

# MONTHLY FINANCIAL MARKET RESEARCH REPORT ENDING **NOVEMBER 2023**

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## GOVERNMENT OF GHANA TREASURY BILL SECURITIES

In November, interest rates on Government of Ghana treasury securities fell for the first time since March 2023. This reduction was driven by a decline in inflation rate for the fourth consecutive month.

The yield on the 91-day T-bill decreased marginally by 32 basis points month-on-month (m/m), from 29.819% to 29.498%. Additionally, the yield on the 364-day bill experienced a slight decline of 19 basis points, from 33.423% to 33.235%.

However, the interest rate on the 182-day T-bill increased marginally, from 31.678% to 31.758%, indicating a change of 8 basis points.

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

Securities	Year Open	Month Open	Month Close	Chg.	YTD
	%	%	%	Bps.	%
91 Day Bill	35.363	29.819	29.498	↓ 32	↓ 5.87
182 Day Bill	35.980	31.678	31.758	↑ 8	↓ 4.22
364 Day Bill	35.894	33.423	33.235	↓ 19	↓ 2.66

Source: Data compiled from the Bank of Ghana

### Auction Results

Investors submitted bids totaling GHS 15,625.81 million. The 91-Day Bill accounted for 70.6% (GHS 11,036.07 million) of the total bids submitted by investors.

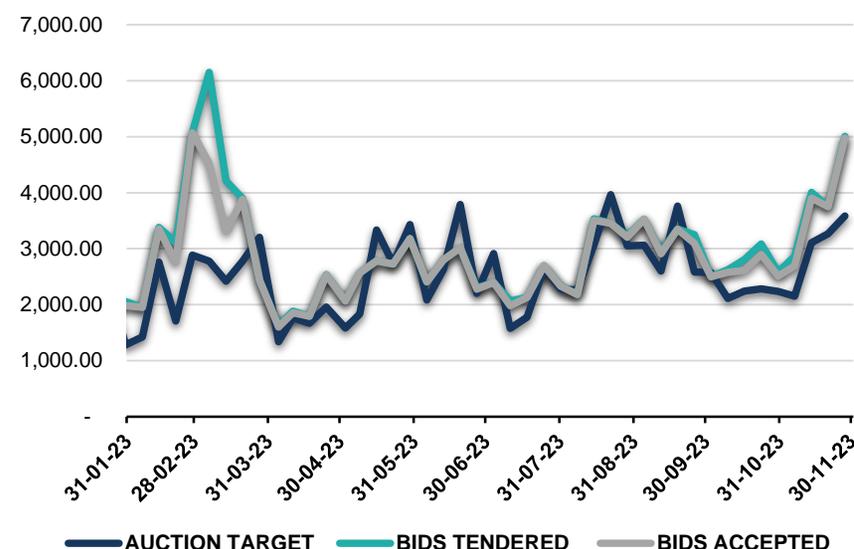
Also, the 182-day bill accounted for 12.0% (GHS 1,874.02 million) of total bids submitted by investors.

Lastly, investors submitted GHS 2,715.72 million, representing 17.4% worth of bids.

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

Auction Target	Total Bids Tendered	Total Bids Accepted	Bid-to-Cover	Subscription Ratio
GH¢ mil	GH¢ mil	GH¢ mil	x	x
12,110.00	15,625.81	15,322.67	1.0198	1.2903

### Trend of Treasury Bill Auction - as at November 2023



### INTERBANK FOREX RATES

The cedi depreciated against its major trading currencies on the interbank forex market.

The local currency depreciated against the US Dollar as it weakened marginally by 1.07% m/m to settle at a trading price of GH¢11.6206/\$, compared with GH¢11.4963/\$ at the start of the month, increasing its year-to-date loss from 25.4% to 26.20%.

In addition, the cedi depreciation by 5.06% m/m against the British Pound. The cedi settled at GH¢14.6821/£, compared with GH¢13.9399/£ observed at the beginning of the month. This resulted in a further year-to-date loss from 26.0% to 29.77%.

