SECURITIES AFRICA
RESEARCH & CAPITAL MARKETS

PAN-AFRICA

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

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

AFRICA STOCK EXCHANGE PERFORMANCE

Country	Index	19-Jun-15	26-Jun-15	WTD % Change Local	WTD % Change USD	YTD % Change Local	YTD % Change USD
Botswana	DCI	10607.78	10619.25	0.11%	0.10%	11.76%	8.36%
Egypt	CASE 30	8576.71	8406.17	-1.99%	-1.97%	-6.00%	-11.89%
Ghana	GSE Comp Index	2368.85	2369.30	0.02%	-2.47%	3.58%	-24.95%
Ivory Coast	BRVM Composite	272.62	274.53	0.70%	-0.91%	6.37%	-1.98%
Kenya	NSE 20	4778.63	4810.36	0.66%	0.15%	-5.91%	-13.42%
Malawi	Malawi All Share	15993.45	16011.65	0.11%	-0.91%	7.56%	14.96%
Mauritius	SEMDEX	1987.04	1985.89	-0.06%	-0.75%	-4.24%	-14.35%
	SEM 10	380.23	380.27	0.01%	-0.68%	-1.43%	-11.84%
Namibia	Overall Index	1093.34	1114.43	1.93%	2.89%	1.49%	-2.82%
Nigeria	Nigeria All Share	33257.90	32853.49	-1.22%	-0.71%	-5.20%	-13.13%
Swaziland	All Share	305.80	305.80	0.00%	0.95%	2.58%	-1.77%
Tanzania	TSI	4808.70	4708.68	-2.08%	-5.02%	4.00%	-21.41%
Tunisia	TunIndex	5750.14	5759.27	0.16%	-0.75%	13.15%	8.56%
Zambia	LUSE All Share	5835.19	5838.12	0.05%	0.22%	-5.24%	-17.93%
Zimbabwe	Industrial Index	152.90	148.79	-2.69%	-2.69%	-8.60%	-8.60%
	Mining Index	40.28	40.19	-0.22%	-0.22%	-43.95%	-43.95%

CURRENCIES

Cur-rency	19-Jun-15 Close	26-Jun-15 Close	WTD % Change	YTD % Change
BWP	9.72	9.72	0.01	3.14
EGP	7.61	7.61	-0.02	6.70
GHS	4.28	4.39	2.56	34.57
CFA	576.26	585.64	1.63	6.79
KES	96.28	96.77	0.51	8.12
MWK	428.85	433.27	1.03	-7.39
MUR	33.78	34.02	0.70	11.03
NAD	12.23	12.12	-0.94	5.42
NGN	198.52	197.50	-0.51	9.69
SZL	12.23	12.12	-0.94	5.42
TZS	2,183.25	2,250.83	3.10	28.35
TND	1.92	1.94	0.91	3.29
ZMW	7.34	7.33	-0.17	15.66

SECURITIES AFRICA

Botswana

Corporate News

Cupric Canyon Capital, a private equity firm backed by a unit of Barclays Plc, has bought Discovery Copper Botswana (DCB) for 343 million pula ($35 million), the appointed liquidator's said on Friday. DCB, a unit of Australia's Discovery Metal Limited, was placed under provisional liquidation earlier this year after failing to pay more than 1.3 billion pula to creditors. Cupric's takeover paves way for its Boseto Mine to resume operations. Terry Brick, a director at Deloitte, the provisional liquidators of the mine, said his firm would seek the court's approval of the deal to enable DCB to come out of liquidation. Out of DCB's $137 million in total liabilities, $103 million is owed to secured lenders, $4 million to government and $30 million to unsecured creditors. Cupric Canyon was also one of the mining firm's creditors, Brick said. Cupric Canyon, through a local subsidiary Khoemacau, plans to open another copper mine near Boseto next year. *(Reuters)*

Economic News

No Economic News This Week

Egypt

Corporate News

Egypt's Orascom Telecom reported a first-quarter net profit of 373.86 million Egyptian pounds($49 million) up from 324.34 million Egyptian pounds a year earlier, it said in a statement on the bourse on Wednesday. Operating revenue rose to 647.39 million pounds from 645.20 million. *(Reuters)*

Economic News

The Egyptian Finance Ministry said Sunday that Egypt spent LE24.623 billion on electricity subsidies in FY2014/15, down from an initial projection of LE27.2 billion. The spending included LE22 billion and LE2.5 billion for supplying oil products and importing gas shipments to electricity companies, respectively. A draft of the budget for the upcoming fiscal year starting 1 July was approved by the cabinet on Thursday, awaiting the president's ratification. Since President Abdel-Fattah El-Sisi took office last year, Egypt has gradually cut energy subsidies hoping to cut the budget deficit from 12.6 percent of GDP in 2013/14 to 8-9 percent by FY 2018/19, through a medium-term economic plan. The current fiscal year saw the implementation of the first stage of a five-year plan to lower electricity subsidies by 67 percent to LE9 billion. *(Egypt.com)*

Egypt's cabinet approved a draft 2015/2016 budget that projects a deficit of 9.9 percent of gross domestic product, narrowing slightly from an expected gap of 10.8 percent in the current fiscal year. The draft, which has yet to be approved by the president, sees a big increase in expenditure on social welfare programmes. "Achieving social equality and improving the standard of living for those in need is the focal point of this budget," Finance Minister Hani Qadri Dimian said in a cabinet statement. The draft budget projects a total of 431 billion pounds in expenditure on social programs, or about 49 percent of total public expenditure and a 12 percent increase on the current fiscal year. Growth was projected at about 5 percent versus a projected 4.2 percent in the fiscal year ending on June 30. Projected public revenues stand at about 599 billion Egyptian pounds ($78.6 billion), a 23.2 percent increase. Projected expenditure is 872.6 billion pounds, up 18.5 percent. The budget also earmarks 38.4 billion pounds for bread and commodities subsidies. The projected deficit of 281 billion Egyptian pounds compares to 240 billion pounds that was approved in the 2014/2015 fiscal year budget. Political turmoil since the 2011 uprising that ousted Hosni Mubarak has hurt Egypt's economy and hit investor confidence. The government has been walking a fine line between trying to cut its deficit whilst luring investors and restoring growth. "The economic situation is witnessing gradual improvement and this is reflected in the increase in growth...and the ratings by international agencies," Dimian was cited as saying in the cabinet statement. But he also said "responsibility must be borne towards completing economic reforms". Cairo has received billions of dollars in grants, loans and petroleum products from Gulf Arab allies since former army chief Abdel Fattah al-Sisi overthrew President Mohamed Mursi in 2013 following protests against his rule. The aid has proven to be a lifeline for Egypt's economy but the government is also working on implementing long-awaited reforms. The draft budget earmarked 2.2 billion pounds in grants. Egypt introduced painful reforms last July, slashing energy subsidies by 40 billion Egyptian pounds, which has led to steep rises in the price of fuel and electricity. Projected revenues from taxes in the current draft budget stood at 407 billion Egyptian pounds. Spending on public investments stood at 75 billion pounds. The cabinet statement said the government targeted decreasing the deficit to 8.0-8.5 percent of GDP in 2018/2019 as well as lowering public debt to 85 percent of GDP. *(Egypt.com)*

National Bank of Egypt (NBE), the oldest commercial lender in the country, has picked five banks to arrange fixed income meetings starting on Wednesday for a potential benchmark U.S. dollar-denominated bond issue, a document from lead arrangers showed. The lender, which expects to be rated B-/B by Standard & Poor's and Fitch, chose Citigroup, Deutsche Bank, HSBC, National Bank of Abu Dhabi and Standard Chartered Bank as joint lead arrangers for the meetings. The meetings will be held in the Middle East and Europe, the document showed, adding that the bond might be issued in 2015 depending on market conditions. Benchmark size is usually taken to mean at least $500 million. The Egyptian government returned to the international debt market this month after a five-year hiatus due to political and economic instability. *(Reuters)*

Banque Misr, Egypt's second-largest state lender, has invited banks to pitch for arranger roles on a potential dollar-denominated syndicated loan, three banking sources said on Thursday. National Bank of Egypt, the biggest state-owned bank, is already in the process of arranging a $390 million, 37-month syndicated loan. The Egyptian government returned to the international debt market this month after a five-year hiatus due to political and economic instability. But Egyptian banks are lining up to raise more dollar funds to fill a gap that has revived a black market in Cairo and pushed up inflation, putting economic recovery at risk. No one at Banque Misr was immediately available for comment. The sources said it was looking for a 3-year loan and had sought feedback from banks by the end of June. The bank is close to finalising the group of banks that will arrange the loan and it intends to complete the deal this year, the sources said, asking not to be named. The lender is expected to raise around $300 million, one of the sources said. *(Reuters)*

Ghana

Corporate News

No Corporate News This Week

Economic News

Parliament is working on proposals that will help resolve the problems that have bedevilled Ghana's oil industry over the years. This was the outcome of several consultative meetings by the Parliamentary Select Committee on Mines and Energy with foreign experts promoting best practices in the industry. Cletus Avoka, Chairman of the Committee said so far, members have met with experts in some foreign countries which are well noted to be promoting good practices in the industry including Norway, Trinidad and Tobago as well as Malaysia. Mr Avoka made this known after members of his committee concluded deliberations with officials of Petronas, the famous Malaysian Oil Company and members of the Malaysian Parliament. Mr Avoka was the leader of a Ghanaian delegation made up of the Committee, the Petroleum Ministry, Ghana National Petroleum Corporation (GNPC) and the media. He said the Committee planned to study the information collected so far and hold a forum for stakeholders to make the necessary inputs before the close of the year. According to him, the conclusions will highly depend on the calendar and the onus of the leadership of Parliament. "We are looking at each of the clauses and compare them to other best practices elsewhere before making the required recommendations to be presented to parliament for the necessary amendments to be made," he said. Mr Avoka said although a lot of information have been gathered from the various study tours, it should be noted that different political systems operate in the other jurisdictions and, therefore, there are different understanding of the issues and expressed the hope that a workable document would be presented to the house. The different political settings as well as the long years of operation in other countries also come with some grey areas and challenges for Ghana such as the local content law and contract durations that need to be resolved as the country is only five years old into the Industry, he said. Addressing the concerns of the GNPC as an entity, the Committee members were of the view that the Corporation is tied with too many control systems that that are slowing its work and business growth.

