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

				WTD % Change			YTD % Change	
Country	**Index**	**25-Nov-16**	**2-Dec-16**	**Local**	**USD**	**31-Dec-15**	**Local**	**USD**
Botswana	DCI	9652.28	9561.53	-0.94%	-0.52%	10602.32	-9.82%	-6.34%
Egypt	CASE 30	11353.11	11453.25	0.88%	-0.19%	7006.01	63.48%	-28.55%
Ghana	GSE Comp Index	1625.09	1559.27	-4.05%	-8.22%	1994.00	-21.80%	-30.11%
Ivory Coast	BRVM Composite	277.71	280.75	1.09%	1.52%	303.93	-7.63%	-10.07%
Kenya	NSE 20	3265.89	3248.02	-0.55%	-0.58%	4040.75	-19.62%	-19.19%
Malawi	Malawi All Share	12889.99	12875.85	-0.11%	-0.38%	14562.53	-11.58%	-21.09%
Mauritius	SEMDEX	1804.73	1804.69	0.00%	0.34%	1,811.07	-0.35%	0.02%
	SEM 10	344.12	344.72	0.17%	0.51%	346.35	-0.47%	-0.10%
Namibia	Overall Index	1079.89	1055.86	-2.23%	-2.08%	865.49	22.00%	33.64%
Nigeria	Nigeria All Share	25333.39	25740.83	1.61%	2.80%	28,642.25	-10.13%	-42.45%
Swaziland	All Share	380.34	380.34	0.00%	0.15%	327.25	16.22%	27.32%
Tanzania	TSI	3877.79	3877.79	0.00%	-0.37%	4478.13	-13.41%	-14.30%
Zambia	LUSE All Share	4303.68	4200.30	-2.40%	-2.81%	5734.68	-26.76%	-18.58%
Zimbabwe	Industrial Index	131.65	139.64	6.07%	6.07%	114.85	21.58%	21.58%
	Mining Index	49.04	57.09	16.42%	16.42%	23.70	140.89%	140.89%

CURRENCIES

Cur-rency	25-Nov-16 Close	2-Dec-16 Close	WTD % Change	YTD % Change
BWP	10.68	10.63	-0.43	3.86
EGP	17.67	17.86	1.07	-56.30
GHS	4.07	4.26	4.55	-10.63
CFA	619.18	616.61	-0.42	-2.65
KES	99.95	99.98	0.03	0.54
MWK	718.57	720.50	0.27	-10.75
MUR	34.68	34.56	-0.34	0.37
NAD	14.08	14.06	-0.14	9.55
NGN	311.69	308.07	-1.16	-35.96
SZL	14.08	14.06	-0.14	9.55
TZS	2,130.20	2,138.09	0.37	-1.04
ZMW	9.81	9.85	0.42	11.16

SECURITIES AFRICA

Botswana

Corporate News

Botswana's Debswana, the world's biggest diamond producer by sales value, is on track to produce its first diamonds from the expanded Jwaneng mine by next year, a company official said on Tuesday. Known as Cut 8, the $3 billion expansion project aims to prolong the Jwaneng mine's life by a further seven years and produce 100 million carats. "The Jwaneng pit expansion is on track and will start delivering first ore to plant in 2017," Debswana Corporate Affairs Manager Matshidiso Kamona said. The project involves the widening of the existing pit as an alternative to going deep underground. Debswana is aiming to keep production flat at 20 million carats in 2016. *(Reuters)*

Economic News

No Economic News This Week

WEEKLY AFRICAN FOOTPRINT

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Egypt

Corporate News

Egypt will import around 60 cargoes of liquefied natural gas (LNG) next year and Glencore will be the biggest supplier, trading sources with knowledge of the results of Egypt's mega tender for 2017 and 2018 said on Monday. Glencore bagged the right to supply around 25 liquefied natural gas (LNG) cargoes to Egypt, while second-placed Trafigura is understood to have won the right to supply about 18 cargoes of the super-cooled fuel, the trading sources said. Other parties successful in Egypt Natural Gas Holding's (EGAS) tender included BB Energy, Gunvor and Vitol, the sources added. State-run EGAS, which issued the import tender in late October, sought 96 cargoes for delivery in 2017 and 2018 in total, with an option to buy 12 additional cargoes in 2017. The company has now probably secured all of its 2017 requirements, and just six cargoes for 2018, traders said. It was not immediately clear why it did not seek more cargoes for 2018 delivery. The details of the tender results could not be directly confirmed as EGAS did not respond to Reuters' queries. A Glencore spokesperson also declined to comment on the results. January-March 2017 cargoes are understood to have been awarded at a slope of around 15 percent to crude, while the remaining cargoes for 2017 delivery are likely to have been priced at a slope of 12 percent and below, the trading sources said.

The steeper premium for the January-March cargoes is estimated to be equivalent to about $7.50 per million British thermal units (mmBtu). In comparison, Asian spot LNG prices for January delivery are currently pegged around $7.10/mmBtu. "It is bullish news," a Singapore-based trader said, referring to the first quarter 2017 volumes and prices paid by EGAS. However, the lower price for cargoes to be delivered later in 2017 reflect the weaker demand-supply fundamentals expected in the LNG market, said a second trader based in Singapore. Australia and the United States are due to ramp up production in the second half of next year. Under the tender terms, LNG suppliers may have to wait as long as six months to get paid for deliveries arriving between January and June 2017. Thereafter payments will take 120 days compared with the 90 days that LNG shippers previously got paid after delivery. *(Reuters)*

Economic News

No Economic News This Week

Ghana

Corporate News

Export development finance institution, EximBank Ghana, has been launched to bolster government's quest for an aggressive and sustainable export-led economy. The EximBank has long been touted by economists and business minded think-tanks as the surest relief package whose effective operation could tackle the issue of lack of access to finance stifling the growth of firms in export and import business. The establishment of the bank is expected to improve the country's export competitiveness, to rake in much needed foreign exchange and improve balance of trade. At the launch in Accra, Finance Minister, Seth Terkper, said: "EximBank Ghana is government's initiative to substantially support the private sector and other state enterprises whose operations are linked to export/import. This is a strategy for structured growth as it will cushion exporters to compete favourably through guarantees and export credits as well as broadly enhance the country's muscles in terms of international trade." The new bank is an amalgamation of the Export Finance Company Limited (EFCL), Eximguaranty Company Limited (ECL) and the Export Development and Agricultural Investment Fund (EDAIF). Parliament passed the Ghana Export-Import Bank Act in the first quarter of this year, and was followed by the swearing in of a board of directors in July. With total imports outstripping total exports for more than three decades, Ghana's total exports as at December 2015 rose to US$10.36billion as against an import of US$13.47billion. This resulted in a total deficit of US$3.11billion, representing 8.3 percent of GDP, a situation government said it is determined to overturn. In August 2016, the nation's total exports stood at US$6.79billion, whiles imports stood at US$8.78billion, leading to a total deficit of US$1.98billion, which represents 4.6percent of GDP.

Key business associations, such as the Association of Ghana Industries (AGI), the Federation of Associations of Ghanaian Exporters (FAGE), the Ghana Union of Trade Associations (GUTA) and the Ghana National Chamber of Commerce and Industry (GNCCI), have long banked their hopes on the EximBank. The Finance Minister said EximBank will not be an isolated enterprise, urging strong collaboration between the bank and related business associations to live up to its billing. Products to be offered by the bank include trade finance facilities and export capability creation facilities, that will be geared towards building the competence of businesses in the impex sector. Special focus areas of the bank include the cushioning of small and medium enterprises, the agricultural value chain and support for rural industrialisation, as well as other viable ventures that lack assistance from the commercial banks. Board Chairman of the bank, Prof. Richard Bani, told the B&FT in an interview, that the bank's core objective will be to facilitate international trade by focusing on companies and industries that have the export potential. "For those companies that are already into the export business, we want to increase the volume of their exports so as to increase the inflow of foreign exchange as well as stabilise the cedi," he said. *(Reuters)*

Economic News

The Bank of Ghana, working with the Ghana Community Network Services Limited (GCNet), is putting measures in place to further strengthen the existing export monitoring platform to ensure the repatriation of all export receipts into the country. The central bank is seeking to incorporate the Letter of Commitment (LOC) number as part of the swift message in the new electronic export monitoring platform that has been in place since July 1, 2016. "BOG started tracking export proceeds in July. So far, it is going very smoothly. But we keep emphasising that they need to include the LOC number as part of the swift message that is coming so that the banks can do the reconciliation quickly. That is the additional things that we are doing for the BOG," Mr. Eben Tawiah Engmann, GCNet's Senior Product Specialist said. The system, which was deployed last July, has fairly ensured the availability of major trading currencies such as the dollar and pounds and helped slowed the rate of fall of the local currency; the Cedi since July depreciated by about 1.3 percent. "With all exports, the BOG expects the monies to come in but the monies were not coming in. So, we gave them a system that will track all the exports that were going out. So, before you do your shipment out you have to do a Letter of Commitment (LOC) that will state the value, volumes, destinations that the product is going and the bank that is supposed to receive the proceeds when they come in. So once the shipment is done and the monies don't come in, exporters are blocked from doing further exports. It's all a way of checking to ensure the monies come in to the

country," Mr. Engmann told the B&FT on the sidelines of the launch of the GCNet-FDA Pharmaceutical Market Information. Millison Narh, First Deputy-Governor of the Bank of Ghana, in an earlier interview, said: "The rather sharp depreciation of the Ghana cedi last year was a wake-up call that appeared to confirm the suspicion of many industry players that a big chunk of export proceeds, particularly gold, is not being repatriated into Ghana".

According to figures from the Bank of Ghana, in 2015, a total of US$3.2billion worth of gold was exported from Ghana by both large and small-scale miners. However, a number of state officials strongly believe that a larger quantity of the commodity leaves the country illegally on a daily basis. Security agencies continue to uncover gold bars meant for exports without proper documentation. This is to avoid paying the right taxes and repatriating the proceeds from gold sales into the country, contrary to the Bank of Ghana Act (Act 612, 2002). In February, the Customs Division of the Ghana Revenue Authority (GRA), acting on a tip-off, impounded 12 boxes at the Kotoka International Airport which contained gold bullion weighing about 480kg and valued at US$18million. The seized bullion was bound for Asia and the Middle East. "In the wake of a foreign exchange dearth from export revenues -- resulting in perennial depreciation of the Ghanaian cedi against major trading currencies such as the US dollar, the euro and the Pound Sterling -- the time has come for all stakeholders in the export sector to ensure that every export commodity that leaves the shores of Ghana is accounted for in the Balance of Payments Account. This is the only way we can curb the perennial shortage of foreign exchange with its attendant depreciation of the Ghana cedi, and accumulate adequate reserves," Mr. Narh said. *(Ghana Web)*

Finance Minister Seth Terkper has disclosed the country is likely to end the year with a public debt-to-gross domestic product (GDP) ratio not exceeding 70%. There were projections the ratio would cross the dreaded 70% mark by end of year, which some economists say could mean that Ghana's debt stock had reached unsustainable levels. But Mr Terkper has indicated that government is making every effort to ensure the red line is not crossed. "We want to maintain the debt below 70 percent and I think we should be able to do that as a country with these measures that we have introduced," he told Class News. Ghana's total public debt hit GHS112.4 billion by end of September 2016, representing 67.4 per cent of GDP. This is above the prescribed debt sustainability level of 65% and above the 66% the International Monetary Fund (IMF) projected for Ghana. According to Mr Terkper the debt will begin a gradual decline and remain within sustainable levels in the first quarter of 2017. He said government had adopted a number of measures that would ensure that the target is met. *(Ghana Web)*

The Bank of Ghana (BoG) will from this Wednesday, November 30 start selling part of the $1.8 billion dollar cocoa loan to commercial banks. The Central Bank to this end has released regulations for interested banks and the calendar to guide the auction. The Bank of Ghana in a notice said only those who are licensed, can participate in the auction, "participation in the auction is restricted only to Authorized foreign Exchange dealing banks". It adds that authorise banks shall submit their bids via a secured Bank of Ghana page on Reuters Terminal or through a designated email in approved format provided by the regulator. Participating banks are permitted to submit maximum three bids in the auction and quoting their desired amount, however, each bank will be allowed a minimum bid size of 500,000 and in multiples of 250,000. A Maximum bid size of a single bid shall not exceed ten percent of the auction target, the cumulative volumes from any single bid shall not exceed 20 percent of the auction. This should mean that no bank may get more 4 million dollars. According to the calendar, the Bank of Ghana is planning to sell 60 million dollars over the next four weeks. i*(Ghana Web)*

Ghana has signed a 7.84 million Euros mixed credit facility agreement with the Nordea Bank of Denmark for the establishment of an Environmental Monitoring Laboratory at the University of Mines and Technology (UMaT). The Environmental Monitoring Laboratory is to promote teaching and research for the UMaT and the establishment of an Environmental and Safety Engineering Department. The project will be funded through a grant of 2.9 million Euros from DANIDA as well as the 7.84 million Euros loan facility from the Nordea Bank. Deputy Finance Minister, Mrs Mona Quartey, signed on behalf of Ghana while Mr Henrik Brink, the Vice-President of Nordea Bank, signed for the company. Mrs Quartey said the agreement marked another milestone in the process that would lead to a significant improvement in the tertiary education sector, especially in the area of science and technology. She said the project would help train the manpower needs of applied research and equip trainees to address the environmental challenges faced in the degraded mining enclaves and forest reserves. Mrs Quartey said the project would create a platform for the establishment of an Environmental and Safety Engineering Department at

UMaT thereby enhancing the capacity of the university to enrol more students and produce graduates well vested in environmental issues. "The project will create a balancing mechanism between the extent of dependence of the national economy on mining operations and the prevention of the potential adverse effects of activities of operators in the industry on the economy," she said.