Also, the Cedi lost grounds against the Euro, recording a monthly loss of 4.20%. The cedi closed November at GH¢12.6756/€, compared with the GH¢12.1438/€ rate at the beginning of the month, resulting in a year-to-date loss of 27.85%.

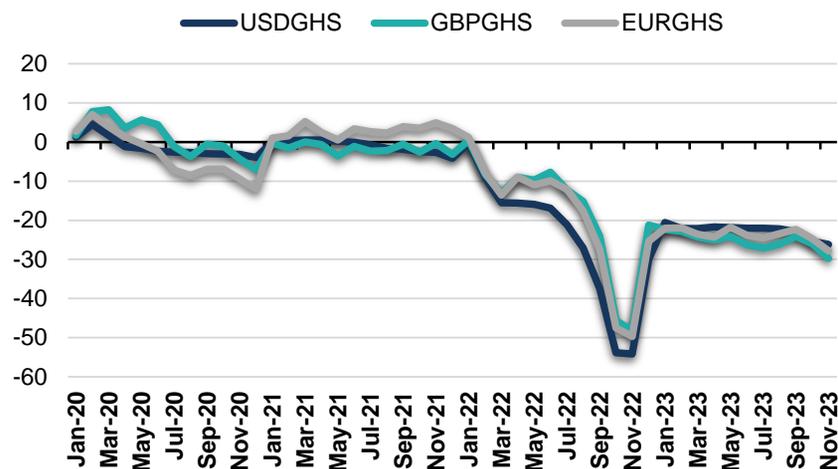
See the table below for a summary of the Interbank FX rates.

#### Bank Of Ghana Midrate

Currency Pair	Year Open	Month Open	Month Close	M/M % Chg.	YTD %
USDGHS	8.58	11.4963	11.6206	↓ 1.07	-26.20
GBPGHS	10.31	13.9399	14.6821	↓ 5.06	-29.77
EURGHS	9.15	12.1438	12.6756	↓ 4.20	-27.85

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\$	1.09	3.0	0.4	1.70
Euro/GBP	0.86	-0.9	0.8	-2.6
US\$ /GBP	0.79	-3.7	0.4	-4.3
US\$ / Canadian \$	1.36	-2.3	0.4	0.1
US\$/Yen	148.20	-2.3	1.8	13.0

Source: Bloomberg & Invesco

## GHANA STOCK MARKET

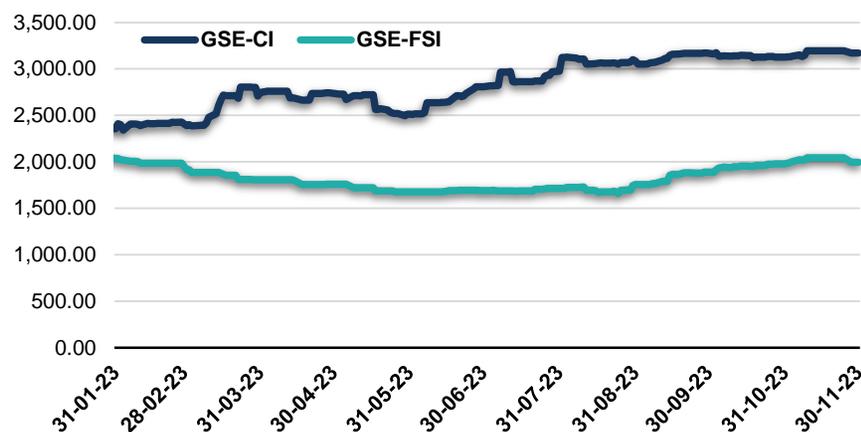
The stock market posted positive performance during the month as the GSE-Composite Index continued its bullish run while price appreciation in stocks like SOGEGH, EGH and ACCESS helped the GSE-Financial Stock Index recover from most of its losses.

