

Business Briefing

CPI at 4-yr Record High The increase in the average cost of living for Ghanaians as measured by the consumer price index (CPI) inflation jumped to its highest in nearly four years in the month of December, driven by surging utility bills and transport costs which have been piling pressure on workers' income. The year-on-year inflation measured by the Consumer Price Index for December 2013 stood at 13.5 per cent, an increase from the 13.2 percent recorded in November 2013. The December inflation rate is the highest since March 2010 and the increase is as a result of high price changes of some items such as water supply, electricity, transport, kerosene and gas. The monthly change rate for December 2013 was 0.1 per cent as against the 0.8 percent recorded in November 2013.

Dr Philomena Nyarko Government Statistician, stated that the food and non-alcoholic beverages group recorded an average year-on-year inflation rate of 7.2 percent, 0.1 percentage points lower than the 7.3 percent recorded in November 2013. Dr Nyarko further explained that the non-food group recorded an average year-on-year inflation rate of 18.1 percent in December 2013, compared to a rate of 17.6 percent recorded in November 2013. She said housing, water, electricity, gas and other fuels recorded the highest rate of 35.0 per cent followed by transport which recorded 25.6 percent adding that inflation was lowest in the communications subgroup with 4.4 percent. Dr Nyarko said the Central Region recorded the highest regional year-on-year inflation rate of 14.8 per cent and Upper East Region the lowest with 6.2 per cent while Central, Greater Accra, Eastern, Western and Ashanti recorded inflation rates above the national average of 13.5 per cent.

She however maintained outlook for inflation is favorable. "We all know that there have been a number of decisions that have been taken as far as financial management is concerned. We are looking at freezing wages; also the government is trying to use the GIFMIS system [the Ghana Integrated Management Information System] to regulate the way government expenditure is carried out.... some new tax regulations being put in place. "We have to wait to see what the impact of some of these policies would be. Source: GNA

GSE Snapshot

Indices Extend Gains Trading during the week on the Ghana Stock Exchange (GSE) closed with eleven (11) price changes involving five (5) gainers and six (6) losers. Ghana Commercial Bank (GCB) emerged the highest gainer adding 2.85% value to close at GH¢5.05 per share. Mechanical Lloyd Co. (MLC) shed the most value of 13%, having lost five pesewas in the week to close at GH¢0.33 per share.

Market Capitalization fell by 0.18% to GH¢61.87 billion.

Active trading in CAL and SIC contributed to the 84% rise in total volume traded to 4.79 million shares. More significantly, total value traded rose by 128% to GH¢8.8 million.

The indices extended their gains in the trading week. The GSE Composite Index (GSE-CI) added 2.12 points to close at 2,186.94 points, and YTD gain of 1.95%. Also, the GSE-FSI added 2.78 points, closing at 1,847.22 points, and a YTD gain of 3.39%.

	10-Jan-14	17-Jan-14	% Chg
Market Cap (GH¢ 'm)	61,983	61,873	(0.18)
Value Traded (GH¢)	3,851,050	8,797,654	128.45
Volume Traded	2,597,827	4,785,965	84.23
GSE Composite Index	2,184.82	2,186.94	0.10
GSE Financial Index	1,844.44	1,847.22	0.15

Week's Gainers & Losers				
Equity	Week Open GH¢	Week Close GH¢	Change %	YTD %
GCB	4.91	5.05	2.85 ▲	4
FML	6.64	6.72	1.20 ▲	2
CAL	0.97	0.98	1.03 ▲	1
SCB	15.00	15.05	0.33 ▲	0.7
EBG	5.70	5.71	0.18 ▲	1.8
MLC	0.38	0.33	(13.16) ▼	(13)
AYRTN	0.18	0.17	(5.56)	-
ETI	0.24	0.23	(4.17)	▲ 21
PZC	0.79	0.77	(2.53)	▼ (2.5)
EGL	1.88	1.86	(1.06)	▼ (1.1)
BOPP	3.21	3.19	(0.62)	▼ (0.6)

Source: HFC Investments Research Database

Corporate News

GSE—Africa's Best Performing Index in 2013

Ghana's stock exchange (GSE), which had Africa's best-performing index in 2013, may have three share listings this year as the market expects the rally to continue, Managing Director Kofi Yamoah, has hinted. He noted that Vanguard Assurance Co. may become the third insurer on the exchange as it considers an initial public offering. Agricultural Development Bank Ltd., a state-owned lender, may also list shares and Mega African Capital, a private investment company owned by Accra-based Oak Partners Ltd., may sell stock by March, he said. The Ghana Stock Exchange (GSE) last year recorded the highest trading since the inception of the Exchange, Managing Director, Mr Kofi S. Yamoah has said. The total value of shares traded on the Accra bourse last year stood at GH¢ 465.14 million, which is an increase of 355 per cent over the previous year's figure of GH¢ 102 million, while the volume of traded shares stood at GH¢313 million, an increase of 43 per cent from the previous year's figure of GH¢ 218 million. On the performance of the stock market for 2013, Mr Yamoah attributed the feat to the excellent results recorded in 2012 by the companies listed on the Accra bourse, particularly those in the banking and insurance industries. The participation in the market by the Second Tier Private Fund Managers beginning from November 2012 also accounted for the improved performance of the GSE," he said. He said total market capitalisation stood at GH¢61 billion, which the domestic market contributed about Gh¢11.7 billion "The composite index, which measures the performance of all the listed companies on the exchange, recorded a gain of 79 per cent, while the financial stock index, which also measures the performance of the companies in the financial and insurance sector, recorded a gain of 72 percent. Source: Ghana Stock Exchange

