SECURITIES AFRICA
RESEARCH & CAPITAL MARKETS

PAN-AFRICA

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

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

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

AFRICA STOCK EXCHANGE PERFORMANCE

				WTD % Change			YTD % Change	
Country	Index	8-Jul-16	15-Jul-16	Local	USD	31-Dec-15	Local	USD
Botswana	DCI	10059.17	9983.38	-0.75%	0.86%	10602.32	-5.84%	-1.85%
Egypt	CASE 30	7182.80	7583.06	5.57%	5.57%	7006.01	8.24%	-4.61%
Ghana	GSE Comp Index	1795.73	1781.08	-0.82%	-1.12%	1994.00	-10.68%	-13.42%
Ivory Coast	BRVM Composite	298.66	290.29	-2.80%	-2.69%	303.93	-4.49%	-2.90%
Kenya	NSE 20	3688.46	3596.98	-2.48%	-2.67%	4040.75	-10.98%	-10.12%
Malawi	Malawi All Share	12929.73	12856.47	-0.57%	-1.49%	14562.53	-11.72%	-20.10%
Mauritius	SEMDEX	1759.11	1751.33	-0.44%	-0.58%	1,811.07	-3.30%	-1.63%
	SEM 10	339.63	337.61	-0.59%	-0.74%	346.35	-2.52%	-0.84%
Namibia	Overall Index	960.04	1020.88	6.34%	9.07%	865.49	17.95%	26.66%
Nigeria	Nigeria All Share	28854.98	28805.45	-0.17%	-0.46%	28,642.25	0.57%	-29.23%
Swaziland	All Share	358.25	358.25	0.00%	2.57%	327.25	9.47%	17.55%
Tanzania	TSI	3713.21	3722.72	0.26%	0.30%	4478.13	-16.87%	-17.90%
Zambia	LUSE All Share	4750.65	4746.70	-0.08%	-5.76%	5734.68	-17.23%	-11.08%
Zimbabwe	Industrial Index	101.76	99.63	-2.09%	-2.09%	114.85	-13.25%	-13.25%
	Mining Index	24.70	24.70	0.00%	0.00%	23.70	4.22%	4.22%

CURRENCIES

Cur-rency	8-Jul-16 Close	15-Jul-16 Close	WTD % Change	YTD % Change
BWP	10.76	10.59	-1.60	4.23
EGP	8.86	8.86	0.00	-11.87
GHS	3.91	3.93	0.31	-3.07
CFA	591.17	590.49	-0.11	1.66
KES	99.36	99.55	0.20	0.97
MWK	703.92	710.50	0.93	-9.49
MUR	34.06	34.10	0.14	1.73
NAD	14.71	14.34	-2.50	7.38
NGN	279.54	280.35	0.29	-29.63
SZL	14.71	14.34	-2.50	7.38
TZS	2,143.37	2,142.43	-0.04	-1.24
ZMW	9.61	10.19	6.02	7.43

SECURITIES AFRICA

Botswana

Corporate News

No Corporate News This Week

Economic News

No Economic News This Week

Egypt

Corporate News

No Corporate News This Week

Economic News

Yields on Egypt's three-month, six-month, nine-month and one- year treasury bills rose at Sunday's auction, data from the central bank showed. The average yield on Egypt's 91-day bill rose to 14.093 percent from 13.974 percent at the last sale on July 3 and the yield on the 273-day bill rose to 15.320 percent from 15.115 percent at a similar auction a week ago. The average yield on the 182-day bill also rose to 15.110 percent from 14.917 percent at the last sale on June 29 and the yield on the 364-day bill rose to 15.370 percent from 15.185 percent at a similar auction. This comes after Egypt's central bank raised its key interest rates by 100 basis points last month to their highest levels in years, in a move economists said was intended to rein in surging inflation and ease downward pressure on the Egyptian pound. The Monetary Policy Committee (MPC) raised the overnight deposit rate from 10.75 percent to 11.75 percent, its highest level in over a decade. It hiked the overnight lending rate from 11.75 percent to 12.75 percent, its highest since 2008. *(Reuters)*

Business activity in Egypt shrank for the ninth straight month in June on the back of further declines in output, new orders, and employment, a survey showed on Sunday. The Emirates NBD Egypt Purchasing Managers Index (PMI) for the non-oil private sector recorded 47.5 points in June, marginally lower than the 47.6 points posted in May and below the 50-point mark that separates growth from contraction. Egypt has been struggling to revive its economy since a popular uprising in 2011 and subsequent political upheaval that has driven away **investors and** tourists, depriving it of the foreign currency it needs to import raw materials. Managers surveyed in June pointed to the crash of EgyptAir flight MS804 in May as adding additional strain on the country's ailing tourism sector and further reducing new business from abroad. "June's survey suggests the Egyptian economy continued to slow at the end of 2015/16, with the tourism sector appearing particularly weak," said Jean-Paul Pigat, Senior Economist at Emirates NBD. Egypt's financial year runs from the start of July to the end of June. "As we start the new fiscal year in July, hopes for a stronger recovery will depend in large part on whether a solution to the ongoing FX liquidity crunch can be found in the near term," Pigat added. *(Reuters)*

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TRADING

Ghana

Corporate News

Accra Brewery Limited has initiated measures aimed at expanding and boosting its production and distribution outreach. In line with the measures, the company has requested its wholesale distributors to expand their warehouses within the next five years. This is to enable them to provide their distributors with modern facilities to enhance their operations. This was announced by the Sales Director of the company, Mr Michel Oreleman, at the official opening ceremony of Mackay Company Limited Head Office and warehouse at Chorkor Lanteman in Accra last Friday. Mr Oreleman was assisted by Mrs Victoria Anim-Mackay and Naa Sakua Adanse Kootse I to cut the tape to declare the warehouse officially opened. He said some of the facilities they would provide for their distributors were forklifts. He said the initiative was to assist their wholesalers' businesses to grow and also help to improve services to retailers. The Proprietor of the Mackay and Company Limited, Nii Ankrah Mackay, told the Daily Graphic that their new warehouse had expanded from a storage capacity of 12,000 cartons to 25,000. Nii Mackay stated that they currently sold between 1,000 and 1,500 cartons of drinks a day. *(Ghana Web)*

Economic News

Slowing inflation could give Ghana's central bank Governor Abdul Nashiru Issahaku room to continue supporting an economy forecast to expand at the slowest pace since 1983. The Bank of Ghana will probably leave its benchmark interest rate unchanged at 26 percent for a fourth consecutive meeting on July 18, all four analysts surveyed by Bloomberg said. The central bank raised the rate four times by a total of 500 basis points last year to prop up a plunging currency which fueled consumer-price growth. Inflation slowed to 18.4 percent in June from 18.9 percent the month before. The government cut its growth forecast for West Africa's largest economy after Nigeria to 3.2 percent last month due to lower-than-expected gold and crude oil production. This will complicate efforts to rein in the budget deficit even after President John Dramani Mahama's administration agreed to an International Monetary Fund loan of almost $1 billion in April last year to help finance chronically large fiscal shortfalls and limit declines in the currency. "I expect the MPC rate to be maintained," Nana Kofi Agyeman Gyamfi, analyst at Bora Capital Advisors Ltd. in Accra, said by phone on July 13. The "government cannot spend to stimulate growth in the economy because of restrictions from the IMF and citizens do not have money to spend as a result of high inflation, high transport fares and utility bills." The ministry of finance forecasts the budget deficit will narrow to 5 percent of gross domestic product this year from 6.5 percent in 2015 and over 10 percent in the preceding three years. The government is seeking to reduce the shortfall by improving revenue collection, raising water and electricity prices and cutting expenditure.

