SECURITIES AFRICA
RESEARCH & CAPITAL MARKETS

PAN-AFRICA

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

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

AFRICA STOCK EXCHANGE PERFORMANCE

Country	Index	17-Mar-17	24-Mar-17	WTD % Change Local	WTD % Change USD	31-Dec-16	YTD % Change Local	YTD % Change USD
Botswana	DCI	9138,12	9179,10	0,45%	1,65%	9700,71	-5,38%	-1,15%
Egypt	CASE 30	12983,99	13032,06	0,37%	0,61%	12344,00	5,57%	6,07%
Ghana	GSE Comp Index	1879,60	1890,51	0,58%	3,01%	1689,09	11,92%	7,32%
Ivory Coast	BRVM Composite	285,18	283,58	-0,56%	0,00%	292,17	-2,94%	-0,56%
Kenya	NSE 20	2983,68	3077,81	3,15%	3,18%	3186,21	-3,40%	-2,87%
Malawi	Malawi All Share	14105,90	14602,22	3,52%	2,95%	13320,51	9,62%	8,72%
Mauritius	SEMDEX	1920,26	1923,47	0,17%	0,61%	1808,37	6,36%	8,26%
	SEM 10	368,64	369,63	0,27%	0,71%	345,04	7,13%	9,03%
Namibia	Overall Index	1129,68	1119,10	-0,94%	1,04%	1068,59	4,73%	14,14%
Nigeria	Nigeria All Share	25653,16	25454,93	-0,77%	0,51%	26 874,62	-5,28%	-6,97%
Swaziland	All Share	383,38	385,83	0,64%	2,64%	380,34	1,44%	10,56%
Tanzania	TSI	3568,85	3571,14	0,06%	-0,69%	3677,82	-2,90%	-5,89%
Zambia	LUSE All Share	4305,75	4406,47	2,34%	1,89%	4158,51	5,96%	9,24%
Zimbabwe	Industrial Index	137,47	137,08	-0,28%	-0,28%	145,60	-5,85%	-5,85%
	Mining Index	53,59	53,66	0,13%	0,13%	58,51	-8,29%	-8,29%

CURRENCIES

Currency	17-Mar-17 Close	24-Mar-17 Close	WTD % Change	YTD % Change
BWP	10,20	10,08	-1,18	4,46
EGP	18,12	18,07	-0,24	0,47
GHS	4,52	4,42	-2,36	-4,12
CFA	610,29	606,86	-0,56	2,45
KES	101,05	101,03	-0,02	0,55
MWK	713,01	716,92	0,55	-0,82
MUR	34,14	33,99	-0,44	1,78
NAD	12,77	12,52	-1,95	8,99
NGN	312,50	308,52	-1,27	-1,78
SZL	12,77	12,52	-1,95	8,99
TZS	2172,53	2189,06	0,76	-3,07
ZMW	9,47	9,51	0,44	3,09

SECURITIES AFRICA

Botswana

Corporate News

No Corporate News This Week

Economic News

No Economic News This Week

WEEKLY AFRICAN FOOTPRINT

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TRADING

Egypt

Corporate News

Egypt's largest listed bank CIB said on Monday it had finalised the sale of a near 75 percent stake in its investment banking arm to a consortium of local and foreign investors in a deal worth 710.2 million Egyptian pounds ($39.5 million). Commercial International Bank (CIB) signed an agreement in December to sell the majority of its shares in CI Capital to a group of Egyptian and Gulf investors. It did not give the value of the deal at the time. CIB said in a statement on Monday that CI Capital's market value totalled about 950 million pounds and that it had completed the transfer of 74.75 percent of the shares, retaining a minority stake of about 25 percent. Shares in CIB were down 1.14 percent at 1143 GMT. Mahmoud Atallah, the chief executive of CI Capital, told Reuters a general assembly would be called in the next two weeks to appoint a new board. Market sources have said they expect CIB to eventually offer its remaining shares on the stock exchange. Atallah said the new board would decide what to do with the remaining shares. CIB had been seeking buyers for its investment unit since a planned sale to Beltone Financial, agreed in February last year, failed to win regulatory approval. Beltone Financial is owned by billionaire Naguib Sawiris' Orascom Telecom Media and Technology Holding, which is embroiled in a standoff with Egypt's financial regulator over its shareholding structure. Sawiris had planned to merge CI Capital with Beltone Financial to create one of Egypt's largest investment firms. *(Reuters)*

Economic News

Egyptian Petroleum Minister Tarek El Molla said on Sunday his country had received two cargoes of diesel fuel from Saudi Arabian state-owned oil company Aramco on Friday and Saturday. Molla was speaking at an energy conference in Cairo. Saudi Arabia agreed in April last year to provide Egypt with 700,000 tonnes of refined oil products a month for five years, but the cargoes stopped arriving in early October. Though officials from both sides have denied the existence of tensions or disagreements between the two countries, the two have been at odds on a number of political issues. Egypt voted in favour of a Russian-backed but Saudi-opposed U.N. resolution on Syria in October, which excluded calls to stop bombing Aleppo. In January an Egyptian court rejected a government plan to transfer two uninhabited Red Sea islands to Saudi Arabia. Egypt announced last week that the petroleum product shipments would resume. Egypt had turned to the spot market in recent months after Aramco's halt of shipments but also sought similar deals to make up the shortfall. Crude from Iraq was expected to arrive in late March as part of an agreement for 1 million barrels a month. Molla said he was revising the import schedule with distributors following Aramco's decision to resume shipments.. In the longer term, Egypt's petroleum products imports will decrease from 35 percent of its consumption needs currently to 5-7 percent of consumption by 2020, Molla said, saving the country billions of dollars per year. *(Reuters)*

The World Bank has disbursed another $1 billion in financial assistance to Egypt out of its $3 billion loan programme with the country, the bank said in a statement on Monday. Egypt has been negotiating billions of dollars in aid from various lenders to help revive an economy hit by political upheaval since a 2011 revolt and to ease a dollar shortage that has crippled imports and hampered its recovery. "The government has taken important steps in implementing key policy and institutional reforms that are laying down the foundations for accelerated job creation and inclusive growth," said Dr. Asad Alam, World Bank Country Director for Egypt, Yemen and Djibouti in the statement. The World Bank issued the first $1 billion tranche of the loan in 2015, with two more instalments of the same size to follow, linked to additional reforms that the government planned. Faced with a gaping budget deficit, Egypt began a series of painful economic reforms and has taken steps to lower fuel subsidies, introduced a new value-added tax (VAT) and let its currency float freely in the foreign exchange market in November to attract foreign inflows. Sahar Nasr, Egypt's minister of investment and international cooperation, said in a statement that the second tranche will help spur private sector investment and development projects and services, which should help improve people's standard of living. Hafez Ghanem, the World Bank's vice president for the Middle East and North Africa, told Reuters this month that Cairo's next set of economic reforms should focus on making its bureaucracy more transparent for investors. Egypt expects to receive the second tranche of a $12 billion International Monetary Fund loan in May or June, Finance Minister Amr El-Garhy told Reuters last week.*(Reuters)*

Egypt is targeting $9 billion in foreign financing in the 2017-18 fiscal year, Deputy Finance Minister Ahmed Kouchouk told Reuters on Wednesday. The financing will be divided between $3 billion obtained from debt markets and $5 billion to $6 billion from international finance institutions, he said. Egypt agreed with the International Monetary Fund in November on a $12 billion, three-year loan programme to support government efforts to reduce its budget deficit and balance its currency market. The finance minister said last week he expects Egypt to receive the second tranche of this loan, expected to be $1.25 billion, in May or June. Egypt is also expected to receive additional tranches of loans from the World Bank and African Development Bank in 2017-18, which together would total $1.5 billion. Kouchouk said the $3 billion from debt markets could come in the form of Eurobonds denominated in dollars or other currencies as well as Sukuk. He did not say when Egypt was likely to tap debt markets during the coming fiscal year, which begins in July. Egypt raised $4 billion in sales of Eurobonds earlier this year at lower-than-expected yields, with demand for the bonds high. *(Reuters)*

Ghana

Corporate News

No Corporate News This Week

Economic News

Net debt owed banks and fuel suppliers alone under the energy sector debt hit 1.2 billion cedis at the end of 2016. According to documents cited by Citi Business News as at 31st December, 2016 Government's net debt in the Energy sector was 2.3 billion dollars. A breakdown of the debt shows that the banks are owed 782 million dollars, while fuel suppliers are owed 440 million dollars. The 782 million is debt owed the banks by state owned power producer Volta River Authority (VRA). VRA also contributed 278 million dollars to the 440 million dollars owed fuel suppliers, while TOR contributed 162 million dollars. Other entities owed include GRIDCo, NEDCo, Asogli, CENIT, Bui, Ghana Gas, BOST, GNPC and other power producers. Under the total debt Government owes GRIDCo 62 million dollars, NEDCo 19 million dollars, Asogli also 19 million dollars. The others owed are CENIT which is owed 77 million dollars, Bui 2016 million dollars, Ghana Gas 314 million dollars, BOST 122 million dollars and GNPC 226 million dollars, while other power producers are owed 124 million dollars. Ghana energy sector for years has been hit with financial and managerial challenges which pushed the industry into crisis. A huge chunk of the sector's debt which is owed banks in the country has negatively affected the balance sheet of the banks and is the main cause of the banks continuous rise in nonperforming loans. The Bank of Ghana in its January, 2017 report on the banking industry said the 'banking industry remains positive, especially after the successful restructuring arrangements to reduce debts owed by energy-related SOEs to the banks. Similar arrangements have also been put in place to pay down debts owed by the Bulk Oil Distribution Companies (BDCs). As the repayments continue and the debt structure of the affected banks is reclassified, the non-performing loans (NPL) ratios in the banking industry are projected to improve further. This will subsequently have a positive impact on the solvency of the banking industry".

