SECURITIES AFRICA
RESEARCH & CAPITAL MARKETS

PAN-AFRICA

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

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

AFRICA STOCK EXCHANGE PERFORMANCE

				WTD % Change		31-Dec-14	YTD % Change	
Country	**Index**	**27-Nov-15**	**4-Dec-15**	**Local**	**USD**	**31-Dec-14**	**Local**	**USD**
Botswana	DCI	10608.35	10506.87	-0.96%	-2.03%	9,501.60	10.58%	-2.62%
Egypt	CASE 30	6427.82	6779.28	5.47%	5.48%	8,942.65	-24.19%	-30.75%
Ghana	GSE Comp Index	1975.21	1972.89	-0.12%	-0.85%	2,287.32	-13.75%	-27.59%
Ivory Coast	BRVM Composite	306.40	304.99	-0.46%	-0.63%	258.08	18.18%	2.85%
Kenya	NSE 20	3994.56	3990.64	-0.10%	-0.30%	5,112.65	-21.95%	-30.72%
Malawi	Malawi All Share	15122.06	14871.56	-1.66%	-0.99%	14,886.12	-0.10%	-21.65%
Mauritius	SEMDEX	1822.74	1815.24	-0.41%	-1.86%	2,073.72	-12.46%	-24.68%
	SEM 10	351.06	348.96	-0.60%	-2.05%	385.80	-9.55%	-22.18%
Namibia	Overall Index	954.98	896.16	-6.16%	-7.16%	1,098.03	-18.38%	-33.99%
Nigeria	Nigeria All Share	27617.45	27631.05	0.05%	-0.39%	34,657.15	-20.27%	-26.78%
Swaziland	All Share	314.09	321.52	2.37%	1.27%	298.10	7.86%	-12.77%
Tanzania	TSI	4598.47	4582.52	-0.35%	-0.24%	4,527.61	1.21%	-18.53%
Zambia	LUSE All Share	5736.65	5752.74	0.28%	10.88%	6,160.66	-6.62%	-42.89%
Zimbabwe	Industrial Index	117.64	114.42	-2.74%	-2.74%	162.79	-29.71%	-29.71%
	Mining Index	22.33	21.48	-3.81%	-3.81%	71.71	-70.05%	-70.05%

CURRENCIES

	27-Nov-15	4-Dec-15	WTD %	YTD %
Cur-rency	**Close**	**Close**	**Change**	**Change**
BWP	10.58	10.70	1.10	-11.94
EGP	7.81	7.80	-0.01	-8.65
GHS	3.76	3.79	0.74	-16.05
CFA	619.00	620.04	0.17	-12.97
KES	100.12	100.32	0.20	-11.24
MWK	594.50	590.48	-0.68	-21.58
MUR	34.85	35.36	1.48	-13.96
NAD	14.19	14.34	1.08	-19.12
NGN	196.20	197.06	0.44	-8.16
SZL	14.19	14.34	1.08	-19.12
TZS	2,115.49	2,113.21	-0.11	-19.51
ZMW	11.48	10.38	-9.56	-38.84

SECURITIES AFRICA

Botswana

Corporate News

No Corporate News This Week

Economic News

Profits at Botswana's banks dropped 32 percent in the first nine months of 2015 from a year earlier as reduced interest margins, rising bad debts and a freeze on fees imposed by the regulator weighed on lenders in the southern African country. Combined net income fell to 789.7 million pula ($73 million), the Bank of Botswana said in a report published Nov. 27 on its website. Banks' net interest income slipped about 8 percent to 2.3 billion pula, as provisions for bad and doubtful debts climbed 3.8 percent. Barclays Plc's local unit in September said "low interest rates, subdued economic growth, imposed fee moratorium and tight liquidity conditions played a major role" as first-half profit dropped 30 percent. In January 2014, the central bank imposed a two-year freeze on bank charges and fees, citing "growing public concern." *(Bloomberg)*

Egypt

Corporate News

EFG-Hermes Leasing, a wholly owned subsidiary of investment bank EFG-Hermes, is working on securing a sharia-compliant credit line from a Gulf-based Islamic lender, the subsidiary's executive chairman told Reuters. The move could rekindle efforts to develop Islamic finance in Egypt, a sector which has trailed conventional banking despite initiatives from current and previous governments. The credit line would allow EFG-Hermes Leasing to provide Islamic leasing products for the first time using a rental-based contract known as ijara, said Wael Ziada, who also serves as a member of the EFG-Hermes executive committee. "We are targeting the first quarter of next year," said Ziada, adding that discussions were at an advanced stage. He declined to identify the Islamic lender. Current demand for Islamic finance products is not high in Egypt, but the sector's growth would be driven by saturation in conventional banking, Ziada told Reuters by telephone from Cairo. EFG Hermes, one of the Middle East's largest investment banks, launched its leasing business in June committing an initial 100 million Egyptian pounds ($12.8 million) in capital.

The subsidiary has already signed leasing facilities with Lebanon's Bank Audi and Qatar National Bank (QNB). Adding Islamic leasing facilities would allow the firm to cater to clients which seek to abide by religious principles such as a ban on interest and pure monetary speculation. In an ijara one party leases a specific asset to a client for an agreed rental price, but unlike an operating lease a lessor cannot charge interest on defaulted or delayed payments. EFG-Hermes says nearly a third of its $3 billion of assets under management is in Saudi Arabia. Its Saudi unit also plans to launch an Islamic mutual fund. *(Reuters)*

Economic News

Egypt is due to start producing power from its first of four nuclear reactors by 2024, the country's Prime Minister said on Saturday, nine days after it signed an agreement with Moscow to build a power plant to meet its rising energy needs. On Nov. 19, Egypt said Russia will extend it a loan to cover the cost of constructing a nuclear power plant in Dabaa that is expected to be complete by 2022. Egypt had been considering a nuclear plant at Dabaa since the 1980s. "The production capacity for each reactor is 1,200 megawatts... The first unit is due to start service in 2024," Sherif Ismail said in a televised speech. It is not clear how much the construction of the power plant will cost, but President Abdel Fattah al-Sisi said on Nov. 19 that the country will pay back the loan to Russia over 35 years from the proceeds of electricity generated from the plant. Ismail added that the expected lifespan of the plant is 60 years. Egypt, with a population of 90 million and vast energy requirements, is seeking to diversify its energy sources. *(Reuters)*

The Egyptian stock exchange will allow ten companies to delay their initial public offerings due to global market conditions, Mohamed Omran, the head of the bourse, told state news agency MENA on Tuesday. The Egyptian exchange usually requires newly listed companies to hold an initial public offering within six months, but this period can be extended if there are good reasons, such as volatile global markets. Omran told Reuters in November that about a dozen companies had registered a new listing on the Egyptian market in 2015, but only half of these had proceeded with an initial share issue. *(Reuters)*

Egypt is targeting a budget deficit of around 9 to 9.5 percent and a growth rate of around 5 to 5.5 percent for the fiscal year beginning July 2016, the Ministry of Finance announced in a press release on Monday. The statement also revealed that the government plans to reduce public debt to 88 to 90 percent of GDP and the unemployment rate to 10 percent. The government also hopes to reduce the deficit by raising more revenues by merging the informal sector with the formal economy and implementing the value-add tax. A system for allocating finances to ministry-specific programmes will be expanded to seven new ministries including health and education, according to the statement. Egypt's budget deficit hit 11.5 percent in the fiscal year 2014/15 down from 12.2 percent in the same period the previous year, with growth estimated to reach 4.2 percent in the same period. *(Egypt.com)*

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Egypt's M2 money supply was up 19.6 percent at the end of October from a year earlier, the central bank said on Monday. The money supply stood at 1.87 trillion Egyptian pounds, it said. *(Egypt.com)*

Egypt's central bank will hold the pound steady at 7.7301 pounds to the dollar at an official foreign currency auction on Thursday, three traders said. Egypt is facing a dollar shortage and mounting pressure to devalue the pound. The central bank surprised markets when it strengthened the pound on Nov.11 by 20 piasters against the dollar. *(Reuters)*

Ghana

Corporate News

No Corporate News This Week

Economic News

No Economic News This Week

Kenya

Corporate News

Employees of troubled national carrier Kenya Airways face an uncertain Christmas after the airline said it was unable to pay their November salaries due to a cash crunch. Staff who spoke to the Daily Nation but did not want to be named expressed frustration over the move, while confirming that all KQ employees, including pilots and cabin crew were yet to be paid. "We would like to inform all staff that due to unforeseen circumstances in the month of November 2015, salaries will be delayed," says the airline's group human resources director Alban Mwenda in a staff notice number 070/2015 seen by the Nation. The notice, dated November 25, pleads for calm saying: "We are making all efforts to have them paid in the first week of December 2015. We regret any inconvenience occasioned by the delay." Kenya Airways Chief Executive Mbuvi Ngunze was not immediately available for comment. Mr Ngunze had, however, in March this year, said the airline was experiencing tough financial times that had left it with no option but to rely on debt to sustain its nearly 4,000 work force. "...So how am I paying my staff? I am paying them through debt,"

Mr Ngunze said when he appeared on a local TV station. The national carrier extended its poor performance this year for the third year in a row when in mid November it announced an after-tax loss of Sh11.9 billion for the six months ending September, compared with a net loss of Sh10.4 billion during a similar period last year. Mr Ngunze blamed forex losses, flat revenues, reduced capacity, as well as an unabating competition from Middle East carriers for eating into the airline's revenue margins. Despite the sustained loss-making streak, Mr Ngunze insisted an elaborate turnaround plan, backed by its key shareholders, including KLM and the government, would help boost the airline's fortunes. KQ has hired consultants McKinsey and Seabury to chart a turnaround strategy. Its reorganisation is also expected to affect employees. *(Nation)*

Kenya Electricity Generating Company (KenGen) earned Sh24.9 million for managing the most expensive form of energy in the country during the year to June 30. The revenue is disclosed in KenGen's annual report for the period which also shows that the company earned Sh33.7 million for a similar activity last year. According to KenGen's managing director Albert Mugo, the money was paid to KenGen for its role in assisting UK's Aggreko, the licensed emergency power generator, acquire a licence and also procurement of fuel for emergency power generation on behalf of Aggreko. "The payment depends on the amount of energy generated. KenGen has an agreement with the ministry of energy and petroleum and Kenya Power to manage emergency power on their behalf," said Mr Mugo in a telephone interview.
Aggreko operates 30 megawatts of emergency power in the country, the balance from an initial total of 290 megawatts, most of which has been retired from the grid over the years in a bid to control the cost of electricity. The emergency power capacity is meant to stabilise power supply in Western Kenya which lacks adequate generation. "The key issue is that the emergency plant remains because the western part of the country has inadequate power as well as not enough reactive power and hence the plant is required. The problem will be surmounted once the relevant transmission lines are completed," said David Kariuki, an economist at ERC.

