



What's inside

LOCAL NEWS

1.	FITCH MAINTAINS GHANA'S RATINGS AT "B"	2
2.	INTEREST RATES TO RISE FURTHER	2
3.	GHANA STRUGGLING TO MEET FINANCING COSTS	2
4.	BOG GOVERNOR TO STEP DOWN	2
5.	GTBANK DECLARES ANOTHER YEAR OF PROFIT	2
6.	GCB LAUNCHES "GCB LITE PAY"	2
7.	BARCLAYS LAUNCHES "READYTOWORK"	3
8.	STANBIC INTRODUCES MONEY APP CHALLENGE...	3
9.	OPERATIONS OF FNB LAUNCHED	3
10.	CSD MIGRATES ACCOUNTS	3
11.	EXCHANGE RATES	3
12.	INTEREST RATES	4
13.	STOCK MARKET	4
14.	INVESTMENT FUNDS	5

FOREIGN NEWS

15.	CBTT HOLDS RATE	5
16.	EGYPTIAN BANKS TO SEEK NEW CHIEFS	5
17.	ISRAEL CAPS BANKERS' SALARIES	5
18.	BANK CUTS REMITTANCE TRANSACTION TIME	5
19.	CHINA BANK PROFITS FLAT-LINE.....	6
20.	BANKS RISK BANKRUPTCY	6
21.	BOE RAISES BUFFER RATE	6
22.	ZIMBABWE TO IMPROVE MOBILE BANKING	6
23.	WELLS FARGO TO PAY FOR PRIVACY VIOLATIONS	6
24.	WHY ARE BANKS CLOSING BRANCHES?	6
25.	BRENT CRUDE PRICE	7
26.	WORLD GOLD PRICE	7
27.	WORLD COCOA PRICE.....	7



LOCAL NEWS



B B

FITCH MAINTAINS GHANA'S RATINGS AT "B"

Ratings Agency, Fitch, has affirmed Ghana's long-term foreign and local currency Issuer Default Ratings (IDR) at "B" with a negative outlook. According to Fitch, Ghana's fiscal and external deficits expose the country to domestic and external shocks, including low oil prices and tight financing conditions. [Click to read full story](#)

[Top](#)



INTEREST RATES TO RISE FURTHER

The cost of borrowing for business in Ghana is unlikely to decline any time soon as research and investment firm, InvestCorp, is projecting a further hike in the central bank's policy rate to 27.50% by the end of this year. In its reaction to the latest maintenance of the policy rate at 26% by the central bank last week, the research firm said that monetary policy tightening might do more harm than good to the economy, especially if it is combined with the current revenue-based fiscal consolidation strategy. According to InvestCorp, monetary policy must be aligned to a faster GDP growth recovery which will help businesses, improve consumer demand and ease pressure on the banking sector's balance sheets and non-performing loans. [Click to read full story](#)

[Top](#)



GHANA STRUGGLING TO MEET FINANCING COSTS

The International Monetary Fund (IMF) has expressed renewed concerns over Ghana's deteriorating debt situation. The IMF noted that the country is at high risk of debt distress and faces exceptionally high gross financing needs. The Fund has cautioned government to consider altering the country's borrowing strategy and changes in market conditions when assessing alternative debt instruments. According to the Fund, recent yields on Ghana's Eurobonds have increased to above double digits, making this borrowing option very expensive. This warning is timely as government prepares to embark on another roadshow in April this year to convince investors to subscribe to its fifth Eurobond. [Click to read full story](#)

[Top](#)



BOG GOVERNOR TO STEP DOWN

The Bank of Ghana (BoG) has announced that its Governor, Dr. Kofi Wampah, will proceed on early retirement from the BoG with effect from April 1, 2016. Dr. Wampah, whose term officially ends on August 5th, 2016, said his early exit is intended to give enough room for his successor to settle down before the commencement of the November 2016 presidential and parliamentary elections. [Click to read full story](#)

[Top](#)



GTBANK DECLARES ANOTHER YEAR OF PROFIT

In spite of the challenges encountered in the economy during the year 2015, GTBank has declared significant profit. For the year under review, the Bank recorded pre-tax profit of GH¢89 million and profit after tax of GH¢61.9 million. GTBank also recorded 19% growth in total assets from GH¢1,162 million in 2014 to GH¢1,380 million in 2015. *B&FT (March 30, 2016) Page 1&3*

[Top](#)



GCB LAUNCHES "GCB LITE PAY"

As part of measures aimed at improving cashless transactions in the country, Ghana Commercial Bank (GCB), has launched a new product known as "GCB Lite Pay" to facilitate payment among business owners and traders. The GCB Lite Pay is a card payment solution that combines Europay, MasterCard and Visa certified card reader on a smartphone to accept and process payment transactions. [Click to read full story](#)