Early this week the President of the Ghana Association of Bankers, Alhassan Andani told Citi Business News about 160 million cedis will be paid to banks that are owed the energy sector debts, by the end of March 2017. "It's a restructured facility it's about coming in at 160 million cedis at the end of March," he said. Mr. Andani added, "Government is on schedule with the reductions as was agreed, we have received our advanced payments. We have two hundred and fifty million; we have received the September quarterly payments and also received the December quarterly payments with invoices for March and there is every indication that we will get paid so that is really coming down." The payment will be the first to be made this year since the erstwhile NDC government commenced payments to the affected banks in August last year. *(Ghana Web)*

Kenya

Corporate News

Kenyan oil marketer KenolKobil will open at least 30 new service stations this year to boost sales volumes, its chief executive said. KenolKobil was one of the best-performing stocks on the Nairobi bourse last year after it reduced debt and cut its financing, improving margins and earnings. The company boosted its pretax profit by 27 percent last year to 3.54 billion shillings ($34.35 million). Fuel volumes rose by 30 percent. "The story has not changed," David Ohana, the group's chief executive, told Reuters in an interview on Thursday, saying the company wanted to drive up volumes and focus on margins. KenolKobil also operates in Ethiopia, Uganda, Rwanda, Burundi and Zambia. Ohana said about 25 of the new stations will be in Kenya, where the economy is expanding by more than 5 percent per year. The company, which has a 15 percent market share in Kenya with 200 service stations, partners with individuals who hold long-term leases on the sites. "In terms of capital, it is nothing," Ohana, a former major in the Israeli military who has lived in Africa for 15 years, said of the planned stations. The company is not opening in new markets but may do so later. "If in the future we have an opportunity to venture into South Africa, which is a mature market like Kenya, we will be happy to venture, either in partnership or alone," he said. Kenya is investing billions of shillings in energy. An oil pipeline linking the port of Mombasa with the capital Nairobi is expected to be completed this year. Lebanon's Zakhem International is building the 48 billion shilling pipeline, which will boost fuel supplies to the capital. *(Reuters)*

Tullow Oil's new rights issue should enable the company to clear some of its massive debt burden and allow for further exploration in its African oil fields in Kenya and elsewhere, according to its new chief executive. The UK-based company is reported to have a debt burden of around $4.6 billion (Sh474 billion) caused in part by the decline in oil prices over recent years and the rights issue is aimed at raising $607 million (Sh62.5 billion). Despite the debt burden many stock market experts believe the company's assets are undervalued particularly as oil prices are now recovering. According to Paul McDade, who is due to become the company's Chief Executive next month, Tullow "has a strong set of low cost production development and exploration assets in Africa and by accelerating the reduction of our gearing though this rights issue we will be able to focus on growing our business.'' Tullow, which has been loss-making for three years, says it also aims to improve production and sell assets — as it did recently in Uganda — to further cut its debt. This is says should enable it to further ''explore'' and ''appraise'' its assets in Kenya as well as start further drilling in Ghana. Earlier this year some financial analysts were predicting Tullow's eventual withdrawal from East Africa after its Ugandan sale to Total who now hold 55 per cent of its Ugandan operations. Critics warned that barring new findings and a new cycle of high global energy prices, its Kenyan fields, with just over 600 million barrels, could not support a viable production programme without leaning on joint commercial programmes with either Uganda or South Sudan. Mr McDade however expects Tullow's restructuring talks to conclude by the end of the year and that the rights issue boost will then help it to move ahead with a raft of projects. The company is set to undertake exploration and appraisal work in its Jubilee and TEN fields near Ghana and its fields on the Kenyan coast. Tullow added that it also hopes to take advantage of "other opportunities that industry conditions offer". *(Business Daily)*

South Africa's pension fund Public Investment Corporation (PIC) has raised its stake in KenGen to 6.62 per cent following the purchase of an additional 85.1 million shares, signalling its confidence in the power producer's prospects. The fund, which is set to be allotted 351.2 million KenGen shares equivalent to 5.33 per cent equity, recently purchased the 85.1 million shares amounting to a 1.29 per cent stake in the open market. PIC has been buying KenGen shares in batches; it first it purchased 72.9 million units and followed it up with 12.2 million units earlier this month. "With the additional shares bought from the market, PIC's total holding on allotment, assuming all else equal would be 436.3 million shares equivalent to 6.62 per cent shareholding," the Nairobi Securities Exchange-listed firm said in a statement. The South African fund will rise to become the second largest shareholder of KenGen after the National Treasury whose stake will stand at 70 per cent after being diluted 5.3 per cent alongside other investors in the recent rights issue. The government's ownership rose to 73.92 per cent after a section of shareholders declined to take up 351.2 million shares in the cash call, with a decision subsequently made to sell the shares to PIC for Sh2.3 billion.

The transaction will see the company hit the target of raising a total of Sh28.7 billion, having netted Sh26.4 billion in the cash call. KenGen is raising cash to boost its financial position at a time when it has lined up more capital-intensive power projects. The company says the projects will cost nearly $1 billion (Sh103 billion) in aggregate, with various funding options including debt and joint ventures being considered to raise the large sum. The investment in KenGen underlines PIC's strategy of diversifying outside South Africa where it is one of the biggest investors in publicly traded firms. *(Nation)*

Economic News

Kenya's Treasury concluded talks on an $800 million syndicated loan and the funds have already been disbursed, Treasury Principal Secretary Kamau Thugge said. "We have concluded the negotiations and disbursements have been made," Thugge said in response to questions sent by mobile-phone text message. He didn't immediately respond to a request to confirm which banks were involved in the loan. The Treasury said last month it was close to signing the syndicated-loan agreement with banks including Citigroup Inc., Standard Bank Group Ltd., Standard Chartered Plcand Rand Merchant Bank. The spokeswoman for Rand Merchant wasn't available when Bloomberg called seeking comment, while spokesmen for the other three lenders declined to comment, citing client confidentiality. The syndicated loan matures in three years, according to a person familiar with the matter who asked not to be identified because they aren't authorized to speak about it. The $800 million was disbursed to the Treasury last week, the person said. The government will also receive $500 million this week from the Trade and Development Bank, an East African trade-finance bank based in Burundi, the person said. The 10-year loan is in addition to the $250 million it raised form the same lender in January. The loans complete the Kenyan government's foreign borrowing plans for the 2016-17 fiscal year that ends June 30, the person said. The state planned to raise 154 billion shillings ($1.5 billion) in the period. *(Bloomberg)*

Kenya will start selling a mobile-phone based government bond this week, the Treasury said on Tuesday, the culmination of a lengthy plan to tap a new pool of investors into government securities. The Treasury said the bond will go on sale on Thursday, without offering more information. Kenya pioneered the use of mobile money in 2007 with M-Pesa, a money transfer service, by telecoms operator Safaricom. Known as M-Akiba, the new bond will be offered on M-Pesa and similar mobile phone financial services by other firms, a source in the telecoms industry said. Investors will be able to buy the bond through their phones, where a record of their holdings will be stored. Coupon payments will also be made through the phone. M-Pesa allows users to transfer cash and make payments on even the most basic mobile phone. In partnership with local banks, Safaricom has since expanded the service to offer savings, lending and insurance products. *(Reuters)*

Plans are in the offing to raise the daily mobile money transaction ceiling from the current Sh140,000 to accommodate higher purchases of the M-Akiba product launched on Thursday. Treasury Cabinet Secretary Henry Rotich said the move is aimed at allowing those with a higher ability to buy the mobile-based government security instrument as the daily limitation may lock them out of the new investment. "We are discussing with Central Bank of Kenya to see to what extent we can increase the daily limit to a higher amount to allow higher purchases. This is one way to allow as many Kenyans as possible to participate in Treasury bills, promote financial inclusion and boost our infrastructure financing," said Mr Rotich. The initial phase of the Sh5 billion government bond was launched on Thursday, with buyers allowed to take a minimum of Sh3,000 or a maximum of Sh140,000 a day exclusively via mobile phones. The current offer runs until 10th April or until Sh150 million is raised with the remaining Sh4.85 billion expected to be floated in June. Treasury has also planned a marketing drive before June to popularise the bond which attracts a 10 per cent interest paid bi-annually within a period of three years when it matures. It is also tax free. M-Pesa which is the largest mobile money platform increased single limits from Sh35,000 in 2010 to Sh50,000 before the limit went up to the current Sh70,000. Vendors had complained of limitations of the channel especially in the purchase of air tickets. Currently, one is allowed a maximum account balance is Sh100,000 but the daily transaction is capped at Sh140,000.