According to the energy regulatory commission (ERC), emergency power was hooked to the grid at an average of Sh18 per unit. Kenya Power purchases other forms of electricity such as hydro, geothermal and even expensive diesel driven thermal electricity at about Sh10 per unit. Construction of a 220kV transmission line between Olkaria and Kisumu through Lessos and another 132kV line between Sondu and Awendo which are part of the infrastructure hoped to stabilise power supply in Western Kenya is yet to start. ERC blames the weak transmission network in Western Kenya on lack of adequate funds to enable Kenya Electricity Transmission Company (Ketraco), which is tasked with constructing transmission lines and substations, to fast track the projects. "Ketraco relies on resources from the exchequer which are at times limited. We are looking at making Ketraco a revenue generating institution so that it can raise funds to implement some of its projects," said Mr Kariuki. *(Nation)*

Kenyan authorities will reimburse most depositors at Imperial Bank Ltd., the lender placed under statutory management two months ago, Central Bank of Kenya Governor Patrick Njoroge said. About 44,300 depositors, or 89 percent of the total, will receive as much as 1 million shillings ($9,800) in the next few weeks, Njoroge told reporters Wednesday in the capital, Nairobi. The total amount to be reimbursed is about 8 billion shillings, he said. Holders of accounts above the 1-million-shilling threshold will receive some of their money before the end of March. It's unclear when the Nairobi-based lender will re-open because Imperial shareholders have yet to provide adequate capital to recapitalize the bank, Njoroge said. "I have no idea, absolutely no idea" when it will re-open, he said. "Shareholders did not play ball. They did not provide capital as requested." Imperial was seized less than a month after former Managing Director Abdulmalek Janmohamed died on Sept. 15. The lender held 48 billion shillings of deposits and 62 billion shillings of assets at the end of September, Njoroge said last week. The bank, with 27 branches in seven towns, is the second lender to fail since Njoroge took over his post in June.

Excluding Imperial, Kenya has had 25 banks that have collapsed or been put under receivership. None of them reopened, Njoroge said. "This was a bank that could work, but it required the co-operation, collaboration and interest of shareholders," he said. Refunds by the statutory manager, the Kenya Deposit Insurance Corp., will be channeled through two commercial lenders -- Kenya Commercial Bank Ltd. and the Diamond Trust Bank Kenya Ltd., Njoroge said. Imperial is trying to recover 34 billion shillings from Janmohamed's estate and two other defendants -- acting Managing Director Naeem Shah and acting Deputy Managing Director James Kaburu, who are both accused of fraud, according to the court documents. The case is ongoing. Shah's lawyer has said his client didn't do anything wrong. Kaburu's advocate, George Kithi, said his client was unaware of any fraudulent activity and reported it once it came to his notice. Njoroge said the central bank was carrying out an internal audit, identifying where its processes were weak and hiring more people to strengthen its banking supervision. *(Bloomberg)*

Economic News

Kenya's inflation rose to 7.32 percent year-on-year in November from 6.72 percent the previous month, driven by a jump in food prices, the statistics office said on Monday. The food and non-alcoholic drinks index also increased by 1.08 percent between the months of October and November, the Kenya National Bureau of Statistics said in a statement. "This ... was a result of a rise in prices of several food items which outweighed the decreases," the bureau said. Transport costs fell in the period after fuel prices dropped. November's rate of inflation remains inside the government's preferred range of 2.5-7.5 percent. *(Reuters)*

The Kenyan shilling barely moved on Tuesday, with traders expecting the local currency to stay in a tight range against the dollar in the build-up to the traditionally quiet Christmas season. At 0650 GMT, commercial banks posted the shilling at 102.15/25, little changed from Monday's closing rate of 102.20/30. "Demand and supply is equally matched today," one Nairobi-based trader said. "We are not expecting much activity." The shilling has been stuck in a narrow band of 102.00-102.50 for weeks as importer dollar demand keeps it from appreciating beyond 102.00 and the prospect of central bank intervention keeps it from weakening past 102.50. *(Reuters)*

Kenya's public prosecutor has asked the country's anti-graft body and police to file a report within 10 days into possible irregularities from spending of the country's $2 billion Eurobond. Kenyan media has questioned whether a portion of the money was embezzled, and opposition leader Raila Odinga said on Tuesday said that the government could not account for 140 billion shillings ($1.37 billion) from the Eurobond. Kenyan Finance Minister Henry Rotich has denied any money went missing, and on Wednesday invited Odinga to the Treasury to examine government spending on the Eurobond. Public frustration has mounted in recent months over the failure to prosecute top officials accused of corruption. That has put pressure on President Uhuru Kenyatta, whose popularity has been weakened by the furore. The Eurobond spending is under investigation by the Ethics and Anti-Corruption Commission (EACC) and by the police's Directorate of Criminal Investigations, Director of Public Prosecutions Keriako Tobiko said. In a letter to both agencies, Tobiko said: "Interrogate, record statements and obtain evidence from all parties concerned and forward the complete file to my office within 10 days." Kenyatta reshuffled some of his cabinet earlier this week after several ministers stepped aside because of allegations of corruption, an of growing concern to Kenyans. In an unusual move, last month the ambassadors of the United States, Britain and nine other countries said Kenya faced a "corruption crisis" and they would step up efforts to prevent the flow of illicit funds out of the country. *(Reuters)*

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Foreign direct investment (FDI) to Kenya fell by 37 per cent last year, making the country the 10th most popular African destination for global capital. Kenya recorded $2.2 billion (Sh225 billion) in capital investments in 2014, down from $3 billion (Sh306.8 billion) in 2013. Egypt emerged the top destination for FDIs to Africa, raking in $17.9 billion (Sh1.8 trillion), with Angola coming in second at $16.1 billion (Sh1.6 trillion). Nigeria closed the top three group with $10 billion (Sh1 trillion) in capital investment in 2014, according to new data from the Financial Times' FDI intelligence report. "Africa's attractiveness is becoming more visible to large corporations, institutions and investors," read a statement by Carlos Lopes, the executive secretary of the UN Economic Commission for Africa (UNECA). "Foreign investment flows have grown exponentially since the turn of the millennium, with countries such as South Africa, Nigeria, Kenya, Egypt and Morocco leading the way, and this trend is set to continue as more countries demonstrate sound economic policies and improved business environments." See also: Wholesale, retail trade grab bulk of foreign direct investment Kenya led the rest of continent in FDIs in clean energy, however, following recent major investment into wind, geothermal and bio-fuels energy projects from both the private and public sector. China's growing economic influence in Africa stood out once again. According to the data, FDI from China increased by 180 per cent between 2013 and 2014. China's share of the entire pool of Africa's FDI now stands at 7 per cent, behind leaders France, Greece and the United States. *(Standard Media)*

Kenya's inflation rate is likely to start falling when heavy rains stop, the central bank governor said on Wednesday. Last month, year-on-year inflation rose to its highest level in 15 months, at 7.32 percent, after prices of some foodstuffs shot up. Rains have been particularly heavy in recent weeks, blamed on the el Nino weather phenomenon. "We don't like the headline (inflation) number because we are being driven by el Nino and other things," Governor Patrick Njoroge told a news conference. "We expect it to come down. There is no doubt about it in my mind." The heavy rains have washed away or made impassable dirt roads, cutting off some farmers from markets. Some crops have also been damaged. The central bank raised the benchmark lending rate by a total of 300 basis points in June and July after the shilling weakened sharply, helping stabilise the currency. The governor said that a more stable shilling meant the impact of the currency devaluation was "dwindling", noting that non-food items had been dropping. *(Reuters)*

The Kenya Tea Development Agency has signed a $55 million syndicated loan to build seven small hydro-dams to cut reliance on the national grid and trim factory costs, the KTDA said on Thursday. The agency accounts for about 60 percent of tea output in Kenya, the world's leading exporter of black tea - a major foreign exchange earner for East Africa's biggest economy. The loan was arranged by the World Bankâ€™s private sector lending arm International Finance Corporation (IFC), the Global Agriculture and Food Security Program, as well as French and Dutch development banks Proparco and FMO. KTDA chief executive Lerionka Tiampati said construction of three hydropower projects were at an advanced stage and with the new funding construction will commence on four more small hydro power stations in 2016. "The funding is in line with KTDA's long-term strategy to ensure that tea factories have access to alternative renewable forms of energy that will reduce operational costs in factories," KTDA added in a statement. KTDA said the excess power generated will be sold to the national grid, providing farmers with an additional revenue stream. Kenya experienced drought early this year which affected the output of tea, while processing factories received fewer deliveries. Tea production in Kenya is expected to improve in the last quarter of the year due to enhanced rains in most key growing areas. *(Reuters)*

