SECURITIES AFRICA
RESEARCH & CAPITAL MARKETS

PAN-AFRICA

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

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

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

AFRICA STOCK EXCHANGE PERFORMANCE

Country	Index	30-Sep-16	7-Oct-16	WTD % Change Local	WTD % Change USD	31-Dec-15	YTD % Change Local	YTD % Change USD
Botswana	DCI	9796.69	9790.02	-0.07%	-0.79%	10602.32	-7.66%	-1.85%
Egypt	CASE 30	7881.11	8368.52	6.18%	6.23%	7006.01	19.45%	5.10%
Ghana	GSE Comp Index	1774.90	1768.04	-0.39%	-0.72%	1994.00	-11.33%	-14.86%
Ivory Coast	BRVM Composite	284.82	279.99	-1.70%	-1.91%	303.93	-7.88%	-5.60%
Kenya	NSE 20	3243.21	3261.34	0.56%	0.63%	4040.75	-19.29%	-18.45%
Malawi	Malawi All Share	13744.12	13634.16	-0.80%	-0.85%	14562.53	-6.38%	-15.83%
Mauritius	SEMDEX	1829.66	1837.69	0.44%	0.43%	1,811.07	1.47%	3.37%
	SEM 10	350.48	351.40	0.26%	0.26%	346.35	1.46%	3.36%
Namibia	Overall Index	1027.13	1034.72	0.74%	0.35%	865.49	19.55%	33.53%
Nigeria	Nigeria All Share	28335.40	27835.22	-1.77%	-1.82%	28,642.25	-2.82%	-38.26%
Swaziland	All Share	368.21	374.23	1.63%	1.24%	327.25	14.36%	27.72%
Tanzania	TSI	3855.90	3869.57	0.35%	0.17%	4478.13	-13.59%	-14.56%
Zambia	LUSE All Share	4320.35	4385.27	1.50%	0.77%	5734.68	-23.53%	-14.82%
Zimbabwe	Industrial Index	98.96	101.09	2.15%	2.15%	114.85	-11.98%	-11.98%
	Mining Index	26.61	26.22	-1.47%	-1.47%	23.70	10.63%	10.63%

CURRENCIES

Currency	30-Sep-16 Close	7-Oct-16 Close	WTD % Change	YTD % Change
BWP	10.31	10.39	0.72	6.29
EGP	8.88	8.87	-0.04	-12.01
GHS	3.95	3.96	0.33	-3.98
CFA	584.57	585.84	0.22	2.47
KES	99.55	99.48	-0.07	1.04
MWK	714.93	715.29	0.05	-10.10
MUR	34.05	34.05	0.01	1.88
NAD	13.73	13.79	0.39	11.69
NGN	310.35	310.53	0.06	-36.47
SZL	13.73	13.79	0.39	11.69
TZS	2,135.99	2,139.92	0.18	-1.12
ZMW	9.75	9.83	0.73	11.39

SECURITIES AFRICA

Botswana

Corporate News

No Corporate News This Week

Economic News

No Economic News This Week

WEEKLY AFRICAN FOOTPRINT

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Egypt

Corporate News

Britain's Barclays has completed the sale of its Egyptian business to Morocco's Attijariwafa Bank as part of its shift towards focusing on the United States and Britain. The sale will mean a cut of about 2 billion pounds ($2.55 billion) in Barclays' risk-weighted assets, it said on Tuesday, boosting the bank's core capital ratio by about 0.1 percent. Barclays did not give a price for the transaction, although sources previously told Reuters they valued the business at around $400 million. The London-based lender is seeking to sell its African operations as part of a plan by Chief Executive Jes Staley to simplify its structure and improve shareholder returns. However, attempts to sell the African businesses as one have come up against difficulties, including the disparate nature of the local units, the biggest of which is Barclays Africa Group, mainly made up of former South African bank ABSA. Barclays successfully sold a 12 percent chunk of its holding in the South African bank in May, but talks to sell a bigger holding in the business have so far not yielded a deal. Former Barclays Chief Executive Bob Diamond's bid to buy Barclays Africa Group as part of a consortium was dealt a blow by the withdrawal of Carlyle Group earlier this year. [nL3N1BP3R2] Reuters reported Attijariwafa's interest in March, as the Moroccan lender's general manager told Reuters he planned to expand in Egypt. Barclays shares were up 1.4 percent at 1500GMT, in line with an increase in the broader STOXX European banks index. *(Reuters)*

Economic News

Egyptian stocks advanced the most in more than two months as investors bet that policy makers may devalue the country's currency as soon as this week, luring back foreign investors and giving a lift to an embattled economy. The EGX 30 Index gained 3.2 percent, the most among more than 90 indexes tracked by Bloomberg globally after Ghanaian equities, to close at 8,133.12. Financial stocks, such as Commercial International Bank Egypt, the country's largest listed company, and firms linked to tourism and real estate, including Talaat Moustafa Group, were among the biggest contributors to the index's rise. The market is reacting positively on expectations that "a devaluation might take place this week," said Mohamed Radwan, the head of equities at Cairo-based Pharos Holding. "This foreign-currency issue has been ongoing for the past year and a half. You need to resolve it once and for all to attract foreign investments." Speculation mounted over the weekend that a cut in value for the Egyptian pound was imminent after the central bank governor met with President Abdel-Fattah El-Sisi on Saturday. Investment bank Beltone Financial said on Sunday it was expecting the move "within hours." Egyptian media on Monday ran reports on a coming flotation or devaluation. Commercial International Bank rose 3 percent and Talaat Moustafa Group advanced 5.2 percent, its biggest increase since July. The country has been suffering from a foreign-currency crunch that has hurt economic growth, forcing regulators to impose capital controls that have helped keep investors away for fear of being unable to repatriate profits. The Egyptian government says a $12 billion loan deal with the International Monetary Fund will restore investor confidence, balance the budget and ease the dollar shortage. *(Bloomberg)*

Egypt's net foreign reserves rose to $19.591 billion at the end of September, up from $16.564 billion at the end of the previous month, the central bank said on Monday. Egypt had roughly $36 billion in reserves before its 2011 uprising ushered in a period of political turmoil, scaring off tourists and foreign investors, key sources of hard currency. The International Monetary Fund last month agreed in principle to grant Egypt a $12 billion three-year facility to support a government reform programme aimed at reducing a budget deficit. Board-level approval depends on the government's securing $5 billion to $6 billion in bilateral financing for the first year. *(Reuters)*

China Fortune Land Development Co. Ltd. (CFLD) has signed a deal to develop and manage 14,000 acres (5,700 hectares) of Egypt's new administrative capital at a cost of $20 billion, the Egyptian cabinet said in a statement on Monday. The development, which will include homes and offices and all relevant infrastructure, will take place in the second phase of construction of the new capital east of Cairo. The new capital is one of a series of mega-projects announced by President Abdel Fattah al-Sisi designed to attract foreign investment and create jobs in a country with a booming population of 91 million. Heralding a new era of closer political and economic ties, China in January

signed 21 investment and aid deals worth billions of dollars with Egypt during a visit by President Xi Jinping. Among the development and infrastructure investments was a deal to build the new capital's first phase, which Egypt has said will cost some $45 billion. The new capital, planned to be the size of Singapore, is due to have an airport larger than London's Heathrow, a building taller than Paris's Eiffel Tower, and more than 10,000 km (6,200 miles) of streets and avenues.*(Reuters)*

Business activity in Egypt shrank for the 12th consecutive month in September, with output declining the most in five months and a weakening currency pushing up prices, a survey on Wednesday found. The Emirates NBD Egypt Purchasing Managers' Index (PMI) for the non-oil private sector stood at 46.3 points, down from August's 47.0 points and well below the 50 point mark that separates growth from contraction. "As well as marking a one-year downturn, the latest reading pointed to an accelerated contraction for the second straight month," said Markit, which compiled the data. Egypt has struggled to revive its economy since a popular uprising in 2011 drove away investors and tourists, hitting inflows of foreign currency it needs to import raw materials and jumpstart its domestic industries. The country reached a preliminary agreement with the International Monetary Fund in August for a three-year $12 billion loan programme aimed at plugging its financing gap and stabilising its currency market. Jean-Paul Pigat, senior economist at Emirates NBD said the weakening currency and a value-added tax adopted recently as part of economic reforms had combined to push up prices and weigh on growth. "While many of the economic reforms expected in Q4 will ultimately prove beneficial for long-term stability, in the near term they could result in a further deterioration in business conditions for the private sector," he added. Headline inflation jumped to 15.5 percent in August, its highest in nearly eight years. Egypt is widely expected to soon devalue its currency, which officially trades at 8.78 pounds to the dollar, to bring it into line with a black market rate that has hovered at around 14 pounds in recent days. Other expected reforms include cuts to the bloated civil service and further slashes to subsidies in petroleum and electricity. Weaker output and declines in new business continued to weigh on employment, which dropped for a 16th consecutive month in September, Markit said, adding: "The rate of job shedding was only marginally slower than August's survey-record." Egypt's official unemployment rate was 12.5 percent in the second quarter. *(Reuters)*

Saudi Arabia-based Arab Petroleum Investments Corp (APICORP) has arranged a three-year $100 million murabaha financing facility for Egyptian General Petroleum Corporation (EGPC), the development bank said on Wednesday. EGPC will use the funds to purchase liquid petroleum gas from the Arab Maritime Petroleum Transport Company, the statement said. A murabaha is a cost-plus-profit arrangement which complies with Islamic finance standards. *(Reuters)*

Egypt said it plans to build a six month reserve of essential food items, adding to other recent purchases of commodities such as oil and wheat, in what traders said was a move to build up stocks ahead of a currency devaluation. Prime Minister Sherif Ismail said late on Tuesday the country would look to import 500,000 tonnes of rice and 400,000 tonnes of sugar to boost reserves and keep prices in the domestic market down. The statement came after state grain buyer GASC announced three separate tenders in the space of one day for wheat, vegetable oils and sugar. "I would definitely say that the current plan does appear to be stocking up on imported stocks before a devaluation. We're seeing this happening in sugar, rice, beans, and the current campaign in wheat," one Cairo-based commodities trader said, echoing several others who spoke to Reuters. GASC declined to comment on the issue. Egypt, the world's largest wheat importer, operates a massive food subsidy programme to sell essential items to the country's poorest citizens. "We've received numerous inquiries from different government agencies - some military as well - and they seem quite eager to get their hands on commodities," the trader said. Pressure has been mounting on Egypt's central bank to devalue its currency as the country contends with an acute dollar shortage brought on by the flight of tourists and foreign investors, major sources of hard currency that fled after the 2011 uprising. Speculation is rife that the bank could devalue the pound in coming days to close a widening gap with the black market rate, which has ticked up to more than 14 pounds to the dollar in recent days compared with the official rate of 8.8 pounds.

Essential commodities purchased by the government are among the few items that receive dollar allocations at the official rate, with the vast majority of importers forced to resort to the more expensive black market. The additional imports are part of an "urgent plan to guarantee the stability of strategic stocks of essential food items and ensure there is at least six months in stock at all times," a cabinet statement said. While some traders saw the recent uptick in government tenders as proof of an impending devaluation, others said the government's campaign may be too late, with goods likely to arrive in Egypt after a possible rate cut or currency flotation. "Unfortunately

stocks are only built with executed contracts and not with confirmed ones," another Cairo-based trader said. The dash to fill stocks comes as prices have been climbing on commodities such as sugar and rice in recent weeks, partly due to shortages in the domestic market, traders told Reuters. Sugar is trading locally at almost double its price from two months ago and quantities available to the private sector have been severely limited, one trader said.*(Reuters)*

Ghana

Corporate News

Access Bank Plc, a Nigerian lender, plans to sell a stake of about 19 percent in its Ghana unit in an initial public offering that will begin before the end of the year. The lender is seeking to raise at least 104 million cedis ($26 million) issuing shares at 4 cedis each, Jacob Aidoo, the head of issuers at the Securities and Exchange Commission, said by phone from Accra on Thursday. Access Bank Ghana Ltd. can sell stock representing as much as 32 percent of the company if demand outstrips supply, he said. "We have approved everything," Aidoo said. "The bank wants to boost capital so they can do bigger business." The company plans to list the securities on the Ghana Stock Exchange, Aidoo said. Access Bank Ghana Managing Director Dolapo Ogundimu wasn't immediately available to comment, while African Alliance Securities Ltd., which is advising on the transaction, didn't immediately respond to an e-mailed request for comment. *(Bloomberg)*

Economic News

Ghana will pay cocoa farmers 7,600 cedis ($1,914) per tonne of beans during the 2016-17 season, 11.8 percent higher than last season, deputy finance minister Cassiel Ato Forson said on Saturday as he announced the start of the new season. The new price works out at 475 cedis per 64-kg bag, the main unit in which Ghana's hundreds of thousands of cocoa farmers sell the crop for export. Cocoa regulator Cocobod is targeting production of 850,000-900,000 tonnes this season. Ghana is the world's second biggest cocoa producer behind neighbouring Ivory Coast and cocoa is Ghana's most important export crop, earning vital foreign exchange for a country where economic growth has slowed sharply since 2014. "This change (the new price) is higher than ... our major competitor, our neighbour Ivory Coast," Forson told a gathering of traditional chiefs and cocoa farmers in the town of Tepa in the Ashanti region. The cocoa year runs from October to September and the season that has just ended was hampered by an unusually long dry season and fell short of the government's target of 850,000. A final production figure has yet to be announced though it will be than the disappointing output of 740,000 tonnes in the previous season, officials said. *(Reuters)*

Ghana's currency retreated on Monday after government data showed the West African nation is overshooting key budget targets as it approaches elections in December. The government spent 58 percent of its full-year budget for state-worker pay in the first six months of 2016, exceeding annual allocations for local government and rural development employees, according to budget documents, raising questions about the country's commitment to rein in the fiscal deficit as agreed with the International Monetary Fund. "It's really not good news for the currency, it's not good news for the inflation outlook and it's not good news for fiscal consolidation," Courage Kingsley Martey, economist at Databank Group Ltd. in Accra, said by phone. When macro-economic stability is perceived "as quite fragile and we're seeing these overruns, then there appears to be more like a heightened risk," he said. The cedi weakened 0.2 percent to 3.975 per dollar by 12:09 p.m. in the capital, Accra, reversing a gain of as much as 0.3 percent. The currency has depreciated 6.2 percent this year.

