SECURITIES AFRICA
RESEARCH & CAPITAL MARKETS

PAN-AFRICA

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

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

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

AFRICA STOCK EXCHANGE PERFORMANCE

				WTD % Change		YTD % Change	
Country	Index	19-Sep-14	26-Sep-14	Local	USD	Local	USD
Botswana	DCI	9424.67	9435.15	0.11%	-0.93%	4.22%	-0.87%
Egypt	CASE 30	9729.10	9603.09	-1.30%	-1.29%	41.58%	37.26%
Ghana	GSE Comp Index	2286.67	2187.84	-4.32%	3.31%	1.99%	-27.13%
Ivory Coast	BRVM Composite	257.68	257.05	-0.24%	-1.11%	10.79%	2.68%
Kenya	NSE 20	5307.52	5216.96	-1.71%	-1.70%	5.89%	2.82%
Malawi	Malawi All Share	13959.70	14017.58	0.41%	0.60%	11.86%	18.48%
Mauritius	SEMDEX	2121.58	2152.62	1.46%	1.60%	2.72%	-0.38%
	SEM 7	400.88	409.01	2.03%	2.17%	1.33%	-1.72%
Namibia	Overall Index	1118.19	1073.57	-3.99%	-5.18%	7.68%	1.07%
Nigeria	Nigeria All Share	41049.28	40819.72	-0.56%	-0.52%	-1.23%	-3.13%
Swaziland	All Share	298.01	298.01	0.00%	-1.24%	4.32%	-2.08%
Tanzania	TSI	4885.29	5019.47	2.75%	2.51%	76.52%	67.52%
Tunisia	TunIndex	4609.39	4597.33	-0.26%	-1.05%	4.93%	-3.69%
Zambia	LUSE All Share	6216.53	6222.36	0.09%	0.01%	16.33%	3.64%
Zimbabwe	Industrial Index	195.35	193.79	-0.80%	-0.80%	-4.12%	-4.12%
	Mining Index	92.82	92.76	-0.06%	-0.06%	102.58%	102.58%

CURRENCIES

Cur-rency	19-Sep-14 Close	26-Sep-14 Close	WTD % Change	YTD % Change
BWP	8.99	9.09	1.05	5.13
EGP	7.13	7.13 -	0.00	3.14
GHS	1.87	3.30 -	7.39	39.97
CFA	509.83	514.28	0.87	7.90
KES	87.63	87.63 -	0.01	2.98
MWK	390.26	389.56 -	0.18 -	5.58
MUR	29.96	29.92 -	0.14	3.10
NAD	11.03	11.17	1.26	6.54
NGN	162.73	162.66 -	0.04	1.96
SZL	11.03	162.66	1.26	6.54
TZS	1,636.57	1,640.40	0.23	5.38
TND	1.77	1.79	0.79	8.95
ZMW	6.16	6.17	0.08	12.24

Botswana

Corporate News

No Corporate News This Week

Economic News

No Economic News This Week

WEEKLY AFRICAN FOOTPRINT

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Egypt

Corporate News

Orascom Construction Industries (OCI) NV is studying the possibility of having an initial public offering (IPO) – a stock market launch – during the first half of 2015 in a country located in the Middle East or North Africa, an official at OCI told the Daily News Egypt on Wednesday. The company official stated that OCI has not yet decided the exact country in which it will issue its stocks in, refusing to confirm reports that the IPO will be in Dubai. The company official added that OCI is studying its presence in the Cairo exchange market, explaining that "there are different options being studied for Egypt but we haven't decided on the method yet". Sources told the Daily News Egypt that EFG Hermes and CI Capital will be the investment banks handling the IPO. The OCI official refused to comment. In July, Prime Minister Ibrahim Mehleb met with the company's CEO Nassef Sawiris, along with the ministers of the cabinet's economic group, in order to seek a settlement of the tax dispute between Sawiris and the Egyptian Tax Authority (ETA) regarding an estimated EGP 7bn. The final tax dispute ruling is expected to take place on 28 October, OCI announced earlier this month. The company added that final documents were presented to the independent appeals committee at the ETA. "This committee was originally reviewing OCI S.A.E.'s [OCI's Egyptian subsidiary] tax returns, but the process was terminated in 2012 by the previous administration. Following a number of meetings with the Egyptian government, the tax dispute liability case was referred back to the committee, which held its first session in July 2014," the company said in its official statement. *(Daily News)*

Economic News

Egypt's state-owned oil company has launched a tender to import hundreds of thousands of tonnes of fuel oil for delivery between October and December, according to tender documents seen by Reuters. Egyptian General Petroleum Corp (EGPC) is seeking nine cargoes of 180 CST fuel oil, each for 30,000-33,000 tonnes, for delivery to Alexandria port on a monthly basis, with three optional cargoes. EGPC is also seeking five cargoes of 40,000-45,000 tonnes each, of a similar grade of fuel oil for delivery to Suez port and three optional cargoes. Both tenders closed on Sept. 17 and are valid until Sept. 25, the documents showed. Last week, Egypt said it would buy 65 per cent of its oil product imports for the next year from the United Arab Emirates, in the latest Gulf lifeline to an economy rocked by three years of turmoil. The deal covers gasoline, diesel, heavy fuel and liquefied petroleum gas (LPG) that is used in homes. Egypt has struggled to curb its swelling budget deficit while meeting soaring energy demand, resulting in daily electricity cuts around the country of 86 million people. Lines at petrol stations and a shortage of gas were among the main public grievances against former President Mohamed Mursi of the Muslim Brotherhood. Oil-producing Gulf countries have come to Egypt's aid since the army, prompted by mass protests, ousted Mursi last year. Egypt also introduced deep cuts to energy subsidies in July, which have resulted in price rises of more than 70 percent, as it seeks to curb public spending and fuel waste. The United Arab Emirates, Saudi Arabia and Kuwait have together provided Egypt with billions of dollars in grants, loans and petroleum products since Mursi's overthrow. *(Reuters)*

Egypt's main index rose 0.1 percent on Monday to close at 9,728 points, buoyed by Non-Arab foreign investors, who accounted for 21 percent of market activity. Non-Arab investors were net-buyers for LE29.5 million, while Egyptian and Arab investors were net-sellers. Total turnover of listed shares reached LE642 million. Three stocks, EFG-Hermes, Medinet Nasr Housing, and Commercial International Bank (CIB), together accounting for 40 percent of trading on the benchmark EGX30, lifted the index as most other stocks were in the red. Investors were bullish on EFG-Hermes, which rose 1.5 percent to trade at LE19.58, with a turnover of LE77 million, as the Cairo-based investment bank is gearing to launch three IPOs in the coming months and is expected to disclose strong Q3 results, Hassan Kinawy, Head of the Local Institutions Desk at HC Brokerage, told Ahram Online. Real estate stock Medinet Nasr gained 1.52 percent to trade for LE48.6, continuing a rise sparked by the previous week's news that its Tag Sultan project would be complete by October 2015 and generate LE2 billion (around $285 million) in sales revenues. Market bellwether CIB climbed 1.26 percent to close at LE49.90, after hitting a high of LE50.10 during the session. Falling stocks included Palm Hills Development Company and Six of October Development and Investment Company (SODIC) in real estate, which slid 0.45 percent and 0.23 percent to trade for LE4.41 and LE47.72, respectively. Global Telecom Holding fell 0.97 percent to LE5.11 while Telecom Egypt inched down by 0.14 percent to LE14.58. Ezz Steel shed 0.78 percent of its share value to close at LE19.02. The broader EGX70 was down 0.69 percent.*(Ahram)*

The World Bank has agreed to offer Egypt $1.5 billion (LE 10.5 billion) in financing for social housing and sanitation for villages over a period of three years, housing, utilities and urban development minister Mostafa Madbouly announced in an official press release on Tuesday. The agreement, concluded during a two-day visit by the minister to the United States, includes a soft loan and grants worth $500 million (LE3.5 billion) for social housing projects, to be disbursed in installments of $100-120 million (LE700 – 840 million) a year. The sanitation project will cover 760 villages along the Rosetta branch of the Nile Delta and along the Al-Salam Canal, which runs from the East Delta through the Sinai peninsula, at a cost of $1 billion over three years, said the minister, without specifying when the first $150 million installment would be received. According to Madbouly, the World Bank has vowed to lead a group of donor institutions to grant additional funding for the project, which needs $2.5 billion (LE17.5 billion) to be completed. In July, the World Bank approved a $300 million (LE2.1 billion) interest free loan to Egypt to fund micro and small enterprises (MSEs). A month prior, the bank signed an $8.10 million (LE57 million) grant from the Global Environment Facility (GEF) for Egypt's Sustainable Persistent Organic Pollutants Management Project (POPs). The World Bank's commitment to Egypt currently includes 25 projects for a total of US$4.9 billion (LE34.3 billion) as well as 43 trust fund grants worth US$190.2 million (LE1.3 billion) in the sectors of energy, transport, water and sanitation, agriculture, irrigation, health and education. *(Ahram)*

Egypt's main index slid another 0.22 percent on Thursday to close at 9,697 points amid weak turnover. Egyptians were net-sellers for LE21.3 million ($3 million), while non-Arab foreign investors, who accounted for some 20 percent of market activity, were the net-buyers to the tune of LE22.3 million ($3.18 million). Local selling was driven by profit-taking, particularly on real estate stocks, Hassan Kinawy, Head of the Local Institutions Desk at HC Brokerage, told Ahram Online. Medinet Nasr Housing fell 0.78 percent to LE47.03, Six of October for Development and Investment Company (SODIC) slid 1.17 percent to LE46.56, and TMG Holding fell 0.43 percent to LE11.47. Ezz Steel, Egypt's largest steel maker, saw its share price drop 1.02 percent after it reported on Thursday a net loss of LE176 million ($25 million) in its H1 2014 consolidated results, compared to a net comparative profit of LE302 million ($43 million) in the same period of the previous year. In the telecoms sector, Telecom Egypt fell 0.62 percent to close at LE14.32 while Global Telecom Holding dropped 0.40 percent to LE 5.04. Commercial International Bank (CIB) bucked the trend however, inching up by 0.10 percent to LE49.73. Total turnover for the session registered a modest LE532 million ($76 million). The broader EGX70 was up 0.07 percent. *(Ahram)*

Egypt's balance of payments registered a surplus worth some $1.5 billion in the 2013/14 fiscal year, compared to a mere $237 million the prior year, according to a statement released by the Central Bank of Egypt (CBE) on Thursday. Under the balance of payments, Egypt saw its current account deficit dip to $2.4 billion, down from a significant $6.4 billion during the aforementioned period. The CBE attributed the improvement in the current account deficit to the 57.7 percent increase in net unrequited transfers (official transfers and expatriates' remittances), which reached $30.4 billion compared to $19.3 billion in the previous year. Egypt received billions of dollars in aid from Gulf countries after a popular uprising ended Islamist president Mohamed Morsi's one year rule. The current account deficit was attributed to a 48 percent decline in tourism revenues to $5.1 billion and a trade deficit which rose 9.8 percent to $33.7 billion, compared with the previous year. Net inflows were halved to $4.9 billion in FY 2013/14 compared to a year earlier, due to the reimbursement of some Arab countries' deposits at the CBE and a fall in foreigners' net investments in bonds.*(Ahram)*

Ghana

Corporate News

Ecobank Transnational Incorporated (ETI) has so far stood out as the best performing stock on the Ghana Stock Exchange (GSE) in terms of returns to investors. According to the market's report released by managers, ECOBANK returned 73 percent to investors who bought into the company from January to August. ETI's performance has come as a surprise to analysts following some challenging times the bank has been going through since 2013 and first three months of the year. ETI really stood out among its peers, as most big companies on the market have seen their value go down substantially on the market, SG-SSB topped the chart in terms of volumes traded on the market, with 4.6 million shares. Standard Chartered Bank accounted for about a quarter of the value of shares traded, which stood at 5.9 billion Ghana cedis for the first seven months of 2014. In all 205 million Ghana cedis worth of shares were traded on the stock exchange from January to August this year. The report puts the value of the Ghana Stock Exchange at 61.2 billion Ghana cedis. A source close to Ecobank told Joy Business the performance of the Bank is due to renewed confidence in ETI by investors . *(GhanaWeb)*

Economic News

Ghanaian President John Dramani Mahama said a fiscal injection from the International Monetary Fund will be useful to bolster the economy, giving the first indication the government may seek a loan from the lender. Speaking in an interview in New York yesterday, Mahama, 55, said he expects to sign a three-year program with the Washington-based lender. An IMF team arrived in Ghana last week to begin talks on possible aid, though no detail has been disclosed if that will entail loans or technical support. "When implementing a program it helps to get a fiscal injection," Mahama said. "One of the major features of our economic difficulty has been a reduction in our external reserves. In a situation like that, some fiscal injection from the IMF to stabilize the central bank and stabilize the reserve situation is useful." Ghana's budget deficit has spiraled since 2012 as the government failed to curb election-related spending and a rising wage bill, while revenue fell. That's prompted credit-rating companies to downgrade the nation's debt and caused the currency to lose a third of its value against the dollar this year, making it the worst-performing currency in sub-Saharan Africa. "In doing the program, we're looking not only for fiscal consolidation, but we're looking for a transformation of our economy," Mahama said. "We're looking for institutional reform, we're looking to strengthen the public-service sector." The government may need to cut jobs to help rein in the budget deficit, he said. The sale of $1 billion in Eurobonds days before the IMF arrived has boosted foreign-exchange reserves and revived investor confidence in an economy that depends on income from cocoa, gold and oil. Ghana is targeting a fiscal gap of 8.8 percent of gross domestic product this year, while Fitch Ratings expects the shortfall to exceed 10 percent of GDP for a third consecutive year. Prospects for the economy and currency are set to improve as gas and oil projects come onstream, Mahama said. About $250 million of the proceeds from the Eurobond sale will help finance an infrastructure fund, which will be a "game-changer" for the economy, he said. The cedi rose 0.4 percent to 3.3 against the dollar as of 6:10 a.m. in Accra, the capital. Mahama heads the National Democratic Congress, one of two main political parties in Ghana, and was sworn in as leader after the death of John Atta Mills in 2012. The former communications minister won elections later that year. During his campaign, he pledged to narrow the budget deficit and maintain growth at 8 percent annually. Ghana became an oil exporter in 2010, pushing growth to the fastest pace in Africa at 14.4 percent. Tullow Oil Plc (TLW)pumps about 100,000 barrels of crude a day at the Jubilee field.*(Bloomberg)*

