SECURITIES AFRICA
RESEARCH & CAPITAL MARKETS

PAN-AFRICA

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

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

- ⇒ **Botswana**
- ⇒ **Egypt**
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- ⇒ **Kenya**
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- ⇒ **Mauritius**
- ⇒ **Nigeria**
- ⇒ **Tanzania**
- ⇒ **Zambia**
- ⇒ **Zimbabwe**

AFRICA STOCK EXCHANGE PERFORMANCE

				WTD % Change			YTD % Change	
Country	Index	30-Jun-17	7-Jul-17	Local	USD	31-Dec-16	Local	USD
Botswana	DCI	9244,23	9245,53	0,01%	-1,63%	9700,71	-4,69%	-2,40%
Egypt	CASE 30	13395,81	13369,88	-0,19%	1,14%	12344,00	8,31%	10,17%
Ghana	GSE Comp Index	1964,55	1991,00	1,35%	1,88%	1689,09	17,87%	14,19%
Ivory Coast	BRVM Composite	262,39	256,01	-2,43%	-2,77%	292,17	-12,38%	-5,56%
Kenya	NSE 20	3607,18	3607,18	0,00%	-0,08%	3186,21	13,21%	12,76%
Malawi	Malawi All Share	15772,51	16017,55	1,55%	1,38%	13320,51	20,25%	18,74%
Mauritius	SEMDEX	2122,91	2135,16	0,58%	0,78%	1 808,37	18,07%	23,14%
	SEM 10	412,52	414,93	0,58%	0,79%	345,04	20,26%	25,42%
Namibia	Overall Index	1013,51	1023,58	0,99%	-2,43%	1068,59	-4,21%	-2,53%
Nigeria	Nigeria All Share	33117,48	32459,17	-1,99%	-1,80%	26 874,62	20,78%	14,89%
Swaziland	All Share	387,78	388,33	0,14%	-3,25%	380,34	2,10%	3,89%
Tanzania	TSI	3692,03	3666,96	-0,68%	-0,86%	3677,82	-0,30%	-4,53%
Zambia	LUSE All Share	4653,58	4750,26	2,08%	3,35%	4158,51	14,23%	23,63%
Zimbabwe	Industrial Index	195,97	197,93	1,00%	1,00%	145,60	35,94%	35,94%
	Mining Index	69,79	69,98	0,27%	0,27%	58,51	19,60%	19,60%

CURRENCIES

Cur-rency	30-Jun-17 Close	7-Jul-17 Close	WTD % Change	YTD % Change
BWP	10,11	10,28	1,67	2,40
EGP	18,09	17,85	-1,32	1,72
GHS	4,39	4,37	-0,52	-3,13
CFA	574,87	576,85	0,35	7,78
KES	101,92	102,00	0,08	-0,40
MWK	718,85	720,09	0,17	-1,26
MUR	33,24	33,17	-0,21	4,29
NAD	12,96	13,41	3,51	1,76
NGN	319,19	318,58	-0,19	-4,88
SZL	12,96	13,41	3,51	1,76
TZS	2 211,72	2 215,79	0,18	-4,24
ZMW	9,17	9,06	-1,24	8,23

Botswana

Corporate News

No Corporate News This Week

Economic News

Botswana's economy expanded 0.2 percent quarter-on-quarter in the first three months of 2017 versus 0.1 percent in the final quarter of last year, data from the statistics office showed on Friday. On a year-on-year basis, gross domestic product grew by 0.8 percent in Q1 after expanding by 4.2 percent in Q4 of 2016. Statistics Botswana said the increase in growth in the first quarter of this year was due to expansions in trade, hotels and restaurants as well as financial services, while the largest contraction was seen in the mining sector due to closure of copper and nickel mines.*(Reuters)*

Egypt

Corporate News

No Corporate News This Week

Economic News

Egypt attracted $9.8 billion of foreign investment in domestic debt instruments in the 2016-2017 fiscal year compared to $1.1 billion the previous year, Deputy Finance Minister Ahmed Kojak said on Sunday. Appetite for Egypt's domestic debt has increased since the central bank floated the currency in November as part of an International Monetary Fund lending programme aiming to revive the economy. *(Reuters)*

The Egyptian government has appealed a court verdict that ordered the suspension of a food inspection system launched to reform trade in agricultural commodities, Supply Minister Ali Moselhy told Reuters on Saturday. An administrative court ordered on June 13 that supervision of inspections should return to the agriculture quarantine body. The government had 15 days to appeal. The verdict raised the prospect that Egypt, the world's largest importer of wheat, might re-impose a ban on the grain fungus ergot, a policy that rattled global wheat markets and led to boycotts of state grain tenders when it was briefly introduced last year. *(Reuters)*

Egypt's inflation rate, which was around 30 percent in May, will rise by between 3 and 4.5 percentage points following last week's fuel price hike, Deputy Finance Minister Ahmed Kojak told Reuters on Monday. Egypt hiked fuel prices on Thursday by up to 50 percent to help meet the terms of a $12 billion International Monetary Fund loan agreement. Egypt's inflation hit a three-decade high after the central bank floated the pound currency in November as part of the IMF deal. *(Reuters)*

Egyptian non-oil private-sector business activity contracted for the 21st consecutive month in June as output and new orders continued to decline, a survey showed on Tuesday. The Emirates NBD Egypt Purchasing Managers' Index (PMI) for the non-oil private sector dipped to 47.2 points in June from 47.3 points the previous month, the report showed, remaining below the 50 mark that separates growth from contraction. Egypt's economy has been struggling since a 2011 uprising, but the government hopes recent reforms that are part of a $12 billion International Monetary Fund programme signed last year will help put the country on the right track. Output continued to decline for the 21st month in a row, falling to 45.3 points in June from 46 points a month earlier as demand remained low. New orders also fell, but at a slower pace. New export orders continued to rise for the third month in a row, the survey showed, suggesting demand has grown since the central bank's decision to float the currency in November, as part of the IMF deal. The value of Egypt's pound has fallen by half since the flotation, helping Egyptian exports find new international markets. "While the Egyptian economy remains under pressure, there are further signs of stabilization as export orders rose for the third straight month in June," said Khatija Haque, head of MENA Research at Emirates NBD. "However, firms continued to cite weak domestic demand conditions as weighing on activity and new order growth." *(Reuters)*

Egypt will hike electricity prices for households by between 18-42 percent this fiscal year as it partially lifts subsidies, Electricity Minister Mohamed Shaker said on Thursday, a move in line with its with its International Monetary Fund loan agreement. Egypt spent 64 billion Egyptian pounds ($3.57 billion) on electricity subsidies during the 2016-17 fiscal year ending in June, higher than the 30 billion pounds expected in the budget as a result of the November currency float, Shaker said. *(Reuters)*

Egypt's central bank raised its key interest rates by 200 basis points for the second meeting in a row late on Thursday, it said in a statement. The bank hiked its overnight deposit rate to 18.75 percent from 16.75 percent and its overnight lending rate to 19.75 from 17.75 percent after hiking them by 200 points each at the last policy-setting meeting in May. *(Reuters)*

Ghana

Corporate News

Telecommunication giant Scanscom Limited, operators of MTN Ghana, has earmarked about 145 million dollars for its 2017 expansion project geared towards improving the services of the mobile giant. Corporate Service Executive of MTN Ghana, Cynthia Lumor told journalists in the Centra Region that the company seeks to make the MTN network the best option for Ghanaians with innovative and expanded platforms. She said the huge investment into the company this year would ensure that customers get value for money in the services that they receive from MTN Ghana Ms Lumor said beside giving subscribers quality services and products, MTN is contributing to the development of the country and has offered jobs to about five hundred people. The has also embarked on a number of social corporate responsibility across the nation, she said. She urged the media practitioners to adopt the use of technology to enhance their work, especially in this modern era where technology plays a major role. She also stated that MTN has a wide range of products for media practitioners to make their work flexible. The forum bought together media personnel from across the Central Region to address concerns of clients of MTN, and was aimed at strengthening the relationship between the media and the company. *(Ghana Web)*

Italian oil company ENI started oil production from the 45,000 barrel-per-day Sankofa field offshore Ghana on Thursday, company and government officials said. The Sankofa field forms the first phase of the $7.9 billion Offshore Cape Three Points project (OCTP), which is expected to also deliver up to 180 million cubic feet of natural gas per day by the end of next year, more than doubling domestic gas supply. President Nana Akufo Addo opened the valves on the Floating Production, Storage and Offloading vessel, the John Agyekum Kufuor, named after Ghana's former president who ruled between 2001 and 2008. Akufo-Addo's government hopes OCTP will help to restore rapid economic growth in Ghana, which also produces gold and cocoa. Ghana is recovering from a power crisis caused by lack of funds to buy oil in the absence of domestic gas to power thermal plants. The government estimates gas from OCTP will boost generation by 1,000 megawatts, enough to ensure stable supply. ENI holds a 44.44 percent stake in OCTP, representing the largest foreign direct investment in Ghana's history. Trading company Vitol holds 35.56 percent while state oil company Ghana National Petroleum Corporation has a combined carried and participating interest of 20 percent. *(Reuters)*

