

Monthly Market Review (November 2022)

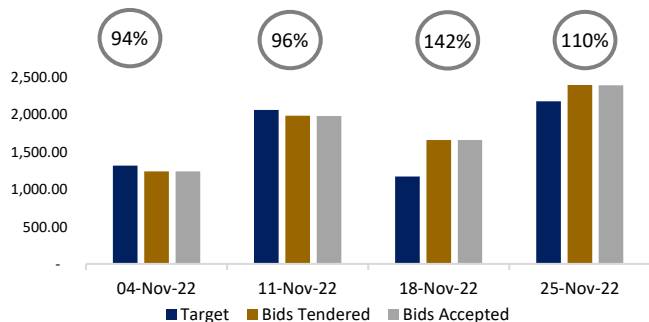
NEWS HEADLINES

- **Government's Debt Exchange programme kicks in on December 5, 2022;** The Minister of Finance, Ken Ofori-Atta, said that treasury bills are completely exempted; there will be no "haircut" on the principal of bonds and that individual holders of bonds will not be affected by the debt exchange program. ([Mofep](#))
- **Ghana's debt stock jumps by GH¢38bn to GH¢467.4bn between August and September 2022;** Data from the Bank of Ghana showed that there was no borrowing of fresh funds from the international market during the period. However, domestic debt has been climbing since the beginning of the year due to significant Government borrowing on the domestic market. ([BoG](#))
- **The Monetary Policy Committee raises benchmark monetary policy rate (MPR) by another 2.5% to 27.0%;** The hike in the MPR brings borrowing costs to the highest levels since 2003. This is the fifth consecutive hike this year, aimed at supporting the cedi and curbing inflationary pressures. ([BoG](#))

FIXED INCOME MARKET

- Short-term instruments maintained their upward trend, edging higher in November.
- Subscription levels also picked up from the middle of the month having been undersubscribed in the previous month.

GoG Securities Auction Results with %Subscription



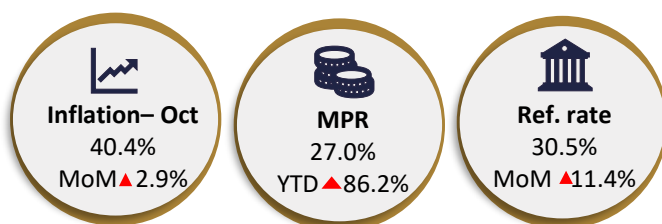
Government of Ghana Treasury Bill Rates (%)				
Instrument	25 Nov 22	28 Oct 22	MoM	YTD
91-Day	35.54	32.70	▲ 8.68%	▲183.76%
182-Day	36.38	34.26	▲ 6.17%	▲175.34%
364-Day	35.90	33.36	▲ 7.61%	▲115.67%

Bora Purchase Rates for Clients		
Instruments	Min. Yield (%)	Max. Yield (%)
Under 182 Days	33.00	40.00
Up to 1 Year	35.00	39.00
1-3 Years	30.00	44.00
Over 3 Years	41.00	43.50

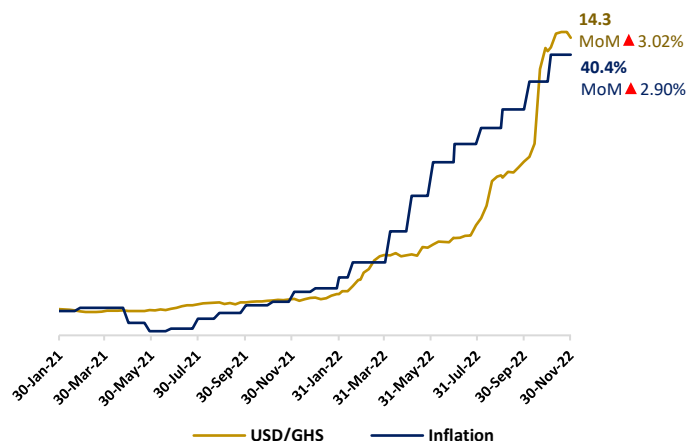
* MoM – month on month YTD – year-to-date

KEY MACROECONOMIC INDICATORS

- Hike in food prices and others pushed inflation to 40.4% for October, a new 21-year high, from 37.2% in September, with a 2.9% month-on-month increase;
- The Monetary Policy Committee raised the policy rate by 2.5% to 27.0%.

