

Source: Ghana Statistical Service

Financial Markets

- ***Exchange Rate Developments***

The foreign exchange market experienced some level of volatility during the year under review mainly due to internal and external factors. For the first four months of the year (January to April, 2018) the Ghana Cedi performed strongly against its major peers, appreciating by 0.2 percent against the US Dollar and depreciating by a lower margin against the Pound Sterling and the Euro compared to 2017. By September 2018, the Ghana Cedi had lost about 7.6 percent of its value against the US Dollar, blamed largely on unfavourable external factors such as strengthening of the US dollar and rising yields, which was occasioned by normalization of US monetary policy. These developments impacted adversely on emerging market assets, resulting in tighter financing conditions and reversal of capital in a number of emerging and frontier markets, including Ghana. At the same time there were domestic demand pressures for foreign exchange by the corporate sector to meet their external financing obligations. The pressure on the local currency however started to ease in October through to December, reflecting stabilizing global conditions and improved forex inflows from the cocoa syndicated loan and the mining, oil, and telecommunication sectors.

Agianst this background, the Ghana Cedi depreciated by 8.4 percent against the US Dollar on the interbank market in 2018, compared to 4.9 percent depreciation in 2017. Against the Pound Sterling and the Euro, the Cedi depreciated by 3.3 percent and 3.9 percent respectively. This compares with a depreciation of 12.9 against the US Dollar and a depreciation of 16.2 percent against the Euro in 2017, the lower depreciation attributed to the weaknesses of the Pound Sterling and the Euro on the international currency markets. On the forex bureaux market, the local currency depreciated cumulatively by 7.7 percent against the US dollar, 2.7 percent against the Euro, and 2.0 percent against the Pound Sterling. In 2017, the Cedi depreciated by 6.9 percent, 15.1 percent and 18.3 percent against the US Dollar, the Pound Sterling, and the Euro respectively.

Interbank Market Exchange Rate Movements

	US$/GHC*	Monthly depreciation/ appreciation	Year-to-Date depreciation/ appreciation	GBP/GHC*	Monthly depreciation/ appreciation	Year-to-Date depreciation/ appreciation	Euro/GHC*	Monthly depreciation/ appreciation	Year-to-Date depreciation/appreciation
2016									
Dec	4.2002	-5.2	-9.66	5.1965	-4.3	8.27	4.4367	-4.9	-6.43
2017									
Jan	4.2711	-1.7	-1.66	5.3489	-2.8	-2.85	4.6073	-3.7	-3.70
Feb	4.4786	-4.6	-6.22	5.5745	-4.0	-6.78	4.7530	-3.1	-6.65
Mar	4.3173	3.7	-2.71	5.3964	3.3	-3.70	4.6164	3.0	-3.89
Apr	4.1867	3.1	0.32	5.4163	-0.4	-4.06	4.5611	1.2	-2.73
May	4.2857	-2.3	-2.00	5.5360	-2.2	-6.13	4.8221	-5.4	-7.99
Jun	4.3629	-1.8	-3.73	5.6651	-2.3	-8.27	4.9750	-3.1	-10.82
Jul	4.3743	-0.3	-3.98	5.7627	-1.7	-9.83	5.1573	-3.5	-13.97
Aug	4.3994	-0.6	-4.53	5.6629	1.8	-8.24	5.2215	-1.2	-15.03
Sep	4.3944	0.1	-4.42	5.8962	-4.0	-11.87	5.1940	0.5	-14.58
Oct	4.3765	0.4	-4.03	5.7984	1.7	-10.38	5.0940	2.0	-12.90
Nov	4.4122	-0.8	-4.80	5.9638	-2.8	-12.87	5.2572	-3.1	-15.61
Dec	4.4157	-0.1	-4.88	5.9669	-0.1	-12.91	5.2964	-0.7	-16.23
2018									
Jan	4.4240	-0.2	-0.19	6.2717	-4.9	-4.86	5.5131	-3.9	-3.93
Feb	4.4187	0.1	-0.07	6.0925	2.9	-2.06	5.3873	2.3	-1.69
Mar	4.4044	0.3	0.26	6.1816	-1.4	-3.47	5.4179	-0.6	-2.24
Apr	4.4078	-0.1	0.18	6.0678	1.9	-1.66	5.3308	1.6	-0.65
May	4.4226	-0.3	-0.16	5.8865	3.1	1.37	5.1634	3.2	2.58
June	4.5230	-2.2	-2.37	5.9681	-1.4	-0.02	5.2808	-2.2	0.30
July	4.6943	-3.6	-5.93	6.1569	-3.1	-3.09	5.4945	-3.9	-3.61
August	4.7241	-0.6	-6.53	6.1344	0.4	-2.73	5.4951	0.0	-3.62
Sep	4.7776	-1.1	-7.57	6.2145	-1.3	-3.98	5.5392	-0.8	-4.38
Oct	4.7899	-0.3	-7.81	6.1115	1.7	-2.37	5.4187	2.2	-2.26
Nov	4.8060	-0.3	-8.12	6.1248	-0.2	-2.58	5.4503	-0.6	-2.82
Dec	4.8200	-0.3	-8.39	6.1710	-0.7	-3.31	5.5131	-1.1	-3.93