The CBK limits on e-payments amounts are aimed at curbing money laundering and fraud, but the new product may force further extension on the daily limits. CBK Governor Patrick Njoroge, who was present at the launch, lauded the move, terming it a 'transformational and a momentous milestone' in deepening financial inclusion. "This will dramatically change the savings culture of our people. The success of M-Akiba is a testimony of how collaboration can democratise finance and there are many other products coming to showcase Kenya as a hot bed for innovation beyond financial technology." The initiative that went live on Thursday involved the national Treasury as the issuer of the bond, CBK which issues bond on behalf of government), the Capital markets Authority as the capital markets regulator, Safaricom and Airtel as mobile network operators, the Nairobi Securities Exchange, where the bond shall be traded and listed among other players. *(Nation)*

Malawi

Corporate News

No Corporate News this week

Economic News

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Mauritius

Corporate News

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WEEKLY AFRICAN FOOTPRINT

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TRADING

Nigeria

Corporate News

THE shareholders of Transnational Corporation of Nigeria, Transcorp, have unanimously approved its Board of Directors recommendation of a final dividend of 40kobo per share stating that they are confident that as the company continues to make progress it will not relent in meeting their expectations. The shareholders at the 3rd Annual General Meeting, AGM, held in Abuja told the Board that they expect higher dividend next year as the economic situation of the country improves. Speaking on behalf of shareholders at the meeting, Mr. Boniface Okezie, Chairman, Progressive Shareholders Association of Nigeria, PSAN, expressed appreciation to the bank's board and management for paying dividend at a period when the country's economy is in dire straits, leading to significant drop in hotel occupancy. He said, "At a time when a lot of companies prefer to cut dividend with a ready excuse in the current state of the economy, we are delighted that our company has paid dividend which will go a long way in meeting our financial needs". Also speaking, Alhaji Muktar Muktar, President, Trusted Shareholders Association, commended Transcorp for what he termed a stellar financial performance amid a challenging period and the dividend payout which he said was equally laudable.

According to Muktar, Transcorp has not relented on its oars and has continued to shine brightly delivering world class service to an ever growing clientele of top notch guests across the world. Little wonder it has consistently won numerous awards and most recently bagged a long list of honors in 2016 that will make even its competitors go green with envy. "We are proud of this achievement and encourage the Managing Director, MD and its board to continue in this direction". At this point, the shareholders gave a standing ovation to the MD for not just winning the Seven Stars 2016 CEO of the Year at a global event, but for also leading Transcorp Hilton to win Seven Stars Seal of Excellence Award for the first time. Chairman of the company, Mr. Olorogun O'tega Emerhor explained to shareholders that the strong performance recorded by the company is because the company continued to reinvent its offerings, keeping with service excellence. He noted that the company was relentless in maintaining market leadership in its flagship property, closing the year with an occupancy rate of 60% well ahead of competition. This according to him ensured Transcorp delivered a resilient performance even in the face of the impact of economic recession concerning the hospitality industry which has seen occupancy for large hotels drop below 35%. *(Van Guard*)

Shareholders of Cadbury Nigeria Plc are to be without dividend for 2016 as the company yesterday, reported a loss for the year. The audited results for the year ended December 31, 2016, showed Cadbury recorded revenue of N29.979 billion in 2016, up by eight per cent from N27.825 billion in 2015. Cost of sales went up from N18.9 billion to N23 billion, bringing gross profit to N6.86 billion, compared with N8.9 billion in 2015. Selling and distributing expenses stood at N5.59 billion, as against N5.6 billion in 2015, while administrative expenses increased to N2.058 billion, from N1.909 billion. Net finance cost stood at N169.98 million, compared with N156.796 million in 2015. The company ended the year with loss before tax of N563 million, compared with profit of N1.577 billion. However, a tax credit of N266 million, reduced the loss after tax to N296 million, compared with profit of N1.15 billion. The market reacted negatively to the results as the share price fell by 5.0 per cent to lead price losers at the stock market. Assessing the results for the fourth quarter (Q2), analysts at FBN Quest said although the company grew sales by 28.2 per cent to N8.7 billion, its PBT of N279 million was 81.8 percent lower.

"We believe the top-line was boosted by prices increases as well as slower demand for imported competition. However, the impact of the naira devaluation on Cadbury's raw material costs for key inputs such as sugar and milk resulted in a gross margin contraction of 990 basis points (bps) to 27.5 per cent. Operating expenses increased by 91.2 per cent following the company's aggressive marketing initiatives. We also suspect that disruptions to gas pipelines in the Niger-Delta might have forced the company to switch to more expensive fuels such as diesel for power to run manufacturing plants," they said. They added that Cadbury's PAT of N822 million, grew by 11 per cent, and came in higher than its PBT due to a tax credit of N266 million and other comprehensive income of N276 million. According to FBN Quest, the full year results showed that sales grew 7.7 per cent. "However, a gross margin contraction of 921bps to 22.9 per cent more than offset a 188.3 per cent rise in other operating income to lead to a pre-tax loss of –N563 million (versus N1.6 billion profit in 2015)," the analysts said. *(This Day)*

Nigeria's Zenith Bank has shelved plans to raise 100 billion naira ($318 million) via a combination of bonds and share sales due to weak capital markets, it said on Thursday. The bank had expected market conditions to improve when it announced plans to seek approval for the funds last month, said Zenith's head of investor relations Michael Anyimah, but the lender cancelled them due to the struggling economy. Africa's biggest economy is in its first recession in 25 years, brought on by low oil prices which have slashed government revenues and crippled dollar supplies in the country, making life difficult for businesses. "The request for shareholders' approval to raise fresh capital has been withdrawn," Anyimah said, adding that the bank had strong buffers to support its operation. Shares in Zenith, which has shed 6.4 percent this year on the Lagos bourse, climbed 0.07 percent to 13.82 naira each by 1200 GMT. They gained 5 percent last year. Nigerian regulators have been trying to revive their IPO market which dried up almost 10 years ago following a crisis in the West African country. The Securities and Exchange Commission has proposed to cut listing fees to attract issuers. However, the main stock index is down 5.1 percent this year after it shed 6.2 percent in 2016. In dollar terms, stocks lost 40 percent last year as the naira fell by a third in the official market against the dollar due to central bank currency reforms. Zenith has posted a pretax profit of 156.75 billion naira for 2016, up from 125.62 billion a year earlier. *(Reuters)*

Economic News

Nigeria's overnight lending rate eased to 12 percent on Friday compared with 15 percent at the start of the week, as commercial lenders anticipated fresh inflows from state bodies. Some February budget allocations and payments ordered by President Muhammadu Buhari for federal states to pay delayed public salaries are expected to hit the banking system next week, helping to boost liquidity in the money market. Traders said the market opened on Friday with a cash balance of 21.28 billion naira ($69.60 million) against a deficit of about 9 billion naira last week. Nigeria issued more bonds and treasury bills at auctions this week than initially planned, draining some liquidity, though traders said there was still enough money in the system to support current lending rates. The naira firmed on the black market on Friday to 450 to the dollar compared with 455 previously, and traded at 306.50 to the dollar on the official interbank window, from 306.75 on Thursday. The naira was boosted by increased dollar sales by the central bank to meet both corporate and individual hard currency needs via the official window, which has gained in importance since the central bank devalued the retail rate last month. *(Reuters)*

Nigeria's monetary and fiscal authorities must cooperate on their policies to help Africa's largest economy to develop, the central bank governor said, according to his spokesman. Central Bank Governor Godwin Emefiele made the comments at a two-day retreat for members of the bank's Monetary Policy Committee and the ministers for finance, budget and investment. The closed-door meeting, which takes place about three times a year, ended on Saturday. OPEC member Nigeria is in its first recession in 25 years, largely brought on by low oil prices. Crude oil sales account for about two-thirds of government revenue. The central bank has faced criticism from investors for keeping Nigeria's currency, the naira, at a rate some 30 percent above the black market, where entrepreneurs are forced to go for foreign exchange with the dollar scarce on official channels. "Godwin Emefiele reiterated the need for the country's monetary and fiscal authorities to collaborate and harmonize standpoints so as to develop the economy rapidly," central bank spokesman Olalekan Ajayi said in an emailed statement on Sunday. The finance ministry has previously said adjustments were needed to narrow the spread between exchanges rates on the official and black market. The central bank devalued the rate for retail customers in February after Nigeria's top economic advisor body called for an urgent review. The bank's Monetary Policy Committee is due to meet on Monday and Tuesday to set interest rates. Twelve out of 13 economists polled by Reuters predicted that the bank would leave its benchmark interest rate unchanged at 14 percent on Tuesday. *(Reuters)*

The naira is set to appreciate further in the week as the Central Bank of Nigeria (CBN) plans to inject more foreign exchange (forex) into the market to meet the requests of genuine customers. The spokesman of CBN, Mr. Isaac Okorafor, said this yesterday in Lagos. The News Agency of Nigeria (NAN) reported that the CBN has so far kept to its promise of continuing to supply enough forex to guarantee liquidity in the market. The statement said the bank was committed to ensuring that authorised dealers get sufficient supply to meet the demands of authentic customers of banks. It disclosed that the bank has since February offered over one billion dollars to the interbank forex market. The central bank expressed optimism that stability had been restored to the forex market. According to the statement, individuals can easily access forex to address personal and business allowances. A summary of the CBN intervention in the interbank market over the past two months, showed that the highest bid was N360 per dollar while the lowest was N315 per dollar. *(This Day)*

Cost of funds rose sharply in the interbank money market last week in response to outflow of N451 billion to fund in investment in government securities. Vanguard investigations revealed that interest rates on short term funds, which opened the week at 11 per cent rose to 16 per cent at the close of business on Friday. This was due to scarcity of funds triggered by outflow of N451 billion comprising N292 billion investment in treasury bills and N160 billion investment in FGN bonds as well as purchase of foreign exchange via the special dollar sales by the Central Bank of Nigeria (CBN). Analysis of treasury bills and FGN Bonds offered during the week indicated oversubscription prompted by the attractive interest rates on the instruments. The N160 billion worth of FGN bonds offered by the Debt Management Office (DMO) recorded 35 per cent oversubscription, with total public subscription at N216 billion. The FGN bonds were issued at an average interest rate of 16.2 per cent, while bid rates ranged from 15.5 per cent to 17 per cent. Similarly, the N205 billion worth of Primary Market treasury bills offered by the CBN recorded 30 per cent oversubscription, as investors demanded for N266 billion. The 91-day, 182-day and 364-day bills were issued at stop rates of 13.6 per cent, 17.2 per cent and 18.6 per cent respectively. But the N70 billion worth of secondary market bills offered by the CBN recorded under-subscription as investors demanded for N41 billion. CBN forex intervention rises to $2.25bn: The CBN last week increased its intervention in the foreign exchange market to $2.25 billion last week, with additional sale of $440 billion. The additional dollar sales triggered 3.2 per cent appreciation of the naira in the parallel market during the week as the parallel market exchange rate dropped to N445 per dollar from N460 per dollar the previous week.

