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	15-Apr-16	22-Apr-16	WTD % Change Local	WTD % Change USD	31-Dec-15	YTD % Change Local	YTD % Change USD
Botswana	DCI	10282.47	10300.52	0.18%	1.55%	10602.32	-2.85%	1.76%
Egypt	CASE 30	7463.10	7781.45	4.27%	4.26%	7006.01	11.07%	-2.12%
Ghana	GSE Comp Index	1888.50	1844.62	-2.32%	-2.95%	1994.00	-7.49%	-8.17%
Ivory Coast	BRVM Composite	314.72	320.30	1.77%	1.80%	303.93	5.39%	9.03%
Kenya	NSE 20	3920.00	4010.82	2.32%	2.35%	4040.75	-0.74%	0.39%
Malawi	Malawi All Share	12906.65	12838.01	-0.53%	-5.68%	14562.53	-11.84%	-14.02%
Mauritius	SEMDEX	1784.89	1765.78	-1.07%	-1.23%	1,811.07	-2.50%	0.12%
	SEM 10	342.10	338.37	-1.09%	-1.25%	346.35	-2.30%	0.32%
Namibia	Overall Index	1006.71	1027.96	2.11%	4.35%	865.49	18.77%	28.34%
Nigeria	Nigeria All Share	24719.27	24850.11	0.53%	0.90%	28,642.25	-13.24%	-13.52%
Swaziland	All Share	356.22	357.63	0.40%	2.60%	327.25	9.28%	18.08%
Tanzania	TSI	3959.85	3934.28	-0.65%	-1.12%	4478.13	-12.14%	-13.83%
Zambia	LUSE All Share	5182.66	5075.49	-2.07%	-3.19%	5734.68	-11.49%	4.21%
Zimbabwe	Industrial Index	98.35	99.28	0.95%	0.95%	114.85	-13.56%	-13.56%
	Mining Index	20.16	20.16	0.00%	0.00%	23.70	-14.94%	-14.94%

CURRENCIES

Cur-rency	15-Apr-16 Close	22-Apr-16 Close	WTD % Change	YTD % Change
BWP	10.68	10.54	-1.35	4.74
EGP	8.86	8.86	0.01	-11.87
GHS	3.81	3.83	0.64	-0.73
CFA	580.35	580.22	-0.02	3.46
KES	99.41	99.38	-0.03	1.14
MWK	625.24	659.35	5.46	-2.47
MUR	33.73	33.79	0.16	2.68
NAD	14.56	14.25	-2.15	8.05
NGN	198.65	197.92	-0.37	-0.32
SZL	14.56	14.25	-2.15	8.05
TZS	2,146.91	2,157.23	0.48	-1.91
ZMW	9.19	9.30	1.16	17.75

SECURITIES AFRICA

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Botswana

Corporate News

Botswana's largest copper and nickel producer, BCL Mine Limited plans to raise $250 million through a bond open to both local and foreign players to finance acquisitions, the state owned company said on Wednesday. Acting divisional manager Tobokani Mosetlha told a media briefing that the firm has engaged Barclays Africa group to facilitate the bond issuance planned for later this year. He did not give an exact date for the bond issue. "The funds would be used to settle a $100 million facility we recently acquired from Barclays as well as finalise the acquisition of a 50 percent stake in Nkomati Mine in South Africa," Mosetlha said. "Due to the size of the bond, the plan is to open it to both foreign and local investors." BCL mine incurred a 1.2 billion pula ($116 million) loss in operating costs in 2015 due to a slump in commodity prices, said Mosetlha. He also said that at the end of February, the copper and nickel miner owed its 620 listed suppliers 595 million pula with 452 million pula owed to local suppliers and 143 million pula to foreign companies. *(Reuters)*

Economic News

No Economic News This Week

Egypt

Corporate News

No Corporate News This Week

Economic News

France signed several deals worth about 2 billion euros ($2.26 billion) with Egypt during a visit by French President Francois Hollande to Cairo, the French president's office said on Monday. The deals included a satellite communications contract agreed upon following discussions between the two presidents and their defence ministries, the Elysee said. The military telecommunications satellite is expected to be build by France's Airbus Space Systems et Thales Alenia Space. French energy Engie firm said earlier that it also signed LNG and renewable energy contracts during the visit. *(Reuters)*

Egypt plans to launch a new oil exploration round next week, offering 11 blocks in the Western desert and the Gulf of Suez, Petroleum Minister Tarek al-Molla said on Tuesday. He said that Egypt also plans to launch two gas exploration rounds this year. Egypt, which used to be a net energy exporter, has become a net importer in recent years as consumption has increased while production has fallen. The government has been on a drive to lure back foreign investors to its energy sector in an effort to address a squeeze on public finances. Egypt owes about $3 billion to international oil companies for oil and gas they have supplied. Attracting exploration investment has become increasingly difficult as global oil prices have tumbled over the past two years, though a huge gas find by Italy's Eni off the Mediterranean coast in August has reinvigorated interest in offshore Egypt. *(Reuters)*

Egypt's currency weakened on the black market on Wednesday as traders speculated on a coming devaluation and hoarded dollars they believe will rise in value. Egypt, which relies heavily on imports, has been facing a dollar shortage since the popular uprising in 2011 drove away tourists and foreign investors, major sources of hard currency. The acute shortage has pushed businesses and individuals unable to source dollars in the official banking system to the black market, where they can procure the currency for an increasingly high price. The black market rate hit a record 11.35 Egyptian pounds to the dollar, three currency traders told Reuters, up from 11 pounds just one day earlier. The currency has weakened by about 10 percent over the past week. "Traders at exchange bureaus are holding on to their dollars as the price could go sharply higher the next day," one forex trader told Reuters. Egypt central bank governor Tarek Amer on Wednesday called the sudden rise on the black market "unjustified" and the result of "speculation" and "rumours by those trying to harm the country" in comments to state news agency MENA. Amer said the central bank has no intention of devaluing the pound. Egypt's central bank sold $120 million at its regular rate of 8.78 during a weekly dollar auction on Tuesday.

The black market for dollars has sucked up liquidity from the banking system and strained the country's foreign reserves, which more than halved to $16.56 billion in March from around $36 billion in 2011. In an attempt last month to close the gap between official and black market rates, the central bank devalued the currency to 8.78 from 7.73. The gap has since grown even wider. "There is speculation in the black market that there is going to be another devaluation so it's a chicken and egg situation," said Allen Sandeep, research director at Cairo-based Naeem brokerage. "But I don't think there will be a devaluation at the moment because they don't want to spike inflation...given the impact on normal people on the street and their cost of living," he added. The central bank has sought to crack down on black market trading, meeting with bureaus to push them to sell closer to the official rate and revoking some licences over the issue. Egypt's public prosecution is investigating about 15 bureaus accused by the central bank of hoarding dollars, judicial sources have said. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Ghana

Corporate News

No Corporate News This Week

Economic News

The Managing Director of IMF, Christine Lagarde, has asked Ghana to commit to passing all the reviews by the Fund in order to help the country restore market confidence. When Ghana singed up to the three-year program with the IMF in April last year, it was the expectation of government that the program will help fast-track economic stability, promote growth, reduce budget deficit and address the lack of confidence in the economy. However a year down the line, the country is still struggling to strike confidence in investors. The situation has been compounded by the upcoming elections in November, which has heightened economic uncertainty. Answering a question posed by Joy Business at the IMF/World Bank Spring Meetings in Washington DC, IMF Managing Director, Christian Lagarde, says if Ghana will be able to implement the conditions under the program it will shore up market confidence. "For any country under a current program, to actually deliver under the program, go through the review one after the other. It's probably the best response to market concerns about the stability and macroeconomic policies decided by the country", the IMF Managing Director said. On the current slump in commodity crises, Madam Lagarde was of the view that it might be prudent for Ghana to look at diversifying its Economy. *(Ghana Web)*

Agricultural Development Bank Ltd. raised 450 million cedis ($119 million), the largest initial public offering in Ghana's history, last month, according to two people familiar with the deal. The bank raised more than the target of almost 400 million cedis, said the people, who asked not to be identified because regulators are still reviewing the results. ADB will use 300 million cedis for capital and the rest to pay shareholders, including the nation's central bank, which owns 48 percent. The government sold some of its 52 percent stake, one of the people said. The IPO marks the end of eight months of wrangling in courts that ended up delaying the sale. The government and bank leadership got approval for the sale after shareholders and workers' unions sought to block it. The bank funds farmers, processors and traders. The IPO was the first in Ghana in about two years. Ghana has struggled to boost trading and lure companies to go public because of a lagging economy and trading volumes that have plunged. The economy of the world's second-largest producer of cocoa expanded at the slowest pace in about 20 years in 2015 and inflation has remained above 15 percent in the past two years, curbing investor sentiment. Volume of stocks traded dropped to 4.3 million shares in March from 13.3 million a year earlier, according to data compiled by Bloomberg. Ghana's stock exchange index has dropped 5.8 percent this year, outperforming Nigeria's main index, which has fallen 14 percent. Kenya's has dropped 1.4 percent during the same period. *(Bloomberg)*

Traders in Ghana's dollar-starved foreign exchange market are in for a boom fueled by cocoa and gold exports. The Bank of Ghana will this year end its policy of forcing producers of the two commodities -- which account for most of the country's foreign earnings -- to surrender export proceeds to the central bank and will also allow hundreds of millions of dollars in debt raised by cocoa farmers to be handled by commercial lenders. That may more than double average daily trading volumes to $65 million, from $25 million, according to GCB Bank Ltd.
The move may enable currency traders, who are at present unable to quote two-way prices because of a persistent dollar shortage, to profit from the market rather than just trying to secure scarce dollars for corporate clients, Anthony Kofi Asare, head of treasury at Accra-based GCB, Ghana's biggest lender by branch network, said in an interview. It may also result in the development of derivative instruments like currency forwards, he said. "The turnover will be great," Asare said. "Some banks may even be trading on a proprietary basis, to make money from the system. Now because there's scarcity most of them are buying just to satisfy their customers."

