SECURITIES AFRICA
RESEARCH & CAPITAL MARKETS

PAN-AFRICA

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

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

AFRICA STOCK EXCHANGE PERFORMANCE

Country	Index	13-Apr-17	21-Apr-17	WTD % Change Local	WTD % Change USD	31-Dec-16	YTD % Change Local	YTD % Change USD
Botswana	DCI	9267.54	9297.88	0.33%	1.55%	9700.71	-4.15%	-2.24%
Egypt	CASE 30	12995.71	12905.85	-0.69%	-0.68%	12344.00	4.55%	4.87%
Ghana	GSE Comp Index	1880.55	1885.76	0.28%	2.08%	1689.09	11.64%	14.57%
Ivory Coast	BRVM Composite	281.29	271.55	-3.46%	-2.58%	292.17	-7.06%	-5.19%
Kenya	NSE 20	3102.71	3128.69	0.84%	0.83%	3186.21	-1.81%	-1.73%
Malawi	Malawi All Share	14724.04	15112.97	2.64%	2.20%	13320.51	13.46%	12.08%
Mauritius	SEMDEX	1985.60	2004.47	0.95%	1.22%	1,808.37	10.84%	12.98%
	SEM 10	384.89	388.84	1.03%	1.30%	345.04	12.69%	14.86%
Namibia	Overall Index	1068.64	1047.20	-2.01%	-0.06%	1068.59	-2.00%	1.28%
Nigeria	Nigeria All Share	25510.01	25189.37	-1.26%	-1.90%	26,874.62	-6.27%	-9.40%
Swaziland	All Share	385.83	385.83	0.00%	1.98%	380.34	1.44%	4.84%
Tanzania	TSI	3573.07	3574.10	0.03%	-0.29%	3677.82	-2.82%	-6.78%
Zambia	LUSE All Share	4512.20	4460.99	-1.13%	-0.74%	4158.51	7.27%	12.72%
Zimbabwe	Industrial Index	140.92	141.50	0.41%	0.41%	145.60	-2.82%	-2.82%
	Mining Index	60.12	66.25	10.20%	10.20%	58.51	13.23%	13.23%

CURRENCIES

Cur-rency	13-Apr-17 Close	21-Apr-17 Close	WTD % Change	YTD % Change
BWP	10.45	10.32	-1.20	1.99
EGP	18.11	18.10	-0.01	0.30
GHS	4.20	4.13	-1.76	2.62
CFA	615.07	609.51	-0.91	2.00
KES	101.50	101.51	0.01	0.08
MWK	716.71	719.79	0.43	-1.22
MUR	34.03	33.94	-0.27	1.92
NAD	13.47	13.21	-1.94	3.35
NGN	311.47	313.50	0.65	-3.34
SZL	13.47	13.21	-1.94	3.35
TZS	2,204.82	2,211.78	0.32	-4.07
ZMW	9.37	9.33	-0.39	5.07

Botswana

Corporate News

No Corporate News This Week

Economic News

No Economic News This Week

Egypt

Corporate News

No Corporate News This Week

Economic News

Egypt's economy will grow by 3.5 percent during the 2016-17 financial year, the International Monetary Fund said on Tuesday, lowering the 4 percent forecast it made in a report last year. The IMF last November agreed to provide Egypt with a three-year, $12 billion loan as part of an ambitious economic reform programme that includes levying new taxes and cutting energy subsidies. "In Egypt, comprehensive reforms are expected to deliver sizable growth dividends, lifting growth from 3.5 percent in 2017 to 4.5 percent in 2018," the IMF said in its World Economic Outlook on Tuesday, in which it raised its overall global growth forecast. The 2017 figure, which refers to the 2016-17 fiscal year ending in June, is lower than what the international lender had expected in a report around the time Egypt accepted the loan. It is also a drop from the 4.3 percent the North African country recorded in 2015-16. The report did not provide a reason for the downward revision.
Egypt has been hit by soaring inflation since it floated its currency in November, allowing it to roughly halve in value. Urban consumer inflation hit 30.9 percent year-on-year in March, its highest in decades, though month-on-month inflation has slowed. *(Reuters)*

Egypt is to increase the maximum amount of dollar bonds it can issue on international markets to $7 billion, a cabinet statement said. The present $5 billion cap will be raised by up to $2 billion, the statement said. It said the Ministry of Finance was seeking to obtain additional financing in the face of a rise in interest rates on the domestic market and to increase U.S. dollar reserves held by the central bank. "The government's current trend is to replace domestic borrowing by external borrowing in order to reduce the cost of borrowing as local interest rates rise," Reham El Desoki of Arqaam Capital told Reuters. "The government's decision today to raise the ceiling on the issue of international bonds comes amid expectations of the issuance of bonds worth $3 billion at the end of this year." In February, Egypt's central bank raised $4 billion from a Eurobond sale, twice as much as it initially targeted and at lower yields than expected. Egypt has been seeking a variety of funding sources, from development loans to foreign grants and aid, to plug its financing needs as it struggles with an acute dollar shortage that has hampered its ability to import. The country's dramatic decision to float its currency in November -- roughly halving its value overnight -- along with a three-year $12 billion IMF programme attached to sweeping reforms have been widely praised by economists and investors. *(Reuters)*

Ghana

Corporate News

No Corporate News This Week

Economic News

Finance Minister Ken Ofori-Atta has said the government of Ghana will end the deal signed between the previous government and the International Monetary Fund (IMF) in April 2018. This comment from the Finance Minister is in contrast to some suggestions that the government will reconsider an extension of the extended credit facility programme after the initial April 2018 deadline. Ghana in 2015 entered into a three-year agreement for $918 million to, among others, restore macroeconomic stability. Speaking during a press briefing as part of an IMF mission to Ghana for the fund's Article IV consultations with Ghana, he noted: "We are still expecting to end in April which will lead to some very tough decisions with regards to where we want to go with our deficit in the coming budget and how we build up the stock of private sector savings or infusion of investments from outside and be able to project that," he stated. The chief of the IMF mission, Analisa Fedelino, said on her part: "It is quite normal for an extension… The road to economic reform is bumpy and there is also political change, so certainly affects the programme." *(Ghana Web)*

Government's decision to turn to the domestic market for loans to finance key projects has received the support of the International Monetary Fund (IMF). With almost a half of the debt stock – GH¢68.9 billion or 40.8 per cent – in the hands of foreign investors, the IMF says should Ghana re-finance the fiscal deficit through foreign borrowing the country's debt portfolio would get worse. In a statement to conclude the Article IV Consultation and discussions for the fourth review of the three-year Extended Credit Facility (ECF), the IMF said prudent debt management could help meet the government's financing needs at a reasonable cost while reducing debt sustainability risk. "Gross financing needs remain sizeable in 2017 (equivalent to 13 per cent of GDP) and the exposure to foreign investors is large," the fund said in the statement presented by the new Mission Chief to Ghana, Ms Annalisa Fedelino, on April 13. "This calls for a financing strategy that reduces refinancing and exchange rate risk. The mission supports the government's medium-term debt management strategy to rely primarily on domestic currency financing while lengthening maturities and pre-finance annual borrowing needs to avoid temporary cash shortfalls," it added. Although soothing to the government's debt management strategy of using domestic funds to plug last year's 8.7 per cent fiscal deficit, the fund's comments on the need to shift to domestic borrowing could prove a challenge to the private sector. While domestic borrowing is generally less costly and lowers exchange rate and inflation pressures, the measure could limit the outflow of credit to the private sector for growth and expansion. Known as crowding out, intense domestic borrowing by a government means that the state is in competition with corporate institutions and individuals for the same funds. Given that the government can pay for such funds at any given rate, lenders will mostly prefer to lend to the government and not the private sector.

