



PRUDENTIAL SECURITIES LIMITED

FINANCIAL MARKET RESEARCH REPORT

FOR THE MONTH ENDING **DECEMBER 2022**

Prudential Securities Limited

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**HIGHLIGHTS OF GOG SECURITIES MARKET
ENDING DECEMBER 2022**

Interest rate on GOG treasury bills declined in December of 2022.

Yields on 91 Day Bill and 182 Day Bill slipped by 18.19 bps and 47.39 bps to close the month at 35.36 percent and 35.90 percent respectively.

However, interest rate on 364 Day Bill increased by 20.77 bps to close the year at 36.10 percent.

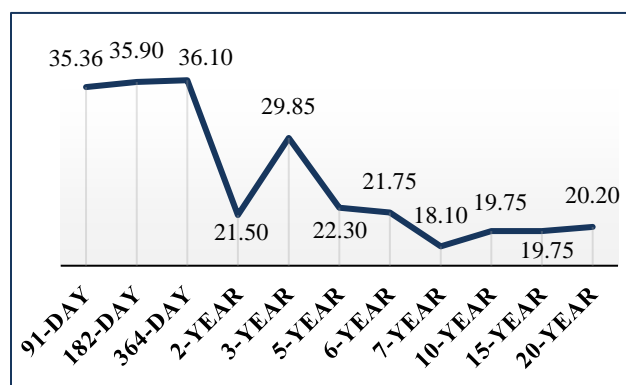
There was no issuance of long-term treasury securities on the primary market during the month.

See the table below for the summary of GOG Securities' ending December 2022.

Securities	Month Close	Month Open	Change
	31-12-2022	01-12-22	
91 Day T/Bill	35.36%	35.54%	-0.18
182 Day T/Bill	35.90%	36.38%	-0.47
364 Day T/Bill	36.10%	35.90%	+0.21
2 Year Note	21.50%	21.50%	-
3 Year Bond	29.85%	29.85%	-
5 Year Bond	22.30%	22.30%	-

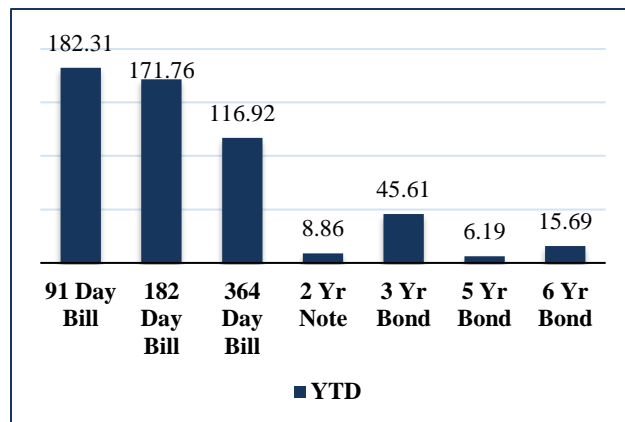
Source: Ghana Fixed Income Market

TREASURY YIELD CURVE

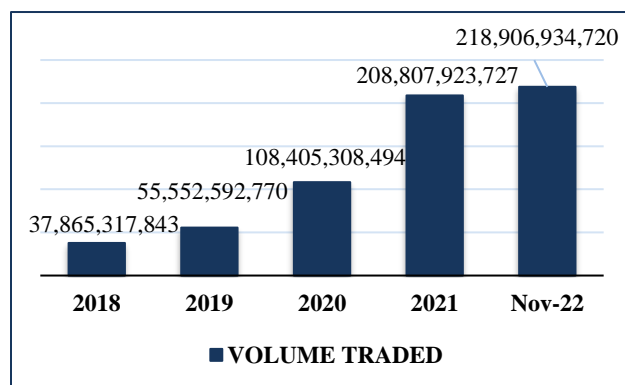


Source: Ghana Fixed Income Market

**GOG SECURITIES YEAR TO DATE (%)
ENDING DECEMBER 2022.**



**PERFORMANCE OF GHANA FIXED INCOME
MARKET**



Source: Ghana Fixed Income Market

**GHANA MACROECONOMIC HIGHLIGHTS
ENDING DECEMBER 2022**

Indicators	Current	Previous	Chg.
GDP Growth Rate	1.1	0.9	+0.2
GDP AGR	2.9	4.7	-1.8
Inflation	50.3	40.4	+9.9
Monetary Policy Rate	27.0	24.5	+2.5
Unemployment Rate	4.7	4.7	-
Gov't Debt to GDP	81.8	78.3	+3.5

Source: Trading Economics

HIGHLIGHTS OF THE FOREX EXCHANGE MARKET ENDING DECEMBER 2022.

The Ghana Cedi ended 2022 as the second weakest currency on the African continent with a year-to-date loss of 29.97% to the US dollar. The local cedi came under severe pressure, losing 54.17% in value in November before a resurgence in December, following a Staff-Level Agreement reached between the International Monetary Fund and the Government of Ghana. This helped reduced its year-to-date losses significantly.

