



# **PRUDENTIAL SECURITIES LIMITED**

**FINANCIAL MARKET RESEARCH REPORT**

**...FOR THE MONTH ENDING MARCH 2022...**

<b>Yields as at Mar 31st / MoM Change</b>	<b>91-Day</b> 14.14 +5.41	<b>182-Day</b> 14.51 +6.61	<b>364-Day</b> 17.11 +0.71	<b>2 Yr. Note</b> 19.75 0.00	<b>3 Yr. Note</b> 20.50 0.00	<b>5 Yr. Note</b> 21.00 0.00	<b>6Yr.Note</b> 21.75 0.00
<b>YTD for March 2022</b>	<b>91-Day YTD</b> +12.92%	<b>182-Day YTD</b> +9.85%	<b>364-Day YTD</b> +2.77%	<b>2 Yr. Note YTD</b> -	<b>3 Yr. Note YTD</b> -	<b>5 Yr. Bond YTD</b> -	<b>6 Yr. Bond YTD</b> +15.69

**GOVERNMENT OF GHANA SECURITIES MARKET HIGHLIGHT FOR MARCH 2022.**

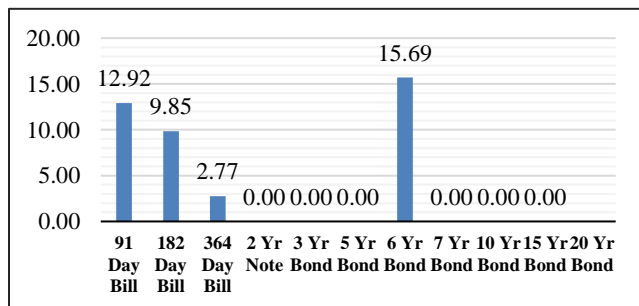
Yields on treasury securities issued by the Government of Ghana posted positive performance in March 2022. Interest rate on the 91-Day T-Bill and 182 Day T-bill rose by 5.41% and 6.61% to 14.14% and 14.51% respectively. In addition, yield on the 364 Day T-Bill also rose by 0.71% to 17.11% at the end of March.

Yields on the 2 Year Note and other long-term Treasury notes remained unchanged.

Security	Year Open	Previous Yield %	Current Yield %	Chg.
	1/1/22	21/03/22	28/03/22	%
91-Day Bill	12.53	13.42	14.14	▲5.41
182-Day	13.21	13.61	14.51	▲6.61
364-Day	16.64	16.99	17.11	▲0.71
2-Yr Note	19.75	19.75	19.75	0.00
3-Yr Note	20.50	20.50	20.50	0.00
5-Yr Bond	21.00	21.00	21.00	0.00
6-Yr Bond	18.80	21.75	21.75	0.00
7-Yr Bond	18.10	18.10	18.10	0.00
10Yr Bond	19.75	19.75	19.75	0.00

*Note: The table above shows the yields on Government of Ghana Treasury Securities.*

**GOG SECURITIES YEAR-TO-DATE**



**ISSUANCE CALENDAR FOR APRIL TO JUNE, 2022. (GH¢' MILLION).**

The Government plans to issue a gross amount of GH¢24,696.00 million, of which GH¢20,102.05 million is to rollover maturities. The remaining GH¢4,593.05 million is fresh issuance to meet Government's financing requirements.

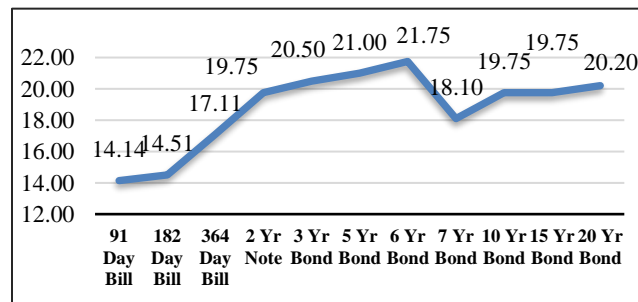
Per this calendar, Government aims to build benchmark bonds through the issuance of instruments as follows:

- The 91-day and 182-day will be issued weekly
- The 364-day will be issued bi-weekly also through the primary auction with settlement being the transaction date plus one working day
- Securities of 2-year up to 6-year will be issued through the book-building method by the Bond Market Specialists (BMS)
- Consistent with the MTDS, Government may announce tap-ins/reopening of other existing instruments depending on market conditions.

Government expects that this April to June 2022 Calendar meets the requirements of market participants.

**TREASURY YIELD CURVE AS AT MARCH, 2022**

The yield curve sustained its normality in March 2022. Yields on long-dated treasury securities were relatively attractive over the short-dated treasury instruments.



## EXCHANGE RATE PERFORMANCE IN MAR. 2022

On the forex exchange market, the Ghana Cedi lost grounds against the three major trading currency. The local currency depreciated against the US Dollar, the British Pound, and the Euro recording a year-to-date loss of 15.55 percent, 13.09 percent, and 13.55 percent respectively.

Currency Pair	Year Open	Month Open	Month Close	YTD %
	1/1/22	1/3/22	31/03/22	
USD/GHS	6.0061	6.6004	7.1122	-15.55
GBP/GHS	8.1272	8.8568	9.3515	-13.09
EUR/GHS	6.8281	7.4100	7.8986	-13.55

Source: Bank of Ghana

## STOCK MARKET HIGHLIGHTS

The Ghana Stock market exhibited mixed performance in March 2022. The GSE Composite index reported a year-to-date loss of 1.67 percent whilst the GSE Financial Index reported a year-to-date return of 1.07 percent within the same period.

The market capitalization of the Ghana Stock market rose by a value of GH¢1,215.83 after reporting GH¢62,881.97 million in February 2022 compared against GH¢64,029.79 in March 2022.