According to them, the GNPC has too many strings attached to its operations and therefore there should be a law to reduce the legal constraint that would help the Corporation operate with an activity plan to accrue the necessary profits and propel the growth of the economy. In the other jurisdictions such as Malaysia, the Petronas, which is the only National Oil Company operates as an autonomous entity and takes all decisions by itself in consultation with the Prime Minister. When the proposal is accepted and passed it would help put the GNPC on the right footing to articulate the issues under the petroleum industry, especially where prospecting, production and the marketing of oil and gas are concerned. For example it would help make some amendments to the Petroleum (Exploration and Production) Law, PNDC Law 1984, establishing the legal framework governing the contractual relationship among the State, GNPC and prospective investors in upstream petroleum operations. It is anticipated that the new bill would also bring all the fragmented entities handling the oil and gas business in Ghana under one umbrella to well manage the industry for national development. An autonomous entity such as the GNPC would be able to plan its budget, source and raise funding for investment and thus make the needed profit that would help build the nation as pertains in other countries. Other Parliamentary Select Committee members on the trip included Mahama Toure Naser, Joseph Cudjoe and Muntaka Mubarak Mohammed who were supported in the deliberations by Ghana's High Commissioner to Malaysia, Mr Ben Eghan. *(Ghana Web)*

Ghana's Agricultural Development Bank postponed its initial public offering to allow time for talks with labor-union officials, according to a person familiar with the process. The ADB's board of directors plans to announce a decision on Wednesday, said the person, who asked not to be identified because they aren't authorized to speak publicly. Labor Minister Haruna Iddrisu and Stephen Kpordzih, executive director of the bank, declined to comment on Monday. The share sale, which was supposed to take place on Tuesday, had been previously delayed in 2012. ADB, which funds farmers, processors and traders, is seeking to raise about 400 million cedi ($91 million) through the IPO, which will also facilitate the central bank's exit as a 48 percent shareholder in the lender. The listing, which would have been the 36th on the Ghana Stock Exchange, was postponed because of protests by workers demanding more information about the offer. "We'll do whatever it takes to stop the listing unless the right thing is done," Mark Imoro, chairman of the workers' group representing senior ADB staff, said by phone on June 10. "We want to make input into the IPO -- government shares cannot be diluted down just like that. ADB is a national asset." Employees are demanding Kpordzih step aside to allow for an investigation into the activities of management and the board. It also wants an independent third party to partner the Bank of Ghana in the investigations, Imoro said. The central bank is pushing for the IPO as it wants to avoid any potential conflicts of interest by owning shares in a lender, Bank of Ghana Governor Kofi Wampah said in an interview last month. "It helps the stock exchange to grow and allows Ghanaians to hold shares in this bank," he said. "It is very important to carry along all stakeholders, that is why it is important to have a dialogue with the staff." The offer price was decreased to 2.65 cedis a share from 3 cedis, a person familiar with the transaction, who isn't authorized to speak publicly, said on June 18. The bank is 52 percent owned by the government while the Financial Investment Trust via the Bank of Ghana holds the rest.*(Bloomberg)*

Ghana's cedi showed signs of stabilising against the dollar on Thursday after the central bank stepped up its selling of dollars to the interbank market, traders said. The local currency has fallen 22 percent since January, one of the sharpest declines in Africa. But on Thursday it rallied to 4.3850 against the dollar as of 1425 GMT from a record low of 4.4100 on Wednesday. "There is marginal stability but we are yet to see if it's sustainable," Joseph Biggles Amponsah of the Accra-based Dortis Research said. The central bank this week increased its interbank dollar sales to $20 million daily from $14 million a week previously in a renewed effort to ease the pressure on the cedi, its governor Henry Kofi Wampah told Reuters on Wednesday. "The central bank has been very visible in the past week and it's already influencing the market. We believe the cedi can recover some of the losses if this continues," Stanbic Bank Ghana trader Kofi Pianim said. The cedi's decline this year comes on top of a 31 percent drop in 2014 and a significant drop the previous year. Analysts say the recent decline is driven by speculation and unmet dollar demand by importers. The losses are a concern to policy makers who hope the currency will stabilise as a consequence of a deal between the government and the International Monetary Fund aimed at stabilising the country's economy. Ghana's economy grew rapidly for years, powered by exports of cocoa, oil and gold, but growth has slowed sharply since 2014 due to a fall in commodity prices and fiscal problems that include a debt-to-GDP ratio of close to 70 percent.*(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Kenya

Corporate News

UAP Holdings and Old Mutual Kenya have begun merging the two businesses ahead of a planned listing of the combined entity on the Nairobi Securities Exchange (NSE). UAP owners agreed to the listing during the annual general meeting in Nairobi last Friday. The decision follows Old Mutual raising its shareholding to 60.66 per cent from 23.3 per cent after the South African firm bought a combined 37.3 per cent from private equity (PE) firms Aureos, Africinvest and Swedfund for around Sh14 billion. UAP chairman Joe Wanjui announced that Old Mutual had received regulatory approvals to buy out the PE firms. "The combined UAP and Old Mutual businesses in Kenya will be enhanced to include insurance, investment management, properties, banking and securities brokerage thus creating a strong operating platform to continue growing the business," said Mr. Wanjui in a statement. Listing will also make it easier to trade the firm's shares and help in price discovery. The stock is currently traded over-the-counter at up to Sh200. UAP did not indicate when the listing will happen but analysts at Genghis Capital estimate that it will take more than six months before the firm's shares can be traded on the NSE. "UAP bears the possibility of listing first half 2016; after a 60.66 per cent strategic acquisition by Old Mutual, which will also expand networks and its pension business. Listing will be a huge liquidity boost for early investors," said a market report by Genghis Capital. The 2014 annual report shows that as at the end of last year the company had 995 shareholders but most of the company's stock was held by a few large investors. Old Mutual first bought into UAP in January by acquiring a combined 23.3 per cent stake from Centum Investments and businessman Chris Kirubi for around Sh8.8 billion. Centum sold its stake to get funding needed for its massive real estate, financial services and power projects.

Other large shareholders include Joe Wanjui who has a 20.46 per cent stake and former chief executive James Muguiyu who has a 5.97 per cent stake. The listing will make the new entity the seventh insurance company on the NSE. UAP operates in Kenya, Uganda, South Sudan, Rwanda, Tanzania and DR Congo. Both firms have a strong presence in banking, properties stockbrokerage, wealth management besides underwriting. Sources privy to the deal said the two firms have begun integrating their operations but are still far from making key strategic decisions such as rebranding. UAP's total income for 2014 increased to Sh16.69 billion from Sh12.74 billion posted in 2013, a 32.5 per cent increase which was mostly driven by additional business from regional subsidiaries. UAP chief executive Dominic Kiarie said the company expects more revenues from its properties which should be ready for occupation by the end of the year. "It is expected that the contribution from UAP's property business to continue as the ongoing large scale projects in Kenya (UAP Tower) and South Sudan (UAP Equatoria Tower) set to be completed this year," said Mr. Kiarie in a statement. The insurance firm's net profit for 2014, however, fell by eight per cent to stand at Sh1.67 billion from Sh1.81 billion recorded a year earlier as a result of factoring in capital gains tax. UAP which has properties valued at Sh15 billion expects to open a 15-storey office block in Juba by the end of this month. The firm has previously said it also plans to wrap some of these properties under a Real Estate Investment Trust (REIT) and list on the NSE. *(Business Daily)*

Chase Bank's first tranche of its Sh10 billion 7 year multi-currency bond has started trading on the secondary market at the Nairobi Securities Exchange (NSE) after a successful listing on Monday. The listing now opens an opportunity for investors who missed to participate in the offer opened last month. The first tranche expected to raise Sh3billion was oversubscribed by 61 per cent, netting in Sh4.8 billion. Chase Bank Chairman Mr. Zafrullah Khan said the listing will enhance the bond's liquidity, while providing a good quality investment avenue for investors. "The performance and listing not only highlights the confidence in the Chase brand, but also investor confidence in corporate bonds. This is in line with the growth of alternative investment opportunities within the Capital Markets as outlined under the Vision 2030," he said. The bank exercised a Green Shoe Option to ensure that all the investors who put in an application received an allocation. The offer couponed at 13.25 per cent and was expected to raise funds for the mid-tier bank to lend to agribusiness and youth entrepreneurs. Chase Group Managing Director Mr. Duncan Kabui singled this fact out for special mention due to the fact that though the bank was expanding its footprint, its relationship with its customers remained the main point of focus. "Customer numbers grew 15.6 per cent to 375,000 in March 2015, up from 320,000 in December last year," Mr. Kibui said. This will be the second successful listing of a corporate paper on the Nairobi Securities Exchange in 2015 after the Sh5 billion first tranche of East African Breweries' 12.25 per cent, 3 year Sh11 billions note went to the secondary market in April. *(Business Daily)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Six board members of the National Bank of Kenya on Tuesday stood behind the bank's chief executive, Mr Munir Ahmed, following allegations of mismanagement and questionable business dealings by the lender. Led by Chairman Mohammed Hassan, the panel sought to dismiss the various claims around the five-year transformation strategy by the bank, which has raised questions regarding heightened staff exits and the sale of bank assets, among others. "Anyone making these allegations is malicious. We take matters of characters very seriously and will consider appropriate legal action. We are running a change process and this is expected," said Mr Hassan. The board — whose members included Cotu Secretary General Francis Atwoli and Ms Beatrice Gathirwa, who represented the Treasury — said allegations of staff mistreatment, questionable money transfers and conflict of interest in the bank, were malicious, untrue and unfortunate. A statement later sent to newsrooms, however, said unnamed persons were to blame for the stories, hinting at a possible internal discomfort in the bank's transformation agenda. Mr Atwoli, who chairs the human resources board committee defended the staff exit modalities as fair and wondered why no one had taken the bank to court over mistreatment or unfair dismissal. *(Nation)*

