

## Business Briefing

### *Ghana's Economy Likely to Slow to 4-yr Low- CEPA*

Ghana's GDP growth, which plunged to a record low on quarterly basis between July and September last year, may at best be 4.8 percent for 2013, according to a new forecast by the Centre for Policy Analysis (CEPA). According to Dr. Joe Abbey, CEPA's Executive Director, growth could even be lower, at 4.5 percent, if the fourth quarter data - set to be released in April - do not show a significant improvement over the prior three months. Economic growth rose by a paltry 0.3 percent year-on-year between July and September - sharply below the 6.1 percent and 6.7 percent growth rates in the second and first quarters' respectively, and the strong 7 percent expansion in the same period of 2012. The sharp slowdown means the economy expanded by just 4.1 percent in the first nine months of 2013, compared to 8.7 percent in the same period of 2012 - putting at risk the GSS's provisional 7.4 percent estimate for 2013 and the target of 8 percent for 2014. Dr Abbey indicated that CEPA's full-year projection of 4.8 percent depends on a 6.1 percent expansion in the fourth quarter.

"There's a lot of work that needs to be done. The GSS said the notable areas with strong growth were electricity production, which expanded by 16.3 percent; hotel and restaurant activities, 10.4 percent; finance and insurance, 29.6 percent; public administration, 30.1 percent; and information and communication, 19.3 percent. This saw the services sector grow overall by 6.7 percent in the third quarter, but still slower than the second and first quarters. Concern over agriculture's performance is set to deepen after the sector contracted by 3.8 percent in the third quarter, on top of a 3.9 percent slump three months earlier. Industry, which includes mining, oil production and manufacturing, fell by almost 12 percent in the period; the main contributor being declining gold production as the metal witnessed its biggest price drop since 1981. Oil production, too, underperformed due to maintenance work at the Jubilee Field, Government Statistician Dr. Philomena Nyarko explained .

Source: myjoyonline

## GSE Snapshot

### *Indices Extend Gains, Despite Slump in Activity*

Trading during the week on the Ghana Stock Exchange (GSE) closed with ten (10) price changes involving six (6) gainers and four (4) losers. Ecobank Ghana Ltd (EBG) emerged the highest gainer adding 6% value to close at GH¢6.06 per share. On the contrary, Trust Bank Gambia Ltd (TBL) shed the most value of 14%, having lost five pesewas in the week to close at GH¢0.30 per share.

Market Capitalization advanced by 9 basis points from GH¢61.87 billion to GH¢61.93 billion.

Lack of significant block trades in the week resulted in a 59% slump in market activity as the total volume traded declined to 1.96 million shares. More significantly, total value traded reduced by 71.43% to GH¢2.5 million.

The indices continued to extend their gains in the trading week. The GSE Composite Index (GSE-CI) added 31.29 points to close at 2,218.23 points, and YTD gain of 3.40%. Similarly, the GSE-FSI added 44.44 points, closing at 1,891.66 points, and a YTD gain of 5.88%.

	17-Jan-14	24-Jan-14	% Chg
<b>Market Cap (GH¢ 'm)</b>	61,873	61,926	<b>0.09</b>
<b>Value Traded (GH¢)</b>	8,797,654	2,513,503	<b>(71.43)</b>
<b>Volume Traded</b>	4,785,965	1,960,344	<b>(59.04)</b>
<b>GSE Composite Index</b>	2,186.94	2,218.23	<b>1.43</b>
<b>GSE Financial Index</b>	1,847.22	1,891.66	<b>2.41</b>