Economic growth has slowed as prolonged power outages and a drop in the price of Ghana's main exports, including oil and cocoa, reduced revenue. Mahama has pledged to jump-start the economy as he seeks re-election against Nana Akufo-Addo, the candidate for the opposition New Patriotic Party, later this year. The growth outlook "could deteriorate further into 2017 as there is evidence of increasing strain in the corporate sector," Mark Bohlund, Africa economist at Bloomberg Intelligence in London, said in a note last week. "While increased oil production should provide a boost over 2016-2018, stricter lending conditions are becoming a more prominent threat to economic growth." Finance Minister Seth Terkper said last month Ghana will sell $1 billion of Eurobonds by September to finance the budget shortfall. Yields on Ghana's Eurobond due August 2023 fell 14 basis points on Thursday to an almost 11-month-low of 9.77 percent. The cedi has weakened 5 percent against the dollar since the start of 2016 after losing 14 percent of its value against the U.S. currency last year. Slowing growth is "something they'll have to consider," Yvonne Mhango, a sub-Saharan Africa economist at Renaissance Capital Ltd. in Johannesburg, said by phone. "Keeping the rates firm supports adopting a more accommodative policy to ensure that we don't see further acceleration of inflation and to keep the currency stable. They will err on the side of caution." *(Bloomberg)*

Kenya

Corporate News

Liberty Kenya Holdings Ltd. is considering as many as 10 acquisition targets as part of the insurer's five-year strategy to increase its foothold in East Africa's biggest economy. "That is on the cards if we can get a suitable candidate," Managing Director Abel Munda said in an interview in the capital, Nairobi. "We have a number of companies in the country that would be a good fit if they would be up for acquisition." Kenya's fourth-largest insurer is making a push to bolster its size in life and property and casualty cover after regulators in June introduced new rules that as much as doubled the amount of capital underwriters need to set aside as buffers in stages through to 2018. Liberty Kenya in 2015 withheld its dividend to cope with the new rules after a decline in the value of its listed equities and bonds contributed to a 36 percent drop in full-year profit. Liberty Kenya is a unit of Johannesburg-based Standard Bank Group Ltd.'s Liberty Holdings, which has a presence in 17 African countries after following the continent's biggest lender into many of the markets. The stock has declined 32 percent in Nairobi this year, compared with a 4.6 percent decline in the FTSE NSE Kenya 25 Index. The new regulations will trigger a rush by "many insurers who are merely getting by" to raise capital, Munda said. "There are companies finding it challenging to comply and may seek partners to try and infuse capital."

The Insurance Regulatory Authority is also implementing so-called capital charges, which will force companies to park 40 percent of the value of their property investments and 30 percent of their stock holdings with the regulator. This comes after the Association of Kenya Insurers lost a bid to convince authorities to delay by two years the implementation of changes to the country's laws that increased the amount of capital companies must set aside. Short-term insurers need to hold 600 million shillings ($5.9 million) in paid-up capital by 2018, from 300 million shillings previously, while long-term insurers need to set aside 400 million shillings from a prior level of 150 million shillings. The regulator can force companies to boost their capital levels to as much as 20 percent of net-earned premiums from the previous year based on the authority's own assessment of risk the company is exposed to. The implementation of the risk-based supervision model is "likely to enhance compliance, which in turn will improve the solvency of the industry as a whole and lower its risk," Elizabeth Ndirangu, an analyst at Genghis Capital Ltd., said in a report released earlier this year. It may also result in "less price undercutting" as insurers deemed as more risky will be forced to sell their policies at levels that will help them cope with the higher capital requirements, she said. *(Bloomberg)*

Listed cement-maker Bamburi reduced its workforce by 71 employees last year following layoffs and voluntary early retirements as many firms right-sized to further tighten the jobs market. Bamburi, which performed well in the year, partly buoyed by orders from the standard gauge railway (SGR), paid out Sh192 million to send home the affected employees, according to its recently published annual report. "The Group implemented a restructuring exercise across its entities to align the organisation structure to the evolving strategic direction. The restructuring costs include costs of staff voluntary early retirements and redundancies," said Bamburi Cement. The layoff reduced its workforce to 851 employees from 932 the previous year and 936 in 2013. Bamburi's payroll stood at Sh1.9 billion last year up from Sh1.5 billion the previous year. The company, which enjoys the largest market share in the cement industry, has to contend with declining margins as competitors lower prices to grow their top line. Last year the company recorded a 40 per cent growth in net profit to Sh4.3 billion attributed to supplies to large infrastructural projects. The cement-maker joins a growing list of companies that have cut staff numbers or imposed recruitment freeze, including Standard Chartered, Kenya Airways, Equity Bank, Co-op Bank andUchumi Supermarkets. Analysts at Standard Chartered expect the job market to remain tight, with demand for locally produced goods depressed. "Given that Kenyan businesses expect both domestic and external demand to remain subdued in the coming months, it is unlikely that we will see an improvement in employment intentions in the near term," reads part of the Standard Chartered business sentiment indicator survey.

The survey measures how optimistic businesses feel about current and future economic conditions. The businessmen said their confidence levels had dropped due to rapid decline of orders, production capacity, employment and increase in input prices. Kenya Revenue Authority earlier in the year stated payroll taxes grew by 9.5 per cent last year compared to an average 20.7 per cent the previous three years, indicating a deterioration of the employment market. "Our research indicated the slowdown was caused by the freeze in public sector wage increments and weak growth in large corporate sector payrolls (growth of 3.4 per cent)," said commissioner general John Njiraini. Steel industry reported losing more than 20,000 jobs last year following a slump in the commodities market. The National Treasury was forced to introduce higher tax measures formetal imports this year in efforts to protect the industry from further job losses. "Our iron and steel mills are closing down due to unfair competition from cheaper imported iron and steel products," said finance secretary Henry Rotich while justifying new tax measures. The corporate actions put into focus government numbers which show the economy created 850,000 new jobs last year at a time when several companies are cutting back and the state has announced a recruitment freeze. *(Business Daily)*

Safaricom is testing a payment card that will be linked to customers' M-pesa accounts as it eyes a slice of transaction commissions from the multi-billion shilling electronic cash industry. The telecommunications company Monday announced that it is piloting the card among its staff to complement its Lipa na M-pesa service. Its launch is expected "in the coming months." Plans are also underway to extend the pilot to university students, allowing users to make payments at select merchants. The M-Pesa debit cards and point of sale (POS) terminals will enable customers to pay for services much faster through the use of Near Field Communication (NFC) tap-and-go technology; a short range, high frequency wireless communication technology that enables the exchange of data between devices over about a 10cm distance. Safaricom CEO Bob Collymore said the card under pilot meets all current banking security standards and has received necessary approvals from regulators. "As the M-Pesa ecosystem continues to expand, we continue to test the boundaries of the service to identify how we can continue to extend the gains of the platform to an increasing number of customers and businesses," said Mr Collymore in a statement. This is the third stab the leading mobile provider is making at the card payments business after launching the My 1963 cashless fare payment card in November 2014 and a prepaid Visa card in partnership with I&M Bank in 2011. Unlike previous attempts where it enlisted partners, this time the company has decided to walk alone. The telco did not disclose whether there will be any fees chargeable on its NFC based card.

