Your monthly magazine about everything happening at Fidelity & beyond

FIDELITY BANK

FIDELITY World

December Issue, 2016

Fidelity Holds Festival of Nine Lessons & Carol

Hello Readers!

"We are what we repeatedly do.
Excellence then, is not an act, but a habit."
--Aristotle, Greek Philosopher

As the winner of the most coveted award in the Ghanaian banking industry-Bank of the Year, Fidelity Bank is therefore proud to be associated with excellence. If the above statement by Aristotle is anything to go by, then we can confidently say that our habit is getting things done right the first time and every time.

We want to repeatedly delight our customers with top-notch customer service each time they walk into any of our branches, call our contact centre or do virtual banking with us.

Let's all make it a point to develop good habits in dealing with our cherished customers.

Enjoy reading!

Inside this Issue

Editorial Team

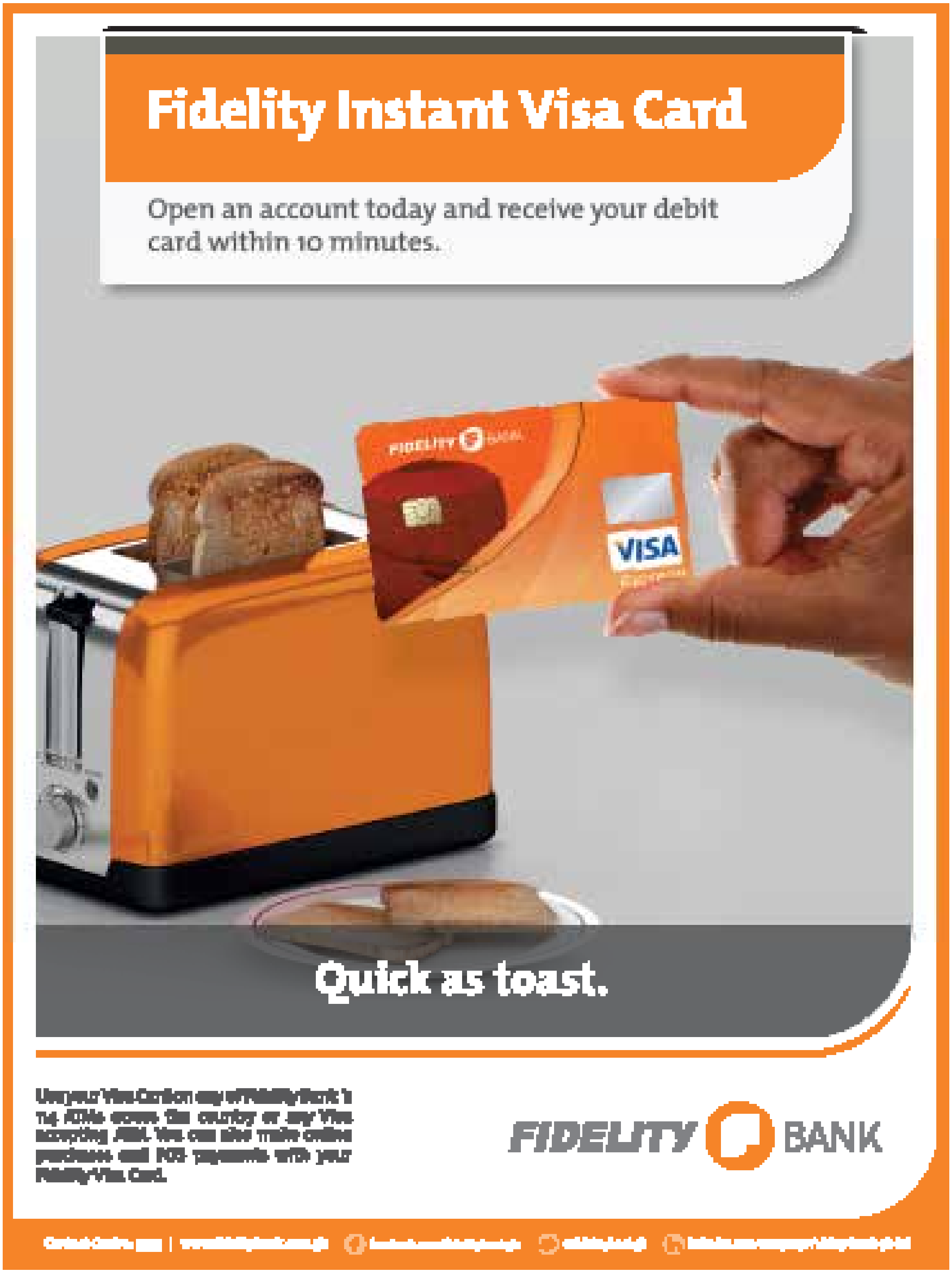
Frimpong Adomako Osei [Finance & Research]
Sarah Ofori-Adjei [Brand & Corporate Communications]
Maaame Serwaa Agyekum Aryee
[Head, Brand & Corporate Communications]

Design & Layout

Signature Qlass Ltd.

Contact

E-mail:
brandcorporatecommunications@myfidelitybank.net
Tel: 0302 760 482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Most **Engaged Facebook Content**

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Personalised gifts are appreciated- homemade cooking...

16040 engaged users

MOST SHARED

Personalised gifts are appreciated- homemade cooking...

28 shares

Fidelity Bank Holds Festival Of Nine Lessons And Carol

Fidelity Bank has held its 10th anniversary edition of its annual festival of nine lessons and carol service to usher in the Christmas season.

The event was also used to thank God for a successful year that saw the Bank emerging as the Bank of the year and picking up several other awards.

In his address, the Managing Director of Fidelity Bank, Mr. Jim Baiden noted that 2016 has been a good year for the Bank with numerous awards won both locally and internationally. "Our 10 years of providing exceptional banking has been crowned with eight awards this year, signifying that we are doing something right." He added. Mr. Baiden stated that the Bank will not relent on its efforts to delight customers with excellent service. According to him, in order to provide its customers with quality service, Fidelity Bank keeps improving its processes and systems, in line with this, the Bank has invested in technology solutions to support business initiatives such as Cash Collection Platforms; Corporate Internet Banking (Fidelity Online), Retail Internet Banking; Point of Sale (POS) Banking; Mobile Money Offerings among others.

He highlighted that in the coming year, Fidelity Bank will continue to study the markets and roll out products and services to meet the needs of its customers as it strives to become a world class bank. He added that the Bank will also launch another innovative promotion to reward customers as well as inculcate in the Ghanaian populace a savings culture.

In his goodwill message to the staff, the Group CEO of Fidelity Bank, Mr. Edward Effah urged staff to align themselves with the new tagline of the Bank-"Believe With Us" as the Bank enters its next phase. "I would urge all of you to believe in the endless capabilities that lie within each and every one of you that can be harnessed for your personal growth and the growth of our great institution." He urged staff to believe in the vision of the Bank so together they can build a better bank, pursue excellence and deliver excellent banking solutions for their customers. The night was interspersed with thrilling performances from seasoned artistes and the reading of the nine lessons by management and staff of the Bank.

Among the artiste who performed are Sensational gospel artiste and worship icon Joe Mettle, Pastor Ifueko Charmein Ebhota of the Voices of Triumph, Action Chapel Cathedral and the Fidelity Choir.

A similar event was held across the country for staff in the other regions with various artistes including KODA and Agape International Choir.










Kumasi Carol Service

Sunyani Carol Service

Takoradi Carol Service

Tamale Carol Service

Abeka Branch Donates To Fadama Cluster Of Schools

We set out to delight pupils of Abeka cluster of schools in Fadama.

Where there are a lot of deprived pupils whose parents are unable to provide their basic educational needs such as stationery and teaching aids.

The team provided stationery items, refreshment as well as hand washing and cleaning materials for the pre-school of the five clusters.

In total, we supplied stationery needs for 270 pupils.

Dzorwuwlu Branch CSR

Linda Sampana is a 6 year old Pupil of the Dzorwulu Methodist School. Linda, who is currently in KG 2, was born with a slightly swollen right hand, however due to financial difficulties her parents could not ran any specific medical tests to ascertain the cause of her condition. She has been in and out of school for a while due to her medical condition. Unfortunately, the swelling/growth on her arm has been enlarging in the last 12 months and she was rushed to the Korle-Bu teaching hospital. They were given a comprehensive series of test to run to enable the medical team ascertain the actual cause of the condition.

