

WEEKLY FINANCIAL MARKET RESEARCH REPORT ENDING

26th January 2024 (Wk. 4)

Prudential Securities Limited
Prudential Bank Head Office Building
No. 8 John Harmond Street, Ring Road Central - Accra, Ghana.
Telephone: 030 276 9623; **Mobile/WhatsApp:** 055 110 2222
Email: info@prudentialsecurities.com.gh
Website: www.prudentialsecurities.com.gh

PRIMARY MARKET

Despite the slowdown in interest rates, the government has exceeded all of its auction target amounts by an average of 63.55% in January 2024. Additionally, the interest rate on short-term papers has decreased by an average of 0.5958% during the same month.

The interest rate on the 91-day T-bill, 182-day T-bill and 364-day T-bill declined marginally from 28.88%, 31.39% and 31.99% to 28.59%, 31.09% and 31.79% respectively.

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

Securities	05-01-24	12-01-24	19-01-24	26-01-24	Chg. w/w
	%	%	%	%	%
91 Day Bill	29.1902	29.0399	28.8845	28.5913	-0.29
182 Day Bill	31.7437	31.5154	31.3956	31.0981	-0.30
364 Day Bill	32.3404	32.0833	31.9965	31.7976	-0.20

Source: The Bank of Ghana

AUCTION RESULTS

During this week's auction, the government exceeded its target amount of GH¢ 2.53 billion by 121.44%. The government accepted GH¢5.50 billion out of the GH¢5.61 billion 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
2,532.00	5,606.92	5,495.91	1.020	2.2144

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	2,839.66	2,729.64	50%
182 Day Bill	1,532.63	1,531.64	28%
364 Day Bill	1,234.63	1,234.63	22%
TOTAL	5,606.92	5,495.91	100%

UPCOMING GOG SECURITIES AUCTION

Upcoming Auction	
Auction Target	GH¢ 2,861.00 million
Auction Date	February 2, 2024
Settlement Date	February 5, 2024
Securities	91, 182 & 364 Day T/Bill

SECONDARY MARKET

Last week, the volume of securities traded on the secondary market experienced a marginal decline of 3%, from GH¢3.28 billion to GH¢3.17 billion. The 91-day bill maturing on April 22, 2024, saw the highest volume traded at GH¢639 million. It concluded the week at a price of 93.7718. Meanwhile, in the bond market, the bond maturing on February 15, 2028, recorded the largest volume traded, amounting to GH¢1.01 billion. It commenced the week with a yield of 20.36% and closed at 16.70%.

INTERBANK FOREX RATES

During the week, the cedi weakened against its major trading counterparts on the interbank FX market.

The cedi weakened against the US Dollar by 0.0199 w/w, closing at GH¢11.9800/US\$ compared to GH¢11.9601/US\$ at the beginning of the week. This increased its year-to-date loss from 0.67% to 0.83%. Additionally, the cedi depreciated by 0.0977 and 0.0357 w/w against the British Pound and the Euro, settling at GH¢15.2566/£ and GH¢13.0186/€ 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	11.9601	11.9800	-0.0199	-0.83
GBPGHS	15.1334	15.1589	15.2566	-0.0977	-0.81
EURGHS	13.1264	12.9829	13.0186	-0.0357	+0.81

Source: The Bank of Ghana

LOCAL ECONOMIC AND BUSINESS NEWS

The Central Bank of Ghana has approved the recapitalization plan of impaired banks.

According to reports from the IMF, the Bank of Ghana has approved the recapitalization plan of commercial banks whose capital was affected by the government's Domestic Debt Exchange program. The Central Bank of Ghana asserts that this initiative will receive support from the Ghana Financial Stability Fund and will enforce corrective measures by the end of March 2024 for banks that do not meet their recapitalization plans.

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.

UPCOMING EVENT

- Monetary Policy Committee Press Release: 29th 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¢2,861.00 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 (%)	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

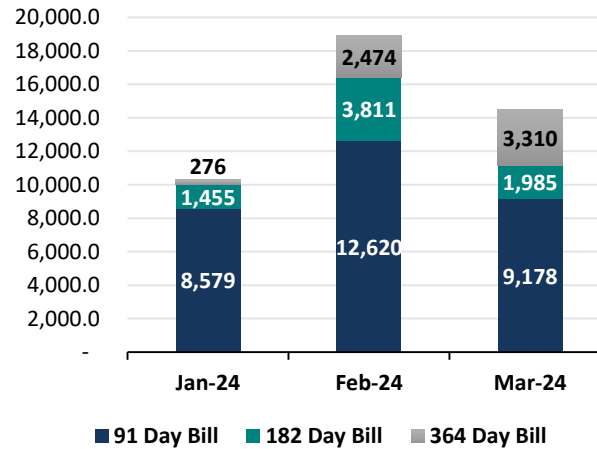
Ransford Owusu Adom

Email: radom@prudentialsecurities.com.gh

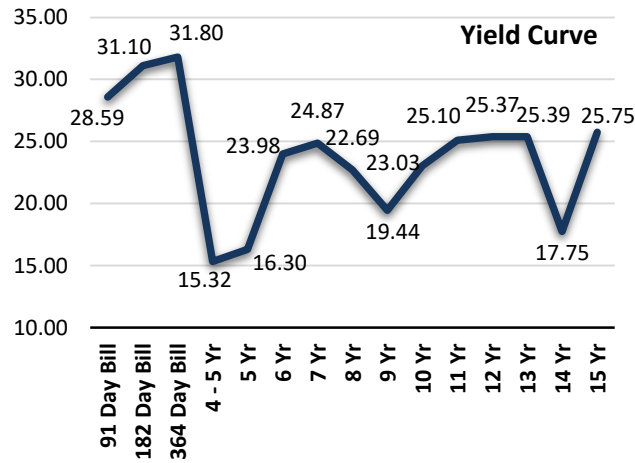
Mobile: +233 247 165 823

Telephone: +233 302 769 623

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



Yield Curve



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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