ADB Outdoors New Corporate Identity

The Agricultural Development Bank (ADB), has outdoored its new corporate identity in line with its restructured operations to offer enhanced services to the agricultural and various sectors of the economy. The new logo, which the bank said demonstrates its renewed commitment to national developmental ideals, is a major part of the implementation of a rebranding and expansion strategy to make the bank more competitive. In addition, the expansion plan is to enable the bank keep to its mission of being a leader in agriculture financing. Mr. Stephen Kpordzih, Managing Director of ADB explained that the new logo reflects a deep will within ADB to keep up with modernity and evolution. Touching on the need for a new corporate image, he noted that on account of significant national and international recognition received by the bank there is the need to refresh its identity, improve its look and feel, and present its modern face to the country and the world at large. Our name, values, mission and purpose remain unchanged," he said, explaining that the "new logo is part of a broader initiative to clearly define ADB as a modern institution and set out a new ambition for the future. Currently, the bank is in the initial stage of its follow-up strategic plan for the 2014-2016 period, designed to ensure sustainable growth and profitability and build on the key successes achieved in the previous strategic plan . Source: The Ghanaian Times

Ghana, among Five Emerging Markets for 2014

After the BRIC (Brazil, Russia, India and China) and MINT countries (Mexico, Indonesia, Nigeria and Turkey), The Marketer, a flagship magazine of the Chartered Institute of Marketing (UK) has named Ghana among a new set of five emerging markets and their key marketing channels. The list included countries such as Brazil, Indonesia, India, China and Ghana as the emerging markets to watch this year. According to the Marketer, Business in Ghana is booming. Besides being in the world's top 10 fastest growing economies of 2013, Ghana also boasts Africa's highest penetration of mobile broadband. Twenty-three per cent of the population in 2011 were using mobile broadband, while fixed-broadband penetration stood at a trivial 0.3%. Mobile operators invested heavily in 2009 and 2010. For the telecom industry, this resulted in investment-to-revenue ratios of 65% in Ghana, the highest in the world. Mobile phone penetration hit 100% in November this year, and there is no sign of slowing down. Besides Ghana, there are opportunities in other countries in the developing world. According to a report by the International Telecommunication Union, mobile broadband continued to grow at a rate of 23 per cent between 2010 and 2011. Fixed broadband isn't doing as well, it's only growing at a global average of 10 percent, the report noted. Source: myjoyonline

Numbers Making Headlines

338.89%

PZ Cussons emerged as the best performing equity on the Ghana Stock Exchange (GSE) in terms of returns to investors last year. The company returned 338.89% to persons who invested in the stock from January to December 2013. This was contained in the GSE's report for 2013 issued by managers of the local bourse. The report also revealed that 313 million shares exchanged hands for last year. Shares of HFC Bank led the stock market in terms of number of stocks traded, while Total Petroleum was the highest in terms of value. The GSE was GH¢ 61 billion at the year close, while the number of companies listed is 34. On the average the Stock Market returned 78.8% to investors.

25%

Leading International Investor, Leapfrog has acquired a 25% stake in Petra Trust, after investing fresh capital into the firm. This would ensure a massive turn around in the operations of the local pensions trustee. According to the Deputy Managing Director of Petra Trust, Chris Adu Hammond, the company is determined to capture a large portion of the pensions market. He added that going forward with the push that Pensions are going to be making, we are going to see more equities and corporate bonds being listed as each of them provide liquidity to some aspect of the economy.

GHS55 million

Vodafone is undertaking a massive expansion, costing approximately GHS55 million to improve network quality for mobile customers in new and existing sites. The expansion which began in November 2013 will see the deployment of a total 403 coverage and capacity sites, and Core Network expansions using the latest state-of-the-art technologies by the end of March 2014. The expansion works will not only increase the coverage footprints of the network but also enhance quality and reliability. This will boost business and customer experience and ensure improved and seamless communication.

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	10-Jan-14 (GH¢)	17-Jan-14 (GH¢)	Change (GH¢)	YTD (%)
US Dollar (USD)	2.2653	2.2951	0.0298	▼ 6.2
Pound Sterling (GBP)	3.7297	3.7505	0.0207	▼ 5.0
Euro (EUR)	3.0780	3.1229	0.0449	▼ 4.6
S/African Rand (ZAR)	0.2093	0.2099	0.0006	▼ 1.8
Naira (NGN)	0.0143	0.0144	0.00015	▼ 7.4

Interest Rates / Yields

The returns on the funds managed by HFC Investments generally trended upward in the week, except for the Equity Trust. The treasury securities showed mixed performance for the week ending January 17, 2014, as the rate on the 91-day bill and the 182-day bill improved, declined, while the 2-year note and 1-yr note remained flat, as indicated below:

Instrument	27-Dec-13 (p.a., %)	10-Jan-14 (p.a., %)	17-Jan-14 (p.a., %)	Investment Product	10-Jan-14 (GH¢)	16-Jan-14 (GH¢)	Change (GH¢)	YTD / Yield*
91-Day Bill	19.22	19.41	19.60	HFC Equity Trust	0.4010	0.4007	(0.0003)	0.60
182- Day Bill	18.66	19.24	19.43	HFC Future Plan Trust	1.2428	1.2464	0.0036	0.82
1 yr Note	17.00	17.00	17.00	HFC Unit Trust (Bid)	0.2204	0.2213	0.0009	25.01*
2 yr Note (fixed)	16.80	16.50	16.50	HFC REIT (Bid)	1.5605	1.5641	0.0036	16.75*

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