



**PRUDENTIAL SECURITIES LTD.**

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**FINANCIAL MARKET RESEARCH REPORT**

...FOR THE MONTH ENDING **AUGUST 2022**...

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### GOG SECURITIES MARKET HIGHLIGHT FOR AUGUST 2022

Interest rate rose across all Government of Ghana treasury securities issued in August.

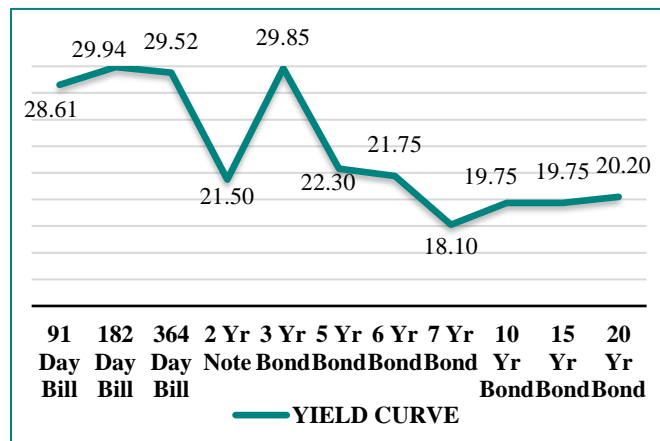
The yields on 91 Day T/Bill rose from 27.04% to 28.61% representing a m/m change of 5.81%. Also, yields on 182 Day T/Bill and 364 Day T/Bill rose from 28.51% and 28.40% to 29.94% and 29.52% respectively.

There was no issuance of long-term treasury securities on the primary market during the month.

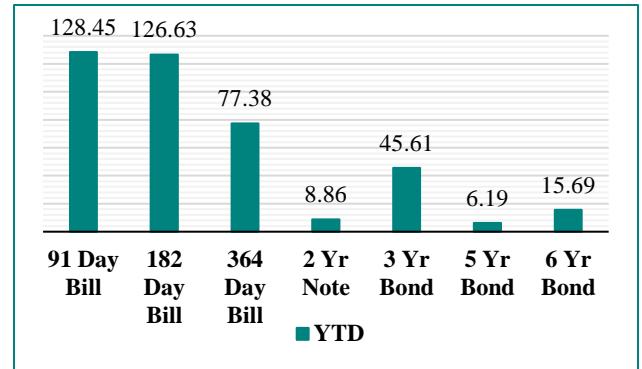
Securities	Month Close	Month Open	Chg. %
	29-08-22	08-08-22	
91 Day T/Bill	28.61%	27.04%	+5.81
182 Day T/Bill	29.94%	28.51%	+5.01
364 Day T/Bill	29.52%	28.40%	+3.91
2 Year Note	21.50%	21.50%	-
3 Year Bond	29.85%	29.85%	-
5 Year Bond	22.30%	22.30%	-
6 Year Bond	21.75%	21.75%	-

Source: Ghana Fixed Income Market

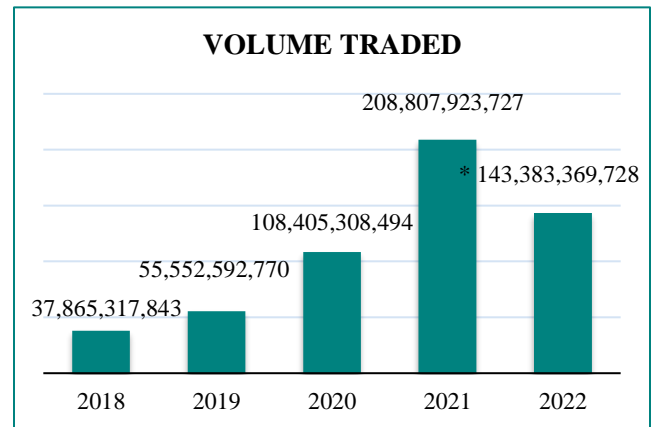
### TREASURY YIELD CURVE AS AT AUGUST 2022



### GOG SECURITIES YEAR TO DATE AS AT AUGUST 2022



### PERFORMANCE OF GHANA FIXED INCOME MARKET



Source: Ghana Fixed Income Market

### GHAHA MACROECONOMIC HIGHLIGHTS

Ghana Macroeconomic Snapshot			
Indicators	Current	Previous	Chg. %
GDP Growth Rate	0.9	1.8	-0.50
GDP AGR	3.3	7	-0.53
Inflation	31.7	29.8	0.06
Monetary Policy Rate	22	19	0.16
Unemployment Rate	4.5	4.1	0.10
Gov't Debt to GDP	81.8	78.3	0.04

## CURRENCY MARKET HIGHLIGHTS FOR AUG.

The value of the Ghana Cedi declined against US Dollar in August. The Cedi traded at GH¢8.2325/\$, compared with GH¢7.6120/\$ at month open, reflecting w/w and YTD depreciations of 7.54% and 27.04% respectively.

Also, the Cedi further depreciated against the British Pound Sterling. It traded at GH¢9.5872/£, compared with GH¢9.2642/£ at month open, reflecting w/w and YTD depreciation of 3.37% and 15.23% respectively.

In addition, the cedi declined against the Euro. It traded at GH¢8.2909/€, compared with GH¢7.7658/€ at month open, reflecting w/w and YTD depreciation of 6.33% and 17.64% respectively.

