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
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- ⇒ Zambia
- ⇒ Zimbabwe

AFRICA STOCK EXCHANGE PERFORMANCE

Country	Index	2-Jun-17	9-Jun-17	WTD % Change Local	WTD % Change USD	31-Dec-16	YTD % Change Local	YTD % Change USD
Botswana	DCI	9346,10	9315,32	-0,33%	0,54%	9700,71	-3,97%	0,54%
Egypt	CASE 30	13467,29	13683,66	1,61%	1,34%	12344,00	10,85%	11,32%
Ghana	GSE Comp Index	1918,94	1917,27	-0,09%	-1,93%	1689,09	13,51%	10,08%
Ivory Coast	BRVM Composite	262,65	259,54	-1,18%	-1,10%	292,17	-11,17%	-5,37%
Kenya	NSE 20	3473,19	3468,68	-0,13%	-1,70%	3186,21	8,87%	7,23%
Malawi	Malawi All Share	15573,68	15573,68	0,00%	0,33%	13320,51	16,92%	15,98%
Mauritius	SEMDEX	2076,43	2086,98	0,51%	-1,97%	1 808,37	15,41%	16,53%
	SEM 10	402,30	405,25	0,73%	-1,76%	345,04	17,45%	18,59%
Namibia	Overall Index	1033,84	1020,23	-1,32%	0,06%	1068,59	-4,53%	1,38%
Nigeria	Nigeria All Share	31371,63	33276,68	6,07%	4,63%	26 874,62	23,82%	18,57%
Swaziland	All Share	386,10	387,80	0,44%	1,85%	380,34	1,96%	8,26%
Tanzania	TSI	3330,40	3346,18	0,47%	-0,42%	3677,82	-9,02%	-13,44%
Zambia	LUSE All Share	4587,84	4691,35	2,26%	2,69%	4158,51	12,81%	20,30%
Zimbabwe	Industrial Index	167,98	177,79	5,84%	5,84%	145,60	22,11%	22,11%
	Mining Index	69,63	69,63	0,00%	0,00%	58,51	19,01%	19,01%

CURRENCIES

Currency	2-Jun-17 Close	9-Jun-17 Close	WTD % Change	YTD % Change
BWP	10,14	10,06	-0,86	4,70
EGP	18,03	18,08	0,27	0,42
GHS	4,29	4,37	1,88	-3,02
CFA	584,12	583,61	-0,09	6,53
KES	101,52	103,14	1,59	-1,50
MWK	719,13	716,76	-0,33	-0,80
MUR	33,42	34,26	2,53	0,97
NAD	13,03	12,85	-1,38	6,18
NGN	312,16	316,48	1,38	-4,25
SZL	13,03	12,85	-1,38	6,18
TZS	2 210,32	2 230,09	0,89	-4,86
ZMW	9,24	9,20	-0,43	6,64

SECURITIES AFRICA

Botswana

Corporate News

Botswana's largest tourism company, Wilderness Holdings , is the government's preferred bidder for national airline Air Botswana, which is being privatised, a transport ministry official said on Wednesday. Wilderness, which operates small aircraft under Wilderness Air, beat South Africa's CemAir at the last hurdle of the bidding process, Kabelo Ebineng, permanent secretary in the transport and communication ministry, said. "Looking at what we want to achieve with the airline, Wilderness has been chosen by the cabinet as the preferred bidder," Ebineng told a parliamentary committee. "We expect a deal to be completed in the next 9-12 months." Air Botswana has been making losses, blamed on a large workforce and an aging fleet, which prompted the government to launch a turnaround plan that includes cutting costs and cancelling unprofitable routes. It has already stopped flights to Harare and Lusaka. Ebineng did not elaborate on what form the privatisation will take, but the government in its invitation for bids had said it was open to joint ventures, ownership, franchising and concessions. Wilderness runs luxury resorts in eight African countries and Wilderness Air operates 35 small aircrafts in Botswana, Zimbabwe, Zambia and Namibia, mainly for tourists. Air Botswana operates four domestic routes and also flies to Cape Town and Johannesburg. *(Reuters)*

Economic News

No Economic News This Week

WEEKLY AFRICAN FOOTPRINT

TRADING

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Egypt

Corporate News

No Corporate News This Week

Economic News

Egypt's foreign reserves jumped to $31.126 billion at the end of May from $28.641 billion at the end of April, boosted by last month's Eurobond sale, the central bank said on Sunday. Egypt, which has been struggling to revive its economy since a 2011 uprising, sold $3 billion of Eurobonds in May, twice as much as targeted. That confirmed growing foreign appetite for the country's debt as it follows through with economic reforms aimed at cutting a budget deficit and luring back investors. In November Egypt abandoned its currency peg of 8.8 per dollar and floated the pound, which then halved in value. It also raised its key interest rates by 300 basis points, helping Egypt to clinch a $12 billion International Monetary Fund programme. Last month, the central bank raised its key interest rates by another 200 basis points after inflation reached a three-decade high. The moves helped the country lure back foreign investors to its treasury sales. Foreign investors in Egyptian government securities rose to 136 billion Egyptian pounds ($7.52 billion) in May from 120 billion pounds a week earlier. Last month's Eurobond sale, which reached Egypt's central bank on May 31, was the second such sale this year. Egypt had earlier raised $4 billion at a Eurobond sale in January that also exceeded expectations. The steady climb in Egypt's foreign reserves since it floated the pound brings them closer to pre-2011 levels of around $36 billion. *(Reuters)*

Egypt is looking to ramp up petroleum production over the next two years, aiming to reduce fuel imports to about 10 percent of total consumption from 30 percent currently, media quoted Oil Minister Tarek El Molla as saying. Once an energy exporter, Egypt has turned into a net importer in recent years, squeezed by declining production and increasing consumption. Egypt has been trying to reverse that trend, speeding up production of oil and gas at recent discoveries. Large natural gas finds are expected to make Cairo self-sufficient in gas by the end of 2018, and it is now looking to make similar progress in petroleum. "The Ministry of Petroleum has put forward a plan ... to increase the country's production of petroleum products and reduce its reliance on imports to 10 percent of total consumption by 2019," Molla said in remarks published in financial newspaper Al-Borsa on Sunday. Molla said Egypt consumes 6.8 million tonnes of fuel per month. The country is in talks with its liquefied natural gas (LNG) suppliers to defer contracted shipments this year and aims to cut back on purchases in 2018, as surging domestic gas production pushes back demand for costly foreign imports. *(Reuters)*

Egypt has allocated 145 billion Egyptian pounds ($8 billion) for fuel subsidies and 80 billion pounds for electricity subsidies in its budget for the 2017-18 fiscal year beginning in July, a cabinet statement said on Monday. Egypt in November signed a $12 billion three-year International Monetary Fund loan agreement that includes sweeping economic reforms including subsidy cuts. The government has not said when it would next hike fuel prices. *(Reuters)*

Egypt has imposed temporary import tariffs on rebar steel from China, Turkey and Ukraine to protect local manufacturers suffering from losses, the trade ministry said in a statement on Tuesday. The tariff will be set at 17 percent for Chinese steel, 10-19 percent for Turkish steel, and 15-27 percent for Ukrainian steel, it said. The decision followed an investigation that has gathered complaints from local manufacturers failing to compete with imported alternatives, the statement said. "It (the decision) is intended to protect local manufacturing from harmful practices by imported alternatives," Trade Minister Tarek Kabil said in the statement. The decision will remain valid for fourth months but it was not immediately clear when it would come into effect. *(Reuters)*

An Egyptian court has decided to re-instate a zero tolerance policy on common grain fungus ergot, lawyers on the case told Reuters on Tuesday, plunging trade with the world's largest wheat importer back into uncertainty. Egypt last year scrapped a ban on ergot in grain imports after it effectively halted purchase tenders because trading houses refused to participate, saying the ban was an impossible requirement. In its place, Egypt imposed a more internationally standard 0.05 percent tolerance threshold for ergot and restructured its food inspection system, transferring responsibility for strategic agricultural imports from the agriculture ministry's quarantine body, which favoured the ban, to the trade ministry. A ruling scheduled for next week will scrap that new system, effectively reinstating the ergot ban, according to lawyers who were informed of the court's decision verbally on Tuesday. The verdict is expected to be formally announced on June 13 and is subject to appeal but must be implemented during the appeal process, said Khaled Ali, one of the lawyers on the case. An agriculture ministry spokesman told Reuters the inspection system for grain imports remained unchanged, as did the permitted level of ergot in wheat shipments - currently 0.05 percent. The trade ministry declined to comment.

The case was brought by a group of quarantine inspection employees in their capacity as citizens, not by the body itself, as well as several other parties, including some connected to the health ministry, which also takes part in inspections. The inspectors involved said the new system illegally stripped the quarantine body of its authority and handed it to a trade ministry body ill-equipped to oversee inspections, allowing imports to enter with hazardous contaminants harmful to plant and human health. "All that mattered to us in this, is that this decision, when it was issued, allowed for the entry of things at levels that would harm people – like ergot, ambrosia, and white mould," said Mohamed Zaki, a quarantine inspector who raised one of the cases. Grains traders have said a zero tolerance ergot policy makes doing business with Egypt too risky given the costly possibility that their cargoes may be rejected upon arrival. "My worry is this decision could lead to a return to uncertainty and even a disruption of Egypt's wheat imports just as the situation has been returning to normal," one German trader said, echoing the sentiment of several others. Egypt last month purchased about 500,000 tonnes of wheat in tenders held by its state-grain buyer GASC. Turnout among traders has returned to normal following several boycotts last year in response to the zero policy. The current system was imposed by a decree in November that named the General Organization for Export and Import Control (GOEIC), which is part of the trade ministry, as the body responsible for inspecting the imports. *(Reuters)*

Egypt attracted $8.4 billion of foreign investment in domestic debt instruments since the flotation of the pound in November up the end of May, Deputy Finance Minister Ahmed Kojak told Reuters on Thursday. Kojak said $2.6 billion of the $8.4 billion was raised in May. "Foreign investment in domestic debt whether in bonds or bills have reached $2.6 billion in May and $8.4 billion since the flotation until the end of May," Kojak told Reuters. *(Reuters)*

Egypt's annual urban consumer price inflation fell in May to 29.7 percent from 31.5 percent in April, the official CAPMAS statistics agency said on Thursday. Egypt abandoned its currency peg to the U.S. dollar on Nov. 3 in a dramatic move that has since seen the currency depreciate roughly by half. *(Reuters)*

Egypt has reduced arrears owed to foreign oil companies to $2.3 billion, the Egyptian oil ministry said in a statement on Thursday. The country repaid $2.2 billion in three weeks, the statement said. Once an energy exporter, Egypt has turned into a net importer in recent years, squeezed by declining production and increasing consumption. Cairo has pledged to eliminate the arrears by the end of June 2019 and not accumulate more, part of its drive to draw new foreign investment to an energy sector that is attracting interest following several major gas discoveries. *(Reuters)*

Egypt's ministry of investment will submit draft regulations for a newly passed investment law to the cabinet within a month, investment minister Sahar Nasr said in a statement on Thursday. Egyptian President Abdel Fattah al-Sisi signed into law last week long-delayed legislation aimed at easing doing business and creating incentives to lure back investors after years of turmoil. The new law is expected to boost badly needed investment by cutting down bureaucracy, especially for starting new projects, and providing more incentives to investors looking to put money into Egypt. *(Reuters)*

Inflation in Egypt eased in May for the first time since the country let its currency float free last year, but remained just a tad below 30 percent, a number that is unlikely to ease pressure on the government of President Abdel Fattah al-Sisi. Sisi, who took office in 2014 after ousting the former Muslim Brotherhood administration, is facing an uphill struggle to revive the economy, control prices and create jobs. In

November, Egypt abandoned its currency peg of 8.8 pounds per dollar, which led to both the pound halving in value and to inflation shooting up. It was at a year-on-year high of 30.5 percent in April. The official CAPMAS statistics agency said on Thursday this had eased, with annual urban inflation falling to 29.7 percent in May. Over the same period, core inflation eased to 30.57 percent year on year in May from 32.06 percent in April, the central bank said. The bank has been trying to keep the pound stronger and inflation lower. It raised key interest rates by 300 basis points when the peg was droppe, helping it to clinch a $12 billion International Monetary Fund programme. Last month, the central bank raised key rates by another 200 basis points, a decision aimed at dealing with inflation as well as demand-side pressures. It came after the IMF said action on those two factors was vital to keeping Egypt's economic reforms on track. Economists, businessmen and bankers, however, say inflation in Egypt -- where only 10 percent of the population have bank accounts -- is due to rising raw materials costs and a hike in rates will not produce the desired effect.

