

**LAURUS
AFRICA**



Monthly Economic and Market Report

May 2024

Summary Snapshot

Macroeconomics

Macro indicators

	2023	2024F	Chg.%
GDP growth %	3.8	3.5	▼ -7.9
	03'24	04'24	05'24
Inflation %	25.8	25.0	-
MPR %	29.0	29.0	29.0
	03'24	04'24	05'24
USD/GHC	12.7477	13.2805	14.1301
YTD app+ / dep- %	-6.8	-10.5	-16.26
GBP/GHC	16.2119	16.6339	17.9996
YTD app+ / dep- %	-6.7	-9.0	-16.30
EUR/GHC	13.8416	14.1976	15.3345
YTD app+ / dep- %	-5.2	-7.5	-14.70

Upcoming events

 MPC Press Release | 29th July 2024

Commodities

International prices

	04'24	05'24	MoM Chg. %
Cocoa \$/tonne	10,108.40	9,331.00	▼ -7.69
Gold \$/ounce	2,316.10	2,345.80	▲ 1.28
Oil \$/barrel	88.20	76.99	▼ -12.71

Fixed Income

Money market

	04'24	05'24	MoM Chg. %
91 Day Bill	25.55%	25.10%	▼ -1.76
182 Day Bill	27.65%	26.95%	▼ -2.53
364 Day Bill	28.25%	27.95%	▼ -1.06

Equity

Market activities

Volume traded (05'23)	Volume traded (05'24)
35,417,720	255,707,038
Value traded (05'23)	Value traded (05'24)
GHS 109,885,557.85	GHS 396,131,756.27
GSE-CI (05'24)	GSE-FSI (05'24)
3,753.69 (1.8%)	2,052.70 (0.4%)

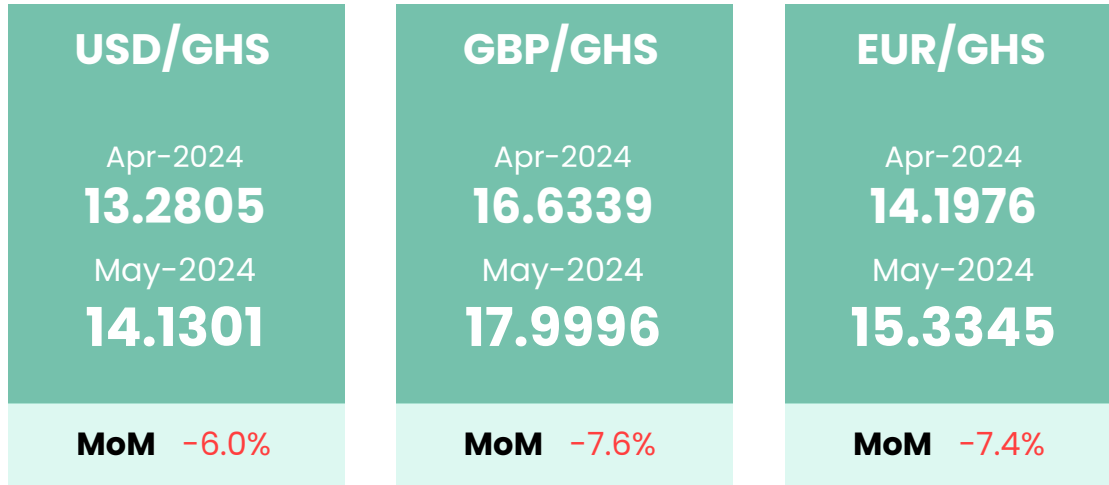
Top winners and losers

GLD	353.6	▲ 13.5%
GCB	4.56	▲ 8.1%
MTNGH	1.80	▲ 2.9%
TOTAL	9.66	▲ 1.6%
BOPP	21.56	▲ 0.01%
FML	3.19	▼ 0.3%
SOEGH	1.54	▼ 1.9%
SIC	0.24	▼ 4.0%
CAL	0.35	▼ 7.9%

Note: YTD means year-to-date, MoM means month-on-month, app+ means appreciation, dep- means depreciation, GSE means Ghana Stock Exchange, GSE-CI means GSE Composite Index, GSE-FSI means GSE Financial Stock Index, MPC means Monetary Policy Committee

Cedi Slips Against Major Currencies While Inflation Shows Signs of Easing.

