

WEEKLY MARKET WATCH

SIC-FSL INVESTMENT RESEARCH | MARKET REVIEWS | GHANA

25th February, 2016



STOCK MARKET

INDICATORS	WEEK OPEN	WEEK END	CHANGE
Market Capitalization (GH¢ million)	56,844.69	56,587.52	-0.45%
Market Capitalization (US\$ million)	14,623.93	14,601.72	-0.15%
Volume traded (shares)	503,112.54	2,702,933.00	437.24%
Value Traded (GH¢)	920,416.54	1,502,835.00	63.28%
Value Traded (US\$)	236,787.46	387,788.36	63.77%

Table 1: Market Summary

INDEX ANALYSIS

INDICATORS	Closing Level	Week Change	YTD CHANGE
GSE Composite Index	1,981.87	-0.52%	-0.65%
SIC-FSL Top 15 Index	3,592.60	-1.68%	-3.17%
GSE Financial Stocks Index	1,920.45	-0.57%	-0.50%

Table 2: Key Stock Market Indices

LIQUIDITY

Liquidity was relatively better last week, following the exchange of 2.06 million block trade in Ecobank Transnational Incorporated (ETI) shares. On the whole, a total of 2.70 million shares exchanged hands, and this was valued at GH¢1.50 million.

Financial stocks contributed 91.13% and 82.76% of both volume and value of shares that traded in the past week, showing the sector's prominence on the market.

Ecobank Transnational Incorporated (ETI) emerged the best stock in terms of volume and value of shares that traded. ETI contributed 2.18 million of the total traded shares, representing 80.73% of entire market volume for the week. This was valued at GH¢546,732.74.

BEARS RUN-DOWN PERFORMANCE INDICATORS

Strong selling pressure on the Ghana Stock Exchange (GSE) last week caused the decline in key performance indices, as bears out-weighted gainers in magnitude and numbers. Aside, UT Bank (UTB) and Societe Generale Ghana Limited (SOGEGH) shares which witnessed upward price movement, all the other ten (10) price movers were losers. Shares of Ecobank Transnational Incorporated (ETI), Total Petroleum Ghana Limited (TOTAL), Aluworks Limited (ALW), SIC Insurance Company Limited (SIC) and PZ Cussons Limited impacted the market most.

In effect, the GSE Composite Index (GSE-CI) which tracks the performance of the broader market declined to 1,981.87 points, representing a year-to-date loss of 0.65%. Similarly, the GSE Financial Stocks Index (GSE-FSI) and the SIC-FSL Top-15 Index worsened to a year-to-date losses of 0.50% and 3.17% respectively.

The value of listed companies (market capitalization) on the Exchange dropped to GH¢56.59 billion from GH¢56.84 billion, due to increased price-cut. Corresponding dollar value also dropped to USD 14.60 billion, representing a loss of 0.15% of the previous week's figure.

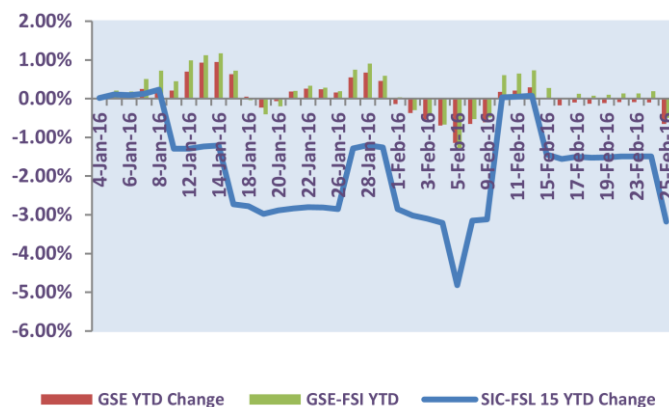


Fig 1: Year-to-date returns

MARKET MOVERS

SCB drops on poor economic sentiment

Dwindling fortunes in Standard Chartered Bank (SCB) seemed to have influenced the company's share performance on the Exchange, partly causing the decline in price to GH¢16.29 per share last Thursday. A report of \$ 1.5 billion pre-tax loss for the year ended 2015 (FY'15) appeared to have influenced the Bank's poor performance on the Accra Bourse.

The Asia-focused bank appeared to be haunted by the economic downturn in the Asian region, coupled with the Bank's expensive corporate actions within the past year, like the reduction in staff numbers across the globe.

