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:

AFRICA STOCK EXCHANGE PERFORMANCE

Country	Index	22-Jan-16	29-Jan-16	WTD % Change Local	WTD % Change USD	31-Dec-15	YTD % Change Local	YTD % Change USD
Botswana	DCI	10558.38	10440.28	-1.12%	2.72%	10602.32	-1.53%	-2.27%
Egypt	CASE 30	5713.35	5986.78	4.79%	5.51%	7006.01	-14.55%	-13.95%
Ghana	GSE Comp Index	2000.02	2004.12	0.20%	-2.90%	1994.00	0.51%	-5.79%
Ivory Coast	BRVM Composite	291.24	289.74	-0.52%	-0.51%	303.93	-4.67%	-5.25%
Kenya	NSE 20	3747.40	3773.17	0.69%	-0.48%	4040.75	-6.62%	-7.71%
Malawi	Malawi All Share	14557.75	14440.24	-0.81%	-5.41%	14562.53	-0.84%	-11.37%
Mauritius	SEMDEX	1809.41	1843.03	1.86%	-1.33%	1,811.07	1.76%	-1.66%
	SEM 10	345.70	353.86	2.36%	-0.84%	346.35	2.17%	-1.27%
Namibia	Overall Index	796.92	850.58	6.73%	12.36%	865.49	-1.72%	-4.52%
Nigeria	Nigeria All Share	23826.50	23916.15	0.38%	0.05%	28,642.25	-16.50%	-17.22%
Swaziland	All Share	327.25	327.81	0.17%	5.45%	327.25	0.17%	-2.68%
Tanzania	TSI	4279.77	4263.44	-0.38%	-2.11%	4478.13	-4.79%	-7.68%
Zambia	LUSE All Share	5600.96	5553.74	-0.84%	-1.82%	5734.68	-3.16%	-6.20%
Zimbabwe	Industrial Index	103.38	103.07	-0.30%	-0.30%	114.85	-10.25%	-10.25%
	Mining Index	19.77	19.53	-1.21%	-1.21%	23.70	-17.59%	-17.59%

CURRENCIES

Cur-rency	22-Jan-16 Close	29-Jan-16 Close	WTD % Change	YTD % Change
BWP	11.56	11.12	-3.74	-0.76
EGP	7.81	7.75	-0.69	0.70
GHS	3.93	4.06	3.19	-6.26
CFA	604.06	604.00	-0.01	-0.61
KES	100.52	101.70	1.17	-1.16
MWK	686.02	719.40	4.87	-10.61
MUR	34.78	35.90	3.23	-3.36
NAD	16.69	15.85	-5.01	-2.85
NGN	198.35	199.00	0.33	-0.86
SZL	16.69	15.85	-5.01	-2.85
TZS	2,144.23	2,182.00	1.76	-3.03
ZMW	11.19	11.30	0.99	-3.14

Botswana

Corporate News

No Corporate News This Week

Economic News

No Economic News This Week

WEEKLY AFRICAN FOOTPRINT

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Egypt

Corporate News

Egypt's state-owned EGAS said on Friday it had postponed a liquefied natural gas (LNG) delivery from BP last month until later this year, rejecting suggestions there were any payment difficulties. LNG tanker British Sapphire was diverted to Brazil rather than discharging in Egypt. Traders said the delay was related to payment problems. "This is completely untrue," EGAS Chairman Khaled Abdel Badie told Reuters, adding that deliveries had been postponed until Egypt's peak energy consumption period in August. Egypt became a major market for LNG shippers after the launch of two floating import terminals last year. Badie said Egypt is looking to rent a third floating storage and regasification unit (FSRU) in the first quarter on 2016. Egypt has struggled to pay for oil products and LNG due to an acute foreign currency crisis worsened by a fall in tourism following the crash of a Russian airliner in Egypt in October. According to financial and trade sources, last month Egypt asked for 90 days to pay for LNG deliveries, up from the traditional 15, creating arrears currently estimated at $400-$500 million. Egypt's suppliers include Shell, Gas Natural , Trafigura, Vitol, EDF Trading , PetroChina and Noble Group. *(Egypt.com)*

Economic News

The World Bank will finance the development of the infrastructure for the industrial zones in Upper Egypt governorates of Qena and Sohag, Industry and Foreign trade Minister Tarek Kabil said in a statement on Thursday. Qena and sohag are two of the poorest governorates in Egypt, where urban unemployment is higher than the national average, which stood at 12.8 percent in the third quarter of 2015, according to state's statistics body CAPMAS. The World Bank has approved in December expanding Egypt's portfolio with its subsidiary the International Bank for Reconstruction and Development (IBRD) to $6 billion from $5 billion over the five years fro 2015 to 2019. *(Egypt.com)*

Egypt's central bank kept benchmark interest rates unchanged on Thursday, it said in a statement. The Monetary Policy Committee (MPC) kept the overnight deposit rate at 9.25 percent and the overnight lending rate at 10.25 percent. Egypt has been struggling to restore growth since a mass uprising in 2011 drove away tourists and foreign investors, the major sources of hard currency. Nine of ten contributors in a Reuters poll had expected the MPC to keep rates on hold on Thursday. The central bank raised interest rates by 50 basis points last month, the first hike since July 2014, citing inflationary pressures. Urban consumer inflation was steady at 11.1 percent in December, unchanged from the previous month, while core inflation eased to 7.23 percent. Egypt has been under pressure to devalue the pound but newly appointed Central Bank Governor Tarek Amer has led a drive to support the currency despite dwindling foreign reserves. Reserves have almost halved to $16.4 billion and the central bank has been holding weekly auctions to keep the pound artificially strong. The government projects growth of around 5.5 percent this fiscal year, compared with an estimated 4.2 percent in 2014/15. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Ghana

Corporate News

No Corporate News This Week

Economic News

The Ghana Stock Exchange (GSE) has assured that it will continue pushing for government to restore the exemptions on capital gains tax and the 3 percent rebate on income taxes for listed companies during the first three years of their listing on the bourse. Managing Director of the GSE Kofi Yamoah told the B&FT -- on the side-lines of listing Bayport Financial Limited's GH¢78.5million medium-term debt instrument -- that despite the shock of the exemptions' removal, the exchange is not relenting in its efforts to get government to review its decision. "We have sent a proposal to the Ministry of Finance to establish our displeasure about the fact that those incentives are no longer in the new Income Tax Act, and we have followed up by having a meeting with the ministry; so we are waiting on the ministry to come out with a decision," he said. After the introduction of a raft of tax increments and additional levies on petroleum products, income tax and utility tariffs, institutions and labour unions as well as the public have hit out at government for being 'insensitive' toward the welfare of Ghanaians. Organised Labour last week embarked on a demonstration to state their displeasure over the Energy Sector Levies Act 2015, as well as hikes in electricity and water tariffs. After the demonstration, government has now been compelled to come to the table and discuss a reduction in the increment on utility tariffs; an announcement is expected in the coming days. Additionally, opposition from several institutional unions has forced government to suspend the 1 percent tax on interest earned from banks and investments. Moreover, government has also reduced the Withholding Tax on transactions from 15 percent to 7.5 percent.

The exchange is thus hoping to get government to reverse the capital gains tax entirely, since the move serves as a disincentive to prospective companies that seek to list and to investors who are looking at fleeing to more favourable markets. "We are respectfully asking the ministry, parliament and the GRA to reverse the capital gains tax, because these incentives are critical to the market's success," he added. In the West African sub-region the stock exchanges of Nigeria and the Francophone markets have zero capital gains tax; and according to Mr. Yamoah capital gains tax is making the GSE uncompetitive just in the sub-region, let alone Africa. He added that he is more interested in protecting retail investors who trade on a daily basis and help improve liquidity on the stock market. "We build this market for retail investors because they constitute the bigger share on the market and do business on a day to day basis and create liquidity. Once in a while the big institutional holders sell, but the liquidity is created by the retail investors who trade on a day to day basis." Already, Deputy Finance Minister Mona Quartey has given indications that government has listened to the concerns of players in the capital market and is working round the clock to come up with a concrete solution to the exemptions. "The recent issue of capital gains tax and market reforms has been heard by government. Government will continue to promote a competitive environment to ensure that institutions are well motivated to invest in improving productivity, efficiency and cost-effectiveness," she said. *(Ghana Web)*

Germany is to assist Ghana to develop a strong renewable energy and agricultural sector as part of its contribution to the development of the country. The German Ambassador to Ghana, Mr John Rudiger, announced this in Kumasi during a courtesy call on the Vice Chancellor of the Kwame Nkrumah University of Science and Technology (KNUST), Prof. William Otoo-Ellis, last Thursday. The meeting was to develop new partnership agreements in the areas of science and technology. Mr Rudiger did not, however, give details of the form the assistance to Ghana was going to take but said it would help reshape the energy sector and promote agriculture. The ambassador used the opportunity to take stock of projects that had been undertaken by the German government. He mentioned the establishment of solar energy demonstration centres at the Accra Polytechnic to help students to understand solar energy issues. Prof. Otoo-Ellis recounted the good relationship between Germany and KNUST which had significantly benefited the country in diverse ways. He commended the German government for its unflinching support towards the training of many Ghanaians which had impacted positively on the nation's development. The Director of the Energy Centre at the KNUST, Dr Gabriel Tachie, hinted that the university was collaborating with Germany to research into diverse projects such as biogas generation and solar energy among other initiatives. One of such projects, he said, was the West Africa Science Service Centre on Climate Change and Adopted Land Use (WASCAL), a large-scale research-focused programme funded by the German Federal Ministry of Education and Research. Dr Tachie said plans were afoot towards the opening of a biogas laboratory and e-waste plants in the country to support research and development. *(Ghana Web)*