As at the end of December, the Cedi traded at GH¢8.5760/\$ at month close, compared with GH¢13.1044/\$ at month open, reflecting year-to-date depreciation of 29.97%.

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

BOG Midrate

Currency Pair	Year Open	Month Close	Month Open	YTD %
USD/GH¢	6.0061	8.5760	13.104	-29.97
GBP/GH¢	8.1272	10.311	15.692	-21.19
EUR/GH¢	6.8281	9.1457	13.581	-25.34

Source: Bank of Ghana

HIGHLIGHTS OF THE STOCK MARKET ENDING DECEMBER 2022

The Ghana stock exchange market had a bearish run in December 2022. The weak performance of the Ghana cedi to the dollar as well as high yields on GOG securities due to rising inflation rate impacted negatively on the stock exchange market.

The Ghana Stock Exchange Composite Index (GSE-CI) lost 16.40 points to close at 2,443.91 points translating into a YTD loss of 12.38%. The GSE Financial Stock Index (GSE-FSI) also lost 17.30 points to close at 2,052.59 points translating into a YTD loss of 4.61%.

Market Capitalization stood at GH¢64.51 billion as at December 30, 2022.

Top 5 Gainers (Jan – Dec 2022)

STOCKS	PRICE	YTD
SIC	0.31	+287.50%
TBL	0.80	+135.29%
ACCESS	4.01	+27.30%
BOPP	7.65	+15.04%
EGL	3.20	+14.70%

Top 5 Losers (Jan – Dec 2022)

STOCKS	PRICE	YTD
UNIL	3.88	-34.13%
PBC	0.02	-33.33%
CAL	0.65	-25.29%
FML	3.00	-25.00%
GCB	3.94	-24.81%

Top 5 Volume Traded Stocks (Jan – Dec 2022)

MTNGH	1,271,806,936
CAL	16,485,002
SIC	14,092,103
ETI	5,805,742
GGBL	5,220,017

Top 5 Value Traded Stocks (Jan – Dec 2022)

MTNGH	1,192,790,931.59
GLD	365,353,985.20
GCB	15,105,995.70
CAL	13,410,093.21
GGBL	11,268,078.52

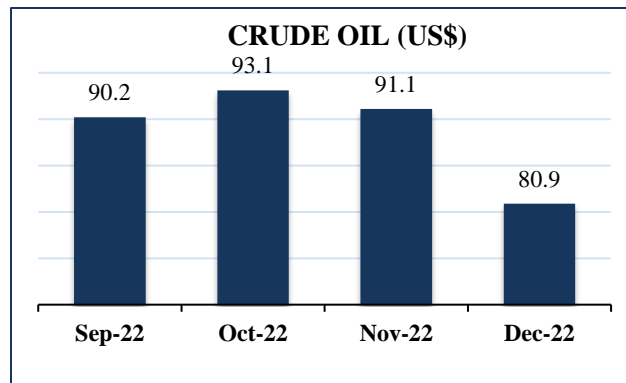
Source: Ghana Stock Exchange

HIGHLIGHTS OF THE COMMODITY MARKET ENDING DECEMBER 2022.

Crude Oil (Brent)

Brent Crude Oil prices fell by 11.20 percent or US\$10.20 from US\$91.1 per barrel in November 2022 to US\$80.9 per barrel in December 2022.

The decline in Brent Crude oil prices in December was due to deteriorating fuel demand outlook in China, the world's largest crude importer, and growing concerns of a global economic slowdown.

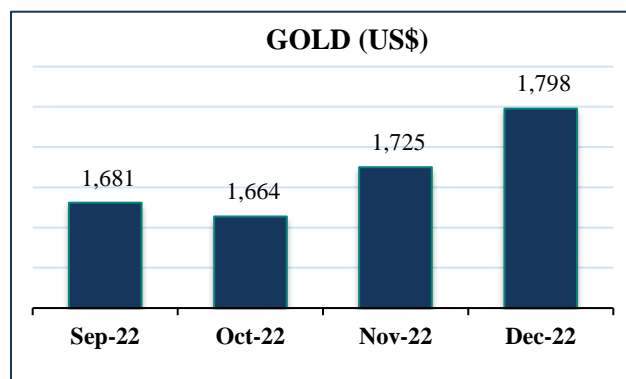


Source: World Bank Commodity Market

Gold

Gold prices rose in December 2022 as the yellow metal hit a six-month high. Gold gained US\$73 or 4.23 percent as prices rose from US\$1,725 per ounce in November to US\$1,798 per ounce in December 2022.

This significant gain can be attributed to an ease in the US dollar and Treasury yields and hopes that the Fed will slow aggressive monetary tightening.

