SECURITIES AFRICA
RESEARCH & CAPITAL MARKETS

PAN-AFRICA

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

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

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

AFRICA STOCK EXCHANGE PERFORMANCE

Country	Index	15-Jul-16	22-Jul-16	WTD % Change Local	WTD % Change USD	31-Dec-15	YTD % Change Local	YTD % Change USD
Botswana	DCI	9983.38	9925.96	-0.58%	-0.79%	10602.32	-6.38%	-2.62%
Egypt	CASE 30	7583.06	7436.87	-1.93%	-1.91%	7006.01	6.15%	-6.44%
Ghana	GSE Comp Index	1781.08	1780.45	-0.04%	-0.16%	1994.00	-10.71%	-13.56%
Ivory Coast	BRVM Composite	290.29	288.89	-0.48%	-1.31%	303.93	-4.95%	-4.17%
Kenya	NSE 20	3596.98	3524.59	-2.01%	-2.17%	4040.75	-12.77%	-12.07%
Malawi	Malawi All Share	12856.47	13069.83	1.66%	1.58%	14562.53	-10.25%	-18.83%
Mauritius	SEMDEX	1751.33	1750.00	-0.08%	-0.12%	1,811.07	-3.37%	-1.74%
	SEM 10	337.61	338.45	0.25%	0.21%	346.35	-2.28%	-0.63%
Namibia	Overall Index	1020.88	1027.22	0.62%	1.09%	865.49	18.69%	28.03%
Nigeria	Nigeria All Share	28805.45	27659.44	-3.98%	-7.90%	28,642.25	-3.43%	-34.81%
Swaziland	All Share	358.25	358.25	0.00%	0.46%	327.25	9.47%	18.09%
Tanzania	TSI	3722.72	3833.42	2.97%	2.94%	4478.13	-14.40%	-15.49%
Zambia	LUSE All Share	4746.70	4718.94	-0.58%	6.93%	5734.68	-17.71%	-4.92%
Zimbabwe	Industrial Index	99.63	98.93	-0.70%	-0.70%	114.85	-13.86%	-13.86%
	Mining Index	24.70	26.30	6.48%	6.48%	23.70	10.97%	10.97%

CURRENCIES

Currency	15-Jul-16 Close	22-Jul-16 Close	WTD % Change	YTD % Change
BWP	10.59	10.61	0.21	4.01
EGP	8.86	8.86	-0.01	-11.86
GHS	3.93	3.93	0.13	-3.19
CFA	590.49	595.44	0.84	0.82
KES	99.55	99.71	0.16	0.81
MWK	710.50	711.05	0.08	-9.56
MUR	34.10	34.12	0.04	1.68
NAD	14.34	14.27	-0.46	7.87
NGN	280.35	292.27	4.25	-32.50
SZL	14.34	14.27	-0.46	7.87
TZS	2,142.43	2,143.22	0.04	-1.27
ZMW	10.19	9.47	-7.02	15.55

SECURITIES AFRICA

Botswana

Corporate News

No Corporate News This Week

Economic News

Botswana plans to become an electricity exporter by the end of 2018 as the country diversifies its sources of power, ending cuts that affected supply in the world's largest diamond producer, its vice president said. The southern African nation is working on alternative electricity sources after restricting supply as breakdowns and maintenance at its sole power plant, Morupule B, forced the facility to run at about a third of its capacity. The new 600-megawatt station, which was built by China National Electric Equipment Corp. and cost 11 billion pula ($1 billion), has been beset with delays and machine failures. "We've burned our fingers with Morupule B -- we've learned a painful, hard lesson," Vice President Mokgweetsi Masisi said in an interview Sunday in Rwanda's capital, Kigali. "Beginning from next year, we should have adequate local supply, and we are even going to exceed it. We have sworn we will never again be caught with our pants down where we have insufficient power. By end of 2018 we ought to be able to export power. We're doing solar, thermal and gas." Botswana, which has Africa's highest credit rating at Moody's Investors Service and Standard & Poor's, has paid for the plant and is in talks with the contractor about its performance, Masisi said, declining to provide more information because the discussions are at a "sensitive stage."

"We want to have delivered what was promised to us, because we do not owe," the vice president said. "We do not have a reputation of promising our people certain development projects and not delivering on them -- this was the first and biggest where in terms of direct promise we were not able to deliver because the contractor failed us dismally."Unlike several of its African peers that have squandered their mineral wealth, Botswana, which vies with Russia as the world's biggest diamond producer and also mines nickel, copper, coal and iron ore, has poured money into education, AIDS drugs and infrastructure. The semi-arid nation has an abundance of sunlight and its government has partnered with South Africa's independent power producer office to develop a 100-megawatt solar project by 2018. The nation has also shortlisted two companies for a coal-bed methane project. "It's not our fault that we're not able to build a power station ourself," Masisi said. "We have since revised our strategic planning and are going to make sure we diversify the energy mix." *(Bloomberg)*

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TRADING

Egypt

Corporate News

Kuwaiti mobile operator Zain has expressed interest in applying for a fourth-generation licence in Egypt, a senior telecommunications ministry official said on Sunday. The sale of 4G licences is part of Egypt's long-awaited plan to reform the telecoms sector. Its telecoms regulator has approached the three current mobile service providers, Orange Egypt, Vodafone Egypt, and Etisalat, about potentially buying 4G licences. The current operators have until the first week of August to submit applications for a 4G licence. Communications Minister Yasser al-Kadi told Reuters in June that Egypt would offer 4G licences in an international auction if the existing carriers were not interested.
The senior telecoms ministry official said Zain, which operates in eight countries in the Middle East and Africa, had sent a letter expressing its interest. "Zain sent us a letter showing desire to enter the Egyptian market through 4G licences with the set conditions put forward by the government," the official said, declining to be named. Zain declined to comment. *(Reuters)*

Egypt's state grain buyer, the General Authority for Supply Commodities (GASC), received offers on Saturday from 12 trading firms in its second wheat tender in less than a week and amid growing uncertainty over the country's local stocks. The lowest offer was $166.90 a tonne, free-on-board (FOB), for 60,000 tonnes of Romanian wheat. The tender is seeking wheat for Aug. 21-30 shipment. Egypt, the world's largest wheat importer, has seen its enormous grain purchasing programme disrupted over the past six months after different government agencies issued conflicting quality rules about ergot, a common grain fungus. A ministerial decree this week allowing the country's quarantine authority to follow international norms on ergot appears to have ended the stand-off, with trading firms that had sat out previous tenders amid the confusion making bids this week for the first time in months. For a graphic on Egypt's wheat imports, click on
Saturday's tender was held just four days after the GASC purchased 180,000 tonnes of Russian and Ukrainian wheat, a rapid return to the market that underscores recent questions over how much wheat is actually in the country's domestic stocks. Egypt's general prosecutor said this week that some local wheat purchased by the government during this year's harvest may exist only on paper, the result of local suppliers misstating their stocks to cash in on government subsidies. *(Reuters)*

Egyptian dairy company Arabian Food Industries Co (Domty) is planning to invest 240 million Egyptian pounds ($27 million) in 2016-17 to fund expansion and increase production capacity, Vice-Chairman Mohamed Damaty told Reuters on Monday. Domty, which raised a combined 1.13 billion pounds in private and public share offerings in March, has two factories in the 6th of October district near Cairo and plans to start producing baked goods and sweetened milk, alongside its cheeses and juices. Damaty said that the company plans to open a new factory next month that will increase juice production and start the new line of baked goods. "Within a month from now we will open a new factory ... which will increase our production capacity of juices to around 100 thousand tonnes a year from 65 thousand tonnes," he said. The company also plans to begin producing yellow cheese by the first quarter of 2017. Domty's market share in white cheese and juice is at 40 percent and 7 percent, respectively. The company plans to increase capacity by between 9 percent and 10 percent by the end of the year, Damaty said. The company has increased production of white cheese to 175 thousand tonnes a year and aims to hit 215 thousand tonnes by the end of the year. Domty recorded a net profit of 24.15 million pounds in the first quarter of this year, up 7.1 percent on the same period in 2015. *(Reuters)*

Barclays has begun a formal process to sell its Egyptian unit, with at least two banks from the Middle East and North Africa region expressing interest in the business, sources familiar with the matter said on Tuesday. The UK-based lender is offloading its Africa unit as part of a plan by Chief Executive Jes Staley to simplify its structure and seek higher shareholder returns, although attempts to sell all the assets together have come up against difficulties including the disparate nature of the business. Banks have now been invited to submit bids for the Egypt business, which are due at the end of August, according to two of the sources. Sources have previously said Barclays Egypt's equity value was around $400 million. Dubai-based Emirates NBD, which bought BNP Paribas' Egyptian unit in 2013, is one of the interested parties and has mandated Perella Weinberg Partners to advise it, according to three sources aware of the matter. The New York-based investment firm The United Arab Emirates' largest bank by assets was also advised by local brokerage HC Securities and Investment on the

BNP deal, and the Egyptian firm was believed to be once again helping Emirates NBD, according to one of the sources. Attijariwafa Bank, Morocco's largest bank by assets, is planning to bid too, and has chosen UBS as its adviser, two of the sources said. The Moroccan lender's general manager, Ismail Douiri, told Reuters in March it was interested in Barclays Egypt, having been keen to expand into the North African country for several years. It bid for BNP Paribas' Egyptian business before losing out to Emirates NBD. Barclays and Emirates NBD declined to comment. Attijariwafa didn't immediately respond to a request for comment. The sources spoke on condition of anonymity as the information isn't public. Other bidders could emerge before the end-August deadline. For example, Atlas Mara, the investment firm run by former Barclays CEO Bob Diamond, has said it would be interested in buying all the bank's African assets. However, the sources indicated Attijariwafa and Emirates NBD were believed to be the only ones to have got as far as appointing investment banks to advise them. Barclays has 56 branches and serves around 127,000 customers in Egypt, where it first established a foothold in 1864, according to the bank's website. *(Reuters)*

Egypt's Ezz Steel reported a first-quarter net loss, after tax and minority interests, widened to 136.896 million Egyptian pounds ($15.42 million) from 136.305 million a year earlier. Sales rose to 4.966 billion pounds in the first quarter from 4.793 billion pounds a year ago, Egypt's largest steelmaker said on Wednesday. Like other heavy industries in Egypt, steel companies' profitability has suffered in recent years from weak exports and a chronic gas shortage. High gas prices have led to factories operating at less than 50 percent. Ezz Steel operates four plants in Egypt and controls more than half the country's steel market. Trade and Industry Minister Tarek Kabil said on March 9 that Egypt will cut the natural gas price for steel and iron factories to $4.5 per one million thermal units from $7, but the decision has yet to come into force.*(Reuters)*

Telecom Egypt, the country's state-owned landline monopoly is in talks with banks regarding a 5 billion Egyptian pound ($563.07 million) loan to acquire a 4G licence, banking sources told Reuters on Thursday. The sources said Etisalat Egypt is also in talks with banks for a 5 billion pound loan to acquire the licence. The sale of 4G licences is part of Egypt's long-awaited plan to reform the telecoms sector. Saudi Telecom, Kuwait's Zain, China Telecom and a European firm have expressed interest in the licence. *(Reuters)*

Economic News

Yields on Egypt's three-month and nine-month treasury bills rose at Sunday's auction, data from the central bank website showed. The average yield on the 91-day bill rose to 14.149 percent from 14.093 percent at the last auction on July 10. The 266-day bill rose to 15.570 percent from 15.320 percent at a similar auction a week ago. *(Reuters)*

Ghana

Corporate News

No Corporate News This Week

Economic News

Trade between Ghana and China rose to $ 6.6 billion in 2015, representing an 18.2 per cent year- on- year increase, ranking it the sixth amongst the African continent trading partners. In the same year, China made direct investments of 174 million Dollars to Ghana, with an over-all accumulated amount of 1.3 billion Dollars, ranking it fourth among African countries. This was revealed in a brief on the recently held China-Ghana Economic and Trade Cooperation Forum. It said the amount of newly signed projects in 2015 reached $1.286 billion, ranking 14th among African countries, "and we also achieved $1.406 billion worth of business turn over the same year," it added. Currently, China is one of the main sources of foreign –direct investment in Ghana. China has financed and carried out a number of projects that have boosted the socio-economic growth of Ghana. Examples of these are the Sunon Asogli Power Plant, Africa World Airline and the Sentuo Steel factory, which had played the key roles of providing more job opportunities for local people, promoting the interconnection of the sub-region, and helping to resolve electricity power shortage. Others are the Ghana E-Government Platform undertaken by Huawei Company, the Kpong Water Supply Expansion Project, which was built by the Gezhouba Group, the Atuabo Gas Processing Project undertaken by SINOPEC and the Northern electrification Project built by Hunan Construction Group. It said these projects have played important roles in improving local people's livelihood.

Ghanaian students have also developed great passion for studying the Chinese language and culture, which highly compliments the increased level of cooperation between the two countries. According to the brief, the number of Ghanaian students studying in China, reached 3,000 last year, which it said, was the highest in Africa. It said China also trained more than 820 officials and technical staff for Ghana last year. During the Johannesburg Summit of the Forum on China-Africa Cooperation which was held last year, China mentioned agricultural modernisation, infrastructure, green development and poverty reduction as priority areas of China-Africa cooperation. The Chinese Ambassador to Ghana, Madam Sun Baohung, said during the forum, China would uphold the guidelines on China's relations with Africa featuring sincerity, results and good faith. She said China would also encourage and support Chinese companies to invest in Ghana, and further lift China-Ghana economic and trade cooperation to a new level. "China has just emerged as the world's largest economy, and has gone from being "the world's factory to one of the world's largest consumer markets," quotes the International Institute for the Advanced Study of Cultures, Institutions and Economic Enterprise.