Mrs Quartey said the project would also help to reduce the level of cyanide holdings, minimise the quantum of mining waste as well as minimise the pollution of rivers through the reduction of cyanide spillages. She expressed the hope that mining companies would take advantage of the opportunities the project would provide in making available laboratory services that address mines-related environmental consideration. Tove Degnbol, the Danish Ambassador to Ghana, said the support was highly relevant in the situation Ghana found itself as mining was a major industry in the country. Professor Jerry Kuma, the Vice Chancellor of UMaT, said the environmental lab was key to the university's quest to be relevant in the mining and business sectors. He said with the project UMaT would be well positioned to minimise the effects of mining on the communities. *(Ghana Web)*

WEEKLY AFRICAN FOOTPRINT

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Kenya

Corporate News

The National Bank of Kenya (NBK) said its net profit in the nine months ended September slid 76.8 per cent due to a surge in bad loan provisions and expenses. The NSE listed lender's profit fell to Sh521 million for the third quarter 2016 from Sh2.2 billion in the same period last year. The mid-tier lender's net interest income however grew by 16 per cent from Sh5.7 billion to Sh6.6 billion. Provisions for bad loans which ate into the lender's margins nearly quadrupled from Sh586 million to Sh1.9 billion. NBK's total operating expenses increased by 37 per cent from Sh5.6 billion to Sh7.7 billion due to what the lender attributed to "prudent provisioning" and increased investment in systems and product innovations. NBK, which is majority owned by the state through the National Treasury is currently undertaking a transformation programme to return to profitability. *(Nation)*

Mauritian firms have injected more than Sh5 billion into the economy through acquisitions and investments in Kenyan companies, indicating tightening economic links between Nairobi and the Indian Ocean Island country. The rush to Kenya by Mauritian firms is partly spurred by a double-taxation agreement signed two years ago. Financial services group SBM Holdings' intended acquisition of Fidelity Bank for an estimated at Sh2.7 billion is so far the single-biggest publicly announced deal. Mauritian fund manager Axis acquired Kenyan stockbroker ApexAfrica Capital for Sh470 million last year, making it the highest priced takeover of a market intermediary in East Africa. Xterra Capital Advisors, a fund management firm domiciled in Mauritius, is in the process of raising cash to construct a high-end, mixed-use real estate in Nairobi at a cost of Sh1.4 billion. Mauritius' largest sugar miller Alteo Limited, through its subsidiary firm, Sucriere Des Mascareignes Limited (SML) acquired a 51 per cent stake in Kenya's Transmara Sugar Company in a multi-million shilling deal that was, however, not made public. Investment analysts say Mauritius firms are driven by the need for geographic diversification and the desire to tap into Kenya's economic growth. "Mauritian companies are trying to diversify their risks and capture the growth in our economy plus there is a tax benefit given the double taxation treaty that is in place," says financial analyst Vimal Parmar. Axis took over ApexAfrica through its locally registered unit Mauritius Kenya Investment Holding. The acquisition gave the Mauritian group an entry into the Kenyan stockbrokerage and fund management industry. Mr Parmar believes the Mauritians are also keen to speed up growth of their companies by tapping the Kenyan firms as opposed to seeking organic growth in their more competitive economy. Alteo became the second Mauritian company to invest in the Kenyan sugar industry following the purchase of a 25 per cent stake in Kwale International Sugar Company by Omnicane.

The sugar industry in Mauritius is highly efficient owing to competition-driven modern production technology whereas the Kenyan one is beleaguered by mismanagement. Alteo Limited reported a profit of Sh273 million (96,411 million rupees) for the three months to September, noting that it expected better results in the second quarter following increased production capacity. "Transmara Sugar Company Ltd (TSCL) in Kenya showed very encouraging performance as it was positively impacted by its recently enhanced production capacity and improved sugar prices. Results for the first quarter last year are not comparable as TSCL was consolidated as from 1st August 2015," says Alteo in its latest financial statements. Xterra Capital Advisors was reported to have entered into a partnership with real-estate developer AMS Properties and property marketing firm Hass Consult to develop properties worth Sh9.7 billion in the East Africa region. The partnership is also set to open the door for the development firms to be given preference shares in the fund management company. "Mauritius has positioned itself as a gateway into Africa -they have executed the most double taxation treaties with African countries - and in particular for the Indian subcontinent. What we are seeing is surely correlated to destination East Africa which is now top of investors' For a Mauritian company to enjoy the tax benefit signed between the two countries it has to acquire more than 50 per cent of a Kenyan firm, so as to account for it as a subsidiary.

A subsidiary statement has to be consolidated in the group accounts where the benefit kicks in. Waguthu Holdings (K) Limited — the company associated with the multi-billion shilling real estate project, Tatu City, is also owned by a parent company incorporated in Mauritius as MCIH. Some of the Mauritius firms that have invested in the country have already started harvesting their investments. Abland Diversified

Holdings last year sold its 45.5 per cent stake in Buffalo Mall to South Africa's JSE-listed property fund Delta Africa Property Holdings for Sh418 million. Mauritius recently sold its 23.3 per cent holding in listed financial service company Britam. The Mauritian government had seized the stake from its disgraced tycoon citizen Dawood Rawat after accusing him of running a Ponzi scheme. The stake was acquired by Plum Holdings, a company associated with Equity Bank chairman Peter Munga at an estimated Sh6.3 billion. Essar Energy Overseas Ltd — which owned a 50 per cent share of Kenya Petroleum Refineries Ltd — was incorporated in Mauritius. The company sold its stake, which it held for six years, to the Kenyan government. Kenyan investors have also registered firms in Mauritius in an effort to enjoy the tax benefits — in some cases eliciting calls for investigations of the double taxation agreements. Tax Justice Network (TJN), a lobby group, has in the past argued that the agreements are robbing Kenya the ability to raise revenue domestically by expatriating profits. Investment firm Centum incorporated Centum Development and Centum Exotics, both based in Mauritius, in what it said was a strategy to ease its penetration in more African markets. The Flame Tree Group has trading subsidiaries in both the UAE and Mauritius that have friendly taxation rules on both profits and capital gains. *(Nation)*

Listed financial services firm Britam Holdings Limited is mulling over cross-listing its shares in neighbouring countries to give investors in the region a chance to buy into the company. Group managing director Benson Wairegi said the company plans to list its stock in Rwanda, Uganda and Tanzania. "When the opportunity is ripe we shall crosslist as this is something within our radar. We have been asked by regulators in these markets where we launched operations four years ago to consider listing," Mr Wairegi told the Business Daily in an interview. "We're working on consolidating gains in these markets within the framework of our 2016-2020 strategy and future move across any of our markets will be communicated to our shareholders when the time comes." Britam, which is marking its 50th anniversary this year, has stepped up the expansion plans to consolidate recently acquired businesses. Mr Wairegi said the company has in the pipeline real estate projects in Kenya which will see the group build commercial, mixed and residential developments within the next five years. The 31-floor Britam Towers currently under construction in Upper Hill, Nairobi, is nearing completion. The recent requirement that all importers and shipping companies should insure cargo destined to Kenya with Kenyan underwriters has also opened up new opportunities for the industry. Britam has spent Sh3 billion on installation of a digitised platform for all operational processes.

This is aimed at tapping emerging technologies that allow for seamless transactions on an online platform. The online platform has already been activated for the staff and will soon be made available to customers allowing them to access their individual accounts, print statements as well as conduct transactions on a realtime basis from wherever they are. Currently, Britam runs a short message service for its customers making enquiring about payments made for purchase of various products including unit trusts, insurance premiums and education policies. Mr Wairegi says new industry regulations will have an impact on how insurance companies are run, with more focus being on risk management. Under the risk-based regulation, insurance companies will no longer have a uniform capital level but each now has a separate capitalisation based on risk insured. Life insurance companies were previously required to have a minimum Sh300 million reserve while general business firms had a reserve requirement of Sh150 million. *(Nation)*

Kenya's central bank hopes mid-size lender Chase Bank will be brought back out of receivership sometime during the first quarter of 2017, the governor said on Tuesday. The Central Bank took over Chase Bank in April after a run on its deposits raised fears it would be unable to repay customers. Chase was the third medium-to-small lender to be closed in Kenya over a period of nine months, rattling investors in East Africa's biggest economy, where the level of gross non-performing loans reported by banks rose sharply last year. "Our expectation is sometime in Q1 of next year, we will bring this to fruition," Patrick Njoroge told a news conference. In April, Njoroge said that he had received nine indications of interest in Chase Bank, including from the private bank's own shareholders and other local lenders or investors, as well as two foreign parties. In the same month, Chase Bank reopened after KCB Group was appointed to manage it. On Tuesday, Njoroge said there was interest from both foreign and local investors but did not elaborate apart from saying that they were looking at all possible ways of bringing Chase Bank out of receivership. "Everything is on the table, so there is nothing that you can say is off the table, including even, just as an example, we haven't said the way to go forward would not include some equity conversions of deposits or equity conversions of loans." Kenya's mid-sized Imperial Bank was taken over in October 2015 after fraud was uncovered. Two months earlier, smaller lender Dubai Bank was put into receivership. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Total Kenya is the biggest domestic market share loser for the three months to September. Shell andKenol Kobil, shed a combined 2.8 per cent market share. The Petroleum Institute of East Africa say that Total lost 1.3 per cent to close the period at 16.7 per cent and retain its position as the country's top oil marketer. Vivo, which trades as Shell, is ranked second having shed 1.2 per cent to have a 16.6 per cent share while Kenol Kobil shed the least share (0.3 per cent), ending the period with 15.2 per cent. Gulf Energy, a small oil marketer which has been in the country for a decade, was the only oil firm among the top seven companies to gain market share in the period under review, underlining a shift in the industry. The oil company has grown rapidly over the years and now runs fuel stations in most major towns in the country. It also has a presence in Uganda. "Kenya fuel consumption increased by approximately 20 per cent up to September this year compared to the same period last year," said Wanjiku Manyara, petroleum institute's general manager. Kenya's top-three oil market rivals are competing on customer convenience and wider distribution to increase sales. Kenol Kobil is also running a promotion and discounts on their loyalty cards. A wider footprint is critical in driving sales of products such as diesel, petroleum and kerosene to motorists and households. The bigger oil marketers have more retail outlets than their smaller rivals. State price controls have tamed price wars among the fuel companies, making market presence and strategic locations key factors in winning customers who don't have to seek bargains at various outlets. *(Nation)*

Consolidated Bank is looking for a strategic investor to pump in more than Sh2.5 billion to plug a capital hole that has worsened its loss, even as the state claims it intends to merge public lenders. The lender has reported an after-tax loss of Sh203 million for the nine months ended September compared to a Sh16 million profit in a similar period last year. Capital deficiency has forced the bank to go slow on business growth while expenses continue to rise resulting in more losses. The National Treasury, which is the majority shareholder with a 78 per cent equity, has broken several promises to inject additional capital into the bank, most recent being failure to support a rights issue that it had approved. "We have agreed (with Treasury) to seek a strategic investor. We are in the process of seeking necessary approvals," bank chief executive Thomas Kiyai told the Business Daily in an interview. The management estimates that Sh2.5 billion will be sufficient to recapitalise the bank and give it headroom to grow. Loses have pushed Consolidated's core capital below the statutory Sh1 billion at Sh880 million, which is 6.2 per cent of its risk-weighted loan book and lower than the mandatory 10.5 per cent. Its total capital to total risk weighted assets ratio is also below the required minimum of 14.5 per cent at 7.8 per cent. Recent capping of interest rates has made issuance of the second tranche of the bank's corporate bond unviable.

Consolidated was paying investors 13.5 per cent for the bond, which it cannot lend at a price above 14 per cent. Management was non-committal on whether the bank will remain majority State-owned after the planned sale noting the level of dilution will depend on whether other shareholders will also inject some capital. Other shareholders include National Social Security Fund (five per cent), the defunct Kenya National Assurance (4.3 per cent), the Kenya National Examination Council (1.5 per cent), Kenya Pipeline (1.6 per cent) and National Hospital Insurance Fund (1.3 per cent). The Treasury's decision to allow Consolidated to look for a strategic investor looks likely to scuttle plan to merge the bank with National Bank and Development Bank, both majority owned by government. The government earlier in the year appointed a consultant to advice on merging the three banks.

