

# WEEKLY MARKET WATCH

SIC-FSL INVESTMENT RESEARCH | MARKET REVIEWS | GHANA

27<sup>th</sup> October, 2016



## STOCK MARKET

INDICATORS	WEEK OPEN	WEEK END	CHANGE
Market Capitalization (GH¢million)	52,542.24	52,242.80	-0.57%
Market Capitalization (US\$million)	13,254.52	13,169.35	-0.64%
Volume traded (shares)	1,445,517.00	1,907,574.00	31.96%
Value Traded (GH¢)	371,669.73	224,894.67	-39.49%
Value Traded (US\$)	93,758.92	56,691.37	-39.53%

Table 1: Market Summary

## INDEX ANALYSIS

INDICATORS	Closing Level	Week Change	YTD CHANGE
GSE Composite Index	1,738.49	-0.99%	-12.85%
SIC-FSL Top 15 Index	2,817.92	-2.41%	-24.05%
GSE Financial Stocks Index	1,646.93	-1.02%	-14.67%

Table 2: Key Stock Market Indices

## LIQUIDITY

At the end of the fifth trading session of the week on the Ghana Stock Exchange (GSE), a total of 1.91 million shares exchanged hands, and this was valued at GH¢ 224,894.67. In all, sixteen (16) symbols participated in trading which represented sixteen (16) listed companies.

Investors were skewed towards financial stocks, as the sector recorded 97.26% of the total shares that traded, which represented 49.64% of the entire value traded.

UT Bank's (UTB) share was the most traded equity on the bourse last week, with a total contribution of 1.77 million shares, representing 92.69% of the total market volume, corresponding to a market value of GH¢53,186.00 which represented 23.65% of the entire value traded in the week.

## GSE UNDER RENEWED PRESSURE

Renewed pressure on the Ghana Stock Exchange (GSE) saw performance indicators slipped further down ahead of the release of the third quarter results. Shares of Total Petroleum Ghana Limited (TOTAL), Ghana Oil Company Limited (GOIL), Cal Bank Limited (CAL) and UT Bank Limited (UTB) dipped to further worsen the broader market's performance.

The broader market; thus GSE Composite Index (GSE-CI) declined to 1,738.49 points from 1,755.90 points, representing a year-to-date loss of 12.85%. Similarly, the GSE Financial Stocks Index (GSE-FSI) and the SIC-FSL Top-15 Index also dropped from their year-to-date losses of 13.79% and 22.18% each to settle at 14.67% and 24.05% accordingly.

Total market capitalization of the GSE also dropped from the GH¢52.24 billion to GH¢52.54 billion, an equivalent dollar value also slipped by 0.64% to USD13.17 billion last Thursday.



Fig 1: Year-to-date returns

## MARKET MOVERS

### TOTAL worst performing equity after...

TOTAL is the second worst performing stock on the Ghana Stock Exchange, following an 11-pesewa price drop in the week's trading session. This was evident in the company's year-to-date loss of 59.02% after UT Bank's 70% annual loss, representing a decline in investment over the period.

TOTAL ended last Thursday's trading at GH¢2.09 from the week's open price of GH¢2.20 per share. The declining trend appeared to have been influenced by the heating political atmosphere, the deteriorating macroeconomic indicators and the yet to be released third quarter results (Q3'16).

In spite of dwindling fortunes in equities and TOTAL, the company's shares is technical trading at 18% discount when compared to the sector's average P/E ratio of 6x. This signals the possibility of a future upward price review when most of the concerns above are corrected.

### GOIL drops 5-pesewas

Ghana Oil Company Limited (GOIL) dropped 5-pesewas on the Ghana Stock Exchange last week after investors beat-down the share price to GH¢1.17 per share. The price fall meant a further weakening of the company's year-to-date performance which showed an annual loss of 16.43%, worsening from the previous week's loss of GH¢0.18 to GH¢0.23 per share in absolute figure terms. This, meant shareholder's funds has declined in value by 16.43% since the start the year.

At the current price of GH¢1.17 per share, GOIL appeared to be trading at 18% above the sectors average P/E ratio 6x, indicating the possibility of further downward price correction in future trading sessions.

At present, investors are anxious in anticipation of the third quarter results to determine when to strike the market in future trading sessions.