Safaricom customers currently pay varied fees for using the Lipa na M-Pesa service. Those using the platform to buy fuel, for example, pay a 0.5 per cent commission on the value of every payment made. By March 2016 over Sh20 billion had been made in payments on the Lipa na M-pesa platform, with more than 44,000 merchants accepting the service, an increase of 74 per cent from the previous year. The launch of the M-pesa linked payment card is likely yet again to put Safaricom in a head-to-head competition with financial institutions and comes on the backdrop of an announcement by commercial banks that they are setting up a mobile money transfer platform that will rival Safaricom's M-pesa. Mr Collymore on Monday however said with eight out of ten payments in Kenya still cash-based, the opportunity for alternative payment solutions is big. On July 1st The Kenya Bankers Association (KBA) unveiled Integrated Payments Service Limited (IPSL) — the company that will facilitate direct transfer of money between banks without going through M-pesa. Data from the Central Bank of Kenya indicates that the value of transaction through the mobile money payment service grew to Sh2.8 trillion by December 2015 from Sh1.1 trillion five years ago. The value of transaction through plastic card on the other hand has grown to Sh1.3 trillion from Sh580 billion in the year 2011. "Shifting consumer trends have seen services like debit cards and Lipa Na M-pesa thrive as consumers embrace more efficient, cashless means of paying for goods and services," Mr Collymore added. *(Business Daily)*

State-owned Kenya Pipeline Co. said it's considering leasing out storage tanks at the country's only oil refinery, and isn't currently looking at restarting fuel-processing at the idled plant that was acquired by the government this year. KPC has invited bids from advisers to help it decide how best to use the refinery's assets, which Kenya bought from India's Essar Oil Ltd. in April. Options for the assets, now held by state -owned Kenya Petroleum Refinery Ltd., also include building import facilities for liquefied petroleum gas and other products, according to the pipeline company. "KPC is looking for options on how to utilize the assets," Chairman John Ngumi said in a phone interview. The 80,000-barrel-a-day Mombasa refinery, previously a joint venture between the government and Essar, hasn't processed crude since it was converted to an oil-storage facility in 2013. Kenyan Treasury Secretary Henry Rotich said in April the East African nation agreed to pay Essar about 500 million shillings ($4.93 million) to assume full ownership of the plant. KPC, which operates a 1,220-kilometer (760-mile) domestic pipeline network, said in March it planned to "diversify into other oil and gas business ventures in various countries within the East and Central African region." The company said July 5 that it's considering selling Eurobonds in 2017 or 2018 to finance projects. KPC has a longstanding policy to expand storage capacity and replace fuels like charcoal and firewood with LPG, Ngumi said. He also said any move to restart production at the refinery would be a decision for the government, which would have to look for "someone who is able to get the refinery going." *(Bloomberg)*

Uchumi Supermarkets has written Sh240 million worth of cheques to its suppliers for May and June deliveries in a show of the retailer's bid to avoid piling up new debt. Close to 170 suppliers agreed to resume furnishing its shelves with goods under an arrangement that gives them control over how they get paid. The group Thursday received their first batch of cheques through jointly operated accounts opened since the agreement was signed to bank cash received from goods sold. "We are calling on more suppliers to bring back their goods as we sort things out. We hope to triple the payments through the escrow account this month," Uchumi chief executive Julius Kipngetich said Thursday at the chain's Ngong Hyper outlet. The friendly suppliers on May 20 adopted a deed of settlement by which they were to resume supply of goods as long as the sales were deposited in an escrow account controlled by a suppliers' council. Under the arrangement, Uchumi is getting 20 per cent of the revenues to pay rent, rates and staff costs and make a profit margin while the suppliers get 80 per cent of the cash. Mr. Kipngetich said the deed would remain in force until the supermarket chain gets back on its feet.

The council also adopted a charter for indoor management to ring fence the suppliers' goods in case Uchumi is liquidated to give confidence to more suppliers to come on board. The escrow accounts were opened at the Kenya Commercial Bank (KCB), Jamii Bora Bank and United Bank for Africa-Kenya (UBA). The accounts would also hold proceeds from the disposed assets to settle the old debt of up to Sh3.6 billion. KCB which holds the charge to Ngong Hyper supermarket that Uchumi sold at Sh1.4 billion is holding Sh400 million from the first tranche of the sale. The lender is owed Sh900 million. Mr. Kipngetich said the next tranche is expected "in a matter of weeks," which will allow them to further reduce their debt. Mr. Kipngetich also said that sale of Uchumi's Kasarani land "was in the final stages." "We are looking at the very last clause because we have already agreed on a price. We have found a buyer. but everyone wants assurance on how they will be paid once it is sold," Mr. Kipngetich told the Nation. Uchumi is also trying to convert part of the old supplier debt into equity and get a government bailout. *(Business Daily)*

Economic News

Compilation of public assets will take at least three more years to complete after the Transition Authority (TA) folded up before finishing the work. At the moment, the Government does not know its exact statement of accounts as represented in the public balance sheet. Accountant General at the National Treasury Bernard Ndung'u said yesterday that the process of evaluating public assets would require about three more years to complete. "We require at least three years to develop the assets register to offer the public a view of the national balance sheet," Mr Ndung'u said. He was speaking yesterday when Treasury hosted officials of the International Monetary Fund who were presenting a report on the country's Fiscal Transparency Evaluation. It was anticipated that TA would provide a complete list of all assets owned by the Government before leaving office. Lack of a public register of State assets sets the stage for misuse and possible grabbing by officials. Several fixed assets including public and school playgrounds and beaches have been grabbed, helped partly by lack of ownership as such assets often do not have requisite documentation. It is at the county level where most fixed assets have not been evaluated and accounted for. One of the key mandates of the TA, which wound up in March after the expiry of its three-year term, was to create a list of all national assets in all the 47 counties. "This exercise has not been fully completed but we have a road-map to finish the fixed assets register including in the counties,"

Ndung'u added. financial transparency IMF ranked Kenya as 'average' in fiscal transparency, in a finding that places it ahead of many comparable economies. "There is no reporting of the Government's balance sheet in fiscal reports, although basic information on public debt and cash deposits provided," IMF said. Also, 42 per cent of expenditures in the 2012-13 financial year, when the evaluation was done, had received adverse opinions by the Auditor General in his annual review of public spending. "Many of these were cleared before the report was adopted by Parliament," the institution further reported. Areas that require improvement in financial transparency include the credibility of forward estimates of spending, oversight of investment projects and alignment of spending programmes with national priorities. IMF is one of the biggest lenders to the State, and is often involved in providing oversight on public spending. Director of Budget Affairs at Treasury Geoffrey Mwau said the Government had started collecting information from semi-autonomous institutions such as universities on the revenues they collect – apart from the budgetary allocations from the Exchequer - and how they are spending the money. *(Standard Media)*

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

The weighted average yield on Mauritius's 91-day Treasury bill rose to 2.90 percent at auction on Friday from 2.86 percent at the last sale on July 1, the central bank said. The Bank of Mauritius sold all the 800 million rupees ($22.68 million) worth of the debt it had offered. *(Reuters)*

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Nigeria

Corporate News

Shares in Nigeria's Skye Bank sank to a three-month low on Friday, as investors continued to sell after the central bank replaced Skye's top executives this week. Skye Bank shed 8.4 percent on its second day of trading after the central bank's intervention on Monday. The regulator replaced Skye's bosses after it failed to meet capital requirements. Skye shares fell 9.7 percent on Monday, before the stock market closed for three days for a holiday. The shares are down 40 percent this year, to levels last seen in April. Nigeria's eighth biggest bank, Skye grew to systemically important size after it acquired Mainstreet Bank in 2014. Its new chief executive, Tokunbo Abiru, said on Friday that his team will focus on improving the bank's capital ratios in line with industry standards. He told stockbrokers he would use a recapitalisation and an increase in liquidity levels, without providing details. Fears over Skye's capital problems has spread to other banks, analysts say, leading the bank index to fall 1.56 percent on Friday. Two banks led declines on the stock market overall - Diamond Bank, which shed 9.7 percent, and FCMB Group, which lost 8.9 percent. Earlier, the central bank's director of banking supervision, Tokunbo Martins, said "one or two" other lenders had also failed liquidity tests, but they were not in the same situation as Skye. The central bank was working with them to restore their ratios, she said. Nigeria's central bank has authority to remove bank executives, which it used during the 2008-2009 global financial crisis, when it sacked nine chief executives at under-capitalised banks. *(Reuters)*

