

WEEKLY FINANCIAL MARKET RESEARCH REPORT

12th August - 16th August 2024 (Week 33)

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PRIMARY MARKET

Interest rates on the Government of Ghana's treasury bill securities showed mixed outcomes as inflation declined for the fourth consecutive month since March 2024.

The yield on the 91-day bill edged up by 1.84 basis points (bps) from 24.83% to 24.84%. Meanwhile, the interest rates on the 182-day and 364-day T-bills decreased slightly by 1.73 bps and 0.66 bps, respectively, closing the auction at 26.75% and 27.85%.

See the table below for a summary of interest rates on the primary market as at close of the week.

Securities	26-07-24	2-08-24	9-08-24	16-08-24	Chg. w/w
	%	%	%	%	Bps
91 Day Bill	24.7879	24.8247	24.8251	24.8435	+1.84
182 Day Bill	26.7415	26.7640	26.7642	26.7469	-1.73
364 Day Bill	27.8562	27.8578	27.8575	27.8509	-0.66

Source: The Bank of Ghana

AUCTION RESULTS

The government missed its auction target of GH¢ 4.97 billion by 6.91%, leaving a shortfall of GH¢ 343.37 million. However, the government accepted all investor bids, which totaled GH¢ 4.62 billion.

See the table below for auction ratios.

Auction Target	Total Bids Tendered	Total Bids Accepted	Bid-to-Cover	Subscription Ratio
GH¢ million	GH¢ million	GH¢ million	x	x
4,968.00	4,624.63	4,624.63	1.000	0.9309

See the table below for the breakdown of the auction results.

Securities	Bids (Amt) Tendered	Bids (Amt) Accepted	Percentage of Bid Accepted
	GH¢ million	GH¢ million	
91 Day Bill	3,606.12	3,606.12	78%
182 Day Bill	733.59	733.59	16%
364 Day Bill	284.92	284.92	6%
TOTAL	4,624.63	4,624.63	100%

UPCOMING GOG SECURITIES AUCTION

Upcoming Auction	
Auction Target	GH¢ 5.32 billion
Auction Date	August 23, 2024
Settlement Date	August 26, 2024
Securities	91, 182 & 364 Day T/Bill

Source: Ghana Stock Exchange

SECONDARY MARKET

Trading activity on the secondary market surged last week, with the volume of securities traded increasing by 88% from GH¢2.78 billion to GH¢5.25 billion. Bills and bonds accounted for 55% and 45% of the total volume, respectively. The 364-day bill maturing on January 20, 2025, recorded the highest trading volume at GH¢676.09 million, closing the week at a yield of 25.96%. The most traded bond was the February 16, 2027 maturity bond, with a total face value of GH¢1.10 billion, closing the session at a yield of 32.87%.

INTERBANK FOREX RATES

On the interbank fx market, the cedi weakened against its major currencies over the week. It declined by 0.0403 against the US Dollar, closing at GH¢15.1322/US\$, compared to GH¢15.0919/US\$ at the start of the week, marking a year-to-date loss of 21.5%. The local currency also depreciated against the British Pound, settling at GH¢19.5334/£, and against the Euro, closing at GH¢16.6455/€.

See the table below for a summary of the Interbank FX rates.

BOG Mid-Rate

Currency Pair	Year Open	Week Open	Week Close	w/w Chg.	YTD %
USDGHS	11.8800	15.0919	15.1322	-0.0403	-21.5
GBPGHS	15.1334	19.2565	19.5334	-0.2769	-22.5
EURGHS	13.1264	16.4797	16.6455	-0.1658	-21.1

Source: The Bank of Ghana

STOCK MARKET

The GSE-Composite Index rose by 21.67 points this week, from 4,440.78 to 4,462.45, marking a year-to-date return of 42.56%. The GSE-Financial Stock Index saw a modest increase of 2.93 points, from 2,115.52 to 2,118.45, with a year-to-date return of 11.40%.

Additionally, the market capitalization of the local bourse rose from GH¢92.78 billion to GH¢93.02 billion, reflecting a year-to-date return of 25.88%.

