

CBL Research

# West African Review

23 March 2017 Edition



# This Week in West Africa

## Market Snapshot

**While, GSE CI and NSE ALSI rose 0.4% and 0.9% respectively during the week, BRVM CI declined 1.4% during the week. While GSE CI and NSE ALSI registered a decline in volume traded, BRVM CI registered an increase in the same**

- **GHANA:** GSE Composite Index increased by 0.4% in the current week to 1,874.76, compared to previous week's gain of 0.6%. The trading volume decreased over the previous week. The index recorded 11.0% gain on YTD basis.
- **NIGERIA:** NSE ALSI increased by 0.9% during the week compared to previous week's decrease of 0.9%. The index's trading volume decreased over last week. The index has lost 6.1% on YTD basis compared to YTD loss of 6.93% at the end of previous week.
- **FRENCH WEST AFRICA:** BRVM Composite Index decreased by 1.42% from previous week to 281.85 points, compared to previous week's decrease of 0.4%. The trading volume increased over the previous week. The index's YTD loss was 3.5% at the end of current week.

Trading Day	GSE CI				NSE All Share				BRVM CI			
	Opening	Closing	Return (%)	YTD (%)	Opening	Closing	Return (%)	YTD (%)	Opening	Closing	Return (%)	YTD (%)
Monday					25,012.08	24,581.99	-1.72%	-8.53%	285.91	284.56	-0.47%	-2.60%
Tuesday	1,868.19	1,868.01	-0.01%	10.59%	24,581.99	25,129.27	2.23%	-6.49%	284.56	282.98	-0.56%	-3.15%
Wednesday	1,868.01	1,869.04	0.06%	10.65%	25,129.27	24,986.02	-0.57%	-7.03%	282.98	282.15	-0.29%	-3.43%
Thursday	1,869.04	1,871.51	0.13%	10.80%	24,986.02	25,170.36	0.74%	-6.34%	282.15	280.55	-0.57%	-3.98%
Friday	1,871.51	1,874.76	0.17%	10.99%	25,170.36	25,238.01	0.27%	-6.09%	280.55	281.85	0.46%	-3.53%

## Ghana

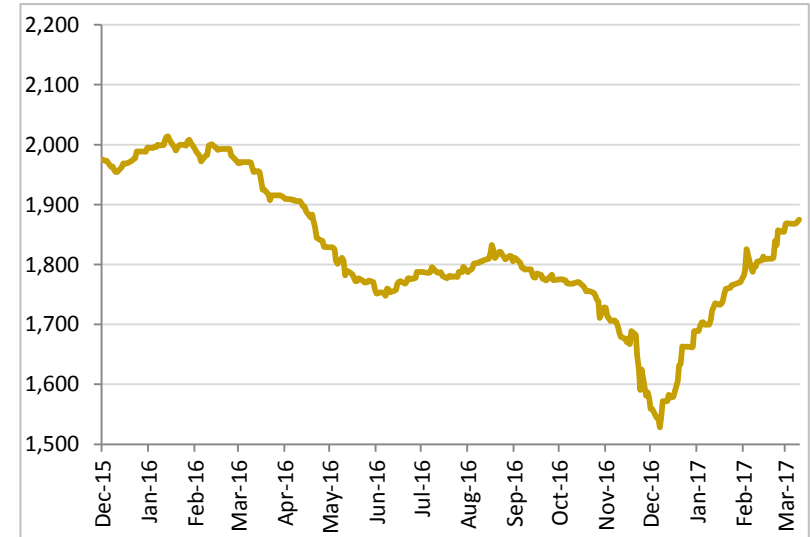
## Economic Snapshot

GDP (USD bn)	37.7
GDP growth	3.88%
GDP per Capita (USD)	1,401.7
BoG Policy Rate	25.50%
GHS/USD	4.5939
GHS/GBP	5.6154
GHS/EUR	4.9000
Inflation	13.30%
91-Day T-Bill	16.38%
182-Day T-Bill	17.09%
1-Year T-Bill	19.00%
Total Reserves (USD bn)	5.9
Total Debt (USD bn)	28.3

## Market Snapshot

<b>Market Name</b>	<b>Ghana Stock Exchange (GSE)</b>
Major Indices	GSE Composite Index
Other Index	GSE Financial Stocks Index (GSE FSI)
Listed Stocks	Thirty Five (35)
Trading days	Monday – Friday
Trading Hours	10.00hrs GMT – 15.00hrs GMT

