

Business Briefing

Banks to Upgrade ATMs

The Ghana Interbank Payment and Settlement Systems (GhIPSS) is urging banks that operate on the Microsoft Operating System to upgrade their Automated Teller Machines (ATM) before the April 8th deadline. Inside every ATM casing is a computer, and like all such devices, each one runs on an Operating System - and Microsoft's 12-year old windows XP dominate the ATM market, powering more than 95% of the world's ATM machines. Banks and ATM service providers are therefore in a race against time to upgrade their ATM's before they become hot targets for hackers.

On 8th April, 2014, a deadline looms for all ATM's running on windows XP to upgrade to Windows 7. That is the day Microsoft (MSFT) cuts off technical support for Windows XP. This means that Microsoft (MSFT) will no longer issue security updates to patch holes in Windows XP, leaving those ATM's exposed to new kinds of cyber attacks. A security updates (or patch) is a piece of software designed to fix problems with a computer programme or its supporting data. This includes fixing security vulnerabilities and others by improving the usability performance of the overall system. Security updates help make the ATMs less vulnerable to attacks.

In a statement, GhIPSS said Windows 7 Operating System became available in October 2009, and therefore banks have no choice but to update their systems to avoid exposing their customers to hackers. The statement noted that the Advanced ATM fleets' operating systems can be updated remotely over their network, whilst older ATMs must be upgraded one by one. It noted further that some other ATMs might either have their components upgraded or discarded altogether if they do not have enough computing power (memory) to run the newer OS, Windows 7. GhIPSS cautioned that while banks and ATM service providers who ignore the deadline will continue to function, they will become more vulnerable to attacks. However, Microsoft will continue to release patches that will protect computers running on XP for malware until July 2015, but only for Microsoft security essentials.

Source: B&FT

GSE Snapshot

Indices Extended Losses on the Accra Bourse

Trading during the week on the GSE closed with thirteen (13) price changes, involving seven (7) gainers and six (6) losers. Total Petroleum Ltd (TOTAL) emerged the highest gainer, adding 9% value to close at GHS5.94 per share. Conversely, ETI shed 4% value to close at GHS0.22 per share. Market Capitalization fell by 5bps, to GH¢58.58 billion.

Lack of significant block trades culminated in the 46% slump in market activity as the total volume traded decreased to 723,910 shares. On the Contrary, total value traded rose marginally by 7.82% to GH¢2.34 million.

Nonetheless, the indices extended losses in the week. The GSE Composite Index (GSE-CI) slipped 14.53 points lower to close at 2,388.74 points, returning a YTD gain of 11.35%. Similarly, the GSE Financial Index (GSE-FSI) shed 36.55 points, closing at 2,110.94 points, returning a YTD gain of 18.15%.

	14-Mar-14	21-Mar-14	% Chg
Market Cap (GH¢ 'm)	58,606	58,575	(0.05)
Value Traded (GH¢)	2,172,598	2,342,511	7.82
Volume Traded	1,340,906	723,910	(46.01)
GSE Composite Index	2,403.27	2,388.74	(0.60)
GSE Financial Index	2,147.49	2,110.94	(1.70)

Week's Gainers & Losers				
Equity	Week Open	Week Close	Change	YTD
	GH¢	GH¢	%	%
TOTAL	5.45	5.94	8.99	▲ 17
SIC	0.49	0.52	6.12	▲ 33
AYRTN	0.17	0.18	5.88	▲ 6
BOPP	3.00	3.10	3.33	▼ (3)
GOIL	0.78	0.79	1.28	▼ (11)
HFC	1.12	1.13	0.89	▲ 18
FML	7.42	7.44	0.27	▲ 12
ETI	0.23	0.22	(4.35)	▲ 16
UTB	0.46	0.44	(4.35)	▼ (2)
EBG	7.78	7.50	(3.60)	▲ 34
MLC	0.38	0.37	(2.63)	▼ (3)
CAL	1.02	1.00	(1.96)	▲ 3
SCB	20.16	20.05	(0.55)	▲ 34

Source: HFC Investments Research Database

Corporate News

BOG Governor: Measures to Stabilize Cedi Fruitful

Bank of Ghana Governor Henry Kofi Wampah has told the Business & Financial Times he believes the central bank's strong intervention to shore-up the cedi is beginning to bear fruit, with the currency's rate of fall slowing from January's alarming peak. Five weeks after the bank set out new regulations to govern foreign exchange transactions within the country, Dr. Wampah noted that though the measures need more time to yield results, the bank's initial assessment of their impact shows they have helped to moderate the currency's slide significantly. He added that the depreciation has reduced considerably to about 1% within the past three weeks. The Governor's assessment is consistent with data gathered by the B&FT, which show that after a pernicious 7.8% decline against the dollar in January, the cedi pared its losses to 5% in February and further down to 1.7 percent from beginning of March to date. Dr. Wampah indicated that the pressure on the currency, which typically emanates from high dollar demand, has not eased; but added that the slowing depreciation is because the central bank's measures – which also included jacking-up the policy rate from 16% to 18%, are working. He stressed the importance of sustaining the intervention and keeping fiscal and monetary policy tight- a view that suggests the Monetary Policy Committee, of which the Governor is chairman, will probably affirm its big interest-rate hike at its upcoming meeting on March 31. This will be expected especially in light of growing inflationary pressure, with consumer-price index inflation jumping to a new four-year record of 14 percent in February. While debate continues about the suitability of the foreign exchange controls launched by the central bank, the improving strength of the cedi will lend some credibility to the actions, despite the serious repercussions they have had on business people and government. Source: Business & Financial Times

