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	24-Oct-14	31-Oct-14	WTD % Change Local	WTD % Change USD	YTD % Change Local	YTD % Change USD
Botswana	DCI	9570.74	9563.75	-0.07%	0.03%	5.64%	1.31%
Egypt	CASE 30	8797.29	9115.63	3.62%	3.67%	34.39%	30.35%
Ghana	GSE Comp Index	2226.37	2249.27	1.03%	1.03%	4.85%	-25.09%
Ivory Coast	BRVM Composite	241.43	238.40	-1.26%	-1.43%	2.75%	-5.69%
Kenya	NSE 20	5197.67	5194.89	-0.05%	0.09%	5.44%	2.56%
Malawi	Malawi All Share	14110.22	14127.41	0.12%	-1.92%	12.74%	2.70%
Mauritius	SEMDEX	2126.99	2130.25	0.15%	-0.02%	1.65%	-2.21%
	SEM 7	401.44	401.76	0.08%	-0.09%	-0.47%	-4.24%
Namibia	Overall Index	1035.49	1089.45	5.21%	5.75%	9.27%	4.93%
Nigeria	Nigeria All Share	38967.72	37550.24	-3.64%	-3.40%	-9.14%	-11.65%
Swaziland	All Share	298.01	298.01	0.00%	0.51%	4.32%	0.18%
Tanzania	TSI	5681.77	5486.68	-3.43%	-4.06%	92.96%	78.58%
Tunisia	TunIndex	4601.70	4903.10	6.55%	6.21%	11.91%	1.42%
Zambia	LUSE All Share	6199.53	6182.94	-0.27%	-1.41%	15.60%	-1.23%
Zimbabwe	Industrial Index	182.90	177.88	-2.74%	-2.74%	-11.99%	-11.99%
	Mining Index	74.88	70.38	-6.01%	-6.01%	53.70%	53.70%

CURRENCIES

Cur-rency	24-Oct-14 Close	31-Oct-14 Close	WTD % Change	YTD % Change
BWP	9.02	9.02 -	0.10	4.27
EGP	7.13	7.13 -	0.05	3.10
GHS	1.87	3.30	-	39.97
CFA	518.38	519.29	0.18	8.95
KES	87.59	87.47 -	0.14	2.80
MWK	443.68	452.92	2.08	9.77
MUR	30.11	30.17	0.17	3.94
NAD	10.98	10.92 -	0.51	4.14
NGN	164.47	164.07 -	0.24	2.84
SZL	10.98	164.07 -	0.51	4.14
TZS	1,671.18	1,682.04	0.65	8.05
TND	1.80	1.81	0.32	10.34
ZMW	6.36	6.43	1.16	17.03

SECURITIES AFRICA

Botswana

Corporate News

No Corporate News This Week

Economic News

No Economic News This Week

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TRADING

Egypt

Corporate News

UAE-based Al Dahra Agriculture is looking to produce 300,000 tonnes of wheat from an investment in Egypt's southern desert by the year 2016, the vice chairman of the firm said on Monday. Al Dahra, a privately held Abu Dhabi agricultural firm with farmland across Europe, the Americas and Africa, is already producing around 100,000 tonnes of wheat from a project in the nearby East Owaynat. "Work on the Toshka project is complete and we are set for cultivation by October 2015, we have plans to get around 300,000 tonnes of wheat from there," Khadim al-Darei told Reuters on the sidelines of an agricultural conference in Abu Dhabi. Darei said he expected the first harvest from Toshka in May-June 2016 and that all of the company's wheat production would be sold in Egypt. Al Dahra has 100,000 acres of land in Toshka, a project which aims to pump water from the country's Aswan High Dam reservoir and deliver it via a 50-kilometre (30-mile) canal to reclaimed farmland 60 km from the border with Sudan. Darei said the investment had initially run into logistical difficulties but that Egypt's new regime headed by President Abdel Fattah al-Sisi was keen on paving the way for more foreign direct investment in the sector. "The government was not used to such large-scale foreign investments in agriculture but now with the new regime there is a big initiative of support and they are moving in the right direction," Darei said.

Egypt, the world's largest wheat importer, buys around 10 million tonnes of wheat a year from abroad through the state buying agency and private buyers. The government sells subsidised flat loaves of bread for less than 1 U.S. cent each to millions of Egyptians. UAE firms invest in agricultural land abroad in deals which usually include a crop-sharing agreement with the host country. Gulf states import more than 80 percent of their food needs. The Al Dahra project would also produce 100,000 tonnes of potatoes and other crops that will be exported.
"As long as Egypt needs the wheat, it will be for the local market," Darei said. Abu Dhabi firm Jenaan told Reuters last year it had changed its strategy in Egypt to produce wheat instead of fodder in part on the advice of the government of Abu Dhabi to help fulfil Egypt's needs. The UAE is helping Egypt build wheat silos to hold 1.5 million tonnes as part of wider plans to boost the country's capacity to 4.5 million tonnes. The United Arab Emirates, Kuwait and Saudi Arabia have provided billions of dollars in grants, loans and petroleum products to Egypt since the ouster of Islamist president Mohamed Mursi of the Muslim Brotherhood last year. *(Reuters)*

Economic News

The International Monetary Fund cut its growth forecast for the Egyptian economy on the back of security concerns affecting vital tourism revenues. The economy is expected to grow 3.5 percent in the fiscal year starting July 2014, the IMF said today in its October 2014 Middle East and Central Asia Economic Outlook report, down from 4.1 percent predicted last April. Growth for the fiscal year ending 30 June 2014 was 2.2 percent,. The IMF partially attributed its forecast cuts to security issues "keeping tourism a way from Egypt and hampering Egyptian gas exports" that offset the recovery sensed in the country's manufacturing activity and foreign direct investment (FDI) flow. Structural issues, such as electricity supply disruptions, further weakening of private investment confidence in the Egyptian economy, are also to blame the international lender said. The past two consecutive governments in Egypt have been trying to revive an economy battered by political instability and violence since a popular uprising forced president Hosni Mubarak to step down in 2011. The IMF expects the budget deficit to reach 12.2 percent in 2013/14, down from the 14.1 percent high recorded in 2012/13. IMF expectations remain, however, higher than governmental forecast of nearly 11 percent deficit. The organisation expects an additional cut to the budget deficit to 11.5 percent in 2014/15.

The country's socioeconomic indicators do not look promising with the inflation rate set to rise significantly to 10.9 percent in 2014 before jumping to 13.4 percent the coming year. President Abdel-Fattah El-Sisi, who took office in June, undertook economic measures including new taxes and cuts to energy subsidies. Designed to reduce a ballooning budget deficit, the cuts also raised prices in the economy, taking a toll on the poorest segments of society. While poverty rates have on average decreased in the MENA (Middle East and North Africa) region over the past decade, the IMF has noted that it has increased in Egypt from "16.7 percent in 2000 to 21.6 percent in 2009 and 26.3 percent in 2013." High unemployment rates continue to be a big challenge for Egypt with unemployment among youth surpassing 30 percent. The IMF however does not paint a dark picture of the Egyptian economy. The international institution points to what it sees as positive fiscal and economic reform including subsidies cuts and increased public investments in infrastructure and other areas that could enhance job creation. Downwards revision of Egyptian economic growth comes amidst sliding growth forecasts for the region in general from 3.2 percent to 2.7 percent in 2014 and from 4.5 to 3.9 percent in 2015. *(Ahram)*

Egypt's stocks tumbled on Monday with the main EGX30 index falling 1.44 percent to 8,648.9 points. Turnover registered LE635.2 million with 121 out of 172 traded stocks losing value by the session's end. The market hit a six-year closing high of 9,811 points on 30 September before it began a nearly uninterrupted fall throughout October. Big cap Commercial International Bank was among the most active shares of the session, dropping 0.15 percent to close at LE46.51 per share. Orascom Telecom Media and Technology Holding saw a turnover of LE86.8 million and dropped 1.79 percent to close at LE1.1 per share. The financial sector saw a drop of 2.1 percent with investment house EFG-Hermes falling 2.46 percent to close at LE15.47 per share. The real estate sector was the most active during the session, falling 3.19 percent. Six of October Development and Investment (SODIC) saw the highest turnover in the sector at LE52.8 million and dropped by 4.1 percent. Egyptian institutions were net-sellers with LE86.9 million while non-Arab foreign institutions were net-buyers at LE44.2 million. *(Ahram)*

Egypt's M2 money supply rose 15.63 percent in September compared with the same month last year, the central bank said on Thursday. The money supply rose to 1.544 trillion Egyptian pounds ($216 billion). Following is a table of the latest Egyptian M2 money supply figures in billions of Egyptian pounds, according to the central bank's website (www.cbe.org.eg) *(Reuters)*

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Ghana

Corporate News

No Corporate News This Week

Economic News

A sod-cutting ceremony has been held at Ada for a US$4 billion 1,000 megawatts power plant which will use tidal waves to generate electricity. The Minister of State in charge of Private Sector Development, Mr Rasheed Pelpuo, who represented the President, Mr John Dramani Mahama, said generating energy from renewable sources had brought hope to the country since it would reduce the cost of energy generation. "Harvesting energy from God-given resources is an opportunity that should not be missed, especially since it will spare the country the use of our scarce foreign exchange in buying fuel," Mr Pelpuo said. The $4 billion project, which is being developed by a private sector energy company; TC's Energy, will start by generating 14MW of power before scaling up to 1,000MW. The President's representative stated that the current challenges in the energy sector called for innovative programmes to enable the country to surmount them, and that was the reason why the government was supporting investors in the renewable energy sector.

He further stated that in view of the pressures on government finances, there was the need for the private sector to join hands with the government and that was why the Private Public Partnership was supporting investors to develop the energy sector and called on the Energy Commission and others to continue working with them to achieve that dream. The government has made a commitment to increase the current installed power generation capacity of 2,845.5MW to 5000MW in the medium term. It will do this in partnership with independent power producers IPPs) such as TC's Power. Under the country's energy policy and Renewable Energy Act, 10 per cent of power generation will come from renewable sources such as hydro, wind, biomass and solar by 2020 and the government is providing incentives to attract IPPs. Currently, about 32 provisional licences have been granted IPPs to produce power from renewable sources. A Deputy Minister of Energy and Petroleum, Mr Benjamin Dagadu, said it was the government's policy to make electrical energy available for industrial as well as domestic use and also make Ghana a net exporter of power.

"The government is, therefore, encouraging the participation of IPPs in the power generation business and it is expected that most proposed capacity would come through private sector participation," he added. The Executive Chairman of TC's Energy, Mr Anthony Opoku, thanked all stakeholders, especially the chiefs and people of Ada, who had helped the company "to come this far." He said the solution to the country's energy challenges lay in the use of renewable energy and the most appropriate is the tidal and sea waves, which research and investigations had proved to be suitable for the shores of Ghana. He indicated that the sod-cutting ceremony was the beginning of the fulfillment of a dream that started a few years ago and said he believed that the sea wave technology was Ghana's answer to its energy problems. *(Ghana Web)*

A quarterly review of events in the economy by stockbroking firm, UMB Stockbrokers, has predicted that inflation will end the fourth quarter ranging between 16 and 17 per cent. The increment will be fuelled by expected upward adjustments in prices of utilities within the period, the firm said in its third quarter analysis released mid-October. The analyses, which were done by Nana Kofi Agyman-Gyamfi, also projected that the local economy would not see "any significant change" from trends observed in recent months. Below are excerpts of the report and the expectations in the last quarter of the year. The domestic economy continued to struggle for stability as it was still in need of structural reforms. The quarter saw recurring energy crises, removal of all subsidies on petroleum products and increase in utility tariffs as well as declining world market prices of gold, which resulted in Ghana's economy remaining frail. The rippling effect on businesses was a dip in the business confidence index to 78.6 per cent at its last reading in June.

This caused the government to revise the 2014 budget to reduce Ghana's vulnerability to shocks from large deficit financing; key macroeconomic indicators were reviewed in line with the domestic economy's direction. Additionally, the Central Bank reversed its foreign exchange policies introduced earlier in the year while the Monetary Policy Committee of the Bank of Ghana also increased the Policy Rate by 100 bases to 19 per cent. The quarter also saw the managers of the economy engaging with the International Monetary Fund to provide additional balance of payments support. This, according to the Finance Minister, Mr. Seth Terkpe, will boost business confidence, attract foreign investments and alleviate the country's present economic condition. In other developments, the Ministry Of Finance and Economic Planning (MOFEP) released provisional fiscal data, which showed total revenue for the half year amounting to GH¢11.14 billion as against a target of GH¢12.1 billion. Total expenditure for the six months also amounted to GH¢13.5 billion.

