WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

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

AFRICA STOCK EXCHANGE PERFORMANCE

Country	Index	6-Jan-17	13-Jan-17	WTD % Change Local	WTD % Change USD	31-Dec-16	YTD % Change Local	YTD % Change USD
Botswana	DCI	9389,34	9407,54	0,19%	0,24%	9700,71	-3,02%	-2,73%
Egypt	CASE 30	12824,00	13223,00	3,11%	-0,30%	12344,00	7,12%	3,60%
Ghana	GSE Comp Index	1699,42	1735,67	2,13%	1,94%	1689,09	2,76%	3,01%
Ivory Coast	BRVM Composite	280,28	278,05	-0,80%	0,15%	292,17	-4,83%	-4,21%
Kenya	NSE 20	3139,21	2971,10	-5,36%	-5,61%	3186,21	-6,75%	-7,12%
Malawi	Malawi All Share	13359,63	13488,57	0,97%	0,84%	13320,51	1,26%	0,29%
Mauritius	SEMDEX	1803,17	1819,68	0,92%	1,19%	1 808,37	0,63%	0,68%
	SEM 10	343,62	347,48	1,12%	1,40%	345,04	0,71%	0,76%
Namibia	Overall Index	1069,42	1108,94	3,70%	3,72%	1068,59	3,78%	4,20%
Nigeria	Nigeria All Share	26251,39	26325,93	0,28%	0,04%	26 874,62	-2,04%	-4,92%
Swaziland	All Share	380,34	381,18	0,22%	0,24%	380,34	0,22%	0,63%
Tanzania	TSI	3550,11	3550,11	0,00%	-1,61%	3677,82	-3,47%	-5,33%
Zambia	LUSE All Share	4051,53	4075,15	0,58%	-0,59%	4158,51	-2,00%	-3,75%
Zimbabwe	Industrial Index	145,35	146,21	0,59%	0,59%	145,60	0,42%	0,42%
	Mining Index	58,51	58,51	0,00%	0,00%	58,51	0,00%	0,00%

CURRENCIES

Currency	6-Jan-17 Close	13-Jan-17 Close	WTD % Change	YTD % Change
BWP	10,50	10,50	-0,05	0,30
EGP	18,15	18,78	3,42	-3,28
GHS	4,22	4,22	0,18	0,24
CFA	623,57	617,68	-0,94	0,65
KES	101,72	101,99	0,27	-0,39
MWK	717,01	717,92	0,13	-0,96
MUR	34,67	34,58	-0,27	0,05
NAD	13,59	13,59	-0,02	0,41
NGN	311,47	312,22	0,24	-2,94
SZL	13,59	13,59	-0,02	0,41
TZS	2 128,54	2 163,45	1,64	-1,93
ZMW	9,87	9,98	1,18	-1,78

Botswana

Corporate News

No Corporate News This Week

Economic News

No Economic News This Week

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Egypt

Corporate News

Egypt's state-owned buyer, the General Authority for Supply Commodities (GASC), said on Sunday it had postponed a tender for 50,000 tonnes of raw sugar. GASC did not give a new deadline for offers and did not give a reason for the postponement. GASC was seeking the raw sugar for arrival by Feb. 28. *(Reuters)*

Economic News

The Egyptian pound strengthened slightly at banks as demand for dollars by importers eased, bankers told Reuters on Sunday. The dollar was being bought for around 18 pounds at most banks, down from around 19 last week. Banks were paying clients around 17.8 per dollar. "The demand for dollar is less," said one banker. "Banks have reached a point where they don't need to keep raising prices to attract dollar inflows because there aren't as many dollar requests by clients for the time being," he said, adding that once demand picks up prices will start rising again. Banks in Egypt had been raising the price to buy dollars from clients in order to attract inflows and cover requests from other clients seeking to buy dollars, but they say demand for dollars has eased over the past week. Business activity in Egypt shrank for the 15th consecutive month in December, although at a slower pace than the previous month, as inflation caused purchase costs to rise at a near-record pace and new orders to drop as the Egyptian pound weakened against the U.S. dollar, a survey showed on Wednesday. While banks are prioritising imports of essential goods, private individuals are forced to buy dollars on the black market. Three traders on the black market said they were selling dollars at a range of 19.60-19.80 per dollar. Egypt's central bank abandoned its currency peg of 8.8 pounds to the U.S. dollar on Nov. 3, hoping to unlock currency inflows and bring back foreign investors who were driven away after the 2011 uprising that ousted Hosni Mubarak. Under the currency peg, dollar supplies were rationed by the central bank, forcing businesses to go to the black market for foreign currency. Bankers say it will take time for those dollars to be absorbed back into the banking system. The currency peg drained foreign reserves, and analysts estimate the central bank is still around $10-15 billion short of the stock it needs. *(Reuters)*

Egypt's annual urban consumer price inflation jumped for a second month in December to 23.3 percent from 19.4 percent in November, the official CAPMAS statistics agency said on Tuesday. Egypt abandoned its currency peg to the U.S. dollar on Nov.3 in a dramatic move that has since seen the currency depreciate roughly by half. *(Reuters)*

Annual consumer price inflation in Egypt's cities soared to a second straight eight-year high in December, hitting 23.3 percent on the back of the government's decision to float the pound, effectively halving its value. Core inflation also jumped to 25.86 percent in the urban areas, the official CAPMAS statistics agency said on Tuesday. Urban consumer inflation hit an eight-year high of 19.4 percent in November, the month when Egypt abandoned its currency peg of 8.8 to the U.S. dollar in a dramatic move that has since seen the currency depreciate roughly by half. It accompanied the Nov. 3 move with a 300 basis point interest rate hike to fight inflationary pressures. Despite the hike, however, inflation has risen sharply and is expected to climb further this year as the government pushes on with economic reforms, including fuel subsidy cuts and the implementation of a value-added tax. Those moves were required to secure a $12 billion International Monetary Fund loan. In cities and towns, food and beverage inflation touched 28.3 percent in December. Healthcare inflation stood at 32.9 percent while transportation was 23.2 percent. "Egypt now is in the eye of the policy restructuring cycle, and the price is higher inflation and an overall fiscal deficit pending a structural change in government spending and general re-pricing of goods and services," Arqaam Capital said in a research note.

