SECURITIES AFRICA
RESEARCH & CAPITAL MARKETS

PAN-AFRICA

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

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

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

AFRICA STOCK EXCHANGE PERFORMANCE

				WTD % Change			YTD % Change	
Country	**Index**	**31-Dec-15**	**8-Jan-16**	**Local**	**USD**	**31-Dec-15**	**Local**	**USD**
Botswana	DCI	10602.32	10653.36	0.48%	-0.94%	10602.32	0.48%	-1.25%
Egypt	CASE 30	7006.01	6922.71	-1.19%	-1.20%	7006.01	-1.19%	-1.18%
Ghana	GSE Comp Index	1994.00	1999.03	0.25%	0.18%	1994.00	0.25%	0.31%
Ivory Coast	BRVM Composite	303.93	295.34	-2.83%	-3.75%	303.93	-2.83%	-3.84%
Kenya	NSE 20	4040.75	3940.40	-2.48%	-2.30%	4040.75	-2.48%	-2.31%
Malawi	Malawi All Share	14562.53	14562.53	0.00%	-0.30%	14562.53	0.00%	0.12%
Mauritius	SEMDEX	1811.07	1800.51	-0.58%	-0.88%	1,811.07	-0.58%	-1.28%
	SEM 10	346.35	344.23	-0.61%	-0.91%		-0.61%	-1.31%
Namibia	Overall Index	865.49	787.35	-9.03%	-11.57%	865.49	-9.03%	-12.32%
Nigeria	Nigeria All Share	28642.25	27028.39	-5.63%	-5.58%	28,642.25	-5.63%	-5.40%
Swaziland	All Share	327.25	327.25	0.00%	-2.79%	327.25	0.00%	-3.62%
Tanzania	TSI	4478.13	4447.49	-0.68%	-1.95%	4478.13	-0.68%	-1.80%
Zambia	LUSE All Share	5734.68	5656.67	-1.36%	-1.39%	5734.68	-1.36%	-1.31%
Zimbabwe	Industrial Index	114.85	112.16	-2.34%	-2.34%		-2.34%	-2.34%
	Mining Index	23.70	23.48	-0.93%	-0.93%		-0.93%	-0.93%

CURRENCIES

Cur-	**31-Dec-15 Close**	**8-Jan-16 Close**	**WTD % Change**	**YTD % Change**
BWP	11.07	11.23	1.44	-1.72
EGP	7.80	7.81	0.01	0.01
GHS	3.80	3.80	0.07	0.05
CFA	600.89	606.65	0.96	-1.05
KES	100.53	100.34	-0.19	0.18
MWK	640.35	642.30	0.30	0.12
MUR	34.83	34.94	0.30	-0.70
NAD	15.53	15.98	2.87	-3.62
NGN	196.90	196.80	-0.05	0.25
SZL	15.53	15.98	2.87	-3.62
TZS	2,112.83	2,140.04	1.29	-1.13
ZMW	10.94	10.94	0.03	0.05

WEEKLY AFRICAN FOOTPRINT

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Botswana

Corporate News

With an already impressive portfolio and footprint across nine countries in East and Southern Africa, Letshego Holdings Limited has added yet another market to its portfolio by acquiring a 100 per cent shareholding in FBN Microfinance Bank (FBN MFB) from its parent, FBN Holdings plc in Nigeria. According to a press release from Letshego Holdings Limited, the acquisition of FBN MFB marks Letshego's entry into West Africa, having successfully built a footprint across East and Southern Africa with 265 000 customers across nine countries."This development brings Letshego's footprint to 10 countries with a customer base of over 385 000. Nigeria, in particular, has been a key target market in Letshego's diversification plans," the release says. It further states that FBN Holdings plc is the oldest bank in Nigeria having been established in 1894, and is listed on the Nigeria Stock Exchange, and that FBN MFB was established in 2009 and is one of only six microfinance banks in Nigeria to have been awarded a national microfinance banking licence. Currently, it says FBN MFB has 28 branches and over 300 team members. Its core business is lending, savings and transactional financial services to micro and small enterprises (MSEs). Meanwhile, Letshego Holdings' Group managing director, Mr. Chris Low said as the leading indigenous BSE-company by market capitalisation and profitability, it is an exciting time for them at Letshego.

"This opportunity to enter the Nigerian market coincides with the expansion of our range of financially inclusive products and services. We believe we can harness Nigeria's growth prospects in our target customer segments by bringing our skills to this market and we look forward to being able to further improve lives across the continent through our Nigerian entry," said Mr. Low. He indicated that with over 80 000 depositors and over 10 000 MSE borrowing customers, the bank's operations are directly aligned to Letshego's financial inclusion agenda. He said Letshego brings its expertise in payroll deduction lending in the public and private sector as well as in micro and small enterprises with a focus on agriculture, education and health sectors. He stated that FBN MFB will rebrand to Letshego MFB. He further said FBN MFB's banking channels will be used to roll out Letshego's suite of products and services and these channels include Internet banking, mobile banking and cards, and will be aimed at improving inter-operability, simplicity and customer experience. *(Daily News)*

Economic News

No Economic News This Week

Egypt

Corporate News

Listed companies in Egypt are increasingly issuing bonus shares to avoid a tax on cash dividends, according to a government official and data seen by Reuters, dealing a blow to the country's drive to boost tax revenues. In July 2014, Egyptian President Abdel Fattah al-Sisi approved a 10 percent tax on cash dividends on the stock market as part of his efforts to overhaul an economy battered by years of political turmoil. The Cairo bourse had previously been exempt from taxes on dividends. An official at the Egyptian tax authority told Reuters that companies were increasingly paying investors bonus shares - which are not subject to the tax - as a way of avoiding it. "There are suggestions from the tax administration ... to address this issue but no decisions have been taken yet," the official added, speaking on condition of anonymity and declining to elaborate. Data viewed by Reuters showed a 28 percent drop in the value of cash dividends paid out by companies on the Egyptian bourse last year to 9.83 billion Egyptian pounds ($1.26 billion) from 13.59 billion the year before. Over the same period, the value of bonus share issues leapt by 124.5 percent to 4.51 billion pounds. The government had also increased capital gains tax on the stock exchange by 10 percent, but postponed the rise for two years in May 2015 following protests by investors. "The decline in cash dividends will continue annually but I expect that the tax will be cancelled soon because it does more harm than good," said Awa'el Securities analyst Wael Enaba, referring to the potential for the tax to deter investors. There are around 270 firms listed on Egypt's bourse and Nile bourse. Shares on Egypt's bourse lost 70 billion pounds of their market value in 2015, with the main index falling 25 percent. *(Reuters)*

Centamin Plc forecast full-year production from its main Sukari gold mine in Egypt ahead of 2015, as it continues to ramp-up production in expanded areas of the mine. The company said it expected 2016 production from Sukari to increase 7 percent to 470,000 ounces and all-in-sustaining costs at the operation to fall to $900 per ounce from $950 per ounce last year. *(Reuters)*

Economic News

Egypt's outstanding arrears to foreign oil companies rose to $3 billion at the end of December 2015 from $2.7 billion at the end of October, Petroleum Minister Tarek El Molla told Reuters on Sunday. The ministry had said in September that Egypt aimed to reduce the arrears owed to foreign oil companies to $2.5 billion by the end of 2015 and to pay them off completely by the end of 2016. Delays in paying back foreign petroleum companies had discouraged investment in the sector, but a drive to increase the price paid for domestic production and pay back arrears had encouraged new contracts signed in 2015. El Molla did not provide further detail on why total arrears have risen since November. Egypt has run short of hard currency since a 2011 uprising drove tourists and investors away. Reserves almost halved to $16.4 billion by the end of November. Once an energy exporter, Egypt has turned into a net importer because of declining oil and gas production and increasing consumption. It is trying to speed up production at recent discoveries to fill its energy gap as soon as possible. *(Reuters)*

Yields on five-year and 10-year treasury bonds rose at an auction on Monday, data from the central bank showed. The average yield on Egypt's five-year bond rose to 13.426 percent from 13.174 percent in the previous auction, on Dec. 21, while yields on the 10-year bond also rose to 15.556 percent from 15.365 percent on Dec. 21. *(Reuters)*

Egypt's central bank kept the pound at 7.7301 pounds to the dollar at its official foreign currency auction on Tuesday. The pound was steady on the black market as well. Egypt, which depends on imported food and energy, is facing a dollar shortage and mounting pressure to devalue the pound. The central bank surprised markets when it strengthened the pound on Nov. 11 by 20 piasters against the dollar. On Tuesday, it sold 39.4 million dollars at a cut-off price of 7.7301 pounds to the dollar, unchanged from Sunday. The black market rate was around 8.58 pounds to the dollar on Tuesday, almost unchanged from Sunday's rate of 8.57. The country has been starved of foreign currency since a popular uprising in 2011 ousted autocrat Hosni Mubarak and drove tourists and foreign investors away. Egypt's reserves have tumbled from $36 billion in 2011 to$16.4 billion, and the country has been rationing dollars through weekly dollar auctions to banks, keeping the pound artificially strong. In February, the central bank imposed capital controls, limiting dollar-denominated deposits to $50,000 a month in an attempt to fight the black market. The move caused problems for importers, who lost access to foreign currency. *(Reuters)*