## 6M Performance Chart

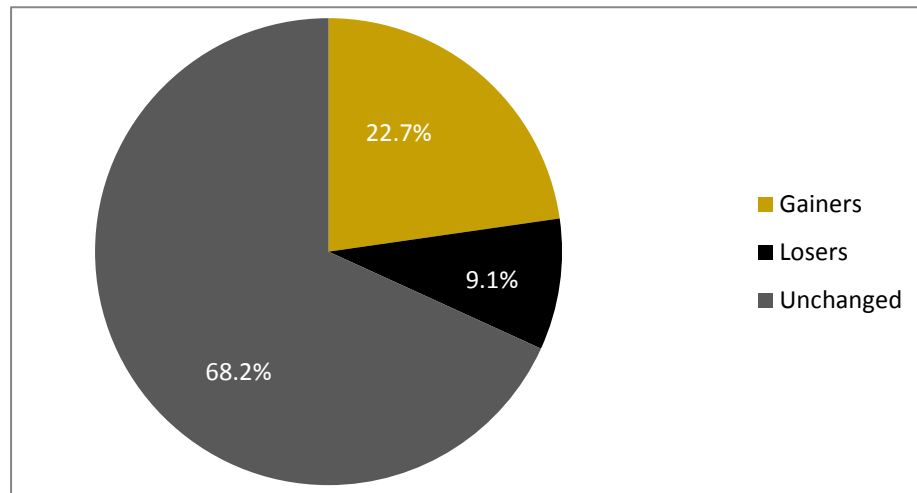


Trading Day	Market Index (GSE CI)		Change (%)		Market Cap	
	Previous	Current	Daily	Year-to-Date	GHS m	USD m
Monday						
Tuesday	1,868.19	1,868.01	-0.01%	10.59%	49,146.16	10,820.38
Wednesday	1,868.01	1,869.04	0.06%	10.65%	49,152.73	10,675.63
Thursday	1,869.04	1,871.51	0.13%	10.80%	49,168.43	10,679.73
Friday	1,871.51	1,874.76	0.17%	10.99%	49,189.18	10,686.33

## Market Wrap

- GSE Composite Index increased by 0.4% in the current week, to 1,874.8 points from 1,868.2 in the previous week, representing a 11.0% gain on YTD basis.
- The shares of Trust Bank Gambia Ltd. increased 15.4% during the week to 30GHp from 26GHp last Friday.
- The index's market cap increased by 0.1% to GHS 49,189.2 million (USD 10,686.3 million) from GHS 49,147.3 million in the last week.
- The shares traded during the week decreased by 7.7% from previous week to 3.3 million from 3.6 million in the last week.
- The value of transactions in the week increased by 8.1% to GHS 5.0 million (USD 1.1 million) from the previous week's value of GHS 4.6 million.
- An average of 0.7 million shares per day valued at GHS 0.9 million traded during the week compared to 0.2 million shares valued at GHS 0.9 million that traded during the previous week.
- Thursday recorded the biggest turnover and the biggest value traded for the week as the deals made up for 57.9% and 68.8% of the total weekly market volume and value traded respectively.
- The market breadth for current week was positive with 29.2% of the total active shares increased and 12.5% decreased during the week. The remaining 58.3% of the total active stocks were unchanged from the previous week.

## Market Strength



## Event Schedule

Company/Organization	Event	Date
No event		

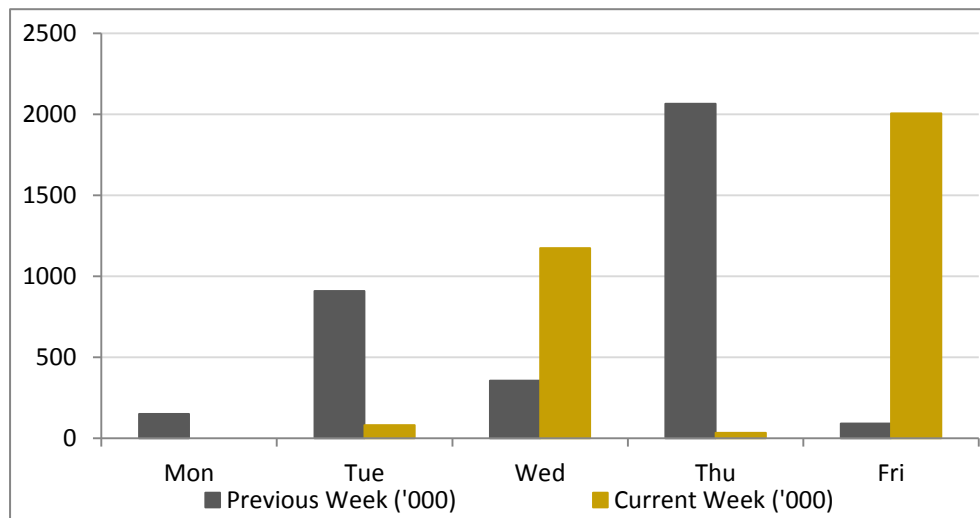
## Dividend Announcement

Company	DPS (GHS)	DPS (USD)	Qualifying Date	Payment Date
SCB Preference	0.0714		24-Feb-2017	30-Mar-2017
SPL	0.001		31-Jan-2017	28-Feb-2017