Since Monday February 20, 2017, when it announced new measures to boost dollar supply and forestall the declining fortunes of the naira in the parallel market, the CBN has injected $2.25 billion by intervening in the forex market ten times as follows: Tuesday February 21st, $417 million; Thursday February 23rd, $231 million; Monday February 27th, $180 million; Friday March 3, $350 million; Monday March 6, N367 million; Tuesday March 7, $100 million; Thursday March 9, $170 million; Tuesday March 14, $190 million; Wednesday March 14, $150 million; and Thursday March 16, $100 million. During this period, the naira appreciated by N75 or 14.4 per cent in the parallel market where the exchange rate fell from N520 on February 20th to N445 last week. Analysts at Afrinvest Plc, a Lagos based investment firm, opined that the CBN will continue its intervention in the foreign exchange market in view of sustained upward trend of the external reserve. In the week ahead, we expect the Apex Bank to continue its drive to boost FX liquidity in the market. Current external reserves level of $30.3bn (March 15, 2017) suggests that the CBN is in a healthy position to continue dollar sales to the market.," they said.

Meanwhile, the CBN report on Inflation Attitude survey in the first quarter of 2017 has shown that bank customers are divided over the direction of interest rates in the next 12 months. According to the survey, 38 per cent of the respondents surveyed believe that interest rates will go up while 29 per cent believe that they will fall. However, more than half of the respondents said that decline in interest rates will be of personal benefit to them; while more than 40 per cent said that the decline in interest rate will be of benefit to the economy. The report stated: "On whether interest rates on bank loans and savings would rise or fall over the next 12 months, 38.3 per cent of the respondents were of the view that the rates will rise, while 29.3 per cent believed that the rates will fall. The net rise value of 9.0 per cent was achieved compared to -0.5 per cent attained in the corresponding quarter of 2016. A little less than one-third of the respondents either expected no change or had no idea. "Respondents were asked whether it would be best for them personally for interest rates to rise or fall. Their answers showed that 55.7 per cent indicated that it would be best for them personally if interest rates goes down, 17.4 per cent indicated it would make no difference, while 15.8 per cent of the respondents opted for higher interest rates. The results further revealed that 11.1 per cent had no idea. "Similarly, the respondents were asked whether it would be best for the Nigerian economy for interest rates to rise or fall. Their answers showed that 40.3 per cent indicated that it would be best for the Nigerian economy if interest rates fall, while 19.1 per cent of the respondents opted for higher interest". The survey also shows that more than half of respondents believed that interest rates rose in the past 12 months. It stated: "The percentage of respondent households who felt that interest rates had risen in the last 12 months rose by 7.2 percentage points to 54.6 in the current quarter, compared to 47.4 attained in Q1, 2016. On the other hand, 13.0 per cent of respondents believed that interest rates had fallen, while 16.0 per cent of the respondents were of the opinion that the rates stayed about the same in the last 12 months. Also 16.4 per cent of the households had no idea. The result revealed that majority of households perceived that interest on bank loans and savings rose over the past 12 months." *(Vanguard)*

Faced with a contracting economy, surging inflation and a rigid exchange rate, Nigeria's central bank will have little choice but to keep its key interest rate unchanged on Tuesday. The Monetary Policy Committee led by Governor Godwin Emefiele has held the policy rate at 14 percent since July and is unlikely to make a change, according to all 16 economists and analysts surveyed by Bloomberg. Foreign-exchange policy has become a common agenda-item for the committee as the nation maintains a managed currency float and has stopped importers of goods it deems non-essential from buying dollars on the official market. While this has contributed to a rapid increase in consumer prices, Emefiele said on March 11 that allowing the naira to freely float will hurt the economy, which shrank by 1.5 percent last year, the first contraction since 1991. "They won't cut because inflation remains high, and they won't hike because that will undermine growth," Yvonne Mhango, an economist at Renaissance Capital, said in an emailed response to questions. They will only "adjust upwards, if they allow for more flexible foreign-exchange policy that results in the naira weakening."

Limited foreign currency available to import motor fuel and food contributed to inflation accelerating to the highest rate in more than 11 years in January. While price growth slowed for the first time in 16 months to 17.8% in February, it's outside the government's 6% to 9% target. The government released an economic blueprint earlier this month which aims to lift the annual economic growth rate to 7% and reduce the inflation rate to single digits by 2020. Proposals such as cost-reflective electricity tariffs and allowing a market-determined exchange rate could add to price pressures, even as plans to boost the output of rice to cashew nuts may reduce the cost of food, according to Lagos-based FSDH Merchant Bank. More food production "will dampen food prices, which may lower the inflation rate," FSDH said in an emailed note. However, "the imminent increases in the electricity tariff" and gasoline price will curb deceleration of inflation, it said. The Central Bank of Nigeria has regularly sold dollars to keep the naira between 305 and 320 against the greenback for at least the past four months after abandoning a 197-199 peg in June. Foreign-currency sales have helped the naira gain on the black market to about 440 per dollar compared with a record-low of 520 last month. "Postponing the all-important foreign-exchange policy decision will continue to exert an unnecessary burden on the Nigerian economy," Razia Khan, head of Africa macro research at Standard Chartered Plc in London, said in an emailed note. "The cost is high." Last year's contraction was due to a drop in the price and output of crude oil, the nation's biggest export. The economy may recover and expand by 2.2% this year, partly driven by increasing crude production, according to the government's four-year plan. "Although both the inflation rate and foreign-exchange rate have shown signs of improvement in the last few weeks, a change in monetary policy might be too soon," FSDH said. "We believe more time is required." *(Bloomberg)*

The World Bank Group has announced the approval of $57bn for Nigeria and other sub-Saharan African countries for the next three years. A statement issued by the bank in Abuja on Monday said the World Bank Group President, Jim Yong Kim, made the announcement before leaving for a trip to Rwanda and Tanzania to emphasise its support for the entire region. The announcement, which followed a meeting with G20 finance ministers and central bank governors, said the fund would be used to scale up investments and de-risk private sector participation for accelerated growth and development in Sub-Saharan Africa. It was not clear as of press time how much Nigeria would benefit from the loan but the Senior Communications Officer for the World Bank in Nigeria, Olufunke Olufon, told our correspondent on the telephone that only the Ministry of Finance could give the details. The bulk of the financing, $45bn, will come from the International Development Association, the World Bank Group's fund for the poorest countries. The financing for Sub-Saharan Africa will also include an estimated $8bn in private sector investments from the International Finance Corporation, a private sector arm of the group, and $4bn in financing from the International Bank for Reconstruction and Development, its non-concessional public sector arm.

The bank said in December 2016, development partners agreed to a record $75bn for the IDA, a dramatic increase based on an innovative move to blend donor contributions to the IDA with World Bank Group's internal resources, and with funds raised through capital markets. Sixty per cent of the IDA financing is expected to go to sub-Saharan Africa, home to more than half of the countries eligible for the financing.

