



# PRUDENTIAL SECURITIES LIMITED

## FINANCIAL MARKET RESEARCH REPORT

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FOR THE MONTH ENDING **MARCH 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](mailto:info@prudentialsecurities.com.gh)

**Website:** [www.prudentialsecurities.com.gh](http://www.prudentialsecurities.com.gh)

## HIGHLIGHTS OF GOG SECURITIES MARKET ENDING MARCH 2023

In the month of March, interest rate on Government of Ghana Treasury bill securities trended downwards though the Government exceeded its total auction target of GH¢11,174.00 million by 26.76 percent.

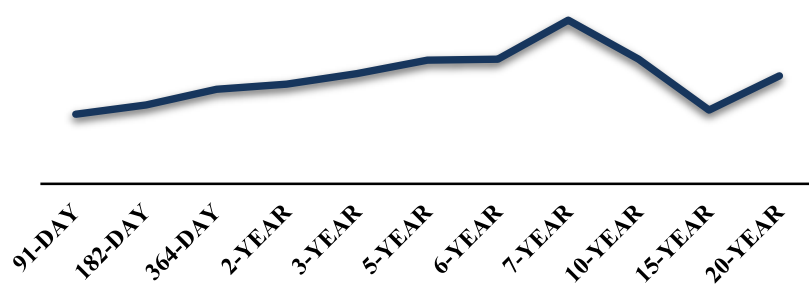
Interest rates on 91 Day Bill and 182 Day Bill declined from 24.16% and 26.56% at the start of month to settle at 18.88% and 21.44% at the close of month respectively showing a negative m/m change of 5.28% and 5.12% also in that order.

In addition, interest rates on 364 Day Bill declined from 27.54% to 25.66%, indicating a negative m/m change of 1.88%.

Securities	Month Close	Month Open	Change	YTD
	27-03-2023	06-03-2023		
91 Day T/Bill	18.88%	24.16%	↓ 5.28	↓ 46.62
182 Day T/Bill	21.44%	26.56%	↓ 5.12	↓ 40.41
364 Day T/Bill	25.66%	27.54%	↓ 1.88	↓ 28.50

Source: Bank of Ghana

## YIELD CURVE



## AUCTION RESULTS

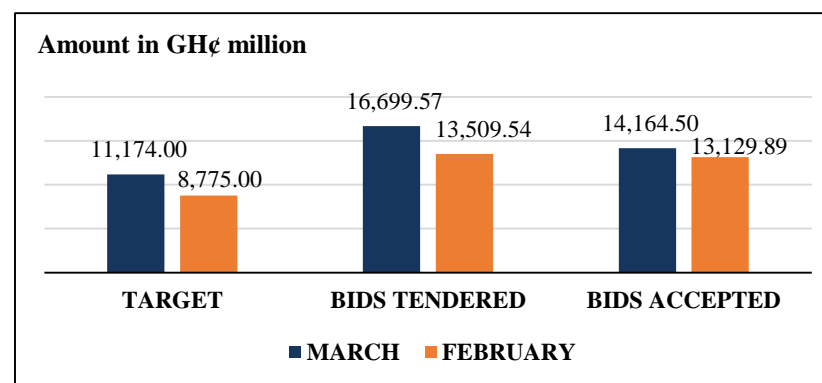
During the month, total bids tendered in by investors amounted to GH¢16,699.57 million of which government accepted GH¢14,164.50 thus exceeding the total auction target amount of GH¢11,174.00 million by 26.76% or GH¢2,990.50 million.

See table below for a breakdown of auction results

Securities	Amount Tendered	Amount Accepted
	GH¢ million	GH¢ million
91 Day Bill	9,061.92	7,237.18
182 Day Bill	4,225.85	3,616.84
364 Day Bill	3,411.80	3,310.48
<b>TOTAL</b>	<b>16,699.57</b>	<b>14,164.50</b>

Source: Data compiled from Bank of Ghana

The diagram below shows a summary of auction results on the primary market (month-on-month).



Source: Data compiled from Bank of Ghana

### HIGHLIGHTS OF THE FOREX EXCHANGE MARKET ENDING MARCH 2023

On the forex market, the Ghana cedi showed mixed performance against the major trading currencies during the week.

