



# PRUDENTIAL SECURITIES LIMITED

## FINANCIAL MARKET RESEARCH REPORT

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FOR THE MONTH ENDING **FEBRUARY 2023**

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## HIGHLIGHTS OF GOG SECURITIES MARKET ENDING FEBRUARY 2023

Interest rates on Government of Ghana Treasury bill securities issued during the month of February was on a downward trajectory.

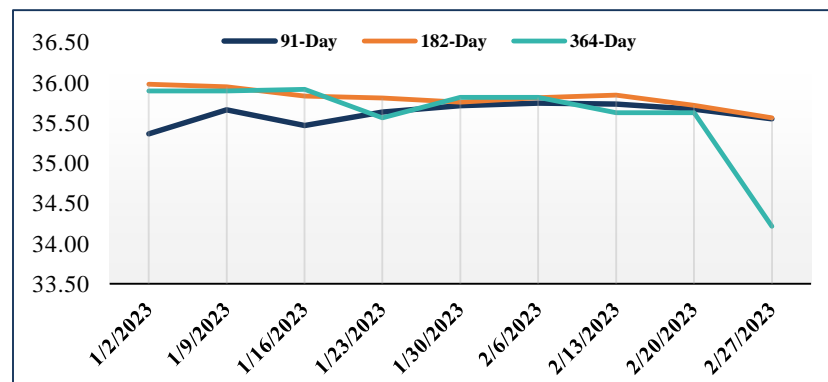
Interest rates on 91 Day Bill and 182 Day Bill decreased marginally from 35.75% and 35.81% to 35.55% and 35.56% respectively showing a negative m/m change of 0.20 and 0.25 also in that order.

Also, interest rates on 364 Day Bill declined from 35.81% to 34.21%, indicating a negative m/m change of 1.60.

Securities	Month Close	Month Open	Change
	27-02-2023	06-02-2023	
91 Day T/Bill	35.55%	35.75%	↓ 0.20
182 Day T/Bill	35.56%	35.81%	↓ 0.25
364 Day T/Bill	34.21%	35.81%	↓ 1.60

Source: Bank of Ghana

## TREND OF GOG TREASURY BILL SECURITIES



Source: Data compiled from Bank of Ghana

## AUCTION RESULTS

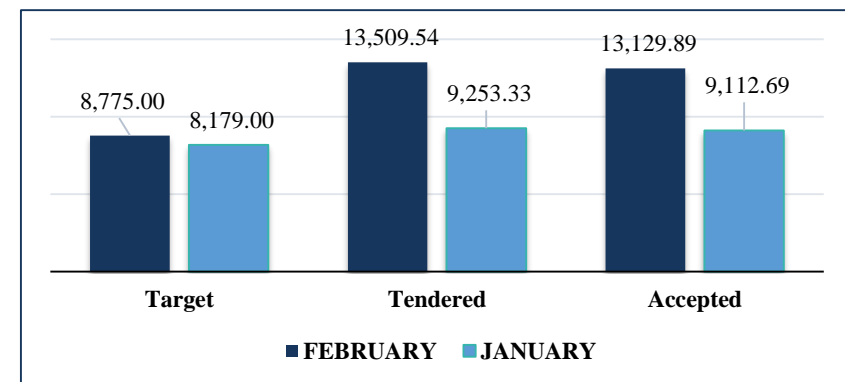
During the month, total bids tendered in by investors amounted to GH¢13,509.54 million of which government accepted GH¢13,129.89, hence exceeding the total target amount of GH¢8,775.00 million by 49.63% or GH¢4,354.89 million.

See table below for a breakdown of auction results

Securities	Amount Tendered	Amount Accepted
	GH¢ million	GH¢ million
91 Day Bill	9,109.89	8,908.03
182 Day Bill	2,058.99	1,882.20
182 Day Bill	2,340.66	2,339.66
<b>TOTAL</b>	<b>13,509.54</b>	<b>13,129.89</b>

Source: Data compiled from Bank of Ghana

The diagram below shows a summary of auction results on the primary market (month-on-month).



Source: Data compiled from Bank of Ghana

### HIGHLIGHTS OF THE FOREX EXCHANGE MARKET ENDING FEBRUARY 2023

On the interbank forex market, the value of the cedi declined marginally against the major trading currencies within the month.

The value of the local currency declined against the dollar by 1.94 to close the month at a trading price of GH¢11.01/USD compared with GH¢10.80 at month open, representing year-to-date depreciation of 22.13%.

Also, the cedi decreased marginally by 0.63 against the British Pound during the month. It traded at GH¢13.37/£, compared with GH¢13.29/£ at the start of the month, increasing its year-to-date loss from 22.39% in January to 22.87%.

