

## Business Briefing

*Ghana's Commodity Exchange - Investors Rally to Finance*

A private company positioned as the premier commodity exchange promoter in Africa, Eleni, has announced the formation of a private-public investment consortium to finance the establishment of the Ghana Commodity Exchange (GCX) to promote agricultural investment and enhance productivity. Investment consortium partners include Ghana's top tier financial institutions, DataBank Agri-fund Manager Ltd, Ecobank Ghana Ltd, UT Bank Ghana Ltd, as well as IFC, 8 Miles Fund and Eleni, with minority stakeholding by the Government of Ghana. The consortium partners and the Government of Ghana have jointly signed a Letter of Intent with the aim of completing the investment process by April 2014 and launching the GCX over a 12 month period through early 2015.

A second consortium is also in formation for a large-scale investment in warehouse and logistics infrastructure (the Warehouse Receipt System (WRS) and equipment in eight delivery sites around Ghana as a strategic eco-system partner to the GCX. This move is to encourage market access and fair returns for smallholder farmers and to facilitate the formalization of informal agricultural trading activities. It is expected that the establishment of the Ghana Commodity Exchange will position it as a West Africa regional hub for commodity trading activities. The GCX will start with spot and future trading of primarily agricultural commodities, including maize, soybeans, paddy rice, palm oil, groundnuts, among others and will introduce other key agricultural and non-agricultural commodities in what is envisaged as a future regional trading platform. Following on the success of the Ethiopian model, the African commodity exchange momentum is real. Source: Ghana News Agency

## GSE Snapshot

*Market Closes Mixed; as Laggards Dominate*

Trading during the week on the GSE closed with eighteen (18) price changes, involving Eight (8) gainers and ten (10) losers. Aluworks Ltd (ALW) emerged the highest gainer, adding 20% value upon a pesewa gain to close at GHS0.06 per share. Conversely, Societe General Gh. (SOGEGH) shed 9% value to close at GHS1.00 per share.

Market Capitalization fell by 5bps, to GH¢58.61 billion.

Lack of significant block trades culminated in the 51% slump in market activity as the total volume traded decreased from 2.73 million shares to 1.34 million shares. Similarly, total value traded dropped by 69.8% from GHS7.19 million to GH¢2.17 million.

Consequently, the indices travelled in opposite direction. The GSE Composite Index (GSE-CI) slipped 16.11 points lower to close at 2,403.27 points, returning a YTD gain of 12.03%. On the contrary, the GSE Financial Index (GSE-FSI) gained 7.04 points, closing at 2,147.49 points, returning a YTD gain of 20.20%.

	7-Mar-14	14-Mar-14	% Chg
<b>Market Cap (GH¢ 'm)</b>	58,633	58,606	(0.05)
<b>Value Traded (GH¢)</b>	7,191,811	2,172,598	(69.79)
<b>Volume Traded</b>	2,728,273	1,340,906	(50.85)
<b>GSE Composite Index</b>	2,419.38	2,403.27	(0.67)
<b>GSE Financial Index</b>	2,140.45	2,147.49	0.33

Equity	Week's Gainers & Losers			
	Week Open GH¢	Week Close GH¢	Change %	YTD %
ALW	0.05	0.06	20.00	▲ 20
CAL	0.89	1.02	14.61	▲ 5
ETI	0.22	0.23	4.55	▲ 21
SIC	0.48	0.49	2.08	▲ 26
TOTAL	5.35	5.45	1.87	▲ 8
GOIL	0.77	0.78	1.30	▼ (12)
HFC	1.11	1.12	0.90	▲ 17
FML	7.41	7.42	0.13	▲ 12
SOGEGH	1.10	1.00	(9.09)	▲ 33
PBC	0.17	0.16	(5.88)	▼ (6)
BOPP	3.15	3.00	(4.76)	▼ (7)
UTB	0.48	0.46	(4.17)	▲ 2
EGL	2.48	2.40	(3.23)	▲ 28
PZC	0.66	0.64	(3.03)	▼ (19)
EBG	7.87	7.78	(1.14)	▲ 39
GGBL	5.98	5.92	(1.00)	▼ (5)
SCB	20.20	20.16	(0.20)	▲ 35
UNIL	18.10	18.09	(0.06)	▼ (1)