"The institute 1ays following the spectacular economic growth over the last two decades, there had been a huge rise in the number of Chinese companies, with many seeking investment and other business opportunities outside China. "There is thus a number of reasons, which form a solid basis for the newly emerging trend of strengthened relations between China and Ghana."With socio-economic cooperation being at the core of this new trend, and several benefits being reaped already within the country, it could be said that the new era of China-Africa/ China-Ghana relations, potentially offers not only mutually beneficial collaborations for both sides but also, a chance for Africa as a whole and Ghana, to also get innovative and make use of its rich sources, in order to have good supplies for "the world's greatest consumer," she said. Madam Sun, advised that both Ghana and China should step up their efforts in strengthening exchanges on governance experience. She said China's experience in agricultural and regional development as well as practical technology had immensely improved. "We are willing to share the experience with our Ghanaian friends without reservation," she said. Madam Sun, urged government to simplify procedures on customs and visas, and strengthen macro-policy coordination and technical standards cooperation, in order to create a favourable business environment. *(Ghana Web)*

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The Ghana Stock Exchange (GSE) has intensified moves to get taxes imposed on capital gains removed to encourage companies list on the exchange. Speaking at the Annual General Meeting of the GSE, the chairman of the Governing Council, Dr. Sam Mensah regretted that "the income Tax Act2015(Act 896) unfortunately took all incentives that were in place to make the capital market attractive to investors both foreign and local". According to him, the idea to tax capital gains in a time that companies are struggling due to the macro economic instability is a setback to efforts aimed at making the GSE attractive. "All we are asking for is some incentives that include capital gain tax exempt status for listed securities, a 3 percent rebate that companies listing on the Exchange enjoy for the first three years of listing, and the GSE's own corporate tax exempt status even though the GSE is a company limited by guarantee," he said. He maintained that other stock markets on the continent do not tax capital gains. "We are respectfully again asking the government for these market incentives to be reconsidered and restored to the status quo **ante".** Performance of GSE "Facts Behind Figures" On his part, the Managing Director of the GSE, Mr. Kofi Yamoah stated that the exchange's "Facts behind Figures" programme, which is a forum for listed companies to meet stockbrokers, institutional investors, the financial press and the investing public has shed more light on its operations. "It is well patronized when it does take place. We therefore continue to impress on listed companies to take advantage of the publicity it provides," he appealed.

He recalled that in 2015, there were five fora and the companies that appeared on the programme were, Societe General Ghana Ltd, Tullow Oil Plc, CAL Bank Ltd(twice) and Izwe Loans Ltd.Mr. Yamoah announced that the GSE and its licensed dealing members have been very active participants in the integration deliberations both at the technical level and the level of the governing Council in the West African markets. "Under Phase 1 of the integration process (the Sponsored Access Phase) there has been some transactions involving dealers in Ghana and Nigeria," he said. The volume of shares traded for the year stood at GHS246 million shares valued at GHS247 million compared to the volume and value of GHS207 million and GHS346 million respectively recorded in 2014. The market capitalization for all listed securities at the end of December 2015 was GHS57.1 billion compared to GHS64.4 billion in 2014, representing a decrease of 11 percent. Domestic market capitalization fell by 19 percent ending December 2015 at GHS.11.2 billion compared to GHS13.9 billion at the end of December 2014. *(Ghana Web)*

Ghana's finance ministry increased its economic growth forecast for 2016 two weeks after projecting the slowest expansion in more than three decades due to a "mistake" in its calculations. West Africa's largest economy after Nigeria will grow between 4.1 percent and 4.3 percent this year compared with 3.9 percent in 2015, Finance Minister Seth Terkper said in an interview in the capital, Accra, on Monday. The Bank of Ghana's Monetary Policy Committee kept its benchmark rate unchanged at 26 percent Monday. The revision in the growth outlook comes two weeks after the government cut its forecast to 3.2 percent from 5.4 percent. That would've been the slowest expansion since the economy contracted in 1983. Ghana's economy will receive a boost when the second project from the Tweneboa, Enyenra and Ntomme oil field pours its first crude next month, Terkper said. "The 3.2 percent growth target was a mistake," he said. "That data didn't capture some critical aspects of the growth and deficit figures. Now we have corrected it." While Ghana's growth prospects for the rest of the year would be affected positively by the stability in the cedi, improvement in business and consumer sentiment and new oil and gas production, tight credit conditions and electricity shortages could moderate expansion, Bank of Ghana Governor Abdul Nashiru Issahaku told reporters in Accra on Monday.

The central bank left its benchmark rate unchanged even as inflation slowed to 18.4 percent in June from 18.9 percent a month before. "Until the disinflation process is really well-grounded it will be too soon to start reducing policy rates," Issahaku said. Risks to the inflation outlook include increases to gasoline, transport and utility costs and "the potential second round effects from such adjustments on prices," he said. The cedi weakened 0.6 percent to 3.96 per dollar by 1:06 p.m. in Accra on Monday, taking its decline for the year to 2.5 percent. The Bank of Ghana forecasts inflation will return to its 6 percent to 10 percent target by the third quarter of next year, Issahaku said. The government of President John Dramani Mahama turned to the International Monetary Fund in April last year for a loan of almost $1 billion to help rein in the deficit and arrest declines in the currency as lower prices for its gold, cocoa and oil exports and regular power cuts weighed on the economy. "Ghana's need to reinforce the credibility of its reform effort under the IMF program may be one factor" behind keeping borrowing costs unchanged, Razia Khan, head of Africa macro research at Standard Chartered in London, said in an e-mailed note to clients.

"Provided that the reform momentum is kept intact, it is only a matter of time before economic conditions allow for a more sustained easing cycle." Gross domestic product will expand by 4.1 percent this year, 7.8 percent in 2017 and 6.7 percent in 2018, according to an updated 2017-19 budget guidelines document posted on the finance ministry's website on Monday. The ratio of Ghana's debt to GDP dropped to 66 percent in May, from 71 percent at the end of last year, Terkper said. "This is good news for the economy," he said. "Ghana will see more positive growth."*(Bloomberg)*

Ghana's central bank held its benchmark policy rate at 26.0 percent on Monday because the risks to growth and the prospect of inflation are in balance, Governor Abdul-Nashiru Issahaku said. The West African state is battling to restore rapid growth and contain fiscal problems by following a three-year aid programme with the IMF that aims to reduce public debt and bring down the fiscal deficit and inflation. "Headline inflation is likely to move within the medium-term target band of 8 percent plus or minus 2 percent in the third quarter of 2017, against earlier projections of mid-2017," Issahaku told reporters. It is the fourth time the rate has been held since November 2015.
Issahaku, who took office in April, said anticipated inflows from annual cocoa loans and a planned Eurobond in the last quarter would help boost the bank's assets in support of the local currency. "We see the exchange rate remaining stable and not deviating from the current expectations," he said of the local cedi currency, which has depreciated 3.3 percent to the dollar since January compared to 26 percent last year. One inflation risk is an anticipated rise in petroleum prices which could affect transport costs and utility tariffs, Issahaku said. *(Reuters)*

Ghana's total public debt stock reached GHC105.1 billion at the end of May 2016, representing 66.4 percent of Gross Domestic Product (GDP) as against GHC104.5 billion at the end of April 2016, representing 66.3 percent of GDP. Out of the total debt stock, debt incurred internally was GHC43.2 billion, representing 27.3 percent of GDP, while the external debt stock stood at GHC61.9 billion, representing 39.1 percent of GDP. Since January, this year, the country's debt has been increasing, crossing GHC1 billion month on month. In January, the debt was GHC101.1 billion and increased to GHC102.3 billion in February. In March, the debt rose to GHC103.1 billion. The NDC government inherited a debt stock of GHC9 billion in 2008 but has succeeded in increasing it to GHC105.1 billion as at May, 2016. The Ministry of Finance put the total national debt at GHC97.2 billion at the end of December last year but the Central Bank on a number of occasions could not provide the figure in its Monetary Policy Committee (MPC) report. Government has not been forth with the true state of the country's total debt since January, this year.

Meanwhile, the Monetary Policy Committee (MPC) of the Bank of Ghana (BoG) maintained the policy rate at 26 percent. This is the fourth time that the Central Bank has maintained the policy rate since January this year. In assessing the current economic conditions, the Committee said the risks to inflation and growth are balanced and decided to maintain the policy rate. Dr. Abdul Nahir Issahaku, Gov¬ernor of the Bank of Ghana (BoG), who was addressing the press, said "the tight policy stance, inflows from the cocoa pre-export finance facility and expected issuance of the Eurobond in the last quarter would boost reserves, improve liquidity on the foreign exchange market and support the disinflation process over the forecast horizon." He said growth prospects for the rest of the year would be impacted positively by the stability in the foreign exchange market, continued improvement in consumer and business sentiments and the realization of additional oil and gas production from the TEN oil fields. However, he said risks to the growth outlook, such as the tight credit conditions, electricity supply shortfalls, and continued fiscal tightness, may moderate the pace of eco¬nomic expansion. *(Ghana Web)*

In the depths of Ghana's fiscal crisis in 2014 policymakers looked forward to a time when a new oil field would open to boost the economy. That time has come but there's a catch: oil prices have halved since the project started. The drop in the crude price to under $50 a barrel reduces the short-term boost to government revenue from the offshore Tweneboa-Enyenra-Ntomme (TEN) field at a moment of triumph for Tullow and its partners, who include Ghana National Petroleum Corporation (GNPC). TEN should ramp up production to around 50,000 barrels per day within weeks of coming on stream by the end of August. "There is no way that, even with the new money from TEN, revenue in 2016 will hit what it was two years ago, unless something extraordinary happens with the oil price," said Benjamin Boakye of the Africa Centre for Energy Policy. Ghana, which also produces cocoa and gold, is following an International Monetary Fund programme to restore fiscal balance and spur growth, which dropped to 3.9 percent in 2015 from 14.4 percent in 2011, a year after it began producing oil.

On Monday, the government said it had cut its forecast for 2016 GDP growth to 4.1 percent from a previous forecast of 5.4 per cent due to lower export prices and irregular oil production. Oil output was halted between March and May at the offshore Jubilee field due to a breakdown on a production ship, and the country lost millions of dollars in revenue. It has since restarted and is currently producing around 50,000 barrels per day, far lower than the 120,000 bpd capacity, according to Alex Mould, chief executive of GNPC. Oil holds a special place for the country because optimism about the prospects for rapid economic progress soared when crude began to flow from its offshore Jubilee field in 2010. But government figures show that revenue from Jubilee fell from $978 million in 2014 to $396 million the following year due to falling oil prices, forcing the government to revise its budget. The hope is that TEN and the Offshore Cape Three Points field operated by Italy's ENI, which is due to come onstream next year, will help offset the shortfall from Jubilee.

The deepwater TEN project should weather the low oil prices as a commercial proposition because its production costs are at $20 a barrel and its oil quality is high. In addition, it has a lifespan of more than 20 years. "What will stop us achieving that (start) is if we come across any unplanned events. So far the plan is telling us that we are good within that (end of August) window," said Tony Oldfield, a senior official with the TEN project. At the heart of the deepwater project is a $1.6-billion Floating Production, Storage and Offloading vessel, the Prof John Evans Atta Mills, named after Ghana's late president who died in 2012. The ship was converted from a super-taker at a shipyard in Singapore. It stands over 350 metres long, towering over other vessels in the Gulf of Guinea south of the port city of Takoradi. Project managers say its 4,500-tonne turret, which connects the vessel to the sea floor and prevents it from rotating, can avoid the problems that crippled Jubilee earlier this year. For a start, the TEN bearing is in segments, making it easier to repair than the older Kwame Nkrumah ship that operates in the Jubilee field. In addition, the turret has an automatic greasing system, which will facilitate maintenance. "The Atta Mills is a much better design," Mould said. *(Reuters)*

Ghana accepted GHC967.5 million ($245.5 million) worth of bids for a five-year domestic bond issued on Thursday and will pay a fixed yield of 24.75 percent, transaction arrangers said on Thursday. Total bids tendered at the sale, which was open to foreign investors, amounted to GHC972.5 million, said the lead team consisting Barclays Bank, Stanbic Bank and the Accra-based Strategic African Securities. Proceeds from the bond will be used to roll over maturing debt as the West African gold, cocoa and oil exporter seek to restructure its public debt. Ghana's total public debt stood at $27.4 billion representing 66.4 percent of GDP by May. The government plans to issue a Eurobond of up to $1 billion this year to finance the government's budget. The yield on Thursday's bond edged up compared to a similar transaction last month when Ghana sold GHC811.04 million worth of bonds at a rate of 24.5 percent. Ghana is implementing a three-year aid program with the International Monetary Fund to fix an economy dogged by deficits, high-interest rates and distressing public debt with inflation . *(Ghana Web)*

Ghana's local currency will continue to enjoy stability against the Amerian dollar and other major currencies in the medium to long term, Governor of the Bank of Ghana (BoG), Dr Abdul Nashir Issahaku has assured Ghanaians. He expressed confidence in the stability of the cedi in the medium to long term. Reacting to reports of a further fall in value of the currency, especially against the dollar, the Governor said the outlook was rather bright. "The tight policy stance, inflows from the cocoa pre-export finance facility and expected issuance of the Eurobond in the last quarter would boost reserves, improve liquidity on the foreign exchange market and support the disinflation process over the forecast horizon," the Governor said. The Governor was briefing journalists in Accra last Monday after the 71st Monetary Policy Committee (MPC) meeting which assessed the current economic conditions in the country. Last week, London based Ecobank Research predicted that the Ghana cedi could trade between GH¢3.97 and GH¢4.10 to the US dollar in the next two months. In its last Ghana Economic Strategic Report for Quarter 3, the research institution said the dollar will be in high demand in tandem with a robust import demand. It explained that "the Monetary Policy Rate will be cut once there is a clear indication that inflation is slowing and that the Ghana cedi stability has continued". Over the past six months of 2016, volatilities in the foreign exchange market have subsided significantly alongside relative stability in the local currency largely supported by tight policy stance and improved foreign exchange **inflows.** According to the MPC, the cedi, on the interbank market depreciated cumulatively by 3.3 per cent against the dollar for the first half of the year, compared with 26.1 per cent over the same period in 2015.

