SECURITIES AFRICA
RESEARCH & CAPITAL MARKETS

PAN-AFRICA

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

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

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

AFRICA STOCK EXCHANGE PERFORMANCE

				WTD % Change		YTD % Change	
Country	Index	14-Nov-14	21-Nov-14	Local	USD	Local	USD
Botswana	DCI	9520.60	9519.67	-0.01%	1.06%	5.15%	0.16%
Egypt	CASE 30	9260.18	9258.18	-0.02%	-0.03%	36.49%	32.33%
Ghana	GSE Comp Index	2260.17	2284.97	1.10%	2.11%	6.52%	-20.83%
Ivory Coast	BRVM Composite	238.13	240.38	0.94%	1.67%	3.60%	-5.63%
Kenya	NSE 20	5139.37	5166.45	0.53%	0.57%	4.86%	0.81%
Malawi	Malawi All Share	14314.65	14625.73	2.17%	-2.38%	16.72%	0.93%
Mauritius	SEMDEX	2103.42	2096.81	-0.31%	-0.42%	0.05%	-4.47%
	SEM 7	396.66	396.18	-0.12%	-0.23%	-1.85%	-6.29%
Namibia	Overall Index	1106.97	1121.51	1.31%	2.96%	12.49%	7.07%
Nigeria	Nigeria All Share	35381.02	33926.18	-4.11%	-6.86%	-17.91%	-24.36%
Swaziland	All Share	298.01	298.01	0.00%	1.63%	4.32%	-0.71%
Tanzania	TSI	5116.93	5038.45	-1.53%	-1.74%	77.19%	62.82%
Tunisia	TunIndex	4904.42	4971.37	1.37%	1.74%	13.47%	1.93%
Zambia	LUSE All Share	6137.32	6137.69	0.01%	0.61%	14.75%	0.11%
Zimbabwe	Industrial Index	174.10	170.49	-2.07%	-2.07%	-15.65%	-15.65%
	Mining Index	63.88	65.00	1.75%	1.75%	41.95%	41.95%

CURRENCIES

Cur-rency	14-Nov-14 Close	21-Nov-14 Close	WTD % Change	YTD % Change
BWP	9.17	9.08 -	1.06	4.98
EGP	7.13	7.13	0.01	3.15
GHS	1.87	3.17 -	0.99	34.54
CFA	527.07	523.29 -	0.72	9.79
KES	88.55	88.51 -	0.05	4.02
MWK	455.86	477.11	4.66	15.64
MUR	30.36	30.40	0.11	4.74
NAD	11.20	11.02 -	1.60	5.06
NGN	168.18	173.14	2.95	8.53
SZL	11.20	173.14 -	1.60	5.06
TZS	1,690.50	1,694.09	0.21	8.83
TND	1.83	1.82 -	0.37	11.32
ZMW	6.34	6.30 -	0.60	14.63

SECURITIES AFRICA

Botswana

Corporate News

No Corporate News This Week

Economic News

No Economic News This Week

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Egypt

Corporate News

Disney is considering building a theme park in Egypt, its first in the Middle East, state-run news agency MENA reported on Tuesday. "There are discussions going on between Disney International to build in Egypt its first Disney Park in the Middle East, similar to Disney France," Ashraf Salman, Egypt's investment minister, said on Tuesday. Salman's declarations were made during the launching of a live Disney show on Tuesday, which features a cast of Disney characters in a magic-themed performance at Cairo International Convention Centre until 22 November. "Having a Disney show in Egypt at the moment sends a message to the world and to foreign investors that Egypt is safe and stable," Salman said. The Walt Disney Company was not available to confirm the news of the theme park in Egypt. *(Ahram)*

The Walt Disney Company denied it has plans to open a theme park in Egypt, a day after an Egyptian minister said talks were underway with the entertainment giant. "While Egypt is an attractive market, we have no plans for the region at this time," a Disney spokesperson said in an emailed statement to Ahram Online. Minister of Investment Ashraf Salman said on Tuesday that discussions were ongoing with Disney to build the Middle East's first Disney World park in Egypt. "It would be similar to Disney France," Salman said, according to state-run news agency MENA. Salman's comments were made during the launch of a live show featuring a cast of Disney characters in a magic-themed performance at Cairo International Convention Centre. "At Walt Disney Parks and Resorts, we continually look for ways to grow our business and as part of that process we have conversations with many different entities," the Disney spokesperson said. *(Ahram)*

The number of mobile users in Egypt declined in August after the government cut service on users whose names and details were incomplete, citing security concerns. Egypt saw 1.8 million less mobile phone users in August compared to the preceding month, bringing the total number to 95.8 million, according to a report posted by the ministry of communication and information technology. The penetration rate of mobile phones reached 112 percent. The government began in May to update the information of all mobile users and terminate all un-registered lines to "prevent their use in terrorist activity," said Hesham El-Alaily, head of the telecommunications regulator NTRA, as reported by Al-Shorouk newspaper earlier in November. The number of people who access the internet via mobile phones increased in August by more than 7 percent to reach 20.2 million users. The total number of internet users reached 46.2 million, a jump of almost 25 percent in the year to August. *(Ahram)*

Majority shareholders in Egyptian confectionary maker Bisco Misr have opted to sell their stake to Kellogg Co., after it made a higher offer than that of an Emirates-based company. Kellogg made an acquisition offer on at least 51 percent of the company's shares, if not all of it, for the price of LE79 per share, Egypt's financial regulator announced on Thursday. Owners of 56 percent of Bisco Misr said that they had agreed to the offer from the world-famous cereal maker after being notified of it on Wednesday evening. The majority shareholders had agreed earlier this month to sell their stake to UAE-based Abraaj Investment Management, which offered LE73.91 per share, also for at least 51 percent equity. Egypt's financial regulator said it was studying the Kellogg offer, which offered LE908.5 million ($127.2m) for the entirety of Bisco Misr. Earlier this week Abraaj announced receiving regulatory approval for its LE850 million ($119m) acquisition offer. Founded in 1957, the confectionary maker produces over 90 kinds of biscuits and cakes, with one facility in Cairo and two in second Egypt's largest city Alexandria. Bisco Misr recorded a net profit of LE37.4 million in the first nine months of 2014, down 16 percent from LE44.4 million in the same period of the previous year. The snack maker's net profit for the financial year ended in December 2013 was LE62.7 million, up from LE41.4 million in the previous year. *(Ahram)*

Economic News

Egypt's main index was up for the second consecutive session on Wednesday, rising 0.45 percent to close at 9,220 points. Non-Arab foreign investors, who accounted for nearly 20 percent of market activity, were the main net-buyers to the tune of LE74.7 million, followed by Egyptians who bought a net LE7 million worth of shares. Arab investors were net sellers for LE81.7 million. Total turnover reached LE664 million. Orascom Telecom Media and Technology Holding was the most traded share in the main index, with a turnover of close to LE90 million and rising 1.60 percent to close at LE1.27. EFG-Hermes was the second most traded share, gaining 1.42 percent to LE17.86. Market bellwether Commercial International Bank (CIB) inched down 0.16 percent to LE49.74. In the real estate sector, Six of October Development and Investment (SODIC) was up 0.52 percent to LE15.39, Palm Hills Development Company rose 0.47 percent to LE4.26, while TMG Holding slipped 0.49 percent to LE10.19. Fixed-line operator Telecom Egypt rose 0.28 percent to LE14.33, while Global Telecom Holding fell 0.71 percent to LE4.19. Steel market leader Ezz Steel was up 1.23 percent to LE16.44. The broader EGX70 index rose 1.36 percent. *(Ahram)*

The Egyptian economy expanded by 1.1 percent in the quarter to September 2014 compared to the previous quarter as energy shortages slowed down industrial activity. It registered a 6.8 percent growth rate in annual comparison as weak economic activity in the same quarter last year inflates the growth figure, Minister of Planning Ashraf El-Araby said. Egypt's economy has been hit by political instability and militant violence since a 2011 popular uprising ousted president Hosni Mubarak. It grew by 2.2 percent in the fiscal year which ended last June, just below the population's growth rate. "This quarter was very bad, especially from mid August to mid September," Hany Genena, chief economist at Pharos Holding, said. "Most of the companies we cover were operating at 60 or 70 percent capacity because of the energy shortage." Companies such as steel producer Ezz Dekheila and Suez Cement saw profits tumble in the first quarter of the current fiscal year, starting July, as their operations were hit by the lack of power. The quarter's growth rate means that the economy could expand by 3.8 percent in the current fiscal year which ends 30 June 2015, El-Araby said. This is slightly higher than the International Monetary Fund's prediction of 3.5 percent.

The government's forecast is "reasonable," according to Genena, driven by recent announcements of new investments in Egypt, combined with state stimulus. The government has promised to repay its debts to foreign oil and gas companies which might encourage upstream expansion, he said. The oil and gas sector made up about a quarter of Egypt's gross domestic product in the 2013/14 fiscal year, according to central bank figures. Other analysts such as Omar El-Shenety, managing director at Multiples Investment Group, voiced scepticism that such growth rates would be achieved. "We need to grow well above 4 percent in the coming three quarters to achieve this 3.8 percent in the whole year," he said in a phone interview. "We are in the middle of the second quarter of the fiscal year and we don't see any major foreign investments or aid pledges." An international economic conference, which Egypt hopes will attract investment, was pushed back from February to March 2015, meaning that "any projects announced then wouldn't affect growth in the current fiscal year," he said. Egypt received $10.6 billion in cash grants and oil products from its Gulf allies in the previous fiscal year, the finance minister said earlier in November. "With all the aid we received last year, we achieved 2.2 percent growth," El-Shenety said. "It would be great if we just achieve three percent this year."*(Ahram)*

Egypt's pound fell to 19-month low in the black market amid concern the forthcoming $2.5 billion bond payment to Qatar may drain foreign-exchange reserves. The currency dropped in unregulated trading to 7.70 against the dollar, its lowest level since April 2013 and compared with 7.58 a dollar last week, according to the average of four quotes from money changers surveyed by Bloomberg. That represents a premium of 7.7 percent to buy dollars over the interbank rate of 7.1501, which is controlled by the central bank. The pound's official price hasn't changed for more than five months and is down 2.8 percent this year. The Nov. 28 deadline for Egypt's repayment of a $2.5 billion bond to Qatar is spurring speculation on the currency, said Hany Farahat, senior economist at Cairo-based CI Capital. Egypt had borrowed the money as part of an $8 billion assistance from Qatar in 2013 to support its budget under former President Mohamed Mursi, just weeks before he was overthrown. The pound's drop "certainly represents a hefty black-market premium compared to the currently prevailing official rates, and if it prevails, it might pose downward pressure on the latter," Farahat said by phone. Companies are also setting aside foreign exchange to prepare for 2015 needs, he said.