London-based investment fund Helios EB Investors is no longer the single largest shareholder at Equity Bank after selling part of its stake to Uganda National Social Security Fund. Helios sold 2.44 per cent of its ownership to the pension fund at Sh4.5 billion, cutting its stake in the bank to 9.78 per cent which is lower than the 12.22 per cent held by Norway-based Norfund. "NSSF Uganda has acquired from Helios a 2.44 per cent stake in Equity Group at a price of Sh50 per share," said the Capital Market Authority in a statement. The unit price paid by Uganda's pension fund is higher than the current market price of Sh46 a share. "Our fair value of the share is Sh47 so the higher price is just a premium NSSF had to give Helios to get into the shareholder books," said Mercyline Gatebi, a research analyst at Genghis Capital. She pointed out that investors factored in news coming from the bank in current market price. The deal puts NSSF Uganda on the list of top 10 shareholders of the bank and could see it push for representation on the board. NSSF Uganda was holding a stake estimated to be worth Sh100 million (Ush3.1 billion) as at the end of last year. Helios has been the largest shareholder of the bank since 2007 when it acquired a 24.45 per cent stake at more than Sh11 billion. At the close of last year it sold half its ownership, 12.22 per cent, to a company owned by two private funds; Norfund and NorFinance, at a price Burbidge Capital put at Sh23 billion. If confirmed, it would mean the firm has so far made Sh16.5 billion from its initial investment. Norfund has already occupied a seat at the board of the group at the expense of Helios, which now has three directors down from four. Deepak Malik represents the interests of Norfund at the board after Alykhan Nathoo of Helios exited. When it made the investment, Helios had stated that it planned to hold Equity Bank shares for seven years but extended the period owing to high returns from the lender both in capital gains and dividend payouts. Helios invested Sh9.5 billion in Africa Oil Corporation for a 12.4 per cent stake in May, around the time it sold some of its Equity Bank shares. The transaction comes after the Treasury exempted share transactions from capital gains tax. Equity Bank is currently in an ambitious expansion drive, estimated to cost over Sh200 billion, with plans to enter 10 new markets in a decade. The bank plans to raise Sh140 billion from shareholders through rights issues or from a secondary public offering. Shareholders who do not participate in capital activities are likely to be diluted. Last month the bank entered the Democratic Republic of Congo through the acquisition of a majority stake in Pro Credit Bank thereby expanding its reach to six countries including Kenya, Uganda, Tanzania, Rwanda and South Sudan.

The bank plans to enter Ethiopia, Burundi, Mozambique, Malawi, Zambia and Zimbabwe in the next five years before setting base in Nigeria, Ghana and Cameroon in West Africa. Equity, which also operates a brokerage and insurance arm, is entering the telecommunications sphere through a mobile virtual network operator licence riding on Airtel's infrastructure. The venture is expected to be cash intensive with the lender having disposed its stake in Housing Finance for Sh2.7 billion to build its buffer. NSSF Uganda holds assets in excess of Sh152 billion ($1.6 billion) part of which, estimated at six per cent, is invested in Kenya mainly the Nairobi Securities Exchange. Equity Bank shares are also listed on the Ugandan and Rwandan bourses where it has subsidiaries. *(Business Daily)*

Kenya's Lake Turkana Wind Power project aims to start supplying some electricity as early as September 2016, once a transmission line is built linking the remote northern region to the national grid, a director of the project said on Wednesday. The 310 megawatt (MW) project, originally aimed for start-up in 2011, has been delayed in part because it was awaiting a 428-km high-voltage line linking the area. The transmission line was approved in August 2014 and will take about two years to build. Carlo Van Wageningen, a director of Lake Turkana Wind Power, told Reuters production could start in September 2016 with up to 90 MW of capacity, "provided the transmission line is ready".

The full 310 MW capacity, to be delivered by 365 wind turbines, would be in place by June or July 2017, he said, rivalling other big African wind schemes in Morocco and Egypt. Kenya, which relies heavily on renewables such as geothermal and hydro power, aims to expand installed capacity to about 6,700 MW by 2017, up from 1,700 MW in 2013. Kenyan businesses regularly complain that power cuts and unreliable supplies make them uncompetitive and hurt growth. The project in the Lake Turkana area, lying in a corridor of land that receives steady winds throughout the year, is spread over 40,000 acres (162 sq km). But the company could build on a further 110,000 acres. "If we used the same technology, we could have 1,000 MW," said Van Wageningen. "This corridor is constantly affected by winds. It is very predictable." As a result, the load factor, a calculation of the average level at which installed capacity is used, will be about 62 percent, much higher than many European wind farms where load factors are usually around the 25 to 30 percent mark. This means it can sell power to the Kenya Power Company more cheaply than many other nations. The project has a 20-year deal to sell electricity at 7.52 euro cents per kilowatt/hour (kWh), while rates in Europe can be 11 to 14 euro cents per kWh, said Van Wageningen. "That is why they need a subsidy," he added. "The problem here is logistics," he said, adding a 204-km road to the barren region was being upgraded, partly financed by the Dutch government. Challenges in transporting turbines 1,200 km from Mombasa port to the Lake Turkana region meant those to be used in the project were smaller than some now built in Europe. *(Reuters)*

Economic News

Kenya's tea output plunged 27 percent in the first quarter of 2015 from a year before due to dry weather conditions, data from the industry regulator showed. Kenya is the world's leading exporter of black tea and the commodity is a major foreign exchange earner for East Africa's biggest economy. Data posted on the Agriculture, Fisheries and Food Authority's website seen by Reuters on Wednesday showed that output fell to 81.7 million kg of black tea between January and March from 111.9 million kg in 2014. Exports, usually higher than output due to leftover stocks, fell 5 percent in the period to 119.2 million kg down from 125.4 million kg over a similar period, the regulator said. Kenya experienced drought conditions early this year, which affected tea output, leading to less deliveries at factories. Kenyan tea growers produced 444.8 million kg in 2014, up from 432.2 million kg in 2013. *(Reuters)*

Kenya aims to decide by the end of 2015 whether a gas discovery in the north of the country could fuel a power plant and wants to start using its own coal in about six years' time for a power station being built, a senior energy official said. Kenya, which has struggled to keep the country running with a creaking and overloaded system, is seeking to boost installed generation to about 6,700 megawatts (MW) by 2017 from around 2,500 MW now, using renewables and other domestic resources. Among its plans, a contract for a 1,000-MW coal plant in Lamu on the north coast was awarded in 2014 to Kenya's Centum Investment and Gulf Energy. Initially running on South African coal, it will switch to Kenyan reserves in future. "The financial close was established last month, so I would expect in three years' time, by 2018, we will have the power plant running,€ said Joseph Njoroge, the principal secretary at the energy ministry, speaking on Wednesday at the construction site of Kenya's first wind power scheme near Lake Turkana. Coal from Kenya's Kitui region would be used at the Lamu plant in future but developing the reserves and building a 250-km (155-mile) railway line to the plant would take about six years, he said.

The government has also been seeking to build a new gas-fired plant. Originally, it planned to build it at Mombasa port using imported liquefied natural gas (LNG), which would need to be turned back into gas in a special plant before use. Njoroge said that project was now on hold until the government assessed the viability of using gas reserves found in a north Kenyan exploration block operated by Africa Oil. He said the 0.6 trillion cubic feet of gas estimated to be there could power an 800-MW plant to be built next to the reserves for about 25 years. But the find had to be confirmed as viable before any decision to go ahead was made, he added. "By the end of this year, we should be able to make a decision,€ he said, adding a plant could be erected swiftly but building the transmission line could take 2-1/2 years in a country where some regions are still not on the national grid. Kenya, which has confirmed commercial oil reserves but still relies heavily on renewables such as geothermal and hydro power, could add wind in September 2016 when the first turbines of a 310-MW project at Lake Turkana are erected and a transmission line built. Njoroge said wind generation, an intermittent resource due to weather patterns, could expand beyond that level once overall installed capacity increases, either by adding domestic plants or through new transmission lines linking other nations. We are currently doing a lot of projects to interconnect our grid with Uganda, with Ethiopia, with Tanzania," he said. "It will open up new opportunities for additional wind plants in this region *(Reuters)*.

Kenya's president handed 1 billion shillings ($10 million) to cash-strapped Mumias Sugar as part of a state bailout and said managers who ran down the firm would be investigated for corruption. Kenya's struggling sugar industry has been protected against cheaper imports by trade barriers but has faced years of decline caused by mismanagement, outdated farming methods and corruption. President Uhuru Kenyatta ordered Mumias, Kenya's biggest miller, to spend the cash by paying off debts to farmers who supply it with cane and asked Finance Minister Henry Rotich to ensure cheaper imports did not sneak across borders. "We want to ensure sugar farming in western Kenya will not decline again," Kenyatta said on Wednesday at the plant. "We want to ensure that Mumias here and others have sound management. We want to ensure the stealing that has been seen there is finished and eradicated," he said. Kenya said in May it wanted to privatise some of the state-owned firms within the next year. It is not clear how many people are directly employed in the sugar sector but experts estimate it supports about four million people, including farmers, transporters and traders. Kenya was granted a one-year extension of sugar import limits from the regional trade bloc Common Market for Eastern and Southern Africa (COMESA) to revamp the ailing industry, officials said in March. Some smuggled sugar trade has been linked to the Somali al Shabaab Islamist militants, who experts say use the funds to launch their attacks in Somalia and Kenya. *(Reuters)*

The Kenyan shilling held steady on Friday, though traders said they expected it to weaken next week as companies buy dollars to meet end-month expenses. At 0730 GMT, commercial banks posted the shilling at 98.50/60 to the dollar, the same level as Thursday's close. "Today, I don't expect much in terms of volatility," said a trader at a major commercial bank in Kenya. "Next week, I'll expect renewed shilling weakness as we see last-minute (dollar) purchases by importers," the trader said. The local currency has come under pressure due to slowing dollar inflows from tea and horticulture exports as well as tourism, a key foreign exchange earner, which has slowed in the wake of a spate of Islamist militant attacks. *(Reuters)*