Forex Bureau Exchange Rate Movements

End Period	GH¢/US$	Movement: Monthly depreciation/ appreciation	Movement: Year-to-Date depreciation/ appreciation	GH¢/GBP	Movement: Monthly depreciation/ appreciation	Movement: Year-to-Date depreciation/ appreciation	GH¢/Euro	Movement: Monthly depreciation/ appreciation	Movement: Year-to-Date depreciation/ appreciation
2016									
Dec	4.2715	-1.8	-9.5	5.1830	0.1	10.0	4.4185	-0.2	-5.4
2017									
Jan	4.2885	-0.4	-0.4	5.3150	-2.5	-2.5	4.5605	-3.1	-3.1
Feb	4.6000	-6.8	-7.1	5.6472	-5.9	-8.2	4.7883	-4.8	-7.7
Mar	4.4217	4.0	-3.4	5.4178	4.2	-4.3	4.6395	3.2	-4.8
Apr	4.4023	0.4	-3.0	5.4366	-0.3	-4.7	4.6011	0.8	-4.0
May	4.3939	0.2	-2.8	5.5666	-2.3	-6.9	4.8455	-5.0	-8.8
June	4.4472	-1.2	-4.0	5.6567	-1.6	-8.4	4.9466	-2.0	-10.7
July	4.4144	0.7	-3.2	5.7316	-1.3	-9.6	5.1322	-3.6	-13.9
Aug	4.4333	-0.4	-3.6	5.6722	1.0	-8.6	5.2144	-1.6	-15.3
Sep	4.4483	-0.3	-4.0	5.8983	-3.8	-12.1	5.2544	-0.8	-15.9
Oct	4.4444	0.1	-3.9	5.7977	1.7	-10.6	5.1855	1.3	-14.8
Nov	4.5811	-3.0	-6.8	6.0339	-3.9	-14.1	5.4073	-4.1	-18.3
Dec	4.5878	-0.1	-6.9	6.1033	-1.1	-15.1	5.4094	0.0	-18.3
2018									
Jan	4.5561	0.7	0.7	6.3628	-4.1	-4.1	5.5617	-2.7	-2.7
Feb	4.5073	1.1	1.8	6.2222	2.3	-1.9	5.4928	1.3	-1.5
Mar	4.4450	1.4	3.2	6.1812	0.7	-1.3	5.4711	0.4	-1.1
Apr	4.4828	-0.8	2.3	6.1778	0.1	-1.2	5.4506	0.4	-0.8
May	4.6244	-3.1	-0.8	6.1072	1.2	-0.1	5.3806	1.3	0.5
June	4.7561	-2.8	-3.5	6.2189	-1.8	-1.9	5.4644	-1.5	-1.0
July	4.7867	-0.6	-4.2	6.2628	-0.7	-2.5	5.5406	-1.4	-2.4
Aug	4.8328	-1.0	-5.1	6.1750	1.4	-1.2	5.5489	-0.1	-2.5
Sep	4.9312	-2.0	-7.0	6.3694	-3.1	-4.2	5.6878	-2.4	-4.9
Oct	4.8539	1.6	-5.5	6.1889	2.9	-1.4	5.4678	4.0	-1.1
Nov	4.9094	-1.1	-6.6	6.2367	-0.8	-2.1	5.5194	-0.9	-2.0
Dec	4.9728	-1.3	-7.7	6.2283	0.1	-2.0	5.5617	-0.8	-2.7

Depreciation (-)/ Appreciation (+)

- ***Money Market***

Interest rate developments in the money market, for December 2018 continued to show mixed trends on year-on-year basis. On year-on-year basis, rates on BOG bills trended downwards, similar to what was observed on the longer-dated GOG Securities. The interbank weighted average rate, deposit rates and the lending rates of the DMBs also trended downwards during the period under review.

Monetary Policy Rate

The Bank of Ghana's Monetary Policy Rate (MPR) was at 17.00 percent at the end of December 2018, having declined by 300 basis points (bps) in the course of the year, from 20.00 percent in December 2017. For the corresponding period in 2017, the MPR was lowered by 550 bps from 25.50 percent recorded in December 2016.

BOG Bills

The rates of 7-day, 28-day and 270-day BOG bills remained unchanged on year-on-year basis at 11.74 percent, 24.27 percent and 26.82 percent respectively in December 2018. This was as a result of inactivity and non-issuance of these instruments during the period. On the other hand, the 14-day and 56-day BOG bills decreased by 300 and 788 basis points to settle at 17.00 percent and 16.97 percent respectively in December 2018. On month-on-month basis, the 56-day bill decreased by 10 basis points while the rates on the remaining securities remained unchanged.

Government Securities

On the treasury market, the interest rates showed mixed trends. Rates on the 91-day and 182-day T-bills increased by 123 basis points and 124 bps respectively, year-on-year, to settle at 14.56 percent and 15.02 percent. Comparatively, the 91-day and 182-day T-bills recorded decreases of 348 basis points and 471 bps respectively, year-on-year in December 2017. The 1-year note recorded no change on year-on-year basis and remained at 15.00 percent during the review period but decreased by 650 bps in the same period in 2017, from 21.50 percent.

The 2-year and 3-year fixed rate notes experienced year-on-year increases in interest rates of 200 basis points and 125 basis points, respectively, to both end December 2018 at 19.50 percent. However, for the corresponding period in 2017, the rates on the 2-year and 3-year fixed notes decreased, year-on-year, by 500 and 575 bps, respectively. Compared to November 2018, the rates on the two securities remained unchanged at 19.50 percent. The rates on the 5-year, 7-year and 10-year Government of Ghana (GOG) bonds decreased on year-on-year terms by 110 bps, 350 basis points and 150 bps, respectively, to end the review month at 16.50 percent, 16.25 percent and 17.50 percent. Rates on the 15-year GOG bond first issued in April 2017 remained unchanged at 19.75 percent in December 2018. Compared with November 2018, the rates on the 5-year, 7-year, 10-year and 15-year GOG bonds registered no changes.

Interbank Rate

The interbank weighted average interest rate decreased by 322 bps, year-on-year, from 19.34 percent recorded in December 2017 to 16.12 percent in December 2018. Over a similar period in 2017, the interbank weighted average interest rate decreased by 593 basis points. Compared to November 2018, the interbank weighted average interest rate decreased marginally by 1 bps from 16.13 percent.

Time and Savings Deposit Rates

The average interest rate on the DMBs' 3-month time deposit decreased by 150 bps year-on-year to 10.00 percent in December 2018 from 11.50 percent in the same month of 2017, while the savings rate remained unchanged at 7.55 percent in December 2018.

