



**Bank Of Ghana**

# **Quarterly Bulletin**

**October - December 2015**



**BANK OF GHANA**

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# OVERVIEW

## Introduction

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

## Global Economy

The Global recovery generally remained weak during the fourth quarter of 2015, although varied across regions. Growth momentum in the United Kingdom maintained tailwinds, but the United States, China and Japan experienced contraction in the fourth quarter of 2015. For emerging markets and developing economies, the downward risks continued due to declining commodity prices, reduced capital flows to emerging markets and pressure on their currencies, as well as increasing financial market volatility.

## The Domestic Economy

### *Real Sector Performance*

Some selected real sector indicators showed improvements in economic activity in the fourth quarter of 2015 compared with trends observed during the same period in 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 quarter.

### *Inflation*

Headline inflation rose to 17.7 per cent at the end of fourth quarter of 2015, from 17.4 per cent at the end of the third quarter and 17.1 per cent at the end of second quarter of 2015. The rise in inflation during the review quarter was largely due to continued currency depreciation and full implementation of the petroleum price deregulation, resulting in non-food inflation increasing from 23.0 per cent at the end of third quarter to 23.3 per cent at the end of the fourth quarter. Food inflation also increased from 7.8 per cent to 8.0 per cent during the review quarter.

### *Government Budgetary Operation*

Fiscal operations for the fourth quarter of 2015 resulted in an overall budget deficit of GH¢2,881.2 million (2.2% of GDP) as against the programmed deficit of GH¢2,188.6 million (1.6% of GDP). Government receipts (including grants) for the review period amounted to GH¢8,399.2 million (6.3% of GDP), compared with target of GH¢8,607.8 million (6.5% of GDP) and the outturn of GH¢7,023.8 million (6.2% of GDP) recorded for the corresponding quarter in 2014. Total Government expenditure in the fourth quarter of 2015 amounted to GH¢10,366.5 million (7.8% of GDP), compared with the targeted amount of GH¢10,655.9 million (8.0% of GDP) and the outturn of

GH¢10,023.7 million (8.9% of GDP) recorded in the corresponding period of 2014.

***Money  
Aggregates***

Broad money supply including foreign currency deposits (M2+) grew by 26.1 per cent (GH¢9,608.2 million) during the fourth quarter of 2015 compared with an increase of 36.8 per cent (GH¢9,906.1 million) recorded in the fourth quarter of 2014. The moderate growth in M2+ in the review quarter resulted from increases in both Net Foreign Assets (NFA) and Net Domestic Assets (NDA) of the banking system. The Net Foreign Assets (NFA) of the banking system grew by 24.0 per cent (GH¢2,159.7 million) during the fourth quarter of 2015 while the NDA increased by 26.7 per cent (GH¢7,448.5 million).

***Banking Sector  
Credit***

The annual growth in banks' outstanding credit to the public and private institutions at the end of the fourth quarter of 2015 slowed on year-on-year basis. Total outstanding credit to the public and private sectors stood at GH¢30,133.5 million at the end of the fourth quarter of 2015, indicating a year-on-year growth of 25.0 per cent. This compared with a growth 42.1 per cent recorded in December 2014. In real terms, credit from banks decreased significantly from 21.4 per cent year-on-year in the fourth quarter of 2014 to 6.2 per cent at the end of the review period in 2015. The private sector accounted for 87.1 per cent of total outstanding credit at the end of the review period, compared with 87.5 per cent recorded in December 2014.

***Exchange  
Rates***

Developments in the foreign exchange market during the fourth quarter of 2015 indicated that the Ghana cedi generally strengthened against the pound sterling and the euro but depreciated against the US dollar. This was mainly due to improvements in foreign exchange inflows from the cocoa sector and other official sources even though demand for foreign exchange for non-oil imports and other payments were relatively high. On the inter-bank market, the Ghana Cedi appreciated by 1.2 per cent and 1.8 per cent against the pound sterling and the euro, respectively, but depreciated by 1.1 per cent against the US dollar during the review period. Developments in the forex bureau market reflected that of the interbank market with the Ghana cedi strengthening by 0.9 per cent and 1.4 per cent against the pound sterling and the euro, respectively, but weakening by 1.5 per cent against the US dollar.

***Interest Rates***

Developments in interest rates on the money market during the fourth quarter of 2015 showed some mixed trends. In the review quarter, the Monetary Policy Committee increased the Policy Rate by 100 basis

GH¢10,023.7 million (8.9% of GDP) recorded in the corresponding period of 2014.

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***Interest Rates***

Developments in interest rates on the money market during the fourth quarter of 2015 showed some mixed trends. In the review quarter, the Monetary Policy Committee increased the Policy Rate by 100 basis

points to 26.00 per cent.

In contrast, interest rates on the 91-day and 182-day Treasury bills decreased on year-on-year basis by 267 bps and 199 bps from 25.79 per cent and 26.39 per cent in quarter four of 2014 to 23.12 per cent and 24.40 per cent for the fourth quarter of 2015. The interbank weighted average rate however increased by 131 bps to 25.25 per cent from 23.94 per cent recorded in the fourth quarter of 2014.

The spread between the average borrowing and lending rates decreased by 63 bps from 15.13 per cent in the fourth quarter of 2014 to 14.50 per cent. The banks' average base rate also increased by 126 bps from 25.68 per cent in quarter four of 2014 to 26.94 per cent.

#### ***Capital Market***

Developments in the stock market were rather weak with the GSE Composite Index (GSE-CI) declining by 0.7 per cent in the fourth quarter of 2015 from a decline of 14.6 per cent in the third quarter of 2015. Total exchanges on the GSE for the fourth quarter of 2015 amounted to 85.4 million shares valued at GH¢77.9 million. This compares with 70.3 million shares valued at GH¢109.2 million registered for the corresponding period in 2014. Total market capitalization as at the end of the fourth quarter of 2015 stood at GH¢57,116.87 million representing a decrease of 8.15 per cent (GH¢5,066.6 million) from GH¢62,183.49 million registered at the end of September 2015.

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

The total value of merchandise exports for the fourth quarter of 2015 was estimated at US\$2,558.31 million, down by 18.8 per cent compared to the outturn for the same period in 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. The total value of imports in the fourth quarter of 2015 also decreased by 8.6 per cent to US\$3,499.0 million from US\$3,826.6 million recorded in the fourth quarter of 2014. This was as a result of a 54.5 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\$675.6 million in the fourth quarter of 2014 to a deficit of US\$1,181.4 million in the fourth quarter of 2015, mainly on account of declining exports receipts, notably from gold and oil.

The country's gross foreign assets increased by US\$423.72 million to US\$5,884.73 million from a stock position of US\$5,461.01 million at

the end of December 2014. This level of reserves was enough to provide cover for 3.5 months of imports, compared with 3.8 months of import cover in 2014.

***External Debt***

Provisional estimates indicated that the stock of Ghana's external debt at the end of 2015 stood at US\$15,241.97 million, an increase of 6.16 per cent (US\$884.06 million) from US\$14,357.91 million registered at the end of the third quarter of the year and an increase of 8.4 per cent (US\$1,190.45 million) from US\$14,051.51 million recorded in 2014.

# 1. Developments in the World Economy

There was a significant slowdown in global economic activity during the fourth quarter of 2015. This unexpected weakness was largely due to weaker growth in advanced economies especially in the United States, but also in Japan and some other advanced Asian economies. In emerging markets, the picture was quite varied, with high growth rates recorded in China and most of emerging Asia, but challenging macroeconomic conditions in Brazil, Russia and some other commodity exporters. A number of major macroeconomic realignments impacted growth prospects differentially across different countries and regions. These included: the slowdown and rebalancing of the Chinese economy; declines in commodity prices, especially oil, with notable consequences with regards to redistribution across sectors and countries. These realignments along with numerous noneconomic factors, including political discord and geopolitical tensions created significant uncertainties, leading to a subdued outlook for the world economy with risks of much weaker growth than was previously expected.

Table 1.1: World Economic Indicators

	2014	2015	2016 proj	2017 proj
<b>World Output</b>	<b>3.4</b>	<b>3.1</b>	<b>3.2</b>	<b>3.5</b>
<i>Advanced Economies</i>	<b>1.8</b>	<b>1.9</b>	<b>1.9</b>	<b>2.0</b>
United States	2.4	2.4	2.4	2.5
Euro Area	0.9	1.6	1.5	1.6
Japan	-0.1	0.5	0.5	-0.1
United Kingdom	3.0	2.2	1.9	2.2
<i>Emerging and Developing Economies</i>	<b>4.6</b>	<b>4.0</b>	<b>4.1</b>	<b>4.5</b>
China	7.3	6.9	6.5	6.2
Brazil	0.1	-3.8	-3.8	0.0
Mexico	2.1	2.5	2.4	2.6
<i>Sub-Saharan Africa</i>	<b>5.0</b>	<b>3.4</b>	<b>3.0</b>	<b>4.0</b>
Nigeria	6.3	2.7	2.3	3.5
South Africa	1.5	1.3	0.6	1.2

Source: IMF WEO, APRIL 2015

## European Economies

The euro area continued to undergo economic recovery in the fourth quarter but there was moderation in growth due to a weaker external environment. Real GDP growth was 0.3 per cent in the fourth quarter of 2015, matching growth in the third quarter. The economic recovery was expected to continue at a moderate pace in the immediate future. Rising domestic demand was supported by a trio of developments: the monetary policy measures of the European Central Bank (ECB) and their positive impact on financial conditions; the slightly expansionary fiscal stance; and the positive impact of past structural reforms on employment. On the other hand, there were some factors that dampened the growth effort, including: volatility in financial markets; muted growth prospects in emerging markets; and the slow

pace of implementation of structural reforms. Furthermore, large debt overhangs posed a risk of de-anchoring inflation expectations which could impact growth prospects.

### **United Kingdom**

The UK was the only country among the major advanced economies that maintained continued growth in the second half of 2015. However, growth in the fourth quarter of 2015 was softer than expected at 0.5 per cent. Some of the slowdown in UK GDP growth reflects the direct effects of a weaker global economy; another factor was that construction output growth slowed, matched by a slowdown in housing investment growth. In the near term, however, private domestic demand growth was projected to remain resilient in the face of subdued global growth and continued fiscal consolidation. Investment growth remained positive, although slower compared with previous years.

### **The US Economy**

GDP growth in the United States in the fourth quarter of 2015 fell to 1.4 per cent at a seasonally adjusted annual rate. Some of the reasons for this decline included very weak exports, weak final domestic demand, as well as a decline in non-residential investment. In the face of weakening growth, labour market indicators continued to improve: employment growth was very strong, labour force participation rebounded, and the unemployment rate continued its downward trend.

### **JAPAN**

Following a mild return to growth in the third quarter of 2015, the Japanese economy lost momentum in the fourth quarter and contracted by an annualized 1.4 per cent. Growth was significantly lower than expected, reflecting a sharp drop in private consumption and slowing global demand.

### **CHINA**

In China, growth moderated on year-on-year terms to 6.8 per cent for the fourth quarter of 2015 from 6.9 per cent in the third quarter. This figure was slightly stronger than previously projected and this was due to resilient domestic demand, especially consumption. Furthermore, robust growth in the services sector offset weakness in manufacturing activity. The Chinese economy went through some rebalancing in the quarter translating into a gradual slowdown, and investment. A number of policy initiatives were put in place in the quarter including reductions in policy rates, modest fiscal stimulus from the central government and the loosening of constraints on local government finances.

## **Emerging Market Economies (EMEs)**

Prospects across emerging market economies (EMEs) were uneven and generally weaker in the fourth quarter of the year. Activity in Latin America also slowed towards the end of 2015, mainly on account of the deep recession in Brazil and, more broadly, the adverse effects of low commodity prices on commodity-producing countries in the region. Furthermore, several oil-exporting countries also faced difficult macroeconomic environment with sharply weaker terms of trade and tighter external financial conditions during the quarter.

## **Sub-Saharan Africa**

In the fourth quarter of 2015, the economies of Sub-Saharan Africa (SSA) grew by an average 3.1 per cent, the lowest rate in over five years. The deceleration in the fourth quarter was largely due to slowdowns in South Africa and Nigeria, the region's two biggest economies. The disappointing performance was as a result of subdued commodity prices (especially that of oil), security threats caused by geopolitical and domestic strife in a few countries, a slowdown in the region's main trading partners and adverse weather conditions, particularly in the southern part of the continent.



## 2. Real Sector Developments

Review of selected real sector indicators suggested a modest pick-up in economic activities during the fourth quarter of 2015 relative to developments during the fourth quarter in 2014.

### 2.1 Indicators of Economic Activity

#### 2.1.1 Consumer Spending

Consumer spending, measured by domestic VAT collections and retail sales improved in the fourth quarter of 2015 as against trends observed in a similar quarter in 2014. Domestic VAT collections, picked-up by 19.8 per cent to GH¢650.34 million in the fourth quarter of 2015 relative to GH¢542.87 million collected during the same quarter in 2014. Similarly, domestic VAT collections for the fourth quarter of 2015 suggested an improvement of 3.94 per cent over GH¢625.71 million collected in the third quarter of 2015.

Retail sales however dipped by 8.84 per cent to GH¢80.28 million during the fourth quarter of 2015 from GH¢88.07 million registered in the corresponding quarter in 2014.

#### 2.1.2 Manufacturing Activities

Chart 2.1: Retail Sales and Domestic VAT

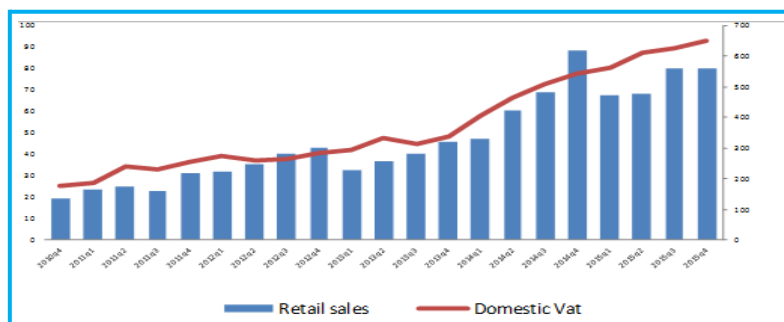
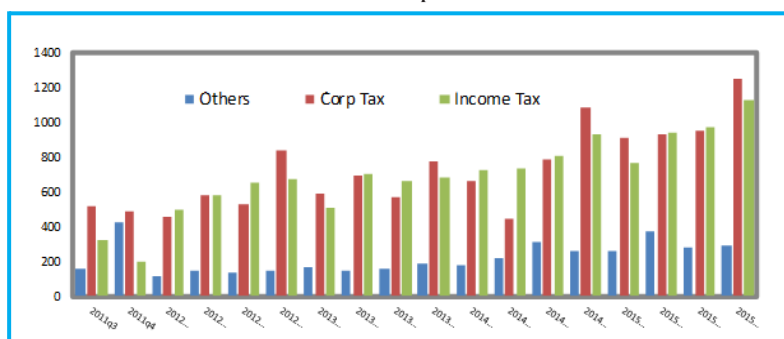
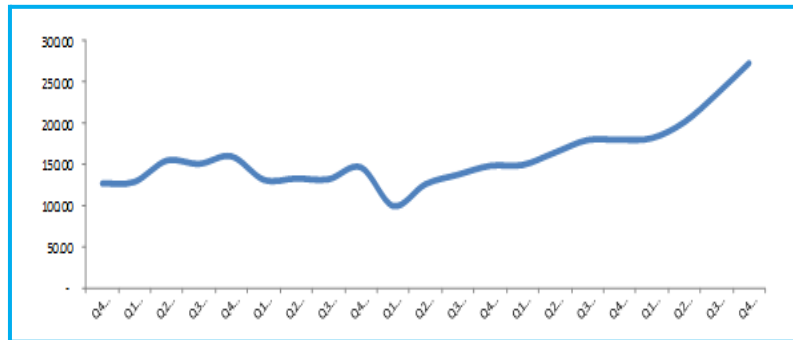


Chart 2.2: Income and Corporate Tax Collections



Economic activities in the manufacturing sector measured by trends in income and corporate tax collections and workers contributions to the SSNIT Scheme scaled-up in the fourth quarter of 2015 as against the performance observed in the same period in 2014. Income and corporate tax collections grew by 17.49 per cent to GH¢2,679.73 million in the fourth quarter of 2015 from GH¢2,280.81 million collected during the same quarter of 2014. Also, income and corporate tax collections for the fourth quarter of 2015, indicated a growth of 21.7 per cent over GH¢2,201.89 million contributed during the third quarter of 2015. In terms of relative significance of the various sub-sectors, Corporate tax accounted for 47 per cent, followed by P.AY.E and Self-employed with 42 per cent, while Other Sources Category contributed 11 per cent.

Chart 2.3: SSNIT Contributions (GH¢ million)



Workers contributions to the SSNIT Scheme on the other hand suggested a significant improvement of 51.99 per cent to GH¢273.30 million for the fourth quarter of 2015 from GH¢179.81 million collected in a similar period in 2014. Similarly, workers contribution for the fourth quarter of 2015, represented a pick-up of 15.97 per cent above GH¢235.69 million contributed during the third quarter of 2015. The improvement in workers contribution to the SSNIT Scheme during the review quarter was mainly due to new workers registered on the SSNIT Scheme and improved compliance on the part of employers.

### 2.1.3 Construction Activities

Construction related activities measured by the volume of cement sales suggested a relative scale-up as total cement sales improved by 12.53 per cent during the fourth quarter of 2015 to 1,082,929.51 tonnes from 962,326.35 tonnes sold during the same quarter of 2014. Also, total cement sales in the fourth quarter of 2015 constituted a

pickup of 18.49 per cent above 962,326.35 tonnes sold in the third quarter of 2015. The scale-up in cement sales was partly due to the relative improvement in energy supply.

Chart 2.4: Cement Sales (Tonnes)

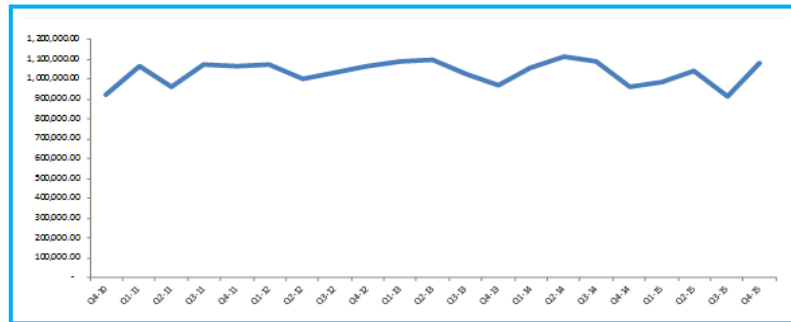
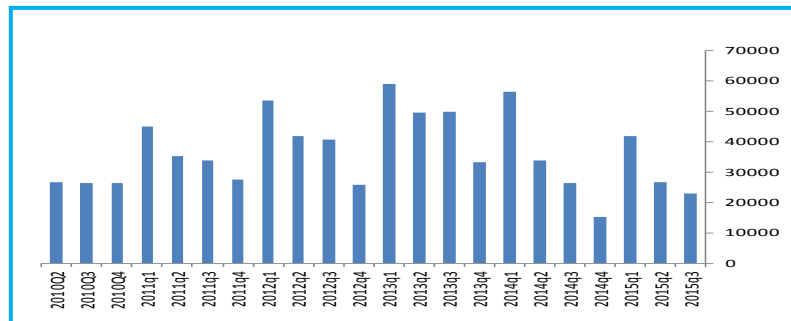


Chart 2.5: Vehicle Registration



#### 2.1.4 Vehicle Registration

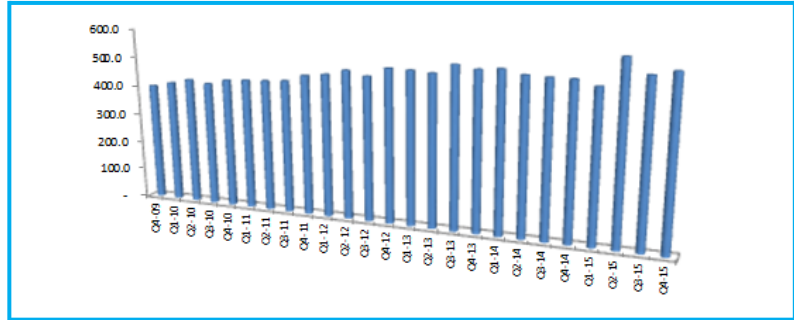
Transport subsector activities, proxied by vehicle registration by DVLA, suggested an improvement of 29.69 per cent to 19,814 in the fourth quarter of 2015 as against 15,278 vehicles licensed in a similar quarter ago. However, for the fourth quarter of 2015, vehicle registration declined by 13.72 per cent below 22,966 vehicles recorded in the third quarter of 2015. The moderation in vehicle registration could be attributed to reduction in vehicle importation by automobile firms due to some challenges facing the subsector.

