



PRUDENTIAL SECURITIES LIMITED

FINANCIAL MARKET RESEARCH REPORT

FOR THE MONTH ENDING **NOVEMBER 2022**

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

Website: www.prudentialsecurities.com.gh

**HIGHLIGHTS OF GOG SECURITIES MARKET
ENDING NOVEMBER 2022**

The interest rate on the Government of Ghana Treasury bills rose in November 2022.

The yield on 91-Day Bill and 182-Day Bill rose from 30.45% and 34.26% to 35.54% and 36.38% respectively. In addition, the interest rate on the 364-Day Bill also increased from 33.36% to 35.90% in November 2022.

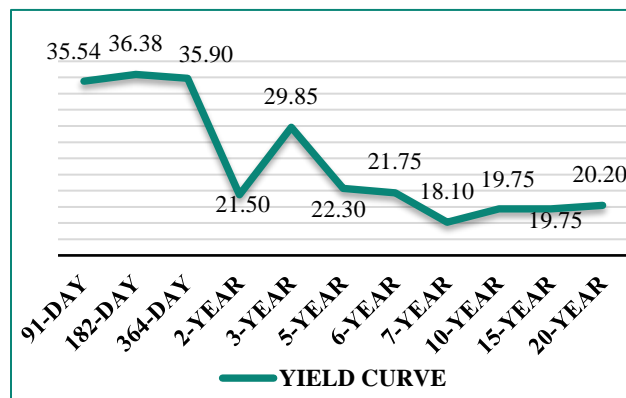
There was no issuance of long-term treasury securities on the primary market during the month.

See the table below for the summary of GOG Securities' ending November 2022.

Securities	Month Close	Month Open	Change
	30-11-2022	01-11-22	
91 Day T/Bill	35.54%	32.70%	+2.84
182 Day T/Bill	36.38%	34.26%	+2.11
364 Day T/Bill	35.90%	33.36%	+2.54
2 Year Note	21.50%	21.50%	-
3 Year Bond	29.85%	29.85%	-
5 Year Bond	22.30%	22.30%	-