Exchange Rates

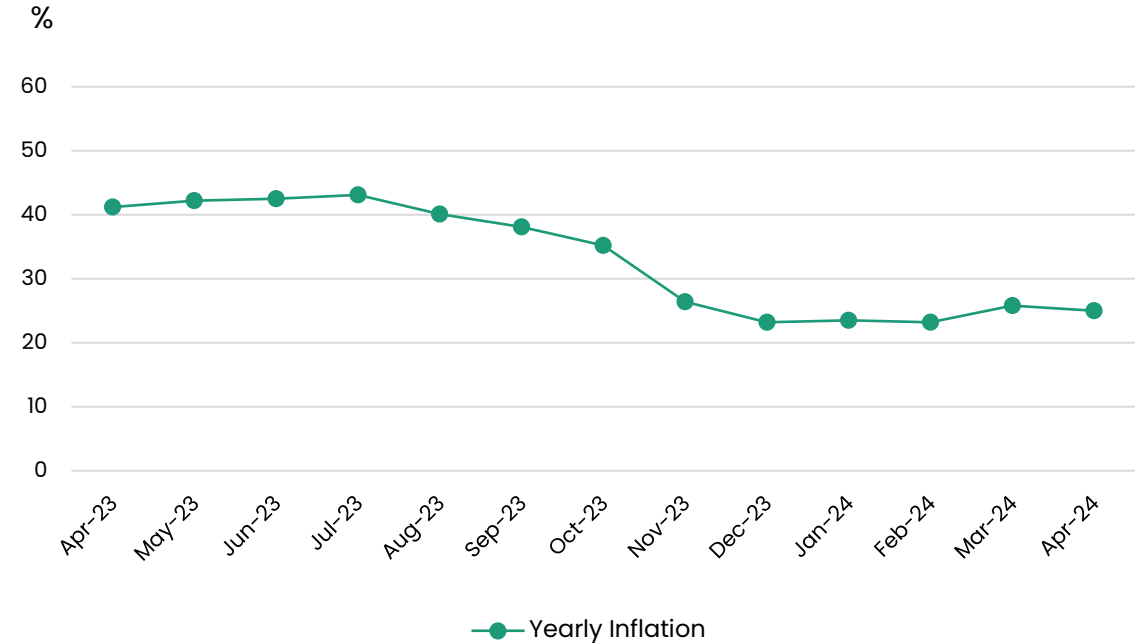


As of May 2024, the cedi depreciated by approximately 16.26% against the US dollar. This is lower than the ~20% loss in value to the American greenback on the retail market.

Against the British pound, the cedi weakened by 16.30%, closing the month at GHS 17.9996. Similarly, the cedi lost 14.70% of its value against the euro to close the month at GHS 15.3345, reflecting the broader volatility in the global currency market.

The Bank of Ghana tried to stabilize the pace of the depreciation by injecting USD 59M into the spot market and auctioning USD 20M to the Bulk Oil Distribution Companies.

