

WEEKLY MARKET WATCH

SIC-FSL INVESTMENT RESEARCH | MARKET REVIEWS | GHANA

04th February, 2016



STOCK MARKET

INDICATORS	WEEK OPEN	WEEK END	CHANGE
Market Capitalization (GH¢ million)	56,975.36	56,637.40	-0.59%
Market Capitalization (US\$ million)	14,872.00	14,701.28	-1.15%
Volume traded (shares)	2,052,683.00	3,483,711.00	69.72%
Value Traded (GH¢)	8,518,261.61	6,907,143.40	-18.91%
Value Traded (US\$)	2,223,479.62	1,792,875.73	-19.37%

Table 1: Market Summary

INDEX ANALYSIS

INDICATORS	Closing Level	Week Change	YTD CHANGE
GSE Composite Index	1,981.07	-1.26%	-0.69%
SIC-FSL Top 15 Index	3,591.53	-1.96%	-3.20%
GSE Financial Stocks Index	1,917.14	-1.43%	-0.67%

Table 2: Key Stock Market Indices

LIQUIDITY

Activity on the market was comparatively higher following the 1.37 million block trade in GCB Bank's shares. However, corresponding value traded dropped by 18.91% to settle at GH¢6.91 million, because of relatively lower priced equities.

Financial stocks contributed 91.34% and 99.07% of both volume and value of shares that traded in the past week, giving credence to the sector's prominence on the market.

GCB Bank Limited (GCB) emerged the best stock in terms of volume and value of shares that traded. GCB contributed 1.38 million of the total traded shares, representing 39.56% of entire market volume for the week. This was valued at GH¢5.10 million, representing 73.84%.

GSE PARES EARLY GAINS

Regardless of improved appetite on the Ghana Stock Exchange (GSE), performance indicators entered negative territory last week due to intense selling-pressure on the market. Though shares of SIC Insurance, Mechanical Lloyd Company, Benso Oil Palm Plantation and Standard Chartered Bank Limited went up, the impact was minimal as the broader market dropped by 1.26% last week.

In effect, key benchmark indices like the GSE Composite Index (GSE-CI), the GSE Financial Stocks Index (GSE-FSI) and the SIC-FSL Top 15 Liquid Index (SIC-FSL T-15) closed the week at an annual loss of 0.69%, 0.67% and 3.20% respectively.

The value of listed companies dropped from the GH¢56.98 billion to GH¢56.64 billion last Thursday, whereas an equivalent dollar value also decline from the USD 14.87 billion to USD 14.70 billion.



Legend: GSE YTD Change (Red), GSE-FSI YTD (Green), SIC-FSL 15 YTD Change (Blue)

Fig 1: Year-to-date returns

MARKET MOVERS

CPC sinks further

The shares of Agri-Business sector; Cocoa Processing Company (CPC) suffered another set-back after investors bid-down the value to GH¢0.01 per share last week. Analysts believe the drop could be partly due to the closure of two out of the three factories working under the company.

Management of CPC announced a shutdown of Coca factories 1 and 2 to carry out planned maintenance of the plants some few days ago. As a result, affected workers were instructed to take their compulsory annual leaves and the action appeared to have worsened investors' appetite in the company. This became evident, when investors returned the company's share value to 1-pesewa last Thursday, to signal their disappointment in the company's performance.

CAL slips to GH¢0.93

Investors bid-down the share price of Cal Bank from the week-open price of GH¢1.02 to GH¢0.93 per share last Thursday. The decline could partly be linked to the unfriendly business environment in country. Investors in what appeared to be hedging against specific risk decided to reduce their exposure on the capital market, hence the unrelenting selling-pressure in CAL causing the drop in price.

In spite of the aforementioned, CAL appears to be trading within a tight range when compared to its 248-Day Average Trading Price of GH¢0.97 a share and the 248-Day Volume Weighted Average Price (VWAP₂₄₈) of GH¢0.83 per share. Nonetheless, recent past performance of tags CAL's shares above the GH¢1.00 price-band, giving credence to the possibility of upward price correction.

SIC remains on track

The national insurer; SIC Insurance Company Limited (SIC) remain a preferred stock on the market last week, as investors intensify demand in an attempt to consolidate their holding positions. The situation pushed the company's shares price to GH¢0.20 from the GH¢0.18 per share previously, its biggest price since June 2015.

At the current price above, the stock is trading at a discount of 52% of the trailing P/E ratio compared to the sector's average of 18x. Again, the company's book value per (BVPS) price of GH¢0.41 per share signals a higher probability of upward price review in future.

MARKET MOVERS

GUINNESS GHANA BREWERIES LIMITED (GGBL) RECEIVES APPROVAL FOR RIGHT ISSUE: The Board and Management of GGBL has received an approval from shareholders to generate GH¢ 180 million through a right issue this year.

