SECURITIES AFRICA
RESEARCH & CAPITAL MARKETS

PAN-AFRICA

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

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

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

AFRICA STOCK EXCHANGE PERFORMANCE

Country	Index	29-May-15	5-Jun-15	WTD % Change Local	WTD % Change USD	YTD % Change Local	YTD % Change USD
Botswana	DCI	10504.35	10577.27	0.69%	0.84%	11.32%	7.66%
Egypt	CASE 30	8912.00	8780.76	-1.47%	-1.38%	-1.81%	-7.89%
Ghana	GSE Comp Index	2362.63	2369.44	0.29%	-0.68%	3.59%	-19.06%
Ivory Coast	BRVM Composite	268.00	273.47	2.04%	5.76%	5.96%	-1.44%
Kenya	NSE 20	4786.74	4784.10	-0.06%	1.70%	-6.43%	-12.02%
Malawi	Malawi All Share	16141.51	16001.03	-0.87%	-0.07%	7.49%	15.34%
Mauritius	SEMDEX	1952.00	1970.79	0.96%	2.29%	-4.96%	-14.68%
	SEM 10	375.79	374.12	-0.44%	0.87%	-3.03%	-12.94%
Namibia	Overall Index	1120.02	1111.62	-0.75%	-2.85%	1.24%	-4.85%
Nigeria	Nigeria All Share	34310.37	33664.91	-1.88%	-2.54%	-2.86%	-11.30%
Swaziland	All Share	305.80	305.80	0.00%	-2.11%	2.58%	-3.58%
Tanzania	TSI	4714.76	4778.39	1.35%	-1.65%	5.54%	-14.27%
Tunisia	TunIndex	5646.40	5650.69	0.08%	2.25%	11.02%	7.31%
Zambia	LUSE All Share	5922.62	5976.58	0.91%	1.64%	-2.99%	-13.55%
Zimbabwe	Industrial Index	152.96	153.49	0.35%	0.35%	-5.71%	-5.71%
	Mining Index	44.45	46.54	4.70%	4.70%	-35.10%	-35.10%

CURRENCIES

Cur-rency	29-May-15 Close	5-Jun-15 Close	WTD % Change	YTD % Change
BWP	9.75	9.74-	0.15	3.40
EGP	7.61	7.60-	0.09	6.60
GHS	4.03	4.07	0.97	27.99
CFA	601.35	580.18-	3.52	7.51
KES	96.37	94.71-	1.72	6.36
MWK	435.01	431.54-	0.80-	6.81
MUR	34.34	33.89-	1.30	11.38
NAD	12.08	12.34	2.16	6.40
NGN	196.87	198.20	0.68	9.51
SZL	12.08	198.20	2.16	6.40
TZS	2,032.09	2,094.12	3.05	23.11
TND	1.96	1.92-	2.12	3.46
ZMW	7.17	7.12-	0.71	12.22

SECURITIES AFRICA

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Botswana

Corporate News

African retailer Choppies plans to buy 10 stores in Kenya for $10 million as it expands into a fourth market on the continent, the company said on Monday. Botswana-based Choppies, which operates 125 stores in its home market, South Africa and Zimbabwe, said it has entered into a conditional agreement with Kenya's Ukwala Supermarkets to buy its assets and business name and will fund the acquisition with debt and cash. *(Reuters)*

Economic News

No Economic News This Week

WEEKLY AFRICAN FOOTPRINT

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TRADING

Egypt

Corporate News

Palm Hills, Egypt's second-biggest listed property developer, said on Monday it had reached two land sale agreements and one land purchase agreement in Egyptian deals with a net value of 481 million Egyptian pounds ($63 million). The firm said in a statement the deals were part of a strategy to exit untapped real estate investments and unutilised sites that are not part of its plans while increasing cashflow in existing projects. Last month Palm Hills said it had completed a 1.62 billion Egyptian pound share sale to fund growth. *(Reuters)*

Emaar Misr, the Egyptian unit of Dubai's Emaar Properties, will offer 14.9 percent of its shares in an initial public offer in Cairo between June 16 and 25, the company said on Monday. The shares will be priced at 4.49 Egyptian pounds each, meaning the offer is expected to raise 2.69 billion pounds ($353 million). A tranche of the offer for retail investors will comprise 90 million shares and a tranche for institutional investors will offer 510 million shares. *(Reuters)*

A subsidiary of Egypt's Pioneers Holding has acquired a cable production factory in a deal worth 286 million Egyptian pounds ($37 million), the company said on Tuesday in a statement to the bourse. The factory has annual sales of about 1.2 billion pounds, the statement said. Pioneers holds a 55 percent direct stake in Giza Power, which made the acquisition. *(Reuters)*

Egypt's biggest steelmaker Ezz Steel reported a net loss of 835.58 million Egyptian pounds ($109.5 million) for 2014, it said in a statement to the bourse on Wednesday. The company had reported a net profit of 527.89 million pounds in the previous year, the statement added. *(Reuters)*

Dubai's Emaar Properties announced the price range on Thursday for the initial share sale of its Egyptian unit at below previously-indicated levels, giving an offer size of 2.55 billion pounds ($334 million) at the top of the range. The flotation will involve 600 million shares, equivalent to 12.99 percent of the company, offered at a price between 3.5 pounds and 4.25 pounds, with the final price to be decided on or around June 18, Emaar said in a bourse filing in Dubai. This range was below the 4.49 pounds which Emaar Misr said on Monday it would price the offering at, as well as the initial valuation of 4.70 pounds revealed in May which was based on a recommendation from accountancy firm Grant Thornton. Despite the revision, the listing of Emaar Misr is expected to be the largest flotation on the Cairo exchange since 2007. The Egyptian subsidiary has a portfolio of investments in Egypt worth around 53 billion Egyptian pounds ($7 billion), according to its website. Emaar Misr is expected to be listed on the Cairo stock exchange on or around July 2, the statement from Dubai's largest listed developer said. Much of the offering will be allocated to institutional investors, with 15 percent earmarked for retail buyers. The subscription period for institutions both inside and outside the North African country will start on Thursday and run until June 16, on which day retail investors will begin subscribing. The retail offer will conclude on June 25. "The level of interest shown from the investment community so far has been very encouraging and we look forward to welcoming new shareholders as long term partners in the growth of Emaar Misr," Mohamed Alabbar, chairman of Emaar and its Egyptian unit, was quoted as saying in the statement. EFG Hermes and JP Morgan are joint global coordinators of the float, with Emirates Financial Services designated a lead manager. *(Reuters)*

Egypt's Beltone Private Equity will offer shares of Beltone Capital, which it manages, worth 1 billion Egyptian pounds ($131.06 million) on the Egyptian stock exchange in the last quarter of this year, a partner said on Thursday. Beltone Capital is a private equity company owned by a number of Egyptian and Arab investors. It owns about 8 percent of Egyptian developer Medinet Nasr and 19 percent of Total Egypt, a subsidiary of French oil major Total. "The offering will take place in the final quarter of 2015 in order to raise 1 billion pounds of capital," said Sharif el-Akhdar, partner at Beltone Private Equity, a sister company of Beltone Financial. Beltone Capital, formed in 2006, has capital of 584 million Egyptian pounds. Beltone Financial and Citibank will serve as issuing managers, said Akhdar. The proportion of Beltone Capital shares that will be publically traded is yet to be determined, he said. *(Reuters)*

Egyptian cable company El Sewedy Electric said on Thursday it had won a 785 million euro portion of a 2 billion euro ($2.27 billion) deal to build a combined cycle power plant in Beni Suef, south of Cairo, in a consortium with Germany's Siemens. The plant will use Siemens's H-class gas turbines. Siemens said on Wednesday it signed an 8 billion euro deal ($9 billion) with Egypt to supply gas and wind power plants to boost the North African country's electricity generation by 50 percent. *(Egypt.com)*

Orascom Construction will build two combined cycle power plants with a combined capacity of 9,600 megawatts in a consortium with German industrial giant Siemens, the construction firm announced on Wednesday after Siemens signed a $9 billion power generation deal with Egypt. The Siemens deal, which is set to supply gas and wind power plants to boost Egypt's power generation by 50 percent, includes three new gas powered stations which will be the largest in the world, the German firm said earlier on Wednesday. One of the stations will be located on the Mediterranean coast, north of Borolos Lake in Kafr El Sheikh Governorate, and the other in the new administrative capital planned by President Abdel Fattah El Sisi's government, OC said. Each of the power plants, the largest in the world, will have a capacity of 4,600 MW and is worth 2 billion euros, with OC's combined share of the contracts totalling 1.6 billion euros, said the statement. OC, an offshoot of Netherlands-based OCI N.V., which is dually listed on NASDAQ Dubai and the Egyptian Stock Exchange, will be paid over 15-years for its portion of the contracts by the state-owned Egyptian Electricity Holding Company. *(Egypt.com)*

Economic News

Egypt's oil ministry said on Monday it had signed an energy exploration deal with Italy's Eni worth $2 billion following an MOU signed in March during an investment conference. The deal paves the way for the modification of some previous deals between the ministry and Eni that include gas price adjustments, the ministry said in a statement. Eni will be able to explore in Sinai, the Gulf of Suez, the Mediterranean and areas in the Nile Delta. The Italian company will invest $1.5 billion over four years in exploration, development and operation in Sinai and the Delta. A further $360 million will be invested in digging five new wells in northern Port Said; $80 million on digging a well in Sinai and repairing an existing one; and $40 million in the Gulf of Suez. The agreement also includes signature bonuses totalling $515 million that would partly repay some of Egypt's debts to Eni.*(Reuters)*

Egypt's supply ministry said on Sunday it had bought 5 million tonnes of local wheat so far this season which began in mid-April, surpassing its target of 3.7 million tonnes. The increase in the amount of wheat purchased from Egyptian farmers is a result of attractive prices offered by the government, supplies minister Khaled Hanafi said in a statement. The Egyptian government annually fixes a local procurement price for Egyptian wheat that is above global prices in an attempt to encourage farmers to grow the crop. This year, Egypt is paying its farmers 420 Egyptian pounds ($55) per ardeb, which is equivalent to about 150 kg. A total of 10 billion Egyptian pounds ($1.3 billion) has been allocated for local wheat purchases. Hanafi also said the increase in local procurement was due to the success of a new "smart card" system used to distribute subsidised bread which meant farmers were less likely to hold on to their crop for personal consumption. While in the past subsidised bread was sold on a first come first served basis, under the new system, families are issued plastic cards allowing them to buy five loaves per family member per day. Egypt, the world's largest wheat importer, procured 3.7 million tonnes of local wheat in the 2014 season.*(Reuters)*

