WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

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

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

AFRICA STOCK EXCHANGE PERFORMANCE

Country	Index	10-Jun-16	17-Jun-16	WTD % Change Local	WTD % Change USD	31-Dec-15	YTD % Change Local	YTD % Change USD
Botswana	DCI	10171.58	10726.79	5.46%	3.53%	10602.32	1.17%	2.48%
Egypt	CASE 30	7756.30	7420.39	-4.33%	-4.32%	7006.01	5.91%	-6.66%
Ghana	GSE Comp Index	1753.35	1772.12	1.07%	0.91%	1994.00	-11.13%	-12.91%
Ivory Coast	BRVM Composite	309.28	309.82	0.17%	-1.26%	303.93	1.94%	4.63%
Kenya	NSE 20	3833.42	3784.32	-1.28%	-1.43%	4040.75	-6.35%	-5.38%
Malawi	Malawi All Share	12827.16	12806.31	-0.16%	-2.70%	14562.53	-12.06%	-19.47%
Mauritius	SEMDEX	1755.94	1745.12	-0.62%	-0.83%	1,811.07	-3.64%	-1.93%
	SEM 10	339.34	337.65	-0.50%	-0.71%	346.35	-2.51%	-0.78%
Namibia	Overall Index	973.85	955.14	-1.92%	-5.28%	865.49	10.36%	10.97%
Nigeria	Nigeria All Share	27232.62	29247.27	7.40%	7.70%	28,642.25	2.11%	2.54%
Swaziland	All Share	358.24	358.24	0.00%	-3.42%	327.25	9.47%	10.08%
Tanzania	TSI	3885.06	3821.26	-1.64%	-1.72%	4478.13	-14.67%	-15.91%
Zambia	LUSE All Share	4812.39	5000.36	3.91%	2.16%	5734.68	-12.80%	-11.56%
Zimbabwe	Industrial Index	96.51	93.99	-2.61%	-2.61%	114.85	-18.16%	-18.16%
	Mining Index	26.24	26.24	0.00%	0.00%	23.70	10.72%	10.72%

CURRENCIES

Currency	10-Jun-16 Close	17-Jun-16 Close	WTD % Change	YTD % Change
BWP	10.70	10.90	1.87	1.29
EGP	8.86	8.86	-0.01	-11.87
GHS	3.88	3.88	0.16	-2.01
CFA	576.43	584.83	1.46	2.65
KES	99.34	99.50	0.15	1.03
MWK	684.38	702.20	2.60	-8.42
MUR	34.02	34.09	0.21	1.77
NAD	14.79	15.31	3.54	0.56
NGN	197.01	196.47	-0.28	0.42
SZL	14.79	15.31	3.54	0.56
TZS	2,145.40	2,147.10	0.08	-1.45
ZMW	10.61	10.79	1.71	1.43

SECURITIES AFRICA

Botswana

Corporate News

No Corporate News This Week

Economic News

Botswana's consumer inflation was unchanged at 2.8 percent year-on-year in May, compared with April, data from the statistics office showed on Wednesday. On a month-on-month basis, prices rose 0.1 percent in May after a 0.9 percent increase the previous month, Statistics Botswana said. *(Reuters)*

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Egypt

Corporate News

Egypt's EFG-Hermes plans to distribute 1.08 billion Egyptian pounds ($122 million) to shareholders and step up its growth strategy after selling a 40 percent stake in Lebanese lender Credit Libanais, it said on Sunday. Having completed the $310 million stake sale last week, Egypt's largest investment bank will reward its shareholders in cash and share buybacks while also pursuing plans to boost capital reserves at subsidiaries in the United Arab Emirates, Kuwait and possibly Saudi Arabia. "We will be required to enhance capital structure, meet capital adequacy requirements and embrace opportunities as they appear by injecting capital in our subsidiaries," EFG-Hermes said in a bourse statement. EFG-Hermes also said it plans to expand its assets under management. The company is studying several projects that would require capital deployment in the coming months, it said, and is also eyeing new markets. "We have started a due diligence process for the acquisition of a Pakistani entity and we believe there are more geographies that could offer great opportunities, including Morocco, Vietnam, Bangladesh, Sri Lanka and Kenya," the company said. EFG-Hermes' board had approved the sale of a 40 percent stake in Credit Libanais to Arab and Lebanese investors for $33 per share, along with plans to sell the rest of its shares at the same price by May next year. According to its website, EFG-Hermes held a total of 63.7 percent of shares in Credit Libanais before the sale. EFG-Hermes bought the stake in 2010 for $542 million. At the time it said that the investment would help it to expand into Lebanon and the Levant and broaden its product range, but Lebanese banks and the broader economy have been hit hard by the civil war in neighbouring Syria. *(Reuters)*

Economic News

Egypt's strategic stocks of sugar are enough to cover the country's needs for the next year, Supplies Minister Khaled Hanafi said on Sunday. His statement followed the first meeting of a newly-established sugar committee that has been asked by the government to come up with a strategy to develop the sector and keep down costs. *(Reuters)*

Egypt will end local wheat buying on Wednesday, earlier than usual, due to exceeding its target of 4 million tonnes, the supplies ministry said on Saturday. "Supplies Minister Khaled Hanafi pointed out that the door for receiving local wheat from farmers will close at the end of Wednesday due to lowering local procurement rates," the ministry said in a statement. Egypt, the world's biggest wheat importer, has bought 4.8 million tonnes of domestic wheat since the start of the season on April 15. Egypt's wheat harvest begins in April and normally runs through July. Last year, the government said it bought a record 5.3 million tonnes of the grain, up from 3.7 million the year before. The ministry said on Saturday it had spent 14.5 billion Egyptian pounds ($1.6 billion) this year as part of a subsidy for farmers, who are being paid a fixed price of 420 Egyptian pounds ($47.30) per ardeb (150 kg) of wheat after Egypt abandoned plans to pay farmers global market rates this year. The higher fixed price, well above global rates, is meant to encourage farmers to grow wheat but has led to smuggling involving the sale of cheaper imported wheat to the government falsely labelled as Egyptian. *(Reuters)*

Egypt's central bank raised its key interest rates by 100 basis points at its monetary policy meeting on Thursday, following a jump in inflation last month. The Monetary Policy Committee (MPC) raised the overnight deposit rate to 11.75 percent from 10.75 percent and the overnight lending rate was raised to 12.75 percent from 11.75 percent, according to a statement. Urban consumer price inflation rose sharply to 12.3 percent in May. Core inflation, which excludes items with volatile prices, such as fruit and vegetables, rose to a yearly 12.23 percent last month, from 9.51 percent in April. Egypt has struggled to revive growth and faced political and economic instability since a 2011 uprising ended the 30-year rule of Hosni Mubarak. The country has faced an acute foreign currency shortage after the uprising drove away tourists and foreign investors. It devalued the pound to 8.78 per dollar in March and hiked interest rates by 150 basis points days later to control inflation, but prices have continued to rise. President Abdel Fattah al-Sisi is under increasing pressure to revive the economy and keep prices under control. *(Reuters)*

Egypt, the world's top wheat importer, faces $860 million in extra costs and lost export opportunities this year because of "unorthodox agricultural measures," including a zero-tolerance policy on ergot fungus in wheat, the U.S. Department of Agriculture said on Thursday in a report. The report, from a USDA attache in Cairo, criticized the government's policy on ergot, which has upset global grain trading and sparked a legal challenge against the government from global trader Bunge Ltd. It also said Egypt will expend up to $100 million because of unusual inspection and sampling policies for wheat shipments and other "burdensome tender requirements" that make government wheat imports more expensive. The estimates show how government policies that are out of step with international standards can hamper imports of critical foodstuffs and lead to higher prices for consumers. The end result of some of Cairo's agricultural policies, the USDA attache said, "is higher food prices paid by Egypt's overburdened consumers, in complete dissonance with the government's efforts and trumped up claims that it's trying to make food more affordable." Earlier this year, Egypt rejected wheat it had contracted for import after the country's agriculture quarantine authority began to apply a zero tolerance policy for ergot, a common grain fungus. The ministries of supply and agriculture later assured global traders they would follow a 0.05 percent tolerance policy, a widely applied international standard. But the pledge has been called into question after more rejections. In February, Bunge Ltd said it had launched legal proceedings over a rejected cargo of French wheat, highlighting uncertainty among suppliers. *(Reuters)*

Ghana

Corporate News

No Corporate News This Week

Economic News

Inflation for the month of May went up marginally to 18.9%. The rate increased by 0.2% from the 18.7% in April 2016. The monthly change rate for May was 1.1%. According to the Ghana Statistical Service, elements of the non-food group of inflation namely; transport, housing, water, electricity, education, and recreation among others accounted for the increase. Inflation for the month of April had declined from 19.2 percent recorded in March 2016. Similarly, the non-food inflation components accounted for the decrease in April. The consumer price index measures the change over time in the general price levels of goods and services that households require for the purpose of consumption. *(Ghana Web)*

Kenya

Corporate News

Kenya's Plum LLP plans to buy a 23.34 percent stake in insurer British-American Investments Co (Britam) that had been seized by the government of Mauritius from a disgraced businessman in 2015, the privately owned firm said on Monday. Plum said it expected the acquisition was expected to be completed by July 31 and would raise its shareholding in Britam to 38.54 percent. It gave no financial details. Mauritius seized the stake from Dawood Rawat in April 2015 after accusing him of running a Ponzi-like scheme through a Mauritian insurer. At the time, Minister for Financial Services Sudarshan Bhadain said that an offer from another operator "could not go through because the existing shareholders in Kenya were not willing to allow third parties into their company." Rawat, who has been in France since last year, has filed a case before the International Court of Arbitration against the government of Mauritius, asking for $1 billion in compensation, claiming illegal appropriation of Britam by the state. "The partners of Plum LLP ... determined to purchase the acquisition shares so as to provide Britam and its shareholders the time they require to identify a strategic investor with the institutional fit to drive Britam's growth in the future," Plum said. Britam also has operations in Uganda, Rwanda, Tanzania, South Sudan, Mozambique and Malawi. *(Reuters)*