International audit firm PriceWaterhouseCoopers had previously advised the bank be privatised through an initial public offering, now made unviable by the recent loss making. A company is required to have recorded profits for the last three years before listing. Consolidated Bank has retained a loan book of Sh9.1 billion while its deposit base declined by Sh600 million in the three months to September to Sh8.6 billion. The bank's bad book shrunk by 42 per cent breaking an industry trend that has seen its peers report a pile-up of non-performing loans. Its bad loans are Sh1.8 billion, down from Sh3.1 billion, which management attributed to improved debt collection. Mr Kiyai disclosed the lender, who has an elevated cost to income ratio of 115 per cent — attributed to low revenues — plan to implement cost-cutting measures, which usually includes staff costs, in the first quarter of next year. *(Nation)*

WEEKLY AFRICAN FOOTPRINT

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TRADING

Economic News

Kenya is expected to keep interest rates stable on Nov. 28 ahead of an expected rate rise in the United States while cautiously dealing with the impact of new banking regulations, a Reuters poll found on Friday. The shock of trade-sceptic Donald Trump ascending to the top office of the world's biggest economy has wrong-footed African countries, many of which have enjoyed beneficial trade agreements. A stronger dollar and higher Treasury yields in the wake of Trump's victory are also pressuring emerging economies. In a poll taken since the start of the week, 12 analysts expect Kenya's central bank to hold rates at 10 percent while two said the Bank will cut rates by 50 basis points and one opted for easing of 100 basis points. The Bank has cut rates by 150 basis points this year. Though it seems the Central Bank of Kenya has some wiggle room to cut rates, it will probably wait until next year to see a clearer picture of what Trump's policies mean for Africa. Kenya is a big player in east Africa's intra-regional trade, however the United States is a major export destination outside of the continent. Kenya has benefited from the African Growth and Opportunity Act (AGOA), which gives sub-Saharan African nations duty-free access to U.S. markets for certain goods. But the election of Trump, who campaigned on protectionist trade policy, has many governments in Africa worried that his administration will curtail this preferential treatment. "The Kenyan central bank is evidently in a loosening cycle, but the balance of both external and domestic risks suggests that a wait-and-see approach is warranted," said Jacques Nel, senior economist at NKC African economics.

Rafiq Raji, at Macroafricaintel in Lagos, said an imminent U.S. rate rise, the strengthening dollar and the widely-seen downside for emerging market assets from likely Trump policies were causes for caution. Commercial banks in Kenya must start applying a new cap that will limit their lending rates to 4 percentage points above the central bank's benchmark interest rate from September, a move that has put banks under pressure. NKC's Nel added that the domestic banking sector is still digesting the imposition of rate caps, which further complicates monetary policy as rate decisions will have direct effects on commercial banks' operations. Still, Kenya is expected to cut rates 50 basis points in the second quarter and by the same margin in the following quarter to end the year with rates at 9 percent. Economic growth in east Africa's biggest economy is expected to grow 5.8 percent this year, virtually unchanged from a forecast in a Reuters poll taken two months ago. Growth is expected at 6 percent next year, in line with comments from a senior Treasury official this week who initially estimated 6.5 percent but trimmed that back mainly because of slowing private-sector credit growth. Inflation, at 6.47 percent in October is expected to average 6.3 percent this year and 6.0 percent in 2017, well within the Bank's comfort level of between of 2.5 and 7.5 percent. *(Reuters)*

The Kenyan shilling was steady on Monday, and was seen firming against the dollar due to easing importer demand with traders keeping an eye on the central bank's lending rate decision later in the day. At 0853 GMT, commercial banks quoted the shilling at 101.80/102.00 to the dollar, unchanged from Friday's close. *(Reuters)*

The European Union (EU) and Denmark have poured cold water on the push by some donor countries to cease advancing aid to Kenya. Erik Habers, the head of development cooperation for the European Union Delegation to Kenya has said that despite Kenya's status having being elevated to a middle income economy, the EU has no immediate plans to end assistance to the country. Mr Habers also averred that the support will continue adding that the EU will soon announce a substantial funding pledge to water and development projects. He was speaking on the sidelines of the just concluded Kenya Water Week in Nairobi. "The European Union and its member states will continue to support Kenya and the water sector to ensure the right to water and reasonable standards for sanitation for every Kenyan in line with the Constitution and Vision 2030," Habers said. Speaking at the same forum, Noeke Ruiter, the First Secretary of the Kingdom of the Netherlands, affirmed that her country would cease all aid to Kenya by 2020, but added that Netherlands would work with the government to implement sustainable models to replace aid. Ruiter, however, argued that Kenya is now a middle income economy and more emphasis should be put in trading with it rather than advancing aid to it. "Currently, it is premature to stop donor support, especially in water and sanitation sectors with more than 40 per cent of Kenyan's lacking access to clean and adequate water,"

Habers said. Habers also said that it would be wrong for donor countries to immediately stop aid to Kenya, when communities in Arid and

Semi-Arid Lands (ASAL) still need to be cushioned from lack of adequate water supplies. Presently, more than 80 per cent of funds directed to the Water Services Trust Fund, the Government agency that funds water and sanitation projects, come from development partners like the EU. On his part, Lars Bredal, Deputy Head of Mission of the Danish Embassy, while acknowledging that aid to Kenya would eventually cease, called for a more phased approach in its termination so as to ensure programmes remained on course towards achieving Sustainable Development Goals. While giving his views on the same aid subject, Principal Secretary for Water and Irrigation Fred Sigor said the Government was aware of diminishing aid flow for development and was putting in place mechanisms to ensure sustainable funding to affected sectors to bridge the limited inflows. *(Standard Media)*

Commercial banks are tightening loan request approvals, making it harder for borrowers to access credit. Central Bank of Kenya (CBK) yesterday said there was a sharp rise in the number of loan applications since August – when the law capping interest rates came to effect. But over the same period, the lenders have granted fewer loans, a pointer to the fact that the banks are unwilling to take the risk of providing credit at the prevailing interest rates. CBK Governor Patrick Njoroge, however, declined to link the interest rate regulation to the slowdown in new loan approvals, claiming the banks were realigning their business models. “Slowdown in credit growth is not related to the interest rate cap law,” said Dr Njoroge of the seemingly alarming credit squeeze where several banks have reported shrinking loan books. Emboldened by the interest rate regulations that currently caps the cost of loans at 14 per cent, (Central Bank Rate of 10 per cent plus allowable margin of four per cent), prospective borrowers have been flocking banks to seek credit only to be turned away. It was predicted that regulating the lending rates would boost credit appetite by making it cheaper and attractive to borrow, but the resultant slowdown seems very much a supply-side problem on the part of banks. Credit to the private sector grew by 5.3 per cent in the three months to September in the slowest growth in eight years, but the full impact of the rate-capping law that took effect on August 24 would be felt in the current quarter.

“Banks have been adjusting their business models since the new regime came in,” said the CBK boss in dispelling fears that the credit contraction was a result of interest rate regulation. Dr Njoroge attributed the stricter lending criteria among banks to internal decisions taken in the last financial year, where reporting requirements by CBK have translated into inflated bad and doubtful loans among all lenders. Banks are now required to adhere to an uncompromising classification of loans as non-performing if the borrower has not repaid in 90 days – while they previously had a broader latitude of determining when to call a credit facility to be in default. With a bigger proportion of loans either in default or doubtful standing, banks are required to set aside more resources, technically known as provisions - which are accounted for as expenses - to absorb the shock in case the borrowers are unable to pay. Declining loan books in the banking industry have a huge spiral effect on the private sector through lower consumption and the risk of massive lay-offs among banks as they seek to remain profitable. Several lenders have already announced redundancies, owing to the anticipated drop in profits linked to the interest rate-capping regime, while others are at different stages of executing lay-offs. But Dr Njoroge said banks were now “earning” their profits in the regime of interest rate caps unlike previously where they made easy money from expensive loans at the expense of borrowers. Independent institutions, which are big advocates for free markets, have warned the rate cap and the slowdown in credit to the private sector could have huge implications for the economy. *(Standard Media)*

The Kenyan shilling was steady on Wednesday with the usual end-of-month corporate demand for dollars relatively subdued. At 0830 GMT, commercial banks quoted the shilling at 101.75/95 to the dollar, little changed from Tuesday's close of 101.80/102.00. Traders said they expected the currency to remain rangebound during the session. *(Reuters)*

Kenya's Nairobi Securities Exchange expects its first exchange traded fund (ETF) to be approved by the regulator this year and trading to start soon after. The exchange's chief executive Geoffrey Odundo told Reuters it had been investing in new infrastructure to allow the trading of new products, like the ETF, as it diversifies from equities and bond trading. Earlier this month, NSE issued a profit warning for the year after a fall in share trading. "Almost 95 percent of all product development is complete. We are at a very imminent phase of launching very many products. We are looking at ETFs coming into play," he said at a meeting of African bourse chiefs in the Rwandan capital on Tuesday. A foreign company, which he did not identify, had applied to the capital markets regulator for permission to offer a commodities-

based ETF for trading on the NSE. "It will be a first for the NSE," he said. ETFs are securities traded on exchanges that can allow investors to hedge their risk, as they are based on underlying assets like commodities or a basket of stocks. The NSE has also been laying the groundwork for a derivatives market that Odundo said will start operating soon.

Like other exchanges in Sub-Saharan Africa, the NSE struggles with poor liquidity and the Capital Markets Authority (CMA) regulator has published proposed guidelines to allow funds to trade on borrowed securities in the market to address this. "Investors will now be able to lend securities to another party, who can then trade on them depending on their view of the market and then be able to give them back," Odundo said. Local pension funds usually hold shares in top firms listed on the bourse, leaving other market participants starved of a supply of the shares, thus stifling liquidity. The new guidelines on stock lending and borrowing will eliminate that problem. "There is urgency and I suspect in the first quarter of next year we should have those regulations up," he said. *(Reuters)*

Kenya's inflation rate edged up to 6.68 pct year-on-year in November from 6.47 per cent in October, the statistics office said on Monday. The increase was mainly because the food and non-alcoholic drinks index increased by 1.17 per cent, the office said on its website. *(Reuters)*

The Kenyan shilling was firm against the dollar on Thursday, helped by remittances from Kenyan nationals working abroad, traders said. At 0717 GMT, commercial banks quoted the shilling at 101.80/102.00 to the dollar, stable from Wednesday'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

Mauritius' trade deficit widened by 15.9 percent in the third quarter from the same period last year, as exports from the Indian Ocean island nation tumbled, the statistics office said on Tuesday. The deficit, at 21.17 billion Mauritius rupees ($590 million), was 11.7 percent higher than the second quarter, Statistics Mauritius said in a statement. The value of exports fell 12.6 percent to 20.71 billion rupees after exports of machinery and transport equipment tumbled by 47.1 percent. Imports dropped 0.2 percent to 41.88 billion rupees. "Based on quarterly trends and indicative information from various sources, total exports for the year 2016 are expected to be around 88 billion rupees against 167.50 billion rupees for imports. Consequently, the trade deficit would be around 79.50 billion rupees," the agency said. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Nigeria

Corporate News

Flour Mills Plc traded higher at the end of last week's transactions on the flour of the Nigerian Stock Exchange (NSE). It led nine others with 20.31 per cent to close at N19.49 per share. Following Flour Mills last week was African Prudential Registrars, adding 14.51 per cent to close at N2.92 per share. Other gainers of last week's transactions are Fidson, Unity Bank, Champion Breweries, adding 12.90, 9.26 and 8.41 per cent to close at N1.40, N0.59 and N2.45 per share. Mobil Oil added 7.16 per cent to close at N208.97 per share. Diamond Bank gained 6.74 per cent to close at N0.95 per share. Transcorp Hotels garnered 4.95 per cent to close at N5.51 per share. Cutix gained 4.76 per cent to close at N1.98 per share. National Aviation Handling Company also gained 4.27 per cent to close at N2.44 per share. Meanwhile, heavy transactions in the shares of some banks, especially Access Bank and Diamond Bank Plc, last week, lifted the volume of shares traded, as a turnover of 639.439 million shares worth N6.455 billion were recorded in 11,799 deals by investors on the Exchange. This volume of shares traded, was, however, higher than a total of 823.547 million shares valued at N5.444 billion that changed hands in 11,634 deals during the preceding week. The financial services industry (measured by volume) led the activity chart with 491.758 million shares valued at N2.211 billion traded in 6,241 deals; thus contributing 76.90 per cent and 34.25 per cent to the total equity turnover volume and value respectively. The conglomerates industry followed with 64.507 million shares worth N58.500 million in 681 deals.

The third place was occupied by the consumer goods industry with a turnover of 54.901 million shares worth N3.307 billion in 2,386 deals. Trading in the top three equities namely – Access Bank, Diamond Bank and TransCorp (measured by volume) accounted for 210.407 million shares worth N527.918 million in 1,316 deals, contributing 32.91 per cent and 8.18 per cent to the total equity turnover volume and value respectively. Also traded during the week were a total of 25 units of Exchange Traded Products (ETPs) valued at N235.15 executed in five deals, compared with a total of 60 units valued at N537.00 transacted last week in 11 deals. A total of 2,100 units of Federal Government Bonds valued at N1.838 million were traded in two deals compared to a total of 6,871 units of Federal Government Bonds valued at N5.990 million transacted last week in 8 deals. *(Reuters)*

Qatar National Bank, one of Ecobank Transnational Incorporated (ETI)'s major shareholders, with 732,277,056 preference shares, is among the shareholders of the company who want to convert their preference shares into ordinary shares. In all, holders of 819,424,548 preference shares have indicated to intention to exercise their convention option out of an outstanding of 1,031,515,911 preference shares, as at the end of December 2015. In a notification to the Nigerian Stock Exchange (NSE) yesterday, ETI said by a resolution passed on the 14th of September 2011, the ETI Board of Directors approved the acquisition of Oceanic Bank International Plc. "In line with the terms on conversion of preference shares recommended to Oceanic shareholders by the Oceanic board, as stated in the scheme of arrangement documents, and approved by Oceanic shareholders, preference shareholders had the right, exercisable at any time between the third anniversary of the issue date and the fifth anniversary of this date, to convert their preference shares into ordinary shares in the company at the rate of one preference share to 0.76923 ordinary share. "Preference shareholders, therefore, had the right to convert their preference shares up to Monday the 31st of October, 2016. Out of an outstanding of 1,031,515,911 preference shares, as at the end of December 2015, the holders of 819,424,548 preference shares exercised their right to convert their preference shares into ordinary shares in the company," the company said.