"A reversal of over 50 years of comprehensive government support will take time," it said, predicting inflation to remain high in the first half of the year, averaging 20 percent in 2016/17 before declining to 18 percent in 2017/18. President Abdel Fattah al-Sisi is under increasing pressure to revive the economy, keep prices under control and create jobs to avoid a backlash from the public. Sisi predicted last month that the Egyptian pound would strengthen in the coming months and promised to ensure basics were available and affordable. The government has expanded its social security network and some 70 million Egyptians have access to state subsidised bread. But Egypt's non-oil business activity shrank for the 15th consecutive month in December as inflation caused purchase costs to rise at a near-record pace. Economists expect the rising inflation to erode spending power, hit economic growth and prompt further hikes to interest rates, which are already up to 15.75 percent. Egypt's central bank has held interest rates steady at two monetary policy meetings since the flotation and some economists expect further rate hikes this year. The monetary policy committee is due to meet again on Feb. 16. *(Reuters)*

Egypt will raise prices for a number of medicines after months of negotiations with pharmaceutical companies hurt by dollar shortages and a weakening currency, Health Minister Ahmed Rady said on Thursday. The rises apply to 15 percent of domestically manufactured medicines and 20 percent of imported medicines, he said, adding that the increases will cover 30-50 percent of the value of the depreciation of the Egyptian pound. The pound's slump and the foreign currency crunch have made it harder for Egyptian pharmaceutical companies to import active ingredients they need to make generic medicines that millions of poor Egyptians rely on. Egypt abandoned its peg of 8.8 pounds per dollar on Nov. 3 and the pound has since halved in value. Pharmaceutical companies have been negotiating for months with the Health Ministry to raise medicine prices. While the weaker currency has made it costlier to import raw materials, prices for finished medicines are fixed by the Health Ministry. This has forced companies to stop making some cheap generic medicines to staunch growing financial losses, and shortage in the domestic market have resulted. *(Reuters)*

Ghana

Corporate News

A Mauritius-based investment fund has acquired the Movenpick Ambassador Hotel Accra from Kingdom Holding Company (KHC). The transaction, according to a press release by the new owners, Quantum Global Investments Africa Management Ltd, was closed on December 28, 2016. The transaction marks the most sizable open-market hotel transaction in Sub-Saharan Africa, notes Quantum Global. "Complementing Quantum Global's already significant African investment portfolio the value proposition of this transaction is underpinned by its status as one of the largest hotel and mixed-use properties in West Africa occupying an exceptional position in both business and touristic segments of the African hospitality market," said the release. Quantum Global's Group CEO, Jean-Claude Bastos de Morais, remarked that the acquisition of Movenpick Ambassador Hotel in Accra, one of sub-Saharan Africa's most successful hotels, is a great testament to the strength of the Group's Hotel Fund and its growing portfolio. QG Africa Hotel LP is a $500 million investment vehicle which aims to capitalise on the emerging opportunities in the hospitality sector. The fund is a long-term direct equity investor in hotel projects across sub-Saharan Africa, including greenfield and brownfield operations. The investment activities include construction, conversions, acquisition and renovation of hotel projects across sub-Saharan Africa. It is managed by Quantum Global Investments Africa Management Ltd. The hospitality industry across Africa is an indicator of the vitality and attractiveness of key locations across the continent and we look to further take advantage of those opportunities and generate value-added returns for our investors," he said.

Sitting on a 16 acres (6.5 hectares) site of landscaped gardens in Accra's Central Business District, Movenpick Ambassador Hotel Accra comprises extensive food and beverage as well as conference facilities making it the largest 5-star conference hotel in Ghana. The 5-star hotel is also complemented by retail as well as office facilities that form part of a unique environment, valued by tenants as well as hotel guests. Adrian Leuenberger, Managing Director, Group Head of Asset Management, Quantum Global, said Movenpick Ambassador Hotel Accra has demonstrated outstanding growth through the highly-rated and reliable delivery of world class hospitality facilities to its international and local customers. "We are delighted with this major acquisition and are looking forward to a very promising future." *(Ghana Web)*

Economic News

Ghana Cocoa Board (COCOBOD) says it has put in place various interventions and best agronomic practices to help double the output of the chocolate ingredient within 10 years. Noah Amenyah, Senior Public Affairs Manager of the Ghana Cocoa Board, said the country's cocoa industry, touted as the nation's economic back-bone will receive a further boost in its average annual cocoa output to over 1 million tons from the current 800,000 tons, in an interview in the capital, Accra. The country lost its position as world's largest producer of the chocolate ingredient to Ivory Coast, its West African neighbour due to factors including diseased tree stock has distributed over 120 million free high yielding hybrid seedlings to farmers in the last two years to re-cultivate old farms and replace aged trees. "The execution of the interventions started with the cocoa farm rehabilitation programme which sought to eradicate diseased cocoa farms as well as old unproductive farms. Such cocoa trees are being cut and replaced with early bearing, high yielding and disease tolerant hybrid seedlings," Amenyah said. In the current 2016/17 crop year, COCOBOD is again nursing 60 million hybrid seedlings in over 332 nursery sites across all the cocoa regions for free distribution to cocoa farmers. We expect to add an estimated 50,000 hectares of cocoa farms this year. Thus 500,000 hectares would have been established within the ten-year period"' Amenyah stated.

It is worth noting however, that the COCOBOD's impressive efforts aimed at increasing production and creating sustainable jobs for farmers and the youth are being undermined by the activities of some business concerns and individuals both local and foreign. These groups sometimes work through Non-Governmental Organizations (NGOs) who undertake similar ventures of raising cocoa seedlings in some cocoa growing areas for distribution to farmers at a cost, this underscores the profit-making motive of such organisations and the individuals involved," Amenyah added. "It is a great source of worry," Amenyah said. "Farmers need not incur the cost of seedlings, we have the Cocoa Health and Extension (CHED) and Seed Production Division which produces free seedlings," he said. This is the reason for which COCOBOD encourages farmers to source their early bearing and high yielding seedlings from respective Cocoa Health and Extension (CHED) and Seed Production Division nurseries sites," he said "We don't only supply free seedlings to farmers but also have a holistic program which provides free fertilizers to improve soil fertility and free mass spraying exercise against pests". The Mass Spraying Programme has also seen massive improvement in its structure and form over the past years, he stated. Of great concern is ageing cocoa farmers, poor road net work in cocoa-growing areas and access to education. COCOBOD has therefore introduced the Youth-in-Cocoa Initiative, Cocoa Roads Rehabilitation programme, COCOBOD Child Education Support Programme and also improved upon the cocoa farmers' wards' Scholarship Scheme as a way of addressing these issues while at the same time, promoting cocoa sustainability issues. Ghana Cocoa Board's modules and programmes have been carefully developed to reduce cost to farmers and improve livelihood of farmers," Amenyah said. *(Ghana Web)*

Government's Issuance calendar for the first quarter of this year (January to March) has revealed that it intends to borrow an amount of GHC17,400.00 million to rollover forecast maturities of GH¢15,504.43 million. The Ministry of Finance's monthly fiscal forecast and provisional medium-term debt management strategy (MTDS) for 2017, which disclosed this, said the new administration will have no option than to manage the remaining GH¢1,895.57 million for its operations spanning January to March. Per the calendar, the issuance frequency for the 91-day and 182-day instruments would be weekly, while the 1-Year Note would be issued bi-weekly through the primary auction, with settlement occurring on first and third Mondays of each month. In the case of the 2-Year Note, it would be issued monthly through the primary auction, with settlement occurring on second Mondays of each month while the 3- and 5-year bonds would be done per the calendar through the book-building method, with settlement on the last Mondays of each month. The previous National Democratic Congress (NDC), led by former President John Mahama, increased the country's debt from GH¢9.5 billion to over GH¢120 billion in eight years. Pundits have blamed the Central Bank and the Finance Ministry for not disclosing the actual national total debt figures after each government borrowing event but massaged the figures to satisfy their political superiors. Given the aforementioned, the country was spending over GH¢10 billion every month to service the national debt, which was more than the amount of money that was set aside for government's recurrent expenditure. Monies released to most Ministries, Departments and Agencies (MDAs) were far below those budgeted for because of the development. For December 2016, Government borrowed GH¢6,970.06 million (i.e. close to GH¢7 billion) and GH¢2,080.04 million (i.e. over GH¢2 billion) for the first week of January. *(Ghana Web)*

