

**The GITFiC 2025 USD/GHS Exchange Rate Projection Report**

**Objective**

This report provides a data-driven projection of the USD to GHS exchange rate for the year 2025. It offers insights into recent trends, economic drivers, technical indicators, and macroeconomic expectations, serving as a reliable guide for stakeholders in trade, finance, and policy formulation.

**Executive Summary**

**The Ghanaian Cedi (GHS)** has shown a notable recovery against the United States Dollar (USD) in recent months, driven by significant structural adjustments, monetary discipline, and external sector performance. As of May 24, 2025, the GHS appreciated by **8.891% on a weekly basis**, with the interbank mid-rate reaching 11.07 GHS/USD. This appreciation reflects investor confidence following Ghana’s successful debt restructuring, improved commodity exports, and decisive interventions by the Bank of Ghana. On an annual basis, the cedi is projected to appreciate by approximately 28.94% in 2025 compared to its average rate in 2024, underscoring a strong recovery trajectory and sustainedmacroeconomic stability. GITFiC projects an average USD/GHS exchange rate of 10.02 for 2025, within a range of 7.09 to 13.16. The cedi is expected to maintain relative strength through Q2 2025, although volatility remains a risk due to domestic import demand and potential shifts in global monetary policy.

**1. Current Exchange Rate Dynamics and Recent Trends**

* **Spot Rate (May 26, 2025):** 1 USD = 11.11 GHS (mid-market).
* **Trend:** The cedi has appreciated significantly from its weakest position of 16.44 GHS/USD in late 2024.
* **Performance Drivers:**
  + Debt restructuring success (including bilateral and multilateral agreements).
  + Firming commodity prices (especially gold, cocoa, and crude oil).
  + Reduced speculative activity in forex markets.
  + Central bank liquidity interventions and monetary stability.

**Historical Exchange Rate Averages**

* **2009–2025 Average:** 1 USD = 5.345 GHS
* **2020:** 5.6 GHS
* **2022:** 8.4 GHS
* **2023:** 11.2 GHS
* **2024:** 14.1 GHS

**2. Factors Driving the Cedi's Appreciation**

The following economic and financial factors have contributed to the recent and projected appreciation of the GHS:

**A. Macroeconomic Fundamentals**

* **Debt Sustainability Improvements:** The Government of Ghana’s successful debt restructuring, including a $5.4 billion bilateral agreement and a $3 billion IMF-supported program, has improved market confidence and fiscal space.
* **Fiscal Reforms and Consolidation:** Reduction in primary deficits and enhanced revenue mobilization have improved macroeconomic indicators.
* **Commodity Export Earnings:** Ghana’s trade position has been supported by steady or rising prices of gold, cocoa, and oil. Notably, gold reserves increased from 22.3 to 31.2 tonnes by April 2025, boosting foreign exchange supply.

**B. Monetary Policy Response**

* **Foreign Exchange Intervention:** The Bank of Ghana injected over $490 million into the forex market to stabilize the cedi, alleviating short-term demand pressure.
* **Policy Rate Stability:** The benchmark monetary policy rate has been maintained at 28%, reinforcing price stability and anchoring inflation expectations.
* **Exchange Rate Mechanism:** Daily exchange rates are determined using a weighted median of interbank forex market transactions, enhancing transparency and efficiency.

**3. Technical and Quantitative Forecasting Indicators**

GITFiC’s forecasting model integrates fundamental analysis with technical indicators and econometric inputs:

**A. Moving Averages**

* **50-Day Simple Moving Average (SMA):** Currently at 12.83 GHS/USD, indicating the cedi remains in a strengthening phase.
* **200-Day SMA:** At 14.53 GHS/USD, showing a reversal from long-term depreciation trends.

**B. Relative Strength Index (RSI)**

* **14-day RSI:** At 90.13, the cedi is in overbought territory, suggesting a possible short-term correction; however, long-term indicators remain positive.

**C. Volatility Metrics**

* **30-Day Volatility:** 6.31%, down from 7.43% in 2024. This reflects growing market confidence and reduced forex market speculation.

**4. The GITFiC 2025 Exchange Rate Forecast**

**Projection Summary:**

|  |  |  |
| --- | --- | --- |
| **Period** | **USD/GHS Rate (Range)** | **Cedi to USD Equivalent** |
| **Annual Average** | **10.02 GHS** | **$0.099 per GHS** |
| **Full Year Range** | **7.09 – 13.16 GHS** | **$0.076 – $0.141 per GHS** |

**Quarterly Outlook**

* **Q1–Q2 2025:**  
  Estimated range: **9.00 – 11.76 GHS/USD**  
  The cedi is expected to retain resilience due to IMF disbursements, increased gold reserves, and fiscal discipline.
* **Q3–Q4 2025:**  
  Estimated range: **7.09 – 10.50 GHS/USD**  
  Continued reforms and commodity earnings could drive further appreciation, but risks remain from global monetary tightening and seasonal import pressures.