So May's fall, while suggesting the huge spike may be over, is not necessarily a signal of longer-term improvement. "This slight dip doesn't mean Egypt has passed the inflationary pressure caused by November's currency float. The Egyptian pound would have to strengthen and production would need to increase for inflation to see a real decline," said Ehab al-Dessouki, a Cairo economist. "The slight dip also shows that last month's rise in interest rates wasn't as effective as anticipated." Another economist said the latest figures show inflation is stabilising, but warned of upward pressure to come. "I think we have passed the inflationary pressures driven by the float, but there are new reforms coming up that may take inflation higher," said Hany Farahat of CI Capital. The three-year IMF loan deal is tied to sweeping economic reforms including subsidy cuts. The IMF last month backed Egypt's plan to end fuel subsidies within three years but said the timing of any price hike was up to the government. "As for petroleum subsidy cuts, they are inevitable ... then we expect inflation will revert to the upside for sure," Farahat added. The figures coincided with boosts to foreign investment in domestic debt and an announcement that the government is pushing ahead with regulations to implement a new law designed to encourage foreign investment. *(Reuters)*

Average yields on Egypt's six-month and one-year treasury bills fell at auction on Thursday, data from the central bank showed. The average yield on the 182-day bill fell to 20.373 percent from 20.441 percent at the last sale. The yield on the 364-day bill fell to 20.274 percent from 20.494 percent in the previous auction. Foreigners have been buying up Egyptian government debt since the central bank hiked its key interest rates by 200 basis points last month. As of June 6, foreign participation has reached 145.5 billion Egyptian pounds ($8 billion) since Egypt floated its currency in November, the head of public debt at the Finance Ministry, Sami Khallaf, told Reuters. *(Reuters)*

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Ghana

Corporate News

No Corporate News This Week

Economic News

Ghana's gold output rose 46 percent in 2016 compared to the previous year as new projects came on stream and artisanal mining output expanded, the Ghana Chamber of Mines said in a report on Friday. Total gold output stood at 4.13 million ounces, the highest level in nearly 40 years, up from 2.84 million ounces in 2015, the report said. "The steep upswing in the country's main mineral export, gold from 2.8 million ounces in 2015 to 4.1 million ounces in 2016 was driven by fresh production from Asanko Gold Ghana Limited on the first Phase of its Obotan Mines and substantial increase in export through the Precious Minerals Marketing Company (PMMC)," the report said. Besides, Anglogold Ashanti's Iduapriem and Newmont's Ahafo recorded growth in production. Output from artisanal miners rose nearly five-fold to 1.5 million ounces in 2016 from 267,662 in the previous year. Total gold revenue rose 55 percent to $5.15 Billion relative to the $3.32 billion dollars recorded in 2015. Manganese output also rose to 2 million tonnes last year from 1.2 million tonnes, while diamond production slipped to 143,005 carats from 185,376 carats in 2015. Mr. Kwame Addo-Kuffuor, President of the chamber, said the mining sector has huge potential to support the accelerated economic development and growth of the country. "The potential for the mining industry in Ghana to support broad economic development is not lost on the Chamber of Mines.

Besides the significant fiscal contributions of mining to the economy, the industry is keen to create, and grow a robust local supplier base," Mr. Addo-Kuffuor said. On his part, Mr. John Peter Amewu, the Minister for Lands and Natural Resources, said transparency in the mining sector was critical to the positive image of the industry. He said the perceived lack of transparency in the industry had been the underlying factor of acrimony between mining companies and their host communities as well as public suspicion that mining companies are exploiting the nation. "Government therefore expects that as partners, we will be able to work together openly with mutual trust and devoid of any hidden tricks," Mr. Amewu said. The Chamber's Annual General Meeting came at the end of the Mining and Energy Forum and Exhibitions, which brought together members of the Chamber and other stakeholders to deliberate on the way forward for the mining industry. High energy tariffs, unreliable power supply, high cost of fuel, high taxes, un-refunded Value Added Tax (VAT) payments and delays in permitting were the major concerns of the industry during the three-day forum.*(Ghana Web)*

Mining companies operating in Ghana have renewed their plea for government to reduce the relative high operational cost which they say is impacting their activities. They contend that the development has compelled some companies to relocate to neighbouring Ivory Coast while Burkina Faso and Mali continue to attract new exploration activities compared to Ghana. The 1st Vice President of the Ghana Chamber of Mines, Eric Asubonteng stressed the critical need to address the situation so as to avert devastating impact on the economy. "The SNL Metals and Mining report indicates that for the past five years, Burkina Faso for instance has obtained a higher exploration budget and activity than Ghana. The data further indicates a sharp increase in exploration spending in Mali and Cote d'Ivoire," he noted. "We have seen some mining companies relocate their head office from Ghana to Cote d'Ivoire in recent years," he added. Mr. Asubonteng was speaking at the 89th Annual General Meeting of the Chamber in Accra, on Friday. According to him, the country could be eroded of the global recognition for its mining relevance should government fail to solve the threatening issue. "We cannot continue to pay lip service to Ghana's position as a preferred mining destination because we may awaken one day to the realisation that we are falling behind in the perking order." Citing some amendments to the Minerals and Mining Amendment Act 2004, Mr. Eric Asubonteng also appealed for economic respite for mining companies.

"If Ghana wants to remain competitive, we must admit that the fiscal regime governing the sector is a disincentive to businesses and investors." "It is time for the government to take a position on the issue of royalty payments as has been addressed by the Minerals and Mining Amendment Act 2004 (Act 900) which empowers the sector minister to determine the rates based on the sliding scale approach," the 1st Vice President of the Ghana Chamber of Mines asserted. Meanwhile in 2016, gold production and purchases went up to 4.13 million ounces; up from the 2.84 million ounces in 2015. This represents a 45% increase within the one year period. According to the mines chamber, the 2016 figures have been the highest in nearly four decades. In the Annual report, the mining and quarrying sub sector led the domestic revenue sources to the Ghana Revenue Authority (GRA). The sector's contribution increased from 1.35 billion cedis in 2015 to 1.65 billion cedis in 2016. *(Ghana Web)*

First Quarter 2017 financial performance of Ecobank Transnational Incorporated [ETI] was not impressive owing to the fact that there was a dip in the company's fundamentals. Profit before Tax [PBT] fell by 16%; from GHS 398,752,000 same period prior year to GHS 395,214,000 in Q1-2017. Strong economic headwinds and uncertainties in some countries of operations contributed to the bank's sub-standard performance. Interest Income, which grew by 2% during the period under review could not reflect positively on the bank's operating profits. Discontinued operations in certain countries on the African continent led to a fall in total operating income of the bank. The bank's revenue fell by 1% whereas the profit for the period also fell by 13%; from GHS 313,250,000 in Q1-2016 to GHS 273,531,000. The value of total assets equally fell during the period by 0.4% to GHS 88,683,356,000. Total Customer Deposits mobilized during Q1-2017 fell by 4%; from GHS 60,863,263,000 to GHS 58,720,995,000. Nevertheless, the bank managed to decrease its cost-to-income ratio from 66.1% in Q1-2016 to 64.5% in Q1-2017 reflecting strong efficiency gains. The size of the loan book of the bank fell by 6% for the period. This directly shows ETI's conservative position in shielding its loans portfolio from rising credit risks.

Earnings per share [EPS] fell by 19% from GHS 1.14 in Q1-2016 to GHS 0.92 in Q1-2017. ETI shares remain very liquid hence an attraction for retail investors. The low price of the equity offers investors the upper hand for huge gains on marginal price increases. YTD price change of the stock is currently pegged at 10%. The dip in profits however could dent the short term performance of the stock on the local bourse. Trading activity on the bourse ended with 2 gainers [FML and SCB] and 1 loser [GOIL] yesterday. UTB topped the trading chart in terms of volume as 195,000 shares worth GHS 11,700.00 changed hands. Returns on the Composite and Financial Stock Index pegged at 13.61% and 16.23% respectively. Trading activity on the Alternative Market was hushed as no shares changed hands. HORDS currently lead record capital gains on the GAX, appreciating by 25% from 2016 year open. The Cedi GAINED marginally to the British pound and Euro but LOST to the Dollar yesterday. The local currency exchanged at a mid-rate of GHS 4.2865 to the USD, GHS 5.5289 to the GBP and GHS 4.8109 to the EURO. The GCFM Cedi index, a measure of the holistic performance of the Cedi on the inter-bank market now records a year-to-date depreciation of 4.70%. *(Ghana Web)*

The absence of transparency in fertilizer distribution and low farm gate prices hampered the effort of cocoa farmers in Ghana to plant more, a World Bank report has revealed. According to the report which is yet-to-be made public, the prices paid farmers for their produce rob them of a good return on their land, labour and capital. It also revealed COCOBOD – the body in charge of the sale of cocoa - has been unable to guarantee farmers stable prices because it is more interested in getting a better export revenue margin for government. The World Bank report sighted by Joy News was emphatic the country's cocoa production is not witnessing the needed boost because of issues of corruption and mismanagement. The report by the Bretton Wood institution comes at a time the former COCOBOD Chief Executive Officer, Dr Stephen Opuni is being investigated by the Economic and Organised Crime Office (EOCO) for some fraudulent transactions. Assets of Dr Opuni have reportedly been frozen pending conclusion on the investigations. He is alleged to have given government's free fertiliser to only cronies of the previous National Democratic Congress (NDC) government leaving out farmers who are not aligned to the party. Chairman of the Western Regional Cocoa Farmers Association, Nana Johnson Mensah told Joy News the yield of some farmers suffered in 2016 because they were not given the fertilisers. To ensure all the farmers get their share of the fertilisers, President Nana Addo Dankwa Akufo-Addo has directed them to pay 50 percent of the fertilisers price for government to absorb the rest. Nana Mensah lauded the shift in fertiliser distribution policy of the new government, saying "every farmer will now have access to fertilisers."

