

END OF YEAR REPORT 2018

ECONOMIC REVIEW

The economy grew 7.40% by the third quarter 2018 compared to 8.7% recorded for the same period in 2017. Breakdown of sector contribution showed that the Industry sector recorded the highest growth of 11.7%; the Agriculture sector followed with 5.5% while Services grew by 3.5%.

Inflation rate hit a single digit of 9.8% by September 2018 and remained a single digit to the end of year. Inflation rate closed the year at 9.40% and this among other factors resulted in the market interest rate to decline steadily to 13.53% by full year 2018 compared to 14.10% the previous year. This came on the back of monetary policy rate of 17% and represented a decline of 400 basis points from 21% the previous year.

The financial sector had serious challenges as a result of the banking reforms initiated by the Central Bank. The Central Bank's action appeared to have eroded investor confidence as it resulted in panic withdrawals that was

Economic Indicator

Indicator	2017 (%)	2018 (%)	Chg (bps ¹)
Inflation Rate (%)	11.80	9.40	▼240
Monetary Policy Rate (%)	20.00	17.00	▼300
GDP (%)	8.50	7.40 ²	▼110
Ghana Reference Rate (%)	-	16.61	
Fixed Income Market			
91-Day T-Bill (yearly average)	14.10	13.53	▲57
182-Day T-Bill (yearly average)	14.92	14.15	▲77
1- Yr Note	16.51	14.98	▲153
Interbank Exchange Rate (Rate of Change)³			
USDGHS	4.94	9.13	▲419 bps
GBPGHS	15.73	3.15	▼1258 bps
EURGHS	21.09	3.67	▼1741 bps

1. Basis Points
2. Rate is as at 3rd Quarter 2018
3. Figures show the rate of change year-on-year

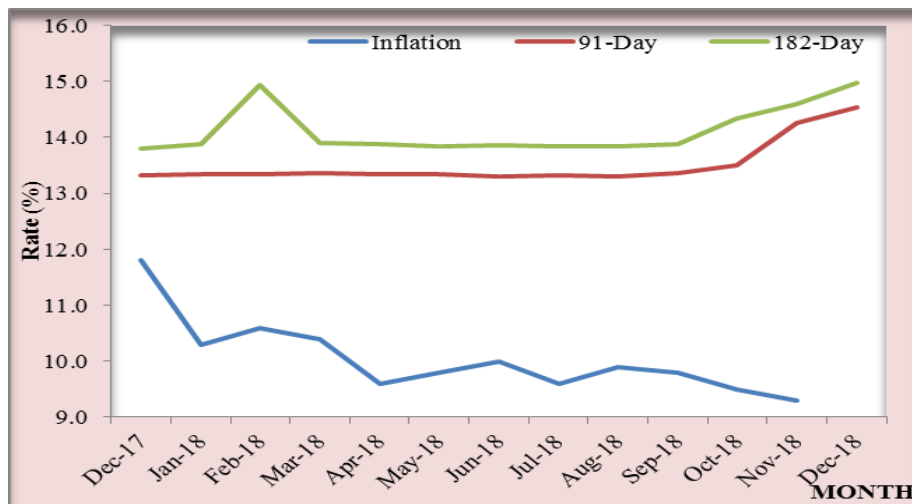


FIGURE 1 MONTH-ON-MONTH INFLATION RATE AND INTEREST RATE FOR 2018

experienced by most fund management firms. Besides, the introduction of a new minimum capital of GH¢400 million in the banking sector caused quite a number of corporate actions among listed banks while a few others merged by the end of the exercise. Now there are 23 banks in the country. The collapse of 7 banks and the formation of the Consolidated Bank Ghana CBG was meant to clean up the banking industry.

Though these reforms caused some turbulence in the country such as job losses and low liquidity, analysts believe that it was necessary for the country in making the banking sector stronger and resilient.

EXCHANGE RATE

Volatility of the Cedi against the US Dollar was so high that it depreciated by 9.13% (Interbank exchange rate) compared to the previous year where it depreciated by 4.94%. This can be attributed to the increase in the Fed rates and the heavy reliance on imported goods.