**5. Risks and Volatility Factors**

Despite the cedi's bullish momentum, the following risks could introduce volatility:

* **Import Demand Pressure:** High domestic import requirements, especially for refined petroleum, machinery, and food, may exert pressure on the cedi.
* **Inflation:** Although headline inflation has moderated from the peak, persistent core inflation above 20% could limit monetary policy flexibility.
* **Global Monetary Conditions:** Potential delays in rate cuts by the U.S. Federal Reserve may strengthen the USD globally, reversing some gains for emerging market currencies.
* **External Sector Shocks:** Commodity price fluctuations or geopolitical tensions may impact Ghana’s trade and capital inflows.
* **Political Stability and Reforms:** Post-election implementation of fiscal and structural reforms will be critical to sustaining macroeconomic stability.

**6. The GITFiC Recommendations for Stakeholders**

* **Policymakers:** Should prioritize structural reforms, domestic revenue mobilization, and diversification of export base to reduce cedi vulnerability.
* **Businesses:** Must adopt hedging strategies against currency risks, particularly those with high foreign exchange exposure.
* **Investors:** Should consider medium- to long-term opportunities in GHS-denominated assets, especially in government bonds and real sectors aligned with export expansion.
* **Development Partners:** Must continue technical and financial support for Ghana’s reform agenda, with a focus on debt sustainability and inclusive growth.

**Conclusion**

GITFiC’s analysis suggests that the Ghanaian Cedi will continue its trajectory of recovery in 2025, supported by robust macroeconomic and technical indicators. While short-term corrections are possible due to market dynamics, the overall outlook is one of cautious optimism. Strategic policy implementation and external stability will be essential to maintaining the cedi’s strength throughout the year.

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**Key Indicators Used in the USD/GHS Projection**

**1. Fundamental Economic Indicators**

These provide insight into the real economy and its effect on exchange rate movements.

**A. Debt Sustainability**

* Ghana's successful debt restructuring—including a $5.4 billion bilateral deal and a $3 billion IMF program—restored investor confidence and improved fiscal space.
* Lower debt service obligations freed resources for domestic investment, helping stabilize the cedi.

**B. Fiscal Position**

* Government efforts to reduce deficits and improve tax revenue generation positively influenced the exchange rate by minimizing excessive borrowing and inflationary pressures.

**C. Commodity Export Earnings**

* Ghana’s economy is highly dependent on cocoa, gold, and oil.
* Rising prices and increased production (e.g., gold reserves grew from 22.3 to 31.2 tonnes) enhanced forex inflows and supported the cedi.

**D. Inflation Trends**

* Although inflation remained high, signs of moderation and policy-driven disinflation have contributed to exchange rate stabilization.

**2. Technical Indicators**

These are derived from historical price movements and are essential for short- to medium-term forecasting.

**A. Simple Moving Averages (SMA)**

* **50-Day SMA:** This short-term average was around 12.83 GHS/USD. A declining SMA indicated that the cedi was gaining value against the dollar in the near term.
* **200-Day SMA:** The long-term average at 14.53 GHS/USD showed the downward momentum in the cedi's depreciation had reversed.

These averages help identify market sentiment and the direction of the trend (bullish or bearish).

**B. Relative Strength Index (RSI)**

* RSI stood at **90.13**, suggesting that the GHS was in **overbought territory**, i.e., it had appreciated too quickly and might face short-term correction.
* However, a high RSI also reflects strong demand and positive momentum.

**C. Volatility (30-Day Standard Deviation)**

* Volatility dropped to **6.31%** from 7.43% in 2024, indicating reduced uncertainty in the forex market and greater predictability of the cedi’s performance.

**3. Monetary Policy & Forex Market Interventions**

**A. Policy Interest Rate**

* The Bank of Ghana maintained a tight monetary policy stance with a **28% policy rate**, which helped attract portfolio inflows and control inflation—factors that enhance cedi stability.

**B. Central Bank Interventions**

* Over **$490 million** was injected into the forex market to support the cedi, reducing speculative demand and improving market liquidity.

**C. Exchange Rate Mechanism**

* The daily exchange rate is computed as a **weighted median** of interbank forex market transactions—this methodology ensures that the official rate reflects real market dynamics.

**4. External and Structural Factors**

**A. U.S. Federal Reserve Outlook**

* Expectations of a **rate cut** by the U.S. Federal Reserve in 2025 would weaken the dollar globally, making emerging market currencies like the cedi relatively stronger.

**B. Post-Election Political Stability**

* The peaceful transition following the December 2024 general elections in Ghana reinforced investor confidence and contributed to stable capital inflows.

**C. Foreign Direct Investment and Remittances**

* Sustained inflows from Ghanaians abroad and increased foreign investment interest in agriculture, mining, and digital sectors improved the country’s external position.

**Conclusion: Why These Indicators Matter**

The GITFiC relies on a **multi-indicator approach** because exchange rate movements are influenced by both **macro-level fundamentals** and **market-level sentiment**. This combination enables us to deliver a more accurate, resilient, and dynamic forecast.