



## QUARTERLY MARKET UPDATE

(2<sup>nd</sup> October – 29<sup>th</sup> December, 2006)

### MARKET ANALYSIS

#### Equities

This quarter recorded more gains than losses as compared to the third quarter which recorded equal gains and losses.

Price changes were recorded in sixteen (16) equities during the quarter under review as compared to fourteen (14) during the third quarter.

Eleven (11) equities increased in share prices while five (5) equities lost value. CAL Bank was the star performer with a 22.50% increase in share price followed by Ecobank Gh. Ltd (11.50%), Fan Milk (11.40%), AYRTN (9.05%), Standard Chartered Bank (5.33%), Enterprise Insurance Ltd (4.60%), British American Tobacco (4.43%), Aluworks (3.44%), PZ Cussons (0.74%), Total (0.04%) and AngloGold Ashanti Depository Shares (0.03%).

Supper Paper Products Ltd. led the losers with a 42.31% decrease in share price followed by Mechanical Lloyd Ltd. (16.00%), Produce Buying Co. Ltd (7.14%), Guinness Ghana Breweries Ltd (0.05%) and Ecobank Transnational Inc. (0.02%).

During the quarter under review SEM Free-float Index recorded an increase of 0.32% while the GSE All Share Index recorded an increase of 1.26%.

Market Capitalization also recorded an increase of 0.99% compared to an increase of 16.55% in the third quarter.

#### Fixed Income

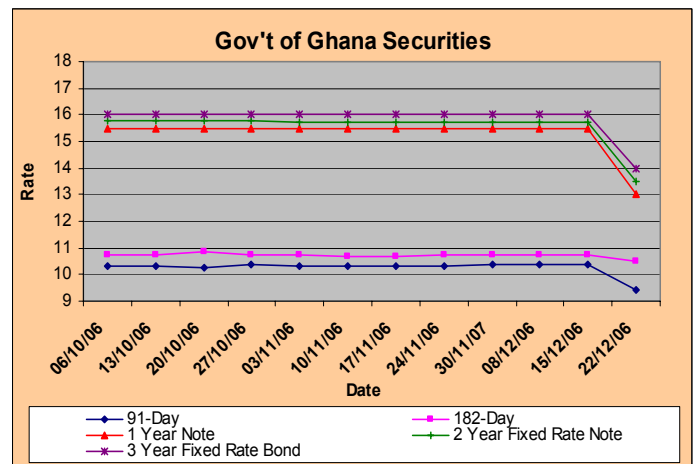
On the whole, the yields on the government of Ghana securities recorded significant decreases during the quarter.

The 91-Day Treasury bill stood at 10.37% at the end of September this year and has since then continued to fall. It was between the ranges of 10.29% - 10.38% from October to November 2006. It however fell to 9.41% at the end of December 2006.

Equity	Price Per Share @ 2/10/2006	Price Per Share @ 29/12/2006	Quarter Gain/Loss Per Share @ 29/12/2006	Quarter Gain/Loss Per Share @29/12/2006
	(€)	(€)	(€)	(%)
CAL	1,800	2,205	405	22.50
EBG	12,152	13,519	1,394	11.50
FML	16,160	18,002	1,842	11.40
AYRTN	895	976	81	9.05
SCB	150,001	158,000	7,999	5.33
EIC	8,430	8,818	388	4.60
BAT	3,160	3,300	140	4.43
ALW	7,010	7,251	241	3.44
PZ	6,611	6,660	49	0.74
TOTAL	54,006	54,030	24	0.04
AAD's	3,100	3,101	1	0.03
SPPC	390	225	(165)	(42.31)
MLC	2,500	2,100	(400)	(16.00)
PBC	2,800	2,600	(200)	(7.14)
GGBL	9,253	9,248	(5)	(0.05)
ETI	22,705	22,700	(5)	(0.02)
Mkt Cap	111,397.88	112,496.01	1,098	0.99

INDICES				
	Opening	Closing	Gain/Loss	Gain/Loss (%)
SEM Free-float Index	157.68	158.19	0.51	0.32
GSE All Share Index	4,943.57	5,006.02	62.45	1.26



The 182-Day Treasury bill was 10.81% at the end of September 2006. It however fell from 10.72% to 10.53% by the end of December.