The Treasury is expected to inject Sh12 billion into Telkom Kenya in a new capitalisation agreement signed with Helios Investment Partners on Friday. This follows completion of the sale of a 70 per cent stake which France Telecoms held in the third largest mobile operator in the country. Under the sale agreement, Helios acquired the shareholding but agreed to transfer 10 per cent share to the Government of Kenya increasing the government's ownership to 40 per cent. The two shareholders also agreed to split loans of Sh30 billion based on the new structure (60 per cent Helios and 40 per cent GoK), meaning that Helios will contribute Sh18 billion while the government will inject Sh12 billion. Helios has registered Jamhuri Holdings Limited as the local company to take over the shares. Helios announced that it will be naming a new management structure on Monday that will see the positions of chief executive officer, chief finance officer and chief technical officer filled. The new structure is also expected to reduce the number executives reporting to the CEO to four, down from the current nine. Treasury Secretary Henry Rotich said although Telkom Kenya has been facing a number of challenges for a fairly long time, the government is optimistic that it will turn around the firm under the new partnership. "We have seen the positive impact of Helios' investments in other sectors of our economy and we hope and trust that their investment in Telkom Kenya will have a transformative impact on the operations and standing of the company," Mr Rotich said during the signing of the sale agreement. Mr Eddy Njoroge has been retained as Telkom Kenya board chairman. Mr Njoroge said the new shareholders have agreed to restructure the management. "The company is confident that the combination of the Helios' expertise, resources and experience and track record in investment across the continent will be invaluable contributors to Telkom Kenya's transformation," he said. Last week the Competition Authority of Kenya (CAK) gave its approval for the deal. Until 2012, the government had a 49 per cent stake in Telkom Kenya while France Telecom held the remaining 51 per cent. But the State ceded a nine per cent stake in December 2012 following a Sh30 billion debt write-off before losing another 10 per cent last June after it failed to inject Sh2.4 billion in a Sh10 billion rights issue. *(Nation)*

Beer maker East Africa Breweries Limited (EABL) has been temporarily stopped from appointing another distributor on the supply routes of its single-largest distributor--Bia Tosha. High Court judge Louis Onguto on Tuesday issued the order after Bia Tosha filed a petition claiming that EABL has threatened to terminate its distribution contracts for 22 routes. The distributor holds that it has paid over Sh38 million in goodwill for the distribution routes, which EABL has declared as part of its profit over the years. Bia Tosha claims in the petition that the UK-owned brewer has been intimidating it and other suppliers into exclusively distributing its products. The firm says that EABL has waged a war against it to take down Bia Tosha for seeking to work with competing alcohol manufacturers. Justice Onguto on Tuesday ruled: "Pending the hearing and final determination of this petition, a conservatory order in the nature of an injunction do issue directed at EABL and UDV Kenya barring them from interfering with the exclusive management of their products in Namanga, Bissil, Kajiado, Kitengela, Athi River, Industrial Area, South B, Nairobi West, Kenyatta, Lang'ata, Rongai, Kiserian, Magadi, Upper Hill, Ngong Road, Hurlingham, Kawangware, Satellite, Dagoretti, UDV A, UDV B, UDV C which are owned by the petitioner, for 14 days," Justice Onguto ordered. The EABL has not yet responded to the suit, but will appear before Justice Onguto on June 28 at the hearing to argue out why the temporary order

should not be extended.

Ann-Marie Burugu—a Bia Tosha director—claims that EABL's parent company—Diageo-- has been threatening local distributors to coerce them into shunning rival manufacturers as part of a scheme to defeat anti-monopoly laws enacted in 2011. She claims that some of the threatening messages were racist in nature. "I personally received many intimidatory electronic messages all calculated at bludgeoning me into submission. Some of these electronic messages were highly offensive. A Diageo senior representative in Cameroon was deputed by Diageo London to intimidate local distributors and he proceeded to issue various threats," Ms Burugu holds. Bia Tosha has attached some of the alleged threats in its petition. "As a friend let me just say you're taking some pretty bad decisions. Playing chicken with a multinational is (sic) really the wisest business negotiation tactic. Unless of course BT (Bia Tosha) is no longer that important to you," one of the messages Bia Tosha says it received reads. The firm founded by former EABL worker Peter Burugu is one of the brewer's largest distributors alongside Rwathia, Kamahuha, Veew and Ishano Distributors. *(Nation)*

Directors of the collapsed Imperial Bank Ltd have won reprieve after the court temporarily stopped the Capital Markets Authority (CMA) from investigating them over a corporate bond issued last year. High Court judge Joseph Onguto Tuesday certified the application filed by the directors as urgent and directed that it be heard on July 4, with both parties represented. The directors through lawyer Njoroge Regeru argue that the bank had floated to the public a Sh2 billion corporate bond whose issuance was duly vetted and approved by the CMA. Dyer & Blair Investment Bank Ltd was appointed the bank's transaction adviser for the cash call. The CMA argues that the directors were negligent of their duties in the course of issuance of the bond and has, therefore, commenced enforcement proceedings aimed at holding them culpable. The authority also seeks to impose wide-ranging sanctions and penalties, some of a criminal nature. "The process which the CMA has commenced is so fundamentally flawed in law and so prejudicial to the bank directors' fundamental rights and freedoms that the same ought to be stopped pending hearing of the application," Mr Regeru argued before the judge. The directors have also revealed that the bank's former general managing director Abdulmalek Janmohamed together with the then chief finance officer James Kaburu, were the only people who were involved on behalf of the bank in the bond issue. They handled all the meetings and correspondence between members of the Transaction Advisory Team (comprising Dyer & Blair, Hamilton Harrison & Mathews and PKF Kenya) with the relevant authorities being Central Bank of Kenya, CMA, and Nairobi Securities Exchange (NSE).

However, at a meeting between the directors and CMA on January 13 the regulator stated that it wanted to establish the facts and the circumstances in the lead up to and after the bank's cash call. The bank directors claim that they are being targeted selectively for prosecution, while other parties involved in the bond issue have been left untouched. They say the CMA is also acting as the accuser, prosecutor and judge in its own cause as it is an interested party in the bond issue. The bank's directors who include Alnashir Popat, Omurembe Iyadi, Jinit Shah, Anwar Hajee, Hanit Somji, Vishnu Dhutia, Eric Bengi, Christopher Diaz, and Mukesh Patel, also said they are being compelled to engage defence of their actions against a background of inaccessibility of crucial documents which are in the control and custody of the receiver. "CMA has access to such crucial documents and could also order production of the same to third parties in the interests of a fair hearing but it has failed to do so," argues lawyer Regeru. The advocate says that CMA has selected the documents which in its view should be considered in the matter and thus denied the bank directors the right to adduce evidence in support of their case. He says the process CMA seeks to commence has disregarded other investigations by more "technically qualified" parties namely, CBK, the receiver, Bank Fraud Investigations Department and FTI Consulting. *(Nation)*

Five airlines have expressed interest in buying a majority stake in the cash-strapped national carrier Kenya Airways. Transport and Infrastructure Cabinet Secretary James Macharia yesterday said the proposals by the airlines would be studied. In the meantime, he said the government would restructure the airline to turn around its fortunes before bids to buy it could be considered. "It is true there are firms from the Middle East and America that have expressed interest in Kenya Airways. None of these has firmed up interest so I cannot give you details," he said during an interview in Brussels. Mr Macharia is accompanying President Kenyatta, who is attending the EU development day meeting, which ends today. The Cabinet Secretary was careful on the effects of any formal announcement about the airlines buying off KQ.
"Kenya Airways is a publicly listed company, which means there could be sudden interest in its shares," he said. Aviation sources say Qatar

Airways is one of those that have expressed interest in KQ because it wants to use the Jomo Kenyatta International Airport hub to solidify its operations in Africa. Others said to have expressed interest in the national carrier are Abu Dhabis's Etihad Airlines, Oman Air and US-based Omni Air. Alarm bells started ringing in the aviation industry in March, 2015 when KQ announced a loss of Sh28 billion. This marked the beginning of efforts by its directors and the government to stem off the turbulence facing the airline. As part of revenue-raising and cost-cutting measures, the airline sold its early morning landing slot at London's Heathrow Airport for Sh7.5 billion to Oman Air. The proceeds were shared with its partners Air France and Dutch KLM. *(Nation)*

Economic News

The volume of trade between Kenya and Ireland has jumped by 40 per cent to Sh10 billion, driven by imports of heavy port machines and alcoholic drinks. This is the biggest increase in percentage of imports to Kenya by any country recorded over the last two years. But trade was heavily tilted towards Ireland with the European Union member country benefiting from imports of machines to build the new container terminal at the Port of Mombasa. This included cranes and other machinery. The terminal has increased the port's capacity by 50 per cent and was handed over to the sector authority this year. Ireland is home to Guinness and Jameson Whisky brands, which are popular in Kenya. According to Irish Ambassador to Kenya, Mr Vincent O'Neill, Kenyan exporters sold mostly agricultural products to the European Union member. These included tea, flowers, coffee and French beans. "The ICT sector is the fastest-growing category of imports from Ireland to Kenya. But we want to help Kenya reverse the trade deficit it has with Ireland," Mr O'Neill said.
The embassy has organised a tour of Ireland by a dozen Kenyan industrialists who will mainly visit agri-processing firms to explore opportunities. According Ms Lucy Muchoki, the chairperson of the agribusiness committee at the Kenya National Chamber of Commerce, they will also take advantage of the tour to sign an MoU with their Irish counterparts. "We want them to invest in dairy, beef industry and help expand farming of Irish potatoes," Ms Muchoki, who has accompanied the Kenyans to the seven-day trip, said. The team will be joined by Trade and Industry Principal Secretary Christopher Kiptoo for the Africa Ireland Economic forum in Dublin on Friday. It also has representatives from Deputy President's office, Kenya Investment Authority Managing Director Moses Ikiara and Kepsa officials. *(Nation)*

Kenyan Treasury yields have dropped to almost three-year lows as the collapse of three banks within nine months in East Africa's largest economy prompts lenders and pension funds to seek out the relative safety of government debt. The return on Kenya's three-month Treasury bill has fallen 337 basis points this year to 7.3 percent, the lowest since July 2013, data from the central bank show. The government received 41.5 billion shillings ($410 million) of bids in its most recent auction of 4.7 billion shillings of two-year bonds. Yields on the paper dropped to 12 percent in May from 15.8 percent in January. The collapse of Dubai Bank Kenya Ltd., Imperial Bank Ltd. and Chase Bank Kenya Ltd. has discouraged some investors from buying banking stocks and bonds. Chase Bank had a 4.8 billion shilling bond trading on the Nairobi Stock Exchange, while 2 billion shillings of Imperial debt was due to start trading the day it was placed under supervision, said Maurice Oduor, a money manager at Nairobi-based Cytonn Investments. "With the closure of Chase and Imperial banks, pension funds have a preference for government Treasuries, as opposed to bank deposits," Oduor said. "Payment of the bond is dependent on the capacity of the issuer to pay. For both Chase Bank and Imperial Bank, the issuer is under receivership. So the funds are still locked in the two banks."

