

Business Briefing

Ghana's 5yr Borrowing Cost Decline at Year's First sale

Ghana's five-year borrowing costs declined to 19.04% at the first auction of a five year bond in 2013 after demand for the debt exceeded the amount for sale by 52 percent. The Bank of Ghana which sort to raise GH¢600 million at the auction, sold GH¢649.96 million (\$298 million) of the bonds at a fixed coupon rate of 19.04 percent. That compares with 23 percent on the five-year bond that was sold in August 2012. The Bank of Ghana, which offered 600 million cedis of the five-year bonds, received 910.96 million cedis of bids. Rates ranged from 16 percent to 23 percent. The budget deficit in the first seven months of 2013 was 6.3 percent of gross domestic product, compared with a target of 5.6 percent, the central bank said on Sept. 18, 2013. Yields on debt due August 2017 retreated 50 basis points, or 0.5 percentage point, this month to 20.75 percent yesterday, according to Standard Chartered Plc data compiled by Bloomberg.

Ghana's Budget Deficit to August is 7.3% of GDP

Ghana's budget deficit stood at 7.3 percent of gross domestic product in the first eight months of the year, nonetheless, the Minister of Finance and Economic Planning, Mr. Seth Terkper has indicated that the country is on track to meet its full-year target. He noted that the shortfall compares with targets of 6.6 percent of GDP for the period to August, and 9 percent for the year. Spending ahead of December elections spurred the deficit to 12.1 percent in 2012. The government cut expenditure on goods and services to 463 million cedis (\$213 million) in the year to August, while capital expenditure has been lowered to 2.7 billion cedis compared with a target of 3.2 billion, Mr. Terkper noted. A reduction in fuel and utility subsidies is also supporting fiscal consolidation, he added. Oil revenue reached \$1.2 billion through August, compared with a target of \$788 million, according to the Minister. Furthermore he noted that tax revenue during the period fell 14.5 percent below a budget target of 10.4 billion cedis. Source: Bloomberg

GSE Snapshot

Laggards overpower Advancers in the trading week

Trading during week on the Ghana Stock Exchange (GSE) closed with fifteen (15) price changes being recorded. This involved six (6) gainers and nine (9) losers. UT Bank Ltd (UTB) was the highest gainer closing at GH¢0.47 per share. On the contrary, Aluworks Ltd. (ALW) shed the most value of 16% closing at GH¢0.05 per share.

Market Capitalization shrunk to GH¢56.10 billion this week.

Despite block trades in HFC Bank, EGL, GCB and EBG, total market activity reduced by 39.7% over last weeks level to a total volume traded 14.82 million shares this week. Conversely, market turnover increased by 56% from GH¢19.2 million to a total value traded of GH¢30 million, this week.

Nonetheless, both indices trended southward. The GSE Composite Index (GSE-CI) shed 6.91 points to close at 2,013.35 points, returning a YTD gain of 67.82%. Also, the GSE Financial Index (GSE-FSI) slipped 11.83 points, closing at 1,680.07 points, returning a YTD gain of 61.57%.

	27-Sep-13	04-Oct-13	% Chg
Market Cap (GH¢ 'm)	56,205	56,099	(0.19)
Value Traded (GH¢)	19,230,356	30,010,579	56.06
Volume Traded	24,581,062	14,824,477	(39.69)
GSE Composite Index	2,020.26	2,013.35	(0.34)
GSE Financial Index	1,691.90	1,680.07	(0.70)

Week's Gainers & Losers				
Equity	Week Open	Week Close	Change	YTD
	GH¢	GH¢	%	%
UTB	0.45	0.47	4.44 ▲	24
EBG	4.36	4.48	2.75 ▲	49
GOIL	0.89	0.90	1.12 ▲	45
GGBL	5.40	5.45	0.93 ▲	108
TLW	31.10	31.16	0.19 ▼	(18)
SCB	14.18	14.19	0.07 ▲	23
ALW	0.06	0.05	(16.67)	-
ETI	0.18	0.17	(5.56)	42
SIC	0.38	0.36	(5.26)	6
MLC	0.31	0.30	(3.23)	100
EGL	1.90	1.85	(2.63)	285
SOGEGH	0.86	0.84	(2.33)	75
GCB	5.32	5.20	(2.26)	148
CAL	1.06	1.05	(0.94)	176
BOPP	3.80	3.77	(0.79)	169

Source: HFC Investments Research Database

Corporate News

Payments with ATM cards on PoS devices to begin in 6wks

Banks are currently undergoing certification to enable the ATM cards of their customers to work on the new and hybrid Point of Sale (PoS) devices. This means, ATM card holders can shop or transact business and pay with their cards on the hybrid devices which will also accept e-zwich cards. The Ghana Interbank Payment and Settlement Systems (GHIPSS) has indicated that a two-week pilot testing of Purchase Transactions has been completed. The Head of Cards at GHIPSS, Mark Nyame Boateng explained that his outfit wants to change the name of the card from an ATM card to a debit card which is really what it should be. He mentioned that though the card has been called an ATM card because its primarily used to take cash from ATMs, GhIPSS intends to extend its use to a real payment instrument. He revealed that about five banks have so far been worked on adding that the change in the use of ATM cards is the next logical step as it will obviously mean that we can then do a lot more electronic transactions and carry less cash around and also move funds much more quickly. Mr. Boateng added that persons in industry will have the ability to receive more payments. For customers, there is more convenience by not having to carry the cash and yet be able to pay when you need to pay. Customers can begin using their ATM cards on these point of sale devices in the next four to six weeks. Source: citifmonline