Ghana, which holds presidential and parliamentary elections in December, paid out 6.2 billion cedis ($1.57 billion) in wages by the end of June from an annual budget of 10.7 billion cedis, the ministry of finance said in a report posted on its website. The country used up 75 percent of the amount set aside for the military, almost two-thirds of annual pay for health workers and more than six times the 2016 allocation for local government and rural development, according to the half-year budget execution report. The world's second-largest cocoa producer is seeking to reduce its budget deficit to 5.3 percent of gross domestic product this year from 6.3 percent in 2015, the ministry of finance said in the report. Ghana agreed to an almost $1 billion program with the International Monetary Fund in April last year to help rein in the deficit and halt weakness in the local currency. While Ghana made progress in achieving stability since entering into the IMF program, the country needs to enforce expenditure control measures to contain its wage bill, the Washington-based lender said in a

report on Sept. 29. Ghana's economy grew at the slowest pace in two years in the second quarter as mining and oil production slumped, the national statistical service said Sept. 28. Deputy Minister of Finance Casiel Ato Forson was not immediately able to comment when contacted on his mobile phone on Monday. *(Bloomberg)*

Ghana's inflation rate should decline to 13.5 percent by the end of the year, from 16.9 percent in August, a senior International Fund official told reporters on Tuesday. The country should also reach the government's inflation target by the middle of 2017, said Joel Toujas-Bernate, the head of the IMF's Ghana mission. The central bank's inflation target stands at 8 percent plus or minus two percentage points. Ghana is in year two of a three-year IMF programme worth around $918 million, meant to restore fiscal stability after a fall in commodity prices hurt the economy. The Fund disbursed the fourth tranche of aid under the programme last month. "(There has been) good progress so far but Ghana needs to continue reform efforts to make the macro and financial environment more conducive for job creation," he told reporters. Ghana's budget deficit should fall to 5 percent by the end of 2016 and it would have been lower but for an unexpected drop in domestic oil production, he said, adding that debt should fall to below 68 percent of GDP in 2016, from 72 percent last year. *(Reuters)*

Ghana's foreign-exchange market is about to be spurred to life: by cocoa beans. Currency transactions by Ghanaian banks are set to double as the government starts to auction foreign exchange raised by the country's cocoa-exporting body, allowing companies to bid for dollars rather than buy them from the black market or exchange bureaus. The first $1.8 billion, a loan raised by the Ghana Cocoa Board, is hitting the market this month. A dearth of foreign currency in West Africa's second-largest economy has weakened the cedi by 49 percent against the dollar in the three years through 2015, stimulating a black market and driving the inflation rate to a seven-year high in March. The move to release revenue from gold sales and the region's second-largest cocoa exports is a sign that the central bank is comfortable that measures to stabilize the currency since September last year are taking hold. "Many people would prefer the banking system to do their business, but they don't, either because they prefer rates offered by other markets or the banking system lacks dollar supply," Anthony Kofi Asare, head of treasury at GCB Bank Ltd. in Accra, said in an interview. "The auctions will make more dollars available to banks. The rate determined at the auction will become a reference point for everybody in setting rates." The auctions could boost daily trading in the interbank market to about $65 million from $30 million, Asare said. The increase in transactions will support the cedi, helping stem its 5.2 percent decline to the dollar this year and prevent it from the weakening beyond 4 to the greenback, he said. The currency gained 0.1 percent to 3.9750 per dollar by 11:54 a.m. in Accra. "One of the reasons why the black market has existed and it keeps thriving is they've managed to capitalize on the inefficiencies in the forex market," Edem Harrison, research analyst at Frontline Capital Advisors Ltd. in Accra, said by phone. "With this structured approach there's going to be more fair pricing. To a larger extent, it's going to reduce the volume that we find going to the black market."

Until now, the central bank deposited foreign exchange raised by cocoa and gold exporters into the foreign reserves. Auctioning the proceeds of the cocoa board's dollar loan will help develop the market and ultimately allow the agency to sell directly to banks once local institutions can absorb amounts as large as $1.8 billion, central bank Governor Abdul Nashiru Issahaku said Sept. 19. Auction results may prove decisive in setting the cedi-dollar rate, said Razia Khan, head of Africa research at Standard Chartered Bank Plc. "We may see a narrowing of bid-ask spreads given that the auction could act as an anchor for setting expectations around a certain FX rate," Khan said by phone from London. "When it comes to dollar-cedi price setting elsewhere, this may converge around the anchor represented by the auction rate." The gap between the official and black-market exchange rates remains large. A dollar cost 4.20 cedis on the streets of Accra, as of Tuesday, compared with the official rate of 3.97. The cedi has depreciated against the dollar every year since 1995, when Bloomberg began compiling data. Ghana entered a $933 million program with the International Monetary Fund in September last year to help curb its budget deficit and combat weakness in the currency. Confidence in the cedi has been supported by an improving budget deficit and prospects of inflows from the cocoa exporters loan and the $750 million Ghana raised in a September Eurobond sale. Foreign-exchange auctions will help strengthen the cedi, Daniel Kyei-Mensah, a currency trader at Universal Merchant Bank Ltd. in Accra, said by phone. "Market forces will be more at work," Kyei-Mensah said. "It won't be in your interest as a bank just to hold on to dollar funds, especially when you're going to be making provisions on it. So they'd have to come on the market and sell." *(Bloomberg)*

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TRADING

The International Monetary Fund (IMF) is asking Ghana not be complacent after making progress in reducing its debts in relation to the economy's value. The latest IMF fiscal monitor has projected an end of year debt to Gross Domestic Product (GDP) for Ghana at 66 percent. This should mean that the debt-to-GDP ratio may not witness any significant increase till the end of this year or it could go up and reduce by end of year. Figures released by the Bank of Ghana puts the total public debt as at June 2016 at GH¢110 billion, representing 66 percent of Ghana's GDP. The same report is even projecting that the debt to GDP will even reduce significantly for the next three years to 52 percent. Speaking to JOY BUSINESS after the launch of Fiscal Monitor report in Washington DC, Deputy Director of Fiscal Affairs at the IMF, Abelhak Senhadji, said the current debt levels are still high and must be reduced further. "I think the Ghanaian government should be commended for putting in place a reform program that is stabilizing the economy and bringing the debt down, however, it still business unfinished, because even at 66 percent the debt is still high," he said. But he, however, adds that even though progress has been made, a lot still needs to be done in putting in place an ambitious program to manage things. "You need consistency, in terms of your reforms, to ensure that the expected outcome is guaranteed," he emphasised. The projection by the Fund in terms of Ghana's debt to GDP ratio reduction might support earlier claims by government that it will not cross the dreaded 70 percent market by December 2016. According to the Statistical Service the monetary value of the Ghana's economy as at the end of 2015 at Gh¢138 billion. *(Ghana Web)*

Ghana's economy is projected to grow the slowest in more than two decades on the back of mounting fiscal challenges, tight monetary policy and disruptions in oil production, the IMF has said in its latest World Economic Outlook report. According to the report, the economy will this year expand by 3.3 percent, the lowest since 1994 when the economy grew by a similar margin. The latest forecast provides a dimmer outlook of the economy after a similar report released in April projected a 4.5 percent growth this year on the assumption that the resolution of the power supply challenges that had crippled many businesses will help to boost economic activities. However, the IMF, which is helping the government to manage the economy under a three-year US$918 million Extended Credit Facility programme, foresees the economy performing worse than that of last year when the power crisis reached its peak. According to the IMF domestic revenue has so far underperformed, reflecting lower-than-projected oil prices, weak economic activity with lower business profits and personal incomes, as well as lower-than-expected revenue impact from several measures implemented so far. "In particular, the ECOWAS Common External Tariff (CET) was expected to deliver about 0.5 percentage point of GDP in additional revenues, but so far the revenue impact has been marginal, while the administrative measures' impact on direct tax collection has also been negligible," the Fund said. The latest prediction is therefore expected to come as a shock to the government, which has expressed continued optimism that the economy will this year rebound and grow by 5.4 percent. But the forecast of the IMF show that the government perhaps has been overly optimistic following the coming on-stream of new oil production fields- Tweneboa Enyerra Ntomme- as other renowned policy think-tanks and research institutions have joined the Bretton-Woods institution to foresee the economy slipping further.

For instance, the Institute of Statistical, Social and Economic Research (ISSER) of the University of Ghana at the outdooring of its publication 'The State of the Ghanaian Economy' report last week adopted the cautious posture in assessing the outlook of the of the economy and concluded that the debt strategy of government, the high levels of taxes and the energy challenges that the country has faced as well as the curse of election year splurge **which** often coincides with a reversal of fiscal consolidation efforts will compromise the country's growth prospects this year. The IMF in assessing the economic outlook also posited that higher public debt level, a replay of the past spending splurges in election years would greatly heighten the risk of a full-blown economic and financial crisis and undermine Ghana's development progress. The Fund said even absent such a policy slippage, heightened risk aversion and investor uncertainty as the December 2016 election approaches could yet pose a challenge. Nonetheless, critics have downplayed the IMF's predictions and argued that the Fund has always held a pessimistic view of growth prospects for Africa, as historically, the performance of African countries has always been better than the forecasters predictions partly because they continue to be bulked with the concept and ideas that countries in Africa growth is mostly dependent on commodities. *(Ghana Web)*

Kenya

Corporate News

Global hotel chain Hilton Worldwide has announced plans to open its tallest African outlet in Nairobi's Upper Hill area. The group of hotels on Monday announced that it had entered into a franchise agreement with Jabavu Village Ltd and White Lotus Projects for the construction of the 225-roomed hotel. ilton Nairobi Upper Hill, the third Kenyan outlet, will stand at 330m high with an estimated 43 floors. It is estimated to be completed by 2020. The Hilton group said in a statement Monday that the new outlet will have a relaxing poolside bar, speciality smokehouse and grill restaurant, lobby dining area with landscaped deck and a boutique rooftop bar with views of the skyline on the top most level. Hilton Worldwide in 2013 said that it had ceased owning hotels and instead had adopted a franchise model that is less expensive and more efficient for expansion. *(Business Daily)*

Japanese conglomerate Toyota Tsusho Corporation is eyeing more big-ticket contracts in Kenya after signing a support deal with the government. The Nagoya-based company, a unit of the Toyota Motor Corporation, says it is ready to undertake several projects in diverse sectors of the economy including mining and power generation. This will significantly expand its business in Kenya from the mainstay motor dealership which it serves through several directly and indirectly-owned subsidiaries including Toyota Kenya and DT Dobie. "Together with an executive committee of the Kenyan government, we are now working on the development of the nation's electric power and energy, oil and mineral resources, environmental preservation, and agricultural industrialisation sectors in addition to our endeavours in the automotive business," Toyota said in its latest annual report. Details of the specific projects are expected to emerge in the coming months. Toyota has expressed interest in expanding and undertaking new power projects including the geothermal Olkaria series by state-owned KenGen. The ongoing talks between Toyota and government bureaucrats are a product of a 2012 MoU signed by the multinational and officials of the Vision 2030 which is in charge of designing the country's major development projects. "That cooperation is unfolding in conjunction with Kenya's Vision 2030 programme for raising incomes and standards of living," Toyota says in the report. "In addition to fostering skills and enterprise in Kenya's automobile industry, we are participating in geothermal power development and in other undertakings for tapping the nation's potential." The new projects will add to Toyota's rising profile in public sector projects which has been dominated by Chinese companies in recent years.

