

WEEKLY FINANCIAL MARKET RESEARCH REPORT ENDING

5th April 2024 (Wk. 14)

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

Interest rates on GOG treasury bill securities declined marginally as yields continue to trend downwards.

The yield on the 91-day T-bill and 182-day T-Bill saw a slight decline of 1.72 basis points (bps) and 2.14 bps, reducing from 25.75% and 28.25% to 25.73% and 28.23% respectively, on a week-on-week (w/w) basis.

Additionally, the interest rate on the 364-day T-bill decreased by 1.17 bps from 28.85% to 28.84% w/w.

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

Securities	15-03-24	22-03-24	29-03-24	05-04-24	Chg. w/w
	%	%	%	%	Bps
91 Day Bill	26.4986	25.9988	25.7493	25.7321	-1.72
182 Day Bill	28.9980	28.4961	28.2481	28.2267	-2.14
364 Day Bill	29.5995	29.0996	28.8495	28.8378	-1.17

Source: The Bank of Ghana

AUCTION RESULTS

The government failed to meet its auction target for the second consecutive time.

Despite targeting GH¢2.81 billion, investor bids only totaled GH¢2.56 billion, resulting in an undersubscription of 8.81%.

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
2,808.00	2,560.70	2,560.70	1.000	0.9119

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	2,023.03	2,023.03	79%
182 Day Bill	417.58	417.58	16%
364 Day Bill	120.09	120.09	5%
TOTAL	2,560.70	2,560.70	100%

UPCOMING GOG SECURITIES AUCTION

Upcoming Auction	
Auction Target	GH¢ 3,459.00 million
Auction Date	April 12, 2024
Settlement Date	April 15, 2024
Securities	91, 182 & 364 Day T/Bill

SECONDARY MARKET

On the secondary market, trading activities inched down by 23% from GH¢2.742 billion to GH¢2.110 billion. The most actively traded bill was the 364-day bill Jan 20, 2025 with a face value of GH¢286.92 million, closing the week at a yield of 33.18%. On the bond market, the February 03, 2037 maturity emerged as the most traded paper, recording an amount of GH¢248.75 million and ending the week with a yield of 13.26%.

INTERBANK FOREX RATES

On the interbank FX market, the cedi continue to depreciate against its major trading currencies.

The cedi lost grounds against the US Dollar by 0.0412 w/w, closing at GH¢12.9182/US\$ compared to GH¢12.8770/US\$ at the start of the week. This increased its year-to-date loss from 5.75% to 8.04%. Also, the local currency weakened against the British Pound and the Euro, settling at GH¢16.3157/£ and GH¢14.0061/€, 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	12.8770	12.9182	-0.0412	-8.04
GBPGHS	15.1334	16.2617	16.3157	-0.0540	-7.25
EURGHS	13.1264	13.9031	14.0061	-0.1030	-6.28

Source: The Bank of Ghana

STOCK MARKET

The GSE-Composite Index closed the week with 3,451.96 points and a year-to-date return of 10.28%, while the GSE-Financial Stock Index ended the week with 2,014.81 points and a year-to-date return of 5.95%.

The market capitalization of the local bourse stood at GH¢ 77.73 billion, with a year-to-date return of 4.85%.

		YTD
GSE-Composite Index	3,451.96	10.28%
GSE-Financial Stock Index	2,014.81	5.95%
Market Cap (GH¢ million)	77,732.55	4.85%
Volume Traded	491,833.00	-
Value Traded (GH¢)	40,225,769.60	-

Source: Ghana Stock Exchange

Top Gainers

Top Losers

Stock	Price	YTD	Stock	Price	YTD
UNIL	12.00	47.97%	CAL	0.40	-16.7%
ACCESS	4.45	30.88%	DASPHARMA	0.38	-5.00%
GGBL	4.44	30.59%	BOPP	21.53	-2.14%
MTNGH	1.40	12.14%	FML	3.20	-1.54%

Source: Ghana Stock Exchange

BUSINESS/ECONOMIC NEWS

COPEC Forecasts Fuel Prices to Exceed GH¢17

The Chamber of Petroleum Consumers (COPEC) has predicted that the price of fuel will soon surpass GH¢17. This follows a forecast made by the Institute for Energy Security (IES), predicting a significant rise in fuel prices in the coming weeks due to price movement of crude oil on the international market.

Our take: We believe that the anticipated surge in fuel prices is likely to impact the prices of goods and services, leading to an uptick in inflation and interest rates within the country.

The Bank of Ghana Adjusts Cash Reserve Ratios for Universal Banks

The Bank of Ghana has revised the Cash Reserve Ratio (CRR) for universal banks operating in the country. As per the Central Bank's directive, banks with a loan-to-deposit ratio exceeding 55% must maintain a CRR of 15%. Meanwhile, those with a loan-to-deposit ratio ranging between 40% and 55% are obligated to uphold a CRR of 20%. Additionally, banks with loan-to-deposit ratios below 40% are mandated to maintain a CRR of 25%.

Our take: The purpose of the CRR is to stabilize the financial system and manage inflation by restricting the funds available for lending. However, a high CRR may reduce investment and slow economic growth.

