SECURITIES AFRICA
RESEARCH & CAPITAL MARKETS

PAN-AFRICA

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

We have included summaries for the countries listed below, please click on the country name should you wish to navigate to it directly:

- ⇒ **Botswana**
- ⇒ **Egypt**
- ⇒ **Ghana**
- ⇒ **Kenya**
- ⇒ **Malawi**
- ⇒ **Mauritius**
- ⇒ **Nigeria**
- ⇒ **Tanzania**
- ⇒ **Zambia**
- ⇒ **Zimbabwe**

AFRICA STOCK EXCHANGE PERFORMANCE

Country	Index	15-Sep-17	22-Sep-17	WTD % Change Local	WTD % Change USD	31-Dec-16	YTD % Change Local	YTD % Change USD
Botswana	DCI	8980,82	8959,96	-0,23%	-0,53%	9700,71	-7,64%	-4,28%
Egypt	CASE 30	13610,61	13695,33	0,62%	0,68%	12344,00	10,95%	14,21%
Ghana	GSE Comp Index	2310,28	2291,60	-0,81%	-0,46%	1689,09	35,67%	30,28%
Ivory Coast	BRVM Composite	238,38	234,84	-1,49%	-3,45%	292,17	-19,62%	-10,92%
Kenya	NSE 20	3783,98	3764,44	-0,52%	-1,23%	3186,21	18,15%	16,26%
Malawi	Malawi All Share	19948,97	19998,24	0,25%	0,06%	13320,51	50,13%	47,98%
Mauritius	SEMDEX	2186,67	2193,16	0,30%	-0,21%	1808,37	21,28%	25,29%
	SEM 10	421,20	422,52	0,31%	-0,20%	345,04	22,46%	26,50%
Namibia	Overall Index	1120,77	1135,70	1,33%	1,26%	1068,59	6,28%	9,97%
Nigeria	Nigeria All Share	35005,57	35488,81	1,38%	3,30%	26874,62	32,05%	13,20%
Swaziland	All Share	395,59	395,59	0,00%	-0,36%	380,34	4,01%	7,62%
Tanzania	TSI	3704,45	3715,04	0,29%	1,04%	3677,82	1,01%	-3,73%
Zambia	LUSE All Share	4925,42	4970,06	0,91%	-0,22%	4158,51	19,52%	23,58%
Zimbabwe	Industrial Index	400,03	366,08	-8,49%	-8,49%	145,60	151,43%	151,43%
	Mining Index	91,46	99,67	8,98%	8,98%	58,51	70,35%	70,35%

CURRENCIES

Cur-rency	15-Sep-17 Close	22-Sep-17 Close	WTD % Change	YTD % Change
BWP	10,13	10,16	0,30	3,63
EGP	17,65	17,64	-0,06	2,94
GHS	4,43	4,41	-0,35	-3,97
CFA	549,81	560,99	2,03	10,83
KES	102,50	103,24	0,72	-1,60
MWK	720,02	721,39	0,19	-1,43
MUR	33,32	33,49	0,51	3,31
NAD	13,18	13,19	0,08	3,47
NGN	360,21	353,50	-1,86	-14,27
SZL	13,14	13,19	0,36	3,47
TZS	2243,00	2226,30	-0,74	-4,70
ZMW	9,38	9,48	1,13	3,40

SECURITIES AFRICA

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Botswana

Corporate News

No Corporate News This Week

Economic News

Botswana is amending its law to give the government the first option to buy diamonds that are unusually large or have other unusual features found in its mines, such as the world's second-biggest 1,109 carat diamond discovered two years ago. The cornerstone of Botswana's success has been one commodity, diamonds, coupled with a rigid adherence to prudent use of revenues, a rarity on a continent where natural riches are routinely squandered or stolen, or the cause of civil war. A draft bill amending the Precious and Semi-Precious Stones Act says any producer coming into possession of what it terms an "unusual" rough or uncut diamond shall notify the minister within 30 days after which government shall have the first option to buy the stone. The bill did not give a precise definition of "unusual". But an official told a local newspaper that it referred to stones that were unusually large, were particularly clear or had an unusual colour. Moses Tshetlhane, chief minerals officer in the Mineral Resources Minister, told Mmegi Newspaper the amendment was motivated by the recovery of "Lesedi La Rona", or "Our Light", the largest diamond uncovered in over a century. "The price to be paid by government for a rough or uncut precious stone offered for sale by the producer shall be agreed between the parties in accordance with the current market price of the rough or uncut precious stone," the bill says. The tennis ball-sized stone was found in November 2015 at Lucara Diamond Corp's mine in Botswana and is yet to find a buyer after it failed to sell at Sotheby's auction house in June 2016. "These outliers carry special features and any producer would celebrate such or even have them in museums as national treasures. So it is not unusual for governments to have options in such unusual diamonds," Tshetlhane said. Lucara also unearthed another 812.77 carat stone, The Constellation, at the same mine, which fetched $63 million at an auction in 2016. *(Reuters)*

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Egypt

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Egypt's finance ministry has asked the cabinet to approve two new eurobond issuances, two ministry sources told Reuters. The first issuance would range between 1-2 billion Euros before the end of 2017. The second would range from $4-8 billion and would be in 2018. The sources said the finance ministry is looking to diversify its bond portfolio to attract different types of investors. *(Reuters)*

Two wheat cargoes rejected by Egypt's agriculture quarantine service for containing poppy seeds are still in the custody of the public prosecutor and have not been released yet, Egypt's Red Sea Port Authority said on Saturday. The agriculture minister said on Wednesday that the poppy seed variety found in the cargoes from France and Romania was not dangerous and the shipments would be released and sieved. But there has still been no word from the prosecutor on whether that will take place. The director of the port, General Ashraf Abdel Moneim, said the two cargoes in question were still in the port, in the custody of the prosecutor, and were awaiting his decision on the matter. Still, agriculture ministry spokesman Hamid Abdel Dayem said the there was a "definite leaning" towards releasing the two shipments and sieving them. Egypt, the world's biggest wheat buyer, rattled global suppliers by referring the two cargoes to the public prosecutor for containing what it said were drug-producing poppy seeds.

The prosecutor has yet to issue a final decision on whether the wheat should be re-exported. State grain buyer GASC has said that the agriculture quarantine service has signed a letter stating that the kind of seed found in the Romanian cargo is papaver rhoeas which is not harmful. But traders are still waiting for the final decision of the prosecutor. Red Sea Port Authority spokesman Malak Youssef said a 63,000 tonne Russian wheat shipment being checked at the port of Safaga was looking likely to be accepted without problems. Any rejection of a GASC cargo could lead suppliers to boycott the state's massive tenders, protesting what they describe as excessive inspection measures that have made doing business with Egypt increasingly risky. In a similar trade row last year, Egypt temporarily banned any trace of ergot, a common grain fungus, in cargoes. That move halted the country's billion-dollar grain trade after suppliers said the zero-tolerance level was impossible to guarantee. *(Reuters)*

Foreigners have invested a total of $17.6 billion in Egyptian debt instruments since the central bank floated the pound currency in November 2016 and up until mid-September this year, Deputy Finance Minister Ahmed Kojak told Reuters on Monday. *(Reuters)*

Egypt expects to determine the currency of its next Eurobond issuance within two weeks, finance minister Amr El-Garhy told Reuters on Tuesday. Garhy said the ministry is looking to issue Euro-denominated Eurobonds to fulfill short-term obligations and to diversify its currency basket. The finance minister also said he expected Egypt's growth rate to reach 4.75-5.0 percent in the first quarter of the fiscal year 2017-2018, and its inflation rate to drop below 15 percent by the fiscal year's end. *(Reuters)*

Egyptian banks have provided about $55.1 billion to fund trade since the country floated its currency in November last year, a central bank official told Reuters on Tuesday. The banks were able to extend up to $40 billion in documents for collections (IDCs) and letters of credit, and open new letters of credit for up to $15.1 billion dollars, the source said. *(Reuters)*

Average yields on Egypt's six-month and one-year treasury bills fell at an auction on Wednesday, central bank data showed. Yields on the 182-day bill dropped to 18.434 percent from 19.110 percent at the last sale. Yields on the 357-day bill fell to 17.868 percent from 18.709

percent. Total foreign holdings in Egyptian securities stood at 300 billion Egyptian pounds ($17 billion) as of Sept. 19, the head of public debt at the finance ministry, Sami Khallaf told Reuters. *(Reuters)*

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Ghana

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Credit rating agency, Fitch Ratings, has affirmed Ghana at 'B' with a stable outlook, citing medium-term growth potential and improving macroeconomic stability. It noted that falling inflation will allow Bank of Ghana to continue lowering monetary policy rate and take other actions to loosen monetary policy. According to Fitch, Ghana's non-oil domestic output is expected to continue to grow as power provision improves while banks continue to clear non-performing loans from their balance sheets. It explained that the ratings reflect the country's medium-term growth potential and improving macroeconomic stability, which is supported by the authorities' commitment to putting public finances on a sustainable path. "This is balanced against high government debt, existing weakness in public finances, and low GDP per capita. "Fiscal outruns from the first half of 2017 indicate that the government's fiscal consolidation efforts remain on track. "Revenues have underperformed their mid-year budget targets, but reported expenditure has been lower as well," it added. Fitch expects the general government deficit on a cash basis to narrow to 7.3% of GDP, down from 9.3% in 2016. The credit rating agency's forecast is higher than the government's forecast of 6.3%, reflecting the view that tax cuts included in the budget to spur economic activity will keep revenues lower than envisaged.

"Moreover, the risk of off-budget spending and the accumulation of new arrears remains a risk. "Ghana's high public sector debt level stabilised in 2016. Fitch forecasts general government debt to fall to 71% of GDP in 2017, down from 73% at end-2016. "Falling government debt is positive for Ghana's ratings, but the current debt level is higher than peers, both as a percentage of GDP (the 'B' median is 56% of GDP) and a percentage of revenue. Ghana's general government debt/revenue is 364%, well above the 'B' median of 227%. "Domestic payment arrears and contingent liabilities from energy sector SOEs present additional debt sustainability risks," it said. Fitch noted that the accumulation of GH¢1billion in new arrears in 2016, along with GH¢5 billion in outstanding expenditure claims, brings the total stock of outstanding government arrears to as much as 3% of GDP. Furthermore, a recent audit estimated energy sector SOE arrears to domestic banks, suppliers and other SOEs at 13% of GDP. Fitch forecasts real GDP growth of 6% in 2017, up from 3.5% in 2016. *(Ghana Web)*

The mining sector in Ghana contributed significantly to the Ghanaian economy in 2016 fiscal year, the Chief Executive Officer of the Ghana Chamber of Mines, Sulemanu Koney, has revealed. According to him, the sector, in 2016, contributed about GH¢1.6 billion to the Ghana Revenue Authority (GRA), representing 15.8 per cent of the GRA's total direct taxes for the year. He told members of the Journalists for Business Advocacy at a forum in Accra that: "The sector contributed about GH¢ 1.6 billion to the GRA, representing 15.8 per cent GRA's total direct taxes for the year. Mining was the leading tax payer and contributor to GRA's domestic collections in 2016. It contributed about GH? 1.64 billion to GRA, representing 15.8% of GRA's Total Direct Taxes in 2016. "Gold Fields and Newmont Ghana, member companies of the Chamber, were adjudged the largest and second largest tax payer in Ghana in 2016 by GRA." He added: "The industry accounted for 46% of the country's gross export revenue in 2016, reinforcing its position as the leading source for forex and a major contributor to the country's balance of payments. "For the first time since 2011, the provisional balance of payments in 2016 recorded a surplus.

