SECURITIES AFRICA
RESEARCH & CAPITAL MARKETS

PAN-AFRICA

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

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

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

AFRICA STOCK EXCHANGE PERFORMANCE

				WTD % Change		YTD % Change	
Country	Index	3-Apr-15	10-Apr-15	Local	USD	Local	USD
Botswana	DCI	9736.73	9743.73	0.07%	0.70%	2.55%	-0.37%
Egypt	CASE 30	8891.73	8892.53	0.01%	-0.01%	-0.56%	-6.81%
Ghana	GSE Comp Index	2230.54	2222.61	-0.36%	-0.71%	-2.83%	-19.06%
Ivory Coast	BRVM Composite	258.83	257.18	-0.64%	-0.80%	-0.35%	-11.64%
Kenya	NSE 20	5196.86	5123.97	-1.40%	-1.31%	0.22%	-1.79%
Malawi	Malawi All Share	15410.89	15508.65	0.63%	0.60%	4.18%	10.85%
Mauritius	SEMDEX	1972.98	1962.29	-0.54%	0.11%	-5.37%	-17.21%
	SEM 10	374.31	372.20	-0.56%	0.09%	-3.53%	-15.59%
Namibia	Overall Index	1149.16	1174.69	2.22%	3.26%	6.98%	4.75%
Nigeria	Nigeria All Share	35728.12	34930.02	-2.23%	-2.63%	0.79%	-7.81%
Swaziland	All Share	299.67	300.23	0.19%	1.20%	0.71%	-1.39%
Tanzania	TSI	4812.93	4819.55	0.14%	-0.48%	6.45%	-0.29%
Tunisia	TunIndex	5340.86	5379.30	0.72%	0.16%	5.69%	0.28%
Zambia	LUSE All Share	6136.93	6115.47	-0.35%	2.61%	-0.73%	-14.05%
Zimbabwe	Industrial Index	155.89	156.51	0.40%	0.40%	-3.86%	-3.86%
	Mining Index	32.67	34.31	5.02%	5.02%	-52.15%	-52.15%

CURRENCIES

Cur-rency	3-Apr-15 Close	10-Apr-15 Close	WTD % Change	YTD % Change
BWP	9.76	9.70-	0.63	2.93
EGP	7.61	7.61	0.02	6.70
GHS	1.87	3.82	0.36	20.05
CFA	607.61	608.59	0.16	12.78
KES	90.96	90.87-	0.10	2.05
MWK	435.06	435.23	0.04-	6.01
MUR	35.01	34.78-	0.65	14.30
NAD	11.97	11.85-	1.00	2.13
NGN	197.04	197.85	0.41	9.32
SZL	11.97	197.85-	1.00	2.13
TZS	1,804.75	1,815.89	0.62	6.76
TND	1.95	1.96	0.56	5.40
ZMW	7.55	7.33-	2.88	15.49

SECURITIES AFRICA

Botswana

Corporate News

No Corporate News This Week

Economic News

No Economic News This Week

WEEKLY AFRICAN FOOTPRINT

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Egypt

Corporate News

Kuwait Energy, an independent oil and gas company with assets across MENA, has announced a fresh oil discovery in the Western Desert in Egypt, in collaboration with its main partner, the Egyptian General Petroleum Corporation (EGPC). The exploration well ASH-1ST on the Abu Sennan concession, located in Egypt's Western Desert onshore, discovered hydrocarbons in the Alam El Bueib (Early Cretaceous) Formation, Kuwait Energy CEO Sara Akbar told KUNA here on Tuesday. "I am delighted to announce this important discovery at the Abu Sennan block which will add big value to the asset and even the neighbor assets. This discovery adds a new producing horizon to the stream and opens a window for deeper exploration targets," she said. This is a very important discovery as this is the first production from the deep horizons at the Abu Sennan area with good rates, Akbar noted. Kuwait Energy holds a 50 percent revenue interest and is the operator in the Abu Sennan development lease, while Dover Company holds 28 percent and Beach holds 22 percent, she added. Tests of the Alam El Bueib formation achieved flow rates of 3900 BBLS/D of condensate with 46 API and 3.1 MMSCF/D of gas on choke 64/64", Akbar pointed out. The Abu Sennan concession has 12 producing wells; producing from different formations, she noted. *(Egypt.com)*

Telecom Egypt (ETEL) declared cash dividends of LE 0.20 per share. The dividend is payable on April 23, 2015 to shareholders of record on April 20, 2015. *(Egypt.com)*

Three local energy-related firms with combined capital of more than 8.5 billion Egyptian pounds ($1.11 billion) intend to list on Egypt's stock exchange, the bourse said on Tuesday. The listings form part of a flurry of initial public offerings, mergers and rights issues that have boosted activity on the EGX 30 Index, which had struggled to win investor confidence during years of political and economic turmoil since Egypt's popular uprising of 2011. The EGX has attracted six new companies in the first quarter of 2015, representing combined capital of around four billion pounds. EGX is "coordinating with the three new companies in the petroleum sector with capital of more than 8.5 billion pounds that are planning to list in the coming period," the exchange said in a statement. The three companies are refining firm MIDOR, which has capital of $1.1 billion, refrigeration firm Gas Cool, with capital of 125.5 million pounds, and Nile Marketing, with 50 million pounds in capital, the exchange said. Egypt's state-owned Misr Fertilizers Production Company (MOPCO) applied last month for a listing on the Cairo stock exchange with capital of 2.3 billion Egyptian pounds. Many Egyptians hope President Abdel Fattah al-Sisi can restore stability, foreign investment and economic growth that suffered badly over the four years since the revolt that toppled veteran autocrat Hosni Mubarak. Government officials said deals worth a total of $36 billion were signed at an investment summit last month. *(Egypt.com)*

Egypt-based investment firm Sawari Ventures expects to close its recently launched $50 million fund to new investors before year-end, its founder and chairman told Reuters on Wednesday. The fund opened last month at an international investment conference in the Red Sea resort of Sharm el-Sheikh where Egypt signed deals worth $36 billion. "The fund will invest mostly in tech and clean-tech companies and knowledge-based entrepreneurs," Ahmed al-Alfi said on the sidelines of a conference in Abu Dhabi. The fund, which will be raised from foreign investors, plans to invest in Egypt, Tunisia and Morocco, he said. Sawari Venture's earlier venture capital fund has made nine investments in Egypt since 2011, while Accelerator, its investment management subsidiary, has funded 75 start-ups, totalling around $10 million. Accelerator plans to expand to Lebanon this year and to Saudi Arabia, Tunisia and Morocco next year, said Alfi, a prominent investor based in Cairo. He also said Sawari was planning to invest in more start-ups in Egypt but that the government needed to improve the infrastructure, including power, water and roads, as well as protect investor rights. "If the government does all that, the road is paved for ordinary people". *(Reuters)*

Egypt's state-run petroleum refinery MIDOR has signed two deals worth $1.4 billion with US-based engineering company UOP, the petroleum ministry said in a statement released Thursday. The investment is part of a wider plan by the ministry to raise the domestic production of refined oil following an energy crunch that has lasted more than four years. The engineering company will prepare designs for the expansion of the refinery, raising its capacity to 160,000 barrels per day from 100,000 barrels per day. By the project completion, MIDOR's annual production capacity will reach 245,000 tonnes of Liquified Petroleum Gas (LPG), 2.3 million tonnes of Diesel and 1.3 million tonnes of high octane fuel. The statement did not clarify the timeframe of the project. Egypt has been suffering from an acute energy crunch as foreign oil companies suspend extraction works on the back of growing arrears, most of which have been repaid leaving $3.1 billion outstanding as of March. *(Egypt.com)*

