

Monthly Market Review (March 2023)

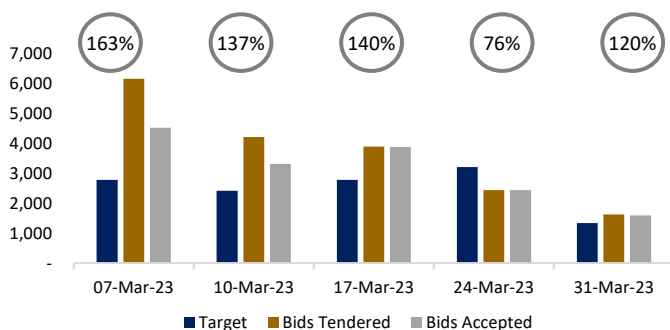
NEWS HEADLINES

- **Parliament passes three (3) revenue bills, projected to raise more than GH¢4 billion annually;** The Excise Duty and Excise Tax Stamp (Amendment) Bill, 2022, the Income Tax (Amendment) (No. 2) Bill, 2022, and the Growth and Sustainability Levy Bill, 2022, are targeted at bolstering domestic revenue generation. ([Parliament](#))
- **Fitch Solutions does not expect Ghana-IMF deal conclusion before end of June 2023;** The rating agency stated that the IMF support for Ghana will likely depend on the Government's ability to show a path towards bringing the present value of debt to 55% of GDP. Fitch does not expect the provision of such financing assurances, unless after the end of the second quarter of this year. ([Fitch](#))
- **Monetary Policy Committee (MPC) increases policy rate (MPR) to 29.5%, resets Capital Reserve Ratio (CRR) to 14%;** The MPC stated that this action was necessary to place the economy firmly on the path of stability and reinforce the pace of disinflation. Also, the MPC will continue to monitor banking sector developments and deploy necessary tools to ensure financial stability. ([BoG](#))

FIXED INCOME MARKET

- Treasury bill auctions in March 2023 were over-subscribed each week with the exception of the third week;
- Rates on the short-term bills, on a year-to-date basis, declined by 45.63%, 39.20% and 28.54% on the 91-day, 182-day and 364-day bills, respectively.

GoG Securities Auction Results with %subscription



Government of Ghana Treasury Bill Rates (%)

Instrument	31 Mar 23	24 Feb 23	MoM	YTD
91-Day	19.39	35.55	▼-45.46%	▼-45.63%
182-Day	21.86	35.56	▼-38.53%	▼-39.20%
364-Day	25.66	34.21	▼-24.99%	▼-28.54%

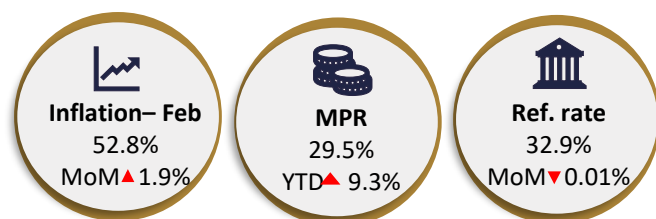
Bora Purchase Rates for Clients

Instruments	Min. Yield (%)	Max. Yield (%)
Under 182 Days	19.00	35.65
Up to 1 Year	20.99	32.50
1-3 Years	25.00	25.00

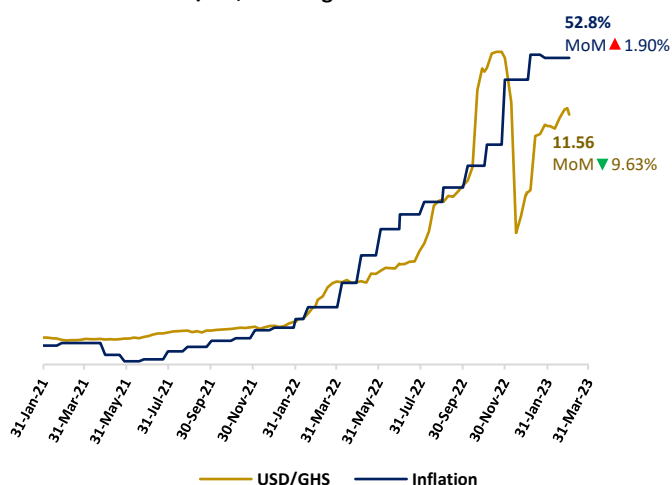
* MoM – month on month YTD – year-to-date

KEY MACROECONOMIC INDICATORS

- Year-on-year inflation slowed for the second consecutive month to 52.8% in February from 53.6% in January. Food inflation eased for the first time in more than a year to 59.1%, while non-food inflation was unchanged (at 47.9%);
- The Monetary Policy Committee raised the benchmark monetary policy rate further to 29.5% from 28.0%.