BOG Midrate				
Currency Pair	Year Open	Month Close	Month Open	Chg. %
USD/GH¢	6.0061	8.2325	7.6120	-7.54
GBP/GH¢	8.1272	9.5872	9.2642	-3.37
EUR/GH¢	6.8281	8.2909	7.7658	-6.33

Source: Bank of Ghana

## STOCK MARKET HIGHLIGHTS FOR AUGUST

The Ghana Stock Exchange Composite Index and Financial Index exhibited negative performances in August 2022. The GSE CI closed August with 2,508.99 points and a year-to-date loss of 10.05%. Also, the GSE Financial index closed trading activities with 2,079.94 points and a year-to-date loss of 3.34%.

The market capitalization of the local bouse rose by 0.10% after reporting a value of GH¢64,445.45 million in August 2022 compared to GH¢64,383.34 million in July 2022.

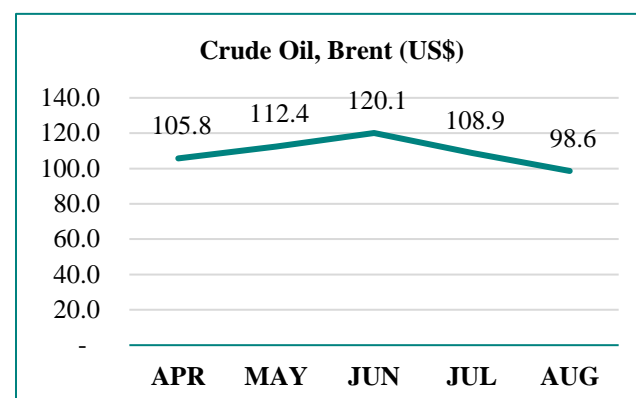
	Aug-22	July-22	Chg. %
GSE-CI	2,508.99	2,518.86	-0.39
GSE-FI	2,079.94	2,103.58	-1.12
Market Cap (GH¢mil)	64,445.45	64,383.34	0.10

## COMMODITY MARKET FOR AUGUST

### Crude Oil (Brent)

Crude Oil (Brent) prices fell by more than 9% in August as investors worry about the ailing state of the global economy, the prospect of central bank interest rate hikes, and increased restrictions to curb Covid-19 in China.

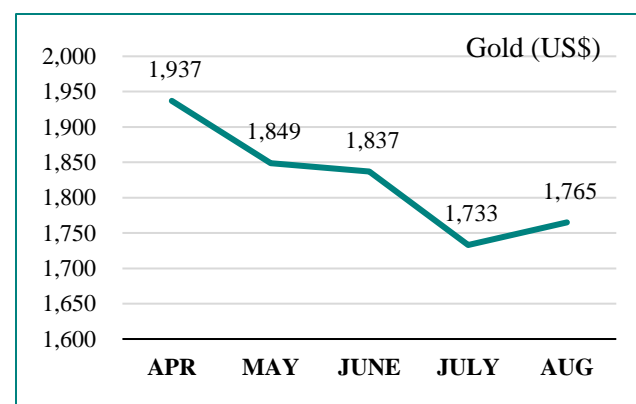
The price of Brent crude oil reduced from US\$1108.9 per barrel in July to US\$98.6 per barrel in August, representing a percentage change of -9.46%.



Source: World Bank Commodity Market

### Gold

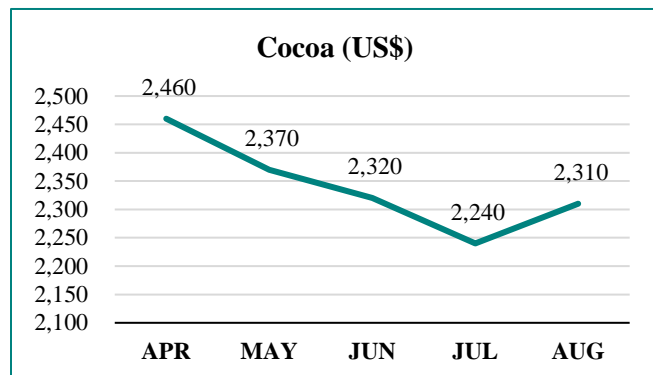
Gold prices rose slightly in August helped by a drop in U.S. Treasury yields. The price of gold rose from US\$1,733 per ounce in July to US\$1,765 per ounce in August, representing a positive change of 1.85%.



Source: World Bank Commodity Market

## Cocoa

Prices of Cocoa bean rose by 3.13% from US\$2,240 in July to US\$2,310 in August 2022 making it the first time that the price of cocoa bean has risen since April 2022.



Source: World Bank Commodity Market

## ECONOMIC/BUSINESS NEWS

The Bank of Ghana (BOG) has received the first tranche of a \$750 million loan facility from the Afriexim Bank. The facility is expected to help stabilize the local currency, which has been under serious depreciation pressure in the past few months.

In other developments, the International Monetary Fund (IMF) has announced that the Ghana-IMF US\$3 billion deal will be achieved by the end of the year.

## RECOMMENDATION

Investors' appetite for treasury bill instruments continue to rise due to rising interest rate on the primary market. We expect a marginal increase in yields for the upcoming month given the current trend in interest rates.

We recommend that the scheme diversify its portfolio by adding more short-to-medium term treasury instruments on the primary market given the outlook for inflation, the negative returns on the stock market, and the volatility of the foreign exchange market.

## ABOUT PSL

Prudential Securities Limited (PSL) is an investment company, licensed and regulated by the Securities and Exchange Commission (SEC) as an Asset/Fund Management and the National Pensions Regulatory Authority as a Pension Fund Manager in Ghana.

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