Economic News

The Kuwait Fund for Arab Economic Development plans to lend Egypt $1.5 billion over the next five years, extending $300 million each year, the fund's director-general Abdulwahab al-Bader told Reuters on Tuesday. He did not give details of the loans. The fund is the Kuwaiti government's agency for aiding developing countries in areas such as agriculture, transport and energy. Kuwait, Saudi Arabia and the United Arab Emirates have provided billions of dollars of aid to Egypt in the past two years to support its economy and help it maintain political stability. *(Reuters)*

Egypt's foreign currency reserves fell to $15.291 billion at the end of March from $15.456 billion the previous month, the central bank said on Tuesday. Foreign reserves fell sharply after the 2011 uprising that ousted President Hosni Mubarak, but they have risen again as Gulf Arab nations provided billions of dollars in aid since the Egyptian army overthrew elected Islamist President Mohamed Mursi in 2013. Reserves stood at about $36 billion before the 2011 revolt. *(Reuters)*

International credit ratings agency Moody's upgraded Egypt's credit rating on Tuesday from Caa1 to B3 with a stable outlook. Moody's decision was based on improved macroeconomic performance and expectations that growth will reach 4.5 percent for the current fiscal year and rise to 5-6 percent in the coming four years. The credit agency also cited the ongoing fiscal and economic reforms as well as the persistence of Gulf aid. Egypt's government has been undertaking fiscal and regulatory reforms to improve the macroeconomic standing and business environment since President Abdel Fattah El-Sisi took office last year. Saudi Arabia, United Arab Emirates, Kuwait and Oman collectively pledged $12.5 billion in aid to Egypt during an investment conference held on March. *(Egypt.com)*

Egypt's urban consumer inflation rose to 11.5 percent in March from 10.6 percent in February, the official statistics agency CAPMAS said on Thursday. Inflation soared in Egypt after the government slashed energy subsidies in July 2014. It peaked at 11.8 percent in October. *(Reuters)*

Ghana

Corporate News

Ecobank Ghana has consolidated its position as the biggest bank in the country in terms of total assets, revenue, deposits, loans and shareholder funds. For a bank that began 25 years ago, Ecobank's 2014 financial results show a remarkable growth in the bank's total assets by 23 per cent to close the year with GH¢5,767,608 billion to beat Ghana Commercial Bank (GCB), which until 2012 was the country's biggest bank and posted GH¢4,259,102 billion in 2014. The third biggest, Standard Chartered Bank (SCB), also closed the year with GH¢ 3,506,297 billion, beating Barclays Bank Ghana (BBG), which posted GH¢2,981,302 billion to fourth place in the banking sector. Financial results released by banks in the country show that the Pan African Bank is currently on top with highest profit after tax for 2014. The Chief Finance Officer of Ecobank Ghana, Mr Edward Nartey, attributes Ecobank's low non-performing loan (NPLs) ratio to its robust risk management framework which has ensured a healthy loan portfolio. A look at the results shows that the drivers of these profits were strong growth in most of the banks' interest and fee and commission earning businesses. Ecobank's profit before tax for last year hit GH¢ 446.3 million, from GH¢267.35 million. This actually represents almost 70 per cent jump in profit before tax. The bank that comes close to Ecobank's turnover is GCB Bank, which actually recorded a profit before tax of GH¢ 394.9 million after it saw a 25 per cent leap in its profits. Standard Chartered Bank, which is also among the first-tier banks in the country, posted a profit before tax of GH¢274.8 million, a one per cent increase, while Stanbic Bank 's earnings hit GH¢217.5 million after a 41 per cent growth. Barclays Bank posted GH¢270.52 million profit for 2014, while Access Bank ended 2014 with a profit of GH¢123 million.

Compared to the other banks, the Pan African Bank makes more revenue, and officials of the bank attribute this to its efficient staff and strong management team under the able leadership of the Managing Director of the bank, Mr Samuel Ashitey Adjei, who took over the leadership mantle in January 2006. Ecobank Ghana's ascent to the top of the banking industry has been rather rapid. It is little wonder that Ghana's Stock Market is responding positively to the bank's 2014 performance. The 2014 financial year saw Ecobank Ghana emphasising its market dominance as it led the banking industry with the highest revenue levels of GH¢857.7 from GH¢ 589.8 in 2013. With increase in profits comes increase in taxes and Ecobank duly fulfilled its tax obligations to the revenue authorities earning the Ghana Revenue Authority's "2nd best taxpayer"- large taxpayer office award for 2014. The award was in recognition of compliance in filing and payment of taxes in 2014. The bank's performance over the years have not gone unnoticed as the bank's credit rating has been affirmed by the global credit rating company at A1+ (GH) (short term) and AA- (GH) (Long term). The accorded ratings reflect Ecobank Ghana Limited's established domestic franchise value, resilient performance, risk appropriate capitalisation and adequate loan loss reserves. These are, however, partially offset by shifts in both global and domestic risk dynamics, which continue to negatively impact the local economy. *(Ghana Web)*

Economic News

The Ghana cedi is will be one of the immediate or major beneficiary of the first tranche of the bailout programme approved by the International Monetary Fund (IMF). Deputy Finance Minister Ato Forson says he believes the fortunes of the cedi should improve "greatly" when the $114 million is released to the Bank of Ghana. Speaking to Joy Business, he said a positive appreciation in the cedi will be noticed in the coming days when the money is released although the dollar has been quite stronger over the past months. He is convinced that the IMF programme is the best for the country at the moment because it will signal confidence in the economy. However, Currency and Investment Analyst Derrick Mensah belives it might take a while for the cedi to react to the inflows from the IMF. He noted that businesses and individual will begin to hoard the dollar even if they do not immediately need it for the purposes of transaction. He said he doubts if the $114 million released by the IMF will cause any significant changes in the economy because it is insignificant. The IMF on Friday April 3, 2015 approved Ghana's request for a bailout to stabilise the country's economy.

Ghana is expected to get 918 million dollars spread over three years following the board's approval. For many, the funds could not have come at a better time as one of the main causes of the cedi's depreciation has to do with the limited supply of dollars. According to the Mission Chief for Ghana at the IMF, Joel Toujas-Bernate the $114 dollars should hit Bank of Ghana's account in the coming days. Finance Minster Seth Terpker has already indicated that the bailout will be used to shore up Bank of Ghana's declining reserves. *(Ghana Web)*

Ghana will hit the target of 1.2 million metric tonnes of cocoa beans by the end of the 2014/15 cocoa season. The Suhum District Cocoa Officer of the Health and Extension Division of COCOBOD, Mr. Michael Gyasi, told the Ghana News Agency (GNA) in an interview at his office at Suhum in the Eastern Region. He explained that records available indicate that the nation's production is below one million metric tonnes, and it is expected that by the end of the lean season, Ghana can achieve her aim. According to him, government is working hard to achieve the set target for Ghana and to sustain it, to ensure that the country becomes the world leader in cocoa production by next year. He said the aim of Farmers' Rallies, was equally part of the Health and Extension Division of COCOBOD efforts to offer the platform to interact, socialize and educate farmers on good farming practices. *(Peace online)*

Ghana's main oil refinery has been shut down due to a mechanical fault at its and it will be closed for around a month, Tema Oil Refinery's spokeswoman Aba Lokko said on Tuesday. The underlying cause of the breakdown in March at the government-owned refinery is lack of maintenance linked to a lack of investment, coupled with unreliable power supply in a country facing a power crisis, she told Reuters. "We were refining the (oil) residue and then a unit within that plant developed a fault so there was some serious issue with it and so we had to shut down the plant," she said, referring to the fault in the residue fluid catalytic cracking plant. Ghana produces around 100,000 barrels per day of crude oil at its offshore Jubilee field and it also imports oil for domestic consumption. President John Mahama said last year the government was seeking an external partner for the refinery. For years, Ghana was considered one of Africa's brightest economic prospects because of its rapid growth on exports of oil, cocoa and gold. The government last week sealed an aid deal with the International Monetary to fix severe fiscal problems. *(Reuters)*