Economic News

The Finance Minister Ken Ofori-Atta has disclosed that government is preparing to meet the board of the International Monetary Fund later this month. A team from the IMF led by Joël Toujas-Bernaté, earlier visited Accra on the 10th of February this year to welcome the government's intention to conduct a full audit of outstanding obligations under the External Credit Facility (ECF). Ghana entered into the ECF facility with the Fund for a total of 918 million over a three year period in 2015. The fund in January 2016 approved a third disbursement of $114.6 million for Ghana. Speaking at partnership programme for growth with officials from the American Embassy, Mr. Ofori-Atta was optimistic the meeting will be fruitful. "As you know in the last years both the IMF and ECF facility have [presented] various challenges that we have had to contend with but we are now in good shape. We expect to be able to go to the board at the IMF in July to look at the way forward," he observed. Mr. Ofori-Atta was pointed out that the government's economic team has so far had a cordial and fruitful interactions with the fund since the government came into power. A statement released by the IMF after its last meeting with government in February this year stated that "The new government has expressed its intent to continue with the current program with the IMF. Officials outlined bold policies to restore fiscal discipline and debt sustainability and also to support growth and private sector development. The large fiscal slippages observed last year will, indeed, require strong efforts of fiscal consolidation to support debt sustainability.

The new government's intentions to reduce tax exemptions, improve tax compliance and review the widespread earmarking of revenues should help in this regard". It added that "Significant public spending commitments that bypassed public finance management (PFM) systems were reported. We welcome the new government's intention to conduct a full audit of outstanding obligations, its commitment to transparency and its readiness to take strong remedial actions to ensure the integrity of the PFM systems going forward". "The large financial imbalances of state-owned enterprises in the energy sector also need to be addressed with urgency to avoid the buildup of contingent liabilities for the new government. We welcome the new government's commitments to encourage its departments and agencies to implement growth-enhancing reforms in a fiscally sustainable manner," the statement said. At the time, the mission met with Vice President Dr. Mahamudu Bawumia; Senior Minister Hon. Yaw Osafo-Maafo; Finance Minister Hon. Kenneth Ofori-Atta; Minister of Food and Agriculture Hon. Dr. Owusu Afriyie Akoto; Bank of Ghana Governor Dr. Abdul-Nashiru Issahaku; other senior officials; and Ghana's development partners. *(Ghana Web)*

Ghana's B3 credit rating and stable outlook reflects its strong economic growth outlook and reduction in external imbalances, set against challenges which include a significant fiscal overrun in 2016, high government debt and very low debt affordability, Moody's Investors Service said in a report published this past week. "Ghana's credit strengths include the strong growth outlook for the country's diversified economy compared to the regional average over the next few years, supported by new oil and gas field developments coming on stream," said Elisa Parisi-Capone, a Moody's Vice President -- Senior Analyst and co-author of the report. "Its challenges include a debt ratio exceeding 70% of GDP and very low debt affordability metrics over the next two years." Since 2012, Ghana's debt has increased by nearly 25 percentage points of GDP, primarily because of fiscal overruns and currency dynamics. Based on Moody's fiscal deficit forecast and the assumption of a modest depreciation in the cedi currency, the rating agency estimates that Ghana's public debt will peak at 73.2% of GDP in 2017, before beginning to decline next year. Ghana's debt affordability is very low due largely to its high domestic borrowing costs. The large share of foreign currency debt at non-concessional terms exposes the country's debt dynamics to foreign exchange shocks and to a tightening of external liquidity conditions. Moody's forecasts that Ghana's real GDP growth will accelerate to 6.1% in 2017 from 3.5% in 2016, followed by 7.5% in 2018.

This growth boost stems mainly from increased oil and natural gas production rather than the non-oil sector, which is projected to remain relatively more subdued at 4.5% to 5% over the forecast horizon, held back by fiscal consolidation pressures and still subdued real credit growth. Moody's assesses Ghana's susceptibility to event risk as "Moderate (+)", driven primarily by government liquidity risk linked to large gross borrowing requirements amid tight domestic and external funding conditions. The Ghanaian banking system remains liquid and well-capitalised, with a capital adequacy ratio of 17.4% as of April 2017. Key risks include the high non-performing loan (NPL) ratio and significant concentration risk in the energy sector. Downward credit pressures on Ghana's sovereign rating would arise from emerging funding constraints in the domestic debt market. An adverse ruling in September 2017 on its dispute with Côte d'Ivoire over the ownership of the Tweneboa, Enyenra, Ntomme (TEN) oil fields would also be negative. Upward pressure on the sovereign rating would stem from a significant reduction in fiscal and external imbalances supported by the structural reform agenda agreed with the IMF. *(Ghana Web)*

Kenya

Corporate News

Telecoms operator Safaricom has appointed KCB Group as a trust account holder for its mobile financial service M-Pesa in a deal which will see the lender benefit from a pool of cheaper deposits. KCB, which already partners with Safaricom through the popular mobile savings and loans platform KCB-M-Pesa, becomes the second trust account after CBA Group. Major agents of Safaricom, including most commercial banks in the country, can now purchase float (virtual cash balances) for onward sale to agents from the two lenders. "KCB has a wide branch coverage nationwide and hence our partners will have easy access to deposit funds in their organisation hence improving business efficiency," Safaricom said in a notice to its staff. "Being the leading M-Pesa super agency, KCB already has an established relationship with M-Pesa agents nationwide. They will provide a good avenue for business continuity planning for Safaricom." Safaricom's revenue from the mobile money platform stood at Sh55.1 billion in the year to March, a 32.7 per cent rise from the previous year and which the telco is keen on growing. The telecom firm recorded Sh1.84 trillion in deposits in the same period when withdrawals hit Sh1.6 trillion. Other transactions like Lipa na M-Pesa, gaming, M-Shwari, KCB M-Pesa, airtime purchase accounted for Sh1.8 trillion while person-to-person transfer stood at Sh1.6 trillion.

Safaricom has 135,000 agents across the country and 26.6 million registered customers, 19 million of whom are active users of M-Pesa. KCB will now have access to this network of Safaricom partners who transact huge amounts of money every day, with the telco's ultimate plan being appointing one super agent in every 10 kilometres. The trust account partnership comes at a critical time for KCB which, like its peers, is navigating uncharted territory arising from the interest rate capping law which also placed a minimum interest payable on savings deposits. The law requires banks to pay depositors interest at 70 per cent of the prevailing Central Bank Rate — which currently stands at 10 per cent — meaning depositors are entitled to seven per cent interest per annum on their savings. *(Nation)*

Investment firm TransCentury has acquired an additional 5.5 per cent stake in its subsidiary Civicon, signalling its bullish stance in the prospects of the engineering firm, which is its main cash cow. The Nairobi Securities Exchange-listed firm spent Sh245.1 million last year to raise its stake in Civicon to a new high of 83.5 per cent compared to the previous 78 per cent. The transaction, disclosed in TransCentury's latest annual report, now values Civicon at Sh4.4 billion. The investment firm first acquired a 62 per cent equity in the engineering firm in 2011 for an undisclosed amount. It bought an extra 16 per cent stake in the company in 2015 for Sh712 million ahead of the latest buyout of minority interests. "In 2016, the group acquired an additional 5.5 per cent interest in Civicon Africa Group Limited for Sh245 million, increasing its ownership from 78 per cent to 83.5 per cent," TransCentury said in the report. The company said it acquired Civicon to gain exposure to increased investments in infrastructure in the region where governments and private firms are spending billions of shillings on various projects including mining, logistics, roads and power generation.

