

## Monthly Market Review (December 2022)

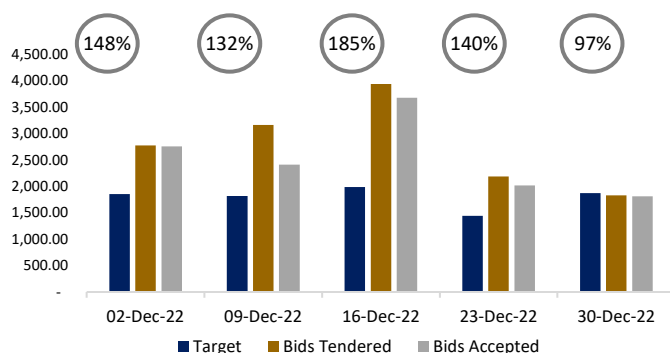
### NEWS HEADLINES

- Government extends Domestic Debt Exchange to 16th January 2023 to include Individuals;** In addition, the Government announced further modifications to the Invitation to Exchange by increasing the bonds offered to a total of twelve New Bonds, and including individual bondholders. ([Mofep](#))
- Ghana Euro Bondholders form representative committee;** This follows the Government of Ghana's intention to seek a restructuring of external debt. The Committee aims at securing an outcome that is both equitable to creditors and responsive to the economic and social challenges facing Ghana. ([Mofep](#))
- Government misses last weekly auction target of GH¢1.86bn by GH¢61million;** This is the first time, despite securing the staff level agreement with the IMF, that the government has failed to meet its target. Prior to that, government had for six weeks running, exceeded its auction targets. ([BoG](#))

### FIXED INCOME MARKET

- Rates on the short-term instruments retreated from their upward trend during the month. That notwithstanding, rates on the 91-day, 182-day and 364-day instruments closed the month with a year-to-date gain of 182.3%, 172.3% and 115.7% respectively.

GoG Securities Auction Results with %subscription



| Government of Ghana Treasury Bill Rates (%) |           |           |         |          |
|---|-----------|-----------|---------|----------|
| Instrument                                  | 30 Dec 22 | 25 Nov 22 | MoM     | YTD      |
| 91-Day                                      | 35.36     | 35.54     | ▼-0.50% | ▲182.33% |
| 182-Day                                     | 35.98     | 36.38     | ▼-1.09% | ▲172.34% |
| 364-Day                                     | 35.89     | 35.90     | ▼-0.01% | ▲115.66% |

| Bora Purchase Rates for Clients |                |                |
|---------------------------------|----------------|----------------|
| Instruments                     | Min. Yield (%) | Max. Yield (%) |
| Under 182 Days                  | 30.50          | 40.00          |
| Up to 1 Year                    | 35.00          | 35.00          |
| 1-3 Years                       | 32.00          | 38.00          |
| Over 3 Years                    | 32.00          | 35.00          |

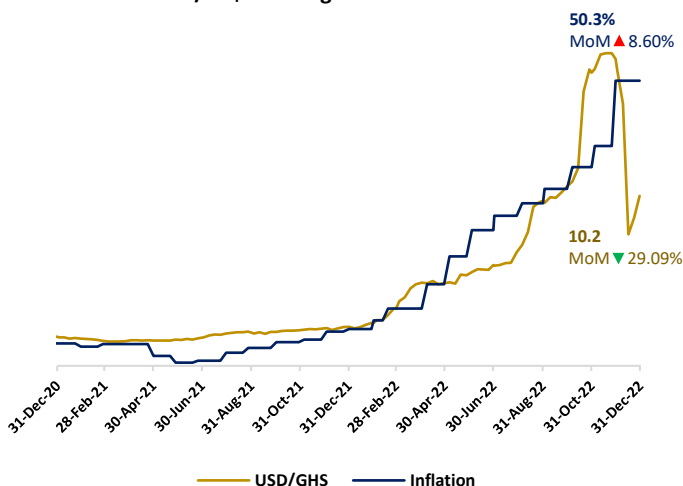
\* MoM – month on month YTD – year-to-date

### KEY MACROECONOMIC INDICATORS

- Inflation climbed to 50.3% in November from 40.4% in October. The continued depreciation of the cedi raised the cost of imported goods (55.1% in November vs 43.7% in October). Also, upward pressure came from increases in the prices of housing & utilities (79.1% in November vs 69.6% in October).