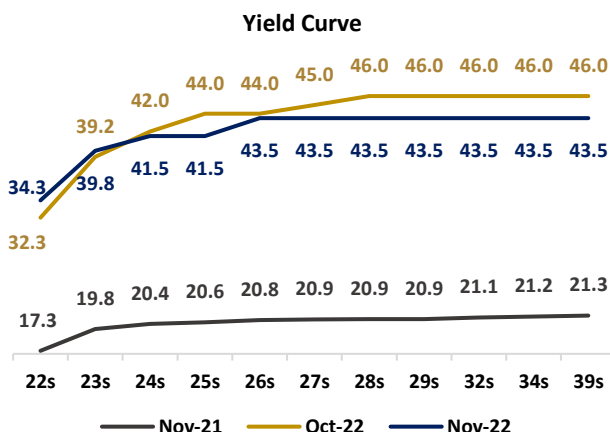


GH¢/US\$ Exchange rate vs. Inflation



TREASURY YIELD CURVE

- Yields on the secondary market narrowed by an absolute average of approximately 1% on the short to medium term maturities compared to the end of the previous month. The long end of the curve narrowed by approximately 2%.



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EQUITIES MARKET

- The stock market inched up slightly, with the GSE Composite Index and the Financial index closing the month up by ▲0.12% and by ▲0.34% respectively in November;
- Trading volumes and values were however lower as compared to the previous month.

Index

GSE-CI	2,463.27	MoM▲0.12%	YTD▼11.69%
GSE-FI	2,076.84	MoM▲0.34%	YTD▼3.49%
Mkt Cap.	64,821.04	MoM▲1.15%	YTD▲0.51%

Top Gainers




TBL	GH¢ 0.76	MoM ▲ 36.2%	YTD ▲ 123.5%
BOPP	GH¢ 7.60	MoM ▲ 9.9%	YTD ▲ 14.3%

Top Losers




UNIL	GH¢ 4.78	MoM ▼ 9.9%	YTD ▲ 18.9%
SIC	GH¢ 0.31	MoM ▼ 3.1%	YTD ▲ 287.5%

COMMODITIES MARKET

- After rebounding to above US\$120/bbl in mid-June, crude oil prices have retreated to below US\$90/bbl as at the end of November. The recent price tumbling is attributed to recession fears which have overshadowed tight supply.

	52-week Low	Current Price	52-week High
	65.72	87.16	139.13
	1,615.05	1,778.43	2,070.13
	1,790.26	2,580.06	

UPCOMING EVENTS

-  Launch of debt exchange program | 5th Dec. 2022
-  SOGEGH final dividend payment | 5th Dec. 2022
-  TOTAL interim dividend payment | 15th Dec. 2022

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

MARK-TO-MARKET AND YOUR INVESTMENTS



The Securities and Exchange Commission (SEC) directed Fund Managers, Custodians and Trustees to use Fair Value through Other Comprehensive Income (FVOCI) in valuing portfolios of Collective Investment Schemes (Unit Trusts and Mutual Funds);

- This method is known as the **Mark-to-Market (MTM) method of valuation**;
- The SEC's move has become necessary in view of the current high interest rate environment in Ghana with its adverse effects on bond prices and liquidity in the secondary market for bonds. The high rate of clients' redemption requests is necessitating the sale of investment securities ordinarily designated as held to maturity.

Overview of The MTM Method of Valuation

- MTM is a way of recording or adjusting the price or value of a security, portfolio, or account in order to reflect their current market value rather than book value. It thus estimates the value of an asset if the owner sells under the present market prices;
- Previously, fund managers adopted the Held-to-Maturity method of valuing assets which reflects the face value – that is, the amount expected at maturity, with accrued interest. The assumption behind this method is that the holder will hold these assets until their maturity date and would not have to sell them before then;

Benefits of using the MTM Method of Valuation

- Minimised loss of value:** The MTM methodology prevents the situation where investors who remain in a pool of funds lose value as a result of other unit holders selling their units and exiting the fund at amortised values that are higher than market values.
- Precision:** Investors can get a precise idea of their asset's worth since MTM utilises current market values.
- Track Investments:** Investors can assess the performance of each investment line by maintaining regular records and monitoring value fluctuations. This assists investors/fund managers to identify undervalued or overvalued instruments in order to make optimum investment decisions to enhance return.

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