Inflation

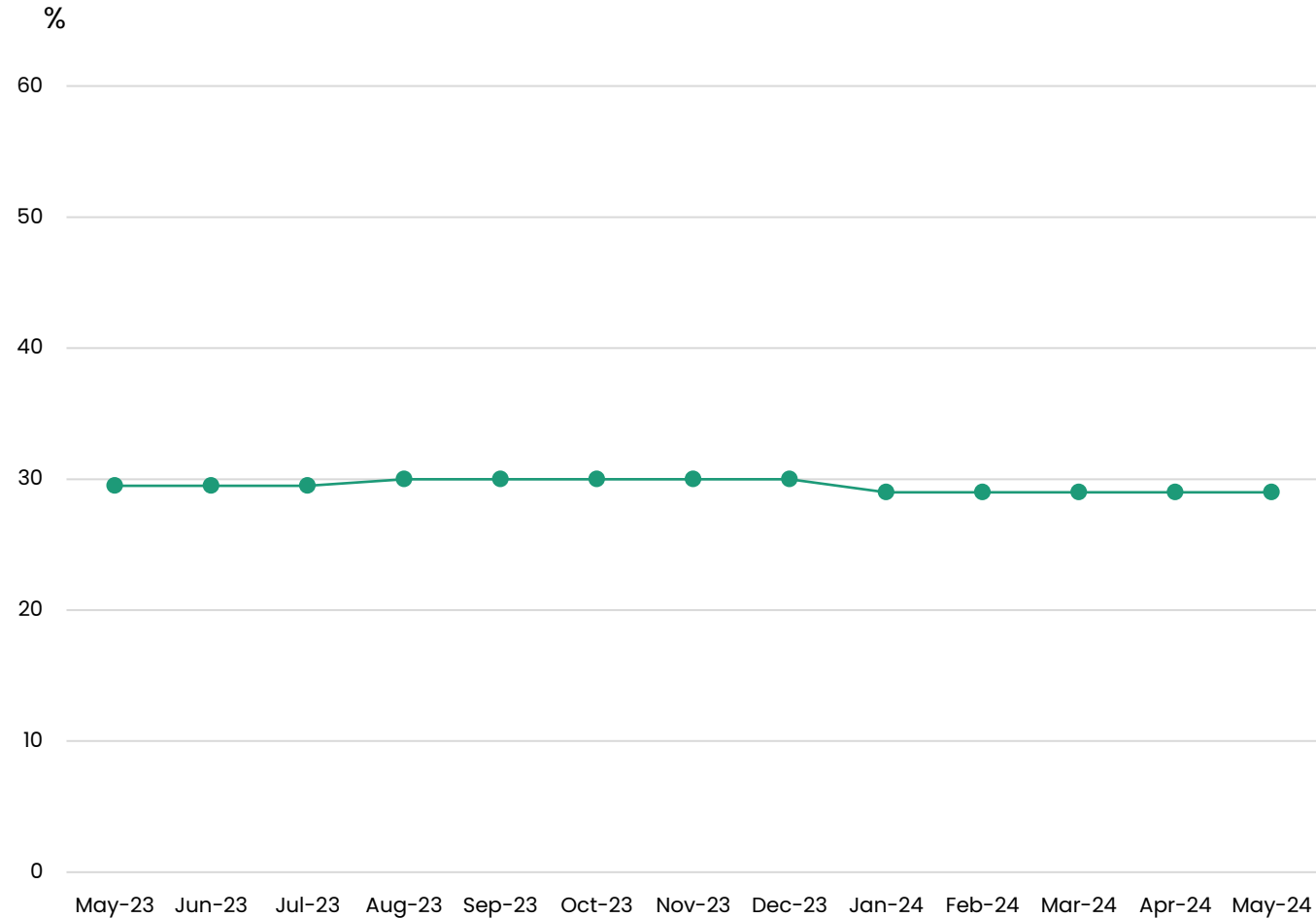


Ghana's headline inflation rate eased to 25% in April, down from 25.8% in March, driven by favourable base effects and decreased food prices. Month-on-Month inflation between March and April stood at 1.8%.

Food inflation fell by 2.1%, while non-food inflation increased by 1.5%. These ongoing inflation risks are likely to dampen business, investor, and consumer confidence in the short term, maintaining a bearish outlook in the economic landscape.

The Monetary Policy Committee (MPC) holds interest rates at 29% in May 2024 meeting.