Nigeria's Diamond Bank Plc and Skye Bank Plc slumped for the straight third day after the central bank stepped in to remove Skye's top management a week ago. Skye Bank plummeted 9.2 percent to 79 kobo, a fresh all-time low by the close of trading, and Diamond Bank slid by 8 percent to 1.85 naira, the lowest since May 19. Skye's stock has fallen by 25 percent since the July 4 intervention by the central bank, the worst performer over the period on the 171-member Nigerian Stock Exchange All Share Index this year. Nigeria's central bank replaced Skye's chief executive officer, chairman and 10 other directors on July 4, saying the steps were necessary after the Lagos-based bank's liquidity and non-performing loan ratios consistently breached required levels. While the central bank moved to calm markets, saying Skye and the industry remained healthy, analysts highlighted fears of contagion. "There is perception some other banks are under that kind of situation that affected Skye Bank, which is affecting the stocks," Sewa Wusu, head of research and investment advisory at SCM Capital Ltd. in Lagos said by phone. Other banks are also suffering in the aftermath of the central bank's intervention. Wema Bank Plc fell 4.8 percent, Unity Bank Plc slid 4.7 percent, Union Bank of Nigeria Plc dropped by 3.7 percent, while Fidelity Bank declined by 3.4 percent. "It is felt because of the economic situation, most banks are heavy on non-performing loans, which may worsen with devaluation" of the naira, Wusu said. "The new management at Skye Bank will need to look at areas the bank has fallen short and come up with strategy to address them. Its strategy will determine the level of confidence investors will bring back to the bank." *(Bloomberg)*

Nigerian Breweries Plc has recorded a profit after tax (PAT) of N19.06 billion for the half year ended June 30, 2016. The performance showed a decline of 11 per cent compared to N21.477 billion recorded in the corresponding period of 2015. The unaudited numbers showed the company ended the H1 with revenue of N157.37 billion, an increase of four per cent over the N151.67 billion declared in the corresponding period in 2015. Gross profit stood at N73.983 billion, as against N74.224 billion. Administrative expenses reduced from N11.533 billion to N10.849 billion. However, net finance cost jumped from N2.917 billion to N8.392 billion. As a result, profit before tax fell from N30.989 billion to N25.546 billion in 2016, while PAT declined from N21.477 billion to N19.066 billion in 2016. The Board of Directors of Nigerian Breweries, in a statement signed by the Company Secretary/Legal Adviser, Mr. Uaboi Agbebaku, explained the company was able to deliver top line growth with revenue increasing by four per cent compared to the first six months of 2015. However, it added that rising inflation combined with higher inputs costs as a result of scarcity of foreign exchange, led to a flat operating profit compared with the preceding year. "Despite a lower interest cost from the Commercial Paper Programme, PAT declined by 11 per cent, mainly due to foreign exchange losses arising from the rates going up in June. Although the board expects the operating environment in 2016 to remain challenging for the rest of the year, the company remains focused on its twin agenda of cost leadership and market leadership supported by innovation and the board remains positive on the Nigerian market for the medium and long term," the company said. Meanwhile, the stock market remained bearish shedding with the Nigerian Stock Exchange (NSE) All-Share Index closing lower by 0.1 per cent to be at 28,703.09.

Market capitalisation lost N9.4 billion to close at N9.8 trillion. Performance remained depressed by continued sell pressure in banking stocks such as Skye Bank Plc, which went down by 9.0 per cent. The stock has tumbled by 41.9 per cent since the Central Bank of Nigerian (CBN) replaced its board and management on July 4, 2016.*(This Day)*

Economic News

Nigeria sold a total of 190 billion naira ($673.76 million) in treasury bills on Friday with maturities ranging from three months to one year, with yields broadly flat, fixed income dealers said. The central bank sold 28 billion naira of the 3-month treasury bills at 9.98 percent compared with 9.99 percent at the June 22 auction and 42 billion naira worth of the 6-month bill at 12.24 percent against 12.30 percent previously. The bank sold 120 billion naira worth of the one-year paper at 14.99 percent, the same rate as at the last auction. Africa's biggest economy issues treasury bills as part of measures to finance the government budget deficit and also to help manage liquidity in the banking system. *(Reuters)*

Nigeria's economy will probably contract this year as energy shortages and the delayed budget weigh on output, according to the International Monetary Fund. "I think there is a high likelihood that the year 2016 as a whole will be a contractionary year," Gene Leon, the fund's resident representative in Nigeria, said in an interview in the capital, Abuja, on July 8. While the economy should look better in second half of the year, growth will probably not "be sufficiently fast, sufficiently rapid to be able to negate the outcome of" the first and second quarters, he said. Africa's largest economy shrunk by 0.4 percent in the three months through March, the first contraction in more than a decade, as oil output and prices slumped and the approval of spending plans for 2016 were delayed. A currency peg and foreign-exchange trading restrictions, which were removed last month after more than a year, led to shortages of goods from gasoline to milk and contributed to the contraction in the first quarter. While conditions that impeded growth in the first half of the year, including shortages of power, fuel, and foreign exchange, as well as the higher price of dollars on the the parallel market, may have been reduced, they still weigh on the economy, Leon said.

The Washington-based lender cut its 2016 growth forecast for Nigeria to 2.3 percent in its April Regional Economic Outlook from 3.2 percent projected in February. The World Bank lowered its forecast to 0.8 percent last month, citing weakness from oil-output disruptions and low prices. Last year's expansion of 2.7 percent was the slowest in two decades, according to IMF data. "Most people would agree that if you should fix one thing in this country, it should be power," Leon said. "There is a need to start changing the power equation from 2016, from today, not tomorrow or later." Nigeria generated an average of 2,464 megawatts of electricity on June 6, according to information from the power ministry. This is less than half of the installed capacity of 5,000 megawatts for a nation whose population of 180 million people is the highest on the continent. It compares to power generating capacity of more than 40,000 megawatts in South Africa, which has a population a third of the size. While inflation will probably continue its upward trend through the end of this year, it is unlikely to exceed 20 percent, Leon said. Price growth accelerated to 15.6 percent, the highest rate in more than six years, in May and probably quickened to 16.2 percent last month, according to the median of seven economist estimates compiled by Bloomberg.

The central bank's Monetary Policy Committee "may be open to tolerating a little more inflation if growth emerges as the priority, as opposed to choking inflation and squeezing the little life out of growth," Leon said. "But the central bank, in conjunction with the MPC, needs to be clear to participants in markets what exactly their priority is." The Central Bank of Nigeria left its benchmark rate unchanged at 12 percent in May and will announce its next decision on July 26. The MPC is likely to increase the rate by 500 basis points in the next year "to address the prevailing inconsistencies between an accommodative monetary policy and a more flexible exchange rate," Goldman Sachs said in a note on July 8. President Muhammadu Buhari signed a record budget of 6.1 trillion naira ($21.6 billion) with a deficit of 2.2 trillion, or 2.14 percent of gross domestic product, in May after a delay of four months. The fact that the budget was passed late means it's likely not all the capital spending planned to boost growth will take place, or it will not be as prudent as initially set out, Leon said. If growth falls to zero percent "then that's a huge gap the country has to fill," Leon said. If expenditure stays as planned, and revenue is less due to the lack of growth "then we should see not smaller but potentially a larger deficit," he said. The naira, which as pegged at 197-199 per dollar until June 17, strengthened 0.1 percent to 282.33 per dollar at 3:13 p.m. the commercial capital, Lagos. *(Bloomberg)*

