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]
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AFRICA STOCK EXCHANGE PERFORMANCE

Country	Index	5-Feb-16	12-Feb-16	WTD % Change Local	WTD % Change USD	31-Dec-15	YTD % Change Local	YTD % Change USD
Botswana	DCI	10366.34	10314.07	-0.50%	-0.23%	10602.32	-2.72%	-3.33%
Egypt	CASE 30	6202.22	5813.72	-6.26%	-6.28%	7006.01	-17.02%	-17.04%
Ghana	GSE Comp Index	1972.19	2000.70	1.45%	1.13%	1994.00	0.34%	-3.26%
Ivory Coast	BRVM Composite	293.00	293.81	0.28%	1.99%	303.93	-3.33%	0.25%
Kenya	NSE 20	3833.07	3790.54	-1.11%	-0.78%	4040.75	-6.19%	-5.77%
Malawi	Malawi All Share	14414.69	14360.00	-0.38%	-5.24%	14562.53	-1.39%	-12.78%
Mauritius	SEMDEX	1857.27	1853.38	-0.21%	0.62%	1,811.07	2.34%	3.53%
	SEM 10	356.77	355.64	-0.32%	0.52%	346.35	2.68%	3.88%
Namibia	Overall Index	866.10	850.12	-1.85%	-1.67%	865.49	-1.78%	-4.68%
Nigeria	Nigeria All Share	23501.87	24689.69	5.05%	4.56%	28,642.25	-13.80%	-13.28%
Swaziland	All Share	333.76	335.09	0.40%	0.58%	327.25	2.40%	-0.63%
Tanzania	TSI	4208.50	4156.51	-1.24%	-1.98%	4478.13	-7.18%	-8.00%
Zambia	LUSE All Share	5553.62	5557.58	0.07%	-1.09%	5734.68	-3.09%	-5.83%
Zimbabwe	Industrial Index	101.67	100.84	-0.82%	-0.82%	114.85	-12.20%	-12.20%
	Mining Index	19.53	18.74	-4.05%	-4.05%	23.70	-20.93%	-20.93%

CURRENCIES

Currency	5-Feb-16 Close	12-Feb-16 Close	WTD % Change	YTD % Change
BWP	11.14	11.11	-0.27	-0.63
EGP	7.81	7.81	0.02	-0.03
GHS	3.93	3.95	0.32	-3.58
CFA	588.76	578.86	-1.68	3.70
KES	100.39	100.06	-0.33	0.45
MWK	691.55	727.02	5.13	-11.55
MUR	34.58	34.29	-0.83	1.17
NAD	15.90	15.87	-0.18	-2.96
NGN	195.19	196.11	0.47	0.60
SZL	15.90	15.87	-0.18	-2.96
TZS	2,118.53	2,134.73	0.76	-0.88
ZMW	11.13	11.26	1.17	-2.82

SECURITIES AFRICA

Botswana

Corporate News

No Corporate News This Week

Economic News

Exports of diamonds mined in Botswana fell 38 percent to $2.4 billion last year from $3.9 billion in 2014, the southern African country's lowest shipment of gems in six years. Data published by the Bank of Botswana on Monday showed that the value of exports from the major diamond mines in Botswana have not been lower since the 2009 global financial crisis when the exports were worth $1.8 billion. The figures don't include diamonds that De Beers brings into Botswana from Canada, South Africa and Namibia for aggregation before re-exportation. The bulk of Botswana's diamond exports are from Debswana, a joint venture between the government and diamond giant De Beers. Exports from Botswana are largely dominated by the four mines owned by Debswana. Analysts at Consultancy firm, Econsult say that despite the immediate economic outlook remaining poor there is, however, some room for optimism for the diamond industry. "Combined with reasonably good jewellery sales over the peak Christmas period, the diamond pipeline is flowing again as demand is rising for polished goods, and this will in turn help rough demand," said the analysts in market report. De Beers has reported a more than double jump in diamond sales at its first sale of the year held in Gaborone recently. At its first sale of 2016 held in Gaborone in January, De Beers sold $540 million worth of diamonds, representing a 117 percent leap from $248 million recorded in the last sale of a challenging 2015. *(Reuters)*

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Egypt

Corporate News

Egyptian state buyer GASC received four offers in an international wheat purchase tender on Friday despite uncertainty over tough new quality rules which have disrupted its massive wheat import programme, traders said. A wheat purchase tender on Tuesday was cancelled when no offers were received following a trader boycott. Participation by international grain trading houses in Friday's tender was noticeably lower than in past months following problems with Egypt's limits on imports of wheat containing the ergot fungus, traders said.
The lowest offer was $186.64 a tonne FOB for wheat sourced from France, they said. No purchase has yet been made and the results are expected later on Friday, traders said. Wheat shipments to Egypt this year have been hindered by uncertainly about regulations covering traces of the ergot fungus. The GASC and the supply ministry have permitted a 0.05 percent ergot tolerance level but the agriculture ministry has previously insisted on zero ergot content. Egypt has rejected a 63,000 tonne wheat shipment for containing traces of ergot. The agriculture ministry, however, said on Wednesday it would allow wheat imports with up to 0.05 percent levels of ergot, a fungus common in wheat worldwide, reversing the zero tolerance policy. Participation in the tender on Friday was lower than the seven trading houses which offered in a tender on Jan. 21 though 16 companies took part in GASC's tender on Dec. 23 before the ergot issue intensified. *(Reuters)*

General Motors has temporarily suspended its operations in Egypt due a currency crisis, a company source told Reuters on Monday. Import-dependent Egypt has been in economic crisis since a 2011 uprising and susequent political turmoil drove foreign investors and tourists away. Dollar reserves have more than halved to $16.4 billion since then. "The entire sector has a currency crisis we can't make a car without some of the parts. We stopped production temporarily as of yesterday until we can clear the imports held up in customs," the source said. "There is still some leeway with the government and the banks to solve the issue." General Motors's Egypt operation includes assembling trucks and cars. It makes 25 percent of Egypt's vehicles. Egypt's central bank has been rationing dollars and keeping the pound artificially strong at 7.7301 per dollar through weekly dollar auctions. *(Reuters)*

General Motors will resume operations in Egypt on Sunday, the company said on Thursday, after temporarily halting activities earlier in the week due to its inability to source dollars amid the country's currency crisis. Import-dependent Egypt has been facing an acute dollar shortage since a 2011 uprising and subsequent political turmoil drove foreign investors and tourists away. Dollar reserves have more than halved to $16.4 billion since then. "The problem has been solved," a company official told Reuters by telephone on Thursday, without providing further details. The company said earlier in the week it was halting operations after being unable to get imported production inputs released from customs because of the dollar shortage. "We will resume plant operations in 6 October City commencing Sunday, February 14," the company said in a statement on Thursday. General Motors's Egypt operation includes assembling trucks and cars. It makes 25 percent of Egypt's vehicles. Egypt's central bank has been rationing dollars and keeping the pound artificially strong at 7.7301 per dollar through weekly dollar auctions. *(Reuters)*

Economic News

Egypt cancelled on Friday a wheat tender offered the previous day, after being offered unsatisfactory prices by only four traders, the deputy head of the General Authority for Supply Commodities (GASC) told state-owned news agency MENA. GASC offered an international tender on Thursday to buy wheat to be shipped in the period from 2-11 March, the state grain buyer's deputy head Mamdouh Abdel-Fattah said. Traders had told Reuters that they had boycotted Egypt's tender following the rejection of a 63,000-tonne French wheat shipment due to concerns about a high percentage of ergot fungus. While traders claimed in comments to Reuters that the shipment was below the international ergot level of 0.05 percent, Egyptian authorities insist that the shipment contained an unacceptable range of 0.07 to 0.09 percent. Egypt, a major player in the international wheat market, imports around 10 million tonnes of wheat annually through both state and private sector buyers. *(Reuters)*

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TRADING

Egypt's petroleum imports fell 72.4 percent to $1.12 billion in October 2015 down from $3.663 billion in the same period the previous year, official news agency MENA quoted the official statistics agency CAPMAS report on Thursday. Exports of petroleum products on the other had declined 29.3 percent to $280.2 million in October 2015, down from $396.3 million in the same month a year prior. In the first quarter of fiscal year 2015/16 ending 30 September 2015, Egypt's trade deficit was unchanged from the same period of the previous year, standing at $10 billion, due to more than 50 percent drop in oil price globally, which brought down the cost of petroleum imports (crude and products) by $1.2 billion, The Central Bank of Egypt said in December. *(Egypt.com)*

Egypt's central bank has begun holding meetings with foreign exchange bureaus to try to keep a lid on black market rates for the dollar, black market traders said, in a move one banker said was doomed to fail. Egypt, which relies heavily on imports, has been facing a shortage of foreign currency since a 2011 uprising drove away tourists and investors, two major sources of hard currency. But the central bank has resisted devaluing the pound, keeping it artificially strong at 7.7301 to the dollar. The black market rate has weakened, however, hovering around 8.70 pounds in the last week. Officially the central bank allows exchange bureaus to sell dollars at up to 15 piasters either side of its set price, but the bureaus have been known to demand more for the greenback when it is in short supply. The country's foreign reserves have tumbled to around $16.5 billion from about $36 billion before the 2011 revolt which overthrew Hosni Mubarak. That has put pressure on the exchange rate, which has weakened steadily from about 5.8 pounds per dollar five years ago. Former central bank governor Hisham Ramez had fought the black market head on, talking publicly about crushing it and shutting down dozens of exchange bureaus selling at unofficial rates. Tarek Amer, who took over from Ramez in November, is taking a different approach, trying to work with exchange bureaus to control the market, bankers and traders said. "There was a meeting on Sunday between the central bank and the big exchanges. They agreed to bring the price of the dollar (on the black market) down to around 8.6 pounds," said a manager at one exchange bureau who was briefed on the meeting. He declined to be named. "That was the first meeting and there will be other meetings every week with the central bank. The agreement was to bring the price down more."