Ghana National Petroleum Corp. will borrow less than half of what it had planned this year because of the drop in oil prices. The state company is seeking $350 million to $400 million from banks at an interest rate of about 3.9 percent, Chief Executive Officer Alex Mould told reporters in the capital, Accra. The Tema, Ghana-based company may have to seek a longer maturity than expected because of low crude prices, he said. A decision will be made in approximately three weeks, he said. GNPC delayed raising as much as $1 billion last year after oil fell almost 50 percent. The company wants to operate and own larger shares of projects that will boost government revenue as Ghana seeks to increase crude output five-fold by 2024. "We have credible projects that the markets look favorably on," Mould said on Tuesday. "Prices have fallen so we have to redo the debt size." The oil producer can raise money from more sources and at lower borrowing costs than the government because of the cash flow from its stakes in oil projects, Mould said. The government sold $1 billion of Eurobonds at a coupon of 8.125 percent last year, one of the highest yields in sub-Saharan Africa. "The main issue is how many financial companies in the world have risk appetite for Ghana up to seven years, 10 years," he said. "Not many. I could count on my one hand how many companies will lend to a Ghanaian company for 5 years." GNPC manages the government's minority stake in Jubilee, its largest field, and the offshore deposits TEN and Sankofa. Tullow Oil Plc is the operator and majority owner of the Jubilee field, which is producing about 100,000 barrels of oil a day. *(Bloomberg)*

When it opened in 1963, Ghana's oil refinery symbolised pride and hope for the first African country to escape colonial rule. Now the plant stands idle in a sign of the economic shadow that has crept over one of the continent's brightest stars. The discovery of oil in Ghana in 2007, added to its gold and cocoa wealth and its other major asset, stable democracy, gave it a chance to start catching up with oil giant Nigeria and regional West African economic powerhouse Ivory Coast. The year after oil began flowing in 2010 economic growth spiked to 14.8 percent, one of the highest rates in the world. Now, however, the country faces high levels of public debt, a currency that has fallen sharply, a yawning budget deficit and inflation that recently rose as high as 17 percent. Chronic power shortages have led to lengthy rolling blackouts, angering voters and raising business costs. The growth that propelled Ghana to official 'middle income' status in 2010 is forecast at a modest 3.9 percent this year, lower than the average for sub-Saharan Africa. Economists say Ghana's prospects are still bright over the medium term but only if it quickly restores fiscal stability. The 45,000 barrel-a-day Tema Oil Refinery east of Accra is a case in point: it played a key role in Ghana's oil sector for decades, but was subsidised by the government. In practice some of those payments were not made, leaving it in debt. A mechanical fault has now put it out of action for a month. To stabilise the economy, the International Monetary Fund last week agreed to a $918 million aid programme that also aims to help increase tax collection and strengthen central bank policy.

The sagging economy presents an opportunity for the opposition New Patriotic Party, whose leader Nana Akufo-Addo blames the National Democratic Congress government for the problems. Akofo-Addo lost narrowly to President John Mahama in 2012 and is set to run against him again next year in what is likely to be a close election between two parties with government experience and similar ideological stances. "None of these problems really originate with this government. But each step of the way the government has acted to make things worse rather than better," said Joe Jackson, director of business operations at Dalex Finance, a non-bank financial institution based Accra. Mahama's government defends its record and says mid-term prospects are healthy as fresh oil and gas finds come on stream from two offshore fields in the next few years. It blames the economic problems on lower global commodity prices and says it has a plan to restore growth and stability. "Government will continue to work tirelessly to ensure that these positive prospects as well as our macroeconomic stability and socio-economic objectives are not derailed," Finance Minister Seth Terkper told Reuters.

The IMF deal is key to a plan to secure a bridge financing loan in the first half of this year followed by a Eurobond. It should also help unlock donor budget support. But investors and economists say it is not a fail-safe route back to fiscal health. "It will depend on implementation," said Moody's analyst Elisa Parisi-Capone. "We need to see how authorities progress in terms of fiscal consolidation." Ghana has struggled to implement past IMF programmes, especially in the run up to elections. Public sector wages ballooned in the 2012 election year, pushing the budget deficit to a huge 12 percent of GDP. Moody's downgraded Ghana's sovereign rating last month in a move that took into account of the IMF agreement. At the same time, the deal requires civil service reform to reduce the wage bill - a move that could lead to conflict with powerful unions. "The speed of cuts in the public sector will likely proceed at a much slower pace than required by the IMF," Teneo Intelligence, a business consultancy, said in a research note. With all that, the irony of the refinery breakdown may be how little it will be missed by an economy that has shifted radically from state-dominated vision of Kwame Nkrumah, elected Ghana's first president after independence from Britain in 1957. Most of Ghana's fuel needs these days are imported as finished product, not crude, and the refinery processes none of the roughly 100,000 barrels per day of oil produced by the Jubilee offshore field, operated by Britain's Tullow. Last year, the refinery processed just 18 percent of Ghana's 3.7 million metric tonnes of fuel imports, according to Ghana Chamber of Bulk Oil Distributors figures. "The Tema close down will have no bearing on fuel supply because it has not really been an active player in Ghana's fuel supply in a long while," said the head of an oil import firm. Mahama last year said the government was seeking an external partner for the refinery amid talk of a deal with Saudi Arabia's Petro Saudi but no deal has been finalised. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

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Kenya

Corporate News

Centum Investment's Two Rivers Development has attracted $155 million (Sh14.3 billion) in new funding, including one of the biggest equity investments in a local company by a Chinese firm. The listed firm has received the money for the mixed property development in the form of debt and equity. Centum said that Aviation Industry Corporation of China (Avic) had invested $70 million (Sh6.4 billion) in Two Rivers for a 38.9 per cent stake, valuing the project at about Sh16.6 billion. State-owned investment firm ICDC, which also has a 23 per cent stake in Centum, made a $5 million (Sh462.5 million) equity investment while Co-operative Bank contributed Sh7.2 billion in debt funding for the project. "The investment by Avic is particularly noteworthy being one of the largest foreign direct investments in this region by a Chinese corporation into a private enterprise," Centum said in a statement. Besides the equity investment, Avic is also the main contractor for the Two Rivers project. The project is being put up on a 102 acre site along Limuru Road and will consist of a mall, a hotel, apartments and office blocks. South African hotelier City Lodge is putting up a three-star hotel on the property.