Toyota and Hyundai Engineering last year completed the construction of KenGen's Olkaria I and IV which have a combined output of 280 megawatts (MW). Turbines and generators for the plant were supplied by Toshiba Corporation. It was Toyota's first major deal outside the motor vehicle business in Kenya. Mitsui and Toyota in 2014 won a Sh2.5 billion contract to supply and install cranes at Mombasa's new container terminal in a restrictive tender opened only to Japanese companies. Toyota's latest project is a Sh103 billion fertiliser factory that is being built in phases. The multinational is also conducting a feasibility study for Kenya's crude oil pipeline and has made a proposal to build a water desalination plant for Mombasa County. Toyota's expansion in Kenya has been aided by former Kenyan ambassador to Japan Dennis Awori who has emerged as an insider in corporate and government circles. Mr. Awori is the chairman of Toyota Kenya and an advisor of the conglomerate's African operations. The multinational positioned itself for more public sector projects in the country and Eastern Africa by establishing a regional headquarters, Toyota Tsusho East Africa, in Nairobi in 2013. Toyota said it has been attracted by investment opportunities created under the East African Community, an economic integration of five regional states. The EAC common market is becoming increasingly important to investors, offering access to a market of 146 million people with free movement of factors of production. "The know-how that we are deploying in Kenya is bolstering a foundation for sustainable development, and we hope to propagate that positive momentum in neighbouring nations," Toyota says in the report. *(Business Daily)*

Economic News

Kenya's economy grew faster in the second quarter of this year compared with the same period in 2015, lifted by expansion in agriculture and a strong recovery in tourism, the statistics office said on Friday. The Kenya National Bureau of Statistics (KNBS) said the economy expanded by 6.2 percent year-on-year in the second quarter compared with 5.9 percent in the same period in 2015. It said agriculture grew 5.5 percent versus 4 percent in the year-ago period, while accommodation and food services - which includes tourism - rose 15.3 percent compared with a contraction of 5 percent. "The remarkable growth was on account of a considerable boost from conference tourism as well as an improved security situation. The recovery has also been enhanced by rigorous marketing initiatives that have been implemented over time," KNBS said. Tourism, along with tea, horticulture and remittances, are Kenya's leading sources of foreign exchange. In 2015, East Africa's biggest economy struggled with a number of challenges including attacks blamed on Somalia's al Shabaab militants that scared away tourists and eroded foreign exchange earnings in the sector. Growth in the transport sector rose to 8.8 percent in the quarter under review from 6.8 percent in the same quarter of 2015, KNBS said. The Finance Ministry forecasts the economy will grow 6 percent in calendar 2016 and by 7 percent a year in the medium term, compared with 5.6 percent last year. The current account deficit contracted by 6 percent to 141.92 billion shillings ($1.40 billion), helped by low international oil prices and falling machinery imports, the statistics office said. *(Reuters)*

It was described as Kenya's Brexit moment, a decision that had the potential to spur a withdrawal of foreign investors, sending the stock market and the shilling tumbling and damaging East Africa's most-developed economy. Yet, almost six weeks after Kenya capped banks' lending rates at four percentage points above the central bank benchmark, its currency is little changed against the dollar and the main stock index has gained on 14 of the past 17 days. Foreign investors have been net buyers of Kenyan stocks for the past four weeks, accounting for 83 percent of trading in the five days ended Sept. 30, according to Nairobi-based Standard Investment Bank. The shilling is the sixth-best performing African currency this year against the dollar, just as it was on Aug. 24 when President Uhuru Kenyatta signed the law on bank lending rates, designed to stimulate lending. "Kenya is an interesting market in terms of the resilience of the economy," Elizabeth Irungu, chief investment officer at Nairobi-based Britam Asset Managers, which oversees about 107 billion shillings ($1.1 billion), said in an interview. Banks are already revamping their business models, seeking to regain the returns achieved before the cap, she said. The market reaction isn't what some expected. Money manager and real estate firm Cytonn Investments compared the new law to the U.K.'s vote to leave the European Union and predicted that Kenya's stock market would tumble as foreign investors exited banking stocks. The pound fell a record 8.1 percent against the dollar and U.K. stocks fell as much as 8.7 percent when the Brexit result was announced June 24. John Gachora, chief executive officer of NIC Bank Ltd., among the country's 10 largest lenders, has said he is concerned the cap on lending will lead to a fixed exchange rate, the sequence that followed similar moves in Zambia, Nigeria and India, because of ripple effects from the policy.

Banks in such markets resorted to lending in foreign currencies whose rates weren't capped, leading to weakness in the local currency and prompting foreign-exchange regulation, Gachora said. There have been few signs so far that that will be necessary. The shilling has been supported by rising earnings from tourism, with arrivals up 13 percent in the first half of the year, and from tea, with the country producing a record crop after good rains. Helped by lower oil prices, the Kenyan central bank has accumulated $7.5 billion of reserves, enough to cover 5.2 months of imports and almost a record. "At least in the short-term, the market doesn't appear to anticipate any major impact on the local unit from the new laws capping lending rates," said David Willacy, a London-based foreign-exchange trader at INTL FCStone Ltd. The central bank has been quick to reassure the market after major economic events this year, and "made it clear to the market they will not let any depreciation pressures build up against the shilling," he said. Central bank Governor Patrick Njoroge described the economy as "resilient and diversified" and said he expects 2017 growth "much higher than 6 percent," in a Nairobi interview on Sept. 29. While bank stocks tumbled in the wake of the Aug. 24 decree, they have pared their losses. Equity Group Holdings Ltd., the largest bank by market value, is down 14 percent after surging 20 percent in the past 10 days. KCB Group Ltd., the biggest lender by assets, has advanced 10 percent in the same period. Njoroge contends that Kenya remains attractive to investors, even after the rate curbs, because returns on investments remain higher than elsewhere. The Nairobi stock market has drawn foreign inflows from offshore "bargain hunters" lured by reduced valuations since the cap, he said. "Those people who are coming in to invest are running away from the 5 to 6 percent return on equity in Europe and

the 15 percent return on equity in South Africa," he said Sept. 21. "Even if returns in Kenyan banks fall down to 20 percent, from the historic 30 percent return on equity, there is still a lot of pick up." The shilling traded little changed at 101.25 per dollar at 5:35 p.m. in Nairobi on Monday.*(Bloomberg)*

Kenya is expected to finally sign a deal paving the way for setting up of a Sh3 billion regional headquarters of the African Export-Import Bank (Afreximbank) in Nairobi. The country risks losing out to Ethiopia in the race to host the regional headquarters of the multilateral lender over a diplomatic row. At the centre of the row is delay in granting the multilateral lender and its staff diplomatic status, a condition Ethiopia is said to have agreed to making Addis Ababa a formidable contender against Nairobi. Afreximbank had indicated it would move to Addis if Kenya does not grant it diplomatic status by the end of last month. However the Business Daily has learned that a deal is in the offing and is likely to be struck either late this week or early next week. Treasury Cabinet Secretary Henry Rotich says in a letter to Afreximbank that he has completed a review of the agreement and the same has been forwarded to the Foreign Affairs ministry for finalisation. "This is to inform you that the Treasury has now completed review of the branch office agreement between the Republic of Kenya and Afreximbank after consultations with Mr. Kudakwashe Matereke, regional branch manager for East Africa," says Mr. Rotich in a letter dated September 22 to the bank president Benedict Orama. "We have forwarded the agreement to the Ministry of Foreign Affairs for finalisation and to formally communicate to Afreximbank." Mr. Rotich goes on to suggest the signing of the agreement can be done on the sidelines of the 2016 annual meetings of the International Monetary Fund and the World Bank Group to be held in Washington, DC. The event is slated for October 7-9. Foreign Affairs ministry Cabinet Secretary Amina Mohammed did not pick our call to confirm progress on the matter.

The bank, however, said in a statement that talks were on course but declined to divulge further information. "Discussions are still ongoing on the Nairobi office," Afreximbank Head of Communications Obi Emekekwue said. Afreximbank was last month weighing options including moving the regional headquarters following a two-year wait for communication from the Kenyan Ministry of Foreign Affairs and International Trade. The government was said to be particularly uncomfortable with several clauses in a draft agreement touching on taxation and diplomatic privileges that Afreximbank had set as preconditions for locating its regional headquarters in Nairobi. The Treasury earlier told the Business Daily it had resolved all the outstanding issues even as Afreximbank maintained the stalemate continued. "There was a misunderstanding by Foreign Affairs on the legal status of Afreximbank. Now that has been sorted out and approvals will be completed shortly," Mr. Rotich said in an earlier interview. Afreximbank had wanted its employees and operations to be accorded diplomatic immunity and tax exemption in line with the privileges accorded other multilateral institutions. Afreximbank had argued the privileges were not unique to Kenya as they had been granted by host governments in Abuja (Nigeria), Harare (Zimbabwe), Abidjan (Cote d'Ivoire), Tunis (Tunisia) and Egypt (Cairo), which is its headquarters. The bank's demand for special privileges is also supported by the fact that similar multilateral institutions and diplomatic missions in Nairobi enjoy the same. *(Business Daily)*

Kenya's private sector activity rose in September on the back of a recovery in tourism and a rise in orders from new export markets, a survey showed on Wednesday. The Markit CFC Stanbic Kenya Purchasing Managers' Index (PMI) stood at 53.5, unchanged from August, but still well above the 50.0 mark that denotes growth. Jibran Qureishi, regional economist for East Africa at CFC Stanbic Bank, said tourism, a top foreign exchange earner, had improved after the government boosted security following a spate of militant attacks that scared off holidaymakers. He said respondents to the survey had also reported higher export orders from countries like Namibia, Sudan and Ethiopia.
"This diversification of export markets will only serve to underpin the Kenyan private sector's resilience," Qureishi said. Kenya's economy expanded by 6.2 percent in the second quarter of this year, up from 5.9 percent in the year ago period, mainly due to a rebound in tourism. *(Reuters)*

Commercial banks have been asked to immediately stop charging their customers any new levies introduced following the coming into force of a new law capping interest rates. Central Bank of Kenya's (CBK) director in charge of Bank Supervision Gerald Nyaoma says in a circular to chief executives of commercial banks and mortgage finance companies that the regulator has in recent weeks received numerous applications from banking institutions seeking approval to increase charges on products. The letter, dated October 3, also says that the CBK has received mounting complaints over ongoing introduction of new arbitrary charges since the Banking (Amendment) Act 2016 came into

force on September 14, whose effect is to nullify any gains to customers of the new law capping interest rates. "The CBK has also received a number of complaints from bank customers stating that their banks have imposed arbitrary charges or unilaterally converted their savings accounts into transactional accounts, and thereby losing the benefits that were accruing from their savings accounts," Mr Nyaoma says in the circular. The letter, which is copied to Kenya Bankers Association (KBA) chief executive Habil Olaka, declares the new fees illegal, and reminds bank CEOs that any change in any feature of an approved product without prior approval of CBK is also illegal, adding that any bank executive acting in breach of the law faces hefty fines and sanctions, including loss of operating licences. "Any changes which may have been effected by institutions without the requisite CBK approval should be reversed immediately," the circular says – meaning banks that have converted their customers' savings accounts into current accounts must reverse the action. "Any conversion of a savings, seven-day or fixed deposit account product to a transaction account by any institution should be reversed immediately." Mr Nyaoma says banks and institutions that violate the new law will face harsh sanctions including hefty fines and even loss of bank licenses.

"The CBK will follow up, on a case by case basis, with any institution which may have violated the law relating to approval of charges and products and appropriate action shall be taken against the affected institution," says the circular. Financial institutions are obliged under the law to amend their respective contracts with borrowers to incorporate the new legal requirement on disclosure of charges and terms. Reports of the new tactics by banks have elicited sharp reactions from proponents of the interest rates capping law who have been asking the CBK to act. Jude Njomo, the architect of the new law, said Parliament had taken note of calculated efforts by banks to charge high interest rates through the back door. "I am aware that the Central Bank has issues a warning but I would like it, as the industry regulator, to stamp its foot down and ensure no Kenyan is exploited," he said.Consumer lobby, the Consumers Federation of Kenya (Cofek), has faulted the CBK for failing to immediately crack the whip on rogue **banks breaching the** law. "The Central Bank of Kenya has no business reminding people to follow the law. It has a business to crack the whip. What we expected from Central Bank was that Bank "X" or "Y" is not doing this and these are the sanctions or that they show cause why this should not be done," said Cofek secretary- general Stephen Mutoro in an interview adding that the CBK's message is akin to reminding the banks not to be caught pants down. The Institute of Certified Public Accountants of Kenya, (Icpak), which is among the professional agencies that backed the law, said Kenyans were keenly watching the regulator's actions to see whether it will abdicate its role as regulator. Mr Mutoro urged Kenyans to be vigilant in their dealings with banks insisting that some banks were taking advantage of their customer's ignorance of the new law. The Banking (Amendment) Act 2016 sets the maximum lending rate at four percentage points above the Central Bank Rate (CBR) and sets the minimum return payable on customer

The CBR currently stands at 10 per cent, meaning that banks are barred from charging interest on loans above 14 per cent. While signing the new law President Uhuru Kenyatta urged banks "to do more to reduce the cost of credit and ensure that benefits of the vibrant financial sector are also felt by their customers." "Since receiving this Bill, I have consulted widely and it is clear to me from those consultations that Kenyans are disappointed and frustrated by the lack of sensitivity from the financial sector, particularly banks. These frustrations are centred around the cost of credit and the applicable interest rates on their hard–earned deposits. I share these concerns," said Mr Kenyatta. The President's surprise decision was expected to usher in the era of cheap credit for borrowers and declining profits for many banks. His decision to assent to the law immediately struck a chord with the majority of Kenyans, most of whom said had been locked out of the credit market either due to prohibitive interest rates or were reeling under the weight of high rates. Mr Nyaoma cited Sections 16A (1) and 44 of the Banking Act and Section 31A of the Banking (Amendment) Act, 2016 as well as regulations 2 and 7 of the Banking Regulations, 2006, which outline the process that banks must follow in event that they want to increase lending rates and other charges. Provisions of the Banking Act demand that savings, seven day, call and fixed deposit accounts do not attract any charge. They also require all products sought to be offered by any bank to be approved by the CBK prior to roll out. Besides, banks are required to seek CBK approval for any proposed change to and/or in any feature of an approved product."Each product has its own unique features. It is these features that constitute the product which must be approved by CBK," the law says and goes on to explain that "approval by CBK of a product means approval of the features of the product as described by an institution to the CBK." It says any change in the features of the product as earlier approved as earlier approved and therefore the changed product with less, more or otherwise varied feature(s) must be approved by CBK prior to roll out. *(Nation)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

