September 2017

HALF-YEAR REVIEW 2017

Economic | Capital Market

FirstBanC Research
FIRSTBANC FINANCIAL SERVICES

Disclosure

FirstBanC Financial Services is an integrated investment-banking firm. The Research Department undertakes economic, fixed income, equity and special research activities as well as valuation of listed and unlisted equities.

The content of this report reflects the views of the analysts. It is presented for information purposes only and does not serve as investment advice pertaining to the purchase or sale of securities. Information used in this analysis was acquired from sources believed to be accurate and reliable. We cannot however attest to its accuracy.

Further enquiries can be directed to:

Economy: Edinam Nyatefe

Capital Markets: Justice Senyo Adu

Tel: +233 302 781 489/781 484

Email: bamoah-adjei@firstbancgroup.com; enyatefe@firstbancgroup.com; jadu@firstbancgroup.com

Contact us for specialised recommendations online at:

research@firstbancgroup.com

Table of Contents

Table of Figures

List of Tables

Executive Summary

General Economy

After the uncertainty that characterized the first two months of 2017, calm and a sense of direction returned after the budget statement was presented to parliament in early March 2017. The 2017 budget statement stressed the implementation of pro-growth policies while continuing in the fiscal consolidation measures witnessed in the last two years. The first half of 2017 has been a relatively stable period as far as the economy is concerned, as many of the macroeconomic indicators have been positive. In the first quarter of the year, output levels increased significantly mainly due to growth in the oil sector, although weak growth continued to be seen in the non-oil sectors.

With inflation taking a downtrend over the first half of the year, the central bank consequently eased its monetary policy stance by reducing the policy rate. In addition, the local currency, after suffering a seasonal loss in value against the major international trading currencies at the beginning of the year, made a strong recovery in the month of March. In June however, the Cedi depreciated more rapidly due to demand pressure from importers replenishing their stocks and from repatriation of profits following dividend declaration of multi-national firms. The general stability enjoyed by the local currency throughout the first half year was driven by lower demand for foreign currency to make payments for crude oil and an increase in the foreign reserve position of the Bank of Ghana, caused by an improvement in Ghana's trade balance. This has led to an enhanced gross foreign asset position, providing the Central Bank with a significant option in attempts to stabilize the cedi. Additionally, fiscal discipline was maintained as expenditure was kept below budget. The debt situation however heightened over the first five months of the year. The increase in debt was partly attributable to the issuance of long-dated domestic bonds which is in line with government's debt management strategy of re-profiling public debt.

Fixed Income

Yields on fixed income investments trended downwards throughout the first half of the year in line with yields on GOG instruments, which resulted from the Government's Medium Term Debt Strategy. This strategy has seen Government shifting its debt profile to longer dated instruments. The catalyst to the success of this strategy has been low interest rates in the US and the Eurozone, which has led to increased foreign investor appetite for debt instruments issued by emerging market economies with relatively stable credit ratings. The stability of the Cedi during 1H17 and improved credit ratings have bolstered the already high appetite for Ghana government debt. Regulatory conditions such as the minimum portfolio allocations for pension funds and other policy initiatives such as the issuance of energy bonds (and possibly municipal and diaspora bonds) have given Government the opportunity to create more fiscal space by driving down interest rates on Government securities. The Extended Credit Facility (ECF) agreement with the International Monetary Fund (IMF) has also played a role in ensuring Government's fiscal discipline by way of borrowing at sustainable rates in order to reduce interest payments. The downward trend in inflation since 4Q16 and monetary policy loosening have also contributed to declining yields on fixed income instruments.

Equities

At the end of 1H17, the Ghana Stock Exchange Composite Index (GSE-CI) returned 16.31% on the back of an impressive performance from selected stocks across the financial, petroleum and agro-processing sectors. The Financial Services Index closed 1H17 with a return of 18.1%. Volumes and value of traded shares were up by significantly compared to 1H16. Market capitalization at the end of the period was GH¢59.45bn. Early on in the year, the bourse benefitted from the declining interest rates on Government securities as fund managers diverted funds that would have hitherto gone into fixed income investments into equities. The impressive performance in 1Q17 receded in 2Q17 due to slower inflows of funds to equities. With the exception of UTB, stocks that experienced gains in 1H17 were fundamentally strong companies that have reported rising profits. We expect the stock market to remain stable on the back of strong fundamentals for companies in the financial, agro processing and food and beverage sectors.

Economic Review

Economic Growth Picks Up

Ghana's real GDP, including oil, grew by 6.6% in the first quarter of 2017, an improvement from the 4.4% growth recorded for the same period in the preceding year. The increased growth is mainly attributable to an increase in oil production as a result of the coming on-stream of the TEN field which was not operational in the first quarter of last year. In value terms, at the end of the first quarter of 2017, the country's economy at current prices, including oil, was worth GH¢44.7bn compared to the GH¢36.4bn recorded for the same period last year. Non-oil GDP growth on the other hand, saw a decline in the first quarter of the year, coming in at 3.9% growth, compared to 6.3% recorded for the same period of 2016. This was attributable to a decline in growth in both the services and agricultural sectors.

Sectorial Distribution of GDP

The services sector contributed the bulk to GDP for 1Q17, making up 59% (1Q16: 60.3%), with the industrial sector following suit with 26.7% (1Q16: 24.7%) and the agricultural sector lagging behind with a 14.3% (1Q16: 15%) contribution.

