2023 ECONOMIC REVIEW AND OUTLOOK FOR 2024

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A SNAPSHOT OF THE DOMESTIC ECONOMY FOR 2023

Real GDP declined to 2.0% in Q3 2023 compared to 2.7% in Q3 2022

The Ghana Cedi depreciated by 27.80% in 2023 compared to 29.95% in 2022

Inflation printed at 23.2% in 2023 compared to 54.1% in 2022

The GSE returned +28.08% in 2023 compared to -12.38% in 2022

MPR rose to 30.00% in 2023 from 27.00% recorded in 2022

Total public debt increased to GHS 567.4 billion as at Sept. 2023 from GHS 446.3 at the end of 2022

Debt to GDP declined to 66.4% as at Sept. 2023 compared to 73.1% at the end of 2022

Reserves declined to $5.09billion as at Aug. 2023 from $6.25bn in Dec. 2022

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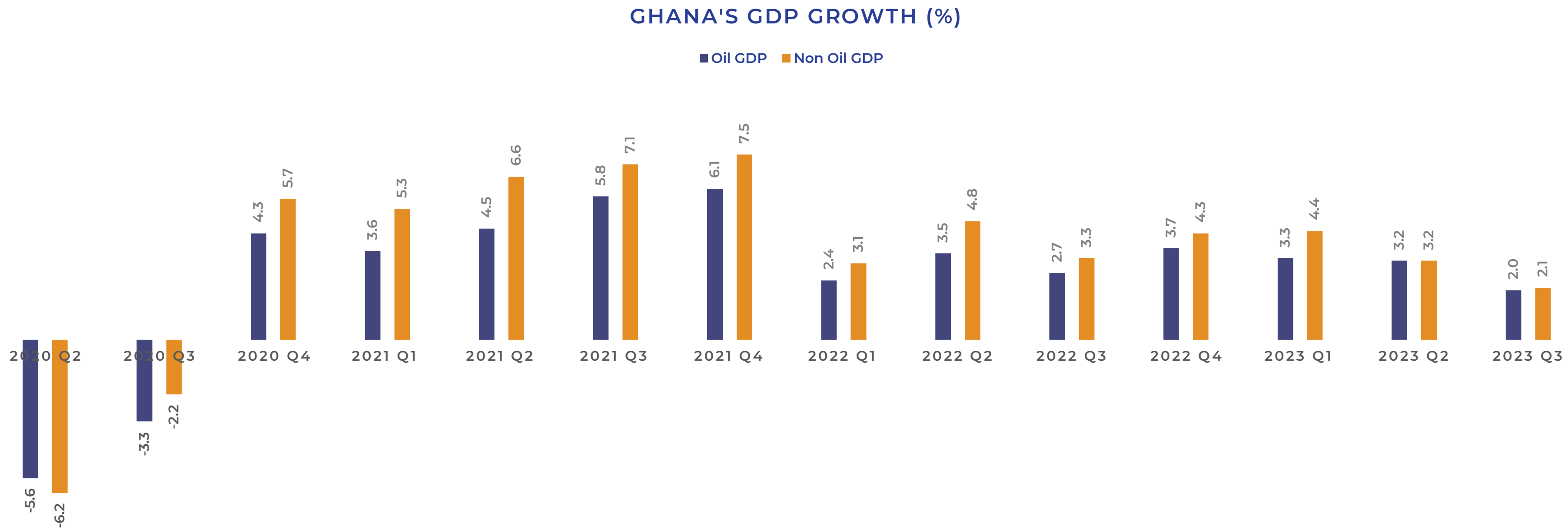
MACROECONOMIC INDICATORS

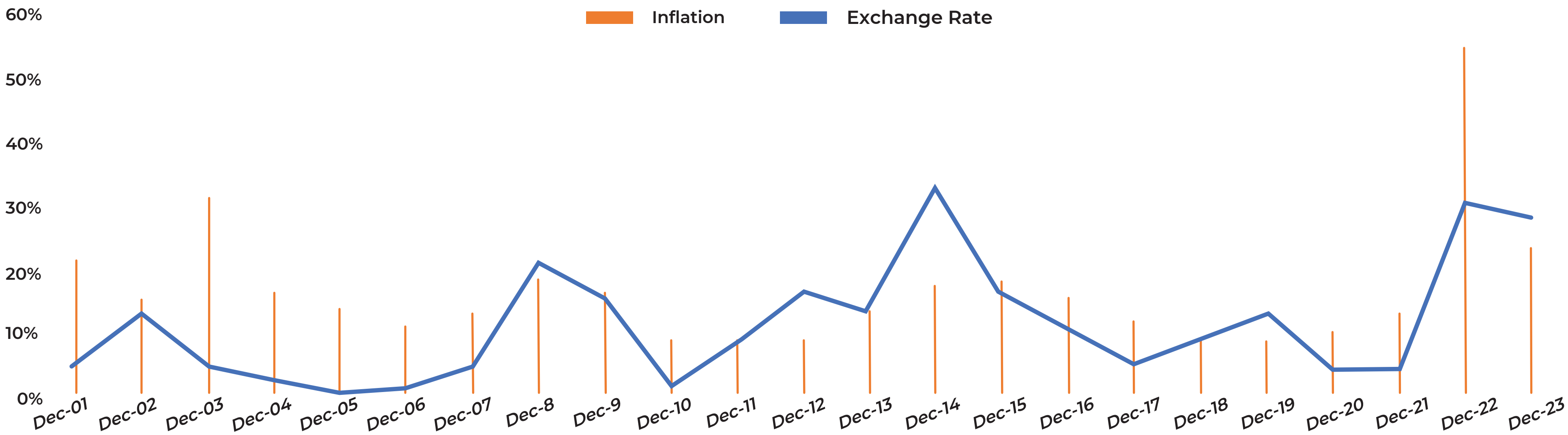
GDP Growth



In Q3 of 2023, Ghana's year-over-year (y/y) GDP growth rate experienced a dip, recording a 2.0% growth rate, as against the 3.2% y/y growth recorded in the Q2.