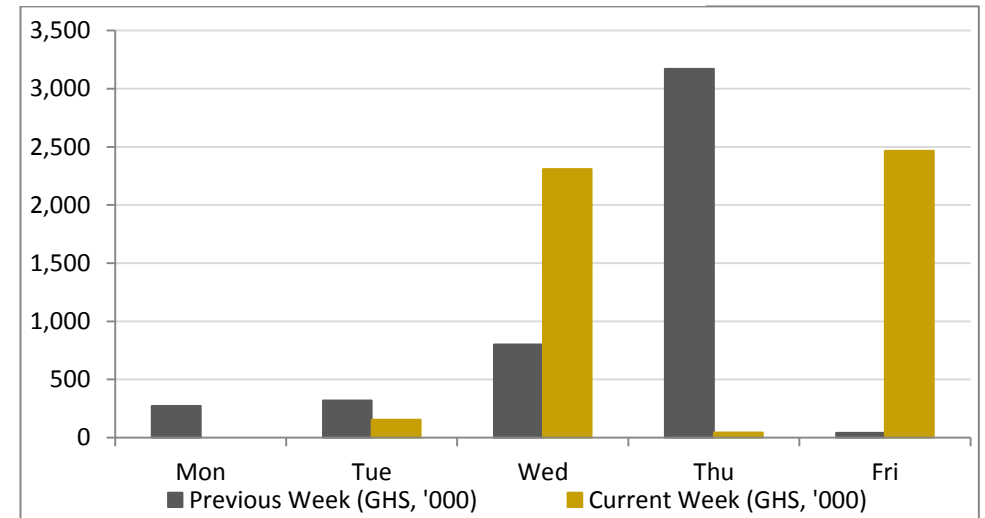
## Trading Statistics

Trading Day	Volume	Value (GHS)	Value (USD)	Transactions	Active Equities	Gainers	Losers	Unchanged
Monday								
Tuesday	79,550	1,55,155	34,160	58	14	0	1	13
Wednesday	11,73,716	23,09,512	5,01,610	110	12	2	0	10
Thursday	33,711	45,129	9,802	78	14	2	0	12
Friday	20,05,600	24,65,772	5,35,688	93	17	3	4	10

## Market Volume (Week-on-week)



## Market Value (Week-on-week)



## This week in Ghana

### **Ghana' Government reduced its capital expenditure budget by 7.20%**

The Government has contracted its capital expenditure budget by 7.20% to GHS 9.73 billion, which led to concerns related to halt in the development of infrastructural projects as witnessed in the past. Oil and Gas infrastructure and road infrastructure, the top priority areas for the Annual Budget Funding Amount (ABFA) in 2014 and 2016. However, in the 2017 budget the priority areas have been re-aligned for the period 2017-2019 with the top two being agriculture and service delivery in education.

Source: <http://www.graphic.com.gh/>

### **Ghana's Government will improve revenue collection to contain shortfalls in tax reliefs**

Ghana will cover the shortfalls in tax reliefs by ensuring improved revenue collection, particularly by the Ghana Revenue Authority (GRA), said the Finance Minister, Mr. Ken Ofori-Atta. He further talked about GRA task to collect 33.0% more revenue relative to previous year was to check on the system by Finance ministry, which led to the finding of loopholes which could be sealed to increase revenue. Blocking leakages and ensuring efficiency in revenue collections were noteworthy measures the government had put in place to forestall the nearly GHS 1 billion revenue losses that would be caused by the 10 tax reliefs announced in the 2017 Budget.

Source: <http://www.graphic.com.gh/>

### **Ghana gets access to € 43 million under EU Trust Fund**

EU Ambassador to Ghana, William Hanna announced Ghana is allocated € 43 million under the EU Trust Fund to support the country's youth employment programme. The programme is expected to halve the nation's unemployment rate beginning next year. The objective is to help the country wean itself off foreign aid which President Nana aspires for. Mr Hanna stated that job creation to combat growing unemployment of the country's vibrant youth is a top priority and the Union will extend the needed support to Ghana through employment programmes, including technical and vocational training. Further, he also announced EU's plan to launch Market Oriented Agricultural Programme with a financial allocation of € 35 million starting next April. He also charged Ghanaian businesses to take advantage of the Economic Partnership Agreement (EPA) signed by the previous government.

Source: <http://www.myjoyonline.com/>

### **Swiss government plans to reduce the trade imbalance with Ghana**

Switzerland imported over US\$ 2 billion worth of gold from Ghana in 2016, an increase of about US\$ 90 million over the 2015 figure of US\$ 1 billion. The Charge de Affairs of the Swiss Embassy, Mr. Roland Fischer, stated that Ghana is the third most important producer of gold for Switzerland and continues to remain the major supplier of cocoa and other cashew crops. Further, he indicated that it is the responsibility of both governments to address the issue of large trade imbalance between the two countries. Swiss government's plans to reduce the gap by earmarking US\$ 74 million for 2017, to assist Ghana for development projects in the areas of public health, public financing, infrastructure, and education.

Source: <http://www.myjoyonline.com/>

# Nigeria

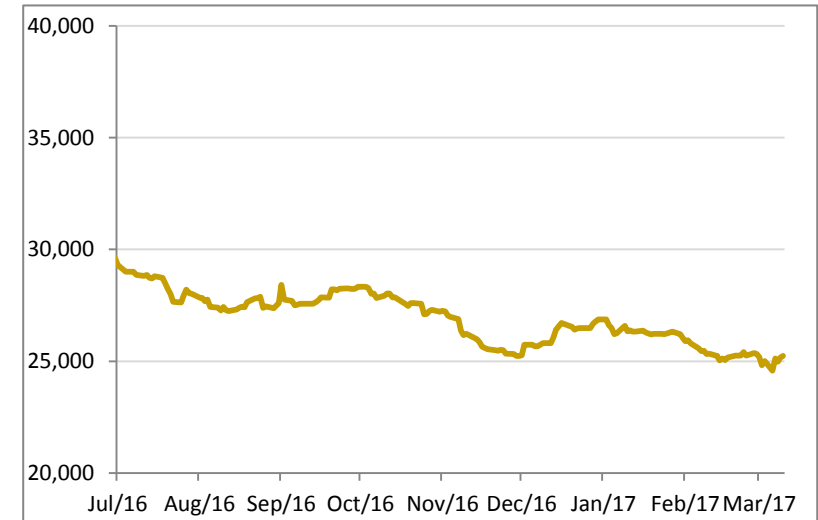
## Economic Snapshot

GDP (USD bn)	493.8
GDP growth	2.65%
GDP per Capita (USD)	2763.1
Policy Rate	14.00%
NGN/USD	305.50
NGN/GBP	373.50
NGN/EUR	326.09
Inflation	18.72%
91-Day T-Bill	13.65%
182-Day T-Bill	17.20%
1-Year T-Bill	18.50%
Total Reserves (USD bn)	29.6
Total Debt (USD bn)	57.4