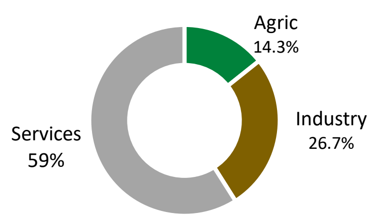

Figure 1: Sectoral distribution of real GDP

Growth in the sectors was led by industry, which recorded an 11.5% growth in the first quarter of year with the agricultural and services sectors following suit with 7.6% and 3.7% respectively. The industrial sector has bounced back after experiencing a 1.1% decline for the first quarter of last year. Growth in the industrial sector was led by mining and quarrying which expanded by 32.8% and recovered from the 13.7% decline recorded in 2016. Electricity expanded by 2.9% (24.6% in 1Q16) whilst water and sewage lagged behind with a growth of only 0.9% (11.1% in 1Q16). Growth in the agricultural sector was driven by fishing, which expanded by 31.6%, a sharp rebound from the 4% decline recorded for the same period in the previous year. Livestock followed with an expansion of 5.4%. Growth in the services sector was driven by information and communication (12%) whilst Public Administration, Defense, & Social Security recorded a decline of 6.5%.

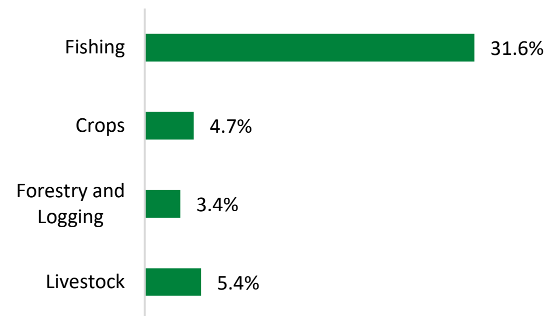

Figure 2: Growth contributions in the agricultural sector

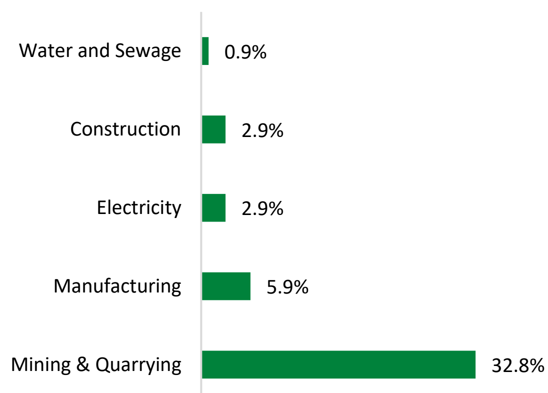

Figure 3: Growth contributions in the industrial sector

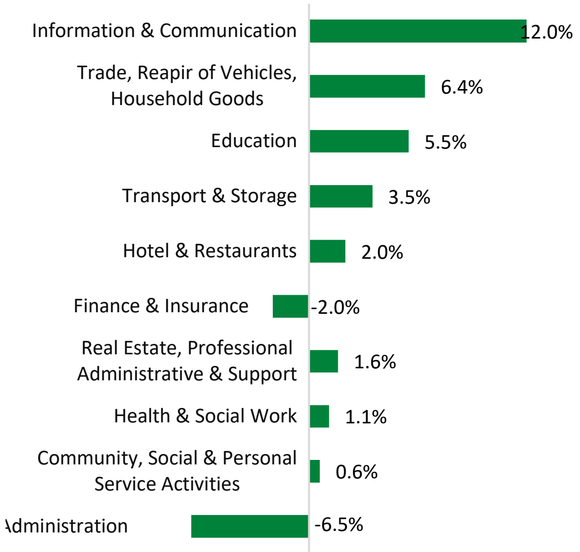

Figure 4: Growth contributions in the services sector

Public Finances

Fiscal Position Improves

From January to April 2017, Government kept below budgeted expenditure. Expenditure amounted to GH¢13.44bn against a budget of GH¢16.93bn representing a 20.63% deviation. Comparatively, expenditure for same period in 2016 amounted to GH¢13.54bn against a budget of GH¢13.88bn representing a shortfall of 46%. As at April 2017, expenditure recorded under all categories remained below the projected levels; compensation to employees, use of goods and services, interest payments, subsidies on utilities and petroleum products, grants to other government units, social benefits and capital expenditure were 43.54%, 4.52%, 81.55%, 8.98%, 100%, 28.74% and 100% below budget respectively. On the revenue side, government generated revenue and grants amounting to GH¢11bn against a budget of GH¢13.26bn, a 17.06% shortfall. Revenue realized in 2016 was 9.40% lower than projected with the biggest shortfall in revenue attributed to social contributions; out of a budgeted amount of GH¢97.92m, only GH¢28.88m was recorded, a shortfall of 70.5%.The huge gap was attributable to the non-payment of SSNIT contributions to NHIL in the first quarter. Other revenue shortfalls recorded by the other sub-sectors were; taxes on income & property, taxes on domestic goods and services, taxes on international trade, non-tax revenue, other revenue and grants 14.06%, 6.64%, 21.29%, 29.64%, 11.49% and 51.69% below budget respectively.

The overall (commitment) balance was 66% better-than expected, ending at a deficit of GH¢2.43bn instead of the GH¢3.66bn deficit budgeted for.

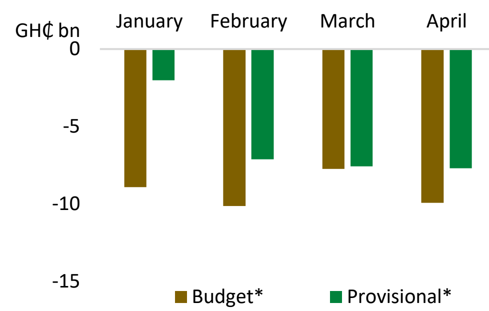

Figure 5: GoG Fiscal Balances (Jan - April 2017)

Public Debt Increases

The indebtedness of the country has increased with total public debt growing from GH¢105.1bn at the end of 2016 to GH¢137.2bn, representing a nominal increase of GH¢32.1bn over the first five months of this year.

External debt amounted to GH¢73.3bn (35.3% of GDP) at the end of May compared to the 69.2bn (41.4% of GDP) recorded in December 2016. Domestic debt amounted to GHC63.9 billion (31.4% of GDP) compared to the GH¢53.4bn (31.9% of GDP) recorded in December last year.