Civicon is the company's flagship subsidiary in the engineering division which won major contracts last year, a move that is expected to boost the company's earnings over the medium term. "The order book currently stands in excess of Sh12 billion whose execution is projected to be over the next 24 months," the company said of its engineering unit's new contracts. TransCentury says Civicon has undertaken works from several government and corporate clients including Chevron, Kenya Breweries, Shell and the Government of South Sudan. Its projects include exploration, logistics and building of bridges, fuel depots and electricity transmission lines. Engineering is the second most important business division at TransCentury after power which is represented by East African Cables. Revenues at the engineering unit hit Sh3.7 billion last year, accounting for 45.8 per cent of the Sh8.1 billion total turnover in the period. The division, however, made the largest net loss of Sh1.8 billion in what contributed to the parent firm's consolidated negative earnings of Sh863.8 million. *(Business Daily)*

Moody's Investors Service has rated as strong the capacity of Co-operative and Equity banks to continue mobilising deposits from the domestic and global institutional investors in a capped rate environment. The service has assigned the tier-one lenders a first-time B1/Not

Prime global local-currency deposit rating, with a stable long-term outlook. Moody's said that Equity and Co-op — with some of the largest retail networks that fund their businesses — are in a strong position to absorb losses arising from reduced interest earnings and have liquidity buffers to withstand their weakening asset (loan) quality. The rating firm, however, noted the banking industry was facing a challenging environment, largely characterised by a biting drought, which has affected agricultural production and power generation. The August 8 General Election has, on the other hand, delayed investment decisions, while the capping of interest at four percentage points above the Central Bank Rate has constrained their flexibility to price risks, it added. "Equity Bank's and Co-op Bank's B1 global local-currency long-term deposit ratings are fully aligned with the B1 (stable) rating of the Kenyan government," the firm said. "Both banks reach this rating level solely based on their stand-alone strength, as indicated by their B1 standalone BCAs, Moody's highest ratings in Kenya." Equity's deposit rating at the national level has been put at Aa1 while Co-op's is at Aa2. Equity deposits in the first quarter of the year grew by 16.1 per cent to Sh347.5 billion while Co-op's were up by a marginal 6.9 per cent to Sh279.8 billion in the same period. Moody's said Equity's defensive strategy to cut lending to customers, largely small- and medium-sized enterprises, and shift the same to high-yielding government securities has shielded it from risks associated with the SMEs in the rate-cap regime. The rating firm expects Co-op Bank to pursue a more aggressive loan growth strategy in the coming months after its loan book expanded by 15.06 per cent year-on-year in three months ended March 31 to Sh245.9 billion. Moody's sees Co-op Bank's focus on stronger borrowers — largely saccos and salaried government employees —helping "contain asset quality pressure arising from pocket exposures to weakening sectors, such as in the trade sector". *(Business Daily)*

Barclays Bank of Kenya said on Monday it plans to close seven of its branches in the East African country in October as part of cost cutting measures. The bank is part of Barclays Africa, where majority owner Barclays Plc is reducing its stake. It said the customers who hold accounts in the branches affected will be relocated to others nearby. At present, Barclays Kenya has 102 branches across the country. Staff working in these branches will be redeployed based on available opportunities, it said in a statement. In recent years, commercial banks in Kenya have increased their use of mobile and internet technologies as a way to increase efficiency and reduce the costs of running a branch network. *(Reuters)*

Kenya Airways #ticker:KQ is set to call its shareholders for an extraordinary general meeting (EGM) to approve the recently announced restructuring plan aimed at saving the national carrier. Parliament last month approved a government guarantee of $750 million (about Sh77.3 billion) loans owed by the ailing national carrier in a restructuring which will also see 11 banks and Treasury convert their existing debt into equity. Mbuvi Ngunze, who now serves as KQ's advisor after stepping down as chief executive, says the airline will later this month release a circular detailing specifics of the plan and ask shareholders to sign off on it at the EGM. "The circular will contain a lot more details including how much liquidity we shall generate and also the specifics of what the major shareholders are contributing as well as the shareholder dilution factor," said Mr Mbuvi. "We are in the final stages of the commercial and regulatory discussions and I am bound on what I can say now. Once done, we shall release the circular and invite shareholders to approve the balance sheet restructuring transaction." The Treasury is set to convert the Sh25 billion that KQ owes it into shares, raising its ownership from 29.8 per cent to about 40 per cent. This may however change depending on the other shareholders' contributions. The local banks, which include big lenders Equity, KCB Group and Co-operative Bank, will also convert Sh23 billion in risky KQ debt as well as commit to offering the airline financial assistance in future. KQ shareholders will "before the end of the year" be invited to participate in a right issue to defend their stakes from massive dilution following the debt to equity swaps. *(Business Day)*

Africa's largest Coca-Cola bottler, Coca-Cola Beverages Africa Proprietary Limited (CCBA), has acquired the bottling business of Kisumu based Equator Bottlers, the third largest in Kenya. The South Africa-based bottling company said yesterday the transaction had been approved by the Competition Authority of Kenya. It did not however disclose the financial terms of the deal. CCBA bottles and distributes trademarked beverages owned by American drinks giant the Coca-Cola Company. It is Africa's largest Coca-Cola bottler and the world's tenth largest. Equator Bottlers Limited now becomes a wholly owned unit of CCBA (via wholly owned subsidiary Coca-Cola Sabco East Africa Limited (CCSEAL)), with effect from July 1 this year. "The acquisition makes perfect sense both for us and for consumers in Kenya," said CCBA's managing director for the international division, Jacques Vermeulen in a statement. "We see a compelling long-term growth opportunity for non-alcoholic ready-to-drink (NARTD) beverages in Kenya and we believe that this is a more efficient model that supports the growth potential." *(Business Daily)*

Dutch banking giant Rabobank, a leading food and agribusiness financier, has joined the list of Kenya's Equity Bank Group shareholders. Rabobank will jointly with the Netherlands Development Finance Company, a government-backed institution also known by its Dutch acronym FMO and Norfund, own an 11.99 per cent stake in Equity Holdings. The shareholding in Equity Holdings is held through Arise, an investment company focused on the banking sector launched early this year. "Arise is in the process of acquiring minority stakes in both NMB (National Microfinance Bank PLC (NMB) a commercial bank in Tanzania) and Equity Bank. This is part of its business mandate of strengthening and developing effective financial institutions in Africa in order to spur economic growth and job creation," Arise said in a statement. Norfund, Norfinance, Rabobank and FMO contributed different investments already owned by them to the joint entity Arise in return for shareholdings in Arise. The Africa focussed investment vehicle was formed in February this year with an eye on African financial sector players for acquisitions. Norfund and Norfinance AS (a joint venture investment company between Norfund and Norwegian private investors) two years ago completed the purchase of a 12.223 per cent interest in Equity Group Holdings representing half of Helios Investment Partners' interest in Equity.

"As such they (Rabobank and FMO) swapped their individual shareholdings in different banks for shareholdings in Arise," Arise said in a statement. "The Norwegian SPV was diluted from the original 12.22 per cent shareholding to the current 11.99 per cent shareholding with the acquisition of Pro Credit in the DRC, when all shareholders were diluted." As at the 31 December last year the top 10 shareholders of Equity Bank included Norfininvest AS (11.99 per cent), British American Investments Company (Kenya) Limited (5.52 per cent), James Njuguna Mwangi (5.52 per cent), and Equity Bank Employee share ownership plan (3.25 per cent). Others are Fortress Highlands Limited (2.68 per cent), Standard Chartered Nominees Limited A/C KE002427 (2.56 per cent), Standard Nominees Non-Resd. A/C 9257 (2.54 per cent), Equity Nominees Limited A/C 00104 (2.47 per cent), Stanbic Nominees Ltd A/C NR3530153-1 (2.4 per cent), AIB Nominee A/C Solidus Holdings Ltd 2.39 per cent with other 28,304 shareholders owning the 60.82 per cent. *(Business Daily)*

Economic News

Kenya announced mixed economic news on Friday as inflation and growth slowed ahead of August elections, relieving voters plagued by high prices but doing less to burnish the ruling party's business-friendly credentials. President Uhuru Kenyatta is seeking a second five-year term but his chief rival Raila Odinga has seized on inflation, which touched a five-year high last month, and shortages of the staple maize flour to criticise the government. Kenyans will vote for a president, parliamentarians and local representatives on Aug. 8. Kenyatta is touting his infrastructure push and an economic performance that far outshines the region. Kenya forecasts growth of 5.9 percent this year, compared with 5.8 percent in 2016. The World Bank predicts the economy will grow by 5.5 percent this year. The forecasts do not build in a large dose of economic activity due to the elections, indicating that many investors believe a repeat of the violence that followed disputed 2007 polls, when more than 1,200 people were killed, is unlikely. On Friday, the statistics office said growth slowed to 4.7 percent in the first quarter, down from 5.9 percent in the same period of 2016. It blamed the slowdown on drought and a major credit slowdown. Private sector credit growth dropped to 3.3 percent in March from 17 percent at the end of 2015, after the central bank tightened regulations and introduced an interest rate cap. "It is a very difficult environment for the incumbent in the election or whoever wins the election," said Robert Shaw, a Nairobi-based economist. "We have got unfortunate events like the lack of rain and then you have got a situation where there is a fairly bearish sentiment."