#### 2.1.5 Industrial Consumption of Electricity

Industrial consumption of electricity by industry picked-up by 8.09 per cent to 561.4 gigawatts in the fourth quarter of 2015 as against 519.4 giga watts recorded in the same quarter in 2014. Industrial consumption of electricity for the fourth quarter of 2015 constituted an improvement of 2.94 per cent above 545.4 giga

watts used by industry in the third quarter of 2015. The relative scale-up in electricity consumption by industry could be due to the improvement in the load-shedding exercise as a result of the energy crisis.

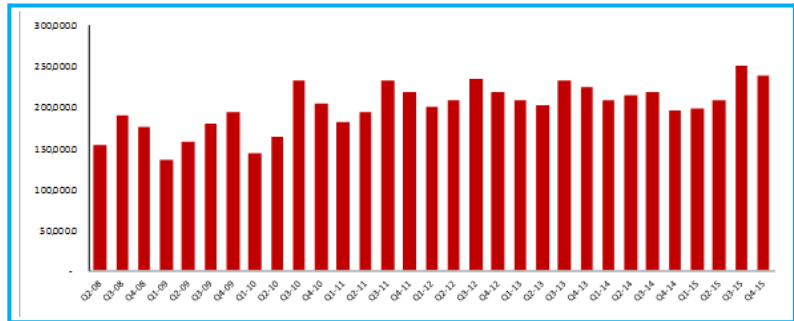
Chart 2.6: Industrial Electricity Consumption



**2.1.6 International Tourist Arrivals**

The country witnessed a relative pickup in international tourists arrival during the fourth quarter of 2015. A total of 239,516 international tourists visited the country in the fourth quarter of 2015 as against 195,529 tourists who visited the country in the fourth quarter of 2014, thus suggesting an improvement of 22.5 per cent.

Chart 2.7: Trends in Tourist Arrivals

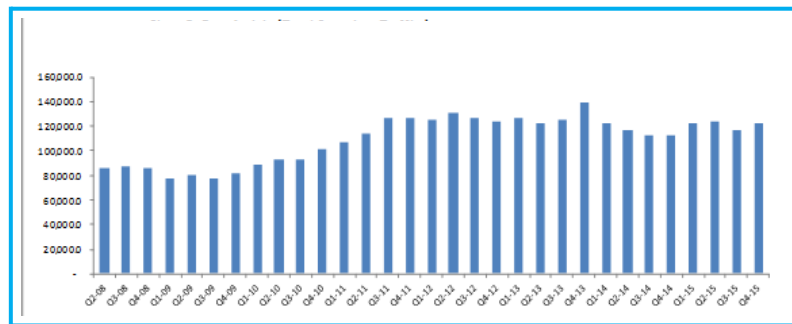


The improvement in international tourists during the fourth quarter could be attributed to relative pickup in conference tourism during the quarter of the year. Total tourists arrival for the fourth quarter of 2015 however, indicated a decline of 4.13 per cent below 249,837 tourists arrivals recorded in the third quarter of 2015.

### 2.1.7 Port Activities

Economic activities at the country’s main two Harbours (Tema and Takoradi) measured by container traffic suggested some relative improvement during the fourth quarter of 2015. Total container traffic picked-up by 9.42 per cent to 122,514 containers in the fourth quarter of 2015, up from 111,966 containers recorded in the same quarter in 2014. Also, total container traffic for the fourth quarter of 2015 suggested some relative growth of 4.63 per cent above 111,090 containers registered during the third quarter of 2015. The improvement in total container traffic could be attributed to a pickup in import trade activities during the fourth quarter of 2015.

Chart 2.8: Container Traffic at the Ports



## 2.2 Labour Market Conditions

### Labour Market Conditions

Job adverts in the Daily Graphic during the fourth quarter totalled 589, suggesting a quarter-on-quarter dip of 15.8 per cent and a year-on-year decline of 11.6 per cent. Cumulatively, job placements from January through December 2015 stood at 3,280, an annual increase of 7.6 per cent over the 3,047 job adverts during the same period last year.

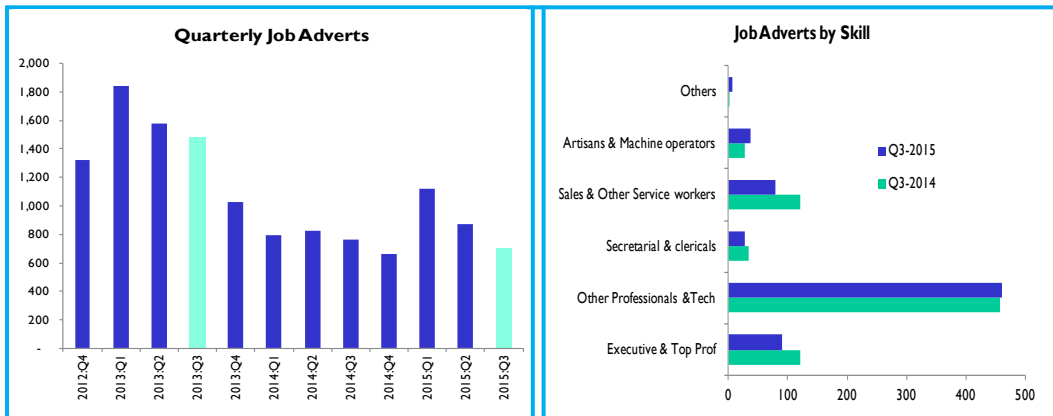
### Job Vacancies by Skills

The services sector remained the most dominant in terms of job adverts in the fourth quarter of 2015, accounting for 85 per cent (up from 83.7% in Q3 2015) of the total. Industry followed with a share of 9.0 per cent (up from 7.1% in Q3 2015) and the agriculture sector inched up to 6 per cent in the quarter, also up from 5.4 per cent in the third quarter of 2015.

Similar to the first, second and third 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 70 per cent of total job adverts in the third quarter, compared with 78.3 per cent in the third quarter. This was followed by sales, secretarial and clerical workers (25%) and artisans and other machine operators accounted for 5 per cent share of total job adverts.

Chart 2.9: Trends in Advertised Job Vacancies (2015Q4)



## 3. Price Developments

### 3.1 Global Inflation

Developments in inflation for the **Global economy** were mixed for the fourth quarter of 2015. Inflation pressures remained but exhibited a slight increase in advanced economies: USA, UK, Japan and the Euro area all recorded a slight increase in the levels of consumer prices. Emerging economies generally had higher levels of prices and experienced rising consumer prices in the quarter. Developing economies recorded slightly higher inflation outcomes in the quarter with inflation pressures emanating mainly from high food prices.

#### The US Economy

The year-on-year headline inflation in the **United States** rose to 0.7 per cent at the end of the fourth quarter of 2015, from zero per cent at the end of the third quarter.

#### *Euro zone*

The **Euro area** annual inflation increased to 0.2 per cent at the end of the fourth quarter of 2015, from -0.1 per cent recorded in the third quarter of 2015. The region is gradually recovering from disinflation due to the continuous fall in energy prices which continues to offset upward pressures from other items in the CPI basket.

#### *United Kingdom*

In the **United Kingdom**, inflation increased to 0.2 per cent at the end of fourth quarter of 2015, from -0.1 per cent at the end of quarter three.

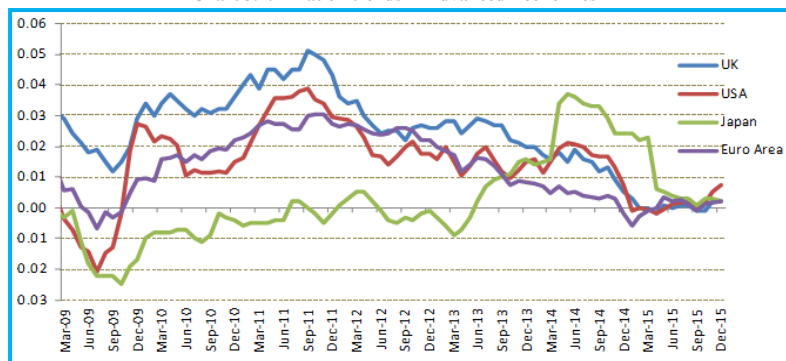
#### *Japan*

Annual inflation in **Japan** increased to 0.19 per cent at the end of the fourth quarter, from zero at the end of the third quarter.

#### *China*

The annual inflation rate in **China** was 1.6 per cent at the end of fourth quarter of 2015. Food prices increased by 2.7 per cent while non-food prices rose at a slower rate of 1.1 per cent.

Chart 3.1: Inflation trends in Advanced Economies



**Turkey**

**Turkish** consumer prices inched up to 8.8 per cent in the fourth quarter from 8.0 per cent at the end of third quarter. The rise was attributed to the pick up in unprocessed food prices and base effects in energy prices, even though the cumulative depreciation in the Turkish Lira weakened.

**Brazil**

Consumer prices in **Brazil** maintained a four quarter straight rise to 10.7 per cent, from 9.5 per cent at the end of third quarter.

**South Africa**

Annual inflation in **South Africa** rose to 5.2 per cent in the fourth quarter of 2015, from 4.6 per cent in the third quarter. The main factors responsible for the rise in prices included hikes in housing, food and non-food prices and an increase in transport costs.

**Kenya**

The annual inflation in Kenya increased to 8.0 per cent in the fourth quarter of 2015, from 6.0 per cent at the end of the third quarter. The hike in inflation rate during the review quarter originated from a general increase in prices of several food items; beer and cigarettes outweighing the notable falls in the cost of kerosene, gas and electricity.

Chart 3.2: Inflation Trends in Emerging Markets

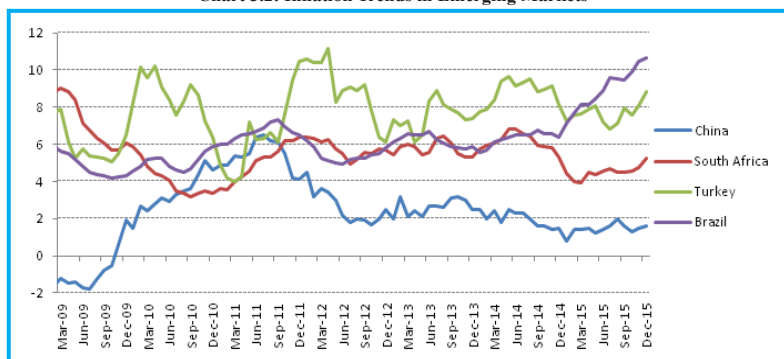
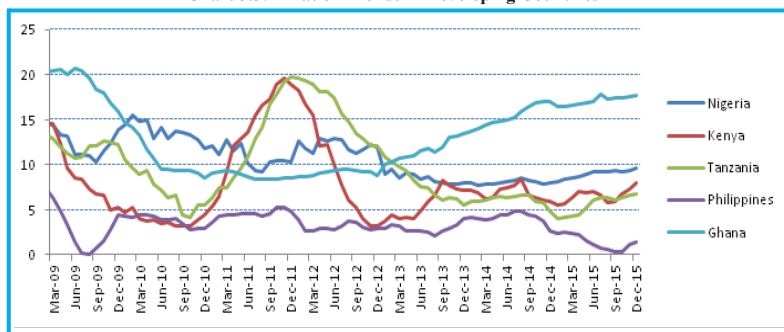


Chart 3.3: Inflation Trends in Developing Countries





### 3.2 Domestic Inflation

Headline inflation rose to 17.7 per cent at the end of fourth quarter 2015, from 17.4 per cent at the end of the third quarter and 17.1 per cent at end of second quarter of 2015. Consumer prices increased for the most part of the year due to continued currency depreciation and full implementation of the petroleum price deregulation, resulting in petroleum and transport price hikes. Non-food inflation rose from 23.0 per cent at the end of the third quarter to 23.3 per cent at end of fourth quarter and food inflation inched up from 7.8 per cent at the end of the third quarter to 8.0 per cent in the fourth quarter.

### 3.3 Outlook for Inflation

Headline inflation recorded for the year 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 in the first quarter of 2016 and head towards the target band by the early 2017, barring any further risks.

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

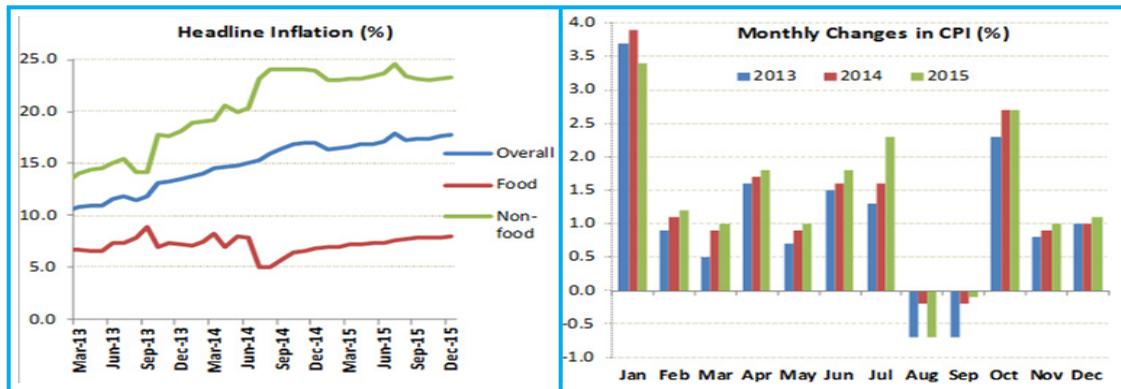


Chart 3.5: Major Contributors to Inflation: 2014 - 2015

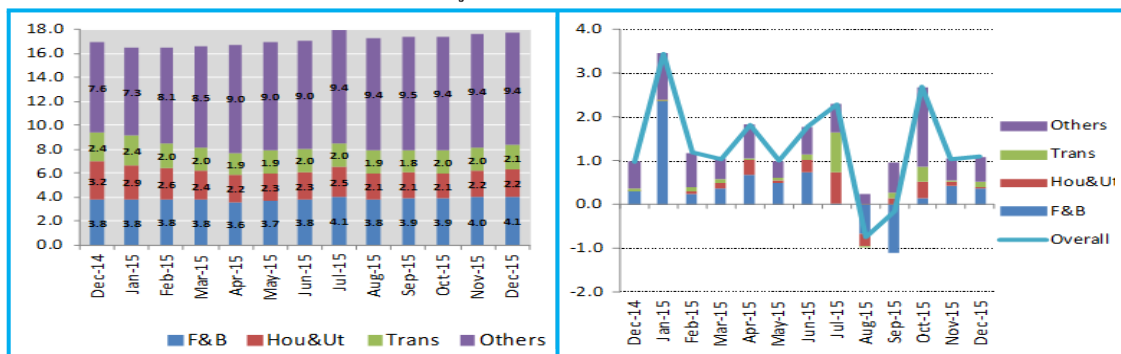


Table 3.1: Headline and Monthly Changes in CPI (%)

	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>						
Jan	13.8	7.1	18.9	3.9	5.5	2.9
Feb	14.0	7.5	19.0	1.1	0.4	1.6
Mar	14.5	8.2	19.2	0.9	0.6	1.1
Apr	14.7	7.0	20.6	1.7	1.5	1.9
May	14.8	8.0	20.0	0.9	1.0	0.8
Jun	15.0	7.9	20.3	1.6	1.4	1.8
Jul	15.3	5.0	23.1	1.6	-1.0	3.3
Aug	15.9	5.1	24.0	-0.2	-1.3	0.5
Sep	16.5	5.8	24.1	-0.2	-3.0	1.6
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
<b>Dec</b>	<b>17.0</b>	<b>6.8</b>	<b>23.9</b>	<b>1.0</b>	<b>0.7</b>	<b>1.1</b>
<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
Sep	17.4	7.8	23.2	-0.1	-2.9	1.4
Oct	17.4	7.8	23.0	2.7	0.1	4.1
Nov	17.6	7.9	23.2	1.0	1.0	1.1
<b>Dec</b>	<b>17.7</b>	<b>8.0</b>	<b>23.3</b>	<b>1.1</b>	<b>0.8</b>	<b>1.2</b>

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

	Weight (%)	Year-on-Year Inflation							
		2014				2015			
		Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec
Education	3.9	7.2	3.7	3.5	14.2	22.9	24.6	29.6	26.8
Recreation & Culture	2.6	13.8	14.2	12.6	22.8	23.1	23.5	27.0	26.9
Clothing and Footware	9.0	16.7	15.3	14.9	20.8	22.4	24.3	24.9	24.1
Transport	7.3	27.3	24.6	27.1	30.8	25.8	25.5	23.8	27.0
Housing, Water, Elect, Gas & Fuels	8.6	43.8	53.6	63.5	35.2	26.2	24.8	23.6	24.3
Furnish H/H Equipt. Etc	4.7	11.4	10.0	12.0	16.5	20.9	23.3	23.4	25.8
Miscellaneous Goods & Services	7.1	16.9	14.4	13.7	16.0	16.3	19.2	23.0	21.7
Alcoholic Beverages, Tobacco	1.7	12.4	15.3	15.3	17.3	20.1	20.1	20.8	19.2
Hotels, Cafes & Restaurants	6.1	6.5	5.0	13.0	13.6	18.4	19.8	18.0	18.9
Health	2.4	13.4	13.5	15.1	19.4	18.1	16.8	15.7	14.7
Communications	2.7	5.0	8.8	8.6	12.8	13.8	12.0	15.4	14.0
Food and Beverages	43.9	8.2	7.9	5.8	6.8	7.2	7.4	7.8	8.0

## 4. Money and Financial Markets

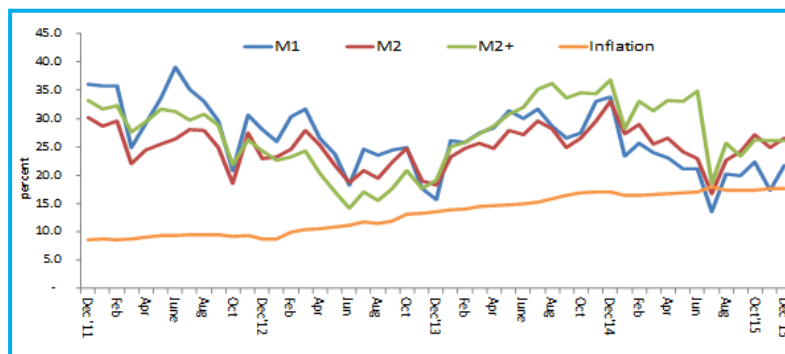
Monetary developments in the fourth quarter of 2015 showed a decrease in growth rates of monetary aggregates when compared with the same period of 2014. This observation was driven mainly by reduction in the growth in foreign currency deposits, demand deposits and currency with the public. The provisional data for Broad Money (M2+) showed that the growth rate of 26.1 per cent was lower than what was attained in the fourth quarter of 2014 (36.6%) but higher than what was realised in the third quarter of 2015(19.1%).

### 4.1 Broad Money Supply

The quarterly growth of M2+ on year-on-year basis was 26.1 per cent (GH¢9,608.2 million) during the fourth quarter of 2015 compared with an increase of 36.8 per cent (GH¢9,906.1 million) recorded in the fourth quarter of 2014. This can be compared with the growth of 23.3 per cent (GH¢7,472.2 million) recorded in the third quarter of 2015. M2+ at the end of the fourth quarter was GH¢46,451.4 million compared with GH¢36,483.2 million and GH¢39,842.2 million recorded for the fourth quarter of 2014 and the third quarter of 2015 respectively.

The change in M2+ was reflected moderately in currency with the public component of domestic currency deposits (M2), demand deposit and significantly in foreign currency deposits. M2 marginally reduced to 26.6 per cent (GH¢7,326.9 million) in the fourth quarter of 2015 compared with 33.0 per cent (GH¢6,838.2 million) in the fourth quarter of 2014 and 24.1 per cent (GH¢5,543.9 million) realised in the third quarter of 2015. Currency with the public reduced from a growth of 25.4 per cent (GH¢1,396.6 million) in the fourth quarter of 2014 compared with 23.3 per cent (GH¢1,607.4 million) realised in the fourth quarter of 2015. This was higher than the 19.4 per cent (GH¢1,073.2 million) growth realised in the third quarter of 2015.