The government has also set the target of raising cocoa production levels to at least 1 million tonnes and to process more than 50 percent of cocoa beans in the country. It hope to achieve this by exploring new markets and improving the cocoa value chain. But these might be hampered if government does not address the issues of corruption, mismanagement and underpayment of farmers identified as major challenges in the sector. The World Bank report has recommended a conscious institutional arrangement which will help to improve cocoa yield in the country. *(Ghana Web)*

Ghana will begin its minor cocoa mid-crop purchases on Friday and will keep the price at which it buys beans from farmers at 7,600 cedis ($1,914) per tonne, industry regulator Cocobod said on Wednesday. Cocobod has projected to buy around 70,000 tonnes of beans through the usually 11-week mid-crop harvest which is discounted to local grinders. "The producer price to be paid at all buying centres is 475 cedis per bag of 64 kilograms gross. This translates to 7,600 cedis per tonne," Cocobod said in a statement. The world's largest cocoa grower after Ivory Coast is targeting an output of at least 850,000 tonnes of beans by the end of the 2016-17 season in September, up from 780,000 the previous year. Cocobod Chief Executive Joseph Boahen Aidoo said on Tuesday that Ghana might not pay annual bonuses to cocoa farmers this year due to a drop in global prices which had cost Cocobod around $1 billion in the last two years. The government of President Nana Akufo-Addo has outlined plans to raise production to 1 million tonnes by 2020, by improving farming techniques and efficient disease control. *(Reuters)*

Ghana's cocoa regulator said it is 10 billion cedis ($2.2 billion) in debt after the nation missed its production target in the previous season and as a slump in prices is weighing on revenues from the current crop. Ghana Cocoa Board didn't meet revenue targets for the 2015-16 season as the total output of 778,000 metric tons of beans fell short of an earmarked 850,000 tons, Noah Amenyah, a spokesman for the regulator in the world's second-biggest grower, said by phone on Thursday. The board so far suffered $1 billion in revenue losses in the current season that started in October as future contract prices fell by more than a third since the middle of last year, Amenyah said. Last year, the regulator undertook projects, assuming costs would be covered by output and price assumptions that didn't materialize. At the same time, it exceeded its usual annual spending of $150 million on roads in cocoa growing areas by almost five times, Amenyah said. While the board is facing mounting debts, the regulator is ruling out cutting farmers' pay even as global cocoa prices have fallen on forecasts for oversupply. The government of President Nana Akufo-Addo, who came to power in January, appointed Joseph Boahen Aidoo as chief executive officer of the cocoa regulator in the same month after dismissing former head Stephen Opuni and other top officials. "Certain things will have to be delayed because of the liquidity problem," Amenyah said. *(Bloomberg)*

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Kenya

Corporate News

South African teleco Vodacom has received support from one of its major shareholders for a swap deal that will see it enter the Kenyan market by taking over a 35 per cent stake of Safaricom from UK multinational Vodafone. Vodacom said South Africa's Public Investment Corporation (SOC) Ltd had written a letter in support of the Sh266.6 billion (€2.4 billion) transaction. "In its letter of support, the PIC has undertaken to vote in favour of the resolutions required to implement the proposed transaction at the general meeting to be convened by Vodacom Group," the firm said in a statement Friday. PIC is Vodacom's largest institutional investor with 15.63 per cent stake in the South African telecom. The Corporation is a state-owned investment manager whose clients include the Government Employees Pension Fund. It is large in equities accounting for approximately 12.5 per cent of the market capitalisation of the Johannesburg Stock Exchange (JSE). Vodafone, which currently owns 40 per cent of Safaricom, will cede majority stake in return for 226.8 million new ordinary shares in Vodacom. Once the deal is completed, Vodafone will see its holdings in Vodacom rise from 65 per cent to 70 per cent. *(Business Daily)*

Kenya Re has accumulated 15.3 million shares of Co-operative Bank worth Sh261.4 million, joining the list of the lender's top shareholders according to regulatory filings. The reinsurer says it has been accumulating the bank's shares for some time now, a move that saw it rank sixth on the April list of top local institutional investors with a 0.31 per cent stake. "It was not a single transaction. We have been accumulating Co-op Bank shares just like our other equity investments," Jadiah Mwarania, Kenya Re chief executive, told the Business Daily. Kenya Re is one of the major investors at the Nairobi Securities Exchange where it owns significant stakes in companies with the intention of holding them for the long term. The reinsurer becomes the latest high profile investor to buy into Co-op Bank. Billionaire investor Baloobhai Patel recently acquired a 0.22 per cent stake in the lender with a current market value of Sh183 million. Tanzanian billionaires Aunali and Sajjad Rajabali have also bought a 0.47 per cent stake in Co-op Bank worth Sh391 million. Kenya Re and the billionaires have recorded major capital gains on the stock which has rallied 30 per cent since the beginning of the year to trade at Sh17.05 on Friday. Co-op Bank recently closed its books for a Sh0.8 per share dividend and will on June 30 register shareholders who will be eligible for a bonus of one share for every five held. The bank recorded a six per cent net profit drop to Sh3.2 billion in the first quarter ended March on the back of higher expenses and reduced earnings from lending. Co-op Bank, which recorded a pre-tax loss of Sh499.4 million at its South Sudan subsidiary last year, plans to venture into new markets in the region over the medium term. *(Business Daily)*

Kenya will offer $750 million in guarantees to Kenya Airways' existing creditors to help the heavily-indebted carrier secure financing from other sources to complete its recovery, a cabinet document showed on Tuesday. The guarantees, approved by the cabinet, will cover $525 million owed to the U.S. Exim Bank and the rest to local lenders, said the document seen by Reuters. The airline, partly-owned by Air France KLM and the Kenyan government, has struggled to return to profit after tourist traffic slumped four years ago following a spate of attacks by Somalia-based Islamist militants. The government will also convert its existing loans to the carrier into equity, it said. It was not immediately clear how much it has lent the carrier, but a source at the airline said it was a "significant" amount lent over time. The plan to guarantee the existing debt will be taken to the National Assembly for approval, the government said. "The guarantees would be in exchange for material concessions to be provided as part of the financial restructuring which would secure future funding for the company," the cabinet document said, without giving details on the concessions. The government would not provide additional cash as part of the restructuring of the airline, it added. The debt owed to the U.S Exim bank is related to the financing of the purchase of the carrier's Boeing planes. Kenya Airways says the financial restructuring will involve restructuring debt and securing additional capital to help dig itself out of a position of negative equity, and attain a better balance between cash flow and debt repayments. *(Reuters)*

Kenya will convert its $243 million in loans to Kenya Airways into equity, the government has said, as part of a broader restructuring to nurse the ailing airline back to financial health. The government owns a 29.8 percent stake while Air France KLM has a 26.73 percent stake in the airline, which slumped into the red five years ago following a downturn in tourism after a spate of attacks by Islamist militants. The airline has failed to record a pretax profit since then and the losses have compounded the huge debts the airline took on to buy a fleet of new Boeing planes, pushing it into negative equity territory. The government has previously said it planned to convert its loans into equity but did not give an amount. The figure of $243 million was contained in a government paper submitted to parliament on Wednesday seeking approval for the overall deal. Kenya Airways warned in a statement on Thursday there was a risk of "significant" dilution of existing shareholders as it offers new equity in the restructuring exercise. The airline has said the financial restructuring will help dig it out of its negative equity position and get a better balance between cash flow and debt repayments. The restructuring is expected to reduce the airline's debt to about $1.2 billion from above $2 billion, the government said in its submission to parliament. Parliament's term ends next week ahead of an August election the deal will need to be approved quickly. The government is also seeking to guarantee $750 million worth of the company's current debt with international and local lenders as part of the restructuring. Some local creditors will convert some of their debt into equity too, a source at the airline said, without providing a figure of the amount. The restructuring is conditional on all creditors and shareholders agreeing to it, the government said in the document submitted to parliament. "There is a business case for a restructured Kenya Airways," the government said, citing a study by an unidentified third party contracted to look into the issue. Kenya has spent billions of shillings upgrading the country's main airports and views the airline as a strategic asset, supporting other industries such as tourism and encouraging investment from abroad. Kenya Airways flies 12,000 passengers a day on its fleet of Boeing and Embraer planes. It cut its pretax loss in the year to the end of March and reported a modest operating profit as it carried a record number of passengers despite a smaller fleet.*(Reuters)*

Economic News

Kenya will ship out crude from Turkana oilfields three times in a year as vessels require more than 10 times the daily output. The country is this month expected to evacuate 2,000 barrels per day from Turkana via road to storage tanks in Mombasa. Petroleum principal secretary Andrew Kamau said the oil will be stored at Mariakani refinery tanks for between three and four months and amass adequate quantities to fill a ship. "Kenyan oil will be exported about three times in a year. The oil must be accumulated for months to fill a ship," said Mr. Kamau. The small-scale crude production is expected to run until 2021 when Kenya expects to have its own pipeline. Tullow has stored more that 70,000 barrels of oil in Lokichar in preparation for the early export plan. The oil firm has been producing 2,000 barrels of crude oil per day and building stocks ready for export. This means it will take a shorter time to accumulate the more than 200,000 barrels of crude for the first consignment to leave Mombasa port. Three Kenyan companies won lucrative contracts to provide trucks and oil tank-tainers for transportation of crude from Turkana fields to Mombasa port. Nairobi-based Primefuels Ltd bagged a tender to supply 100 tank-tainers, each with capacity to carry 150 barrels of crude.

The firm is a subsidiary of Dubai-based Primefuels Group. Suppliers of trucks, on which the tank-tainers will be mounted, include Multiple Hauliers (EA) Ltd and Oilfield Movers Ltd. The two companies will each provide 23 trucks. Construction of the 865-kilometre pipeline between Lokichar and Lamu was estimated last year to be completed in the second quarter of 2021 at a cost of Sh210 billion. The line will enable Kenya to pump out about 100,000 barrels a day for export. Turkana oil is classified as waxy and sticky, making it necessary to heat during transportation, a quality that is expected to determine the design of the pipeline. Kenya has so far struck 750 million barrels of oil, considered commercially viable, with ongoing exploration indicating the figure could cross the billion mark. *(Business Daily)*

The Monetary Policy Committee of Kenya's central bank will meet to set lending rates on July 17, the bank said on Tuesday. At its meeting in late May, the policymakers held the bank's benchmark lending rate at 10.0 percent.*(Reuters)*

Kenyan opposition leader Raila Odinga said he would consider tax cuts to woo foreign investors and measures to boost manufacturing to drive export-led growth if he wins the country's presidential elections in August. The National Super Alliance also plans measures to assist small-scale businesses and farmers, and a crackdown on corruption to boost revenue collection if it comes to power, Odinga said in an interview Wednesday in the capital, Nairobi. The party will release details of its economic plans when its manifesto is published around June 19. Odinga, 72, is seeking to stop Kenyan President Uhuru Kenyatta, 55, from securing a second term in the Aug. 8 vote. He's lost three previous attempts to become president and an opinion poll conducted by Nairobi-based Ipsos shows he only has the support of 42 percent of the electorate, compared with 47 percent for Kenyatta. His tax plans echo pledges made by Ghanaian President Nana Akufo-Addo before elections in December in which he took power. The Kenyan economy's full potential is being "choked" by over-regulation, taxes and corruption, Odinga said. "Fiscal indiscipline" and a failure to boost revenue collection is worsening government delivery, Odinga said. Odinga's government would favor offering incentives to manufacturers to help boost export-oriented growth, he said. "Manufacturers are suffering seriously," Odinga said. "They feel that they are being overtaxed, being disadvantaged by duties which are placed on raw materials. It's punitive compared to competitors in the region."

