



**PRUDENTIAL SECURITIES LTD.**

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**FINANCIAL MARKET RESEARCH REPORT**

...FOR THE MONTH ENDING **JULY 2022**...

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### GOG SECURITIES MARKET HIGHLIGHT FOR JULY 2022

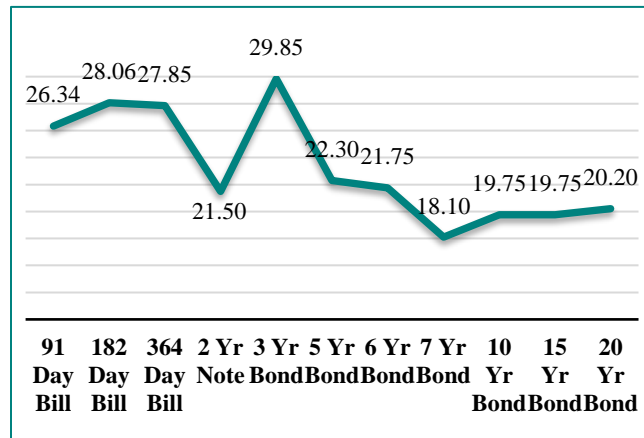
The yields on Government of Ghana treasury securities kept up their positive trend. On the primary market, there was an increase in yields from 91 Day T-Bill to 364 Day T-Bill in the month of July.

Yields on the 91 Day and 182 Day bill rose by 1.81% and 5.61% to close July at 26.34% and 28.06% respectively. In addition, yields on 364 Day T/Bill rose from 27.43% to 27.85%, representing a positive change of 1.61%. Also, interest rate on the 3 Year Bond increased from 25% to 29.85%, representing a change of +19.41%

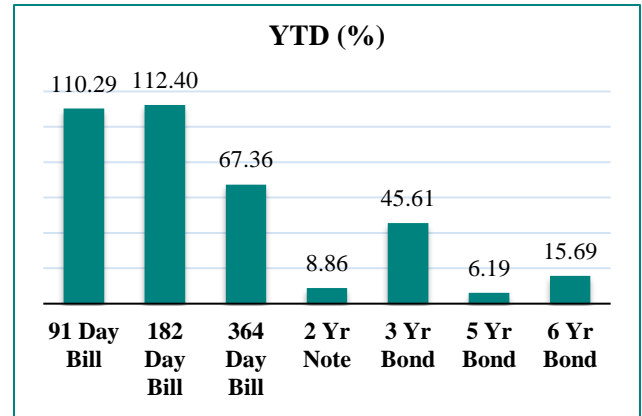
Securities	Month Close	Month Open	Chg. %
	29-07-22	04-07-22	
91 Day T/Bill	26.34%	25.88%	+1.81
182 Day T/Bill	28.06%	26.57%	+5.61
364 Day T/Bill	27.85%	27.43%	+1.61
2 Year Note	21.50%	21.50%	-
3 Year Bond	29.85%	25.00%	+19.41
5 Year Bond	22.30%	22.30%	-
6 Year Bond	21.75%	21.75%	-

Source: Ghana Fixed Income Market

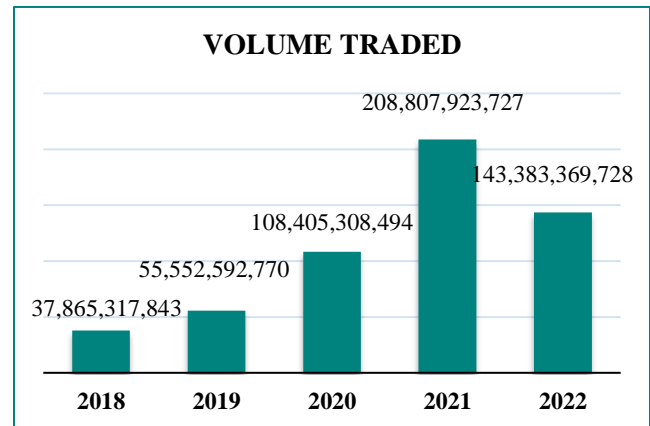
### TREASURY YIELD CURVE AS AT JULY 2022



