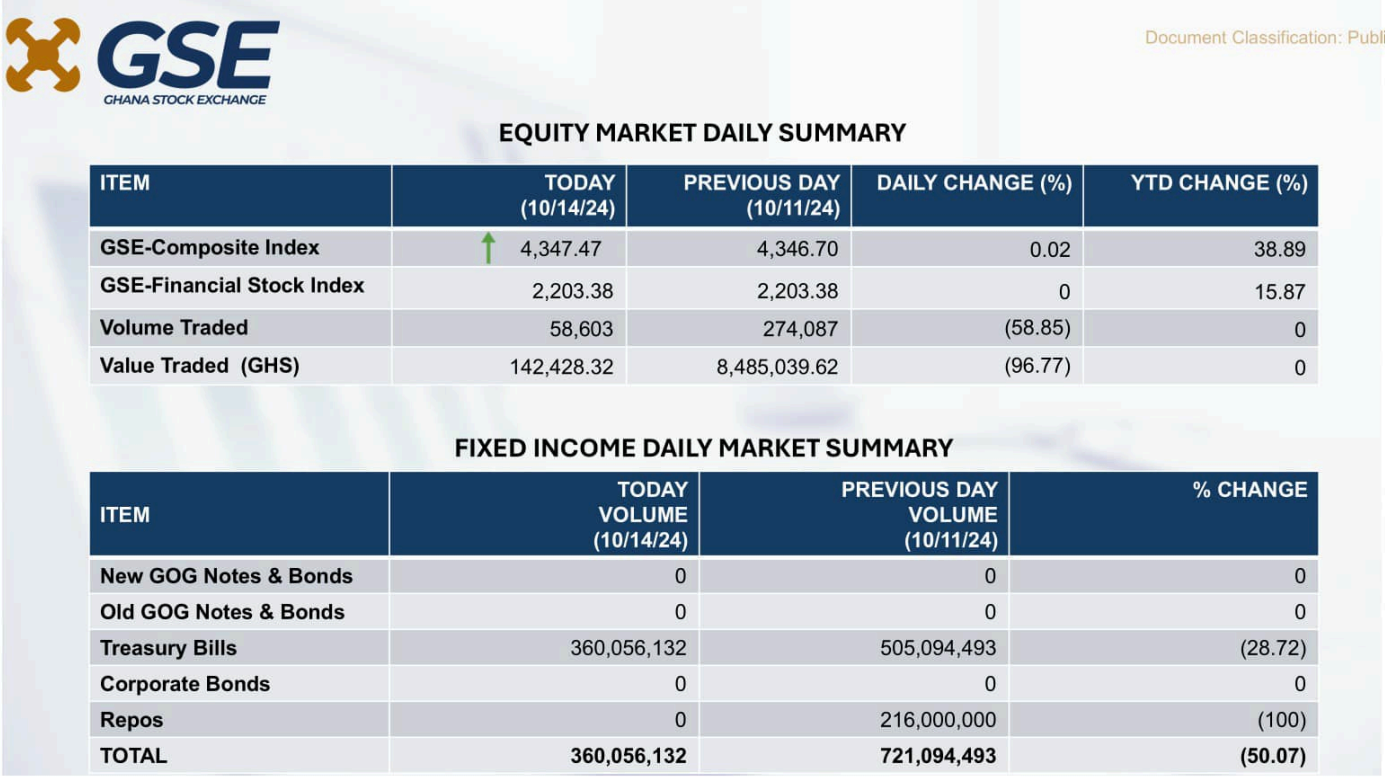
The Current State of Ghana's Stock Markets

Ghana Stock Exchange overview, performance, and investment risk (411 cross-linked, not redirected).



GSE
GHANA STOCK EXCHANGE

Document Classification: Public

EQUITY MARKET DAILY SUMMARY

ITEM	TODAY (10/14/24)	PREVIOUS DAY (10/11/24)	DAILY CHANGE (%)	YTD CHANGE (%)
GSE-Composite Index	4,347.47	4,346.70	0.02	38.89
GSE-Financial Stock Index	2,203.38	2,203.38	0	15.87
Volume Traded	58,603	274,087	(58.85)	0
Value Traded (GHS)	142,428.32	8,485,039.62	(96.77)	0

FIXED INCOME DAILY MARKET SUMMARY

ITEM	TODAY VOLUME (10/14/24)	PREVIOUS DAY VOLUME (10/11/24)	% CHANGE
New GOG Notes & Bonds	0	0	0
Old GOG Notes & Bonds	0	0	0
Treasury Bills	360,056,132	505,094,493	(28.72)
Corporate Bonds	0	0	0
Repos	0	216,000,000	(100)
TOTAL	**360,056,132**	**721,094,493**	**(50.07)**

Highlights

Analysis of the performance and trends in Ghana’s stock market for 2023.
Key statistics on market capitalization, trading volumes, and sector performance.
Projections and recommendations for enhancing stock market growth and investor participation.