The upcoming mall, billed as the largest in East and central Africa with a gross lettable area of 62,000 square metres, is set to open in October with French retailer Carrefour as the anchor tenant. Centum has, in recent years, raised billions of shillings for the Two Rivers and other projects it has undertaken to diversify from stock market investments. In February 2013 the company raised Sh4.2 billion by issuing a corporate bond and recently opened talks with institutional investors with the aim of raising as much as Sh8 billion through another bond. Dyer and Blair Investment Bank and Equity Investment Bank are the joint transaction advisors for the bond. A presentation by Centum says that the firm plans to issue Real Estate Investment Trusts (REITs) for Two Rivers and Pearl Marina, a similar project in Uganda, to allow equity investors exit. "The characteristics of the asset offer an opportunity to design a REIT around it, in turn creating a long term dollar asset which is highly liquid and desirable for institutional investors," says the report. Two Rivers is expected to generate $25 million (Sh2.3 billion) in annual rental income, representing a yield of around 14 per cent in dollar terms. The firm has a Sh34.5 billion portfolio with real estate accounting for the lion's share at Sh11.85 billion. Players in the property sector say that scarcity of land in urban areas, coupled with a growing middle class, is creating a strong market for mixed developments in Kenya. "Rapid population increases and urbanisation has led to insufficient availability of land in urban areas and has added strain to services and infrastructure," the Royal Institution of Chartered Surveyors said in a market report. *(Business Daily)*

The first tranche of East African Breweries Ltd (EABL) bond has attracted over Sh9 billion to far exceed the Sh5 billion target. In a statement announcing the results, EABL said it hit Sh9,047,350,000 subscriptions against the Sh2.5 billion minimum needed for the issue to be a success. Investors in the bond will be paid 12.25 per cent a year as interest (coupon) for a period of three years. In terms of tenor and return, the closest listed government security is a two-year bond issued in February 2013 at a coupon rate of 12.8 per cent. Due to the oversubscription, an investor will not get the full amount asked for, but will be allocated 55.285 per cent of the bid amount. This means the offer does not have a greenshoe option, which allows an issuer to take more than the targeted amount if there is an oversubscription. The fund-raising came only two months after the beer manufacturer retired its Sh5.4 billion debut commercial paper taken last year. Potential investors for the three-year paper were required to put in a minimum of Sh100,000. The proposed date for uploading the notes into investors' central depository and settlement accounts is Tuesday while the listing date is Wednesday. The lead arrangers for the issue were Barclays Bank of Kenya, Barclays Financial Services, CfC Stanbic and SBG Securities. SBG Securities was also the sponsoring broker. The transaction counsel were Coulson Harney Advocates while reporting accountants were PricewaterhouseCoopers.

The cash is part of a restructuring of EABL balance sheet in addition to capital expenditure and general use. "It is for general use and for capital expenditure, replacing our now retired commercial paper programme," EABL's chief executive Charles Ireland said in an earlier communication, noting the issue was "part of a series of moves to ensure we have a well-structured balance sheet". In the six months to December 2014, EABL's debt costs went up to Sh2.18 billion compared to Sh2.04 billion in December 2013. By last December, the short-term borrowing stood at Sh9.67 billion down from Sh12.54 billion in June 2014, while bank overdraft fell to Sh566 million from Sh1.75 billion over the six-month period. EABL's majority shareholder, Diageo, has also advanced the Kenyan subsidiary Sh19.5 billion five-year loan according to its books. Some analysts have argued that the proceeds from the bond are partly intended to settle some of the intercompany loans. "We believe part of the strategy for this offer is to also partially reduce the related party, arm's length foreign-denominated loan payable in 2017, " said analysts at Standard Investment Bank. EABL net profit grew by 11 per cent in the half year to last December, to Sh4.6 billion compared to Sh4.1 billion in the same period in the previous year. *(Business Daily)*

A drop in the average price of Kenyan tea eroded 2014 pretax profit at Limuru Tea by 95 percent last year to 2.10 million shillings ($22,727), the company said on Tuesday. The firm said the average price of black tea, of which Kenya is the world's leading exporter, slid 16 percent to 180 shillings per kg, wiping out 11 percent of its total revenue that fell to 92 million shillings. Lower valuation of some of its assets, including tea in its fields, and a 10 percent jump in costs, affected earnings further, Limuru Tea said. The firm said it would pay a dividend of 1.00 shilling per share, compared with 7.50 shillings the previous year. It reported negative earnings per share of 0.28 shillings from 23.8 shillings in 2013. The company said this year's performance would depend on the weather after a dry spell in the first two months. "If weather and market conditions improve, then 2015 performance is expected to also improve," Limuru Tea said. A drought in recent weeks in Kenya is driving down tea output and processing factories are receiving fewer deliveries from fields each week, the regulator has said. *(Reuters)*

Kenyan property developer Home Afrika Ltd said on Friday its 2014 profit would be at least 25 percent lower than the previous year, hurt by a delay in developing its infrastructure projects during the year. The firm however said it expected improved performance in the second half of this year, buoyed by revenues from new roads and development of its flagship commercial and residential real estate project in Kiambu County, near Nairobi. Home Afrika, which is listed on the Nairobi bourse's segment for small firms, posted a 73 percent drop in its 2014 first half pretax profit, while its 2013 pre-tax profit fell 22 percent. *(Reuters)*

Economic News

Kenya's central bank sold 24.02 billion shillings ($259.96 million) worth of a 12-year infrastructure bond in an extended sale in which it aimed to raise up to 25 billion shillings. The bond was first auctioned on March 25, when its weighted average yield rose slightly to 11.556 percent from 11.263 percent at a previous sale in October. At the extended sale on Wednesday all the bids for the bond were allotted at the fixed yield rate of 11.556 percent, the bank said in a statement. *(Reuters)*

Kenya's shilling was steady on Thursday, and traders said it was expected to stay in a tight band as market players traded warily anticipating the central bank would sell dollars. At 0805 GMT, commercial banks quoted the shilling at 92.65/85, compared with 92.70/75 at Wednesday's close. "After the last intervention that happened on Tuesday, the market yesterday was very quiet indeed," said a senior trader at one commercial bank. The shilling had hit an intraday low of 92.82/92 on Tuesday but recovered after the central bank sold an unspecified amount of greenbacks to support the local currency. "People are cautious at these levels," said John Njenga, a trader at Commercial Bank of Africa. Traders forecast the shilling to trade in the 92.70 to 92.90 ranges in the next few days. *(Reuters)*

Malawi

Corporate News

No Corporate News this week

Economic News

No Economic News this week

Mauritius

Corporate News

No Corporate News this week

Economic News

Mauritius' central bank held its repo rate unchanged at 4.65 percent on Monday, the governor said, and forecast inflation to hover around 3 percent in 2015. "There is no inflationary threat and the exchange rates have stabilised so there was no need to change our position," Governor Ramesh Basant Roi told a press conference, adding that the bank forecasts economic growth in 2015 at 4.3 percent. Last month, Statistics Mauritius said the Indian Ocean island economy will expand by 4.1 percent in 2015 after growing 3.5 percent last year, boosted by major public infrastructure projects. Finance minister Seetanah Lutchmeenaraidoo in his budget speech last month said Mauritius' economy will grow by 5.3 percent in the 2015/2016 (July-June) fiscal year. The benchmark repo rate has been kept steady since June 2013. *(Reuters)*.

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Nigeria

Corporate News

Dangote Industries Limited has entered into a multi-million dollar Joint Venture agreement with Saipem, the Italian engineering and construction giant that will operate in Nigeria, Central and West Africa markets. The agreement has given birth to a new company named Saipem-Dangote E&C. According to a statement from Dangote Group, the company, Saipem-Dangote E&C is a significant new player in the Nigerian , Central and West African market, with high technical and financial capabilities. The statement quoted Group Executive Director, Dangote Group, Mr. Devakumar Edwin as saying that the new company aims to secure complex Engineering and Construction projects and to execute them at the highest levels of efficiency in terms of costs and timing, while maintaining sufficient flexibility to adapt to different project requirements. Saipem and Dangote Group have a track record of successful collaboration, drawing on the strengths and competences of both Companies. Dangote's financial strength, expertise and standing in the Sub–Saharan African market will complement Saipem's unique capabilities in E & C.

