

Review of markets over May 2017

Economy

Fitch revises outlook on Ghana to stable: Fitch ratings revised the Outlook on Ghana's Long-Term-Foreign-and-Local-Currency Issuer Default Ratings (IDR) from Negative to Stable and affirmed the IDRs at 'B'. Some of the reasons ascribed to the revision include, effort by the economic managers in making progress to stabilize Ghana's economy, with expected revival in GDP Growth, lowering inflation and increasing foreign exchange reserves. The rating agency also expects the new government to make strides in reducing Ghana's budget deficit. Factors that could trigger a positive rating action include; a sustained improvement in macroeconomic stability, an improvement in external reserves position and a reduction in the budget deficit.

Inflation drops: The year-on-year inflation rate was at its lowest level in the last three and half years, declining by 0.4 percentage points from 13% in April 2017 to 12.6% in May 2017, according to data released by the Ghana Statistical Service (GSS) on 14th June, 2017. Transport recorded the highest inflation rate of 23.6%, followed by Recreation and Culture (21.4%), Furnishings and Household Equipment (20.7%) as well as Clothing and Footwear (16.5%), in that order. The report also indicates that Housing, Water and Electricity recorded the lowest year-on-year inflation of 7.4%.

World Bank to inject US\$1.2 billion into Ghanaian economy: World Bank's International Development Association (IDA) approved to inject a total of about US\$1.2 billion in the Ghanaian economy over the three-years from July 2017 up to June 2020. The money is said to go into budget support and special intervention projects. The IDA has vowed to support poor countries with an estimated amount of US\$75 billion.

Bank of Ghana reduces Policy rate by 100 basis points to 22.5%: The Monetary Policy Committee (MPC) of the Bank of Ghana on 22nd May, 2017 reduced the policy rate by 100 basis points from 23.50% to 22.50%. According to the MPC, the rate was reduced in line with improved economic activity, driven by growth in private sector credit, improved business sentiments, easing credit stance as well as an overall medium term positive outlook for inflation.

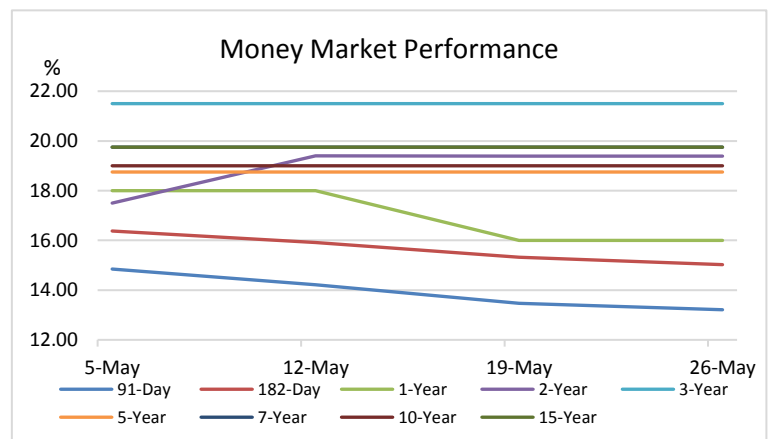
Ghana Revenue Authority (GRA) Board inaugurated: The Finance Minister inaugurated a nine-member Ghana Revenue Authority (GRA) Board. Addressing the Board, the Minister reiterated that revenue mobilization was the first of the five pillars defined by government to lead its robust economic transformation program.

He admonished the Board to initiate measures to ensure optimum and efficient revenue tax administration.

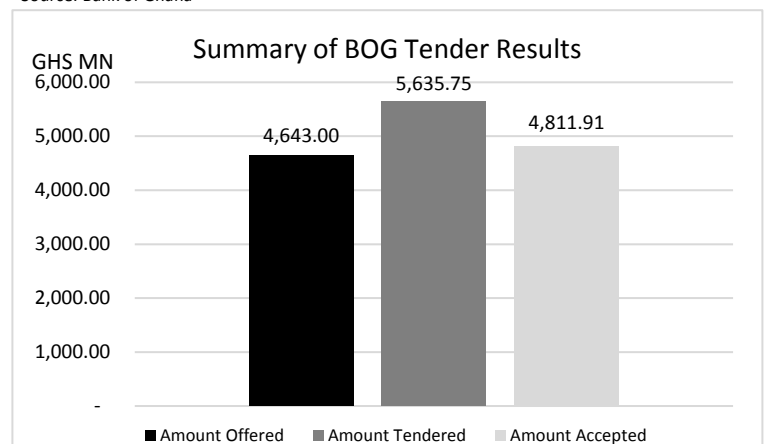
Construction Bank commences operations: The banking sector saw the commencement of operations of the Construction Bank. This brings the total number of banks in the country to 34. The bank will provide services in project finance, commercial and consumer banking, with specialization in construction, infrastructure and mortgage financing.

Money Market

Money market rates trend lower: Money market rates recorded a lowering trend during the month of May, mainly due to the government's medium and long term debt management strategy, which seeks to reduce short term borrowing by reducing interest for short dated instruments and spurring appetite for longer term securities. The Bank of Ghana raised a total of GHS4.8 billion in bills and notes in May; this is 14.62% lower than the total target of 4.64 billion.



