SECURITIES AFRICA
RESEARCH & CAPITAL MARKETS

PAN-AFRICA

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

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

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

AFRICA STOCK EXCHANGE PERFORMANCE

Country	Index	4-Nov-16	11-Nov-16	WTD % Change Local	WTD % Change USD	31-Dec-15	YTD % Change Local	YTD % Change USD
Botswana	DCI	9747.71	9763.70	0.16%	-1.59%	10602.32	-7.91%	-2.80%
Egypt	CASE 30	8810.00	10688.16	21.32%	-35.93%	7006.01	52.56%	-29.14%
Ghana	GSE Comp Index	1706.19	1679.41	-1.57%	-3.04%	1994.00	-15.78%	-19.93%
Ivory Coast	BRVM Composite	275.41	283.92	3.09%	1.38%	303.93	-6.58%	-6.67%
Kenya	NSE 20	3251.46	3692.36	13.56%	13.51%	4040.75	-8.62%	-8.00%
Malawi	Malawi All Share	13721.77	13410.99	-2.26%	-3.67%	14562.53	-7.91%	-17.80%
Mauritius	SEMDEX	1803.98	1798.71	-0.29%	0.47%	1,811.07	-0.68%	0.61%
	SEM 10	344.83	343.48	-0.39%	0.37%	346.35	-0.83%	0.47%
Namibia	Overall Index	1013.57	1041.77	2.78%	1.37%	865.49	20.37%	35.80%
Nigeria	Nigeria All Share	26981.60	26170.88	-3.00%	-3.74%	28,642.25	-8.63%	-42.97%
Swaziland	All Share	378.70	378.70	0.00%	-1.38%	327.25	15.72%	30.56%
Tanzania	TSI	3911.06	3899.89	-0.29%	-0.93%	4478.13	-12.91%	-14.34%
Zambia	LUSE All Share	4300.56	4297.45	-0.07%	-1.01%	5734.68	-25.06%	-16.96%
Zimbabwe	Industrial Index	120.34	123.22	2.39%	2.39%	114.85	7.29%	7.29%
	Mining Index	33.71	35.72	5.96%	5.96%	23.70	50.72%	50.72%

CURRENCIES

Currency	4-Nov-16 Close	11-Nov-16 Close	WTD % Change	YTD % Change
BWP	10.28	10.46	1.78	5.55
EGP	8.87	16.81	89.36	-53.55
GHS	3.94	4.00	1.51	-4.93
CFA	590.87	600.82	1.68	-0.09
KES	99.79	99.84	0.05	0.68
MWK	710.09	720.46	1.46	-10.75
MUR	34.51	34.25	-0.76	1.31
NAD	13.46	13.65	1.40	12.82
NGN	313.67	316.06	0.76	-37.58
SZL	13.46	13.65	1.40	12.82
TZS	2,137.33	2,151.13	0.65	-1.64
ZMW	9.79	9.88	0.94	10.81

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Botswana

Corporate News

No Corporate News This Week

Economic News

No Economic News This Week

WEEKLY AFRICAN FOOTPRINT

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Egypt

Corporate News

The National Bank of Egypt, the largest state-owned bank, has received over 30 billion Egyptian pounds from new certificates of deposit it started offering last week, state newspaper Al-Ahram quoted the bank's deputy chief on Thursday. NBE and Banque Misr, the second-largest state bank, said on Nov. 3 they would offer 18-month certificates of deposit at 20 percent and three-year certificates of deposit at 16 percent. *(Reuters)*

Economic News

Egypt's pound was almost steady early on Sunday as banks began trading freely for the first time since authorities ditched the currency's peg in a policy shift designed to crush a black market and clinch an International Monetary Fund loan. Interbank trading began at 1030 a.m. (0830 GMT) but activity was extremely slow because banks were uncertain about the propects for supply and demand of U.S. dollars. The pound weakened slightly from 15.50 against the dollar on opening to 15.75 in the first 75 minutes. Banks were bidding for dollars around 15.60 and offering around 16.00. The pound had closed at 15.35 on Saturday. Despite the slow start, Egyptians are braced for a currency rollercoaster in coming days and weeks, with many expecting further depreciation of the pound as banks struggle to meet an anticipated deluge of pent-up dollar demand from companies that struggled for two years to secure hard currency. "People do not know how to trade FX in a free market yet. I'd say it will touch 18 before the end of the day if anyone is offering," said one banker. "Activity will pick up tomorrow, irrespective of what happens today." Egypt floated its currency on Thursday, initially devaluing it by about a third from its peg of 8.8 to the dollar and then letting the currency drift weaker. Banks were open over the Friday-Saturday weekend but Sunday was the first formal day of trading without direct central bank guidance. Businesspeople and importers have welcomed the float, which ended strict rationing of dollar supplies at banks and dealt a blow to the dollar black market, which boomed under the peg.

The pound hit a record low of 18 per dollar on the black market last Sunday, prompting a boycott by importers. This saw the rate bounce back to 13 per dollar within days, giving the central bank a window in which it could abandon the peg with relatively little risk of massive volatility. Some bankers expressed disappointment that the central bank has not flooded the system with hard currency to help stabilise the pound in the early weeks of trade. They predicted the black market would return if banks are unable to meet the backlog of dollar demand at businesses. However, bankers said the central bank could still intervene by the back door, providing state-owned Banque Misr and National Bank of Egypt with foreign currency to sell to other banks. On Sunday morning, there was no evidence that this had happened. Black market traders met late on Saturday to discuss the currency situation. One black market source said the traders, believing the banks would be unable to meet dollar demand, had decided at the meeting to start selling dollars at 18.50 pounds. "Importers will be desperate so they will have to go to us for FX," the source said. But businessmen have become deeply frustrated by black market profiteering and rather than go back to that market, some may prefer to pay more expensive rates for dollars from banks in order to help stabilise the new currency system. "The interbank market started and there is not much activity. There are mispricings in the market but apparently no one is taking advantage of them," said one local banker, adding that there should be some volume traded later in the day. "People have to test it, even if it is at small volumes." *(Reuters)*

Egypt will delay plans to rent a third liquefied natural gas import (LNG) terminal for one month, until the ministry of electricity determines its LNG needs, an official at state gas buyer EGAS told Reuters on Sunday. "We decided to delay holding the tender for one month (until end-November) until an agreement is made with the ministry of electricity over its needs for LNG over the coming period," said the official, who declined to be identified. A third floating and storage regasification unit (FSRU), an import terminal that converts LNG to natural gas to feed the power grid, is expected to arrive at the end of June 2017 to handle a surge in LNG demand from new power plants coming online. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

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Saudi Aramco informed Egypt that it will be halting shipments of petroleum products to Egypt "until further notice," an Egyptian official told Reuters on Monday. The official said Aramco did not give a reason for halting the shipments. "We have launched tenders to cover the needs for November," the official said. *(Reuters)*

Egypt expects to receive $2.75 billion in aid from the International Monetary Fund as early as next week, part of a $12 billion loan package it hopes will avert an economic crisis and halt a slide in its newly floated currency. Import-dependent Egypt has struggled to attract dollars and revive its economy since the 2011 uprising that ended Hosni Mubarak's 30-year rule drove away tourists and foreign investors, essential sources of hard currency. Facing a gaping deficit, plummeting foreign reserves and a burgeoning currency black market, it agreed a $12 billion loan with the IMF in August but had to secure $5 billion to $6 billion in bilateral financing for the deal to be finalised. Egyptian officials said they were ready to make the final push for the loan after the central bank abandoned its currency peg to the U.S. dollar on Thursday in a dramatic move welcomed by the Fund and World Bank. The Washington-based lender said on Tuesday it would review and was likely to approve Egypt's programme on Friday. Egypt's Deputy Finance Minister Ahmed Kouchouk told Reuters he expects an initial disbursement of $2.75 billion as early as next Tuesday should the board grant approval. Finance Minister Amr El-Garhy said all $6 billion in bilateral financing required ahead of the loan had now been secured and a letter of intent outlining the government's reform programme was sent on Monday to the IMF. The financing included a $2.7 billion currency swap with China along with funding from the World Bank, the United Arab Emirates and Saudi Arabia.

"Over the past few months, the Egyptian authorities have embarked on an ambitious reform program to put the country's economy on a sustainable path and achieve job-rich growth," IMF Managing Director Christine Lagarde said in a statement. "I will recommend that the board approve Egypt's request." Clinching the IMF deal would be a milestone in Egypt's efforts to restore confidence in an economy battered by years of turmoil and a shortage of foreign currency that has stifled business activity and repelled foreign investors unable to cash out their earnings. Welcomed as a necessary move by business and many economists, Egypt has embarked on ambitious reforms that carry enormous risks for President Abdel Fattah al-Sisi, who seized power in mid-2013 promising to restore stability after a year of divisive Islamist rule. Since taking power, the general-turned-president has struggled to transform tens of billions of dollars of aid from Gulf Arab allies into sustainable growth for a weary populace. But unlike previous governments, which have shied away for decades from politically sensitive measures, Sisi's government has imposed a value-added tax, cut power subsidies, raised fuel prices and floated the pound, all in the space of three months. Though Egyptians have complained of rising inflation and biting austerity, the government has said there was no going back as the country could no longer afford delays.

