

## Weekly Auction

Treasury Bills/Bonds Auction Results			
Tender 1802	Current Yield	Previous Yield	Change (bps)
91 Day T-bill	23.6991%	22.5743%	112.48
182 Day T-bill	25.4083%	24.4105%	99.78
364 Day T-bill	26.8626%	24.4638%	239.88

At last Friday's weekly auction, the government raised GHS1,102.72m, with a subscription rate of 78.10%. There was a shortfall of GHS309.28m. Yields on 91 and 182-day bills inched up by 112bps and 99bps to 23.7% and 25.4% respectively. The 364-day yield also increased by 239bps to 26.9%.

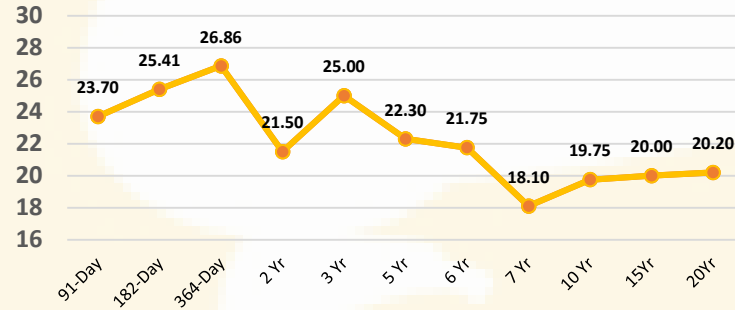
	Auction Target (GHSm)	Actual Volume (GHSm)
91,182 & 364 T-bill	1,412.00	1,102.72
	1,412.00	1,102.72
	<b>Subscription rate</b>	<b>78.10%</b>

Breakdown of Alloted Bids		
	Bids Accepted (GHSm)	
91 Day T-bill	759.74	68.90%
182 Day T-bill	200.69	18.20%
364 Day T-bill	142.29	12.90%
	<b>1,102.72</b>	

Per the table below, the target for this week's upcoming auction is GHS1,325 million for the 91 and 182-day bills. The auction will be held on Friday, June 17, 2022.

Target size (GHS m)	1,325
Tender no	1803
Auction Date	Friday, 17 <sup>th</sup> June, 2022
Settlement Date	Monday, 20 <sup>th</sup> June, 2022
Securities on offer	91 & 182 Day-Bills

Yield curve as at June 13, 2022 (%)



GOG Security Issuances YTD (GHS)

Security	Primary (GHSm)	Retaps & Deposits (GHSm)	Total (GHSm)	%
91 Day T-bill	18,870.77	0.00	18,870.77	26.87%
182 Day T-bill	3,752.80	0.00	3,752.80	5.34%
364 Day T-bill	2,069.53	0.00	2,069.53	2.95%
2 Year Note	1,684.34	4,321.97	6,006.31	8.55%
3 Year Bond	1,651.41	7,542.66	9,194.07	13.09%
5 Year Bond	1,438.25	12,487.57	13,925.82	19.83%
6 Year Bond	1,320.66	2,877.93	4,198.59	5.98%
7 Year Bond	0.00	2,504.39	2,504.39	3.57%
10 Year Bond	0.00	6,756.40	6,756.40	9.62%
15 Year Bond	0.00	1,948.69	1,948.69	2.77%
20 Year Bond	0.00	1,001.99	1,001.99	1.43%
	<b>30,787.76</b>	<b>39,441.60</b>	<b>70,229.36</b>	

## Secondary Market

Total face value of volume traded increased by 62% week on week to 3.7 billion. 50% of trades settled were medium-term papers; short-term and long-term securities made up 43% and 7% of total trades respectively. A total of 494 million of bills settled last week with cocoa bills making up 70% and GOG bills forming 30%. From our point of view, yields weakened across curve following the inflation print for May which came in at 27.6%, a figure higher than most analysts' estimate. It wasn't too surprising as investors followed the already established trend of trying to bid above the current inflation figure, leading to the front end of the curve losing the most value.

International banks have pledged to lend \$1 billion to Ghana for budget purposes and to boost Central bank Reserves.

The cocoa auction held within the week was cancelled during auction. Analyst believe this may be as a result of investors bidding above the inflation rate. It remains to be seen how COCOBOD will handle this situation as it appears sentiments may not be changing soon, given where govies are trading at, the current liquidity situation in the market and a cocoa bill maturity of about 1.6 billion fast approaching on the 30th of this month.

The world bank has presented a gloomy outlook for SSA, projecting growth to slow to 3.7% from the 2021 growth figure of 4.2% as a result of high inflation and an expected weakening in demand due to policy tightening. The institution went ahead to warn off the potential of a global recession on the back of the war in Ukraine, China lockdowns and supply chain disruptions. It further highlighted the imminent risk of low economic growth amidst high inflation, a phenomenon referred to as stagflation by economists.

US inflation quickened to 8.6% for the month of May, a 40 year high. The European Central Bank confirmed it will end its long-running bond buying scheme on July 1 and signaled a string of interest rate hikes from July as it battles stubbornly high inflation.

China is starting to re-impose Covid-19 restrictions just weeks after major easing in key cities raising concerns of another major lockdown.

The UK economy shrank in April at the sharpest pace in more than a year, raising the risk that the economy will contract in the second quarter.

SSA Eurobonds lost value in last weeks session including Ghana papers as heightened risk-off sentiments dominate global markets, and policy intervention favor outflows from EM portfolios.

Domestic Macros	Current	Previous	Change (bps)
Interbank Average Rate	19.88%	19.73%	15
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

The cedi lost about 5% of its value against the USD in the past month and more than a fifth of its value since the start of the year. The cedi is expected to remain under pressure in the near term as higher interest rates filter through to the economy. (B&FT)

On the interbank market, the USD/GHS opened at 8.0700 and closed at 8.2100 as at Friday.

## International Market

The US inflation rate for May 2022 has been announced as 8.6%, the highest since December, 1981 as compared to market forecasts of 8.3%

The Yen hits a 24-year low of 135.19 yen against the dollar as Japan sticks to loose monetary policy. The yen has fallen over 20% against the dollar over the past 12 months.

## Major traded Currency Pairs against USD

CURRENCY	OPENING RATE		CLOSING RATE	
	BID	OFFER	BID	OFFER
EUR/USD	1.0740	1.0748	1.0635	1.0642
GBP/USD	1.2540	1.2548	1.2490	1.2498

## Results OF FOREX FORWARD RATES AUCTION NO.0070/2022 Held on Tuesday, May 31, 2022

TENOR (Days)	NO. OF BIDS ACCEPTED	RANGE OF RATES SUBMITTED		AMOUNT SUBMITTED BY BANKS (USD)	AMOUNT ACCEPTED (USD)
		MIN	MAX		
7-DAY	60	7.6575	7.6975	81,250,000.00	12,750,000.00
15-DAY	53	7.5900	7.6730	56,750,000.00	20,250,000.00
30-DAY	37	7.5875	7.6800	30,500,000.00	14,000,000.00
45-DAY	7	7.5900	7.6800	3,750,000.00	2,500,000.00
60-DAY	4	7.8000	7.6500	2,500,000.00	500,000.00
75-DAY	1	7.5700	7.5700	1,000,000.00	-

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 0071	14/06/2022	50
AUCTION 0072	28/06/2022	50

## GCB FLAVOR

GCB Bank recorded a Profit Before Tax of GHS831.98 million in 2021 from GHS602 million in 2020. (36.2% increase)

Profit after Tax grew to GHS572.28 million (28.5% increase)

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