Ghana is the world's second-biggest cocoa producer and the continent's biggest gold miner after South Africa. Directing the export earnings to commercial banks will help deepen Ghana's foreign exchange market and reduce volatility in the exchange rate, the International Monetary Fund said in a January review of the country. The central bank said last month it will start a four-stage process this year as it liberalizes the foreign-exchange market to make it easier for companies to access foreign currency. It will initially seek to establish a strong monitoring system to ensure export revenues are released into the market through commercial banks, and sold on a "need basis," it said. "It can double our income," Asare said. "Even if the spreads are small and there's higher turnover, at the end of the day income will go up." The current practice is for the Bank of Ghana to build foreign reserves with these inflows and release them through lenders onto the market as it deems fit, to smooth out volatility. The system has been in place since 1992. The supply from the central bank is never enough to meet most of the demand on the market, Joseph Nketsiah, head of treasury at HFC Bank Ghana Ltd., said by phone.

Sometimes the Bank of Ghana only satisfies oil import bills while other companies are forced to look elsewhere -- like the black market -- for dollar supplies. The cedi declined 0.6 percent to 3.8350 per dollar by 11:55 a.m. in Accra, bringing its decline this year to 3.4 percent The new approach would enable banks to meet most of the normal daily foreign-exchange demand from customers, Nketsiah said. It would also provide impetus for lenders to enter into syndication deals for bigger transactions, and to develop derivative instruments including forward contracts, something the market currently doesn't allow, he said. "We are all looking forward to the commencement of this new policy," Hamza Adam, head of treasury at Universal Merchant Bank Ltd. in Accra, said by phone. "The foreign exchange market will be open, treasuries will be more vibrant than they are now, foreign exchange will be more available to banks and banks will be able to make more income from trading." *(Bloomberg)*

Government's appetite for borrowing continues unabated as it will today borrow GH¢500 million through the Bank of Ghana (BoG) by issuing a 3-year bond. This will bring to three the number of bonds issued so far this year. The government had already issued 5-year bonds which together accrued GH¢1 billion to refinance maturing debts and fund some infrastructure programmes. By the end of this month, government will have borrowed GH¢15.5 billion through bills and bonds alone. The 3-year bond which is expected to mature in 2019 will be unsecured. It will however be opened to both offshore and local investors and will have a face value of one Ghana cedi. The minimum bid will be GH¢50,000 and multiples of one thousand thereafter. According to the Bank of Ghana, Barclays, Stanbic and SAS are the lead brokers for the deal. Analysts fear the yield could be high at about 25 percent. Ghana attracted a yield of 24.75 percent for the last 5-year bond issued in March, 2016. Presently, the 91-day and 182-day bills are hovering around 22.80 percent and 24.68 percent respectively. It is expected to go up following the increase in inflation in March 2016 to 19.2 percent. Ghana's total public debt stock hit GH¢97.2 billion at the end of December 2015, approximately 72.9 percent of GDP. External debt alone was GH¢57.8 million. *(Peace)*

Ghana has named monetary policy specialist Johnson Asiama as second deputy governor of the central bank - the regulator's third highest ranking official, a source at the presidency told Reuters on Thursday. He replaces Abdul-Nashiru Issahaku who was promoted to the top job after the previous governor Henry Kofi Wampah announced his surprise resignation late last month. Asiama, 48, is an economist with around 20 years of experience at the Bank of Ghana and, until his appointment on Thursday, had co-ordinated the Monetary Policy Committee (MPC). The MPC sets the bank's benchmark policy rate, which is currently at 26 percent. Asiama, who holds an economics doctorate from the University of Southampton in Britain, also headed the macroeconomic management department at the West African Institute for Financial and Economic Management in Lagos, Nigeria. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Kenya

Corporate News

Kenya's Britam Holdings swung to a 1.19 billion shilling ($11.77 million) loss in 2015 from a 3.21 billion shilling pretax profit the previous year, hit by falling asset values because of a slowdown in securities markets. The diversified financial services company, formerly British-American Investments Company (Kenya), said on Tuesday that revenue from insurance rose 40 percent to 19.6 billion shillings. lifting total revenue 38 percent to 20.32 billion shillings. Insurance is seen as a growth area in Kenya, where less than 10 percent of the population has any form of cover. Britam incurred a loss of 2.84 billion shillings on its financial assets from a gain of 4.1 billion shillings in 2014. "Notably, the downturn in the securities market has impacted the fair value of the financial assets," it said in a statement. The Nairobi Securities Exchange's main NSE-20 Index lost 20 percent last year. Britam said that total assets rose to 77.63 billion shillings from 72.45 billion shillings, while it posted a loss per share of 0.5 shillings from 1.31 shillings in 2014 and recommended a dividend payment of 0.3 shillings, unchanged from the previous year. The company also has operations in Uganda, Rwanda, Tanzania, South Sudan, Mozambique and Malawi. *(Reuters)*

Kenya's KCB Group has been appointed to manage Chase Bank and could buy a majority stake in the closed lender whose branches will reopen next week, the central bank said on Wednesday. The Central Bank of Kenya said in a statement that an understanding had been reached with KCB on "modalities to reopen Chase Bank Ltd in the next few days and the eventual acquisition of a majority stake in the bank." It said KCB would carry out due diligence to inform its decision on taking a stake. Central Bank of Kenya Governor Patrick Njoroge told a news conference he had received nine indications of interest in the mid-sized lender that was put into receivership this month. *(Reuters)*

Standard Chartered Bank and Kenya Airways counters have been dropped from the Nairobi Securities Exchange's top 20 share index. In a statement, NSE said the two counters will now be replaced by Diamond Trust Bank and CIC Insurance Group. Last year, the Stanchart share counter was the worst performing among the 11 listed banks. According to Standard Investment Bank analysis, the counter lost 41.8 per cent of its share price. The KQ counter has also been shedding off its value due to a series of negative corporate reports leading to erosion of price gains. "In line with global best practice, the NSE has reviewed the constituent counters of the NSE 20 Share Index following the NSE board's approval. The market index is reviewed periodically to ensure it reflects an accurate picture of market performance," said the bourse in a statement. The NSE 20 Share Index is a price weight index calculated as a mean of the top 20 best performing counters. Therefore, the constituent companies are selected based on a weighted market performance. *(Standard Media)*

Economic News

Small banks are going to be the biggest bearers of the burden caused by a strong shockwave in the sector following collapse of three banks in nine months. The 33 lenders, which share a paltry 20 per cent of the total deposits in the entire sector, are bound to suffer more in the wake of fears that they may sink into deposit freeze as customers seek to "test" their stability. Central Bank governor Patrick Njoroge last week pledged financial support to these lenders to keep them alive should depositors come calling in a similar panic withdrawal that sank Chase Bank. "Consequently, from tomorrow Monday April 11, 2016, we will avail a facility to any commercial or microfinance bank that comes under liquidity pressure arising from no fault of its own. We will avail this facility for as long as is necessary to return stability and confidence to the Kenyan financial sector," Dr Njoroge said at the Sunday briefing. But this, analysts say, will only be a temporary relief to otherwise ailing banks whose situations have been worsened by the confidence crisis. A senior source from one of the mid-tier lender said the shockwaves caused by the recent collapse of Chase Bank will be heavy on the small lenders for many months to come despite the temporary reprieve from CBK. The source, who spoke in confidence for fear of being viewed as critical to the regulators activities, said the deepening confidence crisis is due to the fact that seven banks control over 80 per cent of the country's deposits.

He said the new deposit ratio played out only after the first two banks went under with most depositors moving money to larger banks, a situation that may have worsened with the collapse of Chase Bank. "When these people come to withdraw and find their money, thanks to the CBK support, what makes them happy is not that the bank is stable but the fact that they have safely taken away their cash. They will continue moving the money to bigger banks hence the small lenders will only have survived the embarrassment of not having failed to meet the obligation but in reality, the exodus is on," the source intimated. Whether depositors will play watch and wait for long enough to see that their small banks stay afloat and return the deposits is matter of time, according to the source. The fall of the three banks and the damaged public relations image is also going to play against minor players seeking suitors in merger. This, according to him, will be the tough recovery path for the fallen lenders whose names have been tainted, books damaged by cooked figures and customer confidence ruined completely. "In the current banking market in Kenya, expansion is only viable if it will put a bank ahead of the closest rival in terms of profitability and asset base. These collapsed banks have shown scaring images of rot from inside; Who would want to inherit them? The baggage overrides benefits and many will also wait to see the full scale of the rot from the ongoing forensic audits to see whether there is any viable business; it will be bad for small lenders seeking mergers now," the source said. *(Nation)*

