

Monthly Market Review (August 2024)

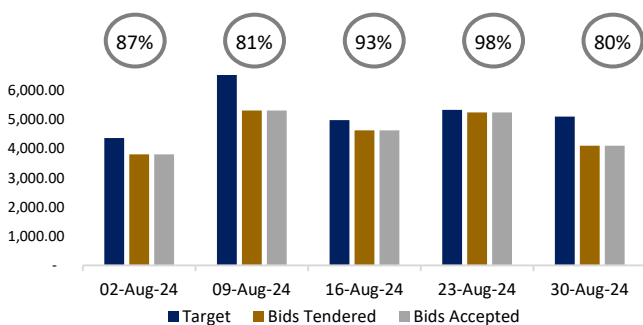
NEWS HEADLINES

- **Ghana's debt rises to GH¢761bn;** According to Finance Minister, the latest provisional nominal central government debt stands at GH¢761.1bn, equivalent to US\$51.1bn. The increase in cedi terms and decrease in US dollar terms is attributed to a combination of factors, including cedi depreciation, disbursements from multilateral institutions, and domestic financing of the budget. ([MoF](#))
- **Standard Chartered Bank Ghana (SCB) to pay total dividend of GH¢400mn;** SCB's robust performance for 2023 has resulted in the Bank declaring an ordinary dividend of GH¢2.9454. This represents a total amount of GH¢397mn to ordinary shareholders and a dividend of GH¢0.0810 for preference shareholders, totaling GH¢3mn. SCB shares currently trade at GH¢20.10 per share, at a 14.53% year-to-date gain, with a price-to-earnings ratio of 6.25. ([BoraResearch](#))
- **Cedi crosses GH¢16 mark against the dollar on retail market;** This development occurs as the International Monetary Fund recently lifted restrictions on dollar auctions by the Bank of Ghana, following a significant increase in the country's reserves under a US\$3 billion economic recovery programme. ([CitiBusiness](#))

FIXED INCOME MARKET

- The rates on the treasury bills recorded marginal increases within the month, undersubscribed at an average of 11% each week of August.

GoG Securities Auction Results with %subscription



Government of Ghana Treasury Bill Rates (%)

Instrument	31-Aug-24	31-Jul-24	MoM	YTD
91-Day	24.89	24.79	▲ 0.41%	▼ -14.88%
182-Day	26.79	26.74	▲ 0.18%	▼ -15.98%
364-Day	27.91	27.86	▲ 0.19%	▼ -14.09%

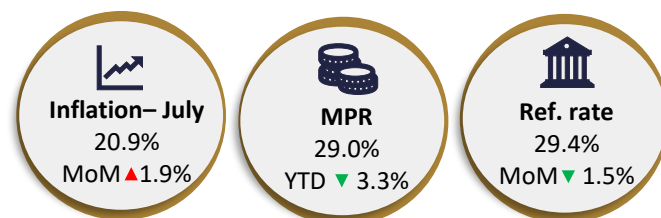
Bora Purchase Rates for Clients

Instruments	Min. Yield (%)	Max. Yield (%)
0 - 91 days	22.00	31.00
92 - 182 days	23.75	30.70
Up to 1 Year	28.30	28.30

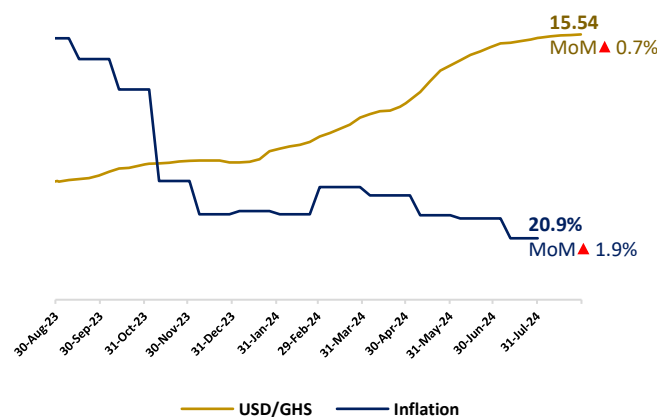
* MoM – month on month YTD – year-to-date

KEY MACROECONOMIC INDICATORS

- Annual consumer inflation slowed for the 4th consecutive month to 20.9% in July 2024, the lowest since March 2022, down from 22.8% in the prior month;
- The drop in inflation was attributed to a decline in both food (21.5% vs 24% in June) and non-food inflation (20.5% vs 21.6%), despite the ongoing depreciation of the cedi.