This largely reflected an improvement in the trade balance driven by a rise in gold export receipts and a fall in oil import prices. "Producing members of the Chamber returned USD 2.3 billion, representing 71% of their mineral revenue (USD3.2 billion) through the Bank of Ghana (BoG) and the commercial banks in 2016. "This has significant bearing on the international reserve position of BoG and the stability of the monetary system as a whole." He therefore asked the government to ensure efficiency in the management of mineral resources. "The government should enact a law for the management of mineral revenue to promote sustainability and efficiency in the expenditure of revenues attributable to mining. "While government recently enacted a law (Minerals Development Fund Act, 2016, Act (912)) to govern the transfer of mineral royalty revenue to the District Assemblies (DA), its provisions are yet to be implemented after more than a year of the President's assent: Constitution and inauguration of Board, Establishment of Mining Community Development Scheme. "We urge the government to put in place the required structure to support the implementation of Act 912 to facilitate development," he stated. *(Ghana Web)*

Ghana's cocoa industry regulator Cocobod signed a $1.3 billion loan with international banks on Wednesday to fund purchases for the 2017/18 season, due to open early next month, Cocobod's deputy chief executive said. The world's second largest cocoa producer after Ivory Coast, Ghana uses loans from international banks every year for bean purchases. In the upcoming season it aims to buy at least 850,000 tonnes from farmers, Cocobod's Yaw Adu-Ampomah said. The loan, signed in Paris with 25 banks, is smaller than the $1.8 billion secured last year, which ran out early. The deal provides for an additional $200 million to be added if needed. The largest pre-export soft commodity financing facility in sub-Saharan Africa, the loan was oversubscribed by $300 million, Cocobod said. Lead arrangers were Crédit Agricole Corporate and Investment Bank, Standard Bank, Natixis, Cooperative Rabobank, Ghana International Bank and Sumitomo Mitsui Banking Corporation. Ghana is set to produce around 950,000 tonnes of cocoa this year, the most since a record 1 million tonnes in 2010/11. Cocobod will also seek a medium-term loan to fund infrastructure projects, said chief executive Joseph Boahen Aidoo. *(Reuters)*

Kenya

Corporate News

Safaricom has estimated losses accrued due to business disruption during the election period at Sh400 million. Speaking during the firm's annual general meeting, Safaricom chief executive Bob Collymore said that the losses occurred when M-pesa agents chose to close their shops during the period due to fear of violence. We found that a lot of areas just shut their shops because they were scared of violence and they were scared of having cash on the premises, Collymore said. The firm reported a 32.72 per cent in the growth of its M-pesa revenue to Sh55.08 billion from Sh41.50 during the same period last year. Data by the Communications Authority shows that, the giant telco, with a 76.13 per cent market share in mobile money transfers transacted monies worth Sh890.68 billion during the quarter ending March 2017, with more than 364.20 million transactions. Safaricom chairman Nicholas Nganga said that a key challenge in the mobile money landscape was increased competition from non-telecommunication players such as banks. The integration of Fintech in the banking sector is a signal that competition from non-traditional players is going to be a major challenger to our legacy mobile money products, hence, the urgent need to embrace these threats through innovation, Nganga said.

The telco's total service revenue rose by 15.14 per cent to Sh204.11 billion from Sh177.78 last year. Revenue collected from mobile data services jumped the highest by 38.49 per cent to Sh29.29 billion from Sh21.15 billion the previous year. Collymore said that data services had registered a growth spurt, especially during the electioneering period as Kenyans followed proceedings and held online discussions on the matter. During the period under review, revenue from Short Messaging Services declined marginally by 3.81 per cent or Sh660 million to Sh16.28 billion from Sh17.34 billion last year. Collymore said the impact of drought, reduced credit to private sector and rising inflation were likely to affect the firm's operation in the short term. Despite these concerns, we are confident that we are well placed to manage the shifting economic landscape, he said. During the shareholder meeting, a dividend payout of Sh0.97 per share was approved amounting to Sh38.86 billion up from Sh30.48 billion at Sh0.76 per share paid off last year. *(The Star)*

Equity Bank expects the share of profit from its regional subsidiaries to grow four-fold in five years as it counts on the foreign units to ease effects of interest rate cap imposed on commercial banks last year. The bank plans to aggressively grow its loan books outside Kenya and increase the subsidiaries share of profits to 40 per cent of the group earnings from the current 10 per cent. Lenders in Kenya have seen their profits fall since the government capped commercial lending rates last September, arguing banks were not passing on the benefits of growth in the industry to their customers in the form of affordable credit. Besides growing its transaction incomes, Equity is now turning to Uganda, Tanzania, South Sudan, Rwanda and Democratic Republic of Congo for growth to cut reliance on the Kenyan market. These subsidiaries contributed 22 per cent of its loan book in the first half to June and 10 per cent of the group's profits in the six months, up from five per cent in a similar period last year. Uganda profits grew 139 per cent in the first half, Rwanda (75 per cent) and Tanzania (55 per cent) in a period that saw group earnings fall 6.6 per cent—a pointer that it's Kenyan unit dragged down Equity.

"Compare that with Kenya, then you can see how our diversification strategy is likely to play out because the subsidiaries have huge headroom for growth because they are young and the markets have great opportunity than Kenya," Equity Group Chief Executive Officer James Mwangi told analysts last week. "We can sustain their growth rate and project the next five years the subsidiaries will be able contribute 40 per cent of the group profits that will then mitigate the challenge of interest capping if it is sustained in Kenya," he added. A year ago, the government capped commercial lending rates at four percentage points above the central bank rate, which stands at 10 per cent, and also imposed a minimum deposit rate of 70 per cent of the central bank rate. The Central Bank of Kenya last week faced opposition from MPs and a consumer lobby after signalling its to push for a repeal of the law capping interest rates. Equity in the first half also increased income from its non-lending business, such as mobile banking commissions and trade finance. Income from that segment rose 20 per cent from the same period last year, to Sh13 billion. "The group continued to evolve its business model to weather the interest capping effects by focusing on growing the non-funded income," Mr. Mwangi said. *(Business Daily)*

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Centum Investment has marked down its 17.8 per cent stake in Isuzu East Africa by Sh1.6 billion following a recent share sale at the auto dealer. The mark down could be an indication that the Nairobi Securities Exchange-listed firm had valued the stake higher than the transaction price realised when Japanese automaker Isuzu bought out the Kenya operations of US vehicles producer General Motors. The company carried its interest in Isuzu at Sh3 billion in the year ended March, down from Sh4.6 billion the year before as per its latest annual report. Centum said it previously relied on estimating what similar auto dealers would sell for but changed to base its valuation on the price paid by Isuzu Motors to acquire General Motors' 57.7 per cent stake in the company in February. The transaction, in which the Tokyo-based multinational paid Sh9.8 billion to GM, valued the entire company at Sh17 billion or 35.1 per cent lower than Centum's previous estimate of Sh26.2 billion. The investment firm uses various valuation methods including recent transactions at its subsidiaries or associates and by inferring value from comparable companies. The Isuzu/GM deal is likely to indicate a more reliable valuation given its scale and the fact that the parties involved are global automakers, a move that saw Centum ride on the transaction to re-price its minority stake.

Unlike their publicly traded counterparts, private companies are hard to value especially if they are in industries which go for years without mergers or acquisitions. The exit of GM at Isuzu East Africa revealed the auto dealer's relatively higher value compared to its rivals. At Sh17 billion, it is arguably the most valuable dealership in the country with the largest market share of 35 per cent in the new vehicles segment in 2016. CMC Holdings was fully acquired by Dubai-based Al Futtaim in 2014 for Sh7.5 billion. DT Dobie and CICA Motors were also fully acquired by Japan's Toyota Tsusho Corporation in 2013 for undisclosed sums as part a global deal involving their former parent company CFAO Group. Isuzu bought out GM to reduce its reliance on the American firm to sell its brands outside Japan. Isuzu pick-ups, trucks and buses account for about 95 per cent of the Nairobi-based dealer's sales — making the acquisition critical. GM also responded to the takeover deal by taking away its Chevrolet car franchise, leaving the company to deal exclusively in Isuzu brands. Besides Centum, other shareholders of the auto dealer are ICDC with a 20 per cent stake and Itochu Corporation (4.5 per cent). *(Business Daily)*

Centum Investment has acquired 14,000 acres of land in Uganda on which it plans to grow maize and soya beans in a bid to expand its agriculture portfolio. This follows its earlier purchase of 120 acres of land in Ol Kalao, Nyandarua, for production of exotic herbs and vegetables for export. The firm does not disclose in its annual report the amount it spent to buy the land in Uganda, but its total cost of acquiring land and buildings stood at Sh1.4 billion in the year ended March. Agriculture is the latest sector Centum has ventured into, with the firm planning to have a presence in diverse industries in the medium term including health and education. "Subsequent to the close of our financial year, we acquired 14,000 acres of agricultural land in Masindi, Uganda with plans underway to roll out a large scale integrated grain growing enterprise that will serve to increase the grain supply within the Sub-Saharan region," Centum says in its latest annual report. The Ol Kalau farm made its first export to Europe in December last year. The horticulture business, under a subsidiary called Greenblade Growers, will export exotic herbs such as Coriander, Parsley, Dill, Chives, Tarragon, Lemongrass, Mint and Rosemary once fully operational. The Netherlands is to be the key export market, followed by the United Kingdom. The company says it will expand its investment in the agricultural sector as part of its overall diversification and growth strategy. "We anticipate breaking ground on our first facilities, which will include a hospital at Two Rivers, in 2018 financial year," the company says in the report. *(Business Daily)*

Kenya's Nakumatt Supermarkets has entered a merger with local retailer Tuskys to help it deal with severe cash flow problems that have left it with empty shelves and led to the closure of some outlets, Nakumatt's managing director said on Monday. "It is a merger," Atul Shah told Reuters. Asked if the deal would help Nakumatt resolve its cash flow problems, he said: "It is a start." More details on the deal will be issued later in the day, he said. Tuskys was not available for immediate comment. *(Reuters)*

Kenya Breweries last year paid Sh2.2 billion to 30,000 sorghum and barley farmers, the beer maker has announced. The Kenya Breweries Limited (KBL) currently sources 80 per cent of its raw material locally but the firm now says it plans to raise this to 100 per cent by 2020. This is part of a new campaign, 'Growing Value Together', through which KBL plans to balance growth in profit with giving back to the communities in which it operates. "We have made huge strides in aligning our business operations with the aspirations of the communities in the areas where we operate, driven by the realisation that we cannot build a business in isolation," said KBL Managing Director, Jane Karuku. In addition to sourcing materials locally, KBL said it is also cutting down on its energy use by five per cent each successive year.

Already, the company has slashed water usage in plants by 40 per cent. KBL is also promoting responsible drinking through a campaign that has trained at least 26,000 retailers on the dangers of underage drinking. Corporates are increasingly embracing sustainability as they seek to give back to the community and take care of the environment. For instance, telecom firm Safaricom has adopted the Sustainable Development Goals as part of its company targets. *(Daily Nation)*

Britam stocks rallied on Monday after the financial services firm announced that the World Bank had paid Sh3.6 billion for a 10 per cent stake, concluding the transaction announced early this year. The firm's shares closed trading as the top gainer at Sh14.75, up from Sh14 at Friday's close and lifting its total capitalisation to Sh28.5 billion. The International Finance Corporation (IFC), the World Bank's private sector arm, first announced its intention to acquire 224 million ordinary shares of Britam in January at Sh15.85 per share, which was 59 per cent higher than the prevailing market price at the time. "Britam is pleased to announce for the benefit of its shareholders and the investing public that all stipulated conditions for the subscription have been fulfilled and accordingly, the company and IFC are proceeding to complete the subscription," said Britam Holdings Group Managing Director Benson Wairegi. Following the completion of the transaction, IFC will be entitled to appoint one director to the Britam board, in accordance with the company's articles of association. More offices Britam says the money will go into consolidating its regional operations, including its recently-opened asset management company in Uganda. It says there are plans to open more offices in other countries in the near future. The money will also be used to enhance distribution channels, support the rollout of new products, property development, and complete on-going investment in a new IT system. Britam has seen a rise in its expenses, especially from net insurance claims, which doubled from Sh3.6 billion to Sh6.6 billion as well as operations, which rose by Sh369 million in the first half of this year. It, however, says it is achieving operational efficiencies through the IT solution Jawabu, including centrally managing all subsidiaries in the region and interfacing 3,800 financial advisers to save on costs. The savings are expected to pan out by 2018 with investment costs still edging up the firm's operating expenses from Sh3.5 billion to Sh3.8 billion in the first half of the year. The funds also come at a time when the company is implementing its new 2016-2020 strategy dubbed 'Go for Gold'. *(Standard Media)*

Dangote Cement Plc, the Nigerian company controlled by Africa's richest person, has written to PPC Ltd. offering South Africa's biggest cement maker cash and shares as part of a takeover deal that is fueling a bidding war. PPC's shares rose. "We are waiting for them to get back to us, hopefully early next week," Aliko Dangote said in an interview with Bloomberg TV in New York. "They can be part and parcel of the Dangote Cement story, where we're going to be in 18 African countries." The approach by Lagos-based Dangote follows a joint offer from Canada's Fairfax Financial Holdings Ltd. and PPC's domestic rival AfriSam Group Pty Ltd. While PPC has said it will consider all bids, the Public Investment Corp., its largest shareholder, supports a tie up with AfriSam and Fairfax, people familiar with the matter said last week. LafargeHolcim Ltd., the world's biggest cement maker, is also monitoring PPC's situation, the people said. Two banks have agreed to support Dangote's offer, the chairman said, without identifying them. "They'll be able to fund us 100 percent." PPC gained as much as 2.9 percent to 6.40 rand, before paring its rise to 6.38 rand as of 2:02 p.m. in Johannesburg on Thursday, valuing the company at 10.2 billion rand ($760 million).