The Ghana cedi maintained its stability against the US Dollar as it remained unchanged at a trading price of GH¢11.014/USD. The cedi has recorded year-to-date loss of 22.13% since the beginning of the year.

On the other hand, the value of the cedi declined marginally by 0.26 against the British Pound to settled at GH¢13.63/£, compared with GH¢13.37/£ at the start of the month, increasing its year-to-date loss from 22.8 percent to 24.3 percent.

Also, the cedi depreciated marginally against the Euro by 0.25 to closed the month at a trading price of GH¢11.97/€, compared with GH¢11.72/€ at the start of the month, thus increasing its year-to-date loss from 21.9 percent to 23.6 percent.

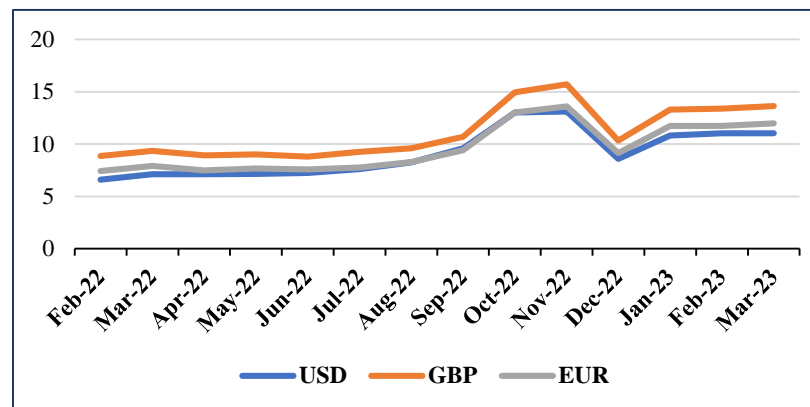
See the table below for a summary of the Interbank FX rates.

#### BOG Midrate

Currency Pair	Year Open	Month Close	Month Open	YTD %
USD/GH¢	8.5760	11.01	10.01	↓ 22.13
GBP/GH¢	10.311	13.63	13.37	↓ 24.34
EUR/GH¢	9.1457	11.97	11.72	↓ 23.61

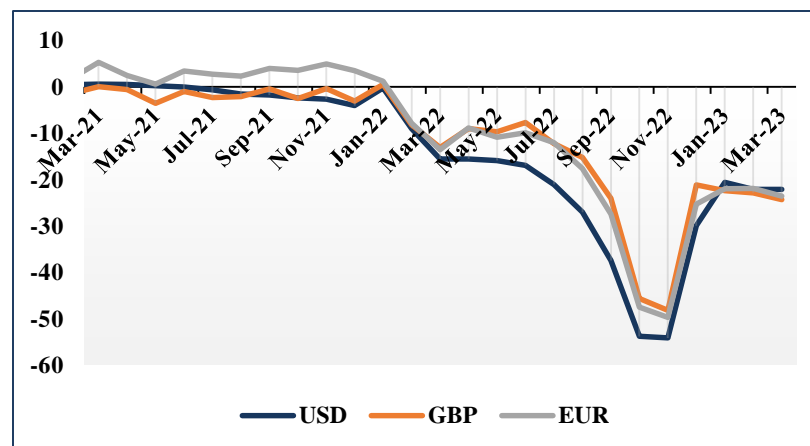
Source: Bank of Ghana

### TREND OF GHANA CEDI vs MAJOR TRADING CURRENCIES (BOG MID-RATE)



Source: Bank of Ghana

### TREND OF GHANA CEDI vs MAJOR TRADING PAIRS (YEAR-TO-DATE TRENDS)



Source: Bank of Ghana

## HIGHLIGHTS OF THE STOCK MARKET ENDING MARCH 2023

The Ghana Stock Market indices showed mixed performances in the month of March. The GSE-Composite Index performed better by improving on its year-to-date from -1.47 percent to +12.33 percent. This significant performance can be attributed to price gains in stocks such as TOTAL, BOPP, and MTNGH.

On the other hand, the Financial Stock Index extended its bearish run after there were declines in prices of some financial stocks such as SOGEGH, CAL, and GCB. The GSE-FSI year-to-date declined from -5.17 percent to -11.98 percent.