Source: Bank of Ghana



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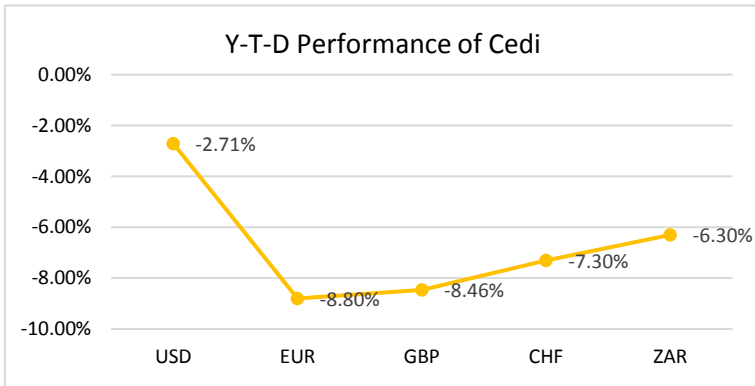
Currency Market

Cedi was bearish: The local currency was bearish against major trading currencies during the month under review, as it fell significantly between the dates 5th May to 24th May, 2017. This was mainly due to speculative activities, coupled with the high demand for hard currencies. As a result, the Cedi which began the month at GHS4.18 to a US Dollar depreciated by 2.58% to exchange hands at GHS4.29 as at the end of May 2017. It also opened the month at GHS4.55 against the Euro and shed 5.05% to trade at GHS4.80 (as at end of May 2017) against the shared currency. The Cedi also opened the month at GHS5.40 to a British Pound and lost 2.02% of its value to trade at GHS5.52.

Cedi Interbank Mid-Rate Against Selected Trading Currencies

	Exchange Rate (GHS)				
	31-May-17	28-Apr-17	31-Mar-17	28-Feb-17	31-Jan-17
USD	4.3384	3.8304	3.7472	2.6800	1.9385
EUR	4.6560	4.3456	4.0582	3.6855	2.4784
GBP	5.4222	5.5252	5.5483	4.4583	2.9303
CHF	4.3546	3.9767	3.8697	3.0219	2.0336
ZAR	0.3379	0.2579	0.3088	0.2528	0.2090

Source: Bank of Ghana, UMB IHL Research



Source: Bank of Ghana, UMB IHL Research

Stock Market

Stock market records impressive performance: The Year-To-Date yield of the GSE Composite Index improved from 12.26% in April to 13.65% in May. This was mainly driven by resilient Q1 results by a number of companies, which boosted risk taking on the bourse. The consistent pick up in the market indices also spurred investor appetite, resulting in improved demand for most equities.

Gainers

Ticker	GHS			
	Open	Close	Gain	Change
SIC	0.09	0.13	0.04	44.44%
GOIL	1.31	1.65	0.34	25.95%
ALW	0.14	0.15	0.01	7.14%
CAL	0.72	0.77	0.05	6.94%
SCB	15.57	16.08	0.51	3.28%
FML	11.32	11.53	0.21	1.86%
EGL	2.40	2.42	0.02	0.83%
GCB	5.20	5.23	0.03	0.58%

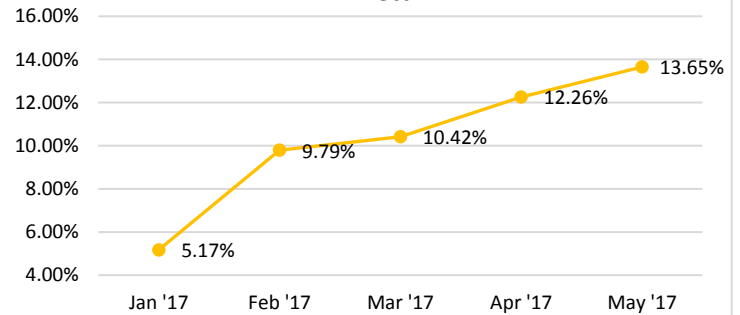
Source: Ghana Stock Exchange, UMB IHL Research

Losers

Ticker	GHS			
	Open	Close	Gain	Change
UNIL	9.05	9.00	-0.05	-0.56%
GGBL	1.52	1.50	-0.02	-1.32%
HFC	0.52	0.50	-0.02	-3.85%
ETI	0.12	0.11	-0.01	-8.33%
MLC	0.12	0.11	-0.01	-8.33%

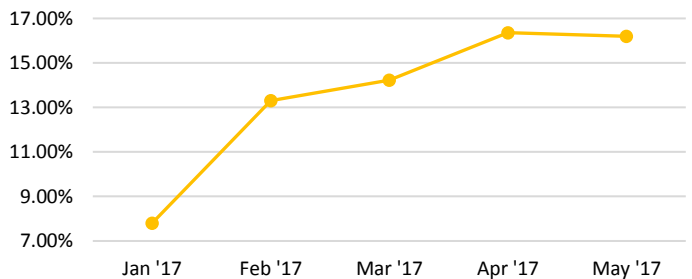
Source: Ghana Stock Exchange, UMB IHL Research

GSE Composite Index Y-T-D Return



Source: Ghana Stock Exchange, UMB IHL Research

GSE Financial Stock Index Y-T-D Return



Source: Ghana Stock Exchange, UMB IHL Research

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