The stock has climbed 15 percent this year. Dangote Cement, which has advanced 23 percent in 2017, was unchanged in Lagos trading for a market value of 3.6 trillion naira ($10 billion). "The market in South Africa needs consolidation," Dangote said. "It's the right thing for us to go in there and consolidate. The issue is that they are making a bit of a mistake. They are focusing on the highest bidder. They are focusing more on value rather than, 'What does it have for us going forward?"' Dangote said his company is mulling a debut Eurobond and is waiting for clarity from Nigeria's central bank about whether it would be able to keep proceeds in dollars or have to convert them to naira. "The company doesn't really need to raise money, unless we want to go for an acquisition," he said. "We have a very healthy balance sheet. Our debt ratio is tiny. The rating of Dangote Cement is very good. It's a notch higher than the government of Nigeria's." The company is rated Ba3 by Moody's Investors Service, three levels below investment grade, while Nigeria is rated B1. Dangote Cement, which already operates in South Africa through Sephaku Cement, has expanded rapidly outside of Nigeria in recent years, including into Ethiopia and Tanzania. "The only thing that will sort out the infrastructural deficit in Africa is cement," Dangote said. *(Bloomberg)*

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Economic News

Death threats to top members of Kenya's divided electoral body are endangering preparations for a rerun of last month's annulled presidential election, a senior official at the authority said. The relatives of one administrator at the Independent Electoral & Boundaries Commission fled the country after their lives were threatened, while Chairman Wafula Chebukati made additional security arrangements for his family, said the official, who asked not to be identified citing personal-safety reasons. "The fact that there's a split at the IEBC and the fact that threats are being made to specific commissioners means we have external influences controlling the IEBC," said Dismas Mokua, an analyst at Nairobi-based risk-advisory firm Trintari. "There's a very high risk that the wrangling between the commissioners and the external influences may compromise the ability of the IEBC to prepare a free, fair and credible election," scheduled for Oct. 17. The seven-member commission is split over issues including the removal of staff suspected of being complicit in last month's vote. The Supreme Court nullified the outcome of the Aug. 8 ballot, the first time a presidential-election result has been legally overturned in Africa, after finding the commission committed unspecified "irregularities and illegalities" and failed to conduct the vote in line with the constitution. There is a risk that if the commissioners aren't able to address their differences there could be a repeat of violence triggered by a disputed 2007 election in Kenya that left more than 1,100 people dead, the official said. Following that election, economic growth slumped to 1.7 percent in 2008 from 7.1 percent a year earlier and the shilling plunged as much as 15 percent against the dollar.

Kenya is the world's biggest black-tea exporter and serves as an East African hub for companies including General Electric Co. and Coca-Cola Co. Chebukati didn't answer his mobile phone when Bloomberg tried to contact him. IEBC spokesman Andrew Limo said the commission will provide comment on Monday. The declaration of President Uhuru Kenyatta as the winner of last month's vote sparked protests and led to clashes between security forces and opposition supporters in which 24 people died, according to the Kenya National Commission on Human Rights. Opposition leader Raila Odinga, 72, has demanded sweeping changes at the commission, including the removal of Chief Executive Officer Ezra Chiloba before the rerun takes place. The ruling Jubilee Party led by Kenyatta, 55, has rejected any changes to the commission. In a Sept. 5 memorandum to Chiloba, Chebukati demanded to know why a user-name created in his name and without his consent had been used to log onto the electoral authority's computer system more than a thousand times. He also sought responses on why satellite phones distributed to constituencies for results transmission failed to work, along with the absence of security features on ballot papers and the failure of the IEBC's election-results transmission system.

Three calls to Chiloba's mobile phone and a text message requesting comment weren't answered. The split among the commissioners is preventing Chebukati from firing staff members complicit in the failed August vote, according to the official. The chairman doesn't have veto powers and has only two of the at least four commissioners needed to back his decisions, the official said. The opposition alliance led by Odinga wants a "thorough, independent, transparent, end-to-end audit and quality assurance" of systems prior to the vote. The electoral body will hire an international firm to conduct an independent audit of computer servers. The audit and a detailed written judgment from the Supreme Court, due out this week, could be used remove staff complicit in the August vote, the official said. IEBC commissioners want the audit in order to know whether its servers were hacked, as alleged by the opposition, after the authority failed to comply with a Supreme Court order to open the computer servers to scrutiny, the official said. The current state of affairs means the commission may need divine intervention to pull Kenya back from the brink of a crisis, the official said. Some commissioners have taken hard-line positions and may not realize the gravity of the situation, the official said. *(Bloomberg)*

Kenya may have to delay a rerun of its presidential election scheduled for next month if the Supreme Court requires the country to host the results-transmission system, the Daily Nation reported. OT-Morpho, a Paris-based company that provided systems used in last month's annulled presidential vote, told the Kenya Independent Electoral & Boundaries Commission in a letter that moving the system to Kenya from France by Oct. 31 would be technically impossible, the Nairobi-based newspaper said. Penina Nyawira, a Kenya-based spokeswoman for OT-Morpho, said she's awaiting comment from the company after media inquiries about the letter. Kenya's Supreme Court on Sept. 1 annulled last month's vote after finding the commission failed to conduct the ballot in accordance with the constitution and ordered a rerun within 60 days. The court has until Sept. 21 to issue its written judgment that is expected to contain detailed reasons for its decision and possible remedies. The country's main opposition alliance urged the French government to investigate Paris-based Safran SA and its relations with electoral officials who it alleged may have "acted in complicity and connived to undermine the will of the people of Kenya." Safran sold its digital-security unit in May to Advent International, owner of Colombes, France-based Oberthur Technologies SA, and the renamed company is called OT-Morpho. OT-Morpho on Sept. 15 rejected the allegations and said an internal audit of its equipment after the court ruling found no foul play. IEBC spokesman Andrew Limo didn't answer his mobile phone when Bloomberg sought comment. *(Bloomberg)*

Kenya's central bank held its main lending rate at 10.0 percent as expected on Monday, saying food supplies were likely to improve and lower pressure on inflation. The Monetary Policy Committee said inflation rose by half a percentage point to 8.0 percent last month, mainly due to shortages of some foods, including tomatoes, because of transport disruptions after the Aug. 8 national election. Demand for rice, wheat flour and other food had risen before the election, leading to shortages. "A normalization of supply, the expected short rains, and supportive measures taken by the Government are expected to further lower food prices in the near term," the MPC said. Gross bad debts in the banking sector had jumped to 10.7 percent in the year to August from 9.9 percent in June, the committee said, adding private sector credit growth had ticked up to 1.6 percent in the year to August, from 1.4 percent in July. The inching up of credit growth in the period was the first reversal of a downward trend since August 2015, the MPC said. The market largely expected the bank to keep the rate it has held since November last year, the consensus estimate in a Reuters poll showed. *(Reuters)*

Large companies have become the biggest bank loan defaulters that also contributed the most to last month's increase in the stock of non-performing loans (NPLs), Central Bank of Kenya (CBK) governor Patrick Njoroge has said. Dr Njoroge said the biggest defaulters are firms operating in real estate, manufacturing and trade sectors, who are suffering because of the failure by the national and county governments to pay bills. "The ratio of NPLs to gross loans increased to 10.7 per cent in August from 9.9 per cent in June. The largest increase was in the three sectors (namely) manufacturing, real estate and trade," he said at a Press conference on Tuesday following the Monetary Policy Committee's decision Monday on to hold the policy rate at 10 per cent. In the manufacturing sector, Dr Njoroge singled out a sugar company, two cement companies and a plastic firm that cumulatively owe lenders about Sh5 billion. "It is quite localised and there are clear issues with those specific institutions and the lenders are working with them to deal with the NPLs," he said. The total bad loans mountain stands at about Sh3.9 billion in the real estate sector most of it linked to two projects -- one a golf course and the other one, a housing project. There are Sh2.8 billion worth of dud assets in the trade sector, mostly in small units spread across many banks. "A lot of these relate to delayed payment by government, both the national and county (levels) and we expect the numbers to look better as they get paid," said Dr Njoroge. The ratio of gross non-performing loans to gross loans increased from 9.5 per cent in March 2017 to 9.91 per cent in June 2017, reflecting the difficulties borrowers are experiencing in servicing the loans.

Gross loans decreased 0.84 per cent from Sh2.38 trillion in March 2017 to Sh2.36 trillion in June 2017, one of the lowest expansion rates in recent years. The outcome was in line with the CBK's earlier findings in an industry survey that commercial banks expected a rise in non-performing loans, citing a slowdown in economic activity, political uncertainty and poor weather. "The banks intend to allocate more resources to monitoring and recovery of loans as well as use of external parties in the recovery process," it said in a report. The banks plan to intensify credit recovery in eight of the 11 sectors of the economy affected, the report said. Tourism, agriculture, real estate, construction, financial services, manufacturing, trade, transport and personal and households were singled out as the high default risk sectors. The 12- month growth of credit to the private sector recorded a slight increase to 1.6 per cent in August from 1.4 per cent in July, reversing the downward trend since August 2015. Energy and water, agriculture and personal or household items recorded the largest increases in gross loans between June and August this year. "This was in the month of August of all time," said the governor of the growth in reference to investor jitters linked to the electioneering period. *(Business Daily)*

The Treasury has defended its macro-economic forecasts amid concern over the accuracy of its projections. Inflation, revenue, expenditure and GDP growth are key indicators of economic performance and help shape budgets and planning to ensure sustainable development. Kenya has since 2000 relied on a three-year medium term budget framework (MTBF) for economic planning. A series of missed forecasts on these indicators has however triggered debate on the actual status of Kenya's economy with the International Monetary

Fund (IMF) calling for a review of the MTBF to help tackle poverty and widen growth. In a working paper last week, the IMF urged Kenya and other sub-Saharan countries to significantly improve the accuracy and reliability of their forecasts on inflation, revenue, expenditure and fiscal deficits to improve the credibility of their medium-term fiscal frameworks. National Treasury Cabinet Secretary Henry Rotich however defended the country's forecasts saying it was a standard practice to review medium-term projections, especially GDP, revenue and fiscal deficits due to unforeseen risks. "There's nobody who can get it accurately. Even the IMF themselves never get it right when it comes to global growth," Mr. Rotich said. "The whole thing is managing risks not the accuracy of the forecast," he said. The Treasury, for example, is expected to revise downwards the growth outlook for this year to below 5.5 per cent after official half-year GDP data is released by the end of the month, a downgrade from 6.5 per cent two years ago. Mr. Rotich said the downgraded growth forecast is due to effects of repeat presidential polls, prolonged drought and the fallworm invasion of maize plantations, developments "which no one saw coming". The IMF paper, which assessed progress of implementing the MTBF in Kenya, South Africa, Tanzania, Uganda, Namibia and Zambia suggests the countries, except South Africa, were lagging in MTBF performance despite "promising start". *(Business Daily)*

