

WEEKLY FINANCIAL MARKET RESEARCH REPORT

26th August - 30th August 2024 (Week 35)

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PRIMARY MARKET

Interest rates experienced a slight increase across all maturities of short-term papers on the primary market, even though the government fell short of its auction target by 19.53%. The yield on the 91-day Treasury bill rose by 10.01 basis points, from 24.79% to 24.89%. Similarly, the interest rates on the 182-day and 364-day Treasury bills increased by 10.4 basis points and 9.65 basis points, respectively, settling at 26.79% and 27.91%.

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

Securities	9-08-24	16-08-24	23-08-24	30-08-24	Chg. w/w
	%	%	%	%	Bps
91 Day Bill	24.8251	24.8435	24.7895	24.8896	+10.0
182 Day Bill	26.7642	26.7469	26.6854	26.7890	+10.4
364 Day Bill	27.8575	27.8509	27.8135	27.9100	+9.65

Source: The Bank of Ghana

AUCTION RESULTS

The government fell short of its auction target of GH¢ 5.09 billion by 19.53%, resulting in a deficit of GH¢ 993.61 million. Despite this shortfall, the government accepted all investor bids, which amounted to a total of GH¢ 4.09 billion.

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
5,088.00	4,094.39	4,094.39	1.000	0.8047

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	2,532.03	2,532.03	62%
182 Day Bill	1,357.13	1,357.13	33%
364 Day Bill	205.23	205.23	5%
TOTAL	4,094.39	4,094.39	100%

UPCOMING GOG SECURITIES AUCTION

Upcoming Auction	
Auction Target	GH¢ 5.60 billion
Auction Date	September 6, 2024
Settlement Date	September 9, 2024
Securities	91, 182 & 364 Day T/Bill

Source: Ghana Stock Exchange

SECONDARY MARKET

Trading activity on the secondary market experienced a slight slowdown, with the volume of securities traded dropping by 2% from GH¢5.29 billion to GH¢5.16 billion. Bills accounted for 72% of the total trades, while bonds made up the remaining 28%. The highest volume traded was in the 91-day bill maturing on November 25, 2024, which totaled GH¢733.66 million and ended the week with a yield of 24.24%. The most actively traded bond was the one maturing on February 10, 2032, which saw a total face value of GH¢280.98 million and finished the week at a yield of 25.93%.

INTERBANK FOREX RATES

On the interbank foreign exchange market, the cedi weakened against the US Dollar by 0.0584 to close at GH¢15.1899/US\$, compared to GH¢15.1315/US\$ at the beginning of the week, representing a year-to-date loss of 21.5%. However, the local currency strengthened against the British Pound by 0.0392 to settle at GH¢19.9261/£, and also gained against the Euro by 0.1283, closing at GH¢16.7828/€.

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	15.1315	15.1899	-0.0584	-21.8
GBPGHS	15.1334	19.9653	19.9261	0.0392	-24.1
EURGHS	13.1264	16.9111	16.7828	0.1283	-21.8

Source: The Bank of Ghana

STOCK MARKET

The GSE-Composite Index experienced a modest increase of 6.47 points week-on-week, rising from 4,353.38 pts to 4,359.85 pts, bringing its year-to-date return (YTD) to 39.28%. In contrast, the GSE-Financial Stock Index remained unchanged at 2,118.06, with a year-to-date return of 11.38%.

Also, the market capitalization of the local exchange rose by GH¢187.25 million, from GH¢91.85 billion to GH¢92.04 billion, indicating a year-to-date return of 24.56%.

		YTD
GSE-Composite Index	4,359.85	39.28%
GSE-Financial Stock Index	2,118.06	11.38%
Market Cap (GH¢ million)	92,041.99	24.56%
Volume Traded	1,546,470.00	-
Value Traded (GH¢)	41,864,780.24	-

Source: Ghana Stock Exchange

Top Gainers

Top Losers

Stock	Price	YTD	Stock	Price	YTD
UNIL	16.0	97.29%	CAL	0.31	-35.4%
GCB	5.91	73.82%	EGL	1.65	-30.9%
MTNGH	2.20	57.14%	DASPHARMA	0.38	-5.00%
GGBL	5.16	51.76%			

Source: Ghana Stock Exchange

BUSINESS/ECONOMIC NEWS**IES predicts stability in prices of petrol and diesel**

The Institute for Energy Security (IES) forecasts price stability for petrol and diesel over the next two weeks. However, Liquefied Petroleum Gas (LPG) may experience a slight price increase of approximately 2% in the coming days. This projection is based on the recent depreciation of the cedi and a marginal decline in global liquid fuel prices.

IMF bailout: Board to consider 3rd review for approval by December

The Ministry of Finance has announced that the International Monetary Fund (IMF) Executive Board is set to consider Ghana's third review for approval by the end of December this year. According to the Ministry, this approval would facilitate the immediate disbursement of the fourth tranche, amounting to \$360 million, bringing total disbursements to \$1.92 billion.

Ghana's debt rises to GH¢761bn

As of July 31, 2024, Ghana's provisional nominal central government debt reached GH¢761.1 billion, equivalent to US\$51.1 billion, as reported by Finance Minister Dr. Mohammed Amin Adam. This reflects a nominal increase from the previous level of GH¢587.7 billion, or US\$53.5 billion. The increase in debt is largely due to the depreciation of the Ghanaian cedi.