The performance of the bourse was bearish in the third quarter compared to the previous quarter. Key indicators underperformed during the period. Concerns about the economic environment and attractive rates on fixed income instruments continued to divert investor attention from the stock market. Selling pressure on equities also persisted during the quarter as profit taking and a desire to cut losses weighed on share prices. Investors on the prowl for bargain deals in blue chip stocks saw great buying opportunities. Resilient earnings results in the first half of the year released by some financial stocks gave a boost to their share prices. Nine equities thus advanced this quarter. Muted risk taking also saw volumes sliding. Value of trades nonetheless improved compared to the previous quarter as block trades in Total Petroleum, Stanchart and Ecobank Ghana increased the turnover. In addition, price gains by Ecobank Transnational, Benso Oil Palm and CAL Bank gave a boost to value.

Assistance from IMF in putting right some of the ills of the domestic economy will soothe the country's bruised business confidence and restore macroeconomic stability which will boost medium-term outlook. The recent reversal of the BoG's forex policies, in addition to expected inflows from COCOBOD's US$1.7 billion facility, and the Eurobond may continue to cushion domestic reserves and boost the local currency in the short term. The continuous uptick of cocoa and demand for gold will also boost the nation's earnings. The need for foreign currency for imports towards Christmas festivities will however impact negatively on the local currency; albeit with reduced volatility. Short-term rates on the money market will continue to tick higher as liquidity in the economy remains high and the central bank continues to mop up excess funds, alongside the government's need of funds to meet some key obligations. With respect to inflation, we foresee further climb in price levels from the rippling effects of the upward adjustments of fuel prices and utility tariffs. In the light of the foregoing, inflation is expected to range between 16 per cent and 17 per cent during the fourth quarter. As the government explores alternatives to contain the falling local currency, high interest rates and reduce its expenditure, the economy may see some reprieve before the turn of the year.

Trading activity on the bourse is expected to improve as investors rush for discount deals in undervalued stocks with strong fundamentals ahead of the New Year. The release of the nine-month earnings results and speculator activity are also expected to bring some lustre into the recently lulled market. Manufacturing firms are expected to see challenging times in the months ahead, as increasing utility tariffs and unreliable power supply among others may put pressure on their activities and bottom-line. They may, however, receive some reprieve as the Atuabo Gas plant comes on stream from the fourth quarter to help address some of the challenges in the energy sector. In spite of unimpressive financials for Fan Milk, Unilever and Guinness Ghana, there are long-term prospects in these stocks. Therefore, investors can take advantage of the current low share prices. Investors looking to the long term can also take advantage of fundamentally right stocks in the financial sector like Ghana Commercial Bank, CAL Bank, Stanchart and Ecobank Ghana. Total Petroleum, Ghana Oil and Benso Oil Palm are also worth investors pick. *(Ghana Web)*

WEEKLY AFRICAN FOOTPRINT

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Kenya

Corporate News

Safaricom will invest Sh30 billion to upgrade its infrastructure and offer subscribers better quality of data and voice services. The money will be spent in the next six months and will involve expansion and upgrade of its transmission stations around the country. This will see 2G base stations converted to 3G, which offers faster Internet access, with the exercise expected to reduce the number of dropped calls in the network. "Over the last year we have seen a lot of growth in data and voice traffic, which necessitates us to better our infrastructure," Bob Collymore, Safaricom's CEO, said in an interview. "We need to continually invigorate the network in order to meet the changing demands from our subscribers." Safaricom now has 3,140 2G base stations and another 1,847 running on 3G or third generation mobile telecommunication technology. The 2G network coverage covers 90 per cent of the population while the 3G network stands at a smaller ratio of 58 per cent. Mr. Collymore said the fresh capital expenditure will focus on improving capacity, especially in congested urban areas. He said the firm will also put up base stations in the remaining nine per cent of the country where it doesn't have coverage, aiming at connecting Kenya fully. In such places, the company will setup 2G networks that focus on voice and basic data services like SMS. Safaricom says it will also improve the 3G networks in cities and other urban areas where consumption of data services is highest.

The 3G stations will form the base on which the telco can further upgrade to 4G, the next generation of technology that offers even faster Internet connections. Safaricom has in the past one year modernised 267 base transmission stations, including those in Mombasa, Kitale, Turkana, Kapenguria and Malaba as well as in North and South Coast. The new investment is expected to help the telco meet quality of service standards that are reviewed by the regulator, Communications Authority of Kenya (CA), on an annual basis. Safaricom, which has about 22 million subscribers, fell short of acceptable service quality in last year's audit. All its rivals, including Airtel and Telkom Kenya, also failed to meet the minimum quality of service standards in the same period. Safaricom, Airtel and yuMobile tied on a score of 50 per cent while Telkom Kenya had a 62.5 per cent rating. Safaricom has failed to meet the standards over the previous four years. CA expects an operator to achieve a score of 80 per cent on eight indicators, including speech quality, completed calls, call success rates and call drop rates. Safaricom's share price has gained 40 per cent in the past one year to trade at Sh12.55. *(Business Daily)*

Price undercutting and fraud pushed 14 general insurance firms such as CIC, Resolution and AAR into large underwriting losses in the first half of the year. Data from the Insurance Regulatory Authority (IRA) shows the companies made a total underwriting loss of Sh480.2 million in the period, meaning that they paid out more in claims and expenses than premiums collected. The losses also pile pressure on insurers to earn higher returns on their investments — their only other avenue to turn a profit. Profitability for a comparative period last year was not provided. Industry lobby Association of Kenya Insurers (AKI) attributed the performance to a mismatch in pricing of premiums and risks covered besides rising fraudulent claims. "One of the challenges is that products must be priced adequately, failure to which claims outstrip incomes and you end up with a loss," said Justus Mutiga, the AKI chairman.

"Insurers are also grappling with payment and management of claims to ensure they are genuine and not inflated." Medical insurance has emerged as one of the most vulnerable to fraud, a move that has seen insurers respond to the problem by issuing biometric identification cards and tightly controlling services accessed at certain hospitals. Resolution, which mainly offers medical insurance, posted the largest underwriting loss of Sh116.3 million. AAR, which also focuses on this insurance class, incurred a Sh48.5 million loss. CIC, which is listed on the Nairobi Securities Exchange, realised a Sh75.8 million loss linked to its medical insurance division. The company is betting on its recent hiring of former doctors, including its head of medical insurance Edward Rukwaro, to help curb inflated claims from unscrupulous hospitals.

Other firms that made losses in the same period are Phoenix East Africa Assurance at Sh61.1 million, Gateway (Sh40.5 million), First Assurance (Sh38.7 million), Cannon (Sh36.4 million), Takaful (Sh21.2 million), Directline (Sh13.1 million) and Saham Assurance Sh5.5 million. The overall industry, excluding life insurers, posted an underwriting profit of Sh1.2 billion on better performance of 22 firms whose underwriting profit ranged between Sh7.7 million and Sh224.6 million. This was, however, down from the Sh2.1 billion recorded in last year's first half, indicating reduced underwriting margins for insurers across the board. The underwriting losses of the 14 firms comes two months after IRA put three insurance companies on notice for allegedly undercutting their rivals in terms of premiums. The regulator in August directed Corporate Insurance, First Assurance and Monarch Insurance to stop charging lower than the approved minimum premiums for insurance policies or face disciplinary action. *(Business Daily)*

Kenya's East African Portland Cement posted a net loss of 386 million shillings ($4.32 million) for the year ended June 30, saying it had been hurt by price competition, high staff costs and the weakening shilling. A year ago, Kenya's No. 3 cement producer posted a net profit of 1.7 billion shillings. The company will not pay a dividend this year, it said in its results, posted late on Friday. Earnings per share tumbled to -4.30 shillings, compared to 19.73 shillings a years ago. The company said its administrative costs had gone up by 700 million shillings following a restructuring of its management, staff compensation and an increase in staff gratuity. Construction has been one of Kenya's fastest growing sectors over the last decade, fuelled by a burgeoning middle class with higher disposable incomes, as well as government-fuelled infrastructure expansion across the country. In its report, the company said it hopes to capitalize on that growth and plans to spend 2.5 billion shillings in the coming year on new investments. "The company has not been left behind and is aggressively investing in new machinery and equipment to increase efficiency and capacity," it said. But it also said that "the market will continue to be highly competitive, and is likely to see declining prices for the foreseeable future." *(Reuters)*

Kenya's Equity Bank Group said on Thursday that pretax profits rose by a quarter in the first nine months of the year, largely due to growth in non-interest income and falling provisions for bad debts. Equity, which focuses on the lower-income part of the market, and also operates in Uganda, South Sudan, Tanzania and Rwanda, said profit rose 25 percent to 15.82 billion shillings ($177.16 million) for the period to the end of September from a year earlier. Chief Executive James Mwangi told a briefing that Equity, Kenya's biggest lender by depositors, plans to register a holding company to oversee its various units in the region. "All the subsidiaries will be held by a non-operating group company so we can ring fence them," Mwangi said. Each subsidiary would be responsible for its own capital needs, as opposed to the present situation where the Kenyan parent supports the subsidiaries. The bank is setting up a subsidiary to provide a mobile phone banking service using the network infrastructure of the east African nation's No. 2 telecoms firm, the local arm of Bharti Airtel, and will initially rely on its existing mobile banking customers. Mobile phone-based financial services have spread in Kenya since telecoms operator Safaricom launched its M-Pesa service in 2007, helping the country increase the number of people with access to formal financial services.
Equity said non-interest income, from activities such as foreign exchange trades, jumped 23 percent to 12.958 billion shillings in January-September. Provisions for non-performing loans dropped 62 percent to 900 million shillings, Mwangi said. Equity group's ratio of bad debts to total loans fell to 4.3 percent during the period from 5.5 percent last year, he said. *(Reuters)*

Economic News

Investors on average wait for 158 days to get electricity connection and queue for 202 hours yearly at the Kenya Revenue Authority (KRA), a World Bank survey says. The Doing Business 2015 shows businesses spend an average of 125 days to secure a construction permit and 72 days to get property registered. Overall, the report ranks Kenya's ease of doing business at position 136 out of the 189 economies surveyed globally. While the ranking marks a marginal improvement from position 137 of last year, it shows Kenya retained last year's scores on most of the parameters but slipped in some. "Kenya made dealing with construction permits more costly by increasing the building permit fees," the World Bank Group said on Thursday in apparent reference to a raft of levies by the National Construction Authority and county governments for new projects. The statement added: "And it made paying taxes more costly for companies by increasing employers' social security contribution rate." By Comparison, Rwanda—East Africa's top reformer ranked at position 46 globally—takes only 34 days to connect firms to electricity, 32 days to register property, 107 hours per year to pay taxes and 77 days to grant construction permits.

In Tanzania, firms spend an average of 181 hours a year to taxes, 67 days to register property and 109 days to connect firms. Rwanda and Tanzania (ranked number 131 globally) are members of the EAC Common market directly competing for investors with Kenya. The World

Bank report says an investor requires a total of 30 days to start a company in Kenya compared to only 6.5 days in Rwanda and 26 days in Tanzania. The findings bring to question reforms the State Law Office has been claiming to have made at the company registry including digitisation of records. Early this year, the State Law Office promised 24-hour company registration under a deal signed earlier with Safaricom. Company registration is the lengthiest of the 10 procedures that one undergoes to start a business, accounting for 50 per cent of the time taken.

KRA reforms have seen firms filing and paying taxes online which is not given significant weight in the report. Court orders that blocked implementation of new NSSF contributions and the construction levies are equally ignored. The report, however, commends Kenya for enacting strong insolvency and credit information laws where it is ranked 134 and 116 respectively. "Kenya improved its credit information system by passing legislation that allows the sharing of both positive and negative credit information and establishes guidelines for the treatment of historical data," it added. On Wednesday, officials from Industrialisation ministry and the Kenya Private Sector Alliance (Kepsa) disputed the report saying it did not capture a lot of reforms implemented over the last six months.