Chart 4.1: Inflation and Liquidity (%)



Foreign currency deposits increased to 24.5 per cent (GH¢2,281.4 million) in the fourth quarter of 2015 from 21.3 per cent (GH¢1,928.3 million) in the third quarter of 2015. This was lower than the 49.1 per cent (GH¢3,068.0 million) recorded in the fourth quarter of 2014.

#### 4.2 Sources of Change in M2+

The growth in M2+ in the fourth quarter of 2015 was accounted for by growth in its components.

##### Net Foreign Assets (NFA)

The Net Foreign Assets (NFA) of the banking system grew by 24.0 per cent (GH¢2,159.7 million) during the fourth quarter of 2015, which was lower than that for the corresponding period in 2014 during which NFA increased by 57.7 per cent (GH¢3,290.9 million). During the third quarter of 2015 NFA decreased by -39.7 per cent (GH¢-2,495.3 million).

Table 4.1: Monetary Indicators (GH¢' million)

	Levels					Quarter-on-Quarter										
						As at end-Dec 2013		As at end-Dec 2014		As at end-Jun 2014		As at end-Sep 2014		As at end-Dec 2015		
	Dec-13	Dec-14	Jun-14	Sep-15	Dec-15	abs	per cent	abs	per cent	abs	per cent	abs	per cent	abs	per cent	
Reserve Money	9,051.1	11,784.6	11,320.7	11,354.6	14,636.3	1,190.7	15.1	2,733.5	30.2	1,344.0	13.5	735.1	6.9	2,851.6	24.2	
Narrow Money (M1)	12,902.5	17,257.6	17,255.5	17,522.5	21,014.4	1,745.2	15.6	4,355.1	33.8	3,012.5	21.2	2,902.6	19.9	3,756.8	21.8	
Broad Money (M2)	20,692.0	27,530.2	27,832.1	28,546.2	34,857.0	3,188.2	18.2	6,838.2	33.0	5,193.0	22.9	5,543.9	24.1	7,326.9	26.6	
Broad Money (M2+)	26,937.0	36,843.2	41,466.5	39,524.6	46,451.4	4,316.4	19.1	9,906.1	36.8	10,728.6	34.9	7,472.2	23.3	9,608.2	26.1	
Currency with the Public	5,499.7	6,896.3	6,537.1	6,609.0	8,503.7	581.1	11.8	1,396.6	25.4	1,261.0	23.9	1,073.2	19.4	1,607.4	23.3	
Demand Deposits	7,402.8	10,361.3	10,718.4	10,913.5	12,510.7	1,164.2	18.7	2,958.4	40.0	1,751.5	19.5	1,829.5	20.1	2,149.4	20.7	
Savings & Time Deposits	7,789.5	10,272.6	10,576.5	11,023.8	13,842.6	1,442.9	22.7	2,483.1	31.9	2,180.5	26.0	2,641.3	31.5	3,570.1	34.8	
Foreign Currency Deposits	6,245.0	9,313.0	13,634.4	10,978.3	11,594.4	1,128.2	22.0	3,068.0	49.1	5,535.7	68.4	1,928.3	21.3	2,281.4	24.5	
Sources of M2+																
Net Foreign Assets (NFA)	5,700.4	8,991.3	6,159.9	3,786.4	11,151.0	(1,382.4)	(19.5)	3,290.9	57.7	1,895.0	44.4	(2,495.3)	(39.7)	2,159.7	24.0	
BOG	5,972.7	8,677.8	4,819.7	3,127.8	9,954.3	62.2	1.1	2,705.1	45.3	597.3	14.1	(4,232.6)	(5.7)	1,276.6	14.7	
DMBs	(272.3)	313.5	1,340.2	658.6	1,196.7	(1,444.6)	(123.2)	585.8	(215.1)	1,297.8	3,056.3	1,737.3	(161.0)	883.2	281.7	
Net Domestic Assets	21,236.6	27,851.9	35,306.6	35,738.2	35,300.4	5,698.8	36.7	6,615.3	31.2	8,833.6	33.4	9,967.6	38.7	7,448.5	26.7	
Claims on Government (net)	11,326.8	14,344.7	13,974.2	16,167.5	12,841.4	3,610.7	46.8	3,017.9	26.6	(462.9)	(3.2)	3,034.5	23.1	(1,503.3)	(10.5)	
BOG	5,306.2	6,887.7	7,287.4	8,748.0	6,418.7	1,166.7	28.2	1,581.5	29.8	(1,369.6)	(15.8)	1,091.4	14.3	(469.0)	(6.8)	
DMBs	6,020.6	7,457.0	6,686.8	7,419.5	6,422.6	2,444.0	68.3	1,436.4	23.9	906.7	15.7	1,943.1	35.5	(1,034.4)	(13.9)	
Claims on Public Sector	4,208.6	5,059.5	5,745.5	5,592.5	4,319.3	2,616.9	164.4	850.8	20.2	1,206.6	26.6	246.7	4.6	(740.2)	(14.6)	
BOG	2,070.6	2,077.7	2,068.6	2,221.7	2,084.6	1,967.1	1,899.7	7.1	0.3	(13.3)	(0.6)	(178.3)	(7.4)	6.9	0.3	
DMBs	2,138.1	2,981.8	3,676.9	3,370.8	2,234.7	649.9	43.7	843.7	39.5	1,219.9	49.6	425.0	14.4	(747.1)	(25.1)	
Claims on Private Sector	15,286.7	21,649.6	26,696.5	26,032.3	28,308.6	3,362.0	28.2	6,362.9	41.6	6,562.2	32.6	4,588.3	21.4	6,659.0	30.8	
BOG	529.5	606.9	651.3	703.4	496.5	82.2	18.4	77.4	14.6	61.5	10.4	82.6	13.3	(110.4)	(18.2)	
DMBs	14,757.2	21,042.7	26,045.2	25,328.9	27,812.1	3,279.8	28.6	6,285.5	42.6	6,500.7	33.3	4,505.7	21.6	6,769.4	32.2	
Other Items (Net) (OIN) \2 o/w BOG OMO (Sterilisation)	(9,585.5)	(13,201.9)	(11,109.6)	(12,054.2)	(10,168.9)	(3,890.8)	68.3	(3,616.4)	37.7	1,527.7	(12.1)	1,527.7	(12.1)	3,033.0	(23.0)	
	(1,125.8)	(1,254.4)	(8.0)	(204.7)	(204.7)	(261.2)	30.2	(128.6)	11.4	773.0	(99.0)	773.0	(99.0)	1,049.7	(83.7)	

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

The growth in Net Domestic Assets (NDA) of the banking system showed a decrease in trend in the review quarter. The growth rate decreased from 31.2 per cent (GH¢6,615.3 million) in the fourth quarter of 2014 to 26.7 per cent (GH¢7,448.5 million) in the fourth quarter of 2015. This was also lower than the growth rate of 38.7 per cent (GH¢9,967.6 million) attained in the third quarter of 2015.

The growth in the NDA of the banking system during the review period was reflected in Net Claims on Government which experienced a decrease in growth (-10.5% or GH¢1,503.3 million) due to the limit on gross credit to government under the IMF programme. The claims on the Public Sector also decreased (-14.6% or GH¢740.2 million), and Claims on the Private Sector also decreased in growth (30.8% or GH¢6,659.0 million). The Other Items Net (OIN) component of the NDA also decreased in growth by -23.0 per cent (GH¢3,033.0 million) to reinforce the decrease in the NDA. Comparatively, the NDA grew by 31.2 per cent (GH¢6,615.3 million) at the end of the fourth quarter of 2014 reflecting increases in Claims on Government of 26.6 per cent (GH¢3,017.9 million), Claims on the Public Sector and Claims on the Private Sector by 20.2 per cent (GH¢850.8 million) and 41.6 per cent (GH¢6,362.9 million), respectively. In addition, OIN increased by 42.5 per cent (GH¢4,217.6 million). Compared with the third quarter of 2015, net claims on government and claims on public sector experienced higher growth rates while claims on the private sector and other items net grew lower in the third quarter of 2015.

### **4.3 Developments in Banks' Credit**

During the fourth quarter of 2015, the nominal growth rate of banks' outstanding credit to the public and private institutions decreased on year-on-year basis to 25.0 per cent (GH¢6,031.6 million) from a high of 42.1 per cent (GH¢7,138.9 million) at the end of the corresponding quarter of 2014. On the other hand, the growth rate was lower in the third quarter of 2015 when compared with the review quarter.

Outstanding credit to public and private institutions stood at GH¢30,133.5 million at the end of the fourth quarter of 2015 compared with GH¢24,101.9 million recorded for the same period in 2014 and GH¢28,730.7 million achieved in the third quarter of 2015. In real terms, total credit to both public and private institutions decreased significantly from 21.4 per cent year-on-year in the fourth quarter of 2014 to 6.2 per cent at the end of the review quarter in 2015. Credit to private sector accounted for 87.1 per cent of the total outstanding credit in the fourth quarter of 2015 compared with the corresponding period

in 2014 with 87.5 per cent. This can be compared with the 88.2 per cent realised in the third quarter of 2015.

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

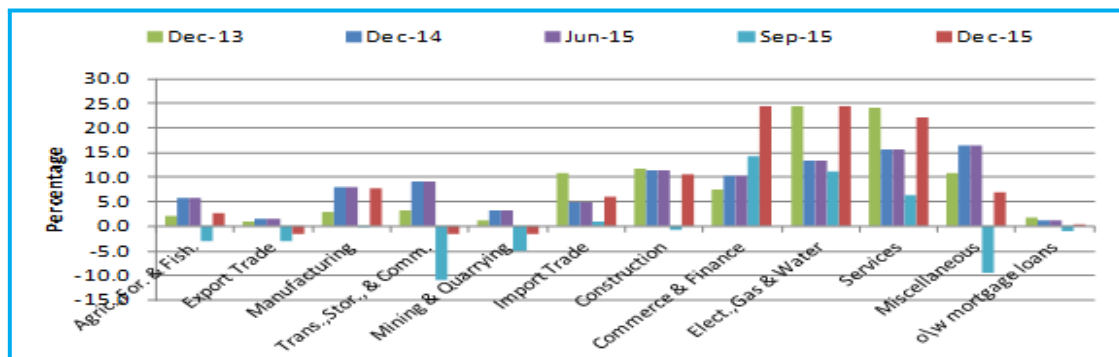
	Dec-13	Dec-14	Jun-14	Sep-15	Dec-15	Quarter-On-Quarter Variation									
						As at end-Dec 2013		As at end-Dec 2014		As at end-Jun 2014		As at end-Sep 2015		As at end-Dec 2015	
						Abs	Per Cent	Abs	Per cent	Abs	Per cent	Abs	Per cent	Abs	Per cent
<b>a Public Sector</b>	<b>2,205.8</b>	<b>3,059.2</b>	<b>3,748.1</b>	<b>3,401.8</b>	<b>3,896.0</b>	<b>657.7</b>	<b>42.5</b>	<b>853.4</b>	<b>38.7</b>	<b>1,235.9</b>	<b>49.2</b>	<b>416.6</b>	<b>14.0</b>	<b>836.9</b>	<b>27.4</b>
<b>b Private Sector</b>	<b>14,757.2</b>	<b>21,042.7</b>	<b>26,045.2</b>	<b>25,328.9</b>	<b>26,237.4</b>	<b>3,279.8</b>	<b>28.6</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>21.6</b>	<b>5,194.7</b>	<b>24.7</b>
Agric, For. & Fish	535.9	890.1	906.0	913.8	1,020.7	(6.1)	(1.1)	354.2	66.1	133.1	17.2	96.6	11.8	130.5	14.7
Export Trade	130.6	226.8	235.4	175.3	145.0	(4.6)	(3.4)	96.3	73.7	58.9	33.4	(2.2)	(1.3)	(81.9)	(36.1)
Manufacturing	1,466.5	1,963.9	2,520.5	2,802.6	2,363.8	48.6	3.4	497.4	33.9	191.4	8.2	591.6	26.8	399.9	20.4
Trans., Stor., & Comm.	674.0	1,255.0	1,127.9	1,142.8	1,170.1	53.4	8.6	581.0	86.2	202.0	21.8	136.0	13.5	(84.9)	(6.8)
Mining & Quarrying	448.2	655.1	680.2	703.1	570.9	176.6	65.0	206.9	46.2	89.1	15.1	30.7	4.6	(84.2)	(12.9)
Import Trade	1,521.3	1,831.6	2,123.7	1,690.4	2,140.9	515.5	51.3	310.3	20.4	712.4	50.5	(173.2)	(9.3)	309.3	16.9
Construction	1,480.0	2,205.1	2,846.0	2,599.8	2,759.9	426.4	40.5	725.1	49.0	757.4	36.3	437.0	20.2	554.7	25.2
Commerce & Finance	2,424.2	3,070.7	3,758.5	3,740.6	4,343.3	597.5	32.7	646.5	26.7	479.3	14.6	309.6	9.0	1,272.6	41.4
Elect., Gas & Water	1,196.9	2,039.9	3,653.6	3,229.5	3,307.5	510.1	74.3	843.0	70.4	1,589.8	77.0	1,252.3	63.3	1,267.6	62.1
Services	3,730.0	4,719.6	5,889.6	6,035.6	5,866.5	842.1	29.2	989.6	26.5	1,575.7	36.5	1,361.5	29.1	1,146.9	24.3
Miscellaneous	1,149.6	2,184.7	2,303.9	2,295.5	2,548.9	120.4	11.7	1,035.1	90.0	711.6	44.7	465.8	25.5	364.2	16.7
<b>c Grand Total</b>	<b>16,963.0</b>	<b>24,101.9</b>	<b>29,793.2</b>	<b>28,730.7</b>	<b>30,133.5</b>	<b>3,937.5</b>	<b>30.2</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>20.7</b>	<b>6,031.6</b>	<b>25.0</b>

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

Developments in outstanding credit to the private sector indicated a reduction in growth when compared on year-on-year basis. The nominal growth rate decreased to 24.7 per cent (GH¢5,194.7 million) in the fourth quarter of 2015 from 42.6 per cent (GH¢6,285.5 million) recorded in the same period in 2014. On the other hand, growth in credit at the end of the fourth quarter of 2015 was higher when compared with the third quarter of 2015. Outstanding credit to the private sector as at the end of the fourth quarter of 2015 stood at GH¢26,237.4 million.

In real terms, the annual growth rate of outstanding credit to the private sector, decreased to 6.0 per cent at the end of the fourth quarter of 2015 from 21.9 per cent registered in the same period of

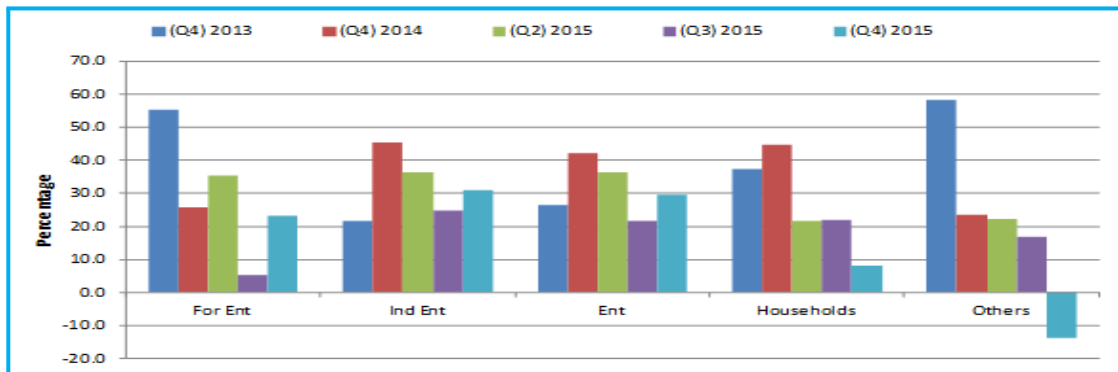
Chart 4.2: Sectoral Allocation of Annual Credit to the Private Sector (% , 2014-2015)



2014 and the 3.7 per cent achieved at the end of the third quarter of 2015.

The top beneficiary subsectors of the annual flow of credit to the private sector for the fourth quarter of 2015 were Commerce and Finance (24.5%), Electricity, Gas and Water (24.4%), Services (22.1%), Construction (10.7%), and Manufacturing (7.7%). These five sectors accounted for about 89.5 per cent of allocation of annual flow of credit. On the other hand, when the fourth quarter of 2015 is compared with the corresponding quarter in 2014, Transport, Storage and Communication, Miscellaneous and Mining and Quarrying experienced decreases in growth in credit. In addition, when compared with the second quarter of 2015. On the other hand, Commerce and Finance and Electricity, Gas and Water and Services showed increases in growth in credit. When the third quarter is compared with the fourth quarter of 2015, most of the subsectors experienced increases in the annual flow of credit.

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



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

In terms of holders of credit, foreign and indigenous subsectors, experienced increases during the fourth quarter of 2015 when compared with the same period in 2014, while households and others subsectors had decreases in annual flow of credit.

Interim data for the fourth quarter of 2015 showed that banks deployed 47.4 per cent (GH¢5,997.3 million) of their annual flow of funds into credit compared with 52.5 per cent (GH¢7,138.9 million) in the same period in 2014 and 55.8 per cent (GH¢4,922.3 million) in the third quarter of 2015. The rest of the annual flow of funds for the fourth quarter of 2015 was distributed as follows: Government

Securities 2.0 per cent (GH¢253.6 million), Foreign Assets 4.5 per cent (GH¢572.4 million), Balances with BOG 16.1 per cent (GH¢2,029.7 million) and Other Assets 30.0 per cent (GH¢3,790.1 million).

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

						Amount in GH¢' million														
						Variation (Quarter-On-Quarter)														
						As at end-Dec 2013		As at end-Dec 2014		As at end-Jun 2015		As at end-Sep 2015		As at end-Dec 2015						
						Abs	% of Change	Abs	% of Change	Abs	% of Change	Abs	% of Change	Abs	% of Change					
	Dec-13	Dec-14	Jun-14	Sep-15	Dec-15															
Source of Funds																				
Total Deposits	21,013.2	29,177.9	34,189.6	32,182.7	36,871.5	3,586.9	40.7	8,164.7	60.1	9,174.8	63.0	6,194.2	70.2	7,693.5	60.9					
Domestic	14,768.2	19,864.9	20,555.2	21,204.3	25,277.1	2,458.7	27.9	5,096.7	37.5	3,639.1	25.0	4,265.8	48.3	5,412.2	42.8					
Demand Deposits	6,978.7	9,592.4	9,978.7	10,180.6	11,434.5	1,015.8	11.5	2,613.6	19.2	1,458.6	10.0	1,624.5	18.4	1,842.1	14.6					
Savings Deposits	3,787.5	4,409.4	5,056.6	5,290.6	5,954.6	441.6	5.0	622.0	4.6	1,071.1	7.3	1,248.9	14.1	1,545.1	12.2					
Time Deposits	4,002.0	5,863.1	5,520.0	5,733.2	7,888.1	1,001.3	11.4	1,861.1	13.7	1,109.4	7.6	1,392.3	15.8	2,024.9	16.0					
Foreign Currency	6,245.0	9,313.0	13,634.4	10,978.3	11,594.4	1,128.2	12.8	3,068.0	22.6	5,535.7	38.0	1,928.3	21.8	2,281.4	18.0					
Credit from BOG	333.9	241.2	676.3	1,472.1	1,499.4	158.8	1.8	-92.7	-0.7	394.1	2.7	1,173.2	13.3	1,258.2	10.0					
Balances Due to Non-Resident Banks	3,078.2	4,424.3	5,009.9	4,278.3	4,113.4	2,123.6	24.1	1,346.1	9.9	1,010.7	6.9	-1,716.5	-19.4	-310.8	-2.5					
Capital	2,382.2	2,810.5	2,891.5	3,022.8	3,171.9	200.8	2.3	428.3	3.2	246.3	1.7	281.8	3.2	361.4	2.9					
Reserves	2,952.3	4,716.0	5,081.3	5,737.6	6,012.5	1,096.6	12.5	1,763.6	13.0	1,501.4	10.3	1,543.5	17.5	1,296.5	10.3					
Other Liabilities*	6,469.9	8,451.2	10,444.5	9,718.9	10,795.4	1,638.4	18.6	1,981.3	14.6	2,247.2	15.4	1,353.1	15.3	2,344.2	18.5					
Total	36,229.7	49,821.1	58,293.2	56,412.3	62,464.1	8,805.1		13,591.3		14,574.6		8,829.2		12,643.0						
Uses of Funds																				
Bank Credit	16,963.0	24,101.9	29,793.2	28,730.7	30,099.1	3,937.5	44.7	7,138.9	52.5	7,736.5	53.1	4,922.3	55.8	5,997.3	47.4					
o/w Private Sector Credit	14,757.2	21,042.7	26,045.2	25,328.9	27,812.1	3,279.8	37.2	6,285.5	46.2	6,500.7	44.6	4,505.7	51.0	6,769.4	53.5					
Investment in Government Securities	7,504.1	9,346.7	8,606.5	9,588.0	9,600.3	2,514.1	28.6	1,842.6	13.6	1,296.6	8.9	2,679.0	30.3	253.6	2.0					
Short Term	1,714.3	4,829.0	5,352.6	6,250.8	6,872.1	321.1	3.6	3,114.7	22.9	3,537.9	24.3	3,920.1	44.4	2,043.1	16.2					
Medium/Long term	5,789.8	4,517.7	3,253.9	3,337.2	2,728.2	2,193.0	24.9	-1,272.1	-9.4	-2,241.3	-15.4	-1,241.1	-14.1	-1,789.5	-14.2					
Foreign Assets	2,805.9	4,737.8	6,350.1	4,936.8	5,310.1	679.0	7.7	1,931.9	14.2	2,308.5	15.8	20.7	0.2	572.4	4.5					
Balances with BOG	3,645.5	5,577.5	6,370.8	6,825.0	7,607.3	315.8	3.6	1,932.1	14.2	1,282.7	8.8	1,706.6	19.3	2,029.7	16.1					
Other Assets**	5,311.2	6,057.1	7,172.7	6,331.8	9,847.3	1,358.7	15.4	745.9	5.5	1,950.2	13.4	-499.5	-5.7	3,790.1	30.0					
Total	36,229.7	49,821.1	58,293.2	56,412.3	62,464.1	8,805.1		13,591.3		14,574.6		8,829.2		12,643.0						

\*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.