Ghana's central bank kept its benchmark policy rate at 26 percent on Monday citing moderation in the pace of consumer inflation, its governor Henry Kofi Wampah said. The West African nation is under a three-year aid program with the International Monetary Fund (IMF) to support an economy dogged by high fiscal deficits and public debt, with consumer inflation consistently above government target. The Bank of Ghana had set the current rate in November, its highest level in 12 years. "The current tight monetary stance, supported by the continuing fiscal consolidation and improvement in the energy situation have led to a low risk in the outlook," Wampah told journalists.
Ghana's consumer inflation rose marginally to 17.7 percent, one of the highest in the West African region but Wampah said the central bank's monetary tightening in recent months could limit any further rise. "Going forward, the committee expects the slower pace of price changes to continue and steer inflation down towards the medium target band of eight percent, plus or minus two percent," Wampah said.
Ghana's economy is expected to pick up speed this year, even as the government abides by IMF-set spending limits, and Wampah said the bank had begun its zero financing of the budget deficit limit placed on it under the aid deal. The country is preparing to hold presidential and parliamentary elections in November which are expected to produce a tight race between President John Mahama and Nana Akufo Addo of the main opposition New Patriotic Party, partly due to economic concerns. *(Reuters)*

Kenya

Corporate News

Shareholders of troubled Imperial Bank are ready to remit Sh10 billion to the Central Bank of Kenya, (CBK) as part of a recovery plan fronted by the regulator involving injection of fresh capital. On Tuesday, Imperial Bank Chairman Alnashir Popat told the Nation that the shareholders "always have been and remain very committed" to seeing the bank recover. "Since this crisis erupted the shareholders have wanted to work with the regulator and a professional team to recapitalise the bank. It was always made clear that the proposed injection of Sh10 billion would need to be raised – mobilised – from the resources of the shareholders and their associates and partners," Mr Popat said in an interview. Last week CBK governor Patrick Njoroge said owners should back their often-stated commitment to recapitalise the bank by first remitting Sh10 billion to CBK, a move which would pave way for talks on the lender's possible reopening. Dr Njoroge said at a press conference that: "Yes they say they have a proposal to pump in Sh10 billion; we wanted enough resources to reopen the bank in November, that didn't happen because no resources came. We told them we have an account here, put the money there and we get moving but nothing happened, giving us the impression that they were unwilling to move in that direction." He added: "We had no choice but to take the direction we have outlined. I will say it now loud and clear that there is an account here at the CBK and if indeed there is Sh10 billion out there, put it in that account then we talk." Mr Popat, however, said the regulator should equally provide a clear recapitalisation and recovery framework noting that "to make such a huge investment required – still requires – a proper framework." "As with any investment, the injection of such amounts of new capital will have to be made within a clear financial and legal framework and this may bring with it some financial, legal and regulatory hurdles."

Centum Investment Co., Kenya's biggest publicly traded investment firm, is courting investors to help develop one of the country's largest commercial real-estate projects, Chief Executive Officer James Mworia said. The company will seek partnerships similar to one it agreed with a unit of London-based Old Mutual Plc last week, Mworia said Jan. 27 in Kenya's capital, Nairobi. Old Mutual Property paid $63 million for a 50 percent stake in the Two Rivers Lifestyle Centre, a shopping mall on 102 acres (41 hectares) of land where Centum also plans to build luxury apartments, schools and hospitals. "We plan to bring in partners specifically for each project," Mworia said in an interview at a makeshift office at the mall, which the company is billing as the biggest in eastern and central Africa. Old Mutual Property has "expressed intentions to move with us" on some of the other projects at Two Rivers and will be invited to participate, he said. The Two Rivers mall, which takes up about 50 acres of the land in northern Nairobi, will be fully open by June. Carrefour SA, France's biggest retailer, will be an anchor tenant at the mall, while City Lodge Hotels Ltd., a Johannesburg-based company, is building a 174-room hotel on the site. Before the year-end, Centum plans to start building 110 luxury apartments, while a five-star hotel is planned later. The mall will also have as many as 220 offices. "We have many willing debt and equity investors, financing shouldn't be an issue, but ensuring commercial viability is," Mworia said. "If projects offer compelling value there is enough money." Centum plans to grow its assets to 120 billion shillings ($1.1 billion) by 2019, from around 46 billion shillings by increasing investment in subsidiaries including K-Rep Bank Ltd., a Kenyan lender, and Almasi Beverages Ltd., the Nairobi-based bottler of Coca-Cola Co. beverages.

Total assets stood at 9.8 billion shillings at the end of 2009. Centum has injected 1.2 billion shillings into K-Rep and is ready to "provide capital to them if they need it," Mworia said. It plans to grow K-Rep to be among the country's largest banks by 2019, he said. The company also intends to boost its 51 percent stake in Almasi Beverages. "The shares are widely held, so the pace of accumulation is slower," Mworia said. "We will continue acquiring what is available until everyone who wants to sell has sold." Shares in Centum have fallen 1.1 percent so far this year. Growth in Kenya's real-estate sector accelerated to 5.4 percent in the third quarter from 4.2 percent in the prior three-month period, according to Kenya National Bureau of Statistics data.*(Bloomberg)*

Kenya Electricity Generating Co., the country's biggest power producer, said it will receive a $387.2 million loan from the Japan International Cooperation Agency to fund the construction of a geothermal power plant. The loan agreement will be signed next month, when the company plans to tender for construction of the Olkaria 5 facility, about 70 kilometers (44 miles) northwest of the capital, Nairobi, Chief Executive Officer Albert Mugo said in an e-mailed response to questions Thursday. Construction is expected to begin in the third quarter and power from the plant will be added to the national grid by 2018, it said. KenGen, as the company is known, plans to more than double its generation capacity to 4,270 megawatts by 2025 at a cost of $8.1 billion. Finance Director John Mudany said in December the company may partner U.S., Chinese or Indian investors to help finance and develop geothermal plants. It's planning to raise 28 billion shillings ($273.7 million) in a rights offer as part of its funding plan. The company's stock surged 9.1 percent, its biggest gain in more than three months, to trade at 6 shillings by 12:43 p.m. in Nairobi. At least 4.78 million shares traded on Thursday, more than eight times the three-month daily average. "There's a lot of interest in the shares ahead of the rights offer," Eric Musau, a senior analyst at Standard Investment Bank in Nairobi, said by phone. *(Bloomberg)*

Kenya's East African Breweries raised its interim dividend by a third to 2 shillings per share after announcing a surge in first-half profit on Thursday. The beer maker, which is controlled by Britain's Diageo , said its after-tax profit from ongoing operations rose 16 percent to 5.5 billion shillings ($54 million) in the first half, which ended on Dec. 31. It booked a gain from the sale of its glass-making business, boosting total profit 67 percent from a year earlier to 7.7 billion shillings, it said in a statement posted on its website. Charles Ireland, the group's chief executive, said sales growth in some key markets including Kenya had helped it deal with the challenges of weaker currencies in East Africa. Sales in Kenya, its biggest market, jumped 22 percent by value, mainly due to a rebound in its Senator Keg beer. The beer, which is sold in mugs from barrels in bars, is aimed at the low end of the market. Sales of Senator Keg shot up after the company reached an unspecified agreement with the government over taxes. In 2013, the government had slapped duty on Senator Keg, previously exempt from excise duties, sending its price up 60 percent to 40 shillings per mug and hammering sales. Consumption of sprits also went up in Kenya in July-December 2015, the company said. Sales growth in Kenya helped offset flat sales in Uganda and Tanzania by value as well as a drop in exports to markets such as South Sudan where they were hit by the conflict there. East African Breweries also benefited from a 38 percent drop in financing costs during the period as net borrowing declined, it said. *(Reuters)*

Economic News

Banks and insurance companies have disbursed a further Sh1 billion to the Unclaimed Financial Assets Authority (UFAA) ahead of a planned audit of all financial entities beginning this year. UFAA Chief Executive Ms Kellen Kariuki said that no company will receive a certificate of compliance before it is audited and its books certified as a true reflection of their declaration. "We are still pursuing the errant companies that have declined to heed our warning as the law demands that no one should hold money that does not belong to them. It should be forwarded to us to enable us reunite the money and its true owners," she said. The CEO spoke when UFAA got linked to the Integrated Population Registration System (IPRS) database which allows it to crosscheck details of all claimants before any payments are processed. READ: Agency warns CEOs over unclaimed assets. IPRS director Mr George Anyango said use of the database by public and private sector players had enhanced business innovations especially in online banking and e-commerce whereby individual identity of people was now verifiable at the click of a button. "The system is foolproof thereby allowing individuals who are registered with certain entities to use their phones and email accounts to transact business. That is our mandate to Kenyans that no innovation that boosts business should be hindered by fraud and forgeries in matters identity," he said.