Kenya, whose budget deficit this fiscal year unnerved investors, is recruiting new taxpayers and investing in technology to boost collections, the head of its tax agency said on Tuesday. In a bid to reassure investors, East Africa's biggest economy aims to cut the deficit to 6.9 percent of gross domestic product in the fiscal year starting in July, from a forecast 8.1 percent for 2015/16. Kenya's tax collection stands at about 19 to 20 percent of GDP, more than many African states but well below those of emerging markets like South Africa, where it is 26 percent. Kenya Revenue Authority (KRA) Commissioner General John Njiraini told a news conference the authority was reviewing income tax laws to make them simpler and to enhance collections. "We are fairly confident that going forward, in the next two to three years, we should be seeing tax to GDP ratio bounce back to the levels that the government has set itself," he said. He did not give a specific figure, but the government has previously said it wanted to target levels of emerging markets like South Africa, rather than fellow frontier markets. KRA was also developing technology, such as a mobile phone application, which would allow users to check if consumer goods were tax compliant before they bought them, Njiraini said. Illicit bottled water and juices were estimated to account for about 60 percent of the revenues lost through non-tax compliant sales, denying revenue to the tax authority and licensed manufacturers. KRA recorded an increase in revenue of 11.7 percent in the nine months to March - the first three quarters of the 2015/16 fiscal year - falling short of a target of 20.9 percent. Njiraini attributed the slower growth to delayed passage of related legislation and a weak business environment. Banks, a major sector of the economy, have seen profit growth slow and bad loans rise. The Finance Ministry is cutting spending by ministries in the fiscal year to June as a result of slower rise in revenue collection than expected. *(Reuters)*

The High Court in Mombasa has suspended a scheme of payment to small depositors of the troubled Imperial Bank being implemented by two banks. Justice Patrick Otieno issued the orders following an application by Mombasa based billionaire Ashok Doshi and his wife Amit. The two have sued Imperial Bank and Central Bank of Kenya. The scheme has been suspended pending hearing and determination of the application. In their suit filed through lawyer Francis Kadima, the couple sought an injunction restraining the CBK and Imperial Bank from continuing with any dealings with their money in any manner, either by investing, transferring to other banks or the Kenya Insurance Deposit Corporation. They also want an order directing the defendants to file Imperial Bank's statement of accounts showing liquidity in the deposit account, audit statement published and approved for 2014/2015 and any other liquid and tangible securities held by the CBK as of October 13, last year. The couple held both US dollar and shillings accounts with Imperial Bank, which is under receivership. "The defendants are liable to pay both insured amounts and protected deposits once an institution is put under receivership," Mr Kadima says in his suit papers. Deposits the Imperial Bank held at the time it was put under receivership, he said, were enough to pay all depositors. *(Nation)*

The taxman has missed the revenue target by Sh69 billion in the first nine months to March. The Kenya Revenue Authority (KRA) said it had collected Sh811billion between July 2015 and March this year, against a target of Sh911billion set by Treasury for the period. At the same time KRA announced it had started a lifestyle audit of its employee to seal tax leakages. This amount raised is Sh88 billion more than what it collected in a similar period in 2014/15 but has been running behind new targets set by the Treasury. The taxman collected Sh753billion in a similar period last year but the expanding budget has seen the Government ask for more from the taxman.

Kenya Revenue Authority Commissioner General John Njiraini (right) with Ag Commissioner, Domestic Taxes Benson Korongo during the press briefing to give updates on revenue collection. The taxman has missed the revenue target by Sh69 billion in the first nine months to March. (PHOTO: DAVID NJAAGA/ STANDARD) Treasury had set a 20.9 per cent revenue growth target for the taxman. But KRA has only met about half that target after it posted an 11.7 per cent growth, which it sees as strong enough given the tough economic environment that has seen many companies report losses or decline in profitability. KRA said the collection had been impacted by the delayed enactment of the Excise Act, which it says denied it about Sh6.9billion. "A continued weak business performance undermined performance of corporation tax. We started receiving these reports in the first quarter from players in the private sector," KRA Commissioner General John Njiraini said at a briefing yesterday. A revenue shortfall means the Government has to look for alternative means to get money to pay its bills, which includes borrowing, or find avenues to cut costs. "Banks are also having problems and some have told us they have had to provide heavily for non-performing loans and this has affected their performance. When businesses fail to pay their loans, that is also another sign that they are struggling and this translates to our revenue performance," Njiraini added. The drop in oil prices and tax exemptions on donor-funded projects have also had a bearing on the performance. KRA says exemptions have cost it Sh6.7billion in loss of revenue in the period and now wants the Government to consider paying taxes on behalf of donors in cases where contracts do not allow the donor agencies to pay taxes.

Njiraini has also blamed the stagnation in the Pay As You Earn (PAYE) for the performance on grounds that most companies are not hiring and those that are in operation are not increasing the pay for workers in line with the set targets. The new VAT laws saw the taxman deliver a 23.2 per cent growth in domestic VAT collection to Sh112 billion. This was well ahead of the Sh104 billion target. Domestic excise tax collections were also ahead of target, raising Sh34 billion in the nine months to July. Others that posted positive growth include the Import duty and Excise tax on imports. But the Railways Development Levy (RDL) and the Import Declaration Fees (IDF) registered negative growths of 10.4 per cent and 4.3 per cent respectively.The Road Maintenance Levy Fund on its part emerged the best performer by growth rates, after it posted a 48 per cent jump in revenue to Sh32.4billion. Njiraini said the organisation is now doing background searches on about 70 top employees in the first phase of the lifestyle audit. "We are using a risk-based approach where we prioritise the most vulnerable cadres. The background checks for the top team is in progress," he said. Njiraini said KRA has about 5,000 employees and not all of them will be taken through the vetting exercise, which is being conducted in partnership with the Ethics and Anti Corruption Commission (EACC). "The next focal groups are being identified and a gradual roll-out to all areas of interest will be done," Njiraini said. He said these reforms will support other efforts to put in place to boost performance at the agency such as putting it top staff on contracts. "This is the only public institution where the first top grades are on contracts and we want to increase the number of employees under contract to 300.This way employees are more accountable because they know a time will come when they have a date with destiny," he added. The lifestyle audit comes at a time when KRA is investigating a major tax evasion scandal in which its employees colluded with some employees of several commercial banks, among them Equity Bank, to manipulate the Simba system and pass off goods in the system as paid for yet KRA never received the money in its accounts. *(Reuters)*

Malawi

Corporate News

No Corporate News this week

Economic News

Malawi's consumer inflation slowed to 22.1 percent year-on-year in March from 23.4 percent in February, data from the National Statistical Office showed on Wednesday. *(Reuters)*

Mauritius

Corporate News

No Corporate News this week

Economic News

The weighted average yield on Mauritius's 91-day Treasury bill rose to 2.72 percent at auction from 2.70 percent at the last sale on April 11, the central bank said on Monday. The Bank of Mauritius sold all the 1 billion rupees ($28.65 million) worth of the debt it had offered. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

Nigeria

Corporate News

Eni has declared a force majeure on Nigeria's Brass River grade of crude oil, a trader said on Friday, once again throwing a spotlight onto the unreliability of exports from a country plagued by oil theft. The trader said the force majeure was declared after a fire on a pipeline. Eni did not immediately respond to a request for confirmation of the outage. The force majeure on Brass River adds to one from Shell on the Forcados grade of crude oil that is still in place, meaning output for June is likely to be low. The June export programme was expected to start emerging next week. Repair work on the pipeline feeding Nigeria's Forcados crude oil to the export terminal is expected to take until June, sources familiar with the matter said on Wednesday. Nigeria's June export programme is set to come to market from early next week. Around 142,000 barrels per day of Brass River was due to be exported in May according to a loading programme seen by Reuters. *(Reuters)*

Theft of crude oil from the pipeline network of Shell's Nigerian subsidiary fell to 25,000 barrels per day (bpd) in 2015, the company said on Monday, roughly 32 percent less than the previous year. The number of sabotage-related spills on the SPDC network also declined to 93 in 2015, compared with 139 the previous year, Shell said in its annual sustainability report. It attributed the decrease to divestments in the Niger Delta and increased surveillance and security by the Nigerian government, but said theft and sabotage were still responsible for around 85 percent of spills from SPDC operations. President Muhammadu Buhari has said theft siphons as much as 250,000 bpd of crude of its roughly 2 million bpd of production and last week promised to crack down on groups responsible for pipeline attacks. Still, the issue has continued to plague the country. Shell currently has a force majeure in place on Forcados crude oil exports following an attack on a subsea pipeline in February, while Italian oil major ENI reportedly declared force majeure on Brass River exports late last week. *(Reuters)*

Nigeria's gas-to-power aspirations may be inching closer to realisation as the Total Exploration and Production Nigeria Limited (TEPNG) declared that its $5.7 billion Oil Mining Licence (OML58) upgrade projects would churn out massive gas supply by July 2016. Specifically, the multinational oil company is planning to supply about 300 million standard cubic feet per day (mmscfd) of gas into the domestic market when it completed its numerous gas projects this year. Besides, it disclosed that the world-class Egina deep offshore project is at advanced stage with first oil expected in middle of 2018. The Managing Director, TEPNG, Nicolas Terraz, said the OML 58 Upgrade projects were essentially designed to boost gas supply for both industrial and domestic use, and increase deliveries to the Nigerian Liquefied Natural Gas (NLNG) in Bonny while meeting the Federal Government's gas flare out policy. The OML 58 upgrade projects include: Ogbogu Flow Station (OFS); Field Logistics Base (FLB); Obite Treatment Centre (OTC); O.U.R Pipeline; and the Nothern Option Pipeline (NOPL). Terraz, who conducted journalists round the facility in the company of the Deputy Managing Director, Deepwater District, Ahmadu-Kida Musa, and Project Manager, Kayode Akiode, among others, said: "Total has every confidence in the development of Nigeria's domestic gas and will remain an active participant in the sector and the export market," Akiode said the 42 inch by 45 kilometre OUR pipeline, which is presently at about 94 per cent completion, would be completed by July.

