



PRUDENTIAL SECURITIES LIMITED

MONTHLY FINANCIAL MARKET RESEARCH REPORT

FOR THE MONTH ENDING **SEPTEMBER 2023**

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GOVERNMENT OF GHANA TREASURY BILL SECURITIES

In September, interest rate on the Government of Ghana Treasury Bill securities adjusted upwards as yields increased across all short-term papers issued on the primary market.

The interest rates on the 91-day and 182-day bills saw slight month-on-month increases of 114bps and 197bps, respectively. This resulted in rate hikes from 27.36% to 28.50% for the 91-day bill and from 28.71% to 30.68% for the 182-day bill. Additionally, the yield on the 364-day bill surged from 31.66% to 32.51%, marking a change of 85bps.

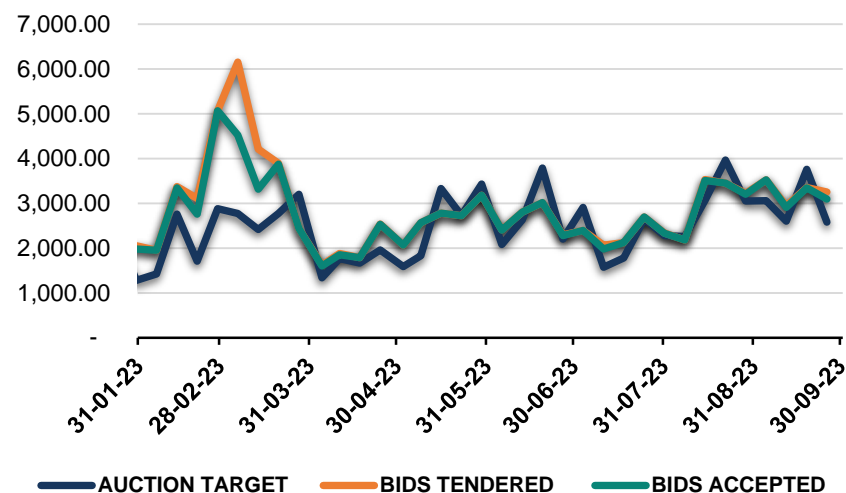
The constant rise in T-Bill rates can be attributed to several factors, including the government's heavy reliance on this safe haven asset, elevated inflation levels, and lingering uncertainties within the financial market.

See the table below for a summary of interest rates on the primary market as of September 2023.

Securities	Year Open	Month Close	Month Open	Chg.
	%	%	%	Bps.
91 Day Bill	35.36	28.50	27.36	↑114
182 Day Bill	35.98	30.68	28.71	↑197
364 Day Bill	35.89	32.51	31.66	↑85

Source: Data compiled from the Bank of Ghana

Trend of Treasury Bill Auction - as at September 2023



See the table below for a breakdown of the auction results in September 2023

Date	Target Amount	Amount Tendered	Amount Accepted	(Under)/Over Subscription
	GH¢ mil	GH¢ mil	GH¢ mil	GH¢ mil
04-09-23	3,064.00	3,526.83	3,526.83	+462.83
11-09-23	2,601.00	2,944.71	2,907.27	+306.27
18-09-23	3,759.00	3,350.64	3,346.58	(412.42)
25-09-23	2,585.00	3,251.42	3,096.14	+511.14
TOTAL	12,009.00	13,073.60	12,876.82	+867.82

Source: Data compiled from the Bank of Ghana

FOREX MARKET

On the FX market, the cedi weakened against the greenback, however gained grounds against the British Pound Sterling and the Euro.

The local currency depreciated against the US Dollar as it finished September with a trading price of GH¢11.13/\$, compared with GH¢11.02/\$ at the start of the month, indicating a year-to-date loss of 22.94%.

However, the cedi experienced an appreciation of 2.63% m/m against the British Pound. The cedi traded at GH¢13.59/£, a positive shift from the GH¢13.95/£ rate observed at the beginning of the month. This improvement reduced its year-to-date loss from 26.09% in August to 24.14%.