Those lenders that will look to the private sector will also do that with punitive rates, then making it difficult for businesses to access funds at moderate rates to operate and expand. The Association of Ghana Industries, which is the umbrella body of about 300 manufacturing businesses and related service providers, fears such a trend could befall the private sector if domestic borrowing picks up tremendously. While emphasising that the 200 per cent basis points drop in the policy rate of the Bank of Ghana was soothing to businesses, the Chief Executive Officer of the association, Mr Seth Twum-Akwaboah, feared that the gains from that historic rate drop could be neutralised by any intense domestic borrowing by the government. "On one hand, the government is trying to bring down the policy rate and reduce the Treasury bill rate to make borrowing cheaper, which is good. On the other hand, if you say you are going to rely so much on the domestic market, how will you balance the two, because that will impact negatively by way of higher interest costs. "So, I am not seeing my way clear here," he told the paper on April 17. While agreeing with Mr Twum-Akwaboah's comments, Prof. Peter Quartey of the Economics Department of the University of Ghana, Legon, said the decision to finance a deficit through domestic debt would normally depend on what the country wants to trade off and the net effect of its actions. Beyond lowering the cost of repayment, Prof. Quartey, who is also with the Institute of Statistical, Social and Economic Research (ISSER), said domestic borrowing for debt financing often relieved a country of having to hunt for foreign exchange to meet repayment schedules. "Also, it has implications for inflation; if you are mopping up liquidity through the sale of these bonds, it is excess money that people could spend but they are investing through the purchase of the bonds. So, it helps you to fight your inflation," he explained. "It is a trade-off; there are things that you will gain and others that you will lose. It depends on the net effect; whether by starving the private sector of funds at the same time ensuring exchange rate stability and balancing your finances at reduced cost which will outweigh the challenge of competition with the private sector for funds," he added. Going forward, Mr Twum-Akwaboah and Prof. Quartey agreed that it was necessary for the government to moderate its appetite for domestic borrowing, explaining that the measure in itself was not detrimental to businesses but the intensity with which it is done. *(Ghana Web)*

The International Monetary Fund (IMF) has asked the Bank of Ghana (BoG) to ensure that banks with minimum capitals below the industry requirement prepare "credible and time-bound recapitalisation plans" that will serve as blueprints to the strict rebasement of their capital reserves. The plans should be in line with the timetable specified in the Banks and Specialised Deposits Taking Institutions (SDI) Act, the fund said, explaining that failure to recapitalise the less liquid banks on time could "adversely affect credit and the real economy." The warning was contained in the fund's Staff Concluding Statement after the 2017 Article IV Consultation Mission and discussions for the fourth review under the country's Extended Credit Facility (ECF) issued on April 13. It was informed by last year's asset quality review (AQR) of banks by the BoG, which indicated that the minimum capitals and provisioning for future liabilities by some banks fell below the industry's requirement. Given the implications on the entire financial sector and the real economy, the IMF said the central bank needed to take action on the issue now. "Inaction would adversely impact on credit and the real economy, financial deepening, and ultimately lead to quasi-fiscal costs to the BoG; it would also create moral hazard, undermining banks' discipline," the fund said in its statement. Beyond that, the fund said "the emergency liquidity assistance (ELA) guidelines should be strictly enforced, including requiring that banks provided collateral and implemented repayments plans; large exposures should be aligned with regulatory limits." Although worrying, the concern of the fund on the liquidity of some banks is not entirely new, given the challenges that confronted the banks recently. As of December last year, data from the BoG showed that 17.4 per cent of total loans and deposits during the period were non-performing, which means that out of the GH?35.5 billion loans and advances disbursed last year, some GH?16.17 billion were in default or close to default.

Of the amount classified as NPLs, about 8. 4 per cent, representing GH?518.9 million, had been placed on the loss category – a special reference to delinquent loans that banks consider almost impossible to recover. Given that delinquent loans are normally deducted from a bank's capital, a former Deputy Governor of the BoG, Mr Emmanuel Asiedu-Mante, explained that this high default rate in the industry usually put a lot of stress on the capital of the affected banks. "If a borrower cannot pay back the money taken, the capital, which acts as a reserve, takes that shock," he said added that the situation could have accounted for the inability of some of the banks to meet the minimum capital requirement of the BoG. While explaining that it is not entirely suicidal for banks to operate with minimum capitals below the industry's requirement, an Economist and a Senior Research Fellow at the Institute for Fiscal Studies (IFS), Dr Said Boakye, noted that the situation posited by the IMF could mean that the issue was becoming widespread. "If it is one or two banks, that is fine but if a lot of banks are affected by inadequate capital, then there could be a problem," he said. He added that inadequate capital in functional banks could increase the risks of bank run, which occurs when a bank is unable to meet the liquidity needs of customers. "If banks are adequately resourced, it means the risk of bank run becomes limited," he explained. The situation could pose a challenge to depositors' funds, as well as result in loss of confidence in the banking sector, which can feed into the economy, leading to fully blown challenges. As a result, Dr Boakye and Mr Asiedu-Mante said the BoG needed to ensure that all affected banks were made to meet the required capital adequacy ratios mandatory for all banks. "The BoG is the regulator and they have various policy options on how to get banks with inadequate capital to recapitalise," Dr Said stated. "Initially, it could be a warning, and if they are not picking up, they can give them some time and ensure that they follow it. The final one is the punitive options," he said. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Kenya

Corporate News

Housing Finance Company (HFC) , the mortgage lending and banking subsidiary of HF Group, has partnered with payment solutions firm MasterCard to issue debit cards as part of the bank's strategy to grow its retail banking market share. HFC customers will now be able to access over 36.9 million point-of-sale (POS) terminals in over 210 countries and territories. "The launch of the Mastercard will ensure that our customers have access to safe, convenient and seamless transactions in Kenya and around the world," HFC managing director Sam Waweru said yesterday. The cards have seen HFC comply with new security standards developed by Europay, MasterCard, and Visa (EMV) including use of chip and PINs. The Mastercard debit card will be directly linked to both HFC's current and savings accounts. In April 2013 banks decided to abandon magnetic cards, which were prone to fraudulent transactions in favour of EMV cards. The lenders switched over in three phases – ATMs, POS and cards. Mr Waweru said they are now leveraging on the new banking system they implemented last year to roll out additional retail and corporate products. *(Business Daily)*

Kenya's KCB Group, the country's biggest lender by assets, said it has offered employees voluntary early retirement in a bid to save 2 billion shillings ($19.36 million) each year. KCB, which also operates in five neighbouring countries, had already said it would cut an unspecified number of jobs, mainly due to technological changes and the capping of commercial rates in Kenya last September. Kenya has been a global pioneer in technological innovations in finance, launching the M-pesa mobile phone cash transfer system a decade ago and the first mobile phone-based bond last month. The cost of the proposed buyouts, which are being offered in line with local laws, will take a year and a half to recover, KCB said on Thursday. Staff have a month to apply, and the group plans to complete the exercise in the middle of June, sources at KCB told Reuters. KCB said the cuts would help it align its staff with a banking industry that had "been dimmed by legislative and regulatory reforms". It also said technological changes were now attracting non-traditional firms into the sector. The government set a commercial interest rate limit of 400 basis points above the central bank rate, which stands at 10 percent. The cap, which also set a minimum deposit rate, has curbed bank earnings and private sector credit expansion. The government argued lending rates were too high, a position opposed by banks who argued the cap could lead to credit rationing. *(Reuters)*

Economic News

Coffee earnings for the month of March improved by 38 per cent compared to last year, statistics from Nairobi Coffee Exchange (NCE) indicate. The value of Kenya's coffee moved from $84.96 million (Sh8.5 billion) to $117.67 million (Sh11.8 billion) in the period under review, with the growth attributed to higher prices. The volumes grew 19.8 per cent from 13 tonnes in March last year to 22.3 tonnes in the corresponding period in 2017. "The increase observed was due to the surge in prices at the exchange that were caused majorly by an anticipated shortage of the high quality beans in the foreseeable future," said NCE chief executive Daniel Mbithi. The average price per 50-kilogramme bag jumped from $214 to $263, marking an improvement of 22 per cent. Mr. Mbithi said buyers are trying to stock as much as possible to secure enough for sale in the future. The NCE already anticipates that there would be a decline in prices next month as the volume of quality coffee at the auctions has started to fall. Coffee prices at the auction have already plummeted after the value of the crop in the latest auction declined by 22 per cent, marking a major drop since the beginning of the year. A market report by the NCE indicates a 50-kilogramme bag was sold at Sh14,111 last Tuesday, down from Sh18,156 in the previous sale. This week, Kenya will have an opportunity to promote its coffee to more than 15,000 delegates expected to gather in Seattle, US, at the annual SCAA event, to promote its brand after it was chosen as a model country in cultivation of the crop. Kenya produces premium coffee often used for blending lower quality coffees. *(Business Daily)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Kenya's top 10 traditional tea markets accounted for 88 per cent of the exports to 39 destinations, with Pakistan remaining the main buyer of the produce in February. The industry performance highlights for February indicate Karachi, Egypt, UK, UAE, Russia and Sudan, among other top buyers accounted for the lion's share of the commodity. Exports to Pakistan was 14 million kilogrammes in the period under review, which was a growth of 55 per cent from the same period last year when exports to the country were nine million kilos. "The top 10 markets for our tea purchased almost everything at the auction," said Samuel Ogola, head of Tea Directorate. Egypt maintained the second position at 7.5 million kilogrammes with the imports having increased by 28 per cent from 5.8 million kilos last year, while UK came in third after buying 4.1 million kilos. The volumes to UK grew by a significant 49 per cent as fears arose that export would drop following Brexit. Experts have warned that the exit of Britain from European Union (EU) could see a drop in volumes of tea that the UK imports from Kenya due to anticipated decline of its (UK) re-export market to other nations. The UK is a major re-exporter and in 2014 it exported 17 per cent of the beverage it imported, with countries such as Republic of Ireland, Germany, Poland and France its major markets. Export destinations declined from 44 countries to 39 countries in the period under review. However, the total export volume for the period grew to 38.94 million kilos compared with 31.83 million kilos recorded same period last year, representing a 22 per cent increase. Among the emerging markets that recorded significantly higher tea imports from Kenya included Sri-Lanka, Switzerland, Somalia, the US, India, Ireland, Turkey, the Netherlands, Iran, Indonesia, Japan and Oman. Kenya is trying to open up new markets and expand the existing ones such as China, which has the potential of buying more of the local beverage, to protect farmers from low earnings. Local tea consumption for February 2017 stood at 2.21 million kilos against 2.26 million period in 2016. *(Business Daily)*