Mr Anyango and Ms Kariuki said all details for every Kenyan had been uploaded onto the system enabling UFAA to ascertain beyond doubt any relation between a claimant and owner of the money. IPRS has todate captured details of 35 million Kenyans from birth, their adult life with details on any government certificates issued to them captured where pictures are uploaded at every stage. The IPRS shows an individual's birth certificate details, identity card details, NHIF and NSSF details together with an individual's Kenya Revenue Authority Personal Indentification Number (Pin) all at the click of a button. Ms Kariuki said all details of an individual remained confidential so as to safeguard interests of genuine claimants saying 1,700 claims had been lodged with UFAA worth Sh42million which was being scrutinised ahead of the planned disbursement. "For the Sh6billion we received from banks, stocks and insurance companies among others who held money belonging to deceased persons, we also got details of beneficiaries and we encourage Kenyans to keep looking at UFAA database to see if their names are there," she said. *(Nation)*

The Kenyan shilling was unchanged on Monday and traders said it was likely to be stuck in a narrow band for the rest of the week.
At 0650 GMT, commercial banks posted the shilling at 102.35/45, barely moved from Friday's closing rate of 102.30/40. "We remain in the 102.00-102.50 range for the week. I don't see anything that cause it to break the range for now," said a trader at a commercial bank. The shilling has been stable this year mainly due to a well-matched supply and demand of dollars. *(Reuters)*

Kenya will rely more on local borrowing to finance this year's budget gap as unfavourable conditions have made external credit unattractive, financial experts have said. Global assets manager PineBridge Investments has predicted that Kenya will have to rely on domestic market because borrowing internationally has become too expensive for African countries. PineBridge Investment CEO Jonathan Stichbury said the risk from hard currency sovereign borrowing such as the Eurobond, which require foreign exchange support to repay, will push the National Treasury away from the international market. "We expect to see additional pressures on revenue financing with aggressive tax collection being required and additional taxes being levied in 2016," Mr Stichbury said. The National Treasury is putting together a supplementary budget set to come out next month. It is expected that the budget will see cuts in spending, consolidation of expenditures and restructuring of the debt ratios. In the current budget, Kenya expected to raise Sh340 billion from external financing and Sh229 billion from the domestic market to meet the deficit. "There has been some talk of revised budget plans to be presented soon. That could potentially cut some elements of spending and reshuffle others," Africa Global Research Standard Chartered Chief Economist, Razia Khan wrote to Smart Company on email. Ms Khan said that traditionally, Kenya has been able to tap the domestic market for its financing needs – hence the depth and liquidity of the Kenyan bond market. "Should external conditions remain difficult, we will almost certainly see more reliance on the domestic market," she said.

Over time, she said, as the economy continues to grow, the size and depth of the Kenyan bond market will increase. The likelihood that the Treasury will resort to domestic borrowing may spook the local market with investors demanding premium rates to lend to the government at the expense of the economy. Ms Khan says that the mention of the external borrowing may have been a way of relieving pressure on the domestic market, at a time when liquidity is already stressed by events in the banking sector, and when the Central Bank of Kenya (CBK) has tightened considerably. She said liquidity has normalised and with inflation outlook not that grim, the CBK may even start lowering interest rates. "Any external issuance will likely be deferred to when some calm has been restored to markets. It does not make sense to borrow significantly, especially when trying to lengthen the tenor of borrowing, given the current state of international capital markets," she said.
The National Treasury has hinted at fresh plans to return to the international market to source for more funds, including the option of another Eurobond, to plug deficits in the national budget although analysts say this is unlikely in the short term. "Whatever deficit we have we will have to finance it by borrowing. Such borrowing will be a mix of local and external borrowing ranging from direct bilateral loans, export credit agencies, new products like Sukuk and Samurai bonds, and all other products in the international market including also going back to the Eurobond. We are not ruling out that," National Treasury Cabinet Secretary Henry Rotich (left) said. Dimming oil prospects, slower economic growth and scandal over Eurobond proceeds means Kenya will pay a higher premium if it goes back to the international markets. In 2014 Kenya issued a total of $2 billion with a weighted average interest rate of 6.6 per cent in Europe, Middle East and the US.
According to Bloomberg Markets, the return on the country's $2 billion bond, trading in the Irish stock market, climbed 124 basis points in the just a month to 9.23 per cent in December. While this does not affect the rate at which Kenya services the debt, it means the country cannot issue a new Eurobond at a rate less than 9 per cent at the current market position. *(Nation)*

Kenya's $680 million standby credit with the International Monetary Fund has been extended to March as both sides work on a new facility with similar features, the IMF's resident representative said. The East African nation secured the year-long, insurance-type loan in February last year to help it deal with any unforeseen shocks that could threaten economic stability. "We are now working on extending it for a few weeks just because we are in dialogue with the government to present a new programme to our board before the end of this quarter," Armando Morales told Reuters late on Monday. "We agreed with the authorities that it was prudent to maintain that insurance during the discussion for the new programme," he said. The Central Bank of Kenya calmed volatility in the markets last year after hiking its

benchmark lending rate by 3 percentage points to 11.50 percent and has increased foreign reserves without turning to the IMF standby loan. The shilling weakened 11 percent against the dollar last year, less than most frontier currencies, and has been steady this year.
Morales said this showed the government had "the will and the tools necessary" to maintain stability in the economy, strengthening the case for a new standby loan. The IMF expects Kenya's economy to grow by 6 percent this year, from an estimated 5.6 percent last year, driven by farming, expectations of macroeconomic stability and Kenya's minimal exposure to slowing emerging markets like China.

Unlike some other African nations, Kenyan is not reliant on commodity exports to Asia. "Agriculture has become a more dynamic sector. Weather patterns have been more benign," Morales said, adding higher growth could be achieved because of infrastructure projects like a new railway being built from the main port to the capital. The IMF was following closely the government's financing plans given the slowdown in global economic growth, he said. Kenya's net present value of debt - which reflects the debt's maturity profile, the proportion of loans taken on softer terms like those from the World Bank and interest rates - was still below 45 percent of GDP, he said. "Kenya remains at low risk of debt distress even with the additional information that has been incorporated," he said. Finance Minister Henry Rotich said last week Kenya was looking to cut spending and would keep engaging international investors to gauge appetite for future issuance. Morales said Kenya needed to balance local and external funding sources in the future but said it could still tap foreign markets. "That appetite hasn't dried completely. There are still pockets of investors that are looking for yields," he said. The yield on Kenya's debut Eurobond that was issued in 2014 was quoted at 9.096 percent on Tuesday, compared with a yield of 6.875 percent at issue. *(Reuters)*

Malawi

Corporate News

No Corporate News this week

Economic News

No Economic News this week

Mauritius

Corporate News

No Corporate News this week

Economic News

No Economic News This Week

Nigeria

Corporate News

Royal Dutch Shell said on Monday that is had re-opened a key oil pipeline in Nigeria that had been shut since late November. The Trans Niger Pipeline, or TNP, which carries Bonny Light crude oil to the export terminal had re-opened "in recent days," a Shell spokeswoman said by email. The pipeline remained closed while the company investigated an incident on Nov. 22 in which four contractors died during an operation to remove crude oil theft points. The closure of the pipeline had led to loading delays of up to 10 days, according to traders. *(Reuters)*

Nigeria expects no out-of-court settlement with South Africa's cellphone operator MTN over a $3.9 billion fine unless MTN withdraws its lawsuit, its telecommunications minister said on Tuesday. MTN had filed a suit after the Nigerian telecommunications regulator imposed the fine for failing to disconnect users with unregistered SIM cards. "As far as we are concerned, there can be no out-of-the-court settlement except if it's taken out of court," Adebayo Shittu told reporters. "I'm not aware of any out-of-the-court settlement." *(Reuters)*

SEPLAT Petroleum Development Company Plc, listed on both the Nigeria Stock Exchange (NSE) and London Stock Exchange (LSE), has announced that the company is expecting revenue of $550 million to $600 million in 2015 operations. The company posts FY 2015 working interest production of 43,372 boepd – ahead of guidance and up +41per cent year-on-year. Capital expenditures incurred during 2015 are expected to be about $152 million, slightly below guidance of $168 million. According to the Company, despite the challenging year for the industry, Seplat still delivered best-in-class production growth in 2015 with liquids output up 20 per cent and gas output up 119per cent year-on-year, corresponding to a 41per cent increase overall. The Chief Executive Officer of the company, Austin Avur said: "With a growing consensus that low oil prices are set to remain for at least the near term, we remain focused on what is in our control and steps we can take to maximise profitability. "Production strength, with past investment strategies translating into the uptick in output, provides some cushion to lower oil pricing and our gas business takes on additional importance by providing a revenue stream that is de-linked to the oil price together with revenue continuity in the event of disruptions to third party oil export infrastructure. According to the company, gas business (OMLs 4, 38 and 41)2015 was a period of notable growth and progress for Seplat's gas business. Around midyear, the company noted that it commissioned the new 150 MM scfd Oben gas plant which correspondingly saw deliveries into the domestic market increase sharply, with peak gross deliveries to date hitting 332 MMscfd in September 2015.

"The next phase of expansion of the Oben gas plant is to install a further 3 x 75 MMscfd processing modules (aggregate 225 MMscfd capacity) that will take overall processing capacity up to a minimum of 525 MMscfd. "The three modules have been ordered with delivery anticipated in Q3 2016 and installation and commissioning in Q4, 2016 As part of the expansion work undertaken in 2015 the Company has already pre-invested in the necessary ancillaries and space to accommodate the additional modules." Following completion of the two 50,000 bbl storage tanks at the Amukpe field in 2015 the Company explained that it currently has the means to store associated condensate volumes and achieve continuity of gas production and sales should the TFS be shut in. "Gas prices in Nigeria are the linked to oil price. DSO pricing remains at US$2.5/Mscf and under willing buyer/willing seller commercial contracts pricing continues to improve to levels of US$3.5/ Mscf and above. Corporate and financial Revenue for full year 2015 is expected to be in the order of US$550 million to US$ 600 million on an average oil price realisation of approximately US$ 47/bbl and average gas price realisation of approximately US$2.6 /Mscf." The Company explained that it has put in place deferred premium puts covering a volume of 3.3 MMbbls over the first six months of 2016 at a strike price of US$45/bbl. *(Guardian News)*

Economic News

Monetary and budgetary policies in Nigeria need to be "harmonised" to boost the economy,

Finance Minister Kemi Adeosun said on Friday, adding that moves towards this can be expected. Nigeria has just unveiled a large increase in budget spending but its currency, the naira, is effectively frozen after the central bank last year imposed a number of restrictions aimed at conserving foreign exchange reserves. The result has been a widening gap between the official and black market rates. While Nigeria's fellow oil exporters such as Angola and Russia have allowed their currencies to depreciate, the naira exchange rate is reckoned to be well above fair value. Investors as well as the International Monetary Fund have called on Nigeria to allow the naira more flexibility and the central bank last week eased some restictions. Speaking to Reuters on the sidelines of the World Economic Forum in Davos, Adeosun said monetary policy was not under her purview but added: "The central bank (governor) has started to outline some of the changes he is making to increase flexibility. It isn't my purview but ultmately monetary and fiscal policy must reinforce each other to pull the economy in the same direction, so I am expecting moves towards harmonisation."