The Committee which maintained the Bank's policy rate at 26 per cent noted that growth prospects for the rest of 2016 would be impacted positively by the stability in the foreign exchange market, expected continued improvement in consumer and business sentiments and the realization of additional oil and gas production from the TEN oil fields. Touching on the varied effects of the UK's vote to leave the European Union (EU), the Governor said the initial assessments had shown that the currency appreciated sharply by about 5.7 per cent month-on-month against the pound sterling in June 2016, compared with 1.3 per cent depreciation in May. Meanwhile senior Lecturer in Finance at the University of Ghana Business School, Dr Lord Mensah has expressed surprise at the Bank of Ghana's decision to maintain the policy rate at 26 per cent. According to him, macro-economic indicators such as the decline in inflation should have reflected in a drop in the policy rate. "I think it is a surprise, with the maintenance of the policy rate. There is some kind of uncertainty around it as one is not sure when the rate will come down or move up. But for me looking at all the indicators on the ground, if you are really abreast with all that is happening on our macro-economic front, then I presume the rate should have come down," he remarked. "We have seen inflation going down and most of the time the monetary policy rate is basically on inflation targeting and if inflation is coming down, it shows that there is a signal that interest rates can come down for businesses to borrow," he added. *(Ghana Web)*

Ghana's parliament has taken a step towards passing a law on central bank reform that could breach a key tenet of its $918 million aid deal with the International Monetary Fund (IMF), parliamentary and finance sources told Reuters. The parliamentary finance committee has recommended a change to the Bank of Ghana (BoG) Amendment Bill to allow central bank financing of the budget deficit up to 5 percent of the previous year's total revenue, the committee's chairman said. Current law allows the Bank to finance the deficit up to 10 percent but the IMF wants the funding eliminated as part of Ghana's austerity program to restore economic balance and boost sustainable growth. Until 2014, Ghana had one of Africa's fastest-growing economies based on its exports of gold, cocoa and oil. Growth has slumped sharply since and any threat to the IMF programme will hit the confidence of domestic and foreign investors. "The finance committee is of the view that the zero financing provision as contained in the Bill should be amended to a 5 percent limit and that is what we are recommending," chairman James Klutse Avedzi told Reuters. If the bill passes with the 5 percent amendment it would likely make it harder for the Fund's Board to approve disbursement of the next tranche of balance of payment support. The Fund said in a document issued in Dec. 2015 that Ghana should: "Submit to Parliament a revised Law that strengthens the functional autonomy of BoG (and) sets a zero limit on monetary financing to the government and public institutions.

One economist close to the process said it is "absolutely central" to the whole IMF deal. The finance committee's amendment comes in the context of an apparent delay on a decision by the IMF Board on whether to disburse the next tranche of aid to Ghana following the third staff review of the programme in May. The Board will now complete its review after that recess and only if the government undertakes certain steps, including passage of the law to back zero central bank financing, said the Fund's Ghana representative Natalia Koliadina. "The completion of prior actions is not unusual in Fund programs and, while their implementation takes time, they need to be met before the board meeting," she said in an email to Reuters, adding that the programme is "broadly on track." "Subject to this work being completed and prior actions met IMF staff will finalise the preparation of the required documentation for the Executive Board's consideration of the review," she said. The uncertainty is more acute because Ghana will hold an election in December when President John Mahama is expected to face a close race against opposition leader Nana Akufo-Addo. Parliament rises on July 29, thus the bill must pass by then. Parliamentary sources said the central bank wants the amendment but MPs in the ruling party say it could tie the government's hands in the run-up to the election. A senior opposition MP told Reuters that the IMF's restriction on deficit financing is unfair because it impinges on national sovereignty. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

Kenya

Corporate News

Kenya Airways announced a record net loss of Sh26.2 billion in the year ended March, widening the Sh25.7 billion net loss the year before. KQ, as the airline is popularly known, suffered from a Sh9.7 billion foreign exchange loss and an acceleration of other costs including interest expenses. Its revenue increased to Sh116.1 billion from Sh110.1 billion in the same period, trailing the increase in costs. The loss also saw the national carrier set a new record in wiping out shareholders' equity, with the company's net worth now at a negative Sh35.6 billion from the previous negative Sh5.9 billion. *(Business Daily)*

KCB Group has booked a Sh1.5 billion capital boost after its shareholders opted to forego their cash dividend payout in favour of the lender's stock. The Nairobi Securities Exchange (NSE)-listed bank had declared a total dividend of Sh2 per share for the year ended December, of which Sh1 per share was to be disbursed in cash. The lender gave shareholders the option of taking the remaining Sh1 per share in cash or in the form of its stock at a conversion price of Sh38, which represented a five per cent discount on the trading price of Sh40 in early March. KCB's board of directors, which encouraged shareholders to take half of their dividends as shares in what is technically known as scrip **dividend, said the** move will help the company save cash to fund its operations. "The declaration of the scrip dividend is part of KCB Group's strategy to conserve cash payout from the company's retained profits in the light of its commitment to business growth, and in order to allow its shareholders to derive value on account of higher dividend in future due to increased shareholding," the company said in a circular to shareholders. "The KCB Group board considers that the capitalisation of the portion of the proposed final dividend for the year ended December 31, 2015 is in the best long-term interest of shareholders." Besides the Sh1.5 billion cash boost from the special dividend, the bank is also slated to raise Sh10 billion later this year through a rights issue to boost its thinning capital levels.

The lender's total capital to total risk-weighted assets ratio stood at 15.4 per cent as at December 2015, just 0.9 percentage points above the regulatory minimum of 14.5 per cent. For investors, the decision to go for shares instead of cash was a test of their confidence in the management's ability to reinvest the sums at more attractive rates of return than shareholders could obtain elsewhere on their own. Those who wanted to get all their dividends in cash had to specifically apply for the option while those who wanted payment in form of shares did not have to take any action. KCB said participation in the scrip dividend stood at 54 per cent, with those allotted shares taking up an equivalent 1.3 per cent stake and causing a small dilution for all-cash takers. Taking up the scrip dividend will give the investors a larger claim on KCB's assets and future earnings besides increasing their claim on capital gains or exposure to losses in line with the stock's volatility. The investors, for instance, have already suffered a combined capital loss of Sh236.8 million representing a 15.2 per cent decline based on KCB's share price drop to the current level of Sh32.2. New shares created under the scrip dividend will be allotted today (Friday) when the cash dividend will also be paid. *(Nation)*

Economic News

Kenya may abandon 10 years of negotiating a trade deal with the European Union as part of the regional East African Community bloc and go it alone, to avoid having duties of as much as 30 percent slapped on its exports from October. A so-called Economic Partnership Agreement between Kenya, Uganda, Tanzania, Rwanda and Burundi and the EU is on hold after Tanzania's government said two weeks ago it's reluctant to sign any deal because of "recent developments affecting the bloc's union." The U.K. voted in a referendum on June 23 to withdraw from the bloc, ending a 40-year partnership. Uganda said last week it also wants to delay signing the deal. "We would like to sign it together; the desire is that we sign it together," Kenyan Foreign Secretary Amina Mohammed said in an interview in the capital, Nairobi, last week. "If we get to a stage where we can't do that then we also have the right to make our own sovereign decisions." The negotiated EPA would give members of the EAC immediate duty-free quota-free access to the EU for all exports.

The Brexit decision is complicating trade negotiations as ministers from around the world gather this week for the 14th United Nations Conference on Trade and Development in Nairobi, where the EPA accord has been scheduled to be signed. The EU imported goods worth 2.6 billion euros ($2.9 billion) from the EAC last year, data from the European Commission shows. Kenya exported 126 billion shillings ($1.2 billion) worth of goods to the EU in 2015, according to the national statistics office. "Countries like Tanzania, which said it will postpone signing the agreement with the EU might want to wait and see what happens with Brexit," Willemien Viljoen, a researcher at the Tralac Trade Law Centre in Stellenbosch, South Africa, said by phone. "That will affect other members of the East African Community." Brexit may curb capital flows into East Africa, hinder trade and investment, weaken exchange rates and damage economic stability in the region, central bank governors from the EAC trading bloc said in a statement to reporters in the Ugandan capital, Kampala, on July 14. Uganda wants to delay the signing the EPA to ensure the deal is signed collectively, Nairobi-based Business Daily newspaper reported on Friday, citing Julius Onen, permanent secretary for the nation's trade ministry.

"There may be some dynamics about East Africa negotiating market access to Britain, but there is no sufficient reason to dither the EAC's engagement with the EU on the basis of Brexit," UNCTAD Secretary-General Mukhisa Kituyi said in an interview in Nairobi. "Brexit should not be an excuse." If the deal is not signed by Oct. 1, Kenya, as the only member of the East African Community not classified as a so-called least-developed country, could lose all its preferential access to the EU. The partners in the region realize there is a time pressure, so does the European Union," Betty Maina, Kenya's principal secretary for the East African Community, said in an interview on July 14. "So we are looking at all measures and engagements to ensure you don't miss October 1." Kenyan farmers shipped produce such as carnations, green beans and avocados worth 90.4 billion shillings globally in 2015, according to the Kenya National Bureau of Statistics. Together with tea, fresh-produce exports generate the bulk of foreign-exchange earnings in East Africa's biggest economy. Flower exports by Kenya, which accounts for more than a third of the stems sold in Europe, may face taxes of as much as 20 percent unless the agreement is signed by Oct. 1, said Jane Ngige, chief executive officer of the Kenya Flower Council. "We are trying to see how we will get out of the quagmire we are in," Ngige said by phone. *(Bloomberg)*

The Kenyan shilling was firm on Monday, supported by hard currency flows from manufacturing and rail construction companies making conversions as they prepared to pay local suppliers and workers. At 0727 GMT, commercial banks quoted the shilling at 101.35/45 to the dollar, unchanged from Friday's close. *(Reuters)*

The Kenyan shilling was on a firm footing on Wednesday but traders said a typical end-month uptick in dollar demand from oil importers and manufacturers shipping raw materials was giving the local currency a weakening bias. At 0708 GMT, commercial banks quoted the shilling at 101.55/65 to the dollar, unchanged from Tuesday's close. *(Reuters)*

The Kenyan shilling was firm against the dollar in slow trade on Friday with traders hesitant to make large bets ahead of the central bank's monetary policy committee meeting on Monday. At 0726 GMT, commercial banks quoted the shilling at 101.45/65 to the dollar, unchanged from Thursday's close. *(Reuters)*

Malawi

Corporate News

No Corporate News this week

Economic News

No Economic News this week

Mauritius

Corporate News

No Corporate News this week

Economic News

The Bank of Mauritius reduced its benchmark interest rate by the biggest margin in more than four years, saying Britain's decision to leave the European Union has damaged the Indian Ocean island nation's growth outlook. The Monetary Policy Committee unanimously decided to lower its benchmark rate to 4 percent from 4.4 percent, Governor Rameswurlall Basant Roi told reporters Wednesday in the capital, Port Louis. The gauge had remained unchanged since November 2015, when it was lowered by 25 basis points, the first reduction in more than two years. "Taking into account the uncertainty created by Brexit and potential for the U.S. November elections to increase market volatility, the MPC deemed it important to support investment activity in the country and raise the growth potential of the economy," Roi said. "A cut in the key repo rate is warranted at this juncture to support the economy." Last month, the Bank of Mauritius said it had increased its gold and foreign-exchange reserves to reduce any potential fallout from Britain's decision last month to leave the European Union. The U.K. accounts for 12 percent of Mauritius's exports and tourists, Roi said. Headline inflation has remained low, with the rate rising by 0.9 percent in June from 1.3 percent in January, against a backdrop of muted domestic demand, Roi said.

The rate is now projected at about 1.5 percent for 2016 and about 3 percent next year, slightly lower that what was anticipated at the last MPC meeting, he said. Mauritius's $12 billion economy, dependent on sugar, tourism, manufacturing and financial services, could expand by 3.6 percent this fiscal year, from 3 percent a year earlier, according to the finance ministry. "The 0.4 percent cut shows the urgency of the situation with Brexit, the low level of investment in Mauritius and the slowdown of the GDP growth," Eric Ng, economist and director of PluriConseil, said by phone from Port Louis. "What is unfortunate is that the Bank of Mauritius has favored a monetary policy that primarily supports a handful of exporters." The central bank forecasts a current-account deficit of 5 percent of gross domestic product in 2016, unchanged from last year. Private sector credit growth is decelerating and big companies are not borrowing but repaying their debts instead, while investment is not picking up, Roi said. Finance Minister Pravind Jugnauth, who presents the government's budget on July 29, has said he has limited room for maneuver in the 2016-17 spending plan as the country faces a host of local and international headwinds. *(Bloomberg)*

Mauritius said on Friday its trade deficit widened 22.1 percent to 6.91 billion rupees ($195.47 million) in May from the same period a year earlier, hit by a dip in exports of machinery and transport equipment. The Indian Ocean island nation's earnings from exports fell 6.5 percent from a year before to 7.46 billion rupees in May, the government's statistics office said in a statement. The United States was the main destination for Mauritius's exports, followed by France and Britain. Foreign sales of machinery and transport equipment declined to 687 million rupees in May from 1.19 billion rupees in the same period last year. Total imports rose 5.4 percent from a year before to 14.37 billion rupees in May. Some 20.3 percent of imports in the period came from China. *(Reuters)*

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TRADING

Nigeria

Corporate News

ExxonMobil subsidiary Mobil Producing Nigeria has declared force majeure on exports of Nigeria's Qua Iboe crude oil, the country's largest export stream, a spokesman said on Friday. The declaration came after the company observed a "system anomaly" during a routine check of its loading facility on July 14. "We are working to ensure loading activities at the facility return to normal. We cannot speculate on any timeline for repairs," the spokesman said. "Qua Iboe Terminal is operating and production activities continue." Nigeria has struggled to maintain its crude oil production following a spate of militant attacks and technical problems that in May pushed production briefly to 30-year lows. While the cause of the latest issue was not immediately clear, traders said it would take least two to four weeks to repair. Earlier this week, Exxon denied claims from the Niger Delta Avengers that the militant group had blown up the Qua Iboe 48" crude oil export pipeline operated by the company.