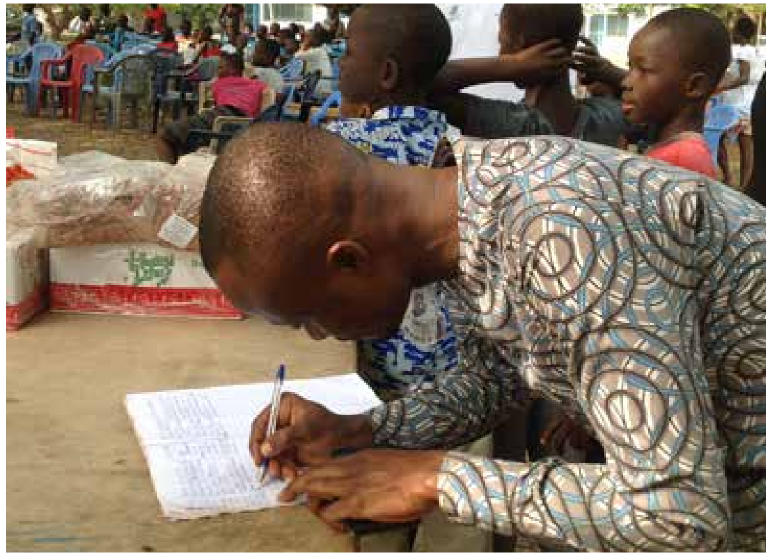
Her mother, Josephine Amam, was able to mobilize part of the funds through family, friends and sympathizers. Her mother needed an additional GHS1, 000.00 to enable her pay for the medical tests. The Dzorwulu Branch decided to fund the outstanding balance to help save the little girl's life.

The Branch presented a cash amount of GHS 1,300.00 to Linda's mother to enable them run the test as soon as possible and use the rest for miscellaneous expenses. The school adminitration and her teachers were present to witness the presentation. This will definitely make an impact in Linda's life and will help her live a normal life.

Kwasi Agyeman Badu donates to Orphange

Year in year out I offer a lot of support to the less privileged in various communities as part of my desire to help put smiles on the faces of the homeless and economically challenged children across my community and beyond by the grace of the Almighty God.

During the year under review I visited the Village of Hope Orphanage in the Gomoa East Municipal Assembly to donate 2 bags of rice (25kg), 2 cartoons of healthy life drinks and packets of biscuits to offer my support and ensure that I also contribute my quota to better the lives of children in the orphanage.



GWB Lapaz CSR

We decided to organize a New Year's party for pupils of the Viggo Gilberg Memorial School (Osae Krodua) in the Ewutu Afutu District in the Central Region as part of our Corporate Social Responsibility.
The school is one of the 6 projects being undertaken and managed by a client of ours, Star of Hope Ghana, an NGO that has been operating for over 30 years.

We decided to put smiles on the faces of the orphans and less privileged in society because we believe Christmas is all about sharing, giving and making them feel someone out there cares about them.

We donated assorted soft drinks, biscuits, toffees and toys and organized a party for them.
The children danced and had a marvelous time. The teachers and staff were all appreciative because this was the first time any local body was donating to the children.

The branch was represented by Felix Walters and Stephanie Koranteng.

Spintex Road CSR

The choice of beneficiary of our 2016 CSR fell on pupils of Tongor Ahor L.A. Basic School located in the South Dayi District of the Volta Region. The plight of the school and pupils came to our attention when one of our staff attended a funeral in the area.

The school was established in 1976 but it would be presenting the first batch of JHS candidates for the WAEC Basic school certificate examinations in 2017 because all previous students dropped out of school after class 6. Among the myriad of challenges, we noted that the students would be writing the ICT and Technical drawing examinations among other subjects but have never seen a personal computer in reality let alone have a feel of it. They also lacked the basic tool...which is the Mathematical Set instrument required for practice for the technical skills examinations, meanwhile these pupils are competing with those of well endowed schools in the urban and peri-urban areas.
Touched by these handicaps among others, the Spintex Road branch decided to reach out of their business environment to touch the lives of the pupils in their own small way.

A delegation from the branch travelled to Tongor Ahor over a distance of 256 km on November 30, 2016 to present some items and also encourage the pupils to make the best out of their situation to break out of their present cycle of poverty by concentrating on their studies inorder to excel in their exams.
Items donated include exercise Books, Pens and pencils, Mathematical sets, three bags of premium quality rice and a carton of cooking oil for teachers.

We further provided small chops and drinks for the whole staff, pupils and the School Management Committee (SMC).

Tarkwa CSR

Beginning of the year we set up a team to come up with two institutions so we choose one for our CSR project at the end of the year. Two names; Tarkwa Government Hospital Children's Ward and the Angels of Hope Center came up. After deliberations we settled on Angels Of Hope Center with the reason being that last year the children's ward at the Tarkwa Government Hospital benefited from us.

After assessment of the center by the CSR committee, it came up the center needed a fridge to store food items, bunk beds to accommodate more children and baby cots for new born babies

We therefore donated a fridge, a bunk bed, baby cot, food items and toiletries

The total cost of the project was GHS 5,000.00.

We used our award money for the excess cash promo won last year as seed money for the CSR project in addition to that, as the leader of the team, I (Kweku Asamoah Washie-BSSM) donated 1\3 of my 13th month salary and he remaining amount was shared among the team which they also used part of their 13th month to settle.
The Angels of Hope Center was set up in the year 2001 by Madam Esi Antobam with 5 children at the time. The center currently has 48 children with two at UMaT, two at the Nursing College; one has graduated and is working with Goldfields Ghana Ltd, one is also in the US furthering his education. The rest of the children who are of school going age are in various stages in school.

Tesano Branch Donates To 3 Families Of Sick Children

Tesano branch since the year 2012 has been embarking on community based engagements with the sole aim of helping the needy and helpless in society and also touch base with our cherished customer without whom our very existence would not be possible.

As is the practice, with a few days to Christmas, the branch normally deliberates on the next project to take on before the year comes to an end. During the deliberations, a member of team narrated a documentary she watched on UTV a day before which touched on children and families living with an ailment called cerebral palsy. The term cerebral palsy (CP) refers to a group of neurological disorders that appear in infancy or early childhood and permanently affect body movement, muscle coordination, and balance. CP affects the part of the brain that controls muscle movements. We requested a copy of the documentary which we watched during one of our morning huddles. The families were really going through a lot of pain and hardship since parents were treated like the scum of society and hardly received any help from donors. The mothers especially had put their lives on hold so they could cater for their sick children as they (the children) could do nothing for themselves unaided. The team was overcome with emotion and rightly so because, some of these kids were as old as fourteen years and could virtually do nothing. The conditions in which they lived were deplorable and they lived far away on the outskirts of town.

As the BSSM for Tesano branch I therefore called on the management of UTV to assist the team find the families in the documentary so the branch could extend some help to the affected families.
The branch then decided to contribute GHc 300.00 per team member and also seek additional funding from its welfare accounts since we were going to visit three (3) families in all. Items which the branch thought were needed by the families were purchased. Items included but not limited to diapers, mattresses, bags of rice, cooking oil, dairy products, biscuits, standing fans (to reduce the extreme heat in rooms of one of the affected families), etc. 2nd December, 2016 was the date set for the actual visit by the branch as the day was to be observed as a statutory holiday. We once again engaged the services of the UTV media crew for the visit as they wanted to capture the event and air it as an item on their evening news the next day.

The branch, true to its word embarked on the trip on the agreed date to Weija and Odorkor. Two families lived at Weija whereas the other family lived at Odorkor. We visited the first family at Weija. The mother of the child with the ailment was overcome with joy which later morphed into tears when she saw the team. The child who was then indoors was brought out so the team could talk, pray and take a few pictures with him. The emotions were so tangible it could be touched. Lila Daisy Hagan the BSSM for the branch presented the items and cash donation of GHc 300.00 to the family on behalf of the branch. We took a few pictures with the family sang and bid them farewell as we had to visit two other families.

We got to our second destination at around 12:30pm and went through the same modalities as we did with the first family. The standing fan actually went to this family as the room in which they were was unbearably hot, unpainted and very small. Lila also presented the cash donation of GHc 500.00 to the family who were bewildered and still in a state of shock at the gesture from the branch.

The case with the Odorkor family was no different from the other two families earlier visited. We prayed, sang and donated the items to the mother who expressed her shock at our little gesture. She also received a cash donation of GHc 300.00.

Fidelity Bank Promotes Financial Literacy Through Monopoly

Fidelity Bank has partnered with Imani Consult Ltd to introduce the Accra edition of the Monopoly board game. This partnership is a demonstration of Fidelity Bank's passion to promote financial literacy and financial inclusion by supporting the Accra edition of the Monopoly board game.