Providing some relief, Kenya's inflation fell to 9.21 percent year-on-year in June, down from 11.70 percent a month earlier, the statistics office said. Agriculture, including exports of tea and coffee, accounts for more than a quarter of annual output in the region's largest economy. But farmers have been hurt by a regional drought that left 2.7 million people in need of food aid. The U.N. said on Thursday the number of people who will need food aid is expected to rise to 3.5 million by August. The drought has caused a national shortage of the staple maize flour used to make the popular dish ugali, causing a national outcry and sending the government scrambling to import corn in the face of critical headlines. *(Reuters)*

Kenya's inflation fell to 9.21 percent year-on-year in June, from 11.70 percent a month earlier, the statistics office said on Friday. The fall is partly due to a drop in food prices, the government body said. Month-on-month inflation was minus 1.2 percent, it said. *(Reuters)*

The Kenyan shilling was forecast to ease further against the dollar on Monday due to demand from oil importers and manufacturers despite the central bank selling dollars on Friday, traders said. At 0758 GMT, commercial banks quoted the shilling at 103.80/90 per dollar, compared with 103.70/80 at Friday's close. *(Reuters)*

Kenya is reviewing its mining code, a year after enacting new legislation, as it seeks to attract investment into an industry that's barely grown over the past five years. The government is working with the U.K. Department for International Development-funded Extractives Hub to come up with a revised law that balances investor returns with government-revenue needs and international best practice, Mines Secretary Dan Kazungu said. The review is expected to be submitted to the ministry in the next few weeks, he said. "We want to be attractive, but we also want to get the most out of our resources, based on the spirit of win-win," Kazungu said in an interview June 30 in the capital, Nairobi. "The investor must get a good return on their investment, but win for government, and win for the community as well." Mining companies are facing similar legislative disruption in other African countries. In South Africa, the main industry lobby group is going to court to challenge new rules that seek to give the black majority a bigger stake in the country's mineral wealth. Tanzania's parliament is debating new laws that will allow it to renegotiate contracts, while the Democratic Republic of Congo plans to overhaul its mining code to increase the state's share of revenue from the industry. Mining contributed 1.1 percent to Kenya's total gross domestic product in 2016, compared with 1 percent in 2012, according to data published by the Kenya National Bureau of Statistics.

The country has lagged behind neighbors like Tanzania, where the industry contributed about 4.8 percent to GDP in 2016, according to the country's statistics agency. Kenya's existing code imposes royalty rates ranging from 1 percent of the gross sales value of industrial minerals such as gypsum and limestone, to 5 percent for gold, 8 percent for coal, 10 percent for titanium ores, niobium and rare-earth elements, and 12 percent for diamonds. Kenya last reviewed its mining royalties in 2013, when then-Mines Minister Najib Balala canceled all mining licenses and raised royalties. The Treasury is working on a new income tax act, as part of its long-running review of tax legislation, that is receiving "considerable" input from the Mines Ministry, Kazungu said. Issues being addressed include cross-border mineral trading, he said. Corporate income tax rates for mining firms operating in Kenya vary from 30 percent for companies domiciled in the East African country to 37.5 percent for non-residents. Kenya is the world's third-biggest producer of soda ash, used to make glass, and ranks seventh in output of fluorspar, used in steel, according to the U.S. Geological Survey. It also has deposits of rubies and sapphires. *(Bloomberg)*

Sugar imports in the first four months of the year rose 36 per cent compared with the same period last year as the government issued more licences to help bridge a deficit following low local supply. A report by the Sugar Directorate indicates the volume of imported sugar grew from 97,320 tonnes early last year to 131,846 tonnes from January to April this year. Kenya imported the sugar from the Common Market for Eastern and Southern Africa (Comesa) free trade bloc, the East African Community (EAC), and other countries. "Sugar imports in April comprised 14,742 tonnes table and 10,256 refined (industrial), Comesa gave 1,500 tonnes while EAC provided 2,550 tonnes, non-Comesa countries gave 6,332 tonnes," says the report. The directorate notes that only one tonne of sugar was exported in April compared with 18 tonnes in the same period the previous year. "Overall sugar exported in January to April 2017 was 7.9 tonnes against 76 tonnes in the same period last year," says the report. It notes that Madagascar, Mauritius, Uganda, Zimbabwe and Swaziland were the main sources of table sugar imports. Kenya produces 600,000 tonnes of sugar annually and relies on imports to meet growing demand that currently stands at 900,000 tonnes. The country is allowed to bring in 300,000 tonnes of taxless sugar every year from Comesa states. The directorate says in the period January to April 2017, production of the commodity dropped to 172,722 tonnes compared to 238,872 tonnes achieved in the same period last year. The directorate notes that sugar production has been on a decreasing trend in the last four months, attributing the decline to the prevailing cane shortage in most growing zones. Increased imports have, however, not reduced high cost of sugar in the country with the directorate blaming it to hoarding by traders. Sugar Directorate and the ministry of Agriculture say a kilogramme of the sweetener should be retailing at a maximum of Sh120. It is selling at an average of Sh180 in most retail shops. "We suspect that sugar is being held by retailers and wholesalers and this is what has frustrated our efforts of achieving the Sh120 that a kilo of the commodity should be retailing at," said head of the Directorate Solomon Odera. *(Daily Nation)*

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' inflation rose to 6.4 percent year-on-year in June 5.9 percent in May, the statistics office said on Friday. *(Reuters)*

Nigeria

Corporate News

Honeywell Flour Mills Plc has recorded a profit before tax of N5.5 billion for the year ended March 31, 2017, compared with a loss of N2.8 billion in 2016. According to the audited results, the company posted revenue of N53.2 billion, up by about five from N50.9 billion recorded a year ago. This increase in turnover was achieved despite the general squeeze on consumer spend due to macroeconomic headwinds experienced nationwide in 2016. The company explained that it implemented forward looking strategies aimed at input cost management and efficiencies in the overall supply chain management process. As a result of this, cost of sales declined by 13 per cent to N40.5 billion compared to N46.5billion recorded in the previous year. The company's operating profit grew to N8.3 billion following management's execution of tactical initiatives in the company's supply chain, sales and marketing functions to improve cost-to-serve metrics across modern trade and informal market channels in all business segments of the company. This led to a 23 per cent reduction recorded in selling and distribution costs in 2017. However, there was a significant increase in net finance costs borne by the company in the period amounting to about N2.0 billion when compared to the previous period. According to the company this was reflective of the increased cost of doing business in an environment characterised by uncertainty and more conservative banking industry.

Commenting on the results, the Managing Director of Honeywell Flour Mills, Mr. 'Lanre Jaiyeola, said: "These results were achieved as a result of our determination to exceed the expectations of all stakeholders. Despite a challenging environment, we focused on delivering superior quality products to our wide-ranging customers in the retail and wholesale segments whilst leveraging our route to market capabilities which we continue to invest in. In addition, we took a very conservative approach to costing and also leveraged government policies targeted at helping the manufacturing sector during the forex crisis. Our management team is making significant changes to our business in order to lay a better platform for the years ahead. Therefore, in FY2018 and on the heels of an improving economic environment, we expect to record further improvements in performance, reigniting our growth agenda and extracting increased efficiency and cost reduction through a recently launched companywide transformation and continuous improvement program." *(This Day)*

The chairman of Etisalat Nigeria, Hakeem Belo-Osagie, has resigned from the telecoms company after talks to renegotiate a $1.2 billion loan collapsed, prompting a major foreign shareholder to exit the business, two company sources told Reuters. Abu Dhabi state investment fund Mubadala said on June 23 it had pulled out of Etisalat Nigeria after the telecoms firm failed to restructure the loan with Nigerian banks. The sources said the lenders had retained Etisalat Nigeria Chief Executive Matthew Wilshire but that discussion were ongoing on the use of the brand, whose parent company is United Arab Emirates' Etisalat. Etisalat Nigeria was not available to comment. *(Reuters)*

Seplat Petroleum Development Company Plc on Monday announced a one-year extension of its Revolving Credit Facility to December 31, 2018. The company in a statement posted on the Nigerian Stock Exchange website on Monday said that the present three-year RCF, due to expire at the end of 2017, would now expire on Dec. 31, 2018. It said that the facility had been successfully amended to amortise the remaining outstanding principal balance of $150m in equal instalments over five quarters commencing from the fourth quarter of 2017. The statement added that Seplat's aggregate indebtedness under its term loan and RCF had reduced by $365m from its peak of $1bn in the first quarter of 2015 to the current balance of $635m as of June 30. The company stated that the reduction was a significant deleveraging of the balance sheet particularly in exceptionally difficult trading conditions over the past 18 months. It added that the amended facility had been provided by Citibank N.A. London Branch, Citibank Nigeria Ltd., the Mauritius Commercial Bank Plc, Natixis and Nedbank Ltd London branch. Others are Nomura International Plc, First Rand Bank Ltd., acting through its Rand Merchant Bank Division, Stanbic IBTC Bank Plc, The Standard Bank of South Africa Ltd., and Standard Chartered Bank. Mr. Roger Brown, Seplat's Chief Financial Officer, was quoted by the statement as saying the "company was pleased to announce the extension of the RCF.'' Roger said that the extension approval demonstrated the company's underlying business fundamentals and the strength of its relationship with continuing and new lenders. "The amended facility and recent resumption of exports via the Forcados terminal will enable the business to rebuild cash on its balance sheet as we seek to strengthen our capital structure to ensure a strong platform for future growth," he said. *(Punch)*

Six Nigerian banks which included Zenith Plc, FirstBank Nigeria Limited, Guaranty Trust Bank Plc, Access Bank Plc, United Bank for Africa Plc and Diamond Bank Plc were ranked among The Banker Magazine's Top 25 Banks in Africa that was released last night, in the magazine's 2017 1000 Global Banks' ranking. According to the ranking, Zenith Bank was placed first in Nigeria and 10th in Africa. The bank was also ranked as the 430th bank in the world. Zenith Bank was closely followed by FirstBank as the second largest bank in Nigeria, 12th in Africa and 567th in the world. GTBank was ranked the third in Nigeria, 13th in Africa and 588th in the world. Access Bank occupied the fourth position and was ranked 14th in Africa and 628th in the world, while UBA was placed fifth in Nigeria, 22nd in Africa and 832 in the global ranking. Diamond Bank was ranked sixth in Nigeria, 24th in Africa and 881 in the world. According to The Banker, Africa's leading economies faced adverse conditions over the 2016 review period, as low commodity prices continue to shake the continent's growth trajectory. They pointed out that dealing with a shortage of foreign exchange, heightened political risk and volatile currencies, the performances of some regional lenders have suffered. "Yet, as the rankings demonstrate, this is not a one-dimensional story.