This new partnership confirms the shared commitment of the two groups to both the Nigerian market and sub-Saharan Africa more widely. Edwin, said "We are confident that our partnership with Saipem will position us as a major player in the oil & gas sector. Dangote's financial strength, expertise and standing in the sub–Saharan African market will complement Saipem's unique capabilities in E & C in developing new business. Saipem values the satisfaction of its clients in the energy industry, tackling each challenge with safe, reliable and innovative solutions. Dangote Industries and Saipem shall gain mutual benefit from this partnership". Saipem Central Africa Regional Manager Giuseppe Surace said: "the combination of two excellences like Saipem and Dangote in Central Africa creates a new efficient and sustainable way of working along the whole value chain." Dangote Group is one of Africa's largest industrial conglomerates. It has been a key investor in the Nigerian economy for a number of years, and is seeking to help the country create a more efficient industrial and energy infrastructures, via strategic investments in a number of upstream oil and gas projects.*(Vanguard)*

The bonus issue of one new share for every five shares made by Forte Oil Plc to shareholders for the 2014 financial year has lifted the market capitalisation of the petroleum products company on the Nigerian bourse. Apart from a cash dividend of 250 kobo declared, Forte Oil also declared a bonus of one for five. The addition of the bonus, which translated to 217, 080,184 shares, lifted the outstanding shares of the company to 1,302,481,103 shares. This lifted the market capitalisation of the Forte Oil to N280 billion. The company recorded a revenue of N170 billion in 2014, showing an increase of 33 per cent above the N126 billion posted in 2013. Cost of sale rose by 31 per cent from N116 billion to N152 billion. Other income dipped by 78 per cent from N6.388 billion to N1.39 billion. Forte Oil as able to reduce distribution expenses by 15 per cent from N2.93 billion to N2.482 billion. Similarly, administrative expenses fell marginally by two per cent from N9.44 billion to N9.22 billion. Operating profit went up by 29 per cent from N6.27 billion to N8.13 billion. However, net finance cost soared from N254 million to N2.13 billion. This led to a drop of seven per cent in profit before tax, which fell from N6.5 billion to N6.0 billion. Profit after tax fell by 11 per cent from N5 billion to N4.45 billion. Earnings per share fell from 430 kobo to 220 kobo. Commenting on the results, the Group Chief Financial Officer, Forte Oil Plc, Mr. Julius Omodayo-Owotuga, said: "The 7.94 per cent drop in the group's profit before tax is largely attributable to the 10 per cent devaluation of the Naira in November 2014 and increased finance costs caused by huge subsidy receivables from the Federal Government of Nigeria.

These receivables were outstanding for an average of 270 days compared to the 45 days provided for in the PSF scheme. Also in 2013, we had non-recurring income of N2.11 billion from sale of property and interest received from PPPRA relating to late payment of subsidies in 2010 and 2011. We believe the business is resilient, stronger, sustainable and better positioned for the challenges ahead. This is evident in the 33% increase in turnover and 30per cent growth in our profit from core operations. Also commenting, the Group Chief Executive Officer, Mr. Akin Akinfemiwa, said; "having successfully completed our record-breaking three-year business transformation in December 2014, we are set to consolidate our achievements as we grow our market to maximize value for our esteemed shareholders. We have now built a sustainable business model which has contributed to the Group's profitability of N6.0 billion against the backdrop of a slowing economy,

SECURITIES AFRICA

increased insecurity (which has led to revenue loss in the North eastern market), political uncertainty, weaker petroleum products demand and a volatile exchange rate to mention a few. We shall continue to navigate through an ever challenging business environment and industry in our quest to actualise our vision of being Africa's foremost integrated energy solutions provider." He added: "We shall continue to innovate with respect to products and service offerings and diversify our revenue base, maximise our Non- Fuel Revenue (NFR) opportunities, as a part of our strong resolve to building a long-term successful company." *(This Day)*

Transnational Corp. of Nigeria, a conglomerate with interest in hotels, power and oil and gas, said on Wednesday its 2014 pretax profit fell 14 percent to 7.73 billion naira ($39 million) from year ago. The firm did not give a reason for the drop in profits. It said in a statement revenues more than doubled during the period to 41.3 billion naira. *(Reuters)*

The United Bank for Africa (UBA) Plc's N30.5 billion bond has been listed on the Nigerian STOCK EXCHANGE (NSE) and the Financial MARKET Dealers Quotation, over-the-counter (FMDQ-OTC) market. The dual listing was done in Lagos on Wednesday. Listing on the NSE provides opportunity for retail investors to take advantage of the fixed return on the INVESTMENT grade notes, through the primary market while listing on the FMDQ provides a secondary market platform for institutional and foreign investors to trade the UBA Bond. The UBA Bond is the first corporate bond to be admitted on the FMDQ platform and the first of its kind on a fixed income OTC in Africa. Speaking at the event, the Chief Executive Officer, FMDQ-OTC Mr. Bola Onadele Koko, commended UBA for being a pioneer in the market and reiterated the FMDQ's commitment to the development of the Nigerian financial markets, through its efficient platform for the registration, listing, quotation and valuation of bonds. He said the benefits of listing on FMDQ include "global visibility and transparency, improved secondary market liquidity, price formation and benchmark pricing thus resulting to a more globally competitive CAPITAL MARKET." UBA, in December 2014, successfully raised N30.5 billion Tier II capital through the issuance of seven-year fixed rate unsecured notes, maturing in 2021. "The bond issue was the biggest and most successful in 2014. The success recorded at a time of uncertainty in the capital market was largely due to the credibility and strength of the UBA brand," the Group chief executive officer, United Capital Plc and Issuer to the bond, Mrs. Oluwatoyin Sanni said. On his part, the Group Managing Director/Chief Executive Officer, United Bank for Africa (UBA) Plc, Mr. Phillips Oduoza, expressed delight that the UBA Bond is the first to list on the FMDQ. "We were the first Nigerian bank to do an Initial Public Offering (IPO) on the NSE after successfully listing in 1971. We were also the first to issue Global Depository Receipts (GDR) in 1998. We are always willing to explore new frontiers in our quest to have an efficient market that meets our developmental needs," Oduoza added. The UBA Group is a diversified financial services provider and one of the largest financial institutions in Africa, with presence in New York, Paris and London. "We will utilise the proceeds of the Bond issue for long term commercial and retail sector lending as well as the expansion of our delivery channels to provide efficient banking services to our customers," the UBA boss further stated, adding that the bank is committed to building a long term and sustainable business that would ensure proper utilisation of the bond issue so as to grow its market share and profitability. *(This Day)*

FBN Holdings Plc has recorded profit after tax of N82.8 billion for the year ended December 31, 2014, showing an increase of 17.3 per cent above N70.6 billion recorded in 2013. Based on the performance, the directors recommended a cash dividend of 10 kobo per share and a bonus of one new share for every 10 shares already held. The company grew its gross earnings by 21.3 per cent from N396.2 billion to N480.6 billion, while net interest income went up by six per cent from N230.1 billion to N243.9 billion in 2014. Profit before tax stood of N92.9 billion, up 1.7 per cent from N91.3 billion in 2013, while profit after tax rose by 17.3 per cent from N70.6 billion to N82.8 billion. A cash dividend of 10 kobo per 50 kobo share and a scrip of one for 10 were recommended amounting to a total distribution of N1.05 per share compare to N1.10 in 2013. FBN Holdings total assets grew by 12.2 per cent from N3.9 trillion to N4.3 trillion, with loans and advances jumped by 23.2 per cent from N1.8 trillion to N2.2 trillion. Commenting on the results, the Group CEO, FBN Holdings, Bello Maccido said,"The group recorded a strong financial performance in 2014 in spite of the highly challenging operating environment particularly for our flagship business, First Bank of Nigeria. As such, the performance by the Banking Group is a testament to the underlying strength of our commercial banking business which is built on an extensive retail network and a robust information technology platform. Notwithstanding the tough operating environment, the group showed commendable growth across all the key performance INDICATORS buoyed by the complementary performance of our non-bank subsidiaries with gross earnings growing by 21.3 per cent to N480.6 billion and profit before tax at N92.9 billion." According to him, "We remain focused on diversifying our revenue streams through the extraction of value from our recent bank acquisitions, consolidating our position in the INVESTMENT banking space, especially with the acquisition of Kakawa, and expanding our insurance business scope." *(This Day)*