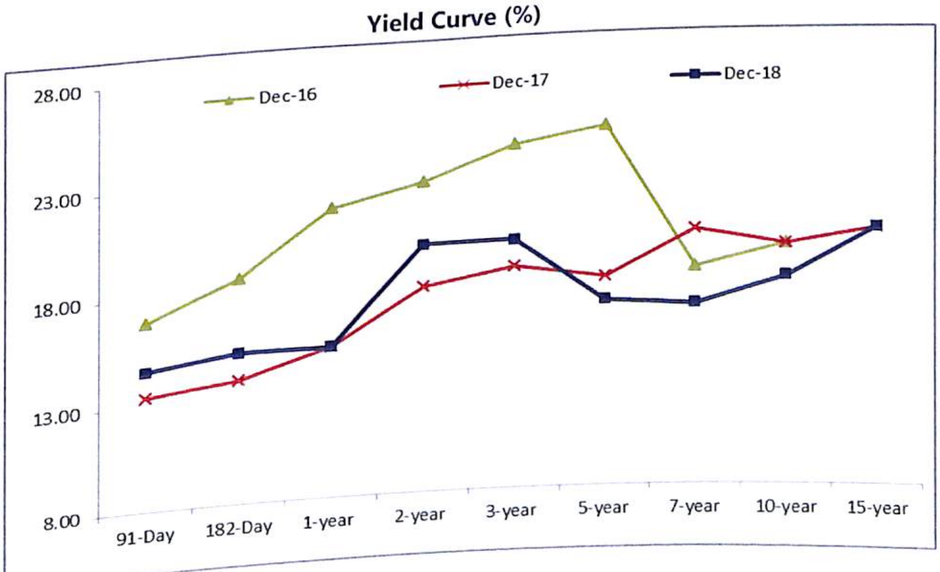
Lending Rates

The average lending rate trended downward on year-on-year terms. It however remained unchanged when compared to the average lending rate recorded in November 2018. The average lending rate decreased by 239 bps, year-on–year, from 29.25 percent recorded in December 2017 to 26.86 percent in December 2018. Over a similar period in 2017, the average lending rates of the banks decreased by 243 bps from 31.68 percent in December 2016. The spread between the borrowing and lending rates narrowed by 89 bps, from 16.25 percent recorded in December 2017 to 15.36 percent in December 2018. For the corresponding period in 2017, the spread had narrowed by 243 basis points, year-on-year, from 18.68 percent recorded in December 2016.

Base Rate

The average base rate of the DMBs decreased by 305 bps, year-on-year, to 21.89 percent in December 2018. For the same period in 2017, the average base rate also decreased by 171 bps year-on-year.

Yield Curve (%)

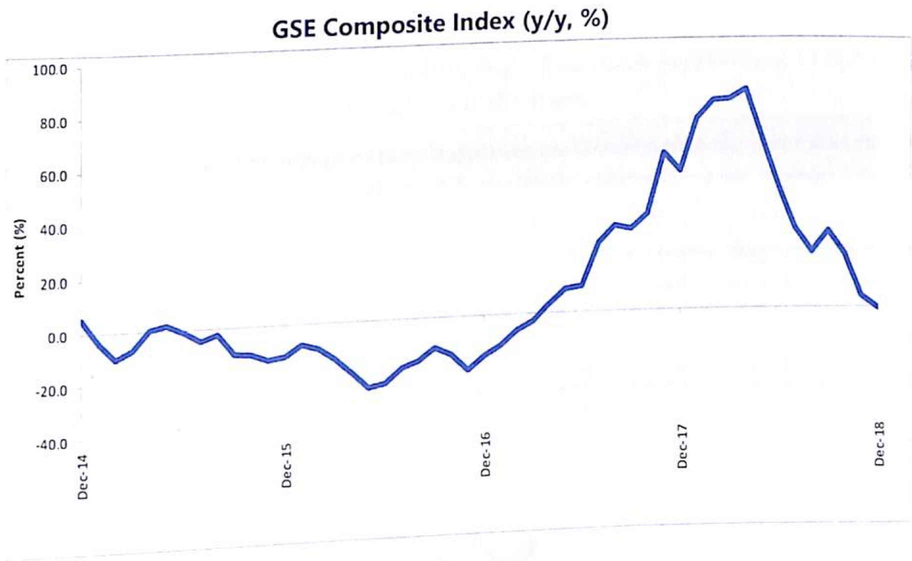


- ***Stock Market Developments***

The GSE-CI declined further in December 2018 mainly on account of decline in share prices. Market Capitalization also decreased mainly on account of loss in share value as investors adopt a wait-and-see stance to determine which stocks to trade in.

GSE Composite Index (GSE-CI)

The Ghana Stock Exchange's key market performance indicator, GSE-CI, registered a monthly contraction of 2.2 percent (-57.3 points) compared with a growth of 2.3 percent (58.0 points) in the same period in 2017. This brings both the year-to-date and year-on-year growth to -0.3 percent (-7.5 points) compared to a growth of 52.7 (890.6 points) in December 2017.



Money Supply Developments

Development in monetary aggregates (M2+) showed a downward trend in growth on year-on-year basis. This emanated from declining Net Foreign Assets (NFA). The decline in growth of M2+ was moderated by increasing Net Domestic Assets as a result of increases in Net Claims on Government and Claims on Public Enterprises. The growth in reserve money over the period also followed a similar pattern.

Broad Money Supply

The interim data for December 2018 reflected slower annual growth of broad money supply (M2+). Annual growth in broad money supply (M2+, including foreign currency deposits) slowed from 16.7 percent in 2017 to 15.7 percent in 2018. Broad money supply (M2+) stood at GH¢76,552.3 million at the end of December 2018, compared with GH¢66,172.0 million and GH¢56,692.1 million realised at the end of December 2017 and 2016 respectively.

Analysis of the components showed that the moderation in M2+ growth was mainly due to slower growth in savings & time deposits from 27.9 percent in 2017 to 15.3 percent in 2018. On the other hand, currency outside banks and demand deposits, and foreign currency deposits increased from 14.5 percent and 6.5 percent in December 2017 to 16.7 percent and 14.3 percent, respectively in December 2018.

Sources of Change in M2+

The observed decrease in the growth of M2+ was mainly as a result of a decrease in the growth of Net Foreign Assets (NFA), which was moderated by an increase in the growth of the Net Domestic Assets (NDA). The provisional data at the end of December 2018 showed an annual growth in Net Foreign Assets (NFA) of 38.4

percent in December 2017 compared to the contraction of 31.1 percent in December 2018, whereas NDA registered a growth of 9.0 percent in December 2017 against 37.0 percent annual growth in December 2018.

Assessment of the components of NDA of the banking system during the review period indicated an increase in growth in the net claims on Government and claims on the public sector. However, growth in claims on the private sector was lower than what was recorded in the same period in 2017. Net claims on Government grew by 118.4 percent year-on-year in December 2018 compared to a contraction by 31.3 percent in December 2017. The growth of the claims on the public sector was 26.3 percent in December 2018 as against a contraction of 33.5 percent. The claims on the private sector on the other hand recorded a growth of 9.8 percent in December 2018, lower than the 13.0 percent annual growth recorded in December 2017. Credit to the private sector remained subdued as the banks sought to improve their non-performing loan books and mobilise capital to meet the new minimum capital requirement.