Malawi

Corporate News

No Corporate News this week

Economic News

Malawi's first ever investment forum aims to generate about $16 billion in potential investments, a senior trade official said on Wednesday. The southern African nation will host the two-day investment forum starting on 29 June as it seeks to find alternative means to fund growth in an economy crippled by a two-year budget aid freeze by Western donors. "This forum is expected to generate prospective investments of up to $16 billion from more than 80 international investors that will attend among them Aliko Dangote, Overseas Private Investment Corporation and other major firms from USA, Europe, China and India," said Cliff Chiunda, a senior official in the ministry of trade and industry. Nigeria's Dangote, the continent's richest man, owns various businesses under the umbrella company of Dangote Group, among them, Dangote Cement , which said in May it was investing $5 billion to build cement plants on the African continent. Minister of Finance Goodall Gondwe has previously told Reuters that reducing donor dependence and attracting direct investments was the preferred way of growing the economy and reducing poverty. He also said the investment forum will showcase Malawi's potential in energy, mining, manufacturing and agriculture. Revelations of corruption in 2012 caused donors to withhold millions of dollars in budget support and demand that government investigate and prosecute those involved in stealing state funds. Over $20 million is believed to have been plundered. *(Reuters)*

Mauritius

Corporate News

No Corporate News this week

Economic News

Mauritius' trade deficit narrowed 2.6 percent to 6.0 billion rupees ($172 million) in April from a year earlier due to higher exports of machinery and transport equipment, the statistics office said on Tuesday. The value of exports climbed 16.3 percent to 8.71 billion rupees with revenue from machinery and transport equipment rising to 1.71 billion rupees from 524 million a year earlier, the agency said in a statement. Imports into the Indian Ocean island nation rose by 7.8 percent to 14.71 billion rupees, the data showed. The United Arab Emirates was the main buyer of goods from Mauritius in April, accounting for 18 percent, while India supplied 23.2 percent of the nation's imports. *(Reuters)*

The unemployment rate in the Indian Ocean island nation of Mauritius is expected to rise to 8.0 percent this year from 7.8 percent in 2014 after an increase in the first quarter, official data showed on Friday. Statistic Mauritius said the unemployment rate jumped to 8.7 percent in the first three months of 2015 from 7.5 percent in the last quarter of 2014. The unemployment rate stood at 8.0 percent in the first quarter of 2014. The statistics agency said women accounted for 53 percent of the unemployed in the first quarter while 46 percent were people under the age of 25. Mauritius' economy will expand by 4.1 percent this year after growing 3.5 percent in 2014, the statistics agency said in March, boosted by major public infrastructure projects and a recovery in core European export markets. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Nigeria

Corporate News

Nigeria's Transcorp is on track to boost its power generation capacity to 850 megawatts (MW) by the end of 2015 from 610 mega watts last year, the company's chief executive said on Friday. Transcorp, which also has interests in hotels, oil and gas, was one of several firms to buy government power assets two years ago, sold as part of a privatisation meant to end decades of blackouts in Africa's bigg est economy. "We are on track to achieve 850 MW per day by year-end 2015, which represents a major contribution to the country's total energy output," Transcorp CEO Emmanuel Nnorom said in a statement. Shares in Transcorp, which have fallen 15 percent so far this year, gained 0.36 percent on Friday. Transcorp Ughelli Power, Nigeria's largest gas-powered generating company, had a power capacity of 342 MW in 2013. Nigeria broke up its monopoly on power generation and distribution two years ago by privatising the sector in a bid to attract foreign investors, but the amount of power produced has stagnated at about half total capacity. Nigeria, with a population of some 170 million people, has installed power capacity that fluctuates between 6,000 to just over 7,000 MW, but experiences severe electricity shortages that are crippling economic growth. Transcorp said it expected to expand through key acquisitions this year, as well as new projects that will start operations in three years time to tap into Nigeria's growing energy demand. Rival Geometric Power plans to build a 1,080 MW power plant with General Electric, with the first phase of the project generating 500 MW expected to be completed in 2019 at a cost of $800 million. *(Reuters)*

Ecobank Transnational Incorporated (ETI) has doused the concerns of its minority shareholders that the increasing profile of majority shareholders in the bank could lead to a dilution of their shares or a hostile takeover of the financial instition. The pan-African bank said it has put in place structures to protect minority shareholders in the bank, assuring them that their shares would not be diluted. The bank also said it has put in place measures to wade off any attempt of a hostile takeover, even as it stressed that regulators in the continent would not allow such to happen. Chairman of the Ecobank Group, Mr. Emmanuel Ikazoboh, made the pledge during an interview with journalists on the sidelines of the bank's 27th Annual General Meeting, held in Dar es Salaam, Tanzania, at the weekend. Presently, the majority shareholders of the bank include Nedbank, which has 20.7 per cent shares; Qatar National Bank (QNB) with 18 per cent stake and 70.7 per cent of the company's preference shares; the International Finance Corporation with 14.5 per cent; Public Investment Corporation (PIC) of South Africa with 13.8 per cent; the Social Security and National Insurance Trust (SSNIT), of Ghana, with four per cent, while 29.6 per cent is free float. As a result of the shareholding structure, some of the minority shareholders at the meeting, including the Coordinator of the Indpendent Shareholders Association of Nigeria, Mr. Sunny Nwosu, expressed concern over their fate in the pan-African bank.

But Ikazoboh said: "The fears are genuine. This is related to past events where debts were converted into equity and in the process, their shares were diluted. But that process has stopped. Right now, the decision of the board is that any further share increase would be by rights issue in which case p, the minority shareholders would have the chance to take up their own shares. In that case there would be no convertible except the preference shareholders we already have. So, the fears have been addressed." Commenting on the likelihood of an aggressive takeover, he pointed out that the bank's article makes it very clear that "once you exceed a particular threshold, you must make offer to other shareholders." "In the past, we have had shareholders that tried to takeover the bank and they failed and I can assure you that we do not think the regulatory bodies in Africa will be silent to see such a thing happen. So, what I would say is that we are working with them (QNB) on strategic alliance basis and whatever intentions they (QNB) have, we would know. If we think it is not in the interest of all the shareholders, we would take a position," he said while responding to enquiries on QNB's intention in the bank. "The board as it is currently is not only for majority shareholders, but we are there for all shareholders and we want to ensure that all shareholders' rights and interests are addressed,"Ikazoboh said.

Shareholders at the meeting commended the pan-African bank's financial performance for the year ended 31 December 2014. At the end of the year, Ecobank had $24.2 billion in total assets and $2.7 billion in total equity. The shareholders also approved the company's accounts for 2014 and the appropriation of profit of $5.82 million for the year. The meeting also approved the issue of bonus shares, out of retained earnings, of one ordinary share for every fifteen ordinary shares held on the closure of the company's share register, in accordance with the rules of the stock exchanges on which Ecobank's shares are listed. The new shares issued will rank equally with existing ordinary shares of the company. The meeting authorised the board of directors to determine the modalities for the issue as it deems appropriate. Continuing, Ikazoboh said the 2014 results showed a resurgent Ecobank, saying he anticipates similar positive performance this year. Also, the outgoing Ecobank Group CEO, Albert Essien said: "Our diversified pan-African business model continues to serve us well, with encouraging underlying performance in our line of businesses and geographic areas of coverage. We are pleased with our cost efficiency gains, which led to our cost-income ratio improving in 2014 to 65.4 percent from 70.1 percent." A new successor, Mr. Ade Ayeyemi, has been appointed to replace Essien and will assume office on the 1st of September, 2015. *(This Day)*

Fidelity Bank Plc has rewarded loyal customers with the sum of N52 million in its ongoing 'Fidelity Loyalty Savings' scheme. A total of 106 customers were rewarded in the second batch. A breakdown of this showed thar 80 beneficiaries received N500,000 "Xtra income" each, under Fidelity Personal Savings Scheme (FPSS) while 26 'Sweeta' account holders received N150,000 "School fees support" each. Speaking at an event to reward the lucky customers, Executive Director, Shared Services, Fidelity Bank Plc, Chijioke Ugochukwu, said the bank is focused on giving its customers extra value in its service. She said the loyalty scheme was designed to encourage customers to save. "It is not easy to save. It is a conscious choice you have to make, even though it is for your good, especially now that things are tough. So, we think that the bank as a financial institution with the well being of its customers at heart, is using such a loyalty scheme to draw attention to the benefits of saving. "Saving a little everyday and every month, makes a tremendous difference. One of the important things we want parents to reach their children is how to save for the rainy days and as the children grow up, it will be part of them," the executive director said. According to her, the reward was for customers across the country. She said the scheme was designed to appreciate customers that had opened FPSS and Sweeta accounts respectively. The accounts are interest-yielding which allows deposit of cash, cheques and dividend warrants. In addition, the FPSS and Sweeta accounts can be opened with any amount. "Another presentation will be held next month to a fresh set of beneficiaries of the scheme. So, open and start saving today and you could win extra income and school fees support," she added. *(This Day)*

Shareholders of CAP Plc, a subsidiary of UAC of Nigeria Plc last week approved a total divided of N1.646 billion for the year ended December 31, 2014. The dividend, which translated into 235 kobo per share, was approved by the shareholders at the annual general meeting of the company in Lagos. The company had earlier paid an interim dividend of 150 kobo before a final dividend of 80 kobo last week to bring the total dividend to N1.646 billion or 235 kobo per share. Addressing the shareholders at the AGM, the Chairman of CAP Plc, Mr Larry Ettah said the manufacturer of Dulux brand paint posted another commendable performance with a Profit Before Tax of N2.44 billion in 2014, an increase of 17 per cent over the previous year, while turnover rose to N6.99 billion, a growth of 13 per cent during the same period. "Based on this performance, the board has recommended a final dividend of N595 million, representing 85 kobo for every 50 kobo of ordinary share to shareholders on the Register of Members at the close of business on May 28th 2015 for your consideration and approval. This is in addition to the interim dividend of 150 kobo per share paid on November 19, 2014. This brings the total dividend for 2014 financial year to N1.645 billion, representing 235 kobo per share," he said. Speaking on the future plan, he said as a forward looking business, the company would continue to seek and harness opportunities that ensure it remained relevant and create more value esteemed shareholders and other stakeholders. "We will invest in cutting edge technology for paint manufacture that will enable your company to efficiently meet the needs of consumers, allowing them to express their colour preferences in the local variant of our flagship brand," Ettah said. Commenting on the operational environment, he noted that businesses have continued to be affected by the usual challenges of poor infrastructure and public services, insecurity, official corruption, multiple taxes, power supply shortfalls and volatile capital market. He explained that power supply declined so badly in the country that public power became non-existent just as the currency devaluation heralded another round of sharp increases in the prices of inputs. *(This Day)*