This funding is available for the period known as IDA18, which runs from July 1, 2017 to June 30, 2020. Kim said, "This represents an unprecedented opportunity to change the development trajectory of the countries in the region. "With this commitment, we will work with our clients to substantially expand programmes in education, basic health services, clean water and sanitation, agriculture, business climate, infrastructure, and institutional reform. "This financing will help African countries continue to grow, create opportunities for their citizens, and build resilience to shocks and crises." The IDA financing for operations in Africa will be critical to addressing roadblocks that prevent the region from reaching its potential, the bank said. To support countries' development priorities, scaled-up investments will focus on tackling conflict, fragility, and violence; building resilience to crises, including forced displacement, climate change, and pandemics; and reducing gender inequality, it added. *(Punch)*

Nigeria's central bank plans to offer $100 million in currency forwards on Monday to be delivered within the next 60 days, traders say. The bank has consistently been selling foreign exchange to importers since February in a move to increase dollar supply in the market and narrow the margin between official and black market rate. The local currency was quoted at 307.50 to the dollar on the interbank market at 1256 GMT compared with 307 a dollar closed on Friday, while it was quoted at 445 on the black market, firmer than 450 a dollar closed on Friday.*(Reuters)*

Nigeria has floated the naira "within a range" against the dollar, central bank governor Godwin Emefiele said on Tuesday. The naira, held around 305 per dollar for almost a year, was recently effectively devalued for certain categories of the population, though the central bank continues to tightly manage the rate. He didn't say what the range was but said the exchange rate was looking "better than expected". "We have seen the rates converging and we are strongly very optimistic that rate will converge further," he said referring to the gap between the naira's official and black market rate. The central bank earlier kept interest rates steady at 14 percent. *(Reuters)*

Nigeria's central bank kept the main interest rate at 14 percent on Tuesday, its governor said, in line with expectations in a Reuters poll. Godwin Emefiele told reporters the naira exchange rate with the dollar remained stable. Nigeria's distributable government revenues fell to 429.127 billion naira in February from 465.19 billion naira in January due to lower oil prices and attempts to sabotage its oil pipelines, a government statement said on Tuesday. Distributable revenue is government income that is shared at various levels of state including the federal government, state governments and local government councils. Average oil prices fell to $44.74 from $49.57 per barrel in February, the statement said. "Production diminished during the period due largely to leakages in the pipelines arising from sabotage," it added. OPEC member Nigeria, which last year entered its first recession in a quarter of a century, relies on crude oil sales for two-thirds of its government revenue but has been hit hard by the fall in global crude prices since mid-2014. Militants have carried out attacks on oil and gas facilities in the southern Niger Delta energy hub for a year, cutting oil production - which stood at 2.1 million barrels per day at the start of 2016 - by as much as a third, though output has since mostly recovered. Attacks have halted in recent months with talks between the government and Delta community leaders to address the grievances of militants, who want the oil hub to receive a greater share of the country's energy wealth. *(Reuters)*

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WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

The improved foreign exchange (FX) supply by the Central Bank of Nigeria (CBN,) through stepped-up special intervention auctions, has given rise to greater optimism over the likely trajectory of FX policy, as well as the inflation outlook in Nigeria, a report has stated. Standard Chartered Bank in a report titled: "Nigeria – A checklist for FX liberalisation," noted that the improved FX availability was seen as key to any sustained deceleration in inflation. It pointed out that the spreads between the official interbank market and the parallel FX market have already narrowed considerably. "With the release of Nigeria's Economic Recovery and Growth Plan in early March, which broadly endorses currency flexibility, attention has shifted to the conditions that might need to be in place before Nigeria proceeds with meaningful FX liberalisation," the report added. It showed that the Standard Chartered-Premise Consumer Price Tracker (SC-PCPT) for Nigeria rose 1.6 per cent month-on-month (m/m) in February. The SC-PCPT revealed a far more modest pace of monthly price rises than we have seen in recent times, the lowest m/m rise since August 2016, when food prices were likely impacted by Nigeria's main harvest. In addition, many sub-categories have already started to show a year-on-year (y/y) deceleration, as a strong base effect kicks in. "In y/y terms, the SC-PCPT rose 30.15 per cent, less than the 30.5 per cent recorded in January. The evidence from the SC-PCPT supports the view that we may see a turning point in official CPI when the February data is released. "As a result of the base effect, we expect y/y inflation to decelerate in the months ahead. This is despite some concern, still, around the extent of Central Bank of Nigeria (CBN) financing of the government's budget deficit. "The publication of November and December money-supply data suggests that reliance on the CBN for deficit financing is still significant," it added. *(This Day)*

The Securities and Exchange Commission (SEC) is intensifying efforts to deepen the nation's capital market by ensuring that more companies raise funds and get listed in the market. The new issue market has been relatively dormant with initial public offering (IPO) drying up in recent times. Although the market has witnessed the listing of two companies this year, the prospect of more companies coming to list is not very bright. However, in a move expected to attract more activities in the market, SEC has proposed a reduction in the cost of primary equity and fixed income issues. However, the commission is seeking the contributions of stakeholders in the market before making the new fees operational. In the proposed cost structure, the total primary fixed income issuance fees will be 2.293 per cent, down from the current 3.9375 per cent. Similarly, primary equities issuance fees will be 2.833 per cent as against 3.17 per cent. SEC will charge issuers 0.275 per cent for any N500 million to be raised, as against 0.30 per cent currently charge. The next N500 million will attract 0.225 per cent fees, while balance above N1 billion will attract 0.15 per cent commission. Also, NSE will charge listing fee of 0.25 per cent on the Main Board subject to maximum fee of N200 million. Listing fee for the Premium Board will be 0.25 per cent of offer size subject to maximum fee of N400 million, while listing on ASeM attract flat fees of N100,000. For fixed income primary issuance fees, the SEC is expected to charge 0.15 per cent on the first N500 million being raised by an issuer compared to 0.15 per cent of offer size previously charged. The next N500 million will as well attract 0.145 per cent fee, while balance above N1 billion will attract 0.1425 per cent fee. For the NSE, there is zero fee for companies already having equity listing, compared to 0.15 per cent of offer size originally paid by issuers.

Issuing houses are expected to charge 1.35 per cent for every initial N1 billion being raised by companies from the equities market, just as issuing houses are expected to charge 1.35 per cent of offer size. The next N1 billion will attract 1.225 per cent fee, while balance over N2 billion will cost the issuer 1.15 per cent of the offer size. Furthermore, the Central Securities and Clearing System (CSCS)' commission on N5million is fixed at 0.0075 per cent of the offer size as against 0.01 per cent currently charged. But companies without equity listing are expected to pay 0.0375 per cent issuance fee. While that of CSCS is capped at N5 million at 0.0075 per cent of the offer size, stockbrokers are expected to collect 0.13 per cent of offer size as fee. However, the commission proposed 900 per cent increase in registration filing fees for all categories of Capital Market Operators(CMOs), from N5,000 to N50,000, while processing fee is pegged at N200,000. According to the proposed rule, registration for stock/commodities exchanges, bankers to an issuer, clearing and settlement agency/depository agency will go up by 900 per cent from N100,000 to N1 million respectively, registration for an over-the-counter market is being raised to N1 million, while that of inter broker/dealer and capital trade points have been pegged at N500,000 respectively, among others. SEC has given stakeholders up to March 28, to send in their contributions to the proposed fees structure before it will become operational. *(This Day)*

The gap between what traders bid and offer for Nigeria's naira on the black market has widened following a series of central bank interventions on the official market. Traders are trying to hedge against losses after the currency firmed sharply during previous session.

The central bank has been intervening on the official market in recent weeks to narrow the official currency spread with the black market rate. It offered to sell $100 million in currency forwards on Thursday. Bid-offer spread widened as much as 15 naira on the black market on Thursday after the currency gained 4.9 percent on Wednesday to a seven-month high. It firmed to as much as 385 on the black market. Others quoted 406 to the dollar. On the official market, the naira was quoted at 308 per dollar on Thursday and traded with a spread of 0.50 naira. "Everyone is hedging their bets. We bought the dollar as high as 500 naira and we don't know where the rate is going," one black market trader, known as Salisu said. He expected the naira to firm further. Central Bank Governor Godwin Emefiele on Tuesday said that speculators betting on a naira fall "are taking a risk and will lose". He added that he expects the black market rates to narrow further. Bid-offer spread on the black market was 5 naira before those comments. The bank has also been weakening the naira on the official market to converge rates, traders say. But has said the weakness was not a devaluation and it has not provided a target rate. Aminu Gwadabe, head of Nigeria exchange bureaus, told Reuters he expected the naira to stabilise around 380-400 to the dollar, but added that the central bank must review the multiplicity of rates. The West African nation has at least five exchange rates - the official one, a rate for Muslim pilgrims going to Saudi Arabia, the one for school fees abroad and a retail rate set by licensed exchange bureaus at 399. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Tanzania

Corporate News

THE National Microfinance bank (NMB) has launched a new service dubbed Mobile Tanzania Interbank Mobile System (TISS) that allows customers to transfer up to 3m/- from one bank to another. The new service according to the Head of Banking Operations, Mr Geofrey Mwijage, aims at reducing long queues and the cost of commuting in search for NMB branches for cash transfers. "We want our customers to get a service that goes with the current technology and the good news is that we have complied with all the requirements and standard needed by the regulator — the Bank of Tanzania (BoT),'' he said. According to him, a customer obtains the money transfer instantly and that those with registered Email addresses can receive a swift code that can be printed. "For those who require to pay school fees for their children through this service can be able to print the swift code and deliver the printed documents to the respective schools,'' he added. NMB has over 700 Automated Teller Machines (ATMs) and 189 branches countrywide as well as over 1.8 million subscribers of NMB mobile. At a news conference, Acting Senior Manager, Written Liability, Insurance Services and Value Added Services, Mr Stephen Adili, said with the bank's new services, customers can now be able to send money to other banks in the country within a short time and in simple process that does not require filing in forms. "Immediately after the transaction, a customer shall receive a text message to indicate that the transaction was performed well and we will equally send an Email to a customer telling him or her that the exercise was done well. He said NMB was the first financial institution in the country to offer the service, expressing optimism that it was yet another revolution in the various services offered by the bank. *(Daily News)*