The Central Bank of Kenya (CBK) remains unclear on when it will roll out the new-look currency as stipulated in law amid mounting legal concerns on the delay. CBK governor Patrick Njoroge on Tuesday did not explain the delay nor provide time-lines on the expected roll-out, only saying the process is on course. "We are in the business of having the new generation currency that is consistent with the Constitution and we will do this in accordance with the Central Bank Act and to all other laws that govern that whole process," he told a media briefing. The CBK risks legal action for the delay in rolling out the currency as required by the Constitution. Activist Okiya Omtatah recently threatened to go to court to protest the same. Article 231(4) of the Constitution outlaws currency bearing portraits and images of individuals yet notes and coins bearing such features remain in circulation meaning they are in violation of this clause. "This letter is to demand that within seven days from today, the CBK publicly declares that it will with immediate effect begin withdrawing all unconstitutional currency notes and coins from circulation and replace them with those that don't bear the image of any individual," Mr. Omtatath said recently in a letter to the CBK governor. "Kindly note that failure on your part to respect, uphold and defend the Constitution as required will necessitate our recourse at the rights division of the High Court for orders compelling your compliance" the letter further stated. *(Business Daily)*

Reduced imports of food and supplies for the nearly completed standard gauge railway project will help narrow the country's current account deficit to about 5.8 per cent of the gross domestic product (GDP) by December supported by rising dollar inflows from remittances, tourism receipts, the Central Bank of Kenya (CBK) said. The country's current account deficit — the difference between the value of imports and exports — stood at 6.4 per cent in July in the wake of an upsurge of grain imports under a government subsidy programme to address a sharp rise in the cost of maize flour. "The current account deficit is expected to narrow to 5.8 per cent of GDP by December 2017 as the bulk of the SGR-related imports are completed, while the expected favourable weather conditions will reduce reliance on food imports," CBK Governor Patrick Njoroge said in a statement following the Monetary Policy Committee meeting which kept the chief lender's rate steady at 10 per cent. Rising dollar inflows from remittances and recovery in tourist receipts are also seen keeping the shilling stable against the globally-pressured US dollar. Cash sent in by Kenyans abroad hit a record $1.777 billion (Sh1583.53 billion) in 12 months ended July, fresh data from the CBK showed, a growth of 7.7 per cent year-on-year.

Dangote Cement Plc, the Nigerian company controlled by Africa's richest person, has written to PPC Ltd. offering South Africa's biggest cement maker cash and shares as part of a takeover deal that is fueling a bidding war. PPC's shares rose. "We are waiting for them to get back to us, hopefully early next week," Aliko Dangote said in an interview with Bloomberg TV in New York. "They can be part and parcel of the Dangote Cement story, where we're going to be in 18 African countries." The approach by Lagos-based Dangote follows a joint offer from Canada's Fairfax Financial Holdings Ltd. and PPC's domestic rival AfriSam Group Pty Ltd. While PPC has said it will consider all bids, the Public Investment Corp., its largest shareholder, supports a tie up with AfriSam and Fairfax, people familiar with the matter said last week. LafargeHolcim Ltd., the world's biggest cement maker, is also monitoring PPC's situation, the people said. Two banks have agreed to support Dangote's offer, the chairman said, without identifying them. "They'll be able to fund us 100 percent." PPC gained as much as 2.9 percent to 6.40 rand, before paring its rise to 6.38 rand as of 2:02 p.m. in Johannesburg on Thursday, valuing the company at 10.2 billion rand ($760 million).

The stock has climbed 15 percent this year. Dangote Cement, which has advanced 23 percent in 2017, was unchanged in Lagos trading for a market value of 3.6 trillion naira ($10 billion). "The market in South Africa needs consolidation," Dangote said. "It's the right thing for us to go in there and consolidate. The issue is that they are making a bit of a mistake. They are focusing on the highest bidder. They are focusing more on value rather than, 'What does it have for us going forward?"' Dangote said his company is mulling a debut Eurobond and is waiting for clarity from Nigeria's central bank about whether it would be able to keep proceeds in dollars or have to convert them to naira. "The company doesn't really need to raise money, unless we want to go for an acquisition," he said. "We have a very healthy balance sheet. Our debt ratio is tiny. The rating of Dangote Cement is very good. It's a notch higher than the government of Nigeria's." The company is rated Ba3 by Moody's Investors Service, three levels below investment grade, while Nigeria is rated B1. Dangote Cement, which already operates in South Africa through Sephaku Cement, has expanded rapidly outside of Nigeria in recent years, including into Ethiopia and Tanzania. "The only thing that will sort out the infrastructural deficit in Africa is cement," Dangote said. *(Bloomberg)*

Malawi

Corporate News

No Corporate News this week

Economic News

Malawi's economic growth will accelerate to 4.5 percent this year from 2.7 percent in 2016, helped by continued favourable weather conditions and macroeconomic stability, the central bank said in a report on Thursday. In its latest Financial and Economic Review, the Reserve Bank of Malawi also projected GDP growth to hit 5 percent in 2018 "on the assumption of continued favourable weather conditions and macroeconomic stability". "Notable expansion in construction, wholesale and retail, and financial and insurance activities will also contribute to the pick-up in growth," the report said. *(Reuters)*

Mauritius

Corporate News

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Economic News

No Economic News This Week

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Nigeria

Corporate News

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Union Bank has announced that the subscription for its N50 billion Rights Issue will commence on Wednesday, September 20 and close on Monday, October 30, 2017. Union Bank plans to offer 12.1 billion ordinary shares of 50 kobo each, which will be available at N4.10 per share, on the basis of five new shares for every seven shares held as at August 21, 2017. The bank has kicked off a road show to sensitize shareholders and at the first event held in Enugu last week. Commenting on the offer, Chief Executive Officer of Union Bank , Emeka Emuwa, said: "With the commencement of the Rights Issue subscription, we have now officially entered a new phase of our transformation where we will be focused on accelerating business growth to deliver on our objective of becoming one of Nigeria's leading financial institutions." Union Bank announced earlier this month that the Bank had received all necessary regulatory approvals from the Nigerian Stock Exchange (NSE) and Securities and Exchange Commission (SEC) to launch the Rights Issue. Speaking on the SEC's approval, Emuwa had said: "The approval of the SEC brings us to the final stages of this important transaction for Union Bank which is critical to our short to medium term business objectives. The capital raised from the rights issue will support our strategy to accelerate business growth and position Union Bank as a leading commercial bank in Nigeria."

According to the bank, Chapel Hill Advisory Partners Limited is lead issuing house, while FSDH Merchant Bank Limited and Stanbic IBTC Capital Limited are joint issuing houses. Already, market operators said the fund would boost Union Bank's performance and deliver good returns to shareholders going forward. The bank recorded improved results for the half year(H1) ended June 30, 2017. Union Bank recorded gross earnings of N73.7 billion, showing a growth of 23 per cent from N60 billion in the corresponding period of 2016. Interest income was boosted by naira devaluation-fueled foreign currency loan book to hit N58.3 billion, up from N44.3 billion. Customer deposits rose 15 per cent due to growing confidence in the bank to hit N759 billion as at June 30, up from N658 billion as December 31, 2016. Impairment charge fell by 39 per cent from N8.8 billion to N5.4 billion. Profit before tax stood at N9.5 billion, showing a growth of seven per cent compared with N8.9 billion in 2016, while profit after tax rose by five per cent from N8.8 billion to N9.2 billion. *(This Day)*

Stanbic IBTC Bank has unveiled an electronic value proposition for educational institutions to address the often cumbersome and costly payment and collection processes in schools as well as address the financial and investment needs of schools. The proposition includes a payment and collection solution, investment and funding solutions for schools. The launch took place recently in Lagos at a function the bank organised to appreciate its customers in the education sector. The Bank said in a statement that the new education solution, which is cost effective, easy and convenient to deploy and use, was set to revolutionise all aspects of financial transactions in schools. According to the bank, with the e-solution, parents and guardians can now seamlessly pay for their wards' school fees and other school payments from the comfort of their homes or offices without having to engage the school at any stage of the payment process while the school is also able to track inflows and match each payment with specific student or project without the need to verify by engaging parents. In his address, Chief Executive, Stanbic IBTC Bank Plc, Dr. Demola Sogunle, thanked the customers for their patronage. "Stanbic IBTC's role goes beyond financial intermediation. We see ourselves as solutions providers committed to driving your progress always," Sogunle said. He added: "Education, we all know, is the bedrock of development of civilisation and we cannot downplay its important role in the future of the country. "This and other observed gaps in financing, payment and collection processes informed our development of a robust value proposition anchored on electronic solutions for the education sector." (*This Day)*

Nigeria's Union Bank has begun a share sale to existing shareholders to raise 50 billion naira ($159.24 mln) after it received regulatory approval, the bank said on Wednesday. The mid-tier bank said the rights issue opens for subscription on Sept. 20 and closes on Oct. 30. It plans to offer 12.1 billion shares at 4.10 naira each, issuing five new shares to investors for every seven already held. Union Bank, in which Atlas Mara Ltd, the African investment vehicle of former Barclays boss Bob Diamond, owns a 44.5 percent stake, has said it planned to raise funds to boost its capital adequacy and tap opportunities to lend to agribusinesses. *(Reuters)*

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Ecobank said it is striving to address the needs of the unbanked (and the general populace) by transforming a mobile phone into an all-in-one bank account and payment/cash withdrawal tool. One such example, according to a statement from the bank, is its innovative 'Xpress

Cash' functionality, which has been introduced as part of its upgraded mobile banking app. Xpress Cash allows customers to withdraw cash from any Ecobank ATM using e-Tokens generated from the Ecobank Mobile app. The e-token generated can also be redeemed at agent locations within any of Ecobank's 33 territories across middle Africa. Additionally, customers can send e-tokens to third parties via SMS, email or social media. "Innovating for customer convenience is in our DNA at Ecobank,"Ecobank's CEO, Ade Ayeyemi said. He added: "We have developed this fast, convenient and innovative mobile banking solution – cardless Xpress Cash at our ATMs and Agencies to embed our digital platforms within the lifestyle of our customers and improve the uptake of digital financial solutions by both banked and unbanked in Africa." The World Bank data indicates that in sub-Saharan Africa only 34 per cent of adults had a bank account in 2014, up from 24 per cent in 2011. The Ecobank's Group Executive for Consumer Banking, Patrick Akinwuntan said: "Ecobank is known across Africa for leveraging the mobile phone to deliver instant bank accounts, transfers and payments to our customers. *(This Day)*

Economic News

First Nigerian businesses were hit by a dollar shortage. Now there aren't enough naira. A central bank requirement that companies back forward dollar purchases with naira is drying up supplies, helping to underpin a 2.1 percent gain since the local currency fell to a record low against the greenback on Aug. 9. At the same time, an increase in government borrowing is spurring banks to invest in the safety of sovereign debt rather than lending to businesses or consumers, also draining cash out of the system. Some banks demand naira deposits of as much as 1.5 times the amount of dollars sought in the 60-day forwards market to guard against fluctuations in the currency, said Ayodeji Aboderin, chief financial officer for May & Baker Nigeria Plc, a Lagos-based pharmaceutical and food processing company. That is pressuring the company's own cash flow, he said. The difference is returned to the company on the delivery of the contracts, with the amount depending on how the currencies have moved. "Money you would have used as working capital will be taken upfront by the bank,'' Aboderin said. "Last year, it was more of dollar illiquidity. This year, it is naira illiquidity." May & Baker, which is building the country's first vaccine plant, is responding by cutting production at its water-bottling and instant-noodle units, and focusing on more profitable pharmaceutical lines, Aboderin said. Interest rates on loans have also soared to as high as 25 percent, more than double the rate May & Baker is comfortable paying, he said. Nigerian inflation eased to 16.05 percent last month after reaching a record 18.7 percent in January. The currency rule, introduced in January, is one of a series of measures aimed at managing dollar flows after a decline in the price and output of crude oil, which accounts for about two-thirds of government revenue.