Kenya on Friday invited bids for the purchase of stakes in five state-owned sugar companies, seeking to complete reforms aimed at making its ailing sugar industry more competitive. The government will sell a 51 percent stake in the five sugar companies to strategic investors and reserve another 24 percent for farmers and employees. The government will then sell a remaining 25 percent stake in the Sony, Chemelil, Nzoia, Muhoroni and Miwani milling companies in an initial public offering once the factories are profitable. Two of the businesses, Muhoroni and Miwani, are in receivership. Bidders have until Feb. 26, 2016 to submit proposals, Privatisation Commission chief executive Solomon Kitungu said in a notice. Kenya in October announced it had written off 39.7 billion shillings owed by state-owned sugar companies, aiming to ease their planned privatisation. The five companies are in need of modernisation to survive competition from the entry of other sugar producers and an impending end to sugar import quotas from the Common Market for Eastern and Southern Africa (COMESA) trade bloc.. Kenya was in March granted a one-year extension of sugar import limits from the regional trade bloc to revamp its ailing sugar industry. East Africa's biggest economy produces 600,000 tonnes of sugar a year, compared with an annual consumption of 800,000 tonnes. The deficit is covered through strictly controlled imports from COMESA. Critics have blamed high cost of production for the woes facing the country's sugar industry. Poorly-funded government factories have ageing machinery that is prone to break down. Roads in most sugar-growing areas are also in poor shape. The Kenya Sugar Directorate estimates the cost of producing a tonne of sugar at about $570 in western Kenya compared with $240-$290 in rival producers such as Egypt. *(Reuters)*

The National Treasury Wednesday maintained that the proceeds of the Sovereign Bond and the Tap Sales were used to fund part of the development budget for the financial years 2013/14 and 2014/15. It said only three transactions were carried out on each of the offshore accounts used for transacting the Eurobond money including repayment of the syndicated loan, expenses relating to the issuance of the Sovereign Bond and the Tap Sales and the transfer of the balance to the Consolidated Fund. "All the proceeds of the Sovereign Bond issued in June, 2014 and the Tap Sales issued in December, 2014 were fully accounted for and were transferred to the CBK, from where the authority to withdrawal funds was sought and provided by the Controller of Budget," The Treasury said. It added: "The Auditor-General has confirmed that all funds have been accounted for. In addition, it is clear that the purpose for which the Sovereign Bond and the Tap Sales were issued were met, namely, to diversify our external sources of funding government programmes/ projects; to achieve lower interest rates; build-up of international reserves; stabilise the Kenya shilling and inflation." It said the net proceeds of the Eurobond were credited to Kenya Government's US-dollar accounts account in JP Morgan Chase Bank in New York, Account Number 603149985, while further proceeds from the Sovereign Bond Tap Sales were credited to Kenya Government Account in Citibank, also in New York, account number 36341018.

"The GOK/CBK Sovereign Bond Account held with JP Morgan Chase Bank, New York was operated by the National Treasury in conjunction with the Central Bank of Kenya (CBK) as the Government fiscal agent. "In this respect, the National Treasury designated two signatories to the account with respect to the GOK/CBK Sovereign Bond Account and the Sovereign Bond Tap Sales. The National Treasury signatories were the accountant-general and deputy accountant-general," the Treasury explained. Treasury's comprehensive information on the spending of the Sh250 billion Eurobond proceeds, follows Opposition leader Raila Odinga's claims that the money was misappropriated thus calling for financial transparency. But the Treasury has denied these allegations. The Treasury explained that Mr Odinga's allegations were based on a "misinterpretation" of figures in the Budget Review and Outlook Paper (BROP) and the Budget Policy Statement (BPS). "Out of the total Sh250 billion of the sovereign bond, Sh35 billion (shown as commercial financing) was utilised in fiscal year 2013/14 and the remaining Sh140.5 billion from the initial sovereign bond and the Sh75 billion from the tap sales were used in FY 2014/15. It is clear therefore that the total of these amounts (35+140+75) is the total amount of the bond proceeds. Therefore, there is no missing Sh141 billion," it said. Treasury Principal Secretary Kamau Thugge said that the Ministry remains open to scrutiny, and that the meeting sought by the Cord leader "to issue clarifications" on the spending of the Eurobond money was still on. "The meeting is still on. We will go ahead and provide all the information he may need but, beyond that, we intend to make this information public by putting it on the Treasury website by close of business Thursday," Dr Thugge told the Nation. *(Nation)*

Kenya's economy is resilient and has enough foreign exchange reserves to withstand any shocks from a rate increase by the U.S. Federal Reserve, the governor of the Central Bank of Kenya said on Thursday. Like other emerging and frontier markets, Kenya has seen its currency and other assets drop in value this year as investors fled to safer assets as U.S. rate increase began to look more likely. Aggressive tightening by the central bank has stabilised the shilling and anchored inflationary expectations, Governor Patrick Njoroge told journalists.
"We have policy buffers. We have room to manoeuvre in changing rates," he told journalists. A supplementary budget being prepared for parliament next month by Finance Minister Henry Rotich will see spending reduced, the governor said. He had said in September he was working with the Treasury to strengthen Kenya's fiscal position. "At least that is what he (Rotich) has committed to doing, so let's see. That will in effect help," the governor said. The benchmark lending rate stands at 11.5 percent and rates on government securities have been coming down in recent weeks after peaking at above 20 percent in October. Hard currency reserves rose to $6.7 billion last month, or 4.3 months worth of import cover, from $6.1 billion at the start of October. Kenya also has an IMF standby lending facility that it could tap in case of unforeseen shocks. "We are actually stronger than we were ... We can reduce volatility by just selling (dollars)," Njoroge said. The governor said there was little risk of capital flight. Only 2 percent of investment in Kenyan government securities was by foreigners and just a quarter of stock market investments were made up of foreign funds. Njoroge also said most foreign funds invested in Kenyan equities had

proved to be long-term investors by holding their positions for several years. "This is not hot money that will go quickly after Janet Yellen sneezes," he said. He said the economy does not rely too much on a single export commodity or a single trading partner, making it more resilient. Other African nations that rely on commodity exports have been hurt by a slide in prices. "We are open but very diversified. We are not a one-commodity economy," the governor said. *(Reuters)*

Kenyan business activity expanded at a faster rate in November than the previous month, driven by a rise in domestic demand, a survey showed on Thursday. The Markit and CFC Stanbic Kenya Purchasing Managers' Index (PMI) rose to 53.7 last month from 51.7 in October, climbing further above the 50-point line that denotes growth in business activity. The PMI is one of the indicators watched by the central bank's Monetary Policy Committee. "After a tough couple of months of growth, the private sector rebounded quite impressively in November, buoyed by a recovery mainly from output and employment," said Jibran Qureishi, regional economist for East Africa at CFC Stanbic. A steady exchange rate for the shilling, which has stabilised at about 102 to the dollar after weakening to near a record low around 106 in September, reduced the cost pressures facing firms. "The encouraging aspect of this month's PMI report is the indication of growth being driven largely by domestic demand as suggested by the rise in new business orders despite new export orders stagnating," Qureishi said in the statement. *(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 narrowed by 15.1 percent in the third quarter from the same period last year, thanks to a drop in imports, the statistics office said on Friday. The deficit, at 17.26 billion rupees ($478.78 million), was 2.2 percent lower from the second quarter, Statistics Mauritius said in a statement. The value of imports dropped 7.8 percent to 45.59 billion rupees after the value of refined petroleum tumbled 40 percent. The value of telecoms equipment and accessories fell by just over a third, the agency said. Exports edged up 1.9 percent to 24.76 billion rupee. *(Reuters)*

The weighted average yield on a Mauritian five-year Treasury bond edged up to 5.01 percent at auction on Wednesday, from 4.95 percent at the country's last debt sale on Oct. 7, the central bank said. The Bank of Mauritius sold all 1.4 billion rupees ($38.73 million) worth of the debt it had offered. It got bids worth 1.832.5 billion rupees, with yields ranging from 4.85 percent to 5.84 percent. The coupon for the bond due on December 4, 2020 was 4.85 percent, the bank said. *(Reuters)*

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TRADING

Nigeria

Corporate News

Transnational Corporation of Nigeria Plc (Transcorp) yesterday announced the successful merger of its two power subsidiaries Transcorp Ughelli Power Limited and Ughelli Power Plc. The merged companies are now a single entity called Transcorp Power Limited. The merger, according to the Chief Executive Officer of the new company, Adeoe Fadeyibi, was designed to harmonise the management and operations of Transcorp's power business for greater efficiency. Greater operational efficiency will undoubtedly lead to higher output in terms of power generation and increased shareholder value. Ughelli Power Plant, the company's power generating asset, is the nation's largest fossil-fuel generating plant. "While our structure has changed, our objectives have not. As one of the leading power generating companies in Nigeria, our focus remains on aggressively increasing our output and expanding our capacity to generate at least 25 per cent of Nigeria's power," said Tony O. Elumelu, , Chairman of the Transcorp Power board. "We have increased power generation by more than 525 per cent in the two years since we acquired Ughelli Power Plant, which makes ours the fastest growing among privatised power assets in the country. We are aggressively pursuing our generation recovery capacity programme and are on course to deliver 760MW by December 2015," he said. "At Transcorp Power we are strengthening our part of the power value chain and in doing so, we are helping to light up Nigeria," Fadeyibi said. *(This Day)*

ECOBANK Nigeria Plc has secured a term loan facility of $170 million (N33.3 billion) syndicated offshore loan facility, to raise its operational profile. Under the deal, Commerzbank Aktiengesellschaft, Filiale Luxemburg, First Gulf Bank PJSC, Mashreqbank psc and Standard Chartered Bank acted as mandated lead arrangers and bookrunners, while African Export-Import Bank acted as mandated lead arranger. Standard Chartered also acted as sole co-ordinator bank and documentation agent; and Mashreqbank psc acted as facility agent. Specifically, the facility will be used for refinancing Ecobank Nigeria's inaugural $150 million syndicated loan facility dated 23 October 2014, which was raised for general lending and trade purposes. Despite adverse market conditions due to the macroeconomic headwinds affecting Nigeria, the facility has seen an excellent response from both existing and new lenders to Ecobank. The transaction is only the second to have come to the market for a Nigerian financial institution this year, with analysts stressing that its success demonstrates the high regard in which the market holds the Ecobank Nigeria management and its ability to navigate the current domestic circumstances as one of Nigeria's top-tier banks.