## Market Snapshot

<b>Market Name</b>	<b>Nigeria Stock Exchange (NSE)</b>
Major Indices	NSE All Share Index
Other Index	NSE 30 Index (NSE 30)
Listed Stocks	One Hundred Ninety-Three (193)
Trading days	Monday – Friday
Trading Hours	08:30hrs GMT – 13:30hrs GMT

## 6M Performance Chart

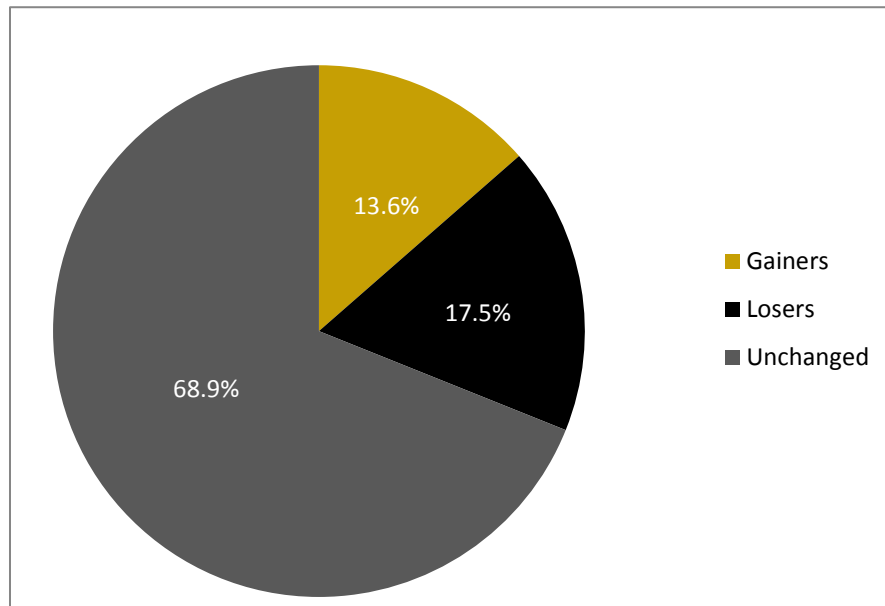


Trading Day	Market Index (NSE AS)		Change (%)		Market Cap	
	Previous	Current	Daily	Year-to-Date	NGN bn	USD bn
Monday	25,012.08	24,581.99	-1.72%	-8.53%	8,507.36	27.89
Tuesday	24,581.99	25,129.27	2.23%	-6.49%	8,696.76	28.49
Wednesday	25,129.27	24,986.02	-0.57%	-7.03%	8,647.19	28.33
Thursday	24,986.02	25,170.36	0.74%	-6.34%	8,710.98	28.53
Friday	25,170.36	25,238.01	0.27%	-6.09%	8,734.40	28.61

## Market Wrap

- NSE All Share Index increased by 0.9% on weekly basis (compared to 0.9% decrease in the last week). The index ended the week at 25,238.01 points, representing year-to-date loss of 6.1%.
- The shares of Nigerian Breweries plc increased 13.04% during the week followed by Guinness Nigeria plc at 11.57%.
- Market cap increased during the week to NGN 8,734.4 million (USD 28.6 million) from NGN 8,656.21 million at the end of last week.
- The trading volume decreased by 26.2% over previous week to 1,023.5 million from 1,387.5 million shares that traded in the previous week.
- The value of transactions decreased by 9.2% in the current week to NGN 13,725.8 million (USD 45.0 million) compared to NGN 9,716.5 million recorded in the previous week.
- An average of 277.5 million shares valued at NGN 2,745.2 million traded on each session of the week compared to 153.1 million traded shares valued at NGN 1,943.3 million in the previous week.
- Tuesday recorded the biggest turnover and the biggest value traded for the week as the day's deals made up for 32.0% of the weekly volume and 26.6% of value traded respectively.
- The market breadth was neutral during the last week as 13.6% of the total shares increased in value compared with 13.6% of the stock registering losses. In the last week, 72.9% of the shares remained unchanged.

