

Weekly Auction

Treasury Bills/Bonds Auction Results			
Tender 1805	Current Yield	Previous Yield	Change (bps)
91 Day T-bill	25.8822%	25.6383%	24.39
182 Day T-bill	26.5718%	26.4008%	17.10

At last week Friday's weekly auction, the government raised GHS827.53m, exceeding its target of GHS529m by 56% yet again for the third time in a row. The 91-day and 182-day bill increased by 24 bps and 17bps to 25.88% and 26.57% respectively. The 364-day bill was not auctioned.

The just ended cocoa auction cleared at 29.03%.

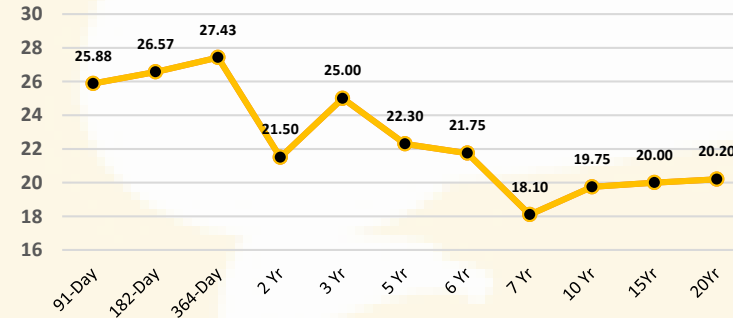
	Auction Target (GHSm)	Actual Volume (GHSm)
91/182 T-bill	529.00	827.53
	529.00	827.53
	Subscription rate	156.43%

Breakdown of Allotted Bids		
	Bids Accepted (GHSm)	
91 Day T-bill	597.76	72.20%
182 Day T-bill	229.77	27.80%
	827.53	

Per the table below, the target for this week's upcoming auction is GH\$928 million for the 91, 182 and 364-day bills. The auction will be held on Friday, July 8, 2022.

Target size (GHS m)	928
Tender no	1806
Auction Date	Friday, 8 th July, 2022
Settlement Date	Monday, 11 th July, 2022
Securities on offer	91, 182 & 364-Day Bills

Yield curve as at July 7, 2022 (%)



GOG Security Issuances YTD (GHS)

Security	Primary (GHSm)	Retaps & Deposits (GHSm)	Total (GHSm)	%
91 Day T-bill	21,926.97	0.00	21,926.97	29.63%
182 Day T-bill	4,402.84	0.00	4,402.84	5.95%
364 Day T-bill	2,136.43	0.00	2,136.43	2.89%
2 Year Note	1,684.34	4,321.97	6,006.31	8.12%
3 Year Bond	1,651.41	7,542.66	9,194.07	12.42%
5 Year Bond	1,438.25	12,487.57	13,925.82	18.82%
6 Year Bond	1,320.66	2,877.93	4,198.59	5.67%
7 Year Bond	0.00	2,504.39	2,504.39	3.38%
10 Year Bond	0.00	6,756.40	6,756.40	9.13%
15 Year Bond	0.00	1,948.69	1,948.69	2.63%
20 Year Bond	0.00	1,001.99	1,001.99	1.35%
	34,560.90	39,441.60	74,002.50	

Global Markets

Total face value of volumes traded decreased by about 5% week on week to 6.2 billion. 52% of trades settled were medium-term papers, short-term and long-term securities made up 45% and 3% of total trades respectively.

A total of 551 million of bills settled last week with cocoa bills making up 36% and GOG bills forming 64%.

From our point of view, the markets rallied in last week's session as news of Ghana's request to IMF for economic support broke. Ghanaian Eurobond papers saw significant gains as shorter term papers (up to Ghana 27s) appreciated by about 8 points while longer term papers appreciated by about 7 points. There was a rally in local papers too as dealers sought to position themselves to take advantage of the news. The front to medium end of the curve saw an average gain of about 100 basis points.

In the Eurobond space we expect a new market level just by the news of Ghana applying for economic assistance from the IMF, analyst will however be very interested in knowing whether the support being sought will involve restructuring of our Debt.