Mohamed El-Abyad, head of Egypt's Foreign Exchange Association, confirmed that a meeting was held in the presence of the central bank's deputy governor for supervision. But he denied a cap was set at 8.65 to the dollar, as the central bank could not allow a parallel rate outside of the official range. The central bank does not have an official spokesperson who could comment on the issue. El-Abyad said the meetings were aimed at keeping rates within the official boundaries. "We are sitting and explaining to them that they need to comply with the existing financial policies," Abyad said. "The meeting was urgent because the parallel market started picking up." Abyad said the meetings were initiated by the exchange bureaus and may not always involve the central bank. Bankers and exchange traders said the plan was unlikely to succeed as the black market is guided by supply and demand. "It is impossible for such an agreement to work... There is more demand than there is supply, so the black market is the one that sets the rules and they cannot be dictated to," said one banker who follows the black market closely. He also declined to be named due to the sensitivity of the matter. "How will the central bank impose such an agreement? Shut the exchange bureaus if they don't comply? The black market does not need the exchange bureaus. They can work from anywhere". Black market traders quoted Reuters a range of 8.63 to 8.68 Egyptian pounds to the dollar on Wednesday, slightly stronger than last week. But other traders and bankers said no one would actually sell at such rates. "Try to actually buy at this rate and they will tell you they don't have any dollars to offer," one banker said, adding that the cap may backfire by exacerbating the shortage of foreign currency. *(Egypt.com)*

Egypt's foreign currency reserves inched up in January for the fourth consecutive month, to reach $16.477 billion from $16.445 billion the previous month, the central bank said on its website on Thursday. The last drop in reserves was in September, when they stood at $16.3 billion, down from $18 billion in August. The Central Bank of Egypt has recently taken steps, along with government ministries, to reduce imports. The bank's governor, Tarek Amer, expects imports to fall by $20 billion in 2016. The central bank last month received a $500 million loan from the African Development Bank, the first tranche of a $1.5 billion loan package over three years, according to Al-Ahram newspaper. International Cooperation Minister Sahar Nasr told Reuters on Thursday that a $1 billion loan from the World Bank is expected to be delivered soon, once local procedural issues are completed, as it was approved in December. (Egypt.com)

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Ghana

Corporate News

The Ghana National Gas Company Limited is hoping to clear its soaring debt in the next few months, officials say. This follows help from government and the PURC to liquidate VRA's public debt. Ghana Gas is confronted seriously within this short period of time with serious debt because all the lean gas it produced has not been paid for by the VRA. The VRA owes Ghana Gas approximately US$200million for gas supplies. "Some work, I know, has been done by government. The president set up a team to look at the negative debt and debts that are owed by the various power companies. So I believe that sometime in March we should be able to get all our monies from the VRA," Dr. George Sipa Yankey said at a swearing-in ceremony of the board members. Meanwhile the Petroleum Minister, Kofi Armah Buah told the new board that as more gas comes on-stream it will be important that the infrastructure is expanded. "As you know, there are plans to bring more gas on-stream. We are talking about the TEN and OCTP, and even other projects that are going to come in the future. What strategies are we going to put in place to make sure Ghana Gas is ready for all those gas volumes that will come? Your responsibility will be to work with management to address all the technical issues," he said. "GNPC as the aggregator of gas must, of importance, work closely with the Ghana Gas Company to ensure that we do not leave any weak links in the value chain. The intention of the government is not to allow GNPC to use GNGC as a political football, but use the two companies to strengthen each other for the benefit of the people of Ghana," the minister said. *(Ghana Web)*

Economic News

Ghana is targeting 5.4 percent gross domestic product growth in 2016, up from 4.1 percent last year and will aim to reduce inflation to 10 percent this year from 17.7 percent in 2015, Finance Minister Seth Terkper told a news conference on Tuesday. Provisional figures showed the fiscal deficit at 7.0 percent at the end of 2015, lower than an initial target of 7.3 percent, he said. Ghana is aiming to restore rapid growth after a slump caused by a fall in commodity prices and a fiscal crisis. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

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Kenya

Corporate News

The Capital Markets Authority has asked TransCentury to tell the public how it intends to settle the Sh8 billion debt that falls due in two months. In October last year, the company announced it would fundraise to refinance the loan or restructure the debt before it became payable. However, a decision by TransCentury bondholders to refuse a stake in the company threw a spanner into the works as maturity of the Sh8 billion bond draws close. "The company has committed to publicly communicate the steps intended to be taken with regard to the treatment of the bond, as well as the longer term strategy of the company to allow investors to make an informed decision," CMA told the Daily Nation last week. The market regulator said that due to market dynamics, the bond holders communicated their decision not to exercise this option for conversion prior to the date set out in the documentation. As a result, and in accordance with the terms of the bond, it shall fall due for payment on the maturity date of March 25, subject to a renegotiation of the terms with the bond holders. TransCentury has two months to come up with the money as investor anxiety hits fever pitch over the fact that the firm owes more than it owns. TransCentury was valued at Sh13.35 billion upon entering the stock market in July 2011, when it listed by introduction some 267 million shares at Sh50 apiece. The share price climbed to Sh57 before starting to roll back. Today, it is worth Sh2.4 billion. The markets authority said it had engaged the management of the company in connection with the strategies being put in place and will continue to work with the company to ensure relevant information is made available in a timely manner to inform not only the investors in the bond, but also the public shareholders of the firm. TransCentury has been trying to assure investors that it is on course to repaying the debt despite the sudden resignation of Chief Executive Gachao Kiuna in January. Mr Kiuna left the investment firm, followed by Mr Joe Karago, a non-executive director, who resigned the next day. *(Nation)*

Debt-laden Uchumi Supermarkets' creditors are disposing off its Uganda assets despite a court order to preserve them. The official receiver, Mr Fulgence Mungereza, revealed that people claiming to have been sent by the landlord were selling goods secretly at its Garden City branch in Kampala though there is an order to have the assets preserved until several suits filed by suppliers and former workers are heard and determined. Mr Mungereza on Wednesday said the unscrupulous people had established a WhatsApp chat group through which they were offering the items at lower prices. They claimed proceeds from the sale would be used to pay off debts owed to suppliers for goods delivered to the stores between 2012 and 2015. Successful buyers told The Monitor, a Nation Media Group publication, that they were tipped off about the ongoing sale by their friends who had learnt about it after photographs of the goods were posted on a WhatsApp page. Uchumi closed its Uganda and Tanzania subsidiaries, citing heavy losses. *(Nation)*

The bank said the partnership with Chloride Exide, East African Cables, and Crown Paints will benefit existing developers in its book as well as new customers, giving them an enhanced product proposition. In the partnership with East African Cables, developers will enjoy up to 20 percent discount on cables bought from the Nairobi Securities Exchange-listed cable maker. KCB mortgage customers purchasing paints from Crown Paints will access up to 35pc in price cuts while those buying solar water heating systems from Chloride Exide will be given at least 25 percent in discount. They will also enjoy free installation upon purchase. KCB Bank Kenya announced the deals during a send-off ceremony for 30 developers who will be leaving the country for a fact-finding two-week trip to Brazil. The developers depart on February 29. KCB Chief Business Officer and Managing Director, Kenya Samuel Makome said the bank was keen on partnerships meant to better meet the needs of the modern customer. "We have worked out a comprehensive plan meant to boost home ownership and development across the country, hinged on offering an expanded product proposition" said Makome.

