



**Bank Of Ghana**

# **Quarterly Bulletin**

**July - September 2015**



**BANK OF GHANA**

# Quarterly Bulletin

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# OVERVIEW

## Introduction

This Economic report highlights developments in the global and domestic economies for the third quarter of 2015. This includes developments in the real sector performance, inflation, Government budgetary operations, monetary aggregates, banking sector credit, exchange rates, interest rates, capital market, external sector and debt stock.

## Global Economy

The Global economic recovery remained modest during the third quarter of 2015, albeit varying across regions. Growth momentum in the United States, the United Kingdom and China appeared to slow, while momentum in Japan remained relatively subdued. However, growth in advanced economies is expected to pick up slightly. On the contrary, the downside risks to the outlook for emerging market and developing economies have intensified due to declining commodity prices, reduced capital flows to emerging markets and pressure on their currencies, as well as increasing financial market volatility. Global inflation was generally mixed during the review quarter. Inflation in the advanced economies slowed down, while prices in emerging and developing countries generally picked up.

## The Domestic Economy

### *Real Sector Performance*

Developments in some selected real sector indicators showed improvements in economic activity in the third quarter of 2015 compared with trends observed in the corresponding period of 2014. Economic indicators such as consumer spending, income and corporate taxes, industry consumption of electricity, tourists' arrivals and port activities picked up during the review period.

### *Inflation*

Headline inflation picked up from 17.1 per cent at the end of the second quarter of 2015 to 17.4 per cent at the end of the third quarter of 2015. The rise in CPI inflation during the review quarter was due to food inflation which increased by 0.4 percentage points from 7.4 per cent in June 2015 to 7.8 per cent in September 2015, while non-food inflation declined by 0.4 percentage points to 23.2 per cent over the same period.

### *Government Budgetary Operation*

Fiscal operations for the third quarter of 2015 resulted in an overall budget deficit of GH¢3,712.5 million (2.8% of GDP) against the programmed deficit of GH¢2,982.3 million (2.2% of GDP). Government receipts (including grants) for the review period amounted to GH¢7,741.4 million (5.8% of GDP), compared with a target of GH¢7,713.8 million (5.8% of GDP) and the outturn of GH¢6,452.8 million (5.7% of GDP) recorded for the corresponding quarter in 2014. Total Government expenditure

in the third quarter of 2015 amounted to GH¢10,149.1 million (7.6% of GDP), compared with the targeted amount of GH¢9,840.0 million (7.4% of GDP) and the outturn of GH¢8,228.6 million (7.3% of GDP) recorded in the corresponding period of 2014. The deficit, together with other domestic repayment of GH¢47.6 million and a transfer into the petroleum funds of GH¢64.1 million, created a resource gap of GH¢3,824.2 million. This was financed from a net foreign loan inflow of GH¢907.5 million and domestic sources to the tune of GH¢2,916.7 million.

***Money  
Aggregates***

Broad money supply including foreign currency deposits (M2+) grew by 23.3 per cent (GH¢7,472.2 million), year-on-year, in September 2015 compared to 33.6 per cent (GH¢8,054.3 million) recorded in September 2014. The moderate growth in M2+ in the review quarter resulted from significant declines in both Net Foreign Assets (NFA) and the Net Domestic Assets (NDA) of the banking system. The NFA declined by 39.7 per cent (GH¢-2,495.3 million), while the NDA increased by 38.7 per cent (GH¢9,967.6 million). At the end of September 2015, M2+ stood at GH¢39,524.6 million compared with GH¢32,052.3 million in September 2014.

***Banking Sector  
Credit***

The annual growth in banks' outstanding credit to the public and private institutions at the end of the third quarter of 2015 moderated on year-on-year basis. Total outstanding credit to the public and private sectors stood at GH¢28,730.7 million at the end of the third quarter of 2015, indicating a year-on-year growth of 22.3 per cent. This compared with a growth of 50.6 per cent recorded in September 2014. In real terms, credit from the banks decreased from 29.3 per cent year-on-year in September 2014 to 2.8 per cent in September 2015. The private sector accounted for 88.2 per cent of total outstanding credit at the end of the review period, compared with 87.5 per cent recorded in September 2014.

***Exchange  
Rates***

Developments in the foreign exchange market during the third quarter of 2015 indicated that the Ghana cedi strengthened against its major trading currencies. This was mainly due to improvement in foreign exchange inflows and a decline in demand of foreign exchange for non-oil imports and loan repayments. On the inter-bank market, the Ghana Cedi appreciated by 15.3 per cent, 19.8 per cent and 14.6 per cent against the US dollar, the pound sterling and the euro respectively during the review quarter. Developments in the forex bureau market mirrored that of the interbank market with the Cedi appreciating by 14.9 per cent, 13.4 per cent and 8.5 per cent against the US dollar, the pound sterling and the euro respectively.

### ***Interest Rates***

Developments in interest rates on the money market during the third quarter of 2015 showed some mixed trends. In the review quarter, the Monetary Policy Committee (MPC) increased the Policy Rate to 25.00 per cent in September 2015, indicating year-on-year and year-to-date increases of 600 basis points (bps) and 400 bps respectively. In contrast, interest rates on the 91-day and 182-day Treasury bills decreased on year-on-year and year-to-date basis to 25.20 per cent and 25.88 per cent in the third quarter of 2015. The interbank weighted average rate however increased from 24.12 per cent in June 2015 to 24.93 per cent in September 2015. Similarly, the spread between borrowing and lending rates rose to 15.98 per cent in September 2015. The banks' average base rate also increased from 26.25 per cent in June 2015 to 26.82 per cent in September 2015.

### ***Capital Market***

The GSE Composite-index (GSE-CI) declined by 14.6 per cent (342.71 points) to close the quarter at 2,009.5 points. This compares with a decline of 5.6 per cent (133.7 points) in the third quarter of 2014. The weak performance of the GSC-CI during the review period was largely attributed to the attractive rates on the money market instruments, rising inflation expectations and high volatility in the domestic currency. Market capitalization of the GSE also decreased to GH¢62,183.0 million in the review quarter, from 64,616.5 million registered at the end of second quarter of 2015, due mainly to a general decline in stock prices.

### ***External Sector Developments***

The Total value of merchandise exports for the third quarter of 2015 was estimated at US\$2,201.8 million, a decrease of 25.9 per cent from US\$2,974.2 million recorded in the third quarter of 2014. The fall in export earnings during the review period was attributable to a low outturn in receipts from gold and oil exports, on account of both volume and price effects. Similarly, the total value of imports in the third quarter of 2015 also decreased by 6.3 per cent to US\$3,427.3 million from US\$3,433.6 million recorded in the third quarter of 2014. This was as a result of a 39.7 per cent decline in oil imports during the review quarter, largely due to price effects. The trade balance consequently deteriorated from a deficit of US\$864.3 million in the third quarter of 2014 to a deficit of US\$1,085.7 million in the third quarter of 2015, mainly on account of declining export receipts; notably gold and oil.

The country's gross financial assets decreased by US\$940.5 million (17.2%) to US\$4,520.5 million at the end of September 2015 from a level of US\$5,461.01 million at the end of December 2014.

This level of reserves was enough to provide cover for 2.8 months of imports, compared with 3.9 and 3.8 months of imports cover at the end of September 2014 and December 2014 respectively.

***External Debt***

Provisional estimates indicated that the stock of Ghana's external debt at the end of September 2015 totalled US\$14,361.07 million, a decline of 2.8 per cent (US\$395.1 million) from US\$13,552.65 million recorded at the end of June 2015, and an increase of 2.2 per cent (US\$315.54 million) from US\$14,051.53 million registered at the end of December 2014.

# 1. Developments in the World Economy

Global economic activity remained modest in the third quarter of 2015, with substantial divergence across major economies. Growth momentum in the United States and the United Kingdom appeared to slow, following a strengthening in activity in the second quarter, while momentum in Japan remained relatively subdued. In China, data for the third quarter remain consistent with a gradual slowdown in the economy. The downside risks to the outlook for emerging markets and developing economies have intensified amid declining commodity prices, reduced capital flows to emerging markets and pressure on their currencies, and increasing financial market volatility. In the outlook, growth in advanced economies is expected to pick up slightly, while activity in emerging market and developing economies is projected to slow for the fifth consecutive year due to weaker prospects for some large emerging market economies and oil-exporting countries.

Table 1.1: World Economic Indicators

	2013	2014	2015 proj	2016 proj
<b>World Output</b>	<b>3.4</b>	<b>3.4</b>	<b>3.1</b>	<b>3.6</b>
<i>Advanced Economies</i>	<b>1.4</b>	<b>1.8</b>	<b>2.0</b>	<b>2.2</b>
United States	2.2	2.4	2.6	2.8
Euro Area	-0.4	0.9	1.5	1.6
Japan	1.6	-0.1	0.6	1
United Kingdom	1.7	3	2.5	2.2
<i>Emerging and Developing Economies</i>	<b>5.0</b>	<b>4.6</b>	<b>4.0</b>	<b>4.5</b>
China	7.7	7.3	6.8	6.3
Brazil	2.7	0.1	-3.0	-1.0
Mexico	1.4	2.1	2.3	2.8
<i>Sub-Saharan Africa</i>	<b>5.2</b>	<b>5.0</b>	<b>3.8</b>	<b>4.3</b>
Nigeria	5.4	6.3	4.0	4.3
South Africa	2.2	1.5	1.4	1.3

Source: IMF WEO, October 2015

## European Economies

Economic recovery in the Euro area continued, supported by domestic factors and in particular private consumption. Output rose by 0.4 per cent on a quarter-on-quarter basis, in the second quarter of 2015, following a rise of 0.5 per cent in the first quarter. Latest economic indicators point to pick up in the pace of GDP growth in the third quarter. Euro area real GDP stood at 2.7 per cent in the second quarter of 2015. Euro area export growth is likely to have slowed in the third quarter, reflecting weak global trade. Trade data for July and August point to slowing export growth in the third quarter of 2015, likely driven by weak growth momentum in emerging market economies and the gradual slowdown in China. More timely indicators such as surveys, signal a further weakening of foreign demand and export growth in the near term. In addition, the recent appreciation of the euro could weigh on exports.

## United Kingdom

Preliminary growth estimates indicate that in the third quarter of 2015, the British economy grew by 0.5 per cent, slowing from a 0.7 per cent expansion in the previous period. The growth outturn was lower than expected and dragged down mainly by weaker construction and manufacturing activities. Construction fell by 2.2 per cent, after a 1.4 per cent rise in the second quarter, the lowest performance since the third quarter of 2012. Manufacturing also shrank for the third straight quarter, down 0.3 per cent in the third quarter, following a 0.5 per cent drop in the second quarter. In contrast, mining and quarrying went up by 2.4 per cent (7.5% in Q2), and energy supply expanded by 0.2 per cent, rebounding from a decrease of 3.0 per cent in the second quarter. Services rose by 0.7 per cent, following an increase of 0.6 per cent in the second quarter, boosted by business services and finance.

## The US Economy

Initial growth estimates by the Bureau of Economic Analysis showed that the US economy expanded by an annualized 1.5 per cent in the third quarter of 2015, lower than a 3.9 per cent expansion in the previous period and below market expectations. The data suggested that gains in consumer and business spending were offset by negative contribution from change in private inventories. Consumer spending contributed 2.2 per cent to overall growth in the quarter. Fixed investment went up by 2.9 per cent, slowing from a 5.2 per cent rise in the second quarter amid a slowdown in both non-residential and residential investment growth. Government spending expanded by 1.7 per cent (2.6% in Q2), boosted by state and local expenditure (2.6% from 4.3%), while federal expenditure edged up by 0.2 per cent (after being flat in Q2). However, export growth slowed to 1.9 per cent (5.1% in Q2) dragged down by strong dollar. The deceleration was offset by a slowdown in imports (1.8% vs. 3% in Q2), leaving the impact from trade on GDP growth neutral.

## JAPAN

In Japan, growth momentum remained relatively subdued, following a decline in economic activity in the second quarter. Real GDP contracted by 0.3 per cent quarter-on-quarter in the second quarter, partly reflecting temporary factors such as adverse weather, and substantial weakness in private consumption and foreign demand. Latest monthly data point to mixed results in the third quarter. Although the increase in the synthetic consumption index in August suggests a rebound in consumer spending, consumer sentiment remains fragile. Meanwhile, private sector core machinery orders – a leading indicator for business investment spending – fell considerably in July and August.

## CHINA

The Chinese economy expanded by a quarter-on-quarter seasonally adjusted rate of 1.8 per cent in the third quarter of 2015, the same pace as was reported in the second quarter and slightly above market consensus. On year-on-year terms, GDP advanced by 6.9 per cent, slightly down from 7.0 per cent in the second quarter of 2015, mainly due to a slowdown in industrial output, sluggish property investment and a contraction in exports. For 2015, the economy was projected to grow by around 7 per cent, the slowest expansion in 25 years. In 2014, the GDP grew by 7.4 per cent, slowing from 7.7 per cent in the preceding year.

## Emerging Market Economies (EMEs)

Emerging market economies have faced numerous shocks including the sharp fall in commodity prices, tightening external financing conditions and the slowdown in China in the first-three quarters of 2015. Consequently, growth momentum remains weak and heterogeneous. The steep decline in commodity prices has led to a divergence in growth between commodity-importing and commodity-exporting economies. Economic activity has remained resilient in commodity-importing countries (including India, Turkey and non-euro area central and eastern European countries), while it continued to slide in commodity-exporting countries. This slowdown was particularly sharp in two large commodity-exporting countries – Russia and Brazil – where recessions intensified in the second quarter of 2015.

## Sub-Saharan Africa

According to the latest Regional Economic Outlook, October 2015, growth in Sub-Saharan Africa has weakened markedly, and is now expected at 3.75 per cent in 2015, from 5.0 per cent in 2014. The major factors that drove the weak growth momentum were declining commodity prices, and tightening global financial condition. With a strong possibility that the external environment remains less favourable, risks to the growth outlook remain on the downside, especially as a number of countries have limited external and fiscal buffers than before the global financial crisis. In most of the region's low-income countries, growth is holding up, supported by ongoing infrastructure investment and solid private consumption, despite the dampening effect of sharp decline in commodity prices. In contrast, growth has been hard hit in the region's largest oil producers, Nigeria and Angola as falling export incomes and resulting sharp fiscal adjustments impact adversely on economic activity. Several middle-income countries, such as Ghana, South Africa, and Zambia, are also facing unfavourable conditions, including weak commodity prices, difficult financing conditions in the context of large domestic imbalances, and electricity shortages.

## 2. Real Sector Developments

Review of selected indicators of economic activity suggested that the domestic economy experienced some improvement during the third quarter of 2015 relative to trends observed in the same quarter a year ago.

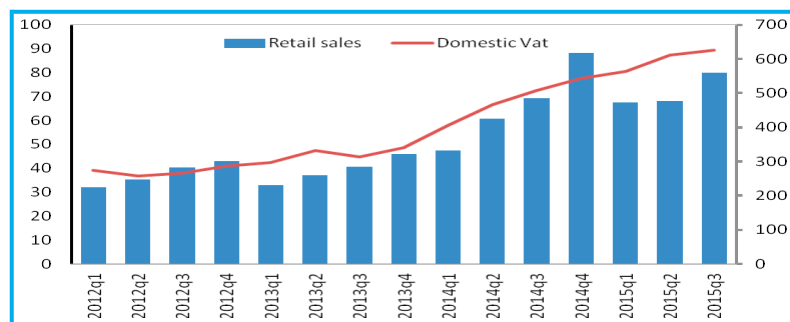
### 2.1 Indicators of Economic Activity

#### 2.1.1 Consumer Spending

Consumer spending, measured by domestic VAT collections and retail sales indicated a pickup in the third quarter of 2015 relative to trends observed in a similar period in 2014. Retail sales improved by 15.5 per cent year-on-year to GH¢79.96 million during the third quarter of 2015 relative to GH¢69.20 million collected during the same quarter in 2014. The growth in retail sales was partly due to a pickup in household spending during the review period. Also, retail sales for the third quarter of 2015 improved by 17.1 per cent over the GH¢68.26 million collected in the second quarter of 2015.

Similarly, domestic VAT collections picked up by 23.3 per cent year-on-year to GH¢625.71 million in third quarter of 2015 from GH¢507.54 million recorded during the same quarter in 2014. Also, domestic VAT collections for third quarter of 2015 constituted a growth of 2.4 per cent over GH¢611.28 million registered during the second quarter of 2015. The improvement in domestic VAT was due to a surge in P.A.Y.E which impacted positively on household consumption during the review period.

Chart 2.1: Retail Sales and Domestic VAT (GH¢\* million)



#### 2.1.2 Production (Incomes)

Manufacturing related activities measured by trends in income and corporate tax collections and workers contributions to the SSNIT Scheme also improved in the third quarter of 2015 relative to the performance observed during the same quarter in 2014. Income and corporate tax collections picked-up by 15.1 per cent year-on-year to GH¢2,201.89 million during the third quarter of 2015 from



GH¢1,913.07 million collected during a similar quarter a year ago. The relative improvement in income and corporate tax may be attributed to significant improvement in PAYE tax and corporate tax payment compliance. However, income and corporate tax collections for third quarter of 2015 dipped by 2.5 per cent from GH¢2,257.55 million contributed during the second quarter of 2015.

In terms of contribution, from the various sub-sectors, P.A.Y.E and Self-employed accounted for 44 per cent, followed by Corporate tax with 43 per cent, while Other Sources Category contributed 13 per cent.

Workers contributions to the SSNIT Scheme improved by 31.3 per cent on year-on-year to GH¢235.67 million during the third quarter of 2015 from GH¢179.50 million collected in a similar quarter of 2014. Also, workers contribution in the third quarter of 2015, constituted growth of 16.9 per cent above GH¢201.46 million contributed during the fourth quarter of 2015. The relative surge

Chart 2.2: SSNIT Contributions (GH¢' million)

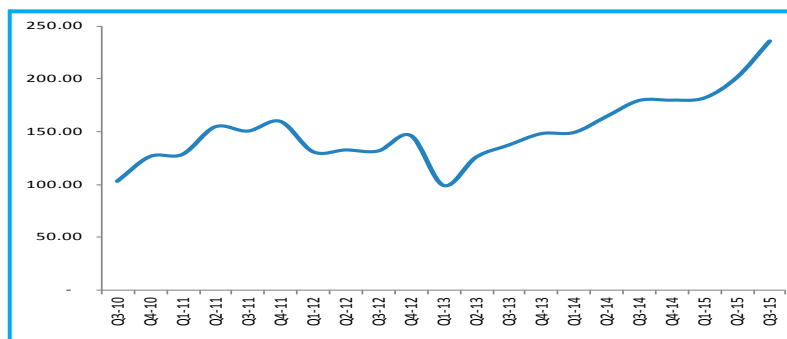
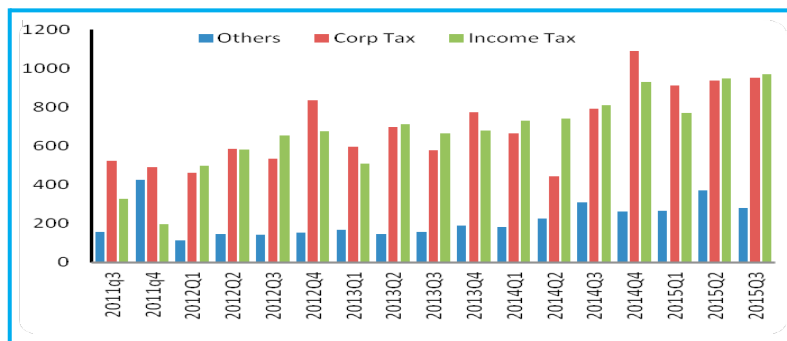


Chart 2.3: Income & Corporate Tax Collection (GH¢' million)

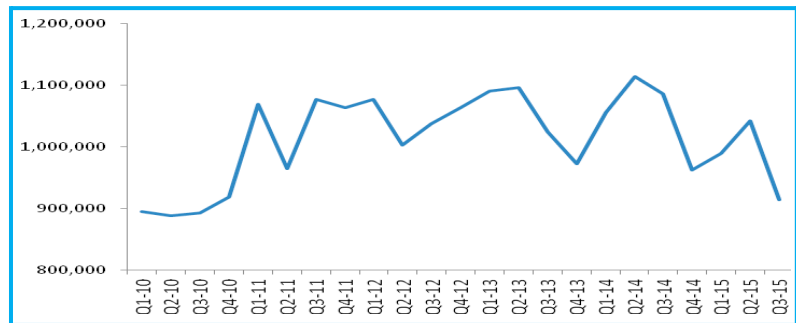


in workers contribution to the SSNIT Scheme was mainly due to registration of new employees.

### 2.1.3 Construction Activities

Economic activity in the construction sub-sector measured by the volume of cement sales slowed by 15.8 per cent (year-on-year) in the third quarter of 2015 to 913,921.64 tonnes from 1,085,875.58 tonnes sold during the same quarter in 2014. The relative decline in cement sales was partly due to supply bottlenecks emanated from the load-shedding exercises during the review period. Also, total cement sales for third quarter of 2015 dipped by 12.3 per cent below 1,042,163.4 tonnes for second quarter of 2015.

