GHANA | MACROECONOMIC UPDATE | FISCAL POLICY | INSIGHTS

FUNDAMENTALS

GHANA'S FY2027 BUDGET:

Making Hay While the Sun Shines

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IN BRIEF

2.3%	0.5%	3.6%	100.4	≥5.2%	3.9%
Cash deficit, 10M2026 (Target: 4.5%)	Primary surplus target, FY27 (FY26: 1.5%)	Cash deficit target, FY27 (FY26E: 3.8%)	CAPEX (GHS bn), FY27 (FY26E: GHS 50.9)	Real GDP growth target, FY27	IC forecast, FY27 cash deficit

- **A 2026 fiscal scorecard that beat expectations.** Ghana's revenue and grants of GHS 219.3bn in 10M2026 beat target by 3.5% and our expectation, supported by company taxes, non-tax revenue and energy sector levies, although VAT (-12.1%) lagged target. We note that cash spending was 9.7% below budget, helped by GHS 12.7bn of interest savings, delivering a 2.2% of GDP consolidation and a 2.3% cash deficit (target: 4.5%), and creating the fiscal space for the 2027 – 2030 "New Economy" drive.

- **An expansionary but well anchored 2027 plan.** The primary surplus target expectedly drops to 0.5% of GDP (from 1.5% in 2025 and 2026) to fund a USD 10.0bn four-year investment drive, alongside compliance-led revenue gain worth 0.5% of GDP. The target spending (on commitment basis) rises by 22.9% against total revenue growth of 18.1%. Our estimates using the budget data suggest that the New Economy needs 1.7% of GDP in 2027 (vs 1.5% telegraphed). Based on this and downside risks to VAT and gold royalties, we forecast a 3.9% ± 0.5pp cash deficit (GOG target: 3.6%), well within the 5.0% legal cap. We also believe the 5.2% real GDP growth target looks conservative if the investment plan materialises.

- **Flagship CAPEX opens doors for the real sector and financiers.** CAPEX nearly doubled to GHS 100.4bn (5.6% of GDP), led by the "New Economy" (GHS 30.0bn | 1.7% of GDP) and the "Big Push" (GHS 27.8bn | 1.5% of GDP). With the Big Push budget executed at nearly 114% in 10M2026 on strong oil and mineral royalties, we expect similar priority execution in 2027. This creates growth opportunities for businesses in the main and ancillary sectors, and placement options for banks, DFIs, ECAs, pension and private equity funds, with spillovers into construction, energy, agro-processing and logistics supply chains.

- **The Feb-27 DDEP buyback brings the liquidity event forward.** Given the GHS 29.0bn Sinking Fund balance, the Treasury has announced a buyback of up to GHS 28.58bn of the Feb-27 DDEP bond (8.35% coupon). The offer period runs from 23 – 25 November with settlement on 26 November 2026, bringing forward part of the re-investment risk into 4Q2026. We expect redeployment of the proceeds to revive demand from the front to the belly of the curve, compressing yields and lifting dividend-paying equities, while giving prospective issuers stronger demand and a lower cost of capital.

Detecting the 2027 budget signals

The great transition from stabilisation to resilience

Ghana's Finance Minister presented the country's 2027 budget statement and economic policy proposals to the Legislature last week, accounting for the 2026 macro-fiscal performance and seeking approval for the 2027 outlay and policy proposals. In our view, the 2027 budget signals a transition from the two-year macroeconomic stabilisation framework into an ambitious four-year productivity-enhancing investment programme aimed at transforming Ghana's economic structure. Through the four-year productive investment programme, the authorities aim to engineer what is termed as "The New Economy", the attainment of which we expect be the centrepiece of the 2027 – 2030 fiscal strategy. Our impression of the budget is that the medium-term shift is tactically aggressive, strategically signalling continued commitment to fiscal and debt sustainability while leveraging the fiscal buffer created to push through structural adjustments.

We view the 2027 budget as the authorities' bet that Ghana's restored macro stability anchored on reforms is a window of opportunity for decisive real sector investment to shift the country's economic cycle from short-term volatilities to medium-term resilience. Against the backdrop of stronger-than-expected delivery on key macro-fiscal targets, we believe the fiscal arithmetic for 2027 is credible and the debt management strategy is compelling. That said, we remain cautious about the medium-term execution risks, given the state-led orientation of the investment plan and commodity-dependence of the major financing options.