The International Monetary Fund (IMF) plans to visit Ghana to hear the new government's plans for implementing the country's $918 million aid deal, the Fund said on Thursday. President Nana Akufo-Addo was sworn in on Saturday pledging to cut taxes, spend on development and boost annual growth to double digits as he seeks to return Ghana to its place as one of Africa's most dynamic economies. He also inherits a country following the Fund programme that aims to reduce inflation, public debt and the budget deficit and put Ghana, which produces gold, oil and cocoa, on a stable footing to facilitate long term growth. Economists say it may be difficult for the government to maintain its commitment to fiscal discipline and at the same time satisfy popular expectations for spending and rapid change. "An IMF staff team will be ready to visit Accra in the coming weeks to discuss recent economic developments and hear from the authorities about their plans for engaging with the Fund going forward," said a spokesperson based in Washington. The Fund contacted the government the programme and will renew contacts once the new finance minister's appointment is confirmed by parliament, the spokesperson said. The vetting of ministers is expected to start next week. Akufo-Addo on Tuesday named Ken Ofori-Atta, co-founder of investment bank Databank Group as finance minister. Some economists say the New Patriotic Party government may seek to renegotiate elements of the three-year programme in a bid to free-up money for development. The government is yet to spell out how it plans to approach the IMF deal. The objectives of the programme, signed in April 2015, are fixed but reviews held every few months can include renegotiation as new interim targets are set on the basis of prior financial performance. *(Reuters)*

Kenya

Corporate News

Kenya Power said on Monday a technical fault at one of its substations in the north of the capital has caused an electricity outage that was affecting Nairobi, Mount Kenya and Coast regions. Kenya Power said its technicians were working to restore the supply as soon as possible. "A technical fault occurred at a Kenya Power substation in Ndenderu (Nairobi North Substation) this morning cutting off supplies from Olkaria geothermal fields to the City and causing a power outage ..." it said in a statement. Industrial consumers in Nairobi and the neighbouring town of Thika, both affected by the outage, generate 60 percent of Kenya Power's revenues. Many firms in Kenya run stand-by generators to address frequent power interruptions, adding to their costs. Businesses say unreliable power supplies are a major obstacle to investment.

Listed carrier Kenya Airways has announced that it will beginning today retrench 38 employees in the second phase of a redundancy plan initiated last July as part of its back-to-profitability strategy. The national airline in July last year retrenched 80 employees in a downsizing move which management said would reduce the company's payroll by about Sh2 billion annually. KQ, as the airline is known by its international code, now says further retrenchments have been necessitated by its continuous search for "productivity and efficiency gains as well as upskilling within the business." "After a lot of consultation the next phase of the (restructuring) process is now ready to be rolled out," said Mbuvi Ngunze, the airline's chief executive in a statement. In the first phase, KQ did not offer its staff the option of applying for voluntary early retirement (VER) in an effort to put a lid on the exercise's cost and block potential exits by key employees. KQ's workforce stood at 3,870 as at March last year and their cost has grown by 40.1 per cent in the past six years to Sh15.7 billion compared to Sh11.2 billion in 2011. *(Business Daily)*

Uchumi Supermarkets has accused self-help group Njathaini Electricity Project of tricking the High Court into barring the retail chain from a disputed 20-acre piece of prime land by posing as squatters. The retail chain says in fresh court filings that Njathaini Electricity Project lied to Justice George Odunga that they have been squatters on land in Roysambu for more than 30 years, a move that saw the judge issue an order restraining Uchumi from the property. Mr Justice Odunga in December ordered the OCS of Kasarani police station to ensure that Uchumi observed his order. But Uchumi through its land holding subsidiary Kasarani Mall Limited now says another two orders order had been issued in 2011 by the High Court barring Njathaini Electricity Project's members from the land. The retailer adds that police have now threatened to leave the land unattended, as they are conflicted as to which court order should be enforced. Njathaini Electricity Project is yet to respond to the application that was filed in court on Monday. The self-help group is, however, seeking to have the OCS Kasarani police station jailed for contempt of court, arguing that officers have continued to demolish squatters' structures on the land despite being furnished with Mr Justice Odunga's court order. "The two orders in High Court case ELC civil suit number 495 of 2011 and the orders in these proceedings are both alive and cannot be concurrently enforced unless so directed by this court that the status quo be maintained." "At the date of filing the application (against Kasarani Mall Limited) there were no squatters on the suit property contrary to the allegations by Njathaini Electricity Project. There are still no informal settlements or squatters. "Kasarani has both legal and physical possession with active and actual control of the suit property," says Kasarani Mall's legal officer Caroline Mungania.

Njathaini Electricity Project claims in its suit that its members have occupied the disputed land since the 1970s undisturbed hence they should be declared its legal owners. Under Kenyan laws, an individual who enjoys possession of a piece of land for more than 12 years without any protest from any other person becomes the legal owner. The self-help group now says that despite Kasarani Mall Limited being the legally registered owners of the 20-acre piece of land, its members have never been questioned on their presence on the property for over 30 years hence the squatters are legal owners. Uchumi through Kasarani Mall Limited has now urged Mr Justice Odunga to dismiss the suit Njathaini Electricity Project filed in December last year. "The contemnors (OCPD, OCS and Directorate of Criminal Investigation, Kasarani) have ignored, disrespected and declined to obey the said orders made on December 23, 2016 and have in fact proceeded to demolish some of Njathaini Electricity Project's houses in contravention of the court order," the self-help group's secretary Francis Kiarie says in court papers. The battle between Uchumi and the squatters is among issues raised by auditors KPMG in a probe on Uchumi's books. Ex-Uchumi auditors Ernst & Young escalated the asset's worth from Sh450 million in 2010 to Sh2.2 billion in 2014 without consideration of crucial factors such as the ownership row, something the retail chain's new external auditors KPMG raised in an inquiry last year. *(Nation)*

Economic News

Kenya's shilling was stable on Monday but traders said they expected it to weaken in the days ahead due to importer dollar demand and low inflows of the U.S. currency. At 0648 GMT, commercial banks quoted the shilling at 103.65/85 to the dollar, the same as Friday's close. *(Reuters)*

Kenya's central bank warned bankers and traders against making comments or forecasts about the shilling that it deems too negative amid the currency's worst run of losses since 2006, according to people familiar with the matter. Executives from some of the country's biggest lenders were summoned to meetings with policy makers last week, the people said, asking not to be identified because they aren't authorized to speak about the issue. Others were telephoned individually and warned against making comments the regulator says are fueling the shilling's decline, they said. Grace Okara, the central bank's communications director, acknowledged by phone that she'd received an e-mailed request from Bloomberg for comment, without responding to the questions. Central bank officials blame speculators for the slide in the currency of East Africa's largest economy, and told bankers to let the shilling be guided by market fundamentals, the people said. The central bank's stance is that the more people comment on the currency's movements, the steeper its decline, they said. Kenya's shilling has weakened every trading day since Dec. 23, according to data compiled by Bloomberg.

