



BANK OF GHANA

Monetary Policy Report

Volume 4, No 1/2016

World Economic Outlook & Ghana's External Sector Developments

- Developments in global GDP, Inflation and Financial Stability
- Global Monetary Policy Stance
- Global Commodities and Currency Markets
- Ghana: External Sector Developments

Section I: World Economic Outlook

The protracted decline in commodity prices generally – and oil prices specifically – remains a major challenge to growth prospects in commodity exporting economies. Low commodity prices are likely to linger for some time.

4.1.1 Global GDP growth

According to IMF in its World Economic Outlook (WEO) update in January 2016, global growth moderated to 3.1 per cent in 2015, down from 3.4 per cent recorded in 2014. The moderation in growth performance mainly reflected continued slowdown in emerging and developing economies on account of depressed commodity prices, weaker capital flows and slowdown in global trade.

Global growth is projected to pick up in 2016-2017, at 3.4 per cent and 3.6 per cent in 2016 and 2017 respectively; lower than projected in the October 2015 WEO. But the forecast is subject to substantial downside risks including growth transition in China, lower commodity prices, heightened financial market volatility and uncertainty surrounding the outlook of major emerging market economies.

In Sub-Saharan Africa (SSA), growth is set to pick up, but at a lower level. Tighter external financial conditions, adjustment to weaker commodity prices and slower growth in China remain downside risks to SSA's growth performance in 2016.

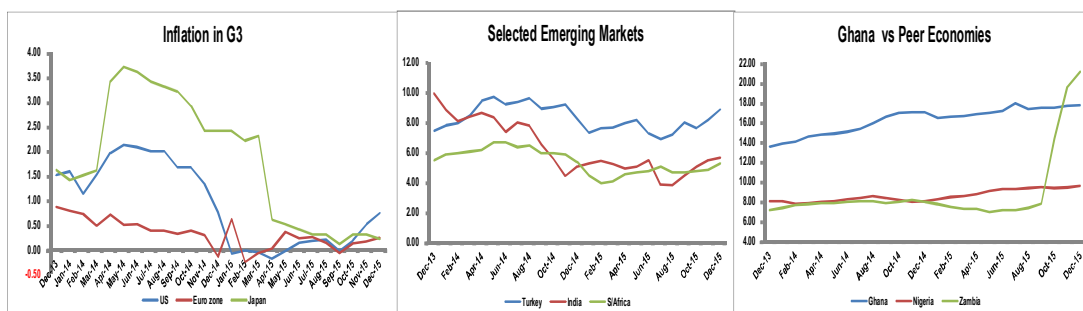
World Economic Indicators						
<i>(Percent change from previous year)</i>						
	Real GDP Growth					
	Realised		Projections		Diff. from Oct. 2015 GEP	
	2014	2015	2016	2017	2016	2017
World	3.4	3.1	3.4	3.6	-0.2	-0.2
Advanced Economies	1.8	1.9	2.1	2.1	-0.1	-0.1
USA	2.4	2.5	2.6	2.6	-0.2	-0.2
Euro Area	0.9	1.5	1.7	1.7	0.1	0.0
Japan	-0.1	0.6	1.0	0.3	0.0	-0.1
Emerging Markets and Developing Economies	4.6	4.0	4.3	4.7	-0.2	-0.2
China	7.3	6.9	6.3	6.0	0.0	0.0
India	7.3	7.3	7.5	7.5	0.0	0.0
Sub-Saharan Africa	5.0	3.5	4.0	4.7	-0.3	-0.2
South Africa	1.5	1.3	0.7	1.8	-0.6	-0.3
Ghana**	3.9	4.1	5.4	
Memorandum						
<i>World Trade Volume (Goods and Services)</i>	3.3	2.6	3.4	4.1	-0.7	-0.5
<i>Commodity Prices (US dollars)</i>						
Oil	-7.5	-47.1	-17.6	14.9	-15.2	4.8
Non-fuel	-4.0	-17.4	-9.5	0.4	-4.4	0.1
<i>Consumer prices</i>						
Advanced Economies	1.4	0.3	1.1	1.7	-0.1	0.0
Emerging Markets and Developing Economies	5.1	5.5	5.6	5.9	0.5	1.0
<i>Source: World Economic Outlook, Update January 2016</i>						
<i>**Ghana Statistical Service</i>						

Outlook:

With volatility on the rise in the financial markets coupled with uncertainties created by the continuing drop in oil prices, downside risks from the external sector remain heightened.