Business activity in Egypt's private sector, excluding oil, shrank for the fifth month in a row in May but edged closer to expansion as employment rose, a survey showed on Wednesday. The HSBC Egypt Purchasing Managers Index rose to 49.9 in May, almost touching the 50 mark, above which signals growth in activity. The index rose from 49.8 in April. "Latest PMI data for Egypt highlighted a further worsening in business conditions during May, led by a stagnation in new orders," Markit economist Philip Leake said. "However, the rate of contraction was negligible, with expansions in output and employment suggesting that the headline index could signal improvement in the near future." Employment rose for the first time in six months, with some companies saying they raised staffing levels because of new projects. President

Abdel Fattah al-Sisi has pledged to reduce joblessness to 10 percent over the next five years. It stands at 12.8 percent according to the government's statistics agency, but analysts believe actual unemployment may be higher. Sisi faces pressure to deliver more jobs for Egypt's rapidly growing and youthful population of about 90 million. The survey showed that new orders were stagnant in May, which led to an only marginal increase in output. Respondents said a lack of stability in key export markets across the Middle East led to a solid decline in new work from abroad. Input costs continued to increase in May, driven up by the weak Egyptian pound versus the U.S. dollar. Output charges fell as companies attempted to attract clients. "Companies saw their pricing power diminish in May, as output charges fell at the fastest rate in more than three years," said Leake. Egypt is aiming to attract billions of dollars in foreign investment as the government tries to turn around an economy battered by political and economic turmoil since a 2011 uprising. An investment conference in March secured tens of billions of dollars in commitments and Egyptians are waiting to see results. *(Reuters)*

The government of Egypt has set initial price thoughts for a benchmark-sized bond issue which is expected to price later on Thursday, a document from lead managers showed, in what would be the country's first international bond issue in five years. The ten-year U.S. dollar bond is earmarked to price in the area of 6.25 percent, the document said. Benchmark size is traditionally understood to mean in excess of $500 million. The transaction is being arranged by BNP Paribas, Citigroup, JP Morgan, Morgan Stanley and Natixis. *(Reuters)*

The government of Egypt conducted its first international bond sale in five years on Thursday, underlining a return of economic and political stability to the country after its Arab Spring uprising of 2011. Egypt sold $1.5 billion of 10-year bonds at a yield of 6 percent, tighter than initial pricing guidance earlier in the day of 6.25 percent. It drew more than $4.5 billion of investor orders, according to a document from lead managers. Foreign portfolio investors left the country en masse in 2011, freezing it out of the international debt market. But economic growth has begun to pick up and shaky state finances to strengthen since President Abdel Fattah al-Sisi took office last year. He has overseen the launch of economic reforms and forged an alliance with rich Gulf states to obtain aid and investment. The market price of Egypt's outstanding dollar bond maturing in 2020 reflects this; it is trading at a yield of 4.37 percent, near a life low of 3.98 percent hit last December and down from a peak of 11.09 percent in June 2013. Thursday's bond sale was arranged by BNP Paribas, Citigroup, JP Morgan, Morgan Stanley and Natixis. *(Reuters)*

Ghana

Corporate News

CAL Bank Limited says it will increase its investments in government securities and other safe haven instruments and reduce its lending. The Managing Director, Mr Frank Adu Jnr, said the decision was informed by the high interest paid on the short-dated securities. "The thing is, we will do less loans and buy more T-Bills. If the rate is 25 pe cent and 26 per cent, what is the motivation to do more loans, which is riskier?" he asked after the bank took its turn at the Ghana Stock Exchange's Facts Behind the Figures programme in Accra. CAL Bank ended last year with a loan book of GH¢1.94 billion and a non-performing loan (NPL) ratio of seven per cent, compared to the industry average of 5.6 per cent as reported by the Bank of Ghana. An Executive Director of the bank, Mr Philip Owiredu, explained in an interview that the move was to help preserve the quality of the bank's balance sheet, which earned it the position of eighth most profitable bank in the country last year, according to the results of a survey of bank performance conducted by and published in the GRAPHIC BUSINESS on May 26. The move of the bank gives credence to calls on the government to reduce the interest on its securities to make them unattractive to the banks which will have no otpion than to lend out to businesses. Already, the bank's 2015 first quarter results showed that while investments in government securities, comprising treasury bills (T-Bills) and other fixed income assets, rose by 127.7 per cent (from GH¢393 million in the first quarter of 2014 to GH¢895 million in the first four months of this year), loans and advances rose by only 42.5 per cent within the period, rising from GH¢1.03 billion in the first quarter of last year to GH¢1.47 billion the same period this year.

On quarter on quarter basis, the results showed that although loans and advances grew by only 9.7 per cent between the fourth quarter of last year and the first quarter of this year, the bank's investments in government securities increased by 118.7 per cent within the period under review. Commenting on the development to the paper, the executive director of CAL Bank said the move was deliberate and aimed at helping to preserve the quality of the bank's balance sheet. The GRAPHIC BUSINESS survey, which was based on the 2014 audited results of the 26 banks, showed that CAL Bank was ranked among the top 10 banks in the country, using key performances indicators (KPIs) such as return on equity (RoE), return on assets (RoA), profit after tax margin, share of industry deposits, assets, shareholders' funds and loans and advances, among others. While attributing those performances to the aggressive growth strategy pursued in the past, the bank's executive director said his outfit would now aim at consolidating and preserving them in the coming years. As a result, he said instead of seeking high yields from risky investments such as loans and advances, as had been the case over the years, his outfit would, this year, buy more treasury bills and other short-term investment instruments with less risk. "We are looking at safe haven investments, and as such we want to move our assets into areas such as T-Bills and other things like that so that when the economy turns around, we can redeploy," he said.

He added that the decision to slow down on credit disbursement was further anchored by the current economic challenges, explaining that indications were that the drop in business confidence and growth could trigger a rise in loan default rates. "It is the quality of balance sheet that we now want to preserve and it will certainly lead to some slowdown in credit because the economy as it is, if you push too much credit in there, people may not be able to pay," Mr Owiredu told the paper. Its first quarter results showed that compared to the first quarter of last year, the bank's net profit grew by 38.8 per cent in the first four months of this year, rising from the GH¢29.2 million in the first quarter of 2014 to GH¢40.5 million in the first quarter of this year. The strong growth in net profit was influenced by a corresponding growth in net interest income, which rose from GH¢40.1 million in the first quarter of last year to GH¢56.2 million in the first four months of this year. *(Ghana web)*

GCB Limited has hinted Citi Business News that it will not increase its lending rates. According to the managing director of the bank Simon Dornoo in spite of the 100 basis points increase in the policy rate of the central bank, GCB will not increase its lending rates. The Monetary Policy Committee (MPC) of the Bank of Ghana (BoG) in May, 2015 increased the policy rate by 100 basis point from 21 percent to 22 percent. The BoG attributed the increase to inflationary and exchange rate trends. Currently GCB's base rate is pegged at 22.10% per annum. While rates within the banking industry are hovering around 25- 35 percent on the average. Speaking to Citi Business News the MD of GCB Limited, Simon Dornoo said there will be no need to increase the bank's base rate. "I think that policy rate was expected and banks

have already reflected that in their rates. I therefore don't see that change in our base rates as a result of the 100 basis points increase in the policy rate." Managing Director of GCB Limited Simon Dornoo indicated that the increase in the policy rate was long overdue because most banks envisaged that was going to happen. 'The central bank actually lends to banks at a reverse repo window of 25%, and before the increase the central bank was lending to banks at 24% so banks have naturally taken that into account in pricing their accounts but GCB in our quest to remain competitive we are going to retain our base rate at where it is for now'. He added.

Ghana has one of the highest lending rates in the world. The high rates have been identified as a disincentive for the business community. Average lending rate of banks in the country hovers around 30% while that of microfinance institutions is around 70%. Trades and Industry Minister Dr Ekow Spio Gabrah in a bid to deal with the matter last year commenced a campaign to push the rates down. Earlier he tasked business operators in the country to hit the streets to get banks to reduce the high interest rates. Some bankers have however criticized his approach. According to them government must rather deal with the numerous factors including inflation, monetary policy rate, its increasing appetite to borrow which they believe are pushing interest rates high. *(Ghana Web)*

Economic News

The Bank of Ghana said the yield on its 91-day bill rose to 25.1707 percent at an auction on Friday, from 25.1502 percent at the last sale. The bank said it had accepted 655.53 million cedis ($161.46 million) worth of bids of the 655.56 million cedis tendered for the 91-day paper. *(Reuters)*

Ghana's cedi weakened to a record as importers bought dollars amid speculation a surprise interest-rate increase last month won't be enough to stem the currency's decline. The cedi fell as much as 1.6 percent to 4.1050 per dollar before trading 1.2 percent weaker at 3:59 p.m. in Accra, the capital. The currency of the world's second-biggest cocoa producer has plunged 21 percent this year, the worst performance among 24 African currencies monitored by Bloomberg. "We see increased demand for dollars from commerce and the pharmaceutical industry to pay bills," Anthony Kofi Asare, head of treasury at GCB Bank Ltd., Ghana's biggest lender by branches, said by phone on Monday. "There is an element of speculation." Ghana's central bank unexpectedly increased its policy rate by 100 basis points to 22 percent on May 13 to bolster the cedi and combat inflation. The central bank sold from $300,000 to $500,000 each to some lenders on Monday, Nana Yankson, a currency trader at Accra-based Universal Merchant Bank Ltd., said by phone on Monday. *(Reuters)*

Ghana's government will scrap its remaining fuel subsidies by September in a bid to reduce expenditure while ensuring stable supply to drive economic growth, Petroleum Minister Emmanuel Buah told Reuters on Wednesday. The government has set aside 50 million cedis ($12.5 million) for subsidies in 2015 down from $150 million last year and took the decision in line with the terms of a three-year International Monetary Fund aid programme aimed at restoring fiscal stability. Ghana exports gold, cocoa and oil and until 2013 its economy was one of the fastest growing in Africa, but it has slowed sharply due to a fall in commodity prices and a fiscal crisis seen in a high debt-to-GDP ratio and a weakening currency. The country also faces a severe electricity shortage with frequent power cuts that have hurt the economy and angered voters. The government will safeguard against abuse or rapid price rises on bus fares caused by the decision, Buah said. "The objective is to fully decontrol fuel pricing," Buah said. "It also means that the perennial burden of subsidy arrears on the government's budget will come to an end." Ghana subsidizes fuel under a partially regulated downstream sector run by the National Petroleum Authority but the government will allow oil distributors to fix pump prices in a process to be implemented between July and September. The government started reducing fuel subsidies last July after previous attempts to scrap them failed. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

