



सत्यमेव जयते

भारत का हाई कमीशन, अकरा

HIGH COMMISSION OF INDIA, ACCRA (GHANA)

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**ECONOMIC AND COMMERCIAL REPORT FOR GHANA
FOR THE MONTH OF MARCH 2015**

Overview: Ghana was gripped by high interest rates and low aggregate demand even as the local currency witnessed a free-fall by 31% against the US Dollar in 2104. The deepening energy crisis further crippled economic activity and dented business confidence. Inflation topped 17%. Fiscal deficits ballooned as unchecked wage bills and poorly targeted energy subsidies pushed government debt beyond 65% of the GDP. Falling commodity prices and oil prices did not help matters either as financing costs remained at very high levels.

The economy slowed from 2.6 percent in the previous quarter to 1.2 percent in the last three months of 2014. Year-on-year, the economy expanded by 4.6 percent down from 10.4 percent in the previous quarter. For the year 2014 as a whole, provisional estimates show GDP grew by 4 percent, even lower than the earlier estimate of 4.2 percent.

The Finance Minister revised the 2015 budget deficit target to 7.5% of GDP from the previous figure of 6.5% due to reduced oil revenues. The oil revenue estimate for 2015 now stands at USD 0.41 billion from the earlier estimate of USD 1.15 billion, entailing a loss in revenue of about USD 700 million. Oil output might still remain at the same 2014 average of 102,000 barrels per day. The Government will dig into the Stabilisation Fund to finance the budget deficit.

Declining prices of gold and refined petroleum also led to a decline in the annual producer price inflation (PPI) from 23.6 percent in January to 21.8 percent in February, indicative of the fiscal challenges confronting the country. PPI for Mining & Quarrying sector fell by 7.1 percent and for manufacturing sector by 1 percent.

Ahead of its third Eurobond issue in 2015, Moody downgraded Ghana's rating from B2 to B3 with a negative outlook. Fitch maintained its rating of 'B'.

ECONOMIC DATA IN BRIEF

GDP	US\$ 39.10 billion (2014)(Est.)
GDP per capita	US\$ 1,838 (2013)
Real GDP Growth	4.2% (2014)(Revised)
GDP Share by Activity	Agriculture: 19.9%; Industry: 28.4%; Services: 51.7% (2014)