Furthermore, the cedi strengthened against the Euro, recording a monthly gain of 1.44%. The cedi traded at GH¢11.78/€, which marked an improvement from the GH¢11.95/€ rate at the beginning of the month. This positive performance resulted in a reduction of its year-to-date loss from 23.45% in August to 22.35%.

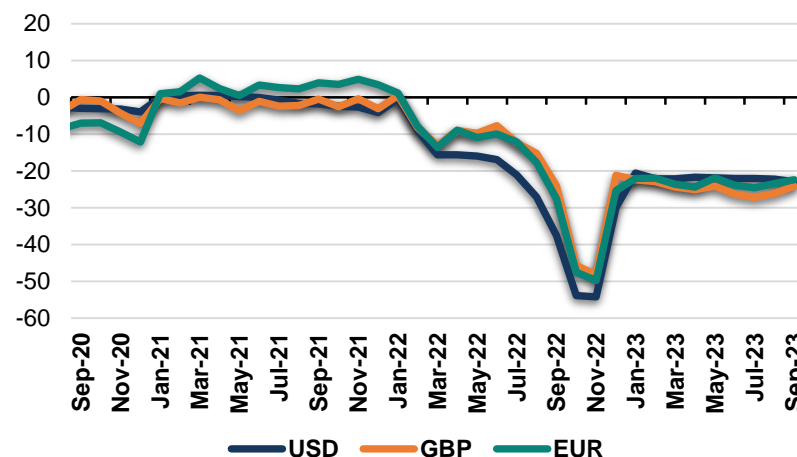
See the table below for a summary of the Interbank FX rates.

BOG Midrate

Currency Pair	Year Open	Month Close	Month Open	M/M % Chg.	YTD %
USD/GH¢	8.58	11.1285	11.0192	-0.98	-22.94
GBP/GH¢	10.31	13.5935	13.9514	+2.63	-24.14
EUR/GH¢	9.15	11.7774	11.9473	+1.44	-22.35

Source: Data compiled from the Bank of Ghana

Performance of Ghana Cedi vs. Major Trading Pairs (Year-To-Date)



Source: Data compiled from the Bank of Ghana

Highlights of Global Currency Pairs

Currency Pair	Current Value	1 Month Chg. (%)	3 Months Chg. (%)	YTD (%)
Euro/US\$	1.06	-2.5	-3.1	-1.2
Euro/GBP	0.87	1.3	0.9	-2.1
US\$ /GBP	0.82	3.9	4.1	-1.0
US\$ / Canadian \$	1.36	0.5	2.5	0.2
US\$/Yen	149.37	2.6	3.5	13.9

Source: Bloomberg & Invesco

GHANA STOCK MARKET

On the stock market, the GSE-Composite Index maintained a bullish trajectory, thanks to the price appreciation observed in energy, consumer staples, and telecommunication stocks. This positive trend persisted throughout the period.

In September, the GSE-Composite Index (GSE-CI) advanced by 72.86 points m/m to close at 3,172.35 points. This resulted in an increase in its year-to-date return from 26.83% in August to 29.81%.

The Financial Stock Index also posted strong performance after the index surged by 145.09 points m/m to finish at 1,890.13 points. This reduced the index year-to-date losses from 14.98% in August to 7.92%.

In addition, the market capitalization of the stock market increased by GH¢779.35 million m/m to finish at GH¢74.19 billion, indicating in a year-to-date return of 15.01%.

Volume and Value Traded

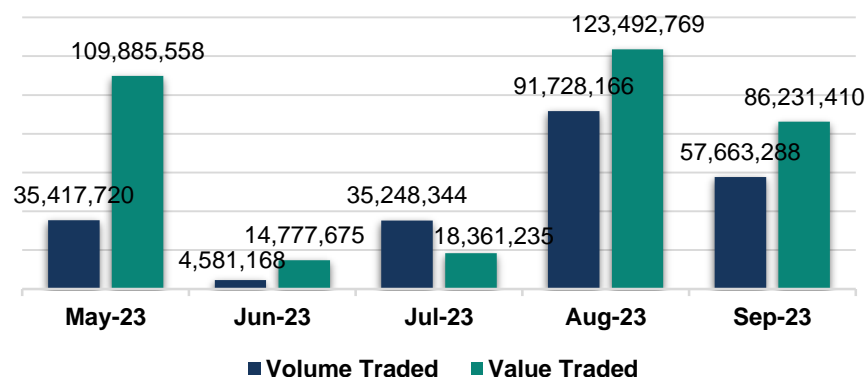
During the month, a total of 57,663,288 shares exchanged hands, with a total value of GHS 86,231,410.