Source: Ghana Statistical Service

Inflation and Exchange Rate (% Depreciation)



Projected Inflation 2024	
MoF	15.00%
IMF	15.00%
Fitch	18.2%
AfDB	20.4%

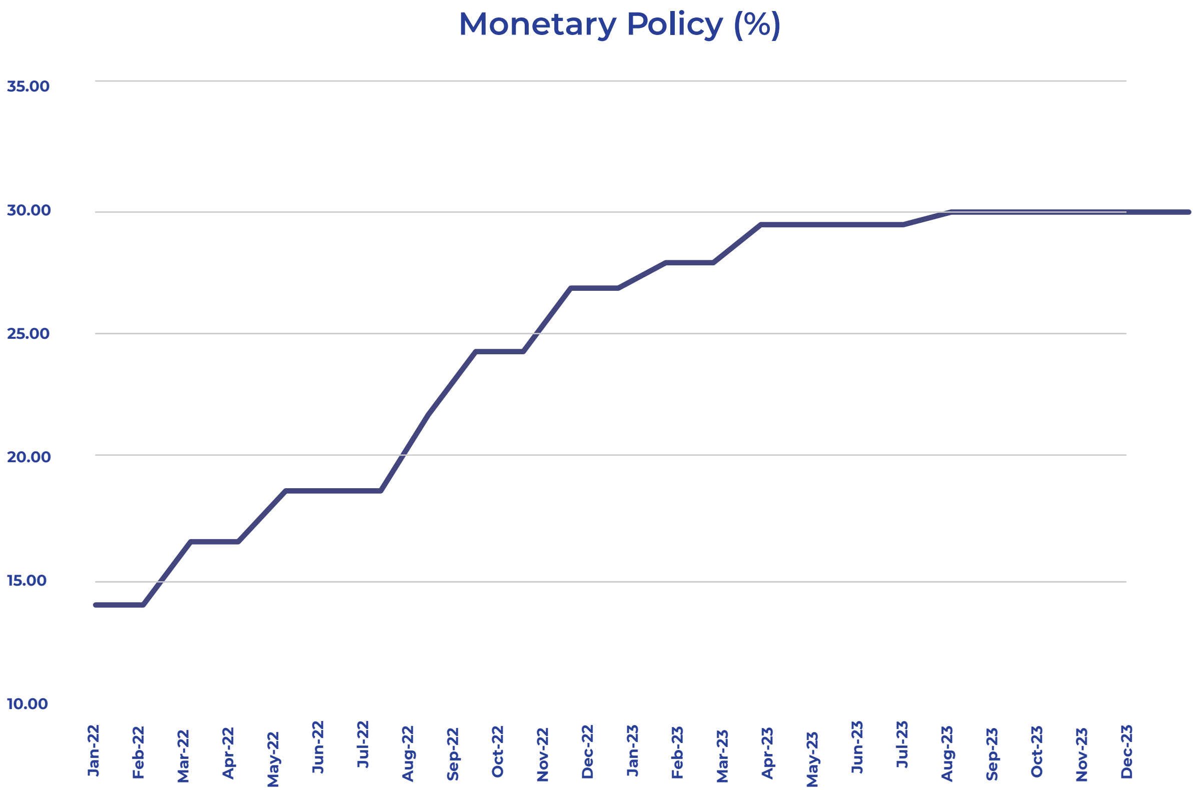
Tesah	Projections 2024	
Inflation	15.00%	± 2
Depreciation	15.00%	± 2

Source: World Bank, Bank of Ghana and World Bank

FX= 0 where for years that had no official record from World Bank and Bank of Ghana

* Geometric Returns calculated for FX depreciation

Monetary Policy



Source: Bank of Ghana

- The Monetary Policy Rate (MPR) increased by 300 bps from 27.00% in Dec. 2022 to 30.00% in Dec. 2023
- The MPR peaked at 30.00% in July 2023 and has been maintained through two consecutive reviews.
- Owing to declining inflation and a relatively stable currency, we anticipate the MPC to reduce the policy rate in the next review in Jan 2024.

