



MID-YEAR MARKET REPORT

Economic Review

Indicator	June '19	June '18
Monetary Policy	▼ 16.00%	17.00%
Inflation Rate	▼ 9.40% ¹	9.80%
Reference Rate	16.18% ²	
Interest Rate		
91- Day Bill	▲ 14.78%	13.30%
182- Day Bill	▲ 15.27%	13.85%
364-Day Bill	17.96%	
2-Year	19.75%	
3-Year	19.70%	
Interbank Currency Rate		
GHA-USD	▼ 3.40%	2.68%
GHA-GBP	▼ 0.16%	-3.68%
GHA-EUR	▼ 4.82%	-2.29%

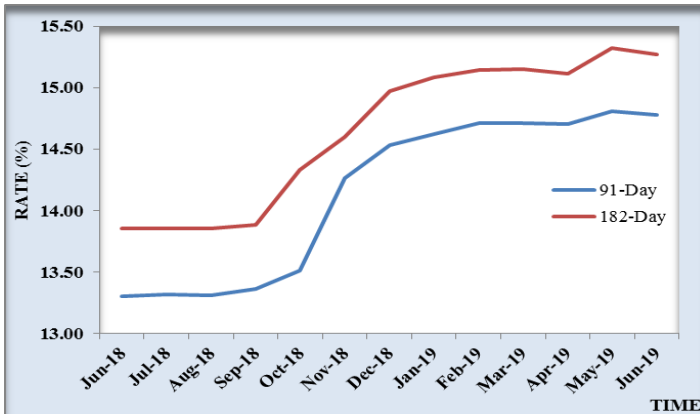
1. figure is the most recent (May 2019).
2. The Reference for June 2018 is not available

ECONOMIC REVIEW

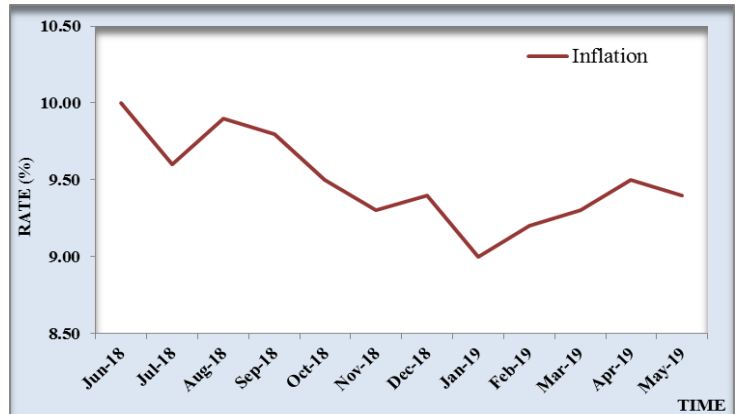
The Ghanaian economy mirrored an expansionary phase on the back of relatively low monetary policy rate. First half of the year recorded a 16% Monetary Policy rate which is a decline of 100 basis points from the same period the previous year.

There was a steady decline in inflation rate (see figure below). Interest rate on the other hand rose by 148 basis points from the previous year. The decrease in inflation rate could partly be attributed to the increase in interest rates perhaps for fiscal policy management reasons.

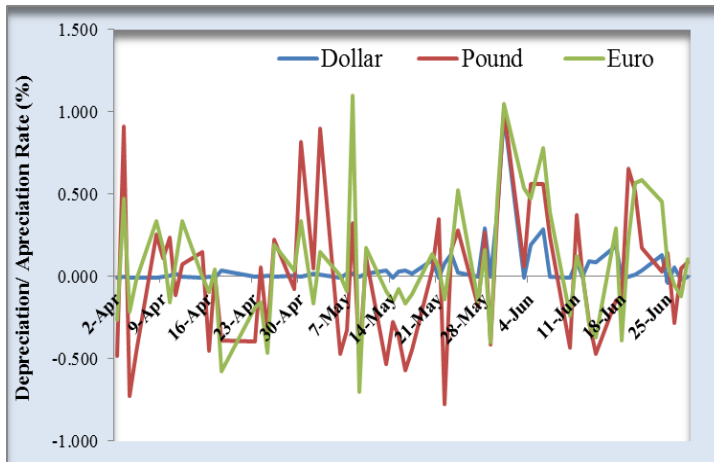
Analysts expect inflation rate to remain relatively low in the second half with anticipation that interest rates could rise to mop up excess liquidity in the system.