## CORPORATE NEWS

**GOLDEN STAR RESOURCES LIMITED (GSR) RECEIVES MINING LEASE:** Management of GSR has received a mining lease for the Mampon deposit in Ghana.

The company plans to blend higher grade ore from Mampon with the Prestea Open Pits which is expected to enhance Golden Star's cash flow in 2017. The company is planning to start mining Mampon deposit in the first half of 2017.

STOCK TICKER	Wk Open	Wk End	Change	% change
EGH	6.82	6.85	0.03	0.44%

Table 4: Gainers for the week

STOCK TICKER	Wk Open	Wk End	Change	% change
CAL	0.84	0.80	-0.04	-4.76%
ETI	0.13	0.12	-0.01	-7.69%
GCB	3.90	3.89	-0.01	-0.26%
GOIL	1.22	1.17	-0.05	-4.10%
SIC	0.15	0.14	-0.01	-6.67%
TOTAL	2.20	2.09	-0.11	-5.00%
UTB	0.05	0.03	-0.02	-40.00%

Table 4: Laggards for the week

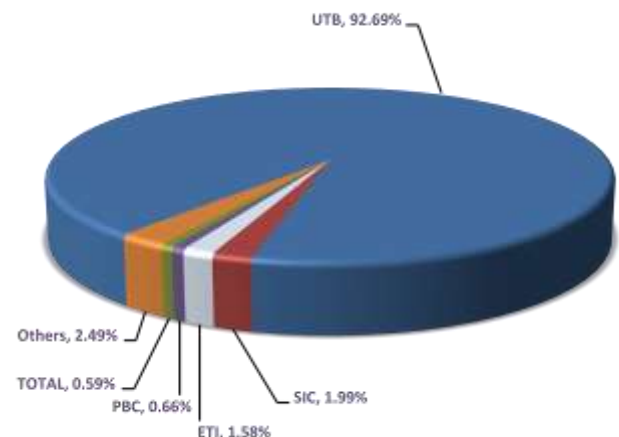


Fig 2: Top 5 most liquid equities with respect to volume traded

Stock	Ticker	Year Opening Price(GH¢)	Closing Price @ 27/10/2016 (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	0.14	0.00%
Ayrton Drug Manufacturing Ltd.	AYRTN	0.18	0.10	-44.44%
Benso Oil Palm Plantation	BOPP	2.50	2.40	-4.00%
Cal Bank Ltd	CAL	1.00	0.80	-20.00%
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.	EGH	7.01	6.85	-2.28%
Enterprise Group Limited	EGL	2.40	2.38	-0.83%
Ecobank Transnational Inc.	ETI	0.27	0.12	-55.56%
Fan Milk Ltd.	FML	7.35	9.80	33.33%
Ghana Commercial Bank Ltd.	GCB	3.79	3.89	2.64%
Guinness Ghana Breweries Ltd.	GGBL	1.99	1.69	-15.08%
Ghana Oil Company Limited	GOIL	1.40	1.17	-16.43%
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	0.80	-11.11%
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	0.06	-40.00%
PZ Cussons Ghana Ltd.	PZ	0.34	0.23	-32.35%
Standard Chartered Bank (GH) Ltd.*	SCB	16.30	14.00	-14.11%
SIC Insurance Company Ltd.	SIC	0.14	0.14	0.00%
Starwin Products Ltd.	SPL	0.04	0.02	-50.00%
Societe Generale Ghana Limited	SOGEGH	0.80	0.72	-10.00%
Sam Woode Ltd.	SWL	0.04	0.04	0.00%
Trust Bank Ltd. (The Gambia)	TBL	0.37	0.26	-29.73%
Total Petroleum Ghana Ltd.	TOTAL	5.10	2.09	-59.02%
Transaction Solutions (Ghana) Ltd.	TRANSOL	0.03	0.03	0.00%
Tullow Oil Plc	TLW	28.00	26.90	-3.93%
Unilever Ghana Ltd.	UNIL	8.50	8.47	-0.35%
UT Bank	UTB	0.10	0.03	-70.00%
AngloGold Ashanti Depository Shares	AADS	0.52	0.52	0.00%
Standard Chartered Bank Preference shares	SCB PRAF	0.71	0.75	5.63%
NewGold Exchange Traded Fund	GLD	39.00	38.80	-0.51%
Samba Foods Ltd	SAMBA	0.73	0.72	-1.37%
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