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Kenya

Corporate News

Consumer goods firm Eveready posted a loss for the six months to March, blaming its strategic move to exit some export markets, insecurity and a weaker local currency. Eveready East Africa swung to a loss of 17.7 million shillings ($181,000) in the period from a pretax profit of 44.8 million shillings as sales dropped 18 percent to 602.8 million shillings, the company said in a statement on Tuesday. Eveready said revenue declined as it had exited some markets that were unviable in the long term. Eveready said financing costs had increased as extra funds were needed for the closure of a battery manufacturing plant in the Rift Valley town of Nakuru. Financing costs had also increased due to a weaker shilling, which has lost about 8 percent against the dollar this year, the company said, adding that insecurity also presented access challenges to some of its local markets. Somali Islamists have staged a spate of attacks on Kenya which have devastated its vital tourism sector. The company, which also sells products such as flashlights and razors, said in October it would rely on Energizer Inc's factory in Egypt for battery supplies. *(Reuters)*

Equity Bank Ltd., which has started a new mobile payment and banking service called Equitel, is seeking 100 million customers in Africa within 10 years and the first five million by the end of 2015. "We already have 800,000 accounts and I'm optimistic we'll have five million SIM cards issued by year end," James Mwangi, chief executive officer of parent Equity Group Holdings Ltd., said Wednesday in an interview at the World Economic Forum on Africa in Cape Town. "For Africa, this is a bold step to converge financial services and telecoms along with payment services through American Express and MasterCard for tap and go." Equitel is a joint project between Nairobi-based Equity Bank and Airtel Kenya Ltd. The telecommunications company, which is controlled by India's Bharti Airtel Ltd., teamed up with Equity Bank last year to begin operating the mobile-phone banking and payment service. It competes with Safaricom Ltd.'s M-Pesa which allows users to send money by mobile-phone, generating 26.6 billion shillings ($275 million) of revenue for Safaricom in 2014. "We have spent $20 million" on Equitel, Mwangi said. "The number of Equitel customers can be equal to the number of banking customers and we have 10 million customers. In the next 10 years we want 100 million. We will follow Airtel's footprint and we will be in 15 countries in 10 years and eventually also go to the Democratic Republic of Congo." As capital needs grow along with Equity Bank's expansion, it may consider an initial public offering in Johannesburg or London, Mwangi said. *(Bloomberg)*

Kenya Airways has hired an American consultancy to advise on the restructuring of its operations, as the management struggles to turn around the fortunes of the troubled airline. New York-based Seabury has been picked to evaluate KQ's sales, ticketing and network planning functions and benchmark them with best practices in the airline industry. The firm's consultants have been working at KQ for the past six months hand in hand with a global financial adviser that the carrier hired around the same time to restructure the airline's debt and retire short-term loans. The national airline, which posted a net loss of Sh10.5 billion in the half-year ended September, has secured a Sh4.2 billion soft loan from the Treasury and another injection of an undisclosed amount from KLM, which together with the government are the joint anchor shareholders of the company. "The Seabury team will looking at all our commercial business and benchmarking with the industry," said KQ managing director Mbuvi Ngunze at a media briefing on Wednesday. "They will then give recommendations based on that audit. They will highlight the areas where there is scope for improvement." Mr. Ngunze said the consultants are interrogating KQ's sales as well as revenue management, the variables that the carrier uses to assign seat prices.

The consultants brief also include network planning – a process that will see them answer when, how and why KQ plies its destinations and how efficiently this is done. Seabury is a 20-year-old company that offers advisory services in sectors like aviation, aerospace, defence, financial services, maritime and logistics, among several others. The company guides airlines on aircraft acquisition and sale, technical support as well as network planning. Its clients include Virgin America, Cathay Pacific and United Airlines. "Seabury helps its aviation clients react…accurately to changing industry conditions, and implement the most effective strategies in a manner that is both measurable and sustainable," the company says on its website. The Treasury last week announced that it would lend KQ Sh4.2 billion in an effort to help it surmount challenges brought about by "the Ebola epidemic and the slump in tourism." The loan is expected to spare the airline the pain of

taking in more expensive commercial loans that would put a strain on its cash flows. The airline's current liabilities stand at Sh70 billion, Sh40.7 billion of which is short-term loans. KQ in October last year engaged the services of a consortium made up of a bank and a financial adviser (both international) to help restructure its expensive short-term debt and secure longer-term funds in the form of debt, equity or both. This consortium was expected to extend the bridging loan by the first quarter of 2015 but "negotiations are yet to be concluded but are in the final stages", according to the airline.*(Business Daily)*

Economic News

Kenya's president has picked an IMF adviser, Patrick Ngugi Njoroge, as the next central bank governor, pending approval by parliament, his spokesman said on Tuesday. Njoroge is an adviser to a deputy managing director at the Washington-based International Monetary Fund, has been named to lead the bank at a time when the shilling has come under heavy pressure because of the global strength of the dollar, falling foreign exchange revenues and a widening current account deficit. Manoah Esipisu, the president's spokesman, said Njoroge's name was being put forward by President Uhuru Kenyatta for "vetting and approval" by parliament. The president had been given a shortlist of three names after official interviews by the Public Service Commission, in charge of recruiting government staff. His choice is expected to be approved by parliament, in which Kenyatta's Jubilee coalition has a majority. Njoroge, who has a PhD in Economics from Yale University, would replace Njuguna Ndung'u whose term ended in March. Njoroge declined to comment when contacted by Reuters in Washington.

The shilling has been sliding since last year, hurt by falling foreign exchange inflows due to reduced tourist arrivals after frequent attacks by Somalia's al Shabaab insurgents, and a widening current account deficit as importers demand dollars for capital goods. At its last meeting in May, the central bank held its key lending rate at 8.50 percent and said it would pursue its tightening bias through money market operations to contain inflationary expectations. The next meeting of the Monetary Policy Committee is on June 9, a month earlier, a move analysts said could signal a plan to raise rates. Before joining IMF, Njoroge worked in Kenya's Finance and Planning ministries. *(Reuters)*

The International Monetary Fund said on Thursday Kenya's economy was seen expanding by around 6.5 percent this year, rather than its earlier forecast of 6.9 percent. East Africa's biggest economy has struggled with a number of challenges in the past year, including attacks blamed on Somalia's al Shabaab militants that have scared away tourists, and periodic droughts that have reduced farm output. Kenya's economy grew by 5.3 percent in 2014 from 5.7 percent a year earlier, hurt by a slowdown in tourism and farm output. "Kenyaâ€™s economy remains resilient in the face of headwinds, with real GDP projected to grow by around 6-1/2 percent in 2015, supported by rising infrastructure investments, lower energy prices, and a dynamic private investment environment," Mauro Mecagni, head of an IMF team visiting Kenya said in a statement. Mecagni did not say why the IMF trimmed its forecast. Kenya's fiscal deficits were seen rising above targets in both the 2014/15 (July-June) and 2015/16 fiscal years, he said. The 2014/15 budget had a deficit of 7.4 percent of GDP, and in 2015/16, the National Treasury's Budgetary policy statement for February targets a budget deficit of 8.2 percent of GDP. "The mission urged the authorities to boost efforts to mobilize domestic revenue and restrain current spending, so as to preserve room for critical priorities, notably closing infrastructure gaps, supporting an orderly devolution process, and strengthening the social safety net," Mecagni said.

He said the shilling's weakening was in line with developments in international financial markets. The local currency is down 7.8 percent versus the dollar as at end-May. "The CBK stepped up its monetary operations and has intervened in the foreign exchange market to mitigate heightened volatility of the shilling in recent weeks," Mecagni said. "Gross international reserves, equivalent to $7.3 billion at end-May, remain adequate." *(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

The weighted average yield on Mauritius' three-year Treasury bond rose to 3.55 percent at an auction on Monday from 2.76 percent at a previous sale on May 18, the central bank said. The Bank of Mauritius sold all the 1.4 billion rupees ($40 million) worth of debt it had offered after it rejected all bids at an auction on May 27. Bids totalled 2.82 billion rupees, with yields ranging from 3.0 percent to 4.75 percent. The bond has a coupon rate of 2.46 percent and is due on April 24, 2018. *(Reuters)*

Mauritius' inflation fell to 0.5 percent year-on-year in May from 2.1 percent a month earlier, citing a drop in food and non-alcoholic drink prices, official data showed on Friday. "The drop in inflation in May is due to lower cost of restaurant and hotels and lower prices of food and non alcoholic beverages," the Statistics Mauritius office said in a statement. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Nigeria

Corporate News

The Chief Executive Officer, Seplat Petroleum Development Company Plc, Mr. Augustine Avuru on Tuesday said the company would explore its natural gas production potential to hedge against the falling oil prices. Seplat is the only petroleum exploration and production firm to list on the Nigerian Stock Exchange (NSE) so far. Given the fact that crude oil is its main source of revenue, there have been apprehensions among some stakeholders that the decline in oil prices could impact on the company negatively. However, speaking to journalists at the end of its 2014 annual general meeting (AGM) in Lagos, Avuru said the company has made huge investment in natural gas and crude oil processing that would boost its revenue and increase shareholders value going forward. He added that apart from investment in gas delivery, the company would also leverage on the expansion exercise to grow its revenue. "We are now operating in mid stream by processing natural gas and crude oil development and delivery into the market.

We have successfully made efforts in our gas development strategy by expansion of our gas processing facility in Oben. Seplat will take advantage of this to boost revenue from gas in 2015 and in the coming years," he said. He, however, said that the company experienced some headwinds to growth in the form of an abrupt decline in oil price during the second half of 2014. Avuru said that the company would take a prudent approach in 2015 to reduce cost given the lower oil price environment, while the company would allocate capital selectively and prioritise investments that offer the highest returns. In his address to shareholders, Chairman of Seplat, Dr Ambrosie Orjiako said although the decline in oil price presents many challenges for the exploration and production industry, it also has numerous opportunities. According to him, the company would take advantage of the opportunities to maximise efficiency and boost profitability. "We look forward to maintaining our position as one of the leading indigenous oil and gas operators in Nigeria in 2015," Orjiako said. *(This Day)*

Vitafoam Nigeria Plc has explained that its performance in 2014 was impressive as its profit went up by 11.8 per cent. Speaking to the capital market community during the company's fact behind its financial figures for 2014, the acting Group Managing Director, Mr. TaiwoAdeniyi said that the company would continue to sustain its culture of ensuring shareholder value. Adeniyi noted that Vitafoam Nigeria Plc has the largest foam manufacturing and distribution network which facilitates just in time delivery of finished products throughout West African Sub region. He explained that despite the inclement operating environment, the company's gross profit was up by 5.4 per cent to N5.4 billion while profit after tax rose by 11.8 per cent to N435 million. Meanwhile, the company has proposed a gross dividend of N246 million and a bonus share of one for every five shares held for approval by the shareholders at the Annual General Meeting scheduled for this month. Adeniyi attributed the strong performance to the following critical success factors: professional and dedicated staff, processes and procedures, internal efficiencies, operational innovation and creativity and timely execution of strategic plan. Commenting on the company's competitive advantage, Adeniyi identified what he described as tail winds thus: strong brand equity (Vitafoam and Vono), strong assets base, national spread of sales channels, best in class operational facilities, economies of scale, pioneer advantage including establishment of vitapur and other subsidiaries and pacesetter advantage.