In some cases, African lenders have improved on their positions in the Top 1000 ranking, helped in part by prudent growth strategies and diversified business models," the report added. South Africa's Standard Bank Group once again topped the regional table with $8.6 billion in Tier 1 capital. This represented a 15 per cent increase from the 2016 ranking, accompanied by a notable jump in the global table from 160 to 149. Rounding out the top three positions were fellow South African lenders FirstRand and Nedbank, second and third, respectively, according to the report. "Outside the top three banks, which have remained static in the regional table, some notable movements have occurred. Of particular note is National Bank of Egypt's climb to fifth place with $3.2bn in Tier 1 capital. "This puts the bank at number 301 in the global ranking, up from 366 in the last year's rankings. Nigeria's Zenith Bank has fallen from seventh place last year to 10th in the 2017 Africa table. This follows a 25% fall in the bank's Tier 1 capital, largely attributable to the poor performance of the naira over the review period. "Indeed, every Nigerian lender in the 2017 ranking experienced a significant reduction in Tier 1 capital," it stated. Africa's highest movers table was dominated by lenders from South Africa. In total, four banks made the top 10 in 2017, pointing to the strengthening of the rand in the latter half of the review period as well as the diversified, sophisticated business models over which these banks preside. *(This Day)*

Guinness Nigeria on Tuesday launched a share sale to raise 39.7 billion naira ($126 mln) from existing shareholders to help lower its financing costs after reporting its first annual loss in 30-years last year. The beer maker, the local division of the world's leading spirit maker Diageo, said funds raised will support Guinness in executing its strategy in the face of an ongoing recession in Africa's biggest economy. *(Reuters)*

Access Bank Plc yesterday officially opened its second digital branch in Epe community, a suburb in Lagos State. Speaking at the opening ceremony, Lagos State Governor, Mr. Akinwunmi Ambode said the new digital branch would help in opening up the eastern region of the state to more businesses and economic development. Ambode, who inaugurated the digital branch, which is the second of its type in the country, called on other corporate bodies to contribute to raising the economic standards of Epe to meet up with what is obtainable in other parts of the state. He urged management of Access Bank to consider employing Epe residents first, as the bank tries to meet the manpower needs of its newly opened branch in the community. While commending the bank for taking the bold step to establish the branch , he said Access Bank has set an example for other corporate bodies to take advantage of the emerging Epe market. "I have no doubt in my mind that the establishment of this branch will promote the socio-economic activities of this town. I believe that jobs will be created directly and indirectly from the operations of this bank," the governor said.

Earlier, the Chief Executive Officer of Access Bank, Mr. Herbert Wigwe, said the opening of the branch was a demonstration of the bank's strength and commitment to expand the number of communities they have been able to serve. He noted that in relatively short time the bank has transformed from been a little local bank in Nigeria to one of the top three financial institutions in the country. Wigwe explained that the bank would promote world class banking in the community, adding that the branch would open new business frontiers in the community. The Access Bank CEO further stressed that the new branch would play a very critical part in orchestrating economic development within the community. Wigwe added: "We have built strong international presence within and outside the country. We have branches in China, India, Dubai, London and other places. Opening of the Epe branch is evident of our strength and commitment to expand the number of communities we have been able to serve. This is a very important milestone for us at Access Bank Plc and the people of Epe. We are looking forward to serving the people of the community." *(This Day)*

Economic News

Nigeria's state oil company has saved $2 billion in the past year by renegotiating its upstream servicing contracts, it said in a statement on Tuesday, as it tries to reduce high overheads. The Nigerian National Petroleum Corporation (NNPC) is attempting to revive the oil industry on which the country's economy depends, and which the government relies on for roughly two-thirds of its revenue. Militant attacks on oil facilities last year cut production by as much as a third, helping push the economy into its first recession in a quarter of a century. "For the upstream, cost reduction and efficiency are key features that we will pay attention to," said Maikanti Baru, who heads the NNPC, in the statement. The company has also cut operating costs for oil production to $22 a barrel from $27 per barrel, Baru said. Average daily production of oil and condensates has been about 1.88 million barrels since the beginning of the year, with the Forcados and Qua Iboe terminals running again after being taken down by attacks last year, he said. That puts Nigeria on target to exceed its 2017 goal of producing an average of 2.2 million barrels of oil and condensate a day, Baru said. Militant attacks crippled Nigeria's oil production in 2016. But since February, the government has sent senior officials including Acting President Yemi Osinbajo to hold talks with local communities in the oil heartlands of the Niger Delta, hoping to address their grievances. That has brought a fragile truce to the region since the beginning of the year and allowed oil production to recover. *(Reuters)*

Nigeria has been ranked the nineteenth most attractive economy for investments flowing into the African continent, according to the latest Africa Investment Index 2016 by Quantum Global's independent research arm, Quantum Global Research Lab. In 2015, Nigeria attracted a net foreign direct investment of US$3.1 billion. According to the report, the top five African investment destinations attracted an overall FDI of US $13.6 billion. Botswana was ranked the most attractive economy for investments flowing into the African continent followed by Morocco, Egypt, South Africa and Zambia. While commenting on the report findings, Head of Quantum Global Research Lab, Prof Mthuli Ncube stated that despite the current economic challenges, the firm remained confident on the medium to long term market prospects. Ncube noted that Nigeria had earmarked significant amount of capital to develop critical infrastructure in the country and there are various opportunities for public private collaboration providing investors' return on their investments. "We anticipate that investment in infrastructure will underpin the growth of the economy and meet the needs of a large Nigerian growth population," he added. Following the decline in oil prices, which impacted various African oil producing nations, the Nigerian government has intensified its effort towards diversifying the local economy and has laid out a roadmap to enhance public infrastructure and support high growth sectors in the country such as manufacturing, ICT, agriculture amongst others to meet the local demand along with boosting exports globally in the short to medium term to stabilise the macro-economy.

Nigeria is the biggest economy in Africa with a GDP of $415 billion that is projected to grow to about US$595 billion by 2020. This presents a big market for goods and services. In this sector, Gross Domestic Product (GDP) per capita currently at 2,260 had been projected to leap to US$2,907 by 2020, which could boost consumption and domestic demand. Commenting further, Ncube added: "The short to medium term focus of the Nigerian Government is to reduce imports and address primary sector blockages, such as roads, bridges, power, railway, aviation, water, housing, agriculture, education and health. Despite the current market volatility, Nigeria presents tremendous investment opportunities in these areas, which would not only support the local economy but also deliver significant yields to foreign investors." Nigeria has implemented various reforms to boost and restructure the economy including the introduction of the Nigeria Industrial Revolution Plan (NIRP), establishing the Enabling Business Environment Council (PEBEC) to make Nigeria more attractive for investments, and the microcredit scheme in the 2016 budget, which will see the Bank of Industry, overseeing the disbursement of loans to 1.6 million traders, artists, farmers and young entrepreneurs over the next twelve months. *(This Day)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Tanzania

Corporate News

ACACIA Mining has now served the government with notices of arbitration on their lingering dispute over the export of mineral concentrate from its two mines in the country. The mining firm announced yesterday that notices of arbitration were served in Tanzania on behalf of Bulyanhulu Gold Mine Ltd. (BGML), the owner of the Bulyanhulu mine, and Pangea Minerals Ltd. (PML), the owner of the Buzwagi mine. The new development is in accordance with the dispute resolution processes agreed by the government in their Mineral Development Agreements with Bulyanhulu Gold Mine Ltd and Pangea Minerals Ltd, the miner said. "The serving of the notices at this time is necessary to protect the company, but, this notwithstanding, Acacia remains of the view that a negotiated resolution is the preferable outcome to the current disputes and the company will continue to work to achieve this, " it said. The government is locked in a standoff with the Acacia Mining, the country's biggest gold producer over the export of mineral concentrate from its two mines in the country. The government had imposed a ban on the exports, accusing Acacia of under-declaring its gold shipments and mining illegally. A presidential committee found the value of minerals within concentrates in containers at the port city of Dar es Salaam was more than 10 times the amount declared by Acacia. As a result, the government decided to keep an export ban issued in March on the London-listed miner's copper and gold concentrates. The probe's results also led to the firing of Energy and Minerals mining minister and as well as the board of the mineral audit agency, which were accused of failing to supervise exports properly.