Kenya's economy grew by 5.8 percent last year, up from a revised 5.7 percent in 2015, the statistics office said on Wednesday. *(Reuters)*

The International Monetary Fund (IMF) has slashed Kenya's growth forecast to 5.3 per cent on persistent drought, sluggish private sector credit growth and rising oil prices. The Fund had earlier predicted the country's economic growth rate will slow in 2017 but within the 5 to under 6 per cent range from nearly 6 per cent last year over the general election. In its latest World Economic Outlook released on Monday, the IMF projected growth rate for 2017 at 5.3 per cent and 5.8 per cent for 2018. The projection is the lowest made on Kenya this year. Several agencies including the World Bank have projected the sub-six per cent growth though. Last week, the World Bank forecast Kenya's GDP growth would decelerate to 5.5 per cent, a 0.5 percentage point mark down from the 2016 forecast over poll jitters and drought. Economic challenges this year have included the slowdown in credit growth for the private sector and the rise in global oil prices. In February, the Central Bank of Kenya downgraded economic growth forecast to 5.7 per cent in 2017 from 5.9 per cent last year, citing uncertainties in the global economy. The economy grew at 5.8 per cent in 2016. The economy expanded by 5.7 per cent in the third quarter of 2016, a slight dip from the 6 per cent recorded in the third quarter of 2015 on the back of stunted growth in agriculture, manufacturing, real estate and construction sectors. The economy ordinarily takes a dip every five years as businesses hold back investments awaiting the outcome of the elections. A severe drought experienced in major agricultural areas of Kenya since the beginning of this year has caused substantial shocks in local food supplies as consumers struggle with rising prices and shortages of popular food items. Inflation has hit a 57-month high due to rising food prices that have pushed the rate outside the government's preferred ceiling. *(Business Daily)*

A rapid build-up of public debt in the past four years has put the Kenyan economy at the risk of turbulence, the World Bank warned on Wednesday, adding its voice to rising concerns over the possible impact of heavy borrowing on the country's future. World Bank Chief Economist for Africa, Albert Zeufack, and the bank's Lead Economist, Punam Chuhan-Pole, said borrowing to finance infrastructure projects should be balanced with the dire risks of overborrowing. "Any borrowing to support infrastructure projects should be done judiciously," said Ms Chuhan-Pole when the bank presented the latest edition of Africa's Pulse, a biannual analysis of the state of African economies. Kenya has in the past four years borrowed billions of shillings to finance mega public infrastructure, including the ongoing construction of the standard gauge railway (SGR) line, power generation and road projects. Recent forecasts indicate that the borrowings could soon take the debt load past 60 per cent of GDP. Kenya's total public debt stood at Sh3.827 trillion or 51.50 per cent of GDP in December 2016, according to latest data from the Treasury. The World Bank's warning comes at a time when mounting debt has dominated public discourse in Kenya and after several think tanks and experts expressed similar sentiments in recent months. The International Monetary Fund (IMF) has urged Kenya to lower her budget deficit in order to keep the debt at manageable levels.

President Uhuru Kenyatta's Jubilee government has, however, often remained defiant in the face of the warnings. "Every year since the start of my administration, we have made adequate budgetary provisions to service the debt. I want to assure Kenyans that at no point has the country been at risk of default," said Mr Kenyatta in mid-March. The President repeated the defence of his government's unprecedented accumulation of public debt during the State of the Nation address in March, saying the money will eventually spur economic growth. "The money is not going towards payment of salaries or consumption but to projects that will spur economic growth and create employment," he said. To continue financing the ongoing and planned mega projects Kenya must reform its public investment mechanism to attract more private players, the World Bank said. "The impact of public investment on economic growth can be improved if countries implement policies that make public investment more efficient," said Ms Chuhan-Pole. Mr Zeufack said that improving "institutions and procedures governing project appraisal, selection, and monitoring" could produce a sound public investment system for Kenya. The latest Africa's Pulse report shows economic growth in Sub-Saharan Africa is projected to grow at the rate of 2.6 per cent in 2017, following a deceleration in 2016.*(Daily Nation)*

The Kenyan shilling was stable against the dollar on Thursday, propped by foreign exchange inflows from charities and the tourism sector, traders said. At 1010 GMT, commercial banks quoted the shilling at 103.30/50 to the dollar, the same as Wednesday's close. *(Reuters)*

Malawi

Corporate News

No Corporate News this week

Economic News

Malawi's consumer inflation slowed to 15.8 percent year-on-year in March from 16.1 percent in February, official data from the National Statistical Office showed on Wednesday. *(Reuters)*

Mauritius

Corporate News

No Corporate News this week

Economic News

Mauritius' trade deficit widened 15.6 percent to 5.64 billion rupees ($160.68 million) in February from the same period a year earlier due to a fall in exports of manufactured goods, the statistics office said on Friday. Export revenue fell 9.8 percent to 6.29 billion rupees, with manufactured goods dropping to 1.83 billion rupees from 2.62 billion rupees in February last year. Imports rose 0.7 percent to 11.94 billion rupees, Statistics Mauritius said in a statement. France was the main buyer of goods from Mauritius in February, accounting for 16.4 percent. India supplied 17.0 percent of Mauritius' imports. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Nigeria

Corporate News

Shares in Ecobank fell 5 percent on Tuesday after the pan-African lender reported a loss for 2016, blaming a recession in Nigeria - its main market - and a strong U.S. currency. The bank also proposed raising $400 million via a convertible bond issue from shareholders at 6.46 percent above Libor. It said it had received subscriptions from existing shareholders for around $300 million. Ecobank, which operates in nearly 40 African nations, reported a loss before tax of $131.3 million for 2016 compared with a loss of $205.2 million a year earlier. *(Reuters)*

The hope of shareholders of Forte Oil Plc to receive dividend at the end of the current financial year has brightened as the company reported improved results for the first quarter(Q1) ended March 31, 2017. Shareholders of the oil firm did not receive any dividend for 2016 due to a 50 per cent decline in its profit. However, going by the Q1 results, there is light at the end of the tunnel. Forte Oil reported a profit after tax (PAT) of 1.9 billion in Q1 of 2017, showing a jump of 98 per cent from N1.0 billion recorded in the corresponding period of 2016. In all, Forte Oil recorded a revenue of N33 billion, down 7.3 per cent from N35.67 billion. Cost of sales was reduced by 11.7 per cent from N30.8 billion to N27.2 billion, while distribution expenses was reduced by 45 per cent from N911 million to N501 million, leading to a growth of 20.8 per cent in gross profit to N5.8 billion, from N4.8 billion in 2015. Operation expenses declined by 9.8 per cent to N2.8 billion, from N3.1 billion, net finance cost rose by 37 per cent from N1.1 billion to N1.6 billion. The company posted post tax profit of N2.0 billion, up 57.5 per cent from N1.3 billion. A reduction in tax by 52 per cent from N300 million to N200 million made the profit after tax to grow fast to N1.9 billion in 2017, compared with N1.0 billion in 2016, showing a jump of 97.5 per cent.