		YTD
GSE-Composite Index	4,462.45	42.56%
GSE-Financial Stock Index	2,118.45	11.40%
Market Cap (GH¢ million)	93,016.58	25.88%
Volume Traded	17,800,030	-
Value Traded (GH¢)	113,026,770.6	-

Source: Ghana Stock Exchange

Top Gainers

Top Losers

Stock	Price	YTD	Stock	Price	YTD
UNIL	16.0	97.29%	EGL	1.65	-30.9%
GCB	5.9	73.53%	CAL	0.34	-29.2%
MTNGH	2.29	63.57%	DASPHARMA	0.38	-5.00%
GGBL	5.16	51.76%			

Source: Ghana Stock Exchange

BUSINESS/ECONOMIC NEWS**July's inflation rate declines to 20.9%**

Ghana's inflation rate continued its downward trend for the fourth consecutive month declining from 22.8% in June to 20.9% in July. The Ghana Statistical Service (GSS) attributed this decline to reductions in both food and non-food inflation.

Our Take: The continuous decline in inflation rate could result in lower interest rates in the primary market and may prompt the central bank to reduce its monetary policy rate for the first time since January 2024.

World Bank set to disburse \$1bn to Ghana to help stabilize economy

The World Bank plans to disburse US\$1 billion over the next 12 months to support the stabilization of Ghana's economy and assist private businesses. The World Bank has expressed satisfaction with the government's measures to stabilize the economy, a factor that has influenced its decision to provide these funds for projects outlined in the budget and other poverty reduction initiatives.

Our Take: The disbursement is set to significantly benefit Ghana's economy by stabilizing the currency, fostering growth, reducing poverty, and boosting the country's international reputation. Effective use and management of these funds will be key to maximizing their positive impact.

Conclusion/Recommendation

We anticipate mixed results for interest rates on the primary market. Additionally, we do not expect the government to achieve its target of GH¢5.32 billion in the upcoming auction on Friday. We recommend that investors consider subscribing to the 364-day T-bill.

About Prudential Securities Limited

Prudential Securities Limited (PSL) was incorporated on 19th November, 2004, as a wholly owned subsidiary of Prudential Bank Limited (PBL). The company is licensed by both Securities and Exchange Commission (SEC) and National Pensions Regulatory Authority (NPRA) to carry out the following business.

- To act as a fund manager
- To act as a pension fund manager

Our Vision

- To be the preferred asset management company that will help stakeholders experience financial wellbeing.

Our Mission

- To provide first class fund management and investment advisory services in a timely manner through customer service excellence, tailor made solutions and cutting-edge technology.

Our Product and Services

- PSL Fixed Income Unit Trust ([click on items below](#))
 - [Brochure](#) | [Prospectus](#) | [Fund Fact Sheet](#)
- Investment Advisory
- Wealth Management
- Pensions Fund Management
- Provident Fund/Welfare scheme Management
- Personal Pension Management (PPM)

GHANA MACROECONOMIC HIGHLIGHTS

Indicators	Current	Previous	Chg.
GDP Growth Rate (%)	1.2	1	0.2
GDP AGR (%)	4.7	3.8	0.9
Inflation (%)	20.9	22.8	-1.90
Monetary Policy Rate (%)	29.0	29.0	0.00
Unemployment Rate (%)	3.6	3.5	0.10
Gov't Debt to GDP (%)	84.9	92.4	-7.50
Balance of Trade (US\$ mil)	70.9	324	-253.10
Current Account (US\$ mil)	176	173	3.00
Current Account to GDP	1.4	-2.1	3.50
Government Budget	3.1	-8.3	11.40
Corporate Tax Rate (%)	25	25	0.00