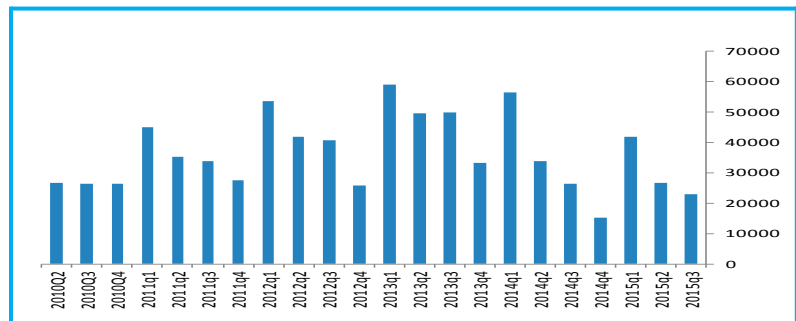
Chart 2.4: Quarterly Trends in Cement Production (tonnes)



### 2.1.4 Vehicle Registration

Transport-related economic activities measured by vehicle registration by DVLA also declined by 12.8 per cent to 22,966 in the third quarter of 2015 relative to 26,329 vehicles registered during the same quarter in 2014. For the third quarter of 2015, vehicle registration indicated a decline of 14.2 per cent below 26,777 vehicles registered by the DVLA during the second quarter of 2015. The relative decline in vehicle registration was partly due to a dip in vehicle importation.

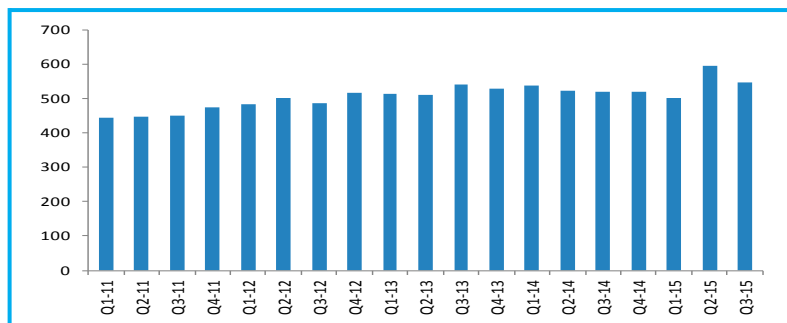
Chart 2.5: Quarterly Trends in Vehicle Registration



### 2.1.5 Industrial Consumption of Electricity

Industrial consumption of electricity by industry improved by 5 per cent year-on-year to 545.4 giga watts during the third quarter of 2015 as against 519.3 giga watts consumed in the same quarter in 2014. Also, industrial consumption of electricity by industry for third quarter of 2015 constituted a decline of 8.3 per cent below 594.70 giga watts consumed in the second quarter of 2015. The relative decline in consumption of electricity by industry may be due to the on-going load-shedding exercise.

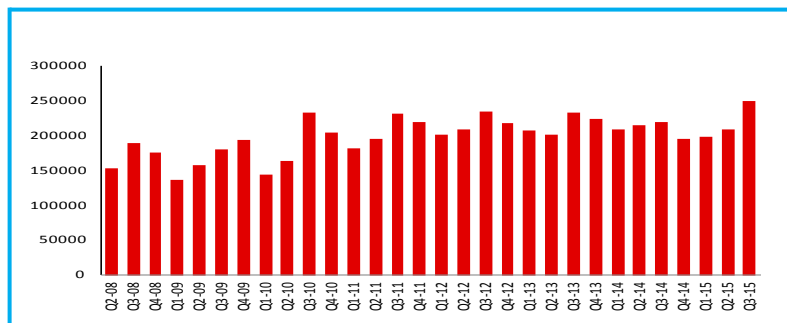
Chart 2.6: Industrial Electricity Consumption



### 2.1.6 International Tourist Arrivals

International tourists' expenditure proxied by the number of tourist arrivals at the country's various ports of entry also improved during the review period on year-on-year basis. A total of 249,837 international tourists visited the country in the third quarter of 2015 relative to 219,027 tourists who visited the country in the same period a year ago, indicating a pickup of 14.1 per cent. Similarly, total tourist arrivals for third quarter of 2015 constituted 19.9 per cent improvement over 208,415 registered in during the second quarter of 2015. The relative pickup was largely due to increased conference and recreational tourism.

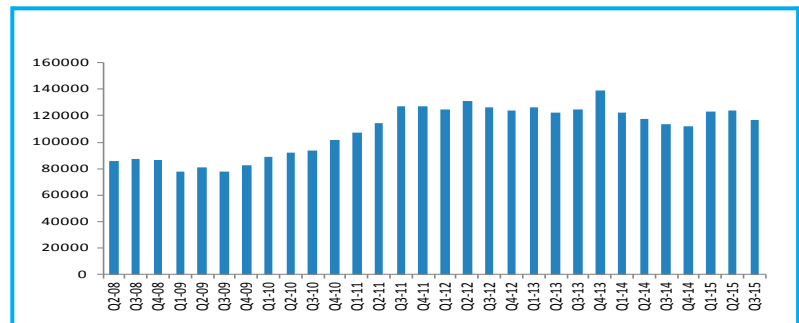
Chart 2.7: Trends in Tourist Arrivals



### 2.1.7 Port Activities

Economic activities at the country’s two main Harbours<sup>1</sup> measured by container traffic suggested some improvements in third quarter of 2015 relative trends observed in the same quarter in 2014. Total container traffic grew by 3.4 per cent year-on-year to 117,090 containers in third quarter of 2015 as against 113,241 containers recorded during a similar period of 2014. Total container traffic for the third quarter of 2015 suggested a dip of 5.8 per cent below 124,250 containers recorded in the second quarter of 2015. The relative pickup in total container traffic at the country’s ports could be mainly due to a pickup in global trading activities and increased use of the country’s port as transit point by landlocked neighbouring countries during the period under review.

Chart 2.8: Container Traffic at the Ports



### 2.2 Labour Market Conditions

Job adverts in the Daily Graphic during the third quarter of 2015 summed up to 700, representing a quarter-on-quarter decline of 19.4 per cent and a year-on-year decline of 7.9 per cent. Cumulatively, job placements from January through September 2015 stood at 2,719, an annual increase of 5.2 per cent over the September 2014 total of 2,585 job adverts.

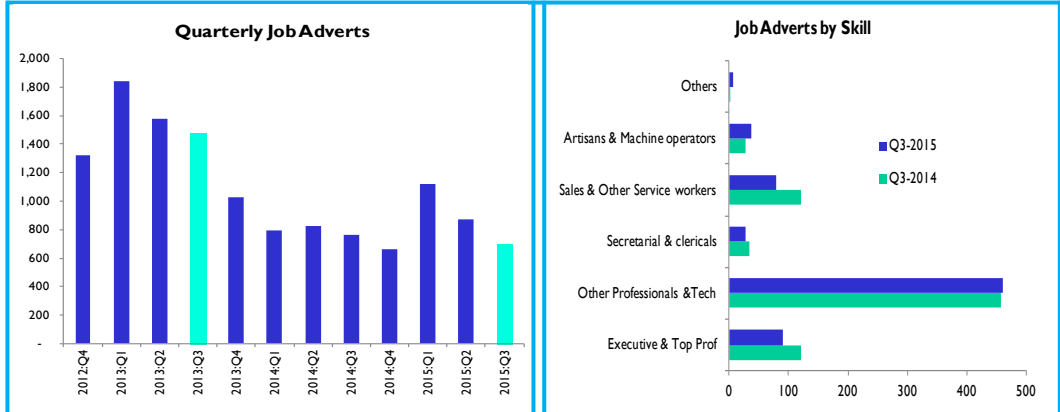
#### Job Vacancies by Skills

The services sector remained the most dominant in terms of job adverts in the third quarter of 2015, accounting for 83.7 per cent (down from 87.4% in Q2-2015) of the total. Industry followed with a share of 7.1 per cent (12% in Q2-2015) and the agriculture sector inched up to 5.4 per cent in the quarter from 4.2 per cent in the second quarter. Similar to the first and second quarter developments, the topmost criteria indicated in the job adverts was for skilled employees with tertiary education and a minimum of 5 years experience. This category, classified under executives and top professionals, accounted for 78.3 per cent of total job adverts

<sup>1</sup> These are Tema and Takoradi Harbours(Container traffics)

in the third quarter, compared with 77.6 per cent in the second quarter. This was followed by sales, secretarial and clerical workers (15.1%) and artisans and other machine operators which accounted for 7.3 per cent share of total job adverts.

Chart 2.9: Trends in Advertised Job Vacancies (2015Q3)



# 3. Price Developments

## 3.1 Global Inflation

Changes in the rate of inflation for the **Global economy** were mixed for the third quarter of 2015. Inflation pressures remained low in advanced economies; USA, UK, Japan and the Euro area all recorded falls in the levels of consumer prices. On the other hand, emerging economies generally had higher levels of prices and experienced rising consumer prices in the quarter. Similarly, developing economies had higher levels of prices but recorded mixed inflation outcomes in the quarter. For example, while prices increased in Nigeria and Ghana, prices in Kenya inched downwards. Upward inflation pressures emanated mainly from food prices whereas dampened fuel cost contributed to downward inflation pressures.

### The US Economy

The year-on-year headline inflation in the **United States** was flat at the end of the third quarter of 2015, following a 0.1 percentage increase at end of second quarter of 2015. The third quarter inflation rate was however an improvement over the -0.1 per cent recorded at the end of the first quarter of 2015. Lower gasoline and fuel cost contributed much to bring down the rate in the third quarter this year.

### Euro zone

The **Euro area** annual inflation slipped back to -0.1 per cent at the end of the third quarter 2015, from 0.2 per cent recorded in the second quarter of 2015. The region is yet to fully recover from disinflation due to the continuous falling energy prices which continued to offset upward pressures from other items in the CPI basket.

### United Kingdom

In the **United Kingdom** inflation slipped to -0.1 per cent at the end of third quarter 2015, after remaining flat for the first two quarters of the year. The main downward pressures reflected in transport prices, food prices, recreation and culture and prices of clothing and footwear. The core inflation rate which excludes energy, food, alcohol and tobacco was recorded at 1.0 per cent at the end of the third quarter of 2015.

Chart 3.1: Inflation trends in Advanced Economies

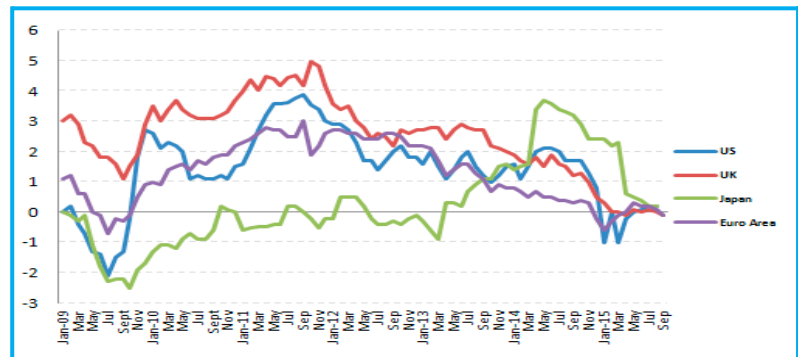
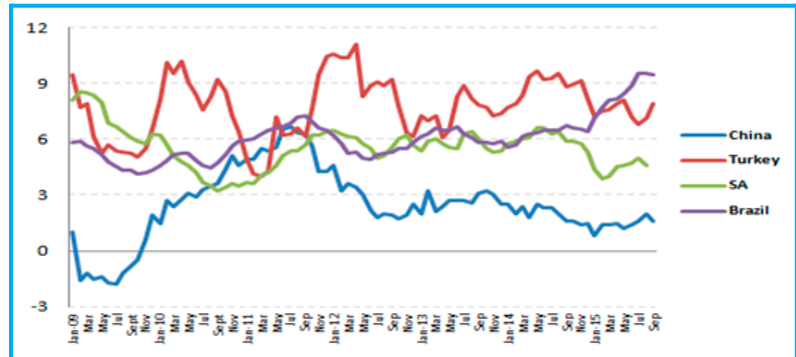




Chart 3.3: Inflation Trends in Developing Countries



higher-than-expected reductions in transport and food prices which outweighed the upward pressures from cost of housing, clothing, furnishings and accommodation.

### 3.2 Domestic Inflation

Headline inflation rose to 17.4 per cent at the end of the third quarter 2015 from 17.1 per cent in second quarter and 16.6 per cent at the end of the first quarter of 2015. Consumer prices increased for the most part of the first nine months of 2015 due to continued currency depreciation and full implementation of the petroleum price deregulation, resulting in petroleum and transport price hikes. The rise in inflation during the current quarter emanated mainly from food price hikes.

Food inflation rose from 7.4 per cent at end of second quarter to 7.8 per cent at end of third quarter. On the other hand, non-food inflation declined from 23.6 per cent at the end of the second quarter to 23.2 per cent in the third quarter.

### 3.3 Outlook for Inflation

Headline inflation recorded for the first three quarters of 2015 indicates an increasing tendency for inflation to drift away from its medium term target of  $8 \pm 2$  per cent. This notwithstanding, inflation is likely to trend down gradually for the remaining period in 2015 and head towards the target band by the end of 2016, barring any further risks.

This is expected to be driven by the assumption that the current tight monetary policy stance would be maintained and ensuring faster pace of fiscal consolidation as well as keeping the foreign exchange market stable with significant inflows from the Eurobond, the syndicated pre-export finance facility for cocoa and also donor support.



The upside risks remain the extent and timing of the utility tariff adjustment, the behaviour of the food prices with low rainfall in the review year, and the performance of the fiscal in the midst of the falling commodity prices, tight global financial conditions and the slowdown in economic activity in the domestic economy.

Chart 3.4: Trends in Inflation - (2013 and 2015)

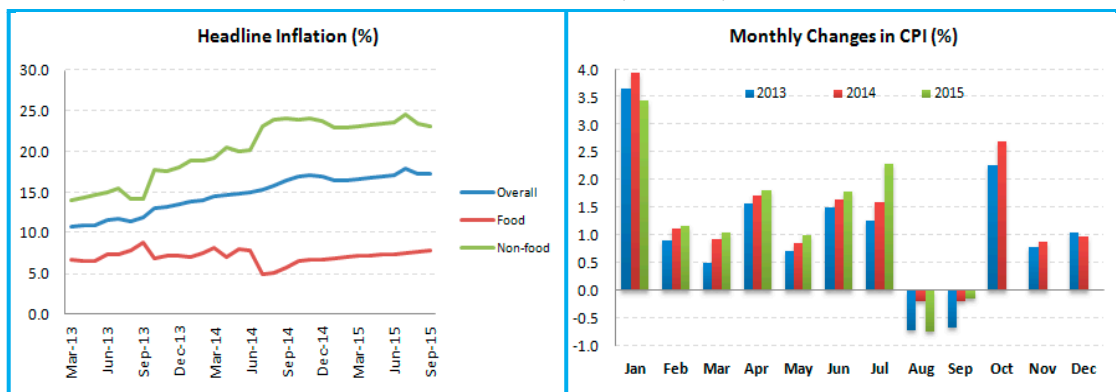


Chart 3.5: Major Contributors to Inflation: 2014 - 2015

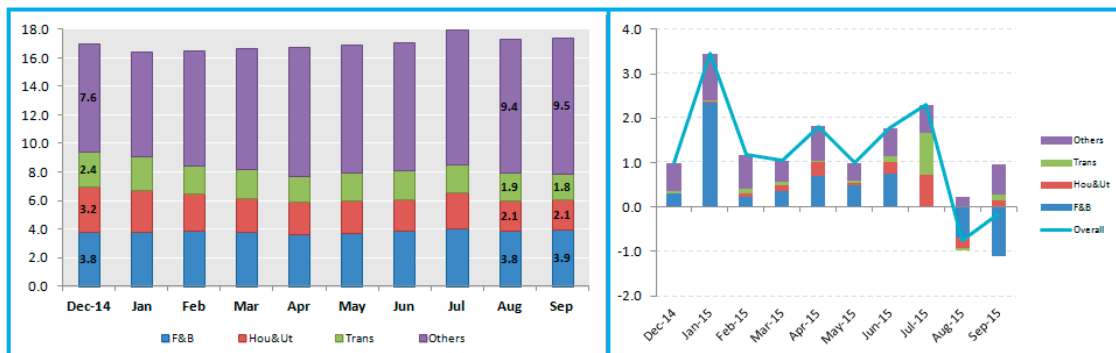


Table 3.1: Headline and Monthly Changes in CPI (%)

	Headline Inflation (yr-on-yr)			Monthly Changes in CPI (%)		
	Combined	Food	Non-Food	Combined	Food	Non-Food
<b>Dec. 2013</b>	13.5	7.2	18.1	1.0	0.6	1.3
<b>2014</b>						
Mar	14.5	8.2	19.2	0.9	0.6	1.1
Jun	15.0	7.9	20.3	1.6	1.4	1.8
<b>Sep</b>	<b>16.5</b>	<b>5.8</b>	<b>24.1</b>	<b>-0.2</b>	<b>-3.0</b>	<b>1.6</b>
Oct	16.9	6.5	24.0	2.7	0.1	4.2
Nov	17.0	6.6	24.1	0.9	0.9	0.9
Dec	17.0	6.8	23.9	1.0	0.7	1.1
<b>2015</b>						
Jan	16.4	6.9	23.0	3.4	5.7	2.2
Feb	16.5	7.0	23.0	1.2	0.5	1.6
Mar	16.6	7.2	23.1	1.0	0.8	1.2
Apr	16.8	7.2	23.2	1.8	1.5	2.0
May	16.9	7.3	23.4	1.0	1.1	0.9
Jun	17.1	7.4	23.6	1.8	1.5	2.0
Jul	17.9	7.6	24.6	2.3	-0.8	4.1
Aug	17.3	7.7	23.4	-0.7	-1.2	-0.5
<b>Sep</b>	<b>17.4</b>	<b>7.8</b>	<b>23.2</b>	<b>-0.1</b>	<b>-2.9</b>	<b>1.4</b>

Table 3.2: Sub-Components' Contribution to inflation (%)

	Weight (%)	Year-on-Year Inflation						
		Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15
Education	3.9	7.2	3.7	3.5	14.2	22.9	24.6	29.6
Recreation & Culture	2.6	13.8	14.2	12.6	22.8	23.1	23.5	27.0
Clothing and Footware	9.0	16.7	15.3	14.9	20.8	22.4	24.3	24.9
Transport	7.3	27.3	24.6	27.1	30.8	25.8	25.5	23.8
Housing, Water, Elect, Gas & Fuels	8.6	43.8	53.6	63.5	35.2	26.2	24.8	23.6
Furnish H/H Equipt. Etc	4.7	11.4	10.0	12.0	16.5	20.9	23.3	23.4
Miscellaneous Goods & Services	7.1	16.9	14.4	13.7	16.0	16.3	19.2	23.0
Alcoholic Beverages, Tobacco	1.7	12.4	15.3	15.3	17.3	20.1	20.1	20.8
Hotels, Cafes & Restaurants	6.1	6.5	5.0	13.0	13.6	18.4	19.8	18.0
Health	2.4	13.4	13.5	15.1	19.4	18.1	16.8	15.7
Communications	2.7	5.0	8.8	8.6	12.8	13.8	12.0	15.4
Food and Beverages	43.9	8.2	7.9	5.8	6.8	7.2	7.4	7.8

## 4. Money and Financial Markets

Monetary developments in the third quarter of 2015 indicated moderate growth rates in monetary aggregates.

### 4.1 Broad Money Supply

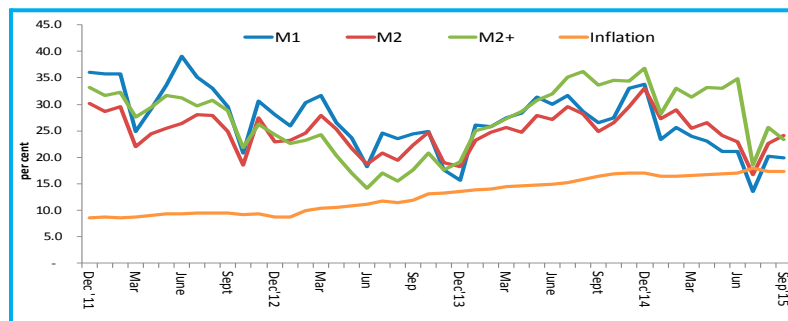
Broad money (M2+) grew by 23.3 per cent (GH¢7,472.2 million) year-on-year during the third quarter of 2015 compared with a growth of 33.6 per cent (GH¢8,054.3 million) recorded in the third quarter of 2014 and 34.9 per cent (GH¢10,728.6 million) for the second quarter of 2015. M2+ at the end of the review quarter stood at GH¢39,524.6 million compared with GH¢32,052.3 million and GH¢41,466.5 million recorded at the end of the third quarter of 2014 and the second quarter of 2015 respectively.