Some banking sector analysts have expressed concern over banks' exposure to the upstream oil and gas sector. It was gathered that of the top five banks' $4,882 million exposure to the upstream oil and gas sector, at least 15 per cent is exposed to the Trans Forcados pipeline (TFP). The pipeline has been closed for four months due to attacks by the Niger Delta Avengers. The TFP links a number of oil fields and oil mining leases (OML) in the western Niger Delta with the Forcados terminal on the coast. Many of these OMLs were once owned by Shell Nigeria but were sold to indigenous Nigerian upstream companies, in many cases financed by Nigerian banks. To this end, analysts at Lagos-based CSL Stockbrokers Limited, noted that since 15 per cent of upstream oil and gas lending equates to 2.2 per cent of total lending, it raises questions over cost of risk guidance which is generally under 1.5 per cent for 2016. It viewed this as a concentration of Nigerian upstream oil and gas bank risk in the basin served by the TFP. It listed the banks involved in the deal as FBN Holdings, Zenith Bank, Access Bank, GTBank and the United Bank for Africa Plc. "For the majority of upstream firms still producing oil, today's oil price of $48.1/bbl covers operating costs, though not all financing costs. We think there is a strong case for locking in forward prices for 2017," it added. Although several upstream oil and gas companies use the TFP, the report was focused on those that publish accounts namely Seplat and Seven Energy.

However, THISDAY had reported that other firms that are associated with the TFP are Shell Nigeria; Shoreline Resources; First Hydrocarbon Nigeria; the Nigerian Petroleum Development Company (NPDC); Pillar Oil; Midwestern Oil & Gas; Platform Petroleum; and Energia. However, the CSL Stockbrokers Limited report showed that Seplat owns 45 per cent of three OMLs in the region served by the TFP: OMLs 4, 38 and 41, and it is the operator of these three blocks in its partnership with the NPDC. Seplat also has 22.5 per cent in OML 55 and 45.0 per cent in OML 53, neither of which are on the TFP. Seplat had US dollar loans of $542.8 million outstanding to three major Nigerian banks at the end of 2015, part of the total $863 million it owed in US dollars to Nigerian and international banks. This $542.8 million, according to the report, represents 11.1 per cent of the upstream oil and gas exposure of the top five Nigerian banks. Furthermore, it revealed that Seven Energy also has interests in the OMLs 4, 38 and 41, even though the ownership of those three producing areas is split between Seplat, with 45 per cent, and the NPDC, with 55 per cent. This is because Seven Energy has a Strategic Alliance Agreement (SAA) through which it provides the NPDC with technical and financial support, receiving oil in return. "Seven Energy's principal operation is Accugas, a gas producing and midstream company located on the other (south eastern) side of the Niger Delta, and with no connection to the TFP. We believe that, following recent and renewed attacks that the TFP remains out of operation. As at 31 March 2016, Seven Energy had total borrowings of $842 million," it stated.

"We think it is reasonable to think that the top five Nigerian banks hold $542.8 million of Seplat's debt, and they likely hold half of $381.2 million of Seven Energy's senior debt. We arrive at $733.3 million of debt, 15 per cent of the top five banks' oil & gas upstream exposure, and 2.1 per cent of total gross loans, depending in some way on the Trans Forcados pipeline. "The majority of Nigeria's upstream oil & gas companies are still producing. Though data for May shows that total Nigerian oil production fell to 1.5 million barrels of oil per day (bpd), a government source recently stated that in June production recovered to 1.9mbopd. For companies not contending with operating risk, price risk remains. Today's price of US$48.2/bbl likely covers operating costs, in most cases. "But in many cases, in our view, it does not cover debt servicing costs. Many oil companies have had their debt rescheduled, with grace periods for principal and interest introduced for 2016 and 2017. But beyond 2017 lies a period of significant uncertainty, in our view," it added. THISDAY recently reported Nigeria was losing about 300,000 barrels of crude oil per day due to the bombing of Forcados pipeline that conveys Forcados grade of crude oil to the over 400,000 barrels per day Forcados Export Terminal, one of the country's biggest export terminals in the Niger Delta. The loss, which translates to an average of $12million daily at an oil price of $40 per barrel, arose from the damage caused on the 48-inch underwater pipeline, which disrupted crude oil flows to the export terminal. It was also gathered that the loss may have eroded the gains Nigeria would have derived from the recent rise in oil price. *(This Day)*

First quarter revenues in Nigeria reached only 55 percent of what the government had targeted, the budget minister said on Thursday,

blaming attacks on oil facilities in the southern Niger Delta region. "Up to April we have not been able to meet our revenue target. We have only realized 55 percent. The bulk of this constraint is the problem in the Niger Delta," Udoma Udo Udoma told a parliamentary committee. Africa's biggest economy, where oil sales make up around 70 percent of government revenue, is going through its worst crisis in decades due to the drop in global oil prices. Those problems have been exacerbated by attacks by militants in the Niger Delta which began in January and briefly pushed crude production in the OPEC member to 30-year lows in spring. In May, President Muhammadu Buhari signed the 6.06 trillion naira ($30.6 billion) 2016 budget into law, which assumes oil production of 2.2 million barrels per day (bpd) at $38 a barrel. Udoma did not provide a precise figure for first quarter revenue. "Our budgetary production target of 2.2 million bpd could not be met. At some point in time it was down to one million. We have, however, been told by the petroleum ministry that it's going up again, not withstanding the problems," he said. Earlier this month, Oil Minister Emmanuel Ibe Kachikwu said production was around 1.9 million bpd. *(Reuters)*

Tanzania

Corporate News

DAR ES SALAAM Stock Exchange (DSE) self-list today and brokers are predicting shares to hit the bourse running due to oversubscription during its primary offer. The bourse primary offer was oversubscribed by 377 per cent in a three-week IPO sold at 500/- a share and prediction points to likely price appreciation at listing day. Orbit Securities General Manager, Juventus Simon, said share price rallying of DSE at day one of listing is imminent due to the huge amount of oversubscription. "Definitely price will appreciate," Mr Simon, whose firm was sponsoring broker of the IPO, said. He said those who failed to secure the amount they applied for would come back on secondary market to buy the lot they wanted earlier. "We have some orders for buying at hand…and I believe the same is for other brokers," Mr Simon told 'Daily News' yesterday. Zan Securities Chief Executive Officer (CEO) Raphael Masumbuko said they see share appreciation on listing day as many investors want to buy the bourse based on its business fundamentals. "I predict share price appreciation…to what degree I can't tell on day one, but price will continue to pick thereafter since investors' appetite is high," Mr Masumbuko said. Also prediction of share price appreciation was pegged behind the fact that investors had been refunded their money since last week.

