SECURITIES AFRICA
RESEARCH & CAPITAL MARKETS

PAN-AFRICA

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

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

AFRICA STOCK EXCHANGE PERFORMANCE

Country	Index	22-May-15	29-May-15	WTD % Change Local	WTD % Change USD	YTD % Change Local	YTD % Change USD
Botswana	DCI	10454.03	10504.35	0.48%	-0.93%	10.55%	6.76%
Egypt	CASE 30	8988.03	8912.00	-0.85%	-0.84%	-0.34%	-6.60%
Ghana	GSE Comp Index	2360.76	2362.63	0.08%	-0.64%	3.29%	-18.51%
Ivory Coast	BRVM Composite	265.11	268.00	1.09%	-1.21%	3.84%	-6.81%
Kenya	NSE 20	4879.95	4786.74	-1.91%	-3.18%	-6.37%	-13.49%
Malawi	Malawi All Share	16127.19	16141.51	0.09%	1.20%	8.43%	15.43%
Mauritius	SEMDEX	1974.90	1952.00	-1.16%	-2.38%	-5.87%	-16.59%
	SEM 10	375.79	375.79	0.00%	-1.23%	-2.59%	-13.69%
Namibia	Overall Index	1174.45	1120.02	-4.63%	-6.68%	2.00%	-2.06%
Nigeria	Nigeria All Share	34272.09	34310.37	0.11%	0.27%	-1.00%	-8.99%
Swaziland	All Share	305.80	305.80	0.00%	-2.15%	2.58%	-1.50%
Tanzania	TSI	4707.70	4714.76	0.15%	-1.69%	4.13%	-12.83%
Tunisia	TunIndex	5649.40	5646.40	-0.05%	-1.29%	10.94%	4.95%
Zambia	LUSE All Share	5948.20	5922.62	-0.43%	-1.64%	-3.86%	-14.94%
Zimbabwe	Industrial Index	155.94	152.96	-1.91%	-1.91%	-6.04%	-6.04%
	Mining Index	44.38	44.45	0.16%	0.16%	-38.01%	-38.01%

CURRENCIES

Cur-rency	22-May-15 Close	29-May-15 Close	WTD % Change	YTD % Change
BWP	9.62	9.75	1.42	3.56
EGP	7.61	7.61-	0.01	6.69
GHS	1.87	4.03	0.73	26.76
CFA	587.69	601.35	2.32	11.44
KES	95.13	96.37	1.31	8.23
MWK	439.83	435.01-	1.10-	6.06
MUR	33.91	34.34	1.25	12.85
NAD	11.82	12.08	2.20	4.15
NGN	197.17	196.87-	0.16	8.78
SZL	11.82	196.87	2.20	4.15
TZS	1,994.80	2,032.09	1.87	19.47
TND	1.94	1.96	1.25	5.71
ZMW	7.09	7.17	1.23	13.02

SECURITIES AFRICA

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TRADING

Botswana

Corporate News

Botswana's Choppies surged on its stock market debut in Johannesburg on Wednesday as investors piled into the grocer that has laid down an aggressive expansion plan. Choppies, which already trades in Botswana, rose to as high as 5.50 rand, well above a 4.90 rand offer price prior to the listing. The stock closed 10.2 percent higher at 5.40 rand, giving it market capitalisation of about 7 billion rand ($578 million). Choppies raised 1.4 billion rand in an initial public offering last week. The company said it would use the money to pay down debt and fund growth. It plans to expand from 125 stores in South Africa, Botswana and Zimbabwe and plans to enter Zambia and Tanzania in the next few months, expanding its outlets to 200 stores by end 2016.*(Reuters)*

Economic News

Botswana's economy received a sizable boost from a 10 billion pula ($1 billion) jump in the balance of payments in 2014 from the previous year, which should help maintain annual growth above 4 percent, its central bank governor said on Monday. *(Reuters)*

Botswana's central bank said power and water shortages will probably restrict economic growth at the same time that lower commodity prices reduce mining revenue. Growth in the southern African nation, the world's largest producer of diamonds, is projected to be around the same level as in 2014, when the economy expanded 4.4 percent, Kealeboga Masalila, the director of monetary and financial stability at the central bank, told reporters on Monday in the capital, Gaborone. Botswana is restricting power supply as breakdowns and maintenance at the nation's sole electricity plant forced it to run at about a third of its capacity. Power imports from neighboring South Africa have also been disrupted as Eskom Holdings SOC Ltd., the Johannesburg-based state-owned company, implements rolling blackouts. The Morupule B plant is producing 220 megawatts of power out of a capacity of 600 megawatts, according to Botswana Power Corp. Economic growth slowed last year from 9.3 percent in 2013 as mining output rose at a slower pace of 4.5 percent, the central bank said. Botswana has also been hit by water rationing that's caused seven-hour supply cuts in the capital and surrounding areas about three times a day. The Gaborone Dam was about 2 percent full on May 22, according to the Water Utilities Corp. *(Bloomberg)*

Botswana intends to accelerate construction of a pipeline carrying water from the Zambezi river to the country's parched south so that the project is completed within seven years rather than the current projection for 2030. The government is reviewing its original designs for the 16 billion pula ($1.6 billion) project, Permanent Secretary in the Ministry of Minerals, Energy and Water Resources Kgomotso Abi told lawmakers Thursday in the capital, Gaborone. "There has been a rethinking of the initial idea, looking at the drying up of Gaborone Dam and other sources," Abi said. "This is a priority and we must bring that water all the way down to the south." Botswana has been hit by water rationing that's caused seven-hour supply cuts in the capital and surrounding areas on about a three days a week. The Gaborone Dam was about 2 percent full on May 22, according to the Water Utilities Corp. The central bank on May 25 cited water shortages as one of the threats to the country's economic growth this year, together with electricity. In 2009, Botswana submitted a formal request to the Southern African Development Community to draw 495 million cubic meters of water a year from the Zambezi. Initially, Botswana intended to use the water for a commercial agriculture project in the north-west. The water shortage in the south has forced to re-prioritize its plans, Kgomotso said. "We are working on the terms of reference for consultants who will help review the original designs for the project," Abi said. "It could be a seven-year project, but we have to somehow make it faster because we don't have the luxury of time." *(Bloomberg)*

Egypt

Corporate News

Major Egyptian investment firm Qalaa Holdings is drawing strong interest from Gulf and other foreign investors in a string of non-core assets that it is offering for sale, the firm's managing director said. Qalaa raised $100 million by selling assets last year and the planned disposal of eight assets in 2015-16 is expected to bring in about $250 million, allowing the company to focus on core investments at home and abroad in energy, transport, agrifoods, mining and cement. The company began planning the shift of focus eight years ago but the global financial crisis and then political turbulence in Egypt intervened. Now, Cairo's launch of fiscal and other economic reforms has started to revive investor confidence, making disposals possible. There has been a considerable amount of interest, particularly from the Gulf€ Hisham El-Khazindar, also a co-founder of Qalaa, told Reuters on the sidelines of a business conference. The sale of Misr Glass Manufacturing Co is expected to close this quarter as a preferred bidder, a Western firm, has been identified, Khazindar said. Four potential bidders, including some from the Gulf, are doing due diligence on dairy producer Dina Farms, and Qalaa hopes the deal will close in the third quarter.

Other sales may close in the third or fourth quarters of this year, while the disposal of Algerian cement assets may go through next year, Khazindar added. Qalaa is projecting 1.1-1.2 billion Egyptian pounds ($144-157 million) of earnings before interest, taxes, depreciation and amortisation (EBITDA) this year, up from 650 million pounds in 2014 and a negative 30 million pounds in 2013. Khazindar added that the firm remained on track to return to profit on a net basis this year, after a net loss of 879.6 million pounds in 2014. The asset disposal programme is designed to help the company deleverage itself and reduce risk as it focuses in particular on a $3.7 billion project to build an oil refinery in Egypt. That project is now about 60 percent complete and will be finished in 18-24 months, Khazindar said. Over the past six months foreign and local companies have announced their intention to invest tens of billions of dollars in Egypt. Khazindar conceded that not all of those plans might come to fruition, but said one project - a huge scheme to build a new industrial hub around the Suez Canal - was a major reason for foreign investor interest in the country. Several Qalaa group companies plan to work on the project. The Suez zone is expected to have its own bureaucracy and legislation. This would allow it to circumvent Egypt's sluggish state bureaucracy in much the same way that China's special economic zones unlocked growth there 30 years ago, Khazindar said. *(Reuters)*

Egypt's central bank kept the pound steady at 7.53 to the dollar at a foreign exchange auction on Sunday, while the currency weakened on the black market. The central bank has held the official exchange rate steady for more than three months since letting the pound weaken at the beginning of 2015. This weakening and other measures have helped reduce black market trading significantly. In Sunday's auction, the bank said it had offered $40 million and sold $37.8 million at a cut-off price of 7.5301 pounds per dollar, unchanged from Thursday's rate. On the black market, the pound was trading at 7.67 pounds to the dollar on Sunday, a trader said, weaker than the 7.65 pounds quoted on Thursday. Black market traders say volumes have fallen sharply since the central bank's drive to stamp out their transactions, including the introduction of a cap in February on the amount of dollars that can be deposited in banks. *(Reuters)*

Palm Hills, Egypt's second-biggest listed property developer, said on Monday it had completed a 1.62 billion Egyptian-pound ($213 million) share sale to fund growth. Palm Hills said in a statement 96.61 percent of the rights issue had been taken up. *(Reuters)*

Egypt's Carbon Holdings hopes to conclude a $4 billion debt financing with export credit agencies to back its $7.4 billion Tahrir Petrochemicals project by the end of this year, its chief executive said on Monday. One of the biggest petrochemical projects ever in Egypt, it will be situated at the southern end of the Suez Canal at Ain Sokhna. The scheme will comprise a 4 million tonnes per annum naphtha cracker and petrochemical plant, according to Project Finance International, a Thomson Reuters unit. The 17-year debt facility is being provided by five organisations, Basil El-Baz, Carbon Holdings' chief executive, told reporters on the sidelines of a press event in Abu Dhabi. They are the Export-Import Bank of the United States, the Export-Import Bank of Korea, Korea Trade Insurance Corporation, Sace of Italy and the U.S. Overseas Private Investment Corporation. "We are expecting to be in a position to sign all our debt facilities before the end of this year. We are at a very, very advanced stage of the project," Baz said. He did not detail how the rest of the project cost would be met. Baz added he expected construction of the scheme to begin in the first quarter of 2016, with the first products expected five years after that "if you want to be conservative". A consortium of Italy's Maire Tecnimont, Dutch firm Archirodon, Korea's SK E&C and Germany's Linde are involved in building the plant, Baz said. *(Reuters)*

Economic News

Egypt has chosen banks to handle its return to the international bond market after a gap of five years, underlining a return of economic and political stability in the country after its Arab Spring uprising of 2011. Investor meetings to discuss a U.S. dollar sovereign bond issue will be held in the United Arab Emirates, London and the United States between Thursday and June 3, a document from lead arranging banks showed on Tuesday. The document did not specify the size or maturity of the bond, but the finance ministry had previously said it intended to issue $1.5 billion of Eurobonds. BNP Paribas, Citigroup, JP Morgan, Morgan Stanley and Natixis will arrange the investor meetings for Egypt, which is rated B3/B-/B by the main international credit rating agencies. Economic growth has begun to pick up and shaky state finances to strengthen since President Abdel Fattah al-Sisi took office last year, overseeing the installation of a technocratic cabinet that is starting to reform the economy, and forging an alliance with rich Gulf states to obtain aid and investment. The bond issue is expected to draw heavy demand from investors wanting a slice of Egypt's recovery. The market price of Egypt's outstanding dollar bond maturing in 2020 reflects this; it is trading at a yield of 4.21 percent, near a life low of 3.98 percent hit in December and down from a peak of 11.09 percent in June 2013, when political instability froze Egypt out of the global market. *(Reuters)*