"The Brazil trip is not only aimed to broaden their business scope but also to expose them to modern architectural designs which they could transfer to Kenya upon their return. We hope to transfer technologies and advancements in the developed economies to the real estate industry in this country and our region and positively change the industry altogether," said Makome. To meet the growing housing demand, the bank is continuously reviewing its policies to partner with stakeholders both locally and internationally to effectively oversee and facilitate greater customer benefits. Increasingly, consumers are also demanding more than efficient banking services and are hunting for enhanced product and service proposition. KCB has at least 450 active members in its Developers Club which brings together developers across the country. A recently released Lamudi 2015 report on Kenya's real estate projects that 2016 will mark a significant change for the housing industry. Migration away from metropolitan areas, infrastructure improvements and increased international interest from investors are just some of the expected developments for real estate markets within emerging nations. *(Capital FM* ***)***

Economic News

Foreign currency reserves last week rebound to the $7 billion level after declining in the last two weeks of January. Central Bank of Kenya (CBK) data shows the official dollar reserves rose by $40 million (Sh4 billion) last week to stand at $7.016 billion (Sh721.9 billion) or 4.47 month import cover from $6.976 billion. The reserves had declined in the last two weeks of January, coinciding with the heightened end-month demand for dollars from the private sector looking to settle payments to suppliers. The decline came after a period of sustained increase between November and December when CBK bought dollars from the market as well as the proceeds of a $600 million syndicated loan taken by the government in October. The stable currency and balanced liquidity have, however, seen CBK reduce its activity in the money markets, resulting in a net liquidity withdrawal of only Sh800 million last week. "The monetary regulator was absent from the money market on Friday as liquidity in the money market was square.

The local unit marginally firmed against the dollar as foreign demand for the dollar and foreign inflows remained relatively subdued," said Genghis Capital in a fixed income market report. CBK did not reply to queries on the source of the dollars that pushed up the reserves last week, although traders said that there were some inflows from the tea sector, tourism and foreign investors looking to buy government securities. The regulator normally takes advantage of a weaker dollar to the shilling to buy some dollars to build up reserves. A commercial bank dealer said it was unlikely that the January decline would be sustained given the shilling has not been under pressure, which would have made it necessary for the regulator to sell some dollars to banks. Banks quoted the shilling at 101.85/95 to the dollar in Monday's trading, strengthening from Friday's closing rate of 102.05/15. CBK's mean indicative rate Monday stood at 102.13, from Friday's 102.16.
"In the next week we expect to see tax remittances and the settlement of International Air Transport Association (IATA) transactions between travel agents and the airlines tighten liquidity, which is likely to strengthen the shilling," said the forex dealer. "Further strengthening may provide another opportunity for CBK to buy some market dollars." In mid-October, the reserve levels had fallen below the required four months import cover at $6.25 billion (Sh639.5 billion). This was after CBK sold dollars several times in support of the shilling, which in the second quarter of the year had experienced volatility to fall to the 106 low against the dollar. *(Business Daily)*

Kenya's shilling was steady on Tuesday, with subdued dollar inflows expected to keep the local currency trading within a tight range. By 07.09 GMT, commercial banks quoted the shilling at 101.90/102.00 to the dollar, unchanged from Monday's close. "It's very quiet. We expect the market to be rangebound, between 101.80-102," said one Nairobi-based trader. He added that dollar demand has been weak.
The shilling has been stable this year after losing 11 percent against the dollar in 2015. *(Reuters)*

Malawi

Corporate News

No Corporate News this week

Economic News

No Economic News this week

Mauritius

Corporate News

Air Mauritius swung to a pretax profit of 11.03 million euros ($12.5 million) in its third quarter to Dec. 31 from a loss of 2.4 million euros a year earlier, helped by revenue and passenger growth. The Indian Ocean island is a popular high-end holiday destination, but the economic slowdown in key markets has weighed heavily on tourism. Passengers numbers during the third quarter grew by 11.5 percent to 418,188, the national airline said in a statement. Nine-month pretax profit was 7.22 million euros against a loss of 8.59 million euros a year earlier. Revenue rose to 132.11 million euros in the third quarter from 124.50 million the same period a year earlier. "The recent improvement in financial results is expected to continue for the last quarter, despite increased competition," Air Mauritius said in a statement. "As such, the company would continue to benefit from the prevailing fuel prices and from further measures to enhance productivity." *(Reuters)*

Economic News

Mauritius' rate of inflation eased to 0.4 percent year-on-year in January, the statistics office said on Tuesday. It was up 1.3 percent from December. *(Reuters)*

Higher sales volumes boosted business confidence in Mauritius during the last quarter of 2015 after a decline in the previous quarter, a survey of leading private-sector companies showed on Thursday. The Mauritius Chamber of Commerce and Industry's quarterly confidence index climbed 6 percent to 93.4 points. However, the index remained well below the long-term average of 100 points since the third quarter of 2012. The Indian Ocean island's economy grew by an estimated 3.4 percent in 2015, down from a forecast of 3.6 percent issued in September. Statistics Mauritius forecast growth at 3.9 percent this year with an expected rebound in the construction sector. Chamber economist Renganaden Padayachy said 49.1 percent of business leaders interviewed in the survey said expansion and diversification prospects into new markets were the main growth drivers in the last quarter of 2015. "A majority of enterprises are confident for 2016 and expect an improvement in their business this year," he told a news conference. *(Reuters)*

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Nigeria

Corporate News

Dangote Cement Plc has announced that it will be building new cement plants in two communities in the country. The new plants are expected to add 9 million metric tonnes per annum (mmtpa) to the company's current local output of 29.25mmtpa, raising it to a total 38.25mmtpa. The company stated that the communities in which it is setting up the new plants are Okpella in the northern part of Edo State and Itori in Ogun State. The Group Managing Director and CEO of Dangote Cement Plc, Mr. Edwin Devakumar, who made the announcement in Lagos at the weekend, explained that the Okpella plant will have one cement line which will churn out 3mmtpa, while the Itori plant will deliver approximately 6mmtpa from two production lines. Both plants are expected to come on stream within the next three years. Devakumar said the company's expansion drive was targeted at expanding its spread nationwide and reducing the transportation cost component of its operations. He added that the new investments will also lower the cost of production, bring about a future reduction in the price of cement, and generate employment opportunities for youths of the host communities. Also speaking, the Group Managing Director, Cement of Dangote Industries Limited, Mr. Onne Vander Weijde, said the demand for cement was still high considering the population growth in Nigeria, observing that Nigeria's consumption of cement at just 100kg per capita was relatively low, indicating massive growth potentials. "There has always been a surplus in demand because cement was not readily available, but ours is available and the prices are affordable. Consumer prices have fallen by 35 per cent in naira terms, but if you put it in dollar terms and relate it to today's parallel market rates, you will realise the price of the product has gone down in Nigeria, and in some cases below the prevailing average global price. "This itself is a huge driver for increasing the per capita consumption," he explained.

He said with the capacity of its plants in Nigeria, Dangote Cement can supply the entire western and central Africa region, adding that Dangote Cement is currently exporting cement to Niger, Ghana, Togo with plans to move into Cote d'Ivoire. "Nigeria was an import-dependent country in terms of cement in the past, so if we do not add capacity, we will not be able to match the growing rate of consumption in the country. "We want to ensure that we are always one step ahead to meet local demand for the commodity," he said.
According to him, the investments would create in excess of 5,000 jobs at the outset, adding that logistics and construction of the plants would also provide more employment opportunities indirectly to surpass direct jobs. In his remarks, Special Adviser to the President of Dangote Group, Mr. Joseph Makanju, said expectations were very high about a reduction in the price cement when the nation began building local cement production capacity. He said expectations were now being met with cement selling at about N1,300 per 50kg bag, making it the most affordable in the world. "In the past, cement sold at over N2000 per bag. There is a lesson to be learnt for the country and the media has a big role to play in this because when you go through transformation by moving a country from being dependent on imports, there is need to encourage local investment to make those products being imported into the country," he said. "I am using this medium to appeal to the media by saying they have a huge role to play. You can refer to the cement story to educate the public. The price of cement has now come down to about N1300 in an environment where all the input costs are going up. The achievement is actually bigger than the figures."

Also speaking about the company's decision to set up the factory in Okpella, a community leader from the community, Chief Musa Calib, stated that his community was eager to become a beneficiary of the company's investment. According to him, "This investment is a very welcome development. Dangote has the full support of our people because we know that the initiative will be beneficial to us and the company as well." He stressed that communities around the world wish and pray for opportunities like this to come their way and Okpella leaders, people and youths are happy with (Aliko) Dangote for his decision to contribute to the development of the community. "We are happy with Dangote, we want him to move very fast and we thank him immensely," he said. *(This Day)*

Nigerian Breweries Plc, the local unit of Heineken NV, said full-year profit declined 11 percent as the cost of doing business increased amid a weaker naira and slowing economic growth in Africa's most populous country. Net income was 38.1 billion naira ($191 million) in 2015, the Lagos-based company said in a statement published on the Nigerian Stock Exchange's website on Thursday, without providing commentary on the business performance. Revenue rose 10 percent to 293.9 billion naira. The central bank of Africa's top crude producer devalued the naira twice before pegging it at 197-199 per dollar in March last year to conserve reserves and stem a rout after it fell to a record 206.32 in February amid plunging oil prices. The policy, which has been widely criticized by investors and businesses who blame the restrictions for exacerbating the country's economic slump, pushed the local unit to a record 321.50 per dollar at the black market on Thursday, according to the Lagos-based Association of Bureau de Change Operators of Nigeria. The economy is estimated to have grown at a rate of 3 percent last year, the slowest pace since 1999.