4.1.2 Global inflation

Global Inflation: Recent Developments (%) in Selected Economies									
Month	Advanced economies			Emerging Markets			Sub-Saharan Africa		
	US	Euro zone	Japan	Turkey	India	S/Africa	Ghana	Nigeria	Zambia
Dec-13	1.50	0.85	1.61	7.40	9.87	5.40	13.50	8.00	7.10
Jan-14	1.58	0.78	1.40	7.75	8.79	5.80	13.80	8.00	7.30
Feb-14	1.13	0.71	1.50	7.89	8.03	5.90	14.00	7.70	7.60
Mar-14	1.51	0.47	1.60	8.39	8.31	6.00	14.50	7.80	7.70
Apr-14	1.95	0.70	3.40	9.38	8.59	6.10	14.70	7.90	7.80
May-14	2.12	0.49	3.70	9.66	8.28	6.60	14.80	8.00	7.80
Jun-14	2.07	0.50	3.60	9.16	7.31	6.60	15.00	8.20	7.90
Jul-14	1.99	0.38	3.40	9.32	7.96	6.30	15.30	8.30	8.00
Aug-14	1.99	0.37	3.30	9.54	7.73	6.40	15.90	8.50	8.00
Sep-14	1.66	0.31	3.20	8.86	6.46	5.90	16.50	8.30	7.80
Oct-14	1.66	0.38	2.90	8.96	5.52	5.90	16.90	8.10	7.90
Nov-14	1.32	0.28	2.40	9.15	4.38	5.80	17.00	7.90	8.10
Dec-14	0.75	-0.16	2.40	8.17	5.00	5.30	17.00	8.00	7.90
Jan-15	-0.09	0.61	2.40	7.24	5.19	4.40	16.40	8.20	7.70
Feb-15	-0.03	-0.27	2.20	7.55	5.37	3.90	16.50	8.40	7.40
Mar-15	-0.07	-0.08	2.30	7.61	5.17	4.00	16.60	8.50	7.20
Apr-15	-0.20	0.01	0.60	7.91	4.87	4.50	16.80	8.70	7.20
May-15	-0.04	0.35	0.50	8.09	5.01	4.60	16.90	9.00	6.90
Jun-15	0.12	0.22	0.40	7.20	5.40	4.70	17.10	9.20	7.10
Jul-15	0.17	0.24	0.30	6.81	3.78	5.00	17.90	9.20	7.10
Aug-15	0.20	0.13	0.30	7.14	3.74	4.60	17.30	9.30	7.30
Sep-15	-0.04	-0.08	0.10	7.95	4.41	4.60	17.40	9.40	7.70
Oct-15	0.17	0.12	0.30	7.58	5.00	4.70	17.40	9.30	14.30
Nov-15	0.50	0.15	0.30	8.10	5.41	4.80	17.60	9.37	19.50
Dec-15	0.73	0.23	0.20	8.81	5.61	5.20	17.70	9.55	21.10



In 2015, global inflation continued to remain subdued. Both headline and core inflation declined on the back of lower commodity prices and sluggish economic outcome.

For the outlook, global average inflation in 2016 is projected to stay close to 3 per cent, the level observed in the past two years.

Deflationary concerns in advanced economies will continue to pose policy challenges, with renewed decline in commodity prices and weakness in global manufacturing weighing on prices of traded goods.

In emerging markets, mixed developments in inflationary pressures reflect the conflicting implications of declining exchange rates on one hand and effect of weakening domestic demand and lower commodity prices on the other.

In SSA, the simultaneous decline in commodity prices and aggregate demand would help reduce headline inflation. However, currency depreciation on the back of difficult external financing conditions could more than offset the effects of falling commodity prices on headline inflation. In addition, energy sector reforms, involving the removal of subsidies, could limit the benefits of lower oil prices on inflation.

4.1.3 Global financial stability

Global financial stability risks improved in 2015:H2, but show signs of deterioration in January 2016.

The improvement in the second half of 2015 was mainly driven by improvement in macro-financial environment in advanced economies on the back of broad-based recovery, growing confidence in monetary policy and the receding deflationary pressures in euro area. Recent financial market stress and low commodity prices have worsened global financial stability risks in 2016.

Globally, risk aversion has increased, reflecting the slowdown in China's growth prospects and falling oil prices. These developments have contributed to sharp selloffs in global equity markets this year. Scarcer central bank liquidity and deteriorating economic fundamentals and growth prospects in many economies have eroded risk appetite and may still be important factors defining financial stability in 2016 and 2017. The growing spreads and rapid outflows from emerging markets are assuming crisis proportions. Consequently, external financial and monetary conditions have been tighter, with declining credit growth to private sectors.

Financial markets are likely to remain unsettled for an extended period of time, following the growth transition in China, adverse corporate balance sheet effects and a sudden rise in global risk aversion. The ripple effect could be long lasting, increasing volatility in both equity and currency markets, affecting vulnerable emerging market and developing economies.

Financial stability in Sub-Saharan Africa

For SSA, headwinds from continued tighter external financial conditions and the increased risk aversion in the global financial markets constitute the main risks in the outlook for financial stability. The erosion of risk appetite will lead to sharp capital outflows and currency depreciation. The significant exchange rate

depreciation or a sharp increase in interest rates on the back of tighter global financial conditions could have implications for financial stability in SSA.

The renewed slump in crude oil prices with low probability of recovery has exacerbated domestic vulnerabilities in oil exporting countries. The implications of sustained oil price weakness on SSA exports, growth, and currencies could have far-reaching consequences on quality of banks' assets. The toxic combination of weak corporate profitability and fiscal stress will increase growing concerns about rising nonperforming loans.

The rapid expansion of pan-African banks - some of which have significant assets in oil exporting countries - may pose some risks. Specifically, should a pan-African bank experience financial difficulties following weakness in the commodity prices, it could impact countries where the group operates. Given the known weaknesses in cross-border supervision and resolution mechanisms, there could be considerable delays in detecting and mitigating the contagion effect.

Greater access to foreign market financing has increased some SSA frontier economies' exposure to volatility in international financial markets. SSA frontier economies have increased access to international financial markets by selling so-called Eurobond, denominated in dollars or euros. Rising foreign currency-denominated debt, or rolling over of these debts generate risks from sharp depreciations or interest rate hikes. Adverse external environment, heightening risk aversion and markets volatility, could lead to renewed bouts of capital outflows and currencies depreciation. Allowing exchange rate adjustment is the policy option to absorb these external shocks.