The currency depreciated as the dollar strengthened after the U.S. Federal Reserve raised interest rates and as investors wary of previous post-election violence in Kenya grow increasingly cautious ahead of a presidential vote in August. The warning by the central bank echoes its criticism of lenders in 2011, when the currency fell to a record. That year, former Governor Njuguna Ndung'u accused banks of using funds from its overnight discount window to place speculative bets on the shilling. The shilling closed 0.1 percent weaker at 103.90 in Nairobi on Monday. It may depreciate to 110 per dollar by the end of the year, as the central bank has limited capacity to support the currency because of falling reserves, Cytonn Investments Ltd. investment manager Martin Oduor told reporters in the capital, Nairobi, on Monday. Traders have also cited increased demand for dollars by fuel importers as oil prices rise. Kenya's foreign-exchange reserves declined to $7.1 billion by Jan. 5 from $7.8 billion in October after the central bank intervened to support the shilling in the fourth quarter of last year, Cytonn said in a research note. "The central bank does not have the power or the capacity to support the shilling," Oduor said Monday. *(Bloomberg)*

The Kenyan shilling was seen weakening on Friday due dollar demand from companies buying the U.S. currency in anticipation that it will lose further ground, traders said. At 0800 GMT, commercial banks quoted the shilling at 103.90/104.00 to the dollar, the same as Thursday's close. *(Reuters)*

Malawi

Corporate News

No Corporate News this week

Economic News

No Economic News this week

Mauritius

Corporate News

No Corporate News this week

Economic News

Mauritius' inflation rate rose to 2.3 percent year-on-year in December from 2.2 percent in November, the statistics office said on Monday. *(Reuters)*

Visitor numbers to Mauritius rose 11 percent in 2016 compared with the previous year, driven by more arrivals from Europe, official data showed on Tuesday. The central bank said in November it expected tourism earnings in 2016 to be around 56.6 billion rupees ($1.58 billion). Statistics Mauritius said arrivals rose to 1.28 million from 1.15 million in 2015. Numbers from Europe, which accounts for two third of visitors, climbed 16 percent to 734,506. Tourism is an important component of the Mauritian economy and a key source of hard currency for the Indian Ocean island state, best known for its luxury spas and beaches. The statistics office said in November it expects tourist arrivals to increase 4.3 percent this year to 1.3 million while the Bank of Mauritius forecast earnings of 59 billion rupees for the same period. *(Reuters)*

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Nigeria

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Nigeria's sovereign wealth fund is setting up a company in partnership with London-based local currency guarantee firm GuarantCo to enable pension funds to invest in Nigerian infrastructure bonds, its chief executive said on Thursday. The new business will be launched in a few weeks' time and aims to overcome some of the challenges facing the financing of infrastructure projects in Africa's most populous nation. "The company will provide enhancements for infrastructure bonds, and we believe this will make an effective platform for Nigerian pension funds to invest in them," said Uche Orji, chief executive of the Nigeria Sovereign Investment Authority (NSIA), which has some $1.25 billion under management. GuarantCo facilitates infrastructure development in low income countries by providing credit guarantees denominated in local currency to financial institutions and bond investors. It is funded by Britain, Switzerland, Sweden, the Netherlands and Australia, and specialises in frontier market infrastructure. Poor infrastructure and access to capital is a major bottleneck to growth in Nigeria, and the government has identified infrastructure investment as a major priority. Unlocking fresh sources of capital will help, with Nigeria's pension fund assets at $26.4 billion at December 2015, according to data from Nigeria's National Pension Commission. Orji said that currently, when municipalities want to issue bonds to fund infrastructure projects, most pension funds won't buy them because the credit rating of the issuer isn't strong enough.

The new venture will provide a form of monoline insurance, giving a guarantee and allowing pension funds and insurance companies to invest. "The NSIA cannot give guarantees by itself, so we have created a company that can do this," he explained. The tie-up is the latest in a series of partnerships for the NSIA. In August it announced agreements with Old Mutual Investment Group and UFF Agri-Fund to establish two funds to invest in real estate and agriculture respectively. Orji said these could make their first investments in the first quarter of 2017. The Agri-Fund aims to improve Nigeria's food security and is seeking investments in farms, storage and irrigation infrastructure for everything from arable crops to dairy farming and fish farming. "That is more advanced in terms of being able to make an investment, and the first quarter is likely to be very busy," Orji said. The real estate fund is targeting commercial property such as offices, hospitality, logistics and industrial parks. The NSIA also signed a strategic partnership agreement with its Moroccan peer, Ithmar Capital, to co-operate on bilateral investments. These include a Trans-African gas pipeline which it is envisaged will support the creation of industrial hubs. Orji said this was an ambitious project but it would be cheaper and more effective than trying to build LNG facilities across Africa to export Nigeria's gas. With a recovery in the oil price in late 2016, and a better macro environment, Orji expects further injections into the NSIA in 2017 following 2016's $250 million additional funding. "There's been a strong commitment shown by the administration in continuing to support the fund, and even in 2016, as difficult as it was with the oil price, there was still an injection," he said. *(Reuters)*

The Nigerian naira's recovery in the forwards market may be deceptive. The currency is destined to weaken, however long policy makers hold out. Six-month contracts declined to their lowest level since September last week as crude oil, Nigeria's top export, advanced about 20 percent after OPEC agreed a production cut in November. A drop in forwards would typically be a sign of growing confidence in a nation's economy and currency, but not this time. Even as oil prices advance, Standard Chartered Plc and London-based Duet Asset Management say the nation needs to devalue the naira and loosen capital controls. With dollars becoming scarcer and the economy on the brink of its first full-year recession since 1991, Nigerian businesses are being forced into the black market. There, each dollar costs 493 naira, almost 60 percent more than the official rate. "Oil's rise isn't enough to eliminate the need for a change," Ayodele Salami, who oversees around $450 million of African stocks as chief investment officer at Duet, said by telephone. Nigeria won't attract inflows until it weakens its currency, he said. While the naira has plummeted almost 40 percent since central bank Governor Godwin Emefiele in June ended a 15-month peg to the dollar, traders say it's still being managed by the government. President Muhammadu Buhari, who has likened devaluation to "murder" in the past, said in a speech on Dec. 30 that he was still against floating the currency, Lagos-based Cable Newspaper reported. "Eventually, they'll have to revert to a more flexible currency regime," said Samir Gadio, the London-based head of Africa strategy at Standard Chartered, which forecasts the official exchange rate will be steady for at least the first half of this year. "But for the time being, there's no indication from policy makers that this will happen." Forward contracts maturing in one month rose 0.1 percent to 318.75 per dollar as of 1:54 p.m. in London, narrowing the their spread over the official spot rate of 314.25 to 4.5 naira from 34 naira in October. Six-month contracts traded at 363.5, suggesting the naira will depreciate 14 percent in that time. *(Bloomberg)*

