

WEEKLY FINANCIAL MARKET RESEARCH REPORT ENDING

12th January 2024

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PRIMARY MARKET

Interest rates on GOG treasury bill recorded marginal declines as inflation rate decreased for the fifth consecutive time.

The yields on the 91-day T-bill declined marginally by 15 basis points (bps) from 29.19% to 29.04%. Similarly, the 182-day T-bill declined by 23 bps from 31.74% to 31.52%.

Also, the 364-day T-bill declined by 26 bps from 32.34% to 32.08%.

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

Securities	22-12-23	29-12-23	05-01-24	12-01-24	Chg. w/w
	%	%	%	%	Bps
91 Day Bill	29.3585	29.2419	29.1902	29.0399	-15
182 Day Bill	31.9467	31.8830	31.7437	31.5154	-23
364 Day Bill	32.4923	32.4859	32.3404	32.0833	-26

Source: The Bank of Ghana

AUCTION RESULTS

The government exceeded its auction target amount of GH¢2,632.00 million by 46.77%. During the auction, investors submitted total bids GH¢3,863.11 million whilst total bids accepted by the government amounted to GH¢ 3,861.95 million.

See the table below for auction ratios.

Auction Target	Total Bids Tendered	Total Bids Accepted	Bid-to-Cover	Subscription Ratio
GH¢ million	GH¢ million	GH¢ million	x	x
2,632.00	3,863.11	3,861.95	1.000	1.4677

See the table below for the breakdown of the auction results.

Securities	Bids (Amt) Tendered	Bids (Amt) Accepted	Percentage of Bid Accepted
	GH¢ million	GH¢ million	
91 Day Bill	2,837.59	2,837.59	73%
182 Day Bill	840.48	839.32	22%
364 Day Bill	185.04	185.04	5%
TOTAL	3,863.11	3,861.95	100%

UPCOMING GOG SECURITIES AUCTION

Upcoming Auction	
Auction Target	GH¢3,058.00 million
Auction Date	January 19, 2024
Settlement Date	January 22, 2024
Securities	91, 182 & 364 Day T/Bill

SECONDARY MARKET

During the week, the total volume of securities traded on the secondary market decreased by 24% from GH¢2.20 billion to GH¢1.68 billion week-on-week. Bills made up 29% of the total, while bonds constituted the remaining 71%. The 91-day bill, maturing on April 08, 24, recorded the highest traded volume in bills, amounting to GH¢266.42 million. On the bond market, the bond maturing on Feb 03, 37, recorded the largest traded volume at GH¢311.53 million.

INTERBANK FOREX RATES

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

The cedi depreciated against the US Dollar by 0.0231 week-on-week (w/w) to settle at a trading price of GH¢11.9077/US\$, compared with GH¢11.8846/US\$ at the start of the week, increasing its year-to-date loss from 0.04% to 0.23%. In addition, the cedi experienced a 0.0330 w/w depreciation against the British Pound, settling at GH¢15.1972/£. Also, the cedi lost grounds against the Euro by 0.0015 w/w to close the week at a trading rate of GH¢13.0572/€.

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

BOG Mid-Rate

Currency Pair	Year Open	Week Open	Week Close	w/w Chg.	YTD %
USDGHS	11.8800	11.8846	11.9077	-0.0231	-0.23
GBPGHS	15.1334	15.1642	15.1972	-0.0330	-0.42
EURGHS	13.1264	13.0557	13.0572	-0.0015	+0.51

Source: The Bank of Ghana

LOCAL ECONOMIC AND BUSINESS NEWS

Headline Inflation falls for the fifth consecutive time.

Ghana's inflation rate declined by 3.2% from 26.4% recorded in November 2023 to 23.2% in December 2023. The Ghana Statistical Service (GSS) attributes this decline to the reduction in food inflation during the period.

Our Take: Given the ongoing trajectory of the inflation rate, it is anticipated that the interest rate on Government of Ghana (GOG) Treasury bills will continue to trend downward. Furthermore, it is likely that the Monetary Policy Committee will align with this trend and proceed to lower the policy rate.