4.2 Global Monetary Policy Stance

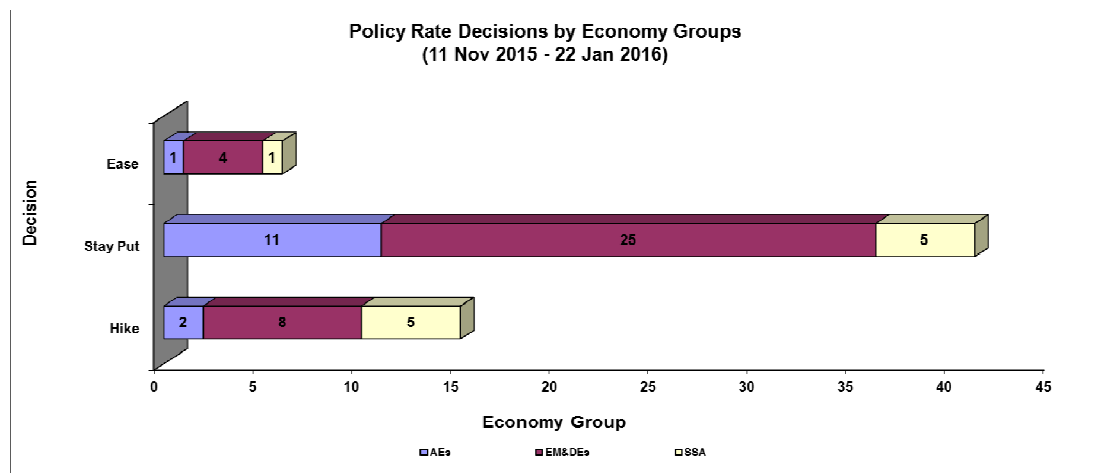
Monetary policy continues to be accommodative in advanced economies, but tight in several emerging economies in response to currency depreciations.

With the emerging global headwinds and US Fed's normalisation of interest rates, monetary policy has begun to tighten in several emerging market economies. However, following BoJ's move to negative policy rates, there could be another round of competitive easing in an effort to stimulate borrowing and growth.

Monetary policy in SSA will remain tightened in some countries, notably where currencies have come under pressure.

4.2.1 Interest/Policy Rate decisions

The period since the last MPC to date (11 November 2015 – 22 January 2016) saw 62 interest rate decisions from central banks around the world. Of those decisions, 15 hiked the policy rates while 6 reviewed rates downward.



Even though rate hikes constituted 24 percent and rate cuts made up 10 percent of policy decisions over the period, the net result was an increase in the average Global Monetary Policy Rate (GMPR) by 1 basis point to 6.27 per cent. The GMPR was 6.26 per cent during the November MPC meeting.

Global Interest Rate Monitor (GIRM)						
Economy	Current	Rate Change (bps)				
	Rate (%)	Last	Date	Ytd (bps)	2014	2013
GLOBAL	6.27			3,309	3,170	-4,176
US	0.25	-75	16 Dec-15	25	0	0
Euro zone	0.05	-10	4 Sep-14	0	-20	-50
Japan	0.0	-0.1	4 Apr-13	0	0	0
Turkey	7.50	-25	24 Feb-15	-75	375	-100
India	6.75	-25	29 Sep-15	-125	25	-25
S/Africa	6.25	25	19 Nov-15	25	75	0
Ghana	26.00	100	16 Nov-15	500	500	100
Nigeria	11.00	100	24 Nov-14	-200	100	0
Zambia	15.50	300	03 Nov-15	300	275	50

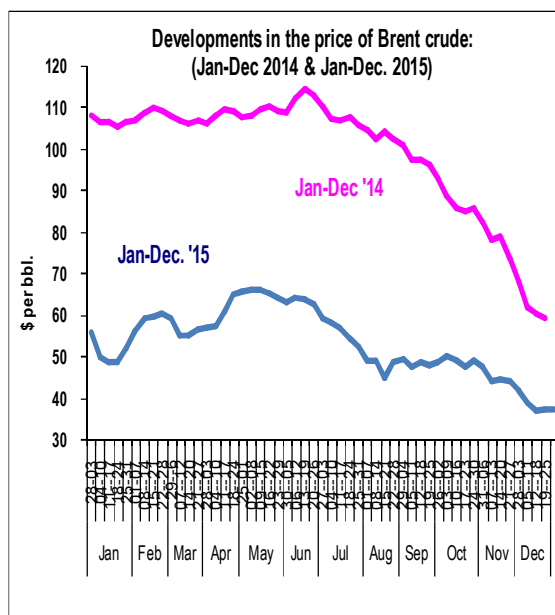
4.2.2 Measures other than changes in the policy rate

Responding to concerns about the path of inflation and the consequences of uncertain external environment on growth and inflation, the ECB at its October's meeting signalled strong bias towards further easing, raising market expectations of extension and stepping up of its sovereign bond purchases in December. The ECB emphasised its willingness to use all the tools at its disposal, including a further cut to its deposit rate below the current level of -0.2 per cent.

4.3 Commodities markets

Commodity prices softened throughout 2015, with aggregate commodity prices falling by 30.7 per cent (*IMF's commodity price forecasts, January 15, 2015*).

4.3.1 Oil



Global oil price slumped by 15.2 per cent in December 2015, averaging \$36.6 per barrel. These developments partly reflect ample supply by OPEC, subdued aggregate demand growth and the lift of sanctions on Iran.

The average weekly price of the benchmark Brent crude over the December 2014 – December 2015 period was \$54.38 per barrel, a 47.40 per cent decline from the average price of \$103.39 over the corresponding period a year ago. In 2015, the average weekly price witnessed a decline of 49.54 per cent to \$37.26 per barrel.

