



PRUDENTIAL SECURITIES LIMITED

FIXED INCOME MARKET REPORT

...FOR THE MONTH ENDING MAY 2021...

GOG SECURITIES MARKET HIGHLIGHT

Interest rates on the GoG treasury securities were mixed adjusted. The yield on the 91-Day T-Bill rose by 2 basis points to 12.78 percent. That on the 364-Day T-Bills also inched up by 7 basis points to 16.49 percent but the yield on the 182-Day T-Bill shed 3 basis points to 13.51 percent.

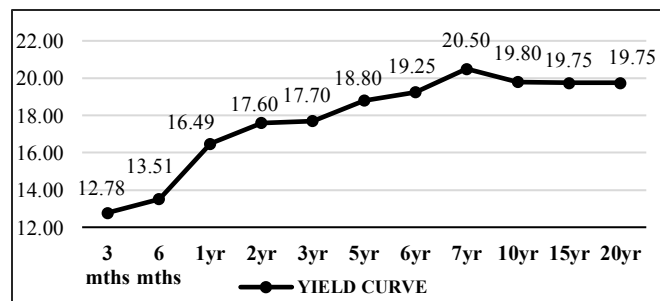
Yields on other Government Bonds and treasury notes remained unchanged.

Security	Year Open	Previous Yield %	Current Yield %	YTD Chg.
	04/1/21	21/5/21	28/5/21	%
91-Day TB	14.10	12.76	12.78	-9.33
182-Day TB	14.15	13.54	13.51	-4.55
364-Day TB	16.96	16.42	16.49	-2.81
2-Yr Note	18.50	17.60	17.60	-4.86
3-Yr Bond	19.25	17.70	17.70	-8.06
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	20.50	20.50	-
10-Yr Bond	19.80	19.80	19.80	-
15-Yr Bond	19.75	19.75	19.75	-
20-Yr Bond	20.20	20.20	20.20	-

Source: Bank of Ghana

TREASURY YIELD CURVE AS AT MAY 2021

The treasury yield curve had a normal curve at the end of May, confirming that short term instruments had lower yields whilst the medium-long term securities had higher yields.



Source: Ghana Fixed Income Market

AUCTION RESULTS FOR MAY 2021

At the end of May auction, Government accepted a total of GHS4,585.64 million worth of bids out of GHS4,713.63 million bids tendered by investors. The GHS4,388.00 million targets set by the Government was exceeded by GHS197.64 million.

The 91-Day T-Bill was the most accepted bids in May with a share composition of 80.41 percent.

GOG SECURITIES	Amount Tendered	Amount Sold
	GHS' m	GHS' m
91-Day T-Bill	3,804.41	3,687.10
182-Day T-Bill	554.80	544.58
364-Day T-Bill	354.42	353.96
TOTAL	4,713.63	4,585.64

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

GOVERNMENT'S ISSUANCE CALENDAR FOR APRIL TO JUNE, 2021.

The Government plans to issue a gross amount of GH¢21,430.00 million, of which GH¢17,301.00 million is to roll over maturities and the remaining GH¢4,129.00 million is fresh issuance to meet Government's financing requirements.

See table below for the summary of the gross borrowing requirement for the period April to June, 2021.

SECURITY	APR	MAY	JUNE	TOTAL
	GHS	GHS	GHS	GHS
91-Day	3,300	4,200	3,800	11,300
182-Day	4,500	580	480	5,560
364-Day	620	300	650	1,570
5-Yr Bond	-	1,000	1,000	2,000
7-Yr Bond	-	1,000	-	1,000
TOTAL	8,420	7,080	5,930	21,430.00

Source: Ghana Fixed Income Market

EXCHANGE RATE PERFORMANCE IN MAY 2021

The Cedi declined marginally against the US Dollar in the month of May. The cedi depreciated by 0.26 percent, closing at a year-to-date return of 0.22 percent. The local currency lost 3 percent and 1.86 percent against the British Pound and the Euro respectively, thus recording a year-to-date of -3.59 percent and 0.53 percent accordingly.

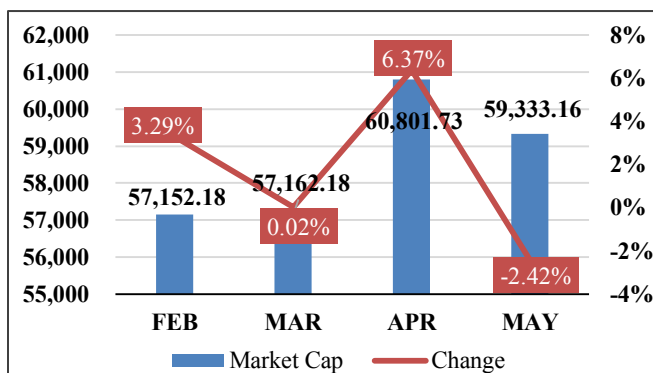
Currency Pair	Year Open	Month Open	Month Close	YTD %
	4/1/21	1/4/21	30/4/21	
USD/GHS	5.7602	5.7322	5.7473	0.22
GBP/GHS	7.8742	7.9222	8.1672	-3.59
EUR/GHS	7.0643	6.8958	7.0268	0.53