Commenting on the development, the Group Chief Executive Officer of ETI, Mr. Ade Ayeyemi said: "We appreciate the trust and confidence that the preference shareholders, particularly QNB, have in Ecobank. With the support of all our shareholders, we shall continue to provide the best quality banking services to our numerous clients across the largest banking network in Africa." He said the total ETI shares will increase to 24,730,354,443 ordinary shares upon conversion, noting that the company is taking all necessary steps to get the shares converted, issued and listed on the three stock exchanges on which the company is listed. Meanwhile, trading at the stock market resumed for the week on bearish notes as the NSE All-Share Index fell by 0.06 per cent to close at 25,318.41. Similarly, market capitalisation shed N5.2 billion to close at N8.7 trillion. *(This Day)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

Dangote Group has pledged to support the Federal Government and Kano State in exploring key sectors of the economy to cushion the effect of the recession among Nigerians. The Group said in a statement on Monday in Abuja, that it would explore opportunities opening up in agriculture, mining and infrastructure, through partnership with the levels of government. An Executive Director of the Group, Hajiya Halima Dangote, made the pledge at Dangote Special Day ceremony at the Kano International Trade Fair in Kano. The executive director, who was special guest at the event, represented the President of the group, Aliko Dangote. Dangote said challenges of the recession rather presented opportunities to explore areas of development and bring back the lost glory of Nigeria's economy. He said it was such determination that informed re-opening of Dangote Flour Mill in Kano as well as the Tomato factory processing project in Kadawa area of the state. Dangote said the project would have been fully operational but for the hitches caused by Tomato disease in the country and some technicalities. He reiterated efforts by the group to ensure sustainability in rice production through extensive out-grower programme in Jigawa. "It is our intention to establish a large scale rice mill of 250,000 tonnes per annum capacity in Kano, to process production in three states,'' Dangote He re-emphasised that DANGOTE Fertilisers project, with capacity of 2.8 million tonnes per annum, the largest plant in sub-saharan Africa, would be inaugurated by the end of 2017.

Dangote commended the Kano Chamber of Commerce, Industry, Mines and Agriculture, and the government for their commitment to the business community "as demonstrated by the fair which attracted wide range of businesses President of KACCIMA, Alhaji Umar Dansuleka, said presence of Dangote at the fair was an encouragement to other businesses aspiring for greater heights. The conglomerate, Dansuleka said, had made a mark across Africa and the globe through its products and services, thereby enhancing image of the country. Side attraction at the Special day were the wet sampling at the flour stand of the pavillion after dignitaries, led by Halima Dangote and some senior staff of the group, visited the other group's products stands. *(Guardian)*

Mobil Oil Nigeria Plc yesterday said Nipco Plc will pay $301 million (about N91.805 billion) for the acquisition of the 60 per cent shares of ExxonMobil in the company. Nipco, an indigenous Nigerian downstream oil and gas company, had executed a Sales and Purchase Agreement with ExxonMobil on Monday 17th October, 2016 for the acquisition of the 216,357,157 shares. But the financial consideration was not disclosed. However, the Chairman/Managing Director of Mobil Oil Nigeria, Adetunji Oyebanji said in a notification to the NSE, made available yesterday that Nipco is acquiring those shares for a consideration of $301 million subject to price adjustments for dividends and other factors. The shares of Mobil Oil rose by 10.2 per cent yesterday to close at N241.89. Considering the market capitalisation of the N87 billion, which is the value of all the listed shares of the company at current market price, Nipco is acquiring the 60 per cent at a very high premium. The Managing Director of Nipco, Mr. Venkataraman Venkatapathy had said the company considered this acquisition an important synergy. "It is part of our strategic move to support Nipco's continuous growth and expansion of its Nigerian retail footprint. We are confident of adding tremendous value to Mobil Oil Nigeria and likewise Mobil Oil will add a huge value to Nipco. In furtherance of this value addition, Nipco will continue to maintain the Mobil brand on its retail outlets as well as continue to blend and sell the Mobil brand of lubricants under Branding Licence(s) from ExxonMobil," he said.

According to him, Mobil Oil will continue to run as a separate, distinct and independent company ,from Nipco Plc, each with its own CEO who will report to its board of directors . "In furtherance of this transition, Mobil Oil will continue to maintain the Mobil brand at its retail outlets as well as blending and selling Mobil brand of lubricants under branding licensee [s] from ExxonMobil. In essence Mobil Oil will continue as usual and therefore the change should be smooth and seamless," he added. Venkatapathy expressed profound gratitude and appreciation of Nipco to ExxonMobil for selecting the company as the preferred bidder for the acquisition of the shares. We wish to give every assurance to ExxonMobil that having entrusted us with this invaluable asset (Mobil Oil), we will ensure full brand compliance with ExxonMobil's global standards as well as rigorously sustain and follow ExxonMobil's code of conduct/ethos and operational excellence," he said. *(This Day)*

After paying $127 million, Bharti Airtel International (Netherlands), a wholly owned subsidiary of Bharti Airtel, has completed the acquisition of Econet Wireless Limited's entire 4.2 per cent shareholding in Airtel Nigeria, according to a statement on its website.

Recalled that Chairman of Econet Wireless, Strive Masiyiwa, had dragged the Nigerian shareholders of Airtel to court, for over 10 years, following what he described as his forceful removal as the technical partner to the Nigerian network. Indeed, under the terms of the 2010 Share Sale/Purchase Agreement, Zain had provided Airtel certain indemnities covering the Nigeria Litigation and for certain tax claims. As a result of the transaction, which was carried out through a wholly owned subsidiary of Bharti Airtel International (Netherlands), the firm's overall holding in Airtel Nigeria has increased to 83.25 per cent. The minority stake held by Econet Wireless had been in dispute since Bharti Airtel acquired Zain Group's African business in a $10.7 billion transaction in 2010. At the start of this month, Airtel reached an agreement with Zain Group, under which the Kuwaiti firm agreed to pay around $129 million 'for the settlement of all of Airtel's claims on account of the Nigeria litigation, certain tax matters and associated legal costs'. At the same time, Bharti Airtel announced that a separate settlement had been reached with Econet, which resolved all claims and disputes between the pair, including in Nigeria and the Netherlands. 'With these settlements, Airtel has closed several ongoing major litigations in Nigeria, the United Kingdom and the Netherlands,' the firm said. Already, from a $170 million loss a year ago in its Africa's operations, India's telecommunications firm, Bharti Airtel, sharply narrowed its net loss in the continent's operations to $91 million.

The firm, owned by India's business mogul, Sunnil Bharti Mittal, hinged the slash on growth in data customers and consumption and currency stabilisation in most markets, except for Nigeria, where the Naira depreciated by 7.9 per cent. Revenue for the continent rose 3.7 per cent to $898 million. Chief Operating Officer of Africa, Raghunath Mandava, said that underlying Africa revenue growth for the quarter was 4.7 per cent year- on-year, backed by focus on profitable top line growth, led by localised distribution, stronger data networks and the company's war on waste programme. In Nigeria, the firm, which is headed by Segun Ogunsanya, currently controls 22 per cent of the market and services over 32 million customers across the country. The telecommunications firm claimed that its second-quarter net profit fell almost five per cent from a year earlier as its voice and data businesses came under pressure with the entry of Reliance Jio Infocomm in India and its interest burden rose. India's top telecom company beat market estimates, though, as it controlled costs. According to ET India, the company posted a net profit of Rs 1,461 crore for the three months ended September, topping the average estimate of about Rs 1,200 crore in an ET poll of analysts. Profit was little changed from Rs 1,462 crore in the April-June quarter. *(Guardian)*

Nigeria's United Bank for Africa (UBA) has secured a $150 million loan deal with the African Development Bank (AfDB) to support infrastructure projects in Africa's top economy, the bank said on Thursday. UBA said the credit line would also be used to support small and medium scale enterprises and businesses owned by women. Nigeria is in its deepest recession in 25 years, brought on by low oil prices, which has seen foreign investors flee its financial markets, caused chronic dollar shortages and created risk aversion among local funds. "The line of credit comes at an opportune time and would boost efforts at reducing the huge power sector financing deficit ... and complement our support to medium and small scale enterprises," said Kennedy Uzoka, UBA's chief executive. The AfDB has provided liquidity to UBA in the past for trade finance and other lending activities, he said. Nigeria's economic slowdown coupled with the currency crisis has impacted loan growth in Africa's most populous nation, frustrating businesses and households. *(Reuters)*

Economic News

Global rating agency, Fitch Ratings has said that the Nigerian oil and gas sector continues to suffer from security issues and weak oil prices that drag down the ratings of indigenous companies in the sector. The agency stated this in a new presentation released monday.
It noted that significant oil oversupply and increase in oil inventories contributed to the collapse in the global oil prices since the second half of 2014, pointing out that the 14-member OPEC, of which Nigeria is a member, was partially responsible for the supply glut. Global oil supply reached nearly 98 million barrels of oil per day (mmbopd) in October 2016, up 0.8mmbopd on September 2016, due to a record OPEC output of 33.8mmbopd, according to the International Energy Agency. Oil & gas companies responded by cutting upstream capex, which was expected to drop by over 40 per cent in 2016 on 2014. Companies are adapting to the USD50/bbl environment by improving efficiencies of existing operations and developing new resources in regions where infrastructure already exists. According to Fitch Rating, the breakeven prices for some new projects have been cut dramatically on cost optimisation. Crude inventories could continue going up in 2017 unless

OPEC agrees to cap production at its Vienna meeting at the end of November 2016. Although OPEC had preliminarily agreed to cut production to 32.5mmbopd-33mmbopd, tensions between Saudi Arabia and Iran threaten to derail the alliance, sending prices down. "Nigeria remains Africa's largest oil producer, but its production has dropped by 25 per cent in 2016 due to security issues and the closure of a number of export pipelines. Nigeria has a healthy proved reserve life of 43 years, but its future oil production will be driven by the resolution of security issues and infrastructure constrains. "We view positively Nigeria's recent 'Seven Big Wins' programme, which covers sector regulation, upstream and downstream projects, security, as well as transparency and corporate governance.

The list of proposals includes disclosing fiscal rules and contract terms, promoting energy affordability and constructing another Nigeria LNG train. "Another welcome sign is Nigeria's reported $5billion settlement with western oil majors to cover their exploration and production costs since 2010. On the other hand, the long-overdue Petroleum Industry Bill, a cornerstone of President Buhari's oil sector reform, is still far from final, and the recent rebel activity in the Niger Delta region is only delaying the bill's passing. "Proposed de-consolidation and partial privation of the Nigerian National Petroleum Company would likely promote investment and hence benefit the country's oil sector. We also remain sceptical that the multi-billion crude-for-loans prepayment deals with India and China will achieve the announced targets. "Furthermore, Nigeria's dependence on oil product imports and the low use of natural gas hamper its oil & gas sector. Without developing domestic refining and natural gas capabilities, Nigerian oil and gas companies remain exposed to oil price fluctuations, thus capping their ratings," Fitch added. *(This Day)*

A renewed campaign for capital market investors to embrace the e-dividend system introduced by the Securities and Exchange Commission (SEC) has started yielding results, as N29.2 billion has been settled out of initial N80 billion outstanding. Besides, about 1.4 million investors have keyed into the system between November 2015 and October 2016, according to SEC. E-dividend payment platform was introduced to address the rising incidence of unclaimed dividends in the Nigerian capital market, which as at August 2016, was put at N80 billion. The platform is expected to address the lingering problem of unclaimed dividend, which stakeholders had sought for its solution in the past 20 years. The Director-General, SEC, Mounir Gwarzo, disclosed this while addressing journalists during the post-fourth Capital Market Committee (CMC) meeting, in Lagos at the weekend. He said that efforts made by the commission to ensure that the era of stale and huge unclaimed dividends in the market become a thing of the past is now being achieved gradually with the e-dividend registration system. According to him, from November 2015 to October this year, over N29.2 billion unclaimed dividend has been paid out to investors. "When we started the e-dividend, the major challenge was for people to key into the mandate. There are unclaimed dividend that has not been claimed and the registrars were compelled to pay all the arrears of unclaimed dividend. "In this country, we have never had this kind of initiative that has reduced unclaimed dividend like we had today. Apart from the investor getting his dividend where ever he is, that investor will be able to get dividend that in the last five years he has not been able to get.

