

Weekly Auction

| Treasury Bills/Bonds Auction Results | | | |
|--------------------------------------|---------------|----------------|--------------|
| Tender 1803 | Current Yield | Previous Yield | Change (bps) |
| 91 Day T-bill | 24.6805% | 23.6991% | 98.14 |
| 182 Day T-bill | 25.9834% | 25.4083% | 57.51 |

At last Friday's weekly auction, the government raised GHS1,504.54m from the 91 and 182-day bill auctions, against a target of GHS1,325m representing an oversubscription rate of 13.55%. Yields on 91 and 182-day bills inched up by 98bps and 57bps to 24.68% and 25.98% respectively. The 364-day bill was not auctioned last week.

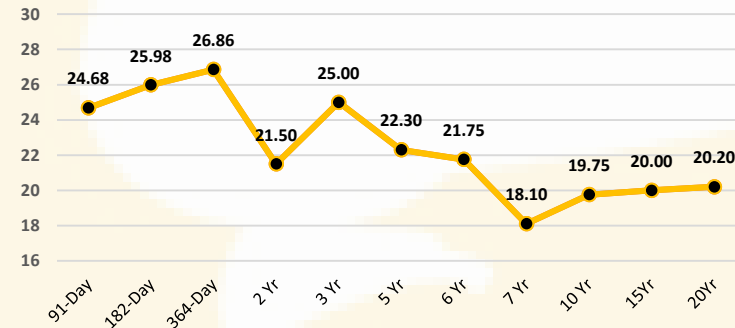
| | Auction Target (GHSm) | Actual Volume (GHSm) |
|-----------------|--------------------------|----------------------|
| 91 & 182 T-bill | 1,325.00 | 1,504.54 |
| | 1,325.00 | 1,504.54 |
| | Subscription rate | 113.55% |

| Breakdown of Alloted Bids | | |
|---------------------------|----------------------|--------|
| | Bids Accepted (GHSm) | |
| 91 Day T-bill | 1,293.42 | 86.00% |
| 182 Day T-bill | 211.12 | 14.00% |
| | 1,504.54 | |

Per the table below, the target for this week's upcoming auction is GHS1,311 million for the 91, 182 and 364-day bills. The auction will be held on Friday, June 24, 2022.

| | |
|---------------------|-------------------------------------|
| Target size (GHS m) | 1,311 |
| Tender no | 1804 |
| Auction Date | Friday, 24 th June, 2022 |
| Settlement Date | Monday, 27 th June, 2022 |
| Securities on offer | 91, 182 & 364 Day-Bills |

Yield curve as at June 20, 2022 (%)



GOG Security Issuances YTD (GHS)

| Security | Primary (GHSm) | Retaps & Deposits (GHSm) | Total (GHSm) | % |
|----------------|----------------|--------------------------|--------------|--------|
| 91 Day T-bill | 20,164.19 | 0.00 | 20,164.19 | 28.11% |
| 182 Day T-bill | 3,963.92 | 0.00 | 3,963.92 | 5.53% |
| 364 Day T-bill | 2,069.53 | 0.00 | 2,069.53 | 2.89% |
| 2 Year Note | 1,684.34 | 4,321.97 | 6,006.31 | 8.37% |
| 3 Year Bond | 1,651.41 | 7,542.66 | 9,194.07 | 12.82% |
| 5 Year Bond | 1,438.25 | 12,487.57 | 13,925.82 | 19.41% |
| 6 Year Bond | 1,320.66 | 2,877.93 | 4,198.59 | 5.85% |
| 7 Year Bond | 0.00 | 2,504.39 | 2,504.39 | 3.49% |
| 10 Year Bond | 0.00 | 6,756.40 | 6,756.40 | 9.42% |
| 15 Year Bond | 0.00 | 1,948.69 | 1,948.69 | 2.72% |
| 20 Year Bond | 0.00 | 1,001.99 | 1,001.99 | 1.40% |
| | 32,292.30 | 39,441.60 | 71,733.90 | |

Global Markets

Total volume of coupon-paying securities settled on the day increased by 8% to 1.18 billion. Short term papers constituted 59% of settled trades, the medium and long-term papers made up 35% and 6% of total settlement respectively.

102 million of bills settled on the day, with GOG bills forming 49% and CMB bills forming 51%.

From our point of view, yields weakened in the previous week as investors continued to price in the new inflation figure. The front end of the curve weakened the most, mainly early 23s.

The Ghana cedi was relatively much more available than in previous weeks as cost of borrowing on the interbank market has generally reduced.