"The transaction's support from a wide variety of lenders from Europe, Africa, Asia and the Middle East demonstrates a growing appetite for top-tier African issuers in the international syndicated loan market," an analyst said in Lagos yesterday. Ecobank Nigeria is among the eight financial institutions considered Systemically Important Banks (SIBs) by the Central Bank of Nigeria. Ecobank Nigeria's Managing Director, Jibril Aku said the bank was delighted with the deal, pointing out that "the transaction is driven by a need to have longer-term funding available for corporate clients." He added: "We appreciate the confidence that the international markets have in Ecobank Nigeria, backed by our strong reputation in the country and across the African continent. It proves that our strategy works." The bank's Head of Corporate Bank, Foluke Aboderin, said: "We are delighted with the response and the number of correspondent banks that showed interest. This new loan demonstrates Ecobank's continued commitment to supporting Nigeria's economic growth, even during challenging economic times." *(Guardian)*

SHAREHOLDERS of PZ Cusson Nigeria Plc, PZ Towers Limited and PZ Power Company Limited, yesterday approved to merge the three companies. The approval was given at an Extraordinary General Meeting (EGM) by the shareholders in Abeokuta, Ogun State capital. The subsumed companies in the new arrangement-PZ Tower and PZ Power Company Ltd. were incorporated in 2005 and 2009 respectively for the manufacture and sale of detergent to PZ Cusson Nigeria Plc and for energy generation and distribution to PZ and its related companies. Over three-quarter of the shareholders that attended the meeting approved the merger as required by the court order. "The purpose of this business combination is to drive improved operation efficiencies, cost savings, enlarged managerial efficiencies and reduce transfer pricing complexity," the Corporate Affairs and Administration Director, Mrs. O.T Ifaturoti disclosed.

"This will be achieved through simplification of corporate structure, streamlining their operations and reducing administrative costs thereby deriving the maximum benefits of synergy," she added. The Chairman, PZ Cussons Nigeria Plc, Chief Kola Jamodu thanked the shareholders for their support and trust. "The board will continue to manage business changes positively to be in line with current realities," he said. *(Guardian)*

The Nigerian Communications Commission cut the fine imposed on MTN Group Ltd., Africa's biggest mobile-phone operator, to $3.4 billion from $5.2 billion, payable by the end of this month. "MTN has received a formal letter dated December 2, 2015 from the NCC informing the company that, after considering the company's request, it has taken the decision to reduce the fine," the Johannesburg-based company said in a statement Thursday. The Nigerian regulator imposed the original levy on MTN in October for failing to meet a deadline to disconnect 5.1 million unregistered subscribers. The company's shares have lost 23 percent of their value since the fine was made public on Oct. 26. Chairman Phuthuma Nhleko took an executive position in November and led negotiations with the NCC after Chief Executive Officer Sifiso Dabengwa resigned. Nhleko will "immediately and urgently re-engage with the Nigerian authorities before responding formally," MTN said in the statement. "All factors having a bearing on the situation will be thoroughly and carefully considered before the company arrives at a final decision." MTN named Ferdi Moolman as head of the Nigerian operations, replacing Michael Ikpoki. *(Bloomberg)*

Economic News

Nigeria's stocks fell to their lowest level in almost three years as foreigners exited the market amid fading hopes that President Muhammadu Buhari's government can revive an economy growing at its slowest pace this century. The Nigerian Stock Exchange All Share Index dropped 0.8 percent to 27,385.69 at close in the commercial capital of Lagos, the lowest since December 2012. The gauge declined on all but three trading days in November for a monthly drop of 6.2 percent. "The government has not come up with a definitive policy for the economy," Pabina Yinkere, an analyst at Vetiva Capital Management Ltd., said by phone from Lagos. "The continued lack of clarity is affecting the stock market." While Buhari, a 72-year-old former general who came to power in May, has prioritized stamping out corruption in Africa's biggest economy and oil producer, investors were irked by a delay of more than five months in forming a cabinet, which he swore in Nov. 11. There's also concern that his support for the central bank's currency-trading restrictions are choking businesses of the dollars they need to pay foreign suppliers. *(Bloomberg)*

Nigeria will focus on cutting the cost of running the government rather than on slashing jobs next year, and will present its 2016 budget proposals by the end of the year, the new finance minister told Reuters on Monday. Widespread corruption and mismanagement have stunted development in Africa's biggest economy and left it with paltry savings, dangerously pot-holed highways and constant power outages after a period of record high oil prices. Kemi Adeosun, the new minister appointed at the start of November, has launched an Efficiency Unit based on a UK model aimed at pinpointing spending excesses and imposing guidelines in an effort to cut the vast amount of waste. "We're spending currently more on overhead than we are on capital, so that's unsustainable and we don't have the revenues that we had," Adeosun said in an interview. "We don't want to slash staff...because this is a government that is committed to job creation, so the obvious area to look for savings is overhead." While it was unclear how much savings the government could make, she said the Efficiency Unit would end chronic discrepancies among government bodies including 50,000 naira cost swings on ink cartridges and flight prices to one destination that varied by as much as 100 percent. "As long as the housekeeping isn't good, then we're unlikely to succeed with anything that we do, so we see this as very fundamental," she said.

OPEC member Nigeria is reeling from the crash in global oil prices that has halved the value of its oil sales, which provide about 70 percent of government revenues even though the sector accounts for less than 10 percent of total real GDP. Alongside the effort to streamline spending, the minister wants to make sure existing revenues actually make it into the government coffers such as from passports, exam fees and university tuition. "So if we make sure all the revenues come in...then oil becomes the icing on the cake and we can say 'OK, we want to do bridges, we want to do power, housing'," Adeosun said. A government document seen by Reuters earlier this month outlined a plan for a

7-8 trillion naira budget for next year, well up from 4.5 trillion naira in 2015. Nigeria is in dire need of infrastructure investment that the new government hopes to address with a separate $25 billion fund. Most of its roads, railways and power facilities are either in disrepair, half-built or with a capacity that is far below the country's needs.

Reinvigorating the depressed non-oil sectors, such agriculture, mining and manufacturing, as President Muhammadu Buhari badly wants will depend on how successful these structural problems are dealt with. Capex accounted for just 556.9 billion naira for this year, but there was no release of capital expenditure money until the end of September, when about 139 billion naira allocated for the first quarter was finally released. Construction companies with government contracts have laid off tens of thousands of workers since payments began drying up in the fourth quarter last year, with the fall in oil prices and an expensive election year looming. Adeosun said the budget figures were still being worked on but that a medium-term framework that will serve as a base for the 2016 budget would be out soon. She did not comment on whether the fuel subsidy, a lead weight on the nation's purse, would be removed. Many analysts believe that the current low oil price would be an ideal time to cut it without hitting the population too hard.*(Reuters)*

Nigeria's national assembly on Tuesday approved a supplementary budget for 2015 of 574.53 billion naira ($2.89 billion), mainly to cover fuel subsidies and ensure gasoline supplies across the vast country into the new year. Despite being Africa's biggest oil producer, Nigeria imports almost all its gasoline needs because its refineries have been neglected for years. Fuel queues have been growing over the past weeks as importers found their credit lines shrinking and awaited payment from the government. The supplementary budget is 108.9 billion naira more than President Muhammadu Buhari requested in November, and lawmakers said it would cover fuel subsidies into next year.
"We decided to approve the additional 108 billion naira in order to have an uninterrupted supply of fuel across the country throughout the Christmas, New Year and beyond," Senator Danjuma Goje said after the vote. Buhari approved a payment of 413 billion naira ($2.1 billion) in early November for gasoline importers, before sending the request to the Senate on Nov. 18. Under the administration of his predecessor Goodluck Jonathan, the supplementary budget to cover subsidies was slashed by 90 percent, as government revenues had shrunk dramatically with the slump in world oil prices. The 2016 budget is expected to be presented before the end of the year and it is unclear whether the expensive subsidies will be kept. More than 90 percent of the supplementary budget will be spent on the subsidy. Part of the rest will go to fund a military operation to crush militant Islamist group Boko Haram in the northeast of the country. *(Reuters)*

The Central Bank of Nigeria (CBN) has reiterated that its adoption of zero-tolerance to lax or weak corporate governance practices has not changed. The central bank also pointed out that it remained unflinching in its commitment to blocking all avenues in the banking system that wittingly or unwittingly facilitate money-laundering and financing of terrorism in the country. Deputy Governor (Financial System Stability), CBN, Dr.Okwu Joseph Nnanna, said this in a keynote address he presented at a training on corporate governance, anti-money laundering and combating of the financing of terrorism for bank directors, that was organised by the Financial Policy and Regulation Department in Lagos, on Monday. Nnanna, noted that the issue of corporate governance had become topical globally, even as he urged board members to commercial banks present to play their roles more diligently and with due care. "It shouldn't be return on assets or return on equity that should guide our behavior. What we are saying is that we should do banking the old-fashion way, where our words would always be our bond. And in the area of corporate governance, we at the CBN have seen some lapses which could have been corrected before they degenerate. Let me also put bit on record that we have no intention of making banks a revenue centre for the central bank," he added. The deputy CBN governor described money laundering and the financing of terrorism as financial crimes, saying they have disastrous economic effects. He also stressed that there is an interface between weak corporate governance and money laundering/ financing of terrorism. "It will not be wrong if one considers them as mutually reinforcing since weak corporate governance can be compromised by vendors of money laundering and terrorism and vice versa," he added.