Nigeria's Unity Bank posted a 35.2 percent rise in first-quarter pretax profits to 4.26 billion naira ($21 million) the same period last year, it said on Thursday. The middle tier bank did not give reasons for the higher earnings but said in a statement revenue rose to 16.5 billion naira against 14.97 billion naira in the period to end-March. *(Reuters)*

Stanbic IBTC Bank said it has secured a $90 million line of credit facility from the FMO (NederlandseFinancierings- Maatschappijvoor Ontwikkelingslanden N.V). A statement from the bank yesterday explained that the purpose of the facility, consummated recently, was for the financial institution to on-lend to small and medium sized companies for the financing of projects in strategic sectors. The sectors include agriculture, oil and gas, power, ports, telecom, power, among others within Nigeria. The facility would run for a term of five years. The facility was provided to Stanbic IBTC Bank by FMO along with European Financing Partners (EFP) and DEG - Deutsche Investitions- und EntwicklungsgesellschaftmbH). The primary lender, FMO, is a Dutch development bank that was established in 1970 by the Dutch Government, commercial banks, the national employers' association, labour unions, and private investors, in order to make investments in private sector projects within developing countries and emerging markets. The secondary lender, DEG, is a subsidiary of KfW andone of the largest European development finance institutions. For more than 50 years, DEG has been financing and structuring the investments of private companies in developing and emerging market countries. Chief Executive of Stanbic IBTC Bank, Mr. Yinka Sanni, while commenting on the transaction, noted that the commitment of the lenders showed the confidence they have in the Stanbic IBTC brand. He further emphasised that the facility would enable the bank continue its SME sector growth efforts and move the economy forward. *(This Day)*

Economic News

Nigeria's post-election bond rally is stalling as foreign investors wait for a devaluation of the naira before buying the nation's debt. Yields on benchmark naira bonds due March 2024 have climbed 61 basis points in the past three days after plunging 118 basis points on April 2, the day after Muhammadu Buhari of the opposition All Progressives Congress was announced the winner in a presidential election. He beat incumbent Goodluck Jonathan in a vote described as mostly peaceful and fair by observers including those from the European Union. Investors including Morgan Stanley, Aberdeen Asset Management Plc and Landesbank Berlin Investment GmbH cut their local bond holdings in the last quarter of 2014 as the price of crude oil, Nigeria's main export and source of more than two thirds of government revenue, fell by 37 percent during that period. While naira government debt offers the highest yields among 31 developing nations tracked by Bloomberg, foreign investors have to factor in the increasing risk of a currency devaluation that will hurt returns when converted to dollars. "Political risks have diminished but the other risks are still in place: a very low oil price and pressure on the naira," Lutz Roehmeyer, who oversees Landesbank Berlin's $1.1 billion emerging-markets debt portfolio, said by phone from the German capital on Tuesday. "You can still expect a devaluation. I see a lot of local-currency investors waiting for that to happen before they re-enter Nigeria." The central bank devalued its target rate for the naira to 168 per dollar from 155 in November. After that failed to stabilize the currency, it scrapped the official exchange rate on Feb. 18, moving all transactions on to the interbank market.

Buhari, 72, a former military ruler who lost three previous election bids, will be sworn in on May 29. Nigerian assets soared after Jonathan conceded defeat on March 31, easing investors' concerns of a disputed result in a country marred by a history of election-related violence and disputed vote results. Nigeria's average government bond yields fell 81 basis points to 14.47 percent on April 1, the lowest since Dec. 12. Most of the demand came from domestic investors, who don't have to take the naira's exchange rate into account, according to Jan Dehn, head of research at London-based Ashmore Group Plc, which manages $64 billion of emerging market debt. The currency was little changed at 199.05 per dollar at 3:41 p.m. in Lagos on Wednesday. It dropped 21 percent to a record low of 206.32 between the end of June and Feb. 12 as Brent oil prices plunged by 44 percent. That prompted the central bank to extend trading restrictions introduced in December by preventing banks from buying dollarsin the interbank market without matching orders from customers needing to import goods. While those measures have stabilized the exchange rate, they have reduced liquidity and left the naira overvalued, according to Viktor Szabo, a money-manager who helps oversee $12 billion of developing-nation debt at Aberdeen, which hasn't resumed buying naira debt. "The currency hasn't adjusted sufficiently," Szabo said by phone from London on Wednesday. "It's the turn of the central bank to act. If the move is sufficient –- we're probably talking to above 220 a dollar –- we'd be inclined to get involved with the local bonds." Investors are also concerned that Nigeria may be excluded from JPMorgan Chase & Co'semerging market local currency bond indexes that are tracked by more than $200 billion of funds. The New York-based lender put the country on index watch negative on Jan. 16 and said the central bank's actions made it hard for investors to replicate the indexes.

Nigeria has an almost 2 percent weighting in the indexes. JPMorgan will make a decision by mid-June. The lack of foreign-exchange liquidity is even more important for bond investors than the yields on offer, according to Ashmore's Dehn. "If there are no improvements at all in foreign-exchange liquidity then I suspect that they're on their way out of the index," Dehn said by phone from London on Wednesday. "I don't think that's in Nigeria's interests at all. I suspect that the government will free up foreign-exchange trading relatively quickly. It's imperative." It's too soon after the presidential election for the Central Bank of Nigeria to consider removing trading limits, Ibrahim Mu'azu, an Abuja-based spokesman, said by phone on Wednesday. Monetary and fiscal policies "have to be aligned" under the new government, he said. Mature Democracy Until that happens, foreign investors probably won't return despite an election result that ushered in what United Nations Secretary General Ban Ki-moon called a "maturity" of Nigeria's democracy. The victory by Buhari marked the first time an opposition candidate beat a sitting president since independence from the U.K. in 1960. "Foreigners are sitting and waiting for a move in the currency," said Dehn. "The government needs to get into office first and build an economic team. But then it can happen quite quickly. It's better just to get it out the way.". *(Bloomberg)*

Nigerian stocks dropped a second day, erasing gains made in 2015, as a lower oil price added to speculation that the country's currency may be devalued. The Nigerian Stock Exchange All Share Index declined to the lowest since March 31 on Wednesday, with more than four stocks falling for each one that gained. Prices for Brent crude, down almost 50 percent since June, retreated for the first time in three days to $57.16 a barrel, while the naira weakened. "A lot of investors, especially foreign investors, are watching because they believe the naira is going to have to devalue further," Kayode Akindele, a partner at TIA Capital Management LLP, which oversees about $200 million, said by phone from Lagos. "They believe the oil price is going closer to 45 and it might put renewed pressure on the naira." Nigerian stocks rallied 15 percent in the four days after the March 28-29 vote as President Goodluck Jonathan conceded defeat to Muhammadu Buhari, mitigating the risk of violence in Africa's biggest economy. Buhari, 72, will inherit challenges including slowing growth, falling oil prices and the Boko Haram insurgency that's waged a six-year campaign to impose strict Islamic law in the north. He will be sworn in on May 29. The International Monetary Fund estimates economic growth will slow this year to 4.8 percent from 6.1 percent in 2014. The NSE's All Share Index declined 2.2 percent to 34,175.24 by the close in Lagos, the commercial capital. The gauge's 14-day relative-strength index, which rose to the highest since February 2013 on April 2, decreased to below 70 for the first time in four days. A level above 70 typically indicates to technical analysts that an asset's move is overdone.