At the launch of the Accra edition of the Monopoly board game, the Director for Strategic Partnerships and CSR at Fidelity Bank, Dr. William Derban, expressed his excitement about the partnership explaining that Monopoly is a great educational game that teaches the foundations of finance, trade and investment and was optimistic that it would go a long way to help children understand basic finance when it is played in schools and homes. "Fidelity is the Best Bank in Ghana and we are also the largest privately owned indigenous bank in Ghana. This places a huge responsibility on us and how we relate to our community. For us finance is what we do and what we are good at. We believe that giving people, especially the youth an opportunity to be financially literate is something we must pursue."

Dr. Derban was particularly happy that Monopoly encourages personal financial responsibility from an early age. According to him, the Monopoly Accra edition is an opportunity to bring finance to life, an opportunity to inform and educate people about basic financial concepts. He added that it is the one situation where a five year old can become a banker.

Dr. Derban called for the production of other editions such as Tamale, Cape Coast and that of other historic cities and towns in order to increase the desire of children and adults alike to play the game since they will be able to relate to it.

Accra now joins cities such as New York, Paris, Sydney, London and Lagos which have their editions of the Monopoly board game.

The Accra edition of the Monopoly board game features sites and landmarks in Accra such as the Makola Market and the Osu Oxford Street.

Monopoly clubs will be opened in schools so that through playing the board game, it will Promote and encourage strong ethical values and a sense of integrity amongst players by penalizing negative or dishonest behavior in a symbolic but fun way.

The Monopoly Accra edition will provide players with information on the historical significance of the landmarks and interesting sites, thereby promoting tourism.

Fidelity Bank has over the years embarked on a number of initiatives to get more Ghanaians to be financially literate. The Bank in partnership with GIZ provided over 10,000 leaflets on basic banking services such as savings, insurance, and credit to people from all walks of life.

Through its 'future of banking' seminar series, Fidelity Bank has been educating students on how technology is changing the face of banking.

Fidelity Bank will also leverage on the Accra edition of Monopoly to extend its financial literacy campaign in schools

Fidelity Bank Offers USD Flip Account

Fidelity Bank has introduced a dollar denomination of its flagship product, the Fidelity Lifestyle Investment Plan (FLIP) account. The move is part of its resolve to offer customers alternative products and services that gives clients the opportunity to grow and diversify their wealth.

The USD FLIP account is a capital accumulation plan which encourages accumulation of wealth through a consistent monthly payment into ones' USD FLIP account. It is a 91-day investment that is automatically rolled over. The interest payable on the USD FLIP account is fixed at the LIBOR (London Interbank Offered Rate) plus 0.5%.

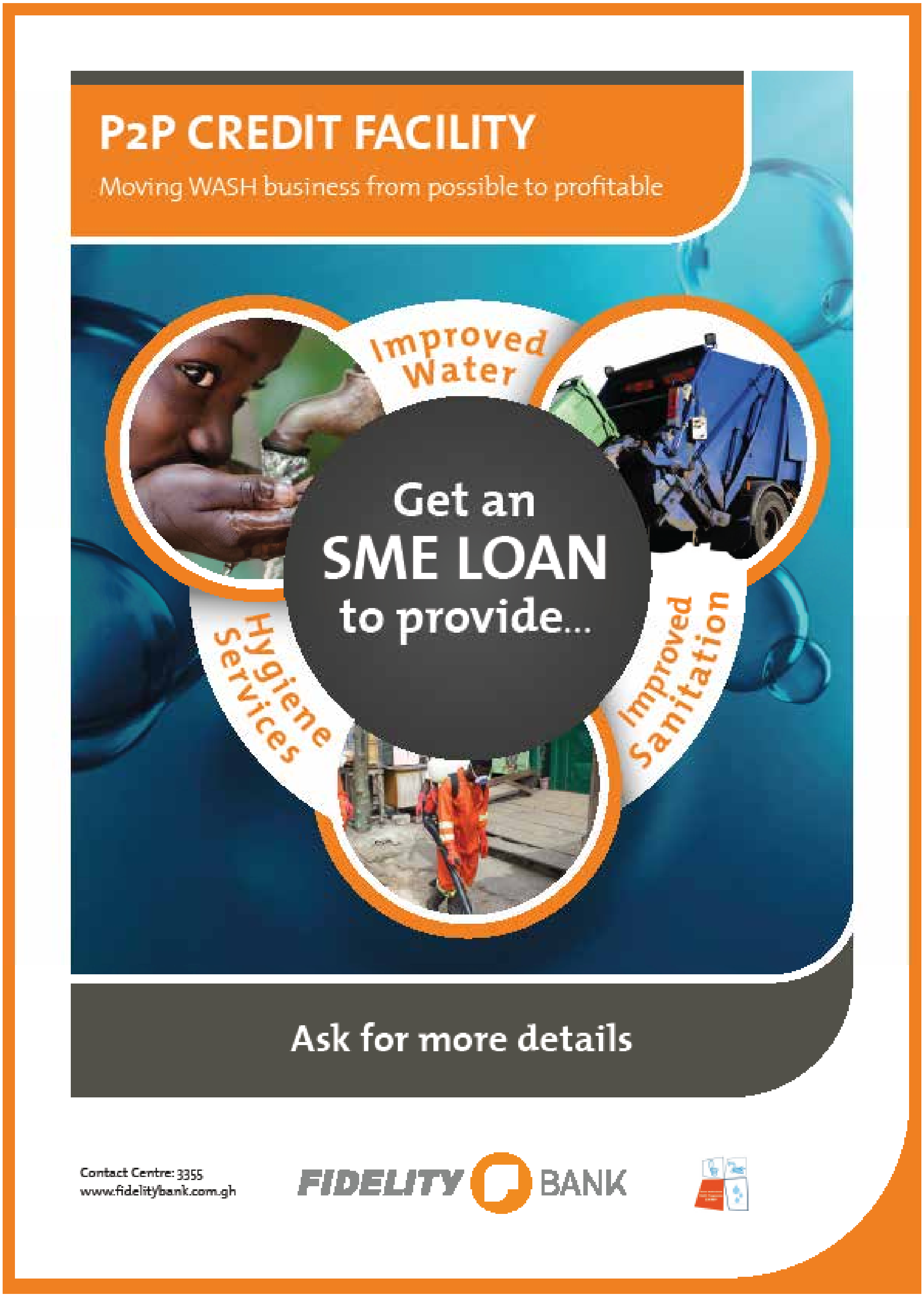
The minimum balance required to open the account is USD 5,000 and subsequently, a minimum contribution of USD 100 monthly is required to operate a USD FLIP account.

Commenting on the USD FLIP account, the Managing Director of Fidelity Bank, Mr. Jim Baiden stated that Fidelity wants to stay true to its vision of being the best place to bank for its customers. He added that Fidelity wants to help its customers create and protect their wealth.

According to Mr. Baiden, Fidelity Bank offers investment products for its customers in support of their financial stability. The USD FLIP account is also designed to help investors prepare for emergencies as well as fight inflation amongst others.

USD FLIP account holders can embark on an exciting journey towards wealth creation to help realize their dreams and aspirations such as own their dream houses, buy their dream cars, or get to go on their dream vacation.

The USD FLIP offers a high yielding, yet flexible investment plan offering protection against exchange rate risk. Customers are also allowed to borrow against their investment up to a maximum 70% of their investment.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THE EMERGING THREAT OF RANSOMWARE

In recent times, there has been an upsurge in the number of reported Ransomware cases, sending fears across various businesses about what this new threat is about and what the risks really are as well as how to protect oneself from such attacks. This article seeks to address these concerns.

Ransomware is a form of attack where the attacker's aim is for financial gain through extortion. It is a malicious software (malware) aimed at blocking access to a computer or some important computer resources (data kidnapping) via encryption, with the attacker demanding a ransom (monetary payments) before having the decryption key (access to the computer or computing resources/data). Below is an extract from the New York Times from a victim:

"MY mother received the ransom note on the Tuesday before Thanksgiving. It popped up on her computer screen soon after she'd discovered that all of her files had been locked. "Your files are encrypted," it announced. "To get the key to decrypt files you have to pay 500 USD." If my mother failed to pay within a week, the price would go up to $1,000. After that, her decryption key would be destroyed and any chance of accessing the 5,726 files on her PC — all of her data — would be lost forever.

Sincerely, CryptoWall"

Ransomware can be classified into

1. Encrypting Ransomware,(the most prominent and worrisome cyber threat of the moment) which relies on advanced encryption algorithms. Examples include CryptoLocker, Locky, CrytpoWall .

2. Locker Ransomware, which locks the victim out of the operating system, making it impossible to access the desktop and any apps or files. The files are not encrypted in this case, but the attackers still ask for a ransom to unlock the infected computer. Examples include the police-themed Ransomware or Winlocker.

3. Another version pertaining to this type is the **Master Boot Record (MBR) Ransomware**. The MBR is the section of a PC's hard drive which enables the operating system to boot up. When MBR Ransomware strikes, the boot process can't complete as usual, and prompts a ransom note to be displayed on the screen. Examples include Satana and Petya Ransomware.