The 2026 fiscal scorecard

Revenue outperformed, spending stayed in check

Our analysis of the 10M2026 revenue development showed a strong delivery in 2026 compared to the same period of 2025, providing further support for the authorities' fiscal consolidation efforts. Our assessment showed that total revenue and grants in 10M2026 (GHS 219.3bn) exceeded the target by 3.5% (or 0.5% of GDP). This compares favourably with the same period of 2025 when total revenue and grant (GHS 173.2bn) was below target by 4.8% (0.6% of GDP). While revenue outperformance supported the 2026 consolidation plan, fiscal discipline evidently anchored the adjustment for the second consecutive year as the total cash expenditure for 10M2026 (GHS 255.9bn) was 9.7% below the budget and represented spending restraint equivalent to 1.7% of GDP. We combined the spending restraint with the 0.5% of GDP revenue outperformance to observe a total fiscal consolidation equivalent to 2.2% of GDP. Consequently, the overall budget deficit (on cash basis) came in at 2.3% of GDP in 10M2026, lower than the 4.5% deficit target for the period. This supported the fiscal adjustment for the period and enabled the authorities to deepen fiscal discipline for the second consecutive year and created the fiscal space for execution of the 2027 – 2030 "New Economy" programme.

The financing mix for the 10M2026 fiscal operations delivered a net repayment of foreign debt (GHS 5.2bn | 0.3% of GDP) and a net domestic borrowing of GHS 43.2bn (2.7% of GDP). This translated into a net financing of GHS36.6bn (2.3% of GDP), being only about half of the period target and sustaining the downward pressure on domestic yields. In our view, this signals a strong compliance with the fiscal limits and debt sustainability, and we expect this policy credibility to continue in 2027.

On the 2027 macroeconomic targets, we believe the growth target of at least 5.2% is conservative if the investment plan related to the "New Economy" fully materialises (although the authorities' strategy is to view the target as the minimum threshold). We perceive the targets for inflation (8.0% ±2.0%), the overall commitment budget deficit (2.9% of GDP) and the Gross foreign reserve (6.0 months import cover) as largely realistic despite risk of mild negative deviation.

Revenue exceeded target but the underlying contributors appear more concentrated than broad-based. Total revenue and grants in 10M2026 came in above target by 3.5% to reach GHS 219.3bn (or 13.7% of GDP vs 13.3% target), representing a 26.6% year-on-year nominal growth and exceeding the 5.5% year-on-year inflation to yield almost 21.1% real growth in revenue. The strong revenue growth was anchored on domestic revenue outturn (GHS 218.2bn), which exceeded target by 4.1% on the back of outperformances in non-tax revenue, company taxes, and energy sector levies. Despite the limited contributors to the revenue outperformance in 10M2026, we view the stronger-than-expected outturn as reassuring against the 4.8% shortfall recorded in the same period of 2025.

The higher-than-targeted revenue from company taxes were on the back of stronger corporate profits, increased contribution from mining firms (likely helped by the sliding-scale mineral royalty regime) and ongoing enhancement in tax administration. While we remain optimistic on the outlook for corporate profits, we turn cautious on the near-term outlook for mining royalties as the frequent pullbacks in gold prices below USD 4,000/oz poses downside risk to the sliding scale mining royalties.

REVENUE PERFORMANCE VS TARGET IN 10M2026

	10M2026 Outturn	10M2026 Target	CHANGE
	REVENUE (GHS bn)		
Total Revenue and Grants	**219.3**	**211.8**	**3.5%**
Direct Taxes	92.5	87.3	6.0%
Taxes on Domestic Goods & Service	60.2	70.7	-14.9%
o/w VAT	38.3	43.6	-12.1%
Import Duty	24.5	25.6	-4.2%
Non-tax Revenue	30.0	22.4	34.2%
ESLA Proceeds	12.8	9.6	33.4%
Grants	1.0	2.1	-50.6%
Tax Refunds (VAT Refunds)	2.8	7.1	-60.4%

SOURCE: MINISTRY OF FINANCE, IC INSIGHTS

The 15.9% outperformance on company taxes significantly helped to outweigh the shortfalls in the other components of direct taxes, culminating in a 6.0% over-performance on direct tax revenue in 10M2026.