However, the mining company refuted the committee's findings, saying that if they were correct it would imply that Acacia "is the world's third largest gold miner" and "produces more gold from just three mines than companies like AngloGold Ashanti from 19 mines, Goldcorp from 11 mines, and Kinross from their 9 mines." However, last month President John Magufuli said the gold miner's majority shareholder, Barrick Gold Corp, had "repented" and would repay all the losses the country had in curred on behalf of Acacia to settle the dispute. Acacia's woes grew after the government last week approved a new Finance Act, which will impose a 1% clearing fee on all minerals exports. Analysts estimated that the new levy will cost Acacia another US$7mln to US$9mln each year based on last year's revenues. "The Government of Tanzania has informed Barrick Gold Corporation (ABX) that at this stage it wishes to continue their dialogue, and therefore Acacia will not participate directly in these discussions when they commence. Any potential resolution that might be identified as a result of such discussions will be subject to approval by Acacia, and the company will work with Barrick as necessary to support such discussions, it said. *(Daily News)*

Economic News

The World Bank said on Sunday it had approved a $345 million loan for the expansion of a port in Tanzania's commercial capital Dar es Salaam, which the East African country aims to turn into a regional gateway. Dar es Salaam is vying with the port of Mombasa in Kenya to become the trade hub for landlocked neighbours such as Zambia, Rwanda, Malawi, Burundi, Uganda and the Democratic Republic of the Congo, but both ports are hobbled by congestion and inefficiency. The port handled 13.8 million tonnes in 2016 - an increase from 10.4 million in 2011, reflecting an average growth of 9 percent per year, according to the bank. Tanzania wants to lift its capacity to 28 million tonnes a year by 2020. "The project represents the start of an incremental process towards increasing the capacity of the port of Dar es Salaam and strengthening its economic role in the region," Richard Martin Humphreys, the World Bank's lead transport economist, said in a statement. In a 2014 report, the bank said inefficiencies at the port was costing Tanzania and its neighbours up to $2.6 billion a year. The statement said ongoing infrastructure investments at the port were expected to improve overall productivity and reduce waiting time to berth from 80 hours to 30 hours. "Enhancing its operational potential will boost trade ... and reduce the current cost of $200-$400 for each additional day of delay for a single consignment," said Bella Bird, the World Bank's Country Director for Tanzania. The loan is the second batch to be approved by the bank for the expansion of the port this year. Tanzania received $305 million in January. Last month, the country also signed a $154 million contract with the state-run China Harbour Engineering Company (CHEC) to build a roll-on, roll-off (ro-ro) terminal to deepen and strengthen seven berths at the port. *(Reuters)*

Tanzanian lawmakers approved two laws that enable the government to renegotiate contracts with mining and energy companies as the state seeks a greater share of revenue from its natural resources. The bills, which deal with state sovereignty over mineral wealth and contracts containing "unconscionable terms," were approved by parliament on Monday, lawmaker Peter Kafumu said by mobile-phone text message. The Tanzania Chamber of Minerals and Energy, the main industry lobby group that has opposed the new laws, said the implications of the bills are "vast." "There are many areas that the three bills touch on," TCME Executive Secretary Gerald Mturi said by phone Tuesday from Dar es Salaam, the commercial capital. "The industry is going to be affected big time." Tanzanian President John Magufuli is overhauling the country's mining industry as the government targets doubling its contribution to gross domestic product to 10 percent by 2025. In March, he banned mineral exports and ordered an audit to identify loopholes that he said result in income losses. In May, the president fired Mines Minister Sospeter Muhongo after a probe found mineral shipments had been understated. The East African nation is the continent's third-biggest gold producer, with companies including AngloGold Ashanti Ltd. and Acacia Mining Plc extracting the metal, and also produces copper, iron, zinc and diamonds. It also holds about 55 trillion cubic feet of natural gas reserves that are being developed for export by companies including Statoil ASA and BG Group Plc.

Last month, Magufuli accused Acacia of operating illegally in the country and of failing to pay billions of dollars of taxes. The company's shares fell 2.2 percent in London on Tuesday. "The Magufuli government clearly feels emboldened by its recent and very public spat with Acacia Mining and is assuming that the industry will accept the new terms as proposed by the two bills passed," Ahmed Salim, a vice president at risk consultancy Teneo Strategy in Dubai, said in an emailed response to questions. Parliament enacted the Natural Wealth and Resources Contracts (Review and Re-Negotiation of Unconscionable Terms) Act and the Natural Wealth and Resources (Permanent Sovereignty) Act. The former allows the government to dissolve existing contracts deemed prejudicial to the interests of Tanzanians, while the latter prohibits the involvement of foreign courts or tribunals in disputes between the government and investors, and compels companies to process minerals within the country rather than exporting them as raw materials. Mining companies operating in Tanzania will have to "extensively" engage legal counsel to determine what impact the laws will have, said Lisa Brown, a risk analyst at Rand Merchant Bank in South Africa. "The ownership and control over natural resources by the government does bring about concerns about accountability," she said. "There are other concerns around the provisions that earnings from the mining sector must be locally banked and whether forcing mining companies to do beneficiation in Tanzania is fair." The acts become law once Magufuli has assented to them. A third bill that seeks to amend Tanzania's Mining and Petroleum Act will be debated by lawmakers on Tuesday, Kafumu said. *(Bloomberg)*

Zambia

Corporate News

ZAMBEEF Products aims to increase the use of organic compost in its crop division to lessen dependence on in-organic fertilisers through pioneering a composting project. The project, which is in its third year promoting compost manure, saw the production of 400 tonnes last year and is expected to increase at its Huntley Farm in Chisamba. Zambeef's Huntley Farm general manager Francis Mondomona said the increase in production will depend on the availability of raw materials and demand on the farm. "Sustainability is the major factor behind this initiative. Zambeef places high value on maintaining the integrity and quality of the soil. As an integrated agricultural entity, it makes good business sense-fertile soil when coupled with good cropping practices will then translate in better and higher yields," Mr Mondomona said in a statement availed to the Daily Mail on Monday. He said the success of the project indicates that it is possible to incorporate sustainable and conservation farming methods into a commercial farming operation such as Zambeef. Composting of animal and other organic waste available at the farm is not only good for the environment, but works to reduce costs of farming inputs, savings are invested across the group. And Zambeef Products arable crops manager Edward Njamba said apart from improving soil conditions, organic compost increases water retention capacity. "The decomposition of the manure takes about three months depending on the temperature, when it's hot it is a bit quicker, when it's cooler it takes a bit longer, but on average it's about three months. After we harvest the wheat, the straw goes to the chickens as bedding…they do the droppings on it…that is the manure, it all comes here, that is what we decompose," Mr Njamba said. *(Daily Mail)*

Economic News

No Economic News This Week

WEEKLY AFRICAN FOOTPRINT

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Zimbabwe

Corporate News

Bindura Nickel Corporation (BNC) recorded a 7 percent increase in revenue to $45,1 million in the full year to March from $42,3 million in the prior year, on increased production and sales volumes despite a fall in nickel prices. BNC, part of the Asa Resources group, said nickel production increased by 2 percent to 6,762 tonnes from 6,621 produced in the previous year. Nickel in concentrate sold increased to 6,705 tonnes up from 6,613 tonnes last year but the average price of nickel decreased by 3 percent to $6,519 per tonne from $6,737 per tonne in the prior year. Cost of sales declined by 6 percent to $31,2 million from $33,2 million attributable to the ongoing cost cutting measures being undertaken by the company. As a result, gross profit increased by 54 percent to $13,9 million from $9,1 million achieved in the previous year. Operating profit improved to $2,4 million compared to $1,8 million recorded in the previous year. However, after tax profit declined to $609,961 from $649,070 recorded in the previous year owing to a $4,3 million impairment on the refinery. Without the impairment profit after tax would have been $4,9 million. The company said its smelter is expected to come online this year. Completion of the project, which started of in 2015 with an initial commissioning target of 2016, has been delayed due to constrained cash flows owing to low nickel prices. "The Smelter Restart project is now 83 percent complete. Total commitments to date amount to $21,5 million and this has resulted in a considerable number of project milestones being completed." The company did not declare a dividend. *(Source)*