The refund came after the share allotment. DSE wanted to raise 7.5bn/- with a green shoe option of 10 per cent to equal 8.25bn/- , however, ended getting 35.77bn/- representing an oversubscription of 377 per cent. The Capital Markets and Securities Authority (CMSA) later approved DSE's green shoe elevation to 35per cent from 10 per cent. The move means DSE initial offer was extended to 10.125bn/- from 8.25bn/- with green shoe. The listing pave way for the Dar bourse to self-list or demutualisation to now become the third such bourse to do so in Africa—after Johannesburg and Nairobi exchanges. The DSE intends to selflist its shares on the secondary market in the Main Investment Market (MIMS) segment under the ticker "DSE" and make its shares tradable. Also CMSA has agreed on the DSE request to grant in full all investors who applied for 10,000 shares or placed 5.0m/-and less and above that to enter into pro-rata process. The planned self-listing is in line with the global trend and practice for Exchanges and is aimed at achieving good corporate governance practices, efficiency and effectiveness of the DSE and further strengthens its strategic and operational practices. *(Daily News)*

Economic News

FINANCIAL institutions have managed to cut down on non-performing loans after increasing access to credit reference databank services. The number of borrowers submitted by banking institutions to the Credit Reference Databank increased by 36.9 per cent to 1,050,649 at end of April from 767,457 recorded at the year ended last April. Also the number of loans went up 31.5 per cent and 1,952,974, respectively at the end of April from 1,485,151 recorded at the end of April 2015. Bank of Tanzania's latest Monetary Policy Statement said there are significant increases in utilization of credit information since establishment of credit reference bureaus in 2013. "(This is) evidenced by increase in the use of their services and participation of non-regulated institutions in the credit reference system." The report issued in June said. "The increased use of credit information system is expected to have a positive impact on the number of non-performing loans in the banking sector and interest rate charged by banks in the long-run." Most banks maintained NPL levels below 5.0 per cent and those with levels above this have been required to bring NPLs to below 5.0 per cent, BoT said. However, the quality of the banking sector's assets slightly deteriorated as reflected by the ratio of NPL to gross loans, which increased to 8.3 per cent from 6.7 per cent recorded at the end of March 2015.

Analysts had it that the newly introduced regulation on apportioning of impairment losses on loans and advances to make the sector more vibrate could have had an impact on the bank balance sheets. Through the new regulation, the Central Bank wants commercial banks to set aside one per cent for every fresh loan until the borrower has made four settlements. Despite assets deterioration, the sector remained sound and stable with levels of capital and liquidity above regulatory requirements. As at the end of March 2016, the ratio of core capital to total risk weighted assets and off-balance sheet exposures was 18 per cent compared with the minimum legal requirement of 10 per cent.

The ratio of liquid assets to demand liabilities stood at 36.6 per cent, which was above the minimum regulatory limit of 20 per cent. But the sector continues to record steady growth with total assets growing by 14.6 per cent to 26.98tri/- at the end of April 2016, compared to 23.55tri/- recorded at the end of April 2015. Deposits continued to be the main funding source in the banking sector assets, accounting for 86.1 per cent of total liabilities. The other major source of funding was shareholders' equity. *(Daily News)*

THE government mulls coming up with a new law and regulations that will compel privatised firms to enlist at the Dar es Salaam Stock Exchange (DSE) if they fail to do so voluntarily. The move aims at encouraging transparency and good corporate governance; hence making tax administration task easier while enabling citizens to participate in economic activities. For instance, some of the listed companies feature in the 15 largest taxpayers and quality employment provision list; namely TBL, TCC, NMB, CRDB Bank, Simba Cement, Twiga Cement and TOL Gases. The Minister for Finance and Planning, Dr Philip Mpango, said the same mechanism (mutual talks) used to list seven privatised firms at the DSE would be applied to other firms that had not been listed. "If the mutual talks fail, then the government will push them to offload some of their shares at the DSE," Dr Mpango said during the official self-listing of DSE shares at the bourse. He noted that although the government had stakes in some of the privatised companies, it will offload them strategically to avoid harming their operations. "We do not only want Tanzanians to buy shares in those companies and boost their welfare but we also need to openly see the companies' operations and proper determination of (our) taxes," Dr Mpango said. Earlier, DSE Chief Executive Officer (CEO) Mr Moremi Marwa said more than 400 state-owned enterprises (SOEs) had been privatised in the last two decade out of which only seven made their way through the capital market. "We only wish if at least 10 per cent of the privatised companies were privatised through the exchange -- we would have over 50 companies. The impact (of listing 50 firms) to our capital market and economy would have been significant," Mr Marwa argued.

The CEO stated that learning through previous experience, "it is advisable that future privatisations are conducted through the capital market." Capital Markets and Securities Authority (CMSA) CEO Ms Nasama Massinda said they were very pleased by the government's move to require the telecoms sector to offload 25 per cent of their share by listing at DSE. We believe this is the right thing as we want Tanzanians to own shares of these companies... the trend is that some of the firms are allocating shares to one or two 'mwananchi'. We want them to sell their shares to the public. And the good thing is that these shares are not given for free since local investors would buy them," Ms Massinda noted. She added that like Electronic and Postal Communications Act (EPOCA) 2010, the Mining Act also requires that mining firms, with special mining licences, should sale parts of their shares to citizens through DSE. DSE yesterday self-listed after a successful initial public offer that saw it was oversubscribed by 377 per cent. The shares rally in the first day from 500/- at IPO to 800/- in just 20 minutes of listing. It is believed that the more attractive DSE becomes, the more enterprises and investors would come up to use the local capital market to support the industrialisation drive. *(Daily News)*

ZANZIBAR Annual Headline Inflation rate for the year that ended in June, 2016 increased to 9.3 per cent up from 8.2 per cent recorded in May this year, the Office of Chief Government Statistician (OCGSZanzibar) has said. Ms Salma Saleh Ali, a Statistician from pricing unit, informed reporters food and non-alcoholic beverages inflation rate increased to 12.7 per cent in June from 10.7 per cent recorded in May.
Unveiling monthly 'Consumer Price Index (CPI)' to the media here, Ms Ali blamed currency devaluation for the inflation increase, urging members of the public to increase production particularly in the agricultural sector to boost exports so as to increase foreign exchange earnings. She said: "Non Food inflation rate increased to 4.8 per cent in June 2016 compared to 4.5 per cent recorded in May, while the overall Index increased to 124.9 in June compared to 114.3 recorded in June, 2015. " Zanzibar recorded a decline in inflation from overall 10.1 per cent in April down to 8.1 per cent in May; the decrease was attributed to the availability of essential commodities, mainly foods. *(Daily News)*

IN a move aimed to attract more investors, the government will maintain conducive environment for investment to facilitate the implementation of its agenda of industrial transformation. Prime Minister Kassim Majaliwa made the promise on Wednesday at a tiles factory construction site at Mkiu Village in Mkuranga District, Coast Region, saying industries would create more opportunities for employment. "We came up with the agenda of industrial transformation to address the problem of unemployment," said the premier when he visited the area where Goodwill Ceramic Limited is putting up tiles factory. Mr. Majaliwa hailed Coast regional authorities for becoming top in attracting a good number of investors to construct industries in the region. "We directed every regional authority to allocate areas for investment to help implementation of government's agenda of industrial transformation," he observed. According to Goodwill Ceramic Limited Chief Executive Officer (CEO), Mr. Frank Young, the Phase I of the project that will cost 100 million US dollars, is expected to be finalised in December. "The plant will create more than 5,000 employment opportunities. It will also fetch about 30bn/- revenues to the government every year," he said. Mr. Young added that the Chinese-based company plans to expand the factory to manufacture glass in upcoming phases of the project. A Member of Parliament (MP) for Mkuranga, Mr. Abdallah Ulega, urged the government to construct a port at Kisiju in Mkuranga to facilitate importation after completion of the tiles factory construction. "The port at Kisiju can play a key role in social and economic development of the Coast Region," he said. The Mkuranga MP said the operations of the new tiles factory might be delayed by supply of natural gas from Tanzania Petroleum Development Corporation (TPDC), saying the Goodwill Ceramic Limited has already requested for supply of natural gas to run the tiles factory. "The natural gas supply to the tiles factory should not be delayed because pipeline transporting natural gas from Mtwara Region to Dar es Salaam passes some metres away from the project site," he said. *(Daily News)*

Zambia

Corporate News

ZAMBIA Sugar Plc says the raising of the entire US$90 million to finance its expanded refinery plant within Zambia underlines the country's continuing growth potential. And Stanbic Bank head of corporate and investment banking Helen Lubamba says Zambia Sugar should be commended for its strong commitment and focus on expansion programmes over the years that have created economic benefits in the country and regionally. Speaking after President Lungu commissioned the product alignment and refinery project on Wednesday, Illovo Group managing director Gavin Dalgleish said the company through its subsidiary (Zambia Sugar), has confidence in the Zambian economy as demonstrated through the incorporation of local commercial banks to raise funds. "The US$60 million syndicated financing agreement for the refinery project was sourced locally with Stanbic Bank and Barclays Bank appointed as lead arrangers, while Citibank and Zanaco were incorporated as financing partners. "The total cost of the project amounted to US$90 million and the balance of funding was sourced from Zambia Sugar's own available cash resources. These local banking institutions enabled us to finance the project completely within Zambia's borders, thereby underlining the country's continuing growth potential," he said. And Ms Lubamba said the successful completion of a modern refinery that will increase the annual refined sugar production capacity to around 90,000 tonnes and increase annual sugar production capacity from 420,000 to an expected new capacity of 450,000 tonnes is a positive development.