Economic News

The World Bank will lend Tanzania $2.4 billion over the next three years to finance infrastructure projects, the bank's president Jim Yong Kim said on Monday. Tanzania is seeking financing for infrastructure projects as part of its plans to transforming the country into a regional transport and trade hub. "Tanzania will be able to access an estimated $2.4 billion in concessional financing, an increase of half a billion dollars over the past three-year period," Kim said during a visit to Tanzania's commercial capital Dar es Salaam. Kim and Tanzania's President John Magufuli also attended the signing of documents on three World Bank-funded projects worth $780 million aimed at improving public infrastructure. East Africa's second-biggest economy wants to profit from its long coastline and upgrade its rickety railways and roads to serve the growing economies in the land-locked heart of Africa. Big gas finds in Tanzania and oil discoveries 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 under-investment. *(Reuters)*

Tanzania's current account deficit halved in the year to January, helped by soaring earnings from gold exports and a decline in oil imports, its central bank said on Monday. The gap narrowed to $1.79 billion in the 12 months to January from $3.8 billion in the same period in 2016, the Bank of Tanzania said in its latest monthly economic report. Earnings from tourism - the main foreign exchange source - rose to $2.13 billion from $2.02 billion in the previous period, helped by more visitor arrivals. Gold, the other main foreign exchange earner, fetched $1.5 billion, up from $1.15 billion, reflecting higher export volumes and global prices. "Gold exports grew by 29.8 percent in value ... due to a recovery in price in the world market and an increase in (output) volume," the bank said. Tanzania, which has a population of around 50 million, is Africa's fourth-largest gold producer after South Africa, Ghana and Mali. The bank said the overall balance of payments swung into a surplus of $367 million in the year to January from a deficit of $422.4 million in the same period in 2016. Imports of goods and services fell 15.3 percent to $10.49 billion due to a decline in oil, capital and consumer goods purchases, while total exports rose 5.1 percent to $9.34 billion, the bank said. Spending on oil, which dominates the goods import bill in east Africa's second-largest economy, fell by 11.6 percent to $2.47 billion due to a decline in global petroleum prices. The value of traditional exports rose to $941.9 million, driven by increased output and higher prices of tobacco, cashew nuts and cotton. Gross official foreign exchange reserves held by the central bank reached $4.33 billion in the year to January, or about four months of import cover. *(Reuters)*

Symbion Power is seeking $561 million from Tanzania's state power supplier TANESCO via international mediation, accusing it of breach of contract, the U.S. firm said on Tuesday. Symbion owns a 120 MW thermal power plant in Tanzania's commercial capital Dar es Salaam and is one the handful of independent producers that sell power to state-owned utility Tanzania Electric Supply (TANESCO). Tanzania has reserves of over 57 trillion cubic feet (tcf) of natural gas but faces chronic power shortages due its reliance on hydro-power dams in a drought-prone region, forcing its utility to buy from the private firms. Symbion's spokesperson Julie Foster said it sued TANESCO at the International Chamber of Commerce's International Court of Arbitration in Paris on March 13, saying it had failed to honour a 15-year agreement. "The power purchase agreement is now terminated and the amount claimed is $561 million. Since the case is a very simple case to adjudicate, we hope that it will not take too long for the arbitration to come to a conclusion," Foster told Reuters. Foster said Symbion filed for arbitration because it ran out of options "after trying to resolve the dispute ... in a friendly manner for more than a whole year."

TANESCO declined to comment, saying the matter was under court proceedings. Tanzanian president John Magufuli, nicknamed "the Bulldozer" for his infrastructure projects and strict leadership style, launched his reform drive after he was elected in 2015, promising to transform an economy hobbled by bureaucracy and corruption. But some foreign investors have said they could scale back their operations or expansion plans because of tougher demands, including higher tax bills, as part of the president's drive to overhaul the economy. "The concern however is that such short-term thinking, and ensuing polices, only reinforces a growing investor sentiment that Magufuli's government is anti-business," Ahmed Salim, vice president of consultancy Teneo Intelligence, said in a note to clients on March 6. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zambia

Corporate News

No Corporate News This Week

Economic News

LUNZUA Power Authority has engaged Global Lake of the Commonwealth Development Corporation (CDC) as an equity partner to develop 247 megawatts hydro-power project across Kalungwishi River estimated at US$690 million. In an interview last Thursday, Minister of Energy David Mabumba (below) said Government had wanted to terminate the contract signed with the developers because the project had taken long to be actualised. "Government is now happy that Lunzua Power Authority has secured a partnership with Global Lake, an entity under CDC. This partner has the technical capacity in hydro-power growthprojects and the ability to mobilise the needed funds. "Construction works will start in July 2018 that will be completed by October 2022. Currently, there are negotiations with Zesco Limited in order to sign a power purchase agreement and also the environmental impact assessment report is being scrutinised," he said. Earlier, in Parliament, Kaputa MP Maxas Ng'onga (PF) asked about the status on the construction of the Kalungwishi hydro-power station. In response, Mr Mabumba said Lunzua Power Authority suffered a setback when its partner Quantum Energy pulled out, citing low tariffs. "They have submitted a project implementation programme, and Government is determined to diversify hydro-power generation sources from the south to the north where there is enough rainfall," he said. But Chiengi MP Given Katuta (FDD) asked Government to confirm if the developer has no capacity in power projects since they are involved in milling. Mr Mabumba responded that Olympic Milling is part of Lunzua Power Authority. "The milling firm is a subsidiary, the licence was awarded to Lunzua, and we are confident the project will take off with the new equity partner because of the reputation it has," he said. Last month, Luapula Province permanent secretary Buleti Nsemukila also urged the developers to expedite the project implementation process, whose contract was signed 10 years ago when he served at the Ministry of Energy in the same position. The project sites will be at Kabwelume and Kundabwika Falls along the Kawambwa-Mporokoso Road across the Kalungwishi River. *(Daily Mail)*

Zambian copper miners including the local unit of Glencore Plc could face a power bill of more than $276 million if they lose a dispute with the government over electricity tariff rises, according to Copperbelt Energy Corp., their biggest supplier. A resolution to the three-year battle could come by the end of the month, Copperbelt said in its 2016 annual report, published on Friday. If the High Court rules in favor of the energy regulator and its tariff increases, the supplier will be ordered to pay state-owned power producer Zesco Ltd. $276 million in outstanding fees. The company would in turn pass the cost onto customers, Copperbelt said. A ruling could bring an end to a dispute that has raged in Africa's second-biggest copper producer since April 2014, when Zambia's Energy Regulation Board raised tariffs for mining operators by almost 30 percent. The Chamber of Mines of Zambia, which represents the companies, asked the High Court in Lusaka, the capital, to review if the increase was lawful. The regulator again raised prices in January, 2016. "Most of the mines have contested this tariff increase," said Copperbelt Energy. "From April 2, 2014 to Dec. 31, 2016, the mines opted to pay the invoices in part, based on the old tariffs."

Zambia is emerging from its worst-ever power shortage, which started when hydropower dam levels dropped in 2015, leading to rolling outages that lasted as long as 12 hours a day. The supply situation has improved as rains replenish reservoirs used to generate almost 90 percent of the country's electricity. Copperbelt has been invoiced by Zesco using the new tariffs, which are now almost double what they were before the 2014 increase, the company said. Miners have argued they have individual power-supply contracts and any changes to those must be negotiated. Nathan Chishimba, president of the Chamber of Mines, declined to comment on the case as it's yet to be concluded. On electricity prices, the various parties "have had very cordial and rational discussions, which we hope to conclude shortly," he said in emailed comments. "Progress has been made on the subject matter," Energy Minister David Mabumba said by text message. Zesco and the Energy Regulation Board didn't immediately respond to requests for comment. "By year end, the tariff discussions could not be concluded though relatively good progress was made," Owen Silavwe, Copperbelt's managing director, said in the report. "Tariff discussions will continue in 2017 and we remain confident that closure on this matter will be achieved before the end of the first quarter of 2017."*(Bloomberg)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

Zimbabwe

Corporate News

Zimbabwe's largest short-term insurer, Nicoz Diamond on Friday reported a 41 percent drop in net profit to $959,798 in the full year to December 31 from $1,64 million in the previous year after its regional operations suffered from unstable economies. During the year NicozDiamond disposed of its underperforming Ugandan operation, First Insurance Company (FICO). "The group performance for the year was negatively affected by the loss of $533,673 that was booked on disposal of FICO. The loss mainly emanated from unrealised foreign exchange losses on the investment which accumulated over the years and were only realised on disposal," chairman James Karidza said on Friday. The Zimbabwe operation recorded an increase in after tax profit to $1,73 million from $119,124 recorded in the previous year. The group's other regional operation UGI Malawi had a difficult year owing to devaluation of the Malawian Kwacha and inflationary pressures which saw claims and other costs increase. "UGI had a bad year, in terms of performance it has been their worst year ever. The Malawi economy was really affected by exchange devaluation and inflation as well was quite high, affecting mainly their claims and expenses," said general manager Gloria Zvaravanhu told analysts. Gross premiums written (GPW) fell five percent to $37 million compared to $38,7 million in 2015. Claims rose 28 percent to $19,11 million. Motor insurance, which accounted for 45 percent of GPW, contributed 73 per cent to total claims in the period. Operating profit dropped 43,7 percent from $1,9 million in the previous year to $1,07 million on the back of reduced revenue. The Zimbabwean unit's underwriting profit increased 106 percent compared to prior year while the Malawian operation, reported an underwriting loss in the period due an increase in claims and expenses. The company paid a dividend of 0,074 cents per share, bringing the total payout to $420,000 in the period. *(Source)*

