

Monthly Market Review (March 2022)

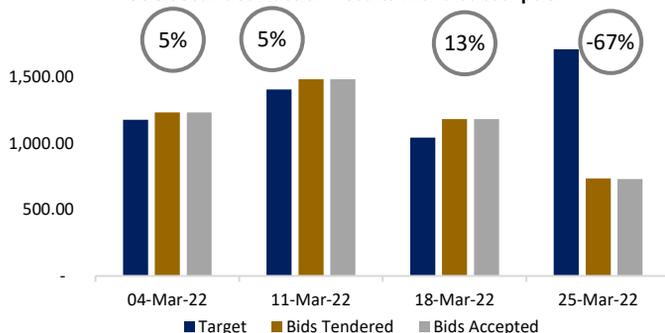
NEWS HEADLINES

- **Bank of Ghana (BoG) puts on offer \$100mn to dealers in Foreign Exchange (FX) Forward Auction;** This action was limited to the 30-day tenor, held on March 30th, as part of moves to boost supply of dollar to the FX market and ease the depreciation of the cedi to the dollar. ([BoG](#))
- **Eurobond yields reduce following Bank of Ghana and Cabinet decisions;** Yields with maturity under five (5) years have decreased from 15.7% to 12.9% whilst medium to long term maturities have dropped from 18.2% to 13.2%. This follows cabinet's decision on fiscal measures such as cutting down discretionary spending by 30%, and Bank of Ghana's increase in MPR and Cash Reserves. ([Cbonds](#))
- **Government of Ghana treasury bill subscription falls short by 66.8%;** Auction results at the last tender for March secured GH¢0.73bn from a target of GH¢2.21bn, representing 33% of the targeted amount. The increase in cash reserve ratio by the central bank may have contributed to low participation by the banks in the auction and consequently the drop in subscription. ([BoG](#))

FIXED INCOME MARKET

- Treasury bills inched up during the month, realizing YTD gains of 12.92%, 9.85% and 2.77% on the 91, 182 and 364 Day bills respectively.
- The 5-Year GoG bond issued during the month cleared at 20.75%.

GoG Securities Auction Results with %subscription



Government of Ghana Treasury Bill Rates

Instrument	25 Mar 22	25 Feb 22	MoM	YTD
91-Day	14.14	13.03	▲8.57%	▲12.92%
182-Day	14.51	13.31	▲9.05%	▲9.85%
364-Day	17.11	16.96	▲0.88%	▲2.77%

Bora Purchase Rates for Clients

Instruments	Min. Yield (%)	Max. Yield (%)
Under 182 Days	18.75	19.50
Up to 1 Year	19.50	21.00
1-3 Years	18.50	19.70
Over 3 Years	19.10	21.10

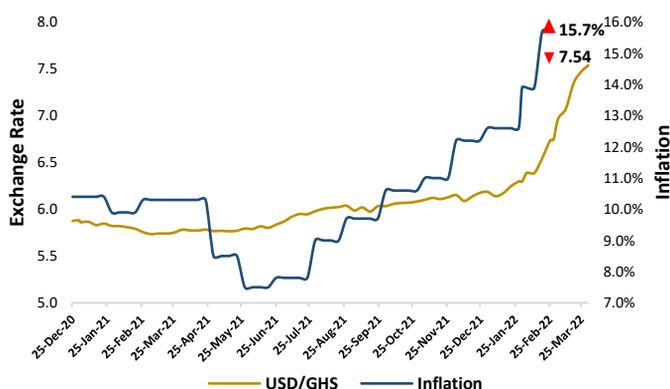
* MoM – month on month YTD – year-to-date

KEY MACROECONOMIC INDICATORS

- Inflation climbed to 15.7% at the end of February from 13.9% in January 2022; The hike was driven by housing, water, electricity, gas and other fuels which recorded the largest price increase of 25.4% in February;
- The Monetary Policy Committee raised its benchmark by 250bps to 17.0%. This increase is on the back of the Bank's latest forecast which still depicts an elevated inflation profile in the near term.



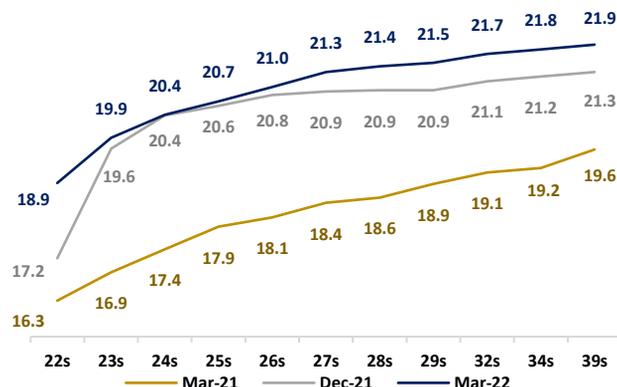
GH¢/US\$ Exchange rate vs. Inflation



TREASURY YIELD CURVE

- Yields on the secondary market realized slight declines in the previous couple of months but an upward trend within the month of March. The yields remained slightly elevated as compared to the end of last year especially at the short end of the curve.