[Top](#)

BARCLAYS LAUNCHES “READYTOWORK”

Barclays Bank has launched an employment initiative, dubbed “ReadytoWork”, at the University of Ghana, Legon. The ReadytoWork initiative is a free online or face-to-face employability training programme designed to equip young people with the relevant skills to enhance their employment or self-employment prospects after school. The Bank will introduce the programme at tertiary institutions across the country in coming months. Barclays hopes to enrol over 15,000 students in their final year at various tertiary institutions unto the programme this year. *Daily Graphic (March 29, 2016) page 57.*

[Top](#)

STANBIC INTRODUCES MONEY APP CHALLENGE

Stanbic Bank Ghana has launched the Stanbic Money App Challenge aimed at engaging programmers and software teams to develop innovative financial education tools to help users, especially the youth, in the management of their finances. The Managing Director of Stanbic Bank Ghana, Alhassan Andani, said the App Challenge aims at attracting local talents to develop mobile application for Android and IOS platforms that will meet the needs of the banking sector. The Challenge is expected to run for four months after which 10 finalists will be selected for the ultimate prize. The prizes for the winners ranges from GH¢10,000 to GH¢1,000.

[Click to read full story](#)

[Top](#)

OPERATIONS OF FNB LAUNCHED

The Minister of Finance, Mr. Seth Terkper, has officially launched the operations of First National Bank (FNB) in Ghana with a call on the Bank to develop new ideas and technologies. According to the Chief Executive Officer of FNB, Mr. Jacques Celliers, the key objective of the Bank is to provide electronic and digital banking that is convenient and low cost to a broad segment of the populace. FNB presently has two branches and four ATMs located in Accra. The Bank plans on expanding its branch network and ATMs in the next few years.

Daily Graphic (April 1, 2016) page 55.

[Top](#)

CSD MIGRATES ACCOUNTS

The Central Securities Depository (CSD) Limited has successfully migrated securities accounts from the old CSD and from defunct Ghana Stock Exchange Security Depository (GSD) onto a new platform. The new platform, dubbed the Millennium Central Securities Depository System (MCSD), is to allow for convenience in trading and settlement of transactions in the country. [Click to read full story](#)

[Top](#)

EXCHANGE RATES

The cedi recorded week-on-week appreciation of 0.22% against the dollar. It however recorded week-on-week depreciation of 0.07% and 1.39% against the pound sterling and the euro respectively.

	24-Mar-16	1-Apr-16	W-o-W Change	
Currency	(GH¢)	(GH¢)	%	YTD%
US Dollar (USD)	3.8387	3.8304	0.22	(1.27)
Pound Sterling (GBP)	5.4293	5.4331	(0.07)	2.44
EURO (EUR)	4.2875	4.3479	(1.39)	(6.07)

Source: BoG (Calculations based on interbank mid-rates)

[Top](#)

INTEREST RATES

The 91-Day bill decreased week-on-week by 6 bps to 22.66%, whereas the 182-Day bill remained unchanged at 24.63%.

	24-Mar-16	1-Apr-16	W-o-W Change
Instrument	(p.a,%)	(p.a,%)	(basis points)
91 day	22.72	22.66	(6)
182 day	24.63	24.63	0

Source: BoG

STOCK MARKET

Week-on-week analysis of trading activities on the GSE revealed only losers. GOIL emerged as the highest loser with a w/w loss of 2.03%. The Composite Index (CI) and Financial Stocks Index (FSI) recorded year-to-date change of -4.28% and -5.68% respectively. The aggregate volume of shares traded decreased by 75.81% w/w to 381 thousand whereas total value of shares traded also decreased by 47.26% w/w to GH¢1.3 million.

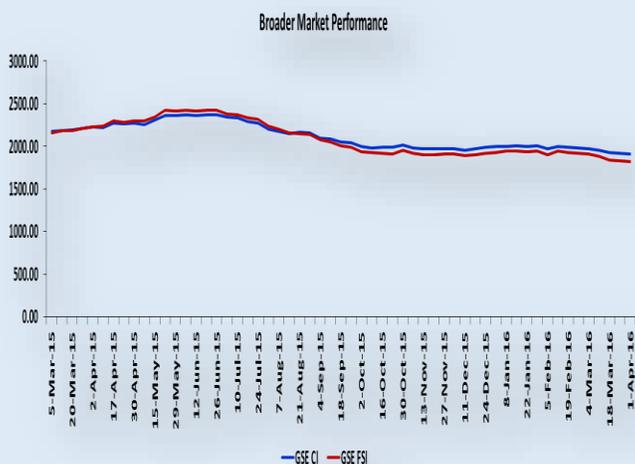
		Week Close		
		1-Apr-16	W-o-W %	YTD%
Market Cap (GH¢m)	↓	54,791.19	-0.04	-4.07
Value Traded (GH¢)*	↓	1,322,717.77	-47.26	
Volume Traded*	↓	381,049.00	-75.81	
GSE Composite Index	↓	1,909.51	-0.31	-4.28
GSE Financial Stocks Index	↓	1,820.47	-0.35	-5.68

