

# WEEKLY MARKET WATCH

SIC-FSL INVESTMENT RESEARCH | MARKET REVIEWS | GHANA

21<sup>st</sup> January, 2016



## STOCK MARKET

| INDICATORS                           | WEEK OPEN    | WEEK END      | CHANGE |
|--------------------------------------|--------------|---------------|--------|
| Market Capitalization (GH¢'million)  | 57,024.25    | 56,741.36     | -0.50% |
| Market Capitalization (US\$'million) | 14,982.72    | 14,874.01     | -0.73% |
| Volume traded (shares)               | 4,121,306.00 | 5,591,140.00  | 35.66% |
| Value Traded (GH¢)                   | 7,097,474.78 | 10,627,615.23 | 49.74% |
| Value Traded (US\$)                  | 1,864,812.08 | 2,785,890.54  | 49.39% |

Table 1: Market Summary

## INDEX ANALYSIS

| INDICATORS                 | Closing Level | Week Change | YTD CHANGE |
|----------------------------|---------------|-------------|------------|
| GSE Composite Index        | 1,998.68      | -0.73%      | 0.19%      |
| SIC-FSL Top 15 Index       | 3,605.31      | -1.64%      | -2.83%     |
| GSE Financial Stocks Index | 1,933.98      | -0.96%      | 0.20%      |

Table 2: Key Stock Market Indices

## LIQUIDITY

Activity in twenty-five (25) equities yielded a total of 5.59 million shares trading, which represented an increase of 35.66% over the previous week's figure. The hype in total shares traded was due to the block trades recorded in GCB Bank and Cal Bank's shares. Similarly, total value traded also improved significantly to GH¢10.63 million, compared to the GH¢7.10 million recorded in the week before.

The financial stocks contributed 94.07% and 96.92% of both volume and value of shares that traded in the past week, giving credence to the sector's vibrancy on the market.

GCB Bank Limited (GCB) emerged the best stock in terms of volume and value of shares that traded. GCB, solely contributed 2.01 million of the total traded shares, representing 35.99% of entire market volume for the week. This was valued at GH¢7.54 million, representing 70.99%.

## GSE SURRENDERS EARLY GAINS

At the end of trading last week, twelve (12) stocks witnessed price movement, out of which seven (7) laggards were dragging the broader market down.

In a week when worker agitation for a reduction in the recently increased utility tariffs hit its height with a nationwide industrial strike action, the market was quite bearish. Regardless, it was still a week of a positive economic event as the IMF approved a third disbursement of \$114.6 million to help tackle Ghana's economic recovery. This thought had little effect on the bearish trend experienced within the week under review.

Key benchmark indices like the GSE Composite Index, the GSE Financial Stocks Index and the SIC-FSL Top 15 liquid Index closed the week at a lower yields of 0.19%, 0.20% and -2.83% respectively, compared to the 0.95%, 1.17% and -1.21% recorded in the previous week.

The worth of listed companies (market capitalization) on the Exchange also dropped to GH¢56.74 billion, from a week opening value of GH¢57.02 billion, with its equivalent dollar value dropping to USD 14.87 billion.



Fig 1: Year-to-date returns

## MARKET MOVERS

### Investors take-out gains in HFC

Investors appeared to be raking in gains on their holdings in HFC Bank, as they seemed to be realising gains. Buyers on the other hand managed to pick some at a discount as the bank's shares slipped to GH¢1.10 per share from the GH¢1.20 of the previous week. The decline appeared to have been driven by the selling pressure on the market.

At the current GH¢1.10 per share, the Bank appeared to be trading at a premium, when compared to the VWAP<sub>248</sub> of GH¢1.06 per share. There are chances for a further downward price review in future sessions.

### Aluworks slips to 8-pesewas

The Aluminium giant; Aluworks Limited (ALW) slipped to GH¢0.08 a share last week, representing 14.29% week-on-week decline. This brought the whole year-to-date decline by the company to 42.86%, making the second worst performed equity on the Ghanaian market after Starwin Product Limited (SPL).

The drop in ALW appeared to be following pure market interplay following the mispriced nature of the stock on the Accra market.

At the current price of GH¢0.08 per share, Aluworks is trading above its 248-Days volume weighted average price of GH¢0.07 per share, indicating the possibility further downward price correction in subsequent market activities.

### BOPP leads market gainers

The best performed equity on the Ghana Stock Exchange (GSE) last week was the oil-palm giant, Benso Oil Palm Plantation (BOPP). BOPP saw a 20-pesewas increase in market value to emerge the best performed stock on the Exchange and the week as well. The company's share price appreciated from the GH¢2.80 to GH¢3.00 per share.