Content

Ghana Stock Exchange: Market Overview, Performance & Investment Risk

The Ghana Stock Exchange (GSE) is the principal venue through which Ghanaian companies raise equity and debt capital, and through which local and international

investors gain exposure to the country's corporate sector. Like most frontier markets, its fortunes are tightly bound to the wider macroeconomic picture — inflation, interest rates, and currency stability all move through the exchange in ways that are hard to separate from the performance of any individual stock. The period since 2022 has made that link unusually visible. A market that spent 2023 absorbing high inflation, a weakening cedi, and elevated interest rates entered 2025 showing signs of a sharp turnaround, with the exchange posting double-digit growth in the first quarter of the year. This overview walks through the GSE's structure, its listed companies and sectors, the performance data that defines its recent trajectory, the state of foreign investment, and the risks and opportunities investors should weigh before allocating capital to Ghanaian equities.

Market Overview & History

The GSE functions as the core capital-markets institution in Ghana's financial system, giving companies a platform to raise funds through public listings and giving investors access to both equity and debt instruments, including government bonds. As of 2023, the exchange had 37 listed companies — a relatively small roster by regional and global standards, and one that did not grow at all that year. No new initial public offerings reached the market in 2023, a stagnation that analysts tied directly to the broader economic environment rather than to any lack of underlying corporate activity.

Total market capitalization on the GSE reached GHS 65 billion in 2023. Data drawn from the exchange itself, alongside analysis from the World Bank, the International Monetary Fund, the Bank of Ghana, and PwC Ghana, characterized this as "modest growth despite economic challenges" — language that captures the central tension running through the market's recent history. Capitalization expanded, but not because of a wave of new listings or aggressive equity issuance; it expanded despite an environment that was actively working against it.

That environment was defined by three intertwined pressures: inflation that averaged 30% across 2023, a benchmark interest rate that sat at the same 30% level, and a cedi that continued to depreciate against major currencies. Each of these fed into the others. High inflation eroded the real value of corporate earnings and consumer purchasing power. High interest rates, set in part to combat that inflation, made government bonds and other fixed-income instruments far more attractive than equities on a risk-adjusted basis. And currency depreciation raised the effective cost of holding cedi-denominated assets for anyone transacting in dollars, euros, or other foreign currencies.

The result was a market structure that shifted noticeably toward fixed income during 2023. The GSE's bond market — dominated by government bonds — grew by 20% over the year, as both local and foreign investors sought the relative safety of instruments offering higher, more predictable returns than equities could match in that climate. That growth in bonds came at the direct expense of the equity side of the market, where trading volumes fell.

This is the backdrop against which the GSE's more recent history should be read. The exchange is not a large, deeply diversified market with decades of steady institutional buildup driving its capitalization; it is a comparatively young, comparatively concentrated exchange whose year-to-year performance is highly sensitive to the same macroeconomic variables that shape the rest of Ghana's economy. Understanding the GSE, in other words, means understanding Ghana's inflation and interest rate cycle first, and the exchange's own internal dynamics second.

Key Listed Companies & Sectors

The GSE's sectoral composition is heavily concentrated, and that concentration is the single most important structural fact about the exchange. The banking sector is the dominant force on the market, contributing 35% of total market capitalization and standing out as the top-performing sector during 2023. In a market of only 37 listed companies, that level of concentration means the health of a handful of banks has an outsized effect on the index as a whole — when banking earnings hold up, the broader market has a cushion; when the sector wobbles, there are few other large sectors to absorb the shock.

Beyond banking, the market's other major established presence is in telecommunications, which analysts identified alongside banking as one of the few sectors with genuine scale on the exchange. Together, banking and telecommunications form the backbone of the GSE's capitalization, and this narrowness is repeatedly flagged as a structural weakness rather than a strength. Reporting on the exchange in 2023 explicitly named the GSE's lack of significant sectoral diversification as one of the ten leading factors shaping its performance, noting that the market is "overly reliant on a few key industries like banking and telecommunications."

This concentration is compounded by the complete absence of new listings in 2023. With no IPOs reaching the market that year, the sector mix on the GSE stayed static rather than broadening. Analysts and regulators identified this as a priority area for reform, specifically calling for incentives to bring companies from underrepresented sectors — technology and manufacturing chief among them — onto the exchange. The reasoning is straightforward: a market where growth-oriented technology firms and manufacturing companies are largely absent is a market that cannot fully capture Ghana's broader economic activity, and one that leaves investors with limited options for sector-level diversification within the country's own equity market.