Egypt will issue a one-year treasury bill worth $850 million, the central bank said on Wednesday. The auction deadline is Jan. 11 with a Jan. 12 settlement date, it said in a statement. The dollar-denominated bill will mature on Jan. 10, 2017. *(Reuters)*

Ghana

Corporate News

No Corporate News This Week

Economic News

Ghana will issue a 3-year bond to raise 500 million cedis ($131 million) on Thursday to restructure debt and fund government projects, the central bank said on Tuesday. The leading West African commodities exporter is under a three-year aid programme with the International Monetary Fund to fix its economy, dogged by budget deficits, inflation and a widening public debt. Proceeds from the bond, which is open to offshore investors, will be used to settle maturing papers, the bank said in a statement. A 3-year paper issued in October had a 24.5 percent yield, up from 23.47 percent paid on a similar paper previously. Interest rates in Ghana are among the highest in the region, reflecting the fiscal challenges facing the economy. Its total public debt is around 70 percent of GDP, while consumer inflation stood at 17.6 percent in November, up from 17.4 percent the month before. The yield on Ghana's weekly benchmark 91-day treasury bill stood at 22.7939 percent last Thursday. *(Reuters)*

Ghana accepted 373.23 million cedis ($98.2 million) of bids on an undersubscribed three-year domestic bond sale and paid a slightly higher yield of 24.75 percent, the central bank said on Thursday. The 500 million cedi bond, which was open to overseas investors was the first in a series planned for this year as part of renewed efforts by the West African country to restructure its growing debt. Total bids received amounted to 426.23 million cedis with rates ranging between 22 percent and 27.95 percent, Louis Azu, deputy treasurer at the central bank, told Reuters. Proceeds will be used mainly to settle maturing debt, Azu said, adding that international bids had totalled only 20 million cedis. Ghana plans to issue a total of 30.73 billion cedis ($8 bln) worth of domestic bonds in the first half of 2016, out of which forecast maturities account for 27.8 billion cedis, the Finance Ministry said. The major commodities exporter is implementing a three-year aid programme with the International Monetary Fund to fix an economy dogged by budget deficits, inflation and a widening public debt. Ghana's total public debt is around 70 percent of GDP, while consumer inflation stood at 17.6 percent in November, up from 17.4 percent the month before. The yield on Ghana's weekly benchmark 91-day treasury bill was 22.7939 percent last Thursday. *(Reuters)*

Kenya

Corporate News

No Corporate News This Week

Economic News

The Kenyan shilling was steady on Monday and traders said they expected the currency to trade in a narrow range in coming days, with activity not expected to pick up until next week when businesses fully reopen after the festive break. At 0720 GMT, commercial banks quoted the shilling at 102.15/35 to the dollar, compared with a close of 102.20/30 on Thursday, the previous day the currency traded. "It's very quiet. Most people are still on leave. Activity should pick up aggressively next week," a senior trader at one commercial bank said. A second trader said the shilling - which fell 11 percent to the dollar during 2015 - was expected to trade in the 102.00 to 102.50 range in coming days. *(Reuters)*

Kenya's shilling was stable on Tuesday and traders said it could strengthen in the days ahead, helped by dollar inflows from non-governmental organisations. At 0656 GMT, commercial banks quoted the shilling at 102.15/20 to the dollar, compared with Monday's close of 102.20/30. "Maybe when inflows improve, we will see it gaining. I have seen some big NGOs (non-governmental organisations) making enquiries. But for now we are locked, range-bound trade," a trader at one commercial bank said. Traders said they forecast the shilling to trade in the 102.20-102.35 range against the dollar in the next few days. *(Reuters)*

Kenyan business activity expanded at the fastest rate in eight months in December, boosted by domestic demand that spurred production, hiring and purchasing by firms, a survey showed on Wednesday. The Market and CFC Stanbic Kenya Purchasing Managers' Index (PMI) rose to 55.5 last month from 53.7 in November, climbing further above the 50-point line that denotes growth in business activity. The PMI is one of the indicators watched by the central bank's Monetary Policy Committee. "Underpinning the pick-up in momentum was a robust increase in output during December. Activity growth quickened to a one-year high, helped by a combination of stronger client demand and the opening of new branches," Markit said. The quarterly average was however the weakest since the CFC Stanbic Kenya PMI began in January 2014. The index averaged 53.6 in the final three months of last year, dragged down by October's record low reading of 51.7. *(Reuters)*

Kenya's telecoms regulator accused the government on Tuesday of curbing the watchdog's ability to manage competition in the sector by recently changing the law and said the move could discourage investments. Smaller operators in Kenya's telecom sector claim unfair competition, saying Safaricom, the biggest operator, is too dominant. Francis Wangusi, director general of the regulator Communications Authority of Kenya (CA), said parliament took away CA's independence in determining if an operator was dominant last month when it changed sections of the law. The amendments, which have already been signed into law by President Uhuru Kenyatta, require CA to involve the country's competition authority and the ministry of information and communication before making a decision on market dominance. "This is likely to expose CA to various forms of litigation and hinder efforts to further attract investments to the sector thus slowing down anticipated growth," Wangusi said in an emailed statement in response to questions from Reuters. The chair of the energy and information, communications and technology committee in the National Assembly said lawmakers wanted to enhance the decision-making on issues of dominance in the sector by bringing in another body with expertise on competition. "We don't want a situation where one party wakes up today and says 'you are dominant'," Jamleck Kamau told Reuters. Wangusi said the changes flew in the face of the global practice, where dominance in telecom industries is usually assessed by the sector regulator independently based on market forecasts and other factors. *(Reuters)*

Kenya's National Biosafety Authority recommended the government lift a ban on imports of genetically modified organisms as the body prepares to decide on applications by companies including Monsanto Co. for environmental release of their products in the East African nation. Kenya imposed a ban on GM crops in November 2012, citing concerns that the organisms are a danger to public health. The decision locked out exporters including South Africa, the biggest corn producer on the continent. "We recommend lifting the ban," National Biosafety Authority Chief Executive Officer Willy Tonui said in an interview Jan. 5 in the capital, Nairobi. "We now have border control, surveillance and a strong regulatory system." Kenya is Africa's largest per-capita corn consumer and the second-biggest seeds market, according to Bloomberg Intelligence. Annual corn consumption is estimated at 103 kilograms (227 pounds) per person, according to the Food and Agriculture Organization. In 2011, Kenya became the first African nation to report an outbreak of the Maize Lethal Necrosis Disease, which can wipe out farmers' entire crops, the FAO says on its website. Syngenta AG, the Swiss insecticide and seed maker, announced plans in 2014 to build an Africa research center in Kenya this year.

The NBA received two applications to release genetically modified organisms in Kenya, including one for Bt corn from the Kenya Agricultural and Livestock Research Organization and the Africa Agricultural Technology Foundation, and one for Bt cotton from Monsanto Kenya Ltd., Tonui said. The authority expects to make a decision on the GM corn-seed application by Jan. 31, Tonui said. The decision on an application by St. Louis, Missouri-based Monsanto's Kenyan unit to release cotton seed in Kenya will be made by Feb. 28, he said, without adding further details. Betty Kiplagat, a spokeswoman for Monsanto Kenya, confirmed an application has been made to release Bt Cotton in Kenya and the company is awaiting the NBA's response. Cotton production in Kenya peaked at 25,080 metric tons in 1985, before dropping to 7,750 tons by 2013 after liberalization of the industry led to increased demand for cheaper imports, according to Food and Agriculture Organization data. Burkina Faso, Africa's largest cotton grower, produced 430,000 tons in 2013, FAO data shows. *(Bloomberg)*

The World Bank expects Kenya's economic growth to rise marginally to 5.7 per cent this year spurred by government infrastructure projects. The bank forecasts that the economy will only pick up to 6.1 per cent growth in 2017 and 2018 as the standard gauge railway (SGR) and the Lamu Port come into operation. Kenya's economy continues to be fuelled by large infrastructure projects with some key formal private sector areas like manufacturing performing poorly. "Despite pressure on the shilling, Kenya is expected to grow at a robust pace, supported by large scale infrastructure projects, including the expansion of the railway system, which should help boost domestic trade, and a new port," the World Bank said in a new report, "Global Economic Prospects", released Wednesday. The bank estimates that Kenya's economy expanded by 5.4 per cent last year which is below the 6 per cent it had predicted in January 2015. It had been expected that low oil prices and mega projects would rev up growth but the government in late 2015 blamed the El-Niño rains and high cost of credit for the slowdown.