Hwange Colliery says it will resume underground mining of high value coking coal in October, and expects to start trading profitably from July. Shareholders in May approved a scheme of arrangement to stagger debt repayments, saving the company from going under judicial management. The deal also stopped its equipment being auctioned off for failing to honor obligations and allow the colliery to borrow money from banks for working capital. Managing director Thomas Makore told journalists on Friday that the company was in the process of implementing the Scheme. "All the procedural steps of approval and registration have been achieved. We have verified the balances for the staff and they were paid their 7 percent deposit which comes to about $5,5 million dollars in accordance with the scheme of arrangement. We are verifying balances for the trade creditors and we will soon be making those deposits," said Makore. Last year the coal miner reported a loss before tax of $89,9 million. Chairman Winston Chitando who also addressed journalists, said production levels had begun to firm with the company expected to return to profitability in the full year in what would be a first since dollarisation in 2009. "For the month of June, production will be 230,000 tonnes which compares (favorably) to an average of 80,000 tonnes last year. From July we will be trading profitably, generating a net profit. We are (also) looking at a net profit in the second half of the year," he said. "We expect to commence underground mining coking coal in October and that will further enhance profitability …..we are firming up contracts to undertake exploration in the western areas and that should commence within the next two months." *(Source)*

Starafrica Corporation posted a 75 growth in revenue to $32,6 million for the year ended March 31, driven by improved production at its Goldstar Sugars Harare (GSSH) and profitability at Country Choice Foods (CFC).The company recorded positive earnings before interest, tax, depreciation and amortisation (EBITDA) of $1,5 million for the first time since dollarisation in 2009. Loss after tax narrowed by 42 percent to $5,8 million as a result of low finance costs. Finance costs for the period under review dropped 53 percent to $2,6 million. "The impact of the finance costs on the group's performance is expected to decrease over time through improved production and sales as well as other considerations envisaged in the secondary scheme of arrangement with creditors," said chairman Joe Mutizwa in a statement on Friday. Starafrica agreed to a new scheme of arrangement last year in November where new funding of $2,5 million was received. Mutizwa said that working capital amounting to $1 million was availed in April. Production at GSSH increased by 88 percent to 42,822 tonnes while sales were 84 percent up to 41,669 tonnes in comparison to the prior year. "The increase in production is largely attributable to improved efficiencies in the plant at GSSH where the average coal usage efficiency improved by 14 percent points while process loss decreased by 13 percentage points when compared against prior year," said Mutizwa. CCF posted a 28 percent growth in EBITDA to $$485,000. Tongaat Hullet in Botswana recorded a profit after tax of $2,8 million contributing $900,000 to to starafrica. Total assets stood at $43,5 million with total liabilities of $84,5 million. The company did not declare dividend. *(Source)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

National Social Security Authority profit increased by 230 percent to $105,9 million for the full year to December 31, 2016, on the back of less write downs and improved contributions. Income rose seven percent to $354,6 million from $331 million in the corresponding period. Contributions and premiums were 12 percent up to $327,6 million, with contributions alone at $276,5 million. "The increase in contributions is attributable to improved collections arising from stakeholder engagement. This has resulted in more voluntary compliance despite the decline in number of registered employers from 28,739 to 28,162 due to company closures," general manager Liz Chitiga said in a statement of the results. Claims and benefits grew five percent to $142, 6 million with pensions and other benefits amounting to $128,5 million. Accident prevention and workers compensation accounted for $7,4 million. Trade receivables stood at $282 million, including government's debt payment of $180 million through treasury bills. Company's total assets grew 15 percent to $1,052 billion with total liabilities of $69,9 million. NSSA increased its stake in short term insurer NicozDiamond to 50.9 percent. That stake is being sold to First Mutual Holdings, a NSSA associate. The pension fund also holds significant investments in many listed companies, including RTG, FBC Holdings and FML. National Building Society achieved break even in April this year. The mortgage lender, which was launched in April last year, posted an income of $1 million and an operating loss of $3 million in the eight months to December. NSSA, which financed government's takeover of Telecel last year, said it will be paid $43,25 million in quarterly instalments over a three year period. So far, the authority has received the first installment of $7 million in the second quarter of 2017. *(The Source)*

ASA RESOURCES Group' subsidiary, Bindura Nickel Corporation's (BNC) smelter restart project is 83% complete after $21,5 million was spent on the project which is set for completion this financial year. BNC managing director, Batirai Manhando said the upgrade and refurbishment of the smelter was ongoing and expected to be completed in the 2017/18 financial year. He, however, said the refurbishment of the smelter's crushing plant and cooling water system was now complete. "Screening Plant structural refurbishment was completed and awaiting installation of drive systems before commissioning. Cooling water system — refurbishment work completed and section cold commissioned. Electrostatic precipitator refurbishment and mixing chamber roof repairs were completed," Manhando said. He said for the furnace refractory building, major civil works were completed a new 30-tonne crane was installed whereas water jackets installation was still in progress. During the financial year ended March 31 2017, Nickel production increased by 2% year on year to 6 762 tonnes from 6 621 tonnes. Nickel sales tonnage increased to 6 705 t from 6 613 t during the year whereas revenue increased by 7% to $45,1 million from $42,3 million. Gross profit was $13,9 million from $9,1 million prior year. There was a 3% fall in the achieved average nickel price received per tonne to $6 519/t from $6 737/t in same period last year. "On the long term we expect the nickel prices to move from what we are seeing now. Having said that we accept that the price is low and we accept that we are price takers. We look at controlling our cost of production and emphasis should focus on the cost of production," Manhando said. According to Manhando, Yim Chiu Kwan was relieved of his role as chairman of the BNC board and replaced by Muchadeyi Ashton Masunda, a long serving board member. David Edgar Hoover Murangari stepped down as deputy chairman and non-executive director of BNC, to allow him to focus on his new appointment as non-executive chairman of Asa. The group CEO designate of Asa and current MD of FRGM, a sister company, Toingepi Muganyi was appointed to the BNC board on 28 June 2017. *(News Day)*

THE Zimbabwe Emerging Enterprise Market (ZEEM) listing requirements and rules, which once approved, will allow small and medium enterprises (SMEs) to list on the secondary bourse, are now with the Attorney-General's (AG) Office for review before being gazetted into law. Zimbabwe Stock Exchange (ZSE) acting CEO Martin Matanda told NewsDay recently in emailed responses that once ZEEM is approved it would be set up as a separate board. "We confirm that we received input from the Securities and Exchange Commission of Zimbabwe (SECZ) on the matter and the ZEEM listings rules were accordingly finalised taking into account the said input from the regulator. The current status is that we wait for the gazetting of the rules and ZEEM will be set up as a separate board on the ZSE," Matanda said. He said ZSE already has a system in place for the secondary board. Matanda added that the gazetting was expected in the next few months. ZSE sent the framework to the AG's Office during the first quarter of the year after receiving recommendations concerning ZEEM from SECZ in the fourth quarter of 2016. According to Matanda, the AG's Office had a lot of work which was delaying the process. The listing requirements of ZEEM, that were crafted along with the idea, will still apply. These include that each ZEEM applicant needs at least $250 000, but not exceeding $9,99 million, in share capital and providing audited financials for at least one financial period prior to listing.

Also, SMEs would need to have a minimum of 50 public shareholders, achieve at least 26% public shareholding and appoint a designated adviser. Stockbrokers' Association of Zimbabwe chairperson Benson Gasura said stockbrokers would still play an advisory role in order to help SMEs transition to ZEEM. "When they [SMEs] come onto the exchange they are raising cheap to long-term capital to build on their businesses, increase on their market share and also their capacity utilisation. So what we anticipate and want to see going forward are companies that will be graduating from the SME bourse to main bourse because they would have become bigger," he said. However, SECZ CEO Tafadzwa Chinamo said that while the economy was highly informal, stock markets were not about being informal. "If our economy was formalising then I would say guys how do we speed up informal small companies into the mainstream economy? Because, by informalising you are simply saying that you have no rules," Chinamo said. He said if SMEs wanted to successfully list they would have to be more open to following the best practices such as corporate governance, auditing of accounts and all other relevant structures. *(News Day)*

Hospitality and retail group Meikles Limited says that the United Arab Emirates investor, Albwardy Investments, has withdrawn its bid to acquire its business. Meikles, which is dually listed on the Zimbabwe Stock Exchange and the London bourse, received a bid from Albwardy for the entire shareholding in the company in April and delist the group. The Dubai-based investor had initially offered to buy out Meikles minorities in March. Gondor Capital Investment, Old Mutual Assurance and Clayway Investments are some of the major shareholders in the group. Meikles has been trading under caution since the offer was made. "Albwardy has informed Meikles that it is withdrawing its interest in acquiring a majority stake in the company," said company secretary Thabani Mpofu in a statement on Thursday. He did not give the reason for the withdrawal. Meikles posted a full year revenue of $457,6 million driven by positive TM/Pick n Pay Supermarkets performance. *(The Source)*