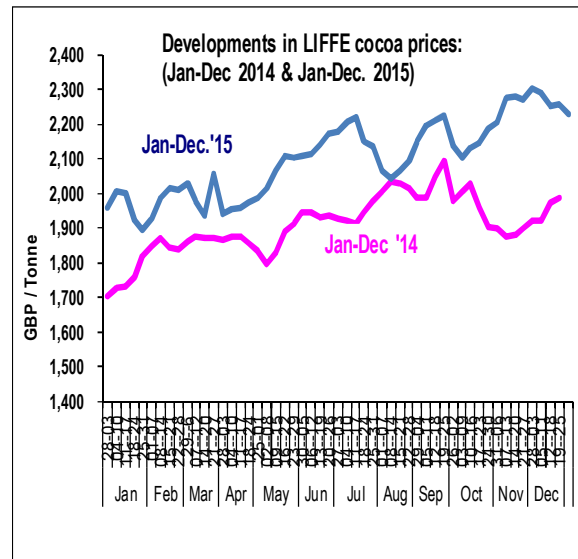
4.3.2 Cocoa

In Ghana, cocoa purchases over the first fourteen weeks of the 2015/2016 main crop season turned in 573,734 tonnes, which was 27.18 per cent higher, compared with the first fourteen weeks of the 2014/2015 main crop season.

Ghana : Cumulative Cocoa Purchases (tonnes)				
Season		Crop Year		Change (%)
		2014/15	2015/16	
MAIN	Actual (14 weeks)	451,116	573,734	27.18
	Act./Proj. for season	780,000	800,000	2.56
	Share (%)	57.84	71.72	

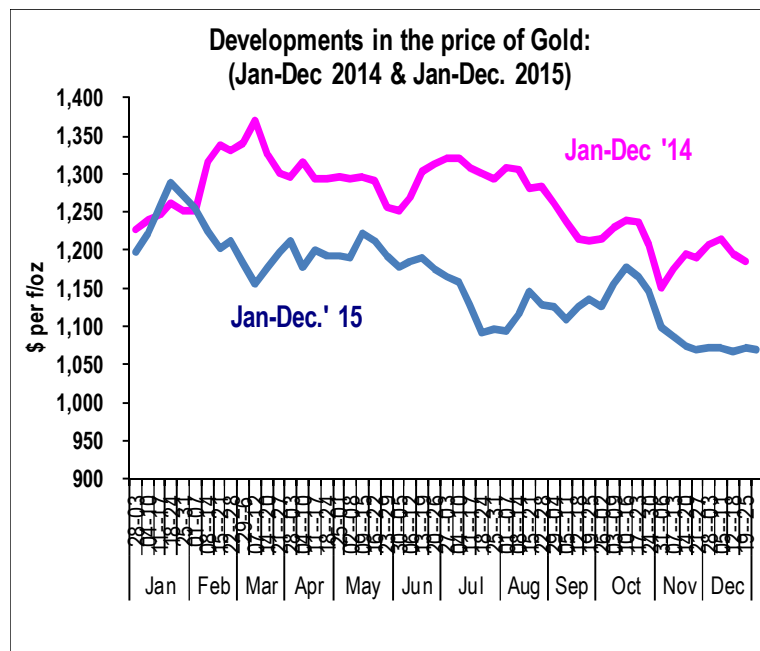
Cocoa prices generally trended gently upwards in 2015 with considerable fluctuations, against the backdrop of weaker global growth prospects.

During December 2014– December 2015, the London International Financial Futures Exchange (LIFFE) weekly price development of cocoa witnessed relatively lower fluctuations but increased by 10.4 per cent to £2,087.27 per tonne on the average.



In terms of the CSCE US\$ price, the 2015 price developments resulted in an increase of 3.1 per cent to \$3,227.00.

4.3.3 Gold



After collapsing to a 3-year low at the end of December 2013, gold prices continued this trajectory - declined in trend - throughout 2015. This development reflected slowing demand in China and stronger US dollar against major currencies.

The average weekly price over the December 2014 – December 2015 period declined by 8.26 per cent to \$1,162.88 per fine ounce, compared with \$1,267.62 over the corresponding period a year earlier.