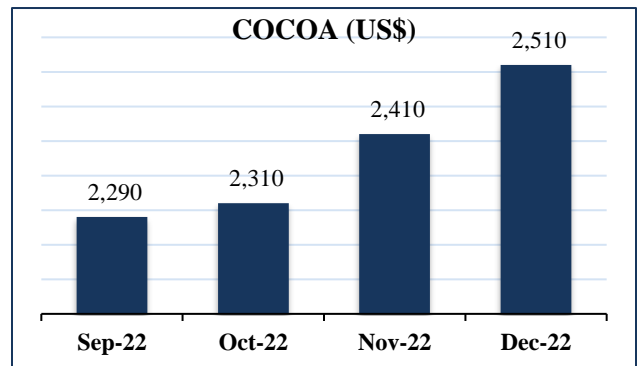


Source: World Bank Commodity Market

Cocoa

Prices of Cocoa bean increased substantially by US\$100 or 4.15 percent from US\$2,410 per tonne in November to US\$2,510 per tonne in December 2022.

Prices of cocoa rose due to inflationary impact on raw materials combined with stronger demand for cocoa bean during the last three months of the year as we headed towards the festive season.



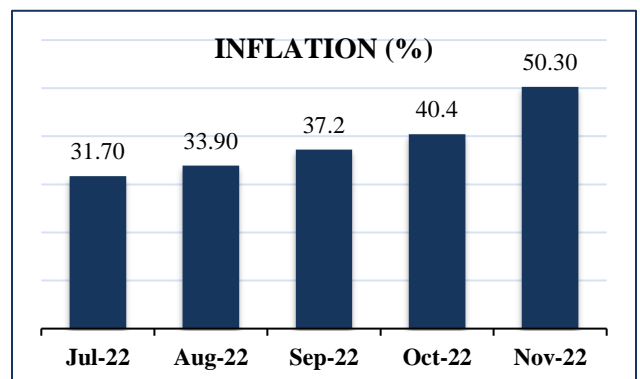
Source: World Bank Commodity Market

ECONOMIC/BUSINESS NEWS

Ghana's inflation hits 50.3% in November 2022

Ghana's inflation rate hits a new 21-year high of 50.3% in November 2022, up from 40.4% recorded in October 2022.

The upturn of inflation was largely driven by fuel, and food price pressures and to some extent additional pressures from the currency depreciation.



Source: Ghana Statistical Service

The Government of Ghana Announces the Further Extension of the Expiration Date of its Domestic Debt Exchange to 16th January 2023.

The Government has extended the Expiration Date of the Invitation from Friday, 30th December 2022 to Monday, 16th January 2023 (the “New Expiration Date”). The Settlement Date for the Invitation is now expected to occur on Tuesday, 24th January 2023, or as soon as practicable thereafter, but no later than the Longstop Date which is now scheduled for Tuesday, 31st January 2023, unless further extended by the Government pursuant to the Invitation. The Announcement Date is now expected to occur on or about 17th January 2023.

In addition to the foregoing extensions, the Government announced the following modifications to the Invitation to Exchange, which are set forth in further detail on the Term Sheet attached as Annex A to their press release:

- Offering accrued and unpaid interest on Eligible Bonds, and a cash tender fee payment to holders of Eligible Bonds maturing in 2023;
- Increasing the New Bonds offered by adding eight new instruments to the composition of the New Bonds, for a total of 12 New Bonds, one maturing each year starting January 2027 and ending January 2038;
- Modifying the Exchange Consideration Ratios for each New Bond. The Exchange Consideration Ratio applicable to Eligible Bonds maturing in 2023 will be different than for other Eligible Bonds;
- Setting a non-binding target minimum level of overall participation of 80% of aggregate principal amount outstanding of Eligible Bonds; and
- Expanding the type of investors that can participate in the Exchange to now include Individual Investors.

In making this decision to extend and the modifications described herein, the Government considered feedback from the financial sector in relation to the need to secure internal approvals.

Further, this extension affords the Government of Ghana the opportunity to consider suggestions made by all stakeholders with the aim of adjusting certain measures acceptable within the constraints of the Government’s Debt Sustainability Analysis.

IMF warns 2023 will be a tougher year

The Head of the International Monetary Fund (IMF) has warned that a third of the global economy will be in recession this year. It comes as the war in Ukraine, rising prices, higher interest rates and the spread of Covid in China weigh on the global economy.

IMF Reaches Staff-Level Agreement on a \$3 billion, three years Extended Credit Facility with Ghana

IMF staff and the Ghanaian authorities have reached staff-level agreement on economic policies and reforms to be supported by a new three-year arrangement under the Extended Credit Facility (ECF) of about US\$3 billion.

The authorities’ strong reform program aims at restoring macroeconomic stability and debt sustainability while protecting the vulnerable, preserving financial stability, and laying the foundation for strong and inclusive recovery. To support the objective of restoring public debt sustainability, the authorities have launched a comprehensive debt operation.

CONCLUSION / RECOMMENDATION

We anticipate that the Ghana Cedi will remain relatively stable against the US Dollar in the months ahead. However, this will depend largely on the outcome of the International Monetary Fund support-programme.

We do not expect much improvement on the stock exchange market in the month ahead. This is due to the recent YTD losses recorded on the local bourse compared with the high yields on GOG treasury securities on the primary market as well as the forex market.

We expect yields on Government of Ghana treasury securities to decrease marginally in the months ahead. For the time being, we will recommend that investors stay at the short end of the yield curve.