### GOG SECURITIES YEAR TO DATE AS AT JULY 2022



### PERFORMANCE OF GHANA FIXED INCOME MARKET



### GHAHA MACROECONOMIC HIGHLIGHTS

#### Ghana Macroeconomic Snapshot

Indicators	Current	Previous	Chg. %
GDP Growth Rate	0.9	1.8	-0.50
GDP AGR	3.3	7	-0.53
Inflation	31.7	27.6	0.15
Monetary Policy Rate	19	19	0.00
Unemployment Rate	4.5	4.5	0.00
Gov't Debt to GDP	81.8	78	0.05

## CURRENCY MARKET HIGHLIGHTS FOR JULY

The Cedi declined against US Dollar in July. The Cedi traded at GH¢7.6120/\$, compared with GH¢7.2305/\$ at month open, reflecting w/w and YTD depreciations of 5.01% and 21.10% respectively.

Moreover, the Cedi further depreciated against the GBP for the month of July. It traded at GH¢9.2642/£, compared with GH¢8.8043/£ at month open, reflecting w/w and YTD depreciation of 4.96% and 12.27% respectively.

In addition, the cedi declined against the Euro. It traded at GH¢7.7658/€, compared with GH¢7.5797/€ at month open, reflecting w/w and YTD depreciation of 2.40% and 12.07% respectively.

BOG Midrate				
Currency Pair	Current		Previous	Chg. %
	Year Open	Month Open	Month Close	
USD/GH¢	6.0061	7.2305	7.6120	-5.01
GBP/GH¢	8.1272	8.8043	9.2642	-4.96
EUR/GH¢	6.8281	7.5797	7.7658	-2.40

Source: Bank of Ghana

## STOCK MARKET HIGHLIGHTS FOR JULY

The Ghana Stock Exchange Composite Index and Financial Index exhibited negative performances in July 2022. The GSE CI closed July with 2,518.86 points and a year-to-date loss of 9.70%. Also, the GSE Financial index closed trading activities with 2,103.58 points and a year-to-date loss of 3.37%.

The market capitalization of the local bouse declined by 0.71% after reporting a value of GH¢64,383.34 million in July 2022 compared to GH¢64,841.21 million in June 2022.

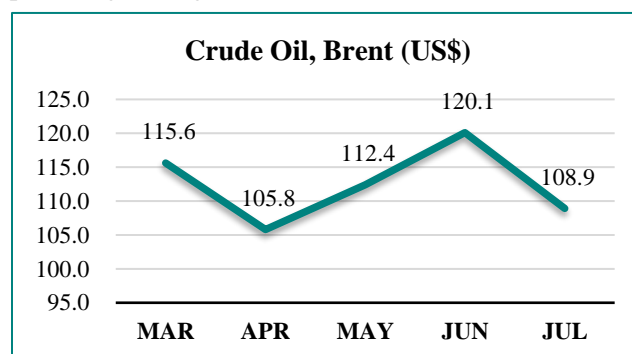
	July-22	June-22	Chg. %
GSE-CI	2,518.86	2,545.48	-1.05
GSE-FI	2,103.58	2,176.97	-3.37
Market Cap (GH¢mil)	64,383.34	64,841.21	-0.71

## COMMODITY MARKET FOR JULY

### Crude Oil (Brent)

The price of crude oil (Brent) fell in July 2022. The Chinese economic outlook, dimmed by lockdowns to contain Covid-19 outbreaks, appeared to be the major cause of the decline, along with increasing signs of a global economic slowdown.

Brent crude oil decreased from US\$120.1 per barrel in June to US\$108.9 per barrel in July, representing a percentage change of -9.33%.

