

DATABANK RESEARCH

GHANA MARKET OUTLOOK H2 '25

Fiscal Prudence and Market Tour de Force: A Path to Growth

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Databank Research

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Executive Summary

Ghana Macro H2 '25 Outlook

1. **We maintain our year-end real GDP growth forecast at 4.5% $\pm$ 100bps**, expecting increased infrastructure investment, particularly in roads to boost industrial activity.
2. **We foresee a dovish monetary policy stance in H2 '25, with lending rates easing to sub-20% levels** on average. We maintain our inflation forecast at 12% $\pm$ 200bps, with expectations leaning towards 10% and the possibility of single-digit outcomes.
3. **We expect Ghana's fiscal stance to strengthen, with firmer tax collection**, no arrears build-up, external support, and disciplined expenditure, delivering a year-end deficit of 2.1% of GDP (GHS30bn), up from 7.9% (GHS93bn) in 2024
4. **We expect Ghana's external position to strengthen amid elevated global commodity prices**, favourable demand, and persistently constrained imports
5. **Our forecast points to the Ghana cedi remaining broadly stable through H2 '25**, trading around GHS12.5/USD ($\pm$ 1.0) in the retail market, supported by robust FX interventions, steady gold-for-reserves inflows, and tighter regulatory controls.

Fixed Income H2 '25 Outlook

1. **We expect the Treasury to sustain efforts to drive yields to 9% amid disinflation**, though elevated OMO and longer-tenor rates may slow the compression pace into year-end. Improved credit ratings on long-term local- and foreign-currency debt should bolster market sentiment, paving the way for a relatively successful bond issuance strategy in H2 '25.

Stock Market H2 '25 Outlook

1. **We revise our GSE-CI year-end target to 7,828 points, translating to an end-of-year return of 60.0% ($\pm$ 500bps)**, supported by post-H1 earnings rally and macro tailwinds, characterised by declining interest rates, disinflation, and stable Cedi.
2. **Financial sector to outperform on resilient earnings growth**, underpinned by improved asset quality and loan growth, while the FMCGs are expected to benefit from improving market conditions and stronger consumer spending in H2 '25.
3. We remain optimistic about MTNGH, GCB, SCB, EGH, BOPP, TOTAL, UNIL, and FML on the back of strong fundamentals and earnings momentum.

Commodities Market H2 '25 Outlook

1. **We maintain our forecast for gold prices in the range of USD3,000-USD3,500**, with further upside possible should the US economy weaken, or geopolitical risks escalate, prompting renewed flight-to-safety flows.
2. **The ETF's performance in H2 '25 will hinge on the trajectory of the Ghanaian cedi.** Continued local currency appreciation would likely limit NewGold's upside, even in the presence of bullish gold fundamentals.
3. **We retain a constructive view on the oil market, with Brent expected to trade below USD70/bbl**, underpinned by OPEC+ supply discipline, seasonal demand trends, and geopolitical tail risks involving Iran, Venezuela, and Ukraine.
4. **We maintain our structurally bullish outlook on cocoa**, with prices forecast to average USD7,000–USD10,088, as persistent supply deficits in West Africa, ageing plantations, and logistical bottlenecks constrain near-term market relief.

Macroeconomic Review and Outlook

Key Highlights:

1. Global growth closed H1 '25 below potential amid rising trade tensions; however, easing inflation and ongoing trade dialogue offer cautious support for economic development.
2. Ghana's real GDP growth accelerated to 5.3% y/y in Q1 '25, driven mainly by agriculture and services. However, we revise our Q2 '25 forecast down from 5.6% to 4.8%, reflecting seasonal cocoa effects and softer services momentum, while maintaining a 4.5% $\pm$ 100bps year-end outlook.
3. We expect Ghana's fiscal stance to strengthen, with firmer tax collection, no arrears build-up, external support, and disciplined expenditure, delivering a year-end deficit of 2.1% of GDP (GHS30bn), up from 7.9% (GHS93bn) in 2024.
4. We expect the Ghana cedi to remain broadly stable through H2 '25, trading around GHS12.5/USD ($\pm$ 1.0) in the retail market, supported by robust FX interventions, steady gold-for-reserves inflows, and tighter regulatory controls.



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Global overview: H1 '25 opens with trade tensions, rising rare metal demand, and cooling inflation

The first half of 2025 (H1 '25) witnessed an accelerating shift towards deepening trade fragmentation, with countries increasingly enacting protectionist measures to safeguard critical domestic industries. This strategic pivot reflects a broader prioritisation of economic security amid rising geopolitical and trade tensions.

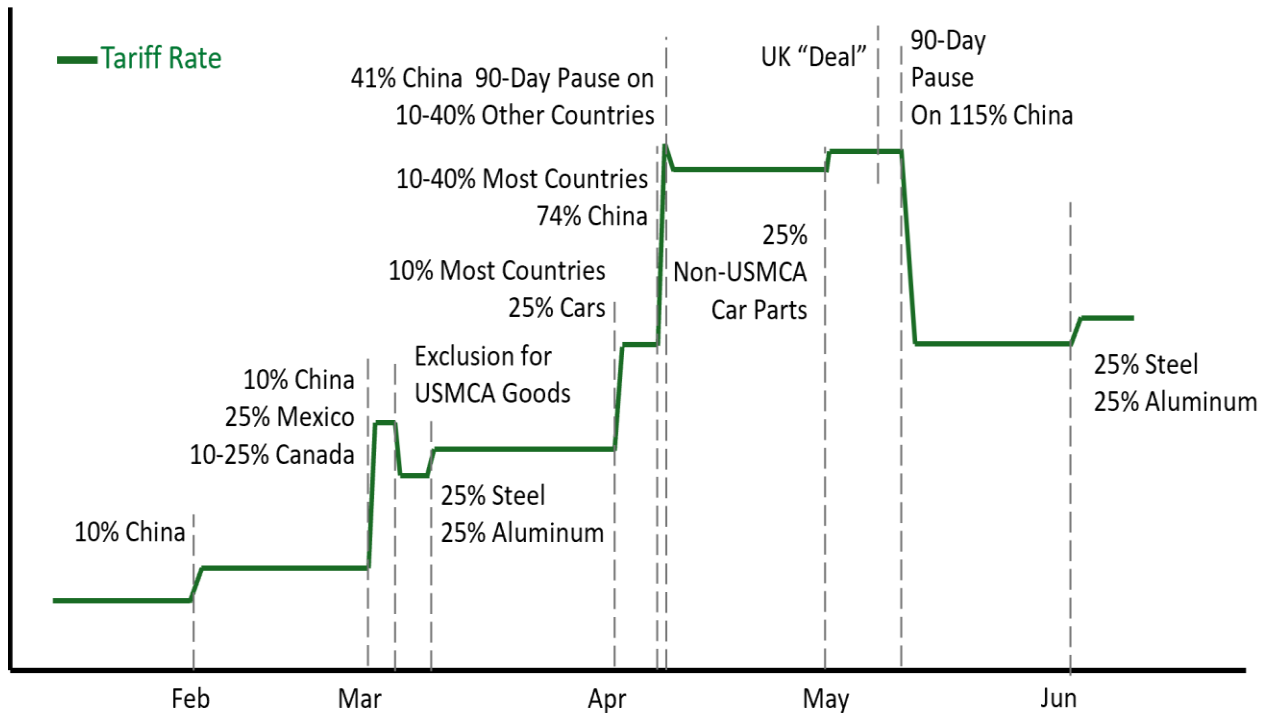
According to the World Bank's June 2025 Global Economic Prospects, global growth started on a weaker foot across major economies, with growth forecast to drop to 2.3%, the slowest pace since 2008.

Global inflation showed signs of moderation, with the International Monetary Fund (IMF) projecting a fall from 5.9% to around 4.5% by year-end. The declines in H1 '25 were mainly underpinned by a broad-based drop in core inflation, reflecting the lagged effects of global monetary tightening and lower energy prices. In the Sub-Saharan Africa (SSA) region, the downward trend persisted, with the average inflation rate estimated to decline from the 18.1% recorded in 2024 to 12.3% in 2025.

However, US inflation remained sticky as prior tariff measures filtered through, with the Federal Reserve (Fed) maintaining a tight stance to contain second-round effects. To renegotiate terms and conditions, President Trump's tariffs kept major economies on edge, raised import costs substantially, and created uncertainty in global markets.

Ghana and other resource-rich Sub-Saharan African countries benefited from these uncertainties and the protectionist posture, securing substantial windfalls from rare earth metal exports. This bolstered fiscal revenues, reinforced external balances and provided short-term macroeconomic support.

Exhibit 1: Timeline of Trump's tariff measures to renegotiate trade deals



Source: The Economist.
United States-Mexico-Canada Agreement (USMCA)

Global outlook and impact on Ghana: Trade tensions expected to ease as defence spending sustains key commodity demand

We foresee trade tensions easing in H2 '25 as major blocs such as the EU, Japan, and South Korea reach trade agreements with the US. Easing production expenses abroad could moderate import costs, though still elevated, supporting disinflationary pressures. While Ghana's key trading relationships lie within the Asian region, this backdrop could strengthen current account performance.

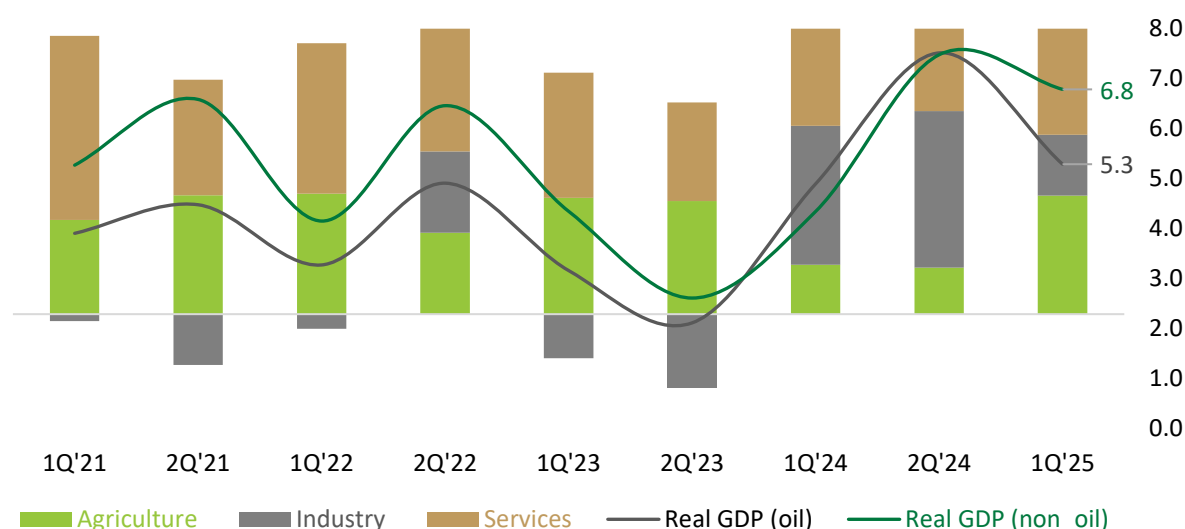
We expect rising defence spending across major economies to sustain demand for precious and industrial metals, particularly gold and bauxite. For Ghana, we foresee sustained export earnings supporting fiscal imbalance amid support from the World Bank DPO3 disbursement of approximately USD360mn by year-end.

H1 '25 Real Sector Recap: Agriculture sector sustained real GDP growth in Q1 '25

Ghana's real GDP (incl. oil) expanded by 5.3% y/y in Q1 '25, up from 3.4% in Q4 '24 and above the 4.9% recorded in Q1 '24. The outturn broadly aligned with our expectations of an agriculture-led recovery, complemented by sustained service growth. In parallel, real GDP growth excluding oil rose by 240bps to 6.8.

The agriculture sector led overall growth with a 6.6% y/y expansion, up from 2.4% last year. This performance was largely driven by a 16.4% growth in the fishing sub-sector and a turnaround in the cocoa sub-sector, which grew 3.4% y/y after contracting 21.4% y/y in Q1 '24. Services sector growth stood at 5.9% y/y compared to 4.7% y/y in Q1 '24, while industry growth moderated to 3.4% y/y from 6.7% in Q1 '24, due to weaker performance in mining (1.4% y/y), construction (1.5% y/y), and oil & gas (22.1% y/y).