Also, the regulator shut down 12 foreign-exchange businesses on the grounds they violated currency-trading rules, Al Masry Al Youm newspaper reported Nov. 13, two days after Central Bank of Egypt Governor Hisham Ramez pledged to combat unofficial trading. The central bank sells about $40 million dollars to local banks three times a week. The auction system was put in place in December 2012 to ration dollars after foreign-exchange reserves fell to $15 billion, less than half their level before the start of political turmoil in 2011. That figure stood at $16.9 billion in October, enough to cover more than three months of imports, according to Bloombergcalculations. Participants in Bloomberg's weekly black-market currency survey operate exchange businesses in Cairo and Alexandria and ask not to be identified because unofficial trading is illegal. *(Bloomberg)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Ghana

Corporate News

No Corporate News This Week

Economic News

Ghanaian stocks gained for a ninth day in the longest winning streak since February with African investors looking for bargains while the continent's worst-performing currency stemmed its loss. The Ghana Stock Exchange Composite Index (GGSECI) rose 0.3 percent to 2,272.47 by the close in the capital, Accra, the highest since Sept. 24. Six stocks gained and 29 were unchanged, with no decliners. The cedi strengthened 1.2 percent to 3.18 per dollar after Finance Minister Seth Terkper pledged to narrow the nation's fiscal deficit in his 2015 budget speech today. "We saw quite a significant pick-up in interest in Ghana again," Chris Becker, lead macroeconomic and equity strategist at African Alliance Securities, said by phone from Johannesburg today. "East African investors, where their markets have become expensive, are looking to places like Ghana where you've had a currency crisis and potential value being created in the market and buying opportunities."

Ghanaian shares advanced, with lenders including HFC Bank Ltd. and Societe General Ghana Ltd. leading, as the government continued talks with the International Monetary Fund for aid. The cedi, which is down 26 percent this year against the dollar, rallied 16 percent since August, when the negotiations were announced. "The IMF issue is going to be critical," Becker said. "If that loan comes through this market can run further. If it doesn't come through the currency could catch a wobble and also you're going to see people withholding from Ghana." Enterprise Group Ltd., the biggest insurer by market value, led the rally, gaining 5.6 percent today to 1.50 cedis. HFC Bank added 3.9 percent to 1.35 cedis.*(Bloomberg)*

Ghanaian Finance Minister Seth Terkper is set to outline plans today to rein in the budget deficit that may include spending cuts requested by theInternational Monetary Fund. Terkper, 57, will probably ask parliament to approve a fiscal shortfall of about 8 percent of gross domestic product for 2015, Angus Downie, London-based head of economic research at Ecobank Transnational Inc., said by phone Nov. 17. The deficit for this year may reach 10 percent, he said. Ballooning debt amid a surge in government spending fueled a 35 percent plunge in the currency against the dollar in the first seven months of the year. The cedi has rebounded 14 percent since August, when authorities began talks with the IMF on possible austerity measures and a loan program. "The kind of figure that they will be coming up with is going to be relatively modest," Downie said. "It has to show that there's a deficit-reduction strategy in place. The IMF is keen on the deficit coming down."

Standard & Poor's last month cut Ghana's credit rating to B-, six levels below investment grade, concerned that authorities won't be able to rein in the budget deficit. The IMF is forecasting a deficit of 9.75 percent of GDP in 2014 compared with the government's target of 8.8 percent. Ghana is seeking about $800 million in loans from the IMF in a program that may begin in January, Terkper said on Oct. 20. Negotiations between the government and an IMF team resumed in Accra, the capital, earlier this month. As part of the IMF talks, Terkper will probably outline plans in his budget to slow wage increases, eliminate ghost workers from the payroll and be more selective on capital projects, Downie said. Revenue measures will likely include a reduction in cash concessions for companies and widening the tax net to capture new economic activities, he said. "This budget will be seen as the most likely sign that Ghana has reached an agreement with the IMF on the measures that it will adopt to qualify for IMF assistance," Razia Khan, head of Africa research at Standard Chartered Bank Plc in London, said yesterday in response to e-mailed questions. Any budget deficit outcome that improves on previously outlined plans will be positively received, she said.

Terkper may seek to further lower the target to 7 percent to 8 percent of GDP by cutting subsidies for fuel and electricity and limiting wage increases, Yvonne Mhango, a sub-Saharan Africa economist at Renaissance Capital said by phone from Johannesburg yesterday. A reduction in spending and higher interest rates will probably limit economic growth to 4.5 percent next year from a forecast of 5.7 percent this year, Mhango said. That's below the government's estimate of 6.9 percent this year. The central bank raised borrowing costs 200 basis points to 21 percent last week to tame inflation, which soared to 16.9 percent in October. "There's a tight monetary policy in place," she said. "If you're tightening up on the budget as well, that's going to impact growth." *(Bloomberg)*

Ghana's state oil company can take over the much-smaller national gas firm under a deal approved by the government, Finance Minister Seth Terkper said on Wednesday during the annual budget. The deal will bring Ghana National Petroleum Corporation (GNPC) finance to a Ghana Gas pipeline and processing facility that transports gas from the offshore Jubilee oilfield onshore for domestic use, according to a senior GNPC official. The $750-million Atuabo gas facility in western Ghana is crucial to easing an energy shortage that has contributed to a slowing of the economy and the advent of domestic gas will also boost government revenue, Terkper told parliament. GNPC will create a subsidiary company to manage Atuabo, said the official, who gave no details of the cost of the takeover. "It will make it possible to ease the conditions that investors impose for the national gas aggregator. It is expected that they will start financing projects in the oil-and-gas enclave immediately," said the official who declined to be named. GNPC is a 13.6 percent stakeholder in Jubilee and has a strategic goal of becoming an independent oil operator. It is in talks with commodities trader Trafigura and several banks over a $700 million five-year loan. *(Reuters)*

Standard & Poor's on Tuesday said it had lowered its credit rating for British oil and gas explorer Tullow Oil after it announced a review of its African business which would increase its exposure to Ghana. The recent sharp declines in oil prices put further pressure on Tullow's profits outlook, S&P said, after it cut its long-term corporate credit rating for Tullow to "BB-" from "BB". "Tullow Oil has recently announced potential adjustment in its investment plans, which could increase Tullow's exposure to Ghana. We consider that this represents a rating constraint," the rating agency said in a statement. *(Reuters)*

Port operator APM Terminals, a unit of shipping and oil conglomerate A.P. Moller-Maersk, said on Thursday it had signed a memorandum of understanding with the government of Ghana to expand its Tema Port. APM Terminals said the agreement included a "private investment" in excess of $1 billion by Meridian Port Services of which APM Terminals controls 35 percent. "Both in the short- and long-term view we see Ghana as a country with great potential," Peder SÃ¸ndergaard head of Africa and Middle East activities in APM Terminals told Reuters. Meridian Port Services (MPS) is a joint venture between APM Terminals, BollorÃ© Africa Logistics and the Ghana Ports and Harbours Authority. MPS handles approximately 80 percent of all containers in Tema Port which has a container volume of 670,000 twenty-foot equivalent (TEU) unit in 2013. The expansion plans include the development of four deep water berths and an access channel able to accommodate larger vessels now entering the West African. A six-lane highway will also be constructed between the port at Tema and Accra.

70 percent of Ghana's national trade and traffic currently goes through Tema Port. The expansion will increase the portâ€™s annual container throughput capacity to 3.5 million TEU. APM Terminal is the largest port and terminal operator in Africa. Globally The Hague-based company is operating 64 container terminals. *(Reuters)*

Kenya

Corporate News

LeapFrog Investments, the private equity firm with a focus on Africa and Asia, said it will pay 1.68 billion shillings ($18.7 million) to gain control of Kenya's Resolution Insurance and tap growth in health coverage. LeapFrog will invest through Resolution Health East Africa Ltd., the holding company for the Nairobi-based insurer, the private equity firm said in an e-mailed statement today, without disclosing the size of its stake. "Kenya's non-life insurance market is growing at 20 percent per annum, with health insurance leading the charge at 38 percent. Resolution is strongly placed to capture much of this growth," LeapFrog said. Resolution Health East Africa entered Kenya in 2002 and its medical insurance unit has operations in Tanzania and a partner in Uganda. LeapFrog sold a minority stake in Kenya's Apollo Investments Ltd. to Swiss Re (SREN) on Oct. 8, exiting an investment made with its first round of funding. The Resolution purchase comes from Fund II, which raised $400 million in August. "East Africa is home to a 150 million-strong population with insurance penetration rates below 4 percent, creating a vast opportunity to deliver financial inclusion at scale," Dominic Liber, a LeapFrog partner, said in the statement. LeapFrog has invested about $30 million in India's IFMR Capital from Fund II and said it has as much as $100 million earmarked for East African investments.*(Bloomberg)*

Centum Investment Co., East Africa's largest publicly traded investment group, bought control of Kenya-based K-Rep Bank Ltd. and reorganized the lender's board of directors. In a deal completed today, Centum increased its shareholding to 67.54 percent from 1.54 percent and replaced six of the bank's directors, Chief Executive Officer James Mworia said in an interview in the capital, Nairobi. He declined to identify them. Centum in July initially announced plans to increase its stake in K-Rep as part of a wider drive to boost its presence in the financial industry. The East African nation's banking and insurance industry expanded 8.3 percent in the second quarter, outpacing the 5.8 percent growth in national gross domestic product. Banks' total pre-tax profitclimbed 17 percent to 126 billion shillings ($1.4 billion) last year, according to the Central Bank of Kenya. The country, a nation of 44 million people with a $55.2 billion economy, has 43 commercial banks, nine microfinance lenders and eight representative offices of foreign banks.

