



PRUDENTIAL SECURITIES LIMITED

FINANCIAL MARKET RESEARCH REPORT

FOR THE MONTH ENDING **JANUARY 2023**

Prudential Securities Limited

Prudential Bank Head Office Building

No. 8 John Harmond Street, Ring Road Central - Accra, Ghana.

Telephone: 030 276 9623; **Mobile/WhatsApp:** 055 110 2222

Email: info@prudentialsecurities.com.gh

Website: www.prudentialsecurities.com.gh

HIGHLIGHTS OF GOG SECURITIES MARKET ENDING JANUARY 2023

Interest rate on GOG treasury bills posted mixed outcomes in January 2023.

Yields on 91 Day Bill increased marginally from 35.36% to 35.71% showing a positive m/m change of 0.35.

However, yields on 182 Day Bill and 354 Day Bill declined marginally from 35.98% and 35.89% to 35.76% and 35.81% respectively, indicating a negative m/m change of 0.22 and 0.08 in that order.

See the table below for the summary of GOG Securities' ending January 2023.

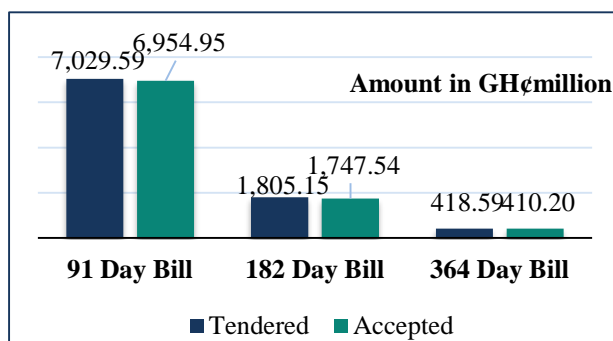
Securities	Month Close	Month Open	Change
	27-01-2023	02-01-23	
91 Day T/Bill	35.71%	35.36%	+0.35
182 Day T/Bill	35.76%	35.98%	-0.22
364 Day T/Bill	35.81%	35.89%	-0.08

Source: Bank of Ghana

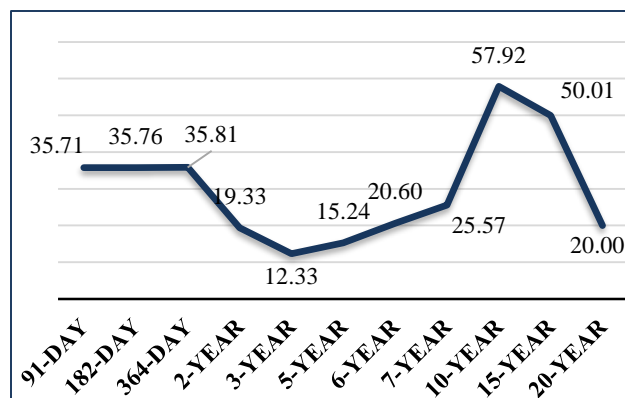
AUCTION RESULTS

In January, total bids tendered in by investors amounted to GH¢9,253.33 million of which government accepted GH¢ 9,112.69, thus exceeding the total target amount of GH¢ 8,179.00 million by 11.42% or GH¢933.69 million.

The diagram below shows a breakdown of auction results on the primary market for the month of January 2023.



TREASURY YIELD CURVE



Source: Ghana Fixed Income Market

PERFORMANCE OF GHANA FIXED INCOME MARKET



Source: Ghana Fixed Income Market

GHANA MACROECONOMIC HIGHLIGHTS ENDING JANUARY 2023.

Indicators	Current	Previous	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

Source: Trading Economics

HIGHLIGHTS OF THE FOREX EXCHANGE MARKET ENDING JANUARY 2023.

On the interbank forex market, the cedi continued to lose value against major trading currencies. The cedi depreciated against the dollar to close the month at a trading price of GH¢10.80/USD compared with GH¢8.5760 at month open, representing a year-to-date depreciation of 20.59%.

Also, the cedi weakened against the British Pound during the month. It traded at GH¢13.29/£, compared with GH¢10.31/£ at the start of the month, indicating a year-to-date depreciation of 22.39%.

Furthermore, the cedi lost against the Euro. It closed the week at a trading price of GH¢11.73/€, compared with GH¢9.15/€ at the start of the month, showing a year-to-date loss of 22.01%.

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	10.799	8.5760	-20.59
GBP/GH¢	10.311	13.286	10.311	-22.39
EUR/GH¢	9.1457	11.726	9.1457	-22.01

Source: Bank of Ghana

HIGHLIGHTS OF THE STOCK MARKET ENDING JANUARY 2023

The stock market continued its bearish run during the month, as both indices posted negative returns. The GSE-CI recorded 2,354.02 points compared with 2,443.91 in December 2022. The GSE-FSI also recorded 2,036.05 points compared with 2,052.59 points in December 2022.