Egypt's stock exchange said on Thursday it would reduce the free float required for new companies to list on its benchmark EGX 30, as part of structural changes to the index. Companies previously had to have a 15 percent free float to list on the EGX 30. Under the new rules, which take effect on August 1, firms will be able to join with a minimum 5 percent free float as long, as the market value of the float is at least 100 million Egyptian pounds ($13.1 million). The bourse also said it planned to launch a new equal-weighted index that would include the top 50 companies in terms of liquidity from August 1. The reforms aim to help reinvigorate trading in the Arab world's most populous country, which has struggled to win investor confidence during years of political and economic turmoil since a popular uprising in 2011. *(Reuters)*

Ghana

Corporate News

No Corporate News This Week

Economic News

Government's three year bond which was sold to investors failed to raise the required amount. The Bank of Ghana (BoG) was looking forward to securing GH¢630 million worth of bids from investors but actually got GH¢572 million. However, the BoG took just GH¢502.10 million. Government will also be paying an interest of 23.47 percent. For some analysts, the interest rate being paid to investors might be interesting because in just about a month, the cost of the three year bond has gone up by almost 1 percent from 22.49 earlier this year to 23.47 percent. Some market watchers were looking forward to this bond results to gauge government's projection about the economy being on the path to recovery. The level of investor interest and interest that will be paid on this bond go a long way to substantiate the investor confidence in the economy. In April Government issued a three year bond which was also seriously undersubscribed. It was hoping to raise some GH¢400 million; however government just got GH¢168 million. But Bank of Ghana, which sold the bonds for the state, took GH¢103 million from investors and paid an interest 22.49 percent. Government is expected to use proceeds of the bonds to refinance debts that are maturing. According to persons close to the sale of bond, almost all of the bonds sold were taken up by offshore investors. *(Daily Ghana)*

Ghana's state pension fund plans to start selling some of its stock holdings to free up money for real-estate investments in a move that may reverse a slump in trading on the country's bourse. The Social Security and National Insurance Trust, which as the country's biggest investor hasn't bought or sold equities since early 2014, plans to start a trading desk amid criticism from the bourse it's inhibiting liquidity. With the local-currency equivalent of about $1.7 billion under management, the fund is "working on the modalities" of setting up a hub, said Noel Addo, general manager for investment and development at the Accra-based money manager. "Currently, if we want to execute any trade we do them through third parties," Addo said by phone on May 19. "We want to play an active role by selling" some shares, he said. "The kind of volumes we hold, only a few parties can take it up." The Ghana Stock Exchange, which started in November 1990, has struggled to attract investors and listings with the trading volume falling 19 percent to 32.3 million in the first quarter from a year earlier, according to bourse data compiled by Bloomberg. That compared with Nigeria's almost 28 billion trades in the period and Kenya's 2.02 billion. When major investors sit on securities, it makes it difficult for traders to price the shares in the market using typical demand and supply dynamics as a guide, said Kofi Yamoah, managing director of the Ghanaian bourse.

The fund "has holdings in all the good stocks, but because they are always doing buy and hold they are not getting price discovery for what they are holding," he said in an interview this month. "You don't just get up and exit one day when price really hasn't been discovered."
The stock market is also struggling to compete against assets such as Treasury bills that are offering higher returns, Yamoah said. Yields on 91-day notes rose 107 basis points over the past 12 months to 25.15 percent on May 22. The GSE's Composite Index advanced 4.5 percent this year, with a market value of 66.6 billion cedis ($16 billion). The pension fund has investments in 13 of the gauge's 35 members, according to data compiled by Bloomberg. The index was little changed at 2,362.25 at 3:03 p.m. in Accra. That includes GCB Bank Ltd., the third-biggest lender by index weight, in which the fund holds 29.8 percent. GCB's stock is down 2.6 percent this year. The fund has 14.3 percent of Standard Chartered Plc's local unit, 11 percent of Diageo Plc's branch and 38.1 percent of Produce Buying Co., Ghana's largest purchaser of cocoa beans from farmers. Shares in Guinness Ghana Breweries Ltd. and PBC are unchanged since January.

With the pension fund's own desk, they may "trade a little more frequently as opposed to trading through a third-party brokerage house," Doris Yaa Aggrey Ahiati, head of research at Databank Group Ltd., an Accra-based money manager, said by phone on May 22. The pension fund is looking into the regulatory approval needed to set up the trading desk and the fees it will need to pay, Addo said. At least 40 percent of its assets are invested in listed stocks, and banks make up 70 percent of that, he said. The target is to reduce the share of financial equities to 50 percent within five years and use the cash to boost its real-estate holdings to 25 percent from 14 percent now, he said. A more active pension fund "should put average daily or monthly volume up," Databank's Ahiati said. "Liquidity is a signal of attracting bigger investors."*(Bloomberg)*

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Kenya

Corporate News

Majority State-owned Kenya Reinsurance has acquired stakes in Uganda Re and Africa Trade Insurance (ATI) as it seeks to diversify its revenue streams. The company acquired five per cent of the two-year-old Uganda Reinsurance Company at Sh20 million. Uganda Re benefits from a 15 per cent mandatory cession of all reinsurance business in Uganda. "By them getting 15 per cent it means every reinsurer will lose market share and we saw the only way to keep our market share is to invest in Uganda Re," said Kenya Re managing director Jadiah Mwarania. Kenya Re had sought to buy 20 per cent of the reinsurer but was only able to secure five per cent shareholding, which the management attributed to competition to own a stake in the company. Uganda insurance market is set to benefit from its nascent oil and gas sector making it attractive to investors. Other shareholders of the company include Uganda insurers with a 44 per cent stake and Ugandan individual private investors with three per cent. Kenya Re has bought 10 shares in ATI at a cost of Sh88 million making it the third-largest private investor in the company. "ATI takes political and credit risk insurance, a class of business that most reinsurers don't want — so if profitable we will be getting a dividend from it," said Mr. Mwarania. Kenya Re joins the government in the register of ATI shareholders. National Treasury is the largest shareholder in the company with 283 shares worth Sh2.6 billion. The Treasury is also the majority shareholder of Kenya Re with a 60 per cent stake.

Other shareholders include the governments of Uganda, Tanzania, Burundi, Rwanda, Malawi and Zambia. Kenya Re has been diversifying its income sources with regional expansion and acquisition of stakes in other companies. It owns 16 per cent of regional reinsurer Zep Re. It is, however, likely to be diluted with the entry of World Bank's investment arm International Finance Corporation. Kenya Re has previously indicated its desire to raise its ownership in Zep Re back to 20 per cent even as it supports entry of new investors. Zep Re has invited reputable investors in its fold as it seeks to boost its rating and attract new business, especially beyond the sub Sahara Africa. Foreign markets account for 45 per cent of Kenya Re revenues. It recently disclosed plans to open an office in Lusaka, Zambia, which will serve the southern Africa market. This will be Kenya Re's second operation outside the country after opening operations in Abidjan, Ivory Coast, which serves the West African and Francophone markets. Last year the company's net profit rose by 12 per cent to Sh3.1 billion while its net earned premiums rose by 20.2 per cent, pointing to a robust operating year both in Kenya and elsewhere in Africa where it does business. (*Business Daily)*

Equity Group Holdings Ltd., Kenya's second-largest bank by market value, will buy a Congolese lender in its first acquisition outside the East African market as it seeks to triple the number of markets it operates in within a decade. The bank, based in the capital, Nairobi, will buy 79 percent of ProCredit Bank Congo SA, which has total assets of $200 million and a customer base of more than 170,000 small-business customers, Equity Group Chief Executive Officer James Mwangi told reporters Tuesday. "We have allocated for this project $60 million and that does not mean purchase price only," Mwangi said, without providing further details about how much it paid for the stake. The acquisition is subject to regulatory approval in the Democratic Republic of Congo and Kenya, he said. Congo is among 10 new markets Equity Group is targeting in an expansion plan backed by 200 billion shillings ($2.03 billion). In addition to its home market, the lender already operates in Uganda, Tanzania, Rwanda and South Sudan and is targeting countries including Zambia, Ethiopia, Mozambique and Zimbabwe. ProCredit's shareholders include the German Development Bank, which holds 12 percent, and the International Finance Corp. with 9 percent. The lender has 15 outlets and plans to add 15 "immediately," Mwangi said. Equity is targeting a compound growth rate of 70 percent in its first five years of investing in Congo, he said. Banking penetration rates in the country are currently 19 percent, compared with about 53 percent in Kenya, he said. "Once we establish ourselves in Congo, going to Mozambique, Zambia, Zimbabwe, Malawi and Angola will just be an extension," Mwangi said. "We could not have put together a better springboard for going to southern Africa." *(Bloomberg)*

Kenya has given loss-making national carrier Kenya Airways a 4.2 billion-shilling ($43 million) loan to help turn the business around, the head of parliament's Budget Committee said. The airline was "facing challenges" from a drop in revenue related to the Ebola epidemic and a slump in tourism, Mutava Musyimi, chairman of the Budget and Appropriations Committee, said in a report presented to parliament late on Wednesday. "The carrier has been given a loan ... through the supplementary estimates he said, without giving a timeline for its disbursement. In the year ended March 2014, the airline, which is part-owned by Air France KLM posted a pretax loss of 4.86 billion shillings, a 55 percent reduction on the loss it recorded a year earlier. It also reported a pretax loss of 12.5 billion shillings in the half-year ending September, including a paper loss of 5.4 billion shillings due to a writedown on aircraft being retired from its fleet. It also warned at the time of reporting the half-year results in November that its "earnings" for the year ended March 2015, due to be released next month, will be at least 25 pct down on the previous year. For the year ended March 2014 it had reported a net loss of 7.86 billion shillings and loss per share of 6.35 shillings. An outbreak of the Ebola virus in three West African nations last year forced the carrier stop its flights to Liberia's capital Monrovia and Sierra Leone's Freetown in August, at a likely cost of 3-4 percent of its annual revenue or $40 million, the airline said in November. It resumed flights to Liberia earlier this year. Tourist arrivals to Kenya have also fallen due to insecurity concerns, hurt by a series of attacks blamed on Somalia's al Shabaab insurgents. *(Reuters)*

National Bank of Kenya posted on Thursday a 20 percent rise in first-quarter pretax profit to 707.28 million shillings($7 million), helped by higher interest income. National Bank has been going through a revamp to cut overall costs as part of an effort to recover its position as one of Kenya's top three lenders, a position it last held in 1996 before poor management hurt its performance. The bank said in a statement its net interest income rose by a fifth to 1.86 billion shillings in the period to end-March. Net loans and advances to customers rose 48 percent to 70.05 billion shillings in the period from a year ago, it said. Earnings per share advanced to 1.77 shillings from 1.47 shillings last year, the bank said. The lender said earlier this year it planned to raise 13 billion shillings with a cash call to support more lending and fund operations in new markets in the region. *(Reuters)*