The interbank rate, a barometer of liquidity in the market, dropped to a five-year low of 2.21 percent last week, as central bank fund injections encourage an abundance of cash. The rate was 2.75 percent on June 10. Interbank trade volumes are at a daily average of 13.4 billion shillings this month, after dropping as low as 6 billion shillings in April. "The allure of treasury bills and bonds should have gone, but it hasn't," Jibran Qureishi, an economist at CFC Stanbic Bank Ltd., said by phone from Nairobi. "It is because it is a safe haven right now. Pension funds don't want to hear about corporate bonds or the stock market." The government has 200 billion shillings in securities maturing by end-August, data compiled by Bloomberg show, suggesting that liquidity will remain abundant and yields probably capped. The government is probably preparing to roll over a large amount of its debt in the coming months, keeping liquidity at high levels, said Alexander Muiruri, head of fixed-income at Kestrel Capital in Nairobi. "In the next financial year, they are going to have to be quite aggressive in the market," Muiruri said. *(Bloomberg)*

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Kenya will get a World Bank loan of $1.1 billion for infrastructure projects in the country's arid northern region, the bank's vice president for Africa said. The loan is the latest in series to Kenya, which amount to $5.5 billion, excluding the new package. "It is an unprecedented financial commitment to this part of Kenya," Makhtar Diop told Reuters in Nairobi over the weekend. The funds will be used to build roads, improve water and energy supplies and support livestock keeping. They will have a maturity of 50 years and an interest rate of less than 1 percent. The package was prepared at the request of Kenyan President Uhuru Kenyatta, Diop said. He did not say when the full disbursement of the funds would take place, but technical work on some projects has already started. Projects to be funded with the facility included a modern road linking Isiolo, a town in the lower eastern region, with Mandera, a town close to the border with Somalia. Diop said the World Bank expected Kenya's economy to expand by 5.9 percent this year, close to the government's forecast of 6 percent. It grew 5.6 percent last year. "Kenya is doing pretty well in the Africa context and in the global context, but the ambition of the government is to sustain that growth rate and accelerate it," he said.

To attain faster growth, the country needed to increase efficiency in state-owned firms and improve competitiveness, through investments in infrastructure. Last week, the government forecast a higher budget deficit of 9.3 percent of gross domestic product for the fiscal year starting next month as it increases public investments. "Overall the fiscal deficit is financeable," Diop said, adding total debt was increasing but remained sustainable at about 50 percent of GDP. The World Bank cut its average growth forecast for sub-Saharan Africa to 2.5 percent this year because of lower commodity prices. Diop said the continent could attract investment because of higher returns than other regions of the world, but he said some African nations needed to avoid building up their dollar-denominated debt.*(Reuters)*

Kenyan consumers will pay more for fuel at the pump for the next month after the Energy Regulatory Commission raised retail prices during its monthly review on Tuesday. The ERC increased the maximum retail price of petrol in the capital, Nairobi, by 2.3 percent to 86.17 shillings ($0.8527) per litre, saying the costs of importing refined petroleum products had gone up. It also increased the retail prices of kerosene and diesel. Costs of energy and transport have a significant weighting in the basket of goods and services used to measure inflation in the East African country. *(Reuters)*

Expensive maize in Tanzania and Uganda contributed in sparking a sharp rise in the price of flour in Kenya as local millers cut reliance on grains from the neighbouring countries. The latest food security report from the Ministry of Agriculture, Livestock and Fisheries indicates that imports from neighbouring countries dropped to 205,350 bags in quarter one, down from 1.8 million in the same period last year. This came as Kenyan farmers stepped up maize exports to Tanzania, worsening the cereal shortage locally that has seen flour prices rise by Sh15 for the two kilogram packet since February. Data prepared by the Regional Agricultural Trade Intelligence Network (Ratin) shows that a 90-kg bag of maize retailed at Sh4,898 in Dar es Salaam, the highest unit price in East Africa. The same quantity of maize currently fetches about 2,700 in Nairobi, an average of Sh2,661 in Kampala and Sh4,597 in Burundi. "The supplies of maize have been tight in the market and millers are unable to get enough stocks, this situation is behind the rise in flour prices," said an official of the Cereal Millers Association. The government notes that the reduced imports of the various major food commodities signify relative adequacy of stocks. "The cross-border imports decreased by 80 in the first three months of the year compared to the same period last year," says the report. Millers have been complaining of decreased supply of local stocks in the market and are banking on stocks from Tanzania, whose harvest season has come. Kenya mainly depends on imports from Uganda and Tanzania to bridge a deficit of 20 million bags annually. The government estimates that farmers held at least 10 million bags of maize by the end of April, a stock that would last up to early next month. Kenya's long rains harvest starts in October, signalling continued rise in flour prices. A two-kilogramme packet of Jogoo maize flour is retailing at Sh110 from Sh95 in January while Pembe is at Sh101 from Sh85. Flour prices had been falling since September. Maize prices have a big effect on inflation in Kenya's economy where it is the staple food and accounts for a significant share of poor households' budget. Inflation stood at 5 per cent last month, down from 5.27 per cent in April. Beans imports dropped 39 per cent in the four months to April compared to the same period a year earlier. *(Nation)*

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

No Economic News This Week

Nigeria

Corporate News

MTN Group has agreed to pay a reduced fine of 330 billion naira ($1.7 billion) in a settlement with the Nigerian government of a long-running dispute over unregistered SIM cards, sending shares in the South African telecoms group soaring. The settlement clears the way for MTN to list its local unit on the Nigerian Stock Exchange. Such a step had been on the firm's radar but plans accelerated during negotiations over the fine, Executive Chairman Phuthuma Nhleko told Reuters. The fine will be paid by MTN Nigeria over three years and is only around a third of the $5.2 billion figure initially demanded by the west African country last October for failing to deactivate more than five million unregistered SIM cards. Nigeria has been cracking down on unregistered SIM cards, concerned they are used for criminal activity in a country fighting an insurgency by Islamist militant group Boko Haram. MTN had threatened to pull out of Nigeria as paying the fine in full would have crippled its local operations, a government official said, asking not to be named. "The present administration does not want to ground the operations of any investor in Nigeria," he said. Nigeria, Africa's largest economy and most populous nation, faces its worst crisis for decades after the sharp fall in oil prices and last year's introduction of a currency peg that put investors to flight. But in a possible complication, Nigeria's House of Representatives said it was surprised by the deal as its own probe into the MTN fine had not been concluded. In March, the lower house launched an investigation, arguing that reducing the initial fine of $5.2 billion would require changing the law. "We are still continuing with our investigation," Fijabi Akinade, chairman of the House's committee on communications, told Reuters. Lawmakers had summoned the communications minister and a top regulator official to discuss the deal on Monday. "We want to know how they arrived at that decision and if it was done in good faith ... But honestly, we are surprised," Akinade told Reuters.

The dispute removed a cloud hanging over MTN and its shares surged more than 20 percent at one point and closed 13.18 percent higher at 140 rand. They had shed 22 percent since the fine was first announced. "The relationship between MTN, the Federal Government of Nigeria and the Nigerian Communication Commission (NCC) has been restored and strengthened," Nhleko said. The Nigerian regulator said the settlement was acceptable to both parties and that it had not been "out to kill MTN". "Money was not the issue here. The breach was the issue. I believe MTN has learned its lesson," NCC spokesman Tony Ojobo told Reuters. MTN is the largest mobile phone operator in Nigeria with 62 million subscribers and the west African nation accounts for about one third of its revenues. Nhleko, who was chief executive for nine years until 2011, was appointed on an interim basis for six months in November but has stayed on as the company negotiated with Nigerian authorities. In February, MTN hired Eric Holder, the former U.S. attorney-general, to help negotiate the fine. MTN, Africa's largest telecoms company, has already paid 50 billion of the 330 billion naira owed. The rest will be paid in six instalments over three years, the company said. Five weeks after the fine was first announced, MTN's chief executive Sifiso Dabengwa resigned and the company asked Nhleko to take the reins temporarily. A Johannesburg-based analyst gave Nhleko credit for not settling the fine earlier at a figure of $3.9 billion, the first sign Nigerian authorities gave after months of talks that it was willing to accept a lower sum. "He's the guy who built this ship and this shows he can still steer the ship," Momentum SP Reid Securities analyst Sibonginkosi Nyanga told Reuters. The telecommunications firm which spans 20 countries, set aside $600 million in March to pay the fine.($1 = 198.0000 naira *(Reuters)*

Ecobank Transnational Incorporated (ETI) has targeted a Non-Performing Loan (NPL) ratio of 7.5 per cent in the current financial year, against 8.2 per cent achieved in previous year. The pan-African bank, as part of its commitment to improve on quality of its loan book and refrain from riskier assets, according to the Group Managing Director of the bank, Ade Ayeyemi, has also concluded plans to focus on return on equity rather than cost, after first three months' profit after tax dropped by 35 per cent. The Group Managing Director of the conglomerate. Ade Ayeyemi, who stated these while addressing shareholders during the 'Facts Behind the Figures' of the bank on the Nigerian Stock Exchange (NSE) at the weekend, explained that the group recorded a decline of 35 per cent in profit after tax from $126 million in the first quarter of 2015 to $82 million in during the corresponding period of this year. He attributed the decline to high rates and inflation in some Middle African countries, the devaluation of dollar risk; and Treasury Single Account (TSA) reforms in Nigeria, among others. He, however, expressed optimism that despite the bank's low performance in some financial indices last year, it is currently well positioned to generate high returns to meet shareholders' expectations. "Shareholders of the financial institution are not expected to be

delighted about the growing NPL but it is important not to hide to fact in order to recognize where there are problems. Our target at the end of the year is 75 per cent. "The business environment can be challenging but there are opportunities. The value of mobile phone transactions in Nigeria has been demonstrated and if we can connect that into banking; it means there are a lot we can make," Ayeyemi said. He explained that the group NPL has risen to $1 billion in first three months of 2016 from $967 million in fourth quarter of 2015, while its NPL coverage stood at 71.3 per cent in first three months of 2016 as against 67.9 per cent in fourth quarter of 2015. According to him, the group would sustain a stronger Return on Equity (ROE) to shareholders as it grow to 12.8 per cent in first three months of 2016 from 4.2 per cent in fourth quarter of 2015. *(Guardian)*

