

Business Briefing

*BoG to Roll Out Insurance Scheme for Banks*

The Bank of Ghana is working to establish a deposit insurance scheme for commercial banks. The scheme is expected to protect the funds of depositors so that in the situations where a commercial bank collapses the central bank can fall on the insurance to pay the bank's clients. The insurance should be in place after Parliament approves an act to give the Bank of Ghana the mandate to supervise the operations of the scheme.

Head of Banking Supervision at the Bank of Ghana, Franklyn Belyne, indicated that the scheme would enhance confidence in the banking system. He stated that the scheme will serve as a remedy for the inconveniences that depositors encounter when a bank fails, adding it will also take away reliance on central government. "This will provide some assurance to the general public that they can deal with the banks without worrying too much" Mr Belyne noted.

Initial capital for the scheme shall be in the form of a grant from the German government, while the Bank of Ghana and Ghana government provides the remainder of the funds to keep it running. The Bank of Ghana will then begin the process of selling premiums of the deposit insurance scheme to all commercial banks in the country. "The premium is going to be charged on the bank based on their deposits", he explained. Source: myjoyonline

GSE Snapshot

*Market Closes Mixed; Laggards are Double Advancers*

Trading during the week on the GSE closed with twelve (12) price changes being recorded. Bearish sentiments persisted as Eight (8) losers were recorded as against Four (4) gainers. SIC Insurance Company Ltd (SIC) emerged the highest gainer with 9% value added in the week to its week open price to close at GHS0.48 per share. Conversely, CAL Bank Ltd, shed the most value of 7%, having lost 7 pesewas in the week to close at GHS0.89 per share.

Market Capitalization shrunk by 1.31%, declining from GH¢59.41 billion to GH¢59.36 billion.

Active trading in equities such as GCB and CAL culminated in the 155.56% leap in market activity as the total volume traded increased from 1.06 million shares to 3.6 million shares. Similarly, total value traded also shot up by 174.49% from GHS2.62 million to GH¢7.19 million.

Nonetheless, both indices trended southward. The GSE Composite Index (GSE-CI) slipped 1.53 points lower to close at 2,419.38 points, returning a YTD gain of 12.78%. Likewise, the GSE Financial Index (GSE-FSI) lost 27.81 points, closing at 2,140.45 points, returning a YTD gain of 22.02%.

	28-Feb-14	7-Mar-14	% Chg
<b>Market Cap (GH¢ 'm)</b>	59,411	58,633	<b>(1.31)</b>
<b>Value Traded (GH¢)</b>	2,620,044	7,191,811	<b>174.49</b>
<b>Volume Traded</b>	1,067,572	2,728,273	<b>155.56</b>
<b>GSE Composite Index</b>	2,420.91	2,419.38	<b>(0.06)</b>
<b>GSE Financial Index</b>	2,168.26	2,140.45	<b>(1.28)</b>

Week's Gainers & Losers				
Equity	Week Open GH¢	Week Close GH¢	Change %	YTD %
SIC	0.44	0.48	9.09 ▲	23
FML	7.32	7.41	1.23 ▲	12
TOTAL	5.29	5.35	1.13 ▲	6
HFC	1.10	1.11	0.91 ▲	16
CAL	0.96	0.89	(7.29) ▼	(8)
SOGEGH	1.17	1.10	(5.98) ▲	47
MLC	0.39	0.38	(2.56)	-
TLW	31.00	30.25	(2.42) ▼	(14)
UTB	0.49	0.48	(2.04) ▲	7
SCB	20.54	20.20	(1.66) ▲	35
EBG	7.92	7.87	(0.63) ▲	40
GGBL	6.00	5.98	(0.33) ▼	(4)

Source: HFC Investments Research Database

## Corporate News

### *ICB to be Rebranded as FBN Bank*

International Commercial Bank (ICB) Ghana is expected to be re-branded as FBN Bank Ghana by May this year. The rebranding has been influenced by moves by the new owners to let Ghanaians connect to the brand. First Bank Nigeria which is the biggest bank in West Africa, in terms of assets, took over International Commercial Bank Ghana last year. The new owners are planning to introduce some innovative services and products. First Bank's entry into Ghana would bring the number of Nigerian banks in Ghana to six. A former Minister of Health, and Member of Parliament for Wa West, Joseph Yieleh Chireh has been appointed Chairman of the seven member board of International Commercial Bank. Meanwhile, the country can now boast of more women appointed as Managing Directors of commercial banks following the appointment of Madam Subu Giwa-Awu as the Managing Director of ICB Ghana. She joins Nilla Selormey of Merchant Bank Ghana and Abialo Bawuah of UBA Bank Ghana to bring the number of female Managing Directors to three.