4.4 Currencies Markets

MOVEMENTS OF SELECTED CURRENCIES AGAINST THE US DOLLAR (%)										
Pt-to-pt. (%)	Advanced Economies			Emerging Markets			SSA			
	Euro Euro zone	Pound UK	Yen Japan	New Lira Turkey	Rupee India	Rand S. Africa	Kwacha Zambia	Gh. Cedi Ghana	Naira Nigeria	Shilling Kenya
2014										
Jan	-0.7	0.5	-0.4	-7.2	-0.5	-4.7	0.1	-7.8	-0.7	0.1
Feb	0.4	0.6	1.6	0.7	-0.2	-0.6	-3.0	-5.5	-2.1	-0.1
Mar	1.2	0.4	-0.2	-0.3	2.1	1.9	-6.5	-5.5	-0.6	-0.2
Apr	-0.1	0.7	-0.1	4.1	1.0	1.9	-1.5	-4.4	1.5	-0.3
May	-0.5	0.6	0.6	1.7	1.7	1.2	-6.8	-3.4	0.2	-0.8
Jun	-1.0	0.4	-0.2	-1.3	-0.7	-2.5	5.4	-3.6	-0.6	-0.2
Jul	-0.5	0.9	0.3	-0.1	-0.5	0.2	2.5	-1.0	0.4	-0.2
Aug	-1.6	-2.2	-1.2	-2.0	-1.3	-0.0	0.7	-3.2	0.2	-0.4
Sep	-3.2	-2.4	-4.1	-2.4	-0.1	-3.0	-0.8	-2.0	-0.6	-0.8
Oct	-1.6	-1.3	-0.6	-1.6	-0.7	-0.6	-2.9	0.0	-1.0	-0.4
Nov	-1.6	-1.9	-7.2	0.8	-0.6	-0.2	-0.1	0.0	-3.8	-0.8
Dec	-1.2	-0.8	-2.5	-2.6	-1.6	-3.6	0.1	-0.1	-5.1	-0.5
Jan-Dec (Cum)	-10.1	-4.5	-13.4	-2.6	-1.4	-9.8	-12.8	-31.3	-11.8	-4.6
2015										
Jan	-5.8	-3.2	0.9	-1.8	1.0	-0.5	-2.2	-1.3	-0.8	-1.0
Feb	-2.3	1.2	-0.4	-5.3	0.2	-0.2	-4.2	-6.6	-6.5	-0.1
Mar	-4.7	-2.4	-1.4	-4.9	-0.8	-4.2	-7.8	-7.3	-1.3	-0.3
Apr	-0.0	0.1	0.7	-2.4	-0.3	0.8	-0.8	-2.7	0.0	-1.8
May	3.1	3.2	-1.1	0.4	-1.6	0.1	1.9	-3.7	0.0	-3.1
Jun	0.7	0.8	-2.3	-2.0	-0.1	-2.5	-0.9	-7.8	0.0	-2.3
Jul	-2.0	-0.1	0.3	0.0	0.3	-1.4	-4.4	25.2	0.2	-2.5
Aug	1.3	0.1	0.3	0.0	-2.4	-3.5	-5.3	-11.7	0.0	-1.2
Sep	0.8	-1.5	2.3	0.0	-1.6	-5.3	-20.8	5.3	0.0	-2.7
Oct	-0.0	0.0	0.1	0.0	1.8	1.1	-15.2	-1.7	-0.3	3.4
Nov	-4.5	-1.0	-2.1	-2.6	-1.7	-4.7	0.3	-0.1	0.0	-0.4
Dec	1.5	-1.4	0.8	-15.0	-0.6	-5.5	10.4	-0.0	-0.0	-0.0
Jan-Dec (Cum)	-11.7	-4.2	-1.9	-15.0	-5.7	-23.3	-41.8	-15.7	-8.5	-11.5

U.S. dollar appreciation was among the factors that contributed to the sharp drop in oil prices in 2014:H2 and beyond. As at end-December 2015, the US dollar had appreciated against all the major currencies on the stronger US economy and also on market expectations of an increase in interest rates in December 2015.