We also observed 33.4% over-performance on energy sector levies for the period (GHS 12.8bn), representing 98.7% of the FY2026 target already delivered in 10M2026. In our estimation, this was largely driven by increased fuel consumption in 2026 as economic activity continued to strengthen while transport and haulage activities ostensibly boosted fuel demand. Our estimate for the 9M2026 fuel consumption statistics revealed a 16.7% y/y increase in consumption of petrol and diesel to 4.98bn litres. This represents 85.1% of the FY2025 outturn (5.68bn litres) and 80.2% of our FY2026 forecast (6.22bn litres). With the 4Q2026 expected festivities-induced boost in fuel demand, we are confident that demand will remain strong into end-2026 with a likely outperformance by about 6.9%. This will support an even stronger momentum in the energy sector levies, likely pushing collections above the FY2026 target of GHS 12.94bn. However, the authorities' decision to suspend the GHS 1.0/litre fuel levy for two months (October and November 2026) will slightly cap the upside especially if the suspension is extended.

Despite the strong headline revenue outturn, we also observed underperformance of key revenue lines, particularly VAT (-12.1% vs target), import duty (-4.2% vs target), and personal income tax (-9.1% vs target). We believe this reflects initial drag due to recent reduction in the effective VAT rate, increase in the VAT threshold, amendments to personal income tax bracket (effective in September 2026), and perennial structural drags in tax administration amid ongoing reforms.

Macro stability and adherence to reforms reinforced fiscal discipline to restrain spending below the budget ceiling. We observed a broad-based containment of public expenditure across most of the line items with some spending cuts reflecting the gains of macro stability while others reflected the benefit of fiscal reforms. Total cash expenditure in 10M2026 came in at GHS 255.9bn, below the budget by 9.7% while total commitment expenditure was GHS 239.3bn (or 15.0% of GDP vs 16.2% target).

Our analysis of the fiscal data showed a GHS 12.7bn (or 0.8% of GDP) saving on interest payments for the period. In our view, this reflects the macro stability gains and the net repayment of foreign debt as the lower domestic interest rates and the GHS 5.2bn net repayment of foreign debt helped to cut the total interest obligations. Against this backdrop (the second straight year), we expect the authorities to sustain the effective yield curve management in 2027, capping the expected upside on yields in the year ahead.

For the second consecutive year, we observed that payments for energy sector shortfalls were lower (GHS 11.6bn) than budget (GHS 13.9bn). We attribute this to improved bills collection and strict compliance with the Cash Waterfall Mechanism by the Electricity Company of Ghana (ECG) since 2025 to ensure payment to power producers amid quarterly hikes in electricity tariffs over the period. This helped to ease the contingent liability on the Treasury and resulted in the below-budget spending, and we expect the same conditions to prevail in 2027 to limit the fiscal risk from the energy sector.

Despite an 8.6% under-spending on the CAPEX budget, we note that the expenditure on the "Big Push" infrastructure drive (GHS 27.4bn) exceeded budget by 13.8%. Our review showed that the over-spending was mainly due to outperformance of the "Big Push" earmarked revenue (from oil and mineral royalties) rather than a lax in fiscal discipline. This supports our view that the authorities will continue to align earmarked revenue to the "Big Push" CAPEX even in the 2027 budget.

EXPENDITURE OUTTURN VS TARGET IN 10M2026

	10M2026 Outturn	10M2026 Target	CHANGE (%)
	EXPENDITURE (GHS bn)		
Employee Compensation (Payroll)	72.5	75.6	-4.2%
Interest Payment	38.8	51.5	-24.7%
Statutory Payments	53.7	51.9	3.6%
Goods & Services	11.4	11.8	-3.8%
Capital Expenditure	41.4	45.3	-8.6%
Energy Sector Payment Shortfalls	11.6	13.9	-17.0%
Ghana GoldBod	5.0	5.0	0.0%
Arrears Payment	20.8	24.3	-14.4%

SOURCE: MINISTRY OF FINANCE, IC INSIGHTS

Financing the 2026 deficit

Given the strong fiscal performance in 10M2026, the Treasury has increased its FY2026 revenue target by 0.4% of GDP to GHS 274.0bn (17.2% of GDP) while total commitment expenditure was increased by 0.2% of GDP to GHS 305.5bn (19.1% of GDP).

