

February 20, 2022

### Ghana Market Review

**DDEP closed with 84.91% participation; settlement slated for tomorrow, February 21, 2023:** The Domestic Debt Exchange Programme (DDEP) closed with investors tendering about GHS 83bn against a revised GHS 97.74bn (from an initial GHS137bn). This outturn translates into an 84.91% participation rate. However, compared to the domestic bonds outstanding by Dec-22, the participation rate reduced to 63.8%. The lower target reflected adjustments during the extended offer period for bond maturities in December 2022 and January 2023, the exempted investor categories and bond swaps during the offer period. The general category investors hold 78.41% of the new bonds, with the remaining 6.49% in the hands of Category A and B bondholders. Settlement for the new bonds is slated for Tuesday, February 21, 2023, with about GHS14.74bn worth of eligible bonds not tendered.

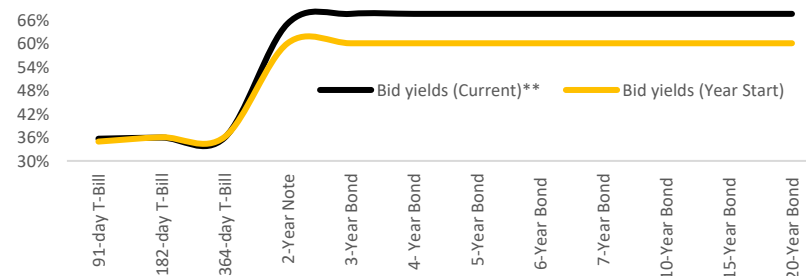
With the DDEP coming to a definite closure, the government is expected to expedite negotiations with the Paris Club and other bilateral creditors towards securing financing assurances and later with commercial creditors. The clock is ticking louder, and progress towards an IMF board-level approval now hinges on securing the required financing assurances from bilateral creditors. While IMF board-level approval late in Q1 2023 appears plausible, the potential risk of non-cooperation from a few bilateral creditors remains a risk.

**Cedi Records Mixed performance on the retail and interbank market segments:** The local unit pared some gains vs the USD on the retail market last week, ceding 2.3% w/w to GHS 12.95 and also closed lower vs the GBP and the Euro. However, the local unit is broadly stable against the USD on the interbank market and closed the week 0.7% and 0.2% stronger against the GBP and the Euro, respectively.

The local unit remains volatile and vulnerable. However, the government has increased oil imports under the budding "gold for oil" policy. Four separate cargoes carrying about 155,000 tonnes of refined petroleum are expected to dock by the end of February 2023. The volume involved could yield about US\$150,000 in savings on the FX reserves, potentially easing pressure on the local unit immediately.

**T-bills auction 82% oversubscribed:** Last week's T-bill offer raked in GH¢3.11 bn vs the revised target of H¢1.71bn. The Treasury accepted GH¢2.76bn (88.7% of the bids), exceeding the refinancing obligation due today by 76%. The significantly higher demand also allowed the Treasury to trim yields, with the 91-day (35.67% |-7bps w/w) and the 182-day (35.72% |-13bps w/w) bills closing slightly lower. The continuous oversubscription at the T-bill auctions could tilt yields southwards amidst the unattractive options on the secondary market.

**T-bill auction in the week ahead:** A total face value worth GH¢2.65bn is maturing on February 27, 2023, and the Treasury is targeting an offer size of GH¢2.89bn across the 91-day to 364-day bills at the next auction to rollover this upcoming maturity. We expect another strong demand at the next auction with limited yield movement due to the relatively large offer size.



