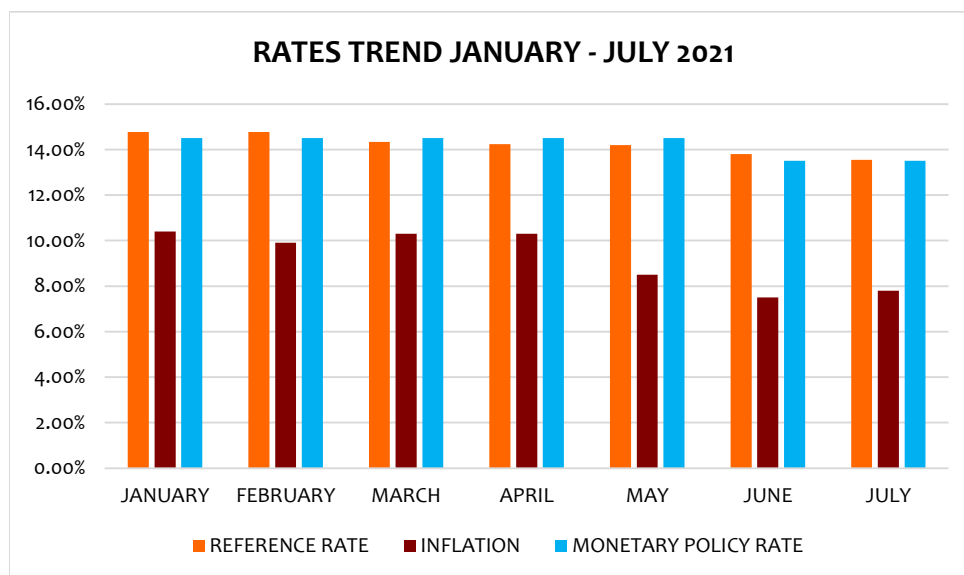




INTRODUCTION

The Ghana Stock Exchange (GSE) equity market has since the beginning of the year returned over 40% to investors; levels it has not reached since 2017. This is in contrast to the relatively bearish market we have endured over the past three years compounded by the outbreak of the global pandemic COVID-19 in 2020 which slowed the comeback of the market. But since the country conducted a peaceful general elections in 2020 with easing of lockdowns married with successful roll out of vaccinations, the market has shown signs of a recovery which has extended well into this year. As there are easing of restrictions on movements, businesses and industries have been able to revive their activities although not at pre-pandemic levels. The GSE has benefitted largely from gains made by telecommunication giants; Scancom PLC among other listed equities which have performed well this year to record impressive market returns. Scares of the Delta variant however has not affected the GSE as there is more adherence to safety protocols in the companies and companies are more robust to the needs and requirements of working from home.



KEY ECONOMIC INDICATORS

Indicator		
Monetary Policy Rate	June 2021	13.50%
Real GDP Growth	Q1 2021	3.1%
Inflation	June 2021	7.8%
Reference rate	July 2021	13.55%

Source: GSS, BOG, GBA

Inflation rate remained high for most of the beginning of the year due to consumer induced spending and rising fuel prices which saw inflation rise to levels outside the Bank of Ghana's (BoG) target of 8% +/-2 but has seen a steady decline since then, only experiencing a marginal increase to 7.8% from 7.5% in May which is still in the BoG's target for the year. Monetary Policy Rate has also been decreased by 100 basis points to 13.5% in May from 14.5% at the beginning of the year. We expect the BoG to maintain this rate in the near term and possibly drop it further at the tail end of the year. This we expect to drop interest rates thereby pushing more investors onto the Equity.

On the Forex front, the Ghana Cedi against the US Dollar opened the second quarter at GH¢5.7288 and closed at GH¢5.7626; translating to a cumulative Year-To-Date depreciation rate of -0.04%; which is much better, compared to the depreciation rate of -2.36% recorded during the same period a year ago. Against the British Pound, the local currency depreciated by -1.07% to GH¢7.96 per Pound. The Ghana Cedi was down -1.13% against the Chinese Yuan and -2.61% against the South Africa Rand. The Ghana Cedi however was in the green against the Euro, Japanese Yen and the Swiss Franc by 3.38%, 7.60% and 4.88% respectively.

Based on the current trend, the Ghana Cedi is expected to end 2021 with a Year-to-date depreciation of less than 2% against the US Dollar. Foreign portfolio outflows from Ghana’s domestic market is a key risk to the Ghana Cedi stability with the increase in demand for forex for import and trade activities.