Group Managing Director of Unity Bank Plc, Mr. Henry Semenitari has challenged internal auditors of banks to focus mainly on fraud prevention, saying fraud has succeeded in killing organisations and sending home everybody right from the gateman to the managing director/chief executive officer. Semenitari gave the task while speaking at the 30th quarterly meeting of the Committee of Chief Internal

Auditors of Banks in Nigeria (CCIABN) hosted by the bank in Lagos last week. Speaking on "Operational Efficiency: A Panacea to the Survival of an Organisation," the Unity Bank boss stated that operational efficiency in banks entails that every kobo due to the organisation is collected without leaving any gap for income leakage and same is duly protected against fraud. He noted that the role of auditors in the banking industry has always been cardinal. "However, with the complicated changes in the competitive dynamics of the industry requiring banks to be operational efficient, your task becomes more strategic," he told the auditors. He stressed noted that auditors must take on a more strategic role by providing oversight function towards ensuring that monetary policies are implemented as planned. "Generation of further insight and intelligence gathering that will assist in improving strategic decision making by management to improve the efficiency of the gathering process should consistently come from auditor without giving any space," he added.

He explained that the importance of banks adopting operational efficiency as a model is not just for sustainable earnings but growth and survival in a highly competitive banking industry. According to him, what gives competitive edge is the level of operational efficiency perceived by the customers. "You will agree with me that the various segments that make up the stakeholder circle of banks from their varied perspective also have a salient demand that their banks operate efficiently. Customers believe that an efficient bank is able to provide excellent services as and when required at minimal cost while shareholders are confident that when their banks are efficient they are able to get better returns on investment," he said. Sementitari declared that the reality of today requires that banks rethink their operational models and become more operationally efficient if they are to survive and achieve their corporate aspirations. In implementing an efficient driven business model, rethinking the cost structure is a key area that bans must consider. The cost of funds will have to be streamlined to ensure that the funding mix is made up of cheap and sustainable funds. The rise in availability of alternative channels also be leveraged upon to reduce the number of otherwise unprofitable traditional branches," he said. He disclosed that at Unity Bank, "we have significantly improved our performance as e have reinvented our wheels by implementing various initiatives towards achieving operational efficiency which we believe will become a leading practice in the industry." *(This Day)*

The Chairman, Seplat Petroleum Development Plc, Mr. Ambrosie Orjiako, has lent his voice to the growing calls on the Federal Government to sell its stakes in oil and gas joint ventures, adding that his company would be interested in buying, especially in the gas sector. The Federal Government, through the Nigerian National Petroleum Corporation, owns between 55 per cent and 60 per cent in JVs with oil companies, including Shell, ExxonMobil, Chevron, Total and Eni, and the ventures are jointly funded. But over the years, the NNPC has been unable to meet its share of funding, commonly referred to as cash calls, for the JV operations. Selling the stakes will help the government to focus on areas like tax collection, while strong private sector involvement in the industry will help spur economic growth, Orjiako told Reuters on Monday. He said on the sidelines of an investment conference, "Collect tax and focus on making sure that the industry grows, and when the industry grows it will create jobs … and do something for the government. "And the best way is to not necessarily hold massive working interests in the JVs." He added that Seplat would be interested in picking up some of the stakes, especially in the gas sector, if the terms were right. Seplat is focusing heavily on gas investment, drilling and acquisitions, aiming to increase gross output from around 120 million standard cubic feet per day to 400 million scf by 2017. Orjiako added that the new government should scrap fuel subsidies and do more to diversify the economy. "Subsidy removal should happen now. The reality is that the subsidy is not trickling down effectively…what we expect the government to do is to take a bold step…demonstrate good governance, invest in infrastructure and justify the taxes," he explained. President Muhammadu Buhari's predecessor, Goodluck Jonathan, tried early in office to scrap subsidies, but the move met an angry reaction and led to eight days of nationwide strikes. *(Punch)*

Economic News

Nigeria's four oil refineries will resume production in July, a spokesman for the state-owned Nigerian National Petroleum Corporation (NNPC) said on Friday. Spokesman Ohi Alegbe said the two refineries in Port Harcout would begin operations after turnaround maintenance, followed by those in Warri and Kaduna. "Even when the refineries work at full capacity, they can only produce around 19 million litres of petrol per day," he said. "There will still be a shortfall of about 21 million litres," he said, pointing out that Nigeria consumes about 40 million litres of petrol per day. Nigeria, one of Africa's top two oil producers, is forced to import most of its petrol products due to its ailing refinery system, which generally runs well below capacity, sometimes at just 20 percent, due to neglect and pipeline sabotage. Major cities in Nigeria are recovering from a gasoline shortage despite the end of a fuel distribution strike as fuel marketers, who are still not importing due to money owed them, have agreed to distribute fuel brought in by the state oil company, NNPC. Alegbe said the turnaround maintenance for the four refineries had been ongoing since November. *(Reuters)*

Official prices for Nigerian crude have hit their lowest in at least a decade as a nagging oversupply of physical oil takes its toll. The Nigerian National Petroleum Corp (NNPC) lowered the official selling price for its largest crude oil stream, Qua Iboe, to dated Brent plus 35 cents per barrel, the lowest differential since May 2005. Bonny Light, once in demand for its high yield of valuable motor fuels, fell to dated Brent plus 23 cents, with the differential below May 2005 levels, traders said. The drop follows North Sea crude, which hit a 10-year low earlier this week as all Atlantic Basin sellers, particularly those with light, sweet oil, struggle to place cargoes. "They're playing along now, towing the line with other OPEC members to try and capture market share," said Kash Kamal, senior research analyst with Sucden. Nigeria is having a particularly hard time with the glut, as the shale boom in its once-key market the United States has all but shut out its exports. While the United States once absorbed more than a third of Nigeria's nearly 2 million barrels per day (bpd) of exports, this slumped to close to 60,000 bpd on average for the first three months of this year, according to the U.S. Energy Information Administration. Sellers of Nigerian crudes have aggressively pushed into new markets from Uruguay to China, but are coming up against other crude producers, including fellow members of the Organization of the Petroleum Exporting Countries, as well as new refineries that are geared towards heavier oil. As a result, as much as 10 million barrels of Nigerian grades that have already loaded are floating in vessels, taking months in some cases to find buyers. The issue is also taking a toll on the country at large, which is heavily reliant on oil revenues to balance its budget. "It's a really messy situation," Kamal said. "Saudi Arabia, with a marginal cost per barrel at around $30 and substantial cash reserves, can afford to stick it out with crude at these levels. But Nigeria needs crude around $115-120 to balance their budget." *(Reuters)*

The Nigerian Stock Exchange plans to start trading naira futures that will help investors hedge against movements in the local currency, Chief Executive Officer Oscar Onyema said. "It would be awesome if we had a naira-dollar contract that we could trade on the exchange," he said in an interview in London on Monday. "Futures and options are asset classes that we think would be very beneficial to foreign investors." The bourse might offer futures by the end of 2017, Onyema said. Traders and bankers have called for a loosening of controls enforced by central bank Governor Godwin Emefiele to protect the currency of Africa's biggest oil producer against a 45 percent slump in Brent crude prices in the past year. The naira has weakened 18 percent against the dollar in that period. Plans for this year include a "premium board for large-cap securities that meet the highest corporate governance standards," the CEO said. A Nigerian depositary receipt program, which will allow local investors to access foreign-listed companies on the domestic market, is also in the works, he said. There's a "very rich pipeline" of companies that may start trading their shares this year depending on market conditions, including businesses that could list securities in London and Lagos, Onyema said. Nigeria's benchmark stocks index added 0.4 percent on Monday, its first gain in five days, cutting this year's loss to 3.7 percent. That compares with a 5.4 percent drop for the MSCI Frontier Markets Index year to date. "We're seeing interest" in initial public offerings and secondary listings from oil and gas, fast-moving consumer goods, telecommunication and industrial-goods companies, Onyema said. "Dual listing will be part of the pitch." *(Bloomberg)*

Nigeria's central bank has curbed access to the interbank currency market for the purchase of foreign currency bonds as well as a range of goods to tighten liquidity and conserve reserves. The bank said importers could no longer get hard currency from the interbank market to buy items such as rice, cement, private jets, other construction materials, plastic and rubber products, soap, cosmetics, furniture and Indian incense. Analysts said the latest measures risked diverting dollar demand to the black market, worsening perceptions about economic policy and delaying a decision to devalue the naira in the wake of weak oil prices. "We see this policy move as confirmation that FX supply remains extremely tight. But more worryingly, it suggests that the central bank remains reluctant to devalue the naira," said Yvonne Mhango, sub-Saharan Africa economist at Renaissance Capital. The naira, which was trading at 198.50 on the interbank market, sold for 220 against the dollar at the black market in the commercial capital Lagos on Wednesday. Currency and bond markets in Africa's biggest economy have come under pressure since the price of oil, Nigeria's main export, plunged. The central bank has spent $3.4 billion to prop up the naira since it fixed the exchange rate in February and tightened trading rules to curb speculation. The central bank is due to hold a news conference at 1400 GMT in Abuja to discuss the new measures, a spokesman for the bank's governor said. Central bank officials met chief executives and treasurers from commercial lenders last week to discuss the impact of its policies on the foreign exchange market, but stopped short of announcing any decisions on how to make the naira more liquid. The bankers suggested in the meeting that the central bank should adopt a free-float regime in addition to raising interest rates to attract offshore investors back into bonds, two people who attended the meeting told Reuters. The central bank, which declined comment, has said in the past that floating the currency was not option. JP Morgan has warned it might remove Nigeria from its Government Bond Index (GBI-EM) if does not restore liquidity to currency markets in a way that allows foreign investors tracking its benchmark to trade with minimal hurdles. "This sudden change in policy underlines the difficulties the central bank is facing in managing FX reserves, which points to possibly greater exchange rate policy changes to come," Angus Downie, head of economic research at Ecobank said. In a similar move in April, the central bank limited the amount commercial bank customers can spend using their debits cards abroad. One trader at a major commercial bank told Reuters that pent-up demand for dollars in Nigeria was about $4 billion. "The decision to in effect introduce additional capital controls does not bode well in relation to investor perception and may also adversely affect domestic business operations and costs," Cobus de Hart of South Africa's NKC Africa Economics said. *(Reuters)*

