



PRUDENTIAL SECURITIES LIMITED

FINANCIAL MARKET RESEARCH REPORT

FOR THE MONTH ENDING **MAY 2023**

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HIGHLIGHTS OF THE GOG SECURITIES MARKET ENDING MAY 2023

Interest rates on the Government of Ghana Treasury bill securities were on an upward trend over the past five weeks across all tenures issued on the primary market.

Yields on 91 Day Bill and 182 Day Bill increased from 19.95% and 22.71% to 20.80% and 23.62% respectively representing a month-on-month gain of 85.22 bps and 91.24 bps also in that order.

In addition, interest rates on 364 Day Bill surged from 27.26% to 28.02%, indicating a positive month-on-month change of 75.56 bps.

Securities	Month Close	Month Open	Change	YTD
	29-05-2023	01-05-2023	Bps	%
91 Day T/Bill	20.80%	19.95%	↑ 85.22	↓ 41.18
182 Day T/Bill	23.62%	22.71%	↑ 91.24	↓ 34.34
364 Day T/Bill	28.02%	27.26%	↑ 75.56	↓ 21.95

Source: Bank of Ghana

AUCTION RESULTS FOR MAY 2023

Treasury bills were undersubscribed three times out of five auctions held during the month.

Total bids tendered in by investors amounted to GH¢ 13,330.12 million of which the government accepted GH¢ 13,327.90 thus exceeding the total auction target amount of GH¢ 12,915.00 million by 3.20% or GH¢ 412.90 million.

See the tables below for a breakdown of auction results

Date	Target Amount	Amount Tendered	Amount Accepted	Under/Over Subscription
	GH¢ million	GH¢ million	GH¢ million	GH¢ million
02-05-23	1,585.00	2,068.31	2,067.20	+482.20
08-05-23	1,834.00	2,567.81	2,567.79	+733.79
15-05-23	3,333.00	2,782.44	2,781.38	(551.62)
22-05-23	2,732.00	2,728.02	2,728.02	(3.98)
29-05-23	3,431.00	3,183.54	3,183.51	(247.49)

Source: Data compiled from the Bank of Ghana

The Government accepted GH¢9,519.28 million (71.42%), GH¢3,037.82 million (22.79%), and GH¢770.80 million (5.78%) for the 91-day bill, 182-day bill, and 364-day Bill respectively.

	Amount Tendered	Amount Accepted
Securities	GH¢ million	GH¢ million
91 Day Bill	9,520.36	9,519.28
182 Day Bill	3,038.96	3,037.82
364 Day Bill	770.80	770.80
TOTAL	13,330.12	13,327.90

Source: Data compiled from the Bank of Ghana

HIGHLIGHTS OF THE FOREX EXCHANGE MARKET ENDING MAY 2023

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

The Ghana cedi lost against the US Dollar as its value depreciated marginally by 1.99% from GH¢10.95/USD to settle at a trading price of GH¢10.97/USD, recording a year-to-date loss of 21.83%.

On the other hand, the value of the cedi appreciated by 17.34% against the British Pound. The cedi closed the month of May with a trading price of GH¢13.59/£, compared with GH¢13.76/£ at the start of the month, decreasing its year-to-date loss from 25.12% to 24.12%.

Also, the cedi appreciated against the Euro by 38.98% in May to close at a trading price of GH¢11.70/€, compared with GH¢12.09/€ at the start of the month, thus reducing its year-to-date loss from 24.34% to 21.82%.

We believe that the cedi's stability in May resulted from the approval of the US\$3 billion IMF bailout loan, allowing for an immediate disbursement of about US\$600 million.