The resultant fiscal balance is a further compression of the net financing requirement to GHS 61.3bn, representing an overall cash deficit equivalent to 3.8% of GDP, which is lower than the original cash deficit by 0.2% of GDP.

This indicates that for the remaining two months of 2026, the authorities intend to raise new debt worth GHS 24.7bn with the net domestic issuances for the two months estimated at GHS 27.0bn of which GHS 2.3bn will be deployed to net repayment of foreign debt. Effectively, we note from this financing mix that the Treasury continues to rebalance the currency composition of its debt in favour of GHS-denominated debt ostensibly to limit the impact of FX shocks on debt sustainability. We also view this financing choice as a strategy to mop-up the excess domestic liquidity built-up during the pre-crisis years at a well-managed funding cost to keep a lid on debt service.

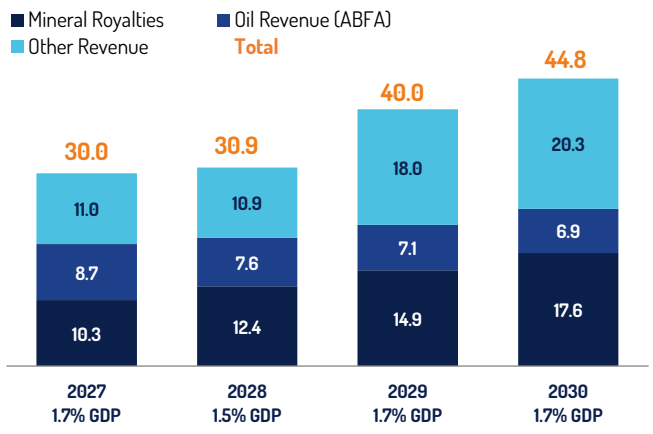
The 2027 fiscal plan

The New Economy: Leveraging the fiscal gains to spur infrastructure drive and value addition

In our assessment, Ghana's 2027 (and medium-term) fiscal framework is designed to leverage the fiscal space built over the past two years into a USD 2.5bn annual investment in economic infrastructure and domestic value addition. We think the authorities are aiming to achieve an ambitious structural shift in the Ghanaian economy from domestic resource mobilisation while safeguarding macro stability and debt sustainability. This is a delicate balance which we are yet to confirm from historical performance and requires a cautious watch, especially in the outer years, particularly in the 2028 election year.

The financing sources for this USD 10.0bn four-year investment plan appear credible in our estimation but with moderate risk of under-delivery. To finance the programme, the authorities have signalled a reduction in the target primary surplus by 1.0pp of GDP supported by ongoing tax reforms which is expected to add an extra 0.5% of GDP to deliver a combined 1.5% of GDP to fund the annual investment plan. However, our estimate based on the projected total annual fund against nominal GDP suggests an annual funding need equivalent to 1.7% of GDP, a tad higher than the authorities' estimated 1.5% of GDP. In the event of a negative revenue shock, this could either amplify the funding gap with a resultant borrowing pressure or slow execution of the projects.

NEW ECONOMY CAPEX BY FUNDING SOURCE (GHS billion)



SOURCE: MINISTRY OF FINANCE, IC INSIGHTS

The justification for reducing the target primary surplus to 0.5% of GDP appears credible enough to ease our concern about the impact on debt sustainability and compliance with the new debt anchor. We note that the amended public financial management law (2025) encoded a 45.0% limit on the debt-to-GDP ratio to be complied with by 2034. However, the authorities appear well ahead of schedule to comply with this debt anchor as the debt-to-GDP ratio stood at 47.5% as of October 2026. The finance minister justified that the authorities' simulations suggest that reducing the primary surplus to 0.5% of GDP will not undermine debt sustainability targets while releasing resources to support the extra investment. According to the minister, the debt anchor of 45% of GDP by 2034 can still be achieved by the compliance date even with the lower primary surplus of 0.5% due to:

- The over-performance on previous year's primary surplus, (2.5% in 2025) and (estimated 1.6% in 2026) against each year's target of 1.5% of GDP were already used to fast-track the paydown of public debt stock. This has cut the debt ratio to 47.5% in October 2026, keeping the debt portfolio ahead of target for the compliance date.
- Post rebasing of Ghana's GDP, the authorities assume a 30% nominal GDP growth which is expected to reduce the debt-to-GDP ratio to nearly 35.0%. This will create a headroom of about 10pp of GDP to the debt anchor.
- In view of this, the authorities are convinced that a softer primary surplus of 0.5% will be sufficient to keep the debt ratio within the 45% legislative anchor.

In our May 2026 investor note on the IMF's sixth and final review of Ghana's completed Extended Credit Facility programme, we flagged the Fund's seeming approval for the 0.5% primary surplus in 2027 onward. We believe the IMF's technical support under the ongoing 36-months Policy Coordination Instrument (PCI) provides an important medium-term anchor to safeguard fiscal and debt sustainability under the softer primary surplus target.

The 2027 Resource Envelop and Allocation

Our impression of Ghana's 2027 budget is that it introduces a more expansionary fiscal framework, reflecting the authorities' intention to use the fiscal space created through consolidation to support productive investment. Nevertheless, we are convinced that the policy posture remains committed to sustaining macro stability as the foundation and the first pillar of the eight-pillar investment to engineer the "new economy".

On a high-level, we observed that the growth in expenditure (on commitment basis) is programmed to outpace revenue growth in 2027 but leveraging the fiscal space created to cap the overall deficit financing requirement.

The authorities target a 22.9% y/y increase in total **expenditure** (on commitment basis) to GHS 375.3bn, equivalent to 20.8% of GDP. However, the cash total expenditure is programmed to grow slower by 16.1% y/y to GHS 389.2bn (21.6% of GDP). Our analysis indicate that the slower growth in the cash expenditure is due to a slowdown in arrears payment to GHS 13.9bn in 2027 (vs GHS 29.8bn estimate in 2026). On the **revenue** side, we note a target growth of 18.1% y/y to GHS 323.4bn (17.9% of GDP). With a target 8.0% inflation, this translates into a real revenue growth

of about 10% (vs approximately 21.0% in 2026) and a real growth in expenditure by 14.9% in 2027 (vs c.25.0% in 2026).

The Resource Envelope: Compliance-led revenue growth but the VAT ask appears steep. For the third consecutive year, we note that the authorities intend to rely on enforcing compliance across potential taxpaying entities to broaden the base rather than new tax handles. Pushing through on tax compliance and reforms measures, the authorities expect ongoing reforms to the suspense regime in new Customs Act to deliver GHS 3.6bn, the Excise Act to yield GHS 2.6bn with Internally Generated Funds adding GHS 2.7bn. Taken together, this compliance and reforms are expected to yield new revenue equivalent to 0.5% of GDP in 2027.

We observed that indirect tax revenue is programmed to do the heavy lifting in 2027 with a target growth of 17.9% y/y to GHS 266.0bn. To drive the performance of indirect tax revenue, the authorities target an 18.3% growth in VAT collections to GHS 59.9bn in 2027 despite an estimated 5.2% shortfall in the 2026 collections. We believe the authorities are counting on normalisation in VAT collections in 2027 after the 2026 reforms slashed the effective rate by 190bps with a suspected initial drag on collections. We also expect an upturn in inflation towards the 8.0% target to provide an extra push for VAT collections in 2027.

Combining with target growths for import duty (+14.5% y/y), company taxes (+11.9%), non-tax revenue (+24.0%), and grants (+33.2%), the Treasury expects total revenue & grants to come in at GHS 323.4bn (+GHS 49.5bn), equivalent to 17.9% of GDP.