The annual flow of funds investment in Government securities decreased considerably over the period. It decreased from 13.6 per cent (GH¢1,842.6 million) in the fourth quarter of 2014 to 2.0 per cent (GH¢253.6 million) in the fourth quarter of 2015. This was lower than the growth of 30.3 per cent (GH¢2,679.0 million) invested in government securities in the third quarter of 2015. On the other hand, Other Assets increased from -5.7 per cent (GH¢499.5 million) in the fourth quarter of 2014 to an increase of 30.0 per cent (GH¢3,790.1 million) in the fourth quarter of 2015.

The balances of banks with Bank of Ghana increased to 16.1.3 per cent (GH¢2,029.7 million) in the fourth quarter of 2015 compared with 14.2 per cent (GH¢1,932.1 million) during the same period in



2014 and 19.3 per cent (GH¢1,706.6 million) achieved in the third quarter of 2015.

The funding of banks assets continued to be from deposit mobilization. Total deposits accounted for about 60.9 per cent (GH¢7,693.5 million) of total sources of funds which was similar to what was recorded for the fourth quarter of 2014. The growth of total deposits was mainly driven by increases in savings and time deposits and decreases in demand and foreign currency deposits. When the end of the fourth quarter of 2015 is compared with the third quarter of 2015, all the components of total deposit showed lower growth at the end of 2015.

Other sources of funds during the fourth quarter of 2015 were Balances due to non-residents minus 2.5 per cent (GH¢-310.8 million), Reserves 10.3 per cent (GH¢1,296.5million) and Other Liabilities 18.5 per cent (GH¢2,344.2 million) which comprised: margin deposits, cheques for clearing, borrowing from other resident banks, interest, suspense etc.

Chart 4.4: Deployment of Banks' Annual Flow of Funds

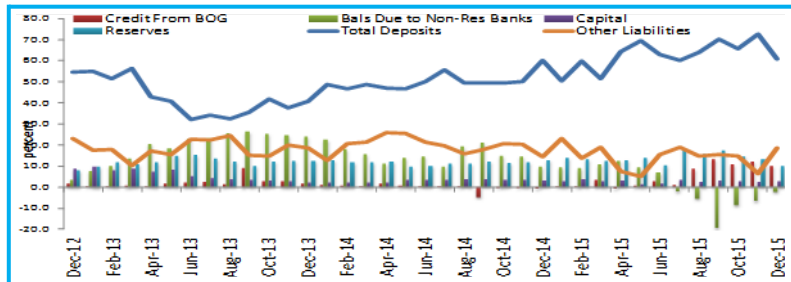
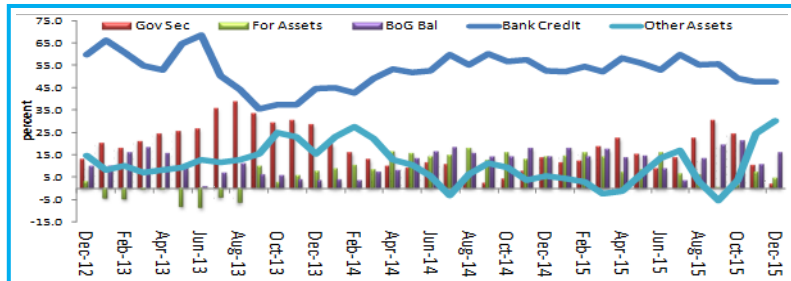


Chart 4.5: Sources of Banks' Annual Flow of Funds



#### 4.5 The Money Market

The developments in interest rates on the money market for the fourth quarter of 2015 indicated that the trend in rates for the review

period was mixed both in year-on-year terms and compared to the third quarter of 2015.

***Monetary Policy Rate***

The Bank of Ghana (BoG) Policy Rate increased by 500 basis points (bps) from 21.00 per cent to 26.00 per cent over the period December 2014 to December 2015. During the fourth quarter, however, the increase in the policy rate was 100 basis points.

***BOG Bills***

The 14-day BOG bill, which is linked to the Monetary Policy Rate, increased by 1,424 bps year-on-year from 11.76 per cent in quarter four of 2014 to 26.00 per cent at the end of quarter four of 2015. The 28-day, 56-day and 270-day BoG bills, though inactive since end-February 2015, indicated a general decline in rates. The rates on the 28-day and 56-day bills declined by 51 bps and 49 bps year-on-year respectively to end the quarter at 24.27 per cent and 24.86 per cent. Rates on the 270-day BoG bill, however, remained unchanged at 26.82 per cent during the period. Compared with quarter three of 2015, there was no change in rates for all three instruments.

***Government Securities***

On the treasury bills market, the interest equivalent on the 91-day and the 182-day bills went down by 267 bps and 199 bps year-on-year from 25.79 per cent and 26.39 per cent in quarter four of 2014 to 23.12 per cent and 24.40 per cent for the fourth quarter of 2015. Similarly, when compared with the rates recorded in quarter three of 2015, the rates decreased by 216 bps and 153 bps respectively. For the corresponding period in 2014, the rates on the 91-day and 182-day bills declined by 699 bps and 756 bps year-on-year.

For the medium term securities, the 1-year, 2-year and 5-year treasury instruments had their respective rates increase by 25, 30 and 496 bps from 22.50 per cent, 23.00 per cent and 19.04 per cent in the fourth quarter of 2014 to 22.75 per cent, 23.30 per cent and 24.00 per cent in quarter four of 2015. The rate on the 3-year bond decreased by 191 bps from 25.40 per cent in December 2014 to 23.49 per cent in December 2015. The rate on the 7-year bond however remained unchanged at 18.00 per cent over the review period. Compared to quarter three of 2015, the 1-year, 2-year and 5-year bond had their rates increased by 25 bps, 30 bps and 300 bps respectively while that of the 3-year and 5-year remained unchanged.

***Interbank Rate***

During the review quarter, the interbank weighted average rate

increased by 131 bps to 25.25 per cent from 23.94 per cent recorded in the fourth quarter of 2014. On the other hand, when compared with quarter three of 2015, the interbank rate increased by 32 bps from 24.93 per cent. The corresponding period in 2014 recorded a 760 bps year-on-year increase in the interbank weighted average rate from 16.34 per cent registered in quarter four of 2013 to 23.94 per cent.

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

The Deposit Money banks' average 3-month time deposit rate decreased by 85 bps during quarter four of 2015. It fell to 13.00 per cent from 13.85 per cent recorded in quarter four of 2014. This might be compared with an increase of 135 bps recorded for the corresponding period in 2014.

The average savings rate on deposits increased by 108bps during the fourth quarter of 2015 both on year-on-year terms and when compared to the rate in quarter three of 2015, to settle at 6.08 per cent from 5.00 per cent in the same period in 2014.

### ***Lending Rates***

The average lending rate on the other hand decreased significantly by 148 bps from 28.98 per cent observed in December 2014 to 27.50 per cent in December 2015. Similarly, when compared to quarter three of 2015, the average lending rate declined by 148 basis points. The spread between the average borrowing and lending rates also decreased by 63 bps from 15.13 per cent in the fourth quarter of 2014 to 14.50 per cent. Similarly, when compared with the quarter three results, the spread decreased by 148 bps. During the corresponding period in 2014, the spread increased by 207 bps year-on-year.

### ***Base Rate***

The average base rate of the Deposit Money Banks went up by 126 bps from 25.68 per cent in quarter four of 2014 to 26.94 per cent in quarter four of 2015. When compared with quarter three of 2015, however, the rate increased marginally by 12 bps from 26.82 per cent.

### ***4.5.2 Settlement of Interbank Transactions***

The volume of transactions settled through the Ghana Interbank System (GIS) during the fourth quarter of 2015 totalled 215,540 valued at GH¢334,337.2 million. This was an increase in both volume and value terms of 10.2 per cent and 33.5 per cent from the previous quarter. Compared with the same period the previous year, interbank settlements increased by 26.9 per cent and 107.5 per cent in both volume and value terms. On average, a total of

3,368 transactions were settled daily through the GIS, valued at GH¢5,224.0 million during the quarter under review, compared with a total of 3,103.63 cheques valued at GH¢3,976.53 million during the third quarter. For a similar period the previous year, an average of 3,101 transactions were settled daily through the GIS valued at GH¢3,952.9 million.

Chart 4.6: Yield Curve (%)

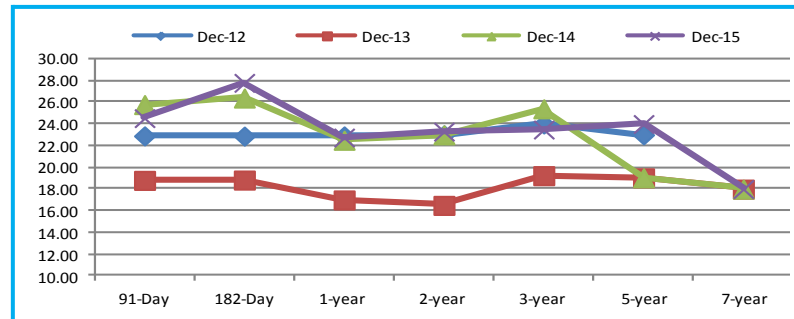
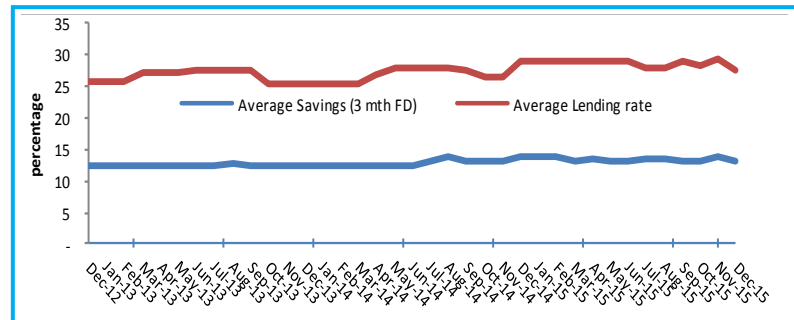


Chart 4.7: Spread between Nominal Savings and lending Rates



### Cheques Cleared

The volume of cheques cleared during the fourth quarter of 2015 totalled 1,747,862 valued at GH¢32,415.50 million. This was a 2.38 per cent reduction in volume terms and 1.37 per cent increase in value from the previous quarter. When compared with the fourth quarter of 2014, cheques cleared decreased by 9.46 per cent and 4.97 per cent in both volume and value. On a daily basis, an average of 27,744 cheques valued at GH¢514.5 million were cleared during the period under review, compared with 28,419 cheques valued at GH¢507.56 million cleared daily during the third quarter. For the same period in the previous year, a total of 30,641 cheques valued at GH¢541.45 million were cleared daily.

### 4.5.3 Money Market Liquidity

Total value of repo trades during the fourth quarter totalled GH¢82,354.1 million, an increase of 127.6 per cent over trades in the third quarter. Reverse repo trading on the other hand saw a reduction of 69.4 per cent to GH¢5,818.2 million below the third quarter levels. During the fourth quarter of the previous year, repos increased by 108.5 per cent with reverse repos also increasing by 129.7 per cent.

On the interbank market, values of trade during the fourth quarter ranged between GH¢3,114.5 million and GH¢773.0 million at rates ranging from 25.29 per cent and 24.84 per cent. In the previous quarter, values of trade ranged from GH¢2,332.5 million and GH¢490.5 million with weighted average rates ranging from 24.94 per cent and 24.33 per cent. During the same period the previous year, trades ranged from GH¢3,466.2 million and GH¢838.1 million at weighted average rates ranging from 24.36 per cent and 23.7 per cent.

### 4.5.4 Tender Results

Total sales at the auction during the fourth quarter amounted to GH¢22,428.81 million with maturities of GH¢21,912.96 million. This resulted in a net sale of GH¢2,858.21 million out of which Government made a borrowing of GH¢668.61 million from the public sector while there was a withdrawal through Bank of Ghana's OMO activities to the tune of GH¢2,189.60 million.

Chart 4.8: Money Market Rate (2014Q4 - 2015Q4)

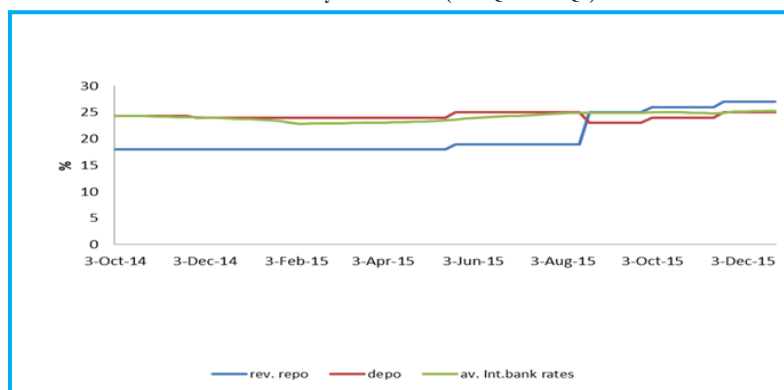
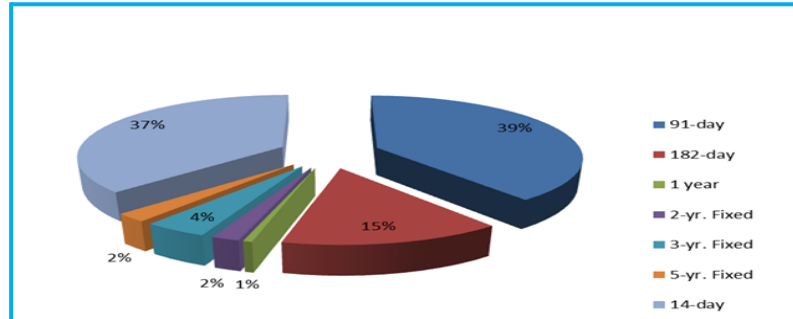


Chart 4.9: Analysis of Tender Results (2015Q3)



## 4.6 Currency Markets

### 4.6.1 International Currency Market

The U.S dollar recovered in the fourth quarter after its slump to the British pound in the second quarter and to the yen in the third quarter of 2015. The upturn was on the back of a number of factors including a steady improvement in the US labour market, enhanced consumer sentiments and housing market strength. The Euro stumbled against all its major peers during the quarter on a persistent economic uncertainty in the euro zone, European Central Bank indication of a further interest rates slash and also as investors were wary of attacks in France.

#### The US Dollar

**The US dollar** surged in the fourth quarter of 2015 on improved labour market data and rise in inflation rate. This reinforced optimism that the economy was robust enough for interest rate increase from the Federal Reserve despite slowing global growth and tightening financial market conditions. For the quarter under review, the US dollar appreciated by 2.71 per cent and 2.42 per cent against the euro and the pound sterling respectively but remained flat against the yen.

#### The Pound Sterling

The **Pound Sterling** weakened against the US dollar and the yen in the fourth quarter of 2015 after a report showed industrial production barely grew, U.K. factory output fell more than economists forecast and a decline in retail sales and construction data added to evidence that Britain's economy was losing momentum, therefore bolstering the argument that interest rates could stay at a record low for a longer period. The pound sterling depreciated during the quarter by 2.28 per cent and 1.79 per cent against the US dollar and the yen respectively but appreciated by 0.35 per cent against the euro.

## The Euro

The Euro fell the most against all the major currencies during the review quarter as confidence in the euro zone remained weak and the European Central Bank signalled further interest rates cut as an additional easing measure to counter low inflation in the region. Investors were also cautious on the common currency as a result of the deadly attacks in Paris. The euro depreciated against all the major currencies by 2.68 per cent, 0.32 per cent and 2.11 per cent against the US dollar, the pound sterling and the yen, respectively.

## The Yen

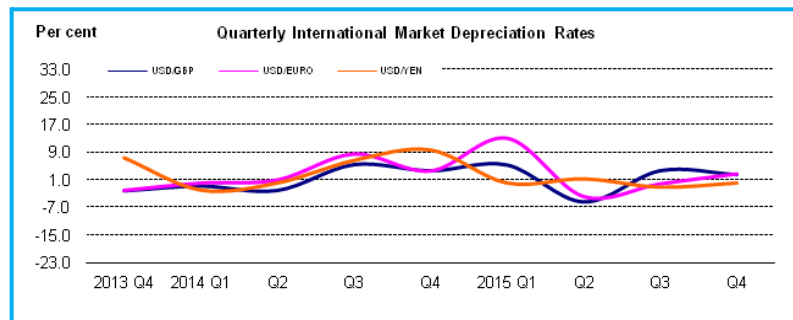
The safe haven Japanese Yen strengthened against its major peers as the Bank of Japan refrained from expanding monetary stimulus and also because industrial output and retail sales also grew faster than expected. The heightened geopolitical tensions also boosted the demand for the traditionally sought yen during risk aversion. It however depreciated against the US dollar as monetary and fiscal stimulus boosted exporter profits and the nation's stocks rallied from its slide. During the fourth quarter, the yen appreciated against the pound sterling and the euro by 2.09 per cent and 2.50 per cent but depreciated by 0.20 per cent against the US dollar.

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	
Q4	1.4815	2.4	5.5	1.0904	2.7	11.4	0.0083	0.0	0.0

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

Chart 4.10: International Market Depreciation Rates (%)



#### 4.6.2 Domestic Currency Market

The Ghana cedi posted mixed performances on the domestic currency market during the quarter under review. The cedi lost grounds to the major currencies in the first half but picked up its strength in the third and fourth quarters on account of inflows from the cocoa sector though demand for foreign exchange for non-oil support and other payments were also high.

#### Inter-Bank Market

In the **Inter-Bank Market**, the Ghana cedi appreciated from the third quarter through to the fourth quarter but at a diminishing rate. The fourth quarter saw the Ghana cedi record an appreciation of 1.2 per cent and 1.8 per cent against the pound sterling and the euro, respectively, compared to depreciation of 19.8 per cent and 14.6 per cent recorded in the preceding quarter. It however depreciated against the US dollar by 1.1 per cent during the period. The Ghana cedi however traded weaker in the review quarter compared to the corresponding period in the preceding year when it appreciated by 4.3 per cent and 4.1 per cent against the pound sterling and the euro, respectively, but depreciated by 0.1 per cent against the US dollar.

#### Forex Bureaux Market

Trading in the **Forex Bureau Market** indicated that the Ghana Cedi appreciated by 0.9 per cent and 1.4 per cent against the pound sterling and the euro, but depreciated by 1.5 per cent against the US dollar. The performance of the Ghana cedi in the third and fourth quarters brought down the cumulative depreciation for the year to 16.1 per cent, 12.6 per cent and 5.1 per cent against the US dollar, the pound sterling and the euro, respectively.

#### Foreign Exchange Transaction Market

Transactions in the foreign exchange market showed an increase in the fourth quarter of 2015 compared to the previous quarter. Purchases increased by 2.54 per cent from US\$1,913.89 million in the third quarter to US\$1,962.49 million in the fourth quarter. When compared

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	
Q4	3.7944	-1.1	-15.7	5.6265	1.2	-11.5	4.1514	1.8	-6.2

Depreciation (-) / Appreciation (+)



to the corresponding period of the preceding year, purchases however decreased by 4.53 per cent. The upsurge stemmed from the Bank of Ghana sales to the DMB's which was up by 8.13 per cent. However, trading among the Banks went down by 1.30 per cent.