The regulator sells dollars directly to lenders on an almost weekly basis, which then supply these to their customers. By depositing cash with lenders, companies are able to assure the regulator that they have the money to buy the currency, said Yinka Sanni, chief executive officer for Stanbic IBTC Holdings Plc. The amount of naira required depends on the customer's balance sheet strength, he said. "It is within the rules. It is a product that is acceptable and endorsed by the regulator," Sanni said."No bank is doing anything outside the rules. If they were, the CEO would have been cautioned by the central bank.'' A spokesman for the central bank didn't respond to calls and emailed messages seeking comment. The naira was unchanged at 356.99 per dollar in the interbank market as of 6:01 a.m. in Lagos on Thursday. Special auctions are being used by the central bank to make "massive injections of cash" to the government, effectively raised banks' cash-reserve requirements beyond the stipulated 22.5 percent, said Monetary Policy Committee Doyin Salami, who has previously been critical of the policies of Governor Godwin Emefiele. "We thus find ourselves at a point where government borrowing from the CBN is neutralized by raising the CRR of banks, thereby limiting private-sector access to credit," Salami said after the MPC's July 24-25 meeting, according to a central bank statement published Tuesday. "The Central Bank of Nigeria's efforts have in many ways helped stabilize the foreign-exchange market," said Omotola Abimbola, a banking analyst at Afrinvest West Africa Ltd. in Lagos. "But the unintended consequence has been that banks have restricted credit extension to the private sector due to the high yields on government securities as well as low risk appetite."

Growth in credit extended to the private sector slowed to 0.9 percent this year through July, compared with 19.8 percent in 2016, according to central bank data. Policy makers need to tackle a lot more than dollar liquidity to bolster economic growth and reduce the country's dependence on oil, Abimbola said. This would include easing monetary policy by lowering interest rates from a record high, addressing infrastructural shortcomings, such as road, rail and power, and improving the productivity of state institutions, he said. Nigeria's economy expanded 0.55 percent in the three months through June, ending five straight quarters of contractions that saw gross domestic product shrink 1.6 percent in 2016, the first drop since 1991. The improvement came after oil output increased and authorities boosted the supply of foreign currency needed by manufacturers to import supplies. Flour Mills of Nigeria Plc, the country's biggest miller by market value, is planning to issue as much as 40 billion naira in bonds next year and is also considering a rights issue to enable it to deal with funding challenges arising from a scarcity of naira and high interest rates, Managing Director Paul Gbededo said. "Continued tightness in the market will keep interest rates high," said Pabina Yinkere, an analyst at Vetiva Capital Management in Lagos. "High interest rates increase the probability of default and make banks cautious in growing loans, particularly to SMEs. If banks do not lend it affects overall economic activity and stalls growth.'' *(Bloomberg)*

Four Nigerian banks are operating with too many non-performing loans on their books and with liquidity ratios below the minimum requirement, two members of the central bank monetary policy committee said in statements on the bank's website. They did not name the lenders but said the four banks together were equivalent to at least one systemically important bank, policy-setter Doyin Salami said in his statement, published late on Tuesday. Financial sector stress tests showed capital adequacy ratios for the industry in Nigeria worsened to 11.51 percent in June, from 12.81 percent in April, as against a regulatory minimum of 15 percent for lenders with international licenses. "The financial performance indicators showed that when the four outlier banks were removed, capital adequacy, (NPLs) non-performing loan ratio as well as liquidity ratio are all above the prudential requirement," another member, Balami Dahiru Hassan, said. NPLs stood at 15.07 percent in June compared with 5 percent regulatory limit. Salami said the ratio stood at 8.17 percent when excluding the four lenders in question. The IMF has urged Nigerian authorities to quickly increase the capital of undercapitalized banks and putting a time limit on regulatory forbearance after it said last month that four lenders were under-capitalised. Nigeria's Union Bank on Wednesday started a 50 billion naira share sale to existing shareholders to enhance its regulatory and working capital. *(Reuters)*

The performance of the Nigerian banking industry is largely dependent on the macroeconomic environment, as well as the performance of the top five banks, a report has stated. The Banking Industry report by Agusto & Co. obtained wednesday also showed that about 47 per cent of the banking industry's impaired loans are collectively held by the top five banks. The top five banks in Nigeria are Zenith Bank Plc, Guaranty Trust Bank Plc, FirstBank Nigeria Limited, United Bank for Africa Plc, and Access Bank. According to the report, the impaired loans were mainly in the oil & gas, transport & communication sectors, accounting for 37 per cent and 11 per cent respectively of the industry's total classified loans. In the oil & gas space, also disclosed in the banking sector report, the top five banks accounted for 60 per cent of the loans disbursed to this sector, "which heightens concentration risks." A breakdown of the oil and gas sector loan disbursement showed that the top five banks granted over 66 per cent of the banking industry's total exposure to the upstream; 64 per cent of total exposure to the midstream and 73 per cent of the total loans granted to the downstream. "On an average, each of the top five banks have disbursed over N500 billion to the oil & gas sector. This makes them vulnerable to the financial performance of this sector which has been enfeebled by global circumstances. "Of the impaired loans to oil & gas sector (about 37%), the top five banks account for 77 per cent of these impaired loans. These loans largely granted in foreign currencies were further exacerbated by the volatility of the domestic currency.

"There have been arguments that given the sheer size of the top five banks' loan book, they will continue to account for a sizeable chunk of the banking industry's impaired loans especially in periods of weak macroeconomic fundamentals," the report stated. The top five banks also account for 57 per cent of the industry's total assets. The last two years saw intense weakening of the macroeconomic fundamentals against the backdrop of lower crude oil prices – Nigeria's major revenue source – and the unorthodox demand management in the foreign exchange market. "However we believe that these industry leaders need to strengthen risk management framework particularly in the areas of concentration risk, early warning signals and enhanced oversight governance. "The undue concentration to oil and gas could become the Achilles heel for the top five banks. Crude oil, like most other tradable commodities has boom and bust cycles which are quite difficult to predict," the report stated. According to Agusto & Co, to mitigate risks in the industry, Nigerian banks will need to adopt time tested values. "In December 1863, Hugh Mc Cullock, then Comptroller of the currency and later Secretary of the Treasury in the US, addressed a letter to all national banks. In the letter he said, "distribute your loans rather than concentrate them in a few hands," the report stated. It warned that concentration risks in oil and gas (downstream) and margins trading (equities) led to the 2008/2009 banking crisis in Nigeria which led to the nationalisation of some of the most vulnerable institutions and the bailout of the industry. *(This Day)*

The Nigerian Federal High court ordered the banning of a group campaigning for an independent state of Biafra in the nation's southeastern region and designated it as a terrorist organization, the ruling All Progressives Congress party said late Wednesday in a post on Twitter. The court issued the order in Abuja, the capital, after the attorney general submitted an application following a proclamation by President Muhammadu Buhari before his departure to attend the United Nations General Assembly in New York. "Before the president left, he approved the proscription" of the Indigenous People of Biafra, known as Ipob, Information minister Lai Mohammed told reporters in Abuja on Wednesday. Tensions in southeastern Nigeria have escalated in recent weeks with Ipob leader Nnamdi Kanu threatening to disrupt state elections unless there's a vote on secession. A bid to establish an independent state of Biafra sparked a 1967-70 civil war that claimed more than a million lives. A military spokesman described Ipob as a "militant terrorist organization" last week after clashes between some of its supporters and troops left several dead and injured. Governors of five states where the group is active jointly announced its proscription. Ipob's operation is funded by "some foreign countries" as well as supporters in Nigeria and abroad, Mohammed said, adding that the group's "financial headquarters" is in France, without giving details. Nigeria is using diplomatic channels to try and stop the broadcasts of London-based Biafra Radio, which has been calling for independence, he said. *(Bloomberg)*

The naira is expected to trade little change against the United States dollar next week as investors await the Central Bank of Nigeria's Monetary Policy Committee decision on interest rate on Tuesday. After its two-day bi-monthly meeting held on Monday and Tuesday, the CBN Governor, Mr. Godwin Emefiele, said the committee would announce its policy decisions on September 26. Although Bloomberg survey showed that the policymakers would leave all the key monetary policy instruments unchanged, analysts said the MPC decisions could affect portfolio inflows and currency market liquidity. At the Investors and Exporters FX Window, the naira traded at around 360/ dollar on Thursday. However, investors have been offering to sell the United Sates currency at N365, close to the black market rate of 367. On the official market, the naira was quoted at 306/dollar, a level at which the CBN has been selling $500,000 daily to lenders to clear matured letters of credit. A Reuters poll predicted that the Monetary Policy Rate would stay on hold at 14 per cent. Meanwhile, the Kenyan shilling is expected to be little changed next week on concern the central bank might intervene in the market. The Zambian kwacha may strengthen against the dollar. The Zambian kwacha is likely to strengthen next week with the supply of dollars improving as companies prepare for tax payments and other local currency month end obligations. "We are likely to see some good performance ahead, supported largely by conversions for taxes," the local branch of South Africa's First National Bank said in a note. The Ugandan shilling is expected to strengthen over the next few days amid weak demand and inflows from offshore investor. The central bank is due to sell Treasury bonds of three- and 10-year tenors on October 4, and a trader from a leading commercial bank said healthy participation by offshore investor was likely, boosting dollar supplies. *(Punch)*

Tanzania

Corporate News

Petra Diamonds Ltd on Monday reported a 4.3 percent fall in full-year adjusted profit and said it resumed operations at Williamson mine in Tanzania after a four-day stoppage. Petra Diamonds halted operations at the Tanzanian mine last week after the government seized a consignment and questioned some of its personnel as part of a crackdown on the mining sector. The miner said its adjusted earnings before interest, tax, depreciation and amortisation (EBITDA) fell to $157.2 million for the twelve months to June 30, from $164.3 million in the year before due to delayed ramp-up of the expansion programmes and higher cash costs. However, full-year revenue rose 10.7 percent to $477 million on higher production. *(Reuters)*

TANZANIA Breweries Limited (TBL) emerged the top trading equity at the Dar es Salaam Stock Exchange (DSE) last week at 95 per cent of the market share. During the period under review, the counter transacted 352,078 shares at a price of 13,300/- per share. According to Zan Securities Limited weekly wrap-ups, the Dar es Salaam Stock Exchange (DSE) equity market decreased by 36 per cent after closing at a turnover of 5.46bn/- compared to 8.52bn/-posted of the preceding period. The top losers for the week was Vodacom that depreciated in value by 14.44 percent, closing at 770/- per share. The counter moved 704,920 shares during the week. Total market capitalisation decreased 2.36 per cent to 20.17tri/- from 20.66tri/- while domestic market capitalisation closed the week at 9.64tr/- after registering a decline of 3.59 percent. Zan Securities analysts said the market turnover is to be moderate with improved price change in the coming weeks. It is good time for investors to turn the market volatility to their advantage. The Tanzania Securities Limited said in its weekly market commentary that the DSE All Share index and Tanzania share index edged south by 2.40 per cent to 2,098.39 points 3.40 per cent at 3,704.45 points respectively mainly due to loses on DSE, CRDB and VODA counters.