Monetary Policy Rate

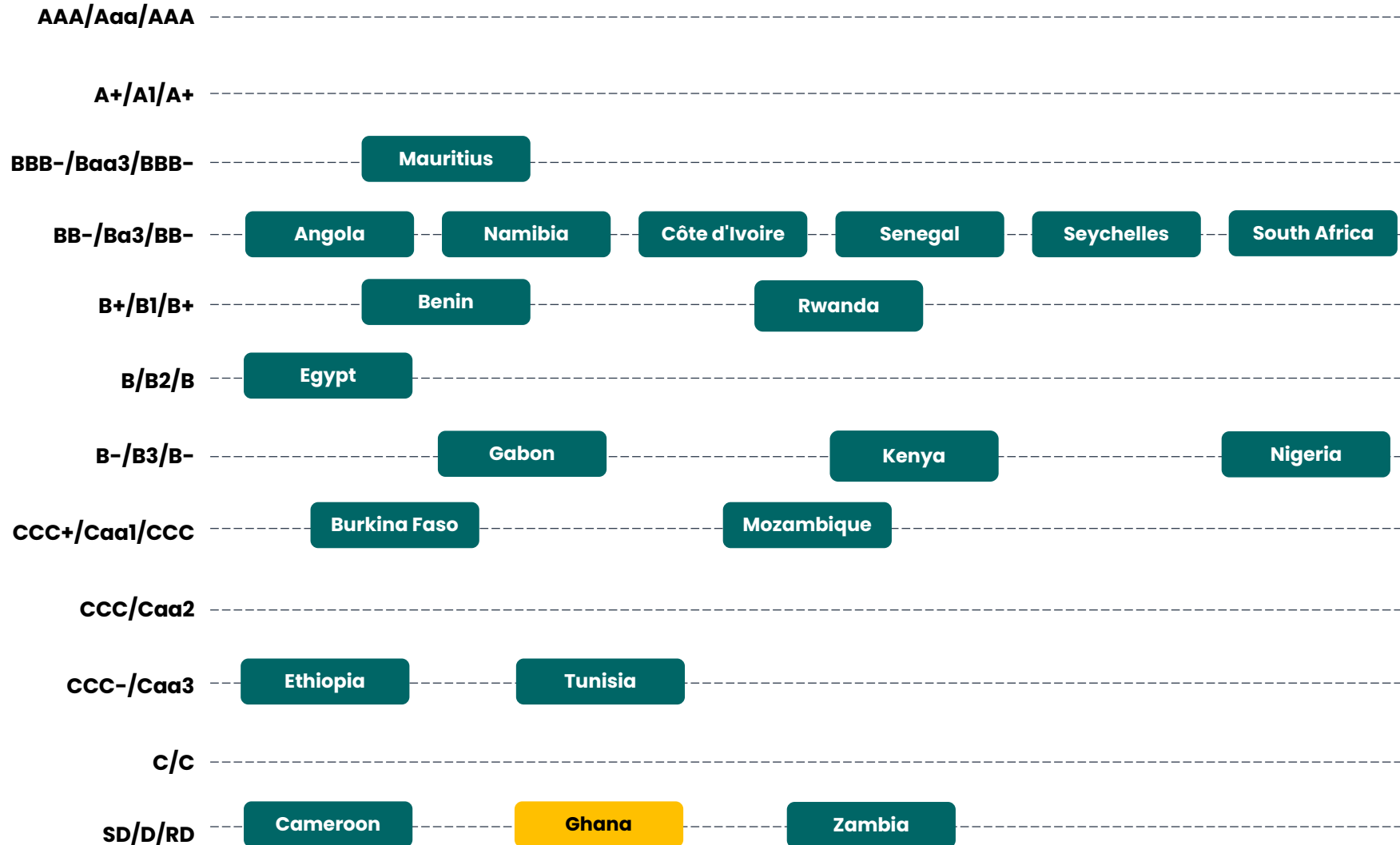


The Bank of Ghana (BoG) Monetary Policy Committee (MPC) unanimously maintained the anchor rate at 29% during its May 27, 2024 meeting. This marks the fifth consecutive month the rate has remained unchanged. BoG had previously cut the rate from 30% at its January 2024 meeting, making Ghana the first African country to reduce rates this year.

The prevailing high global interest rate environment and high inflationary pressure on the Cedi drove the decision to maintain the policy rate at 29%. BoG aims to steer inflation towards its target range of $8\pm 2\%$, a requirement stipulated under Ghana's IMF program's monetary policy consultation clause (MPCC). Additionally, the decision to keep rates elevated aims to counteract potential money supply-induced inflation ahead of the December elections, as campaign spending is expected to surge. Consequently, the high interest rates have effectively decelerated the money supply (M2+) growth, reducing it from 45.60% in April 2023 to 29.90% in April 2024.

With interest rates surpassing inflation, investors are likely to enjoy positive yields. However, the high cost of credit is likely to suppress short-term economic output. Inflation and exchange rate expectations remain negative ahead of the elections, compounded by currency pressures due to reduced foreign exchange inflows from key export sectors like cocoa and crude oil.

Ghana's credit rating stands at standard default with stable outlook.



In May 2023, S&P Global affirmed its 'SD/SD' long and short-term foreign currency ratings and its 'CCC+/C' long and short-term local currency ratings on Ghana to reflect the government's decision to suspend interest and principal payments on commercial foreign currency debt.

This follows a downgrade of the long-term issuer default rating from C to RD by Fitch in February 2023, and a downgrade of the countries credit ratings from Caa2 to Ca by Moody's in November 2022.

Investors are therefore taking a cautious approach to investing, with most diversifying their portfolios with alternative assets.