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GHANA'S OUTSTANDING DEBT

- **Total Outstanding Debt as at December 2023 is GHS 525.9 billion (USD44.3billion).**
- **The depreciation of the cedi has further worsened the debt situation as value of external loans will increase even when no new debts have been added.**

****USD/GHS=11.88**

Domestic

GHS
214.0
billion

Foreign

GHS
311.9
billion

Domestic

USD
180 billion

Foreign

USD
26.3 billion

Source: Ministry of Finance

SUMMARY OF DDEP RESULTS

The Government embarked on a Debt Exchange Program to extend the tenor and reduce the coupons on its debt securities. A total of GHS 203 billion worth of existing bonds were swapped for new bonds
The securities exchanged were GoG Bonds, ESLA Bonds, Daakye Bonds, USD-denominated local bonds, and Cocoa bills. The Government has realized savings exceeding GHS 61 billion after the DDEP

		Old Bonds	New Bonds	Participation
DDEP First Leg	Average Coupon	19.10%	9.10%	91%
	Average Maturity	3.8yrs	8.3yrs	
Pension Funds	Average Coupon	20%	20%	95%
	Average Maturity	4yrs	4yrs	
US $ Local Bond	Average Coupon	5.30%	3%	92%
	Average Maturity	1.5yrs	4.5yrs	
Cocoa bills	Average Coupon	N/A	13%	97%
	Average Maturity	0.7yrs	4.4yrs	
Bank of Ghana non marketable debt	Average Coupon	N/A	10%	100%
	Average Maturity		15yrs	

Source: Ministry of Finance

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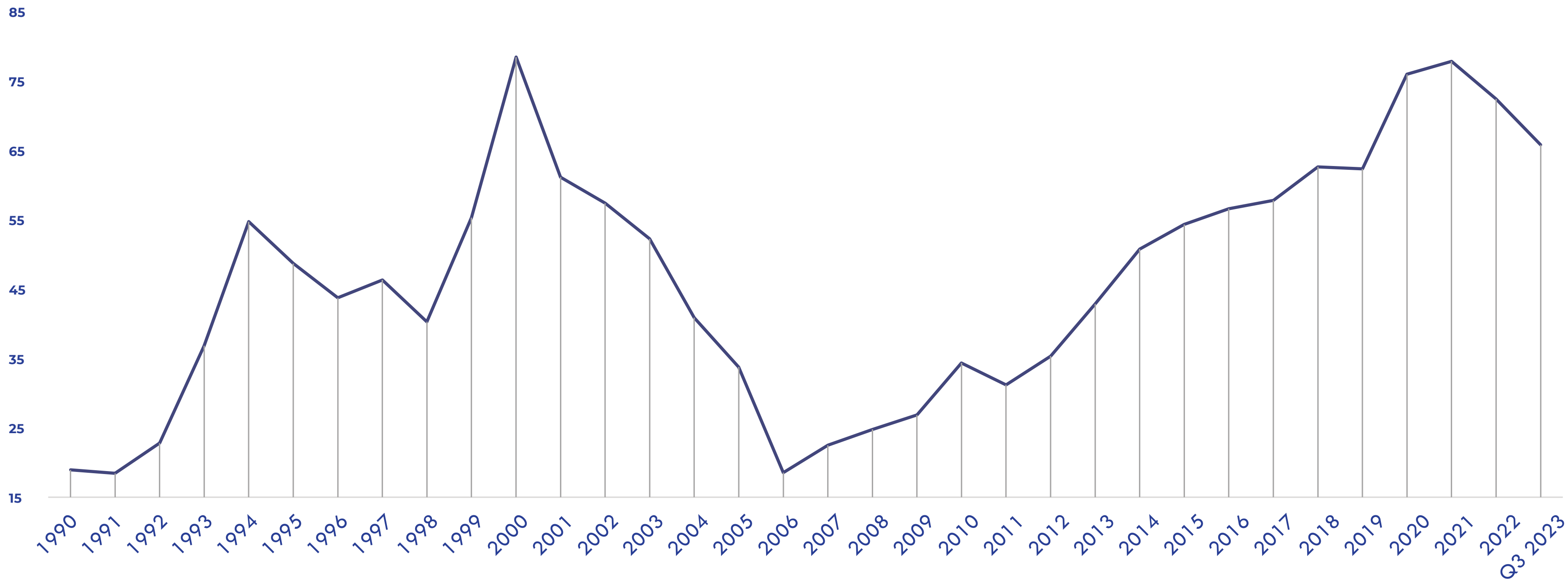
Public Debt to GDP