The naira has fallen to record lows of around 305 to the dollar on the parallel market, compared with the official rate of 197. The slump has prompted speculation that the currency may have to be formally devalued soon. The central bank monetary policy committee (MPC) meets next week. The MPC are meeting, I believe imminently, but I've seen already some signalling around improving supply ... beginning to undo some of the controls that have been put in place," Adeosun said. "We really need the harmonisation, it's the only way the economy will move forward." Adeosun, a British-born former banker, declined to say if she thought the naira should be devalued. But asked if she meant a currency policy that would allow the economy to be stimulated, Adeosun said: "Absolutely." She noted the 2016 budget envisaged a jump in capital spending to improve rail, road and power networks and stimulate an economy reeling under the impact of $30-per-barrel oil. Oil provides 95 percent of Nigeria's foreign earnings. Adeosun wrote in an article this week that Nigeria would borrow up to $5 billion from multiple sources, including the Eurobond market, to plug its deficit as it tries spend its way out of of its worst economic crisis in years. "GDP growth is sluggish and we cannot afford to go into recession so we need to stimulate the economy by spending but it's going to be very specific spending that develops the wider economy," she added. Nigeria's debt-to-GDP ratio was only 12 percent, which meant there was room to borrow, she said, adding: "While we have fairly low debt we also have fairly low infrastructure so it makes sense to borrow and invest." Most of the borrowing could come from multilateral organisations, with only $1 billion to be raised from bonds, Adeosun said. "So our blended average price will be fairly low and really more towards concessional than commercial rates." *(Reuters)*

Nigeria's government is considering changes to the tax regime as part of efforts to overcome the crisis in Africa's biggest economy brought on by falling oil prices, Vice President Yemi Osinbajo said on Friday. The sharp drop in crude revenues, which provide 95 percent of foreign earnings, has led to the naira hitting record lows on the parallel market as foreign exchange reserves dwindle. Nigeria is Africa's top oil producer. Crude prices have fallen in the last few days to their lowest levels since 2003, at just over $27 a barrel, although they staged a rebound on Friday. The 2016 budget assumes an oil price of $38 per barrel. Finance Minister Kemi Adeosun has said Nigeria plans to borrow up to $5 billion from multiple sources, including the Eurobond market, to plug its budget deficit and Osinbajo said changes to taxation were also being considered. "We are looking at increasing our tax coverage," Osinbajo, who is attending the World Economic Forum in Davos, Switzerland, told CNBC in a television interview. "VAT, for instance -- we have been doing just about 20 percent coverage. We think that just by increasing coverage we could do much more and so we could earn more in terms of local resources," he said. Increasing value-added tax from 5 percent, among the world's lowest VAT rates, and broadening the tax base were among suggestions put forward by International Monetary Fund head Christine Lagarde during a visit to Nigeria this month.

During her visit, Lagarde also said the IMF did not support foreign exchange restrictions. The central bank, whose monetary policy committee will meet on Monday and Tuesday, imposed FX restrictions last year aimed at conserving foreign exchange reserves and there have been calls from investors for these to be eased. "We know that the central bank will just have to do the right thing at this time," said Osinbajo. "The central bank has told us, and it was announced even in the president's budget speech, that they intend to take a flexible approach and deploy whatever tools are necessary to ensure that we stay competitive." The naira NGN=D1, which has been hit by the foreign exchange scarcity, fell to a record low of 305 per dollar on the parallel market last week, compared with the official rate of 197. The slump has prompted speculation that a formal devaluation of the currency may be imminent. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

The Naira depreciated against the dollar by N4 in the parallel market, yesterday, in response to intense scarcity of dollar in the market. Vanguard survey of parallel market exchange rate in major cities shows that the Naira depreciated to N303 per dollar in Lagos from N299 last week, while in Abuja and Kano the Naira depreciated to N304 per dollar from N299 last week. Bureaux de Change operators attributed the sharp depreciation to increasing scarcity of dollars in the market. "There is no dollar, that is why the rate is going up," said Mr. Harisson Owoh, Chief Executive Officer, H.J Trust BDC. An Abuja-based BDC operator, who spoke on condition of anonymity, told Vanguard: "People are looking for dollars, while nobody is willing to sell. There is also the expectation that the Monetary Policy Committee (MPC) of the Central Bank of Nigeria will devalue the Naira but we know they will not." President, Association of Bureaux de Change Operators of Nigeria (ABCON), Alhaji Aminu Gwadabe, also confirmed to Vanguard that there is scarcity of dollars in the market, noting:"There is scarcity of dollars. Where will the dollars come from?" He also confirmed to Vanguard that the proposed meeting between the Executive Council of the Association and the CBN did not hold last week. He said the meeting has been rescheduled to this week. *(Van Guard)*

Nigeria's government revenues rose by 5.6 percent in December to 315.019 billion naira, from 297.450 billion naira the previous month despite a drop in oil prices and production hiccups, the finance ministry said on Tuesday. Mahmoud Isah Dutse, permanent secretary at the ministry of finance, said "shut-ins, shut-down of production for repairs and production shortfall due to technical hitches at different terminals throughout the month" had a negative impact on crude oil and gas revenue. He said there was a revenue loss of $143.96 million because of a reduction in export sales and a drop in the average price of crude to $43.40 in November from $49.58 in October. Nigeria would distribute 387.771 billion naira to its three tiers of government, federal, state and local, for the month of January, including revenues, cash from VAT, gains on the exchange rate and refunds from the state oil company of 6.330 billion naira, Dutse said. He said that $150 million in dividends from the Nigeria Liquefied Gas Co had already been distributed in December. The Excess Crude Account, Nigeria's rainy day fund, remained unchanged at $2.258 billion. *(Reuters)*

Nigeria's central bank has kept the benchmark interest rate at 11 percent, its governor Godwin Emefiele said on Tuesday. Emefiele said the 12 members of the bank's Monetary Policy Committee voted unanimously to keep the rate unchanged. The bank also held the cash reserve ratio for commercial banks at 20 percent. Sixteen of 18 analysts polled by Reuters in the run-up to the Monetary Policy Committee meeting had expected the central bank to hold interest rates steady at 11 percent. *(Reuters)*

Nigeria's President Muhammadu Buhari stood firm in rejecting calls to devalue the currency of Africa's top oil producer, saying that he wouldn't "kill the naira." Letting the currency fall would only result in higher inflation and cause hardship for poor- and middle-class Nigerians, Buhari said, according to an e-mailed statement from his spokesman Garba Shehu on Thursday. "President Buhari said that proponents of devaluation will have to work much harder to convince him that ordinary Nigerians will gain anything from it," Shehu said. "The president added that he had no intention of bringing further hardship on the country's poor who, he said, have suffered enough already." The central bank of Africa's largest economy has pegged the naira at 197-199 per dollar since March to stem its slide amid a rout in oil prices. The policy has led to a shortage of foreign-exchange and been widely criticized by investors and businesses, who blame the restrictions for exacerbating the country's economic slump. Growth was 3 percent last year, the slowest pace since 1999, according to the International Monetary Fund. Three-month naira forwards strengthened 3.3 percent to 226.57 per dollar on Thursday, the highest since Dec. 22. The black market rate has plunged as Nigerians have become desperate for foreign currency, falling to a record low of 306 per dollar this week. Buhari was speaking at a meeting on Wednesday with Nigerians in Kenya's capital, Nairobi, according to Shehu. Nigeria's Monetary Policy Committee resisted pressure to devalue the currency on Tuesday. Central bank Governor Godwin Emefiele gave no hint that curbs on imports and foreign-exchange trading would be lifted.

Investors have questioned whether the regulator would weaken the currency without the president's permission. Finance Minister Kemi Adeosun said in an interview last week that the central bank was "completely independent." Buhari "has been influencing the central bank, we see a situation where as commander-in-chief, whatever he wants to be implemented is what is done," said Mike Nwanolue, a currency analyst at Lagos-based Greenwich Trust Group Ltd. Keeping the naira artificially inflated "is not good for a country that needs inflows and also intends to raise Eurobonds." Nigeria's government plans to sell as much as $1 billion of dollar bonds to help fund a record budget deficit this year. *(Bloomberg)*

Tanzania

Corporate News

WILLIAMSON Mine in Mwadui, Shinyanga Region, a subsidiary of Petra Diamonds, has reported sale decrease of 18 per cent despite average increase of price per carats of four per cent. The sales has plummeted to 80,359 carats in six months ending last December from 98,270 carats same period previous year. While the sales went south by 18 per cent, average prices per carats headed the other direction after climbing four per cent to 366 US dollars per carat. Petra Diamonds attributed the low sales of rough diamonds market to excess polished inventory in the pipeline and liquidity issues in the midstream. "The market continued to be impacted by…the strong US Dollar and slowdown in retail demand from China," Petra said in statement issued. Petra financial year starts in July. However, in line with most market commentators, Petra expects market conditions to remain stable in their second half--January to June 2016. In the next first half—July to December—holds the prospect of improved trading conditions.