The Cedi also depreciated against the British pound by 3.15%, a decline of 1258 basis

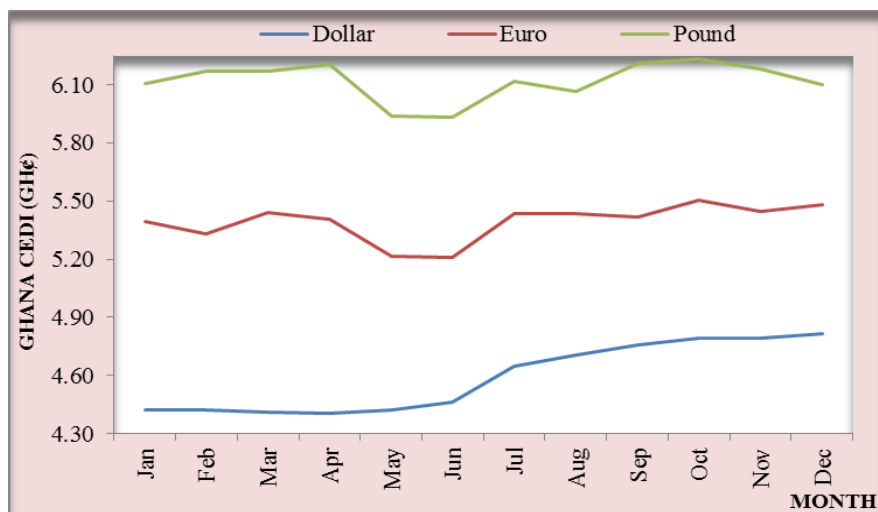


FIGURE 2 MONTH-ON-MONTH INTERBANK EXCHANGE RATE FOR 2018

points compared to a depreciation of 15.73% in 2017 against the Pound.

THE STOCK MARKET

The GSE Composite Index for the year 2018 closed with a loss of 0.29% compared to a year-to-date gain of 52.73% in 2017. The first half of the year 2018 recorded an average of 30% return (Figure 3 below). The highest point was 35.26% which occurred in the last day of April. On the contrary, the second half of the year declined steadily towards the end of year. The lowest point was a loss of 2.26% by December. Among other reasons, analysts attributed the downward trend of the stock market to the banking reforms.

Liquidity dropped significantly by 38% from 322 million shares the previous year to 200 million shares in 2018. However the corresponding value recorded was GH¢659 million, up from GH¢518 million in 2017 which represented a growth of 27%.

Stock Market Performance			
Indicator	2018	2017	% Chg
GSE Composite Index (GSE-CI)	2,572.22	2,579.72	▼-0.29
YTD Gain (GSE-CI)	▼-0.29	52.73	
GSE Financial Stock Index (GSE-FSI)	2,153.74	2,310.58	▼-6.79
YTD Gain (GSE-FSI)	▼-6.79	49.51	
Market Capitalization (GH¢ M)	61,136.53	58,803.96	▲3.97
Volume Traded	200,577,882	322,725,768	▼-37.85
Value Traded (GH¢)	659,359,098.77	518,381,473.32	▲27.20
Number Of Transactions	20,559	20,755	