Centum today announced its profit rose to 1.2 billion shillings in the six months through September from 892 million shillings a year earlier, as total income increased to 1.9 billion shillings from 1.2 billion shillings. The company expects in the next two weeks to sign an agreement with Kenya Power Ltd. to financially back the distribution of electricity from the 70-megawatt Akira geothermal project. Kenya has the highest installed capacity of geothermal power in Africa, according to the state-run Kenya Electricity Generating Co. "The power plant should be running by December 2016," said Mworia. That investment fits into the company's strategic plan over the next four years to focus on power generation, real estate, infrastructure, financial services, agriculture, health care, education and telecommunications. The company will keep its debt-to-asset ratio, now at about 22 percent, below 50 percent by investing in cash flow-generating projects, Mworia said. Centum had total assets of 42 billion shillings by the end of September, the company said in an e-mailed statement today. "Our ceiling is 50 percent so we have significant scope to increase the debt," he said. "We want to keep it around 50 percent of our assets." *(Bloomberg)*

Centum Investment Company has reported 37.8 per cent growth in half year net profit to Sh1.23 billion on the same day it also announced completion of the acquisition of an additional 60 per cent stake in K-Rep Bank. Centum saw its investment income in the six months to September hit Sh1.89 billion, a 58.8 per cent growth from last year's Sh1.19 billion, earnings brought about by a consolidated group portfolio whose current value is Sh32 billion. The firm also has Sh176 billion of third party assets under management. The investment firm, which is listed at the Nairobi Securities Exchange, has successfully acquired a controlling stake in K-Rep Bank, raising its shareholding from 7.54 per cent to 67.54 per cent. It had been a minority shareholder in K-Rep since 2004. "The completion of the acquisition of a controlling interest in K-Rep is in line with Centum's strategic objective of expanding our presence in the financial services sector," Centum said in a statement. "We intend to reposition the bank by revamping its strategy and help it to grow to a strong tier two bank." A statement to the media confirms the deal was completed after payments were made, approval from relevant regulators obtained and documentation finalized. "The acquisition has been effected through Bakko Holdco Ltd, a non-operating holding company," the investment firm said, adding that the deal helps grow its presence in the financial services sector. K-Rep, a bottom-tier player with Sh13.7 billion in total assets as at June 30 this year, has 36 branches and over 200,000 largely small-business customers.*(Business Daily)*

Safaricom will be required to cede at least 30 per cent capacity of its planned 4G network to rivals, the telecommunications regulator has said. The policy move is intended to give other telcos a toehold on the high speed Internet grid. The Communications Authority of Kenya (CA) director-general Francis Wangusi, said in an interview on Wednesday that it has set infrastructure-sharing as a pre-condition for licensing Safaricom's planned roll out of the 4G network. Safaricom has announced that it intends to utilise extra capacity from the 4G frequencies allocated to it for a police communication system to roll out 4G Internet in 15 towns across the country. "One of the conditions is that they must spare 30 per cent of the capacity to other operators to be shared on a commercial basis," said Mr Wangusi. Safaricom on Wednesday said it is yet to reach a final agreement with the regulator on terms of the 4G rollout and as such could not comment further on the matter. Fourth generation (4G) network that offers high-speed Internet and capability for improved video streaming for heavy data users such as hospitals practising telemedicine.

"It is early days and we are still in discussions with the Communications Authority. We can comment in detail thereafter," said Safaricom's corporate affairs director Nzioka Waita in a response. The government has been floating the idea of rolling out the 4G technology through a consortium for the past two years but delays in grouping telecommunication firms interested in the bid has seen Safaricom decide to go it alone. The infrastructure sharing condition set for Safaricom by the regulator will enable small operators to save on capital expenditure and also reduce the time they would have taken if they were either to wait for the government led project or do it on their own. An interview with a number of operators who had been waiting for the government initiative on a joint rollout of the 4G technology indicates that some no longer consider it viable while others said it does not fit in their business strategy. MTN Business on Tuesday said the deployment of the joint consortium was no longer viable. "Technically the joint roll out of LTE collapsed the moment Safaricom was issued with a 60 megahertz frequency spectrum to roll out the national police security contract while what they needed was 5 Megahertz, this automatically locked out other operators, we are not pursuing it anymore," said Tom Omariba, managing director of MTN Business Kenya**.** *(Business Daily)*

East African Breweries Limited (EABL) is set to launch a premium whisky brand to boost its sales volumes. The new Talisker Storm is a variant of Talisker 10 that EABL has been distributing in Kenya on behalf of Diageo, its anchor shareholder, for the past two years. Talisker Storm, which is distilled in Scotland, has an alcohol content of 45.8 per cent packaged in a 700ml bottle that will be selling at a recommended retail price of Sh5,230. A litre of Talisker 10 retails at Sh5,140. EABL recorded a double-digit growth in its spirits sales in the year ended June. These sales contributed significantly to the brewer's earnings, helping it post a five per cent increase in full-year net profit to Sh6.85 billion from Sh6.52 billion the previous year. "We are responding to consumer demand," said Charles Ireland, the managing director for EABL. The brewer is also yet to disclose when it will launch Bulleit Bourbon, a premium drink which is distilled in Kentucky, US from a mixture of corn, rye and malted barley. The brewer's premium spirits include Johnnie Walker Red Label, Smirnoff Vodka and Baileys while its reserve products include Johnnie Walker Blue Label, and Don Julio tequila among others. EABL's business came under pressure after an introduction of 50 per cent excise tax on Senator Keg beer caused sales of the low-end brand to drop 75 per cent. While EABL reacted, introducing new products in the low-cost spirits category and restructuring its business to cut costs, it has also paid special attention to the high-end spirits segments which is currently one of its best performing segments. Other than introduce new variants like Talisker Storm and Bulleit Bourbon, the brewer is undertaking a marketing campaign dubbed the "Love Whisky Festival" seeking to grow its market share. "The launch of Talisker Storm signals the maturity of the whisky market in Kenya," said Douglas Duncanson EABL's Reserve Brand Ambassador. *(Business Daily)*

Swiss market research firm has ranked Britam as the best insurance company in Kenya in quality of customer service. International Certification Association GmbH awarded Britam the QUDAL - Quality award after surveying 1,200 Kenyans on which insurance company's products they would buy purely based on quality and not price. The research, the maiden one in Kenya, was conducted in June this year over the Internet. It does not measure market share or power of a brand, but only experience, satisfaction with the quality of the service and the offer on the market as perceived by respondents. "Britam has a strong engagement with the customers through a robust customer relationship management system," said Benson Wairegi, the MD of Britam.*(Business Daily)*

The Kenya Electricity Generating Company (KenGen) is testing the final unit of its 280MW Olkaria geothermal power project ahead of its commissioning next month, raising hopes for a further drop in power bills. KenGen says the 70MW unit 5 was connected to the national grid on Monday and it is currently feeding 52.5MW into the system even as tests continue. This marks the final phase of the Sh115.4 billion Olkaria geothermal project which is expected to lower the cost of electricity following a reduced reliance on expensive thermal power. The project comprises of the 140 MW Olkaria IV— which was commissioned by President Uhuru Kenyatta last month— and the Olkaria I units 4 and 5 each with a capacity of 70MW. "On Monday, we achieved a major milestone on the 280MW project when unit 5 was synchronised with the national grid," said Albert Mugo, the KenGen chief executive officer. "In essence, it means that we are now close to the full 280MW even as we continue with load tests for unit 5," he said, adding that the tests were to ensure system stability.

Power bills in Kenya contain a fuel charge which fluctuates depending on the amount of diesel-generated power and global oil prices, hence the urgency to reduce this component. Geothermal power accounted for 42.7 per cent of the 794.1 million units of electricity bought by homes and businesses in October while hydro power accounted for 35.1 per cent. The share of thermal power remained at 45 per cent for the better part of the year following low water levels in dams but the new Olkaria units have helped reduce this to 28.8 per cent. Over the months of July, August and September the firm installed 210MW into the Olkaria project in three equal batches culminating with the Mr Kenyatta commissioning the main unit in October. Monday's installation now means that KenGen's steam power output stands at 468MW up from 158MW in December last year, a near tripling of its production. KenGen has plans to more than double its capacity to 3,000MW by 2018 from the current 1,335MW.*(Business Daily)*

Retail chain Uchumi Supermarkets is back in the market with yet another cash call, the third since the company was pulled from the jaws of death seven years ago. The near-miraculous recovery was followed by an equally surprising sustained growth beginning 2011 through to 2013 but things suddenly changed more recently as Uchumi's rivals developed muscles and expanded to acquire bigger market share. The rights issue in which shareholders have been offered three new shares for every eight held seeks to raise Sh895 million. The sale of the rights kicked off to a slow start the previous week but has significantly picked pace this week. The retail chain's chief executive Jonathan Ciano spoke to the Business Daily about Uchumi's challenges and how he plans to tackle them.

You have been credited with turning around Uchumi from the death scare it suffered in 2006 but now things seem to be getting out of your hands. Do you think it is time to quit?

I am glad for the transformation that we have realised in this company as a team. We have lifted Uchumi up in many ways despite the many challenges in the market. More recently, there has been some pushing from some shareholders who want to acquire the majority stake in Uchumi and are also pushing us to join the retailers associations, which is not good for our market. There has been total sabotage. I can only quit if the board convenes a meeting and decides the same. But I am happy to have moulded Uchumi to where it is today.

Reliable reports indicate Uchumi turned down three offers from two South African supermarkets and one from Europe who wanted to pay for the much-publicised rights issue in full. What went wrong?

There were similar offers but we saw it not worth pursuing given it would have denied current Uchumi shareholders their right to participate in the rights issue. Uchumi is not a Kenyan thing but rather an East African company.Additionally, what the foreign investors were offering was not good for us. But this was a pointer to the potential that Uchumi has in the market.

