

## Monthly Market Review (February 2022)

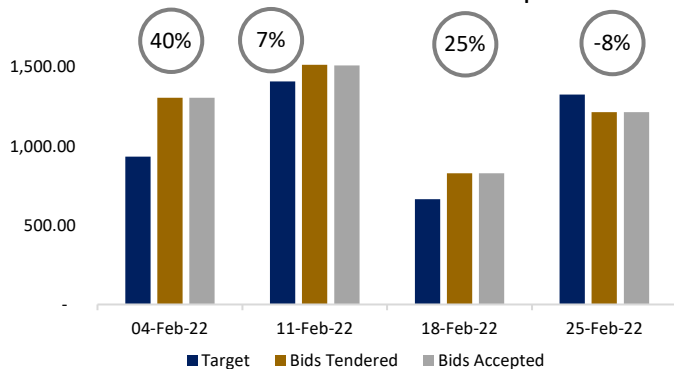
### NEWS HEADLINES

- **Ghana on a narrow path to debt sustainability;** According to the World Bank, Ghana's high public debt which puts it at high risk of debt distress, coupled with other structural challenges such as the high fiscal deficits and low revenue mobilization, will make it difficult for the country to attain debt sustainability. ([WorldBank](#))
- **Cedi depreciates 8.65% to the dollar since the beginning of the year;** The cedi traded at GH¢ 6.72 to US\$ 1.00 as at the end of February 2022 compared to GH¢ 6.19 at the beginning of the year. ([XE](#))
- **Pick-up in growth in gross loans and advances continued in 2021;** Gross loans and advances recorded a year-on-year increase of 12.6% to GH¢ 53.8bn as at end of December 2021, higher than the 5.8% growth recorded in the previous year. This is in spite of the pandemic-induced sluggish credit demand and supply conditions. ([BoG](#))

### FIXED INCOME MARKET

- Treasury bills inched up during the month, realizing YTD gains of 4.00%, 0.73% and 1.88% on the 91, 182 and 364 Day bills respectively.
- The 2-Year GoG bonds issued during the month cleared at 19.75%.

GoG Securities Auction Results with %subscription



### GoG Fixed Income Rates

Instrument	25 Feb 22	28 Jan 22	MoM Δ	YTD Δ
91-Day	13.03	12.63	▲ 3.11%	▲ 4.00%
182-Day	13.31	13.23	▲ 0.62%	▲ 0.73%
364-Day	16.96	16.74	▲ 1.27%	▲ 1.88%

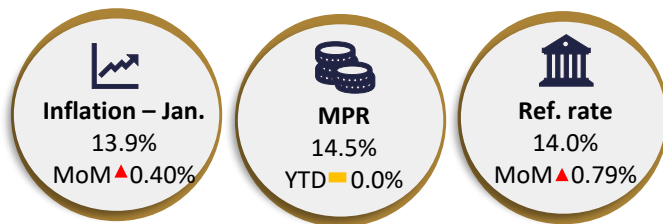
### Bora Purchase Rates for Clients (February '22)

Instruments	Min. Yield (%)	Max. Yield (%)
Under 182 Days	19.00	20.05
Up to 1 Year	19.50	20.25
1-3 Years	19.75	20.50
Over 3 Years	20.75	21.60

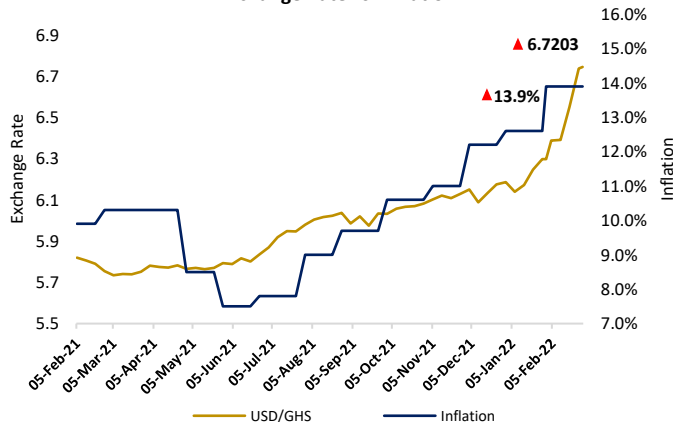
MoM – month on month YTD – year-to-date

### KEY MACROECONOMIC INDICATORS

- Inflation climbed by 130 bps to hit 13.9% in January 2022; For the first time in seven months non-food inflation of 14.1% surpassed food inflation of 13.7% on a year-on-year basis;
- The Monetary Policy Committee maintained its benchmark monetary policy rate (MPR) at 14.5%. The MPC hiked it benchmark rate by 100 basis points in November last year from its prior level of 13.5%.