Conclusion/Recommendation

We anticipate mixed results for interest rates on the primary market. Additionally, we do not expect the government to achieve its target of GH¢5.60 billion in the upcoming auction on Friday. We recommend that investors consider subscribing to the 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 ([click on items below](#))
 - [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 (%)	1.2	1	0.2
GDP AGR (%)	4.7	3.8	0.9
Inflation (%)	20.9	22.8	-1.90
Monetary Policy Rate (%)	29.0	29.0	0.00
Unemployment Rate (%)	3.6	3.5	0.10
Gov't Debt to GDP (%)	84.9	92.4	-7.50
Balance of Trade (US\$ mil)	70.9	324	-253.10
Current Account (US\$ mil)	176	173	3.00
Current Account to GDP	1.4	-2.1	3.50
Government Budget	3.1	-8.3	11.40
Corporate Tax Rate (%)	25	25	0.00

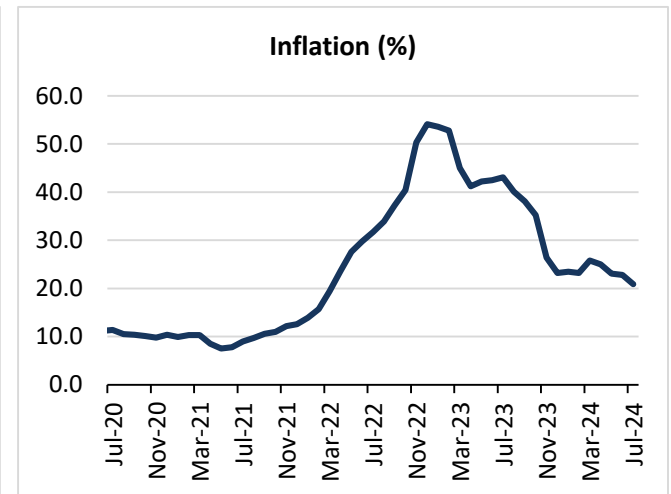
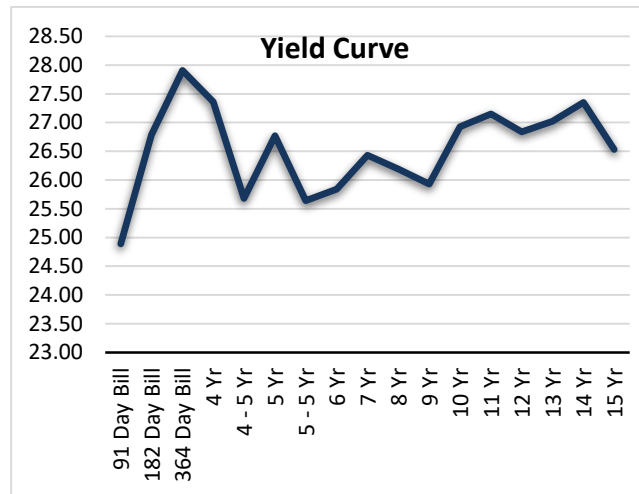
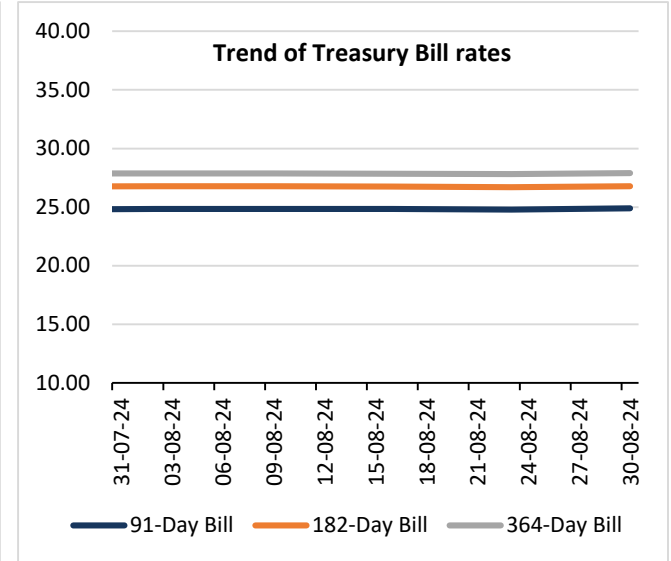
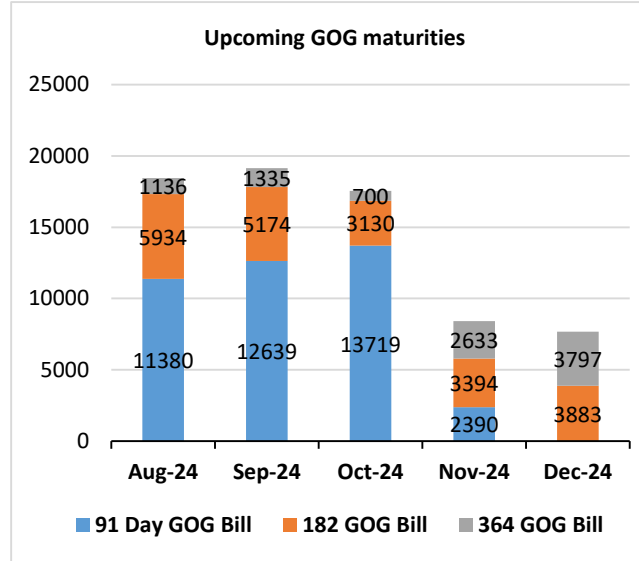
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