The change in M2+ was largely driven by growth in foreign currency

Table 4.1: Monetary Indicators (GH¢ million)

	Levels					Quarter-on-Quarter									
						As at end-Sep 2013		As at end-Sep 2014		As at end-Dec 2014		As at end-Jun 2014		As at end-Sep 2015	
	Sep-13	Sep-14	Dec-14	Jun-15	Sep-15	abs	per cent	abs	per cent	abs	per cent	abs	per cent	abs	per cent
<b>Reserve Money</b>	7,848.3	10,619.5	11,784.6	11,320.7	11,354.6	1,366.3	21.1	2,771.2	35.3	2,733.5	30.2	1,344.0	13.5	735.1	6.9
<b>Narrow Money (M1)</b>	11,552.2	14,619.9	17,257.6	17,255.5	17,522.5	2,236.1	24.0	3,067.7	26.6	4,355.1	33.8	3,012.5	21.2	2,902.6	19.9
<b>Broad Money (M2)</b>	18,409.7	23,002.3	27,530.2	27,832.1	28,546.2	3,319.5	22.0	4,592.6	24.9	6,838.2	33.0	5,193.0	22.9	5,543.9	24.1
<b>Broad Money (M2+)</b>	23,998.0	32,052.3	36,843.2	41,466.5	39,524.6	3,553.3	17.4	8,054.3	33.6	9,906.1	36.8	10,728.6	34.9	7,472.2	23.3
<b>Currency with the Public</b>	4,292.7	5,535.8	6,896.3	6,537.1	6,609.0	414.2	10.7	1,243.1	29.0	1,396.6	25.4	1,261.0	23.9	1,073.2	19.4
<b>Demand Deposits</b>	7,259.5	9,084.0	10,361.3	10,718.4	10,913.5	1,821.9	33.5	1,824.5	25.1	2,958.4	40.0	1,751.5	19.5	1,829.5	20.1
<b>Savings &amp; Time Deposits</b>	6,857.5	8,382.5	10,272.6	10,576.5	11,023.8	1,083.4	18.8	1,524.9	22.2	2,483.1	31.9	2,180.5	26.0	2,641.3	31.5
<b>Foreign Currency Deposits</b>	5,588.3	9,050.0	9,313.0	13,634.4	10,978.3	235.8	4.4	3,461.7	61.9	3,068.0	49.1	5,535.7	68.4	1,928.3	21.3
<b>Sources of M2+</b>															
<b>Net Foreign Assets (NFA)</b>	4,756.2	6,281.7	8,991.3	6,159.9	3,786.4	(869.7)	(15.5)	1,525.4	32.1	3,290.9	57.7	1,895.0	44.4	(2,495.3)	(39.7)
<b>BOG</b>	4,666.2	7,360.4	8,677.8	4,819.7	3,127.8	628.4	15.6	2,694.2	57.7	2,705.1	45.3	597.3	14.1	(4,232.6)	(57.5)
<b>DMBs</b>	90.0	(1,078.7)	313.5	1,340.2	658.6	(1,498.1)	(94.3)	(1,168.8)	(1,298.2)	585.8	(215.1)	1,297.8	3,056.3	1,737.3	(161.0)
<b>Net Domestic Assets</b>	19,241.7	25,770.6	27,851.9	35,306.6	35,738.2	4,425.0	29.9	6,528.9	33.9	6,615.3	31.2	8,833.6	33.4	9,967.6	38.7
<b>Claims on Government (net)</b>	10,565.1	13,133.1	14,344.7	13,974.2	16,167.5	3,650.1	52.8	2,568.0	24.3	3,017.9	26.6	(462.9)	(3.2)	3,034.5	23.1
<b>BOG</b>	5,088.9	7,656.6	6,887.7	7,287.4	8,748.0	742.6	17.1	2,567.7	50.5	1,581.5	29.8	(1,369.6)	(15.8)	1,091.4	14.3
<b>DMBs</b>	5,476.2	5,476.5	7,457.0	6,686.8	7,419.5	2,907.5	113.2	0.2	0.0	1,436.4	23.9	906.7	15.7	1,943.1	35.5
<b>Claims on Public Sector</b>	3,979.7	5,345.8	5,059.5	5,745.5	5,592.5	2,850.0	252.3	1,366.1	34.3	850.8	20.2	1,206.6	26.6	246.7	4.6
<b>BOG</b>	2,314.6	2,400.0	2,077.7	2,068.6	2,221.7	2,627.4	(840.1)	85.4	3.7	7.1	0.3	(13.3)	(0.6)	(178.3)	(7.4)
<b>DMBs</b>	1,665.0	2,945.8	2,981.8	3,676.9	3,370.8	222.6	15.4	1,280.7	76.9	843.7	39.5	1,219.9	49.6	425.0	14.4
<b>Claims on Private Sector</b>	14,631.6	21,444.0	21,649.6	26,696.5	26,032.3	3,186.8	27.8	6,812.5	46.6	6,362.9	41.6	6,562.2	32.6	4,588.3	21.4
<b>BOG</b>	513.8	620.8	606.9	651.3	703.4	220.1	74.9	107.1	20.8	77.4	14.6	61.5	10.4	82.6	13.3
<b>DMBs</b>	14,117.8	20,823.2	21,042.7	26,045.2	25,328.9	2,966.7	26.6	6,705.4	47.5	6,285.5	42.6	6,500.7	33.3	4,505.7	21.6
<b>Other Items (Net) (OIN) \2</b>	(9,934.6)	(14,152.2)	(13,201.9)	(11,109.6)	(12,054.2)	(5,261.8)	112.6	(4,217.6)	42.5	(3,616.4)	37.7	1,527.7	(12.1)	2,098.1	(14.8)
<b>o/w BOG OMO (Sterilisation)</b>	(3,500.0)	3,365.9	(2,389.9)	(8.0)	(204.7)	(2,997.7)	596.8	6,865.9	(196.2)	(1,264.1)	112.3	773.0	(99.0)	(3,570.6)	(106.1)

Chart 4.1: Inflation and Liquidity (%)



deposits with some support from domestic currency deposits. The foreign currency deposits increased significantly to 21.3 per cent (GH¢1,928.3 million) in the third quarter of 2015, from 61.9 per cent (GH¢3,461.7 million) in the third quarter of 2014 and 49.1 per cent (GH¢3,577.6 million) realised in the first quarter of 2015. M2 also went up by 24.1 per cent (GH¢5,543.9 million) during the review quarter of 2015, indicating a slowdown from 24.9 per cent (GH¢4,592.6 million) recorded in the corresponding quarter of 2014 but a pick-up from 22.9 per cent realised in the second quarter of 2015.

#### 4.2 Sources of Change in M2+

The growth in M2+ in the third quarter of 2015 was driven by growth in its components.

##### *Net Foreign Assets (NFA)*

NFA of the banking system declined by 39.7 per cent (GH¢-2,495.3 million) during the review quarter compared with an increase of 32.1 per cent (GH¢1,525.4 million) recorded in the corresponding period in 2014 and 44.4 per cent (GH¢1,895.0 million) achieved in the first quarter of 2015. The slowdown in the growth of NFA was attributable to the external sector challenges and its effect on the exchange rate.

##### *Net Domestic Assets (NDA)*

NDA of the banking system also showed a declining trend. The growth rate reduced to 38.7 per cent (GH¢9,967.6 million) in the third quarter of 2015 from 33.9 per cent (GH¢6,528.9 million) in the third quarter of 2014 but was higher than 33.4 per cent attained in the second quarter of 2015.

The growth in the NDA of the banking system during the review period was reflected in Net Claims on Government which increased

by 23.1 per cent (GH¢3,034.5 million), while Claims on the Public Sector grew by 4.6 per cent (GH¢246.7 million) and growth in Claims on the Private Sector (21.4% or GH¢4,588.3 million). The Other Items Net (OIN) component of the NDA however declined by 14.8 per cent (GH¢2,098.1 million) to moderate the increase in the NDA. Comparatively, the growth in NDA grew at the end of the third quarter of 2014 reflected increases in Claims on Government by 24.3 per cent (GH¢2,568.0 million), Claims on the Public Sector (34.3% or GH¢1,366.1 million), Claims on the Private Sector (46.6% or GH¢6,812.5 million) and OIN (42.5% or GH¢4,217.6 million).

### 4.3 Developments in Banks' Credit

The nominal annual growth rate of banks' outstanding credit to the public and private institutions decreased, year-on-year, from 50.6 per cent (GH¢8,000.7 million) at the end of the third quarter of 2014 to 22.3 per cent (GH¢4,922.3 million) at the end of the third quarter of 2015.

Outstanding credit to public and private institutions stood at GH¢28,730.7 million at the end of the third quarter of 2015 compared with GH¢23,808.5 million recorded for the same period in 2014 and GH¢29,793.2 million achieved in the second quarter of 2015. In real terms, total credit to both public and private institutions decreased from 29.3 per cent, year-on-year, in the third quarter of 2014 to 2.8 per cent at the end of the review period. Credit to private sector accounted for 88.2 per cent of the total outstanding credit in the third quarter of 2015, compared with 87.5 per cent in the corresponding period of 2014 and 87.4 per cent realised in the second quarter of 2015.

Table 4.2: Sectoral Distribution of DMBs' Outstanding Credit (GH¢ million)

	Sep-13	Sep-14	Dec-14	Jun-15	Sep-15	Quarter-On-Quarter Variation									
						As at end-Sep 2013		As at end-Sep 2014		As at end-Dec 2014		As at end-Jun 2015		As at end-Sep 2015	
						Abs	Per Cent	Abs	Per cent	Abs	Per cent	Abs	Per cent	Abs	Per cent
<b>a Public Sector</b>	<b>1,690.0</b>	<b>2,985.2</b>	<b>3,059.2</b>	<b>3,748.1</b>	<b>3,401.8</b>	<b>207.9</b>	<b>14.0</b>	<b>1,295.3</b>	<b>76.6</b>	<b>853.4</b>	<b>38.7</b>	<b>1,235.9</b>	<b>49.2</b>	<b>416.6</b>	<b>16.6</b>
<b>b Private Sector</b>	<b>14,117.8</b>	<b>20,823.2</b>	<b>21,042.7</b>	<b>26,045.2</b>	<b>25,328.9</b>	<b>2,966.7</b>	<b>26.6</b>	<b>6,705.4</b>	<b>47.5</b>	<b>6,285.5</b>	<b>42.6</b>	<b>6,500.7</b>	<b>33.3</b>	<b>4,505.7</b>	<b>23.1</b>
Agric, For. & Fish	501.7	817.2	890.1	906.0	913.8	(83.0)	(14.2)	315.5	62.9	354.2	66.1	133.1	17.2	96.6	12.5
Export Trade	166.3	177.5	226.8	235.4	175.3	26.7	19.1	11.2	6.7	96.3	73.7	58.9	33.4	(2.2)	(1.3)
Manufacturing	1,380.7	2,211.0	1,963.9	2,520.5	2,802.6	76.1	5.8	830.3	60.1	497.4	33.9	191.4	8.2	591.6	25.4
Trans., Stor., & Comm.	706.5	1,006.8	1,255.0	1,127.9	1,142.8	165.1	30.5	300.2	42.5	581.0	86.2	202.0	21.8	136.0	14.7
Mining & Quarrying	417.2	672.3	655.1	680.2	703.1	116.5	38.7	255.1	61.2	206.9	46.2	89.1	15.1	30.7	5.2
Import Trade	1,374.4	1,863.6	1,831.6	2,123.7	1,690.4	243.6	21.5	489.2	35.6	310.3	20.4	712.4	50.5	(173.2)	(12.3)
Construction	1,476.4	2,162.9	2,205.1	2,846.0	2,599.8	508.2	52.5	686.5	46.5	725.1	49.0	757.4	36.3	437.0	20.9
Commerce & Finance	2,179.6	3,431.0	3,070.7	3,758.5	3,740.6	458.9	26.7	1,251.4	57.4	646.5	26.7	479.3	14.6	309.6	9.4
Elect., Gas & Water	1,273.7	1,977.2	2,039.9	3,653.6	3,229.5	505.8	65.9	703.5	55.2	843.0	70.4	1,589.8	77.0	1,252.3	60.7
Services	3,504.3	4,674.0	4,719.6	5,889.6	6,035.6	824.7	30.8	1,169.8	33.4	989.6	26.5	1,575.7	36.5	1,361.5	31.6
Miscellaneous	1,137.1	1,829.7	2,184.7	2,303.9	2,295.5	124.1	12.2	692.6	60.9	1,035.1	90.0	711.6	44.7	465.8	29.3
<b>c Grand Total</b>	<b>15,807.8</b>	<b>23,808.5</b>	<b>24,101.9</b>	<b>29,793.2</b>	<b>28,730.7</b>	<b>3,174.6</b>	<b>25.1</b>	<b>8,000.7</b>	<b>50.6</b>	<b>7,138.9</b>	<b>42.1</b>	<b>7,736.5</b>	<b>35.1</b>	<b>4,922.3</b>	<b>22.3</b>

### 4.3.1 *Distribution of Outstanding Credit to the Private Sector*

The nominal growth rate of outstanding credit to the Private Sector went down to 23.1 per cent (GH¢4,505.7 million) in the third quarter of 2015 from 47.5 per cent (GH¢6,705.4 million) recorded for the same period in 2014 and 33.3 per cent (GH¢6,500.7 million) recorded in the second quarter of 2015. Outstanding credit to the private sector as at the end of the second quarter of 2015 stood at GH¢25,328.9 million.

In real terms, the annual growth rate of outstanding credit to the private sector also decreased to 3.6 per cent at the end of the third quarter of 2015, from 26.6 per cent registered in the corresponding period of 2014 and 13.8 per cent achieved at the end of the second quarter of 2015.

The top beneficiary subsectors of the annual flow of credit to the private sector for the second quarter of 2015 were Services (23.8%), Commerce and Finance (14.8%), Electricity, Gas and Water (12.8%), Manufacturing (11.1%), Construction (10.3%), and Miscellaneous (9.1%). These five sectors accounted for about 72.7 per cent of allocation of annual flow of credit.

However, the growth in annual flow of credit to Import trade, Commerce & Finance, Construction, Mining & Quarrying and Miscellaneous sectors during the third quarter of 2015 declined when compared with the respective levels recorded in the second quarter of 2015 and the third quarter of 2014.

In terms of holders of credit, all the subsectors experienced declines in annual flow of credit during the third quarter of 2015 when

Chart 4.2: Sectoral Allocation of Annual Credit to the Private Sector (% , 2014-2015)

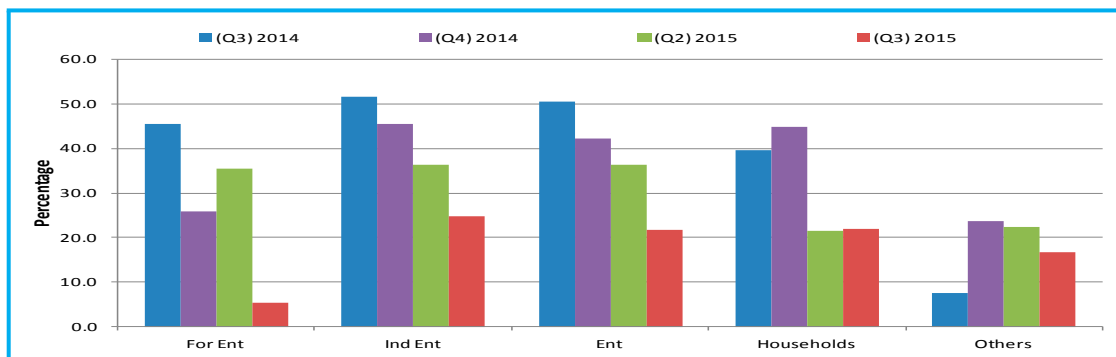
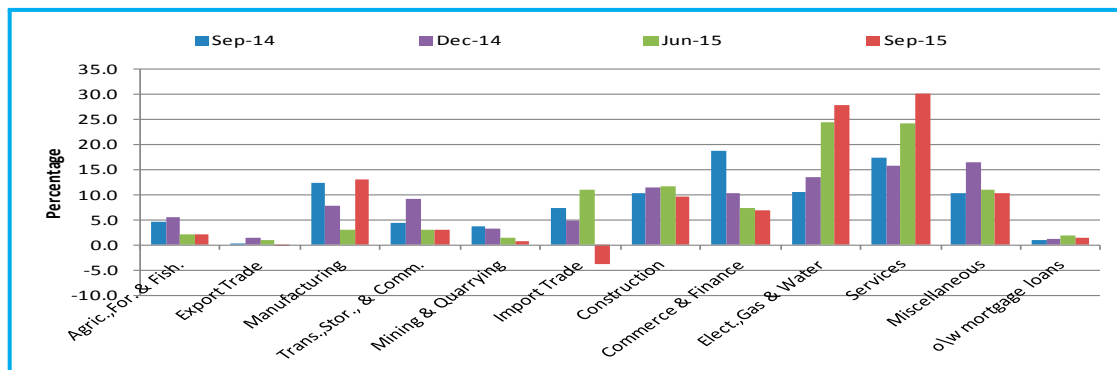


Chart 4.3: Allocation of Annual Flow of Credit to the Private Sector by Borrower (GH¢\*M)



compared with the developments in the corresponding period of 2014. Similarly, all the subsectors (excluding households) also recorded declines in the annual flow of credit during the review period when compared with the levels registered in the second quarter of 2015.

#### 4.4 Sources and Uses of Banks' Funds

Provisional data for the third quarter of 2015 showed that banks deployed GH¢4,922.3 million (55.8%) of their annual flow of funds into credit, compared with GH¢8,000.7 million (60.0%) recorded in the same period of 2014 and GH¢7,736.5 million (53.1%) registered in the second quarter of 2015. The rest of the annual flow of funds for the second quarter of 2015 were distributed among Investment in Government Securities (GH¢1,269.6 million or 30.3%), Foreign Assets (GH¢20.7 million or 0.2%), Balances with BOG (GH¢1,706.6 million or 19.3%) and Other Assets (GH¢-499.5 million or -5.7%). Investment in Government securities and balances with Bank of Ghana increased in the review quarter when compared with the third quarter of 2014 and the second quarter of 2015. In contrast, Foreign Assets and Other Assets registered declines when compared with the developments in the corresponding quarter of 2014 and the second quarter of 2015.

Assets of banks continued to be funded from deposit mobilization. This was mainly driven by domestic currency deposits with the banks. Domestic deposits went up by 48.3 per cent (GH¢4,246.8 million), year-on-year, at the end of the review quarter. This compared with 23.6 per cent (GH¢3,147.9 million) recorded in the corresponding period of 2014 and 25.0 per cent (GH¢3,639.1 million) achieved in the second quarter of 2015. On the other hand,

foreign currency deposits declined by 21.8 per cent (GH¢1,928.3 million) during the second quarter of 2015, compared with the growth of 26.0 per cent (GH¢3,461.7 million) achieved in the third quarter of 2014 and 38.0 per cent (GH¢5,535.7 million) recorded in the first quarter of 2015. Other sources of funds during the third quarter of 2015 were Balances due to Non-Residents which declined by 19.4 per cent (GH¢-1,716.5 million), while Reserves increased by 17.5 per cent (GH¢1,543.5 million). In addition, Other Liabilities (comprising margin deposits, cheques for clearing, borrowing from other resident banks, interest, suspense etc.) increased by 15.3 per cent (GH¢1,353.1 million) during the review quarter.