Merchandise export for the first eight months of the year amounted to $9 billion compared to $9.4 billion recorded last year. This was mainly due to lower gold export earnings of $2.9 billion compared to $3.4 billion in the corresponding period of 2013. Export of cocoa beans, on the other hand, increased to $1.4 billion from $1.2 billion due to higher volumes. Oil exports remained virtually unchanged at $2.6 billion, while earnings from non-traditional exports (including cocoa products) declined marginally by $44.9 million to $2.1 billion. "Total imports for the review period fell significantly to $9.5 billion from $11.7 billion in 2013. Oil imports fell by 10 percent to $2.3 billion while non-oil imports declined by 22 percent to $7.2 billion. Such developments resulted in a provisional trade deficit of $495 million compared to a deficit of $2.2 billion a year ago," a release issued by the Monetary Policy Committee (MPC) of the Central Bank stated. It also mentioned that fiscal pressures and the volatilities in exchange rates continued to pose challenges to the country's economy. "This notwithstanding, the latest numbers suggest some stability in the foreign exchange market." "The expected inflows from the Eurobond and the cocoa syndicated loan will provide liquidity on the foreign exchange market. Also, the government's fiscal consolidation efforts are expected to be strengthened under the IMF programme, which will also provide additional balance of payments support," the committee mentioned. Touching on developments on the international market, the committee said gold prices have marginally lost ground. However, cocoa prices have recovered and would positively affect Ghana's external sector going forward. Gold prices are hovering around $1,295.50 an ounce while cocoa prices have risen steadily from $2,746 to $3,225 per tonne over the first eight months of this year. *(GhanaWeb)*

The value of the country's mining sector is anticipated to reach US$3.8billion in 2018, up from US$3.3billion recorded in 2013, as bauxite and gold production see modest increases, B&FT has gathered. "We expect gold to be the main driver of growth, but see bauxite playing a growing role. Ghana is set to remain Africa's second-largest gold producer after South Africa, as investment continues to flow into the country," the Business Monitor International's (BMI) Ghana Mining Report has revealed. BMI's Ghana Mining Report provides industry strategists, and regulatory bodies with independent forecasts and competitive intelligence on the mining industry in Ghana. The report also analyses trends and prospects, national and multinational companies and changes in the regulatory environment. The forecasted figures are consistent with those of the Ghana Chamber of Mines -- the umbrella body of major mining companies -- whose figures have shown an increase in production output. According to data from the Chamber of Mines, minerals output rose in the first half of 2014 but revenues declined due to lower prices as export revenues from gold, bauxite, diamond and manganese in the period was US$2.143billion, down from US$2.477billion in the first half of 2013. The decline was largely on the back of the falling gold price despite an impressive performance from diamond and bauxite, acting CEO of the Chamber of Mines Sulemanu Koney disclosed. Gold, which has in recent times seen a drastic decline in its price, saw a fall in revenue of 14.1 percent. The metal recorded US$2.062billion for the half-year, as against US$2.399billion for the first half of 2013. Gold output was however up by 1.5 percent, rising from 1.52 million ounces in the first six months of 2013 to 1.54 million ounces between January-June 2014. Bauxite revenue increased significantly, by 78 percent, on account of the substantial rise in shipments of the ore which went up by 108.4 percent. Shipments rose from 292,778 tonnes to 610,074 tonnes in the period. Diamond purchases also surged by 78 percent from 4,137,641 carats in the first half of 2013, to 7,363,145 carats in 2014. Manganese shipments saw an increase by 7.7 percent, but there was a slump in revenue by 14.3 percent -- from US$62,442,008 in the first half of 2013 to US$53,499,903 for the same period in 2014. "The mining industry's performance in the area of production in the first six months through the year has been mixed, but the significant increase in output confirms mining's continuous position as key for the country's economy," Mr. Koney said. Bullion has dropped 25 percent since the beginning of 2013. Mr. Daniel Owiredu, a former President of the chamber, has said that the imminent temporary shutdown of AngloGold Ashanti's Obuasi Mine for rehabilitation might significantly blight the fortunes of the minerals industry in 2014 -- while output at Golden Star's Wassa Mine is projected to decline to between 130,000 and 140,000 ounces in 2014 due to ongoing rationalisation of production. He said the downturn in gold revenue drove a percentage point reduction in the share of gold in total mineral revenue for 2013, from 97.5 percent to 96.3 percent. The effect of the falling gold price has caused the country to slip to ninth position in leading gold producers in 2013, compared to eighth in 2012. *(GhanaWeb)*

Producer Price Inflation (PPI) for the month of August hit a record high of 48.3%, the highest rate ever recorded in Ghana. The producer price inflation rate measures the average change over time in the prices received by domestic producers for their production of goods and services. The August rate of 48.3% increased from a rate of 47.2percent recorded in the month of July, 2014. The monthly inflation rate was however at 1.7percent indicating a decline from 10 percent recorded in July. A challenging business environment continued to shoot up prices of manufacturing companies. The sector's inflation rate increased from 40.3 percent to 41.9percent. The utilities group's inflation declined from 76.8percent to 75.8percent. Mining and quarrying sector recorded an inflation rate of 50.7%. In this group, refined petroleum and nuclear fuel recorded the highest inflation rate of 68.6percent. *(Ghana Web)*

Continuously surging utility prices have pushed the producer price index up to a record high of 48.3%, the highest rate ever during a 12-month period. This represents a 1.1 percentage point increase in producer inflation relative to the 47.2 percent rate recorded in July 2014.

The producer inflation in the utility sub-sector recorded the highest year-on-year producer price inflation rate of 75.8 percent over the July figure of 78.6 percent. The trend of rising utility prices has a drastic impact on the cost of living for households in the country. In October 2013, government announced major hikes in electricity and water tariffs after more than a year of subsidies. The hikes were followed by increases in January and July, causing power and water tariffs to jump by 96 percent and 72 percent respectively over nine months. Dr. Philomena Nyarko, Government Statistician, confirming the figures at a media briefing to announce the August 2014 producer price index in Accra, said the utility sub-sector recorded the highest figure in price inflation rate at 75.8 percent. This was followed by the mining and quarrying sub-sector with 50.7 percent while the manufacturing sub-sector recorded inflation of 41.9 percent. The month-on-month change in producer price index from July 2014 to August 2014 was 1.7 percent. Monthly changes in the producer price index indicated the manufacturing recorded a monthly inflation rate of 2.4 percent while mining and quarrying recorded 1.3 percent and the utility sub-sector recorded the lowest monthly rate of -0.5 percent.

Dr. Nyarko said in August 2014 the producer price inflation in the mining and quarrying sub-sector decreased by -0.2 per cent over the July 2014 rate of 50.9 per cent, to record 50.7 percent in August 2014. Manufacturing, which constitutes more than two-thirds of total industry, increased by 1.7 percent points to record 41.9 percent; and the rate for the utility sub-sector recorded inflation of 75.8 percent in August, suggesting 1.0 percentage point decrease over the July 2014 rate, Dr.Nyarko said. She explained that in August 2013, the rate declined to the lowest level of 4.7 percent. In September 2013, however, the rate inched up to record 5.8 percent -- and subsequently the producer price inflation rate increased consistently over the last 11 months to record 48.3 percent in August 2014, which is the highest since January 2010. Dr. Nyarko said from August 2013, the inflation rate in the petroleum sub-sector increased consistently to record 33.6 percent in September 2013. The rate fluctuated between October and December 2013, but started rising in April 2014 to record 48.2 percent in May 2014. In June 2014, however, the rate declined to record 44.7 percent as a result of the base drift effect from the increase in price of petroleum products in June 2013. In July 2014, the rate increased to record prices -- but in August 2014, the rate declined to record 68.6 percent due to the base drift effect. Manufacture of coke, refined petroleum and nuclear fuel recorded the highest inflation rate of 68.6 percent, whilst producer prices in the manufacture of machinery and equipment recorded the lowest producer price inflation rate. During the month of August 2014, four out of 16 major groups in the manufacturing sub-sector recorded inflation rates higher than the sector average of 41.9 percent. *(GhanaWeb)*

Dr Philomena Nyarko, Government Statistician on Wednesday said the year-on year-on producer price index has recorded an increase by 48.3 per cent from August 2013 to August 2014. This she said represents a 1.1 per cent point increase in producer inflation relative to 47.2 per cent rate recorded in July 2014. Dr Nyarko who said this at news conference in Accra noted that the month-on-month change in producer price index from July 2014 to August 2014 was 1.7 per cent. She said the utility sub-sector recorded the highest year-on-year producer price inflation rate of 75.8 per cent flowed by the mining and quarrying sub-sector with 50.7 per cent whilst the manufacturing sub -sector recorded an inflation of 41.9 per cent. Monthly changes in the producer price index indicated the manufacturing recorded a monthly inflation rate of 2.4 per cent while mining and quarrying recorded 1.3 per cent and utility sub-sector recorded the lowest monthly rate of -0.5 per cent. Dr Nyarko said in August 2014, the producer price inflation in the mining and quarrying sub-sector decreased by -0.2 per cent over the July 2014 rate of 50.9 per cent, to record 50.7 per cent in August 2014. Manufacturing, which constitutes more than two-thirds of total industry increased by 1.7 per cent points to record 41.9 per cent, adding that the rate for the utility sub-sector recorded an inflation of 75.8 per cent in August suggesting 1.0 percentage point decrease over the July 2014 rate, Dr Narko said. The trend in the year-on-year inflation in ex-factory prices of goods and services of 48.3 per cent recorded in August 2014 was the highest during the 12-month period, which is August 2013 to August 2014. She explained that in August 2013, the rate declined to the lowest level of 4.7 per cent. In September 2013 however, the rate inched up to record 5.8 per cent and subsequently the producer price inflation rate increased consistently over the last 11 months to record 48.3 per cent in August 2014 which is the highest since January 2010.

Dr Nyarko said from August 2013, the inflation rate in the petroleum sub-sector increased consistently to record 33.6 per cent in September 2013. The rate fluctuated between October and December 2013 but started rising in April 2014 to record 48.2 per cent in May 2014. In June, 2014 however the rate declined to record 44.7 per cent as a result of the base drift effect from the increase in the prices of petroleum products in June 2013. In July 2014, the rate increased to record prices but in August 2014, the rate declined to record 68.6 per cent due to the base drift effect. According to her, during the month of August 2014, four out of 16 major groups in the manufacturing sub-sector recorded inflation rates higher than the sector average of 41.9 per cent. Manufacture of coke, refined petroleum and nuclear fuel recorded the highest inflation rate of 68.6 per cent whilst producer prices in the manufacture of machinery and equipment recorded the lowest producer price inflation rate. *(GhanaWeb)*

An IMF team that has been in Ghana since last week for a possible rescue programme for the country's economy have concluded scrutiny of data presented by government. The team met with the Ghanaian team Thursday, where the country's negotiators made a strong case for economic support from the Washington lender. The IMF team also sought clarity on proposals by Ghana government on how the embattled economy should be rescued. The Ghana team, led by former Minister of Finance Professor Kwesi Botchwey, is composed of current Finance Minister, Seth Terkper, Employment Minister, Haruna Iddrissu, and Governor of the Bank of Ghana Kofi Wampah. Analysts say Ghana would not have to request too much financial support from the IMF because of the recent 3 billion dollars the country raised from its bond issue, as well as money it holds from the cocoa loan syndication. However, going by the IMF's last staff report, tough conditionalities are a very likely to support the country's balance of payment. President John Mahama has already indicated that Ghana would seek a three-year programme from the IMF, an indication that should Ghana get approval for proposals it has put forth to the Bretton Woods lender, it can start accessing the IMF's support from January 2015. Group Head of Economic Research at Ecobank, Angus Downie, says government might be going into the IMF negotiations with its hand tied. He said the country's rising debts and budget deficit present an advantage for the country. "The conditionalities attached to any IMF programme can be tough. The reason they are tough is because there are difficult challenges to overcome", he told Joy Business in London. However, he notes with the country's large fiscal deficit, large current account deficit, a slowing economy among others, a tough IMF programme is almost certain. *(GhanaWeb)*

Ghana aims to produce 1 million tonnes of cocoa in the 2014/15 season, up from around 900,000 tonnes in the just-closed 2013/14 season, Deputy Finance Minister Cassiel Ato Forson told Reuters on Thursday. The world's number two cocoa producer was buoyed this month by a record international loan of $1.7 billion to finance purchases of cocoa beans off farmers. Meetings to set a price for the coming season, which will start in early October, are likely to begin on Thursday, Forson told Reuters. *(Reuters)*

Kenya

Corporate News

Uchumi Supermarkets has secured a Sh405 million loan from the Co-operative Bank to pay amounts owed to its suppliers, easing pressure on the retail chain's cash flows. Chief executive officer Jonathan Ciano told the Business Daily that the retail chain signed the "asset financing" loan on Wednesday, which will also act as working capital. "The capital injection will help fund our existing expansion plans and at the same time help offset debts that we owe some of our suppliers,'' said Mr. Ciano in a telephone interview on Friday. However, Mr. Ciano did not disclose how much the retailer owes its suppliers. In its annual results announced earlier this month, Uchumi reported a Sh1 billion jump in current liabilities to Sh3.4 billion for the year ended June 2014, while its financing costs surged to Sh64 million from Sh16 million in 2013. The increase in financing costs was occasioned by new loan facilities borrowed from the Industrial and Commercial Development Corporation (ICDC) and KCB. Uchumi's after-tax profit for the full year ended June 30 rose 7.6 per cent to Sh384 million, helped by a tax credit that reduced its liability to the Kenya Revenue Authority by Sh64 million. Some of the retailer's suppliers had expressed concerns in interviews with the Business Daily over a backlog of payment of their dues. Contacted for comment, the Association of Kenya Suppliers chairman Kimani Rugendo said members had complained to Uchumi on the pending payments that had seen some of them scale down their deliveries to the retailer. "We had notified Uchumi over pending payments because they were hurting both the retailer and supplier operations and we are hopeful the matter will be resolved soonest," Mr. Rugendo said. The businessman is the founder of Kevian Kenya Limited, which manufactures Afia and Pick n Peel juice. He said most of the debts date back from last year, but was guarded on the overall amount that Uchumi owes the suppliers. "It's a lot of money that involves millions but I cannot divulge details,'' said Mr. Rugendo. "It will be a good gesture if the payments are made so that Uchumi could continue with its recovery plans and implement its expansion plans." Mr. Ciano said recently that the retailer's expansion would be funded through the rights issue that is slated for November. Uchumi expects to raise over Sh1 billion from the shareholders cash call. "We have resorted to borrowing to strengthen our financial portfolio and this does not imply that the company is struggling in its finances," Mr. Ciano said. Uchumi has been pursuing expansion in Kenya, Uganda and Tanzanian markets, with prospects of also starting operations in Kigali, Rwanda. The retailer is currently building two branches inside Kenyatta University on Thika Road to tap the growing population in the area that mainly comprises students and residents of surrounding estates. KU-Unicity branch is expected to be a hypermarket that will also be used as a training facility for students. Uchumi also plans to open stores in South Sudan. This month, Uchumi closed one of its under-performing outlet in Uganda and transferred the affected 110 employees to other branches. Mr. Ciano said plans are also under way to open two branches in Moshi and Arusha in Tanzania by the end of December. The retailer, which already has four branches in Tanzania, cross-listed on the Dar es Salaam bourse on August 15. Uchumi is already cross-listed on the Uganda Securities Exchange (USE) and on the Rwanda bourse. "Going forward, we believe management will sustain Uchumi's growth trajectory in terms of profitability as well as branch network. We, however, remain concerned about the retailer's lack of aggressiveness which we believe would grow the top line beyond current levels," said Standard Investment Bank in an investor research note following the release of the retailer's annual results. *(Business Daily)*