"The e-dividend is for the interest of retail investors and since we started implementing the master plan, our focus has been to ensure they come back to the market and address the complaints," he said. Aside, tackling the issue of unclaimed dividend to woo retail investors back to the market, Gwarzo explained that the Commission has concluded plans to make the Direct Cash Settlement become operational by the first quarter of 2017. "The direct cash settlement where we mandated the broker who has the mandate of a client should credit the clients account when shares of the client are sold. This is against the initial idea that shares are sold, is credited into the brokers account." Furthermore, the SEC boss explained that the commission plans to stratify licenses for various exchanges. "What we are doing is also to stratify license for an exchange. What we have today are unified requirements for companies to set up an exchange now the stratification will lessen the requirement. "For instance, if you want to set up an exchange under tier 2, the requirement will be lesser than that of tier 1 and if you want to set up under tier 3, the requirement will also be light and the kind of company that also be listed will be lesser than the other one. "We think it will draw some of these SMES to be listed because over the last 20 to 25 years, we have not seen any much progress in the second tier securities market and now it is rebranded to ASEM, we have not seen much. There a few companies that want to set up a few trading platform and we think we have to give them the prerogative to do that," he added. *(Guardian)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

Nigeria hopes to conclude the sale of a $1 billion Eurobond by the end of the first quarter of 2017 and will seek to make its foreign exchange market more flexible, vice president Yemi Osinbajo said on Tuesday. Nigeria is in its deepest recession in 25 years and needs to find money to make up for shortfall in its budget. Its revenues from oil have plunged due to low international prices and militant attacks in its crude-producing heartland, the Niger Delta, that have cut its output. The government began the process of appointing banks for the sale of the Eurobond in September and had said it wanted to issue the bond by the end of the year. It has yet to announce a lender to lead the sale, however. "At the very latest, between the end of the year and the first quarter of next year we will begin to see all that process concluded," Osinbajo told Reuters in an interview. The vice president said the severe loss of petro-dollars had caused "serious" foreign exchange shortages and had been worsened by attacks on its oil pipelines and export terminals.

The government had wanted to issue the Eurobond to help plug a gap in its record 6.06 trillion naira ($19.9 billion) budget this year, in addition to tapping concessionary loans from the World Bank and China as its oil revenues fell. So far only the African Development Bank has come to its aid, approving a $600 million loan, the first tranche of a total $1 billion package. Osinbajo also said his office was working with the central bank to make the foreign exchange market more flexible and more reflective of actual demand and supply. "We will continue to consider the issue of raising tax and raising VAT. But at the moment we are more concerned with ensuring that we really improve our coverage," he said, referring to tax collection. On the missing Chibok schoolgirls, the vice president said the release of 21 of the girls in October was a result of government engagement with Boko Haram. He did not provide any update on the remaining missing girls, but he said the government was continuing to engage with Boko Haram. *(Reuters)*

The Director-General of the Nigerian Tourism Development Corporation (NTDC), Mrs Sally Mbanefo yesterday said that the tourism sector generated over $1.1 billion in 2015. Mbanefo disclosed this during a two-day Nigeria Tourism Investors Forum and Exhibition. The forum is being organised by the Federation of Tourism Associations of Nigeria (FTAN) in collaboration with NTDC and the National Institute for Hospitality and NIHOTOUR in Abuja. The theme of the forum is "Tourism: Tool for Economic and Development.'' According to her, the tourism sector generated the revenue from the related expenditure incurred from the more than 6.01 million tourists that visited the country in 2015. She stated that the balance of $853 million was generated from 4.8 million tourists that visited in 2014. "In 2014, about 4.8 million people arrived and the related expenditure was $853 million. While in 2016, about 6.01 million came into Nigeria and we generated over $1.1 billion as the expenditure related to their arrival in this country. This is an economic indication of the value that tourism can have in any economy where the government and the private sector give value to it.'' The D-G said that Nollywood had created job opportunities for more than two million persons, 30,000 work in restaurants and over 11,000 in the hotel business. She, however, listed some of the challenges affecting the sector to include access to gathering statistics, epileptic power supply, inadequate infrastructure, poor access to visa, as well as absence of uniformed standardisation and classification for hotels nationwide.

She therefore stressed the need for investors to tap into the abundant opportunities that abound in the sector, adding that it had also created job opportunities and unified the diverse cultures in the country. Also speaking, the National President, Association of Royal Traditional Rulers of Nigeria, Dr Thomas Obiefule reiterated the commitment of traditional leaders towards improving the tourism sector.
"We are living in a challenging time, yet tourism continues to bring us hope. In spite of slow and uneven global economic recovery, growing geopolitical challenges, health scares and security concerns, there is hope. In spite of the Nigerian economic recession facing us, there is hope for tourism to create jobs, reduce poverty and make life meaningful to the rural dwellers. "We the traditional leaders will join hands to make the Change Agenda work for the tourism industry in spite of the economic recession, culture and tourism will help Nigeria to come out from recession,'' he said. Obiefule also commended the efforts of the organisers in providing a platform for stakeholders to exhibit their wares and proffer solutions to revamp the tourism sector. *(Vanguard)*

Nigeria's official foreign exchange reserves stood at $24.69 bln on Nov. 28, central bank data showed on Wednesday, the first monthly rise in 15 months. That left the reserves up 3.1 percent on the previous month. A year earlier reserves stood at $30 billion. The Central Bank of Nigeria gave no reason for the rise. However, global oil prices recovered slightly during the period as OPEC members tried to strike oil output deal. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

The African Fertilizer and Agribusiness Partnership (AFAP) has disclosed that investment in the fertilizer industry has risen to about $4.5 billion. The Chief Executive Officer of AFAP, Jason Scarpone, who made the disclosure during the Nigeria Fertilizer Roadmap Stakeholders Consultation yesterday, in Abuja, described the sub-sector's growth as an economic potential that has the capacity to reduce importation of food into the country. Although he noted that fertilizer utilisation in Nigeria was still inadequate and significantly lower than what was obtainable in Kenya, the AFAP boss maintained that the challenges present new opportunities for the country to tap into. "Despite the fall in oil prices, declining foreign exchange reserves and constrained availability of foreign currency in the last two to three years, the fertiliser sub -sector in Nigeria has attracted significant investments of about $4.5 billion from the private sector. "Notable among these investors include but not limited to Notore, Indorama, and Dangote. Their respective investments have been the largest ever in the Nigerian agriculture sector," he said.

Scarpone pointed out that investments in the agriculture sector in Nigeria remains a beacon of hope for the transformation of millions of rural communities and in stimulating the broader economic growth in the country. He disclosed that the Bill and Melinda Gates Foundation and AFAP commissioned a study on the impediments of fertiliser market development in Nigeria, with a view to developing strategies to address such constraints. He explained that despite Federal Government's interventions in the fertiliser distribution chain, farmers were still faced with low yields and in some cases, lack of access by some farmers. Also, AFAP consultant, Scott Wallace, affirmed that some of the recommendations made by the meeting were need for the government to develop a regulatory system that would ensure that there is quality and true labeling of produce. *(Guardian)*

The import substitution policies being driven by the Central Bank of Nigeria (CBN) and the federal government appear to be yielding results, as a country assessment report on Nigeria by the International Monetary Fund (IMF) has indicated that a sharp decline in imports contributed to a modest recovery in Nigeria's external current account balance in the first half of 2016. Although the report showed that Nigeria's exports declined by 14 per cent in the first half of 2016, it revealed that imports fell more than proportionately by 25 per cent in the first half of this year, compared to the same period last year. Also, the foreign trade report released yesterday by the National Bureau of Statistics (NBS) showed that the country's total value of merchandise trade rose to N4.72 trillion in the third quarter (Q3) of 2016, representing an increase of 16.3 per cent, or N661.5 billion, compared to N4.06 trillion recorded in the preceding quarter of the year. According to the NBS, the country's balance of trade still remained negative despite the improvement, as the rise in exports in the quarter only helped to reduce the existing deficit trade balance from N484.23 billion in the preceding quarter to -N104.14 billion in the third quarter. The IMF report, which detailed an assessment of Nigeria's macroeconomic situation, was prepared for the African Development Bank (AfDB) by the Fund, as part of the conditions for the country to access the $1 billion budget support loan from AfDB. The document, dated September 30, 2016, was made available to THISDAY by a presidency source yesterday.
The AfDB in November released the first tranche of the loan amounting to $600 million.
It was also gathered that the country is aggressively working towards securing an additional $2.5 billion budget support loan from the World Bank, just as it finalises plans for its $1 billion Eurobond issue for the first quarter of next year.

However, THISDAY gathered that part of the conditions for the World Bank loan is for the CBN to freely float the naira exchange rate, which the Nigerian regulator has strongly resisted. The CBN ditched its 16-month-old peg on the naira in June this year and introduced a flexible exchange rate regime to allow the currency to trade freely on the interbank market. But perennial dollar shortages in the economy appear to have frustrated the objective of the central bank, as the gap between the interbank FX market and the parallel market has continued to widen. This has made the central bank to maintain its managed float system. "There is no central bank in the world that allows a free-float of its currency. That would encourage an attack on the currency by speculators. What you do is try to find the price level and find the rate at which you can live with," a bank chief executive officer in support of the CBN policy told THISDAY.
The chief executive, who pleaded to remain anonymous, pointed out that freely leaving the naira exchange rate to market forces would have dire consequences on the economy. This he listed to include a spike in the price of goods and services including energy prices, and worsening unemployment, adding that the naira would also record significant depreciation. The six-page assessment report from the IMF on

Nigeria noted that while liquidity and capital adequacy ratios for the financial industry as a whole remained above prudential levels in the first half of 2016, asset quality had deteriorated, with some banks reporting non-performing loan (NPLs) ratios above 20 per cent (the NPLs for the banking sector was 11.7 per cent as of 2016 Q2). It stated that a prolonged economic slowdown and additional exchange rate depreciation could further increase the already high NPLs. "Renewed disruptions to, or inadequate recovery of oil production could further increase fiscal financing needs. With external financing likely to fall short of budget, the domestic financing requirements needed if the budget is to be fully implemented are very large, crowding out private sector credit and investment. "An additional financing constraint facing the FG is the likely need for further assistance to state governments that are facing deteriorating finances and the re-emergence of domestic payment arrears," it added. The report acknowledged that the Nigerian authorities have introduced some key measures, but stressed that much stronger measures were needed to address the severe imbalances.

The Fund said: "In May this year, the regulated fuel prices were raised by 68 per cent, bringing them in line with the cost of importation. While the 2016 budget assumed no subsidies, it was estimated that the continuation of the previous regime would have cost 0.3 per cent of GDP. "However, the regulated price system has remained in place, which poses a risk that further increases in the landing cost of fuel or additional depreciation of the exchange rate could result in renewed shortages if the price is not adjusted." The IMF said there was urgent need to implement an appropriate and coherent set of policies to rebuild confidence in the near term and foster economic recovery over the medium term. These included articulating a plan to place fiscal policy on a sustainable footing, ensuring the monetary policy stance is kept sufficiently tight, and pressing ahead with structural reforms to improve competitiveness and facilitate economic diversification, it said. "Specifically, it will be important to: Pursue strong macroeconomic policies to provide the fiscal space to enable priority capital expenditure to be executed. For the remainder of 2016, implement high-impact and priority capital expenditure, subject to available financing. Significant under-execution of the capital budget will limit the anticipated impact on growth," it stated. In addition, it urged the federal government to implement measures to support fiscal and debt sustainability. This, it stated, would include: containing the fiscal deficit across all tiers of government; boosting the ratio of non-oil revenue to non-oil GDP, through a combination of improvements in revenue administration, broadening the tax base (including through curtailing of waivers and exemptions), and adjusting tax rates; rationalising recurrent expenditure, and implementing an independent price-setting mechanism to minimise/eliminate petroleum subsidies; adopting safety nets for the most vulnerable; and fostering transparency and enhanced accountability and an orderly adjustment of sub-national budgets, by encouraging reform of budget preparation and execution and strengthening public financial management. Other measures recommended in the report included improving the monetary and FX policy frameworks. "A more forward-looking monetary policy strategy, with the overriding objective of price stability, would help better anchor expectations and policy credibility.

"As emphasised in the 2016 Article IV staff report, staff do not support the policies that have given rise to exchange restrictions and multiple currency practices, as they distort the allocation of FX and inhibit the adjustment of the exchange rate to underlying fundamentals. "Enhance vigilance of the financial sector. The authorities are taking measures to strengthen financial intermediation, but with declining asset quality in a low growth environment, intensifying monitoring of banks and further enhancing contingency planning and resolution frameworks become even more important. "Reduce impediments to growth, including by investing in infrastructure and improving the business environment, thereby facilitating higher private investment and national savings. Strong macro policies that underpin macro stability could provide the fiscal space or conditions to allow borrowing for implementing priority capital expenditure. "Nigeria remains on the standard 12-month Article IV Consultation cycle. Staff continue to actively engage with the authorities, including through the provision of technical assistance," it said. Meanwhile, Nigeria's total value of merchandise trade rose to N4.72 trillion in the third quarter of the year, representing an increase of 16.3 per cent or N661.5 billion, compared to N4.06 trillion recorded in the previous quarter. The improvement was aided by increases in exports and imports, which stood at N2.30 trillion, an increase of N520.8 billion or 29.1 per cent and N2.41 trillion, representing an increase of N140.7 billion or 6.2 per cent, respectively. According to the foreign trade data for Q3 2016, which was released yesterday by the NBS, the country's balance of trade still remained negative despite the improvement as the rise in exports in the quarter only helped to reduce the existing deficit trade balance from N484.23 billion recorded in the second quarter to -N104.14 billion.