Exhibit 2: Quarterly year-on-year GDP growth rates (%)



Source: Ghana Statistical Service (GSS), Databank Research

Monetary Sector Recap: A restrictive monetary policy framework mops up excess liquidity to drive further declines in inflation

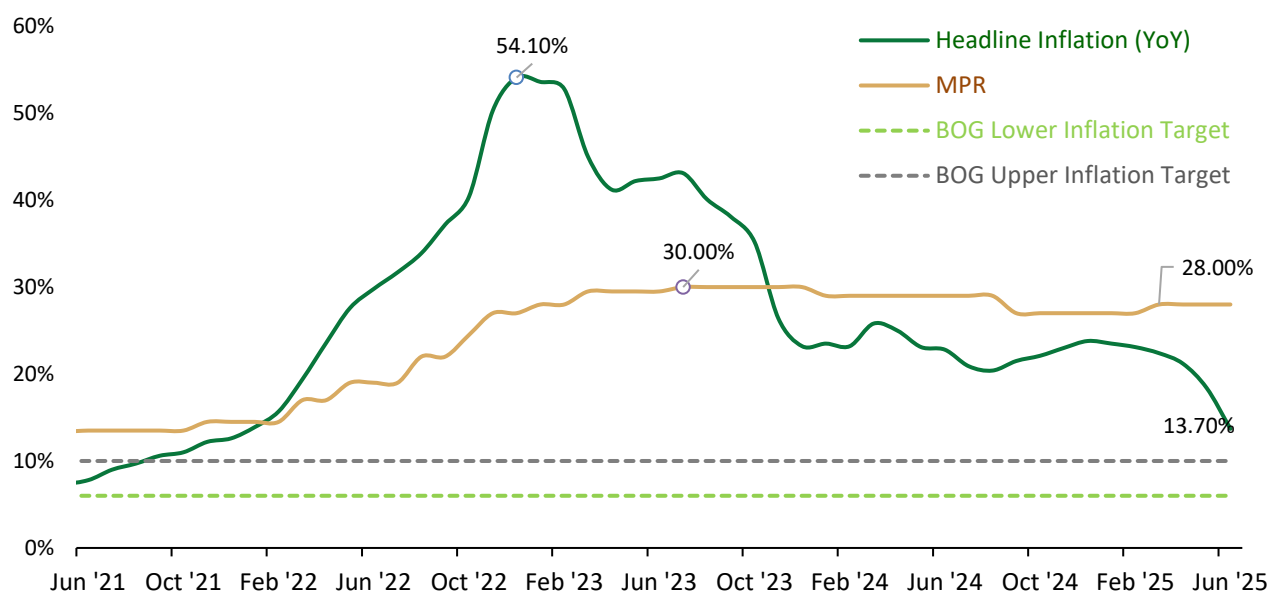
In H1 '25, the Bank of Ghana (BoG) maintained a restrictive monetary stance, keeping the policy rate at a hawkish 28% despite easing inflation. This approach aimed to anchor demand-pull expectations following a 60% surge in money supply to GHS71.6bn in 2024. The introduction of the 273-day bill further strengthened the Bank's liquidity-tightening strategy, complementing regular issuance of 56-day bills under open market operations.

The banking sector continued to grapple with a high non-performing loan (NPL) ratio of 23.1% in June 2025. Consequently, private sector credit growth contracted by 3.1% in real terms, compared to a 14.7% contraction in the previous year, as banks, savings, and loans institutions balanced credit risk against favourable yields on relatively risk-free short-term Treasury securities and Bank of Ghana (BoG) bills.

The Ghana Reference Rate (GRR) stood at 24%, as the sharp drop in the 91-day Treasury bill rate to sub-14% levels was offset by the high Monetary Policy Rate (MPR) of 28%. The low rate in the T-bill market dampened institutional demand, shifting preference to higher-yielding options such as Fixed Deposits (FDs) and BoG bills. During the review period, a 300bps fall in benchmark rates from 28% shifted market focus towards balancing credit risk, with the GRR now at 19.67%.

Headline inflation eased to 13.7% in Jun '25 from 23.5% in Jan '25, reflecting sustained food and non-food inflation declines. The disinflation trend was largely underpinned by earlier reductions in ex-pump prices and a stable cedi, which exerted a pass-through effect in easing general price levels.

Exhibit 3: MPC holds key rate to anchor inflation expectations



Source: Bank of Ghana (BoG), Databank Research

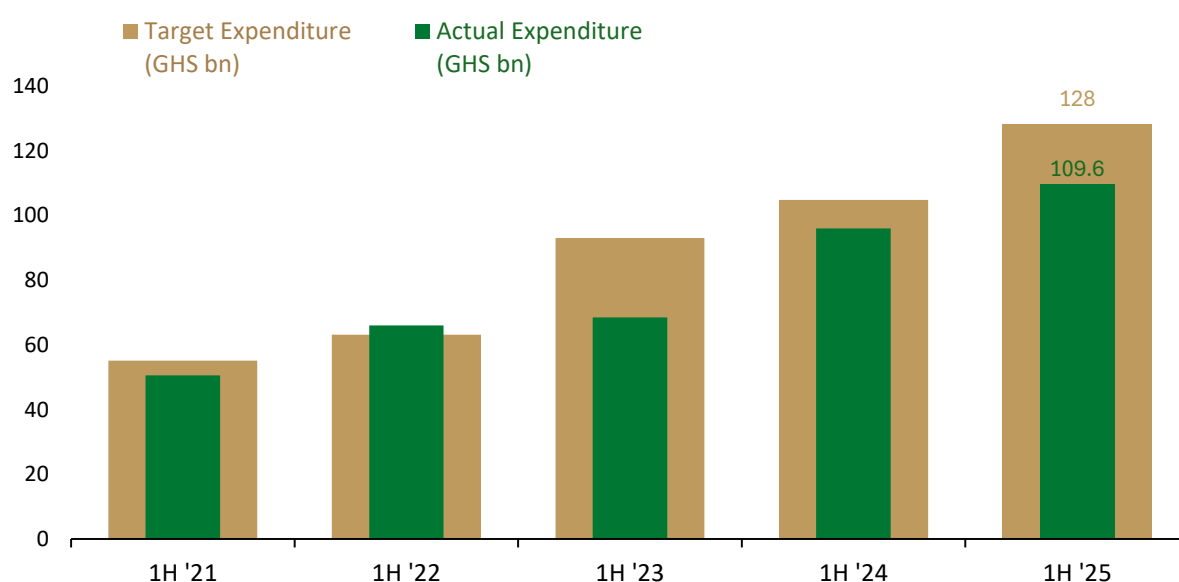
Fiscal Sector Recap: Fiscal deficit improves on strong revenue gains and controlled spending

In H1 '25, total revenue and grants closed at GHS99.3bn, mainly driven by strong non-oil tax collections and Corporate Income Tax (CIT) receipts of GHS786.9mn and GHS555.3mn, respectively. However, some revenue lines underperformed, with petroleum revenues, import duties, and grants falling short by GHS2.7bn, GHS1.6bn, and GHS339mn, respectively. Domestic revenue, mostly tax and non-tax sources, reached GHS98.6bn, just below the GHS101.5bn target.

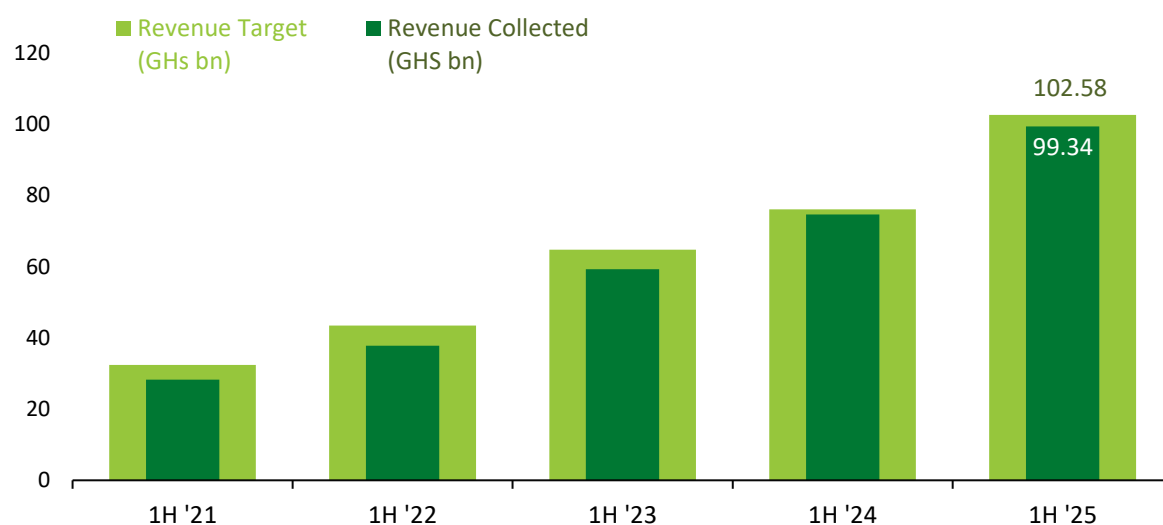
Total expenditure stood at GHS109.6bn, below the programmed GHS128bn, reflecting disciplined fiscal management. This was driven by lower interest payments of GHS25.4bn, 16.7% below target, alongside a blend of spending controls. Primary Expenditure (commitment basis) amounted to GHS84.3bn (6.0% of GDP). This is an improvement of about GHS13.3bn against the target of GHS97.5bn (7.0% of GDP). Spending on public goods and services came in at GHS1.9bn, 38.5% short of the target, with no arrears accumulated during the period.

Total expenditure for the year has been revised marginally down to GHS269.5bn from GHS271bn, while total revenue and grants have been adjusted up to GHS229.9bn from GHS227.1bn. Primary expenditure has been increased to GHS209.6bn from GHS206.7bn to accommodate fuel purchases for power generation. Interest payments are projected at GHS64.2bn, comprising GHS56.2bn in domestic interest and GHS7.9bn in external obligations. Capital expenditure remains unchanged at GHS32.7bn, reflecting a disciplined stance on development spending.

Exhibit 4: H1 '25 expenditure contained below budget



Source: 2025 Mid-Year Budget Review; Ministry of Finance, Databank Research

Exhibit 5: H1 '25 revenue close to target

Source: 2025 Mid-Year Budget Review; Ministry of Finance, Databank Research

External Sector Recap: Gold and Cocoa continued to drive a robust external balance

Ghana's external sector strengthened notably in H1 '25, underpinned by solid commodity exports and resilient inflows. Total export earnings rose sharply to USD13.79bn in Jun '25, up from USD8.87bn in the same period last year. Growth was driven primarily by a 45% y/y rise in gold exports to USD8.38bn and a 184% y/y surge in cocoa exports to USD2.17bn. Import activity also picked up to USD8.23bn, from USD7.50bn in Jun '24. In line with expectations, the trade surplus widened significantly to USD5.57bn (6.4% of GDP), versus USD1.37bn in Jun '24.