You are said to be leaving Uchumi for a rival retailer…

Those are unfounded rumours from the same detractors who coined the scheme to portray Uchumi as doing badly with the aim of depreciating our share price in the market for purposes of advancing their bid to acquire more stakes. Gladly it never went through and our share price returned to normalcy.Our success threshold as communicated to the Capital Markets Authority (CMA) is 50 per cent. As we stand, we have already hit close to 50 per cent mark after major shareholders agreed to take up their rights. I am an optimist and I strongly believe the target is achievable. We also have a good working relationship with banks if need be — which is not an option for now.

What's the breakdown of how the funds raised in debt and rights issue will be deployed?

The purpose of the rights issue is to boost our working capital and to help refurbish our old stores that are mainly located in Nairobi. Most of our branches upcountry are relatively new and therefore do not need a lot of refurbishment. We expect to refurbish eight branches that will cost us less than Sh200 million.
There has been a row between Uchumi and the suppliers over debts…

The group supply debt as at October 31, 2014 is just under Sh2 billion with Kenya accounting for about Sh1.3 billion. It is important to note that about 63 per cent of this is debt classified as "current". That is those that are between 0-60 days while only 37 per cent are beyond 60 days. The old outstanding amounts are mainly as a result of pending credit notes. In addition, we have managed to religiously pay our suppliers a minimum of Sh300 million per week. It is also important to note that our trading terms differ according to the nature of supplies. Creditor days can be as low as 14 days (to as long as 60 days). On average, our creditor days stand at 45 days but we are working on this with the aim of improving.
What is the retailer's strategy in terms of market expansions?

We will be opening two branches in Kigali and another one in Musanze Rwanda early next year. The three outlets will have a combined workforce of 400 employees. We are pursuing expansion, having made good strides from 15 branches in 2006 to 37 currently. *(Business Daily)*

ARM Cement is stepping up its investment in new plants in the East African region where rivals are also raising their output capacity, signalling increased competition that is set to intensify price wars. Chief executive of the NSE-listed company Pradeep Paunrana says the cement maker will from next year complete and initiate new projects in a multibillion-shilling investment programme. ARM will in 2015 complete one more grinding plant in Tanga with a capacity of 2,500 tonnes per day, adding to the new plant in the same locality that was recently commissioned with a capacity to produce 3,200 tonnes of clinker and 4,000 tonnes of cement per day. "This will be followed by the expansion of our Kigali, Rwanda cement grinding plant to a capacity of 200,000 tons per day," Mr Paunrana said in a statement. "Our next major growth will be in Kenya, a growing market that is still heavily reliant on imported clinker." He added that ARM is set to build a 2.5 million tonnes per year integrated clinker and cement plant in Kitui County in the short term.

The firm's expansion plans comes amid similar heavy investments by its rivals, setting the industry for a new round of price wars as the race for market share intensifies. East African Portland Cement Company (EAPCC) plans to spend Sh2.5 billion in new investments in the short term to expand its output and boost efficiencies. National Cement is also expanding the capacity of its Lukenya factory to 1.7 million tonnes of cement from the current 600,000 tonnes. This is besides the construction of a clinker plant in Kajiado where it will also build its coal fire power plant. Nigeria-based Dangote Cement is set to double the production capacity of its upcoming factory in Kenya, setting the stage for increased competition in the regional cement market. The company, which received a prospecting license in March, says it has revised the factory's annual capacity to three million tonnes from the previous 1.5 million tonnes.The flurry of expansion by established and new players is expected to further weigh down cement prices, making cost-cutting and market share growth as key profit drivers. The average retail price of a 50kg bag of cement in Nairobi, for instance, stands at about Sh650 compared to a peak of Sh740 in 2008 and 2009. The price wars are attributed to the entry of new manufacturers such as National Cement, Savannah Cement and Mombasa Cement that are riding on lower prices to gain market share. *(Business Daily)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

The African Development Bank (AfDB) has approved a $133 million loan to fund a project aimed at improving access to electricity among poor populations in Kenya's rural areas. Only a third of Kenya's more than 40 million people are connected to the grid, and poor access to electricity as well as erratic supplies are seen as major constraints on economic growth. The government plans to add 5,000 megawatts (MW) of capacity to the existing 1,664 MW by 2017 in a country that relies heavily on geothermal and hydro-electric power. "This project will increase access to modern reliable and affordable energy supply which will in turn encourage Kenya's transition to green growth," Alex Rugamba, director of the AfDB's energy, environment and climate change Department, said in a statement. The total cost of the project, which aims to connect at least 314,200 new customers, is estimated at $147 million, with the government contributing $14 million of that. *(Reuters)*

Rising net interest income and the one-off gain from the sale of a property buoyed Standard Chartered Kenya's nine months pretax profit by 14 percent. The bank, which is part of Standard Chartered Plc, said in a statement on Thursday that pretax profit rose to 11.2 billion shillings ($124.38 million) during the period to the end of September. Total income grew 12 percent to 19.8 billion shillings, the lender said. Net interest income increased by 8 percent on the back of growth in loans written but curbed by falling interest rates. The bank said non-interest income rose 21 percent to 6.5 billion shillings, thanks to the sale of one of its properties. Stripped of the one-off gain, non-interest income was down 8 percent as income from currency trading dropped, the bank added. Bad debts rose to 13.3 billion shillings from 3.8 billion in the same period last year, pushing provisions up to 1.13 billion shillings from 775 million, the bank said. *(Reuters)*

Rising net interest income and the one-off gain from the sale of a property buoyed Standard Chartered Kenya's nine months pretax profit by 14 percent. The bank, which is part of Standard Chartered Plc, said in a statement on Thursday that pretax profit rose to 11.2 billion shillings ($124.38 million) during the period to the end of September. Total income grew 12 percent to 19.8 billion shillings, the lender said. Net interest income increased by 8 percent on the back of growth in loans written but curbed by falling interest rates. The bank said non-interest income rose 21 percent to 6.5 billion shillings, thanks to the sale of one of its properties. Stripped of the one-off gain, non-interest income was down 8 percent as income from currency trading dropped, the bank added. Bad debts rose to 13.3 billion shillings from 3.8 billion in the same period last year, pushing provisions up to 1.13 billion shillings from 775 million, the bank said. *(Reuters)*

Kenya's I&M Bank Group said on Tuesday its pretax profit for the nine months to September inched up by a percentage point to 5.46 billion shillings ($60.60 million), helped by lower staff costs. The group, which has operations in Kenya and Tanzania, is part of the I&M Holdings, which also operates two other banks in Mauritius and Rwanda. The holding company has not issued its results. Total income fell to 8.85 billion shillings from 9.18 billion shillings in the same period last year. Its income from foreign exchange trading more than halved to 469 million shillings. This was offset by a drop in staff costs as well as depreciation charges, the group said. *(Reuters)*

Kenya Power, the country's sole electricity distributor, said on Wednesday it had secured a $190 million loan from Standard Chartered Bank to upgrade its transmission network. East Africa's largest economy is struggling with ageing energy infrastructure and the government has said it plans to add 5,000 megawatts (MW) to the existing 1,664 MW of generation capacity by 2017. "Kenya Power will use the funds to make huge investments in acquisition of additional transformers and other construction materials in the next one year," managing director Ben Chumo said in a statement. "These materials will be used to construct new substations and power lines while at the same time upgrading others to enhance capacity of the power network and improve quality and reliability of power supply to customers." Kenya Power is also the main electricity transmission company in the east African nation, which suffers from frequent blackouts because of generation shortfalls and an ageing grid.

Chumo said the upgraded network was expected to cater for an additional 1 million new customers including industrial, commercial and domestic users. Kenya Power at present serves about 2.8 million customers out of a population of 40 million. Kenya relies heavily on renewable energy such as hydro power and geothermal for its electricity. Kenya Power posted in October a 55 percent jump in its full-year pre-tax profit to 10.2 billion shillings ($113 million), driven by increased sales of electricity, higher tariffs and reduced losses due to improvements in the power grid. The electricity transmission company said electricity sales grew by nearly 10 percent compared to last year. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Economic News

Kenya's public debt is sustainable at 46 percent of gross domestic product (GDP) because much of it is supporting transport and other projects that will fuel growth, the head of the central bank said on Tuesday. The east African nation raised $2 billion in June from a debut Eurobond issue, building on a domestic issuance programme that has seen it offer 30-year bonds and specialist instruments to fund new infrastructure, such as roads and railways. Analysts have said that a debt rate rising above 45 or 50 percent of economic output would put more pressure on Kenya's government to rein in spending. "The government is borrowing to roll out public investments," Njuguna Ndung'u told Reuters on the sidelines of meeting on debt sustainability, without giving a figure for total borrowing. "Those public investments give the country and the economy capacity for future growth so it improves sustainability in the future so we don't have a threat." Debt had been estimated at more than 50 percent of GDP until September, but that rate fell after Kenya rebased its economy, estimating GDP at 25 percent bigger than previously thought. *(Reuters)*

Malawi

Corporate News

No Corporate News this week

Economic News

No Economic News this week

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Mauritius

Corporate News

Mauritius Commercial Bank Group's (MCB) pretax profit rose 6.7 percent to 1.668 billion Mauritius rupees ($52.95 million) in its first quarter to September 30 compared with the same period last year helped by higher commission income. Net fee and commission income rose 16 percent to 801.5 million rupees from 691.2 million. Earnings per share rose to 5.77 rupees from 5.39 rupees. MCB, the biggest bank by market value in east Africa and the Indian Ocean region, said on Monday it expected first-half results to December 31 to improve on last year although the operating environment was likely to remain difficult in the short term. At 1034 GMT, MCB Group's shares were up 0.25 percent to 203.50 rupees on the Mauritius Stock Exchange. *(Reuters)*

Economic News

No Economic News This Week

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

Nigeria

Corporate News

Dangote Group, controlled by Africa's richest man, expects an oil refinery it is building in Nigeria to come on-stream in late 2017 or the first half of 2018. The plant in the Lagos area will be able to process 500,000 barrels of crude a day, George Nicolaides, Dangote Industries' operations director for petroleum refining, said in an interview at the Platts African Refining Summit in Cape Town today. "The site is being cleared, the plant is being designed," Nicolaides said. "We are close to the beginning of detailed engineering." In September last year, Dangote said it had agreed on a $3.3 billion loan with 12 Nigerian and foreign lenders to build the refinery as well as a petrochemical and fertilizer complex costing a total of $9 billion. At the time, the facility in Africa's biggest economy was expected to be completed in 2016 and the capacity of the refinery was put at 400,000 barrels a day.