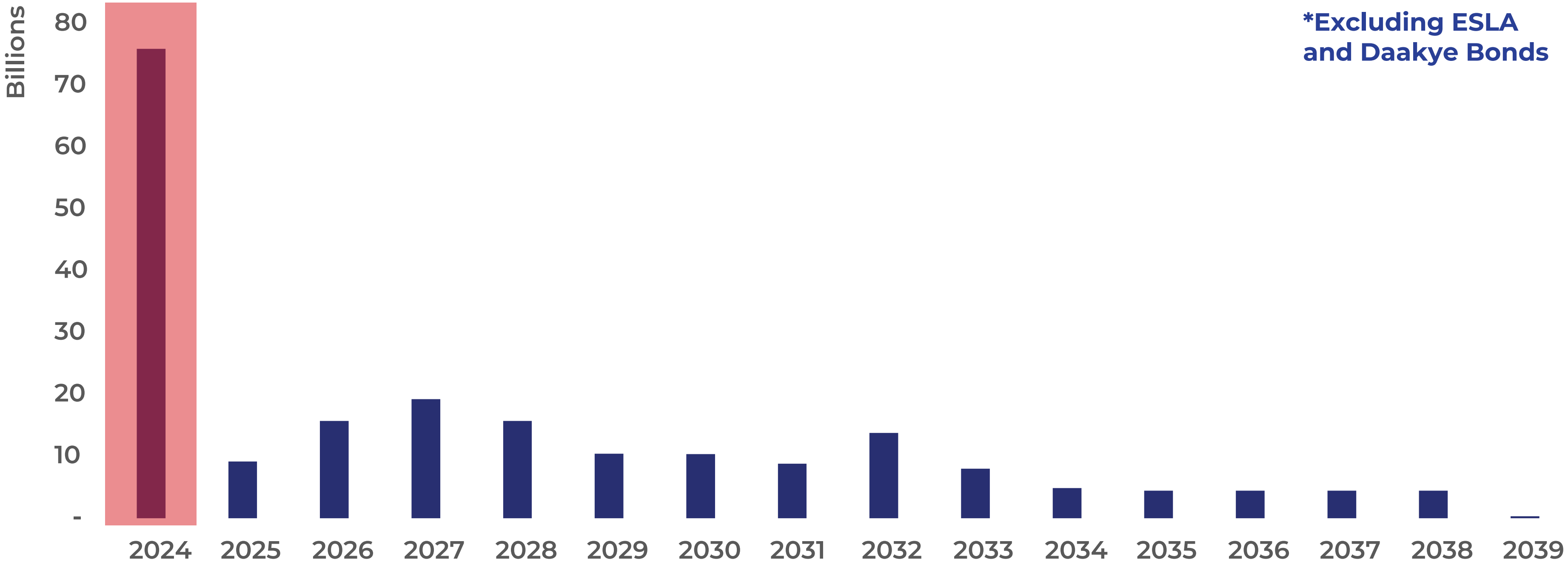
2021: 78.6%
2022: 73.1%
2023 Q3: 66.4%



Source: Ministry of Finance

- **Ghana's Public Debt-to-GDP has declined by 6.7 percentage points after the DDEP.**
- **Domestic Debt as at Q3 2023 was 28.2% of GDP**
- **External Debt as at Q3 2023 was 38.2% of GDP**

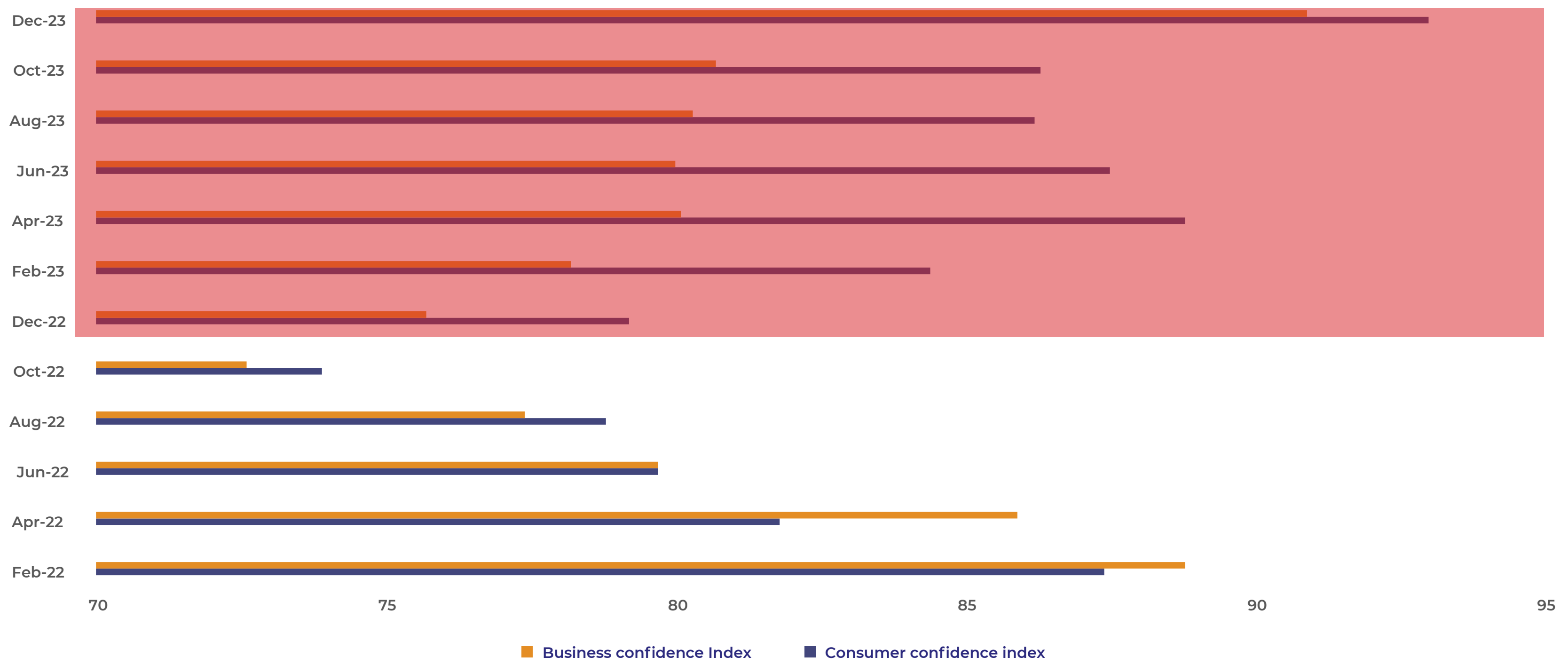
Maturity Profile of Ghana's Debt



Source: Refinitiv

- The maturity profile as at end of 2023 reveals a substantial portion of the outstanding debt (amounting to GHS 75.97billion) maturing in 2024, with 85% of these maturities being treasury bills.
- Ghana's major debt service in 2024, 2027 and 2028 account for about 52.73% of the total outstanding debt Securities.
- Government projects that it will borrow on the treasury bill market to finance the repayment of coupons and maturities in addition to financing the budget deficit in 2024.