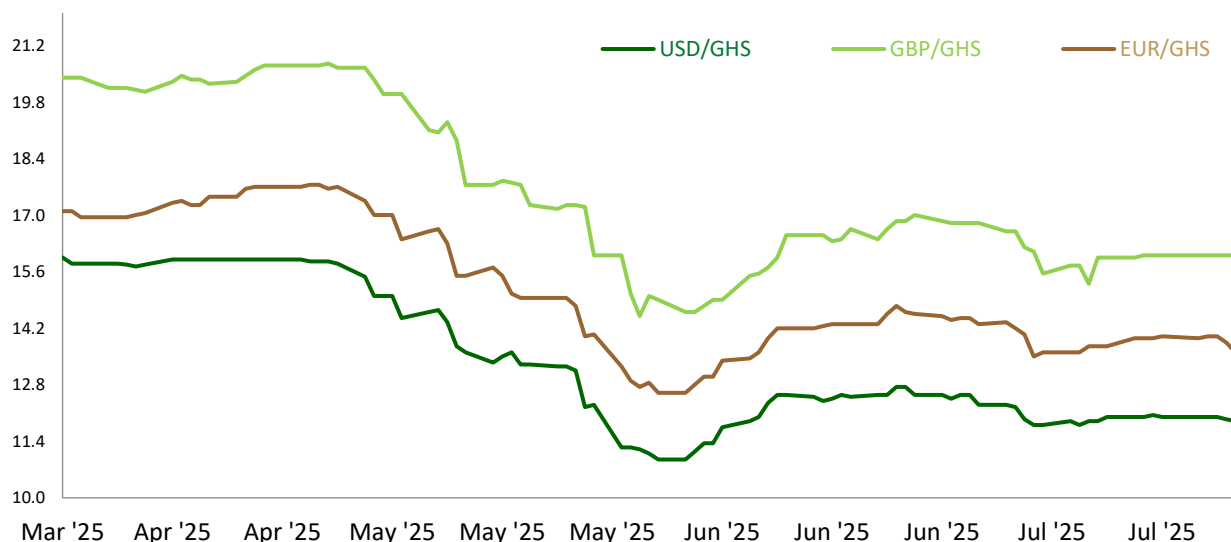
The current account balance improved sharply, reaching USD 3.44bn in Jun '25, up from USD283mn a year earlier. Stronger foreign direct investment and trade windfalls supported this. Gross international reserves (excl. encumbered assets) stood at USD11.12bn (4.8 months of import cover), up 62% y/y.

Currency Recap: GHS surge on firm FX regulations, improved reserves and external tailwinds

The Ghana cedi in H1 '25 made a remarkable turnaround, recording strong appreciation across both interbank and retail markets, driven by favourable external dynamics and strengthened local policy actions.

In the interbank market, the cedi appreciated by 42.6% against the US dollar to close H1 '25 at a midrate of GHS 10.31/USD. It also gained 30.3% against the British pound (GHS 14.13/GBP) and 25.6% against the euro (GHS12.11/EUR), reflecting broad strength supported by improved market confidence.

Retail market performance showed similar gains. The cedi appreciated by 23.7% against the dollar, closing at a midrate of GHS12.55/USD, with the British pound and euro settling at GHS16.80/GBP and GHS14.50/EUR, respectively. This marks a significant reversal from earlier levels of GHS15.53/USD in Dec '24.

Exhibit 6: Cedi posts strong gains against major currency pairs in H1 '25

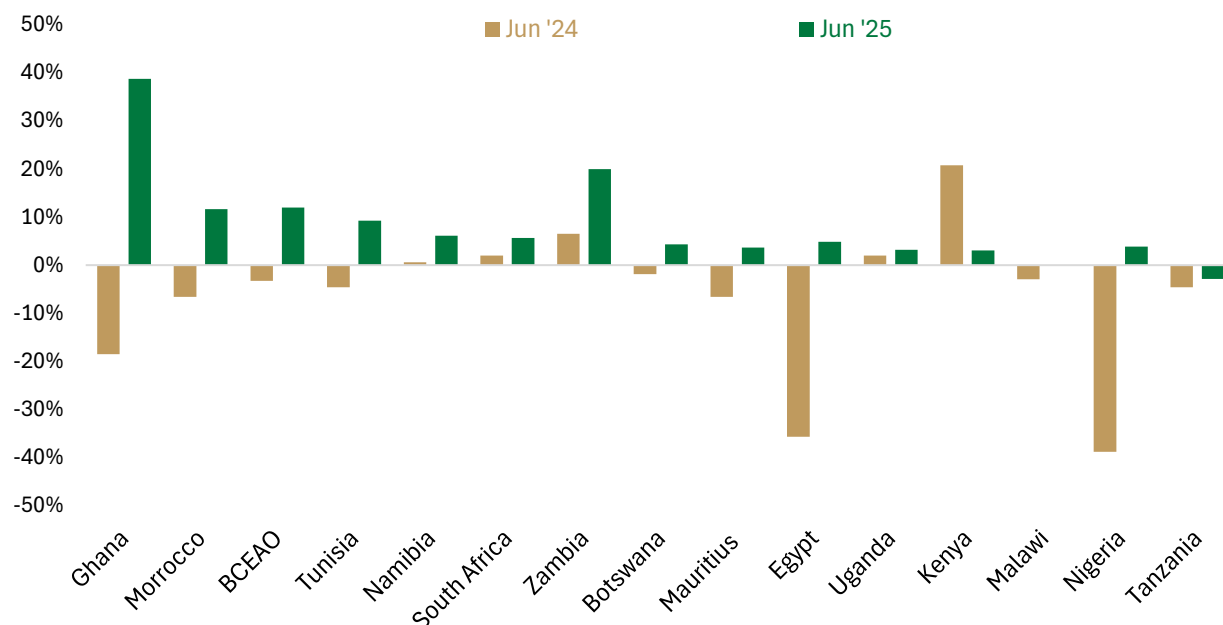
Source: Forex Bureaux. Databank Research

Weakening dollar dynamics drove most of the upside. Diminishing United States exceptionalism, triggered by protectionist tariffs, led to broad dollar depreciation, with the Dollar Index posting its steepest first-half decline since 1973. This global dollar retreat fuelled broad currency gains across emerging and frontier markets, with the cedi among the top performers in Sub-Saharan Africa.

The establishment of Ghana GoldBod played a pivotal role in strengthening the cedi and boosting foreign reserves. By providing a structured channel for purchasing gold directly from small-scale miners, GoldBod generated steady inflows of about USD900mn per month, with proceeds deposited directly into the Bank of Ghana's foreign exchange reserves. This significantly enhanced Ghana's reserve buffers and eased demand-side pressures.

In parallel, the Bank of Ghana reinforced the FX regime through decisive policy actions. In Q1 '25 alone, it provided direct market support totalling USD1.4bn via daily and weekly interventions. The Bank also implemented regulatory measures to restrict FX supply in the wholesale market exclusively to itself, removing commercial banks and forex bureaux from that segment. These steps were built on the earlier rollout of a centralised FX trading platform and the enforcement of sanctions against non-compliant institutions, which together significantly enhanced transparency and stability in the foreign exchange market.

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Exhibit 7: African currencies H1 '25 performance (Dep/Apr) vs USD – GHS emerged as the best performing currency

Source: SSA countries' Central Banks, Databank Research

H2 '25 Macroeconomic Outlook:

Real GDP growth to accelerate on industrial rebound and sustained services expansion

We maintain our year-end real GDP growth forecast at 4.5% ± 100bps, expecting increased infrastructure investment, particularly in roads, to boost industrial activity. We expect stable agriculture output and moderate growth in services to support this outlook.

However, we revise our Q2 '25 down from 5.6% to 4.8%, reflecting the seasonal effect on cocoa output and softer momentum in services, even as industry gains pace on the back of strong gold exports.

We expect the industry sector to expand by 4.9% in Q2 '25, up from 3.4% in Q1 '25. We foresee increased government funding for road infrastructure aiding this growth, with strong gold export receipts likely offsetting softer oil and gas output.

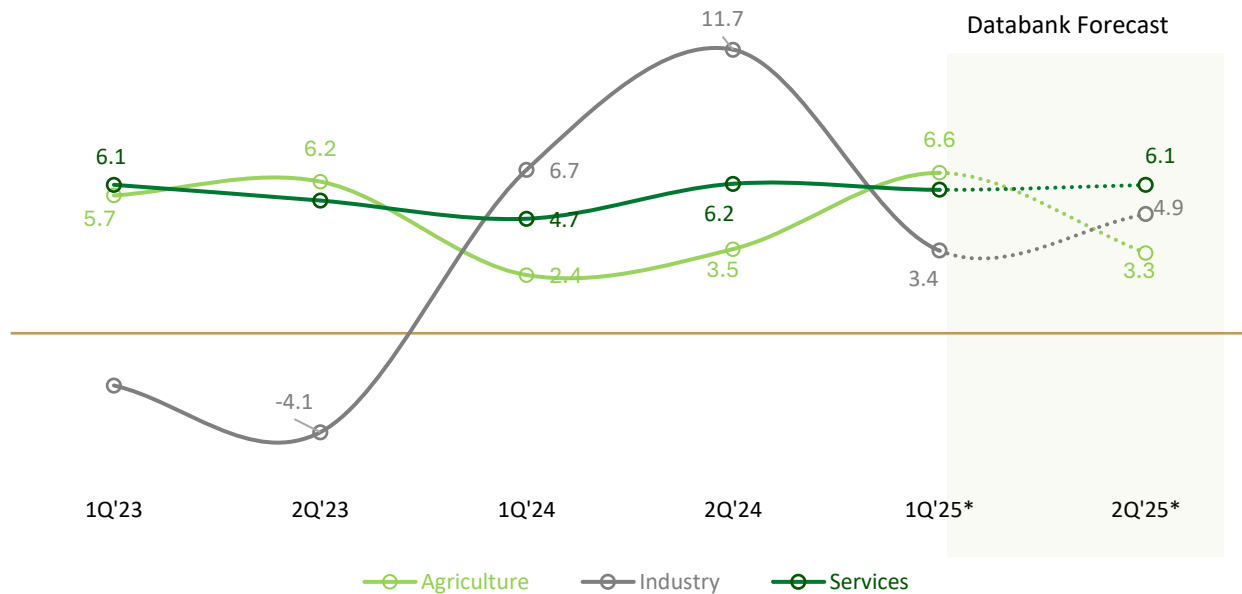
We project the services sector to grow by 6.1% in Q2 '25, up from 5.9% in Q1 '25. Easing cost pressures and softer interest rates amid a stable cedi run should support growth in trade, information and communication, and financial services subsectors. Ongoing digital transformation programmes are expected to improve consumer spending, sustaining growth momentum.

For the agriculture sector, our forecast points to an expected growth rate of 3.3% in Q2 '25, down from 6.6% in Q1 '25, as seasonal cocoa shortfalls weigh on performance. However, we acknowledge potential for a rebound in Q3 '25,

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with optimism that improved food supplies will be supported by funding and policies under the Agriculture for Economic Transformation Agenda programme.

Exhibit 8: Services to sustain growth, industry picking up while agriculture faces seasonal drag in Q2 '25



Source: Ghana Statistical Service (GSS), Databank Research

BoG poised to ease tight policy stance to reinforce economic growth

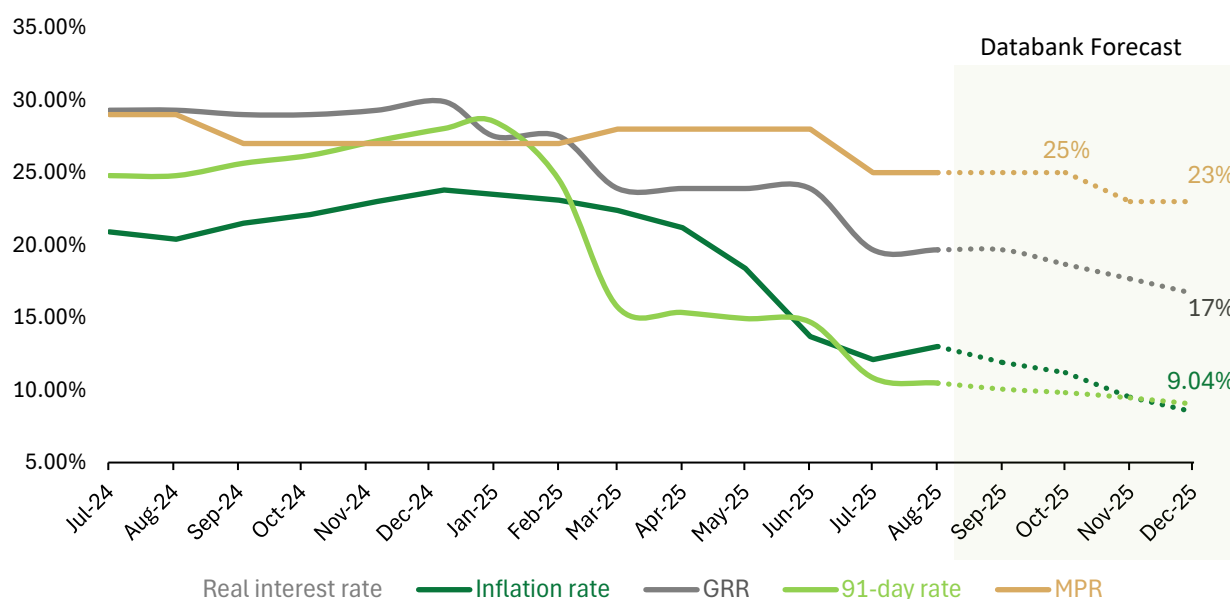
We foresee a dovish monetary policy environment brewing in H2 '25 with lending rates dropping from significant highs of 28% to sub-20% levels on average. We believe a steady disinflation trend towards BoG's target band of $8\% \pm 200\text{bps}$ will most likely trigger a 200bps cut in the benchmark rate from 25% in November. The recent uptick in ex-pump prices to the GHS12-14 range, amid upward adjustments in utility tariffs, is yet to filter into the Aug'25 inflation print; such an inflation uptick may cause a hold in the policy rate in September as the MPC considers upside demand-pull pressures to ensure expectations are contained to meet the single inflation outlook by year end.