	GHS¢	US\$	GB£	€	JP¥	CN¥
<b>Interbank Ref. rate</b>	10.80	12.99	11.53	0.08	1.57	
<b>W/W change</b>	-0.04%	0.7%	0.2%	2.4%	0.9%	
<b>YTD Change</b>	-20.6%	-20.6%	-20.7%	-19.4%	-21.1%	
<b>Indicative retail rate</b>	12.95	15.55	13.80	0.09	1.80	
<b>W/W change</b>	-2.3%	-2.6%	-2.2%	0.0%	-0.9%	
<b>YTD change</b>	-7.7%	-7.7%	-8.7%	-20.3%	-21.9%	

Source: GCB Capital Research, Bank of Ghana, Oanda

	Current	Previous	Change
Interbank Rate (%)	25.87%	25.87%	0.00%
Dec-22 Inflation	53.60%	54.10%	-0.50%
1-Yr Average Inflation	34.78%	31.49%	3.29%
MPR (%)	28.00%	28.00%	-
Real MPR	-25.60%	-26.10%	-
GRR (%)	33.25%	33.25%	-

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	Current	Previous	Change	Real yield
91-day	35.67%	35.73%	-0.07%	35.67%
182-day	35.72%	35.84%	-0.13%	35.72%
364-day	35.62%	35.62%	0.00%	35.62%

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	Current	Previous	Change
<b>Bid (GHS'M)</b>	3,109.34	3,378.45	-7.97%
<b>Issuance (GHS'M)</b>	2,758.65	3,349.49	+71.43%
<b>Target (GHS'M)</b>	1,708.00	2,759.00	+93.90%
<b>Maturity (GHS'M)</b>	1,567.31	2,532.19	+93.90%
<b>Target coverage ratio</b>	1.62x	1.21x	n/a
<b>Maturity coverage ratio</b>	1.76x	1.32x	n/a
<b>Bid/Cover ratio</b>	1.13x	1.009x	n/a

<b>Issuance Target - T-bills (GH¢'Bn)</b>	2,885.00	1,708.00	+68.91%
<b>Maturity -T-bills (GH¢'Bn)</b>	2,648.37	1,567.31	+68.98%

<b>Turnover – Bonds GH¢'Bn</b>	0.136	1.333	-89.9% w/w
<b>Turnover – Notes &amp; Bills GH¢'Bn</b>	0.702	1.443	-0.51% w/w

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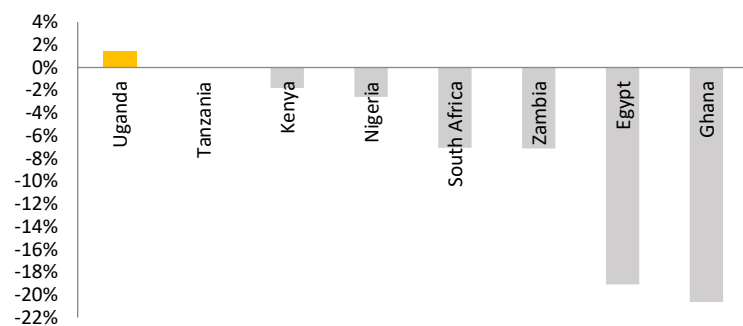
Week 3: Performance of Selected African Sovereign Bonds					
Country/ Ratings	Maturity	Current Price		Yield-to-Maturity	
Fitch/Moody 's/S&P		Bid	Ask	Bid	Ask
Ghana C/CA/SD	GHA 7% 08/07/23	49.77	60.49	220.22%	142.5%
	GHA 8% 05/07/42	37.22	38.52	23.336%	22.62%
	GHA8% 03/11/61	36.49	38.31	23.708%	22.59%
Egypt B+/B3/B	EGPT 4.55 11/20/23	95.65	96.61	10.763%	9.356%
	EGPT 6% 04/30/40	62.29	63.63	12.148%	11.88%
	EGPT 7% 02/16/61	61.44	62.54	12.29%	12.08%
Kenya B/B2/B	KENINT 6% 6/24/24	93.34	94.70	11.41%	11.23%
	KENINT 6.3 1/23/34	75.36	77.66	10.07%	9.83%
	KENINT 8% 2/28/48	77.01	78.42	10.956%	10.75%
Nigeria B-/Caa1/B-	NGERIA 6% 7/12/23	97.92	98.95	11.898%	9.118%
	NGERIA 7% 9/28/33	70.49	71.60	12.463%	12.22%
	NGERIA 8% 9/28/51	67.62	68.69	12.393%	12.20%
South Africa BB-/Ba2/BB-	SOAF 4.665 1/17/24	98.60	99.04	6.245%	5.74%
	SOAF 5 10/12/46	70.5	71.61	7.735%	7.603%
	SOAF 7.3 04/20/52	88.01	88.99	8.4070%	8.307%
Cote Ivoire BB-/Ba3/BB-	IVYCST 5% 07/23/24	96.03	97.58	8.395%	7.197%
	IVYCST 6% 06/15/33	86.60	87.92	8.061%	7.854%
	IVYCST 6% 03/22/48	70.28	71.31	9.859%	9.711%