Kenya's Diamond Trust Bank increased first-quarter pretax profit by 9.5 percent year-on-year, helped by a growth in lending net interest income, it said on Thursday. Banks in east Africa's biggest economy have reported strong first quarter earnings so far in 2015, buoyed by rising lending on the back of steady economic growth. Diamond Trust Bank, which focuses on services to small and medium-sized businesses, said pretax profit rose to 2.27 billion shillings ($23 million) in the three months to end-March. The bank, which has subsidiaries in Kenya, Burundi, Tanzania and Uganda, said net loans and advances to customers increased by 26 percent to 144.87 billion shillings. Net interest income for the period also rose 9.1 percent to 3.29 billion shillings. Earnings per share rose to 5.56 shillings, from 5.53 shillings in the comparable period last year. *(Reuters)*

Standard Chartered Bank Kenya recorded a 28 per cent drop in net profit in the first quarter ended March, as bad debts took a toll on its earnings. The bank reported a net profit of Sh1.8 billion in the three months compared to Sh2.5 billion a year earlier. This makes it the second major lender to announce a profit drop after CfC Stanbic whose net earnings fell by a similar margin to Sh1.1 billion between January and March. "The first quarter performance was subdued largely due to the after-effects of the sharp increase in our non-performing loan book in 2014," StanChart's CEO Lamin Manjang said in a statement. Speaking during the bank's AGM held on Thursday, the chairperson, Anne Mutahi, said non-performing loans had increased due to tightened regulations from the Central Bank of Kenya last year. "We expect that after compliance, the non-performing loans will reduce from the high of 372 per cent increase to a low of about 5 per cent," said Mrs. Mutahi. *(Business Daily)*

Economic News

Kenya's central bank will hold its next Monetary Policy Committee meeting on June 9, the bank said in a notice on its website. At its last meeting on May 6, it held the benchmark lending rate at 8.50 percent. The bank, which typically holds the meeting once every three months, did not give a reason for bringing forward the meeting, but the move comes at a time when the shilling has experienced rapid weakening. *(Reuters)*

Kenya's shilling was steady on Wednesday and traders said they expected it to weaken due to increased importer dollar demand. At 0700

GMT, commercial banks quoted the shilling at 98.30/50 to the dollar, compared with Tuesday's close of 98.35/45, which was a new low last hit in Nov. 2011. "The shilling is still on the backfoot. Of course there is pressure coming in from importers' end-month demand," a senior trader at one commercial bank said. This year, the shilling has been undermined by a stronger dollar, lower foreign exchange proceeds due to a slump in tourism, and a ballooning current account deficit driven by demand for imports like capital goods. Traders said while central bank did not give reason for bringing its Monetary Policy Committee meeting forward by one month to June 9, they thought it was due to the weakening shilling, which has so far lost 7.8 percent this year. "I guess they need to address this issue. My take is they one, will look at the interest rate side -- overnight rate is above 12 percent -- and how to support the shilling," the senior trader said. The weighted average interbank lending rate rose to 12.7569 percent on Tuesday from 12.4179 percent on Monday, a sign of tightening shilling liquidity. "Panic buying, as tends to happen when the shilling depreciates suddenly, is expected to weigh on the shilling in the near term. The only reprieve for the local unit is the tight liquidity in the overnight interbank lending markets," Bank of Africa said in its market report. *(Reuters)*

The NSE-20 Share Index has lost 5.5 per cent since the beginning of the year over what brokers and analysts say are uncertainties surrounding the implementation of the capital gains tax (CGT). The index stood at 4835.75 points on Wednesday compared to 5117.43 at the beginning of the year. Market capitalisation is down 2.1 per cent at Sh2.256 trillion compared to Sh2.305 trillion at the beginning of the year, indicating investors have lost Sh48.7 billion. In a social media comment, Dyer and Blair Investment Bank chairman Jimnah Mbaru said that investors were moving out of the Kenyan stock market to Egypt and Nigeria. Kenya Association of Stockbrokers and Investment Banks (Kasib) said in a statement that acrimony in the stock market over CGT had contributed to the depreciation of the shilling. Kasib noted that Egypt had recently suspended implementation of the tax for its stock market. "Kasib continues to discourage its (CGT) implementation at the stock exchange and has recently been vindicated in this pursuit by Egypt which suspended the tax from their stock market trading," said Kasib chief executive Willie Njoroge in a statement. Mr. Njoroge said brokers had proposed a transaction levy on turnover which is a more viable alternative.

The taxman has ordered brokers to collect the tax despite an earlier statement by the Treasury that investors would be accountable for submitting the tax, forcing some to avoid the market. "The vision of Kenya becoming more entrenched as an international financial services centre and a hub of regional excellence for capital markets appears under threat," said Mr. Njoroge. Kasib, he said, was pursuing the matter through courts as it continues to engage stakeholders with a view to reaching an amicable settlement. The turnover was higher on Wednesday due to the sale of Safaricom's 64 million shares at between Sh15 and Sh15.6. "Buoyed by the sale of Safaricom shares, turnover soared to Sh1.54 billion on a hefty tally of 76 million shares, up from Sh976 million on a volume of 25 million shares posted the previous day," said the Nairobi Securities Exchange in a statement. The banking sector had eight million shares traded, representing 10.72 per cent of the day's traded volume. Equity Bank was the most traded counter in the sector with 4.6 million shares changing hands at between Sh47.50 and Sh48.00. The bank announced on Tuesday that it had entered the Democratic Republic of Congo through buying an existing lender. KCB, down one shilling to Sh59, moved 803,000 shares while Co-op Bank was unchanged at Sh22.00, having moved 2.4 million shares. *(Business Daily)*

The European Union (EU) has channelled 12.1 million euros (Sh1.26bn) to various players in Kenya's export industry in a bid to save the ailing sector. The money is to be spent on a project dubbed Standards and Market Access Programme (SMAP) which aims at extending capacity on Kenya's technical and phytosanitary barriers to international trade. According to SMAP Chief Technical Advisor Mr. Stefano Sedola, a number of Kenyan producers have encountered difficulties in accessing the EU market especially in 2013 and 2014. The products that have been mostly affected, according to Mr. Sedola, include French beans, snow peas, gypsophila, karalla and roses, among others. Except for roses, most of other products come from small scale farmers who grow on less than one-acre of land. "SMAP will address issues such as information on phytosanitary certificate, harmful organisms and modified documents," said Mr. Sedola. The project is set to run until December 2016 and will be implemented by the Kenya Plant Health Inspectorate Services (Kephis) and the United Nations Industrial Development Organization (Unido). Other implementing partners are the Department of Veterinary Services (DVS) and the Kenya Bureau of Standards (Kebs). Strategies that aim at boosting international trade include capacity building for producers such as agronomists and farmers doing organic farming and addressing practices that hinder demand for Kenyan products. The move comes at a time when the Fresh Produce Exporters Association of Kenya (FPEAK) Technical Manager Mr. Francis Wario warned that the country risked losing its approximated Sh60 billion annual earnings from the export of fresh produce. "All players in the chain must keenly watch over issues such as maximum residue levels as required by the export market," said Mr. Wario.

He said farmers must think of using organic farming to control pests and diseases in a bid to minimize chemical use. Farmers, Mr. Wario added, needed to be trained on proper use of chemicals as most have been misinformed by money-hungry agro chemical sellers who want to boost their sales. Mr. Wario blamed 'briefcase' exporters for trying to export produce that had not met the international requirements causing interceptions and losses. "The briefcase exporters who use shortcuts and try to sneak sub-standard produce, most of which is contaminated, are spoiling for us all," he said. He added that exporters are working on ensuring that there is an organised way of following the whole chain from production to export in a bid to minimize chances of having brokers in the trade. Agriculture accounts for an approximated 27 per cent of Kenya's gross domestic product (GDP) with an estimated 80 per cent of the population depending on this sector. Already, experts have warned that Kenya may lose her capsicum export market in the EU due to False Codling Moth (FCM) – an indigenous pest only found in Africa¬ – experts have warned. Neighbouring Uganda has already stopped exporting capsicum to EU due to numerous interceptions after her produce was found to be FCM contaminated. "Our capsicum has already been intercepted severally from late last year and we risk losing the market if something is not done," said Mr. Wario.

Though he would not give the exact number of interceptions, Mr. Wario said even once was a threat enough. Experts now want Kenyan farmers to be cautious of the moth, lest the market be lost. Although FCM is not a quarantine pest currently, the EU members are planning to pass a law against any produce contaminated by the insect. According to Samuel Kagumba, a sanitary and phytosanitary consultant, FCM is rated among the top five key pests affecting fresh produce trade in Kenya. "Kenya urgently needs to carry out surveillance to know the pest's distribution," said Kagumba Other top pests that pose a challenge to the EU market include Spolodoptera Littoralis, Bemisia Tobaci, Liriomyza Spp and Thrips. The pests, according to Kagumba, were listed last year by the EU. If Kenya manages to control the pest, its export market for capsicum may expand as it stands chances of taking up a share of what Uganda used to export, according to Mr. Kagumba.*(Daily Nation)*

Kenya reduced the cost of connecting houses to the electricity grid by 57 percent on Wednesday to double the share of the population with electricity to 70 percent by 2017. East Africa's largest economy is struggling with ageing energy infrastructure and the government has said it plans to expand its generation capacity by 5,000 megawatts (MW) by 2017 from about 2,152 MW now, to lower tariffs and cut costs of doing business and increase the number of electricity users. Authorities see increased investment in its energy sector as a way of boosting the economy, allowing more people to run small businesses such as welding shops. President Uhuru Kenyatta said households would pay just 15,000 shillings ($153) for connection, down from 35,000 shillings, with those who cannot afford even the new rate having the option of paying by installments. "This will translate to more productivity and create more jobs," Kenyatta said in a statement. Kenya Power, the country's sole electricity distributor, has also been investing in new transmission networks to include more homes and businesses. The firm serves about 2.8 million customers out of a population of 40 million. Kenya relies heavily on renewable energy such as hydro power and geothermal for its electricity. *(Reuters)*

The Kenyan shilling eased slightly on Friday due to dollar demand from importers but was expected to be stronger than the lows it hit a day earlier, helped by the lingering effects of a central bank dollar sale. At 0707 GMT, commercial banks quoted the shilling at 97.75/85 to the dollar from 97.50/70 at Thursday's close. The central bank sold an undisclosed amount of dollars in the latter part of Thursday's session, buoying the shilling from a low of 98.95/99.05 - a level last seen in Nov. 2011. "Yesterday we saw a massive move. The dollar sales have helped," a trader at one commercial bank said. "At these levels, it's attracting demand. We had customers who were panicking at 98, 99. At 97, they are happy to buy." Traders said they forecast the shilling would trade in the 97.50 to 98.00 range in the next few days. The shilling has been undermined by a stronger dollar, falling foreign exchange inflows due to reduced tourist arrivals after frequent Islamist militant attacks, and a widening current account deficit due to demand for imports like capital goods.*(Reuters)*

Malawi

Corporate News

No Corporate News this week

Economic News

Falling inflation due to declining fuel prices and a narrowing budget deficit will boost Malawi's currency and see a rebound in the southern African country's economy, despite a fall in donor grants, the finance minister said in a budget speech on Friday. *(Reuters)*