Section II: External Sector Developments

4.5 Local foreign exchange market

4.5.1 Nominal performance of the Ghana cedi – Bilateral and Effective

Bilateral movements

BILATERAL MOVEMENT OF THE CEDI AGAINST CORE CURRENCIES									
Month				Monthly Changes (%)			Year-on-year changes (%)		
	Gh¢/\$	Gh¢/£	Gh¢/€	Gh¢/\$	Gh¢/£	Gh¢/€	Gh¢/\$	Gh¢/£	Gh¢/€
2013									
Jan-13	1.8840	3.0237	2.5646	-0.2	1.1	-3.4	-12.6	-13.2	-15.1
Feb-13	1.8864	2.9065	2.5108	-0.1	4.1	2.1	-11.3	-7.9	-9.4
Mar-13	1.9010	2.9229	2.4760	-0.8	-0.6	1.4	-11.2	-5.4	-7.0
Apr-13	1.9126	3.0208	2.5235	-0.6	-3.4	-1.9	-11.0	-4.5	-5.2
May-13	1.9408	2.9780	2.5691	-1.4	1.5	-1.7	-6.7	-2.0	-7.3
Jun-13	1.9469	3.0919	2.6506	-0.3	-3.8	-3.0	-3.8	-2.3	-9.0
Jul-13	1.9494	3.1089	2.7228	-0.1	-0.5	-2.5	-3.3	-3.8	-12.4
Aug-13	1.9559	3.2290	2.8452	-0.3	-3.7	-3.9	-3.3	-5.7	-15.0
Sep-13	1.9608	3.3958	2.8829	-0.2	-4.7	-1.1	-3.1	-10.4	-15.0
Oct-13	2.0291	3.4296	2.9688	-3.2	-0.9	-2.5	-7.3	-11.6	-18.3
Nov-13	2.0822	3.5196	2.9715	-2.4	-2.3	-0.1	-9.8	-14.8	-17.7
Dec-13	2.2000	3.6715	3.0982	-4.8	-3.6	-3.4	-14.5	-16.7	-20.1
Cum. Change (%) Jan-Dec				-14.5	-16.7	-20.1			
2014									
Jan-14	2.3864	3.9160	3.2469	-7.8	-6.2	-4.6	-21.1	-22.8	-21.0
Feb-14	2.5243	4.2197	3.4676	-5.0	-6.7	-6.1	-25.3	-31.1	-27.6
Mar-14	2.6707	4.4478	3.6479	-4.8	-4.5	-4.4	-28.8	-34.3	-32.1
Apr-14	2.7950	4.7251	3.8509	-3.7	-4.8	-4.5	-31.6	-36.1	-34.5
May-14	2.8935	4.9635	4.0066	-2.7	-3.7	-3.1	-32.9	-40.0	-35.9
Jun-14	3.0016	5.1080	4.0934	-2.7	-2.1	-1.6	-35.1	-39.5	-35.2
Jul-14	3.0337	5.1297	4.0583	-0.8	-0.3	0.7	-35.7	-39.4	-32.9
Aug-14	3.1333	5.1949	4.1278	-2.3	-0.9	-1.3	-37.6	-37.8	-31.1
Sep-14	3.1973	5.1942	4.0566	-1.4	0.0	1.3	-38.7	-34.6	-28.9
Oct-14	3.1942	5.1175	4.0303	0.1	1.1	0.5	-36.5	-33.0	-26.3
Nov-14	3.1955	5.0364	3.9933	0.0	1.2	0.7	-34.8	-30.1	-25.6
Dec-14	3.2001	4.9791	3.8959	-0.1	0.8	1.9	-31.3	-26.3	-20.5
Cum. Change (%) Jan-Dec				-31.3	-26.3	-20.5			
2015									
Jan-15	3.2436	4.8986	3.6705	-1.2	1.6	6.1	-26.4	-20.1	-11.5
Feb-15	3.4745	5.3559	3.9001	-6.6	-8.7	-6.2	-27.3	-21.2	-11.1
Mar-15	3.7472	5.5483	4.0582	-6.7	-3.2	-3.9	-28.7	-19.8	-10.1
Apr-15	3.8493	5.9487	4.2917	-2.3	-6.0	-5.2	-27.4	-20.6	-10.3
May-15	3.9976	6.1048	4.3609	-3.1	-2.1	-1.4	-27.6	-18.7	-8.1
Jun-15	4.3364	6.8335	4.8489	-6.3	-8.7	-9.0	-30.8	-25.3	-15.6
Jul-15	3.4648	5.4211	3.8256	18.6	19.0	21.5	-12.4	-5.4	6.1
Aug-15	3.9231	6.0261	4.3938	-10.8	-9.2	-13.2	-20.1	-13.8	-6.1
Sep-15	3.7899	5.8312	4.1302	2.9	2.8	5.7	-15.6	-10.9	-1.8
Oct-15	3.7896	5.8282	4.1924	0.0	0.0	-1.4	-15.7	-12.2	-3.9
Nov-15	3.7932	5.7103	4.0072	-0.1	1.8	4.3	-15.8	-11.8	-0.3
Dec-15	3.795	5.6165	4.132	0.0	1.5	-2.9	-15.7	-11.3	-5.7
Cum. Change (%) Jan-Dec				-15.7	-11.3	-5.7			

Developments in the nominal bilateral exchange rates of the cedi against the three core currencies – the US dollar, the pound sterling and the euro – show that from January to December 2015, the cedi depreciated, cumulatively, by 15.7, 11.3 and 5.7 percent against the US dollar, the pound and the euro respectively.

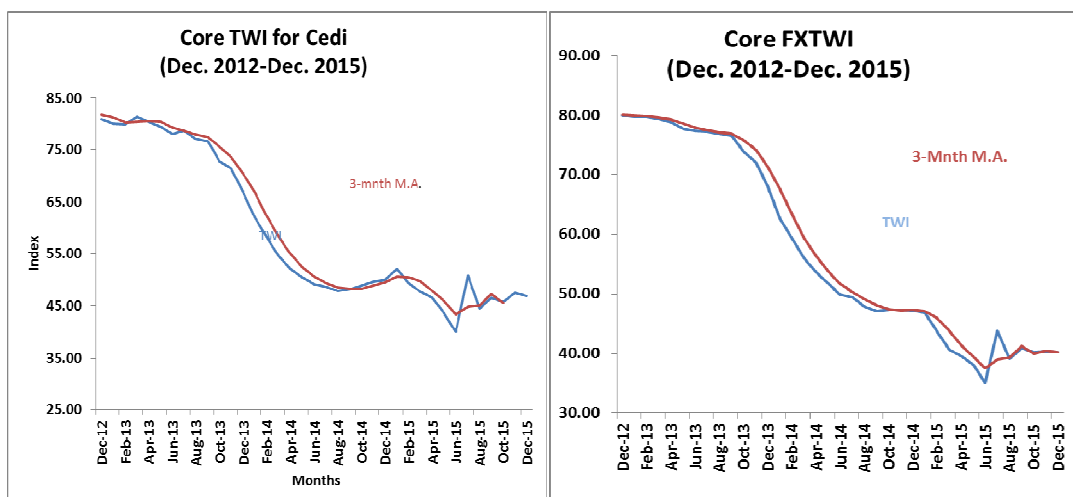
This is compared with similar depreciations of 31.3, 26.3 and 20.5 percent against the US dollar, the pound and the euro respectively over the corresponding period of 2014.

The cedi performance to February 15, 2016 indicates cumulative depreciation of 2.20 percent to the US dollar. It compared to similar depreciation of 5.57 over the corresponding period in 2014.

Nominal Effective Exchange Rates (NEERs)

Trade Weighted Index (TWI)

The major (or core) Trade Weighted Index (TWI) is an index measure of the value (January 2002=100), in nominal terms, of the cedi relative to the currencies of Ghana's top three trading currencies combined – the euro, the pound and the dollar. It is thus a nominal effective index.