The deputy minister of finance has mentioned in an interview that Government may consider going to the IMF for a programme if the current home grown program fails. This would be much welcomed news as a lot of onshore and offshore investors have made several calls for such an option to be considered.

The FOMC hiked rates by 75 basis points, very much in line with analysts' estimates after the inflation print for May.

The BOE hiked rates by 25 basis points in an attempt to tame increasing prices. The bank has sent its strongest signal yet that it's prepared for larger moves to help slow price increases. The bank has also raised its inflation forecast for the year to slightly above 11%.

The Bank of America says that the US economy has a 40% chance of falling into recession with inflation remaining persistently high.

President Joe Biden's administration is reviewing the removal of some tariffs on China and a possible pause on federal gas tax as the United States struggles to tackle soaring gasoline price and inflation.

Markets worldwide tumbled in recent weeks as investors worried about a wide range of concerns, such as monetary policy tightening in the West, the impact of China's zero-covid policy and the ongoing war between Russia and Ukraine.

| Domestic Macros | Current | Previous | Change (bps) |
|------------------------|---------|----------|--------------|
| Interbank Average Rate | 19.99% | 19.88% | 11 |
| 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

On the interbank FX market, the Cedi strengthened against the USD on the average last week. Market opened at 8.1600/8.2000 and closed the week at 8.1300/8.1600 on Friday. This was mostly driven by the news of \$1bn inflow coming in from a syndicated loan led by a consortium of Banks- Standard Bank Group Limited, Standard Chartered PLC and Rand Merchant Bank Limited to shore up BOGs reserves. The pair dropped to as low at 8.0800/8.1200 before heading back to current levels of 8.1400/8.1700. Central Bank was also on the market serving just about \$5m daily.

Analysts are predicting a tough time for the cedi if the speculated \$1bn flow does not hit the market any time soon.

International Market

The US Federal Reserve hiked rates by 75bps to 1.75%, as expected. This is the largest increase in interest rates since 1994. Markets had been pricing in a 50bps rate hike until Monday, when “leaked” reports suggested the FOMC would hike by 75bps. During the press conference which followed, Fed Chair Powell indicated that at the May meeting, the Committee had suggested that a 50bps would be appropriate in June, but it would also depend on incoming data. As a result of the higher than expected May CPI and the higher than expected Michigan Inflation Expectations, both released on Friday, the Committee felt that a 75bps hike was more appropriate than 50bps at this meeting.

Major traded Currency Pairs against USD

| CURRENCY | OPENING RATE | | CLOSING RATE | |
|----------|--------------|--------|--------------|--------|
| | BID | OFFER | BID | OFFER |
| EUR/USD | 1.0463 | 1.0470 | 1.0520 | 1.0527 |
| GBP/USD | 1.2240 | 1.2248 | 1.2306 | 1.2313 |

Results OF FOREX FORWARD RATES AUCTION NO.0070/2022/012 Held on Tuesday, June 14, 2022

| TENOR (Days) | 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 | 7.3000 | 7.8000 | 85,250,000.00 | 7.7700 | 7.8000 | 21,000,000.00 |
| 15-DAY | 56 | 7.6600 | 7.8225 | 55,750,000.00 | 7.7680 | 7.8225 | 16,500,000.00 |
| 30-DAY | 33 | 7.6950 | 7.8200 | 24,000,000.00 | 7.7660 | 7.8200 | 8,000,000.00 |
| 45-DAY | 6 | 7.6775 | 7.7850 | 3,500,000.00 | 7.7500 | 7.7850 | 2,500,000.00 |
| 60-DAY | 4 | 7.6500 | 7.7885 | 4,000,000.00 | 7.7885 | 7.7885 | 2,000,000.00 |
| 75-DAY | 0 | - | - | - | | | - |
| TOTAL | | | | 172,500,000.00 | | | 50,000,000.00 |

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 0072 | 28/06/2022 | 50 |

Results OF BDCs FOREX FORWARD RATES AUCTION NO.0006/2022 Held on Monday, June 13, 2022

| TENOR | NO. OF BIDS SUBMITTED BY BANKS | | RANGE OF RATES SUBMITTED | |
|------------------|--------------------------------|--|--------------------------|-------------------|
| | NO. OF BIDS SUBMITTED | | MIN | MAX |
| 30- DAYS | 26 | | 7.6000 | 7.7480 |
| TARGET AMOUNT | | | | USD 50,000,000.00 |
| BOG FORWARD RATE | | | | 7.7451 |
| AMOUNT ALLOCATED | | | | USD 50,000,000.00 |

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