

# WEEKLY FINANCIAL MARKET RESEARCH REPORT ENDING

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## 19<sup>th</sup> January 2024

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## PRIMARY MARKET

Despite a deceleration in interest rates, the subscription ratio for GOG treasury bills stayed elevated, as the government exceeded its auction target by 72.35%.

The interest rate on the 91-day T-bill declined marginally by 16 basis points (bps) from 29.04% to 28.88%. Similarly, the 182-day T-bill declined by 12 bps from 31.52% to 31.40%.

Also, the 364-day T-bill declined by 9 bps from 32.08% to 31.99%.

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

Securities	29-12-23	05-01-24	12-01-24	19-01-24	Chg. w/w
	%	%	%	%	Bps
91 Day Bill	29.2419	29.1902	29.0399	28.8845	-16
182 Day Bill	31.8830	31.7437	31.5154	31.3956	-12
364 Day Bill	32.4859	32.3404	32.0833	31.9965	-9

Source: The Bank of Ghana

## AUCTION RESULTS

The government exceeded its auction target amount of GH¢ 3,058.00 million by 72.35%. During the auction, the government accepted all bids submitted by investors which amounted to GH¢ 5,270.38 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
3,058.00	5,270.38	5,270.38	1.000	1.7235

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	2,632.92	2,632.92	50%
182 Day Bill	1,324.96	1,324.96	25%
364 Day Bill	1,312.50	1,312.50	25%
<b>TOTAL</b>	<b>5,270.38</b>	<b>5,270.38</b>	<b>100%</b>

## UPCOMING GOG SECURITIES AUCTION

Upcoming Auction	
Auction Target	GH¢ 2,532.00 million
Auction Date	January 26, 2024
Settlement Date	January 29, 2024
Securities	91, 182 & 364 Day T/Bill

## SECONDARY MARKET

On the secondary market, the volume of securities traded increased significantly by 95% from GH¢1.68 billion to GH¢3.28 billion week-on-week (w/w) basis.

The 91-day April 15, 24 maturity bill had the highest traded volume among bills, amounting to GH¢578.21 million. On the bond market, the Feb 08, 33 maturity paper recorded the largest traded volume at GH¢417.89 million.

## INTERBANK FOREX RATES

The cedi showed mixed performances against its major trading currencies on the interbank forex market.

The cedi lost grounds against the US Dollar by 0.0524 week-on-week (w/w) to settle at a trading price of GH¢11.9601/US\$, compared with GH¢11.9077/US\$ at the start of the week, increasing its year-to-date loss from 0.23% to 0.67%. However, the cedi gained 0.0383 and 0.0743 w/w against the British Pound and the Euro respectively, settling at GH¢15.1589/£ and GH¢12.8929/€ also in that order.

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	11.9077	11.9601	-0.0524	-0.67
GBPGHS	15.1334	15.1972	15.1589	0.0383	-0.17
EURGHS	13.1264	13.0572	12.9829	0.0743	+1.11

Source: The Bank of Ghana

## LOCAL ECONOMIC AND BUSINESS NEWS

### IMF has approved the second tranche of the bailout loan for immediate disbursement.

The International Monetary Fund (IMF) has granted approval for Ghana's second tranche of US\$600 million. This approval follows Ghana's successful negotiations with its bilateral lenders, including China and France.

**Our Take:** In the short term, this injection of funds will offer immediate financial relief, aiding in stabilizing the foreign exchange (FX) market. Also, it is anticipated to restore investor confidence and act as a preventative measure against a looming financial crisis.

### UPCOMING EVENT

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

### CONCLUSION / RECOMMENDATION

The strong demand for GOG treasury bills is expected to persist in the upcoming auction, with the likelihood of the government exceeding its auction target of GH¢2,532.00 million.

In the FX market, we foresee the Cedi maintaining a relatively stable position against its primary trading currencies, supported by the recent approval of US\$600 million by the International Monetary Fund (IMF) following the first program review.

We recommend investors to subscribe to the 182 Day and 364 Day bill.

## 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

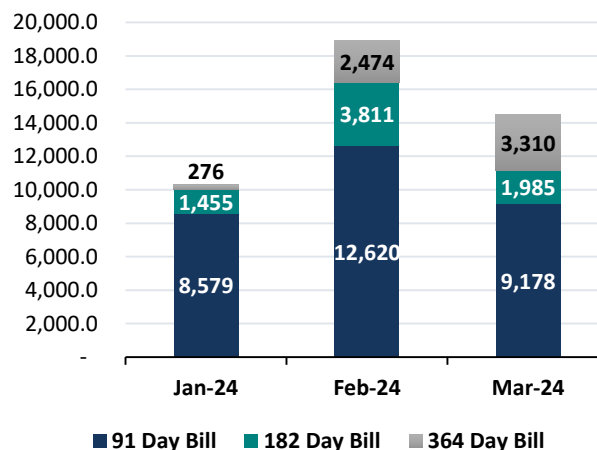
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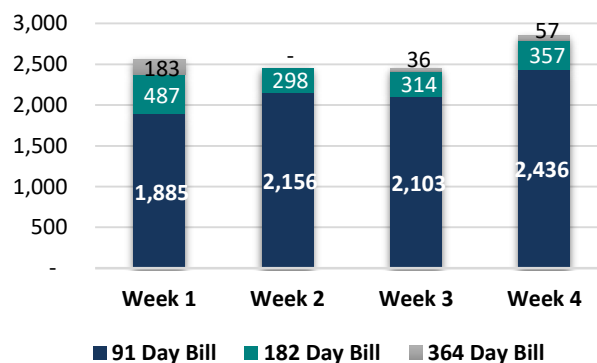
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Upcoming GOG Tbill maturities (Amt in GH¢'m)



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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