



PRUDENTIAL SECURITIES LIMITED

FIXED INCOME MARKET REPORT

...FOR THE MONTH ENDING JUNE 2021...

GOG SECURITIES MARKET HIGHLIGHT

Interest rates on Government of Ghana treasury securities trimmed further in June 2021. The yield on the 91-Day T-Bill and 182-Day T-bill lost 1 basis point to settle at 12.62 percent and 13.38 percent respectively. Also, yield on the 364-Day T-Bills declined by 1 basis point to close at 16.33 percent.

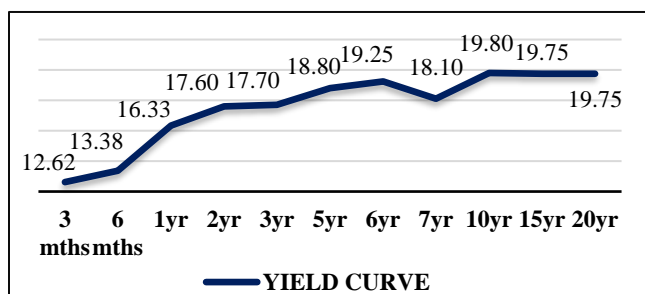
Yields on other Government Bonds and treasury notes remained unchanged.

Security	Year Open	Previous Yield %	Current Yield %	YTD Chg.
	04/1/21	18/6/21	25/6/21	%
91-Day TB	14.10	12.63	12.62	-10.44
182-Day TB	14.15	13.39	13.38	-5.44
364-Day TB	16.96	16.34	16.33	-3.72
2-Yr Note	18.50	17.60	17.60	-4.86
3-Yr Bond	19.25	17.70	17.70	-8.05
5-Yr Bond	19.85	18.80	18.80	-5.29
6-Yr Bond	19.50	19.25	19.25	-8.33
7-Yr Bond	20.00	18.10	18.10	-11.71
10-Yr Bond	19.80	19.80	19.80	0.00
15-Yr Bond	19.75	19.75	19.75	0.00
20-Yr Bond	20.20	20.20	20.20	0.00

Source: Bank of Ghana

TREASURY YIELD CURVE AS AT JUNE 2021

The yield curve sustained its normality but further declined in rates at the short-dated ends. The rate moderation is tipped to continue further due to policy intent of the central bank aimed at reducing the frequency of interest payment, while making returns on long-dated investment much attractive.



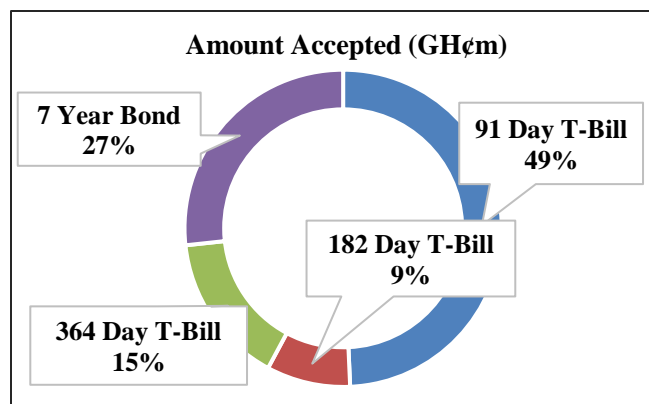
AUCTION RESULTS FOR JUNE 2021

At the end of June T-Bill's auction, Government accepted a total of GH¢6,963.20 million worth of bids out of GH¢7,196.44 million bids tendered by investors. The GH¢6,702.79 million targets set by the Government was exceeded by GH¢260.41 million.

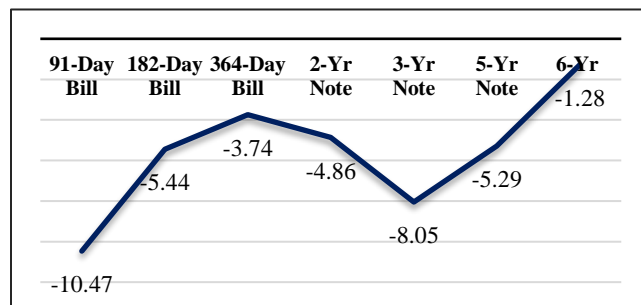
The 91-Day T-Bill was the most accepted bids in June with a share composition of 49.29 percent.

GOG SECURITIES	Amount Tendered	Amount Sold
	GHS' m	GHS' m
91-Day T-Bill	3,594.96	3,432.35
182-Day T-Bill	600.87	595.87
364-Day T-Bill	1,140.82	1,075.19
7 Year Bond	1,859.79	1,859.79
TOTAL	7,196.44	6,963.20

See table below for the breakdown of the auction results in June 2021...



GOG SECURITIES YTD PERFORMANCE IN JUNE 2021



EXCHANGE RATE PERFORMANCE IN JUNE 2021

The Ghana Cedi advanced against the Euro but lost to the US dollar and the British pound on the interbank currency market.

The local currency recorded a year-to-date loss of 0.04 percent against the US dollar in June 2021. The cedi traded at GH¢5.76 per US Dollar on the interbank currency market.