Analysts believe that the current upward price movement in BOPP might be due to the under-quoting of the company value on the Exchange. Accordingly, the company should be trading in the region of GH¢3.64 and GH¢4.17 per share when pegged against the VWAP<sub>248</sub> and the 248-days average trading price. Hence, the possibility further upward price review appears likely.

| STOCK TICKER | Wk Open | Wk End | Change | % change |
|--------------|---------|--------|--------|----------|
| BOPP         | 2.80    | 3.00   | 0.20   | 7.14%    |
| EBG          | 7.05    | 7.06   | 0.01   | 0.14%    |
| EGL          | 2.40    | 2.41   | 0.01   | 0.42%    |
| SIC          | 0.14    | 0.15   | 0.01   | 7.14%    |
| TOTAL        | 5.12    | 5.15   | 0.03   | 0.59%    |

Table 3: Gainers for the week

| STOCK TICKER | Wk Open | Wk End | Change | % change |
|--------------|---------|--------|--------|----------|
| ALW          | 0.12    | 0.08   | -0.04  | -33.33%  |
| AYRTN        | 0.14    | 0.12   | -0.02  | -14.29%  |
| CAL          | 1.05    | 1.04   | -0.01  | -0.95%   |
| ETI          | 0.26    | 0.25   | -0.01  | -3.85%   |
| HFC          | 1.20    | 1.10   | -0.10  | -8.33%   |
| SPL          | 0.04    | 0.02   | -0.02  | -50.00%  |
| UTB          | 0.11    | 0.10   | -0.01  | -9.09%   |

Table 4: Laggards for the week

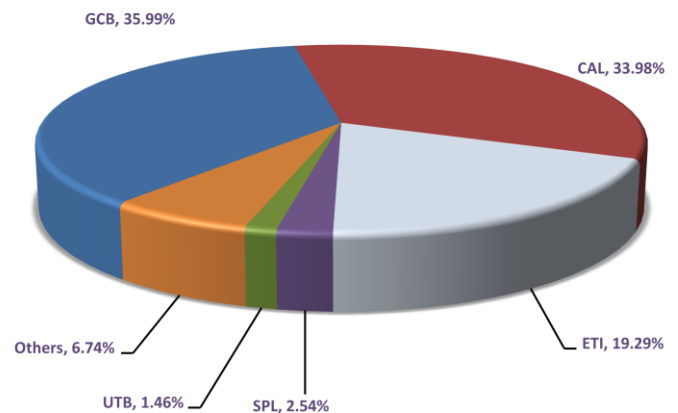


Fig 2: Top 5 most liquid equities with respect to volume traded

| Stock                                     | Ticker   | Year Opening Price(GH¢) | Closing Price @ 21/1/2016 (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                    | 0.08                            | -42.86%           |
| Ayrton Drug Manufacturing Ltd.            | AYRTN    | 0.18                    | 0.12                            | -33.33%           |
| Benso Oil Palm Plantation                 | BOPP     | 2.50                    | 3.00                            | 20.00%            |
| Cal Bank Ltd                              | CAL      | 1.00                    | 1.04                            | 4.00%             |
| 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                    | 0.02                            | 0.00%             |
| Ecobank Ghana Ltd.                        | EBG      | 7.01                    | 7.06                            | 0.71%             |
| Enterprise Group Limited                  | EGL      | 2.40                    | 2.41                            | 0.42%             |
| Ecobank Transnational Inc.                | ETI      | 0.27                    | 0.25                            | -7.41%            |
| Fan Milk Ltd.                             | FML      | 7.35                    | 7.38                            | 0.41%             |
| Ghana Commercial Bank Ltd.                | GCB      | 3.79                    | 3.75                            | -1.06%            |
| 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                    | 1.10                            | 22.22%            |
| Mega Africa Capital Ltd                   | MAC      | 6.00                    | 6.00                            | 0.00%             |
| Mechanical Lloyd Co. Ltd.                 | MLC      | 0.19                    | 0.19                            | 0.00%             |
| Pioneer Kitchenware Ltd.                  | PKL      | 0.05                    | 0.05                            | 0.00%             |
| Produce Buying Company Ltd.               | PBC      | 0.10                    | 0.10                            | 0.00%             |
| PZ Cussons Ghana Ltd.                     | PZ       | 0.34                    | 0.33                            | -2.94%            |
| Standard Chartered Bank (GH) Ltd.*        | SCB      | 16.30                   | 16.30                           | 0.00%             |
| SIC Insurance Company Ltd.                | SIC      | 0.14                    | 0.15                            | 7.14%             |
| Starwin Products Ltd.                     | SPL      | 0.04                    | 0.02                            | -50.00%           |
| Societe Generale Ghana Limited            | SOGEGH   | 0.80                    | 0.82                            | 2.50%             |
| 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                   | 28.00                           | 0.00%             |
| Unilever Ghana Ltd.                       | UNIL     | 8.50                    | 8.50                            | 0.00%             |
| UT Bank                                   | UTB      | 0.10                    | 0.10                            | 0.00%             |
| AngloGold Ashanti Depository Shares       | AADS     | 0.52                    | 0.52                            | 0.00%             |
| Standard Chartered Bank Preference shares | SCB PREF | 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                    | 0.08                            | 0.00%             |
| 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         | 3.8129 | 3.8167  | 0.23% ▼    |
| GBPGHS         | 5.3819 | 5.3884  | 1.86% ▲    |
| EURGHS         | 4.1298 | 4.1316  | 0.54% ▲    |