We maintain our $12\% \pm 200\text{bps}$ inflation target, with a bias towards the lower bound of 10%. Easing international crude oil prices, a relatively stable cedi, and improved supply of key staples during Q3's peak harvest season are expected to reinforce disinflationary pressures, all things being equal.

Further cuts in the benchmark rate are expected to anchor the GRR below 19% by year-end, improving borrowing costs and stimulating economic activity, with the Composite Index of Economic Activity (CIEA) projected to rise to 2.5% from 1.5% in 2024.

We expect only a modest decline in the NPL ratio from 23% to 21%, as legacy high-interest loans continue to constrain repayment capacity in the near term. However, sustained monetary easing and gradual income recovery could support asset quality, further strengthening banks' financial soundness indicators.

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Exhibit 9: Gradual disinflation expected to support cautious policy rate cuts

Source: Bank of Ghana (BoG), Databank Research

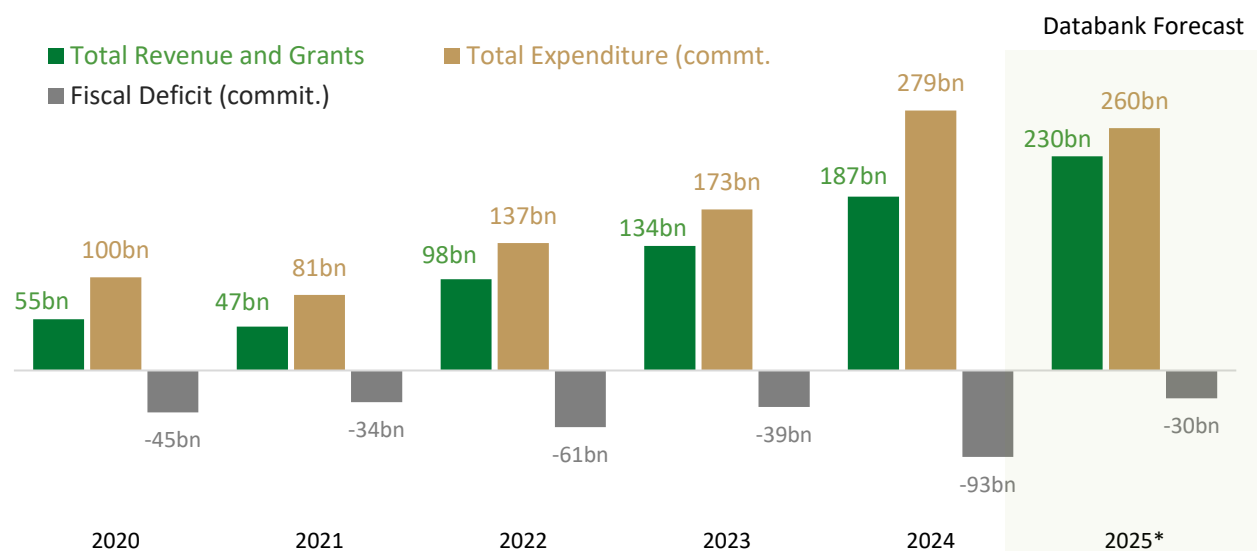
Fiscal imbalance expected to narrow on sustained discipline and revenue gains

We project the fiscal deficit as a percentage of GDP to end the year at 2.1% (GHS30bn), comfortably below the revised 2.8% (GHS39bn) target. We believe that the absence of arrears accumulation, strong first-half performance, and enhanced revenue mobilisation measures will support this outcome. With capital expenditure tightly managed at GHS32.7bn, supported by the establishment of a Public Financial Management (PFM) compliance unit overseeing spending limits across MDAs, we expect the fiscal imbalance to improve significantly.

We expect the primary surplus to rise from 1.1% of GDP in H1 '25 to 2.1% by year-end. With spending largely contained, stronger tax revenues on track, and the likely disbursement of USD360mn under the World Bank's DPO3 arrangement, we foresee sustained fiscal consolidation supporting further primary balance gains.

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Exhibit 10: Fiscal prudence set to enhance deficit gains by year's end.



Source: Ministry of Finance, Databank Research

External position set to strengthen on robust trade surplus and investment inflows

We expect Ghana's external position to strengthen amid elevated global commodity prices, favourable demand, and persistently constrained imports. We believe strong gold windfalls from GoldBod activities, projected to generate up to USD6bn by year-end, alongside a rise in bauxite exports to 2mn tonnes, will sustain a widening trade surplus to 3.2% of GDP from 2.7% in 2024. We expect that despite softer remittance inflows amid a stronger cedi, improving macroeconomic fundamentals will bolster investor sentiment and enhance foreign direct investment, supporting capital account balances and overall external sector resilience.

Cedi performance expected to remain stable amid sustained inflows and FX support

We expect the Ghana cedi to remain broadly stable through H2 '25, trading at GHS12.5/USD (± 1.0). This outlook is supported by continued foreign exchange interventions from the Bank of Ghana and sustained inflows from GoldBod operations, which have become a reliable source of monthly dollar liquidity.

Tighter regulatory controls, including the mandatory use of official FX rates for cargo invoicing and the implementation of a dynamic cash reserve ratio framework, are expected to anchor market expectations, dampen speculative demand, and limit volatility.

However, any delays in FX supply, procedural inefficiencies, or lapses in enforcement could weigh on sentiment and trigger mild near-term pressures on the cedi. Additionally, renewed strength in the U.S. dollar, amid fiscal developments in advanced economies, could pose external risks to the outlook. Barring external shocks, the policy mix remains adequate to sustain a broadly stable currency through year-end.

Fixed Income Market

Key Highlights:

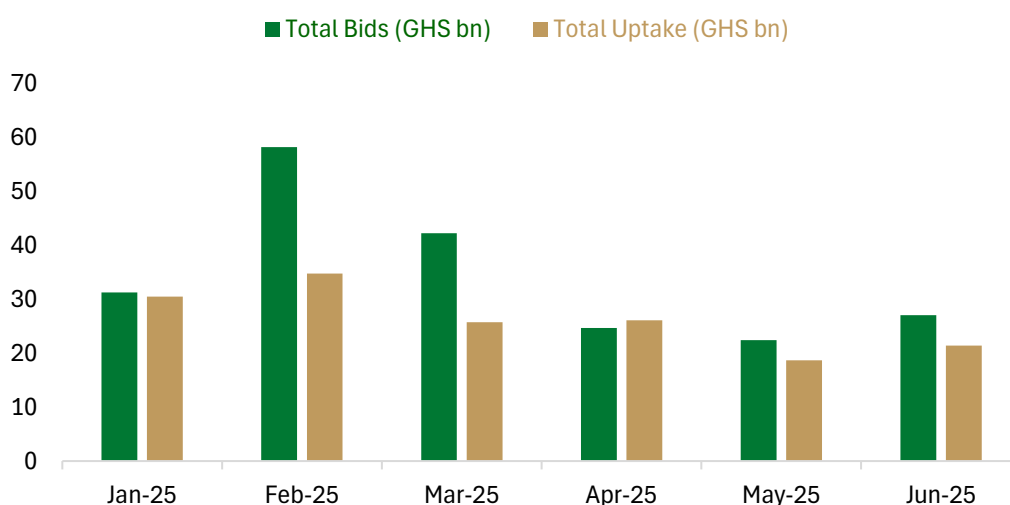
1. T-bill demand grew 33.8% y/y in H1 '25, with bids reaching GHS206.96bn, but auction targets were missed as yields fell sharply, 91-day rates dropped 13.34pps to 14.69%.
2. We expect yield compression to slow in H2 '25 as elevated OMO rates and longer maturities attract investors away from T-bills.
3. The planned domestic bond market re-entry, backed by improved sovereign ratings and stable macro fundamentals, should lift liquidity, narrow spreads, and draw both domestic and offshore real-money investors.

H1 '25 Recap: Glimpse of recovery creeps in the bond market, while liquidity remains strong on the money market

Investor appetite for Treasury bills remained strong early in the year but moderated as yields declined sharply, reflecting improving inflation expectations and aggressive yield management by the government. Total bids for 91- to 364-day bills reached GHS206.96bn, with GHS154.86bn recorded in H1 '25. The total uptake for the period represented a 33.8%y/y growth. However, average target and maturity coverage ratios stood at 0.98x and 0.85x, respectively, underscoring missed auction targets in H1 '25.

Yields compressed significantly across the curve. By end-June, the 91-day bill declined by 13.34pps to 14.69%, the 182-day by 13.43pps to 15.25%, and the 364-day by 14.41pps to 15.66%, marking record yield compressions in H1 '25.

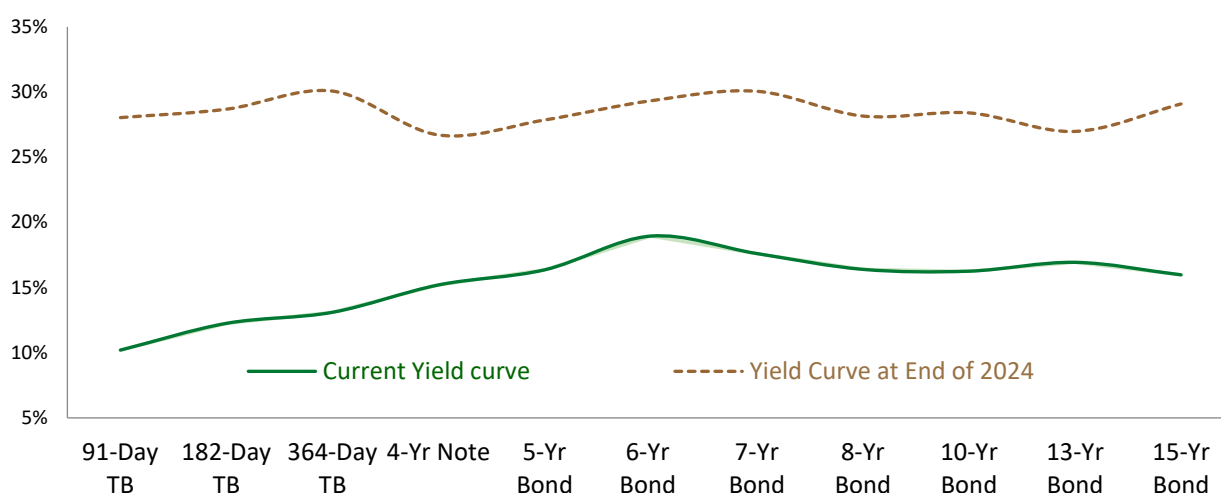
Exhibit 11: Total bids vs total Uptakes in H1'25



Source: Ghana Fixed Income Market, BoG, Databank Research

Secondary bond market activity improved notably compared to the same period last year. The sharp drop in front-end yields enhanced price discovery across the LCY curve, particularly at the belly and long end for bonds maturing beyond 2026. Total market turnover rose to GHS26.90bn, up 40.25% y/y. However, repo transactions continued to dominate volumes, outpacing real-money trades.

Exhibit 12: Overview of Ghana Treasury yield curve



Source: Ghana Fixed Income Market, BoG, Databank Research

H2 '25 Outlook: Yield compression set to slow as bond market re-entry nears

Looking ahead, we expect the Treasury to maintain its aggressive stance on driving yields lower to 9% levels amid the ongoing disinflation trend. However, elevated rates on OMO bills and longer maturities may slow the pace of yield compression, as investors assess alternative instruments offering more attractive risk-adjusted returns.