The regulatory environment was also cited as a constraint on new listings, with limited incentives currently in place to encourage manufacturing, technology, or other non-financial firms to go public. For investors, the practical implication is that exposure to the GSE today is, in large part, exposure to Ghanaian banking — with telecommunications as the other major sector of scale, and a narrow set of remaining listed names spread across smaller sectors. Anyone building a position in the exchange should size that concentration risk accordingly, rather than assuming the market offers broad-based exposure to the Ghanaian economy the way a more diversified index would.

Performance Trends & Indices

The GSE Composite Index — the benchmark measure of performance across all listed stocks — recorded a 7% decline in 2023. That decline is best read as a signal of investor caution rather than a story of collapsing corporate fundamentals: it took place against a backdrop of persistent macroeconomic uncertainty, and it moved in step with a broader pullback in market activity. Trading volumes fell by 15% in 2023 compared with 2022, a drop attributed to reduced investor participation across the board, both domestic and foreign.

Not every performance metric moved in the same direction, however. Dividend yields on GSE-listed stocks averaged 4.5% in 2023 — a figure that analysts described as an attractive return relative to fixed-income alternatives, even in a year when interest rates were unusually high. That dividend performance is a meaningful data point for income-focused investors: even as the index itself declined and trading activity thinned out, income generation from listed equities held up well enough to remain competitive.

The fixed-income side of the market told the opposite performance story. As already noted, the GSE's bond market — led by government bonds — grew by 20% in 2023, pulling in investors who wanted the higher, steadier returns of debt instruments over the volatility of equities. This divergence between a declining equity index and a

growing bond market is one of the clearest performance trends of the period: capital did not necessarily leave the GSE, but it reallocated within it, moving from stocks toward government debt.

The macro backdrop for these trends is the same one already described in the market overview. A 30% average inflation rate in 2023 eroded stock valuations directly, while a 30% benchmark interest rate gave investors a compelling reason to prefer bonds. Both figures reflect an economy under real strain, and both help explain why the Composite Index moved lower even as market capitalization in aggregate ticked up modestly.

The most recent performance data available marks a significant shift in trajectory. In the first quarter of 2025, the GSE achieved growth of over 30%, a performance that outperformed other West African markets over the same period. This was attributed to increased investor activity and strong corporate earnings, and it positioned Ghana as a leading investment destination within the West African region during that quarter. Coming just over a year after a market defined by a declining index, falling trading volumes, and reduced investor participation, this Q1 2025 result suggests the GSE moved from a defensive, income-oriented posture in 2023 toward a period of renewed growth and investor confidence.

It's worth noting that the available data on this 2025 rebound is limited to the headline growth figure and its broad attribution to investor activity and corporate earnings; it does not break out which sectors or companies drove the gain, nor does it specify whether the rebound was led by domestic or foreign capital. Investors looking for the fuller regional context behind this figure — including how it compared with other African exchanges during the same quarter — should consult the broader West African and pan-African market coverage that tracked this period across multiple exchanges simultaneously, since the GSE's 2025 performance did not happen in isolation from regional trends.

Taken together, the performance data spans two very different chapters: a 2023 marked by index decline, volume contraction, and a flight to fixed income, followed by an early-2025 snapshot of outperformance. For investors, the lesson is that the GSE's index-level performance can move quickly in either direction depending on the macroeconomic cycle, and that trailing performance from any single year should be weighed against this volatility rather than extrapolated forward.

Foreign Investment Climate

Foreign participation on the GSE fell sharply during the period covered by the available data, dropping to 18% in 2023 from 25% in 2022. That seven-percentage-point decline is one of the clearest indicators of how international investors responded to Ghana's macroeconomic conditions that year. The drop was attributed largely to currency depreciation and the broader set of macroeconomic risks facing the country — factors that make holding cedi-denominated equities less attractive to investors transacting in harder currencies.

Currency risk sits at the center of this dynamic. A weakening cedi discourages foreign investment by increasing the effective risk faced by international investors: even if a Ghanaian stock performs well in local currency terms, that performance can be offset, or worse, once translated back into dollars or another reserve currency. This dynamic was identified as a standalone factor shaping the GSE's trajectory in 2023, distinct from — though related to — the inflation and interest rate pressures already discussed.

Global market sentiment compounded these domestic pressures. Interest rate increases in developed economies during this period gave international investors higher-yielding, lower-risk alternatives outside of frontier markets like Ghana, pulling capital away from the GSE and toward more established markets. This is a structural headwind that Ghana's stock market shares with other frontier and emerging markets:

when developed-market yields rise, the relative appeal of frontier equities diminishes regardless of how those individual markets are performing on their own terms. Declining foreign direct investment into the stock market more broadly was cited as a reflection of these wider concerns about Ghana's economic outlook, rather than a judgment on any specific company or sector.