Banking, Finance segment Index weakened by 3.40 per cent to 2,520.65 points while the Industrial and Allied Index remained flat as last week at 5,052.35 points. And commercial services index closed at, 4,633.12 points which is 13.06 per cent. The sector contributed 14 per cent of the total turnover. CRDB counter continued to lead on the Banking, Finance and Investment Segment with the counter moving 1,086,892 shares at a price range of between 200/- and 175/- per share. The counter recorded 188.75 million in turn over. DSE depreciated in value by 8 per cent closing the week at 1,380/- per share. The counter transacted 25,245 shares at price of 1500/- and 1440/-. MCB had 10 shares at price of 500/- while the CDB counter transacted 3 shares at price of 395/. There were no activities shown on NMB, MPB, YETU, MKCB and PAL counters during the week. SWISSPORT moved 2,083 shares at a price of 3820/- per share and TWIGA traded 803/- shares at a price of 1, 780/- per share. There were no activities shown on the TOL, TPP, TCC, SIMBA and SWALA counters during the week. *(Daily News)*

VODACOM shares at the Dar es Salaam Stock Exchange have gone down by almost 9.41 per cent to trade below the initial public offering price barely two months since it listed at the market. The share prices appreciated at day one of listing from 850/- during initial offering to 900/- but the gain was short lived after it dropped to 770/- as of Tuesday. Zan Securities Chief Executive Officer Raphael Masumbuko said that the decline of Vocacom share prices was partly being caused by a rush of investors to sell when the prices appreciated. "As Voda said most of the individual investors participated for the first time, I think they anticipated price to gain after listing and reap big deal. But seeing price gaining to 900/- and stuck there, they rush to cash in the minute difference to glut the bourse," Mr. Masumbuko told the `Daily News' yesterday. According to Vodacom, more than 40 000 Tanzanians, many of them first time participants in the capital market, have subscribed for shares in the IPO. Stockbrokers believed most wanted to cash in when the price gain after listing to DSE and once this failed, they rushed to sell. "This is seen at the pace of share supply volumes which mostly was coming in a lot of between 200,000 and 300,000. This demonstrates retail selling trend," Mr. Masumbuko said. Meanwhile Vodacom's M-PESA users will be earning some money as the telco giant shares 6.0bn/- to them as a bonus for using the money transfer platform. This is another round of distribution of earnings from M-Pesa Trust accounts covering the period between April 1st and June 30th 2017, according to a statement. The distribution will benefit seven million active M-Pesa users country wide, according to Vodacom. The quarterly exercise will see M-Pesa customers, agents, super agents, banks, businesses, and merchants receiving their share of the bonus earned as a benefit from using the service. *(Daily News)*

Economic News

Tanzanian President John Magufuli's deepening dispute with companies he accuses of being tax cheats is rattling investors and dimming the allure of one of Africa's fastest-growing economies. Since taking office in late 2015, Magufuli has been on a drive to increase revenue from natural resources to help fund his industrialization plans. His administration has passed laws enabling it to renegotiate contracts and ordered foreign mining firms to sell stakes on the local stock exchange to increase transparency. The authorities have hit Acacia Mining Plc with a $190 billion tax bill, curbed its exports and detained a senior employee, and seized gems and questioned staff from Petra Diamonds Ltd., alleging it hadn't paid its dues. "In his bid to do some good things like trying to reduce the level of corruption, President Magufuli has often taken steps that have actually gone outside of the formal rules," Nic Cheeseman, professor of democracy at the University of Birmingham in the U.K., said by phone. "Even people I think who have sympathy for his ends are starting to say that the means of achieving them might do more harm than good. It is a very worrying situation." Acacia, whose tax bill and related penalties equate to 180 times its revenue last year, and Petra have denied wrongdoing and shuttered some of their operations in Tanzania until the disputes are resolved. With Magufuli showing no signs of backing down, the closures may have an effect on tax income, deter other investment and stifle an economy that the International Monetary Fund expects to expand an average of 6.7 percent a year until 2021.

Magufuli, who was nicknamed the bulldozer because of the zeal he showed in his previous post of works minister, campaigned for the presidency on an anti-corruption ticket. His approach was welcomed by Tanzanians weary of years of graft in the public sector. He says Tanzania is in the midst of an "economic war" and if foreign investors want to leave, locals will take over their mines. "They should not threaten us," he said in a televised address on Sept. 7. "They are the ones that should be scared." Financial markets have taken fright, with the Tanzanian All Share Index slumping 10.1 percent since the Acacia dispute erupted on March 3 and the company's shares nosediving 61 percent in London, where it's based. Petra's shares have declined 6.6 percent in London since it announced the closure of its Tanzanian operations on Sept. 11."Exports could be hit," said Mark Bohlund, Africa economist with Bloomberg Intelligence in London. "A failure to entice foreign direct investment with a favorable regulatory framework and consistent government policy will impede Tanzania's longer-term growth prospects." Mining accounted for about 5 percent of Tanzania's $47-billion economy last year, a contribution the government intends to double by 2025. While efforts to derive more benefit from the country's mineral riches should be welcomed, the government's approach is flawed, according to Racheal Chagonja, a coordinator at HakiRasilimali, an association of civil-society groups that focuses on Tanzanian resource extraction. "Are we asking what happens if an Acacia or a Petra leaves?" she said. "The way we are carrying on threatens the sustainability of Tanzania. We need investors and they need us." Finance Minister Philip Mpango has called for the nationalization of the diamonds that were seized from Petra this month and alleged to be undervalued.

"Tanzanians are being robbed in broad daylight," he said in an address on state television. "We cannot continue in this way." Calls to Mpango's assistant didn't connect when Bloomberg sought comment from the minister. Alex Cobham, chief executive officer of the London-based Tax Justice Network, said many Africans countries' natural resources had been systematically looted and greater transparency was needed, including country-by-country reporting by multinationals for each project, to ensure nations secured fair deals. "What's happening in Tanzania is the natural result of a process that has been going on for decades," Cobham said by phone. "It's unfortunate the steps taken by the Tanzanian government have been seen to be unlawful and a deterrent to investor confidence, but their actions are understandable given how badly some of the companies have behaved." Acacia is 64 percent owned by Barrick Gold Corp. Security guards at the company's North Mara mine, near Tanzania's border with Kenya, were in 2010 accused of shooting and killing people scavenging for gold-laced rocks to sell for cash. Barrick said at the time it frequently faced groups of intruders, often armed, who illegally trespassed on the mine and some thefts and vandalism were linked to organized crime. Read more about Acacia's dispute with the government here. Tanzania's recent actions may not be fully justified, Cobham said. "I think most people would say they have crossed the line in a number of ways." *(Bloomberg)*

TANZANIA has attracted nine big investments during FY 2016/17 worth $4.259bn compared to FY 2015/16 valued at $5.89bn only, according to data from the Tanzania Investment Centre (TIC). In an exclusive interview with the 'Daily News' in Dar es Salaam yesterday, TIC Public Relations Manager Pendo Gondwe, said global reports rank Tanzania among the best destinations for investment in Africa. Ms

Gondwe also disclosed that newly registered investments each accounts for not less than $100m, citing the key areas that had attracted investors as agriculture, fishing, energy and constructions and transportation – all of which reflect the country's focus towards industrial economy. However, she rubbished reports that Tanzania was an 'unfriendly investment environment' and advised Tanzanians not to join those painting a bad image about the country. Ms Gondwe said the nine big investors registered in 2016/17 were from the United Kingdom, India, China, Libya, Iran, Mauritius, Congo and Luxembourg. The World Economic Report 2017 ranked Tanzania top in East Africa for receiving foreign direct investments (FDIs) worth $1.35bn, followed by Uganda $541m, Rwanda $410m, Kenya $394m and Burundi $0.1m. Citing Quantrum Global Research Lab; African Exponent's Most Attractive Investment Destination in Africa; and Fontera's latest reports which ranked Tanzania among the top 10 best African countries for investment, she said the growth of economy, market size and conducive environment were the secret behind the achievement.

"Stability of economy, peace, market size and business environment are factors that make Tanzania to attract big investors," she added. "Apart from promoting its 'One Stop' Centre department at TIC, it has reduced long bureaucratic red-tape in the country's investment climate in the country and this has attracted and built confidence to the investors," she explained. The One-Stop Centre, according to Ms Gondwe, is made up of officials from various government entities including Tanzania Revenue Authority (TRA), Business Registration and Licensing Agency (BRELA), saying "investors have no need to knock at each office since these services are under one roof of TIC." However, TIC has promoted six projects worth above $50m each, owned by locals and foreigners investors, to 'Strategic Investment Status.' Ms Gondwe noted that Pan African Multi-Speciality Health Centre, Goodwill Ceramics, Sayona Fruits, Mihan Gas, Twyford and Hengya Cement, had been considered as strategic projects because they were expected to provide more direct and indirect employment and boost other sectors including agriculture. Apart from the 2017 reports that indicate Tanzania as the best place for investment, the "Where to Invest in Africa 2018 and RMB's Investment Attractiveness Index," findings show that Tanzania has jumped to the seventh slot from the ninth position due to improved business environment, steady growth and war against corruption. *(Daily News)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zambia

Corporate News

No Corporate News This Week

Economic News

Zambia is seeking bidders for a fourth mobile-network license to take on operators including market leader MTN Group Ltd. in the southern African country, Transport and Communications Minister Brian Mushimba said. The ministry last week gave the go-ahead to the telecommunications regulator to start the process, he said in a recorded response to questions on Monday. The new carrier could be in place over the next six to 12 months and the country may even have capacity for a fifth operator, he said. The local unit of India's Bharti Airtel Ltd. and state-owned Zamtel make up the current trio. Communication costs in Zambia have been "rather on the high side," Mushimba said from Lusaka, the capital. "The market analysis that we have done supports the fact that we can have a fourth licensee and possibly a fifth and still the market will be profitable." The upcoming auction represents a rare opportunity for international wireless carriers to expand in sub-Saharan Africa without making an acquisition. Slowing economic growth and falling tax revenue have limited space for new providers, while Ethiopia is the only significant market that hasn't already opened up spectrum to private bidders. Some companies, including Airtel and Millicom International Cellular SA, have made a partial retreat by selling off country units. World's Biggest Mobile Carriers Defeated as Africa Promise Fades Zambia, Africa's second-biggest copper producer with a population of more than 16 million, had 12.4 million active mobile subscribers at the end of June, 10 percent more than a year before, according to data from the finance ministry. The country had 5.9 million internet users by the end of June, a 3 percent rise from the figure at the end of December. Almost all of these use mobile internet. *(Bloomberg)*

Zambia borrowed $134 million from Standard Chartered Plc to help fund the road sector, according to a finance ministry official. The borrowing plan was included in the 2017 budget, Mukuli Chikuba, permanent secretary at the finance ministry, said in a text message on Tuesday. The loan is the second that Standard Chartered has arranged for the government since a $450 million syndicated deal in the first half of 2016. Five new loans worth $296 million were contracted in the first half of the year, according to the ministry's mid-year economic review. The country's external debt grew to $7.4 billion by the end of June, the report shows. Zambia, Africa's second-biggest copper producer, is in talks to secure a $1.3 billion loan from the International Monetary Fund and plans to present an economic program to the lender's board by year-end. *(Bloomberg)*

Zambia's Finance Permanent Secretary said on Tuesday that the southern Africa nation will resume talks with the International Monetary Fund over an aid programme in October and hopes to get IMF board approval by the end of the year. "The engagement with the fund is pretty advanced. We have addressed most of the structural issues and agreed to them," Mukuli Chikuba said during the launch of a mid-year economic report. "The work that is remaining with the IMF includes spending plans for the rest of 2017. We will resume engagement with the fund in October and hope to get board approval by December." *(Reuters)*

Zambian state power company Zesco Ltd expects to end emergency power imports from Mozambique in the first quarter of next year, a senior executive said on Thursday. Zambia's power generation had improved and it will largely manage to meet its electricity requirements, Zesco Director of Transmission Webster Musonda told reporters. "By and large we will be able to meet our own demand and firm imports will end by the first quarter of next year but we are still in a position to procure on a non-firm basis," Musonda said, meaning the company would still have the option to import power if necessary. Zambia would not ration electricity as Africa's No. 2 copper producer had enough water to generate power at its hydroelectric dams, Zesco managing director Victor Mundende said. Maximum national power demand currently stood at 2,030 MW against total national installed capacity of just under 2,400 MW, he said. Zambia's electricity deficit rose to 1,000 megawatts (MW) in 2016 as the nation cut hydropower generation due to falling water levels as drought hit the region. Zambia's finance ministry expects the economy to rebound this year and in subsequent years after GDP growth was limited to 3.6 percent last year by low copper prices, power shortages, inflation and a government cash crunch that restricted investment into new projects.