	Nominal TWI and FXTWI (Jan. 2014 - Dec. 2015)					
	2014			2015		
	Dec-13	Dec-14	Change (%)	Dec-14	Dec-15	Change (%)
TW	66.74	50.06	-25.0	50.06	46.91	-6.3
FXTWI	68.10	47.21	-30.7	47.21	40.26	-14.7

For December 2014 - December 2015 period, the cedi depreciated by 6.3 index points in trade-weighted terms. This compares with a depreciation of 25.0 index

points over the corresponding period a year earlier. The December 2015 value of the index was 46.91 and was 0.67 of an index point below its quarterly trend represented by the 3-month moving average.

Foreign Exchange Transactions Weighted Index (FXTWI)

Like the TWI, the FXTWI is nominal and effective, the difference being that while the TWI uses total merchandise trade (i.e. imports plus exports) as weights, the FXTWI uses the value of total foreign exchange transactions (i.e. purchases and sales) in the three core currencies as weights.

The FXTWI also shows similar depreciation in 2015. The cedi depreciated in foreign exchange transactions-weighted terms by 14.7 index points as compared with a depreciation of 30.7 index points in corresponding period in 2014. The end-December 2015 value of the index of 40.26 and was 0.50 index point below its quarterly trend represented by the 3-months moving average.

4.5.2 Real exchange rate developments

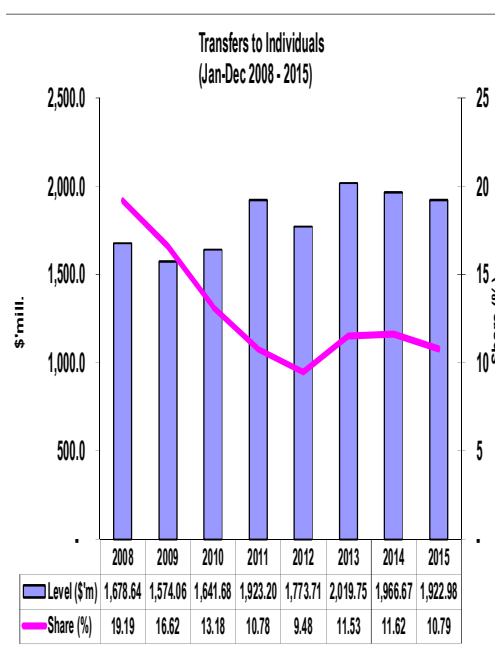
Real Bilateral Exchange Rate Developments									
Month	RERI (Jan.11=100)			MONTHLY CHANGE (Index)			CUMULATIVE (%)		
	EUR	GBP	USD	EUR	GBP	USD	EUR	GBP	USD
2007	97.4	87.7	106.6				-5.8	1.9	3.1
2008	97.6	108.9	100.4				0.2	21.2	-6.2
2009	88.3	95.8	96.6				-9.3	-13.1	-3.8
2010	100.3	101.1	100.1				11.9	5.3	3.5
2011	101.3	100.2	100.3				1.0	-0.8	0.2
2012	89.3	84.6	88.5				-12.0	-15.7	-11.8
2013	73.3	66.3	67.5				-7.2	-5.3	-3.9
2014									
Jan-14	79.8	75.9	80.8	-2.4	-3.4	-3.8			
Feb-14	76.3	71.7	76.9	-3.4	-4.2	-3.8			
Mar-14	70.8	68.0	72.9	-5.6	-3.7	-4.1			
Apr-14	68.8	65.5	70.6	-2.0	-2.6	-2.3			
May-14	67.3	63.4	68.8	-1.4	-2.1	-1.8			
Jun-14	66.7	61.8	67.1	-0.6	-1.6	-1.7			
Jul-14	67.8	61.7	67.4	1.1	-0.1	0.3			
Aug-14	66.5	60.8	65.2	-1.3	-0.9	-2.2			
Sep-14	66.9	61.0	63.8	0.4	0.1	-1.4			
Oct-14	69.9	63.3	65.6	2.9	2.3	1.8			
Nov-14	71.7	65.2	66.5	1.9	1.9	0.9	-17.8	-23.1	-24.2
2015									
Jan-15	67.3	63.4	68.8	-1.4	-2.1	-1.8			
Feb-15	66.7	61.8	67.1	-0.6	-1.6	-1.7			
Mar-15	67.8	61.7	67.4	1.1	-0.1	0.3			
Apr-15	66.5	60.8	65.2	-1.3	-0.9	-2.2			
May-15	66.9	61.0	63.8	0.4	0.1	-1.4			
Jun-15	69.9	63.3	65.6	2.9	2.3	1.8			
Jul-15	71.7	65.2	66.5	1.9	1.9	0.9			
Aug-15	73.3	66.3	67.5	1.5	1.2	1.0			
Sep-15	80.7	70.5	69.3	7.4	4.2	1.8			
Oct-15	77.5	65.7	65.1	-3.3	-4.9	-4.2			
Nov-15	75.1	62.9	60.5	-2.4	-2.8	-4.6	15.1	2.7	-1.4

Over the January – December 2015 period, the cedi's real exchange rate cumulatively appreciated by 1.4 against the dollar, but appreciated by 15.1 and

2.7 against the euro and the pound sterling respectively. For the corresponding period in 2014, the cedi's real exchange rate depreciated by 17.8, 23.1 and 24.2 per cent against the euro, the pound sterling and the dollar respectively.