### Top Gainers (March 2023)

STOCKS	PRICE (GH¢)	YTD
TOTAL	6.39	↑ 59.75%
BOPP	11.67	↑ 52.55%
MTNGH	1.25	↑ 42.05%
UNIL	4.00	↑ 3.09%

### Top Losers (March 2023)

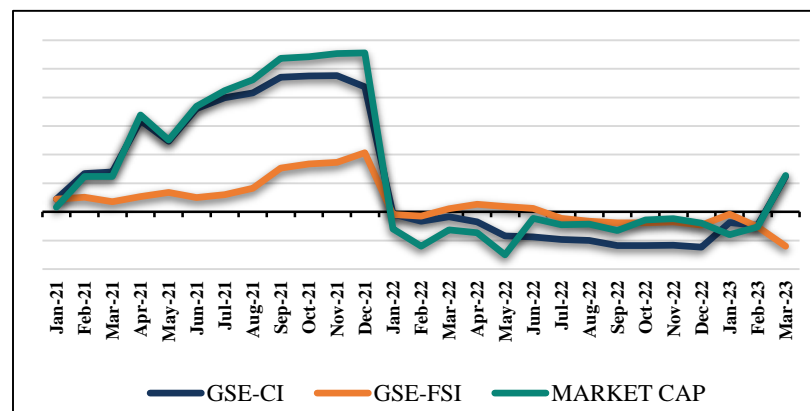
STOCKS	PRICE (GH¢)	YTD
FML	1.29	↓ 57.00%
SOGEGH	0.62	↓ 38.00%
GGBL	1.50	↓ 26.83%
CAL	0.50	↓ 23.08%
GCB	3.15	↓ 20.05%

GSE-CI (2,745.33 points)			
3M	YTD	1Y	2Y
+12.33%	+12.33%	+0.09%	+24.04%

GSE-FSI (1,806.67 points)			
3M	YTD	1Y	2Y
-11.98%	-11.89%	-16.93%	-2.13%

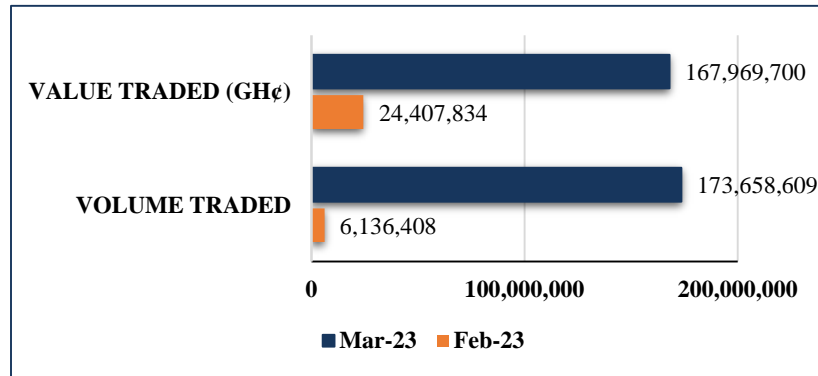
MARKET CAP. (GH¢67,082.83 million)			
3M	YTD	1Y	2Y
+5.24%	+5.24%	+4.77%	+17.36%

## YTD PERFORMANCE OF STOCK MARKET AS AT MARCH 2023.



Source: Ghana Stock Exchange

**VOLUME AND VALUE TRADED AS AT MARCH 2023**

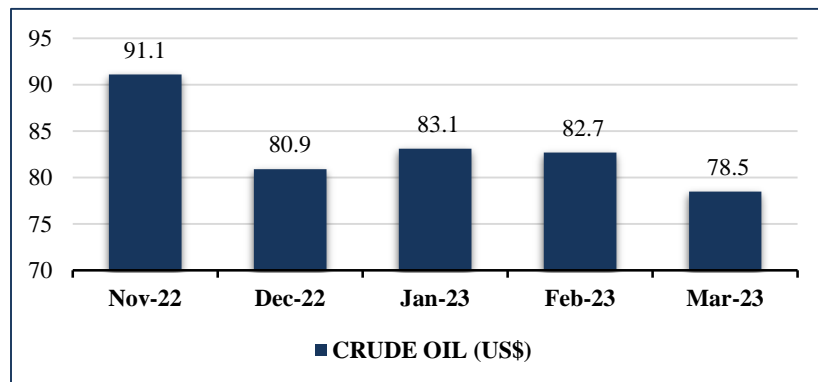


**HIGHLIGHTS OF THE COMMODITY MARKET ENDING MARCH 2023.**

**Crude Oil (Brent)**

Prices of Brent Oil declined in March by 5.08 percent on concerns that a crisis of confidence in the banking sector could trigger a recession and cut demand for oil.