"Devaluation of the naira might have impacted its cost of raw materials," Efemena Esalomi, a consumer analyst at Vetiva Capital Management Ltd., said by phone from Lagos. Cost of sales rose 16 percent to 151 billion naira while distribution and other expenses increased 15 percent, Nigeria's biggest brewer said. The company merged with Consolidated Breweries Plc, another unit of Amsterdam-based Heineken, in 2014 as it aimed to pool resources in the West African nation. "Increase in revenue is as a result of the merger," said Esalomi. Nigerian Breweries shares rose 1 percent to 98 naira at the close in Lagos, valuing the company at 777 billion naira. The shares are down 28 percent this year, compared with competitor and Diageo Plc unit Guinness Nigeria Plc's 1 percent decline. *(Bloomberg)*

Guinness Nigeria, the second largest brewing company in Nigeria, has announced it would list its N10 billion commercial paper on the FMDQ OTC Securities Exchange. Commercial Papers are short-term, unsecured debt instruments (with a tenor no longer than 270 days) issued by large corporations for financing accounts receivable, inventories, and meeting short-term liabilities. The company said it would list its N7.23 billion Series 2 paper and N2.77 billion Series 3 paper on February 18th, according to a statement released at the Nigerian Stock Exchange on Thursday. The planned listing comes after Guinness Nigeria successfully issued its commercial papers on November 4th, 2015. The Series 2 paper has a tenor of 182 days, while the Series 3 paper has a tenor of 268 days. Guinness Nigeria said it is the first non-financial institution to establish a commercial paper programme following the publication of new guidelines on commercial paper by Central Bank of Nigeria in 2009. "Our decision to list the notes on the FMDQ is to increase its visibility which will in turn lead to increased demand for future issues," the statement said.

Founded in 2011, FMDQ OTC is an over-the-counter market operator for fixed income securities licensed by the Securities and Exchange Commission. Last week Guinness Nigeria reported that its after-tax profits for the half-year ending on December 31st, 2015 fell by 65 percent year-on-year to N1.17 billion, compared with N3.39 billion reported in a similar period in 2014. The company's half-year revenues also fell by 10 percent year-on-year to N49.84 billion in 2015, compared with N55.27 billion recorded in a similar period in 2014. Guinness Nigeria controls about 25 percent market share in the Nigerian beverage manufacturing sector. The market leader, Nigerian Breweries, controls about 70 percent market share. The company's shares fell by 0.25 percent at the end of trading on Nigerian Stock Exchange on Thursday to close at N119.20. *(Financial Nigeria)*

Guaranty Trust Bank Plc yesterday announced the expiration and final tender results of the any and all cash tender offer (the "Tender Offer" or "Offer") with respect to the $500 million 7.50 per cent. Notes due 2016 (the "Securities"), which Securities were issued by its wholly owned subsidiary – GTB Finance B.V. (the "Offeror") – and unconditionally and irrevocably guaranteed by the Bank. As the expiration deadline for the Tender Offer was February 10, the deadline for tendering the Securities under the Offer has now passed. An aggregate principal amount of $126,586,000 of the Securities that were validly tendered on or prior to the Expiration Deadline and not validly withdrawn were accepted. No Securities were tendered through the guaranteed delivery procedures described in the Tender Offer Memorandum dated February 4, 2016 (the "Tender Offer Memorandum"). The Settlement Date for the Tender Offer is February 16, 2016. The tender offer is consistent with GTBank's liability management strategy and reflects the Bank's ongoing efforts to enhance the efficiency of its funding and capital structure as it seeks to reduce its overall funding costs. Subject to applicable law, the Offeror or any of its affiliates may at any time and from time to time following completion of the offer, purchase the remaining outstanding Securities by tender, in the open market, by private agreement or otherwise on such terms and at such prices as the offeror or, if applicable, its affiliates may determine. Such terms, consideration and prices may be more or less favorable than those offered under the tender offer. According to the Bank's CEO – Segun Agbaje, "we are pleased at the outcome of this exercise. The Offer, which is the first of its kind involving a Nigerian corporate in the international financial markets, has enabled us achieve the objective of reducing some of the Bank's borrowing costs ahead of the maturity of the Eurobond in May of this year. *(The Nation)*

Economic News

Oil producer Nigeria wants to tap financing at "concessionary rates" as low as 1.5 percent from international agencies to fund infrastructure projects before returning to the eurobond market, its finance minister said on Friday. Tumbling oil prices have hit Nigeria's finances hard, and yields on the most liquid 5-year bond are hovering above 12 percent, as are the benchmark 20-year bonds. Nigeria, Africa's biggest economy, has held exploratory talks with the World Bank and looked at borrowing from the African and China Exim Bank to help fund a projected budget deficit of 3.3 trillion naira in 2016. "(The) government was seeking the lowest cost funds and was therefore consulting with the multilateral agencies, which offered concessional rates of interest as low as 1.5 per cent, before looking at the commercial Eurobond Market," Kemi Adeosun said in a statement. She gave no details. She said Nigeria wanted to restructure existing short -term debt and align the government's investment plans with its budget, adding that projects undertaken would have to generate revenues to repay the loans. Nigeria raised $1 billion in eurobonds at around 6 percent in 2013 with a 10-year maturity. But oil prices slumped late in 2014 from record highs. Nigeria's statistics office on Thursday forecast economic growth to pick up to 3.78 percent this year and around 5 percent in 2017 as new projects take off. Nigeria's debt to GDP ratio averages a relatively low 14 percent. However, total debt has risen to 12.60 trillion naira ($65 billion) as of December 2015, from 11.2 trillion naira in 2014. *(Reuters)*

The Central Bank of Nigeria (CBN) has put the value of its development finance interventions across the country at about N1.36 trillion. CBN Governor, Mr. Godwin Emefiele, who disclosed this yesterday emphasised that the central bank's determination to improve lending to the real sector of the economy would stimulate employment generation and boost accretion to foreign reserves through non-oil exports. A breakdown of the disbursements showed N300 billion had been set aside for Real Sector Support Facility (RSSF); N220 billion had also been disbursed for the Micro-Small and Medium Enterprises Development Fund (MSMEDF); the Nigeria Incentive Based Risk Sharing System for Agricultural Lending (NIRSAL) got N75 billion; and the Nigeria Electricity Market Stabilization Fund received N213 billion. Similarly, the Nigeria Export-Import Bank (NEXIM) support at N50 billion for the Export Refinancing and Restructuring Facility; and the Non-oil Export Stimulation Facility that received N500 billion. Speaking at the opening of the ongoing 21st seminar for finance correspondents and business editors, themed: "CBN Real Sector Fnancng: A catalyst for Economic Growth and Development," in Ibadan, Oyo State, he said the move became necessary given that the real sector represented the "engine of every economy" and serving as source for wealth creation and income generation to the productive population.

The CBN governor further noted that though the real sector, which consisted of the agricultural, industrial, building and constructive sub-sectors accounted for 93.67 percent of the country's Gross Domestic Product (GDP) in 2000, its contribution had since declined to 76.21 percent and 70.71 percent in 2010 and 2013, respectively. Represented by the CBN Deputy Governor, Corporate Services, Mr. Adebayo Adelabu, he, however, said concerted efforts were ongoing to deepen credit delivery to the real sector through several interventions and schemes. He added: "The far reaching objectives of the CBN in the implementation of schemes and programmes for real sector development focus on the inherent potential in the sector is-a-vis our conviction that the sector has sufficient employment capabilities, high growth potentials, contributes significantly in accretion to foreign reserves, expands the industrial base and apparently diversifies the growth potentials of the national economy." He said the recent exclusion of 41 items from accessing forex from the CBN official window and stoppage of sale of forex to bureaux de change (BDC) operators were part of bold policy initiatives by the bank to resuscitate domestic industries and improve employment generation. Adelabu said in his speech earlier that the seminar was to let participants into the core principles behind the actions of the CBN to act as financial catalyst in targeted sectors of the economy with humongous potential for creating jobs, reducing the country's import bills in a very significant manner. He also expressed optimism that the forum would serve as an ideal platform to stimulate and reinforce national discussions on all issues. *(This Day)*