The Central Bank of Nigeria (CBN) yesterday said it is in the process of re-designing the Credit Risk Management System (CRMS) in banks. The banking sector regulator explained in a document posted on its website that the move was to enhance data integrity and promote the efficiency of the regulatory submission process. Furthermore, it stated that objective was to have the CRMS support the credit administration process in the financial services industry as well as promote the safety and soundness of the Nigerian financial system. "In this regard, banks are invited to support the project's success in the following areas: nominate five staff members having direct oversight of credit administration, regulatory submissions (preferably CRMS), financial control and IT infrastructure in the respective institutions. These nominees would serve as each organisation's contact person and representatives in the engagement session(s) with the CBN on the project," it stated. The banks are also to articulate, document and submit comments on observed challenges with the current CRMS and areas of desirable improvement. *(This Day)*

The Nigerian Stock Exchange (NSE) is making moves to give investors using the online trading portals of stockbroking firms adequate protection as the exchange is coming out with new Rules in that regard. The launch of a new trading platform(XGEN) by the NSE two three yeas ago has made it possible for stockbroking firms to introduce online trading portals to enhance investor experience. Many firms have launched their trading portals that are linked to the NSE trading engine and enable investors trade from outside the exchange. However, aware of the risks that comes with this development, the NSE has decided to give adequate protection to investors who trade securities via stockbroking firms' portals. Consequently, the exchange is proposing new rules titled 'Online Trading Portal' for the market. According to the NSE the rules are being proposed to ensure that investors who trade in securities via Dealing Members' online portals are adequately protected against unauthorized access to their stockbroking accounts by unauthorized persons, and protected against all forms of cyber-misconduct. "The proposed Rules aim to guide Dealing Member firms on the standards, processes and basic requirements for the operation of online trading platforms. The Rules also set out obligations and responsibilities of Dealing Members that offer online trading services, requirements on - infrastructure, know-your- client, risk management and supervisory control and disclosures to clients," NSE said.However, the exchange has asked operators to comment on the rules within the next two weeks before they are made effective after the necessary regulatory approval. Meanwhile, trading at the stock market remained bearish yesterday with the NSE All-Share Index declining by 0.34 per cent as sell off pressure hit the financial services and consumer goods sectors. The ASI closed lower at 33,266.87, while market capitalisation shed N39.11 billion to be at N11.36 trillion. Forty-two stocks declined compared to only nine that appreciated. Only one out of the five sectoral indices appreciated, while the remaining four closed negatively. Price gains by Mobil Oil Nigeria Plc and Oando Plc led to 0.09 per cent growth in the NSE Oil/Gas Index. Conversely, the NSE Insurance Index recorded the highest decline of 1.55 per cent. The NSE Banking, Consumer Goods and Industrial Goods Indices followed with 0.52 per cent, 0.30 per cent and 0.09 per cent respectively. *(This Day)*

Nigeria will probably be hit by fuel shortages in three weeks as the government doesn't have enough money to pay for gasoline subsidies, according to the head of Seplat Petroleum Development Co Plc. "In three weeks we will be back to scarcity because we simply don't have the money to pay for the subsidy," Austin Avuru, chief executive officer of Lagos-based Seplat, said on Thursday at a Bloomberg conference at the Nigerian Stock Exchange. Nigeria almost ground to a halt last month during the country's worst fuel shortage in a decade due to a dispute between oil-product marketers and the outgoing government. The shortage left service stations closed, aircraft grounded, and businesses unable to operate. A lack of oil refining capacity means Nigeria subsidizes gasoline imports and suffers frequent fuel shortages even though it's Africa's biggest crude producer of about 2 million barrels a day. President Muhammadu Buhari, who took office on May 29, said this week his government is facing severe financial strain from a Treasury that's "virtually empty" and billions of dollars in debt. *(Bloomberg)*

Nigeria's energy regulator said it's prepared to approve higher prices for natural-gas supply to ensure increased deliveries to the nation's ailing power plants. The Nigerian Electricity Regulatory Commission will consider endorsing contracts above the regulated rate between a "willing buyer and willing seller," Chairman Sam Amadi said in an interview in Lagos. The West African country needs to increase deliveries of gas to power stations to boost generation for its 170 million people. New President Muhammadu Buhari has described electricity shortages as a "national shame" after administrations since 1999 spent as much as $20 billion to expand supplies without any success. Nigeria, which holds Africa's largest gas reserves, raised the price of the fuel to power plants to $2.50 for 1,000 standard cubic feet last August from about 50 cents to help spur deliveries. Gas producers may need more than that to guarantee supplies, Amadi said June 23. The nation produces about 9 billion cubic feet of gas a day, of which half is exported as liquefied natural gas. One billion cubic feet is flared during oil production and another 1 billion is reinjected into oil wells to maintain pressure. Almost 2 billion goes to industries and power plants, where demand is forecast to more than double to 5 billion cubic feet a day in two years. Any proposed gas deals from energy companies must be "prudent," Amadi said. "The bottom line is that because the tariff in the electricity industry is regulated, the cost of gas will be regulated." Demand for electricity is more than triple Nigeria's capacity. Efforts to boost gas supply to power stations have been hampered not only by prices but by sabotage, according to Amadi. "If we do not have vandalism on the existing pipelines, we can ramp up to about 5,000 megawatts from the 3,800 we are doing," he said. State-owned Nigerian National Petroleum Corp. has battled to fix damaged pipes, Group Executive Director David Ige said June 11. The government has programs to end vandalism, repair supply routes and complete the East-West pipeline by 2016, Amadi said. Nigeria dismantled its power monopoly in 2013 and sold hydro and gas-powered plants to companies including Korea Electric Power Corp., Transnational Corp. and Forte Oil Plc. The pricing and infrastructure challenges they face can't be resolved immediately, but will be surmounted, Amadi said. *(Bloomberg)*

Tanzania

Corporate News

NMB Bank has entered into an agreement with Dun & Bradstreet Credit Bureau to strengthen its credit management processes and curb defaulting. This partnership is expected to reduce the banks share of non-performing loans. In 2014 financial results, the Non- Performing Loans stood at 2.6 per cent the lowest in the banking industry rate of 5 per cent. The NMB Managing Director, Ms Ineke Bussemaker, said the partnership has come at the right time where banks are working hard to make sure that they have as lower nonperforming loans as possible. "With this partnership, Dun & Bradstreet will support NMB to do quick and prudent credit decision as well as increase customer loyalty and positive impact on business growth. Dun & Bradstreet therefore would play a key role in the growth of the entire economy and let us hold the idea for the better debt culture that benefits all of us" said Ineke. The Dar es Salaam Stock Exchange (DSE) listed bank, NMB believes its partnership with Dun & Bradstreet would improve the NPL even better. Credit Reference Bureau has become part and parcel of credit processing within NMB whereby CRB check will be done to all loan applications for further processing. She pointed out that NMB is the largest bank in terms of network and distribution with over two million customers hence it was in need of this partnership to help the internal credit processing. The Dun & Bradstreet Credit Bureau General Manager, Mr Adebowale Atobatele, said: "We are delighted to have NMB subscribe to our Credit Reference Bureau Services and with the innovation of automated credit checks, we believe that NMB's overall objectives remains aligned with ours and that the whole process culminates in a new lending, borrowing and repayment behaviour that delivers to us all a stronger and inclusive financial sector". Mr Atobatele further said that the system will help in lending and repayment behaviour and automatically eliminate loan defaulters. With the new relationship between NMB and D&B, analysts believe that the past behaviours of serial loan defaulting and subjective lending have come to an end as now, all credit applications will have to be vetted thoroughly to ensure that creditworthy applicants get access to loan as promptly as required. *(Daily News)*

CRDB Bank's foreign investors are allowed to participate in the right issue so long as they observe relevant laws and pay tax in line with of the law of the land. The prospectus shows that a foreign investor in the bank before applying for purchasing a new share under the right issue should seek the advice of stock experts. "Foreign investors are advised to consult their own professional advisors as to whether they require any governmental or other approvals or need to observe any applicable legal or regulatory requirements," the prospectus says. The report further says foreigners wishing to apply for new shares must satisfy themselves as to the full observance of the laws of the relevant jurisdiction and government and other consents. (This) "is to ensure that all requisite formalities are adhered to, and pay any issue, transfer or other taxes due in such jurisdiction," the document issued yesterday says. The bank right offer will kick-off tomorrow (July 26) and designed to raise 150bn/- for expansion and recapitalisation of the institution at a ratio of five old shares that gets an offer of one share in the next three weeks. The right offer, backed by underwriter, goes at a price of 350/- or discount of 22 per cent for shareholders who are at bank's register of members at the closing of business on June 18. The discount was calculated based on the weighted average price of 90 trading days at 31st March 2015 which was 447/-. The share where trading at 430/- on Tuesday. The rights issue is underwritten by International Finance Corporation (IFC), Africa Capitalisation Fund Ltd (AfCap) and CDC Group Plc (CDC), which are subject to the Maximum Underwriting Commitment. Each underwriter is responsible for a specified proportion of the maximum underwriting amount and are subject to a number of conditions, including that the approval of the Tanzanian Fair Competition Commission (FCC). "This approval may take up to three months from the date of this information memorandum," CRDB right issue prospectus says. The right offer is geared to expand networks to serve better new clients under government business they recently won, plus to support growth in risk assets in the SME, retail and corporate sectors and to invest in IT systems and processes for efficiency improvement. The underwriter will give 32/- per share for those which failed to be bought by shareholders to maintain collecting the full amount of 150bn/- after selling 435.5 million shares.*(Daily News)*

CRDB Bank expects another robust performance in the second quarter of the year thanks to a recent expansion drive and business mix portfolio, the bank's Managing Director, Dr Charles Kimei, has said. CRDB bank posted a net profit of some 37bn/- in the first quarter, while assets climbed to 200bn/- to 4.4tri/-, which was the best quarter since the bank opened doors almost three decades ago. Dr Kimei, attributed the best performance to the recent expansion drive and business mix portfolio including agency banking and SMEs. "The second quarter will be even better than the previous, the performance is brilliant," Dr Kimei said at an official launch of the sale of CRDB's right offer in Dar es Salaam. CRDB's right offer envisages to raise some 152bn/- to cater for the bank's new five-year business plan. The right offer, backed by underwriter, goes at a price of 350/- or discount of 22 per cent for shareholders who are at bank's register of members at the closing of business in June 18. The discount was calculated based on the weighted average price of 90 trading days at 31 March 2015 which was 447/-. The shares were trading at 430/- yesterday. The underwriter will give 32/- per share for those which failed to be bought by shareholders to maintain collecting the full amount of over 152bn/- after selling 435.5 million shares. According to the information memorandum, the closing date of right issue is July 16 while the trading at Dar es Salaam Stock Exchange (DSE) is expected to be on August 14.