*Total value traded and total volume traded within the week



		Week Close		
Top Losers		1-Apr-16	Week-on-Week %	YTD%
GOIL	↓	1.45	-2.03%	3.6%
CAL	↓	0.99	-1.00%	-1.0%
GCB	↓	3.65	-0.82%	-3.7%
SCB	↓	16.13	-0.31%	-1.0%
EGH	↓	6.98	-0.29%	-0.4%

Source: GSE



[Top](#)

INVESTMENT FUNDS

HFC Equity Trust, Future Plan Trust, Unit Trust and REIT recorded week-on-week gains of GH¢0.0008, GH¢0.0070, GH¢0.0016 and GH¢0.0085 respectively.

Investment Product	23-Mar-16	31-Mar-16	W-o-W Change	
	(GH¢)	(GH¢)	(GH¢)	YTD/Yield*(%)
HFC Equity Trust	0.5027	0.5035	0.0008	1.99
HFC Future Plan Trust	1.7375	1.7445	0.0070	5.01
HFC Unit Trust (Bid)	0.3561	0.3577	0.0016	*24.76
HFC REIT (Bid)	2.4670	2.4755	0.0085	*15.18

Source: HFC ISL

[Top](#)



FOREIGN NEWS

CBTT HOLDS RATE



The Central Bank of Trinidad and Tobago (CBTT) left its benchmark repo rate steady at 4.75%, citing “somewhat tepid domestic economic activity, low inflation and slow global growth”. The CBTT, which last month paused in its tightening campaign after eight consecutive rate hikes since September 2014, added that inflation remains well contained by historical standards despite the rise in February, a likely effect of a larger number of items becoming subject to sales tax as of February 1st, 2016. Trinidad and Tobago’s headline inflation rate rose to 3.4% in February from 2.4% in January. [Click to read full story](#)

[Top](#)

EGYPTIAN BANKS TO SEEK NEW CHIEFS



More than a fifth of Egyptian banks will be forced to change their top executive over the next 12 months after the Central Bank of Egypt (CBE) issued a nine-year term limit described as an effort to revitalize the industry. The Governor of the CBE, Tarek Amer, explained that he wants to push industry reform by giving leadership opportunities to younger bankers. The decision comes less than two weeks after the nation undertook the biggest currency devaluation in 13 years, seeking to attract foreign investment to alleviate a shortage of dollars and revive economic growth. [Click to read full story](#)

[Top](#)

ISRAEL CAPS BANKERS’ SALARIES



Israel has introduced one of the world’s toughest curbs on bank executives’ salaries to try to narrow a big gap between bosses’ and workers’ pay. Under the new law, total compensation will be capped at 2.5 million shekels (\$652,605) a year, or not more than 44 times the salary of the lowest worker at the company. Bankers’ pay is a sensitive issue in Israel, especially since banks make huge profits partly from a wide variety of fees on deposits and withdrawals. [Click to read full story](#)

[Top](#)

BANK CUTS REMITTANCE TRANSACTION TIME



As part of efforts to improve its services, EXIM Bank Tanzania has guaranteed its customers with completion of remittance transactions within 4 hours instead of the previous duration of 12 hours. Mr. Tumaini Mwakafwaga, the bank’s Group Head, noted that in instances where the timeline is breached, customers will receive a refund of service charges incurred for the transaction. [Click to read full story](#)

[Top](#)

CHINA BANK PROFITS FLAT-LINE

China's Big Four state-run banks are set to report annual earnings growth this year that likely flat-lined as a surge in soured loans continued unabated while economic expansion weakened. Profit growth in China's banking sector has slowed in recent years with bad loans at a 10 year high of \$195 billion recorded in 2015. Fitch Ratings, in a research note on March 22, said banks are likely to announce "continued subdued earnings growth amid margin compression and asset deterioration". [Click to read full story](#)

[Top](#)

BANKS RISK BANKRUPTCY

A number of Nigerian banks will go bankrupt due to their exposure to the energy sector, according to industry experts. Several energy companies in the country are presently not producing, thus hampering their ability to service their loans from banks. In addition to the huge indebtedness, analysts are of the view that the decline in oil prices would lead to a slowdown in the development of new oil and gas projects, causing a sharp decline in investments in the energy industry. [Click to read full story](#)