The World Bank's annual estimate of growth in 2015 compares to the 5.5 per cent average growth rate in the first nine months as reported by the Kenya National Bureau of Statistics, which is yet to release the full year numbers. The Sh427 billion Mombasa-Nairobi SGR is expected to be completed in mid-June offering a faster and cheaper evacuation of cargo from Mombasa. Construction of the first three berths of the Lamu Port as well as the new container terminal at the Mombasa port which is set to be completed this year are other projects set to spur growth. Insecurity, however, remains a big challenge to growth with the World Bank noting that attacks by Somalia's Al Shabaab had hurt tourism in 2015 leading to a high current account deficit. *(Business Daily)*

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 will sell a three-year Treasury bond worth 1.5 billion rupees ($41.78 million) next week, the central bank said on Wednesday. The Bank of Mauritius said in a statement it would receive bids on Jan. 14 and auction the bond on the same day. The bond would carry a coupon rate of 4.25 percent and will mature on Nov. 20, 2018, the bank said. The bank will also auction a 20-year Treasury bond worth 1.5 billion rupees on Jan. 13. It said the coupon rate for the paper, which will mature on January 15, 2036, will be set equal to or higher than the lowest accepted yield. *(Reuters)*

Mauritius' inflation rose to 1.3 percent year-on-year in December from 1.0 percent a month earlier, the statistics office said on Friday. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

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TRADING

Nigeria

Corporate News

As part of efforts to deepen financial access in Nigeria, Access Bank, in partnership with Airtel Nigeria, has introduced the Smart Savers initiative. The initiative will enable Airtel customers open bank accounts directly from their mobile phones without the bureaucracy and complexities of traditional banking. The campaign, which will kick off from January 5, 2016, will provide all Airtel subscribers the opportunity to open a savings account for customers who sign up. A statement from the bank explained that with the Smart Savers initiative, customers can enjoy real-time mobile banking services such as funds transfer to accounts in Access Bank and other Nigerian banks accounts; as well as make quick airtime purchases, pay bills, view account statements/ account balance enquiry and much more. In addition to providing customers a convenient platform through which payments of products & services can be made, the Smart Savers account allows Airtel subscribers save towards a target goal. Executive Director, Personal Banking, Victor Etuokwu, said: "The Smart Savers initiative is designed to enable Airtel subscribers conveniently open and operate a savings account from the convenience of a mobile device. This is a way of leveraging on the evolution of technology to bring fast and convenient financial services closer to Nigerians. "This initiative further reiterates the bank's commitment to financial inclusion and promotes the ongoing cashless policy campaign in the country." Customers are encouraged to save a minimum of N10,000 monthly in their Smart Savers account to qualify for the grand prize of a Hyundai i10 and other consolation. *(This Day)*

After months of negotiations, Africa's largest telecoms operator, MTN, sealed the deal to acquire Visafone, the leading CDMA operator in Nigeria, THISDAY has learnt. According to sources in the telecoms industry, the acquisition is expected to provide MTN the robust voice and data platform of Visafone and cater for the booming internet population in Nigeria. An industry source, who confirmed that the transaction had been concluded, but could not divulge how much MTN paid to acquire Visafone, said: "It's certainly a multimillion naira deal because Visafone was the largest CDMA operator in the country. "The acquisition is expected to ensure high quality data services and improve mobile broadband experience for subscribers of Visafone and MTN. "The merger is also expected to provide the much-needed relief to the booming internet economy by making available quality mobile broadband services adopting the state of the art 4G LTE technologies during the year." With about 150 million mobile subscribers and about 97 million internet users, Nigeria ranks among the fastest growing countries in terms of mobile subscribers and data penetration. However, the vast majority of the 97 million internet users today are limited to narrow band internet at 2G/3G speed. Presently, majority of data users use 2G/3G technologies but it is estimated that LTE users will constitute 80 per cent of all data users by 2019.

Availability of 4G LTE mobile broadband services on a national scale starting in 2016 is expected to act as a catalyst to many sectors of the economy like the booming e-Commerce sector, banking, insurance and financial services, software and IT enabled services, among others, and is likely to widen the revenue base of the federal government into non-oil sectors. Based on the national broadband plan of the federal government, the industry source explained that the aggressive launch of 4G LTE services by the merged entity of MTN and Visafone is also expected to drive the broadband penetration in the country from under 10 per cent to the targeted 30 per cent by 2018, and help meet the national broadband plan targets. A World Bank survey recently stated that empirical evidence pointed to a GDP growth of 2.5 per cent for every 10 per cent growth in broadband penetration. The market consolidation with the acquisition of Visafone by MTN is the first its kind in the telecoms industry in Nigeria and has been given the thumbs up in the larger interest of the country and the economy. The industry source also attributed the success of the market consolidation to the Nigerian Communications Commission (NCC), the industry regulator. *(This Day)*

Vitafoam Nigeria Plc on Thursday announced that its board of directors has recommended a dividend N247.7 million for the year ended September 30, 2015. The dividend, which translates into dividend of 25 kobo per share, is the first to be announced by any company in 2016. According to the audited results of the company, Vitafoam recorded a growth of 8.8 per cent in revenue, rising from N16.713 billion to N17.185 billion, while gross profit rose marginally by 0.7 per cent to N5.433 billion, from N5.395 billion in 2014. Other gains soared by 204 per cent from N256 million to N778 million. However, administrative costs rose by 19 per cent from N3.202 billion to N3.826 billion, while distribution costs fell by 2.6 per cent to N915 million, from N939 million. The company ended the year with an operating profit of N1.469 billion, showing a decline of 2.7 per cent compared to N1.510billion posted in 2014. But finance costs rose by 26 per cent to hit N1.015 billion in 2015, up from N805 million in 2014. Consequently, profit before tax fell by 24 per cent to N534 million, from N709 million, while profit after tax recorded a higher decline of 42 per cent to be at N249 million, down from N435 million in 2014. Hence, the directors recommended the 25 kobo dividend per share, which is lower than the 30 kobo paid in respect of 2014 financial year. The dividend would be approved by the shareholders of the company at the annual general meeting scheduled to hold in March, 2016. In apparent bid to increase its revenue and boost performance, the company last launched two new products, 'Vitafoam Early Days Breastfeeding and pillows. The Group Managing Director, Vitafoam Nigeria, Mr. TaiwoAdeniyi had said the new products would enable the company to increase its market share and also meet the changing needs of its customers. Adeniyi said the company remained committed to the production of innovative products, not just to meet the needs of the customers, but to enhance shareholder value. He added that the operations of the company had transcended the production of mattresses and pillows to quality baby furniture, among other things. *(This Day)*

Economic News

The naira dropped further against the dollar to 263 at the parallel market on Sunday, four days after the local currency fell from 260 to 262. The naira had closed at 262 against the greenback before the New Year holiday started on Wednesday. After the Christmas holiday, the local currency had risen from 265 to 260. Currency analysts have predicted that the naira will remain weak against the dollar at the parallel market until the first week of January following the suspension of foreign exchange sale by the Central Bank of Nigeria. Meanwhile, the interbank forex market, which was closed before the Christmas holiday, is due to open on Monday (today). The suspension is a normal practice in the financial services sector before the Christmas and the New Year holidays. The Acting President, Association of Bureau De Change Operators, Alhaji Aminu Gwadabe, told our correspondent on Sunday that the opening of the interbank forex market on Monday (today) would not lead to many activities in the forex market. "The forex market will open tomorrow (Monday) but nothing much is expected to happen for now. Forex sale is also expected to continue at the BDC segment on Wednesday," he said. According to him, the parallel market rates may remain flat for some days before changing. The CBN had sold $10,000 each to 2,088 BDC operators in its weekly forex sale before the Christmas holiday. Forex scarcity, which has been causing persistent decline in the nation's external reserves, is forcing the CBN to ration dollar supply to the banks, importers, BDCs and the general public. About two weeks ago, the CBN cut its weekly forex sale to the BDCs from $30,000 to $10,000 each. Earlier, the central bank had refused to sell forex to over 1,600 BDCs over their failure to provide necessary documents for previous allocations. The development made the naira to fall from 241 to 280 at the parallel market two weeks ago. *(Punch)*

The Federal Government earned a total of N2.92tn from taxes in the first nine months of 2015, statistics obtained from the Federal Inland Revenue Service have revealed. The statistics were exclusively obtained by our correspondent in Abuja on Sunday. The amount when compared with the N3.44tn, which the Federal Government had set for the FIRS as target for the nine-month period, represented a decrease of N520bn. A breakdown of the tax revenue earned by the service within the period showed that the sum of N756.7bn was collected in the first quarter of 2015 as against the quarterly revenue target of N1.02tn. The N756.7bn was raised from Petroleum Profit Tax, which contributed the sum of N368.59bn, and non-oil taxes on which the sum of N388.1bn was collected. For the second quarter, a total sum of N1.18tn was collected by the FIRS made up of N306.14bn from PPT, while the balance of N881.9bn was generated from non-oil taxes. In the third quarter, the FIRS statistics showed that the sum of N980.48bn was generated from taxes as against the quarterly target of N1.14tn. The PPT generated the sum of N325.86bn and non-oil taxes accounted for N654.6bn. The Executive Chairman, FIRS, Mr. Babatunde Fowler, had shortly after assumption of office, said the service carried out a special audit of all companies operating in the country with a view to increasing the level of compliance with the relevant tax laws, thus improving tax revenue for the country. Fowler had said there was a need for collaboration between the professional service providers, states' boards of internal revenue and FIRS, adding that this would assist in increasing tax revenue thus reducing the country's reliance on oil. He stated, "We have obligation to the government in ensuring increase in revenue collection. It's time to stop all forms of unwholesome practices in tax-related issues, because Nigerians need us at this critical time to reposition the country for more resources. "We don't have all the answers, we need you from both sides to reposition the entire process. All we are asking for is your cooperation to move the nation's tax system to another level through your support and other stakeholders." *(Punch)*