Spokesman Todd Spitler said on Friday there was no connection between the force majeure and militant attacks. The Avengers, a group that has carried out attacks on oil facilities in Nigeria's southern Niger Delta energy hub in the last few months, has said in statements on its website that Exxon lied when it denied that an attack had taken place. In a statement posted on its website late on Friday, it warned the company not to carry out any repairs. "If ExxonMobil fails to listen to us (Niger Delta Avengers), your personnel are going to be our next casualties not pipelines," said the group. The Avengers, whose attacks briefly pushed Nigeria's oil production to 30-year lows in the spring, has said it wants a greater share of the country's oil wealth to go to the impoverished region that is the main source of crude. Exxon has struggled to bring production of Qua Iboe back to normal after an accident in May on a drilling rig that damaged a pipeline, after which the company also declared force majeure. Since lifting that declaration in early June, there have been roughly three revisions to loading schedules, attributed to a slower-than-expected resumption of flows, with loading delays of at least five days. *(Reuters)*

Guaranty Trust Bank Plc and Access Bank Plc have appealed to the Nigerian Stock Exchange to extend the deadline for the submission of their financial results for the first half of 2016. The banks made this position known in separate letters to the Exchange. The GTB said members of its board of directors were scheduled to meet on July 27, 2016 to consider the audited financial statement. It said it would be submitting the result not later than September 30, 2016. The bank promised to notify the Exchange of the decision taken after the Central Bank of Nigeria's approval is received on the matter. Access Bank also gave a similar reason and appealed to the Exchange to extend the submission date for its results until the meeting of its directors on the matter later in the month. The bank said it would submit its results not later than August 31, 2016. Its board of directors is expected to meet on July 28, 2016 to approve the bank's half-year audited financial statements after which it would be submitted to the CBN for approval. Meanwhile, the NSE recorded a loss of N25bn in market capitalisation at the close of trading on the Exchange's floor on Monday. The market capitalisation closed at N9.868tn from N9.893tn; the NSE All-Share Index also plunged to 28,733.90 basis points from 28,805.45 basis points. A total of 315.577 million shares valued at N1.724bn were traded in 3,976 deals. The market recorded 29 losers and 10 gainers. Law Union and Rock Insurance Plc, Lafarge Africa Plc, Arbico Plc, Unity Bank Plc and Vitafoam Nigeria Plc led the losers' table. Law Union and Rock Insurance shares depreciated by N0.05 (8.33 per cent) to close at N0.55 from N0.60, while those of Lafarge Africa closed at N63.22 from N66.60, losing N3.38 (5.08 per cent). Arbico share price also dropped by N0.25 (4.96 per cent) to close at N4.79 from N5.04, while that of Unity Bank lost N0.05 (4.90 per cent) to close at N0.97 from N1.02. *(Punch)*

Oando Plc on Monday notified the Nigerian Stock Exchange that its expected earnings for the second quarter ended June 30, 2016 would be below 2015 figures due to naira devaluation. This is contained in earnings guidance statement by the company to the stock exchange. The company said that it would report lower earnings for the second quarter of 2016 due to the impact of the naira devaluation against the dollar which resulted to unrealised foreign exchange losses. It explained that the announcement was based on the unaudited financial statements for the period ended June, 30 2016. The statement stated that the devaluation by the Central Bank of Nigeria (CBN) would amount to an unrealised foreign exchange loss arising from dollar denominated liabilities, outstanding bank trade facilities and vendor payables. It said that the company had 261 million dollars in its naira dominated earnings businesses as at the time of the devaluation consisting of 68million dollars in core loans. In addition 89 million dollars in bank trade facilities, 83 million dollars in asset financing and 21 million dollars in other payables. "A circa 40 per cent devaluation in the value of the naira against the dollar from the bank rate of N199 per dollar to N280 per dollar has effectively resulted in these significant foreign exchange losses," it added. The statement said that the company would return to profitability in spite of the challenging operating landscape of 2016. "We reiterate our focus of returning the group to profitability by growing our dollar earning higher margin upstream and export trading businesses, which will not be impacted by the volatility of foreign exchange rates to the naira. We remain confident in our diversified business model and the long-term prospects for growth in Nigeria and beyond," it said. *(Punch)*

Unilever Nigeria Plc Monday announced its financial results for the half year ended June 30, 2016, showing profit after tax (PAT) of N1.094 billion. According to the unaudited results, Unilever posted a revenue of N32.272 billion in 2016, up from N28.721 billion in the corresponding period of 2015. An analysis of the results indicated that cost of sales increased by 16 per cent from N18.972 billion to N21.924 billion. Gross profit stood at N10.353 billion, compared with N9.75 billion in 2015. Selling and distribution expenses went up from N1.274 billion to N1.50 billion, while marketing and administrative expenses fell from N6.979 billion to N6.689 billion in 2015. As a result operating profit improved from N1.567 billion to N2.161 billion in 2015. Net finance cost reduced by 54 per cent from N1.47 billion to N670 million in 2015. Consequently, profit before tax jumped from N94 million to N1.487 billion, while PAT soared to N1.094 billion in 2016, from N86 million in 2015. The company explained that the consistency in performance over the last two quarters demonstrates its strong resilience in a challenging operating environment. It said in a statement that trading conditions remained difficult in the second quarter of 2016 with prevailing tight consumer wallets and rising costs.

"However, Unilever Nigeria has continued to optimize its planning capabilities and demonstrate resilience in navigating the difficult operating terrain. H1 performance has been delivered in the midst of multiple challenges including foreign exchange devaluation amongst others," it said. Unilever assured shareholders of continued focus on key business drivers to ensure sustained growth in the company's operations to improve returns on shareholder investments. "Although the challenges in the operating environment are yet to abate, we have continued to see sustained momentum behind recent cost and operating efficiency initiatives taken by Management. We remain focused on driving cost & operating efficiencies, growing market share across key categories and reinvesting behind our core brands," the company said. Unilever paid a dividend of N189.2 million that translated to five kobo per share for the 2015 financial year. The Chairman of the company, who is also the Obi of Onitsha, Nnaemeka Achebe, had told shareholders at the annual general meeting in May that the company had once again demonstrated business resilience under very difficult circumstances. *(This Day)*

Ecobank Transnational Incorporated (ETI), its Nigerian subsidiary Ecobank Nigeria and the Bank of Industry (BoI) have signed a memorandum of understanding to cooperate in deepening financial services delivery to micro, small and medium enterprises in Nigeria.
A statement from the bank explained that the partnership has the potential of bringing millions of the unbanked in Nigeria into the mainstream financial system. Under the memorandum of understanding, Ecobank Nigeria will deploy its distribution network nationwide, comprising branches and an array of digital channels including automated teller machines, -points of service and agency networks across Nigeria. This will make for efficient administration of BoI's various financial inclusion initiatives covering loan disbursements, collections and monitoring. Ecobank Nigeria is a key partner in the implementation of BoI's financial inclusion programmes for poverty alleviation, wealth creation, enterprise promotion, employment generation and other related objectives, the statement added. It noted that supporting the financially excluded has been a critical part of Ecobank's strategy. "To ensure inclusion of target beneficiaries into the financial system, disbursement of funds will include digitised transfers to beneficiary bank accounts, including simple minimal 'know your customer' self-service digital accounts or e-wallets linked to mobile phones powered by Ecobank Mobile," it added. The Group Executive for Consumer Banking at ETI, Patrick Akinwuntan said: "We are delighted to partner with the Bank of Industry, a key development finance institution, on financial inclusion in Nigeria. Bringing all the unbanked in Africa into the mainstream financial system in an economically viable manner is the right thing to do.

Leveraging our digital platforms across Africa, reduces poverty and ensures the economic and financial development of Africa, which is the vision of the founders of Ecobank." Also, the CEO, Ecobank Nigeria, Mr. Charles Kié said: "This memorandum of understanding provides the opportunity for deeper collaboration between the institutions to expand access to financial services much needed by micro, small and medium enterprises to scale up their activities and to help drive growth and development of the Nigerian economy." On his part, the acting Managing Director, BoI, Waheed Olagunju said the partnership was in consonance with Bank of Industry's developmental mandate of catalysing industrial development in Nigeria. "Given that Bank of Industry currently serves the country from 17 locations, and in order to efficiently provide effective service delivery for our current and potential customers as well as create jobs and wealth for the citizenry, we shall leverage Ecobank's wide branch coverage in Nigeria and its efficient service delivery drive." Olagunju said the relationship would also promote intra-African trade. *(This Day)*

Cement and building solutions provider, Lafarge Africa Plc, recorded a loss of N30.184bn as of June 30, 2016, according to figures provided by the company to the Nigerian Stock Exchange. The firm's revenue also dropped to N107.364bn from N152.178bn recorded the same period last year. Courteville Business Solutions Plc, which also submitted its result to the NSE, recorded a significant drop in its profit after tax. Its profit after tax slid to N4.764m compared to last year's figure of N210.530m. Courteville's revenue fell to N618.234m from N822.174m (H12015). Lafarge, in a statement, said it recorded a cash generation of N20bn, completed the 100 per cent ownership of United Cement of Nigeria Limited. It recorded success in its N60bn bond issuance, as the funds were fully utilised to refinance Unicem's third party naira debt. The firm said its industrial operations were significantly impacted by gas supply shortages in the South-West and the South-East operations with occasional plant repair works. As a result, its earnings before interest, tax, depreciation and amortisation stood at N12bn, as against N48bn in H1 2015. Given the current exchange rate environment, it said actions were being implemented to restructure and refinance the United States dollar denominated debt, adding, "These loans were largely used to fund the expansion projects which will add 2.5 metric tonnes per annum cement capacity to the current production capacity of Unicem as well as that of the group. "We are at the final stage of the voluntary tender offer issued to increase our shares in Ashakacem from 82.46 per cent presently. The shares acquisition is expected to conclude before the end of the year."

Its South African cement operations reported solid volume growth, with cement sales volume by eight per cent compared to H1 2015, and a steady aggregates volume in H1 2016. Commenting on the results, the Chief Executive Officer, Lafarge Africa Plc, Mr. Michel Puchercos, said, "In spite of the macroeconomic challenges and market uncertainties, our company will continue to deliver good performance with significant upside to come as we conclude on the integration journey to form Lafarge Africa Plc. The new organisation is much stronger and better positioned to deliver operational excellence and improve value to our shareholders." Meanwhile, the NSE market capitalisation dropped to N9.692tn from N9.784tn on Wednesday, while the All-Share Index also slid to 28,221.18 basis points from 28,488.56 basis points. A total of 309.719 million shares worth N2.083bn exchanged hands in 3,934 deals. *(Punch)*

Wema Bank Plc's unaudited results for the six-month ended June 30th, 2016 have shown that the bank recorded a 10 per cent improvement in profitability on the back of 42 per cent growth in fee income. Specifically, the bank's profit after tax also rose by 11.11 per cent to N1.1 billion at the end of the first half of the year. Its profit before tax also advanced to N1.29 billion in the period under review, from N1.17 billion, representing an increase by 10.62 per cent. Similarly, the bank's gross earnings increased by 16.4 per cent year-on-year to N24.3 billion at the end of June, from N20.9 billion in the corresponding period of 2015. Its total deposit improved by 11 per cent year-on-year from N237.43 billion in the previous period to N277.87 billion as at half year 2016. However, there was a decline of 2.49 per cent in comparison to N284.98 billion recorded in December 2015. But Wema's operating expense increased by 27 per cent in the period under review. Commenting on the results, its Managing Director/Chief Executive Officer, Mr. Segun Oloketuyi said: "The 2016 financial year has been a rather eventful one for the Nigerian economy. The year has been characterised by deceleration on a number of economic indicators coupled with increasing energy costs, intensified by rising inflation, all within a tough operating environment. The banking industry has also not been exempted from these challenges. In spite of these challenges, Wema Bank has been able to deliver a modest improvement in the first half of the year.

Interest income grew by 15.2 per cent from N17.5 billion in first half 2015 to N20.2 billion in the current period, while fee and commission income improved significantly by 42.3 per cent from N2.2 billion in first half 2015 to N3.1 billion in first half 2016." According to him, the growth in non-interest revenues was driven by our on-going initiative to enlarge our footprint in the retail space while keeping customers at the heart of our operations. *(Punch)*

The Managing Director, Ecobank Nigeria, Charles Kie, has restated the bank's commitment to support initiatives that promote the protection and preservation of natural environment. Speaking at the Lagos State 2016 Tree Planting event in Lagos recently, Kie, who was represented by Company Secretary/Chief Legal Counsel, Adenike Laoye, said it was part of the financial institution's corporate social responsibility (CSR) philosophy to promote projects that enhance environmental sustainability. Kie said: "Our support to Lagos State government in this initiative is in line with our business mantra and is was one of the ways to exhibit our visible, vibrant and enduring CSR to mitigate the potential adverse effects of climate change as well as offer the far reaching consequence of creating and providing an esthetic environment for a greener and healthier Lagos for years to come."