In bid to reduce its finance cost, Forte Oil Plc last year raised N9 billion bond under its N50 billion bond issuance programme, to refinance existing short term commercial bank loan obligations. The funds were also meant to refinance its retail outlet expansion. The Group Chief Executive Officer, Forte Oil, Mr. Akin Akinfemiwa had said: "With the raising of this initial capital which has been fully underwritten shows the confidence the investing public has in Forte Oil Plc as an investment of choice. This bond programme being the first in the downstream sector, is testament to Forte's position within the downstream sector and allows the company to actualise the vision of the Board to continue to provide value to its shareholders regardless of the economic climate. Also speaking on the bond issuance, the Group Executive Director, Finance and Risk Management, Forte Mr. Julius Omodayo-Owotuga said: "This series provides us with the necessary liquidity to actualize our growth strategies and positions the company for the years ahead. The pricing of this debt instrument demonstrates the markets' belief in us and the pricing would help reduce our borrowing cost and increase profitability in the short and long term." *(This Day)*

Unilever Nigeria Plc has announced improved financial performance for the first quarter (Q1) ended March 31, 2017. The results showed increases in both top and bottom-lines, raising expectations of stakeholders for a better performance at the end of the current year. Unilever reported a revenue of N22.172 billion for Q1 of 2017, showing an increase of 32 per cent compared with N16.782 billion in the corresponding period of 2016. Cost of sales rose by 47 per cent from N10.749 billion to N15.879 billion, making the company to end the period with gross profit of N6.293 billion as against N6.033 billion in 2016. Sales and distribution expenses went up by 23 per cent, while market and administrative costs fell by 22 per cent from N3.355 billion to N2.596 billion in 2017. However, finance costs increased by 32 per cent to N724 million, from N545 million. Profit before tax (PBT) improved by 53 per cent from N1.419 billion to N2.80 billion, while profit after tax (PAT) went up from N1.041 billion to N1.603 billion. The company said it remained a consumer and customer-centric business, as it continues to meet varying needs of Nigerians. "The company will not relent in its efforts to satisfy its consumers. As a company, we will continue to deploy best practice marketing strategies, with high level of operational intensity; in our continued investment in commercial and factory operations to expand our capacity and grow our market share," the company said. In their assessment of the results, analysts at FBN Quest said compared with their estimates, Q1 sales were ahead by 17 per cent while PBT and PAT were ahead by wider margins, mainly due to the positive surprise on the sales line. "On an annualised basis, while sales are tracking ahead of consensus full year estimate of N76 billion by 16 per cent, PBT and PAT are ahead by 87 per cent on average.

Although forex exchange sourcing for raw material importation remains a challenge, any adverse effect has been offset by positives seen in the topline. We continue to believe that the larger consumer goods companies (like Unilever) are benefiting from weaker competition and thus able to grow market share," they said. Last week, Unilever announced plans to raise N63 billion via a rights issue and FBN Quest said: We believe the company intends to de-leverage its balance sheet and partly raise funds for planned local manufacturing capacity expansion for its personal care business in the South-West region." *(This Day)*

Access Bank Plc on Wednesday announced the appointment of Mr. Roosevelt Michael Ogbonna as Group Deputy Managing Director. His appointment has been approved by the Central Bank of Nigeria (CBN). He replaced Mr. Obinna Nwosu who recently resigned to pursue personal endeavours. According to a statement from the bank, Ogbonna is a consumate banking professional with over 19 years working experience cutting across treasury, commercial and corporate banking. He has been the Group Executive Director, Commercial Banking Division of the bank since 2013. Ogbonna joined Access Bank in 2002 from Guaranty Trust Bank. The new Group Deputy Managing Director is a fellow of the Institute of Chartered Accountants of Nigeria and holds a Second Class Upper Degree in Banking and Finance from the University of Nigeria, Nsukka. He has attended executive management development programmes on diverse areas of banking and management in world leading institutions. He is also a member of reputable professional organisations, including the Institute of Chartered Financial Analysts, Chartered Institute of Bankers of Nigeria and the Future Leaders Group of the Institute of International Finance. Ogbonna is a non-executive director of Access Bank (Zambia) Limited and Access Bank (UK) Limited. *(This Day)*

Economic News

The total pension funds invested in infrastructure rose to N2.22bn as of the end of February, figures obtained from the National Pension Commission had indicated. This, according to the latest report from the commission, amounts to about 0.04 per cent of the total pension assets. In May 2015, the operators invested a sum of N568m in infrastructure for the first time and increased it to N1.35bn in December 2015. By September 2016, they had invested N1.82bn in infrastructure bond out of the total assets that currently stands at N6.2tn. The Chairman, Pension Fund Operators Association of Nigeria, Mr. Eguarehide Longe, said the pension funds were active in different investment portfolios. According to him, the bulk of the funds have been invested in government bonds and some part of the funds invested in infrastructure. Ideally, he explained, the money that had been borrowed for reasonably long term should be used for long-term assets and not to fund recurrent expenditure. "We are there to invest in a way that the funds will not be lost," he said. According to him, if the funds are used for infrastructure, this will have significant impact on the economy. While noting that some investors had been approaching the sector to access the funds, he said that the real sector was not a place to just invest huge amount and that sectors such as agriculture were areas that needed to be well understood before the funds should go there. He noted that it was not the job of the operators to build infrastructural facilities or spend the funds in extremely speculative areas. *(Punch)*

Nigeria needs to reform its finance to ensure it can hedge against any future currency crisis, the World Bank chief economist for Africa said on Wednesday. Albert Zeufack said currency adjustments could lead to higher inflation but continued monetary policy tightening would price pressures, adding that making fiscal adjustments in the West African country now in its second year of recession would be "extremely challenging". Africa's biggest economy is facing a currency crisis brought on by low oil prices, which has hammered its foreign reserves and created chronic dollar shortages, frustrating businesses and individuals. *(Reuters)*

Nigeria plans to get out of recession by boosting government revenues and cracking down on corruption, Finance Minister Kemi Adeosun said on Thursday, and will also issue more international debt to pay for infrasturcture projects. The country is in its second year of recession, brought on by lower oil prices, which have slashed government revenues, weakened the currency and caused dollar shortages frustrating business and households. World Bank chief economist for Africa, Albert Zeufack, on Wednesday said fiscal adjustments in Nigeria would be "extremely challenging" and that the country needs to reform its finances to ensure it can hedge against any future currency crisis. Nigeria also ranks well into the bottom third of Transparency International's global corruption index. On Wednesday, for example, more than $43 million found in an apartment complex in Lagos was said to be related to an investigation into the handling of humanitarian aid. Adeosun said her aim was to get the non-oil sector of Nigeria's economy which accounts for around 90 percent of GDP to contribute to government revenues. "Improving non-oil revenues is something we are working hard on. We are rolling out measures to get more people into the tax net," Adeosun told CNBC Television. "We are get out of recession because we are following the right type of policies. We are improving our revenues, we are improving our efficiencies in how we spend money. "We are investing in the infrastructure that is needed, power, rail, road, the big enablers of growing sustainable economies." Adeosun said liquidity on currency markets has been improving as the central bank has boosted dollar supply, thanks to recently rising oil prices. She added that government was harmonising fiscal, monetary and trade policies to get the economy growing again. However, the central bank, worried about the currency effects on inflation, has so far resisted calls to lower interest rates for 14 percent to enable the government borrow cheaply to spend its way out of recession. Adeosun said Nigeria plans to issue long-term debt on the international markets more regularly for infrastructure projects, taking advantage of the country's debt to GDP ratio of 13 percent. But the interest burden is rising due to low revenues. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Tanzania