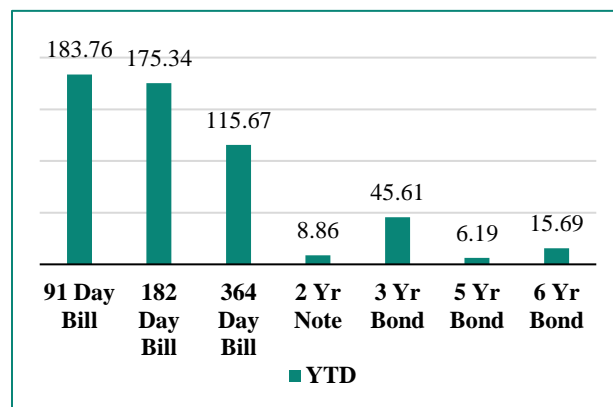
Source: Ghana Fixed Income Market

TREASURY YIELD CURVE

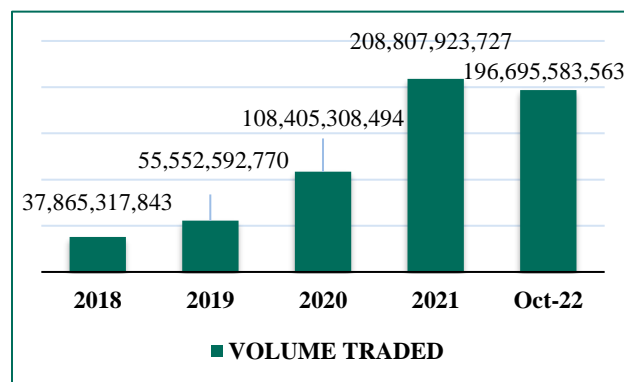


Source: Ghana Fixed Income Market

**GOG SECURITIES YEAR TO DATE (%)
ENDING NOVEMBER 2022.**



**PERFORMANCE OF GHANA FIXED INCOME
MARKET**



Source: Ghana Fixed Income Market

**GHANA MACROECONOMIC HIGHLIGHTS
ENDING NOVEMBER 2022**

Indicators	Current	Previous	Chg.
GDP Growth Rate	1.1	0.9	+0.2
GDP AGR	4.8	3.4	+1.4
Inflation	40.4	37.2	+3.2
Monetary Policy Rate	27.0	24.5	+2.5
Unemployment Rate	4.7	4.7	-
Gov't Debt to GDP	81.8	78.3	+3.5

Source: Trading Economics

HIGHLIGHTS OF THE FOREX EXCHANGE MARKET ENDING NOVEMBER 2022.

The value of the Ghana Cedi declined marginally against the major trading currency in November. The Cedi traded at GH¢13.1044/\$ at month close, compared with GH¢13.0086/\$ at month open, reflecting year-to-date depreciation of 54.17%.

The Cedi also declined against the British Pound Sterling in November. It traded at GH¢15.6919/£ at month close, compared with GH¢14.9541/£ at month open, showing a year-to-date depreciation of 48.21%.

Moreover, the cedi weakened against the Euro. It traded at GH¢13.5813/€ at month close, compared with GH¢13.0091/€ at month open, representing a year-to-date loss of 49.72%.

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¢	6.0061	13.1044	13.0086	-54.17
GBP/GH¢	8.1272	15.6919	14.9541	-48.21
EUR/GH¢	6.8281	13.5813	13.0091	-49.72

Source: Bank of Ghana

HIGHLIGHTS OF THE STOCK MARKET ENDING NOVEMBER 2022

The Ghana Stock Exchange Composite Index and Financial Index rose marginally in November. The GSE-CI recorded 2,463.27 points compared with 2,460.31 in October. The GSE-FI also recorded 2,076.84 points compared with 2069.89 points in October 2022.

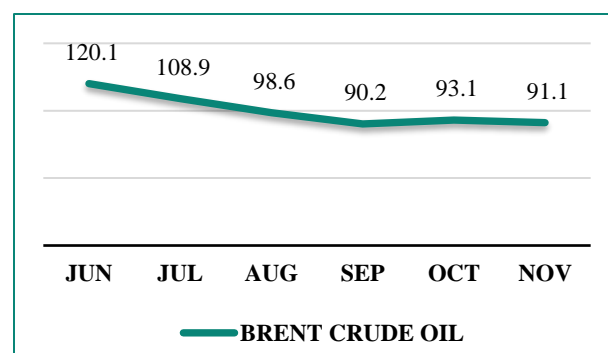
The GSE CI reported a year-to-date loss of 11.69% whilst the GSE FI also posted a year-to-date loss of 3.49%. The market capitalization of the stock market increased by 0.15%, reporting a total value of GH¢64,821.04 million in November 2022 compared with GH¢64,727.18 million in October 2022.

HIGHLIGHTS OF THE COMMODITY MARKET ENDING NOVEMBER 2022.

Crude Oil (Brent)

The price of crude oil (Brent) dropped by 2.15% in November, logging a sixth monthly decline, due to concern about weakened demand in China and further increases to U.S. interest rates

The price of Brent crude oil declined from US\$93.1 per barrel in October to US\$91.1 per barrel in November 2022.

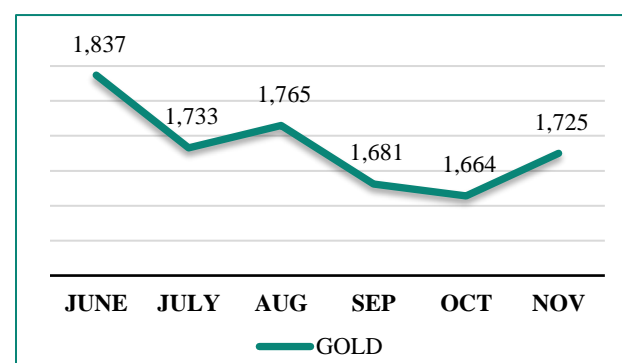


Source: World Bank Commodity Market

Gold

Gold prices rose by 3.67% in November, as minutes from the U.S. Federal Reserve's November policy meeting showed that the majority of members opted to slow down interest rate hikes.