In our expectation, the perennial bottleneck in VAT collection will likely persist although inflation uplift will offer a tailwind while ongoing compliance measures improve the throughput. We also perceive a cap on gold royalties in 2027 as global inflation and hawkish Central Banks keep global interest rates elevated with downside risk to gold price. We however view the adoption of Artificial Intelligence (AI) at the Ports as favourable for customs collection. Against this backdrop, we forecast total revenue for FY2027 at GHS 319.1bn (17.7% of GDP).

GOVERNMENT REVENUE TARGETS (FY2027 vs FY2026E)

	FY2027 Target	FY2026 Estimate	CHANGE
	REVENUE (GHS bn)		
TOTAL REVENUE & GRANT	**323.4**	**274.0**	**18.1%**
Direct Taxes	144.1	125.3	15.0%
Taxes on Domestic Goods & Services	94.9	77.3	22.8%
o/w VAT	59.9	50.7	18.3%
Import Duty	36.8	32.2	14.5%
Non-tax Revenue	39.1	31.5	24.0%
ESLA Proceeds	13.5	12.9	4.0%
Grants	3.2	2.4	33.1%
Social Contributions (SSNIT to NHIL)	1.6	1.4	20.0%
Tax Refunds (VAT Refunds)	-9.8	-9.1	7.8%

SOURCE: MINISTRY OF FINANCE, IC INSIGHTS

The "New Economy" and the "Big Push" CAPEX anchors the spending growth. Our review of the 2027 spending plan showed an expected increase of GHS 69.9bn (on commitment basis) to GHS 375.3bn (or 20.8% of GDP). Capital expenditure is the main driver of the rise in spending as it almost doubled to GHS 100.4bn (5.6% of GDP), accounting for 70.8% of the growth with domestically financed CAPEX (GHS 88.4bn) being 88.1% of the total CAPEX budget for 2027.

We disaggregated the data further to note that CAPEX related to both the "New Economy" programme (GHS 30.0bn or 1.7% of GDP) and the ongoing "Big Push" infrastructure investment (GHS 27.8bn or 1.5% of GDP) would be the focus of CAPEX in 2027. Given the execution of the "Big Push" CAPEX budget in 10M2026 (at 114%), supported by strong revenue from oil and mineral royalties, we foresee a similar priority execution for both flagship CAPEX in 2027. This creates investment and growth opportunity for real sector businesses within the main and ancillary sectors of the government's investment plan as well as placement options for financing institutions (such as commercial banks, DFIs, ECAs, Pension Funds, and Private Equity Funds).

That said, we note that the New Economy spending will require 1.7% of GDP in 2027, about 0.2pp of GDP higher than the 1.5% telegraphed by the budget. Holding revenue performance constant, this could leave scope for a slight overrun by FY2027, subject to revision at mid-2027 budget review.

Furthermore, we foresee downside risk to the performance of gold royalties in 2027. Based on the average gold prices in 9M2026, we believe the authorities enjoyed 12.0% gold royalty in 1H2026 and 11.0% in 3Q2026. With the near-term outlook for gold pointing to below USD 4,500/oz and based on the sliding scale mineral royalty regime, we foresee gold royalties coming in between 9.0% – 11.0% into 1H2027. This will pose a downside risk to revenue expectations for executing the flagship programmes. For oil revenue, we believe the benchmark price in the 2027 budget is sufficiently conservative at USD 74.93 per barrel (below the IMF's forecast average of USD 87.39pb and the PRMA 7-year moving average forecast of USD 80.46pb). In our view, the conservative USD 74.93pb mostly trimmed the wartime premium, leaving room for upside revenue surprise.

GOVERNMENT EXPENDITURE ESTIMATES (FY2027 vs FY2026E)

	FY2027 Target	FY2026 Estimate	CHANGE
	EXPENDITURE (GHS bn)		
TOTAL EXPENDITURE (Commitment)	**375.3**	**305.5**	**22.9%**
Employee Compensation (Payroll)	104.1	90.8	14.7%
Interest Payment	61.0	57.7	5.6%
Statutory Payments	76.5	68.2	12.3%
Goods & Services	13.7	13.2	4.2%
Capital Expenditure	100.4	50.9	97.2%
Energy Sector Payment Shortfalls	13.0	15.2	-14.5%
Ghana GoldBod	3.1	5.0	-38.6%
Arrears Payment	13.9	29.8	-53.4%