A decision by Kenya's government to cap commercial lending rates has stoked appetite for short-term government debt, pushing down yields on 91-day bills to their lowest since July. Last month, Kenya imposed a cap on commercial lending rates of 400 basis points above the central bank's key rate, which is 10 percent. The government said banks had failed to respond to non-legislative encouragement to lower costs for borrowers. The rule, announced in August for implementation in September, also set a minimum rate banks must offer depositors of 70 percent of the central bank rate, which equates to 7 percent. Analysts said that, for the time being, that had set a floor on Treasury bill yields. The cap spooked investors, sending bank shares tumbling, amid concerns it would restrict lending to small firms and other borrowers deemed risky bets. With banks concerned about the impact of the cap seeking safer investments, high demand at last week's action saw the 91-day yield slip to 7.816 percent from 8.601 percent in August. That brought it closer to three-year lows around 7 percent that were touched in July. Yields on six-month and one-year bills eased to below 10.5 percent from 11 percent or more. "The new law ... brought demand for Treasury bills and bonds as most banks waited for clarity on its implementation," said Alexander Muiruri, fixed income analyst at Kestrel Capital. With inflation in the year to September at 6.3 percent, traders said further sharp falls in T-bill yields looked unlikely. "My sense is that we are almost at the bottom. We can't go any lower, even on the 91-day, relative to inflation. (Otherwise) they start becoming real negative interest rates," said Ignatius Chicha, head of trading at Citibank Kenya. The central bank's next rate-setting meeting is on Nov 28. It cut its benchmark lending rate by 50 basis points to 10 percent last month. *(Reuters)*

The International Monetary Fund will insist that Kenya adheres to agreed spending cuts in its first assessment of the government's fiscal stance under a $1.5 billion standby-loan agreement. IMF officials will be in the capital, Nairobi, later this month to examine whether the Treasury is complying with commitments made under the precautionary financing facility arranged in March, said Armando Morales, the Washington-based lender's representative in Kenya. One of the conditions for the government of East Africa's biggest economy is for it to narrow its budget deficit to below 7 percent of gross domestic product over the term of the facility, which it can tap when hit by exogenous shocks. Kenya projects its funding gap widening to 9.3 percent of GDP in the year through June 2017, from 7.9 percent in 2015-16. "The IMF is not aware of any shift by the government" away from plans to reduce its deficit to below 7 percent, Morales said by phone from the capital, Nairobi, Wednesday. "An agreement would have to be reached on the way forward after this assessment," he said of Kenya's continued access to the facility. The Treasury intends to spend 2.3 trillion shillings ($22.7 billion) during this fiscal period, 28 percent more than it did last year. It plans to borrow 225 billion shillings locally and another 462 billion from external creditors to plug the shortfall. The government is considering a second Eurobond, after raising $2.82 billion in a debut sale in 2014. The deficit has been widening since Uhuru Kenyatta became president in 2013 as his government ramps up financing for infrastructure projects, including a $3.2 billion railway between the capital and the port-city of Mombasa that's Kenya's biggest public investment since attaining independence in 1963. The 54-year-old is preparing for a second and final term at elections scheduled for Aug. 8, 2017. The budget shortfall was 6.7 percent of GDP just before he was elected.

Kenya will have "difficult conversations" later this month with the IMF team on budget cuts before the vote, Jibran Qureishi, an economist for East Africa at Stanbic Holdings Ltd, said by phone from Nairobi. "Chances of cutting back spending are slim," he said. "Governments tend to overspend to regain power. Cutting back will not be easy. It's a very difficult balancing act." A decision to provide regional county governments with Central Bank of Kenya overdraft facilities may also raise public spending and could stoke inflationary pressure, according to Mark Bohlund, Africa and Middle East economist for Bloomberg Intelligence. "The risk is that the taps have opened ahead of the elections," Bohlund said by phone from Nairobi. Spending in the counties will be geared toward winning elections and presents "a bit of a fiscal conundrum," he said. "The incentive is to win elections, rather than improve health care or education." While the central bank forecasts economic growth of 6 percent this year, expansion may be slower at 5.8 percent, Yvonne Mhango, a sub-Saharan Africa economist at Renaissance Capital Ltd., said in an e-mailed note, citing decelerating credit growth following the government's decision to reintroduce interest-rate caps. "The upcoming August elections pose a downside risk," she said. *(Bloomberg)*

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' economy is expected to grow by 3.7 percent this year, from a previous forecast of 3.9 percent in June, due to an expected slowdown in agriculture and manufacturing and no growth in construction, the statistics office said on Friday. The Indian Ocean island economy expanded by 3.0 percent in 2015, after the statistics agency in June changed its base year for compiling data to 2013 from 2007 used previously. Statistics Mauritius said agriculture will grow by 4.3 percent instead of 4.5 percent due to lower growth in non-sugarcane agricultural activities. An expansion of 0.6 percent, lower than the June forecast of 1.3 percent, is expected from the manufacturing sector the agency said due to a contraction of 2.0 percent in textiles. For construction, the statistics office said it expected: "A lower performance (0.0 percent instead of 1.6 percent) based on work completed during the first semester of 2016 and investment projects expected to be implemented in the second semester of 2016." Separately, it said the economy grew 2.5 percent year-on-year in the second quarter of this year from 2.2 percent in the same period a year ago, helped by an expanding financial services sector. The island nation, which markets itself as a bridge between Africa and Asia, is trying to shift an economy mostly focused on sugar, textiles and tourism towards offshore banking, business outsourcing, luxury real estate and medical tourism. *(Reuters)*

Mauritius' inflation was 0.9 percent year-on-year in September, the statistics office said on Thursday. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

Nigeria

Corporate News

U.S. industrial firm General Electric plans to invest around $150 million in Nigeria by 2017, a senior executive said on Monday. "There are development projects where we are investing," Jay Ireland, chief executive of General Electric in Africa told the FT Africa Summit in London. GE would also invest in oil and gas industry projects. Growth in Nigeria - an OPEC member whose economy, the largest in Africa, is in recession for the first time in more than 20 years due to low oil prices - has been stunted for decades by a lack of investment in its road and rail network. Ireland said the Nigeria investment was part of a plan to spend $2 billion in Africa in coming years. But the $150 million Nigerian investment falls short of the sum Nigeria's government has said GE would invest. President Muhammadu Buhari, on Saturday in a speech marking Nigeria's independence day, said GE was "investing $2.2 billion in a concession to revamp, provide rolling stock, and manage" some of the country's railway lines.*(Reuters)*

FirstRand Ltd., Africa's biggest bank by market value, said it's considering acquisitions in African countries including Nigeria where the slide in oil prices and a devalued currency has undercut prices. "Asset prices in jurisdictions such as Nigeria have recently become much more realistic," Chairman Laurie Dippenaar said in the Johannesburg-based company's annual report, published on FirstRand's website on Tuesday. "We feel more comfortable to look for opportunities to deploy shareholder capital for acquisitions to assist us in scaling up our operations. FirstRand remains committed to growing outside of South Africa." FirstRand walked away from buying control of Lagos-based Sterling Bank Plc in 2011 because the asking price was too high. The lender's investment-banking unit is already operating in Nigeria, and in 2012, FirstRand said it was looking for an acquisition to help fund Rand Merchant Bank's operations in the West African nation. It's only now that Nigeria's naira has been devalued and banks' bad-debt levels are soaring as that economy slows that asset prices have declined.
While FirstRand "will remain disciplined and definitely not squander shareholders' capital on seemingly cheap earnings," it sees the rest of Africa as a long-term growth opportunity, Dippenaar said. The lender is "very focused on creating more of a portfolio effect to reduce concentrations and diversify risk." FirstRand pared an earlier gain of as much as 2.1 percent to close 1.2 percent up at 47.55 rand in Johannesburg on Tuesday. That was the smallest increase on the six-member FTSE/JSE Africa Banks Index, which climbed 1.9 percent with Barclays Africa Group Ltd. leading the measure.
Kenyan Ambitions

FirstRand has also expressed interest in expanding in Kenya. In January Chief Executive Officer Johan Burger described the East African nation as a key market and said the company had to find a solution to its dilemma between pursuing organic or acquisitive growth in that country this year. To date, FirstRand only has a representative office in Kenya. With more than 40 banks, Kenya's market is ripe for consolidation and lenders' share prices came under pressure after Dubai Bank Kenya Ltd., Imperial Bank Ltd. and Chase Bank Kenya Ltd. were taken over by that market's regulator. Kenya and Nigeria are growing faster than South Africa where there was "a fundamental downward shift in international investor confidence" after President Jacob Zuma fired former Finance Minister Nhlanhla Nene without warning last December, Dippenaar said. The move "was a body blow to the banking sector which saw billions wiped off valuations," he said. "The cost of capital has structurally moved higher, which makes it even harder to deliver economic value to our shareholders." *(Bloomberg)*

Glaxosmithkline Consumer Nigeria Plc has completed the divestment of its drinks bottling and distribution business to Suntory Beverage & Food Nigeria Limited (SBFN). The company said the completion of the divestment followed approvals from the shareholders and the Nigeria Securities & Exchange Commission (SEC). Following this approval, GSK has transferred ownership of the drinks business in Nigeria to SBFN effective October 1, 2016. Consequently, GSK Consumer Healthcare Company (retained business) now consists of the consumer healthcare wellness, oral healthcare and nutrition categories and pharmaceutical business. Suntory Beverage of Japan had in 2013 bought British drinks brands Lucozade and Ribena from GSK for 1.35 billion pounds ($2.1 billion at the time). Since then, the company has outsourced production and sales of the drinks in Nigeria to GSK Nigeria. The management of the company had said the divestment of its drinks bottling and distribution business would not affect its financial fortunes. GSK Regional Head for Asia, Middle East & Africa, Mr. Zubair

Ahmed had told THISDAY that the divestment was strategic. "It is not a question of economic decision that the business was not making money. It did not fit into our global portfolio. Nigeria was the only exception in the beverage market. Our focus globally is that GSK globally compete in five categories, which is pains, respiratory, skin, oral healthcare, and digestive. These are the five categories that we compete globally. Nigeria was a bit of an aberration. What we have done has brought the portfolio synergized. We will not be getting into functional beverages. We stick to these categories for now," he said.
According to Ahmed, the divestment was part of the company's overall strategic plan that have been in place for quite some time now. "As you look at what we call the construct of what we called the GSK Company. What has changed is that we have a joint venture with Novatis, and the entire positioning of the new company is one of the world's biggest over-the-counter (OTC) and healthcare companies. So in keeping with that focus globally, for Nigeria, for strategic reason to bring that focus on the global portfolio, we took that decision of divestiture, " he said. *(This Day)*

Shareholders of PZ Cussons Nigeria Plc yesterday approved a N1.99 billion dividend for the 2016 financial year. This translated to 50 kobo per share. The company's total assets increased to N74.4 billion compared to N67.4 billion the previous year. Speaking in Abuja at its annual general meeting (AGM), Chairman of the company, Chief Kolawole Jamodu said despite the deteriorating operating environment, the company had remained focused and managed to deliver a steady performance for the period to grow shareholder value. According to him, notwithstanding, the present exchange rate crisis among other unfavourable variables limited the optimal performance of the company. Jamodu disclosed the company recorded an exchange loss of N2.9 billion, cutting its group profit after tax (PBT) by 52 per cent to N3.15 billion from N6.56 billion in 2015 while its consolidated revenue decreased by 4.9 percent to N69.5 billion from N73.1 billion. However, the chairman said: "Improved planning and execution in supply chain and targeted investments in key brands helped to limit the negative impact of the scarcity of foreign currency and other adverse effects."
He said in the overall assessment, the company "did well to hold its position in the market, reducing the negative impact of the prevailing adverse conditions and performing satisfactorily against peers in the sector." He said there are future prospects for the company given that the presently economic predicament is transient.

According Jamodu: "We regard current economic challenges as transitory and we remain excited about the future of the company. Our confidence has been emboldened by positive policy changes being adopted by the government such as the new foreign exchange regime that has been introduced by the Central Bank of Nigeria. Our brands remain strong and popular with consumers which leaves us well placed to hold our market and exploit any emerging opportunities." Meanwhile, shareholders unanimously commended the board for the performance and declaration of dividend amid the current economic uncertainties. They however, urged the company to surpass the current record in subsequent financial years. Meanwhile, Nigerian Stock Exchange All Share Index (NSE ASI) appreciated marginally by 0.08 per cent to close at 28,031.90 yesterday as heavily capitalised stocks lifted the equity market. The appreciation recorded in the share prices of United Bank for Africa Plc, Dangote Cement, Seplat Petroleum Development Company Plc, NASCON Allied Industries Plc and Forte Oil Plc were responsible for the marginal gain recorded in the NSE ASI. *(This Day)*

Economic News

Nigeria has spent 720.5 billion naira ($2.4 billion) on capital expenditure this year to help drag Africa's biggest economy out of recession, President Muhammadu Buhari said on Saturday. "I believe that this recession will not last," Buhari said in a televised speech marking the country's independence day. "Several hundreds of thousands of (unemployed) workers will be re-engaged in the next few months as our public works programme gains momentum." Buhari also said the government has been negotiating to end militant attacks on oil and gas facilities in the Niger Delta, the country's oil hub, but would not be intimidated by armed groups. He said oil production had temporarily dropped to less than one million barrels a day, down from 2.2 million bpd, due to militant attacks, but he did not say how much current output was. Buhari also reiterated the government wanted to repair the country's four refineries to end costly fuel imports. He said the naira exchange rate to the dollar would stabilise, after dropping to record lows due to a "critical" shortage of hard currency amid low oil

prices. He did not elaborate. *(Reuters)*

The rates at which banks lend to each other ended the week at double digits again last week, an indication of sustained liquidity tightening by the Central Bank of Nigeria (CBN). The move, which is aimed at curbing speculations against the Naira at the foreign exchange market and inflation, heightened in the second quarter of 2016, making banks to borrow about N4 trillion from the apex bank's Standing Lending Facility. The Open Buy Back (OBB) and Overnight rates had closed last weekend at 14.3%, up 83 basis points (bps) compared with the previous week's record and 15.2 per cent, down by eight bps, compared with the previous week's level respectively. The implications are that customers of banks will continue to borrow money at higher rates, while banks' costs of meeting short term obligations on the other hand, will be rising and ultimately impact on their respective balance sheets. This week, the situation has been projected to remain the same with the planned auction of N135.7 billion worth of Treasury Bills (T-Bills) on Wednesday, although there is going to be treasury maturity worth the same amount on the same day. But the liquidity of the maturing bills will surely not hit the system the same day. Similarly, the parallel market exchange rate has been projected to reach a N500 per dollar mark this week, having touched a record low of N490 last week. Analysts have said the Naira will remain under pressure at the parallel market, where foreign exchange activities are being dominated due to speculations, panic buying and the continuous exclusion of the 41 items from the official platform. Consequently, the apex bank would be forced to continue its daily interventions at both segments of the interbank market- selling treasuries to moderate Naira availability for speculations and foreign exchange supply to help the local currency.