"This survey is normally done in the first quarter of the year and it is really historical data. Because of the timing most of the things implemented since then have not been included in the report," said Industrialisation secretary Adan Mohammed. "Businesses are, for instance, being connected to electricity grid in an average of between 21 and 30 days, not the 158 suggested in this report." He said it did not capture reforms that include the National Electronic Single Window System, Mombasa Port Community Charter, reduction of weighbridges to four and the introduction of in-motion weighbridges. Carole Kariuki, the Kepsa chief executive, urged companies not to ignore such reforms whenever they are asked to submit responses. "We are working closely with the government to implement the reforms and hoping they will be reflected in the 2016 report," said Ms Kariuki. *(Business Daily)*

Kenya's central bank said on Monday it was seeking to mop up 8 billion shillings($89.64 million) in excess liquidity in the market, via repurchase agreements (repos) and term auction deposits. The shilling edged up to 89.25/45 to the dollar following the announcement, after trading around the 89.40/50 mark beforehand. The bank has frequently taken such action, which tends to make it costlier for investors to hold long dollar positions and therefore helps bolster the shilling. *(Reuters)*

Kenya will review its economic growth target for this year after it recalculated the size of the economy, a move that led to a jump in annual growth rates, its central bank governor said on Monday. Government officials put 2013's gross domestic product at $53.4 billion - 25 percent higher than previously stated - after updating the base year for its calculation. Growth for 2013 was revised up to 5.7 percent from 4.7 percent. The higher growth trend was confirmed when the statistics office said the economy expanded by 5.8 percent in the second quarter, up from 4.4 percent in the first three months. In September, Treasury Cabinet Secretary Henry Rotich said Kenya was expected to grow by between 5.3 to 5.5 percent in 2014, down from 5.8 percent previously forecast. "The National Treasury (finance ministry) will review the previous growth target that was based on the old GDP series and is expected to announce new targets," Njuguna Ndung'u told Reuters. Ndung'u said he expected the economy to remain resilient this year and in the medium-term mainly due to its diverse nature. The 5.8 percent expansion in the second quarter surprised many because it came about despite a slump in the tourism sector following a spate of attacks blamed on Islamists. Output from the construction, manufacturing and financial services rose during the period. "Various economic and financial indicators including cement and electricity production and consumption coupled with the sustained confidence in the economy suggest a continued pick-up in economic activity," the central banker said. He also cited increased foreign direct investment in transport and energy infrastructure, declining commercial lending rates and improvement in the management of spending by new local government units called counties. *(Reuters)*

Kenya's shilling firmed on Wednesday, supported by this week's announcement of a new sale of a 12-year government bond that was expected to draw offshore interest. By 0721 GMT, the shilling was quoted at 89.15/25 to the dollar, slightly stronger than Tuesday's close of 89.25/35. The central bank had on Tuesday announced an additional sale of a 20 billion shilling ($224.34 million) infrastructure bond, known as a tap sale. The bank had issued a 15 billion shilling bond last week that was oversubscribed, buoying the shilling on the back of hard currency inflows from offshore investors. "This morning there is still some positive sentiment for the shilling, overriding talk seems to be about the tap sale," said Nahashon Mungai, trader at Kenya Commercial Bank. Mungai said the local currency was unlikely to weaken in the next week or two beyond 89.50, the level where the central bank intervened to support the currency with dollar sales last month. Investors were turning attention to next week's meeting of the central bank's Monetary Policy Committee, he said, adding that the benchmark lending rate was likely to be kept unchanged at 8.50 percent because inflation was steady or could fall because of sliding oil prices and stable food prices. Inflation fell to 6.60 percent in the year to September from 8.36 percent in August. *(Reuters)*

Kenya's central bank is likely to put off raising interest rates until the second quarter of next year as tumbling oil prices keep a lid on inflation, a Reuters poll found. All but one of 14 economists surveyed this week said the central bank will keep its benchmark rate steady at 8.5 percent when the bank meets on Tuesday. The exception, Rand Merchant Bank, forecast a 50 basis-point rise to 9 percent. The Central Bank of Kenya has left its policy rate unchanged for well over a year. Most economists say rates will rise by the middle of next year, around the same time the U.S. Federal Reserve is expected to raise rates policy. Other central banks from emerging markets - such as South Africa and, on Wednesday, Brazil - have already begun raising rates in anticipation of tighter U.S. monetary policy, to support their currencies against the dollar. On Wednesday, the Fed ended its monthly stimulus program in a show of confidence in the U.S economy's prospects. Its statement after and suggested rate hikes may occur sooner than currently forecast, depending on economic data. That may soon put pressure on Kenya's central bank. "Steady weakening of the Kenyan shilling is a concern, which adds pressure on the (central bank) in addition to the strengthening U.S. dollar," said Angus Downie, a strategist at Ecobank. The shilling has lost weakened by more than 3 percent so far this year. Downie said further declines by the currency and an acceleration in inflation would probably result in a modest rate increase by the central bank by June next year.

Until then, falling oil prices will help to keep inflation within the central bank's target range of 2.5 to 7.5 percent, according to the consensus from recent Reuters polls. Consumer price inflation in East Africa's biggest economy reached 8.36 percent in August, its highest since June 2012, then slowed to 6.6 percent in September. Much of the country's inflation is imported through commodities such as oil and gas. The price of oil is now less than $90 a barrel. Analysts have lowered their forecasts for oil prices by the most since the start of the financial crisis, according to a separate Reuters poll published on Thursday. The average forecast for next year is now $93.70 a barrel of Brent crude. "The sharp collapse in the price of oil is going to send the inflation rate lower in the coming months," said Aly-Khan Satchu, the chief executive officer at Rich Management. Re-basing the calculation of the Kenyan economy has increased it by 25 percent. The new calculation shows the economy grew 5.8 percent in the second quarter, up from 4.4 percent in the first, confirming the faster trend. Central bank governor Njuguna Ndung'u told Reuters this week the ministry of finance would announce new growth targets after reviewing the previous ones, which were based on the old GDP series. He added that the economy would remain resilient this year. *(Reuters)*

Malawi

Corporate News

No Corporate News this week

Economic News

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WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Mauritius

Corporate News

No Corporate News this week

Economic News

Mauritius' central bank held its repo rate unchanged at 4.65 percent on Monday, and its Monetary Policy Committee maintained its growth forecast for this year in a range of 3.4 to 3.6 per cent. "The underlying growth momentum is projected to remain positive during the second semester of the year," the MPC said in a statement. The MPC has kept the benchmark repo rate steady at 4.65 percent since June last year. In September, Mauritius kept its economic growth forecast for 2014 at 3.5 percent, largely driven by a higher-than-expected growth in the manufacturing sector. *(Reuters)*

The weighted average yield on Mauritius' 15-year Treasury bond fell to 6.97 percent at auction on Wednesday from 7.60 percent at the previous sale in March, the central bank said. The Bank of Mauritius offered 1.4 billion rupees ($44.80 million) worth of bonds but accepted bids for 2.003 billion rupees. Bids received totalled 5.495 billion rupees with bid yields ranging from 6.85 percent to 7.90 percent. The bonds had a coupon rate of 6.90 percent and is due on October 31, 2029. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Nigeria

Corporate News

Nigeria Zenith Bank plc has recorded a single-digit growth in its third quarter (Q3) profits as the industry grapples with multiple regulations by the Central Bank of Nigeria (CBN) that is the slowing bottom-line performance of most lenders. For the first nine months through September 2014, Zenith Bank recorded a growth of 1.81 percent in PAT to N71.04 billion from N69.75 billion in the same period of the corresponding year (Q3) 2013. It is overt that the Nigerian banking sector is growing at snail pace as a result of the tightening policy of the CBN and regulatory induced costs imposed by the sinking fund called Asset Management Corporation of Nigeria (AMCON). In spite of the aforementioned blockage, the bank was able to grow interest income by 11.47 percent to N213.01 billion from N190.96 billion the preceding year, while interest expense increased by 34.55 percent to N69.64 billion. Some analysts are calling for the relaxation of the tightening policy by the CBN and other regulatory induced costs as Nigerian lenders growth potentials are under threat.

Additionally, the blockage in growth of the lenders earnings could stop them from granting loans to small and medium scale businesses at low interest rates. Also, the financial institution contribution to the country's GDP could also be affected by the multiplicity of regulatory charges. Zenith Bank's net margin, a measure of efficiency and profitability, dropped to 25.95 percent in 2014, from 27.32 percent last year, while cost to income ratio (CIR) remained flattish at 56 percent. Despite a 29 percent increase in personal costs that eroded cost savings, analysts are upbeat about the bank's CIR. "We see headroom for improvement in the CIR of Zenith Bank, especially as its corporate market focus," said Abiola Rasaq of the research and strategy unit of Associated Discount House Limited, in an email response to BusinessDay's questions. "The leverage on technology as well as scale economies should drive home cost efficiency and higher branch/staff productivity for the bank," said Rasaq. The bank is aggressive about lending as loan to deposit ratio spiked to 65.80 percent in 2014, from 54.58 percent last year. Loans and advances to customers increased by 38.18 percent to N1.52 trillion in Q3 2014, as against N1.10 trillion the preceding year. Deposits from customers were up by 13.79 percent to N2.31 trillion from 2.03 trillion the last year.

Total assets expanded by 19.30 percent to N3.40 trillion compared with N2.85 trillion the preceding year. Return on average equity (ROaE) was 19.19 percent in the review period, while return on average assets stood at 3.09 percent, based on data compiled by BusinessDay. Zenith Bank share price closed at N22.63 on the floor of the NSE, while market capitalisation was N711.13 billion. *(BusinessDay)*

Alcatel-Lucent is opening up Africa's most populous nation to the benefits of ultra-broadband connectivity by launching a superfast, 100 gigabit-per-second fibre-optic network with MTN Nigeria, a subsidiary of Johannesburg-based MTN Group, and the leading service provider in Africa. MTN Nigeria, which covers more than almost 90 percent of Nigeria's land mass, will deploy a 100G network that re-uses existing 10G optical assets, thereby preserving MTN past investments while ensuring future proof and state-of-art solution. Nigeria's growing economy is fuelling a proliferation of mobile subscribers, which number about 275 to every one landline in the country. As a result, Nigeria has a significant need for reliable, mobile broadband access to support growing demand for bandwidth hungry services such as streaming video plus the ever-increasing need from enterprises for storage and data center connections.

The new network also gives MTN the capacity and flexibility to offer wholesale services to other service providers in the region. MTN Nigeria is the biggest mobile operator in Nigeria, Africa's most populous country, and West Africa region with more than 58 million subscribers and also is the largest subsidiary in the MTN Group – a multinational telecommunications group offering world-class cellular network access and business solutions to more than 210 million subscribers in 22 countries across Africa and the Middle East. MTN Nigeria's network covers 88.8 percent of the country's land mass giving 86.2 percent of the population access to mobile services. Alcatel-Lucent is supporting MTN Nigeria's rapid growth in mobile subscribers by building a 100G DWDM/OTN network using Alcatel-Lucent's 1830 Photonic Service Switch (PSS) platform, a family of equipment that has been designed according to the latest international SD-FEC zero touch photonics and coherent technology. Alcatel-Lucent Agile Optical Networking combines WDM, OTN, and GMPLS/ASON control plane intelligence to assure scalable, versatile, reliable and efficient transport at 100G and beyond.

Lynda Saint-Nwafor, CTO of MTN Nigeria said: "MTN realised we needed to upgrade our network to meet customer expectations for ultra-broadband connectivity and high reliability within Nigeria's very competitive marketplace. We wanted a state of the art solution that met three main criteria: increased network reliability, a high degree of scalability to prepare the network for 400G and beyond, and preservation of our existing 10G investment. Alcatel-Lucent's demonstrations showed that they could meet all of our criteria and we look forward to deploying the network overlay in 2014." Hatim Zougari, Country Senior Officer of Alcatel-Lucent in Nigeria, said: "We knew that MTN's top priority was to provide reliability to their customers but they also wanted to offer ultra-broadband and they wanted to retain usefulness of as much of their legacy network as possible. We were able to show that we can give them a cost-effective solution that accomplishes all of their goals in a way that no one else could." MTN Nigeria is part of the MTN Group, Africa's leading cellular telecommunications company. On May 16, 2001, MTN became the first GSM network to make a call following the globally lauded Nigerian GSM auction conducted by the Nigerian Communications Commission earlier in the year. Thereafter the company launched full commercial operations beginning with Lagos, Abuja and Port Harcourt. MTN paid $285m for one of four GSM licenses in Nigeria in January 2001.