"Zambia Sugar has remained committed to their strategy of expanding their operations which has firmly consolidated them as Africa's single biggest cane sugar producer not only in Zambia, but in the region. "We can see the value addition of Zambia Sugar's expansion programmes to our economy through creation of employment opportunities during construction, as well as raising demand to the cane out-growers for supply of cane and the entire agriculture value chain," said Ms Lubamb. Stanbic supports and prioritises agriculture as a critical sector to the growth of Zambia's economy. "We have the capacity to finance the out-growers' long term investment in equipment and machinery to enable them meet the demand of cane by Zambia Sugar," she said. *(Daily Mail)*

Economic News

THE Kwacha yesterday faced another setback as demand for the United States dollar characterized the foreign exchange market, a financial market analyst says. Zanaco Bank says the Kwacha, which on Friday recorded a weak session against the US dollar, extending a losing trend for a third consecutive day, is in the short term expected to continue losing ground. "Demand for the dollar is expected to persist in the short term putting pressure on the local currency. Trading range is expected to be between K10.05 and K10.20 in the short term," the bank says in its daily newsletter. On Friday, market players posted the local unit at K9.95 and K10.00 per dollar at the market open, weaker than the previous day's close of K9.93 and K9.95. Intra-day trading witnessed thin dollar inflows and heavy demand for the greenback from corporates to see the Kwacha hit a low of K10.05 and K10.10 on the bid and offer and where it closed for the day. *(Daily Mail)*

LAST week, the Bank of Zambia (BoZ) treasury bills were under-subscribed attracting total bids amounting to K160 million against an offer of K700 million. On Thursday, Government intended to borrow K700 million through issuance of treasury bills offered by the central bank. Zanaco says a total of K138.29 million was allocated with yield rates remaining largely un-changed. "The K700 million Government treasury bills auction was poorly subscribed, receiving bids amounting to K160.60 million, and a total of K138.29 million was allocated," the bank says in its daily treasury newsletter. Meanwhile, factors of demand and supply are expected to be the main drivers of the Kwacha's performance against the United States (US) dollar in the near-term. On Thursday, the local unit weakened further dragged lower by growing demand for dollars from importers and interbank trades. The Kwacha opened trading at K9.65 and K9.70 per dollar, unmoved from Wednesday's close. "The Kwacha is likely to trade range-bound in the current environment with factors of demand and supply being the main drivers of the currency pair's next move. On Friday, trading is expected to be in a range of K9.75 and K9.95," it says. Zanaco says increased demand for the dollar from the corporates and the interbank witnessed the Kwacha dip to K9.93 and K9.95, a fresh low of the week where it closed for the day on the bid and offer, respectively. Similarly, Cavmont Bank in its market report says the Kwacha closed at K9.79 and K9.84, 1.45 percent weaker than the day's opening level. The bank says on Thursday, the local unit continued surrendering its recent gains to the dollar after the demand for the greenback continued to outweigh supply. *(Daily Mail)*

Zimbabwe

Corporate News

State owned fixed line operator, TelOne is seeking government approval to embark on a $25 million fibre-to-home project countrywide under a Public Private Partnership (PPP) agreement with Chinese company, Wuhan FibreHome Technologies. In a concept note availed to the journalists during a tour of TelOne's projects, the telco said it awaits government approval for the project which is expected to connect at least 50,000 homes in Harare and other towns to its fibre network. "TelOne seeks the assistance of the Ministry in getting Government authority to proceed with proposed FTTH project under PPP arrangement with Wuhan Fibre Home Technologies. Initial projections for the first phase of this arrangement are to the tune of $25 million and this would cover 50,000 homes in Harare and other towns," the company said. It has targeted to connect 25,000 homes to the internet by year end under the project. It is also undertaking a number of projects to transform the parastatal into a converged (FMC) communications service provider. It was awarded a licence to operate a mobile communications network in 2011 but that project has so far failed to take off. *(The Source)*

Caledonia Mining Corporation says gold output at its 49 percent owned Blanket Mine rose 20 percent to 12,509 ounces in the second quarter to June, a trend likely to continue for the remainder of the year. The output was also 16 percent higher on the 10,822oz produced in the first quarter. Caledonia said quarterly production for the remainder of the year is expected to increase progressively to approximately 14,000 ounces by the fourth quarter due to higher ore volumes from below 750 metres. "Production in the second quarter was slightly higher than planned demonstrating that Caledonia and the Blanket Mine remain on track to deliver our target performance of 50,000 ounces for 2016," said chief executive Steve Curtis. "Production in the Quarter includes production from higher grade material below 750 metres which is accessed via the No. 6 Winze and decline development. Both of these capital projects commenced production in late March 2016." At 31 March 2016, Caledonia had net cash of $8, 8 million. *(The Source)*

MEIKLES Limited has been given the go ahead to delay releasing its financial results, as it waits documents supporting the recovery of funds owed to it by the central bank. Last year, legislation to take over Reserve Bank of Zimbabwe (RBZ) $1,35 billion debt was passed, with government saying the debtors would be paid in Treasury Bills. In a statement yesterday, Meikles said a basis on which funds are to recovered from government, in terms of the Reserve Bank of Zimbabwe Debt Assumption Bill of July 2015 had been agreed. "Documentation in support of the agreement has still not been completed by government. The company has stressed the urgency of this matter with government. This documentation is crucial to the release of the company's audited financials for the current year. The financial implications of the agreement with government will be included in the annual results for the year to March 31, 2016," the company said.
Meikles said it had obtained approval from the Zimbabwe Stock Exchange to delay the release of its audited financials until end of this month. In a trading update, Meikles said turnover for the year to March 31, 2016 increased by 10% to $454 million compared to the previous year, with all of the group's segments contributing with the exception of hospitality.