Oando Plc, which operates a network of gasoline stations and explores for crude, led declines, losing 9.7 percent to 15.78 naira. FCMB Group Plc, a financial services company, retreated 5 percent to 3.07 naira. Falling oil prices have weighed on the local currency, with the naira down 17 percent against the dollar in the past six months. The Central Bank of Nigeria devalued the currency by raising the peg at which it sold dollars to lenders at twice-weekly auctions in November, before scrapping the sales entirely in February and imposing other restrictions to reduce naira volatility. It's too early loosen the controls, spokesman Ibrahim Mu'azu said by phone Wednesday. The naira weakened as much as 0.2 percent before trading little changed at 199.05 per dollar. While the presidential vote passed largely peacefully, investors are awaiting the results of local elections this weekend, said Akindele. "They tend to be more competitive than the federal elections, especially in some key states like Lagos, and Rivers," he said. "There's a propensity for violence." *(Bloomberg)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Tanzania

Corporate News

Tanzania ns have been urged to capitalise on the fast changing technological innovations in the mobile money industry as a way to lift them from poverty. "We should no run away from challenges emerging from the technology revolution in the mobile money industry rather use them as an opportunity for improved livelihoods," said Mr Mwigulu Nchemba, the Deputy Minister for Finance and Economic Affairs in Dar es Salaam on Thursday. Launching the National Microfinance Bank (NMB) and Airtel Tanzania partnership in offering mobile money operations, he said the government commends the efforts to promote financial inclusion thus reaching more financially marginalized. He said Airtel and other companies should prepare themselves to list at the Dar es Salaam Stock Exchange (DSE) to provide more opportunity for Tanzanians to own them and do away with allegations of lacking transparency in their operations. He said the government is working on the ways to ensure that the present and future companies pay tax revenues accordingly. The Acting NMB Chief Executive Officer Mr Tom

Borghols, said the partnership with Airtel Tanzania means the bank will bring closer more over 1.2 million customers already using mobile money services. "With the mobile banking services, customers can undertake cash deposits, withdraw, transferring, prepaid services," he said adding that the technological revolution is bringing making life easier while saving time and cost. He said further that with technology, it is difficult to predict what will happen next but currently the partnership with the telecom firm assures the bank and its customers enabled and eased financial transactions at minimum cost. On his part, the Airtel Tanzania Managing Director Mr Sunil Colaso said the partnership allows customers for both companies to pursue secure and simple transactions using mobile phones. "The increase in the uptake of mobile financial services has demonstrated great potential for the financial inclusion and economic growth in the country," he said. *(Daily News)*

Economic News

Tanzania's inflation edged up for a second straight month to 4.3 percent year-on-year in March from 4.2 percent in the previous month, the statistics office said on Wednesday. The statistics agency attributed the slight increase to a jump in the food and non-alcoholic beverages inflation, which increased to 5.9 percent from 4.9 percent. Items whose prices went up during the period included rice, which rose by 5 percent and vegetables, whose prices went up by 5.3 percent, the statistics office said. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zambia

Corporate News

Lafarge Zambia Plc will begin work on a 200 million-euro ($217 million) cement plant this year even as Africa's richest man, Aliko Dangote, starts up his own factory in the country and economic growth slows. Construction on the expansion in Lusaka, the capital, will start in the second-half of the year and be complete in 2018, Emmanuel Rigaux, chief executive officer of the Lafarge SA unit, said in an April 1 interview. The work will double Lafarge's Lusaka plant, adding 1 million metric tons of capacity. Dangote Cement Plc was due to start production at its $400 million Zambia plant last month, challenging Lafarge's dominance for the first time since it was founded in 1949 to supply cement for the world's biggest dam at Kariba. The Dangote plant will produce 1.5 million tons a year, more than Lafarge's two existing factories combined. Even so, the expansions won't cause a glut, mainly because of demand from the neighboring Democratic Republic of Congo, Rigaux said. "The growth there is massive, in fact it's even higher than in Zambia," he said. The DRC "has one of the lowest cement consumption per capita and one of the highest growth rates in the world," he said. "It's a perfect combination." A spokesman for Lagos-based Dangote, Africa's largest producer of the building material by sales, didn't respond to an e-mail seeking comment. Lafarge Zambia, 75 percent-owned by its Paris-based parent, produced 1.2 million tons of cement in the country last year. Shares in the company have gained 8 percent in the past 12 months in Lusaka trading.

The market may not be able to absorb the additional volumes of cement, said Brian Chintu, who helps manage almost 800 million kwacha in assets, including Lafarge Zambia stock, as head of investments at Madison Asset Management Co. in Lusaka. "We're going to see some price wars," Chintu said by phone. "We're going to see pressure for Lafarge to reduce their prices. We anticipate reduced profit margins for Lafarge. Definitely there is a risk of getting an oversupply." Zambian economic growth is slowing as the government grapples with a budget deficit that helped push the kwacha to a record low last month. The DRC has overtaken its neighbor as Africa's biggest copper producer. The International Monetary Fund estimates 2014 growth of 5.5 percent in Zambia, the slowest pace in 12 years. Economic expansion at that pace would still translate to 10 percent growth in the Zambian construction industry, Rigaux said. While commercial and retail development may have peaked in Lusaka, spending on infrastructure in other provinces is continuing, he said. Hydropower projects in the DRC and Zambia are adding to increased demand in the region, Rigaux said. The company is in talks to supply the $660 million Busanga hydropower power project in Katanga. Zambia and Zimbabwe are repairing the Kariba dam wall as part of a $294 million project agreed to in February.

The economy in the DRC, whose Katanga copper-mining province borders Zambia to the north, is expanding faster and grew by 9 percent last year, according to IMF estimates. Lafarge can probably serve a population as big as 13 million in DRC's Katanga and Kasai-Occidental provinces, where the company expects construction to increase as rising incomes prompt the building of shops and malls, according to Rigaux. "Retail is just starting in the DRC," he said. "Where Zambia was five years ago is where the DRC is today." While the company exports cement to the DRC from its plant in Ndola, in Zambia's Copperbelt province, it plans a facility near Lubumbashi, the capital of Katanga, Rigaux said. A grinding station to process material from the Ndola plant should cost a minimum of 25 million euros and may start producing in 2019, after which Lafarge may build a full cement plant, he said.*(Bloomberg)*

Economic News

Zambia's cabinet will table changes to mining royalties on Monday after the finance and mines ministers proposed the amendments, the president's spokesman said on Thursday. Zambian President Edgar Lungu last month directed the finance and mining ministers to change royalties on mining firms by April 8, saying the copper-producer could consider temporarily reverting to the tax regime in 2014. "The technical committee has finished looking at the proposals from the ministers of finance and mines. Cabinet will table the proposed changes on Monday," presidential spokesman Amos Chanda told Reuters. The decision to increase royalties in January for open pit mines to 20 percent from 6 percent and those for underground mines to 8 percent from 6 percent has rattled foreign mining firms in Africa's second-largest copper producer. Unions are also worried that jobs could be lost. Zambia's kwacha has gained lost ground against the dollar as the market anticipated changes to the existing tax regime in favour of mining companies. *(Reuters)*