MTN Group will more than double capital spending in Nigeria in the 2016 fiscal year, it said, days after agreeing to pay a heavily reduced penalty to settle a regulatory dispute with the west African country. Africa's biggest mobile operator will spend 11.1 billion rand ($726.13 million) to upgrade its network in Nigeria, it a said in a presentation posted on its website. That is substantially higher than its spending of nearly 5 billion rand last year. Johannesburg-based MTN said on Friday, after months of talks, that it had agreed to pay a heavily reduced fine of $1.7 billion, or a third of the initial penalty, in a settlement with Nigeria for missing a deadline to deactivate more than 5 million unregistered SIM cards. MTN is the largest mobile phone operator in Nigeria with 57 million subscribers, and the country accounts for about a third of its revenues. MTN's plan will see the roll out of 3G network population coverage from 67.23 percent to about 90 percent, the presentation said. The aggressive rollout of fibre to six Nigerian cities by the end of 2016 will enable the connections. The company also said it expected higher revenues in Nigeria supported by reconnecting subscribers and the introduction of new services in May. *(Reuters)*

Economic News

The Central Bank of Nigeria may introduce a dual exchange-rate system and weaken the naira when it unveils a new policy as soon as this week, according to a person who attended a meeting between Governor Godwin Emefiele and bankers. The regulator will probably make an announcement in a circular to banks, said the person, who asked not to be identified discussing the private talks held June 9 in Abuja, the capital. Analysts including those at Renaissance Capital Ltd. have said they expect the central bank to allow the naira to weaken around a trading band in the interbank market, while allocating dollars at a fixed rate to industries the government deems strategic. The central bank is still working out details of the system, the person said, and may also reinstate a minimum holding period for foreign investors buying naira bonds. Emefiele has faced calls for more than a year to devalue the currency, as other oil exporters from Russia to Kazakhstan and Angola have done, amid a rout in crude prices since mid-2014 to around $50 a barrel. Investment into Nigeria has shriveled as foreigners are put off by capital controls needed to defend the peg, while local businesses have struggled to import raw materials and equipment. Naira three-month forwards rose to 301 against the dollar by 3:45 p.m. in London, poised for a record close and suggesting traders see the currency falling to about that level from the spot price of 198.5. Forward contracts maturing in a year traded at 340, also a record high. Isaac Okorafor, an Abuja-based spokesman for the central bank, didn't answer calls to his mobile or immediately reply to a text message requesting comment.

Africa's biggest economy removed a requirement for foreign investors to hold local-currency debt for at least one year in mid-2011. That led to Nigeria's inclusion the following year in JPMorgan Chase & Co.'s local-currency emerging market bond indexes, tracked by more than $200 billion of funds, and also prompted naira yields to plummet. The country was kicked out of the indexes last September because JPMorgan said the currency restrictions made it hard for investors to trade naira bonds. Nigeria has held the naira at 197-199 per dollar since March 2015, with Emefiele and President Muhammadu Buhari both insisting that a weaker currency would leave consumers facing higher prices. That's already happened, with inflation accelerating to an almost six-year high of 13.7 percent in April. The statistics bureau is due to announce figures for May on Tuesday. Economists have blamed the capital controls for exacerbating a foreign-exchange liquidity crisis caused by the drop in the price of oil, which accounted for two-thirds of government revenue and 90 percent of exports in 2014. Growth was negative in the first quarter for the first time since 2004 and a recession, or two consecutive quarters of contraction, is imminent, the central bank said last month. The central bank's reserves have fallen to a more than 10-year low of $26.4 billion as it seeks

to defend the currency. The naira has plummeted to around 365 per dollar on the black market as shortages of the greenback worsened.

The black market rate may strengthen if the official one is weakened and inflows from investors pick up, according to Aminu Gwadabe, president of the Bureau de Change Operators of Nigeria. "The naira might trade around 300 to a dollar on the black market after the announcement, because we expect supply to improve," he said by phone from Lagos, the commercial capital. "In the past weeks, the central bank created doubt in the market, which triggered another round of speculation." *(Bloomberg)*

Annual inflation in Nigeria quickened to a more than six-year high of 15.6 percent in May, the fourth consecutive month in which it has accelerated, the National Bureau of Statistics said on Monday. A sharp drop in oil prices has slashed government revenues. The country relies on crude sales for around 70 percent of national income. The inflation rate, the highest since February 2010, was boosted by a higher cost of food, electricity and transport. "The increase in rates in May relative to April reflects an overall increase in general price level across the economy," said the statistics office. The food price index rose to 14.9 percent, up from 13.2 percent in April. *(Reuters)*

Nigeria's central bank will announce a more flexible foreign currency policy on Wednesday, a bank spokesman said on Tuesday. Last month the central bank said it would move away from a peg of the naira to the dollar but has not given any details yet. Central bank governor Godwin Emefiele will unveil the new policies at a news conference, the spokesman said. *(Reuters)*

Nigeria's central bank said on Wednesday it would begin market-driven foreign currency trading next week, abandoning its 16-month fixed exchange rate policy and setting the stage for the currency to fall sharply. Nigeria's central bank previously pegged the naira at 197 to the U.S. dollar but the currency trades at about half that on the black market. Interbank trading begins on Monday, Central Bank Governor Godwin Emefiele said. The central bank will still be able to inject dollars into the market, giving it some control over the exchange rate. Emefiele hopes opening up trading will ease severe U.S. dollar shortages caused by a slump in oil revenue. With a likely sharp fall for the naira, Nigerian products will become relatively cheap and imports more expensive, which should stimulate the domestic economy but also lift inflation. "To improve the dynamics of the market, we will introduce foreign exchange primary dealers who would be registered by the CBN (central bank) to deal directly with the bank for large trade sizes on a two-way quote basis," Emefiele told reporters. Nigeria's stock market gained 3 percent following the announcement. "It's a pretty important step in the right direction," Exotix economist Alan Cameron said. "Basically it amounts to a managed float, which is better than what most people were expecting. It's a pleasant surprise." he central bank said eight to 10 primary dealers would supply the interbank market with dollars, handling minimum volumes of $10 million. The primary dealers will be allowed to sell back 70 percent of any dollars bought from the central bank on the day of purchase. Sales must be backed by a specific customer order to avoid currency speculation, the central bank said.

Nigeria's retail currency operators will not be able to buy from the interbank market, meaning dollars will remain in scarce supply for private individuals and small businesses. Emefiele also said the central bank would open a foreign exchange futures market to ease demand on spot trading, reduce volatility and give businesses the opportunity to hedge risks. Africa's biggest economy, which contracted by 0.4 percent in the first quarter, faces its worst crisis in decades after the decline in oil prices and last year's introduction of a currency peg that prompted a large-scale capital flight. "Over the long run, a weaker currency will help Nigeria's economy by encouraging import substitution and attracting foreign investors, who have shunned the country for fear of a devaluation," Capital Economics' John Ashbourne said. "But the move will be painful over the short term. Higher import prices will add to inflation ... This will probably force the authorities to tighten monetary policy." *(Reuters)*

Nigeria's government will loan its states a total of 90 billion naira ($453 million), in its latest effort to augment their monthly income and ease strain caused by plunging oil revenues, the country's finance minister said. The funds will help tide the 36 states over for a year as they get their finances in order, Finance Minister Kemi Adeosun said late on Tuesday. The loan is structured as 50 billion naira for three months and then 40 billion for nine months. She did not say what the interest rate on the loans would be. "It is a loan and it is fully repayable, although it has a secured tie against future dividends, revenues and any amount that government might owe the states,"

Adeosun said at a meeting with state finance commissioners. "The loan is a bond and it has been guaranteed by the federal government." Several Nigerian states borrowed in the domestic bond market and from banks to fund infrastructure projects at the peak of oil prices. But as crude prices dropped, many states have been unable to pay bills or salaries. Last year, several state governments got financial help from the central bank and Debt Management Office, to clear a backlog of unpaid salaries and other expenses after their combined debts climbed to around 658 billion naira. In April nearly two-thirds of states struggled to pay salaries despite a federal bailout, the government said. It then allowed them to defer loan deductions of 10.9 billion naira for March so that they will have funds to cover salaries . Adeosun said the states have signed up to a fiscal plan that would help them increase internally generated income and cut costs. That was part of a list of 22 requirements they must fulfill before getting the loan. States are also required to submit an updated debt profile regularly to the debt office and will not be allowed to borrow from commercial banks, as part of the requirements. *(Reuters)*

Nigeria's central bank is "reasonably optimistic" the naira will settle at around 250 to the U.S. dollar after an initial period of weakness following a flotation on Monday, the bank's governor has said in a letter to President Muhammadu Buhari. Nigeria's central bank said on Wednesday it would begin market-driven foreign currency trading next week, abandoning the peg of 197 naira per dollar that it has supported for 16 months. Foreign investors and economists have called for months for a devaluation as chronic foreign currency shortages choked economic growth and deterred investment. The naira is expected to fall sharply when interbank trading begins on Monday, but the central bank said it did not have a target for the currency and the price would be "purely" market-driven. The naira was trading on the black market at around 370 to the dollar on Thursday. Giving the first indication of a target, Governor Godwin Emefiele said in a June 3 letter to Buhari -- seen by Reuters -- that the central bank hopes the naira will eventually trade at around 250 per dollar, a level the president has "approved". "I must assure Your Excellency that we are indeed reasonably optimistic that at some point the rate will settle around 250 naira," Emefiele says in the letter. The letter, which briefs Buhari on the foreign exchange plan announced on Wednesday, says it could take three to four weeks to clear a $4 billion backlog of foreign exchange demand. Buhari has for months said that he does not want the naira to be devalued, but backed a more flexible exchange rate policy when the central bank outlined its plans in May, without elaborating. The presidency has not commented on the new regime, with Buhari's spokesman declining to comment when Reuters called on Wednesday.
The central bank could not be immediately reached for comment.