Despite headline inflation easing to 13.7% in June and nearing the central bank's target, the Monetary Policy Rate (MPR) is expected to stay within 19-21% until the end of the year, remaining well above current T-bill yields. This yield gap will continue to favour OMO bills and fixed deposits over T-bills, especially for banks and institutional investors with access to higher-yielding assets. As a result, demand for T-bills may decrease, and the government risks missing some auction targets, particularly if incentives to move away from other instruments stay limited.

Improved sovereign credit ratings are expected to lower perceived risk, compress yields along the curve, and attract both domestic institutional and offshore investors in H2 '25. The positive re-rating by rating agencies, coupled with the government's commitment to honouring obligations on domestic and external debt, is set to lift bond market

activity. As confidence rebuilds, market liquidity should strengthen, with narrower bid-ask spreads and a gradual return of real-money investors previously on the sidelines. This combination of stronger ratings and policy credibility is likely to boost secondary market turnover and expand participation beyond bank-driven repo trades.

The Treasury's planned return to the domestic bond market in H2'25 is aligned with improving investor sentiment and stable macroeconomic fundamentals. We note that the government will begin selecting new bookrunners in August, focusing on firms with strong distribution capacity and pricing expertise, reflecting a strategic push to deepen the primary market. Issuance success will hinge on the pace of yield compression in alternative instruments and the magnitude of monetary policy rate cuts. We maintain that the government's commitment to fiscal consolidation and prudent debt management remains central, reflecting a cautious approach that prioritises debt sustainability and cost-effective issuance.

Stock Market Review and Outlook

Key Highlights:

1. The GSE-CI advanced to a mid-May peak of 37.21% on the back of yield-driven rotation into equities and dividend season flows, before paring gains to close HY '25 at 27.82% following a sharp pullback in MTNGH.
2. The Financial Stock Index staged an impressive performance in H2 '25, surging by 41.80% to a 14-year high of 3,376.01 points, supported by robust earnings and the resumption of dividend payouts across the sector.
3. Market breadth remained constructive with 18 advancers led by SIC's 322.2% rally to a 17-year high, and NewGold ETF ended as the sole laggard.
4. We revise our GSE-CI year-end target to ~7,828points, 60% (± 500 bps) return, supported by post-HY earnings rallies and macro tailwinds, including falling rates, disinflation, and stable Cedi.
5. We expect the financial sector to remain headroom on resilient earnings, underpinned by improved asset quality and loan expansion, while the FMCGs benefit from improving operating conditions and increased consumer spending in HY '25.
6. We remain optimistic about MTNGH, GCB, SCB, EGH, BOPP, TOTAL, UNIL, and FML on the back of strong fundamentals and earnings momentum.



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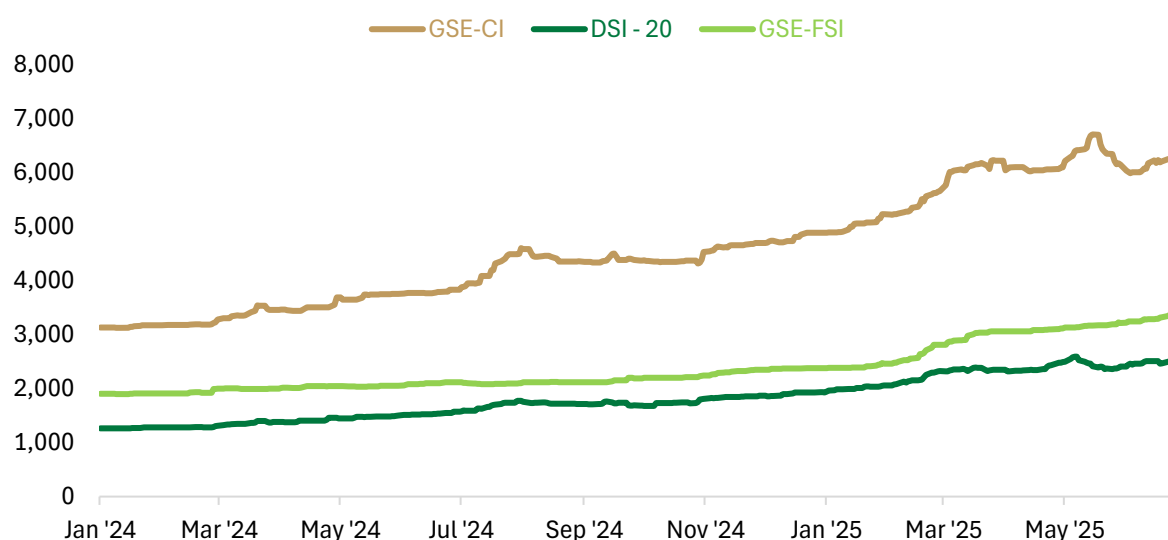
H1 '25 Recap: Improved corporate earnings and investor rotation fuel market gains

The Ghana Stock Exchange Composite Index (GSE-CI) rose to 6,248.48 points, representing a 37.21% gain in H1 '25, while the Databank Stock Index reached a 34.58% return (259.24 points) in mid-May, mainly driven by improved corporate earnings and dividend announcements across the board. Furthermore, as yields contracted in the fixed-income market, income-focused investors shifted towards equities seeking higher returns. Nonetheless, the GSE CI experienced a pullback, ending H1 '25 at 27.82%, following a sharp decline in the market's most heavily weighted stock, MTNGH.

The dip in MTNGH was primarily triggered by heightened market uncertainty following the announcement of the spin-off of MTN Ghana's Mobile Money subsidiary from the parent company, which significantly affected the overall index performance.

The financial sector sustained its stellar growth momentum, with the Financial Stock Index recording 41.8% gains at 3,376 points, marking a 14-year high at the end of H1 '25. This was buoyed by improved investor confidence following the release of remarkable financial performance and the resumption of dividend payments by SCB, EGH, GCB, and the other financial stocks during H1 '25.

Exhibit 13: Aggregate Market Performance in the HY '25



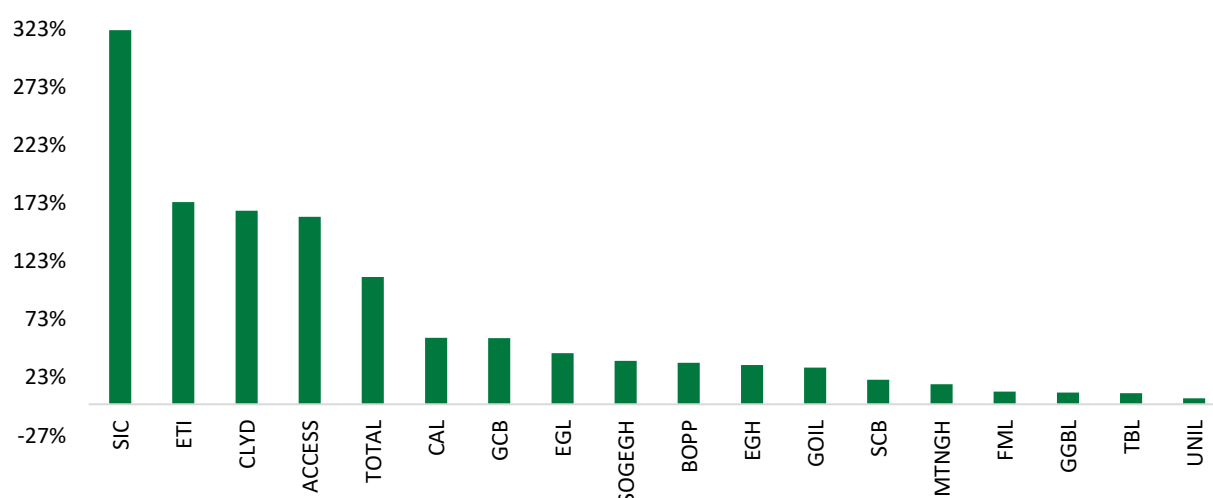
Source: Ghana Stock Exchange (GSE) | Databank Research

Market Breadth and Performance Breakdown

Market breadth remained broadly positive in H1 '25, with **eighteen (18) stocks recording gains** and **one laggard**. Financial stocks continue to drive activity, recording 9 gainers. The standout performer was **State Insurance Company (SIC)**, which soared **+322.2%** to a **17-year high of GHS 1.14**, following a stellar FY '24 earnings report. The company's strong rally was underpinned by a turnaround in operational performance and a **3.74x y/y surge in profit margins**, reinforcing investor confidence in the insurer's growth trajectory.

NewGold ETF (GLD) emerged as the sole laggard, losing 10.6% to close H1 '25 at GHS349.19. The decline was driven by softer gold prices and strong cedi appreciation in H1 '25, which weighed on the fund's valuation and investor demand.

Despite the bullish sentiment, overall market activity declined year-on-year, with total shares traded falling by 74.2% to 150.93 million, and turnover dipping 5.2% y/y to GHS933mn for the period under review.

Exhibit 14: Top Gainers in HY '25

Source: Ghana Stock Exchange (GSE) | Databank Research

H2 '25 outlook: Stock market outlook - bright spots visible amidst macroeconomic rebound

We believe the ongoing improvements in macroeconomic conditions will continue to underpin stock market performance. Our outlook remains constructive on a broad-based upside for financial and non-financial stocks, particularly FMCG companies, whose margins are likely to benefit from a favourable operating environment characterised by disinflation, declining interest rates, and a relatively stable domestic currency.

From a technical analysis perspective, we have revised our year-end forecast for the GSE CI upwards to 7,827.56 points, indicating an annual return of approximately 60.12% (± 500 bps). This reflects the stronger-than-expected macroeconomic recovery and improved investor sentiment. The index is currently at 7,416.03 points, with a YTD return of 51.70% return. We anticipate further gains in H2, buoyed by post-H1 earnings rally and continued macro tailwinds.

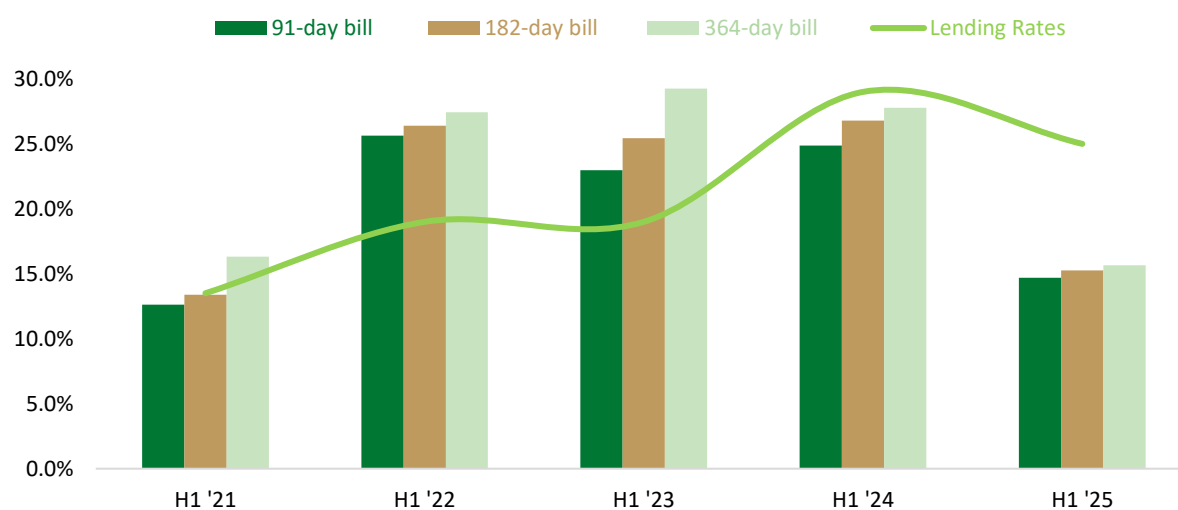
Financial sector to remain resilient despite rate pressures

The financial sector is expected to remain resilient in HY '25 despite pressures from yield compression on short-term treasury securities. Improving macroeconomic conditions, rising business confidence, and expanding private sector activity are expected to drive credit growth, strengthen asset quality, and bolster profitability.