The IMF cash should help stabilise the pound after its peg of 8.8 pounds per dollar was ditched on Thursday to help draw in capital, crush a booming black market for dollars and help banks starved of foreign currency clear months-old backlogs. On the third day of interbank trading the pound dropped to nearly 18 per dollar, in line with black market rates that had risen rapidly and brought business to a near standstill in the days before the float. Banks have been opening daily until 9 p.m. this week to accept dollar deposits and sales while the government has broadcast messages on Egyptian radio calling on the public to shun the black market and use the banks. Anxious Egyptians have stashed dollars under mattresses in recent months as a hedge against inflation, which has soared above 14 percent. It is not clear how many dollars have come into banks since the float, but bankers and business people said some black market dealers had been forced to sell dollars into the banking system as they struggled to find buyers. "I don't think people will jump right back to the black market because the banks are trying to get the liquidity from the black market as well," one commodities trader said. Maintaining its currency peg had slashed foreign reserves to $19.041 billion in October from about $36 billion just before the 2011 uprising. Governor Tarek Amer said last week that the central bank is targeting dollar reserves of about $25 billion by year-end, including pledges from China, G7 countries, and Arab allies. Austerity measures are expected to intensify, although the government insists it will protect the poor by keeping subsidies on staples such as bread untouched.

The central bank allocated over $1 billion last month to help stockpile cheap essentials at food outlets where the poorest citizens shop. Businesses and traders said they were unfazed by the pound's slide in recent days and expressed relief that the currency black market may finally dry up. "At least now things are more stable. We used to update our price list every two hours because our suppliers kept changing the prices," the owner of a furniture factory said. "Now we update our price list once at the end of every day." *(Reuters)*

Egypt's annual urban consumer price inflation eased to 13.6 percent in October from 14.1 percent in September, the official statistics agency CAPMAS said on Thursday. Egypt's urban consumer price inflation had jumped in August, raising concerns about an upward trend in prices. The central bank floated the pound on Thursday and raised interest rates by three percent. *(Reuters)*

Egypt's newly floated pound strengthened on Thursday after the central bank announced a $2 billion financing deal with global banks and the International Monetary Fund indicated it would approve the country's three-year loan programme. The pound was trading at 16.3 to 16.8 against the dollar at 1412 (1212 GMT). Bankers said dollar liquidity was improving and activity pick up after a slow start earlier this week. It traded at 16.5 to 17.25 on Wednesday. "The U.S. dollar is dropping like a rock," one banker said. "Now we have the volumes and might close below 16 per dollar." Egypt's central bank floated the pound a week ago, in a dramatic move that was welcomed by the business community. It devalued the currency by about a third from its former peg of 8.8 against the dollar and has since allowed it to drift lower. A severe shortage of dollar liquidity when markets opened on Sunday for the first time since the float had resulted in low volumes and saw the pound weaken to 18 versus dollar. It began to recover on Wednesday, after the IMF managing director, Christine Lagarde, said she would recommend that the executive board of the lender approve Egypt's $12 billion loan agreement when it meets on Friday. Egypt's dollar peg had drained the central bank's foreign reserves, forcing it to impose capital controls and ration dollars, and prompting desperate importers to turn to the black market for their needs.

Since the float, more companies have gone to the bank for their dollars, leaving them scrambling for funds while a lack of liquidity means interbank trading got off to a slow start. The IMF announcement and the central bank's $2 billion financing deal gave the markets hope that fresh inflows would be arriving sooner rather than later to stabilise the currency and ease what could be a painful era of austerity. In a sign that confidence was beginning to return to the market after the float, average yields on six-month and one-year treasury bills dropped significantly at an auction on Thursday. The 182-day treasury bills dropped to 18.469 percent from 19.521 percent in the previous auction and the yields for 364-day treasury bills dropped to 18.903 percent from 20.519 percent in a similar auction . "There is strong buying appetite and positive sentiment with rumours of foreign investors entering the market," another banker said, referring to the T-bill sale. *(Reuters)*

The International Monetary Fund said that it will disburse an initial $2.75 million loan tranche to Egypt on Friday assuming that the Fund's board votes to approve the $12 billion bailout program. IMF spokesman Gerry Rice told a regular news briefing that the board vote on Friday comes as China, the United Arab Emirates, G7 countries have contributed towards supplemental bilateral financing of up to $6 billion needed for the Egypt program. Rice added that some of that financing also will come from commercial bank financing and a proposed euro bond issue. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

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Ghana

Corporate News

No Corporate News This Week

Economic News

Cocoa purchases declared to Ghana's industry regulator Cocobod amounted to around 200,000 tonnes in October, the first month of the 2016/17 season, two senior government sources in the cocoa sector said on Friday. The officials gave no comparative figure from the previous season. However, the pace of the harvest, which opened on Oct. 1 with a 12 percent increase in the farmers' price, was roughly on a par with the estimated output in neighbouring Ivory Coast, the world's leading grower. "It began well and the bean size is good, but there are indications it is not going to be an early crop. It (will) be a long season," one source said on Friday, adding that purchases for the season's first week reached 60,000 tonnes. Ghana, the world's second largest cocoa producer, is targeting production of 850,000 to 900,000 tonnes of beans this season. It produced 778,043 tonnes in the last, Cocobod said. The West African nation operates a partially-liberalised cocoa marketing system whereby Cocobod provides revolving seed money to licensed buying companies (LBC) to purchase beans on its behalf. Cocobod secured a $1.8 billion syndicated loan from international banks in September for this season's purchases. However, to access Cocobod financing companies are required to provide guarantees from banks who pledge to reimburse the regulator in the case they default. A senior Cocobod official told Reuters that many licensed buying companies are struggling to obtain those guarantees. "It's a major problem ... The indications are that some of the major buyers are heavily indebted to the banks, so the entire financial sector is not willing to support them," the official said.

Cocoa marketing analyst Kweku Boamah said the banks had been made wary by a debt crisis at Ghana commodities trader Finatrade Group, which led to its cocoa buying unit Akuafo Adamfo defaulting on its Cocobod loans last season. He said that while the impact on purchases has not been felt so far, if the banks continue to withhold the guarantees, the licensed buyers will struggle to pay farmers for beans as production picks up. "What this means is that cocoa will remain on the farms and eventually be sold to smugglers if farmers are not getting cash from the LBCs," Boamah said. *(Reuters)*

Ghana's annual consumer price inflation fell to 15.8 percent in October from 17.2 percent in September, the statistics office said on Wednesday. The West African country is implementing a three-year aid programme with the International Monetary Fund to remedy fiscal problems that include inflation that for years has exceeded government targets. *(Reuters)*

Ghana accepted 438 million cedis ($110 million) worth of bids for its first 10-year domestic bond issued on Thursday but the major commodities exporter had to offer a fixed yield of 19.0 percent, according to lead arrangers. The 2026 debut offer, open to foreign investors, drew bids for 726 million cedis - far more than the initial 200 million cedi target, according to arrangers Barclays Bank, Stanbic Bank Ghana and Accra-based brokerage firm Strategic African Securities. Ghana, which is currently implementing a three-year economic stabilization deal with the International Monetary Fund, introduced the 10-year debt as a way to borrow for the longer-term and ease interest rates. The total public debt was equivalent to 63 percent of gross domestic product in May but is expected to rise to around 70 percent by the end of the year on planned disbursements, the government has said. Prior to Thursday's issue, the West African country's longest local currency debt maturity was seven years. *(Reuters)*

Kenya

Corporate News

A strong performance in its domestic business helped Kenya's KCB Group improve its pretax profit by 18 percent to 22.94 billion shillings ($226 million) in the first nine months of the year from the same period a year ago. The bank, which also operates in Rwanda, Burundi, Tanzania, South Sudan and Uganda, said on Tuesday that net interest income from its Kenyan operation rose at a faster pace than elsewhere, pushed by an 8 percent growth in net loans and advances to 332.28 billion shillings. Kenya contributed most of KCB's net interest income, as other markets like conflict-hit South Sudan weighed on earnings. Lawrence Kimathi, the bank's chief financial officer, told a news conference that KCB had raised additional Tier 2 capital of 7.5 billion shillings from an international financier and was expecting the money to come in this week. KCB said net interest income for the group rose by 27 percent to 36.1 billion shillings during the period. *(Reuters)*