Equity became the first bank to be valued at over Sh200 billion at the Nairobi Securities Exchange after it rallied to an all-time high of Sh59.50. The bank has been on a rally since it acquired an MVNO licence and announced plans to use thin-SIM technology to enter into mobile money business. At an average price of Sh57, the bank is currently valued at Sh211 billion by investors, only Sh3 billion shy of the second largest company in the market, EABL, and Sh33 billion ahead of rival KCB. Equity disclosed it would start using the thin-SIM technology from next month as soon as it gets written approval from the Communication Authority of Kenya and the Central Bank. Telecommunications giant, Safaricom, had opposed the use of the SIM cards on the ground that it could threaten the security of its M-Pesa platform but CAK has agreed to give the bank a one-year trial licence. Equity is also expected to book a one-off gain from the sale of its 24.76 per cent shareholding in Housing Finance valued at Sh2.8 billion to Britam Insurance. The share sale awaits approval of the Central Bank and the Competitions Authority. The rally of the lender at the market helped the NSE indicative 20 Share Index gain 84 points on Friday to leap past the 5300 mark for the first time in over six years. "Bolstered by Equity Bank and Centum price gains, the NSE 20 index closed in the black, setting an all-year high of 5,307.5 points," said Standard Investment Bank in a note to investors. The NSE index is rallying without input from the two largest companies in the market,—EABL and Safaricom. Safaricom remains the most capitalised company at the bourse, valued at Sh504 billion. Centum Investments continued its rally, touching a high of Sh73 following an aggressive expansion plan that has seen it acquire fund managers, Genesis, express interest in agricultural firm Rea Vipingo and mid-tier lender K-Rep Bank. Recently it bagged a Sh170 billion tender to construct a coal energy plant in Lamu. Competing bidders had said they would challenge the awarding of the tender in court. Other counters touching year highs include Standard Chartered at Sh347, Housing Finance(Sh50), KCB (Sh60), recently listed NSE (Sh25.75) and agricultural firms Kakuzi (Sh190) and Kenya Orchards (Sh41.50).*(Business Daily)*

Founders of the NSE-listed infrastructure investment company TransCentury have further loosened their grip on the firm, where they have offloaded 13.1 million shares in the past eight months currently worth about Sh340 million. Regulatory filings show that six of the company's top investors including chairman Zephania Mbugua transferred the shares between January and August, when TransCentury's stock traded at an average of Sh25.9. This cut the combined stake of the top 10 owners to 47.67 per cent in August, down from 53.56 per cent in December 2013 and 60 per cent prior to the firm's listing on the Nairobi bourse in July 2011. Other who joined Mr. Mbugua in the latest shares trades are former KenGen CEO Eddy Njoroge, and businessmen Peter Kanyago, Jimnah Mbaru, Stephen Waruhiu, and Ephraim Njogu. Some of the top owners could have used a fraction of their shares to secure bank loans or transferred them to nominee accounts, hence the reduction reflected in the latest regulatory filings. Shifts in shareholding stakes held by top investors are closely watched by market analysts as a possible indicator of future prospects of listed companies. Mr. Mbugua offloaded three million shares worth about Sh78 million, a move that saw his stake drop from 5.95 per cent in December to 4.74 per cent in August. He however retains his position as the fourth-largest shareholder of the firm after Mr. Kanyago who also retained his third position despite trading 2.5 million shares worth about Sh64.7 million. Mr. Njoroge sold 2.6 million shares worth about Sh67.3 million, reducing his stake from 4.54 per cent to 3.51 per cent in the period. He also kept his position as the sixth-biggest-shareholder despite the trades. Mr. Mbaru earned about Sh64.5 million from trading 2.4 million shares, a move that diluted his equity from 4.37 per cent to 3.39 per cent and left him as the seventh largest owner of TransCentury. Mr. Waruhiu traded 1.5 million shares valued at Sh38.8 million, cutting his stake from 4.15 per cent to 3.52 per cent but without changing his position as TransCentury's eighth largest investor. Mr. Njogu offloaded one million shares worth Sh25.9 million in what has diluted his equity stake from 4.94 per cent to 4.47 per cent. He however retained his fifth position on the top owners' list. All TransCentury's founders have offloaded a part or all of their shares in the investment firm since its listing on the Nairobi Securities Exchange through introduction. The two largest owners –Mrs. Anne Gachui and Mr. Michael Waweru— however did not participate in the latest share trades. Mrs. Gachui –the widow of businessman James Gachui— is the top owner with 21.25 million shares equivalent to a 7.76 per cent stake. The Gachui family's equity has however dropped from a high of 8.16 per cent in December 2011. Mr. Waweru, a former KRA Commissioner General, is the second-largest shareholder with 21.21 million shares or a 7.74 per cent stake. His ownership has also dropped from a high of 7.76 per cent in December 2011. The company's founders were freed to sell all their shares after their two-year lock-up period ended in August last year. The Capital Markets Authority had barred the key shareholders from selling more than half of their stake in the two years as part of conditions attached to the firm's listing. Besides the founders, TransCentury's other large group of owners are local individuals with a 24.6 per cent stake, foreign investors (20 per cent) and local institutions (7.6 per cent), according to the August records. *(Business Daily)*

A Mauritius-based company associated with financial services group Britam has bought a one per cent stake in Housing Finance, at a time when the firm has announced it is increasing its shareholding in the mortgage lender by an extra 24.76 per cent. British-American Insurance (BAI), a life insurer headquartered in Mauritius, bought 2.1 million HF shares last month according to the latest regulatory filings. The move saw BAI join the list of HF's top owners, following other institutional investors such as Equity Bank from which Britam will buy the 24.76 per cent stake. Britam, which already holds 21.46 per cent equity in the mortgage lender, is a subsidiary of Mauritius-based British-American Investment Company which also owns BAI. The share purchases by Britam and BAI will therefore firm the grip of the Mauritian holding company that is controlled by billionaire Dawood Rawat. Britam, for instance, will see its stake in HF rise to 46.22 per cent. Together with BAI's one per cent equity, the entities will control a combined 47.22 per cent in the housing financier giving them greater control over the company's strategic direction and management. Equity Bank is set to earn a total return of more than 500 per cent from the HF divestiture that will see the lender receive more than Sh2 billion from Britam. BAI's investment in Housing Finance is now worth Sh100.4

million based on the Nairobi Securities Exchange-listed firm's share price of Sh46. BAI is one of the largest life insurers in Mauritius, with its gross premiums standing at about Sh21 billion last year. Its purchase of HF shares is its first high-profile direct investment in Kenya and comes after Mr Rawat stepped up control of his interests in Kenya last year. Mr Rawat and his nephew Moussa Ibrahim last year joined the board of Britam where they were appointed non-executive directors. Mr Rawat is the single largest shareholder in Britam with an 18 per cent stake valued at Sh10.9 billion. The increased interest in HF by Britam and its associates has sparked a rally in the mortgage firm's stock amid increased trading by other large investors. Phoenix East Africa Assurance, for instance, sold 233,450 HF shares worth Sh Sh10.7 million in the six months to August. This cut its stake from 0.53 per cent in March to 0.43 per cent last month. Housing Finance CEO Frank Ireri also raised his shareholding in the mortgage firm to 300,000 units or 0.12 per cent stake last month, up from 225,000 (0.01 per cent stake) in May. The share purchases saw the CEO rise to rank as the seventh largest local individual investor in the company from the previous ninth place. Increased demand for HF's share has seen the stock gain 82 per cent over the past one year to trade at Sh46, making it one of the best performing counters at the NSE. The firm posted a 19.4 per cent growth in net profit to Sh474.4 million for the half-year ended June, helped by an income of more than Sh200 million from the sale of 10 million Britam shares. Housing Finance bought the stocks during Britam's 2011 IPO that was priced at Sh9 per share, meaning that the mortgage financier realised a gain of more than 100 per cent on the investment.Its other income — including the Britam shares sold— increased six-fold to Sh311.1 million and pushed total non-interest income up 241.1 per cent to Sh506.2 million. This made up for a slower growth in interest income at 4.7 per cent to Sh2.9 billion despite the loan book expanding by a fifth to Sh38.8 billion. *(Business Daily)*

Safaricom has lost the battle for the control of mobile money transfer after regulators allowed Equity Bank to roll out similar services using thin SIM card technology. The approval, officially announced yesterday, was granted by both Communication Authority of Kenya and Central Bank of Kenya. The two dismissed Safaricom's objections on the new card - which will ride on existing SIM cards - saying that initial investigations showed "that no major complaints and particularly on interception of traffic of the primary SIM card have been reported so far." However, to address the concern raised in totality, the roll out is to be done on a one-year pilot basis to give the two regulators a chance to carry out a detailed study on the technology. Encourage prudent behavior. CA board chairman Ngene Gituku and CBK Governor Njuguna Ndung'u told the Press yesterday that the first phase would run for a year. "We had a board meeting Friday and agreed that Equity Bank will roll out on a pilot basis. If vulnerabilities are found within the period, its services will be cut," Mr Gituku said. Equity Bank will roll out the service under Finserve Kenya, one of its subsidiaries. Prof Ndung'u said Central Bank wanted to understand the system before giving the full go-ahead. "We do this to encourage prudent behaviour within the market and not to shut it from innovations," he said. In its objection to the roll out, Safaricom raised safety concern of the card, saying it could compromise the security of its 19 million money transfer service customers. "Based on the opinion of GSMA, save for the inherent vulnerabilities of all SIM cards, there are no specific and confirmed vulnerabilities arising from the use of the thin SIM," Mr Gituku said. Over the pilot period only Taisys' thin SIM card, proposed by Equity Bank, will be in operation. "Regulators decided to allow only Taisys to roll out in Kenya under a pilot basis. This will help give us in-depth analysis into the technology without exposing the market to many risks," CA director general Francis Wangusi said. According to Mr Gituku, the CA board made the decision after elaborate consultations that ascertained the technology complied with all minimum mandatory international thin SIM card standards, noting that no major complaints on the technology on interception of traffic of the primary card had been reported. In a statement released later on Monday Safaricom welcomed the decision, saying they were happy with the commitment to review security on the thin SIM card and publish guidelines to protect consumers and industry players.

"We are further encouraged by the CA's commitment that in the event of any vulnerability during the testing period, it will take steps to suspend the use of the SIM overlay in the Kenyan market," Safaricom's director of corporate affairs Nzioka Waita said. CA said China National Computer Quality Supervising Test Centre and Bank Card Test Centre of China showed that Taisys SIM complies with International Organisation for Standardisation (ISO) and European Telecommunications Standards Institute (ETSI) standards. The new thin SIM card technology has been the subject of a vicious battle between Equity and market leader Safaricom. The parliamentary Energy and Communications Committee, chaired by Mr Jamleck Kamau, early this month ordered CA to seek the board's approval after announcing that Equity could roll out the technology. "This project should not continue until the board has made its decision," Mr Kamau said before the committee. *(Daily Nation)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Safaricom and technology firm Seven Seas Technologies plan to make joint bids for county government IT tenders after signing a partnership deal. Under the partnership signed Tuesday, the two firms will market education, health and agriculture IT management solutions to the counties. Safaricom will provide capital and telecommunication infrastructure while Seven Seas will provide expertise to deliver the projects. The partnership is also likely to hand Seven Seas a piece of the lucrative Sh14.9 billion police communication system tender that Safaricom is expected to rollout across the country, among other projects like CCTV cameras in Nairobi and Mombasa. The Safaricom and Seven Seas partnership comes at a time when most county governments are adopting automated systems such the Enterprise Resource Planning solutions (ERPs) to get rid of ghost workers and streamline their financial platforms to seal revenue leakages through corruption. Safaricom's enterprise business unit in the year to March contributed Sh10.23 billion to the company's revenue, representing a growth of 35 per cent. Safaricom CEO Bob Collymore said the two companies will share the revenue based on the solutions launched and the contribution of each partner. "The partnership will enable Safaricom leverage on Seven Seas' human talent to roll out IT solutions to county governments, while we will provide the telecommunication infrastructure," said Mr Collymore. The parties Tuesday said they will concentrate on health and education solutions in the first phase of the project and expect to unveil the first solution by mid-December. While Safaricom has been successful in the voice, mobile money transfer and mobile data business its penetration in market areas that require more specialised technological expertise, such as integrating IT solutions, has been slow and thus the partnership. "Seven Seas Technologies has the necessary skills to deliver the transformative IT solutions in health and education sectors that the two parties want to roll out," said Mike Macharia, the Seven Seas CEO during Tuesday's media briefing. *(Business Daily)*

The maximum price of Kenya's top grade AA coffee fell at this week's auction to $300 per bag from $323 at last week's sale, the Nairobi Coffee Exchange said on Tuesday. The east African nation is a fairly small producer by global standards, but its quality beans are used by roasters to blend with beans from other regions. Grade AA coffee sold at $187-$300 per bag, down from $199-$323 at last week's auction, the exchange said in a market report. Grade AB coffee fetched $128-$247 per bag compared with $122-$252 last week. The average price of all grades slid to $218.88 from $221.00 at the last sale. *(Reuters)*