He explained that manufacturers in Nigeria are contending with persistent terrorist activities in the North, unpredictable political environment, high cost of financing operations, unstable government policies, lack of enabling infrastructures, products adulteration and volatile and increasing cost of chemicals. Adeniyi assured the Nigerian Stock Exchange's Management and stockbrokers that the company would continue to provide information timely in line with the Exchange's Post Listing requirements. Stockbrokers commended the company for its outstanding performance and advised the management. to sustain its culture of ensuring shareholder value. Prior to the presentation of the facts behind the figures, Vitafoam's management paid a courtesy visit to the management of The Exchange where developmental issues were discussed. Also, the Vitafoam's management visited the trading floor where Adeniyi commended the stockbrokers for their appreciation of the company's performance. He closed the trading by ringing the closing bell. *(Vanguard)*

Gas production is set to increase by 20 million cubic feet as Oando Group announced plans to invest $36 million, about N7.2 billion, in the

construction of three gas-compression plants in the country within the next one year. In an interview with Bloomberg in Lagos, Bolaji Osunsanya said the plants with an initial capacity of 20 million cubic feet of gas per day, are to be located in Aba, Abia State; Port Harcourt, Rivers State; and a third to be located in central Nigeria. Gas-energyAccording to him, with domestic gas demand projected to reach 5 billion cubic feet daily in the next two years, Oando is targeting big energy users such as cement and steel plants, who currently rely on diesel to generate at least 1.5 megawatts of power per factory, to switch to gas. Osunsanya noted that compressed to become more than 200 times smaller than its original volume, gas could be delivered to companies connected to pipelines during supply disruptions. He further said that the company is building a business to truck natural gas to industrial users whenever they are cut off from pipeline supply. He said: "We're basically creating a market for the future, markets that otherwise you won't have been able to use pipelines to serve. Today, it is possible to truck compressed natural gas there. "The technology can be utilised on all modes of transportation. Today it is trucks, but there is a future for rail and for barges, so we can wheel compressed natural gas through the rivers upstream." Oando's subsidiary, Oando Energy Resources, OER, a couple of weeks ago, had expressed optimism of meeting its medium term new production targets of 100,000 barrels of oil equivalent per day, boepd, and reserves of 500 million barrels of oil equivalent, MMboe by 2017.

OER, said such high expectations is being driven by its reserves, exploration drive and vision of becoming a leading exploration and production, E&P player in the Nigerian oil and gas sector. The company further said that it is well on track to meeting these production targets with its recent announcement of an 82 percent increase in reserves despite the downturn in the sector. The company's proved and probable net reserves, 2P reserves were significantly increased from 230.6 million barrels of oil equivalent, MMboe to 420.3 MMboe at an economic value of $545 million to $1.8 billion. Also, Oando Plc had in July 2014, completed the acquisition of ConocoPhillips' upstream oil and gas business in Nigeria for $1.5 billion, in which the cost outlay was arrived at after customary adjustments plus a deferred consideration of $33 million. The transaction involved Phillips Oil Company Nigeria Ltd, ConcoPhilips Oil Company Ltd, in which the NNPC owns a 60 per cent interest and Nigeria Agip Oil Company, NAOC, 20 per cent, and 20 per cent non-operating interest in Oil Mining Leases, OMLs 60, 61, 62, and 63 as well as related infrastructure and facilities in the Agip Joint Venture, NAOC JV Ltd. Conoco Exploration and Production Nigeria Ltd, CEPNL, also holds 95 per cent operating interest in OML 131 located 70 km offshore in water depths of 500m to 1,200m. While Phillips Deepwater Exploration Nigeria Ltd, PDENL, holds a 20 per cent non-operating interest in Oil Prospecting Licence, OPL 214 located 110 km offshore in water depths of 800m to 1,800m. *(Vanguard)*

Ecobank Transnational Incorporated, the parent company of Ecobank Nigeria, will sell a stake in the subsidiary by the end of this year to boost the Nigerian unit's capital, its Chief Executive Officer, Mr. Albert Essien, has said. He spoke on Wednesday in an interview in Cape Town at the World Economic Forum on Africa, Bloomberg reported. He did not specify how much the lender was planning to raise. Ecobank Nigeria is ETI's biggest subsidiary with $9.4bn of assets. ETI, whose largest shareholders are Johannesburg-based Nedbank Group Limited and Qatar National Bank SAQ, owns all of Ecobank Nigeria. "It will be up to Ecobank's shareholders if they want to buy equity in the Nigerian business," Essien said. The CEO also said the pan-African lender might end the legal battle against its former Chief Executive Officer, Mr. Thierry Tanoh, through an out-of-court settlement. According to Essien, the bank may seek an agreement with Tanoh this year over damages exceeding $35m awarded by West African courts, Bloomberg reported. "Although the court process will go on, we will ultimately settle amicably," he said. "I cannot stop the court process till we have a settlement. Both options will for now be pursued," he added A commercial court in Ivory Coast had last month ordered Ecobank's local unit to pay Tanoh 8.2 billion CFA francs ($14m).

That was on top of $22.5m Tanoh was awarded in January and February by courts in Ivory Coast and Togo. A London court blocked the two rulings in April, a judgment Tanoh's lawyer said he would challenge. Tanoh left Lome, Togo-based ETI, as the bank is known, more than a year ago after regulators investigated allegations of fraud and poor governance while he was CEO. He denied wrongdoing and took the bank to court for wrongful termination and defamation. ETI said Tanoh's contract was based on British law and that the two West African courts had no jurisdiction. Essien will step down this year, because he has reached the bank's mandatory retirement age. A successor will be named this month, he said. ETI is due to hold an annual general meeting on June 19 in Dar es Salaam, Tanzania. The retirement age for all Ecobank staff is 60, Richard Uku, a spokesman for the bank, said by phone from Lome. Essien turned 60 last month. Shares of ETI, which are traded in Nigeria, Ivory Coast and Ghana, advanced 0.8 per cent to N21.99 by the close in Lagos. *(Punch)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Nigeria's Dangote Group on Thursday opened a $500 million cement plant in Ethiopia, one of Africa's fastest-growing economies where a construction boom has fuelled a shortage of cement. Dangote Cement, owned by Africa's richest man Aliko Dangote, is seeking to expand its interests and develop cement plants across Africa to reach annual production of 62 million tonnes by 2017, up from 42 million last year. The new plant is in the western Ethiopian district of Mugher at a site some 85 kilometres from the capital Addis Ababa, which is surrounded by green pastures but is quickly becoming one of the country's main industrial hubs. The plant will initially produce 2.5 million tonnes a year in a country whose population of 90 million only consumes around 70 kilogrammes of cement per capita annually and the company said it plans to further expand its output. Nigeria's annual per capita consumption is 127 kilogrammes. "We are going to double this plant," Aliko Dangote said in a speech, adding a reliable power supply was one of the attractions that lured the investment to Ethiopia. The Horn of Africa country's economy is expected to grow by 10.5 percent in 2015/16, fuelled by its rising service and agriculture sectors, as well as the construction of large-scale infrastructure projects such as dams. But Addis Ababa's development push has fuelled shortages and manufacturers have been unable to meet demand. Cement producers in the country can produce more than 12 million tonnes each year, but industry analysts say demand in Ethiopia will rise to 17 million tonnes by next year. *(Reuters)*

Economic News

The Nigerian Independent Petroleum Company (NIPCO) Plc on Monday released some 49.5 million litres of petroleum products nationwide, in a bid to end the prevailing fuel scarcity. The company also imported additional 28 million metric tons of fuel. An import manifest at the Apapa Port showed that the vessel carrying the fuel arrived in Nigeria on MT Admiral on May 27. NIPCO said that the 28 million metric tons of petroleum products which started discharging on May 29 would complement the efforts of the Nigerian National Petroleum Corporation to stock fuel. NIPCO's Manager Corporate Affairs, Mr. Taofeek Lawal said on telephone that the company's importation drive was to ensure availability of petroleum products for Nigerians. He said that NIPCO would remain an ally with the Federal Government in ensuring availability of petroleum products nationwide. Meanwhile, a check at NIPCO's terminal in Lagos showed that about 1, 500 trucks have already lifted products from the company's depot. Lawal said that the company was working round the clock to dispense products to marketers after they must have concluded clearance with relevant agencies."Consignment will definitely aid the flow of products to marketers' outlets across the nooks and crannies of the country," Lawal said. He said the cargo was one of the consignments the company placed order for as part of its bid to ensure continuous availability of petrol. According to Lawal, this will not only be in hundreds of branded outlets in Nigeria but also in other marketing outlets taking products from the NIPCO's depot. He said the lifting of petroleum products had continued ceaselessly in a bid to lessen the agonies of Nigerians in recent times. Lawal assured that the arrival of imported petroleum products by NIPCO would put smiles on the faces of Nigerians. "The dream of investors in the company who are mainly fuel marketers has been the driving force of the organisation, hence its quest to go the extra mile in getting products that will keep their stations running. *(Business Day)*

Nigeria's anti-corruption body is set to charge senior officials from the central bank and some commercial lenders following their arrest in connection with an alleged 8 billion naira ($40 million) currency fraud scheme, the agency said on Monday. The Economic and Financial Crime Commission (EFCC) said six central bank officials and 16 commercial bank staff accused of currency theft and recirculating naira notes intended for destruction would appear in court on Tuesday. "Instead of carrying out the statutory instruction to destroy the currency, they substituted it with newspapers neatly cut to naira sizes and proceeded to recycle the defaced and mutilated currency," it said in a statement. It was unclear from the statement which of Nigeria's banks were involved. The announcement comes three days after President Muhammadu Buhari was sworn in as leader of Africa's biggest economy and top oil exporter. A crackdown on corruption was one of his central election campaign pledges. The central bank regularly withdraws old or torn notes from circulation to replace them with new ones. Officials said the scheme had had no impact on money supply or inflation, which has hovered around 8.7 percent since April. The naira has lost 8.5 percent of its value since the start of the year after sharp falls in the price of oil, Nigeria's main export, forced the central bank into a

de facto devaluation in February in order to save its dwindling foreign reserves. *(Reuters)*