Nigeria's decision to collect government payments in one bank account will help limit state borrowing, reduce payment delays and curb

corruption, its finance minister said on Monday. Last year, President Muhammadu Buhari ordered the merger of state accounts into one "single treasury account" at the central bank to reduce graft and a practice where the government borrowed back its own funds from lenders at an interest. Nigerian government ministries and other state bodies operated more than 10,000 bank accounts with commercial lenders in the past, an official said. Finance Minister Kemi Adeosun said the government had so far channelled over 2.2 trillion naira into its treasury account. "(The) Treasury single account has eliminated opportunities for...corrupt practices. We believe that this will reduce payment delays to contractors, minimise late-payment penalties and improve project completion times," Adeosun said. "This... will reduce the amount to be borrowed," she said in a statement, without giving a figure. Africa's biggest economy has held exploratory talks with the World Bank and looked at borrowing from the African and China Exim Bank to help fund a projected budget deficit of 3.3 trillion naira in 2016. With the drop in the price of oil, Nigeria's main export and the source of 95 percent of foreign earnings, government revenues have nose-dived while the naira has tumbled to record lows on the black market. Buhari is hoping that the 2016 budget of 6.08 trillion naira this year, an increase of 1.68 trillion naira over last year, will Nigeria fend off its worst economic crisis in decades. But funding remains a challenge. On Friday, Adeosun said the oil producer is seeking to tap financing at "concessionary rates" as low as 1.5 percent from international agencies before returning to the eurobond market. Nigeria's debt to GDP ratio averages a relatively low 14 percent. However, total debt has risen to 12.60 trillion naira ($65 billion) as of December 2015, from 11.2 trillion naira in 2014. *(Reuters)*

Nigeria's parliament has postponed voting on the 2016 budget from Feb. 25 because ministers cannot agree on revised public spending plans, lawmakers said on Tuesday. President Muhammadu Buhari presented a record $30 billion budget in December but asked for it to be withdrawn in January to make changes after a further fall in oil prices forced the deficit up to 3 trillion naira ($15 billion) from 2.2 trillion.
Abdulmumin Jibrin, chairman of the budget committee in the lower house, or House of Representatives, said the government had yet to agree on how much ministries would be allocated. "The National Assembly sessions have witnessed disagreements between various ministers and top civil servants," he told a joint news conference with Danjuma Goje, the chairman of a committee tasked with the budget in the upper house, or Senate. Goje said the government wanted more "more time to do a thorough job" but did not give a new date. "We don't want to pass a budget that will be returned to us. We need to remove all ambiguities and paddings," he said. Nigeria, Africa's biggest oil producer, has held talks with the World Bank and has looked at borrowing from the African Development Bank and China Exim Bank to plug the budget gap as oil trades around $30 a barrel, down from over $100 in 2014. On Monday, Buhari's health minister Isaac Adewole had sharply criticised planned allocations for his ministry. "In the revised budget as re-submitted, 15.7 billion naira for capital allocation (expenditure) has been moved to other areas. Some allocations made are not in line with our priorities," he said. "We have to look into the details of the budget and re-submit it to the committee. This was not what we submitted." *(Reuters)*

Nigeria's stock exchange, Africa's second-largest, is looking to attract investors spooked by a weak currency and oil price by offering more products ahead of a possible listing. "We would like to give exposure to asset classes that we are not necessarily trading," chief executive Oscar Onyema, a former Wall Street executive who returned home like many Nigerians to tap opportunities in Africa's biggest economy, told Reuters. Onyema said the Nigerian Stock Exchange, one of the main entry points for foreign funds into Africa, plans to launch a clearing house to allow futures and options trading this year. It will also change its ownership structure this year, a move that might bring in investors from abroad or lead to a share offer at some stage later, Onyema told Reuters on Wednesday in an interview at the bourse, which is located in a sprawling market district of the commercial hub of Lagos. The exchange, which has been hit by an exodus of foreign investors due to an economic crisis sparked by a slump in oil revenues, saw the total market capitalisation of companies listed there halve to around $42 billion from $86.3 billion in 2007 when the market was booming. Daily trading has dropped on average to less than $10 million, down from $100 million in 2007, brokers say. It now plans to add options to its portfolio of products to boost this flagging liquidity and help investors manage risk.

To reach that goal, Africa's second-largest bourse after Johannesburg was launching a clearing house which will be independent and will have banks, the central bank and other stock exchanges as members, the Harvard graduate said. Onyema also said the bourse was on track to change its ownership structure this year from a mutual firm of 500 broker members to add shareholders, with the aim of improving governance and possibly open up new funding sources, including the possibility of a share offer. "This is still early days," Onyema said. In October, the bourse said it had appointed South African bank FirstRand and local investment firm Chapel Hill Denham to advise it on the transformation. Nigeria's share index, which has the second-biggest weighting after Kuwait on the MSCI frontier market index, has fallen 16 percent in the first five weeks of this year as foreign funds, unnerved by a weaker naira and the drop in crude prices, sold stocks. This followed a 17.4 percent fall in 2015. The recent sell-off prompted the exchange to put in place a circuit breaker last month to check volatility. It also plans to increase monitoring against market manipulation. Onyema said the bourse was turning more to domestic investors, who control 75 percent stake in companies listed on the exchange and do not have currency risk to boost trading volumes. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Tanzania

Corporate News

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Economic News

COMPANIES going public through a stock exchange can save the firm's advertising cost for its goods and services. Kestrel Capital Nairobi, Executive Director Mr. Andre De Simeone said this during the forum on capacity building on transaction advisory held in Dar es Salaam at the weekend that most companies list to raise capital outside the banking system or reducing debt. "Most companies use substantial amount of money for advertising its new and existing goods and services to widen and cover market outreach in order to sustain competition," he said. He said there are companies in the East African region possessing all the requirements to list on an exchange including outstanding financials but have been reluctant on grabbing the opportunity. Mr. Simeone was responding to a question on the legality of enacting laws that compel companies to list on an exchange, saying the initiative is acceptable provided it does not interfere with the laws governing free market.

In Tanzania, despite passing the Electronic and Postal Communications Act 2010 (EPOCA) that requires all mobile phone companies to list on the stock market its implementation has been facing opposition from telecoms. The mandatory listing on the Dar es Salaam Stock Exchange would enable Tanzanians to take a stake in and benefit from the lucrative industry that is the fastest expanding sector. Telecom operators in Tanzania are Vodacom, Bharti Airtel, MIC Tanzania Limited, Tanzania Telecommunications Company Limited (TTCL) and the Zanzibar Telecom Company (ZANTEL) a part of Etisalat of the United Arab Emirates. Last month the state owned telecom firm, TTCL announced its plan to list on the DSE as part of its five-year plan to raise 330 million US dollars and turn around its fortunes. Taking a company public reduces the overall cost of capital and gives the company a more solid standing when negotiating interest rates with banks. This would reduce interest costs on existing debt the company might have.*(Daily News)*

THE government will sign contracts for credit rating services with two agencies in November before it issues its maiden sovereign bond later in the next financial year. According to Guidelines for Annual Plan and 2016/17 budget, the government has completed procurement of agencies and contracts for rating services with the two selected agencies are in the final stage. The government intends to acquire sovereign credit rating from agencies with intention to access funding from International Bond Market for financing priority infrastructure projects. A positive rating from this exercise will create conducive condition for both the government and private sector to borrow from the international financial market at relatively better terms. Former Finance Minister, Ms Saada Mkuya Salum said last year that the government had concluded discussion with Fitch Ratings for a sovereign credit rating and was finalising similar discussions with Moody's Investors Service, paving the way for a possible debut Eurobond debt issue. The government is planning to borrow much as 800 million US dollars through a sovereign Eurobond to fund key infrastructure projects in the wake of declining sources of grants and concessional loans.

According to the guidelines, concessional sources of borrowing are anticipated to decline as the country graduates to a middle income status which will entail a gradual reduction of aid flow. Tanzania is inching closer to join the middle-income countries groups thanks to sustained economic growth that has lowered poverty rate and boosted people's income. The 7.0 per cent growth rate in 2014 had boosted the total output of the economy to 79.1 tri/, equivalent to a per capita income of 1,724,416/- or 1,038 US dollars. According to World Bank classifications, for the current 2015 fiscal year, low income economies are defined as those with a GNI per capita, calculated using the World Bank Atlas method of 1,045 US dollars or less in 2013. Middle-income-economies are those with a GNI per capita of more than 1,045 US dollars but less than 12,746 US dollars. The guidelines said in recognition of the risks associated with nonconcessional borrowing to the national debt sustainability, the government will ensure that non concessional borrowing decisions are made within the framework of Debt

Management Strategy and public investment management to maximize returns on investments. *(Daily News)*

Tanzanian inflation fell in January, helped by a slower rises in food prices, the statistics office said on Monday. The National Bureau of Statistics said in a statement inflation fell to 6.5 percent year-on-year in January from 6.8 percent a month earlier. Prices increased by 0.7 percent month-on-month in January from a 0.5 percent rise in December 2015, the NBS said. It said food and non-alcoholic beverages inflation fell to 10.7 percent in the year to January from 11.1 percent in December 2015. The statistics office said the weight given to food in the basket of goods and services used to calculate Tanzania's inflation rate had also been cut to 38.5 percent from 47.8 percent previously. Tanzania's Finance and Planning Minister Philip Mpango said last week inflation was expected to remain in single digits and fall to 6.0 percent by June 2016 and stay between 5 and 8 percent in the medium term. *(Reuters)*

THE Bank of Tanzania (BoT) has set new targets of achieving usage of formal financial services under the National Financial Inclusion Framework (NFIF 2014/17) of having 80 per cent of adult population using a financial access point. The Monetary Statement of the first half of the 2015/16 fiscal year also shows that BoT is targeting to have at least 70 per cent of the population living within five kilometres of a financial access point by 2017. The new development follows the country's outstanding performance in the usage of formal financial services among the unbanked population that surpassed its initial target by 50 per cent of adult population in 2014. According to the BoT report, the increase in access and usage of formal financial services has been driven mostly by innovation and technology in the financial sector, particularly the use of mobile phones for accessing financial services. The digital technology has made Tanzania one of the global hot spots of innovative financial services. By the end of December 2015, the number of registered active users of mobile phone financial services was 19 million.