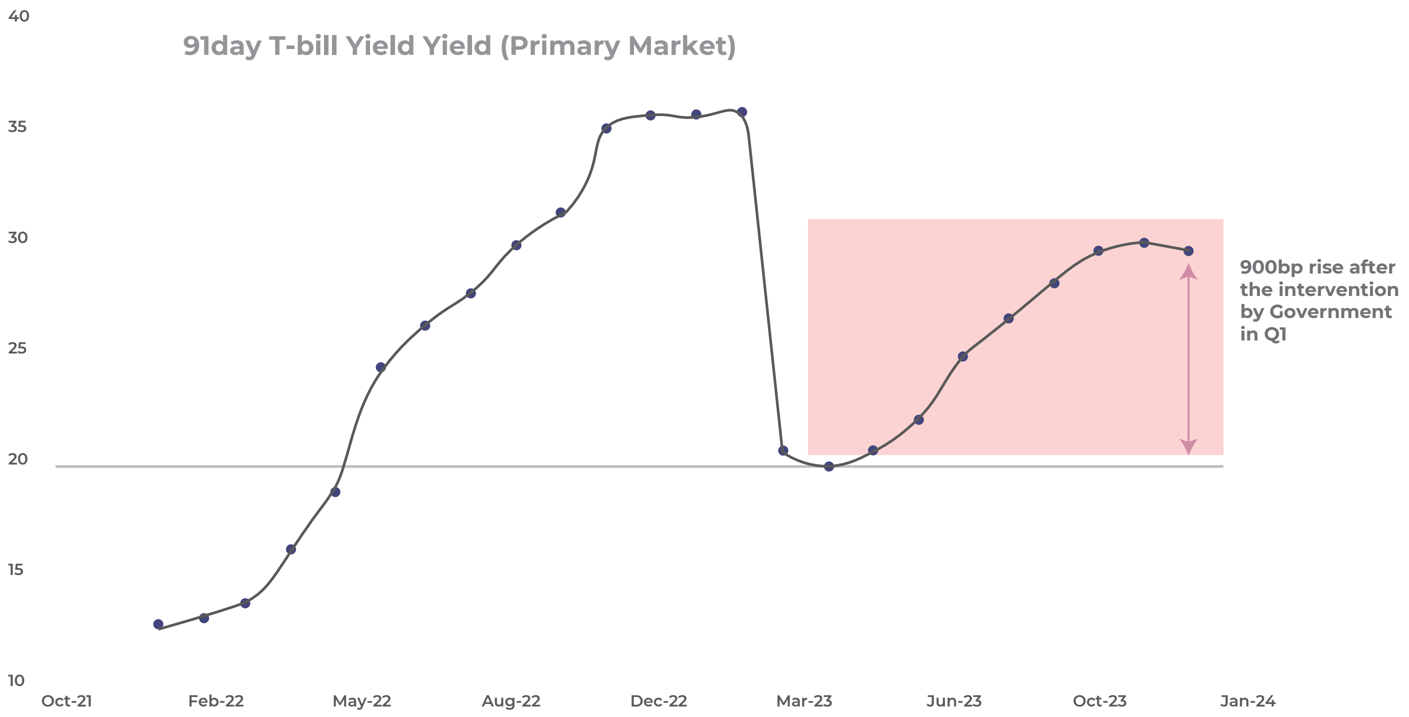
Business and Consumer confidence



Source: Bank of Ghana

- Consumer and business confidence in the economy improved within the year as compared to the year end 2022 where the uncertainty in the economy was heightened
- The consumer confidence index increased from 79.2 in Dec. 2022 to 93.0 in Dec. 2023
- The Business confidence index increased from 75.7 to 90.9 over the same period
- The improvement in the business and consumer confidence was on the back of economic certainty owing to the completion of the DDEP and a successful IMF program

FINANCIAL MARKETS
Fixed Income Market (Primary)