Even though total public debt has grown in the first five months of the year, the debt to GDP ratio has seen some improvement from the 73.3% recorded at the end of 2016 to 67.5% due to a rise in nominal GDP.

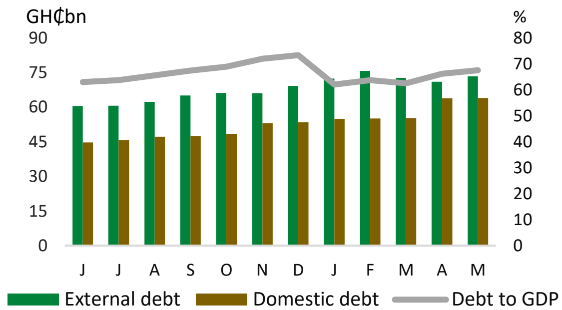

Figure 6: Ghana Public Debt Jun 2016 – May 2017

Monetary Environment

No Bumpy Ride for Exchange Rates

The Ghana Cedi has largely remained stable against the major trading currencies this year. Stability in the local currency has been mainly driven by prudent fiscal management and increased export proceeds which has boosted gross foreign reserves.

Currency	2017	2016	2015
US Dollar	-3.7	-3.3	-26.1
British pound	-8.3	6.1	-26.7
Euro	-10.8	-4.8	-19.5

Table 1: Ghana Cedi's half-year performance against major trading currencies (%)

Between January and June 2017, the Cedi lost 3.7% (3.3% in June 2016) against the US dollar, which marks a marginal decline of 0.04 percentage points from last year's value. For the same period in 2015 however, the cedi lost 26.1% against the dollar.

The cedi also shed 8.3% and 26.7% against the pound over the first half of 2017 and 2015 respectively. The cedi however maintained a strong position in 2016 as it appreciated by 6.1% in the first half of the year due to the Brexit vote and the subsequent weakening of the pound that followed.

The cedi depreciated against the Euro by 10.8% by the end of June compared to a depreciation of 4.8% for the same period in 2016. In 2015, the cedi depreciated against the Euro by as much as 19.5%. The Euro has strengthened significantly in 2017 on the back of an economic recovery within the Eurozone.

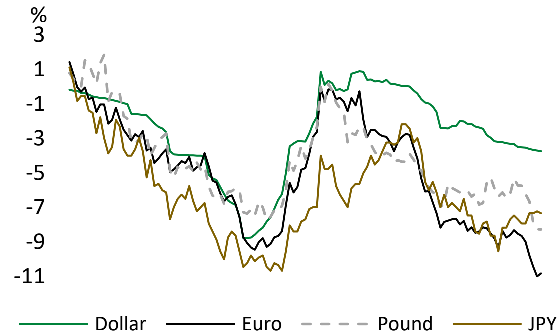

Figure 7: Ghana Cedi vs major currencies (%) (Jan –Jun 2017)

Interest Rates Decline Marginally

In the Central Bank's quest to spur economic growth, it has made downward adjustments to the monetary policy rate over the first half of the year. The year begun with the monetary policy rate at 25.50% which saw an initial reduction to 23.50% in March, then subsequently to 22.50% in May.

The interbank rate which stood at 25.26% at the end of 2016 has declined over the first six months of 2017, falling from 25.23% (in January) to 22.11% (in June).

The interest rates on bank lending to households and businesses after increasing from 27.5% in December 2015 to 32.7% in June 2016, declined to 30.8% by the end of the first half of 2017. The lowest average lending rate for the first half of the year stood at 29.8% in March whereas the highest stood at 33% in February.

The easing of the monetary stance for the first half of the year has increased lending to businesses. On a year-on-year basis, bank credit to the private sector and public institutions increased to GH¢5.1bn compared with GH¢2.5bn for the same period in 2016. Of the total credit flow, the private sector accounted for 86.5%.

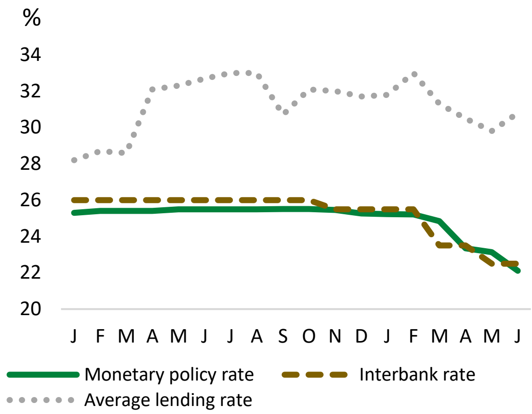

Figure 8: Interest rates – Jan 2016 to Jun 2017

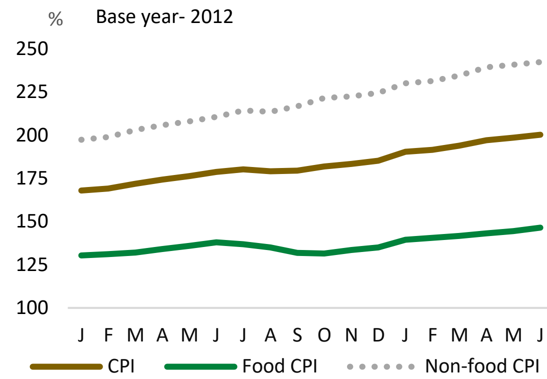

Figure 9: Consumer Price Index – Jan 2016 to June 2017

Inflation Maintains Steady Decline

The year 2016 started with inflation at 19%, rising to a peak of 19.2% before closing the year at 15.40%. January 2017 saw a 210 basis points decline in inflation rate, bringing it to 13.3%. At the end of June this year, inflation stood at 12.1%. The first half of the year saw inflation trending downwards throughout with exception of April when inflation inched up to 13% from the 12.8% recorded in March. This was attributable to a 15% rise in transport fares. In April, inflation for transport rose to 24.9% up from 15.3% recorded in the preceding month. The downward inflation trend for the first half of the year was underpinned by declining non-food inflation. Housing, water, electricity and, gas and other fuels sub-group recorded the lowest inflation in the non-food group of below 8%. This was in sharp contrast to 2016 when inflation for the housing sub group was significantly higher and remained between 20.2% and 45.5%. Food and non- alcoholic beverages group saw a marginal decline of 0.07 percentage points over the six months period. The 3.3 percentage points decline in inflation for the first half of the year is in line with governments end year inflation target of 11.2% and medium term inflation target of 8±2 % for 2018.