"We have a very ambitious construction schedule," Nicolaides said. "I'm not sure about the history of those dates." While Nigeria is Africa's top producer of crude oil, it relies on fuel imports to meet more than 70 percent of its needs. Four state refineries with a combined capacity of 445,000 barrels a day are operating at a fraction of that because of poor maintenance and aging equipment. Dangote selected Engineers India Ltd. (ENGR) to do most of the detailed engineering work for the new plant. Construction contractors have yet to be appointed. "Supplying the local market is the primary objective," Nicolaides said. "Naturally we can move product to the region. The government is being very supportive, very enthusiastic about this project. We are not looking for or wanting any particular subsidies." The group owns Dangote Cement Plc, the country's biggest company by market value, Dangote Sugar Refinery Plc, Dangote Industries Ltd. and Dangote Oil Services Ltd. Its president is Aliko Dangote, who is worth $20.2 billion, according to the Bloomberg Billionaires Index. *(Bloomberg)*

Oando Plc, a leading integrated energy firm yesterday reported its nine months results ended September 30, 2014, showing a growth of 83 per cent in net profit. The company, which recently acquired Nigerian assets of ConocoPhillips(COP) to boost its operations and leadership position, posted a turnover of N338 billion, compared to N386 billion in the corresponding period of 2013. Gross profit rose by 97 per cent from N46.7 billion to N79.5 billion. However, high administration administrative expenses, financing moderated the profit after tax. While the company reduced selling and marketing expenses from N5.2 billion to N4.2 billion, administrative expenses rose from N26.6 billion to N47 billion. Similarly, net financing cost soared by 203 per cent from N8.612 billion to N26.137 billion. Consequently, profit after tax stood at N11 billion, showing an increase of 83 per cent compared to N6 billion posted in 2013. Market analysts said given the nine months results, Oando Plc has very bright prospects, saying that once the huge debt burden is over, the company would begin to enjoy the real benefits of the its continuous investment in new assets. Oando recently paid a dividend of N1 dividend per share for shareholders comprising 30 kobo for the 2013 financial year and 70 kobo interim for the six months ended June 30, 2014.

The shareholders of the company, who approved the dividend at the annual general meeting in Lagos, commended the board and management for the dividend. They also expressed high hopes that the acquisition of the COP assets in Nigeria, would add more value their investments going forward. For instance, Mikail of Costance Shareholders Association of Nigeria, said: "I commend the board and management for the acquisition of those assets, which I believe have made the future brighter for shareholders of the company." Highlighting the impact of Oando's $1.5 billion acquisition of COP Nigeria, which has transformed the company into Nigeria's largest indigenous oil and gas producer, the Group Chief Executive Officer of Oando, Mr. Wale Tinubu assured shareholders of further improvements in the company's performance. According to him, the acquisition is set to increase daily oil production exponentially by 600 per cent equivalent to 45,000 boe/d, annual revenue of over $600 million, and annual free cash flows of $150 million. "With an eye to the future, we took on our largest and most daring feat with the acquisition of COP, adding capacity to support our future growth plans. Our strategic refocus on the higher margin promises to create profitable growth for us and immense value add for our stakeholders in the near term," Tinubu said.*(This Day)*

The Nigerian unit of pan-African lender Ecobank said on Monday it has secured $150 million in a debt facility from a group of

international banks to grow its loan book. The loan, which attracted participation from Standard Chartered Bank, Commerzbank, Mashreq and First Gulf Bank PJSC, was a one-year facility, the African bank said in a statement. "The facility marks Ecobank's debut in the international loan market and lays the groundwork for future fundraising on a broader basis," the bank said. *(Reuters)*

Access Bank Plc and Airtel Nigeria Limited have gone into a partnership to introduce a mobile money service known as Access Money. The service allows customers to perform simple, secure and instant financial transactions using their mobile phones. With the service, customers on the mobile network can send and receive money, make deposits and withdrawals, pay their utility bills and buy airtime for their lines. In addition, it provides the ability for customers to receive money through agents nationwide or through cardless withdrawals from any Access Bank ATM machine. Speaking at the launch of the product in Lagos yesterday, Group Managing Director of Access Bank, Mr. Herbert Wigwe said: "Through Access Money, we will be providing financial access to more and more people and small businesses; creating an easier channel for the distribution of financial aid; and also making it easier for government to receive taxes and deliver welfare payments." According to him, Access Bank and Airtel agreed to introduce the platform into Nigeria's financial landscape in line with the financial inclusion initiative of the Central Bank of Nigeria (CBN). "It is something that reaches new groups of people and helps them to build and grow the success stories of tomorrow.

And it's something we are proud to champion," he added. On his part, the Managing Director/Chief Executive Officer, Airtel Nigeria, Mr. Segun Ogunsanya said his organization, as an innovative operator in the telecoms market was strategic in partnering Access Bank in order to create an enabling avenue for millions of Nigerians to gain financial inclusion. "With Access money powered by Airtel, millions of Nigerians will be able to make purchases, pay for services and receive payments by the touch of a simple button on their phones," added. "We are indeed proud of our partnership with Access Bank and hope that many Nigerians will take advantage of this product," he said. To deposit money into the Access Money, customers were advised to visit any authorised agents, any Access Bank. "Customers will receive confirmation or notifications SMS for transactions performed. The service is also aimed at promoting financial inclusion for those with no access to formal financial services. "This collaboration between Airtel and Access Bank will deepen financial inclusion and bring more Nigerians into the formal financial system. This will serve to support CBN's financial inclusion target of 80 per cent of Nigerians by 2020," Wigwe added. *(This Day)*

Royal Dutch Shell said on Thursday it had completed the sale of its 30 percent stake in Nigeria's onshore Oil Mining Lease (OML) 24 in the Eastern Niger Delta to Newcross Exploration and Production for $600 million. French partner Total and Italy's Eni also sold their respective 10 percent and 5 percent stakes in OML 24 to Newcross, Shell said in a statement. The Nigeria-based oil and gas exploration and production company will hold a total of 45 percent in the field. Shell last month said it had signed sales agreements for all the Nigerian oil assets it had put up for sale as part of a broad global cost-cutting drive. OML 24 produced on average of around 13,000 barrels of oil equivalent per day during the first half of 2014, the Anglo-Dutch oil major said. *(Reuters)*

Economic News

Nigeria is planning spending cutbacks next year as falling oil prices eat into the government's revenue, Finance Minister Ngozi Okonjo-Iweala said. The minister will propose to lower expenditure by 6 percent to 4.66 trillion naira ($27 billion) in the 2015 budget by tightening rules on foreign travel and raising taxes on private jets and luxury cars, Okonjo-Iweala told reporters yesterday in the capital, Abuja. Those plans are based on a benchmark oil price of $73 a barrel, down from $77.5 in this year's budget, she said. The government of Africa's biggest oil producer, which is preparing to hold elections on Feb. 14, earns about 70 percent of its income from crude oil, the price of which has slumped to a four-year low this month. The naira weakened to a record low last week, prompting the central bank to run down reserves in a bid to defend the currency. "We can control and will control the way the country responds" to a global price drop, she said, adding that Nigeria has contingency plans if the oil price falls further. Nigeria, a member of the Organization of the Petroleum Exporting Countries, expects to produce 2.27 million barrels of oil per day next year, generating revenue of 6.8 trillion naira, Okonjo-Iweala said. This year's budget was based on output of 2.39 million barrels a day. The naira fell 0.4 percent to 172.25 against the dollar on the interbank market as of 12:14 p.m. in Lagos, the commercial capital, taking its decline this year to 6.9 percent.

The Excess Crude Account, which was set up to save the difference between the selling price of oil and the budgeted benchmark, may be drawn down to about half of its current balance of $4.11 billion by the end of the year, the minister said. Foreign currency reserves stood at $37.6 billion on Nov. 13, down from $39.5 billion at the end of September and $44.9 billion a year ago. The proposals don't go far enough to address the weakness in government revenue, Bismarck Rewane, chief executive officer of Lagos-based Financial Derivatives Co., said by phone. Okonjo-Iweala has proposed a 5.9 percent cut in the benchmark oil price while the cost of crude has plunged by almost a third since July, he said. "The cut alone will not address the problem of fiscal imbalance," he said. "As a nation, you have to reduce your leakages and increase your injections." The Finance Ministry's proposals will be submitted to lawmakers in the National Assembly where they are debated before a final document can be signed into law by the president. The ministry's proposals for the 2014 budget were given to lawmakers in late December last year, and Jonathan signed the budget in May. Printing additional naira or borrowing heavily in the domestic market to plug the shortfall aren't options, Okonjo-Iweala said. The government needs to guard against inflation, which reached 8.1 percent in October, she said. "The worst enemy of the poor in any country is inflation," she said. "We won't compensate by printing money."*(Bloomberg)*

The naira swung between gains and losses after the Nigerian central bank lifted limits on the sale of dollars bought from the regulator in the interbank market, according to Standard Chartered Plc. The removal of a rule banning greenback sales at a spread of more than 10 kobo at the interbank market "led the currency to rally" following a slide to a record low, Samir Gadio, the London-based head of African strategy at Standard Chartered, said by phone today. The strengthening may prove short-lived as a "demand-supply mismatch" of dollars remains, he said. Phone calls to Ibrahim Mu'azu, a spokesman for the Abuja-based central bank, weren't answered. The currency of Africa's largest crude producer fell less than 0.1 percent to 173.20 against the dollar as of 5:34 p.m. in Lagos, the commercial capital, paring losses after it weakened to 176. The nation's foreign reserves dropped to $37.6 billion on Nov. 14, their lowest level since July 1, after central bank interventions to bolster the naira. The spread restriction "sort of created two interbank markets," said Gadio. "One based on the central bank intervention funds and another that was quoted higher."