Africa's biggest economy, which contracted by 0.4 percent in the first quarter, faces its worst crisis in decades after the decline in oil prices since 2014 and last year's introduction of a currency peg, which prompted a large-scale capital flight. With a likely sharp fall for the naira, Nigerian products will become relatively cheap and imports more expensive, which should stimulate the domestic economy but also lift inflation. Buhari has previously raised concerns about the inflationary impact that a weaker currency will have on Nigeria's poor. Nigeria, Africa's largest crude exporter, has resisted devaluing its currency for more than a year despite other major oil producers, including Russia, Kazakhstan and Angola, allowing currencies to fall after crude prices collapsed. *(Reuters)*

Tanzania

Corporate News

NATIONAL Microfinance Bank plans to double its profit by the year 2020 that will also scale up dividend to the government to over 33bn/-. This comes after the bank handed over 16.5bn/- dividend to the government in an event held in Dodoma over the weekend as part of the bank's profit after tax of 150.2bn/- for 2015. NMB is one of the success stories of privatization that in the past five years has dished out 226bn/- dividend to the government, making the bank the largest contributor to the government budget among financial institutions. The NMB Managing Director, Ms Ineke Bussemaker, said the money channelled to the government is part of the 31.9 per cent share it holds in NMB. Such huge contribution comes after the government tabled the National budget for the 2016/17 financial year. "We are a strong bank with a strong balance sheet," said Ms Bussemaker, adding that the country has a conducive environment for the banking sector. The Minister of Finance and Planning, Dr Philip Mpango, said he was happy to receive the dividend calling other companies in which the government has shares to emulate the practice shown by NMB. "I am a happy man today, now I am going to be the minister of finance and not the minister of debts, " said Dr Mpango after receiving a 16.5bn/- dividend. At the annual general meeting held in Dar es Salaam last week, a total of 52bn/- dividend was approved to be distributed to shareholders which is an equivalent of 104/- dividend per share. *(Daily News)*

TANZANIA Breweries Limited (TBL), Mwanza plant, a subsidiary of SABMiller, has maintained its track record in efficiency and quality after scooping Mackay Award as a result of being innovative in using alternative source of energy in its production which is environmentally friendly. Mackay award is one of SABMiller's grand awards to honour one of its Chief Executive Officers Graham Mackay who during his working time spent his energy to move the company into new heights. Mackay died three years ago and after his death the company decided to introduce the award to all brewing plants falling under its portfolio which demonstrate quality and efficiency in production in accordance to company goals. Most of SABMiller's goals are related to United Nations goals which advocate on the use of industrial production methods with less negative impact to natural environment and also with impact to communities through increasing their incomes. TBL Group Technical Director Mr Gavin Van Wijk hailed the plant management for scooping various awards including the Mackay award. "The competition was stiff as it involved a number of brewing plants from various parts of the world, however, you were in a position to scoop it and become the first plant to win this award in Africa," he said. He expressed appreciation to all loyal customers who have been supporting the company by making the TBL Group products their number one choice. He said the company would continue to give its best to the customers including introducing social projects that will bring positive changes to the communities.

Speaking after receiving the award in a ceremony that was held at plant premises in Mwanza over the weekend, the plant Manager, Mr Gabriel Pitso, said Mwanza plant was the first plant in the country to scoop the award elaborating that was possible due to solid commitment to environmental friendly production using Dry-De-Husking (DDH) machines which use rice chaff. He said SABMiller which is TBL's parent company conducted a study on alternative source of energy and after a study was completed it was decided that, before starting using non diesel production technology in all its plants, the trial should be done in Mwanza plant. He said the use of new technology has registered tremendous success which include among others cutting down operating costs and reduction of environmental destruction.
He further noted that, apart from reducing the operation costs and being environmentally friendly, the technology has practically enabled rice and cotton farmers to increase their incomes. In the previous days he said, rice chaff was regarded as wastage but this time around it has turned into 'gold' as it has a reliable market. "Through this technology the communities surrounding the plant are benefiting from our investment and this is one of the company's goal," he said. *(Daily News)*

CRDB Bank is planning to establish a holding company to oversee its subsidiaries after expanding operation outside the country. This came after the bank now envisage crossing to Lubumbashi in Democratic Republic of Congo to close supervise subsidiaries operations. The CRDB Managing Director, Dr Charles Kimei, said the holding company was now necessitated by the banks growth and better monitors these increasing subsidiaries. "The formation of the holding and Tanzania operation will be known once the board of directors approved the

modality," Dr Kimei said when talking about the bank's recently won awards. The managing director said the level of the bank reached needs such a setup so as to further increase efficiency and serving customers better. Dr Kimei said the bank plans to go to Lubumbashi in DRC was still there that is why it plans to establish a holding company. There are number of Tanzanian establishment in Lubumbashi including Tanzania Port Authority (TPA) branch, clearing and forwarding agents pushing banks to look on that direction. Dr Kimei was speaking about the recently regional and international awards the bank clinched recently saying the prizes increase their trust in and outside the country. These awards, he said, also are expected to increase share price movement thus heading north propelled by more trust and bondage the bank was now recognized regionally and internationally.

CRDB share yesterday was trading 355/- though down from where they started in January at 400/-. The share price are also affected by low liquidity in the market. The awards, including European Banker Award and East African Banker Award—Life Time Achievement, have increased the bank's customers trust in and outside the country. Dr Kimei was awarded an EA Bankers award for Life Time Achievement to become the first Tanzanian to win such a prestigious prize regionally. Speaking about the award Dr Kimei said "it brings fresh challenges" as he has to live according to the life time achievement prize. "We have to maintain the achievements—being more creative and innovative. "(Also) the award is a very good signal that the country has people to run banks and drive away a tendency to look as in Tanzania you cannot get (bank) leaders," Dr Kimei, who has 40 years in banking industry, said. The awards also gave the bank a lot of mileage on its marketing drive as many want to associate with the winning team and making it easier to sale products. Also CRDB received the best East Africa Retail Bank Award 2016. The top individual awards, in 2016, went to Dr Kimei, who received the Lifetime Achievement Award in recognition for his achievements in the financial services sector. The winners of the corporate Awards were the result of more than 23,500 votes cast by the financial services community in East Africa, the largest number in the three-year history of the East African Banker Awards.*(Daily News)*

SUGAR scarcity in five regions of Tanga, Kilimanjaro, Arusha, Manyara and Singida is set to be contained from this week as TPC Limited resumes production. Kilimanjaro Regional Commissioner (RC), Said Mecky Sadiki and TPC Limited management confirmed here that production started yesterday and the product would be available in market by Saturday this week, to ease problem consumers have been experiencing for more than a month now. TPC Limited Director of Corporate Services, Mr Jaffari Ally said the factory opens after scheduled closure for maintenance and it would be with capacity to produce 450 tonnes while Kilimanjaro, Arusha and Manyara regions consume 270 tons per day, so the rest would be distributed to Tanga and Singida. RC Sadiki warned unscrupulous sugar traders and agents, saying from the date the product enters the market, it should be sold at the price set by government, which is 1,800/- per kilogram. He called upon citizens to be patient and when time comes to volunteer information in case any businessperson or agent goes against the government's directive. He said anybody who would sell sugar above the indicative price or hoard the product would be dealt with in accordance with the law. He expounded that even traders who have sugar ordered from abroad, once the TPC Limited product enters the market, they would have to sell under the indicative price nonetheless. "TPC Limited resumes sugar production and the product will reach the market by June 18th; from that date sugar should be sold in accordance to the indicative price of 1,800/- per kilogram, regardless the sugar in question is from TPC Limited or not," warned Mr Sadiki. "I warn sugar traders and agents not to entertain the dirty game of hoarding sugar or selling it above the price the Government has set. We will not take excuse that sugar in question was imported, what we want is that sugar should be sold as per the directives."

The RC who is also Chairman of Regional Defence and Security Committee unveiled that TPC Limited would sell the sugar to agents who are registered with the government only. The agents, he said, should sell by increasing not more than 3.25 per cent and other costs such as transport so that consumers get it at no more than 1,800/- per kilogram. He noted that the government has directed local industries to increase production quantity so as to match high demand in the country that stands at 420,000 tons but the current production and consequent supply do not meet the needs. He urged TPL Limited to go on with its plans to increase production. The government wants to see distribution pace corresponds to production pace, so that consumers get the product on time and avert any shortage, be it real or artificial. He said after production, sugar should go direct to the market and not stored in the company's warehouses. TPC's Ally promised to go by the instructions this season to deal with the shortage reported. Mr Ally said what is required of the traders now is to lower the price back to normal, calling upon all to be patriotic and not to go for super profits, assuring them that TPC sugar would be of high quality and

enough in quantity as well. *(Daily News)*

The sale of shares in Dar es Salaam Stock Exchange (DSE) to the public was oversubscribed by nearly five times, the bourse said on Thursday. The DSE received bids worth 35.77 billion Tanzanian shillings ($16.4 million) for the 15 million shares on offer worth a total 7.5 billion shillings, it said. The exchange said it would accept an unspecified amount over and above its target in what is known as a greenshoe option. The balance would be refunded to applicants. DSE intends to list its shares on the market's main segment for trading on July 12. "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," DSE said in a statement. *(Reuters)*

THE DCB Commercial Bank Plc issued a 1.55bn/- dividend to its shareholders as it opened its ninth branch in Dar es Salaam to be known as Benjamin Mkapa City Branch. Speaking during a launching of the branch, the bank Chief Executive Officer, Mr Edmund Mkwawa, said the dividend is the profit the bank got last year. Some of the shareholders who got the dividend include the Dar es Salaam City Council, Temeke, Kinondoni and Ilala municipalities. Mr Mkwawa said the bank capital stands at 32bn/- compared to initial capital of 1.1bn/- when the bank started in 2002. Moreover, the bank assets increased from 3.05bn/- in 2006 to 171.4bn/- last year which is a raise of more than 5,622 per cent. He said this year they expect to record a 6.8bn/- profit after tax while they are improving their infrastructure to cope with the current market needs. Mr Mkwawa urged the Minister of State in the President's Office -Regional Administration, Local Government, who was the chief guest during the event to pass over the message to the Minister for Finance over the government decision that all parastatals, government agencies and institutions to open an account with the Bank of Tanzania saying the decision will hinder the private bank development. The bank board Chairman, Ambassador Paul Rupia, handed over the 30m/- as the bank's corporate social responsibility for the purchase of 300 school desks for the three municipalities. Opening the bank, Mr Simbachawene called for efficiency in the bank delivery and should open up more braches upcountry. He underscored the need for the municipalities to utilize fully the services offered by the bank in which they are shareholders for it to operate competitively. *(Reuters)*

Economic News

CURRENT account balance is expected to improve in the 2016/17 fiscal year on the expectation that manufactured exports and receipts from tourism and transportation services will continue to expand and the import bill remain low on account of subdued global oil prices. In the medium term, according to Bank of Tanzania (BoT) Monetary Statement for the period ended June 2016, the performance of the current account balance is expected to benefit from increased use of domestically produced natural gas. Current account deficit narrowed by 53.4 percent to a deficit of 1,542.1 million US dollars for the year ended April 2016, compared to 3,307.5 million US dollars registered in the corresponding period in 2014/15. The improvement was mainly attributed to increase in exports of manufactured goods, transportation, tourism receipts, coupled with a decline in the value of goods and services imported. During the review period, the overall balance of payments registered a deficit of 429.6 million US dollars compared with a deficit of 470.6 million US dollars, recorded in the corresponding period in 2014/15. The reduction in overall balance of payment deficit is partly explained by the improvement recorded in the current account balance. Meanwhile, the stock of gross official reserves amounted to 3,845.0 million US dollars at the end of April 2016, sufficient to cover about 4 months of projected imports of goods and services excluding those financed through foreign direct investment.