Week's Gainers & Losers				
Equity	Week Open	Week Close	Change	YTD
	GH¢	GH¢	%	%
EBG	5.71	6.06	<b>6.13</b> ▲	<b>8</b>
SCB	15.05	15.63	<b>3.85</b> ▲	<b>5</b>
EGL	1.86	1.93	<b>3.76</b> ▲	<b>3</b>
CAL	0.98	1.00	<b>2.04</b> ▲	<b>3</b>
SOGEGH	0.75	0.76	<b>1.33</b> ▲	<b>1.3</b>
FML	6.72	6.80	<b>1.19</b> ▲	<b>3</b>
TBL	0.35	0.30	<b>(14.29)</b> ▼	<b>(14)</b>
PZC	0.77	0.69	<b>(10.39)</b> ▼	<b>(13)</b>
GCB	5.05	5.02	<b>(0.59)</b> ▲	<b>4</b>
TLW	34.98	34.85	<b>(0.37)</b> ▼	<b>(0.4)</b>

Source: HFC Investments Research Database

## Corporate News

### *Govt to Strengthen Existing Laws to Curb Cedi Depreciation*

Finance Minister Seth Terkper is promising to strengthen existing foreign exchange laws to help halt the free fall in the value Ghana's currency. The promise follows a directive by the Vice President, Kwesi Amissah Arthur that the finance ministry together with the Bank of Ghana must work fast to save the local currency for further depreciation. Mr. Terkper has indicated that the new regulations together with enforcement of the laws can help stabilize the local currency. The governor and his team are already preparing some legislation that would go to parliament to strengthen their regulatory control of the currency. For many, the directive could not have come at a good time, as the local currency is going through some difficulties. But the challenge for most currency watchers is, whether this directive would result in reviewing the measures introduced to check the cedi's free fall, since ones already introduced are yet to get the desired result. The Ghana cedi has already seen about 3 percent depreciation for 2014 after going down by 17 percent last year. Some analyst have predicted that the cedi would depreciate further in the coming months and would end this year recording its biggest drop in value against the dollar since the redenomination in 2007. The current woe of the cedi has contributed to inflation for December last year hitting 13.5 the highest since 2010, as well as recent increases in petroleum products. Currency Expert, Kofi Ampah believes that another measure that can help manage the situation is making the Ghana cedi attractive for businesses and individuals. Source: myjoyonline

### *COCOBOD– Optimistic about 2013-14 Output*

Cocoa output in Ghana, the world's biggest producer after Ivory Coast, will exceed this season's target due to "good" weather and an increase in plantings, according to the country's industry regulator. Farmers in the Ghana will probably gather 850,000 metric tons of the beans used to make chocolate in the 2013-14 season which started on October 1, according to Noah Amenyah, a spokesman for the Ghana Cocoa Board. The target was 830,000 tons, Stephen Opuni, Chief Executive Officer of the regulator COCOBOD, noted, said at a press conference today. Mr Amenyah noted that the weather has so far been good and other new farms have come on board, adding that we have some good cocoa coming from the Volta region. We can cross 850,000 tons this season. Cocoa rose 0.2 percent in London this year and fell 0.3 percent in New York as traders weigh rising deliveries in West Africa, accounting for about 70 percent of global supplies, and increasing consumption. Strong cocoa arrivals in the region are cutting shortages, Barry Callebaut AG, the world's biggest processor and largest maker of bulk chocolate, said in an earnings statement. Purchases in Ghana were 22 percent higher as of Jan. 2, data from the researcher showed. Purchases, which are running ahead, could be over-declared and it's likely that they will start to slow down. Cocobod will probably have a new estimate of the crop "within weeks," Amenyah said. Regulatory officials are still in the field gathering data to make an estimate, he said. While Ghana pays a fixed price to farmers of 3,392 cedis (\$1,407) a ton, Ivorian farmers receive a minimum price of \$1,540 a ton. Source: Bloomberg