SOURCE: MINISTRY OF FINANCE, IC INSIGHTS

Against the backdrop of 0.2pp of GDP spending discrepancy on the "New Economy" programme and our perceived downside risk to revenue, we forecast the overall cash deficit for FY2027 to print at 3.9% of GDP ±0.5pp (Range: 3.4% - 4.4% of GDP). This is slightly higher than the authorities' target overall cash deficit equivalent to 3.6% of GDP but remains firmly within the public financial management law which imposes a cap at 5.0% of GDP.

The proposed early redemption of the Feb-2027 DDEP Bond brings forward part of the re-investment risk. The Ghanaian Treasury also announced a balance of GHS 29.0bn on the Cedi Account of the Sinking Fund as of 11 November 2026, which was achieved through a monthly deposit of 7.0% of gross domestic non-oil tax revenue and targeted domestic bond issuances. Based on the accumulated balance which matched the principal on the Feb-27 DDEP bond (coupon: 8.35%), the Treasury has announced a voluntary buyback auction of this security with the below transaction details.

- **Target Size:** GHS 28.58 billion
- **Offer Open:** Monday 23 November 2026
- **Offer Close:** Wednesday 25 November 2026
- **Settlement (T+1):** Thursday 26 November 2026
- **Buyback Methodology:** Dutch Auction Format
- **Pricing:** Offers accepted on a yield basis. Successful offers will clear at a multiple clearing level.

We had always anticipated that the full redemption of the Feb-27 bond will be executed in February 2027, creating significant re-investment risk ahead. However, the stronger-than-expected financing position and the resultant announcement of a buyback offer has brought forward some of the liquidity event and re-investment risk into 4Q2026 (assuming a partial buyback). This has major implications for investors and issuers in our view.

- For investors in the Feb-27 bond, the early redemption creates an immediate cash drag on the balance sheet that must be redeployed before end-2026. This will likely revive demand across the front to the belly of the domestic curve, exerting downward pressure on yields. We also think that depending on portfolio positioning, fundamentally strong equities (with dividend payment prospects) will likely attract some of the flows.
- For prospective issuers, we expect this liquidity event to create a favourable demand condition to absorb offers while the resultant compression in yields trims the cost of capital for the offer.

Financing the FY2027 fiscal gap

Our review of the planned financing mix for FY2027 showed a net domestic financing target of GHS 85.0bn which would fund a net repayment of foreign debt with GHS 17.72bn, transfers to the petroleum funds (GHS 1.17bn) and transfers to the sinking fund (GHS 0.27bn). This will ultimately leave GHS 65.8bn to fund the overall cash budget deficit (3.6% of GDP).

The Treasury continues to signal zero appetite for a return to Eurobond issuances in the near-to-medium term as domestic financing conditions appear largely more favourable amid the cap on non-concessional external financing. In our assessment of the financing plan for 2027 amid expected elevation in CPI inflation towards the Bank of Ghana's midpoint target of 8.0%, we foresee a moderate uptick in the yield curve, especially along the T-bill rates and intermediate bond maturities to compensate for inflation and borrowing pressure. Nevertheless, we continue to envisage different points of liquidity events (particularly in February and August coupon and principal payments) that will cap the upside on yields. We also expect the Treasury to sustain its tight yield curve management to safeguard the gains on debt service cost and debt sustainability.

MACRO-FISCAL TARGETS BY THE GOVERNMENT

	FY2027 Target	Latest Available
Macroeconomic and Fiscal Targets		
Overall Real GDP Growth	≥5.2%	6.2%
Non-Oil Real GDP Growth	≥5.7%	5.9%
End-Year Headline Inflation (± 2.0%)	8.0%	5.5%
Overall Budget Deficit (% of GDP) - Cash	3.6%	2.3%
Primary Balance (% of GDP) - Commit	+0.5%	+1.4%
Gross International Reserves (Months of import)	≥6.0	4.5

SOURCE: MINISTRY OF FINANCE, BANK OF GHANA, IC INSIGHTS

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