



# **PRUDENTIAL SECURITIES LIMITED**

**FIXED INCOME MARKET REPORT**

**...FOR THE MONTH ENDING OCTOBER 2021...**

<b>Yields as at Oct 29th / MoM Chg</b>	<b>91-Day</b> 12.45 -0.01	<b>182-Day</b> 13.12 -0.04	<b>364-Day</b> 16.24 -0.03	<b>2 Yr. Note</b> 17.50 -	<b>3 Yr. Note</b> 17.70 -	<b>5 Yr. Note</b> 18.80 -	<b>7Yr.Note</b> 18.10 -
<b>YTD for October</b>	<b>91-Day YTD</b> -11.70%	<b>182-Day YTD</b> -7.29%	<b>364-Day YTD</b> -4.26%	<b>2 Yr. Note YTD</b> -5.41%	<b>3 Yr Note YTD</b> -1.30	<b>5 Yr Bond YTD</b> -5.29	<b>6 Yr Bond YTD</b> -10.48

**GOVERNMENT OF GHANA SECURITIES MARKET HIGHLIGHT FOR OCTOBER 2021.**

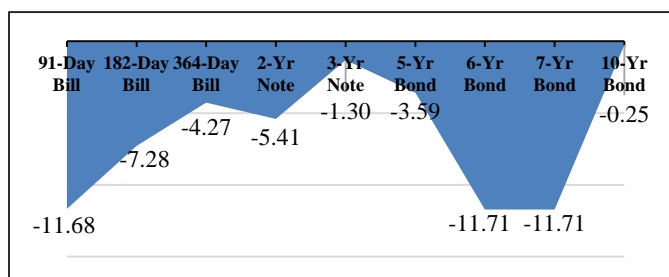
Yields on the Government of Ghana treasury securities posted negative outturns. Yields on the 91-Day T-Bill, 182-Day T-Bill shed 1bps and 4bp to close at 12.45 and 13.12 respectively. Yields on 364 Day T-Bill also shed 3bps to close October at 16.24 percent.

Interest rates on the 2 Year Note and other long-dated treasury bonds remained unchanged.

Security	Year Open	Month Open	Month Close	YTD
	1/1/21	01/10/21	29/10/21	%
<b>91-Day Bill</b>	14.10	12.46	12.45	-11.70
<b>182-Day</b>	14.15	13.16	13.12	-7.29
<b>364-Day</b>	16.69	16.27	16.24	-4.26
<b>2-Yr Note</b>	18.50	17.50	17.50	-5.41
<b>3-Yr Note</b>	19.25	19.00	19.00	-1.30
<b>5-Yr Bond</b>	19.85	18.80	18.80	-5.29
<b>6-Yr Bond</b>	19.50	18.80	18.80	-10.48
<b>7-Yr Bond</b>	20.50	18.10	18.10	-11.71
<b>10-Yr Bond</b>	19.80	19.75	19.75	-0.25
<b>15-Yr Bond</b>	19.75	19.75	19.75	-

*Note: The table above shows the yields on Government of Ghana Treasury Securities.*

**GOG SECURITIES YEAR-TO-DATE**



**ISSUANCE CALENDAR FOR OCTOBER TO DECEMBER, 2021. (GHS' MILLION).**

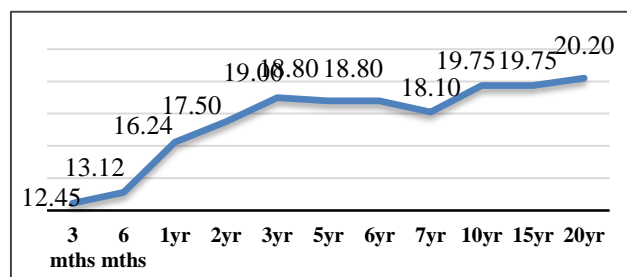
The Government plans to issue a gross amount of GH¢21,170.00 million, of which GH¢20,129.30 million is to rollover maturities. The remaining GH¢1,040.70 million is fresh issuance to meet Government's financing requirements.

The table below provides a summary of the gross borrowing requirement for the period October to December, 2021.

	OCT 2021	NOV 2021	DEC 2021	TOTAL
<b>91-Day Bill</b>	3,600	3,900	3,300	<b>10,800</b>
<b>182-Day</b>	600	750	620	<b>1,970</b>
<b>364-Day</b>	500	650	450	<b>1,600</b>
<b>2-Yr Note</b>	-	-	750	<b>750</b>
<b>3-Yr Bond</b>	1,300	1,000	-	<b>2,300</b>
<b>6-Yr Bond</b>	1,800	-	-	<b>1,800</b>
<b>7-Yr Bond</b>	-	-	750	<b>750</b>
<b>10-Yr Bond</b>	-	1,200	-	<b>1,200</b>
<b>15-Yr Bond</b>	-	-	-	<b>-</b>
<b>TOTAL</b>	<b>7,800</b>	<b>7,500</b>	<b>5,870</b>	<b>21,170</b>

*Note: Securities of 2 Year up to 10 Year will be issued through the book building method*

**TREASURY YIELD CURVE AS AT OCT. 2021**



## EXCHANGE RATE PERFORMANCE IN OCT. 2021

The Ghana Cedi ended October 2021 with a cumulative depreciation of 2.38% against the US Dollar. This is however lower than the 2.96% depreciation recorded during the same period in 2020.

The cedi traded at GH¢5.9009 per US Dollar on the interbank currency market as at the end of October 2021.