Growth in Kenya's manufacturing industry slowed to 3.5 percent in 2016 from 3.6 percent the previous year, the Kenya National Bureau of Statistics said April 19. The overall economy will probably expand at 5.7 percent in 2017 from an initial forecast of 5.9 percent as output in the world's biggest black-tea exporter is weighed down by a drought, Treasury Secretary Henry Rotich said on Wednesday. The International Monetary Fund forecasts the economy will grow 5.3 percent this year. The Kenyatta-led government's appetite for debt may have fueled borrowing to unsustainable levels, Odinga said. Total debt stock rose to 4.05 trillion shillings ($39.2 billion), or 52.6 percent of gross domestic product, in March, according to Treasury data. Odinga said his government may consider scrapping a law capping interest rates. The ceiling, imposed by Kenyatta in August, prevents commercial lenders from providing loans at more than four percentage points above the central bank rate, currently at 14 percent. "We don't believe that the cap on interest rates is an answer," Odinga said. "It's something that was forced on the people by circumstances." *(Bloomberg)*

Kenya will cut its growth forecast to reflect the impact of a drought that slashed agricultural output in East Africa's biggest economy and left the country short of its staple food, Treasury Secretary Henry Rotich said. Economic growth will probably be 5.7 percent this year, compared with an earlier estimate of 5.9 percent to 6 percent, Rotich said in an interview Wednesday at his office in the capital, Nairobi. The forecast may be reduced further to 5.5 percent once an assessment of the March-May rains is completed, he said. "We are analyzing some leading economic indicators to see if this drought has gone beyond quarter one," Rotich said. "If that is the case, we may adjust our numbers a bit lower." Kenya is experiencing its worst drought in more than three decades. The dry weather cut production of corn, reducing the country's strategic grain reserve to less than a day's supply, and resulted in shortages of products including sugar and milk. The drought has been severe because it's spanned three seasons and affected a wider region than normal, according to the National Drought Management Authority. Beyond agriculture, the momentum in the economy is "still strong," Rotich said, citing the building of a standard-gauge railway linking the port of Mombasa to neighboring Uganda.

That's underpinning growth of the construction industry, he said, while tourism, one of the country's biggest generators of foreign exchange, is also "picking up." Cutting its forecast will bring the Treasury's estimates more in line with the World Bank and the International Monetary Fund, which have cut their predictions to 5.5 percent and 5.3 percent respectively. Both organizations have cited the drought as a factor in lowering their forecasts, as well as the slowdown in lending by banks to the private sector after the government placed a cap on commercial lending rates. Kenyan President Uhuru Kenyatta introduced the limits, set at four percentage points above the official central bank rate, in August. The decision fulfilled a pledge he made before being elected in 2013 to reduce the cost of credit. The country's five biggest banks all posted a drop in first-quarter profit last month as the cap cut loan income. The government is trying to mitigate the impact of the caps by accelerating reforms that address the "root causes" of high interest rates in Kenya, Rotich said. He cited the recent signing into law of the Movable Property Security Rights Bill, which enables borrowers to use movable assets as collateral for credit. The central bank has carried out a study on the impact of the caps on the economy, and while the results are still being analyzed, the assessment has shown that while the number of loan applications has grown, the value of those applications has declined. "We are aware that the caps potentially will constrain credit to small- and medium-sized enterprises and other high-risk areas that used to enjoy credit," Rotich said.

As the impact of reforms is felt "maybe the caps will become redundant over a period of time." Credit to the private sector grew 4 percent in March, the slowest pace since 2003, according to central bank data. Lenders including KCB Group Ltd., Kenya's biggest by market value, have said they only expect the caps to either be altered or removed after presidential elections take place in August. "We don't think that, from our standpoint, that the caps are going to be sustainable for our economy," Rotich said. "Our preference is to let the markets decide." Rotich declined to say when Kenya will return to the Eurobond market. He said foreign debt sales would in future be used for "liquidity management," as debt raised earlier matured, and the country could issue bonds with longer maturities after Senegal sold $1.1 billion of Eurobonds last month that will mature in 2033. Kenya's longest-dated Eurobond, issued in 2014, has a 10-year tenure. *(Bloomberg)*

Global food processor Nestlé has paid Sh630 million to coffee farmers in Mount Kenya region, a 75 per cent increase on the amount paid out last year. The cash was paid last month under Nestlé's Nescafé programme on deliveries of 7.3 million kilogrammes of coffee cherry. The payment went to over 42,000 farmers, who are part of the Nescafé Plan programme and members of 12 Farmers' Cooperative Societies (FCSs) in Nyeri, Murang'a, Embu, Kirinyaga, Kiambu and Meru. Farmers from Karithathi FCS in Kirinyaga received the highest pay at Sh103 per kg with those in Murue FCS in Embu and Kangunu FCS in Murang'a receiving Sh101 and Sh90.10 per kg, respectively. On average, the 12 cooperative societies paid their farmers Sh87 per Kg compared to an average of Sh42 paid five years ago. The company has so far spent about Sh71 million in the implementation of the programme between 2011 and 2016 and plans to inject an additional Sh11 million this year. "Nestlé in partnership with Coffee Management Services (CMS) Ltd introduced the Nescafé Plan programme in Kenya in 2011 as part of our Creating Shared Value (CSV) after realising that farmers were abandoning the crop and the quality of coffee produced then was plummeting," said Nestlé Equatorial Africa Region Head of Corporate Communications and Public Affairs, Brinda Chiniah. Under the Nescafé Plan farmers are provided with nurseries and training on good agricultural practices and disease-resistant crop. *(Business Daily)*

Kenya's high court has struck down legal amendments that critics said curbed the telecom regulator's ability to manage competition in the sector. The court's decision gives the regulator, the Communications Authority of Kenya, a freer hand to oversee the sector at a time of intense debate over whether or not the country's biggest operator, Safaricom, has too much market power. The government changed sections of the law in December 2015, requiring the Communications Authority to consult Kenya's Competition Authority, and the communications minister, before punishing any operator for abuse of dominance. The government argued at the time that it wanted to enhance decision-making on dominance issues by bringing in another body with expertise on competition matters. The Communications Authority said however that the move undermined its independence and would discourage investment in the sector because it restricted its ability to manage competition. In a ruling issued this week and seen by Reuters on Thursday, the high court said the changes had a major impact and could therefore not be allowed to stand. It was ruling on a case brought by a private citizen challenging the amendments. The Communications Authority did not respond immediately to a request for comment.

Joe Mucheru, the minister for information and communication, said the government would operate within the original law as ordered by the court. "We will follow the law. We don't have a problem following the law," he told Reuters, adding they were already working with the regulator and operators to boost competition in the sector. He cited a move requiring operators to interconnect their mobile financial services systems, allowing users on various networks to move money seamlessly, which is expected to start next month. Smaller operators in Kenya's telecom sector have long alleged unfair competition, saying Safaricom is too dominant. Safaricom rejects the accusations. The Communications Authority commissioned a study on competition in the sector, whose leaked draft earlier this year showed Safaricom could be broken up due to its size and dominance of the mobile financial services market with its M-Pesa platform. The regulator has since clarified it did not intend to break up any firm but it would explore other options to level the playing field. Safaricom is Kenya's biggest firm by market capitalisation and dwarfs the two other operators in the mobile market: the local subsidiary of India's Bharti Airtel and Telkom, which the French telecoms company Orange sold last year to London-based Helios Investment Partners.*(Reuters)*

Kenya's private sector activity stagnated last month as firms reported a drop in output and new orders mainly due to weak consumer demand ahead of a national election in August. The Markit Stanbic Bank Kenya Purchasing Managers' Index (PMI) dropped to 49.9 from 50.3 the previous month, falling below the 50.0 level which separates growth and contraction. Jibran Qureishi, regional economist for East Africa at Stanbic Bank, said respondents to the survey blamed the contraction on tougher business conditions. "Panelists continue to attribute the deteriorating conditions to financial constraints and weak consumer demand due to the upcoming elections in August," he said. Voters will pick a president, parliament and local authorities on Aug. 8 and investors and consumers are taking a wait-and-see attitude due to concerns of potential violence during the polls. About 1,250 people were killed in ethnic violence following a disputed presidential election in 2007. President Uhuru Kenyatta is seeking a second term of office and he is facing veteran opposition leader Raila Odinga in the election. Kenya's economy has been buffeted this year by a drought that has sent food prices higher and driven up inflation. It has also been hurt by slowing private sector credit growth. *(Reuters)*

Malawi

Corporate News

No Corporate News this week

Economic News

No Economic News this week

Mauritius

Corporate News

No Corporate News this week

Economic News

Mauritius' year-on-year headline inflation rose to 5.9 percent in May, from 2.9 percent in April, fuelled by higher costs of food and non-alcoholic beverages, the statistics office said on Wednesday. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Nigeria

Corporate News

Zenith Bank Plc has issued a five-year senior unsecured benchmark Eurobond of $500 million on the Irish Stock Exchange, which has broken new grounds with an oversubscription of more than 400%. A statement by the bank's management at the weekend said the issue was in addition to its existing $500 million Eurobond, which matures in April 2019. Subscription to Zenith's latest Eurobond 2022 issue was $2.1 billion and recorded landmark success on three counts: pricing, subscription and global appeal. Available details of the issue showed that the subscription makes it the highest by any non-sovereign and non-supranational company in sub-Saharan Africa (SSA). According to the statement, the bond was issued at par with both coupon rate and yield to maturity rate priced at 7.375%. The 7.375% pricing is 50 basis points better than the sovereign (Nigeria's Eurobond) of 7.875%. The rating of both the sovereign and Zenith Bank is B+ with the bond issue also rated B/B+. "The 400% oversubscription indicates a huge endorsement of the Zenith brand as a reputable, international financial institution recognised for superior performance and creating premium value for all stakeholders," said the bank's management in the statement. The bond opened trading at 101.15% of par value on its first day of trading, indicating the huge demand for the issue in the market. Also, sources close to the issue said the subscription came from around the world, including Hong Kong, China, Singapore, Europe and the United States of America, to further affirm the global acceptance of Zenith Bank as an international brand. Sources familiar with the details of the issue said over 200 investors participated, with the largest single ticket subscription being over $100 million.

They pointed at the overwhelming success of the issue as attesting to the visionary leadership of the institution and the consistent excellent track record of the bank over the last 26 years. The bank established $1 billion Global Medium Term notes in 2014, with $500 million already raised in the first tranche. The first tranche notes were listed and admitted to trading on the Irish Stock Exchange in 2014. The net proceeds of the Second Tranche Notes would be utilised for its general banking business. Zenith Bank has consistently recorded good ratings from both local and international rating agencies. The ratings are supported by its leading market position in all key performance indices. The bank is adjudged the largest bank in Nigeria by Tier-1 capital, and has also earned recognition in other areas of operations, including Best Bank in Corporate Governance, Best Customer Service Bank in Nigeria, and Most Customer-focused Bank in Nigeria. Its shares are currently being traded freely on the London Stock Exchange (LSE), following a listing of $850 million worth of shares by way of GDR. With operations in Nigeria, the United Kingdom, Ghana, Sierra Leone, Liberia, China and South Africa, Zenith stands out in the banking industry for its superior service quality, unique customer experience and sound financial indices. In 2004 when the bank listed on the Nigerian Stock Exchange, its shares were oversubscribed by over 500% and the oversubscription of the Eurobond is a clear affirmation of the bank's acceptance as a very strong international financial superbrand.*(This Day)*

