



PRUDENTIAL SECURITIES LTD.

FINANCIAL MARKET RESEARCH REPORT

...FOR THE MONTH ENDING **JUNE 2022**...

Prudential Securities Limited

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

GOG SECURITIES MARKET HIGHLIGHT FOR JUNE 2022

The Government of Ghana treasury securities continued its bullish run for the month of June 2022. There was an increase in yields across 91 Day T-bill to 364 Day T-bill on the primary market during the month.

Interest rates on the 91 Day and 182 Day bill rose by 13.61% and 8.21% to close the month at 25.64% and 26.40% respectively. In addition, yields on 364 Day T/Bill rose from 24.46% to 27.43%, representing a positive change of 12.11%.

In June, the total auction results saw an oversubscription of GH¢166.03 million or 3.15%. The total targeted amount recorded in June was GH¢5,276.00 million for 91 Day T/Bill, 182 Day T/Bill, and 364 Day T/Bill. The total bids tendered amounted to GH¢5,732.69 million, with the government accepting GH¢5442.03 million.

Securities	Month Close	Month Open	Chg. %
	27-06-22	06-06-22	
91 Day T/Bill	25.64%	22.57%	+13.61
182 Day T/Bill	26.40%	24.41%	+8.21
364 Day T/Bill	27.43%	24.46%	+12.11
2 Year Note	21.50%	21.50%	-
3 Year Bond	25.00%	25.00%	-
5 Year Bond	22.30%	22.30%	-
6 Year Bond	21.75%	21.75%	-

Source: Ghana Fixed Income Market

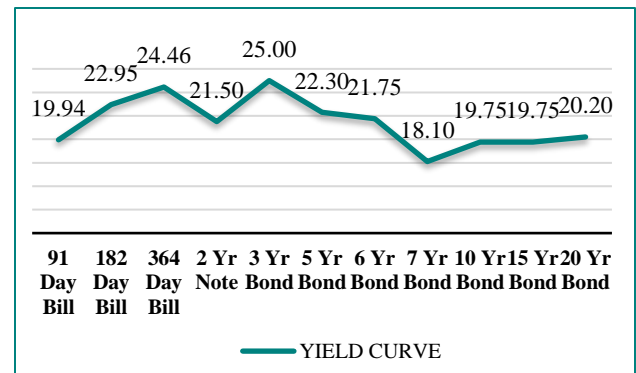
June Auction Results

	Bids Tendered	Bids Accepted
	GH¢ million	GH¢ million
91 Day T/Bill	4,512.94	4,440.87
182 Day T/Bill	857.36	791.97
364 Day T/Bill	353.69	209.19
TOTAL	5,732.69	5,442.03

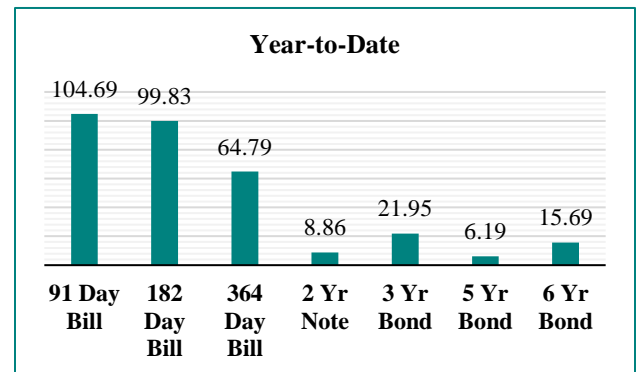
June Auction Target Results

Tenor	GH¢ million
91, 182, and 364 T/Bills	5,526.00

TREASURY YIELD CURVE AS AT JUNE 2022



GOG SECURITIES YEAR TO DATE AS AT JUNE 2022



GHAHA MACROECONOMIC HIGHLIGHTS

Ghana Macroeconomic Snapshot

Indicators	Current	Previous	Chg. %
GDP Growth Rate	1.8	1.5	20.00
GDP AGR	7	6.5	7.69
Inflation	27.6	23.6	16.95
Monetary Policy Rate	19	17	11.76
Unemployment Rate	4.5	4.1	9.76
Gov't Debt to GDP	78	63.9	22.07

CURRENCY MARKET HIGHLIGHTS FOR JUNE

The Cedi declined marginally against US Dollar in June. The Cedi traded at GH¢7.2305/\$, compared with GH¢7.1441/\$ at month open, reflecting w/w and YTD depreciations of -1.19% and -16.93% respectively.

On the other hand, the Cedi rose marginally against the GBP for the month. It traded at GH¢8.8043/£, compared with GH¢9.0041/£ at month open, reflecting w/w appreciation and YTD depreciation of +2.31% and -7.69% respectively.

In addition, the cedi rose against the Euro for the month of June. It traded at GH¢7.5791/€, compared with GH¢7.6650/€ at month open, reflecting w/w appreciation and YTD depreciation of +1.11% and -9.92% respectively.

BOG Midrate

Currency Pair	Current		Previous	Chg. %
	Year Open	Month Open	Month Close	
USD/GH¢	6.0061	7.1441	7.2305	-1.19
GBP/GH¢	8.1272	9.0041	8.8043	+2.31
EUR/GH¢	6.8281	7.6650	7.5791	+1.11

Source: Bank of Ghana

STOCK MARKET HIGHLIGHTS FOR JUNE

The Ghana Stock Exchange Composite Index continued its bearish performance in June 2022. The GSE CI closed June with 2,545.48 points and a year-to-date loss of 8.74%. On the other hand, the GSE Financial index continued its bullish run for the fourth consecutive month recording a year-to-date return of 1.17%.