Ghana Economic Events Calendar for February-2023		
Event	Due date	Expectations
DDEP post offer announcement	February 13, 2023	Treasury expected to announce details of the DDEP, the success rate and next steps
DDEP offer settlement day	February 14, 2023	New bonds expected to settle on the CSD
BDCS forward FX auction	February 14, 2023	BoG expected to auction US\$40 million to BDCs
Jan-23 inflation release	February 15, 2022	Inflation to climb higher but at a slower pace
BDCS forward FX auction	February 24, 2023	BoG expected to auction US\$40 million to BDCs

Performance of Selected African Currencies						
Country	\$	Chg. (%)	€	Chg. (%)	£	Chg. (%)
Egypt	30.56	-0.13%	32.68	-0.29%	36.78	0.06%
Kenya	125.63	-0.44%	134.35	0.29%	151.12	0.62%
Nigeria	460.50	-0.11%	489.14	1.21%	549.51	1.73%
S. Africa	18.27	-2.85%	19.44	-1.97%	21.78	-1.27%
Tanzania	2309.71	-0.01%	2452.91	1.38%	2755.14	1.87%
Uganda	3669.92	-0.08%	3904.06	0.70%	4384.08	1.16%
Zambia	15.42	-0.89%	20.68	-0.35%	23.27	0.25%

Source: GCB Capital Research | The Relevant Central Banks

SSA Currencies Performance Tracker (YTD Appreciation/Depreciation)



## Other African Markets Review

### South Africa: Eskom dominates headlines ahead of the 2023/24 budget speech

Following a breakdown in eight (8) power-generating units over the weekend, state power producer Eskom announced a "Stage 6" power cut until further notice. The statement added that other changes to the load shedding at short notice are possible due to many broken units.

Stage 6 load shedding will shed up to 6000MW off the national grid, which may mean up to 10 hours of load shedding in some parts of the country, the worse stage of the load-shedding exercise yet. The severity of the blackouts has left manufacturing concerns, service providers and other real sector players reeling, further dimming the already bleak growth outlook.

Ahead of the budget speech later this week, Eskom dominates the headlines as investors look out for the government's plan to deal with the debt-ridden power producer. Given the already dim growth outlook and the urgency to deal decisively with Eskom's debt, the government may embark on an expansive fiscal path to keep the deficit elevated. These bearish sentiments continue to weigh on the Rand, which closed trading 2.85% weaker against the USD last week. While the local unit opened trading this week on a strong footing, its performance will heavily depend on the fallout from the 2023/24 fiscal budget.

SSA: Snapshot of Benchmark 91-day Yields			
Country	Current week (%)	Previous Week (%)	w/w Change (%)
Nigeria	0.29%	0.29%	0.00%
South Africa	6.58%	6.45%	0.13%
Uganda	10.00%	10.38%	-0.38%
Egypt	20.50%	20.65%	-0.15%
Kenya	9.54%	9.47%	0.15%
Tanzania	3.50%	3.65%	-0.15%

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