Chart 4.11: Inter-bank Market Exchange Rate Movements (%)

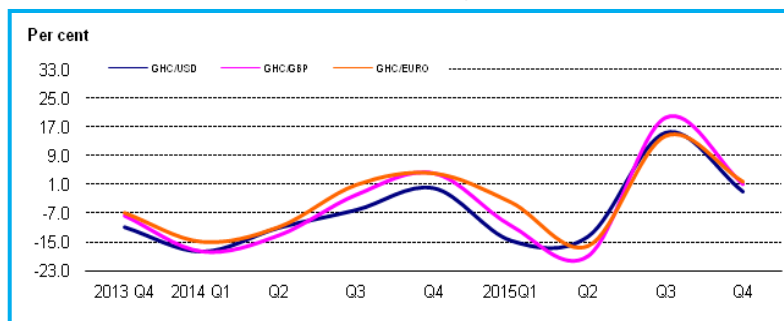


Table 4.6: Forex Bureaux Exchange Rate Movements

End Period	Movement			Movement			Movement		
	US\$/ £	Quarter	Annual	US\$/ €	Quarter	Annual	US\$/ ¥	Quarter	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	
Q4	3.7944	-1.1	-15.7	5.6265	1.2	-11.5	4.1514	1.8	-6.2

Depreciation (-) / Appreciation (+), Source: Reuters

Table 4.7: Interbank Market Exchange Rate

End Period	Movement			Movement			Movement		
	€/US\$	Quarter	Annual	€/ £	Quarter	Annual	€/ €	Quarter	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	
Q4	3.7944	-1.1	-15.7	5.6265	1.2	-11.5	4.1514	1.8	-6.2

Depreciation (-) / Appreciation (+)

**Table 4.8: Forex Bureaux Exchange Rate Movements**

End Period	Movement			Movement			Movement		
	€/US\$	Quarter	Annual	€/ £	Quarter	Annual	€/ €	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	
Q4	3.8645	-1.5	-16.1	5.7015	0.9	-12.6	4.1815	1.4	-5.1

Depreciation (-) / Appreciation (+)

**Table 4.9: 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>													
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
Oct	267.94	454.23	722.17	27.14	*	749.31	-4.84	6,885.26	-27.9	653.01	27.34	*	680.35
Nov	246.77	418.93	665.70	27.13	*	692.83	-7.54	7,578.10	10.4	466.26	27.34	*	493.60
Dec	185.61	482.08	667.69	27.14	*	694.83	0.29	8,272.92	29.7	517.61	27.34	*	544.95
Q4	700.32	1,355.24	2,055.56	81.40		2,136.96	-14.54	10,409.89	-3.0	1,636.88	82.03	*	1,718.91
<b>2015</b>													
Q3	777.27	1,136.62	1,913.89	31.15	*	1,945.04	-65.17	13,326.02	-22.2	1,634.45	31.39	*	1,665.84
Oct	294.36	371.51	665.87	27.13	*	693.00	6.98	6,489.02	-7.5	575.80	27.34	*	603.14
Nov	334.28	320.81	655.19	27.14	*	682.33	-1.54	7,171.34	-1.5	706.66	27.34	*	734.00
Dec	211.85	429.58	641.43	27.14	*	668.57	-2.02	7,839.91	-3.8	648.88	27.34	*	676.22
Q4	840.49	1,121.90	1,962.49	81.40		2,043.89	5.08	9,883.80	-4.4	1,931.34	82.03	*	2,013.37

\*Provisional

## 4.7 The Stock Market

Activity on the capital market for the review period saw little improvement as the index struggled to reverse the third quarter losses. The third quarter's descent of 14.6 per cent was compounded by a further drop of 0.7 per cent. The dip in the GSE Composite Index (GSE-CI) resulted in a year-to-date growth of 5.4 per cent. This could have been better but for the continuous increase in money market rates which, coupled with nervousness in the capital market and the rapidly depreciating Cedi, left prospective investors puzzled and indecisive.

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

The GSE Composite Index moved up by 1.1 per cent in the month of December to buck the gradual descent of the CI which started at the beginning of the third quarter. The rise, notwithstanding, the index registered a drop of 0.7 percentage points (14.8 points) on the quarter to bring the year-to-date drop to 11.7 per cent at the end of the year. Compared with the fourth quarter performances of 5.6 per cent and 1.0 per cent recorded in 2013 and 2014, the rather less than

average performance of the GSE-CI could be attributed to the rate of depreciation of the Cedi and competition for funds from the money market instruments with higher than average interest rates.

Chart 4.12: GSE-CI Changes (% , 2012-2015)

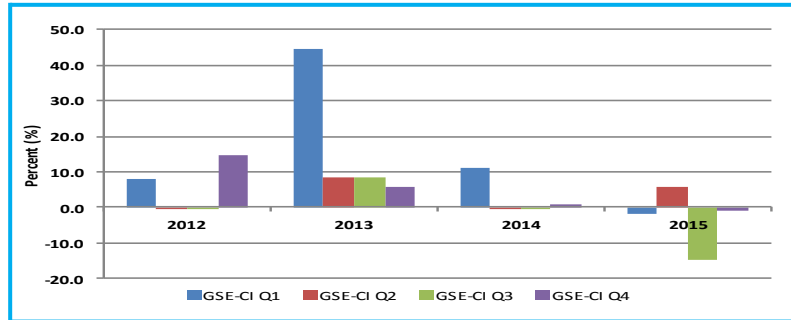
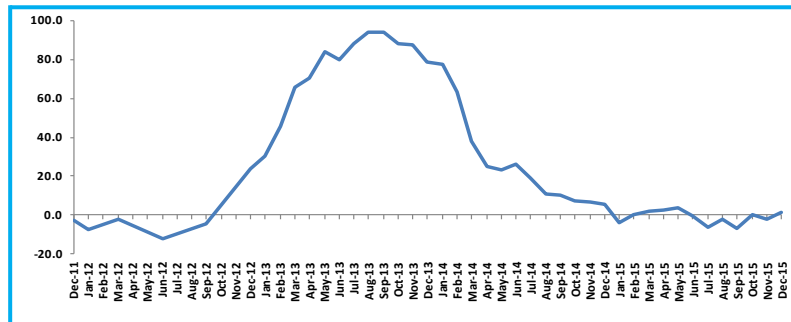


Chart 4.13: GSE-CI (Y-O-Y) Change



#### 4.7.2 Sectoral Performance

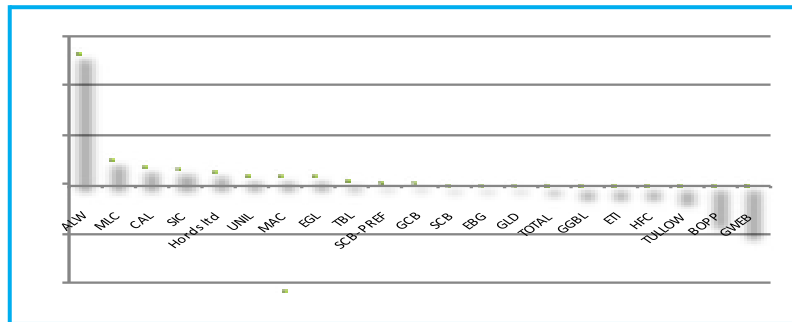
The gloom was quite widespread as all the sub-sectors suffered losses except the Manufacturing sub-sector which bounced back from previous drops to appreciably register a gain of 14.6 per cent for the quarter. Three of the sectors, Mining, ICT and Education traded flat. The remaining five were very conspicuous in their losses. The Finance sub sector which in past sessions, had glittered to lift the capital market also floundered. It shaded 0.2 per cent (3.2 points) off the opening mark of 1,933.2 points to end the quarter at 1,930.1 points. Food & Beverage, Distribution, the ETFund, the Agricultural and the Oil sub sectors played varying degrees of the slump. This was mainly due to the backtracking in prices of many equities during the period.

#### 4.7.3 Market Performance

For the review quarter, total trades on the GSE amounted to 85.4 million shares valued at GH¢77.9 million during the fourth quarter.

This compares with 70.3 million shares valued at GH¢109.2 million registered for the corresponding period in 2014. In all, there were 21 market movers on average during the review quarter. The share prices of 12 equities appreciated while 9 equities lost value. The rest remained unchanged for the review quarter; ALW led the list of advancers with a growth rate of 133.3 per cent followed by MLC (26.78%), CAL (19.0%), SIC (16.7%) and HORDS (14.39%). The major losers were GWEB, BOPP and TULLOW which shed 50.0 per cent, 37.5 per cent, 14.9 per cent, respectively.

Chart 4.14: Changes in Share Prices (% , 2015Q4)



#### 4.7.4 Market Capitalisation

Total market capitalization as at the end of the fourth quarter of 2015 stood at GH¢57,116.87 million representing a decrease of 8.15 per cent (GH¢5,066.6 million) from the third quarter position of GH¢62,183.49 million registered at the end of September 2015. Comparatively, a fourth quarter decrease of 0.3 per cent (GH¢162.8 million) was registered in market capitalization (million) in 2014. On year-to-date basis, market capitalization decreased by 11.2 per cent (GH¢7,235 million) compared with an increase of 5.2 per cent (GH¢3,194.1 million registered for the same period in 2014.

Table 4.11: Sectors Contribution to the Growth of market Capitalization

MONTH	SECTOR										Market Cap
	F&B	MAN	FINANCE	DISTR	MINING	IT	AGRIC	OIL	ETFund	EDUC	
Dec-14	1,327.2	773.2	13791.6	1018.88	15545.18	3.4	142.7	31734.7	15.40		64,352.4
Sep-15	1,357.7	607.1	13689.8	1009.4	15507.6	3.4	143.6	29830.0	16.0	10.6	62183.0
Dec-15	1,329.0	695.4	13087.9	981.1	15507.7	3.4	91.4	25395.0	15.6	10.6	57116.9
Quarterly Change											
ABS	-28.71	88.36	-601.96	-28.30	0.03	0.00	-52.20	-4435.05	-0.38	0.00	-5066.13
(%)	-2.11	14.55	-4.40	-2.80	0.00	0.00	-36.36	-14.87	-2.38	0.00	-8.15
Yearly Change											
ABS	1.88	-77.78	-703.76	-37.80	-37.52	0.00	-51.32	-6339.68	0.20	10.57	-7235.55
(%)	0.14	-10.06	-5.10	-3.71	-0.24	0.00	-35.97	-19.98	1.30	-	-11.24

## 5. Fiscal Developments

Government budgetary operations in the fourth quarter of 2015 resulted in an overall fiscal deficit of GH¢2,881.2 million (2.2% of GDP) against a target deficit of GH¢2,188.6 million (1.6% of GDP). The outturns for receipts as well as that of expenditure and lending were below their respective targets for the review period. The developments in revenues and expenditure resulted in a domestic primary surplus of GH¢903.8 million (0.7% of GDP) compared with a budgeted surplus of GH¢1,599.2 million (1.2% of GDP). In the corresponding period of 2014, the domestic primary balance recorded a surplus of GH¢327.0 million equivalent to 0.3 per cent of GDP.

Table 5.1: Fiscal Indicators (GH¢' million)

	2014	2015				
	Prov. Q4	Prov. Q1	Prov. Q2	Prov. Q3	Prog Q4	Prog Q4
<b>Taxes on income and property</b>	<b>2,392.51</b>	<b>1,943.54</b>	<b>2,197.30</b>	<b>1,976.95</b>	<b>2,588.71</b>	<b>2,997.94</b>
per cent of GDP	2.12	1.46	1.65	1.48	1.94	2.25
<b>Taxes on goods and services</b>	<b>1,882.02</b>	<b>2,202.73</b>	<b>2,387.00</b>	<b>2,666.84</b>	<b>2,679.05</b>	<b>2,581.83</b>
per cent of GDP	1.67	1.65	1.79	2.00	2.01	1.94
<b>Taxes on international trade</b>	<b>1,566.48</b>	<b>1,429.80</b>	<b>1,244.43</b>	<b>1,152.42</b>	<b>1,680.93</b>	<b>1,471.67</b>
per cent of GDP	1.39	1.07	0.93	0.86	1.26	1.10
<b>Tax revenue including oil</b>	<b>5,841.00</b>	<b>5,576.07</b>	<b>5,828.72</b>	<b>5,796.21</b>	<b>6,948.70</b>	<b>7,051.44</b>
per cent of GDP	5.19	4.18	4.37	4.35	5.21	5.29
<b>Tax revenue excluding oil</b>	<b>5,629.81</b>	<b>5,469.22</b>	<b>5,718.60</b>	<b>5,631.47</b>	<b>6,901.84</b>	<b>6,934.27</b>
per cent of GDP	5.27	4.44	4.65	4.57	5.61	5.63
<b>Nontax revenue</b>	<b>1,063.93</b>	<b>1,547.71</b>	<b>1,061.99</b>	<b>1,110.51</b>	<b>1,199.73</b>	<b>1,186.43</b>
per cent of GDP	0.94	1.16	0.80	0.83	0.90	0.89
<b>Domestic revenue including oil</b>	<b>6,952.26</b>	<b>7,150.68</b>	<b>6,977.68</b>	<b>7,052.79</b>	<b>8,177.81</b>	<b>8,300.22</b>
per cent of GDP	6.17	5.36	5.23	5.29	6.13	6.22
<b>Domestic revenue excluding oil</b>	<b>6,741.07</b>	<b>7,043.84</b>	<b>6,867.56</b>	<b>6,888.05</b>	<b>8,130.95</b>	<b>8,183.05</b>
per cent of GDP	6.31	5.72	5.58	5.60	6.61	6.65
<b>Grants</b>	<b>71.50</b>	<b>246.98</b>	<b>621.70</b>	<b>639.21</b>	<b>221.43</b>	<b>307.62</b>
per cent of GDP	0.06	0.19	0.47	0.48	0.17	0.23
<b>Total revenue and grants</b>	<b>7,023.76</b>	<b>7,397.66</b>	<b>7,599.38</b>	<b>7,692.00</b>	<b>8,399.24</b>	<b>8,607.84</b>
per cent of GDP	6.24	5.55	5.70	5.77	6.30	6.46
<b>Compensation of Employees</b>	<b>2,875.61</b>	<b>2,683.10</b>	<b>3,124.62</b>	<b>2,952.18</b>	<b>3,380.91</b>	<b>3,105.94</b>
per cent of GDP	2.55	2.01	2.34	2.21	2.54	2.33
<b>Goods and services</b>	<b>1,033.77</b>	<b>246.09</b>	<b>244.09</b>	<b>241.34</b>	<b>656.70</b>	<b>663.84</b>
per cent of GDP	0.92	0.18	0.18	0.18	0.49	0.50
<b>Interest payments</b>	<b>2,215.43</b>	<b>1,981.94</b>	<b>1,865.78</b>	<b>2,577.58</b>	<b>2,623.54</b>	<b>2,725.67</b>
per cent of GDP	1.97	1.49	1.40	1.93	1.97	2.04
<b>Subsidies</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>25.00</b>	<b>0.00</b>	<b>0.00</b>
per cent of GDP	0.00	0.00	0.00	0.02	0.00	0.00
<b>Non-Financial Assets (Capital Expenditure)</b>	<b>1,715.76</b>	<b>1,931.15</b>	<b>1,029.40</b>	<b>1,717.01</b>	<b>1,193.11</b>	<b>1,984.84</b>
per cent of GDP	1.52	1.45	0.77	1.29	0.89	1.49
<b>Total expenditure &amp; net lending</b>	<b>10,023.65</b>	<b>8,437.22</b>	<b>8,549.08</b>	<b>9,980.65</b>	<b>10,366.54</b>	<b>10,655.93</b>
per cent of GDP	8.90	6.33	6.41	7.48	7.77	7.99
<b>Overall Budget Balance</b>	<b>-4,321.18</b>	<b>-1,565.05</b>	<b>-1,626.40</b>	<b>-3,340.86</b>	<b>-2,881.18</b>	<b>-2,188.58</b>
per cent of GDP	-3.84	-1.17	-1.22	-2.51	-2.16	-1.64
<b>Domestic Expenditure</b>	<b>6,625.26</b>	<b>4,745.86</b>	<b>5,574.34</b>	<b>6,225.66</b>	<b>7,274.00</b>	<b>6,701.00</b>
per cent of GDP	5.88	3.56	4.18	4.67	5.46	5.03
<b>Domestic Primary Balance</b>	<b>327.00</b>	<b>2,404.82</b>	<b>1,403.34</b>	<b>827.14</b>	<b>903.81</b>	<b>1,599.21</b>
per cent of GDP	0.29	1.80	1.05	0.62	0.68	1.20
<b>Stock of Domestic Debt</b>	<b>34,620.86</b>	<b>36,542.70</b>	<b>35,873.20</b>	<b>37,128.10</b>	<b>38,828.10</b>	
per cent of GDP	30.74	27.40	26.90	27.84	29.12	0.00
<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>

Source: Bank of Ghana

## 5.1 Government Revenue

Government revenue and grants of GH¢8,399.2 million (6.3% of GDP) recorded for the review quarter fell below the budget estimate of GH¢8,607.8 million (6.5% of GDP), but was higher than the proceeds of GH¢7,023.8 million recorded for the corresponding quarter of 2014. Total receipts were made up of Tax revenue of GH¢6,948.7 million (82.7%), social security contributions of GH¢29.4 million (0.4%), GH¢1,199.7 million from Non-tax revenue (14.3%) and GH¢221.4 million (2.6%) from Grants.

### Income and Property Tax

Taxes from income and property during the fourth quarter amounted to GH¢2,588.7 million compared with the budgeted target of GH¢2,997.9 million. Personal income taxes raked in GH¢1,017.7 million, whilst company taxes amounted to GH¢1,156.8 million. Others comprising royalties from oil, mineral royalties, and National Fiscal Stabilization Levy (NFSL) and airport tax amounted to GH¢342.6 million. Actual revenue collections for Income and property tax during the review period were less than the budgeted target mainly due to downturn in economic activity arising out of the irregular power supply.

### Domestic Goods and Services Taxes

Collections of domestic goods and services tax of GH¢2,679.1 million during the quarter was above the target of GH¢2,581.8 million. This tax component comprised excise duty and petroleum tax of GH¢698.1 million, VAT collections of GH¢1,640.0 million, National Health Insurance Levy (NHIL) of GH¢268.9 million and GH¢72.0 million from the Communication Service Tax (CST). With the exception of NHIL, all the other major components of this tax type performed creditably as they were all above the budgeted target set for the quarter.

### International Trade Taxes

International Trade taxes for the period under review amounted to GH¢1,680.9 million, compared to the target of GH¢1,471.7 million. The total import duty realised during the period was GH¢941.2 million, 2.3 per cent above the budgeted target of GH¢920.1 million. Import exemptions however exceeded the target figure by 53.0 per cent, almost twice the budgeted target.

## 5.2 Government Expenditures

Government expenditure and net lending in the fourth quarter of 2015 amounted to GH¢10,366.5 million (7.8% of GDP) compared with a targeted amount of GH¢10,655.9 million (8.0% of GDP) but higher than the outturn for the corresponding period of 2014 of GH¢10,023.7 million (8.9% of GDP). The observed increase in government expenditure in relation to the outturn for the corresponding period

in 2014 was mainly due to the higher interest cost and the upsurge in the wage bill which increased by 18.4 per cent and 17.6 per cent respectively.