Mauritius

Corporate News

No Corporate News this week

Economic News

The Bank of Mauritius rejected all bids for its three-year Treasury bond at an auction on Wednesday, it said, with analysts citing the bids received were too high. A similar bond fetched a yield of 2.76 percent at a previous sale on May 18.Â Offers for the re-opened bond that sought to raise 1.4 billion rupees ($40 million) came in at 2.780 billion rupees with bids ranging from 3.50 percent to 4.99 percent. "It seems the central bank rejected all offers because bids received were considered to be too high," an analyst who declined to be named told Reuters on Wednesday. The bond had a coupon rate of 2.46 percent. *(Reuters)*

Mauritius' trade deficit widened by 2.8 percent year-on-year in the first quarter of this year to 15.58 billion rupees ($442 million) after imports rose, official data showed on Friday. Statistics Mauritius said the value of imports rose 9.3 percent to 38.93 billion rupees after the cost of machinery and transport equipment rose by 54 percent to 10.71 billion rupees. Exports rose 14.1 percent to 23.34 billion rupees, as the re-exports of telecommunications equipment and accessories rose to 3.9 billion rupees from 600 million rupees, the statistics agency of the Indian Ocean said in a statement. The agency said based on recent trends and information from various sources, total exports for 2015 are forecast to be 106 billion rupees against 185 billion rupees for imports. "Consequently, the trade deficit is expected to be around 79 billion rupees," the agency said. The United Arab Emirates was the main buyer of Mauritius' goods in the period, accounting for 19.7 percent. China was the main supplier with 18.7 percent of the island's total imports. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Nigeria

Corporate News

Dangote Cement Plc says it will inaugurate its 2.5 million tonnes per annum cement plant in Ethiopia on Thursday as the company inches towards the mark of 40 mtpa global production capacity before the end of 2015. Located in Mugher District, the cement plant is said to be the single largest investment by an African in that country and the fifth offshore cement plant of the company to be rolled out in the last one year in Africa, coming after Senegal, Cameroon, South Africa and Zambia. The statement by the Dangote Group on Sunday indicated that the government and the people of Ethiopia were excited about the completion of the project and the economic prospects of having such a huge company in their country. It said the Prime Minister of Ethiopia, Mr. Haile Desalegne, would perform the opening ceremony at an event expected be graced by top members of the Nigerian business community. It added that nine other countries would soon join the list of hosting the Dangote cement factories as plants were in the various stages of construction. "The company is investing $5bn to build an African cement empire, with factories plants in 14 African countries," it said. It recalled that the company's $300m Greenfield cement plant in Senegal rolled out its products with the Senegalese government promising assistance to make the firm perform maximally. The statement quoted the Nigerian Ambassador to Senegal and Mauritania, Mrs. Katyen Jackden, as saying, "I am very proud of what Dangote is doing by promoting intra-African investments, promoting regional development, industrialisation and cohesion among African nations with his investments."*(Punch)*

Ecobank Nigeria Limited at the weekend said it had secured and utilised a credit line under the United States Department of Agriculture (USDA) Export Credit Guarantee Program. The program, according to the bank, provides credit guarantee to encourage commercial financing of US agricultural commodity exports, thereby assisting US exporters in making sales that might not otherwise occur. The credit line under the US Government Export Guarantee Program is reserved exclusively for the export of agricultural products from the USA. It had facilitated increased trade of agricultural products between US exporters and Nigerian importers, according to a statement from the bank.
Furthermore, it explained that it provided an avenue for competitively priced financing for longer tenors to both exporters and importers, provides the exporter guaranteed payment and enables exporters to agree credit terms with importers. According to the Executive Director Corporate Bank, Ms. Foluke Aboderin, the facility, which has the ability to be up-sized, had been used for Structured Trade Finance transactions with Cargill Financial Services International, one of the subsidiaries of the Leading International Commodities Trading House, CARGILL Inc. Deutsche Bank played the role of confirming and partner bank. "The recognition of Ecobank, a member of the Ecobank Group – the Pan-African Bank, by the US government, further highlights the unique advantages of partnering with a counterparty who has widespread foot print across the African continent. "With presence in 36 countries in Africa, Ecobank is well positioned to provide easy access to international counterparties that have transactions across Africa, the emerging frontier market with significant untapped opportunities and strong demographics," it added. *(This Day)*

Flour Mills of Nigeria Plc said it recently launched three new products. They are Daily Delight Instant Cereal, Golden Penny Margarine and Golden Penny vegetable oil. The firm disclosed this to its customers during its 2015 annual customers' forum held recently in Lagos. The forum is an interactive event where customers are celebrated, appreciated and rewarded for their loyalty to the company and its products while sharing information on its plans for the future. Addressing customers at the forum, the Group Managing Director of Flour Mills of Nigeria Plc, Mr. Paul Gbededo, said that the occasion was unique because it was the first time Golden Penny Business partners of both B2B and B2C were rewarded the same day as one team with one dream. He referred to the customers as partners, saying that without them Flour Mill would not be able to achieve its goals. A statement revealed that noted that FMN has continued to maintain leadership through production of quality, healthy and affordable products to meet the demand of the growing population. The company's Chairman, Mr. John Coumantaros, stated that the forum was to appreciate the distributors for their unwavering loyalty and commitment for the past fifty four years which has seen Golden Penny Brands remain the Number One Family's Choice in FMCG in Nigeria. Coumantaros informed the customers of new brands that would be introduced into the market within the year, even as he reiterated FMN's assurance to continue to meet the needs of all age groups in Nigeria and West Africa. *(This Day)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

The board and management of Lafarge Africa Plc got commendations from the shareholders on the recommendation of N15.855 billion for the year ended December 31, 2014. The shareholders, who spoke at 56th annual general meeting (AGM) of Lafarge Africa Plc held in Lagos last Friday, commended the financial performance and payment of the dividend despite the challenging operating environment. The N15.855 billion dividend, which dividend translates into 360 kobo per share, is nine per cent higher than the 330 kobo per share paid in 2013. Speaking at the AGM, Chairman of Lafarge Africa, Chief Olusegun Osunkeye, said earnings before interest, taxes, depreciation and amortisation(EBITDA) rose by 16 per cent in Nigeria when compared to 2013 in the same scope. "All Nigerian entities showed strong growth with Ashaka Cement doubling its EBITDA following coal substitution increasing from 35 per cent to 70 per cent and overall increase in operational efficiency by 91 per cent and WAPCO by a solid eight per cent," he said. Osunkeye noted that the medium to long term outlook remains positive for Lafarge South Africa Holding(LSAH). The recent strengthening of Rand versus the Naira will increase the value of the South African profits to the Group, and is a testament to the advantages of having added Lafarge South Africa to the Group," he said. He noted that the creation of Lafarge Africa has transformed the company into a group which is well equipped to continue the acceleration of a group to withstand challenges in the market place. "Our cement production capacity has grown from 4.5 million tons to about 12 million tons. In addition, 3.5 million cubic meters of ReadyMix concretes and over 5.0 million tons of Aggregates have been added to the portfolio.

The turnover has doubled from N100 billion to N200 billion and the EBITDA has grown from N36 billion to N55 billion. N99 billion of cash was generated from operations in 2014. All of this is building the foundation which was laid over the last few years, and the transformation into Lafarge Africa Plc is a natural progression to take our company to the next level," he said. In his comment, Group Managing Director/ CEO, Lafarge Africa Plc, Mr. Guillaume Roux attributed the performance of the company to management's commitment to corporate governance, innovation, customer service and cost efficiency. He assured the shareholders of continued efforts to delight them more in the current year. Meanwhile, Osunkeye, who has retired from the company at the end of the AGM, noted that it was a privilege and honour to have served on the Board of the company for 14 years and as chairman for five years from October 2009. He expressed his gratitude to all stakeholders and urged them to extend the same level of support to his successor, Mr. Mobolaji Balogun. "Balogun is a seasoned and committed director with breadth of experience across finance, strategy and management. He is very familiar with Lafarge's business in Nigeria and Africa and I am sure he is the right person to chair the Board going forward," Osunkeye declared. Some of the shareholders equally hailed the appointment of Balogun as the chairman of the company and urged him to use his wealth of experience to take the company to the next level. *(This Day)*

Dangote Sugar Refinery has declared N4.8 billion dividend for the year ended December 31, 2014 to be paid to its shareholders. The dividend, which translates into 40 kobo per share, was approved by the shareholders at the 9th Annual General Meeting (AGM) in Lagos. In his address to shareholders, the Chairman of Dangote Sugar, Alhaji Aliko Dangote, said despite the challenging circumstance in 2014, Dangote Sugar posted a turnover of N95 billion. Profit before tax and profit after tax stood at N15.3 billion and N11.6 billion, compared with N16.3 billion and N10.8 billion respectively. According to Dangote, it remains the company's policy to return part of its profits as dividends to shareholders at the end of each business year. However, he said the dividend paid depends on the company's financial performance, investment decisions, liquidity levels and banks balances. "In view of the significant investments required for our backward integration projects, the company is in need of additional funding. As such, the Board has taken the decision to reduce dividend payment for the year from 60 kobo per share to 40 kobo. This is a transitional situation, requiring our short term sacrifices in order to build for the future, and is necessary for us to maintain prudent capital and liquidity levels to sustain our operations, in tandem with our backward integration projects," Dangote said. Speaking on the company's operations, he said the company had to contend with heightened insecurity in the north eastern Nigeria, along with other consumer oriented businesses. "Access to our key markets was hampered, while we also had to grapple with reduced consumer purchasing power and periodic menace of low-priced unlicensed imported sugar. Notwithstanding this, our local sales volumes exceeded 780,000 tonnes in 2014, a slight reduction on the prior year," Dangote said. He disclosed that 10 years from now, the target of the company is to produce 1.5 million tonnes of refined sugar from locally grown sugarcane. *(Vanguard)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Oando Plc, a Nigerian energy company, is building a business to truck natural gas to industrial users whenever they are cut off from pipeline supply, an executive said. "We're basically creating a market for the future," Bolaji Osunsanya, chief executive officer of Oando Gas & Power Ltd., said in a May 19 phone interview from Lagos, the commercial capital. "Markets that otherwise you won't have been able to use pipelines to serve, today it is possible to truck compressed national gas there." Oando is investing $36 million to build three gas-compression plants in the country's southern industrial belt within a year to produce 20 million cubic feet of gas a day initially, and then increase capacity as demand rises, he said. Though Nigeria, Africa's biggest oil producer, also has the continent's largest gas reserves of more than 184 trillion feet, it lacks the pipeline network to reach most potential users. Existing pipelines passing through the restive Niger River delta are frequently sabotaged, causing supply disruptions. Average daily output of gas in Nigeria is about 9 billion cubic feet, according to the state-owned Nigerian National Petroleum Corp. With domestic gas demand projected by the NNPC to reach 5 billion cubic feet daily in the next two years, Oando is targeting "big energy users" such as cement and steel plants, who currently rely on diesel to generate at least 1.5 megawatts of power per factor, to switch to gas, Osunsanya said.