STOCK MARKET HIGHLIGHTS

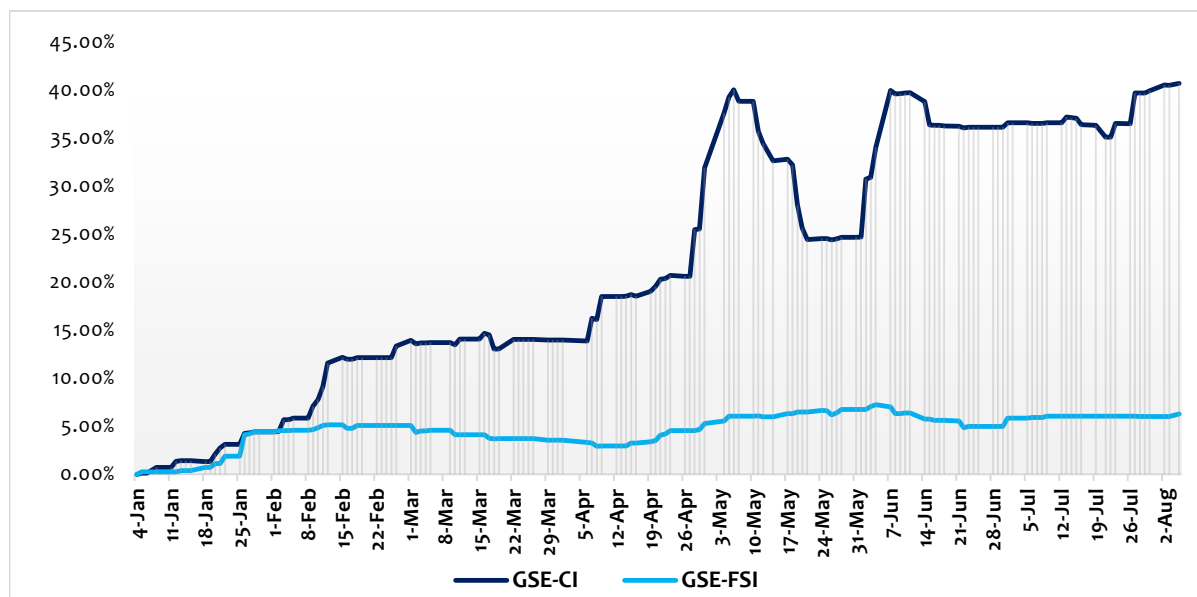
Investors in the GSE equity market have enjoyed the benefits of the current market trend. The benchmark GSE Composite Index (GSE-CI) has gained 790.81 points to close last trading at 2,732.40 points, translating into a (YtD) return of 40.73%.

The GSE Financial Stocks Index (GSE-FSI) followed similar trend although on a solemn rate as it has gained 111.84 points to 1,894.60, translating into a (YtD) return of 6.27%.

Scancom PLC. (MTNGH) has been the lead advancer as it has returned 96.88% to its investors this year. The stock has also dominated trade turnover with the highest volume and value traded Year to Date, accounting for 81.24% and 71.91% of volume and value traded respectively.

A total volume of 349,524,109 shares valued at GH¢341,224,165.12 has been traded as at end of July, 2021 representing a 5.08% and 44.97% increase respectively on last year’s market activity over the same period.

YEAR TO DATE INDEX PERFORMANCE TRENDS



The GSE has so far return higher than our expected return of between 25%-30% for the year. We therefore anticipate the market to close the year with a Year to Date return better than what the market recorded in 2017.

GAINERS

Ticker	Close Price (GH¢)	Open Price (GH¢)	Change (GH¢)	Y-t-D Change
MTNGH	1.26	0.64	0.62	96.88%
GGBL	1.50	0.90	0.60	66.67%
SOGEH	0.95	0.64	0.31	48.44%
TOTL	4.01	2.83	1.18	41.70%
EGL	1.95	1.40	0.55	39.29%
GCB	5.39	4.05	1.34	33.09%
GCB	5.39	4.05	1.34	33.09%
FML	1.4	1.08	0.32	29.63%
BOPP	2.40	2.00	0.40	20.00%
SCB	18.60	16.31	2.29	14.04%
RBGH	0.45	0.40	0.05	12.50%
GOIL	1.55	1.50	0.05	3.33%
CAL	0.70	0.69	0.01	1.45%