Brent Crude Oil prices fell from US\$82.7 per barrel in February to US\$78.5 per barrel in March 2023.



**Gold**

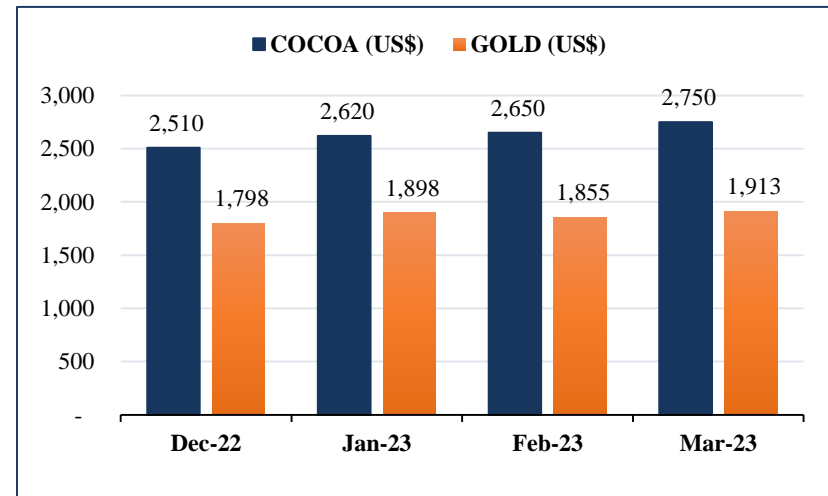
Gold prices increased in March on expectations that the U.S. Federal Reserve will slow down the pace of interest rate hikes which we believe drew investors to the yellow metal.

The price of Gold increased by US\$58 or 3.13 percent from US\$1,855 per ounce to US\$1,913 per ounce in March 2023.

**Cocoa**

Prices of Cocoa bean increased by 3.77 percent or US\$100.00 from US\$2,650 per tonne to US\$2,750 per tonne in March 2023. Prices of cocoa has appreciated by 4.96 percent since the year began.

During the period, information on the improvement of the global macroeconomic outlook caused prices of cocoa to surge.



Source: World Bank Commodity Market

## **HIGHLIGHTS OF INTERNATIONAL MARKETS AS AT MARCH 2023.**

### **Europe**

The European Central Bank (ECB) raised interest rates by an additional 0.5%, despite market volatility and inflation falling to its lowest level of 6.9 percent this year.

### **The UK**

In the UK, markets activities finished down as the region was affected by the collapse of Silicon Valley Bank (SVB) and Credit Suisse.

Also, inflation unexpectedly rose in February, by 0.3%. This was driven mainly by food price inflation, which hit a new record high in the face of shortages of some food items. Despite this, the Bank of England (BoE) expects inflation rate to slow down in the coming months.

### **The US**

In the United States, the Silicon Valley Bank (SVB) crisis and persistent inflation, drove down investor confidence.

Silicon Valley Bank's (SVB) collapse was driven by \$42 billion worth of its deposits being withdrawn in one day. SVB had most of its deposits invested in long-dated securities, which had lost value because of the hikes in interest rate by the Federal Reserve (Fed).

### **Asia**

Asia's stock market improved in March with China, Korean and Taiwan being the leading contributors. The positive performance in the Asian market was due to an increase in investors' confidence as troubles in the banking sector had limited impact on Asia's market.

Taiwan and Korean markets were supported by signals from the US Federal Reserve that it was toning down their stance towards inflation. The Fed suggested its aggressive pace of interest rate rises might soon be over.

Chinese equities ended the month higher, as a result of Beijing's further support for the internet and gaming sectors.