KEY CHARACTERISTICS OF RANSOMWARE

- It features unbreakable encryption, which means that you can't decrypt the files on your own.
- It has the ability to encrypt all kinds of files, from documents to pictures, videos, audio files and other things you may have on your PC.
- It can scramble your file names, so you can't know which data was affected. This is one of the social engineering tricks used to confuse and coerce victims into paying the ransom.
- It will add a different extension to your files, to sometimes signal a specific type of ransomware strain.
- It will display an image or a message that lets you know your data has been encrypted and that you have to pay a specific sum of money to get it back.
- It requests payment in Bitcoins, because this crypto-currency cannot be tracked by cyber security researchers or law enforcements agencies.
- Usually, the ransom payments have a time-limit, to add another level of psychological constraint to this extortion scheme. Going over the deadline typically means that the ransom will increase, but it can also mean that the data will be destroyed and lost forever.
- It uses a complex set of evasion techniques to go undetected by traditional antivirus (more on this in the "Why Ransomware often goes undetected by antivirus" section).
- It often recruits the infected PCs into botnets, so cyber criminals can expand their infrastructure and fuel future attacks.
- It can spread to other PCs connected in a local network, creating further damage.
- It frequently features data exfiltration capabilities, which means that ransomware can extract data from the affected computer (usernames, passwords, email addresses, etc.) and send it to a server controlled by cyber criminals.

- It sometimes includes geographical targeting, meaning the ransom note is translated into the victim's language, to increase the chances for the ransom to be paid.

Attackers may use one of several different approaches to extort money from their victims:

- After a victim discovers he cannot open a file, he receives an email ransom note demanding a relatively small amount of money in exchange for a private key. The attacker warns that if the ransom is not paid by a certain date, the private key will be destroyed and the data will be lost forever.
- The victim is duped into believing he is the subject of a police inquiry. After being informed that unlicensed software or illegal web content has been found on his computer, the victim is given instructions on how to pay an electronic fine.
- The malware surreptitiously encrypts the victim's data but does nothing else. In this approach, the data kidnapper anticipates that the victim will look on the Internet for how to fix the problem and makes money by selling anti-ransomware software on legitimate websites.

https://heimdalsecurity.com/blog/what-is-ransomware-protection/

Frank Teddy Donkor
It Audit Manager
Internal Audit

WHAT IS PHISHING?

Phishing is the activity of fraudulently presenting oneself online as a legitimate enterprise in order to trick consumers into giving up personal financial information that will be used for identity theft or other criminal activity. Phishing is most commonly perpetrated through the mass distribution of e-mail messages.

HOW PHISHING WORKS

When phishing is perpetrated via email, the criminal sends out a large number of messages that appear to come from a legitimate source such as a trusted business or financial institution. The emails include an urgent request for personal information to be submitted usually the phisher mentions that there is some critical need to update an account immediately. A link is usually provided in the email message to an official looking website where the user is required to input personal information. In some cases you are asked to contact a member of this 'organization' and provide security details. This however, goes directly to the criminal perpetrating the phishing attack, and not to the legitimate business being impersonated.

"That's odd, that site verified my age by having me type in all my credit card information."

Have you ever received an email message similar to the one below?

Dear Sir/Madam,

We are pleased to inform you of the result of the Lottery Winners International programs held on the 13th JUNE 2016. Your e- mail address attached to ticket number 205114 drew lucky numbers 8-66-97-22-46- 11 which consequently won in the grand draw. You have therefore been approved for a lump sum pay out of US$ 500,000.00 To file for your claim, please contact our claims agent using the details below:
Mr. John Phillips, Tel. 0031 987 650 322 Email: claims@lotterywinnsint.com

This is an example of a common type of Phishing email. Phishing can also be perpetrated through instant messenger messages, cold calls and blog postings.

HOW TO PREVENT YOURSELF FROM FALLING VICTIM TO A PHISHING ATTACK

• **The message contains a mismatched URL.**
One of the first things to check in a suspicious email message is the integrity of any embedded URLs (Uniform Resource Locator). Oftentimes the URL in a phishing message will appear to be perfectly valid. However, if you hover your mouse over the top of the URL, you should see the actual hyper linked address. If the hyperlinked address is different from the address that is displayed, the message is probably fraudulent. If you want to test the link, open a new window and type in website address directly rather than clicking on the link from unsolicited emails.

• **The message contains poor spelling and grammar.**
Whenever a large company sends out a message on behalf of the company as a whole, the message is usually reviewed for spelling, grammar, and legality, among other things. So if a message is filled with poor grammar or spelling mistakes, it probably didn't come from a major corporation's communications department.

• **The message asks for personal information.**
No matter how official an email message might look, it's always a bad sign if the message asks for personal information. Your bank doesn't need you to send it your account number. It already knows what that is. Similarly, a reputable company should never send an email asking for your password or the answer to a security question.

• **The offer seems too good to be true.**
There is an old saying that if something seems too good to be true, it probably is. That holds especially true for email messages. If you receive a message from someone unknown to you who is making big promises, the message is probably a scam.

• **You didn't initiate the action.**
If you receive a email message informing you that you have won the lottery (like in the example mentioned earlier) but have never bought a lottery ticket, you can be sure that this message is a scam.

Quote Corner

"Anything that sounds too good to be true usually is."
- Anonymous

Catch up on all the latest local & international economic news.

FIDELITY BANK August 2016

Content

Executive Summary

Growth in most advanced economies reflects a more subdued outlook following the June U.K. vote in favour of leaving the European Union (Brexit) and weaker-than-expected growth in the United States.

In the local economy, the macroeconomic fundamentals have been relatively stable for 2016 with latest figures indicating Q3 growth of 4.0% with that of Q2 representing 2.5% even though expectations on growth for 2016 is expected to be subdued due to tight monetary and fiscal policy.

Inflation in Q4 started with 15.8% in October 2016 decreasing to 15.5% in November largelydue to stability in the foreign exchange market and tight monetary and fiscal policy.

We expect it to inch up marginally to 15.9+/-0.2% by the end of 2016 on the back ofthe cedi depreciation in the last two month of the quarter as a result of seasonality pressures.

The currency market has also been relatively stable with the cedi losing to the United States dollars by 5.4% as at the end of Q4-16.

Interest rates on the short end of the market trended downwards significantly in the quarter under review. The overnight interbank market interest rate also went down marginally ending the year at 25.26% from a high of 25.51%.The Policy rate also dropped to 25.5% from 26%. We expect rate to be fairly stable in 2017.

While generally the economy has been stable on all frontsin 2016, the expectationis for Ghana to enjoy its fastest real GDP growth rate in years in 2017 driven by increased oil production and improving investor sentiment.

Economic Developments

Global Economy

Global growth is projected to slow to 3.1%in 2016 before recovering to 3.4% in 2017.The forecast, revised down by 0.1 percentage pointfor 2016 and 2017 relative to April, reflects a more subdued outlook for advanced economies following the June U.K. vote in favour of leaving the European Union (Brexit) and weaker-than-expected growth in the United States. These developments have put further downward pressure on global interest rates, as monetary policy is now expected to remain accommodative for longer. Although the market reaction to the Brexit shock was reassuringly orderly, the ultimate impact remains very unclear, as the fate of institutional and trade arrangements between the United Kingdom and the European Union is uncertain. Adding to the uncertainty is the impact of the referendum results on political sentiment in other EU members, as well as on global pressure to adopt populist, inward-looking policies.

Financial market sentiment toward emerging market economies has improved with expectations of lower interest rates in advanced economies, reduced concern about China's near-term prospects following policy support to growth, and some firming of commodity prices.

But prospects differ sharply across countries and regions, with emerging Asia in general and India in particular showing robust growth and sub-Saharan Africa experiencing a sharp slowdown.

In advanced economies, a subdued outlook subject to sizable uncertainty and downside risks may fuel further political discontent, with anti-integration policy platforms gaining more traction. However, growth prospects is expected to be favourable helped by an expected boost for US growth from more expansionary fiscal policy and supply-side reform under President Donald Trump, even if it is likely to fall short of some of the more ambitious expectations. This US acceleration will help offset a modest deceleration in the Eurozone, where growth will continue to be restrained by systemic risks relating to the banking sector and the rise of Eurosceptic in a heavy 2017 elections schedule.

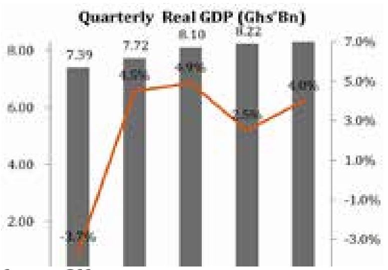
Several emerging market and developing economies still face daunting policy challenges in adjusting to weaker commodity prices. These worrisome prospects make the need for a broad-based policy response to raise growth and manage vulnerabilities more urgent than ever.