Financial group CBZ Holdings on Thursday launched a project to construct 1,313 houses at a cost of $11 million in the resort town of Victoria Falls. Group chief executive, Never Nyemudzo, said the stands which include 1,160 high density stands averaging 250 square metres and 153 medium density averaging 550 square metres, have been sold out to beneficiaries who were drawn from the Victoria Falls Municipality waiting list. Under the project, residents were given options to pay for the serviced stands in cash, 18 months installments or mortgage loan of up to 25 years at $35 per square metre. Nyemudzo said the group plans to launch two similar projects in Marondera (2,800 high density stands) and Bulawayo (670 medium density stands). "We are supposed to be ground breaking in Bulawayo this month. We have up to $70 million that we are going to allocate to our various housing projects including these two (Marondera and Bulawayo). We are still negotiating for land with other municipalities and other private players who want to partner with us," Nyemudzo told journalists at the groundbreaking ceremony. Nyemudzo added that the Victoria Falls housing project was partly funded by Shelter Afrique, Pan African finance institution that supports the development of the housing and real estate in Africa. Zimbabwe has three percent shareholding in Shelter Afrique. The finance institution has so far invested $44 million for the development of housing projects in the country, according to local government minister, Saviour Kasukuwere. *(The Source)*

Economic News

Revenue for Zimbabwe's mobile operators fell by 9.7 percent from $199.2 million to $179.8 million in the quarter to March, as voice income plummeted and operating costs spiked, the regulator reported. Operating costs were up 5.7 percent from $128,6 million to $135,9 million while total voice traffic was down 9 percent. Voice service contributed 60 percent to the sector's total revenue while data and internet services contributed 21.5 percent. Mobile internet and data utilisation increased by 4.7 percent. "The Average Revenue per User per Month for the mobile operators declined by 13 percent to record $3.98 from $4.50 recorded in the fourth quarter of 2016. On the other hand, the Average Cost per User per Month increased by 3.7 percent to record $3.07 up from $2.96 recorded in the previous quarter," said Postal and Telecommunications Regulatory Authority of Zimbabwe (POTRAZ) in a quarterly performance report . "As a result the Average Margin per User per Month declined by 40.9 percent to record $0.91 from $1.54 recorded in the fourth quarter of 2016". Investment by mobile operators during the quarter under review tumbled 85 percent decline from $71,7 million to $10,4 million. Active mobile subscribers were up 0,8 percent from 12,8 million in the previous quarter to 12,9 million while fixed telephone subscriptions fell 15 percent from 305,720 to 257,626. Revenues by Internet Access providers went up 11.4 percent from $40.9 million recorded in the previous quarter to $45.6 million. Zimbabwe has three mobile operators — Econet Wireless, NetOne and Telecel Zimbabwe.*(The Source)*

The Zimbabwe industrial index advanced 35,6 percent in the six months to June, as investors sought to escape poor returns on the money market and the possible impact of the country's bond note surrogate currency. All heavyweight counters recorded gains in the period as the index closed the month on 195,97 points while the resources index rose 19,28 percent to 69,79 points. On a year-on-year basis, the industrial index and the mining index gained 94 percent and 182,55 percent respectively. Poor returns from the money market coupled with financial insecurity induced by the local bond note currency has seen investors seek refuge in real assets. Punters see stocks as a preferable investment option despite a poorly performing economy given the fungibility of Zimbabwe's bond note currency, driving the ZSE indices to their highest level in over three years. "Investors are deserting money market securities for equities owing to low interest rates coupled with loss of confidence in the banking sector following the recently introduced bond notes," an analyst with a brokerage house said. Total market turnover recorded in the first half increased by 28,84 percent to $115 million from $89,3 million recorded in the same period last year. Volume of shares traded on the local bourse increased to 917,6 million shares from 630,4 million shares recorded in the comparable period last year. The average monthly turnover increased to $19,2 million from $14,9 million previously. The month of June recorded the highest turnover in the half year period at $39,7 million. January, on the other hand, recorded the least value of trades amounting to $8,6 million.

Market capitalisation rose by 104,79 percent year-on-year to $5,7 billion while in the half year, it increased 42,1 percent. All heavy weight counters recorded gains in the half year, with the largest company by market share, Delta advancing 43,5 percent to 127 cents. The telecommunications giant, Econet's share price grew 17,93 percent to 35,38 cents. Hippo, Padenga and Innscor advanced 115,03 percent, 69,06 percent and 50 percent to close at 75,26 cents, 27,05 cents and 72 cents in that order. Seedco and Simbisa were up 38,61 percent and 25 percent in the first half to close at 140 cents and 20 cents respectively, while BAT and National Foods advanced 18,3 percent and 5,48 percent to settle at 1,800 cents and 380 cents respectively. Old Mutual, which is trading at a premium compared to its price on the Johannesburg Stock Exchange (JSE) and the London Stock Exchange (LSE), advanced 10,82 percent to close at 387 cents. ZB Financial Holdings led the movers pack, advancing 265 percent in the half year to 16,5 cents. Ariston and Masimba put up 185,71 percent and 182,35 percent to 1 cent and 4,8 cents respectively. FML and Hippo grew 152,38 percent and 115,03 percent to 10,6 cents and 75,26 cents respectively. Bindura was the worst performer in the half year after shedding 25 percent to close at 3 cents. RTG, Hwange and ZPI also lost 17,5 percent, 16,67 percent and 15,15 percent to settle at 0,99 cents, 2,5 cents and 1,4 cent in that order. Edgars also eased 12,5 percent to close at 4,2 cents. On the mining space, Riozim and Falcon pushed the resource index high after their share prices grew 83,33 percent and 66,67 percent to close at 55 cents and 1 cent respectively.*(The Source)*

Zimbabwe's trade deficit stood at $1,01 billion in the first five months of the year, a slight improvement from $1,12 billion last year, according to the latest data from the Zimbabwe National Statistics Agency (Zimstat). Imports stood at $2,14 billion while exports amounted to $1,13 billion.Major exports included semi-processed gold worth $320 million, flue cured tobacco worth $229 million, ferrochrome worth $148 million, nickel ore and concentrates for $143 million, diamonds $34 million and nickel matters $20 million. Other exports included beef, agricultural produce as well as wines, minerals and scrap metal. Imports included diesel ($318 million), unleaded petrol ($161 million), electrical energy ($76 million), durum wheat ($46 million), among others. Some of the imported products include fish, milk, cheese, sausage casings, sugar related confectionaries, biscuits, electrical energy, chemicals, vehicles and generators. In 2016, Zimbabwe's total exports fell 7 percent, to $3.37 billion from $3.61 billion the previous year while Imports declined by 11 percent to $5.35 billion from $6 billion in 2015. *(Source)*

Zimbabwe's trade flow for the first five months showed some improvement, as the economy continues to respond to measures put in place to foster macro-economic stability and to curtail leakages from the circular flow of income. Data released by Zimstat showed that the country's exports increased 19,19 percent to $1,13 billion between January and May this year, compared to the $948,2 million recorded during the same period last year. Imports slightly edged up 3,67 percent to $2,14 billion, although they are now mainly composed of capital goods, raw materials and intermediate goods, with finished goods being restricted to critical goods that are needed to propel the economy. Resultantly, the trade deficit also declined by 9,5 percent to $1,01 billion, as the country continues to enforce import substitution measures and increase measures to curb smuggling at the ports of entry. Exports continue to be concentrated on South Africa, Mozambique and the United Arab Emirates, accounting for 94,58 percent of total exports to the world. Exports to the United Arab Emirates increased from $6,2 million in April to $12,9 million in May. Exports to South Africa increased 26,9 percent to $163,6 million in May, compared to $128,9 million in the prior month. Gold continues to be the key product by value, as tobacco exports are receding in line with the seasonal trend. Gold exports for May, at $77,4 million, were the highest so far in the year; with nickel ores and concentrates also reaching $31,9 million, again the highest so far in 2017. Ferro-chromium exports receded to $30,2 million in May, from $33,4 million in the prior year.

No nickel mattes exports were recorded in April, but there was a comeback in May with $5,8 million worth of nickel mattes exports being registered. Flue cured tobacco exports were $14,5 million in May, from a higher record of $99 million registered in January. In terms of imports, South Africa continues to be the main import market, with import volumes rising from $177,1 million in April to $182,4 million in May. Imports from China also jumped 134 percent to $59,5 million in May, from $25,4 million in the prior month. Imports from Singapore also rose from $88,4 million in April to $93,1 million in May. Crude soya imports increased from $7,4 million in April to $12,6 million in May. The area planted for soya bean declined 46 percent to 21,651 hectares this year, compared to 39,935 hectares in the prior agricultural season, which has created shortages of the commodity in the domestic market. Unleaded petrol imports declined to $28,2 million in May, compared to $31,2 million in April. However, diesel imports surged 13,5 percent to $67 million during the same period. Urea imports also declined from $5,4 million in April to $832 000 in May. Meanwhile, Government is planning to introduce a local content policy that is likely to gear up the country's protectionist stance. *(Herald)*

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