The Obite new gas train would increase gas production from 10.56 million standard cubic feet per day (mmscfd) to 15.65 mmscfd. Also, the 24 inch by 50 KM Norther Option Pipeline (NOPL) and two above-ground installations, located in Owaza, Abia State, is expected to deliver 100 million cubic feet of gas per day to the Alaoji power plant and also supply the Nigerian Gas Company and onward to the domestic market. The project is about 97 per cent completed and also expected to be commissioned by July 2016. According to Akiode, the projects would enhance the flare out policy of the federal government and lift the economies of the host communities and the country at large. Already, he said its contribution to the local content agenda is enviable, as both OUR and NOPL projects have exceeded the target, doing 79 per cent and 91 per cent local participation respectively. On human capacity development, he said about 247 community youths were trained and 4000 were employed at the peak of the project. He explained that the youths were trained abroad and in Nigeria on machining, welding, pipe fitting, scaffolding and instrumentation. Giving update on other Total project, Ahmadu-Kida said Akpo Floating Production and Offload (FPSO) achieved a seven-year of operations without Lost Time Injury (LTI) on 29 March this year, while it is presently producing145,000 barrels per day, gas expert of 300mmscfd and domestic gas injection of 220mmscfd. *(Guardian)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Shareholders of Transcorp Hotels Plc have approved its expansion programme to build new properties in Lagos and Port Harcourt and effect upgrade to the Trancorp Hilton Abuja. The investors further approved the sum of N2.81 billion as dividend, which translated to 40 kobo per share for the 2015 financial year. Speaking in Abuja during its 2nd Annual General Meeting (AGM), Chairman, Transcorp Plc, Olorogun O'tega Emerhor said the company grew by 20 per cent from N4.5 billion in 2014 to N5.4billion in 2015 while its total assets increased by 30 per cent from N70 billion to N91 billion within the period under review. The company also recorded a profit after tax of N3.6 billion in 2015 compared to N3.3 billion in the previous year. He said: "I strongly believe that we will continue to enjoy growth across all our business lines. We have demonstrated our capabilities across products, customer segments and markets. We intend to continue to leverage on this solid platform to achieve our aspirations and deliver value to all our stakeholders. "The confidence of you the shareholders has been a considerable source of strength for us at Transcorp Hotels Plc. As we step into a new phase of vitality, we continue to rely on this support and confidence." Also speaking at the AGM, Managing Director/Chief Executive, Transcorp Hotels, Abuja, Mr. Valentine Ozigbo said the company increase profitability "despite the negative economic fluctuations during the financial year."

According to him: "The results in the fiscal year 2015 were possible due to efficiency, hard work and resilience of our team members which are hallmarks of our corporate culture." He said: "We were recognized globally by the World Travelers Award, winning five awards for the second year consecutively, and adjudged the best case study for the Kaizen Institute West Africa in August 2015. "We consolidated on our excellent service ratings and won national, regional and international awards and look forward to steady progress in our new expansions and new ventures. All of these could not have been possible without the support of our dear shareholders, bondholders and our entire stakeholders." The shareholders also commended the management for the significant improvement in its financial performance as well as offering a dividend in the face of difficult operating environment. They further hailed the company for successfully issuing its corporate bond following necessary regulatory approvals. They also applauded the management for being named the best leading business hotel in Africa by the prestigious World Travel Awards.*(This Day)*

Shell Petroleum Development Company (SPDC) Joint Venture (JV)'s partners payment to the Nigerian government from 2011 to 2015 was $42 billion. Besides, the company's share of royalties and corporate taxes paid to the Nigerian government in 2015 alone was approximatively $1.1 billion. The company, which made this disclosure on monday in its 2015 Sustainability Report, stated that Shell Companies in Nigeria (SCiN) remained major contributors to the economy, not only through the energy they produce and the revenues they generate for the country, but also via their supply chains, local content and social investment. According to the company, in 2015, Shell-operated ventures in Nigeria produced an average of 688,000 barrels of oil per day (bpd), with 496,000 bpd from the SPDC JV and 192,000 barrels of oil per day from the Shell Nigeria Exploration and Production Company Limited (SNEPCo). It added that Shell Nigeria Gas Limited (SNG) supplies natural gas to 87 industrial customers and the SPDC JV is the major supplier of gas to Nigeria LNG. Shell noted that the SPDC JV Afam VI power plant, which has a 650 megawatt generating capability, supplied approximately 14 per cent of the nation's grid-connected electricity in 2015 and has delivered 20 million Megawatt-hour (MWh) of electricity into the Nigerian grid between its inauguration in 2008 and June 2015. "SCiN make a major contribution to developing the country's human capital and contracting capacity. Ninety- three percent of SCiN contracts were awarded to Nigerian companies in 2015. "The use of locally manufactured goods and Nigerian service companies creates jobs in the communities we operate. In 2015, $0.9 billion was spent by SPDC and SNEPCo on local contracting and procurement. Ownership of key assets such as rigs, helicopters and marine vessels is a key focus and SCiN have been recognised for their work in local content, including the Local Content Operator of the Year Award by the Petroleum Technology Association of Nigeria (PETAN) in 2013 and 2015". The company said that theft of crude oil on the pipeline network was 25,000 barrels of oil per day (bblpd) in 2015, which, it said, is less than the 37,000 bblpd in 2014. It noted that the number of sabotage-related spills declined to 93 incidents compared with 139 in 2014. *(Guardian)*

The Chairman of Dangote Cement Plc, Alhaji Aliko Dangote, yesterday charged the Federal Government and other African countries to invest in infrastructure and housing to support the rapidly developing continent, just its company is expanding across the continent. Aliko Dangote He stated this at the company's Annual General Meeting (AGM) where it declared N8 per share dividend for the financial year ended December 31, 2015, stressing

"The new factories that we opened in Senegal, Cameroon, Ethiopia and Zambia made their first contributions to the business in 2015 and as result our volumes rose by 35 per cent to 18.9 Mt, driving group revenues up 25.6 percent to N491.7 billion as against N391.6 billion recorded in 2014." Commenting on the need for government to invest in infrastructure and housing, he said "Africa is rapidly growing. The United Nations estimates that its population will rise from about one billion today to 2.4 billion by 2050, with the urbanised population rising from 400 million to 1.4 billion; that is more than four times the current population of the United States. To support this growth, countries must invest in infrastructure and housing." According to Dangote "The World Bank estimates that Africa needs to invest $38 billion a year on new infrastructure in power, roads, transport and water and spend a further $37 billion on operations and maintenance, a total of $75 billion a year. However, it estimates that there is a funding shortfall of $35billion a year right now, which illustrates both the scale of the problem and the size of the opportunity for a cement manufacturer operating in Africa. He stressed that the market opportunities was apparent to Dangote Cement as it opened plants in Senegal, Cameroon, Ethiopia and Zambia. According to him "While 2015 was a period of transformation for Dangote Cement, against a challenging economic backdrop, the fact is that we achieved something even more remarkable than our rapid and successful expansion across the continent." Meanwhile, the company's 2015 financial reports show that sales volume increased by 35 per cent from 14.0 Mt in 2014 to 18.9 Mt; just revenues increased by 25 .6 per cent from N391.6 billion to N491.7 billion; Profit before Tax grew by 2.0 per cent from N184.7 billion to N188.3 billion; Cash flow from operations grew by 39.1 per cent from N215.3 billion to N299.5 billion, while return on capital employed reduced from 23.9 per cent to 24.1 per cent *(Vanguard)*

Shareholders of Dangote Refinery Plc on Wednesday approved the N6 billion dividend proposed by the board for the year ended December 31, 2015. The dividend, which translated to 50 kobo per share, was approved at the 10th annual general meeting (AGM) held in Lagos. The dividend is 48 per cent of the profit after tax (PAT) recorded for the year. The shareholders commended DSR for the performance and dividend payment despite the challenges in the operating environment. For instance, the Chairman, Progressive Shareholders Association of Nigeria (PSAN) Boniface Okezie described the management of the company as having foresight and making giant strides in back integration. According to him, DSR has remained the foremost sugar refinery in Nigeria and continued to add value to shareholders. Speaking in the same vein, another shareholder, Mr. Patrick Ajudua, noted that DSR has continued to sustain its production despite economic challenges in the country. Addressing the shareholders, Chairman of DSR, Alhaji Aliko Dangote said 2015 was a very challenging year as the political transition and economic slowdown impacted consumer spending and the global oversupply of crude oil weakened the naira, leaving an average Nigerian consumer with less purchasing power than in the past three to four years.

"In spite of this we achieved a Group turnover of N101 billion in 2015, seven per cent higher than the turnover of N95 billion in 2014. Profit before tax NPBT) stood at N16 billion and Profit after tax at N15 billion. Our earnings before interest tax depreciation and armortisation (EBITDA) rose to N21 billion compared to N18 billion in the previous year," he said. According to him, DSR remains committed to delivering superior returns to its shareholders hence the board recommended a total dividend pay-out of N6 billion. Speaking on the future prospects, the acting Managing Director of DSR, Abdullahi Sule said 2016 commenced on a good footing as the company continued to increase its market share and implementing various initiatives and projects towards the actualisation of its target within the next five years. "Achievement of the backward integration projects (BIP) targets remains our priority, and this will eliminate our reliance on foreign exchange as well as volatility of raw sugar prices, the highest single driver of our production cost," Sule said. *(This Day)*

Nestle Nigeria Plc has unveiled its new ultra modern waters factory built at the cost of N5.6 billion. At the opening ceremony in Abaji, on the outskirt of Abuja, Federal Capital Capital Territory (FCT), the company's Managing Director and Chief Executive Officer (CEO), Chief Dharnesh Gordon, said the inauguration of the water plant in the North will create over 111 new jobs for Nigerians living within the FCT. He said the factory, which is the third in the country and the first in major in the north underpins its strong belief in the potential of the Nigerian economy in spite of the current volatile business environment. According to him, the commissioning also showed that Nigeria remains Africa's investment destination of choice, adding: "We can look back on a long and successful history of Nestle in the country and we are proud to remain a major contributor to the food industry in the country. "Our company has been present in Nigeria for 55 years, and we are pleased that our operations are not only measurable in length of time, but more importantly, also by the positive impact it brings to the communities where we operate." He said the company was committed to continue to bring significant value to society at large by sourcing locally, creating employment, and offering high quality, nutritious foods beverages with the aim of helping Nigeria develop further.