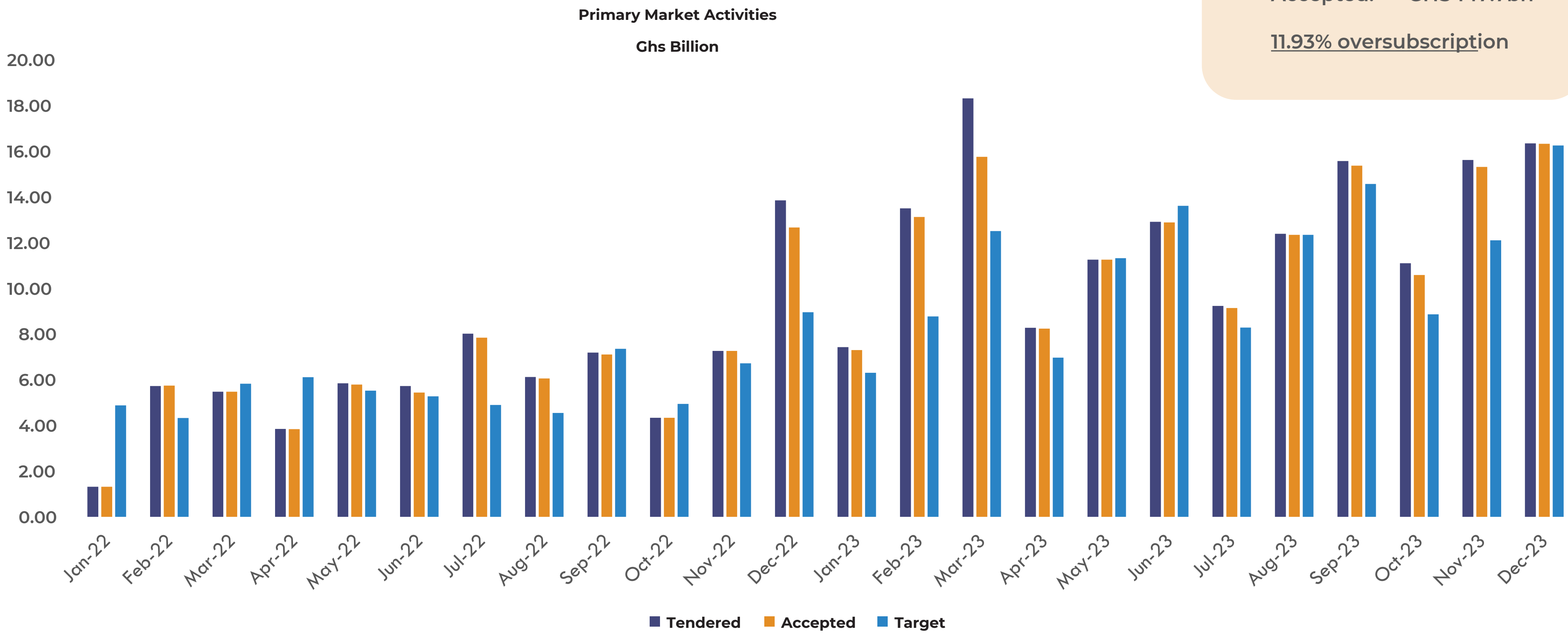
Source: Bank of Ghana

- The Average 91day treasury bill was 35.56% in Jan. 2023. It dropped to 19.67% in April 2023 after the intervention of Government in a bid to reduce the interest rates.
- After that, the rates have increased by 900bp to close 2023 at 29.39%
- In the last quarter of 2023, a pricing guideline was introduced in the treasury bill market with an ultimate aim of reducing the rising treasury bill rates

Fixed Income Market (Primary)

2023
Target: GHS 131.97bn
Tendered: GHS 152bn
Accepted: GHS 147.7bn

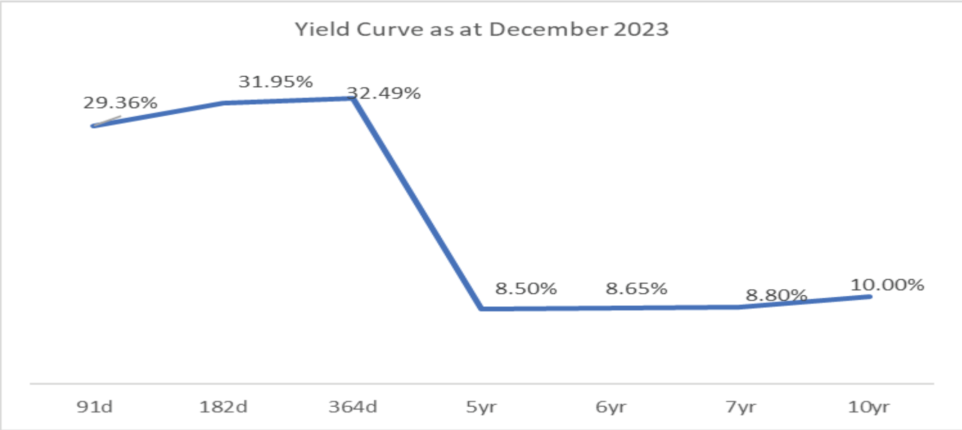
11.93% oversubscription

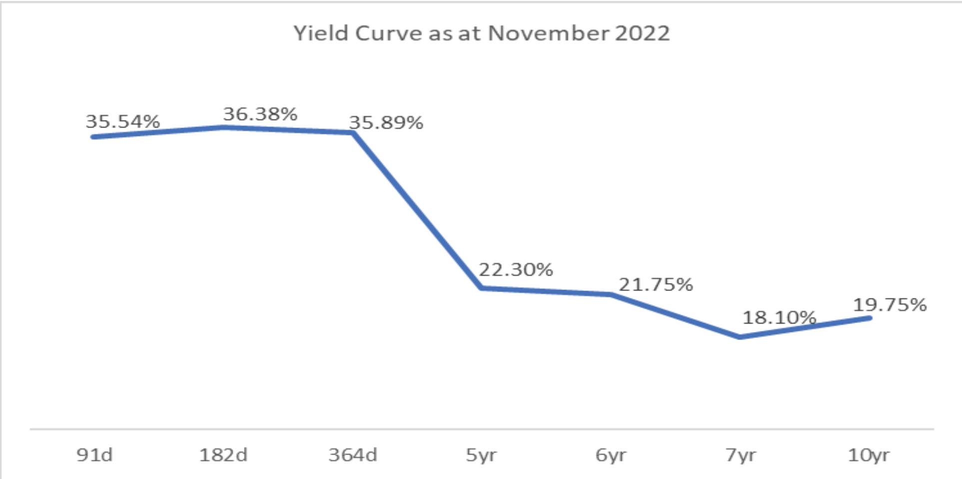


Source: GFIM

- **2023 recorded continuous oversubscription of treasury bill even though GoG was deemed risky. This is oversubscription was due to**
- **High treasury bill rates which compensated for the high inflation recorded**
- **Lack of sophisticated Investment Products**