CONCLUSION / RECOMMENDATION

We anticipate that the recent revision in bank CRR will continue to influence the demand for GOG Treasury Bills. As a result of this, we project that the government may fall short of its auction target of GH¢3.46 billion for the upcoming week.

We recommend investors subscribe to the 182-day bill and 364-day T-bill.

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 and Services

- PSL Fixed Income Unit Trust
 - [Brochure](#) | [Prospectus](#) | [Fund Fact Sheet](#)
- Investment Advisory
- Wealth Management
- Pensions Fund Management
- Provident Fund/Welfare scheme Management
- Personal Pension Management (PPM)

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	23.5	-0.3
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

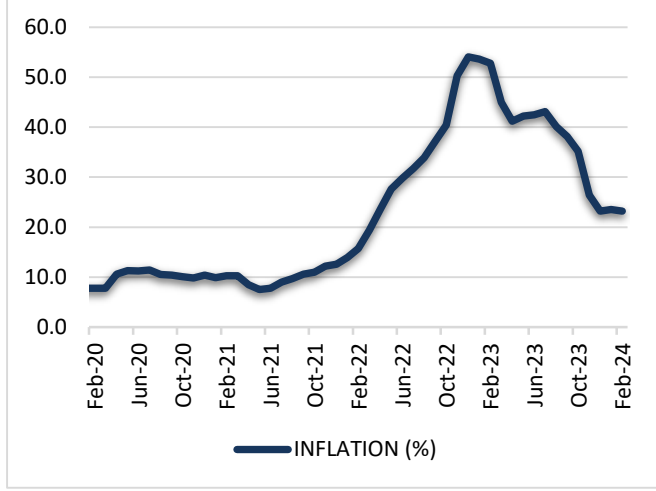
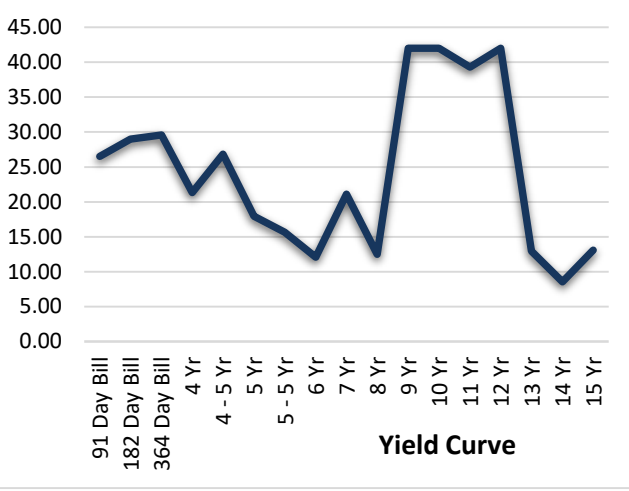
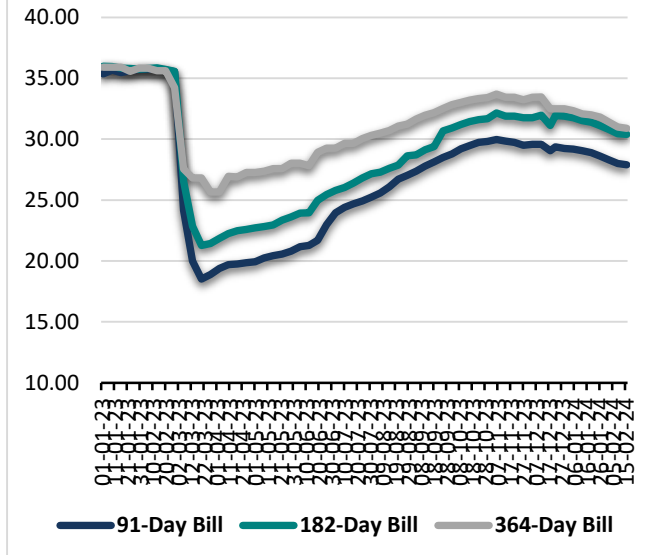
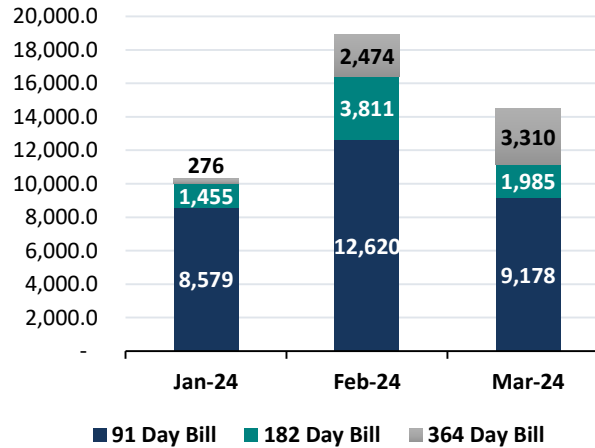
Ransford Owusu Adom

Email: radom@prudentialsecurities.com.gh

Mobile: +233 247 165 823

Telephone: +233 302 769 623

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



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