

## Business Briefing

### Ghana Opening 2-year Notes to Foreigners

Ghana is set to open auctions of two-year notes to foreign buyers, seeking to draw more offshore funds for its budget as the country makes plans to offer longer-dated cedi-denominated bonds. According to the Finance Ministry's director of debt management, Samuel Donyina-Ameyaw, government may allow offshore investors to buy two-year cedi notes, while still barring them from one-year maturities. Foreigners are currently allowed to only buy domestic bonds with terms of three years and higher. He added that the objective now is to try to do more medium- to long-term bonds and less of short-term ones. He explained that government does not want to use the 91-day Treasury bill up to the one-year note, which are classified as short term, for capital expenditure anymore. Ghana, is trying to narrow its budget deficit to 8.5 percent of gross domestic product this year from 10.2 percent last year that according to the ministry missed a target of 9%. Even after using \$750 million from a sale of Eurobonds in July to boost foreign reserves, the cedi weakened 20% against the dollar in 2013. Ghana will probably debut 10-year notes near June, the longest cedi bonds Ghana currently offers have seven-year tenures. Source: Bloomberg

### IMF to Raise Global Growth Forecast

The Managing Director of the International Monetary Fund (IMF), Christine Lagarde, has indicated that the IMF will raise its forecast for global growth. In October the IMF lowered its growth forecasts, noting that the global economy "remains in low gear". It cut its growth forecast for 2014 by 0.2 of a percentage point to 3.6 percent. It also reduced the estimate for 2013 growth by 0.3 of a point to 2.9 percent. Back then it warned that a slower pace of expansion in emerging economies such as Brazil, China and India, was holding back global expansion. Many economists have been surprised at the strength of the rebound in developed economies, particularly the United States and the UK. Last month the US Commerce department revised US growth upwards to its fastest pace since late 2011. It said GDP grew at an annualized rate of 4.1 percent between July and September, up from an earlier 3.6 per cent estimate. Citing those stronger growth figures, US President Barack Obama has said 2014 will be a "breakthrough year" for the US economy. Also last month, growth estimates for the UK economy in 2013 were upgraded. The Office for National Statistics (ONS) raised its forecast for annual growth to 1.9 per cent from 1.5 percent. Source: BBC / Ghanaian Times

## GSE Snapshot

### Trading Week Closes on a Bearish note

Trading during the week on the Ghana Stock Exchange (GSE) closed with ten (10) price changes involving eight (8) gainers and two (2) losers. Starwin Products Ltd (SPL) emerged the highest gainer adding 33% value as a result of a pesewa gain to close at GH¢0.04 per share.

Market Capitalization rose to GH¢61.98 billion.

Active trading in CAL, EBG, ETI & GCB resulted in a 74% rise in total volume traded to 2.597 million shares. Similarly, total value traded rose by 99% to GH¢3.85 million.

The indices extended their gains in the trading week. The GSE Composite Index (GSE-CI) added 32.28 points to close at 2,184.82 points, and YTD gain of 01.85%. Also, the GSE-FSI added 43.02 points, closing at 1,844.44 points, and a YTD gain of 0.83%.

	3-Jan-14	10-Jan-14	% Chg
<b>Market Cap (GH¢ 'm)</b>	61,320	61,983	<b>1.08</b>
<b>Value Traded (GH¢)</b>	1,928,095	3,851,050	<b>99.73</b>
<b>Volume Traded</b>	1,488,967	2,597,827	<b>74.47</b>
<b>GSE Composite Index</b>	2,152.54	2,184.82	<b>1.50</b>
<b>GSE Financial Index</b>	1,801.42	1,844.44	<b>2.39</b>