In a remark, the Chairman of the board of directors, Mr. David Ifezulike, expressed gratitude to the Bank of Industry (BoI), through First City Monument Bank FCMB, for providing the company long term financial support to establish the Abaji factory, the first in the Northern part of the country. According to Ifezulike, Nestle Nigeria is proud to be the pioneering multinational company in Abaji, adding that experience from its Agbara and Flowergate factories in Ogun state as in other parts of the world shows that Nestle factories drive rural development. He said: "The developmental effects of our factories over time translates into new businesses, investment and infrastructure and make their once locations increasingly urban or industrialized in nature. "Such an effect takes time to evolve. A factory is a long term investment, but as rural factories expand, they have many touch points with society: from employment creation and infrastructure to environment management, training, education and community." He admitted that the Abaji manufacturing operations will not only have a positive long term impact on local economy, but will also improve the standards of living of the people in Abaji and neighboring communities. *(This Day)*

Economic News

Nigeria's state oil firm NNPC has launched bidding to find partners to overhaul its ailing refineries, it said in a tender published on Tuesday. Africa's top oil producer has been trying to restart its refineries, which hardly produce any petrol due to decades of mismanagement and widespread graft. Motorists have been queuing for fuel for months across Nigeria. Last month, NNPC head Emmanuel Ibe Kachikwu said the firm was in talks with Chevron, France's Total and Italy's ENI to revamp the refineries but would also launch a separate tender in order to attract a maximum number of bids. NNPC is seeking partners for joint ventures to "fund, rehabilitate and jointly" operate the 210,000-barrel-per-day Port Harcourt refinery, the 110,000-bpd Kaduna refinery and the 125,000-bpd Warri refinery, according to the tender which was published in newspapers. Bidding will end on May 30. Investors would be paid from proceeds from the sale of refined products, the tender said. The revamp is part of reforms started by President Muhammadu Buhari Kachikwu last year to overhaul NNPC, whose opaque structures have allowed corruption and oil theft to flourish. In February, Kachikwu told Reuters that NNPC was also in talks with oil companies and banks to raise capital for new drilling and to repay its debt.*(Reuters)*

Nigeria's President Muhammadu Buhari needs more time to check the 2016 budget bill before signing it, a government minister said on Wednesday, signaling further delays before the legislation takes effect. The budget for Africa's top oil producer has been held up for months as Buhari had to withdraw his original bill, which set spending at a record $30 billion, in January, due to an unrealistic oil price assumption and flaws in the draft. Lawmakers approved an amended bill last month but said last week they would hold new talks with the government to discuss "areas of concern" after local media reported disputes over details. "On the 2016 budget we are still talking," Udoma Udo Udoma, minister for budget and national planning told reporters. He declined further comment. Buhari hopes the bill will revive the economy hit by a slump in oil prices but officials have left open how it would be funded. The government has said it might sell Chinese Panda bonds or get a loan deal from China and the World Bank. *(Reuters)*

Nigeria's government has collected more than 2.7 trillion naira ($13.57 billion) in its Treasury Single Account (TSA), the accountant-general said on Thursday. Last year, President Muhammadu Buhari ordered the merger of state accounts into one account at the central bank to reduce corruption and a practice where the government borrowed back its own funds from lenders at an interest. *(Reuters)*

Nigeria's government revenues fell in March to 299 billion naira ($1.50 billion), down from 345.095 billion naira ($1.73 billion) in February, due to low oil prices, the finance minister said on Thursday. "The federation accounts receipts are among the lowest in recent memories. We are looking at 299 billion [naira] this month and that is because of the very low oil pricing," Finance Minister Kemi Adeosun told reporters. Adeosun said that the rainy day fund, the Excess Crude Account, stood at $2.3 billion, up slightly from $2.26 billion. Nigeria, Africa's biggest economy and the continent's top oil producer, relies on crude sales for about 70 percent of government revenues and has been hit hard by the sharp fall in global crude prices since mid-2014. Many states have been unable to pay public salaries in time or fund infrastructure projects and other state services. *(Reuters)*

Yields on Nigerian short-dated treasury bills rose significantly at an auction on Wednesday where the central bank sold a total of N167.51 billion worth of debt with maturities ranging between three months and one year. The central bank said it sold N36.78 billion of 3-months paper at 7.88 per cent yield, about 1.78 percentage points higher than at the last auction on April 6. A total of N35 billion worth of the 6-month treasury bill was sold at 8.99 percent against 8.69 percent at the previous auction, while N95.73 billion of the 1-year treasury bill was sold at 10.24 percent compared with 9.48 percent previously. Reuters revealed that Investors demanded a total of N253.19 bill ion abillioNN445.86 billion subscription at the last auction. *(This Day)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Tanzania

Corporate News

CRDB Bank's Burundi subsidiary has posted a remarkable profit in this year's first quarter (Q1), almost similar to the profit of the year in 2015, despite political unrest in the East African country. The CRDB Managing Director, Dr Charles Kimei, said in Dar es Salaam last week that the operation, mainly in Bujumbura with three branches, posted a profit of 592m/- in the Q1 compared to the 2015 profit of 657m/-. "We are very pleased with the results and we are optimistic Burundi operations will do even better this year," Dr Kimei told journalists during the Bank's investors forum. "We targeted to claim a market share of five per cent by 2017 but we have already attained that figure (almost) two years ahead of target. "We are now figuring out that the subsidiary will have a 20 per cent market share coming 2017…" He said the Burundi operation could actually have attained a better share, even up to 10 per cent to date, if it was not for prevailing situation on the land. The subsidiary planned to open five branches at the end of last year but stuck to three branches and eleven ATMs, with customer base of over 7,000 clients. In 2015 the Burundi operation broke even after posting a first profit of 657m/- compared to a loss of 3.57bn/- of 2014. "This is a good performance and it came earlier," Dr Kimei said, adding "hope things (political challenges) will stabilize in the near future." The bank, facing competition from seven banks, total assets grew to 153bn/- in 2015 compared to 104bn/- of 2014. Deposits went up clocking 66bn/- in 2015 from 29bn/- of 2014 thus pushing up loan portfolio to 74bn/- from 63bn/-. Burundi is the first CRDB's subsidiary out of the country and plans are under way for the bank to open another in DR Congo. "On international markets we want to build a foothold in East Africa markets… we are preparing for a consolidation regionally." *(Daily News)*

CRDB Bank's Microfinance Service Company has posted a pretax profit increase 41 per cent to 8.58bn/-, thanks to overall growth of business activities. The bank's unit, which will soon turn to full-fledged microfinance bank, posted 8.58bn/- against 6.13bn/- of 2014. The unit profitability was mainly due to a growth in insurance commission, interest income on term loans and non-interest income generated last year. The loan portfolio, according to a statement issued during the bank's investors forum, increased by 39 per cent to 221bn/- in 2015 from 158bn/- in 2014. The loan went up as the deposits mobilised from partner microfinance institutions (MFIs) increased by 81 per cent to 123bn/- from 68bn/- in 2014. "This (deposits) is attributed to the increase in the number of partners' institutions, their members and the mini-service centers' operations," the report showed. A decline in the number of MFIs from 469 in 2014 to 441 could not derail the saving mobilisation. The bank said the drop was due to non-compliance. Total assets of the microfinance unit grew to 24.19bn/- from 17.53bn/-. The profit was also pushed up by fees and commissions income that increased 39 per cent to 21.94bn/- in 2015 from 15.85bn/- in 2014.

The operating cost went up by 43 per cent to 13.93bn/- last year compared with 9.8bn/- of previous year, caused by growth in the number of staff and implementation of a new business expansion initiative through mini-service centres. The bank was in final preparation of turning the unit into a microfinance bank, where if everything goes as planned it will start operation this July. The bank said the subsidiary would be turned into a full fledged microfinance bank after showing signs of becoming stand alone bank. The microfinance subsidiary has 75 service outlets across the country, which is enough to act as branches to support the establishment of the bank. *(Daily News)*

ACACIA Mining reported yesterday a 59 per cent rise in first-quarter pretax profit, boosted by increased gold sales. Acacia, which holds interests in the exploration and production of gold in Tanzania, said its pretax profit for the three months ended March 31 was 27.8 million US dollars compared with 17.4 million US dollars a year earlier. Revenue rose 3 per cent to 220.9 million US dollars from 214.9 million US dollars. Gold sold during the period rose to 184,181 ounces from 171,415 ounces. The company posted a net loss of 52.4 million US dollars, however, compared with a profit of 9.2 million US dollars a year earlier, after taking tax provisions of 70 million US dollars following a recent adverse tax ruling. It said its underlying adjusted earnings rose 71 per cent to 18 million US dollars. "I am delighted by our excellent start to 2016, having produced 190,210 ounces at an all-in sustaining cost of 959 US dollars per ounce during the quarter, our best cost performance since 2010", said Brad Gordon, Chief Executive Officer of Acacia.