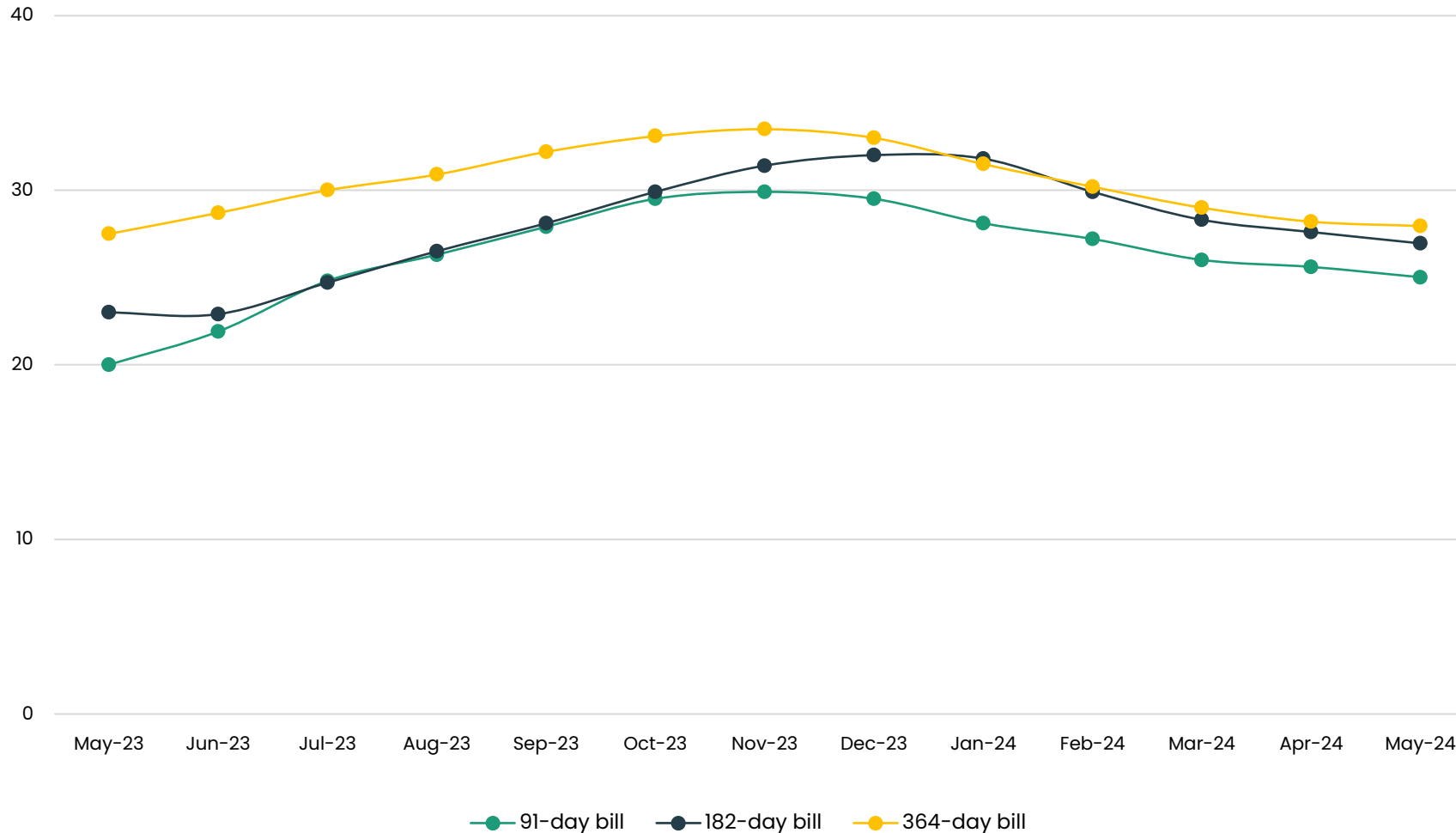
Looking ahead, S&P Global expects a stable long-term local currency rating as a result of the government's improved refinancing profile and reduced cost of debt due to the domestic debt restructuring.



The treasury bill rates maintained a downward trajectory in May.

The Yield on Government Treasury Bills as at May 2024

Yield Curve %



The government successfully borrowed GHS 19.24B via treasury bills, marking a 23.1% increase from April.

The government overperformed its target in four of the five auctions settled in May, achieving a 10.52% increase in the gross monthly target.

All bids tendered were accepted, comprising GHS 14.10B, GHS 4.00B, and GHS 1.14B worth of 91, 82, and 364-day bills respectively.

Treasury bill yields settled at 25.01% for the 91-day bill, 26.95% for the 182-day bill, and 27.95% for the 364-day bill, marking decreases of 59 bps points, 65 bps points, and 25 bps points month-on-month, respectively.

The equity market sustained its positive run through May 2024.