The report said a number of steps have been taken to address the market challenges including reduced supply from the major diamond producers, via production cuts and decreased sales volumes. Other steps are to reduce rough diamond pricing, and increased consumer marketing both branded and generic diamond marketing. On output, the biggest diamond mine in Tanzania, reported diamond production slow down of 3.0 per cent to 95,841 carats in six months ending last December. The mine is now implementing an expansion plan to increase production from circa 200,000 carats per annum (ctpa) in 2015 to circa 350,000 ctpa by 2017. Last financial year the Mwadui mine produced 202,265 carats. Williamson is an open pit operation based upon the 146 hectares Mwadui kimberlite pipe, which is the world's largest economic kimberlite to have seen continuous mining. Despite having been in operation since 1940's, the pit is only 90 meters at its deepest point due to the large size of the deposit and the pipe still contains a major diamond resource of approximately 38.1 Mcts. *(Daily News)*

NATIONAL Microfinance Bank (NMB), the largest bank in profitability, has posted a net profit increase of slightly under 10 per cent, in the last quarter of 2015. The bank, with 175 branches, said in a financial statement yesterday that its profitability rose by some 3.0bn/- to 38.5bn/- in three months ending last December. NMB, a pro-poor bank, mainly attributed its profit to net interest income which generated 98.9bn/- up from 95.5bn/-, thanks to increment from loan portfolio of almost 10 per cent to 2.4tri/-. The loan portfolio increments enable the bank's assets to grow by 13 per cent in Q4 to 4.5tri/- compared to 1.4 per cent or 4.0tri/- of Q3, both quarter in last year. Despite ballooning of the lending docket, the bank prudence loaning maintained the non-performing loans ratio of 2.4 per cent well below industrial benchmark of 5.0 per cent. The bank loaning ability was accelerated by customer deposits that grew up by 13.7 per cent to 3.5bn/- in Q4 from 3.1bn/- of Q3. Also non-interest income created an increase of some 21 per cent to 40.2bn/- well above the Q3 amount of 33.7bn/-, pushed up mainly by 32 per cent increase generated form fees and commissions. NMB, a listed bank on Dar es Salaam Stock Exchange, reported a basic earnings per share increase to 77/- from 71/-. The bank share went down by 6.8 per cent since the beginning of this year to 2,340/- of Wednesday. The share for the large part of last year was on downside trend. On the other hand the bank net profit, cumulative slowed down by almost 5.0bn/- to 150.6bn/- for 2015. The profitability slide was the results of branch network increase that requires more staff. The branches reached 175 at the end of last year compared to 163 of 2014, while workforce climbed to 3,163 people against 3009 of 2014. Thus pushing up operation costs to 310.75bn/- , where staff salaries and benefits consuming 140.7bn/-. *(Daily News)*

Economic News

THE shilling is expected to weaken again as it will continue to be under pressure next month from retail sector increasing demand for US dollars. The shilling, according to money markets experts, will fall under heavy pressure from increased imports from the retail sector from far East --especially China. The sector, combining with demand from oil and manufacturing, may drive the shilling to a year low level of 2,200/- seen in the third quarter of 2014. CRDB Bank said on its last Friday Market Highlights that the local currency ended Thursday's trading session around the levels of 2155/2195. "As we approach February and the retail sector readies itself for the purchase of imports from China, the shilling is expected to continue to be under pressure from high dollar demands," CRDB predicted. The Bank of Tanzania (BoT) foreign exchange data showed that the shilling opened the year exchanging at 2,161/46 but slid to 2,192/72 of end of last week. Another bank, National Microfinance Bank (NMB) said last Thursday's session saw the shilling weaken slightly on back of sustained dollar demand from oil and manufacturing. "The shilling remains on a weak footing as demand persists, although a reversal is likely as demand tapers off above the 2,200 mark," NMB said on its e-Market report. The shilling sliding might be affected by the greenback gaining in international arena.

According to CRDB Bank, the dollar rose last Thursday, hitting its strongest against the euro in two weeks, after European Central Bank President Mario Draghi suggested the bank could soon launch additional stimulus. The euro recovered slightly after the speech, and was last down 0.7 per cent at $1.0815. On other hand UK Sterling pound slid to a seven-year low against the dollar on the same day and struggled against the euro as a brutal sell-off that started a month ago accelerated amid diminishing prospects of a near-term interest rate hike in Britain. Sterling -- down 10 per cent since early December -- fell 0.8 per cent to $1.4080, its lowest since mid-2010, before recovering slightly to trade at $1.4111, down 0.6 per cent on the day. The rand clawed back some ground against the dollar on Thursday, helped by an upswing in global market sentiment, but remained vulnerable due to the dim economic outlook for South Africa. The rand rallied to a session high of 16.5700, up more than 1.0 per cent on the day, and was trading at 16.6000 by 1545 GMT, a 0.9 per cent gain over Wednesday's New York close. *(Daily News)*

TIGHTER liquidity felt in the circulation affected the seven year bond auctioned last week ending up undersubscribed. In the local markets, according to NMB Bank e-market report, tighter liquidity is felt, with short interest rates rising steadily above 10 per cent mark. Some of the key investors in the debt securities are pension funds, insurance firms, commercial banks and few microfinance institutions. Proceeds from the bond are used to finance long term infrastructure projects as well as settle some maturing debts. According to the Bank of Tanzania (BoT) auction summary, the long term fixed instrument fetched 73.33bn/- compared to 101bn/- offered to the market for tendering. At the end a total of 57.35bn/- was retained as successful amount. Weighted average yield to maturity jumped to 16.23 per cent, a slight decline compared to 17.57 per cent compared of the seven years bond issued early in November last year. Similarly, weighted average coupon yield increased to 13.48 per cent, a slight fall from 14.30 per cent compared of the preceding session. The minimum successful price/100 was 66.11, down from 69.47 of the preceding seven years debt instrument issued two months ago. Similarly, the weighted average price for successful bids was 74.77, up from 70.45 of the previous session. Also the highest bid/100 for the long term government paper was 87.14 up from 76.50 of the session that expired in November last year. The lowest bid/100 was 51.79. A total of 61 bids were received and 25 emerge successful. *(Daily News)*

LOW penetration and awareness of insurance benefits is hindering the less privileged from using the industry's products to improve their living standards. The insurance penetration rate is estimated at one per cent which gives the sector large growth potential that can be harnessed if there is commitment in increasing financial and insurance literacy in the country and creating greater awareness of the importance of insurance. The ideal situation is that growth in insurance coverage should not lag too far behind economic growth. Commissioner of Insurance and Chief Executive Officer of the Tanzania Insurance Regulatory Authority (TIRA), Mr Israel Kamuzora, said low level of penetration and awareness of insurance is attributed to both cultural and historical factors. Despite the fact that insurance industry has been growing at a healthy rate of over 20 per cent annually for over a decade, its penetration level is just 1 per cent of the country's GDP against the world average of 2.3 per cent. In 2014, GDP registered seven per cent growth implying that incomes are rising therefore individuals and corporate will increasingly seek insurance to protect their expanding income base. The growth and penetration of the insurance sector should have subsequently mirrored the expansion of the GDP. The wide lag between our GDP growth and insurance reach subsequently means that there are vast opportunities for growth of exposures and income in the insurance sector in Tanzania. The majority of insurance products in the country are focused on traditional markets, serving the needs of large corporates and high income individuals, with limited product development at the lower income end of the population. While corporate are an important business segment in growing revenues, the rising population requiring life, health and other general insurance products provides additional opportunities for growth in the industry.

"Most of our societies understand the need to transfer cost from an individual to the whole community but they accept to do this only after the catastrophic event has already occurred, not earlier and certainly not for a fee; it is entirely voluntary," he said. Making contributions is the panacea for every tragedy, every socio-economic challenge. Medical bills are a classic example. People raise money for medical bills after the person dies in hospital, not before. The system is inherently expensive, very inefficient and leaves those involved traumatized. The notion that people can contribute before the tragic event happens is alien to most of the societies but the insurance industry needs to invest heavily to that form of civic education. Societies, on the other hand, are created from cultural framework because culture is man-made creation which informs the coming together of individuals in order to make a society. Many individuals in Tanzania and indeed in the African continent have suffered from damage to the environment or loss of resources caused by natural and man-made disasters. Catastrophes around the continent including drought, increases vulnerability of many countries and their population. Risk occurrence is a phenomenon that affects human lives. Risk avoidance helps individuals to cope with the tragedies of life. For example, farming in developing countries is exposed to a variety of income uncertainties ranging from fluctuation of prices and unpredictable weather patterns, thus holding back efforts to lift people out of poverty. It is well known that such uncertainties induce substantial income risks, and these can be detrimental to small or poor producers in developing countries.

Such uncertainties have been blocking about 80 per cent of the population depending on farming from accessing lending houses. But agriculture sector will register notable progress when the proposed agriculture insurance that will provide solution to number of uncertainties becomes a reality. The absence of crop production credit is a bottleneck to access and adoption of improved farming technology, certified seeds, fertilizers and plant protection chemicals. Agriculture insurance has shown to be a way of increasing small farmers' access to seasonal loans in many countries and may have similar role to play in the country. "Crop and agriculture insurance is fundamental to the national economies as adverse weather events like drought, floods and storms that cause heavy losses to farmers pose major threat to production and reduced farmers' incomes," he said. The insurance industry needs to take a long hard look at new technologies to see how they could help change cultural mindsets, raise the fear of risks, and facilitate transfer of risks, institute insurance contracts, premium payment and claims settlement. The protection component, the risk taking business, may be hard sell Tanzanians. However, beyond these innovations more needs to be done. The insurance industry has no excuse either for not securing significant funds from those who are keen on savings accounts. *(Daily News)*

THE government has come up with a framework of the second Five Year Development Plan (FYDP II) touching strategies to nurture an industrial economy in a bid to transform Tanzania into a semi-industrialised nation by 2025. The framework presented to MPs by the Deputy Minister for Finance and Planning Dr Ashatu Kijaji among other stipulates how the country will accelerate economic growth while ensuring that the quality of growth benefits the majority. The plan is to be implemented between 2016/2017 and 2020/2021. Dr Kijaji said the government will put more efforts on development of industries that produce goods that the country has comparative advantage. She told MPs that during the period, they are going to throw full weight on production goods for which raw materials are available in the country such as agricultural output, coal, uranium, nickel, phosphate and soda ash. The Deputy Minister hinted that there will be development of Mtwara and Lindi as a new heavy industry growth, power generation, gas economy and range of industries related to gas. She noted that by making proper use of natural resources the country is endowed with, there will be an inclusive growth thus containing high pervasive rural poverty and increasing income inequalities in the face of high growth. Proposed core priorities for nurturing an industrial economy in the country according to the Deputy Minister, include natural resource-based industry, geographical and location advantage-based industry and labour endowment-based industry.