The price of gold rose from US\$1,664 per ounce in October to US\$1,725 per ounce in November.

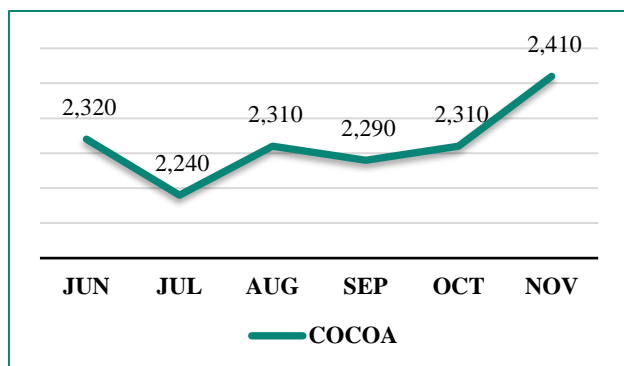


Source: World Bank Commodity Market

Cocoa

Prices of Cocoa beans rose by 4.33% from US\$2,310 per tonne in October to US\$2,410 per tonne in November 2022.

The high demand for cocoa during the festive season, coupled with the tight supply, led to a sharp spike in the price of cocoa bean.



Source: World Bank Commodity Market

ECONOMIC/BUSINESS NEWS

2023 Budget Statement and Economic Policy

The Finance Minister, Ken Ofori-Atta presented the 2023 budget in Parliament on Thursday 24th November 2022.

In the budget, the minister announced a 2.5% increment in VAT from next year and a reduction in the e-levy rate from 1.5% to 1%.

The budget also anchored on a seven-point agenda aimed at restoring macroeconomic stability and accelerating economic transformation, as articulated in the post-COVID-19 Programme for Economic Growth (PC-PEG). This seven-point agenda includes the following:

- Aggressively mobilize domestic revenue
- Streamline and rationalize expenditures
- Boost local productive capacity
- Promote and diversify exports
- Protect the poor and vulnerable
- Expand digital and climate-responsive physical infrastructure; and
- Implement structural and public sector reforms.

To achieve this, there were three (3) critical imperatives that were highlighted. These include

- successfully negotiating a strong IMF programme;
- coordinating an equitable debt operation programme; and
- attracting significant green investments.

Ghana's Domestic Debt Exchange Programme

The government has announced that there will be no "haircut" on the principal of bonds and that individuals with government bonds will have their full investment at maturity.

Under the Debt Exchange Programme, domestic bondholders will be asked to exchange their instruments for new ones. Existing domestic bonds as of 1st December 2022 will be exchanged for a set of four new bonds maturing in 2027, 2029, 2032 and 2037. The annual coupon on all of these new bonds will be set at 0% in 2023, 5% in 2024 and 10% from 2025 until maturity. Coupon payments will be semi-annual.

Treasury Bills are completely exempted and all holders will be paid the full value of their investments on maturity.

There will be no haircut on the principal of bonds. Also, individual holders of bonds will not be affected.

A Financial Stability Fund (FSF) is being established by the government with the help of development partners to provide liquidity support to banks, pension funds, insurance companies, fund managers, and collective investment schemes to ensure that they can meet their obligations to their clients as they fall due.

RECOMMENDATION

We anticipate that investors interest in Government treasury bill instruments will increase as a result of the assurance made by the Government that there will be "no haircut" on treasury bill investments.

We expect yields on Government of Ghana treasury securities to inch up in the months ahead. For the time being, we will recommend that investors stay at the short end of the yield curve.