Source: HFC Investments Research Database

## Corporate News

### *GEF 2014: Experts Advocate Agro-Led Economy*

Discussants at the third edition of the Ghana Economic Forum (GEF) 2014 have called for a development strategy with agriculture as the focal point to quickly address the widening balance of trade deficit. Agriculture, the discussants' agree, is the long-term solution to the country's economic challenges which have seen a sharp decline in the value of the Ghana cedi against the major trading currency - the US dollar. Agriculture is the way to go, they emphasised. The only hindering factor is the poor institutions in land management," the moderator of the session 'Finding a Better Development Strategy', Kwame Adanu, an economist with GIMPA said. A panelist, Mr. Michael Cobblah, the Country Representative of EDC noted that we need a national vision that would be used to drive a national plan. He explained that we must identify clear areas where we think we have a competitive advantage, such as agriculture, tourism and education. Following that can we develop an agenda, such that we would be able to finance whatever we come up with. Challenges with the acquisition of land, has been cited as one of the major challenges bedevilling agriculture investment. Mr. Cobblah believes that governmental intervention is needed to address this, citing Israel as a model. Dr. Kofi Amoah, Chief Executive Officer of Progeny Ventures advocated for a development plan based on the three pillars of agriculture, manufacturing and finance. Access to finance, storage and market for produce are the other major challenges facing agriculture in the country. Financing agriculture must be a deliberate policy of government. In 2012, the agricultural sector contributed 28.6 per cent of total GDP. Industry and Services, contributed 23.3 and 46.3 per cent respectively in the 3rd quarter of 2013 to overall GDP. Source: myjoyonline

### *Ecobank Appoints Albert Essien as Group CEO*

Ecobank Transnational Incorporated (ETI) has appointed Albert Essien as new Group Chief Executive Officer of the Company. Albert Essien has been at Ecobank for more than 20years, rising to the position of Deputy Group CEO two years ago. His appointment follows the departure of the current Group Chief Executive of the bank, Hennery Thierry Tanoh, effective March 12, 2014. Prior to becoming Deputy CEO, Mr. Essien was the Regional Head for the Anglophone West Africa and Eastern and Southern Africa (ESA) regions. Announcing the replacement, ETI Interim Chairman, André Siaka noted that Mr. Albert Essien has the experience and knowledge that Ecobank needs to move forward as it continues to implement its strategy, which is to deliver outstanding customer service, to improve long-term shareholder value and returns and to be the employer of choice in our markets. He also wished the outgoing CEO, Thierry Tanoh well in his new field of endeavour. Meanwhile, the Board of Directors of ETI also announced that in line with a directive from the Securities and Exchange Commission of Nigeria, Mrs. Laurence do Rego is reinstated as Group Executive Director of Finance and Risk with immediate effect. During their Board meeting, the Directors reaffirmed their commitment to implementing the detailed 51-point Governance Action Plan adopted by shareholders at an Extraordinary General Meeting held at Ecobank's Pan African Centre in Lomé on March 3, 2014. The plan, which is expected to be implemented by the end of April 2014, aims at strengthening governance within the Ecobank Group. Source: ETI / GSE

### *Proposed Coal Plant*

The Shenzhen Energy Group, parent company of Sunon Asogli Power (Ghana) Ltd, has estimated the cost of its proposed coal power plant in Ghana at US\$1.5billion, saying feasibility has proved positive. The company told the Energy Minister, Emmanuel Armah Kofi Buah, that the project includes two units of 350 megawatts (700 megawatts) as well as a subsidiary coal port with a 50,000 tonne berth as a terminal to receive coal from overseas and transmit it to the plant. The port also can be treated as a multi-using and urban port, and it is available to the public, a presentation in China by Li Xiaohai, Chairman of Sunon Asogli Power Company Ltd, indicated. Construction of the coal-fired plant and port could take between 30 to 36 months or longer from the commencement stage, depending on local conditions and available resources in Ghana, the company indicated. Preliminary feasibility study about the coal-fired power plant in Ghana has just been completed. Primary conclusion of the Study indicates that it is feasible and realistic and the supercritical coal-fired power plant is more affordable for the Ghanaian market compared to gas or oil-fired power plant.