Similarly, the other driving force was the enhancement of legal and regulatory framework for the National Payment Systems achieved with the National Payment Systems Act 2015 that became operational in October 2015. Subsequently, two regulations were operationalised, namely, the Licensing and Approval Regulations 2015 and the Electronic Money Issuance Regulations 2015. Furthermore, the Bank has embarked on awareness initiatives to ensure that the stakeholders are complying with the new requirements by the end of April 2016. The other major development reached was for the Bank embarking on modernization initiatives of High Value Payment Systems (TISS) and improvements on retail payment infrastructures and services. The Bank is also in the process of operationalizing new NPS regulatory framework following the enactment of the NPS Act 2015 and subsequent Regulations on Electronic Money Issuance regulations (2015) and NPS Licensing and Approval regulations (2015).*(Daily News)*

DEMAND for the treasury bills auction has continued to be impressive after posting an overly subscription by 86.78bn/- with yields across all tenures making slight increase. The Bank of Tanzania (BoT) summary for the one year treasury bills auctioned on Wednesday shows that it attracted bids worth 219.78bn/- against 133bn/- offered to the market for bidding. However, the total amount tendered declined to 219.78bn/- compared to 359.58bn/- of the previous session although at the end the government retained 177.02bn/- as successful amount. Some of the investors in the one year treasury bills are namely commercial banks, pension funds, insurance companies and some microfinance institutions. The two tenures, 364 and 182 days have continued to be the most attractive after contributing about 99 per cent of the total bids while 91 and 35 shared less than one per cent.

The 364 and 182 days offer attracted bids worth 142.75bn/- and 76.87bn/- respectively against 77bn/- and 50bn/- offered to the market for bidding while the 91 days offer attracted 150m/-. Yield rates for the 364 and 182 days offer were 18.97 per cent and 17.79 per cent respectively compared to 18.80 per cent and 17.67 per cent of the previous session held two weeks ago. The 91 days tenure interest rate was 8.63 per cent compared to 8.84 per cent. The highest and lowest bid/100 for the 364 and 182 days offers were 91.50/ 70.00 and 93.23/ 90.51 respectively while for the 91 and 35 days tenor had 98.00/ 97.68. The minimum successful price/100 for the 364, 182 and 91 days offer were 83.37, 90.51 and 97.68 respectively. The weighed average price for successful bid for the 364 tenure was 84.09, the 182 days offer was 91.85 and 91 days offer was 97.89. *(Daily News)*

A MASSIVE float glass manufacturing company is under full-swing construction in Mkuranga, Coast Region with the aim to meet the increasing demand for glass products in Tanzania and other East African nations. The Glass Industry Group of Africa (GIGA) is expected to churn out 600 tons of float glass a day, for which it will rank as the largest glass producer in the East Africa Community. Buildings of major plants and offices of GIGA have cropped up with the remaining to be completed towards the end of 2016. The company is planned to run into production in 2017. According to Zhu Jinfeng, a Chinese Tanzanian and a major investor of the GIGA project, GIGA will create 800 job opportunities in Tanzania and help promote related sectors of the Tanzanian economy. Zhu adds that GIGA will import a production line from China with an annual output of 135,000 to 168,000 tons and that a glass production line of such a scale requires an investment of 80 million US dollars. There are only several glass bottle factories in the East Africa Community, and the EAC countries have to rely on imports when it comes to float glass, the demand of which increases by 6-7 per cent year a year. According to the GIGA feasibility report, Tanzania has favourable conditions for glass manufacturing because of its rich resources in silica sand, limestone, dolomite and soda ash, all essential raw materials in glass making. *(Daily News)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zambia

Corporate News

No Corporate News This Week

Economic News

WORLD Bank (WB) says Zambia has witnessed a steady increase in the number of companies that are exporting various products. Over a decade ago, there were only 232 firms, increasing to about 1,700 in 2011, which has helped increase the income levels for businesses in Zambia. WB poverty economist for Zambia Alejandro De la Fuente said noticeable growth in non-agricultural employment, particularly in construction, transport, storage, wholesale and retail has equally recorded growth. This is contained in a WB latest brief titled 'Zambia Poverty and Inequality' availed to the Daily Mail recently. "Data from export transactions over more than a decade, put together as part of a recent economic brief, show a large increase in the number of exporting firms and in products exported to neighbouring countries. The number of exporting firms increased from 232 in 1999 to 1,754 in 2011 (WB; 2014)," he said. Mr De la Fuente said the country's strategy to completely diversify from copper dependence is helping in the creation of better conditions for inclusive growth. "Zambia has made gains in reducing some deprivations and increasing opportunities on average. However, gaps remain in accessing key assets and services [like rates to water, sanitation and electricity] and opportunities such as health, nutrition and education across income groups and urban-rural areas…," he said. Mr De la Fuente said Zambia needs to continue investing in infrastructure and social sectors to build human capital for the poor to further reduce poverty. He said the implementation of programmes such as the cash transfer which provide regular cash payments to poor households, among others, are helping in reducing poverty. Mr De la Fuente cited sectors such as energy and infrastructure as areas that could address challenges and help empower rural communities, thereby boosting their participation in economic development. *(Daily Mail)*

THE Kwacha is anticipated to marginally strengthen against the United States dollar this week as corporates get ready to meet their mid-month tax obligations with copper price making upward progress, financial markets indicate. The local unit is likely to continue holding firm against the greenback with a slight bullish bias into last week as corporates prepare for mid-month tax obligations, Zanaco predicts. Trading was expected to lie between K11.30 and K11.45 on Friday. According to the Zanaco daily treasury newsletter for February 5, 2016, "The local unit is likely to continue holding firm against the greenback with a slight bullish bias into [this] week as corporates prepare for mid -month tax obligations." On Thursday, the Kwacha held firm against the dollar in thin trading after a marginal slip against the dollar in the previous sessions. The local currency opened flat at K11.30/11.32 per dollar and was anchored to this level through the day by evenly matched flows in the market. It, however, notes that the Kwacha closed unchanged on the day confined to a narrow band that has characterised trading so far this year. On the regional front, the South African rand weakened slightly in early trade on Thursday but remained below the crucial 16.00 mark while yields on bonds fell sharply with appetite for emerging assets returning as oil prices recovered. At 06:45 GMT the rand had slipped 0.43 percentage point to 15.9980 per dollar, surrendering overnight gains that saw the unit reach 15.9200, as low liquidity in global markets capped gains ahead of employment data from the US on Friday. On the commodity platform, London copper rose for a second day on Thursday to the most in a month as an overnight tumble in the dollar spurred interest in commodities, including oil that prompted investors shorting the market to close their positions ahead of the Lunar New Year holiday. Three-month copper on the London Metal Exchange rallied by one percent to US$4,679 a tonne by 07:28 GMT. *(Daily Mail)*

Zambia has scrapped a nearly 73 percent hike in electricity tariffs for industrial and commercial users following an outcry from consumers, a spokesman for state power firm Zesco said on Tuesday. The country's power regulator last December approved an increase in electricity charges to 10.35 U.S. cents per kilowatt hour (KWh) from six cents. "We have withdrawn the application we made to the Energy Regulation Board for higher electricity tariff. We had a lot of complaints and want to consult further," Zesco spokesman Henry Kapata said.

(Reuters)

Zambia will add 1,500 megawatts to its power grid by 2020 in a bid to ease power shortages that have hobbled the copper-producer's economy, mining minister Christopher Yaluma said on Wednesday. *(Reuters)*

THE Zambian Kwacha and Nigerian naira maintained their trading range despite most currencies in the region depreciating against the United States (US) dollar as a result of mixed US jobs report, financial market players observe. This is against Zambia's major convertible currency, the South African rand which depreciated to 16.217 on Monday from 16.148 on Tuesday after the dollar firmed. Other currencies that nose-dived were the Ghanaian cedi which posted 3.965 from 3.951, Ugandan shilling to 3,443 from 3,433 while the Namibian dollar and Swaziland lilageni to 16.25 from 16.15 respectively. Cavmont Bank, in its market update says the Kwacha was largely unchanged at K11.28 and K11.30 for bid and offer respectively, against the US dollar which posted gains against other major currencies on Monday. However, the Botswana pula appreciated to 11.31 from 11.4 and Kenyan shilling to 101.884 from 101.905. Zanaco also notes that the Kwacha is expected to remain stable as it is anticipated to be capped between K11.30 and K11.40 in the short-term. In its daily treasury newsletter, the bank notes that, "The Kwacha was unchanged on Monday and is expected to trade on a firmer footing in the upcoming days as companies convert the dollar to pay their mid-month taxes." On the local market, liquidity levels slightly increased yesterday from K630.61 million on Monday to K673.71 million.