In the period under review, crude oil export value stood at N1.94 trillion, indicating an increase of N458.4 billion or 30.9 per cent, compared to Q2 estimates. Year-on-year, exports decreased by N24.4 billion or 1.0 per cent against the export value recorded in the corresponding quarter of 2015, while imports value was 6.2 per cent more than the N2.27 trillion recorded in the preceding quarter, and was an increase of N724.8 billion or 42.9 per cent compared to Q3 2015. According to the bureau, the structure of the country's export trade was still dominated by crude oil exports, which accounted for N1.94 trillion or 84.2 per cent of the total domestic export trade. The highest export product for the country in 2016 was mineral products, accounting for N2.24 trillion, or 97.3 per cent, while other products comprising prepared foodstuff, beverages, spirits, vinegar and tobacco contributed N24.3 billion or 1.1 per cent to total exports. Also, vegetable products contributed N9.4 billion, or 0.4 per cent of total exports. A further breakdown of export trade in Q3 showed Nigeria mainly exported goods to Europe and Asia, accounting for N767.7 billion, or 33.3 per cent, and N672.8 billion, or 29.1 per cent, respectively. The country also exported goods valued at N371.2 billion, or 16.1 per cent, to Africa while exports to the ECOWAS region was valued at N190.3 billion. On the other hand, imports were dominated by mineral fuel, lubricants etc.; machinery and transport equipment; and chemicals and related products, which accounted for 30.3 per cent, 25.1 per cent and 14.4 per cent, respectively, in Q3 2016. The value of mineral imports was put at N746.2 billion in the quarter. India remained Nigeria's major trading partner in the quarter under review, accounting for 25.4 per cent of total exports, while the United States and France respectively accounted for 17.9 per cent and 10.7 per cent of total exports. China was the country's largest import destination, representing 27.2 per cent of total imports for the period. *(This Day)*

Tanzania

Corporate News

CAPITAL Markets and Securities Authority (CMSA) is reviewing a draft prospectus of Vodacom Tanzania to establish compliance on disclosure and risk factors prior to the firm's listing. The telecommunication firm announced yesterday that it plans to go public through the Initial Public Offer (IPO) on the Dar es Salaam Stock Exchange (DSE), with the regulator saying the submission will pass-on a systematic review process for effective compliance. "We are pleased to announce that we have filed our application and draft prospectus for consideration by CMSA. This document sets out our proposals on the structure and timetable for the listing," said Vodacom Tanzania's Managing Director Ian Ferrao. The move by the telecom firm heads the requirements of the Electronic Postal and Communications Act, as amended by the Finance Act 2016, to have all telecommunications licensees issuing 25 per cent of their shares on the stock market. CMSA Spokesperson Charles Shirima told 'Daily News' in Dar es Salaam that Vodacom Tanzania was the first local telecom firm to submit application to avail Tanzanians with the opportunity to own the company. "Almost all telecom firms have inquired on the Tanzania is among the EAC countries working towards the safer airspace in line with the International Civil Aviation Organisation plan through investing in implementing the Aviation System Block Upgrades (ASBU). In a speech read on his behalf by EAC Director of Infrastructure Philip Wambugu, Ambassador Mfumukeko said EAC was currently the lead in matters of civil aviation, thanks to collaborative projects and programmes by the partner states. "EAC acknowledges the great support by China Civil Aviation Administration during the MA 60 Aircraft Type certificate acceptance procedures and the continued support to Burundi CAA to meet its safety and airworthiness obligations," he said. According to him, the type acceptance and certification of the MA 60 aircraft opens the doors for EAC and China to expand their cooperation in the aviation sector through various avenues including technology transfer, purchase and lease. *(Daily News)*

THE Tanganyika Instant Coffee (TANICA) has registered 104.7m/- profit, which is 24.7 per cent up compared to 83.7m/- recorded last season. This was said by the TANICA General Manager, Mr Leonidace Ishansha, during the 13th Annual General Meeting (AGM) held in Bukoba over the weekend. He informed the shareholders that production of instant coffee increased from 227 tons during 2014/15 to 250.9 tons in the 2015/16 season, implying 10.5 per cent success. He said production of roasted coffee increased to 347 tons during 2015/16 compared to 315.4 tons last season, implying 10 per cent. Coffee sales also increased from 6.57bn/-during 2014/15 season to 6.97bn/-, implying 6.1 per cent. The members appealed to government to abolish unnecessary taxes on coffee crop in order to motivate the farmers and enable them to enjoy their sweat. They noted that coffee farmers had uphill task in growing and maintaining the coffee crop compared to low price they were paid by cooperative unions. They expressed concern that a big chunk of the coffee was lost through smuggling of the crop to a neighbouring country, appealing to the regional authorities to beef up surveillance on border posts. The general meeting unanimously consented each paid up share to get dividend of one shilling. TANICA shareholders have a total of 18,094,568 paid up shares worth 1,447,565,440/-. They include Kagera Cooperative Union (KCU 1990) with 9,656,391shares worth 772.5m/-,Karagwe District Cooperative Union (KDCU) with 5,758,740 shares worth 460.7m/-. Others are Treasurer Registrar with 1,388,000 shares worth 111.0m/-, Tanzania Federation of Cooperatives (TFC) with 125,000 shares worth 90m/- and TANICA workers with 166,437 shares worth 13.3m/-. *(Daily News)*

Economic News

REDUCTION in credit risk will enable banks and other financial institutions lend more to the private sector and reduce reliance on the safety of public sector credit market, the Bank of Tanzania (BoT) Governor Prof Benno Ndulu has said. Speaking at the 18th Financial Institutions conference concluded in Arusha at the weekend, Prof Ndulu said the role of the financial sector is largely to facilitate the private sector to harness the country's comparative and competitive advantages. "Coupled with better credit information of prospective borrowers, cost of credit can be reduced and credit be made affordable," he said. Financial institutions are fundamental instruments in providing credit

to support development of industry and agriculture which form export base of manufactures to the region as well cross-border trade. "Financial institutions have capacity to extend credit to both private and public sectors in order to facilitate transport and logistics infrastructure, among others, which is critical for enabling the country serve as a gateway to the six neighbouring landlocked countries," he said. He said the institutions' facilitative role is in terms of providing finances while the government provide overall vision, translating such vision into short and medium term plans, policy and regulatory frameworks and investing in supportive infrastructure to crowd in private investment. "Financial institutions are challenged to do this by growing access to affordable credit for the wide range of investment involved in expanding the logistical capacity for trade and facilitating supply chains for trade as well as gate-way services for landlocked countries," he said.

He said the institutions can do so by tapping into the vast amount of cash liquidity outside the banking system. Prof Ndulu added, with new technological platforms like mobile money, banks and other financial institutions can widen the reach of their services cost-effectively and significantly increase savings mobilization. Using similar platforms, equity markets can also extend the reach of their canvass to small savers. More importantly financial institutions need to work towards securing longer term savings to support lengthening maturity of loans to investors and help to reduce the burden of debt servicing associated with maturity mismatch between short term deposits and investment credit. Banks can also organise finance through syndicated loans for large scale financing of investments. This has been done before for successful private sector investment like Kagera Sugar, for public utility entities like Tanesco and for funding public investment in infrastructure. *(Daily News)*

Some of Tanzania's biggest foreign investors say they could scale back their operations or expansion plans because of tougher demands placed on companies, including higher tax bills, as part of the president's drive to overhaul the economy. At least six companies are rethinking their business and investment plans, according to Reuters interviews with senior executives at a dozen of the biggest foreign firms operating in Tanzania, or their local arms, in sectors including mining, telecoms and shipping. Three said they could scale back operations in the East African nation, two said they planned to expand in other countries on the continent instead, while one said it was in the process of withdrawing from Tanzania altogether. The companies asked not to be named due to the sensitivity of the matter and because their plans have not been made public. One firm had not yet made a decision on how to respond to the government reforms, while five companies said their plans were unaffected - including two involved in giant projects, a $30 billion LNG plant and a $3 billion fertiliser plant. Tanzania is more reliant on foreign direct investment than many other regional countries, given the size of its economy. It received just over $1.5 billion last year, into an economy valued at under $45 billion, according to figures from the U.N. Conference on Trade and Investment and the World Bank. Neighbouring Kenya - with a $61 billion economy - received slightly less than Tanzania, while South Africa - with a $313 billion economy - received $1.7 billion. President John Magufuli, nicknamed "the Bulldozer" for his infrastructure projects and pugnacious leadership style, launched his reform drive after he was elected last year, promising to transform an economy hobbled by red-tape and corruption and carry out a major building programme. "We are just making sure everyone pays what they should. We are creating a fair and level playing field."

Richard Kayombo, director of the Tanzania Revenue Authority (TRA), said increased tax income was needed to pay for new infrastructure in the country. The TRA won nine out of 10 recent tax cases in court, which showed their bills were fair, he added. The government has also told mining companies to build smelters to refine copper, silver and gold mixed ore in Tanzania, to create jobs, but executives say there is not enough such ore in Tanzania to make this economically viable. Major foreign firms active in Tanzania include energy firms Statoil, Royal Dutch Shell, Exxon Mobil and Ophir Energy; engineering firms Ferrostaal Industrial Projects and Haldor Topsoe; telecoms companies Millicom, Airtel, and Vodacom; mining firms Anglo Gold Ashanti and Acacia Mining and shipping firms such as Maersk. Executives in the telecoms and mining sectors, which each account for about 4 percent of Tanzanian GDP, are concerned by legal requirements to list large chunks of their businesses on the local stock exchange, saying it is unclear if there is enough liquidity. Magufuli says the listing move will bring more transparency and offer the public a share in the industries' profits. Businesses have longed for a shake-up of an economy which had lagged East African neighbours for decades. Recent years saw strong annual growth of about 7 percent but it comes from a low base, and Kenya next door still has a bigger economy despite having less land and fewer people.

But executives say Magufuli's government risks undermining its economic plans by turning away vital investment and jobs from the poor nation. Some are also worried by recent moves that included banning opposition rallies, placing heavy restrictions on the media and ending parliamentary broadcasts. Most companies however welcome the president's moves to clamp down on corruption in government and business, which have included him sacking scores of officials. John Corse, CEO of regional airline FastJet, said the crackdown had meant officials were now more helpful and available, but the reduction in the amount of money circulating had forced him to cut his fleet from five planes to two. "Prevalent corruption did create cash swirling around and that's been taken away," he said. *(Reuters)*

The African Development Bank Group and Tanzania's CRDB Bank Plc signed a $120 million loan agreement on Wednesday to finance infrastructure projects and give credit to small and medium size businesses in Tanzania, a press release said. "The loan will support infrastructure development, particularly the power and transport sectors, which is a major constraint for Tanzania's economic diversification and growth," the statement said. Tanzanian President John Magufuli, nicknamed "the Bulldozer" during his previous stint as public works minister, is keen to expand the country's infrastructure and has launched a revenue drive to fund new roads, bridges and electricity infrastructure. An estimated 40 percent of Tanzania's population of around 47 million has access to electricity, according to official figures. The government wants that to rise to 85 percent by 2025. *(Reuters)*

THE tight liquidity currently being experienced by the majority of Tanzanians is a result of non-performing loans by commercial banks worth 1.43 trillion/- and has nothing to do with the Revenue Collection Accounts of the Bank of Tanzania (BoT), the Treasury Registrar (TR) said. TR Lawrence Mafuru told reporters in Dar es Salaam yesterday that the situation should not be linked with the government's decision to direct all public institutions, parastatals and agencies to open an account with the BoT. "The banks should tell the public the truth, as of September, this year, they are having 1.43tri/- non-performing loans while our account at the BoT during the same period had 515bn/-", he stressed. He added: ''You can tell who is responsible for tight liquidity, people have borrowed and are not paying back their loans and during the same period the commercial banks have issued a 16tri/- loans." Mr Mafuru said the bank has decided to direct all public institutions to open up an account at the central bank as the government was borrowing money from the commercial banks at very high interest rates. "The government was borrowing its own money from commercial banks - and at a high interest rate. But the counter has changed whereas BoT is the one giving out the money," Mr Mafuru pointed out.

He noted that the trend has made things easier as the government, through the Ministry of Finance, can borrow at a reasonable rate and facilitate development projects. Mr Mafuru said the commercial bank can also access the overnight market at the BoT if they want to borrow from the central bank. He added that tight liquidity can also be attributed by the fact that the government's priority is development project infrastructure. "We want to be an industrial economy country. You have to settle your level playing field to meet the requirement and thus when infrastructures are set we have to bear the expenses," he remarked, adding: "We have purchased aircraft and since we do not make them here, the cash was paid in Canada. As for the standard gauge railway, the contractor is from China. Its benefits cannot be felt now; so let people be patient." He further noted that planning was a priority, comparing the situation to a family deciding to cut down on travel and outings so that the savings can buy a plot while children are likely to applaud the decision. *(Daily News)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zambia

Corporate News

No Corporate News This Week

Economic News

ZAMBIA is among African countries expected to benefit from a €50 million package by the African Development Bank (AfDB) aimed at funding innovative start-ups and early stage small businesses. Recently, the AfDB board approved the Boost Africa Investment programme, a new integrated approach to enable young innovative entrepreneurs across Africa to engage in start-up businesses. According to a statement availed to the Daily Mail on Wednesday, the Boost Africa Investment programme expected to be a partnership with various investors and donors will seek to invest in innovative businesses, mostly operated by the youth. "The AfDB board approved a €50 million package of investments in various ventures, seed, accelerator and incubator funds. Innovative start-ups need not only financing, but also capacity-building support and adequate networks and business connections which will be offered through the broader Boost Africa Initiative, which also has a technical assistance and a laboratory component," it says. The statement also says that the initiative that was developed by AfDB and the European Investment Bank will enable the bank and others leverage further investments in the sector of about €1 billion. The Boost Africa Initiative forms part of the AfDB's high five priorities, in particular "Improving the quality of life for the people of Africa" and the related Jobs for Youth in Africa Initiative. Commenting on the development, AfDB director of the financial sector development department Stefan Nalletamby said "The Boost Africa Initiative thus aims to spur the entrepreneurial power of the African youth to create innovative and compelling businesses with the capacity to compete regionally and globally, to attract domestic and foreign direct investments, to create new and quality jobs, and contribute to economic growth". *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zimbabwe