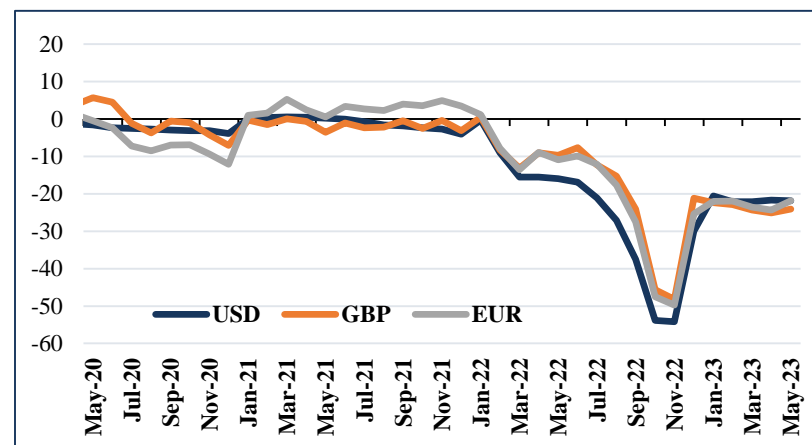
See the table below for a summary of the Interbank FX rates.

BOG Midrate

Currency Pair	Year Open	Month Close	Month Open	M/M % Chg.	YTD %
USD/GH¢	8.58	10.97	10.95	↓ 1.99	↓ 21.83
GBP/GH¢	10.31	13.59	13.76	↑ 17.34	↓ 24.12
EUR/GH¢	9.15	11.70	12.09	↑ 38.98	↓ 21.82

Source: Bank of Ghana

PERFORMANCE OF GHANA CEDI vs MAJOR TRADING PAIRS (YEAR-TO-DATE)



Source: Bank of Ghana

HIGHLIGHTS OF GLOBAL CURRENCY PAIRS

	Current Value	1 Month Chg. (%)	3 Months Chg. (%)	YTD (%)
Euro/US\$	1.07	-3.0	1.1	-0.1
Euro/GBP	0.86	-2.0	-2.3	-3.0
Euro/Swiss Franc	0.97	-1.2	-2.3	-1.6
US\$ /GBP	0.80	1.0	-3.4	-2.9
US\$ / Canadian Dollar	1.36	0.2	-0.5	0.1
US\$/Yen	139.34	2.2	2.3	6.3

Source: Bloomberg & Invesco

HIGHLIGHTS OF THE STOCK MARKET ENDING MAY 2023

The Ghana stock market had a bearish performance in May as the GSE-Composite Index (GSE-CI) lost 230.17 points to settle at 2,511.29 points whilst its year-to-date returns declined from 12.18% in April to 2.76% in May. In addition, the GSE-Financial Stock Index (GSE-FSI) continued its bearish run as the index lost 80.93 points to close May at 1,677.35 points. The GSE-FSI year-to-date loss declined further from 14.34% in April to 18.28% in May.

The Market capitalization of the local bourse lost GH¢2,495.15 million, reducing from GH¢68,278.45 million in April to GH¢65,783.30 in May, representing a year-to-date return of 1.98%, down from 5.85% in April.

Top Gainers (May 2023)

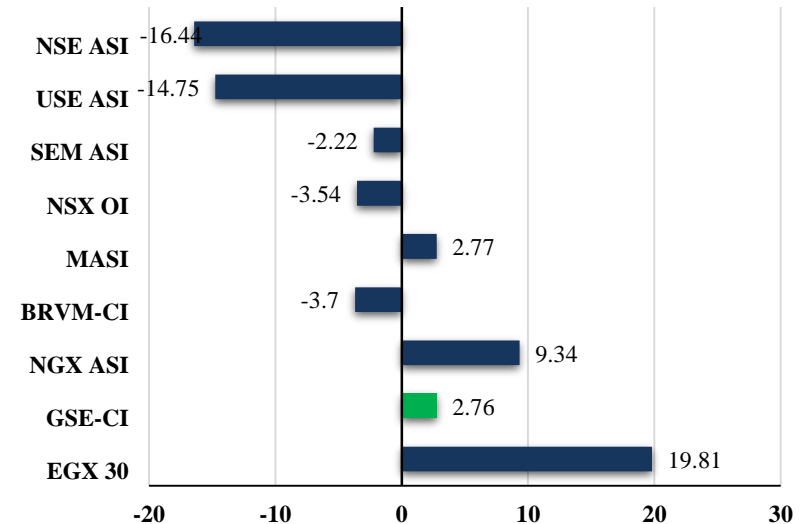
STOCKS	PRICE (GH¢)	YEAR-TO-DATE
BOPP	14.00	+83.01%
TOTAL	6.45	+61.25%
UNIL	6.08	+56.70%
MTNGH	1.09	+23.86%
TBL	0.82	+2.50%