Monetary Indicators

	Levels (GH¢ Millions)			(Year- on- Year)					
				As at end-Dec. 2016		As at end-Dec. 2017		As at end-Dec. 2018	
	Dec-16	Dec-17	Dec-18	abs	per cent	abs	per cent	abs	per cent
Reserve Money	18,968.0	21,457.1	22,468.2	4,331.7	29.6	2,489.1	13.1	1,011.1	4.7
Narrow Money (M1)	26,076.4	29,847.0	34,817.5	5,058.1	24.1	3,770.7	14.5	4,970.5	16.7
Broad Money (M2)	43,452.5	52,066.4	60,426.8	8,591.6	24.6	8,614.0	19.8	8,360.3	16.1
Broad Money (M2+)	56,692.1	66,172.0	76,552.3	10,236.9	22.0	9,479.9	16.7	10,380.3	15.7
Currency with the Public	10,139.8	10,707.9	11,963.4	1,636.1	19.2	568.1	5.6	1,255.5	11.7
Demand Deposits	15,936.6	19,139.1	22,854.1	3,422.0	27.3	3,202.5	20.1	3,715.0	19.4
Savings & Time Deposits	17,376.1	22,219.4	25,609.2	3,533.5	25.5	4,843.3	27.9	3,389.8	15.3
Foreign Currency Deposits	13,239.6	14,105.6	16,125.6	1,645.3	14.2	866.0	6.5	2,020.0	14.3
Sources of M2+									
Net Foreign Assets (NFA)	14,946.6	20,678.8	14,249.3	3,431.9	29.8	5,732.2	38.4	(6,429.5)	(31.1)
BOG	11,880.1	17,240.5	12,975.3	1,562.1	15.1	5,360.4	45.1	(4,265.2)	(24.7)
DMBs	3,066.5	3,438.3	1,274.0	1,869.8	156.2	371.8	12.1	(2,164.3)	(62.9)
Net Domestic Assets (NDA)	41,745.5	45,493.2	62,303.0	6,805.0	19.5	3,747.7	9.0	16,809.8	37.0
Claims on Government (net)	18,352.4	12,615.9	27,551.5	5,507.2	42.9	(5,736.5)	(31.3)	14,935.6	118.4
BOG	8,862.4	6,057.3	10,209.0	2,443.7	38.1	(2,805.1)	(31.7)	4,151.7	68.5
DMBs	9,490.0	6,558.6	17,342.5	3,063.5	47.7	(2,931.4)	(30.9)	10,783.9	164.4
Claims on Public Sector	7,120.5	4,737.3	5,982.8	1,219.8	20.7	(2,383.1)	(33.5)	1,245.5	26.3
BOG	1,834.1	1,382.0	1,699.7	(222.9)	(10.8)	(452.1)	(24.6)	317.7	23.0
DMBs	5,286.4	3,355.3	4,283.1	1,442.6	37.5	(1,931.0)	(36.5)	927.7	27.6
Claims on Private Sector	30,487.4	34,451.8	37,841.0	3,876.0	14.6	3,964.4	13.0	3,389.2	9.8
BOG	503.9	464.8	247.9	95.6	23.4	(39.1)	(7.8)	(217.0)	(46.7)
DMBs	29,983.5	33,987.0	37,593.2	3,780.4	14.4	4,003.5	13.4	3,606.2	10.6
Other Items (Net) (OIN) \2	(14,214.8)	(6,311.8)	(9,072.3)	(3,798.0)	36.5	7,902.9	(55.6)	(2,760.5)	43.7
o/w BOG OMO (Sterilisation)	(898.0)	-	-	(693.4)	338.8	898.0	(100.0)	-	

Reserve Money

Growth in reserve money for the period ending December 2018 slowed in comparison to the same period in 2017. Reserve money grew by 4.7 per cent year-on-year, compared with 13.1 per cent growth recorded in 2017. As at the end of December 2018, reserve money was GH¢22,468.2 million.

A breakdown of the components of reserve money showed that the slowdown was mainly due to a reduction in the growth of reserve of the banks and non-bank deposits. Reserves of the banks contracted by 9.7 per cent in 2018 compared to 11.9 per cent growth in 2017. The growth of non-bank deposits also slowed to 1.1 per cent in December 2018 from 66.3 per cent in December 2017. Currency outside banks on the other hand grew by 16.5 per cent compared with a growth of 5.6 per cent in 2017.

Analysis of the sources of change indicated that the slowdown in growth in reserve money emanated from a decline in the growth of the NFA, moderated by a significant increase in the NDA. NFA recorded an annual growth of 45.1 per cent in December 2017 as against a contraction by 24.7 per cent in December 2018 while

NDA registered a growth of 125.1 per cent in December 2018 compared with a 40.5 per cent contraction in 2017.

Bank Credit Allocation

The annual growth in banks' outstanding credit to the public and private institutions recorded an uptick from 6.8 percent in December 2017 to 12.9 percent at the end of December 2018. Total outstanding credit stood at GH¢42,724.4 million at end-December 2018, compared with GH¢37,829.5 million in 2017. In real terms, credit from the banks expanded by 3.2 percent in December 2018 compared with a contraction of 4.5 percent at end-December 2017.

Distribution of Outstanding Credit to the Private Sector

The growth of outstanding credit to the private sector year-on-year basis decreased in both nominal and real terms during the review period. In nominal terms, credit to the private sector recorded an annual growth of 10.6 percent in December 2018 compared with a 13.4 percent growth in December 2017. The outstanding credit to the private sector at the end of December 2018 was GH¢37,593.2 million, compared with GH¢33,987.0 million in 2017. In real terms, the annual growth rate of outstanding credit to the private sector slowed to 1.1 percent at the end of December 2018, from 1.4 percent at the end of December 2017.