Zimbabwe

Corporate News

No Corporate News This Week

Economic News

The value of shares that exchanged hands on the Zimbabwe Stock Exchange (ZSE) dipped 40% in the first quarter of 2015 to $69 742 238,45 as the bourse took a knock from the faltering economy. This is the lowest value realised in the first quarter since the introduction of multi-currencies in 2009. In the same period last year, shares worth $118 668 534,15 were sold, according to latest statistics from the bourse. A total of 586 093 096 shares exchanged hands in the quarter down from 687 208 341 during the same period last year. The benchmark industrial index closed the quarter at 158,22 down from 176,32 in the comparable period in 2014. Market watchers say the events at the bourse were a mirror of the state of the economy. "What is happening on ZSE reflects what is happening in the economy. Financial results of companies show that all is not well. A number of companies have closed while revenue growth is stymied. The economy has no money and loans for capital expenditure attract high interest which affects performance," said a research and advisory analyst. "You need external funding which is not forthcoming at the moment." In its outlook for 2015, brokerage firm MMC Capital projected the equities market to remain under pressure this year on the back of poor operating fundamentals in Zimbabwe. "Escalating economic headwinds continue to hamper sustainable economic recovery, with liquidity constraints, faltering industry capacity utilisation and waning government revenue persisting to be the major impediments. The political dust is yet to settle as evidenced by intensifying bickering in the ruling party, Zanu PF, hence putting a damper on the upside potential of the local bourse," MMC said. Activities on ZSE are closely followed by investors to check on the health of the economy. *(Newsday)*

ZIMBABWE and South Africa yesterday signed three landmark agreements and two memoranda of understanding that are expected to steer bilateral relations and development of the two neighbours to greater heights. The agreements were the culmination of President Mugabe's historic, second State visit here, during which his closed-door deliberations with host President Jacob Zuma opened a new chapter in the already warm relationship. While some sections of the media kept themselves busy speculating that President Mugabe was in South Africa to "beg" for a "bailout", the two leaders and their delegations were hammering out arrangements of a long-term nature for the development of their countries. The key agreement was on the establishment of a Bi-National Commission, which Zimbabwe Foreign Affairs Minister Simbarashe Mumbengegwi and South Africa International Relations and Co-operation Minister Maite Nkoana-Mashabane signed off. The two ministers also signed a memorandum of understanding on Diplomatic Consultations; while Finance ministers Patrick Chinamasa and Nhlanhla Nene signed the agreement on Mutual Assistance Between Customs Administrations. The agreement on Co-operation on Water Resources Management and establishment and functioning of the Joint Water pact were signed off by Environment, Water and Climate Minister Saviour Kasukuwere and his South African counterpart.

Zimbabwe Industry and Trade Minister Mike Bimha and South Africa's Rob Davies signed an MoU on Economic and Trade Co-operation. Presidents Mugabe and Zuma both hailed the agreements, MoUs and talks as notable milestones in the development of the two countries' relations, expressing their desire to see these reflected in greater regional and continental integration for the betterment of citizens' lives. President Mugabe said there was much the two countries could learn from each other. "We of Zimbabwe, being the younger economic partner and President Zuma and South Africa being the elder brothers with a more advanced system ... we look at our resources and see how joined efforts could bring about in that integrated manner better, quantitatively more and qualitatively better products to transform to add value. "Sure South Africa is advanced but there is still more to do in transforming those resources and that is why we decided to bring together 10 ministers from President Zuma's side and 10 from President Mugabe's side."He went on: "We are part of Africa, part of the region we call Sadc, Southern Africa and what we do between us is to the benefit of our Sadc region, is to the benefit of Africa, is to the benefit of our people. "If we fail we are failing those people but in our environment we also want a political environment of freedom political environment in which we are not interfered with by outsiders and we become masters of ourselves." President Zuma said, "Our deliberations of today put great emphasis on the importance of signing the Agreement on the Establishment of the Bi-National Commission, whose objective is to take our relations to a higher level and to be led by the Heads of State of our respective countries. "We have also witnessed the signing of other agreements to further enhance relations. The Memorandum of Understanding on Diplomatic Consultations will establish a mechanism for regular diplomatic consultations on issues of strengthening bilateral relations, security and co-operation in Africa and issues of mutual interest."

He added: "The agreement on Co-operation on Water Resources Management and the establishment and functioning of the Joint Water Commission are intended to enhance co-operation in water resources planning, development and management in the spirit of mutual understanding and benefit. "The agreement regarding Mutual Assistance Between Customs Administrations will enhance co-operations between our customs and is a crucial milestone towards the establishment of a one-stop border post." President Zuma said ministers from the two countries would work together to ensure implementation of the agreements. He said in cognisance of the historically strong trade relations, the South Africa Business Forum would meet today to explore untapped opportunities in mining, eater, energy, infrastructure development, transport, ICTs and other areas. President Zuma said because President Mugabe was also Sadc and African Union Chair, he had taken the opportunity presented by the State visit to discuss matters relating to regional and continental integration and development

The finalisation of the agreements and clinching of the MoUs, President Mugabe's spokesperson Mr. George Charamba told this publication earlier in the day, would bring long-term changes to the way the two countries did business and would have ramifications on the regional and continental development and integrations agendas. Contrary to private media claims about the visit being centered on "aid", President Mugabe - Mr. Charamba said - was primarily concerned with resolving four issues affecting Zimbabwe and South Africa. "The first is an upgrading of bilateral relations beyond the traditional joint permanent commission on the basis of Zimbabwe historically being South Africa's largest trading partner in Africa. "Second, we want a fair, just and reciprocal trade relationship bereft of barriers so that just as South African goods cross over into Zimbabwe, our goods should cross into South Africa and this is not about assistance but about fair trade. "The third is that we want recognition that Zimbabwe is a serious mining proposition and that the Zimbabwe mining sector has a bearing on the sector in South Africa. So we want to build our capacity and do value addition through joint ventures and not aid. "Fourth, our people working in South Africa are imparting vital skills and should be regarded as value adders who deserve to be treated with dignity," Mr. Charamba said. This was in apparent reference to rising xenophobic sentiment that has expressed itself violently time and again and resulted in deaths of fellow Africans at the hands of black South Africans. Another official said President Mugabe was keenly interested in establishing a bilateral trade relationship that could be replicated across Sadc and ultimately the African Union. The official quoted President Mugabe saying, "Some in South Africa want us to have open mouth into which they pour their Ceres." *(Herald)*

ZIMBABWEAN companies' borrowing costs are at least twice the level experienced in the region pushing up production costs and making local products uncompetitive, the African Development Bank (AfDB) has said. Local products have failed to compete in the region as they become uncompetitive. In addition, the influx of foreign products. AfDB said in a latest report on Zimbabwe that despite various measures intended to rescue the manufacturing sector through the 2015 National Budget Statement, "competitiveness of manufactured products is compromised mainly due to high production costs compared to those prevailing in neighbouring countries". "On average, Zimbabwean firms' borrowing costs (estimated at an average of 28% in 2013) are twice to three times the levels observed in the region," AfDB said. "The real weighted average lending rates for corporates and individuals tightened over the period December 2013 to December 2014 with possible negative effects on aggregate output growth as the cost of borrowing for investment and consumption increases." AfDB said average cost of commercial electricity in Botswana, Mozambique, South Africa and Zambia was 8,3 United States cents per KWh, which is 57% of what Zimbabwean businesses pay for electricity. Zimbabwe businesses also pay on average twice as many taxes for imported inputs than neighbouring countries due to high import tariff levels (inclusive of the introduced 25% import surtax)," the bank said. The country's manufacturing sector has been under stress from the harsh economic environment. This saw capacity utilisation shedding 3 percentage points, to 36,3% last year from 39,6% in 2013. *(News Day)*

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