The GSE-Composite Index (GSE-CI) advanced marginally by 44.28 points m/m to settle at 3,169.90 points. This resulted in an increase its year-to-date return from 27.89% in October to 29.71%.

Moreover, the Financial Stock Index improved marginally by 17.52 points m/m to close the month at 1,996.95 points, thus reducing its year-to-date loss from 3.56% in October to 2.71%.

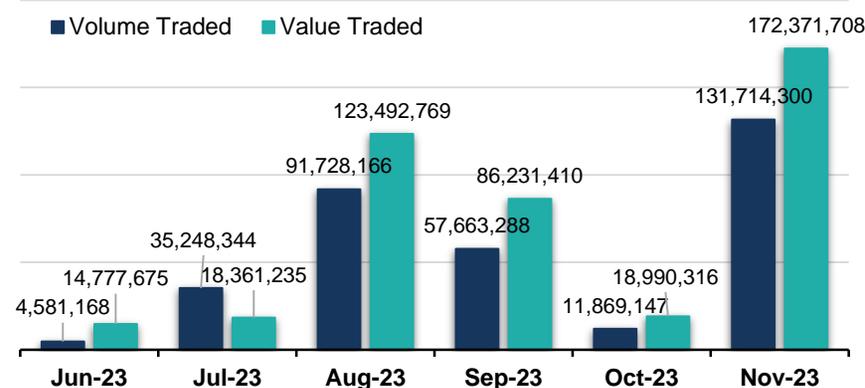
Also, the market capitalization of the stock market increased marginally by 0.67% or GH¢497.31 million m/m to finish at GH¢74.23 billion, indicating a year-to-date return of 15.08%.

### Trend of GSE-CI index and GSE-FSI index



Source: Data compiled from the Ghana Stock Exchange

The diagram below shows a graphical trend of volume traded and value traded as at November 2023.



	November (%)	3 months (%)	YTD (%)	2 Years (%)
<b>GSE-CI</b>	1.42	2.27	29.71	10.57
<b>GSE-FSI</b>	0.89	14.44	-2.71	-4.52

	OCTOBER 2023	NOVEMBER 2023	YTD
<b>GSE-CI</b>	3,125.62	3,169.90	+29.71%
<b>GSE-FSI</b>	1,979.43	1,996.95	-2.71%
<b>Market Cap (GH¢ mil)</b>	73,736.96	74,234.27	+15.08%
<b>Volume Traded</b>	11,869,147	131,714,300	-
<b>Value Traded (GH¢)</b>	18,990,316	172,371,708	-

During the month, Benso Oil Palm Plantation (BOPP) led the gainers with an impressive year-to-date return of 160.52%.

Followed by TOTAL Ghana (+125.00%), Unilever (+109.02%), Guinness Ghana Breweries Ltd (+65.85%), and MTNGH (+59.09%).

The table below shows the top 5 performing stocks as at November.

**Best Performing Stocks**

Stocks	Year Open (GH¢)	Nov. Price (GH¢)	YTD
BOPP	7.65	19.93	+160.52%
TOTAL	4.00	9.00	+125.00%
UNIL	3.88	8.11	+109.02%
GGBL	2.05	3.40	+65.85%
MTNGH	0.88	1.40	+59.09%

Source: Data compiled from the Ghana Stock Exchange

On the other hand, Enterprise Group Ltd. (EGL) led the laggards with a year-to-date loss of 24.69% and a trading price of GH¢2.41p as at the end of November 2023.

Followed by SIC (-22.58%), Cal Bank (-21.54%), GOIL (-15.70%), and Access Bank Ghana (-15.21%).