Ghana Economic Growth

According to the latest data released by the Ghana Statistical Service (GSS), real Gross Domestic Product (GDP) for the 3rdquarter of 2016 grew by 4.0% compared to 3.5% recorded for 2015 Q3. That for the second and first quarters stoodat 2.5% and 4.9% (year-on-year) respectively. The Services sector recorded the highest growth of 4.7% (6.0%-Q2 & 8.8%-Q1).The Agriculture sector recorded 2.3%(4.1%-Q2 &2.8%-Q1) with the industrial sector recording 3.9% (-5.0%-Q2 &-1.1%-Q1).The services sector was boosted by transport and storage, information and communication, public administration, defence and social security. The industry sector was led by the construction sub-sector, electricity and mining and quarrying. However, the sub-sectors of manufacturing and water and sewage contracted during the period. The agriculture sector on the other hand expanded on the back of livestock, crop and cocoa, forestry and logging, which all grew during the period.

In absolute terms, GDP in the 3rdquarter of 2016 was GH¢9,844.8 million compared to GH¢9,465.2 million in the 3rdquarter of 2015. That of Q1-16and Q2-16 stood at GH¢8,095.0 million and GH¢8,219.0 million respectively.

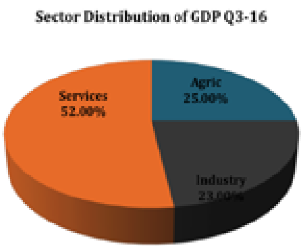
Fig 1: Quarterly Real GDP



Source: GSS

For sectoral distribution in Q32016, the services sector was the largest with a share of 52% and followed by the Agriculture sector with a share of 25%. The industrialsector recorded a share of 23%.

Fig 2: Sectoral Distribution of GDP



Source: GSS

The sub-sector that recorded double-digit positive growth rate was Construction (16.3%). Contraction were however observed in the Water and Sewerage sub-sector (-7.3%) and Manufacturing (-6.0%)

Table 1: Year on Year Growth Rate of Sub-Sectors

Sector	Expanding sub-sectors		Contracting sub-sectors	
Agriculture ([illegible])	Livestock	[illegible]		
	Crops & Cocoa	[illegible]		
	Forestry and Logging	[illegible]		
	Fishing	[illegible]		
Industry ([illegible])	Construction	[illegible]	Manufacturing	[illegible]
	Electricity	[illegible]	Water & Sewerage	[illegible]
	Mining & Quarrying	[illegible]		
Services ([illegible])	Transport & Storage	[illegible]	Community, Social & Personal Service Activities	[illegible]
	Information & Communication	[illegible]		
	Public Administration & Defence; Social Security	[illegible]		
	Finance & Insurance	[illegible]		
	Trade, Repair of Vehicle, Household Goods	[illegible]		
	Hotel & Restaurants	[illegible]		
	Health & Social Work	[illegible]		
	Real Estate, Professional, Administrative & Support	[illegible]		
	Education	[illegible]		

Source: GSS

GDP growth expectations continued to be subdued with mixed sentiments from consumers and business due to headwinds to growth such as the tighter fiscal consolidation, declining private sector credit and delayed recovery in commodity prices.By the end of the year, we expect economic growth to be around 4.2%. (BMI estimate growth in 2016 of 4.1%).

For 2017, we hold a bullish view on Ghana's real GDP growth prospects, forecasting an expansion of 6.5% following a projected 4.1% in 2016.This would mark the fastest growth rate since 2013, and is indicative of how the economy has, with the help of the IMF, got back on its feet in recent months following a period of macroeconomic turbulence.One of the primary factors behind Ghana's growth acceleration in 2017 will be the robust growth of its oil sector. An outageat the Kwame Nkrumah FPSO (floating production, storage and offloading) led to average production from the country's largest field (the Jubilee field) decreasing from 103,000 barrels per day (b/d) to just 62,900b/d in H116–and contributed to the poor 2.5% growth recorded in the second quarter, down from 4.8% in Q1. However, with the FPSO's technical difficulties fixed and the launch of the new TEN oilfield having taken place in August, BMI's Oil & Gas team forecasts that production will rise by 40.0% in 2017, and by a further 10.0% in 2018. Further to increased production, we also project that higher global oil prices will also support growth in 2017, forecasting that crude oil will rise towards the US$60 per barrel (/bbl) in 2017. While the higher price does not translate directly into greater real GDP growth, we believe that it will boost government revenues and encourage a shift toward expansionary fiscal policy by the new government.The new government will try and follow up on campaign promises through implementing increased spending. This would come after 18 months of having curbed expenditurein a bid to stay within the stipulations of the IMF programme with which Ghana is engaged – although our expectation is that Ghana will continue to abide by the IMF programme, and that the increased spending will be facilitated by greater revenues, with budget deficits declining over the next several years. We forecast a 5.0% rise in government spending in 2017, compared to a projected 4.0% in 2016.

The other major factor behind our expectation of faster growth in Ghana next year is improving investor sentiment as the country continues to pass its reviews under the IMF Emergency Credit Facility it entered into in 2015. It also appears that fears over a massive ramp-up in spending prior to the December 2016 elections were misplaced. The IMF's endorsement is a major boost for investor sentiment.
Improving sentiment was already apparent prior to Ghana passing the third review, as the authorities successfully launched a new dollar-denominated bond on September 9, with a yield of just 9.25%. This compares favourably to the 10.75% the previous Eurobond issued in October 2015, and we expect that an improving economy will see Ghana's Eurobonds outperform with relation to other SSA countries' securities in 2017. There remain some questions over Ghana's high debt load, which likely exceeds 70% of GDP again following recent debtissuances, but we believe that renewed economic growth and a pick-up in government revenues next year will see this figuredecline in 2017.We forecast that abating concerns over macroeconomic vulnerabilities will see investment enjoy real growth of 8.0% in 2017, the highest level since

2012. Investors will be attracted by Ghana's wealth of natural resources, its stable democracy and its attractive business environment. In H116, direct investment was up by 27.1%, and we anticipate that 2017 will see a further recovery in inflows as concerns subside.

GDP by Expenditure Outlook

Private Consumption: Private consumption makes up the vast majority of GDP in Ghana, and while we expect it will fall as a proportion in the coming years, it will remain the largest component. This is projected to fall in the years ahead as some spending will be funnelled into investment. From 85.3% in 2008, privateconsumption's share had fallen to just 47.4% in 2012 as investmentpicked up previously, but the recent fiscal troubles have seen it expand once more. Therefore, as a bank we need to position ourselves strategically by deploying investment product to mop up the excess liquidity outside consumption that will be required for investment in the years ahead.

Government Consumption: Government consumption will be closely monitored by the IMF under the programme, meaning thatgrowth at the level seen in 2011, a real expansion of 49.8% is a thing of the past. Despite the IMF deal stipulating a reduction in the fiscal deficit, we expect that government consumption growth will remain positive as spending pressures are still in place and also ensuring the fulfilment of campaign promises of the new government. But it will nevertheless fall as a proportion of GDP. We forecast it will be equivalent to 19.0% in 2016, declining steadily to 16.1% in the medium term.

Investment: We expect that investment will rise as a proportion of GDP in the coming years, as an improvement in the government's fiscal position will stop the crowding out of the private sector. From a projected 24.0% in 2016, we forecast it will rise to 26.6% in the medium term. This increase will come in part from borrowing– the current account deficit will remain sizeable – and inpart from consumption.

Net Exports: Exports will rise as a proportion of GDP over the next several years, boosted by the launch of the TEN oil fields. We forecast they will stand at 45.3% in 2016, and rise to 51.6% in the medium term. The offshore oil sector has hugely boosted exports in Ghana – in 2010 they were equivalent to just 29.5% of GDP – and we expect that it will continue to drive growth.

Imports will stand at 54.7% of GDP in 2016, and decline thereafter, falling to 51.6% in the medium term. Imports have risen from 42.3% in 2009, a consequence of both extravagant private sector pay rises and capital investment. Net exports will be negative in 2016, equivalent to 9.4% of GDP. This will narrow over the next decade, although it will remain negative.

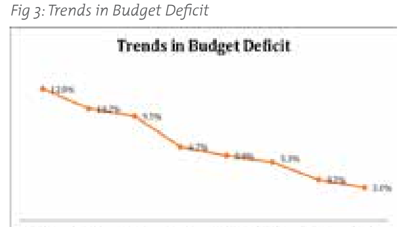
We believe that Ghana will enjoy its fastest real GDP growth rate in years in 2017, putting its recent macroeconomic troubles behind it. Growth will be driven by increased oil production and improving investor sentiment.