Corporate News

NATIONAL Microfinance Bank has recorded a 2.4 per cent increase in profit after tax in the year ended December 2016. The NMB Managing Director Ineke Bussemaker said in Dar es Salaam at the weekend that despite the challenging macroeconomic environment, NMB was able to deliver a good performance. "The bank's net profit increased to 153.7bn/- in the year under review from 150.3bn/- in 2015. The growth is attributed to an increase in the bank's operating income which rose by 16 per cent," she said. The bank's interest income grew to 551bn/- from 438.7bn/- in the preceding year, which is equivalent to a 25.6 per cent growth. The bank's total assets grew by 8 per cent to 4.95tri/- in 2016 from 4.58tri/- of the previous year. Loans and advances to customers rose to 2.79tri/-, a 13 per cent increase from 2.48tri/- in the previous year. The loan growth was mainly driven by a growth of Salary Worker Loans which rose by 16 per cent from the prior year to 1.69tri/-. Amidst the liquidity crunch experienced by many banks in 2016, asset growth was funded by a 172bn/-increase in customer deposits and 312bn/- growth in borrowed funds as well as the NMB Retail Bond which raised 41bn/-. As a result, interest expenses grew by 49 per cent to 102.2bn/- from 68.5bn/- in the year 2015. "Customer deposits that are largely comprised of non-interest earning accounts rose by 4.8 per cent to 3.73tri/- from 3. 56tri/- in 2015," she said. "A number of our clients were adversely affected by the business climate in 2016, consequently this impacted the loan book quality which deteriorated to an NPL ratio of 4.8 per cent in 2016 from 2.4 per cent in 2015," she said. With 20 per cent market share in both loans and deposits, NMB has the 2nd largest balance sheet in the industry. For the 10th year in a row, NMB remains the most profitable bank in the country. *(Daily News)*

CRDB Bank's Burundi subsidiary net profit has gone up three times to 2.38bn/- in 2016, despite political challenges engulfing the tiny East African state. The Burundi operation, with three branches in Bujumbura, in 2015 had posted a net profit of 870m/- and a loss of 3.57bn/- in 2014. CRDB Managing Director Dr Charles Kimei said the subsidiary achievement continues to show the Burundians trust over the bank since opening doors five years ago. "The political challenges slow us from opening more branches…however, our expansion plans sticks firmly depending on situation on the ground" Dr Kimei said. The bank profitability was an indication that situation in Burundi was not as bad as outsiders believe to be in 2016. According to the Business Monitor International (BMI), Burundi will post an economic growth of 1.1% in 2016 and a growth of 1.5% in 2017 due to subdued private consumption and contraction of fixed investment in the country. The signs of making a good profit were seen after closing the last year's fourth quarter when the subsidiary made a profit of 1.06bn/-. Total assets grew down to 140bn/- in 2016 from 154bn/- in 2015 while deposits increased to 67bn/- from 60bn/- correspondingly. Mr. Kimei said "we target a market share of at least 5.0% in Burundi in (this year) 2017. "

The bank in this year target between 3.0 and 5.0% of its net income to come from international operations and building a foothold in East Africa markets. Some two years ago the bank announced plans to open subsidiaries in Zambia and the Democratic Republic of Congo (DRC). The bank was looking at the regulatory environments in the two SADC member states and the type of customers and their financial needs. Zambia and DRC, being landlocked countries, are depending to Tanzania for imports and export shipping thus need banks for transacting their businesses. There are currently 19 banks registered in Zambia while 29 in DRC with Access Bank, Barclays Bank, Citibank, Ecobank and Stanbic Bank with presence in both countries. The Economic Intelligence Unit (EIU) projects political instability in Burundi to continue throughout 2016 and 2017. The civil unrest broke out in the country since the re-election of Pierre Nkurunziza as President in July 2015 for a third consecutive five-year term in office. *(Daily News)*

Vodacom Tanzania Plc, a subsidiary of South Africa's Vodacom Group, has extended the offer period for its initial public offering by three weeks to give local investors more time to take part in the share sale, an official from the market regulator said on Wednesday. The company's plan to raise 476 billion shillings ($213.45 million) by selling 560 million shares at 850 shillings each is Tanzania's biggest ever share sale. The IPO is only open to local investors, though foreign investors can take part in the secondary market. The offer period, which was initially scheduled to end on Wednesday, will now run to May 11 and the market listing is likely to take place on June 6, Charles Shirima, a spokesman for the Capital Markets and Securities Authority (CMSA), said. "The extension of the IPO is nothing unusual ... it is aimed at giving Tanzanians more time to take part in the share sale," Shirima told Reuters. Analysts said the extension of Vodacom's IPO period followed a late surge in demand for shares from domestic retail investors. "There has been a huge demand for the shares as we approached the last days of the IPO period and many investors called for an extension of the IPO," Juventus Simon, general manager of Orbit Securities, told Reuters. The country's eight telecom operators are required by law to have 25 percent local ownership via a stock market listing. The government hopes the listings will bring more transparency and offer the public a share in the industry's profits. Telecommunications is one of the fastest-growing sectors in the country. Tanzania, east Africa's second-biggest economy, posted a 0.9 percent annual increase in the number of mobile phone subscribers in 2016 to 40.17 million. As in other African countries, mobile phone use has surged in Tanzania over the past decade, helped by the launch of cheaper smartphones. The other two major operators, Millicom subsidiary Tigo and a local unit of India's Bharti Airtel, have also submitted their prospectuses to the capital markets regulator for IPOs to comply with mandatory listing regulations, according to the CMSA. Orbit Securities Company Limited is the lead transaction adviser for Vodacom Tanzania's IPO while National Bank of Commerce Ltd is the lead receiving bank, according to the Vodacom Tanzania IPO prospectus. Vodacom is 65 percent owned by mobile phone group Vodafone, according to its website. *(Reuters)*

NATIONAL Microfinance Bank (NMB) has opened a new business centre in Kahama District, to serve the Western Zone regions of Shinyanga, Tabora and Kigoma. NMB Managing Director Ms Ineke Bussemaker said the bank committed to boost Micro, Small and Medium Enterprises MSME's and Kahama business centre is in response to the growing demand of the business community and bringing close tailor made products. "This branch we are launching today underlines our commitment to MSME business, time has come when we need a stronger interaction between the bank and its largest SME customers. " Business centres are currently in Dodoma, Kariakoo, Sinza, Arusha, Mbeya, Morogoro, Moshi, Mtwara, Mwanza and now Kahama making NMB to hit its target for 2017 of reaching 10 business centres in the country. Kahama Business Centre is a dedicated branch only for SMEs and high net worth individuals with the main aim of fostering a rewarding relationship with NMB business customers. This is achieved by providing forums for customers to explore business opportunities through training, capacity building and networking opportunities. "We offer basic business training on capacity building, and networking opportunities through our Business Clubs. We have 34 clubs covering all regions," she said.

Since 2011, NMB has grown the MSME's business from zero to over 100,000 MSMEs representing 14% of overall NMB's business. "Industrialisation activities are extremely important, not just to NMB but to the economy. The economy as a whole depends on the success of SMEs forming a bigger part of many industries in the country. And we are proud that in the course of just a few years we were able to grow this business successfully from zero to where we consistently support over 100,000 businesses nationwide" she said. On her part, Shinyanga Regional Commissioner Ms Zainab Taleck commended NMB contribution in Kahama District and Shinyanga Region in promoting financial inclusion. "I am requesting you to use this branch effectively; Shinyanga and Kahama have developed attracting huge businesses. We are honoured with this centre which I am sure will transform the business community in my region and nearby regions of Tabora, Kigoma and other districts within Shinyanga region," she said. *(Daily News)*

ACACIA Mining has announced gold production drop by almost 35,000 ounces in this year's quarter one. The company has associated the drop with the government directive to stop export of metallic mineral concentrate. The largest gold firm in the country said the ban, which was imposed early last month, has affected its revenue by 30%. However, gold sales of 184,744 ounces, was in line with Q1 2016. Its share price at Dar es Salaam Stock Exchange on Wednesday gained by 1.32% to 13, 030/-. Acacia CEO, Brad Gordon, said the impact of the ban in Q1meant that they have approximately 30,000 ounces of gold in concentrate on hand, which was produced but not yet sold. "All-in Sustaining Cost per ounce sold (AISC) was impacted by sales being lower than production primarily due to the restriction," Mr Gordon said in a statement yesterday. The AISC still amounted to 934 US dollars per ounce sold— 877 US dollar per ounce prior to the impact of share-based payment valuations—3.0% lower than Q1 2016. "AISC was impacted on a unit cost basis, and had we sold all of the ounces produced, AISC for the quarter would have been approximately 852 US dollars per ounce," he said. This has negatively impacted cash flow by approximately 33 million US dollars for the quarter. In addition, Acacia received approximately 22 million US dollars in advanced payments for concentrate produced in January and February and currently held up in the Dar es Salaam port waiting export ban lifting. "The advanced payments may need to be refunded during the second quarter if the export ban is not lifted," Mr Gordon warned. North Mara is unaffected due to 100% of its production being dore. In 2016, the concentrate accounted for approximately 45% of Bulyanhulu's revenues and 55% of Buzwagi's revenues. However, Acacia gold production increased by 15% to 219,670 ounces compared to similar quarter last year. "At an operational level Acacia had a very strong start to the year, with production of 219,670 ounces delivered from our mines," Mr Gordon said. The CEO, however, said while talks with the government continue their three mines continue to operate as normal while sand stocks is piling up, at this stage there were no change to guidance for the year. *(Daily News)*