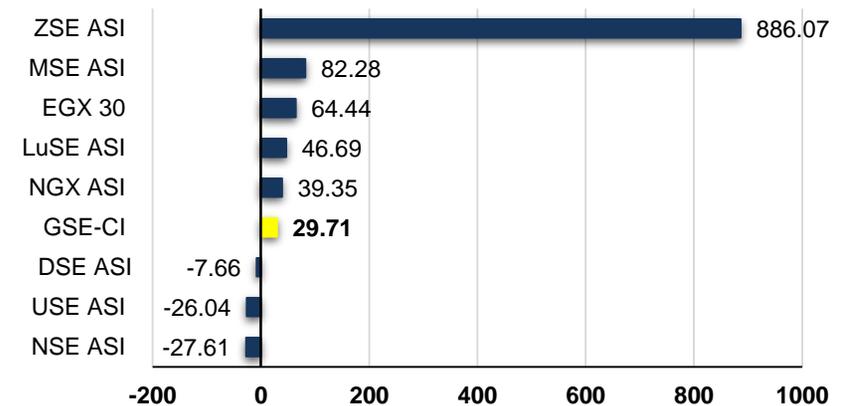
The table below shows the top 5 bearish stocks as at November 2023.

**Top Losers**

Stocks	Year Open (GH¢)	Oct. Price (GH¢)	YTD
EGL	3.20	2.41	-24.69%
SIC	0.31	0.24	-22.58%
CAL	0.65	0.51	-21.54%
GOIL	1.72	1.45	-15.70%
ACCESS	4.01	3.40	-15.21%

Source: Data compiled from the Ghana Stock Exchange

**GSE-CI vs Some selected African stock market index**



**COMMODITY MARKET**

**Crude Oil (Brent)**

Prices of Brent Crude Oil fell for the second consecutive month. This was attributed to a stronger US Dollar and the collective decision of OPEC+ members to cut oil production by 2 million barrels per day for the first quarter of 2024.

Crude oil price decreased from US\$91.10 per barrel in October to US\$83.20 per barrel.

**Gold**

Gold prices surged in November due to the expectations of a pause in the Federal Reserve’s monetary tightening cycle.

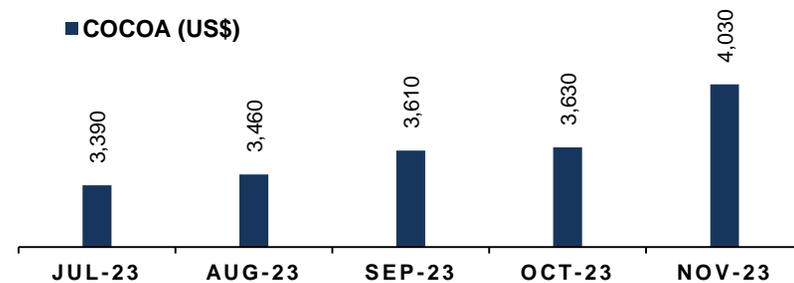
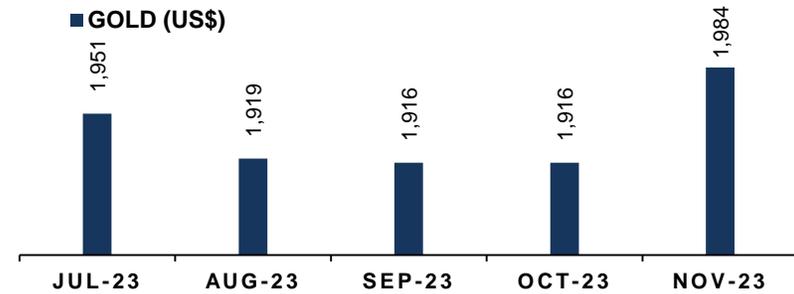
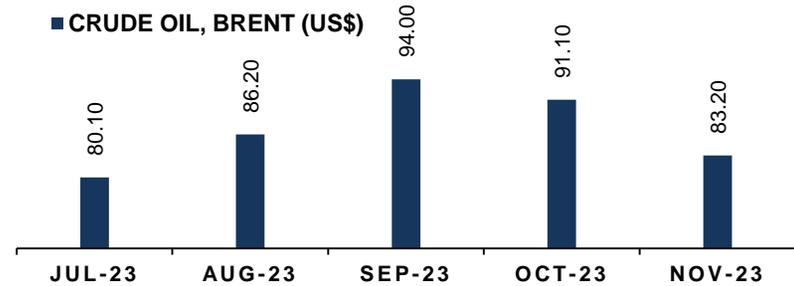
The price of Gold increased by 3.55% m/m, from US\$1,916 per ounce in October to US\$1,984.