Market Highlight

	Jan-May 2024	Jan-May 2023	% Change
GSE-CI YTD Change	18.3%	2.76%	
Volume	544,888,735	222,306,364	145.1
Value (GHS)	896,511,258.77	316,249,713.54	183.5
GSE-CI	3,753.69	2,511.29	49.5
Market Cap (GHS'M)	84,016.55	65,783.30	27.7
GSE-FSI YTD Change	7.5%	-18.28%	
GSE-FSI	2,052.70	1,677.35	22.4

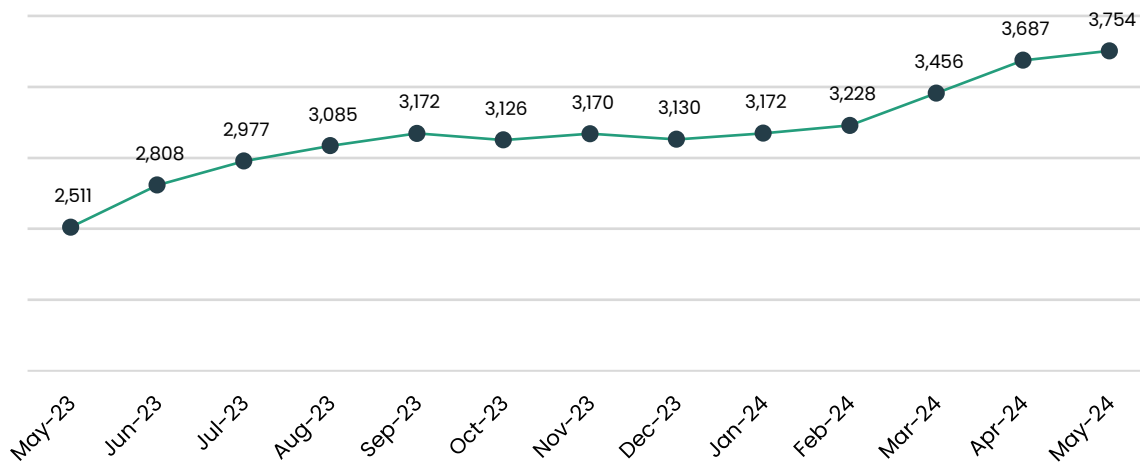
The GSE Composite Index (GSE-CI) advanced by 66.6 points to close the month at 3,753.69 points compared to 3,687.09 points in the previous month, reflecting a 1.8% month-on-month gain. This resulted in an 18.3% advancement in the year-to-date performance. Market capitalization increased by 4.6% from April to close the trading month at GHS 84.02B.

The Financial Stock Index (GSE-FSI) improved by 8.34 points to close the trading month at 2,052.70 points compared to 2,044.36 points in the previous month and a 7.5% year-to-date increase.

544.89M shares exchanged hands year-to-date in May 2024, compared to 222.31M in the same period in 2023. Shares traded on the market were valued at GHS 896.51M, a 183.5% increase from the same period in 2023.

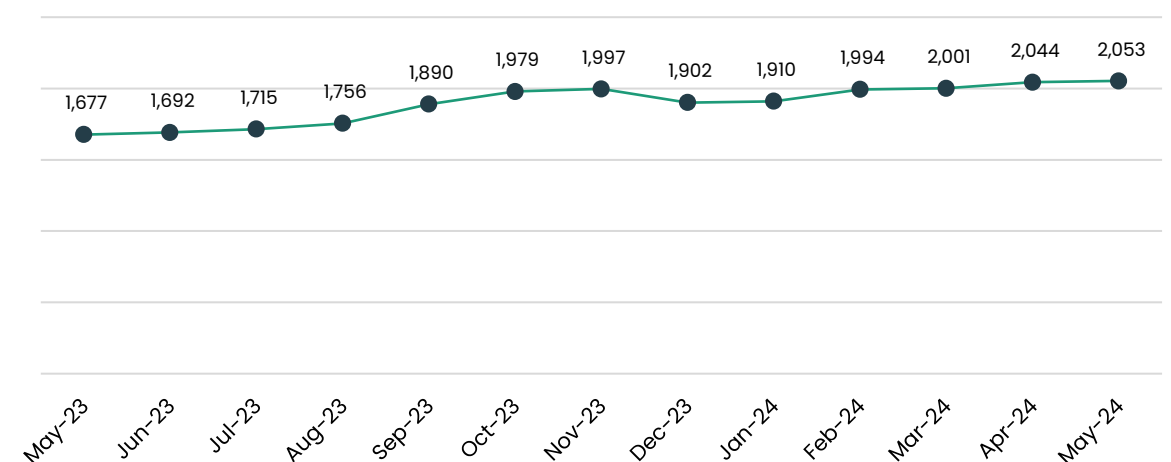
GSC-Composite Index: May 2023 to May 2024