This was approved during the company's 43rd Annual General Meeting (AGM) held at the Golden Tulip Hotel in Kumasi to update shareholders on the business' and financial performance for the year ended 30th June 2015. According to the Chairman of the Board, David Harlock the plan is to generate additional funds to return the company to optimal capital structure.

STOCK TICKER	Wk Open	Wk End	Change	% change
BOPP	3.02	3.06	0.04	1.32%
MLC	0.19	0.20	0.01	5.26%
SCB	16.30	16.34	0.04	0.25%
SIC	0.18	0.20	0.02	11.11%

Table 3: Gainers for the week

STOCK TICKER	Wk Open	Wk End	Change	% change
CAL	1.02	0.93	-0.09	-8.82%
CPC	0.02	0.01	-0.01	-50.00%
EBG	7.07	7.05	-0.02	-0.28%
EGL	2.41	2.40	-0.01	-0.41%
ETI	0.26	0.25	-0.01	-3.85%
FML	7.38	7.35	-0.03	-0.41%
GCB	3.75	3.70	-0.05	-1.33%
HFC	1.10	1.05	-0.05	-4.55%
PBC	0.10	0.09	-0.01	-10.00%
PZC	0.32	0.31	-0.01	-3.13%
SOGEGH	0.85	0.84	-0.01	-1.18%

Table 4: Laggards for the week

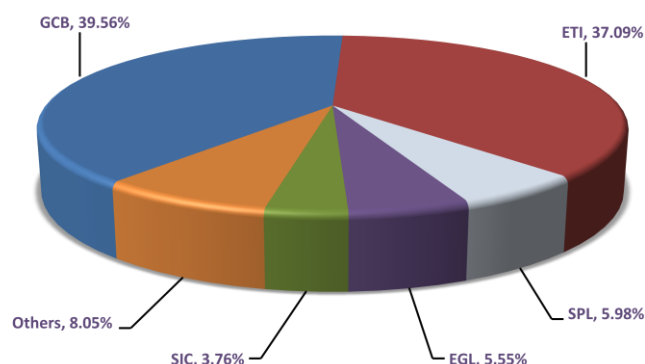


Fig 2: Top 5 most liquid equities with respect to volume traded

Stock	Ticker	Year Opening Price(GH¢)	Closing Price @ 4/2/2016 (GH¢)	YTD Gain/Loss (%)
African Champion Industries Ltd.	ACI	0.02	0.02	0.00%
AngloGold Ashanti Ltd.	AGA	37.00	37.00	0.00%
Aluworks Limited	ALW	0.14	0.07	-50.00%
Ayrton Drug Manufacturing Ltd.	AYRTN	0.18	0.13	-27.78%
Benso Oil Palm Plantation	BOPP	2.50	3.06	22.40%
Cal Bank Ltd	CAL	1.00	0.93	-7.00%
Clydestone (Ghana) Ltd.	CLYD	0.03	0.03	0.00%
Camelot Ghana Ltd.	CMLT	0.12	0.12	0.00%
Cocoa Processing Co. Ltd.	CPC	0.02	0.01	-50.00%
Ecobank Ghana Ltd.	EBG	7.01	7.05	0.57%
Enterprise Group Limited	EGL	2.40	2.40	0.00%
Ecobank Transnational Inc.	ETI	0.27	0.25	-7.41%
Fan Milk Ltd.	FML	7.35	7.35	0.00%
Ghana Commercial Bank Ltd.	GCB	3.79	3.70	-2.37%
Guinness Ghana Breweries Ltd.	GGBL	1.99	1.99	0.00%
Ghana Oil Company Limited	GOIL	1.40	1.45	3.57%
Golden Star Resources Ltd.	GSR	1.99	1.99	0.00%
Golden Web Ltd.	GWEB	0.01	0.01	0.00%
HFC Bank (Ghana) Ltd.	HFC	0.90	1.05	16.67%
Mega Africa Capital Ltd	MAC	6.00	6.00	0.00%
Mechanical Lloyd Co. Ltd.	MLC	0.19	0.20	5.26%
Pioneer Kitchenware Ltd.	PKL	0.05	0.05	0.00%
Produce Buying Company Ltd.	PBC	0.10	0.09	-10.00%
PZ Cussons Ghana Ltd.	PZ	0.34	0.31	-8.82%
Standard Chartered Bank (GH) Ltd.*	SCB	16.30	16.34	0.25%
SIC Insurance Company Ltd.	SIC	0.14	0.20	42.86%
Starwin Products Ltd.	SPL	0.04	0.02	-50.00%
Societe Generale Ghana Limited	SOGEGH	0.80	0.84	5.00%
Sam Woode Ltd.	SWL	0.04	0.04	0.00%
Trust Bank Ltd. (The Gambia)	TBL	0.37	0.37	0.00%
Total Petroleum Ghana Ltd.	TOTAL	5.10	5.15	0.98%
Transaction Solutions (Ghana) Ltd.	TRANSOL	0.03	0.03	0.00%
Tullow Oil Plc	TLW	28.00	27.99	-0.04%
Unilever Ghana Ltd.	UNIL	8.50	8.50	0.00%
UT Bank	UTB	0.10	0.11	10.00%
AngloGold Ashanti Depository Shares	AADS	0.52	0.52	0.00%
Standard Chartered Bank Preference shares	SCB PEF	0.71	0.71	0.00%
NewGold Exchange Traded Fund	GLD	39.00	38.80	-0.51%
Samba Foods Ltd	SAMBA	0.73	0.73	0.00%
Meridian Marshalls Holding Company	MMH	0.11	0.11	0.00%
Hords Limited	HORDS	0.08	0.09	12.50%
Intravenous Infusions Limited	IIL	0.09	0.09	0.00%