UPCOMING EVENT

- Monetary Policy Committee meeting: 23rd – 26th January 2024
- Press Release: 29th January 2024

CONCLUSION / RECOMMENDATION

With the strong demand for Government of Ghana (GOG) bills, we anticipate that the government will successfully meet its auction target of GH¢3,058.00 million.

On the FX market, we anticipate the Cedi to maintain a relatively stable position against its primary trading currency. This expectation arises from the rescheduling of the International Monetary Fund's executive board meeting with Ghana. The successful review of Ghana's performance under the program is expected to trigger the disbursement of the second tranche (\$600 million), subsequently injecting FX liquidity into the market.

We recommend investors to stay at the short end of the yield curve.

GHANA MACROECONOMIC HIGHLIGHTS

Indicators	Current	Previous	Chg.
GDP Growth Rate (%)	0.5	0.7	-0.2
GDP AGR (%)	2.0	3.2	-1.2
Inflation (%)	23.2	26.4	-3.2
Monetary Policy Rate (%)	30.0	30.0	0.0
Unemployment Rate (%)	3.9	3.9	0.00
Gov't Debt to GDP (%)	92.4	79.2	13.2
Balance of Trade (US\$ mil)	113	119	-6.0
Current Account (US\$ mil)	176	173	3.0
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

Research Contact

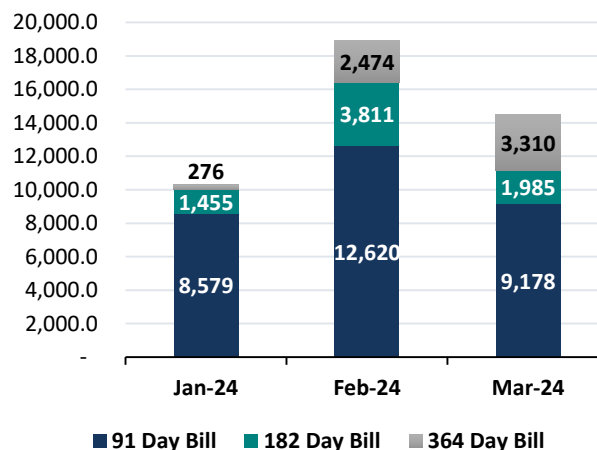
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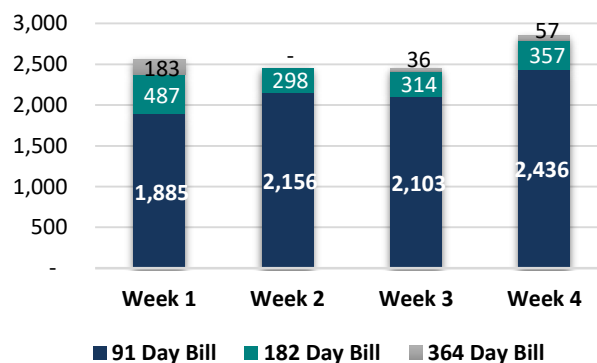
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Upcoming GOG Tbill maturities (Amt in GH¢'m)



Upcoming GOG maturities in Jan-24 (Amt in GH¢'m)



About Prudential Securities Limited

Prudential Securities Limited (PSL) was incorporated on 19th November, 2004, as a wholly owned subsidiary of Prudential Bank Limited (PBL). The company is licensed by both Securities and Exchange Commission (SEC) and National Pensions Regulatory Authority (NPRA) to carry out the following business

- To act as a fund manager
- To act as a pension fund manager

Our Vision

- To be the preferred asset management company that will help stakeholders experience financial wellbeing.

Our Mission

- To provide first class fund management and investment advisory services in a timely manner through customer service excellence, tailor made solutions and cutting-edge technology.

Our Product

- PSL Fixed Income Unit Trust
 - [Brochure](#) | [Prospectus](#) | [Fund Fact Sheet](#)

Our Services

- Investment Advisory
- Wealth Management
- Pensions Fund Management
- Provident Fund/Welfare scheme Management
- Personal Pension Management (PPM)

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