Caledonia Mining Corporation on Tuesday reported an 18 percent increase in gold production to 50,351 ounces in the year to December 31, 2016 – the highest output ever at its Blanket Mine near Gwanda. Net profit nearly doubled to $8,53 million from $4,8 million after costs dropped 12 percent during the period under review. Average gold price received was up 8 percent to $1,232/oz. Production in the quarter to December of 13,591 ounces at a cost of $843 per ounce, was also a new quarterly production record for the mine. Adjusted earnings per share at 21.4 cents, increased by 143 percent from 8.8 cents, in the previous year. Production guidance for 2017 has been set 60,000 ounces. The Canadian listed miner has budgeted $18 million investment for 2017 after spending over $36 million in the previous two years.
Caledonia has a long-term plan to ramp-up production at Blanket to 80,000 ounces by 2021. "We look forward to the completion of our Central Shaft capital investment program in 2018 after which capital investment is expected to decline significantly," said chief executive Steve Curtis in a statement on Tuesday. "During the year there was significant progress in sinking the new Central Shaft, which is currently at a depth of 633 meters. Central Shaft remains on track to reach a target depth of 1,080 meters by 2018 and is the key enabler of our longer-term life of mine plan at Blanket,"he added. The miner had cash and equivalents net of overdraft of $14,3 million. "Our cash position was boosted by the drawdown of a new $3m term facility in Zimbabwe which will serve to improve capital efficiency. To finish the year with an increased cash balance despite having invested almost $20 million at Blanket and while also returning $3 million to our shareholders in dividends in 2016 is testament to the very strong cash generation potential of the mine," said Curtis. *(Source)*

Delta Corporation has endured falling revenue since 2014, but a combination of a deteriorating economy and an acute dollar shortage have left the company facing another earnings drop, according to a leading investment firm. The beverage maker, which accounts for $1,071 billion of the Zimbabwe Stock Exchange's total valuation of $3,9 billion as at close of business on Monday, remains an economic bellwether and its struggles mirrors Zimbabwe's stuttering economy. Revenue at six months to September 30 , 2016 was eight percent down to $246,6 million, while it was nine percent lower than the previous year at the close of the third quarter on December 31. A report on the firm by a United Kingdom-based securities company, Exotix Partners LLP, warns that lager and sparkling beverage volumes are likely to remain weak and that growth from Chibuku Super will not be sufficient to offset the drop. "Margins are likely to continue shrinking as volumes fall, however ongoing efforts to reduce costs may help to counter this. We estimate an earnings decline of 11 percent for FY17 and relatively flat in FY18." Full year revenue is forecast to decline by 8 percent. With constrained disposable incomes, consumers are seen dumping the high value lager products opting for Chibuku, impacting the bottom line. Delta is seen lowering prices even further in an attempt to retain its dominant market share. The beverage maker, which imports a significant part of its raw materials, particularly for sparkling beverages, has not been spared by the ongoing shortages of foreign currency and depleting nostro accounts. "While Delta is an importer of raw materials, and thus classified as relatively high priority, they have faced delays and are behind on supplier payments. Fortunately they have adequate cover for stocks, and given their strong relationships with their suppliers, we think it is unlikely they will be cut off altogether," notes Exotix. "At this stage a product shortage is not a concern, however we could see a more limited range of products in the future."

The shortage of foreign currency plus a ban on imports ban have helped curb inflows of cheaper competition, helping its sparkling beverage units retain their market share. Delta Beverages, now an associate of Anheuser-Busch InBev (ABI) which acquired SABMiller last year, faces uncertainty after the Coca-Cola Company (TCCC) last year signalled its intention to terminate sparkling beverage bottling agreements with Delta and its associate Schweppes Holdings Africa. TCCC, which formed Coca-Cola Beverages Africa (CCBA) along with SABMiller and the South African owners of bottler Coca-Cola Sabco in 2014, had retained the right to buy SABMiller's stake in the event of a change of control at the brewer. Any resultant deal from the negotiations could provide a clearer path for local assets but the separation would likely lower Delta's revenue and assets by a third. But Exotix says the process could be complex given that Delta's sparkling beverage units share a number of manufacturing plants and services with the lager beer business, along with other shared services in management, ICT platforms, distribution fleets and depots. "There would certainly be dis-synergies if the business were separated and sold. Key considerations include who the eventual buyer preferred by TCCC would be, and whether Delta decides to retain its assets and develop a new soft drinks franchise. Given all the unknowns we cannot speculate on the repercussions at this stage," said Exotix Partners.

Revenue has been falling since 2014 and the downward spiral is most likely to continue as economic situation worsens. In the 2016 full year results revenue dropped 4,6 percent from the previous year and in 2015 it dropped another 4,3 percent before it further declined by 6,7 percent in the full year 2016 to $538,2 million. Earnings Before Income Tax Depreciation and Amortisation (EBITDA) has been also on a downward spiral since 2014. In the full year 2014, EBITDA fell by 1,7 percent from the previous year before it dropped 9,8 percent in 2015. In the year to March 31, 2016 it came in 10 percent lower at $128,9 million. That trend is likely to continue. In line with the revenue and EBITDA, net profit has been on a downward spiral since 2014. Between 2013 and 2016 profit after tax decreased by 23 percent from $104,1 million to $80,1 million, and the trend is most likely to continue as revenue remains subdued. Both return on equity (ROE) and operating profit margins have been depressed since 2014 owing to subdued earnings. ROE declined from 27,94 percent in the full year 2012 to 16,41 percent in the full year 2016, while the operating margins declined from 25,02 percent in 2013 to 20 percent. But total assets have been increasing since 2012 as the company continues to invest in more plant and equipment to expand its operations, particularly on the Chibuku Super segment. Between 2012 and 2016 total assets grew by almost one half (49,04 percent) from $497,1 million to $696,2 million. Overall performance of the company has been deteriorating since 2014 as the top line remains depressed owing to waning aggregate demand which further puts pressure on profitability. *(Source)*

Ecobank Zimbabwe reported a 91 percent increase in after-tax profit to $9,9 million in the full year to December on the back of increased net interest income and operational efficiency. "Net interest income grew by 10 percent on the back of improved quality of earning assets and reduced costs of funds which alleviated the impact of falling lending margins due to regulatory and market forces," chief executive Moses Kurenjekwa said. Ecobank's net fees and commissions increased by 23 percent to $11,9 million, chiefly on the back of higher customer transaction volumes on electronic channels. As a result, net operating revenue increased by 26,6 percent from $23,7 million recorded in the previous year to $30 million. Cost to income ratio improved from 58 percent to 48 percent on the back of improved operational efficiency. Total assets increased by 69 percent to $395 million. "This growth is on the back of cautious approach in the granting of credit and slow uptake of the lines of credit as the productive sector struggled to keep afloat amid the deepening liquidity crunch," said chairman David Whatman. The bank recovered $2,1 million of previously written off loans in the period as a result of aggressive recovery efforts. Loan and advances fell 20 percent from $165,8 million in the previous year to $132,8 million while total deposits increased by 99 percent to $329,461 million in the period. The contribution of current and savings deposits to total deposits improved from 61 percent to 86 percent. Non-performing loans declined from 8 percent in the previous year to 0,5 percent. The bank's core capital increased by 20 percent to $55 million, thereby improving its capital adequacy ratio to 28 percent from 24 percent previously. Ecobank increased its treasury bills (TBs) holdings by 219 percent from $19,1 million in the previous year to $61,1 million. *(Source)*

People's Own Savings Bank (POSB) reported a 22 percent increase in after-tax profit to $9,68 million in the full year to December on increased revenue and cost containment measures. Net interest income increased by 28 percent from $9,5 million in the previous year to $12,2 million, while fees and commissions income increased by 4 percent to $21,8 million. As a result, net operating income increased by 8 percent from $32,9 million in the previous year to $35,57 million. "The favourable performance (profit) is to a larger extent attributed to the bank's emphasis on increasing revenue streams through introduction of new revenue generating products as well as emphasis on cost containment through tight expenditure control," said chief executive Admore Kandlela in a statement accompanying results on Thursday.
Net impairment charges declined from $1,35 million in the previous year to $1,26 million. Operating expenses rose four percent from $25 million in the previous year to $25,9 million as a result of increased business growth. Cost to income ratio improved from 76 percent in the previous year to 73 percent on the back of growth in income which outweighed the increase in operating expenses. Total assets rose by 22 percent from $134 million recorded in 2015 to $164 million. Deposits increased by 22 percent to $115 million from $94 million in the previous year attributed to increased visibility. *However, loan and advances to customers fell from $78,2 million in 2015 to $72,9 million in a bid to mitigate default risk.* The loan to deposit ratio declined to 58 percent from 78 percent in 2015. Non-performing loans declined slightly from 6,9 percent in the previous year to 6,23 percent. Investment properties decreased from $420,000 in the previous year to $415,000 as a result of downward revaluation of properties owing to poor performance of the property sector. The bank holds treasury bills (TBs) worth $45,95 million up from $28,8 million previously. No impairment charge was applied on TBs, reflecting the bank's confidence that the government will honour its obligations on maturity – a common position taken by all reporting banks. *(Source)*