Balance of Payments

Trade Balance Improves Significantly

The nation recorded a trade surplus (cumulative) of 3.1% of GDP at the end of June 2017 as against a trade deficit of 3.3% of GDP recorded for the same period one year earlier**.**

For the first half of the year, gold contributed 42.75% to export proceeds. This was followed by cocoa beans and products, contributing 24.24%. Oil and other commodities including non-traditionals contributed 17.35% and 15.65% respectively. Comparatively, in the first half of 2016, gold and cocoa contributed 40.03% and 29.41% of export proceeds respectively. All export groups saw an increase in export earnings compared to the first half of 2016 with exception of the other commodities groups; earnings for gold increased by 48.79%, cocoa beans and products increased by 14.84% and oil increased by 204.31%. Other commodities including non-traditionals however recorded a decline of 3.57% compared to the first half of 2016. On the whole, total exports increased by 39.32% compared to same period last year. The coming on-stream of crude from the TEN field which was not operational in the first quarter of 2016 coupled with the 61.85% increase in average realized crude prices between the first half of 2017 and same period of 2016 accounted for the high increase in earnings from oil. Oil contribution to export earnings has inched up by 203.4% compared to the first half of 2016, making it the third highest contributor rather than the forth as seen for the same period in 2016. The increased export earnings recorded in the first half of 2017 compared to 2016 was due to increased crude oil production as gold and cocoa witnessed marginal declines of 0.41% and 2.06% in average realized export prices over the period.

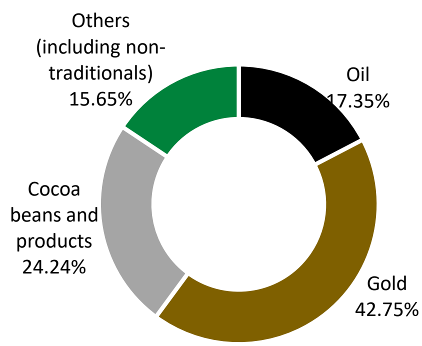

Figure 10: Export Proceeds by commodity – Q1

Capital Account

For the first quarter of 2017, the capital and financial account recorded a net outflow of US$523 million (1.1% of GDP) due to lower official inflows which offset the current account surplus. These developments resulted in a slightly improved overall balance of payments deficit of US$390 million 0.8% of GDP (US$449 million at 1.1% GDP for first half 2016).with gross foreign reserves at 3.4 months of import cover.

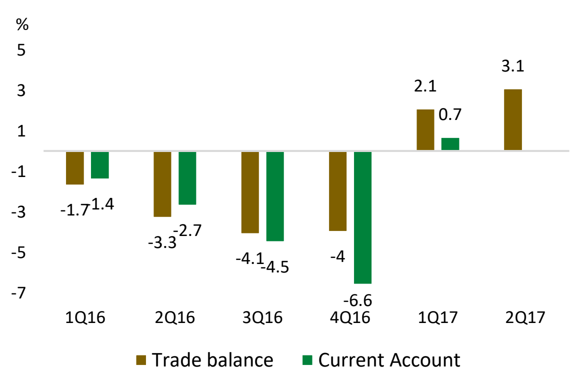

Figure 11: Current Account and Trade balance (cumulative, - % of GDP)

Outlook

The Ghana Cedi is likely to maintain its stability over the second half as a result of prudent fiscal management, increased export proceeds especially from crude, which will boost gross foreign. The stability of the cedi is likely to keep inflation triggered by imports in check. With the rains setting in, food harvest is expected to increase leading to low food inflation levels. However, if the army worm infestation persists, crop yields may be hampered resulting in a rise in food inflation. On the whole, we project a downward trend in headline inflation for the rest of the year.

Considering the downward trend in inflation we have witnessed, we expect to see further declines in the monetary policy rate in order to further drive bank credit and economic growth.

As crude production has begun from the Sankofa Gye Nyame oil field and with increased production from the Jubilee field and TEN fields, we expect further growth in the oil sector. Additionally, the increase in private sector lending and consumer spending as well as the positive macroeconomic indicators witnessed in the first half of the year, is expected to spur growth in the non-oil sectors for the rest of the year.

We expect to see further increases in total public debt in the short term especially due to Government's Medium Term Debt Strategy of re-profiling public debt to longer-term funding. Again, the US$2.4bn energy bond to be issued by the end of the third quarter will increase government's total debt. However, the bond, when successfully issued, would improve liquidity of banks exposed to energy sector debts. The financial statements of banks would also improve as impairment charges and bad loans are likely to improve which would enhance the stability of the financial system. For listed banks, improved financial performance would translate into positive sentiments which would help sustain the impressive run of the local bourse.

We also expect the trade surplus to be higher at the end of the year due to increased oil production and relatively higher commodity prices.

Capital Market Review

Fixed Income Market

Slower Demand for GoG Treasuries as Yields Plummet

Demand for Government treasuries increased by 11.1% in 1H17, compared to 23.3% in 1H16, to close 1H17 at GH¢34.83bn, as treasury rates declined further from the levels witnessed last year. Investors successfully bid for a total of GH¢22.73bn (1H16: GH¢26.74bn) in short term government treasuries auctions over the period making up 65.26% (1H16: 85.30%) of total completed bids. This represents a decline of 15.01%.