Nigeria's government is planning to cut spending by 6 percent next year and lower its benchmark oil price to $73 a barrel, down from from $77.50 in this year's budget as it seeks to stabilize the market hit by a fall in oil prices, Finance Minister Ngozi Okonjo-Iweala said Nov. 16. Okonjo-Iweala's announcement followed central bank Governor Godwin Emefiele's pledge last week to continue defending the naira with interventions. "Strong dollar demand for imports, the repatriation of profits by companies as well as uncertainty about the ability of central bank to manage the exchange rate is undermining the naira," Kunle Ezun, a Lagos-based currency strategist at Ecobank Transnational Inc., said by phone.*(Bloomberg)*

The naira slumped to a record low and stocks retreated the most in the world before Nigeria's central bank meeting to review interest rates in Africa's biggest oil producer. The currency fell 1.2 percent to 176 per dollar by 4:11 p.m. in Lagos, the commercial capital, a fourth day of declines. The Nigerian Stock Exchange All Share Index (NGSEINDX) lost 2.1 percent to 33,428.76 in the worst performance among 93 primary indexes tracked by Bloomberg. The Nigerian selloff came as investors weighed potential outcomes of an Organization of Petroleum Exporting Countries meeting next week, with Morgan Stanley saying a production cut looks increasingly likely. Nigeria is an OPEC member and crude oil exports account for about 70 percent of government revenue. Foreign reserves dropped 2 percent this month as the Central Bank of Nigeria sold dollars to lenders to stem the naira's slide.

The regulator may increase its key rate from 12 percent next week to support the currency, according to ETM Analytics. "Expectations are rising that the bank will throw in the towel and hike policy rates given the seeming futility of trying to keep the naira from depreciating," Gareth Brickman, a Johannesburg-based Africaanalyst at ETM, said in a note to clients. The bank will give its decision on Nov. 25. Policy makers have left the benchmark rate unchanged since October 2011. Inflation slowed to 8.1 percent in October from 8.3 percent the previous month. "I don't think anything they can do at this point would significantly affect the naira," Seun Olanipekun, an analyst in Lagos at Investment One Financial Services Ltd., said by phone. "Everything hinges onoil prices." The NSE all-share gauge dropped 5.5 percent this week, the worst African performer among global indexes tracked by Bloomberg. That almost erases last week's 6.5 percent gain. "People have been taking profits based on their gains last week," Ayodeji Ebo, head of research at Afrinvest West Africa Ltd. in Lagos, said by phone. "What's responsible is the weak macro picture."*(Bloomberg)*

Nigeria will have to adjust to oil prices heading lower for some time to come, Finance Minister Ngozi Okonja-Iweala said on Thursday in an interview in which she also cut the outlook for economic growth next year. Africa's largest economy relies on oil exports for 70 percent of government revenues and has been hit hard as crude prices have fallen to four-year lows below $80 a barrel after trading above $115 as recently as June. Asked if she thought the 30 percent drop in crude prices since June might prove temporary, Ngozi Okonja-Iweala said Nigeria needed to adjust to lower levels for good. "The IMF, the analysts feel that the trajectory is going down, and that it is a permanent shock, and we have to adjust (to the possibility) that it is a permanent shock," Ngozi Okonja-Iweala told Reuters during the interview in London. "We will have to take the necessary measures and we have already started to do that." She pointed to plans to increase taxes on luxury items and to ban non-essential government travel as first steps, adding that she was also working on plugging tax holes overall.

Further down the line, there is more potential to raise revenues through taxation if required, she said. "We have the lowest VAT in the world at 5 percent, so we have a lot of room to manoeuvre," she said, adding there were currently no plans to raise value-added tax in the works. Nigeria has been hard hit on several fronts. Along with a worsening domestic picture - attacks by Boko Haram Islamist militants are almost a daily occurrence - the oil price collapse has fuelled a 20 percent plunge in the local stock market since the start of the year. Looking ahead to economic growth rates next year, Okonja-Iweala trimmed her outlook to around 6 percent for 2015, down from a forecast of 6.75 percent she made in October. The recent turmoil has also weighed heavily on the naira. It has lost almost 10 percent against the dollar since the start of the year and hit fresh record lows on Thursday, despite repeated central bank interventions that have depleted Nigeria's foreign exchange reserves. Okonja-Iweala acknowledged the pressure on the naira from falling oil prices and said she expected the central bank would take action at its monetary policy meeting next week, though she gave no indication of what she expected to see. "I can tell you that we have got the tools with which to manage this," she said. "You will see the central bank taking the appropriate monetary policy steps to assure we have a soft and not a hard landing." Asked about borrowing plans for next year, she said Nigeria had no plans to return to the Eurobond market but was looking at tapping into the country's large diaspora. Nigeria raised $1 billion in a Eurobond issue last year to increase its total foreign debt. *(Reuters)*

Nigeria's long-awaited Petroleum Industry Bill (PIB) is unlikely to be voted on by parliament before a general election due in February, the finance minister said on Tuesday. It has taken more than five years to bring the bill, which is expected to reform Africa's top oil producer's oil taxes and licences and to overhaul the state-run Nigerian National Petroleum Corporation, to a vote due to political wrangling over its many clauses. Finance Minister Ngozi Okonjo-Iweala said the oil sector had seen low foreign direct investment (FDI) due to the delay. "We are not going to see, I don't think, any action before the election in terms of passage (of the bill). But after the election. I think the petroleum sector will have more certainty and we will see FDI go up in that sector," she told investors on a conference call. Okonjo-Iweala held the call after announcing a raft of budget-tightening measures at the weekend following the sharp fall in oil prices, the country's major revenue earner. The fall in crude prices has triggered a selloff in Nigerian bond and stock markets, hurting the naira which is down almost 8.4 percent this year despite the central bank spending billions of dollars to defend it. "We feel if we put all these measures in place, we can still withstand even though the naira has come under pressure recently. With the measures we have put in place, and supporting monetary policy, we think we can weather this storm," Okonjo-Iweala said. *(Reuters)*

The Central Bank of Nigeria (CBN) and key players in the power sector, including gas suppliers, electricity distribution and generation companies, among others, on Tuesday signed a N213 billion definitive agreement to begin the implementation of the CBN-Nigeria Electricity Market Stabilisation Facility (NEMSF). This is expected to be followed by disbursement of funds and monitoring of the implementation of the agreements. Speaking at the ceremony in Abuja, the CBN Governor, Mr. Godwin Emefiele, said the intervention would reset the economics of the power sector and address liquidity challenges occasioned by legacy debts and revenue shortfall in the sector. He said all parties have had to make compromises in order to make progress in the interest of the country. Emefiele however stated that in order to resolve the sectors liquidity challenge, the CBN was providing the facility aimed at settling legacy debts and shortfalls in revenue during the interim period and to also guarantee the take-off of the Transitional Electricity Market (TEM). He disclosed that FBN Capital had been appointed by the CBN as transaction advisor for the intervention, while Meristem securities and Detail Solicitors and Stream Sowers & Kohn (SSK) have been appointed as fund managers and legal team respectively.

He said the facilities would be administered through deposit money banks, while a special purpose vehicle that complies with Section 31 of CBN Act 2007 would serve as an intermediary between the banks and the electricity market players. "NERC shall reset the Multi-Year Tariff Order (MYTO) to ensure that it provides for the loan repayment including the costs of setting up and operating the Nigerian Electricity Market Stabilisation Facility (NEMSF)," Emefiele said. He added that other players in the value chain must commit to gas supply at higher volumes, while Gencos and Discos would commit to utilising the funds for equipment acquisition, refurbishment and upgrade. The intervention fund is however expected to be repaid over a period of 10 years at a 10 per cent interest rate per annum; it will be used to settle the N36.9 billion legacy debt owed gas suppliers by the defunct Power Holding Company of Nigeria (PHCN) and cover shortfalls in the Nigerian electricity market. These shortfalls are majorly occasioned by technical losses recorded in the sector. On her part, the Minister of Petroleum Resources, Mrs. Diezani Alison-Madueke, said the sum of N36.9 billion in legacy debts to the power sector had all been settled through the CBN-led intervention scheme. She said the outcome of the negotiations had ensure that "all claims are hereby settled," adding that going forward, appropriate security measure had been put in place to ensure that gas supply to the power sector is paid for. Alison-Madueke in her remarks at the meeting, disclosed that undisputed legacy debt owed gas suppliers over the years are now being settled through the CBN led intervention fund.

She added that the intervention would set a new page in the Nigerian domestic gas market. "Let me add that today's intervention is also complimented by a reciprocal commitment by the gas suppliers. A medium term gas supply from the various gas suppliers is being made today. Today's commitment will bring to the grid an additional 2.5 billion cubic feet per day of gas over the period from now till 2017," Alison-Madueke said. The Minister of Power, Prof. Chinedu Nebo, said the agreement represented an unprecedented synergy among the players adding that the sector had now come of age. The apex bank is collaborating with the Ministry of Petroleum Resource, Ministry of Power and the Nigerian Electricity Regulatory Commission (NERC) to intervene in the Nigerian Electricity Supply Industry (NESI) to help resolve its liquids challenges through a stabilisation fund aimed at settling certain outstanding debts as well as guarantee the take-off of the Transitional Electricity Market (TEM). Among other things, the CBN stabilisation fund which is to be disbursed through the deposit money banks would be given at 10 per cent interest rate per annum with a tenor not more than 10 years. On the other hand, under the agreement, gas suppliers are to commit to assured gas supply at higher volumes while both distribution and generation firms would ensure that funds are utilised for equipment and infrastructure acquisition, refurbishment or upgrade. Parties which participated in the signing included Chevron, Shell Petroleum, Pan-Ocean and Seplat, as well as electricity generation and distribution companies among others. *(This Day)*

The Nigerian equities market returned to negative territory yesterday on the back of profit taking by anxious investors after the market returned to positive territory at the resumption of trading on Monday. At the close of business yesterday, the stock market performance indicator, the Nigerian Stock Exchange (NSE) All-Share Index or ASI depreciated by 2.15 per cent in to close at 34,145.79 points (this brings the year-to-date depreciation to 17.38 per cent) relative to the previous day trading session closing figure of 34,896.50 points. In the same vein, the market capitalisation of listed equities declined by N251 billion or 2.17 per cent to close at N11.313 trillion from N11.564 trillion the previous day. However, the turnover by volume of transaction increased by 49.11 per cent relative to the previous day trading session closing figure while the value of transaction also increased by 50.89 per cent. Meanwhile, the other financial institutions of the financial service sector emerged the most active in terms of the number of shares traded.