## Market Strength



## Event Schedule

Company/Organization	Event	Date
No event		

## Dividend Announcement

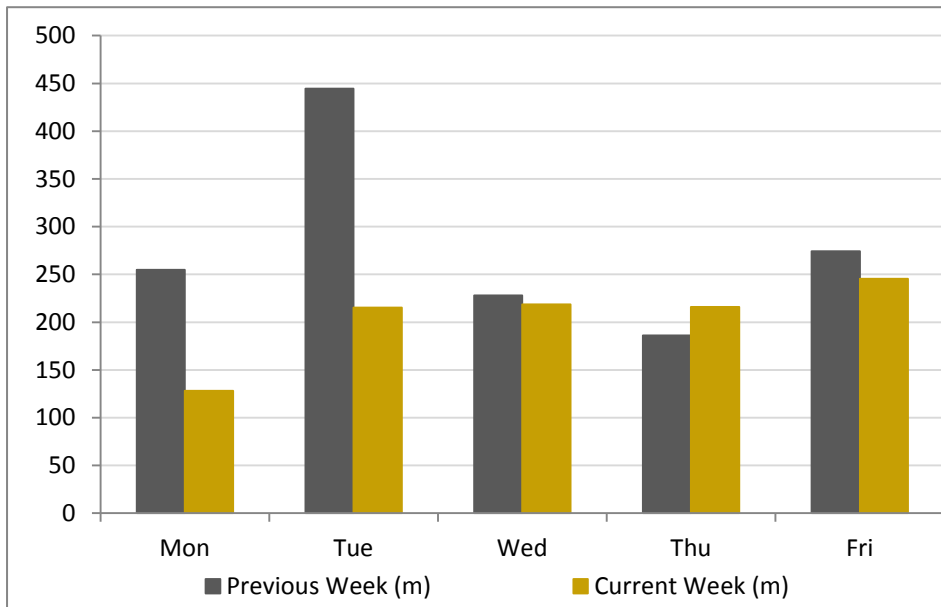
Company	DPS (NGN)	DPS (USD)	Payment Date
No dividend			



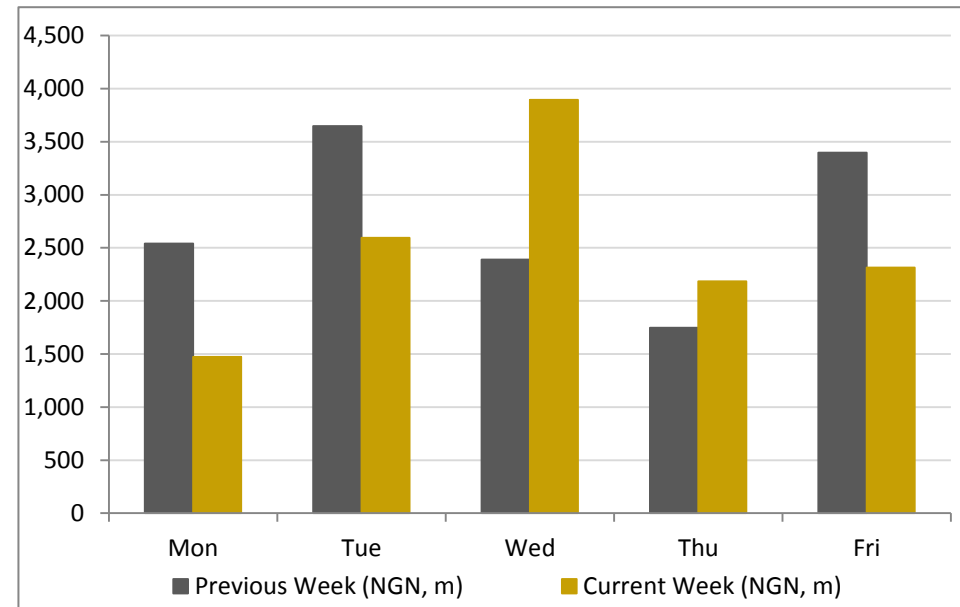
## Trading Statistics

Trading Day	Volume (m)	Value (m NGN)	Value (m USD)	Transactions	Active Equities	Gainers	Losers	Unchanged
Monday	128	1,473	4.8	2,978	98	15	20	63
Tuesday	215	2,596	8.5	3,692	118	17	18	83
Wednesday	219	3,896	12.8	3,191	88	10	16	62
Thursday	216	2,186	7.2	3,279	97	16	9	72
Friday	245	2,313	7.6	3,260	93	16	16	61

## Market Volume (Week-on-week)



## Market Value (Week-on-week)



## This week in Nigeria

### **CBN Injects Another \$100 Million Into Forex Market**

The Central Bank of Nigeria, CBN intervened in the inter-bank foreign exchange market for the fifth time in three weeks by offering \$100 million for wholesale requests. Out of the total offering about \$70 million was sold to meet requests for business/personal travel allowances. Since the CBN started the intervention in the interbank market over \$1.37 billion has been injected for both wholesale and retail interventions in the past few weeks.

<http://allafrica.com/stories/201703100005.html>

### **Number of unemployed Nigerians rises to 11.19 million in 12 months**

As per an NBS report, the number of unemployed people in Nigeria rose from 7.51 million in October 2015 to 11.19 million at the end of September 2016. The nation's economy is still being dominated by the older generation. Nigeria entered its first recession in 25 years in Q2 of 2016 driven by the sharp drop in crude prices, which hit public finances and battered the naira currency, as well as attacks on oil installations by militants in the Niger Delta oil-hub. This had a significant impact on employment in the country and things do not seem brighter as forecast by IMF projects economic growth at 0.8% this year.