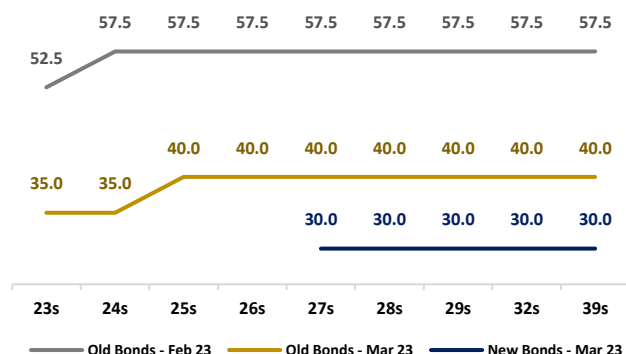
GH¢/US\$ Exchange rate vs. Inflation



TREASURY YIELD CURVE

- Trends from the market has seen the newly issued bonds trading at the short end of the curve. On the other hand, the old bonds have recorded a 17.5 percentage points decrease since the end of the previous month across the yield curve.

Yield Curve



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EQUITIES MARKET

- The stock market made some recovery at the end of the month, with the GSE Composite Index closing the month up by $\uparrow 14.01\%$ mainly as a result of trades in MTNGH. On the contrary, the Financial Stock Index fell by $\downarrow 7.19\%$;
- Trading volumes and values were higher as compared to the previous month.

Index

GSE-CI	2,745.33	MoM $\uparrow 14.01\%$	YTD $\uparrow 12.33\%$
GSE-FSI	1,806.67	MoM $\downarrow 7.19\%$	YTD $\downarrow 1.98\%$
Mkt Cap.	67,846.89	MoM $\uparrow 5.62\%$	YTD $\uparrow 5.15\%$

Top Gainers




TOTAL	GH¢ 6.39	MoM $\uparrow 39.8\%$	YTD $\uparrow 59.8\%$
MTNGH	GH¢ 1.25	MoM $\uparrow 35.9\%$	YTD $\uparrow 42.1\%$
UNIL	GH¢ 4.00	MoM $\uparrow 33.8\%$	YTD $\uparrow 3.1\%$

Top Losers



FML	GH¢ 1.29	MoM $\downarrow 37.7\%$	YTD $\downarrow 57.0\%$
SOGEH	GH¢ 0.62	MoM $\downarrow 31.1\%$	YTD $\downarrow 38.0\%$
SCB	GH¢ 17.1	MoM $\downarrow 14.3\%$	YTD $\downarrow 15.2\%$

COMMODITIES MARKET

- Brent crude prices slipped to \$73 a barrel following the collapse of Silicon Valley Bank in the United States in March. However, investors remain optimistic about China's recovery, saying a rebounding domestic economy can help cushion the impact of slower global growth.

	52-week Low	Current Price	52-week High
	70.12	79.27	125.28
	1,615.05	1,969.84	2,009.30
	1,949.88	2,159.00	2,629.90

UPCOMING EVENTS

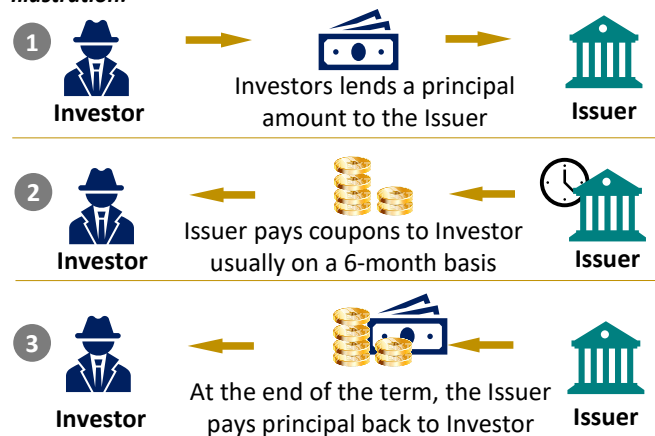
-  MPC Press Release | 22nd May
-  Conclusion of negotiations with IMF | June 2023

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

OUR TAKE – “THE BOND SPACE”

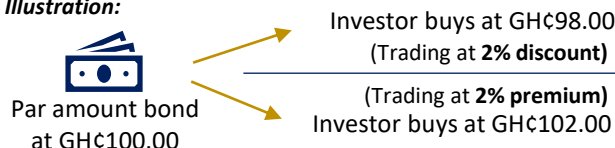
- A Bond is a *debt security* where the *issuer* issues the bond for purchase by the *bondholder* (the lender / the investor). It is a fixed income security, as a bond usually gives the investor a regular and fixed interest payment referred to as *coupons*;
- They are mainly issued by Governments (*treasury bonds*) and Corporations (*corporate bonds*) when they want to raise money for projects or refinance existing debts;
- By buying a bond, you're giving the issuer a loan, and they agree to pay you back the *face value* of the loan on a specified date (*maturity date*), and pay you coupons, usually twice a year.

Illustration:



- Newly issued bonds normally sell at or close to 100% of the face value (*par*). If it sells below that amount, it is said to sell at a *discount* and *premium* if it sells above par.

Illustration:



Some Risks associated with investing in bonds;

- Inflation risk** - When inflation increases, bonds can have a negative real rate of return;
- Interest rate risk** - Interest rates and bond prices are inversely related. If interest rates rise, the price of your bond tend to fall (and vice versa). The longer the time to maturity of a bond, the greater this risk;
- Liquidity risk** - There is the risk of having to sell a bond at discounted prices due to the lack of a ready market or buyer;
- Default risk** - Bonds depend on the issuer's ability to repay the debt, so there is always the possibility of default of payment. This risk is usually higher with corporate bonds.