

WEEKLY MARKET WATCH

SIC-FSL INVESTMENT RESEARCH | MARKET REVIEWS | GHANA

10th December, 2015



STOCK MARKET

INDICATORS	WEEK OPEN	WEEK END	CHANGE
Market Capitalization (GH¢ million)	57,170.90	56,669.68	-0.88%
Market Capitalization (US\$ million)	15,062.81	14,924.86	-0.92%
Volume traded (shares)	8,290,709.00	3,912,014.00	-52.81%
Value Traded (GH¢)	7,532,352.89	11,088,236.96	47.21%
Value Traded (US\$)	1,984,548.25	2,920,262.57	47.15%

Table 1: Market Summary

INDEX ANALYSIS

INDICATORS	Closing Level	Week Change	YTD CHANGE
GSE Composite Index	1,954.50	-0.93%	-13.56%
SIC-FSL Top 15 Index	3,623.85	-3.40%	-8.10%
GSE Financial Stocks Index	1,889.24	-0.96%	-15.80%

Table 2: Key Stock Market Indices

LIQUIDITY

Activity in 18 equities accounted for the 3.91 million shares that exchanged hands on the bourse last week, which represented 52.81% decline in the previous week's figure. However, activities in higher priced equities pushed value traded up by 47.21% to GH¢7.53 million. The drop in shares traded might not only be due to the reduced number of trading days that accompanied the "Farmers Day Celebration", but also few block trades within the period.

The financial sector contributed 69.86% of total traded shares whereas the Consumer Goods sector accounted for 50.02% of the entire value traded.

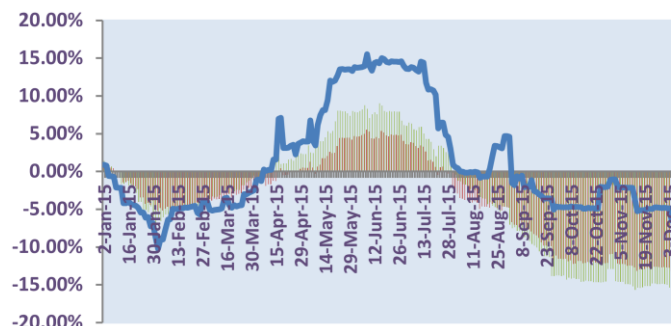
Cal Bank Limited (CAL) recorded the highest trade in the week, with a net contribution of 1.52 million traded shares, which translates into 38.85%. Fan Milk Limited (FML) emerged the most valuable with a contribution of GH¢5.49 million, representing 49.50% of total traded value.

GSE WORSENS, AS BLUE-CHIP STOCK FALLS

The excitement on the Ghana Stock Exchange (GSE) dropped further down last week due to the unfavourable economic news released within the period. The Ghana Statistical Service (GSS) announced an increase of 0.2% rise in inflationary pressure for November to 17.6% compared to the 17.4% in October. In the same week, rating agency "Fitch" warned Ghana against issuing another Eurobond next year. This, according to the agency, may attract high interest following the current market dynamics as investors would like to be compensated higher for risk.

These, among other factors appeared to have impacted the market negatively. Blue-chip stocks like Total Petroleum Ghana Limited (TOTAL), Fan Milk Limited (FML), Ecobank Ghana Limited (EBG) and Ecobank Transnational Incorporated dipped to drag the broader market down.

In effect, the year-to-date losses on the Composite Index (GSE-CI), the GSE Financial Stocks Index (GSE-FSI) and the SIC-FSL Top 15 Index worsened. The benchmark Index closed at a year-to-date loss of 13.56% as the GSE-FSI and SIC-FSL T-15 also settled at annual losses of 15.80% and 8.10% respectively.



■ GSE YTD Change ■ GSE-FSI YTD ■ SIC-FSL 15 YTD Change

Fig 1: Year -to- date returns

MARKET MOVERS

Increase selling-pressure affects TOTAL's share price

The oil-marketing giant; Total Petroleum Ghana Limited (TOTAL) ended the week as the worst performing stock on the exchange last week after investors successfully beat-down the share price. Increased offers of TOTAL shares last week caused a 20-pesewas drop in its market value over the period.

Though TOTAL's current price of GH¢5.10 per share appears relatively underpriced, intuitively the dynamics is slightly different. For instance, at the current trailing P/E ratio of 13x, the stock is trading at 8% premium against the sectors average ratio of 12x, indicating some level of over-heating in price.

Seemingly, the above appeared to be part of the few fundamental reason that supported the numerous sale-offers last week.

Investors beat-down FML's share price

Market participants' overlooked Fan Milk Limited's (FML) inspiring performance as revealed in its third quarter (Q3'15) results to still beat-down the share price. In the heat of last week's exchanges, shareholders surrendered 9-pesewas to match the few bid orders on the market. FML, closed the week's trading at GH¢7.26 per share, which represented 1.22% decline in nominal value.