"All three operations performed ahead of expectations leading to a 19 million US dollars increase in our net cash position, after making our first prepayment of corporate tax amounting to 10 million US dollars. "This performance is not reflected in our headline net earnings given the tax provision we have taken following a recent adverse court ruling, but our underlying adjusted earnings of 18 million US dollars were 71 per cent higher than Q1 2015." Acacia said its net cash position increased by 19 million US dollars after it made its first prepayment of corporate tax amounting to 10 million US dollars. *(Daily News)*

Economic News

TANZANIA set to export 2.0 million tonnes of cassava to China, the Minister for Trade, Industry and Investment told the ongoing parliament session. The Minister Mr Charles Mwijage said today during the morning questions and answers session that the cassava export would earn the country millions of US dollars a year. Mr Mwijage said the ministry 2016/17 budget will reveal much on the deal which, among other regions, Lindi gets to benefit as well. Mid last year the country was set to dispatch experts to Beijing to ascertain whether the standards of locally produced cassava meet those required by China. *(Daily News)*

TOL Gases has posted a profit increase of over 10 per cent to push up earnings per share to 40/32 as it closed businesses last year. The firm posted a net profit of 2.25bn/- in 2015 up from 2.02bn/- in 2014 as cost of sales increases to cement its recovery path. Zan Securities Chief Executive Officer, Mr. Raphael Masumbuko, said TOL profitability was the continuation of revived hope from previous year. "…For investors who waited over years without return, they are now smiling," Mr. Masumbuko told the 'Daily News'. The firm, the first to be listed at Dar es Salaam Stock Exchange (DSE), reported revenue increase of 14.9bn/- slightly up from 14.6bn/- of previous year. However, the costs of sale increased 15 per cent to 9.0bn/- thus cutting down gross profit earnings to 5.81bn/- from 6.8bn/-.

Nevertheless, TOL, which has yet to offer dividends despite almost a three year profit trek in a row, cut down expenses by 17.5 per cent to 3.38bn/-. The firm total assets grew by slightly less than 3.0bn/- to 26.4bn/- while long term borrowings also descended to 2.07bn/- from 3.1bn/-. Since January TOL stock was trades under bullish mode rallied 14.47 per cent to 870/- a share, being the only equity that has appreciated among 15 local listed companies on DSE. The appreciated, according to stock analysts, signified a good performance the only industrial and hospital gases producer in the country demonstrated in last three consecutive years. Tuesday TOL price went down by 1.14 per cent to 870/- but still remained as the most appreciated stock on the bourse. TOL net profit has jumped from 998m/- in 2013 to 2.0bn/- in 2014 and now 2.25bn/- in 2015. The larger industrial gases company in the country recently good performance was attributed to increase in profit to completion of the first round of the rehabilitation of its Aspen plant. The completion improved reliability and efficiency. On average the plant is producing at 80 to 90 per cent efficiency. The increase of gases mulls TOL to start selling its products to Kenya, Zambia and Zimbabwe. TOL Gases was established in 1950 as East African Oxygen Ltd. and later partially nationalised. It is privately owned by a group of Tanzanians in association with the Swedfund. *(Daily News)*

The pressure on the shilling started early this week as demand from manufacturers and oil importers unmatched inflows from tourism and agriculture sectors. CRDB Bank said that the demand for greenback soared against the supply leading to a depreciation of 0.3 per cent to close at 2,205/- compared to the previous day close of 2,197/-. "Other East Africa currencies have remained stable against US dollar and we expect the shilling to trade flat in today (Thursday) trading," CDRB said in market highlights. The signs started to show at the opening of the week as pressure mounted to see the shilling closing between 2,188/- and 2,198/- on Tuesday. "This has been attributed to slow down of inflows from tourism and agriculture with the growing demand from manufacturing and oil importers, the bank said. "…support is expected to come by end month as corporate sell dollars to settle end month obligations". National Microfinance Bank said the market closed at 2,175/2,209 levels on Tuesday and shilling is still seen to be under pressure as demand further consolidates. Since the beginning of the month the shilling has gone down roughly some 7/- to close yesterday session at 2,195/69 according to Bank of Tanzania figures. The shilling has maintained its firmness after closing the last week stable against the US dollar amidst moderate demand from oil sector. On other hand, going by BoT figures, the shilling since January has depreciated 1.57 per cent to 2,195/69 of yesterday. BoT early this month said the shilling was expected to strengthen this year as inflows are expected to improve.

The central bank said currently trends show the shilling has find a new market equilibrium which was good for economic stabilization. International Monetary Fund (IMF) said early this year that the shilling depreciation was largely reflected by the global strength of the dollar. The IMF also said domestic factors contributed to the volatility, and such as the loosening of monetary policy in late 2014. "Staff's preliminary assessment is that the recent depreciation has brought the real effective exchange rate, which was last assessed in 2014 to be somewhat overvalued, closer to equilibrium," IMF report showed. *(Daily News)*

THE quest for raising 133bn/- through treasury bills auction was not met after attracting few bids below expectations ending the session undersubscribed. This short-term government borrowing instrument is the first since January this year to under perform due to liquidity squeeze in the circulation that affected investors' participation in the business. According to the Bank of Tanzania (BoT) auction summary of the treasury bills auctioned on Wednesday, a total of 116.06bn/- bids were tendered and at the end the government retained 114.86bn/- as the successful amount. Yield rates posted across all tenures registered decline compared to the previous treasury bills auction held two weeks ago. For the 364 days offer, the interest rates slowed to 16.62 per cent compared to 16.63 per cent of the preceding session. The yield rates for the 182 days declined to 15.60 per cent compared to 15.67 per cent of the other session. The interest rates for the 91 days tenure declined to 8.01 per cent compared to 8.29 per cent of the previous treasury bills auction held two weeks ago. For the 35 days offer's yield rate was 7.24 per cent compared to zero in the previous session. A total of 75bn/- was offered to the market for bidding in 364 tenure but fetched 62.86bn/- and at the end was retained as successful amount. In the 182 days, 50bn/- was offered and managed to attract bids worth 50bn/-. For the 91 days a total of 7bn/- was offered and it fetched 6bn/- but at the end only 1bn/- was retained as successful amount. The 35 days offer was the only tenure that registered over subscription after attracting bids worth 1.2bn/- compared to 1bn/- offered to the market for bidding. *(Daily News)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zambia

Corporate News

THE Zambia Sugar Plc is exploring innovative agricultural practices to improve the quality and quantity of cane. Company managing director Rebecca Katowa said exploring innovative agricultural practices is intended to ensure the business is sustainable. "We are always looking at how best we can improve the quality and quantity of sugarcane and energy efficiently," she said. Briefing a delegation from Sweden on a municipality partnership with Mazabuka Municipal Council which paid a courtesy call on her last Wednesday, Ms Katowa said Zambia Sugar Plc is in the process of opening a distillery which will be producing portable alcohol. She said there is also a project in the pipeline to start production of ethanol fuel. "We are in discussion with Government in terms of policy framework," Ms Katowa said. In terms of energy, Ms Katowa said Zambia Sugar Plc currently produces 14 kilowatts of power from biogas during sugar processing. The company produces 424,000 tonnes of sugar, which is an African record but, has a capacity to mill 440,000 metric tonnes. Ms Katowa said the company has not been spared by climate change and power outages which have affected sugar production. Apart from the weather, the company also has pests to contend with. *(Daily Mail)*

Economic News

WHILE most currencies weakened against the United States ((US) dollar, the Kwacha continued to trot upwards, edging to breach the K9-levels. Premised on the strong fiscal and monetary policies, the Kwacha traded in the ranges of K9.1 and K9.3 for bid and offer respectively on Friday. Cavmont Bank market report issued on Friday states that the Kwacha continued with its strong performance against the US dollar on Thursday as the local unit touched a seven-month high of K9.06 /K9.08 on interbank, just a shy away of breaching the K9 against the greenback resistance level. The bank says that consistent supply and improved market sentiment have continued to be the major drivers of the Kwacha's appreciation. The Kwacha closed at K9.165 / K9.185, K0.125 stronger than Wednesday's closing level. Similarly, Zanaco notes that the Kwacha paused its rally against the dollar on Thursday as demand for the local currency thinned out. "At 08:30 the local market opened with the Kwacha trading stronger at K9.23/K9.25 as corporates continued to seek the local unit," the bank says in its daily newsletter. As trading progressed this demand however waned which saw the Kwacha pare its gains to close at K9.29/K9.31, unchanged from its previous close.

Zanaco notes that the Kwacha is likely to hold steady against the dollar in the near-term floating between K9.1 and K 9.4. However, British pound, euro and South African rand all fell on the day. Reuters notes that the pound fell by around half a percent on Thursday after a YouGov poll was the latest to show Britain split down the middle on June's referendum on whether to leave the European Union, dropping by 0.6 percentage point to US$1.4124. The euro fell on Thursday, as improved risk sentiment led investors to trim positions in low yielding currencies like the yen and the euro. The euro edged down to US$1.1265, way below a six-month high of US$1.1465 touched on Tuesday. South Africa's rand weakened against the dollar in line with a decline in Asian currencies against a strengthening greenback on Thursday. At 0627 GMT, the rand traded at 14.65 versus the dollar, 0.85 percentage point weaker than Wednesday's New York close. *(Daily Mail)*

Zambia will introduce legislation to control, and reduce, the price of corn meal as the cost of the southern African nation's staple food climbs because of a regional shortage, President Edgar Lungu said. While the country had a surplus of the grain, the government has struggled to curb smuggling to neighboring countries including the Democratic Republic of Congo, Malawi and Zimbabwe, where prices are more than double those in Zambia. Illegal exports have reached "alarming levels," causing prices in Zambia to surge and prompting panic buying by consumers, according to a farmers' lobby group. "Government shall sign a statutory instrument to regulate the high price of mealie meal in the country" on Thursday, Lungu said in a statement posted to the presidency's Facebook account, referring to the local name for the cereal Zambians use to make a porridge called nshima.