The market capitalization of the local bourse rose by 4.12% after reporting a value of GH¢64,841.21 million in June 2022 compared to GH¢62,276.63 million in May 2022.

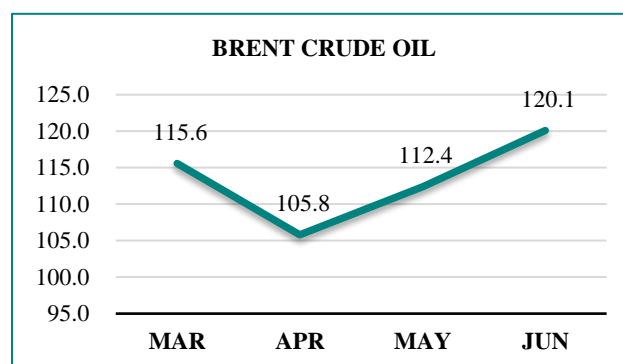
	June-22	May-22	Chg. %
GSE-CI	2,545.48	2,554.79	-0.36
GSE-FI	2,176.97	2,192.57	-0.71
Market Cap (GH¢mil)	64,841.21	62,276.63	+4.12

COMMODITY MARKET FOR JUNE

Crude Oil (Brent)

The price of crude oil (Brent) rose in June 2022. Brent crude oil increased from US\$112.4 per barrel in May to US\$120.1 per barrel in June, representing a percentage change of +6.85%.

Oil prices rose due to tight supply as some members of OPEC were unable to fully deliver on pledge output due to lack of capacity to meet their monthly targets and sanctions on Russia.

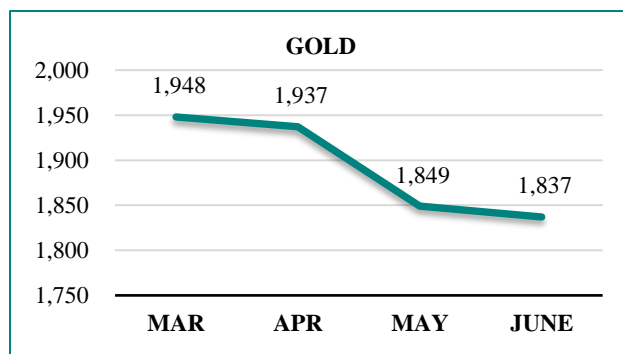


Source: World Bank Commodity Market

Gold

Gold prices declined in June for the fourth consecutive month in 2022 as a sharp rise in the dollar and rising interest rate made the safe-haven asset less appealing for investors.

The price of the yellow metal declined from US\$1,849 per ounce in May to US\$1,837 per ounce in June, representing a decline of 0.65% in June.

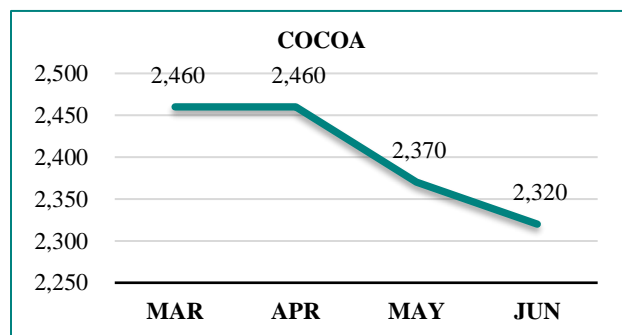


Source: World Bank Commodity Market

Cocoa

Prices of Cocoa declined by US\$50 or 2.11% from US\$2,370 in May to US\$2,320 in June 2022 making it the third time in a row that the price of cocoa bean has dropped since April 2022.

The decline in cocoa bean prices could be attributed to several factors such as adverse weather conditions, diseases, and Russia-Ukraine conflict which has negatively affected cocoa production and the shortage of fertilizers on cocoa farms.



Source: World Bank Commodity Market

ECONOMIC/BUSINESS NEWS

Government seeks for IMF Support

Ghana heads to IMF for the 17 times for economic support as economic condition worsens. The engagement with the IMF will seek to provide a balance of payment support as part of a broader effort to quicken Ghana's build back in the face of challenges induced by the Covid-19 pandemic and, recently, the Russia-Ukraine crises.

Ghana's IMF Bailouts vs COVID-19 Support

	US\$' Billion
IMF Bailouts (1999-2015)	1.96
COVID-19 Support (2020)	2.40
TOTAL	4.36

Source: IMF SDR calculations and Finance Statement

RECOMMENDATION

Due to recent increases in inflation in the country, we expect that interest rate movement on GOG securities will continue to accelerate across the 91 Day T/bill to the 364 Day T/bill. We believe that investors' enthusiasm for long-term bonds and equities will be stifled by the high yields on the primary market. For the time being, we recommend the scheme to rebalance their portfolios to incorporate more primary market short-to-medium-term 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

Prudential Securities Limited
Head Office Building
No. 8 John Harmond Street,
Ring Road Central
Accra, Ghana.

TELEPHONE NUMBERS

+233 21768386, +233 21770936, +233 21771284
+233 21769683

Email: info@prudentialsecurities.com.gh

Website: www.prudentialsecurities.com.gh