Boosted by the activity in the shares of FBN Holdings Plc and FCMB Group Plc, it led the equity sector with a turnover of 93.8 million shares valued at N602 million made sin 901 deals. The banking sector of the financial services sector was the second most active in terms of the volume of shares traded. A total of 63.16 million ordinary shares valued at N972.28 million were executed in 1,192 deals by investors. The volume of share traded in the banking sector was largely driven by the activity in the shares of Zenith Bank Plc, Ecobank Transnational Incorporated Plc, UBA Plc and Guaranty Trust Bank Plc. Trading on the shares of the four banks accounted for 49.2 million shares or 77.9 per cent of the subsectors' turnover. At the end of yesterday's trading, 16 stocks appreciated in value (previous day 23), 35 stocks depreciated in value (previous day 29) while 42 stocks remain unchanged; making a total of 93 stocks that were actively transacted in today's trading. RT Briscoe led on the gainers table with a gain of 7 kobo to close at 85 kobo per share. It was followed by Champion Breweries Plc which went up by 46 kobo to close at N9.71 per share. *(This Day)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

Tanzania

Corporate News

TANZANIA Breweries Limited (TBL) registered a half-year operating profit of 149.24bn/- for the period ended September 30, 2014, which the firm's Managing Director, Mr. Roberto Jarrin, described as "satisfactory despite challenging market conditions." In a published statement, Mr. Jarrin noted that the performance reflected a rise of 17 per cent compared to the firm's performance during a similar period last year. TBL is a subsidiary of SABMiller, one of the world's largest brewers with interests in over 60 countries across six continents. TBL is listed on the Dar es Salaam Stock Exchange (DSE) and its shares were yesterday trading at 15,500/- each on Friday, Nov 14, 2014. SABMiller is listed on the London and Johannesburg stock exchanges. Mr. Jarrin said during the period the firm recorded revenue growth of 8.0 per cent over last year, driven by price increase following 20 per cent rise in excise duty as well as positive product mix. He, however, noted that there was overall fall in consumption of the firm's products, a trend he attributed to increased excise duty on beer. brands were negatively affected," he explained. He said total cash generated from operations amounted to 180bn/-, of which 39bn/- was utilised to pay corporate tax, while the remaining 141bn/- funded interest and capital expenditure as well as paying dividends of 74bn/- to shareholders."The growth in earnings was achieved largely through favorable product mix, improved efficiencies as well as focused cost management whilst operating in a challenging environment," he said. *(Daily News)*

Economic News

No Economic News This Week

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zambia

Corporate News

No Corporate News This Week

Economic News

Zambia's central bank raised its benchmark interest rate by half a percentage point to a record 12.5 percent, the third increase this year. Inflation will remain at "elevated levels" into 2015, Governor Michael Gondwe told reporters today in the capital, Lusaka, as he announced the rate decision. The economy will probably expand 6.5 percent this year, he said. The move comes as the southern African nation prepares for a January vote to choose a successor to President Michael Sata, who died last month. Both the governing party and the main opposition are divided over who to nominate. The transition has raised concern over a possible delay in economic assistance talks with the International Monetary Fund, adding to fiscal risks. The rate increase "clearly demonstrates an independence of the central bank" in the run-up to elections, Standard Bank Group Ltd. strategist Yvette Babb said by phone from Lusaka. The decision "is an appropriate move to indicate to the market that they are being proactive" against inflation. Zambia's inflation rate was 7.9 percent last month, compared with a year-end target of 7 percent. The currency of Africa's second-largest copper producer has dropped more than 5 percent against the dollar since the beginning of September, adding to pressure on prices.

The kwacha gained as much as 0.6 percent today, and traded at 6.3415 per dollar as of 6:35 p.m. in Lusaka, up 0.4 percent from yesterday's close. Yields on benchmark dollar bonds due in 2024 rose seven basis points to 6.78 percent, a one-month high. "In the short term, the firmer policy stance should provide support for the kwacha exchange rate," said Irmgard Erasmus, a fixed-income analyst at NKC Independent Economists in Paarl, South Africa. The currency may come under renewed pressure next year as copper prices are expected to fall and trade terms deteriorate, she said in reply to e-mailed questions. Zambia's balance of payments slipped to a $123 million deficit in the three months through Sept. 30, from a $740 million surplus in the previous three months, Gondwe said. The country may not meet its mining output targets for this year, he said.*(Bloomberg)*

Zimbabwe

Corporate News

South Africa-based Pretoria Portland Cement Limited (PPC) has secured $75 million from the PTA Bank to finance the construction of a 700 000 tonnes per annum cement mill in Harare. PPC Zimbabwe is currently operating at 70 percent capacity, producing around one million tonnes of cement annually. Bheki Sibiya, the group's executive chairman, said the mill's construction plans are "progressing well". "Having a modern and efficient mill in the geographic and economic heart of the country will give PPC an added competitive advantage," he said in the group's financial results for the year to September 2014. Sibiya noted that the company's Zimbabwean unit continued to enjoy a fifth consecutive year of increasing cement demand, albeit on a slower growth trajectory than in previous years. "PPC Zimbabwe continued to realise sales volume increases ahead of local industry growth and good progress was made in increasing exports to neighbouring countries, at improved pricing," he said.

PPC Zimbabwe, which has two operations in the country — one in Colleen Bawn and another in Bulawayo — expects to commission the new plant mid-2016. In the period under review, the cement maker — listed on the Johannesburg and Zimbabwe stock exchanges — recorded net income of $76,4 million. The company cut the full-year dividend by 27 percent to 1,14 rand per share. In South Africa, PPC cement sales volumes were down two percent as economic growth slowed, cement imports increased and a five-month strike in the platinum mining industry hampered projects. More than 70 percent of PPC sales still come from Africa's second-biggest economy. The drop in profit "is indicating a rather challenging business environment even for cement, lime and aggregates," Sibiya said. Sibiya added that PPC's rest of Africa expansion strategy was progressing well with construction underway in four countries. He also noted that retail cement sales in Botswana were impacted by imports from South Africa at competitive prices and PPC saw a drop in sales volumes. *(Daily News)*

Economic News

A state-owned Zimbabwean bank will float two bonds worth $65 million on Tuesday to boost electricity output and increase use of pre-paid meters, a senior bank official said. The southern African country produces up to 1,300 MW of power against peak demand of 2,200 MW. Although it imports electricity from neighbours, this is not enough to end severe power cuts that have hit businesses and households.
Tonderai Nhika, head of projects at the Infrastructure and Development Bank of Zimbabwe (IDBZ), told reporters the bank would issue a $15 million bond and a $50 million with coupons of 8 percent over five years to purchase pre-paid meters. The money will be used to upgrade a small power plant in Harare and contribute towards expanding the 750 MW Kariba hydro power station. Zimbabwe contracted China's Sino Hydro to add 300 MW at Kariba, with China Eximbank covering 90 percent of the cost. After the upgrade, output at Harare's power plant would rise to 65 MW from the current 25 MW," Nhaka said. "Both transactions will lead to an increase in power generation that will lead to a reduction in the import bill of about $388 million per annum," Nhaka said. *(Reuters)*

Zimbabwe's liquidity crisis is set to tighten due to banks' reluctance to lend in the wake of "worrying non-performing loans (NPLs)", the Reserve Bank of Zimbabwe (RBZ) governor John Mangudya has said. He said the level of NPLs in the country's banking sector escalated to an average 20 percent in October from 18 percent in June this year. "Liquidity is going to be tighter, not because there is no money, but the banks are now scared to give out money and all the money is sitting in the banks," Mangudya told a Zimbabwe National Chamber of Commerce and Econometre Global Financial conference in the capital on Thursday. "When the US dollar was introduced, people and banks alike thought they had arrived. They (banks) lent people money, but you as business are not repaying the loans," he said. He said the "NPLs have been increasing on a monthly basis even without new money being given out". Mangudya added that the poorly performing economy and "financially undisciplined" Zimbabweans had forced banks into a state of "perpetual mistrust". "They are in it for the business, so after the behaviour being exhibited with so many companies filing for judicial management who can blame banks for the stance they have taken?" he questioned.

According to central bank statistics, the bad debts have risen from 1,6 percent in 2009 to 18,5 percent ($705 million) as at June 2014. Mangudya said loans in issue stood at $4,05 billion as at September 30, 2014, while deposits rose from $1,36 billion in December 2009 to $5,2 billion in October 2014. The central bank is currently mulling amendments to the Banking Act and has for years been considering setting up a credit reference bureau to curb NPLs. Mangudya added that the new special coins to be introduced by the RBZ — in a bid to ease change problems — will go into circulation by mid-December this year. He said the coin minting company in South Africa will start sending consignments of the coins in the last week of November. This comes as Finance minister Patrick Chinamasa has insisted that the new coins are not linked to the reintroduction of the Zimbabwe dollar. He said the coins — valued at par with the United States dollar — are meant to solve the problem of change in transacting. "I am not a foolish minister, I do not make reckless decisions. I would be reckless to introduce the local currency at this juncture," he said at a breakfast meeting in Harare recently. "The small change introduction is in no way a subtle reintroduction of our currency," he said, adding that the "plan will be backed by a $50 million facility to buttress the multi-currency regime". The Treasury chief noted that any currency needs an anchor in the form of production, "something Zimbabwe currently does not have, thus rendering it impractical" to reintroduce the infamous Zimbabwe dollar. "Seriously, what is all this noise about these coins? They are simply meant for the convenience of consumers so that they do not eat sweets when they do not want to,"he said. He further stated that the move could possibly reduce commodity prices. "Everything is pegged at a dollar consequently, so the availability of small change will give commodities their real value and protect the consumer form being overcharged," said Chinamasa. *(Daily News)*

Speaking at a Press briefing in Harare yesterday, Tourism and Hospitality Industry minister Walter Mzembi said the univisa would cost $50 for the duration of one month. Mzembi said the univisa would be available to 40 countries that include the United Kingdom, the United States, Greece, Portugal, Germany, New Zealand and others. The univisa will also cover tourists who want to enter Botswana for day trips through the Kazungula border post. "Other countries have shown interest and will be part of the univisa in the second stage of the programme and have expressed great interest to join the univisa in the second, third and fourth stage," he said. Other three KAZA countries are Angola, Botswana and Namibia. Mzembi said the Zambian Tourism minister, Jean Kapata, failed to make it as he was still mourning the late Zambian President Michael Sata. The univisa was mooted by Sadc Heads of State in 1998 and significant progress has been taken to date. "We have reached the stage to launch the Kaza univisa. Zimbabwe and Zambia will co-launch the univisa at the Sadc meeting of ministers of tourism. We are doing what progressive unions have done in the world and this is the first little step towards the promulgation of a Sadc univisa," he said.