The Naira remained pressured last week as a result of illiquidity in virtually all segments of the foreign exchange market, pushing it to an all-time low of N490/$1 on Thursday and earlier trades on Friday, across Lagos State. However, the exchange rate at the interbank has remained broadly stable as a result of frequent interventions by the apex bank, as Naira/Dollar spot rate opened the week at N308.50/$ on Monday, depreciated to N312.99/$ by midweek and appreciated to N305.31/$ after CBN's intervention. On Friday, it closed lower at N311.62/$. Meanwhile, the money market, starting off relatively liquid last week, with aggregate liquidity level at N113.2 billion, interbank rates- OBB and Overnight, eased 3.5 per cent points and 3.9 per cent points to close the first trading session of the week at 10 per cent and 11.3 per cent respectively. However, despite the assessed system liquidity level in excess of N149 billion on Tuesday, OBB and Overnight rates rose 5.2 per cent points and 4.7 per cent points to close at 15.2 per cent and 16 per cent respectively, on the back of a N135.4 billion liquidity mop-up by the CBN. They moderated by 0.5 per cent each, to settle at 14.7 per cent and 15.5 per cent by midweek, as well as 0.4 per cent and 0.3 per cent to close at 14.3 per cent and 15.3 per cent on Thursday respectively. *(Guardian)*

Nigeria's central bank will pursue price stability as an anchor for economic growth and attract foreign investors as the country battles recession and rising inflation, its governor said in a magazine interview. In September the bank left its benchmark rate at 14 percent, resisting calls from the finance minister to lower borrowing costs to help the government borrow more domestically without increasing its debt servicing costs. It has said it will keep interest rates tight to attract foreign currency and resolve a chronic dollar shortage brought on by a slump in oil prices. "The central bank does not reckon that curbing inflation, attracting foreign investors and supporting growth are mutually exclusive objectives," Governor Godwin Emefiele told The Banker magazine, in the interview published on Saturday. "The bank will continue to ensure that its decisions not only consider price and financial system stability, but also issues of employment and growth." The central bank has said policymakers will need to act together on fiscal, monetary and trade policies to jump start growth, and that interest rate cuts alone will not help pull Nigeria out of its first recession in 20 years.

Past rate cuts have not spurred credit growth as the banking system did not respond to the move, the bank said. Rising inflation, which hit a more than an 11-year high of 17.6 percent in August - was not due to excess money supply but was the result of government policies that included a hike to electricity tariffs and fuel prices and a currency floatation which meant the naira fell 30 percent in one day. Nigeria's National Economic Council, composed of former presidents and state governors, has urged the central bank to introduce "special monetary policy dictated by consumer price and exchange rate". Emefiele said he was optimistic about the economy despite the headwinds. The government has tripled spending on infrastructure in this year's budget while widening the tax base to generate income. However securing foreign loans to support the budget will be key, he told The Banker. The African Development Bank's (AfDB) board will this month consider

approving a first, $1 billion, loan to Nigeria to cover this year's budget deficit, its president, Akinwumi Adesina, said last week. *(Reuters)*

Plans by the Federal Government to borrow billions of dollars from the World Bank to plug its budget deficit have run into delays as the international lender is demanding for further reforms from the government as a condition for any loan. This came barely one month after the Presidency gave the Ministry of Finance its seal of approval to obtain the loan. People briefed on the talks said the Ministry of Finance was now facing calls from the International Monetary Fund and World Bank to push through further reforms on the economy. These discussions, they said, had held up any agreement on a loan from the bank, Financial Times reported on Monday. They added that the World Bank had said it would not be able to disburse any loans until 2017 at the earliest because it "has not yet received the macroeconomic framework" needed for the discussions to progress, though the finance ministry disputes that. The World Bank said it was "continuing its discussions" with Nigeria "on a range of critical reforms for restoring macroeconomic resilience" and "would determine, with the government, the most appropriate instrument to support the reform programme." It did not give a timeline for the discussions, expected to continue on the sidelines of the World Bank and IMF meetings in Washington this week. "Although recent measures, including the adjustment of fuel prices and the move towards more flexibility in the foreign exchange market, are welcome, more are needed to ensure sustained economic benefits," the IMF's mission Chief for Nigeria, Gene Leon, said in a statement to the Financial Times. He added that the Federal Government needed to "reduce domestic and external imbalances" and provide "greater clarity" on its macroeconomic policy direction.

The Minister of Finance, Mrs. Kemi Adeosun, had in April said that Nigeria planned to secure external financing for a budget shortfall now estimated at N1.8tn by the end of the third quarter. She also said last week that the discussions with the World Bank were ongoing. Apart from the World Bank, the government is also planning to take loans from other institutions such as the African Development Bank, Japan International Cooperation Agency, and Export-Import Bank of China. This will include low-cost and long-term loans with interest rates of 1.25 per cent and maturity of 20 years. The Federal Government has announced plans to issue about $1bn Eurobond later this. According to the Presidency, the government is now waiting for lawmakers to approve the plans. President Muhammadu Buhari had announced a N6.1tn ($19.4bn) spending plan aimed at stimulating the economy this year. The economy contracted in the first two quarters as oil revenue plunged. Buhari said he expected the Federal Government to raise about $5bn from the Eurobond market, multilateral and bilateral lenders. The Debt Management Office had last month asked banks to place bids by September 19 if they wished to manage a $1bn Eurobond sale. Adeosun told bond investors in London in June that Nigeria was close to securing about $3bn of funding from the World Bank and the African Development Bank. *(Punch)*

The Central Bank of Nigeria will pursue price stability as an anchor for economic growth and attract foreign investors as the country battles economic recession and rising inflation, the CBN Governor, Mr. Godwin Emefiele, has said. "The central bank does not reckon that curbing inflation, attracting foreign investors and supporting growth are mutually exclusive objectives," Emefiele told The Banker magazine, according to Reuters. He added, "The bank will continue to ensure that its decisions do not only consider price and financial system stability, but also issues of employment and growth." The CBN's Monetary Policy Committee had in September left the benchmark interest rate at 14 per cent, resisting calls from the fiscal authority to lower borrowing costs to help the Federal Government borrow more domestically without increasing its debt servicing costs. The CBN has said it will keep interest rates tight to attract foreign currency and resolve a chronic dollar shortage, occasioned by the slump in crude oil prices.

The central bank had said policymakers will need to act on fiscal, monetary and trade policies to jump-start growth, and that interest rate cuts alone will not help pull the economy out of the current recession. Shortly after the last MPC meeting, Emefiele told reporters that rate cuts had not spurred credit growth as the banking system did not respond to the move. Rising inflation, which hit more than an 11-year high of 17.6 per cent in August, was not due to excess money supply but was the result of government policies that included a hike in electricity tariffs and fuel prices and a currency floatation, which made the naira to fall by 30 per cent in one day. The National Economic Council has urged the CBN to introduce "special monetary policy dictated by consumer price and exchange rate." Emefiele said he was optimistic about the economy despite the headwinds. The Federal Government has tripled its spending on infrastructure in this year's budget while widening

the tax base to generate income. *(Punch)*

Nigeria plans to raise 105 billion naira ($345 million) in local-currency denominated bonds at an auction on Oct. 12, the government's Debt Management Office said on Tuesday. The debt office said it will raise 35 billion naira each from debt maturing in 2021, 2026 and 2036, using the Dutch auction system. All the bonds are reopenings of previously issued debt. Africa's largest economy last week announced plans to raise between 250 billion naira and 340 billion naira in local currency-denominated bonds in the fourth quarter of this year. Nigeria has estimated that it will borrow around 900 billion naira from the local debt market this year to fund a budget deficit projected at 2.2 trillion naira, which has been aggravated by an economic slump as low oil prices slashed government revenues and weakened the naira. The oil producer also plans a $1 billion Eurobond issue. *(Reuters)*

Nigerian President Muhammadu Buhari on Tuesday sent a draft budget framework for 2017, outlining spending plans for Africa's biggest economy, to the upper house of parliament for approval. The figures contained in the document, referred to as the medium-term expenditure framework, must be approved by the Senate before the final budget is submitted. Overall spending for 2017 is expected to reach 6.866 trillion naira ($22.57 billion), up from this year's budget of 6.06 trillion - a record sum for Africa's most populous nation. Nigeria, an OPEC member, slipped into recession for the first time in more than 20 years in the second quarter largely due to low global oil prices. Crude oil sales account for about two-thirds of government revenue. The problems have been exacerbated by attacks on energy facilities that have cut oil production, which was 2.1 million barrels per day (bpd) at the start of 2016, by 700,000 bpd. Buhari's plan assumes production of 2.2 million bpd at a price of $42.5 per barrel. The proposal sent to parliament on Tuesday assumes an exchange rate of 290 naira to the U.S. dollar and projects gross domestic product (GDP) to grow by 3.02 percent. *(Reuters)*

Nigeria's government says its economy could still expand this year because of a bumper rice harvest, even as the International Monetary Fund forecast the first contraction in more than two decades. Gross domestic product will probably expand by 0.35 percent from 2.8 percent in 2015, according to e-mailed documents from the Ministry of Budget and National Planning. That contrasts with the IMF's forecast on Tuesday that the economy will shrink by 1.7 percent, the first full-year contraction since 1991. "We expect a very good harvest of rice this year," the Budget and National Planning Ministry's spokesman James Akpandem said by phone from Nigeria's capital, Abuja. "That will reduce food imports and ease pressure on foreign exchange and inflation. This increased agricultural production and its benefits will help in boosting economic growth." The budget office also sees expansion of 3.02 percent in 2017 even as the IMF cut its forecast to 0.6 percent from 1.1 percent previously. Nigeria's economy contracted in the first half of the year as government revenues fell following the halving of crude oil prices since 2014 and militant attacks on crude producing Niger River delta that cut output of its biggest foreign-exchange earner. That coupled with shortages of foreign currency and electricity, as well as delayed passage of a record budget of 6.1 trillion naira ($19.3 billion) this year, weighed down economic activity.

A deal for rice-growing north western states of Kebbi and Zamfara to feed millers in Nigeria's commercial hub of Lagos has helped boost output toward self sufficiency, Akpandem said. Africa's most populous nation spends about $22 billion annually on food imports, according to the agriculture ministry. Nigeria's rice consumption is estimated at 5.25 million metric tons this year, of which 2.71 million tons will be produced locally and 2.2 million tons imported, according to the U.S. Agriculture Department. The remainder will be filled from existing stock. "It's too optimistic because that would mean they expect the third and fourth quarters to grow at more than 1 percent," Ogoh Okiti, chief executive at Abuja-based Time Economics Ltd., said by phone. "We are producing more rice this year than before, but am not sure that it's sufficient to drive growth significantly in a very short time." The budget ministry sent lawmakers spending proposals of 6.87 trillion naira for next year, 6.85 trillion naira for 2018 and 7.1 trillion naira in 2019, according to 2017-19 budget estimates. The projections assume the price of oil at $42.5 a barrel at an exchange rate of 290 naira per U.S. dollar in 2017. The ministry forecasts year-on-year inflation at 12.92 percent in 2017. The ministry wants to avoid this year's experience where approval of the budget was delayed by about four months as the executive and legislature haggled over allocations. "We expect the Senate to approve the medium-term expenditure plan this month, which will be used as basis to draft the 2017 budget," Akpandem said. "We would like next year's budget to be approved by December."*(Bloomberg)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

Nigeria's economy is likely to shrink 1.3 percent in 2016, the National Bureau of Statistics executive said on Wednesday, a sharp downward revision of its estimates he said was prompted by sharp falls in the naira after dollar peg was dropped. The NBS had predicted the Nigerian economy to grow 3.8 percent in 2016, but low oil prices have hammered the OPEC member's government income and the naira, and recession first appeared in the second quarter with 2.1 percent contraction. A contraction in 2016 would mark Nigeria's first year of recession in 25 years. NBS head Yemi Kale said the economy was likely to shrink in the third quarter. The International Monetary Fund (IMF) already predicted in July that Nigeria's economy would contract 1.8 percent this year. The NBS had also revised its inflation forecasts, Kale said. Year-end inflation was estimated at between 17.1 percent and 18 percent, he said, up from 9 percent at the start of the year. "All things remaining constant, year-end GDP should be around -1.3 percent from our internal model," he told Reuters. Prior to ditching the currency peg in June, Nigeria had fixed its exchange rate at 197 to the dollar. Kale said the new projection factored in the currency float. The naira has hit record lows on the black market in the last month, weakening to as low as 485 per dollar. It has held firm at around 305 on the official market, supported by central bank interventions.