On his part, former Managing Director of Acess Bank Plc, Mr. Aigboje Aig-Imoukhuede, who was the chairman at the event, urged the board members present to always ensure that their character and leadership values dictate how they deal with issues. "A board that does not seek experts' independent advicein taking decisions can't be serious. It doesn't mean you choose your own advice, it means that on key decisions in a company, for example what technology to buy. Ensure that as your management is recommending technology, an independent person is brought in to endorse that recommendation. If your management is going to do a merger transaction, have experts tell you if it makes sense to go that way," he added. *(This Day)*

The persistent decline of stock prices on the Nigerian bourse sent the market to a three-year low on Monday as the Nigerian Stock Exchange (NSE) All-Share Index (ASI) went down by 0.84 per cent to be at 27,385.69. The market has recorded a month-to-date and year-to-date decline of 6.1 per cent and 20.3 per cent respectively. The NSE ASI last hit this level in 2012. Market operators have attributed the lackluster performance of the market to weak demand engendered by negative investor sentiments over poor results and slow federal government's slow response to economic challenges. The stock market, which has the second-biggest weighting after Kuwait on the MSCI frontier market index , shed 0.84 percent on Monday on thin volumes to close at 27,385, a level last seen in December 2012. The index is down 20.3 percent year-to-date. Also Reuters quoted Head of Research, Afrinvest West Africa, Mr. Ayodeji Ebo as attributing the negative trend to foreign investors who are being discouraged by certain policies of the Central Bank of Nigeria(CBN). "The role foreign investors play in the Nigerian equity market cannot be ignored ... hence the need for the central bank and government to review their stance on forex policies," Ebo said. Yesterday's bears were led by PZ Cussons with 6.16 percent while Cement Company of Northern Nigeria (CCNN) and Forte Oil both shed 5.0 percent each just as Unity Bank Plc fell by 4.9 percent. Meanwhile, the Chief Executive Officer of the NSE, Mr. Oscar Onyema, at the weekend said the exchange was not the only affected by the decline. According to him, the global developments have negatively affected as of all the 24 exchanges in Africa, 20 are experiencing a downturn. However, he said opportunities still exist for investors in stocks, in spite of the current downturn in the capital market. "If you look at large, mid and small cap securities; mid cap securities have done well, they have returned about six per cent positive. Now the whole market is about 18 per cent down and that is because of the weight of the large cap securities," Onyema said. *(This Day)*

Nigeria's foreign reserves dropped below $30 billion for the first time in more than four months, putting more pressure on the central bank's bid to defend the naira and avoid a devaluation. Gross reserves slipped to $29.92 billion on Nov. 30, the first time they have fallen below $30 billion since July 13, according to data from the Central Bank of Nigeria. They have fallen by 20 percent since the end of June 2014, when Brent crude prices began a more than 60 percent plunge, hammering the finances of Africa's largest economy and biggest oil producer. "With the oil price remaining low, the pressure isn't dissipating," said Ikechukwu Iheanacho, who manages 40 billion naira ($202 million) of stocks and bonds for Lagos-based Chapel Hill Denham Securities Ltd. "It raises questions about how long the central bank can continue defending the naira." The naira has been all but fixed at 197-199 per dollar since early March after Governor Godwin Emefiele restricted bank access to foreign exchange, even as other major oil exporters such as Russia, Colombia and Angola let their currencies weaken. In June, Emefiele stopped importers of about 40 items, including toothpicks and glass, from obtaining dollars. Emerging-market investors including Aberdeen Asset Management Plc, AllianceBernstein and Investec Asset Management have sold Nigerian bonds and stocks this year to avoid what they see as an inevitable devaluation, which would cause losses on their holdings in foreign-currency terms. Deputy Governor Sarah Alade told bankers last month that the Abuja-based regulator would further curb dollar supplies because its reserves were running short. The naira rose 0.6 percent to 197.90 per dollar at 12:48 p.m. in Lagos. Forwards prices suggest the naira will fall 19 percent to 243 in a year. *(Bloomberg)*

Oil prices should stabilise next year and trend higher, Nigeria's Oil Minister Emmanuel Ibe Kachikwu said on Friday. The minister, speaking at the start of OPEC's meeting, said he expected his country's oil output to average 2.2-2.4 million barrels per day next year. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Tanzania

Corporate News

No Corporate News This Week

Economic News

DAR ES SALAAM Stock Exchange market value surged by 30.92bn/- to 20.78tri/- after listing of the Mwalimu Commercial Bank last Friday. The bank which is supported by Tanzania Teachers' Union listed at the Dar bourse after a successful Initial Public Offer (IPO) which was oversubscribed by 24 per cent. The listing marked another major milestone for the bourse with significant increase in market value that is expected to stimulate trading. Mwalimu Commercial Bank PLC (MCB) becomes the fourth company to be listed on its Enterprise Growth Market Segment (EGM) and becomes the fifteenth Tanzanian company and the twenty second company overall to be listed at the Exchange. In Friday trading session, DSE recorded a total turnover of 33,049.16 million shillings from 2,388,635 shares traded in 83 deals compared to the previous session which recorded a turnover of 65.42 million shillings from 93,980 shares traded in 78 deals. Prime Minister Majaliwa Kassim Majaliwa who officiated at the listing, challenged the bank to set strategies that will enhance its growth and touch people from all walks of life countrywide. He said teachers and other investors should use the opportunity to buy shares from the bank, to boost the sector that is still not well tapped. "Investors from all sectors should cling with the government's commitment towards supporting the growth of the bank through buying the shares," said Mr Majaliwa. The DSE Chief Executive Officer, Mr Moremi Marwa, said with the coming in of the new bank in the market, market capitalization, has increased by 30.92bn/-, to 20.78tri/-.

He said the number of companies in stock of exchange had now reached 22, of which 15 local companies accounted for 9.82tri/- of the market capitalization and seven foreign companies contributing to 10.96tri/-. He was positive that, with the arrival of new player in the market, the DSE was likely to record higher performance in the future, the performance that would be linked to increased number of shareholders. "I'm optimistic that an addition of the bank, to the market that saw the number of shareholders climbing up from the current 220,000 to 450,000, will lead us to the stage of higher performance," he said. The sectors which are yet to be tapped to the optimal level, according to Mr Marwa, include agriculture, infrastructure, Communication, Minerals and tourism. "If the sectors in question would be well tapped, the economic contribution of the listed local companies whose shares nearly stand at 10tri/-, equals to 14 per cent of Growth Domestic Product (GDP) would go up," Mr Marwa told shareholders. *(Daily News)*

TANZANIA is set to receive 364. 38 million US dollar loan from African Development Bank (AfDB), to support her 's ambitious infrastructure projects. The bank said in a statement that it has approved a US $75.43-million concessional loan and a US $270.95-million loan to finance the Transport Sector Support Programme which involves interventions in the country's roads, rail and air transport sub-sectors. Identified as a key part of the country's transport sector priorities to support economic development, the programme includes the rehabilitation and upgrading of nearly 500 kilometres of roads to bitumen standard in Mainland Tanzania and Zanzibar Island. The programme involves also capacity building and construction of social infrastructure as well as studies in railway and air transport sub-sectors. The development of Tanzania's transport sector will make it possible for the country to develop its vast natural resources including agriculture and tourism and promote economic growth to help attain its aspirations to attain middle income status as enshrined in the country's Vision 2025.

Support for infrastructure projects will help to unlock great potential of Tabora, Katavi and Ruvuma regions which delivers only fraction of their full agricultural potential due mainly to lack of infrastructure. "Thus, the target beneficiaries include farming communities in the two regions where about 90 per cent of the population is engaged in agriculture, and where the road network remains relatively underdeveloped compared to the rest of the country. In Zanzibar, the road improvements will benefit communities engaged in the tourist and agriculture sectors," the statement reads in part. Under the social infrastructure component, the project will provide sanitation facilities at hospitals, schools and markets, fish-drying and bee-keeping facilities, upgrade of access roads to hospitals, and construct a jetty for fishing communities in Zanzibar. They will also serve as links between Tanzania and the neighbouring countries of Malawi and Mozambique through the Mtwara Corridor and Zambia and Democratic Republic of Congo (DRC), through the Tunduma/Nakonde border and Kasanga Port, respectively, and will benefit cross-border trade. The project, to be implemented in five years, is estimated to cost US $384.29 million. The Bank's contribution represents 88 per cent of total costs while the government will provide the remaining 12 per cent. *(Daily News)*

Goods export improved on account of increase in volume and price. Similarly low demands from import sector as oil and manufacturing companies build up shilling positions following recent tax payments. The Bank of Tanzania (BoT), monthly economic review for October shows that oil imports continue to dominate the goods import accounting for about 28 percent. "With Dollar inflows coming in from the agricultural sector and low demands from the import sector, the local currency is still making some gains against the greenback; the shilling closed Thursday's trading session at the levels of 2135/2175 against the Dollar," stated the CRDB bank market highlights. More shilling strength is likely, although importer demand remains a risk for the TZS in the near-term. The NMB Bank e-market reports show that the shilling strengthened slightly amidst sluggish dollar demand, as importers continued to build their shilling positions following recent tax payments. Although the relative shortage in TZS will prop up the local currency, resumption of demand in the near-term remains a risk to the shilling. Likewise in the local money markets, short-term interest rates remain stable, with excess liquidity continuing to be felt from most market participants. Short term interest rates trade at about 7 per cent. The Kenyan shilling was flat on Thursday, with traders expecting the local currency to remain in a tight trading range. At 07:30 GMT, commercial banks posted the shilling at 102.10/20, unchanged from Wednesday's closing rate. The shilling has been stuck in a narrow band of 102.00- 102.50 for weeks as importer dollar demand keeps it from appreciating beyond 102.00 and the prospect of central bank intervention keeps it from weakening past 102.50. The Ugandan shilling strengthened helped by inflows of hard currency from nongovernmental organisations (NGOs) and subdued corporate appetite for dollars. At 0952 GMT commercial banks quoted the shilling at 3,325/3,335, compared with Tuesday's close of 3,335/3,345. Charities are converting some of their foreign currency holdings to balance their books as they prepare to close 2015, traders said. *(Daily News)*