Currency Pair	Year Open	Month Open	Month Close	YTD %
	4/1/21	1/10/21	31/10/21	
USD/GHS	5.7602	5.8663	5.9009	-2.38
GBP/GHS	7.8742	7.9140	8.0816	-2.57
EUR/GHS	7.0643	6.7952	6.8231	3.54

Source: Bank of Ghana

## STOCK MARKET HIGHLIGHTS

The Ghana stock market continued its bullish run in October, 2021 as both market indices posted positive returns in the month in question. The GSE Composite index and financial index recorded a year-to-date return of 47.52 percent and 16.79 percent respectively. This impressive performance was supported by price gains observed in telecommunication, manufacturing, and beverage as well as financial stocks.

The market capitalization of the local bourse improved by a positive gain of 0.02 percent or GH¢99.63 million after reporting a value of GH¢64,270.46 in October compared to GH¢64,170.83 in September 2021.

Best Performing Stocks	YTD Return%
FML	+316.67
BOPP	+150.00
MTNGH	+89.06
GGBL	+101.11
SOGEGH	+87.50
Worst Performing Stocks	
MAC	-9.87
SIC	-12.50
ACCESS	-20.50
UNIL	-28.83
CPC	-33.33

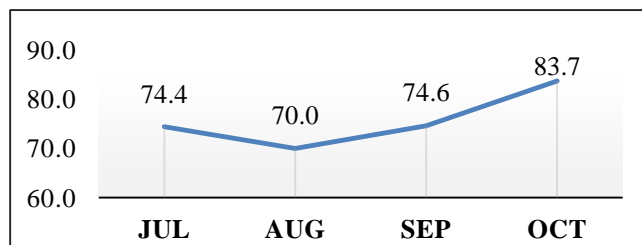
Source: Ghana Stock Exchange Market

## COMMODITY NEWS

### Crude Oil, Brent

The price of Brent Crude Oil rose in October 2021, rising from US\$74.6 per barrel in September to US\$83.7 per barrel in October, representing a gain of 12.20 percent.

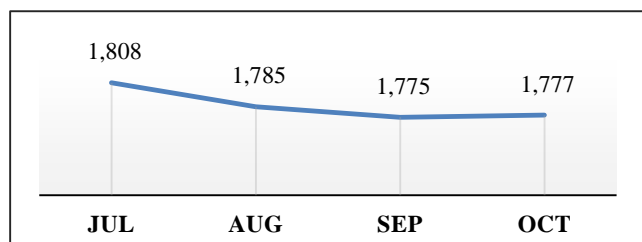
The increase in crude oil price was boosted by forecasts of a supply deficit in the next few months as the easing of coronavirus-related travel restrictions spurs demand.



Source: World Bank, Commodities Report

### Gold

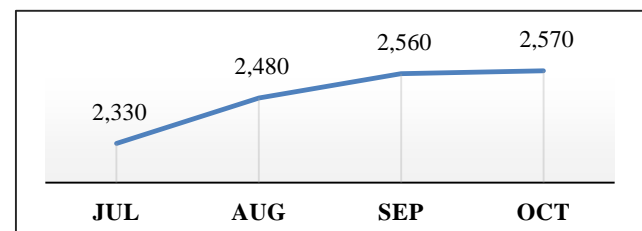
Gold prices went up in October 2021, to settle at US\$1,777.00. The increase in price of the yellow metal was boosted by a fall in U.S. bond yields.



Source: World Bank, Commodities Report

### Cocoa

Prices of Cocoa rose sharply in October due to strong demand for cocoa beans and cocoa products. Cocoa prices moved from US\$2,560 per tonne in September to US\$2,570 per tonne in October, representing a gain of 0.39 percent.



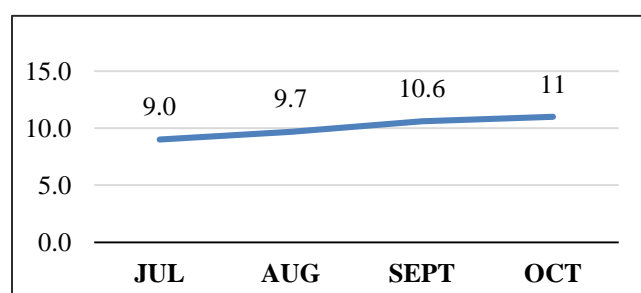
Source: World Bank, Commodities Report

## ECONOMIC / BUSINESS NEWS

### Inflation rate rises to 11.0% in October 2021

Inflation rate recorded another movement upwards to 11.0 % in October 2021 from a September 2021inflation of 10.6%, representing an increase of 0.40. Thus, making it the highest inflation rate recorded since July,2020.

This was as a result of increase in prices associated with housing, water, electricity and transport across the country



## CONCLUSION / RECOMMENDATION

Though yields on the fixed income securities are generally low, we expect volume trades of GOG securities to remain high due to its safe nature. We anticipate that irrespective of the Government's demand for funds to service maturing bills and finance its developmental projects, yields on treasury securities will maintain their downward trend.

We expect the Ghana stock exchange market to extend its strong performance of the stock in October 2021. We believe that investors seeking higher yields will diversify their portfolios to take advantage of the price appreciation on the equities market.

We expect the Ghana cedi to record a marginal depreciation against major trading currencies in the coming months to close at GHS6.03 to the USD by the close of the fourth quarter.

## 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.

## CORPORATE INFORMATION

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