The value of export of goods and services went up by 8.2 percent to 8,530.9 million US dollars, owing to good performance in non-traditional exports and travel receipts. The value of non-traditional exports increased to 3,792.6 million US dollars from 3,266 million US dollars, largely on account of high exports value of manufactured goods and re-exports. Manufactured goods export increased by 15.9 percent to 1,291.0 million US dollars with significant increases recorded in sisal products, textile apparel, wheat flour and plastic items. On the other hand, the value of gold exports declined by 3.3 percent to 1,007.1 million US dollars as prices remained low. Meanwhile, travel receipts rose to 1,961.2 million US dollars compared to 1,869.6 million US dollars, largely due to increase in the number of tourist arrivals, mainly associated with the enhanced promotion of Tanzania as a tourist destination. In the period under review, the value of import of

goods and services was 9,731.7 million US dollars, which was 12.6 percent lower than the value recorded in the corresponding period in 2014/15. The value of oil imports which account for largest share in goods import declined by 10.1 percent to 2,274.1 million US dollars due to fall in prices in the world market despite the increase in imported volume. *(Reuters)*

THE banking sector has remained sound and stable with levels of capital and liquidity above regulatory requirements. The sector continued 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, last year. As at the end of March 2016, the ratio of core capital to total risk weighed assets and off-balance sheet exposure was 18 per cent compared with the minimum legal requirement of 10 per cent. According to Bank of Tanzania (BoT) Monetary Policy Statement for the period ended June 2016 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. Similarly, the stock of gross foreign assets of banks was 915.7 million US dollars recorded at the end of April 2016. The quality of the banking sector's assets slightly deteriorated as reflected by the ratio of non-performing loans (NPL) to gross loans, which increased to 8.3 per cent from 6.7 per cent recorded at the end of March, last year. Most banks maintained NPL levels below 5 per cent and those with levels above this have been required to bring NPLs to below 5 per cent. 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. During July 2015 to April 2016, overall liquidity condition among banks was generally satisfactory, with occasional periods of liquidity tightness. The bank had to address the situation by granting reverse repos, while some banks increased their access to Lombard and intraday facilities to square their liquidity position.

Reflecting liquidity condition, interest rate at which commercial banks lend cash to each other overnight (the overnight interbank cash market (IBCM) interest rate) declined from a peak of 29.98 per cent in July 2015, owing to moderate fiscal outlays and tight monetary policy stance pursued by the bank, to 6.27 per cent in September 2015, the period when liquidity hovered above the target band due to sizable government outlays. The IBCM rate rose in October 2015 following increased demand for cash, before it subsequently eased and stabilised beginning January 2016. The observed stability in IBCM rate is also associated with the increased monetary policy focus on stabilisation of banks' free reserves, as a step in the direction of improving the monetary policy framework. *(Daily News)*

THE shilling has maintained its position despite surging demand from energy and manufacturing sector in the first ten days of this month. The local currency held its ground firmly despite increasing demand. The shilling fell by less than 1/- against one US dollar from 2,192/54 in June 1st to 2,193/73 until Wednesday. The Bank of Tanzania's foreign exchange data show that the shilling since January depreciated by slightly over 30/- roughly going down by 6/- a month. National Microfinance Bank (NMB) said on e-Market that the shilling maintained its steadiness backed by inflows mainly from agriculture sector and institutions. "The local currency was steady on today's (yesterday) trading session with demand from energy and manufacturing sectors matching dollar flows," NMB said. The bank quoted the market closed at 2167/2207 same levels as Tuesday. The shilling expected to strengthen further as the current account deficit narrowed by 53.4 per cent to a deficit of 1.54billion US dollars in July 2015/April 2016 compared with a deficit of 3.30billion US dollars, recorded in 2014/15. The improvement was mainly associated with the increase in exports of manufactured goods, transportation services in the region, tourism receipts, coupled with a decline in the value of goods and services imported, according to BoT's Monetary Policy Statement for July 2015 to April 2016. Meanwhile, the stock of gross official reserves amounted to 3.84 billion US dollars at the end of April 2016, sufficient to cover about four months of projected imports of goods and services, excluding those financed through foreign direct investment. In 2016/17, current account balance is expected to improve further with the expectation that manufactured exports as well as receipts from tourism and transportation services will continue to expand and the import bill remains low on account of subdued global oil prices. *(Daily Mai)*

Zambia

Corporate News

ZAMBIA Sugar Plc has partially commissioned the K500 million Refinery that is expected to more than double sugar production to 90,000 from 40,000 tonnes annually once fully commissioned. Zambia Sugar Plc managing director Rebecca Katowa said at shareholders' open day on Friday that once fully commissioned next month, the refinery will position the company as Africa's single largest sugar producer. "We have partially commissioned the refinery that will enable us enhance our product mix and increase our capacity to improve the quality of sugar,"she said. Mrs Katowa told shareholders that the development will also increase its exports to the Great Lakes region and other markets within Africa. She also said the financial year ended March was characterised by among other challenges, low cane production and cane disease due to low water levels in the Kafue River, power outages, and the depreciation of the Kwacha against major convertibles. Mrs Katowa however said prudent management of the company cushioned the impact. *(Daily Mail)*

ZAMBIA Sugar Company shareholders will not receive dividends this year due to low free-cash flow resulting from increased net financing costs and debt and equity, finance director Henry Mambwe has disclosed. Giving a financial overview of results ended March 31, on Thursday to stakeholders, Mr Mambwe said Zambia Sugar's net financing costs in the 2015-16 financial year increased K222 million from K164 million, while profit-after-tax dropped to K121 million from K146 million. "Net debt has increased from K92.7 million to about K1.6 billion…Last year, we had plenty free cash flow… We cannot pay dividends out of a loss and overdrafts, hence the decision not to pay a dividend until the business comes back to scale," he said. Mr Mambwe also the high interest rates prevailing on the market have also impacted negatively on the company's loans. At the occasion, Zambia Sugar Company managing director Rebecca Katowa said climatic conditions, power interruptions, among other challenges, impacted negatively on cane and sugar production, which dropped by nine percent and 10 percent, respectively. "Sugar production down 10 percent to 380,433 tonnes, while cane production down nine percent to 3.1 million tonnes on the back of lower water levels in the Kafue River resulting in bulk water supply constraints, power interruptions affecting supply of water to fields and pest infestations due to drought-stressed cane," Mrs Katowa said. Mrs Katowa said Zambia Sugar, however, remains upbeat on the company's outlook, citing the soon-to-be launched K510 million refinery that will increase production and make the firm as Africa's largest sugar producer. She also said despite the macro-economic challenges, which also impacted on various industries including Zambia Sugar Company, the company invested about K855 million into the economy in the past year. *(Daily Mail)*

Economic News

A World Bank-led solar power auction in Zambia has set a new low-cost benchmark for Africa, with two development groups winning backing to build generating plants in the next year, the international lender said on Monday. Neoen SAS, First Solar Inc and Enel Green Power were the winners of the initial auction for the "Scaling Solar" program, the World Bank Group's International Finance Corp said in a statement. France's Neoen and U.S.-based First Solar jointly bid 6.02 cents per kilowatt hour and will build a 45-megawatt solar plant in the African nation. Enel Green Power, a subsidiary of Italy's largest power utility, Enel, bid 7.84 cents per kilowatt hour and will build a 28-megawatt plant. Those bids compare with recent solar contract prices of over 7 cents per kilowatt hour in South Africa and up to nearly 12 cents in India. The two new solar plants are expected to expand Zambia's generating capacity by 5 percent, easing the strain of drought that has reduced the country's hydroelectric output, the IFC said. "These are the lowest solar power tariffs seen to date in Africa, and among the lowest prices for solar power anywhere in the world — a game changer for Zambia and other countries in the region facing electricity shortages," IFC Chief Executive Officer Philippe Le Houérou said in a statement.

The World Bank program aims to help governments deliver cheap and clean energy by helping them run competitive auctions and reducing investment risks. It includes a full suite of World Bank products and services, including IFC financing and advice as well as guarantees from

the group's Multilateral Investment Guarantee Agency arm. The IFC said Senegal and Madagascar also have signed up to run Scaling Solar tenders, which are expected to move to the prequalification phase in the coming months. The program, which hopes to develop one gigawatt of solar power in the next three years, also is supported by the U.S. Agency for International Development and the Dutch and Danish governments. The Zambian auction initially attracted interest from 48 development groups, seven of which submitted final proposals.*(Reuters)*

Zimbabwe

Corporate News

First Mutual Holdings Limited posted an after tax profit of $3,733 million for the five months to May, 72 percent higher than the $2,174 million achieved over the same period last year. In a brief trading update for the five months at the group's Annual General Meeting on Thursday, chief executive Douglas Hoto said the group is looking to maintain the position going forward. In the period, operating profit increased 128 percent to $3,228 million compared to $1,417 million in the prior year. Net earned premiums marginally increased one percent to $44,882 million from $44,404 million in 2015 same period comparable. Gross premiums written were near flat at $49,063 million in the period compared to $49,262 million in prior the year. During the period, claims were five percent below same period last year at $27,685 million while commissions were down 17 percent to $2,668 million. Rental income came in nine percent lower at $2,8 million from $3,085 million. Fees income for the period was $1,522 million while administration expenses fell four percent to $9,447 million. *(Source)*

Agro-industrial group TSL reported a 64 percent slump in after tax profit to $600,000 in the half year to March 31 as group revenue declined 15 percent. TSL is the parent company of Tobacco Sales Floor (TSF) and it also has interests in other agriculture businesses as well as logistics and property. Total group revenue amounted to $20,7 million, weighed down by the poor performance of the group's agriculture unit which saw revenue decline by as much as 49 percent to $6, 7 million due to the slow uptake of agro inputs. The group's operating profit at $1, 6 million was down 57 percent. A steady performance was registered in the logistics cluster which contributed 45 percent of the group's revenue. The company said performance of both the logistics and real estate operations had mitigated the overall decline in group revenues. The real estate unit contributed $4,7 million to total revenue. "The Real Estate Cluster continues to contribute strongly although rate reductions, in line with market trends, have impacted profitability," TSL said in a statement accompanying financial results. *(Source)*

