



PRUDENTIAL SECURITIES LIMITED

FIXED INCOME MARKET REPORT

...FOR THE MONTH ENDING APRIL 2021...

GOG SECURITIES MARKET HIGHLIGHT

Interest rate on the 91-Day T-Bill eased down marginally by 11 bps at the end of April. Yields fell from 12.79 percent to 12.78 percent, depicting a year-to-date loss of 9.32.

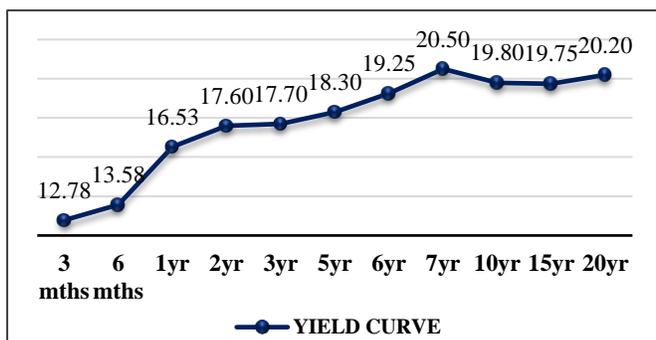
Yields on the 182-Day T-Bill and 364-Day T-Bill gained 30bps and 49bps to settle at 13.58 percent and 16.53 percent respectively with a year-to-date loss of 4.06 percent and 2.58 percent also in that order. Yields on other Government Bond and Notes remained unchanged for the same period.

| Security | Year Open 04/1/21 | Pre. Yield % 19/4/21 | Current Yield % 26/4/21 | WoW Chg. % |
|--------------|----------------------|-------------------------|----------------------------|---------------|
| 91-Day Bill | 14.10 | 12.79 | 12.78 | -0.11 |
| 182-Day Bill | 14.15 | 13.53 | 13.58 | 0.30 |
| 364-Day | 16.96 | 16.45 | 16.53 | 0.49 |
| 2-Yr Note | 18.50 | 17.60 | 17.60 | - |
| 3-Yr Bond | 19.25 | 17.70 | 17.70 | - |
| 5-Yr Bond | 19.85 | 18.30 | 18.30 | - |
| 6-Yr Bond | 19.50 | 19.25 | 19.25 | - |
| 7-Yr Bond | 20.50 | 20.50 | 20.50 | - |

Source: Bank of Ghana

TREASURY YIELD CURVE

The yield curve extended its normality in April following the general uptrend of the curve as yields on long dated treasury instruments are generally competitive to their short-dated counterparts.



Source: Ghana Fixed Income Market

GOVERNMENT'S ISSUANCE CALENDAR FOR APRIL TO JUNE, 2021.

The Government plans to issue a gross amount of GH¢21,430.00 million, of which GH¢17,301.00 million is to roll over maturities and the remaining GH¢4,129.00 million is fresh issuance to meet Government's financing requirements.

See table below for the summary of the gross borrowing requirement for the period April to June, 2021.

| SECURITY | APR GHS | MAY GHS | JUNE GHS | TOTAL GHS |
|--------------|--------------|--------------|--------------|---------------|
| 91-Day | 3,300 | 4,200 | 3,800 | 11,300 |
| 182-Day | 4,500 | 580 | 480 | 5,560 |
| 364-Day | 620 | 300 | 650 | 1,570 |
| 5-Yr Bond | - | 1,000 | 1,000 | 2,000 |
| 7-Yr Bond | - | 1,000 | - | 1,000 |
| TOTAL | 8,420 | 7,080 | 5,930 | 21,430 |

Source: Ghana Fixed Income Market

EXCHANGE RATE PERFORMANCE IN APRIL 2021

The Cedi gained against the USD for the month. It opened at GH¢5.7288/\$ and closed at GH¢5.7322/\$ at the end of April, reflecting year-to-date appreciations of 0.49%. This compares with YTD depreciation of 1.20% in April 2020.

Also, the Cedi strengthened against the Euro. It opened at GH¢6.7122/€ but closed at GH¢6.8958/€, reflecting year-to-date appreciation of 2.44%.

The Cedi on the other hand weakened against the GBP at the end of April. The local currency traded at GH¢7.9222/£, compared with GH¢7.8717/£ at month open, depicting a year-to-date loss of 0.61%. This compares to April 2020 year to date gain of 3.66%

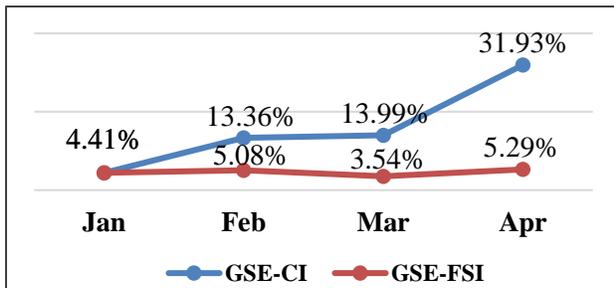
Source: Bank of Ghana

STOCK MARKET HIGHLIGHTS

The Ghana Stocks Exchange Composite Index advanced to end the month with 348.16 points above the 2,213.29 points recorded in March to 2,561.45 points in April which led to a 15.73 percent month-on-month increase. This resulted in a year-to-date growth from 13.99 percent to 31.93 percent.