**Cocoa**

Adverse weather conditions in West Africa led to a poor crop harvest, resulting in the price of cocoa beans reaching its highest level in 46 years and consequently impacting the global supply.

Prices of Cocoa beans increased by 11.04% from US\$3,630 per ton in October 2023 to US\$4,030 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

European equity markets ended November on a positive note, driven by falling inflation expectations and positive economic data. Real estate and technology were among the best performing sectors, while the energy sector led the laggards due to decline in oil prices.

Inflation in the Eurozone decreased to 2.4%, providing relief for consumers and businesses and fostering optimism about potential interest rate reductions in early 2024. The decline in consumer prices was primarily driven by lower energy costs and a decline in the prices of food and services.

### The UK

The UK equity market finished higher as inflation fell sharply to 4.6% in October, down from 6.7% in September. This was largely driven by decline in energy and food prices.

The Bank of England (BoE) held interest rates at 5.25%, a 15-year high. The BoE expects a 0.1% growth in the final quarter of the year. The central bank also added that the restrictive policy will have to remain for some time despite the stagnant growth.

### The US

US equities regained traction in November with all three major indices registering positive returns. Investor sentiment was boosted by a growing sense that interest rates in developed markets may have peaked, led by the Fed opting to keep rates unchanged at a 22-year high. The Fed indicated that it would keep the door open to another interest rate rise in the hope of bringing inflation towards the 2% target.

US CPI inflation came in below expectations recorded at 3.2% which gave further rise to hopes that more hikes might be less likely. Core inflation also fell from 4.1% to 4.0%.

### Asia & Emerging Markets

Emerging market (EM) equities finished the month positively and performed broadly in line with developed markets. EM investor sentiment was bolstered by a growing belief that interest rates may have peaked in developed markets.

**China:** Equity markets in China advanced higher but were held back by negative economic data. The Chinese economy entered a period of deflation, with Consumer Price Index (CPI) inflation registering at -0.2%. This decline was influenced by various factors, including the crisis in the property sector, a decrease in pork prices, and the lingering effects of strict pandemic controls.

**South Korea:** South Korean equity markets fronted gains in the region. All sectors were positive with information technology being the standout performer over the period. Korean regulators announced a full ban on short selling until mid-2024 in early November for the first time in three years.

**Mexico:** The Bank of Mexico Monetary Policy Committee decided to keep rates at 11.25% in November.

**Brazil:** In Brazil, inflation fell from 4.82% to 4.68% which was below expectations and the central bank cut interest rates from 12.25% to 11.75%.

## HIGHLIGHTS OF GLOBAL EQUITY INDEX PERFORMANCE

INDEX	1 Month %	3 Month %	YTD %
<b>US</b>			
DOW JONES	9.2	4.1	10.7
S&P 500	9.1	1.7	20.8
NASDAQ	10.8	1.6	37.0
RUSSELL 2000	9.0	-4.4	4.1
<b>UK</b>			
FTSE All-Share	3.0	0.6	3.0
FTSE 100	2.3	0.9	3.7
FTSE 250	7.1	-1.1	-0.2
<b>EUROPE</b>			
MSCI Europe	6.5	1.1	12.3
CAC 40	6.3	0.1	16.3
DAX	9.5	1.7	16.5
<b>ASIA</b>			
Hong Kong HS	-0.2	-6.5	-10.6
China SE	0.4	-2.7	0.7
Singapore Times	0.7	-4.4	-0.7
Korean	11.3	-0.6	14.2
Taiwan	9.0	5.0	27.5

Source: Bloomberg & Invesco

## AFRICA BUSINESS MARKET NEWS

### African Union plans to launch its own credit ratings agency in 2024:

The African Union plans to launch a new African credit rating agency next year to address the group's concerns that ratings given to countries on the continent are unfair. The agency, which would craft its assessment of the risks in lending to African countries, would be based on the continent. It will also add context to the information investors consider when deciding whether to buy African bonds or lend privately to countries.