Nonetheless, the Bank is technically trading below its Volume Weight Average Price (VWAP₂₄₈) of GH¢16.38 and the 248-Day average trading price of GH¢18.62 per share. However, at a trailing P/E ratio of 12x compared to a sector average of 6x, the share is fundamentally over-heated in price.

Profit-taking drives TOTAL share price down

Increased profit-taking in Total Petroleum Ghana Limited (TOTAL) shares appeared to have partly caused the 2-pesewas decline in value last week. Shareholders in a rush to cash-out some capital gains ended up accepting lower-than-expected price offer for their investment.

At the current price above of GH¢5.13 per share, TOTAL appears to be technically under-priced, especially when compared to the VWAP₂₄₈ of GH¢5.33 and a 248-Days average trading price of GH¢5.64 per share. This undoubtedly, signals a possibility upward price review in future sessions.

CORPORATE NEWS

FAN MILK LIMITED (FML) ANNOUNCES CHANGES IN DIRECTORSHIP:

The Board of FML has announced the resignation of Mr. Kodjo Aziagbe, as a non-executive director of the Bank. As a result, Mr. Pierre Armangau was appointed a non-executive director of the company on the February 18, 2016.

SOCIETE GENERALE GHANA LIMITED (SOGEGH) ANNOUNCES ANNUAL GENERAL MEETING:

The Directors of SOGEGH have made public the date for its 36th Annual General Meeting (AGM) which is scheduled for March 31, 2016. The meeting will be held at the Accra International Conference Centre, along the Castle Road, Osu, Accra. The time is 10 am prompt.

AGRICULTURE DEVELOPMENT BANK (ADB) EXTENDS INITIAL PUBLIC OFFER (IPO):

The management of ADB has been granted an extension to the on-going IPO by the Securities and Exchange Commission.

STOCK TICKER	Wk Open	Wk End	Change	% change
SOGEGH	0.80	0.81	0.01	1.25%
UTB	0.11	0.12	0.01	9.09%

Table 3: Gainers for the week

STOCK TICKER	Wk Open	Wk End	Change	% change
ALW	0.08	0.07	-0.01	-12.50%
CAL	0.98	0.97	-0.01	-1.02%
EBG	7.06	7.05	-0.01	-0.14%
ETI	0.26	0.25	-0.01	-3.85%
GGBL	1.97	1.96	-0.01	-0.51%
PBC	0.10	0.09	-0.01	-10.00%
PZC	0.31	0.30	-0.01	-3.23%
SCB	16.30	16.29	-0.01	-0.06%
SIC	0.20	0.19	-0.01	-5.00%
TOTAL	5.15	5.13	-0.02	-0.39%

Table 4: Laggards for the week

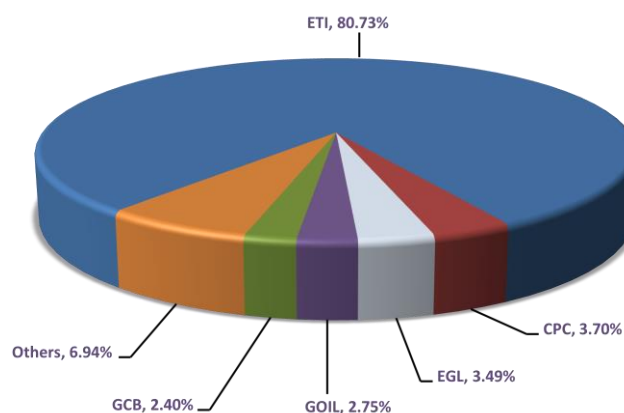


Fig 2: Top 5 most liquid equities with respect to volume traded

Stock	Ticker	Year Opening Price(GH¢)	Closing Price @ 25/2/2016 (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	3.11	24.40%
Cal Bank Ltd	CAL	1.00	0.97	-3.00%
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	2.42	0.83%
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	3.71	-2.11%
Guinness Ghana Breweries Ltd.	GGBL	1.99	1.96	-1.51%
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	0.30	-11.76%
Standard Chartered Bank (GH) Ltd.*	SCB	16.30	16.29	-0.06%
SIC Insurance Company Ltd.	SIC	0.14	0.19	35.71%
Starwin Products Ltd.	SPL	0.04	0.02	-50.00%
Societe Generale Ghana Limited	SOGEGH	0.80	0.81	1.25%
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	5.13	0.59%
Transaction Solutions (Ghana) Ltd.	TRANSOL	0.03	0.03	0.00%
Tullow Oil Plc	TLW	28.00	27.93	-0.25%
Unilever Ghana Ltd.	UNIL	8.50	8.50	0.00%
UT Bank	UTB	0.10	0.12	20.00%
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	3.8735	3.8773	2.12% ▼
GBPGHS	5.3950	5.4015	-3.89% ▲
EURGHS	4.2605	4.2629	3.14% ▼