Kenya Airways Wednesday received its fifth Dreamliner plane intended to boost the carrier's capacity in long-range routes to Asia and Europe. The new B787 Dreamliner comes on the back of four other deliveries of the fuel-efficient model that are already on KQ's fleet making inter-continental flights to destinations such as Paris, Guangzhou and Bangkok. KQ in 2006 made an order for nine Dreamliner jets but delays in deliveries saw Boeing deliver the first plane in April this year. "This modern aircraft is a big boost to our long haul capability and will replace the B767, which is our current workhorse," said outgoing CEO Titus Naikuni. The Boeing jets will help to solidify KQ's quest to make Nairobi a communication hub in Africa, flying in passengers from around the continent and connecting them onto long-haul flights to Asia and Europe with plans to venture to the Americas.*(Business Daily)*

Kenyan flour miller Unga Group Ltd reported a 46 percent increase in annual pretax profit after revising down its profits for the previous year following the adoption of new accounting standards. It said profit before tax rose to 567.7 million shillings ($6.38 million) in the 12 months to June from a restated 389.5 million shillings a year earlier. It previously reported pretax profit for the year to June 2013 as 662.2 million shillings. Unga said it had restated results following the adoption of the revised international accounting standards, IAS 19, that related to employee benefits. The firm said turnover in the year to June 2014 was 17.0 billion shillings, up from a restated 15.14 billion shillings in the previous 12 months. It said its earnings per share rose to 6.35 shillings from 2.59 shillings. The board recommended a first and final dividend of 0.75 shillings per share. *(Reuters)*

Economic News

Kenya's shilling weakened on Monday in a quiet start to the week's trading after the central bank intervened to support the currency by selling dollars in the two previous sessions. A downturn in the tourism industry, after a spate of bomb and gun attacks along the coast and in the capital this year, has hurt one of the east African country's major sources of hard currency. At 0752 GMT, the shilling was trading at

88.70/80 to the dollar, compared with Friday's close of 88.50/60. "There definitely has been pressure on the shilling in last couple of days. (Central Bank of Kenya) intervention has propped it up pretty well," said Nahashon Mungai, a foreign exchange trader at Kenya Commercial Bank. "It looks like the shilling is losing a bit of strength again this morning." Another dealer at a Nairobi-based commercial bank also noted the modest weakening but said the market was relatively quiet in early business. The central bank intervened on Thursday and Friday after the shilling weakened to 89.45/55 on Thursday. "They haven't made it clear what level they are uncomfortable with but it looks like a break of 89 is something they are willing to defend," said a dealer, who asked not to be named due to the sensitivity of commenting on central bank policy. *(Reuters)*

Malawi

Corporate News

No Corporate News this week

Economic News

No Economic News this week

Mauritius

Corporate News

Mauritius' Sun Resorts will pay 926.4 million rupees ($29.64 million) for a 50 percent stake in Anahita Hotel Ltd., a luxury resort along the east coast of the Indian Ocean island. Tourism is a key source of hard currency for the Indian Ocean island known for its luxury spas and beaches, though the vital tourism industry has struggled in recent years mainly due to a faltering global economy. Sun Resorts, which owns and manages five hotel complexes in Mauritius and one in Maldives, an tropical Indian Ocean resort archipelago Maldives, said on Monday it would buy the stake from Alteo Ltd., to broaden its services to tourists. Sun Resorts posted a wider pretax loss of 118.49 million rupees against 112.53 million rupees a year earlier, as resorts took a knock following a dip in tourist arrivals. The stock market had closed by the time Sun Resort released a statement on its acquisition. It's shares had closed unchanged at 44.50 rupees. Though the island has found long-haul visitors from the United States and Europe harder to attract since the global financial crisis, it has stepped up efforts to woo Chinese tourists to make up the shortfall. *(Reuters)*

Economic News

No Economic News This Week

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Nigeria

Corporate News

The plan by Transcorp Hotels Plc, formerly Transnational Hotels and Tourism Services Limited, to do an Initial Public Offering on the Nigerian Stock Exchange has been boosted by the company's board. The company's board of directors endorsed the plan at a completion board meeting for the purpose in Lagos, the company said. The company, which is the hospitality arm of conglomerates Transnational Corporation of Nigeria, plans to offer 800,000,000 ordinary shares of 50 kobo each at N10 per share. According to the company, the proceeds of the offer, which will open on September 24 and close on September 30, 2014, will be used to part-finance its expansion projects – specifically for the construction of two new hotels in Ikoyi, Lagos and Port Harcourt in Rivers State. The Managing Director and Chief Executive Officer, Transcorp Hotels, Mr. Valentine Ozigbo, explained that the move was in line with the growth being witnessed by the country's hospitality industry. He said, "Nigeria's hospitality industry is experiencing significant growth, with major demand for expanded capacity and enhanced quality and service. THP is ideally positioned, as the existing owner of the largest number of hotel rooms in Nigeria, and partnered with one of the world's most prestigious hotel brands, Hilton Worldwide, to leverage this demand." He disclosed that the proceeds of the IPO would be used to fund the development of two new Transcorp Hilton hotels – one in Ikoyi, Lagos, and the second in Port Harcourt. According to him, both hotels are meant to be completed in 2017. "We are delighted to be able to offer the Nigerian public the opportunity to participate in our future success. This offer reiterates our commitment to creating sustainable value for all stakeholders," he told journalists after the completion board meeting. Also commenting on the plan, the President, and CEO of Transcorp Plc, Mr. Emmanuel Nnorom, said the offer should excite the company's existing shareholders and members of the public. This, he explained, was because it would open up ownership of "what is regarded as the most strategic piece of real estate in Nigeria," enabling Nigerians to share in the fortunes of the company, which has a great track record, healthy financials and strong corporate governance. Transcorp Hotels, the hospitality subsidiary of Transcorp Plc, owns and operates the Transcorp Hilton Abuja and the Transcorp Hotels Calabar. It was gathered that Transcorp Plc holds 88 per cent stake in Transcorp Hotels through Capital Leisure and Hospitality Limited with the remaining 12 per cent stake held by the Federal Government. The company had filed an application for IPO on the NSE earlier in the month. According to the company, its vision is to be the premier hospitality company in Africa, creating maximum and sustainable value for stakeholders, as well as building Africa's choice hospitality assets underpinned by excellence entrepreneurship and execution. *(Punch)*

Nigeria's Access Bank said on Tuesday it would seek approval from shareholders on Oct. 13 to raise 68 billion naira ($415.3 million) via a rights issue to support its lending business. The top-tier lender plans to issue 7.64 billion shares at 8.90 naira each to existing shareholders. Shares in Access Bank, down 0.1 percent so far this year, have been frozen at 9.59 naira pending the results of the shareholder vote, meaning investors can buy or sell only at that price on the stock market. *(Reuters)*

An indigenous energy group listed on both the Nigerian and Johannesburg Stock Exchanges, Oando Plc, plans to increase its crude oil production capacity to 100,000 barrels per day over the next five years after completing the acquisition of ConocoPhillips' (COP) Nigerian assets for $1.65 billion in July. This is coming as Seven Energy International Limited, an indigenous integrated oil and gas development, production and distribution company with interests in Nigeria, and the Nigerian Sovereign Investment Authority (NSIA), better known as the Sovereign Wealth Fund (SWF), yesterday announced a $100 million investment deal. The Chief Executive Officer of Oando Plc, Mr. Wale Tinubu, said in a statement yesterday that his company's production capacity was currently 42,500 bpd and that the company would grow through future acquisitions as it seeks to increase market share in Nigeria. Oando had completed the acquisition of ConocoPhillips' Nigerian assets with the receipt of the approval of the Minister of Petroleum Resources, Mrs. Diezani Alison Madueke, last July.
With the completion of the $1.65 billion transaction, the company would be producing up to 50,000 barrels of oil equivalent per day from six producing fields. The deal would also significantly impact the company's near immediate upstream strategy and operations, and optimise its value across the energy chain. In December 2012, Oando, through its Exploration and Production subsidiary Oando Energy Resources (OER), entered into an agreement with COP to acquire its Nigerian businesses. Though Oando successfully raised the funds required to complete its acquisition of the assets, the closure of the acquisition was subject to meeting certain conditions, including government and regulatory

approval, and the consent of the Minister of Petroleum Resources. A ministerial consent is the mandatory final approval for all oil and gas acquisitions in the country as stipulated under the Petroleum Act of 1969. With the receipt of the approval, Tinubu said the acquisition satisfied the company's criteria for assets in production, as well as excellent appraisal and exploration prospects. Under the investment deal between NSIA and Seven Energy, NSIA through its Gas-to-Power funds managed on behalf of the Debt Management Office (DMO), signed a commitment letter for an investment of at least $100 million in aggregate principal amount of senior secured notes due in 2023 to be issued and privately placed by Seven Energy Finance Limited. Commenting on the agreement, the Managing Director and Chief Executive Officer of NSIA, Uche Orji, said through this investment and future projects, NSIA would be contributing to the transformation of the gas and power sectors. "We expect that this investment will support the development of Calabar NIPP, Ibom Power, and other power stations. This is a further example of Nigeria's successful public-private investment in infrastructure," he said. The Director-General of DMO, Dr. Abraham Nwankwo, was upbeat, stating that through the innovative cooperation with the NSIA, his agency was able to contribute to their joint work with Seven Energy. "This investment underscores the DMO's role in the development of Nigeria's power sector," he added. In his remark, the Chief Executive Officer of Seven Energy, Mr. Phillip Ihenacho, said he was pleased that his company gained the support of NSIA.

"This investment is a vote of confidence in Seven Energy's vision to be a leading supplier of gas in Nigeria," he said. Seven Energy operations are currently centred on two focus areas of the Niger Delta and a recently acquired stake in the undeveloped asset in the Anambra Basin. In the South-east Niger Delta, Seven Energy has interests in the Uquo Field, which lies within Oil Mining Lease (OML) 13 licence area and the Stubb Creek Field, which lies within OML 14. The company financed the 200 million standard cubic feet per day (Scf/d) capacity Uquo Gas Processing Facility, which utilises gas from Uquo Marginal Field, operated by Frontier Oil Limited to supply Calabar NIPP power plant and Ibom power station. In the North-east Niger Delta, Seven Energy has a Strategic Alliance Agreement with the Nigerian Petroleum Development Company (NPDC) in respect of OMLs 4, 38 and 41. It also has an interest in the Matsogo field within OML 56, while in the Anambra Basin, Seven Energy has an interest in Oil Prospecting Lease (OPL) 905. *(This Day)*

Oando Plc led the price gainers at the stock market yesterday as investors reacted positively to the company's impressive results for the half year ended June 30, 2014. The share price rose by 5.5 per cent from N23.70 to close at N25.01 to lead other 16 price gainers. Oando reported an increase of 110 per cent in profit after tax (PAT) for the half year ended June 30, 2014 and also recommended a dividend of N1 for shareholders. The indigenous oil and gas producer, which is listed on both the Nigeria Stock Exchange (NSE) and Johannesburg Stock Exchange (JSE) recorded an impressive N24 billion operation profit and a N9 billion PAT, showing an increase of 145 per cent and 110 per cent from N9.7 billion and N4.3 billion recorded in the corresponding period of 2013. The directors of recommended a dividend of N1 per share comprising 30 kobo based on 2013 results and 70 kobo interim for the 2014 half year results. It is believed that the impressive 2014 performance is an indication that the Oando has begun to reap the benefits of its landmark $1.5 billion acquisition of ConocoPhillips entire Nigerian business, which has transformed its status into Nigeria's largest indigenous oil and gas producer. Commenting on the results, Group Chief Executive, Oando, Wale Tinubu said, "Our strategic refocus on the higher margin Upstream foresees immense value add for our stakeholders in the near term. We have succeeded in repositioning ourselves within the sector, and through future acquisitions and innovative efficacy we will seek to up our market share in sub-Saharan's upstream sector within the next five years to 100,000 barrel of oil equivalent per day (boe/d) in net production." With the ConocoPhillips assets acquisition now complete and immediately cash generative, the company's upstream subsidiary Oando Energy Resources has a total hydrocarbon production capacity of approximately 45,000 boe/d, and expects annual revenue of over $600 million, and annual free cash flows of $150 million. *(This Day)*

The recent increase in Lafarge Africa's stake in Ashaka Cement as part of the multinational's business consolidation in Africa will lead to more benefits for shareholders, writes Goddy Egene. Lafarge Africa, formerly Lafarge Cement WAPCO Nigeria Plc has been delivering significant returns to shareholders in the past three years with consistent dividend payment. The company has not only been rewarding shareholders with dividend but the payment has been on a steady increase. Shareholders of the company have witnessed an increase of 340 per cent in dividend per share in the last three years. The dividend per share rose from 75 kobo in 2011 to 120 kobo in 2012 and 330 kobo in 2013. Apart from improved dividend, Lafarge Africa has also fetched capital growth to investors. For instance, those who invested in the equity last year enjoyed a capital gain of 96 per cent, which implied that they almost doubled their investments in that year. And in the current year, the equity has outperformed the Nigerian Stock Exchange (NSE) All-Share Index so far this year. While the ASI has recorded a year-to-date (YTD) decline of about 0.68 per cent Lafarge Africa has recorded growth of about 11 per cent. Going by the new development in the company, shareholders will continue to enjoy their investments this year and going forward. The company just concluded the consolidation of its operations in Africa to form a company that is the sixth largest in market capitalisation on the NSE.

Shareholders of the Lafarge Cement WAPCO Nigeria Plc had at their annual general meeting (AGM) last July approved the business consolidation. The consolidation involves the transfer of Lafarge Group's direct and indirect shareholdings in Lafarge South Africa Holding Limited (72.4 per cent) and its equity stakes in three other cement companies in Nigeria-United Cement Company of Nigeria Limited (35 per cent), Ashaka Cement Plc, (58.61 per cent) and Atlas Cement Company Limited (100 per cent), to Lafarge Cement WAPCO for a cash consideration of $200 million and the issuance of some 1.4 billion Lafarge Africa shares to the Lafarge Group. As part of the consolidation process, Lafarge Africa Plc recently concluded the acquisition of 1.312 billion shares of Ashaka Cement Plc from Lafarge Nigeria (United Kingdom) Plc. The deal, worth N30.95 billion, was executed as an off-market trade. The acquisition has brought its stake in Ashaka Cement from 50.6 per cent to 58.6 per cent. Speaking on the development, Country Manager, Lafarge, Jean-Christophe Barbant said: "This move confirms our belief in the potential of Ashaka Cement and reinforces our commitment to the economic development of Nigeria. Lafarge is here for the long term." According to him, Lafarge would continue investing more time and expertise in further supporting Ashaka Cement's leadership in the North of Nigeria. "For example enhancing service for customers, increasing production volumes to meet the growing demand for cement, delivering additional value for shareholders and further developing the skills of our employees," Barbant said.