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



Monthly Market Review (March 2022)

EQUITIES MARKET

- The stock market closed the end of the month on a negative note with the GSE Composite Index recording a year-to-date decline of ▼ 1.67%. The GSE Financial index however realized a year-to-date gain of ▲ 1.07%;
- SIC (▲ 46.7%; GH¢0.22) was the lead gainer for the month while SOGEGH (▼ 0.8%; GH¢1.19) was the biggest loser for the month.

Index

GSE-CI

2,742.85
MoM ▲ 1.7%
YTD ▼ 1.67%

GSE-FI

2,174.96
MoM ▲ 2.6%
YTD ▲ 1.07%

Market Cap. (GH¢)

62,029.79M
MoM ▲ 1.8%
YTD ▼ 0.7%

Top Gainers

SIC

GH¢ 0.22
MoM ▲ 46.7%
YTD ▲ 175.0%

ETI

GH¢ 0.17
MoM ▲ 30.8%
YTD ▲ 21.4%

GGBL

GH¢ 2.25
MoM ▲ 6.1%
YTD ▲ 25.0%

Top Losers

SOGEGH

GH¢ 1.19
MoM ▼ 0.8%
YTD ▼ 0.8%

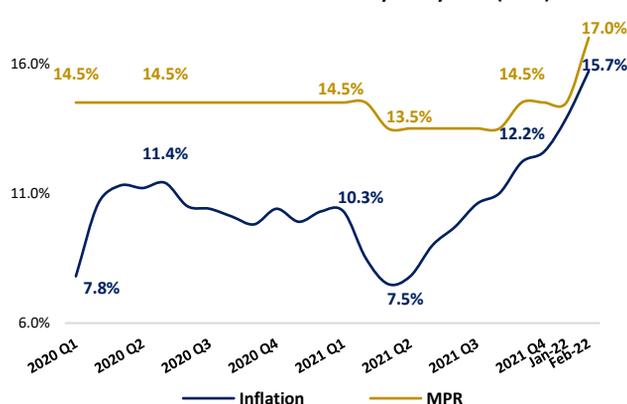
GCB

GH¢ 5.16
MoM ▼ 0.8%
YTD ▼ 1.5%

OUR TAKE – “THE CURRENT MACROECONOMIC SPACE”

- Increasing petroleum prices coupled with rise in depreciation have pushed up inflation to 15.7% - 5.7% points outside the country's inflation target band;
- The BoG's inflation targeting monetary policy approach, in response to the rise in inflation, has raised the monetary policy rate (MPR) by 250bps to 17.0%.

Trend of Inflation vs Monetary Policy Rate (MPR)



- Interest rates have remained relatively stable and are yet to respond to the current economic disturbance;
- There have however been marginal increases in short-term bills following the hike in the MPR and inflation;
- We expect that in the short term, the rise in inflation and MPR may lead to temporary increase in short term interest rates;
- However, considering the fiscal measures announced by the MoF and the BoG, aimed at reducing 2022 expenditure and consequently meet the fiscal deficit target of 7.4%, we expect interest rates to return to current levels within the medium to long-term;
- Key among the fiscal measures announced are; Prioritize on-going projects over new projects; Cut discretionary spending further down to 30%; Begin the implementation and collection of revised property rates; Increase cash reserve ratio of universal banks from 8% to 12%; Reset Capital Conservation Buffer to the pre-pandemic level of 3% making the Capital Adequacy Ratio a total of 13%.

COMMODITIES MARKET

- Brent crude prices traded above the US\$100.00 mark during the month. It gained some 3% during the last week of March but has since registered some declines on reports of the President of the United States ordering a release of oil from America's strategic reserves.

52-week Low ■ Current Price 52-week High



61.25 108.32 139.13



1,678.05 1,944.00 2,070.13



1,498.00 1,772.00 1,919.00

CURRENCIES

\$ / ¢

7.5391

YTD ▼ 21.88%

£ / ¢

9.8745

YTD ▼ 23.16%

€ / ¢

8.3471

YTD ▼ 15.41%

Source: Bloomberg, xe.com

Email: research@boradvisors.com
Tel: 0507712343 / 0245382300
Website: www.boradvisors.com

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

Disclaimer: Bora Capital Advisors is a Registered Investment Adviser and Pension Fund Manager, and is a member of the Ghana Securities Industry Association. The information contained in the market review and outlook section of this report reflects the views and opinions of Bora Capital Advisors Ltd, and is provided for information purposes only. Although the information provided in the market review and outlook section is, to the best of our knowledge and belief correct, Bora Capital Advisors Ltd, its directors, employees and related parties accept no liability or responsibility for any loss, damage, claim or expense suffered or incurred by any party as a result of reliance on the information provided and opinions expressed in this report, except as required by law. The portfolio performance data represented in this report represents past performance and does not guarantee future performance or results. Please also note that past performance is not necessarily an indication of future returns. Investing involves risk, including possible delays in repayment and loss of income and capital invested. No person, including Bora Capital Advisors Ltd, guarantees any particular rate of return on, the performance of, or the repayment of investments in client portfolio.