The company report a profit after tax growth of 256% in Q3'15 compared to GH¢10.26 million recorded in Q3'14. At the same period, revenue grew by 92% to settle at GH¢221.74 million in Q3'15 compared to the same period last year.

Nonetheless, investors paid little attention to the company's prospects, as they sold to avoid the seemingly possibility of poor performance on the back of harsh economic environment.

Corporate News

INTRAVENOUS INFUSION LIMITED (IIL) ANNOUNCES THE SUCCESS OF ITS INITIAL PUBLIC OFFER (IPO) ON THE GAX: The management of IIL has announced the successful completion of its IPO on the Ghana Alternative Exchange (GAX). The company received a total of GH¢6,829,642, which was 137% above the minimum required subscription of GH¢5,000,000.

The company will be listing and trading on the GAX from the 15th of December, 2015.

STOCK TICKER	Wk Open	Wk End	Change	% change
ALW	0.08	0.09	0.01	12.50%
CAL	0.80	0.85	0.05	6.25%
GCB	3.76	3.78	0.02	0.53%
GOIL	1.38	1.39	0.01	0.72%
SIC	0.13	0.14	0.01	7.69%
SCB PREF	0.69	0.70	0.01	1.45%

Table 3: Gainers for the week

STOCK TICKER	Wk Open	Wk End	Change	% change
EBG	7.10	7.01	-0.09	-1.27%
ETI	0.28	0.26	-0.02	-7.14%
FML	7.35	7.26	-0.09	-1.22%
TOTAL	5.30	5.10	-0.20	-3.77%
GLD	39.95	39.00	-0.95	-2.38%

Table 4: Laggards for the week

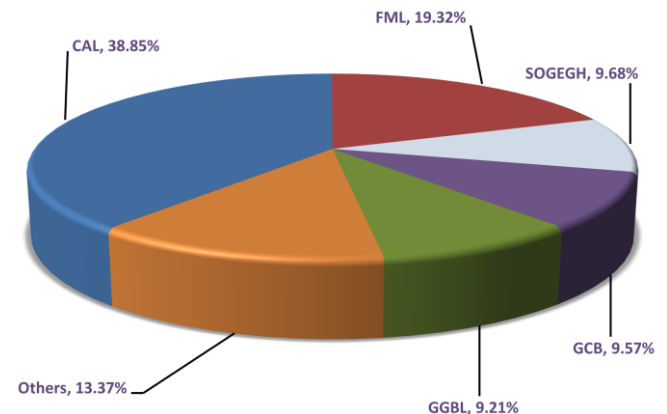


Fig 2: Top 5 most liquid equities with respect to volume traded

Stock	Ticker	Year Opening Price(GH¢)	Closing Price @ 10/12/2015 (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	0.02	0.09	350.00%
Ayrton Drug Manufacturing Ltd.	AYRTN	0.18	0.18	0.00%
Benso Oil Palm Plantation	BOPP	4.10	2.80	-31.71%
Cal Bank Ltd	CAL	1.01	0.85	-15.84%
Clydestone (Ghana) Ltd.	CLYD	0.03	0.03	-33.33%
Camelot Ghana Ltd.	CMLT	0.12	0.12	0.00%
Cocoa Processing Co. Ltd.	CPC	0.02	0.02	0.00%
Ecobank Ghana Ltd.	EBG	7.60	7.01	-7.76%
Enterprise Group Limited	EGL	1.75	2.40	37.14%
Ecobank Transnational Inc.	ETI	0.28	0.26	-7.14%
Fan Milk Ltd.	FML	5.25	7.26	38.29%
Ghana Commercial Bank Ltd.	GCB	5.30	3.78	-28.68%
Guinness Ghana Breweries Ltd.	GGBL	3.20	2.00	-37.50%
Ghana Oil Company Limited	GOIL	1.05	1.39	32.38%
Golden Star Resources Ltd.	GSR	2.34	1.99	-14.96%
Golden Web Ltd.	GWEB	0.03	0.02	-33.33%
HFC Bank (Ghana) Ltd.	HFC	1.50	0.78	-48.00%
Mega Africa Capital Ltd	MAC	4.50	5.50	22.22%
Mechanical Lloyd Co. Ltd.	MLC	0.28	0.15	-46.43%
Pioneer Kitchenware Ltd.	PKL	0.06	0.05	-16.67%
Produce Buying Company Ltd.	PBC	0.12	0.10	-16.67%
PZ Cussons Ghana Ltd.	PZ	0.30	0.34	13.33%
Standard Chartered Bank (GH) Ltd.*	SCB	20.35	16.30	-19.90%
SIC Insurance Company Ltd.	SIC	0.37	0.14	-62.16%
Starwin Products Ltd.	SPL	0.02	0.03	50.00%
Societe Generale Ghana Limited	SOGEGH	1.00	0.80	-20.00%
Sam Woode Ltd.	SWL	0.04	0.04	0.00%
Trust Bank Ltd. (The Gambia)	TBL	0.24	0.37	54.17%
Total Petroleum Ghana Ltd.	TOTAL	6.10	5.10	-16.39%
Transaction Solutions (Ghana) Ltd.	TRANSOL	0.03	0.03	0.00%
Tullow Oil Plc	TLW	34.99	28.00	-19.98%
Unilever Ghana Ltd.	UNIL	10.70	7.89	-26.26%
UT Bank	UTB	0.25	0.10	-60.00%
AngloGold Ashanti Depository Shares	AADS	0.52	0.52	0.00%
Standard Chartered Bank Preference shares	SCB PREF	0.58	0.70	20.69%
NewGold Exchange Traded Fund	GLD	35.80	39.00	8.94%
Samba Foods Ltd	SAMBA	0.73	0.73	0.00%
Meridian Marshalls Holding Company	MMH	0.11	0.11	0.00%
Hords Limited	HORDS	0.05	0.08	60.00%