Nigeria's bilateral trade with the Peoples' Republic of China has risen to about $23.5 billion from a mere $3.4 billion that it was back in 2009, the Nigeria-China Business Council (NCBC) said on Monday in Abuja. The NCBC told reporters that over these years, it has nurtured bilateral trade relations between Nigeria and China to gradually turn the tide from $2.7 billion in favour of China and $700 million for Nigeria to now $13 billion and $10.5 billion in favour of both countries respectively. It however noted its concern with the long-standing vocal disapproval of substandard products often associated with Chinese manufacturers and imported into Nigeria, saying that it plans to reverse such development with proactive measures. The National Coordinator of NCBC, Chief Matthew Uwaekwe stated that with such complaints and rise in trade volumes, the council, which promotes trade relations between both countries was seeking to encourage in-country manufacturing of products by Chinese investors in Nigeria. He explained that the council had initiated a campaign to ask Nigerian investors and their Chinese counterparts to seek in-country of products they hitherto import from China instead of going off to China mass-produce such products and thereafter indulge in substandard practices. Uwaekwe spoke shortly after the Chairman of NCBC, Chief Jacob Wood disclosed that the council would continue to work with Nigeria and the new government of President Muhammadu Buhari to help upgrade Nigeria's infrastructure and socio-economic fortunes. He noted that the council has also made some inroads into in-country manufacturing of electricity meters for Nigeria's power sector, adding that the Nigerian Electricity Regulatory Commission (NERC) has given its assurance on protecting such effort with some protectionist regulations.

"Before we set up in 2009, trade volumes between Nigerian and China was about $2.7 billion in favour China and $700 million in favour of Nigeria but we looked at it and decided to address this imbalance in trade relations between both countries. "Today, we are talking about trade volumes between both countries growing to $13 billion for China and $10.5 billion for Nigeria. These trades on the part of Nigeria has seen us export to China such products like cocoa and cotton wool," Uwaekwe said.
He further stated: "You will agree with me that in terms of the level of in-country employment this has generated, we have about 6000 Nigerians working in various Chinese companies in the country." On checking substandard Chinese products in the country, Uwaekwe said: "We are now talking to partners to bring home their expertise and manufacture for us made-in-Nigeria products, fit for global consumption and also for our environment." "With such efforts, we want to see them investing to in manufacturing of goods that fit our environment, services that of global standard and not what we see today," he added. He also said on its discussion with NERC to encourage in-country electric meter manufacturing that: "The NERC gave us the assurance that they can only give people license to import if what they are importing cannot be found in Nigeria and that is another way of saying, we are not going to give you license to import if we have given license to people to manufacture this product in Nigeria. If NERC will maintain this, it will encourage people to go into manufacturing of meter in-country, instead of importing just like Skyrun does at the Calabar Free Trade Zone." *(This Day)*

The Standard Chartered MNI Business Sentiment indicator (BSI) for Nigeria increased 0.7 per cent month-on-month in to 61.4 in May, 2015, as democracy dividend appeared evident in the country. The latest indicator followed a flat headline BSI indicator of 61 between March and April. Nigeria's presidential and parliamentary elections were held on March 29, with gubernatorial elections on April 11. Ahead of the elections, activity in Nigeria slowed meaningfully. According to the Standard Chartred BSI, the election result, a first-ever victory for the opposition against an incumbent government, with expectations of a smooth transfer or power on 29 May, triggered a wave of popular euphoria in Nigeria. "Our BSI provides the first glimpse of how this euphoria may be impacting business conditions on the ground. The key message from the May BSI is that perceptions of current business conditions are improving, but only very gradually. Future expectations are much more robust. "The three-month BSI increased to 61.1 from 60 in the three months to April. Only six out of the 15 current conditions indicators improved in May, and mostly only by a small amount. In contrast, five out of 15 future expectations indicators improved in May (one indicator – new orders – was unchanged), each to a series-high," the report explained.

Furthermore, it noted that although the Nigerian economy is currently beset with deep challenges, businesses appear optimistic that with political transition, these may soon be overcome. The country was recently hit its worst energy crisis in its history. Official grid power generation had reportedly hit a low of about 1,300MW. Nigeria's interbank FX market has not seen active two-way trading since February,

amid reports of an increased queue for forex. "Many investors are waiting on the sidelines, for more clarity on how a future forex regime might work, as well as the extent of correction needed in the naira before recommitting to Nigerian markets. Public-sector salary arrears still need to be quantified, and Nigerian businesses have long reported difficulty in passing price increases on. Margins have come under sustained pressure. "Our BSI suggests two areas of immediate focus: The 'effect of the naira exchange rate' and credit availability' current conditions indicators both reached series-lows in May. More Nigerian businesses than ever before are reporting that forex market conditions are problematic," it added. *(This Day)*

Registrars who fail to return all unclaimed dividends, which have been in their custody for 15 months and above to paying companies after June 30, would be penalised, the Securities and Exchange (SEC) has said. SEC, in a circular obtained from its website on Monday directed that "all Registrars of public companies to return all unclaimed dividends, which have been in their custody for fifteen (15) months and above, to the paying companies." According to the commission, Registrars are required to file evidence of remittance with the Commission not later than June 30, 2015. "Please note that failure to comply with this directive shall attract appropriate sanctions without further recourse," the commission said. The commission recently gave the directive as a way of discouraging registrars from holding on to unclaimed dividends for more than necessary. Director-General of SEC, Mr. Mounir Gwarzo, had explained that the directive was in compliance with the existing law on dividend declaration. According to him, there is no reason why Registrars should keep the unclaimed dividends beyond the period stipulated.

The incentive of keeping the unclaimed dividends is one of the reasons for the huge unclaimed dividends in the Nigerian capital market.
THISDAY recently reported that the amount of unclaimed dividends rose in 2014. Returns filed by 112 companies as at December 2014 showed a figure of N55.22 billion, up from the N50.9 billion in 2014. Meanwhile, SEC has also reminded market operators that the September 30, 2015 deadline for recapitalisation still stands. The commission had shifted the deadline from December 31, 2014 to September to enable operators comply. Already, 144 market operators have complied out of 449 operators indicating 67 per cent compliance level. A breakdown of the compliance level so far showed that issue houses recorded the highest level of 92 per cent. Out of the 72 issuing houses, 66 have complied, leaving only six. Fund/portfolio managers followed with 82 per cent with 71 out of the 87 complying. Registrars recorded compliance level as 15 out of 22 have complied. The compliance level among Rating agencies stood at 60 per cent, while that of Stockbroker/Dealers is 57 per cent. Out of the 235 brokers/dealers, 135 have complied, while 98 are yet to meet up. Trustees have the lowest compliance level of 43 per cent. Only 12 out of the 28 operators in that segment of the market have complied so far. *(This Day)*

Nigeria's central bank adjusted its exchange rate peg to N196.95 to the dollar from the 197 it set in February after the currency's value was eroded by the fall in oil prices, data on its website showed yesterday. The bank adjusted the rate at which it sold hard currency this week, dealers said, noting that the change was too small to be considered a revaluation for the naira, particularly in the face of dwindling foreign reserves. Dealers said the central bank had been selling dollars to the inter-bank market at its adjusted rate. The naira was trading at 198.95 to the dollar on the inter-bank market and between 215 to 218 in the parallel market. "By lowering the central bank rate offered to banks albeit very moderately, the central bank is adding to pressures on FX reserves … equivalent to around 4.9 months of imports," Angus Downie, head of research at Ecobank said. Nigeria's foreign reserves fell to $29.4 billion by June 2, down 20.1 percent from a year ago as the central bank burns cash to defend the local currency. The bank merged its bi-weekly currency auctions market with the interbank market in February and fixed the exchange rate, a move that amounted to a de facto devaluation of the currency of Africa's biggest economy. The regulator had also banned commercial lenders from re-selling central bank dollars among themselves, which was an attempt to curb speculation on the naira. The naira Non-Deliverable Forwards – currency derivatives traded offshore – pointed to the local currency being priced at 221-225 to the greenback in six month's time. "Small changes in the rate could possibly allow the central bank to gauge the changes in demand and supply dynamics which would inform decisions on when and how best to start lifting forex restrictions," Cobus de Hart of South Africa's NKC Independent Economists aid. *(Vanguard)*

Tanzania

Corporate News

No Corporate News This Week

Economic News

Tanzania has awarded contracts to build new railway lines worth about $9 billion to Chinese firms, its transport minister said, expanding Beijing's presence in East Africa's second-biggest economy. Transport Minister Samuel Sitta told parliament on Saturday a Chinese consortium had been awarded a contract to build a 2,561 km (1,536 miles) standard gauge railway connecting Dar es Salaam port to land-locked neighbours at a cost of $7.6 billion. "A consortium of Chinese railway companies led by China Railway Materials (CRM) has been picked to help us build the railway line," he said. The consortium will provide 10 percent of the funding for the project while financial adviser Rothschild is finalising procedures for financing of the project through banks, Sitta said. The minister said construction of the railway line was expected to start in June. He said Tanzania had signed a framework agreement with another Chinese company, China Railway No.2 Engineering Group Co. Ltd., to build a railway line linking coal and iron ore mine projects, also under development by a Chinese group, to the southern port of Mtwara near big offshore natural gas discoveries. The 1,000 km standard gauge railway line is expected to cost at least $1.4 billion, according to the Tanzanian government estimates. Tanzania said in March it planned to spend $14.2 billion to construct a new rail network in the next five years financed with commercial loans, as the country aims to become a regional transport hub. Tanzania, like its neighbour Kenya, wants to profit from its long coastline and upgrade existing railways and roads to serve growing economies in the land-locked heart of Africa. Oil discoveries in Kenya and Uganda and gas finds in Tanzania have turned East Africa into an exploration hotspot for oil firms but transport infrastructure in those countries has suffered from decades of under-investment. Tanzania last year signed an agreement with China Merchant Holding International (CMHI) to build a new mega port and economic zone at Bagamoyo expected to cost at least $10 billion. China is also financing a $1.2 billion, 532 km (330 mile) natural gas pipeline in Tanzania. *(Reuters)*

LIQUIDITY squeeze among investors is said to be one of the factors that attributed to the weak performance of the treasury bills auctioned by the Bank of Tanzania (BoT) on Wednesday. Commercial banks are the leading investors in the short term government paper. Others are pension funds, insurance firms and few microfinance institutions. The BoT Associate Director Domestic Market Department Mr Paul Maganga said in an interview that most investors including commercial banks and corporate clients are fulfilling annual tax obligation for the financial year 2014/15. "The fact that commercial banks and their corporate clients are obliged to fulfill annual tax obligations could reduce the ability to effective participation in the treasury bills," he said. The government planned to raise 135bn/- but it managed to fetch only 49.5bn/- as total amount tendered thus ending up undersubscribed. The weighted average yield to maturity across all tenures declined compared to the previous treasury bills auction conducted two weeks ago. The BoT summary shows further that a total of 65bn/- was sold in 364 days period, 52bn/- for 182 days, 15bn/- for 91 days tenure and 3bn/- for 35 days offer. With the exception of 35-day bid that received the same amount sought to be raised, the remaining offers were undersubscribed, the weak performance when compared to the previous session held recently.