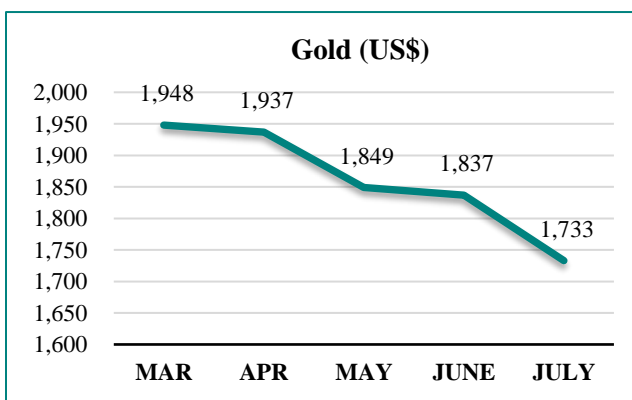


Source: World Bank Commodity Market

### Gold

Gold prices declined in the month of July for the fourth consecutive month in 2022 as strong performances by the U.S. Dollar, U.S. bond yields, and aggressive monetary policies from top central banks continues to dampen investors' appetite for the yellow metal.

The price of gold fell from US\$1,837 per ounce in June to US\$1,733 per ounce in July, representing a decline of 5.66%.

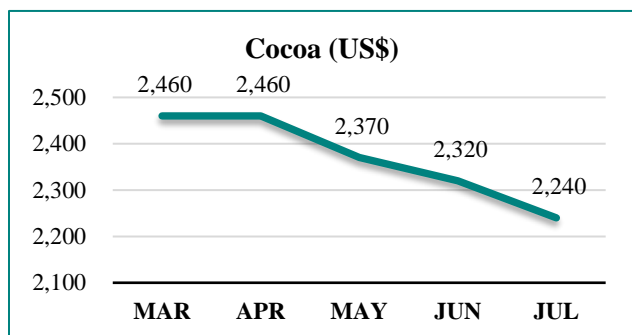


Source: World Bank Commodity Market

## Cocoa

Prices of Cocoa bean fell by 3.45% from US\$2,320 in June to US\$2,240 in July 2022 making it the third time in a row that the price of cocoa bean has dropped since April 2022.

The weakening in cocoa bean prices could be attributed to lack of fertilizer for cocoa farmers in West Africa as well as the war in Ukraine which has limited Russian exports of potash and other fertilizers throughout the world.

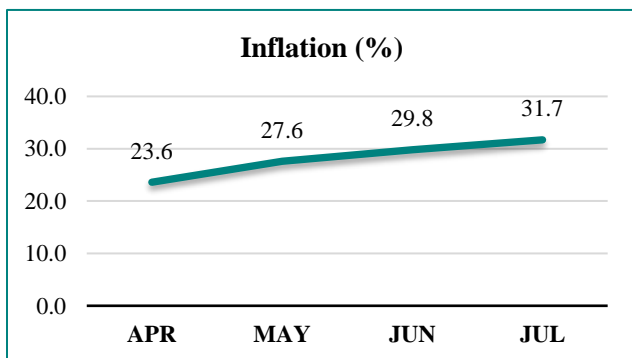


Source: World Bank Commodity Market

## ECONOMIC/BUSINESS NEWS

### Inflation rate rises to 31.7% in for July 2022

Inflation rate rose from 29.8% in June 2022 to 31.7% in July 2022 making it the 14th consecutive month since June 2021. The rise in inflation could be attributed to significant increases in prices of transport and food during the period.



Source: Ghana Statistical Services

## RECOMMENDATION

We expect that interest rate movement on GOG securities will continue to rise across the 91 Day T/bill to the 364 Day T/bill due to the sharp acceleration in inflation rate in the country. We believe that investors' enthusiasm for other investment vehicles such as the long-term bonds and equities will be stifled by the high interest rates on the primary market. For the time being, we recommend the scheme to rebalance its portfolios by adding more short- to medium-term primary market assets.

## 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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