Year-on-Year Interest Rate on 91-Day and 182 Day.
 Data Source: Bank of Ghana (BoG)



Year-on-Year Inflation Rate (June 2018– May 2019)
 Data Source: Ghana Statistical Service (GSS)



Daily Trends of Some Major Trading Currencies from April-June 2019
 Data Source: Bank of Ghana (BoG)

Nonetheless, pressures from exchange rate could trigger an unstable economy in the latter part of the year. First quarter, the Cedi fell to the Dollar; but measures such as pumping more Dollars in the economy and tighter regulation resulted in the local currency remaining stable against the Dollar in the second quarter (see table on the left). Regardless, the Cedi saw high volatilities in the Pound and Euro. By mid-year 2019, the Cedi fell 3.40% to the Dollar compared to the same period the previous year of 2.68%. As Ghana continue to rely heavily on imported goods causing a deficit balance of trade, the stability of the Cedi is likely to be distorted especially as traders start preparing for the festive season in the second half of the year.



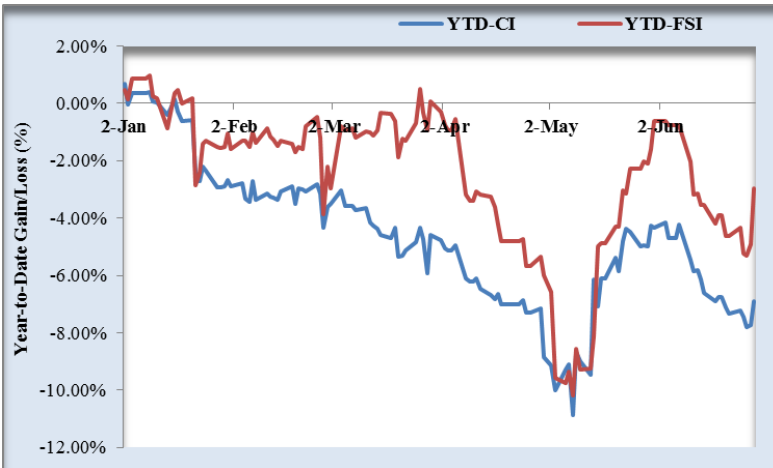
Stock Market Summary

Indicator	Q2 '19	Q2 '18
GSE-CI	▼2,394.82	2,879.43
YTD- CI	▼-6.9%	11.62%
GSE-FSI	▼2,089.99	2,582.66
YTD-FSI	▼-2.96%	11.78%
Mkt Cap (GH¢'M)	58,729.64	55,280.46
Volume	▼98,551,739	110,005,960
Value (GH¢)	▼101,282,712.13	457,296,338.26

GSE: Ghana Stock Exchange

CI: Composite Index which measures the general performance of the market.

FSI: Financial Stock Index which measures the performance of banks and insurance companies.



Year-to-Date Gain (YTD) of the GSE Composite Index (CI) and Financial Stock Index (FSI)

The Stock Market

The general performance of the Ghanaian stock market was poor. The GSE Composite Index recorded a loss of 6.90% by mid-year compared to a gain of 11.62% the same period last year. The main catalyst for the bearish run was the weak investor confidence in the financial sector resulting from the banking sector turbulence and reports of fraud and Ponzi schemes that emerged in the country. Investors pulled out from the market by creating pressure on the sell side of trade. Also, the frequent issues of Sovereign Bonds with rising interest rates forced institutional investors to look for safer investments with stable returns.

The GSE Financial Stock Index (FSI) which measures the performance of financial institutions had a reflection of the GSE-CI. The FSI closed at a loss of 2.96% by mid-year compared to a gain of 11.78% the previous mid-year. Being a major driver of the stock market, appetite for financial stocks reduced in the first half of the year, however reports from the Central Bank showed a marginal leap in profits after the recapitalization, this could whet the appetite of investors in the second half.

Total volume traded was 98,551,739 shares, 10% lower than the previous mid-year. Shares traded were valued at GH¢101.28 million compared to GH¢457 million a year ago. MTNGH emerged as the most liquid stock by trading 46% of volume traded in the first half of the year. Though the shares of the Telecommunication company was most liquid, the stock lost 8% to close at GH¢0.73 at mid-year. AYRTN, with a block trade of 26,010,500 shares in a day was the second most traded stock. The GSE Alternative Market (GAX) continue to remain relatively inactive as 239,300 shares of IIL traded, out of five companies listed on the GAX.

TOP LEADERS

TOP SEVEN LEADERS BY VOLUME			TOP SEVEN LEADERS BY VALUE		
Equity	Volume	Market Share	Equity	Value	Market Share
MTNGH	45,705,800	46.57%	MTNGH	32,274,241.00	31.98%
AYRTN	26,082,200	26.57%	GCB	18,399,598.00	18.23%
GCB	4,283,400	4.36%	FML	12,759,157.00	12.64%
CAL	3,271,100	3.33%	GGBL	5,871,623.00	5.82%
ETI	3,253,500	3.31%	UNIL	5,776,306.00	5.72%
GGBL	2,681,900	2.73%	EGH	4,811,417.00	4.77%
GOIL	2,012,500	2.05%	GOIL	4,781,163.00	4.74%