The GSE-Composite Index and GSE-Financial Stock Index recorded year-to-date losses of 3.68% and 0.81% respectively. The market capitalization of the local bourse stood at GH¢63,604.41 million.

Top Gainers (Jan 2023)

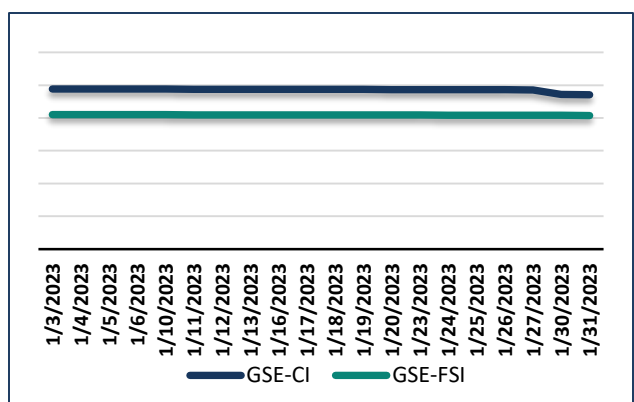
STOCKS	PRICE (GH¢)	YTD
BOPP	8.80	+15.03%
TOTAL	4.06	+1.50%

Top Losers (Jan 2023)

STOCKS	PRICE (GH¢)	YTD
UNIL	2.50	-35.57%
FML	2.50	-16.67%
CAL	0.56	-13.85%
MTNGH	0.82	-6.82%
GOIL	1.70	-1.16%

	Jan 2023	YTD %
GSE-CI	2,354.02	-3.68
GSE-FSI	2,036.05	-0.81
Market Cap (GH¢ mil)	63,604.41	-1.27
Volume Traded	1,549,671	-
Value Traded (GH¢)	6,670,635	-

TREND OF STOCK MARKET INDICES AS AT JANUARY 2023.



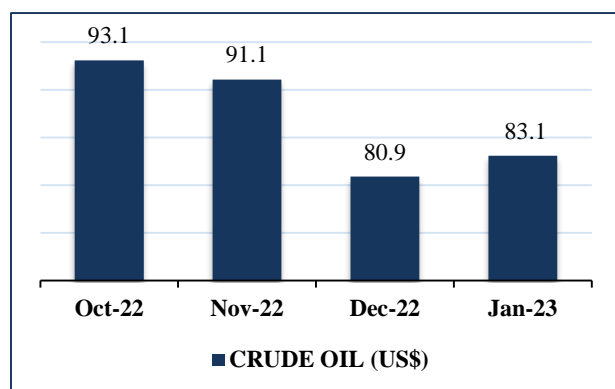
Source: Ghana Stock Exchange

HIGHLIGHTS OF THE COMMODITY MARKET ENDING JANUARY 2023.

Crude Oil (Brent)

Brent Crude prices increased in January as a result of China easing its COVID-19 restrictions and India's persistent demand for Russian crude.

Brent Crude Oil prices rose by 2.27 percent or US\$2.20 from US\$80.9 per barrel in December 2022 to US\$83.10 per barrel in January 2023.

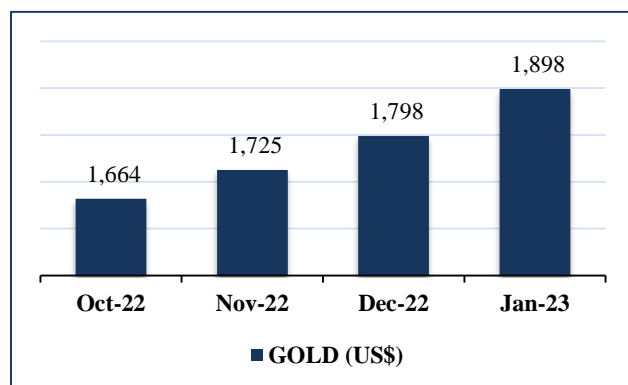


Source: World Bank Commodity Market

Gold

Gold prices rose in January 2023, supported by a weaker dollar and a slowdown in U.S. inflation which raised hopes for slower interest rate hikes from the Federal Reserve.

The price of the yellow metal gained US\$100 or 5.56 percent as prices rose from US\$1,798 per ounce in December to US\$1,898 per ounce in January 2023.