Moreover, the cedi lost value against the Euro. It appreciated marginally by 0.11 to closed the month at a trading price of GH¢11.72/€, compared with GH¢11.73/€ at the start of the month, hence reducing its year-to-date loss from 22.01% to 21.95%.

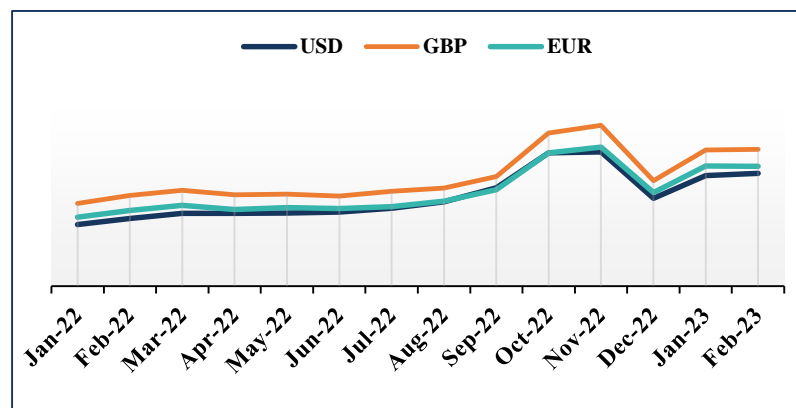
See the table below for a summary of the Interbank FX rates.

#### BOG Midrate

Currency Pair	Year Open	Month Close	Month Open	YTD %
USD/GH¢	8.5760	11.01	10.80	↓ 22.13
GBP/GH¢	10.311	13.37	13.31	↓ 22.87
EUR/GH¢	9.1457	11.72	11.73	↓ 21.95

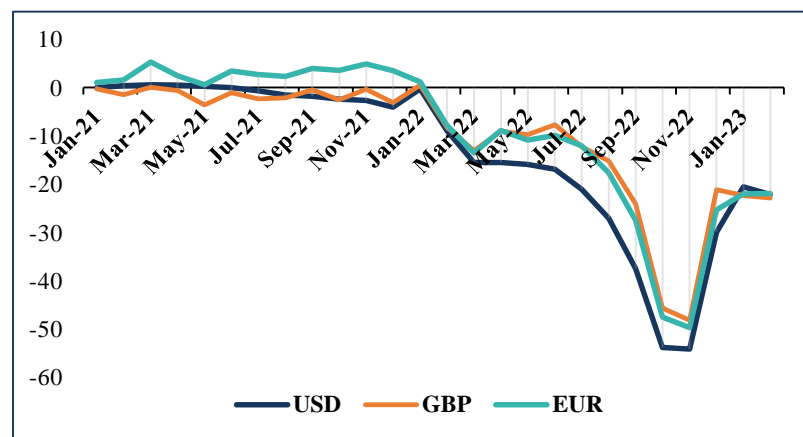
Source: Bank of Ghana

### TREND OF GHANA CEDI vs MAJOR TRADING CURRENCIES (BOG MID-RATE)



Source: Bank of Ghana

### TREND OF GHANA CEDI vs MAJOR TRADING PAIRS (YEAR-TO-DATE TRENDS)



Source: Bank of Ghana

**HIGHLIGHTS OF THE STOCK MARKET ENDING FEBRUARY 2023**

In February, the stock market performed better, making up some of the losses recorded earlier this year though both indices ended the month with negative returns. The GSE-Composite Index and GSE-Financial Stock Index reported negative year-to-date returns of 1.47% and 5.17% respectively.

This significant improvement can be associated to the strong financials posted by some of the listed companies and the conclusion of the Domestic Debt Exchange program.