Trading activities decline in September as volume traded and value traded declined by 37.14% and 30.17% respectively compared to trading activities recorded in August.

In August, a total of 91,728,166 shares were traded, valued at GHS123,492,769.

Source: Data compiled from the Ghana Stock Exchange

The diagram below shows a graphical representation of volume and value trades for September 2023.



	1 month (%)	3 months (%)	YTD (%)	2 Years (%)
GSE-CI	+2.35	+12.97	+29.81	+11.10
GSE-FSI	+8.31	+11.72	-7.91	-8.03

	AUGUST 2023	SEPTEMBER 2023	YTD
GSE-CI	3,099.49	3,172.35	+29.81%
GSE-FSI	1,745.04	1,890.13	-7.92%
Market Cap (GH¢ mil)	73,410.00	74,189.35	+15.01%
Volume Traded	91,728,166	57,663,288	-
Value Traded (GH¢)	123,492,769	86,231,410	-

Benso Oil Palm Plantation (BOPP) emerged as the top gainer with its share price rising from GHS 16.94 in August to GHS 18.63, leading to an increase in its year-to-date returns from 121.44% in August to 143.53%.

TOTAL Ghana (TOTAL) slipped to the second spot on the list of gainers, reporting a year-to-date return of 125.00%. It was followed by Unilever (UNIL), Guinness Ghana Breweries Ltd (GGBL), and MTNGH with year-to-date returns of 108.76%, 65.85%, and 64.77%, respectively.

The table below shows the top 5 gainers in September.

Best Performing Stocks

Stocks	Year Open (GH¢)	Sept. Price (GH¢)	YTD
BOPP	7.65	18.63	+143.53%
TOTAL	4.00	9.00	+125.00%
UNIL	3.88	8.10	+108.76%
GGBL	2.05	3.40	+65.85%
MTNGH	0.88	1.45	+64.77%

Source: Data compiled from the Ghana Stock Exchange

Ecobank Ghana (EGH) led the laggards with a year-to-date loss of 38.24%. and trading at a price of GHS 4.30 per share.

Enterprise Group Ltd. (EGL), Access Bank Ghana (ACCESS), SIC Insurance Company (SIC), and Cal Bank (CAL) followed with year-to-date losses of 24.69%, 22.69%, 22.58%, and 20.00%, respectively.

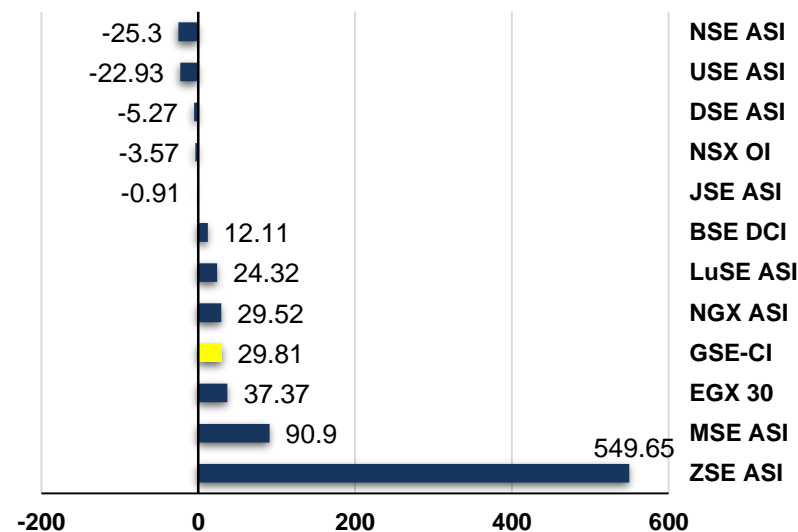
The table below shows the top 5 losers in September.