### **Emerging Markets (EM)**

In the emerging markets, Asia had the best performance, followed by Latin America, Europe, the Middle East, and Africa (EMEA). Initially, issues in the banking sector affected markets in EMEA, but the news of Credit Suisse's merger with UBS helped calm investor concerns.

Latin American stocks underperformed with Argentina being the top laggard. Argentina equities market fell following uncertainty surrounding October's general elections and the current drought.

The only two countries to outperform the Latin American region were Mexico and Peru. Mexican stocks were driven upwards by positive macroeconomic indicators, with increases in retail sales, and services activity whilst Performance of Peru's stock market advanced by hopes that the country's political situation was improving.

Saudi Arabia outperformed as it agreed to restore ties with Iran at a China-hosted summit. Czech Republic equities rose in value buoyed by its utilities sector, outperforming its neighbors Poland and Hungary both of which lost ground. Turkey was the weakest country in the EM region as the lira weakened and its materials and industrials sectors declined.

In Africa, the Zimbabwe Stock Market (ZSE) led the gainers with a year-to-date return of 97.85% whilst Nairobi Securities Exchange led the laggards with a year-to-date loss of 11.54%.

**HIGHLIGHTS OF THE INTERNATIONAL STOCK MARKET**

INDEX	1 Month %	3 Month %	6 Month %	YTD %
<b>US</b>				
DOW JONES	2.1	0.9	17.1	0.9
S&P 500	3.7	7.5	15.6	7.5
NASDAQ	6.8	17.0	16.1	17.0
RUSSELL 2000	-4.8	2.7	9.1	2.7
<b>UK</b>				
FTSE All-Share	-2.8	3.1	12.2	3.1
FTSE 100	-2.5	3.6	12.5	3.6
FTSE 250	-4.6	1.0	11.6	1.0
<b>EUROPE</b>				
MSCI Europe	0.1	8.8	19.2	8.8
CAC 40	0.9	13.4	27.6	13.4
DAX	1.7	12.2	29.0	12.2
<b>ASIA</b>				
Hong Kong HS	3.5	3.5	19.1	3.5
China SE	-0.2	5.9	8.4	5.9
Singapore Times	0.1	0.8	5.2	0.8
Korean	2.7	10.8	16.7	10.8
Taiwan	2.6	12.5	18.7	12.5

Source: S&P Global, Bloomberg, & Invesco

**HIGHLIGHTS OF GLOBAL CURRENCY PAIRS**

	Current Value	1 Mth (%)	3 Mths (%)	6 Mths (%)	YTD (%)
Euro/US\$	1.08	2.5	1.3	10.6	1.3
Euro/GBP	0.88	-0.1	-0.7	0.2	-0.7
Euro/Swiss Franc	0.99	-0.4	0.3	2.6	0.3
US\$ /GBP	0.81	-2.5	-2.1	-9.5	-2.1
US\$ / Canadian \$	1.35	-1.0	-0.3	-2.3	-0.3
US\$/Yen	132.86	-2.4	1.3	-8.2	1.3

**INTERNATIONAL BOND MARKET**

	Curr. Value	1 Mth (%)	3 Mths (%)	6 Mths (%)	YTD (%)
US Treas. 2 Yr.	4.03	4.82	4.43	4.28	2.33
US Treas. 10 Yr.	3.47	3.92	3.87	3.83	2.34
US Treas. 30 Yr.	3.65	3.92	3.96	3.78	2.45
UK Glits 2 Yr.	3.44	3.69	3.58	4.23	1.35
UK Glits 10 Yr.	3.49	3.83	3.67	4.09	1.61
UK Glits 30 Yr.	3.84	4.14	3.96	3.83	1.76
German Bund 2 Yr.	2.68	3.14	2.76	1.76	-0.07
German Bund 10 Yr.	2.29	2.65	2.57	2.11	0.55
German Bund 30 Yr.	2.36	2.61	2.55	2.09	0.67

