

# WEEKLY MARKET WATCH

SIC-FSL INVESTMENT RESEARCH | MARKET REVIEWS | GHANA

1<sup>st</sup> September, 2016



## STOCK MARKET

INDICATORS	WEEK OPEN	WEEK END	CHANGE
Market Capitalization (GH¢million)	54,070.43	53,665.96	-0.75%
Market Capitalization (US\$million)	13,698.20	13,599.06	-0.72%
Volume traded (shares)	1,627,472.00	457,396.00	-71.90%
Value Traded (GH¢)	8,333,873.13	1,586,975.04	-80.96%
Value Traded (US\$)	2,111,303.18	402,142.52	-80.95%

Table 1: Market Summary

## INDEX ANALYSIS

INDICATORS	Closing Level	Week Change	YTD CHANGE
GSE Composite Index	1,811.40	-0.08%	-9.20%
SIC-FSL Top 15 Index	3,087.55	1.51%	-16.79%
GSE Financial Stocks Index	1,721.12	0.06%	-10.83%

Table 2: Key Stock Market Indices

## LIQUIDITY

Market activities were significantly down, following the exchange of 457,396 shares on the Exchange, as compared to the 1.63 million shares that traded in the week before. Similarly, corresponding value traded also dropped from the GH¢8.33 million to GH¢1.59 million last week.

The financial stocks emerged the most preferred sector, contributing 85.96% of the total shares that traded, which also represented 85.96% of the entire traded value.

The shares of Ecobank Ghana Limited (EGH) remained the most traded on the market in terms of volume and value of traded shares. The stock contributed 105,426 out of the total traded shares, representing 23.05% of market volume. This was valued at approximately GH¢724,315.69, which represented 45.64% of market value.

## BLUE-CHIP STOCKS HALT RECOVERY PROCESS

Sloppy performance in some Blue-Chip stocks stalled the recovery process on the Ghana Stock Exchange (GSE) for a second consecutive week. Shares of Tullow Oil Plc (TLW), GCB Bank Limited (GCB), Enterprise Group Limited (EGL) and Aluworks Limited (ALW) dropped in value to slow down the market's recovery process.

At the close of Thursday's session, the GSE Composite Index (GSE-CI) which tracks the performance of the entire market, saw increased year-to-date loss of 9.20% from the previous week's 9.12%. However, an appreciation in Fan Milk Limited (FML), HFC Bank Limited (HFC) and Ecobank Transnational Incorporated (ETI) saw the Financial Stocks Index (GSE-FSI) and the SIC-FSL's top 15 liquid Index (SIC-FSL T-15) improved slightly, posting year-to-date losses of 10.83% and 16.79% from their respective losses of 10.88% and 18.03% in the week before.

Total market capitalization on the GSE slipped to GH¢53.67 billion from GH¢54.07 billion, whilst an equivalent dollar value also declined by 0.72% to USD13.60 billion.



Fig 1: Year-to-date returns

## MARKET MOVERS

### Tullow hits record low-price despite positive news

In spite of the recent announcement about the first oil flow from the Tweneboa, Enyenra, Ntomme (TEN) fields offshore Ghana, investors on the Ghanaian bourse still bid-down the share value last week. The company's share price dropped significantly from the GH¢27.86 to a record low of GH¢27.20 last Thursday, closing as the worst performing stock on the Exchange.

Management of Tullow Oil Plc confirmed pumping its first oil from the TEN project after three years of development work. The news failed to receive the expected attention on the Ghanaian Bourse, as investors still managed to beat-down the company's share price. Even though current price of GH¢27.20 a share is below the company's 182-Day Volume Weighted Average Price (VWAP<sub>182</sub>) of GH¢27.93 per share and the 182-Day Average Price of GH¢27.94 per share, further price decline seems possible in the future.

### GCB reverses some gains

Profit-taking in GCB Bank (GCB) shares last week, saw the stock dropped from the previous week's value of GH¢4.10 to GH¢4.00 per share, as shareholders took some gains out of their investment.