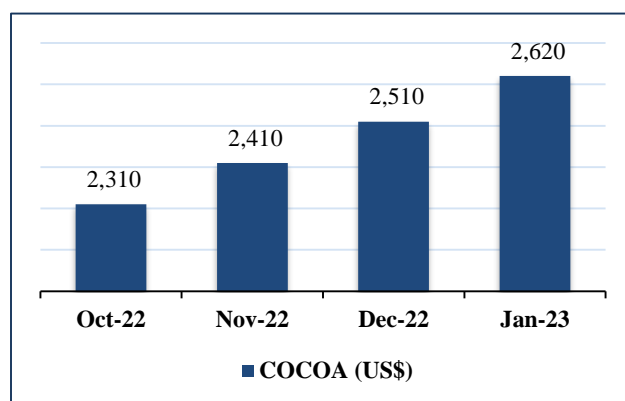


Source: World Bank Commodity Market

Cocoa

Prices of Cocoa bean rose from US\$2,510 per tonne in December 2022 to US\$2,620 in January 2023 representing a month-on-month loss of 4.38 percent.

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



Source: World Bank Commodity Market

ECONOMIC/BUSINESS NEWS

Government and the Ghana Insurers Association Reach an Agreement Over the Domestic Debt Exchange Program

An agreement has been reached between The Government of Ghana and the Ghana Insurers Association (GIA) on the participation of insurance companies in the Domestic Debt Exchange Programme (DDEP).

Insurance companies will participate in the Exchange on similar terms as the Banks. The government will provide support for insurance companies that are severely affected by the DDEP through the Ghana Financial Stability Fund (GFSF). The objective is to protect jobs and the stability of the industry.

Government offers individual domestic bondholders with new terms

The government has revised the terms of the Domestic Debt Exchange Programme (DDEP) for individual bondholders who choose to take part in the program.

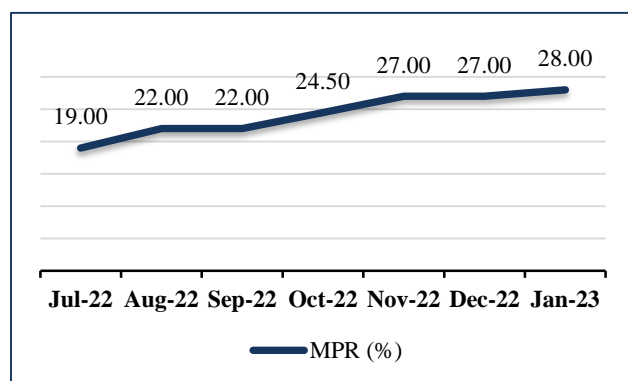
The terms are as follows:

- Individual bondholders who are below the age of 59 years will be offered instruments with a maximum maturity of 5 years, instead of 15 years, and a 10 per cent coupon rate.
- All retirees (including those retiring in 2023) will also be offered instruments with a maximum maturity of 5 years, instead of 15 years, and a 15 per cent coupon rate.

Bank of Ghana raises Monetary Policy rate to 28%

The Bank of Ghana's Monetary Policy Committee has raised its policy rate by 100 basis points, from 27% to 28%. This forms part of measures taken by the central bank to combat current inflationary pressures.

According to the Central Bank, measures taken by the government will assist restore fiscal and debt sustainability, reduce inflation, and aid in the stability of the cedi.



Source: Bank of Ghana

Government pays US\$40 million for 40,000 tonnes of diesel under the Gold-for-oil policy.

According to the National Petroleum Authority (NPA), the government paid US\$40 million for the initial 40,000 tonnes of diesel that arrived in January under the Gold-for-oil policy.

The 40,000 metric tonnes procured under the policy has been delivered to the Bulk Oil Storage and Transportation Company (BOST) for onward sale to Bulk Distributing Companies (BDCs) in the country.

The gold-for-oil policy was designed to insulate the Ghanaian economy from any future cedi depreciation.

CONCLUSION / RECOMMENDATION

We anticipate some macro indicators to exhibit positive signs in the medium term as the government nears the conclusion of the Domestic Debt Exchange Program.

However, we expect inflation to elevate in the coming months due to the increase in electricity and water tariffs by the Public Utilities and Regulatory Commission (PURC) by 29.96% and 8.3% respectively.

The Domestic Debt Exchange Programme is expected to have a negative impact on banks' profitability and this will adversely affect dividend payment of commercial banks listed on the stock market.

We continue to recommend that investors stay at the short end of the yield curve for the time being.

Disclaimer:

This report is intended for general guidance and information purpose only. This report is under no circumstances intended to be used or considered as financial or investment advice, a recommendation or an offer to sell, or a solicitation of any offer to buy any securities or other form of financial asset.

While we take adequate measures to ensure the accuracy of information, there could be inaccurate data from source which we may not have control over. All information written in the report is provided in good faith, however we make no representation or warranty of any kind, express or implied, regarding accuracy, adequacy, validity, reliability, availability or completeness of any information on this report.