**PERFORMANCE OF AFRICA STOCK MARKETS**

INDEX	POINTS	YTD (%)
Zimbabwe Stock Exchange (ZSE ASI)	38,568.48	+97.85
Malawi Stock Exchange (MSE ASI)	80,298.12	+29.44
Egyptian Exchange (EGX 30)	16,694.46	+14.36
Ghana Stock Exchange (GSE-CI)	2,745.33	+12.33
Nigeria Exchange (NGX ASI)	54,232.34	+5.82
Lusaka Securities Exchange (LuSE ASI)	7,838.10	+4.63
Johannesburg Stock Exchange (JSE ASI)	76,100.19	+4.18
Botswana Stock Exchange (BSE DCI)	7,953.93	+2.94
Dar es Saleem Stock Exchange (DSE ASI)	1,888.79	+0.36
Tunis Stock Exchange (TUNINDEX)	8,128.74	+0.24
Rwanda Stock Exchange (RSE ASI)	142.80	+0.11
BRVM Stock Exchange (BRVM-CI)	200.61	-1.28
Casablanca Stock Exchange (MASI)	10,391.39	-3.07
Namibia Stock Exchange (NSX OI)	1,577.03	-3.31
Stock Exchange of Mauritius (SEM ASI)	1,824.28	-3.53
Uganda Securities Exchange (USE ASI)	1,148.25	-5.31
Nairobi Securities Exchange (NSE ASI)	112.76	-11.54

**AFRICA STOCK MARKET NEWS**
**Nigeria: Zenith Bank proposes final dividend of N2.90 for shareholders.**

The Board of Directors of Zenith Bank Plc of Nigeria has proposed a final dividend of N2.90 per share for the financial year 2022. This is in addition to the N0.30 per share declared earlier as an interim dividend. The total dividend for the year now amounts to N3.20 per share. Register of Members will be closed on 14th April 2023. Payment of dividend is May 2, 2023.

**Zimbabwe: WestProp lists on Victoria Falls stock exchange**

A leading Zimbabwean property company, WestProp Holdings has announced its official listing on the Victoria Falls stock exchange. This decision was in line with the National Development Strategy of Zimbabwe to achieve an empowered upper-middle income society by 2030 to chart a new transformative and inclusive development agenda.

The offer will be opened for public subscription from March 27 to April 21, 2023.

**Ghana: Ecobank Transnational Incorporation (ETI) announces dividend payment**

Ecobank Transnational Incorporation has announced the payment of a dividend of 0.11 US cents to ETI shareholders whose names will appear in the Register of Members as at the close of business on May 25, 2023.

Closure of Register - From May 26 to June 1, 2023.

Qualification Date – Close of Business on May 25, 2023

Payment Date - On June 6, 2023.



## LOCAL BUSINESS / ECONOMIC NEWS

### Bank of Ghana increases monetary policy rate to 29.5 percent.

The Central Bank increased its policy rate by 150bps in their last meeting. The committee cited that the outlook of inflation remains high though recent data shows a downward trend in inflation and stability of the local currency against the US Dollar.

### Fitch upgrades Ghana's local-currency debt rating

Fitch Solutions, an international credit rating agency, has upgraded Ghana's local-currency debt rating from "Restricted Default" to "CCC" after the government started payments on its outstanding local bonds following a domestic debt restructuring programme.

## GHANA MACROECONOMIC HIGHLIGHTS ENDING MARCH 2023.

Indicators	Curr.	Prev.	Chg.
GDP Growth Rate (%)	0.7	1.0	-0.3
GDP AGR (%)	2.9	4.7	-1.8
Inflation (%)	52.8	53.6	-0.8
Monetary Policy Rate (%)	29.5	28.0	+1.5
Gov't Debt to GDP (%)	*93.5	81.8	+11.7
Balance of Trade (USD' m)	451	444	+7.0
Current Account (USD' m)	-739	-691	-48.0
Current Account to GDP (USD' m)	-2.1	-3.1	1.00

Source: Trading Economics

## CONCLUSION / RECOMMENDATION

We anticipate a marginal rise in interest rate in the coming weeks due to the increment in the monetary policy rate which is an indication that inflation rate for March is likely to increase marginally.

Trades in Government of Ghana treasury bill securities are still expected to remain high. We expect the government to meet almost all of its treasury bill auction targets in the month of April.

We still advise investors to subscribe to 182 Day Bill and 364 Day Bill.

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