Zimre Property lowered its after tax loss by 53 percent to $1,4 million in the full-year to December from $3 million in the prior period.
"A negative fair value adjustment on investment property of $2,81 million was recorded at 31 December 2016, resulting in an after tax loss of $1.45 million," said board chairman Jean Maguranyanga in a statement on Thursday. Revenue stood at $5,5 million from $5,4 million in 2015. Rental income was down 12 percent to $3,14 million from $3,57 million while projects income was 37 percent up to $$2,27 million driven by new stand stocks. Administrative costs dipped by 10 percent to $2,77 million from $3,09 million in 2015. Going forward, the company will start a project of 128 residential stands along Harare Bulawayo road. "The subdivision permit has been issued and project preparatory works are in progress. The expected cost of the project is $650,000 and estimated value on completion is $1,6 million," added Maguranyanga. The company is also targeting to develop student accommodation in Bulawayo and retail shops in Victoria Falls. Total assets marginally dropped three percent to $52,6 million. *(Source)*

Simbisa Brands on Thursday reported a 4,7 percent increase in after-tax profit to $4.7 million in the half year to December on the back of increased sales. Simbisa is a quick service restaurant business spun off from Innscor in November 2015. Group revenue increased by 3 percent to $79,1 million from $77 million in the previous year. Operating profit rose by 3 percent from $10,2 million in the same period previous year to $10,4 million. Earnings per share improved from 0,84 cents to 0,86 cents per share. Cash generated from the group's operations amounted to $9,9 million from $10,4 million recorded in the same period previous year and the group invested $4,3 million for the expansion of its operations in Kenya, Zimbabwe and Mauritius. The Zimbabwe operations' revenue for the six months to December 31 declined by 1 percent from $49,5 million in the comparable period previous year to $48,9 million despite a 7 percent increase in customer counts on the back of a drop in average spend. In Zimbabwe four new counters were opened, bringing the total store count to 193 counters across the country. Simbisa has 205 counters outside the country, with a presence in Kenya, Ghana, Mauritius, DRC and Zambia. On regional operations, the combined revenue increased by 10 percent on the Kenyan operation's performance. "The combined revenue for the regional operations (Kenya, Zambia, Ghana,DRC and Mauritius) increased by 10 percent to $30,2 million (2015:$27,4 million) driven by a gratifying performance from our largest market, Kenya, and the contribution of our expansion activities in Mauritius", chair Addington Chinake said.

Chinake said operating profit from regional operations segment increased by 15 percent from $1,8 million in the comparable period in the prior year to $2 million despite mixed results across the markets. Chinake said while the group experienced gains in Kenya, the operating losses experienced in the set-up phase of Mauritius operation offsetted the gains. Simbisa group opened 8 new stores in Kenya in the period under review to bring the total store count to 124. Chinake said the group is impressed with the growth in Kenya which contributed 26 percent to group revenue. Simbisa group operates 20 counters and 37 counters in Ghana and Zambia, respectively, another 14 in the DRC and 10 in Mauritius. Total assets increased by 10 percent from $73,6 million recorded in the same period in the prior year to $67,1 million. The group plans to increase its footprint both in Zimbabwe and the region as it pursues growth in size, revenue and profitability in its largest regional market, Kenya. The group declared a dividend of 0,23 cents per share in the interim. *(Source)*

Clothing and retail giant Edgars Stores Limited saw its profit dipping to $500 000 in 2016 from the comparable year's $4,5 million after the group undertook its first retrenchment exercise in 70 years. The retrenchment exercise cost $2,5 million, group managing director Linda Masterson told an analysts briefing in Harare yesterday. She said the group was going into 2017 with a leaner structure. Retail sales were down by 19,2%. Cash sales and credit sales were down by 12% and 22,3% respectively. "The challenging trading environment and macro-economic conditions reduced consumer confidence and disposal incomes," she said. Credit sales constituted more than half at 68,4% with cash sales accounting for 31,6%. Borrowings at year-end were $11,25 million down from $18 million. In the outlook, Edgars projects a 5% growth in turnover with profit after tax expected to rise by 400%. Retail sales for the Edgars chain decreased by 24,6% on 2015 figures. Masterson said they were facing product sourcing challenges due to foreign currency shortages and also lost sales in the transition period from the old system to the new one. Jet chain sales decreased by 7,6%. "Decline in ladies wear, children's wear, men's wear and footwear affected chain topline performance. Supply chain challenges in fourth quarter affected sales performance," Masterson said. Carousel recorded a 28,7% decrease in sales. Masterson said the unit recorded a 38% increase in sales to the open market, arising from the successful launch of the "Quote Ladies" brand and corporate wear sales. She said sales volumes to Jet Chain grew 18,5% but with a significant shift towards children's wear while volumes to the Edgars chain retreated by 30,2%. *(News Day)*

Economic News

*No Economic News This Week***Zimbabwe's central bank has printed half of the 'bond notes' quasi-currency it intends to issue under a $200 million scheme, a state newspaper reported on Friday, as the country grapples with a biting shortage of U.S. dollars.** The notes are intended to be pegged to the U.S. currency but fears have been raised that the Reserve Bank of Zimbabwe (RBZ) would print more than planned, undermining their value. Long bank queues have persisted since the bank introduced bond notes last November with the moribund economy desperately short of dollars. RBZ governor John Mangudya told the Herald newspaper that the central bank had so far issued $102 million in bond notes, which he said was trading at par with the dollar. Mangudya did not answer his phone when contacted for further comment. But in Harare on Friday, street traders were selling 100 South African rand for $8.50 when buying with bond notes and $8 when using U.S. dollars, suggesting they are not on par. Some businesses are offering discounts of up to 30 percent on dollar sales, while importers struggle to trade bond notes in for dollars as the cash crunch bites. "It is lack of discipline and confidence that cause traders to have multi-tier pricing system on some products, especially products such as cooking oil," Mangudya said. The central bank can only print $200 million in bond notes, which are backed by a bond of the same amount from the African Import and Export Bank. U.S. dollars, which replaced the Zimbabwe dollar in 2009 as hyper-inflation rendered the currency worthless, are slowly disappearing in the economy while the bond notes have failed to ease cash shortages. Mangudya said the amount of bond notes, which are in $2 and $5 denominations, as well as coins, was 1.8 percent of the total bank deposits of more than $6 billion. *(Reuters)*

The Tobacco Industry and Marketing Board (TIMB) will manage the afforestation fund made up of tobacco levies, a Cabinet minister has said. The fund was being managed by Treasury which, for two consecutive seasons failed to disburse the $13,2 million collected in tobacco levies meant for afforestation programmes. Agriculture, Mechanisation and Irrigation Development minister Joseph Made last week said TIMB would take over the fund this marketing season. The tobacco marketing season began on March 15. "In our discussions with the Minister of Finance and Economic Development, we have been assured that the tobacco levy is now going to be administered by TIMB,"

Made said. The 1,5 % tobacco levy which had been scrapped in 2005, was re-introduced by government in 2015, as golden leaf production increased to cater for the environment through afforestation. The money was meant to assist tobacco farmers in growing gum trees and access alternatives to firewood for curing tobacco. TIMB chairperson, Monica Chinamasa, said from the recent pronouncement by Finance and Economic Development minister Patrick Chinamasa, government would appropriate the outstanding disbursement. "We are very delighted by this clear pronouncement by government and as such we will immediately embark on an aggressive afforestation programme using the levy funds," Chinamasa said. She said growers have been contributing towards an afforestation levy since 2015. Chinamasa encouraged farmers to re-orient their production practices to patterns that favour sustainability and satisfy the new needs of the markets.
"A simple way of doing this is to establish woodlots and to use firewood from sustainable forest for curing tobacco," she said. Treasury has projected the 2017 tobacco output at 205 million kg up from 202 million kg attained this year. *(News Day)*

CHROME exports more than trebled to $42 million in February, up from $10 million in the same period last year on the back of increased output, a government official has said. In January, chrome exports were at $28 million from $7 million in 2015. In an interview, Mines and Mining Development minister Walter Chidakwa said the performance of chrome was on target to reach $300 million on exports by year-end. "Chrome has performed very well, in January last year we were on $7 million of ferrochrome on exports and we are on $28 million as of January this year and February we have gone up to $10 million last year and this year we are $42 million worth of exports. "We are on target to reaching our $300 million target for exports. We think it's going to be even better especially after finishing the allocation of the chrome concession that we are repossessing from the two chrome companies," Chidakwa said. Chrome producers in 2016 contributed $30 million to the fiscus, translating to 1% of Zimbabwe's mineral value.

Meanwhile, the government has seized 50% of chrome ore claims held by Zimasco, which it will now parcel out to small-scale chrome miners as special grants. Another chrome smelter, ZimAlloys, according to Chidakwa is yet to release 50% of its chrome ore claims. ZimAlloys owns 1 052 claims covering 39 175 hectares, while Zimasco owns 2 530 claims covering 68 655 hectares. Zimasco has complied with government and ZimAlloys is yet to comply with the directive. Chidakwa said government was not going back on its directive. "I have said before that the policy is a government policy and it does not select between the two companies, both of them must comply with government policy and at this point and time I'm ready to say if they do not comply we will activate the necessary provisions of the Mines and Minerals Act which enable us to repossess mining locations that have been abandoned including the concessions that are in that mining location," he said. "So we have written to ZimAlloys advising them that we are triggering the provisions of the Mines and Minerals Act to enable us to act. I would rather they act fast and I hope they will act fast." Chidakwa said government has reactivated five smelters out of the six that are owned by Zimasco. *(New Day)*

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