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zimbabwe

Corporate News

Bindura Nickel Corporation (BNC) has said the smelter restart project has been hampered by cash flow problems, arising from low nickel prices. BNC is a subsidiary of Asa Resources. BNC managing director, Batsirai Manhando said BNC smelter restart project was 83% complete after $21,5 million was spent on the project, but still required $5 million. He said nickel prices were weighing down prospects of raising funds required to finish the project. "If the nickel prices are down there are some business units you cannot bring online because the cost will be bigger than the revenue you generate. Currently, the nickel prices are around $11 000 to $12 000 per tonne. The smelter is at about 83% complete and it is being affected by cash flow problems which come in because of low nickel prices," Manhando told NewsDay last week. He added that if funds were available the project would be finished in the next five months. "We have committed about $21 million. What's left there is $5 million because that's a $26,5 million project. If the money was here today within five months we would have completed but the money is not there. We are generating the cash from our operations because we have already borrowed $20 million and the balance we are getting it from our own operations. That is why it has taken long because cash generation when prices are low is difficult," he said. In July this year, the company said the upgrade and refurbishment of the smelter was ongoing and was expected to be completed in the 2017/18 financial year. At that time, the company said the furnace refractory building, major civil works were completed and a new 30-tonne crane was installed whereas water jackets installation was still in progress. During the financial year ended March 31, 2017 nickel production increased by 2% per year to 6 762 tonnes from 6 621 tonnes in the comparative period in 2016. During the same period, nickel sales tonnage increased to 6 705 tonnes from 6 613 tonnes during the year whereas revenue increased by 7% to $45,1 million from $42,3 million. Gross profit was $13,9 million from $9,1 million in prior year. There was a 3% fall in the achieved average nickel price received per tonne to $6 519/t from $6 737/t in same period last year. *(News Day)*

Australian-listed junior miner Prospect Resources says it is negotiating with potential investors to raise $55 million to construct a concentrate plant for its Arcadia lithium project in Harare. Prospect is a southern Africa focused lithium and gold mining and exploration company based in Perth, Australia, with operations in Zimbabwe. The company also operates Sally Gold Mine and Prestwood Gold Mine, located in Gwanda. Its market capitalisation as at September 14 stood at $38,2 million. Executive director, Henry Greaves told The Source on Monday that the company was in talks with both banks and offtake partners for the capital raise. "We need to raise about $55 million for the first phase of the project, which covers construction of the concentrate plant, and we are still working on what will be required for phase 2," said Greaves. "We are negotiating with multiple potential partners which include banks and off-take partners. The funding can come from either debt or equity and we are discussing all options to find the best way to fund the project." Greaves said the mine would start production in 12 to 18 months once the funding is secured. "This project will be a significant foreign currency earner for the country and we are working closely with the Reserve Bank of Zimbabwe on various requirements for the project," he said. The Arcadia project is expected to have a yearly plant throughput of 1,2 million tonnes, and a lifespan of 20 years. Last month, the company said demand for its samples from the mine was high. Arcadia would become Zimbabwe's third lithium producer, after the Premier African Minerals-owned Zulu lithium project near Fort Rixon and Bikita Minerals in Masvingo. Zimbabwe is already Africa's largest lithium producer and fifth largest in the world after producing 900 tonnes in 2015. Bikita holds the world's largest known lithium deposits, estimated at 11 million tonnes. *(The Source)*

Clothing retail chain Edgars stores reported a fivefold increase in after tax profit to $567,499 in the six months to July, from $109,119 last year driven by an increase in revenue and savings on finance costs. Revenue was up 7 percent from $23,1 million to $24,7 million. Finance costs fell to $618,027 from $905,539 as net borrowings declined from $11,2 million to $9,4 million in the period. Sales in Edgars chain stores rose to $15,2 million from $14,5 million in the same period last year, while the Jet chain's sales rose by 13 percent to $8,7 million from $7,7 million last year. The manufacturing division incurred a $300,000 loss as a result of fabric outages caused by the shortage of foreign currency. "Whilst 50 percent of our product is sourced locally ,the prevailing foreign currency shortages will impact our product range, particularly for the fourth quarter. We will pursue all options to obtain key imported products for our customers and inputs for the factory while actively implementing import substitution where feasible," said chairman Themba Sibanda in a statement on Tuesday. Cash generated from operations dropped to $1,76 million from $4,1 million in the comparable period last year. The group's total assets declined marginally from $47,8 million to $46,8 million. The company did not declare a dividend. *(The Source)*

Construction and engineering group Masimba Holdings recorded a 23 percent increase in after tax profit to $137,422 in the half year to June from $111,477 in the comparable period last year on improved revenue coupled with overhead efficiencies. Revenue increased by 35 percent to $11,6 million from $8,6 million in the same period last year on the back of a firm order book. Chief executive Canada Malunga told analysts on Wednesday that the company is now aiming to improve its bottom line, leveraging on an active order book of $38,4 million, with infrastructure projects contributing $16,8 million (44 percent). "Two years ago we were really infatuated with growing the top line and we have been able to achieve that. We have now rearranged our priority areas and we have got a sustained order book to 2019 so what we want now to deliver is value out of that order book," Malunga said. "There has been a bit of improvement but marginal improvement on the bottom line, but going forward, our focus is just on value creation and value preservation, we want to make sure that the bottom line can be much more visible," he added. Gross profit margin declined to 12 percent from 15 percent in the in the comparable period last year as a result of the excessive rainfall experienced in the first quarter. The group's earnings before interest, tax depreciation and amortisation (EBITDA) increased from $633,561 in the prior comparable period to $713,649 mainly due to increased revenue and cost cutting measures. Total assets increased by 10,5 percent to $27 million from $24,4 million previously largely on the back of an increase in contracts in progress and accounts receivable. The company reduced its borrowings to $500,700 from $705,834 in December last year. Malunga said since June borrowings have increased to $2 million in support of the growing order book. Cash generated from operations stood at $1,6 million compared to $321,150 in the same period last year as a result of stringent cash collection measures implemented in the period. The company did not declare a dividend. *(The Source)*

Axia Corporation reported a six percent increase in after tax profit to $15,3 million in the year ended June from $14,5 million last year on increased revenue. Revenue at $248,3 million was 26 percent up on prior year's $197,5 million , resulting in a 10,8 percent increase in earnings before tax and interest (EBIT) to $22,1 million. TV sales and hire reported a 37 percent increase in revenue as sales increased 51 percent. "This has been spurred by growth in cash sales over the comparative period owing to well marketed and merchandised stores and a shift towards formal channel," chairperson Luke Ngwerume said in a statement accompanying the company's results on Thursday. Distribution Group Africa Zimbabwe recorded a volume increase of 45 percent resulting in a 37 percent growth in revenue, as the group acquired new distribution agents. Transerv recorded a 3 percent increase in revenue. Total assets increased by percent to $116,8 million from $105,2 million previously. Net borrowings increased by $9,7 million to $25,8 million mainly to support working capital investments. Axia spent $1,72 million on capital expenditure. The company declared a final dividend of 0,22 cents and an additional special dividend of 0,08 cents. *(The Source)*

Padenga Holdings on Thursday said its net income doubled to $4,05 million in the six months to June from $2 million in the comparable period last year on the back of fair value adjustments on biological assets. Padenga made a fair value adjustment on biological assets of $9,6 million, boosting profit despite a 52 percent decline in revenue to $2,96 million. "We sold 5,283 skins compared to 20,978 skins in the comparable period in 2016 … culling for the foreign operation will only commence in the second half of the year," chairperson Ken Calder said in a statement accompanying results. The Zimbabwean Nile crocodile operation recorded a 28 percent increase in profit before tax to $4,99 million from $3,9 million last year. Calder said an additional 80 new pens are being constructed to improve production efficiencies. The company expects to meet its culling volumes by year end. The United States alligator operation narrowed its loss before tax to $646,883 from $1,04 million in the same period last year. The alligator operation is expecting to harvest 16,182 yearling alligators between July and December. Total assets increased to $79 million from $70,7 million previously. The group spent $1,28 million on capital expenditure. "The Nile crocodile operation, is well positioned and has exciting prospects going forward. We anticipate skin sales for 2017 to be on target at 46,000 skins and we expect revenue to be at least the same level as last year," Calder said. The company did not declare a dividend. *(The Source)*

Listed media group, Zimpapers on Friday reported a net profit growth of 93 percent to $1 million for the six months to June from

$570,520 recorded in the same period last year despite a fall in revenue. Revenue dropped 4 percent to $18,3 million from $19 million in the prior comparable period. Newspaper, commercial printing and broadcasting divisions contributed 12 percent, 13 percent and 22 percent respectively to total revenue. "The four percent drop in revenue was caused by the reduction in circulation volumes, mainly as a result of liquidity constraints arising from cash shortages," said chairman, Delma Lupepe in a statement. Finance costs fell from $571,380 to $280,123 while operating costs increased from $11,2 million last year to $12 million . "The company's operating costs increased as the company took a deliberate approach to increase investments in new products including digital, The Business Weekly and Zimpapers Television Network production house during the period under review for future revenue growth," said Lupepe. The company's debtor book went up by 7 percent to $11, 1 million. Total assets increased marginally to $39,7 million from $39,6 million last year. Cash from operations was down at $2, 1 million compared to $3,8 million recorded in the same period last year. The group did not declare a dividend, citing the need to, "preserve the available resources for working capital, liquidating the legacy statutory liabilities and debt as well as completing the ongoing recapitalisation programme to ensure a brighter future." *(The Source)*

Economic News

The Zimbabwe Stock Exchange is soaring, reaching new records each day. Last week alone, the market capitalisation added $3,2 billion to close at $11,3 billion as demand for equities soars. Gone are the days when the common sentiment was "Zimbabwean shares are undervalued". ZSE is now overvalued despite the challenges companies are facing which include foreign payment delays and waning aggregate demand, just to mention a few. Year to date, the mainstream index gained 176,96 percent to 400,05 points, driven mainly by the biggest 10 stocks by market capitalisation which account for 77,4 percent of the total market capitalisation. The mining index has also picked up 56,32 percent in a year to date to 91,46 points, as demand for all mining companies increase. Markets observe fundamentals – which gives rise to a question – which fundamental is ZSE respecting?. "Money supply!," analysts have this general consensus. Analysts say the demand for equities is driven mainly the issuance of treasury bills into the market by government, which is giving rise to creation of phoney money in the economy through Real Time Gross Settlement (RTGS). Banks are holding on to $7 billion in unsupported electronic balances, putting their health at risk. RTGS payments accounted for 71,87 percent of the total value of transactions processed through the national payment system (NPS) in the week to September 1, according to RBZ statistics. The market capitalisation to GDP ratio, a guide of the market is under/overvalued, indicates that ZSE is now overvalued, but analysts concur that the bull run will continue.

Zimbabwe's GDP stood at $16,29 billion in 2016, according to the World Bank. This implies that the market capitalisation to GDP ratio is now around 63 percent. In 2011, when the economy showed some signs of recovery, with capacity utilisation reaching a peak 57,2 percent, the market capitalisation to GDP ratio stood at 34 percent. "Listed companies represent less than 50 percent of total companies in Zimbabwe, but the market capitalisation is now heading towards a one to one ratio (1:1) with the country's GDP, which shows that the market is overvalued. Traditionally the market capitalisation to GDP ratio was between 40-50 percent, which was a fair representation" an analyst with a leading asset management firm said. Zimbabwe has many big companies that are not listed locally but contribute significantly to GDP. But, without their contribution, the ZSE market capitalisation on its own is creeping towards the total GDP. "Local investors are driving the current ZSE bull run, in particular, institutional investors who have excess cash in banks, as they prefer equities to money markets due to currency risk fueled by the heavily discounted bond notes and RTGS balances," said an equities analyst. The rising RTGS balances, compared to USD cash and Nostro balances have pushed up premiums on dollar notes, driving inflationary expectations. "The real reason is that we are anticipating a high inflationary environment, so for you to protect yourself against an inflationary environment, you need to hold real assets, that's why there is now demand for real assets like equities," said the analyst."The creation of money is very high at the moment, so investors are running away from holding monetary assets to real assets, thereby creating the demand which is pushing share prices upwards. "The problem with money markets investment is that their returns will be chewed by inflation, but with shares investors preserve value, and can be liquidated at a later date in the long run at a price which reflects the inflation rate at that time."