The Central Bank of Nigeria (CBN)'s officials will meet bureau de change(BDC) operators today to try to find ways to eliminate the gap between the official and black market dollar rates, the association president told Reuters. The naira lost a third of its official value against the dollar in 2016 after the bank scrapped a peg in a bid to alleviate dollar shortages. On the black market, the naira is worth about 40 percent less than the official rate. It closed at N490 to the dollar on Monday. Finance Minister Kemi Adeosun said last month that the central bank would try to narrow the gap, which the government said was hurting an already shaky economy, but gave no details. The president of the Association of Bureau de Change of Nigeria (ABCON), Aminu Gwadabe, said the body would meet central bank officials Tuesday. "We would like to find ways to resolve the issue of multiplicity of exchange rates and ensure stability in the market," he said, adding that the aim was to boost liquidity and attract foreign investors. The central bank often consults industry bodies including banking and currency associations before finalising policy. In the past, retail operators accounted for less than five per cent of total foreign currency trading in Nigeria. But with liquidity low on the official market, and the central bank the main supplier of dollars, the bureaux de change have done more business. Low prices have dried up the oil income that makes up 70 per cent of government revenues and pushed Africa's largest economy into recession. The naira has traded at around N305 to the dollar on the official interbank market since August. *(This Day)*

The Federal Government is proposing to spend a total of N377.4m to boost the export of some agricultural produce to other countries. The amount, which is part of the budgetary provision to the Nigeria Export Promotion Council for the 2017 fiscal period, according to sources in the commission, however, may not be able to support the diversification of the economy. Details of the N377.4m is contained in the 2017 budget proposal presented to a joint session of the National Assembly by President Muhammadu Buhari on December 14, 2016. An analysis of the proposed spending by our correspondent revealed that the sum of N217.76m was budgeted for the activation and administration of the Export Development Fund for Micro, Small and Medium-scale Enterprises. Similarly, the government is also planning to enhance the technological skill of smallholder producers of agricultural produce and creating small-scale produce preservation as a business with a total sum of N61.87m, while the sum of N28.98m is allocated for market development, research and survey in some African countries. The government has also estimated to spend N8.18m on the Rice Export Development Project; N5.25m on the Cocoa Export Development Project; N14.15m for the development of apiculture (honey) for export; and N14.1m for the development of smoked fish for export.

The Executive Director/Chief Executive Officer, NEPC, Mr. Segun Awolowo, had said if the country could effectively key into the plan of the commission in taking advantage of the opportunities in the agricultural sector, there would not be any need to depend on oil revenue for survival. He stated that through the NEPC's zero oil plan, the commission had identified 22 priority countries as markets for Nigerian products, while 11 strategic products with high financial value had also been identified to replace crude oil. The products, according to him, are palm oil, cashew, cocoa, soya beans, rubber, rice, petrochemicals, leather, ginger, cotton, and shea butter. Awolowo said, "Nigeria is in need of an export revolution because we can no longer continue to rely on oil for our survival. We have an annual import bill of $50bn, which is financed from the proceeds from the foreign exchange generated from oil. *(Punch)*

Nigeria will from this year begin to track the volume of its crude oil production from fields of production and loading bays, to sales destinations in a renewed effort to cut down on prevalent oil theft and loss of revenue, the Minister of State for Petroleum Resources, Dr. Ibe Kachikwu, has said. Speaking in a podcast he released tuesday in Abuja where he made projections of his work this year, Kachikwu also said he would initiate processes to gradually move the country away from holding annual crude oil lifting contracts to looking for partners that it could sign long-term lifting agreements with. The minister explained that the country has lost huge revenues from oil production slippages and thefts, and would in this regard finally move to stop these practices. "We will begin for the first time to track oil production from production to destination, there are too many slippages and leakages and stories about produced oil in Nigeria. This year, we are going to commit to try tracking our oil so that from the moment one molecule is produced to the time it is sold and where it is sold, we will be able to track that and if we do that, we envisage billions of dollars in savings for the federal government," said Kachikwu. He stated that his preference for a long-term crude oil lifting contract against the current short-term regime was based on the need to create some level of contract certainty in marketing Nigeria's crude oil grades. According to him, "We are going to firm up long-term markets, we must stop the year-to-year crude terms contracts and gas sales. We have to go to the long-term markets that is what everybody in the world is doing. "Nobody is letting their oil to circulate and be priced inappropriately in the international market. You have got to find who your term partners are, what do they want, how do you sign five, six, seven, 10 years contract and gravitate away from the year-to-year contract that you see in this industry."

The minister equally stated that the government would within this year conduct oil license renewals and allocations early enough to raise money to fund the 2017 budget. He said: "In 2017, we are going to be running with rocket speed, we have so much to do. We are going to firm up our policies, be able to gazette all our oil and gas policies and then pass the PIB (Petroleum Industry Bill). We are going to accelerate Federal Government's revenues and look into areas where we could have made more monies. "We will raise money to finance the budget through improvements in royalties' collections, through early renewals of leases and every other areas. We are going to be conducting oil blocks allocation and marginal fields awards to try and raise money for the government and get investments in some of those sectors." He said he would collaborate with the International Oil Companies (IOCs) and demand they bring in investments into the country, adding that his first investors' relations tour would start with a visit to Agip in Italy and then to others, including indigenous oil firms. On gas, he said: "Gas revolution is key for us, first we will like to track gas flares and commercialise it so that no more flare will happen in this country. We have set our 2020 date for ourselves and want to make money from the flare. "We want to look at our gas infrastructure facilities that are suffering, some of them are constructions going on for over 10 years, we need to move on and find out how to complete these investments." He noted on his expectations from the Nigerian National Petroleum Corporation (NNPC) that demands would be made on its semi-independent refineries, gas, downstream and upstream units to begin to be self-accounting in a way they can take responsibilities for their profits and losses. *(This Day)*

The country's external reserves rose to $26.55bn on January 9, from $26.2bn on January 6, the latest data from the Central Bank of Nigeria showed on Tuesday. The foreign exchange reserves had hit $26bn on January 3, 2017, up from $25.8bn on December 30, 2017, the CBN statistics revealed. The reserves ended last year with $25.84bn balance on December 30, 2016. The foreign exchange reserves have been rising in recent weeks following the gradual increase in oil price and production output. Within the space of about six and half weeks, the reserves have appreciated by $2bn. It went up from $24.5bn on November 24, 2016 to $26.5bn on January 9, 2017. The foreign exchange reserves had risen to over four-month high of $25.7bn on December 28, up from $25.4bn on December 23. In less than one week, the reserves rose by almost $300m from $25.084bn on December 16, 2016 to $25.361 on December 22. However, currency and economic experts are not sure if the tiny upticks in the external reserves' level are sustainable amid a falling naira and acute shortage of dollar in the foreign exchange markets and the economy. Despite the staggering crash in the value of the naira against the United States dollar and other major foreign currencies last year, the CBN spent $4bn from the nation's external reserves to defend the local currency in 12 months. On December 22, 2015, the reserves stood $29.341bn. On December 22, 2016, the foreign exchange reserves stood at $25.361bn. This means that the external reserves were depleted by $4bn in 12 months.