Zambia

Corporate News

ZANACO has secured a five-year US$60 million loan that will enable the bank to meet demand from customers who have dollar borrowing requirements. Recently, Zambia experienced inadequate inflow of United States dollars, pushing the Kwacha to depreciate rapidly. The credit facility from three European development finance institutions is anticipated to boost the bank's foreign currency funding, which is scarce at the moment due to the economic challenges facing the country. During the signing ceremony of the credit facility with development banks from Netherlands (FMO), Germany (DEG) and France (PROPARCA), on Wednesday night, Zanaco managing director Bruce Dick said the money will also be used to lend to customers in the agriculture, small and medium enterprises sectors and other corporate. "The facility is expected to help boost our customers' productivity in the various sectors of the economy in which they are participating," he said. Mr Bruce said Zanaco is the only Zambian bank that supports the agriculture sector through the entire value chain from small-holder farmer to the agro- processor. "This unique position could not have been possible without the support of our partners which reaffirms the importance we attach to working and partnering with organisations who share our passion of offering a service," he said. Speaking on behalf of the three development banks, FMO regional manager Ewout van der Molen said there is need to show commitment to Africa, which has enormous potential. "We strongly believe that Zambia, and through Zanaco, can offer us opportunities to explore our full potential. Zambia is stable and has been conducting peaceful transition of power and people are friendly. We believe this is the right time to put money into Zanaco so that the bank can play a significant role in the economic diversification of the country," Mr Molen said. *(Daily Mail)*

Economic News

Zambia expects to clinch $1 billion in Chinese investment and loans at this week's China-Africa summit in Johannesburg, a presidential spokesman said on Tuesday. Presidential spokesman Amos Chanda said Zambia was expected to conclude deals with China in infrastructure projects such as roads, railways, power generation as well as agriculture. Zambia and China were also likely to sign an agreement for the construction of two modern hospitals, Chanda said. "These deals should add up to over $1 billion," he told Reuters. Chinese firms have invested heavily in mining and other sectors in the southern African nation over the last 10 years with investment exceeding $3 billion in 2014, according to latest Chinese embassy estimates. An electricity shortage and weaker copper prices have put pressure on Zambia's mining industry, threatening output, jobs and economic growth in Africa's No. 2 copper producer. China plans to invest a further $900 million over the next five years in an economic zone, where firms would be exempted from some taxes such as customs duties. *(Reuters)*

Zambia announced a sharp increase in electricity tariffs on Wednesday, aiming to generate revenue for investment in additional supply, but said mining firms would be exempt. The average price of electricity was raised to 10.35 U.S. cents per kilowatt hour (KWh) from 6 U.S. cents per KWh with immediate effect, the power regulator said in a statement. State power utility Zesco Ltd had applied for the higher tariffs in October, saying it had to increase the price of electricity due to rising costs and a depreciation of the kwacha currency, which had pushed up import prices. "The proposed tariff adjustment is expected to generate revenue that will facilitate investment of $3.7 billion in generation projects, thereby adding capacity of 1,500 megawatts to the national grid," the regulator said. The regulator said a drastic reduction in hydro power generation capacity as a result of low water levels following a drought had led to a severe energy deficit, requiring the import of emergency power at a huge cost to the government. Mining companies were unaffected by the increase because they do not get their power from Zesco. Zambian power supplier Copperbelt Energy Corp. buys electricity from Zesco in bulk and sells it to mining companies including the local units of Vedanta Resources and Glencore. Zambia's economy is likely to grow by less than 5 percent in 2015 due to the power crunch, which has hit output at mining firms, already grappling with a slide in global copper prices. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zimbabwe

Corporate News

Mashonaland Holdings' loss position worsened to $6 million in the full-year to September from $27,000 last year due to weak rental income and falling occupancy levels, the company said on Friday. Revenue fell 14 percent to $5,8 million as the company reworked lease agreements to keep its client base and rising voids. Occupancies were at 76 percent for the year compared to 82 percent in the prior year. Total rental yield weakened slightly to six percent from seven percent. Net property income at $4,4 million was lower than last year but was higher comparatively after administrative expenses of $2,1 million. The collection rate also dropped to 72 percent from 76 percent previously. "Tenant default risk remained a real threat to the business," said the company in a statement accompanying the financials. An independent evaluation by Knight Frank valued its property portfolio at $99 million, lower than $104,2 million last year. The group completed its Belgravia Office Park during the year while tenants moved in on March 1. It also received planning permission for its Mabelreign housing project. Mash Holdings also appointed ZB Holdings chief executive Ronald Mutandagayi as chairman from September 2. He replaces Ambrose Chinembiri who has been acting in the position since February 15 following the death of Elisha Mushayakarara. Patronella Musarurwa was also appointed to the board from November 18. *(Source)*

Hotelier African Sun widened its loss for the year to September by 47 percent to $3,36 million as the group incurred huge retrenchment costs following its exit from the regional market. In September, the group terminated the lease agreement for its Amber Accra Hotel in Ghana due to continued losses and also ceased its operations in Nigeria. The losses were due to a high fixed costs structure, and a slow revenue upturn. The loss for the year from the Ghana operations was $1,97 million, from a loss position of $1,64 million. Loss from continuing operations was $1,39 million from a prior year loss of $640,000. "The current year loss was driven by the $4,23 million that was incurred by the company on other expenses which include retrenchments and separation costs of $2.02 million," said board chair Herbert Nkala in a statement accompanying company results on Friday "Following the change of business model, discontinuation of the loss making operations in Ghana and Nigeria as well as the recent retrenchments, the group is poised to move from a loss making position to a profit position," said Nkala. Finance costs declined by 32 percent to $3,1 million following repayment of borrowings amounting to $9,1 million. The group achieved revenue of $50,15 million, eight percent lower than the previous year. Nkala said the drop in revenue was mainly as a result of a seven percent reduction in the average daily rate (ADR) from $96 achieved last year. The ADR was partly affected by the introduction of VAT on foreign revenue. Occupancy levels recorded a marginal increase from 47 to 48 percent. Revenue per available room (RevPAR) fell four percent to $43. EBITDA achieved for the period under review registered a 33 percent drop to $5,47 million. Basic loss per share increased to 0,17 cents from 0,08 cents. *(Source)*

The Export-Import Bank of China will provide a $1.2 billion loan to upgrade two generators at Zimbabwe Power Co.'s Hwange thermal power plant, the country's biggest. ZPC, a unit of state-owned power utility ZESA Holdings Pvt Ltd, has raised concerns that decisions by the State Procurement Board have been snarled by bureaucracy, delaying tenders for the replacement of aging equipment at Hwange in the country's west. Daily power blackouts due to electricity shortages have hurt mines and businesses. Government officials agreed to the deal, ZESA spokesman Noah Gwariro said by phone on Monday from the capital, Harare. He didn't have further details about the loan terms. Hwange generates between 380 megawatts and 400 megawatts of electricity against its installed capacity of 920 megawatts. The country's next largest generation facility is the ZESA-operated Kariba hydropower plant in northern Zimbabwe, which is operating at half of its 750-megawatt capability because water levels in the dam have fallen amid a drought. ZESA's Zimbabwe Electricity Transmission Distribution Co. unit borrowed $150 million from African Export-Import Bank Ltd., Commercial Director Ralph Katsande said Nov. 19. The funds will help the operator pay off existing debt and purchase equipment, said a person familiar with the agreement who asked not to be identified because the transaction is private. *(Bloomberg)*

INDUSTRY and Commerce minister, Mike Bimha, will tomorrow commission Nestlé Zimbabwe's Cremora and milk powders plant, as part of the $30 million that was committed for the factory's upgrade in the past four years. Speaking on the sidelines of the handover ceremony of 100 dairy cows to farmers in Chitomborwizi on Saturday, Nestlé south cluster manager, Ben Ndiaye, said in investing in the factory, the company was thinking of long-term objectives, considering the dairy empowerment schemes, which will result in increased production of milk that they will then process. "We invested $30m for the refurbishment of the factory to increase capacity, as well as milk processing. We have now completed the last part of the refurbishment process this year," he said. The $30m has been invested in cereal roller dryers and output has increased threefold, a 750KVA generator, an administration and a quality assurance block, a state-of-the-art laboratory, Milo manufacturing plant, improved water reticulation, and in the milk and powder plant. Meanwhile, the company has spent $9m on the diary revolving fund that it launched in 2011 and expects to spend more on capacitating small holder farmers with dairy cows.

The company's plan was to invest $14m over seven years on the dairy empowerment scheme. Ndiaye said the Nestlé dairy empowerment scheme touches on nutrition, rural development and water. He said farmers will be economically empowered through Nestle purchasing the milk for further processing. The 100 dairy cows were given to 20 farmers in Chitomborwizi out of the 110 farmers, who went through training. "Nevertheless, the handover of these 100 dairy cows is not the end of the project, as the Nestlé agricultural services team will remain on the ground to further guide the framers on the growing of maize for silage, which is one of the key factors to make the project a success," he said. Ndiaye said the purchased stock feed constitutes 60% to 70% of the cost of a litre of milk and the production cost can be drastically reduced if purchased stock feed is substituted by maize silage. *(News Day)*

Bindura Nickel Corporation (BNC) slipped to a $3,4 million loss after tax in the six months to September from a $8,5 million profit position in the comparative prior year on reduced production and weak commodity prices. Presenting company results on Monday, Board chair Yim Kwan said production at the company's Trojan Mine had plunged 28 percent during the half due to a planned shutdown in July to facilitate upgrade of a power supply system at the mine. The average realized price for Nickel in concentrate for the period was $ 7,654 compared to $11,809 last year while volumes sold were 29 percent down at 2,762 tonnes. Revenue dropped 56 percent at $20,6 million. The company incurred an operating loss of $4 million compared to a profit of $12,5 million in the prior period. "In response to the declining Nickel prices, the mining plan of Trojan Mine has been revised.