Stock broking and financial services firm, Securities Africa Group, has launched a Kenyan subsidiary. Securities Africa Kenya Ltd had been licensed by the Capital Markets Authority (CMA and admitted as a trading participant at the Nairobi Securities Exchange (NSA). The group is a member of global financial services firm Altree Financial Group, which has affiliates in New York, Bermuda, London, Hong Kong, Johannesburg and Lagos and Bermuda. Securities Africa MD Michael Barnes on Thursday said with Kenya being the largest and most liquid regional market, it is an important entry point into the East African market. "Establishing an on-the-ground platform in Kenya has always been a core consideration for Securities Africa. We are excited at the growth potential within the region and particularly Kenya" said Mr. Barnes. The firm said it intends to position itself as the top brokerage by leveraging its local network of corporations, institutions, sovereign and retail investors. Securities Africa Kenya CEO, Anthony Munyiri, said "We have a focused business plan that not only intends to have a major impact on the Kenyan capital markets, but across the African capital markets as a whole. We believe that it is a very opportune time for Securities Africa Kenya's entry into the Kenyan capital markets." *(Business Daily)*

Economic News

Kenya's shilling was firm on Wednesday, steadied by central bank advice to dealers that it would offer support as needed after gyrations in other world currencies after the U.S. election showed Donald Trump edging towards the presidency. At 0702 GMT, commercial banks quoted the shilling at 101.66/86, compared with Tuesday's close of 101.70/80. One senior trader said a central bank official had called dealing rooms to say that "If we need their help, they are there to help." Otherwise, he and another trader said the market was fairly quiet.
"Most of the clients are watching and seeing how the election will go in the U.S. Initially, we thought there would be a bit of panic but we haven't seen any," the senior trader said. *(Reuters)*

The Central Bank of Kenya (CBK) and the Kenya Deposit Insurance Corporation (KDIC) have been ordered to consider proposals for reviving the collapsed Imperial Bank. Justice George Odunga has ordered the banking industry regulator to meet Imperial Bank's shareholders, bondholders and depositors and work towards reaching a solution that will be in the interest of all the parties but that is within the law. Imperial Bank's shareholders had claimed that the CBK and KDIC have acted unfairly in declining two of their proposals. Justice Odunga ruled that while he is unable to interfere with the CBK's decision to reject the two proposals, they are obligated to consider any proposals that could help in reviving the lender. Imperial Bank's shareholders had proposed injecting Sh10 billion, then raising another Sh20 billion through a rights issue, or allowing depositors to convert their savings into shares to raise capital. The CBK had asked the shareholders to place proposals that would help in securing the Sh44.9 billion that was looted by former managing director Abdulmalek Janmohammed. The fraud scheme was brought to the fore shortly after his death in September last year. Justice Odunga in his ruling also ordered the CBK and KDIC not to take any action that will lead to the liquidation of the bank unless it is the only option as per the Banking Act.

"An order of mandamus directed at the KDIC and CBK and each of them compelling them to formally engage the shareholders herein, together with the other stakeholders including the bondholders and depositors of the Bank, with a view to jointly, and to the extent permissible by law, finding a workable legal framework for an outcome that is in the interests of the bank and all its stakeholders," Justice Odunga ruled. The Imperial Bank shareholders had claimed that the banking industry regulator discriminated against them in denying them details of the receivership period. But the judge refused to rule in their favour after the CBK argued that some of the information and documents demanded by the shareholders were part of investigations that are at a crucial stage. The CBK says it is investigating possible involvement of the shareholders in the Sh44.9 billion fraud scheme that lasted more than 13 years. The judge ruled that the CBK will have to share information demanded by the shareholders as long as it does not interfere with investigations. "While this court is not competent to determine that allegation, it would prejudice the said investigations if the very subject of investigations were placed at the disposal of the shareholders. I am, however, of the view that where specific information is sought, which cannot prejudice the investigations, the CBK and KDIC are obliged to furnish the same," the judge ruled. *(Business Daily)*

Credit Bank and CPF Financial Services have inked a partnership to offer the individual pension plan dubbed M-Pension on the lender's mobile banking platform. The pension plan is run by CPF, targeting lower income earners who can save a minimum of Sh50 per day, while also offering life cover and funeral expense benefits. "Under the agreement, Credit Bank will incorporate M-Pension in its own product banquets and include it to its SME banking segment. Credit Bank shall also offer CPF's M-pension optional savings to its customers," said CPF and Credit Bank in a statement. The individual pension schemes have picked up in popularity in Kenya in recent years, targeting mainly the informal sector that previously had little access to formal pension schemes. Latest data from the Retirement Benefits Authority (RBA) shows that the assets under this segment have grown from Sh9.1 billion in 2010 to Sh28.8 billion at the end of last year. The individual schemes grew their membership by 12.6 per cent last year to 162,882 savers, following on from a 13.4 per cent growth rate recorded in 2014. M-Pension accounts for 8,000 of these individual schemes customers, with the largest base currently under Blue MSME's Mbao Pension scheme with a membership of 75,415 individuals. *(Business Daily)*

Kenya's securities depository and settlement firm is ready to launch a new trading platform from April that will allow trades to be settled in one day, it said on Thursday. The Nairobi Securities Exchange (NSE) now uses a system in which transactions are completed three days later, known as T+3. Experts say same-day trading and settlement would deepen liquidity on the bourse. Trades are handled by the Central Depository and Settlement Corporation (CDSC), which provides clearing, settlement and depository services for listed securities. "April next year is when we will launch the new system, and then after that is when we can talk about day trading," Rose Mambo, chief executive officer of CDSC, told reporters. Mambo said the system could handle same-day trades but said regulatory approval was needed before this would go ahead, adding that the Capital Markets Authority would likely need to develop new regulations and guidelines before this happened. The securities settlements platform had initially been expected to go live a year ago, but was delayed to ensure the new system worked seamlessly with the one working on the bourse. The CDSC was looking at the possibility of adding stocks from bourses in other countries to its depository, starting with Nigeria, Mambo said, adding tests were going on. "By the time we implement the new system in April next year we should be able to open up the space for any Kenyans or Nigerians to trade shares across the two countries," she said. *(Reuters)*

Kenya plans to increase coffee roasting and is encouraging farmers to link up with foreign partners who can help build markets abroad, to add value to its raw bean exports that are a major source of foreign exchange. Kenya grows just 1 percent of the world's coffee a year, but punches above its weight in quality as many global firms seek its arabica beans to blend with lower quality varieties. However, most of its produce is exported as cleaned beans and just 5 percent is roasted, so Kenya misses out on the added value from selling roasted and packaged coffee. Kenya produced 45,000 tonnes of beans in the 2015/16 season and forecasts output of 50,000 tonnes in 2016/17. It is seeking to raise the amount of coffee roasted locally by 5 to 10 percent annually over the next five years, Richard Lesiyampe, principal secretary for agriculture, told Reuters. "Any value addition that can give us more money, that is the direction we want to take. We should actually go to 50 percent if possible," he said. "It is really ambitious but can be done."

In the coffee growing region of the central highlands, Othaya Farmers Co-operative is installing a roasting machine and a grinder at a cost of 50 million shillings ($500,000) to produce packed coffee for local retail and export in future. The aim is boost earnings for the co-operative's 15,000 farmers, who now earn a maximum of 78 shillings per kg on the best quality raw beans but could earn 100 shillings after roasting, co-operative chairman James Gathua told Reuters. While a 50-kg bag of top grade AA coffee fetches about $500 at the weekly auction in Nairobi, a bag of lower grade coffee goes for about $150. But experts say the value of this lower grade coffee can be doubled when roasted. "Opportunities exist for private partnerships with roasters abroad, who have expressed interest in investing in roasting machinery in Kenya," Kenya's industry regulator, the Coffee Directorate, said in response to questions. Among the new entrants, Denmark's African Coffee Roasters (ACR) set up a roasting facility this year. For now, local roasting is dominated by C. Dorman Ltd, which operates a chain of coffee shops in Kenya and also exports to foreign markets, and Java House, which has a fast growing chain of coffee shops and restaurants that is expending beyond Kenya. President Uhuru Kenyatta launched a study this year into ways of revive coffee production, now roughly half output at its peak in the 1980s. Growers want the government to support producers including by removing duty on roasting machines. "If the government can support us, the portion of locally roasted coffee can go to 10 percent in the next three years," said Matthew Mugo, the managing director of Gibsons coffee Co. *(Reuters)*

Malawi

Corporate News

No Corporate News this week

Economic News

No Economic News this week

Mauritius

Corporate News

Air Mauritius reported a 137 percent jump in second-quarter pretax profit on Thursday to 13.82 million euros reflecting an increase in passengers and lower fuel costs. Air Mauritius carried 416,485 passengers in the quarter which ended September 30, up 8.9 percent from a year earlier, the airline said in a statement. Revenue rose to 134.61 million euros from 131.77 million. "These results are due to the initiatives taken since last year to improve the performance of the company. They are also due to the hard work of all our employees against a backdrop of intense competitive pressures and currency/fuel volatility," the company said. *(Reuters)*