DECLINERS

Ticker	Close Price (GH¢)	Open Price (GH¢)	Change (GH¢)	Y-t-D Change
EGH	7.00	7.20	-0.20	-2.78%
ALW	0.10	0.11	-0.01	-9.09%
GLD	97.30	109.90	-12.60	-11.46%
SIC	0.07	0.08	-0.01	-12.50%
ABG	3.49	4.39	-0.90	-20.50%
ETI	0.06	0.08	-0.02	-25.00%
CPC	0.02	0.03	-0.01	-33.33%
UNIL	2.66	8.29	-5.63	-67.91%

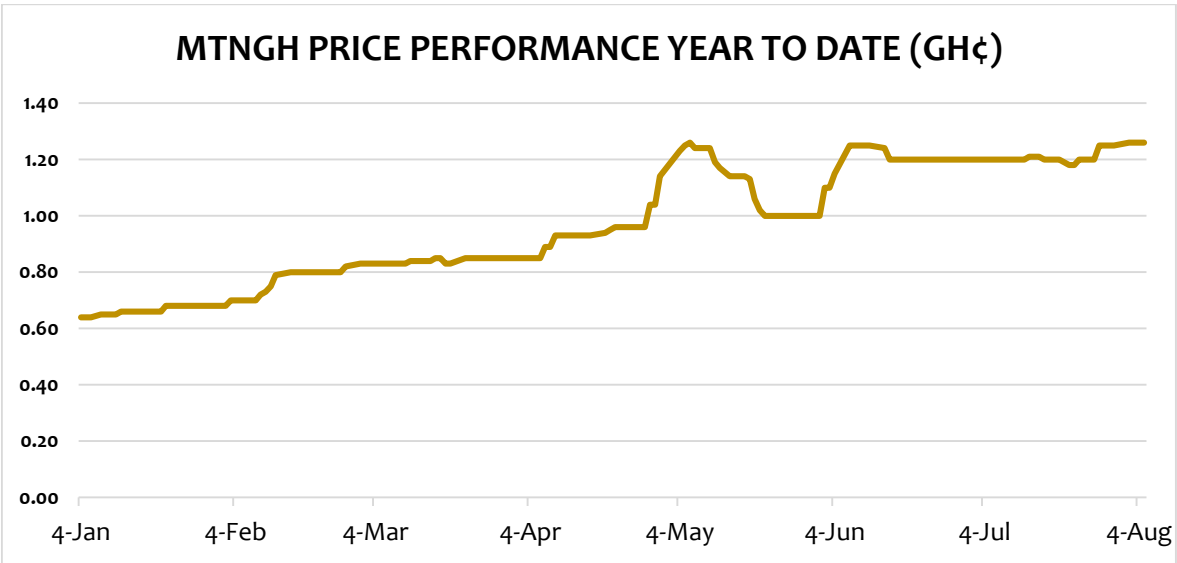
OUR PICKS

Scancom Plc. (MTNGH)

Recommendation: **BUY**

MTNGH opened the year at GH¢0.64 and is currently trading at GH¢1.26; translating to a Year-to-Date Return of 96.88%. It has posted a 52-Week-High of GH¢1.26 and a 52-Week-Low of GHS0.56. The PE Ratio is 9x with Price/Book of 4.31x and an average price of GH¢0.87 over the past 200 days. Trading activity in the stock has been buoyant, mainly driven by investor interest and the sustained bargain prices of listed stocks.

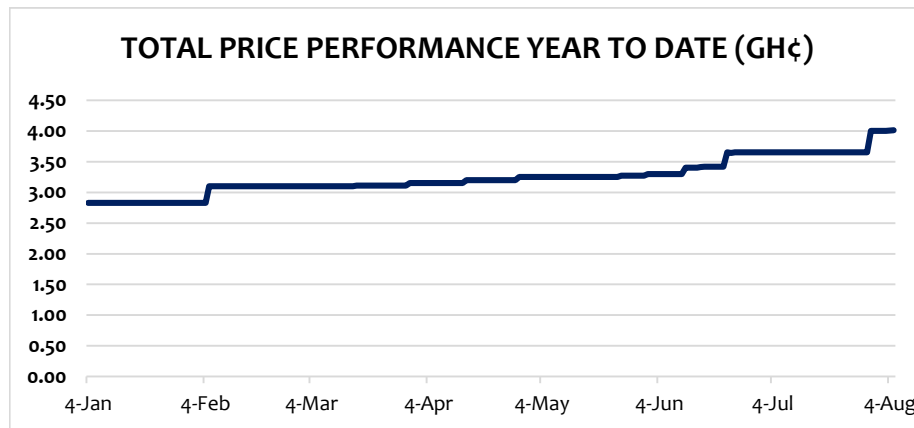
MTNGH main revenue drivers; data and Mobile Money continues to power growth as revenue reported in the Half Year financial statement shows a 25.9% growth from last year as both data and Mobile Money (MoMo) grew at 47.9% and 50.9% respectively. We recommend the stock as a Buy for the medium to long term as in our opinion, the key drivers of growth are fairly insulated from the impact of the COVID-19 pandemic. The stock has also been committed to paying dividends to its shareholders on a biannual basis since it listed in 2018 with a dividend yield of 6.35% which is higher than its peers and other blue chip stocks. Despite recent regulatory uncertainty, we remain optimistic of the growth outlook of MTNGH.