Corn-meal prices increased by an average 21 percent in March from a year earlier. The government this month suspended exports of the product for a week, and maintained the ban for grain that hasn't been milled. The price of the staple food is politically sensitive in Zambia, and government subsidizes both the production and consumption of corn in the country. Zambia, Africa's second-biggest copper producer, holds national elections in August. *(Bloomberg)*

A ratings downgrade by Moody's would have little impact on Zambia as it was already negotiating a programme with the International Monetary Fund (IMF), officials and analysts said. Moody's downgraded the southern African nation's long-term issuer rating to B3 from B2 late on Tuesday and changed the outlook to negative from stable, due to anticipated fiscal slippages in 2016 and prospects of further debt deterioration. Presidential spokesman Amos Chanda said Zambia's budget deficit would not worsen because of austerity measures. "There will be progressive removal of subsidies and the government is drawing up plans to significantly reduce subsidies on electricity, fuel and fertiliser," Chanda told Reuters. The kwacha weakened 1.5 percent to 9.3900 per dollar, as sentiment for commodity-linked currencies waned with copper prices backtracking after a 3-week rally as well as a dent to broader investor confidence after Moody's downgrade. "In essence, it means that there are few alternatives open to the sovereign other than to adopt the policy prescriptions of the Fund," Standard Chartered Bank Africa chief economist Razia Khan said in response to an email from Reuters. "The downgrade nonetheless serves as a reminder of the many challenges that Zambia faces." Zambia and the IMF began talks in March on an aid programme after agreeing that the country's budget deficit was not sustainable. Moody's said Zambia was likely to face liquidity pressures and find it difficult to finance the budget deficit. In February, Finance Minister Alexander Chikwanda had told parliament the 2016 budget deficit would be contained at around 3.9 percent of GDP. Zambia's economy is expected to grow at 3.7 percent in 2016, up from 3.6 percent last year, due to shrinking demand of its main export copper, the central bank said in February. Moody's said Zambia's debt could exceed 60 percent of GDP by 2018. University of Zambia analyst Chrispin Mphuka said the debt issue would be addressed by the IMF programme which is expected to kick in after general elections in August. "Once the IMF programme is in place, there will be measures to control the debt and it is unlikely to get to the levels that Moody's is projecting now," Mphuka told Reuters. *(Reuters)*

Zambia's government has agreed targets with the International Monetary Fund, preparing the way for a support programme by the fourth quarter of the year, Zambian Treasury Secretary Fredson Yamba said on Friday. Proposals for a sliding scale to ensure mineral royalty taxes can respond to changes in metal export prices will be put before parliament in coming weeks, Yamba said in a statement. Zambia and the IMF began talks on an aid programme after agreeing that the country's budget deficit was unsustainable. Zambia will provide the IMF in June 2016 with its macro and fiscal plans for the 2017 budget and for the medium term, Yamba said on Friday. "This is meant to pave the way for their input so that once in place, the programme will not be at variance with the budget," he said. The government will also aim to adjust electricity tariffs and fuel pump prices, while ensuring that austerity measures announced by President Edgar Lungu last November were enforced. The IMF will send a mission to Zambia in September 2016 to finalise budget numbers with the government. Zambia's economy is expected to grow 3.7 percent in 2016, little changed from 3.6 percent last year. Growth has been curtailed by declining demand for copper, Zambia's main export, the central bank said in February. Moody's downgraded Zambia's long-term issuer rating to B3 from B2 late on Tuesday and changed the outlook to negative from stable, citing anticipated fiscal slippage in 2016 and the prospect of further debt deterioration. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zimbabwe

Corporate News

Phoenix Consolidated Industries Ltd has been removed from the Zimbabwe Stock Exchange official list with effect from today. This was after members and creditors of the firm which was placed under provisional judicial management in 2013 applied for a delisting last month. Phoenix was granted an order by the High Court to be placed under provisional judicial management on October 2, 2013. And pursuant to meeting the requirements of Section 64 (a) (ii) of the Securities and Exchange Act (Chapter 24.25), suspension of trading in the Company's shares was effected on October 3, 2013. ZSE chief executive Mr Alban Chirume said in view of the application by the members and creditors, the bourse had applied and received approval from the Securities and Exchange Commission of Zimbabwe (SECZ) for termination of listing of Phoenix Consolidated Industries. "Members and Creditors approved the delisting of the Phoenix in a Members' and Creditors' meeting in 2014. A formal application for delisting was submitted on March 15, 2016 for delisting, citing a resolution by Members and Creditors in 2014. "The ZSE applied and received the approval from the Securities and Exchange Commission of Zimbabwe for the termination of listing of Phoenix Consolidated Industries Limited pursuant to Section 64 (a) (i) of the Securities and Exchange Act [Cap24.25]," said Mr Chirume in a statement. "In terms of Section 1.18 (d) of the ZSE Listings Requirements, holders of Phoenix securities are hereby advised that in view of the termination, the securities are no longer tradeable on the ZSE with effect from April 15, 2016." Phoenix was formed after the unbundling of Apex Corporation of Zimbabwe Ltd. It manufactures plastics and allied products as well as steel and allied products in Bulawayo and Harare. The group comprises five companies, namely Phoenix Brushware, Scandia Wire, John W Searcy, William Smith and Gourock & Pacprint. *(Herald)*

Zimbabwe's largest ferrochrome producer, Zimasco has ceded 50 percent of its chrome claims to Government to enable new investors to explore the chrome mining sector, a senior company official said. The move is in line with a directive that was issued by Government last year to Zimasco and ZimAlloys to cede some of their chrome claims. Zimasco had 45 900 hectares and following the Government's directive, it ceded 22 700 hectares. Government had argued that the two ferrochrome producers owned about 80 percent of all chrome mining claims and they should release some ground to cater for new investors. An official at Zimasco told The Herald Business that the Ministry of Mines and Mining Development has written to the company expressing their satisfaction with the size of land ceded by the ferrochrome giant. "With regards to the Government directive, we complied by ceding 22 700 hectares and they officially accepted what we did as a company," confirmed Zimasco general manager (Administration) Clara Sadomba. She said the company had been in discussion with Government and they finally reached an agreement. Zimbabwe holds the world's second largest deposits of chrome, which is smelted to produce ferrochrome, a raw material used in the making of stainless steel. When he issued the directive last year, Mines and Mining Development Minister Walter Chidhakwa said that after ceding some of their claims, Zimasco and ZimAlloys will still be left with enough mining claims that would meet their production targets. In 2014, Zimbabwe produced 260 000 tonnes of high-carbon ferrochrome, which was 2,3 percent of global output. Zimasco produced 68 percent of Zimbabwe's ferrochrome in 2014. In June last year, Government temporarily lifted a ban on raw chrome exports that was introduced four years ago and scrapped a 20 percent export tax on the metal, as it aimed to boost earnings from the struggling sector.

Government had directed that it was not going to issue Zimasco and ZimAlloys with licences to export raw chrome until discussions on ceding some of the mining concessions held by the two companies are concluded. The ceding of claims is part of Government's use-it-or-lose-it policy which seeks to ensure that mining claims are fully utilised and not used for speculative purposes. Government in 2006 directed Zimbabwe's biggest platinum producer, Zimplats to release ground with 36 million ounces worth of resource, the two ferrochrome producers have also been asked to do the same. Last year, Government also set up a special purpose vehicle which small-scale miners have been using to export chrome ore or concentrate in bid to accelerate the exportation of the mineral following the removal of an export embargo. Chrome ore exports were banned in 2011 to promote value addition and the purpose of regularising the export of chrome ore this time, smelters and small-scale miners are expected to adhere to registration of chrome smelters to export excess chrome ore.

Small-scale miners have been exporting their chrome ore or concentrate through a special purpose vehicle, Apple Bridge Investments but the ore delivered has been low. *(Herald)*

INNSCOR Africa shareholders are set to meet next month to approve the distribution of shares in its specialty retail and distribution company via a dividend in specie. The unbundling of the group will make Innscor a fully fledged light manufacturing company following the separate listing of Quick Service Restaurants last year. According to the group, the separate listing will unlock value for shareholders; enable a clear operational focus that is attractive to investors while the new business will gain direct access to capital markets. The extra-ordinary general meeting for shareholders will be held on May 10 while subsequently the listing will take place on May 17. If approved by shareholders, a total 541 593 440 shares with a nominal value of $0,0001 will be distributed on a one is to one basis with Innscor shares. In a pre-listing statement to shareholders, the specialty retail and distribution company, which will go by the name Axia Corporation, will have three business units each operating as an independent profit centre with a dedicated management team.