The government also plans that by the end of FYDP II a number of its current major towns including, Moshi, Kigoma, Iringa, Bagamaoyo, Kibaha and Zanzibar are developed to the category of cities. "Key activities that could propel Tanzania to move up fast on value-added and global value chain have been identified to include processing of cashews, leather, fruits and nuts and production of wood and paper products and garments," she noted. There are also flagship projects to be implemented during the period such as comprehensive special economic zones--Bagamoyo, Mtwara and Kigoma to attract labour-intensive manufacturing industries. Others are establishment of Kurasini trade and logistic hub, steel factory at Liganga, construction of a new railway line of standard gauge and setting up automotive manufacturing and assembly industry. To make the plan viable, there will be massive investment in the creation of requisite basic infrastructure in order to expand sources of growth. Commenting on how to finance the plan, Dr Kijaji said that much focus will be on private sector, public sector and developing financial institutions. Other sources will include foreign market bonds, Diaspora bonds, strategic partners' grants and donations, sovereign borrowing and exploring other financing instruments such as private sector financing window in the African Development Bank. *(Daily News)*

TANZANIA should finance infrastructure development through their local capital markets to close the transportation gap in a timely fashion. The country is expected to start debt-bond-markets where domestic savings are intermediating and be able to finance infrastructure projects. The Dar es Salaam Stock Exchange (DSE), Chief Executive Officer Mr Moremi Marwa said the move may leverage efforts of closing infrastructure deficits in Tanzania and Africa as whole. "Our markets (despite being relatively small) need to be developed slowly by central governments, municipals, parastatals issuing bonds in local markets where both domestic and international players freely access them," Mr Marwa said in a statement. The CEO said recently some Africa countries accessed international markets "with total disregard of the local markets". For instance, in the last past seven years more than ten African countries have raised considerable amount from international capital markets in the form of Eurobond. "Traditionally," Mr Marwa said, "most African countries, with exceptional of South Africa, have not consciously seen the capital market as a capital source of finance." Yet, the expert urged, raising debt financing in the exchanges is one of the most potent sources of finance for rapid infrastructure development.

Report on the implementation of 2015/2016 budget showed that development plan as of last month, only 1.8 tri/- out of 5.9tri/-was released to carry out various development projects. That gap could have been taken care with funds from capital markets. According to Africa Development Bank (AfDB) reports road access in Africa is only 34 per cent as compared to 50 per cent in other developing regions.
Not only that total electricity generated by Africa's 52 countries for its billion people is equivalent to what is being produced and consumed by a single nation-Italy. There are cases where the total electricity generated in an African country, such as Tanzania, is not enough to power even a single airport such as Schiphol's Airport in Amsterdam, in Netherland. Mr Marwa said the country's balance sheet in often cases lacks the fiscal space to accommodate the substantial financial outlays required for infrastructure development. *(Daily News)*

Tanzania said on Friday it had finalised a land acquisition for the site of a planned liquefied natural gas (LNG) plant and was now working to compensate and resettle villagers to move forward on a long-delayed project. Tanzania's natural gas reserves are estimated at more than 55 trillion cubic feet (tcf) and the central bank believes 2 percentage points would be added to annual economic growth of 7 percent simply by starting work on the huge plant that would draw in billions of dollars of investment. BG Group, being acquired by Royal Dutch Shell, along with Statoil, Exxon Mobil and Ophir Energy plan to build the onshore LNG export terminal in partnership with the state-run Tanzania Petroleum Development Corporation (TPDC). They aim to start it up in the early 2020s. But their final investment decision has in part been held up by delays in finalising issues related to the site. "After securing the title deed, the law requires the owner to pay compensation to the relevant parties based on a valuation done by the chief government valuer," TPDC said in a statement. TPDC now owns title deed for some 2,071.705 hectares of land that have been set aside for the construction of the planned two-train LNG terminal at Likong'o village in the southern Tanzanian town of Lindi, which is located close to large offshore gas finds. Another 17,000 hectares of land around the site for the proposed LNG terminal has been allocated for an industrial park. The land was bought from large landowners and some individual villagers.

Tanzania's new president, John Magufuli, has promised more urgency in decision-making, responding to a frequent complaint from businesses. One example has been delays in finalising a site for the multi-billion dollar LNG plant that will exploit huge offshore gas finds. Oil companies were unable to gain access to the site until the land purchase, analysts say. "The next key thing to watch is how quickly a host government agreement is executed between the Tanzanian government, TPDC and IOCs (international oil companies)," Ahmed Salim, senior associate at consultancy Teneo Intelligence, said in a note to clients. East Africa is a new hotspot in hydrocarbon exploration after substantial deposits of crude oil were found in Uganda and major gas reserves discovered in Tanzania and Mozambique. Mozambique's plans to build an LNG plant have moved more swiftly. With other LNG projects moving ahead around the world, the best deals for long term gas sales contracts will likely be secured by those who come on stream first, analysts say. *(Reuters)*

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Zambia

Corporate News

LONDON-BASED insurance company Prudential has acquired Professional Life Assurance to make its entry into the local insurance market. The agreement, which is subject to regulatory approval means that in future Professional Life Assurance is Zambia's fourth largest insurance company, will trade under the Prudential Plc brand. Prudential Plc chief executive officer Matt Lilley said the transaction is expected to be completed in the first quarter of 2016. The company, which was founded to enable families to protect themselves against life's misfortunes and save for aspirations such as school or university fees, has an asset portfolio of US$794 billion. "Today's announcement is an important milestone for Prudential and our growing portfolio of high quality life insurance businesses in Africa. "We are excited by the opportunities in Zambia and look forward to working with new colleagues to further develop the business and put our ambitious plans into action," Mr Lilley said in a statement issued to the Daily Mail on Monday. He said the acquisition of Professional Life Assurance demonstrates Prudential's commitment to Africa following the launch of business in Ghana and Kenya in 2014 and Uganda last year. Prudential, which has operations in the United Kingdom, the United States of America, Africa and 14 markets in Asia, is one of the oldest and most strongly capitalised insurance company in the world and serves around 25 million insurance customers. *(Daily Mail)*

Economic News

Zambia's state power utility Zesco Ltd has cut electricity generation to a quarter of capacity at its Kariba hydropower plant due to low water levels, the company said on Friday. The Kariba North Bank power station is generating 275 megawatts (MW) out of a total installed capacity of 1,080 MW, Zesco spokesman Henry Kapata said. Water levels in southern Africa's Lake Kariba have dropped to 12 percent of capacity, the authority in charge said on Tuesday, following a prolonged drought that threatens crops across the Southern African region where the United Nations has warned that 14 million people face hunger. Zambia is currently generating a total of 1,129 MW of electricity from its hydropower stations, including Kariba, Kafue Gorge and Victoria Falls, and importing 250 MW mainly from a private firm in neighbouring Mozambique, Kapata said. Zambia's economy has been hit by the electricity shortages as well as weak copper prices and put the currency on the back foot against the dollar. Kapata said daily power blackouts were lasting eight hours on average, or longer when imports are constrained because of higher demand within exporting countries. "We have a power deficit of 630 MW as of January 2016 although we expect this to reduce to below 160 MW by August 2016 as mitigation measures are put in place," he said. The measures include bringing forward new power projects such as a 300 MW coal-fired plant due to start output in June and additional power imports. Zesco also planned to distribute 1.4 million energy-saving bulbs after the government banned ordinary bulbs and this would cut the country's power usage by about 200 MW, Kapata said. *(Reuters)*

Zambia's copper production inched higher to 711,515 tonnes in 2015 from 708,000 tonnes the previous year mainly due to a new mine owned by Canada's First Quantum Minerals, the Chamber of Mines said on Friday. An electricity shortage and weaker copper prices due to slower growth by top consumer China have piling pressure on Zambia's mining industry, threatening output, jobs and economic growth in the southern African nation, and put its currency on the back foot against the dollar. The government of Africa's second-largest producer of the metal forecast that 2015 output - at mines owned by foreign firms such as Glencore, Barrick Gold Corp and Vedanta Resources - would drop to around 600,000 tonnes. Some mining companies such as Glencore and Vedanta laid off workers and closed certain operations to curb copper output in a bid to support flagging prices. Zambia's policy flip-flops on royalty taxes during the year also caused concern among mining firms, forcing them to suspended major capital investment in mines or new projects. "The ... increase is mainly on account of the 32,952 tonnes of copper that Kalumbila Minerals contributed when it begun its ramp-up in February," Zambia Chamber of Mines economist Shula Jalasi-Shula said, referring to First Quantum's mine. Zambia's decision to increase royalties for open pit mines to 20 percent from 6 percent and those for underground mines to 8 percent from **6 percent in** January 2015 met with an outcry from unions and producers, forcing the government to review the plan. Zambia then set the royalty tax rate for open cast and underground mining at 9 percent in April, rowing back from earlier plans to charge as much as 20 percent. However, a government spokesman said in December Zambia would introduce a variable tax on mineral royalties that will be adjusted according to metal prices. *(Reuters)*