Total Petroleum PLC. (TOTAL)

Recommendation: BUY

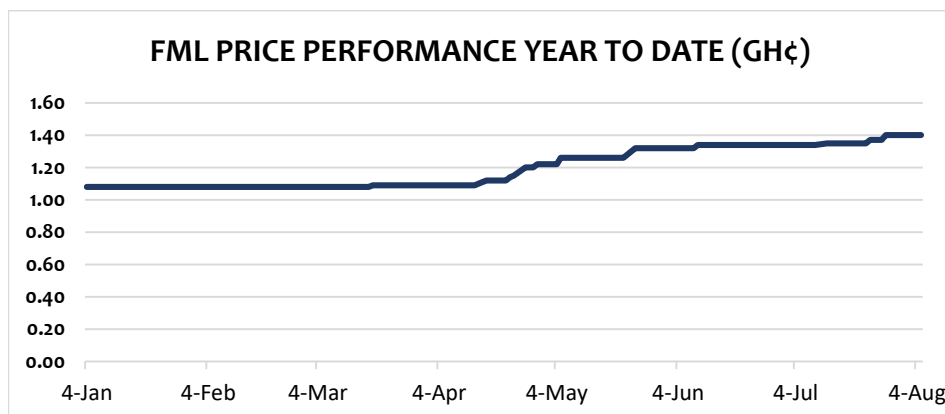
TOTAL is trading at GH¢4.01, this represents a Year-to-Date return of 41.70%. It has posted a 52-Week-High of GH¢4.01 and a 52-Week-Low of GH¢2.35. The PE Ratio of TOTAL is 4x, with an average price of GH¢3.03 over the past 200 days. A total volume of 1,438,959 shares valued at GH¢4,810,582.92 has been traded since the beginning of the year. The company has been thriving since the easing of lockdowns and restriction on movements. It has brought about increased demand for products from the company, especially fuel. This saw the company report a 68.81% growth in Profit after Tax from Half Year 2020 to Half Year 2021. Earnings per Share also grew to GH¢0.5646 from GH¢0.3432. It is currently trading at a PB ratio of 11.58x



FanMilk PLC. (FML)

Recommendation: BUY

FML is trading at GH¢1.40 representing a Year-to-Date return of 29.63%. This has been a good return for the stock compared to previous year when it declined over 73%. The impact of the COVID-19 pandemic had a toll on the performance of the stock on the market. However, present industry conditions has seen the stock make a steady and gradual climb up the gainers table. It has posted a 52-Week-High of GH¢1.75 and a 52-Week-Low of GH¢1.01 with PE Ratio of 12x, PB of 6.09x and Earnings per Share growing 500% from GH¢0.01 to GH¢0.06. The stock's average price over a 200 Day moving average is GH¢1.16. We recommend a Buy for the stock based on the strong recovery in the top line as revenue almost doubled from first quarter of the year to GH¢239 million. The company has achieved these returns through the strategy to improve outdoor sales, diversify the product portfolio as well as accelerate indoor.



Ecobank Ghana (EGH)

Recommendation: **BUY**

Ecobank Ghana started 2021 at GH¢7.20 and is currently trading at GH¢7.00; translating to a Year-to-Date Return of -2.78%. It has posted a 52-Week-High of GH¢7.50 and a 52-Week-Low of GH¢4.96. The stock's PE Ratio is low at 3x, with an average price of GH¢6.68 over a 200 Day Moving Average. The stock price has plateaued for most parts of the year with total volume traded not enough to put it in the top 10 traded for the year.

Ecobank reported in their 2021 Half Year financial statement a growth of 28.48% in Profit After Tax to GH¢325 million. The bank with the most customer deposits in Ghana however saw a 16% growth in customer deposits compared to the 37% increase during the same period last year but puts Ecobank in a position to expand the loans it advances with loan-to-deposit ratio pegged at 37.3%. Non-funded income was the key growth driver, increasing by 35.4% over the period on account of a 44.9% increase in Net fees and commission income as well as a 31.5% increase in Net trading income.