Economic News

THE International Monetary Fund (IMF) has said the overall fiscal deficit to Gross Domestic Product (GDP) in 2016/17 is projected to be below the targeted figure by almost half. The Breton Wood Institution said the fiscal deficit to GDP expected to be 2.5% of GDP, compared to 4.5% in the budget. The IMF Team led by Mauricio Villafuerte was broadly satisfactory as preliminary data indicate that most targets for end-December 2016 were met except one, tax revenue that was missed by a small margin. Tanzania's GDP growth has been robust, with some fluctuations driven mostly by variations in the stance of macroeconomic policies. The IMF Team was concluding the 10-day visit to Tanzania last week that the projection based on anticipating financing constraints easing in the second half of the year. "Thus, there was a small surplus of about a 0.3 percent of GDP during the first half of the fiscal year…," Villafuerte said in the brief report. Revenue collections during the 2016/17 fiscal year have picked up over the previous year, although they are likely to fall short of the ambitious target.
"The level of government spending is likely to fall well short of budgeted levels because of tightly controlled recurrent spending and delays in securing external financing," Villafuerte said. The team held discussions with the authorities on the sixth review under the Policy Support Instrument (PSI) programme that was approved on July 2014. "Liquidity conditions remain tight, but are expected to ease in coming weeks, including through a decision to lower the statutory minimum reserve requirement," Villafuerte said. The team further noted that for Tanzania to meet its medium-term growth objectives would require a vibrant private sector and that ample scope remained to improve the business environment. *(Daily News)*

DEMAND for the five-year treasury bonds was high in an auction attracting bids worth 143.58bn/-, which is an oversubscription compared to the preceding session held in February, this year. The auction results by the Bank of Tanzania (BoT) in a show held last week indicate that a total of 86 out of 119 bids received emerged successful. At the end, the government retained 105bn/- as successful that was sought to be raised in the auction. The weighted average yield to maturity increased to 17.92% from 17.68% of the previous session held in February, this year. The weighted average coupon yield was 12.77% compared to 12.66% of the auction in February. Weighted average price for successful bids was 71.86 compared to 72.49 of the preceding session. Minimum successful price/100 was 70.67 compared to 71.00 held in the session before. The highest and lowest bids/100 were 74.26 and 65.56 respectively. Yields may stabilise as more funds are chasing government papers as well as continued decline in inflation. Treasury bonds are among the instrument used by the government to borrow from the public for various development projects. Some of the key players of long term maturities are commercial banks, with only five per cent as retail investors. Others are pension funds, insurance companies and a few microfinance institutions. *(Daily News)*

Zambia

Corporate News

No Corporate News This Week

Economic News

Zambia, Africa's second-largest copper producer, plans to reach an aid deal for as much as $1.6 billion with the International Monetary Fund by the end of April, Finance Minister Felix Mutati said. Bond yields fell. "At the moment we know that we can get up to $1.6 billion -- if you ask me, I'd go for the maximum," he said in an interview Monday in the capital, Lusaka. "Hopefully the program can be presented to the board sometime end of June, beginning of July." The country has been talking about getting IMF aid since 2014, but resisted after two presidential elections since then made the required reforms politically unattractive. The country's fiscal deficit has risen, foreign-exchange reserves have declined, and economic growth is near the lowest since 1998, spurring the need for a program with the fund. Zambia's debt has also been climbing, putting pressure on the Treasury. External debt has increased to $6.9 billion, said Mutati, who President Edgar Lungu appointed finance minister in September. That's more than double the level in 2012. Total government debt is about $10 billion, which is "pretty high," he said. The last election took place in October, with Hakainde Hichilema, the leader of the main opposition party, refusing to recognize the result. He was charged with treason last week for failing to move off the road for Lungu's motorcade. Hichilema was last arrested in October over allegations of unlawful assembly and says he's been detained at least 16 times in the past five years. "Although this development is concerning, we do not see the latest incident as delaying IMF discussions," Irmgard Erasmus, an economist at Paarl, South Africa-based NKC African Economics, said in an emailed response to questions. "Our baseline view is still that Zambia will agree to a program of around $1.3 billion as pressure on the fiscal position and balance of payments remain elevated."

Police acted independently regarding Hichilema and the President won't interfere or intervene in the case, Amos Chanda, Lungu's spokesman, told reporters in Lusaka on Tuesday. The arrest won't impact negotiations with the Washington-based lender, he said. "In the unlikely event that it became an issue, we will not lose sleep over it," said Chanda. "We will walk away and say, well, the sovereignty of the country demands that we enforce law and order." The cabinet agreed that the government conclude negotiations with the IMF for a program, Information Minister Kampamba Mulenga said last week. It considers a package as "necessary" for Zambia's economic recovery, she said. The government has sold $3 billion in Eurobonds, the most recent being $1.25 billion in 2015. It is "not in a hurry" to issue another, and won't do so this year, said Mutati. Yields on the country's three dollar bonds fell, with the rate on the $1 billion of debt due in April 2024 declining 14 basis points, the most since March 16, to 7.92 percent by 5:45 p.m. in Lusaka on Tuesday. The yield on the 2022 bond dropped 13 basis points. Zambia still needs to clarify to the Washington-based lender how it will pay off about $1.8 billion the government owes in arrears, Mutati said in his office. He spoke before flying to the U.S. to attend the IMF and World Bank Spring Meetings that begin April 21. *(Bloomberg)*

Zimbabwe

Corporate News

Hwange Colliery says it has secured two long-term coal supply contracts with Zimbabwe Power Company and Lusulu Power, an independent power producer in Matabeleland North, which are expected to increase demand for the fossil fuel by 400,000 tonnes per month. Hwange has been hurt by low production volumes, accumulating losses of $258,6 million between 2013 and 2016, on the back of working capital constraints. To meet the nearly 5 million tonne annual demand brought about by the two off-take deals alone, Hwange would need to attain the levels of operational efficiency the company last enjoyed in the early 1990s, when output peaked at 5.5 million tonnes. Hwange managing director Thomas Makore said the two deals were part of initiatives to turn the ailing company around. "We have already entered into a 25 year coal supply agreement with the two companies and we are in the process of finalising contracts," Makore said iIn a statement issued on Wednesday. The arrangement will see the company supplying more than 200,000 tonnes of coal per month to each of the two power producers. Earlier this month, Hwange chairman Winston Chitando said lenders were unwilling to extend lines of credit to the company, whose liabilities exceed total assets by $168 million. In 2016, raw coal production declined by 38 percent to 969,153 tonnes, from 1,557,567 tonnes in 2015. Government, in 2015 granted Hwange three new concessions which have an estimated resource of 750 million tonnes of mainly coking coal and thermal coal in Lubimbi coalfields. *(The Source)*

South Africa's retail giant Pick n Pay says its Zimbabwe associate, TM Supermarkets (TM), delivered a strong 75 percent earnings growth in the full year to February 26 despite a tough macroeconomic environment marked by poor liquidity, rising unemployment and falling consumer confidence. The group reported on Wednesday that its share of TM's earnings grew 74.7 percent on last year to R80.2 million, representing growth in local currency terms of 71.8 percent. Pick n Pay holds a 49 percent shareholding in TM Supermarkets, with Meikles Limited holding the balance. It said TM benefited from increased operational collaboration with Pick n Pay, and strong trade from the rebranded Pick n Pay stores in the region. TM Supermarkets now has 56 stores in Zimbabwe, 16 of which trade under the Pick n Pay banner after adding one branded outlet during the year. Group turnover increased seven percent to R77.5 billion. *(The Source)*

