



PRUDENTIAL SECURITIES LIMITED

FIXED INCOME MARKET REPORT

...FOR THE MONTH ENDING MARCH 2021...

GOG SECURITIES MARKET HIGHLIGHT

Yields on the 91-Day, 182-Day and 364-Day T-bill declined marginally at the end of March 2021. The interest rate on 91-Day T-Bill and 182-Day T-Bill declined by 3bps and 1bps to settle at 12.87 percent and 13.65 percent respectively. Again, interest rate on 364-Day T-Bill fell from 16.67 percent to 16.57 percent within the same period. The yields on the Government of Ghana treasury Notes and Bonds remained unchanged.

Security	Year Open	Previous Yield %	Current Yield %	YTD
	01/1/21	19/3/21	26/3/21	%
91-Day Bill	14.10	12.90	12.87	-8.66
182-Day Bill	14.15	13.66	13.65	-3.50
364-Day Bill	16.96	16.67	16.57	-2.31
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	18.30	18.30	-7.81
6-Yr Bond	19.50	19.25	19.25	-1.28
7-Yr Bond	20.00	20.50	20.50	-
10-Yr Bond	19.80	19.80	19.80	-
15-Yr Bond	19.75	19.75	19.75	-

Source: Bank of Ghana

SUMMARY OF VOLUME OF TRADES AS AT MARCH 2021

The Ghana fixed income market continued its bullish performance, recording an all-time high traded volume of 26.45 billion in March 2021, representing an increase of 81.66 percent from the previous months trade and 237.42 percent year-on-year compared to March 2020.

See the table below for further details

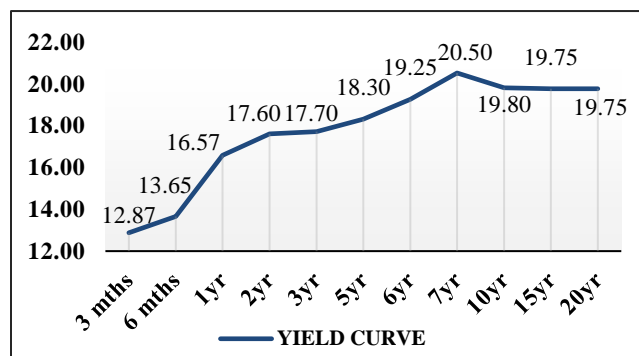
	2021	2020
January	17,959,255,446	7,412,700,902
February	14,553,075,549	5,437,811,446
March	26,437,450,219	7,835,083,639
TOTAL	58,949,781,214	20,685,595,987

Source: Ghana Fixed Income Market

TREASURY YIELD CURVE

The yield curve sustained its normality and had its curve smoothed following the rate moderation recorded on the 3-Year bond in March 2021.

The consistent decline in interest rates in recent times due to excess liquidity coupled with investors' search for safety continues to drag down the short end of the treasury yield curve.



Source: Ghana Fixed Income Market

EXCHANGE RATE PERFORMANCE IN MARCH 2021

Currency Pair	Year Open	Month Open	Month Close	YTD %
	4/1/21	1/3/21	31/3/21	
USD/GHS	5.7602	5.7374	5.7288	+0.55
GBP/GHS	7.8742	7.9945	7.8717	+0.03
EUR/GHS	7.0643	6.9545	6.7122	+5.25

The local currency has appreciated by 0.55 percent to the US dollar since the beginning of this year. This has been the strongest performance of the cedi since last year, which it achieved a record 3.9% depreciation to the US Dollar.

We believe that the cedi benefited from a number of factors including the enhanced foreign exchange forward allotments, improved regulatory oversight and continued improvements in risk appetite of non-resident investors.

Source: Bank of Ghana

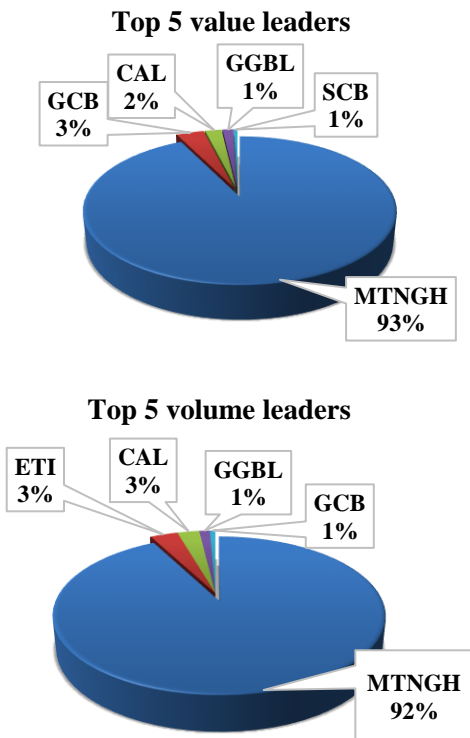
GHANA STOCK MARKET HIGHLIGHTS

The Ghana stock market had an impressive run in the first quarter of 2021 after it recorded a year-to-date return of 13.99 percent, making it the best performing stock market on the African Continent.

Some factors contributing to the stock market’s performance could be the general price gains observed in most of the financial stocks driven by good financial reporting of the financial institutions despite the COVID-19 pandemic.

The performance of the stock market translated into an improved market capitalization of GH¢57,162.18 million at the end of March 2021.