The revised plan entails reducing the original tonnage by about 50 percent while maximizing higher grade massive and minimizing lower grade disseminated ore," said Kwan. The mine milled 231,000 tonnes down from 310,000 tonnes in the previous year. Head grade was 1.4 percent compared to 1.5 percent in the same period last year. Managing director Batirai Manhando said as a part of a raft of cost containment measures the company would retrench over 300 workers at a cost of up to $1,8 million. "The company will remain with a leaner and more effective labour structure when it completes the ongoing rationalization and retrenchment process in the second half of the year ending March 2016," he said. Manhando said in the full year the company expected to break even though production would be around the 7,000 tonnes attained last year. He added that the company had managed to significantly lower the cost of production to $5,000 per tonne which would cushion them against negative prices. *(The Source)*

STANBIC Bank Zimbabwe has introduced a new mortgage dubbed "home loans" repayable over a 20-year period, as part of its programme to reduce the housing backlog in the country. Head of personal and business banking, Brian Ndadzungira said the bank was geared to play its part in helping potential home-owners have their own roofs over their heads. "Stanbic Bank is aware that everyone dreams of having their own place to come home to and we are offering potential home-owners an opportunity to make that dream a reality. In addition, we also offer loans for home improvements for existing house owners. This will enable one to renovate or improve an existing property," he said. The loan repayments will be lower than rentals for comparative properties and will come with life and property insurance cover. Under the programme, potential clients have to produce acceptable title deeds. Ndadzungira said one can have a joint application of the loan with their spouse, making it more affordable for couples who pool their financial resources. He said given that buying a home can be complex and stressful, Stanbic Bank has a means to lessen the financial burden. "To ensure commitment from the buyer, our home loans come with a deposit commitment from the client. This means the prospective home-owner has to raise part of the price of the house. Stanbic will allow you time to raise the deposit required. We have savings and investment product offerings that can assist you to raise the deposit," Ndadzungira said.

Mortgage lending has been very low in Zimbabwe, but many financial institutions were now coming on board introducing home loans. In the Reserve Bank Economic review ending November 20, weighted commercial bank lending rates for individual and corporate clients increased from 10,91% and 7,31%,to close the week under review at 10,93% and 7,77%, respectively. *(News Day)*

Nestlé Zimbabwe's $8 million milk powder and Cremora plant has been commissioned, a development set to significantly boost output. Speaking at the commissioning of the milk powders and Cremora plant yesterday, Industry and Commerce minister, Mike Bimha said the new plant showed Nestlé's commitment to the country and urged other companies to follow suit. "We have been invited to commission a $8 million project, which has increased production capacity of milk powders [Nido and Everyday] and creamers [Cremora]. The expansion in milk powders and Cremora manufacturing line comes at a time when many Zimbabwe companies are struggling or closing mostly because of lack of capitalisation," he said. Cremora output is expected to increase from 6 000 tonnes to 8 000 tonnes annually. Nestlé Zimbabwe has so far invested $30 million for the plant upgrade and refurbishments since 2011. Capacity utilisation of the manufacturing sector has been declining since 2012 and is now at 34,3%.

Bimha said the low levels of capacity utilisation have resulted in the influx of goods from other countries. He said at its peak, the manufacturing sector used to contribute 25% to gross domestic product, but today it was only accounting for less than 10%. Bimha said the sector was important to the economy, as it absorbed 60% of the agriculture sector. He said despite the various challenges, Nestlé has remained resilient. Nestlé south cluster manager, Ben Ndiaye said the commissioning of the new plant will see the company focusing on meeting local demand and then look at exports. "We are trying to understand the Malawian and Zambian markets. We are already exporting Cerelac, Cerevita and soon will be in a position to export Cremora to Zambia," he said. Nidaye said the uptake of the cereals in Zambia has been good and going forward, the company will look at developing new products that could meet the need of low income groups in Zimbabwe and Zambia. Nestlé has been in Zimbabwe for over 56 years where it is producing milk powders, creamers, cereal production and many other products. *(News Day)*

Zimbabwe lost 300 megawatts of electricity after two units broke down at Hwange power station due to be expanded through Chinese funding next year, an official with the state power firm said on Wednesday. The Southern African country is experiencing crippling power cuts blamed for keeping away potential investors in an economy struggling to emerge from a steep recession between 1999-2008 that saw the economy contract by nearly half. During Chinese President Xi Jinping's visit to Zimbabwe on Tuesday, China agreed to provide a loan of more than $ 1 billion to expand the Hwange plant by 600 MW. Hwange, the nation's biggest power plant, is designed to generate 920 MW but has been producing just more than half of its capacity due to frequent breakdown of its ageing equipment. With the two units out of service, the power plant is generating about a third of its capacity. "We expect Hwange unit 5 to come back on Thursday morning and unit 6 the following day," Fullard Gwasira, spokesman for ZESA Holdings, told Reuters. He said the two units broke down late on Tuesday at the plant located in western Zimbabwe. The problems at the coal-fired Hwange, as well as low dam water levels at the Kariba hydro-power plant in the north of the country, have kept power generation below 900 MW, less than the country's peak demand of 2,200 MW. Six in 10 people have no access to electricity in Zimbabwe. It has, in the last two years approved several power projects, but which have so far failed to take off due to lack of funding. *(Reuters)*

Barclays Africa Group on Thursday said it had failed to reach an agreement with its parent company Barclays Bank Plc for the purchase of its assets in Zimbabwe and Egypt. The two operations were excluded from a 2013 deal that saw Barclays Africa, formerly ABSA, acquire eight African operations from its parent company because of political uncertainty, although it already manages their operations. The deal gave Barclays Bank Plc a controlling 62,3 percent stake in the JSE-listed Barclays Africa Group and created Africa's largest retail bank by branch networks and customers. Early this year, Barclays Africa chief executive Maria Ramos said they were in 'tough negotiations' for the two markets, with Egyptian banks and insurers in particular being highly prized and expensive. Barclays Bank Plc wholly owns Barclays Bank Egypt and has a 67.7 percent stake in Barclays Bank Zimbabwe. "Shareholders are referred to the cautionary announcements dated 31 July, 14 September and 27 October 2015 regarding the potential combination of Barclays Bank PLC's 100 holding in Barclays Bank Egypt SAE and 67.7 percent holding in Barclays Bank of Zimbabwe Limited with Barclays Africa Group," the bank said in a notice to shareholders Thursday afternoon . "Shareholders are advised that, following extensive discussions, Barclays Africa Group and Barclays Bank PLC could not agree key commercial terms and have decided not to proceed with the proposed combination," said the bank. i(New Zimbabwe)

ZESA is currently in discussion with the Bulawayo City Council (BCC) over $65 million in outstanding royalties, council minutes have shown. According to the latest council minutes, Zesa owed council about $65m royalties and discussions were underway over the issue. In return, BCC owed Zesa $57,8m. "Revenue collections were not sufficient to pay LAPF (Local Authority Pension Fund) and Zesa. However, council had an agreement or understanding with LAPF on monthly payments. Zesa owed council approximately $65m royalties and discussions were in progress on this issue," read part of the minutes. As at October 31, the council's debt ballooned to $113m from $109m the prior month, as council continues to acquire goods and services on credit, while there is a backlog in payments for services received.
Council also owed statutory bodies such as the National Social Security Authority, Municipal Provident Fund and the Zimbabwe Manpower Development Fund about $42,9m as at October 31, as well as $58m to TelOne and Zesa. The council also owed workers $5m in outstanding salaries, while unpaid taxes had increased to $1,8m. Financial institutions are owed $2,7m. The council owed trade creditors an amount of $2m. In addition to the $113m municipal debt, the council is also owed $3,99m by government, $46,9m by industrial and commercial, as well as $74m by domestic debtors. The minutes showed that council was making efforts to pay its creditors, who include medical aid providers and insurance companies. "Stop orders were deducted from members' salaries, but were not remitted timeously due to cash inflow constraints. Most doctors in the city accepted and attend to Bulawayo City Council medical aid subscribers," the minutes added. *(News Day)*

CHINA is expected to set up a cigarette manufacturing company in Harare following discussions between the government and officials from the Asian giant, it has emerged. Finance and Economic Development minister Patrick Chinamasa said at a recent meeting that the government held discussions with the State monopoly company of China, which is one of the major consumers of local tobacco. He said local companies must focus on value addition to create more jobs. "We are getting indications from China and for a longtime we have been engaging with China. There is a State monopoly of tobacco in China and you cannot get tobacco whether raw or processed into China, unless through the State monopoly company," Chinamasa said. "We have been asking them to get a quota in China, but they refused then we changed tact and said they could come and make a factory to manufacture cigarettes. If successful, they can come and set up a factory and export cigarettes to China." China is the major consumer of Zimbabwean tobacco. Since 2009, the number of farmers growing tobacco has been on the increase. The golden leaf output has been on the rise and prices have been favourable. But for the 2014/5 season, most tobacco farmers were disappointed because the prices were very low. Tobacco is mostly grown in the country through contract farming, whereby the contractor provides inputs to the farmers. Tobacco output has been on the increase since 2009 and it reached its peak in 2014 producing 216 million kilogrammes but this year the farmers produced 198 million kgs due to the poor rainfall patterns experienced in the country. Chinese President, Xi Jinping was in the country this week and signed 12 deals with the government in sectors such as infrastructure, telecommunications and energy. Zimbabwe Power Company signed a co-operation agreement for Hwange 7 and 8 to produce 600 megawatts of power. *(News Day)*

Packaging group Nampak Zimbabwe recorded a five percent decline in revenue to nearly $96 million in the full-year to September on reduced aggregate domestic demand and lower margins, the company reported on Thursday. Pre-tax profit stood at $3,8 million while net profit, at $2,3 million, was higher compared to $1,3 million achieved in the 11 months of the previous year. Nampak Zimbabwe was created following the merger of Hunyani, CarnaudMetalbox and MegaPak last August. South Africa's Nampak holds a controlling 51.43 percent interest in the merged entity. Beverages manufacturer Delta Corporation, swapped its 51 percent shareholding in Megapak for a 23 percent stake in the new firm. Agro-processor TSL also exchanged its 40 percent shareholding in Hunyani for a 17 percent stake in Nampak Zimbabwe. The group incurred manpower restructuring costs of $1,1 million, mainly at Hunyani, and a once-off charge of $358,000 relating to the merger of the three businesses. CarnaudMetalbox achieved a 13 percent increase in revenue on improved can and HDPE bottle sales and returned to profit from a loss position the previous last year. The company managed to expand its product offering, particularly to the dairy sector, while containing costs.