Banks have maintained robust credit underwriting systems even as lending rates decline. Financial Soundness Indicators (FSIs) point to continued asset growth, improved solvency, profitability, and liquidity. The non-performing loans ratio has slowed, supported by slower NPL stock growth relative to credit expansion.

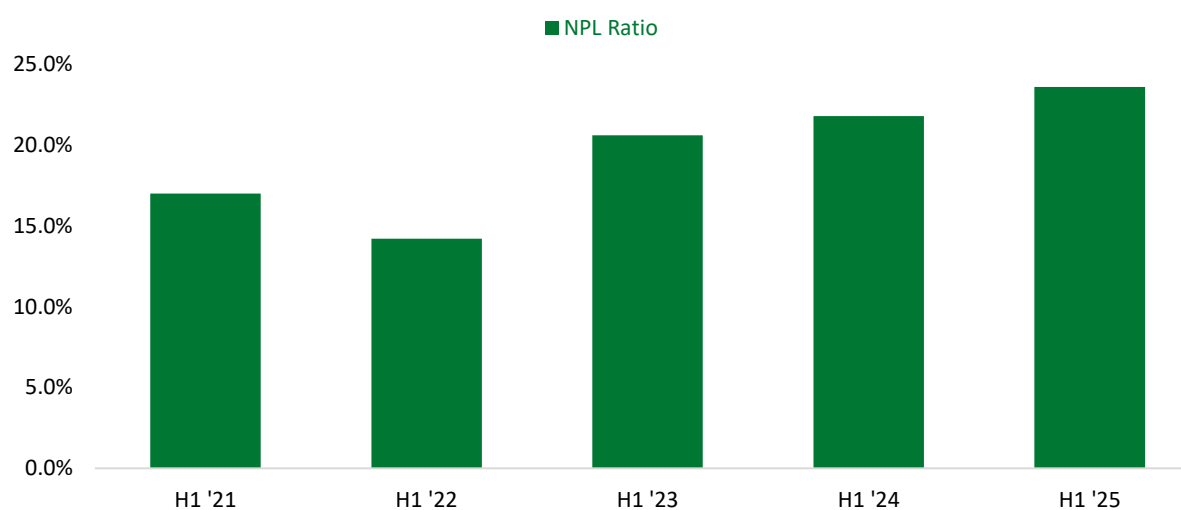
Insurance players are also set to benefit from rising household disposable incomes, supported by disinflation and improved macro fundamentals.

DATABANK RESEARCH

Exhibit 15: Easing borrowing rate

NB: Lending rate for Aug 25 is 25%

Source: Bank of Ghana, Databank Research

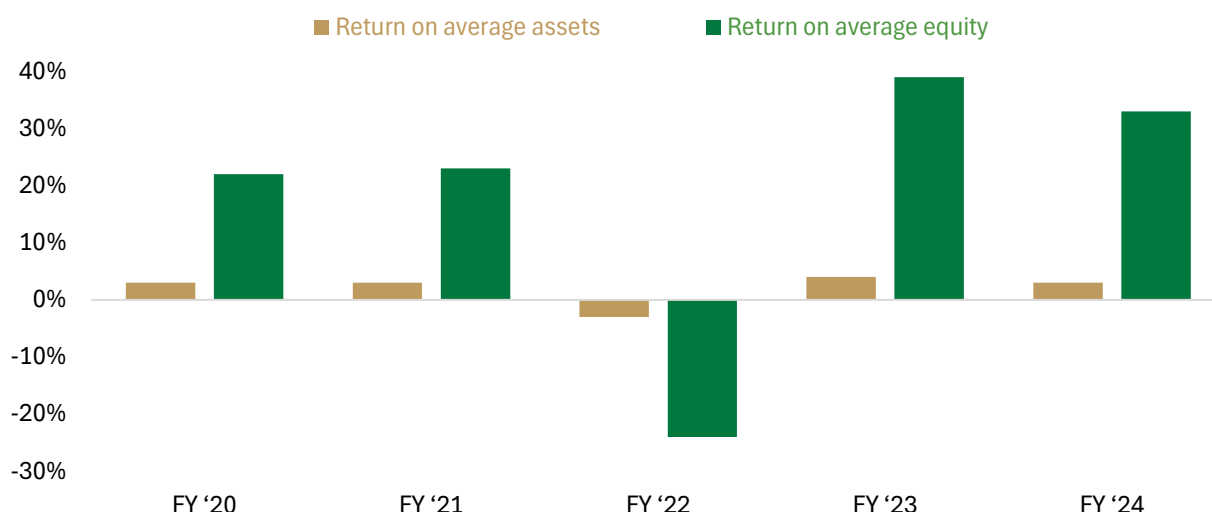
Exhibit 16: Improved macro conditions to improve asset quality

Source: Bank of Ghana, Databank Research

Banking Stocks Outlook

GCB Bank: GCB continues to demonstrate robust fundamentals, driven by revenue growth, enhanced credit quality, and disciplined capital management. The notable decline in NPLs and a strong capital adequacy ratio provide room for further loan expansion. Dividend payout in H2 is expected to catalyse the stock price.

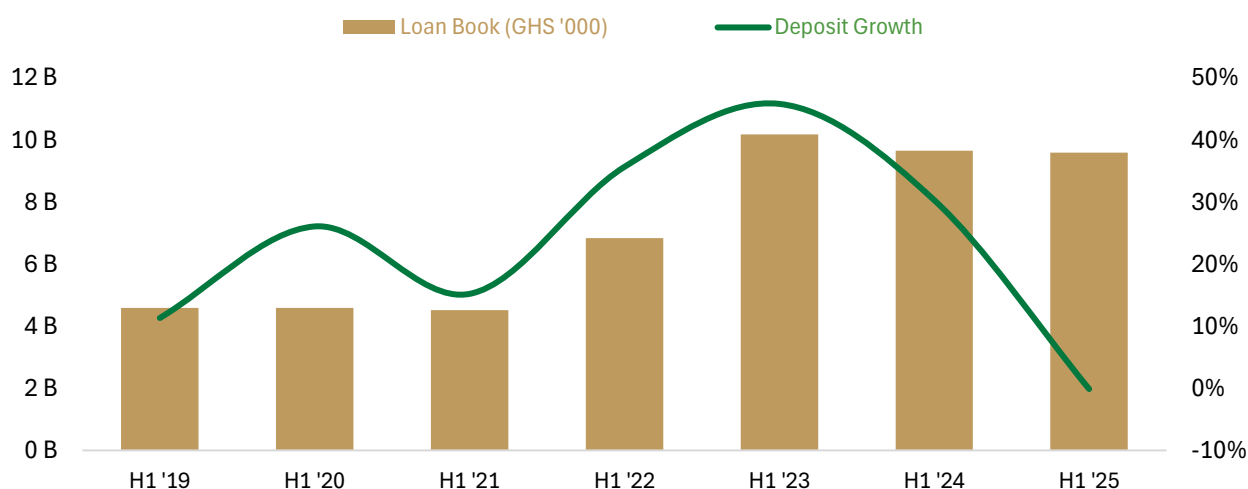
Exhibit 17: ROE & ROA Trend



Source: GCB, Databank Research

Ecobank Ghana (EGH): Ecobank demonstrates resilience through a diversified income base, efficient cost management, and strong liquidity buffers. While impairments and customer deposits remain key areas to monitor, moderate loan growth is expected in H2 2025. Dividend potential remains robust.

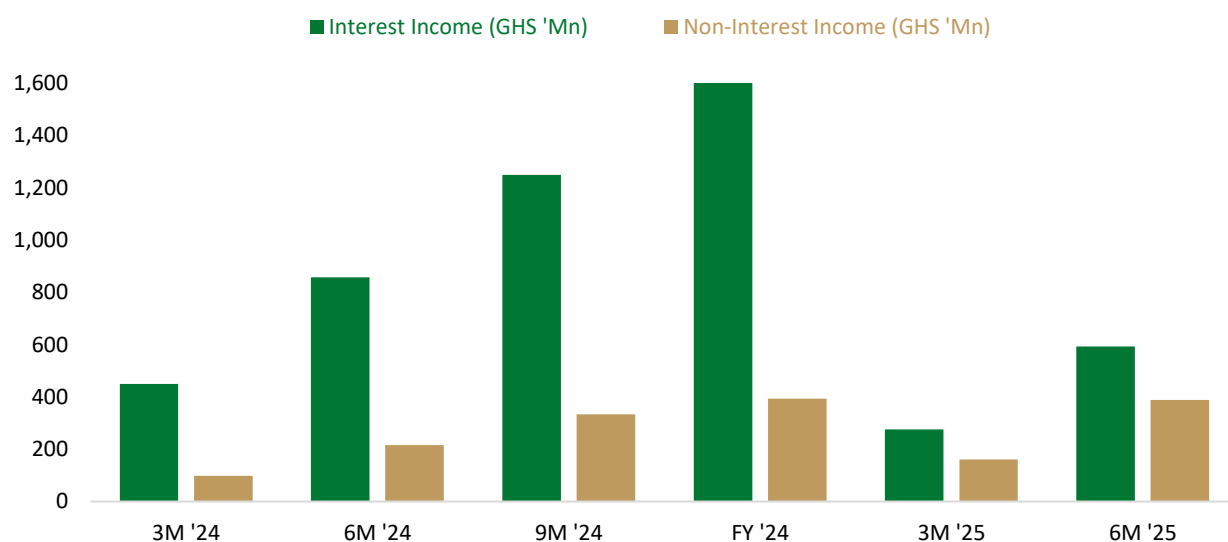
Exhibit 18: Loan Growth & LDR Trend



Source: EGH, Databank Research

Standard Chartered Bank (SCB): SCB maintains a defensive earnings profile, supported by strong capital buffers, non-interest income growth, and prudent provisioning. Balance sheet rebalancing remains a short-term drag but positions the bank for sustainable growth as macro tailwinds strengthen. Dividend potential remains intact.

Exhibit 19: Revenue Mix (Interest vs Non-Interest Income)

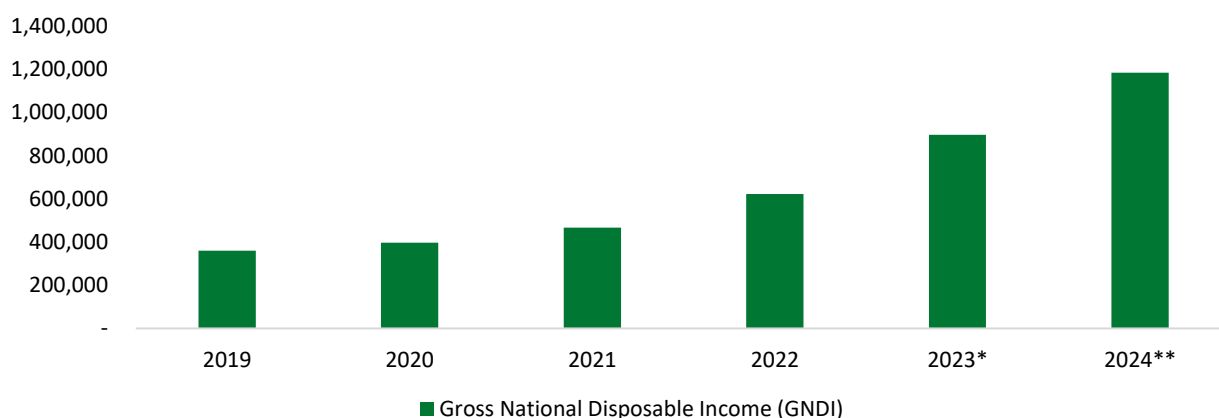


Source: SCB, Databank Research

Non-Bank Financial Outlook: Improving macro conditions and rising consumer confidence set the stage for a broad-based recovery in the non-banking sector in HY '25

Improving macro conditions, characterised by lower inflation, falling interest rates, stable currency, and improved business confidence, provide a constructive backdrop for equities. Rising disposable income is expected to boost earnings in the FMCG, telcos, and OMC sectors.