Nigeria's economic growth started to slow by the second quarter of 2014 after an oil price collapse hurt government revenues and caused severe dollar shortages on the currency market. Oil sales, which generate 90 percent of foreign exchange for the economy, contributed around 10 percent of Nigeria's GDP directly and around 52 percent indirectly through its links with other sectors, Kale said. A record 2016 budget of 6.06 trillion naira aimed at tackling the recession was based on generating non-oil receipts largely from widening the tax net and raising debt at home and abroad to augment spending. So far the government has spent 720.5 billion naira on capital spending. But Nigeria has yet to raise funds abroad and revenue problems have been exacerbated by militant attacks on energy facilities, which have cut crude production by a third. The debt office launched a roadshow to Britain and the United States to promote a planned Eurobond issue while the African Development Bank will this month consider a $1 billion loan to Nigeria to help cover its budget deficit. *(Reuters)*

The Central Bank of Nigeria's (CBN) Financial Stability Report (FSR) has revealed that in terms of size of assets and deposit of banks, the market share of the five largest banks in the country, declined to 43.30 per cent and 51.96 per cent in the first half of 2016, from 60.61 per cent and 52.94 per cent in the second half of 2015 respectively. The FSR for June 2016 posted on the central bank's website showed that the market share of the largest bank's deposits and assets stood at 12.84 and 13.52 per cent respectively in the first half of 2016. The remaining 18 banks had market shares ranging from 0.21 per cent to 6.58 per cent in deposits and 0.26 per cent to 6.41 per cent in assets, reflecting low competition in the market. This finding, according to the CBN, was supported by the Herfindahl-Hirschman Index (HHI) of the industry of 743.37 and 751.17 for deposits and assets, at end-June 2016, compared with 788.09 and 781.40 at end-December 2015, respectively. " Despite the improvement recorded relative to the first half of the year, the structure of the banking industry in the first half of 2016 remained oligopolistic. Net domestic credit (NDC) of the banking system grew by 12.52 per cent to N24, 318.14 billion at the end of the first half of 2016, compared with the growth of 12.13 and 11.08 per cent at the end of the preceding and the corresponding periods of 2015, respectively. "This reflected the increase in net claims on the private sector. In terms of growth in M2, NDC contributed 13.51 percentage points, compared with 12.27 percentage points at the end of the preceding half year," it added. According to the report, the structure of bank credit in the first half of 2016 indicated that short-term credit remained dominant. Credit maturing within one year accounted for 46.0 per cent, compared with 47.1 per cent at the end of the second half of 2015.

The medium-term7 and long-term8 credit stood at 18.1 and 35.9 per cent, compared with 16.9 per cent and 36.0 per cent at the end of the second half of 2015. Although the report stated that the central bank's efforts towards maintaining a stable foreign exchange rate were sustained in the first half of 2016, it revealed that external shocks, speculative demand pressure and low accretion to external reserves remained the major challenges to the stability of the exchange rate. " Consequently, the CBN introduced the Flexible Exchange Rate regime on June 20, 2016 and revised guidelines to strengthen the operation of the foreign exchange market were issued. The objective of the new policy was to enhance efficiency, boost liquidity and promote stability in the market. "In the review period, the average exchange rates at the interbank and BDC segments depreciated by 15.00 and 26.58 per cent from N196.99/US$ and N258.30/US$ as at end- December 2015 respectively, to close at N231.76/US$ and N351.82/US$ at end-June 2016, respectively," it added. "Although the outlook for the rest of the

year appears to be challenging, the current measures put in place … are expected to minimise the impact of shocks to the domestic economy." Total bank loans and advances to the private sector of the economy grew by 17.62 per cent to N15, 677.68 billion at the end of the first half of 2016, in contrast to the decline of 1.44 per cent at the end of the second half of 2015. Relative to the second half of 2015, the amount of credit extended to the various sectors by banks during the review period showed an upward trend. Credit to the oil and gas sector accounted for the highest share of total credit, as it accounted for 28.78 per cent of the total, compared with 24.82 per cent in the second half of 2015 The manufacturing sector accounted for 12.95 per cent of the total credit, compared with 13.91 per cent in the second half of 2015. Agriculture, forestry and fishery accounted for 3.08 per cent of the total, indicating a 0.69 percentage point decline compared with 3.77 per cent in the preceding half year. *(This Day)*

Nigeria's parliament asked President Muhammadu Buhari on Thursday to brief lawmakers on the government's strategy to drag the West African nation out of recession, lawmakers said. Such a briefing would "enable the National Assembly take further legislative action," said a motion which was approved by both chambers of parliament. *(Reuters)*

THE South-South Chamber of Commerce has frowned at further devaluation of the naira as suggested by the European Union (EU) In a statement in Lagos on Wednesday, Mr David Iweta, the President of the Chamber and Chairman, National Economic Recovery Committee (NERC), said that further devaluation of the naira without a vibrant export base would be a 'suicide mission'. NAN reports that an EU official, Fillippo Amato, on Tuesday advised the Federal Government to devalue the naira as part of measures to tackle economic recession. Amato, the Head of Trade and Economic Section of the Union, suggested that the best way out of recession was for Nigeria to further devalue the naira. "I, Prince David Iweta, the President, South-South Chamber of Commerce, say in strong terms that further devaluation of the naira without a vibrant export base is a call for suicide mission for our nation's economy. Naira "Only recently the Central Bank of Nigeria, devalued the naira from N197.00 to about N320.00 for imports that are eligible into Nigeria, while about 41 items are barred from enjoying such devalued rates. "Essential commodities like petroleum products cannot even access forex at the rate of N320.00 to the U.S dollars due to the floating rate of the naira between N450.00 to N500.00 to the U.S dollars. "This has resulted to hyper-inflation and the forex is not available. The reason, amongst others, that was canvassed for the devaluation which is investors' confidence is unachievable," he said. Iweta advised that the EU should channel 50 per cent (22 billion Euros) of the 44 billion Euros flow to Nigeria under the European External Investment Plan (EEIP) to support the private sector. According to him, this will support the private sector initiative to produce non-oil commodities for export. He said that this would be a better way to create jobs and earn foreign exchange that would strengthen the naira instead of devaluation. *(Vanguard)*

Tanzania

Corporate News

NATIONAL Microfinance Bank (NMB) has pledged to work closely with the government in making sure the industrialization goal of the country is achieved. The NMB Managing Director, Ms Ineke Bussemaker said during a breakfast talk with the Bank customers' celebrating customer services week. First week of October is marked World wide as a week of customer services. "As we have seen the initiatives of the fifth phase government, focused a lot in industrialization of the country and as a financial institution we are well determined to play a role to help develop in agribusiness, small business or large businesses," she said. Ms Bussemaker however urged NMB customers to use this month to opinionated and put forward suggestions on ways to improve their services helping them continue providing best services. "Customer service is always our number one priority and I urged our customers to use this week and this month at all our branches to provide feedback on our services, what to improve and what to add in improving our services. There are things we are doing well but there are services we can only do better and that can only be possible if you will provide feedback about our services," she advised. On his side, Tanzania Industrial Research and Development Organization (TIRDO) Director General, Prof Mkumbukwa Mtambo thanked the bank on its intention of supporting industrial sector to help more youths to be employed and most importantly to help the economy of the country grow. "As industrial sector development experts we are very pleased by the Bank's move to support this sector which is very important in boosting economy of the country, we promised to assist them with technical support whenever they will needed," said Prof Mtambo. *(Daily News)*

TWIGA Bancorp has posted a net profit of 869m/- in the first half of this year, thanks to turnaround strategies that have helped the bank to snap a five year loss trend. The bank Chief Executive Officer, Mr Cosmas Kimario said the first half of the year profit was the first in five years time since 2010 and had revived hopes of promising prospects for the bank. "We have changed our strategies and our projections for the next five years are promising," Mr Kimario told Daily News on Monday after the launch of a Kariakoo branch of the bank in Dar es Salaam. "This year we are targeting to make a profit of 3.0bn/- and prospects are pointing toward meeting the goal," he said. The bank, with around 150 workforce, assets are hovering at 110bn/- and customers deposits are also around the same level as assets. The CEO said projections on the remaining half of this year look promising and meeting the target is the main focus. The CEO said Kariakoo branch, which began operation last week, targeted to generate 25 per cent of the bank's total revenue. "This branch envisioned to contribute significantly on this year profitability," Mr Kimario said. The bank has six branches in Dar, Mwanza, Arusha and Dodoma. The branch, at bustling business area of Kariakoo, started with a bang after customers deposited some 8.0bn/- in the first two days of opening. The bank is planning to open a seventh branch in Mbagala, in Dar es Salaam during first quarter of 2017. "Both these branches will serve mainly SMEs," Mr Kimario said, "Mbagala has turned out to be a centre for small business excellence". The bank strategies centered on reaching out small and medium enterprises, group customers— Saccos, Vicoba and the like, workers, and government institutions. Twiga main challenge is working capital and talks are underway centered on how to recapitalise the bank using various available methods. Recently, Treasury Registrar commissioned a study on the capitalisation of the bank to expand and serving more customers throughout the country. Twiga went into operations in 1998 as a non-bank financial institution under the Banking and Financial Institutions Act, 1991. *(Daily News)*

Economic News

THE Italian Ambassador to Tanzania, Mr. Roberto Mengoni has said that Italian companies have been interested and satisfied with the climate of doing business and setting investment in the country. He told the 'Daily News' during an exclusive interview at his office that representatives of Italian companies that met in Dar es Salaam on September 13, this year expressed their satisfaction with investment and business climate and that hopeful they will set investments in the country. He said most of the companies are looking for reliable partnership in the country for doing businesses and establish investments. "They had good results on conducive environment for them to do business in the country. They were also encouraged in their efforts to search for reliable partners," he said. According to the envoy, his office

expects more good things to happen after the meeting. "Our mission is to introduce Tanzania to Italian investors, the country investment opportunities need to be promoted," he said. He added that the interested companies will discuss issues regarding taxation and other regulations with the government.

Last month, the director of the Italian trade agency (Ice)- based in Ethiopia, Dr Simona Autuori said Italian companies were ready to support the Tanzanian companies in building up the industrialization of the Tanzanian economy. She said Italian companies were eager to collaborate with their Tanzanian companies to bring positive changes in several sectors. Dr Autuori said Italian companies were eying for opportunities in the country in various areas including manufacturing of machines, where it plays a leading role. Stressing on the matter, the envoy said the fifth government's strategies to build up industrial driven economy fits well with Italian companies' interests of developing trade partnership with their counterparts in Tanzania. "Trade between Italy and Tanzania is still under potential, so it is very important to take every opportunity to build bridges between the two countries" he said. On trade volume, the envoy said that in 2015, Italian exports to Tanzania stood at 91.4m/-Euros. He added that Tanzania export to Italy was 39.2m/-Euros. He said Tanzania exports fishes and metal products while Italy exports machinery. *(Daily News)*

Tanzania and the Democratic Republic of the Congo signed a memorandum of understanding on Tuesday for joint exploration and development of hydrocarbons in Lake Tanganyika. The lake, which straddles the border between Tanzania, Democratic Republic of Congo, Burundi and Zambia, is the world's second largest by volume and second deepest, according to officials. "We have signed a memorandum of understanding to exchange experiences in exploration and exploitation of petroleum in Lake Tanganyika," Congolese President Joseph Kabila told a news conference in Dar es Salaam after talks with Tanzanian President John Magufuli. "We believe that there is petroleum in Lake Tanganyika." Kabila, who arrived in Tanzania late on Monday for a three-day state visit, said the two countries had agreed to pursue joint oil and gas exploration activities in the lake. "We have also discussed mutual cooperation in the proposed crude oil pipeline project to be constructed from Uganda to Tanzania. Uganda is expected to start producing oil soon and Congo will also in the next few years begin its own oil production," Kabila said. Land-locked Uganda announced in April it would build a pipeline for its oil through Tanzania rather than Kenya, which had wanted to secure the export route. Kabila said Congo wanted to use the same pipeline to export its future oil production from Lake Albert. *(Reuters)*

Tanzania has secured $1.6 billion in loans and grants from the World Bank which it said it will use to help end chronic power shortages, rebuild its railways and develop its farming. East Africa's second-biggest economy is revamping its power generation and hopes to use some of its estimated 57 trillion cubic feet of natural gas reserves to cut its reliance on oil-fired and hydro power plants. Tanzania's finance ministry said in a statement on Thursday that it had secured the loans ahead of the annual meetings of the IMF and the World Bank in Washington, D.C. this week. "The financial package will help the government to improve various infrastructure and speed up the development of the manufacturing sector, while at the same time improving the business environment for the private sector," central bank governor Benno Ndulu said in the statement. The World Bank funding will also include a $200 million loan for Tanzania's state-run power utility, Tanzania Electric Supply Company (TANESCO), to help it clear its arrears of about $250 million which it has said it plans to pay off by the end of 2016 by switching to cheaper, domestic gas-fired plants. TANESCO's debts are with private power and fuel suppliers, and have climbed over the years after dry spells hurt hydropower output and the government filled the gap by building fuel oil or diesel plants. *(Reuters)*

Tanzania, which has at least 57 trillion cubic feet of natural gas reserves, plans to commission a plant by 2025 to process as much as 11.1 trillion cubic feet. The Ministry of Energy's plan estimates that the East African nation can recover as much as 70 percent of the resource. It also projects total demand at 32.5 trillion cubic feet over three decades, with 8.8 trillion cubic feet going to power generation, according to a document handed to reporters in the commercial capital, Dar es Salaam. Tanzania utilizes about 33 billion cubic feet each year to generate 711 megawatts of electricity, according to the document. The nation plans to export at least 3.1 trillion cubic feet of natural gas to East and Southern Africa in the 30 years through 2045 as global prices drop. "Declining global prices mean regional markets maybe be a better option to monetize the resource," according to the plan. Global production of natural gas is forecast to grow 7.6 percent each year to reach 500 million tons per year in 2030, according to the International Gas Union. "Tanzania should not necessarily start allocating gas ratios as that

might encourage the growth of unsustainable industries," Paul Hogarth, an upstream commercial team leader at London-based BG Group said at a conference in Dar es Salaam Wednesday. *(Bloomberg)*