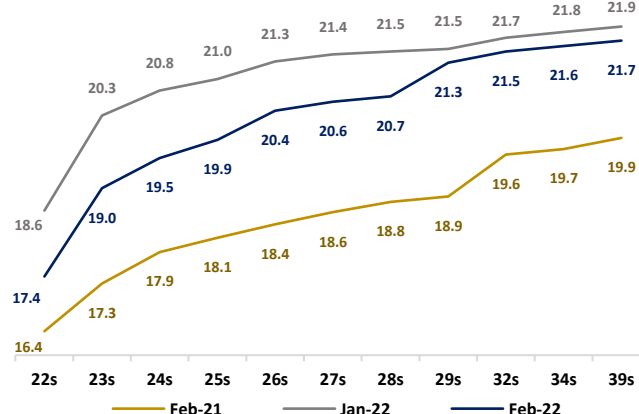
Exchange Rate vs. Inflation



### TREASURY YIELD CURVE

- Even though yields on the secondary market remain elevated as compared to levels seen for the same period last year, there has been significant decline in yields over the past one (1) month in short to medium-term bonds. The '22s, '26s and '27s traded at 17.4%, 20.4% and 20.6% levels respectively.

Trend of Yield Curve: Feb. 2021 vs Feb. 2022



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### EQUITIES MARKET

- The stock market closed the second month of the year on a negative note with the GSE Composite Index recording a year-to-date decline of ▼3.33%;
- SIC (▲87.5%; GH¢0.15) was the lead gainer while the biggest loser was ACCESS (▼29.82%; GH¢2.00).

#### Index

##### GSE-CI

2,696.45  
MoM ▼2.5%  
YTD ▼3.3%

#### Top Gainers

##### SIC

GH¢ 0.15  
MoM ▲87.5%  
YTD ▲87.5%

#### Top Losers

##### ACCESS

GH¢ 2.00  
MoM ▼29.8%  
YTD ▼36.5%

#### GSE-FI

2,118.96  
MoM ▼0.6%  
YTD ▼01.5%

#### GGBL

GH¢ 2.12  
MoM ▲17.8%  
YTD ▲17.8%

#### BOPP

GH¢ 6.00  
MoM ▼9.8%  
YTD ▼9.8%

#### Market Cap. (GH¢)

62,881.97M  
MoM ▼1.9%  
YTD ▼2.5%

#### EGL

GH¢ 3.30  
MoM ▲10.0%  
YTD ▲18.3%




#### MTNGH

GH¢ 1.05  
MoM ▼5.4%  
YTD ▼5.4%




### COMMODITIES MARKET

- Oil prices extended its upward march, driven by resurgent demand following the easing of pandemic lockdown measures and Russia's invasion of Ukraine. Over the past month, Brent crude oil prices soared above US\$100.00 per barrel hitting its highest level since October 2014.

52-week Low      ■ Current Price      52-week High

	60.27	100.73	105.79
	1,677.10	1,900.75	1,973.45
	1,498.00	1,671.00	1,979.00

### UPCOMING EVENTS IN MARCH

-  Issuance of 5-Year Bond | March, 2022
-  Issuance of 10-Year Bond | March, 2022
-  SCB-PREF Final Dividend Payment | 31<sup>st</sup> March, 2022

### OUR TAKE – “NPRA’S CONSTITUENT FUNDS”

The National Pensions Regulatory Authority (NPRA) revised the asset allocation guidelines for Tier 2 and Tier 3 Pension Scheme Funds in September 2021. The key updates presented in the guideline includes:

- Maximum allocation per Asset Under Management (AUM) into the Government of Ghana (GoG) asset allocation increased to 75%
- Introduction and Implementation timelines for the roll out of the constituent funds

The provisions in these Guidelines shall be implemented through a Constituent Fund structure in accordance with Regulations 11 and 22 of LI 1990.

Below, we present highlights of the first Fund Type out of four (4) categories under the new NPRA asset allocation guidelines.

Fund:	<b>Fund Type 1</b>
Portfolio Name:	<b>Moderately Aggressive</b>
Default Age Band:	<b>15 to 44 years</b>

Probable Group Characteristics and assumptions:



- Youthful - have a longer period to retire
- Can benefit from the extra returns from the equities market in the long-term
- Significant portion of Tier 2 to be moved into equities market

%AUM in variable income instruments:

15% - 40%

In spite of the default age-based band, a contributor may elect to join another fund type with the exception of Fund Type 3.

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