Table 6: Inter-bank indicative rates

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

Dollar records its first weekly loss against the Cedi

The American Dollar noted down its first weekly loss suffered against the Ghanaian Cedi on the inter-bank market.

This can be linked to the recent rebound in gold price on the international commodity market as it broke through the \$1,200 an ounce threshold to \$1,247.80 on Nasdaq stock market, the highest price since February 2015 and an 18 per cent jump since the start of 2016. The recent rally was caused by the move to negative rates from some central banks, in response to concerns over the global economic outlook.

The import of this in Ghana's economy is very necessary since it will bolster the gold industry and the Ghana's economy as a whole i.e. improving the country's revenues which has become somber following the fall in crude prices as well as an imminent shortfall in cocoa production.

The Dollar as a result declined by 0.30% to a midrate of GH¢3.8754 on the interbank market. This represented a fall in the greenback's annual return to 2.12% on Thursday.

Euro versus Cedi

Report on French consumer confidence showed a decline from 97 points earlier to 95 points as a result of the rate of unemployment and a falling standard of living. This had an impact on the shared currency on the global front.

Similarly, the EURGHS was pegged at GH¢4.26 last week indicating a fall in the value of the Euro against the Cedi. Thus the Cedi beat the Euro by 1.29% as the Euro ended Thursday's trading at a lower annual return of 3.14%.

Alice Osei Okrah (Head)

Email: aokrah@sic-fsl.com

Email: research@sic-fsl.com

CEDI POSTS SIGNIFICANT GAINS

The Ghanaian Cedi last week posted its first weighty gain on the interbank market signifying the gradual rise in confidence in the value of the local currency and also shaking the grounds of a possible first quarter holistic decline in the value of the Cedi.

The local currency in the period under review recorded a composite appreciation of 1.14% on the inter-bank market, trimming down its year-to-date loss from 2.52% to 1.35% on Thursday.

In addition, the President, John Dramani Mahama in his speech on the State of the Nation, promised to exercise strict fiscal discipline despite this year being an election year. If this is indeed adhered to it may go a long way to support the value of the Cedi against its major trading partners.

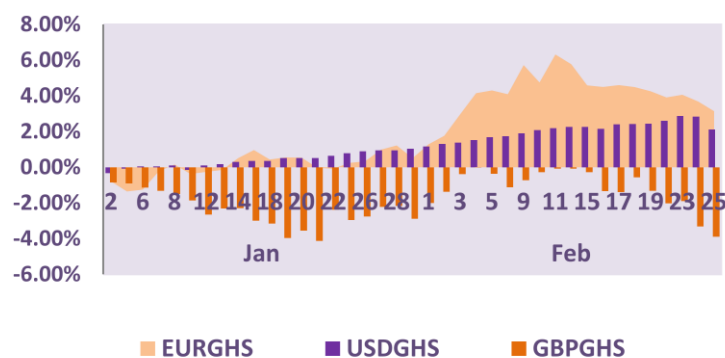


Fig 3: YTD performance of Pound, Dollar & Euro versus the Cedi

Cedi stays ahead of Pound

The British Pound managed to post some gains on the international as fears of Britain-exit (Brexit) from the European region eased last week. This was as a result of a data released on some polls which indicated the likelihood of U.K remaining in the region.

Also, a positive fourth quarter Gross Domestic Product (GDP) data lent support to the Pound. Q4'2015 GDP came in at 0.5%, a 0.1% increase over Q3'2015. This may help repress concerns that the UK's economy was in recession again.

However on Ghana's currency market, the Pound ended Thursday's trading as the worst performed currency among the Cedi's major rivals. This follows the 3.34% drop in its value against the Cedi after being traded at a midrate of GH¢5.3983, resulting in an annual loss of 3.89%.

Isaac Kwasi Mensah (Analyst)

Email: ikmensah@sic-fsl.com