Fiscal Policy

Ghana's fiscal deficit will continue to decline in 2016 and 2017, and over the next several years, as the country looks to keep within the stipulations of its IMF programme. While the deficit has not been reduced as much as the government had planned in 2016, this is due to lower-than-expected revenues on the back of a poor performance from the oil sector. With regard toexpenditure, the government has confounded its doubters and kept spending within limits, the first time this has been achieved in an election year.

Provisional data on government fiscal operations in the year to September showed a budget deficit of 5.9 percent of GDP, compared with a target of 3.9 percent of GDP. The higher than programmed deficit was mainly due to lower revenues arising from significant shortfalls in oil revenues, while expenditures were broadly on track. The deficit was financed mainly from domestic sources.

Fig 3: Trends in Budget Deficit



Source: MoFEP/Budget Statement

Although we expect that there will be some limited slippage, the government will largely keep within the targets it set itself, as the ramifications of being profligate will be too costly for the key macroeconomic indicators. Despite having successfully constrained expenditure, we expect that the fiscal deficit will still stand at a sizeable 5.3% of GDP at the end of 2016, as government revenues have underperformed.

The forecast is that fiscal deficit in Ghana will steadily narrow over the next couple of years. A 60% rise in public servant salaries in 2012, which was followed by price weakness for Ghana's major commodities, namely oil, gold and cocoa, a drop in investment and slower real GDP growth saw the fiscal deficit rise from 1.5% of GDP in 2005 to a hefty 11.5% in 2012. It came in at 6.7% in 2015 and we forecast it to steadily reduce to about 3.7% by the end of the IMF programme.

Looking at government expenditure, aside from the circa 20-25% spent on interest payments, public sector pay makes up around a third of spending, and other recurrent spending another third. Around 5.0% of spending is domestically financedcapital expenditure and around 15% is foreign-financed capital expenditure. In order to promote future growth, Ghana must look to expand the share of capital expenditure in its spending, and above all reduce its interest payments.

In terms of revenues, taxes on income and property makes up around a third, taxes on domestic goods and services nearly 30%, taxes on international trade around 17%, and grants around 4%. The government must widen the tax base if it is to effectively provide services and invest in infrastructure while reducing the budget deficit.

In 2017, we expect that a pick-up in government revenues will be the key driver of a narrowing fiscal deficit, which we forecast will come in at 3.7%(BMI 4.7%) of GDP. We project that crude will average USD55.6/bbl, while production will rise by 40.0% following the launch of the TEN oilfield and the restoration of the FPSO Kwame Nkrumah. Greater gold and cocoa exports will also contribute towards increased government revenues, as will increased economic activity generally as real GDP growth picks up.

With regard expenditure, we believe that the New Patriotic Party (NPP) government following a victoryfor Nana Akufo-Addo in the December elections will look toincrease spending in order to deliver on some election promises and shore up support. The new government's spending plans will not be implemented until after the first quarter, as thecurrent administration has introduced a temporary budget which is designed to prevent any major disruption in the expenditure due to the election.

During the course of the year, Ghana successfully issued a new dollar-denominated security on September 9, which we expect to be one of the better-performing Sub-Saharan African dollar-denominated securities in 2017. The USD750mn Eurobond is due to be repaid in three instalments – in 2020, 2021 and 2022 – a similar tactic to that adopted when Ghana issued a USD1bn Eurobond in October 2015. Dividing the repayments ease pressure on the fiscal position, helping to reassure investors over the coming years. The new security, which was oversubscribed by more than four times, launched with a yield of 9.25%, a considerable improvement on the 10.75% yield on the October 2015 issuance–and that security was 40.0% guaranteed by the World Bank. While the government has claimed that the lower yield is primarily a product of Ghana being on a sounder fiscal footing, we think it is more a result of global trends that have seen Eurobond yields fall across Sub-Saharan Africa (SSA). Nevertheless, as the government's fiscal position continues to improve, we expect yields on Ghanaian securities to continue to fall in 2017, as will costly debt servicing.

We maintain our belief that the country will continue to rein in its budget deficit for 2017. Ghana's high debt levels will be of concern to investors, and the country will have to pay a premium on its borrowing as a result. Efforts to bring in the fiscal deficit must be maintained, else prohibitive levels of expenditure on interest payments will hold back economic growth.

Debt Sustainability

Ghana's debt sustainability will remain a cause for concern in the years ahead, although we do expect that it will improve from current levels. A sustained fiscal deficit – albeit a diminishing one – will see Ghana's nominal debt stock continue to rise over the coming years, but as a proportion of
GDP the outlook is brightening as the country recovers from its recent macroeconomic troubles, the fiscal deficit comes in,and real GDP growth picks up.Now under the IMF's guidance, and receiving a cumulative USD918mn

in emergency credit over the course of three years, we are confident that the authorities will begin to rein in the fiscal deficit, reduce borrowing, and bring the debt burden down as a percentage of GDP. Nevertheless, we anticipate that total external debt will remain high at around 40% of GDP over the next several years. While a large debt load in itself is not a direct threat to financial stability, we do not rule out the debt load causing some problems over the long term due to the highinterest payments the debt entails.

Inflation

The Year 2015 ended with a year on year inflation of 17.7%. This increased to 19.0% mainly on the back of increases in Fuel prices and utility tariffs that ushered in the New Year. However, after the through put effect in January, inflation decreased to 18.5%. This reduction was mainly due to decreases in the non-food inflation, which decreased from 25.5% in January to 24.5% in February. Food inflation however increased in February to 8.3% from the 8.2% recorded in January 2016.

The first quarter ended with inflation rate of 19.2%on the back of the through put effect of the 15% increase in transport fares in February 2016.

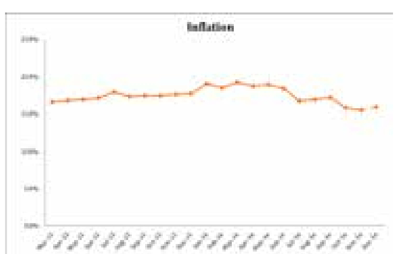
As at the end of the Q2 inflation had dropped to 18.4% on the back of stability in the foreign exchange market, marginal drop in fuel prices and tight monetary and fiscal policy.

As at the end of the Q3, inflation dropped to 17.2%. The Food and non-alcoholic beverages group recorded a year-on-year inflation rate of 9.0%. The non-food group recorded a year-on-year inflation rate of 21.6%.

The latest inflation rate as at November stood at 15.5%, down by 0.3percentage points from 15.8% recorded in October 2016.This was on the back of the relative stability of the cedi against the major currencies especially the dollar. The food and non-alcoholic beverages group inflation was 9.3% in November compared to 8.7% in October 2016. Non-food inflation was 18.7% in November compared to 19.4% recorded in October 2016.

Inflation is expected to inch up to 15.9%+/-0.2% by December 2016 due to the demand pull factors during the Christmas festivities and the marginal depreciation of the currency in the last two months of 2016.

Fig 4: Inflation rate



Source: GSS/ Fidelity Research Forecast Interest rates

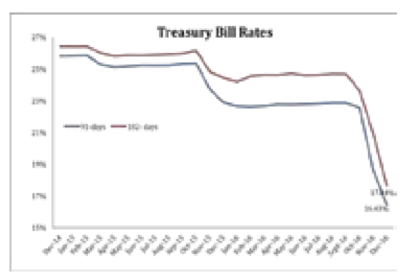
The interest rates regime in the country has been stable but high around the year-end 2015 levels in the first three quarters of 2016 especially on the money markets. This however trended downwards significantly in Q4 at the short end of the market on the back of the objective of the government shifting to long term borrowing in the domestic market.

The government of Ghana 91-day Treasury bill started the year at a rate of 22.9% decreasing slightly to 22.87% at the end of the third quarter. That for the first and second quarters stood at22.66% and 22.79% respectively. At the end of the fourth quarter, the 91-day Treasury bill stood at 16.43% down by 6.22 percentage points compared to 22.65% in January 2016 on the back of lengthening the maturity profile of bonds to reduce short term borrowing by government.

The monetary policy rate dropped to 25.5% (forecast of 22% in 2017) from26% while interbank market rates ranged between 25.51% and 25.26%. At the end of the quarter, the interbank rate stood at 25.26%. The rate at the end of the first, second and third quarters were 25.41%, 25.50% and 25.51% respectively.