Airtel Partners with Ecobank to offer M-Banking

Bharti Airtel, a global telecommunications services provider with operations in 20 countries across Asia and Africa, has entered into a partnership with Ecobank Transnational Incorporated -the pan-African banking group with presence in 34 countries in Africa- to deliver Airtel Money across nine African countries where Airtel also has operations. With this agreement, millions of Airtel and Ecobank customers across Africa will be able to access secure, convenient and instant mobile financial services. The partnership between Airtel and Ecobank is already effective in seven African countries. The partnership enables Airtel customers to conduct a variety of mobile transactions. This offering, which is subject to regulatory approval in each market, enables Airtel Money deposits and withdrawals at any Ecobank branch, utility bill payments and two-way money transfers between Airtel Money and Ecobank. Customers will also be able to view their bank account balances and statements in real-time via Airtel Money. According to Ecobank's Group Executive Director, Domestic Bank, Patrick Akinwuntan, Ecobank is committed to bringing financial services to all Africans including the unbanked and under-banked through collaboration with major partners, including Telcos like Airtel. All that is required to enjoy this service is an Ecobank account and an Airtel line registered on Airtel Money in markets where regulatory approvals are in place. Mr. Akinwuntan commented further that the partnership's extensive reach affords customer convenience, particularly for cross-border transactions and remittances across Africa. On his part, Chidi Okpala, the Director of Airtel Money Africa, stated that this partnership is a further demonstration of Airtel Africa's commitment to provide affordable, simple and innovative solutions for their consumers across Africa. He added Airtel will continue to offer locally relevant M-Commerce solutions with more partners like Ecobank in order to enhance the daily lives of their customers. Source: Business & Financial Times

Vanguard Assurance to list on GSE by close of 2013

Insurance firm, Vanguard Assurance is working to list on the Ghana Stock Exchange before the year ends. Vanguard's listing is however subject to the approval of the Securities and Exchange Commission and the National Insurance Commission. A successful listing will make Vanguard the third insurance firm to be listed on the Ghana Stock Exchange after SIC and Enterprise Group. Chief Executive, Gideon Ameyedor disclosed this after a program to celebrate the company's recognition as the only insurance firm to be in the Chartered Institute of Market Ghana (CIMG) Awards.

Source: myjoyonline

Numbers Making Headlines

78%

According to COCOBOD, Ghana, the second-biggest producer of cocoa, will probably keep paying farmers the same rate for the beans although world prices have dipped. According to an official at Cocobod, Mr Noah Amenyah, Farmers will get as much as 78 percent of the free on board rate, with the rest divided between buyers, haulers and research and administration. They would normally get 70 percent, Amenyah indicated. Growers will receive 3,392 cedis (\$1,600) a metric ton for the 2013-14 season, which will start after an announcement by the finance minister between Oct. 11 and Oct. 18, he noted.

72%

The Chief Executive Officer (CEO) of the Ghana Gas Company, Dr. George Sipa Yankey, has stated that 72 percent works on the Western Corridor Gas Infrastructure Development project ongoing at Atuabo in the Western Region is complete. He explained that although the project would not be completed as scheduled in December due to initial financial constraints and loss of some construction materials in turbulent sea in South Africa early this month, his outfit was hopeful that the project would be completed by March next year.

33%

Regulators and Operators of Collective Investment Schemes (CIS) must set up a flexible educational drive, to educate investors on how to maximise their investments through the capital market, Mr Adu-Anane Antwi, Director General of the Securities and Exchange Commission (SEC) has stated. He expressed delight at the pace at which CISs are growing in the country stating that 22 mutual funds and 13 unit trusts had GH¢301.47 million funds under management as of June 2013, representing a 33.37% increase over the funds managed by the CISs in June last year.

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, except for the South African Rand as indicated by the interbank mid-rates below:

Currency	27-Sep-13 (GH¢)	04-Oct-13 (GH¢)	Change (GH¢)	YTD (%)
US Dollar (USD)	1.9988	1.9990	0.0002	▼ 6
Pound Sterling (GBP)	3.2010	3.2311	0.0301	▼ 6
Euro (EUR)	2.6950	2.7242	0.0292	▼ 10
S/African Rand (ZAR)	0.2000	0.1979	(0.0021)	▲ (11)
Naira (NGN)	0.0123	0.0124	0.0001	▼ 42

Interest Rates / Yields

The returns on the funds managed by HFC Investments generally pursued a downward trajectory in the week. Similarly, the treasury securities continued the downward trend for the week ending October 4, 2013, as the rate on all the under-listed instruments (91-day bill, 182-day bill, 1-yr note and 2-yr note) declined, as indicated below:

Instrument	28-Dec-12 (p.a., %)	27-Sep-13 (p.a., %)	04-Oct-13 (p.a., %)	Investment Product	27-Sep-13 (GH¢)	04-Oct-13 (GH¢)	Change (GH¢)	YTD / Yield* (%)
91-Day Bill	23.12	20.84	20.62	HFC Equity Trust	0.3766	0.3747	(0.0019)	60.40
182- Day Bill	22.99	21.13	21.00	HFC Future Plan Trust	1.1963	1.1944	(0.0019)	27.36
1 yr Note	22.90	20.40	20.00	HFC Unit Trust (Bid)	0.2091	0.2085	(0.0006)	22.6*
2 yr Note (fixed)	23.00	20.50	20.00	HFC REIT (Bid)	1.4697	1.4755	0.0058	22.3*

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