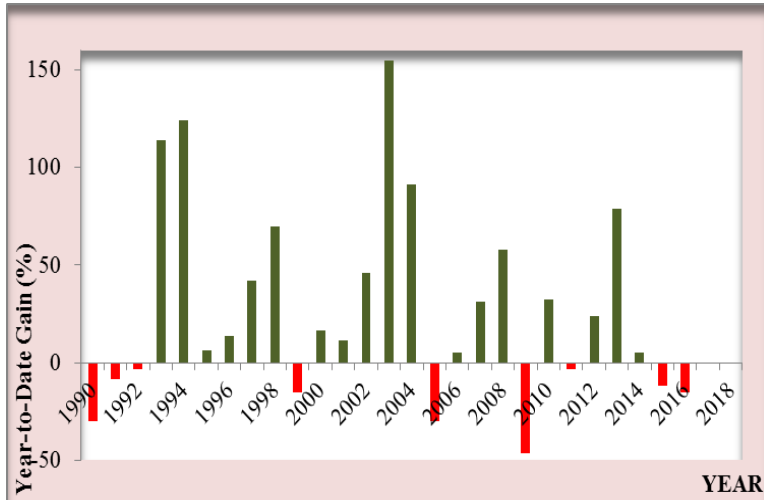


FIGURE 4 STOCK MARKET PERFORMANCE FROM 1990-2018

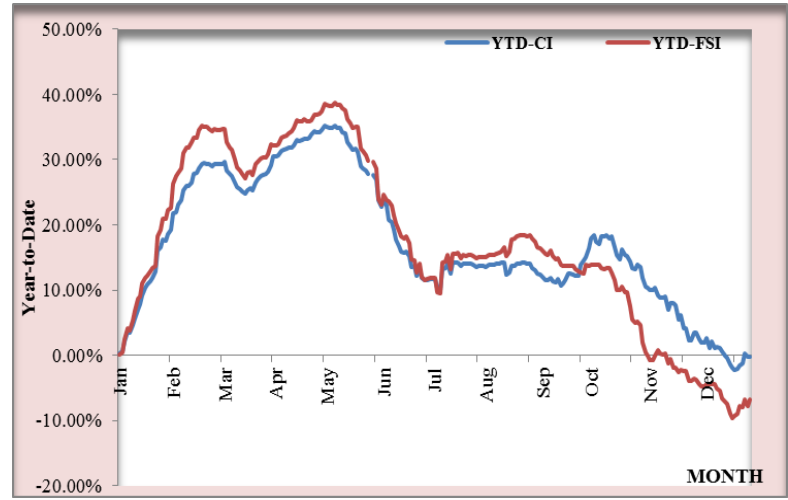


FIGURE 3 MONTH-ON-MONTH YTD GAIN OF CI AND FSI FOR 2018

MARKET LEADERS for 2018

Top 7 Volume Leaders			Top 7 Value Leaders		
Equity	Volume	% Of Volume	Equity	Value	% Of Value
CAL	46,847,000	23.47	AGA	233,120,000.00	35.42
GOIL	28,389,800	14.22	FML	81,477,691.00	12.38
RBGH	24,773,923	12.41	GOIL	75,378,500.00	11.45
MTNGH	20,335,400	10.19	CAL	60,897,612.00	9.25
ETI	11,405,100	5.71	GCB	39,534,001.00	6.01
EGL	7,845,000	3.93	EGH	34,357,360.00	5.22
GCB	6,922,300	3.47	SCB	29,165,415.60	4.43

CAL emerged as the most liquid stock for the year by trading 23% of market volume with 2,426 number of trades. GOIL and RBGH followed with a contribution of 14% and 12% respectively. MTHGH made an entry into the market in the last quarter of the year and the stock managed to be the fourth most liquid stock for the entire year by trading 10% of market volume at the close of the year.

AGA recorded two separate block trades of 2 million and 3 million shares respectively under the year under review.

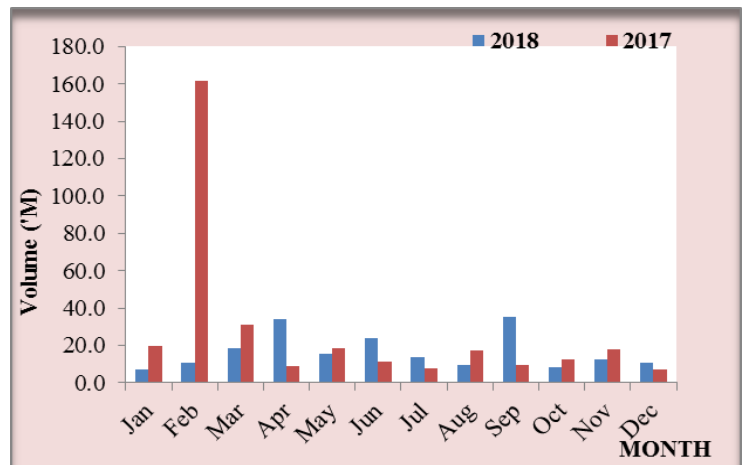


FIGURE 5: VOLUME TRADED- END OF MONTH 2018

GCB was the seventh most liquid stock for the year, but it is worthy to note that GCB was the most frequently traded stock: out of a total number of 248 trading sessions, GCB traded shares traded in 210 sessions.

At close of the year, trading resulted in 10 gainers and 21 losers. PZC lead the pack of gainers with a 105% gain. PZC hit a year high of GH¢0.50 which meant that exiting shareholders at that period made a return of 150%.

FML lost 54.80% to close the year at GH¢7.99; thus leading the deck of 21 laggards, this could be attributed to shareholders' reaction to the bankruptcy filed by the Abraaj Group (a parent company of FML).