However, the amount of funds traded by commercial banks reduced from K753.10 million to K614.50 million with the weighted average overnight interbank lending rate marginally posting an increase from 26.64 percent to 26.68 percent. "In the short-term, the overnight interbank lending rate is expected to remain around the 26.6 percent mark given the liquidity levels and volume of traded funds," the bank says. Meanwhile, copper on the London Metal Exchange (LME) edged down on Monday after the dollar firmed following a mixed US jobs report, with the start of a week-long holiday in China draining liquidity from the market. Three-month copper on the LME had slipped 0.5 percentage point to US$4,607 a tonne, extending 1.2 percent losses from the previous session. On oil trend, crude prices fell on Monday because of lingering concerns over a supply overhang and after a Saudi-Venezuela meeting showed few signs that steps would be taken to boost prices. *(Daily Mail)*

Mining companies operating in Zambia will have to get used to higher power tariffs because the government can't afford to subsidize them and needs to encourage private investment in generation to alleviate a chronic supply shortage, Mines Minister Christopher Yaluma said. "The tariffs have been very, very low and far from cost-reflective," Yaluma said in an interview at the Investing in African Mining Indaba conference in Cape Town on Wednesday. The mining companies "want us to pay. They must be realistic." The government increased electricity charges for mining companies to 10.35 U.S. cents a kilowatt-hour from Jan. 1. While it reversed a 200 percent increase in charges for commercial and industrial customers on Feb. 6, two months after it came into effect, no concession was announced for the mines, which utilize more than half the southern African nation's power. Zambia, Africa's second-biggest copper producer, get most of its electricity from hydropower plants, which have been hobbled by drought. Some power is being imported at a cost of 19 cents per kilowatt-hour, meaning mines are still being subsidized and the government will consider further price increases, Yaluma said. "We must get cost-reflective tariffs, so we allow independent participants in power generation to come in," he said. "We have liberalized but they can't come in because of the low tariffs."

The old electricity prices differed from mine to mine. Vedanta Resources Plc said last month said the charges at its Zambian unit, Konkola Copper Mines, increased by 25 percent, adding $3 million a month to its costs. In 2014, mining companies filed a lawsuit challenging proposed power tariff increases, a case that is still being considered by the Lusaka High Court. Yaluma said power shortages will ease when the 300-megawatt Maamba coal-fired project comes into operation in June. "By next year, we'll have adequate power to cater for our mining needs," he said. "It will be from renewables, it will be from coal. We are getting another 120 megawatts from hydro. The only problem is if we don't have sufficient water." The minister also said the government is still evaluating proposals from the nation's Chamber of Mines to introduce a new sliding-scale mine royalty system, with the levy that operators pay determined by metal prices. *(Bloomberg)*

Zambia's central bank left its benchmark lending rate unchanged at 15.5 percent on Friday. In January inflation ticked up to 21.8 percent year-on-year in January from 21.1 percent in December, while the economy is expected to grow 3.7 percent in 2016. Zambia is amongst the countries hard-hit by a severe drought that has swept across southern Africa that has withered maize crops, raising fears that a sharp increase in the prices of the staple food would fuel inflation. *(Reuters)*

Zimbabwe

Corporate News

DELTA Beverages is upgrading its Masvingo and Kwekwe breweries at an estimated cost of $26 million to increase the production of the Chibuku Super brand. The increase in production will be realised by the fourth quarter of 2016. In a statement the company said the upgrade began this month and the supply of Chibuku Super has lagged behind demand since the brand was introduced to the market in 2012. The company said capacity added at Fairbridge Brewery in October 2015, has already been fully extended. "The upgrade in the production facilities and new technologies at the two breweries is expected to cost about $26 million. The major cost will be on the PET packaging plants and brewing tanks, grain handling equipment and civil works," Delta said. Machinery for the plant will be imported from Germany and South Africa and local partners have already been awarded contracts. The company, at the moment, has a capacity to supply 220 000 hectolitres of Chibuku Super in the 1,25-litre pack from the two factories at Chitungwiza and Fairbridge. The upgrade will increase this to 240 000 hectolitres when the additional brewing tanks are installed at Fairbridge by March. Delta Beverages has 15 brands and over 4 000 employees. For the third quarter ending December 31, 2015, lager volumes dipped by 14% compared to the second quarter as consumers shifted to cheaper alternatives. The volumes were down 6% for the nine months to December 2015. Delta Corporation volumes and revenues were subdued during the third quarter due to depressed aggregate demand. *(News Day)*

Mimosa mine recorded a 32 percent drop in revenue to $99 million in the half-year to December on reduced production and weak commodity prices, the parent company reported Tuesday. The Bermuda registered Aquarius Platinum, which owns Mimosa in a 50: 50 a joint venture with Implats of South Africa said production for the half-year decreased by six percent to 1,238 million tonnes. PGM production during the half increased by two percent to 120,429 ounces. Mining cash costs increased nine percent to $76 per tonne, while PGM per ounce cost decreased by two percent to $784. Mimosa spent mainly $18 million mainly on mobile equipment, support and drill rigs and down dip development. Operating costs fell by two percent from the previous half mainly as a result of cost reduction initiatives currently being implemented by the company. *(Source)*

Canadian-listed Caledonia Mining, which owns Blanket Mine in Zimbabwe, on Thursday said it had sold forward 15,000 ounces of gold production under a six-month collar and cap arrangement. Caledonia said the hedge arrangement, which set up the gold price between $1,050 per ounce and $1,080 per ounce would give it greater clarity over cashflows until July 2016 when production at its Blanket mine is expected to ramp up. The mine has completed the first year of a six-year investment programme under which it intends to invest $70 million from 2015 to 2021 and increase production to approximately 80,000oz of gold annually by 2021. It said it now expects to spend $45 million in capital expenditure in the three years 2015 to 2017, lower than the $50 million envisaged when its revised investment plan was announced in October 2014. "The hedge comprises a series of weekly contracts. If the gold price at the end of each contract falls below the collar value, Caledonia will receive the value of the shortfall below the collar multiplied by the hedged ounces," said Caledonia in an update.
"If the gold price at the end of each contract falls between the cap and the collar value, Caledonia will pay to the hedge counterparty the excess over the collar value multiplied by the hedged ounces. If the gold price at the end of each contract exceeds the cap value, Caledonia will pay to the hedge counterparty the difference between the cap and the collar multiplied by the hedged ounces." The hedge arrangement is a financial instrument between Caledonia and a financial counterparty although Blanket will continue to sell its gold to Fidelity Printers and Refiners in Zimbabwe in accordance with local law. Caledonia said it intends to maintain its existing dividend policy of paying 1.125 US cents per quarter. The Canadian junior miner owns 49 percent of Blanket Mine, with the remainder held by locals. *(The Source)*

Economic News

THE local textile industry expects to push capacity utilisation to 45% this year after the government gazetted some Statutory Instruments discouraging cheap imports of textile products into the country, an official has said. In 2015, the industry was operating at below 30% of capacity owing to an influx of cheap imports. Zimbabwe Textile Manufacturers' Association secretary-general, Raymond Huni told NewsDay that the industry would take off well this year due to measures introduced by government to protect the industry. "This year we are anticipating an improvement due to a number of measures introduced by the government to protect the industry. As industry, if everything goes well we want to push industry capacity to 45%," he said. In his Mid-Term Fiscal Policy review, Finance minister Patrick Chinamasa introduced the manufacturers' rebate of duty on critical inputs imported by approved textile manufacturers. This rebate covers spare parts, yarn and unbleached fabric, among others. Furthermore, it was proposed to remove blankets from the Open General Import Licence for a period of 24 months. Poly-knitted fabric is currently imported in semi-processed form, hence, undergoes very limited local value addition before transformation into a blanket, which competes with locally manufactured blankets. To that effect, government increased customs duty on poly knitted fabric from 10% to 40% plus $2,50 per kg. The government also banned imports of the second-hand clothes with Huni saying if implemented would see the sector double its contribution to gross domestic product to 10%. The textile sector requires at least $20 million to revive the industry currently reeling under low capitalisation levels and an influx of cheap imports but the government does not have money. *(News Day)*