Table 6: Inter-bank indicative rates

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

### Dollar remains resilient

The Dollar topped up its gains against the Cedi amid the International Monetary Fund's (IMF) gloomy outlook on Ghana's economy.

According to Joël Toujas-Bernaté, Ghana's IMF representative, the current global economic trends will not favour the country's efforts to bounce back. This is because of the large decline in commodity prices like gold, oil and cocoa which may lead to lower exports and then lower revenues, hence, making the improvement in the fiscal and external balances more challenging. This could make Ghana resort to borrowing which will in turn have a negative impact on the economy.

Thursday's currency trading ended with the Dollar's annual yield increasing to 0.52% after opening at GH¢3.8129 and sold for GH¢3.8167.

### Euro loses to Cedi

The Euro lost to a basket of currencies on the international market in the wake of the European Central Bank's (ECB) intention to reconsider increasing stimulus operations as early as March, which could include further interest rate cuts.

On the local market, the Euro trimmed 0.54% off its value to the Cedi, with rates on the interbank market averaging at GH¢4.1307. This represented an annual loss of 0.03% in the value of the shared currency.

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## CEDI GAINS ON BoG's COMMENT

The local currency recouped some of its gains last week after the Bank of Ghana (BoG) expressed confidence about curbing the fall in value of the Cedi.

The Central Bank has indicated that it has put in place adequate measures to curtail the Cedi from further depreciation in the coming weeks, including the controlling the repatriation of profit by some multinationals, which is believed to be one of the major challenges behind the Cedi's decline in value.

Consequently, the Cedi recorded a gain of 0.37% among the banks, to push up its year-to-date returns to 0.47% from 0.10% the week earlier.

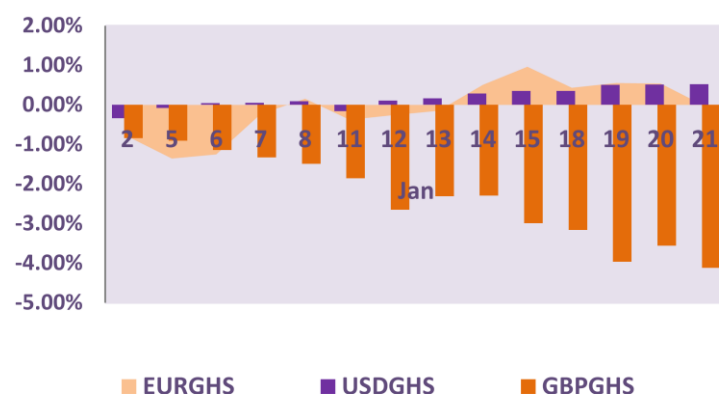


Fig 3: YTD performance of Pound, Dollar & Euro versus the Cedi

### Sterling versus Cedi

U.K.'s Consumer Price Inflation (CPI) data for the month of December had earlier in the period under review lifted the value of the Pound. Consumer price pressures increased more than expected to 0.2% compared to the 0.1% reported for the previous month.

However, the gains were not sustainable as expectations that the Bank of England (BoE) will delay raising interest rates until 2017, continued to weaken demand for the currency on the global front.

Similarly on Ghana's inter-bank market, the British Pound lost significantly to the Cedi, supporting the Cedi's composite rise in value. Thus, £1.00 was trading at a midrate of GH¢5.3852, resulting in a further decline in the Pound's year-to-date loss to 4.15% on Thursday.

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