The drop is estimated at 14 per cent. On December 31, 2015, the last day of the year, the external reserves stood at $29.069bn, compared to $25.84bn recorded on December 30, 2016. The controversial defence of the naira by the CBN has come under severe criticism by economists, who believe that the forces of demand and supply should be allowed to determine the exchange rate of the naira, at least to a considerable level. A currency analyst at Ecobank Nigeria, Mr. Kunle Ezun, said a fall in oil prices would add pressure on external reserves and fuel more pressure on the naira. However, an analyst at EY, Mr. Bisi Sanda, said there were indications that oil price and output would rise further this year. The country's reserves had recorded $23.89bn low on October 19. The reserves dropped by 15.9 per cent between 2015 and 2016. *(Punch)*

Nigeria's stock exchange NSE is working "very closely" with South African cell operator MTN on a listing of its shares this year, the head of the bourse said on Thursday. "The pressure on MTN has never been higher to list," NSE Chief Executive Oscar Onyema told a business conference. "There's a project team working with them." He also said local airline Med-View would list its shares on January 30. *(Reuters)*

Nigeria's state oil company has proposed legal amendments aimed at enabling the government to increase royalties and other revenues from deepwater oil production. OPEC member Nigeria has been hit hard by a slump in crude oil prices in the last two years, which helped to push the country into recession. And militant attacks in the southern Niger Delta throughout 2016 have hampered production. The proposed amendments relate to the Deep Offshore and Inland Basin Production Sharing Contract (PSC) Act. The Nigerian National Petroleum Corporation (NNPC) said the calculation of what was due to the government should be "based on production and price to guarantee fairness and balance between PSC contractors and government". In a presentation to the lower house of parliament, NNPC's chief operating officer for upstream operations, Bello Rabiu, said the current graduated royalty scale should be removed. "It is our opinion that the proposal to increase the royalty rate for terrains beyond 1000 metres, from zero percent to 3 percent, is commendable but it is necessary to also make corresponding adjustments in other categories," he said. NNPC also said the petroleum minister should have powers to intermittently set royalties payable for acreages located in deep offshore and inland basin production-sharing contracts. The company also said some incentives should be removed, including the investment tax credit, investment tax allowance and capital allowances to PSC contractors. *(Reuters)*

Tanzania

Corporate News

No Corporate News This Week

Economic News

THE first long term debt instrument to be auctioned this year was received on a low note, ending up undersubscribed. The Bank of Tanzania (BoT) auctioned seven-year treasury bonds with a quest to raise 138.46bn/- but 57.53bn/- mobilised, which is equivalent to 41.54 per cent of the amount sought. At the end, a total of 53.11bn/- was retained as successful amount. Normally, proceeds from the bonds instrument are used to finance long term infrastructure projects and settle some maturing debts. The auction results explain the situation that still affect the money and equity markets where most investors reduced their investment to fulfill social and quarterly tax obligations during year end. Some of the key local investors in the long term government paper are commercial banks, insurance companies, pension funds and some microfinance institutions. Similarly, the fourth and last sevenyear bond to be auctioned held in October last year was greeted by low appetite from investors due to tight liquidity in the market. Investors are set to enjoy at maturity an interest or weighted average yield to maturity of 18.43 per cent compared to 17.92 per cent offered in the seven years bond auctioned in October last year. Also investors will enjoy the weighted average coupon yield 14.85 per cent compared to 14.53 per cent offered in the preceding 7-year bond auctioned three months ago. The minimum successful price/100 declined to 66.22 compared to 67.41 of the preceding seven years debt instrument. Similarly, the weighted average price for successful bids increased slightly to 67.86 compared to 69.37 of the other session.
Also the highest bid/100 for the long term government paper jumped to 73.10 compared to 76.45 of the session that expired in October last year. The lowest bid/100 was 62.13 compared to 64.63 of the previous session. A total of 53 bids were received but only 45 emerged successful. *(Daily News)*

MID last year the National Assembly passed the Finance Bill, 2016 compelling registered electronic communication companies to float their stakes on the Dar es Salaam Stock Exchange (DSE) within a period of six months. The mandatory requirement to have the firms list on the DSE is not a new aspect, it is also contained in the Electronic and Postal Communication Act (EPOCA) of 2010 which required the firms to offer shares to the public and subsequently list with the stock exchange within three years from the commencement of the Act, something that the firms didn't comply. Before the enactment of the Finance Act of 2016, the telecommunication firms tried to wiggle out of the EPOCA requirement. Government tried to consult with the mobile phone firms who protested the requirement saying the stock market performance could impact negatively on the share price. None of the telecoms operating in Tanzania listed at the DSE then. The Finance Act of 2016 which makes the requirement compulsory, gave until December 31st of 2016 for the firms to have prepared their prospectuses for listing at the DSE. So far only three firms have completed this process; Vodacom Tanzania, a unit of South Africa's Vodacom; Bharti Airtel; and Tigo Tanzania, part of Sweden's Millicom. Those who failed to comply to the requirements of the law will be penalized by the Tanzania Communications Regulatory Authority (TCRA). TCRA Director General Engineer James Kilaba said among penalties that will be taken against the telecommunication companies that have not complied with requirements stipulated in the law include suspension or cancellation of their licences. In his comment in parliament at the time of passing the Finance Act of 2016 last year, Finance and Planning Minister, Dr Phillip Mpango said the move will enable Tanzanians to own shares in listed telecommunication companies.

Dr Mpango said it will also help the government trace the exact revenue generated by these companies. The country's mobile telecoms sector has indeed recorded rapid growth over the past decade with mobile subscription rising by 89 percent from 21 million in 2010 to almost 40 million last year necessitating the need to trace revenue generated . The huge penetrations makes Tanzania's telecoms market the second largest in East Africa behind Kenya. Mobile phone operators in the country include market leader Vodacom Tanzania, Airtel ; Tigo Tanzania Zantel, Hallotel, Tanzania Telecommunications Company Ltd (TTCL), Benson Informatics, Mycell, Smart and Smile Communications.