THE Bank of Zambia (BoZ) treasury bill auction was last week undersubscribed for the second time since the start of the year, attracting only K384.19 million of K900 million offered on the market. According to Zanaco Bank Government, through the central bank, on Thursday intended to borrow K900 million from the domestic market through issuance of debt instruments, but, only managed to attract bids amounting to K486.96 million with only K384.19 million being allocated. Recently, the Federal Reserve Bank of America increased interest to about 0.25 percentage point for the first time since 2006, a move experts say may reduce appetite for debt instruments issued by emerging economies such as Zambia. This is because the US debt instruments will be more attractive. However, the K384.19 million allocated is an increase from K288.05 million recorded in the first auction early this month. "The 91 and 273-day yield rates remained unchanged, the 182-day yield rate marginally went up to 24.0049 percent from 24.0001 percent while the 364-day rate increased to 27 percent from 26 percent," the bank says in its daily treasury newsletter issued on Friday. Meanwhile, the Kwacha is expected to continue trading in a narrow range with a strong biasness towards an appreciation due to US dollar inflows as corporates offload the greenback to settle monthend tax obligations. The bank says the local unit is expected to remain between K11.25 and K11.40 in the near-term. On Thursday, the Kwacha held steadily against the greenback as interbank dollar demand fairly matched corporate inflows. In trading session under review, the local unit opened at K11.26 and K11.28 per dollar, unchanged from Wednesday's close on the bid and offer respectively. On the regional front, the South African rand appreciated from 16.544 on Thursday to 16.522 on Friday while the Kenyan shilling and Botswanan pula depreciated from 102.299 to 102.354 and 11.698 to 11.724 respectively, according to fxexchangerate.com. *(Daily Mail)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zimbabwe

Corporate News

Innscor Africa Limited board has approved the unbundling and separate listing of the company's speciality retail and distribution business as it moves to unlock shareholder value, the company has said. In a cautionary statement last week, company secretary, Andrew Lorimer urged shareholders to exercise caution and consult their professional advisers before dealing in the company's shares. "Shareholders are advised that Innscor Africa Limited Board of directors has approved the unbundling and separate listing of the company's specialty retail and distribution business. Shareholders will be provided with more details in due course," he said. The unbundling of the speciality retail and distribution business comes barely two months after the Zimbabwe Stock Exchange-listed company unlocked value for shareholders by unbundling quick service restaurant business. The new entity, Simbisa Brands, listed on ZSE in November. In 2010, Innscor unbundled its crocodile business, which listed on ZSE the same year. The company, Padenga, specialises in the production of crocodile skins for export.
Other than unbundling units to unlock shareholder value, Innscor has also disposed non-core assets. Last week, the industrial holding company announced that it had disposed of its interest in the six Spar Corporate stores in Zimbabwe. Innscor said the total revenue and total assets contributed by Spar Corporate Stores to the overall group for the year ended June 30, 2015, was $52,8 million and $14,6 million respectively. *(News Day)*

Regional cement producer Pretoria Portland Cement says the completion of major infrastructure projects in Zimbabwe has led to double digit declines in local sales, while exports have been hit by weakening currencies in target markets. PPC is constructing an $80 million cement plant in Harare, which will have capacity to produce 680,000 tonnes annually. The company has cement manufacturing plants at Cementside in Bulawayo and Colleen Bawn in Matabeleland South. The Harare project among others in Africa is expected to boost the demand of cement products. "The conclusion of major infrastructure projects in Zimbabwe has led to double digit declines in local sales and cement exports have also reduced significantly on the back of exchange rate effects," said PPC board chairman, Bheki Sibiya in a trading update for the quarter October to December 2015 released on Monday. "PPC´s expansion remains well on track and we are pleased to advise that construction at our sites in the Democratic Republic of the Congo (DRC), Zimbabwe and Ethiopia is in line with expectations," Sibiya added. He said with effect from 18 December 2015, final anti-dumping duties were imposed on Portland cement originating in or imported from Pakistan. These duties, Sibiya said, would remain in place for the next five years.

He said overall cement sales volumes (including channel management) declined by 3 percent for the first trading quarter of 2016. Cement sales in the South African business declined by 1.6 percent while the international businesses recorded an 8 percent decline; including low margin cement exports to other African countries, he added. Despite the tough South African operating environment, Sibiya said coastal regions achieved positive volume growth however this was more than offset by declines recorded in the increasingly competitive Gauteng and inland regions. For the same period, average selling prices decreased by 4 percent. "While the South African and rest of Africa trading environment continue to face headwinds, we believe that our various response strategies have positioned PPC well to limit the impact on the group," he added. Going forward, PPC would continue with its focus on the Profit Improvement Programme which continues to deliver solutions for sustainable long term value creation. *(Source)*

Mimosa Mine's output declined by four percent to 58,019 ounces in the three months to December compared to the year before but the miner drove down costs to counter weak prices which fell to their lowest in a decade during the quarter. The Bermuda registered Aquarius Platinum, which owns Mimosa in a 50: 50 a joint venture with Implats of South Africa, said average platinum group metals (PGM) prices at $818/oz were 26 percent lower than $1,111/oz for the corresponding period in 2014, impacting revenue. In the preceding quarter to September, PGM prices averaged eight percent higher at $890. But mining cash costs per PGM ounce at $772, were three percent lower quarter-on-quarter. "Mimosa mine operated very well during the quarter, with cordial industrial relations and meeting most of its production targets," said Aquarius in a trading update. "In response to the sharply lower metal prices, Mimosa implemented a number of significant cost cutting initiatives during the quarter which will result in operating costs reducing significantly in H2."

Revenue dropped by 13 percent to $46 million from $53 million in the previous quarter but gross cash profit margin for the period rose from four to seven percent. Aquarius said on a quarterly comparison, PGM output decreased by seven percent. Ore production increased marginally to 656,844 tonnes, quarter-on-quarter while head grade fell one percent to 3.63 grammes per tonne. Recoveries were consistent at 78.6 although volumes processed decreased by five to 638,652 tonnes. Total capital expenditure for the second quarter amounted to $10.8 million. Aquarius noted that the proposal to render royalties payable by Mimosa non-deductible for income tax purposes — which was implemented with effect from 2014 — had cost the miner $1,7 million. The company is negotiating with the Zimbabwean authorities to make royalties deductible for income tax purposes. Aquarius, which expects the purchase of its assets by Sibanye Gold to be completed in April after its shareholders approved the transaction on January 18, said was working to fulfil the remaining conditions of the agreement. *(The Source)*

Economic News

Zimbabwe has secured a $200 million loan from Africa Export and Import Bank (Afreximbank) to import maize following a drought that will see 10 percent of the population facing hunger, the central bank governor said on state radio on Friday. The Southern African nation of 13 million people said early this month it planned to import up to 700,000 tonnes of the staple maize this year to avert hunger as the El Nino weather pattern brings poor rains and affects crops. "We have arranged a facility of $200 million from Afreximbank and we will be importing from anywhere in the world," John Mangudya was quoted saying by state radio. He did not say how much the country would import. Mangudya said Zimbabwe had 250,000 tonnes in its strategic reserves, adding that the country had enough maize to last until September. Private millers have previously said maize stocks would not last beyond June. The United Nations World Food Programme said some 14 million people face hunger in Southern Africa because of a drought that has been exacerbated by an El Nino weather pattern. Zimbabwe's annual maize consumption is 1.5 million tonnes but the 2015 harvest was half that following another drought. Agriculture is critical to Zimbabwe's economy, generating 30 percent of export earnings and contributing 19 percent to GDP, while 70 percent of the population still survives on farming. *(Reuters)*

Foreign direct investment (FDI) inflows to Zimbabwe will surpass $1 billion in 2016 on the back of deals signed with Chinese, Russian and Indian investors attributed to increased confidence, the ministry of Macro-economic Planning and Investment Promotion has projected. In 2014, Zimbabwe recorded FDI inflows of $545 million, the highest since 2009. Yet the inflows were low compared to South Africa ($5,7 billion), Mozambique ($4,9 billion) and Zambia ($2,4 billion). In a 2015 fourth quarter macro-economic bulletin, the ministry said FDI would triple in 2016 on the back of improved investor perception. “Major deals were signed with Chinese, Russian and Indian investors and the economy is poised to receive triple FDI inflows in 2016 as a sign of increased investor confidence,” it said. The ministry said it hosted over 60 investment delegations, FDI source markets, in 2015. The investment delegations were from European countries such as Germany, France and Britain and Australia, China, South Africa and Russia among others. China topped all the countries in terms of investment delegations that visited the country, the bulletin said. “Overally, this explicitly shows that the country's investor perception is continuously improving owing to the investment climate reforms that government is currently undertaking,” the ministry said.

Government is working on a raft of ease of doing business reforms to lure FDI. This has resulted in the country moving 16 places up the ladder to 155 out of 189 economies on the World Bank 2016 Doing Business index. The jump was attributed to reforms on improving the availability of credit information through the introduction of credit scoring as a value added service to banks and other financial institutions. It was also attributed to the strengthening of minority investor protection by introducing provisions allowing legal practitioners to enter into contingency fee agreements with clients. The ministry said the current 100 days rapid result initiative being championed by the Office of the President and Cabinet should see “Zimbabwe jumping many places up the ladder in the 2017 World Bank Doing Business Report”. “Ultimately, the initiative will result in an improved investment climate relative to our regional counterparts,” the ministry said. *(News Day)*

The depreciation of the South African rand presents a challenge to Zimbabwe in terms of trade with its southern neighbour amid fears of low exports, a United Nations (UN) official has said. The rand has been depreciating from R13 to the dollar last year to R16,4 as of yesterday putting pressure on Zimbabwe's exports. South Africa is Zimbabwe's largest trading partner. In the first half of the 2015, 68% of Zimbabwe's exports were to South Africa. Imports from South Africa constituted 40% during that period. UN director of macro-economic policy Adam Elhiraika told NewsDay on the sidelines of the launch of the UN World Economic Situation and Prospects for 2016 report yesterday that Zimbabwe has to strike an agreement or arrangement to make sure that fluctuations in the rand will not translate to low exports. "When it comes to imports and trade with South Africa the fluctuations we have seen in the value of the rand and the huge depreciation over the last few years really presents a challenge to Zimbabwe in terms of trade with South Africa," Ehiraika said. "Obviously, South African exports to Zimbabwe will be cheaper while Zimbabwe exports to South Africa will be more expensive for South Africans to buy. In the short run, Zimbabwe has to strike an agreement or arrangement to make sure that fluctuations in the rand are not translated to lower demand for Zimbabwean exports."