Economic News

The central bank of Mauritius held its benchmark lending rate at 4.0 percent on Thursday, with inflation expected to be contained at 1 percent for 2016 while growth was expected to be 3.5 percent for the year, the governor said. Bank of Mauritius Governor Rameswurlall Basant Roi made the announcement at a news conference after a meeting of the Monetary Policy Committee. The last rate decision was in July when policymakers cut the rate. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

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Nigeria

Corporate News

Skye Bank has said it is seeking to dispose of majority stakes in its businesses in Gambia, Guinea, and Sierra Leone in a bid to ease pressure on capital. With this move, the bank seeks to relinquish its international licence and become a National Bank. National banks require a capital adequacy ratio (CAR) of 10 per cent as against 15 for international banks. The Central Bank of Nigeria (CBN) replaced the bank's management on July 4th, citing liquidity, capital adequacy, and asset quality issues. The bank's ratios were well below regulatory requirements as at full year 2015. Its non-performing loan (NPL) ratio was at about 13 per cent (regulatory maximum: 5%), capital adequacy at about12 per cent (regulatory minimum: 15%), loan-to-deposit ratio at about 98 per cent, and liquidity ratio at about 22 per cent (regulatory minimum: 30%). Therefore, in order to improve liquidity the CBN had injected about N100 billion (one-year tenor) into Skye since the change in management We expect that an expansion of risk weighted assets on the back of the depreciation of the naira may have put further pressure on CAR which may have declined significantly below the 12 per cent reported for full year 2015, analysts at CSL Stockbrokers Limited stated. From our discussion with a top management official, we understand that management had communicated the intention to divest off its foreign subsidiaries since May and the process is nearing completion. The bank is currently auditing half year numbers which will give a more current assessment of the bank's capital ratio. Furthermore, CSL Stockbrokers Limited stated that while they realise that the bank still has liquidity and asset quality issues, they viewed the move by the bank to divest from its foreign subsidiary "as a practical option to begin with." *(This Day)*

The President, Dangote Group, Aliko Dangote; and a former Governor of Cross River State, Donald Duke, have complained about the infrastructural deficit and policies that have created bottlenecks for trade among African countries. In his remarks at the launch of a book authored by the President, Afreximbank, Dr. Benedict Oramah, in Lagos on Wednesday, Dangote observed that there had been a decline in the exportation of goods out of Africa between 2012 and 2015. He said the lack of proper understanding of how African trade works, as well as frustrating trade and immigration policies were major problems. According to him, it costs more to export to African countries than to send goods to countries outside the continent due to the presence of several borders where duties are expected to be paid. Dangote added, "But the greatest problem that we have in Africa, which we don't understand, is the intra-trade issue. "We in Africa are making things difficult for ourselves. For example, today, it costs an average of 2.5 per cent to export outside Africa, but when exporting to another African country, the cost rises to about 13.3 per cent. This is making it difficult to do business.

Today, in South America's integrated market, the trade among them is 40 per cent and the one for the European Union is 60 per cent; but in Africa, it is 10 per cent. "For someone like me who likes to invest here and there, I need 38 visas to enter 54 African countries. For a British person, he doesn't need those visas." Duke said that the rejection of currencies of other African countries by their counterparts was hindering intra- continent trade. "Common sense says birds of the same feather flock together. We ought to trade with each other. Currency is a problem. I should be able to buy pharmaceuticals in Ghana and pay in naira," he stated. The Minister of Industry, Trade and Investment, Mr. Okechukwu Enelamah, who was represented by his Special Adviser on Trade, Femi Edun, said there were plans to establish a testing laboratory for the Standards Organisation of Nigeria to test locally made products before exporting them. Oramah said the book entitled: 'Foundations of Structured Trade Finance', was written to spread knowledge on structured trade finance in tertiary institutions, improve the quality of their Economics, Finance and Banking graduates, and make them employable. *(Punch)*

Fidelity Bank Plc has said it will continue to support the federal government drive to grow the economy. The CEO, Fidelity Bank Plc, Mr. Nnamdi Okonkwo, said this yesterday, at an event to market the bank's special day, at the ongoing 2016 Lagos International Trade Fair. Okonkwo, who was represented by an Executive Director of the bank, Mr. Adeyeye Adepegba, said Fidelity Bank's success story was anchored on improved service quality, innovative products and services tailored to meet the varying needs of our numerous customers, which is beyond generic financial intermediation. "All around us, we see many reasons to believe in our outlook to business, the Fidelity way of seeing and doing things; the Fidelity culture. Our efforts aimed at aiding the diversification of the country's monolithic economy has been celebrated world over. "Interestingly, we have continued to channel significant human and financial resources into the real sector, particularly in the area of can manufacturing, food and beverages, and Independent Power Projects (IPPs). "Similarly, we have continued to demonstrate our commitment to our unwritten social contract with the community through our inventive corporate social responsibility (CSR) initiatives," he added. He also said the bank was committed to the long-term expansion of the business of its customers by leveraging on its expertise and professionals. "Our bank offers a broad spectrum of products and services that meet the ever-growing requirements of our teeming customer. Specifically, we have six variants of savings products that cater to the needs of various market segments that the bank focuses onm" he said. Also, at the event, the bank also presented prizes to its 10 loyalty cash reward beneficiaries who are its FPSS and SWEETA account holders. "It's worthy to note that these loyalty reward recipients are selected quarterly and over N1.7 billion has been paid in the last 15 months when the scheme commenced." *(This Day)*

Economic News

Moody's Investors Service, (Moody's) has assigned national scale ratings (NSRs) to seven Nigerian banks. The banks include Sterling Bank Plc, Zenith Bank Plc, Guaranty Trust Bank Plc(GTBank), Access Bank Plc, United Bank for Africa Plc (UBA), First Bank of Nigeria Limited (FBN) and the Bank of Industry (BOI). The rating action followed the publication of new national scale rating maps for Nigeria, Kenya and Morocco on 28 October 2016. NSRs provide a measure of relative creditworthiness within a single country, and are derived from global scale ratings (GSRs) using country-specific maps. With fewer than 20 fundamental issuers in Nigeria rated by Moody's, the NSR map has been designed using Moody's standard approach, whereby the map design is selected from a set of standard maps based upon the anchor point, or the lowest GSR that can map to a Aaa.ng. As per the standard approach, Nigeria's anchor point is set at B1, on par with the sovereign rating. For Sterling Bank, Moody's assigned A1.ng/NG-1 national scale local currency deposit ratings to the bank. These ratings on the bank were underpinned by a standalone baseline credit assessment (BCA) of b3 and one notch of government support uplift, which results in a global scale long-term issuer and deposit rating of B2. "The A1.ng rating is the second highest of three NSR categories corresponding to the bank's local currency deposit GSR. Moody's also assigned A2.ng/NG-1 national scale foreign currency deposit ratings to Sterling. "Sterling's national scale ratings capture the bank's solid asset quality metrics (reported non-performing loans ratio of 2.8 per cent as of end-June 2016 versus 11.7 per cent for the banking system) and provision coverage; and solid deposit funding base. "These strengths are balanced against low foreign currency liquidity buffers, which underpin the lower national scale foreign currency deposit rating compared with its local currency deposit national scale rating; vulnerabilities in asset quality on account of high single-name and sector concentration risks (e.g. oil and gas loans are 40 per cent of gross loans); and relatively modest capital levels, especially versus the bank's high foreign currency loans exposure (47% of gross loans)," Moody's added.

Furthermore, it pointed out that Sterling Bank has significant amounts of outstanding US dollar obligations coming due over the next 18 months compared to US dollar liquid assets currently on its balance sheet. For Zenith Bank, Moody's assigned the lender Aaa.ng/NG-1 national scale local currency deposit ratings. These ratings were underpinned by a standalone baseline credit assessment (BCA) of b1, which results in a global scale long-term issuer and deposit rating of B1. The Aaa.ng rating is the highest of three NSR categories corresponding to the bank's local currency deposit GSR. The bank's national scale foreign currency deposit ratings of Aa3.ng/NG-1 are constrained by the relevant country ceiling. It explained that Zenith's national scale ratings captured the bank's robust capital buffers, which provide a relatively thick cushion to withstand asset quality deterioration; low stock of NPLs, accounting for around 1.6 per cent of gross loans (Moody's adjusted) as of June 2016 (against a system average of around 11.7%); high liquidity buffers, complimenting a predominantly deposit funded balance sheet; and a strong and well-established franchise, which allows the bank to attract inexpensive deposits and to lend to high credit quality borrowers (relative to other Nigerian banks), resulting in relatively low NPLs and credit costs. Also, for GTBank, Moody's assigned Aa1.ng/NG-1 national scale local currency deposit ratings to Guaranty Trust Bank Plc (GTBank). These ratings were underpinned by a standalone baseline credit assessment (BCA) of b1, which results in a global scale long-term issuer and deposit rating of B1. The Aa1.ng rating is the second highest of three NSR categories corresponding to the bank's local currency deposit GSR. The bank's national scale foreign currency deposit ratings of Aa3.ng/NG-1 are constrained by the relevant country ceiling.

