

WEEKLY FINANCIAL MARKET RESEARCH REPORT ENDING **2nd February 2024 (Wk. 5)**

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PRIMARY MARKET

Interest rate trended downwards across short term papers issued on the primary market during the week.

The 91-day T-bill and 182-day T-bill experienced a week-on-week (w/w) decline of -0.2931% and -0.3045%, closing at 28.298% and 30.7936% respectively. Similarly, the 364-day T-bill mirrored this pattern with its yield dropping by 0.3981% from 31.7976% to 31.3995% w/w.

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

Securities	12-01-24	19-01-24	26-01-24	02-02-24	Chg. w/w
	%	%	%	%	%
91 Day Bill	29.0399	28.8845	28.5913	28.2982	-0.29
182 Day Bill	31.5154	31.3956	31.0981	30.7936	-0.30
364 Day Bill	32.0833	31.9965	31.7976	31.3995	-0.39

Source: The Bank of Ghana

AUCTION RESULTS

The government exceeded its auction target amount of GH¢2,861.00 million by 58.26%. During the auction, the government accepted total bids of GH¢ 4,527.87 million 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
2,861.00	4,527.87	4,527.87	1.000	1.5826

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	1,914.09	1,914.09	42%
182 Day Bill	1,211.43	1,211.43	27%
364 Day Bill	1,402.35	1,402.35	31%
TOTAL	4,527.87	4,527.87	100%

UPCOMING GOG SECURITIES AUCTION

Upcoming Auction	
Auction Target	GH¢ 4,587.00 million
Auction Date	February 9, 2024
Settlement Date	February 12, 2024
Securities	91, 182 & 364 Day T/Bill

SECONDARY MARKET

On the secondary market, the volume of securities traded rose by 21% to GH¢3.84 billion compared to the previous week's GH¢3.17 billion. Bills and bonds comprised 49% and 51% respectively. The 91-day bill maturing on April 29, 24 recorded the highest volume traded (GH¢567 million).

On the bond market, the long term paper maturing on Feb 15, 2028 recorded the highest volume trades of GH¢993.37 million.

INTERBANK FOREX RATES

On the interbank fx market, the cedi showed mixed performances against its major trading counterparts.

The cedi weakened against the US Dollar by 0.0736 w/w, closing at GH¢12.0536/US\$ compared to GH¢11.9800/US\$ at the beginning of the week. This increased its year-to-date loss from 0.83% to 1.44%. However, the cedi appreciated by 0.0178 and 0.0107 w/w against the British Pound and the Euro, settling at GH¢15.2388/£ and GH¢13.0079/€ respectively.

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	11.9800	12.0536	-0.0736	-1.44
GBPGHS	15.1334	15.2566	15.2388	0.0178	-0.69
EURGHS	13.1264	13.0186	13.0079	0.0107	+0.91

Source: The Bank of Ghana

LOCAL ECONOMIC AND BUSINESS NEWS

Electricity tariffs are expected to increase as a result of the implementation of the Emission Levy.

According to the Independent Power Generators Ghana (IPGG), the implementation of the Emission Levy is anticipated to result in an upward adjustment of electricity tariffs. The law mandates a levy of GH¢100 per tonne on carbon dioxide equivalent emissions from electricity producers.

The Emissions Levy Act 2023 (Act 112) was commenced on February 1, 2024. This law imposes a levy on carbon dioxide equivalent emissions generated by internal combustion engine vehicles.

Bank of Ghana reduces policy rate to 29%.

The Central Bank cuts its monetary policy rate by 100 bps from 30% to 29%. This comes after inflation declined for a fifth consecutive month in December 2023.

CONCLUSION / RECOMMENDATION

We still expect the strong demand for GOG Treasury bills to continue in the upcoming auction. The government is likely to exceed its auction target of GH¢ 4,587.00 million on Friday.

Regarding the FX market, there has been no immediate response to the disbursement of the second tranche of the IMF bailout loan. Should the current trend continue, we anticipate the cedi to weaken against the US Dollar throughout the week.

We recommend investors to subscribe to the 91 Day bill and 182 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 (%)	29.0	30.0	1.0
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

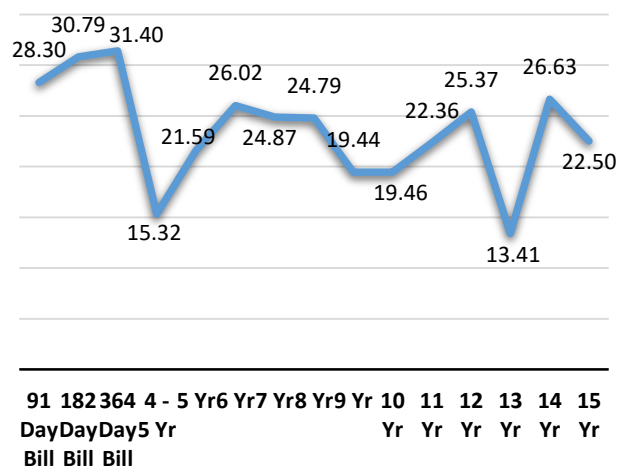
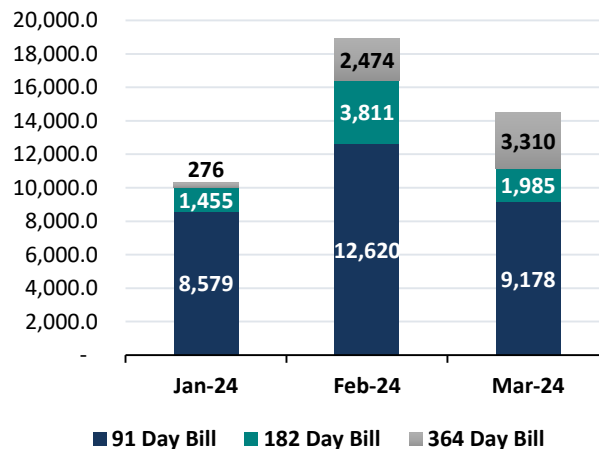
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Upcoming GOG Tbill maturities (Amt in GH¢'m)



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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