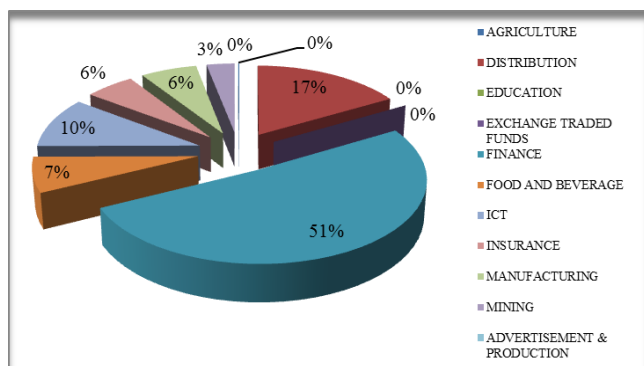


FIGURE 6 SECTORIAL DISTRIBUTION BY VOLUME

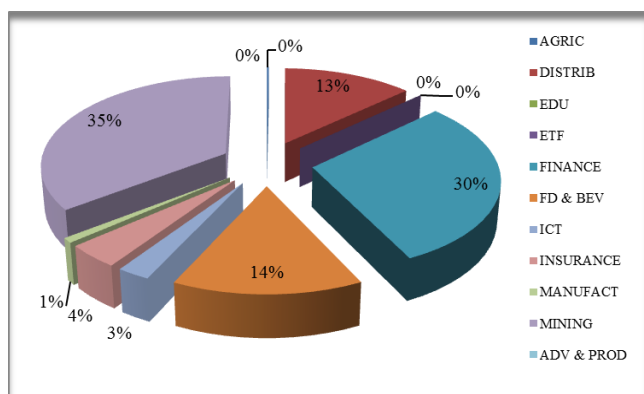


FIGURE 7 SECTORIAL DISTRIBUTION BY VALUE

GAINERS for the Year 2018

Equity	Year High (GH¢)	Year Low (GH¢)	Open Px (GH¢)	Close Px (GH¢)	▲ Gain %
PZC	0.50	0.20	0.20	0.41	105.00
SIC	0.43	0.10	0.10	0.19	90.00
MLC	0.12	0.05	0.06	0.10	66.67
GLD	38.80	38.80	38.80	54.00	39.18
UNIL	17.81	12.84	12.84	17.78	38.47
GOIL	5.05	2.92	2.69	3.12	15.99
DIGICUT	0.09	0.08	0.08	0.09	12.50
GGBL	2.60	2.06	2.06	2.18	5.83
MTNGH	0.93	0.75	0.75	0.79	5.33
ADB	5.95	5.84	5.84	5.95	1.88

LAGGARDS for the Year 2018

Equity	Year High (GH¢)	Year Low (GH¢)	Open Px (GH¢)	Close Px (GH¢)	▼ Loss %
FML	17.80	7.99	17.70	8.00	54.80
RBGH	1.50	0.60	1.39	0.69	50.36
ALW	0.16	0.07	0.16	0.08	50.00
EGL	5.00	2.24	3.70	2.24	39.46
TBL	0.40	0.20	0.35	0.23	34.29
PBC	0.06	0.03	0.06	0.04	33.33
SPL	0.03	0.01	0.03	0.02	33.33
TLW	17.15	11.94	17.15	11.94	30.38
AYRTN	0.10	0.07	0.10	0.07	30.00
SCB	40.00	19.20	25.25	21.00	16.83
BOPP	7.29	5.09	6.12	5.09	16.83
SCB PREF	1.20	1.00	1.20	1.00	16.67
AADS	0.48	0.41	0.48	0.41	14.58
ACCESS	4.14	3.00	4.05	3.55	12.35
IIL	0.09	0.08	0.09	0.08	11.11
CAL	1.72	0.94	1.08	0.98	9.26
CMLT	0.16	0.09	0.11	0.10	9.09
GCB	7.50	4.35	5.05	4.60	8.91
SOGEH	2.40	0.73	0.82	0.75	8.54
TOTAL	6.00	3.40	3.53	3.40	3.68
EGH	10.91	6.67	7.60	7.50	1.32

OUTLOOK for 2019

Analysts have predicted a turn around of the stock market for 2019 on the basis that the banking turbulence will ease off, improving investor confidence. Also, a persistent decline in the inflation rate amid low monetary policy rate and interest rate regime, investors may find an alternative in the stock market.

Nevertheless recovery of the stock market could be slow.

On the Macroeconomic level, we expect interest rates and the monetary policy rate to remain low backed by single-digit inflation. The exchange rate will continue to be volatile, for instance the Cedi could further depreciate against the Dollar due to reliance of imported goods and attractive investments abroad. Also BREXIT could cause the Cedi to grower stronger against the British Pound. On the international level, analysts have predicted a possible increase of Fed rates by the Federal Reserve, this was among the factors that caused the stock market to decline in 2018.

As we await the full year 2019 financial statement of listed companies we expect the stock market to remain slow until results are released.

CORPORATE ACTION IN 2018

Company	Ticker	Description	Period
Enterprise Group Ltd.	EGL	Rights Issue	14 th March-28 th March
Access Bank Ghana PLC	ACCESS	Rights Issue	4 th May – 2 nd July
Republic Bank (Ghana) Ltd.	RBGH	Rights Issue	23 rd July – 10 th August
Societe Generale Ghana Limited	SOGE GH	Rights Issue	4 th October – 24 th October
Digicut Production & Advertising Ltd	DIGICUT	IPO	1 st March - 16 th March
Scancom PLC	MTNGH	IPO	29 th May – 31 st August
Societe Generale Ghana Limited	SOGE GH	Bonus Issue	20 th April
Cal Bank Ltd	CAL	Bonus Issue	4 th June
Ecobank Ghana Ltd.	EGH	Bonus Issue	6 th June
Standard Chartered Bank Gh. Ltd.	SCB	Bonus Issue	6 th July
Golden Web Ltd	GWEB	Delisted	3 rd April
Transaction Solutions (Ghana) Ltd.	TRANSOL	Delisted	3 rd April
Golden Star Resources Ltd.	GSR	Share Consolidation	30 th October

Sources:

Bank of Ghana

Ghana Stock Exchange

Ghana Statistical Service

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