Corporate News

Fast foods group Simbisa Brands says it has increased the number of counters by 10 percent in the first quarter to September and plans further expansion, locally and in the region. Simbisa, Innscor Africa's quick service restaurant unit, listed on the Zimbabwe Stock Exchange last November after its unbundling. In the full-year to June it reported that it had 419 counters in 11 African markets. Chief executive, Basil Dionisio on Friday told the company's first annual general meeting that Simbisa has plans to open more counters, with four currently under development, two each in Kenya and Zimbabwe. "Our number of counters have grown 10 percent quarter on quarter …. The net number of customers have increased by 4 percent quarter on quarter," he said. Revenue and headline earnings were also up marginally, Dionisio added. However, liquidity constraints and poor economic conditions in Zimbabwe, which is the group's largest market, had negatively impacted on average spending. "We note that the average spend for the same period was down 12 percent mainly due to the deteriorating macroeconomic conditions in our largest market Zimbabwe," said Dionisio. *(Source)*

Zimbabwe's seed producer SeedCo's loss widened by 66 percent to $9,3 million from $5,6 million due to inventory write-offs and exchange losses in the six months to September 30. Revenue rose by a third to $24,8 million, driven by maize and vegetable seed sales. Chief executive Morgan Nzwere told an analyst briefing that SeedCo had written off assets worth $1,3 million, mostly seed and chemicals. "What we decided to do this year was to do all significant writeoffs at half year stage. We wrote off about a 1,000 tonnes of seed, which was old. We also disposed off some old chemicals that were part of the biggest stocks that we got when we bought prime seeds. Those write offs totalled about $1,3 million and they ended up affecting margins," said Nzwere. Finance costs nearly doubled to $2,141 million from $1,126 million in the prior year. Trade receivables dropped by 17 percent to $38 million from $46 million reported last year. Included in the trade receivables is the $3 million due from Zambia government — which was paid last week — and $1,3 million due from Malawi. Tanzania and Rwanda owe the group a totall of $7 million. The Zimbabwean unit has a foreign debt of over $5 million.

Maize seed volumes went up 26 percent while winter cereals seed decreased by 25 percent due to water and power shortages. Nzwere said the company will meet the market demand for the 2016/17 farming season and had distributed 6,000 metric tonnes under the Zimbabwe government's input programme. The group's cash and cash equivalent balance worsened by 150 percent to a negative of $35,053 million.
In an effort to raise cash, the group has sold Treasury Bills worth $7 million at discount rates ranging between seven and nine percent. Going forward, Nzwere said positive rainfall forecasts will spur demand for seed and enhance sales. Additionally, the commissioning of new seed drying and processing facilities in Kenya is expected to increase its foothold in the East African region. *(Source)*

Bindura Nickel Corporation (BNC) on Monday reported a profit after tax of $1,2 million in the six months to September from a loss position of $3,4 million last year, driven by an increase in production. Presenting the results, BNC managing director Batirai Manhando said the mine had raised nickel production by 23 percent from 1,555 tonnes last year to 1,866 tonnes and managed to contain costs. It also sold 3,464 tonnes of Nickel concentrate compared to 2,762 tonnes achieved last year, pushing revenue up nine percent from $20,6 million to $22,4 million. All in Sustaining Costs dropped by a third to $5,759 per tonne compared to $8,601 per tonne last year. "That has been the main driver of the performance and our target is to reduce our AISC even further to $5,000 per tonne without impacting our efficiency," said Manhando. "The effectiveness of the company's labour structure has improved since the previously reported restructure. Further cost management measures are expected to result in an even leaner labor structure going forward." Last year Manhando indicated that the mine would retrench over 300 workers and cut salaries. Finance costs are up from $152, 7 million last to $551,5 million this year. Manhando said construction of Bindura's smelter was 71 percent complete with $19,5 million having been spent. Commissioning is set for next year. "To restart the smelter you would need a price which is constantly between $12,000 and $13,000 per tonne and and that is most likely to happen next year from what we are reading in the market" Nickel prices during the half year period averaged $9,541 per tonne compared to $11,787 last year. The board did not declare dividend. BNC is a subsidiary of Asa Resources. *(Source)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Plastic products manufacturer Proplastics on Monday commissioned a new $1,5 million PVC plant which will increase production by 60 percent. The new plant will raise production by 360 tonnes monthly from 600 tonnes and will help the company increase exports, said chief executive Kuda Chigiya. He told The Source that currently Proplastics was exporting to Zambia and Mozambique while targeting the Democratic Republic of Congo (DRC). The plant is among the $3 million worth of investments the company has made since Zimbabwe's dollarisation in 2009. "The new plant, inclusive of civil works has cost us $1,5 million," said Chigiya. "In terms of capital investment on equipment, we feel we have done enough. We are looking forward to building a new ergonomically designed factory which will cost $3,2 million including the cost of relocating and building the factory." Chigiya said the construction of the new factory will start during the first quarter of 2017 and it will be complete within a one and half years. A board meeting tomorrow is likely to approve the construction of the new factory. The current factory was built in 1975. *(Source)*

Axia Corporation says net profit for its first quarter as a standalone company is flat on same level as last year while overall group revenue increased 12 percent. Axia, the logistics, distribution and retail unit was unbundled in May as Innscor Africa sought to focus on its light manufacturing spine. It is made up of household appliances retailer, TV Sales & Home, Transerv and Distribution Africa Group. Chief executive John Koumides told shareholders at Axia's first Annual General Meeting that despite a difficult operating environment characterized by liquidity challenges, the group is optimistic of continued growth. During the quarter, which spans from July to September 30, Axia's performance was mixed with solid growth in turnover at TV Sales and Home as well as the Distribution Group Africa (DGA), Koumides said. At TV Sales and Home, turnover was 30 percent up on prior year same period while DGA recorded a 17 percent increase in topline over same quarter last year. Transerv performance in the quarter was depressed, with revenue 10 percent down. Koumides said headline earnings in the quarter were up five percent. He added that the group has a strong balance sheet that will enable it to pursue other growth avenues. Axia reported a net profit of $2,3 million for the three months to June 30, its first set of financial results since unbundling from Innscor. *(Source)*

LISTED mining concern, Bindura Nickel Corporation (BNC), has said it is registering progress on its capital projects despite facing funding constraints. BNC chairman, Yim Chiu Kwan said the project to re-deepen a shaft was adversely affected by funding constraints, which was exacerbated by unfavourable nickel prices during the period. Expenditure to date on the shaft re-deepening project is $13,9 million. "An estimated additional $5,1m is expected to be spent before completion of the project. Commissioning is targeted to take place in the year ending March 2019," he said. "On the smelter restart project, cashflows have caused delays in meeting some payment obligations. However, committed expenditure to date is $19,5m. Project progress has reached 71% of the completion target." BNC posted profit-after-tax of $1,2m for the half year ended September 2016, compared to a loss of $3,4m in the same period last year, due to an increase in production. During the period under review, the company sold 3 464 tonnes of nickel concentrate compared to 2 762t in the comparative period last year.

Kwan said a 25% increase in tonnes sold translated to a 9% increase in revenue to $22,4m compared to $20,6m in the prior year. "The improved performance was anchored on a 23% increase in production to 3 420t in the half year ended September 30, 2016, compared to 2 791t in the previous year," he said. "This achievement was possible in spite of the 19% decrease in the average nickel price received for the period to $6 198 per tonne in the previous (half year September 30, 2015: $7 654 per tonne)." The cost management initiatives culminated in a 22% decrease in cost of sales to $14,3m versus $18,3m recorded in the comparative period last year, while cash costs decreased by 34% to $5 216 per tonne compared to $7 864 per tonne the prior year. During the period under review, the mine milled 205 290 tonnes of ore, a slump from last year's 231 224 tonnes. *(News Day)*

South Africa's Impala Platinum Holdings Ltd (Implats) and Zimplats' board have approved the development of the $264 million Mupani Mine, which will increase the Zimbabwe unit's mineral reserves, the company said on Wednesday. *(Reuters)*

The Zimbabwe government has completed the acquisition of Global Telecom Holdings' (GTH) entire shareholding in Telecel International for $40 million. The deal, which has dragged on since 2014 when Vimpelcom, the parent company of GTH announced its intentions to exit Zimbabwe, will see government — through its wholly owned internet service provider ZARNnet — take effective control of the country's

3rd mobile operator Telecel Zimbabwe in which Telecel International had a 60 percent shareholding. The remaining 40 percent is owned by Empowerment Corporation, a group of local investors. "The transaction was completed for a consideration of $40 million; of which $21 million has been transferred by ZARNet (Private) Limited to GTH outside Zimbabwe, and the balance of $19 million will be paid as deferred consideration," said Information Communication Technology Minister Supa Mandiwanzira in a statement on Wednesday. "Government's intentions remain to secure 100 percent shareholding in Telecel Zimbabwe, in the process sanitising the numerous shareholder related disputes that have dogged business growth and scared away investors." Mandiwanzira said the deal allowed ZARNet to take management control of the telco immediately. Government already controls another mobile operator NetOne, which is struggling financially and also facing corporate governance issues. *(Source)*

THE Ministry of Industry and Commerce has intervened in a case where Zesa Holdings cut off power to David Whitehead Textiles in Kadoma because of debts, resulting in the company failing to operate. Industry and Commerce deputy minister, Chiratidzo Mabuwa told the National Assembly recently that following the disconnections in August, the ministry engaged Zesa and worked out a payment plan in order to facilitate the re-opening of the textile manufacturer. She was responding to a question from Kadoma MP, Phanuel Fani Phiri last week, who wanted to know government's efforts to facilitate the speedy re-opening of David Whitehead Textiles. "MPs might be aware that David Whitehead is currently closed following the disconnection of power supplies by Zesa in mid-August 2016 over an outstanding electricity bill," Mabuwa said. "The ministry has since engaged Zesa to reconnect power supplies to allow the company to re-open, while servicing the debt based on an agreeable payment plan." She said David Whitehead itself was, on one hand, owed huge amounts by various debtors, who have been failing to pay the company on time, while on the other, suppliers of raw materials were demanding cash upfront.
"As a result, the company is failing to raise the required working capital to satisfy other orders, as well as to pay service providers," Mabuwa said. "The ministry has since engaged some of the debtors, with a view of coming up with a debt settlement mechanism, and this should result in an improvement of the company's working capital position so that it starts processing the orders that it has received."

David Whitehead was said to have been struggling due to inadequate working capital. Mabuwa added: "Government is currently negotiating with potential financiers for lines of credit to be extended to David Whitehead Textiles at concessionary rates. The ministry is currently involved in marketing David Whitehead Textiles as a potential suitor to prospective investors in the clothing and textiles industry." She said the shortage of cotton lint on the local market negatively affected production at David Whitehead Textiles, but the government had negotiated with ginneries to provide cotton lint to local manufacturers, including David Whitehead. On import restrictions to cotton-based products, Mabuwa said Statutory Instrument 64 of 2016 removed cotton-based products from the open general import licence. She said the government will continue engaging all stakeholders, including service providers, in order to come up with a win-win solution to the challenges currently bedevilling David Whitehead Textiles. *(News Day)*

Government has issued treasury bills to settle a $34 million debt owed to Zimplats by the Reserve Bank of Zimbabwe (RBZ), the platinum miner said on Thursday. The miner was among the many corporates and individuals who had their foreign currency accounts raided by the RBZ at the height of Zimbabwe's hyperinflation period between 2006 and 2008. During that period the central bank, which was effectively running the country's budget, says it used the cash to fund government operations, including fuel and power imports as well as the purchase of farm implements doled out to newly resettled farmers. The purchases were part of the bank's quasi-fiscal activities which analysts say helped fuel hyperinflation, which peaked at 500 billion percent in December 2008 according to the IMF. Government Last year promulgated the Reserve Bank of Zimbabwe (Debt Assumption) Act, 2015 in August which allowed the state to take over the debts estimated at $1 billion. "Zimplats wishes to announce that the $34 million has been validated and reconciled by the Government of Zimbabwe's Ministry of Finance and Economic Development and that the Government of Zimbabwe has now issued to the operating subsidiary three treasury bills with a total nominal value of $34 million in settlement of the principal amount owed by the RBZ," Zimplats said in a statement on Thursday. The three instruments of $11, 376 million each carry an annual interest of five percent and have maturity dates of October 31, 2019**; 2020** and 2021 respectively. Zimplats is 87 percent owned by South Africa's Impala Platinum. *(Source)*

Old Mutual Zimbabwe Limited (OMZIL) on Thursday became the first counter on the Alternative Trading Platform (ATP), listing 107,847 of

its B Class shares. To comply with the country's local ownership laws, Old Mutual gave up 25 percent of its issued share capital to indigenous investors in 2011. Under the indigenization scheme, 11 percent of the shares were awarded to employees, eight percent went to pensioners and 3,5 percent to strategic partners. A special youth fund was also created and got 2,5 percent of the shares. The B Class shares traded at 82.10 cents, achieving a turnover of $88,513. The platform, which is run by private firm Financial Securities (Finsec), was licenced by the Securities and Exchange Commission in September this year. "We want to broaden our market participation in trading of our shares to include individuals and institutional investors. We want to allow the market to determine the price discovery mechanism in trading of the shares," said Simon Hammond, managing director of Old Mutual's building society CABS. "It should increase the visibility of our OMZIL brand in the market by having the shares trading on a public platform rather than on an OTC (over the counter) and it keeps up with the international best practices in the electronic trading and settlement of financial security." Finsec chief executive Collen Tapfumaneyi said he expected more firms to join the platform. "We have heard a number of inquiries so it is promising that we will have more companies listing," he said. Securities and Exchange Commission of Zimbabwe (SECZ) chief executive, Tafadzwa Chinamo, said that the new platform will expand the country's capital market and improve financial inclusion. "The introduction of ATP is designed to broaden and deepen the capital market by introducing an array of securities that were previously excluded from formal trading platforms or were trading in the shadows…. This is part of the capital market's contribution towards National Financial Inclusion strategy which seeks to include all citizens in the formal financial channels in a cost effective manner," he said. *(Source)*