Top Losers (September 2023)

Stocks	Year Open (GH¢)	Sept. Price (GH¢)	YTD
EGH	6.64	4.30	-38.24%
EGL	3.20	2.41	-24.69%
ACCESS	4.01	3.10	-22.69%
SIC	0.31	0.24	-22.58%
CAL	0.65	0.52	-20.00%

Source: Data compiled from the Ghana Stock Exchange

GSE-CI vs Some African Stock Market Index



COMMODITY MARKET

Crude Oil (Brent)

The price of crude oil reached its highest level in 2023, experiencing a significant surge of 9.05% m/m. This increase can be attributed to production cuts by Russia and Saudi Arabia, as well as growing demand from China.

Crude oil price increased from US\$86.20 per barrel in August to US\$94.00 per barrel.

Gold

Gold slipped marginally in September due to increase in dollar and bond yields as central banks plan to keep interest rate higher for a longer period to curb inflation.

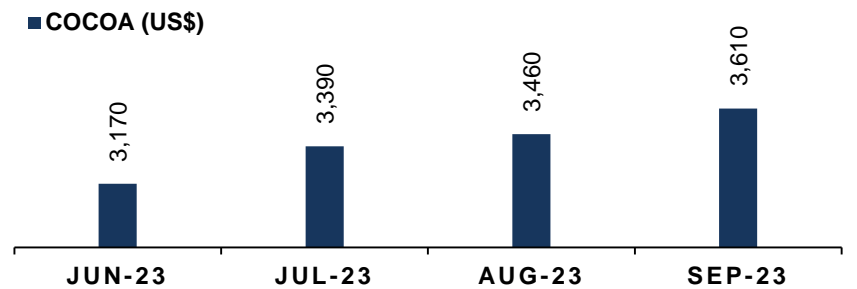
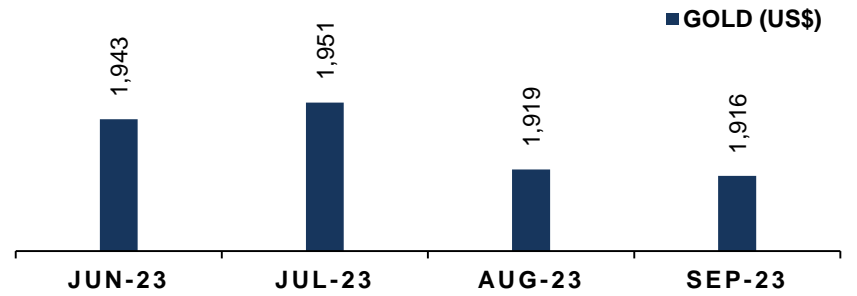
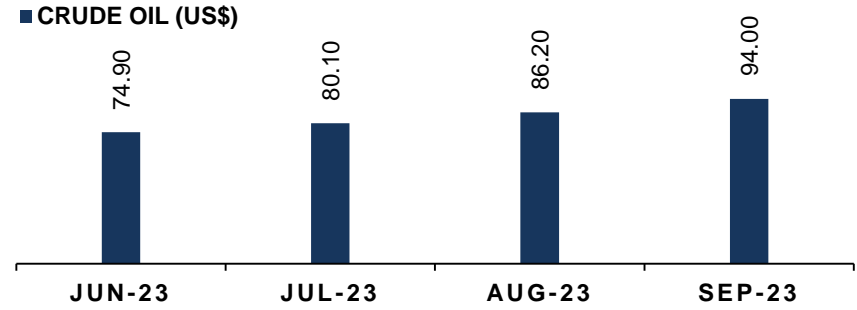
The price of Gold fell marginally by 0.16% m/m, from US\$1,919 per ounce in September to US\$1,916.

Cocoa

The price of cocoa beans increased further for the ninth consecutive month as traders and chocolate producers faced restricted supplies due to an unusual fall in production in the western part of Africa.