Caledonia Mining says gold production at its 49 percent- owned Blanket Mine in southern Zimbabwe rose by 18 percent to 12,794 ounces in the three months to March 31. The junior miner says it expects to meet its annual target of 60,000oz for the year and is on track to reach 80,000oz by 2021. "Production in Q1 was six percent lower than the previous record quarter, but remains within planned production for the full year," said chief executive, Steve Curtis. "This trend is in line with the historical quarterly production profile at Blanket which typically experiences slightly lower production rates in the first quarter of each year due to holidays and mine scheduling." As at December 31, 2016, Caledonia had cash holdings of $14,3 million. *(Source)*

Economic News

The year-on-year inflation rate - annual percentage change - for the month of March 2017 as measured by the All Items Consumer Price Index stood at 0,21 percent, gaining 0,15 percentage points on the February 2017 rate of 0,06 percent, according to the Zimbabwe National Statistics Agency. This means that prices as measured by the All Items CPI increased by an average of 0,21 percentage points between March 2016 and March 2017. ZimStats said the year-on-year inflation rate is given by the percentage change in the index of the relevant month of the current year compared with the index of the same month in the previous year. The year-on-year food and non-alcoholic beverages inflation, which is prone to transitory shocks, stood at 1,21 percent whilst the non-food inflation rate was -0,25 percent.
The month-on-month inflation rate in March 2017 was 0,03 percent, shedding 0,58 percentage points on the February 2017 rate of 0,61 percent. This means that prices as measured by the All Items CPI increased at an average rate of 0,03 percent from February 2017 to March 2017. The month-on-month inflation rate is given by the percentage change in the index of the relevant month of the current year compared with the index of the previous month in the current year.

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

The month-on-month food and non- alcoholic beverages inflation rate stood at -0,21 percent in March 2017, shedding 1,78 percentage points on the February 2017 rate of 1,56 percent. The month-on- month non-food inflation rate stood at 0,15 percent, shedding 0,02 percentage points on the February 2017 rate of 0,17 percent. Zimbabwe's annual inflation rate broke into positive territory for the first time in 29 months last month after gaining 0,71 percentage points on the January 2017 rate of -0,7 percent to 0,6 percent in February. Zimbabwe first entered deflation in February 2014 when the annual rate of inflation shed 0,9 percentage points to 0,49 percent, as prices continued to fall in relation to a strong US dollar. Since October 2014, the country's headline inflation has remained largely negative as the strong dollar and weak aggregate demand eliminated any latitude for traders to sustain price increases. *(Herald)*

TOBACCO auction and contract seasonal sales rose by 42%, raking in $125,83 million as of Wednesday last week compared to the same period last year as deliveries increased ahead of the Easter and Independence holiday. The Easter and Independence holidays ran from Friday up to yesterday. Tobacco Industry and Marketing Board (TIMB) spokesperson Isheanesu Moyo told NewsDay yesterday that though the current tobacco season was benefitting from the rainy season, last week saw tobacco farmers rush to the floors in search of cash ahead of the holidays. "The deliveries this season are generally higher, although due to the holidays people wanted to raise money for the holidays because the floors were going to be closed from Friday through to Tuesday (yesterday). People wanted to make money for the holidays so that they could use that money. But, generally this season is better than last season in terms of deliveries," he said. "We had some good rains, but the rains caused some leaching though that can be adjusted by simply applying ammonium nitrate."TIMB reported on Wednesday the volume of tobacco sold was up 42,44% to 46,94 million kilogrammes. In the same period last year, the volume of tobacco sold was 32,95 million kg sold at a value of $88,9 million. The average price per bale sold on the day under review was $2,68 which was slightly down from $2,70 recorded over the same time frame last year. Tobacco bale sales were 630 692 from last year's 412 726. However, there was an increase in the rejected bales of 28,48% to 40 520 from 2016's 31 539 comparatively. Tobacco is one of the largest foreign currency earners. Zimbabwe's fiscal position is projected to see a modest recovery in 2017 due to increased tobacco harvests and higher commodity prices, according to international financial research body, BMI Research. *(News Day)*

THE Confederation of Zimbabwe Industries (CZI) has said capacity utilisation is slightly lower than expected due to the current cash challenges, but will rise on the back of an increase in agricultural output. Capacity utilisation is a measure of industry's use of installed productive potential. Capacity utilisation was at 47,4% in 2016 from 34,3% in 2015, as the manufacturing sector increased output to plug the gap following import restrictions by government. In July, the government promulgated Statutory Instrument (SI) 64 of 2016, which restricted imports on 43 products, that have local equivalents to boost local production. In an interview with NewsDay, CZI president Busisa Moyo said the first quarter performance for the manufacturing sector was promising despite challenges. "The performance for the manufacturing sector in the first quarter is promising but there are few challenges which the sector is facing due to cash, which are shortage of raw materials and depressed demand," Moyo said. Capacity utilisation in the post-dollarisation period peaked at 57,2% in 2011, before sliding to 44,2% in 2012, 39,6% in 2013 and 36,3% in 2014.

The country is currently facing cash shortage which is crippling the performance of the economy. The liquidity crunch has left companies unable to pay their workers in cash and foreign suppliers, driving many people out of business. Moyo said capacity utilisation was expected to improve on the back of improved agriculture season. "The capacity utilisation is slightly lower than normal due to cash challenges but it is expected to improve on the back of improved agriculture production," he said. The country is expecting a bumper harvest this year following the introduction of command agriculture, a scheme which was introduced in August last year, to ease food shortages as well as stimulating production levels in industries. The scheme is targeted to producing 2,2 million metric tonnes of maize. *(News Day)*

The country's inflation rate is within manageable levels despite recording gains over the months, economists have said. The year-on-year inflation rate for March was 0,21% after gaining 0,15 percentage points on the February figures. Zimbabwe first slipped out of deflation in February after year-on-year inflation for the month stood at 0,06% from the January figures of -0,65%. Economist John Robertson said the growth in the inflation rate was insignificant and there was no cause for panic. "The change is very small. We are in inflation, but it's not yet serious. It's a small figure, but if it's get more than 2% it will be considered serious," he said. Another economist, Kipson Gundani, said level of the inflation rate was still healthy, adding that chances for it to skyrocket were slim. "The inflation range is still healthy and we should not panic. Prospects of it rising to economically retrogressive models are very slim. As long as the year on year rate does not exceed 5%, we have every reason to feel ok," Gundani said. Official statistics showed Zimbabwe's inflation peaked to 231 million percent in 2008. Independent statistics estimated inflation to have surpassed 500 million percent. Robertson said there was need for money supply discipline by the Reserve bank of Zimbabwe to douse any chances of retreating back to hyperinflation. Economist Clemence Machadu said Zimbabwe was entering into a different era with interplay of new factors threatening its health. "Although the March gain has relatively declined compared to the two prior months, inflation is certainly a new threat in our new economic season, although we cannot call it the "Number One enemy" as in the days of Gideon Gono," he said projecting inflation to close the year at 7%. "This estimate is informed by a number of factors: fuel prices are going up on the international market following supply cuts by OPEC; the US is planning more interest rate hikes this year which will increase the cost of borrowing, forex shortages have led to currencies now being traded on the black market where a premium is charged; protectionist measures that have been put in place have removed the cheaper imports on the market, leaving consumers exposed to relatively expensive local products as well as other factors." Machadu said anything that eats into the pockets of the consumer was not good as consumers' real spending levels are depleted and they will now buy only a few goods with the same amount of money than before, which means that industries will also be compelled to trim production. "For companies, rising inflation also implies high input costs which mean higher factors of production and those costs will be passed onto consumers. Bottom line is that our competitiveness will be threatened as an economy," he said. *(News Day)*

Zimbabwe's tax agency said on Thursday it had collected $862 million in the first quarter of 2017, exceeding its target by 6 percent, helped by automated operations and improved compliance among businesses. The southern African country, which fell short of its 2016 revenue goal by 4 percent as its economy suffered from weaker commodity prices and a liquidity crisis, expects to collect $3.7 billion this year. President Robert Mugabe's government, which fell out with western donors nearly two decades ago amid accusations of human rights abuses and electoral fraud, does not receive significant direct international aid and relies almost entirely on tax revenues to fund its budget.
Zimbabwe's economy stagnated last year following a devastating drought while its budget deficit exploded as Mugabe's administration struggled to pay its workers, which helped fan anti-government protests. Zimbabwe Revenue Authority (ZIMRA) chairperson Willian Bonyongwe said gross revenue collections for the first quarter of 2017 were 10 percent higher than figures for the same period last year. "This upward trend is a result of a battery of revenue enhancement measures, which include automation, greater enforcement and the fight against corruption," Bonyongwe said in a quarterly statement. Value-added tax on local sales, at 22.42 percent, weighed in with the biggest contribution towards the revenue, followed by individual tax at 20.05 percent, ZIMRA said. Company tax made up 11.2 percent, while mineral royalties, at $16.39 million, exceeded the quarterly target by 21.42 percent on the back of improved output and commodity prices. The tax agency says it expects better revenue flows this year, following an improved farming season, but has cautioned that an extended bank note shortage Zimbabwe has experienced since the beginning of 2016 will affect economic performance. Zimbabwe's government has revised upwards its 1.7 percent economic growth projection for 2017 to 3.7 percent, citing the rebound in agriculture. *(Reuters)*