However, the 1 Year Note, 2 Year Fixed Rate and 3 Year Fixed Rate Bond had the greatest decreases on their yields. These securities stood at 15.50%, 15.80% and 16.00% respectively at the end of September 2006. By the end of December 2006 they had dropped to 13.00%, 13.50% and 14.00%.

### **Currency**

	Beginning 02/10/06	End 29/12/06	Quarter Change (¢)	YTD %
CFA (1000)	18,000	18,000	0	↓ 12.5
Euro	11,602	12,070	↓ 468	↓ 12.43
Pound	17,116	17,998	↓ 882	↓ 15.26
US Dollar	9,158	9,159	↓ 1	↓ 1.37

During the period under review, the Cedi remained stable against the CFA but depreciated against the rest of the major currencies. It depreciated against the Euro by 4.03%, Pound by 5.15% and Dollar by 0.01%.

### **Investment Funds**

INVESTMENT FUNDS	PRICE @ 02/10/2006	PRICE @ 29/12/2006	YTD DATE GAIN/LOSS @ 29/12/2006 (¢)	YTD DATE GAIN/LOSS @ 29/12/2006 (%)
HFC EQUITY	884	941	57	12.56
HFC REIT	4406	4406	0	(1.34)
HFC UNIT TRUST	1348	1375	27	8.87
EPACK	5474.04	5725.84	251.80	31.94
MFUND	1380.52	1428.30	42.64	14.09
SAS FORTUNE	994	1,015	21	11.78

The HFC Equity and Unit Trust recorded an increase of ¢57 (6.45%) and ¢27 (2.00%) but REIT remained unchanged at the end of December.

Epacak had a price increase of ¢251.80 (4.60%) while the Mfund had a ¢42.64 (2.98%) increase in price.

The SAS Fortune Fund recorded an increase of ¢21 (2.11%) in price at the end of December.

## **Company News**

### **New Listings on GSE**

The two (2) and three (3) year fixed rate bonds of the Government of Ghana that were issued between January and August 2006 and totaling ¢2,456 billion were listed on Tuesday, October 17, 2006.

Trading in the shares of Transaction Solutions Ltd. (Transol) commenced on the Floor of the Exchange on Friday Dec. 29, 2006. Issued shares of Transol totaling 80 million have formally been listed on the Exchange's Official List. There was an oversubscription of 13.31%

## **Other News**

### **Reduction of Prime Rate**

Ghana's Central Bank has eased its prime rate by 2 percentage points from 14.5 percent to 12.5 percent giving some respite to businesses who have been crying all year long for cost of money to come down. The ease was the first time since February 2006 when the rate was pegged at 14.5%. Dr. Paul Acquah explained that the 2 percent reduction was informed by strong economic fundamentals and improved outlook for inflation and growth.

### **Proposal to list Ghanaian Cedi denominated bonds by ADB**

African Development Bank is proposing to issue Ghanaian cedi denominated bonds in the domestic capital market and have them listed on the Ghana Stock Exchange by September 2007. Proceeds from the bonds would be used to finance private sector or non-guaranteed public projects in Ghana.

### **Inflation**

Inflation fell from 10.5% in October 2006 to 10.3% in November 2006.

A **Beta** measures a stock's volatility, the degree to which its price fluctuates in relation to the overall market. It is used to compare a stock's market risk to that of other stocks.

If a stock moves less than the market, the stock's beta is less than 1.0. High-beta stocks are supposed to be riskier but provide a potential for higher returns; low-beta stocks pose less risk but also lower returns. A beta less than 0 indicate an inverse relation to the market.

Stocks that drop dramatically when the market falls are those with high betas. The good news is that these same high-beta stocks recover more quickly when the market changes from a "Bear" to a "Bull".