To date, in excess of US$12 billion has been invested building mobile telecommunications infrastructure in Nigeria. Since launch in August 2001, MTN has steadily deployed its services across Nigeria. It now provides services in 223 cities and towns, more than 10,000 villages and communities and a growing number of highways across the country, spanning the 36 states of the Nigeria and the Federal Capital Territory, Abuja. Many of these villages and communities are being connected to the world of telecommunications for the first time ever. The company's digital microwave transmission backbone, the 3,400 kilometre Y'elloBah. With revenues of Euro 14.4 billion in 2013, Alcatel-Lucent is listed on the Paris and New York stock exchanges (Euronext and NYSE: ALU). The company is incorporated in France and headquartered in Paris. *(BusinessDay)*

United Bank for Africa Plc says its gross earnings rose by 12 per cent in the nine months to September 30, 2014 following increased business activities across its operations. The bank, which said it was keen to provide more support for businesses in Africa, stated that its gross earnings rose to N201bn from N188bn in the corresponding period of 2013. It explained that its gross earnings were lifted also by interest income, which rose by 12.5 per cent to N149bn in the review period. Also in the nine months to September 30, 2014, UBA said its operating income rose to N138bn. The figure represented a 6.6 per cent rise year-on-year. According to the bank, the growth in operating income shows the strong underlying operating efficiency of UBA globally. It added that it also showed "the capacity of the business to remain profitable." In terms of profit, UBA declared a profit before tax of N42.54bn and a profit after tax of N33.6bn for the nine months under consideration. The figures, however, represents a two per cent and 10 per cent decline in PBT and PAT, respectively. Nevertheless, the bank remains optimistic about its continued growth and profitability. "We are confident that our performance will continue to improve in the last quarter 2014, with increased contribution to Group Balance sheet from the African subsidiaries," the Group Managing Director and Chief Executive Officer, UBA, Mr. Philips Oduoza, was quoted as saying. On the growth in gross earnings, the UBA GMD said, "The rise in gross earnings reflects the increasing business activity across our operations, as we support businesses and institutions with the finance they to need to exploit emerging opportunities on the continent." United Bank for Africa Plc is one of Africa's leading financial institutions offering banking services to more than seven million customers across over 700 business offices in 19 African countries. It also has operations in New York, London and Paris with a focus on retail, commercial and corporate banking, among other services. *(Punch)*

Nigeria's Sterling Bank said on Monday its 9-month pretax profit grew 41 percent to 8.5 billion naira ($51.67 million) from 6.01 billion naira a year earlier. Revenue also rose to 73 billion naira in the nine month to Sept. 30, from 65.12 billion naira in the same period last year, the bank said in a filing with the Nigerian Stock Exchange. *(Reuters)*

Nigeria's soft drinks firm SevenUp Bottling Co said its 9-month pre-tax profit climbed to 3.23 billion naira ($19.55 million), up 16.18 percent from a year ago. Revenue also rose to 38.14 billion naira during the period to Sept. 30, against 33.82 billion naira in the same period of last year, the company said in a filing with the Nigerian Stock Exchange. *(Reuters)*

Nigeria's Diamond Bank said on Wednesday its nine month pretax profit fell to 23.74 billion naira ($143.66 million), down 7.2 percent

from a year ago. Revenue rose to 120.03 billion naira during the period to Sept. 30, against 106.95 billion naira last year, the bank said in a filing with the Nigerian Stock Exchange. The mid-tier lender appointed a new chief executive Uzoma Dozie last week to replace its former head who retired voluntarily**.** (Reuters)

Nestle Nigeria said on Wednesday its pretax profit for the 9 months to the end of September fell marginally to 20.16 billion naira ($122.03 million), from 20.37 billion naira a year earlier. Revenue however rose to 102.66 billion naira, compared with 95.41 billion naira in the same period last year. The Nigerian unit of the world's biggest food group, Nestle SA, said it had proposed an interim dividend of 10 naira for each share payable on Nov. 21, nearly seven times the 1.50 naira dividend it paid a year ago. *(Reuters)*

The United Bank for Africa (UBA) Plc has announced a deal with Ixaris and its Nigerian partner, 'Ojapay' to deploy a virtual card platform across its 20 African markets. A statement from the bank explained that UBA would use Ixaris Payment Server to deliver innovative payment options for individuals and corporates. The e-commerce market in Africa is predicted to reach $75 billion by 2025. However, many consumers and businesses across the continent currently lack secure, convenient and low-cost means to make purchases online. To take a share of the market opportunity, UBA said it selected Ixaris Payments Server to quickly and cost-effectively deploy payments programs based on virtual prepaid cards. "We have partnered with Ixaris and Ojapay to make this convenient payment option available to customers because virtual cards are not only easy and convenient to use but also protect users against online fraud. "They will offer our customers across Africa a new layer protection and security for their online transactions," Deputy Managing Director/Chief Executive Officer, UBA Africa, Mr. Kennedy Uzoka said. Complementing its range of physical card products and mobile banking applications, UBA's new virtual card option would enable more than 10 million customers across twenty African markets to make safe and easy online purchases at any online merchant worldwide. The new virtual payment card would also enable UBA Corporate Clients to take advantage of the wider range of goods and services available on the Internet, while also enhancing internal controls through full traceability of purchasing and payments activities. Virtual cards are indistinguishable from physical cards when used for payments and are already accepted at millions of merchants worldwide that accept Visa or MasterCard payments. In contrast to plastic, virtual cards can be issued to any connected device instantly and at almost zero cost. On his part, founder/CEO of Ixaris, Alex Mifsud said: "We are excited to be working with UBA, one of the most respected banks in Africa, to help bring safe and convenient e-commerce to millions of people who can really benefit from it. "This deal shows how open payments platforms like Ixaris Payments Server are transforming how banks approach the product development lifecycle for payments. "By using this technology, enterprising banks like UBA can bring compelling payment applications to the market at a fraction of the time and cost it would take using traditional methods."*(This Day)*

First City Monument Bank (FCMB) Limited yesterday announced that it has successfully secured over $300 million medium and long term funding from Development Finance Institutions (DFIs) and international commercial banks in four different transactions. The facility would be used for general lending purpose to key sectors of the Nigerian economy, its branch development as well as for the enhancement of its channels. A statement from the commercial bank explained that this followed an upgrade in its rating by Global Credit Rating (GCR) to A- (that is, stable outlook). Furthermore, it stated that it demonstrated the confidence the lenders and the international financial market have in the management capabilities of the bank. The International Finance Corporation (IFC), a member of the World Bank Group and the largest global development institution; Citibank and Overseas Private Investment Corporation (OPIC), a multilateral finance institution owned by the United States Government, provided the loan, the statement added. Other Development Finance Institutions (DFIs) were Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (FMO) – the Dutch Development Bank; Société De Promotion Et De Participation Pour La Coopération Economique S.A (PROPARCO), a subsidiary of the Agence Française de Développement (AFD), and the European Investment Bank (EIB), a multilateral finance institution owned by the European Union. "Going by the details of the loans, FCMB secured $100 million senior debt financing from the IFC for a tenor of 5 years, another $100 million from OPIC and Citibank for between two to five years tenor; $60 million from FMO and PROPARCO for tenor between three to five years and $32.7 million from the EIB for tenor of eight years," it stated.

The statement also indicated that the facility from Citibank/OPIC, IFC, FMO/PROPARCO would provide lending to telecommunications, power and infrastructure projects. "In addition, FCMB will utilise a portion of the loan from Citibank/OPIC to finance Small and Medium Scale enterprises (SMEs) and other activities that will enhance financial inclusion in Nigeria. The $32.7 million provided by EIB will be dedicated to channel expansion purposes," it explained. FCMB had earlier this year, considered raising $300 million from the Eurobond markets, but the plan was suspended due to unfavourable market terms. The average interest rate on the DFIs' facilities is about four per cent below the Eurobond's rate According to the Group Managing Director/Chief Executive of FCMB, Mr. Ladi Balogun, "The successful fund raising exercise and the number of international institutions that participated in the provision of the facilities is a demonstration of the level of confidence which investors and the international financial market have in FCMB and the Nigerian financial market as a whole." He added: "We are excited about this development as it shows that the financial institutions truly believe in the growth potential of FCMB, the excellent corporate governance structures and culture we have put in place." Balogun noted that a large part of the facility would be used to support critical areas of the Nigerian economy, "in line with our commitment to always provide veritable source of funding for the businesses of our customers, while also adding value to our shareholders." *(This Day)*

Zenith Bank Plc monday joined the league of banks that have presented their nine months results ended September 30, 2014. The bank reported a profit before tax (PBT) of N86.8 billion and profit after tax (PAT) of N71 billion. The results showed that Zenith Bank ended the nine months with gross earnings of N274 billion in 2014, up seven per cent from N255 billion posted in the corresponding period of 2013. Interest income grew by 11 per cent from N191 billion to N213 billion, while net interest income rose from N139 billion to 143 billion. Impairment charges declined from N5.9 billion to N4.8 billion. However, personnel expenses rose from N39 billion to N50 billion, while operating expenses fell from N59 billion to N55 billion. Consequently, the bank ended the period with a PBT of N86.8 billion, showing in increase of 8.5 per cent above the N80 billion reported in 2013. PAT improved by 5.9 per cent from N67 billion to N71 billion. Further analysis of the results showed the brand equity of Zenith Bank remained attractive as customers' deposits grew by 13 per cent from N2.034 trillion to N2.309 trillion. As the bank is recording more deposits and profit, it is also increasing its lending to customers. The banks' loans and advances rose by 37 per cent from N1.109 trillion to N1.526 trillion. It shareholders' funds stood at N524 billion, up from N483 billion, while total assets grew by 19 per cent from N2.853 trillion to N3.408 trillion.

Market operators and analysts said the performance is showing the impact of the managing director, Mr. Peter Amangbo, who took over in June. Amangbo took over from Godwin Emefiele, who is now the Governor of the Central Bank of Nigeria (CBN). Amangbo has brought his wide experience and expertise to bear on his new position as chief executive, especially in the current competitive banking landscape that requires constant innovation through proven leadership and team-building skills, exceptional ability to drive product, process and customer service improvements, and a knack for building partnerships with key business decision-makers As an Executive Director of Zenith Bank for nine years, Amangbo was responsible for the supervision of corporate and commercial banking, corporate finance, trade services and all the subsidiaries of the bank. He was said to have a demonstrable ability to motivate, mentor and lead talented senior professionals and to direct cross-functional teams. He was part of the team that drove the strategic planning and successful execution of positioning the bank as one of the best in the country. His leadership skills continue to make significant contributions to the bank's growth. *(This Day)*

Shareholders of Oando Plc monday commended the board and management of the company for the N2.4billion, which was approved at the 37th annual general meeting in Lagos. The board of Oando recommended a 30 kobo dividend for the 2013 financial year and an interim 70kobo dividend for the six months ended June 30, 2014, which amounted to N2.4 billion at N1 per share. Some of the shareholders, who spoke at the AGM, urged the company to sustain the interim dividend policy, which they said would boost their liquidity position. They also expressed high hopes that the acquisition of the ConocoPhillips (COP) assets in Nigeria, would add more value their investments going forward. For instance, Shehu Mikail of Costance Shareholders Association of Nigeria, who spoke to THISDAY on the COP assets, said it was a very proactive and strategic move by the management.