Table 5.2: Government Revenue (GH¢' million)

	2014	2015				
	Prov. Q4	Prov. Q1	Prov. Q2	Prov. Q3	Prov. Q4	Prog Q4
<b>TAX REVENUE</b>	<b>5,841.00</b>	<b>5,576.07</b>	<b>5,828.72</b>	<b>5,796.21</b>	<b>6,948.70</b>	<b>7,051.44</b>
<i>(percent of GDP)</i>	<i>5.19</i>	<i>4.18</i>	<i>4.37</i>	<i>4.35</i>	<i>5.21</i>	<i>5.29</i>
<b>TAXES ON INCOME &amp; PROPERTY</b>	<b>2,392.51</b>	<b>1,943.54</b>	<b>2,197.30</b>	<b>1,976.95</b>	<b>2,588.71</b>	<b>2,997.94</b>
Personal	868.15	689.36	843.87	758.98	1,017.65	1,006.12
Self employed	65.28	60.83	67.03	60.80	71.73	81.42
Companies	1,000.63	830.75	898.16	734.18	1,156.77	1,375.61
Company taxes on oil	59.87	0.00	0.00	44.85	0.00	52.45
Others	398.57	362.61	388.24	378.14	342.56	482.34
Other direct taxes /1	340.01	278.44	296.36	280.45	209.72	339.38
o/w Royalties from Oil	151.32	106.85	110.13	119.89	46.86	64.72
o/w Mineral Royalties	134.46	137.44	140.97	116.67	123.27	102.61
NRL (Arrears)	0.00	53.23	39.80	35.02	0.00	0.00
NFSL	46.43	30.94	52.08	62.68	44.00	81.76
Airport tax	12.13	0.00	0.00	0.00	88.84	170.38
<b>TAXES ON DOMESTIC GOODS AND SERVICES</b>	<b>1,882.02</b>	<b>2,202.73</b>	<b>2,387.00</b>	<b>2,666.84</b>	<b>2,679.05</b>	<b>2,581.83</b>
<b>Excises</b>	<b>221.26</b>	<b>598.57</b>	<b>589.38</b>	<b>515.83</b>	<b>698.11</b>	<b>665.40</b>
Excise Duty	45.20	48.52	48.69	77.35	63.94	57.41
Petroleum tax	176.06	550.05	540.69	438.48	634.17	607.98
<b>VAT</b>	<b>1,373.71</b>	<b>1,329.71</b>	<b>1,491.64</b>	<b>1,805.67</b>	<b>1,639.97</b>	<b>1,544.24</b>
Domestic	591.45	528.31	607.61	902.09	688.83	641.28
External	782.25	801.41	884.03	903.58	951.14	902.96
<b>National Health Insurance Levy (NHIL)</b>	<b>227.37</b>	<b>216.86</b>	<b>242.61</b>	<b>283.82</b>	<b>268.94</b>	<b>301.63</b>
Customs Collection	129.01	128.81	141.34	133.47	154.13	164.79
Domestic Collection	98.36	88.05	101.27	150.35	114.80	136.84
<b>Communication Service Tax</b>	<b>59.68</b>	<b>57.59</b>	<b>63.37</b>	<b>61.52</b>	<b>72.04</b>	<b>70.56</b>
<b>TAXES ON INTERNATIONAL TRADE</b>	<b>1,566.48</b>	<b>1,429.80</b>	<b>1,244.43</b>	<b>1,152.42</b>	<b>1,680.93</b>	<b>1,471.67</b>
<b>Imports</b>	<b>813.16</b>	<b>758.18</b>	<b>818.80</b>	<b>560.20</b>	<b>941.17</b>	<b>920.06</b>
Import duty	813.16	758.18	818.80	560.20	941.17	920.06
Special Tax	0.00	0.00	0.00	0.00	0.00	0.00
<b>Exports</b>	<b>318.55</b>	<b>80.58</b>	<b>0.00</b>	<b>0.00</b>	<b>290.00</b>	<b>340.00</b>
Cocoa	318.55	80.58	0.00	0.00	290.00	340.00
<b>Import Exemptions</b>	<b>434.77</b>	<b>591.04</b>	<b>425.62</b>	<b>592.22</b>	<b>449.76</b>	<b>211.61</b>
<b>SOCIAL CONTRIBUTIONS</b>	<b>47.33</b>	<b>26.90</b>	<b>86.97</b>	<b>146.07</b>	<b>29.37</b>	<b>62.34</b>
SSNIT Contribution to NHIL	47.33	26.90	86.97	146.07	29.37	62.34
<b>NON-TAX REVENUE</b>	<b>1,063.93</b>	<b>1,547.71</b>	<b>1,061.99</b>	<b>1,110.51</b>	<b>1,199.73</b>	<b>1,186.43</b>
Retention	563.85	564.68	618.94	687.46	658.08	746.63
Lodgment	500.07	983.03	443.05	423.05	541.65	439.81
Fees & Charges	107.34	102.99	141.64	109.91	417.69	69.29
Dividend/Interest & profits from Oil	392.20	276.92	285.42	310.73	121.44	246.19
Surface Rentals from Oil	0.54	3.02	0.02	2.40	0.44	2.45
Gas Receipts	0.00	0.00	0.00	0.00	2.08	47.40
Dividend/Interest & profits (Others)	0.00	600.10	15.96	0.00	0.00	0.00
<b>DOMESTIC REVENUE</b>	<b>6,952.26</b>	<b>7,150.68</b>	<b>6,977.68</b>	<b>7,052.79</b>	<b>8,177.81</b>	<b>8,300.22</b>
<b>GRANTS</b>	<b>71.50</b>	<b>246.98</b>	<b>621.70</b>	<b>639.21</b>	<b>221.43</b>	<b>307.62</b>
Project grants	71.50	246.98	173.69	297.63	65.77	197.26
Programme grants	0.00	0.00	448.01	341.57	155.67	110.36
<b>TOTAL REVENUE &amp; GRANTS</b>	<b>7,023.76</b>	<b>7,397.66</b>	<b>7,599.38</b>	<b>7,692.00</b>	<b>8,399.24</b>	<b>8,607.84</b>

Source: Bank of Ghana

## Compensation of Employees

Compensation of Employees comprising wages & salaries and social security contribution for the fourth quarter amounted to GH¢3,380.9 million which was lower than the programmed target of GH¢3,105.9 million. It was also above payments made in the corresponding quarter in 2014 by GH¢505.3 million, an increase of 17.6 per cent.

### **Interest Payments**

Interest Payments made in the fourth quarter of 2015 totalled GH¢2,623.5 million falling below its programmed target of GH¢2,725.7 million. In the corresponding period of 2014, interest payments amounted to GH¢2,215.4 million indicating an increase of 18.4 per cent.

### **Grants to Other Government Units**

Grants to Other Government Units were made up of transfers to statutory funds such as National Health Fund (NHF), Education Trust Fund (GETF), Petroleum Related Fund, Road Fund and District Assembly Common Fund (DACF) as well as Retention of IGFs by MDAs and Transfer to GNPC from Oil Revenue. Of the total Grants to Government Units of GH¢2,062.5million, GH¢658.1 million represented retention of IGFs whilst transfer to GNPC from Oil Revenue amounted to GH¢107.3 million. Statutory Funds for the review period in respect of National Health Fund (NHF), Education Trust Fund and District Assembly Common Fund (DACF) were GH¢202.4 million, GH¢327.3 million and GH¢ 691.4 million respectively.

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

Government acquisition of non-financial assets for the fourth quarter of 2015 amounted to GH¢1,193.1 million falling below the budgeted target of GH¢1,984.8 million. This constituted 11.5 per cent of the total expenditure and was made up of domestic financing of GH¢544.6 million and foreign financing of GH¢648.5 million.

### **Other Expenditures**

Tax Exemptions of GH¢449.8 million exceeded its programmed target for the fourth quarter of 2015 by GH¢238.2 million. Parliamentary exemptions, special permit for privileged persons and organizations accounted for this development.

## **5.3 Financing**

The overall budget balance on cash basis, including divestiture and discrepancy recorded a deficit of GH¢2,881.2 million (2.2% of GDP) in the review period. The deficit was mainly financed with net foreign inflow of GH¢3,500.4 million whiles using part to reduce government indebtedness to the domestic economy by GH¢529.5 million and repaying other domestic borrowing of GH¢70.6 million. The rest was used to make savings to the Contingency Fund (GH¢89.3 million) while draw down on the Ghana Petroleum funds amounted to GH¢70.2 million.



Table 5.3: Government Expenditure (GH¢' million)

	2014	2015				
	Prov. Q4	Prov. Q1	Prov. Q2	Prov. Q3	Prov. Q4	Prog Q4
<b>Compensation of Employees</b>	<b>2,875.61</b>	<b>2,683.10</b>	<b>3,124.62</b>	<b>2,952.18</b>	<b>3,380.91</b>	<b>3,105.94</b>
Wages & Salaries	2,483.58	2,425.62	2,613.02	2,617.55	2,907.23	2,554.43
Social Contributions	392.02	257.49	511.60	334.63	473.68	551.50
Pensions	120.79	143.13	193.65	167.04	172.81	215.21
Gratuities	231.20	31.29	47.69	44.02	36.74	60.81
Social Security	40.03	83.06	270.27	123.57	264.13	275.48
<b>Use of Goods and Services</b>	<b>1,033.77</b>	<b>246.09</b>	<b>244.09</b>	<b>241.34</b>	<b>656.70</b>	<b>663.84</b>
o/w Recurrent Expenditure share of ABFA from Oil (30% of ABFA)	0.00	2.70	90.42	42.46	36.09	38.99
<b>Interest Payments</b>	<b>2,215.43</b>	<b>1,981.94</b>	<b>1,865.78</b>	<b>2,577.58</b>	<b>2,623.54</b>	<b>2,725.67</b>
Domestic	1,969.57	1,575.07	1,522.01	2,049.14	2,140.20	2,420.48
External (Due)	245.86	406.87	343.78	528.44	483.34	305.19
<b>Subsidies</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>25.00</b>	<b>0.00</b>	<b>0.00</b>
Subsidies on Petroleum products	0.00	0.00	0.00	25.00	0.00	0.00
<b>Grants to Other Government Units</b>	<b>1,748.31</b>	<b>1,003.90</b>	<b>1,859.56</b>	<b>1,875.31</b>	<b>2,062.52</b>	<b>1,963.37</b>
National Health Fund (NHF)	330.62	200.40	447.30	281.99	202.35	363.97
Education Trust Fund	328.75	42.26	234.24	319.40	327.28	226.03
Road Fund	60.09	68.25	65.57	64.10	74.69	70.86
Petroleum Related Fund	1.24	1.41	1.35	1.30	1.41	1.45
Dist. Ass. Common Fund	330.31	0.00	375.86	403.18	691.40	478.85
Retention of Internally-generated funds (IGFs)	563.85	564.68	618.94	687.46	658.08	746.63
Transfer to GNPC from Oil Revenue	133.44	126.89	116.30	117.88	107.31	75.57
<b>Social Benefits</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.67</b>
Lifeline Consumers of Electricity	0.00	0.00	0.00	0.00	0.00	0.67
<b>Other Expenditure</b>	<b>434.77</b>	<b>591.04</b>	<b>425.62</b>	<b>592.22</b>	<b>449.76</b>	<b>211.61</b>
Reserve Expenditure Vote	0.00	0.00	0.00	0.00	0.00	0.00
Tax Expenditure (Exemptions)	434.77	591.04	425.62	592.22	449.76	211.61
<b>Acquisition of Non-Financial Assets</b>	<b>1,715.76</b>	<b>1,931.15</b>	<b>1,029.40</b>	<b>1,717.01</b>	<b>1,193.11</b>	<b>1,984.84</b>
Domestic financed	531.41	16.89	93.17	281.64	544.60	615.09
Assets	531.41	16.89	257.19	515.96	0.00	0.00
Foreign financed	1,184.35	1,914.26	936.24	1,435.37	648.50	1,369.75
<b>TOTAL EXP. &amp; NET LENDING</b>	<b>10,023.65</b>	<b>8,437.22</b>	<b>8,549.08</b>	<b>9,980.65</b>	<b>10,366.54</b>	<b>10,655.93</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 the fourth quarter of 2015 stood at GH¢38,828.10 million (29.1% of GDP), indicating an increase of 12.2 per cent over the end 2014 stock. The rise in the debt stock for the period was the net result of an increase of GH¢4,588.0 million in the short-term and a fall of GH¢350.8 million for medium-term instruments.

The growth in the short-term component of the domestic debt stock resulted mainly from increases of GH¢31,378.5 million and GH¢3,656.2 million in the 91-day and 182-day Treasury bills respectively. This was moderated by a reduction in the 1-Year Treasury note by GH¢467.7 million. The medium-term component decreased by GH¢350.8 million on account of reductions in the 2-year Fixed Treasury Note (GH¢659.9 million), 3-year SSNIT stock (GH¢208.2 million) as well the 3-year (SADA-UBA) floating

Table 5.4: Government Financing (GH¢ million)

	2014	2015				
	Prov. Q3	Prov. Q1	Prov. Q2	Prov. Q3	Prov. Q4	Prog Q4
<b>Overall balance (commitment)</b>	<b>-2,999.88</b>	<b>-1,039.56</b>	<b>-949.70</b>	<b>-2,288.65</b>	<b>-1,967.30</b>	<b>-2,048.09</b>
(percent of GDP)	-2.66	-0.78	-0.71	-1.72	-1.48	-1.54
Road Arrears (net change)	-78.41	0.00	-164.02	-258.24	-116.88	0.00
Non-road arrears	-1,241.49	-320.64	-685.40	-536.01	-617.50	0.00
o/w other outstanding payments/deferred payments	-1,160.83	-320.64	-343.35	-399.39	-553.90	0.00
o/w Wage arrears	-125.29	-168.11	-175.26	-269.63	-192.67	0.00
o/w DACF	0.00	0.00	-342.05	-99.86	0.00	0.00
o/w GETF	-80.66	0.00	0.00	-36.76	-63.60	0.00
Tax Refunds	-28.57	-160.36	-70.47	-155.07	-241.15	-140.49
<b>Overall balance (cash)</b>	<b>-4,348.35</b>	<b>-1,520.56</b>	<b>-1,869.58</b>	<b>-3,237.97</b>	<b>-2,942.83</b>	<b>-2,188.58</b>
(percent of GDP)	-3.86	-1.14	-1.40	-2.43	-2.21	-1.64
Discrepancy	27.17	-44.49	243.18	-102.89	61.65	0.00
<b>Overall balance (incl. Divestiture and Discrepancy)</b>	<b>-4,321.18</b>	<b>-1,565.05</b>	<b>-1,626.40</b>	<b>-3,340.86</b>	<b>-2,881.18</b>	<b>-2,188.58</b>
(percent of GDP)	-3.84	-1.17	-1.22	-2.51	-2.16	-1.64
<b>Financing</b>	<b>4,321.18</b>	<b>1,565.05</b>	<b>1,626.40</b>	<b>3,340.86</b>	<b>2,881.18</b>	<b>2,188.58</b>
<b>Foreign (net)</b>	<b>626.87</b>	<b>1,191.38</b>	<b>124.71</b>	<b>1,036.74</b>	<b>3,500.39</b>	<b>115.81</b>
Borrowing	1,112.85	1,667.29	762.55	1,749.71	4,407.77	1,209.33
Project loans	1,112.85	1,667.29	762.55	1,137.74	582.74	1,172.49
Programme loans	0.00	0.00	0.00	611.98	209.98	36.84
Sovereign Bond	0.00	0.00	0.00	0.00	3,615.05	0.00
Amortisation (due)	-485.98	-475.90	-637.84	-712.98	-907.37	-1,093.52
<b>Domestic (net)</b>	<b>3,576.92</b>	<b>425.97</b>	<b>1,347.98</b>	<b>2,415.82</b>	<b>-529.52</b>	<b>2,146.77</b>
Banking	1,241.52	-628.51	696.24	1,928.57	-2,111.93	-675.62
Bank of Ghana	-768.97	-1,628.42	2,028.18	1,460.53	-2,329.26	-1,132.78
Comm. Banks	2,010.49	999.91	-1,331.94	468.04	217.33	457.16
Non-banks	2,335.40	1,054.48	651.75	487.25	1,290.48	2,822.39
Other Domestic	0.00	0.00	0.00	0.00	291.93	0.00
<b>Other Financing</b>	<b>-106.28</b>	<b>-52.30</b>	<b>-52.01</b>	<b>-47.60</b>	<b>-70.64</b>	<b>-21.43</b>
clawback from TOR	0.00	0.00	0.00	0.00	0.00	0.00
Other domestic financing	-106.28	-52.30	-52.01	-47.60	-70.64	-21.43
<b>Ghana Petroleum Funds</b>	<b>223.67</b>	<b>0.00</b>	<b>205.72</b>	<b>-64.10</b>	<b>70.21</b>	<b>-52.57</b>
Transfer to Ghana Petroleum Funds	-142.49	0.00	0.00	-64.10	-108.31	-52.57
o/w Stabilisation Fund	-99.74	0.00	0.00	-44.87	-102.60	-36.80
o/w Heritage Fund	-42.75	0.00	0.00	-19.23	-5.72	-15.77
Transfer from Stabilisation Fund	366.16	0.00	205.72	0.00	357.04	0.00
<b>Sinking Fund</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>-178.52</b>	<b>0.00</b>
<b>Contingency Fund</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>-89.26</b>	<b>0.00</b>
<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>

Source: Bank of Ghana

Treasury note (GH¢202.5 million). The 5-year GoG Treasury Bond however increased by GH¢718.4 million.

#### 5.4.2 Holdings of Domestic Debt

Bank of Ghana's holding of domestic debt as at end December 2015 stood at GH¢8,851.2 million, representing 22.8 per cent of the total. The Deposit Money Banks (DMBs) held GH¢10,429.1 million (26.9%), compared to 27.3 per cent of their holdings at the end of December 2014. SSNIT held GH¢1,502.6 million (3.9%), Insurance Companies GH¢80.9 million (0.2%), 'Other holders' including non-residents held GH¢11,246.8 million (29.0%).

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

	2014	2015			
	Q1	Q1	Q2	Q3	Q4
91-Day Treasury Bill	7,939.4	9,137.0	8,645.6	9,198.8	9,317.9
182-Day Treasury Bill	4,493.4	5,588.2	5,754.4	6,199.4	8,149.6
1-Year Treasury Note	1,253.3	1,196.1	1,239.6	767.8	776.6
<b>A. Short-Term Instruments</b>	<b>13,686.1</b>	<b>15,921.2</b>	<b>15,639.6</b>	<b>16,166.0</b>	<b>18,244.1</b>
2-Year Fixed Treasury Note	2,746.2	2,300.7	2,049.7	1,995.0	2,086.3
3-Year Fixed Treasury Note	5,061.4	5,159.3	5,230.6	6,013.9	5,062.8
3-Year Stock(SSNIT)	1,281.8	1,281.8	1,073.6	1,073.6	1,073.6
3-Year Floating Treasury Note (SADA-UBA)	202.5	35.0	35.0	35.0	0.0
5-Year GOG Bond	2,790.2	2,992.0	2,992.0	2,992.0	3,508.6
7-Year GOG Bond	201.7	201.7	201.7	201.7	201.7
GOG Petroleum Finance Bond	80.0	80.0	80.0	80.0	80.0
TOR Bonds	682.0	682.0	682.0	682.0	682.0
<b>B. Medium-Term Instruments</b>	<b>13,045.9</b>	<b>12,732.6</b>	<b>12,344.8</b>	<b>13,073.2</b>	<b>12,695.1</b>
Long Term Government Stocks	7,417.4	7,417.4	7,417.4	7,417.4	7,417.4
Telekom Malaysia Stocks	109.5	109.5	109.5	109.5	109.5
Revaluation Stock	361.1	361.1	361.1	361.1	361.1
Others Government Stocks	1.0	1.0	1.0	1.0	1.0
<b>C. Long-Term Instruments</b>	<b>7,888.9</b>	<b>7,888.9</b>	<b>7,888.9</b>	<b>7,888.9</b>	<b>7,888.9</b>
<b>TOTAL(A+B+C)</b>	<b>34,620.9</b>	<b>36,542.7</b>	<b>35,873.2</b>	<b>37,128.1</b>	<b>38,828.1</b>

Source: Bank of Ghana

**Table 5.6: Holdings of Domestic Debt (GH¢' million) (Per cent of Total)**

	2014		2015							
	Q4	%	Q1	%	Q2	%	Q3	%	Q4	%
<b>A. Banking system</b>	<b>18,745.5</b>	<b>54.1</b>	<b>19,559.9</b>	<b>53.5</b>	<b>18,181.5</b>	<b>50.7</b>	<b>18,932.7</b>	<b>51.0</b>	<b>19,280.4</b>	<b>49.7</b>
Bank of Ghana	9,293.5	26.8	9,008.8	24.7	8,935.6	24.9	8,905.7	24.0	8,851.2	22.8
Deposit Money Banks	9,452.0	27.3	10,551.1	28.9	9,245.9	25.8	10,027.0	27.0	10,429.1	26.9
<b>B. Nonbank sector</b>	<b>9,900.7</b>	<b>28.6</b>	<b>10,856.3</b>	<b>29.7</b>	<b>11,307.0</b>	<b>31.5</b>	<b>11,761.2</b>	<b>31.7</b>	<b>12,830.3</b>	<b>33.0</b>
SSNIT	1,563.6	4.5	1,478.1	4.0	1,519.0	4.2	1,480.3	4.0	1,502.6	3.9
Insurance Companies	63.3	0.2	77.2	0.2	90.2	0.3	82.8	0.2	80.9	0.2
NPRA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Others Holders</b>	<b>8,273.8</b>	<b>23.9</b>	<b>9,301.0</b>	<b>25.5</b>	<b>9,697.8</b>	<b>27.0</b>	<b>10,198.1</b>	<b>27.5</b>	<b>11,246.8</b>	<b>29.0</b>
Rural Banks	494.1	1.4	496.1	1.4	482.1	1.3	482.8	1.3	567.5	1.5
Firms & Institutions	5,093.3	14.7	5,504.6	15.1	5,671.9	15.8	5,960.4	16.1	6,602.3	17.0
Individuals	2,686.4	7.8	3,300.3	9.0	3,543.8	9.9	3,754.9	10.1	4,077.1	10.5
<b>C. Foreign sector (Non-Residents)</b>	<b>5,974.7</b>	<b>17.3</b>	<b>6,126.5</b>	<b>16.8</b>	<b>6,384.7</b>	<b>17.8</b>	<b>6,434.2</b>	<b>17.3</b>	<b>6,717.4</b>	<b>17.3</b>
<b>TOTAL(A+B+C)</b>	<b>34,620.9</b>	<b>100.0</b>	<b>36,542.7</b>	<b>100.0</b>	<b>35,873.2</b>	<b>100.0</b>	<b>37,128.1</b>	<b>100.0</b>	<b>38,828.1</b>	<b>100.0</b>

Source: Bank of Ghana

## 6. Balance of Payments Developments

### 6.1 International Trade and Finance

Ghana's Balance of Payments for the fourth quarter of 2015 registered a surplus of US\$1,785.2 million, compared with a surplus of US\$397.1 million in the corresponding period of 2014. This was as a result of inflows of short-term credit into the financial account which overshadowed the widening current account deficit.