Nigerian President Muhammadu Buhari, elected on a pledge to tackle corruption, holds talks with the International Monetary Fund on Tuesday as the country seeks to spend its way out of an economic crisis fuelled by plunging oil prices. The Fund said on Monday its managing director Christine Lagarde would meet Buhari and his Finance Minister Kemi Adeosun. "I look forward to productive meetings ... as they address important economic challenges, most importantly the impact of low oil prices," said Lagarde in a statement. The statement gave no other details, but the meeting suggests an acknowledgement of Buhari's efforts to revive Africa's largest economy. He was elected in March after a campaign in which he promised to clamp down on the endemic corruption that has left many Nigerians mired in poverty despite the country's enormous energy wealth. He then announced a record budget for 2016, forecasting a doubling of the deficit to 2.2 trillion naira ($11 billion) and a tripling of capital expenditure intended to help the country adjust to the downturn in oil, which has lost around two-thirds of its value since mid-2014. It has foreign currency reserves worth around $30 billion, and plans to borrow as much as 900 billion naira abroad to fund the deficit, which is equivalent to 2.16 percent of gross domestic product, Buhari said. Some 984 billion naira would be borrowed at home. Nigeria relies on crude exports for more than half of state revenues and is Africa's top oil producer.

It is also facing an insurgency by Islamist group Boko Haram, which has killed thousands and displaced more than two million people in the remote northeast and raised concern among potential investors. Lagarde is due to arrive in Nigeria's capital, Abuja, on Monday. She is due to give a speech to lawmakers on Wednesday and will also meet business leaders during her visit, the IMF said. Lagarde will also visit neighbouring Cameroon, where she will meet President Paul Biya and his economic team. The government of the central African country that exports coffee, cocoa and oil tabled a 2016 budget of 4,200 billion CFA francs ($6.9 billion) in December. Cameroon is part of an 8,700-strong task force including troops from Chad, Niger, Nigeria and Benin that has pledged to destroy Boko Haram, which though based mainly in Nigeria has become a major threat to regional security. Lagarde will also meet Finance Ministers from the six member countries of the Economic and Monetary Community of Central Africa (CEMAC), delivering a speech to the group on Jan. 8. "The country (Cameroun) and the entire CEMAC region are confronted with the twin shocks of the oil-price slump and a surge in disruptions related to security," Lagarde said. *(Reuters)*

Nigeria needs more flexibility in setting monetary policy so it can use its foreign currency reserves to support the poor population if low oil prices persist, said International Monetary Fund Managing Director Christine Lagarde. "With a very clear ambition to support the poor people of Nigeria, there could be added flexibility in the monetary policy, particularly if, as we think, the price of oil is likely to be lower for longer," Lagarde told reporters in the Nigerian capital of Abuja after a closed-door meeting with President Muhammadu Buhari and members of his cabinet. International Monetary Fund Managing Director Christine Lagarde (C) is escorted by Nigeria's Finance Minister Kemi Adeosun (L) and Nigeria's Central Bank Governor Godwin Emefiele (R) upon arriving at the Nnamdi Azikiwe International Airport.

Lagarde's comments come a week after Buhari said he doesn't personally support weakening the naira and would need to be convinced that devaluing the local currency of Africa's largest oil producer is the best course to take for the economy. The naira has been all but fixed at 197 -199 per dollar since early March. The central bank has curbed foreign-exchange trading and introduced import controls after the naira fell to a record low as crude prices plunged. Oil accounts for 95 percent of Nigeria's export earnings and 70 percent of government revenues. "Clearly, the authorities should not deplete the reserves of the country simply because of rules that could be exceedingly rigid," she said. "I'm not suggesting that rigidity be entirely removed, but some degree of flexibility will be helpful." Lagarde, who's on the second day of a four-day trip to Nigeria and Cameroon, said she would be meeting with Central Bank of Nigeria Governor Godwin Emefiele. *(Bloomberg)*

The demand for the United States' dollar at the parallel market was up on Tuesday, driving down the naira to 267.5 against the greenback. The naira had on Monday closed at 265 against the dollar in the unofficial market, compared to 263 on Sunday. The Acting

President, Association of Bureau De Change Operators, Alhaji Aminu Gwadabe, confirmed to our correspondent that the black market rate had gone to 267.5 against the dollar, said, "Increased activity is taking place after the holiday of last week. So, there is an increased demand. "Again, there is still a lot of dollar cash in people's hands – people are still trying to move money outside the country. It is disturbing. There should be increased surveillance at the airports to check this. The Central Bank of Nigeria's intervention on Wednesday (today) would be expected to lift the currency at the unofficial market, Gwadabe had said on Monday. The CBN would sell $10,000 each to the BDC operators. The nation's currency had closed at 262 against the greenback before the New Year holiday started last Wednesday. After the Christmas holiday, the local currency rose from 265 to 260. Currency analysts have predicted that the naira will remain weak against the dollar at the parallel market until the first week of January following the suspension of foreign exchange sale by the CBN. The interbank forex market, which was closed before the Christmas holiday, opened on Monday. Gwadabe said the weekly forex sale was expected to impact positively on the parallel market rates. Forex scarcity, which has caused significant decline in the nation's external reserves, is forcing the CBN to ration dollar supply to the banks, importers, the BDCs and the general public. The foreign reserves declined by 15.61 per cent year-on-year to $29.13bn by December 29, from $34.52bn a year ago, data from the central bank showed. The CBN recently cut its weekly forex sale to the BDCs from $30,000 to $10,000 each. *(Punch)*

A sharp decline was recorded in revenue accruable to the Federal Government from the petroleum sector, as the country's earnings from crude oil export dropped to N5.271 trillion for the nine month period, January to September 2015. According to data obtained from the National Bureau of Statistics, NBS, the value of Nigeria's crude oil export for the nine month period 2015, represented a decline of 45.39 per cent or N4.381 trillion when compared to crude oil export of N9.652 trillion recorded in the same period in 2014. It also represented a decline of 55.67 per cent or N6.62 trillion when compared to total crude oil earnings of N11.891 trillion recorded in 2014. Giving a breakdown of Nigeria's crude oil earnings in nine-month 2015, the NBS data revealed that the country earned N1.675 trillion from crude oil export in the first quarter of 2015, N1.984 trillion and N1.611 trillion in the second and third quarters respectively. This was in contrast to crude oil export earnings of N3.234 trillion, N3.269 trillion and N3.149 trillion for the first, second and third quarters respectively, while in the fourth quarter of 2014, the country earned N2.239 trillion from the export of the commodity in the fourth quarter of 2015.

Further breakdown of the 2015 figures showed that the country earned N505.898 billion, N591.964 billion, N577.361 billion, N698.387 billion and N668.526 billion in January, February, March, April and May respectively. In the months of June, July, August and September, Nigeria's crude oil export stood at N617.364 billion, N572.813 billion, N512.823 billion and N525.857 billion respectively. Despite the sharp drop in crude oil export, the country's fuel imports rose by 6.248 per cent or N54.6 billion to N928.459 billion in the first nine months of the year, compared to fuel imports of N878.858 billion recorded in the first nine month of 2014. This was also in contrast to total fuel imports of N1.202 trillion recorded in the whole of 2014 and N264.853 billion recorded in 2013. Giving a quarter-on-quarter analysis, the NBS report stated that N288.871 billion was spent on fuel imports in the first quarter of 2015, as against N237.257 billion in the same period in 2014, while in the second and third quarters of 2015, the country spent N389.258 billion and N250.329 billion respectively. This is compared to N368.554 billion and N268.047 billion recorded in the second and third quarters of 2014 respectively. On a monthly basis, the country spent N49.2 billion, N105.974 billion, N139.237 billion and N133.794 billion on fuel imports for January, February, March, April and May 2015 respectively, while for the months of June, July, August and September, fuel imports stood at N116.227 billion, N134.141 billion, N85.452 billion and N30.737 billion respectively. In general, the NBS said, "The total value of Nigeria's merchandise trade at the end of the third quarter of 2015 was ¦ 4.021 trillion. This was 7.8 per cent less than ¦ 4.359 trillion, recorded in the preceding quarter. This development arose from a decrease of ¦ 320.6 billion or 12.1 per cent, in the value of exports combined with a marginal decline of ¦ 17.4 billion or 1.0 per cent, in the value of imports against the levels recorded in the preceding quarter. *(Vanguard)*