Below is the Beta of companies listed on the Ghana Stock Exchange

Company	Beta	
	2002 - 2006	December 2006
Accra Brewery Ltd	0.307	
Anglo Gold Ashanti	5.278	
Aluworks Ghana Ltd.	1.442	
Ayrton Manufacturing Ltd		-5.797
Benso Oil Palm Plantation	0.365	
British American Tobacco	0.756	
CAL Bank Ltd.	0.365	
Camelot Ghana Ltd.	-0.003	
CFAO Ghana Ltd.	-0.173	
Clydestone Gh. Ltd.	0.577	
Cocoa Processing Co.	1.084	
Ecobank Ghana Ltd		3.022
Enterprise Insurance Co. Ltd.	0.791	
Ecobank Transnational Inc.		0.167
Fan Milk Ghana Ltd.	0.614	
Guinness Ghana Brewery Ltd.	3.317	
Ghana Commercial Bank	1.446	
Golden Web Ltd	0	
Home Finance Co. Ltd.	1.326	
Mechanical Lloyd Co. Ltd.	1.954	
Pioneer Kitchenware Ltd.	0.006	
Produce Buying Co. Ltd.	1.502	
PZ Cussons Gh. Ltd.	0.182	
SG-SSB	1.534	
Standard Chartered Bank Ltd.	0.505	
Sam Woode Ltd.	1.534	
Starwin Products Ltd.	0.809	
Super Paper Products Co. Ltd.	0.059	
The Trust Bank of Gambia	1.148	
Total Gh. Ltd.	-0.309	
Unilever Ghana Ltd.	0.769	

Equity	Year Open (€)	Quarter Open (€)	Quarter Close (€)	Quarter Change (€)	YTD (%)	Year Open P/E (x)	Quarter Close P/E (x)	Quarter Open Mkt. Cap (€ b.)	Quarter Close Mkt. Cap (€ b.)
ABL	1,300	1,150	1,150	-	(11.54)	n.m	n.m	286.86	286.86
AGA	300,000	300,000	300,000	-	-	89	n.m	82,281.22	82,283.78
AAD's	3,000	3,100	3,101	1	3.37	-	-	293.66	303.55
ALW	5,003	7,010	7,251	241	44.93	13	14	292.16	302.21
AYRTN	-	895	976	81	-	-	16	192.43	209.84
BAT	3,050	3,160	3,300	140	8.20	8	7	218.46	209.84
BOPP	5,500	5,500	5,500	-	-	693	15	191.40	191.40
CAL	2,000	1,800	2,205	405	(10.25)	9	6	301.19	346.35
CFAO	400	399	399	-	(0.25)	13	13	89.38	89.38
CLYD	1,000	800	800	-	(20.00)	28	21	34.00	27.20
CMLT	1,700	1,700	1,700	-	-	214	139	11.12	11.12
CPC	600	538	538	-	(10.33)	115	78	516.89	592.24
EIC	6,856	8,430	8,818	388	28.62	8	10	207.09	225.45
EBG	-	12,125	13,519	2,519	-	14	13	1,954.91	2,179.67
ETI	-	22,350	22,700	350	-	31	22	13,872.84	13,869.78
FML	15,800	16,160	18,002	1,842	13.94	12	10	315.37	356.16
GCB	6,740	6,150	6,150	-	(8.75)	8	9	1,041.48	1,014.75
GGBL	7,740	9,253	9,248	(5)	19.48	20	10	1,620.04	1,522.88
GWEB	550	550	550	-	-	19	n.m	16.48	16.48
HFC	6,000	5,400	5,400	-	(10.00)	45	38	540.85	540.85
MLC	2,500	2,500	2,100	(400)	(16.00)	15	17	125.24	105.20
PKL	800	800	800	-	-	n.m	n.m	13.19	13.19
PBC	3,000	2,800	2,600	(200)	(13.33)	67	66	1,344.00	1,248.00
PZ	6,500	6,611	6,660	49	2.46	14	8	182.28	186.48
SCB	130,000	150,001	158,000	7,999	21.54	11	9	2,287.49	2,780.17
SCB PREF.	5,200	5,200	5,200	-	-	-	-	90.91	90.91
SPL	580	550	550	-	(5.17)	16	27	40.74	40.74
SPPC	390	390	225	(165)	42.31	n.m	n.m	7.58	4.37
SG-SSB	7,200	6,000	6,000	-	(16.67)	10	8	961.88	855.00
SWL	290	265	265	-	(8.62)	n.m	6	5.78	5.78
TBL (The Gambia)	27,000	27,000	13,250	-	-	29	21	810.00	795.00
TOTAL	38,000	54,006	54,030	24	42.18	14	8	255.18	755.57
UNIL	15,400	15,000	15,000	-	(2.60)	11	11	937.70	937.70

Note:

n.m means not meaningful.

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