Tanzania's economy is on track this year to expand 7.2 percent -- among the fastest growth rates in the world -- as higher government spending helps blunt the impact of the commodity rout, Finance Minister Philip Mpango said. The gold- and natural gas- producing nation expanded 7.9 percent in the second quarter, compared with 5.5 percent between January and March, buoyed by the transportation and mining industries. The government increased spending by about a third in this year's budget to devote more resources toward infrastructure, including building roads and power plants. "So far the challenge we have had is on the commodity prices and of course, we are taking countercyclical measures to make sure we are not hit as hard -- basically drawing on our experience from 2007, 2008" during the financial crisis, said Mpango in an interview in Washington on Thursday. With growth picking up in the second quarter of 2016, "we are fairly within our projections," Mpango said. Expansion is forecast at about 7.4 percent next year, he said. The government's outlook is roughly in line with growth estimates released by the International Monetary Fund this week. It cited Tanzania among a handful of sub-Saharan African economies showing resilience in "challenging conditions." The region's overall expansion is forecast by the IMF at 1.4 percent this year and 2.9 percent the next. While Tanzania's debt load is currently manageable, high borrowing costs are a concern for policymakers, said Mpango. "We have to be worried, particularly when we go to borrow commercially. The rates are high and therefore, we need to worry," he said. "But for the time being, all the debt indicators show that we are fine." *(Bloomberg)*

Zambia

Corporate News

No Corporate News This Week

Economic News

ZAMBIA'S copper production is forecast to experience positive growth from 2017 onwards and this will provide a modest boost to the economy in the years ahead, a latest macroeconomic report predicts. The Business Monitoring International (BMI), a research firm that provides macroeconomic, industry and financial market analysis, says it expects mining companies to begin raising production due to a gradual increase in copper prices and improved power supply. On Friday, copper price on the global market was trading at US$4,800 a tonne. "BMI's mining team forecasts copper mine production to grow by seven percent and five percent in 2017 and 2018 respectively after contracting by 10 percent over 2015. This will provide a boost to the economy as copper exports constitute over 70 percent of the total exports," the report notes. It says economic activity will begin to pick up in the months ahead, after bottoming out and will be driven by increased agriculture and mining sector output. BMI believes that Zambia's economy has endured the worst and it projects economic growth to rise from 3.1 percent in 2015 to 5.2 percent in 2016 and 2017 respectively, and subsequently, averaging six percent until 2025. A myriad of issues, which include El Niño-induced drought, collapsing commodity prices and currency volatility, led to a substantial economic slowdown between 2014 and 2015, the BMI has noted. "As weather conditions normalise, agricultural yields will rise and power generation will stabilise, limiting power cuts, and this will provide a boost to the economy. While copper prices will remain structurally lower compared to recent years, we expect prices to rise and this will see mining firms raise copper production," the BMI has observed. *(Daily Mail)*

THE fortnightly Bank of Zambia (BoZ) treasury bills auction was last week, attracting total bids amounting to K841.53 million against an offer of K630million duethe huge interest from investors. Meanwhile, the Kwacha is expected to trade in a tight band this week with a weak bias on the back of lower supply for the United States (US) dollars as month-end flows dry out. Zanaco says a total of K696.12 million was allocated as yields rates on 91 and 273 days remained unchanged while the 182-day rate dropped to 23.50 percent from 24 percent and the 364-day rate went up to 24.99 percent from 24.50 percent. "Government treasury bills auction was over-subscribed, receiving bids amounting to K841.53 million while K696.12 million was allocated," the bank says in its daily treasury newsletter. On the local unit, the bank says it is anticipated to trade between K9.80 and K9.90 in the short term. On Thursday, the Kwacha declined marginally against the dollar due to a subdued greenback demand by corporate and interbank trades, with expectation it could strengthen in the short term.
Demand for the local currency trailed demand for the greenback on the day with the Kwacha losing two ngwee from an open of K9.78 and K9.83 to close at K9.80 and K9.85 on the bid and offer respectively. First National Bank (FNB) Zambia, however, says the Kwacha is still getting support from companies that are still making conversions for their tax obligations. The local unit is also expected to receive support from provisional taxes for third quarter due by October 14, 2016, and unless there is a sharp uptick in demand, it is unlikely that it will get to K10.00 before the date. Cavmont Bank also says the Kwacha closed trading on Thursday at K9.85 and K9.90, K0.1 weaker than the day's opening rate. *(Daily Mail)*

Zambia, the only southern African country except Tanzania to produce a corn surplus this year, will maintain a ban on exports of the crop as it struggles to build strategic reserves amid rising prices and surging regional demand. "The ban will last as long as necessary until we are fully satisfied that we feed the Zambian nation," Julius Shawa, permanent secretary at the Agriculture Ministry, said Wednesday by phone from the capital, Lusaka. "The demand from some of our neighboring countries is way above what we have in the country, so we cannot allow exports at the expense of Zambians." The government had by last month bought slightly more than a quarter of its 1-million metric ton strategic stock target for white corn, the staple that's ground into a powder to make a thick porridge known locally as nshima. Private buyers are offering as much as 41 percent more than the price the government pays, with record prices in some provinces, according

to the Famine Early Warning Systems Network, or Fewsnet. High demand and prices in neighboring countries including Malawi and the Democratic Republic of Congo mean corn continues to exit Zambia despite the formal export ban, Fewsnet said in an Oct. 1 report. "We've tried to as much as possible contain the smuggling," Shawa said. "It is being brought to manageable levels but of course the borders are so long you can not control each and every point." Zambia increased corn production this year to yield a 634,681-ton surplus despite a regional drought that's the worst in 35 years, the Agriculture Ministry said in May. The government later that month suspended exports until the end of September to secure the country's stocks. The country has enough corn to last into 2017 even as it sees losses to smuggling and the government's Food Reserve Agency missed its stocks target, Shawa said. "We are food-secure as a country," he said. "Between the private sector and government we have sufficient stocks of maize to take us up to next year." *(Bloomberg)*

Zimbabwe

Corporate News

Clothing retailer, Edgars Stores' profit plummeted by 90 percent in the six months to July from $1,1 million last year to $109,000, weighed down by retrenchment costs and low sales. Revenue dipped by 23 percent to $23 million. The group cut jobs and restructured its business model to lower operating costs. "These initiatives have resulted in extra once off costs amounting to $ 0,9 million being incurred…Further retrenchment costs have been incurred in the second half of the year which period the exercise was completed at a total cost of $1,4 million," said group chairman Themba Sibanda in a statement accompanying financial results on Friday. Sales were 23 percent down to $22 million, with Edgars dropping 31 percent to $14,5 million. Jet sales marginally dropped 2,8 percent to $7,7 million on the back of credit accounts which now make up at 47 percent of the chain sales. The manufacturing factory made a loss of $300,000 and the introduction of Statutory Instrument 64 of 2016, which restricts importation of fabric, affected its output. The group reduced its borrowings by 34 percent to $15,4 million. During the half year period Edgars spent $1,3 million on capital expenditure. Total assets declined by nine percent to $50 million. *(Source)*

Zimbabwe Stock Exchange (ZSE) listed Financial Services group, Getbucks saw its after tax profit in the half year period to 30 June 2016 declining by a third to $3 million compared to $4, 562 million over same period last year, after incurring higher operating expenses. The microfinance company was granted a Deposit Taking Microfinance Licence by the Reserve Bank of Zimbabwe. Net interest income increased 23 percent to $11 million from $8,9 million in the prior period while operating expenses grew to $5,9 million from $2,6 million in 2015. Chair Glovah Madzima, in a statement accompanying the financials, attributed the increase in operating costs to regulatory compliance with the requirements for deposit taking as well as the introduction of new products and technologies. On the other hand, net interest income increased on revenues from more loans disbursed for the year. "New revenue streams from the recently introduced banking services are expected to contribute to profitability in the coming financial year," said Madzima. During the period, loans and advances went up 19 percent to $13,8 million while customer deposits closed the year at $700,000 in the first six months of deposit taking. Total assets grew 43 percent to $20 million from $14 million with 80 percent of assets being cash or interest bearing assets. At the close of the year, the company was adequately capitalised with a net equity position of $10,419 million, more than double the required minimum threshold of $5 million. *(Source)*

Hwange Colliery Company has narrowed its loss by 36 percent to $28 million in the six months to June, from $44 million in the comparable period last year, the company said on Monday. Revenue fell 30 percent to $24,5 million as total sales came registered a 15 percent decline to 585,689 tonnes due to working capital constraints. The financial results were unaudited. Administrative costs during the half year period under review went down by 79 percent to $7,5 million driven by cost containment measures. Hwange chairman Winston Chitando on Monday said the struggling miner is working on a scheme of arrangement to liquidate amounts owed to creditors and possibly return to profitability. "The scheme is due to be finalised with the company's creditors in the last quarter of this financial year. It is predicted that the scheme will ensure that there is a structured plan for paying the company's debts, " said chairman Winston Chitando on Monday. The company's borrowings stood at $17 million from $5,9 million while litigation cases amounted to $44,9 million. Chitando added that the company is in talks with a local bank to secure a $6,3 million loan to refurbish its underground mine. Total assets decreased by 17 percent to $224 million. Government, the major shareholder in Hwange with a 37 percent stake, has intimated on plans to restructure the colliery and strip off its auxiliary assets. In 2014, the company rejected a $50 million loan from Nicholas van Hoogstraten, a 30 percent shareholder in Hwange, citing stringent terms and the British tycoon's insistence on a five-year management contract at the colliery.*(The Source)*

ZB Financial Holdings and major fertilizer firms Chemplex and ZFC have been taken off the United States sanctions list, the US Treasury announced on Tuesday. The Industrial Development Corporation (IDC), a government national development finance institution with investments across the economy including the two fertilizer firms, was also struck off the sanctions list. The United States government imposed financial sanctions on President Robert Mugabe, his family and senior officials as well as government-related businesses in March

2003, over charges of undermining democratic institutions and processes in Zimbabwe. In terms of the sanctions, the US Treasury department, through its Office of Foreign Assets Control (OFAC), prohibits transactions — by US persons or institutions — involving individuals and entities on the sanctions list. With a 24 percent stake, the Zimbabwe government is the second largest shareholder in ZB Financial Holdings, which has retail banking, mortgage lending and insurance subsidiaries. Public pension scheme, the National Social Security Authority (NSSA) is ZB's biggest shareholder, with 38 percent. The government, through its Industrial Development Corporation, wholly owns Chemplex and has a majority stake in the Zimbabwe Fertilizer Company. Combined, Chemplex and ZFC are the largest manufacturers and distributors of agrochemicals in Zimbabwe. *(Source)*

THE Zimbabwe Stock Exchange-listed milk processor, Dairibord Holdings, is planning to export its products into the region, The Financial Gazette's Companies & Markets (C&M) has established. This followed increased production after it commissioned its US$3,5 million milk processing and packaging plant in Chipinge in August last year. The plant has capacity to produce 40 million litres of milk per year. Emelda Shoko, the spokesperson of the country's leading milk processor, told C&M recently: "The Chipinge plant will process and pack the Dairibord Supermilk, targeted for both local and export markets." "We are confident of meeting local and export demand thereby significantly contributing to the rebuilding of the local manufacturing industry and also generating the much needed foreign currency." Most local firms are shelving exports to regional markets after the appreciation of the United States dollar against most regional currencies crippled demand. The firming US dollar had pummelled regional currencies and made Zimbabwean products expensive and uncompetitive compared to similar products coming out of other markets. Among the affected currencies in Zimbabwe's key export markets is South African rand (ZAR). The Zambian kwacha has also suffered against the greenback. In 2009, Zimbabwe adopted a multiple currency regime with a basket of currencies that included the greenback, the ZAR, the Botswana pula, the British pound and the Euro. However, the US dollar became the anchor currency, and has almost pushed other currencies out of circulation. The seemingly firming of the US dollar against other currencies has meant that Zimbabwean companies that compete regionally and internationally and derive much of their income from business across borders have found their products uncompetitive outside the country. Consequently, exports have generally slowed in Zimbabwe, with serious implications on State revenues. This has affected the top line for most exporters. Dairibord slumped to a US$2 million loss for the six months to June 2016, owing to a combination of macro-economic factors, from US$415 000 net profit achieved during the comparable period last year. The company recorded a 14 percent rise in raw milk intake but saw revenue decline by 12 percent to US$42,5 million. *(Financial Gazette)*

CFI Holdings' subsidiary, Crest Poultry Group (CPG) is seeking $5 million from shareholders for working capital to restart operations at its Agrifoods unit. Agrifoods, Crest Poultry Group and Manicaland Farmers are CFI subsidiaries which were placed under provisional judicial management on August 3 this year, with Reggie Saruchera of Grant Thornton as judicial manager. CPG has six business units, including Agrifoods with group's total assets worth $7,3 million against total current liabilities of $36 million at the time. During a creditors meeting at High Court on Wednesday, Saruchera said the group need $5 million to restart operations at Agrifoods. The judicial manager has so far shut down CPG's poultry units which have not been viable in the past five years. "Going forward, Agrifoods will run as a stand alone business and will not be affected by intergroup transactions," said Saruchera. Agrifoods revenue is expected to reach $27 million, with gross profit of $4,9 million in the first year of judicial management. Its revenue stood at $3,3 million in July this year and has been declining in the prior years due to non-payment for supplies and inadequate working capital. CPG creditors resolved to put CPG under final judicial management to turnaround business and recover their monies. Scheme of arrangement is expected to be implemented in April 2017. External creditors are expected to be paid within three to four years while intergroup creditors will be paid after full payment of external creditors. Upon liquidation, CPG will pay 100 percent to statutory creditors, employees will get 30 percent of dues while concurrent creditors get nothing. *(The Source)*