Top Losers (May 2023)

STOCKS	PRICE (GH¢)	YEAR-TO-DATE
FML	1.30	-56.67%
SOGEGH	0.60	-40.00%
SCB	12.50	-38.00%
EGL	2.43	-24.06%

	APRIL	MAY	YTD
GSE-CI	2,741.46	2,511.29	+2.76%
GSE-FSI	1,758.28	1,677.35	-18.28%
Market Cap (GH¢m)	68,278.45	65,783.30	+1.98%
Volume Traded	186,888,644	35,417,720	-
Value Traded (GH¢)	206,364,155.69	109,885,558	-

Source: Ghana Stock Exchange

GSE-CI vs SOME SELECTED AFRICA STOCK MARKET INDICES


Source: African Markets

HIGHLIGHTS OF THE COMMODITY MARKET ENDING MAY 2023.

Crude Oil (Brent)

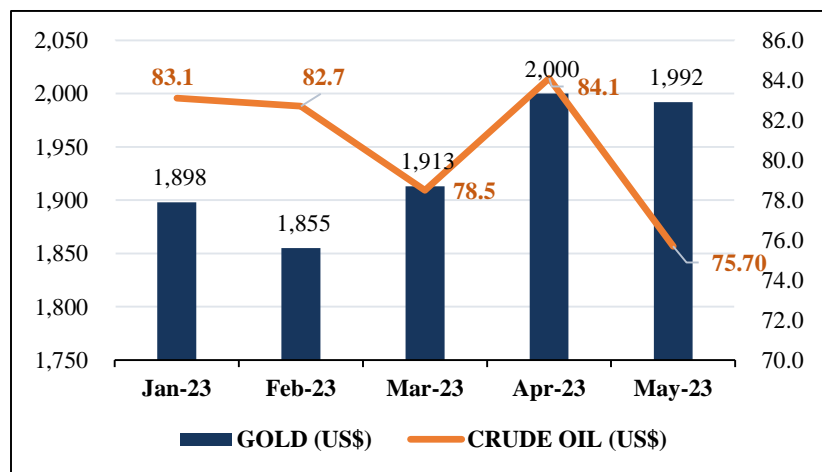
The price of crude oil fell in May after the American Petroleum Institute issued data showing a significant increase in US crude stock, raising concerns about an oversupply amid evidence of lower Chinese demand, the world's second-largest consumer of oil.

Brent crude oil prices declined by 9.99% in May, from \$84.1 per barrel in April to \$75.70 per barrel. Brent crude oil has recorded a year-to-date loss of 8.90%.

Gold

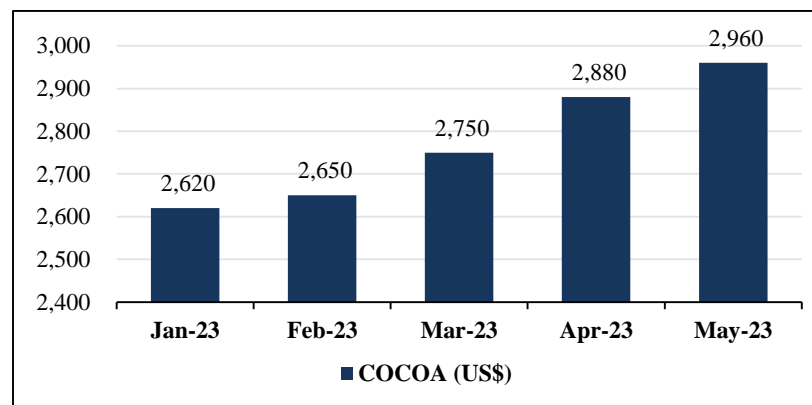
Gold prices dipped slightly in May as the US Dollar rose as a result of a positive US payrolls report and an increase in US bond yields.

The price of Gold fell by 0.40%, or US\$8, from US\$2,000 per ounce in April to US\$1,992 per ounce in May 2023. Gold has recorded a year-to-date return of 4.95%.