Table 4.3: Sources and Uses of Banks' Funds (GH¢ million)

	Amount in GH¢ million														
	Variation (Quarter-On-Quarter)														
	As at end-Sep 2013		As at end-Sep 2014		As at end-Dec 2014		As at end-Jun 2015		As at end-Sep 2015						
	Sep-13	Sep-14	Dec-14	Jun-15	Sep-15	Abs	% of Change	Abs	% of Change	Abs	% of Change	Abs	% of Change	Abs	% of Change
Source of Funds															
Total Deposits	19,378.9	25,988.5	29,177.9	34,189.6	32,182.7	3,187.4	35.5	6,609.6	49.6	8,164.7	60.1	9,174.8	63.0	6,194.2	70.2
Domestic	13,790.6	16,938.5	19,864.9	20,555.2	21,204.3	2,951.6	32.9	3,147.9	23.6	5,096.7	37.5	3,639.1	25.0	4,265.8	48.3
Demand Deposits	6,933.1	8,556.1	9,592.4	9,978.7	10,180.6	1,868.2	20.8	1,623.0	12.2	2,613.6	19.2	1,458.6	10.0	1,624.5	18.4
Savings Deposits	3,497.1	4,041.6	4,409.4	5,056.6	5,290.6	558.4	6.2	544.5	4.1	622.0	4.6	1,071.1	7.3	1,248.9	14.1
Time Deposits	3,360.4	4,340.8	5,863.1	5,520.0	5,733.2	525.0	5.8	980.4	7.4	1,861.1	13.7	1,109.4	7.6	1,392.3	15.8
Foreign Currency	5,588.3	9,050.0	9,313.0	13,634.4	10,978.3	235.8	2.6	3,461.7	26.0	3,068.0	22.6	5,535.7	38.0	1,928.3	21.8
Credit from BOG	917.6	298.9	241.2	676.3	1,472.1	816.6	9.1	-618.7	-4.6	-92.7	-0.7	394.1	2.7	1,173.2	13.3
Balances Due to Non-Resident Banks	3,170.5	5,994.8	4,424.3	5,009.9	4,278.3	2,381.3	26.5	2,824.3	21.2	1,346.1	9.9	1,010.7	6.9	-1,716.5	-19.4
Capital	2,229.5	1,741.0	2,810.5	2,891.5	3,022.8	314.7	3.5	511.5	3.8	428.3	3.2	246.3	1.7	281.8	3.2
Reserves	2,564.9	4,194.0	4,716.0	5,081.3	5,737.6	917.4	10.2	1,629.1	12.2	1,763.6	13.0	1,501.4	10.3	1,543.5	17.5
Other Liabilities*	5,991.3	8,365.9	8,451.2	10,444.5	9,718.9	1,359.7	15.1	2,374.6	17.8	1,981.3	14.6	2,247.2	15.4	1,353.1	15.3
Total	34,252.7	47,583.1	49,821.1	58,293.2	56,412.3	8,977.1		13,330.4		13,591.3		14,574.6		8,829.2	
Uses of Funds															
Bank Credit	15,807.8	23,808.5	24,101.9	29,793.2	28,730.7	3,174.6	35.4	8,000.7	60.0	7,138.9	52.5	7,736.5	53.1	4,922.3	55.8
o/w Private Sector Credit	14,117.8	20,823.2	21,042.7	26,045.2	25,328.9	2,966.7	33.0	6,705.4	50.3	6,285.5	46.2	6,500.7	44.6	4,505.7	51.0
Investment in Government Securities	6,591.5	6,908.9	9,346.7	8,606.5	9,588.0	2,995.6	33.4	317.4	2.4	1,842.6	13.6	1,296.6	8.9	2,679.0	30.0
Short Term	1,214.3	2,330.7	4,829.0	5,352.6	6,250.8	203.9	2.3	1,116.4	8.4	3,114.7	22.9	3,537.9	24.3	3,920.1	44.4
Medium/Long term	5,377.2	4,578.3	4,517.7	3,253.9	3,337.2	2,791.7	31.1	-799.0	-6.0	-1,272.1	-9.4	-2,241.3	-15.4	-1,241.1	-14.1
Foreign Assets	3,260.5	4,916.1	4,737.8	6,350.1	4,936.8	883.3	9.8	1,655.6	12.4	1,931.9	14.2	2,308.5	15.8	20.7	0.2
Balances with BOG	3,262.1	5,118.3	5,577.5	6,370.8	6,825.0	538.9	6.0	1,856.2	13.9	1,932.1	14.2	1,282.7	8.8	1,706.6	19.3
Other Assets**	5,330.7	6,831.3	6,057.1	7,172.7	6,331.8	1,384.7	15.4	1,500.5	11.3	745.9	5.5	1,950.2	13.4	-499.5	-5.7
Total	34,252.7	47,583.1	49,821.1	58,293.2	56,412.3	8,977.1		13,330.4		13,591.3		14,574.6		8,829.2	

\*Includes margin deposits, cheques for clearing, interest in suspense, borrowings from other resident banks and other unclassified liabilities.

\*\*Includes real estate and equipment and other unclassified assets.

## 4.5 The Money Market

The developments in interest rate on the money market at the end of the third quarter of 2015 showed a general downward trend.

### Monetary Policy Rate

The Monetary Policy Committee (MPC) increased the Policy Rate to 25.00 per cent in September 2015, indicating a year-on-year increase of 600 bps.



### ***BOG Bills***

The interest rate on the 14-day BOG bill increased by 1,299 bps, year-on-year, to 24.75 per cent during the review period. The rate on the 14-day BoG bill, however, increased by 275 bps during the second quarter of 2015. Though inactive since end-February 2015, the rates on the 28-day, 56-day and 270-day BOG bills decreased by 127 bps, 60 bps and 91 bps respectively to end the review quarter at 24.27 per cent, 24.86 per cent and 24.82 per cent. On year-to-date basis, however, the rates on the 28-day and 56-day BOG bills declined by 51 bps and 49 bps respectively, while that on the 270-day BOG bill remained unchanged.

### ***Government Securities***

The rates on the 91-day and 182-day T-bills decreased by 13 bps and 50 bps respectively to 25.20 per cent and 25.88 per cent at the end of the third quarter of 2015. However, when compared with the developments in the preceding quarter, the interest rate on the 91-day bill remained unchanged while that of the 182-day Treasury bills decreased by 4 bps. On year-to-date basis, the rates on the 91-day and 182-day T-bills decreased by 59 bps and 52 bps respectively.

For the medium-term securities, the interest rates on the 1-year, 2-year fixed notes and the 7-year bond remained unchanged at 22.50 per cent, 23.00 per cent and 18.00 per cent respectively during the review quarter. In contrast, the rate on the 3-year bond however declined by 191 bps on both year-on-year and year-to-date basis to 23.49 per cent, while the rate on the 5-year bond increased by 196 bps to 21.00 per cent at the end of September 2015.

### ***Interbank Rate***

The interbank weighted average rate also increased by 65 bps year-on-year to 24.93 per cent at the end of the review quarter. The rate also increases by 82 bps and 99 bps on quarter-on-quarter and year-to-date basis respectively.

### ***Time & Savings Deposit Rates***

The Deposit Money Banks' average 3-month time deposit rate decreased by 85 bps, year-to-date, to 13.00 per cent at the end of September 2015. It however remained unchanged on quarter-on-quarter and year-on-year basis. On the other hand, the Savings rate remained unchanged at 5.00 per cent on year-on-year and year-to-date basis.

### ***Lending Rates***

The average lending rates of the Deposit Money Banks (DMBs) increased by 154 bps year-on-year to 28.98 per cent at the end of the third quarter of 2015. The rate however remained unchanged

on quarter-on-quarter basis. The spread between the borrowing and lending rates also increased by 154 bps year-on-year to 15.85 per cent at the end of the third quarter of 2015.

### Base Rate

The average base rate of banks went up by 57 bps from 26.25 per cent in June 2015 to 26.82 per cent in September 2015. The rate also showed increases of 176 bps and 114 bps on year-on-year and year-to-date basis respectively.

Chart 4.4: Yield Curves (%)

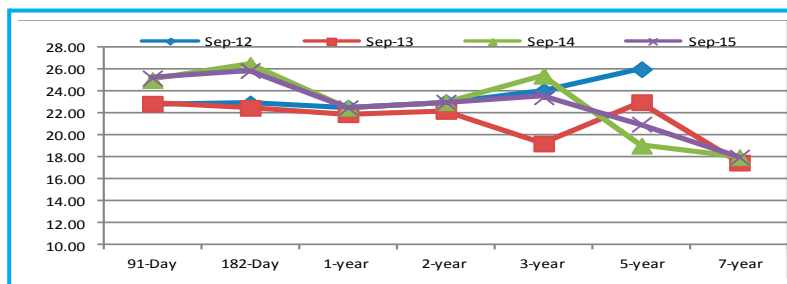
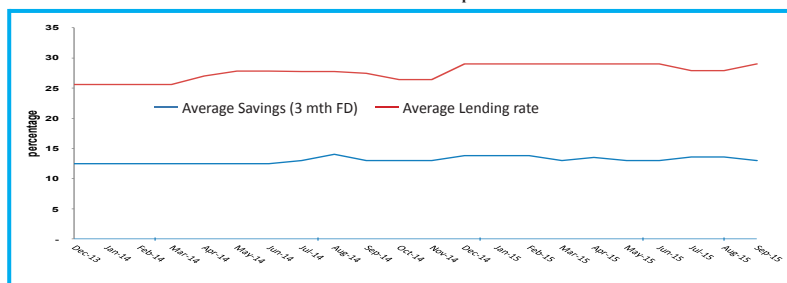


Chart 4.5: Interest Rate Spread



### 4.5.2 Settlement of Interbank Transactions

The volume of transactions settled through the Ghana Interbank System (GIS) during the third quarter of 2015 totalled 195,529 valued at GH¢250.52 million. This was as a result of increases in volume and value by 2.0 per cent and 4.0 per cent respectively from the levels recorded in the previous quarter. Compared with the same period in 2014, interbank settlements increased by 22.9 per cent and 50.3 per cent in both volume and value terms respectively. On the average, a total of 3,103 transactions were settled daily through the GIS, valued at GH¢3,976.5 million during the review quarter, compared with a total of 3,141 cheques valued at GH¢3,948.8 million recorded during the second quarter. For a similar period the previous year, a total of 2,810 transactions were settled daily through the GIS (on average), valued at GH¢3,149.9 million.

### ***Cheques Cleared***

The volume of cheques cleared during the third quarter of 2015 totalled 1,790,394 valued at GH¢31,976.6 million. This was due to increases of 1.16 per cent and 1.95 per cent in value and volume terms respectively, from the levels recorded in the second quarter of 2015. However, the value and volume of cheques cleared showed a decline of 0.79 per cent and 11.32 per cent respectively when compared to the levels recorded in the corresponding period of 2014. On a daily basis, an average of 28,419 cheques valued at GH¢507.6 million were cleared during the review quarter, compared with 29,014 cheques valued at GH¢514.2 million cleared daily during the second quarter. For the same period the previous year, a total of 28,198 cheques valued at GH¢563.0 million were cleared daily.

### ***4.5.3 Money Market Liquidity***

Total value of repo trades during the third quarter amounted to GH¢36,179.5 million, an increase of 805.5 per cent over trades in the second quarter. On the other hand, reverse repo trading declined by 61.6 per cent to GH¢19,016.0 million from the level recorded in the second quarter of 2015. During the third quarter of 2014, deposits increased by 188.3 per cent while reverse repos also increased by 45.2 per cent.

On the interbank market, values of trade during the third quarter ranged between GH¢2,332.5 million and GH¢490.5 million with interest rates ranging between 24.33 per cent and 24.95 per cent. In the previous quarter, values of trade ranged between GH¢2,740.5 million and GH¢521.8 million with weighted average rates ranging between 24.33 per cent and 23.08 per cent. During the same period in 2014, trades ranged between GH¢2,687.5 million and GH¢1,206.4 million while weighted average rates ranged between 24.07 per cent and 24.31 per cent.

### ***4.5.4 Tender Results***

Total sales at the auction during the third quarter totalled GH¢13,876.6 million with maturities totalling GH¢13,812.2 million. This resulted in a net sale of GH¢64.0 million, of which Government borrowed GH¢168.1 million from the public sector while there was an injection through Bank of Ghana's OMO activities to the tune of GH¢104.1 million.

## **4.6 Currency Markets**

### ***4.6.1 International Currency Market***

The International currency markets showed significant volatility in the major trading currencies during the third quarter of 2015, compared with developments in the first half of the year. This was primarily due to heightened concerns over China's growth, the shift

Chart 4.6: Money Market Rate (2014Q2 - 2015Q3)

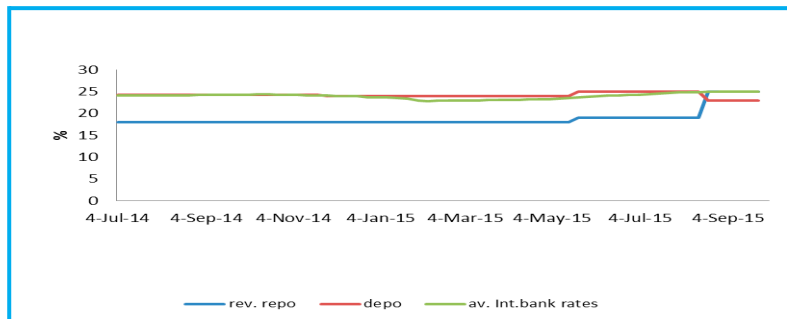
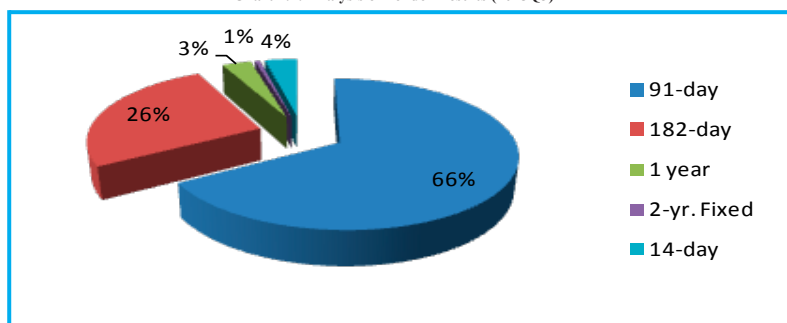


Chart 4.7: Analysis of Tender Results (2015Q3)



in their foreign exchange policy and the collapse in the Chinese stock market. In addition, falling commodity prices as well as the uncertainty over whether the US Federal Reserve would raise interest rates in September strengthened the appeal of the safe-haven assets. Consequently, the Japanese yen and the euro were the most attractive and strongest currencies during the review quarter.

## The US Dollar

**The US dollar** slipped in August as global stock markets turned down and economic data dimmed the prospects of interest rates hike by the U.S. Federal Reserve. However the US dollar gained grounds in July and September as strong U.S labour market and Greece's final agreement to a debt deal with its creditors shifted market focus to economic status that favoured the United States and European yield differentials. The US dollar depreciated by 0.19 per cent and 1.20 per cent against the euro and the yen respectively, but appreciated by 3.55 per cent against the pound sterling during the review quarter.

## The Pound Sterling

**The Pound Sterling** traded weak during the third quarter due to China's currency devaluation, dimmed inflation outlook and a slower-

than-expected expansion of both the manufacturing and service sectors. It was however strengthened on the back of improved prospects of a further divergence in monetary policy which helped it to surge against the euro in July. The pound sterling however depreciated by 3.58 per cent, 3.66 per cent and 5.45 per cent against the US dollar, the euro and the yen respectively during the review quarter.

## The Euro

**The Euro** recorded a swing in the third quarter of 2015. It weakened in July on the back of interest rate differentials and a decline in the German 10-year Bond yields. However, **the euro** recovered in the rest of the quarter due to falling Chinese stocks which helped to diminish appetite for risk and drove investors to trade in the euro. The euro appreciated by 0.09 per cent and 3.80 per cent against the US dollar and the pound sterling respectively but depreciated by 1.88 per cent against the strong yen.

## The Yen

**The Japanese Yen** was the most attractive safe haven currency in the third quarter of 2015. This was on account of a drop in the Chinese stocks and a sell-off in riskier assets amid growing concerns about a slowdown in the Chinese economy and global deflationary pressures. Though, the yen tumbled in July as demand for haven assets reduced due to an extended rebound in Chinese shares, it surged during the rest of the quarter and appreciated by 1.92 per cent, 5.76 per cent and 1.93 per cent against the US dollar, the pound sterling and the euro respectively.

### 4.6.2 Domestic Currency Market

The Ghana cedi recovered and traded strongly during the third quarter as it was supported by improvement in inflows from foreign exchange purchases and also on a decline in demand of foreign exchange for non-oil imports and loan repayments.

## Inter-Bank Market

In the **Inter-Bank Market**, the Ghana cedi strengthened against all the major currencies during the review quarter. The Cedi appreciated by 15.3 per cent, 19.8 per cent and 14.6 per cent against the US dollar, the pound sterling and the euro respectively in the review period. This compared with the depreciations of 6.1 per cent and 1.7 per cent against the US dollar and the pound sterling respectively, but an appreciation of 0.9 per cent against the euro.

## Forex Bureaux Market

On the **Forex Bureaux Market**, the Ghana cedi traded strong against all the major currencies during the third quarter of 2015. The Ghana cedi appreciated by 14.9 per cent, 13.4 per cent and 8.5 per cent against the US dollar, the pound sterling and the euro respectively during the

review quarter. This compared with respective appreciations of 0.29 per cent, 3.6 per cent and 6.0 per cent recorded in the corresponding period of 2014.

## Foreign Exchange Transaction Market

Activity in the Foreign Exchange Transaction market expanded during the third quarter as purchases increased by 8.74 per cent from US\$1,834.84 million in the second quarter to US\$1,995.29 million in the third quarter. The build-up was driven mainly by the upsurge of activities in the interbank sector by 6.23 per cent. However, purchases declined by 20.20 per cent from US\$2,500.44 million recorded in the corresponding period of 2014.

Table 4.4: International Market Exchange Rate Movements

End Period	US\$ / £ Movements			US\$ / € Movements			US\$ / ¥ Movements		
		Quarter	Annual		Quarterly	Annual		Quarterly	Annual
2013	1.6528	-2.3	-2.1	1.3787	-2.1	-4.3	0.0095	7.4	22.1
<b>2014</b>									
Q1	1.6676	-0.9		1.3782	0.0		0.0097	-2.1	
Q2	1.7042	-2.1		1.3655	0.9		0.0097	0.0	
Q3	1.6183	5.3		1.2584	8.5		0.0091	6.6	
Q4	1.5629	3.5	5.8	1.2152	3.6	13.5	0.0083	9.6	14.5
<b>2015</b>									
Q1	1.4856	5.2		1.0744	13.1		0.0083	0.0	
Q2	1.5713	-5.5		1.1178	-3.9		0.0082	1.2	
Q3	1.5174	3.6		1.1199	-0.2		0.0083	-1.2	

Depreciation (-) / Appreciation (+), Source: The Economist

Table 4.5: Interbank Market Exchange Rate Movements

End Period	Movement								
	GHC/US\$	Quarterly	Annual	GHC/GBP	Quarterly	Annual	GHC/Euro	Quarterly	Annual
2013	2.2000	-10.9	-14.5	3.6715	-7.5	-16.7	3.0982	-6.9	-20.1
<b>2014</b>									
Q1	2.6707	-17.6		4.4478	-17.5		3.6479	-15.1	
Q2	3.0016	-11.0		5.1080	-12.9		4.0934	-10.9	
Q3	3.1973	-6.1		5.1942	-1.7		4.0566	0.9	
Q4	3.2001	-0.1	-31.3	4.9791	4.3	-26.3	3.8959	4.1	-20.5
<b>2015</b>									
Q1	3.7472	-14.6		5.5483	-10.3		4.0582	-4.0	
Q2	4.3274	-13.4		6.8208	-18.7		4.8424	-16.2	
Q3	3.7545	15.3		5.6956	19.8		4.2257	14.6	

Depreciation (-) / Appreciation (+)

Table 4.6: Forex Bureaux Exchange Rate Movements

End Period	Movement			Movement			Movement		
	GHC/US\$	Quarter	Annual	GHC/GBP	Quarter	Annual	GHC/Euro	Quarter	Annual
2013	2.3457	-7.8	-16.3	3.7641	-9.4	-17.5	3.1664	-9.2	-19.3
<b>2014</b>									
Q1	2.6796	-12.5		4.3946	-14.3		3.6586	-13.5	
Q2	3.1955	-16.1		5.3346	-17.6		4.2932	-14.8	
Q3	3.1864	0.29		5.1473	3.6		4.0500	6.0	
Q4	3.2418	-1.7	-27.6	4.985	3.3	-24.5	3.9682	2.1	-20.2
<b>2015</b>									
Q1	3.7682	-14.0		5.4973	-9.3		4.0400	-1.8	
Q2	4.3741	-13.9		6.5241	-15.7		4.6023	-12.2	
Q3	3.8070	14.90		5.7510	13.4		4.2400	8.5	

Depreciation (-) / Appreciation (+)

Table 4.7: Foreign Exchange Transaction Market, (US\$ million)

	Purchases				Total	Percentage Change	Cumulative	Year-On-Year	Sales		Total
	BOG	Banks	InterBank	F. Bureau					InterBank	F. Bureau	
<b>2014</b>											
Q1	639.31	917.52	1,556.83	81.41 *	1,638.24	-25.62		-25.4	1,371.09	82.03 *	1,453.12
Q2	791.89	1,123.99	1,915.88	81.41 *	1,997.29	21.92		2.8	1,727.40	27.34 *	1,754.74
Jul	257.42	540.83	798.25	27.14 *	825.39	22.20	4,460.91	12.9	631.95	27.34 *	659.29
Aug	385.33	475.14	860.47	27.13 *	887.60	7.54	5,348.51	35.8	768.86	27.34 *	796.20
Sep	276.22	484.09	760.31	27.14 *	787.45	-11.28	6,135.96	-21.4	592.67	27.34 *	620.01
Q3	918.97	1,500.06	2,419.03	81.41 *	2,500.44	25.19		4.8	1,993.48	27.34 *	2,020.82
<b>2015</b>											
Q1	726.49	1,109.74	1,836.23	81.40 *	1,917.63	-76.82			1,530.01	82.03 *	
Apr	63.29	428.61	491.90	27.13 *	519.03	-22.34	2,436.67	-33.3	452.86	27.34 *	480.20
May	219.85	396.10	615.95	27.13 *	643.08	23.90	3,079.75	18.2	511.50	27.34 *	538.84
Jun	315.93	377.90	693.83	27.14 *	720.97	12.11	3,800.72	6.7	625.70	27.34 *	653.04
Q2	599.07	1,202.61	1,801.68	33.16 *	1,834.84	-50.18	9,318.70	-8.1	1,590.06	33.42 *	1,623.48
Jul	271.40	371.15	642.55	27.13 *	669.68	-7.11	4,470.40	-18.9	535.80	27.34 *	563.14
Aug	242.58	408.09	650.67	27.13 *	677.80	1.21	5,148.21	-23.6	578.69	27.34 *	606.03
Sep	263.29	357.38	620.67	27.14 *	647.81	-4.43	5,796.01	-17.7	519.96	27.34 *	547.30
Q3	777.27	1,136.62	1,913.89	81.40 *	1,995.29	8.74		-20.2	1,634.45	27.34 *	1,661.79

## 4.7 The Stock Market

Activity on the capital market for the third quarter of 2015 was bearish.