### Morocco: CFG Bank gets regulatory approval for IPO on the Casablanca Stock Exchange

CFG Bank has obtained approval under reference VI/EM/031/2023 for an initial public offering on the Casablanca Stock Exchange. The IPO will be carried out using a share capital increase reserved for the public, for a total amount of 599,999,950 Dirhams. CFG Bank was founded in 1992 by Adil Douiri, Aymn Alami and Moroccan and foreign institutional investors. Since its inception, CFG Bank has established itself as one of the leading independent, multi-business investment banks in Morocco.

### Kenya agricultural commodities exchange to go live in 2024

Kenya National Multi Commodities Exchange (Komex) is scheduled to commence mock trading on January 29, 2024, and go live on February 26, 2024.

The key objective of the Komex project is to provide regulated access to structured trading of multi-commodities, market information, domestic and international markets, trade finance, and trade support services for sector regulators and value chain actors (farmers/producers, aggregators, traders, consumers, and processors).

## LOCAL ECONOMIC AND BUSINESS NEWS

### The Bank of Ghana holds its policy rate at 30%.

The Central Bank kept the monetary policy rate unchanged at 30% for the second consecutive time. The committee cited that the decision to maintain the policy rate was due to the deceleration of inflation, a stable exchange rate, and relatively strong economic growth.

### SEC gives capital market fresh boost

The Securities and Exchange Commission (SEC) has launched an ambitious five-year strategic plan to substantially deepen and expand the nation's capital market. This forms part of the 10-year capital market master plan (CMMP). The strategy focuses squarely on engendering greater depth and diversity within Ghana's capital market landscape while bolstering resilience to external shocks.

### Ghana to benefit from high gold prices in 2024 and 2025

According to Fitch, Ghana would benefit from elevated gold prices in 2024 and 2025. Gold prices will remain high during the forecast period. The gold producer financial metrics remain strong for respective ratings partially driven by a period of high gold prices beginning in 2020. According to the Bank of Ghana, gold continued to dominate the total value of exports, recording \$4.67 billion in the first eight months, higher than the \$4.22 billion recorded during the same period last year.

### Fitch upgrades Ghana's long-term local-currency IDR to 'CCC' from 'RD'

The upgrade of Ghana's Long-Term Local-Currency IDR follows the completion of the domestic debt exchange programme. Fitch considers that as a result of a series of domestic debt exchanges, Ghana has normalized relations with a significant majority of local-

currency creditors, with a participation rate of 92% on local-currency government bonds (with similar participation for Cocobills and locally issued foreign-currency bonds).

### Inflation declined to 26.4% in November 2023

Inflation for November declined by 8.8% from 35.2% recorded in October 2023 to 26.4%.

The Ghana Statistical Service (GSS) attributed the reduction in inflation to several factors, such as the drop in prices of some food items (vegetables, cereals, and fish), the Base Rate Effect, and the tight monetary policy measures implemented by the Central Bank.