Cocoa

Prices of Cocoa beans increased by 2.78% or US\$80 from US\$2,880 per ton in April to US\$2,960 per ton in May 2023. The increase in cocoa beans price was supported by a global supply deficit resulting from a low level of cocoa bean supply from West Africa, particularly Côte d'Ivoire. Prices of cocoa have appreciated by 12.98% since the year began.



Source: World Bank Commodity Market

See the table below for the monthly average prices of other commodities.

Commodity	March 2023 (US\$)	April 2023 (US\$)	May 2023 (US\$)
Crude Oil, WTI	73.4	79.4	71.6
Soybeans	628	615	595
Maize	282.5	291.1	268.1
Sugar, World	0.45	0.53	0.56

HIGHLIGHTS OF INTERNATIONAL MARKETS AS OF MAY 2023.

Europe

The Eurozone recorded an inflation rate of 6.1% in May, its lowest level since February 2022. In Spain, inflation declined to 2.9%, in Germany to 6.3%, and in France to 6.0%. Inflation fell in 18 out of the 20 Eurozone member countries, with the Netherlands being the only country where inflation rose.

Despite this, the European Central Bank (ECB) insisted more interest rate rises were needed as inflation was still too high.

Data released shows that Germany's GDP contracted for the first quarter of the year by 0.3%, indicating that the country has entered a recession.

The UK

The Bank of England raised interest rates to the highest level since 2008. The Bank of England raised interest rates by 0.25% to 4.5%, warning that inflation would not fall to its target level of 2% until the beginning of 2025. The IMF also no longer expects the UK to enter a recession this year but warned inflation would likely remain above 2% until mid-2025.

The US

The Federal Reserve hiked its benchmark interest rate by 0.25% for the eighth time in a row. However, Fed Chair Jay Powell signalled that the Fed may soon suspend its monetary tightening (increased interest rates). This is due to the recent bank sell-off which has resulted in tight credit conditions for households and businesses, which is likely to weigh on economic activity and the labour market.

Asia

Uncertainties about US debt and fears about China's economic recovery send Asian equity markets into negative territory. However, there was major global excitement about the potential of artificial intelligence (AI) boosting the returns from the technology-heavy indices in Taiwan and Korea.

Emerging Markets (EM)

The uncertainties surrounding the US debt ceiling and concerns about China's economic recovery resulted in global emerging equity markets declining in May. All regions posted negative returns. Central & Eastern Europe, the Middle East and Africa was the worst performer, followed by Latin America and emerging Asia.

Among the sectors, technology was the only one to post gains as global excitement about the potential of artificial intelligence increased significantly.

BRAZIL: Brazil was the only Latin American country to achieve positive returns. Macroeconomic data was favorable with the unemployment rate falling to its lowest level in seven years. This in turn provided a boost to retail sales. The main interest rate (Selic) was kept on hold at 13.75%.

MEXICO: In Mexico, the policy rate also remained unchanged at 11.25%. While domestic demand data from the country was generally strong, equity prices drifted lower.

COLUMBIA: Colombia was the weakest-performing equity market in the region as investors' confidence was affected by political uncertainties.

HIGHLIGHTS OF GLOBAL EQUITY INDEX PERFORMANCE

INDEX	1 Month %	3 Month %	YTD %
US			
DOW JONES	-3.2	1.4	0.2
S&P 500	0.4	5.7	9.6
NASDAQ	5.9	13.2	24.1
RUSSELL 2000	-0.9	-7.4	-0.1
UK			
FTSE All-Share	-4.7	-4.3	1.5
FTSE 100	-5.0	-4.2	1.7
FTSE 250	-3.3	-4.9	0.7
EUROPE			
MSCI Europe	-2.4	0.3	9.0
CAC 40	-3.9	-0.1	12.3
DAX	-1.6	1.9	12.5
ASIA			
Hong Kong HS	-7.9	-7.0	-6.9
China SE	-3.4	-2.1	4.0
Singapore Times	-2.3	-1.0	-0.3
Korean	3.0	7.0	15.5
Taiwan	6.4	7.3	17.7

Source: S&P Global & Bloomberg

AFRICA BUSINESS MARKET NEWS
Ethiopia is now closer to getting its stock exchange with 50 companies.