Furthermore, the statement explained that GTBank's national scale ratings captured the bank's resilient earnings generating capacity and robust capital buffers, which together provide a relatively thick cushion to withstand asset quality deterioration compared with domestic peers; high liquidity buffers and a predominantly deposit funded balance sheet; and early adoption of electronic banking platforms, which has allowed it to establish a robust retail franchise. These strengths are partially moderated by concentration risks in the bank's loan book, including to the oil and gas industry (39.2% of gross loans) and loans denominated in foreign currency (55.6% of gross loans). In the same vein, for Access Bank Plc, Moody's assigned Aa2.ng/NG-1 national scale local currency deposit ratings to the bank. "These ratings are underpinned by a standalone baseline credit assessment (BCA) of b2 and one notch of government support uplift, which results in a global scale long-term issuer and deposit rating of B1. The Aa2.ng rating is the lowest of three NSR categories corresponding to the bank's local currency deposit GSR. The bank's national scale foreign currency deposit ratings of Aa3.ng/NG-1 are constrained by the relevant country ceiling," it added. In the same vein, Moody's assigned Aa2.ng/NG-1 national scale local currency deposit ratings to the UBA. "These ratings are underpinned by a standalone baseline credit assessment (BCA) of b2 and one notch of government support uplift, which results in a global scale long-term issuer and deposit rating of B1.

The Aa2.ngrating is the lowest of three NSR categories corresponding to the bank's local currency deposit GSR. The bank's national scale foreign currency deposit ratings of Aa3.ng/NG-1 are constrained by the relevant country ceiling," it added. Furthermore, Moody's assigned A2.ng/NG-1 national scale local and foreign currency deposit ratings to FBN. These ratings were underpinned by a standalone BCA of b3 and one notch of government support uplift, which results in a global scale long-term issuer and deposit rating of B2. The A2.ng rating is the lowest of three NSR categories corresponding to the bank's local and foreign currency deposit GSRs. Moody's also assigned Aa1.ng/NG-1 national scale local and foreign currency issuer ratings to BOI. These ratings are underpinned by a standalone credit assessment of b2 and one notch of government support uplift, which results in a global scale long-term issuer rating of B1. *(This Day)*

Nigeria's population reached 182 million this year with more than half its people under 30 years of age, putting a severe strain on a nation suffering from a slowing economy and declining revenue to provide enough schools and health facilities. The latest estimate is based on the population of 140 million recorded in the last census a decade ago, using an annual growth rate of 3.5 percent weighed against other variables such as rising life expectancy and a declining infant mortality rate, Ghaji Bello, director general of the National Population Commission, said in an interview Monday in the capital, Abuja. Nigeria, Africa's most populous country, is witnessing a growing youth bulge, with those under 14 years accounting for more than 40 percent of its citizens, he said. This is happening at a time when the International Monetary Fund has forecast the West African nation's gross domestic product will shrink 1.7 percent this year, the first full-year contraction in more than two decades. "The implication is that they're assets, they're are the future of your country, but they are also liabilities," Bello said. "We need to know how to plan for their transition from youths to the next category. It has implications for education, health and security, particularly in our environment where you have a lot of unemployment." Nigeria's population, currently the world's seventh largest, is the fastest-growing among the 10 most populous countries globally and is projected to exceed the U.S. to become the third-largest with more than 300 million people by 2050, according to the United Nations.

Plans to hold a census this year were delayed by the election of a new government in 2015 and a plunge in state revenue due to low prices for crude, the country's main export, and slashed output caused by militant attacks in the southern oil region, according to Bello. "We're hopeful the government will soon make a statement for the next exercise," he said. To ensure an accurate figure when it does take place, the commission plans to obtain the biometric data of citizens counted to curtail the temptation to inflate numbers by states and municipalities in a bid to attract more social benefits and services based on larger numbers. During the last census, the northern state of Kano registered a higher population figure than Lagos in the south, which includes the commercial capital that's a major destination of urban migration in the country. "It's our mandate to produce figures that are accurate and credible," Bello said. "If we do that successfully, we'll be able to lay to rest some of these issues." The agency is making efforts to improve birth and death registration records to enable more accurate adjustments of population figures between census years, according to Bello. Only 40 percent of births and 10 percent of deaths are currently registered in Nigeria, he said.*(Bloomberg)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

The World Bank says it has disbursed a total of $7.24bn to Nigeria from 2012 to date. Statistics obtained from the bank's web portal on Wednesday also showed that its current portfolio in Nigeria stood at $8.26bn as of July. However, a total of $4.69bn, which has been approved for the country, has yet to be disbursed. The bank disburses approved loans in accordance with agreed milestones. According to the statistics, the bank gave the country a total of $1.37bn in 2012 and $1.02bn in 2013. The bank gave Nigeria $2.02bn in 2014; $1.75bn in 2015; and $1.08bn so far in 2016. The total loan portfolio is made up of concessional loans from the International Development Association and commercial loans from the International Bank for Reconstruction and Development. The IDA and IBRD are members of the World Bank Group. The undisbursed loan is made up of $4.2bn from the IDA and $496.2m from the IBRD. The bank also reported that Nigeria, as a member of the organisation, had contributed a total of $41.7m to its coffers since 1999. The contribution is made up of $50,000 contributed to the IBRD in 2006; $619,954 in 2007; $494,954 in 2009; and $359,959 in 2010. The contributions to the IDA were $5,400,200 made in 1999; $5,088,493.26 in 2001; $9,080,914 in 2002; $1,439,700 in 2004; $9,963,296.25 in 2010; and $8,756,118.88 in 2011. The Debt Management Office disclosed in its 2015 Annual Report and Statement of Accounts that the Federal Government signed loan agreements amounting to $3.05bn with the World Bank and other multilateral and bilateral organisations last year.

According to the report, the agreements include $500m with the IBRD for the Development Finance Project; and $200m loan with the African Development Bank for the Urban Water Sector Reform in Port Harcourt, Rivers State. Another of the projects is the water supply and sanitation project and $400m loan agreement with AfDB to assist in financing of the development of the finance institution, Development Bank of Nigeria Plc. The loans include another $400m agreement with African Development Fund to assist in financing of the Development Bank of Nigeria Plc; $200m agreement with the IDA for additional financing of the Polio Eradication Support Project; and the 70m IDA financing agreement for the African Higher Education Centres of Excellence Project. Others are the $140m IDA financing agreement for Additional Financing for Community and Social Development Project; $100m AFD agreement for the Lagos Integrated Urban Development Project; and $33.17m loan agreement with the AFD for the Ogun State Urban Water Supply Project. Also included are the $70m agreement with the IDA for the African Higher Education Centre of Excellence Project; $140m agreement with the IDA/World Bank for additional finance for the Community and Social Development Project; $500m agreement with the IDA for the Saving One Million Lives project; $200m agreement with the IDA for the Polio Eradication Support Project; and $100m agreement with the IDA for the Nigerian Partnership for Education Project. Before a state government can access any external loan, the deal needs to be guaranteed by the Federal Government. *(Punch)*

Nigerian security agents raided the offices of black market currency dealers on Thursday, detaining some dealers and ordering others to sell dollars at a lower rate in a bid to break the fall of the currency, dealers said. The central bank has been unable to stop the naira's slide on the black market, where importers go to buy dollars due to severe hard currency shortages in Africa's biggest economy. Nigeria has been hammered by a slump in prices for oil, a key source of revenue - in the form of dollars. The bank has kept the official naira rate to the dollar artificially high, effectively driving hard currency dealing away from commercial lenders and towards the black market, the real benchmark.
"The police and state security service officials are raiding black marketers in Lagos and Abuja to compel an appreciation of the naira," Mallam Adamu, a bureau de change operator, told Reuters. Another trader said security agents visiting bureau de change operators told dealers not to sell dollars for more than 395 naira. The Lagos police had no immediate comment. A source at the central bank declined to comment on the raids, saying only that the bank was concerned about the spread between the official and parallel market rate. The currency is changing hands at 460 naira per dollar on the black market, in contrast to the official rate of 305.5. The naira had regained some ground this week after dropping earlier from 470, but dealers said hard currency supplies were limited. "We've stopped buying dollars from just anybody that walks into our shop due to the harassment from security agents and a directive from our association," said a dealer, asking not to be named. In June the central bank said it would float the naira but in reality it has reinstated a dollar peg at 305.5 via its daily interventions on the official market. The West African nation is in the middle of a recession as low oil prices have eroded public finances and hard currency reserves. Last week a plant producing tomato paste, a staple in the national diet, closed eight months after opening, saying it had been unable to obtain hard currency to import raw materials, in a public embarrassment for President Muhammadu Buhari and his plan to diversify the economy. *(Reuters)*

Barring any last minute change in plans, President Muhammadu Buhari will next month launch the National Economic Reconstruction and Growth Plan that will guide the Federal Government in repositioning the economy for sustainable growth. The Minister of Budget and National Planning, Senator Udo Udoma, disclosed this on Thursday in Abuja while speaking at a national economic retreat. The retreat, according to him, was intended to provide an opportunity for stakeholders from the various sectors of the economy to consult and exchange views on the medium term economic plan for Nigeria. The minister said the economic recovery plan would be a detailed document that would bring together various plans that had been put together by the government's Economic Management Team. The documents are the Strategic Implementation Plan from which the Medium Term Expenditure and Fiscal Strategy Paper was developed, and the Medium Term Sector Strategies. Udoma said as soon as the consultations with stakeholders in the private sector was concluded, the EMT would be getting inputs from the National Assembly and other development partners before the launch of the final document by the President in December.