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

	2013 Q4	2014 Q4	2015* Q4	Q4' 2014/15	
				Absolute	% Change
<b>CURRENT ACCOUNT</b>	<b>-1,353.3</b>	<b>-823.2</b>	<b>-936.8</b>	<b>-113.6</b>	<b>13.8</b>
<b>Merchandise Exports (f.o.b.)</b>	<b>3,396.7</b>	<b>3,151.0</b>	<b>2,558.3</b>	<b>-592.7</b>	<b>-18.8</b>
Cocoa beans and products	542.3	691.2	832.4	141.2	20.4
Gold	1,256.8	1,018.8	730.5	-288.2	-28.3
Timber products	41.8	50.4	50.8	0.4	0.7
Oil	907.8	799.2	417.0	-382.3	-47.8
Others (including non-traditionals)	647.9	591.4	527.6	-63.8	-10.8
<b>Merchandise Imports (f.o.b.)</b>	<b>-4,528.7</b>	<b>-3,826.6</b>	<b>-3,499.0</b>	<b>327.6</b>	<b>-8.6</b>
Non-oil	-3,588.6	-2,835.1	-3,048.2	-213.1	7.5
Oil	-940.1	-991.5	-450.8	354.6	-35.8
<b>Net export under merchandising</b>			<b>-240.7</b>		
Receipts					
Payments					
<b>Trade Balance</b>	<b>-1,132.0</b>	<b>-675.6</b>	<b>-1,181.4</b>	<b>-505.8</b>	<b>74.9</b>
<b>Services (net)</b>	<b>-349.4</b>	<b>-371.7</b>	<b>-16.5</b>	<b>355.2</b>	<b>-95.6</b>
Receipts	619.0	626.4	1,667.4	1,041.1	166.2
Payments	-968.4	-998.1	1,683.9	-685.9	68.7
<b>Income (net)</b>	<b>-358.1</b>	<b>-422.5</b>	<b>-258.1</b>	<b>164.5</b>	<b>-38.9</b>
Receipts	45.0	26.8	52.4	25.6	95.4
Payments	-403.1	-449.4	-310.5	138.9	-30.9
<b>Current Transfers (net)</b>	<b>486.2</b>	<b>646.6</b>	<b>519.1</b>	<b>-127.5</b>	<b>-19.7</b>
Official	56.7	0.0	21.9	94.2	
Private	429.5	646.6	497.2	-149.4	-23.1
<b>Services, Income and Current Transfer (net)</b>	<b>-221.2</b>	<b>-147.6</b>	<b>244.6</b>	<b>392.2</b>	<b>-265.7</b>
<b>CAPITAL &amp; FINANCIAL ACCOUNT</b>	<b>2,019.4</b>	<b>1,700.1</b>	<b>2,290.2</b>	<b>590.1</b>	<b>34.7</b>
<b>Capital Account (net)</b>	<b>0.0</b>	<b>0.0</b>	<b>144.9</b>	<b>144.9</b>	
Capital Transfers	0.0	0.0	144.9	144.9	
<b>Financial Account (net)</b>	<b>2,019.4</b>	<b>1,700.1</b>	<b>2,145.3</b>	<b>445.2</b>	<b>26.2</b>
Direct Investments	871.9	918.8	846.2	-72.5	-7.9
Portfolio Investments	-85.4	0.0	236.0	236.0	
Other Investments	1,232.9	781.3	1,063.0	281.7	36.1
Of Which					
Official Capital (net)	0.5	197.4	-39.9	-237.3	-120.2
Sovereign bond					
Other Private Capital (net)	50.0	-400.1	-470.8	-70.7	17.7
Short-term capital (net)	1,255.0	984.1	1,573.7	589.7	59.9
Government Oil Investments (net)	-72.6	0.0	0.0	0.0	
<b>ERRORS AND OMISSIONS</b>	<b>-162.4</b>	<b>-479.8</b>	<b>431.9</b>	<b>911.7</b>	<b>-190.0</b>
<b>OVERALL BALANCE</b>	<b>503.8</b>	<b>397.1</b>	<b>1,785.2</b>	<b>1,388.2</b>	<b>349.6</b>
<b>FINANCING</b>	<b>-503.8</b>	<b>-397.1</b>	<b>-1,785.2</b>	<b>-1,388.2</b>	<b>349.6</b>
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 registered a deficit of US\$936.81 million in the fourth quarter of 2015, a deterioration of 13.8 per cent when compared to the deficit of US\$823.19 million recorded in the fourth quarter of 2014. This development was attributable to the worsened trade balance position despite an improvement in the investment and services balance.

### 6.2.1 Merchandise Trade

The trade balance for the review period recorded a deficit of US\$1,181.37 million compared to a deficit of US\$675.59 million recorded for the same period in 2014, indicating a worsening of 74.9 per cent or US\$505.78 million, as the decline in exports continued to outpace the decline in import demand.

### Merchandise Exports

The value of merchandise exports for the period was estimated at US\$2,558.31 million, down by 18.8 per cent compared to the outturn for the same period in 2014. The decline in export earnings was as a result of a slump in commodity prices and decline in volume of our major export products, notably gold and oil. Cocoa beans exports however picked up during the period.

#### *Gold Exports*

**Gold exports** for the review period was estimated at US\$730.52 million representing a 28.3 per cent fall in earnings compared to the same period in 2014. This was mainly due to both volume and price effects. The realised price of gold declined by 7.9 per cent to US\$1,107.11 per ounce while the volume exported also fell by 22.1 per cent to settle at 659,848 ounces.

#### *Crude Oil Exports*

**Crude oil** exports also decreased by 47.8 per cent to US\$416.99 million during the review period, on account of a 11.5 per cent decrease in volume to 9.48 million barrels and a 41.1 per cent decrease in average realised prices to US\$43.97 per barrel.

#### *Cocoa Beans and Products Exports*

**Cocoa beans and products** exported during the review quarter amounted to US\$832.41 million, registering an increase of 20.4 per cent over that for the fourth quarter of 2014. The volume of cocoa beans exported increased by 29.0 per cent to 213,092 metric tonnes, while average realised prices also rose by 11.1 per cent to US\$3,096.94 per tonne. The volume of cocoa products exported decreased by 10.3 per cent to 53,684 tonnes while the realised price also decreased by 16.7 per cent to US\$3,212.75 per tonne in the fourth quarter of 2015.

### **Timber Products**

Exports of **timber products** increased by 0.7 per cent to US\$50.77 million compared to US\$50.40 million recorded in the corresponding period of 2014. The volume exported decreased by 3.8 per cent to 91,749 cubic meters while the realized price increased by 4.7 per cent to US\$553.40 per cubic meter.

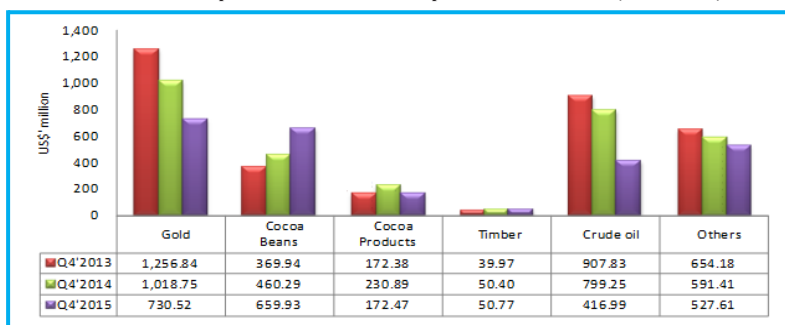
### **Other Exports**

**Other exports**, (including non-traditional exports) reduced by 10.8 per cent from the fourth quarter of 2014 to US\$527.61 million in the review period.

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

The value of the top ten non-traditional commodities exported during the period under review amounted to US\$211.5 million, compared to US\$234.1 million recorded for the same period in 2014. The top non-traditional items exported include: prepared or preserved tuna, palm oil and its fractions, and other special purpose motor vehicles.

Chart 6.1: Developments in Merchandise Exports Q4: 2013 – 2015 (US\$'million)



### **Merchandise Imports**

Ghana's import bill for the fourth quarter of 2015 registered a decline of 8.6 per cent to US\$3,499.00 million, compared to US\$3,826.21 million in the corresponding period of 2014. The non- oil import bill rose by 7.5 per cent but this was however overshadowed by the decline in oil and gas imports for the period.

### **Oil and Gas Imports**

Total oil and gas imports for the review period amounted to US\$450.84 million indicating a decrease of 54.5 per cent compared to the import level for the fourth quarter of 2014.

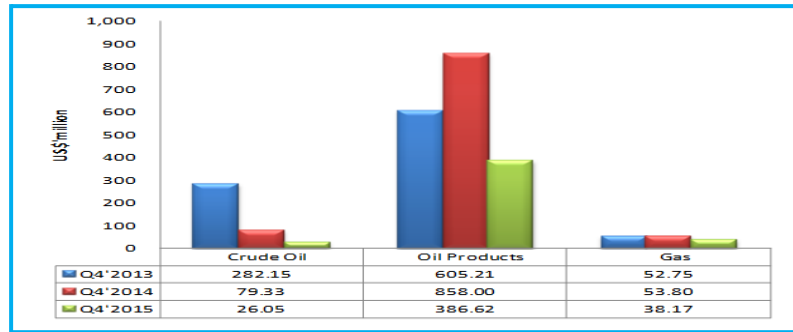
Total crude oil imports amounted to US\$26.05 million which was 67.2 per cent lower than the value imported in the fourth quarter of 2014. The volume of crude oil imports declined by 30.5 per cent to 659,589 barrels while the realized price also decreased by 52.7 per cent to US\$ 39.50 per barrel.

***Intermediate Goods Imported***

The value of refined products imported amounted to US\$386.62 million which was 54.9 per cent below the value of imports in the fourth quarter of 2014.

During the quarter under review, US\$38.17 million worth of gas was imported compared to US\$53.80 million imported during corresponding quarter of 2014.

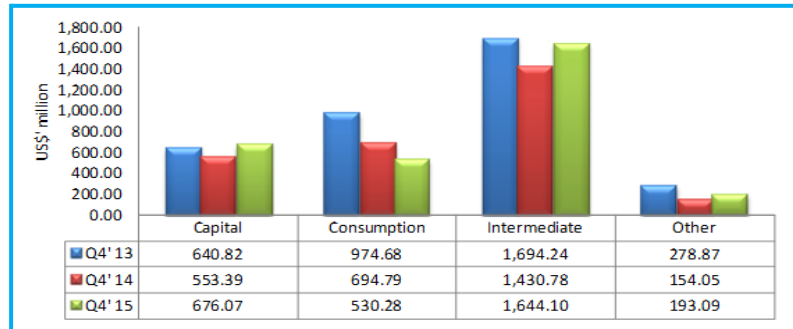
Chart 6.2: Developments in Merchandise Imports Q4: 2013 – 2015 (US\$' million)



**Non – Oil Imports**

The total value of non-oil imports in the fourth quarter of 2015 was US\$3,048.16 million representing a 7.5 per cent increase compared to the outturn of US\$2,835.08 million recorded for the same period in 2014. Marginal increase was observed in all the broad economic categories except consumption.

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



***Capital Goods Imported***

Imports of **capital goods** went up by 22.2 per cent to US\$676.07 million in the quarter. The increase was underpinned by an increase in the imports of both capital goods (except transport) and industrial transport by 20.8 per cent and 26.1 per cent to US\$490.94 million

***Consumption Goods Imported***

Imports of **consumption goods** dipped by 23.7 per cent to US\$530.28 million. This was driven by significant decline in the imports of all the types of goods under the category with the exception of non-industrial goods and primary foods and beverages, mainly for household consumption.

***Intermediate Goods Imported***

**Intermediate goods** imported were estimated at US\$1,644.10 million, up by 14.9 per cent. The increase was largely reflected by higher imports of processed industrial supplies and transport equipment – parts and accessories.

***Other Goods Imported***

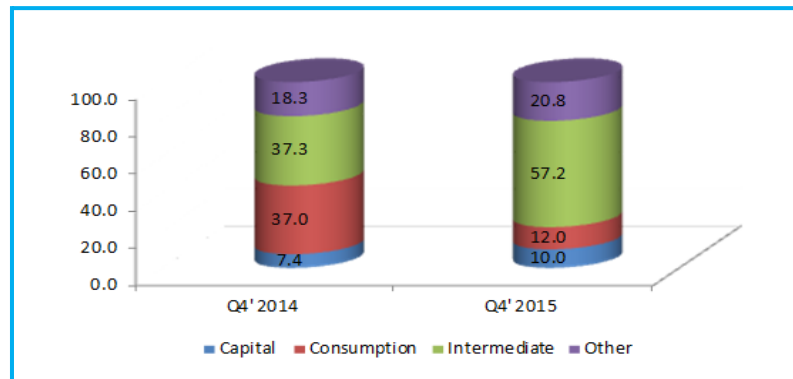
Imports of **‘other’ goods** increases significantly by 25.4 per cent to US\$193.09 million, largely on account of a significant increase in imports of passenger cars

During the quarter, 38,391,000 kWh of electricity valued at US\$4.61 million was imported by VRA compared to 20,770,859kWh worth US\$2.49 million imported for the corresponding quarter 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 20.8 per cent of non-oil imports during the review quarter. The share of capital goods increased to 10.0 per cent from 7.4 per cent, while the share of consumer goods however dropped significantly from 37.0 per cent to 12.0 per cent. In contrast, the share of intermediate goods increased from 37.3 per cent in Q4 2014 to 57.5 per cent in Q4 2015, thus accounting for more than half of non- oil imports.

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





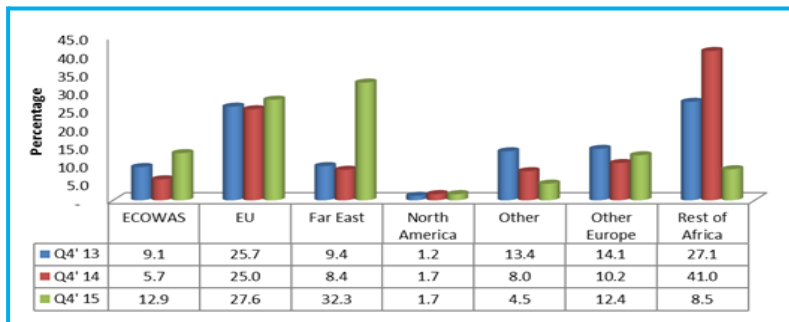
### Ten Major Non-oil Imports

The total value of the top ten non-oil merchandise imports for the fourth quarter of 2015 amounted to US\$806.08 million, compared to US\$749.34 million recorded a year ago. Key items included motor vehicles for the transport of persons and goods; liquefied butanes; gas turbines; cement and clinkers; optical fibre cables; palm oil and its fractions; wheat and meslin; and rice.

### 6.2.2 Direction of Trade Destination of Exports

The Far East emerged as the main destination of Ghanaian exports with a share of 32.3 per cent. This was followed by the EU with 27.6 per cent and ECOWAS with a share of 12.9 per cent. The rest were the Other Europe (12.4%), the Rest of Africa (8.5%), other countries and North America with relative shares of 4.5 per cent and 1.7 per cent respectively.

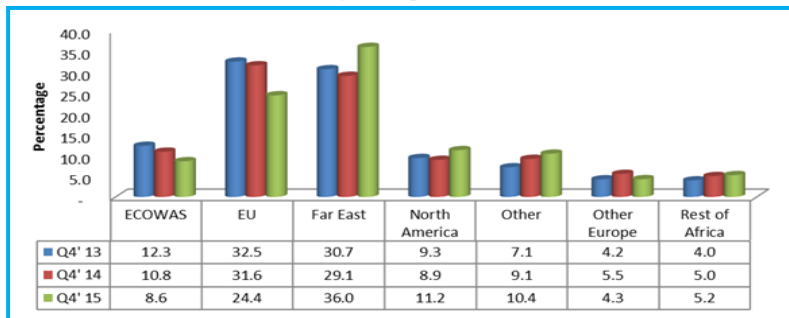
Chart 6.5: Destination of Exports Q4 (2013-2015)



### Origin of Imports

During the quarter under review, the Far East remained the main source of imports into the country, accounting for 36 per cent of total imports. The European Union followed with a share of 24.4 per cent, North America (11.2%), Other Economies (10.4%), ECOWAS (8.6%), Rest of Africa (5.2%) and Other Europe (4.3%).

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



### **6.3 Services, Income and Transfers Account**

The Services, Income and Transfers account improved significantly from a deficit of US\$147.60million in the fourth quarter of 2014 to a surplus of US\$244.56 million in the fourth quarter of 2015. The improvement was on the back of a slowdown in net payments for the services and income accounts .Current transfers also slowed down on the back of a decrease in its largest constituent, private transfers which is mainly made up of remittances from the Diaspora. The net outflow on the services account improved from a deficit of US\$371.68 million from the fourth quarter of 2014 to a deficit of US\$16.50 million in Q4:2015. Likewise, the net payments from the Income account also improved by 38.9 per cent to a deficit of US\$258.06 million while the net inflow into the transfers account reduced by 19.7 per cent to US\$519.12 million.

### **6.4 Capital and Financial Account**

The capital and financial account surplus increased significantly from the fourth quarter of 2014 to US\$2,290.18 million during the fourth quarter of 2015. This was due mainly to transactions in the capital transfers account, portfolio and other investment accounts.

#### ***Capital Account***

The capital account received transfers totalling US\$144.9 million during the review period. No transfers were received for the same period in 2014.

#### ***Financial Account***

The net inflows into the financial account increased by 26.2 per cent from US\$1,700.10 million recorded in fourth quarter of 2014 to US\$2,145.28 million for the review period. This was driven by net inflows, mainly short term capital into the other investment account.

#### ***Foreign Direct Investments***

The quarter under review attracted foreign direct investment net inflows of US\$846.21 million.

#### ***Portfolio Investments***

The quarter under review attracted net portfolio investments of US\$236.04 million.

#### ***'Other Investments' Account***

The 'other investments' account improved by US\$281.68 million from a net inflow position of US\$781.35 million in Q4:2014 to US\$1,063.03 million in Q4:2015 on the back of net inflows of short-term (monetary) capital. Short-term capital received net inflows of US\$1,573.73 million as compared with US\$984.08 million for the corresponding period in 2014, due to a reduction in oil trade credit payments and reduction in the foreign liabilities of the commercial banks.

Official capital declined from an inflow of US\$197.36 million in quarter four of 2014 to a net outflow position of US\$39.9 as a result of a decrease in project and programme loan disbursements and increased amortisation. Net Other Private

Capital outflow (payments) increased marginally from US\$400.09 million to US\$470.80 million on account of increased amortization of private debt. No Government oil investments were recorded in the fourth quarters of 2015.