"I commend the board and management for the acquisition of those assets, which I believe have made the future brighter for shareholders of the company," Mikail said. Highlighting the impact of Oando's $1.5 billion acquisition of COP Nigeria, which has transformed the company into Nigeria's largest indigenous oil and gas producer, the Group Chief Executive Officer of Oando, Mr. Wale Tinubu assured shareholders of further improvements in the company's performance. According to him, the acquisition is set to increase daily oil production exponentially by 600 per cent equivalent to 45,000 boe/d, annual revenue of over $600 million, and annual free cash flows of $150 million. Meanwhile, Oando reported a gross profit of N50.5 billion for half year ended June 30, 2014, showing an increase of 68 per cent from N30.233 billion in the corresponding year, 2013. Profit before tax rose 103 per cent from N6.156 billion to N12.452 billion, while profit after tax grew by 110 per cent to hit N8.9 billion, compared with N4.271 billion. "With an eye to the future, we took on our largest and most daring feat with the acquisition of ConocoPhillips Nigeria, adding capacity to support our future growth plans. Our strategic refocus on the higher margin promises to create profitable growth for us and immense value add for our stakeholders in the near term. We have succeeded in repositioning ourselves within the sector, and through future acquisitions and innovative efficacy we will seek to up our market share in sub-Sahara's upstream sector within the next five years to 100,000 boe/d in net production," Tinubu said. *(This Day)*

FBN Holdings Plc's unaudited results for the nine months ended 30 September 2014, showed that its gross earnings climbed by 12.5 per cent to N333.2billion, up from the N296.3 billion recorded as at September last year. The results also showed that the bank's interest income as at the period under review stood at N176.5 billion, up by 2.4 per cent from N172.4 billion realised as at September 2013. Similarly, while its non-interest income as at September was N71.4 billion, representing an increase by 35.5 per cent year-on-year, from N52.7billion, its operating income also improved by 0.4 per cent to N247.3billion. Nonetheless, FBN Holdings' impairment charge for credit losses was N13.4 billion down by 15 per cent year-on-year, while its operating expenses at N160.8billion reflected an increase by 15.4 per cent, over the comparable period last year. Its profit before tax stood at N73.7 billion, representing an increase by 5.2 per cent, year-on-year, as against the N70.1 billion realised last year. Similarly, the holding company recorded total assets of N4.2 trillion, up by 8.3 per cent, compared to the N3.9 trillion it stood as at December last year. Commenting on the results, the Chief Executive Officer of FBN Holdings, Bello Maccido noted that despite the tough operating environment, FBN Holdings continued to deliver a resilient level of profitability. "We remain committed to enhancing shareholder returns by ensuring improved contribution from our subsidiaries and leveraging on opportunities across the Group to drive revenue generation, particularly in non-interest income. "We will continue to drive efficiencies across our businesses through a number of cost-containment programmes and expect improvement on this front in the short to medium term.

Furthermore, we remain focused and confident on ensuring the businesses remain well-funded and adequately capitalised to support our growth initiatives," he added. Also commenting on the results for the Commercial Banking Group, the Group Managing Director/Chief Executive Officer, FirstBank of Nigeria Limited, Mr.Bisi Onasanya said the Commercial Banking Business group recorded profit before tax of N74.3 billion, up from N67.7 billion realised as at September last year. This represents an increase by 9.7 per cent. "In response to the business environment, we have implemented a refined Bank operating model to take advantage of the increasing growth opportunities in retail banking, as well as, ensuring optimal utilisationof resources. This has led to the creation of Lagos & West and South Regions from the former Retail Banking South and Public Sector South Directorates effective August 1, 2014. "We will continue to challenge ourselves in identifying innovative ways to serve our customers in an environment that provides commendable customer experience and encourages repeat sales. We have also realigned our front-back office workforce ratio in favour of front office to enhance customer' touch-points and deepen revenue generation capabilities," he added.*(This Day)*

Oando Plc is renewing moves to list its downstream subsidiary, Oando Marketing Limited (OML), as a separate entity on the Nigerian Stock Exchange (NSE). This follows the approval given by the shareholders of the company at the annual general meeting held in Lagos last Monday. Oando had in 2011 received the approval of the Nigerian Stock Exchange (NSE) to list OML in the fourth quarter of that same year. However, the plan was shelved due to the inauspicious prevailing environment at that time. However, the leading energy firm, is making fresh moves to realise the objective of listing OML which will give shareholders the opportunity to compare the company with others in the petroleum marketing sector of the NSE. The shareholders, who had earlier in the 2009 given their approval for the listing, on Monday, renewed that approval by authorising the directors to "reorganise and/or divest any and/or all of the company's shareholding and investments in the downstream business by way of sale, transfer and/or any other form of disposition which the directors resolve to be in the best interest of the company subject to the approvals of relevant regulatory authorities." Speaking on the listing strategy, Group Chief Executive Officer of Oando Plc, Mr. Wale Tinubu said to list its downstream business so that they will become a separate entity. "Oando downstream operations will be listed on the NSE, in which Oando Plc will still remain a shareholder of the company and will control the operations but will invite other shareholders who are seeking exposure to the downstream.

This will allow us to take some of the cash in the downstream to invest in the midstream and upstream where returns are better," he said. According to him, the company is making these decisions by looking at the portfolio, at the returns and cost of capital and which business represent their future and which business represent their past. He explained that the downstream business is a lot of volume, is lot of cash but the return on investment is so low while the company continues to worl for the banks. He said every naira the company made as a profit in that business, the banks are paid N5 as interest, adding that while the downstream business gives a return of 2.5 per cent return based on turnover, to upstream gives over 20 per cent return. Tinubu disclosed that the first step in the divestment is to seek potential buyer for up to 49 per cent of the company, while the remaining 61 per cent would be held by Oando Plc. *(This Day)*

Nigerian Breweries (NB Plc) has announced an unimpressive financial numbers for third quarter (Q3) ended September 30, 2014 hampered by the unfavourable operating environment in the country. Analysis of the results released by the Nigerian Stock Exchange (NSE) showed that its revenue of N53.24 billion declined moderately by 5.7 per cent year-on-year (YoY). Despite a slight improvement in pre-tax and after tax margins, earnings on both counts declined 2.5 per cent. While profit before tax PBT declined to N8.70 billion, profit after tax PAT depreciated by 3.0 per cent to N5.98 billion. Revenue declined by 26.6 per cent while PAT dropped by 56.9 per cent QoQ. Margin wise, there was a contraction of both the top and bottom line margins. Gross profit margin contracted by 373 basis points to 47 per cent, PBT margin was down 1009 basis points to 16.34 per cent, and PAT shed 786 basis points to 11.19 per cent. This was despite declines recorded in both cost of sales (18.3 per cent q-o-q) and operating expenses (15.0 per cent q-o-q). Reacting to the result, analysts at Investment One Limited stated that overall, the pressure on margins are reflective of the shift in consumer preference from more expensive premium brands to cheaper value brands, restrictions to business operations due to infrastructural deficits (especially in power and transportation), as well as escalating insecurity issues (particularly in the Northern part of the country).

According to the analysts, "Going forward however, we believe recent investments in infrastructure by local and foreign stakeholders, particularly in the area of gas supply to Gencos, and several power initiatives such as 'Power Africa' (a 10,000-megawatt (mw) power generation project to boost power supply in the country) will boost production activities and translate to wider margins. "Additionally, NB's merger with Consolidated Breweries Plc, presents an opportunity for the company to widen its product portfolio, giving it more exposure to the value segment. The newly formed entity is expected to cover 70 per cent of the Nigerian beer market, presenting opportunities for positive economies of scale for the business. Consequently, we expect improved top-line performance in subsequent quarters." *(This Day)*

Mr. Seni Adetu, has said the producer of both alcoholic and non-alcoholic beverages developed stronger portfolio in the past three years. Adetu, who said this during an interactive session with journalists in Lagos, pointed out that Guinness Nigeria has also developed value brands that are currently market leaders. "On the road to consumers in terms of distribution, we have started a project that was really directed to enhance the quality of our distribution and to make sure that we expand into places that hitherto we were not able to reach. "I am also proud of the fact that we have completed the capacity expansion programme. It cost the company a lot of money, but we have completed it. I am aware that people have talked about the performance of the company in terms of the financial results. "But I just want to emphasis what we had said before. As a company, when you go and take borrowings to invest in a major expansion programme like the one we embarked on that cost us N2 billion, normally, it is expected a few years after, you are going to be paying finance charges as interest on the borrowed loans and the capacity we have built is the capacity that goes for between five and 10 years and it takes time before you wrap it up to the maximum," he explained. Adetu said, as a Nigerian, he is proud to be leaving Guinness Nigeria without any case of fraud. He stated that corporate governance standard in the company was also improved under his watch. "I am really holding my head high in terms of the fact that in my period here, there was no single case of fraud, there were no issues about integrity and our governance standards and reputation of the company has improved and that makes me feel so good. "But I just want to put it into perspective that one of the reasons we have seen the bottom-line sort of struggle over the last few years is because of some of the finance charges we are putting through our operations. "The good thing is that from our first quarter results, you will see that we have turned the business around. So, I am leaving at a time the business has started growing again and I am really pleased with that," he added. *(This Day)*

The First City Monument Bank Group (FCMB) Plc has said it recorded a profit before of N16.8 billion in its unaudited nine months results for the period ended 30 September 2014. This represented an increase by 14 per cent, over the N14.7 billion realised in the same period prior year. Also, the group's gross revenue grew by 10 per cent to N106.7 billion as against the amount recorded in the comparable period of 2013. However, FCMB Limited, the commercial banking subsidiary, was pivotal to the performance as strategic initiatives to improve service and customer experience, helped optimise its 274 branches and cash-centres serving 2.5 million customers, notably in the retail segment. A statement from the financial institution explained that strong performance in fees also helped to buoy its revenue, as CSL Stockbrokers Limited grew its market share. The statement also noted that FCMB Limited leveraged the services of the investment banking business, FCMB Capital Markets, to generate record investment banking revenues. "Consistent with efforts to be supportive to its customers, FCMB Limited extended credit to customers, growing its loans and advances by 29 per cent to N565 billion, compared to the same period prior year. "Consumers were key beneficiaries, with the consumer loan book growing fastest at 48 per cent year-on-year to N116.1 billion over same period prior year. "Loans accounted for 54 per cent of the Group's total assets as against 45 per cent for the same period in the prior year thereby improving the Group's earning capacity.

The quality of the loan book was sustained, with non-performing loans to total loans at 2.7 per cent for both the current and prior periods," it explained. Managing Director of FCMB Group Plc, Mr. Peter Obaseki said, across all of the institution's businesses, during the period, the strategy it pursued were designed to create a business, which can accommodate external pressures whilst still being able to deliver sustainable performance. This according to him, seems to have started paying off. On his part, the Group Managing Director/ CEO of FCMB Limited, Mr. Ladi Balogun said the commercial and retail banking arm of FCMB Group Plc made a profit before tax of N15.7 billion, up by 20 per cent from the N13 billion recorded in the comparable period of 2013. "For the rest of 2014, we will continue to focus on improving operating efficiency and net interest margins whilst also continuing with our steady customer acquisition drive and migration to alternate service and distribution channels," he said. *(This Day)*

Seplat Petroleum Development Company Plc Thursday announced an interim dividend of $0.06 per share for the nine months ended September 30, 2014 despite a decline in its profit for the period. The company reported nine months gross revenue of $592.5 million (N92 billion), compared with $642.9 million (N99.9 billion)) in the corresponding period of 2013. Profit after tax fell by 48 per cent from $442.2 million in 2013 to $227.9 million (N35.4 billion) in 2014. Notwithstanding the decline in bottom-line, the directors recommended an interim dividend of $0.06 per share. According to the company, the dividend will be paid on or shortly after 24 November 2014 to shareholders on the register at the close of business on November 6, 2014. The company explained that the decrease year-on-year due to deferred tax liabilities of $92.7 million (N14.4 billion) released in Q3 2013 as a result of pioneer status being granted to the group, lower crude revenue in 2014 as well as $54 million (N8.4 billion) of one-off general and administration costs in relation to financing, regulatory, procurement and staff costs in 2014.