Orbit Securities' Chief Executive Officer Mr. Laurian Malauri said brokers were pushing the right issue sale to at least 95 per cent and let the underwriter to remain with 5.0 per cent. "The previous right issue sale was 80 per cent, this one we (stock brokers) want to achieve 95 per cent… as if we fail to sell most of shares will be locked to underwriter," Mr. Malauri said. Orbit is sponsoring brokerage firms. The Orbit CEO said failure to maximize sale will reduce liquidity circulation at stock market hence are out to make sure the right issue maintains good sale. Mr. Malauri said the mobile platform will not be used in this right offer but may be used in the future right issues after showing a successful performance during Mwalimu Commercial bank IPO. The right issue will increase the number of the bank shares to over 2.6 billion from current over 2.1 billion. The market capitalization also will increase from 870bn/- as at the end March 2015 to some 1.12tri/-. At the end of March share price was 400/- which rose to 430 as at yesterday. The rights issue is underwritten by a consortium of International Finance Corporation (IFC), Africa Capitalisation Fund Ltd (AfCap) and CDC Group Plc (CDC), which are subject to the Maximum Underwriting Commitment. Each underwriter is responsible for a specified proportion of the maximum underwriting amount and are subject to a number of conditions, including that the approval of the Tanzanian Fair Competition Commission (FCC). *(Daily News)*

Economic News

BANK rates for lending and deposit take different directions after the former went north while the latter south, the Bank of Tanzania (BoT) has said in its latest report. The central bank said in its Monthly Economic Report for May that overall lending rate edged up to an average of 16.21 per cent in April from 16.11 per cent of previous month. On other hand, overall time deposit rate decreased to 7.91 per cent from 9.18 per cent. "Banks' lending rates generally increased while deposit rates declined in April relative to the preceding month," the report shows. Short term lending rates — up to one year — decreased to 13.66 per cent in April, from 14.32 in the preceding month, while 12 month deposit rate fell to 9.76 per cent from 11.00 per cent. "As a result, the spread between one year deposit rate and short term lending rate widened to 3.90 percentage points from 3.32 percentage points in the preceding month," the report shows. Though the lending rate went up, credit growth to all major economic activities increased in the year ending April, with trade activity recording the highest growth of 39.3 per cent. The trade borrowing was followed by transport and communication 24.5 per cent each, and building and construction by 22.4 per cent. While, credit to agriculture grew by 2.8 per cent compared with 5.5 per cent in April 2014, but improved relative to a decline of 0.9 per cent recorded in the preceding month. In terms of share to total outstanding credit, trade and personal loans continued to dominate, accounting for about 40 per cent, followed by manufacturing and agriculture activities. *(Daily News)*

Tanzania will receive a $100 million loan from the World Bank's International Development Association (IDA) to help improve governance in the east African country. Businesses have long complained corruption is one of the main reasons for the high cost of doing business in Tanzania. The loan would be aimed at increasing transparency and accountability in governance and improving public financial management, said Philippe Dongier, the World Bank's country director for Tanzania. The project will also help promote budget credibility and execution through better cash management, public investment management and procurement to improve health, education and water supply services to the poor, the Bank said. Tanzania is estimated to have more than 53.2 trillion cubic feet of gas reserves off its southern coast, but its energy sector has long been dogged by allegations of graft and other problems. Graft claims led to the suspension of budget support by Western donors in October. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zambia

Corporate News

Zambia has asked Vedanta Resources' Konkola Copper Mines (KCM) to delay the processing of copper concentrate it imported from Chile until it puts in place safety measures to avoid pollution, Zambia's deputy minister of mines said on Thursday. KCM said on June 3 it had imported its first semi-processed copper from Chile to ensure its Nchanga smelter operates at full capacity. Deputy minister Richard Musukwa said the government had asked KCM not to start processing the Chilean copper concentrates because they had high levels of arsenic, a toxic substance. Musukwa told parliament the level of arsenic in copper concentrates mined in Zambia was 1 percent but the material imported from Chile had a level of around 4 percent. "When we noticed that these concentrates from Chile had 4 percent arsenic, we instructed KCM not to proceed with the processing until appropriate safety measures are taken," he said. KCM bought 5,000 tonnes of copper concentrates from Chilean state-run firm Codelco and will smelt the semi-processed material at the Nchanga smelter, which has an annual production capacity of 311,000 tonnes. Musukwa said KCM resorted to imports of copper concentrates because its Nchanga smelter was operating at only about half its capacity. KCM has been blending its concentrates with those from other local mines and the Democratic Republic of Congo but these have not been enough to reach the Nchanga smelter's capacity. Copper production in Zambia, Africa's second-largest producer of the metal, dropped to 708,000 tonnes in 2014 from 760,000 tonnes in 2013. *(Reuters)*

Economic News

Zambia, Africa's No. 2 copper producer, plans to introduce a law banning the export of unfinished mineral products, its minister of mines said on Friday. "We want to curb the unnecessary export of unfinished mineral products. We need to get all exports to be beneficiated within the country and this will come into effect very soon," minister Christopher Yaluma told a mining and energy conference. Yaluma said a lot of copper was being exported without being fully processed and that was denying Zambians jobs that would have been created if mining firms invested in processing plants. He said the government had been talking about local processing for a long time, hence the decision to compel mining companies to do so. He said local processing would also ensure proper accountability of mineral exports. *(Reuters)*

Zambia may keep its budget deficit below 6 percent this year because of increased revenue resulting from changes to the country's mine-tax system, according to Moody's Investors Service. The International Monetary Fund last week forecast the fiscal gap in Africa's second-biggest copper producer will climb to 7.7 percent of gross domestic product this year. That's higher than the government's projection of at least 6 percent, which it raised from 4.6 percent after an increase of mining royalties and scrapping of a profit tax in January disrupted revenue flows from the industry. The changes to those levies will be reversed from the start of next month. "We don't expect the deficit for the second half to be anywhere near as large, in fact it could be a surplus for that six-month period, ultimately resulting into a fiscal deficit somewhere in the vicinity of 5 to 6 percent of GDP," Matt Robinson, credit manager at Moody's, said in an interview Tuesday in the Kenyan capital, Nairobi. The southern African nation plans on setting the royalty for underground miners at 6 percent, scrapping an earlier plan to charge the same 9 percent rate set for open-cast mines. A 30 percent profit tax will also be reintroduced for both types of operations. The current tax system that came into effect in January charges a 20 percent royalty for open-pit mines and 8 percent for underground operations. "The mining tax regime revision means lots of the revenue may accrue in the second half of the year, rather than the first half," Robinson said. Zambia's copper production may stay near a three-year low of 708,258 metric tons in 2015, because of power shortages and uncertainties caused by changes to the tax regime, according to the Mines Ministry. The Finance Ministry plans to cut spending by at least 5 billion kwacha ($678 million) this year, and SAID IT WILL probably sell Eurobonds to raise as much as $2 billion to boost the budget.

The negative outlook that Moody's assigned to Zambia's B1 rating last month captures the "likelihood for a further fiscal deterioration," Robinson said. Moody's could reposition Zambia's rating lower to the B2 level, if the deterioration, partly the foreign currency risk caused by selling more foreign currency debt, continues for the next year, he said. "What has underpinned credit quality for a long time in Zambia is relatively low debt, but we are seeing that debt burden increase," Robinson said. "It's been a current ACCOUNT surplus, but we have now seen that translate into a current account deficit with a decline in copper production and decline in copper prices." Copper accounts for more than 70 percent of Zambia's export earnings and 12 percent of government revenue. Yields on Zambia's $1 billion of dollar notes maturing in April 2024 have risen 107 basis points so far this year to 8.09 percent on Wednesday, while the kwacha has weakened 15 percent over the period to 7.3575 per dollar.*(Bloomberg)*

Zambia's inflation quickened to 7.1 percent year-on-year in June from 6.9 percent in May mainly due to increases in prices of fuel, the Central Statistical Office said on Thursday. The monthly inflation remained at 0.6 to in June compared with May, the agency said in a statement. "This increase in mainly attributed to increases in prices of non-food items, particularly diesel, petrol and kerosene and house rentals," the agency said. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