## CONCLUSION / RECOMMENDATION

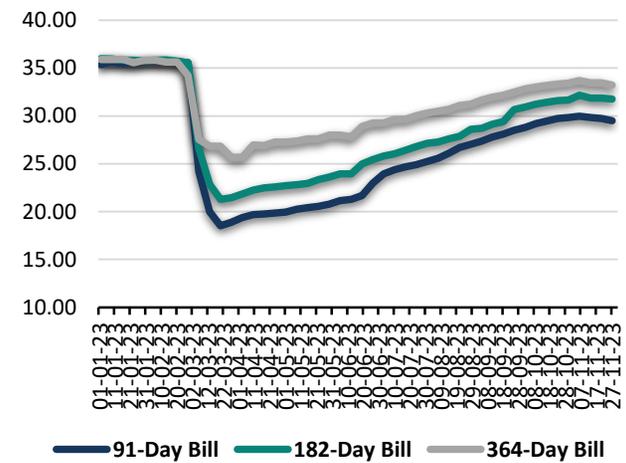
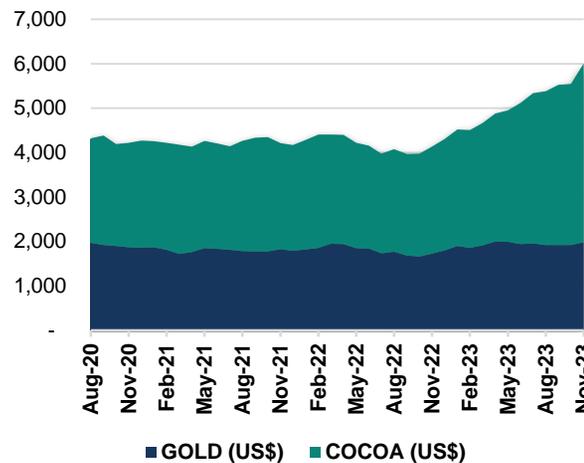
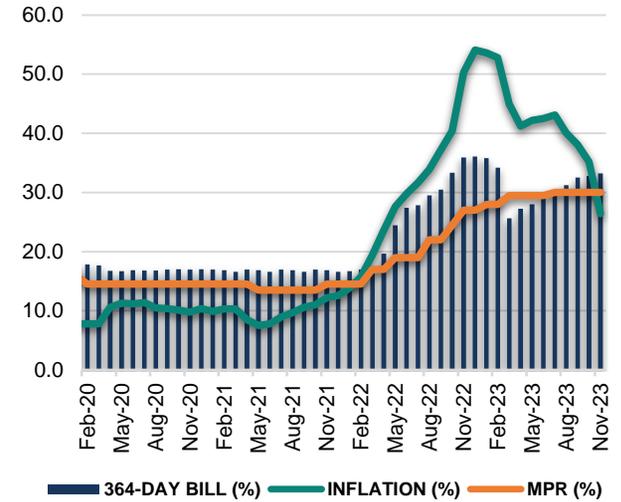
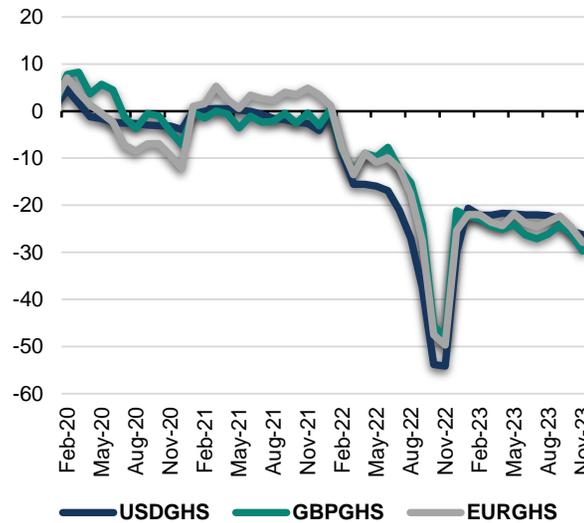
We anticipate a continued high demand for Government of Ghana treasury bills in the upcoming months. Moreover, we expect to see marginal reductions in interest rates on GOG securities, driven by the decline in inflation. If this trend persists, we anticipate a corresponding reduction in interest rates by the Central Bank.

On the stock market, we predict that the GSE Financial stock index will yield positive returns, supported by the positive financial performances reported by listed banks in their recent financial statements.

The stability of the Cedi against its major trading currency is expected to remain relatively stable. However, this projection is dependent upon the outcome of ongoing negotiations with our creditors as the country awaits the disbursement of the second tranche of the IMF bailout loan.

## 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 (%)	26.4	35.2	-8.8
Monetary Policy Rate (%)	30.0	30.0	0.0
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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