Fixed Income Market (Secondary)





Source: GFIM

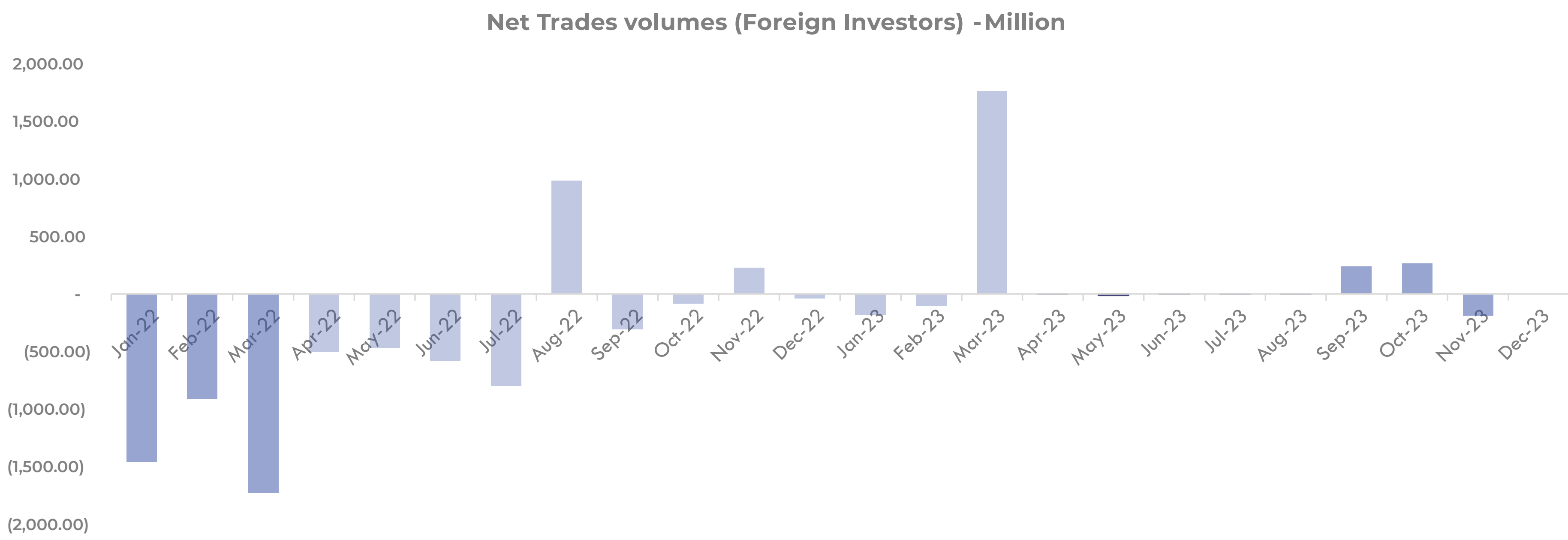
- The average yields for the General Bond category across all maturity periods at the end of 2023 was 17.12%. Compared to 32.47 in 2022
- The yield curve recorded had short term interest rates exceeding long term interest rates.
- In the wake of the DDEP, investors shifted their focus away from the secondary bond market, resulting in a substantial decrease of 57.26% in trade volume and a 63.76% reduction in trade value from in 2023.
- This compares with a 46.00% increase in trade volumes and 19.07% rise in trade values in 2022
- The share of government securities as a share of total securities traded on the secondary market decline in 2023

Fixed Income Market (Secondary)

Source: GFIM

- **There was a shift from GoG securities to Corporate Bonds on the secondary market during H1 2023**
- **After a successful completion of the DDEP, there was a reversal of the trend in H2 2023. The reversal was predominantly due to the heightened interest in treasury bills**