### *Windfall Tax Dropped*

President John Mahama has revealed government was forced to abandon the implementation of the windfall tax regime in the mining sector following threats from major players in the sector. Finance Minister, Seth Tekper in the 2012 stated government's plans to implement a 10 percent windfall tax on mining profits. Despite this announcement two years ago, government is yet to introduce the tax. But President Mahama speaking at the ongoing World Economic Forum in Davos Switzerland on challenges in the mining sector said threats of massive layoffs by mining companies has forced government to put on hold moves to implement the windfall tax regime in the industry. According to him, government "introduced a windfall tax which is applied in several countries the mining companies come from for example in Australia. Early on, the Ghana Chamber of Mines warned that an introduction on the windfall tax could discourage investment in Ghana which is Africa's second-largest gold producer especially at a time when global prices of gold was falling. Audit & Assurance, Advisory services firm, PwC Ghana has on the other hand expressed worry that Ghana is losing several millions of dollars because the windfall tax proposed by government has not been implemented yet.

Source: citifmonline

## Numbers Making Headlines

**GHS24.9 billion**

Ghana's economy slowed down in the third quarter of last year indicating that the overall Provisional GDP of 7.4% might be missed. According to the Ghana Statistical Service, the economy grew at a rate of 0.3% between July and August 2013 compared to 6.1% during the second quarter of the year. The manufacturing, mining and transport sub sectors were the major contributors to the poor growth during the third quarter of the year. The services sector however recorded the highest growth rate of 6.7% during the period while agriculture and industry sectors recorded negative growths. Meanwhile, the size of the economy stood at GHS24.9 billion at the end of Sept,2013.

**US\$10 million**

Ghana Oil Co., the second-biggest operator of gasoline stations in Ghana, is investing \$10 million on marine fuel-storage tanks at the port of Takoradi to boost its share of the bunkering market. According to the Managing Director, Mr Patrick Akorli, the company started procuring materials for the project and will complete it in a year. Takoradi is one of the twin capitals of the Western region, where Tullow Oil Plc began producing crude at the Jubilee field in December 2010. Ghana Oil has a 31 percent market share in bunkering, the process of supplying a ship with fuel, Mr Akorli noted.

**500,000 bopd**

The Ghana National Petroleum Corporation (GNPC) has disclosed that Ghana could hit a daily minimum oil production of 500,000 barrels per day in the next 10 years. The Acting Chief Executive of the GNPC, Alex Mould disclosed this at the 18th Annual Conference of Offshore West Africa. Ghana is currently producing oil of 100,000 barrels per day but says his outfit is currently focusing on investing in exploration to meet the target. He explained that with the exploration that is on-going, he is optimistic that in the next 10 years, we will be looking at about 500,000 barrels minimum. Our reserves are about 1.3 billion barrel.

## 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	17-Jan-14 (GH¢)	24-Jan-14 (GH¢)	Change (GH¢)	YTD (%)
US Dollar (USD)	2.2951	2.3176	0.0225	▼ 7.2
Pound Sterling (GBP)	3.7505	3.8513	0.1009	▼ 7.8
Euro (EUR)	3.1229	3.1708	0.0478	▼ 6.2
S/African Rand (ZAR)	0.2099	0.2109	0.0010	▼ 2.3
Naira (NGN)	0.0144	0.0145	0.00007	▼ 7.9

## 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 24, 2014, as the rate on the 91-day bill and the 182-day bill improved, the rate on the 2-year note declined, while the 1-yr note remained flat, as indicated below:

Instrument	27-Dec-13 (p.a., %)	17-Jan-14 (p.a., %)	24-Jan-14 (p.a., %)	Investment Product	16-Jan-14 (GH¢)	24-Jan-14 (GH¢)	Change (GH¢)	YTD / Yield*
91-Day Bill	19.22	19.60	19.62	HFC Equity Trust	0.4007	0.4036	0.0029	1.33
182- Day Bill	18.66	19.43	19.44	HFC Future Plan Trust	1.2464	1.2556	0.0092	1.56
1 yr Note	17.00	17.00	17.00	HFC Unit Trust (Bid)	0.2213	0.2223	0.0010	25.01*
2 yr Note (fixed)	16.80	16.50	16.00	HFC REIT (Bid)	1.5641	1.5699	0.0058	16.75*

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