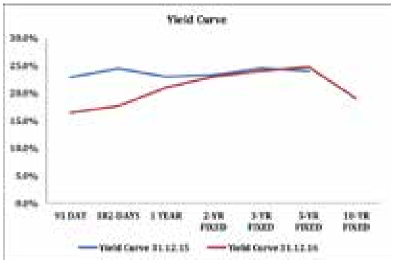
Rates are expected to be fairly stable in 2017 especially the short end of the money market with a forecast of 18.70% for the 91-day Treasury bill as the government continue to rein in the fiscal deficit under the IMF programme and as well seeks to prudently manage its borrowing by lengthening the maturity profile to reduce short term borrowing.

Fig 5: Interest rates



Source: Bank of Ghana/ FBG Research

Fig 6: Yield Curve



Source: Bank of Ghana/ FBG Research

Currency

The local currency continued its relative stability in the fourth quarter just as the first, second and the third quarters coming under seasonal pressure in the fourth quarter as a result of the election and the festive season as importers demand dollars for the importation of goods to restock for Christmas sales and the first quarter of 2017. The cedi also showedsome comparative weakness to the dollar in the fourth quarter compared to the first, second and third quarters. The cedi in the first quarter recorded a depreciation of 1.1% and 5.5% against the USD and the EURO. It appreciated against the GBP by 1.8%.

By the end of the second quarter, the cedi has depreciated by 2.3% against the USD but appreciated by 5.9% and 0.6% against the GBP and the EURO. The third quarter saw the cedi depreciating by 1.1% and 2.4% respectively against the USD and the EURO. It however gained by 1.1% against the GBP.As at the end of the fourth quarter the cedi has depreciated by 5.4% and 0.9% respectively against the USD and the GBP. It has however appreciated by 0.4% against the EURO.

Year to date the cedi has depreciated by 9.6% and6.9% to the USD and the EURO respectively. It has however been strong against the GBP by 8.1%. Comparative to the same period in 2015, the cedi depreciated by 15.7%, 11.4% and 5.7% respectively to the USD, GBP and EURO. The improved performance of the cedi in 2016 compared to 2015 was achieved on the back of tight policy stance and improved foreign exchange flows.

Fig 7: Quarterly Performance since 2014

Source: Bank of Ghana/ FBG Research

As at the end of the quarter, the cedi was trading at Ghs 4.1981/4.2023, Ghs 5.1926/5.2003 and Ghs 4.4340/4.4394per the USD, GBP and EUR respectively on the interbank market.

Table 2: Depreciation (%)

Source: Bank of Ghana/ FBG Research

In 2017, with Ghana still under an IMF programme and a new government in power will result infurther improvement in investor sentiment towards the currency. Fears over a massive ramp-up in spending prior to the December 2016 elections were misplaced, and while we expect that government spending will pick up in 2017, this will be within the parameters set by the IMF. We forecast an average exchange rate of GHS4.26/USDin 2017.

The depreciation will be driven by persistent current and fiscal account deficits. Although these are narrowing, this will be at a fairly sedate pace, demand for the cedi will not rise rapidly, and the shortfalls will continue to exert depreciatory pressure on the currency. Nevertheless, we do not expect to see the cedi depreciate at the same rapid pace it has previously, anticipating that an improving macroeconomic environment will mean a more gentle loss of value against the greenback. The launch of the TEN oilfield in August 2016 will continue to boost inflows of dollars in 2017. Also inflows from the IMF programme, the usual cocoa syndicated loan, FDIs and donor inflows will also ensure dollar inflows. This will help Ghana reduce its current account deficit. Furthermore, the tight monetary policy will also help shore up the cedi. The Ghanaian authorities have shown themselves to be committed to curbing inflation, even at the cost of economic growth. The key policy rate currently stands at 25.5%, and while we expect some easing next year, to about 22.0% by year-end 2017, it will remain fairly high.

On the downside, further disruption to oil production, as occurred in H115, would exert depreciatory pressures.

Public Borrowing

In the month of December, the government accepted a total bid of Ghs 5.8billion of bills and notes as against a targeted borrowing of Ghs 4.4billion. Majority of the total bids accepted will cater for the payment ofmaturing debts according to the issuance calendar. This brings the total bids accepted for the fourth quarter to Ghs 15.8 billion. That for the first, second and third quarters stood atGhs 14.6 billion, Ghs 16.2 billion and Ghs 15.2 billion respectively.

Table 3: Bids Accepted for GoG

	Jul	Aug	Sep	Dec	Total
1-Days	2,379	3,234	3,631	3,007	12,25
82-days	991	1,134	1,737	798	4,66
-yr	298	19	280	904	1,50
-yrs	-	105	105	1,041	1,25
-Yrs	-	-	314		31
-Yrs	968	-	-		96
otal	**4,636**	**4,491**	**6,066**	**5,750**	**20,94**

Bills (Q4-16) Source: BoG/Fidelity Research Database

Table 4: Bids Accepted for GoG Bills Dec. 16

Date	91-days	182-days	1-year	2-years	3-years	10-years	Total
12/5/2016	1,127	278	544				1,948
12/12/2016	509	46		1,041			1,596
12/19/2016	680	181	360				1,221
12/26/2016	691	294					985
							-
Actual	**3,007**	**798**	**904**	**1,041**	-	-	**5,750**
Budget	2,440	1,500	120	300			436
Diff	**(567)**	**702**	**(784)**	**(741)**	-	-	**(1,398**

Source: BoG/Fidelity Research Database

External Sector Developments
Ghana's external sector performance remains strong. The provisional data shows significant improvement in the external trade deficit in the year to September 2016, relative to 2015. This improvement was on account of higher export receipts, mainly from gold, combined with lower imports. The outturn of the trade balance has significantly improved the provisional current account deficit to 3.1%, relative to target 5.0% of GDP.

The value of merchandise exportsfor the period January to October 2016 was provisionally estimated at US$8,741.5 million.

Gold exports for the first ten months amounted to US$3,876.1 million whilst Crude oil exports amounted to US$1,009.4 million. That for cocoa beans and productscame in at US$1,858.9 million.

Total merchandise imports for the first ten months of 2016 amounted to US$10,884.4 million. Oil imports were provisionally estimated at US$1,376.4 million and non-oil imports was totalled US$9,508.0 million.

We expect that 2017 will mark the beginning of a substantial recovery in Ghana's current account deficit, driven primarily by a significant boost to the country's revenues from oil exports. While import growth will also accelerate on the back of increased economic activity, this will not be to the same degree seen in exports, and pressure on the currency will subsequently ease as increasing flows of foreign capital are brought into the country.We expect crude oil in particular to bolster Ghana's current account, forecasting that revenues will enjoy about 63.5% rise in 2017 anda further 36.8% in 2018, driven by both higher prices and increased production. We forecast that prices will rise towards US$60 per barrel (/bbl) in 2017, compared to an average of USD49/bbl in 2016. On top of this, we forecast that the launch of the Twenboa, Enyenra and Ntomme (TEN) oilfield in August 2016 will lead to production of 158,960 barrels per day (b/d) in 2017, marking an increase of 35.3%–the increased production will offset the negative effects of higher oil prices on Ghana's imports.

Oil will be supported by similarly strong performances from cocoa and gold in 2017. Gold will be a key source of foreign capital inflows as we forecast that export revenues from the precious metal will grow 7.3% in 2017. We remain bullish towards gold prices and have projected a price of US$1,300/oz for 2017. With regards cocoa, Ghana will continue to see solid growth as output keeps recovering from its 2013/14 season. With the support of a favourable weather for the upcoming crop season,the forecast is for Ghana to do a production of about 811,000tonnes for 2016/17, an increase of 4.0% y-o-y. So revenues will be driven mainly by output.

Regarding imports, we also anticipate a sizeable expansion in 2017, which will prevent the substantial increase in exports from narrowing the current account further. We forecast that imports will see growth of 23.1% in 2017, followed by a further 8.0% in 2018 – comparing favourably to an annual average declineof 8.6% annually over the three years from 2013 to 2015. This increase in imports in 2017 will be driven in large part by the economic recovery in Ghana, where we expect that increased macroeconomic stability will encourage a return in investment and greater capital goods imports, while greater exchange rate stability will lead to a resurgence in consumer imports. Given Ghana's reliance on imported refined fuels, the aforementioned rise in global oil prices will be another factor behind the greater import bill. We believe that Ghana's current account deficit will narrow in 2017, although the strong performance of key commodities exports will be tempered by renewed growth in imports as economic growth picks up. Increased investmentwill cover a proportion of the deficit, although government debt levels are expected to rise.

Overall, the Economy has been stable for 2016 with the latest figures indicating Q3 growth at 4.0% even though expectations on growth for 2016 is expected to be subdued due to tight monetary and fiscal policy. The cedi has relatively been stable for 2016 compared to 2015 coming under seasonal pressure in December 2016. Inflation after trending high in the first three quarters of the year has since dropped significantly in the last quarter of the year even though in double digits. Interest rates on the short end of the money market have been fairly stable at high levels in the first three quarters of the year. Thesehave also trendeddownwardssignificantlyin the last quarter of the year. The relative stability of the macroeconomic environment in 2016 has been on the back of tight fiscal and monetary policy stance.