He said, "The whole of the economic team has been working very hard since we released the SIP. On the basis of the SIP, we developed the MTEF. We also developed the MTSS for large spending ministries. Our intention now is to bring all these works together as part of a comprehensive medium term plan. As President Buhari has promised, this last stage will involve extensive consultations. "It is one of a number of consultations we will have before we launch the plan. We shall hold consultations with the states, our development partners and the National Assembly. These consultations will be concluded within the next one month, because as promised by the President, this medium term plan will be launched before the end of this year." Udoma said the ministry had developed sectoral plans in five thematic areas as part of the economic recovery plan. They include macroeconomic stability, where the focus will be on the fiscal and monetary condition, low inflation, stable exchange rate and strong economic growth; and economic diversification and building competitiveness in the private sector. Others are job creation and social inclusion; and governance issues such as security and human capital development. "We are emphasising jobs and social inclusion because of the need for direct interventions to create jobs, while tackling poverty and inequality," the minister added.*(Punch)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Tanzania

Corporate News

TWIGA Bancorp yesterday resumed banking operations with some services remaining pending until the problem of insufficient capital is resolved. The bank suspended operations for one week after the Bank of Tanzania (BoT) took over the bank's administration for evaluation after being undercapitalised. TBB Statutory Manager, Mr Nkwana Magina, said in Dar es Salaam yesterday that BoT has allowed the bank to start operation after the evaluation unveiled the major problem of the bank is capital. He said that the services would be provided by the bank includes receiving deposits, open accounts, receive credit restoration, withdrawing money on deposit accounts in the amount that will be planned according to the customer's account. Magina said that before making money transactions, customers must contact the customer's services officers for getting directives. He added that measures to terminate some services have been taken to ensure the services provided by the bank returns to normal procedures. "We want to restore the public trust, protect customers and maintain the strength of banking sector," he said.

According to the bank new boss, other services offered are ATM, M-Pesa, Tigopesa, Airtel Money and Tancis, while for the customers with fixed accounts, their money will continue to be kept for a further period of six months after it expires and same interest previously entered into. He added, branches of Dar es Salaam, Mlimani City, Kariakoo, Dodoma, Mwanza, Arusha and the service centre at the Julius Nyerere International Airport (JINA) will resume next week. He added that services which were offered in Kigamboni branch, will be relocated to the Dar es Salaam branch of Samora Avenue. According to the statement issued by BoT, the bank will continue to be under the supervision of the central bank until the procedures to set up new investment are completed. *(Daily News)*

Economic News

TANZANIA has been ranked the leading country in East Africa and sub-Saharan Africa in 2016 in terms of having an enabling environment for financial inclusion, the latest survey shows. According to The Economist Intelligence Unit's Global Microscope 2016 overall scores and rankings, Tanzania is ranked 9th out of 55 countries in the world. The ranking was assessed using 12 indicators in determining global progress and challenges facing financial inclusion. According to the survey, Tanzania has been recognised again because of its continued progress in achieving financial inclusion goals and improving the regulatory environment. "The main developments in the past year have been the National Payment Systems Act (NPSA) and the Electronic Money Regulations (EMR), both enacted in 2015, which extend financial consumer protection," the Global Microscope 2016 survey partly reads. It notes that the NPSA and its attendant regulations and the EMR have extended the range of institutions covered by the Bank of Tanzania's policy on disclosure, notably mobile money operators. The report notes further that the new Microfinance Act is in the draft stage and that there are other activities taking place like increasing the number of players in the insurance market in order to increase coverage of the services to members of the public. The survey mentions the Bank of Tanzania's mandate to enforce consumer financial protection and its decision to set up a customers' complaint desk. Also to require all banks and financial institutions under its supervision to submit quarterly reports on complaints received and resolutions achieved as another positive measure to enhance financial inclusion. The country has been occupying the first position in financial inclusion in sub- Saharan Africa for three consecutive years since 2014, thanks to the various measures that are being implemented over the years to increase access, affordability and usage of financial services among people.

The Economist Intelligence Unit's Global Microscope analyses the overall regulatory and institutional environment for financial inclusion in more than 50 countries. It examines the policy and institutional environment that enables providers to offer financial products and services and employ new technologies to deliver them and ensure safe coverage of low-income populations. It is intended to support practitioners, policymakers, investors and other stakeholders in advancing financial inclusion—to help them evaluate countries' progress in the area and to identify further targets that will yield additional benefits. Compared to the 2015 Global Microscope survey, Tanzania did not move in the rankings; however, Kenya and Rwanda are catching up due to significant improvements in their financial inclusion rankings based on regulatory environment and implementation of initiatives. Kenya moved three ranks above and Rwanda eight ranks above their 2015 rankings. It is the second time within the past three months for Tanzania to be recognized internationally for its financial inclusion measures. During the September 2016 Alliance for Financial Inclusion (AFI) Global Policy Forum in Nadi, Fiji, Tanzania through the Bank of Tanzania clinched two awards from AFI– Leadership and Peer Review awardsfor outstanding work in promoting financial inclusion. *(Daily News)*

THE tourism sector in Zanzibar is booming with increased number of arrivals which puts the Indian Ocean archipelago on track to meet Vision 2020 growth targets. According to the Zanzibar Association of Tourism Investors (ZATI), tourists arrivals for half of 2016 had already exceed the number of arrivals recorded for the whole of 2015. "We are on track for meeting the Vision 2020 target of reaching 500,000 tourists per year. What counts now is making sure that the Government listens to the private sector," ZATI Chairman, Seif Miskry said in a statement. He said there is a challenge for Zanzibar to remain competitive in the demanding tourism market by improving quality and address problems associated with taxation in the industry. "We have to work together with the government to succeed in this goal," he noted in a press statement issued yesterday. He applauded the recently concluded ZATI Tourism conference in Stone Town which attendees from both the private and public sector tourism stakeholder said it was a great success. "The public sector and private sector went through a number of subjects, mostly concerned with the ease of doing business in Zanzibar, and now ZATI has a list of advocacy issues with which to follow up with the public sector over the next 12 months, on behalf of its members. ZATI's role is to represent the needs and interests of its membership to the public sector and so it is a key part of this is to bring the Government and the private sector together regularly. We have had such a good response from both sides, I am sure we will be repeating this event."

He said the purpose of the conference was to re-launch a fresh new-look ZATI to coincide with the appointment of the new board, together with the publication of a new Zanzibar brochure, and bring together the tourism private sector for information sharing and discussions with the Zanzibar Government representatives on aspects of the tourism industry in Zanzibar and open up subjects for future dialogue. There were 120 people attending from the private sector, including large and small hotels, tour operators, airlines and local businesses - both new and longterm investors, and both foreign and local investors. He said the tourism sector of Zanzibar is one of the key areas driving towards Vision 2020 and Poverty Eradication. Tourism contributes more than 80 per cent foreign exchange in Zanzibar and provides the highest private sector employment. It enriches many of other industries including transport, communications, fisheries, farming, building, technology, and trading. *(Daily News)*

THE government is contemplating to include Tanzanite gemstones in national foreign reserves at the Central bank instead of gold which is shunned due to price instability, the Minister for Finance and Planning, Dr Phillip Mpango has said. Dr Mpango said in Parliament yesterday that the Central Bank was considering the idea of instating the rate and extraordinary gemstones in the reserves because of its price stability in the world market and the fact that it is mined in Tanzania. Tanzanite is the blue/violet variety of the mineral zoisite (a calcium aluminium hydroxyl Sorosilicate) belonging to the epidote group. It was discovered by a Tanzanian Jumanne Mhero Ngoma in the Mirerani Hills of Manyara Region in Northern Tanzania in 1967, near the city of Arusha and Mount Kilimanjaro. Responding to a question from Dalaly Kafumu (Igunga, CCM) who wanted to know why gold is not in the national foreign, the minister said the Central Bank was hesitant to reinstate gold in its foreign reserve due to its price instability. He said global gold price fluctuation was one of the factors that made the government to rescind plans for including the bullion in the national foreign reserve. With gold output at roughly 40 tonnes a year, Tanzania is the fourth largest gold producer in Africa after South Africa, Ghana and Mali. The Kigoma Urban legislator, Kabwe Zitto was not convinced with the argument by the minister. He said US dollar was as well not stable and asked the government to reconsider its position. In his main question, Dr Kafumu said the country has enough gold which he said should be turned to monetary reserve as it is the case with other African countries , Ghana and South Africa being amongst. The Deputy Minister for Finance and Planning, Dr Ashatu Kijaji had earlier said the reserves kept by the Central Bank were enough for importing goods for a period of four months. She said the foreign reserve could either be kept in either monetary gold or foreign currency but for convertibility they had opted for dollars. *(Daily News)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zambia