As Zimbabwean President Robert Mugabe's ruling party is increasingly gripped by faction fighting, a once-splintered opposition is pledging to mount a united challenge to the 93-year-old leader in elections next year. At the center of the infighting in the Zimbabwe African National Union-Patriotic Front is its political commissar, Saviour Kasukuwere, a leading figure in the Generation 40 faction that backs Mugabe's wife, Grace, as his successor. Party executive councils in seven of 10 provinces have publicly called for the ouster of 46-year-old Kasukuwere, whose aggressive approach to opponents earned him the nickname "Tyson." They accuse him of corruption and undermining Mugabe's government. The pressure on Kasukuwere, who's also minister of local government, and his G-40 faction, is coming from party officials loyal to Vice President Emmerson Mnangagwa, a 70-year-old former spy chief, as ZANU-PF struggles to find a leader who could eventually replace Mugabe. Street brawls between party members erupted on April 15 in the capital, Harare, with both sides attacking police officers who tried to stop the violence. "This is clearly a coordinated effort designed not only to remove him, but to cause a mortal wound upon the G-40 faction," said Alex Magaisa, a U.K.-based law lecturer and one of the authors of Zimbabwe's 2013 constitution. "The only person who can save Kasukuwere now is Mugabe himself, but with almost the whole country calling for his expulsion, it'll be hard for him." Kasukuwere's phone was switched off and his office said he wasn't in when called to seek comment.

While the party insists that Mugabe will stand for re-election next year, extending his 37-year rule of the southern African nation, key opposition politicians have announced that they will form a coalition to challenge him. They're making their unity bid at a time of deepening unrest because of widespread poverty, massive unemployment and the collapse of basic services. Zimbabwe has been gripped by food shortages and a cash crunch that has delayed payment of salaries and prompted the central bank to introduce dollar-pegged bond notes that Zimbabweans dubbed "zombie currency." The situation is so bad that Education Minister Lazarus Dokora suggested parents who can't afford school fees can pay with goats or their labor. A draft law before parliament would force commercial banks to accept cattle and other livestock as collateral for loans. On Wednesday, Morgan Tsvangirai, a one-time union leader and head of the Movement for Democratic Change, announced plans to form an alliance with former Vice President Joice Mujuru's Zimbabwe People First party. A day later Tsvangirai signed an accord to re-unite with an MDC faction led by Welshman Ncube. Tsvangirai, 65, has fought successive elections against Mugabe since 2000, posing the biggest threat to the former guerrilla leader. Mujuru, who served in Mugabe's first cabinet and later became vice president, is the 62-year-old wife of the late Solomon Mujuru, who led the main guerrilla army against the then white-minority breakaway British colony of Rhodesia. (*Bloomberg)*

Disclosures Appendix

This Publication is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of any jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject Securities Africa Limited, or its subsidiaries or affiliates to any registration or licensing requirement within such jurisdiction. Neither this Publication nor any copy of it may be distributed in any jurisdiction where its distribution may be restricted by law and any persons into whose possession this Publication comes should inform themselves about, and observe, any such restrictions.

The information contained in this Publication or on which this Publication is based has been derived from sources believed to be reliable and accurate however no representation or warranty, express or implied, is made as to the fairness, completeness, accuracy, timeliness or otherwise of the information or opinions contained in this Publication and no reliance should be placed on such information or opinions. The information contained in this Publication has not been independently verified by Securities Africa Limited. While reasonable care has been taken in preparing this document, no responsibility or liability is accepted as to or in relation to the fairness, completeness, accuracy or timeliness or otherwise of this Publication or as to the reasonableness of any assumption contained, nor for errors of fact or omission or for any opinion expressed in this Publication.

Past performance should not be taken as an indication of future performance, and no representation of any kind is made as to future performance. The information, opinions and estimates contained in this Publication are provided as at the date of this Publication and are subject to change without notice. Distribution of this Publication does not constitute a representation, express or implied, by Securities Africa Limited, or its advisers, affiliates, officials, directors, employees or representatives (the "Parties") that the information contained in the Publication will be updated at any time after the date of the Publication. The Parties expressly do not undertake to advise you of any information coming to any or all of their attention.

Any opinions expressed in this Publication may differ or be contrary to opinions expressed by other business areas or groups of Securities Africa Limited as a result of using different assumptions and criteria. The analysis contained herein is based on numerous assumptions. Different assumptions could result in materially different results.

All projections and forecasts in this Publication are illustrative only. The actual results may be materially affected by changes in economic or other circumstances, which cannot be foreseen. No representation or warranty is made by any of the Parties as to the achievability or reasonableness of any projection or forecast contained in this Publication.

This publication is provided to you for information purposes only on the understanding that Securities Africa Limited is not acting in a fiduciary capacity. It does not address specific investment objectives or financial situations, and any investments discussed may not be suitable for all investors. Prospective investors must make their own examination and evaluation of the merits and risks involved in the securities set out in this Publication including any legal, taxation, financial and other consequences of investment and should not treat the contents as advice relating to legal, taxation or other matters. This report is not to be relied upon in the substitution of independent judgment with respect to any investment decision. Investors should consider this Publication as only a single factor in making their investment decision, and as such, the Publication should not be viewed as identifying all risks, direct or indirect, that may be associated with any investment decision.

Foreign currency-denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of, or income derived from, the investment. In addition, investors in securities such as ADRs, the values of which are influenced by foreign currencies, effectively assume currency risk.

Securities Africa Limited conducts designated investment business only with eligible counterparties and professional clients. To the extent permitted by law and regulation, Securities Africa Limited accepts no liability whatsoever for any loss howsoever arising, directly or indirectly, from any use of this Publication or its contents or otherwise arising in connection with that. This Publication is not intended for distribution to retail clients.

By receiving this Publication, the recipient agrees to keep confidential the information contained in this Publication together with any additional information made available following further inquiries. None of the material, nor its content, nor any copy of it, may be altered in any way, disclosed, published, reproduced or distributed to any other party, in whole or in part, at any time, without the prior written permission of Securities Africa Limited.

Nothing in this Publication constitutes or forms part of, and should not be construed as, an offer for sale or subscription of, or solicitation of any offer to buy, sell or subscribe for, the securities of the Company, nor should it or any part of, form the basis of, or be relied on in connection with, any contract or commitment whatsoever.

Securities Africa Limited and/or its associates and/or any of their respective clients may have acted upon the information or opinions in this Publication prior to your receipt of it. Securities Africa Limited and/or its associates may provide investment banking services to the Company and in that capacity may have received confidential information relevant to the securities mentioned in this Publication which is not known to the researchers who have compiled this Publication.

Securities Africa Limited and/or its associates and/or their officers, directors, employees or representatives may from time to time purchase, subscribe for, add to, dispose of or have positions or options in or warrants in or rights to or interests in the securities of the Company or any of its associated companies mentioned in this Publication (or may have done so before publication of this Publication) or may make a market or act as principal or agent in any transactions in such securities.

This report may not have been distributed to all recipients at the same time. This report is issued only for the information of and may only be distributed to professional investors (or, in the case of the United States, major US institutional investors as defined in Rule 15a-6 of the US Securities Exchange Act of 1934) and dealers in securities and must not be copied, published or reproduced or redistributed (in whole or in part) by any recipient for any purpose.

English law governs the issue, publication and terms of this Publication and any disputes arising in relation to any of them will be subject to the exclusive jurisdiction of the English courts.

By accepting this Publication, you agree to be bound by the foregoing limitations. No part of this material may be (i) copied, photocopied or duplicated in any form by any means or (ii) redistributed without the prior written consent of Securities Africa Limited.

Licensed to conduct Investment Business by the Bermuda Monetary Authority

SECURITIES AFRICA®