[https:// http://www.ecofinagency.com](https://http://www.ecofinagency.com)

### **Falling Oil Prices Threaten Nigeria's Earnings, Reserves Accretion**

The steady rise in recent months of Nigeria's foreign exchange earnings and build-up of external reserves is already under threat from exogenous shock arising from the recent fall in oil prices. Nigeria depends on oil sales for 90% of its foreign exchange earnings and 70% of total revenue. The central bank's data shows that the reserves, derived primarily from oil sales, recorded a steady increase of between 2.3% and 2.75% since January 2017. Other than oil prices, a drop in militancy in the Niger Delta has also led to an improvement in the country's foreign exchange earnings.

<http://allafrica.com/stories/201703130424.html>

### **Cost of Funds to Rise as Govt faces Borrowing Pressures in Financial Markets**

Cost of fund is expected to rise in the interbank money market due to liquidity outflow for investment in government borrowing instruments. The decline in cost of funds was prompted by increased market liquidity, which rose to deficit of N9 billion last week, due to inflow from matured treasury bills worth N70 billion and from statutory allocation funds. Market analysts projected that this decline in cost of funds will be reversed this week due to outflow to fund investment in treasury bills and FGN Savings Bond.

<http://allafrica.com/stories/201703130091.html>

# French West Africa

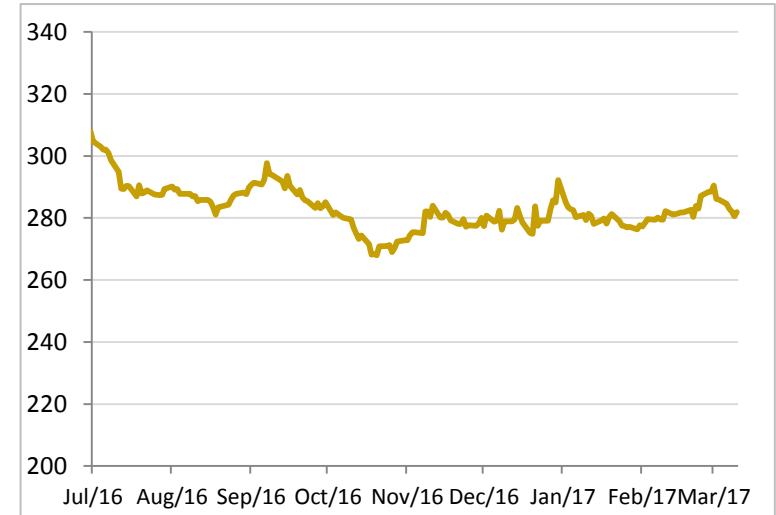
## Economic Snapshot

GDP (USD bn)	92.40
GDP growth	11.40%
GDP per Capita (USD)	868.80
XOF/USD	618.30
XOF/GBP	751.81
XOF/EUR	655.96
Inflation	0.60%
Interest rate	4.5%

## Market Snapshot

Market Name	Bourse Régionale des Valeurs Mobilières
Major Indices	BRVM Composite Index
Other Index	BRVM 10
Listed Stocks	Forty-One (41)
Trading days	Monday – Friday
Trading Hours	09:45hrs GMT – 15:00hrs GMT

## 6M Performance Chart

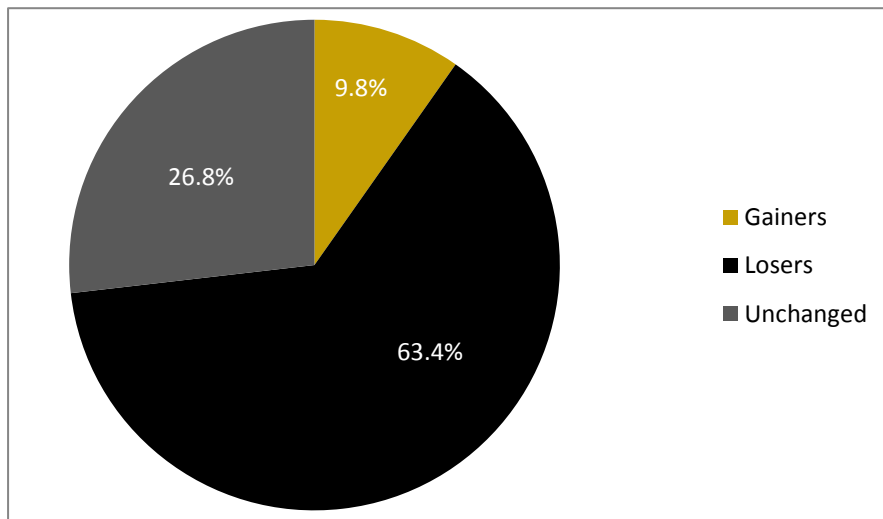


Trading Day	Market Index (BRVM CI)		Change (%)		Market Cap	
	Previous	Current	Daily	Year-to-Date	XOF bn	USD bn
Monday	285.91	284.56	-0.47%	-2.60%	7,516.27	12.14
Tuesday	284.56	282.98	-0.56%	-3.15%	7,474.42	12.05
Wednesday	282.98	282.15	-0.29%	-3.43%	7,452.56	11.99
Thursday	282.15	280.55	-0.57%	-3.98%	7,410.32	11.92
Friday	280.55	281.85	0.46%	-3.53%	7,444.55	12.04