Assessing the results, analysts at Renaissance Capital, said the performance showed show good operational progress. "Seplat's operations for nine months came in broadly in line with our expectations, with production at 29 kb/d (working interest), compared with earlier guidance of 29-33 kb/d for the full year, as a result of an accelerated drilling campaign to make up for lost time in first half of 2014.More importantly, gross production reached 70 kb/d on October 2, which makes achieving the year-end target of 72.5 kb/d now even more realistic, in our view," they said. They added that Seplat planned to maintain organic growth, noting, "the gas-lift programme, Sapele shallow and general exploration and appraisal are the three sources of future production growth. "The Oben gas plant (150mmcf/d capacity) has arrived in Nigeria, with site preparation works completed. Other infrastructure projects, including storage and liquids treatment facilities, also seem to us to be broadly on track." *(This Day)*

Economic News

Nigeria plans to boost its cocoa output by more than 40 percent to 500,000 metric tons in the 2014-15 season, Agriculture Minister Akinwumi Adesina said. The West African nation sees local grinding of cocoa beans rising to 25 percent of output in the same period from about 10 percent, Adesina told a cocoa conference today in the capital, Abuja. More than 1.4 million seedlings of a hybrid cocoa that matures in two and a half years, compared with five years for older varieties, have been distributed in recent years to farmers and are forecast to begin yielding from next year, according to Adesina. "We have set clear targets for 2015," he said. Nigeria is the world's fourth-biggest producer of cocoa after Ivory Coast, Ghana and Indonesia. Nigeria produced 350,000 tons of cocoa in the 2013-2014 season, according to the Agriculture Ministry. Most of the country's output is by farmers working on small plots in the country's southern cocoa belt. Africa's biggest economy expects 250,000 farmers to benefit from government efforts to boost output capacity, creating 390,000 jobs and taking Nigeria's production to more than 1 million tons within 10 years, according to Adesina. *(Bloomberg)*

Nigeria expects to earn $1.3 billion from cocoa exports this year, an increase of 45 percent on two years ago, after a steady rise in output that could help shift Africa's top economy away from its reliance on oil, its agriculture minister told Reuters. Akinwumi Adesina, speaking on the sidelines of a cocoa summit in Nigeria's capital Abuja late on Monday, said the world's fourth biggest cocoa producer was set to produce 370,000 tonnes this year from its 14 major producing areas, up from the 250,000 tonnes that earned it $900 million in 2012. Last year production was up to 300,000 tonnes, Adesina said. "If we don't diversify the economy, we are exposed to shocks. The bulk of our export earnings come from crude oil but we are mindful as a government that this is not a sustainable pathway," Adesina said. "Today agriculture is the largest contributor to the non-oil sector and the key components of that is ... cocoa." Nigeria government revenues fell 16.5 percent month-on-month to 502.09 billion naira ($3.03 billion) in September on a fall in global oil prices and outages caused by oil theft. Benchmark Brent crude has fallen more than 25 percent since June. "We want to replace oil within the next 5-8 years ... so that we can buffer ourselves against ... global commodity price shocks," Adesina said. That is an ambitious task. Oil revenues currently make up 95 percent of foreign exchange earnings. Nigeria earns roughly $50 billion a year from oil exports, almost 40 times what it earns from cocoa. Adesina said Nigeria was working on agricultural commodities, including cocoa, sugar, oil palm, and cassava, to help plug shortfalls from oil revenues.

Cocoa was one of the first victim's of Nigeria's discovery of oil in the 1950s, which led to the gradual abandonment of other economic sectors. High unemployment and poverty levels among Nigeria's 170 million people have prompted authorities to look again at the labour-intensive cocoa industry, with the aim of getting more people to grow a product for which prices have been rising to a 40-year high in the past two months. Adesina said the government aimed to produce half a million tonnes of cocoa next year and 600,000 tonnes by 2016, as a new hybrid variety given out to farmers improves yields. Europe is the main buyer. The long-term aim was to produce a million tonnes a year, just shy of top grower Ivory Coast. Adesina said Nigeria's cocoa revenues hit $900 million two years ago, rising to $1.2 billion last year, on increasing global cocoa prices and domestic production. Cocoa accounted for 9 percent of Nigeria's $12.9 billion total non-oil revenues in 2013. He also said that the government was working on a cocoa board in conjunction with the private sector which would help accelerate growth in production, noting that a board helped Ghana double its output to 700,000 tons in the past 10-years. Adesina said the European Union was supporting Nigeria with around 12 million euros to develop a standards laboratory. *(Reuters)*

The abolition of five per cent Value Added Tax (VAT) paid by investors on shares traded in the Nigerian capital market by the federal government has become effective. This follows the gazetting of the issue by the government. Coordinating Minister for the Economy and Minister of Finance, Dr. Ngozi Okonjo-Iweala, announced the abolition of VAT and stamp waiver on December 3, 2012, as part of measures to resuscitate the Nigerian capital market. Almost two years after, the waivers were not implemented due to their non-gazetting. THISDAY recently reported that the federal government was working on how to gazette them for their implementation to begin. The Nigerian Stock Exchange (NSE) yesterday confirmed the gazetting of the abolition of VAT on all commissions application to capital market transactions. These commissions include those: earned on traded values of shares; payable to the Securities and Exchange Commission (SEC), the NSE and the Central Securities Clearing System (CSCS).

According to the gazette, the exemption is effective for a period of five years. Chief Executive Officer, Mr. Oscar Onyema has hailed the government for gazetting the vat removal, stating that it was a demonstration that the capital market is a key component of the federal government's transformation agenda. According to Onyema, investments should not be categorised as consumer goods purchases, but as a platform to promote a long term savings culture that could be channelled towards economic growth and development. "The elimination of VAT on stock market transaction fees will ultimately reduce the cost of transactions for investors, and will encourage investments in the Nigerian capital market," he added. He however noted that the stamp duty waiver, which was also announced in 2012 by the minister, is yet to be implemented. Onyema expressed the hope that the federal government will expedite the implementation process in the interest of investors in the Nigerian capital market, which is an important engine of growth for the Nigerian economy. *(This Day)*

Exactly two weeks after THISDAY's exclusive report, the World Federation of Exchanges (WFE) yesterday unanimously voted to admit the Nigerian Stock Exchange (NSE) as full member of the global trade association for the operators of regulated securities exchanges. The NSE was elected as a federation member during the 54th General Assembly and Annual Meeting of the WFE held in the capital city of Korea, Seoul, making the NSE the first West African stock exchange to be granted full federation membership status. Commenting on the development, Chief Executive Officer of the NISE, Mr. Oscar Onyema, said they were proud that the exchange had been granted full WFE status. "This is a positive step towards our integration with global financial markets. We put in a lot of hard work, and we have cultivated excellence in our day-to-day operations, which has earned us this recognition amongst our peers in this notable global trade association." According to him, WFE membership is an important reference for many international investors. "This membership status reflects the exchange's commitment to implementing the highest standards of international best practices.

Our ambition is to become the foremost stock exchange in Africa, and today is an important step in that journey," Onyema said. Head of Strategy at the NSE and Team Lead for the exchange's WFE membership project, Ms. Yvonne Emordi said: "This is indeed a wonderful achievement. It sets the tone for the upcoming Asia tour the Nigerian Stock Exchange will kick-off in early December this year, to introduce our market to Asian fund managers with frontier and emerging market investment strategies." Commending the NSE, Chief Executive Officer of the JSE Limited, and member of the Board of Directors at the WFE, Ms. Nicky Newton-King, said, "This membership has been a long road for the Nigerian exchange. The WFE Review Committee tasked with their application commends them for the attention they have paid to putting in place the regulatory and technological infrastructure necessary. It is this very significant, concerted effort by the team over the last three years that earned them the recommendation. We welcome them on board."(*This Day)*

As part of measures to strengthen the naira as well as to sanitise the operations of the forex market, the Central Bank of Nigeria (CBN) has barred commercial banks (authorised dealers) from selling its interventions funds in the interbank market to authorised buyers such as Bureaux de Change and hotels. The central bank stated this in a circular with reference number TED/FEM/FPRB/GEN/01/020, dated October 28, 2014 obtained yesterday. The CBN also directed that funds purchased through its interventions at the interbank market should be utilised within two working days of delivery, at a rate not more than 10 kobo above the purchase rate. The CBN circular also directed that unutilised funds within two days of delivery should be returned to the Bank at the original purchase rates. "The essence of the directives was to ensure compliance with the Net Open Trading Position limit and to ensure further control of the interbank market operations. It stated that any observed flouting of these directives will be appropriately sanctioned," it explained.

In view of the dwindling prices of crude oil, the CBN Governor, Mr. Godwin Emefiele recently said the central bank would unveil plans to support price stability in the coming weeks. Emefiele had assured Nigerians that both the fiscal and monetary authorities were taking measures that would make sure that country withstands any likely shock on the economy. Meanwhile, the Coordinating Minister for the Economy (CME) and Minister of Finance, Dr. Ngozi Okonjo-Iweala has commended the CBN for being at the forefront of regularly fulfilling its statutory obligations to the government by prompt remittances of it surplus revenue to the Federation Account. A statement quoted Okonjo -Iweala to have given the commendation at a public presentation of the 2015 -2017 Medium Term Expenditure Framework (MTEF) and

Fiscal Strategy Paper to members of the Senate Joint Committee on Finance, National Planning and Poverty Alleviation on Monday. Making her presentation, the minister proposed that, as part of the framework, "25% of gross revenues of Ministries, Departments and Agencies (MDAs) should be remitted off the top as part of the long-term strategy of enhancing Internally Generated Revenue (IGR) collection from MDAs and other organisations. *(This Day)*

Tanzania

Corporate News

Vietnam-based telecoms operator Viettel plans to invest $1 billion in a new third-generation (3G) mobile phone network in Tanzania, the office of the east African country's president said on Tuesday. The mobile telecoms sector in east Africa's second-biggest economy has grown rapidly over the past decade, driven by demand for 3G mobile services. There are about 29 million mobile subscribers, representing market penetration of 64 percent, according to the country's telecoms regulator. "Viettel will invest $1 billion in telecoms and other services in Tanzania, hence making Tanzania the second country after Peru to receive its state-of-the-art telecoms technology," the Tanzanian President's office said in a statement. State-owned Viettel, which is run by Vietnam's Ministry of Defence, won its Peruvian mobile licence in 2012. Viettel chairman Manh Nguyen Hung made the investment pledge when Tanzanian President Jakaya Kikwete visited the company's headquarters in Vietnam on Monday, the president's office said. The company will offer low-cost smartphones and provide free internet services to schools, hospitals and offices, the president's office added. Tanzania announced this month that it had granted a mobile phone network to Viettel, which is expected to launch its mobile services next July. Viettel will compete with the four other main operators: Bharti Airtel, Etisalat-owned [ETELZS.UL] Zantel, Vodacom Tanzania, owned by South Africa's Vodacom, and Tigo Tanzania, which is part of Sweden's Millicom. Three other mobile operators - state-run TTCL, Benson and Smart - have a tiny market share.