Source: myjoyonline

### *Stanchart Launches Report on Socio-Economic Impact*

Standard Chartered Bank has released an independent study on the social and economic impact of its operations in Africa, looking at its contributions to the promotion of trade and employment opportunities in host countries. The study on the theme: 'Banking on Africa' was conducted in Ghana, Kenya, Nigeria and Zambia. The independent impact analysis of the Banks activities was conducted by Professor Ethan Kapstein, a Visiting Fellow at the Centre for Global Development in Washington DC and Dr Ren Kim, founding partner of environment, social and governance consulting firm Steward Redqueen. It was based on the banks performance in 2012. In Ghana, the study found out that Standard Chartered Bank contributed \$1.4 billion of value to Ghana's economy, which is equivalent to 3.4 percent of Gross Domestic Product. Overall on the African continent, Standard Chartered Bank contributes \$10.7 billion to Sub-Saharan Africa's economy, equivalent to 1.2 percent of the region's GDP and supports Sub-Saharan trade worth \$ 7.2 billion, equivalent to 1.2 percent of the region's total international trade. Standard Chartered Bank supports USD1.8 billion of tax payments to governments in Sub-Saharan Africa, equivalent to 1.1 per cent of total receipts of governments in the region. The study also touched on the lead role of the bank in enhancing the use of technology and innovation to meet the needs of customers and enhance access to financial services. In markets like Ghana and Kenya the bank was the first to introduce interest swaps, currency and interest rate hedging. It also launched the first ever digital branches in Ghana and Kenya. Commenting on the study, Mr Kweku Bedu-Addo, Managing Director of StanChart Ghana said the report traces the myriad of ways in which the bank supported economic development in Ghana. He said the bank would draw lessons from the study with the view to deepening its impact in the Ghanaian market. Source: GNA

### *GIPC Signs Agreement with CIMAF to produce Cement*

The Government of Ghana has signed an agreement with the Ciments de l'Afrique (CIMAF Ghana Ltd) to construct a 60 million euro cement factory in Ghana. According to the terms of agreement, the factory would be located close to the Tema Metropolitan Area. Mrs. Mawuena Trebarh who represented the Minister of Trade, Haruna Iddrisu signed on behalf of government with Mr. Saad Sefrioui, General Director of Ciments de l'Afrique signing on behalf of his organization. CIMAF Ghana Limited plans to build a cement plant in the Republic of Ghana with a capacity of One million (1,000,000) tons per annum," a letter of intent between the two institutions stated. The agreement follows a recent meeting when President John Mahama received a delegation from the Moroccan Real Estate Group Addoha, led by Director General of the group, Saad Sefrioui. Ghana has about 1.7 million housing deficit. According to Mr Sefrioui, this is something that needed all the necessary attention to overcome. "That is why Addoha, which has an enviable track record in Africa, is determined to play a key role in addressing the problem, he said. The two parties therefore agreed that CIMAF will complete the building of the cement plant within 18 months. The company was charged to take account of local content and also work in accordance with domestic laws and regulations particularly those related to the protection of the environment. Government is also expected to facilitate the acquisition of ten (10) hectares of land and a lease of limestone quarry. Source: myjoyonline

## Numbers Making Headlines

**€350 million**

The country would by the middle of next year add 155 megawatts of power to the national grid in a bid to improve Ghana's energy stock. It will be the biggest solar project in Africa when completed. This was disclosed by managers of a solar facility, Mere Power Nzema, at a workshop in Accra. The Mere Power Nzema with its parent company in UK, Blue Energy is to begin the construction of the solar plant from September this year. Blue Energy a UK based renewable company say they are hoping to spend 350 million dollars on the project. According to the company this would be the biggest solar project in Africa.

**GHS208 million**

Profits of Standard Chartered Bank for last year hit 208 million Ghana cedis from 136 million Ghana cedis from last year. This is the bank's highest profits, since it began operations in the country. The bank's interest income also shot up to 375 million Ghana cedis from 222 million Ghana cedis, while loan advances saw a huge leap to 1.13 billion Ghana cedis. However total deposits did not witness that huge leap in growth, as it went up marginally to 1.7 billion Ghana cedis, while impairment loss increased from 6.7 million Ghana cedis to 17.4 million cedis. Standard Chartered Bank's total assets now stands at 2.9 billion Ghana.

**5%**

The Gold production declined by 5 percent in 2013 as declining prices and the Obuasi Mine's challenges drove the industry into a slump, according to official figures. Output fell from 4,324 million ounces in 2012 to 4.12 million ounces last year following a 28% drop in the metal's price which was the first annual fall in 13 years. The value of gold produced in 2013 was \$5.8 billion, compared to \$6.5 billion in 2012, when output jumped by 17%. Anglo Gold's Obuasi Mine's operational challenges also had an effect on production. Gold contributes about 95% of the country's mineral export revenue.

## 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	28-Feb-14 (GH¢)	7-Mar-14 (GH¢)	Change (GH¢)	YTD (%)
US Dollar (USD)	2.5232	2.5300	0.0068	▼ 17.0
Pound Sterling (GBP)	4.2087	4.2336	0.0249	▼ 18.5
Euro (EUR)	3.4600	3.4743	0.0143	▼ 16.3
S/African Rand (ZAR)	0.2341	0.2351	0.0009	▼ 14.0
Naira (NGN)	0.0153	0.0155	0.00017	▼ 15.2

## 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., %)	28-Feb-14 (p.a., %)	7-Mar-14 (p.a., %)	Investment Product	28-Feb-14 (GH¢)	5-Mar-14 (GH¢)	Change (GH¢)	YTD / Yield* (%)
91-Day Bill	19.22	21.23	22.89	HFC Equity Trust	0.4267	0.4255	(0.0012)	6.83
182- Day Bill	18.66	20.99	21.11	HFC Future Plan Trust	1.3010	1.3013	0.0003	5.26
1 yr Note	17.00	17.00	20.00	HFC Unit Trust (Bid)	0.2264	0.2270	0.0006	21.10*
2 yr Note (fixed)	16.80	17.50	20.00	HFC REIT (Bid)	1.5971	1.6018	0.0047	18.03*

## 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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