### 4.7.1 GSE All-Share Index (GSE-CI)

The GSE-CI tumbled by 14.6 per cent during the third quarter of 2015, resulting in a year-to-date decline of 11.1 per cent (251.5 points). This compared with a quarterly decline of 5.6 per cent (133.7 points) and a year-to-date growth of 4.4 per cent (94.5 points) for the corresponding period of 2014. The weak performance of the GSE-CI was largely attributed to the attractive rates on the money market instruments, rising inflation expectations and high volatility in the domestic currency.

Chart 4.8: GSE-CI Changes (%), 2010-2015

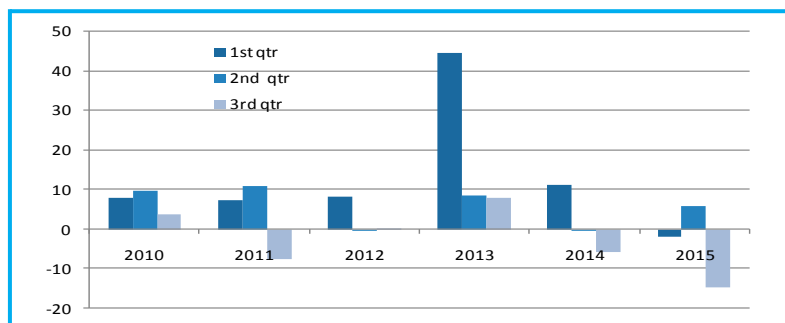
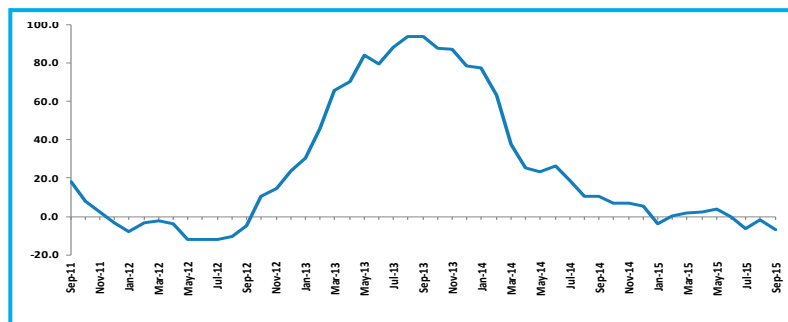


Chart 4.9: GSE-CI (Y-O-Y) Change



#### 4.7.2 Sectoral Performance

Two sectors (Mining and ICT) traded flat, while six sectors recorded losses. The Finance sub-sector which had glittered in past sessions to lift the capital market, however contributed significantly to the loss of the index during the review quarter, leading the laggards with a decline of 19.3 per cent (461.4 points). This was followed by the Agricultural sub-sector which declined by 20 per cent (-200 points), the ETFund (-22 points), Food & Beverage (-19.74 points) and the Distribution sector (-24.63 points). The weak performance of the index was mainly due to decline in prices of most equities during the review period.

Table 4.8: Sectors Contribution to the Growth in GSE-CI

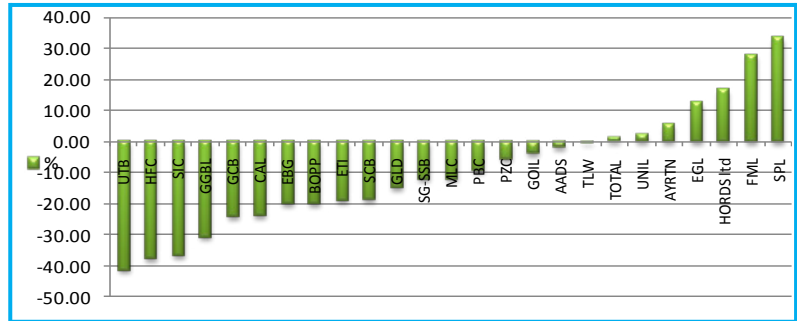
MONTH	SECTOR									GSE-CI
	F&B	MAN	FINANCE	DISTR	MINING	IT	AGRIC	OIL	ETFund	
Dec-14	1545.2	1082.5	2243.6	2371.24	133.35	31.9	820.0	112.9	112.9	2,261.0
Jun-15	1600.5	832.2	2394.7	2373.75	133.03	31.9	1000.0	106.5	149.7	2,352.2
Sep-15	1580.8	849.9	1933.2	2349.13	133.03	31.9	800.0	106.1	127.2	2,009.5
Quarterly Change										
ABS	-19.74	17.69	-461.44	-24.63	0.00	0.00	-200.00	-0.35	-22.45	-342.71
(%)	-1.23	2.13	-19.27	-1.04	0.00	0.00	-20.00	-0.33	-15.00	-14.57
YTD. Change										
ABS	35.61	-232.60	-310.39	-22.12	-0.32	0.00	-20.00	-6.77	4.62	-251.50
(%)	2.30	-21.49	-13.83	-0.93	-0.24	0.00	-2.44	-6.00	3.77	-11.12

#### 4.7.3 Market Performance

For the review quarter, total exchanges on the GSE amounted to 36.7 million shares, valued at GH¢47.0 million. This compares with 37.7 million shares, valued at GH¢95.0 million registered in the corresponding period of 2014. During the period, there were 25 market movers of which 7 equities recorded appreciation in share prices while 18 equities lost value. The rest remained virtually unchanged for the review quarter. SPL led the list of advancers with a growth of 33.3 per cent, followed by FML (27.8%), HORDS (16.6%), EGL (12.8%) and AYRTN (5.9%). UTB however, lost 41.2 per cent to top the list of losers, followed by HFC (-37.5%), SIC (-36.6%) and GGBL (-30.48%).



Chart 4.10: Changes in Share Prices (%), 2015Q3



#### 4.7.4 Market Capitalisation

Total market capitalization at the end of the third quarter of 2015 stood at GH¢62,183.49 million, representing a decline of 3.8 per cent (GH¢4,141.20 million) from GH¢64,616.5 million registered at the end of June 2015 and year-to-date decrease of 3.6 per cent (GH¢2,168.9 million). This compared with the quarterly and year-to-date growths of 2.7 per cent (GH¢505.30 million) and 5.5 per cent (GH¢3,357.0 million) respectively registered in the corresponding period of 2014. The decrease was as a result of general decline in the prices of stocks.

Table 4.9: Stock Market Performance

MONTH	SECTOR									GSE-CI
	F&B	MAN	FINANCE	DISTR	MINING	IT	AGRIC	OIL	ETFund	
Dec-14	1,327.2	773.2	13791.6	1018.88	15545.18	3.4	142.7	31734.7	15.40	64,352.4
Jun-15	1,374.7	594.4	15983.3	1019.96	15513.41	3.4	178.4	29929.8	18.80	64,616.5
Sep-15	1,357.7	607.1	13689.8	1009.38	15507.62	3.4	143.6	29830.0	15.98	62,183.0
Quarterly Change										
ABS	-16.95	12.64	-2293.46	-10.58	-5.79	0.00	-34.80	-99.77	-2.82	-2433.48
(%)	-1.23	2.13	-14.35	-1.04	-0.04	0.00	19.51	-0.33	-15.00	-3.77
Yearly Change										
ABS	30.59	-166.14	-101.80	-9.50	-37.55	0.00	0.88	-1904.62	0.58	-2169.42
(%)	2.30	-21.49	-0.74	-0.93	-0.24	0.00	0.62	-6.00	3.77	-3.37

## 5. Fiscal Developments

Fiscal developments in the third quarter of 2015 resulted in a deficit of 2.8 per cent compared with 2.1 per cent recorded in the corresponding period of 2014 and also above the target for the review quarter of 2.2 per cent of GDP. The domestic primary balance recorded a surplus equivalent to 0.1 per cent of GDP, higher than the targeted surplus of 0.4 per cent of GDP.

Table 5.1: Fiscal Indicators (GHe' million)

	2014	2015					
	Prov. Q3	Prov. Q1	Prov. Q2	Prov. Q3	Prog Q3	Prov. Q1-Q3	Prog Q1-Q3
<b>Taxes on income and property</b>	<b>2,146.06</b>	<b>1,943.54</b>	<b>2,197.30</b>	<b>1,976.95</b>	<b>2,198.99</b>	<b>6,117.79</b>	<b>6,412.86</b>
per cent of GDP	1.91	1.46	1.65	1.48	1.65	4.59	4.81
<b>Taxes on goods and services</b>	<b>1,597.06</b>	<b>2,202.73</b>	<b>2,387.00</b>	<b>2,845.08</b>	<b>2,349.11</b>	<b>7,434.81</b>	<b>6,766.61</b>
per cent of GDP	1.42	1.65	1.79	2.13	1.76	5.58	5.07
<b>Taxes on international trade</b>	<b>1,013.22</b>	<b>1,429.80</b>	<b>1,244.43</b>	<b>1,060.14</b>	<b>1,012.06</b>	<b>3,734.37</b>	<b>2,897.00</b>
per cent of GDP	0.9	1.07	0.93	0.8	0.76	2.8	2.17
<b>Tax revenue including oil</b>	<b>4,756.33</b>	<b>5,576.07</b>	<b>5,828.72</b>	<b>5,882.18</b>	<b>5,560.16</b>	<b>17,286.97</b>	<b>16,076.47</b>
per cent of GDP	4.22	4.18	4.37	4.41	4.17	12.96	12.06
<b>Tax revenue excluding oil</b>	<b>4,232.19</b>	<b>5,469.22</b>	<b>5,718.60</b>	<b>5,717.43</b>	<b>5,370.70</b>	<b>16,905.25</b>	<b>15,695.33</b>
per cent of GDP	4.05	4.44	4.65	4.64	4.36	13.73	12.75
<b>Nontax revenue</b>	<b>1,270.84</b>	<b>1,547.71</b>	<b>1,048.17</b>	<b>1,073.97</b>	<b>1,447.32</b>	<b>3,669.85</b>	<b>4,027.53</b>
per cent of GDP	1.13	1.16	0.79	0.81	1.09	2.75	3.02
<b>Domestic revenue including oil</b>	<b>6,085.37</b>	<b>7,150.68</b>	<b>6,963.86</b>	<b>7,102.22</b>	<b>7,053.57</b>	<b>21,216.76</b>	<b>20,224.24</b>
per cent of GDP	5.4	5.36	5.22	5.33	5.29	15.91	15.17
<b>Domestic revenue excluding oil</b>	<b>5,561.23</b>	<b>7,043.84</b>	<b>6,853.74</b>	<b>6,937.47</b>	<b>6,864.11</b>	<b>20,835.05</b>	<b>19,843.10</b>
per cent of GDP	5.32	5.72	5.57	5.64	5.58	16.93	16.12
<b>Grants</b>	<b>367.39</b>	<b>246.98</b>	<b>621.7</b>	<b>639.21</b>	<b>660.27</b>	<b>1,507.88</b>	<b>1,694.14</b>
per cent of GDP	0.33	0.19	0.47	0.48	0.5	1.13	1.27
<b>Total revenue and grants</b>	<b>6,452.76</b>	<b>7,397.66</b>	<b>7,585.56</b>	<b>7,741.42</b>	<b>7,713.83</b>	<b>22,724.65</b>	<b>21,918.39</b>
per cent of GDP	5.73	5.55	5.69	5.81	5.78	17.04	16.44
<b>Compensation of Employees</b>	<b>2,543.81</b>	<b>2,683.10</b>	<b>3,230.20</b>	<b>3,023.55</b>	<b>3,070.15</b>	<b>8,936.85</b>	<b>9,206.97</b>
per cent of GDP	2.26	2.01	2.42	2.27	2.3	6.7	6.9
<b>Goods and services</b>	<b>376.49</b>	<b>246.09</b>	<b>516.03</b>	<b>371.1</b>	<b>468.64</b>	<b>1,133.22</b>	<b>1,192.57</b>
per cent of GDP	0.33	0.18	0.39	0.28	0.35	0.85	0.89
<b>Interest payments</b>	<b>1,625.45</b>	<b>1,981.94</b>	<b>1,852.54</b>	<b>2,550.51</b>	<b>2,479.72</b>	<b>6,384.99</b>	<b>6,624.13</b>
per cent of GDP	1.44	1.49	1.39	1.91	1.86	4.79	4.97
<b>Subsidies</b>	<b>473.72</b>	<b>0</b>	<b>0</b>	<b>25</b>	<b>25</b>	<b>25</b>	<b>50</b>
per cent of GDP	0.42	0	0	0.02	0.02	0.02	0.04
<b>Non-Financial Assets (Capital Expenditure)</b>	<b>1,778.10</b>	<b>1,931.15</b>	<b>1,034.33</b>	<b>1,822.12</b>	<b>1,705.30</b>	<b>4,787.60</b>	<b>4,416.70</b>
per cent of GDP	1.58	1.45	0.78	1.37	1.28	3.59	3.31
<b>Total expenditure &amp; net lending</b>	<b>8,228.57</b>	<b>8,437.22</b>	<b>8,904.47</b>	<b>10,149.09</b>	<b>9,840.03</b>	<b>27,490.78</b>	<b>27,318.92</b>
per cent of GDP	7.31	6.33	6.68	7.61	7.38	20.62	20.49
<b>Overall Budget Balance</b>	<b>-2,356.36</b>	<b>-1,565.05</b>	<b>-1,467.31</b>	<b>-3,712.54</b>	<b>-2,982.26</b>	<b>-6,744.90</b>	<b>-7,583.41</b>
per cent of GDP	-2.09	-1.17	-1.1	-2.78	-2.24	-5.06	-5.69
<b>Domestic Expenditure</b>	<b>4,937.58</b>	<b>4,745.86</b>	<b>5,688.72</b>	<b>6,991.10</b>	<b>6,463.46</b>	<b>17,425.68</b>	<b>17,819.02</b>
per cent of GDP	4.38	3.56	4.27	5.24	4.85	13.07	13.36
<b>Domestic Primary Balance</b>	<b>1,147.79</b>	<b>2,404.82</b>	<b>1,275.15</b>	<b>111.12</b>	<b>590.11</b>	<b>3,791.09</b>	<b>2,405.22</b>
per cent of GDP	1.02	1.8	0.96	0.08	0.44	2.84	1.8
<b>Nominal GDP (Including Oil)</b>	<b>112,610.60</b>	<b>133,344.08</b>	<b>133,344.08</b>	<b>133,344.08</b>	<b>133,344.08</b>	<b>133,344.08</b>	<b>133,344.08</b>
<b>Nominal GDP (Excluding oil)</b>	<b>104,476.33</b>	<b>123,098.63</b>	<b>123,098.63</b>	<b>123,098.63</b>	<b>123,098.63</b>	<b>123,098.63</b>	<b>123,098.63</b>

Source: Bank of Ghana

## 5.1 Government Revenue

Government receipts (including grants) for the review quarter amounted to GH¢7,741.4 million (5.8% of GDP) and also higher than the budgeted estimate of GH¢7,713.8 million (5.8% of GDP). It was also higher than the GH¢6,452.8 million (5.7% of GDP) recorded for the corresponding quarter in 2014. This was made up of tax revenue of GH¢5,882.2 million (76.0% of the total), social security contributions of GH¢146.1 million (1.9%), non-tax revenue of GH¢1,074.0 million (13.9%) and grants of GH¢639.2 million (8.3%). The over-performance in government receipts was mainly the result of the implementation of new tax measures, particularly the 2.5 percentage point increase in VAT, and special petroleum tax. There was improvement in the efficiency in tax collection as a result of on-going tax administration reforms. This was however moderated by a fall in taxes on Income and property by 10.1 per cent (GH¢222.0 million).

Non-tax receipts were 25.8 per cent lower than the budgeted target of GH¢1,477.3 million (1.1% of GDP). It was however higher than the outturn of GH¢1,270.8 million (1.1% of GDP) recorded for the corresponding quarter in 2014. Grants disbursement of GH¢639.2 million fell short of the budgeted target of GH¢660.3 million.

### Income and Property Tax

Taxes from income and property during the third quarter amounted to GH¢1,976.9 million compared with the budget target of GH¢2,199.0 million. Personal income taxes, self employed taxes and royalties from oil of GH¢759.0 million, GH¢60.8 million and GH¢119.9 million respectively, fell below their programmed targets. However, company taxes exceeded the target by 2.7 per cent. Irregular power supply during the first-nine months of 2015 and downturn in economic activity also affected the performance of collections under income and property tax. The negative variance was also the result of lower-than-budgeted receipts from personal income taxes.

### Domestic Goods and Services

Domestic goods and services tax of GH¢2,845.1 million was 21.1 per cent higher than target of GH¢2,349.1 million. This tax component comprised excises (excise duty and petroleum tax) of GH¢694.1 million, VAT collections of GH¢1,805.7 million, National Health Insurance Levy (NHIL) of GH¢283.8 million and GH¢61.5 million from Communication Service Tax (CST). Excise duty collections were 53.4 per cent above its target. VAT collections were 25.6 per cent above its budgeted target. The performance of CST was not encouraging as it

fell short of the target by 4.3 per cent. This was because more and more companies continue to file self assessment forms.

Petroleum taxes totalling GH¢616.7 million, which constituted 88.9 per cent of excise for the review quarter, exceeded the programmed level of GH¢507.2 million by 21.6 per cent. Reasons for this include the achievement of targeted volumes especially for premium and gas oil and the liberalization of the prices of fuel products.

## International Trade Taxes

International trade taxes for the quarter under review amounted to GH¢1,060.1 million, higher than the GH¢1,013.2 million recorded for the corresponding period of 2014. It was also higher than the budget target of GH¢1,012.1 million. Total import duty realised of

Table 5.2: Government Revenue (GH¢ million)

	2014	2015					
	Prov. Q3	Prov. Q1	Prov. Q2	Prov. Q3	Prog Q3	Prov. Q1-Q3	Prog Q1-Q3
<b>TAX REVENUE</b>	<b>4,756.33</b>	<b>5,576.07</b>	<b>5,828.72</b>	<b>5,882.18</b>	<b>5,560.16</b>	<b>17,286.97</b>	<b>16,076.47</b>
<i>(percent of GDP)</i>	4.22	4.18	4.37	4.41	4.17	12.96	12.06
<b>TAXES ON INCOME &amp; PROPERTY</b>	<b>2,146.06</b>	<b>1,943.54</b>	<b>2,197.30</b>	<b>1,976.95</b>	<b>2,198.99</b>	<b>6,117.79</b>	<b>6,412.86</b>
Personal	702.75	689.36	843.87	758.98	926.91	2,292.21	2,541.19
Self employed	49.43	60.83	67.03	60.8	63.41	188.65	183.32
Companies	667.89	830.75	898.16	734.18	714.77	2,463.09	2,378.06
Company taxes on oil	346.76	0	0	44.85	0	44.85	0
Others	379.23	362.61	388.24	378.14	493.9	1,128.99	1,310.29
Other direct taxes /1	340.11	278.44	296.36	280.45	375.81	855.24	1,036.48
o/w Royalties from Oil	177.38	106.85	110.13	119.89	189.46	336.87	381.15
o/w Mineral Royalties	133.76	137.44	140.97	116.67	103.35	395.08	393.65
NRL (Arrears)	0	53.23	39.8	35.02	58.83	128.05	164.64
NFSL	36.6	30.94	52.08	62.68	59.27	145.7	109.17
Airport tax	2.52	0	0	0	0	0	0
<b>TAXES ON DOMESTIC GOODS AND SERVICES</b>	<b>1,597.06</b>	<b>2,202.73</b>	<b>2,387.00</b>	<b>2,845.67</b>	<b>2,349.11</b>	<b>7,434.81</b>	<b>6,766.61</b>
<b>Excises</b>	<b>174.28</b>	<b>598.57</b>	<b>589.38</b>	<b>694.07</b>	<b>557.61</b>	<b>1,882.02</b>	<b>1,638.15</b>
Excise Duty	30.76	48.52	48.69	77.35	50.41	174.57	156.41
Petroleum tax	143.52	550.05	540.69	616.72	507.19	1,707.45	1,481.74
o/w Debt recovery levy	0	0	0	0	0	0	0
<b>VAT</b>	<b>1,173.28</b>	<b>1,329.71</b>	<b>1,491.64</b>	<b>1,805.67</b>	<b>1,484.48</b>	<b>4,627.03</b>	<b>4,216.50</b>
Domestic	471.81	528.31	607.61	902.09	621.87	2,038.01	1,756.80
External	701.47	801.41	884.03	903.58	862.61	2,589.02	2,459.69
<b>National Health Insurance Levy (NHIL)</b>	<b>196.33</b>	<b>216.86</b>	<b>242.61</b>	<b>283.82</b>	<b>242.73</b>	<b>743.28</b>	<b>701.46</b>
Customs Collection	117.7	128.81	141.34	133.47	135.92	403.62	395.18
Domestic Collection	78.64	88.05	101.27	150.35	106.8	339.67	306.28
<b>Communication Service Tax</b>	<b>53.17</b>	<b>57.59</b>	<b>63.37</b>	<b>61.52</b>	<b>64.3</b>	<b>182.47</b>	<b>210.51</b>
<b>TAXES ON INTERNATIONAL TRADE</b>	<b>1,013.22</b>	<b>1,429.80</b>	<b>1,244.43</b>	<b>1,060.14</b>	<b>1,012.06</b>	<b>3,734.37</b>	<b>2,897.00</b>
<b>Imports</b>	<b>690.14</b>	<b>758.18</b>	<b>818.8</b>	<b>467.92</b>	<b>822.81</b>	<b>2,044.90</b>	<b>2,355.29</b>
Import duty	690.14	758.18	818.8	467.92	822.81	2,044.90	2,355.29
<b>Exports</b>	<b>0</b>	<b>80.58</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>80.58</b>	<b>0</b>
Cocoa	0	80.58	0	0	0	80.58	0
<b>Import Exemptions</b>	<b>323.07</b>	<b>591.04</b>	<b>425.62</b>	<b>592.22</b>	<b>189.25</b>	<b>1,608.89</b>	<b>541.72</b>
<b>SOCIAL CONTRIBUTIONS</b>	<b>58.2</b>	<b>26.9</b>	<b>86.97</b>	<b>146.07</b>	<b>46.09</b>	<b>259.94</b>	<b>120.24</b>
SSNIT Contribution to NHIL	58.2	26.9	86.97	146.07	46.09	259.94	120.24
<b>NON-TAX REVENUE</b>	<b>1,270.84</b>	<b>1,547.71</b>	<b>1,048.17</b>	<b>1,073.97</b>	<b>1,447.32</b>	<b>3,669.85</b>	<b>4,027.53</b>
Retention	639.44	564.68	605.12	650.93	799.64	1,820.73	2,086.41
Lodgment	631.4	983.03	443.05	423.05	647.67	1,849.12	1,941.11
Fees & Charges	90.55	102.99	141.64	109.91	89.62	354.54	236.99
Dividend/Interest & profits from Oil	458.54	276.92	285.42	310.73	413.37	873.08	909.39
Surface Rentals from Oil	2.9	3.02	0.02	2.4	1.28	5.44	3.74
Gas Receipts	0	0	0	0	59.4	0	59.4
Dividend/Interest & profits (Others)	79.42	600.1	15.96	0	84	616.06	731.6
<b>DOMESTIC REVENUE</b>	<b>6,085.37</b>	<b>7,150.68</b>	<b>6,963.86</b>	<b>7,102.22</b>	<b>7,053.57</b>	<b>21,216.76</b>	<b>20,224.24</b>
<b>GRANTS</b>	<b>367.39</b>	<b>246.98</b>	<b>621.7</b>	<b>639.21</b>	<b>660.27</b>	<b>1,507.88</b>	<b>1,694.14</b>
Project grants	342.79	246.98	173.69	297.63	236.56	718.3	868.21
Programme grants	24.6	0	448.01	341.57	423.7	789.58	825.93
<b>TOTAL REVENUE &amp; GRANTS</b>	<b>6,452.76</b>	<b>7,397.66</b>	<b>7,585.56</b>	<b>7,741.42</b>	<b>7,713.83</b>	<b>22,724.65</b>	<b>21,918.39</b>