## Market Wrap

- For the week under review, BRVM Composite Index decreased by 1.42% over previous week, compared to previous week's decrease of 0.4%, closing the current week at 281.9 points which represents 3.5% loss on YTD basis.
- The shares of BOA Benin increased 24.6% during the week to XOF 1,70,000 from XOF 2,11,775 in the previous week.
- Market cap also decreased from previous week to end the current week at XOF 7,444.55 million (USD 12.0 million) from XOF 7,551.91 million in the previous week.
- During the week, shares traded increased by 85.3% on weekly basis to 1.0 million from 0.5 million in the previous week.
- The value of transactions for the week decreased by 45.8% to XOF 3,467.5 million compared to previous week's XOF 5,567.4 million.
- An average of 0.10 million shares valued at XOF 1,280.2 million traded on each session of the week compared to 0.22 million shares valued at XOF 1,113.5 million that traded in the last week.
- Tuesday recorded the biggest turnover and the biggest value traded for the week as deals made up for 29.4% of the weekly volume and 42.2% of value traded respectively.
- The market breadth was negative during the week with 19.5% of the stocks increasing and 56.1% decreasing. The remaining 24.4% of the stocks registered no change in price.

## Market Strength



## Event Schedule

Company/Organization	Event	Date
No events		

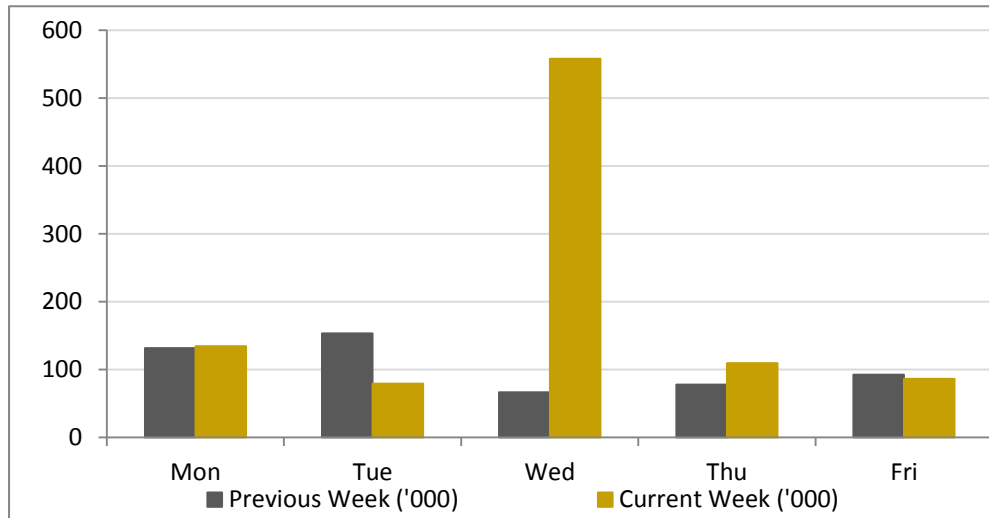
## Dividend Announcement

Company	DPS (XOF)	DPS (USD)	Payment Date
No dividends			

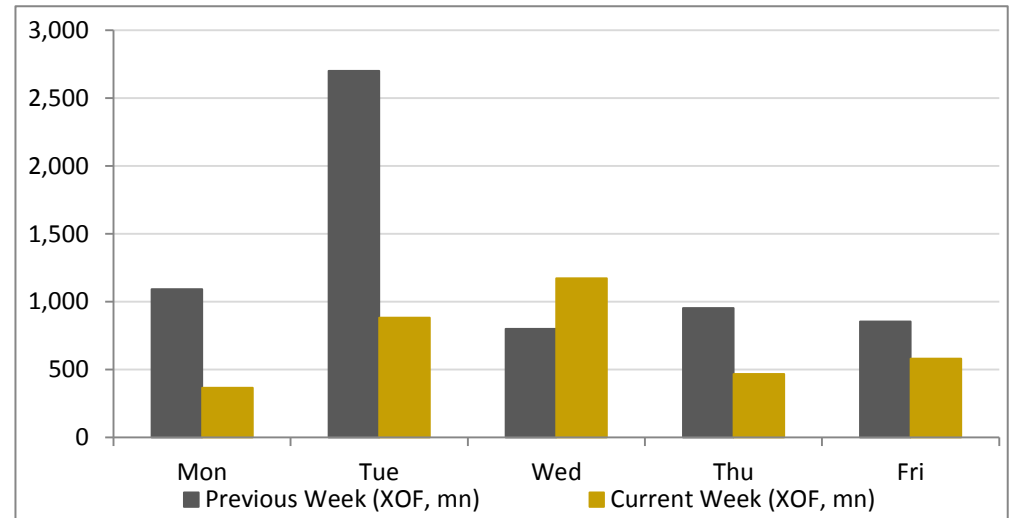
## Trading Statistics

Trading Day	Volume ('000)	Value (m, XOF)	Value (m, USD)	Transactions	Active Equities	Gainers	Losers	Unchanged
Monday	135	366	0.6	467	36	12	13	11
Tuesday	80	882	1.4	524	34	6	18	10
Wednesday	558	1,172	1.9	474	33	7	17	9
Thursday	109	467	0.8	394	34	6	19	9
Friday	87	581	0.9	483	32	10	13	9

## Market Volume (Week-on-week)



## Market Value (Week-on-week)



## This week in BRVM

### Cocoa plunge, mutinous army may widen Ivory Coast Deficit

Cocoa prices have fallen by more than a third after reaching a six-year high in July, denting revenue for the world's biggest producer of the chocolate ingredient. The budget deficit will probably widen to 5% of gross domestic product this year compared with government estimates of 3.9% for 2016, said Charles Robertson, global chief economist at London-based Renaissance Capital.