First City Monument Bank (FCMB) Limited has restated its commitment to ensure that it satisfies its numerous customers always. The bank's Executive Director, Retail Banking, Mr. Olu Akanmu said this during a recent draw in the bank's on-going reward scheme tagged: 'FCMB Millionaire Promo Season 4.' "Our customers are the reason why FCMB exists and we are committed to always delight and empower them," Akanmu was quoted to have said in a statement. At the end of the draw, some customers were made millionaires as they won N1 million each. In addition, 640 other customers of the bank were rewarded with various exciting gift items, ranging from LED televisions, power generating sets, decoders, tablets, smart phones and other consolation prizes. At the Lagos regional draw held at FCMB's Broad Street branch, Musa Mohammed emerged the winner of N1 million, while at the Abuja/North regional draw in Abuja, Yahaya Mohammed was rewarded with the same amount. In addition, Vidal Effiong was announced the lucky winner of N1million from the South-east/South-south draw that took place in Uyo. Also, Mr. and Mrs. James Okechukwu (joint account) are now N1million richer on account of their winning at the South-west regional draw held at the Gbongan-Ibadan Road branch of the Bank in Osogbo, Osun state. Speaking on how to participate in the promo, Akanmu, said all an existing or a new customer of the bank needs to do is to increase his or her balance by N10,000 in any of the eligible savings account and maintain it for 30 days to qualify for the zonal and regional electronic selection of winners where the star prize of N1million and other fantastic prizes will be won. He urged existing and potential customers of the bank to take advantage of the huge opportunity the promo offers. *(This Day)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Ecobank Nigeria said it recently inaugurated three additional banking lounges for its Advantage customers in Uyo, Port Harcourt and Abuja. The bank's Advantage Banking segment offers its customer dedicated banking services targeted at the upwardly mobile and generally, professionals in various fields. The services include a bouquet of lifestyle enriching products to address their day-to-day banking needs with dedicated relationship managers, whose main function is to give specialised services and on board the customers to all our service points. Speaking at the opening of the lounge in Abuja, Group Head, Personal Banking, Mrs. Olukorede Demola -Adeniyi, said the decision to establish lounges in various parts of the country was conceived to promote excellent banking services to its customers, noting that customers in the Advantage Banking segment would have opportunity for personalised services in the various lounges. According to her, the lounge, which is fully kitted with state of the art digital touch screen computers, will further create a conducive and comfortable ambience for Advantage customers to do their transactions with ease. She said: "It is our effort to raise the bar in service delivery for our customers. As a Bank, we cherish and hold our customers in high esteem and would want to hear them speak to us while we listen and make deliberate efforts to provide the best service delivery channels and outlets available to them. Our plan is to open more of such outlets in most parts of the country." The bank further explained in a statement that these Advantage customers have access to a dedicated relationship manager to attend to their day-to-day banking needs; 24/7 access to reliable and accessible self-service channels and remittance products; asset protection and trust products. *(This Day)*

International Breweries Plc plans to combine its business with Intafact Beverages Limited and Pabod Breweries Limited. The three companies have Anheuser-Busch Inbev SA as a common shareholder. In a notification to the Nigerian Stock Exchange (NSE), IB Plc said that the to three companies have agreed to explore combination of their businesses via a scheme of merger subject to requisite regulatory and shareholders' approvals. According to IB Plc, the proposed merger was considered and approved at the company's board meeting on June 2, 2017. The Osun State based brewing firm said the merger would benefit all stakeholders, particularly shareholders. "The proposed merger is expected to generate both revenue and cost synergies, enhanced operational efficiencies, better resource management and more streamlined operations. On the receipt of regulatory approvals (including the NSE and Securities and Exchange Commission), all parties will take further steps to consummate the proposed merger including obtaining the approval of their respective shareholders at separate court-ordered meetings," the company said. IB Plc was incorporated in 1971 and got listed on the NSE in 1995 and operates from Ilesha, Osun State. Intafact Beverages Limited, incorporated in 2007, is based in Onitsha, while Pabod Beverages Limited, incorporated in 1978 operates from Oginigba, Port Harcourt, Rivers State. Meanwhile, the Nigerian equities market declined by 1.2 per cent yesterday after a nine-day rally.

The market had hit a two-year high on Monday with Dangote Cement Plc pushing the market capitalisation to cross the N11 trillion psychological level. However, the rally was halted yesterday as profit taking set in. Consequently, the NSE All-Share Index fell to close at 32,200.38, while market shed N130.7 billion to close at N11.1 trillion. Bellwether stocks such as Dangote Cement Plc, Mobil Oil Nigeria Plc, GTBank Plc and Unilever Nigeria Plc contributed to the decline. Mobil Oil Nigeria led the price losers, shedding 9.7 per cent, trailed by NPF Microfinance Bank and Dangote Cement Plc with 5.0 per cent apiece. Unilever Nigeria Plc fell by 4.5 per cent, while AXA Mansard Insurance Plc and Livestock Feeds Plc shed 4.4 per cent each. On the other hand, Sterling Bank Plc escaped the bears, to lead the gainers with 9.7 per cent. May & Baker Nigeria Plc trailed with 9.6 per cent. Champion Breweries Plc, Diamond Bank Plc appreciated by 9.1 per cent and 5.7 per cent respectively. UACN Property Development Company Plc, chalked up 5.1 per cent. Ashaka Cement Plc, UAC of Nigeria Plc and Seplat Petroleum Development Company Plc garnered 5.0 per cent apiece. *(This Day)*

The shareholders of Lafarge Africa Plc have approved a N140bn rights issue by the building solutions provider to its existing shareholders during its Annual General Meeting held in Lagos on Wednesday. The rights issue process is expected to be launched after the approval of the transaction. Speaking at the AGM, the Chairman, Board of Directors, Lafarge Africa, Mr. Mobolaji Balogun, said subscription to the rights issue would take place by the beginning of Q3 2017, and is expected to be finalised by October at the latest. LafargeHolcim, the company's largest shareholder, is expected subscribe to its rights by converting the existing debt into equity. Commenting on the rights issue, the first since 2005, Balogun noted that the decision of LafargeHolcim to convert existing loans into equity "demonstrates the group's continued belief in the Nigeria story," adding that, "This is the largest rights issue and the largest investment in a listed company by an investor."

The company said it was embarking on the rights issue to reduce its exposure to adverse foreign currency translation losses as experienced in 2016 following a 40 per cent depreciation of the naira against the United States dollar. While listing the benefits of the recapitalisation exercise, the Lafarge chairman said, "It reduces our foreign currency exposure by 50 per cent. The remaining portion of the debt, with the support from LafargeHolcim, has been refinanced and hedged for 12 months." Also commenting on the development, the Country Chief Executive Officer, Lafarge Africa, Michel Puchercos, said that the acquisition of Unicem in 2016 was in line with the company's capacity expansion plans. Puchercos noted that the doubling of the production capacity of the Mfamosing plant in Calabar to five million metric tonnes per annum had "contributed significantly to Lafarge Africa's capacity and footprint in Nigeria; provides an opportunity to increase our share of the cement market in the south east and south regions, and has begun to impact positively on the financial results of the company." *(Punch)*

Economic News

The Bureau of Public Enterprises (BPE) and Nigeria Stock Exchange (NSE) will define the modalities for the listing of privatised government firms on the capital market, the Director General of BPE, Mr. Alex Okoh, has disclosed. Okoh said yesterday in a statement by the Head of Public Communication of the BPE, Mr. Chukwuma Nwokoh, that the structure of the reform and privatisation process by the BPE already envisaged the listing of privatised enterprises as the final outcome of the exercise. He reportedly told members of the NSE's technical committee on attraction of new listings to the capital market which is chaired by Haruna Jallo Waziri, an executive director at the NSE, at a meeting in Abuja that this would eventually happen but that conditions for the listings would also have to be defined. Okoh's disclosure that the listing on the stock exchange of shares of privatised government companies thus confirms THISDAY's recent report from the federal government's power sector recovery programme, that the BPE and Nigerian Electricity Regulatory Commission (NERC) would soon be asked by the government to get the electricity distribution companies (Discos) to quickly list their shares on the stock exchange to enable them raise capital to fund their operations.

Apart from the electricity Discos, there are also other privatised government's firms in other sectors of the Nigerian economy that would be asked to list their shares in the stock exchange. Okoh, however pledged that the BPE would initiate a strong collaboration with the capital market and help deepen its operations. He added: "We will collaborate in reviewing what the conditions are and try to make it right for the listings." He equally raised concerns about the stability of the capital market and prospects of getting good value should the privatised entities be listed. Similarly, in his remarks, Waziri pointed out that they have engaged trade groups, regulators and quasi-regulators to actualise their mandate on this. He noted that apart from creating efficiency, privatisation was a catalyst for economic growth, in addition to fostering economic inclusiveness amongst the populace. Privatisation, Waziri explained, often increase the velocity of the capital market, which he added ha an existing depth and capacity yet to be explored. *(This Day)*

Nigeria stocks extended their rally for the fifth consecutive day on Monday, helped by gains in cement, fuel retailing and banking stocks. A rise in Dangote Cement, which accounts for a third of the market's value, pushed up the overall index to 3.86 percent to cross 32,000 points in early trade on Monday. Also First Bank rose a maximum 10 percent to trade at 7.07 naira, followed by gasoline retailer Mobil Oil, which was also up 10 percent at 319.72.*(Reuters)*

Nigeria's central bank introduced a new spread limit on interbank transactions on Monday, it said in a statement, in an attempt to boost liquidity in the currency market. All interbank transactions will be subject to a maximum spread of 1 naira ($0.0033), the Central Bank of Nigeria (CBN) said. A year ago, the bank had said the naira would trade with no pre-determined spreads. The new rules take effect immediately, said the statement. The move, announced along side a series of other new regulations, could help the bank improve liquidity in its troubled foreign exchange market, marred by a gap between the stronger official exchange rate and a weaker black market rate. The CBN has tried to close that gap by pumping dollars into the market since February. In a separate statement, the bank said it had injected $190 million on Monday. That brings the total amount close to $5 billion, according to analyst estimates. Monday's injection included $100 million for wholesale, $50 million for small and medium enterprises and $40 million for business and travel allowances. The central bank now operates at least seven exchange rates, including an official rate, one for Muslim pilgrims going to Saudi Arabia and a rate for foreign travel, school and medical fees. In Monday's statement, the CBN also said traders can buy hard currency from each other without its prior approval, which until now had been required.*(Reuters)*

Nigerian stocks slipped for the first time in two weeks after some investors decided to book profits from a rally that had pushed the market index to a 23-month high. The index dropped 1.16 percent to 32,200 points as Dangote Cement and First Bank shed some of their gains made in the last week. The market rally began on May 22. Shares in Dangote Cement, which account for a third of the market's capitalisation, fell 5 percent to 199.50 naira ($0.6551), while First Bank dropped by 0.28 percent to 7.05 naira on Tuesday. The banking index, which has outperformed the overall market in the last week, fell by 0.27 percent. Other decliners included gasoline retailing firms Conoil and Mobil, which were down by 4.06 percent and 9.75 percent respectively, while household product maker Unilever fell 4.53 percent. Traders said the market pullback had been expected because there were some short-term investors who wanted to take profits made over the last few days. Nigeria's naira traded flat at 372 to the dollar on the black market and closed at 305.55 per dollar on the official interbank market. It was quoted at 378 a dollar at the investor window on Tuesday. *(Reuters)*

Nigeria's government is seeking approval from lawmakers to borrow $1.5 billion from international lenders to fund projects in a number of the country's states, a letter by the acting president said on Tuesday. The letter by Yemi Osinbajo, was read out in both chambers of parliament. President Muhammadu Buhari handed over power to Osinbajo before travelling to Britain on medical leave on May 7.*(Reuters)*

The Managing Director/Chief Executive Officer of FMDQ, Mr. Bola Onadele has said that the lack of rate harmonisation in the foreign exchange market was hurting Nigeria's ability to attract foreign capital. He however expressed optimism that the central bank was gradually working towards achieving a unified exchange rate policy. Onadele made the assertion on Tuesday, at a CEO/Policy Maker Interactive Breakfast Series organised by Women in Management, Business and Public Service (WimBiz), in Lagos. "When you have multiplicity of exchange rates, it will be challenging to attract capital into the country," he said. "We need to have a single exchange rate and I think we will get there." He also decried government's foggy understanding of the financial markets in the handling of the country's foreign exchange crisis. Onadele observed that floating the currency and allowing the forces of demand and supply to set the price, rather than arbitrarily pegging the currency at a fixed point, would have been the ideal strategy. "By the time you put a figure to something that changes every day, you will have problems," he said. Onadele spoke at the breakfast event as part of a panel, which included the Head of Tax Regulatory Services at PwC, Mr. Taiwo Oyedele, the Managing Director of Rural Electrification Agency, Ms. Damilola Ogunbiyi, the Managing Director of Nigerian Ports Authority (NPA), Ms. Hadiza Bala Usman, and the Chairman of Lafarge, Mr. Bolaji Balogun.