Mzembi said Africa had not opened its markets and it was one of the reasons why the continent accounted for a mere 4% of the tourism business worldwide. "We in Sadc, except South Africa, are hovering around 1-2%, 2% of 4% is what Zimbabwe is enjoying, except South Africa, because they are a good benchmark," he said. Mzembi said the meeting would also decide on the future of Regional Tourism Organisation of Southern Africa (Retosa) as an organisation. Mzembi said the Victoria Falls airport would be commissioned by June 2015 and would enhance the image of the destination and also help the country to have more revenues from Victoria Falls. Meanwhile, Mzembi said bureaucratic control had delayed him in appointing the Mosi-oa-Tunya board, but would have international experts in the board. "I am delayed in advancing Mosi-oa-Tunya Development Company and its vision slightly. I have been delayed by bureaucratic issues, appointment of a board. I am sure you will appreciate when you operate at that level, you don't want a minister who operates as the minister as well as the CEO.The delaying is much to do with our desire to observe corporate goverance. I met his Excellency yesterday on the same," he said. Mzembi said he will put in place a private sector driven board with international experts because there is not enough capacity locally. There were players in London, he said, who have expressed interest in the country and he held meetings with operators in that market.*(News Day)*

Speaking at the launch of the report yesterday, Labour and Economic Development Research Institute of Zimbabwe (Ledriz) director Godfrey Kanyenze said Zimbabwe had not been able to resolve the dual and enclave nature of the economy inherited at independence where the burden of creating employment lay in the formal sector, which at independence accounted for only 20% of the labour force of one million persons. The report is titled The Nexus Between Growth, Employment and Poverty in Zimbabwe: the Economics of Employment Creation". "We are moving from high productive sectors such as manufacturing to low productive sectors, but under normal circumstances one should move from low to high productive sectors. More of our workers have moved to unsustainable work situation 84% of our employment is now in the informal sector which is regression," Kanyenze said. "We have a huge task that people need to enjoy the right to work. We must come up with the transition from informality to formality so that people enjoy the benefits of work."

Kanyenze said the recovery of the economy was resource-driven mainly by mining and agriculture yet the experiences of emerging economies such as India, China and others that were more successful, in reducing poverty over relatively short periods of time was that they underwent a more rapid structural transformation whereby new and more productivity activities emerged. "In the case of Zimbabwe structural regression has been experienced as de-industrialisation and informalisation of the economy accelerated. Thus, not only did the quantum of employment decline, but also its quality," he said. The study was conducted by Zeparu and Ledriz. Speaking at the same event, Zimbabwe Congress of Trade Unions (ZCTU) secretary-general Japhet Moyo said the structure of the economy remains unsustainable due to the de-industrialisation and informalisation of the economy.

"We continue to experience increased company closures, retrenchments and according to the National Social Security Authority 10 companies have been closing every month since January 2014," he said. Moyo said the lack of investment in infrastructure plant and machinery, high cost of doing business had rendered the economy highly uncompetitive. Moyo said for a long time the Zimbabwe market had failed to absorb people in the formal sector. "We have very educated people doing odd jobs and that is not a good situation," he said. He said business would be affected by the prevailing political situation hence the need for Zanu PF to put its house in order. "Business will be affected by politics because of internal fights in Zanu PF. The ruling party has to put their house in order so that we don't come here to waste money and time." The country's unemployment level is at 11%, according to the national statistical agency, though independent economists say the figure is above 80%. *(News Day)*

According to latest data from the Tobacco Industry and Marketing Board (TIMB), the four top destinations for the golden leaf were China, Belgium, South Africa and the United Arab Emirates. The golden leaf was sold at an average price of $5,90 per kg compared to $5,54 per kg realised last year. China accounted for 46 176 325kg and was the leader, followed by Belgium 23 731 720kg, South Africa 11 540 364kg and the United Arab Emirates 9 209 596kg. To date, about 86 992 growers have registered for 2015 season as compared to about 83 967 who had registered by the same period last year. The new registration for 2015 now stood at 16 140. Tobacco is one of the country's major agricultural exports, accounting for 10,7% of gross domestic product. Output for flue-cured tobacco increased by 30% for this year's selling season compared to last year to 216,2 million kg compared to 166,6 million kg. The golden leaf has raked in $685 million as compared to $612 million in 2013, indicating a 12% surge in revenue. During the selling season, the average price dropped by 14% to $3,17 per kg. The increase in tobacco output also resulted in the country hitting the 210 million kg mark. *(News Day)*

Disclosures Appendix

This Publication is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of any jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject Securities Africa Limited, or its subsidiaries or affiliates to any registration or licensing requirement within such jurisdiction. Neither this Publication nor any copy of it may be distributed in any jurisdiction where its distribution may be restricted by law and any persons into whose possession this Publication comes should inform themselves about, and observe, any such restrictions.

The information contained in this Publication or on which this Publication is based has been derived from sources believed to be reliable and accurate however no representation or warranty, express or implied, is made as to the fairness, completeness, accuracy, timeliness or otherwise of the information or opinions contained in this Publication and no reliance should be placed on such information or opinions. The information contained in this Publication has not been independently verified by Securities Africa Limited. While reasonable care has been taken in preparing this document, no responsibility or liability is accepted as to or in relation to the fairness, completeness, accuracy or timeliness or otherwise of this Publication or as to the reasonableness of any assumption contained, nor for errors of fact or omission or for any opinion expressed in this Publication.

Past performance should not be taken as an indication of future performance, and no representation of any kind is made as to future performance. The information, opinions and estimates contained in this Publication are provided as at the date of this Publication and are subject to change without notice. Distribution of this Publication does not constitute a representation, express or implied, by Securities Africa Limited, or its advisers, affiliates, officials, directors, employees or representatives (the "Parties") that the information contained in the Publication will be updated at any time after the date of the Publication. The Parties expressly do not undertake to advise you of any information coming to any or all of their attention.

Any opinions expressed in this Publication may differ or be contrary to opinions expressed by other business areas or groups of Securities Africa Limited as a result of using different assumptions and criteria. The analysis contained herein is based on numerous assumptions. Different assumptions could result in materially different results.

All projections and forecasts in this Publication are illustrative only. The actual results may be materially affected by changes in economic or other circumstances, which cannot be foreseen. No representation or warranty is made by any of the Parties as to the achievability or reasonableness of any projection or forecast contained in this Publication.

This publication is provided to you for information purposes only on the understanding that Securities Africa Limited is not acting in a fiduciary capacity. It does not address specific investment objectives or financial situations, and any investments discussed may not be suitable for all investors. Prospective investors must make their own examination and evaluation of the merits and risks involved in the securities set out in this Publication including any legal, taxation, financial and other consequences of investment and should not treat the contents as advice relating to legal, taxation or other matters. This report is not to be relied upon in the substitution of independent judgment with respect to any investment decision. Investors should consider this Publication as only a single factor in making their investment decision, and as such, the Publication should not be viewed as identifying all risks, direct or indirect, that may be associated with any investment decision.

Foreign currency-denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of, or income derived from, the investment. In addition, investors in securities such as ADRs, the values of which are influenced by foreign currencies, effectively assume currency risk.

Securities Africa Limited conducts designated investment business only with eligible counterparties and professional clients. To the extent permitted by law and regulation, Securities Africa Limited accepts no liability whatsoever for any loss howsoever arising, directly or indirectly, from any use of this Publication or its contents or otherwise arising in connection with that. This Publication is not intended for distribution to retail clients.

By receiving this Publication, the recipient agrees to keep confidential the information contained in this Publication together with any additional information made available following further inquiries. None of the material, nor its content, nor any copy of it, may be altered in any way, disclosed, published, reproduced or distributed to any other party, in whole or in part, at any time, without the prior written permission of Securities Africa Limited.

Nothing in this Publication constitutes or forms part of, and should not be construed as, an offer for sale or subscription of, or solicitation of any offer to buy, sell or subscribe for, the securities of the Company, nor should it or any part of, form the basis of, or be relied on in connection with, any contract or commitment whatsoever.

Securities Africa Limited and/or its associates and/or any of their respective clients may have acted upon the information or opinions in this Publication prior to your receipt of it. Securities Africa Limited and/or its associates may provide investment banking services to the Company and in that capacity may have received confidential information relevant to the securities mentioned in this Publication which is not known to the researchers who have compiled this Publication.

Securities Africa Limited and/or its associates and/or their officers, directors, employees or representatives may from time to time purchase, subscribe for, add to, dispose of or have positions or options in or warrants in or rights to or interests in the securities of the Company or any of its associated companies mentioned in this Publication (or may have done so before publication of this Publication) or may make a market or act as principal or agent in any transactions in such securities.

This report may not have been distributed to all recipients at the same time. This report is issued only for the information of and may only be distributed to professional investors (or, in the case of the United States, major US institutional investors as defined in Rule 15a-6 of the US Securities Exchange Act of 1934) and dealers in securities and must not be copied, published or reproduced or redistributed (in whole or in part) by any recipient for any purpose.

English law governs the issue, publication and terms of this Publication and any disputes arising in relation to any of them will be subject to the exclusive jurisdiction of the English courts.

By accepting this Publication, you agree to be bound by the foregoing limitations. No part of this material may be (i) copied, photocopied or duplicated in any form by any means or (ii) redistributed without the prior written consent of Securities Africa Limited.

SECURITIES AFRICA®