Nigerian authorities are facing growing pressure to devalue the naira as the price of oil, its biggest source of foreign exchange, trades at the lowest level since 2004. The Central Bank of Nigeria may revise its target for the naira by about 20 percent to 240 to 250 per dollar as oil continues its decline, Alan Cameron, London-based economist at Exotix Partners LLP, said in a research note. The currency was little changed at 199.29 per dollar at 8:05 a.m. Thursday in Lagos, the commercial capital. "Cumbersome foreign-exchange restrictions are strangling economic growth,'' John Ashbourne, London-based Africa economist at Capital Economics, said in note to clients on Wednesday. "The authorities will be forced to devalue the naira in the first half of 2016." Africa's biggest economy needs more flexibility in setting monetary policy so it can use its foreign-currency reserves to support the poor population, International Monetary Fund Managing Director Christine Lagarde told Nigerian President Muhammadu Buhari on Tuesday. The Abuja-based central bank has held the naira at 197 to 199 per dollar since March as Governor Godwin Emefiele introduced trading curbs to conserve reserves and stem a rout after it fell to a record 206.32 in February. Nigeria, with more than 170 million people, is struggling to cope with crude prices that have fallen almost 70 percent since their peak in June last year to below $40 a barrel. Brent crude for February delivery tumbled 3.4 percent to $33.07 by 7:15 a.m in London. "The need for a devaluation of the naira has been obvious for some time, all the more so after the latest drop in oil prices," Cameron said. Oil accounts for two-thirds of government revenue and almost all exports. The slump is weighing on growth, which is forecast to slow to 3.2 percent this year, the slowest pace this century, according to a Bloomberg survey of economists. *(Bloomberg)*

The Central Bank Nigeria (CBN) sold N136.24 billion in treasury bills with maturities from three months to one year at its first auction of the year on Wednesday, at higher yields than previously. The central bank sold N55.4 billion of three-month paper at 4 percent, up from 3.62 per cent at a sale on December 23. It also sold N25 billion of six-month debt at 6.99 per cent against 6.19 percent, and N55.84 billion of one-year paper at 8.05 per cent compared with 7.45 per cent. Total demand stood at 311.5 billion naira compared with 226.97 billion last time. Minister of Finance, Mrs. Kemi Adeosun, said the federal government would soon go to the debt market to raise fund in order to finance its capital expenditure. Adeosun disclosed the need to borrow both from local and international sources while having a chat with Bloomberg recently. She said the decision was considered in light of the pressure confronting the economy as a result of plunging oil prices in the global crude market. She said "We need to stimulate the economy because we cannot afford this downturn to be excessively prolonged." "We think we have the headroom to borrow. We're going to mix it between local and foreign debt. We're talking to multilateral agencies already and we're at an advanced stage. Then we'll look at the foreign capital markets. *(This Day)*

Tanzania

Corporate News

TWO banks have applied for listing on the Dar es Salaam Stock Exchange (DSE) after carrying out their initial public offers during the second half of last year. The banks, according to DSE, are Mufindi Community and Yetu Microfinance that seek to list on the bourse's second segment market, EGM. DSE Chief Executive Officer Moremi Marwa said the two institutions had already applied for listing on the bourse and they were waiting the entities to inform them on the IPO outcome, "If the IPO process and outcome meet our listing requirements and if there is any revised envisaged listing date." Yetu Microfinance IPO was mostly subscribed by small investors who managed to buy half of the total bid amounting to 12.5bn/-. Yetu's Managing Director, Mr Altemius Millinga, said recently that most of the investors who subscribed in the IPO were small scale earners who on average committed 174,000/- in shares. Due to many number of small investors who subscribed, the listing was pushed back from August 17 to a new date to be known after allotment process. Mr Millinga said the allotment process is slow as 12,500 small investors have to be registered and have a bank account. However, Mufindi Community Bank (MuCoBa) started the process of raising 5bn/- late last July to boost its core capital requirement and ended in first week of September. MuCoBa operates from Mafinga in Mufindi District and has two branches at Igowole at Madibira and one in Iringa municipality. *(Daily News)*

BANK M has posted a full year pre-tax profit increase of 16 per cent, notwithstanding the numerous challenges in the second half of last year. The bank said yesterday that the pre-tax profit went up to 23.27bn/- from 20.1bn/- of 2014 amid shilling depreciation and October 25 general election associated risks. Bank M's Deputy Chief Executive Officer (commercial) Ms Jacqueline Woiso said the challenges rocked across the banking industry. "But, we managed to overcome them and register an all-time high profit level," Ms Woiso told journalists in Dar es Salaam yesterday. The shilling lost its value last year by some 25 per cent to close the year at around 2,160/-. Other challenge the industry faced last year was regulatory, with the Bank of Tanzania's policy change that saw the increase of statutory minimum reserve ratio from five to 10 per cent. Bank M attributed the last year success largely to interest earning generated from lending portfolio, foreign currency dealings and fees and commission. The revenue from loans increased to 670.8bn/- in last year's fourth quarter (4Q) compared to 644.19bn/- of similar quarter 2014. The non-interest income also shot up by over 32 per cent to 23.66bn/- at the end of last December. In addition to good performance in terms of profitability, Ms Woiso said the bank has prudent lending practices enabling control of the non-performance loans that remains consistently at 2.5 per cent well below the industrial benchmark of five per cent. The bank's total assets increased by 25 per cent to 861.98bn/- at the end of 4Q last year compared to 689.35bn/- of 4Q 2014. Total deposits went up by some 24 per cent to 726.89bn/- at the end of 4Q in 2015. Bank M, which has been in business in the last nine years, has bagged various international awards including the Commercial Bank of the Year-Tanzania 2015 given by International Banker magazine, The Best Corporate Bank and the Best Community Development Bank for East Africa granted. (Daily News)

Economic News

THE banking sector has continued growing in terms of deposits and assets, thanks to favourable macroeconomic environment. The Bank of Tanzania (BoT) said in its latest Financial Stability Report (FSR) that the sector growth was also the results of remained resilient to internal and external shocks. The report showed that total assets grew by 12.4 per cent during six month to September last, while deposits grew by 6.7 per cent. "The sector was adequately capitalized," FRS of September said adding "with ratio of core capital to total risk weighted assets well above the regulatory requirement." The core capital to total risk ratio was 16.7 per cent between March and September 2015 well above the regulatory requirement of 12.5 per cent. BoT said the credit portfolio was fairly diversified as measured by ratio of aggregate large exposures to core capital of 126.8 per cent in September 2015 from 137.0 per cent recorded in March 2015. "The levels were within the regulatory limit of 800 per cent," the report showed. It added: "Stress testing results revealed that, in aggregate terms, the sector was resilient to interest, credit and exchange rate shocks".

Financial markets experienced tight liquidity conditions owing to strengthening of the US dollar and policy actions to mitigate exchange rate volatility. The shilling depreciated by 20.6 per cent in six months to last September to 2,135/40 a US dollar. "As foreign exchange volatility increased," FSR said, "money markets experienced tight liquidity which was accompanied by rising cost of funds." The overnight interbank quarterly weighted average rate in September 2015 doubled to 14.3 per cent from March 2015. On the other hand, capital markets experienced slowdown as reflected by a decline in total market capitalization by 1.8 per cent to 22.166 trillion/- on account of depreciation of share prices of some domestic and cross listed companies. The report concluded that the country's financial system is expected to remain resilient in the next six months in light of positive macroeconomic outlook and improvement in regulatory oversight. However, according to BoT, the system is vulnerable to increased downside risks arising from unfolding global macroeconomic and financial environment.*(Daily News)*

DECLINE of exports and increased imports contributed largely to the widening of the Zanzibar current account to a deficit of 181.1 million US dollars in the period ended October last year compared to 82.8 million US dollars recorded in the corresponding period 2014. According to the Bank of Tanzania (BoT) monthly economic review, the out turn was mainly driven by decline in exports of goods, current transfer inflows, as well as increase in imports of goods and services. During the period under review, the exports of goods and services declined by 21.1 per cent to 233.4 million US dollars from the corresponding period in 2014. Goods exports fell substantially by 63.6 per cent to 34.5 million US dollars on account of declines in both volume and value of cloves exports. The volume of cloves exports dropped to 1,900 tonnes from 5,300 tonnes in the year ending October while its value fell by 66.9 per cent to 19.7 million US dollars, due to cyclical nature of the crop. Service receipts amounted to 198.8 million US dollars during the year ending October 2015 compared with 201 million US dollars in the year corresponding period 2014. Imports of goods and services amounted to 431.9 million US dollars in the year ending October 2015 compared with 409.5 million US dollars in the corresponding period in 2014. Goods imports increased to 286.2 million US dollars from 263.9 million US dollars; mostly driven by intermediate goods imports, particularly petroleum products, including oil. *(Daily News)*

Tanzania's government plans to sell shares in the state-owned power utility to the public this year and split it into separate generation, transmission and distribution units, Energy and Mining Minister Sospeter Muhongo said. The state will offer as much as 49 percent of Tanzania Electric Supply Co., or Tanesco, while the government will retain a controlling stake, Muhungo said in an interview published in the Nairobi-based East African newspaper. The government will also invest $1.2 billion in the company over 10 years, boosting efforts to increase electricity production to 10,000 megawatts by 2025 from 1,400 megawatts, Muhongo said. Business owners in Africa's third-biggest gold producer told President John Magufuli at a meeting last month that inadequate and unreliable power supply is increasing production costs and frustrating their operations, The East African reported. Magufuli was elected in October with pledges to boost power output in order to expand industrial capacity. *(Bloomberg)*

SLOWDOWN of emerging markets economies, low commodity prices and tight global and domestic financial conditions pose downside risks to sustained growth of Tanzania's economy. According to the Financial Stability Report (FSR), for six months of September last year the economy is expected to grow at 7.0 per cent in 2016 compared to 6.9 per cent in 2015, despite the risks, supported by increased investment in infrastructure, manufacturing and tourism sectors. "Risks arising from corporate sector are expected to increase in the next six months on account of exchange rate volatility and weak demand for export commodities stemming from slow growth in the Emerging Market Economies," stated the report. Household debt is projected to grow in the next six months on account of government initiative to encourage mortgage lending. Down payment for housing purchases was reduced from 20 percent to 10 percent to encourage uptake of housing mortgage cost. The banking sector risks are expected to remain low except for foreign exchange risks stemming from further strengthening of US dollar in the event of US normalisation of monetary policy and increase in interest rates. Risks arising from Nonbank Financial Sector are expected to increase in the next six months.