Ethiopian Investment Holdings and FSD Africa have signed a cooperation agreement to establish the Ethiopian Securities Exchange (ESX).

Once established, the ESX will become the 30th exchange on the African continent. The exchange is expected to have at least fifty companies, including banks and insurance companies at the launch of the exchange. This new development will help to provide a fundraising platform for small and medium-sized enterprises, which are the backbone of the Ethiopian economy. The exchange will also offer a platform for the privatization of Ethiopia's state-owned enterprises.

Nigeria's inflation rate hits 22.22% in April 2023

According to the latest Consumer Price Index (CPI), report by the National Bureau of Statistics (NBS), Nigeria's inflation rate has increased for the fourth consecutive month, maintaining the highest rate in 17 years. Nigeria's headline inflation rate rose to 22.22% in April 2023, a 0.18% point higher than the 22.04% recorded in the previous month.

The inflation rate continues its uptrend despite multiple interest rate hikes by the central bank to tame the rising rate. The Central BN has increased Monetary Policy Rate (MPR) from 11.5% to 18% between May last year and March 2023.

LOCAL BUSINESS / ECONOMIC NEWS

Bank of Ghana has directed commercial banks to recapitalize by September 2023.

The Bank of Ghana has given banks up to the end of September 2023 to provide their recapitalization plans. This follows the impact of the Domestic Debt Exchange Programme Domestic Debt Exchange and the challenging operating environment that has eroded the minimum capital of some banks.

Ghana has submitted a debt restructuring proposal to its official creditors.

Ghana has submitted a debt restructuring proposal to its official creditors, as the country aims to cut \$10.5 billion in interest payments on its external debt over the next three years to successfully implement a \$3 billion loan deal from the International Monetary Fund (IMF).

According to a government official, the government plans to finish restructuring its domestic debt before engaging in negotiations with its official, bilateral creditors, and foreign bondholders.

AngloGold Ashanti to move the primary listing to New York Stock Exchange

AngloGold Ashanti has unveiled a major corporate restructuring in which it will move the primary listing of its shares to New York from Johannesburg, and domicile the business in London. However, the Johannesburg corporate office will be retained.

A secondary listing would be maintained on the JSE as well as on the Ghana Stock Exchange but the company would delist from the Australian Stock Exchange.

Enterprise Group Plc (EGL)- Closure of Register and Payment of Final Dividend

EGL announces that the Company's Directors will be recommending to the shareholders at the upcoming Annual General Meeting, the payment of a final dividend of GH¢0.0744 per share for the 2022 financial year.

- **Qualifying Date:** Friday, June 23, 2023
- **Closure of Register:** Monday, June 26, 2023 to Tuesday, June 27, 2023 (both dates inclusive)
- **Ex-Dividend Date:** Wednesday, June 21, 2023.
- **Dividend Payment Date:** Tuesday, August 15, 2023.

CONCLUSION / RECOMMENDATION

On the primary market, we expect trades in the Government of Ghana treasury bill securities to remain high. We expect the government to meet most of its treasury bill auction targets in the month of June. However, we expect the government to cut interest rates though inflation remains above the Central Banks target of 6-10%.

