



# **PRUDENTIAL SECURITIES LIMITED**

**FIXED INCOME MARKET REPORT**

**...FOR THE MONTH ENDING AUGUST 2021...**

Yields as at Aug 31st / MoM Chg	91-Day 12.55 +0.04	182-Day 13.37 +0.01	364-Day 16.40 -	2 Yr. Note 17.25 -	3 Yr. Note 17.70 -	5 Yr. Note 18.80 -	7Yr.Note 18.10 -
YTD/Last Auction Results for August	91-Day YTD -11.59%	182-Day YTD -6.54%	364-Day YTD -5.01%	2 Yr. Note YTD -6.76%	Target Amt. GHS' m 4,501.00	Amt Tendered GHS' m 4,822.84	Amt Sold GHS' m 4,453.97

**GOVERNMENT OF GHANA SECURITIES MARKET HIGHLIGHT FOR AUGUST 2021.**

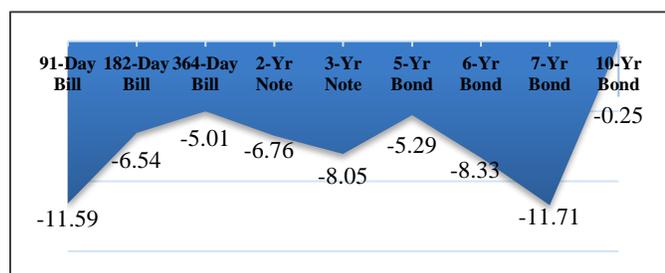
Yields on the Government of Ghana treasury securities registered positive outturns. The interest rates on the 91-Day T-Bill and 182 Day T-Bill gained 4 bps and 1 bp respectively.

Yields on the 364-Day Bill and other long-dated treasury bonds remained unchanged.

Security	Year Open	Month Open	Month Close	YTD
	1/1/21	20/8/21	27/8/21	%
91-Day Bill	14.10	12.42	12.46	-11.59
182-Day	14.15	13.21	13.22	-6.54
364-Day	16.69	16.11	16.11	-5.01
2-Yr Note	18.50	17.25	17.25	-6.76
3-Yr Note	19.25	17.70	17.70	-8.05
5-Yr Bond	19.85	18.80	18.80	-5.29
6-Yr Bond	19.50	19.25	19.25	-8.33
7-Yr Bond	20.50	18.10	18.10	-11.71
10-Yr Bond	19.80	19.75	19.75	-0.25
15-Yr Bond	19.75	19.75	19.75	-
20-Yr Bond	20.20	20.20	20.20	-

Note: The table above shows the yields on Government of Ghana Treasury Securities.

**GOG SECURITIES YEAR-TO-DATE**



**ISSUANCE CALENDAR FOR JULY TO SEPTEMBER, 2021. (GHS' MILLION).**

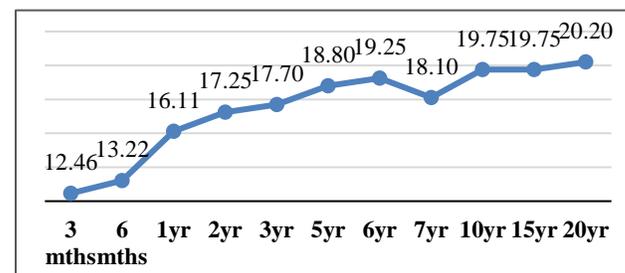
The Government plans to issue a gross amount of GH¢23,230.00 million, of which GH¢22,618.06 million is to rollover maturities. The remaining GH¢611.94 million is fresh issuance to meet Government's financing requirements.

The table below provides a summary of the gross borrowing requirement for the period July to September, 2021.

	JUL 2021	AUG 2021	SEP 2021	TOTAL
91-Day Bill	3,600	3,700	3,800	11,100
182-Day	500	680	1,600	2,780
364-Day	400	400	450	1,250
2-Yr Note	1,800	-	2,500	4,300
6-Yr Bond	-	1,000	-	1,000
7-Yr Bond	-	-	-	-
10-Yr Bond	1,800	-	-	1,800
15-Yr Bond	-	-	1,000	1,000
20-Yr Bond	-	-	-	-
<b>TOTAL</b>	<b>8,100</b>	<b>5,780</b>	<b>9,350</b>	<b>23,230</b>

Note: The 20-year is a shelf offering and will be re-opened based on investor's request.

**TREASURY YIELD CURVE AS AT AUGUST 2021**



## EXCHANGE RATE PERFORMANCE IN AUG. 2021

The Ghana Cedi lost to the US Dollar and the British pound on the interbank currency market in the month of August 2021. However, the local currency advanced against the Euro within the same period.

Since the beginning of the year 2021, the local currency has recorded a year-to-date loss of 1.56 percent against the US dollar. The cedi traded at GH¢5.85 per US Dollar on the interbank currency market as at the end of August 2021.