Though GCB is still trading at 34% discount to the sector's trailing average P/E ratio of 6x, the 182-Day Volume Weighted Average Price (VWAP<sub>182</sub>) of GH¢3.51 and the 182-Day Average Trading Price of GH¢3.44 per share also seems to suggest some degree of heat in its current market price.

Going forward, swing to either up or down in price appear evenly likely now.

## CORPORATE NEW

**SOCIETE GENERALE GHANA LIMITED (SOGEGH) ANNOUNCES RENOUNCEABLE RIGHT ISSUE DETAILS:** Following the approval of the Board of Directors of a Renounceable Rights Issue on July 8, 2016 and the approval from the Securities & Exchange Commission on 29 August 2016, management of the bank has agreed to offer 1 new share for every 5.575 shares held by qualified shareholders.

STOCK TICKER	Wk Open	Wk End	Change	% change
EGH	6.87	6.88	0.01	0.15%
ETI	0.15	0.16	0.01	6.67%
FML	9.50	9.74	0.24	2.53%
HFC	0.72	0.75	0.03	4.17%
PZC	0.20	0.21	0.01	5.00%

Table 4: Gainers for the week

STOCK TICKER	Wk Open	Wk End	Change	% change
ALW	0.14	0.12	-0.02	-14.29%
CAL	0.88	0.86	-0.02	-2.27%
EGL	2.39	2.36	-0.03	-1.26%
GCB	4.10	4.00	-0.10	-2.44%
GOIL	1.33	1.24	-0.09	-6.77%
SIC	0.17	0.16	-0.01	-5.88%
TLW	27.86	27.20	-0.66	-2.37%
UTB	0.07	0.06	-0.01	-14.29%