On the longer end of the market, investors purchased a total of GH¢12.10bn (1H16: GH¢4.61bn) in treasury auctions in 1H17 making up 34.74% (1H16: 14.70%) of the entire offer. This represents an expansion of 162.58%. The increased bids for long-term treasury instruments was as a result of attractive interest rates on longer end of the yield curve as short-term interest rates experienced a downward trend.

Apart from 7-Year note which inched up marginally, treasury rates on short and long-term Government instruments declined in 1H17 compared to 1H16. The 182-Day Treasury bill saw the highest decline of 853.50bps followed by the 91-Day Treasury bill, with a decline of 768.29bps. This is due to the debt re-profiling strategy of government which has led to decreased demand for short-term borrowing.

The 91-Day Treasury bill closed 1H17 at a monthly average rate of 15.04% (1H16: 22.72%) whereas the 182-Day Treasury bill posted a monthly average rate of 16.05% (1H16: 24.58%). The 1- Year note recorded an average interest rate of 17.87% (1H16: 23.00%) with the 2-Year note posting an average rate of 20.38% (1H16: 23.92%). The 3-year, 5-year, 7-Year, 10-Year and 15-Year Bonds closed 1H17 at average coupon rates of 21.92% (1H16: 24.65%), 19.50% (1H16: 24.48%), 18.93% (18.00%), 19.00% (1H16: N/A) and 19.75% (1H16: N/A).

	June 2017	December 2016	June 2016
91-Day	12.32	16.75	22.79
182-Day	13.10	17.91	24.62
1-Year	15.00	20.50	23.00
2 Year	17.00	22.50	24.25
3 Year	18.50	24.00	24.50
5-Year	18.75	24.75	24.50
7-Year	19.75	18.00	18.00
10-Year	19.00	19.00	N/A
15-Year	19.75	N/A	N/A

Table 2: Treasury Rates - end of June & December 2016, June 2017

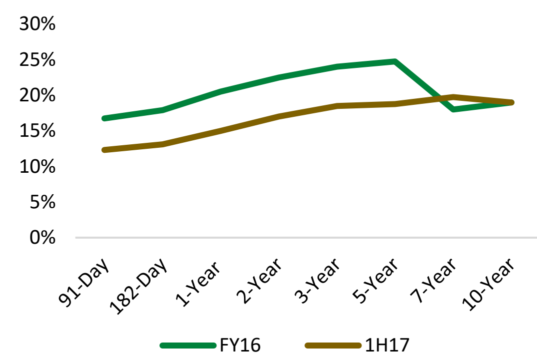

Figure 12: Yield curve - FY16 vs 1H17

Fiscal policy has been tight during the first half of the year. There has been lower accumulation of new debt and the re-profiling of existing debt has lessened interest payment expense. Expenditure has been largely kept under control with earmarked expenditures reduced in line with lower revenue mobilization during the first half of the year. This has helped drive down interest rate on government treasury instruments. Moreover, monetary policy eased during the same period as the central bank reduced the monetary policy rate by 300 bps to 22.50% mainly due to a decline in inflation. With inflation expected to remain stable, due to the relative stability of exchange rates, and an estimated GDP growth rate of 6.3% in FY17 (FY15: 3.5%), the loose monetary policy regime is likely to continue to stimulate growth in the economy. Already, average lending rates have declined, 30.5% at the end of April

2017 (32.1% in April 2016) and private sector credit has seen a 5.9% annual growth at the end 1Q17 (-6.7% in 1Q16). Based on the aforementioned, we expect the yield curve to remain moderately steep in the short to medium term.

Despite declining yields on Government securities, investors increased their assets in fixed income securities at the end of 1H17 compared to 1H16, however, demand for longer term treasuries increased faster than shorter term treasuries due to the more attractive yields on longer-dated instruments as shown in Figure 13.

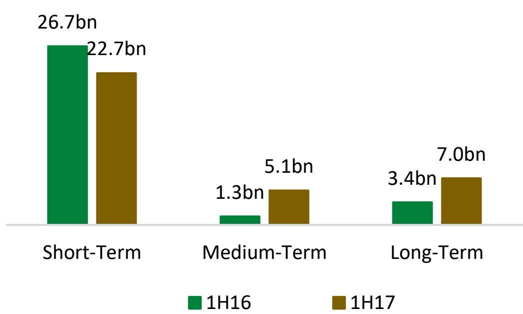

Figure 13: Total government securities sold – 1H17 and 1H16

Ghana Fixed Income Market (GFIM)

The GFIM provided a market for the trading of all Government securities including the local dollar denominated bond.

These securities had maturities ranging between two weeks and fifteen years. The E-bond Platform which is powered by Bloomberg posted a total trade value of GH¢1.08bn, whereas the Central Securities Depository (CSD) recorded a total transaction value of GH¢12.50bn over the same period.

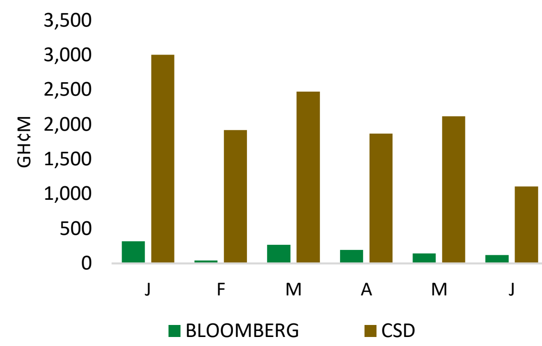

Figure 14: Value of trading on CSD and E-bond platforms – 1H17

Outlook for Second Half

The rains are expected to bring in a bumper harvest which should keep food inflation in check this year. As aggregate demand, which normally peaks from the middle of the year through to the Christmas period, picks up, there would be renewed pressure on the Cedi due to the need for more imports which might affect the performance of the Cedi and mount inflationary pressures. These notwithstanding, we optimistic about inflation remaining stable during the second half of the year. We also expect Government to sell less of the shorter-term debt instruments as we have seen in the first half of the year in favor of more longer-tenor debt. The stable inflationary outlook and rising global interest rates would act as a check on the downward trend in Government interest rates. We expect increased activity and liquidity on the secondary market in the remaining quarters of 2017 as a result of relatively higher yields on older securities, due to lower interest rates.