The overarching theme of the discussion was 'Ease of Doing Business: A Policy Dialogue on Regulations'. Speaking to the theme, Hadiza said in order to improve the ease of doing business in the country, the ports, especially the Apapa Port, have started to provide 24-hour berthing services. She also called on other agencies at the ports to streamline their system. "We need to de-mystify government. Our licencing procedures should be transparent enough for everyone, so you don't have to know anybody to conduct business at our ports. I believe transparency is the key to increasing ease of doing business in the country." Also, Balogun pointed out three key issues – infrastructure, access to finance and education – which must be given greater attention, if the country wants to attract enough capital to drive investment. He emphasised the importance of having a synergised transport system and pointed out the need for the country to develop its rail infrastructure, as it has the potential to "attract investments that creates jobs." On his part, Oyedele urged government to develop a robust, consistent and well-coordinated tax policy. But, he warned: "If businesses are not thriving and individuals have no income, there is nothing to tax." *(This Day)*

Nigeria's manufacturers, airlines, fuel importers and agriculture businesses will be able to buy dollars at a special market intervention to clear a backlog of foreign exchange obligations now due, the central bank said on Wednesday. The central bank plans to settle the bids through a combination of spot and short-term forward deals, currency traders said, citing a notice from the bank. It did not specify the amount of dollars to be sold. "Authorised dealers' accounts with the central bank will be debited in full for the naira equivalent of the dollar bid amount on a spot basis," the bank said in a notice to lenders. The central bank has been selling dollars since February in an effort to improve liquidity and narrow the spread between the official and black market exchange rates for the naira. Close to $5 billion has been sold, according to analysts. The naira was quoted at 377.83 to the dollar at the investor window, according to market regulator <FMDQ OTC> Securities Exchange. It sold for 305.60 to the dollar at the interbank window and 366 on the black market. *(Reuters)*

Nigeria will start an international road show next week for the sale of a diaspora bond and has named Bank of America Merrill Lynch and Standard Bank of South Africa as joint lead managers, its debt management office said on Thursday. Africa's biggest economy first unveiled in 2013 plans to sell diaspora bonds worth between $100 million to $300 million from Nigerians living abroad. But the government at the time did not appoint a bookrunner until an election brought the opposition into office. A roadshow will start on June 13 with meetings planned in Britain, Switzerland and the United States, the debt office said in a statement. "Nigeria has filed a registration statement for the Bonds with the United States Securities and Exchange Commission," the statement said, adding that the Bonds would be listed in London. It gave no price expectations. Nigeria, grappling with its first recession in 25 years that was largely brought on by low oil prices and the impact of attacks on energy facilities in the Niger Delta, has set a budget of 7.44 trillion naira ($23.66 billion) this year. The West African country expects a budget deficit of about 2.21 trillion naira in 2017 as it tries to spend its way out of a recession, with more than half the deficit to be funded through external borrowing. The OPEC member country successfully raised $1 billion in February and $500 million in March from Eurobond sales and is planning more external borrowing to plug the gap in this year's budget. *(Reuters)*

Nigeria's daily domestic refining capacity is now at 6 million litres, while the country's daily consumption stands at 35 million litres, the country's oil minister said on Thursday. The Minister of State for Petroleum Resources Ibe Kachikwu gave the comments at a press briefing in the capital of Abuja. Nigeria is pushing to refurbish its decrepit refineries, as the country is still mainly dependent on exporting crude oil for imports of refined products. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

TRADING

This Week's Leading Headlines Across the African Capital Markets

Tanzania

Corporate News

NMB Bank has paid 16.5bn/- dividend to the government with the Finance and Planning Minister Dr Philip Mpango challenging other privatised public entities to stop loss making complaints and start paying government dividends. I commend NMB Bank for the outstanding performance and its consistency in paying government dividend every year," he said at the NMB Bank Annual General Meeting held in Dar es Salaam at the weekend. Dr Mpango said after receiving a dummy cheque worth 16.5bn/- from NMB Bank as dividend for the last financial year that privatised public firms ought to start paying government dividends from next year as NMB Bank has been doing. During the Bank's AGM, shareholders approved 104/-dividend per share and 52bn/-total recommended dividend which is in line with the bank's dividend policy of paying a third or 33.3 per cent of its profit after tax in dividends. Despite the challenging business environment, NMB Bank reported a 153.8bn/- profit after tax last year, which is 2.3 per cent increase from the 150.3bn/-that was recorded in the previous year. NMB Bank Chairman, Prof Joseph Semboja said the board seeks to balance maximizing shareholders' return while also reinvesting funds back into the bank's business in order to finance its growth plans. "NMB has over the years maintained a healthy capital position and we intend to continue doing so.

To achieve this, it is crucial that we make the right decisions especially with the upcoming regulatory changes in capital requirements," said the Chairman. The capital adequacy ratios for banks in Tanzania are set to change in the near future following the Bank of Tanzania's (BoT) requirement for all commercial banks in the country to fully comply with Basel II regulations and new international accounting rules for loan loss provisions. In the short term this may put pressure on the level of profits that Tanzanian banks can distribute. NMB Bank Managing Director Ms Ineke Bussemaker said, "The bank is committed to continue support development of the Tanzanian economy, also in the current challenging circumstances. At the same time we need to ensure adequate profit levels to improve our capital position," Besides the said profit gains, NMB is pleased to be able to report a number of innovations and success during the year. The innovations, the launch of Pamoja and Wajibu propositions, the establishment of more than 1,000 'Wakala' and the integration with over 150 local councils for electronic collections are all contributing to enhanced financial inclusion through digital channels and increased deposits. Also, the stable B1 credit rating awarded to NMB by Moody's confirms the confidence of international investors in NMB. Similarly, domestic Tanzanian retail investors showed their trust in the bank by twice oversubscribing the NMB retail bond issue. *(Daily News)*

Economic News

WORLD Bank has forecasted Tanzania as the third fastest growing economy in Africa next year after Ethiopia and Ghana. In a brief report, Global Economic Prospects: Sub-Saharan Africa, the WB predicted Tanzania to grow 7.2 per cent behind Ghana 7.8 per cent and Ethiopia 8.3 per cent. The Breton Wood institute said the growth in Tanzania and Ethiopia, non-resource intensive countries, would be helped by public investment. "Growth in non-resource intensive countries is anticipated to remain solid, supported by infrastructure investment, resilient services sectors, and the recovery of agricultural production," WB said in a statement issued on Sunday. The report brief further said weather-related risks are elevated in East Africa. "Worsening drought conditions will severely affect agricultural production, push food prices higher, and increase food insecurity in the subregion," the bank said. On the Sub-Sahara outlook, the bank said growth in the area was forecast to pick up to 2.6 per cent in 2017 and to 3.2 per cent in 2018, predicated on moderately rising commodity prices and reforms to tackle macroeconomic imbalances.

Per capita output was projected to shrink by 0.1 per cent in 2017 and to increase to a modest 0.7 per cent growth pace over 2018-19. "At those rates," World Bank said "growth will be insufficient to achieve poverty reduction goals in the region, particularly if constraints to more vigorous growth persist". Growth in South Africa, the second biggest economy in Africa, is projected to rise to 0.6 per cent in 2017 and accelerate to 1.1 per cent in 2018. Africa's biggest economy, Nigeria, is forecast to go from recession to a 1.2 per cent growth rate in 2017, gaining speed to 2.4 per cent in 2018, helped by a rebound in oil production. Growth is forecast to jump to 6.1 per cent in Ghana in 2017 and 7.8 per cent in 2018 as increased oil and gas production boosts exports and domestic electricity production. *(Daily News)*

Tanzania's inflation slowed to 6.1 percent year-on-year from 6.4 percent a month earlier, the statistics office said on Thursday. (Reuters)

THE government postponed borrowing from international lenders in the 2016/17 financial year after the interest rates increased, the Minister for Finance and Planning, Dr Phillip Mpango has said. Dr Mpango said in Parliament yesterday that the government had put on hold borrowing plans from international lenders after interest rates increased to nine per cent from six per cent. "In 2016/17 a deliberate decision to defer borrowing was made following borrowing rates from international lenders increased from an average rate of six per cent to nine per cent," he said when presenting a state of the economy to Members of Parliament. The government plans to issue debut Eurobond to raise funds for financing infrastructure development but there has been delays in the launch as it sought a credit rating. The Ministry of Finance and Planning had said last year it had concluded talks with Fitch Ratings for a sovereign credit rating and also hoped to finalise similar discussions with Moody's Investors Service, paving the way for a possible debut Eurobond issue. The government has increased public investments of some key infrastructure projects to help the country make optimal use of its strategic position as a transport hub in the region. It has outlined some key flagship infrastructure projects with significant multiplier effects to economy including construction of a standard gauge railway, reviving of the Air Tanzania Company Limited and Mchuchuma Coal Mining and Liganga Iron Ore Mining.

Others are construction of a Liquified Natural Gas (LNG) plant in Lindi Region, establishment of Special Economic Zones (SEZ) in Tanga, Bagamoyo, Kigoma, Ruvuma and Mtwara; establishment of Kurasini Logistic Centre; and procurement of new and rehabilitation of existing ships for Victoria, Tanganyika, and Nyasa lakes and construction of Liquified natural gas. Dr Mpango said delays in disbursement of funds from foreign concessional and commercial loans due to prolonged negotiations with lenders and development partners were among challenges in implementing 2016/2017 development budget. He said various measures have been taken to address the challenge including further strengthening of domestic revenue collection, improving business environment to attract more private sector investments including small investors. *(Daily News)*

Zambia

Corporate News

Refined sugar production at Zambia Sugar, a unit of Associated British Foods, increased 47 percent to 65,000 tonnes in the year ended Mar 31, driven up by increased refining capacity, the company said on Thursday. However, total sugar production fell 6 percent to 359,000 tonnes compared to last year mainly due to reduced cane supply following a drought, its managing director Rabecca Katowa said. "The $80 million investment into our new state-of-the-art Nakambala refinery has undoubtedly positioned the company well for future growth. It solidifies Zambia Sugar's strategy of focusing on domestic and regional markets growth," Katowa said in a statement. *(Reuters)*

Economic News

Zambia's copper output will climb by about 4 percent to a record this year as operators near a resolution with government over power prices, according to the Chamber of Mines in Africa's second-biggest producer of the metal. Production will increase to about 800,000 metric tons, said Nathan Chishimba, president at the lobby group. That would be higher than the 770,600 tons mined last year, and exceed a previous record of about 790,000 tons in 2013. The forecast is less optimistic than a projection by Christopher Yaluma, the mining minister, who sees output jumping to 850,000 tons. Negotiations over a proposed power-tariff increase for the industry that accounts for more than half of Zambia's electricity consumption are "progressing well," Chishimba said Tuesday in an interview in Kitwe, Copperbelt province. Most mines in the country rejected an increase the government imposed in 2014, and again at the start of 2016, and talks have been ongoing. "There could be one or two sticking points but I'm not sure if those will be show-stoppers," Chishimba said. "I can confidently say that we hope to see resolution in the next few weeks." The lobby group has said in the past tariffs should be set according to the cost of producing power. Zambia's energy regulator in April appointed U.K.-based Economic Consulting Associates to study this, with the report due 12 months from then. Government wants to recoup costs, while ensuring copper producers are profitable, Yaluma said earlier Tuesday. "We are not trying to choke anybody's throat," he said. Mining companies including Glencore Plc, Vedanta Resources Plc and Barrick Gold Corp. have operations in Zambia. *(Bloomberg)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zimbabwe