Index Movement ($\Delta 49.5\%$)



Financial Stock Index: May 2023 to May 2024

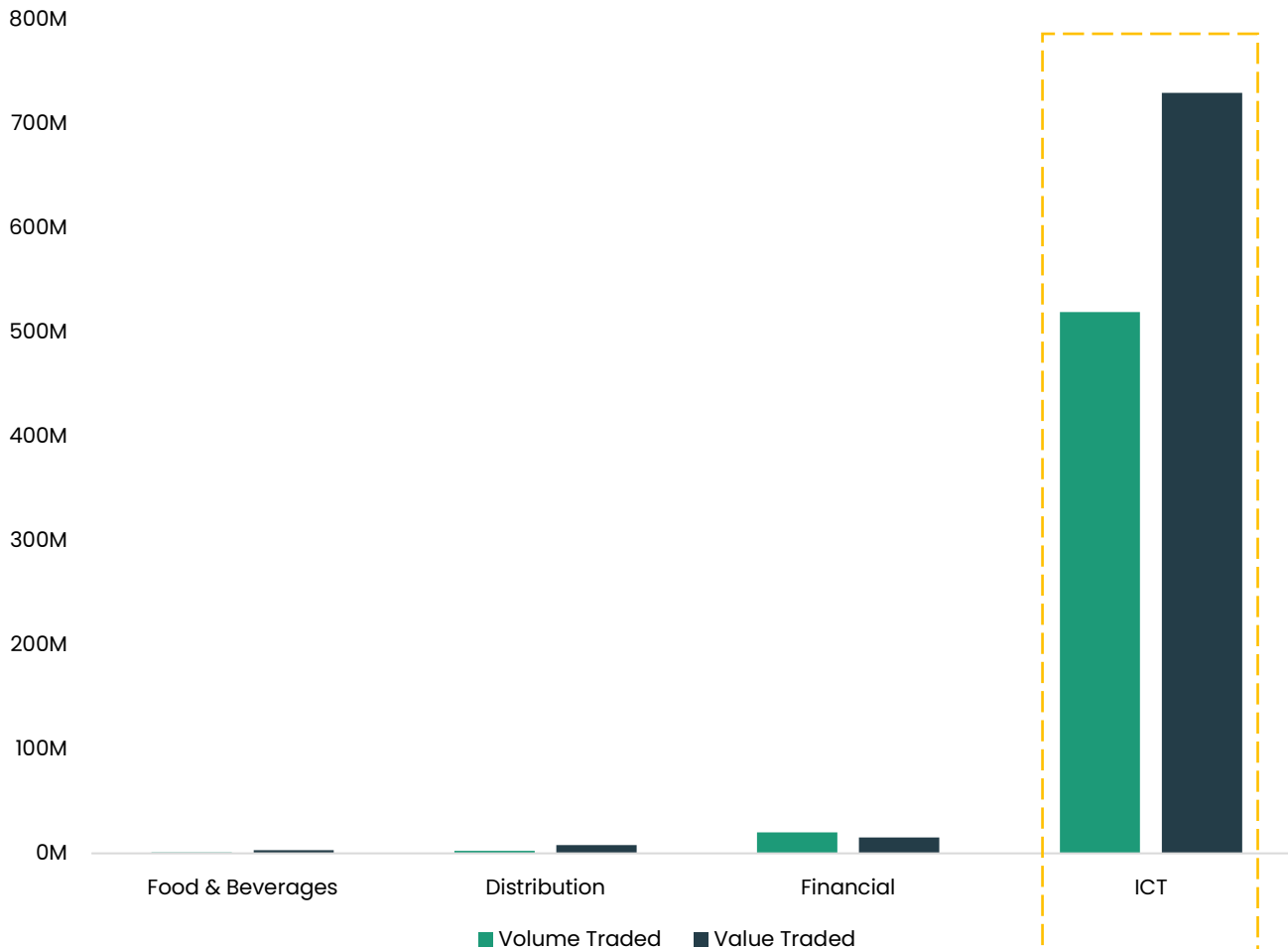
Index Movement ($\Delta 22.4\%$)



The ICT sector has maintained its dominance in market activities for the fifth consecutive month.