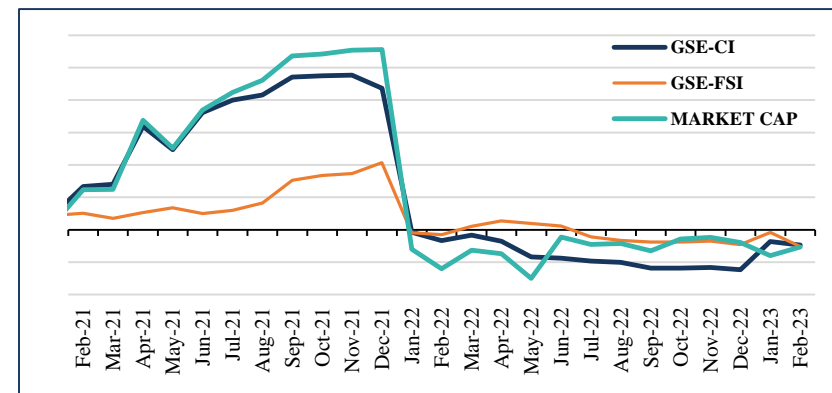
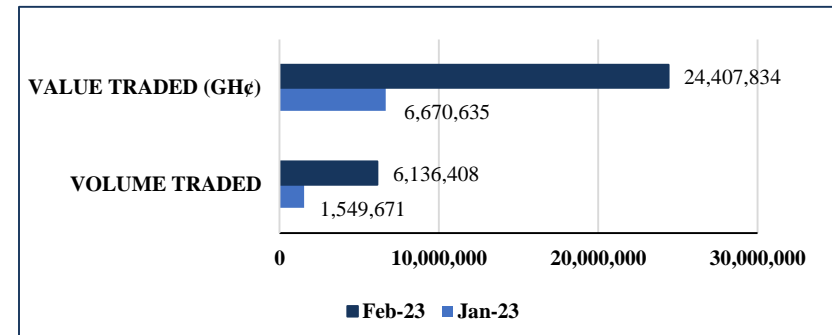
**Top Gainers (Feb 2023)**

STOCKS	PRICE (GH¢)	YTD
BOPP	9.65	↑ 26.14%
TOTAL	4.57	↑ 14.25%
MTNGH	0.92	↑ 4.55%
GLD	225.5	↑ 0.67%

**Top Losers (Feb 2023)**

STOCKS	PRICE (GH¢)	YTD
GGBL	1.37	↓ 33.17%
FML	2.07	↓ 31.00%
UNIL	2.99	↓ 22.94%
CAL	0.51	↓ 21.54%
GCB	3.15	↓ 20.05%

	Feb 2023	YTD %
GSE-CI	2,408.03	↓ 1.47
GSE-FSI	1,946.57	↓ 5.17
Market Cap (GH¢ mil)	64,235.77	↓ 0.42
Volume Traded	6,136,508	-
Value Traded (GH¢)	24,407,843	-

**PERFORMANCE OF STOCK MARKET AS AT FEBRUARY 2023.**


Source: Ghana Stock Exchange

**HIGHLIGHTS OF THE COMMODITY MARKET ENDING FEBRUARY 2023.**

**Crude Oil (Brent)**

Crude Oil prices declined marginally in February. Oil prices fell due to an unusually warm winter in the United States and Europe. In addition, rising inflation and interest rates have pushed against oil prices, while driving the dollar higher.

Brent Crude Oil prices declined marginally by 0.48 percent from US\$83.1 per barrel in January 2023 to US\$82.7 per barrel in February 2023.

**Gold**

Gold prices declined in the month of February as a stronger dollar and fears that the U.S. Federal Reserve would keep raising interest rates weighed on the demand for the yellow metal.

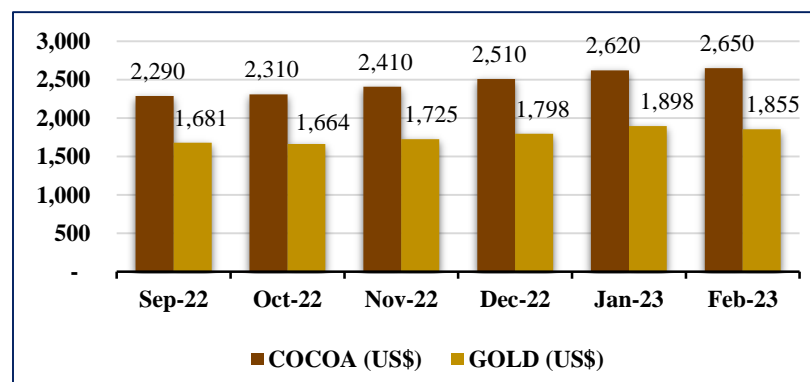
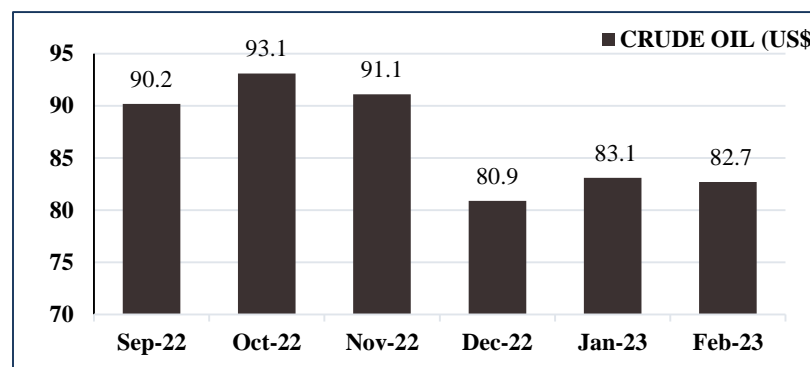
The price of Gold declined by US\$43 or 2.27 percent as prices decreased from US\$1,898 per ounce in January to US\$1,855 per ounce in February 2023.