Canada-listed Caledonia Mining Corp (Caledonia) says the Reserve Bank of Zimbabwe has given assurances that it will pay for all gold deliveries in United States dollars, despite the introduction of a local 'bond note'currency. Caledonia operates the Blanket gold mine in Gwanda, southern Zimbabwe, a 50,000 ounce per year producer. Zimbabwe introduced the bond notes into circulation on Monday, in what it says is a bid to address a biting shortage of US dollar bank notes, the country's unofficial currency since 2009 when it dumped its own local unit after it was decimated by hyperinflation. The currency move has stoked fears of a return of the old currency, and the hyperinflation it has come to be identified with. "Caledonia confirms that, following the recent introduction of 'bond notes' by the Reserve Bank of Zimbabwe, there is no change to the settlement system in place for Blanket Mine in Zimbabwe for its gold sales," Caledonia said in a statement. All gold produced in Zimbabwe is required to be sold to Fidelity Printers and Refiners, a company wholly owned by the central bank. "Since January 2014, Blanket has sold all of is gold production to Fidelity Printers and Refineries Limited, which is a subsidiary of the RBZ. Blanket has received all sale proceeds within 48 hours of delivery to Fidelity in US dollars at a price which is 98.75 percent of the London afternoon 'fix' on the day after delivery to Fidelity," Caledonia said. Gold is Zimbabwe's main export and, along with tobacco and platinum, accounts for the bulk of the country's foreign currency earnings. Apart from providing liquidity, the central bank says the bond notes are designed to incentivise exports for a country which has shipped out $20 billion since 2009 in imports, a situation that has contributed to the dollar shortage. *(Source)*

The Zimbabwe Stock Exchange (ZSE) on Thursday suspended struggling engineering concern Zeco Holdings from trading on the local bourse for a three-month period for failing to pay listing fees and failure to hold meetings with shareholders. A perennial loss maker, Zeco, remains one of the least attractive counters on the ZSE, with its last trade recorded on November 20 last year. It currently trades at 0.02 cents per share. Zeco, a serial offender against the Zimbabwe Stock Exchange listing rules, was three months behind the mandatory financial reporting deadline for firms with a December year-end when it announced a loss of $2,1 million, with questions about its future as a going concern being raised. The company has not held an AGM in the past three years. "Having sought permission of the Securities and Exchange Commission of Zimbabwe pursuant to Section 64(a) (ii) of the Securities and Exchange Act [Chap 24.25], the suspension is with effect from 1 December 2016", said ZSE chief executive Alban Chirume in a statement on Thursday. In terms of Section 1.8 of the ZSE Listings Requirements, the Philip Chiyangwa-chaired Zeco should continue to discharge its obligations to its shareholders and the ZSE after the suspension. *(Source)*

Economic News

THE Chamber of Mines of Zimbabwe (CoMZ) says gold miners are experiencing delays in foreign payments for raw materials used in gold production, amid fears this will affect output. The fears come as gold output increased to 16 139kg in the nine months to September from 14 225kg produced in the same period last year. CoMZ chief executive officer, Isaac Kwesu told NewsDay on Wednesday the delays in foreign payments for raw materials were mainly for explosives, which were essential in gold production. "When you talk about foreign exchange that is generated in Zimbabwe, I think when you put tobacco and three or four minerals, they consume 90%. However, the usage of foreign exchange goes beyond mining requirements to the importation of fuel, grain among others," he said. "When you are surviving hand-to-mouth, sometimes you cannot avoid those challenges that RBZ [Reserve Bank of Zimbabwe] are encountering, but our plea is not to forget the sector that generates foreign exchange. I do not want to speak on behalf of the RBZ … I know we may be selfish, but we think we are justified to say we do not want to stop production and generating that foreign exchange." Kwesu said the chamber thinks "there may be other critical challenges affecting the nation, which may delay the release of foreign exchange". He said gold artisanal producers had been increasing their contribution to gold production at a faster rate than primary producers. Gold artisanal miners contribute 45% of gold production, according to the central bank.

The results come as part of a mining review with the full scope of the sector to be released next month in the Mining Industry Survey 2016 report. Importers of raw materials have complained in recent weeks that foreign payments to suppliers made through the real time gross settlement system were being delayed, with cash payments being processed faster. Gold is the country's biggest mineral resource, with as much as 13 million tonnes estimated to be in the ground, with nearly 586t mined over 36 years. Despite the growth in gold production, the mining sector revenue only grew to $1,38 billion from $1,34bn last year due to commodity price shocks. CoMZ said the gold sector required an investment of $600m in capital for further exploration of minerals and newer technology for the next five years. Platinum had a 20% growth to 10 831kg from 9 040kg recorded last year. Of all the minerals, diamonds experienced the biggest drop by 37% to 1,66 million carats compared to 2,62m carats over the same period last year. Kwesu said this was due to some reorganising and restructuring of the sector, causing delays in diamond production. In February, the government ordered nine diamond producers operating in Marange to cease operation, as they had failed to renew their licences. *(News Day)*

The Parliamentary Portfolio Committee on Finance and Economic Development will tomorrow begin hearings on two Bills, including the one which will pave the way for the introduction of the bond notes. The bond notes roll into the market today. The hearings, which run up to December 3, will also discuss the Public Procurement and Disposal of Public Assets Bill meant to revamp procurement in government, government departments, parastatals and local authorities. It is the Reserve Bank of Zimbabwe Amendment Bill which is likely to generate lots of interest, as calls to abandon the introduction of the bond notes are getting louder. The bond notes will be introduced under a $200 million export incentive facility guaranteed by the African Export-Import Bank. Under the facility, exporters will get an incentive of 5% and the bond notes will be at par with the United States dollar. This has raised fears that government wants to return the local currency, which was decommissioned last year. Although President Robert Mugabe early this month decreed that bond notes should be used, the regulations are valid for six months. The decree triggered a number of court cases that questioned the legality of the move. Last week, Finance minister Patrick Chinamasa wanted to fast-track the Bill in Parliament, but later abandoned the plan allowing the hearings to take place. The Public Procurement and Disposal of Public Assets Bill will transform the State Procurement Board (SPB) into an authority responsible for setting standards and guidelines, as well as performing a monitoring and evaluation role over procurement. The SPB will no longer be reviewing tenders. An executive review before the awarding of the tender would be done by a team involving the Accountant-General, Auditor-General, Attorney-General and a representative from Public Works. Procurement management units and personnel will be licensed. If they stray off course, the licences would be revoked. *(News Day)*

The ZSE on Tuesday recorded turnover of $2,5 million, the highest this month, on the back of gains in heavyweights Delta and Econet. The two counters recorded a combined turnover of $2,072 million after gaining 2,15 percent and 2,80 percent to settle at 83,76 cents and 30,70 cents respectively. The industrial index was up 2,4 percent to 135,57 points while the mining index gained by 5,15 percent to 57,38

points. Market capitalisation increased from $3,673 billion to $3,764 billion recorded in the previous day. BAT, Simbisa and Padenga also advanced three percent, 3,60 percent and 1,70 percent to close at 1,699.34 cents, 14,75 cents and 15,75 cents in that order. Innscor and Natfoods were among the gainers, picking up 13 percent and 4,5 percent respectively. Old Mutual traded flat at 338,75 cents while Axia was the only loser, shedding a marginal 0.17 percent to trade at 5,66 cents. Bindura, whose financial results were released on Monday showing a half year net profit of $1,2 million, added 8,40 percent to close at 4,53 cents. Riozim, Falgold and Hwange traded unchanged. Foreigners remained net sellers, with purchases of $20,342 and sold shares worth $2,028 million. *(Source)*

Construction of the Harare-Beitbridge highway is set to start next April after government on Wednesday signed an agreement with the Austrian contractor Geiger international. The highway is Zimbabwe's busiest and most economically significant, and is part of the North-South Corridor that directly links landlocked Zimbabwe and Zambia with access to the Indian Ocean ports of Durban and Richards Bay in South Africa. The project is expected to take up to 3 years. Transport Minister Jorum Gumbo on Wednesday told Journalists that the Beitbridge-Harare leg of the project would be implemented under a 25-year Build Operate Transfer (BOT) model, with Geiger International funding the entire $984 million project. The Harare-Chirundu portion will be implemented under a different loan facility arrangement which Gumbo said is expected be completed by mid-year 2017. Chinese firm China Harbour Engineering Company (CHEC) were awarded the tender for the Harare-Chirundu stretch. Gumbo said government was satisfied with the cost of the project which falls within the ballpark of an earlier study. "As government we are convinced that the cost of the project is fair based on the feasibility study that was done by Stewart Scott International, through an international tender funded by DBSA in 2013, which estimated the cost between $900 million and $1,2 billion," he said. "The scope of the work covered by this cost includes full dualisation of the road, including widening and rehabilitation of the existing road. Also included is the cost of construction of 37 new two lane bridges and 8 toll gates."
In terms of the contract, at least 40 percent of the value of the project will be sub-contracted to local companies. The Beitbridge highway has been in use for over 55 years, way beyond its design life of 20 years. Efforts to rehabilitate the highway, whose state of disrepair has cost many lives in traffic accidents, have been held back by claims of corruption and bribery.

Government initially awarded the contract to Zimhighways, a consortium of 14 firms that included Murray & Roberts, Costain Africa, Kuchi Building Construction, Tarcon, Bitcon, Joina Development Company and Southland Engineers back in 2003. However, the project never took off as bickering erupted between the government and the consortium. Government accused the contractors of failing to put up the money for the project, while Zimhighways accused government officials of demanding bribes. In 2013, after government announced plans to hand the project to a new contractor, citing Zimhighways' failure to start the project, the consortium took the government to court. It only dropped its lawsuit in 2015, allowing government to float a new tender. *(Source)*

Zimbabwe's trade deficit narrowed to $151 million in October 2016, as exports increased by 27 percent from September to $318 million, latest data from the national statistics agency has shown. Exports grew 27 percent in October compared to the previous month, while imports rose by six percent to $470 million, figures released by the Zimbabwe Statistical agency (Zimstat) on Tuesday showed. Some of the exports include beef, tobacco and other agricultural produce as well as wines, minerals and scrap metal. In the period under review, Zimbabwe exported tobacco worth $144 million compared to the $54 million recorded in the previous month. Nickel ore earned $28 million while gold brought in $76 million, down from $93 achieved last month. Cumulatively to October, Zimbabwe's imports bill stood at $4,2 billion while exports amounted to $2,2 billion, indicating a continued reliance on imported goods as local industry remains depressed. Some of the imported products include fish, milk, cheese, sausage casings, agricultural products including maize, sugar related confectionary, biscuits, electrical energy, chemicals, fertilisers, vehicles and generators. South Africa was the biggest source market for imports with $210 million worth of products followed by Singapore with $81 million. *(Source)*

THE Confederation of Zimbabwe Industries (CZI) has lamented that its members in the beverage and dairy sectors are operating under diffucult circumstances due to a severe water crisis, which has hit Harare and Bulawayo hard. CZI president, Busisa Moyo told NewsDay that the situation was unbearable for most companies. "The Bulawayo City Council is protecting industry from water rationing, which we welcome. We have assurances from the mayor of the City of Bulawayo that industry will be spared during the festive season, in particular.

CZI members in the beverage and milk sectors are, however, severely affected in Harare, Ruwa, Norton and Chitungwiza," he said. In Bulawayo, for instance, the city council has implemented a 72-hour long water-rationing programme due to the supply dams drying up. Harare has witnessed frequent outbreaks of water-borne diseases such as typhoid and diarrhoea because of the poor water supplies. Economic analysts told NewsDay that the shortage of water was affecting the development of industry. "Firstly, it must be noted that the crisis is not new. For years, companies have raised concerns on the water issue and its effect to production," Reginald Shoko, an economic analyst, said. He said due to water-rationing being implemented by local authorities, water charges for companies had skyrocketed. "A classic example is the abattoir at CSC (Cold Storage Company), where they are charged commercial rates on bulk water, which affects the running costs,"

Shoko said. He said the government should come up with better methods of harvesting water. "Water harvesting is one of the long-term solutions and also, the Zambezi Water Project, and above all, proper water management at dams through the timely removal of siltation," Shoko said. "The successive governments from Rhodesia to present day Zimbabwe have managed to identify and diagnose the "But on the same note, industry must come in and help with the funding of the project either direct funding or investment in projects along the pipeline creating a serious green belt that could drive exports of agricultural products." Another economic analyst, Butler Tambo, said the government and industry should adopt new technologies to harvest water. He said water saving strategies before dams start running dry could be implemented. "For instance, cities like Windhoek in Namibia, which are in a desert country, ban car washing for individuals and everyone has to get their cars washed at commercial car washes in order to save water," Tambo said. Analysts urged the government to be pro-active when it comes to water issues. *(News Day)*

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