[Top](#)

BOE RAISES BUFFER RATE

The Bank of England (BoE) has asked banks in the U.K. to begin building up capital earmarked to support lending when the economy turns down, as the outlook for the country's financial stability worsens. The BoE's Financial Policy Committee (FPC) raised the countercyclical capital buffer rate for U.K. exposures to 1.5% of risk-weighted assets from zero, becoming binding from March 29th, 2017. The FPC in explaining its decision said risks associated with domestic credit as well as U.K.'s exposure to global risks have heightened. [Click to read full story](#)

[Top](#)

ZIMBABWE TO IMPROVE MOBILE BANKING

The Government of Zimbabwe is working on refining regulatory frameworks that govern mobile banking activities, to improve the administration of the sector. The country's mobile banking initiatives are partially and in some cases wholly led by non-bank organizations that are traditionally outside the scope of financial regulations. This has led to concerns that the lack of guidelines in the sector could lead to abuse of the system by operators. Since the adoption of multiple foreign currencies in 2009, Zimbabwe has witnessed a proliferation of mobile banking systems managed by the country's mobile network operators. [Click to read full story](#)

[Top](#)

WELLS FARGO TO PAY FOR PRIVACY VIOLATIONS

A Wells Fargo & Co unit will pay \$8.5 million to California and five of the state's counties to settle charges that it violated customers' privacy by recording their calls without first notifying them. The Bank breached California's privacy laws, which require disclosure at the commencement of a phone call. The settlement also requires the Bank to establish procedures to ensure compliance with customers' privacy laws, and the appointment of a supervisor to oversee those measures. [Click to read full story](#)

[Top](#)

WHY ARE BANKS CLOSING BRANCHES?

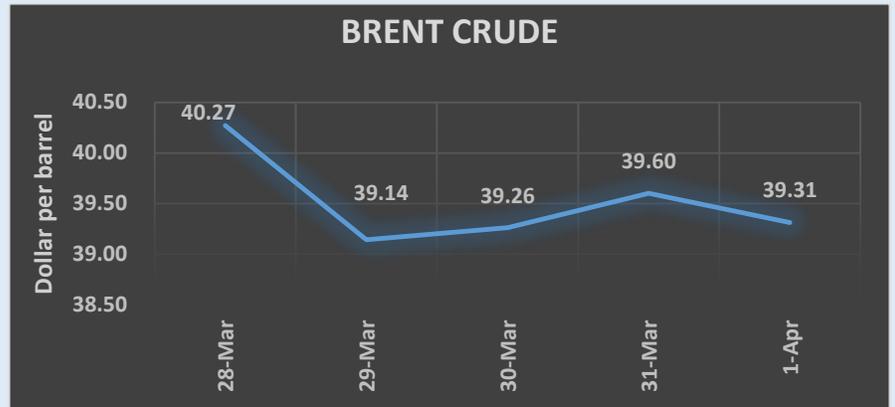
With the increased uptake of mobile and agency banking, some commercial banks in Rwanda have started scaling down on their branch network. The move is seen as a cost-cutting measure on the part of financial institutions. The latest to announce branch closure this year is GTBank Rwanda as it plans on shutting down two of its branches in June. The Bank noted that its decision was guided by their strategy to windup unprofitable outlets, as well as employing other channels such as mobile banking and agent banking. [Click to read full story](#)

[Top](#)



BRENT CRUDE PRICE

Brent crude price decreased from \$40.27 per barrel to \$39.31 per barrel by close of week. Price change for the week was -2.38%. The commodity recorded a year-to-date increase of 5.62%.



Source: Bloomberg (The last day figure is taken at midday)

WORLD GOLD PRICE

The price of gold, this week, increased from \$1,221.71 an ounce to \$1,230.10 an ounce. Price change for the week was 0.69%. Gold recorded a year-to-date gain of 14.47%.



Source: Bloomberg (The last day figure is taken at midday)

WORLD COCOA PRICE

During the week, the price of cocoa decreased from \$2,970.00 per tonne to \$2,898.00 per tonne. Price change for the week was -2.42%. The commodity recorded a year-to-date loss of -7.23%.



Source: Bloomberg (The last day figure is taken at midday)

[Top](#)

Further enquiries can be directed to: HFC Bank Research and Strategic Planning Department: research@hfcbank.com.gh

DISCLAIMER: The content of this newsletter reflects the views of the authors. It is presented for information purposes only. The information used in this report was acquired from sources believed to be accurate and reliable. However, we cannot attest to its accuracy.