Speaking on the benefits of the consolidation, Chairman of Lafarge WAPCO, Chief Olusegun Osunkeye said: Lafarge Africa is not only a value enhancing transaction for shareholders but it will provide significant value to all stakeholders through the creation of a Nigerian listed Sub-Saharan Africa building materials giant that will be better able to support the development needs of our continent." According to him, the creation of Lafarge Africa allows the company to continue in its drive to be the best in the areas in which it operates. "The broader geographic coverage means that Lafarge Africa will be better positioned to serve its customers more widely. It also places the company in a stronger position to be able to benefit from the economic growth and development opportunities available in both Nigeria and South Africa," he said. Analysts are very upbeat about the prospects in the new company. Analysts at Stanbic IBTC Stockbrokers Limited said:"We believe this represents a show of commitment to key markets on the African continent. We think the consolidation of Lafarge Group's interest in Nigeria is long overdue." According to them, they expect consolidation to provide the investment community with a more centralised communication channel, which has been elusive especially in the case of Ashaka Cement. "In addition, Lafarge Africa will offer investors exposure to the infrastructure growth story of the two largest economies in Africa. On consolidation, we estimate an installed market share of 30 per cent for the Nigerian operations of Lafarge Africa by 2018," they said. They explained that a minimum of 7.5mtpa is expected from Nigerian operations, adding that they estimate that the combined entity will have a combined installed capacity of 20mtpa by 2018. "We had previously highlighted additional capacity of 2.5mtpa each for Lafarge WAPCO and Ashaka Cement. We also understand that UNICEM is planning to double its capacity to five mtpa by 2016," they said. Also some investment experts and analysts have said the move would change the game plan in the Nigerian investment market, the cement industry and African mergers and acquisitions space. Group Head, Research, Lead Capital Plc, Sadiq Waziri, said the consolidation into Lafarge Africa will translate into greater efficiency through the scale of economies with the emergent company in good stead to better serve the African market, hence increase in revenue for the company. "I would expect the combined entity would generate higher revenues, higher returns on asset and capital, and robust market valuation matrix.

This should move the share price northwards. Besides, since the combined entity will be listed, one should expect the new Lafarge Africa to increase its number of shares to accommodate the transaction," Waziri said. Speaking in the same, Damilola Lawal of Cardinal Stone Partners, said the consolidation would be good for existing Lafarge Wapco shareholders because the new entity would enjoy increased efficiency from the elimination of redundant capacity, economies of scale, and higher borrowing capacity. He noted that there could also be better synergies across Lafarge's cement manufacturing, aggregates and Ready Mix Concrete lines and better geographical diversification. In the opinion of Head, Research and Investment Advisory, Sterling Capital Markets, Sewa Wusu, investors and the cement industry would benefit significantly from the Lafarge Africa transaction.

"I think the Nigerian market stands to benefit immensely from this strategic move. We are going to witness increased capacity in cement production in Nigeria as these companies struggle with strategic initiatives to enhance quality in cement production in order to increase market share. This is also a positive development for the Nigerian Stock Exchange (NSE), particularly the investors," Wusu said. The company has been posting impressive results in recent times. In the financial year ended December 31, 2013, for instance, Lafarge WAPCO reported profit after tax of N28.2 billion, showing an increase of 92 per cent compared with N14.7 billion in 2012. While turnover increased by 12 per cent to N98.8 billion as against N87.9 billion in 2012, the company witnessed significant reduction in interest expenses N5.5 billion to N3.8 billion as a result of the reduction in interest charges due to the full repayment of the naira syndicated bank loans. Consequently, basic earnings per share grew from N4.90 to N9.42, indicating an increase of 92 per cent. The company not only focused on increasing its turnover but also ensured its operational costs are curtailed without compromising on service to its customers. The strong operational performance and efficient working capital management resulted in an increase in cash holdings of N11.5 billion. With the company being in a more cash positive position, it was able to reduce its debt by 42 per cent, paying off its variable rate medium term syndicated Naira and foreign currency loans ahead of tenor. As a result, the company's debt position closed 2013 at N21.5 billion, while debt-to-equity ratio reduced to 23 per cent in 2013 as against 55 per cent in 2012. The company continued the positive performance into the half year ended June 30, 2014. Lafarge ended the half year with revenue of N55.35 billion, showing an increase of 12 per cent, compared to N49.481 billion in the corresponding period of 2013. Profit before tax grew by 29 per cent from N13.806 billion to N17.745 billion, while profit after tax rose from N14.58 billion to N15.557 billion. *(This Day)*

OANDO Plc has posted a revenue of N195 billion in its half year operations, against N280.3 billion achieved in the corresponding period in 2013. The company's operating profit however rose from N9.6 billion to N24 billion during the period under review. Its profit before tax stood at N12.5 billion from N6billion posted in 2013 while profit after tax grew from N4.2 billion to N9 billion in 2014. According to the company, the percentage increase in operating profit is 145pert cent while profit after tax grew by 110 per cent. The company is also paying a dividend of N1 per share based on a 2013 dividend of 30 kobo and 2014 proposed interim dividend of 70 kobo. Commenting on the release of the results, Chief Executive Officer of the company, Wale Tinubu said: "These impressive results indicate the company is beginning to reap the rewards of its landmark $1.5 billion acquisition of ConocoPhillips entire Nigerian business, which has transformed its status into Nigeria's largest indigenous oil and gas producer. "With the acquisition now complete and immediately cash generative the company's upstream subsidiary Oando Energy Resources has a total hydrocarbon production capacity of approximately 45,000 boe/d, 2P Reserves of 230.6MMboe and 2C Resources of 547MMboe, and expects annual revenue of over $600 million, and annual free cash flows of $150 million. "Our strategic refocus on the higher margin Upstream foresees immense value add for our stakeholders in the near term. We have succeeded in repositioning ourselves within the sector, and through future acquisitions and innovative efficacy we will seek to up our market share in sub-Sahara's Upstream sector within the next five years to 100,000 boe/d in net production." Oando has also made significant progress in extracting value from its legacy assets. OML 125 production increased by 17per cent to 651,000 bbls, while OML 56 production increased by 30per cent to 171,000bbls compared to last year, significantly impacting revenue and profit streams. The company's midstream business Oando Gas and Power is currently undergoing an extension of its natural gas distribution network by eight kilometers from Ijora to the Marina business district in Lagos state, positioning the company to benefit from the growing demand for gas and power infrastructure in the country.

In the downstream, the company recently completed construction of the Apapa Single Point Mooring (ASPM) Jetty, a first in Africa. The project is expected to improve overall downstream efficiency through cost savings on imports and the elimination of the current high cost of lightering and demurrage. The cost saving across the industry is estimated to be in excess of $120 million per annum. Also released was the company's end of year statement for 2013, which shows the company posted a N1.4 billion profit. This was greatly attributed to the acquisition cost and interest on debt facilities in Oando's prolonged acquisition of ConocoPhillips Nigeria business assets. In the first half of 2014, the group has already seen positive indications from its active strategic initiatives; upstream investments, midstream expansion and downstream optimisation. Based on its Q2 2014 performance, it is likely to exist the year with a N24 billion profit. *(Guardian)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

A Moroccan bank, Skye Bank Plc and Fidelity Bank Plc are among the top seven shortlisted as potential buyers of Mainstreet Bank, top officials close to the bidding process revealed on Wednesday. The Managing Director, Asset Management Corporation of Nigeria, Mr. Mustafa Chike-Obi, had told our correspondent two weeks ago that AMCON advisers had shortlisted seven potential buyers for Mainstreet Bank. He, however, declined to mention their names. But sources close to the transaction disclosed to our correspondent on Wednesday that aside the Moroccan bank, Skye Bank and Fidelity Bank were among those eyeing Mainstreet Bank, while the remaining four bidders included a consortium of local buyers being backed by foreign financiers. One of the sources said, "The Moroccan bank is not likely to go ahead with the bidding process because it is no more showing interest for whatever reasons best known to it. But Skye, Fidelity and other consortia are firmly in the race. "One of them has submitted a bid of over N100bn but nobody knows who may win the bid, because a number of parameters are involved. It is too early to predict anything." The latest development came barely two weeks after AMCON announced Heritage Bank as the preferred bidder for Enterprise Bank. Enterprise Bank and Mainstreet Bank are two of the three nationalised banks created after the 2009 banking crisis. Keystone Bank is the third lender. They were created from the ashes of defunct Spring Bank, Afribank and Bank PHB, which were taken over by AMCON after they failed to meet the Central Bank of Nigeria's recapitalisation deadline.

The CBN had in the wake of the 2009 banking crisis established AMCON, a bad debt manager, to buy off non-performing loans from banks' books. The Heritage Bank-sponsored HISL had on September 11, 2014 emerged as the preferred bidder for Enterprise Bank, while Fidelity Bank emerged as the reserve bidder. On Friday, the bank paid the initial deposit of 20 per cent of the bid price and is expected to pay the balance next month in line with the purchase agreement it signed with AMCON. Skye Bank and Fidelity Bank participated in the bidding process for Enterprise Bank, with Fidelity expected to emerge as the preferred bidder should Heritage Bank fail to pay the 80 per cent balance of the bid price. "Some of the banks submitted bids for both Enterprise Bank and Mainstreet Bank. I think the CBN may not allow any of them to buy more than one bank. But I think some of them did so to boost their chance, hoping that if they won one, they would drop or opt of the other one," a top banker, who chose to speak under the condition of anonymity because of the sensitivity of the bidding process, said. Chike-Obi had said the corporation would not disclose the name of any of the potential buyers other than to announce the preferred and reserved bidders after the process. He had told our correspondent in an exclusive interview that AMCON had reduced the 23 investors lining up to buy Mainstreet Bank to just seven. He also said the corporation would name the successful buyer of Mainstreet Bank on October 31. "With Mainstreet Bank, we started with about 23 prospective buyers and I believe that we are down to seven prospective buyers now," he had said. AMCON had commenced the sale of Enterprise Bank and Mainstreet Bank last year and early this year, respectively. The AMCON boss said the sale of Keystone Bank would commence later. The CBN had on August 5, 2011 revoked the operating licences of Afribank, Spring Bank and Bank PHB, which it said did not show enough capacity and ability for recapitalisation. In their place, the CBN, through the Nigerian Deposit Insurance Corporation, established three bridge banks and transferred the assets and liabilities of the affected banks to the bridge banks. Mainstreet Bank took over the assets and liabilities of Afribank; Keystone Bank assumed the assets and liabilities of Bank PHB; while Enterprise Bank took over Spring Bank. Consequently, AMCON acquired from the NDIC the three bridge banks and injected N679bn into them to meet the minimum capital base of N25bn and the minimum capital adequacy ratio of 15 per cent. Mainstreet Bank received N285bn; Keystone Bank, N283bn; and Enterprise Bank, N111bn.*(Punch)*

The Managing Director and CEO of Transcorp Hotels Plc (THP), Mr. Valentine Ozigbo, has stated that the company will stick with its dividend policy, when the shares being offered to the investing public are listed on the Nigerian Stock Exchange (NSE). Ozigbo, who made this known while presenting the company's "Fact Behind the Offer" to investors and stockbrokers at the NSE yesterday, stressed that the company has consistently rewarded its stakeholders with mouth-watering returns over the years and would continue to do so. The initial public offering (IPO) by Transcorp Hotels Plc to raise about N8 billion from the investing public opened on Wednesday, September 24, 2014 and is expected to closeOctober 17, 2014. This followed the completion boarding of the company held in Lagos last week, where the directors of THP and other parties to the IPO signed the pact for the offer. The board of THP approved that the company issues 800 million shares of 50 kobo at N10 per share via the IPO and the listing of the shares of the company on the NSE after the IPO. The proceeds of the offer will be used to part-finance its expansion projects, specifically the construction of two new flagship hotels in Ikoyi, Lagos and Port

Harcourt, as part of its broader expansion plans.

THP, formerly known as Transnational Hotels and Tourism Services Limited, is the hospitality subsidiary of Transcorp Plc. The company owns and operates the Transcorp Hilton Abuja and the Transcorp Hotels Calabar with a vision to be the premier hospitality company in Africa. Ozigbo added that Nigeria's hospitality industry is experiencing significant growth, with major demand for expanded capacity and enhanced quality and service. "THP is ideally positioned, as the existing owner of the largest number of hotel rooms in Nigeria, and partnered with one of the world's most prestigious hotel brands, Hilton Worldwide, to leverage this demand. The proceeds of this offer will be used to fund the development of two new Transcorp Hilton hotels, one in Ikoyi, Lagos, and the second in Port Harcourt, with both due for completion in 2017. We are delighted to be able to offer the Nigerian public the opportunity to participate in our future success. This offer reiterates our commitment to creating sustainable value for all stakeholders," Ozigbo added. *(This Day)*

Economic News

Global rating agency, Standard & Poor's (S&P), has affirmed its 'BB-/B' rating on Nigeria. However, S&P in the latest rating on Nigeria stated that the country's outlook remains negative, pointing out that there was at least a one-in-three chance "that we could lower the ratings on Nigeria if institutional governance effectiveness deteriorates, or if fiscal or external balances weaken beyond our current projections". S&P said the rating was constrained by its view of Nigeria's low Gross Domestic Product (GDP) per capita, significant infrastructure shortfalls, political tensions, and weak institutions. However, it noted that the country benefits from low government and external debt burdens, ample oil reserves, and robust non-oil GDP growth. Furthermore, S&P anticipates petroleum prices would largely remain high, which would support exports and government revenues. It also acknowledged a series of reforms in agriculture, the privatisation of the power sector, and the rapid growth of sectors such as telecoms and financial services, which have contributed to the country's growth momentum. "However, oil production has stagnated, as new investment holds out for the passage by parliament of the long-awaited Petroleum Investment Bill (PIB). "Nigeria's real GDP continues to grow strongly and we forecast that it will average 6.3 per cent a year in 2014-2017, driven primarily by non-oil growth and strong services growth. "In addition, external and fiscal debt stock burdens are low. Nevertheless, political jockeying is high in the run-up to the February 2015 elections, which may test Nigeria's institutions and fiscal resilience; and militancy in the North-east continues to flare. "We are affirming our sovereign credit ratings on Nigeria at 'BB-/B'. The outlook remains negative, indicating at least a one-in-three chance that we could lower the ratings on Nigeria if institutional governance effectiveness deteriorates, or if fiscal or external balances weaken beyond our current projections," it added. Also, another global rating agency, Fitch Ratings, at the weekend upgraded Lagos State's national long-term rating to 'AA+(nga)' from 'AA(nga)'.