Compressed to become more than 200 times smaller than its original volume, gas could be delivered to companies connected to pipelines during supply disruptions, he said. The plants are to be located in the southeastern industrial town of Aba, the oil hub of Port Harcourt and a third to be located in central Nigeria. Oando concluded a $1.65 billion acquisition of ConocoPhillip's Nigerian oil and gas assets in June. Its gas and power unit operates a 228-kilometer (142-mile) naturals-gas link that supplies industrial users in Lagos, as well as Port Harcourt. "The technology can be utilized on all modes of transportation," Osunsanya said. "Today it's trucks but there's a future for rail and for barges so we can wheel compressed natural gas through the rivers upstream." Oando's shares rose 2.8 percent to 18.20 naira each at the close of trading in Lagos on Monday, the most in three weeks. (*Bloomberg)*

The Asset Management Corp. of Nigeria said it has recovered 57 percent of the bad debts it took on five years ago to rescue banks in Africa's largest economy from collapse. "We're a little bit behind, but not too far behind, what we expected," Chief Executive Officer Mustafa Chike-Obi said in an interview in Lagos. "The courts are a constraining factor. As much as we want to carry a hammer, we still have to go through the court system and remain an institution that obeys the laws. That takes time." The state-owned agency, known as Amcon, managed to collect or reorganize the debts it bought at a rate of 1.07 times for what it paid for them, above its 80 percent target, he said. Modeled on organizations including Ireland's National Asset Management Agency Ltd. and Korea Asset Management Corp., Amcon used bonds to bail out 10 lenders and buy more than 12,000 loans from industries including aviation, gasoline marketing and manufacturing for about 1.8 trillion naira ($9 billion). A clean-up of the industry means Nigerian banks are better able to withstand shocks even as non-performing loans rise following the latest oil slump, Chike-Obi said. It is unlikely that lenders will be offered another bailout, he said. "If the central bank, whose decision it is mostly, did ask us, we'd have to think very seriously about it," he said this month. "But there's not much appetite from the central bank, Amcon or the nation for this. Nobody wants it."

While non-performing loans stood at 2.9 percent at the end of December, they are rising, the central bank of Africa's biggest oil producer said in April. The ratio will climb to between 5 percent and 10 percent by the end of 2015, Fitch Ratings said last year. Brent crude's 40 percent drop since June is making it harder for oil companies, which account for about a fifth of lending in Nigeria, to repay loans, Fitch said. Local companies are also battling to pay for imports and service foreign-currency debt after the naira's 18 percent depreciation against the dollar in the last 12 months. Dollar-denominated loans made up 45 percent of the total in Nigeria last year, according to Exotix Partners LLP. Chike-Obi, a former Goldman Sachs Group Inc. mortgage-backed bond trader, also wants to sell the last of Amcon's bank holdings. It owns Keystone Bank Ltd. and has stakes in Unity Bank Plc and Wema Bank Plc. Keystone, the biggest of three banks nationalized after the 2009 crisis, will probably be sold this year, he said. Amcon's shares in Unity and Wema will be disposed of "as soon as is practical," Chike-Obi said. Shares in Wema, which has a market capitalization equal to about $190 million, rose 2 percent over the past year to 1 naira as of 1:06 p.m. in Lagos. Unity, valued at $139 million, retreated 52 percent in the period to 2.4 naira.

Based on the experience of selling Mainstreet Bank Ltd. and Enterprise Bank Ltd. last year to domestic investors, interest in the new offerings could be high, Chike-Obi said. "The prices we got were much higher than we expected," he said. "There was a lot of international interest in both banks. In the end, the local banks were the highest bidders." While banks are now better-managed and more adept at gauging loan risks, they are "running into danger of over-regulation," said Chike-Obi, without being specific. The central bank increased the cash-reserve requirement for private-sector deposits to 31 percent from 20 percent on May 19, meaning lenders have to park almost one-third of such funds with the regulator while getting paid no interest. A levy that sees banks pay 0.5 percent of their assets annually to help fund Amcon won't be eliminated or reduced until the agency is wound down, Chike-Obi said. That may be by 2023, when 3.8 trillion naira of Amcon bonds held by the central bank mature. "The benefit of the levy, even it's considered too high, is that Amcon ends sooner," he said. "It's the perfect balance at this time." The agency's priority now is recovering the remaining bad loans it bought. "No one should expect magic," Chike-Obi said. "We expected it to be difficult and it remains difficult." *(Bloomberg)*

Union bank of Nigeria said on Monday it would close all of its branches across Africa's biggest economy at 2 pm local time due to a national fuel shortage as it relies on diesel generators to run its operations. "We are closing operations by 2 pm today because of lack of fuel to power our operations," a bank spokesman said. *(Reuters)*

Portland Paints and Products Nigeria(PPPN) Plc recorded a growth of 159 per cent for the year ended December 31, 2014 despite the challenging operating environment. The company grew its profit after tax to N148.6 million in 2014, from N57.3 million in 2013. Addressing the shareholders at the annual general meeting(AGM) in Lagos on Tuesday, the Chairman of PPPNP, Mr. Larry Ettah, said despite the higher profit, no dividend would be paid due to strategic reasons. "For strategic reasons, the board is not recommending the payment of dividend for the year ended 31st December, 2014 but hoped that with the company's improved performance, this may not be a challenge anymore." According to him, the company was being repositioned for better future performance. This repositioning, he added, would require capital raising. "We are realigning our portfolio and making strategic shifts where necessary. We will continue to focus on innovation and seek opportunities to introduce new offerings into our portfolio of brands as well as build capacity in our people. In pursuit of plans to improve returns and address the high leverage position of the company and our other business expansion plans, the Board has recommended for your approval a capital raise by way of Rights Issue. The board will therefore be glad to have your kind approval," Ettah said. Looking ahead, Ettah said the federal government, in a bid to shore up its revenue base, plans to implement structural reforms that will drive growth and assist the country in the transition to a less oil-dependent economy. Meanwhile, the stock market halted the five days of losses and appreciated by 0.43 per cent. The Nigerian Stock Exchange (NSE) closed higher at 34,298.64, while market capitalisation increased by N49.89 billion to close at N11.65 trillion. Four out of the five NSE Sectoral indices gained. The Oil/Gas index had best performance with a 0.68 per cent increase, while the Industrial Goods and Banking indices followed with 0.45 per cent and 0.37 per cent gains respectively. The Insurance index rose by a marginal 0.04 per cent. Contrarily, the Consumers Goods index fell by 0.46 per cent. At the close of trade, 26 stocks appreciated while 18 stocks declined. Investors traded 540.61 million shares, valued at N3.68 billion and traded in 3,662 deals. *(This Day)*

Nigeria's Seven Energy International Limited is seeking to merge or enter a partnership with other companies to expand gas production to meet rising demand from power plants and industries in Africa's largest economy. "The company has had a few discussions with indigenous companies," its Chief Operating Officer, Jeff Corey told Bloomberg in an interview in Lagos. "We could invest or operate the gas plant and market the gas for them." Seven Energy, based in Lagos, plans to increase gas output more than fourfold to 500 million standard cubic feet (14.2 million cubic meters) per day by 2019 from 110 million, Corey said. Meeting that goal is dependent on getting access to reserves and raising funds, he said. Hydrocarbon assets in the country with an estimated value of $5.8 billion may be sold by international energy companies to Nigerian-owned producers in coming months, according to Bloomberg Intelligence analyst Philipp Chladek. Royal Dutch Shell Plc, Chevron Corp., Total SA and Eni SpA are among those divesting interests in onshore and shallow water oil fields plagued by unrest, violence and theft in the Niger River delta.

Natural gas is at the heart of a government plan to increase electricity generation and end crippling shortages by making the fuel available to independent power generators. Nigeria has Africa's biggest reserves. "We're interested in how we can help develop the gas in these oil blocks for power generation and industrial consumption," Corey said. An agreement will be announced this week under which Seven Energy will supply gas to the 504-megawatt Alaoji power plant in the southeast, he said. Existing clients include the National Integrated Power Project that runs a 560-megawatt plant in the city of Calabar and Port Harcourt-based Notore Chemical Industries Plc, which uses the fuel to power its fertilizer plant. Seven Energy raised $400 million in October to extend its existing 260-kilometer (162-mile) pipeline network. Domestic gas demand is projected to grow 11 percent a year to reach 7.2 billion cubic feet per day by 2025 from 1.8 billion cubic feet in 2012, Corey said. The company plans to boost output at its Stubb Creek Field fourfold to 8,000 barrels a day by 2017, he said. The project in the nation's southeast Akwa Ibom State started in February and is expected to add gas to Seven Energy's processing and distribution capacity, Corey said.*(This Day)*

The Group Managing Director/Chief Executive Officer of Skye Bank Plc, Mr. Timothy Oguntayo yesterday said the bank would access the capital market to raise additional tier one capital of N30 billion in the third quarter of 2015. Oguntayo, who stated this at meeting with stockbrokers in Lagos, noted that the new capital would to bolster its capacity to explore business and maintain an efficient capital adequacy ratio(CAR). According to him, final arrangement for the capital raising exercise would concluded after the bank's annual general meeting schedule to hold early June. He disclosed that the fund would also assist the bank in the prosecution of its business focus, which is retail banking, with particular emphasis on individuals and small and medium enterprises (SMEs). In order to make a success of the new business focus, he said the bank had gone into strategic partnership with the International Finance Corporation (IFC) to strengthen its retail banking capacity and framework. He added that to bank's risk processes are equally being strengthened. Oguntayo said the acquisition of Mainstreet Bank Limited has made Skye Bank Nigeria's 4th largest bank by branch network, with the total branch network standing at 469 with 887 automated teller machines (ATMs). According to Oguntayo the combination of the two banks was expected to deliver significant operational synergies resulting in resource optimization and enhancement of shareholder value; as well as create opportunities to deploy e-channels products and capabilities to clients of Mainstreet Bank. Speaking on the financial performance of the bank, the GMD said Skye Bank bean 2015 on an impressive note with growth of 85 per cent in profit after tax (PAT) for the first quarter ended March 31, 2015.PAT rose to N5 billion in 2015, from N2.7 billion posted in the corresponding period of 2014.*(This Day)*

Economic News

Nigeria's main oil union has shut down the local operations of U.S. oilfield services provider Halliburton Co in protest against job cuts, the trade body said on Tuesday. Tokunbo Korodo, Lagos chairman for the National Union of Petroleum and Natural Gas Workers (NUPENG), told Reuters the group halted operations on Monday saying it was opposed to Halliburton's decision to sack 46 local staff members. The union accused Halliburton of not following due process. Halliburton's staff cuts in Nigeria are part of a company-wide jobs cull announced earlier this year to counter a sharp downturn in global oil prices since last summer that has shrunk profits. In April, the company, which provides drilling services to Royal Dutch Shell PLC and Chevron Corp in Africa's top oil producer, said it had cut 9,000 jobs, or about 10 percent of the global workforce, and that more were planned. "Halliburton is in conversations with the union to resolve the pending issues," a company spokeswoman said via email. "We will continue to monitor the business environment and will make additional adjustments...as needed," she said. She declined to comment on how many jobs had been cut or what operations were impacted. The shutdown was confirmed by another oil industry trade union - Petroleum and Natural Gas Association of Nigeria (PENGASSAN) - which said the U.S. company sacked trade union executives in an attempt to weaken the bodies representing workers' rights, Emmanuel Ojugbana spokesman for PENGASSAN said. (*Reuters)*

Fuel supplies slowly resumed in Nigeria on Tuesday after a strike by fuel marketers was called off, but long queues at petrol stations and interruptions to businesses persisted in Africa's biggest economy and oil producer. The dispute, which ended on Monday, brought much of Nigeria to a standstill as private generators that produce most of the electricity for the nation's 170 million inhabitants ran out of fuel, days before the inauguration of Muhammadu Buhari as the new president on May 29. Nigeria subsidizes gasoline and must import the bulk of the 40 million litres a day that it consumes owing to a neglected refining system. A dilapidated power grid means businesses and households depend on diesel for electricity. Fuel importers said they were owed money by the government and shut depots to press their case. Besides airlines, which could not obtain aviation fuel, phone companies such as MTN Group and domestic banks had ground to a halt for lack of electricity. MTN said on Tuesday that its Nigerian services continued to be hampered despite the end of the fuel strike. "Diesel is still not easily available at this time...It is likely to take some time for normality to be restored," Funmilayo Onajide, a spokeswoman for the company, said. Some banks said their opening hours had returned to normal after being forced to close early on Monday.