Exhibit 20: Rising disposable income on the back of improving macros



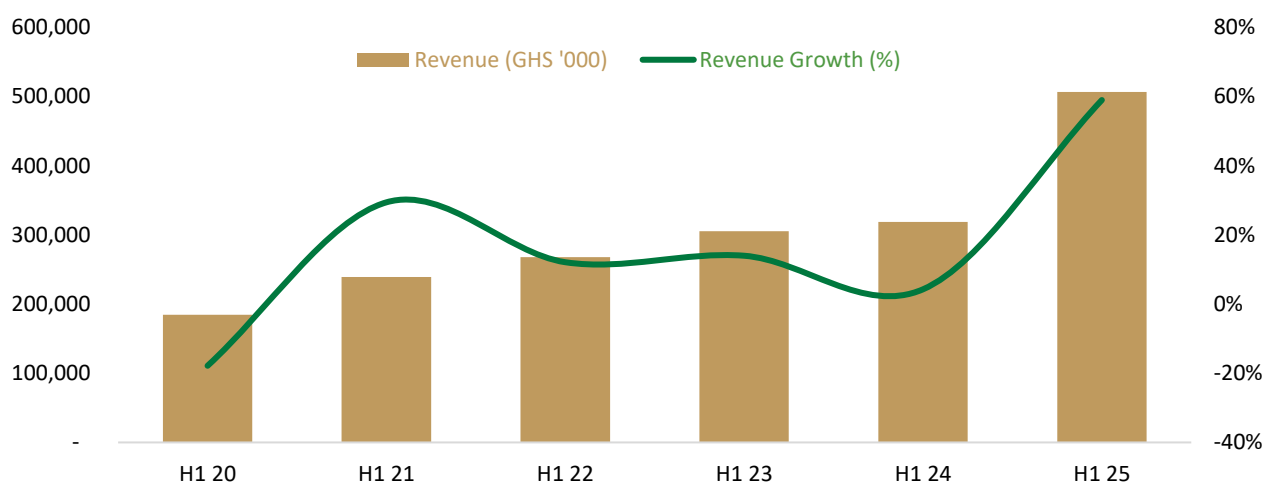
*Revised, **Provisional

Source: Ghana Statistical, Databank Research

Non-Bank Stocks Outlook

Fan Milk Limited (FML): FML is repositioning for growth, with strong top-line expansion and renewed investment in distribution and brand visibility. The strategy signals long-term upside potential, despite near-term cost headwinds.

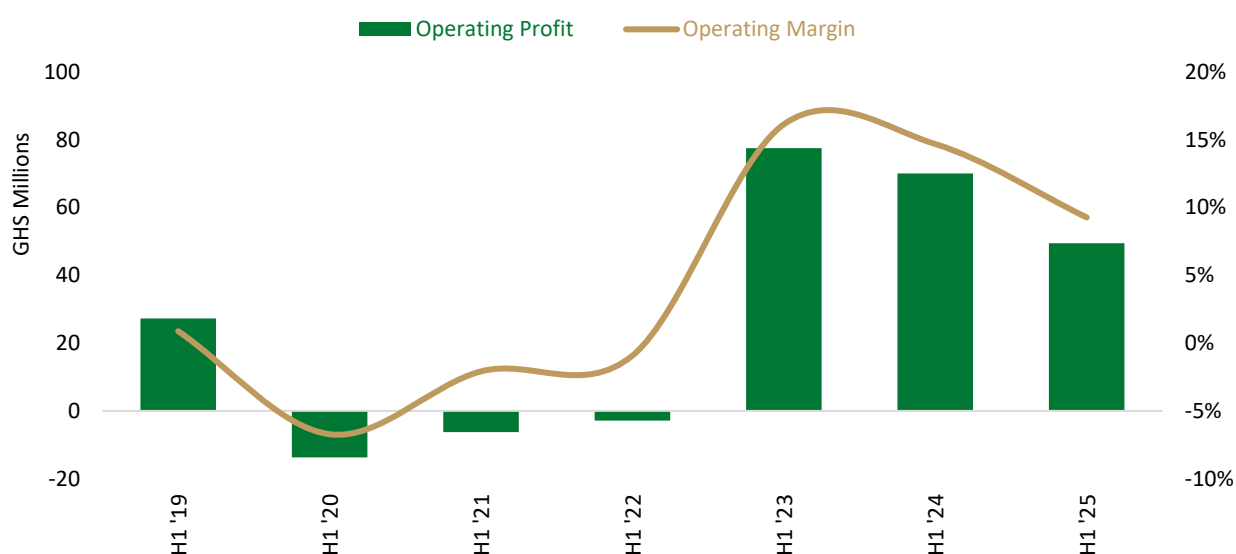
Exhibit 21: Revenue Growth Trend



Source: FML, Databank Research

Unilever Ghana (UNIL): UNIL delivered modest top-line growth but faced margin pressures from higher input costs and FX dynamics. While near-term profitability remains under pressure, volume recovery and disciplined execution are expected to support gradual earnings improvement. Dividend potential is likely to be contained in the near term.

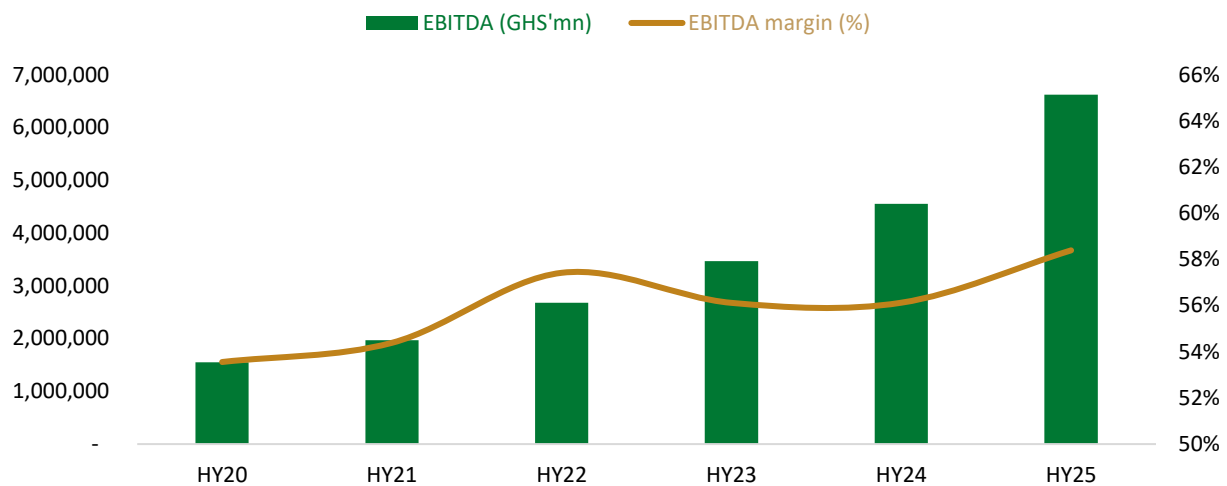
Exhibit 22: Operating Margin Trend



Source: UNIL, Databank Research

MTN Ghana (MTNGH): MTNGH remains a standout performer, delivering broad-based growth while leveraging MoMo's rising revenue contribution. Investments in digital and fintech platforms position MTNGH as more than a telco, offering strong potential. Dividend payouts remain consistent.

Exhibit 23: EBITDA showing consistent growth

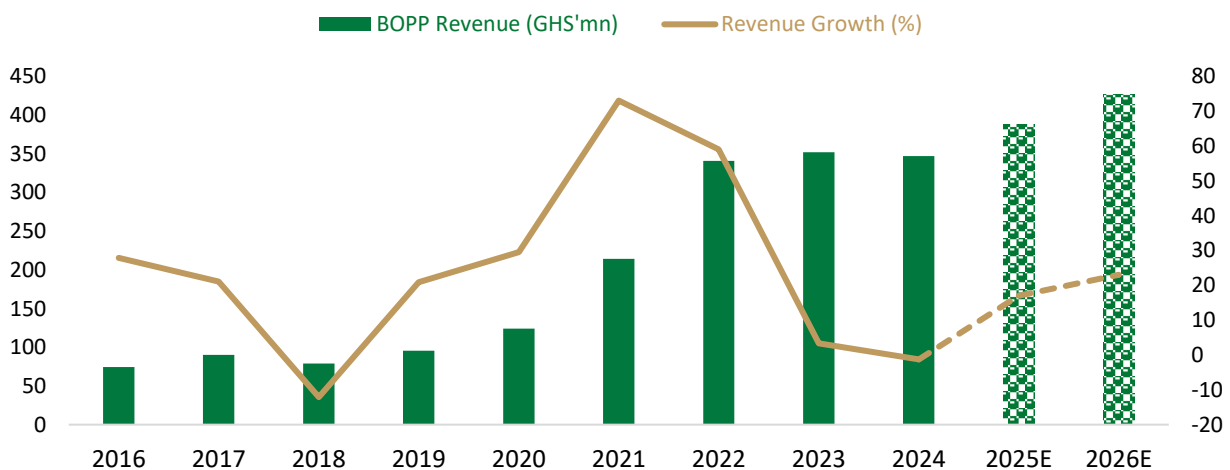


Source: MTNGH, Databank Research

Upside Potential Remains in Agriculture Sector

Benso Oil Palm Plantation (BOPP) is well-positioned for further upside over the next 12 months, supported by firmer crude palm oil (CPO) prices, improving production dynamics, and expanding extraction capacity. Global CPO benchmarks are trending higher on tight supply and resilient demand, creating a constructive pricing environment that should translate into stronger topline performance in H2 '25.

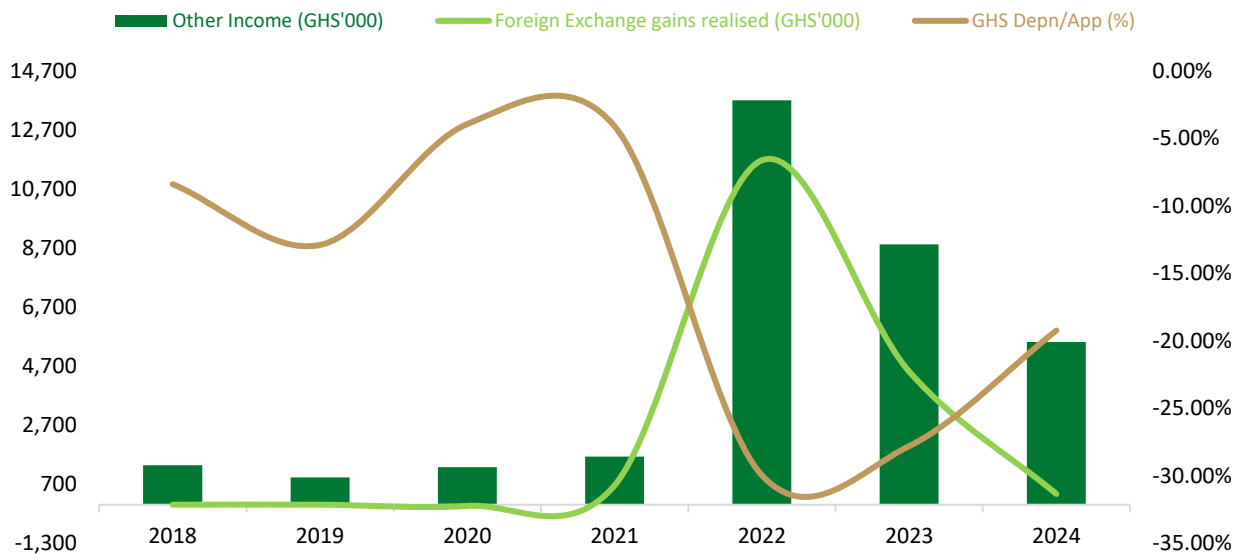
Exhibit 24: Revenue growth to rebound on growing CPO prices