ANALYSTS have forecast Axia Corporation Limited's revenue to jump 24 percent to $191 million this year on improved efficiencies, cost cutting measures and a diversified portfolio. The group, the latest to join the Zimbabwe Stock Exchange (ZSE) following an unbundling from parent company Innscor Africa Limited earlier this year, reported revenue growth of 63 percent to $155 million in 2015.Net income is expected to increase 35 percent to $14,35 million in the year. But its ability to generate cash in 2016 is expected to drop on the back of significant rise in credit sales in the distribution services, increase in inventory as a result of the interest in Transerve and yet however cushioned by extended payment terms with some suppliers. Just like any other businesses, Axia has battled the depreciation of regional currencies against the green-back especially in Malawi and Zambia which have had a knock on effect on its business coupled with economic weaknesses and liquidity constraints in Zimbabwe. Axia, generates at least 14 percent of its revenue from Zambia and Malawi where other costs like salaries are pegged in the United States dollar. Brokerage firm IH Securities are however upbeat of the group going forward. "We anticipate a significant rise in revenue (24 percent) for FY16 to $191,22 million on the back of acquisition of Transerve," said IH Securities. For the next 12 months, IH Securities have also guided Axia shares to climb 34 percent to 10c. The stock is currently trading at 7,5c. EBIDTA margin for the year is forecasted to increase from 7 percent year on year to 11 percent on improved business stemming mostly from the creation of vital logistics and Distribution Group Africa (DGA) in 2015 which led to cost efficiencies across the group.

In the long term, favourable demographics in Zimbabwe, Zambia and Malawi – the group's markets- are expected to work in Axia's favour with rising working population also expected to increase productive potential. Additionally, rapid urbanisation and growth of middle class is expected to continue which will result in more income although coming from the informal sector . "As households move into middle-class income brackets, aspirational consumers switch purchases from basic food items and towards FMCG items as well as labour-saving devices such as consumer electronics and other such goods," said IH securities. Axia operates within the specialty retail, distribution and logistics industries with 88 retail stores and fitment centres across the country. It sells products ranging from automotive spares, homeware, furniture, electrical appliances and the distribution of local and international branded FMCG products into the general retail and wholesale sectors. This is in addition to offering transport logistics and storage services. Axia was incorporated as a wholly owned subsidiary on February 24, 2016, and listed on the ZSE on May 17, by way of introduction and now separately owns three separate business units,

Distribution Group Africa, TV Sales and Home and Transerve. IH Securities maintain that being a stand-alone company will enable Axia to directly access capital markets with its new financial independence and enhance growth. "We believe this enhanced transparency will allow for more accurate valuation of the business enabling it to trade at higher multiples as a stand-alone as opposed to under prior structure within the Innscor conglomerate."*(Herald)*

Zimbabwe focused investment company, Cambria Africa narrowed its loss from continuing operations to $600 000 ($150 000 before legal costs) for the six months to the end of February 29, 2016 compared to a loss of $1,81 million during the same period last year. The decline in the loss was aided by a reduction in Cambria's central costs for the period by 51,2 percent to $600 000 from $1,23 million for the equivalent period last year."Excluding legal costs incurred to defend Consilium's attempts to liquidate Cambria which cost $450 000, central overheads decreased by 87,8 percent to $150 000 from $1,23 million in 2015, underscoring the positive impact of our aggressive overhead reduction strategy," the company said. Cambria's earnings before interest, tax, depreciation and amortisation (EBITDA) from continuing operations for the period was $35 000. "Excluding legal costs, which had a significant impact on Cambria's results for the period, EBITDA from continuing operations was $490 000 in comparison to the EBITDA loss of $1,1 million in the equivalent period last year," it said. As a result Cambria said its CEO Mr. Samir Shasha decided not to collect compensation including benefits until such time as the cash flow from the Company's underlying operations supports it. Similarly, the other directors have not received any compensation or benefits during the period. Its remaining continuing operations Payserv Africa and Millchem Holdings recorded mixed performances during the period under review. Payserv recorded a 2,4 percent increase in revenue to $2,58 million from $2,52 million in 2015 while its consolidated EBITDA for the period increased by 25,8 percent to $780 000 from $620 000 in 2015 and profit before tax increased by 78,9 performance to $340 000 from $190 000 in 2015. Millchem recorded an improvement in its loss before tax by 67,3 percent to a loss of $170 000 from a loss of $520 000 in 2015.

Revenues fell by 46,8 percent to $1,65 million from $3,1 million in 2015 while its EBITDA loss for the period improved by 68,8 percent to $150 000 from $480 000 in 2015. Cambria said the decrease in Millchem's loss is mainly attributable to the overhead savings caused by the discontinuance of loss making subsidiaries Millchem Zambia and Millchem Malawi. The loss-making Zambian operations were disposed by Millchem for $88 000, with effect from September 1, 2015. The company's performance was largely affected by the considerable time, cost and energy it took to defend Consilium's claims for early repayment of its loans which were contractually due on 30 April 2016. Cambria said that despite Consilium's attempts which could have led the Company into liquidation, it was able to raise the finance to settle the Consilium loans which were paid in full on the contractual due date. Apart from the Consilium claim Cambria received net proceeds of $3,3 million from its settlement agreement with Lonrho Limited entered into on September 3, 2015 relating to the Company's Jet Claims in terms of which Cambria received $4,75 million in full and final settlement of the Jet Claims. Looking ahead Cambria executive said it would be concentrating on rationalising and simplifying the head office function and central overheads. "A streamlined head office structure has been implemented which resulted in a reduction of 51,2 percent in central overheads from $1,23 million in the first half of 2015 to $600 000 in this reporting period," the company said. Focus will also be on re-establishing key supplier and customer relationships in Millchem and supporting the Payserv management team to continue the good growth in its core markets through an expanded service offering while reducing fees charged to Payserv by the head office Company. *(Herald)*

Regional cement producer Pretoria Portland Cement (PPC) says volumes, including exports, at its Zimbabwean unit have gone down 22 percent in the first half of the year due to liquidity challenges, increased local competition and lower disposable income. In its reviewed provisional results for the six month period ended 31 March 2016, the South African headquartered company said local selling prices for its cement also went down three percent. As a result, the unit's contribution to group revenue decreased four percent. "EBITDA margins contracted by four percent. Domestic cement demand dropped significantly in the review period after several years of growth. This reflected a poor agricultural season, tighter market liquidity, increased local competition and lower disposable incomes," the company said.
PPC said weakening regional currencies against the dollar was also attracting imports from neighboring countries into Zimbabwe, despite a number of barriers to entry. PPC, however, said it was going ahead with its expansion projects in Zimbabwe,with the US$85 million mill in Harare reported at around 70 percent complete as at 31 March 2016. "Operational readiness activities are under way with staffing, skills

transfer, material and equipment plans being implemented against a ramp-up plan. Plant commissioning is expected towards the end of calendar 2016," PPC said. PPC's only cement plant in Zimbabwe, located in Bulawayo, produced around 600,000 tonnes of cement last year while operating at 75 percent of installed capacity. The group also has a lime clinker plant in Coleen Bawn in Matabeleland South but the bulk of its cement market is in Harare. Apart from South Africa and Zimbabwe, PPC also has units in Botswana, Ethiopia, Rwanda. It said during the period group revenue went down 1 percent to R4,5 billion (S$300m). *(Source)*

The country's second largest mobile operator NetOne is targeting to reach a subscriber base of 8 million by next year in an ambitious bid to reclaim top spot. The operator is the oldest in the sector but has failed to keep competition at bay with Econet Wireless controlling over 50% of the market share. NetOne chief finance officer Sibusisiwe Ndhlovu told delegates during the National Blood Donor Day commemorations on Tuesday that her company was on a growth trajectory. "In 2014, our subscriber base stood at 2,5 million but that figure ballooned to over 4 million in a space of just 12 months. Our target is to hit the 8 million mark by 2017 as we proceed with our vision to reclaim our pinnacle position in the sector," she said. According to the fourth quarter 2015 report by the Postal and Telecommunications Regulatory Authority of Zimbabwe, NetOne had a market share of 34,2% behind Econet (52,5%). Telecel's market share was 15,1%. The report showed that NetOne registered the highest growth in active mobile subscribers at 8,8% whereas Econet and Telecel were at 0,3% apiece. Ndhlovu said NetOne would continue to support blood donation in Zimbabwe after injecting over $500 000 in 10 years to finance National Blood Services Zimbabwe (NBSZ) activities. "This year alone, despite the harsh economic climate which has seen most companies downsize operations significantly, we opted not to abandon this worthy cause and chipped in with $40 000 for NBSZ's activities," she said. *(News Day)*

Rainbow Tourism Group (RTG) shareholder Nick Van Hoogstraten has opposed the group's decision to restructure a $10 million NSSA loan, arguing that the initial loan was not used for its intended purpose. The loan, which was due December 2015, has been restructured to a seven year loan with an annual interest of 6 percent. It now sits as a $13.6 million long-term liability; following the signing of a loan term sheet to restructure the loan was signed on March 30 2016. At the company's annual general meeting in Harare on Wednesday, Van Hoogstraten, who holds about 36 percent shareholding in RTG, opposed adoption of the Group's 2015 Annual Report, saying the restructured loan had not been accounted for correctly. Van Hoogstraten argued that the company should have held an EGM to approve the restructuring, and also claimed that the restructuring had been approved by interested parties, referring to NSSA-appointed directors who sit on the RTG board. The businessman also opposed the audit fees and reappointment of Grant Thornton as auditors of the Group for the year. Meanwhile, RTG's revenue for the four months to April 2016 increased 13 percent on the comparative period last year to $8.6 million driven primarily by strong showing in their Zimbabwe hotels. Presenting the group's trading update, RTG chief executive Tendai Madziwanyika said despite continued liquidity shortages, Zimbabwe hotels' performance remained positive. "The group's revenue grew by $1 mln (13 percent) to $8,6 mln in comparison to $7,6 mln in prior year. The growth was driven by the Zimbabwe hotels which continued to register strong performance despite the continued liquidity challenges being experienced in the economy," he said.