Nigeria is experiencing its worst fuel crisis in history, said Gaimin Nonyane, an economist at Ecobank, and there was a likelihood of a recurrence after the strike was resolved. "It will also increase uncertainty as the new government takes up office, prompting investors to reduce their holdings of Nigerian-denominated assets," he said. A delayed return to normality was evident on the streets of commercial hub Lagos and the capital, Abuja, where drivers lined up for several hours at petrol stations. "We are just queuing up hoping that the station will get its supply today since they called off the strike yesterday," said taxi driver Akin Olatunde. Fuel importers said they are owed around $1 billion by the government and had shut depots to press their case for fear that the incoming government may not pay the debt. Buhari is expected to closely review the subsidy scheme, which was revealed to have paid out over $6 billion in fraudulent claims in 2012. *(Reuters)*

Nigeria's total external merchandise trade decreased by N110.2 billion to N4.87 trillion in the first quarter of the year (Q1 2015) compared to N4.98 trillion in the previous quarter, according to the National Bureau of Statistics (NBS). The bureau explained that the 2.2 percent drop occurred despite a rise of N275.6 billion or 9.3 percent in the value of exports compared to the preceding quarter. The country's structure of exports was dominated by crude oil, which accounted for an estimated N2.25 trillion or 69.7 percent of the value of total exports in the period under review. The statistical agency said a decline of N385.8 billion or 19 per cent in the value of imports resulted in an overall decline in the value of merchandise trade. According to the Foreign Trade Statistics for the first quarter of 2015 which was released yesterday, the rise in exports and decline in imports however, improved the country's trade balance which increased by 71.6 percent from the preceding quarter to N1.5 trillion. Compared with the corresponding quarter of 2014, however, the value of total merchandise trade decreased by 639.5billion or 11.6 percent, while the trade balance decreased by N839.1 billion or 34.6 per cent.

According to the NBS, value of imports stood at N1.64 trillion Q1 2015, representing a decrease of N385.8billion or 19 per cent from N2.03 trillion recorded in the preceding quarter. Year-on- year however, the value of the country's imports increased by N99.8billion or 6.5 percent from the Q1 2014 value of N1.54 trillion. On the other hand, the value of exports totalled N3.23 trillion in Q1 2015, representing an increase of N275.6billion or 9.3 per cent over the value recorded in the preceding quarter. Compared to Q1 2014, the value of exports declined by N739.3billion or 18.6 percent. In terms of the country's top export destinations, India, Netherlands, Spain, South Africa and Brazil accounted for N436.6billion or 13.5 percent, N319.6billion or 9.9 percent, N263.4billion or 8.2 per cent, N260 billion or eight per cent and N257 billion or eight per cent of total exports respectively in the period under review. On the other hand, Nigeria imported goods mostly from China, United States, Belgium, Netherlands and India, which respectively accounted for N387.5billion or 23.6 per cent, N133.8 billion or 8.1 per cent, N118.7 billion or 7.2 per cent, N108.7 billion or 6.6 per cent and N96.6 billion or 5.9 per cent of the total value of goods imported during the first quarter. *(This Day)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Tanzania

Corporate News

LOCAL cement manufacturers say they are not scared with the ongoing construction of a new factory in Mtwara Region, which is expected to start production in August, this year. Nigeria's Dangote is building a $500-million factory, an annual capacity of 3 million tonnes, in a move that will double Tanzania's annual output of cement to 6 million tonnes. "Obviously Dangote will bring in more competition in the market. We know and respect the firm as a responsible player," Tanga Cement Plc Chairman of the Board of Directors, Mr. Lawrence Masha, told a news conference in Dar es Salaam at the weekend. Mr. Masha who was speaking on the sidelines of Tanga Cement Annual General Meeting (AGM), said Tanzanian manufacturers should always expect changes in the market and face the challenges. "We can only manage to produce 1.5 milllion tonnes of cement annually and expect others to make up for the rest of the demand which is ever growing," he said. He said what matters most was the firm to maintain the best quality of its product and satisfy the ever changing customers' requirements. Tanga Cement Plc Managing Director, Mr. Reihnhardt Swart, also said that the arrival of Dangote has not sent the firm's management panicking. He said the challenge was to maintain profitability through cost-effective operations and optimum use of resources. He pointed out that the cost of electricity was currently a major problem and the firm was drawing up strategies for optional sources.

Mr. Swart said availability of natural gas to cement manufacturers in the country in the near future would a be a big boost. Tanzania recently made big natural gas discoveries totalling more than 53 trillion cubic feet and coal reserves of up to 5 billion tonnes, but lacks infrastructure to deliver the energy to major factories. Other cement producers in the country include Tanzania Portland Cement, owned by a subsidiary of Germany's Heidelberg Cement AG and Mbeya Cement, owned by France's Lafarge SA. Mr. Masha told the AGM that despite many challenges Tanga Cement had a good year in 2014, although operating profit was 16 per cent below the level reached in 2013. "This performance can be attributed to increased direct sales and active initiatives to control and reduce costs," he said. He said the firm's future outlook was bright, although the year 2015/2016 would remain challenging. "We expect to continue to deliver satisfactory results," he noted. He said there were a number of projects that have been approved by the government and private investors to provide exciting opportunities. He listed them as development of Kawe City, Tanzanite Mall and Tanzania China Logistics Centre in Dar es Salaam, as well as the ongoing expansion of the Dar es Salaam Port. *(Daily News)*

EQUITY Bank Tanzania has officially launched its branch in Arusha Region, as it seeks to gain a foothold in the region richly blessed with tourist attractions in the northern Tanzania. The Arusha Regional Commissioner (RC), Mr. Felix Ntibenda, said at the event in Arusha over the weekend that financial services accessibility has a huge contribution in reducing levels of poverty experienced in Tanzania and Africa in general. "Equity Bank's initiative to stretch its wings to the northern part of the country is commendable and would play key role in transforming the lives and livelihoods of the people through socio-economic empowerment," he said. Also during the ceremony, the RC launched the bank's Fanikisha plus products which has an ultimate goal to empowering women entrepreneurs in the country. The initiative was officially launched in Dar es Salaam last month, but with the spreading of the bank's services to Arusha Region, it implies that such benefits should reach women in the region. The General Manager-Credit of Equity Bank, Mr. David Mukaru, said the bank started its operations in Arusha Region for the first time in 2012 and since then has seen a growth of customer base to 29,000. The customer deposits have grown and same with the credit customers with more than 1,500 customers enjoying different loan products. *(Daily News)*

THE National Microfinance Bank (NMB) said yesterday it plans to enhance financial inclusion using mobile phone technology blended with internet services. Though, some quarters see mobile transaction as cashin-cash out, the bank want to reverse the phenomenal and create a cashless society where almost all payments are done through mobile handsets. The NMB Managing Director, Ms Ineke Bussemaker, said the bank envisages to use the platform to enable people to save thus do away the cashin- cash out trend. "If a farmer can pay all of his bills-buying fertiliser, seeds, school fees - using mobile phone...you don't need cash to live," Ms Bussemaker, an IT expert, said. Ms Bussemaker, who has an arm-length of bank experience spanning 30 years, added "(but) they must believe and trust the (mobile phone) platform." The newly appointed Managing Director said the mobile technology would enrich banking coverage and bring many closer to financial services including offering micro loans. Ms Bussemaker, who was with Citibank before joining NMB, has been in the country several times. The yesterday's press conference was the first one after her appointment. The NMB Chief Risk Officer, Mr. Tom Borghols, said in this year the bank plans to have some 250 banking agents to increase its outreach of its 163 brick and mortar branches. "We will place agents banking to the places where we don't have branches...so as to reach many," Mr. Borghols said. NMB Chief Financial Officer, Mr. Waziri Barnabas, said though its profitability in the quarter one slows down in a quarterly basis the balance sheet grew substantially to 4tri/-, which is industrial largest. "The slowdown does not relate to competition on the ground but was the results of the bank's brake to consolidate with risk management. It is a prudence lending," Mr. Barnabas said. Mr. Barnabas said the bank want to be "predictable, consistence and sustainable without any slips...but the remaining quarters financial are going to be okay." NMB net profit went up slightly by 0.5 per cent to 38.36bn/- reduces by fund set aside for probably bad debts. The bank used 70bn/- in branch renovation and construction to increase its network to 163, being largest in the country. CRDB Bank the immediate rival has some 120 branches. NBM also has some 500 ATMs.*(Daily News)*

Economic News

Tanzania's central bank changed rules on how much foreign currency lenders in the East African nation can hold in a bid to end trading in the shilling it called "speculative." Commercial banks' net open position was cut to 5.5 percent from 7.5 percent of liabilities to reduce the amount of foreign currency banks can hold and "limit their activities in the interbank market," Joseph Masawe, director of economic research and policy, said by phone Tuesday from Dar es Salaam, the commercial capital. The statutory reserve requirement will be raised to 10 percent of total deposits from 8 percent on May 29, he said. "It's the speculative tendencies we want to eradicate," Masawe said. "We will continue to take other measures if it becomes necessary, and depending on the source of pressure." The currency of East Africa's second-biggest economy fell 16 percent against the dollar this year, the worst among 24 of the continent's currencies tracked by Bloomberg after Ghana's cedi. Tanzania's central bank sold $339 million to lenders from January to April to support the shilling, it said on May 4. Shipments of gold, a key source of foreign exchange, dropped 13 percent to $1.4 billion in the year through March, according to the regulator. "Speculative tendencies started building up in the last two weeks of April," Masawe said. "With supply-side shocks it is also contributing to further depreciation." Foreign-currency reserves fell to $4 billion in March from $4.2 billion the previous partly due to sale of foreign exchange in the domestic market to manage liquidity, the central bank said on May 19. The shilling traded unchanged at 2,045 per dollar by 3:17 p.m. in Dar es Salaam after gaining 0.3 percent on Monday.*(Bloomberg)*

ZANZIBAR has registered deflation of - 0.2 per cent in March, from - 1.7 per cent in February, driven mainly by fall food and fuel prices. Deflation is a phenomenon that occurs when overall prices are declining to register a negative figure. It is the opposite of the often-encountered inflation. Deflation, according to economists, occurs following reduction of money supply or credit availability. The economists argue that it is often associated with reduced investment spending by government or individuals. "Deflation leads to a problem of increased unemployment due to drop in demand," according to an economist. The Bank of Tanzania (BoT) Monthly Economic Review of April says "month-to-month headline inflation was negative 0.2 per cent in March 2015 compared with negative 1.7 per cent in the preceding month". The central bank attributed the month-to-month deflation to food inflation which went down to negative 1.6 per cent in March compared with negative 0.1 percent. "(This was), mainly on account of decrease in prices of rice, fish and bread," BoT says in the report. However, non-food inflation eased to 0.1 per cent during the year ending March 2015 from 1.9 per cent recorded in February 2015, mainly driven by a continued fall in fuel prices. Normally central banks aim to keep the overall price level stable by avoiding situations of severe deflation or inflation. Both deflation and severe inflation may infuse a higher money supply into the economy to counter - balance the deflationary impact. In most cases, a depression occurs when the supply of goods is more than that of money. Meanwhile, the report shows, annual inflation which excludes food and energy (core inflation) rose to 2.9 per cent in March from 2.7 per cent in the preceding month. Annual inflation for energy and fuels dropped to negative 10.1 per cent from negative 2.0 per cent in line with recent developments of falling prices in the world market for fuel. On other hand Annual headline inflation declined to 0.9 per cent in March 2015 from 1.7 per cent in February