EGL, Databank get New CEO

Enterprise Group Ltd (EGL) has announced that the Group Chief Executive, George Otoo, will retire at the end of May 2014. He will be succeeded by Keli Gadzekpo who has served as a Non-Executive Director for 16 years. Keli is currently the CEO of the financial services firm, Databank, from where he joins Enterprise. George Otoo joined Enterprise in 1981, served for several years in various capacities and then was appointed Managing Director of the Company in 1999. His tenure at Enterprise has been characterized by rapid top line growth, bottom-line profitability and diversification. Under his direction, Enterprise Insurance underwent extensive re-engineering and expansion. In 2010 Enterprise Group replaced Enterprise Insurance Company on the Ghana Stock Exchange in a re-organization that created a new holding company structure. Keli Gadzekpo takes on the mantle of CEO of Enterprise Group at a point in its 90 year history when it has the largest market capitalization of any insurance group in Ghana (GHS306.8 million). Mr. Gadzekpo who has also been serving as chairman of the boards of Enterprise Properties and Enterprise Insurance has indicated that new role is an opportunity for him to shift emphasis from stewardship and overseeing governance as a director, to leading the company at an exciting time in its 90 year history'. Source: EGL/ GSE

Meanwhile, Co-Founder of Data bank Keli Gadzekpo has stepped down as the Chief Executive Officer of Databank. His resignation will take effect from the end of May this year. Keli Gadzekpo will be replaced by Kojo Addai Mensah, the Chief Operations Officer of Ghana Commercial Bank. Keli Gadzekpo and Ken Ofori-Atta set up Databank in 1990. Keli Gadzekpo took over as CEO of the company in 2012 after Ken Ofori-Atta resigned due to health reasons. Keli Gadzekpo and Ken Ofori-Atta will remain on the board of Databank as Non-Executive Director and Chairman respectively. The new CEO of Databank is expected to boost the company's assets under management by about 20-25% within the next five years. Currently, Databank controls about 605 of the collective investments scheme market and about 12 % share of the total assets under management in the country .

Source: citifmonline

Numbers Making Headlines

GH¢1.75 billion

The profitability of MTN Ghana last year has helped to boost the Group's overall profitability as MTN Nigeria's and MTN South Africa's profitability fell. MTN Ghana's EBITDA margin which described a firm's profitability expanded by 0.5% to 37.5% supported by cost savings, notably on marketing and maintenance. Last year, MTN Ghana made a turnover of GH¢1.75 billion, which is a 13% increase over the previous year. This was helped by increased regional segmentation, acquisition and retention campaigns, and a focus on MTN Mobile Money.

US\$750 million

According to the Ghana National Petroleum Corporation, Ghana will start processing gas from its offshore Jubilee oil field by September. Construction work on the \$750 million plant, originally scheduled to be completed last year, has been delayed because of financial and technical problems. Mr. Alex Mould noted that, Mechanical completion is expected at the end of this month, with commissioning expected to take up to three months. Ghana began commercial production of crude in late 2010. The field has estimated reserves of up to 1.4 trillion cubic feet of gas. Mould said the plant would ramp up to a maximum 150 million cubic feet of gas daily, most of which would be fed into a plant for power generation.

US\$17.5 million

Newmont Ghana Gold Limited (Ahafo Mine) has been adjudged the Most Outstanding Community Interaction mining company in West Africa. The award was presented to the mine at the maiden Electra Mining West Africa conference. The conference brings together players in the mining industry to deliberate on issues bordering on community development, finance and other relevant areas on mining. The Newmont Ahafo Development Foundation (NADEF) initiative, which was highly commended, receives contribution of \$1 per each ounce of gold sold and 1% of its net profit to the foundation. As at Q4 of 2013, the fund had accrued more than \$ 17.5 Million.

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 interbank mid-rates below:

Currency	14-Mar-14 (GH¢)	21-Mar-14 (GH¢)	Change (GH¢)	YTD (%)
US Dollar (USD)	2.5520	2.6193	0.0674	▼ 21.2
Pound Sterling (GBP)	4.2563	4.3237	0.0674	▼ 21.0
Euro (EUR)	3.5555	3.6096	0.0541	▼ 20.9
S/African Rand (ZAR)	0.2358	0.2384	0.0026	▼ 15.6
Naira (NGN)	0.0155	0.0159	0.0004	▼ 18.7

Interest Rates / Yields

The returns on the funds managed by HFC Investments generally trended upward in the weekly. The treasury securities however pursued an upward trajectory, by close of the week ended March 14, 2014, with the exception of the 182-day bill which slipped marginally, as indicated below:

Instrument	27-Dec-13 (p.a., %)	14-Mar-14 (p.a., %)	21-Mar-14 (p.a., %)
91-Day Bill	19.22	23.17	23.51
182- Day Bill	18.66	21.26	21.21
1 yr Note	17.00	22.00	22.50
2 yr Note (fixed)	16.80	22.50	23.00

Investment Product	14-Mar-14 (GH¢)	20-Mar-14 (GH¢)	Change (GH¢)	YTD / Yield* (%)
HFC Equity Trust	0.4240	0.4240	-	6.45
HFC Future Plan Trust	1.3015	1.3036	0.0021	5.44
HFC Unit Trust (Bid)	0.2281	0.2288	0.0007	20.90*
HFC REIT (Bid)	1.6092	1.6139	0.0047	18.21*

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