Corporate News

FIRST Quantum Minerals (FQM) has spent over US$7 billion on local procurement and provided opportunities for growth of Zambian businesses. "Kansanshi Mining Plc spent US$7.8 billion on procurement within Zambia from 2010 to 2015, which translates into 88 percent of the company's total operational expenditure," Trident Foundation manager Garth Lappeman said in a statement. Of the US$7.8 billion spent during the period under review, US$347 million, representing four percent of the total operational expense, was in business successfully conducted in North-Western Province alone. Mr Lappeman said the company is committed in identifying opportunities for Zambian businesses to achieve its goal of migrating external procurement to local engagement. FQM, which owns Kansanshi Mine in Solwezi and the US$2 billion Sentinel Mine in Kalumbila in North-Western Province, is still investing in various capacity-building programmes to empower Zambian companies and creating more jobs. He said the planned Kalumbila multi-facility economic zone has to date attracted 68 investors with a current combined total investment value of over US$104 million and potential of 1,698 jobs anticipated. "…Our goal is to migrate as much external procurement as possible to Zambia, and building capacity of SMEs is a key component to succeeding in this area," Mr Lappeman said. He said Kansanshi Mining has been consistent in making purchase enquiries, forward purchase agreements (FPAs) enquiries, and service and construction enquiries through the North-Western Chamber of Commerce and Industry. "Local procurement systems and procedures are being developed for Sentinel Mine as Kalumbila Minerals Limited moves into steady-state operations," he said. In terms of capacity-building, Mr Lappeman said from 2010 to 2015, a total of 47 intensive five-day courses were sponsored by the company with an attendance of 1,236 people. The courses focused on estimating and tendering, reading and interpreting construction drawings, planning and organising a construction project, concrete technology and quality control. During the same period, a further 375 one-day courses were arranged by Kansanshi Mining Plc and attended by a total of 14,645 people. *(Daily Mail)*

Economic News

Zambia has started exporting 100,000 tonnes of white maize to Malawi under an arrangement between the two countries and may lift a ban on private-sector exports in January next year, a senior government official said on Tuesday. "The 100,000 tonnes of maize has already started moving through two companies and we are hoping that it will help alleviate the situation of food in Malawi," Agriculture Ministry permanent secretary Julius Shawa told a news conference. The United Nations World Food Programme was exporting an additional 60,000 tonnes of maize from Zambia to Malawi and Zimbabwe to mitigate the maize shortage in the two countries, he said. Zambia's Food Reserve Agency (FRA) is holding 280,000 tonnes of maize and would allow grain traders to resume exports after buying an additional 220,000 tonnes for strategic reserves, he said. Grain traders were holding 794,785 tonnes of maize and had told the government that they were ready to supply the 220,000 tonnes of maize the government needed, Shawa said. The available maize stocks were enough to last Zambia beyond the next harvest in April 2017 but the government would only resume exports after the FRA had 500,000 tonnes of maize in strategic reserves. "Probably in January we may see a situation where exports can be resumed," he said, referring to maize exports by private grain traders. Zambia's maize production rose to 2.87 million tonnes in the current 2015/2016 crop season from 2.60 million tonnes the previous season. *(Reuters)*

Zimbabwe

Corporate News

Agro-processing firm, National Foods Holdings on Wednesday reported a 11 percent increase in volumes in the quarter to September 30, driven by an increase in demand for key products. Government in June imposed restrictions on imports in an effort to curb a growing trade deficit and boost local industry and Natfoods chief executive Michael Lashbrook told an annual general meeting that the ban had pushed up demand for the company's products. "Volumes were firm, growing 10.5 percent on prior year. The volume growth was driven mainly by flour, and to a lesser extent, rice", he said. In April, Natfoods acquired a 40 percent stake in Pure Oil Industries, the manufacturers of the Zim Gold brand of cooking oil. "The group's recent acquisitions have added a new and exciting dimension in the group. Pure Oils performed strongly and Zimgold has become the country's top selling brand in a very short period of time" said Lashbrook. With effect from November 1, National Foods gave up control of its network of depots to concentrate on growing its portfolio of FMCG products. Lashbrook said Gain Cash and Carry, the entity which will operate the depots will transform them to fully-fledged wholesale outlets. Major shareholders of National Foods include Innscor, which hold a 37.73 percent stake, South Africa's Tiger Foods Brands with a 37.45 percent stake and its workers trust with 9.85 percent shareholding. *(Source)*

Zimbabwe's biggest coal miner by output will start exporting a variety of the fuel used for steel to Europe next month, making it the first producer from a southern African nation to do so, according to officials. Makomo Resources Ltd. has received orders for 15,000 metric tons that will be shipped in December, Finance Director Tendai Mungoni said Tuesday. He declined to name the final destination of the coal, saying the information was confidential. The company is in talks with authorities at Mozambique's port of Beira for the fuel to be shipped from there, he said. The spot price of metallurgical, or coking, coal on Tuesday topped $300 a ton for the first time since flooding in Australia curbed output from the world's biggest seaborne exporter five years ago. The price has almost quadrupled since the start of June. Zimbabwe has five coal operating mines but only Makomo is fully operational. "The inquiries we've had are as a result of the recovery in coal prices internationally and to date, we've had two firm orders from Europe," Mungoni said in an interview near Hwange, about 730 kilometers (454 miles) west of the capital, Harare. Makomo produces 160,000 tons of coking and thermal, or power-plant, coal monthly, Operations Manager Kuda Nyabonda said. It sells this mainly to Zimbabwe Power Co., Zambian Breweries and merchants in the Democratic Republic of Congo. Makomo is expected to start building a 600-megawatt, $1.2 billion power plant during the first quarter of 2017, Mungoni said. It has concluded a financing agreement with Chinese partners for the project, he said. *(Bloomberg)*

Beverage manufacturer Delta Corporation on Wednesday reported revenue of $246,6 million, eight percent down on the prior year as most of its segments recorded lower volumes on the back of depressed consumer spending. Lager beer volume was down 11 percent on prior year as demand shifted to traditional beer and other cheaper alcohol offerings while volumes for Sparkling beverages dropped by three percent. Sorghum beer volumes increased by six percent on prior year while contributing 60 percent to total revenue. Operating income was down nine percent to $39,4 million and earnings before interest, tax depreciation and amortisation (EBITDA) was eight percent lower at $54,9 million, reflecting lower revenues. Chief executive Pearson Gowero said the contribution of Chibuku Super remains strong but decried the cash crisis, which he said delayed the commissioning of two new Chibuku Super plants. "The delay in paying foreign suppliers has resulted in late commissioning of the new plants at Masvingo and Kwekwe which are now expected to contribute to production before the end of the calendar year," said Gowero. The company saw a decline in share of profit of associates to $351,000 in the first half to September 30 from $1,463 million last year. Gowero also noted that while the shortage of foreign currency spurred demand of local products, it is significantly impacting the company's ability to source critical raw materials.

Delta also said it had failed to pay up to $30 million in dividends to its foreign investors as a result of delays by local banks to settle foreign payments. Zimbabwe is in the throes of an acute shortage of banknotes, with the authorities planning to introduce a token currency in the form of bond notes. Government has prioritised repatriating profits and dividends to foreign investors. Delta finance director Mathlogonolo Valela on Thursday told an analysts briefing that local banks were having difficulties in processing international payments. "We still owe major shareholders some dividends from last time because banks have delayed payments and we owe foreign creditors," he said. "We have a foreign loan of about $30 million from Mauritius which falls due in the next 15 months but we are taking measures that should resolve the issue. We will never allow our creditors to be exposed to that extent but this is not something we can control." Delta declared a dividend of $57 million for the full-year to March 2016. The board declared an interim dividend of two cents per share, totaling $25,8 million to be paid in December. Delta's major shareholders are Anheuser-Busch InBev SA/NV with a 38,2 percent stake, Old Mutual 14,1 percent and Templeton Asset Management , 3,45 percent. *(The Source)*

DELTA Corporation Limited owes shareholders and creditors at least $30 million due to cash problems in the Zimbabwean market, which has made it impossible for companies to make foreign payments on time. The company has a backlog on foreign dividend of $14,8m which was paid in June, about $6m for investments for Masvingo and Kwekwe plants and the balance is for suppliers. The delays in settling foreign creditors and external dividend payments has resulted in a higher net funding of $132m, Delta said. "We could have paid it, but that could have meant sacrificing the business. But the shareholder understands the business and has prioritised capital and raw materials. We should be able to pay before year-end the foreign dividend, but I am not sure how much," an official said. Delta group executive director finance, Matts Valela, during the company's analyst briefing on Wednesday, said: "We should be taking sufficient measures to avoid disruptions of suppliers and paying shareholders on time." The cash crisis has also affected other companies, with the country's biggest telecom firm, Econet Wireless Zimbabwe, saying it was struggling to meet United States dollar-denominated commitments. In a statement accompanying the company's half year results for the period ended August 31, 2016, Econet board chairman James Myers said the depletion of the country's foreign currency reserves had made it difficult for all companies to make payments to foreign suppliers of capital, goods and services. "As a result, we have been unable to make certain debt repayments on time, notwithstanding that cash was available in our local bank accounts.