He disclosed that the bank's recent collaborative partnership with the United Nations Development Program (UNDP) under the UNDP/ Ecobank TACC (Territorial Action Against Climate Change) initiative reduced the rate of deforestation and vulnerability in affected communities in Delta State. Kie further commended the Lagos State government for recognising Ecobank as an environment friendly bank, saying that the bank will continue to partner government and non-governmental organizations to protect the environment. Earlier, Lagos State Governor, Akinwunmi Ambode who was represented by the Commissioner for Environment, Dr. Babatunde Samuel Adejare, commended the bank and other partners in the project for supporting the 2016 tree planting initiatives. He observed that the project was a strong symbol of expression of the state's common determination and commitment to making a significant difference in the environment. *(This Day)*

Economic News

Lending among banks at the interbank market went higher last weekend as the liquidity tightening policy of the Central Bank of Nigeria (CBN) remained full "throttled." While there were no new Treasury Bills (T-Bills) offering last week, CBN started the money market activities with the debit of financial institutions' accounts to the tune of N190 billion for successful bids executed after the three-day holiday to mark Eid al-Fitr. The action, consequently tightened liquidity in the market, making the week's opening balance estimated at N41.3 billion insignificant for transactions' demand and stoking rate hikes. The interbank lending instruments- Open Buy Back (OBB) and Overnight rates in reaction to market dynamics, ended the week on higher notes at 20.8 per cent and 22.8 respectively. Before the take off of the new flexible rate policy, banks' treasurers had requested a persistent liquidity management as a foil to any Naira-induced speculative attack on exchange rate. OBB and Overnight lending rates had trended at double digits on all trading days last week, especially with the debits, which sent strong signal of low level cash in the system.

The upward trend in interbank lending rates rose from 7.5 per cent and 8.8 per cent to 16.5 per cent and 18.2 per cent respectively on Monday and moved to 17.5 per cent (OBB) on Tuesday, while Overnight rate eased 2bps to 18 per cent. In the middle of the week, OBB rate dropped 0.3 per cent, while Overnight rate inched 0.8 per cent higher, eventually settling at 18.2 per cent and 19.0 per cent respectively on Thursday. Average rate in the T-Bills market also trended higher than previous week's levels, as the market reacted to the stop rates at the primary market auction, in addition to the system liquidity levels during the week. "This week, we expect money market rates to remain in the double digits. There is a net T-bills maturity of N128 billion and a scheduled rollover of the same amount expected on Thursday. "We expect the auction to be oversubscribed as investors with unsuccessful bids at Wednesday's bond primary market auction redirect their attention to the T-bills auction, considering the high stop rates at the previous auction. "Thus, we think the Apex Bank may allot more than the offered amount," Afrinvest Securities Limited said in a note to The Guardian and this may not be unconnected with the drive to keep money in circulation in check.

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

The Naira lost it foothold against the dollar last week, which it has maintained since the introduction of the new foreign exchange policy regime. The local unit depreciated at both the interbank and parallel market, exchanging N282.47/$ on Monday; and N282.67/$ on Tuesday from last week's N282.02/$ and started the major decline by Thursday at N283.77/$ and N292.25/$ on Friday. Similarly, the Naira weakened at the parallel market for most of the week. On Monday, the Naira fell to N353/$ from N352/$further weakening to N357.00/$ by midweek before closing at N365/$ on Friday. Similarly, the Naira weakened at the parallel market for most of the week, starting on Monday at N353/$ from N352/$, weakening to N357/$ by midweek and closing at N365/$ on Friday. Meanwhile, the second futures contract on the FMDQ OTC Futures market was sealed last week, between CBN and Stanbic IBTC worth $60 million Naira-settled in 10 months (APR 26 2017) at N210/$. *(Guardian)*

Annual inflation in Nigeria accelerated to 16.5 percent in June, data showed on Monday, its highest in almost a decade and the fifth monthly increase in a row, as the crisis in Africa's biggest economy deepens. The rise reflected higher prices for electricity, transport and food, a separate index for which rose to 15.3 percent from 14.9 percent in May, the National Bureau of Statistics (NBS) said. "In June, the consumer price index which measures inflation continued to record relatively strong increases for the fifth consecutive month," the NBS said. Nigeria has seen revenues plunge with oil prices, with pressure on the naira currency helping to fuel inflation. The naira hit 295.25 in thin trade, a month after the central bank caved in to months of pressure to remove its currency peg and effectively devalue the unit in response to falling prices for oil. Investors have welcomed the currency float but many are still steering clear until the west African country shows signs of recovering from damage inflicted by the 16-month exchange rate peg. *(Reuters)*

Nigeria's economy, the biggest in Africa, is likely to contract by 1.8 percent this year, the International Monetary Fund (IMF) said on Tuesday, as the country grapples with the impact of low oil prices. The sharp fall in global prices since 2014 has led to a prolonged economic crisis since the crude sales make up around 70 percent of government revenue. The IMF's projection for this year, contained in its World Economic Outlook update, is down from the 2.3 percent growth it foresaw in its April forecast. It now forecasts 1.1 percent growth for 2017, down from 3.5 percent in the April forecast. Gross domestic product contracted by 0.36 percent in the first quarter of the year and the central bank's governor has said a recession appears to be imminent. "In Nigeria, economic activity is now projected to contract in 2016, as the economy adjusts to foreign currency shortages as a result of lower oil receipts, low power generation, and weak investor confidence," the IMF said. Central bank currency restrictions imposed last year in an attempt to protect dwindling foreign reserves prompted investors to flee and led to dollar shortages, pushing down the naira currency's value on the country's burgeoning black market. The peg on the value of the naira, which had been in place for 16 months, was removed in June but liquidity remains thin. Militant attacks on oil and gas facilities in the southern Niger Delta energy hub have cut oil production, pushing what was Africa's largest oil producer behind Angola and threatening the country's main revenue source. Last week the budget minister told lawmakers that the country's first quarter revenues reached only 55 percent of what the government had targeted. He said the attacks on oil facilities were largely to blame. *(Reuters)*

Nigeria's Sterling Bank has ended talks to buy rival Keystone Bank after finding it an unsuitable fit and is now focused on raising funds as it considers other acquisitions, its chief finance officer said on Tuesday. "We reviewed Keystone Bank and concluded the strategic fit was not strong enough. We will continue to evaluate all the options. As new candidates come into the market, we will also review them," CFO Abubakar Suleiman, told Reuters by phone. Sterling Bank said in February it was aiming to buy one or two mid-sized lenders as sharp falls in the value of the naira and increased regulatory pressure forced banks to recapitalise. Keystone Bank is the last of Nigeria's nationalised lenders, which state-backed "bad bank" AMCON is seeking to sell. Suleiman said Sterling's strategic plan was still to acquire a rival in Nigeria but that any move was likely to come after studying the impact of last month's 30 percent fall in the value of the naira. The central bank ditched its 16-month old peg of 197 naira to the dollar in June to allow the currency to trade freely, in an effort to resolve a chronic dollar shortage that has stifled economic growth. However, dollar shortages remain as Nigeria suffers from a plunge in oil prices which has battered its currency and stoked inflation to an almost 11-year high. Analysts see the slowdown as catalyst for mergers. *(Reuters)*

The manufacturing sector was not was not insulated from the harsh operating environment as the bottom-line of the listed equities, especially in the last financial year have remained susceptible to the challenges facing the agribusiness in Nigeria. Indeed, the most hit was the share price of these companies on the Nigerian Stock Exchange, which has remained stagnated at nominal value year to date following negative sentiments that have enveloped the demand of the stocks. For instance, with a nominal share price value of 50kobo FTN Cocoa Processors Plc, a pioneer status agro-allied company has continued to battle with lower sales and declining bottom-line as it posted a loss after tax of N577.204 million for the full year ended December 2014. Specifically, the figure showed 181.79 per cent higher than N204.831 million loss after tax reported at the comparable period of 2013. The company's revenue in a filing with the Nigerian Stock Exchange also fall by 46.28 per cent from N460.633 million in 2013 to N247.418 million recorded during the period under review. However, what seems to be a respite from the loss position came the way of the company it began the year 2015 in a positive route with 155.4 per cent growth in revenue for the first quarter ended March 31, 2015. The company's revenue grew to N387.972 million during the first quarter from N151.894 million recorded during the comparable period of 2014, accounting for 155.4 per cent increase. The company also returned from loss position during the period to a profit of N3.695 million. Expectations, that the good numbers posted during the first quarter will be sustained was dashed as FTN Cocoa Processors returned to the limbo and continued to struggle with negative bottom-line with a record of loss after tax of N39.065 million for the half year ended June, 2015. The figure showed 86.59 per cent lower than N291.394 million losses after tax reported at the comparable period of 2014.

The company's revenue in a filing with the Nigerian Stock Exchange grew by 251.7 per cent from N159.874 million in 2014 to N159.874 million recorded during the period under review. FTN Cocoa ended the year 2015 with a loss after tax of N201.195 million; however showing 65 per cent lower than N577.204 million recorded a year earlier. Livestock feeds, Plc also suffered the same due to the prevailing tough and difficult environment. The company, in its 2015 report made available to shareholders, explained that the feed milling industry encountered acute shortage of the major raw materials of maize and soya bean milk. It explained that the prices of these products increased by almost 40 per cent, adding that the shortage of foreign exchange and the surge in exchange rate also affected the business as importation of certain ingredients became difficult and expensive. Consequently, the company posted a profit before tax of N300 million, which represent 25 per cent decline when compared to N402 million achieved in 2014 while profit after tax declined stood at N187.9 million, 26 per cent loss over N254 million posted in the previous year. Union Dicon Salt Plc (UDS), in its 2015 audited result posted a net loss of N2.6 million for the year 2015.

This is a percentage reduction of 96 per cent when compared to its audited results for 2014 when the company made a net loss of NGN87 million. While the company's operating expenses increased to N78 million compared to N61 million recorded in 2014, its administrative expenses crashed to NGN80 million from NGN148 million in 2014. To address the plight of the manufacturers, especially in the areas of foreign exchange stability and boost their share price on the Exchange, industrialists recently appealed to the Federal Government to create alternative measures to enable genuine manufactures access forex for enhanced production. Specifically, the Managing Director of Vitafoam Nigeria Plc, Taiwo Adeniyi lamented that under the new regime, forex supply to manufacturers is now classified under futures placement requirement, which takes 90 days before forex could be made available. According to him, the first half of the year had been very challenging for the manufacturers due to scarcity and high cost of forex to source raw materials. "The first half of the year was not too good for manufacturing sector. There was a lot of policy changing that took place but it is too early to think that it has not added any impact on the business yet.

"The first day it happened on June 20th, we have a release of so much dollar into the system and everybody thought it was going to continue that way but as I speak to you now we are having to do what is called future placement for request for dollar. "Its tenured 30, 90 days for us to have access to dollar. And I asked a simple question to the Bank, if you are telling me that the next time I am going to get dollar to buy my material is in 90 days' time what happened before the 90 days, I should fold my hands and then wait and the thing about it is that we are not even sure it will happened. "We have been bidding for N282 to a dollar, we bided as at yesterday, we requested for some dollar, we bidden at N285, we didn't get it and what we hear is that our bid was not successful. So it is still not clear. When should manufacturers go to get dollar to buy material and this is the question we have being asking government," he added. For the sector to record some reasonable level of improvement, especially in the current financial year, Adeniyi expressed the need for government to create a department with the responsibility of paying courtesy visit to the various manufacturing industries in Nigeria in order to understand their plight better. "Manufacturers will always belong to the Manufactures Association of Nigeria (MAN) and there are several others organs of government that they can use to be able to know, you can imagine that Vitafoam has been around for 52 years. A committee can be set up to visit the companies and confirm. "They have asked us, and we have filled document for raw materials research council to confirm that this is the materials use after all government issues licenses for us to import. If we were not producers, how would we have access licenses to import? So they know who the manufacturers are, they cannot claim that they don't know. The Managing Director of Livestock Feeds Plc, Larry Ettah explained that if government at all levels would focus on alternative means of income generation, it would boost the sector. "Agriculture is viewed as a major alternative to oil in income generation and a means of boosting the economy. A lot of focus is therefore being placed on this sector which we believe may begin to yield fruit as the year progresses and will be beneficial to our industry." The Managing Director of DN Meyer Plc, Kayode Okuwa, explained that government should assist manufacturers by establishing companies that would serve as intermediaries for manufacturers in accessing foreign exchange. "85 per cent of ingredients we use in manufacturing is imported while only 15 per cent is sourced locally. Government needed to assist us by having companies that would serve as intermediaries. This sector suppose to drive the nation's economy," he said. *(Guardian)*

The President/Chairman of Council, Chartered Institute of Bankers of Nigeria, Prof. Segun Ajibola, says the Central Bank of Nigeria must work to protect the new flexible exchange rate regime against sharp practices. According to him, the central bank must ensure that the policy does not promote black marketeering, while stressing that most businesses depend on a friendly exchange rate regime to stay afloat and operate profitably. He spoke at a breakfast session organised by the Centre for Financial Studies, a subsidiary of the CIBN, in Lagos. The forum was tagged, 'Business dynamics under a flexible exchange rate'. Ajibola said, "The challenges inherent in the structure of our economy begin with the near impossibility of the market system to operate without interference. Market system ensures efficient distributive system when the forces of demand and supply are allowed to operate unfettered. The CIBN president, who advised companies to redefine their focus in line with current economic realities, noted that forex challenges had led to a hike in production cost. A senior lecturer at the Lagos Business School, Mr. Okechukwu Kelekumi, who is also the Chairman of the forum, gave historical perspective of the economy since 2014. He said the current challenges facing the economy started in the wake of the global fall in oil price in 2014. According to him, series of ad-hoc policies" introduced by the CBN to save the naira from speculative attacks have not been able to resolve the crisis. *(Punch)*