Table 4: Laggards for the week

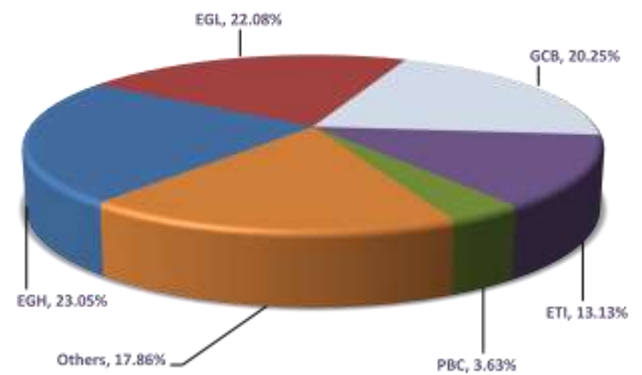


Fig 2: Top 5 most liquid equities with respect to volume traded

Stock	Ticker	Year Opening Price(GH¢)	Closing Price @ 1/09/2016 (GH¢)	YTD Gain/Loss (%)
African Champion Industries Ltd.	ACI	0.02	0.01	-50.00%
AngloGold Ashanti Ltd.	AGA	37.00	37.00	0.00%
Aluworks Limited	ALW	0.14	0.12	-14.29%
Ayrton Drug Manufacturing Ltd.	AYRTN	0.18	0.10	-44.44%
Benso Oil Palm Plantation	BOPP	2.50	2.70	8.00%
Cal Bank Ltd	CAL	1.00	0.86	-14.00%
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.	EGH	7.01	6.88	-1.85%
Enterprise Group Limited	EGL	2.40	2.36	-1.67%
Ecobank Transnational Inc.	ETI	0.27	0.16	-40.74%
Fan Milk Ltd.	FML	7.35	9.74	32.52%
Ghana Commercial Bank Ltd.	GCB	3.79	4.00	5.54%
Guinness Ghana Breweries Ltd.	GGBL	1.99	1.79	-10.05%
Ghana Oil Company Limited	GOIL	1.40	1.24	-11.43%
Golden Star Resources Ltd.	GSR	1.99	1.95	-2.01%
Golden Web Ltd.	GWEB	0.01	0.01	0.00%
HFC Bank (Ghana) Ltd.	HFC	0.90	0.75	-16.67%
Mega Africa Capital Ltd	MAC	6.00	6.00	0.00%
Mechanical Lloyd Co. Ltd.	MLC	0.19	0.16	-15.79%
Pioneer Kitchenware Ltd.	PKL	0.05	0.05	0.00%
Produce Buying Company Ltd.	PBC	0.10	0.05	-50.00%
PZ Cussons Ghana Ltd.	PZ	0.34	0.21	-38.24%
Standard Chartered Bank (GH) Ltd.*	SCB	16.30	14.20	-12.88%
SIC Insurance Company Ltd.	SIC	0.14	0.16	14.29%
Starwin Products Ltd.	SPL	0.04	0.02	-50.00%
Societe Generale Ghana Limited	SOGEGH	0.80	0.80	0.00%
Sam Woode Ltd.	SWL	0.04	0.04	0.00%
Trust Bank Ltd. (The Gambia)	TBL	0.37	0.30	-18.92%
Total Petroleum Ghana Ltd.	TOTAL	5.10	2.90	-43.14%
Transaction Solutions (Ghana) Ltd.	TRANSOL	0.03	0.03	0.00%
Tullow Oil Plc	TLW	28.00	27.20	-2.86%
Unilever Ghana Ltd.	UNIL	8.50	8.48	-0.24%
UT Bank	UTB	0.10	0.06	-40.00%
AngloGold Ashanti Depository Shares	AADS	0.52	0.52	0.00%
Standard Chartered Bank Preference shares	SCB PEF	0.71	0.75	5.63%
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	0.10	25.00%
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	3.9443	3.9483	3.99% ▼
GBPGHS	5.2424	5.2501	6.59% ▲
EURGHS	4.4139	4.4196	6.89% ▼

Table 6: Inter-bank indicative rates

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

### Dollar loses to Cedi

The Dollar took a breather by close of Thursday's trading activities, as supply of the Dollar on the market was just enough to meet demand.

In effect, the Cedi-dollar pair rate was slightly better than its previous performance, with the Cedi inching up by 0.02% in value.

Consequently, the Dollar's yield since year open declined from the previous 4.01% to 3.99% last Thursday.

### Sterling strengthens on positive PMI data

The Pound staged quite a solid rally on the international market last week, as UK manufacturing activity rebounded, boosting market confidence. The UK Purchasing Managers' Index (PMI) for the sector rose to 53.3 points in August from July's figure of 48.3 points, as figure above 50 points indicates expansion.

This event had an impact on the domestic currency market, as the Cedi suffered loss against the Pound on the inter-bank market.

The Cedi's value declined by 0.76% as the Pound traded at a midrate of GH¢5.2463. This trimmed down the Pound's year-to-date loss from 7.29% to 6.59% by close of trading on Thursday.

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## CEDI REBOUNDS IN VALUE

Last week, the local currency managed to trim off some of the losses it had suffered against its major trading partners since the beginning of the year. This saw the Cedi settle at a year-to-date loss of 2.92% from 3.06% a week earlier.

The Cedi gained a composite value of 0.13% on the inter-bank market last week. This appreciation can be associated to the fall in the value of the Euro and the Dollar as well as the gradual rise in investors' confidence in the value of the Cedi.

Also, due to the new forex rules, the central bank is believed to surrender \$150 million in export proceeds to commercial banks just to shore up the Cedi.



### Euro under pressure

The Euro came under pressure on the global front as the Euro-area's economic confidence nosedived for the month of August this year.

The industry and consumer confidence of the Euro region deteriorated to 103.5 points in August from a revised 104.5 points in July. This adds up to the rippling effect of the recent Brexit which occurred in June this year.

Also, on Ghana's inter-bank market, the shared currency lost some of its worth to the Cedi. Over the period the annual return of the shared currency against the local currency dropped to 6.89%, subsequent to its midrate of GH¢4.4168 last week.

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