Corporate News

Information Communication Technology minister Supa Mandiwanzira says Econet Wireless is still refusing to fully share its infrastructure despite a legal framework put in place. Mandiwanzira told journalists on Thursday during a tour of TelOne's fibre project along the Bulawayo-Beitbridge Road that Econet was not open to infrastructure sharing. "The Statutory Instrument (SI 137 of 2016) is out and we expect that all operators within the telecommunication sector must share infrastructure. It's not a new thing. It's something that has been taking place," he said. "Infrastructure has been shared for a very long time and one of the institutions that has been in the forefront in terms infrastructural sharing is TelOne. It is now global practice. "We are very happy that TelOne is continuing with infrastructure sharing. Telecel and NetOne are all talking about infrastructure sharing and how they can share some of the towers. We hope that all other players can come on board." In November last year, the government gazetted SI 137 of 2016 on infrastructure sharing, but insiders say Econet has been trying to negotiate with the government on the law, insisting on doing it on a one-to-one basis. Mandiwanzira said Econet was itself enjoying quite a huge amount of sharing with government-owned companies such as TelOne and using infrastructure belonging to power utility Zesa Holdings. "They (Econet) have not been very open, from what we understand, to sharing their infrastructure without receiving something from who they want to share with. S

o what they are insisting on is if you want to put your infrastructure on our tower, you must offer your tower so we put our infrastructure there," he said. "So they are saying let's share but on a one-to-one basis. Let's share if you have something also to give me. That is not the spirit of the policy. That is not the spirit of the law. That is not what we expect. We expect that the sharing must be open." Mandiwanzira said all operators, who wanted to use infrastructure of other companies, must pay for it, whether it is government-owned or not and that should be the determining factor. "We insist that there must be payment and that the compensation must be fair and adequate. We refuse that operators can choose who they want to share with," he said. "The determining factor must be; are you able to pay? and if you can pay, that infrastructure must be available for sharing and we are going to insist on that." According to government, shared infrastructure limits the capital expenditure that every other operator has to incur to grow its coverage. *(News Day)*

Lafarge Cement's revenue for the first quarter to March was 15 percent lower than comparable period last year due to low aggregate demand caused by excessive rainfall and falling disposable incomes, chief executive Amal Tantawi said on Monday. She told journalists after the company's annual general meeting that revenue for the industry estimated to be 23 percent lower than recorded in the same quarter last year. "We estimated that the overall market was down by 23 percent, triggered mostly by the more than expected rain season that we had and of course the economic tightness, the cash liquidity," said Tantawi. She said earnings before interest, tax, depreciation and amortisation (EBITDA) was ahead of budget but lower compared to the same period last year. Volumes in the quarter were in line with revenue, she said without giving figures. However, the company's performance started to pick up in April and May. The company expects financial results for the half-year to be similar to the same period last year. In its previous full year results to December 2016, Lafarge Cement's Zimbabwe unit reported a 59 percent increase in profit from $1,9 million to $3,1 million, although revenue was flat at $61 million. *(The Source)*

Hwange Colliery Company Ltd. plans to reduce its workforce by as much as half and will restart underground operations in the third quarter as the Zimbabwean miner seeks to reduce costs and return to profitability. HCCL began a voluntary severance program in March and about 200 staff have already taken the option, Managing Director Thomas Makore said in an interview Tuesday. The company probably needs to slim down to about 1,200 to 1,400 people to produce competitively, he said. The miner is in talks with potential customers for offtake agreements from underground operations, which are expected to resume by the end of September and will boost production of more valuable coking coal, Makore said. Production from the open-pit operations has rebounded after heavy rains in the first quarter slowed activity, he said. Output rose to 170,000 metric tons in May from 52,000 tons in April and is expected to top 200,000 tons this month. HCCL hasn't reported an annual profit since 2012 according to data compiled by Bloomberg and said in March it faced significant liquidity problems last year that constrained output, as it struggled to find money for spare parts and other production needs. Creditors last month approved a plan to convert its short-term debts to medium and long-term borrowings. Zimbabwe's government owns 43 percent of the coal miner -- 37 percent directly and 6 percent through the state-owned pension fund, while 26 percent is owned by businessman Nicholas Van Hoogstraten, Makore said. *(Bloomberg)*

An offer for Barclays Plc's Zimbabwe unit by its management and backed by funds from the country's social security agency lost out to Malawi's First Merchant Bank Ltd. It's a "shame" that Barclays Bank of Zimbabwe Ltd. didn't stay with local investors, National Social Security Authority Chairman Robin Vela said by phone from the capital, Harare, on Monday, confirming that the agency was willing to fund the deal. "Barclays Plc made their decision and it's within their rights to sell to whomever they like," he said. Barclays views management buyouts as rarely successful in banking and was more comfortable with First Merchant Bank because it has operations in the region, three people familiar with the matter said, asking not to be identified because they're not authorized to speak publicly. They didn't comment on the financial terms of the offer. Barclays kept a 10 percent stake in the subsidiary, the people said. Zimbabwean banks have had to limit cash withdrawals by customers because of a shortage of banknotes in an economy that has halved in size over the past 16 years.

Repeated calls to the mobile phone of Barclays Bank of Zimbabwe MD George Guvamatanga since last week seeking comment haven't been answered. He didn't respond to a text message, while staff at his office said he is not in the building. "George would've been a phenomenal manager going forward," the NSSA's Vela said. First Merchant, based in Malawi's capital of Blantyre, agreed to buy Barclays Bank of Zimbabwe last week to add to its businesses in Botswana, Mozambique and Zambia. Details of the transaction, which still needs approval from regulators in Zimbabwe and Malawi, haven't been released. FMB, as the lender is known, has a market value of 37.4 billion kwacha ($51.4 million) compared with $73.2 million for Barclays Bank of Zimbabwe Ltd., according to data compiled by Bloomberg. FMB's purchase of a 57.68 percent stake is being partly financed by London-based CDC Group Plc, a development finance company, Zimbabwe's state-controlled Herald newspaper reported last week. The country's empowerment laws require 51 percent local ownership of businesses. *(Bloomberg)*

Zimbabwe's largest short-term insurer, NicozDiamond's Gross Premiums Written grew 11 percent to $19,5 million in the five months to May 2017. Revenue for the first four months to April marginally grew by a percent, managing director Grace Muradzikwa told shareholders at the company's annual general meeting on Tuesday. "The insurance industry continues to face a protracted soft market cycle that has seen clients continuing to negotiate for reduced covers and lower premium rates. This is further exacerbated by the extended payment terms being negotiated," she said. The company paid claims worth $2,7 million in the five month period. "Even though some regulatory and related changes made in 2016 increased the cost of doing business for the sector and the company in particular, we did all we could to ensure that expenses remain aligned to revenue and this shall continue to be an area of focus," said Muradzikwa. The company's housing project, Diamond Villas, will be fully leased out in July and so far positive rental yields are being obtained, she added. Muradzikwa said that the Zambian and Malawian businesses traded positively but the Mozambique was in a loss-making position. Going forward, the company will focus on customer retention and growth, claims cost management and expenses reduction. *(The Source)*

The Reserve Bank of Zimbabwe has approved the sale of nearly 50 percent of Vast Resources shares in its Zimbabwe operations to a Mauritian investment company. Vast Resources, which owns 50 percent of the Pickstone and Peerless gold mine in Chegutu, announced in January that it was selling 49.99 percent of its shares to SSCG Africa Holdings, for $4 million to minimise exposure to the economic uncertainty in the country, including the possible impact of bond notes. Vast said the central bank has finally approved the deal, two months after the initial deadline of April 7, which will also complete a financing arrangement totalling $8 million. Under the deal, Vast would also receive a $4 million loan, payable over four years at 12 percent interest rate from the Mauritian investment company. Vast resources chief executive officer Roy Pitchford said the company intends to use the money to boast its operations in Romania and repay a Grayfox loan. Grayfox Investments is a consortium of Zimbabwean investors who control the other 50 percent of Pickstone and Peerless mine. "I am delighted to report the formal approval from RBZ for our disposal of a non-controlling interest in our Pickstone-Peerless Gold Mine and Giant Gold Project in Zimbabwe.

This transaction, together with the possible further transactions with (SSCG), will provide us with the capital to move forward with our optimisation plans for our producing Manaila Polymetallic Mine and other interests in Romania. We believe this area will yield the best long term value opportunity for the Company without the need to dilute our shareholders," said Pitchford in a statement. "Importantly, we have also retained the controlling interest in our Zimbabwean projects and have exposure to the upside which these may deliver through our ongoing 25 percent economic interest." *(The Source)*

Ariston Holdings' loss position for the six months to March 31 narrowed seven percent to $1.99 million from $2.14 million in 2016 on the back of reduced revenues. Revenue at $3.48 million was eight percent lower than $3.79 million in 2016 largely due to late commencement of the macadamia harvesting, but expects an improved second half of the year. Chief executive Paul Spear, in a statement of the financials said although late, the macadamia harvest for 2017 is set to surpass prior levels and the quality of the nuts harvested so far are has been the best. Average prices have also increased. The group's Southdown Estates contributed 71 percent to company revenue compared to 75 percent in prior comparative period. Claremont Estates contributed 20 percent to the group's revenue compared to 16 percent in 2016 while Kent Estates contribution to the group's revenue at 9 percent remains unchanged from the prior comparative period. Loss from operations for the period was $1.4 million compared to $1.12 million while finance costs fell to $710,000 from $2.05 million for the comparative period after converting shareholder loans to equity in August last year. Stone fruit harvesting has been completed for the season and volumes improved to 943 tonnes from 776 tonnes achieved during the prior year.

Average pricing was 13 percent below the comparative period as a result of disappointing export volumes. Pome fruit harvesting is in progress and so far the volume is ahead of prior comparative period with 709 tonnes already harvested compared to 543 tonnes in 2016. "Prices have been firm. The increase in yields for both stone fruit and pome fruit is the result of young orchards coming into production and quality has been good," said Spear. Passion fruit orchards continue to produce at acceptable levels but prices are 3 percent weaker compared to the prior year. Avocado harvesting will commence in the third quarter with export forecasts positive. Potato plantings were limited by incessant rain but production is up on the prior year. At Kent Estate commercial maize, seed maize and beans await harvesting in the third quarter. Poultry continued to perform very well and utilisation of the second poultry site will commence after half year. Meanwhile, tea production for the period was at 1,392 tonnes, representing an 18 percent increase on prior year. Spear said year-end production is comfortably ahead of prior year and the average tea export prices are up by 11 percent during the period. Sales of blended teas have been slightly ahead of prior year in terms of volumes produced and sold with improved margins being realized. (*The Source)*

Zimbabwe's largest seed producer SeedCo is seeking shareholder approval to partially unbundle and list its external operations on a regional stock exchange to raise capital for expansion, a day after reporting a net income of $20,7 million for the full-year to March from $14,6 million last year. "SeedCo Limited hereby advises its shareholders that the Company's Board of Directors has approved, subject to shareholder and regulatory approvals, a proposal to partially unbundle and list the external operations of the Group on a regional stock exchange to raise capital for expansion and to fund growth opportunities," the company said in a statement. Seed Co is a holding company for a group of companies in Botswana, Kenya, Malawi, Nigeria, Rwanda, Tanzania, Zambia and Zimbabwe, whose principal activities are producing agricultural seeds. On Thursday, the group reported its financial results which showed that operating profit increased by 86 percent to $29,1 million from $15,6 million achieved in the prior year despite a 22 percent increase in operating costs. Revenue increased by 40 percent to $134,6 million from $95,96 million previously. "Total sales volume up 37 percent on prior year with maize increasing by 42 percent, a very strong performance underpinned by resurgence of Zimbabwe under command agriculture and increased market coverage in Tanzania and Botswana," chief executive, Morgan Nzwere said.