Sectoral Distribution of Banks Outstanding Credit

	Levels (GH¢ Millions)			Year-On-Year Variation					
				As at end-Dec. 2016		As at end-Dec. 2017		As at end-Dec. 2018	
	Dec-16	Dec-17	Dec-18	Abs	Percent	Abs	Percent	Abs	Percent
a Public Sector	5,425.5	3,842.5	5,131.2	1,529.5	39.3	(1,583.0)	(29.2)	1,288.6	33.5
b Private Sector	29,983.5	33,987.0	37,593.2	3,780.4	14.4	4,003.5	13.4	3,606.2	10.6
Agric.,For. & Fish.	1,130.6	1,343.7	1,428.2	110.0	10.8	213.0	18.8	84.6	6.3
Export Trade	162.3	311.9	319.1	17.3	11.9	149.7	92.2	7.2	2.3
Manufacturing	2,576.0	2,930.2	3,975.1	212.2	9.0	354.3	13.8	1,044.9	35.7
Trans.,Stor., & Comm.	1,262.2	2,272.8	2,831.5	92.1	7.9	1,010.6	80.1	558.7	24.6
Mining & Quarrying	694.8	1,098.4	1,375.7	124.0	21.7	403.6	58.1	277.3	25.2
Import Trade	2,048.4	1,877.1	1,358.7	-92.5	-4.3	-171.3	-8.4	-518.4	-27.6
Construction	3,133.6	3,763.3	3,719.9	373.7	13.5	629.7	20.1	-43.3	-1.2
Commerce & Finance	6,803.3	7,072.3	7,684.9	2,494.4	57.9	269.0	4.0	612.6	8.7
Elect.,Gas & Water	3,445.6	2,897.6	2,863.1	138.1	4.2	-548.0	-15.9	-34.5	-1.2
Services	5,591.1	6,238.2	7,978.9	-275.4	-4.7	647.1	11.6	1,740.7	27.9
Miscellaneous	3,135.6	4,181.6	4,058.1	586.7	23.0	1,045.9	33.4	-123.5	-3.0
c Grand Total	35,409.0	37,829.5	42,724.4	5,309.9	17.6	2,420.5	6.8	4,894.8	12.9

Fiscal Developments

Overall Budget Performance

Provisional data from January-December, 2018 suggests that Government operations resulted in a deficit of GH¢11,672.8 million (3.9% of GDP), compared with a deficit of GH¢12,244.7 million (4.8% of GDP) recorded in the corresponding period of 2017. The deficit for the review period was slightly the programmed target of GH¢10,971.2 million (3.7% of GDP). Total revenue and grants amounted to GH¢47,636.7 million (16.0% of GDP) for the period under review and this was below the target of GH¢49,059.04 million (16.4% of GDP) by 2.9 percent but higher than GH¢41,497.9 million (16.2% of GDP) realized in the corresponding period in 2017 by 14.8 percent. Payments made in the review period amounted to GH¢58,197.0 million (19.5% of GDP). This was marginally below the target of GH¢59,171.7 million (19.8% of GDP) but significantly higher than GH¢51,986.0 million (20.3% of GDP) recorded over a similar period in 2017 by 11.9 percent. Net Domestic Financing for the review period amounted to GH¢9,800.1 million (3.4% of GDP), compared to its programmed target of GH¢5,223.7 million (1.8% of GDP).

Fiscal Indicators (GH¢' m)

	2017 OUTTURN JAN-DEC	2017 BUDGET JAN-DEC	2018 PROV DECEMBER	2018 BUDGET DECEMBER	2018 PROV JAN-DEC	2018 BUDGET JAN-DEC
Dom. Primary Balance	8,664.40	7,023.62	2,912.27	770.39	6,928.25	7,936.17
% of GDP	*3.38*	*2.74*	*0.97*	*0.26*	*2.32*	*2.66*
Overall Balance	-12,244.73	-12,818.95	680.90	-1,135.78	-11,672.75	-10,971.15
% of GDP	*-4.77*	*-4.99*	*0.23*	*-0.38*	*-3.91*	*-3.67*
Grants	1,534.85	1,531.52	101.76	74.75	1,134.81	761.14
% of GDP	*0.60*	*0.60*	*0.03*	*0.03*	*0.38*	*0.25*
Total Revenue & Grants	41,497.89	43,124.61	6,619.58	4,581.26	47,636.73	49,059.04
% of GDP	*16.17*	*16.80*	*2.22*	*1.53*	*15.95*	*16.42*
Total Revenue	41,593.09	39,963.04	6,517.82	4,506.51	46,501.93	48,297.91
% of GDP	*16.20*	*15.57*	*2.18*	*1.51*	*15.57*	*16.17*
Tax Revenue	32,227.58	33,017.08	5,596.91	4,023.60	37,784.19	38,589.15
% of GDP	*12.56*	*12.86*	*1.87*	*1.35*	*12.65*	*12.92*
Total Expenditure	51,985.95	52,201.01	5,777.99	5,673.70	58,196.96	59,171.73
% of GDP	*20.25*	*20.34*	*1.93*	*1.90*	*19.48*	*19.81*
Net Domestic Financing	11,969.83	11,329.64	-97.74	1,932.87	9,800.14	5,223.74
% of GDP	*4.66*	*4.41*	*-0.03*	*0.57*	*3.40*	*1.75*
Stock of Debt	142,616.57		173,198.08	-	173,198.08	-
% of GDP	55.56		57.98		57.98	
GDP	**256,671.37**	**256,671.37**	**298,699.48**	**298,699.48**	**298,699.48**	**298,699.48**

Composition of Domestic Debt (GH¢' m)