4.5.3 Inward transfers

INWARD TRANSFERS THRO' BANKS					
Jan -Dec, 2009 - 2015					
(\$million)					
Year	Q1	Q2	Q3	Q4	JAN-DEC
2009	1,976.59	2,249.49	2,964.19	2,723.98	9,914.25
2010	2,500.96	3,028.50	3,155.91	3,958.00	12,643.37
2011	4,219.96	4,369.92	4,416.66	4,838.31	17,844.86
2012	4,505.74	4,400.38	4,465.85	5,343.70	18,715.67
2013	3,904.18	4,462.05	4,217.35	4,960.77	17,544.36
2014	3,810.95	3,841.24	4,063.69	5,209.20	16,925.08
2015	4,339.26	5,044.85	3,956.95	4,477.05	17,818.11
Change (\$'m)					
2009-10	524.37	779.02	191.72	1,234.02	2,729.12
2010-11	1,719.01	1,341.42	1,260.75	880.31	5,201.49
2011-12	285.78	30.46	49.18	505.39	870.81
2012-13	-601.56	61.67	-248.49	-382.94	-1,171.32
2013-14	-93.23	-620.81	-153.66	248.43	-619.28
2014-15	-3,810.95	-3,841.24	-4,063.69	-5,209.20	893.03
Change (%)					
2009-10	26.5	34.6	6.5	45.3	27.5
2010-11	68.7	44.3	39.9	22.2	41.1
2011-12	6.8	0.7	1.1	10.4	4.9
2012-13	-13.4	1.4	-5.6	-7.2	-6.3
2013-14	-2.4	-13.9	-3.6	5.0	-3.5
2014-15	13.9	31.3	-2.6	-14.1	5.3



	United Kingdom		USA and Canada		European Union		ECOWAS		Rest of Africa		Others	
	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015
Remittance Inflows by Source (USD\$ Million)												
Jan	11.79	19.03	78.55	88.70	11.75	16.41	5.47	16.63	3.28	4.83	9.29	11.65
Feb	13.46	51.16	70.70	85.98	17.67	15.70	4.25	15.73	6.02	2.71	5.96	10.75
Mar	32.69	27.55	126.87	119.46	25.00	15.13	4.26	15.08	5.49	6.00	21.39	5.74
Apr	14.95	27.80	92.07	82.65	13.51	14.37	4.43	16.88	3.84	1.54	7.02	6.58
May	24.33	27.98	64.31	88.97	23.39	12.10	7.79	4.73	2.55	1.91	7.38	6.63
June	23.21	26.26	86.88	89.29	12.89	14.38	3.91	19.61	3.50	2.42	11.68	8.83
July	18.85	35.51	86.77	109.55	13.09	12.88	4.37	13.39	2.75	3.59	5.90	5.35
Aug	17.62	27.32	74.22	81.64	18.96	9.07	6.68	5.58	1.79	1.19	7.45	6.13
Sep	15.52	29.26	81.09	82.86	13.05	11.23	4.92	3.81	1.33	1.10	14.59	7.60
Oct	17.96	31.78	111.86	120.39	10.65	68.79	3.36	19.22	4.24	2.19	3.77	47.49
Nov	31.12	28.64	154.56	71.09	14.47	23.24	18.10	18.59	11.51	2.10	20.44	7.37
Dec	40.82	29.80	230.63	101.70	19.77	36.57	4.49	9.25	10.57	2.37	7.85	7.52
Total	262.32	362.09	1,258.52	1,122.28	194.21	249.86	72.02	158.49	56.87	31.92	122.72	131.64
Percentage Share of Total Inflows												
Jan	9.82	12.10	65.39	56.41	9.78	10.43	4.55	10.58	2.73	3.07	7.73	7.41
Feb	11.40	28.11	59.89	47.23	14.97	8.63	3.60	8.64	5.10	1.49	5.05	5.91
Mar	15.16	14.58	58.82	63.22	11.59	8.01	1.97	7.98	2.55	3.17	9.92	3.04
Apr	11.01	18.53	67.78	55.10	9.95	9.58	3.26	11.25	2.83	1.03	5.17	4.38
May	18.75	19.66	49.56	62.51	18.03	8.50	6.00	3.33	1.97	1.34	5.69	4.66
June	16.34	16.33	61.15	55.54	9.07	8.94	2.75	12.20	2.46	1.50	8.22	5.49
July	14.31	19.70	65.87	60.77	9.94	7.15	3.32	7.43	2.08	1.99	4.48	2.97
Aug	13.90	20.87	58.57	62.36	14.96	6.93	5.27	4.26	1.41	0.91	5.88	4.68
Sep	11.89	21.54	62.14	60.99	10.00	8.27	3.77	2.80	1.02	0.81	11.18	5.59
Oct	11.83	10.97	73.67	41.54	7.02	23.73	2.21	6.63	2.79	0.75	2.48	16.38
Nov	12.44	18.96	61.77	47.07	5.78	15.39	7.23	12.31	4.60	1.39	8.17	4.88
Dec	12.99	15.92	73.42	54.32	6.29	19.53	1.43	4.94	3.37	1.27	2.50	4.02
Total	13.62	19.05	61.02	58.24	12.03	8.49	3.83	7.61	2.46	1.70	7.03	4.90

Private inward transfers – received by **NGOs, embassies, service providers, individuals etc.** – through the banks for January to December 2015 amounted

to \$17.818 billion, which represents 5.28 percent increase over the transfers through banks over the corresponding period in 2014.

Of the total transfers from January-December 2015, \$1.923 billion (or 10.79%) accrued to individuals, representing a 16.9 percent decrease over the corresponding period in 2014 of \$1.967 billion (or 11.62%).

For further information, contact:
Financial Stability Department,
Bank of Ghana,
Accra.
Tel: +233 302665252 (Ext. 5109)
Fax: +233 30 2660844
Website: www.bog.gov.gh