Prices of Cocoa beans increased by 4.34% from US\$3,460 per ton in August 2023 to US\$3,610 per ton.

See graphs below for the monthly average prices of Crude Oil (Brent), Gold, and Cocoa.



Source: World Bank Commodity Market

HIGHLIGHTS OF INTERNATIONAL MARKETS

Europe

In September, Eurozone inflation registered a decline, dropping from 5.2% in August to 4.3%, marking its lowest point in nearly two years. Core inflation, which excludes energy and food prices, also reduced to 4.5% from the previous 5.3%. The European Central Bank (ECB) had recently raised interest rates by 25 basis points, marking its tenth consecutive increase, pushing the benchmark deposit rate to an all-time high of 4.0%.

The UK

In August, UK inflation continued to decline, reducing from 6.8% recorded in July to 6.7%. This reduction was influenced by several factors, including a slowdown in the upward trajectory of food prices, as well as reductions in airfare and accommodation expenses, all contributing to the decrease in inflation.

This unexpected development took markets by surprise, as consensus forecasts had anticipated an increase, primarily driven by elevated crude oil prices.

Following this inflation update, the Bank of England (BoE) opted to maintain interest rates at 5.25%, marking the 14th consecutive instance of rate stability.

The US

In September, the US stock markets concluded on a downtrend, as all three major indices - Nasdaq, S&P, and Dow Jones - recorded negative returns. Investor sentiment was influenced by the news suggesting that interest rates might remain elevated for an extended period.

The US Federal Reserve (Fed) decided to maintain interest rates at 5.5%, aligning with the general expectations. However, the Fed indicated a likelihood of further interest rate increases within the current year, with fewer reductions expected in the following year, supporting the notion of "prolonged higher rates."

Asia

In September, Asian equity markets experienced a downturn, with countries like Thailand, South Korea, Taiwan, and Indonesia ranking among the laggards. In contrast, India and the Philippines posted positive returns.

Chinese equity markets faced challenges due to troubles in the real estate sector, which had a dampening effect on investor sentiment, despite signs of economic improvement.

Indian equity markets outshone the region, alongside the Philippines, as they registered positive gains in September. India's headline inflation came in below the expected 7%, measuring at 6.83%, while both exports and imports recorded increases in dollar terms.

Emerging Markets (EM)

Latin American equity markets declined overall in September. Brazil and Colombia posted positive returns, whilst Chile and Peru detracted.

Equity markets in Europe, Middle East, and Africa (EMEA) declined with Saudi Arabia, South Africa, Hungary, and Poland lagging. Elsewhere, Turkey, Egypt and the United Arab Emirates registered very slight gains.

HIGHLIGHTS OF GLOBAL EQUITY INDEX PERFORMANCE

INDEX	1 Month %	3 Month %	YTD %
US			
DOW JONES	-3.4	-2.1	2.7
S&P 500	-4.8	-3.3	13.1
NASDAQ	-5.8	-3.9	27.1
RUSSELL 2000	-5.9	-5.1	2.5
UK			
FTSE All-Share	1.8	1.8	4.3
FTSE 100	2.4	2.1	5.2
FTSE 250	-2.5	0.1	-0.5
EUROPE			
MSCI Europe	-2.9	-1.0	3.4
CAC 40	-2.4	-3.4	13.4
DAX	-3.5	-4.7	10.5
ASIA			
Hong Kong HS	-2.6	-4.2	-6.8
China SE	-2.0	-1.4	3.3
Singapore Times	-0.5	2.1	3.3
Korean	-3.6	-3.9	10.8
Taiwan	-1.5	-1.7	19.6

Source: Bloomberg & Invesco

AFRICA BUSINESS MARKET NEWS

South Africa: Inflation rises to 5.4% in September

Inflation in South Africa rose sharply in September but stayed within the central bank’s target range, fueling analysts’ expectations that interest rates would be left unchanged next month.

Headline consumer inflation rose to 5.4% year-on-year in September from 4.8% in August, with food, fuel and transport sectors being the biggest contributors.