The GSE Financial Index, similarly, rose by 31.15 points to close at 1,877.07 points in April with an improved year-to-date performance from 3.54 percent to 5.29 percent.

Market Capitalization also progressed by 6.37 percent from GH¢57,162.18 million in March to GH¢60,801.73 million in April.



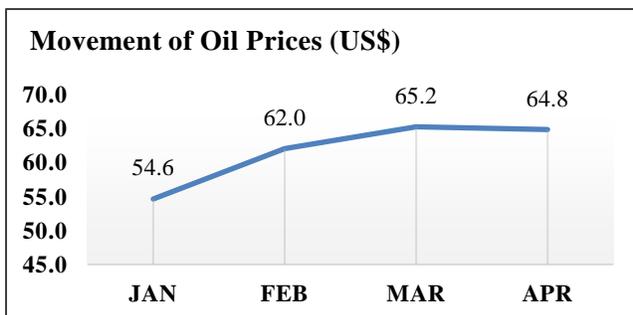
Source: Ghana Stock Exchange Market

COMMODITY NEWS

Crude Oil, Brent

Brent Crude Oil prices fell in April on fears that surging COVID-19 cases in India will dent demand in the world's third-biggest oil importer and an expected supply increase from OPEC+ also caused oil demand to fall in April.

Oil price declined from US\$65.2 per barrel in March to US\$64.8 per barrel in April.

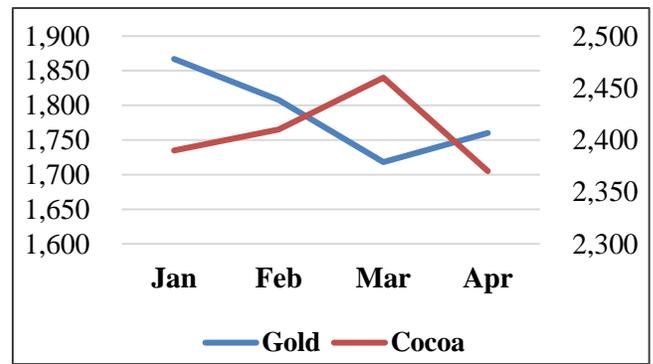


Gold

Gold prices went up in April, amid growing hopes of another U.S. stimulus package. The price of yellow metal rose by US\$42 or 2.4 percent at the end of April to close at a trading price of US\$1,760.

Cocoa

Prices of Cocoa fell in April from US\$2,460 per tonne to US\$2,370 per tonne. This was due to the third wave of the COVID-19 pandemic which has been harmful to the global economy thus weakening the demand for chocolate and cocoa beans.

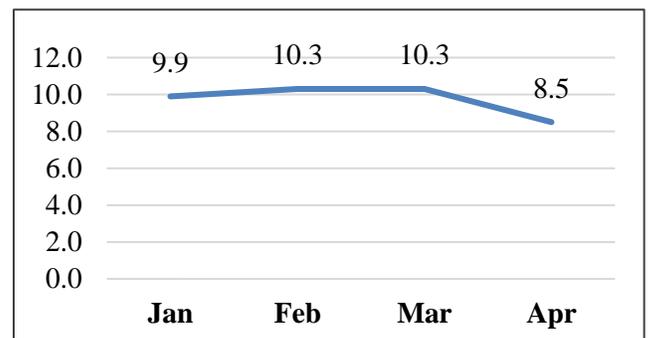


ECONOMIC NEWS

Inflation fell to 8.5 percent in April.

Inflation rate recorded for the month of April 2021 was 8.5 percent, which is 1.8 percentage points lower than 10.3 percent recorded in March.

This is the second time the country has recorded a single-digit inflation rate since the outbreak of the coronavirus.



RECOMMENDATION/CONCLUSION

The fixed income market will continue to serve as a safe haven for investors to protect their funds in the midst of the second wave of the COVID-19 pandemic. Despite the low interest rate, we anticipate growth in trading volumes to spread across all government instruments the months ahead.

We also expect the local currency to remain stable especially against the US Dollar as the local currency will continue to benefit from a myriad of factors including Bank of Ghana's Forex Forward Auction.

The performance of the Ghana stock market is expected to show positive performance as market players are expected to diversify their portfolios to take higher risk to enable them maximize returns due low interest rate on the fixed income 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.

CORPORATE INFORMATION

Prudential Securities Limited
Head Office Building
No. 8 Nima Avenue,
Ring Road Central
Accra, Ghana.

TELEPHONE NUMBERS

+233 21768386, +233 21770936, +233 21771284
+233 21769683

Email:

info@prudentialsecurities.com.gh

Website:

www.prudentialsecurities.com.gh