	2017 DECEMBER	2018 MARCH	2018 JUNE	2018 SEPTEMBER	2018 NOVEMBER	2018 DECEMBER
A. SHORT TERM						
91-Day Treasury Bill	5,444.7	4,986.3	4,959.4	5,037.0	5,424.5	5,576.6
182-Day Treasury Bill	2,867.0	2,907.4	3,163.3	3,107.7	2,978.7	3,049.8
1-Year Treasury Note	3,685.2	2,930.5	2,568.0	2,494.5	2,191.0	2,405.5
SUB-TOTAL (A)	**11,996.8**	**10,824.3**	**10,690.7**	**10,639.2**	**10,594.1**	**11,031.9**
B. MEDIUM-TERM						
2-Year Fixed Treasury Note	6,400.6	7,534.3	7,755.7	8,999.9	12,932.4	13,049.8
2-year USD Domestic Bond	418.1	417.0	428.3	452.4	0.0	0.0
3-Year Fixed Treasury Note	7,255.5	8,361.4	8,437.3	11,996.5	10,930.3	10,930.3
3-year USD Domestic Bond	978.1	975.6	1,001.9	1,058.3	1,064.6	1,067.7
3-Year Stock(SSNIT)	881.8	767.6	692.3	578.1	551.5	502.9
5-Year GOG Bond	11,204.0	13,194.2	13,194.2	12,160.7	12,160.7	12,160.7
7-Year GOG Bond	2,150.5	2,150.5	2,960.4	2,857.4	2,857.4	2,857.4
SUB-TOTAL (B)	**29,288.7**	**33,400.6**	**34,470.0**	**38,103.2**	**40,496.8**	**40,568.6**
C. LONG-TERM						
10-Year GOG Bond	7,409.6	7,409.6	7,887.2	7,861.2	7,861.2	7,861.2
15-Year GOG Bond	4,793.8	4,793.8	4,793.8	4,793.8	4,793.8	4,793.8
Long Term Govt. Stocks	11,987.4	14,188.7	14,078.6	21,678.6	21,678.6	21,568.5
o/w: Banking Financial sector bailout						9,581.2
GOG Petroleum Finance Bonds	80.0	80.0	80.0	80.0	80.0	80.0
TOR Bonds	514.8	457.6	457.6	400.4	400.4	400.4
Telekom Malaysia Stocks	109.5	109.5	109.5	109.5	109.5	109.5
Revaluation Stock	361.1	361.1	361.1	361.1	361.1	361.1
Other Government Stocks	1.0	1.0	1.0	1.0	1.0	1.0
SUB-TOTAL (C)	**25,257.1**	**27,401.1**	**27,768.7**	**35,285.5**	**35,285.5**	**35,175.4**
TOTAL (A+B+C)	**66,542.6**	**71,626.1**	**72,929.5**	**84,027.9**	**86,376.4**	**86,776.0**

Composition of Domestic Debt

The stock of domestic debt increased by GH¢20,233.4 million from GH¢66,542.6 million in December 2017 to GH¢86,776.0 million at end-December 2018, of which the banking sector bailout amounted to GH¢9,589.2 million. The rise in the debt stock was mainly due to significant increases in the medium-term securities of GH¢11,279.9 million and long-term stocks of GH¢9,918.3 million, while the short-term bills recorded a decline of GH¢964.9 million. For the medium-term instruments, the 2- and 3-year fixed rates went up by GH¢6,649.2 million and GH¢3,674.8 million, respectively, whilst the 5- and 7-year fixed notes cumulatively increased by GH¢1,663.5 million. The increase in the long-term Government stocks was attributed to bonds issued to bailout the banking sector.

Holdings of Domestic Debt

Bank of Ghana's holdings of domestic debt at end-December 2018 stood at GH¢17,133.3 million, representing 19.7 percent of the total domestic debt. In the corresponding period of 2017, Bank of Ghana's holdings of domestic debt totalled GH¢13,002.7 million, representing 19.5 percent of the total holdings. The Deposit Money Banks (DMBs)' holdings was GH¢21,646.0 million (24.9%), compared to GH¢10,316.5 million (15.5%) at end-December 2017. The higher share in 2018 was mainly driven by the bailout of the banking system. SSNIT held GH¢796.4 million (0.9%), Insurance companies GH¢462.4 million (0.5%), while 'Other Holders' (comprising rural banks, firms and institutions as well as individuals) in total held GH¢20,661.7 million (23.8%). Non-Resident investors held GH¢26,076.2 million (30.0%), down from their holdings of GH¢25,665.6 million (38.6%) at the end of December 2017.

Holdings of Domestic Debt (GH¢' m)

	DECEMBER 2017	%	JUNE 2018	%	SEPTEMBER 2018	%	NOVEMBER 2018	%	DECEMBER 2018	%
A. Banking system	**23,319.2**	**35.0**	**26,440.0**	**36.3**	**37,422.1**	**44.5**	**38,508.1**	**44.6**	**38,779.3**	**44.7**
Bank of Ghana	13,002.7	19.5	13,000.3	17.8	13,826.6	16.5	16,914.4	19.6	17,133.3	19.7
Deposit Money Banks	10,316.5	15.5	13,439.8	18.4	23,595.5	28.1	21,593.7	25.0	21,646.0	24.9
B. Nonbank sector	**17,557.8**	**26.4**	**18,596.9**	**25.5**	**19,408.2**	**23.1**	**21,420.8**	**24.8**	**21,920.5**	**25.3**
SSNIT	1,403.4	2.1	1,170.9	1.6	892.0	1.1	880.6	1.0	796.4	0.9
Insurance Companies	340.5	0.5	383.9	0.5	415.8	0.5	463.5	0.5	462.4	0.5
NPRA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others Holders	**15,813.9**	23.8	**17,042.0**	23.4	**18,100.4**	21.5	**20,076.7**	23.2	**20,661.7**	23.8
Rural Banks	300.7	0.5	258.6	0.4	249.5	0.3	329.5	0.4	412.8	0.5
Firms & Inst.	10,807.8	16.2	11,967.1	16.4	12,826.6	15.3	14,158.5	16.4	14,577.0	16.8
Individuals	4,705.4	7.1	4,816.4	6.6	5,024.3	6.0	5,588.8	6.5	5,671.9	6.5
C. Foreign sector (Non-Residents)	**25,665.6**	38.6	**27,892.5**	38.2	**27,197.6**	32.4	**26,447.5**	30.6	**26,076.2**	30.0
TOTAL(A+B+C)	**66,542.6**	**100.0**	**72,929.5**	**100.0**	**84,027.9**	**100.0**	**86,376.4**	**100.0**	**86,776.0**	**100.0**

External Sector Developments

Provisional data on the external sector indicates that the trade balance recorded a larger surplus of US$1.8 billion (2.7% of GDP) in 2018, compared to a surplus of US$1.2 billion (2.0% of GDP) in 2017. This translated into a further narrowing of the current account deficit to US$2.07 billion (3.2% of GDP) in 2018 from US$2.0 billion (3.4% of GDP) in 2017. The current account outturn, together with lower net inflows in the capital and financial account, resulted in an overall balance of payments deficit of US$0.67 billion (1.0% of GDP) in 2018 compared with a surplus of US$1.1 billion (1.9% of GDP) in 2017.

Current Account

The moderated improvement in the current account was attributed to increased net outflows in the services and income account, which outweighed the significant gains in the trade balance.

Trade Balance

The trade surplus of US$1.8 billion recorded in 2018 resulted from an increase in the oil and non-traditional export earnings. The total value of merchandise exports for the year was estimated at US$14.87 billion, an increase of 7.5 per cent over the value recorded in 2017.