Sectorial Distribution of Trades, January–May 2024





Top 4 Sectors







- ICT Sector:** The sector remains the dominant force in market activities, boasting a traded volume of 519,733,186 and a traded value of GHS 730,096,712.22 in the first five months of the year. MTN accounted for 99% of the sector's trade and remains the most liquid stock on the Exchange.
- Financial Sector:** Investors remained optimistic about the financial sector as key players announced strong Q1 earnings. The sector recorded a volume of 20,225,795 shares traded, valued at GHS 15,179,341.59. GCB accounted for 44% of volume traded and 79% of traded value in May 2024, riding on the momentum it built in the previous month after an impressive earnings release in April.
- Distribution Sector:** The distribution sector showed moderate activity, trading 2,516,443 shares for GHS 7,772,134.51. TOTAL recorded 63% of trading activity in May, while GOIL accounted for the remaining 37%.
- Food & Beverage Sector:** The sector recorded a volume of 994,820 shares traded, valued at GHS 3,096,262.95. FML accounted for 80% of the traded volume and 81% of the traded value in May, following the company's declaration of dividends of GHS 0.05 per share.

MTNGH continues its streak as the most dominant stock on the Ghana Stock Exchange.

Top Trades by Volume (May'24)

Equity	Traded Volume	% of Traded Volume
 MTNGH	254,089,278	99.40%
 GCB	474,834	0.20%
 ETI	416,123	0.20%
 FML	121,863	0.05%

Top Trades by Value May'24)

Equity	Traded Value	% of Traded Value
 MTNGH	375,033,712.97	94.70%
 GLD	17,164,767.07	4.30%
 GCB	2,136,347.60	0.50%
 FML	388,756.90	0.10%

Five gainers and Four Losers emerged in the Market in May 2024. Among the gainers, GLD led the way with a significant increase of 13.5%, closing at GHS 353.60. GCB followed with an 8.1% rise to GHS 4.56, while MTNGH saw a 2.9% increase, closing at GHS 1.80. TOTAL and BOPP also recorded gains, with increases of 1.6% and 0.01% respectively.

Conversely, CAL experienced the largest decline, falling 7.9% to GHS 0.35. SIC dropped by 4.0% to GHS 0.24, and SOGEGH decreased by 1.9% to GHS 1.54. FML had a minor decline of 0.3%, closing at GHS 3.19

Stock	Price	Gain/Loss
GLD	353.6	▲ 13.5%
GCB	4.56	▲ 8.1%
MTNGH	1.80	▲ 2.9%
TOTAL	9.66	▲ 1.6%
BOPP	21.56	▲ 0.01%
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Stock Picks

Criteria:

- Trades on the Ghana stock exchange
- Strong forward growth expectations
- Historical EPS growth and positive outlook
- Has a market capitalization of at least GHS 500M and trades at least 500 shares per day on average
- Demonstrated historical growth and financial performance

1 Unilever

UNIL

Stock Price	Year-to-Date
12.00	47.97%
Market Cap	EPS (GHS)
750.00mil	1.55
P/E	Dividend Yield
7.73	3.33%
Key Takeaway	
209.3% growth in price from FY 22	

2 Access Bank Ghana

ACCESS

Stock Price	Year-to-Date
4.80	41.18%
Market Cap	EPS (GHS)
835.00mil	4.2
P/E	Dividend Yield
1.14	0.00%
Key Takeaway	
~40% growth in EPS from Q3'23	

3 Scancom Ghana Plc.

MTNGH

Stock Price	Year-to-Date
1.80	17.10%
Market Cap	EPS (GHS)
23,760.00mil	0.34
P/E	Dividend Yield
5.35	12.5%
Key Takeaway	
Impressive dividend yield	

4 GCB Bank.

GCB

Stock Price	Year-to-Date
4.56	34.12%
Market Cap	EPS (GHS)
1,208.40mil	3.81
P/E	Dividend Yield
1.24	0.00%
Key Takeaway	
8.3% earnings growth above industry	

5 Total Energies

TOTAL

Stock Price	Year-to-Date
9.66	7.33%
Market Cap	EPS (GHS)
1,081.92mil	1.74
P/E	Dividend Yield
5.56	0.00%
Key Takeaway	
141.5% price appreciation from Jan 23	

6 Benso Palm Plantation

BOPP

Stock Price	Year-to-Date
21.56	-1.82%
Market Cap	EPS (GHS)
749.24mil	2.92
P/E	Dividend Yield
7.38	10.8%
Key Takeaway	
Positive EPS growth outlook	

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