**Cocoa**

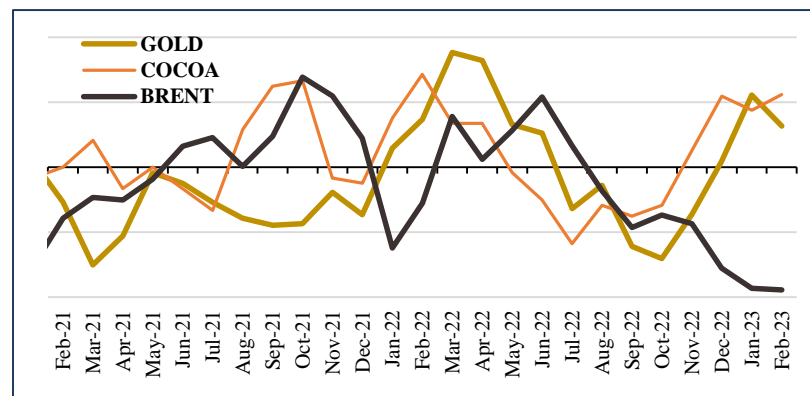
Prices of Cocoa bean rose marginally from US\$2,620 per tonne in January 2023 to US\$2,650 in February 2023 representing a month-on-month loss of 1.15 percent.

Prices of cocoa rose due to inflationary impact on raw materials combined with stronger demand for cocoa bean.

Source: World Bank Commodity Market



**YTD PERFORMANCE OF CRUDE, GOLD AND COCOA**



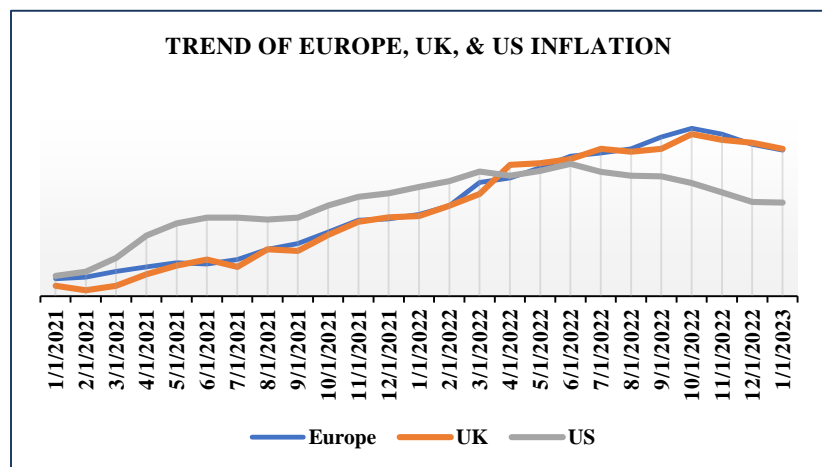
**HIGHLIGHTS OF INTERNATIONAL MARKETS AS AT  
FEBRUARY 2023.**
**Europe and the UK**

The European Central Bank (ECB) increased interest rates by 0.5%, to reach the highest level since 2008. Consumer prices in France and Spain rose marginally in February, fueling fears of more ECB rate increases.

Inflation in the UK declined to its lowest level in five months, hitting 10.1% in January. This was largely contributed by falling petrol prices. Despite this trend, the Bank of England continued to increase its interest rates, rising by 0.5% to 10.1% January 2023.

**The US**

The US Federal Reserve (Fed) increased its interest rates by another 0.25% to 6.41%. Fed Chair Jerome Powell warned though that ‘disinflation’ still has a way to go. Further interest rate rises are likely if macroeconomic data continues to trend up.


**HIGHLIGHTS OF THE US STOCK MARKET**

Stocks declined in February after beginning the year with strong gains. The benchmark indices shown below declined from their January highs, with the Dow declining the most, followed by the Global Dow, the S&P 500, the Russell 2000, and the Nasdaq.

Investors had hope that inflation could be slowing down in January. Yet, data from February showed that inflationary pressures had expanded and reversed. The Federal Reserve has firmly affirmed that it aims to attain maximum employment while maintaining inflation at a 2.0% pace.