GAINERS by Mid-Year 2019

Equity	Year High (GH¢)	Year Low (GH¢)	Year Open (GH¢)	Mid-year (GH¢)	▲ Gain (%)
TOTAL	5.1	3.04	3.40	4.00	17.65
AYRTN	0.08	0.07	0.07	0.08	14.29
EGH	8.49	6.5	7.50	8.49	13.20
ALW	0.09	0.08	0.08	0.09	12.50
GCB	5.05	4.93	4.60	4.93	7.17
CAL	1.08	0.8	0.98	1.04	6.12

LOSERS by Mid-Year 2019

Equity	Year High (GH¢)	Year Low (GH¢)	Year Open (GH¢)	Mid-year (GH¢)	▼ Loss (%)
TBL	0.26	0.12	0.23	0.12	47.83
SIC	0.25	0.11	0.19	0.11	42.11
FML	8.01	4.92	8.00	5.00	37.50
BOPP	5.09	4.12	5.09	3.50	31.24
GOIL	3.12	2.20	3.12	2.20	29.49
ETI	0.18	0.11	0.16	0.12	25.00
PBC	0.04	0.03	0.04	0.03	25.00
ADB	5.95	5.06	5.95	5.06	14.96
SCB PREF	1.00	0.85	1.00	0.86	14.00
IIL	0.08	0.06	0.08	0.07	12.50
MLC	0.1	0.09	0.10	0.09	10.00
SCB	21.44	18.97	21.00	19.02	9.43
MTNGH	0.80	0.67	0.79	0.73	7.59
EGL	2.31	2.00	2.24	2.10	6.25
RBGH	0.72	0.55	0.69	0.65	5.80
ACCESS	4.00	3.00	3.55	3.40	4.23
PZC	0.41	0.40	0.41	0.40	2.44
AADS	0.41	0.40	0.41	0.40	2.44
UNIL	17.78	17.65	17.78	17.65	0.73

Shares of 34 companies exchanged hands on the bourse out of 41 listed equity during trading sessions for the first half of the year. This resulted in six gainers and nineteen laggards while nine remained unchanged. TOTAL gained 17.65% to close at GH¢4.00: thus becoming the best gainer. TBL led the pack of losers with a dip of 47.83% to close at GH¢0.12.

OUTLOOK

Though the market was on the downside, investors found solace in the payment of dividend of some companies within the period. First quarter statements for most companies on the bourse were positive and analyst are optimistic about second quarter. Against this backdrop, confidence is expected to rise in the next quarter causing a market rebound. However, this rise could be at a very slow pace due to low confidence in the financial sector at the moment. The frequent issue of bonds by the government at relatively higher rates provides an alternative option for investors in recent time. Institutional investors have become rather conservative, coupled with competition from the bond market: This could be a drawback on the rebound of the stock market. However analyst believe that it still a good time to buy some stocks for medium to long term benefits.

COMPANIES THAT DECLARED DIVIDEND IN 2019

Company	Ticker	Date Payable	Amt per Share
Benso Oil Palm Plantation	BOPP	28-Jun-19	GH¢0.034
Cal Bank Limited	CAL	06-Jun-19	GH¢0.048
Enterprise Group Limited	EGL	30-Jul-19	GH¢0.045
Ghana Commercial Bank Ltd.	GCB	17-Jun-19	GH¢0.30
Ghana Oil Company Limited	GOIL	25-Jun-19	GH¢0.042
Intravenous Infusions Limited	IIL	21-Jun-19	GH¢0.0384
Scancom PLC	MTNGH	15-May-19	GH¢0.03
Standard Chartered Bank Ghana Limited	SCB	28-Jun-19	GH¢1.04
Total Petroleum Ghana Ltd.	TOTAL	21-Jun-19	GH¢0.0768
Trust Bank Limited (The Gambia)	TBL	30-May-19	D0.15*

*Dividend was declared in Bututs

RECOMMENDED BUY LIST

- CAL :- First quarter financial report showed that the banks' net interest income was 33% higher compared to the same period the previous year. This represented 80% of gross earnings, driven by 24.3% of net loans. It gave rise to a 26.10% increase in profits for the period. On the bank's efficiency, the Return on Equity was 20.6%, an increase of 100 basis points while Return on Asset was 3.2% compared to 3.0% the previous year. Analyst expect profits to surge as the banks deploys agency banking and a new e-offering product.
- Taking into consideration positive first quarter report and other developmental projects that the some companies have adopted, investors may want to consider GCB,GOIL, SCB and EGL for medium to long term returns.

FIXED INCOME MARKET

The market appetite was skewed towards Government of Ghana (GoG) instruments. Other instruments actively traded on the market included ESLA Bonds and Cocoa Bills. Some corporate bonds from issuers like: IZWE LOANS LTD, AFB (GHANA) PLC and BAYPORT FINANCIAL SERVICES were fairly traded. During the latter part of the second quarter, investors preferred to hold their funds in short term securities (bonds with duration of below 5 years) rather than investing in intermediate or long term bonds.

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