- ***Gold Exports***

Gold exports earnings amounted to US$5.46 billion in 2018 compared to US$5.79 billion recorded in 2017. The decline was largely driven by a marginal shortfall in export volumes. The volume of gold ore exported decreased by 7.6 per cent to 4,264,664 fine ounces, while the average realised price increased by 2.1 per cent to US$1,280.61 per fine ounce.

- ***Crude Oil Exports***

The value of crude oil exported was estimated at US$4.57 billion in 2018 compared to US$3.12 billion exported for the same period in 2017. The average realised price of oil increased by 31.1 per cent to US$71.64 per barrel compared to US$54.63 per barrel in 2017. Volume exported also improved by 11.95 per cent, year-on-year, to 63,838,138 barrels in 2018.

- ***Cocoa Beans and Products***

Exports of cocoa beans and products amounted to US$2.09 billion compared to US$2.66 billion in 2017, representing a decrease of 21.4 per cent. Cocoa beans exported amounted to US$1.32 billion, a decrease of 30.8 per cent compared to the value in 2017. Prices of cocoa beans dropped significantly by 20.7 per cent to US$2,156.36 per tonne, and export volume also decreased by 12.7 per cent to 611,231 tonnes. Earnings from the export of cocoa products, however, increased by 2.1 per cent to US$773.53 million.

- ***Timber Exports***

Timber products export recorded an increase of about 3.0 per cent to US$221.35 million. The average realized price of timber increased by 5.6 per cent from US$634.92 per cubic metre in 2017 to US$670.73 per cubic metre in 2018. The volumes exported, however, decreased to 330,010 cubic metres from the 2017 level of 338,581 cubic metres.

- ***Other Exports***

The value of "other exports" which is made up of non-traditional exports and other minerals (aluminium alloys, bauxite, diamond and manganese) was estimated at US$2.52 billion, 22.5 per cent higher than the outturn in 2017.

- **Merchandise Imports**

The total value of imports for 2018 was estimated at US$13.09 billion, an increase of 3.5 per cent compared to the outturn in 2017. Of the total imports, the value of oil imports (comprising crude, gas and finished products) increased from US$1.99 billion in 2017 to US$2.54 billion in 2018, driven by higher oil prices on the international market and increased demand. Non-oil imports however, declined by 1.0 percent year-on-year to US$10.55 billion in 2018.

Services, Income and Current Transfers

The services, income and transfers account recorded a deficit of US$3.9 billion, a deterioration of US$0.6 billion compared to the deficit recorded in the preceding year. The services and income accounts recorded net outflows (payments) of US$6.4 billion in 2018 compared to US$5.6 billion in 2017. Net inflows into the current transfers accounts improved from US$2.4 billion in 2017 to US$2.6 billion in 2018.

Capital and Financial Account

The capital and financial account recorded a net inflow of US$1.61 billion, representing a decline by 46.5 per cent from the outturn in 2017. The capital account received net inflows of US$257.8 million in 2018 as against US$242.2 million in 2017. The financial account recorded a net inflow of US$1.35 billion compared to US$2.77 billion recorded in 2017. Foreign direct investment and portfolio investment recorded lower net inflows.

International Reserves

The country's gross international reserves was at US$6,948.88 million from a stock position of US$7,554.84 million at the end of December 2017. This was sufficient to provide for 3.6 months of imports cover compared to 4.3 months of imports cover as at December 2017.

External Sector Developments

Outlook for 2019

The banking sector has a positive outlook for 2019 with a more consolidated banking sector as weaker and undercapitalised banks that posed risks to financial stability have been removed. This has enhanced the efficiency in the remaining banks and restored confidence and resilience, with the banks now better positioned to support private sector-led growth in the Ghanaian economy. The bank restructuring exercise also protected over 1.5 million depositors with total deposits of about GH¢11.6 billion. This includes deposits of savings and loans companies, rural and community banks, investment fund managers, pension funds, and life insurance companies with the banks. In 2019, there will be the need to focus on reducing the level of non-performing loans, while addressing risks associated with the high degree of interconnectedness in the financial system which will require close monitoring to ensure financial stability.

Broadly, economic developments remained favourable in 2018 with a positive outlook for 2019. The government's decision to create and strengthen institutions to provide the needed structures to underpin the commitment to fiscal and financial stability as Ghana concludes the IMF-supported ECF programme. In particular, the passage of the Fiscal Responsibility Act, and the establishment of the Fiscal Council, the Financial Stability Council, as well as the reconstituted Economic Policy Coordinating Committee (EPCC) should anchor fiscal policy and help entrench the macroeconomic gains achieved over the last two years.

The disinflation process observed in the year was mainly driven by sharp decline in non-food inflation following the relatively tight monetary policy stance. In the near-term, inflation is forecast to remain within the Bank's medium-term target band of 8±2 percent, despite underlying upside risks including trade tensions between the US and China and tightening global financing conditions. On the downside, the steady decline in crude oil prices and continued tight monetary policy stance are expected to help push inflation towards the central target of 8 percent barring any unanticipated shocks.

Domestic growth remains fairly robust and in line with projections with the continued implementation of key government policies, especially in the real sector. Over the medium-term, growth prospects are positive and would be supported by increased oil production, and easing of credit stance. With the recently ended recapitalization, banks are also better-positioned to support economic activity.