He said the challenges in the economy Zimbabwe faced for the last 10 to 15 years are mainly due to macro-economic instability such as huge currency depreciation, hyperinflation that affected the country for a long time and therefore the investment process in the country. Elhiraika said macro-economic stability will be critical to get people to increase deposits into their bank accounts in order to mobilise domestic savings. "Managing the economy in a way that promotes macro-economic and financial stability will be absolutely critical for the country to mobilise domestic savings especially private savings. Macro –economic stability will be critical and people will only deposit money in banks if they are sure that value of their money will not depreciate quickly," Elhiraika said. "So this requires the country to ensure efforts towards inflation that remains under control and a financial sector that is more regulated, managed and directed towards productive investment that will help the economy to maintain stability." This comes as the economic prospectus for Southern Africa is expected to remain the weakest sub-regional growth on the continent growing from 2, 5% in 2015 to 3% this year. The major reason attributed to this slow growth is due to South Africa suffering from weak demand and low prices for key raw material exports as well as electricity shortages. Only Mozambique and Zambia are expected to register faster growth due to infrastructure projects and foreign direct investment. In the UN World Economic Situation and Prospects for 2016 report, Africa's gross domestic product is expected to accelerate from 3, 7% in 2015 to 4, 4% this year and 2017. The acceleration will depend on improving the regional business environment, macro-economic management, increasing public investment especially in infrastructure, better buoyant services sector, and increasing trade and investment ties with emerging economies. *(News Day)*

POWER utility Zesa Holdings' generation subsidiary says it requires more than $458 million this year to buy coal and operate a diesel plant to augment power deficit after the country's main power plant at Kariba was handicapped due to lower dam water levels, officials said. According to a paper presented at a consultative meeting in Bulawayo recently, the Zimbabwe Power Company (ZPC) said it requires $124 million to purchase coal and $8 million for Kariba water. It requires $22 million for Hwange diesel plant and $242 million for payroll costs, administration, depreciation and to pay Zimbabwe Electricity Regulatory Authority regulatory fees, among other expenses. In 2014 and 2015, the total expenditure was $498 million and $458 million respectively. ZPC is proposing a 22% increase in power costs from 5,06 cents per kilowatt hour to 6,64 cents per kilowatt hour on sale to Zimbabwe Electricity Transmission and Distribution Company (ZETDC). ZETDC wants a 49% tariff hike to 14,69 cents per kilowatt hour which it says is cost reflective and necessary to augment emergency power imports. Zesa has recently started to import 300MW from South Africa's Eskom to supplement local generation.

However, the business community and farmers organisations have strongly objected to the proposals which they say will drive up the cost of production. ZPC executive assistant Douglas Chingoka who presented the paper said 3 million tonnes of coal were required to meet the targeted output and coal costs for small thermal stations take into account the need to transport the coal by rail or road. He said Kariba Power Station will need 11 billion cubic metres of water at an average price of $0.000681 per cubic metre. "Water costs also include dam maintenance. Diesel will be used for commissioning of units after planned and forced outages, as well as for stabilising flames. Costs of some inputs have significantly increased since the last tariff increase in 2011," he said. He said without a tariff increase to support the increasing input costs, the company might fail to generate efficiently as some maintenance works would be compromised. Chingoka said the company was actively in search of capital for new generation projects and a cost reflective tariff was key to attracting such capital. He said ZPC's project plan was slated to increase capacity by 1330MW by 2020. *(News Day)*

THE Zimbabwe Revenue Authority (Zimra) has recorded an 8% below target for its revenue collection on a net basis, Commissioner-General Gershem Pasi has said. Speaking on the sidelines of the Customs Day celebrations yesterday, Pasi said for 2015 the authority met the target as it is within the 10% range. "We don't want to look at the target in isolation and how the economy has been doing because when the year began we were anticipating a Gross Domestic Product growth of 3,2% and by year-end it was 1,5% and that means the target has been set on a high note," he said. For the third quarter of 2015 (July to September) Zimra collected $878,22 million against a target of $964 million showing a 7% drop from $884 million collected same period in 2014. The revenue collector said $265 million potential revenue was lost in three months due to the long list of supplies that have been zero rates or where under duty exemption. Pasi said the authority was still owed money by companies and expect the 2015 amount owed to be higher. The authority last year was owed $1 billion in unpaid taxes from both corporates and individuals. "As for 2015 figures external auditors are working on them. We are a public entity and the figures have to be verified, but they will be higher than what we had last year," he said. "Companies continued to struggle in 2015. The route that we have taken is we would have to nurse the businesses. Those companies we are going after are the dishonest (ones) who give us assurances but they don't follow it up." Giving her keynote address for the Customs Day celebrations Zimra chairperson Willia Bonyongwe said the authority has been influential in facilitating e-government and the country is on the edge of harnessing the benefits of digitalisation. She said Zimra has to date introduced a considerable array of innovative systems to make it easier for clients to transact with the authority. *(News Day)*

Zimbabwe's mining industry is facing viability challenges on the back of rising production costs at a time commodity prices remain depressed, an official has said. Little is expected from the sector, which has recorded negative growth for the past two years; -3.4 percent in 2014 and -2.5 percent in 2015. Chamber of Mines chief executive Isaac Kwesu said weak prices remained the biggest hindrance to growth of the sector. "Our industry is going through difficult times specifically against the back drop of depressed prices. The majority of mining houses are struggling to break even," he told a press conference on Tuesday. "Viability may have been compromised as the cost of production has not been coming down. Instead they (costs) have been going up." Kwesu said prospects for the industry remained depressed for 2016 and into 2017. The Chamber will announce the results of a survey on the state of the sector on Thursday, he added. *(Source)*

Zimbabwe's trade deficit stayed flat $3,3 billion in the 12 months to December last year as the country continues its over-reliance on foreign produced goods, latest trade data from the national statistics agency shows. Data released by the Zimbabwe National Statistics Agency (ZimStat) last week shows that exports to December amounted to $2,7 billion against $6 billion imports, which remain heavily skewed towards consumptive products following a significant drop in raw materials importation. Most of the imports are consumptive products such as bottled water, sugar, soap, cooking oil, cellphone handsets, electronics, vehicles spares, clothing and second hand vehicles, which account for over 70 percent of the import bill. The government had predicted a $3 billion trade deficit for the whole year. Imports are projected to decline marginally from $6,3 billion in 2015 to $6,2 billion this year while exports are expected to grow to $3,7 billion this year from $3,4 billion projected last year. In 2014, Zimbabwe also registered trade deficit of $3,3 billion while in 2013 it was $4,19 billion. Zimstat said maize, rice, wheat, crude oil and cane topped the list of imports while exports included tobacco, minerals, cotton, wood products and cigarettes. (Source)

Mineral-export revenue for Zimbabwe, which has the world's biggest platinum reserves after South Africa, declined 7.2 percent in 2015 as commodity prices declined, the country's Chamber of Mines said. Revenue fell to $1.81 billion in 2015 from about $1.95 billion the previous year, the chamber, which represents producers, said in a report handed to reporters Thursday in the capital, Harare. Mining is the biggest source of foreign exchange for Zimbabwe, which also has chrome, gold and iron ore. The Bloomberg Commodity Index, a measure of returns on 22 raw materials, touched the lowest level since its inception in 1991 this month as consumption growth slows in China, the biggest buyer. "Business sentiment in the mining industry is pessimistic and the level of confidence low," the chamber said in its 2015 State of the Mining Industry Survey Report. The industry is "more concerned with political, policy and regulatory risk than conventional business risk." Chrome output slumped 48 percent to 211,000 metric tons after the country's biggest miner of the mineral, Sinosteel Corp.'s Zimasco,fired most of its employees and closed most furnaces at its Kwekwe-based ferrochrome smelter. Zimbabwe Alloys Ltd., the second-biggest chrome miner, also limited production, buying ore mainly from small-scale independent diggers. Coal output declined 34 percent to 4.2 million tons as the country's biggest producer, Hwange Colliery Co., battled debt and aging equipment. Diamond production, which boomed in 2012 and 2013 on discoveries in eastern Zimbabwe, fell 30 percent to 3,360 carats. Gold production increased 30 percent to 20,000 kilograms (643,000 ounces). *(Bloomberg)*

Moody's said on Thursday plans by Zimbabwe to increase the circulation of the Chinese yuan could lift investment from the world's second largest economy but may not be enough to strengthen investor confidence and improve competitiveness. Zimbabwe abandoned its currency in 2009 after inflation reached 500 billion percent and adopted foreign currencies, anchored by the United States dollar, to tame runaway consumer prices and start an economic recovery. The U.S. dollar is widely used, along with the rand currency of neighbouring South Africa and the finance minister and central bank governor said last month Zimbabwe would now increase the use of the yuan. "The renminbi's use will likely facilitate greater levels of foreign direct investment from and bilateral trade with China by reducing transaction costs and exchange rate risk," Moody's said in a report on Zimbabwe. China has in the last few years invested more than $1 billion in Zimbabwe, becoming the largest investor after the Southern African nation was shunned by the West over its human rights record. Moody's, which has never rated Zimbabwe, said widespread use of the yuan could be limited by a population which has more confidence in the U.S. and is suspicious of other currencies after the traumatic experience with the Zimbabwe dollar. *(Reuters)*

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