Delta Corporation says it expects no changes to its relationship with its new shareholders after regulators approved principal owner, SABMiller's takeover by Belgium-based brewer, AB InBev. SABMiller owns 38 percent of the Zimbabwe associate, but it's shareholders approved the takeover by Anheuser-Busch InBev in September last year for $104 billion in one of the largest corporate deals in history. AB InBev is already the world's biggest brewer with SABMiller as its closest rival. Delta on Thursday said the transaction will be completed by

next Monday, October 10 after various regulators approved the takeover. The new entity will go by the name Anheuser-Busch InBev SA/NV, will be headquartered in Leuven, Belgium and be listed on the Euronet Brussels, Johannesburg and Mexico stock exchanges. "Delta Corporation has been an associate of SABMiller and will become an associate of the new enlarged entity. We do not anticipate any material changes to the current relationship between Delta and the combined group following the completion of AB InBev's recommended combination with SABMiller," said Delta in a statement. The deal gives AB InBev a footprint in Zimbabwe and expands its reach into the rest of Africa, which is expected to see a sharp increase in the legal drinking age population as well as increased beer consumption among its fast -growing middle class. Locally, Delta comprises of the wholly owned Kwekwe Maltings, Schweppes Zimbabwe and Food and Industrial Processors in which it holds a 49 percent shareholding as well as African Distillers (31 percent) and Nampak Zimbabwe (21,4 percent). It is the largest company on the Zimbabwe Stock Exchange, with a market valuation of $746,59 million, more than a quarter of the total ZSE valuation. Its shares closed unchanged at 60 cents on Wednesday after trades valued at $470,800. *(Source)*

Border Timbers loss after tax widened from $4 million to $24 million in the full year to June due to a fire outbreak which led an asset write-down, the company said on Thursday. The company, which operates five estates and three sawmills in Eastern Zimbabwe, lost 5,000 hectares of forest land valued at $10,5 million to a fire. "A net biological asset write-down of $16,126,133 was done during the year after re-assessment of the plantation quality after the fire. The fire damage affected mainly mature trees. A total of $10,547,122 was lost from the plantations due to fires," said the company's judicial manager Peter Bailey in a statement. Revenue during the year was up 47 percent to $26 million driving the company to a gross profit of $5,8 million from a loss of $3,7 million last year. Selling and distribution costs increased to $6,7 million from $2,2 million due to freight costs on increased poles business. Total assets decreased by 19 percent to $122 million. The company has been under judicial management since April. *(Source)*

Economic News

STOCKS barely moved in the month of September as investor sentiment remained unchanging on liquidity constraints, albeit improvements in turnover and volumes. The mainstream industrial index lost a marginal 0,08 percent to close the month at 98,96 as it struggles to breach the psychological 100 level. The less active mining index of four counters Bindura, Hwange, Falgold and RioZim inched up 1,10 percent to 26,61. By close of the month both volumes and values had improved compared to previous month. A total 53 million shares exchanged hands in the month, 53 percent higher than August volumes. Turnover for the month was $12 million compared to $7 million achieved in August, which was the weakest since January 2015. Trades in the month was dominated by top cap counters, Delta, Innscor, Econet, CBZ and Fidelity Life. The beverages maker -- Delta -- which lost 4,75 percent of value to close at 60 cents, contributed $7,078 million in the month. Industrial conglomerate, Innscor trailed behind at $1,68 million. The company reported revenue for the full year to June 30, 2016 rose 6 percent to $586 million compared to prior year on improved efficiencies and volumes growth across portfolios. Innscor, which was also the month's top gainer after rising 20 percent to 23 cents had 7,229 million of its shares exchange hands in the month. Old Mutual, Turnall, Padenga and Axia were among the top risers for the month chipping in with respectable contributions to aggregates. Axia, which reported its first set of financial since unbundling from Innscor said net profit for the three months to June amounted to $2,3 million. The month was, however, not short of losers.

The biggest losses were recorded by cement producer PPC which weakened by 33 percent to 40 cents followed by Dairibord which lost 20 percent value to 3,60 cents. Art Corporation, Lafarge and Simbisa Brands also made up the list of bears for the month. The quick service restaurant firm reported a 23 percent drop in after tax profit to $3 million in the nine months to June 2016, from $3,9 million in comparable period last year as regional operations performed below expectations. However, Simbisa opened 50 new counters across Africa in the nine months to June 2016 as the group seeks to expand its regional footprint and spread risk. The stock market has been on a free fall since January 2015 on economic challenges.On a year- to-date basis, stocks have weakened by 13,9 percent as the equities market remain largely subdued due to a myriad of challenges among them low liquidity, deflationary pressures and low industry capacity. But the resources index gained 12,41 percent since beginning of the year although, it has largely remained less active on the back of shaky global commodity prices.

Market watchers are of the view the current performance of the stock market is in line with the economic environment, which is characterised by low consumer spend, low aggregate demand, deflation and liquidity constraints. "The performance of stock markets in most countries is a barometer of the performance of that economy," said Africa University economist Mr. Thomas Masese. "The current performance on ZSE is in sympathy with the weak state of the economy. Investing on Zimbabwe Stock Exchange entails a significantly higher degree of country and political risk than does investing in most African markets and most risk averse investors have been shying away from investing on the market," he said. *(Herald)*

Zimbabwe is losing at least $1 billion annually to corruption, with police and local government officials among the worst offenders, Transparency International said in a report on Tuesday. Social media groups like #ThisFlag and #Tajamuka have cited corruption in President Robert Mugabe's government and police roadblocks where money is taken from motorists as among the main reasons for protests that have rocked the southern African nation in the last few months. Transparency International Zimbabwe (TIZ) said the police, local councils, the vehicle inspection department that issues driving licences and the education department were among the most corrupt institutions. "The resulting institutionalisation and systematisation of corruption in Zimbabwean political and economic spheres has been extensive," TIZ said. "It would be surprising if the value (of corruption) were less than $1 billion annually." Police spokeswoman Charity Charamba said she could not immediately comment. Critics and the opposition accuse Mugabe of failing to tackle high-level graft and say endemic corruption is one reason foreign companies are hesitant to invest in the country. Mugabe has at times admitted to corruption among his cabinet ministers but says police lack the evidence to prosecute. "It could be true there could be corruption but we don't have people who are prepared to give evidence," Information Minister Christopher Mushohwe said in response to questions about the report. "Give us the evidence and the law will take its course." Zimbabwe was last year ranked 150th out of 168 countries on the Transparency International index, which measures public perceptions of corruption in public institutions. Corruption mainly consists of public officials demanding bribes for basic services like installing an electricity metre, approving a house plan to facilitating investment. Zimbabwe's tax authority in May suspended its head and five managers in connection with the purchase of luxury cars that were undervalued by a local dealer, one of few high-ranking graft cases to be made public in recent years. *(Reuters)*

Zimbabwe will register negative economic growth of -0.3 percent in 2016 and -2.5 percent in 2017, the International Monetary Fund has projected, confirming the end of a seven-year rebound from a decade-long recession. The forecast, made in the latest IMF World Economic Outlook for October 2016, would see Zimbabwe recording its first gross domestic product contraction since 2008, when the economy shrank by 16.5 percent at the height of a hyperinflation crisis. Zimbabwe's economy grew by an average 10.35 percent between 2009 and 2012 after dollarisation and under a power-sharing government set up by long-ruling President Robert Mugabe and the opposition. Growth started tapering off after Mugabe and his ZANU-PF party's re-election in a 2013 vote disputed by the opposition. Last month, Finance Minister Patrick Chinamasa revised Zimbabwe's 2016 growth forecast from 2.7 percent to 1.2 percent, citing the impact of a devastating drought on the anchor agricultural sector, weak mineral prices, low foreign direct investment, a liquidity crisis and the attendant declining domestic demand. Zimbabwe is the only Southern African Development Community (SADC) economy seen contracting this year, although regional powerhouses South Africa and Angola remain sluggish, and is just one of six contracting economies in sub-Saharan Africa, the IMF data shows. Other regional economies projected to register negative growth are strife-torn South Sudan (-13.1 percent), Burundi (-0.5 percent) and Chad (-1.1 percent) as well as oil-dependent Equatorial Guinea (-9.9 percent) and Nigeria (-1.7 percent). Global growth is projected to slow to 3.1 percent in 2016 (2015: 3.2 percent) before recovering to 3.4 percent in 2017. The forecast, revised down by 0.1 percentage point for 2016 and 2017 relative to April, reflects a more subdued outlook for advanced economies following the June U.K. vote in favor of leaving the European Union (Brexit) and weaker-than-expected growth in the United States.

Growth in emerging market and developing economies is expected to strengthen slightly in 2016 to 4.2 percent after five consecutive years of decline, accounting for over three-quarters of projected world growth this year. However, the outlook for these economies is uneven and generally weaker than in the past. While external financing conditions have eased with expectations of lower interest rates in advanced economies, other factors are weighing on activity. These include a slowdown in China, whose spillovers are magnified by its lower reliance on import- and resource-intensive investment; commodity exporters' continued adjustment to lower revenues; spillovers from persistently

weak demand in advanced economies; and domestic strife, political discord, and geopolitical tensions in several countries. While growth in emerging Asia and especially India continues to be resilient, the largest economies in sub-Saharan Africa — Nigeria, South Africa, Angola — are experiencing sharp slowdowns or recessions as lower commodity prices interact with difficult domestic political and economic conditions. *(The Source)*

The Zimbabwe Stock Exchange market capitalisation remained largely stable in September, shedding $500,000 to $2,81 billion but turnover nearly doubled. In real terms, market capitalisation marginally shed 0.31 percent from $2,86 billion recorded in August. Monthly turnover increased by 90 percent to $13,41 million. The main industrials index eased 0.30 percent to close at 98.96 due to losses in some heavyweights such as Delta and Econet which lost 6.98 percent and 1.01 percent respectively, outweighing gains in BAT of 1.67 percent. Among the top movers were Innscor, Axia and Old Mutual adding 19,43 percent, 12,50 percent and 12,29 percent respectively. Barclays and Padenga also gained 11,11 percent and 8,57 percent respectively. Significant losses were recorded in PPC, Dairibord and ART, shedding 33,33 percent, 20 percent and 11,76 percent in that order. Additionally, Lafarge and GetBucks eased 9,09 percent and 7,50 percent respectively. The mining index gained 1,10 percent to 26,61 points on the back of the gains in RioZim, which increased from 17,10 cents in August to close at 17,48 cents in September. Total volumes traded increased by 67,33 percent to 65,05 million shares. *(The Source)*

Zimbabwe will amend a black empowerment law that aims to transfer majority shares from foreign-owned firms to locals after it was blamed for deterring investment, President Robert Mugabe said on Thursday. The indigenization and economic empowerment law requires foreign companies, including mining firms and banks, to transfer at least 51 percent of shares to black Zimbabweans. But implementing the policy has been difficult, with Mugabe's ministers often issuing conflicting statements. Mugabe in April said the law was confusing businesses and made it hard for Zimbabwe to compete for foreign investment. "The relevant Act will thus be amended to bring it into consonance with enunciated policy," Mugabe told parliament, without giving details. In its current form, the empowerment policy requires foreign-owned miners like Anglo American Platinum, Impala Platinum and Aquarius Platinum to cede 51 percent shares in their local operations to the government, mining communities, employees and an empowerment trust. Mugabe said in April mining companies would be deemed to have complied with the law if they retain 75 percent of the value generated from local minerals in Zimbabwe. Mining accounts for more than half of all export earnings, but the southern African nation has struggled to attract large-scale investment due to the empowerment policy. *(Reuters)*

Work on the expansion of Kariba South power plant is 60 percent complete with the first 150 MW unit expected to be ready by December next year, President Robert Mugabe said on Thursday. Expansion of the ageing hydroelectric power plant, which was initially set up in 1962, is one of the several projects the southern African country is embarking on to increase its power generation capacity. Zimbabwe's electricity demand stands at 1,400MW while actual generation is around 1,100MW with the balance augmented by imports from South Africa and Mozambique. Completion of the Kariba South project will bring an additional 300MW to Kariba which already has an installed capacity of 750MW but only generates about 350MW because of declining water levels. "In the energy sector the prime focus is on boosting local power generation capacity. To this end, I am pleased to note that the Kariba South Power expansion project is now about 60 percent complete with the first unit expected to be ready by December 2017," Mugabe said in the National Assembly. Zimbabwe also plans to upgrade its oldest coal fired power plant – Hwange in a $1,3 billion project which is expected to increase generation capacity by 600MW. Currently Hwange is generating about 650MW from an installed capacity of 920MW. The project has stalled as talks for a $1,1 billion loan from China Exim Bank have dragged on since 2014 but Mugabe said "the Hwange Power Station extension project is expected before the end of this year, thus paving way for commencement of actual work in the first quarter of 2017". Mugabe added that government was also crafting a renewable energy policy as well as an Independent Power Producers framework which would help to enhance private sector investment in energy. "Work is also underway to establish a natural gas powered electricity generating plant and three 100 Mw solar power generating plants," said Mugabe. *(Reuters)*

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