

WEEKLY FINANCIAL MARKET RESEARCH REPORT ENDING **29TH DECEMBER 2023**

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PRIMARY MARKET

Interest rates on Government of Ghana treasury securities fell at the last auction for 2023 as government exceeded its auction target by 3.36%.

The yields on the 91-day T-bill, 182-day T-bill and 364-day T-bill declined marginally by 12 basis points (bps), 6 bps and 1 bps respectively.

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

Securities	08-12-23	15-12-23	22-12-23	29-12-23	Chg.
	%	%	%	%	Bps
91 Day Bill	29.5835	29.0494	29.3585	29.2419	-12
182 Day Bill	31.9696	31.1373	31.9467	31.8830	-6
364 Day Bill	33.4585	32.4921	32.4923	32.4859	-1

Source: The Bank of Ghana

AUCTION RESULTS

The GOG treasury bill securities issued on the primary market was oversubscribed as the government exceed its auction target amount of GH¢4,075.00 million by 3.36%. The government accepted GHS 4,210.61 million out of GHS 4,212.09 million worth of bids submitted by investors.

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
4,075.00	4,212.09	4,210.61	1.000	1.0336

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

Securities	Amount Tendered	Amount Accepted	Percentage of Bid Accepted
	GH¢ million	GH¢ million	
91 Day Bill	2,147.82	2,147.81	51%
182 Day Bill	417.80	416.33	10%
364 Day Bill	1,646.47	1,646.47	39%
TOTAL	4,212.09	4,210.61	100%

UPCOMING GOG SECURITIES AUCTION

Upcoming Auction	
Auction Target	GH¢2,837.00 million
Auction Date	January 5, 2024
Settlement Date	January 8, 2024
Securities	91, 182 & 364 Day T/Bill

SECONDARY MARKET

Last week, the volume traded declined by 45% to GHS 3,049.457 million compared to the previous week's traded volume of GHS 5,496.854 million. Bills and bonds comprised 49.7% and 50.3% of the total volume respectively. The 91-day bill, maturing on March 25, 2024, posted the highest traded volume of GHS 488.059 million. It opened the week at a starting price of 93.3083 and closed at 93.

INTERBANK FOREX RATES

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

The local currency exhibited a marginal depreciation against the US Dollar, weakening by 0.2346 week-on-week (w/w) to settle at a trading price of GH¢11.8800/US\$, compared with GH¢11.6454/US\$ at the start of the week, recording a year-to-date loss of 27.81%. Additionally, the cedi experienced a 0.3181 w/w depreciation against the British Pound, settling at GH¢15.1334/£. Furthermore, the cedi depreciated by 0.3004 w/w against the Euro, closing the week at a trading rate of GH¢13.1264/€.

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	8.58	11.6454	11.8800	-0.2346	-27.81
GBPGHS	10.31	14.8153	15.1334	-0.3181	-31.86
EURGHS	9.15	12.8260	13.1264	-0.3004	-30.33

Source: The Bank of Ghana

LOCAL ECONOMIC AND BUSINESS NEWS

Ghanaians spend more on food and transportation

According to KPMG’s 2023 KPMG West Africa Banking Industry Customer Experience Survey, Ghanaians allocate a significant portion of their expenditures to food and transportation. The survey reveals that 62% of respondents prioritize spending on food, 40% on transportation, and 35%

consider savings and investments as their top financial priorities. This aligns with inflation drivers in Ghana.

GLOBAL NEWS

IMF warns about the use of Central Banks digital currencies

The International Monetary Fund (IMF) has warned that the adoption of Central Bank Digital Currencies (CBDCs) could present significant challenges and risk if not effectively regulated. The Fund emphasizes the importance of implementing proper regulatory measures to address potential risks associated with the use of CBDCs. This will ensure stability and security in the financial landscape.

CONCLUSION / RECOMMENDATION

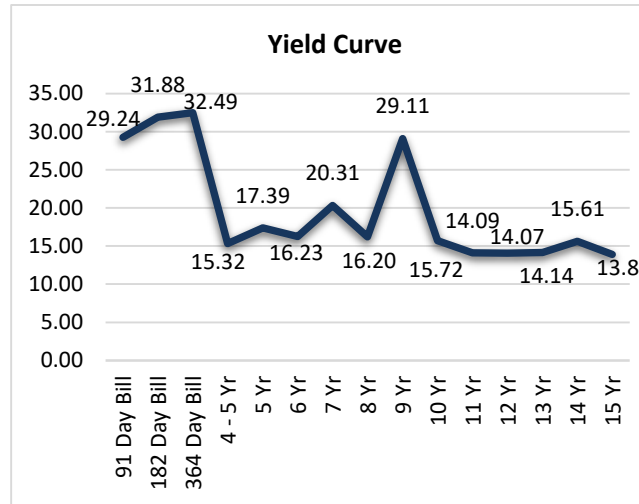
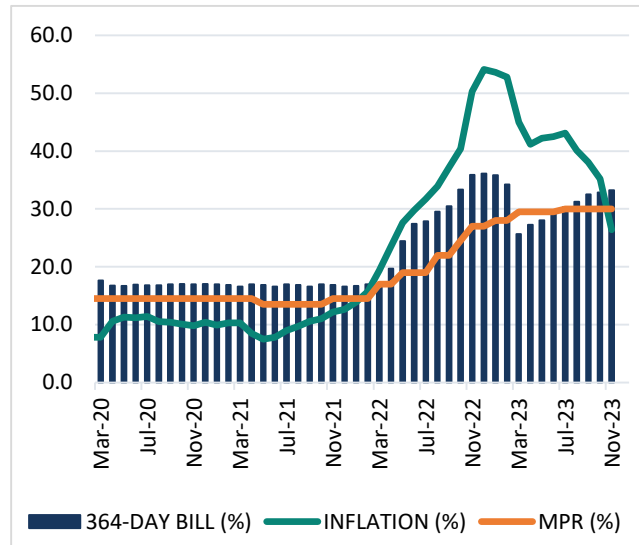
On the primary market, we expect the government to meet its target of GH¢ 2,837.00 million for the upcoming auction. Moreover, we expect to see marginal reductions in interest rates on GOG securities, driven by the easing in inflationary pressures.

We also expect the Cedi to remain relatively stable against its major trading currency due to the disbursement of the cocoa syndicated loan and the anticipation of a successful negotiations with our creditors as the country awaits the disbursement of the second tranche of the IMF bailout loan.

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

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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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
- To act as Investment Bankers

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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