The available data does not specify whether foreign participation recovered alongside the broader market's Q1 2025 growth. The 30%-plus gain recorded in that quarter was attributed to "increased investor activity and strong corporate earnings" without a breakdown by investor origin, so it is not possible to say from current data whether international capital has returned to the GSE at pre-2022 levels, or whether the rebound has so far been driven primarily by domestic participation. This is a meaningful open question for foreign investors evaluating the market today: the headline growth figure is encouraging, but the composition of that growth — and specifically whether it reflects a genuine return of foreign capital — is not yet documented in the sources tracking this period.

For now, the foreign investment climate on the GSE should be understood as one that deteriorated materially through 2023 on the back of currency and macroeconomic risk, with a 2025 growth spurt whose implications for foreign participation specifically remain unconfirmed pending further reporting.

Risks & Opportunities for Investors

The risk picture for the GSE, based on the available data, centers on a small number of interlocking factors. Currency risk is foremost: a depreciating cedi has already been shown to suppress foreign participation once, and remains a live risk for any investor holding cedi-denominated equities without a currency hedge. Inflation risk sits alongside it — a 30% average inflation rate in 2023 directly eroded stock valuations and corporate earnings, and any return to elevated inflation would likely repeat that pressure on equity performance. Interest rate risk compounds both: as long as government bonds offer yields competitive with or exceeding equity returns, capital has a structural incentive to sit in fixed income rather than stocks, which caps upside for the equity market even when underlying corporate performance is sound.

Concentration risk is the other defining feature of the GSE, and it is structural rather than cyclical. With banking alone accounting for 35% of market capitalization and telecommunications as the only other sector of comparable scale, the exchange offers limited insulation if either sector runs into trouble. The absence of new listings — zero IPOs in 2023 — means this concentration is not naturally correcting itself through market growth, and the regulatory and incentive gaps that have kept technology and manufacturing companies off the exchange remain, on the available evidence, unresolved.

Set against these risks, several genuine opportunities emerge from the same data. Dividend yields of 4.5% in 2023 represented a competitive return even during a year of index decline, which means income-focused investors were compensated for equity risk to a degree that pure price-return figures understate. The bond market's 20% growth, while it drew capital away from equities, also demonstrates that Ghana's broader capital markets — including the GSE's own debt instruments — remained functional and attractive to investors seeking stability, which is itself a sign of underlying market infrastructure that can eventually support renewed equity issuance.

The clearest opportunity signal in the available data is the Q1 2025 performance: growth of over 30%, outperforming other West African markets, attributed to increased investor activity and strong corporate earnings. If sustained, this kind of turnaround would represent exactly the stabilization that 2023 analysis projected could occur if inflation and interest rates eased — a scenario in which renewed investor interest flows back into equities once the macroeconomic backdrop stops actively working against the

market. Reforms identified as necessary for that stabilization to hold include monetary stability to rebuild investor confidence, incentives to promote IPOs particularly in underrepresented sectors like technology and manufacturing, measures to enhance market liquidity and infrastructure, and a deliberate push to expand sectoral diversity beyond banking and telecommunications.

For an investor weighing the GSE today, the balance of evidence suggests a market in transition: one that spent 2023 absorbing a genuinely difficult macroeconomic environment, saw its equity index and trading volumes contract as a result, but has since shown a sharp rebound in early 2025 that — if corroborated by further data on corporate earnings, sector breadth, and foreign participation — could mark the beginning of the kind of structural recovery that the 2023 analysis identified as the necessary path forward. The opportunity is real, but so is the concentration and currency risk that has defined the exchange throughout this period, and investors should treat the 2025 growth figure as an encouraging data point rather than confirmation that the underlying structural issues — narrow sector representation, stalled IPO activity, and sensitivity to currency and inflation shocks — have been resolved.

Conclusion

The Ghana Stock Exchange remains a small, concentrated, and macro-sensitive market whose recent history illustrates both the risks and the resilience of frontier equity investing. A 2023 marked by a declining Composite Index, shrinking trading volumes, falling foreign participation, and a pronounced shift toward fixed income gave way to a first quarter of 2025 in which the exchange posted growth exceeding 30% and outperformed its West African peers. Banking and telecommunications continue to dominate the listed company base, IPO activity has been stagnant, and currency and inflation risk remain central to any investment thesis on Ghanaian equities. Investors considering exposure to the GSE should weigh the encouraging 2025 performance against the structural concentration and macroeconomic sensitivity that defined the market only a year earlier, and should look to broader regional coverage for context on how Ghana's performance compares with other African exchanges moving through the same cycle.