Week's Gainers & Losers				
Equity	Week Open	Week Close	Change	YTD
	GH¢	GH¢	%	%
SPL	0.03	0.04	<b>33.33</b>	-
ETI	0.20	0.24	<b>20.00</b>	<b>▲ 26</b>
AYRTN	0.17	0.18	<b>5.88</b>	<b>▲ 6</b>
GCB	4.85	4.91	<b>1.24</b>	<b>▲ 1.2</b>
SCB	14.94	15.00	<b>0.40</b>	<b>▲ 0.4</b>
EBG	5.68	5.70	<b>0.35</b>	<b>▲ 16</b>
FML	6.62	6.64	<b>0.30</b>	<b>▲ 0.3</b>
<b>TOTAL</b>	5.02	5.03	<b>0.20</b>	<b>▼ (0.6)</b>
UTB	0.45	0.44	<b>(2.22)</b>	<b>▼ (2.2)</b>
HFC	0.96	0.94	<b>(2.08)</b>	<b>▼ (2.1)</b>

Source: HFC Investments Research Database

## Corporate News

### *BOG Issues New Restrictions to Support Local Currency*

The Governor of the Bank of Ghana, Dr. Henry Wampah has announced that the central bank has issued new regulations to improve liquidity in the interbank currency market and shore up the local currency. The regulations require all commercial banks in Ghana to "actively" quote a two-way pricing of currency exchange and limit the spread on corporate transactions to a maximum of 200 pips. He explained that they believe these new set of measures, and others to follow soon, are transformational and will help revamp the interbank market and stabilize the local currency. Ghana's cedi slumped around 20 percent against the dollar in 2013 and sentiment remains bearish mainly due to poor liquidity, traders said. Macroeconomic instability including a falling currency casts a shadow over Ghana's economy. Dr. Wampah stated that the central bank would also continue to inject dollars into the interbank market as it deems fit. Commercial banks are required to obtain "no objection" from the central bank for the appointment of treasurers to ensure market standardization, he said. We intend to ensure strict compliance, he said adding that the central bank would soon announce further restrictions on foreign accounts. Analysts say the latest measures could significantly improve the interbank market. Source: Reuters

### *Chamber of Commerce & Industry to Operate a Shipping Line in July*

The Ghana Chamber of Commerce and Industry has hinted of plans to begin the operation of its own shipping line on the 1st of July, 2014. Inroads into the establishment of the shipping line are fast advanced. The Chamber's move to have the shipping line comes on the back of challenges its members face in transporting their products across the sub region, especially Nigeria. The President of the Chamber, Dr Seth Agyei Baah lamented the extensive barriers to trade and the inexistence of direct shipping lines to West African countries along the coast. He stated that the Chamber is trying to have linkages to do business within the West African sub-region. He explained that currently, exports to Nigeria are either than by road, or you ship to Europe then to Nigeria which ultimately adds up to cost and time, solely because there is no direct sea link to Nigeria. The idea is to use Ghana as the hub to supply the West-African sub region. The establishment of the shipping line is a collaboration work with the various Chambers of commerce in the sub region with support from the ECOWAS Mission, he added. Source: citifmonline

### *Deployment of Inland Ports Needed —Gov't*

The Government of Ghana is engaging local and foreign stakeholders to raise resources for the deployment of inland ports to reduce pressure on the Tema and Takoradi harbours, and the roads. This forms part of the government's programme for a massive improvement in the nation's transportation system to further open up the economy and reduce post-harvest losses, among others. Vice-President Kwesi Bekoe Amisshah-Arthur, explained that the construction of an integrated transport system would also facilitate and position the country as a transport hub in the sub-region for the transportation of goods and services to the market centres and especially to neighbouring landlocked countries. In pursuit of this, government has been undertaking massive road construction and rehabilitation and expansion of the Tema and Takoradi harbours. The railway sector would also be tackled to play its needed role in the economy. Source: The Ghanaian Times

### *SIRIUS Capital to be FIELD Partner for Harvard Business School*

Sirius Capital Limited is looking forward to welcoming a team of MBA students from Harvard Business School later this month. The team of six will be in Ghana for seven days as part of a required first-year course at Harvard Business School called FIELD, which stands for Field Immersion Experience for Leadership Development. Sirius Capital is one of 140 FIELD Global Partners spanning 10 countries around the world. Together they will host more than 900 students in all. In line with the corporate vision to improve financial literacy and wealth creation through investment in the money and equity markets among Ghanaians and more importantly making efforts to bridge the gap between academia and industry, Maame Yaa Gyambrah Incoom, Head of Corporate Finance at Sirius Capital stated that the students will gather insights here that they would never be able to glean from a classroom discussion alone. FIELD has three modules that run through the entire first year of the two- year MBA program. Source: myjoyonline