Tanzania expects its mobile operators to list on its stock exchange next year under rules aimed at enabling its citizens to take a stake in one of Africa's fastest-growing industries. Like other African countries, mobile phone use has rocketed in Tanzania over the past decade, with telecoms the fastest-expanding sector in the country. Leading telecoms companies operating in the country said they were in talks with the government over the mandatory listing requirements, but most declined further comment. However, Egypt-based TA Telecom's CEO Amr Shady said the rules are counter-productive to sector growth. "The ... law that states that new telecoms are required to list on the exchange is extreme. In reality, offering incentives to list would be a much better approach," Shady said in an emailed statement to Reuters. "Companies such as TA Telecom have experienced many challenges acquiring a licence to operate in the telecoms services space in Tanzania. Disincentives and roadblocks for (foreign companies) to come to Tanzania can only hamper Tanzania's long-term competitiveness."*(Reuters)*

Economic News

Tanzania and China have signed investment deals worth more than $1.7 billion, including one to build a satellite city to ease congestion in the commercial capital Dar es Salaam - deepening Beijing's ties with East Africa. The money will be used to develop infrastructure, power distribution and business cooperation, Tanzanian President Jakaya Kikwete said in a statement on Friday, a day after the deals were formally signed in Beijing. Tanzania later announced a $85 million in grants and zero-interest loans from China. It did not say what the money would be used for. The deals extend China's growing economic presence in Tanzania, which has made major natural gas discoveries off its southern coast. The satellite city, on the outskirts of Dar es Salaam, will be a self-contained urban zone equipped with water, electricity, roads, banks, schools and hospitals. The project, as well as a $500 million financial centre that will also be built in Dar es Salaam, are joint projects by the China Railway Jianchang Engineering Company Ltd (CRJE) and Tanzania's state-run National Housing Corporation. Tanzania's state-run power company, TANESCO, meanwhile signed a deal with China's TBEA Hengyang Transformer Co. for a rural electrification project that Kikwete's office said would be worth "millions of dollars". It did not elaborate. In recent years, Chinese companies have signed deals to build a rail network and a 532 km (330 mile) natural gas pipeline. Between July and September of this year, Chinese investments totalled $534 million, compared to $124 million during the same period last year. China says it will "speed up the construction" of the Bagamoyo port, a new Indian Ocean project being built north of Dar es Salaam, and begin offshore oil and gas exploration off Tanzania, according to a statement issued by Kikwete's office. Speaking at an investment forum in Beijing this week, Kikwete said he hoped to boost Tanzania's exports to the Asian powerhouse. China's exports to Tanzania, which totalled $1.099 billion from 2012 to 2013, were roughly double the $495.74 million worth of goods China imported from Tanzania, he said. "It's obvious we can do better," he said. *(Reuters)*

Tanzania has held talks with France's Total and Britain's BP over oil and gas exploration, its energy ministry said on Saturday, aiming to add to major companies active in its thriving energy sector. Companies already present in the east African state include Norway's Statoil, Brazil's Petrobras, Royal Dutch Shell, BG Group and Exxon Mobil. Total executives were in Tanzania's commercial capital Dar es Salaam this week with Energy and Minerals Minister Sospeter Muhongo, the ministry said. "Total has expressed interest to explore for gas and oil in the Lake Eyasi (open acreage area)," Muhongo said in a statement. "We welcome competition and we would like many companies to participate in this sector," he added. Muhongo has also held separate talks with BP officials, though he did not give details about when those talks were held. In May, China's state-run offshore oil and gas producer CNOOC Ltd and Russian gas producer Gazprom also submitted bids for four of the eight oil and gas blocks Tanzania offered in its fourth offshore licensing round. East Africa is a new hot spot for energy companies after substantial deposits of crude oil were found in Uganda and major natural gas reserves were discovered off the coasts of Tanzania and Mozambique. Tanzania estimates it has up to 53.2 trillion cubic feet (tcf) of recoverable natural gas resources off of its southern coast, up from an earlier estimate of 46.5 tcf. *(Reuters)*

The International Monetary Fund said on Thursday that Tanzania is on track to reach its target for economic growth of about 7 percent this year, but warned the government to keep its public debt in check. Tanzania has stepped up domestic and external borrowing to finance infrastructure projects and plans to issue a debut Eurobond that could be worth up to $1 billion in fiscal year 2015/16. The IMF said it had agreed a cumulative external commercial borrowing ceiling of $2.4 billion with Tanzania for the period from July 2014 to June 2016. "This should be sufficient to accommodate the government's plans for commercial borrowing," Thomas Baunsgaard, IMF's resident representative in Tanzania, said in an emailed response to Reuters. "Adhering to this borrowing ceiling for commercial debt will help preserve Tanzania's sustainable debt outlook." Tanzania's national debt stock, which comprises public debt and private external debt, stood at 30.56 trillion Tanzanian shillings($17.96 billion) at the end of March 2014, up from 23.67 trillion shillings a year earlier, according to official data from Tanzania's finance ministry. IMF said although Tanzania remained at low risk of debt distress, significant revenue shortfalls in the 2013/14 fiscal year were a major concern. Baunsgaard said Tanzania would have to adjust expenditure to a likely revenue shortfall to meet the budget deficit target. Fiscal revenue shortfalls and overruns in domestically financed spending led Tanzania's budget deficit to rise to 6.8 percent of gross domestic product in 2012/13, up from the targeted 5 percent. Tanzania's budget deficit, including grants, was estimated at 5.5 percent of GDP in 2013/14. "Program targets for the remainder of the year, including for the fiscal deficit, remain within reach but will require cautious expenditure implementation," the IMF said in a statement on Wednesday after concluding a country review of Tanzania. "Revenue collection has been lagging behind the budget target ... reflecting continued weaknesses in the ability to control expenditure commitments, this performance coincided with further accumulation of expenditure arrears." *(Reuters)*

Zambia

Corporate News

No Corporate News This Week

Economic News

Zambian President Michael Sata has died in London, where he had been receiving treatment for an undisclosed illness, a government source in Africa's second-largest copper producer said on Wednesday. The private Muzi television station and the Zambia Reports and Zambian Watchdog websites said the southern African nation's 77-year-old leader died on Tuesday evening at London's King Edward VII hospital. "It is true. We lost the President. The acting president will make a statement soon," the source told Reuters. Sata is likely to be succeeded on an interim basis by defence minister Edgar Lungu, who stood in recently as acting president, or vice-president Guy Scott, who would become Africa's first white head of state since South Africa's FW de Klerk in 1994. The constitution says a new presidential election must be held within 90 days, with most analysts saying Scott is unlikely to run because of citizenship restrictions. The Zambian kwacha was largely unchanged. "Obviously there will be a sentimental temptation to go long dollars, but I'm also quite confident the central bank will do everything it can to protect the currency," one Lusaka-based trader said. "In terms of the economy, everything should still be on track." Sata left Zambia for medical treatment abroad on Oct. 19 accompanied by his wife and family members, according to a brief government statement at the time that gave no further details.

There was no official update on his condition and Lungu, secretary general of Sata's Patriotic Front party, had to lead celebrations last week to mark the landlocked nation's 50th anniversary of independence from Britain. Concern over Sata's health had been mounting since June when he disappeared from the public eye without explanation and was then reported to be getting medical treatment in Israel. He missed a scheduled speech at the U.N. General Assembly in September amid reports that he had fallen ill in his New York hotel. A few days before that, he had attended the opening of parliament in Lusaka, joking: "I am not dead." Sata has not been seen in public since he returned to Zambia from New York in late September.*(Reuters)*

Zambia's inflation quickened to 7.9 percent year-on-year in October from 7.8 percent in September as the prices of food and non-food items rose, the central statistical office said on Thursday. On a month-on-month basis CPI slowed to 0.1 percent from 0.2 percent in September. *(Reuters)*

Zambia's economic policies remain unchanged and there is no need for market panic following the death of President Michael Sata this week, the finance ministry of Africa's second-biggest copper producer said on Thursday."I wish to appeal to all economic players, to remain calm as they execute their business activities and to desist from speculative tendencies that may cause instability in our economy," Fredson Yamba, the top civil servant in the finance ministry, said in a statement. *(Reuters)*

There are indications Zambia may be backing away from plans to impose a 20 percent royalty rate on open pit mining in the country, a top executive with Barrick Gold Corp said on Thursday. Zambia's Finance Minister Alexander Chikwanda rattled mining companies with investments in the copper-rich southern African country earlier this month when he announced that from January royalties on open pit mines will rise to 20 percent and on underground mines to 8 percent from 6 percent currently. Barrick, which is the world's biggest gold producer but also owns the Lumwana copper mine in Zambia, has said that a 20 percent royalty would seriously challenge the economics of the large open-pit mine. "Our sense is that the government realizes that the numbers they have imposed will be very challenging for the industry," Barrick co-president Kelvin Dushnisky said on a conference call to discuss the company's third-quarter results, which were released late on Wednesday and beat market expectations. "I don't want to handicap anything, but going into this week, our sense is there would be movement away from that number. I can't guarantee it but that's certainly the direction discussions were going," he said. The death this week of Zambia's 77-year-old president Michael Sata, and a period of national mourning, could impact the timing of the new regulations, which were due to come into effect on Jan. 1, 2015, Dushnisky said.

In commentary accompanying its results overnight, Barrick said it had appointed a president in China, Woo Lee, a former U.S. state department employee, who would join the company's leadership team. Barrick has no operations in China but the company's new executive chairman John Thornton has made no secret that he would like to increase relationships with the Chinese, possibly as future partners in Barrick's big mining projects. Asked on the conference call if the importance that Barrick was placing on relationships in China was related to the company's plans to reduce its debt, possibly through asset sales or partnerships, Dushnisky said: "There's been strong appetite from China in regard to the resource space generally... We wouldn't close the door on any of those kinds of options," he said. Dushnisky said Barrick, whose heavy debt levels have weighed on its stock price, is working on reducing its net debt levels to $7 billion from $10.4 billion through a combination of increasing cash from operations and asset sales. Barrick's stock was down 3.6 percent at C$13.83 on the Toronto Stock Exchange on Thursday morning, down less than its peers as the bullion price slumped below $1,200 an ounce to a 4-1/2 year low. In its third-quarter results overnight, the Toronto-based company lowered its forecast for full-year 2014 costs for the second time this year and also increased its forecast for copper production this year. *(Reuters)*

Zimbabwe

Corporate News

DELTA CORPORATION has stopped production of standard Chibuku beer at six breweries across the country, as plant rationalization continues after the introduction of its new product brand Chibuku Super. Company secretary Alex Makamure said the remaining seven standard Chibuku breweries were enough to cover production requirements for Chibuku Scud and Shake Shake. Makamure said the Zimbabwe Stock Exchange-listed brewer had stopped production at Chipinge, Marondera, Hwange, Mvurwi, Karoi and Zvishavane breweries in line with its rationalisation plans after the introduction of Chibuku Super. "We have broken ground at Fairbridge Brewery at Umguza just outside Bulawayo where we are setting up the second Chibuku Super Plant, which will be commissioned around May 2015," he said. Chibuku Super is produced in Chitungwiza. Following overwhelming success of this newest product, Chibuku Super, Delta also said it was setting up a second plant in Bulawayo to be commissioned in May next year. The product is being distributed nationally, Makamure said, although there are significant supply gaps arising from the outages of power and water at the brewery.

Delta says Chibuku Super is a result of the significant leap in product innovation and manufacturing technologies for this category, which allows for the establishment of mega breweries. This has released additional capacity at the Harare brewery. As a consequence, Delta said it would be scaling down production at certain sites that can be fed economically from other sites. The "rationalisation will not result in any losses of permanent jobs as they will be absorbed in the distribution and freight departments and other Group operations." The pace of rationalisation depends on the success of the Chibuku Super and its impact on the existing Chibuku business, Delta said earlier this year, adding this would take time. The brewer of Castle, Zambezi and Lion lager beers, among other lager brands, said then, that it was reviewing the interplay in the Harare, Marondera and Rusape markets. Chibuku Super has a shelf life of more than 21 days compared to four days for the standard Chibuku, allowing for its distribution nationally from Chitungwiza. The 15 sorghum beer breweries were part of a distribution network guided by the shorter shelf life of standard Chibuku. The overall Chibuku volumes have grown 12 percent for the quarter to September 2014 and 14 percent over the comparative prior year for the six months to September 2014, driven by Chibuku Super which contributed 30 percent. Delta Corporation lager volumes declined by 25 percent in the half-year to September 2014 weighed down by depressed consumer spending coupled with increased excise duty. *(Bulawayo24)*

Economic News

ZIMBABWE and United Kingdom look set to revive economic ties to end years of acrimony. This follows a five-member British business delegation touring Zimbabwe on Tuesday with the sole aim to explore economic opportunities in a number of sectors including mining, energy, transport, communications, water development as well as infrastructure. The five-member delegation, headed by Alex Lambeth met the local minister of finance, Patrick Chinamasa and government officials. British ambassador to Zimbabwe Catriona Laing was also present at the event. "We hope that our visit will be a chance to build long-term relationships with Zimbabwean partners. "Our programme includes meetings across the private sector and public sector to help us understand more about Zimbabwe's development objectives and where international expertise could provide the most assistance," Lambeth said. Chinamasa said the visit was a first step towards normalisation of relations between Harare and London.

"They (British) are on a mission to investigate areas of co-operation, areas of investment opportunities and they are investigating how they can facilitate the implementation of our Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZimAsset) economic programme. "This is their first visit, the first visit by a British trade delegation after many years, probably over 20 years. It is marking the first step in the normalisation of relations," Chinamasa said. Zimbabwe and its colonial master have been at loggerheads since the turn of the millennium when Zimbabwe controversially took over productive farms from the white minority. Britain has repeatedly accused the President Robert Mugabe regime of human rights violations and electoral fraud. Zimbabwe claims sanctions by the British and other influential Western nations have paralysed its economy. *(Caj News)*

Zimbabwe's 2015 national budget funding is under threat as government continues to miss revenue targets, economists warn. The country — whose forthcoming year's budget is traditionally presented between November and December — is running on a cash budget after failing to secure external support, but tax income is dwindling on the back of waning economic activity. According to tax collector Zimbabwe Revenue Authority (Zimra) latest statistics, net revenue collections in the third quarter to September 2014 amounted to $884,5 million, missing a $972,3 million target by nine percent. Last year, Zimra collected a total $3,4 billion in tax receipts, six percent short of a $3,6 billion target. As at August 31, 2014, government suffered a budget deficit of about $20 million, as revenue collections were 6,3 percent below target. Tony Hawkins, a renowned economist, said "so far this year, revenue is down seven percent and will likely fall further in the final quarter".