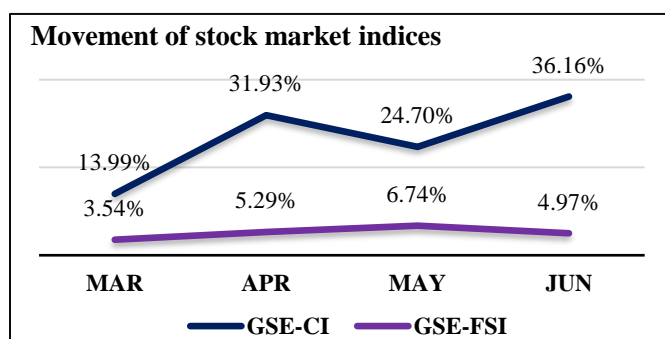
Currency Pair	Year Open	Month Open	Month Close	YTD %
	4/1/21	1/6/21	30/6/21	
USD/GHS	5.7602	5.7473	5.7626	-0.04
GBP/GHS	7.8742	8.1672	7.9590	-1.07
EUR/GHS	7.0643	7.0268	6.8333	3.38

Source: Bank of Ghana

STOCK MARKET HIGHLIGHTS

The Ghana stock market continued its bullish run in June 2021 as both market indices recorded positive returns. The GSE Composite index and financial index recorded a year-to-date return of 36.16 percent and 4.97 percent respectively.

Some factors contributing to the stock market's performance could be the general price gains observed in telecommunication, energy, and some financial stocks driven by good financial reporting.



The performance of the stock market translated into an improved market capitalization of GH¢61,331.40 million at the end of Q2'2021 compared to a value of GH¢59,333.16 recorded in May 2021.

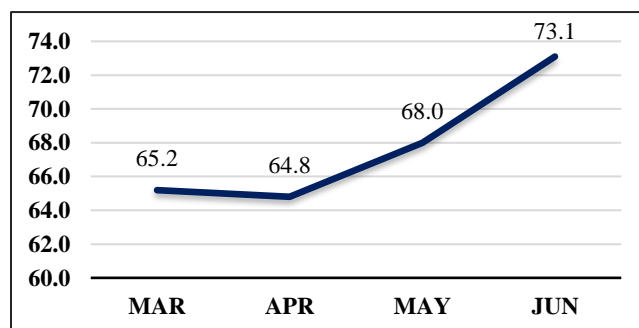
Source: Ghana Stock Exchange Market

COMMODITY NEWS

Crude Oil, Brent

Crude Oil posted its sixth straight monthly gain, the longest streak since December 2020. Oil prices rose by 33.88%, rallying toward US\$73.10 per barrel.

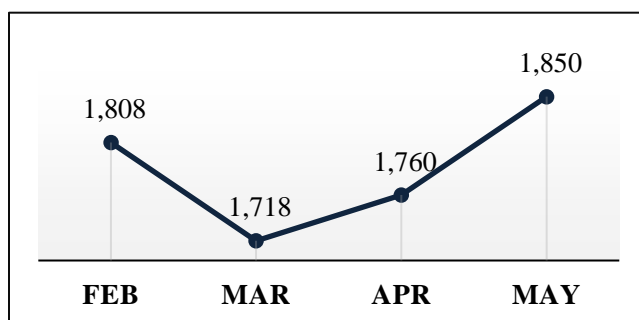
This significant performance can be attributed to a combination of factors, including the rollout of Covid-19 vaccines, a gradual easing of lockdown measures and massive production cuts from OPEC and non-OPEC members.



Source: World Bank, Commodities Report

Gold

Gold finished down at the end of June 2021, losing 0.81 percent in June and -1.71 percent since the start of the year after the Federal Reserve sped up their expected pace of policy tightening.



Source: World Bank, Commodities Report

Cocoa

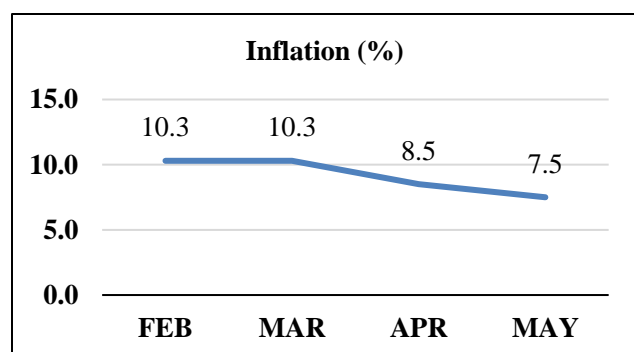
Prices of Cocoa beans declined in June from US\$2,410 per tonne to US\$2,370 per tonne, representing a loss of 1.66 percent. This was due to a decline in global demand for chocolates as a result of the COVID-19 pandemic and other related threats.

ECONOMIC NEWS

Inflation rate declines to 7.5 percent in May.

The annual inflation rate recorded in May 2021 was 7.5%, which is one percentage point lower than the 8.5% recorded in April 2021. This puts inflation within the Bank of Ghana's targeted band of 8±2

According to GSS, the decline in food inflation played the greatest role in reducing the overall inflation rate within the country.



RECOMMENDATION/CONCLUSION

We expect the impressive performance of the fixed income market to continue in the second quarter of 2021 due to its safe haven nature.

While yields on government securities are declining, we expect the Ghana stock market to return to its bullish run as investors seek higher returns and are willing to rebalance their portfolios in favor of the equity market.

We anticipate that the Ghana cedi will continue to remain stable against US Dollar and other foreign currencies due to Bank of Ghana's intervention measure's put in place particularly in the FX forex market.

INVESTMENT TERM & DEFINITION

Capital - Capital is a broad term that can describe anything that confers value or benefit to its owner, such as a factory and its machinery, intellectual property like patents, or the financial assets of a business or an individual.

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.

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