Nigeria's economy is likely to be growing at a rate of about 3.3 to 3.5 percent by the end of this year, the budget minister said on Thursday. Udoma Udo Udoma made the comments at a news conference after a meeting of the National Economic Council, a body that advises the government. Nigeria's economy contracted by 0.36 percent in the first quarter of the year and the central bank governor has said a recession appears to be imminent. *(Reuters)*

Nigeria's naira fell to an all-time low on Thursday, crossing 300 to the dollar for the first time after the central bank last month lifted its peg on the currency to allow it to trade freely on the interbank market. The naira fell 5.4 percent against the greenback to 309 at 1224 GMT on dollar supply shortages. It later recovered to close at 292.40 on thin trades. The interbank market traded a total of $7.27 million. Traders were expecting the central bank to intervene to ease dollar shortages, which did not materialise. The bank has not intervened for most of this week, they said. Instead it was mopping up naira liquidity to support the currency. "Now that the market has adjusted upwards it seems people are comfortable and that's why we are seeing some trades," one trader said. Banks had been quoting the dollar at 281 to 285 naira after the central bank lifted its 16-month old peg of 197 naira to the dollar last month. But the lack of liquidity at those levels has curbed activity, leaving the central bank as the main supplier of dollars, traders say. On the interbank money market, overnight rates has been stuck at a high of 40 percent for much of this week, traders say, as the central bank mops up naira liquidity through treasury bill issues to attract offshore investors into bonds. The naira traded weaker on the black market to 375 against the dollar on Thursday. *(Reuters)*

Nigeria's central bank has provided a short-term loan to Skye Bank to help to stabilise its operations after it replaced top executives for failing to meet minimum capital requirements. The central bank has been seeking to contain growing problems at Nigerian banks where profits have been falling and bad loans rising due to a heavy exposure to the oil industry and a weak economy due to low oil prices. "We provide a short-term facility to help them manage the panic withdrawal that happened," central bank spokesman Isaac Okorafor said. Depositors had rushed to withdraw money after Skye Bank's bosses were replaced. "In order to support the new management we decided to give them some money, just to support them," he said. Okorafor did not disclose how much money was granted to Skye. The central bank had decided to replace Skye's senior executives two weeks ago. It subsequently appointed Tokunbo Abiru from rival First Bank to head Lagos -based Skye Bank, the country's eighth-largest bank. Nigeria's central bank has powers to remove bank executives and used them during the 2008/2009 global financial crisis when it sacked nine CEOs at banks which were undercapitalised. Skye became one of the country's systemically important banks according to the central bank after it bought Mainstreet Bank in 2014 requiring it to hold more capital. The central bank has said Skye is able to meet its obligations and that it will provide support until the new management can bring in fresh funds. *(Reuters)*

The Central Bank of Nigeria (CBN) will today fund the one-month forward contracts of $697 million on the interbank FX market, effectively improving dollar liquidity in the market, as the accounts of customers that hedged against the dollar through their banks last month will get their accounts credited. Sources in the CBN confirmed that there would be improved availability of dollars today, thus easing pressure on the naira which fell to its lowest level yesterday since the guidelines were revised last month for trading on the interbank FX market. The naira closed at N310.43 to a dollar yesterday, compared to N294.24 to a dollar from the day before. Financial market dealers attributed the development to scarcity of FX since the CBN decided to stop its intervention and all the currency to be truly market-determined. But on the parallel market, the naira did not budge, as it remained unchanged at N375 to a dollar yesterday. Bank customers who bought the forward contracts will be expected to make a gain of more than N20 to the dollar, given that at the time the bids for the forwards were made a month ago, the naira exchanged for about 282 to the dollar.

On the first day of trading under the revised rules for the interbank market on June 20, the CBN had intervened in the market through the Special Secondary Market Intervention Sales (SMIS) to clear the backlog of $4.02 billion pent-up demand for FX. According to the CBN, it sold $532 million on the spot market and $3.487 billion in the forwards market. A breakdown of the $3.487 billion forward sales by the central bank showed that $697 million was for one month (1M), $1.22 billion for two months (2M) and $1.57 billion for three months (3M). A forward contract is a customised contract between two parties to buy or sell an asset at a specified price on a future date. A forward contract can be used for hedging or speculation, although its non-standardised nature makes it particularly apt for hedging against price movements. *(This Day)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Tanzania

Corporate News

NATIONAL Microfinance Bank (NMB) shares rallied by 5.2 per cent after listing its three-year 41.4bn/- bond on the Dar es Salaam Stock Exchange (DSE) yesterday. The listing automatically pushed up NMB share price by 5.2 per cent yesterday after opening the week trading at 1,710/- a piece to close the market at 1,800/-. The listing termed 'Bell Ringing Ceremony' was graced by the Permanent Secretary for Ministry of Industry, Trade and Investment, Dr Adelhelm Meru. The PS hailed the move and urged other investors in the private sector to join the bandwagon of raising capital through markets. "This retail bond is expected to facilitate development of a vibrant retail bond market and open doors for other companies, and municipal bodies to explore new methods to meet financing needs," he said. NMB Managing Director Ms Ineke Bussemaker, said the issuance of the bond was part of the bank strategy to diversify its funding sources. "The three-year bond was not only a major development in the sector but also in the retail market, as NMB became the first bank to be oversubscribed by over double at the initial target," she said. Ms Bussemaker further added that the overwhelming response to the NMB bond reinforces the need for banks to play a bigger role in developing the local capital markets as well as promoting financial inclusion.

The listed bond carries an interest rate of 13 per cent per annum and is set to mature in three years. It was oversubscribed by 107 per cent. The proceeds of the bond issue will be used for on-lending to the bank's customers who include individuals, micro, small and medium sized enterprises as well as large corporate and Government institutions. DSE Chief Executive Officer, Mr Moremi Marwa said the success of the bond demonstrates that investors are aware of the opportunities in the capital markets. "This demonstrates that the public have the capability and the appetite to support those who need to raise capital," Mr Marwa said. NMB has 176 branches and more than 600 ATMs across the nation and its operation covers 98 per cent of districts in the country. NMB has over 2 million customers and employs over 3,000 staff. *(Daily News)*

TCCIA Investment Company is expecting to list its share on Dar es Salaam Stock Exchange (DSE) in the next three months after shareholders endorsed the move. TCCIA Investment Chairman Eng Aloyce Mwamanga told the 'Daily News' that the entire process was going on well and the listing is expected to be done in September or October, this year. "We now wait to meet with relative key persons who deal with listing procedures, such as brokers and bankers, to complete the process," he said. Eleven years ago, the company had capital base of almost 2bn/- which increased to reach 33bn/- at the end of 2014/15 financial year. TCCIA, operates a collective investment scheme, so far has over 2,500 shareholders. Its investment portfolio is largely consisting of shares issued by listed firms on DSE. Mr. Mwamanga said "we hope the listing would be conducted in September and if there are some delays then October (this year). " The Capital Markets and Securities Authority (CMSA), Public Relations Manager, Mr. Charles Shirima, said TCCIA are yet to log formal application but had made some enquiries. "They are welcome to either list the same or additional shares depending on their strategies," Mr. Shirima said.

In March 2005, TCCIA reissued 14,000,000 shares representing 35 per cent of its authorised share capital at a price of 250/- per share. Prior to this re-issue, the firm, made a split of its par value from 1,000/- to 250/- per share. Meanwhile, TCCIA Investment has recorded a slightly net profit slowdown by 28 per cent to 394.92m/- at the end of last year. The Chairman attributed the profit slowdown to plummeting of share prices at the bourse which affected earnings. "We have mostly invested into listed companies and share prices are sliding to affect our earnings," Eng Mwamanga said. Most mutual funds are regarding share price gain or loss as an income or loss which is reflected in their financial reports. The profit slumping has affected the earnings per share that went down to 69/44 at the end of last year from 96/52 of 2014, dividends also declined to 34/72 from 48/26 while dividend yield dropped to 13.89 per cent from 19.3 per cent. TCCIA is a private sector association established in 1988. The establishment geared to move from a centralised, planned economy towards a more open, mixed economy giving full scope to privately owned enterprises and farms. *(Daily News)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Economic News

THE desire to raise 139bn/- through Treasury Bills auction was not met with the trading session closing up undersubscribed after attracting bids worth 120.07bn/- largely due to tight liquidity in the market. The treasury bills auctioned last week is the second consecutive session of the short-term government borrowing instrument to under perform due to liquidity squeeze in the circulation that affected investors' participation in the business. "Dry money markets still continue with fairly few players on the lending side as overnight rate still at 13.5 per cent highs," stated NMB e- market report published last week. With the exception of the 364 days tenure, the remaining including 182, 91 and 35 days offer were undersubscribed. Yield rates posted across all tenures registered increase compared to the previous treasury bills auction held two weeks ago. For the 364 days offer, the interest rates rose to 15.88 per cent compared to 15.58 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. A total of 75bn/- was offered to the market for bidding in 364 tenure and fetched 77.03bn/- and at the end 25.71bn/- qualified as successful amount. In the 182 days, 59bn/- was offered and managed to attract bids worth 42.54bn/ and at the end a total of 40.03bn/- retained as successful amount. For the 91 days a total of 4bn/- was offered and it fetched 500m/- but all the bids became unsuccessful. A total of 1bn/- was offered but failed to attract any bids. *(Daily News)*

DAR ES SALAAM Stock Exchange (DSE) has shown signs of recovery from bearish trend gripped the market since the beginning of this year. Stockbrokers are predicting the bourse turnaround after high demand noticed on industry and allied sectors fuelled by foreign investors. The brokers' sentiment are based on the last Friday share prices appreciation between 10/- and 100/-. Some of companies that share rally are TBL from 13,810/- to 13,850/-, DCB Commercial Bank from 490/- to 500/-, DSE 1,020/- to 1,050/-, and Swissport 6,350/- to 6,390/-. Zan Securities Chief Executive Officer Mr. Raphael Masumbuko said they are looking forward for market turnaround pushed by foreign investors demand. "We look forward for the market to recover," Mr. Masumbuko said on weekly report—the Wrap-Up. He added: "high demand on Industrial and Allied sector attributed by foreign investors may give the market prices and volume a lift". The report showed that key benchmark indices closed the week in the green territory. The Tanzania Share Index (TSI), measures domestic listed firms, went up by 0.26 per cent to close the last week at 3,722.72points. Similarly, the three sector indices also ended last week in the green territory.

The indices were Industrial & Allied close at 5,186.35 points up by 0.22per cent, Banks, Finance and Investment Index experienced an increase, closing at 2,147.73 points up by 0.27 per cent and Commercial Services Sector at 3,551.41 point, up by 0.83 per cent. Top trading equities that dominated the market share this week were DSE at 55.80 per cent, followed by TBL and CRDB Bank at 32.55 percent and 9.45 percent, respectively. The All Share Index (DSEI) also closed at 2,619.66points, down by 2.00 percent compared with last week. However, the TSI rise was still low compared to the level it attained last July. The index recorded 4,589.28 points in July 2015 compared to 3,722.72 points of yesterday. On other hand domestic market capitalisation jumped 0.13 per cent from 7.91tri/- at the end of last month to 7.94tri/- of yesterday. However in year-to-year basis the domestic market caps was well below last July level of 9.73tri/-. *(Daily News)*

Tanzania has secured a $7.6 billion loan from China's Export-Import Bank (Exim) to build a railway line that will link it to its neighbours, President John Magufuli's office said on Wednesday. Tanzania wants to profit from its long coastline and upgrade its rickety railways and roads to serve growing economies in the landlocked heart of Africa. Magufuli's office said in a statement Exim had agreed to provide the concessional loan to finance construction of a major standard gauge railway line, which will start in this financial year. The announcement follows talks between Magufuli and Exim Bank President Liu Liange in Tanzania's administrative capital Dodoma on Wednesday. "The planned standard gauge railway line will improve regional trade links and help to boost the economies of Tanzania and its landlocked neighbours including Uganda, Rwanda, Burundi and the Democratic Republic of the Congo (DRC)," the statement said. Natural gas discoveries in Tanzania and oil finds in Kenya and Uganda have turned East Africa into an exploration hotspot for oil firms but transport infrastructure in those countries has suffered from decades of neglect and under-investment. Tanzania said last year it had awarded contracts to Chinese firms to build new railway lines, expanding Beijing's presence in East Africa's second-biggest economy.