Similarly, a downward trend of yield rates was seen across all tenors but it did not discourage investors' appetite for the short term government note. The 364-day attracted bids worth 28.4bn/- but at the end only 15.3bn/- emerged as successful amount; for the 182-tenor, a total of 16.05bn/- was total amount tendered and 3.2bn/- was retained as successful bids. For the 91-day, the government accepted 1.04bn/- as successful bids although the amount tendered was 2.04bn/-. The weighted average interest rates on the 364 days increased to 12.64 per cent from 11.79 per cent of the preceding session. On 182 days, interest rate rose to 11.40 per cent from 10.89 per cent while the 91 days offer, it changed slightly to 7.37 per cent from 7.64 per cent. *(Daily News)*

WEEKLY AFRICAN FOOTPRINT

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Tanzania's energy regulatory body raised the retail prices of petrol and diesel on Thursday after global oil prices rose and the local currency weakened, but left kerosene prices unchanged in its latest monthly review. Â Â Â Fuel prices in the east African nation have a big impact on the annual inflation rate, which rose for the third straight month to 4.5 percent in April from 4.3 percent in March. The Energy and Water Utilities Regulatory Authority (EWURA) said it had raised the petrol price by 5.34 percent and the price of diesel by 5.16 percent. Kerosene prices remained unchanged from the previous review in May. "These changes have been caused by changes of prices of petroleum products in the world market and continuing depreciation of the Tanzanian shilling against the American dollar," EWURA said in a statement. The regulator increased the price of petrol in the commercial capital Dar es Salaam by 100 shillings per litre to 1,966 shillings ($0.91), while that of diesel rose by 88 shillings to 1,782 shillings. Kerosene prices in Dar es Salaam remained flat at 1,624 shillings per litre. The new price caps take immediate effect. *(Reuters)*

Zambia

Corporate News

MADISON Asset Management Company Limited (MAMCo) has doubled funds in the portfolio to over K800 million by the end of first quarter of 2015. MAMCo managing director Muchindu Kasongola said the investment ranging from stocks, bonds, treasury bills, real estate, and term deposits managed by the company on behalf of individuals, corporates and pension schemes, has in the last three years grown to over K800 million from K397 million . "The growth has come largely because of our business development efforts. We have rolled out products that are encouraging clients to participate and have also increased point of sales in various parts of the country," he said. Mr Kasongola said this yesterday during the launch of the MAMCo visa card aimed at enabling clients' access proceeds of their investments via enabled automated teller machines or points of sale machines. He said the MAMCo visa card, which is powered by BancABC, is designed to enhance efficiencies in the payment process. "The card eliminates the lead times associated with traditional payment methods such as cheques and direct debit and credit (DDAC), which are known to be subject to clearing periods in line with local interbank rules and regulations," he said. At the same occasion, BancABC head of corporate banking Musonda Mutale said the partnership between the organisations will address the challenges MAMCo was facing in paying investors. *(Daily Mail)*

SECURITIES and Exchange Commission has disagreed with ZICTA over the listing of MTN Zambia shares using a newly created company called Ikulileni Investments. IKulileni, which MTN Zambia said it would use to list on LuSE after approval by Securities and Exchange Commission (SEC), LuSE and ZICTA, is owned by MTN Zambia chief executive officer Abdul Ismail and MTN Zambia chairman Valentine Chitalu, together with their business partners. Last week, the Zambia Information and Communications Technology Authority said the listing by Ikulileni Investment was in line with the ICT Act that required all foreign-owned wireless communications companies to list at least 10 per cent of their stake on the Lusaka Stock Exchange. "What we have done to allow for the offloading of the [MTN Zambia] shares of 10 per cent is a requirement under the ICT Act and when we gave the guidance after the request came, that guidance was given in consultation with all the stakeholders," said ZICTA director for human capital development and administration Thomas Matandala. "We did consult LuSE, we did consult Securities and Exchange - the regulator - and after a thorough consultation, and noting that MTN Zambia had fulfilled what was required, as advised, the ZICTA board gave the approval for that listing [of Ikulileni Investment]." The 10 per cent is to ensure Zambia participates in the growth of the companies and also to make it difficult for foreign companies to easily walk out on the investments in an event of the expiry of the tax holidays. Earlier last week, MTN Zambia general manager for corporate services Mwenzi Mulenga said people should not dictate how the country's leading mobile company lists on the local bourse. "I think that is a decision for all companies to make. It depends on your own company's plan or view," Mulenga said in an interview. "So I don't think people should be in a position to dictate. For us, this [creation of Ikulileni Investment] is the route that we have taken and we have gone through all the regulatory approvals…

On the regulation issue, you are more than welcome to go back to ZICTA, LuSE and Securities and Exchange Commission (SEC) and they will give you a view in terms of the process and procedure that we went through to get the approvals." But SEC says the Ikulileni Investment was not MTN Zambia listing on the local capital market. "The SEC has not received an application from MTN to have its shares registered, which is the initial listing process," SEC secretary and chief executive Phillip Chitalu said in an emailed response. "Therefore, the position given by LuSE is correct. SEC registered Ikulileni shares, an investment company whose initial investment is in MTN Zambia. The prospectus, which is available from several market players, provides more details on Ikulileni." Chitalu said Ikulileni Investment met registration requirements and "it is important to restate that MTN Zambia is not the entity being listed". "You may also wish to know that the investment companies concept is not new on the Zambian market and is a common practice world over," said Chitalu. "We reiterate the fact of the matter that MTN Zambia is not registered with the SEC [but] is merely a subject of an investment made by a company (Ikulileni) whose shares are registered with us." Last week, former vice-president Enoch Kavindele said the listing of Ikulileni was a serious corporate irregularity. Kavindele said the Ikulileni Investments should be shelved. "This whole transaction is tantamount to organised corporate irregularity," Kavindele said. "This [Abdul] Ismael is a chief executive officer for MTN," Kavindele said. "How possible is it that the chairman and chief executive officer of MTN can wear another hat by promoting and being a director in Ikulileni, which is attempting to buy stake in MTN?

There's a serious conflict of interest in this case and the transaction lacks key elements of arm's length in this deal. Why should Ismail be allowed to set up Ikulileni to buy MTN shares for resale whilst still in the employment of MTN Zambia?" Lusaka businessman Mulenga Fube said the planned listing of 11.9 per cent of MTN Zambia shares on the Lusaka Stock Exchange via Ikulileni, whose offer closed last Friday, should be halted as it was a fictitious and suspicious move. *(Post Zambia)*

Vedanta Resources' Konkola Copper Mines (KCM) business in Zambia has imported its first semi-processed copper from Chile to ensure its Nchanga smelter operates at full capacity, it said on Wednesday. KCM bought 5,000 tonnes of copper concentrates from Chilean state-run firm Codelco and will smelt the semi-processed material at the Nchanga smelter, which has an annual production capacity of 311,000 tonnes, KCM spokesman Shapi Shachinda said. "The concentrates mineralogy is suitable for blending with KCM's own concentrates and other third-party concentrates," he told Reuters. "Further Chilean imports will depend on the successful outcome of the trial run with the current imported concentrates," he added. Zambia relaxed rules in February that had prevented $600 million in tax refunds being paid to mining firms such as Vedanta Resources and Glencore. The country's tussles with miners over value-added tax (VAT) as well as royalties have threatened investment and growth in one of Africa's most promising markets. Copper production in Zambia, Africa's second-largest producer of the metal, dropped to 708,000 tonnes in 2014 from 760,000 tonnes in 2013.

Shachinda said, with the changes in regulations over VAT refunds, it had once more become viable for KCM to purchase concentrates from other local and foreign mining companies and smelt them at its own facilities. "This practice will not only help to fill up smelter capacity, but will also increase government revenues and sustain employment at the smelter," he said. KCM has been blending its concentrates with those from other local mines and the Democratic Republic of Congo but these have not been enough to reach the Nchanga smelter's capacity, he said. *(Reuters)*

Zambia's Copperbelt Energy Corp. is in talks with Old Mutual Plc, Africa's largest insurer, to sell it a stake in a $220 million hydropower project in the country's northwest. "We are speaking to them and they seem to be very interested," Hanson Sindowe, chairman of the power supplier, said in an interview on Tuesday in Lusaka, the capital of Africa's second-largest copper producer. "They are carrying out their own due diligence." Copperbelt Energy, the biggest power supplier to Zambia's mines, plans on completing financing for the Kabompo Gorge hydro-power project by the end of the year, Humphrey Mulela, who heads the unit overseeing its development, said in a separate interview. The 40-megawatt plant will help ease a power deficit that could disrupt mining operations this year, Sindowe said. Copperbelt Energy, or CEC as it's also known, plans to sell a 40 percent stake in Kabompo Gorge, and to fund the remaining 60 percent through debt, according to Mulela. The company has hired Standard Bank Group to arrange the debt. Copperbelt has also been talking to other potential investors on the equity stake, he said. "There are a number of them and one of the main ones is Old Mutual," said Mulela. "They've been proposing to look for other companies to come on board so that they share the risk." William Baldwin-Charles, a London-based spokesman for Old Mutual, didn't immediately reply to an e-mail seeking comment. CEC intends to complete Kabompo Gorge in 2018, Sindowe said in a speech earlier Tuesday, when the company signed an investment agreement for the project with the Zambian government. *(Bloomberg)*

Economic News

Zambian Treasury bills are among the best deals in Africa, according to Standard Bank Group Ltd. That's if you accept the government's pledge not to overspend in the run-up to next year's elections. It's an important caveat. President Edgar Lungu's administration is currently paying more to borrow for one year than for five years, an anomaly known as an inverted yield curve that signals investors are more concerned about short-term repayment risks than the longer-term economic outlook. What's more, Zambia has overrun its budget projections for the past three years and will probably do so again in 2015 as slowing growth and the cancellation of a new mining tax curb revenue, according to Moody's Investors Service. "Can it get worse? It could," Yvette Babb, a Johannesburg-based emerging-markets strategist at Standard Bank, Africa's biggest lender by assets, said by phone on Tuesday.