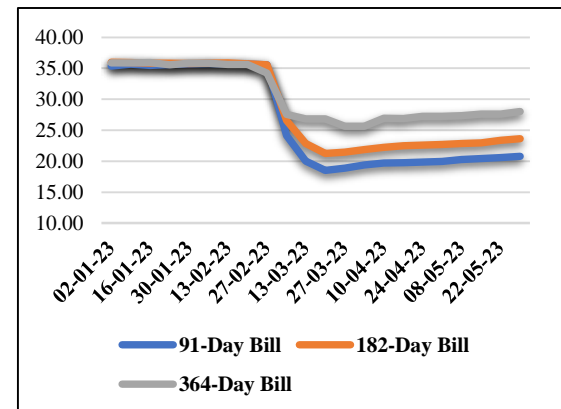
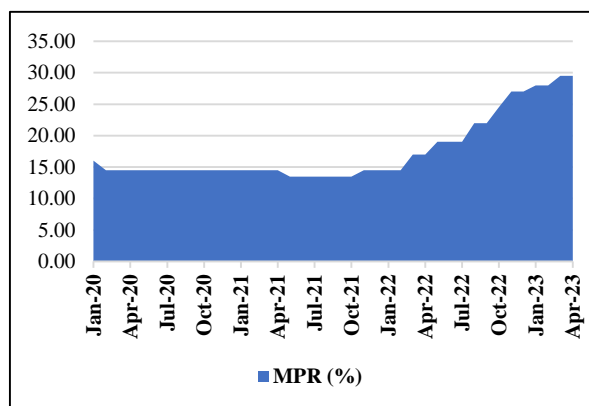
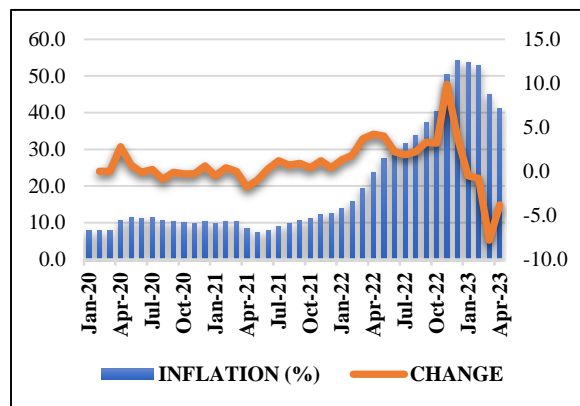
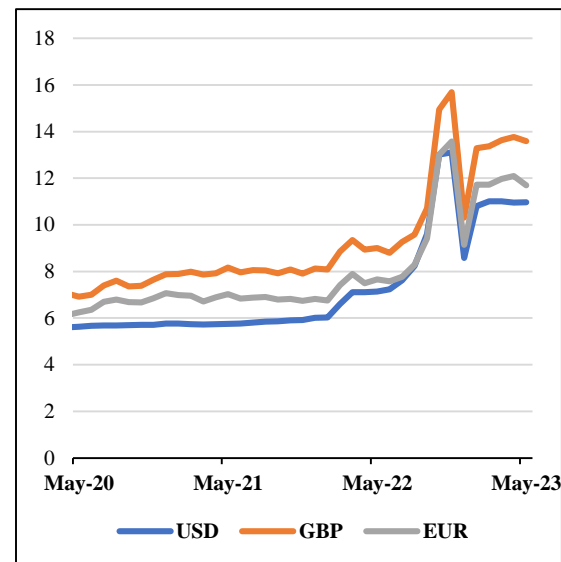
The stock market indices are still expected to exhibit mixed performances on the capital market. We expect the GSE-Composite Index to stay positive whilst the GSE-Financial Stock Index is also expected to remain in the negative trajectory in the month of June.

On the forex exchange market, we anticipate that the value of the cedi will remain relatively stable against the US Dollar and other trading currencies. We believe that the first tranche (\$600 million) of the \$3 billion IMF loan and the submission of the debt restructuring proposal to our official creditors will send a positive signal to investors and market operators.

We recommend investors subscribe to the 364-Day Bill. Also, Investors can do fixed deposit placements with commercial banks for a maximum of 91 days.

GHANA MACROECONOMIC HIGHLIGHTS ENDING MAY 2023.

Indicators	Current	Previous		Chg.
GDP Growth Rate	0.8	0.5	Per cent	0.3
GDP AGR	3.7	3.1	Per cent	0.6
Inflation	41.2	45.0	Per cent	-3.8
Monetary Policy Rate	29.5	28.0	Per cent	1.50
Unemployment Rate	4.7	4.7	Per cent	0.00
Gov't Debt to GDP	71.2	93.5	Per cent of GDP	-22.30
Balance of Trade	225	484	USD Million	-259.00
Current Account	318	-739	USD Million	1057.00
Current Account to GDP	-3.2	-3.1	Per cent of GDP	-0.10
Government Budget	-10	-12.1	Per cent of GDP	2.10



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