Equity Market

Bullish First-Half Performance

At the end of 1H17, the Ghana Stock Exchange Composite Index (GSE–CI) recorded a gain of 16.31%, as against a comparative loss of 10.40% during 1H16. The Financial Stocks Index (FSI) also gained 18.08% at the end of 1H17 as against a loss of 13.41% during the same period last year. The FirstBanC Index (FBI) which measures the performance of a selected equities on the GSE recorded YTD return of 19.18% in 1H17 compared to a decline of 4.45% in 1H15.

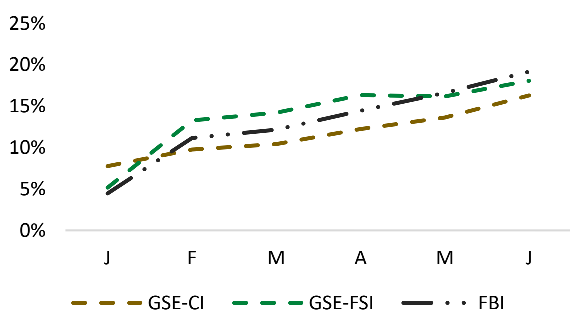

Figure 15: Index Performance – 1H17

The impressive performance on the local bourse was driven by financial stocks as banks posted positive FY16 and 1Q17 results. Specific non-financial stocks also recorded significant gains with BOPP and GOIL leading the pack. The equities market received significant traction in 1H17 due to declining yields on the fixed income market. Fund managers and other retail investors, who hitherto would have made fixed income placements at attractive interest rates, considered the GSE as an alternative market for investments. This coincided perfectly with the positive FY16 and 1Q17 releases by the banks and some non-financial companies. The bullish run on the local bourse has benefited stocks with stronger fundamentals as against a market-wide capital appreciation.

The market cap expanded by 12.84% to end 1H17 at GH59.46bn (1H16: GH54.79bn) as six (6) sectors namely financial (21.32%), agro-processing (111.00%), Petroleum (50.35%), Mining (10.96%), Manufacturing (4.96%) and food and beverage (2.00%) recorded gains. The increase in market capitalization in the mining sector was due to an increase in the number of issued shares of TLW in April despite a 22.10% drop in its share price. The trade, insurance and pharmaceuticals sectors lost 33.33%, 0.96% and 20.53% respectively. Publishing and ICT sectors were unchanged.

As at 1H17, the mining sector continued to command the largest share of the market due to the GH¢28.77bn accounted for by TLW. The publishing sector had the least market share at the end of 1H17.

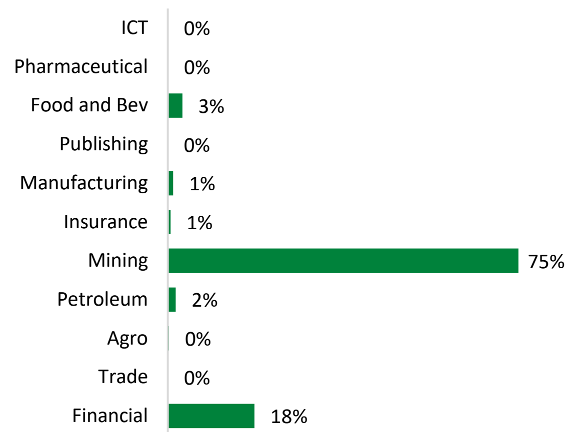

Figure 16: Market cap composition by sector – 1H17

Trading Volumes and Value Expand

Due to the high inflows onto the market from institutional fund managers resulting from low interest rates, trading volumes and value increased remarkably in 1H17. Trade volumes at the end of 1H17 was 251,089,794, a 292.45% more than the figure recorded in 1H16.

There was positive sentiment surrounding financial stocks during 1H17 which resulted in the sector accounting for 82.82% of total volume (1H16: 62.11%) on the local bourse in 1H17. The positive sentiments stems from declining Non-Performing Loans (NPL's) and improvement in asset quality. A negotiated share sale transaction involving a 27.69% (151,830,692 shares) stake in CAL was the main activity on the market in 1H17. Without the aforementioned transaction, the financial services sector accounted for 56.44% of total volume on the market.

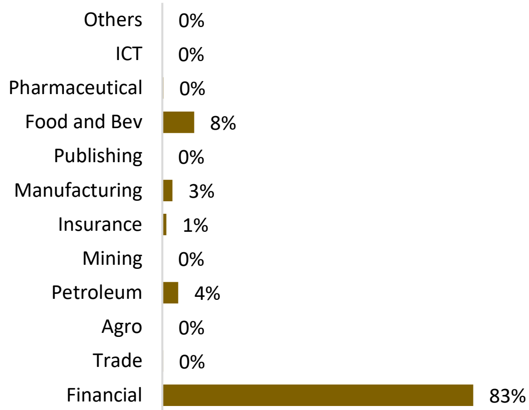

Figure 17: Volume traded by sector – 1H16

The Food and beverage sector was next, contributing 21,262,228 shares (8.48%) to the overall volume traded. Petroleum stocks traded 10,711,136 shares (4.27%) whereas manufacturing stocks traded 6,873,381 shares (2.74%) over the half year period. The others contributed below 3% of the total shares traded each over the period.