**CEDI UP BY 0.06%**

EXCHANGE RATES	BUYING	SELLING	YTD CHANGE
USDGHS	3.9632	3.9670	4.48% ▼
GBPGHS	4.8288	4.8346	13.97% ▲
EURGHS	4.3288	4.3321	4.80% ▼

Table 6: Inter-bank indicative rates

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

### Dollar rebounds

Although the USDGHS exchange rate was slightly unchanged during the early periods of the trading week, the American Dollar managed to marginally outrun the local currency before the end of the trading period under review.

The gradual rise in demand for the Dollar saw the Cedi decline by 0.03% to the greenback.

That notwithstanding, the USDGHS exchange rate is expected to be steady in the weeks ahead following the next tranche of a \$1.8 billion syndicated cocoa loan which is expected to soon hit the accounts of the Bank of Ghana.

One Dollar was bought at GH¢3.9632 and sold for GH¢3.9670, representing a slight rise in the Dollar's annual yield from 4.46% the week earlier to 4.48%.

### Euro versus Cedi

The shared currency was a little unchanged on the currency market last week as it was bought at GH¢4.3288 and sold for GH¢4.3321 on the inter-bank market.

Losing by 0.01%, the Euro ended Thursday's trading on Ghana's inter-bank market at an annual return of 4.80% from the earlier week's rate of 4.79%, slightly favouring the Cedi.

The Ghanaian Cedi managed to record a holistic appreciation on the inter-bank market in the period under review amid the release of the data on the country's Producer Price Index (PPI) by the Ghana Statistical Services (GSS).

The PPI decreased to 9.7% in September from 11.1% in August this year. This comes after the GSS had revised the August 2015 PPI from 4.4% in the earlier month. The decline, which according to the GSS was partly influenced by lower gold prices, seemed to have favored the Cedi on the currency market and is likely to affect some key economic indicators like the interest rate.

The Cedi by the close of trading, trimmed down its year-to-date loss to 1.10% after gaining 0.06% on the inter-bank market last Thursday.

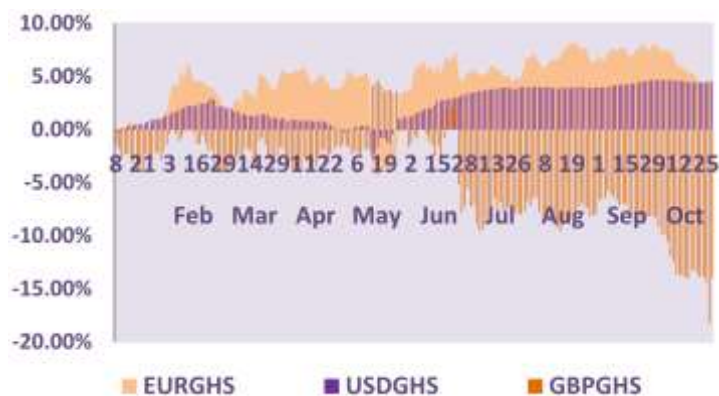


Fig 3: YTD performance of Pound, Dollar & Euro versus the Cedi

### Pound fails to maintain previous gains

The Pound appreciated across board on the global market with support from a positive third quarter Gross Domestic Product (GDP) data.

A 0.2% rise in the annualized GDP index boosted investors' sentiments that the Brexit referendum has not had a significant impact or effect on the UK economy.

The situation was however different on the Ghana's local market as the Pound lost some of its worth to the Cedi after decreasing by 0.44% on the interbank market, resulting in a year-to-date loss of 13.97%.

The Pound closed Thursday's trading at a midrate of GH¢4.8317.

**Alice Osei Okrah (Head)**

Email: [aokrah@sic-fsl.com](mailto:aokrah@sic-fsl.com)

Email: [research@sic-fsl.com](mailto:research@sic-fsl.com)

**Isaac Kwasi Mensah (Analyst)**

Email: [ikmensah@sic-fsl.com](mailto:ikmensah@sic-fsl.com)