	Jan-Mar 2021	Jan-Mar 2020
GSE-CI	13.99%	-4.32%
GSE-FI	3.54%	-4.73%
Market Cap	GH¢57,162.18	GH¢55,985.55
Volume	GH¢200.9m	GH¢99.5m
Value	GH¢153.4m	GH¢76.8m



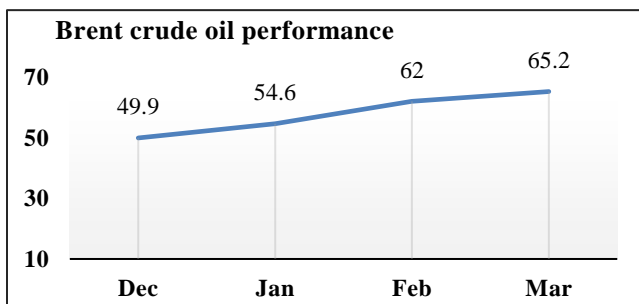
Source: Ghana Stock Exchange Market

COMMODITY NEWS

Crude Oil, Brent

Brent crude recorded an average price of US\$65.2 per barrel in March 2021. This was roughly double from the average monthly price one year prior, with prices having notably recovered from the 2020 coronavirus slump.

Higher crude oil prices in March were primarily as a result of lower crude oil production from members of OPEC and partner countries (OPEC+) and also after a large container ship ran aground, blocking vessels passing through one of the world’s most important waterways.

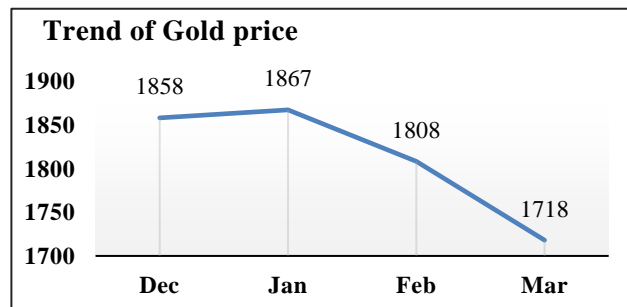


Source: World Bank, Commodity Markets

Gold

The price trend for gold has worsened since the start of 2021 despite the Biden administration issuing another Covid-19 relief of \$1.9 trillion. Gold finished down for a second straight month, losing 4.98 percent in March, and 7.98 percent in first quarter of 2021.

This result came as the dollar moved higher together with US yields. As yields rose, the yield differential moved in favor of the greenback, helping to boost the dollar.

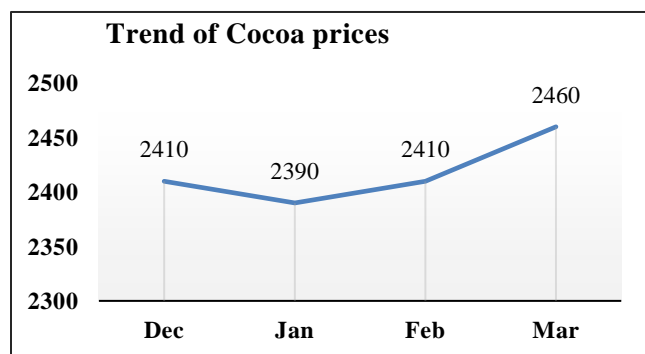


Source: World Bank, Commodity Markets

Cocoa

Cocoa prices ended at its highest since the start of 2021. Prices of Cocoa rose by 2.07 percent, or US\$50 to close March at US\$2,460.

This sudden and strong rise in Cocoa prices could have been influenced by rising Covid-19 vaccination rates in the United States and the United Kingdom which can speed up the deadlines to finish lockdowns boosting Chocolate demand expectations.

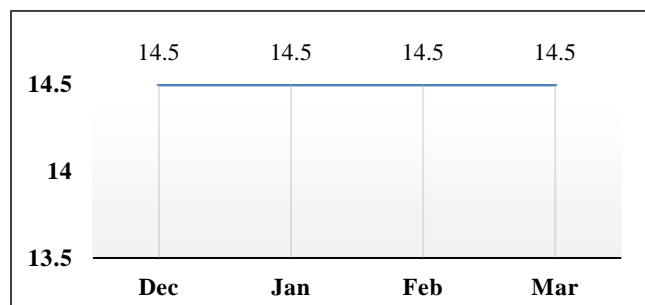


Source: World Bank, Commodity Markets

ECONOMIC NEWS

Bank of Ghana maintains policy rate at 14.5 percent.

The Bank of Ghana held its benchmark interest rate for a sixth consecutive time. The central bank held the policy rate at 14.5 percent citing pressures from rising crude oil prices and direct and secondary price effects of the revenue measures announced in the 2021 budget.



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 upward trend on the Ghana stock market to continue 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 in the quarter ahead due to Bank of Ghana's intervention measure's put in place particularly in the FX forex market.

Corporate Information

Prudential Securities Limited
Head Office Building
No. 8 Nima Avenue,
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

Disclaimer:

This report is intended for general guidance and information purpose only. This report is under no circumstances intended to be used or considered as financial or investment advice, a recommendation or an offer to sell, or a solicitation of any offer to buy any securities or other form of financial asset.

While we take adequate measures to ensure the accuracy of information, there could be inaccurate data from source which we may not have control over. All information written in the report is provided in good faith, however we make no representation or warranty of any kind, express or implied, regarding accuracy, adequacy, validity, reliability, availability or completeness of any information on this report.