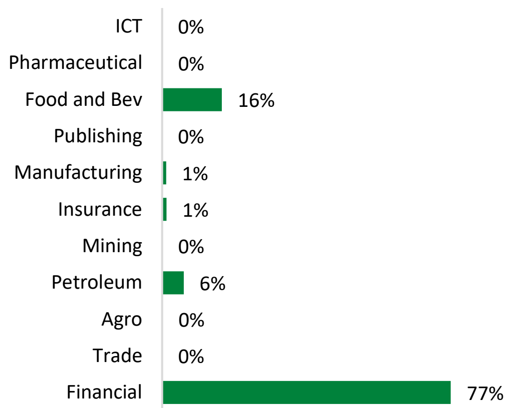

Figure 18: Value traded by sector – 1H17

Value traded in 1H17 rose 163.19% to GH¢359,751,822.15 from GH¢135,498,176.75 posted 1H16. Gains in large cap financial services stocks supported by even higher returns in mid-caps stocks in the petroleum and agro-processing accounted to the sharp increase in value traded.

The Financial sector accounted for approximately 76.99% of the total value of shares traded compared to 34.13% in 1H16 followed by the food and beverage sector with 15.95% (1H16: 38.41%).

Market Movers

UTB emerged as the highest gainer due to speculation of the company bouncing back following regulatory tussles. The other best performers were BOPP, GOIL, GCB and SCB. As the trend has been in previous bullish runs, financial stocks led the positive market return posted during the period.

Top Five Gainers			
Ticker	Year open (GH¢)	1H17 Close (GH¢)	Gain (%)
UTB	0.03	0.07	133.33
BOPP	2.08	4.40	111.54
GOIL	1.10	1.87	70.00
GCB	3.56	5.20	46.07
SCB	12.18	17.04	39.90

Table 3: Top 5 Gainers – 1H17

Other gainers were; ETI (30.00%), SOGEGH (20.97%), ALW (14.29%), SCB Pref. (13.33%), CAL (13.33%), TOTAL (12.12%), EGH (9.38%), FML (6.10%) and UNIL (5.76%).

Top Five Losers			
Ticker	Year open (GH¢)	1H17 Close (GH¢)	Loss (%)
MLC	0.15	0.10	33.33
PBC	0.06	0.04	33.33
SPL	0.03	0.02	33.33
HFC	0.75	0.55	26.67
TLW	26.88	20.94	22.10

Table 4: Worst losers– 1H17

Other losers were; AYRTN (-16.67%), PZC (-9.09%), GGBL (-8.59%), SIC (-33.33%), AADs (-7.69%), ACCESS (-7.32%), TBL (-3.58%) and EGL (-0.42).

The Ghana Alternative Exchange (GAX)

The GAX is an exchange established by the Ghana Stock Exchange to provide an avenue for small and medium scale enterprises to raise funds for their businesses through the listing of debt and equity securities.

There were four companies listed on the GAX at the end of 1H17 same as 1H16. These are SAMBA Foods (SAMBA), Meridian-Marshalls Holding (MMH), HORDS (HORDS) and Intravenous Infusions Limited (IIL).

Despite the increased demand for equities in 1H17, demand for companies listed on the GAX was poor compared to 1H16. This is because even though some of the companies listed on the GAX reported strong financial results, investor interest on the GAX is generally low. A total of 348,322 shares (1H16: 10,297,355) were traded in 1H17. This marked a 96.62% decline from 1H16. IIL was the most liquid stock on the GAX trading a total of 297,332 shares, which represents 85.36% of total shares traded. SAMBA was the second most liquid, trading a total of 43,100 shares (12.37%). HORDS traded 7,900 shares (2.27%) whereas MMH did not trade at all during the period.

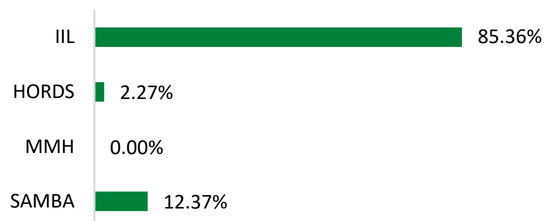

Figure 19: Volume traded on GAX – 1H17

Total value traded on the GAX stood at GH¢54,294.88. SAMBA had the largest share of the value traded, trading a total of GH¢28,015.00 (51.60%) IN 1H17. IIL traded GH¢25,489.88 worth of shares, which made up 46.95% of the total trade. HORDS traded GH¢790 (1.46%) and MMH traded no shares for the period.

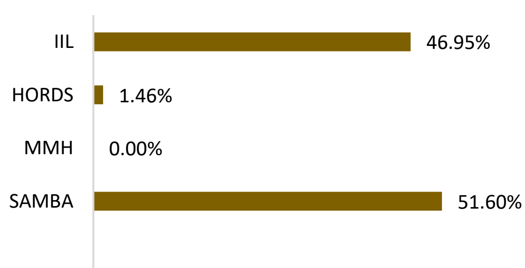

Figure 20: Value traded on GAX – 1H17

The total market capitalization of the Alternative Exchange as at the end of 1H17 stood at GH¢44.08m (1H16: GH¢46.82m)

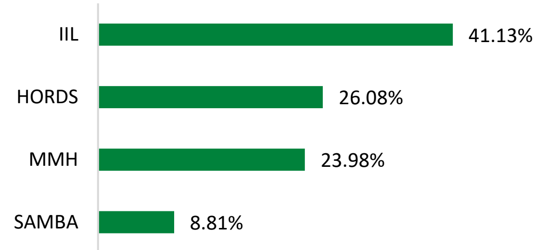

Figure 21: Market cap by firm on GAX – 1H17

IIL ranked first with a total market capitalization of GH¢18.13m (41.13%), down from GH¢20.40m a year earlier. HORDS increased to GH¢11.49m, same as 1H16, to a market cap constitution 26.08%. MMH added GH¢10.57m, same as 1H16, representing 23.98% whereas SAMBA contributed GH¢3.88m (8.81%), a decline from GH¢4.36m at the end of 1H16.