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

Despite the opposition any company that has ambitious development plans will at some time or another consider seeking listing on a stock exchange. Safaricom the largest mobile operator in Kenya has been performing well at the Nairobi Security Exchange enjoying that advantages that come with listing. Apparently there are advantages according to experts for the firms listing at a stock exchange which includes raising more money for expanding and grow the business as well as spreading the risk of ownership among a large group of shareholders. Making shares publicly traded provides an exit mechanism for founders and shareholders of the company whose stakes become more liquid and can be cashed-in quickly. An Initial Public Offering (IPO) and an exchange listing can enhance the reputation of the company and provide additional publicity through increased and continuous media attention. However as much as it is very rewarding, an IPO is also quite an expensive and rigorous commitment. Apart from underwriter fees, the issuer company will need to ensure that it complies with best corporate governance practices and remains at all times transparent to the public, its existing and potential shareholders. This, apart from the annual audit, implies maintaining an up-to-date website, setting up communication channels including media, establishing an Investor Relations function. An Investor relations (IR) refers to the function within a public company that is responsible for managing and communicating information to the public pertaining to the company's operations, managerial organization, and financial standing, according to the google search. *(Daily News)*

THE Dar es Salaam Stock Exchange (DSE) has bounced back after posting 59 per cent turnover to 13.2bn/- last week compared to 8.3bn/- registered in the previous market. The positive performance is a sign of the market recovery after the year end festivals that saw most investors reducing their participation in the business. According to the DSE weekly report, the volume of share moved during the week under review increased to 2.8 million from 1.3 million with the Tanzania Breweries Limited (TBL) and CRDB commanding about 98.8 per cent of the business. However, market capitalisation registered decline to 18.6tri/- from 19tri/- while domestic market capitalisation remained unchanged at 7tri/-. The DSE All Share index declined by 53 points due to price fall of various companies trading at the bourse. The Tanzania Share Index (TSI) declined by 127 points due to fall of share prices for TBL and CRDB by 5 and 14 per cents respectively. The industrial sector index fell by 156.95 points largely due to the decline of TBL share prices by 5 per cent. The Banking sector index also declined by 117.55 points due to fall of CRDB share prices by 14 per cent. The service sector index has remained constant as in the previous week at an average of 3,157.95. Bonds trading at the market rose by 160 per cent to 131.8m/- from 50m/- in the preceding week. Two government bonds worth 130m/- and one for Exim bank valued 1.8m/- were traded during the week.*(Daily News)*

Tanzania's inflation rose to 5.0 percent in the year to December, up from 4.8 percent the previous month, the National Bureau of Statistics reported on Monday. *(Reuters)*

The International Monetary Fund has warned Tanzania that the country's economic policies threaten its forecast for growth in fiscal year 2016/17 (July-June) of around 7 percent. President John Magufuli promised when he was elected last year to reform an economy hobbled by red tape and corruption and begin a programme to develop public infrastructure. But the IMF said progress has been slow and lack of public spending is curtailing liquidity. "There are risks that could adversely affect economic growth going forward, arising from the currently tight stance of macroeconomic policies, the slow pace of credit growth that may become protracted, slow implementation of public investment, and private sector uncertainty about the government's new economic strategies," the IMF said late on Monday in its latest review. Tanzania projects growth of 7.2 percent for 2016, up from 7.0 percent in 2015, led by mining, telecoms, construction and financial services. "Monetary policy should be eased to address the tight liquidity situation and support credit to the private sector," said the IMF. Tanzania's economy grew 6.2 percent in the third quarter of 2016, compared with 6.3 percent in the same quarter of 2015. *(Reuters)*

Zambia

Corporate News

No Corporate News This Week

Economic News

LAST Thursday's treasury bill auction, which attracted favourable participation, is expected to boost the performance of the Kwacha against the United States dollar in the near term, financial market analysts say. United Bank of Africa (UBA) says the kwacha is expected to trade on an upward trend, in the range of K9.85 and K10.05 on bid and offer boosted by dollar inflows during the treasury bill auction. "We expect the Kwacha to trade defensive following the T bill auction yesterday as it attracted some favourable participation," the bank says in its daily newsletter issued on Friday. The government treasury bills auction received bids amounting to about K891 million against the offered K900 million with a total of K769 million being allocated. However, Zanaco Bank says the local unit may depreciate in the absence of healthy dollar inflows. On Thursday the Kwacha weakened against the dollar from an opening level of K9.90 and K9.95, unchanged from the previous day's close due to strong interbank and corporate demand for the dollar, which was in low supply. "The Kwacha is susceptible to further losses in the short term with an expected trading range of K9.90 and K10.00," Zanaco Bank says. In the local money market, liquidity increased to K2,822 million from the previous day's K2,784 million while the volume of traded funds marginally increased to K73.80 million from K65.80 million. The weighted average overnight rate slightly went up, closing at 16.10 percent from 16.05 percent. In the commodities market, a weaker dollar pushed copper prices higher on Friday following losses overnight, but traders said gains would be limited by profit taking. Reuters reports that three-month copper on the London Metal Exchange was 0.14 percentage point higher at US$5,588 a tonne. The price of copper slipped 1.2 percent on Thursday after investors cut bets on higher prices. *(Daily Mail)*

ABOUT US$380 million is required in the phase one revamping exercise of Tanzania-Zambia Railway Authority (TAZARA), Minister of Transport and Communication Brian Mushimba has disclosed. Mr Mushimba said in an interview yesterday that the railway company, co-owned by Zambia and Tanzania, requires railway tracks, wagons, locomotives and other infrastructure estimated to cost US$380 million for the firm to operate effectively. He said a total of US$900 million may be required to fully revamp the railway company. "TAZARA has not been performing effectively and the two governments [Zambia and Tanzania] are looking to revamp the railway," he said. Recently, China expressed interest in taking over TAZARA through a 30-year concession arrangement although the governments of Zambia and Tanzania are not keen about the arrangement but prefer a three to five years management contract arrangement. "Chinese firms who have interest in mining want to run the railway to move mining products and equipment through the railway but we can only allow that through a management contract arrangement with specific terms and conditions unlike the 30-year concession contract," he said. China's Foreign Affairs Minister Wang Yi, who was in the country this week, pledged to give TAZARA a new lease of life through a robust revitalisation process. *(Daily Mail)*

ZAMBIA'S auto industry is this year anticipated to experience modest growth of 1.5 percent due to the country's improving economic picture, a latest macro-economic report predicts. The Business Monitoring International (BMI), a research firm that provides macro-economic, industry and financial market analysis, says it expects vehicle sales in the country to experience a modest recovery this year, with a forecast growth of 1.5 percent. "This is due to Zambia's improving economic picture, supported by subsiding inflationary pressures, on the back of increased currency stability, and a recovery in mining activity, which is expected to help drive a modest recovery in vehicle sales in the country this year," BMI has noted. It says Zambia's improving economic growth will lead to an increase in consumer confidence in the economy and this will support a gradual rise in spending on both new and used vehicles. BMI also says easing inflationary pressures will help bolster consumer purchasing power and that an improvement in the mining sector activity will help drive demand for commercial vehicles. *(Daily Mail)*