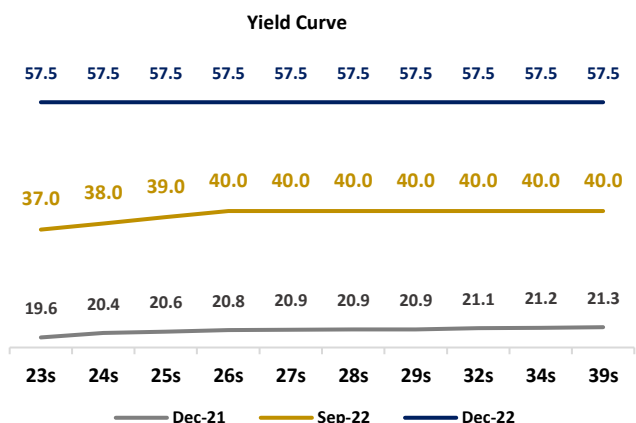


GH¢/US\$ Exchange rate vs. Inflation



### TREASURY YIELD CURVE

- The yield curve was flat across the various maturity profiles during the month as investors were unable to price various instruments, weighed by the possible impact of the domestic debt exchange program.



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### EQUITIES MARKET

- The stock market declined at the end of the December, with the GSE Composite Index and the Financial index closing the month down by ▼0.79% and by ▼1.17% respectively in December;
- Trading volumes and values were lower as compared to the previous month.

#### Index

|          |           |            |             |
|----------|-----------|------------|-------------|
| GSE-CI   | 2,443.91  | MoM ▼0.79% | YTD ▼12.38% |
| GSE-FI   | 2,052.59  | MoM ▼1.17% | YTD ▼4.61%  |
| Mkt Cap. | 64,507.32 | MoM ▼0.48% | YTD ▲0.02%  |

#### Top Gainers




|      |          |           |             |
|------|----------|-----------|-------------|
| TBL  | GHC 0.80 | MoM ▲5.3% | YTD ▲135.0% |
| BOPP | GHC 7.65 | MoM ▲0.7% | YTD ▲15.0%  |

#### Top Losers


|      |          |            |            |
|------|----------|------------|------------|
| UNIL | GHC 3.88 | MoM ▼18.8% | YTD ▼34.1% |
| CAL  | GHC 0.65 | MoM ▼18.8% | YTD ▼25.3% |
| RBGH | GHC 0.54 | MoM ▼10.0% | YTD ▼10.0% |

### COMMODITIES MARKET

- Brent crude oil prices climbed in 2022 on tight supplies amid the war in Ukraine, then slid on weaker demand from top importer China and worries of an economic contraction. However, it closed the month of December with a second straight annual gain.

|  | 52-week Low | Current Price | 52-week High |
|--|-------------|---------------|--------------|
|  | 65.72       | 85.91         | 139.13       |
|  | 1,615.05    | 1,824.56      | 2,070.13     |
|  | 1,944.39    | 2,494.61      | 2,622.28     |

### UPCOMING EVENTS

 Expiration Date for participating in Domestic Debt Exchange | 16<sup>th</sup> Dec. 2023

 MPC Press Conference | 30<sup>th</sup> Jan. 2023

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

### DOMESTIC DEBT EXCHANGE (DDE) AND YOUR INVESTMENTS



#### Highlights:

- According to the Ministry of Finance, the latest debt sustainability analysis has shown that Ghana is faced with a significant financing gap over the coming years and that its public debt is unsustainable. Ghana's debt has reached unsustainable levels, swallowing around 85% of GDP;
- Sixty-two existing bonds of GoG, ESLA and Daakye are thus being converted to twelve new bonds with maturities starting from 2027 to 2038, as part of a more comprehensive agenda to restore debt and fiscal sustainability.

#### What you should know with regards to your Investments:

##### T-Bill Exemption

- 01** Treasury bill investments are completely exempted from the Debt Exchange Programme and will be paid in full value of investments upon maturity.

##### Principals are Intact

- 02** There will be no "haircut" on principal amounts. The exchange program clearly outlines the payment plan for investors' principal amounts.

##### Pensions Exemption

- 03** The DDE has exempted pension funds. This means that individuals will have full access to their Tier 2 and Tier 3 funds.

##### Payment of Accrued interest

- 04** Accrued and unpaid interest on Eligible Bonds as at the tender date will form part of the principal amounts. There will be a cash tender fee payment to holders of Eligible Bonds maturing in 2023.

##### Voluntary Participation

- 05** The DDE is not obligatory but gives investors the opportunity to either participate or abstain from the program. This is notwithstanding the possibility of default if one abstains from the program.

#### The negative impact on the investment space:

- The tenures of the new bonds are fixed and range between the next 5 – 16 years with investors not allowed to choose their preferred options;
- There is eroding trust in GoG securities, including T-Bills;
- There is increased demand for redemptions and yet no liquidity in the secondary market. Thus, a limitation on claim payment.