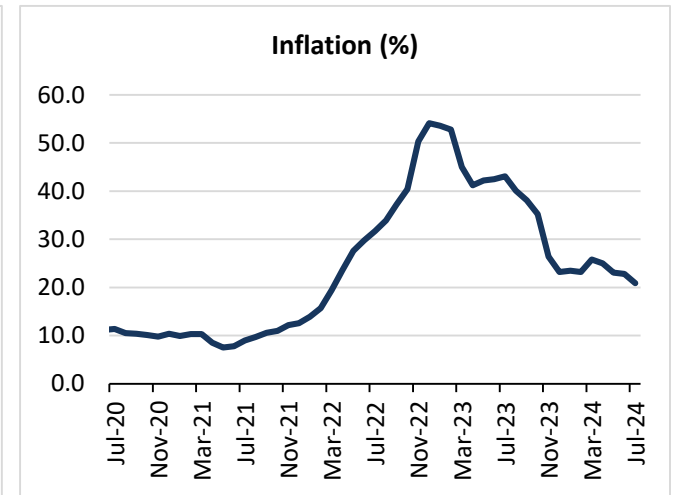
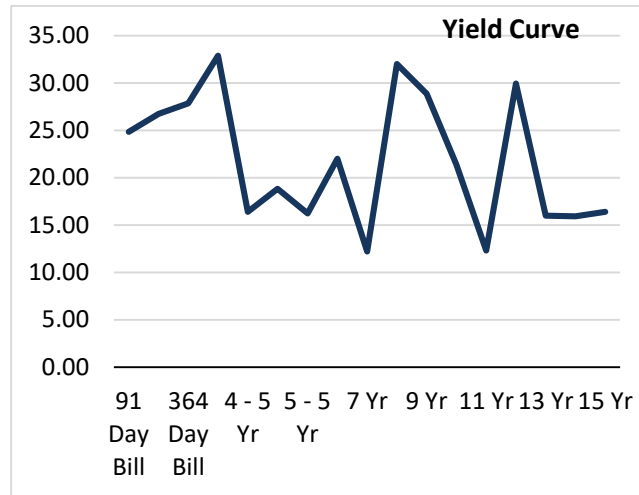
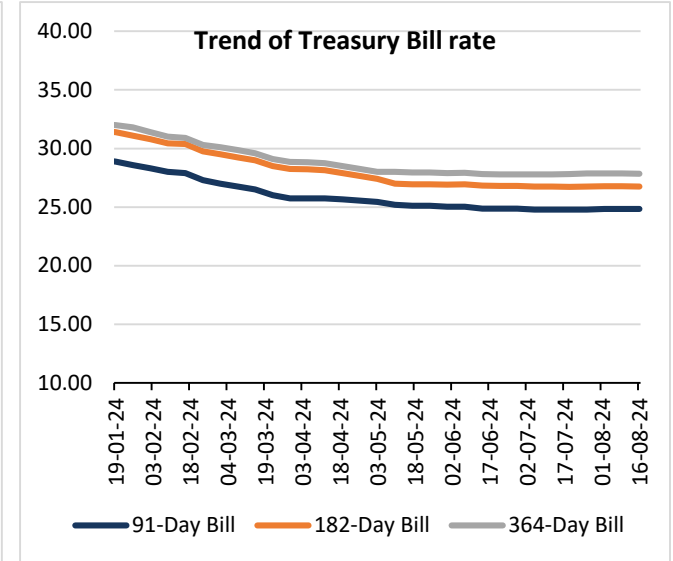
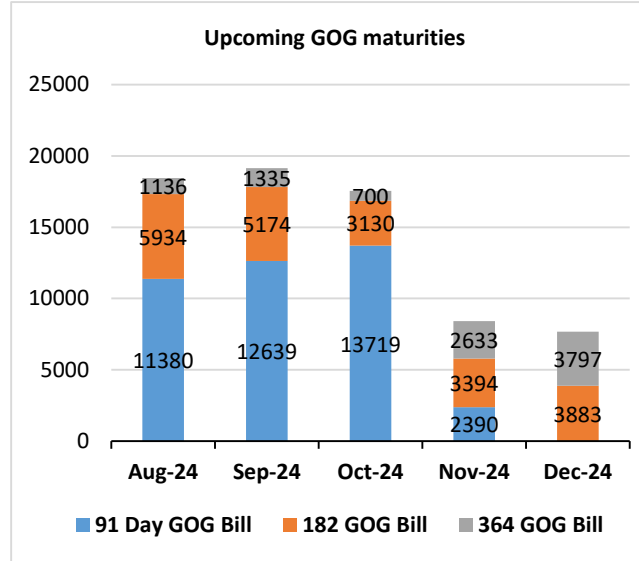
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