

Monthly Market Review (April 2023)

NEWS HEADLINES

- Banking Sector incur losses of over GH¢ 6 billion on the back of about GH¢ 19.5 billion impairments; Profitability levels in the banking sector declined for 2022 mainly driven by high impairments as a result of their exposure to Government of Ghana Securities. Thus, return on equity averaged -24.8%, compared to 14.6% in 2021. (BoraResearch)
- International Development Association of World Bank provides US\$372m guarantee payment for some Ghana Eurobond holders; The guarantee on Ghana's US\$1 billion issued back in 2015 was designed to provide extra security under challenging market conditions in case of a default. Ghana defaulted on its coupon payment for the 2030 Eurobond on April 14, 2023, due to the debt moratorium declared on December 19, 2022. (CitiBusiness)
- Ghana's economic growth to slowdown in 2023 EIU warns; The Economist Intelligence Unit predicts that Ghana's GDP growth rate will slow drastically to 1.3% in 2023, due to rising prices and monetary tightening leading to a contraction in domestic demand. Thus, resulting in reduced consumption and sustained cedi depreciation. (EIU)

FIXED INCOME MARKET

- Treasury bill auctions in April 2023 were over-subscribed each week;
- Rates on the short-term bills, on a year-to-date basis, declined by 44.06%, 36.82% and 24.09% on the 91-day, 182-day and 364-day bills, respectively.



GoG Securities Auction Results with %subscription

Government of Ghana Treasury Bill Rates (%) Instrument 28 Apr 23 31 Mar 23 MoM YTD 91-Day 19.95 19.39 **2.88% V**-44.06% 182-Day 21.86 **A** 3.91% **V**-36.82% 22.71 364-Day 27.26 25.66 **6.23% V**-24.09% Bora Purchase Rates for Clients

Instruments	Min. Yield (%)	Max. Yield (%)
Under 182 Days	19.00	33.30
Up to 1 Year	21.86	24.77
1-3 Years	26.90	26.90

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KEY MACROECONOMIC INDICATORS

- Year-on-year inflation rate eased for the third month to 45% in March 2023, down from 52.8% in February;
- This is the lowest reading since last October, as a stronger currency was reflected in softer increases in prices of both food (50.8% vs 59.1% in February) and non-food items (40.6% vs 47.9% in February).







TREASURY YIELD CURVE

• Yields on the old bonds, having recorded a 17.5 percentage points decrease, to an average of 40% across the curve in March, remained stable over the past month. The yields on the new bonds also remained at an average of 30% over the past month.



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

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EQUITIES MARKET

- The stock market dipped marginally at the end of the month, with the GSE Composite Index and the Financial Stock Index declining by ▼ 0.14% and ▼2.68% respectively;
- Trading volumes and values were also lower as compared to the previous month.

Index

GSE-CI	2,741.46	MoM 🔻 0.14%	YTD 12.18%
GSE-FSI	1,758.28	MoM▼ 2.68%	YTD ▼ 14.34%
Mkt Cap.	68,278.45	MoM A 0.64%	YTD▲5.82%

Top Gainers

ВОРР	GH¢14.11	MoM A 20.9%	YTD▲ 84.4%
UNIL	GH¢4.80	MoM A 20.0%	YTD▲ 23.7%
GCB	GH¢ 3.20	MoM 🛦 1.5%	YTD▼18.7%
Top Losers			
SIC	GH¢ 0.25	MoM 7 19.3%	YTD▼19.3%
FML	GH¢ 1.06	MoM▼17.8%	YTD▼64.6%
EGL	GH¢ 2.70	MoM▼10.0%	YTD ▼ 15.6%

COMMODITIES MARKET

• Brent crude prices ended the month with about a 2% increase after energy firms posted positive earnings and U.S. data showed crude output was declining while fuel demand was growing.



UPCOMING EVENTS

- MPC Press Release | 22nd May
- Conclusion of negotiations with IMF | June 2023

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OUR TAKE - "THE EQUITY SPACE"

- Equities, also known as stocks or shares, represent ownership stakes in a company. Stocks are issued by companies when they decide to raise capital by selling ownership in the company to investors.
- In exchange for buying these shares, investors become partial owners of the company and are entitled to a number of rights, key amongst which is a proportional share in the company's distributed profits, known as *dividends*.





Review Company financials to gain insights into the company's revenue, profitability, debt levels, etc.



Assess the broader industry trends for potential growth, competition, and any regulatory changes that may impact the industry.



Check Company leadership to ascertain whether the management has the expertise and track record to drive growth and navigate challenges.



Value the business by comparing the company's current stock price to its earnings, revenue, and other key metrics to determine if it is overvalued or undervalued.

Know your risk tolerance. Stocks can be volatile. Be prepared for potential stock price fluctuations.

Some Risks associated with investing in equities;

Company-specific risk: Factors such as competition, management, financial health, and legal issues can all impact a company's performance and, in turn, its stock price.

Liquidity risk: Stocks that are not actively traded may be difficult to sell quickly.

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