<http://www.bloomberg.com/>

### Ivory Coast to review 2017 Budget

Cocoa prices have dropped near the lowest in more than three years, threatening the pace of expansion in Africa's fastest-growing economy. The government took on additional expenses in January by agreeing to pay bonuses of almost \$20,000 to soldiers to quell a mutiny. The International Monetary Fund is due to visit later this month for a review of reforms under a \$670 million extended credit facility agreed in December. Ivory Coast targeted a budget deficit of 3.4 percent in 2017.

<http://www.bloomberg.com/>

### EU funding large-scale solar projects in Benin, Niger

EU's Africa Renewable Energy Initiative announced 14 new renewable energy projects across the continent, representing 1.7GW, with a total potential investment of almost €4 billion (US\$4.2 billion). These projects are to be mobilised in record time under the €256 million in grants from the European Commission. This includes a 25MW solar plant planned for Benin, a 13MW and a 30MW solar power station in Niger, the 30MW Djermaya solar power station in Chad and a 100MW solar power plant in Nigeria known as the Bauchi solar project.

<http://brussels.cta.int>

# Featured Stock – United Capital Plc

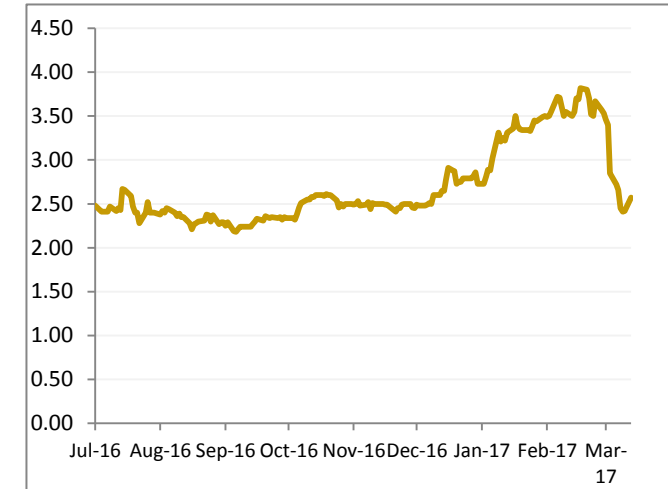
## Snapshot – United Capital Plc

Symbol	NAHCO NL
ISIN	NGNAHCO00008
Current Price (NGN/Sh.)	2.1
Year High (17-Feb-17)	NGN 5.95/ US\$ 0.020
Year Low (01-Apr-16)	NGN 2.10/ US\$ 0.007
Mkt Cap (NGN, mn)	3,411
Mkt Cap (USD, mn)	1.35
Issued Shares (mn)	1,624
Major Shareholder	ROSEHILL GROUP LTD
Major Shareholding	8.65%
Revenue-FY 2015 (NGN, 'mn)	8,498.6
Net Profit (NGN, 'mn)	551.3
Total Assets (NGN, 'mn)	14,929.2
Total Liabilities (NGN, 'mn)	8,832.7
Total Equity (NGN, 'mn)	6,096.5

## Key Data

Net Profit Growth	274.4%
EPS	1.2
Operating Margin	20.8%
RoA	5.4%
Net profit margin	40.1%
RoE	13.8%
P/E	2.5
P/B	1.2

## 6M Price Performance



## Company Profile

Incorporated in 1979 and headquartered in Lagos, Nigerian Aviation Handling Company Plc, is a Nigeria based fully privatized public concern owned by over 80,000 individual shareholders, three foreign airlines and Rosehill Group Nigeria Limited. The company is primarily engaged in providing aircraft and cargo handling, passenger handling, and other related services in Nigeria. The offers aircraft handling services, including general air traffic, baggage, flight dispatch, and aircraft cleaning services; and passenger profiling, such as access control, passenger interviewing/screening, travel document verification, baggage screening, and baggage reconciliation services. It also offers crew transportation, aviation training, and fueling services; and leases ground handling equipment. It serves approximately 35 airlines at 7 airports in Nigeria. Although Nigerian Aviation Handling

Company PLC (Nahco Aviance) was incorporated as a Limited Liability company on December 6th 1979 under the Nigerian Enterprise Promotion Decree, it started operations in April 1979 with the commissioning of the Murtala Muhammed International Airport, Lagos.

## The Team

David Ganesha Tetteh, CEO [david@calbrokersghana.com](mailto:david@calbrokersghana.com)

Nana Agyei Opoku-Agyemang, Analyst [nana.agyei@calbrokersghana.com](mailto:nana.agyei@calbrokersghana.com)

Adelaide Opoku Addo, Analyst [adelaide@calbrokersghana.com](mailto:adelaide@calbrokersghana.com)

## Contact

### Accra Office

6<sup>th</sup> Floor, World Trade Centre, Ridge Accra

+233 302 680 051

+233 289 553 171

### New York Office

19 West 44th Street, Suite 1700 New York, NY 10036

+1 646 454 8688