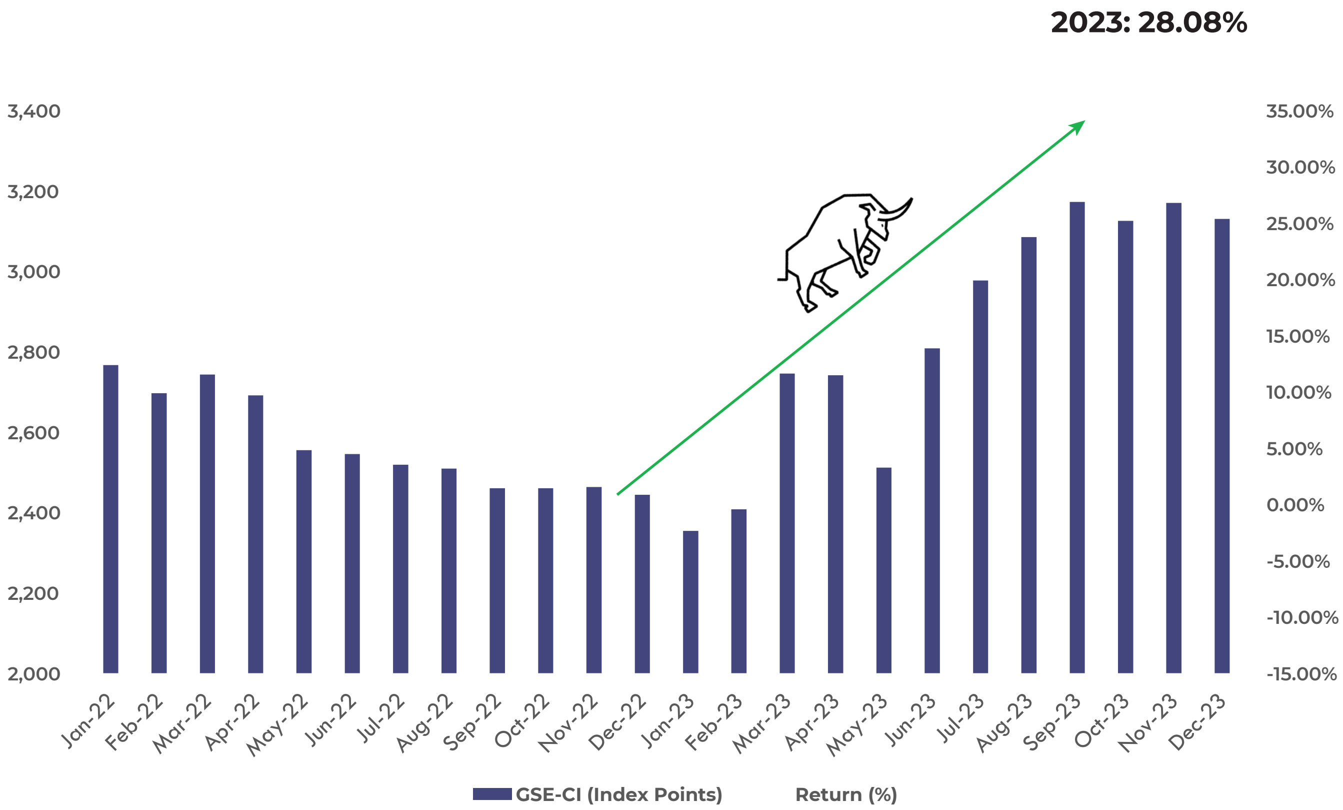
Fixed Income Market (Secondary)



- **Foreign Investors exited the Fixed Income Market in high volumes within the first 8months of 2022 when the country received credit downgrades**
- **In 2023, they have remained silent on the market with the negative net trades not at the levels recorded last year**
- **In March, an outlier occurred with a significant increase in buying activity in the market. This was driven by local investors selling off their positions due to liquidity constraints stemming from the impacts of the DDEP, while foreign investors were actively purchasing.**

Equity Market

- **2023 recorded a bullish market**
- **2023 Return: 28.08%**
- **2022 Return: -12.38%**
- **Total Volume and value traded in 2023 declined by 17.19% and 54.06% Y/Y.**
- **There was an improvement in the trades from foreign investors**
- **Foreign investors contributed to 51.73% and 49.59% of value and volume traded compared to 40.41% and 46.73% respectively in 2022.**



Equity Market

Top 5 Gainers	
Benso Palm Plantation PLC	+187.58%
TotalEnergies Marketing Ghana PLC	+125.00%
Unilever Ghana PLC	+109.02%
Guinness Ghana Breweries PLC	+65.85%
Scancom PLC	+59.09%

Top 5 Losers	
Cal Bank PLC	-26.15%
Enterprise Group PLC	-25.31%
SIC Insurance Company PLC	-22.58%
Societe General	-18.00%
EcoBank PLC	-17.17%

Sectoral Distribution Of Trades 2023

Sector	Volume	Value	No. of Trades
ICT	84.80%	70.52%	39.22%
Food and Beverage	8.25%	4.83%	6.87%
Finance	5.90%	10.78%	33.05%
Distribution	0.40%	1.52%	8.74%
Insurance	0.34%	0.12%	5.17%
Manufacturing	0.14%	0.21%	2.76%
Exchange Traded Funds (ETF)	0.08%	11.22%	0.39%
Mining	0.06%	0.34%	0.80%
Agriculture	0.04%	0.46%	2.96%
Education	0.00%	0.00%	0.01%
Advertisement & Production	0.00%	0.00%	0.02%

Source: GSE

DOMESTIC OUTLOOK 2024

Economy

GDP

GDP growth expected to be at 2.8% (MoF)

INFLATION

Inflation is expected to decline to 15% ±2 (Tesah, MoF and World Bank)

EXCHANGE RATE

The Cedi is expected to depreciate against the USD by 15% ±2 (Tesah)

POLICY RATE

Policy rate is expected to decline at the next MPC meeting and reduced further within the year as inflation declines.
End Year MPR 22±2 (Fitch)

DOMESTIC OUTLOOK 2024

Financial Markets

Financial market volatilities are inevitable consequences of the current market conditions

ICT and Financial Services sector (V-shaped path) to drive the performance of the stock market

Treasury bill rates expected to decline due to decline in inflation and the introduction of the pricing guideline

Alternative investments like REITS likely to gain momentum as investors seek alternatives away from Government securities.

The elevated interest rates likely to cause a rise in corporate fundraising business through the issuance of commercial papers and bonds instead of the traditional loan from banks driven by a search for cheaper alternatives (Average lending rate in 2023 was 33.75%. Average corporate issuance rate in 2023 was 27.84%.)

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