Fitch further affirmed Rivers State's long-term foreign and local currency issuer default ratings (IDRs) at 'BB-' and its national long-term rating at 'AA-(nga)', just as it affirmed Kaduna's long-term foreign and local currency issuer default ratings (IDRs) at 'B+' and national long-term rating at 'A+(nga)'. On Lagos State, Fitch noted that the state's outlook remains "stable". "The agency has simultaneously affirmed Lagos State's long-term foreign and local currency Issuer IDRs at 'BB-' with stable outlook and its short-term foreign currency IDR at 'B'," it explained. It stated that Lagos' N275 billion MTN programme, alongside its N57.5 billion and N80 billion bonds, which would mature in 2017 and 2019, respectively, have been affirmed at 'BB-' and upgraded to 'AA+(nga)' from 'AA(nga)'. "The upgrade reflected Fitch's expectations of the state's continued solid operating performance, improved transparency and efforts towards an increasingly sophisticated and transparent administration, which is conducive to growing private sector investment," it stated. The rating reflects the following drivers and their relative weights – high management and administration. "Fitch believes that Lagos' management is becoming increasingly more sophisticated. With the aim to progressively improve transparency and accountability to international standards, the state is improving its governance and disclosure, with budgets and quarterly performance being published on the official website," it added. On Rivers State, Fitch stated that the state's outlook was "stable", adding that the ratings reflected "Fitch's expectations that Rivers will continue to report a solid operating margin in the medium term, mainly driven by growing non-oil revenue being partially offset by gradually increasing operating expenditure, as well as by improving management disclosure and transparency. "The rating also took into account Fitch's expectation of rising financial debt, reflecting the administration's commitment to maintain a high level of capital expenditure to alleviate its weak socio-economic indicators." Also, for Kaduna, Fitch noted that the state's outlook remains "stable". "The affirmation reflects Fitch's expectations that Kaduna State will continue to achieve healthy financial performance amid mild growth in local taxes and subsidies from the federal government. "The rating also took into account the likely increase in financial debt due to the high infrastructure investment programme, which could potentially pressurise the budget, and the weak socio-economic environment," it added. *(This Day)*

Chief Executive Officer, Stanbic IBTC Asset Management Limited, Mr. Olumide Oyetan, has advised investors to take advantage of its on-going N1 billion initial public offer for the Stanbic IBTC Exchange Traded Fund (Stanbic IBTC ETF 30) to invest in a low cost instrument that will deliver the required market return from the NSE 30 Index of the Nigerian Stock Exchange (NSE). Oyetan, who gave the advice while speaking at an investors forum in Lagos, said application has been made to the NSE to admit the Fund in its daily official list and would be listed for secondary market transactions as soon as the necessary regulatory approvals are secured. The Stanbic IBTC ETF 30 was designed to track the performance of the NSE 30 index, which comprises the top 30 companies listed on the NSE in terms of market capitalisation and liquidity. The index serves as the flagship benchmark for the stock market as it represents 92 per cent of the NSE's market capitalisation and will replicate the price and yield performance of the index.

SIAML is currently offering 10 million units of the Fund at N100 each at par to investors. Application for the offer opened on Monday, 15 September 2014, and is scheduled to close on Wednesday, October 15, 2014. The offer, which has received approval from the Securities and Exchange Commission (SEC) and the Nigerian Stock Exchange, will have a minimum subscription of 10,000 units and multiples of 5,000 units thereafter. Oyetan explained that investors could invest or dispose of units of the Fund by buying or selling in the secondary market or through creation and redemption of the units in the primary market, adding that creation and redemption of the Fund could only be done by the Fund Manager when it is in excess of 500,000 units. He said the units of the Fund could be created or redeemed either in kind or cash or combination of both. Listing some of the underlying benefits, the SIAML boss explained that investing in the Fund represents an efficient means of acquiring all of the securities, included in the NSE 30 index, compared to investing in each individual stock. He added that at any time during the trading day, an investor could execute a single ETF trade and immediately obtain broad exposure to the group of securities in the index, which span across different sectors. "To further facilitate liquidity, the Fund will have a Market Maker, whose function will be to continuously offer to buy and sell units of the Fund on the floor of the Exchange", he clarified**.** *(This Day)*

Nigeria has been estimated to have realised about $40 billion from crude oil exports in the first half of this year, according to the Organisation of Petroleum Exporting Countries (OPEC). The 12-nation member organisation, in its revenue fact sheet, however stated that the Africa's oil giant had net earnings of about $84 billion in 2013. This revenue has positioned Nigeria as the fourth highest earner among OPEC members, after Saudi Arabia ($274 billion), Kuwait ($45 billion), and Iraq ($45 billion), during the same period. Libya earned the least revenue with ($4 billion) after Equador ($5 billion). The United States Energy Information Administration (EIA) also estimated that excluding Iran, members of the OPEC earned about $826 billion in net oil export revenues in 2013, a seven per cent decrease from 2012 earnings, but the second largest earnings totals during the 1975 to 2013 period. OPEC earnings declined largely because of a drop in OPEC oil production in 2013 (due mainly to supply disruption in Libya), and a three per cent slide in average crude oil prices (as measured by the Brent crude oil price marker). Based on projections from EIA's July 2014 Short-Term Energy Outlook (STEO), EIA has estimated that OPEC (excluding Iran) could earn about $774 billion in net oil export revenues in 2014 and $723 billion in 2015 (unadjusted for inflation). These declines from the 2013 level were the result of projected shortfalls in the call on OPEC crude oil production, because of the large increases in non-OPEC production for 2014-15, as well as expected crude oil price declines that were also the result of declines in the call on OPEC crude oil production. However, the Ministry of Finance had estimated that Nigeria's oil revenue in July fell by seven per cent month-on-month to N483.5 billion ($3.02 billion), due to disruptions to crude production and exports at facilities operated by Shell and Total in the Niger Delta. "The decline in revenue is attributable to the force majeure declared by Shell and a series of shutdowns of trunk lines and pipelines at various oil-loading terminals including the Akpo oil field," it stated. *(This Day)*

Cautious trading by investors saw market indicators close on a negative note at the Nigerian stock market yesterday. The Nigerian Stock

Exchange (NSE) All-Share Index (ASI) fell by 0.16 per cent to close at 40,984.12, while market capitalisation shed N21 billion to close at N13.533 trillion. Similarly, volume and value of trading declined by 40.5 per cent and 10.6 per cent respectively. Although there were 29 price gainers, compared to 23 price losers, the benchmark index fell due to pressure from highly capitalised stocks among the price losers. All the sectoral indices of the NSE declined led by the NSE Banking Index which shed 1.01 per cent followed by NSE Oil & Gas Index, which closed 0.28 per cent lower. The NSE 30 Index went down by 0.11 per cent. Market operators said investors adopted cautious trading having made some gains the previous week. "This is the beginning of a new week and many investors are cautiously waiting for the direction the market before they will take further action. Besides, the month is about coming to an end and institutional investors are preparing to close their books for the month. The sluggish performance of the market is therefore not surprising," a stockbroker said. Unilever Nigeria Plc led the price losers with N1.74 to close at N48.26 per share. Dangote Cement Plc followed with N1.15 to be at N222.85, while Ecobank Transnational Incorporated shed N0.90 to close at N18.10 per share. International Breweries Pl and Guaranty Trust Bank Plc lost N0.64 and N0.44 in that order, just as Oando Plc and Premier Breweries Plc went down by N0.30 and N0.25 respectively. On the other hand, Nestle Nigeria Plc recorded the highest price gain in absolute terms of N19.90 to close at N1,069.90. Seplat Petroleum Development Company Plc appreciated by N6.50 to close at N60 per share. Lafarge Africa Plc and Julius Berger Nigeria Plc chalked up N3.50 and N3.20 respectively. *(This Day)*

Nigerian stocks fell to a four-month closing low of 40,537 points on Tuesday, as a weaker naira hurt by falling global oil prices dampened appetite for equities, dealers said. The index shed 1.1 percent on the day to its lowest closing level since May 28, dragged down by heavyweight banking and cement stocks. Shares in Dangote Cement, Nigeria's most capitalised stock, shed 1.73 percent to 221 naira, while Zenith Bank fell 3.64 percent to 23.80 naira. *(Reuters)*

Nigeria will export around 1.91 million barrels per day (bpd) of crude oil in November, its highest level since September 2013, loading programmes seen by Reuters showed on Tuesday. November's figure is higher than the upwardly revised figure of 1.86 million bpd due to be exported in October. Higher exports of the Bonny Light grade, which had been beset by oil theft, outweighed a dip in the level of Qua Iboe and Forcados exports. The increase in exports adds more light, sweet crude oil to an already well-supplied market, with both Libyan and Iraqi exports on the rise. Strong supply has helped push Brent crude, against which West African oil is benchmarked, down almost 14 percent this quarter, its biggest such drop since the second quarter of 2012. *(Reuters)*

Nigeria has headed off a threat to its banking industry by propping up struggling power companies with an intervention fund, said analysts including Pabina Yinkere of Vetiva Capital Management Ltd. The 213 billion naira ($1.3 billion) fund announced by President Goodluck Jonathan's administration on Sept. 19 will be used to pay off gas-supply debts owed by power companies and to cover revenue shortfalls. It will also help them meet debt service obligations to banks on loans of almost 500 billion naira, on which some were falling behind. "The government is reacting to the risk affecting the power industry as a whole and the sustainability of the reform, which dovetails to the banks," Yinkere said in a phone interview from the commercial capital, Lagos, on Sept. 24. "This intervention fund will ease the stress in the industry and in effect reduce the probability of loans going bad." Nigeria dismantled its power monopoly and sold the hydro-and gas-powered plants it ran last year in a bid to bring in investment needed to expand electricity supply, with demand more than three times the current output of about 3,800 megawatts. Companies including Transnational Corp. of Nigeria Plc, Korea National Electric Co. (015760) and Forte Oil Plc (FO) paid more than $3 billion for controlling interests in 15 power generators and distributors.

UBA Plc (UBA), Nigeria's fourth-biggest lender by market value, granted $700 million in loans to several investors, including Transnational, which got $215 million to buy Ughelli Power, the country's second-biggest gas-fueled plant with capacity for 900 megawatts. Guaranty Trust Bank (GUARANTY), the biggest lender by market value, advanced $170 million to Mainstream Energy Solutions Ltd. for the concession of Jebba and Kainji hydro-power plants. Zenith Bank Plc (ZENITHBA), the second-biggest lender, provided 40 billion naira for the acquisition of two electricity distribution companies in Lagos. Other lenders such as Ecobank Transnational Inc.,Diamond Bank Plc (DIAMONDB) and Skye Bank (SKYEBANK) also provided loans to power investors. Though the ratio of non-performing loans in Nigerian banks remain low at 4 percent of all borrowings, compared with a high of 35 percent in November 2010, it is expected to increase for electricity companies "as the new distribution and generation businesses pile up debts and struggle under the early phases of liberalization," Philippe de Pontet, Africa director at New York-based Eurasia Group, said in a Sept. 24 e-mailed note to clients. The prominent role the central bank is assuming in managing the bailout indicates that Governor Godwin Emefiele, like his predecessor Lamido Sanusi, is keen to give the bank "an active role in the economy" through areas including power, agriculture and manufacturing, according to de Pontet.

Under Sanusi, the central bank fired the chief executive officers of eight lenders in 2010 for mismanagement as Nigeria reeled from the effects of the 2008 global financial crisis. The banks were bailed out with 600 billion naira while the government set up the Asset Management Corp. of Nigeria, or Amcon, to buy bad debts from lenders and save the financial system from collapse. Amcon said last month it won't buy any more bad debts from lenders. The bailout for power companies will make possible the start of a Transitional Electricity Market in October, where power generators and distributors can buy and sell power, mediated by the Nigeria Bulk Electricity Trader, according to the timetable set by regulators. The Bulk Trader has almost $1 billion in risk guarantees provided by the World Bank and Nigeria's Sovereign Wealth Investment Authority, with an additional $750 million to back trading by power generators and distributors. While the bailout does not address all the challenges, it is a step in the right direction, Bismarck Rewane, chief executive officer of Lagos-based Financial Derivatives Co., a risk advisory firm, said by phone yesterday. "The signal is that the power investors will be supported," he said. "Power is too important that the government cannot let it fail." *(Bloomberg)*

The Consul General of the Peoples Republic of China, Mr. Liu Kan, yesterday placed the trade volume between Nigeria and China in the first six months of 2014 at $11.76 billion. Kan who spoke in Lagos at the 65th anniversary of the founding of his country, also noted that Nigeria's export to China during the period rose by a significant 117.9 per cent, higher than all the export from Nigeria to China in the whole of the previous year, 2013. "In the first half of the year, the trade volume between China and Nigeria reached $11.76 billion, among which the import from Nigeria to China increased by 117.9 per cent, which surpassed the total for last year," Kan stated. Noting that Nigeria now is the biggest export market for China, and the third largest partner in Africa, the envoy said, the advantages of the Nigeria economy attract more Chinese enterprises to invest and develop in the giant West African nation. According to him, by the end of 2013, non-financial direct investment from China to Nigeria amounted to $1.79 billion, with hundreds of Chinese enterprises in Nigeria not only working hard to develop themselves, but also voluntarily embarking on Corporate Social Responsibility (CSR) efforts, creating significant number of jobs and transferring urgently needed skills to Nigerians.