Finance director, John Matorofa told analysts that finance costs were 12 percent higher than same period last year due to discounting of treasury bills (TBs) at rates between 7 percent and 10 percent in Zimbabwe and payment delays by Zambia and Malawi governments resulting in extended loan facilities. Matorofa said the company disposed of treasury bills amounting to $11 million in the period. Seedco is owed a total of $16,7 million by the governments of Botswana, Zambia, Malawi, Tanzania and Rwanda, Matorofa said. Shareholder funds increased by 15 percent to $163,9 million on the back of a 41 percent increase in after tax profit recorded in the period. The group closed the year with a net cash position of $18 million, relative to net borrowings of $9 million last year on the back of increased profitability and cash sales, as well as the liquidation of treasury bills. Capital expenditure stood at $6,3 million for the period compared to $5,8 million spent in the previous year. The company said it has increased its seed production by 20 percent, including winter production in view of the anticipated increased demand in the new season. The company declared a dividend of 2,92 cents per share and an additional once-off special dividend of 1,46 cents per share due to exceptional performance in the period. Nzwere said the large dividend was because the company was sitting on excess cash which it cannot easily use to make foreign payments. Shareholders will have an option to elect either cash or scrip dividend, the company said. *(The Source)*

Regional cement producer Pretoria Portland Cement (PPC) says volumes at its Zimbabwe operation dropped three percent in the full year to March 31, as cash shortages persist. Prices suffered in US dollar terms, falling 10 percent during the year. The appreciation of the South African rand by an average of nine percent during the year, also impacted on profitability. Profit after tax in the period declined 96 percent to R27 million from R731 million last year. Group revenue rose by 5 percent to R9,641 million from R9,187 million in the previous year. "The growth was supported by the rest of Africa cement business which grew revenue by 9% and the aggregates and readymix segment which grew revenue by 23 percent." "The tough operating environment was intensified by the strengthening of the US dollar against regional currencies, leading to further competition in the market. Importation of cement declined slightly compared to the previous year mainly due to the introduction of cement import tariffs of US$100 per ton, which was effective 1 October 2016," said the company. "The liquidity challenges in the domestic market continue to be of concern." The group said Zimbabwe's deteriorating economic environment and resultant liquidity issues have resulted in challenges being faced with processing of foreign payments by the banks in the country. The group added that management team was working hard to diversify revenue streams, increase localised procurement and grow export volumes. PPC, which opened its Harare plant in November last year, said the new investment expected to reduce outbound logistics costs while increasing accessibility to the northern markets. "The company is well positioned for the expected economic upturn and infrastructural developments and investments in the medium term. Harare and Bulawayo operations are suitably located to grow exports into neighbouring countries and this will be given priority. The group has operations in South Africa, Botswana, DRC, Rwanda and Ethiopia.*(The Source)*

Hippo Valley Estates, the local unit of South African sugar processor Tongaat Hulett, on Thursday reported a net income of $7,7 million for the full-year to March 31 from a loss of $6,5 million previously, driven by increased revenue and lower cost of capital. Earnings per share improved to four cents relative to a loss of 4,6 cents per share recorded in the prior period. Operating profit grew to $13,4 million from an operating loss of $6,5 million previously. Revenue increased by 27 percent to $148,5 million from $116, 8 million last year with prices averaging $578 per tonne from $550 per tonne previously. Sugar production increased by 12,25 percent to 229,000 tonnes from 204,000 tonnes. "The marked improvement in performance was a direct result of the significant increase in sugar production volumes by some 25,000 tons from the prior year due to increased cane deliveries from private farmers and improved cane quality across the board," company secretary Bigboy Shava said in a statement of the financial results. The company said a total of 301,000 tonnes was sold in the local market compared to 289,000 tonnes in the previous year. Cash generated from operations increased to $38 million from $16,7 million recorded in the previous year on increased revenue and operating profit. Hippo Valley's net debt position improved by 77 percent to $7,9 million from $35,4 million in the previous year. Finance costs incurred declined to $4,4 million relative to $6,4 million in the previous year. Shava said the recently completed Tokwe-Mukorsi dam will provide stable irrigation water and will fuel the future growth of the industry. Sugar production is expected to grow to between 535,000 tonnes and 570,000 tonnes by 2018/2019. The company did not declare a dividend, citing the need to retain cash for its expansion programme. *(The Source)*

Economic News

The World Bank has lowered Zimbabwe's growth projection to 2.3 percent for this year, from an initial forecast of 3.8 percent in January, saying the economy remains fragile. The World Bank did not explain the basis of such a prediction, which is lower than the Zimbabwe government's revised growth estimate of 3,7 percent in March. Finance minister Patrick Chinamasa had earlier projected a 1,7 percent growth. In its report June report on Global Economic Prospects, the World Bank categorised Zimbabwe under fragile economies. Growth in Sub-Saharan Africa is forecast to pick up to 2.6 percent in 2017 and to 3.2 percent in 2018, predicated on moderately rising commodity prices and reforms to tackle macroeconomic imbalances. "At those rates, growth will be insufficient to achieve poverty reduction goals in the region, particularly if constraints to more vigorous growth persist," read the report. South Africa's GDP is projected to rise to 0.6 percent in 2017 and accelerate to 1.1 percent in 2018. Nigeria is forecast to go from recession to a 1.2 percent growth rate in 2017, gaining speed to 2.4 percent in 2018. Growth in non-resource intensive countries is anticipated to remain solid, supported by infrastructure investment, resilient services sectors, and the recovery of agricultural production. Ethiopia is forecast to expand by 8.3 percent in 2017, Tanzania by 7.2 percent, Côte d'Ivoire by 6.8 percent, and Senegal by 6.7 percent. The report notes that the regional outlook is subject to significant internal and external risks such as sharp increases in global interest rates which could discourage sovereign bond issuance, which has been a key financing strategy for governments. *(The Source)*

Zimbabwe's Treasury has issued about $600 million worth of Treasury Bills to settle debts owed by parastatals and local authorities to the country's power utility, a senior government official has said. In January, the Zimbabwe Electricity Supply Authority (ZESA) reported that it was struggling to recover over $1 billion in unpaid electricity bills with government departments accounting for the majority of the debt. "The bills that were owed by parastatals, local authorities and Sable Chemicals have been converted to Treasury Bills and we think that is a positive for the sector. Out of the $1 billion debt perhaps we are now sitting at $400 million," Energy secretary Pattison Mbiriri told a parliamentary committee on Monday. "We are relying solely on the central bank. We are not going to the market because we want to get real value for them….if we go to the market there will be all sorts of discounting and we will realize perhaps just 60 percent so we are leaning on the central bank to get the true value of the TBs." Mbiriri said the debt was slowly reducing on account of the prepaid system introduced in 2012. About 600, 000 consumers have been migrated onto the prepaid metres system out of a target of 800, 000. "Those that aren't on prepaid meters are the huge consumers who should be put on smart meters. The bulk of the revenue for Zesa comes from the few large consumers of electricity who remain on postpaid," Mbiriri added. He added that the utility was in the process of procuring smart meters.*(The Source)*

The Zimbabwe Stock Exchange's market capitalisation reached $5 billion on Tuesday after the industrial index rallied by 0,65 percent to close at 171,48 points, its highest since September 30, 2014. Historically, the local bourse reached a peak market capitalisation of $6 billion in July 2013. ZSE market capitalisation closed at just over $5 billion after 16 counters recorded gains. The largest company by market capitalisation, Delta advanced 0,6 percent to close at 100,65 cents. Other heavy weights, Econet and Old Mutual gained 1,4 percent and 0,1 percent in the day to close at 36,5 cents and 377,42 cents respectively while Padenga added 0,2 percent to settle at 21,3 cents. Leading the gainers was Zimpapers after picking up 33,33 percent to close at one cent while Mashonaland Holdings and CFI advanced 11, 67 percent and 8,66 percent to close at 2,01 cents and 14,18 cents respectively. ZPI and FBC gained 8,33 percent apiece. The mining index was flat at 69,63 points. Turnover for the day was $1,46 million. Foreigners bought shares worth $636,208 and sold shares worth $632,504. *(The Source)*

Zimbabwe has earned $222 million from 47,2 million kilogrammes of the tobacco exported mainly to China, Belgium and South Africa since the beginning of the 2017 marketing season. Latest statistics released by the Tobacco Industry and Marketing Board show that China accounted for over 13 million kilogrammes valued at $115 million. Belgium bought 4,8 million kilogrammes worth $8 million, while South Africa imported 3,6 million kilogrammes worth $7,7 million. At the close of business on day 54 of the selling season, at least 47,2 million kilogrammes had been exported to 48 countries, generating $222 million for the economy, compared to 43,2 million kilogrammes worth $248 million during the same period last year. This represents an 11 percent decrease in terms of value, with a $26 million difference and eight percent increase in mass from 43,2 million kilogrammes last season to 47,2 million kilogrammes this season. According to TIMB, the golden leaf is being exported at an average price of $4,71 per kg, compared to $5,62 per kg last season. *(Herald)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zimbabwe's budget deficit surged by 44% in the first quarter of the year to $230,8 million from the comparable period in 2016, as government failed to contain its reckless spending patterns, latest Treasury statistics have shown. Total expenditures for the period January to March 2017 amounted to $1,1 billion, which was way above the revenue of $869,2m realised in the period. Expenditure was dominated by recurrent at $879,1m, while capital expenditures and net lending amounted to $173,3m. Of the expenditure, employment costs constituted 67% of total expenditure, while interest obligations amounting to $41m were paid in the first three months. Revenues were $278m in January and $264,1m in February before increasing to $327,1m in March 2017, giving total first quarter collections of $869,2m. This was an improvement from the $808,4m collected during the same period in 2016. Last year, the deficit in the first quarter was $159,8m. Revenues were $808,4m against expenditure of $968,2m. The surge in the deficit showed that government is not committed to cut the coat according to size amid fears the deficit would widen ahead of the 2018 elections.

The deficit forces government to borrow from the domestic market thereby crowding out lending to the private sector. Domestic credit increased by 17,5% to $7,92bn in March 2017 from $5,88bn in the comparable period last year. The government was a dominant player in the market. "Consequently, net claims to the central government increased by 40,2% to $4,034bn in March 2017. Credit to the private sector decreased by 0,3% from $3,50bn in March to $3,49bn March 2017," Treasury said. Analysts say government has to take bold reforms to contain the growing expenditure patterns with the bulk of it going towards salaries of the civil service. Finance minister Patrick Chinamasa has been under pressure from hawks within the government, who have vetoed, on two occasions, his proposals to waive bonuses for the civil servants. *(News Day)*

Zimbabwe is set to export wildlife to the Democratic Republic of Congo and Gambia, the Environment Minister, Oppah Muchinguri-Kashiri has said. Muchinguri told The Source that the two countries recently sent special envoys to President Robert Mugabe to forward their requests to purchase Zimbabwe's wildlife. "We have received orders to purchase wild animals from DRC and Gambia. Most former French countries lost a substantial number of wildlife due to poaching and we will work with these countries so that we all benefit," said Muchinguri-Kashiri. She did not say which species will be sold. In January this year, the Parks and Wildlife Authority of Zimbabwe announced that it had sold 35 elephants to China on December 23 last year to ease overpopulation and raise funds for conservation, sparking an outcry from environmental activists. Muchinguri- Kashiri said selling wildlife is a government policy. "We don't sell our wildlife because there is drought, it's a government policy that when we receive a request from a friendly country, we sell or donate to these countries as sustainable effort to build capacities of communities and organizations where these animals are found. "We may accelerate in drought situations where possible," she said. Zimbabwe is home to some the world's largest population of wildlife species such as lions, elephants, giraffe, buffalo, leopards, kudu and rhino. (*The Source)*

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