## Numbers Making Headlines

### 3rd 7-yr

Government through the Bank of Ghana (BOG) will issue the county's third (3<sup>rd</sup>) seven year (7-yr) Bond in May this year to raise GH¢300 million. This notice was contained in the BOG calendar for the issuance of government securities released Tuesday, January 7, 2014. The central bank would also sell one five-year bond in March and three three-year bonds in February, April and June this year. In all BOG is hoping to raise about GH¢12.7 billion Ghana from the sale of government securities from January to June. The country last year issued two 7-yr bonds in August and November to raise GH¢100 million each.

### 17.5%

The new Value Added Tax (VAT) rate of 17.5% has taken effect. This followed the presidential assent given the VAT Act 2013 (Act 870) on December 30, 2013, and its subsequent gazetting. Under the regime, the standard rate which was 12.5%, moves up to 15%, while the National Health Insurance Levy (NHIL) remains at 2.50%. According to the Commissioner-General of GRA, Mr George Blankson, reports from the Tema Harbour indicated that importing companies had configured their figures and were working with the new rates. He expressed the hope that registered companies would co-operate to ensure that the nation reaped the expected outcomes from the new rate.

### 25.97%

Foreign Direct Investments (FDIs) legally registered in the country for the first nine months of 2013 have declined in value but increased in numbers. According to figures from Ghana Investment Promotion Center (GIPC), total FDI component recorded US\$3.24 billion, representing a decrease of 25.97% over US\$4.38 billion recorded for the same period in 2012. For the first nine months of 2013, 144 projects were recorded compared with 102 projects in 2012, of which 108 representing 75%, were wholly- foreign owned enterprises valued at US\$1.03 billion which was 34.7% of the total estimated value of projects registered.

## Exchange Rates

By the close of the week, the Ghanaian cedi lost ground to all the major international trading currencies. The year-to-date (YTD) performances indicates the cedi has depreciated against all the under-listed currencies, as indicated by the inter-bank mid-rates below:

Currency	3-Jan-14 (GH¢)	10-Jan-14 (GH¢)	Change (GH¢)	YTD (%)
US Dollar (USD)	2.2101	2.2653	0.0552	▼ 4.8
Pound Sterling (GBP)	3.6318	3.7297	0.0979	▼ 4.4
Euro (EUR)	3.0141	3.0780	0.0640	▼ 3.1
S/African Rand (ZAR)	0.2069	0.2093	0.0023	▼ 1.5
Naira (NGN)	0.0139	0.0143	0.00034	▼ 6.3

## Interest Rates / Yields

The returns on the funds managed by HFC Investments generally trended upward in the week. The treasury securities showed mixed performance for the week ending January 10, 2014, as the rate on the 91-day bill and the 182-day bill improved, declined, while the 2-year note and the 1-yr note remained flat, as indicated below:

Instrument	27-Dec-13 (p.a., %)	3-Jan-14 (p.a., %)	10-Jan-14 (p.a., %)	Investment Product	3-Jan-14 (GH¢)	10-Jan-14 (GH¢)	Change (GH¢)	YTD / Yield* (%)
91-Day Bill	19.22	19.23	19.41	HFC Equity Trust	0.3983	0.4010	0.0027	0.68
182- Day Bill	18.66	19.18	19.24	HFC Future Plan Trust	1.2402	1.2428	0.0026	0.53
1 yr Note	17.00	17.00	17.00	HFC Unit Trust (Bid)	0.2191	0.2204	0.0013	25.01*
2 yr Note (fixed)	16.80	16.50	16.50	HFC REIT (Bid)	1.5552	1.5605	0.0053	18.34*

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