Some analysts said corporates are now turning to the stock market in order to hedge themselves against the potential risks associated with sitting on top of excess cash in banks. "Corporates are being paid large amounts by the government through treasury bills or by RTGS. So rather than holding on to large RTGS balances, they turn to either equities or properties, but most of them are going for equities because of issues of divisibility as equities allow them to diversify their portfolio compared to properties where you commit larges amounts on a single asset," an investment analyst said. The RTGS balances are also difficult to liquidate, analysts say. Last week ProPlastics finance director, Pascal Changunda said it often takes up to three months to liquidate RTGS balances, stretching their resources to the limit. Foreign investors, on the other hand, are pulling out of the local bourse in drives and remain net sellers in the year. Notwithstanding the difficulty in remitting sale proceeds, driven by Nostro pressures, foreign investors are opting to sell and reserve better positions in the remitting queue. "Foreigners are considering that even if they are to wait in the queue for months to receive their proceeds, they will eventually get paid in US dollars when their turn comes …. and there is also fear that the ongoing bull run might retrace if the uncertainty driving the market cools down," an analyst said. The central bank last week said it had set up a $5 million Zimbabwe Portfolio Investment Fund to repatriate funds to foreign investors specifically on the Zimbabwe Stock Exchange (ZSE), a development meant to restore confidence in the market. As at June the country had a backlog of $75 million in dividends and proceeds from sales that were owed to foreign investors. *(The Source)*

Zimbabwe's maize reserves have hit one million tonnes, the highest in more than 17 years, state media reported on Tuesday, after the southern African nation produced surplus maize. Last year, Zimbabwe was hit by a devastating drought that left millions in need of food aid, but the government said above average rains and state-funded farming inputs like fertiliser and seed had lifted maize output to 2.1 million tonnes this year. "For the strategic grain reserve we have surpassed the one million (tonnes) of maize," Joseph Made, the Agriculture Minister told the government-controlled Herald newspaper. Zimbabwe since 2001 has relied on maize imports and food aid to feed itself, a situation critics blame on President Robert Mugabe's often violent seizures of white-owned commercial farms to resettle landless black citizens. Mugabe on Sept. 8 said despite harsh criticism of the land seizure drive, the programme was paying off, with agriculture expected to contribute to economic recovery and the country set to regain its status as a regional breadbasket. *(Reuters)*

The Zimbabwe Stock Exchange (ZSE) on Tuesday eased for the second consecutive day, dropping 4,94 percent to 371,31 points as profit-taking took hold among punters. The industrial index broke a two-month rally — which started on July 18 — on Monday after peaking at 400,03 points last Friday. Delta led the fallers, dropping 15,05 percent to 229,37 cents dragging the stock exchange. The company's capitalisation at $2,87 billion, accounts for 27,32 percent of the ZSE total market capitalisation which declined 4,6 percent to $10,5 billion from $11,03 billion on Monday. About $1,17 million worth of the beverage maker's shares were traded, representing 39 percent of the turnover for the day, which amounted to $2,97 million. Dairibord and Hippo Valley eased 9,38 percent and 9,86 percent to 14,5 cents and 130,25 cents respectively. NMBZ Holdings lost 11,11 percent to settle at 8 cents while Innscor lost 0,13 percent to settle at 150 cents. Partially offsetting the losses was Ariston, which gained 19,84 percent to 3,02 cents. Financial service group, CBZ gained 10,44 percent to 17,99 cents while Old Mutual advanced 7,28 percent to 729,5 cents. Zimpapers also gained 1,90 percent to trade at 1,07 cents. The mining index gained 5,93 percent to 96,89 points as Riozim advanced 9,57 percent to close at 80 cents. Foreigners were net sellers in the day, disposing of shares worth $827,087 and buying shares worth $656,448. (*The Source)*

Zimbabwe has effectively shelved plans to extend its Feruka pipeline to Francistown, Botswana citing viability concerns over the project, an official has said. The deal had been proposed in attempt to make the pipeline, which runs from Beira to Harare, more profitable by opening it up to the region and increasing traffic volumes. In January, government reduced the pipeline tariff from 8,05 cents to 6,50 cents per litre to lure fuel dealers who otherwise opted to use road transport. "We are in talks with Botswana but the deal is not happening anytime soon. The (Botswana) market is not that big to warrant the deal," Energy and Power Development, permanent secretary Partson Mbiriri told The Source on Tuesday. Zimbabwe imports 90 percent of its fuel via the pipeline while Botswana imports via rail and road. Zimbabwe bought 1,3 billion litres of fuel through the pipeline in 2016, down from 1,53 billion litres in 2015. It also exported 104 million litres last year, down from 209 million litres in the prior year. Last year, the country dropped plans to construct a second petroleum pipeline, at a cost of $1 billion, linking Beira port in Mozambique and the Msasa fuel depot in Harare to complement the Feruka pipeline which was built in 1966. The proposed pipeline would have capacity to carry 500 million litres of fuel per month. In April, Botswana's representative in the SADC Petroleum and Gas Sub-Committee, Baruti Regoeng said the pipeline would be a cheaper alternative to supply the north-eastern parts of Botswana with oil.

According to the Zimbabwe National Statistics (Zimstat), the country imports 1,5 billion litres of fuel and lubricants at an estimated cost of $1,3 billion annually. *(The Source)*

Zimbabwe's Finance Minister on Wednesday said the southern African nation would not be able pay $1.8 billion in arrears to the World Bank and African Development Bank (AfDB) until economic fundamentals improve. Patrick Chinamasa said in a radio interview that a payment plan agreed with foreign lenders in 2015 in Lima, Peru, could only proceed once Zimbabwe has reduced its fiscal deficit from around 10 percent of gross domestic product, cut its wage bill from 92 percent of the budget and increased its import cover. Chinamasa said the government had negotiated a cheaper loan to pay the $1.8 billion but had decided against paying after realising that the country could still remain in a debt cycle if it did not address its economic problems. He did not give the source of the new loan but said Zimbabwe was paying 15 percent a year on its World Bank loan. Zimbabwe's total foreign debt is more than $7 billion. "When we think that the economic fundamentals of our economy are right, we then are in a position to repay the World Bank and the AfDB," Chinamasa told talk-show radio CapitalkFm. "We need to put ourselves in a position that is sustainable in terms of honouring our obligations. So, to that extent the ball is in our court." In April, Chinamasa said Zimbabwe had met all conditions to pay the World Bank and AfDB after clearing its outstanding dues to the International Monetary Fund last October. Zimbabwe, which ditched its hyperinflation-wrecked currency for the U.S dollar in 2009, has since last year grappled with acute shortages of dollars. Chinamasa blamed the shortages on "market indiscipline" and "lack of confidence by major economic players" in the economy. He said to try manage scarce foreign exchange all export earnings from diamonds, gold, tobacco, platinum and ferrochrome would be managed by the central bank. *(Reuters)*

Zimbabwe Stock Exchange mainstream index eased 1,13 percent to 367,13 points on Wednesday, extending its losses for the third day running. However, the mining index gained 1,86 percent to 98,69 points as market capitalisation declined to $10,3 billion from $10,5 billion. The local bourse recorded a total market turnover of $2,5 million in the day. Delta eased 4,08 percent to 220,02 cents while Padenga Holdings and Barclays lost 15 percent and 10,78 percent to 85 cents and 8,03 cents respectively. Additionally, Dawn eased 7,83 percent to settle at 2,12 cents while Axia lost 5,96 percent to close the day at 30 cents. Leading the gainers were Colcom and BAT whose share prices rose 19,90 percent and 19,89 percent to trade at 60,25 cents and 2200 cents respectively. Hwange Colliery Company and Truworths advanced 19,87 percent and 19,44 percent to settle at 3,74 cents and 1,29 cents. Mashold also gained 12,90 percent to 3,5 cents. On the resources space, Bindura closed at 3,94 cents while Falgold and RioZim remained unchanged. Foreigners were net sellers in the day, disposing of shares worth $464,688 compared to buys worth $434,529. *(The Source)*

A visiting Parliamentary delegation from Iran on Wednesday expressed concern over the extremely low trade volumes between Zimbabwe and Iran. Chairman of the Iran-Zimbabwe Parliamentary Friendship Group, Mostafa Kavakebian who is also a member of the Iranian Parliamentary Portfolio Committee on National Security and Foreign Policy, together with his delegation yesterday told members of the Parliamentary Portfolio Committee on Foreign Affairs that inefficiencies in Zimbabwe's banking sector had severely affected trade between the two countries. "We believe that there are serious problems in the banking sector in Zimbabwe, and would like banking relations to be improved because Iranian businessmen in Zimbabwe are saying that it is very difficult to transfer money," said Kavakebian. Iranian Ambassador to Zimbabwe Ahmad Erfanian said business was so low that this year Zimbabwe has only managed to export goods worth $1,000 to Iran. "The level of exports between the two countries according to our statistics is very low and currently exports from Zimbabwe to Iran were $1,000," Erfanian said. "Last year exports from Zimbabwe to Iran were $4,8 million, and two years ago exports from Iran to Zimbabwe were $400,000, and last year it was $200,000." *(The Source)*

Tourist arrivals in Victoria Falls shot up 21,6 percent to 119,758 in the first six months of 2017 compared to the same period last year owing to an increase in air connectivity, an industry report has shown. The Victoria Falls International Airport underwent a $150 million upgrade which was completed last November, increasing its capacity to 1,5 million visitors a year. Eight airlines now fly into Vic Falls after Ethiopian Airlines, Kenya Airways and South Africa's Airlink started flying into the resort town, joining British Airways, Air Zimbabwe, South African Airways, Fastjet and Air Namibia. SAA also launched the wide boarded A330-200 jetliner to service the Johannesburg-Victoria Falls route, the first such aircraft to do so. Across the Zambezi River, Zambia also upgraded the Harry Mwaanga Nkumbula International Airport, which now has capacity to service a million passengers. The airport so far has five airlines landing on its shores while Botswana's Kasane International Airport in the Vic Falls region is mainly serviced by two airlines. In its latest report, hospitality group, Africa Albida Tourism said the resort town had recorded a 32 percent increase in international visitors to 84,249 between January and June, from 63,016 during the comparable period last year. Regional visitors declined by 18,1 percent from 35,014 to 28,669. Local tourists also dropped 11,6 percent from 74,558 to 65,913 arrivals. The survey covered Victoria Falls and Hwange in Zimbabwe, Chobe and Kasane in Botswana and Livingstone, Zambia. "The new airport at Victoria Falls is changing the region. Over 125,000 more passenger seats per year have been added into Victoria Falls with new routes and airlines," said Africa Albida Tourism in the survey for 2016. "A sizeable drop in local arrivals has been masked by significant growth in international arrivals on the Zimbabwean side. International tourist arrivals to Victoria Falls rose 17 percent in 2016 and have gained an additional 32 percent on that in the first six months of 2017," read the report. A total of 265,388 tourists visited Vic Falls last year compared to 255,732 in the same period in 2015. Visitors from America rose from 42,299 to 63,502 in 2016 while those from Germany were up 26 percent to 21,288 from 17,123. Australia, France and Japan rose 22 percent, 11 percent and 108 percent respectively. Hotel room occupancy in the resort town was marginally over 50 percent for 2016. *(The Source)*

Zimbabwe's gold production rose 10 percent in the first eight months of this year to 14.6 tonnes, buoyed by higher output from small and informal producers, official data showed on Thursday. Gold is Zimbabwe's single largest mineral export. Statistics from Fidelity Printers and Refiners, a subsidiary of the central bank which buys all the country's gold output, showed that small-scale miners delivered 7.2 tonnes of bullion during the period, up from 5.5 tonnes the previous year. Deliveries from large producers declined to 7.4 tonnes from 7.8 tonnes during the same period in 2016. In August alone, output totalled 2.5 tonnes, the highest this year and up from 2 tonnes in July. Fidelity is paying small-scale and informal producers cash for deliveries as it seeks to encourage more gold to be sold via official channels. The central bank has said Zimbabwe could be losing up to $500 million through illegal gold exports *(Reuters)*

Zimbabwe Stock Exchange mainstream index shed 0,74 percent to 364,42 points on Thursday on profit-taking in some counters, while the resources index recorded a marginal 0,05 percent gain to 98,74 points. Market capitalisation stood at $10,32 billion while the local bourse recorded a total market turnover of $6,4 million in the day. Retail giant, OK Zimbabwe eased 5,61 percent to settle at 34 cents while Padenga lost 5,34 percent to close at 80,46 cents. Additionally, FML eased 17,75 percent to 9,5 cents while Dairibord and Powerspeed lost 16,67 percent and 6,25 percent to 12,50 cents and 7,5 cents respectively. Delta and Econet were flat at 220,06 cents and 80,03 cents respectively. Leading the gainers were Dawn and PPC whose share prices rose 8,49 percent and 7,46 percent to trade at 2,3 cents and 90 cents respectively. Mashonaland and BAT advanced 4,92 percent and 4,25 percent to settle at 6,19 cents and 2,293.35 cents. Colcom also advanced 2,07 percent to close the day at 61,5 cents. On the mining space, Bindura's share price slightly increased by 0,25 percent to close at 3,95 cents while Falgold, Hwange and RioZim remained unchanged. Foreigners were net sellers in the day, disposing of shares worth $3,5 million compared to buys worth $439,596. *(The Source)*

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