We expect challenges to the rally in local papers to come mainly from the current liquidity challenges and persistent inflationary pressures.

An IMF delegation is expected to arrive on July 6th to begin negotiations with government on the bailout it's requesting.

US treasury 5-10 year yield curve differential steepened by more than 10 basis points on Friday. This comes on the back of concerns that the continuous hike in FED rates could lead to a recession. These fears are however not limited to the US only as various institutions have warned of a world wide recession. We however see the emergence of China from its stringent lockdowns as potentially offering respite to a hard hit world economy.

OPEC+ has increased production to pre 2020 levels, but with actual production levels no where near their stipulated target, we don't expect this news to make any real difference in the oil markets. Brent crude opened at \$110.98 today.

Domestic Macros	Current	Previous	Change (bps)
Interbank Average Rate	20.80%	20.42%	38
Inflation Rate	27.60%	23.60%	400
Monetary Policy Rate	19.00%	17.00%	200
Ghana Reference Rate	20.80%	18.04%	276

Local Market

USD/GHS updates- GHS wins!

On the interbank FX market, the cedi strengthened against the USD on Friday after news of Ghana going back to IMF came in. Market opened at 8.1600/8.2000 on Monday sliding all the way to 8.2400/8.2600 level mid-week and Friday morning. News of Ghana going back to IMF came in around mid-day on Friday which saw the cedi creaming some gains to trade at 8.1200/8.1700 levels after a session of panic sales. The pair closed the week at 8.1400/8.1900 on Friday.

Analysts are predicting further gains for the cedi as IMF is likely to open flows from the Eurobond market which has been shut to Ghana.

International Market

Inflation in UK quickened in the month of May to 9.1% because of soaring food and energy prices. This is a 10 basis point increase from the April figure of 9%. Russia defaulted on its foreign-currency sovereign debt for the first time in a century. Interest payment due May 27th expired, a deadline considered an event of default if missed.

Major traded Currency Pairs against USD

CURRENCY	OPENING RATE		CLOSING RATE	
	BID	OFFER	BID	OFFER
EUR/USD	1.0571	1.0578	1.0442	1.0449
GBP/USD	1.2298	1.2235	1.2105	1.2113

Below is a schedule of upcoming FX auctions as per the Bank of Ghana's 2022 Second Quarter FX Forward Auction

AUCTION NO.	PROPOSED DATE	TARGET AMOUNT (USDM)
AUCTION 0072	28/06/2022	50

Results OF FOREX FORWARD RATES AUCTION NO.0072/2022/013 Held on Tuesday, June 28, 2022

TENOR (Days)R	NO. OF BIDS ACCEPTED	RANGE OF RATES SUBMITTED		AMOUNT SUBMITTED BY BANKS (USD)	RANGE OF RATES ACCEPTED		AMOUNT ACCEPTED (USD)
		MIN	MAX		MIN	MAX	
7-DAY	64	7.8025	7.9520	89,500,000.00	7.8800	7.9050	19,000,000.00
15-DAY	51	7.8100	7.9700	52,750,000.00	7.8850	7.9300	15,500,000.00
30-DAY	34	7.8100	7.9640	26,750,000.00	7.8850	7.9640	12,500,000.00
45-DAY	8	7.8200	7.8800	4,000,000.00	7.8800	7.8800	500,000.00
60-DAY	4	7.8300	7.8918	3,500,000.00	7.8918	7.8918	2,000,000.00
75-DAY	1	7.8350	7.8350	500,000.00	7.8350	7.8350	500,000.00
TOTAL				177,000,000.00			50,000,000.00

Results OF BDCs FOREX FORWARD RATES AUCTION NO.0007/2022/007 Held on Wednesday, June 29, 2022

TENOR	NO. OF BIDS SUBMITTED BY BANKS		RANGE OF RATES SUBMITTED	
	NO. OF BIDS SUBMITTED		MIN	MAX
30- DAYS	27		7.7000	7.9640
TARGET AMOUNT				USD 50,000,000.00
BOG FORWARD RATE				7.9252
AMOUNT ALLOCATED				USD 50,000,000.00

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