Zimbabwe

Corporate News

THE country's oldest coal miner Hwange Colliery Company, which has slipped into second place in terms of production, says it will embark on an aggressive drive to grow its market in the region and expects to return to profitability in the third quarter. Hwange has been struggling due to debt — which stood at $136 million in December last year after paying $60 million in the past two years — that has seen it struggle for operating capital. Its full-year to December 2014 performance was punctuated by a $37 million loss with non-recurring items costing the company $13 million. "Our expectation is that our production and sales will go up from open cast alone to 250,000 tonnes on our own and complemented by 200,000 from the mining contractor (Mota Engil) to about 450,000 tonnes in total," Hwange chief executive Thomas Makore told The Source in an interview. The Export and Import and Bank India and PTA Bank loaned Hwange $31 million for the purchase for the open cast mine equipment from Belarus and India which will see production increasing to 500,000 tonnes per month from the current 300,000 tones "With an increased production and sales and employment of higher capacity machines, our cost per tonne will reduce," said Makore. "When our cost per tonne reduces, profitability improves. We are expecting therefore our sales to go up, our cost per tonne to go down and our cash position to also improve. "The challenges will remain in logistics and new markets because we obviously have an aggressive thrust in the export market, which is Zambia, DRC and South Africa. "We should see (profitability) in the third quarter to September and then going forward." *(New Zimbabwe)*

INNSCOR Africa Limited has set up an advisory committee to spearhead the unbundling of its quick service restaurant unit to be separately listed on the Zimbabwe Stock Exchange (ZSE), the company said yesterday. In a cautionary statement yesterday, Innscor said the advisory committee would be chaired by executive director corporate finance, John Koumides. "Further to the cautionary statement published on June 2 2015 regarding the approval by the Innscor Africa Limited board of directors to unbundle the company's quick service restaurant business by way of dividend in specie of shares in an entity to be separately listed, shareholders are advised that an advisory committee chaired by the executive director corporate finance has been constituted," Innscor said. "Once clarity has been established on certain regulatory matters, a definitive time line for the unbundling will be published." The quick service restaurant business comprises Chicken Inn, Creamy Inn, Fish Inn, Steers and Nando's, among others. Companies have unbundled units to unlock value to shareholders. The proposed listing of the unit came as ZSE recently hinted three firms would join the bourse this year. Early this month, Proplastics ended the listing drought when it debuted on ZSE. Proplastics was unbundled from Masimba Holdings. In the six months to December 31 2014, Innscor saw its profit after tax dipping to $24 million from $64 million in the same period in 2013 due to a dip in volume emanating from low disposable income. Innscor said customer counts within the fast food operations in Zimbabwe were 2% below those recorded in the comparative prior period, although consistent improvements in counts were recorded month-on-month throughout the period, with a particularly strong December trading month. It said the process of centralising the fast food operations was largely complete and the above-site cost savings achieved from this initiative resulted in operating profits increasing by 19% over the same period. "In our ongoing optimisation efforts, seven under-performing counters were closed in Harare during the period, while the Emerald Hill complex was closed for refurbishment and is due to re-open shortly," Innscor said. "Regionally, we opened an average of just over one counter per week during the period under review and customer counts increased by 5% over the comparative prior period, while improved operating leverage resulted in a 27%increase in operating profit over the same period. A further three new counters were added in Swaziland which is a franchised territory." Innscor is targeting 55 additional regional counters in 2015. *(News Day)*

INNSCOR subsidiary, Capri has launched a new refrigerator plant worth $12 million that will increase the company's output and help it expand into the region. Speaking at the launch of the new factory yesterday, Industry and Commerce minister Michael Bimha commended Innscor Appliances Manufacturing for investing $12 million in the refrigerator plant notwithstanding the difficult environment in the country. Bimha said the investment came at an opportune time when the government has introduced a number of measures to nurture and develop industries to withstand unfair competition regionally and globally. "I am pleased that capacity utilisation in Capri stands at 100%.This investment in new technology is expected to increase production levels from 5 000 units to 18 000 units per month.

Twenty to 30% of production is expected to be consumed by the domestic market whilst 70-80% is earmarked for the export market," Bimha said. Capri managing director Gary Watson said the company received the $12 million from Innscor, the parent company, and has secured equipment from China, India and other parts of the world. "We expect our volumes to go up and will compete in the export market. We shall be developing exports into Zambia, Mozambique, Botswana, Namibia and DRC as our initial targets. We have increased the styles and types of refrigerators because some of the markets have high temperatures and the new styles will also help in terms of power cuts," Watson said. He said the new styles were thicker compared to the old models that were thin and could not withstand high temperatures. Watson said the process of acquiring the equipment began three years ago and the company will launch new products soon. Capri started manufacturing refrigerators and freezers in the early 1960. It was founded by the Swartz family. In 1998, Innscor reverse-listed on the Zimbabwe Stock Exchange through Capri that was listed on the bourse. The manufacturing sector is facing working capital challenges and was operating below 40% in some sectors. The sector requires retooling. *(News Day)*

Economic News

SALES of flue-cured tobacco declined by 9,87% to 167 million kg as of Monday as the selling season edges closer to an end, latest statistics from the Tobacco Industry and Marketing Board (TIMB) have shown. During the same period last year, 186 million kg were sold. According to TIMB statistics, tobacco worth $496 million has been auctioned down from $592 million last year. The average price on Tuesday was $2,96 per kg down from $3,18 per kg during the same period last year. The contract farming system has so far handled 123 948 123kg and the auction system has recorded 43 792 458 kg. At least 21 305 713kg went under the hammer at Tobacco Sales Floor (TSF) while Boka Tobacco Auction Floors (BTAF) and Premier Tobacco Auction Floor (PTAF) sold 13 350 463kg and 9 136 282kg, respectively. In the period under review, TSF bought tobacco at an average price of $2,53 per kg, BTAF at $2,41per kg and PTAF at $2,44 per kg while the contract average price per kg was $3,13. At least 2 248 625 bales were accepted, while 179 727 were rejected for various reasons. Tobacco has become the crop of choice among farmers due to better returns and this has seen most farmers switch from traditional crops such as maize and cotton to the golden leaf over the past three years. For the 2015 marketing season to date, about 97 171 growers have registered for 2015 season as compared to about 105 984 who had registered by the same period last year Zimbabwe expects 190 million kg of flue cured tobacco to be sold this year as compared to 216 million kg which was sold on the same period last year. *(News Day)*

A Zimbabwean state-owned asset management company has so far taken nearly $100 million in bad loans from banks to help restore viability in the financial sector, finance minister Patrick Chinamasa has said. The Zimbabwe Asset Management Company (ZAMCO) was created by the central bank in August to take over non-performing loans from banks that had reached $750 million and were restricting banks from providing new loans. Chinamasa told parliament that ZAMCO would, however, not take over loans which were given by some banks without security. Smaller banks have been vulnerable to Zimbabwe's economic downturn and are also viewed as applying less stringent rules on lending compared with bigger foreign-owned banks. "This company, in a very short period of time, has already taken nearly $100 million from the loan book of financial institutions," Chinamasa said, according to a transcript of Wednesday's proceedings in parliament. Five local banks have closed in the last two years due to solvency and liquidity problems. Chinamasa also said the government was not keen to fix interest rates to lower borrowing costs in the southern African country where bank interest rates are as high as 25 percent. Zimbabwe's government says the economy is expected to flatline this year as a result of low global commodity prices which will impact mining production, low foreign direct investment and company closures as a result of power shortages and expensive finance. *(Reuters)*

Zimbabwe's foreign direct investment leapt to $545 million in 2014 – less than 5 percent of the country's GDP — from $400 million in the previous year, driven by interest in mining, infrastructure and services but still lags regional rivals, the latest United Nations world investment report has shown. Zimbabwe Investment Authority (ZIA) chief executive Richard Mbaiwa said investors had shown a keen interest in the capital intensive energy and mining sectors as the country re-engages with the international community. "There has been a significant improvement in the levels of investment for Zimbabwe despite the fact that the region remained flat at $54 billion," Mbaiwa said at the launch of the United Nations Conference on Trade and Development World Investment Report for 2015 in Harare on Wednesday. The report shows that FDIs to Zambia increased to $2,4 billion from $1,8 billion while inflows to South Africa fell to $5,7 billion from $8,3 billion. Angola recorded $3,8 billion in FDIs from $7,1 billion, the report showed, while Botswana was flat on $390 million. Also speaking at the report launch, economic planning minister, Simon Khaya Moyo, said government would implement several measures to improve the ease of doing business and boost FDI which at peak averaged nearly a fifth of the economy. Last year, International Monetary Fund regional economic outlook report showed that Zimbabwe's net foreign direct investment flows would contribute a meagre two percent of the gross domestic product up to next year, with the country continuing to miss out on strong sub-Saharan Africa growth rates. "My ministry will this year ensure that ZIA operates truly as a truly one stop investment centre. We are truly and urgently working on reforming the operations at the One Stop Investment Centre at the Zimbabwe Investment Authority to make a world class one stop investment centre," Moyo said. Zimbabwe has lagged regional peers in attracting FDI due to poor rankings on the ease of doing business and structural issues in the economy. Official data shows that Zimbabwe received $1,8 billion in FDIs between 1980 and 2013, compared to neighbours Zambia which attracted $8 billion and Mozambique at $16 billion over the same period.*(The Source)*

Zimbabwean businesses owe more than $1 billion in tax arrears to the government, double the figure in 2013, the national tax agency said on Thursday, as companies struggle in an economy that is slowing sharply. Taxes finance the entire budget in the southern African country because lenders like the International Monetary Fund and World Bank have said they will only resume supporting Zimbabwe once it clears its debts with the global lenders. Gershem Pasi, the Zimbabwe Revenue Authority (ZIMRA) commissioner general told a committee of parliament that tax companies were struggling to stay afloat due to lack of credit, power shortages and competition from cheap imports. "We had $500 million owing (in 2013), which is now more than a billion dollars. It's money owed on agreed terms, where companies, businesses come and say we have this problem, can we have terms to pay," Pasi said. As Zimbabwe's economy flatlines, companies are being forced to lay off workers or close altogether, forcing workers to hawk goods for a living in the informal sector where they do not pay taxes. The government has projected that the economy will grow by 3.1 percent this year, but many economists see no growth at all. Pasi said small businesses and those in the informal sector were not settling their tax obligations but that ZIMRA would conduct a pilot programme to bring them into the tax net. Pasi said ZIMRA would also target public taxis, most of which are not registered, by installing electronic devices in taxis, which would transmit data to its offices. "The meters that we will put in those taxis will be linked to our systems real time and if anyone tampers with the system, the vehicle will not start," Pasi said. *(Reuters)*

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®