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Zimbabwe

Corporate News

Zimbabwe's biggest banking group CBZ Holdings has suspended the use of Visa cards for local transactions due to high costs and cash shortages, its chief executive officer said on Monday. The Reserve Bank of Zimbabwe last November introduced a "bond note" currency to ease chronic cash shortages, but long queues have remained at banks, which have continued to impose stringent limits on cash withdrawals. Nyevero Nyemudzo said CBZ clients should from Jan. 15 use local cards only valid in Zimbabwe and reserve Visa cards for online purchases and when travelling abroad. "We have told our clients it is cheaper for them because the charges by Visa are very high and that is compelling enough for out clients to restrict the use of the Visa card," Nyevero said. Zimbabwean businesses, including mines, are struggling to make payments for foreign imports due to the cash shortages. The central bank says it has to date released $79 million in bond notes, which it has hailed as a success. *(Reuters)*

THE collapse of steel production in Zimbabwe is negatively impacting on business, with companies such as Treger Products, who use large quantities of the commodity, facing a difficult future. Zimbabwe's steel production is currently in the doldrums following the collapse of Ziscosteel in 2008 due to choking financial constraints. Before its collapse, Zisco was the largest integrated steel works company in Africa, with a capacity to produce one million tonnes of the commodity annually. Efforts to revive Zisco suffered a stillbirth, with mining giant Essar Africa Holdings, which had promised to inject $650 million, pulling out due to political bickering. Diversified Bulawayo group, Treger Products, one of the largest consumers of steel in the country, says the future looks challenging, as they spend thousands of dollars importing the product. "The year 2017 might turn out to be more challenging, but we are hoping that the challenges would be overcome. The challenges are emanating from steel because the group uses a lot of steel, which is being bought outside Zimbabwe, but we are selling our products locally," group corporate affairs executive, Tich Garabga, said. As of January 5, 2017 the price of steel stood at $300 per tonne. Treger has five manufacturing divisions — Monarch Steel, Kango Products, Treger Plastics, Zimbabwe Grain Bag and Treger Harare. Garabga said they remained optimistic of better days, despite these challenges. "Generally, as a group, we remain positive. Shareholders have no doubt whatsoever at the success of business in Zimbabwe," he said. Treger Products is part of the privately-owned Treger Group of companies and has been operating in Zimbabwe since 1911. *(News Day)*

Gold production at Caledonia Mining Corporation's low cost Blanket Mine near Gwanda rose 18 percent up to 13,591 ounces in the three months to December 31 from 11,515 ounces in the prior year driven by improved infrastructure. Annual production stood at 50,351oz, just over target and and 17,6 percent higher than the 42,804oz achieved in the previous year. "The record level of production was due to the commencement of production below 750 meters following the successful completion of the No. 6 Winze and other infrastructure projects; improved underground infrastructure and the installation of the new ball mill late in 2016," said the company's chief executive Steve Curtis in a statement. The company is targeting to produce 60,000oz this year and 80,000oz in 2021. Curtis said that the increased production will benefit earnings through increased sales volumes. *(Source)*

Economic News

Zimbabwe has so far exported tobacco worth $3,7 million as of Friday from the $25 million generated during the same period last year, as China slowed down its uptake of the country's golden leaf, latest statistics have shown. Statistics from the Tobacco Industry and Marketing Board (TIMB) showed that as of Friday, China was sixth on the table of top export destinations after importing 19 800kg of the golden leaf valued at $146 520. The average price was $7,43 per kg. Greece was the top export destination after importing 329 000kg valued at $1 493 300. Korea, Vietnam, Germany and Indonesia were second, third, fourth and fifth, respectively. During the same period last year, China imported 2 633 400kg of tobacco valued at $20 624 274. The average price was $7,83 per kg. But TIMB chief executive officer, Andrew Matibiri told NewsDay yesterday, there was nothing to worry about, as a number of tobacco exporting companies opened yesterday after the holiday break. "Exports to China were done in November and December. More exports will begin soon and figures up to the end of

January will become normal," he said. TIMB statistics showed that registered growers were 81 172. Of that 14 231 were new growers. The number of new growers is up from the 9 071 recorded during the same period last year, as more farmers turn to the golden leaf, which has higher returns compared to other crops. As at January 3, 91 805 hectares of land had been put under crop up from 87 755 hectares recorded during the same period last year. Last year, more than half of the export receipts were from China. Out of the $933 653 445 generated from exports, $572 747 183 was from China. Tobacco is one of the country's largest foreign currency earners. *(News Day)*

The Confederation of Zimbabwe Industries (CZI) says foreign payment delays have "adversely" affected local producers amid fears that some companies would close down due to losses in revenue. The effect of delays on foreign payments has led companies to struggle to meet production deadlines slowing production and in turn affecting revenue streams, the body said yesterday. Briefing journalists on the upcoming 2017 Economic Outlook Symposium to be held in Harare on January 26, CZI president Busisa Moyo said the situation was very dire with local producers potentially facing closures over the delays. "All manufacturers have been adversely affected from the delays in foreign payments, from the light to heavy manufacturers. The situation is quite unsustainable and if it continues, we will see a lot of companies facing closures. We are in talks with the Reserve Bank of Zimbabwe and hope the situation can be rectified," he said. "Not only is there a loss of revenue but companies could close." To combat the delays, local producers have urged retailers and those with a retail branch to offer discounts to customers who buy using cash. The idea behind the incentive is to repatriate funds a bit faster to their suppliers to meet production deadlines. The delays have to do with the Reserve Bank of Zimbabwe (RBZ) and banks running low of foreign currency. As such, the RBZ has been playing a balancing act in trying to allocate payments with the little foreign currency it has. Since mid-last year, liquidity shortages have grown on a monthly basis on the back of increased demand for the United States dollar.

Analysts have warned the country was going to "shoot itself in the foot" by using US dollars instead of the rand, which has made Zimbabwe an uncompetitive source market, thereby, leading to low exports. A CZI survey of the state of manufacturing found 68% of the country's suppliers come from South Africa, China, Zambia, Australia, India, Mozambique, Mexico and Germany in that order. The delays in making foreign payments have seen companies resorting to the black market to raise cash for imports.
These transactions are done at a cost and companies pass on that component to the final consumer. Since the third quarter of 2016, liquidity constraints have been deepening, as the country has become increasingly uncompetitive as a source market in the region. This has led to increased calls for the adoption of the rand. But the calls have not been heeded, with RBZ saying the multicurrency regime, which uses a basket of nine currencies including the dollar, is the best alternative for now. Foreign payments delays, the adoption of the South African rand and a look at tourism as an export generator will the main topics to be discussed at the upcoming symposium. *(News Day)*

Disclosures Appendix

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