2015, mainly driven by fall in prices of wheat flour, sugar, banana and fuel.
Food inflation remained unchanged at 1.6 per cent in the year ending March 2015 as in the year ending February 2015, as fall in prices of some food items were offset by increase in fish prices. *(Daily News)*

Tanzania's government has agreed a deal to buy back a 35 percent stake in a state-run telecoms company from the local subsidiary of India's top mobile carrier Bharti Airtel for 14.6 billion shillings ($7.07 million), a senior official said. The east African nation says it wants to regain 100 percent ownership of the Tanzania Telecommunications Corp (TTCL) to recapitalise the cash-strapped firm, which provides mobile voice, data and fixed-line services. "Legal procedures are now being finalised for the government to buy back Airtel's shares in TTCL and regain sole ownership of the company," January Makamba, deputy minister for communication, science and technology, told parliament late on Tuesday. "The Tanzanian government has decided to regain 100 percent ownership of TTCL in order to rescue the company." The Tanzanian government has been in talks with Bharti Airtel over the deal for the past five years but failed to reach agreement on the price until the recent breakthrough. The Tanzanian government also owns a 40 percent stake in Bharti Airtel's Tanzanian subsidiary. Communications is one of the fastest-growing sectors in east Africa's second-biggest economy, with seven players in the mobile telecoms industry fighting for market share, forcing tariffs lower. Bharti Airtel Tanzania Ltd is the second-largest mobile phone operator in the country after Vodacom Tanzania, part of South Africa's Vodacom Group. Other firms operating in Tanzania include Tigo Tanzania, part of Sweden's telecom group Millicom International Cellular and Zantel, majority-owned by Dubai -based Emirates Telecommunications Corp (Etisalat). The number of mobile phone subscribers in Tanzania rose by 16 percent in 2014, to 31.86 million, from a year before. As in other African countries, mobile phone use has sky-rocketed in Tanzania in the past decade. Analysts expect further growth in the east African nation of more than 45 million people. It now has a mobile phone penetration rate of 67 percent. *(Reuters)*

Tanzania plans to spend 4.394 trillion shillings ($2 billion) to build new roads and a bus rapid transit system to unclog traffic in its commercial capital, Dar es Salaam, a senior official said on Wednesday. Dar es Salaam, with a population of over 4 million, is one of the fastest-growing cities in sub-Saharan Africa, but it faces a crippling traffic problem. Works Minister John Magufuli told parliament plans to ease road congestion in the city include the construction of fly-overs and bridges, using budgetary allocations during the government's next fiscal year starting in July. The east African region, which has made significant discoveries of energy in Kenya, Uganda and Tanzania, has been racing to build new transport links to make up for decades of neglect and underinvestment. *(Reuters)*

Tanzania said on Thursday it had signed a $70.5 million loan with the African Development Bank (AfDB) to finance reforms in the east African nation's energy sector. AfDB is among a group of donors that withheld nearly $500 million in budget support to Tanzania last year over corruption allegations in the energy sector. The aid delay affected the execution of the government's budget for the current fiscal year 2014-2015, which ends on June 30, and weakened the local currency. The bank's support â€¦ will enable the government to boost efforts to implement energy sector and other related public financial management reforms. Servacius Likwelile, permanent secretary in Tanzania's finance ministry, said in a statement. The loan deal signed on Wednesday comes after a group of donors providing budget support to Tanzania decided to resume financial assistance to one of Africa's biggest per capita aid recipients. AfDB said it would loan Tanzania another $70 million over the next two years as part of the same programme. Tanzania's power sector reforms are also aimed at cutting costs and enhancing revenue collection at the state-owned electricity firm, TANESCO. Tanzania is estimated to have more than 53.2 trillion cubic feet (tcf) of gas reserves off its southern coast, but its energy sector has long been dogged by allegations of graft and other problems. Along with neighbouring Mozambique, Tanzania is in a race with Russia, Australia, the United States and Canada to build LNG export plants, aiming to exploit a gap in global supply that is expected to open up by 2020. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

Zambia

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Economic News

Zambia's economy has strong growth potential but risks being weighed down by persistent weaknesses including large fiscal imbalances, lower copper prices and policy uncertainties, the International Monetary Fund (IMF) said on Friday. "Key risks to the outlook are delayed fiscal adjustment in the lead-up to general elections in 2016, persistent low copper prices, and policy uncertainties that could undermine investment in the economy," the global lending body said in a statement. *(Reuters)*

Zambia will probably cut power generation by more than a quarter as poor rainfall causes dam levels to drop in Africa's second-biggest copper producer, Mines, Energy and Water Development Deputy Minister Charles Zulu said. The country may reduce power supply by as much as 600 megawatts from about 2,200 megawatts, he said Tuesday by phone. While mining companies will be affected the state-owned power utility, Zesco Ltd., hasn't decided by how much they will need to decrease their usage, Zulu said. "According to Zesco, all customers have to contribute to this," he said. Zambia relies on hydropower for more than 90 percent of its electricity and water levels have declined at the Lake Kariba and Kafue Gorge plants, the source of three-quarters of that supply. Reservoir levels fell to about half capacity at the Kariba dam by April 26, according to the Zambezi River Authority's website. Glencore Plc and First Quantum Minerals Ltd. are among mine operators that use more than half the southern African nation's power. The country has already cut electricity supplies by 300 megawatts and will probably double this gradually over 2015, Zulu said. Peak demand is 1,900 megawatts to 2,000 megawatts, he said. "Obviously, demand is now higher, and load shedding will increase," Zulu said, using a local term for rolling blackouts. Zambia asked mining companies to cut their power use by 10 percent in January 2013 as demand outstripped supply, Reuters reported at the time. Supplies will increase from the end of the year, when two new plants are scheduled to start producing, Zulu said. The 120-megawatt Itezhi Tezhi hydropower plant will start producing power in October, while electricity generation at the 300-megawatt Maamba coal-fired power station will begin in December, he said. *(Bloomberg)*

Zambia's inflation slowed to 6.9 percent year-on-year in May from 7.2 percent in April largely due to a decline in prices of non-food items, the Central Statistical Office said on Thursday. The monthly inflation reduced to 0.6 percent in May compared with 0.7 percent in April, the agency said in a statement. "The decrease in the annual inflation rate is attributed to (price) decreases in non-food items, mainly purchase of motor vehicles and airfares," the agency said. *(Reuters)*

Zimbabwe

Corporate News

Mobile network operator, Econet Wireless Zimbabwe, says it has remitted $1 billion to the fiscus in taxes, fees and other levies since the dollarisation of the economy in 2009. Econet said that this contribution and that from other operators in the sector reflects the importance of the telecoms industry to the recovery and growth of the domestic economy. "Through supportive policies, the sector has immense potential to continue to contribute to national development and complement Government efforts in economic development," the company said in its financial results for the full year to February 28, 2015. The performance for the period under review showed a 41 percent dip in after tax profit to $70,2 million, which Econet attributed to the introduction of a 5 percent levy on airtime sales, 25 percent duty on handsets and 35 percent tariff reduction on voice calls. Because of this the company, one of the largest employers in the country, said it has had to stop employment creation and was worried about job losses that now look inevitable due to the challenges. Zimbabwe's biggest mobile network operator, with over 9 million customers, said it had invested a staggering $1,2 billion into infrastructure over the last five years, partly the reason why it is resisting Government calls to unconditionally share its infrastructure with competitors that have invested less.

Econet said network investment reached $125 million during the last financial period in what it said contributed to maintaining its relevance and dominance on a technologically dynamic market. The investment sustains the jobs of over 2 000 direct employees and over 35 000 indirect jobs and has given the network capacity to carry an additional 2 million users. "More than 20 000 small businesses across the country, particularly in rural areas, receive regular income from selling airtime and transacting for EcoCash," Econet said. Commenting on its performance for the financial year to February, Econet said that revenue was little changed at $746 million, representing less than one percent decline. The mobile network operators generated a total of $907,3 million in 2014. This represents 17,9 percent decline in revenue from $1,1 billion recorded the previous year. Econet has, however, been able to hold its revenue steady and prevent significant decline through innovation, sweating its expansive infrastructure for new revenue streams. "Despite the changes, challenges and increasing complexity of the operating environment, the business continues to introduce new innovations that address the needs of its customers while also diversifying its sources of revenue," the company said. New innovations it has brought to ride on its infrastructure include EcoCash, EcoSure, EcoHealth, EcoFarmer and connected car vehicle tracking. It said while the services have taken time to yield the desired results and the returns thus far have been encouraging. The services contributed $72,7 million in the period to February 2015, which represents 65 percent growth on prior year while broad generated $103 million, 42,3 percent jump. Its associate, Liquid Telecom has built more than 7 000 kilometres of fibre in the country, deemed the most extensive optic fibre network in the region, including South Africa. *(Herald)*

RIOZIM will now proceed with its delayed $10 million rights offer meant to raise funds for a key project, as certain conditions that are yet to be fulfilled do not require prior approval. The listed gold miner said last week the rights offer will now open on June 8 after it obtained exchange control approval for GEM RioZim to underwrite the cash call. RioZim said the offer, meant to raise funding to kick start its anticipated cash cow, Cam and Motor gold mining project in Kadoma, will close on the 26th of the same month. RioZim said other conditions precedent, approval in terms of the Indigenisation and Economic Empowerment Act, do not require prior approval and had therefore been waived. RioZim said it was also not legally required to obtain approval from indigenisation and economic empowerment authorities. This was realised after consultation with the Ministries of Mines and Mining Development and Youth Development, Indigenisation and Empowerment. The Zimbabwe Stock Exchange listed company said in light of this it had resolved to waive the condition cognisant of the financial situation of the company and need to implement the Cam and Motor Gold Mining Project. "In light thereof, in terms of the extraordinary general meeting held on February 19, 2015, it is hereby agreed that the RioZim rights issue is no longer suspended and shall continue as per the revised calendar," the company said. Since January, RioZim had been working on the modalities of the $10 million rights issue, but while administratively all was in order, the cash call could not proceed as the other conditions precedent had not been fulfilled. Major shareholder and prospective underwriter Gem RioZim Investments advanced RioZim $700 000 in part subscription to the miner's proposed $10 million rights offer to fund the resuscitation of its Cam and Motor gold mine. Gem RioZim Investments holds a 24,97 percent stake in RioZim and will fully underwrite the capital raising exercise to fund the project believed will turnaround its fortunes. The Kadoma-based Cam and Motor mine, once Zimbabwe's largest gold producer, was mothballed in 1968 after producing 5,3 million ounces of gold. RioZim contends the project holds the key to its current financial woes. In anticipation of the right offer, RioZim placed an order for a 1 500 tonnes per day plant, which at full capacity is expected to produce more than 3 000 ounces of gold per month. Last June, the miner said it had secured $45 million targeted at settling its $40 million bank debt, owed $91 million two years back, including $60 million in accrued interest. Last year, the miner's gold production declined due to heavy rains that affected its Masvingo-based Renco Mine. This comes as the Zimbabwe Stock Exchange-listed miner recorded a net loss of $7,5 million in the half year to June 2014 due to high finance costs and unbudgeted for expenses. Lower production at Empress Nickel Refinery and Renco Mine and lower gold and copper prices saw turnover declining by 31 percent to $39,9 million in the half year to June.*(Herald)*

OK Zimbabwe will spend about $5 million on expansion in the current financial year as the company plans to strategically position itself to fight off growing competition within the retail sector. The coming in of Choppies and the expansion of the Pick n Pay brand especially in Harare has accelerated competition within the retail environment. Speaking at the company's analyst briefing yesterday, OK Zimbabwe chief executive Mr. Willard Zireva said the coming in of Choppies in Bulawayo has had an impact and the company is looking at expanding and upgrading its facilities to maintain its market share. "We have not felt the impact of new players in Harare yet, but have felt it in Bulawayo especially the coming in of Choppies. We have lost a bit of business in Bulawayo. "As you know OK Zimbabwe is also aggressive in the market and we are planning to roll out initiatives that will cater for the high and lower end of the market. "The company will invest about $5 million on expansion in the next financial year and we think that will give us an edge in terms of our product offering," said Mr. Zireva. The retail giant plans to re-align its operating model by dividing its store operations into two brands trading as OK conventional stores and OK value stores with different pricing structures to cater for consumers.