Currency Pair	Year Open	Month Open	Month Close	YTD %
	4/1/21	1/8/21	31/8/21	
USD/GHS	5.7602	5.8011	5.8517	-1.56
GBP/GHS	7.8742	8.0633	8.0482	-2.16
EUR/GHS	7.0643	6.8808	6.9068	2.28

Source: Bank of Ghana

## STOCK MARKET HIGHLIGHTS

The trading activities on the Ghana stock Exchange market registered positive outturns to investors as both indices had bullish performances. The GSE Composite index moved up by 31.96 points to close at 2,749.26 points, whilst the GSE-Financial index gained 39.04 points to settle at 1,929.19 points in August 2021.

The Market Capitalization of the bourse improved by 1.04 percent to close August at GH¢62,893.34.

5 Best and 5 Worst Performing Stocks	
Best Performing Stocks	YTD Return
MTN Ghana Ltd	96.88%
Guinness Ghana Breweries Ltd	66.67%
Societe Generale Ghana Plc	48.44%
Total Petroleum	48.41%
Enterprise Group Ltd	40.00%
Worst Performing Stocks	
SIC Insurance	-12.50%
Access Bank	-20.50%
Ecobank Transnational Inc.	-25.00%
Cocoa Processing Co. Ltd	-33.33%
Unilever Ghana Plc	-43.55%

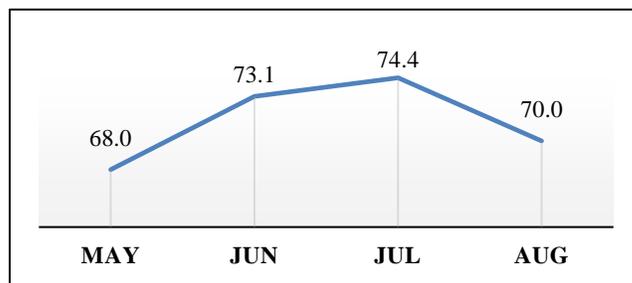
Source: Ghana Stock Exchange Market

## COMMODITY NEWS

### Crude Oil, Brent

Crude prices fell in August as investors remain worried about the outlook for fuel demand due to the rise in infections caused by the Delta variant of the coronavirus worldwide.

Crude oil price ended down by US\$4.40, or 5.91% to settle at a trading price of US\$70.0 per barrel in August 2021

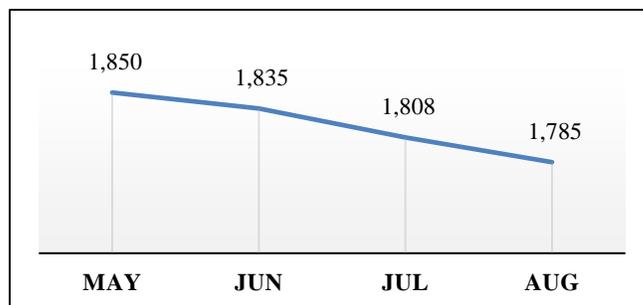


Source: World Bank, Commodities Report

### Gold

Gold prices fell for the fourth consecutive month as investors wait for the latest U.S. jobs report that could hold clues about the Federal Reserve's asset tapering plan, with preceding employment data missing expectations.

Prices of Gold fell by 1.27 percent, or US\$23 to close at a trading price of US\$1,785 per ounce in August 2021.



Source: World Bank, Commodities Report

### Cocoa

Cocoa prices rose in August 2021 by 6.44 percent, or US\$150 to close at US\$2,480 per tonne.

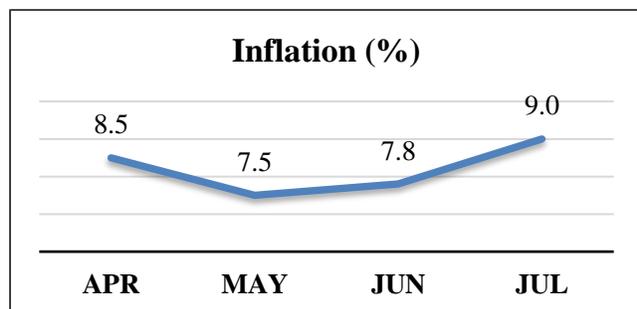
Prices of cocoa rose in August due to an increase in vaccinations against the delta variant as this has improved the demand for cocoa beans.

## OTHER ECONOMIC / BUSINESS NEWS

### Inflation rate rises to 9.0% in July 2021

Inflation rate rose from 7.8 percent in June to 9.0 percent in July. This is the highest rate of inflation recorded since March of this year when the inflation rate stood at 10.3 percent.

This effect can be attributed to the general rise in food prices and transportation fares across the country.



## CONCLUSION / RECOMMENDATION

The safe-haven nature of the money market in comparison to other investing markets, has significantly contributed to the demand for Government securities, thus, contributing to the normality of the yield curve. We anticipate that irrespective of the Government's demand for funds to service maturing bills and finance its developmental projects, yields on treasury securities will maintain their downward trend.

We expect those investors seeking higher returns to rebalance their portfolio in favor of the stock market due to the lower trend of yields on Government of Ghana treasury securities.

We anticipate that the Ghana cedi will continue to remain stable against US Dollar and other foreign currencies in the months ahead due to Bank of Ghana's intervention measure's put in place particularly in the FX forex 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

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