The group's occupancy rate grew to 48 percent from 38 percent recorded same period in 2015, while market share increased to 32 percent compared to 27 percent recorded during prior year. "While Zimbabwe hotels registered strong performance, Rainbow Hotel Mozambique (RHM)'s revenues were down by 46 percent in comparison to same period in 2015.The hotel has continuously recorded declining revenues year on year and this subdued performance is attributable to the current political instability in Mozambique," he said. In the period under review the group's costs declined by $1.3 million while year to date total operating costs reduced by 17 percent compared to prior year. Meanwhile, Madziwanyika said during the past three years the company has reduced the working capital gap – the difference between current assets and current liabilities — from a negative $12.4 million to a negative $9.2 million. "Operationally the business has managed to generate an average EBITDA of $4 million which has been channelled towards refurbishment of the hotels and loan servicing. However, the financial position remains burdened by the balance sheet structure. We expect to have lasting solution during the course of the year," he said. RTG said it was now focusing on creating a sustainable capital structure which will be key to its turnaround plans. "We will continue to monitor the macro-economic environment and apply appropriate strategies that create value for the company's stakeholders," said Madziwanyika. *(Source)*

DIVERSIFIED financial services group, Old Mutual Zimbabwe, is in the final stages of setting up a micro-financial bank to cater for Zimbabwe's growing informal sector and the entity will be operational before the end of year, NewsDay has established. Group chief executive officer, Jonas Mushosho, told NewsDay after the official opening of the group's Zvishavane Mini-Green Zone on Wednesday that the business unit would go a long way in helping people in the informal sector. "People in the informal sector are looking for ways of accessing funding. For that, we are in the final stages of setting up a micro-financial institution," he said. "We have already recruited the staff and we believe we will be operational before the end of year. This Friday [today], we are going to be making a big announcement on a development plan that we have for the informal sector," he said. Zimbabwe's economy is now highly informalised. Statistics show that at least 94,5% of Zimbabweans are informally employed. The country's formal economy crumbled following a controversial land reform programme that expropriated former white-owned farms for redistribution to landless blacks, most of whom were peasants crammed on infertile land in rural areas. Speaking at the official opening, Mushosho said the Green Zone concept was launched in 2013 with the opening of the Green Zone in Harare. He said the second one was opened in Bulawayo in April. Both concepts —the Harare, Bulawayo and Zvishavane one — cost the group more than $2,3 million. Mushosho said the Green Zone concept symbolised Old Mutual's drive towards improved customer service, by providing the group's products and services under one roof.

He said the Green Zone would bring together comprehensive financial advice, investment and banking expertise of Old Mutual under one roof. The services cover savings, investment, banking, insurance and property, which will be offered by the group's various units such as RM Insurance. He said the Green Zone concept had gained local and international recognition, proving that Zimbabwe has what it takes to compete with the best in terms of delivering great experience to customers. Mushosho said 2016 was turning out to be an exciting year for the group's customers as they had met all their expectations in spite of the prevailing economic difficulties. "While many have retracted into their shells in response to the current challenging economic environment, it is full steam ahead for Old Mutual Zimbabwe." *(News Day)*

Economic News

THE Reserve Bank of Zimbabwe (RBZ) has, with immediate effect, reduced bank charges on electronic transactions that will see electronic fund transfers attracting charges of between $0,33 to a maximum of $2,10 in an ambitious drive to promote plastic money transactions. According to a statement released yesterday, RBZ governor John Mangudya said real time gross settlement transactions would now attract a maximum fee of $5. Point-of-sale (POS) transactions up to $10 will now attract a charge of $0,10, while those above that threshold will attract a fee of $0,45. POS own bank customer will have a maximum charge of $0,20, while POS issuer charges have been removed. Mangudya said automated teller machine withdrawals would attract a maximum fee of $2,50 and merchant service commission was to attract a fee which ranges from zero to a maximum of 1% for local transactions. Monthly administration or service fee would now range between 0 to a maximum of $5 for individuals, and the new charges are inclusive of the $0,05 tax. Mangudya said the central bank had agreed with the Bankers' Association of Zimbabwe and payment systems providers to reduce charges on electronic transactions in order to promote and encourage usage of electronic banking services. "It is envisaged that the reduction in transactional fees will go a long way in promoting the use of plastic money, which is essential to move the economy towards a cashless society and complement the current financial inclusion efforts," he said.

The use of plastic money was one of government's solutions to address the current cash shortages in the country by decongesting the banking halls. The cash shortages have seen banks putting daily caps of $100 on withdrawals. The new bank charges came after Mangudya told the Parliamentary Portfolio Committee on Finance and Economic Development on Monday that RBZ and banks had agreed to revise the fees and in the process removed all the impediments for people to use plastic money. "The whole idea is to take away people from the banking hall using plastic money. We did a research and noticed that RTGS [Real Time Gross Settlement] charges were high ranging between $5 to 25 per transaction," he said. Mangudya told legislators that it was not making sense for someone to be charged $2 or $3 for

withdrawing $100, but for withdrawing $700 being charged $20 saying it meant that people could just go and queue. "So for both charges we are coming up with a statement showing that these are now the fees and will champion the plastic money and bank transfers," he said. The central bank boss told legislators that it was imperative for all businesses to have POS machines that allow use of plastic money. "Plastic money works on satellite systems like base stations for phones. We encourage those in mobile banking and banks to use the same lines so that there is availability of networks even in rural areas." *(News Day)*

The Zimbabwe Stock Exchange (ZSE) fell to its lowest level in seven years on Tuesday, in a further show of weakening investor sentiment. The main industrial index lost 0.12 percent to 95.08 points, its lowest point since April 2009. A gauge of investor sentiment, the ZSE has been drifting lower in recent months as foreign investors, who had become the mainstay of the exchange, continue to exit the market. Gains in CBZ and Old Mutual failed to offset the impact of the fall in Delta stock, which lost 1.79 percent to close at 52 cents. Turnover for the day was $1.3 million, with Delta accounting for $1.17 million of that trade. The $1.17 million was in sales by foreign investors, according to ZSE data. From being ranked the top stock market in January 2013, the ZSE was named Africa's worst exchange early in 2015 by the African Development Bank. With very little local investment being seen as a cash crunch keeps local money off the exchange, foreign investors dominate trade, accounting for up to 80 percent of transactions. With those foreign investor selling off their investments, the market has been sent into decline. Trade has thinned to a trickle, with only 10 companies making up for close to 80 percent of all transactions by the end of last year. On Tuesday, only four counters traded. ZSE data shows foreign investors have so far in June sold $6,8 million dollars, while buying only $5 million worth of stock. *(Source)*

Zimbabwe's consumer prices declined 1.69 percent year-on-year in May, after contracting 1.64 percent in April, data from the statistics agency showed on Wednesday. On a month-on-month basis, prices fell 0.24 percent compared with a 0.21 percent dip previously, Zimstats said. Zimbabwe has experienced deflation for 19 straight months and the International Monetary Fund estimates that consumer prices will fall by an average 0.8 percent this year. *(Reuters)*

Zimbabwe is on course to meet its 2018 deadline for the completion of the Kariba south hydro power plant, with 48 percent of the work already done, an official said on Wednesday. The $400 million project to add 300 megawatts to Zimbabwe's power grid started in 2014 and is under construction by China's SinoHydro. The expansion of the Kariba hydro-plant is one of several projects Zimbabwe is pursuing to plug it power deficit. The country currently generates about half of its 2,000MW peak electricity demand. Zambia, which shares Lake Kariba with Zimbabwe, completed a similar expansion of its Kariba north plant in 2014. Officials have said the collapse of Zimbabwe's mining and manufacturing industries has seen a 40 percent collapse in electricity demand to about 1,400MW currently. "In terms of overall project progress, combining offsite and onsite civil and electrical works, we are at 48 percent as of May 25," Kenneth Maswera, general manager of the Kariba South plant, told journalists during a tour of the site on Wednesday. "We are now moving towards 50 percent. (By the) end of this month, we will be at 50 percent." Kariba, completed in 1962 with installed capacity of 750MW, typically generates about 300MW currently due to declining water levels. Zimbabwe's other major power plant, the coal-fired Hwange station, whose six units were commissioned between 1983 and 1987, currently produces about 600MW against its installed capacity of 920MW.

Speaking during the Kariba site visit, Energy and Power Development permanent secretary Partson Mbiriri said Zimbabwe was on course to be self reliant in electricity generation by 2018. Zimbabwe is importing power from regional suppliers, Hydro Cahora Bassa of Mozambique and South Africa's Eskom to reduce its generation deficit. "We envisage a situation where, come 2018, there will be no need for imports," Mbiriri said. "We are hoping that we will be well ahead of effective demand. That will be very satisfactory, not the current situation where we are failing to meet demand." Mbiriri also revealed that China Africa Sunlight's 600MW Gwayi solar power project was nearing financial closure, the process of completing all project-related financial transactions. "Gwayi is the most promising. We were in China last week to finalise financial closure and we are confident we will bring that to finality soon," Mbiriri said. "We expect work to start on the ground by year-end." China Africa Sunlight is a 50/50 joint venture between Zimbabwe's Old Stone Investments and Shandong Taishan Sunlight of China. *(Source)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

Zimbabwe registered a 19 percent decline in exports in the first five months of the year, reflecting a significant slow-down in the economy, trade figures from the national statistics agency showed on Thursday. Data released by the Zimbabwe National Statistics Agency (Zimstat) on Thursday shows that exports to May amounted to $949 million against $2,07 billion imports, which remain heavily skewed towards consumptive products following a significant drop in raw materials importation. Total imports also declined by 13 percent of the same period. In the corresponding period of 2015, Zimbabwe's exports stood at $1,177 billion, while imports were $2,38 billion, according to Zimstat figures. Most of the imports are consumptive products such as bottled water, sugar, soap, cooking oil, cellphone handsets, electronics, vehicles spares, clothing and second hand vehicles, which account for over 70 percent of the import bill. Zimbabwe's exports include beef, tobacco and other agricultural produce as well as wines, minerals and scrap metal, Zimstat said. Last year, the southern African nation's total imports were $2.7 billion against imports of $6 billion, giving a $3.3 billion gap. The country's exports have declined from $3.9 billion in 2012, while imports have also come off from $7.5 billion that year, Zimstat data shows. The decline is largely attributed to the weakening of commodity prices, which make up the bulk of Zimbabwe's exports, since 2012. Last month, in a bid to boost flagging exports, the central bank announced a $200 million incentive to be paid out in bond notes whose value is tied to the United States dollar. The move has drawn widespread criticism from industry and consumers who fear a return to a much-loathed local currency, which was replaced in 2009 by a basket of foreign currencies – chiefly the US dollar and South Africa's rand – after hyperinflation rendered it worthless. *(Source)*

Disclosures Appendix

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