In 2014 it signed an agreement with China Merchant Holding International to build a mega port and economic zone at Bagamoyo that is expected to cost at least $10 billion. Exim Bank is also financing a $1.2 billion, 532 km (330 mile) natural gas pipeline in Tanzania. Tanzania's finance and planning ministry said in a separate statement on Wednesday the country had secured a $200 million loan from the African Development Bank (AfDB) to finance transport infrastructure projects. *(Reuters)*

The International Monetary Fund told Tanzania on Wednesday to curtail public spending as it seeks to invest in several major infrastructure projects and urged it to implement structural reforms. Tanzania's new president, John Magufuli, wants to invest in a number of projects, including construction of a new standard gauge railway, ports, airport, roads and the revival of the cash-strapped national airline. But the IMF warned that Tanzania needs to prioritise its development plans and avoid spending beyond its means. "Careful prioritisation and implementation of expenditures will be required to ensure that spending does not exceed available resources and to avoid domestic arrears accumulation," IMF deputy managing director Min Zhu said in a statement after the conclusion of a country review for Tanzania. "Creating fiscal space for higher infrastructure investment through sustained efforts to raise domestic revenue and increasing spending efficiency, particularly in public investment, is imperative." Tanzania plans to raise spending by 31 percent to 29.53 trillion Tanzanian shillings for its 2016/17 fiscal year budget, focusing on infrastructure and industrial projects. Zhu said despite significant progress in recent years, financial development remains low in Tanzania. Financial development will require further improving the access of businesses to loans and reducing high borrowing costs, he said. "Vigorous reforms will be required to foster further structural transformation of the economy," he said. The IMF welcomed Tanzania's "intention to postpone the launch of two large public investment projects until the next midyear budget review confirms the availability of revenue." Zhu praised Magufuli's government for its anti-corruption campaign and efforts to improve the business environment and create jobs, but said more needs to be done to tackle poverty. The IMF said Tanzania's economic growth outlook remained positive, driven by the improved performance of construction, services and manufacturing sectors, but poverty levels remain stubbornly high. "Tanzania's macroeconomic performance has been strong ... Growth has remained close to 7 percent and inflation is moderate," he said.*(Reuters)*

DRY money in the circulation has continued to haunt the trading of the debt instrument making the 15 years treasury bonds to end up under subscribed. Despite the tight monetary squeeze, the Bank of Tanzania (BoT) said the money currently in circulation is enough to make the economy lubricant. At the trading session, a total of 48.51bn/- was raised against 70bn/- offered to the market for bidding, although at the end the government retained only 8bn/- as successful amount. The weighted average yield to maturity declined to 18.94 per cent compared to 18.74 per cent of the trading session held in May this year, whereby, weighted average coupon yield made slight increase to 18.44 per cent compared to 18.26 per cent. The 15-year debt instrument that was introduced to the market two years ago is one of the mechanisms used by the government to raise money for implementing longterm projects particularly on infrastructure. The minimum successful price/100 was 72.00 while the weighted average price for successful bids was 73.17. The highest bid /100 was 76.88 while the lowest bid/100 was 59.50. The number of bids received was 88 and a successful bid was 13. Pension funds, commercial banks, insurance companies and a few micro- finance institutions are some of the key investors in the long-term government papers. *(Daily News)*

DECLINING foreign exchange reserves should not be a cause for alarm as it is still within the appropriate levels which will be boosted further by rising exports from the manufacturing sector, the Central Bank Governor has said. Prof. Ndulu told the 'Daily News' in Dar es Salaam yesterday that the Central Bank had net foreign exchange reserve enough to cover 3.6 months of imports and gross foreign reserves which comprise of projects and commercial banks holdings as at the end of June this year, were sufficient to cover 3.94 months of imports at the end of last month. The target, as per 2016/17 budget was to maintain gross official reserves sufficient to cover at least 4.0 months of projected imports of goods and services by June 2017, he said. Prof. Ndulu said also there were prospects of increased foreign exchange reserves with the surging of the manufacturing sector that has helped in diversifying the export portfolio. BoT Governor Prof Benno Ndulu said the level was not a concern for the economy given that foreign earnings are surging after manufacturer sector climbed to second position in foreign exchange earnings after tourism. "What we now see is structural substitution. The energy generation has mainly turned to natural gas thus lowering physical imports," he said. The governor said even before global oil price fall was factored in, the import bill was bound to fall. On other hand the manufacture sector dominates the second slot for some three months in a raw.

The sector exports increased from 1.34 billion US dollars at the end of April 2015 to 1.49 billion US dollars at end of April 2016. BoT fresh data showed that the current account has narrowed by nearly a half to a deficit of 2.43 billion US dollars by the end of April as a result of an increase in exports and a decline in imports. The reserves are enough to cover 3.94 months of imports as at the end of last month they have in recent months drastically gone down as power generations turned to local natural gas. International Monetary Fund (IMF) has encouraged the government to rebuild international reserves gradually to counter the risks from rising recourse to international capital markets. Other risks are ongoing liberalization of the financial account, and volatility in global commodity prices and financial conditions. "Strengthening buffers would also bring Tanzania closer to its commitments under the prospective East African Monetary Union," IMF said in Fourth PSI Review for Tanzania and Concludes 2016 Article IV Consultation report released on Wednesday. Prof Ndulu said the EAC bloc benchmark is six months of international reserve and the country would attain the level gradually in the coming days. *(Daily News)*

Zambia

Corporate News

INDO Zambia has injected over K1 billion into various sectors of the economy as the bank aspires to be a key player in the provision of finance to key sectors. Indo Zambia bank chairperson Orlean Moyo said the bank's aggregate gross credit portfolio increased to K1.013 billion as at December 31, 2015, an increase from K798 million recorded the previous year. According to the bank's 2015 annual financial report issued last Thursday, Orlean Moyo said the continued investment into growth sectors underpins the bank's commitment of contributing to Zambia's development. Mrs Moyo said the bank has kept up the thrust of supporting the Government's employment creation efforts by contributing to the growth sectors and development of the small-and medium-scale enterprises. The bank also recorded an increase in revenue in the period under review representing a 29.63 percent increase despite volatile economic conditions. "The total income of the bank has increased to K393.02 million as at December 21, 2015 from K303.19 million for the same period the previous year, recording a growth rate of 29.63 percent. Operating profit of the bank has also grown by 85 percent from K73.98 million in 2014 to K136.89 as at December 31, 2015," she said. Mrs Moyo said the financial institution remains solid owing to its continued investment in the improvement of the business process. "The bank has continued to attain significant milestones because its work has remained firmly grounded in our culture which has been the major contributor to our long-term performance and stability," she said. On branch expansion, she said the bank is this year expected to increase its footprint to 35, citing Kaoma, Chililabombwe and Kapiri as the areas earmarked. The bank, which has been in existence for 32 years and has 32 branches across the country, has this year alone commissioned Serenje, Lundazi and Mungwi as part of its commitment to bridge the financial inclusion gap. *(Daily Mail)*

STANDARD Chartered Bank (Stanchart) Group has set aside US$1.5 billion for investment in digital banking globally, with Zambia already benefitting through the online banking platform. Stanchart Zambia chief executive officer Andrew Okai said the Standard Chartered Group would invest $1.5 billion in digital banking over the next three years. He said as a key African market, Zambia was already benefitting from the investment. Mr Okai was speaking during the launch of the bank's mobile application in Lusaka on Wednesday evening. "SC Mobile application and indeed our refreshed online banking platform and new Automated Teller Machines are all part of our global digital strategy. "The Standard Chartered Group is investing US$1.5 billion into digital banking globally over the next three years," Mr Okai said. He said the mobile application would enhance e-commerce and the ease of doing business as it was designed to bring banking directly to clients to meet their individual lifestyle needs, conveniently and securely. Mr Okai noted that small business owners were increasingly using smartphones to get market data and reach their client base. He noted that removing the need to physically visit a branch gave clients more time to focus on growing their businesses. Mr Okai said since the application was rolled out a month ago, more than 4,000 clients had downloaded it, adding that the number was expected to grow as more features were added such as digital television (TV) payments. Commerce, Trade and Industry Minister Margaret Mwanakatwe said the Government was determined to ease doing business in the country. Ms Mwanakatwe said it was in this regard that the Government was committed to providing a conducive environment for businesses to grow and prosper. She said the Government's principle was to create pro-poor inclusive growth aimed at creating real wealth and jobs for the people by rehabilitating and upgrading the country's infrastructure, and diversifying the economy into a more manufacturing-oriented base. The minister said the application would enhance financial inclusion for the unbanked and entrepreneurs living in rural areas as this was in line with Government's principles. *(Times)*

Economic News

No Economic News This Week

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zimbabwe

Corporate News

CFI Holdings has seen revenue for the 8 months to May 31 falling by 45 percent to $23,1 million but expects to reduce the loss amount by year end. CFI is the holding company of agro-industrial entities Agrifoods, Crest Breeders, Victoria Foods as well as retail chain Farm and City Centre. Early this year, it instituted a management shake-up in a bid to revive its fortunes, retiring its long standing chief executive Stephen Kuipa. Chairman Simplicius Chihambakwe and another board member, P Bwerinofa also left the company in April, while former finance director Acquiline Chinamo quit at the end of last year. The company's acting chief executive Timothy Nyika told shareholders at the group's annual general meeting that the restructuring and recapitalization efforts carried over from prior year will continue to drive the group's turnaround. During the period, margins were marginally below last year's achievements due to the impact of reduced capacity utilisation in the poultry and milling divisions. Nyika said year to date turnover for the poultry division declined 62 percent year on year due to the impact of discontinued loss making entities. Milling volumes at Victoria Foods declined 57 percent on the back of limited funding. During the period, the group's bank borrowings declined to $5,8 million compared to $19,1 million previously as a result of the $16 million debt assumed by Fidelity Life Assurance effective October 17, 2015 in exchange for 81 percent of CFI's Langford Estate. The group is working with reputable developers to further unlock value on its remaining land, Nyika added. Financing costs were down at $1,1 million compared to $2,7 million same period last year. Nyika said the in the 8 months, the group embarked on horticultural activities, mainly table and seed potato production on its Glenara farm and these have yielded exciting results that will enhance it's fortunes going forward. Turnover for Agrifoods was down 66 percent due to limited funding despite demand for stock-feed remaining high. The company is finalising plans that will see Farm and City increasing its activities. *(Source)*

Ariston Holdings major shareholder Origin Global Holdings Limited is seeking to shore up its stake in the agriculture concern through a debt to equity transaction. As at 30 September 2015, Ariston Holdings debt to Origin Global Holdings, inclusive of shareholder loans, stood at $5,5 million. In a circular to shareholders, the agricultural concern will seek approval of the transaction at an extra ordinary general meeting to be on August 10, 2016. "This will free the Company's cash flow and reduce the interest burden for Ariston and in turn enhance the profitability of the company," it said. The transaction also includes a waiver by the majority shareholder of an interest amounting to $1,5 million by Origin and Afrifresh. The rational of the transaction implies that remainder of the shareholder debt, $4 million, be converted at a conversion price of $0.018 into 222,200,000 ordinary shares of a nominal value of $0,001 each, all of which are issued to Origin. The group says approval of the transaction will result in meaningful savings to the company through reducing interest bill and will also free up the balance sheet to enable the company to raise cheaper, long term financing. Origin owns about 68 percent the Zimbabwe Stock Exchange listed horticultural firm and the equity-debt swap deal is part of balance sheet restructuring. *(Source)*

PLATINUM production at Unki Mine for the second quarter ended 30 June 2016 increased 12 percent to 17 800 ounces from 15 000 ounces the same period comparable, parent company Anglo American Platinum (Angloplat) has said. The group said Unki's improved underground mining efficiencies which resulted in increased milled volume were complemented by a nine percent increase in grade. Angloplat said the company is building upon the improved operational trend from the first quarter as it seeks to recover refined platinum production and continue to ramp up mines –Rio Grosvenor and Barro Alto. "We also continue to demonstrate discipline in our key markets, particularly diamonds and platinum, in line with our focus on higher margin and lower cost assets," said Angloplat. The group has so far invested over US$350 million in Unki since it started operations, producing 67 000 refined platinum ounces in 2013 and production has been on a steady rise since 2011. Independently managed production (mined and purchased, but excluding third party purchase of concentrate) increased by nine percent to 203 200 ounces, driven by strong production performances from Mototolo, Modikwa, BRPM and Kroondal, partly offset by Bokoni. At group level Platinum production increased a marginal percent to 585 700 ounces, whilst refined platinum production increased by 33 percent to 747 600 ounces, reflecting the recovery at the Precious Metals Refinery after a planned stock take and safety stoppage in Q1 2016, together with a Section 54 Stoppage which closed the PMR for 12 days and materially impacted production for a further 37 days.

"Strong mining performance was mostly offset by a fatal incident on 26 April 2016 which resulted in mine stoppage and a loss of 18 000 ounces of production," said the group. The remainder of the shortfall in refined production is expected to be caught up in Q3 2016," said Angloplat. Mogalakwena production decreased by three percent to 98 800 ounces whilst milled volumes increased by six percent. A return to normalized lower grades in Q2 resulted in the three percent decrease. Amandelbult production increased by one percent to 106 200 ounces. Unki Platinum Mine is a 120 000 tonne-per-month operation and has a Mineral Resource of 10.5 4E million ounces and an Ore Reserve of 4,7 4E million ounces. *(Financial Gazette)*

AT least five regional and global firms have mounted fresh bids to take over the Zimbabwe Iron and Steel Company (Zisco), as government tries to court new investors to revive what was once one of Africa's largest integrated steelworks, the Financial Gazette's Companies & Markets (C&M) can report. This follows the unceremonious exit of Indian conglomerate, Essar Africa Holdings, which had taken over the steelmaker after a transaction government said "had been sealed on August 3, 2011". A joint government and Essar statement had announced the launch of NewZim Steel (Private) Limited and NewZim Minerals (Private) Limited, which had reportedly resulted in the demise of the Zisco brand, whose troubles had been caused by huge debts, corruption and mismanagement for over a decade. Essar had undertaken to take over Zisco's debts, invest in new iron ore fields in Chivhu and pay its 3 000 workers' salaries. But conflict in the then inclusive government led by President Robert Mugabe's ZANU-PF and former Prime Minister Morgan Tsvangirai's Movement for Democratic Change between 2009 and 2013 reportedly precipitated collapse of the Essar deal, whose departure even surprised government as it appears to have been abrupt. This week, Industry and Commerce Minister, Mike Bimha, who has been spearheading efforts to rebuild Zisco, told C&M that they had received a significant number of enquiries from potential suitors, with at least five firms making serious intentions to buy Zisco. "Even before we started asking for bids, we have had so many people enquiring," said Bimha.