Source: Bank of Ghana

GH¢467.9 million during the quarter was 43.1 per cent below the budgeted target. Import exemptions also exceeded the programmed figure by 212.9 per cent. The poor performance of import duty was attributed to a number of factors including lower than targeted volume of imports and higher-than programmed exemptions granted.

## 5.2 Government Expenditures

Government expenditure (including net lending) in the third quarter of 2015 amounted to GH¢10,149.1 million (7.6% of GDP) compared with a target of GH¢9,840.0 million (7.4% of GDP) and GH¢8,228.6 million (7.3% of GDP) recorded during the corresponding quarter in 2014.

The total expenditure comprised Compensation of Employees of GH¢3,023.6 million (2.3% of GDP), Goods and Services of GH¢371.1 million (0.3% of GDP), Interest Payments of GH¢2,550.5 million (1.9% of GDP). There were Grants to Government Units like District Assembly Common Fund, National Health Fund, Education Trust Fund, among others, of GH¢1,764.6 million. Subsidies on petroleum products for the review quarter amounted to GH¢25.0 million. Government outlay on acquisition of non-financial assets (i.e. Capital Expenditure) were GH¢1,822.1 million (1.4% of GDP).

### Compensation of Employees

Compensation of Employees comprising wages and salaries and social security contributions amounted to GH¢3,023.6 million; GH¢46.6 million below the programmed target, but higher than the GH¢2,543.8 million recorded for a similar period of 2014. Social contributions constituted 13 per cent of total compensation of public sector employees compared to 7.4 per cent recorded in the corresponding period of 2014 and the programmed estimate of 15.4 per cent.

### Interest Payments

Interest Payments made in the third quarter of 2015 totalled GH¢2,550.5 million and was marginally above its programmed target by GH¢70.8 million. The high interest cost for the period was driven by higher domestic interest payments.

### Grants to Other Government Units

Grants to Other Government Units amounted to GH¢1,764.6 million, below the budgeted target of GH¢1,889.1 million. These grants were made up of transfers to statutory funds such as the National Health Fund (GH¢282.0 million), Education Trust Fund (GH¢292.6 million), the Petroleum Related Fund (GH¢1.1 million), the Road Fund (GH¢60.7 million) as well as District Assembly Common Fund (GH¢359.4 million). There was also the Retention of IGFs

by MDAs of GH¢650.9 million and Transfer to GNPC from Oil Revenue of GH¢117.9 million.

## Acquisition of Non-Financial Assets (i.e. Capital Expenditure)

Government acquisition of non-financial assets during the review quarter amounted to GH¢1,822.1 million, of which GH¢516.0 million was financed from domestic sources and GH¢1,306.2 million from foreign sources. This outlay was 6.9 per cent above the target of GH¢1,705.3 million for the quarter and constituted 18.0 per cent of total government expenditure, compared to 21.6 per cent recorded in a similar period in 2014.

## Other Expenditures

Other components of government expenditure items including Tax Expenditure (Exemptions) of GH¢592.2 million far exceeded its programmed target of GH¢189.3 million for the third quarter of 2015 by 212.9 per cent.

Table 5.3: Government Expenditure (GH¢ million)

	2014	2015					
	Prov. Q3	Prov. Q1	Prov. Q2	Prov. Q3	Prog Q3	Prov. Q1-Q3	Prog Q1-Q3
<b>Compensation of Employees</b>	2,543.81	2,683.10	3,230.20	3,023.55	3,070.15	8,936.85	9,206.97
Wages & Salaries	2,356.17	2,425.62	2,602.52	2,631.24	2,596.89	7,659.38	7,732.04
Social Contributions	187.64	257.49	627.67	392.32	473.26	1,277.48	1,474.93
Pensions	147.37	143.13	193.65	167.04	182.74	503.82	535.7
Gratuities	40.28	31.29	47.88	44.02	52.17	123.19	155.2
Social Security	0.00	83.06	386.15	181.26	238.35	650.47	784.03
<b>Use of Goods and Services</b>	376.49	246.09	516.03	371.1	468.64	1,133.22	1,192.57
o/w Recurrent Expenditure share of ABFA from Oil (30% of ABFA)	0.00	2.7	110.34	18.62	82.7	131.67	279.89
<b>Interest Payments</b>	1,625.45	1,981.94	1,852.54	2,550.51	2,479.72	6,384.99	6,624.13
Domestic	1,346.15	1,575.07	1,508.77	2,022.07	1,955.59	5,105.90	5,313.52
External (Due)	279.31	406.87	343.78	528.44	524.13	1,279.09	1,310.61
<b>Subsidies</b>	473.72	0.00	0.00	25.00	25.00	25.00	50.00
Subsidies to Utility Companies	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subsidies on Petroleum products	473.72	0.00	0.00	25.00	25.00	25.00	50.00
<b>Grants to Other Government Units</b>	1,107.92	1,003.90	1,845.74	1,764.59	1,899.10	4,614.23	5,226.75
National Health Fund (NHF)	239.96	200.4	447.3	281.99	288.82	929.69	821.7
Education Trust Fund	0	42.26	234.24	292.63	221.12	569.14	627.17
Road Fund	55.18	68.25	65.57	60.67	67.2	194.48	186.18
Petroleum Related Fund	1.14	1.41	1.35	1.11	1.29	3.87	3.87
Dist. Ass. Common Fund	0.00	0.00	375.86	359.38	368.86	735.24	1,079.03
Retention of Internally-generated funds (IGFs)	639.44	564.68	605.12	650.93	799.64	1,820.73	2,086.41
Transfer to GNPC from Oil Revenue	172.2	126.89	116.3	117.88	152.16	361.07	422.38
<b>Social Benefits</b>		0.00	0.00	0.00	0.00	2.88	0.00
<b>60.08</b>							
Lifeline Consumers of Electricity	0.00	0.00	0.00	0.00	2.88	0.00	60.08
Transfers for Social Protection	0.00	0.00	0.00	0.00	2.88	0.00	60.08
<b>Other Expenditure</b>	323.07	591.04	425.62	592.22	189.25	1,608.89	541.72
Reserve Expenditure Vote	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Tax Expenditure (Exemptions)	323.07	591.04	425.62	592.22	189.25	1,608.89	541.72
<b>Acquisition of Non-Financial Assets</b>	1,778.10	1,931.15	1,034.33	1,822.12	1,705.30	4,787.60	4,416.70
Domestic financed	328.47	16.89	257.19	515.96	697.25	790.03	1,219.39
Assets	328.47	16.89	257.19	515.96	697.25	790.03	1,219.39
Foreign financed	1,449.63	1,914.26	777.14	1,306.16	1,008.05	3,997.57	3,197.31
<b>TOTAL EXP. &amp; NET LENDING</b>	8,228.57	8,437.22	8,904.47	10,149.09	9,840.03	27,490.78	27,318.92

Source: Bank of Ghana

### 5.3 Financing

The budget recorded an overall deficit of GH¢3,712.5 million (2.8% of GDP) in the third quarter of 2015. The deficit with other domestic repayment of GH¢47.6 million and a transfer into the petroleum funds of GH¢64.1 million were financed from both domestic and foreign sources. Government had a net foreign loan inflow of GH¢907.5 million while domestic financing amounted to GH¢2,916.7 million.

Table 5.4: Government Financing (GH¢ million)

	2014		2015				
	Prov. Q3	Prov. Q1	Prov. Q2	Prov. Q3	Prog Q3	Prov. Q1-Q3	Prog Q1-Q3
<b>Overall balance (commitment)</b>	<b>-1,775.81</b>	<b>-1,039.56</b>	<b>-1,318.91</b>	<b>-2,407.67</b>	<b>-2,126.19</b>	<b>-4,766.13</b>	<b>-5,400.54</b>
(percent of GDP)	-1.58	-0.78	-0.99	-1.81	-1.59	-3.57	-4.05
Road Arrears (net change)	0.00	0.00	-45.48	-73.27	-125.61	-118.76	-322.31
o/w Commitments & certs for works done	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Non-road arrears	-796.46	-320.64	-688.98	-532.93	-619.25	-1,542.55	-1,539.04
o/w other outstanding payments/deferred payments	-198.74	-320.64	-429.33	-369.54	-356.92	-1,119.51	-917.08
o/w Wage arrears	-60.04	-168.11	-175.29	-269.63	-130.00	-613.03	-371.00
o/w DACF	-300.19	0.00	-259.66	-99.86	-141.05	-359.51	-441.90
o/w GETF	-297.53	0.00	0.00	-63.53	-121.29	-63.53	-180.06
Tax Refunds	-29.75	-160.36	-70.47	-155.07	-111.20	-385.89	-321.53
<b>Required Fiscal Measures</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Transfers into Oil Fund	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Overall balance (cash)</b>	<b>-2,602.02</b>	<b>-1,520.56</b>	<b>-2,123.84</b>	<b>-3,168.94</b>	<b>-2,982.26</b>	<b>-6,813.33</b>	<b>-7,583.41</b>
(percent of GDP)	-2.31	-1.14	-1.59	-2.38	-2.24	-5.11	-5.69
Discrepancy	245.66	-44.49	656.53	-543.60	0.00	68.44	0.00
<b>Overall balance (incl. Divestiture and Discrepancy)</b>	<b>-2,356.36</b>	<b>-1,565.05</b>	<b>-1,467.31</b>	<b>-3,712.54</b>	<b>-2,982.26</b>	<b>-6,744.90</b>	<b>-7,583.41</b>
(percent of GDP)	-2.09	-1.17	-1.10	-2.78	-2.24	-5.06	-5.69
<b>Financing</b>	<b>2,356.36</b>	<b>1,565.05</b>	<b>1,467.31</b>	<b>3,712.54</b>	<b>2,982.26</b>	<b>6,744.90</b>	<b>7,583.41</b>
<b>Foreign (net)</b>	<b>4,021.86</b>	<b>1,191.38</b>	<b>-34.38</b>	<b>907.52</b>	<b>4,471.63</b>	<b>2,064.53</b>	<b>4,677.73</b>
Borrowing	4,268.76	1,667.29	603.46	1,620.50	6,660.01	3,891.25	8,217.62
Project loans	1,106.84	1,667.29	603.46	1,008.53	771.49	3,279.27	2,329.09
Programme loans	0.00	0.00	0.00	611.98	781.17	611.98	781.17
Sovereign Bond	3,161.91	0.00	0.00	0.00	5,107.35	0.00	5,107.35
Amortisation (due)	-246.90	-475.90	-637.84	-712.98	-2,188.38	-1,826.72	-3,539.89
<b>Domestic (net)</b>	<b>-1,172.54</b>	<b>425.97</b>	<b>1,347.98</b>	<b>2,916.71</b>	<b>-1,314.53</b>	<b>4,690.66</b>	<b>2,917.66</b>
Banking	-1,303.94	-628.51	696.24	2,309.38	-97.41	2,377.11	1,417.00
Bank of Ghana	-1,000.51	-1,628.42	2,028.18	1,460.53	607.44	1,860.30	1,132.78
Comm. Banks	-303.43	999.91	-1,331.94	848.85	-704.84	516.81	284.22
Non-banks	131.40	1,054.48	651.75	607.34	-1,217.12	2,313.56	1,500.66
Other Domestic	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Other Financing</b>	<b>-39.22</b>	<b>-52.30</b>	<b>-52.01</b>	<b>-47.60</b>	<b>-21.43</b>	<b>-151.91</b>	<b>-64.28</b>
clawback from TOR	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other domestic financing	-39.22	-52.30	-52.01	-47.60	-21.43	-151.91	-64.28
non-concessional borrowing (foreign)							
<b>Ghana Petroleum Funds</b>	<b>-453.74</b>	<b>0.00</b>	<b>205.72</b>	<b>-64.10</b>	<b>-153.41</b>	<b>141.62</b>	<b>52.31</b>
Transfer to Ghana Petroleum Funds	-498.93	0.00	0.00	-64.10	-153.41	-64.10	-153.41
o/w Stabilisation Fund	-349.25	0.00	0.00	-44.87	-107.38	-44.87	-107.38
o/w Heritage Fund	-149.68	0.00	0.00	-19.23	-46.02	-19.23	-46.02
Transfer from Stabilisation Fund	45.19	0.00	205.72	0.00	0.00	205.72	205.72
<b>Nominal GDP (Including Oil)</b>	<b>112,610.60</b>	<b>133,344.08</b>	<b>133,344.08</b>	<b>133,344.08</b>	<b>133,344.08</b>	<b>133,344.08</b>	<b>133,344.08</b>

Source: Bank of Ghana

## 5.4 Domestic Debt

### 5.4.1 Composition of Domestic Debt

The stock of domestic debt at the end of third quarter of 2015 was GH¢37,128.1 million (27.8% of GDP), indicating an increase of GH¢2,507.2 million (7.2%) over the stock at the end of fourth quarter in 2014. The rise in the debt stock for the period was the net result of growth of GH¢2,479.9 million in the short-term securities as well as GH¢27.4 million in the medium-term securities. In terms of distribution of the domestic debt with respect to maturity term, short-term instruments increased to 43.5 per cent from 39.5 per cent at the end of the fourth quarter of 2014. The medium-term instruments however decreased to 35.2 per cent from 37.7 per cent at the end of the fourth quarter of 2014. Long-term instruments, however, decreased marginally to 21.3 per cent from 22.8 per cent over the period.

Table 5.5: Stock of Domestic Debt (GH¢ million)

	2014				2015		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
91-Day Treasury Bill	5,419.70	6,454.40	6,375.80	7,939.40	9,137.00	8,645.60	9,198.80
182-Day Treasury Bill	2,058.10	1,900.40	2,714.10	4,493.40	5,588.20	5,754.40	6,199.40
1-Year Treasury Note	1,848.10	1,549.20	1,473.70	1,253.30	1,196.10	1,239.60	767.80
Short term Advance	0.00	0.00	0.00	0.00	0.00	0.00	0.00
A. Short-Term Instruments	9,325.90	9,904.00	10,563.60	13,686.10	15,921.20	15,639.60	16,166.00
2-Year Fixed Treasury Note	3,654.80	3,523.60	2,997.30	2,746.20	2,300.70	2,049.70	1,995.00
3-Year GGILBS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3-Year Floating Treasury Note	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3-Year Fixed Treasury Note	4,818.00	4,861.40	5,261.40	5,061.40	5,159.30	5,230.60	6,013.90
3-Year Stock(SBG)	29.90	0.00	0.00	0.00	0.00	0.00	0.00
3-Year Stock(SSNIT)	529.40	367.50	367.50	1,281.80	1,281.80	1,073.60	1,073.60
3-Year Floating Treasury Note (SADA-UBA)	202.50	202.50	202.50	202.50	35.00	35.00	35.00
5-Year GOG Bond	2,317.90	2,790.20	2,790.20	2,790.20	2,992.00	2,992.00	2,992.00
5-year Golden Jubilee Bond	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7-Year GOG Bond	201.70	201.70	201.70	201.70	201.70	201.70	201.70
GOG Petroleum Finance Bond	80.00	80.00	80.00	80.00	80.00	80.00	80.00
TOR Bonds	682.00	682.00	682.00	682.00	682.00	682.00	682.00
NPRA Stocks	72.60	0.00	0.00	0.00	0.00	0.00	0.00
B. Medium-Term Instruments	12,588.90	12,709.00	12,582.60	13,045.90	12,732.60	12,344.80	13,073.20
Long Term Government Stocks	7,417.40	7,417.40	7,417.40	7,417.40	7,417.40	7,417.40	7,417.40
Telekom Malaysia Stocks	109.50	109.50	109.50	109.50	109.50	109.50	109.50
Revaluation Stock	361.10	361.10	361.10	361.10	361.10	361.10	361.10
Others Government Stocks	1.00	1.00	1.00	1.00	1.00	1.00	1.00
C. Long-Term Instruments	7,888.90	7,888.90	7,888.90	7,888.90	7,888.90	7,888.90	7,888.90
TOTAL(A+B+C)	29,803.70	30,501.80	31,035.10	34,620.90	36,542.70	35,873.20	37,128.10

Source: Bank of Ghana

### 5.4.2 Holdings of Domestic Debt

Bank of Ghana's holding of domestic debt at the end of the second quarter of 2015 was GH¢8,905.7 million, representing 24.0 per cent of the total. The Deposit Money Banks (DMBs) held GH¢10,027.0 million (27.0%). SSNIT held GH¢1,480.3 million (4.0%), Insurance companies GH¢82.8 million (0.2%), and "Other holders" including foreign investors of GH¢16,632.3 million (44.8%). Comparative holdings at the end of the fourth quarter of 2014 for DMBs, SSNIT, Insurance companies, and "Other holders" were 27.3 per cent, 4.5 per cent, 0.2 per cent and 41.2 per cent respectively.