Nigeria: Inflation rises to 26.72 y/y in September

Nigeria’s annual inflation rose to 26.72% in September from 25.8% in August.

Food and non-alcoholic beverages were the biggest contributors to the rise in inflation.

Nigeria: Nigeria Central Bank to intervene in forex market

Nigeria’s Central Bank plans to intervene in the country’s foreign exchange market occasionally to boost liquidity, while ending an eight-year ban on 43 items that had been restricted from accessing forex on the official market.

The ban, which covered items such as rice, cement and poultry, was imposed as part of the unorthodox policies under former Central Bank Governor Godwin Emefiele in an effort to prop up the naira currency.

Tanzania: Tanzania has started domestic gold purchases to boost forex reserves.

Tanzania has started buying gold locally as a way of boosting its foreign exchange reserves.

The Central Bank of Tanzania announced its intention of buying gold in late August. The Central Bank is planning to buy six tonnes of gold from small and middle scale miners and other traders by the end of the year and had already bought and sold 418 kg (921.53 lb) of the precious metal.

Uganda: Uganda central bank cuts policy rate to boost growth as inflation slows.

Uganda’s Central Bank cut its main lending rate for the first time in more than two years as it aims to boost economic growth after inflation fell faster than expected.

The cut in the Central Bank Rate (CBR) to 9.5% from 10.0% UGCBIR=ECI came after inflation fell to 3.9% year-on-year in July UGCPIY=ECI, down from 10.4% in January and below the bank’s 5% target.

LOCAL BUSINESS / ECONOMIC NEWS

Inflation slowed down to 38.1% in September 2023

Inflation for September 2023 decreased by 2 percentage points from 40.1% in August to 38.1%.

Food inflation declined from 51.9% in August 2023 to 49.4%, while non-food inflation also decreased from 30.9% in August 2023 to 29.3%. The GSS attributed the decline to the tight monetary policy measures by the Bank of Ghana.

IMF staff, Ghana agree first review of \$3 bln programme.

The International Monetary Fund and Ghana’s government have reached a staff-level agreement on the first review of a \$3 billion loan programme, paving the way for a disbursement of \$600 million once it is approved by the IMF’s executive board.

The three-year extended credit facility is contingent on domestic and external debt restructuring, spending cuts and other fiscal adjustments. Ghana received a first \$600 million tranche of the loan in May.

Ghana dollar bonds tumble as investors balk at debt overhaul plans.

Ghana’s sovereign dollar bonds dropped sharply on Tuesday after a government presentation of debt rework scenarios that aimed for a haircut of between 30-40% on the principal disappointed investors.

The government was aiming for a coupon of not more than 5% and a final maturity of not more than 20 years on the bonds that would be issued as part of the debt rework for its \$13 billion of outstanding international bonds.