Table 5: Performance of listed equities from year open

CURRENCY MARKET

EXCHANGE RATES	BUYING	SELLING	YTD CHANGE
USDGHS	3.7951	3.7989	18.65% ▼
GBPGHS	5.7610	5.7686	15.78% ▼
EURGHS	4.1532	4.1561	6.64% ▼

Table 6: Inter-bank indicative rates

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

Dollar gains marginally

The USDGHS exchange rate appreciated marginally by 0.04%, pushing its midrate value up to GH¢3.7970 against the Cedi. The greenback posted an annual return of 18.65% among the Banks which was quite better than the previous week's level of 18.61%.

In the period under review, BBC reported of the price of oil falling to lowest level since 2009 as global production continues to remain high. The price of West Texas crude sank to \$37.65 (£24.99) a barrel, a drop of 5.8%, while Brent Crude fell 5.3% to \$40.73 a barrel. The drop follows the decision by the Organization of the Petroleum Exporting Countries (OPEC) not to cut output despite the excess supply which is depressing prices.

The local currency will be significantly affected if the oil prices continue to decline, since the decline poses a negative impact on the Ghana's foreign exchange reserves which helps curtail challenges with demand and supply of foreign exchange and in turn help stabilize the Cedi.

Cedi loses to Euro

The shared currency gained versus the Cedi after it was pegged at GH¢4.1547 an Euro, by the close of Thursday's currency trading activities.

Thus, the Cedi gave up 0.90% of its value to see the Euro settle at a year-to-date appreciation of 6.64% last Thursday.

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CEDI WEAKENS AS INFLATION RISES

An increase in the rate of the general prices of goods and services explains the reason behind the depreciation in the value of the Ghana Cedi against its major trading currencies last week.

The Cedi lost 0.45% of its value on the interbank market last Thursday after the Ghana Statistical Services (GSS) announced a rise in November inflation from 17.4% in the previous month to 17.6%, the highest rate since July this year.

The marginal rise in inflation was driven by increases in the cost of food, housing and utilities, transportation and clothing during the period under review.

This resulted in an increase in the local currency's year-to-date loss to 14.39% on Thursday.

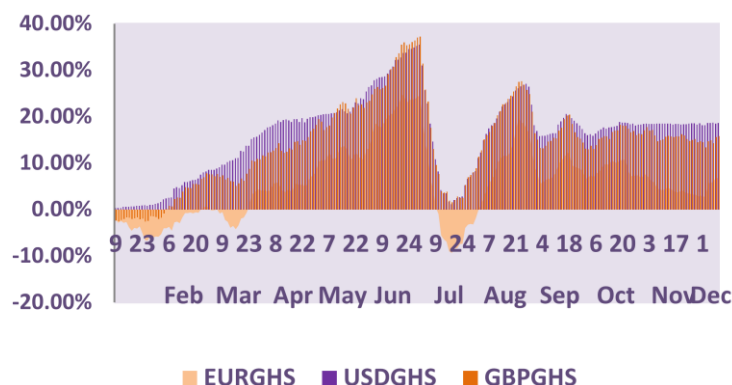


Fig 3: YTD performance of Pound, Dollar & Euro versus the Cedi

Pound versus Cedi

The British Pound weakened in value on the international market last week after the Bank of England (BoE) kept its monetary policy rate unchanged with officials concerned that falling oil prices and slowing wage growth would increase the likelihood of headline inflation remaining subdued.

However, the situation was different on Ghana's currency market as the Pound, being the main contributor to the Cedi's holistic loss, appreciated by 0.92%, increasing its annual yield to 15.78%.

£1.00 was bought at GH¢5.76 and sold for GH¢5.77 on Thursday.

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