This situation is expected to persist. We have engaged our lenders and continue to explore mutually acceptable solutions," he said. Speaking at Delta's analysts briefing, the company's chief executive officer Pearson Gowero said water shortages were affecting the business and was more pronounced in October, adding that the company could not import water. "There is not enough processed water and as a business, it's a major risk. We are doing everything possible, we have water reservoirs. Beyond that, we cannot give any guarantee," he said. Delta warned of disruptions to production due to depleted dam and ground water sources. The business requires about four times water to produce one litre of any of its beverages, with lager beer requiring about six times. Valela said the company has sufficient inputs for lager beer, which is burley, sitting at two years' cover. "We have sufficient maize cover to take us beyond our peak close to the harvest March-June. There will be reasonable quality of maize," he said. Delta posted a decline in profit-after-tax to $30,9m for the half year ended September 30, 2016, compared to $35,7m same period in 2015. Earnings per share were down by 13% to 2,52 cents while revenue was down by 8% to $246,6m. *(Newsday)*

Economic News

The Confederation of Zimbabwe Industries, which represents most large industries in the country, said the government should adopt the South African rand as its "reference currency" instead of the U.S. dollar. The chamber said that the country's unique "multi-currency system" should be maintained, but that financial reporting should be done in rand, according to a statement handed to reporters ahead of national budget negotiations this week. South Africa is Zimbabwe's neighbor and biggest trading partner. "We suggest the minister of finance starts presenting his budget in rand instead of dollars," the CZI said in proposals it will present to the finance ministry. Zimbabwe abandoned its own currency in 2009 to end hyperinflation and uses mainly U.S. dollars, though South African rands, euros, British pounds and several other currencies are legal tender. A shortage of foreign exchange after a collapse in exports has caused a liquidity crisis that's forced the government to pay its workers late. Last week, President Robert Mugabe authorized the introduction of dollar-backed bond notes to ease a shortage of the U.S. currency. The CZI said it's "satisfied" that the finance ministry and central bank have put in place sufficient safeguards to ensure that the bond notes won't be misused.

Finance Minister Patrick Chinamasa will present the country's 2017 budget late November or early December, Finance Secretary Willard Manungo said last week. In an interview with Zimbabwe's state-controlled Sunday Mail, South African Trade and Industry Minister Rob Davies said South Africa is unlikely to lobby for Zimbabwe to join a rand monetary union. "It's not anything that we, particularly as the government of South Africa, are pushing for," he said. "It's a sovereign decision for the government of Zimbabwe." *(Bloomberg)*

THE Consumer Council of Zimbabwe (CCZ) says the family basket has marginally decreased from $572,78 in September to $571,02 in October due to the slight decrease of prices of some basic commodities. The CCZ consumer basket shows the cost of living for a family of six in a month. The food basket decreased by $1,56 or 1,23% to $125,47 end of October from $127,03 in September. Prices of detergents decreased by 20 cents or 1,7% from $11,75 to $11,55. During the period under review, the price of a 2kg packet of sugar fell to $1,85 from $1,91, while that of tea leaves went down to $1,73 from $1,88. The price of cooking oil stood at $1,39 for a 750ml bottle from $1,46, while rice prices declined to $1,65 for a 2kg packet from $1,79, with bread now selling at 65 cents from an average of 78 cents per loaf. Meat and mealie meal prices increased during the period under review, with the former rising to $4,20 an increase of 70 cents, while the price of the latter rose to $11,54 from $11,35. Washing powder prices declined slightly to $1,41 from $1,45 for a 500g packet,while bath soaps and margarine remained unchanged. Consumers have been facing challenges in purchasing goods due to low disposable income, although some retailers have managed to reduce prices of some goods and services to increase sales. The Poverty Reduction Forum Trust has said Zimbabweans were getting poorer, while the middle class no longer exists. The report shows that between 2014 and 2016 income earned through renting out accommodation decreased by 50%. *(News Day)*

Cash transactions declined by eight percent from $5,3 billion in July to $ 4, 9 billion in August, as an acute shortage of bank notes forces more people to use online payment methods, data from the central bank has shown. The Reserve Bank of Zimbabwe (RBZ) noted that the total value of mobile and internet based transactions in August amounted to $766 million, from $709 million in July while cheque transactions declined by 14 percent to $7.9 million during the same period. "The value of transactions processed through the RTGS system increased by 0.4 percent to $3.93 billion in August 2016, from $3.91 billion recorded in July 2016. RTGS transactions volumes also registered a 5 percent increase from 242 373 in July 2016 to 253 938 during the period under review," said the central bank in the latest monthly report. Overall, transactions processed through the National Payment System (NPS) were up marginally from $6, 319 billion in July to $6, 359 billion in August. Annual broad money supply increased by 2 percentage points to 16.8 percent in August driven by an increase in short term deposits, statistics from the central bank have shown.

Demand deposits grew by 30 percent while savings were up 11.6 percent. Over 30-day deposits however recorded a decline of 0.79 percent during the same period. On a monthly basis, the growth in broad money supply increased by 1.7 percent from $5,1 billion in July 2016, to $5, 2 billion in August 2016. Annual banking sector credit increased from $5 billion in August 2015 to $5, 8 billion in August 2016. Month-on-month banking sector credit declined by 0.10 percent from $5, 7 billion recorded in July 2016. Credit to the private sector declined by 7.1 percent from $3, 7 billion last August to $3, 4 billion in August 2016 making it the sixth consecutive year-on-year decline since March 2016 as banks impose tighter lending conditions. "On a month-on-month basis, credit to the private sector decreased by 0.02 percent, from $3, 4 billion in July to $3, 4 billion in August. Developments on private sector continued to reflect cautionary lending by banks, in an environment characterised by a slowdown in economic activity." reads the report. *(Source)*

Under-pressure Finance and Economic Development Minister, Patrick Chinamasa, says government is desperate to force the country's informal sector to pay tax, as revenues continue to shrink due to a worsening economy. Chinamasa, who was speaking during a 2017 pre-budget seminar last week, said the economy had become so informalised that it was now difficult to collect tax. "We need a lot of discussions; we are going to have a meeting with Minister (of Small and Medium Scale Enterprises, Sithembiso) Nyoni to try to understand this sector and try to see how we can collect revenue," said Chinamasa. He said he had consulted his counterparts in Rwanda and Ethiopia which have done well in collecting revenue from the informal sector. "I have already sent a delegation of officials to go and see what the Ethiopians do. We need to understand how they are doing it and learn from their experiences," he said. Chinamasa said with the international community not keen on giving budgetary support to Zimbabwe, the country has to innovate around local sources to fund government expenditure. He said it was important for both companies and individuals to cultivate a culture of tax payment. The Zimbabwe Revenue Authority (ZIMRA) announced recently that it would come up with more revenue collection strategies next year. ZIMRA missed its revenue collection target by six percent in the six months to June 30, 2016. Chinamasa said Zimbabwe was not operating in a normal economy and so it was incumbent upon everyone to work hard in raising resources to fund the 2017 National Budget. "You do not need the International Monetary Fund to tell you that if you are earning US$100 and you are spending US$97 of it on wages, you are not going anywhere. It is very important that we embrace our reforms. In order to embrace our reforms, we have to be frank with each other as to our situation," said Chinamasa. Over the past years more than 80 percent of the budget has been going towards the payment of civil servants' salaries at the expense of capital expenditure, thereby stifling economic growth. He said economic growth would be underpinned by agriculture which is expected to contribute 40,4 percent to the gross domestic product on the back of good rains anticipated this year. "But I remain open to a revision of those targets between now and the presentation of the budget. Let's remain focused. We know what our challenges are; we know what is to be done," he added.

Speaker of the National Assembly, Jacob Mudenda, challenged legislators to come up with proposals to boost productivity and increase the contribution of the informal sector to the mainstream economy. He said the august House remained concerned with the non-implementation of audit findings and recommendations by the Public Accounts Committee (PAC). "The audit reports have revealed rampant abuse of public resources by various government departments and yet still very little has been done to rectify this economic cancer," said Mudenda. "I strongly believe that failure to implement these recommendations renders the work of the PAC and Parliament as a whole purely academic." *(Financial Gazette)*

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