Source: Business & Financial Times

## Numbers Making Headlines

**GH¢36.17 billion**

The banking sector recorded a 32.8 percent growth in its total assets, representing about GH¢36.17 billion at the end of December 2013. This is about one-third of the economic size of the country per the provisional GDP estimate released by the Ghana Statistical Service late last year. According to the latest Financial Stability Report on developments in the Ghanaian banking industry, the growth reflects in the sector's foreign and domestic assets. While domestic assets grew by 32.9% at the end of December 2013 compared with the 24.9% growth for the same period in 2012, foreign assets also increased by 31.5% in December 2013.

**GH¢14.3 million**

According to the Ministry of Finance's provisional fiscal data for 2013, the state was able to collect, GH¢14.3 billion as against a target of GH¢17 billion. The interim fiscal data for 2013 also revealed that, all the various tax types failed to meet their projected target with the exception of communication service tax and company tax on oil companies. However the total revenue including grants and duties reached a little over GH¢19 billion as against a target of GH¢22 billion. Meanwhile, GRA is determined to exceed its collection target this year by 41.9% as it has been charged to collect GH¢18,650.43 million.

**14%**

Inflation Jumps again to 14% -- Headline inflation kept its upward trend in February, rising to 14 percent from 13.8 percent in January, the Ghana Statistical Service has said. The rate rose for the sixth straight month and is the highest in four years. It was driven by higher fuel prices, mainly kerosene and transport, and higher dairy costs. Price changes in housing, water and electricity also drove the index. The monthly inflation rate in February 2014 was 1.1 percent, compared to 3.9 percent in January. Analysts are of the view that the economy has faced massive challenges with lots of external shocks.

## 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	7-Mar-14 (GH¢)	14-Mar-14 (GH¢)	Change (GH¢)	YTD (%)
US Dollar (USD)	2.5300	2.5520	0.0220	▼ 18.1
Pound Sterling (GBP)	4.2336	4.2563	0.0226	▼ 19.1
Euro (EUR)	3.4743	3.5555	0.0812	▼ 19.1
S/African Rand (ZAR)	0.2351	0.2358	0.0008	▼ 14.3
Naira (NGN)	0.0155	0.0155	0.00005	▼ 15.6

## Interest Rates / Yields

The returns on the funds managed by HFC Investments generally trended upward in the week, with the exception of the Equity Trust which lost some value. The treasury securities however pursued an upward trajectory, by close of the week ended March 14, 2014, as indicated below:

Instrument	27-Dec-13 (p.a., %)	7-Mar-14 (p.a., %)	14-Mar-14 (p.a., %)	Investment Product	5-Mar-14 (GH¢)	14-Mar-14 (GH¢)	Change (GH¢)	YTD / Yield* (%)
91-Day Bill	19.22	22.89	23.17	HFC Equity Trust	0.4255	0.4240	(0.0015)	6.45
182- Day Bill	18.66	21.11	21.26	HFC Future Plan Trust	1.3013	1.3015	0.0002	5.27
1 yr Note	17.00	20.00	22.00	HFC Unit Trust (Bid)	0.2270	0.2281	0.0011	21.01*
2 yr Note (fixed)	16.80	20.00	22.50	HFC REIT (Bid)	1.6018	1.6092	0.0074	18.19*

## Contacts

**HFC Brokerage Services Ltd.**

48A, 6th Avenue, North Ridge  
P. O. Box CT 4603, Cantonments, Accra  
Tel: 0302 664 203 / 0289 669 311

Emmanuel Agyekum, CEO, HFC Brokerage Services Ltd: ([eagyekum@hfcbank.com.gh](mailto:eagyekum@hfcbank.com.gh))

Madeline Nettey, Head of Research, HFC— BAL ([mnettey@hfcbank.com.gh](mailto:mnettey@hfcbank.com.gh))

Benjamin Ackah, Head, Clearing & Settlement, HFC— BAL ([backah@hfcbank.com.gh](mailto:backah@hfcbank.com.gh))

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