Source: Bank of Ghana

STOCK MARKET HIGHLIGHTS

Trading activities on the Ghana Stocks Exchange market saw a marginal slump in May 2021. The GSE Composite Index lost 140.34 points as it settled at 2,421.11 points whilst the GSE Financial Index gained 25.83 points to close at 1,902.90 points. The year-to-date returns for the Composite Index and the Financial Index were 24.7 percent and 6.74 percent respectively.

Market Capitalization slid from GH¢60,801.73 million in April 2021 to GH¢59,333.16 million in May 2021, representing a reduction of GH¢1,468.57 million.



However, the local bourse recorded its highest monthly trading value, as value of shares traded hit GH¢72 million cedis in May 2021. This represents a month-on-month increase of 134 percent

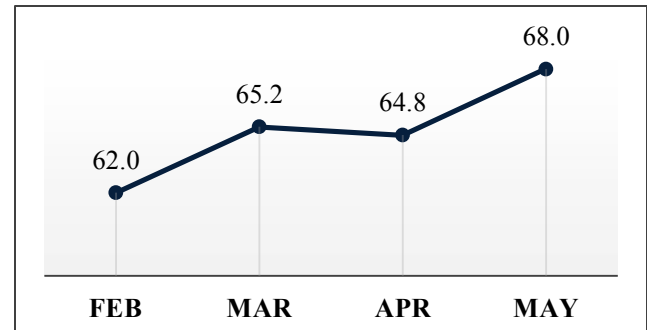
Source: Ghana Stock Exchange Market

COMMODITY NEWS

Crude Oil, Brent

Prices of Brent Crude Oil increased in May by 4.94 percent, or US\$3.20 moving from US\$64.8 to US\$68 per barrel.

Crude prices rose after OPEC+ alliance forecasted a tightening global market ahead of the production policy meeting.

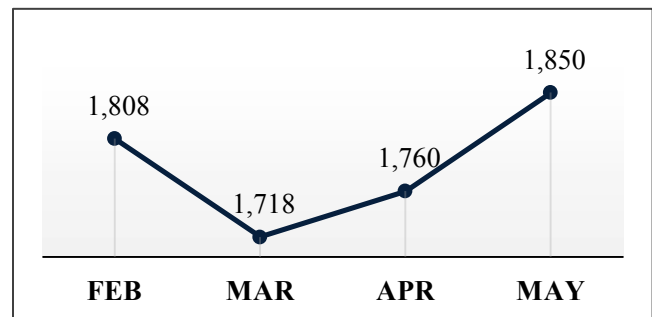


Source: World Bank, Commodities Report

Gold

Gold prices went up in May. The yellow metal rose by 5.11 percent, or US\$90.00 per ounce from US\$1,760 in April to US\$1,850 in May.

This was supported by a weaker dollar and lower bond yields after the world's largest gold consumer China released key economic data.



Source: World Bank, Commodities Report

Cocoa

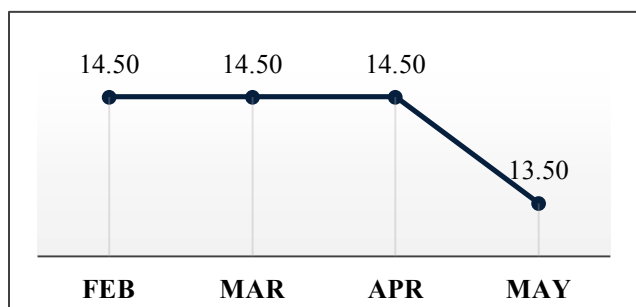
Prices of Cocoa rose in May 2021 as a result of an excess production from Ivory Coast as most countries have lessened the COVID-19 restrictions thus boosting the demand for cocoa beans. Cocoa prices rose by 1.69 percent to close May at \$2,410.

ECONOMIC NEWS

Bank of Ghana decreases policy rate to 13.5 percent.

The Monetary Policy Committee of the Bank of Ghana in its MPC release for May 2021 lowered the Monetary Policy Rate by 100 basis point to 13.5%, its first change since March 2020.

The decision was driven by the recent slowdown in inflation to a 13-month low of 8.5% in April 2021 on the back of “lower food prices and base drift effects, a tight monetary policy stance and stable exchange rate conditions”.



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

Assets - An asset is a resource with economic value that an individual, corporation, or country owns or controls with the expectation that it will provide a future benefit.

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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