"Shareholders will note from comments made in the chairman statement in the previous year's financial that disclosure of sums relating to the debt will only be made when the company is in receipt of appropriate documentation," the company said. Operating income increased by 14% during the period under review. It said expenditure was driven primarily by a growth in occupancy costs, resulting from expansion, increased by 1% compared to the previous year. "This increase represents an effective decline relative to the growth in turnover," Meikles said. The company claimed $90 million, including interest, from RBZ, but a debt verification exercise done by the central bank said the debt was $47 million. *(Reuters)*

CBZ Bank says it will disburse $150 million to the small-to-medium enterprises (SMEs) by year-end, as it seeks to increase its presence in that sector.This comes as the country's biggest bank, by deposits, has experienced a lower non-performing loans ratio among the SME sector, which has managed to yield impressive results in terms of return. "So far we have disbursed $100 million towards the SMEs and our target for the year is at least $150 million," CBZ official, Lawrence Chidembo said. The two SME businesses visited were Nash Paints and Jo's

Chickens. The former has so far received $2 million from the bank since 2006, while Jo's Chickens received a $30 000 disbursement. Nash Paints is on the verge of commissioning a new plant that is expected to be ready in August, where it would increase its capacity to 50 000 litres per day from 1 200 litres. CBZ executive head of corporate affairs and communications, Laura Gwatiringa said the bank was focusing on taking care of the costs on behalf of SMEs rather than giving cash, which was the main reason behind the low non-performing loans ratio. "Let us say you have your business plan and that business plan says you want to use so much money to buy equipment and whatever else it is that can enable you to run your business. We look at your business and agree on how much money you want, we then pay the service provider on your behalf," she said. Gwatiringa said this has helped in the monitoring loans it would have given, resulting in a low default rates. CBZ Bank's business banking division was formed in January 2015 to support SMEs in terms of financial and technical support. Divisional director for business banking, Molly Dingani said the aim of this banking division was to "reach out to the financially excluded both in urban and rural areas". *(News Day)*

Hardware retailer PG Industries says it has found an investor to buy the entire company's share register at a cost of $500,000. Shareholders are expected to approve the deal at a scheme meeting on the 5th of August. The company has been under a High Court sanctioned scheme of arrangement since last April designed to protect its assets while it restructures its debts. The purchase by Dewei sets aside the scheme, subject to sanction by the High Court. "The Members shall specifically approve; the sale by members, to Dewei Investments Limited of their entire 8,640,860,097 (eight billion six hundred and forty million eight hundred and sixty thousand and ninety-seven) shares in PG for a consideration of US$500 000 or 0.0058 cents per share," the company said on Thursday in a statement. Members are also expected to approve the Secured Lenders' Scheme, Preferred Creditors' Scheme, and The Concurrent Creditors' Scheme at the scheme meeting. PGI's shares were suspended from trading on the local bourse in 2013 with analysts asserting that the company was technically insolvent. As of June last year, PGI had paid secured creditors $4,3 million through property sales and debt swaps, while the balance of $965,082 was restructured to a three-year, 12 percent per annum long-term facility. PGI is heavily undercapitalised and needs massive cash injection to revive operations, a task which now befalls the new investor. Public information on Dewei Investments Limited, the new investor is not readily available. *(The Source)*

Economic News

Teams from the World Bank and the African Development Bank (AfDB) are in Zimbabwe on the country's arrears clearance plan and strategy paper. The visit comes after Zimbabwe presented a term sheet on how it would clear its arrears to the three preferred creditors — the International Monetary Fund (IMF), World Bank and AfDB. Zimbabwe owes the three institutions a combined $1,8 billion and has promised to have cleared the debt by end of September. Sources indicated that 16 members from AfDB arrived this week on a one-week mission. Zimbabwe owes the AfDB $601 million. "The team came to consult various stakeholders and agree on the country strategy paper. They will collect data information and statistics related to the debt clearance," the sources said. Zimbabwe also owes the World Bank Group $1,1 billion. Central bank governor, John Mangudya confirmed the visit by AfDB and a team from the World Bank. Mangudya said the country was on track to clear its $1,8 billion arrears. He said Zimbabwe was expected to clear its arrears in September before the AfDB and World Bank board meetings. Mangudya said after the payment, the country could be able to access funding from the international financial institutions. In May, Finance minister Patrick Chinamasa said technical teams from the AfDB and World Bank would visit the country to vet the country's arrears clearance plan.

According to an arrears and debt clearance plan presented on the sidelines of the IMF/World Bank annual meeting last year, Zimbabwe said it would get a 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 could be repaid using inflows from the Fragile State Facility of the AfDB. The second phase entailed using country's Special Drawing Rights holdings to clear the $110 million owed to IMF. Zimbabwe said it would use a medium to long-term loan to clear its $1,1 billion arrears to the World Bank Group. It said the loan would have a tenure of 10 to 15 years at an interest rate of 5-7% per annum. It would be re-paid as a bullet payment, that is, the entire loan plus interest are payable at the end of the loan tenure. 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. Zimbabwe also owes the International Development Association (IDA) $218 million. IDA is a World Bank unit which helps the world's poorest countries. *(News Day)*

Zimbabwe has applied for a court order to force an Impala Platinum Holdings Ltd. unit to sell almost 28,000 hectares (69,000 acres) of its mining lease to the state, land the government says will benefit the economy. The land, held under a lease by Zimplats Holdings Ltd. but owned by the state, hasn't been developed as the company planned and as such is "excess" to requirements, the government argued in affidavits filed to the country's administrative court. "Compulsory acquisition of the land is necessary for economic growth," Zimbabwean Mines Minister Walter Chidakwa said in the affidavit. In 2009, Zimplats said it planned to spend $6.7 billion over the next 20 years to produce about 1 million ounces of platinum a year, according to a document accompanying the government's case. In 2015, Zimplats produced just 190,000 ounces of the metal, which is mainly used to curb emissions from vehicles and as jewelry. The government wants to use to the land to build a 600-megawatt power plant, which it says will earn the state $3 billion a year. There will also be "numerous" other benefits to the economy, it said. The economy has halved in size since 2000. Zimplats, which is 87 percent owned by Impala, has opposed the government's request, saying the land isn't surplus to requirements. The company handed over about a third of its mineral rights to the state a decade ago in exchange for cash and credits toward Zimbabwe's indigenization rules, which require foreign-owned companies to be part owned by local black investors. "We've been talking to the government about this issue for some time and those talks are continuing," said Johan Theron, a spokesman for Impala. "There's a little piece of land between where we're mining and what's been released. They have an interest in acquiring more of that land." President Robert Mugabe's administration has faced mounting public unrest as a cash shortage undermined the government's ability to pay its workers and consumers' access to funds to pay their bills. The country implemented a multi-currency system in 2009 after its economy collapsed in the wake of a campaign to seize white-owned commercial farms and hand them over to black subsistence farmers, slashing export income. Zimplats lodged an objection to the proposed purchase as far back as March 2013. *(Bloomberg)*

Zimbabwe failed to repay $1.8 billion to the International Monetary Fund, the World Bank and African Development Bank by its own June 30 deadline. "Right now, we've not paid anything," John Mangudya, Zimbabwe's central bank governor, said by phone from the capital, Harare, on Thursday. "That is why we have this re-engagement process with international financial institutions." Finance Minister Patrick Chinamasa said earlier the country would repay at least $1.8 billion by the end of June to be able to resume borrowing in a bid to revive an economy that's half the size it was in 2000. Zimbabwe owes $110 million to the IMF, $1.1 billion to the World Bank and $601 million to the African Development Bank, Mangudya said in an e-mailed response to questions on Thursday. The IMF will only consider requests for financing once Zimbabwe clears its arrears with the lender and the IMF board approves the normalization of relations with the country, spokesman Gerry Rice told reporters on Thursday in Washington. "Irrespective of the calendar for arrears clearance, the economy needs immediate reforms to address the vulnerabilities that have come to the fore," Rice said. "Expeditious implementation of those reforms is critical to reverse Zimbabwe's economic decline." The southern African nation is experiencing an unprecedented liquidity crisis that's led to civil servants being paid late and some private-sector workers receiving goods instead of salaries. That sparked a national strike on July 6. The country was also hit by riots as taxi operators protested against what they said was police harassment and Zimbabwe's main border post with South Africa was shut for a weekend after the government banned the import of certain goods, sparking demonstrations from traders.
Most banks have limited cash withdrawals to $100 a day, leading to snaking queues at automated teller machines countrywide. Zimbabwe's foreign direct investment fell 23 percent to $421 million in 2015, according to a report in the Financial Gazettenewspaper that cited United Nations data. *(Bloomberg)*

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