Table 5.6: Holdings of Domestic Debt (GHe' million)

	2014				2015		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
<b>A. Banking system</b>	<b>17,236.50</b>	<b>17,046.70</b>	<b>17,071.70</b>	<b>18,745.50</b>	<b>19,559.90</b>	<b>18,181.50</b>	<b>18,932.70</b>
Bank of Ghana	9,930.60	9,617.70	9,804.30	9,293.50	9,008.80	8,935.60	8,905.70
Commercial Bank	7,305.90	7,429.10	7,267.40	9,452.00	10,551.10	9,245.90	10,027.00
<b>B. Nonbank sector</b>	<b>12,567.20</b>	<b>13,455.10</b>	<b>13,963.30</b>	<b>15,875.40</b>	<b>16,982.80</b>	<b>17,691.70</b>	<b>18,195.40</b>
SSNIT	708.70	660.80	715.80	1563.60	1478.10	1519.00	1480.30
Insurance Companies	53.20	55.00	59.90	63.30	77.20	90.20	82.80
NPRA	72.60	0.00	0.00	0.00	0.00	0.00	0.00
Others Holders	11,732.70	12,739.30	13,187.60	14,248.50	15,427.50	16,082.50	16,632.30
<b>TOTAL(A+B)</b>	<b>29,803.70</b>	<b>30,501.80</b>	<b>31,035.10</b>	<b>34,620.90</b>	<b>36,542.70</b>	<b>35,873.20</b>	<b>37,128.10</b>

Source: Bank of Ghana

Table 5.7: Holdings of Domestic Debt (% of Total)

	2014				2015		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
<b>A. Banking system</b>	<b>57.80</b>	<b>55.90</b>	<b>55.00</b>	<b>54.10</b>	<b>53.50</b>	<b>50.70</b>	<b>51.00</b>
Bank of Ghana	33.32	31.53	31.59	26.84	24.65	24.91	23.99
Commercial Bank	24.51	24.36	23.42	27.30	28.87	25.77	27.01
<b>B. Nonbank sector</b>	<b>42.20</b>	<b>44.10</b>	<b>45.00</b>	<b>45.90</b>	<b>46.50</b>	<b>49.30</b>	<b>49.00</b>
SSNIT	2.38	2.17	2.31	4.52	4.04	4.23	3.99
Insurance Companies	0.18	0.18	0.19	0.18	0.21	0.25	0.22
NPRA	0.24	0.00	0.00	0.00	0.00	0.00	0.00
Others Holders	39.37	41.77	42.49	41.16	42.22	44.83	44.80
<b>TOTAL(A+B)</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: Bank of Ghana

## 6. Balance of Payments Developments

### 6.1 International Trade and Finance

Ghana's balance of payments for the third quarter of 2015 registered a provisional deficit of US\$284.6 million compared with a surplus of US\$935.0 million recorded in the third quarter of 2014. The increase in the deficit was attributable to worsening of the current account and reduced inflows to the capital and financial account.

Table 6.1: Balance of Payments (US\$' million)

	2013 Q3	2014 Q3	2015* Q3	Q3' 2014/15	
				Absolute	% Change
<b>CURRENT ACCOUNT</b>	<b>-2,184.0</b>	<b>-864.3</b>	<b>-1,085.7</b>	<b>-221.5</b>	25.6
<b>Merchandise Exports (f.o.b.)</b>	<b>2,931.7</b>	<b>2,974.2</b>	<b>2,201.3</b>	<b>-772.9</b>	-26.0
Cocoa beans and products	289.6	354.8	385.4	30.6	8.6
Gold	1,011.1	1,141.2	828.6	-312.6	-27.4
Timber products	42.1	51.5	51.8	0.3	0.7
Oil	972.0	902.1	418.0	-484.1	-53.7
Others (including non-traditionals)	617.0	524.6	517.4	-7.2	-1.4
<b>Merchandise Imports (f.o.b.)</b>	<b>-4,318.0</b>	<b>-3,433.6</b>	<b>-3,427.3</b>	<b>-6.3</b>	-0.2
Non-oil	-3,578.7	-2,540.9	-2,889.2	-348.3	13.7
Oil	-739.3	-892.7	-538.1	-354.6	-39.7
<b>Net export under merchandising</b>					
Receipts					
Payments					
<b>Trade Balance</b>	<b>-1,386.3</b>	<b>-459.4</b>	<b>-1,226.0</b>	<b>-766.6</b>	166.9
<b>Services (net)</b>	<b>-793.6</b>	<b>-526.3</b>	<b>-267.8</b>	<b>258.5</b>	-49.1
Receipts	700.1	640.5	1,208.1	567.6	88.6
Payments	-1,493.6	-1,166.8	-1,475.9	-309.1	26.5
<b>Income (net)</b>	<b>-463.3</b>	<b>-308.0</b>	<b>-272.9</b>	<b>35.2</b>	-11.4
Receipts	50.0	21.1	80.5	59.4	282.2
Payments	-513.3	-329.1	-353.4	-24.3	7.4
<b>Current Transfers (net)</b>	<b>459.1</b>	<b>429.5</b>	<b>680.9</b>	<b>251.4</b>	58.5
Official	0.0	8.6	102.8	94.2	1,099.6
Private	459.1	420.9	578.1	157.2	37.3
<b>Services, Income and Current Transfer (net)</b>	<b>-797.7</b>	<b>-404.9</b>	<b>140.2</b>	<b>545.1</b>	-134.6
<b>CAPITAL &amp; FINANCIAL ACCOUNT</b>	<b>1,272.3</b>	<b>1,460.7</b>	<b>716.2</b>	<b>-744.5</b>	-51.0
<b>Capital Account (net)</b>	<b>0.0</b>	<b>0.0</b>	<b>66.0</b>	<b>66.0</b>	
Capital Transfers	0.0	0.0	66.0	66.0	
<b>Financial Account (net)</b>	<b>1,272.3</b>	<b>1,460.7</b>	<b>650.2</b>	<b>-810.5</b>	-55.5
Direct Investments	899.8	621.3	806.3	185.1	29.8
Portfolio Investments	717.9	989.6	0.0	-989.6	-100.0
Other Investments	-345.4	-150.1	-156.2	-6.0	4.0
Of Which					
Official Capital (net)	446.0	284.1	269.9	-14.2	-5.0
Sovereign bond					
Other Private Capital (net)	-230.0	-280.9	-89.1	191.8	-68.3
Short-term capital (net)	-437.5	-4.9	-321.0	-316.1	6,436.9
Government Oil Investments (net)	-123.9	-148.5	-16.0	132.5	-89.2
<b>ERRORS AND OMISSIONS</b>	<b>-80.3</b>	<b>338.6</b>	<b>84.9</b>	<b>-253.7</b>	-74.9
<b>OVERALL BALANCE</b>	<b>-992.0</b>	<b>935.0</b>	<b>-284.6</b>	<b>-1,219.6</b>	-130.4
<b>FINANCING</b>	<b>992.0</b>	<b>-935.0</b>	<b>284.6</b>	<b>1,219.6</b>	-130.4
Changes in International Reserves	992.0	-935.0	284.6	1,219.6	-130.4
*Provisional					
Note: + Classification of Balance of Payments is according to Balance of Payments Manual 5 (BPM5) format					

## 6.2 The Current Account

The current account balance worsened from a deficit of US\$864.3 million in the third quarter of 2014 to a deficit of US\$1,085.7 million in the third quarter of 2015. This was attributable to the deterioration in the trade balance which outweighed the gains made in the services, investment income and net transfer accounts.

### 6.2.1 Merchandise Trade

During the period under review, the trade balance deteriorated from a deficit of US\$459.40 million in the third quarter of 2014 to a deficit of US\$1,225.95 million, mainly on account of declining exports receipts driven by a drop in both prices and volumes of gold and oil export.

### Merchandise Exports

The value of merchandise exports for the third quarter of 2015 was estimated at US\$2,201.33 million, indicating a decrease of 26.0 per cent from US\$2,974.19 million recorded in the same period in 2014. The decrease was attributable to a low outturn in receipts from gold and oil exports on account of both price and volume effects.

#### *Gold Exports*

Gold exports during the review period declined to US\$828.62 million compared to US\$1,141.18 million recorded during the same period in 2014. The fall in receipts was due to both lower volumes and price. The average realized price decreased by 12.3 per cent to settle at US\$1,123.98 per fine ounce while the volume of gold exported decreased by 17.2 per cent to 737,219 fine ounces.

#### *Crude Oil Exports*

Crude oil exports during the review quarter declined to US\$418.05 million from US\$902.09 million recorded during the same period in 2014. This was mainly as a result of a huge drop in prices. The average realized price of crude oil dropped significantly by 51.6 per cent to US\$49.57 per barrel compared to US\$102.50 per barrel registered for the same period in 2014. Volume exported however increased by 4.2 per cent to 8,432,697 barrels in 2015. This was partly due to the breakdown of the FPSO in August 2015.

#### *Cocoa Beans and Products Exports*

Cocoa beans and products exports increased from US\$354.79 million in the third quarter of 2014 to US\$385.42 million in the third quarter of 2015. Cocoa beans exports increased by 28.1 per cent to US\$192.66 million (US\$178.85 million in the second quarter 2014). During the review period, cocoa prices were boosted by a weak performance of the US dollar and concerns that dry weather could curtail production in Ivory Coast. The increase was mainly attributable to 15.9 per cent increase in price which offset the 7.1

per cent in volume exported. Exports of cocoa products increased by 9.6 per cent to US\$192.77 million during the review quarter, due to volume effect which increased by 18.1 per cent while prices declined by 7.2 per cent.

### ***Timber Products***

Earnings from exports of timber products increased by 0.7 per cent to US\$51.84 million during the review quarter, on account of price effect. Average realized prices rose by 10.5 per cent to settle at US\$557.57 per cubic metre while volume decreased by 8.8 per cent to 92,969 cubic metres during the review period.

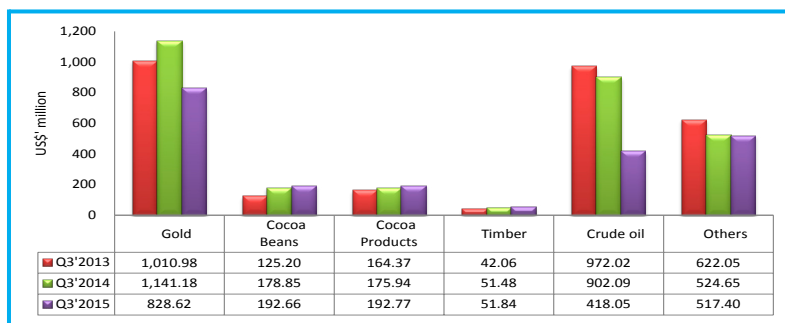
### ***Other Exports***

**Other** exports (including non-traditional exports and other minerals) dropped by 1.4 per cent to US\$517.40 million.

### **Top Ten Exported Non Traditional Items**

The value of the top ten non-traditional commodities exported during the period under review amounted to US\$198.2 million, compared to US\$209.40 million recorded for the same period in 2014. Among the ten top non-traditional items exported were cashew nuts, palm oil and its fractions, prepared or preserved tuna, etc.

Chart 6.1: Developments in Merchandise Exports (US\$' million)



### **Merchandise Imports**

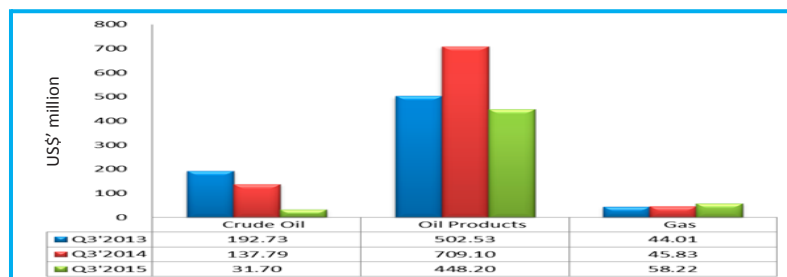
Total value of merchandise imports for the third quarter of 2015 amounted to US\$3,427.28 million, down by 0.2 per cent (US\$6.36 million). The decline in imports was on account of a decline in oil imports.

### ***Oil and Gas Imports***

During the third quarter of 2015, oil imports (including crude, gas and refined products) fell by 39.7 per cent (US\$354.59 million) to US\$538.13 million from US\$892.72 million in the third quarter of 2014. Total crude oil imported during the period dropped from US\$137.79 million in Q3:2014 to US\$31.70 million on account of a 52.1 per cent and 52.0 per cent decreases in volume and prices

respectively. The main importer was the Volta River Authority (VRA).

Chart 6.2: Developments in Merchandise Imports (US\$' million)



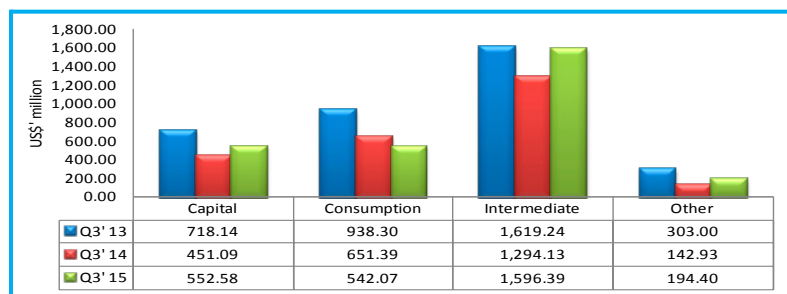
### ***Volta River Authority (VRA)***

Imports by VRA decreased significantly from US\$129.00 million in the third quarter of 2014 to US\$26.74 million in the third quarter of 2015. In addition, VRA imported 6,923,937 MMBTu of gas worth US\$58.22 million from the West African Gas Company (WAGP) at an average price of US\$8.41 per MMBTu for its operations. For the same period last year 5,397,336 MMBTu of gas worth US\$45.83 million was imported.

### ***Finished Oil Products***

The value of finished oil products imported during the quarter under review amounted to US\$448.20 million compared to US\$709.10 million in the same period in 2014. The decrease in value was mainly due to price effects.

Chart 6.3: Non-Oil Imports (2013-2015)



### **Non – Oil Imports**

The total value of non-oil merchandised imports for the third quarter of 2015 was provisionally estimated at US\$2,889.15 million, an increase of 13.7 per cent from US\$2,540.92 million for the same period in 2014. The rise in non-oil imports reflected in all the broad economic categories except consumption goods.

**Capital Goods Imported** The value of **capital goods** during the period was estimated at US\$552.58 million, up by 9.3 per cent (US\$41.19 million) from the level recorded in the corresponding period of 2014. The increase was attributable to 20.6 per cent and 27.3 per cent increases in capital goods (except transport) and industrial transport respectively.

**Consumption Goods Imported** **Consumption goods** imported, however decreased by 11.8 per cent to US\$542.07 million, from US\$651.39 million recorded during the same period in 2014. This was due to decreases in imports of all the sub-categories, except semi-durable consumer goods.

**Intermediate Goods Imported** The value of **intermediate goods** increased by 14.6 per cent, year-on-year, to US\$1,596.39 million during the review quarter. The increase reflected in all the sub-categories in this classification, although capital goods parts and accessories and processed industrial supplies recorded significant increase.

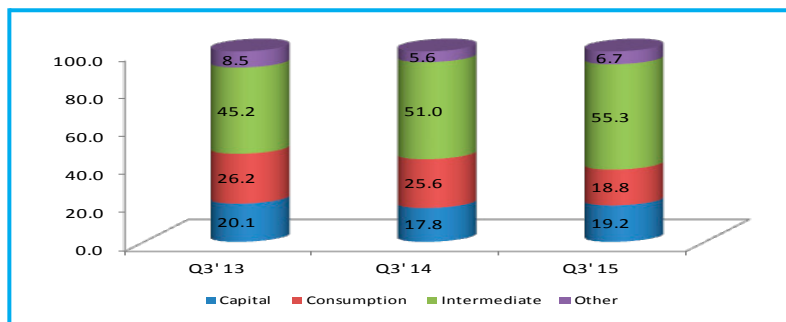
**Other Goods Imported** The value of **other goods** imported was estimated at US\$194.40 million, indicating a year-on-year growth of 9.9 per cent. The period recorded a significant increase in the importation of goods not elsewhere stated.

During the period, 30,993,000 kWh of electricity valued at US\$3.70 million was imported by VRA, compared to 11,571,335kWh valued at US\$1.39 million imported for the same period in 2014.

**Relative Shares of Non-Oil Imports Top** In terms of composition of non-oil imports, the share of other goods (mostly passenger cars) accounted for 6.7 per cent of non-oil imports during the review quarter. The share of capital goods increased to 19.2 per cent from 17.8 per cent, while the share of consumer goods however dropped significantly from 25.6 per cent to 18.8 per cent. In contrast, intermediate goods continued to maintain its dominance, accounting for more than half (55.3%) of non-oil imports.

**Ten Major Non-oil Imports** The total value of the top ten non-oil merchandise imports for the third quarter of 2015 amounted to US\$664.72 million, compared to US\$667.53 million recorded a year ago. Key items included Motor vehicles for the transport of persons and goods; rice; sugar, cement and clinkers; wheat and meslin; frozen fish; palm oil and its fractions, Polyethylene etc.

Chart 6.4: Relative Shares of Non-Oil Imports by Broad Economic Classification(%)

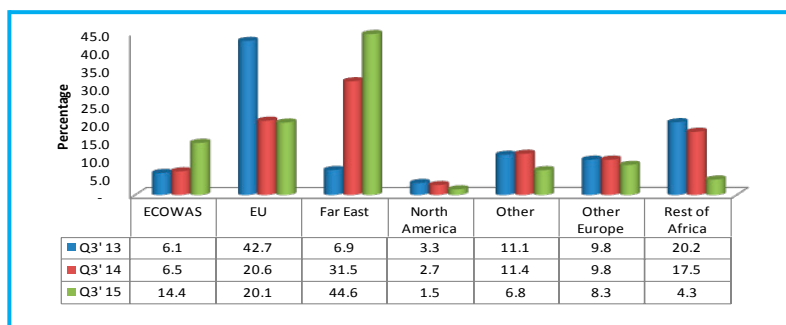


## 6.2.2 Direction of Trade

### Destination of Exports

During the review period, the Far East received the largest share of 44.6 per cent of Ghana's total exports. The other recipients were the European Union (20.1%), ECOWAS (14.4%), Other European countries (8.3%), Other Economies (6.8%), the Rest of Africa (4.3%) and North America (1.5%). There has been a shift in gold exports from South Africa to India and this underpinned the drop in the share of the Rest of Africa.

Chart 6.5: Destination of Exports (2013Q3-2015Q3)



India was the single largest destination of Ghana's exports, representing about 26.2 per cent. Other important markets for Ghanaian exports included China (14.6%), Mali (7.3%), Switzerland (6.8%), Netherlands (6.0%), United Kingdom (3.9%), South Africa (3.7%), United Arab Emirates (3.4%), Italy (2.4%) and Malaysia (2.0%).

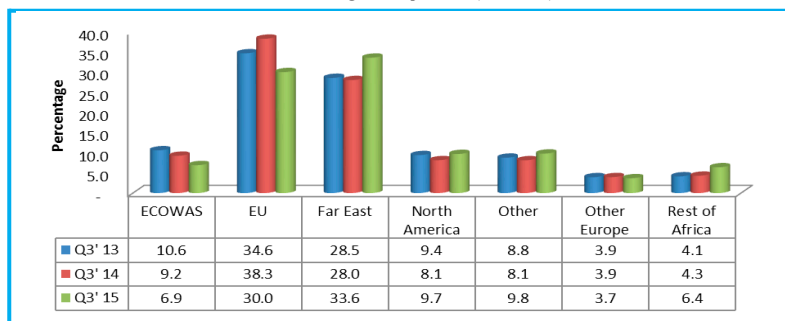
## Origin of Imports

In terms of geographical distribution, the Far East emerged as the leading source of imports accounting for 33.6 per cent of the total non-oil imports. The European Union followed with a share

of 30.0 per cent, Other Economies (9.8%), North America (9.7%), ECOWAS (6.9%), Rest of Africa (6.4%) and Other Europe (3.7%).

China was the leading source of Ghana's imports with a share of 16.7 per cent of the country's total imports. Other major sources of imports were United States (7.5%), Netherlands (6.1%), United Kingdom (4.9%), Belgium (4.6%), India (4.5%), South Africa (3.4%), Italy (3.2%), Pakistan (2.4%) and Denmark (2.2%).

Chart 6.6: Origin of Imports Q3 (2013-2015)



### 6.3 Services, Income and Transfers Account

During the period under review, the Services, Income and Unilateral transfers' account recorded a surplus of US\$140.20 million compared to a deficit of US\$404.87 million in the third quarter of 2014. The period saw an improvement in net positions of all the three accounts. The Services account improved to a net outflow position of US\$267.82 million on the back of decline in outflows in respect of Other Services. The slump in the export sector has affected the magnitude of services rendered to sectors such as mining and quarrying, oil and gas etc. Likewise, repatriation of profits and the payments of dividends etc. have also reduced. Outflows of income improved from a net deficit position of US\$308.04 million in the third quarter of 2014 to a net deficit of US\$272.87 million in the third quarter of 2015. Current transfers, mostly private remittance inflows, increased from US\$429.49 million in 2014 to US\$680.89 million in 2015.

### 6.4 Capital and Financial Account

The capital and financial account recorded a net inflow of US\$716.16 million in the third quarter of 2015 compared with US\$1,460.68 million registered in the third quarter of 2014. This was largely attributable to absence of portfolio investment inflows recorded during the review quarter.



**Capital Account** The **capital account** received transfers totalling US\$66.00 million during the review period. No transfers were received for the same period in 2014.

**Financial Account** Net inflows or transactions in the **financial account** decreased from US\$1,460.68 million to US\$650.16 million during the review quarter on account of the lack of portfolio investment inflows.

**Foreign Direct Investments** During the second quarter of 2015, **foreign direct investments** into Ghana by non-residents amounted to US\$806.31 million, an increase of 29.8 per cent.

**Portfolio Investments** No **portfolio investments** inflows, was recorded in the third quarter of 2015 compared to a net inflow of US\$989.57 million recorded in the third quarter of 2014.

**‘Other Investments’ Account** The **‘other investments’ account** worsened by US\$6.01 million from a net payment position of US\$150.14 million in the third quarter of 2014 to a net payment of US\$156.15 million in the third quarter of 2015. This was driven by the decreases in net payments from the **private capital** and **government oil investments** accounts which moderated the increase in net payments from the **short term (non-monetary) capital**.