"I'd like to believe that things will get better from here. It could prove to be one of the most attractive local-currency trades that's available on the continent at the moment."Yields on one-year Treasury bills have more than doubled in the past 36 months, reaching a record 24.25 percent at a sale on May 28, the highest after Malawi among African markets tracked by Bloomberg. Zambian five-year bonds yielded 24 percent at a sale on May 22. Finance Minister Alexander Chikwanda is set to present budget amendments to parliament this month after the government agreed to abandon a royalty-only mine tax system introduced in January. That, coupled with lower copper prices, could cut state revenues by 2.3 billion kwacha ($320 million). Lower rainfall that hurt corn production is also curbing electricity supplies in the country that relies on hydro power for over 90 percent of its electricity generation. Moody's last week cut its outlook on Zambia's Eurobonds to negative, citing increasing debt costs as one of the reasons. The economy will grow 5.8 percent this year, lower than a December forecast of more than 7 percent, Moody's said. Borrowing costs have climbed as funding requirements grew and foreign appetite for government securities waned, Bank of Zambia Governor Denny Kalyalya said May 14.

"The yield curve reflects the current mismatch between short-term challenges and longer-term growth potential," Irmgard Erasmus, a fixed-income analyst at Paarl, South Africa-based NKC African Economics, said in an e-mailed reply to questions on May 29. Accelerating inflation and fiscal strain may push Zambian yields even higher in coming months, she said. "Short-term challenges aside, Zambia's medium-term economic growth prospects remain robust, which will be sure to draw foreign interest," she said. While the economy of Africa's second-biggest copper producer has strong growth potential, "lingering vulnerabilities" pose risks, including lower metal prices and a deficit that reached 6 percent last year, the International Monetary Fund said May 22. Yields for Zambia's $1 billion Eurobonds due in 2024 have dropped to 7.37 percent from a high of 8.39 percent shortly after they were sold in April last year. The government may sell a third Eurobond this year as revenues fall short of targets, the merchandise trade account worsens, and foreign exchange reserves drop, Erasmus said. The country recorded a record 717.2 million kwacha trade deficit in April. Foreign reserves fell to $2.7 billion at the end of March, from $3 billion in December. "There's been a lot of bad news priced in there already," Babb at Standard Bank said. "I'm inclined to believe that the policy mix has become slightly more constructive and the central bank has shown willingness to maintain a tight monetary policy stance."*(Bloomberg)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zimbabwe

Corporate News

Zimbabwe's largest short-term insurer NicozDiamond says performance for the first four months of the year is on par with last year, but future growth will be driven by greenfield projects and a strong performance by its Malawi unit. Managing director, Grace Muradzikwa told The Source after the group's annual general meeting on Friday that its recently launched Chengeto/Mvikeli insurance product, which is designed for low income households with premiums as low as $4 per month, had been well received by the market. "We have not reached significant volumes yet, but we are happy with the progress we are making. We have foot soldiers in the townships selling this product. It's been in its pilot stage but now we are happy with where we are and will soon launch a big campaign to roll it out," said Muradzikwa. Other products such as Christiansure, targeting churches and religious organisations and also for small to medium enterprises, have been well received, she added. "We have more churches joining now, and contributing to our revenue," said Muradzikwa. "We have also rolled out a product for the small to medium enterprises where we have been working with SME organisations as their preferred partner. The associations also help in collecting premiums." Its Malawi subsidiary, United General Insurance Company (UGI), which it purchased from Zimre Holdings in January this year, helped grow the top line by almost 50 percent, and contributed gross premiums written (GPW) of $5 million as at April while the group's GPW as of last week stood at $16,5 million. "UGI is a very mature and stable company and we have been managing it for many years so we are very familiar with the investment so when it came on the market we took the opportunity to buy it," said Muradzikwa. "We are hoping we will continue to sustain and even grow the business."

In a trading update, Muradzikwa said the group had managed to sustain the 2014 levels, with GPW as at April 30 at $11,16 million, slightly above the $11,12 million last year. Claims were eight percent higher on 2014, with $2,5 million paid so far against $2,3 million last year. Expenses were flat but expenses ratio remained high as the group is still to earn most of the revenue written so far. Its Mozambique unit, Diamond Seguros which began operations in March last year, met its revenue target of $2,3 million in the nine months of trading. As at May 22 this year, the unit had written $1 million worth of business, Muradzikwa said. Investment performance was under pressure from softening interest rates and depressed performance on the stock market. Its residential unit, Diamond Villas had completed the first phase of 20 units which were now on sale. "The sales have started slow but we are optimistic that with the 15-year and 20-year mortgage facilities now available to support the buyers of the units, the sales will pick up," she said. Muradzikwa told The Source that group will focus on capitalising its operations to boost the underwriting capacity of its units. "At the moment we want to stabilise our current operations, making sure they are well capitalised, but that does not mean that we are not alive to new opportunities." *(The Source)*

Pearl Properties has recorded a 3,15% decline in revenue to $2,898 million for the four months ending April 30 2015 from the prior year due to liquidity challenges besetting the economy. During the period under review, the company's total arrears increased to $2,647 million as compared to the same period last year. Speaking at the company's annual general meeting recently, Pearl Properties managing director Francis Nyambiri's cited the liquidity crunch as the main reason why tenants were failing to meet their financial obligations. Pearl Properties reported a slight decline of the occupancy level which came in at 79,54% down from 79,93% in December 2014. The total collections for Pearl properties for the four months amounted to $2,716 million. "The persistent illiquidity resulted in a generally depressed economy that was limited to no growth in the productive sectors and restricted any meaningful prospects for growth in the property sector," said Nyambiri. Pearl Properties said the default rate had increased from $1,71 million in 2013 to $2,39 million last year. The company continued to refer defaulting tenants without an agreed plan to lawyers for collection and eviction as a way of mitigating losses on defaulting tenants and to ensure the space is released for reletting at the earliest practical date. Pearl Properties' rental yield stood at 7,24% at the end of the first quarter, which was slightly down from the same period last year at 7,47% which was a 3,07% year on year movement. Rental yield of a property shows how much of an annual return a company is likely to make on an investment. For Pearl Properties the rental yield stood at 7,24% slightly down from the same period last year at 7,47%. The company's property expenses over total income had a slight uptick at 24,14% from 21, 19% from the same time last year showing a year on year change of 14,12% while property expenses increased by $73 700 to $ 357 300. *(News Day)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

DAIRIBORD Zimbabwe Holdings Limited (DZHL) says it plans to commission a $4 million sterilised milk plant in Chipinge as part of efforts to boost production of its long shelf life product. DZHL group chief executive officer Antony Mandiwanza said the new plant, to be commissioned on June 12, had the capacity to produce 24 million litres of milk per annum. Mandiwanza said the plant had already contributed to the group's overall performance for the four months ending April 30 2015. "The project is worth $4 million and this is going to increase production supply, reduce cost and stimulate milk production in the Chipinge area," Mandiwanza said. He said the state-of-the-art equipment for the refurbishment of the plant was being imported from South Africa and the Netherlands. "The plant is already running, the continuous production tower was imported from Nertherlands, the blow moulders came through China but the suppliers are from South Africa, feeling and packaging is from Filmatic South Africa," he said. Mandiwanza said the commissioning of the Steri plant will increase volumes for liquid milk as well as improving operating efficiencies. Mandiwanza said, DZHL accounted for 40% of the 54 million litres of raw milk produced in Zimbabwe. According to statistics from the Zimbabwe Association of Dairy Farmers (ZADF), the national herd stands at 5,3 million but only 0,05% (26 502) are dairy cows that produce 54 million litres per annum as compared to 256 million litres in 1990. In the four months to April 2015, DZHL recorded a 6% growth in revenue due to change in product mix, reduced steri production costs, increased contribution from the heifer scheme, cost containment measures and the performance of a Malawi venture. In the period under review, raw milk intake was 3% down from last year, volume 22% above the same period last year, revenue 6% above last year and operating profit better than last year at 1% from -2% in 2014. *(This Day)*

Zimbabwe's largest company by revenue, Innscor Africa Limited is set to unbundle and separately list its fast food business in a bid to improve operating efficiencies, the company announced on Tuesday. The conglomerate, which became the first Zimbabwe Stock Exchange -listed firm to breach the $1 billion revenue mark in the full-year to June 2014, said the restructuring of its business had begun after the board approved the move. Innscor's business straddles manufacturing, food processing, distribution and retail. South African former Ellerine Holdings group chief executive Tony Fourie, appointed Innscor head last year, is spearheading the group's restructuring drive. Innscor's fast food business has expanded rapidly on the African continent, with the firm now having more counters in the region (196) than the 171 it has in Zimbabwe. The group operates its own fast food outlets in Kenya, Zambia, Ghana and the Democratic Republic of Congo as well as franchised operations in Swaziland, Lesotho and Malawi. These regional operations weighed in with $52 million in revenue in FY2014, while the Zimbabwean fast food business, where Innscor enjoys 82 percent market share, contributed $98 million. Innscor's fast food business – which includes its own brands Chicken Inn and Pizza Inn as well as Nandos and Steers franchises — contributes 14 percent of the group's revenue. Last month Innscor announced plans to re-enter the Nigerian market and expand its logistics and distribution unit as the conglomerate seeks to minimize its portfolio risk. With the Zimbabwe business accounting for 88 percent of revenue, the group says it plans to grow its footprint in the region and spread risk at a time aggregate demand has been weakening in Zimbabwe. The group also seeks to achieve rapid but sustainable profit through organic and acquisitive growth. *(The Source)*