ANNEXES

Ghana's Balance of Payments (in million US Dollars)	2016	2017	2018
Current account	**-2,840.5**	**-2,002.6**	**-2,071.7**
Trade balance	**-1,781.8**	**1,187.1**	**1,778.8**
Exports, f.o.b.	11,138.3	13,834.8	14,868.1
of which:			
Cocoa & products	2,572.2	2,661.4	2,091.6
Gold	4,919.5	5,786.2	5,461.4
Crude oil	1,345.2	3,114.9	4,573.4
Non traditional Exports		1,748.1	2,062.0
Imports, f.o.b.	-12,920.1	-12,647.8	-13,089.3
Non-oil	-11,085.2	-10,655.6	-10,551.5
Oil & gas	-1,834.9	-1,992.1	-2,537.7
Services (net)	-1,293.3	-2,873.0	-2,510.2
Inflows	6,333.0	6,602.0	7,570.2
outflows	-7,626.3	-9,475.0	-10,080.5
Investment income (net)	-1,222.1	-2,740.9	-3,923.4
Inflows	238.0	309.3	598.3
outflows	-1,460.0	-3,050.2	-4,521.6
of which: interest on Public debt	*-1,001.4*	*-1,131.3*	*-1,403.8*
profits and dividends	*-442.1*	*-1,813.3*	*-3,118.0*
Transfers (net)	1,456.6	2,424.2	2,583.0
Official transfers (net)	25.6	0.0	18.7
Private transfers (net)	1,431.0	2,424.2	2,564.3
Capital & financial account	**2,557.9**	**3,015.7**	**1,612.7**
Capital account (net)	274.3	242.2	257.8
Financial account (net)	2,283.6	2,773.5	1,354.9
Foreign direct investments (net)	3,470.7	3,239.1	2,908.2
Portfolio investments (net)	553.7	2,536.1	929.0
of which: equity			-1.4
Other investments (net)	-1,740.8	-3,001.7	-2,482.2
Medium & long term (net)	-1,531.7	-2,198.4	-2,656.3
Official capital (net)	-31.1	-112.4	-321.5
Government oil investments (net)	-28.9	-170.3	-152.8
Loans (net)	-2.2	57.9	-168.7
Disbursements	1,175.3	968.6	738.1
of which: IMF drawdown			
Amortization	-1,177.5	-910.6	-906.8
Private capital (net)	-1,500.6	-2,086.0	*-2,334.9*
Short-term capital (net)	-209.1	-803.2	174.2
Non-monetary (net)	271.7	-529.9	-321.4
Monetary (net)	-480.9	-273.3	495.5
Net errors & omissions	**530.0**	**78.3**	***-212.5***
Overall balance	**247.4**	**1,091.4**	**-671.5**
Memorandum items:		***in percent of GDP***	
Current account	-5.2	-3.4	-3.2
Trade balance	-3.2	2.0	2.7
Exports of goods & services	31.8	34.7	34.3
Imports of goods & services	-37.5	-37.5	-35.4
Capital & financial account	4.7	5.1	2.5
FDI	6.3	5.5	4.4
Remittances	2.6	4.1	3.9
Overall balance	0.5	1.9	-1.0
Nominal GDP (in millions of U.S. dollars)	54,858	58,921	65,427

Selected Economic and Financial Indicators

Selected Economic and Financial Indicators	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18
National Income and Prices (Quarterly, %)									
Real GDP Growth	5.6	7.4	11.1	8.7	5.5	5.4	5.4	7.4	n.a
Real GDP_non-oil	5.1	5.2	6.7	5.0	1.8	4.2	5.0	8.5	n.a
Consumer Prices (year-on-year, %)									
Overall	15.4	12.8	12.1	12.2	11.8	10.4	10.0	9.8	9.4
Food	9.7	7.3	6.2	8.1	8.0	7.3	7.3	8.7	8.7
Non-food	18.2	15.6	15.1	14.1	13.6	11.8	11.3	10.3	9.8
Exchange rate (US$/GH¢): (end of period)	4.2002	4.3173	4.3629	4.3944	4.4157	4.4044	4.5230	4.7776	4.8200
Exchange rate depreciation (M/M, %)	-4.80	3.7	-1.8	0.1	-0.1	0.3	-2.2	-1.1	-0.3
Exchange rate depreciation (YTD, %)	-9.66	-2.7	-3.7	-4.4	-4.9	0.3	-2.4	-7.6	-8.4
Money and Credit									
Broad money supply (M2+) (y/y, %)	22.0	28.2	28.9	23.1	16.7	15.8	14.2	24.1	16.5
Credit to the private sector (y/y, %)	14.4	19.4	15.1	9.6	12.8	2.4	5.7	17.2	10.6
Real Credit to the private sector (y/y, %)	-0.9	3.2	2.7	-2.3	0.9	-7.3	-3.9	0.0	1.6
Interest rates (%)									
Monetary Policy Rate	25.5	23.5	22.5	21.0	20.0	18.0	17.0	17.0	17.0
Interbank rate	25.3	24.9	22.1	20.9	19.3	18.1	16.4	16.2	16.1
91-Day treasury bill rate	16.8	16.9	12.1	13.2	13.3	13.4	13.3	13.4	14.6
182-Day treasury bill rate	18.5	17.1	13.3	14.1	13.8	13.9	13.9	14.0	15.0
Average lending rate	31.7	30.6	30.8	29.0	29.3	28.8	27.5	27.5	26.9
3-month average Deposit rate	13.0	15.0	14.5	13.0	13.0	13.0	12.8	11.5	11.5
lending - deposit rate spread	18.7	15.6	16.3	16.0	16.3	15.8	14.8	16.0	15.4
External Sector (cummulative)									
Current account balance (US$million)	-2,832.1	328.0	-181.6	-1,194.1	-2,003.0	225.0	-376.0	-966.0	-2,072.0
percent of GDP	-6.6	0.6	-0.3	-2.0	-3.4	0.3	-0.6	-1.5	-3.2
Trade balance (US$million)	-1,689.2	912.6	1,128.8	777.8	1,187.7	724.3	1,289.1	1,591.3	1,778.8
Commodity prices (International)									
Cocoa ($/tonne)	2,268.4	2,036.4	1,956.8	1,970.0	1,905.0	2,499.0	2,435.7	2,230.4	2,256.3
Gold ($/ounce)	1,151.2	1,231.4	1,261.8	1,315.8	1,266.6	1,325.7	1,281.1	1,198.1	1,251.1
Crude Oil ($/barrel)	54.9	52.5	47.5	55.2	64.3	66.7	75.9	79.1	57.7
Gross International Reserves (US$ m)	6,161.8	6,243.2	7,842.0	6,850.7	7,554.8	7,040.9	7,294.1	6,756.4	7,024.8
months of import cover	3.5	3.6	4.5	3.9	4.3	3.9	3.9	3.6	3.7
Net International Reserves (US$ m)	3,431.0	3,006.6	4,648.8	3,810.3	4,522.5	3,909.0	4,150.9	3,765.1	3,851.0
Non-Performing Loan (NPL) ratio (%)	17.6	20.2	21.2	22.2	21.6	22.6	22.6	20.0	18.2
Non-Performing Loan (excluding loss category)	8.4	11.3	11.3	10.7	10.1	12.2	12.3	11.2	10.2