Uncertainties regarding monetary policy normalization in advanced economies may trigger volatility in the domestic financial markets. Risks arising from insurance sector are expected to remain low on account of improved performance. Risks in Social Security Sector are also expected to remain low on account of implementations of reform programmes. Risks to EAC macrofinancial environment are expected to increase due to slowdown in emerging market economies and decline in commodity prices. However, low oil prices are expected to positively impact on the import bills of EAC member states, while strengthening of the US dollar will elevate foreign exchange risk. The results of stress testing revealed that, in aggregate terms the sector was adequately capitalized to absorb the shocks. The banking sector was subjected to shocks relating to increase in credit, interest and exchange rate risks. Risks arising from macrofinancial environment are expected to increase in the next six months on account of continued slowdown in emerging market and developing economies due to weakening economic activity, declining commodity prices and tighter financial conditions. Additionally, uncertainties regarding normalization of monetary policy in advanced economies will contribute to further tightening of financial conditions. Volatilities in Emerging Market Economies will negatively affect asset prices and credit allocation as foreign debt servicing capacity for public and private corporations deteriorates thus weakening bank balance sheets. *(Daily News)*

INSURANCE sector has recorded substantial growth in terms of assets and premiums, registering favourable financial soundness with growth in total assets attributable to underwritten premium income and investment returns. According to the Financial Stability Report (FSR) for the six months ended September last year, total insurance assets increased to 692.9bn/- compared to 590.5bn/- registered in the year before, which is 11.8 per cent change. The general insurer's retention rates were 57.9 per cent of total Gross Premium Written (GPW). The retention rates were consistent with the prudential retention ratio of between 30 per cent and 70 per cent of GPW. Exposure to liquidity risk declined on account of enhanced capital. The General and Life insurers' liquidity ratios rose to 106.7 per cent and 57.4 per cent in June 2015, respectively from 63.2 per cent and 43.5 per cent in the same order reported in March 2015. Both ratios were above the minimum prudential requirements of 95 per cent and 50 per cent, respectively. Insurance sector investment portfolio remained relatively diversified. The insurers' investment assets comprised of term deposits 51.6 per cent, real estate investments 17.4 per cent, shares 15.8 per cent, and government securities 12.0 per cent, Investments in Related Parties 2.1 per cent and Other Financial Investments 1.1 per cent.

However, investment in real estate was slightly above the regulatory threshold. Insurance sector was adequately capitalised at end June 2015 as measured by solvency ratio of both General Insurance and Life Assurance. The general insurers' ratio was 63 per cent, above the minimum prudential requirement of 25 per cent. Likewise, life insurers' solvency ratio was 28.8 per cent compared to the minimum requirement of eight per cent. Tanzania Insurance Regulatory Authority (TIRA) continues to apply supervisory tools including additional capital injection to enhance sector's ability to cushion against potential risk. During the period under review, the level of risks for general insurance as measured by provision for actuarial liabilities to capital was low. The sector's ability to withstand adverse deviations of actuarial liabilities was high as reflected by a ratio of 23.5 per cent at the end of June 2015 against the statutory limit of 250.0 per cent on account of capital enhancement during the year to June 2015. Capital enhancement is also reflected by General insurers decline in return on equity to 7.2 per cent at end June 2015 from 10 per cent during the corresponding period in 2014, despite increase in the rate of return on investment to 6.7 percent from four per cent. (Daily News)

Zambia

Corporate News

No Corporate News This Week

Economic News

Zambia's president has reversed a sharp increase in electricity tariffs aimed at generating revenue for investment in additional supply, saying the hike had ended up hurting the poor, a presidential spokesman said on Monday. Zambia's state power utility Zesco Ltd. on Dec 3 increased the average price of electricity to 10.35 U.S. cents per kilowatt hour (KWh) from 6 U.S. cents per KWh. "The president directed Zesco to revert to the old tariffs until measures are put in place to ensure that poor consumers are protected," presidential spokesman Amos Chanda said. Mining companies were unaffected by the increase because they have separate bulk power supply agreements with Zesco and power supplier Copperbelt Energy Corp. (CEC). *(Reuters)*

Zambia will hold presidential and parliamentary elections on Aug. 11 under a new constitution, a government spokesman said on Monday. The elections are expected to be tight contest between President Edgar Lungu's ruling Patriotic Front (PF) party and Hakainde Hichilema's opposition United Party for National Development (UPND). Lungu is expected to assent to the constitutional amendments on Tuesday, ratifying the election date, his spokesman Amos Chanda said. Under the previous constitution, the president set the election date every five years. "The new constitution has a fixed election date and that will take effect as soon as the president signs," Chanda told Reuters. Other amendments include a clause requiring a winning presidential candidate to get more than 50 percent of the valid votes cast, he said. Presidential candidates will run on a joint ticket with a vice-presidential candidate, unlike the present situation where the president appoints his deputy, Chanda said. *(Reuters)*

Zimbabwe

Corporate News

London-listed junior miner Vast Resources on Monday announced that it had secured a $ 7,3 million investment from United States-based venture capital firm Crede Capital, which will take up shareholding in the company. Vast, previously African Consolidated Resources (AFCR), owns 50 percent of Pickstone-Peerless gold mine in Chegutu — 100 kilometres south-west of Harare. It also has operations in Romania. According to a Binding Subscription Agreement entered into by the two companies, Vast would issue Ordinary Shares to Crede Capital in four separate tranches to Creed Capital for an investment of £5 million. In a statement on Monday, chief executive Roy Pitchford said the financing was key and may be utilised for general working capital purposes. "Securing a long term, cornerstone investor has been a requirement of the Company since its transition from a junior explorer to a mine operating company," said Pitchford. Pitchford said the financing was staged to minimise dilution to existing shareholders while simultaneously providing maximum flexibility to the company. Following the issue of the first tranche, Crede Capital would hold 156,250,000 Ordinary Shares representing 8.61 per cent of Vast Resources issued share capital. Crede Capital is a family fund focused on life sciences, healthcare, energy, natural resources, media, social media and technology. Since its inception in 2009, Crede has completed approximately 115 transactions, committing in excess of $900 million in capital. *(The Source)*

Toronto listed, Caledonia Mining Corporation is targeting annual production of 50 000 ounces this year at its subsidiary, Blanket Mine. This will be a 17 percent increase from the production achieved in 2015. Total gold production for 2015 was approximately 42 806 ounces, a 2,5 per- cent increase over the annual gold production of 41 771 ounces in 2014 and 1,9 percent higher than the production guidance of 42 000 ounces for 2015. The mining company said 11 518 ounces of gold was produced during the fourth quarter of 2015 representing a 10,6 percent increase on the gold produced during the same period in 2014 (10 417 ounces) and a 5,4 percent increase on the gold produced during the third quarter of 2015 (10 927 ounces). Quarterly production profile is expected to be 10 700 ounces of gold in the first quarter increasing to approximately 14 000 ounces of gold by the fourth quarter of 2016. Caledonia chief executive Mr. Steve Curtis yesterday said increased production in 2016 will be derived from the No.6 Winze, which is scheduled to commence production in the middle of the first quarter of 2016, and will provide access to ore below 750 meters "Target production for 2016 of approximately 50 000 ounces represents an increase of approximately 17 percent from the production achieved in 2015. The increased production in 2016 will be derived from the No.6 Winze, which is scheduled to commence production in the middle of the first quarter of 2016, and will provide access to ore below 750 metres. "Production in the fourth quarter of 2015 was higher than in both the preceding quarter and the comparative quarter of 2014. Production in 2015 was also higher than the previous year and slightly exceeded our guidance," said Mr. Curtis. "Increased production reflects continued progress in implementing the Revised Investment Plan, announced on November 3, 2014. The completion of Tramming Loop on 22-Level (750 metres below surface) slightly ahead of schedule in Mid-2015 was an important factor which contributed to increased production by alleviating underground logistical problems which constrained production in 2014." Mr. Curtis said due to the high fixed cost component at Blanket and the generally stable environment for input costs, projected increase in production to approximately 50 000 ounces of gold is expected to result in a lower average production cost per ounce. *(Herald)*

ARISTON Holdings' profit after tax for the year-ended September 30, 2015 stood at $1,7 million compared to $1,5 million in 2014. Finance costs for the group stood at $2,2 million and the weighted average cost of borrowing during the period was 18,8% per annum. Revenues for the group declined by 6% to $11,8 million from $12,5 million in 2014. Operating losses continued to come down and were significantly reduced by $3,2 million the prior year to $300 000 in 2015. Ariston Holdings chairperson Robbie Mupawose said the fundamentals of a shrinking economy and high interest rates continued to put a strain on the group, while working capital was at times critically short. "Certain key crops such as macadamia have performed very well while others such as tea continue to suffer from low international prices," Mupawose said. "Strong performance from macadamia and deciduous fruit are the positive results of the recent investments. Short-term crops have been a disappointment this season. As production from plantation crops increases, the emphasis on annual cropping will decline.