INDEX	31-Jan	28-Feb	Monthly Chg.	YTD Chg.
DOW JONES	34,086.04	32,656.70	↓ 4.19%	↓ 1.48%
NASDAQ	11,584.55	11,455.54	↓ 1.11%	↑ 9.45%
S&P 500	4,076.60	3,970.15	↓ 2.61%	↑ 3.40%
RUSSELL 2000	1,931.94	1,896.99	↓ 1.81%	↑ 7.71%
GLOBAL DOW	3,990.37	3,881.41	↓ 2.73%	↑ 4.83%
US\$-DXY	102.08	104.95	↑ 2.81%	↑ 1.42%

Source: S&P Global

**GLOBAL CURRENCY PAIRS**

	Current Value	1 Mth (%)	3 Mths (%)	6 Mths (%)	YTD (%)
Euro/US\$	1.06	-2.6	1.6	5.2	-1.2
Euro/GBP	0.88	-0.2	1.9	1.7	-0.6
Euro/Swiss Franc	1.00	0.1	1.3	1.4	0.7
US\$ /GBP	0.83	2.5	0.3	-3.3	0.5
US\$ / Canadian \$	1.36	2.6	1.8	3.9	0.7
US\$/Yen	136.17	4.7	-1.4	-2.0	3.9

**INTERNATIONAL BOND MARKET**

	Curr. Value	1 Mth (%)	3 Mths (%)	6 Mths (%)	YTD (%)
US Treas. 2 Yr.	4.82	4.2	4.31	3.49	1.43
US Treas. 10 Yr.	3.92	3.51	3.61	3.19	1.83
US Treas. 30 Yr.	3.92	3.63	3.74	3.29	2.16
UK Glits 2 Yr.	3.69	3.47	3.3	3.02	1.04
UK Glits 10 Yr.	3.83	3.33	3.16	2.8	1.41
UK Glits 30 Yr.	4.14	3.71	3.43	3.08	1.59
German Bund 2 Yr.	3.14	2.65	2.13	1.20	-0.53
German Bund 10 Yr.	2.65	2.29	1.93	1.54	0.14
German Bund 30 Yr.	2.62	2.22	1.82	1.63	0.42

Source: Bloomberg, Invesco

**ECONOMIC/BUSINESS NEWS**
**Government to resume payment of coupons and principals on old bonds starting March.**

The government has assured to pay matured coupons and principal of old bonds starting March 13, 2023 as part of steps to ensure bondholders who did not tender their bonds be paid.

This comes after it defaulted on the payment of coupons and principals that matured in February 2023.

**Fuel prices are likely to decline in the first pricing window of March 2023**

The Chamber of Petroleum Consumers (COPEC) has projected that the prices of fuel are likely to decline in the first pricing window of March 2023.

According to COPEC, prices of petrol and diesel have all declined marginally while crude price has also minimally dropped from \$82.99/barrel to \$82.48/barrel (-0.61%).

**Demand for T-Bills hits Three Year high**

The demand for treasury bills securities surged in February with total bids amounting to GH¢13.51 billion, the largest size in three years.

Investors subscribed more of treasury bill instruments following its exemption from the Domestic Debt Exchange Programme in the fourth quarter of 2022.

The high appetite for T-bills can be associated to persistent market uncertainties, investors' limited investment options and attractive interest rates on the primary market.

**GHANA MACROECONOMIC HIGHLIGHTS ENDING  
FEBRUARY 2023.**

Indicators	Curr.	Prev.	Chg.
GDP Growth Rate (%)	0.7	1.0	↓ 0.3
GDP AGR (%)	2.9	4.7	↓ 1.8
Inflation (%)	54.1	50.3	↑ 3.8
Monetary Policy Rate (%)	28	27	↑ 1.0
Unemployment Rate (%)	4.7	4.7	-
Gov't Debt to GDP (%)	*93.5	81.8	↑ 11.7
Balance of Trade (USD' m)	451	444	↑ 7.00
Current Account (USD' m)	-691	-403	↓ 288
Current Account to GDP (USD' m)	-2.1	-3.1	1.00

Source: Trading Economics

**CONCLUSION / RECOMMENDATION**

We still expect trades in Government of Ghana securities to remain high though interest rates have been reduced significantly. We expect the government to meet its T-bill targets in subsequent auctions due to the limited investment options available to investors.

On the capital market, the performance of the GSE-FSI will largely depend on the financials of the listed universal banks. For now, we do not expect much improvement on the stock market.

Since the government wants to reduce the interest rate on the 91 T-Bill to 15%, we advise investors to subscribe to 182 Day Bill and 364 Day Bill.

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