ZIMBABWE Stock Exchange-listed companies Delta and Econet Wireless have earned a place among top 250 companies in Africa, a new report has shown, underlying the duo's strength despite the tough economic environment obtaining in the country. According to a ranking by African Business magazine, Delta and Econet were on positions 100 and 153 respectively in a list dominated by South African companies. Delta was a new entrant onto the list and its $1,3 billion market capitalisation earned it a 100th position on the ranking. Econet was three places lower from last year's 150 with a market cap of $820 million. The ranking was based on market capitalisation as at March 31 2015. South African firms dominated the rankings occupying the first 14 positions. The inclusion of two Zimbabwe companies is testament to their resilience to the economic headwinds posting profits at a time the majority of firms are struggling to hold fort. The duo has managed to diversify to other product lines. Delta is capitalising on alternative beverages such as maheu and sorghum beer. Econet is maximising on its vast network upgrade that has allowed the company to do mobile money transfer services. In its results for the year ended March 31 2015, Delta said the slowdown in the economy had resulted in a difficult trading year. "Consumer spending declined significantly. The company continued to focus on taking measures to capture value and retain consumers in its portfolio of beverages while expanding and maintaining its facilities for future recovery. The weakening regional currencies have made this more challenging," the company said. It posted an after-tax profit of $92,8 million for the period compared to $107 million recorded in the same period in 2014. It said revenue for

the group was 4% down due to lower sales and volume in both lager beer and sparkling beverages. In the financial year ended February 28 2015, Econet saw its revenue falling to $746,2 million from $752,7 million in the same period last year. Profit after tax declined to $70,2 million from $119,4 million. *(News Day)*

INNSCOR Africa Limited is set to unbundle its quick service restaurant unit to be separately listed on the Zimbabwe Stock Exchange (ZSE), the company said yesterday. "Shareholders are advised that the Innscor Africa Limited board of directors has approved the unbundling of the company's quick service restaurant business by way of a dividend in specie of shares in an entity to be separately listed," Innscor said. The quick service restaurant business comprises of Chicken Inn, Creamy Inn, Fish Inn, Steers and Nando's, among others. The unbundling comes barely five years after the industrial holding company unbundled its crocodile farming business, Padenga Holdings. It was then listed on ZSE. In the six months to December 31 2014, Innscor saw its profit after tax dipping to $24 million from $64 million in the same period in 2013. It attributed the decline to a dip in volumes for some of the group's units emanating from low disposable income. Innscor said customer counts within the fast food operations in Zimbabwe were 2% below those recorded in the comparative prior period, although consistent improvements in counts were recorded month on month throughout the period, with a particularly strong December trading month.

It said the process of centralising the fast food operations was largely complete and the above-site cost savings achieved from this initiative resulted in operating profits increasing by 19% over the same period. "In our ongoing optimisation efforts, seven underperforming counters were closed in Harare during the period while the Emerald Hill complex was closed for refurbishment and is due to re-open shortly," Innscor said. "Regionally, we opened an average of just over one counter per week during the period under review and customer counts increased by 5% over the comparative prior period, while improved operating leverage resulted in a 27%increase in operating profit over the same period. A further three new counters were added in Swaziland which is a franchised territory." Innscor is targeting 55 additional regional counters in 2015. *(News Day)*

Local demand for glass products has been on the increase following a recent influx of new beverages and liquor products, the country's sole manufacturer of glass packaging, Zimglass has said. Zimglass acting chief executive officer Gilbert Tapfuma told a visiting delegation of World Bank and African Development Bank officials recently that the demand for glass — particularly by local beer companies — now far surpassed the production capacity of local glass firms even when operating at full capacity. Tapfuma said local firms now demanded more than 18 000 tonnes of glass. "Our market for glass locally, demand is 18 000 tonnes and we now have a cider packaging plant which requires more than what we can produce in terms of container glass," said Tapfuma. "Our main customers locally include Delta, Cairns, Afdis, Mutare Bottling and Olivine. In regional markets we used to supply Angola, Botswana, Lesotho, Zambia, Malawi, Swaziland and South Africa." Zimglass, one of the top firms in Gweru, is currently under judicial management after ceasing operations in 2013 due to a massive economic meltdown that paralysed several companies in the Midlands province and the country at large. Zimglass was placed under judicial management last year. The company is the most cost effective glass firm in southern Africa and used to supply its produce to Coca-Cola and several top regional beer firms.

"We were mainly focused on regional markets because domestic firms during the time we were operating could not take what we were producing. We are centrally located in the region such that in terms of freight costs we were the most effective — at the time we closed we were accredited to supply all Coca-Cola plants in the region," said a Zimglass marketing official. "The bulk of our products, 60%, goes to the beer market and soft drinks which are our major thrust in terms of supply." In March, the company's judicial manager Winsley Militala told creditors that there was a Malawian investor who wanted to inject $10 million into the company. As at December 31, Zimglass assets stood at $19,2 million, while liabilities were at $31,2 million. *(News Day)*

Tongaat Hullet's Zimbabwe unit on Wednesday reported a five percent dip in sugar production to 228,000 tonnes in the full year to March 31 due to reduced cane deliveries from outgrowers and low water supplies. The company owns Hippo Valley and Triangle estates and sugar mills in Zimbabwe's Lowveld region, which have a combined installed milling capacity in excess of 4,8 million tonnes of cane

annually and over 640,000 tonnes of sugar. A total of 1.7 million tonnes of cane was crushed during the season compared to 1.8 million in the 2014 season of which only 745,000 tonnes came from outgrowers. The company bemoaned "the negative impact of low dam levels for irrigation at the end of 2013, which only recovered in 2014." Revenue for the year at $146, 8 million was up eight percent from $136, 1 million the previous year. Tongaat Hullet has plans to increase its outgrowers by 20 percent to over 1,000 by 2017 from the current 857. The company has been working with government and local communities to support sugar cane outgrowers in the region as part of an empowerment programme prescribed by the state. Profit after tax was down 15 percent from $7,7 million to $6,5 million, impacting negatively on earnings per share (EPS) which dropped to 3,8 cents from the 4,7 cents achieved in the prior year. *(The Source)*

Economic News

Zimbabwe's central bank has licenced 27 designated money transfer operators and agencies, including Econet Wireless and eight banks, to carry out international remittances as well as trade in currencies, as the authorities bid to draw diaspora remittances into the formal banking system. Remittances from millions of non-resident Zimbabweans are a significant contributor to the country's economy, reaching $840 million in 2014 (about 6 percent of GPD and 23 percent of exports), up from $790 million the previous year. The central bank estimates that Zimbabwe gets as much as $2 billion in annual diaspora remittances, with only a fraction of that going through formal channels. In January, the Reserve Bank of Zimbabwe relaxed exchange control measures to allow local money transfer businesses to conduct outward remittances which were previously not permissible. In a statement, the central bank said the 27 "authorised dealers with limited authority" would operate under a three-tier system. "Tier One is comprised of locally incorporated money transfer operators partnering with approved international money transfer organizations or use own systems and permitted to carry out both inward and outward international remittances. This tier also buys and sells foreign exchange on a spot basis," reads the central bank notice. Stanbic Bank, Steward Bank, CABS, POSB, Zimpost and telecoms firm Econet, which operates the country's mobile money transfer service EcoCash, are in the central bank's first tier. Tier two, according the central bank, is made of money transfer operators operating as money transfer agencies only permitted to carry out inward international remittances and buy and sell foreign exchange on a spot basis. "Tier three is comprised of Bureau de Change-locally incorporated financial service provider which only buys and sells foreign currency spot on," the RBZ said.

After abandoning the local unit for the multi currency system, widely dominated by the United States dollar and South Africa's rand in 2009, Zimbabwe has relied on exports and remittances from its sizeable non-resident population to plug the country's liquidity gap. The capital starved Southern African country has lagged regional peers in attracting FDI due to poor rankings on various ease of doing business indices and structural issues besetting the economy. This has seen the country relying on other sources of liquidity such as remittances from Zimbabweans living abroad. Zimbabwe's major source countries for remittances are South Africa, United Kingdom, Botswana, Canada and Australia. Official figures show that about 88 percent of Zimbabwean diaspora are in South Africa and contribute about 33 percent of remittances. Central bank figures also show that nearly nine percent of Zimbabwean diaspora is in the UK and contributes about 23 percent of remittances. Projections indicate that global remittances to developing countries likely grew by five percent to $435 billion from 2013 to 2014 and are seen rising further to $454 billion in 2015. Sub-Saharan Africa is expected to experience exponential growth in remittances from 0.9 percent in 2012, to a pole position of 5.4 percent in 2017. *(The Source)*

Zimbabwe's stock exchange will begin live electronic trading of shares on July 3, its chief executive said on Wednesday as the local bourse seeks to cut red tape and attract more investors. The new online trading platform will allow investors to access the market in real-time and trade shares directly at their convenience, and is part of market reforms aimed at increasing investor confidence at the bourse. Alban Chirume said the ZSE hoped to have installed the software needed for live trading by Friday after which it would begin training users and testing the system. "All these I hope to have completed so that by the 3rd of July we go live," Chirume told reporters. Sixty one companies are listed on the Zimbabwe Stock Exchange (ZSE), which has a market capitalisation of $4 billion. The stock exchange last year transformed into a company from a mutual society, opening the way for a public listing on the bourse it operates. *(Reuters)*

THE Zimbabwe Stock Exchange (ZSE) board has given the bourse the green light to contribute to a revolving fund meant to assist companies list on its junior market, the exchange has said. ZSE wants to set up a bourse to cater for small to medium enterprises (SMEs). Listing requirements for the alternative bourse, the Zimbabwe Emerging Enterprise Market (ZEEM), have been drafted and will be forwarded to the Securities and Exchange Commission of Zimbabwe (SECZ) for approval. Alban Chirume, ZSE chief executive officer, said on Wednesday the revolving fund is meant to assist SMEs list on ZEEM and they were engaging stakeholders to contribute to the fund. "Following the stakeholder engagement efforts, it is ZSE view that the exchange should lead by example in order to attract donors to the ZEEM Revolving Fund and inspire confidence and demonstrate good will," Chirume said. "The ZSE board has approved the ZSE to contribute towards the revolving fund." He said the launch of ZEEM was expected in the third quarter of 2015. Chirume said there was interest in ZEEM from potential issuers, banks, institutional investors (both local and foreign) and professional advisors. The minimum equity for the SME bourse has been pegged at $250 000 while the minimum public shareholders will be 50. The minimum number of shares to be issued will constitute 26%. Listing expenses that the SMEs will have to incur include sponsoring brokers' fee, fees for accountants, lawyers, underwriters, SECZ and ZSE among others. The Zimbabwean economy has been transformed into an informal one, accounting for 75% of business. Estimates say at least $4 billion was circulating in the informal sector. The transition to an informal economy has made it difficult for the Zimbabwe Revenue Authority to tax the sector depriving the economy of revenue. *(News Day)*

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