"The group will begin macadamia harvesting this month. Prices for macadamia nuts remain firm and interest from buyers is strong." Mupawose said early rains were limited on the tea estates amid predictions of a below-average season. He said early season stone fruit production had been slightly disappointing and exports sales had preceded expectations while local sales prices had been forced downwards by increased local production. Mupawose said working capital would again be at a premium for the first half of the year. The group this week announced that it was still negotiating a transaction which if successful will have an impact on the company's share price, capital structure and in turn the shareholding structure of the company. "The transaction involves a proposal received by the board from the major shareholder of the company, Origin Global Holdings, which is undergoing the normal Zimbabwe Stock Exchange listing requirements and other regulatory requirements, and shareholders will be provided with more details in due course," Mupawose said. *(News Day)*

Economic News

Rainbow Tourism Group (RTG) says the RTG Online Auction platform has since inception in June last year contributed positively to the group's domestic tourism growth. RTG auctions enable customers to bid and pay for accommodation, conferencing and banqueting packages online at affordable prices. At the launch in June, RTG chief executive Tendai Madziwanyika said the auction concept is aimed at driving domestic tourism and offering affordable auction packages to both domestic and international tourists. In an interview, RTG commercial director Shupai Marware said the market's response to the RTG Online Auction has been positive and activity has been progressive as the group continue to create awareness of the platform. "Our revenue target for the first six months was $50 000. We are targeting $300 000 for the full year 2016,"he said. Mr. Marware said the company has to date managed to recoup the marketing investment in the RTG Auctions project within the first month from the launch of the product. He said to date the platform has achieved a 53 percent revenue conversion rate and this can be attributed to the marketing investment made to create market awareness of the product and its benefits. "Unlike other online platforms and distribution channels such as Global Sales Agents and Global Access Platforms which require commissions and handling fees, RTG Auctions is profitable as all the revenues come directly to RTG. "Again the platform has minimal running costs as it is hosted on the RTG website and managed internally through our E-Commerce department," he said. In terms of revenue split, Mr. Marware said 70 percent of the revenue is generated from domestic market, while 30 percent is from the foreign market. Mr. Marware also said the group has other online channels managed through the E-Commerce function, which contribute 3 percent to total revenue, with an annual revenue target of just under a million dollars. He said other initiatives in the pipeline include developing RTG Virtual online platform and strategic global partnerships. "We are continuously exploring technological innovations in an effort to deliver seamless, fast and affordable hospitality services to our customers," he said. *(Herald)*

GOVERNMENT yesterday unveiled a new framework to the Indigenisation and Empowerment Policy containing a cocktail of measures expected to complement other initiatives to attract local and Foreign Direct Investment. Over the past few weeks, Finance and Economic Development Minister Patrick Chinamasa and his Youth, Indigenisation and Economic Empowerment counterpart Patrick Zhuwao appeared to differ on the framework and last week had to cancel a joint media briefing they had planned. The ministers, however, managed to find each other under the direct supervision of Acting President Phelekezela Mphoko and yesterday held a joint Press conference with Reserve Bank of Zimbabwe Governor Dr John Mangudya to unveil the new indigenisation framework developed in line with Zim-Asset and the 10-Point Plan for Economic Growth enunciated by President Mugabe in his State of the Nation Address last year. The guidelines also put into effect pronouncements by President Mugabe during the Zanu-PF 15th Annual National People's conference last month that Government would not tolerate companies that refuse to comply with indigenisation this year. Minister Zhuwao said they had now agreed on procedures and guidelines for implementing the Indigenisation and Economic Empowerment Act (Chapter 14:33) as directed by Cabinet. "As we move forward, the emphasis is on implementation of the indigenisation law starting with the submission of the indigenisation implementation plan, which every company affected should submit as soon as possible but no later than 31 March 2016," he said. "We want to emphasise that compliance with the indigenisation law is the cornerstone of Government policy as given to it by Zanu-PF." He said models that allowed the achievement of Zim-Asset goals within the legislative framework of the Indigenisation and Economic Empowerment Act would be developed in line with appropriate line ministries.

As such, Minister Zhuwao said, stakeholders should engage with the respective sector ministries for input towards the development of the models. Minister Chinamasa said there had been a "robust debate" before an agreement was reached on the framework. "We have now come up with an improved product, which is very conducive for investment," he said. "It's a milestone in the turnaround of the economy. We have now closed ranks to emphasise implementation. This was the last policy requiring clarity and now that we have done it, we simply need to implement. We have now clarified the position and if there are any difficulties they know where to go." Minister Chinamasa said certain sectors would be reserved for local people to give space to "our people to grow and prove their expertise through that limited protection." "To emphasise a local participation in the economy by indigenous people, is a must," he said. "Without that we would have no economy. Foreign investment will come to complement what local participants are doing. A lot of models are going to be worked on so that we enhance local participation. We know our bottlenecks are funding and entrepreneurship and we will find ways of addressing them. The Finance Minister said the new guidelines were an "improved text" from what he had gazetted last week. "We now have a refined document I am lending my weight to this document," he said. According to new frameworks, a raft of measures will be introduced and they include "invoking Section 17 of the Act albeit in a manner that recognises businesses that are complying with the legislation through the provision of indigenisation legislation compliance rebates, indigenous shareholding rebates and rebates for achieving socially and economically desirable objectives." "A maximum possible 100 percent indigenous compliance and empowerment rebate score will mean that a business has effectively complied with indigenisation and economic empowerment programme and does not need to pay the indigenisation compliance and empowerment levy," reads the framework. To economically empower indigenous Zimbabweans, the framework states, "empowerment credits may be taken into account in achieving the 51 percent indigenisation threshold."

In the resource based sector, Government designated entities shall continue acquiring 51 percent equity in businesses exploiting natural resources at no monetary consideration serve for the contribution of the resource being exploited. In the non-resource based sector, General Notices (459 of 2011 and 280 of 2012), which were developed by sector specific committees taking into consideration the strategic direction of those sectors will continue being operational. No new non-indigenous business will be allowed to invest in the reserved sector unless, "under special cases as determined by line ministries and approved by Cabinet." The indigenisation compliance and empowerment levy will be levied on all business and the money would go into a Fund that will support empowerment projects for locals. The amount is yet to be fixed. The market friendly and flexible framework includes the offering of empowerment credits and rebates to investors, articulation of the indigenisation compliance and empowerment levy and the requirement that all Government departments, statutory bodies and local authorities buy at least 50 percent of their goods from local businesses. Also re-emphasised by the new framework is the indigenisation of businesses in the resources based sector, non-resources based sector and reserved sector, procedures for ensuring compliance with the legislation and the indigenisation compliance process flow. All companies that have not yet submitted their indigenisation plans are required to do so—through the Zimbabwe Investment Authority—by March 31.*(Herald)*

The market capitalisation for the Zimbabwe Stock Exchange (ZSE) fell by $1.27 billion and the main index shed 30 percent in 2015, as foreign investors sold shares and the economy slowed, data from the exchange showed on Monday. The ZSE's industrial index, the main gauge of activity on the bourse, stood at 114.85 points in December, down 29.6 percent from January as companies reported weak earnings due to power shortages and depressed domestic demand. Market capitalisation for the industrial index, which stood at $4.37 billion in January last year, fell 30 percent to $3.1 billion in December and is now half its historical peak reached in July 2013. The total value of shares traded on the ZSE last year was $228.6 million, a decline from $453 million in 2014. Foreign investors bought $125 million worth of the shares compared to $287 million the previous year. Foreign investors prefer shares in large consumer-oriented firms such as mobile phone service provider Econet Wireless, brewer SABMiller's local unit Delta and food retailer Innscor. "We will see this trend continue this year as we expect the economy to weaken further and the sell-off by foreign investors will likely continue," a trader with a local stock broking firm said. The government has projected a 2.7 percent growth in 2016 from 1.5 this year, but economic analysts say a looming drought will hit agriculture production while low commodity prices will result in lower mineral export earnings. *(Reuters)*