Table 5: Performance of listed equities from year open

CURRENCY MARKET

EXCHANGE RATES	BUYING	SELLING	YTD CHANGE
USDGHS	3.8506	3.8545	0.56% ▼
GBPGHS	5.6138	5.6210	2.24% ▼
EURGHS	4.3014	4.3053	2.89% ▼

Table 6: Inter-bank indicative rates

▲ year-to-date appreciation ▼ year-to-date depreciation

Dollar strengthens further

The American Dollar appreciated in value last week amid the Central Bank's effort to put inflation on a tight rein in the short to medium term while keeping the Ghanaian Cedi relatively stable.

Ghana's economy is anticipated to suffer further inflationary pressures due the recent 15% increase in transport fares and the implementation of the ECOWAS Common External Tariff (CET), which in turn may have a negative impact on the country's currency.

At the end of last Thursday's currency trading, the US Dollar posted an appreciation of 0.56% against the Cedi on the interbank market. The Greenback therefore closed with an annual return of 1.52%.

Euro upholds sequential gain

The shared currency recorded yet another win against the Cedi on Ghana's inter-bank market last Thursday.

The Euro recorded a strong gain of 2.89%, indicating investors' confidence in the currency as opposed to the Cedi.

At the end of last Thursday's trading, the Euro climbed to an annual return of 4.15% against the Cedi after trading at a midrate of GH¢4.3034.

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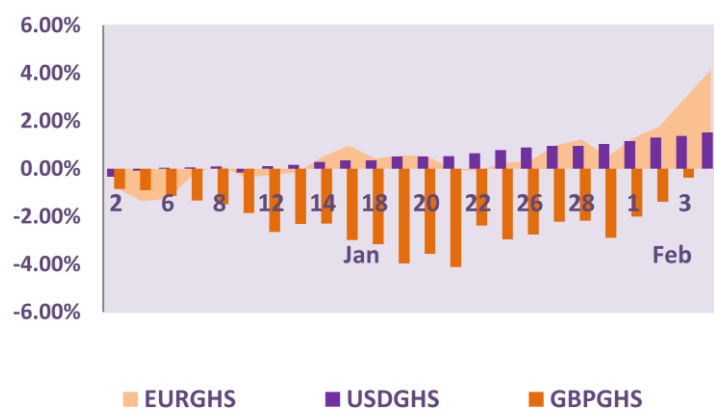
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CEDI DECLINES AS TRADE DEFICIT INCREASES

The Ghanaian Cedi lost its footing on the currency market last week following the release of a report on Ghana's trade deficit.

According to figures from the Central Bank, the trade deficit for last year widened by 137.9% over the 2014 figure to US\$3.84billion (about 10.6% of GDP), making it the worst trade gap recorded in the country since 2013 when the deficit reached a similar value, and this was only after a drop in oil and gas imports.

Correspondingly, the Cedi recorded another holistic decline against its trading partners on Thursday. Thus, the Cedi gave up 1.55% of its composite value to settle at a year-to-date loss of 2.04% from 0.48% recorded a fortnight ago.



Pound versus Cedi

The British Pound dwindled on the international market after the Bank of England (BoE) last week, kept its interest rate unchanged at a record-low level of 0.5% since 2009.

Also, the BoE downgraded the nation's growth forecasts for this year and the next, citing worsening global growth prospectus as its reason. Thus, the Central Bank lowered growth outlook for 2016 to 2.2% from 2.5% and that of 2017 to 2.4% from 2.7%.

That notwithstanding, the Sterling climbed to a midrate of GH¢5.6174 per Pound, this represented an appreciation of 2.24% in value against the Cedi, resulting in an annual return of 0.02%.

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