During the year, Hunyani recorded decline in revenue and operating profit by two percent and 59 percent compared to the prior period. A reduction in costs and new machinery is expected to place the business on a solid footing for 2016. Mega Pak recorded a 13 percent decline in revenue compared to the prior year on depressed volumes for PET and pre-form products, driving operating profit down 43 percent . The group's capital expenditure amounted to $8,6 million after the purchase of plant and machinery to increase capacity and product range which it said would give it better footing going forward future. "Major expenditure was on the pre-form machinery for $2,9 million and the tobacco line at $2,3 million, with the balance spent on various plant and equipment, IT infrastructure and the vehicle fleet," the company said. It added that the economic outlook remains challenging, with little short-term relief in sight for the manufacturing industry. *(Source)*

Amalgamated Regional Trading (ART) narrowed its loss after tax to $590,000 in the full year to September compared to $1,1million last year on improved margins and factory efficiencies, the company said on Thursday. The group recorded a four percent increase in revenue to $29,8million as it registered growth in battery, tissue and pen sales on the domestic market. The batteries division achieved an operating profit of $1,237 million up from $967,000 in 2014. The division contributed 65 percent to group turnover and volumes of batteries sold in Zimbabwe were 17 percent higher than in the prior year. The Zambia batteries distribution business was affected by the devaluation of the Kwacha, with volumes falling three percent from the prior year. Eversharp revenues grew by 14 percent due to increased volumes in the local market. The business posted an operating profit of $340,000 compared to $422,000 in 2014. The Paper division posted an operating loss of $387,000, an improvement on the prior year loss of $1 million. Softex brands volumes increased by 22 percent. In statement accompanying company results on Thursday, chairman Moses Chundu said the group's overall capacity utilisation had improved to 69 percent from 59 percent in 2014. "The new equipment procured under the Taesung Chemical Company Limited facility was installed at Eversharp, Chloride and Kadoma Paper Mills during the year. The equipment has resulted in improved range, reduced cost of production and improved quality. Consequently the Group's performance has improved with profits being consistently posted since January 2015," said Chundu. Operating expenses were down eight percent on prior year as the group streamlined its operations. A one-off restructuring cost of $634,000 was incurred during the year. *(Source)*

Economic News

COMMISSION earned by insurance brokers from transactions with insurance and reinsurance companies will now be liable to taxation under the new budget.The new tax requirement was announced by Finance minister Patrick Chinamasa during his presentation of his 2016 National Budget last Thursday. Speaking at a meeting organised by Southern African Parliamentary Support Trust (SAPST) on the reforms in the budget concerning tax, a consultant Josephine Matambo said the increment would allow insurance firms or brokers to claim credit on input tax they were charged from other suppliers. "When you compare with other countries, you will find that short-term insurance is actually subject to value-added tax (VAT). The thing with VAT is that it is useful because it takes off cascading cost on costs and allows you to claim credit on the tax payment that you have made. When you claim it back, you are actually reducing the cost structures of your business," he said. "But when you look into the insurance and banking industry, because they are not subject to VAT, their services are exempt, they will not be able to claim back the input tax that they were being charged by other suppliers because their services and products are exempt." Chinamasa, in his budget statement, said the tax proposal was considered in view of the constrained capacity of the industry, as evidenced by failure by some players to settle obligations to policy holders.

"I, therefore, propose to limit the VAT payable on short-term insurance to commission earned on the buying and selling of insurance policies by brokers and agents of insurance and reinsurance firms. This measure takes effect from January 1, 2016," he said. Senior economist Prosper Chitambara said taxes levied on goods or services were considered to be bad for the individual or society at large. "Corrective taxes, or 'sin' taxes, are levied on goods and services that are considered to be bad for the individual or society at large. Examples include taxes on alcohol and cigarettes, and products and activities with negative environmental consequences," Chitambara said. "Corrective taxes can improve fiscal revenues, while at the same time, reducing socially and environmentally undesirable activities, thereby, promoting good public health. "A review of literature in a number of countries has demonstrated that tobacco taxes reduce tobacco consumption, while providing a stable and reliable source of fiscal revenues. "The Philippines increased excise taxes on cigarettes and alcohol in 2013.

The tax hike resulted in an increase in cigarette prices and more than doubled the tobacco tax revenue collected in 2013 over 2012. Higher taxes on tobacco and alcohol together netted revenue estimated at $1,4 billion." *(News Day)*

ZIMBABWE and China signed a string of deals late on Tuesday, headlined by a $1.4 billion agreement for the upgrade of Hwange thermal power plant and a fibre optic project for state-owned telecommunications firm TelOne, as Chinese president Xi Jinping began a two-day visit to the country. A total of 10 government-to-government deals were announced following more than two hours of closed-door meetings between Zimbabwe President Robert Mugabe and Xi, as well as their ministerial teams at State House in Harare. Apart from the $1.4 billion Hwange and $98 million TelOne deals, an agreement for the construction of Zimbabwe's new parliament building – at an unspecified cost but previously estimated at $145 million, was also struck. While it was not immediately clear how this would be funded, Mugabe, in remarks during a state banquet he hosted for Xi, seemed to suggest China had given Zimbabwe a grant for the new parliament building. Under Xi and Mugabe's watch, ministers and high-ranking officials from the two states also signed agreements ranging from economic and technical liaison, aviation co-operation, pharmaceuticals, donation of equipment for wildlife authorities, policy co-ordination for state-owned enterprises and taxation. Financial details of the deals were not immediately available. The Hwange expansion project, to be funded by China's export-import bank (China Eximbank) and carried out by SinoHydro, will add 600 megawatts to Zimbabwe's power grid.

The expansion project, which was initially expected to commence during the second half of 2015, is now expected to start by the first quarter of 2016 and take approximately 42 months to complete. China Eximbank is expected to put up almost $1.2 billion for the Hwange expansion project, with the Zimbabwe Power Company contributing about $200 million. ZPC officials have said 80 percent of the Chinese loan would attract a concessionary interest rate of 2 percent, while the balance attracted commercial rates of around 5 percent. Zimbabwe currently generates half of its 2,200MW peak electricity demand, with rolling power outages affecting mines and industries holding back economic growth. SinoHydro is also currently working on the $500 million Kariba South expansion project, which is expected to bring an extra 300MW to the national grid by 2018. Speaking during a colourful dinner on the grounds of State House, Mugabe thanked China for her "understanding, flexibility and empathy" which he said contrasted sharply with the "arrogance of those who seek hegemony." Mugabe said China's growing economic co-operation with Zimbabwe had vindicated his 'Look East' policy, adopted in response to sanctions imposed by western governments over allegations of poll fraud and the oft-violent takeover of white-owned farms by landless blacks. "Today the whole world is looking east, including those who in 2000 chided us for that policy," Mugabe said. In his 9-minute response, Xi extolled the "mutual understanding, amity and affinity" that China shares with Zimbabwe and called for deeper, mutually beneficial co-operation." "My visit is about friendship and co-operation," Xi said. "Earlier today (Tuesday), President Mugabe and I had deep and fruitful discussions. "We agree that both countries should make full use of this, to translate our friendship into concrete impetus for mutual benefit." *(New Zimbabwe)*

THE market capitalisation for the Zimbabwe Stock Exchange (ZSE) has shaved off $1,2 billion between January and November this year, official statistics have shown. Market capitalisation is the total market value of the shares outstanding of publicly traded companies. In January this year the market capitalisation of the local bourse stood at $4,36bn and it has been on a downward trend to November when it fell to $3,1bn. An analyst from Lyton-Edwards said the turnover and market capitalisation should not come as a surprise given, the performance of the underlying companies that are listed. The analyst said the period was characterised by weakening results, with companies experiencing falling revenues and profitability, as well as investors preferring countries with better returns compared to Zimbabwe. "It is, however, important to note that the weakening equities market is not only a ZSE issue, as other African markets are also struggling, following weakening of commodity prices. While some markets are positive in their local currencies, they have performed as badly as the ZSE in US dollar terms," the analyst said.

"Zambia's Lusaka Stock Exchange was the worst performer as at Friday November 27, 2015, having lost 42,64% in USdollar terms. In Nigeria the all share index was down 26,84%, while the Johannesburg Stock Exchange was down 15,69%." The industrial index took off this year at 164,90 percentage points down to 117,55 percentage points in November, while the resources index closed the month of November at 22,33 percentage points after decreasing by more than half since the beginning of the year.

The mining sector also had its fair share of problems due to the fall in commodities prices. The industrial index reached its peak in 2013 when it closed at 202,12 percentage points after it began at 151,99 percentage points in 2009, 151,3 percentage points in 2010, 145,86 percentage points in 2011 and last year it was 162,79. The mining index peak period was in 2010 when it recorded 200,4 percentage points and the lowest figure was in 2013 when it recorded 45,79 percentage points. In his 2016 National Budget presented last week, Finance and Economic Development minister Patrick Chinamasa said the ZSE had remained depressed since the beginning of the year due to illiquid conditions and high trading costs among others. "The ongoing efforts by government to grow the economy, underpinned by positive sentiments arising from accelerated re-engagement with the international financial institutions, augurs well for the recovery of the market activity at the ZSE from 2016," he said. *(News Day)*

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