South Africa's power utility Eskom on Tuesday said it had signed an agreement to sell 300 megawatts to its Zimbabwean counterpart, to help alleviate power shortages in its northern neighbour. Eskom did not say when the agreement was signed, but local energy officials said the talks were finalised last month, with the imports starting towards year-end. "Eskom has signed a power supply agreement with its

Zimbabwean counterpart Zesa, but there is no secrecy about this," said Eskom in a statement. "Eskom is part of the Southern African Power Pool (SAPP), and so is Zesa, where member utilities sell surplus electricity to each other depending on the need." Zimbabwe has suffered from crippling electricity shortages for most of the last decade, and is producing half of its peak demand of 2000MW from both hydro and coal power generation. Eskom said it has been involved in the electricity sector in various countries in Africa for a long time, utilising different forms of engagements, mainly bilateral trading arrangements such as Power Purchase and Power Sales Agreements. "Eskom is also committed to ongoing participation in the Southern African Development Community (SADC) region through SAPP as an institution," said Eskom. "We are aware that our responsibilities to supply our neighbouring countries may create an apparent conflict when the domestic supply-demand balance is constrained. To reduce the impact of exports, we have ensured that power supply agreements with SAPP trading partners are sufficiently flexible to allow for the following controls during emergency situations in South Africa." SAPP is made up of South Africa, Botswana, Lesotho, Mozambique, Namibia, Swaziland, Zambia and Zimbabwe. *(The Source)*

ZIMBABWE has signed a major trade pact with the World Bank-rated Golden City for Investment Environment in China which seeks to promote investment inflows, trade exchanges and develop economic co-operation. The Memorandum of Understanding signed yesterday at the Zimbabwe-Qingdao Investment Conference will provide a platform for the business circles of the two sides, the Bureau of Commerce of Qingdao Municipal Government and Zimbabwe, as represented by the Ministry of Macro-Economic Planning and Investment Promotion.
The Deputy Minister of Macro-Economic Planning and Investment Promotion Monica Mutsvangwa signed the MoU on behalf of Government while the deputy director general of Qingdao Bureau of Commerce Mr. Chunyu Xianli signed on behalf of the Chinese city. The conference and the signing of the MoU was part of a four-day itinerary for the visiting 12-member delegation from China's Qingdoa City. Located in eastern China, Qingdao was named the Golden City for Investment Environment in China by the World Bank following its tremendous economic growth over the years. The city has also been named the Best Emerging Business City in China by Fortune magazine. The partnership with Qingdao through the MoU links Zimbabwean companies to a network of international businesses such as Haier, Hisense, Tsingtao Beer and Kingking which are based in the Chinese city. Haier, Hisense, Tsingtao Beer and Kingking have collectively invested in 1 158 projects in over 90 countries and regions. The brand names of Qingdao play important roles in international exchanges and communications

Qingdao is home to 25 444 foreign companies with a total paid-up capital of $60,4 billion. By September last year 242 projects had been set up by 124 overseas Fortune 500 companies in Qingdao. The city enjoys 12 000km of sea area and 863km of coastal line and is home to 30 percent of all the marine science research institutes in China with 40 percent of top scientists taking 50 percent of the key national marine scientific research projects. In 2014, Qingdao received 66 million visitors from home and abroad. The strategic geographic and economic muscle of Qingdao provides a platform for Zimbabwe, the Acting Minister of Macro-Economic Planning and Investment Promotion, Dr Lazarus Dokora told the Qingdao-Zimbabwe Investment Conference. "I am aware that Qingdao City boasts one of the fastest GDP growth areas and that Qingdao's economic success has been sustained by flourishing local business and large foreign direct investment with major pillar industries consisting of electronics, petrochemicals, automobiles, machinery, metallurgy, building materials, biopharmaceuticals, textiles and garments and various beverages and processed foods," said Minister Dokora. "All these products fall under important sub-sectors which I am sure can facilitate a turnaround of the Zimbabwean economy and, to that effect, investors from Qingdao province are invited to venture in any of the noted sectors," he said.

The 12-member delegation comprises of officials from the Qingdao Overseas Investment Service Centre, the Qingdao Branch of the People's Bank of China, the Qingdao Bureau of Commerce, and the Qingdao Communist Party of China (CPC) Committee. Government expects that concrete deals will be cemented while the delegation is in the country. "Zimbabwe is endowed with diversified economic offerings spread across the major provinces and cities of the country. This dovetails will with the intended collaboration between Qingdao and Zimbabwe as it ensures that in any city that our Chinese investors may consider there is viable economic activity to engage in," said Minister Dokora. Qingdao has the longest sea bridge in the world — the Jiaozhou Bay Bridge and the longest undersea tunnel in China — the Jiaozhou Bay Tunnel, with Qingdao Port connecting to over 700 ports all over the world. The city's deputy mayor Mr. Wang Wei said trade volumes between Zimbabwe and Qingdao reached $19,43 million in 2014. "In 2015, the two parties have seen further co-operation in various areas," said Mr. Wang. Qingdao Hengshun Zhongsheng Group invested in two gold mines in Zimbabwe last year while in 2014, Qingdao Ruichang Cotton established China-Africa Zimbabwe Company and invested in two factories. The Chinese official said Qingdao Beverage Group Company Limited, Shangdong Electric Power Construction Corporation III and Qingjian Construction Group are making thorough investigations of the Zimbabwean market. *(Herald)*

Zimbabwe's banking sector profits surged over ten-fold to $86,09 million in the nine months to September 2015 from $7,47 million profit recorded in the same period in 2014 driven by growth in net interest income, latest statistics show. The central bank said in its third quarter banking sector review that a total of 14 out of 18 operating banking institutions — excluding Tetrad Investment Bank which is under provisional judicial management — recorded profits during the period under review. "The profitability indicators for the banking sector as measured by the average return on assets and return on equity improved from 0,37 percent and 2,54 percent as at 30 September 2014 to 1,37 percent and 7,91 percent as at 30 September 2015, respectively," said the RBZ. The central bank noted that the major source of income for the banking sector was interest income, largely from loans and advances, which constituted 63,46 percent of total income amounting to $799 million. Non-interest income accounted for 36,54 percent of total income largely comprised of fees and commissions. Total banking sector deposits and loans amounted to $5,5 billion and $4 billion, respectively. "Demand deposits continue to dominate the sector's funding sources while banking sector lending to individuals, agriculture and manufacturing were 25 percent, 17 percent and 13 percent respectively," the RBZ said.

"Non-performing loans ratio improved from 14,52 percent as at 30 June 2015 to 14,27 percent as at 30 September 2015. Nonetheless, credit risk continued to be a significant risk for the sector," the central bank added. The sector average capital adequacy ratio remained largely static at 19,7 percent by end of September last year from 19,72 percent in the previous quarter. This position is above the minimum regulatory capital adequacy ratio of 12 percent. Analysts say confidence is slowly creeping into the sector long dogged by poor corporate governance, high interest rates and increasing insider non-performing loans. The RBZ said all operating banking institutions – excluding TIB – were in compliance with the prescribed $25 million minimum capital requirements. "Banking institutions are expected to continuously review their capital positions to assess adequacy in respect of the risks assumed in the intermediation role. In this regard, preservation of capital remains key to all players in the sector," said the central bank. The financial services sector's aggregate core capital base increased to $916,81 million in the quarter to September from $899,10 million in the previous quarter due to capitalisation of earnings. The banking sector's net capital base in the quarter under review also increased to $1,07 billion from $1,04 billion. *(The Source)*

The Reserve Bank of Zimbabwe's decision to officially include the Chinese yuan as a reserve currency could improve liquidity in the country, a South African based research firm has said, but noted Beijing stood to gain more from the arrangement. NKC African Economics, an Oxford Economics company said in a research note released this week that the yuan's new status as a reserve currency implies that it will be held in the vaults of the central bank and will be made available for international payments, though not for the public. "Moreover, the 'seal of approval' by the International Monetary Fund (IMF) to add the yuan to its basket of reserve currencies in December last year will improve business confidence in dealing with the Chinese currency," said NKC. Zimbabwe abandoned its local currency in 2009 after it was ravaged by inflation in favour of multi-currency system but has continually faced liquidity problems. The Chinese currency has been a legal tender in the country's multi-currency system for two years but was not available for market transactions. Finance minister Patrick Chinamasa said in December that Zimbabwe will officially implement the Chinese yuan as a reserve currency of the central bank after China agreed to cancel Harare's $40 million debt. As a reciprocal gesture, Zimbabwe will use the Chinese yuan in international payments to China, thus improving bilateral trade between the two countries. However, NKC African Economics believes China has more to gain from the deal than the troubled southern African country. "While improved business relations with China and the possibility of debt relief are positive developments for Zimbabwe, all may not be what it seems regarding the Asian giant. China is a good friend, that is not at issue, but Beijing also has its own agenda, its own needs, and its own wants – of which friendship is just one aspect," NKC added. *(The Source)*

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