**Official Capital** **Official capital** declined from an inflow of US\$284.14 million in the third quarter of 2014 to a net outflow position of US\$269.94 million during the review quarter. **Net Other Private Capital** outflow (payments) improved from US\$280.90 million to US\$89.06 million during the review quarter, on account of a decreased amortization of private debt. **Short term capital** payment worsened from a net outflow of US\$4.91 million to an outflow of US\$321.04 million, due to payment of the last tranche of the cocoa syndicated loan and oil trade credit payments. **Net Government oil investments** during the period were US\$16.00 million compared to US\$148.47 million in the third quarter of 2014.

## 6.5 International Reserves

Net international reserves (NIR) at the end of September 2015 was estimated at US\$1,308.47 million; indicating a drawdown of US\$1,891.01 million from a stock position of US\$3,199.48 million at the end of December 2014.

The country’s gross foreign assets decreased by US\$940.48 million

to US\$4,520.53 million from a stock position of US\$5,461.01 million at the end of December 2014. This was sufficient to provide for 2.8 months of imports cover compared to 3.9 and 3.8 months of imports cover as at September 2014 and December 2014 respectively.

The country's gross international reserves also decreased from a stock position of US\$4,349.47 million at the end of December 2014 to US\$3,185.87 million by end-September 2015; a drawdown of US\$197.79 million. This was sufficient to provide 2.0 months of imports cover compared to 3.1 and 3.0 months of imports cover as at September and December 2014 respectively.

Chart 6.7: Gross International Reserves (US\$' million)

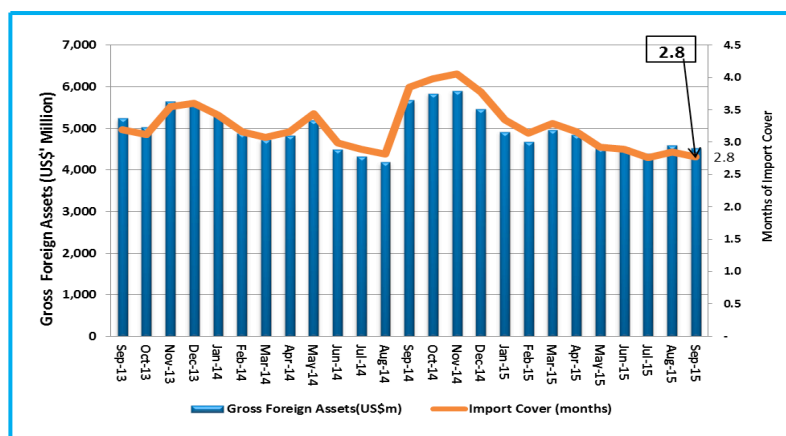


Table 6.2: Developments in Current Account (US\$' M): 2013-2015

	Q3'2013	Q3'2014	Q3'2015	% Change Q3'2014/15
Current Account Balance	-2,184.01	-864.27	-1,085.74	25.62
Trade Balance	-1,386.31	-459.40	-1,225.95	166.86
Services Balance	-793.55	-526.32	-267.81	-49.12
Investment income Balance	-463.28	-308.04	-272.87	-11.42
Net Unilateral Transfers	459.13	429.49	680.89	58.53

Table 6.3: Top Ten Exported Non-Traditional Exports: (Jul - Sep, 2014/2015)

July - Sept 2014			July - Sept 2015		
Description	US\$'M	% Distr.	Description	US\$'M	% Distr.
Technically specified natural rubber	49.41	23.6	Prepared or preserved tuna	57.73	29.13
Prepared or preserved tuna	30.33	14.48	Palm oil and its fractions	47.05	23.75
Palm oil and its fractions	28.35	13.54	Cashew nuts	19.3	9.74
Granules, chippings and powder of stones	25.32	12.09	Dredgers	12.61	6.36
Food preparations containing cocoa	24.11	11.52	Other fresh fruits	11.73	5.92
Frozen tuna	10.88	5.2	Shea (karite) oil and fractions, refined	11.51	5.81
Ores and concentrates of other precious metals	10.8	5.16	Tableware, kitchenware, other household articles and toilet articles	11.36	5.73
Sacks and bags	10.62	5.07	Sacks and bags	9.54	4.82
Tableware, kitchenware, other household articles and toilet articles	10.41	4.97	Medium oils, kerosine type jet fuel	8.98	4.53
Other fresh fruits	9.17	4.38	Technically specified natural rubber	8.34	4.21
<b>Grand Total</b>	<b>209.4</b>	<b>100</b>	<b>Grand Total</b>	<b>198.2</b>	<b>100</b>

Table 6.4: Crude Oil Imports 2014-2015

	Q3 - 2014				Q3 - 2015			
	CENIT	TOR	PLATON	VRA	CENIT	TOR	PLATON	VRA
<b>Value (US\$' M)</b>	<b>0</b>	<b>5.97</b>	<b>2.82</b>	<b>129.00</b>	<b>0</b>	<b>0</b>	<b>4.96</b>	<b>26.74</b>
<b>Volume (barrels)</b>	<b>0</b>	<b>57,227</b>	<b>27,270</b>	<b>1,170,000</b>	<b>0</b>	<b>0</b>	<b>87,692</b>	<b>500,000</b>
<b>Price</b>	<b>-</b>	<b>104.32</b>	<b>103.41</b>	<b>110.26</b>	<b>-</b>	<b>-</b>	<b>56.44</b>	<b>53.48</b>

Table 6.5: Top Ten Imported Non-Oil Goods: (Jul - Sep, 2014/2015)

July - Sept 2014			July - Sept 2015		
Description	US\$'M (fob)	% Distr.	Description	US\$'M (fob)	% Distr.
<b>Capital</b>	<b>74.55</b>	<b>11.17</b>	<b>Capital</b>	<b>59.04</b>	<b>8.88</b>
Motor vehicles for the transport of goods	74.55	11.17	Motor vehicles for the transport of goods	59.04	8.88
<b>Consumption</b>	<b>246.95</b>	<b>37</b>	<b>Consumption</b>	<b>139.59</b>	<b>21</b>
Frozen fish	80.89	12.12	Frozen fish	51.81	7.79
Rice	69.46	10.41	Rice	46.25	6.96
Insecticides, herbicides and fungicides	61.97	9.28	Sugar	41.53	6.25
Poultry cuts and offal	34.62	5.19	<b>Intermediate</b>	<b>320.17</b>	<b>48.17</b>
<b>Intermediate</b>	<b>214.29</b>	<b>32.1</b>	Taps, cocks, valves and similar appliances.	89.15	13.41
Cement and clinkers	69.11	10.35	Cement and clinkers	75.25	11.32
Wheat and meslin	63.18	9.46	Wheat and meslin	63.07	9.49
Polyethylene	45.98	6.89	Palm oil and its fractions,	53.26	8.01
Semi-manufactured gold (incl. gold plated with platinum)	36.02	5.4	Polyethylene	39.43	5.93
<b>Other</b>	<b>131.73</b>	<b>19.73</b>	<b>Other</b>	<b>145.93</b>	<b>21.95</b>
Motor vehicles for the transport of persons	131.73	19.73	Motor vehicles for the transport of persons	145.93	21.95
<b>Grand Total</b>	<b>667.53</b>	<b>100</b>	<b>Grand Total</b>	<b>664.72</b>	<b>100</b>

Table 6.6: Services, Income and Current Transfers' Account (US\$' millions), Q3'2013-Q3'2015

	Q3'2013	Q3'2014	Q3'2015 prov.	Q3'2014/15	
				Abs.	%change
<b>Services (net)</b>	<b>-793.55</b>	<b>-526.32</b>	<b>-267.82</b>	<b>258.50</b>	<b>-49.12</b>
Freight and Insurance	-269.46	-178.61	-220.11	-41.50	23.23
Other Services	-524.09	-347.71	-47.71	300.00	-86.28
<b>Income (net)</b>	<b>-463.28</b>	<b>-308.04</b>	<b>-272.87</b>	<b>35.17</b>	<b>-11.42</b>
<b>Current Transfers (net)</b>	<b>459.13</b>	<b>429.49</b>	<b>680.89</b>	<b>251.40</b>	<b>58.53</b>
Official	0.00	8.57	102.81	94.24	1,099.65
Private	459.13	420.92	578.08	157.16	37.34
<b>Services, Income and Current Transfers (net)</b>	<b>-797.70</b>	<b>-404.87</b>	<b>140.20</b>	<b>545.07</b>	<b>-134.63</b>

Table 6.7: Capital and Financial Account (US\$ millions), Q3'2013 - Q3'2015

	Q3'2013	Q3'2014	Q3'2015 prov.	Q3'2014/15	
				Abs.	%change
<b>Capital and Financial Accounts</b>	<b>1,272.33</b>	<b>1,460.68</b>	<b>716.16</b>	<b>-744.52</b>	<b>-50.97</b>
Capital transfers	0.00	0.00	66.00	66.00	0.00
<b>Financial Account</b>	<b>1,272.33</b>	<b>1,460.68</b>	<b>650.16</b>	<b>-810.52</b>	<b>-55.49</b>
Foreign Direct Investments	899.80	621.25	806.31	185.06	29.79
Portfolio Investments	717.92	989.57	0.00	-989.57	-100.00
Other Investments	-345.39	-150.14	-156.15	-6.01	4.00
Official	445.95	284.14	269.94	-14.20	-5.00
Disbursements	520.21	355.96	421.76	65.80	18.49
Amortisation	-74.26	-71.82	-151.82	-80.00	111.39
Private	-230.00	-280.90	-89.06	191.84	-68.30
Disbursements	25.00	57.50	47.44	-10.06	-17.49
Amortisation	-255.00	-338.40	-136.50	201.90	-59.66
Short-term	-437.45	-4.91	-321.04	-316.12	6,436.93
Non-Monetary	-452.23	-357.29	-646.54	-289.25	80.96
Monetary	14.78	352.37	325.50	-26.87	-7.63
Government Oil Investments	-123.89	-148.47	-16.00	132.47	-89.22
Inflow	0.00	14.70	0.00	-14.70	0.00
Outflow	-123.89	-163.17	-16.00	147.17	-90.19

## 7. External Debt

### Fourth Eurobond Issue

The Government of Ghana raised US\$1,000 million from the International & Capital Market with its fourth Eurobond at a coupon rate of 10.75 per cent. The US\$1,000 million bond was over subscribed, with orders reaching US\$2,000 million. The Eurobond attracted investors from the United Kingdom, Europe, the United States of America, the Middle East and Asia. The bond was a soft amortizing type, with a tenor of 15 years, amortizing in years 2028, 2029 and 2030, with principal repayments in three instalments of US\$333 million in 2028 and 2029, and US\$334 million in 2030. The World Bank partial guarantee of US\$400 million enabled Ghana to borrow on a reasonable term, in a market that was described as difficult. Many new investors participated in the bond, thus enabling Ghana to expand the investor base.

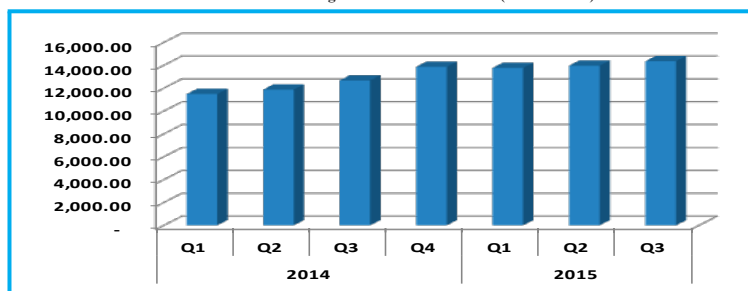
### Public Debt Stock

Ghana's public debt stock at the end of the third quarter of 2015 was estimated at US\$24,288.23 million, an increase of 8.54 per cent from the stock of US\$22,847.35 million recorded at the end of the previous quarter. This was the result of new disbursements as well as financing of a higher-than-expected budget deficit during the review quarter. At the end of September 2015, the public debt was provisionally estimated at 69.12 per cent of GDP.

### 7.1 Debt Stock

The stock of disbursed and outstanding public and publicly-guaranteed external debt at the end of the third quarter of 2015 was provisionally estimated at US\$14,361.07 million, registering an increase of US\$395.10 million (2.83%) from the position of US\$13,965.97 million recorded at the end of the second quarter of the year. This rise in the level of the stock of external debt is attributed to net transactions (disbursements and amortizations) during the review quarter. The external debt stock at the end of the review quarter represented 40.87 per cent of total forecasted nominal GDP for 2015.

Chart 7.1: Outstanding Stock of External Debt (US\$ million)



### **7.1.1 Composition of External Debt by Creditors**

Debt liabilities to multilateral creditors in the review quarter increased by US\$206.19 million to US\$5,141.96 million at the end of the third quarter from US\$4,935.77 million at the end of June 2015. Multilateral debt constituted 35.80 per cent of the total debt stock at the end of the review quarter. This increase in the multilateral debt stock was largely due to new disbursements.

The Bilateral component of the debt, including other concessional and export credits rose marginally by US\$28.29 million (0.70%) from US\$4,029.32 million at the end of the second quarter to US\$4,057.61 million at the end of the review quarter. This represents 28.25 per cent of the total external debt stock.

Commercial debt has been on the increase, since the status of the economy changed to a lower middle income economy. The total debt owed to commercial creditors at the end of the third quarter of 2015 stood at US\$5,161.51 million, representing 35.94 per cent of the total external debt stock. This indicated an increase of 3.21 per cent (US\$160.63 million) from US\$5,000.88 million recorded at the end of the previous quarter. The various Eurobond issues fall into this category.

### **7.2 Debt Service Payments**

Debt service payments in the third quarter of 2015 on government and government guaranteed external debt made through the Bank of Ghana amounted to US\$265.94 million, compared with an amount of US\$253.73 million recorded for the corresponding quarter of 2014. Payments in the review quarter were made up of capital repayment of US\$126.48 million and an interest expense of US\$139.47 million.

Payments were made to the various creditor groups as follows: The multilateral group of creditors was paid US\$10.23 million in principal repayments, and interest payment of US\$12.86 million, compared with principal repayments of US\$8.13 million, and interest payments of US\$9.99 million made in 2014.

The bilateral group received a total amount US\$20.72 million during the review quarter, made up of principal repayment of US\$16.82 million and interest payments of US\$3.90 million. This compared with the principal repayment of US\$20.34 million and interest payments of US\$18.25 million recorded in the corresponding quarter of 2014.

Commercial creditors had US\$182.52 million, made up of principal repayments of US\$99.42 million and interest payments of US\$83.10 million. These compare with principal repayments of US\$41.08 million and interest payments of US\$36.62 million to the same group in 2014. Additionally, a coupon payment of US\$39.61 million was made on outstanding Eurobond debt within the quarter under review.

Table 7.2: Payment of Government and Government-Guaranteed Debt by creditor (US\$' millions)

	Q3-2014			Q2-2015			Q3-2015		
	Prin	Int	Total	Prin	Int	Total	Prin	Int	Total
<b>Total</b>	<b>69.55</b>	<b>104.24</b>	<b>173.79</b>	<b>159.07</b>	<b>94.66</b>	<b>253.73</b>	<b>126.48</b>	<b>139.47</b>	<b>265.94</b>
<b>Multilateral Creditors</b>	<b>8.13</b>	<b>9.99</b>	<b>18.12</b>	<b>6.35</b>	<b>6.34</b>	<b>12.69</b>	<b>10.23</b>	<b>12.86</b>	<b>23.09</b>
IDA	6.33	7.57	13.90	1.9	3.42	5.32	6.10	8.33	14.43
ADB / ADF	0.96	2.31	3.27	1.63	1.76	3.39	0.66	3.58	4.23
Others	0.84	0.11	0.95	2.82	1.16	3.98	3.47	0.95	4.43
<b>Bilateral Creditors</b>	<b>20.34</b>	<b>18.25</b>	<b>38.59</b>	<b>50.2</b>	<b>44.21</b>	<b>94.41</b>	<b>16.82</b>	<b>3.90</b>	<b>20.72</b>
Paris Club	19.86	13.77	33.63	6.86	38.53	45.39	5.82	0.72	6.54
Non-Paris Club	0.48	4.48	4.96	43.34	5.68	49.02	11.00	3.18	14.18
<b>Commercial Creditors</b>	<b>41.08</b>	<b>36.62</b>	<b>77.70</b>	<b>83.98</b>	<b>13.51</b>	<b>97.49</b>	<b>99.42</b>	<b>83.10</b>	<b>182.52</b>
<b>Sovereign Bond</b>	<b>0.00</b>	<b>39.38</b>	<b>39.38</b>	<b>18.54</b>	<b>30.6</b>	<b>49.14</b>	<b>0.00</b>	<b>39.61</b>	<b>39.61</b>

## 8. The Rural Banking Sector

### 8.1 Performance of RCBs

The performance of the rural/community banks (RCBs) improved during the third quarter of 2015.

#### Assets

Total assets of RCBs at the end of the third quarter of 2015 stood at GH¢2,284.8 million, up by 5.72 per cent from GH¢2,263.0 million in the preceding quarter of 2015. On year-on-year basis, total assets grew by 24.4 per cent in 2015. However, the share of total assets of RCBs in the banking system was 3.9 per cent at the end of the review quarter, down when compared with a share of 5.3 per cent recorded in the corresponding quarter of 2014.

#### Deposits

Deposit mobilisation by the RCBs continued to improve in the review quarter. Total deposits of RCBs rose to GH¢1,744.0 million by the end of the third quarter of 2015 compared with GH¢1,735.9 million at the end of the previous quarter and GH¢1,402.3 million at the end of the corresponding quarter of 2014. The level of RCBs deposits at the end of the review quarter constituted 5.1 per cent of total deposits of the banking system, compared with the share of 4.8 per cent in the previous quarter and 5.3 per cent at the end of the corresponding quarter of 2014.

#### Loans and Advances

Loans and advances made by RCBs stood at GH¢847.9 million in the third quarter of 2015, indicating an increase of 2.9 per cent from GH¢823.8 million recorded at the end of previous quarter and 9.0 per cent from GH¢715.6 million recorded at the end of the third quarter of 2014.

Table 8.1: Consolidated Assets and Liabilities of Rural/Community Banks (GH¢ million)

	2014				2015			Variation (2014-2015, %)	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q-O-Q	Y-on-Y
<b>Assets</b>									
Cash Holdings & Balances with Banks	251.10	246.48	269.85	317.19	286.31	317.64	335.80	5.72	24.44
Bills and Bonds	558.57	564.36	546.01	652.20	683.77	712.94	703.59	-1.31	28.86
Loans and Advances	715.63	736.25	778.12	794.31	796.86	823.80	847.91	2.93	8.97
Other Assets	339.26	347.85	345.58	357.78	382.74	408.62	397.46	-2.73	15.01
<b>Total Assets</b>	<b>1,864.55</b>	<b>1,894.95</b>	<b>1,939.56</b>	<b>2,121.48</b>	<b>2,149.70</b>	<b>2,263.01</b>	<b>2,284.76</b>	0.96	17.80
<b>Liabilities</b>									
Total Deposits	1,402.28	1,411.37	1,448.35	1,625.36	1,636.60	1,735.87	1,744.04	0.47	20.42
Shareholders' Funds	255.46	266.53	277.38	286.29	225.50	304.97	311.93	2.28	12.46
Other Liabilities	206.80	216.64	213.42	209.83	145.80	221.76	228.78	3.17	7.20
<b>Total Liabilities</b>	<b>1,864.55</b>	<b>1,894.95</b>	<b>1,939.56</b>	<b>2,121.48</b>	<b>2,149.70</b>	<b>2,263.01</b>	<b>2,284.76</b>	0.96	17.80
<b>No. of Reporting Banks</b>	140	140	140	140	139	139	139		

\* Provisional



Table 8.2: Proportion of RCBs' Total Assets of the Banking System (GH¢' million)

	2014				2015					
	Q3		Q4		Q1		Q2		Q3	
	GH¢' M	% Share	GH¢' M	% Share	GH¢' M	% Share	GH¢' M	% Share	GH¢' M	% Share
Commercial Banks	47,583.1	96.1	49,821.1	95.9	54,454.0	96.2	58,293.2	96.3	56,412.3	96.1
Rural Banks	1,939.6	3.9	2,121.5	4.1	2,149.7	3.8	2,263.0	3.7	2,284.8	3.9
<b>Total</b>	49,522.6	100.0	51,942.5	100.0	56,603.7	100.0	60,556.2	100.0	58,697.0	100.0

Table 8.3: Proportion of RCBs' Deposits of the Banking System (GH¢' million)

	2014				2015					
	Q3		Q4		Q1		Q2		Q3	
	GH¢' M	% Share	GH¢' M	% Share	GH¢' M	% Share	GH¢' M	% Share	GH¢' M	% Share
Commercial Banks	25,988.5	94.7	29,177.9	94.7	31,142.6	95.0	34,189.6	95.2	32,182.7	94.9
Rural Banks	1,448.4	5.3	1,625.4	5.3	1,636.6	5.0	1,735.9	4.8	1,744.0	5.1
<b>Total</b>	27,436.9	100.0	30,803.3	100.0	32,779.2	100.0	35,925.5	100.0	33,926.7	100.0