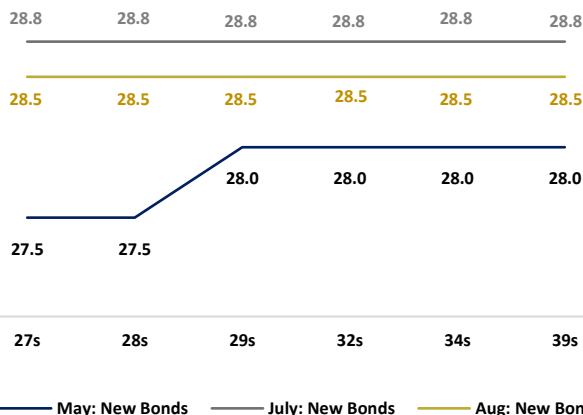
GH¢/US\$ Exchange rate vs. Inflation



TREASURY YIELD CURVE

- Over the past month, the yields on the new bonds gained 0.3 percentage points across the curve. Thus, the yields are at a 28.8% average.

Yield Curve



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EQUITIES MARKET

- The stock market was bearish within the month with the GSE Composite Index declining by ▼ 2.98%. On the other hand, the Financial Stock Index gained ▲ 0.77% over the month of August;
- Trading volumes were lower as compared to the previous month.

Index

GSE-CI	4,359.85	MoM ▼ 2.9%	YTD ▲ 39.3%
GSE-FSI	2,118.06	MoM ▲ 0.8%	YTD ▲ 11.4%
Mkt Cap.	92,041.99	MoM ▼ 1.4%	YTD ▲ 24.6%

Top Gainers

GGBL	GH¢5.16	MoM ▲ 9.7%	YTD ▲ 51.8%
CMLT	GH¢0.12	MoM ▲ 9.1%	YTD ▲ 20.0%
BOPP	GH¢25.00	MoM ▲ 8.7%	YTD ▲ 13.6%




Top Losers

CAL	GH¢0.31	MoM ▼ 8.8%	YTD ▼ 35.4%
MTNGH	GH¢2.20	MoM ▼ 5.9%	YTD ▲ 57.1%


COMMODITIES MARKET

- Brent Crude Oil lost about 5% this month. Analysts have lowered their oil price outlook for 2024 due to weak fuel demand from leading importer China and rising inventory levels as Saudi Arabia and OPEC+ allies prepare to ease some output cuts from October.

52-week Low ■ Current Price 52-week High

	78.57	78.82	80.60
	2,494.65	2,498.58	2,526.75
	3,655.00	7,313.21	12,500.00

UPCOMING EVENTS

 MPC Press Release | 30th September, 2024

* MoM – month on month YTD – year-to-date

OUR TAKE - COMMODITIES AS AN ASSET CLASS

- Commodities are essential raw materials used to produce consumer goods, ranging from food to fuel. They include agricultural products, energy resources, and metals, as well as "soft" commodities like sugar and coffee that have limited storage life;
- Commodities have become alternative investments, evolving as an asset class since the 1990s, with the development of commodity futures, indexes and subsequently, investment vehicles that benchmark against these indices;
- Investors today have a range of options for investing in the commodities markets, including mutual funds, exchange-traded funds (ETFs), and notes, offering exposure to everything from individual commodities to sector-specific and broad-based commodities.

Some Commodity Investment Methods



Physical Commodities: Directly purchasing the actual commodity, like gold bars or oil barrels. This method involves storage and security concerns.



Futures Contracts: Agreements to buy or sell a commodity at a future date at a predetermined price. This is one of the most common methods for commodities trading.



Commodity ETFs/Mutual Funds: These funds track the performance of a specific commodity index, offering exposure to a range of commodities without the need to directly own or manage them.



Commodity Stocks: Investing in companies involved in the production or processing of commodities, such as mining or oil companies.



Commodity Indexes: Indexes like the S&P GSCI or Bloomberg Commodity Index track the performance of a basket of commodities.

The Good Side of Diversifying with Commodities

Commodities offer benefits such as portfolio diversification, a hedge against inflation, and opportunities driven by global supply and demand trends, providing potential growth and stability in various economic conditions.

The Risk of Diversifying with Commodities

On the other hand, investing in commodities involves high volatility, complexity in trading futures, and sometimes, costs for physical storage, making it challenging, especially for inexperienced investors.