The three units are Distribution Group Africa (DGA), Innscor Credit Retail which trades as TV Sales and Home and recent acquisition Transerv. Former chief executive and current Corporate Finance and Innscor International executive John Koumides will head Axia while Luke Ngwerume, the former Old Mutual Zimbabwe CEO will be chairman. In the six months to December, Speciality Retail and Distribution turnover was at $104,6 million, a 1 percent increase from the comparable year ago period while net profit was at $4,51 million. Total assets on the balance sheet were at $103,7 million while cash was at $11,07 million. Innscor's chief executive Toni Fourie recently told analysts that a couple of disposals and an unbundling will see the group becoming a "pure light manufacturing business." The group will, at the end of the current financial year, now be made up of Irvine's, Colcom Ltd, Bakeries Factory, Natfoods, Profeeds, Natpak and Capri. Natfoods which is the biggest of the units will be comprised of Maize, Flour, FMCG, Pure Oil Limited and Breathaway Private Limited. *(Herald)*

China's Sinosteel Corp Ltd's business in Zimbabwe has ceded half its mining claims to the government, complying with Harare's demands to chrome producers to give up some of their claims, a company official said on Tuesday. The Southern African nation holds the world's second largest deposits of chrome, which is smelted to produce ferrochrome, a raw material used in the making of stainless steel. Zimbabwe's mines minister last year asked Sinosteel's Zimasco and Zimbabwe Alloys, which owned 80 percent of all chrome mining claims, to release some ground for distribution to new investors. The companies were owned by Anglo American until 2006. The government has previously said it wants to redistribute some claims to several local investors as part of its black economic empowerment drive and would not pay compensation. Zimasco held 45,900 hectares of claims before giving up half to the government, Clara Sadomba, the company's general manager for administration told Reuters. "It is accurate regarding Zimasco in that we have indeed ceded 50 percent of our chrome claims to the government," said Sadomba. Zimbabwe Alloys officials would not say whether they had also given up some of the company's claims. Zimbabwe holds more than 950 million in chrome reserves, according to ministry of mines data. In 2014 Zimbabwe produced 260,000 tonnes of high-carbon ferrochrome, which was 2.3 percent of global output. Zimasco produced 68 percent of Zimbabwe's ferrochrome in 2014. *(Reuters)*

Innscor Africa shareholders are expected to approve the company's plans to unbundle and separately list its retail and distribution business on the Zimbabwe Stock Exchange (ZSE) at an extraordinary general meeting next month. It will become the group's second spin-off since chief executive Toni Fourie was appointed in 2014 to spearhead the group's restructuring drive. Last November, Innscor unbundled its fast foods business unit, which it listed separately as Simbisa Brands. Innscor's specialty retail and distribution business consists of three units; Distribution Group Africa, TV Sales and Home and Transerv. The three units will now fall under a new entity, Axia Corporation, which will list on the ZSE on May 17. In a prelisting statement on Tuesday, the company announced that the unbundling would be via a dividend-in-specie. "The proposed unbundling, which is subject to shareholder approval, will be effected through a distribution of the entire issued share capital of Axia, being 541,593, 440 ordianry shares of nominal value $0,0001 each, to the shareholders of Insscor registered as such at the close of business on 6 May through a dividend inspecie," said Innscor. As at 31 December 2015, Innscor's retail and distribution business had an asset base $103 million against total liabilities of $51 million.

In the six months to 31 December, the business reported $104 million in revenue and an after tax profit of $9 million. It generated cash amounting to $2, 2 million from operations. Luke Ngwerume will lead the Axia board as non-executive chair. Other members include John Koumodies as the chief executive and Ray Rambanapasi as finance director. Zinona Koudounaris, Thembiwe Mazingi, Thembinkosi Sibanda will also sit on the board as non-executive directors. Innscor Africa remains one of the most diversified companies on the ZSE with a wide range of interests spanning from retail to light manufacturing as well as quick service restaurants (QSR). It also unbundled Padenga, Zimbabwe's oldest crocodile producer, in November 2010 and last year disposed of its Spar Retail franchise in Zimbabwe. The group has proposed to sell off its SPAR Zambia franchise and Shearwater, its tourism unit that has operations in Zimbabwe, Zambia and Botswana. *(Source)*

The danger of Zimbabwe's over reliance on agriculture and mining has been exposed after drought and poor commodity prices dragged the economy into recession, a securities firm has said. In its latest quarterly report, Old Mutual Securities (OMSEC) says the slowdown in commodity prices in the past two years and the drought that has hit southern African showed the need for Zimbabwe to diversify from commodities into processing of primary goods. "We maintain our view that the Zimbabwean economy's significant reliance on the agriculture and the mining sector does not position Zimbabwe well going into 2016," said OMSEC. "The erratic rainfall, given negative effects of the El Nino dry spell, saw huge write-offs in cultivated maize fields, the staple food for Zimbabwe, whilst the comparatively low commodity prices are expected to depress mineral export earnings." In February, Zimbabwe declared a state of disaster in rural areas hit by a severe drought and appealed to local businesses and charities for $1,5 billion in aid. Up to four million Zimbabweans face hunger due to the worst drought in more than two decades. Zimbabwe expects to import 700,000 tonnes of maize to shore up its dwindling reserves. But these food imports are likely to aggravate an already bad trade deficit,which reached $3 billion in 2015. "The fact that the country does very little in terms of value addition of agricultural and mineral exports is dampening efforts to reverse the persistent negative trade balance which has consistently contributed towards a currency liquidity drain and negative trade balance," said OMSEC.

However, the report says there had been a remarkable recovery in some mineral prices, which could salvage some hope for ailing mining houses. "Gold mining performance, however, is on track to reach the target of 20 tonnes for 2016 compared to the 18,4 tonnes achieved in 2015 after having recorded 5,1 tonnes in Q1 2016. In addition to that, the 16,1 percent growth in the gold price in Q1 2016 should see improvement in terms of export earnings for the quarter. "We make special reference to gold as it accounts for an estimated 37 percent of the country's export earnings. Platinum Group of Metals, which account for 32 percent of export earnings, may make a similar incremental contribution. This is so given an 11 percent recovery in platinum prices in Q1 2016 and a production increase of 30 percent that was recorded as at 31 December 2015 by the country's largest platinum producer," added OMSEC. *(Source)*

The local unit of global cement maker LafargeHolcim on Thursday reported an after tax loss of $1, 9 million for the full-year to 31 December from a net profit of $80,000 the previous year after opting to pay off debts. Revenue for the year increased marginally by two percent from $60, 4 million to $61, 5 million. Cement sales grew five percent as the company secured new market segments. The company generated $6 million from operating activities, an increase of 72 percent over the previous year. "We expect the general trading environment to exert pressure on prices due to ongoing economic stress. However we anticipate improved profitability in 2016 mainly driven by operation costs reduction measures and targeted strategic marketing initiatives," said company chair Muchadei Masunda in statement accompanying company results on Thursday. Lafarge managed to pay off all bank loans amounting to $4, 8 million during the year. *(Source)*

Brick maker Willdale Limited says it has invested $2 million to set up a transport logistics unit for which it has acquired 12 specialised trucks. Chief executive Nyasha Matonda said the trucks will be delivered in two batches with the first six trucks already on the way while the second batch is expected next year. The delivery of the trucks is pending the transfer of cash to the supplier by local financial institutions. "We were supposed to have received the trucks before 18 April but these have been delayed due to bank payments to the supplier," he said. Local banks have been struggling to process international transactions owing to lack of capital in their nostro accounts. According to Matonda, the transport logistics unit is targeted at better handling and movement of bricks while also widening revenue streams.

On operations he said declining aggregate demand and lack of funding for large projects have affected growth in volumes. He said plant capacity is now at 160 million bricks per annum and the company is working on regaining market share. Matonda said the company last year stockpiled sufficient quantity of bricks to avoid costly wet season production which ensured continuous product availability without starting the machines. In 2014, the company raised $3,25 million through a rights issue which was aimed at increasing production capacity through acquiring mobile equipment as well as installation of all-weather facilities. *(Source)*

Economic News

Zimbabwe's consumer prices fell by 2,31 percent on an annualised basis in March, compared to a 2.22 percent decline in February, the Zimbabwe National Statistics Agency (Zimstat) said last Friday. On a monthly basis, prices fell 0.12 percent compared with a 0.10 percent decline in the previous month, Zimstat said. *(Source)*

ZIMBABWE'S trade deficit narrowed in the first quarter after a drop was experienced on both sides of the trade matrixes. According to figures from Zimstat, imports were down to $1,32 billion from $1.6 billion in the same comparable period last year mainly due to a cocktail of import restrictions placed on selected products by Government, weak industry demand for raw materials, continued weakness in the South African rand, the country's main trading partner (traders are now paying less to get goods from the country), a decline in the value of petroleum products due to lower crude oil prices and troubles in the external payment systems. Exports were at $625.96 million, a decrease of 12,6 percent from $716,6 million last year mainly affected by the low start to the tobacco selling season and weak commodity prices amid tepid global economic recovery while the strong US dollar has seen products from the country less competitive. On the imports, the country imported almost $1 million worth of apples, $21,85 million of wheat, $51,16 million of maize as part of ongoing efforts to mitigate the effects of the El-Nino induced drought, $15,75 million rice while the cooking oil industry imported $24,9 million of crude soya bean oil. The country also imported about $50 million worth of medicines for chronic illnesses. Of the major petroleum products, unleaded petrol was at $118,96 million, $4,01 million of paraffin, $220,5 million diesel which is also essential in industry and $6,07 million of lubricating oils.

In order to ease load shedding, imports of electrical energy were at $47,63 million as suppliers from Mozambique and South Africa are operating on a cash basis model. However the situation is unsustainable going forward as the import tariffs are much higher than what is currently obtaining especially when the power utility is saddled with a +$1 billion debt. Generally, Zimbabwean imports are largely consumptive in nature with the bulk going to retail and distribution. $317 000 worth of chewing gum was imported in the period, $689 000 worth of mineral water which is readily available in the country, and $3 million worth of skin care products. The major exports remained primary commodities although there is a current push to beneficiate raw materials in the country. The manufacturing sector's export performance between 2014 and 2015 indicates that the sector's capacity to export is declining. In addition, the process of obtaining export documentation (permits/licences) and achieving export compliance makes it cumbersome to export. The challenge with the permits is not only their cost but also the time it takes to process them, which in itself is a higher cost. ZimTrade is currently pushing for export reforms while the organisation is at the forefront of calling for the addressing of trade facilitation issues for the country to realise an export economic growth. Some countries in the region (eg South Africa), provide export incentives to facilitate their companies to do business across borders.*(Herald)*

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.

SECURITIES AFRICA®