

# **Ghana Cedi Performance Report 2025: Trends, Risks & Forecasts**

Ghana Cedi Performance Report 2025: Expert analysis of the cedi's 42% surge, key drivers (gold, IMF reforms), and sustainability risks. Projections & Policy Recommendations.



## Highlights

- The Ghanaian Cedi surged **\*\*42% against the USD in early 2025\*\***, becoming Africa's top-performing currency before facing recent volatility.
- Key drivers include **\*\*gold export windfalls, IMF-backed fiscal reforms, and tight monetary policy\*\***, but sustainability concerns persist.
- Analysts project **\*\*divergent year-end exchange rates (GHS 7.09-13.16/USD)\*\***, with risks from dollar shortages and potential policy shifts.

## Content

### # **Ghana Cedi Performance Report - 2025: A Critical Analysis of Africa's Best-Performing Currency**

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- Key drivers include **gold export windfalls, IMF-backed fiscal reforms, and tight monetary policy**, but sustainability concerns persist.
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#### ## **Research Methodology**

This report synthesizes data from central bank releases, IMF reports, Bloomberg analytics, and expert forecasts (Barclays, S&P Global, Deloitte). Trends were evaluated across forex performance, macroeconomic policies, and external sector dynamics to assess the cedi's 2025 trajectory.

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#### ## **Key Statistics and Facts**

1. **42% appreciation** (Jan–May 2025), peaking at **GHS 10.20/USD**—a dramatic reversal from 2024's 28% depreciation.
2. **Gold exports surged 53% YoY to \$11.6B in 2024**, with Q1 2025 earnings hitting **\$1.83B**.
3. **Cocoa revenues tripled** to \$1.84B (Jan–Apr 2025) due to global price spikes and anti-smuggling policies.
4. **Gross reserves rose to \$10.7B** (4.7 months of import cover), up from \$6.0B in early 2024.
5. **Inflation dropped to 18.4% in May**, the lowest in 3 years, but remains above BoG's 6–10% target.
6. **Debt restructuring success**: 85% participation in domestic bond swaps and \$5.4B bilateral debt deals.
7. **Interest rates held at 28%** to anchor stability, though cuts are anticipated if inflation cools further.
8. **Trade surplus hit \$4.3B in 2024**, fueled by gold, oil, and non-traditional exports.
9. **Parallel market premiums widened** in June 2025 amid dollar shortages, eroding earlier gains.

10. **Divergent forecasts**: Barclays predicts **GHS 12/USD by December**, while GITFiC projects **7.09–13.16 range**.

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## **Critical Analysis: The Cedi's 2025 Rally and Its Underlying Drivers**

### **The Turnaround Story**

The cedi's 2025 rebound marks a stark contrast to its 2022–2024 collapse, when it ranked among the world's worst-performing currencies. This resurgence stems from three pillars:

#### **1. Commodity Windfalls**

- **Gold's record prices** (\$3,300/oz in April 2025) and expanded production (151 tonnes in 2024) boosted export revenues, accounting for **60% of Q1 2025 FX inflows**.

- Cocoa's shift to **spot-market sales** (versus futures) capitalized on global supply shortages, tripling earnings.

#### **2. Policy Anchors**

- The **IMF's \$3B Extended Credit Facility** restored investor confidence, while **debt restructuring** freed fiscal space.

- The Bank of Ghana's **28% policy rate** and transparent FX auctions curbed speculation.

#### **3. External Tailwinds**

- A **7% drop in the US Dollar Index (DXY)** amplified gold's appeal, while remittances and FDI rose.

### **Vulnerabilities and Recent Setbacks**

Despite gains, the cedi faces **three critical risks**:

- **Dollar liquidity crunches** (June–July 2025) triggered import backlogs and parallel market spikes.

- **Over-reliance on gold**: A price correction or production dip could destabilize reserves.

- **Premature policy easing**: Rate cuts before inflation is tamed may reignite depreciation.

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## **Top 10 Factors Impacting the Cedi in 2025**

1. **Gold price volatility** (\$3,300+/oz supports gains, but a drop risks reversal).
2. **IMF program compliance** (further disbursements hinge on fiscal discipline).
3. **Dollar liquidity** (delayed export receipts and remittance flows strain reserves).
4. **Inflation trajectory** (sustained disinflation could prompt rate cuts).
5. **Fiscal deficits** (election-year spending may undermine consolidation).
6. **Cocoa production** (700K MT forecast for 2024/25, but climate/illegal mining threats persist).
7. **External debt management** (Eurobond restructuring progress is key).
8. **Central bank credibility** (BoG's ability to sterilize liquidity without reserve depletion).
9. **Global monetary policy** (Fed rate cuts could weaken USD, aiding cedi).
10. **Political stability** (reforms must survive 2024 election cycles).

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## **## Projections and Recommendations**

### **### Outlook**

- **Bullish scenario**: If gold holds above \$3,000/oz and IMF targets are met, the cedi could stabilize near **GHS 9-10/USD**.
- **Bearish scenario**: Barclays' **GHS 12/USD** forecast reflects risks from spending hikes and dollar shortages.

### **### Policy Recommendations**

1. **Diversify export revenues** to reduce gold dependence (e.g., boosting oil and lithium output).
2. **Accelerate structural reforms** to enhance forex market efficiency and curb hoarding.
3. **Delay rate cuts** until inflation is firmly within the 6-10% target band.

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## **## Conclusion**

The cedi's 2025 rally showcases Ghana's resilience but underscores the fragility of commodity-driven recoveries. While macroeconomic fundamentals have improved, sustaining stability requires **disciplined policy execution and export diversification**. Investors should monitor gold prices, IMF reviews, and BoG liquidity measures for directional cues.

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## ## \*\*Notes\*\*

- All exchange rates referenced are interbank averages.
- Projections assume no major geopolitical shocks (e.g., oil price spikes).

## ## \*\*Bibliography & References\*\*

1. Reuters. (2025). \*Surge in cedi currency eases Ghana's foreign debt burden\*.
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6. WeWire Report. (2025). \*Behind the Ghana Cedi's 2025 rally: Key drivers and outlook\*.
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