Significant Events

The Ghana Stock Exchange halted trading in the shares of UT Bank Limited on January 3, 2017. This became necessary due to the non-submission of financial results to the market. The GSE subsequently allowed the shares of UTB to be traded.

UNIL announced that Mr. I E. Yamson resigned as Director and Chairman of the Company with effect from 31st December, 2016. Also, Ms Maidie E. Arkutu resigned as Managing Director of the company with effect from 31st December, 2016, and was replaced by Mr. Ziobeieton Yeo. His appointment was effective 1st January, 2017. Mr. Yaw Nsarkoh and Mrs. Adesola Sotande-Peters were appointed as Non-Executive Directors of the Company with effect from 1st January, 2017.

In January, TLW announced a new Chief Executive Officer in Paul McDade, who was previously Chief Operating Officer. Simon Thompson stepped down as Board Chairman as Aidan Heavey, former Chief Executive Officer and founder of Tullow Oil, was slated to succeed Mr. Thompson as Chairman of the Group for a transition period of up to two years. The Company announced that the Erut-1 well in Block 13T, Northern Kenya, discovered a gross oil interval of 55 metres with 25 metres of net oil pay at a depth of

700 metres. The overall oil column for the field was considered to be 100 to 125 metres. Tullow Oil Plc further announced that, pursuant to the Rights Issue, announced on 17th March 2017, 466,925,724 fully paid new ordinary shares of 10 pence each (the "Additional Shares") would be admitted to listing on the main market of the Ghana Stock Exchange on 25th April, 2017

CAL announced in February that its 2nd largest shareholder DPI, a leading Africa-focused private equity firm with US$1.1 billion in assets under management, successfully sold its 27.7% stake in CAL Bank to Arise BV (Netherlands), a financial services investment company whose major shareholders are Norfund, Rabobank and FMO. Mr. Eduardo Gutierrez, a Non-Executive Director, resigned his position as a Director of the Bank effective 9th February, 2017 following the transaction.

The African Export-Import Bank (Afreximbank) and Ecobank Transnational Incorporated (ETI), parent company of the Ecobank Group signed a memorandum of understanding (MOU) in February to promote joint corporate objectives through the financing of private sector projects and trade finance transactions, focusing particularly on transactions involving trade and investment in Afreximbank member countries where Ecobank also has a presence. The cooperation between the two institutions would create a US$500 million programme dedicated to financing trade among Afreximbank member countries where Ecobank conducts banking business.

In March, GOIL appointed Nana Ama Kusi –Appouh as solicitor as Solicitor Secretary

GGBL in March announced the appointment of Mr. Felix Addo as a Non-Executive Director on the Board of the Company effective 17th January, 2017

ADB announced an Extraordinary General Meeting on Friday, March 24, 2017 at the auditorium of the National Theatre, Accra at 10 am

GCB announced the appointment of Mr. Anselm Ray Sowah as the Managing Director of the Bank, effective 10th April, 2017. GCB in April announced the resignation of the under-listed Non-Executive Directors of the Bank effective 3rd April, 2017: Mr. Daniel Owiredu (Board Chairman); Mr. Moses Asaga (Member) and Mrs. Mona Quartey (Member). Later that month, the following Non-Executive Directors were announced, effective, 24th April, 2017: Ms. Ama Sarpong Bawuah – (Member) and Mr. Elliot Gordor (Member).

STOCKS	EX-DIV DATE	DIVIDEND PER SHARE (Gp)
AADS	April 10, 2017*	0.36
AGA	April 10, 2017*	36.34
BOPP	-	4.65
CMLT	June 13, 2017	0.85
EGH	April 19, 2017	82.00
GCB	May 10, 2017	38.00
GOIL	May 16, 2017	2.50
SCB	June 5, 2017	112.00
SOGEGH	March 27, 2017	3.30
SPL	January 27, 2017	0.10
TBL	May 9, 2017	2.52
TOTAL	June 5, 2017	11.48
UNIL	May 8, 2017	5.00

**Payment Date*

Table 5: Dividend Announcements

Outlook for Second Half

The banking sector is set to recover from huge non-performing loans that have hampered operational efficiency in the last two years, even though the energy sector debts have not been fully paid by Government. With banks returning to fair value, strong financial results would consolidated the gains made which is likely lead to stronger interest in banking stocks during the year especially as liquidity on the market improves. In a similar manner, we expect investor interest in the agro-processing sector to improve following impressive performance by BOPP. The petroleum sector will be driven by competition, due to the ease of entry and the liberalization policy of Government, which would slow down growth for listed petroleum stocks on the market. The issue of fuel smuggling has hampered growth in the industry for the past two years. We believe diversification of operations would prove to be the key value driver in the petroleum industry. The low crude oil price regime would help keep cost of operations controlled. Increased household consumption in 2017 will drive revenue growth for manufacturing firms such as Unilever Ghana Limited, Fan Milk Limited and PZ Cussons Ghana Limited, producing consumer discretionary goods in the personal care, food and beverage sector. Competition in this sector is however expected to remain keen which push companies to become more efficient. Stable power supply, declining inflation, growing private sector lending and relatively stable exchange rates will enhance the operational performance of manufacturing firms and boost interest in their stocks. The insurance sector is expected to remain flat and systemic issues surrounding insurance penetration in Ghana. Lower interest rates would affect gains on investment income in the face of increased competition in the sector. The life insurance business is however expected to provide good volume for the leading insurance companies such as Enterprise Group, to offset the lower gains on investment.

We maintain a positive outlook for the market and expect the market to consolidate the gains chalked in the first half of the year. The good performance of the market has been driven by stocks with strong fundamentals. We expect strong quarterly releases especially from financial services stocks which should sustain the impressive first half performance we have witnessed. In the last quarter however, we expect some level of sell-off as many investors would like to cash in on gains made. Also, as many of the stocks approach fair values, higher bids are going to taper off leading to slower increases in the market index getting to the end of the year.