"They have made a special contribution to promote the friendship of the peoples and bilateral relations of the two countries. For example, Huawei has already trained more than 5,000 local engineers and launched 1,000 girls Information and Communications Technology (ICT) programme in partnership with the Federal Ministry of Communication Technology. Lots of Chinese enterprises donate to schools, revamp roads for local communities, donate medical equipment to local hospitals, contribute money and schools supplies to handicapped children schools, especially during the Ebola Virus Disease pandemic, they donated a large number of protection kits to local communities," he added. Stressing the world's most populated country's efforts at implementing far reaching reforms, Kan said the year, "2014 is the first year of the all round deepening reform of China. The Chinese government continues to firmly adjust, transform and upgrade the economic structure. "Though facing some difficulties and challenges, the Chinese economy still maintains a sound momentum of development, with the growth rate of the first half of the year amounting to 7.4 per cent." Kan however boasted over the assertion that in recent years, China has become the main driver of the world's economic growth, with the Chinese economy contributing nearly 30 per cent of world growth. "In the next five years, China is expected to import commodities worth more than $10 trillion and invest directly the sum of about $500 billion abroad with the development of the Chinese economy not only having a great impact on the world economy, but also offering great opportunities to other countries, including Nigeria," he added. *(This Day)*

Tanzania

Corporate News

No Corporate News This Week

Economic News

Tanzania, which has Africa's best-performing stock market, lifted controls on foreign-share ownership, making it more enticing for companies to consider initial public offerings. The removal of restrictions on foreigners owning more than 60 percent of companies that trade on the Dar es Salaam Stock Exchange was published in a Government Gazette dated Sept. 19, Charles Shirima, spokesman for the Capital Markets and Securities Authority, said by phone today from the commercial capital, Dar es Salaam. Investors from the East African Community will also be allowed to buy as much as 40 percent of Tanzanian government securities, he said. The 11-member Tanzania Share Index gained 73 percent in 2014, the most among 17 African gauges tracked by Bloomberg. Tanzania's $33 billion economy, the largest in East Africa after Kenya, will expand 7.2 percent this year, according to World Bank estimates. The country has the most gas reserves in the region after Mozambique, spurring an investment boom, while its mobile-phone penetration rate of 60 percent leaves room for growth for operators, according to Renaissance Capital."We're going to see more IPOs for sure because now companies are going to have access to international capital markets, which they haven't had before," Kwame Narh-Saam, head of sub-Sahara trading at Renaissance Capital, said by phone from London. "It's quite a good story, they've got good growth that's expected to be stable." The Dar es Salaam Stock Exchange, which has a market capitalization of 21.9 trillion shillings ($13 billion), is targeting a market value equal to 50 percent of Tanzania's gross domestic product by 2017, Chief Executive Officer Moremi Marwa said in an interview last month. Finance Ministry Permanent Secretary Servacius Likwelile didn't answer a call to his mobile phone seeking comment. The bourse is targeting five IPOs by June, with one set for October or November and another two during the first quarter of 2015, Marwa said in a Sept. 10 interview. Three of the companies are in financial services and banking, one in manufacturing and the other in mining, he said, declining to identify them because details aren't public. "It seems like the government is putting pressure on the telcos in particular to list," Narh-Saam said. A share sale by the local unit of Bharti Airtel Ltd. would set a precedent for other mobile-phone companies to follow, he said. Commodity companies may also seek listings with the country's gas reserves "set to propel the economy into something big," Narh-Saam said. "The infrastructure developments that are happening on the ground, you can just see it's the start of something that's going to be difficult to ignore." *(Bloomberg)*

Tanzania has set aside a rule that barred foreign investors from buying more than 60 percent of shares in a listed company on the Dar es Salaam Stock Exchange, its chief executive said on Thursday. "The government... has lifted foreign investors limits," the exchange's CEO Moremi Marwa told Reuters. (Reuters)

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zambia

Corporate News

Zesco Ltd., producer of most of the electricity used by Zambian copper mines, signed a power-purchase agreement with the local unit of India's GMR Group, the African nation's Mines Minister Christopher Yaluma said. The agreed tariff with EMCO Energy Zambia "will be in the range" of Zesco's deal with Maamba Collieries, the Nava Bharat (NBVL) of India unit that's building a 300-megawatt coal plant in the country, Yaluma said in an interview in Lusaka on Sept. 18. The GMR unit's 300-megawatt coal-fired plant will cost about $700 million, Chief Executive Officer Ajit Mishra said by phone, declining to give the price paid for the power. Zambia's power generation capacity is 2,310 megawatts, President Michael Sata said in a speech to Parliament Sept. 19. The chamber of mines was in July granted a judicial review over a power-tariff increase. The industry, which uses about half the nation's electricity, produces more copper than any other African country after the Democratic Republic of Congo. First Quantum Minerals Ltd. and Glencore Plc have interests in Zambian copper mines. *(Bloomberg)*

Zambia's Copperbelt Energy Corporation, has cut down power supply to the Konkola Copper Mines (KCM) owned by London-listed Vedanta Resources after a dispute over electricity bills, the mining company said on Sunday. Konkola last week lost a court application to stop Copperbelt Energy, one of the biggest power suppliers to mines in Africa's second largest copper producer, from cutting its electricity over a disputed, unpaid $44 million bill. "Konkola Copper Mines would like to inform its stakeholders that Copperbelt Energy has started to restrict power supply to KCM following a commercial dispute between the two parties," it said in a statement. "The restriction in power supply will adversely affect Konkola Copper Minesâ€™ operations and compromise safety of the employees and job security," the company added. Operations at Konkola's Nchanga integrated business unit had already been affected, it said. Copperbelt Energy lawyer Chishimba Lamba said his company had notified Konkola of its intention to restrict electricity supply to the mining firm from Sunday afternoon following the high court ruling, local media reported. *(Reuters)*

Zambia's Konkola Copper Mines (KCM) has lost 482 tonnes of copper output worth $3.3 million after Copperbelt Energy Corp started restricting its power supply, it said on Tuesday. KCM, owned by Britain's Vedanta Resources, was forced to shut down its Nchanga concentrator on Saturday after Copperbelt Energy Corp's decision to restrict electricity supply over an unpaid bill. "Shutting down the concentrator has in turn affected production at our Tailings Leach Plant, which depends on primary material from the concentrator," KCM said in a statement. The restriction of power supply was greatly impairing KCM's production and profitability and may have implications for job security if prolonged, it said. Zambia's energy minister on Monday called for dialogue between Copperbelt Energy Corp and KCM to end the dispute. Copperbelt Energy Corp has said KCM refused to make payments for electricity it consumed between April 2014 and now, accumulating electricity bills totalling $44 million. KCM last week lost a court application to stop Copperbelt, one of the biggest power suppliers to mines in Zambia, from cutting its electricity over the disputed bills. KCM, which produced 160,000 tonnes of copper in 2013, also owns a smelter at Nchanga and a refinery at Nkana. *(Reuters)*

Zambia's Konkola Copper Mines (KCM) has suspended underground work at its Nchanga mine due to flooding caused by reduced electricity supply stemming from a dispute with Copperbelt Energy Corp (CEC). Copperbelt Energy restricted power to the mine on Saturday over an unpaid electricity bill, forcing KCM - a unit of Vedanta Resources - to shut down its Nchanga concentrator. KCM said on Tuesday it had lost nearly 500 tonnes of copper output valued at more than $3.3 million. "Resulting from the CEC unilateral power restriction and the flooding this has caused, KCM has suspended mining operations at the Nchanga underground," KCM spokesman Shapi Shachinda said in a statement. It would take weeks to drain the water from the shaft and even longer to resume normal operations, Shachinda said, adding that power had since been restored due the risk it posed to miners trapped underground. Copperbelt Energy has said KCM refused to make payments for electricity it consumed between April 2014 and now, accumulating electricity bills totalling $44 million. KCM last week lost a court application to stop Copperbelt, one of the biggest power suppliers to mines in Zambia, from cutting its electricity over the disputed bills. KCM, which produced 160,000 tonnes of copper in 2013, also owns a smelter at Nchanga and a refinery at Nkana. *(Reuters)*

Glencore Plc (GLEN)'s Zambian unit, Mopani Copper Mines Plc, is owed about $200 million in value-added tax refunds by the southern African nation's revenue service, a company spokesman said in an e-mail today. The Zambia Revenue Authority has withheld tax refunds of more than $600 million over the past year from companies that failed to comply with a rule requiring them to supply import documents from the country their exports end up in. The mines say they can't provide the papers because they sell to traders and don't know the final destination of the metal. The withheld repayments have led to mining companies canceling projects and slowing production in Africa's biggest copper producer after the Democratic Republic of Congo, the Chamber of Mines of Zambia said yesterday. It will also lead to job losses in the medium to long term, the industry group said. Mopani, a unit of the world's third-largest miner by market value, is undertaking a $323 million investment at its Nkana mine near the Zambian city of Kitwe. The unit, which has over 20,000 employees in Zambia, has invested more than $2 billion over the past 14 years. *(Bloomberg)*

Economic News

No Economic News This Week

Zimbabwe

Corporate News

Zimbabwe needs to increase total platinum production by an additional 170 000 ounces, which will require an investment of around $1 billion, to sustain a Base Metal Refinery (BMR) in the country. Zimplats general manager (processing) Louis Mabiza told delegates at the just ended 3rd international workshop on Mineral Processing and Beneficiation which was organised by the Non-Aligned Movement Science and Technology Centre in partnership with two other government ministries, that Zimbabwe needed to produce a minimum of 500 000 Pt oz/ yr to justify the establishment of a Base Metal Refinery in the country. "A minimum production rate of 500 000 Pt oz/yr is required and we must have enough smelting and converting capacity for the BMR to be in place," he said. "We need to increase platinum production by 170 000 ounces and this requires investment as high $1 billion. Mabiza said the refinery of the BMR itself will require a capital injection of $2,8 billion." For this to happen, Mabiza said, it would need joint venture strategies amongst PGM producers and foreign investors. Mining experts say platinum refining process goes through two significant stages, in the base metal refinery - which separates base metals such as nickel and copper - and then the precious metal refinery which processes the various platinum group metals and gold to high levels of purity. Zimbabwe, which has the world's second largest platinum reserves after South Africa, has given miners two years to set up a platinum group metal refinery. At present, processing is done in South Africa and Government says this has led to loss of revenue and jobs. The local platinum industry claims it is approaching the 500 000 ounce per annum levels that are required for a BMR to be economically viable. Zimbabwe, which holds the second largest platinum reserves in the world after South Africa, is currently producing 430 000 ounces of platinum annually from three mines which are Zimplats, Unki and Mimosa. Mabiza said other major hurdles the industry had to contend with, included the need for investment to expand the country's electricity generating capacity. He said demand for power by the PGM industry is expected to grow to about400MW at a time the country was battling to meet local demand. The Zimplats mining official said other major hurdles to the establishment of a BMR included the increasing cost of operations (royalties, raft of other fees), Amendments to the Mines and Minerals Act and lack of clear guidelines to the indigenisation and economic empowerment programme. In addition, he said the need to train more personnel projected to be between 3 000 and 4 000 for the PGM industry by 2017 and to expand infrastructural development (electricity, water, roads, housing health educational facilities) were some of the major challenges. Policy consistency and predictability, competitive investment environment and fiscal regime, availability of capital finance and working capital, adequate appropriately priced and reliable power supply, stable metal pricing were also a major handicap. Mabiza said poor understanding of mining industry contribution to economy, costs of mining and production (levies and taxes), research, development and innovation, training and skills development need to factored in as well as the country moves to set up a BMR. *(Herald)*

THE PTA Bank has this year advanced more than $200 million in trade and project finance, pushing the financial institution's funding to Zimbabwe to $500 million cumulatively. The bank, which celebrates its 30-year anniversary this year, recently extended a $75 million syndicated finance facility to PPC to construct a cement making factory in Sunway City, in Harare. PTA hopes to bring on board other regional and international financiers into the project. "The $500 million loan book represents 20 percent of the total loans approved by the bank across member countries," Finance and Economic Development Minister Patrick Chinamasa said. Minister Chinamasa was speaking at the inauguration of the PTA Harare Regional Office yesterday. "I also observe that the bank's intervention in Zimbabwe cuts across all sectors of the economy, agribusiness, manufacturing, health, education, mining, ICT, financial services and hospitality," said Minister Chinamasa. He pleaded with the bank to release more funding towards infrastructure development which is lagging behind. "My challenge is to address the infrastructural gaps that exist in our infrastructural framework, which include power deficit, water reticulation challenges, railways, roads and ICT. You were telling me about the $10 million fibre optic that you put in Burundi. I would love to have that kind of support," said Minister Chinamasa. "My biggest headache at the moment is that I do not have credit lines, access to credit for the productive sectors, agriculture, mining, tourism and manufacturing. I would welcome more lines of credit to the productive sectors at affordable interest rates," he said. Minister Chinamasa said the prevailing interest rates of between 12 percent and 25 percent are not viable for business.

PTA Bank president and chief executive officer Mr. Admassu Tadesse said that there is need to bring down the costs of capital to make Zimbabwean businesses competitive. The PTA Bank is close to concluding discussions with other regional countries to join the institution which the bank said would help the development of infrastructure projects across the region. "We are also getting new shareholders, not just member states but also institutional investors. About a year-and-half ago we created Class B shares which allow us to raise funds from pension funds, from sovereign wealth funds and insurance funds in those countries that have all the surplus capital," said Mr. Tadesse. "I'm very pleased to say that last year we had a first pension fund acquire our new Class B shares and that's now being followed by at least two other pension funds that have expressed commitment to invest in us this year. We have also two insurance companies invest this year. So our capital is rising very quickly," said Mr. Tadesse. PTA Bank has recorded a 30 percent growth annually in finance terms for the past six years. The bank has taken over the management of the Common Market for East and Southern Africa infrastructure fund. It has also taken other trade finance facility which has helped the bank to be profitable. "Our portfolio is healthy, performing well and it is profitable. *(Herald)*

LAFARGE Cement Zimbabwe, the country's second largest cement producer, said last week it posted a US$1,7 million loss before tax during the half year to June 30, 2014, from a profit of US$3,7 million during the comparative period last year. Profitability was overturned after Lafarge's volumes retreat during the review period, amid a spike in overheads in a shrinking market where disposable incomes have declined. Scores of public and private construction projects have been stalled in the past year as financiers have failed to access funding to complete existing works or kick off new infrastructure development. Housing projects have also been abandoned as a result of the stubborn liquidity strain that has dominated the economy since 2011, leading to the closure of many companies. And since January this year, the operating environment for industries has continued to deteriorate. The slowdown has hit hard on disposable incomes for consumers, who have been battling to shake off deflation. Government has revised its 2014 Gross Domestic Product growth projections down to 3,1 percent, from the initial 6,1 percent. At the Zimbabwe Stock Exchange-listed Lafarge, volumes came off by 12 percent compared to prior year, while revenues retreated by 12,5 percent during the review period, shaving off profitability, according to chairman, Jonathan Shoniwa. "The volume of cement sales was 12,0 percent lower than the same period last year arising from low demand in the company's traditional markets," Shoniwa said in a statement accompanying the half-year results.