"The revenue target for the year has already been reduced some 6,5 percent (in the September mini-budget), but with the slowdown in the economy one would expect a relatively small revenue shortfall from the downwardly-revised $3,85 billion target," he said, adding that the higher taxes on fuel and new airtime tax "may close the gap somewhat". He said while a revenue-based budget was a real problem, the expenditure side is of concern following the $950 million increase in spending announced last month. "It is hard to see how this can be accommodated purely by spending cuts," he said. Hawkins noted that global economic pressures — weakening commodity prices led by the steep fall in oil – also make the 2015 budget funding a tall order. "Commodity prices as a whole are quite closely correlated with oil prices. There is just no fiscal space available and as a result I suspect there will have to be more spending cuts and further revenue measures," he said. He furthermore said that it is increasingly getting harder for government together with the private sector to borrow both offshore and locally. "I would expect GDP growth to remain subdued at around the three percent level as forecast by the IMF and others, especially as there is unlikely to be a similar agricultural sector rebound as the one we are experiencing in 2014," said Hawkins. In April, Zimra commissioner general Gershem Pasi told Parliament that despite surpassing the 2014 first quarter revenue target by two percent, the tax collector was likely to miss tax income targets for the year.

"We are headed for serious shrinkage of revenue unless something is done soon to increase revenue in the country," the taxman said, adding that "it's a miracle that we have surpassed our first quarter target... considering the current state of the economy. Things are not well out there". Kipson Gundani, also an economist, noted that the shrinking revenue collections "present a challenge for the country" and is "dangerous because we do not have any financing mechanism. "Close to 90 percent of our budget is relying on taxation apart from revenue inflows such as exports," he said. "We just have to spend what we have and live within our means," he added. In the quarter under review, Zimra says Pay As You Earn contributed $226,2 million against a target of $190 million as the tax agency stepped up audits and crackdown on defaulters. Value added tax (VAT) on local sales collections amounted to $124 million against a target of $189 million as disposable incomes continued to fall while VAT on imports were lower at $126 million against the target of $132 million. Customs duty collections were 25 percent below the $117 million target at $88 million and excise duty revenues fell by 10 percent to $123 million due to a decline in fuel imports. The country's trade deficit in the nine months to September stood at $2,84 billion. *(Daily News)*

GOVERNMENT is waiting for the signing of an Implementation Arrangement (IA) with the Common Market for Eastern and Southern Africa (Comesa) clearing house that will see the country using the ₧4,23 million it received from the European Union. Industry and Commerce minister Mike Bimha said the ₧4,2 million was expected to provide support to Zimbabwe to make the necessary fiscal, economic and social adjustments required to accompany the implementation of policies relating to wider trade. Bimha said the grant would be accessible once the Comesa secretariat finalised the Memorandum of Understanding with the Programme Implementation Partner who will administer funds for the project. "Zimbabwe will use part of the funds to improve capacity to implement and monitor commitments under the Comesa regional integration agenda. The funds are also earmarked for value addition programmes and improving leather products, agro -processing and sanitary and phyto-sanitary activities, among others," he said. Comesa public relations officer Mwangi Gakunga said Comesa finalised and signed a grant agreement with Zimbabwe in September this year. He said the Comesa clearing house would administer the project on behalf of the government. Gakunga said the project would be implemented over two years 2014-2016. "However, Comesa has finalised and will be signing IAs with the Comesa clearing house who will administer the project on behalf of the Government of Zimbabwe," Gakunga said.

However, the date for signing the implementation has not been established. "The date will be communicated," he said. Gakunga said the project preparation and formulation under the regional integration support mechanism began in January 2013 and was finalised in September this year. "Project implementation and set-up is expected to commence as the IAs are signed and the initial work plan is finalised," he said. Meanwhile, three regional blocs — Comesa, Sadc and East African Community (EAC) — will launch a Tripartite Free Trade Area in December. The FTA will be launched at the Tripartite Summit of Heads of State and Government. The Tripartite FTA encompassing 26 member states from the Comesa, EAC and Sadc, with a combined population of 625 million people and a gross domestic product (GDP) of $1,2 trillion, will account for half of the membership of the African Union and 58% of the continent's GDP.
The Tripartite FTA, popularly known as the Grand Free Trade Area, will be the largest economic bloc on the continent and the launching pad for the establishment of the Continental Free Trade Area in 2017.*(News Day)*

THE Zimbabwe Stock Exchange (ZSE) is pushing for government to increase exchange control limits for listed foreign companies to 49% from 40% to be at par with the empowerment laws, the bourse said yesterday. The indigenisation legislation stipulates that at least 51% of all foreign-owned business should be in the hands of locals. Speaking at the Institute of Chartered Accountants of Zimbabwe (ICAZ) CPD seminar in Harare yesterday, ZSE chief executive officer Alban Chirume said ZSE was pushing for increase in exchange control limits in listed foreign companies to be at par with the indigenisation requirements. "It's to ensure that they is parity,in terms of what the indigenisation talks about 51% / 49% and at the Stock Exchange we have got 40% as the maximum for foreigners. So we are saying let's match on the 49% with the indigenisation law as right now foreigners are limited to 40% on listed counters. We are saying maybe if we should go up to 49%," Chirume said. He said the discussions with government were still at negotiation level. He, however, said for the past years there have not been any listing due to a number of challenges, but ZSE was working towards measures to improve listing. Chirume said ZSE could play a role by improving the conditions for secondary listings.

Secondary listing is when a listed company seeks listing on another exchange. "We are listing the Zimbabwe Emerging Enterprise Market (ZEEM) so that will bring in the small to medium enterprises. We hope that this will also increase listing," Chirume said. He also said the other strategies to increase listing were to include government stock on listing. He said the listing of government stock framework was expected to be in place by end of the year as strategies to increase listing. He said ZSE has established the business development section with the aim at looking for more listings and retain those that are already listed. "We have appointed an executive and also the business development manager to heard the business development department to effectively ensure that one of the things to look for listing and ensuring that we retain companies that are listed by ensuring that we go to them, help them in terms of meeting their listing requirements and also what then happens we create products in that area which include bonds, among many others, created in that department so that new products are coming in department and eventually that department will be in charge of the public relations," he said. Chirume said in 2013 Zimbabwe was ranked number seven out of more than 20 counters in Africa. Turnover on ZSE was $485 million placing the bourse ninth in Africa. Chirume said there was a huge gap between ZSE with a turnover of $485 million and Namibiawith turnover of $1, 8 billion "This mean that the their market is more attracting to investors and we also need to understand what they are doing , but we are looking at this and say this is where Zimbabwe should be and we are working towards that," Chirume said.*(News Day)*

THE Zimbabwe Stock Exchange (ZSE) which plummeted to a three months' low last week with the industrial index shedding 5,87 points to 182,9 points clawed back lost ground on Wednesday after trading in the red for ten consecutive days. Analysts however, analysts see Wednesday's "positive" as temporary. The recent decline had been attributed to absence of positive news that could stimulate growth as cracks continue to emerge in the ruling Zanu PF party with policy makers more concerned about their political survival, leaving the economy on auto pilot. The bearish trend has also been worsened by the miniscule funding that is available on the market and intense money market illiquidity. After weeks of retreating, the ZSE nudged forward in Wednesday's trades which saw the Industrial Index recovering by 0.55 points or 0.30 percent to close at 180.95.

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Overall 1,3 million shares were traded at a total value of US$640,163. A number of counters traded in positive territory led by trades in SeedCo which contributed 64 percent to the total value of trades. Last week's losses came on the back of negative trades in all the top ten heavy weight counters. The weekly turnover declined 27 percent to US$3,7 million, with Econet, Innscor and Delta contributing 76 percent. Simillarly, the mining index retreated by 6,88 points to 74, 88 points, weighed down by losses in Bindura and Rio Zim. The previous week the market had been on a free fall, with the benchmark index losing 0,37 points to end at 188,77 points. Week-on-week, the mining index dropped a significant 5,41 points to 81,76 points. One of the few things for certain about the stock market is that it will go up and down, however in Zimbabwe it appears no one has a clear idea when either of these events is going to happen. Stockbrokers say the strategy of long-term investing will protect one's investment during those times when the stock market is going down, creating the opportunity for growth when the market is going up. Analysts say because bear markets are invariably followed by bull markets, and it was important to raise cash and keep a handy wish list of stocks with target prices to buy, before a bull market begins. Bull markets tend to begin abruptly when things appear gloomiest; prices will be on a free fall, with no light at the end of the tunnel."When fear, pessimism and pain reach their maximum, a bottom is reached, and a bull market begins," said one analyst. It is important that the market corrects itself and operate based on fundamentals and this way the country can have a market that is operating in a sustainable manner. But what does this mean to investors, the ordinary man on the street, potential investors, and the economy?

"When everyone wants to buy, sell all the lower quality and cyclical stocks, if you have not already. "Hold onto the highest quality defensive stocks if you are a long term investor … if the worst happens, your investment would not be wiped out completely," said a stockbroker this week. The unfortunate reality of investing in the stock market is living through the inevitable commotion that occurs when the market takes a deep dive. Nothing chills the bones like watching the market take a tumble, because every investor will wonder when it will bounce back. "Ask any stockbroker what happens when the market takes a nosedive and almost every one of them will tell you that their phone will not stop ringing from clients who want to cash out of the stock market. "These are the same clients the broker has convinced to adopt a strategy of buying great companies at great prices and holding them while they create wealth," said one analyst. *(New Zimbabwe)*

A delegation from United Kingdom will visit Zimbabwe next week to help the country implement the economic blueprint, the Zimbabwe Agenda for Sustainable Socio-Economic Transformation (Zim Asset). The British Embassy on Friday said the theme of the mission was, Applying UK expertise in project finance, infrastructure and development to support the implementation of Zim Asset. The delegates will meet with senior members of the Zimbabwean government, parastatals, captains of industry, international donors and British businesses already trading in Zimbabwe. "Trade and investment is vital for Zimbabwe's development. We want to strengthen business links and to show our commitment, we are sending a Trade Mission," British Ambassador to Zimbabwe Catriona Laing said. "To translate interest into investment, the government of Zimbabwe will need to reassure investors that their assets will be secure — for example by clarifying its indigenisation policy." Alex Lambeth, director of British Expertise, a leading trade organisation, will lead a five-member delegation. Other members of the delegation are drawn from UK firms with substantial regional experience across many of the key infrastructure sectors identified by the Zim Asset development plan, such as water, sanitation, energy, power and transport. Zim Asset requires a funding of US$27 billion up to 2018. Last week, United Nations agencies operating in Zimbabwe said they have aligned their programmes in line with Zim Asset clusters. The mission will publish a report detailing opportunities for interested firms in London and Johannesburg. The visit by the United Kingdom delegation comes at a time when Zimbabwe has received over US$1 billion investments from China for over five years. Zimbabwe's relations with its former colonial master soured at the turn of the millennium after the country embarked on a haphazard fast-track land reform programme that decimated the agriculture sector. The visit comes after Russian foreign minister Sergey Lavrov led a delegation to Zimbabwe last month culminating in the signing of an agreement for the US$3 billion platinum project in Darwendale. The investment will be the largest in Zimbabwe since it dollarised in 2009. By 2024 the mine is expected to be mining 10 million tonnes of platinum ounces and creating 8 000 jobs. Zimbabwe has received several investors in the past five years but its foreign direct investment (FDI) has failed to hit the US$1 billion mark to be at par with other regional neighbours. FDI is expected to further decline between 2015 and 2016, according to a latest report by the International Monetary Fund (IMF) on the sub-Saharan region. *(The Standard)*

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