The performance of the Ghana Stock in March 2022 was stronger than the previous month. This was as a result of listed companies reporting strong earnings which boosted investors' confidence, thus leading to gains in share prices of SIC, Ecobank Transnational Incorporated, Trust Bank Gambia, and Access Bank.

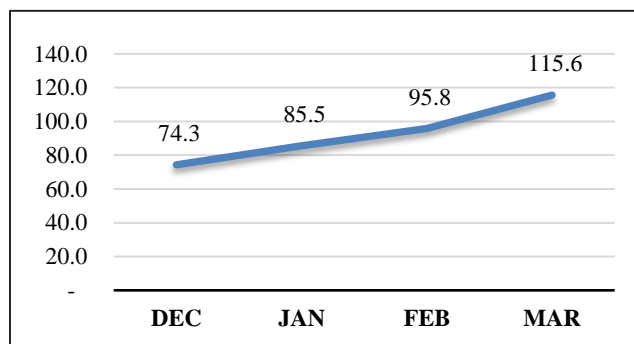
	FEBRUARY 2022	MARCH 2022
Volume	31.108 mil	214.969 mil
Value	¢26.42 million	¢237.13 mil
GSE CI YTD	-2.54%	-1.67%
GSE FI YTD	-1.53%	1.07%
Market Cap	¢62.88 billion	¢64.02 billion

## COMMODITY NEWS

### Crude Oil, Brent

The price of Brent Crude touched a peak of US\$115.6 for the first time since 2014. Prices for Brent crude oil rose for the third consecutive month in 2022, moving from US\$95.8 per barrel in February to US\$115.6 per barrel in March. This represents a positive change of 20.67 percent or +US\$19.80.

The surge in Brent crude oil prices was as a result of Russia's invasion of Ukraine which triggered global energy supply concerns.

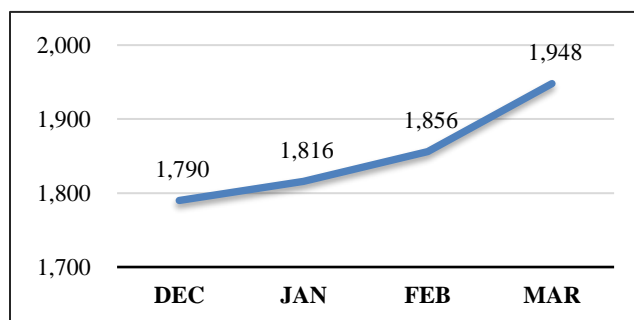


Source: World Bank, Commodities Report

### Gold

The price of gold rose sharply in March 2022. The price of the yellow metal increased from US\$1,856 per ounce in February 2022 to US\$1,948 per ounce, representing a change of +4.96 percent or US\$92.00.

The rise in gold prices can be attributed to three major reasons, that is, the escalating tension in the Russian-Ukraine war, rising inflation, and higher interest rates.

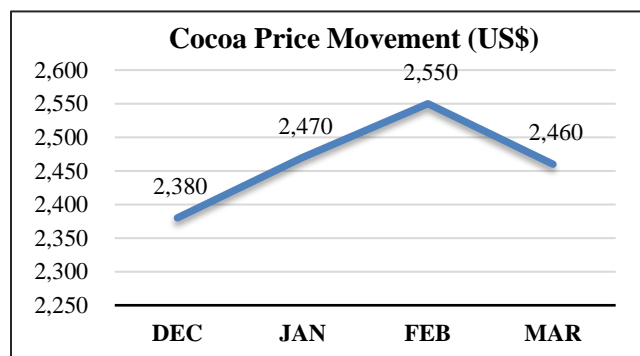


Source: World Bank, Commodities Report

## Cocoa

Prices of Cocoa beans fell in March 2022 on the back of improved supply sentiment in Cote d'Ivoire, the world's largest producer. The Ivoirians exported about 1.82 m tonnes of beans and this appeared to have relieved market jitters related to potential supply tightness from Cote d'Ivoire and Ghana.

Prices of cocoa beans declined by 3.53 percent from US\$2,550.00 in February to US\$2,460.00 in March.



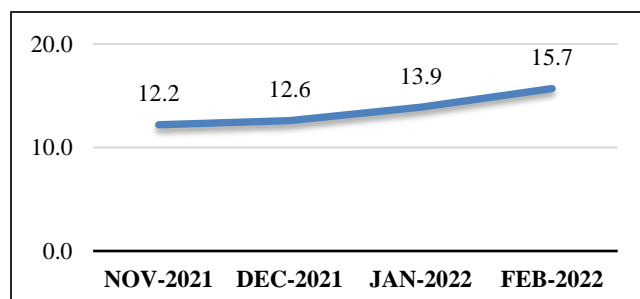
Source: World Bank, Commodities Report

## ECONOMIC / BUSINESS NEWS

### Inflation rate rises to 15.7 percent in February 2022.

Inflation rose to 15.7 percent in February 2022. This represents a 1.8 percent jump in the inflation rate compared to the 13.9 percent recorded in the first month of this year. The current rate is the highest recorded since the rebasing of the CPI and inflation in August 2019.

February's inflation rate was influenced by increase in housing, water, electricity, fuel as well as transportation fares.



## CONCLUSION / RECOMMENDATION

We predict high volume trades of GOG securities to continue. We believe that, regardless of the government's need for funds to service maturing debts and fund development projects, Treasury securities rates will continue to show positive signals in April 2022 due to rising inflation rate in the country. We also expect the yield curve to sustain its normality.

We do not expect much improvement on the stock market in April. We believe that higher yields on the fixed income market will entice investors to diversify most of their assets from the stock market considering the price volatility associated with the market.

We predict that the Ghana cedi will be unstable against other major trading currencies.

## 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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