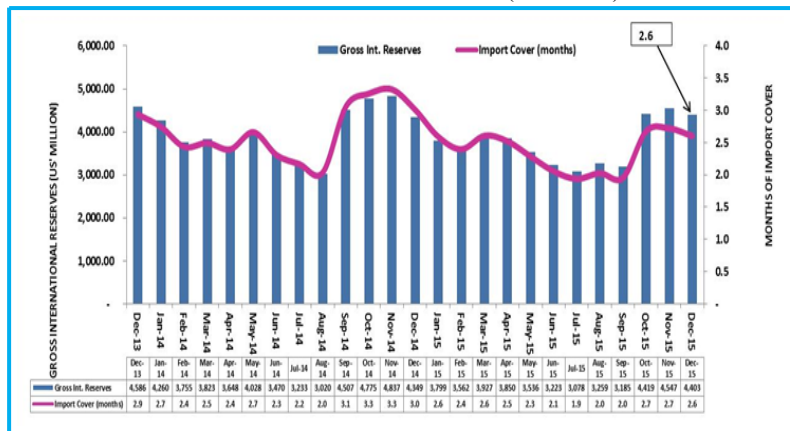
## 6.5 International Reserves

The stock of net international reserves (NIR) at the end of quarter four of 2015 was estimated at US\$3,093.71 million; indicating a drawdown of US\$105.77 million from a stock position of US\$3,199.48 million at the end of December 2014.

The country's gross foreign assets increased by US\$423.72 million to US\$5,884.73 million from a stock position of US\$5,461.01 million at the end of December 2014. This was sufficient to provide for 3.5 months of imports cover, compared to 3.8 months of import cover as at December 2014.

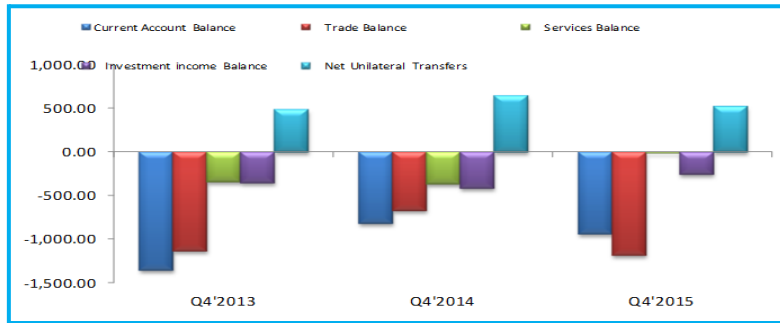
The country's gross international reserves increased from a stock position of US\$4,349.47 million at the end of December 2014 to US\$4,403.06 million by end-December 2015; a build up of US\$53.59 million. This was sufficient to provide cover for 2.6 months of imports compared to 3.0 months of imports cover as at December 2014.

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



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

	Q4'2013	Q4'2014	Q4'2015	% Change Q4'2014/15
Current Account Balance	-1,353.26	-823.19	-936.81	13.80
Trade Balance	-1,132.02	-675.59	-1,181.37	74.87
Services Balance	-349.39	-371.68	-16.50	-95.56
Investment income Balance	-358.10	-422.55	-258.06	-38.93
Net Unilateral Transfers	486.24	646.63	519.12	-19.71



**Table 6.3: Developments in Merchandise Exports(US\$' millions)**

	Q4'2013	Q4'2014	Q4'2015	Q4'2014/15	
				Abs.	% Change
<b>Exports</b>					
Gold	1,256.84	1,018.75	730.52	-288.23	-28.3
Cocoa Beans	369.94	460.29	659.93	199.64	43.4
Cocoa Products	172.38	230.89	172.47	-58.42	-25.3
Timber	39.97	50.40	50.77	0.37	0.7
Crude oil	907.83	799.25	416.99	-382.26	-47.8
Others	654.18	591.41	527.61	-63.80	-10.8
<b>Total</b>	<b>3,401.15</b>	<b>3,150.99</b>	<b>2,558.31</b>	<b>-592.69</b>	<b>-18.8</b>

**Table 6.4: Top Ten Non Traditional Exports Q4: 2013 – 2015**

Oct - Dec 2014			Oct - Dec 2015		
Description	Value US\$'M	% Distr.	Description	US\$'M	% Distr.
Prepared or preserved tuna	43.08	18.40	Prepared or preserved tuna	43.03	20.35
Wheat or meslin flour	37.76	16.13	Palm oil and its fractions	29.91	14.14
Palm kernel or babassu oil	32.29	13.80	Other special purpose motor vehicles	29.35	13.88
Prefabricated buildings	20.81	8.89	Flexible tubing of base metal, with or without fittings	22.91	10.83
Other household and toilet articles of plastic,	20.11	8.59	Oil cake and other solid residues	22.11	10.45
Fruit, fresh - other, nes	16.93	7.23	Tableware, kitchenware, other household articles and toilet articles	21.46	10.15
Shea nuts (karate nuts)	15.82	6.76	Aluminium	13.93	6.59
Medium oils, kerosine type jet fuel	15.57	6.65	Shea (karite) oil and fractions	10.28	4.86
Aluminium, unwrought, not alloyed	15.25	6.52	Avocados, guavas, mangoes and pineapples, fresh or dried	9.37	4.43
Palm oil and its fractions, whether or refined,	16.45	7.03	Technically specified natural rubber (TSNR)	9.14	4.32
<b>Grand Total</b>	<b>234.08</b>	<b>100.00</b>	<b>Grand Total</b>	<b>211.49</b>	<b>100.00</b>

Table 6.5: Developments in Merchandise Imports (US\$' millions)

	Q4'2013	Q4'2014	Q4'2015	Q4'2014/15	
				Abs.	% Change
<b>Imports</b>					
Non-Oil	3,588.65	2,835.08	3,048.16	213.1	7.5
Crude Oil	282.15	79.33	26.05	-53.3	-67.2
Oil Products	605.21	858.00	386.62	-471.4	-54.9
Gas	52.75	53.80	38.17	-15.6	-29.1
<b>Total</b>	<b>4,528.77</b>	<b>3,826.21</b>	<b>3,499.00</b>	<b>-327.2</b>	<b>-8.6</b>

Table 6.6: Crude Oil Imports 2014-2015

	Q4 - 2014				Q4 - 2015			
	CENIT	TOR	PLATON	VRA	CENIT	TOR	PLATON	VRA
<b>Value (US\$' M)</b>	<b>0</b>	<b>27.57</b>	<b>1.96</b>	<b>49.80</b>	<b>0</b>	<b>-</b>	<b>5.15</b>	<b>20.90</b>
<b>Volume (barrels)</b>	<b>0</b>	<b>349,722</b>	<b>24,701.04</b>	<b>599,852.00</b>	<b>0</b>	<b>-</b>	<b>109,588.91</b>	<b>550,000.00</b>
<b>Price</b>	<b>-</b>	<b>78.83</b>	<b>79.35</b>	<b>83.02</b>	<b>-</b>	<b>-</b>	<b>47.01</b>	<b>53.48</b>

Table 6.7: Top Ten Imported Non-Oil Goods: (Oct - Dec, 2014/2015)

Oct - Dec 2014			Oct - Dec 2015		
Description	US\$'M (fob)	% Distr.	Description	US\$'M (fob)	% Distr.
<b>Capital</b>	<b>55.23</b>	<b>7.37</b>	<b>Capital</b>	<b>80.62</b>	<b>10.00</b>
Motor vehicles for the transport of goods	55.23	7.37	Motor vehicles for the transport of goods	80.62	10.00
<b>Consumption</b>	<b>277.20</b>	<b>36.99</b>	<b>Consumption</b>	<b>96.52</b>	<b>11.97</b>
Rice	104.46	13.94	Rice	51.32	6.37
Sugar	64.59	8.62	Frozen fish	45.20	5.61
Frozen fish	56.54	7.54	<b>Intermediate</b>	<b>461.10</b>	<b>57.20</b>
Poultry cuts and offal	51.61	6.89	Butanes, liquefied	119.41	14.81
<b>Intermediate</b>	<b>279.48</b>	<b>37.30</b>	Gas turbines, nes, of a power >5000kw	87.55	10.86
Cement and clinkers	83.62	11.16	Cement and clinkers	69.22	8.59
Palm oil and its fractions	70.60	9.42	Optical fibre cables	68.35	8.48
Wheat and meslin	68.83	9.19	Palm oil and its fractions	61.33	7.61
Polyethylene	56.43	7.53	Wheat and meslin	55.24	6.85
<b>Other</b>	<b>137.43</b>	<b>18.34</b>	<b>Other</b>	<b>167.84</b>	<b>20.82</b>
Motor vehicles for the transport of persons	137.43	18.34	Motor vehicles for the transport of persons	167.84	20.82
<b>Grand Total</b>	<b>749.34</b>	<b>100</b>	<b>Grand Total</b>	<b>806.08</b>	<b>100</b>

Table 6.8: Service, Income and Current Transfers' Account (US\$' million), Q4'2013 – Q4'2015

	Q4'2013	Q4'2014	Q4'2015 prov.	Q4'2014/15	
				Abs.	%change
<b>Services (net)</b>	<b>-349.39</b>	<b>-371.68</b>	<b>-16.50</b>	<b>355.19</b>	<b>-95.56</b>
Freight and Insurance	-264.02	-203.26	-223.75	-20.49	10.08
Other Services	-85.37	-168.42	207.26	375.68	-223.06
<b>Income (net)</b>	<b>-358.10</b>	<b>-422.55</b>	<b>-258.06</b>	<b>164.48</b>	<b>-38.93</b>
<b>Current Transfers (net)</b>	<b>486.24</b>	<b>646.63</b>	<b>519.12</b>	<b>-127.51</b>	<b>-19.72</b>
Official	56.74	0.00	21.92	21.92	
Private	429.50	646.63	497.20	-149.43	-23.11
<b>Services, Income and Current Transfers (net)</b>	<b>-221.24</b>	<b>-147.60</b>	<b>244.56</b>	<b>392.16</b>	<b>-265.69</b>

Table 6.9: Capital and Financial Account (US\$' million), Q4'2013 – Q4' 2015

	Q4'2013	Q4'2014	Q4'2015 prov.	Q4'2014/15	
				Abs.	%change
<b>Capital and Financial Accounts</b>	<b>2,019.42</b>	<b>1,700.10</b>	<b>2,290.18</b>	<b>590.08</b>	<b>34.71</b>
Capital transfers	0.00	0.00	144.90	144.90	0.00
<b>Financial Account</b>	<b>2,019.42</b>	<b>1,700.10</b>	<b>2,145.28</b>	<b>445.18</b>	<b>26.19</b>
Foreign Direct Investments	871.90	918.75	846.21	-72.54	-7.90
Portfolio Investments	-85.36	0.00	236.04	236.04	
Other Investments	1,232.88	781.35	1,063.03	281.68	36.05
Official	0.55	197.36	-39.90	-237.26	-120.22
Disbursements	99.13	347.16	226.84	-120.32	-34.66
Amortisation	-98.58	-149.80	-266.74	-116.94	78.06
Private	50.00	-400.09	-470.80	-70.71	17.67
Disbursements	150.00	57.50	70.65	13.15	22.86
Amortisation	-100.00	-457.59	-541.44	-83.85	18.33
Short-term	1,254.95	984.08	1,573.73	589.65	
Non-Monetary	1,254.95	1,419.52	1,715.54	296.02	20.85
Monetary	0.00	-435.44	-141.81	293.63	-67.43
Government Oil Investments	-72.62	0.00	0.00	0.00	
Inflow	0.00	0.00	0.00	0.00	0.00
Outflow	-72.62	0.00	0.00	0.00	

## 7. External Debt

### Public Debt Stock

Provisional estimates of the disbursed and outstanding stock of public and publicly-guaranteed external debt at the end of the fourth quarter of 2015 stood at US\$15,241.97 million. This showed an increase of US\$884.06 million, (6.16%) over the debt stock of US\$14,357.91 million recorded at the end of the third quarter of the year.

### 7.1 Debt Stock

On year-on-year basis, the external debt stock grew by US\$1,190.45 million, (8.4%) from a level of US\$14,051.51 million in December 2014. The changes in the debt stock in the review period could be attributed to both transactions and valuation changes.

The external debt stock at the end of the fourth quarter of 2015 represented 36.54 per cent of total estimated GDP at current prices for the year.

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

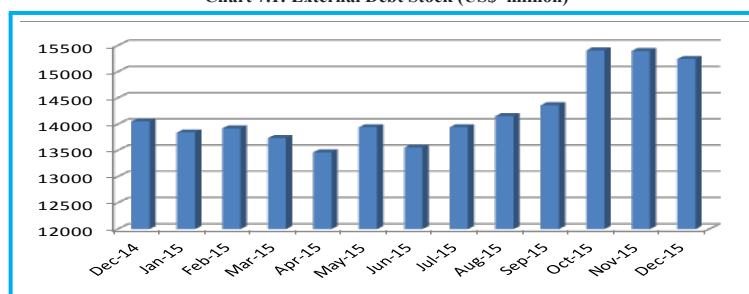
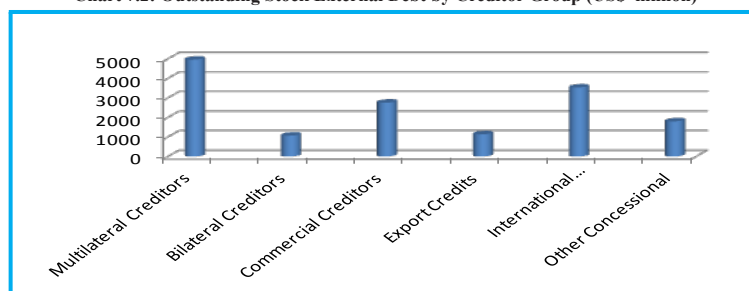


Chart 7.2: Outstanding Stock External Debt by Creditor Group (US\$' million)



#### 7.1.1 Composition of External Debt by Creditors

Of the different categories of creditors, the multilateral group, made up of International financial institutions, remained the dominant source of credit, though their share of the debt holdings declined from 35.7 per cent at the beginning of the quarter to 32.5 per cent at

the end. The share of commercial debt in total external debt was 18.3 per cent at the end of September 2015 declining to 18.0 per cent at the end of the fourth quarter. The International Capital Market Debt (the Eurobond) went up by US\$1,000 million in December 2015 due to a further disbursement in the month. This brought the share of that category of the debt in total debt to 23.2 per cent from 17.6 per cent in September 2015.

At the end of the review quarter, the stock of bilateral debt was US\$1,068.59 million, down from US\$1,075.55 million, a marginal change of US\$6.96 million. Similarly Export credit debt changed downward by a margin of US\$0.04 million. Other concessional debt also decreased by US\$47.84 million during the quarter.

## 7.2 Debt Service Payments

Debt service payments for the fourth quarter of 2015 on government and government guaranteed external debt, made through the Bank of Ghana amounted to US\$331.96 million compared with US\$256.40 million paid in the previous quarter. On year-on-year basis, payments exceeded that made in the corresponding quarter of the previous year by US\$126.84 million (61.8%).

Payments in the review quarter were made up of capital repayments of US\$221.39 million and interest expense of US\$110.57 million.

Payments were made to the various creditor groups as follows: The multilateral group of creditors were paid US\$8.14 million in principal repayments, and interest payments of US\$6.84 million, compared with principal repayments of US\$8.23 million, and interest payments of US\$6.52 million made in the corresponding quarter of the previous year.

The bilateral group received US\$23.81 million in principal repayments and US\$8.03 million in interest payments, compared with US\$24.83 and US\$16.03 million paid in respect of capital and interest payments respectively in the corresponding quarter of the previous year.

Commercial creditors had US\$213.60 million, made up of principal repayments of US\$170.90 million and interest payments of US\$42.70 million. These compared with principal repayments of US\$109.77 million and interest payments of US\$12.70 million during the fourth quarter of 2014.



Additionally, a coupon payment of US\$53.00 million was made on outstanding Eurobond debt within the quarter under review, compared with US\$27.04 million paid in the same period of last year. The principal repayments on the 10-year sovereign bond were made in the review quarter, by way of restructuring the bond holdings.

Table 7.1: External Debt Service Payments (US 'millions)

	Q4-2014			Q3-2015			Q4-2015		
	Prin	Int	Total	Prin	Int	Total	Prin	Int	Total
<b>Total</b>	<b>142.83</b>	<b>62.29</b>	<b>205.12</b>	<b>116.93</b>	<b>139.47</b>	<b>256.40</b>	<b>221.39</b>	<b>110.57</b>	<b>331.96</b>
<b>Multilateral Creditors</b>	<b>8.23</b>	<b>6.52</b>	<b>14.75</b>	<b>10.24</b>	<b>12.86</b>	<b>23.10</b>	<b>8.14</b>	<b>6.84</b>	<b>14.98</b>
IDA	1.79	3.51	5.30	6.11	8.33	14.44	3.31	4.44	7.75
ADB / ADF	1.25	1.45	2.70	0.66	3.58	4.24	1.67	1.39	3.06
Others	5.19	1.56	6.75	3.47	0.95	4.42	3.16	1.01	4.17
<b>Bilateral Creditors</b>	<b>24.83</b>	<b>16.03</b>	<b>40.86</b>	<b>7.27</b>	<b>3.90</b>	<b>11.17</b>	<b>23.81</b>	<b>8.03</b>	<b>31.84</b>
Paris Club	13.81	11.99	25.80	5.82	0.72	6.54	9.62	6.81	16.43
Non-Paris Club	11.02	4.04	15.06	1.45	3.18	4.63	14.19	1.22	15.41
<b>Commercial Creditors</b>	<b>109.77</b>	<b>12.70</b>	<b>122.47</b>	<b>99.42</b>	<b>83.10</b>	<b>182.52</b>	<b>170.90</b>	<b>42.70</b>	<b>213.60</b>
<b>10 Year Sovereign Bond</b>	<b>0.00</b>	<b>27.04</b>	<b>27.04</b>	<b>0.00</b>	<b>39.61</b>	<b>39.61</b>	<b>18.54</b>	<b>53.00</b>	<b>71.54</b>

## 8. The Rural Banking Sector

### 8.1 Performance of RCBs

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

#### Assets

Total assets of RCBs at the end of the fourth quarter of 2015 stood at GH¢2,551.5 million, up by 11.7 per cent from GH¢2,284.8 million in the preceding quarter of 2015. On year-on-year basis, total asset grew by 20.3 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 4.1 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¢1,993.4 million by the end of the fourth quarter of 2015 compared with GH¢1,744.0 million at the end of the previous quarter and GH¢1,625.4 million at the end of the corresponding quarter of 2014. The level of RCBs deposits at the end of the review quarter constituted 5.0 per cent of total deposits of the banking system, compared with the share of 5.1 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¢871.6 million in the fourth quarter of 2015, indicating an increase of 2.8 per cent from GH¢847.9 million recorded at the end of the previous quarter and 9.7 per cent from GH¢794.3 million recorded at the end of the corresponding 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	Q4	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	346.50	5.72	24.44
Bills and Bonds	558.57	564.36	546.01	652.20	683.77	712.94	703.59	867.99	23.37	33.09
Loans and Advances	715.63	736.25	778.12	794.31	796.86	823.80	847.91	871.63	2.80	9.73
Other Assets	339.26	347.85	345.58	357.78	382.74	408.62	397.46	270.31	(31.99)	(24.45)
<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>	<b>2,551.48</b>	<b>11.67</b>	<b>20.27</b>
<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	1,993.40	14.30	22.64
Shareholders' Funds	255.46	266.53	277.38	286.29	225.50	304.97	311.93	233.39	(25.18)	(18.48)
Other Liabilities	206.80	216.64	213.42	209.83	145.80	221.76	228.78	1,053.38	360.43	402.02
<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>	<b>2,551.48</b>	<b>11.67</b>	<b>20.27</b>
<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		Q4	
	GH¢' M	% Share	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	62,464.1	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	2,551.5	3.9
<b>Total</b>	<b>49,522.6</b>	<b>100.0</b>	<b>51,942.5</b>	<b>100.0</b>	<b>56,603.7</b>	<b>100.0</b>	<b>60,556.2</b>	<b>100.0</b>	<b>58,697.0</b>	<b>100.0</b>	<b>65,015.6</b>	<b>100.0</b>

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

	2014				2015							
	Q3		Q4		Q1		Q2		Q3		Q4	
	GH¢' M	% Share	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	37,820.9	95.0
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	1,993.4	5.0
<b>Total</b>	<b>27,436.9</b>	<b>100.0</b>	<b>30,803.3</b>	<b>100.0</b>	<b>32,779.2</b>	<b>100.0</b>	<b>35,925.5</b>	<b>100.0</b>	<b>33,926.7</b>	<b>100.0</b>	<b>39,814.3</b>	<b>100.0</b>