Mr. Zireva said OK Zimbabwe was adopting this model to adjust to the changing business environment as more retail companies invade the market at the same time fighting for the same dollar. He said OK Mbuya Nehanda and OK Kwekwe have already been converted into value supermarkets and the company is looking at expanding the new strategy into Victoria Falls. "These will have different pricing structures and they have already proved profitable. "There are not going to be changes on the Bon Marche brand as it will continue to operate like what it used to do. "The market has shifted; this will reduce margins, but sales will grow positively and bottom-line will also respond positively," said Mr. Zireva. The company is also looking at developing OK Mutare, OK Marondera while it is looking at opening a new branch in Zvishavane. The company's revenue for the year ending March 31, 2015 declined 4,3 percent to $462,7 million from $482,8 million recorded in the prior year due to subdued demand and low disposable income within the market. The negative revenue growth of 4,3 percent exhibits the official deflation as at March 2015 of -1,2 percent; internal deflation -2,6 percent which resulted in less revenue for the same volume. Gross margin for the period was at 17,8 percent compared to last year which was 17 percent and this was as a result of efficient procurement, bakeries, fruit and vegetables among others. Overheads for the period were up 3,8 percent with sales growth going on a negative due to the rate of increase that has slowed down significantly and higher depreciation expense from continuing capital expenditure which was $11,3 million down from $12,4 million in 2014.*(Herald)*

STATE-owned Zimbabwe Mining Development Corporation is likely to kick-start a series of mine disposals with the sale of Kamativi Tin Mines to a prospective Chinese investor. An official told this newspaper that four investors were interested in Kamativi although sources say a Chinese investor is now tipped to snap up major shareholding in the tin mine. The official said the investment required would depend on the business plan to be drawn after a detailed feasibility study by the investor and the level of mineral beneficiation but indications are that the mine requires around $60 million. Kamativi, a wholly-owned subsidiary of the ZMDC, closed in 1994 after 58 years of operation. Closure of the mine was caused by the fall in tin prices in 1985. "There have been more than four investors who expressed interest in Kamativi," said an official who requested not to be identified. "They have made presentations to the board." Mines and Mining Development secretary Professor Francis Gudyanga said Kamativi was more than just tin as there was a host of rare earth minerals. "If it was left to me we would not sell the mine to anyone, we would find the money to resuscitate it.

There is a host of minerals such as mica tantalite, lithium and beryl. For us it's a low hanging fruit," said Professor Gudyanga. Sources say while the evaluations are ongoing, indications are that a Chinese investor (name supplied) is well on course to outbid others.

Kamativi, which produced tin and by-products including tantalite niobium and lithium minerals, is among several closed mines under the ZMDC, which require new investment. "There has been interest in other areas of investment in particular gold, platinum, copper and the diamond sector," the official said. Tin prices have been declining since last year and are now close to a five-year low, according to Mining Feed, an online news service. It says while tin prices have shown some recovery from the lowest point reached last month, the London Metal Exchange cash price at the beginning of May was just above $16 000 per tonne, a decline of about 30 percent in the same period last year and 20 percent down since the beginning of the year. In May last year, the tin price was relatively stable between $21 000 and $24 000 per tonne for about 8 months. According to Mineweb, Indonesia, the world's top exporter of refined tin, will introduce strict new rules for shipments in a renewed effort to stamp out illegal mining and support prices of the solder material. Under the new rules, exporters will need to present proof that the metal comes from Government-certified mines before shipment. The new rules, first announced last week, would take effect on August 1 and could hinder the supply of tin from Indonesia and help support benchmark prices, Mineweb reported. *(Herald)*

Dawn Properties has reported a seven percent decline in revenue to $5,2 million for the year ended March 31 as liquidity constraints hit income from property investments. Operating profit for investment property segment slumped 73 percent to $464,000 from $1,7 million in the prior year. The segment's poor performance, coupled with an 'impairment of goodwill and conversion of debentures,' contributed to the group's drop in operating profit by three percent to $1,3 million. "Operating expenses decreased by three percent, notwithstanding an impairment loss on goodwill of $120,186 and once off transaction costs for the conversion of the linked unit debentures amounting to $144,977," said the group on Thursday in a statement accompanying financial results. Rent income for the hotel portfolio increased by six percent to $2,5 million, driven by conferences in Victoria Falls and Harare. The property services segment recorded a 79 percent decline in profit to $119,000 compared to the prior year while revenue declined by 17 percent to $2,6 million. However, the segment realized three percent savings from the cost cutting measures. The group is banking on the development of its Marlborough land this year to drive margins in the short-term. *(The Source)*

Dairibord Zimbabwe Holdings has recorded revenue growth of 6% for the four months ending April 30 2015 due to changes in product mix, reduced steri production cost, increased contribution from the heifer scheme, cost containment measures and the performance of a Malawi venture. Speaking at the company's annual general meeting in Harare yesterday, Dairibord Zimbabwe Holdings group chief executive officer Antony Mandiwanza said the overall business environment in Zimbabwe was tough. He said business was low due to a decline in disposable income, negative inflation and the growth of the informal sector. "The key driver of the business for the first four months was growth in beverages and of course the changes in product mix, we are seeing more and more trends towards the low value products and of course the high product mix," Mandiwanza said. He said key drivers for the company from January to April included reduced steri production cost due to the commissioning of a new plant in Chipinge, increased contribution from the heifer scheme and the impact of cost containment measures. In the period under review, raw milk intake was 3% down from last year, volume 22% above the same period last year, revenue 6% above last year, operating profit better than last year at 1% from -2% in 2014. "The key issue on the milk intake is because in Malawi in January and February we were not able to collect the milk from the suppliers and this had an impact on the overall milk supply of the company," Mandiwanza said.He said looking at the portfolio, liquid milk was trending at 7% below the same period last year, foods 1% below the same period last and beverages 54% above the same period last year. "Decline in disposable income, negative inflation, the growth of the informal sector as you know, as you walk around the city of Harare you can see exactly what the informal sector is doing, and obviously this has affected our major channel for distribution especially for the retail sector," Mandiwana said. He said the weak commodity prices, poor agriculture season and also that the IMF had revised down economic growth to 2,8% or 3,2% and also the tax collector, revenue was 6% below target in the first quarter which would weaken government spending and dampen consumption had impacted negatively on the business performance In Malawi, he said there was political stability but depressed macro-economic performance. "Agriculture at the moment is very poor due to the heavy flooding in January and February, donor support will continue to be an issue but thank God there is an appetite and interest to fund directly donor-funded projects, the lending rate remains high despite the declining inflation, but overall the environment is slightly better as it was last year,' Mandiwanza said. He, however, said the current economic situation will remain depressed and that the country will witness growth of informal sector and that there will be food shortages. *(NewsDay)*

Listed building material manufacturer Turnall Holdings says volumes for the first quarter to March are 29 percent higher while exports are also on the rise, putting the company on a recovery path, an official has said. Managing director Caleb Musodza told the company's annual general meeting on Thursday that the company was now importing cheaper fibre from Russia, realising 20 percent savings on previous imports and lowering expenses lowered by 23 percent. "We are getting fibre from Russia and it's 20 percent cheaper than the fibre we were getting," said Musodza in a trading update. "In terms of outlook for the year, that is the key development we have had on procurement system and it has a major impact on our balance sheet for the year." The company is also expecting an improved financial position for the full year after exports picked up. "We are scaling up our exports. We understand (the poor performance of) our economy and our view is that we are going to use export markets to try and mitigate against that," said Musodza. Turnall's loss widened to $11,9 million in the full year to December from $4,3 million previously on weakening sales and poor export performance. Revenue fell by 20 percent to $32 million while export sales contribution fell to 2,7 percent compared to four percent in the prior year. Musonza told The Source on April 10 this year that the company required an injection of $5 million in working capital, which would greatly improve and quicken the pace of recovery. "Besides our limited working capital, our relationships with our key creditors is under control and this has allowed our operations to improve," he said.*(The Source)*

Economic News

The African Development Bank (AfDB) is helping Zimbabwe resolve its debt with bilateral and multi-lateral financial institutions to enable the country to regain the status as one of the continent's top economies, outgoing president Donald Kaberuka said on Monday. The country owes $1,4 billion to the World Bank, $639 million to AfDB and $120 million to the International Monetary Fund. Zimbabwe suffered a decade of recession which was only halted by the use of multi-currencies in 2009. Kaberuka told journalists here on Monday that the essential work had been done by Zimbabwe. "The bank is working with Zimbabwe such that the country returns to where it was," said Kaberuka, who is completing his second and final term at the helm of AfDB on August 31. He said the roadmap towards regaining its former status was a function of sound policies that attract foreign direct investments as well as support from the international community. "The essential element of the work has been done by Zimbabwe. We are working together to try and find a solution on how the arrears can be settled so that it (Zimbabwe) engages fully with the international community. That is work in progress," Kaberuka said. AfDB was tasked by Sadc and the African Union to bring Zimbabwe and its creditors on the table to resolve the debt crisis. This culminated in the first meeting of Zimbabwe and its creditors in Tunisia in 2012. Subsequent meetings have followed. Zimbabwe is in desperate need of cheap concessionary funding to help reboot the economy.

However, the funders are unwilling due to the country external debt estimated at $8 billion. Experts say the country urgently needs lines of credit to grow the economy which is showing signs of stress evidenced by massive de-industrialisation and informalisation. This has seen Zimbabwe being turned into a vendor economy with few resources trickling to Treasury in the form of tax revenue. A report released by AfDB on Monday recommended that Zimbabwe should continue implementing "structural reforms to improve the business environment, achieve a sustainable current account balance, reform public enterprises and make growth inclusive". Zimbabwe is under an IMF successor economic reform programme. In a latest audit of the Staff-Monitored Programme, IMF had made progress in implementing the reform plan. IMF said Zimbabwe would this year focus on reducing primary fiscal deficit to raise the country's capacity to repay, restoring confidence in the financial sector, improving business climate and garnering support for an arrears clearance strategy.*(News Day)*

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