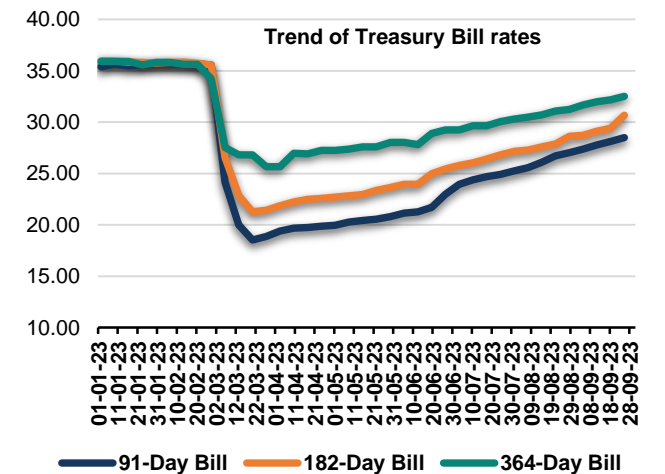
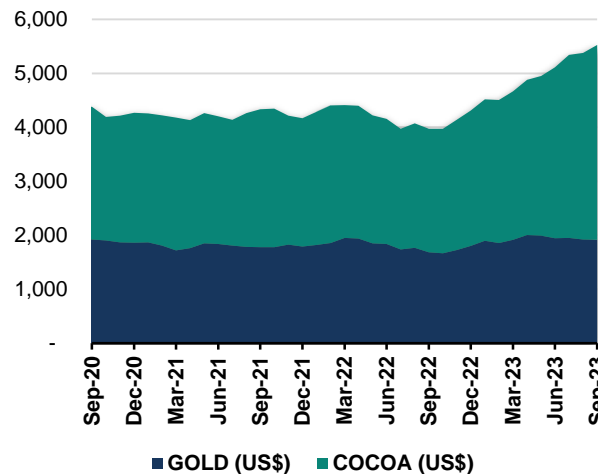
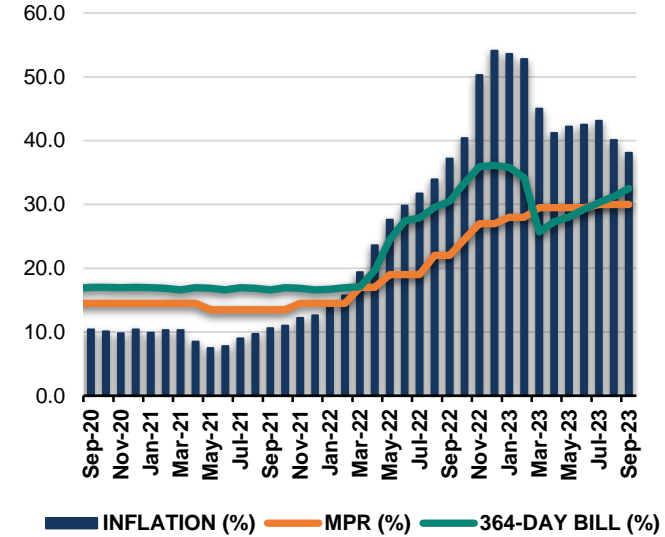
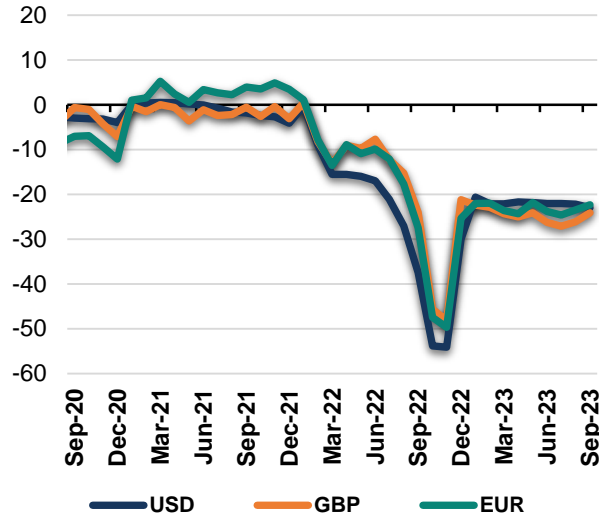
CONCLUSION / RECOMMENDATION

We anticipate high demand for Government of Ghana treasury bills in the month ahead. Additionally, we foresee that interest rates on GOG securities may experience slight upward adjustments in the coming month.

We expect the Cedi to show mix performances against its major trading currency. We recommend investors to stay short.

GHANA MACROECONOMIC HIGHLIGHTS

Indicators	Current	Previous	Chg.
GDP Growth Rate (%)	0.7	0.8	-0.1
GDP AGR (%)	3.2	3.3	-0.1
Inflation (%)	38.1	40.1	-2.0
Monetary Policy Rate (%)	30.0	29.5	0.50
Unemployment Rate (%)	3.9	3.9	0.00
Gov't Debt to GDP (%)	88.8	79.6	9.20
Balance of Trade (US\$ mil)	113	119	-6.0
Current Account (US\$ mil)	173	676	-503.0
Current Account to GDP	-2.1	-3.2	1.10
Government Budget	-11.8	-12.1	0.30
Corporate Tax Rate (%)	25	25	0.00



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