The banking sector bucked the economic headwinds in 2015 with aggregate net profit more than doubling to $127,47 million, according to latest data from the Reserve Bank of Zimbabwe (RBZ). In 2014, aggregate profit was $52,8 million. RBZ governor John Mangudya said 15 out of 18 banks recorded profits in the period under review. "In a few institutions, increased provisioning for bad and doubtful debts, however, weighed down on their performance resulting in losses," he said. Total banking sector deposits grew by 11,2% to $5,6 billion in 2015 while loans amounted to $3,9 billion. Mangudya said against the sluggish growth in credit, the loan to deposit ratio declined to 68,8% by the end of December 2015 from 78,4% in 2014. A local economist, Prosper Chitambara, said there has been improvement and stability in the financial sector and the banking sector was sound. He said the country was limited on monetary policy due to dollarisation. Chitambara said the net aggregate profit went up because the main source for the sector was interest income and interest rates could have been up.
He said rates for deposits were very low. "The decline in non-performing loans helped banks in that losses decline and banks no longer making provisions for bad loans," he said. The ratio of non-performing loans has declined markedly to 10,87% as at December 31 from a peak of 20,45% in September 2014. Mangudya said improvement in the ratio of non-performing loans was largely attributable to the disposal of qualifying loans to the Zimbabwe Asset Management Company and "the effective credit risk management strategies employed by banks including intensified collections and workout plans". *(News Day)*

The Bulawayo City Council (BCC) has agreed to grant United Kingdom-registered Pragma Leaf Consulting company permission to set up a $68 million waste-to-energy plant, which could produce 110,000 litres of bio-diesel and 2.2 megawatts electricity, latest council minutes show. Pragma has completed a feasibility study for the project and the results indicated that waste generated in Bulawayo was sufficient for the establishment of a waste to energy plant. "They therefore, intended to establish a $68 million waste to energy plant producing 110 000 litres of bio-diesel, 2.2 MW electricity and creating an employment for 120 plant operatives and further jobs in downstream industries," read the council minutes. Agreement conditions stipulate that Pragma would bring additional refuse removal compactors to help improve collection and their operations would not use potable water as they would obtain and purify water from refuse. The project is assured of 325 tonnes of waste per day and would entail it having monopoly over waste generated in Bulawayo to be certain of adequate supplies for their operations. Pragma also asked for a waste lease agreement of 25-30 years. At full throttle, an estimated 2,000 jobs would be created – refuse collectors, processors, sorters and some 120 professionals. The project would convert waste to energy and distil diesel which council would have first option to purchase at $2 per gallon or 50 cents per litre. It requires 12-18 months lead time to complete upon the signing of the lease agreement. BCC also proposed a land rental of $40,000 per annum and asked the Milton Keynes-based firm to submit the contract documents for signing. Not much information is available about Pragma, but it was registered in UK in 2010 and its first directors are given as Zebediah Manatse and Joseph Qobo Mayisa. Its website account is suspended. *(Source)*

GOVERNMENT is conducting a petroleum sector pricing study and working on policy measures to address the imbalances in the fuel market. Speaking in the Senate recently, Energy and Power Development deputy minister Tsitsi Muzenda said when reviewing the fuel price, the maximum Free-On-Board fuel prices would now be based on the lower of the two between the Arab Gulf and Mediterranean markets instead of an average. "Government is in the process of reviewing the fuel pricing template with a view of improving. In this regard, a Petroleum Sector Pricing Study is being conducted," Muzenda said. She said government was also working on the removal of the wholesalers' storage and handling costs of $0,015/litre as the majority of companies were utilising the storage facilities operated by National Oil Infrastructure Company and, therefore, not incurring an additional storage to warrant it. "Applicable margins for wholesale and retail of fuel are now going to be an absolute 6 cents instead of 7% of product cost landed at Msasa, which varies margins unnecessarily for operators when external factors change. The measure is meant to protect consumers when prices are going up while at the same time ensuring viability of business," she said.

The price of crude oil has gone down on the international market. However, fuel prices on the local market have not gone down significantly. Muzenda said the implementation of the above interim pricing measure resulted in a 7 cents and 4 cents reduction in the maximum pump prices of petrol and diesel respectively. She said fuel prices in the country are determined through a fuel pricing model, normally referred to as a Fuel Cost Built-Up, which sets the maximum pump prices applicable at any point in time. This model was produced through consultations between the Ministry and the oil industry. It is therefore an agreed pricing model. The Fuel Cost Built-Up takes into account all the cost elements associated with supplying fuel to the end user. These cost elements include, FOB (Free on Board) price, pipeline costs, taxes and levies, administrative and distribution costs and profit margins allowed at different levels in the supply chain.*(News Day)*

Government says it is looking for potential investors to take up part of its shareholding in the Zimbabwe Stock Exchange (ZSE). The local bourse, previously a non-profit member owned organisation, was last year transformed into a private company with government owning 32 percent of the exchange while stockbrokers control the remaining 68 percent shareholding. Announcing the company's new board on Monday, finance minister Patrick Chinamasa said government was ready to reduce its shareholding. "We are prepared to shed off a portion to any strategic partner that you might want to invite into the stock exchange from the private sector," said Chinamasa. "I also want to encourage the pension's funds, insurance companies and commercial banks to take up a stake in the company to help capitalize the stock exchange." The new board, which will be chaired by Carol Sandura, comprises of Benson Gasura, Daniel Muchemwa, Xolani Moyo, Alban Chirume and Bartholomew Mswaka. *(The Source)*

Zimbabwe needs nearly $1.6 billion in aid to help pay for grain and other food after a drought that has badly affected harvests and left 3 million people in need, Vice President Emmerson Mnangagwa said on Tuesday. That figure includes nearly $720 million to pay for 1.4 million tonnes of grain imports, with money also needed for irrigation infrastructure and a nutrition programme for young children, a statement said. "I am therefore appealing to the private sector and the people of Zimbabwe, inclusive of those in the diaspora, to support this emergency relief programme," Mnangagwa told reporters and business executives at a news conference. The government would extend the plea for aid to international donors on Wednesday, officials told journalists. Mnangagwa made the appeal days after President Robert Mugabe declared a state of disaster in most rural areas. Zimbabwe's economy shrank nearly 50 percent between 1999 and 2008. Critics blame government mismanagement. The El Nino weather pattern has affected the amount of rain in southern Africa, including in South Africa, the region's biggest maize grower. *(Reuters)*

Government will secure a medium to long-term loan to clear its $1,1 billion arrears to the World Bank Group in the second phase of an arrears clearance programme with preferred creditors as it seeks to unlock fresh lines of credit. Zimbabwe has an arrears clearance plan to repay by June 30 the $1,8 billion owed to three preferred creditors — the World Bank, International Monetary Fund and the African Development Bank (AfDB). The plan was approved by creditors on the sidelines of the IMF/World Bank annual meeting in Lima, Peru. Zimbabwe owes the International Bank of Reconstruction and Development (IBRD) $896 million. A unit of the World Bank Group, IBRD provides loans and assistance to middle income countries. It also owes the International Development Association (IDA) $218 million. IDA is a World Bank's unit which helps the world's poorest countries. According to the Lima strategy document titled Strategy for Clearing External Debt Arrears and the Supportive Economic Reform Agenda obtained by NewsDay yesterday, the loan would have a tenure of 10 to 15 years at an interest rate of 5-7% per annum. It would be repaid as a bullet payment, that is, the entire loan plus interest are payable at the end of the loan tenure. The first step would be for government to use the bridge loan facility arranged by its debt advisors, the African Export-Import Bank, to clear its outstanding arrears to AfDB ($585 million) and African Development Fund ($16 million). The bridge loan would be repaid using inflows from the Fragile State Facility of AfDB, the document said. The second phase entailed using government's Special Drawing Rights holdings to clear the $110 million owed to IMF.

The debt clearance strategy would be supported by bold policy reform measures aimed at debt sustainability and improving the socio-economic environment. The measures include strengthening financial sector confidence, accelerating the re-engagement process with the international community and revitalising agriculture and the agro-processing value chain. It also entails advancing beneficiation and/or value addition to the agriculture and mining resource endowment, focusing on infrastructure development, unlocking the potential of small to medium enterprises and improving the investment climate. The clearance plan is also anchored on accelerated public enterprises reform and improving public finance management, modernisation of the labour laws and aligning of laws to the Constitution and adhering to the rule of law and the pursuit of an anti-corruption thrust. Government hopes that the successful resolution of the external payment arrears would expect to disseminate positive signals to investors and lenders. "In this regard, the perceived country risk premium that has made credit lines to Zimbabwe unaffordable will be reduced significantly. As a result, the country would be able to access credit lines at competitive rates, a development that would positively impact on the cost of doing business in Zimbabwe," the document added. In his monetary policy statement released last week, central bank chief John Mangudya said after the clearance of the arrears to international financial institutions (IFIs), the country would then turn to bilateral creditors to negotiate and settle the country's obligation with the Paris Club. "Settlement of these arrears would be done around June 2016 at a time the IFIs are expected to reach their respective decision points or board approvals. Repaying before the review of the Staff Monitored Programme (SMP) by the IMF and other proceeding processes is inconsequential," Mangudya said. *(News Day)*

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