Source: BOPP, Databank Research

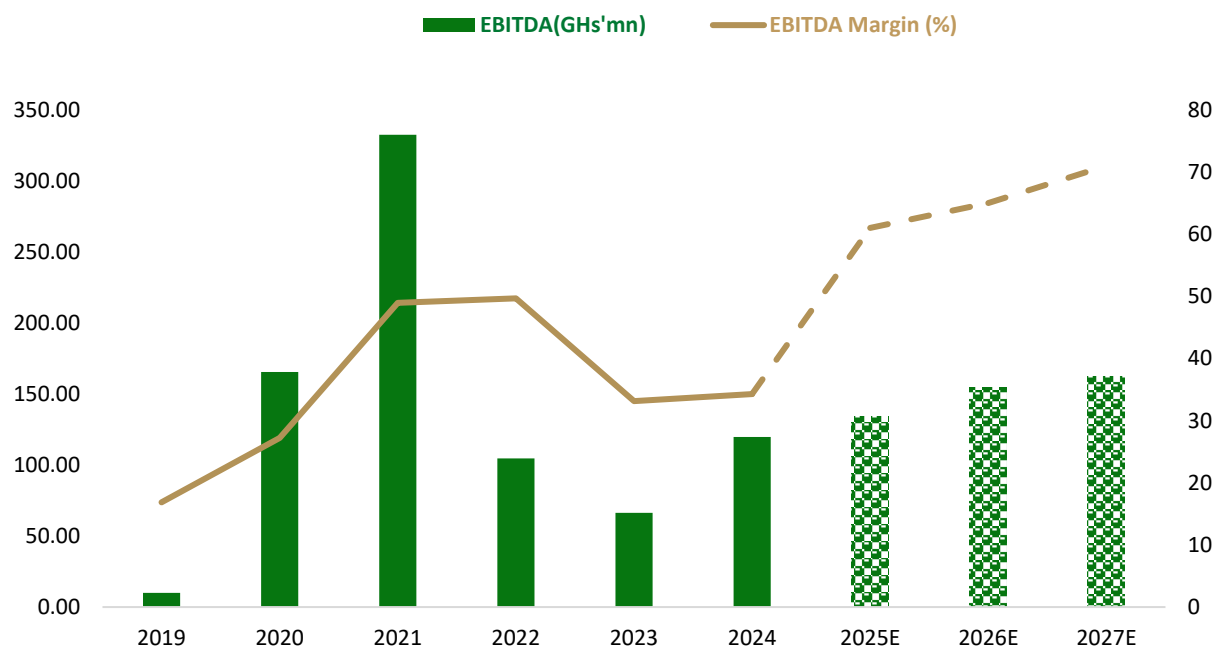
BOPP has delivered robust growth, with revenues compounding at ~30% CAGR from GHS124m in 2020 to GHS347m in 2024. Profitability peaked in 2022 (net profit: GH¢160m) on elevated CPO prices and cedi depreciation, before normalising to GHS95m in 2024 on weaker volumes and reduced FX gains. Fresh fruit bunch throughput declined 17% to ~121,800 tons in 2024, but management's replanting strategy and recent commissioning of additional extraction capacity provide clear scope for volume recovery and margin gains.

Exhibit 25: GHS Depreciation to Support BOPP's Topline



Source: BOPP, BoG, Databank Research

Valuation remains supportive. At GHS34.26/share, BOPP trades on a trailing P/E of c.9x and EV/EBITDA of 7x to 8x, broadly in line with regional agribusiness peers of 13x. The stock also offers a dividend yield of ~5%, backed by a disciplined payout policy. However, we deem the stable cedi outlook as a downside risk to our view. While FX stability is positive for macro fundamentals, it limits translation gains that historically enhanced GHS revenue. With rising CPO prices, improving extraction volumes, and a supportive valuation, we maintain a BUY recommendation on BOPP, positioning it as a quality exposure to Ghana's agriculture sector.

Exhibit 26: Improving Operational efficiency to expand EBITDA

Source: BOPP, Databank Research

Commodities Market

Key Highlights:

1. Gold is expected to stay elevated between USD3,000 and USD3,500, supported by geopolitical risks, central bank demand, and a dovish Fed. However, NewGold ETF returns will depend on the GHS; continued strength may cap gains, while a reversal could unlock upside.
2. Brent is projected to continue trading below USD70, underpinned by OPEC+ supply discipline, seasonal demand, and geopolitical tensions. Downside risks include weak global growth and rising non-OPEC supply.
3. Cocoa Remains Structurally Bullish: Cocoa prices are expected to average USD7,000–USD10,088, supported by persistent West African supply constraints and structural issues. Short-term volatility may stem from weather conditions or position unwinding.

H1'25 RECAP:

NewGold ETF and Gold

While international gold prices rose, the NewGold ETF's performance diverged sharply in Q2 due to GHS strength. In Q1, the ETF gained 17%, rising from GHS390.50 to GHS458, in line with USD-denominated gold. However, from late April through June, a c.40% appreciation in the GHS dramatically diluted local returns. As a result, NewGold slumped from a peak of GHS508.30 on April 22 to GHS350 by early June, a 31% drop, despite the bullion hovering near record highs. Strong remittance inflows, IMF disbursements, and tight monetary policy underpinned the GHS rally. By early June, the ETF had turned negative on a YTD basis (-10%), diverging from the commodity it tracks to GHS returns.

Gold delivered strong gains in the first half of 2025, propelled by global safe-haven flows, rising geopolitical tension, and a dovish Fed outlook. COMEX prices surged from USD2,638 to USD3,127 by end-March (+18%) and further extended to USD3,353 by end-June, maintaining momentum through Q2 (+5.6% q/q). Escalating US-China tariff threats, continued conflict hotspots, and central bank purchases at record volumes fuelled the rally. Gold briefly touched USD3,448.20 in mid-June as renewed tensions in the Middle East and a weakening USD amplified bullish sentiment.

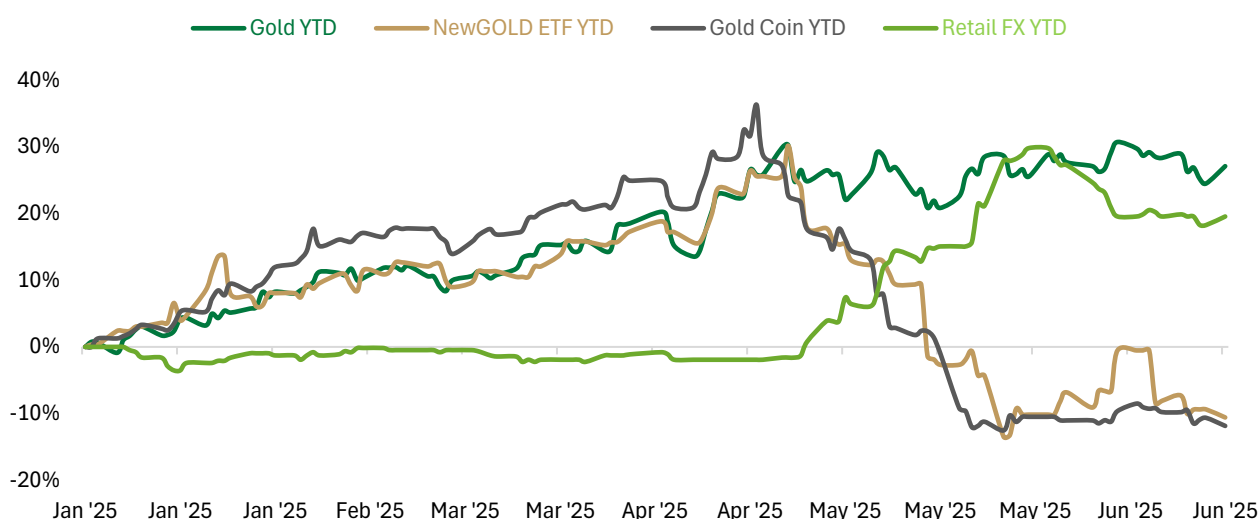


Reflector Mensah
Research Analyst

Brent Crude and Cocoa

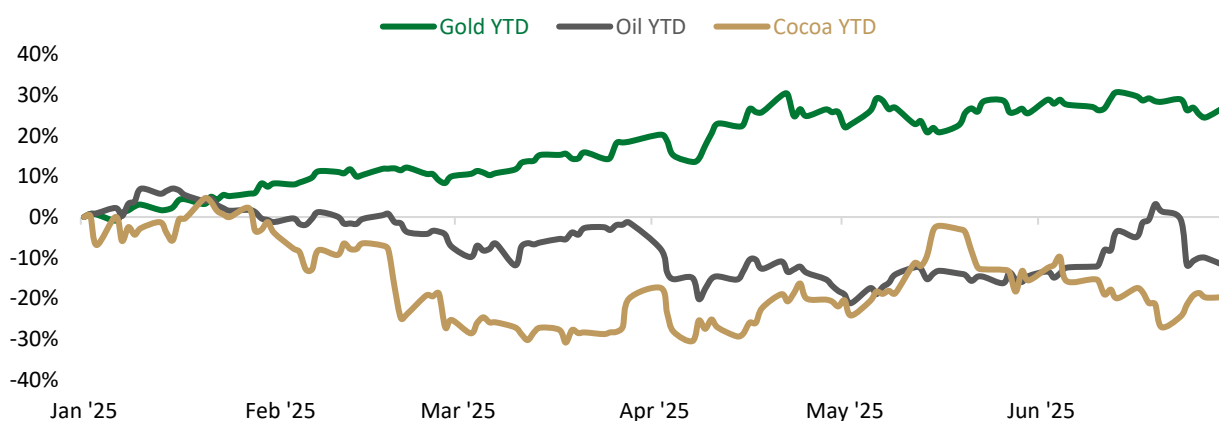
In line with our expectations, both Brent Crude and cocoa prices declined over the first half of 2025. Brent fell 12% from USD75.93 to USD66.82/bbl amid growing global growth concerns, softer-than-expected Chinese oil demand, and improving supply conditions from non-OPEC producers. Mild weather in major consuming regions and easing shipping tensions also weighed on prices. Cocoa prices experienced a steeper correction, dropping 20% from USD11,206 to USD9,000. The pullback was triggered by signs of improved mid-crop yields, coordinated supply-chain interventions, and some speculative unwinding after Q1's rally. Despite earlier disruptions in West Africa, improved logistics and weather patterns in Q2 helped ease supply-side pressures.

Exhibit 27: Impact of GHS appreciation on NewGold ETF returns - H1 '25



Source: GSE, Databank Research

Exhibit 28: Performance of key commodities – H1 '25 YTD returns



Source: Bloomberg, Databank Research

H2 '25 outlook:

Gold

Gold is expected to maintain elevated levels in H2 '25 amid persistent macroeconomic uncertainty, dovish central bank expectations, and sustained central bank accumulation. We maintain our forecast for the price of Gold to be USD3,000-USD3,500. Further upside may be realised if the US economy slows or geopolitical risks intensify, prompting a renewed flight to safety. Conversely, stronger-than-expected US data or resurgent inflation could reintroduce hawkish policy risks, tempering the pace of gains.

NewGold ETF

The ETF's performance in H2 will hinge critically on the direction of GHS. If the local currency appreciation continues, NewGold's upside will be muted despite bullish gold fundamentals. However, any reversal, whether from fiscal pressures, import demand, or external shocks, could enhance returns. Given Ghana's current FX dynamics, investors may see asymmetric upside should currency stability falter.

Brent Crude and Cocoa

We retain a constructive view on both markets through year-end. Brent is likely to trade below USD70/bbl, supported by OPEC+ discipline, seasonal demand, and geopolitical tail risks (Iran, Venezuela, and Ukraine).

Cocoa remains structurally bullish, with prices expected to average USD7,000-USD10,088. Continued supply shortfalls in West Africa, ageing farms, and logistical challenges will limit near-term relief. Potential pullbacks may occur if weather conditions improve or speculative positions unwind, but overall, both commodities remain well-supported.

Risk to Outlook

1. **Currency Stability:** The cedi may face renewed pressure from foreign currency-denominated contracting and persistent trade leakages, which could erode current FX buffers and weigh on retail market stability.
2. **Fiscal Target Slippage:** Fiscal consolidation efforts could weaken if customs revenue shortfalls, marine gas oil smuggling, and wage overruns persist, amplifying the risk of missing budget targets.
3. **Energy Sector Fragility:** Rising structural debt and payment arrears in the power sector are likely to intensify fiscal contingencies and undermine macroeconomic resilience.
4. **Bond Market Reopening:** Investor confidence could remain fragile given fiscal strain and lingering caution from previous debt restructuring, potentially affecting issuance uptake and pricing.
5. **Inflation Pressures:** Inflation could face renewed upward momentum from external cost pass-through, tariff adjustments, and global supply frictions, disrupting the current disinflation trajectory.

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