International Commodities Market

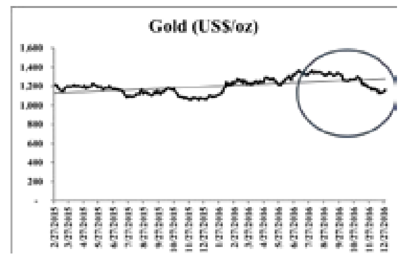
Gold

In the quarter under review, the price of gold has seen a downward trend due to the hawkish tone of the FED on rate hikes and the subsequent increase in the FED rate in December 2016.

Gold started the year at US$1,060/oz and as at the end of the first quarter it was trading at US$1,229/oz. By the end of the second quarter, gold was trading at US$1,331/oz up by 8.2% compared to the end of the first quarter. The third quarter saw gold closing the quarter at US$1,323/oz down by 0.6% compared to the second quarter and up by 7.6% compared to the first quarter.By the end of the fourth quarter gold was trading at US$1,155.80/oz down by 12.6% compared to the second quarter and 13.1% compared to the second quarter.

The maximum price for the quarter stood at USUS1,313/oz and the minimum price was US$1,126/oz averaging US$1,217/oz.

Fig.8: Gold



Source: World Gold Council

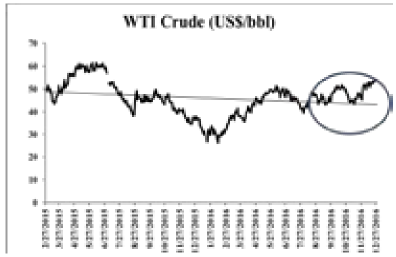
Gold prices slid on 30/12/2016 as investors took profits at the end of a year which saw bullion prices rise around 9%, snapping three years of declines. Gold for February delivery settled down 0.53% at $1,152.00 on the Comex division of the New York Mercantile Exchange. Prices were up around 9.8% for the year. Gold has benefited from U.S. dollar weakness in the last week of 2016 and we are looking for this trend to continue in 2017 as the price action seems to be priming for a strong start to the New Year. Looking ahead to 2017, among consensus forecasts, the median average price is around US$1,300/oz.Some analysts are not ready to give up on gold just yet as January and the first quarter is traditionally the strongest period for the yellow metal. Gold has been positive every Q1 since 2005 except for one, and we expect to see same for Q1-17.

Crude Oil

Oil has seen much better performance in prices in the last quarter of 2016 due to agreed production restrictions by OPEC and non OPEC members.
WTI crude oil started the year at US$36.81/bbl and as at the end of the first quarter it was trading at US$40.36/bbl. By the end of the second quarter, crude oil was trading at US$48.33/bbl up by 19.7% compared to the end of the first quarter. The third quarter ended with crude oil trading at US$48.24/bbl down by 0.2% on the price as at the end of the second quarter. It was however up by 27% compared to the end of the first quarter. It ended year 2016 by US$53.73/bbl up by 11.4% compared to the third quarter and 11.2% compared to the second quarter.

The maximum price for the quarter stood at USUS54/bbl and the minimum price was US$43/bbl bringing the average price to US$49/bbl.

Fig 9: Crude Oil



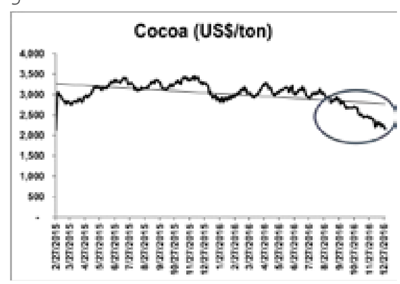
Source: U.S Energy Information Administration

Oil futures finished with modest losses in the final trading session of 2016 on 30/12/2016, but scored the biggest annual gain since 2009 in wake of the landmark deal reached by the Organization of the Petroleum Exporting Countries and several non-OPEC members to reduce their output. London-traded Brent futures logged a gain of $1.66, or around 2.9%, on the last week of 2016. The global benchmark saw an annual rise of 52%, which was its largest yearly rise since 2009. Some analysts have warned that the recent rally in prices could be self-defeating, as it encourages U.S. shale producers to drill more, adding to concerns over a global supply glut. Oil prices will gradually rise towards US$60/bblby the end of 2017, with further upside capped by a strong dollar, a likely recovery in U.S. oil output and possible non-compliance by OPEC with agreed cuts.

Cocoa

Cocoa has seen a significant drop in the performance ofits price during the quarter under review. The decline of cocoa prices initiated in the middle of July through to the third quarter continued in the fourth quarter on the back of expectations for improving cocoa production in the upcoming main crops (2016/2017) in West Africa which may result in a substantial surplus in global output due to declining demand.Compared to the third quarter cocoa has lost by 22.7%. Year to date the price is down by 33.9%. Over the quarter, it recorded the highest price of US$2,835/ton, lowest price of US$2,162/ton and an average of US$2,500/ton.

Fig 10: Cocoa



Source: ICCO

Cocoa futures dropped to a three-year low in New York on 29/12/16 amid forecasts for declining demand and rising supply. Ghana's weather agency said cocoa farmers in the world's second-biggest producer of the beans will benefit from more moderate seasonal desert winds after the nation missed output targets for three straight years due to severe dryness. Occasional scattered rains are expected to precede the Harmattan. There is also enough moisture in the soil to sustain the developing pods. Cocoa is projected to do well this season leading to surplus which may affect cocoa prices to perform poorly on the international market in 2017. We forecast cocoa to be about US$2,837/tonin 2017.

Business Impact

Cheap Deposit Mobilisation

With the end of year festivities and associated spending by consumers over, a lot of these clients especially those in the middle and affluent class (worker of corporate organisations, MDAs, NGOs & Donor Agencies, Top Executives etc.) will be resuming their savings habits in 2017 mostly towards a financial goal or commitment for the New Year. These are clients of the consumer banking segment the bank can target for cheap deposits by deploying products that will meet the specific savings goals and investment needs of the segment. We believe that with the employment of personal services delivery per the needs of such clients a lot of cheap deposits can be mobilised from this segment. Furthermore with the transactional banking set up shaping up, a lot of cheap deposits can also be mobilised from the corporate and commercial banking segment with the deployment of a reliable, convenient and up to scratch payment platforms for easy banking by our corporate clients.

Cost of Funds

Interest rates have been trending downwards in the last two month of the fourth quarter of 2016 in the money market especially the short end of the market. Therefore, we expect relationship managers and officers to acknowledge the currentlevels of interest rates on the market and adopt it in the reprising negotiations ofour liabilities especially FDs to minimise its impact on cost of funds.

Trade Financing

The forecast is for relative growth in imports and export trade for 2017. The increase in imports in 2017 especially will be driven in large part by the economic recovery in Ghana, where we expect that increased macroeconomic stability will encourage a return in investment and greater capital goods imports, while greater exchange rate stability will lead to a resurgence in consumer imports. Therefore there is the need for FBL to strategically position itself to play a major role in the anticipated imports & exports growth by financing the trade needs of its corporate and commercial customers through LCs to generate off-balance sheet revenues for the bank.

Operating cost

The downward spiral in inflation in the last two months of 2016 is as a result of the fall in prices of goods and services on the local market in spite of the relatively high cost of borrowing. This is expected to reflect in the prices of goods and services by our service providers and hence a positive outcome on the cost of operations of the bank. The recommendation is therefore to go in for service providers that will provide competitive rates and at the same time providing value for money services whilst not compromising on quality.

Conclusion

Growth in most advanced economies reflects a more subdued outlook following the June U.K. vote in favour of leaving the European Union (Brexit) and weaker-than-expected growth in the United States. These developments have put further downward pressure on global interest rates, as monetary policy is now expected to remain accommodative for longer.

In the local economy, the macroeconomic fundamentals have been relatively stable for 2016 with latest figures indicating Q3 growth of 4.0% with that of Q2 representing 2.5% even though expectations on growth for 2016is expected to be subdued due to tight monetary and fiscal policy.

However, the economic outlook for 2017 looks positive as the macroeconomic environment under a fund programme have been anchored for take-off. We believe that Ghana will enjoy its fastest real GDP growth rate in years in 2017, putting its recent macroeconomic troubles behind it. Growth will be driven by increased oil production and improving investor sentiment. We also anticipate that revenues will enjoy robust growth on the back of greater oil revenues, contributing to a deficit reduction despite an anticipated increase in spending.

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