He said while Essar had indicated that they could still return after the turmoil rattling global commodity prices, Zimbabwe, desperate for fresh injections to repair its failing economy, was now open to other bids. "Unfortunately, we cannot wait forever. We need to move on," said Bimha, who spoke exclusively to C&M last week. Asked to disclose the identity of the potential investors, Bimha said: "I would not mention them but we have had so many inquiries. At the moment, I think we have about five who have expressed interest, some of them are quite big but our doors are open as we are now not looking at Zisco alone. Even Essar demonstrated to us that it was cheaper for them to start a new plant," the Minister said. Many blame government for failing to handle the Essar transaction that held the hopes of an entire country and the region. But Bimha said he made great effort to clear the hurdles that had affected progress for two years when he was appointed to the industry portfolio in 2013 following the ruling ZANU-PF party's landslide victory and the consequent dissolution of the inclusive government. He said the problem had largely been that global commodity prices tumbled and Essar became hesitant to proceed with the project. The Indian firm had invested heavily in other markets during the time when Zimbabwe was procrastinating, he said. "One of the lessons that we learnt is that we should never have an inclusive government," said Bimha,

Asked why other projects had been successful in other coalitions, Bimha said those countries had been ready for shared power, and they had little differences. "It (sharing power) is a culture that you develop with time. It is very difficult to compare countries because the political culture is different. That is why at the moment you don't hear much of coups in Africa. But at one time it was the in thing. You now find those countries that used (to have coups) are talking of elections. "Because we had two parties in government, there was this bickering, continuous bickering. But I salute Essar; they waited because they were looking at the long term. They could have said look, we are sorry, we are going. Essar's coming here was not because of Zisco alone. They were looking at Zimbabwe as the springboard into the region. They were prepared to take over the debt because they were looking at the long term. But because of that bickering, nothing could happen," he said. Bimha said after the new administration in 2013, it took less than one month to clear the hurdles, yet it was too late. "Within a month, we had completed what we had to do and we delivered. But because they (Essar) had stopped (in Zimbabwe), they had concentrated efforts elsewhere. When we then said we have solved the problems, they said they needed time to sort them out and they even came to redo the plan. "By the time that they expressed that they wanted to come back, and we had meetings, all of a sudden commodity prices went down, a number of steel making plants closed. Some of them are still closed.

"They said at the moment we cannot go and arrange funding. But if anything changes we will come back," he said. Bimha said Zimbabwe was desperate to get its steel industry working again. "We are looking at resuscitating our steel industry. Whoever wants is welcome. We want to initiate a process of assuming the Zisco debt. In the past we used to look at Zisco revival as Alpha and Omega. We must make Zimbabwe a giant in steel-making," he said. *(Financial Gazette)*

Innscor Africa's chief executive, Toni Fourie has resigned from the group, less than two years after taking over at the Zimbabwe's largest FMCG group and leading a restructuring process marked by an aggressive refocusing of strategy. Fourie was appointed in October 2014 and restructured the group's operations. He oversaw the unbundling of the quick service restaurants unit, which listed on the Zimbabwe Stock Exchange last November as Simbisa Brands. This was followed by the unbundling of the retail and distribution business which listed separately on ZSE as Axia Corporation on May 17 this year. Innscor divested from the SPAR Corporate Stores from the start of the year. Chairman Addington Chinake said in a statement that Fourie will leave his post on August 21 and will be replaced by by Julian Schonken who was the director for the light manufacturing business segment. Chinake said Fourie's strategic change agenda had left the group as a dominant, focused but less complex light manufacturer of food and other FMCG products with a clear light manufacturing strategy that it will pursue. "As a result of the above changes, Toni felt it appropriate that the management structures also be changed in order to better align with the Group's new portfolio and strategy and to enhance management efficiencies.

The timing coincides with Innscor's new financial year," he said. Julian who will assume the top office from September 1, is a long standing employee of the group having held several financial and managerial roles within the business. For the past seven years he was the group's chief financial officer. He was transferred to lead the light manufacturing business segment 18 months ago. Other changes within the group saw director, corporate finance John Koumides also stepping down following his appointment as CEO of the newly listed Axia Corporation Limited. John previously held the Group's CEO position and has served the company for over 10 years. He will also step down from all Innscor's and subsidiary boards. Going forward, Chinake said the group will continue with its strategy that commenced in 2014 that focuses on building a dominant light manufacturing of FMCG and related products. "The two key thrusts being growth, both organic and acquisitive and business optimisation will continue," he said. *(Source)*

Economic News

Zimbabwe's annual inflation for the month of June gained 0.33 percentage points to – 1,37 percent, the statistics agency reported on Friday. Month on month the inflation rate increased 0.43 percentage points to 0.19 percent, the Zimbabwe National Statistics Agency said. *(Source)*

Zimbabwe's capital markets regulator is pushing to have all miners operating in the country list on the local bourse to improve transparency and accountability in the extractive sector. Mining generates half of Zimbabwe's export earnings and contributes about 17 percent of GDP but the sector largely remains shrouded in secrecy, with little or no disclosures being made on revenue and production. Zimbabwe hosts operations of some of the world's biggest mining corporations such as Implats, Aquarius, Metallon but none of them are listed locally. The Zimbabwe Stock Exchange's mining index only has four counters – RioZim, Hwange Colliery, Falgold and Bindura Nickel Corporation – compared to 57 on the Industrial index. Securities and Exchange Commission of Zimbabwe (SECZ) head of corporate finance, Kundai Msemburi told The Source that they had made proposals to the finance ministry to compel mining houses to list locally. "In our submissions to government we are saying let's shed light on these mining companies and one way of doing that is listing locally because it compels enhanced disclosure as these companies will comply in terms of corporate governance, community development and all other social responsibilities," he said. "Allow the stock exchange to be the conduit through which you indigenize all these companies in a transparent manner."

In February this year government shut down miners operating in the country's Chiadzwa diamond fields after they had resisted proposals to consolidate all the companies into one entity in which the government would have 50 percent shareholding. Government has strongly argued that consolidation of the diamond mines would improve transparency in the sector after accusing the mines of failing to account for revenue and contribute meaningfully to the fiscus. In the five years of mining since 2010 Mines Minister Walter Chidhakwa earlier this year said government had only received $637, 3 million in revenue from the miners. *(Source)*

Zimbabwe will clear the $1.8 billion of arrears it owes the World Bank, International Monetary Fund and African Development Bank once it has a new financing plan with the three multilateral lenders, Finance Minister Patrick Chinamasa said. The southern African nation is continuing negotiations with the three on financing industries such as agriculture, Chinamasa said in an interview in Rwanda's capital, Kigali. A survey of how much money is required is being undertaken and once agreed, it will enable the economy to access fresh funding from the three lenders. "A strategy for clearing of arrears is running parallel with negotiations for a country finance program," Chinamasa said. "Neither of them is complete. A country finance program should be in place before and we should be clear how much money we need. Only then can we clear the arrears." Chinamasa said earlier this year the country would repay at least $1.8 billion by the end of June to be able it to resume borrowing. Last week, central bank Governor John Mangudya said Zimbabwe has not paid anything. The nation owes $110 million to the IMF, $1.1 billion to the World Bank and $601 million to the AfDB, Mangudya said. Chinamasa has been leading efforts to revive the southern African nation's struggling economy and tap fresh financing from the IMF. The economy has halved in size over the past 16 years and about 90 percent of the population is out of formal employment. "What Zimbabwe needs right now is new money into the productive sectors of the economy," he said. "Just clearing arrears alone is not enough, it will mean our risk profile improves, but that alone is not enough." The government has banned some South African imports ranging from baked beans to wheelbarrows and wants to renegotiate trade deals with the nation that is also its largest trading partner, Chinamasa said.

There is "inequity in our trading relations" and discussions on restructuring trade relations would be undertaken by the respective trade ministers. "We should not allow a situation where we are being used as dumping ground for cheap South African goods," he said. The government may have to revise its 2016 growth forecast downwards as productivity declines, he said. Industrial production was very low and the shift toward the informal sector affects revenue collection and the state's ability to pay workers. Zimbabwe has already cut its forecast to between 1.1 percent and 1.5 percent this year, from 2.7 percent earlier, on account of a drought in the region. Chinamasa couldn't say whether the government has money to pay salaries due at the end of July. "We have to work frantically to raise the money for salaries for July and for subsequent months," he said. *(Bloomberg)*

THE Reserve Bank of Zimbabwe (RBZ) in is talks with the African Export-Import Bank (Afreximbank) and German printers, Giesecke & Devrient, to finalise an agreement on the printing of bond notes, a central bank governor has revealed. RBZ deputy governor, Kupikile Mlambo, told the Institute of Chartered Accountants of Zimbabwe's Winter School in the resort town of Victoria Falls that they were working hard to ensure the planned introduction of bond notes was expedited. Zimbabwe is planning to introduce bond notes to ameliorate a cash shortage that has resulted in depositors failing to withdraw their money from banks, which have put in place withdrawal limits to manage the situation. The RBZ plans to introduce bond notes equivalent to US$200 million under a facility it said would be supported by Afreximbank. Critics believe that bond notes, described by President Robert Mugabe as surrogate currency, were an attempt by government to bring back the Zimbabwe dollar through the back door. Mlambo said the central bank would not print bond notes beyond the agreed threshold of US$200 million. He said: "We are finalising a tripartite agreement right now that we don't print beyond the agreed US$200 million. The International Monetary Fund (IMF) has an eye on this. On economic grounds, it will not be prudent to go beyond that amount." The tripartite agreement will involve Afreximbank and the German printers, he said. Mlambo said the central bank would not force individuals to accept bond notes if they did not like them. The bond notes would be in denominations equivalent to US$1, US$2, US$5, US$10 and US$20. He disclosed that government would establish a bureau de-change specifically to change bond notes. "We cannot force you to use bond notes if you don't want," said Mlambo, who indicated that the bond notes would be "an alternative facility for people to use. But if you don't want them, although it's not yet policy, we are planning to set up a bureau de-change where those not willing to use bond notes can go and change."

Afreximbank will reportedly support the printing of the bond notes under an incentives facility for exporters, who will get an additional five percent for ever export earnings as a bonus. Zimbabwe is currently grappling with a liquidity crisis caused by inadequate supply of foreign currency in the economy. The country ditched its currency in 2009 and adopted a hard currency regime under which the US dollar, Euro, Botswana pula, South African rand, Chinese yuan and the Australian dollar are all legal tender. But the greenback has dominated the currency market, upsetting government which wants public use of all currencies that are legal tender. Mlambo highlighted that the central bank could not directly inject the US$200 million into the economy due to the problem of externalisation, which "is now a cause for concern to the RBZ". *(Financial Gazette)*

THE Reserve Bank of Zimbabwe (RBZ) projects the country's gross domestic product (GDP) growth for 2016 at 1,4 percent, slightly lower than projections of a 1,5 percent growth by the Ministry of Finance. The Ministry of Finance had earlier projected growth at 2,7 percent for 2016, but reviewed its projections after the economy was battered by an El Niño-induced drought, which has resulted in commodity imports to supplement a huge cereal shortfall and undermined an already precarious budget. "The country is projected to achieve an economic growth rate of 1,4 percent in 2016, from the 1,1 percent recorded in 2015," the RBZ said in its report for the quarter ended March 31, 2016 released this month. "The envisaged economic recovery path continues to be largely constrained by a myriad of challenges, chief among them, weak local aggregate demand; low international commodity prices; lack of fiscal space; and infrastructural bottlenecks," the report added. "The projected positive growth in 2016 will largely be driven by mining, finance and insurance, and construction, among other service sectors. The poor performance in the agriculture sector, coupled with power generation bottlenecks are, however, expected to weigh down economic growth in 2016," the RBZ added.

A recent report by an advisory firm said the country's GDP will grow at a slower pace at 0,8 percent this year due to a poor agricultural season, declining exports and lack of clear policies. Invictus Securities said its projected 0,8 percent growth rate was "on the back of drought -driven steep decline in agricultural production across all food crops, decline in fiscal revenue, inconsistency in economic policies, low commodity prices, liquidity and cash constraints, and low productivity". "We forecast that the economy will register higher imports-especially of food and a further decline in exports due to the strong dollar to drag down GDP." Zimbabwe's economy is currently in crisis, with widespread cash shortages triggered by a liquidity crunch blamed largely on an increasing trade deficit that forced government to ban the import of several commodities to contain the export of cash. Zimbabwe has been dependent mainly on exports to increase the stock of money in the economy since 2009 when it ditched its currency in favour of a hard currency regime meant to contain a hyperinflationary crisis. But imports have grown faster than exports, resulting in huge trade deficits that have drained cash from the economy. *(Financial Gazette)*

Zimbabwe's energy regulator has turned down an application by the state-run power distributor to raise electricity tariffs by nearly 50 percent because it would hurt a struggling economy, it said on Thursday. The southern African nation has experienced a devastating drought that has left millions facing hunger while a slump in commodity prices has left government struggling to pay salaries or fund basic services. The Zimbabwe Energy Regulatory Authority (ZERA) consulted farmers, mines and industry on the proposed tariff rise and concluded that it would hurt the economy and raise the cost of doing business, it said in a statement. Zimbabwe Electricity Transmission and Distribution Company in December applied to raise tariffs from 9.86 cents per kilowatt-hour to 14.69 cents, saying it needed the money to import power and improve supply. "After duly considering the tariff application ... the ZERA board made a determination that the current tariff be retained for the year 2016," ZERA said. Peak power demand in Zimbabwe has fallen over the last decade to 1,600 MW from 2,200 MW due to a prolonged recession that saw the economy contract by nearly half. Zimbabwe has since experienced chronic power shortages which have deterred investment and hobbled its economy. *(Reuters)*

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