"Consequently, the revenue that was generated amounted to US$28,2 million which was 12 percent lower that the comparative period in the prior year. As a result of low sales volumes and high maintenance costs, the company recorded a gross profit of US$9,4 million compared to US$14,1 million in the same period in 2013. Following the successful completion of the kiln shutdown during the period under review, profitability is showing improvement in the second half of the year." Shoniwa added: "The operating environment continued to be difficult, characterised by the prevailing liquidity crunch. The resultant slowdown in economic activities severely affected disposable incomes as evidenced by the deflationary state of the economy. Despite the prevailing harsh economic environment the company invested US$5,2 million in capital expenditure, of which US$4,4 million went towards lime quarry development". The losses at Lafarge were not peculiar to the cement producer alone, as most firms in the manufacturing sector have been failing to break even in the face of the economic decline. Across all sectors of the country's economy, the trading environment has deteriorated, with nearly all companies struggling to stay afloat due to depressed demand and the inability by cash-strapped customers to pay for goods and services on time. There has been a sharp drop in economic activity as highlighted by retreating consumer spending.

Deflationary pressures continued to affect consumer spending power during the first half of this year, while long term funding has been difficult to access by the productive sectors. Debts had escalated at the biggest firms since the beginning of this year, as the working capital strain shaking industry and commerce worsened, confirming doom and gloom statistics that have been coming out of government. It may be the sharpest contraction since a deadly liquidity crisis hit firms late 2011, summed up by the extensive diminution of value reported by several other listed firms that have reported results for the half year to June 30, 2014. Shoniwa projected that operations would improve in the second half of the year, which has traditionally recorded better prospects. "The second half of the year has always been better in terms of business growth, and the trend is expected to continue this year," said Shoniwa. "Going forward, the construction industry has positive growth prospects premised on the mounting housing backlog and the pressing need for overall infrastructural rehabilitation and development. The company is well positioned to take advantage of the expected growth in the construction sector."

Revenue for the half year under review declined to US$28,2 million, from US$32,2 million during the prior comparative period. Earnings Before Interest, Tax, Depreciation and Amortisation also declined to US$1,4 million from US$6,3 million in 2013. *(Financial Gazette)*

RAINBOW Tourism Group (RTG) saw its revenue growing by 2% to $13,5 million in the half year ended June 30 2014 from $13,2 million spurred by creativity in revenue generation, an executive has said. The group's chief executive officer Tendai Madziwanyika said unlike last year in which the group hosted conferences such as the Committee of Intelligence and Security Services of Africa (CISSA) meeting and the referendum bookings for the July 31 elections, there were no such meetings in the first half of the year. "We acquired business worth $2,5 million to replace once-off major conferences that took place in the first half of 2013 [CISSA, referendum and elections]," he said. "This time we had no special conference. It was normal business and we are excited about that." Madziwanyika said going forward "creativity is going to be the name of the game". "We have emphasised on cost reduction. We have also been creative in revenue generation," Madziwanyika said. New revenue streams include the Stay Now and Pay Later product launched late last year. In the first half of the year, the product raked in $52 107 up from $11 511 in full year 2013. RTG Virtual had gross revenue of $456 000 during the period under review up from $119 000 in full year 2013.

RTG mobile's contribution to revenue was $131 151 in the first half of the year. Madziwanyika said e-commerce contribution to revenue grew to $380 227 in the first half of the year from $248 264 in the same period last year. He said the South African office had been rejuvenated with revenue contribution growing by 52% to $850 000 from $560 000 in the comparable period. Madziwanyika said the RTG system was now geared to absorb most of the economic pressures and fiscal pronouncements as a result of cost reduction strategies that commenced in 2012. To date the group has retrenched eight head office staff at a cost of $130 000. It has also retrenched 60 employees at Rainbow Towers in August at a cost of $600 000. He said the group had also undergone business process re-engineering, resulting in the centralisation of key functions such as accounts, sales and procurement departments. Madziwanyika said the group has also exceeded its target of reducing procurement costs of 90% of total goods. The target in the first half was 10% equivalent to $300 000. In the period under review, RTG managed to reduce the procurement costs by $223 000. "The $223 000 was achieved during the first half which is a softer period. We will procure more in the second half and be able to beat our target of $550 000," he said. He said the group was working on reducing its interest burden to 9% by year end from the current 11% and was in negotiations to restructure long term loans at low interest rate. RTG saw its revenue per available room decreasing by 11% to $32 from $36 in the same period last year due to the newly-opened Rainbow Beitbridge Hotel which entered the market with a penetration price of $49 per night. Profit after tax at $139 000 was 32% up from the same period last year despite the fact that RTG undertook some retrenchment exercises in the half year to June 30 2014. Earnings before interest, taxation, deductions and amortisation (EBIDTA) margin was $1,5 million in the first half from $1,6 million in the comparable period last year. The group said it was a result of the newly opened Rainbow Beitbridge Hotel which posted a negative EBIDTA of $350 000 as a result of high start-up costs and low revenue, typical of new hotels. The EBIDTA measure is also of interest to a company's creditors since it is essentially the income that a company has free for interest payments. *(News Day)*

STATE-OWNED telecommunications company, TelOne, targets to fibre connect over 20 000 houses by next year under the $98 million fund from government and China, a company executive has said. "In terms of access to network we must be able to connect almost every house hold and for next year we are targeting more than 20 000 households. The entire project for the fibre access network is at a cost of $98 million throughout Zimbabwe," TelOne managing director Chipo Mtasa said. Speaking on the sideline for the official opening of the TelOne Chitungwiza client services centre, Mtasa said part of the funding for the $98 million was being expected from China with part of the funding to be channelled towards the company legacy debt. "We will not do the project at once as part of the funding is still yet to come. I am sure you have heard when minister Chinamasa came from China and announced the warehousing of TelOne legacy debt of $360 million and the commitment for the $98 million which is fresh money," Mtasa said. She, however, said the government was currently in negotiations with the Chinese institutions were currently taking place to be concluded by year end.

The $98 million project which is expected to begin in 2015 will include installation of fibre links throughout the country. Mtasa, however, said between the month of July to date 1 400 households in Chitungwiza had been connected at a cost of $1,3 million and was being done step by stepwhile waiting for the bigger project for the fibre access network project. "We have connected 1400 house hold for broad band and fixed telephones which started as of July using internal funds and some we had to borrow. We spend $1,3 million and we are doing it step by step as we wait for the bigger project," she said. She said TelOne has planned to avail the Wi-Fi hotspot services to the entire metropolitan areas in Zimbabwe. TelOne on Wednesday, opened a new client services centre which offers the provision of client services, Bill payment, Enquiries, ADSL Top-ups, a Wi-Fi hotspot and internet café, agent services for prepaid electricity vouchers on behalf of Zesa and an agent of NetOne's One Wallet services along with their products and services. *(News Day)*

Economic News

Zimbabweans could pay higher taxes if Parliament adopts the proposed Reserve Bank of Zimbabwe (RBZ) Debt Assumption Bill, analysts say. This comes as the government recently hiked taxes on fuel, airtime and basic foodstuffs. Under the bill, government — through the Finance ministry — will assume the Central Bank's debt, amounting to about $1,1 billion. Analysts said government will have no option, but to hike taxes in order raise funds to repay the RBZ debt. "The current situation is that RBZ has no capacity to service bonds and although government has offered to assume the Central Bank debt, they are too broke to service these debts," said Cade Zvavanjanja, an analyst with Greeyps Risk, Efficiency and Development Consultants. "The only option of getting this money, apart from a free bailout package, would be to levy more taxes," he said. He, however, warned that "another tax hike would be impractical on government's part as the country's tax-gross domestic product (GDP) ratio is already too high according to the International Monetary Fund (IMF) stipulations". "According to the IMF, a country's taxes must match its per capita. Currently, the Zimbabwe tax to GDP ratio stands at about 49,3 percent and this is already too high," Zvavanjanja said. "The tax effort average must not be above 1,0 percent for a country with our level of per capita GDP while the Zimbabwean tax effort average is already above 1,5 percent," he said, adding that "this is simply too high thus making it nearly impossible to introduce more taxes, but these people are unpredictable". Zimbabwe Coalition on Debt and Development (Zimcodd), a social justice pressure group, also said that the only option the hard- pressed government has to pay off the debt would be to "tax poor Zimbabweans to death". "Eventually, they will bleed innocent Zimbabweans to death through taxes to service these loans," said Israel Mabhoo, a Zimcodd board member. Government has offered to issue Treasury Bills (TBs) to service the debt accumulated during the country's hyperinflationary phase between 2006 and 2008. The TBs will mature after three to five years. The Bill seeks to provide settlement of certain liabilities incurred by the bank. Among its dues, the RBZ owes an institutional debt of $110 million, $80,2 million in Central Bank credit lines, a sovereign debt of $452,6 million, and local debt of about $440 million. In terms of the Bill, the State will assume the debts which were incurred by the RBZ before December 31, 2008. Also, the Finance ministry's Debt Management Office, set up in 2010, would validate and reconcile the Central Bank's debts. In his recent mid-term fiscal policy review, Finance minister Patrick Chinamasa hiked excise duty on petrol and diesel from 25 cents and 30 cents per litre to 30 cents and 35 cents per litre respectively with effect from September 15, 2014. He imposed a 15 percent tax on airtime for voice calls and data services. The Treasury chief also ordered tax on selected foodstuffs, offals, beverages, dairy products, blankets, canned foods, soap and cosmetics imports to be hiked with effect from October 1, 2014. He also increased customs duty on light commercial vehicles, buses, double cabs and passenger motor vehicles from 40 percent to 60 percent with effect from November 1, 2014.The tax hikes are expected to create funds to bankroll government workers' salaries and other pressing recurrent expenditures. *(Daily News)*

The International Monetary Fund said Zimbabwe must pay $142 million in overdue payments to be eligible for more credit, a task the country's Finance Minister Patrick Chinamasa said will be hard to do without "fresh money." The IMF last year began a monitoring program in Zimbabwe, which has been in default to the lender since 1999. The IMF this year appointed its first representative to the southern African nation in a decade in a step toward mending relations. The country has at least $10 billion in external debts. "Zimbabwe can't benefit from the financial support because it has accumulated arrears with the fund since 2000," Domenico Fanizza, the head of an IMF mission to the country, told reporters today in the capital, Harare. "Let's be frank, this isn't much money at $142 million, but it's a problem." Other financial institutions including the World Bank and African Development Bank are also barred by law from extending loans to Zimbabwe because of outstanding debts, Fanizza said. The country's economy is slowing after President Robert Mugabe, 90, last year won his fifth term, ending a power-sharing government formed after disputed elections five years earlier. Factories are shutting down, consumer spending has slumped and the government is struggling to pay salaries that take up 76 percent of the budget. The state needs to cut its wage bill, Fanizza said. The IMF estimates the economy expanded about 3 percent in 2013 compared with 10.5 percent a year earlier. Zimbabwe fell into recession and inflation surged after Mugabe in 2000 backed an often violent program of seizing white-owned commercial farms and redistributing them to black-subsistence farmers. Zimbabwe is implementing "structural reforms," changing public-debt management and tapping concessional loans as the government tries to repair the economy, Chinamasa said today. "We haven't been able to have the capacity to honor our obligations," said Chinamasa. "We're unable to access fresh money and we've engaged the IMF, the World Bank and the African Development Bank. The Bretton Woods institutions should help us nurture and nurse this economy back to life, back to what it used to be, and not sit on the sidelines and watch us collapse." The government has no intention of abandoning the multi-currency system introduced in 2009 to replace the national currency after inflation surged to what the IMF estimated at 500 billion percent that year, he said. Chinamasa said in March the country planned to pay a "token" $103 million to the IMF. The country "faces a number of formidable economic challenges, but sound policies can unleash a strong economic potential," Fanizza said. The IMF will help "find a comprehensive debt solution," he said. *(Bloomberg)*

ZIMBABWE remains committed to implementing the global initiative on making use of renewable energy, a government official has said. The United Nations initiative brings all sectors of society to the table including business, governments, investors, community groups and academia. This comes at a time when leaders at the UN on Tuesday committed to expanding the use of renewable energy with the objective of aiming to mobilise resources and generate actions that will reduce emissions and build resilience to climate change. Speaking at a Women and Energy meeting in the capital, director in the ministry of Science and Technology Development, Rungano Karimanzira said government welcomed the global initiative launched by United Nations Secretary General Ban Ki Moon targeted at increasing the use of renewable energy. "There is an urgent need to address the adverse impact of climate change becoming evident the world over. This can be reached if all communities participate," she said. Karimanzira said the country's productive sector depends on reliable energy supplies. "However, women who are at the interface of domestic energy demand side are the least consulted (in policy issues)," she said, adding that empowering women in energy issues was imperative as they are development catalysts. The event was themed 'Closing the gender gap in energy policy.' Zimbabwe Energy Regulatory Authority (Zera) chief executive Gloria Magombo urged more women to be proactively engaged in power development projects as they largely bear the burden of power usage in households. "The main reasons why we are not having more women participation in the electricity sector are primarily due to a number of barriers. These include gender socialisation, fear of failure and paralysis of analysis in some instances," she said. She said electricity the coverage rate of Zimbabwe was on average at 40% with 85% electrification in urban areas, 15% for new development areas yet to be electrified. "Only 13% of the population has access to electricity in rural areas, while 5% use electricity for purposes more than lighting. Women must make more use of technology in researching the abundant opportunities available in the country's energy sector," Magombo said. Zimbabwe is currently facing a huge power deficit, a situation that has adversely affected all facets of the economy. However, Zera has since introduced net metering regulations which allow small-scale renewable energy generators such as rooftop solar photovoltaic systems to feed excess energy into the national grid. Net metering is meant to promote small-scale renewable energy generators such as rooftop PV generators to be connected to the grid and provide ability to export or feed in surplus energy into the grid. The UN initiative aims to double the rate of improvement in energy efficiency as well as double the share of renewable energy in the global energy mix. Action commitments will be transparent and monitored while companies can make their operations and supply chains more energy efficient and form public-private partnerships to expand sustainable energy products and services. Investors can provide seed money for clean technologies and invest in both on- and off-grid energy solutions.*(News Day)*

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