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:

AFRICA STOCK EXCHANGE PERFORMANCE

				WTD % Change		YTD % Change	
Country	Index	5-Dec-14	12-Dec-14	Local	USD	Local	USD
Botswana	DCI	9510.89	9502.25	-0.09%	-1.07%	4.96%	-2.13%
Egypt	CASE 30	9458.57	8715.92	-7.85%	-7.85%	28.50%	24.58%
Ghana	GSE Comp Index	2300.11	2306.73	0.29%	0.40%	7.53%	-20.15%
Ivory Coast	BRVM Composite	244.96	246.61	0.67%	2.00%	6.29%	-3.66%
Kenya	NSE 20	5184.92	5124.80	-1.16%	-1.54%	4.02%	-0.55%
Malawi	Malawi All Share	14677.86	14877.75	1.36%	2.02%	18.73%	2.71%
Mauritius	SEMDEX	2101.59	2085.33	-0.77%	-0.71%	-0.49%	-5.16%
	SEM 7	394.49	390.76	-0.95%	-0.88%	-3.19%	-7.73%
Namibia	Overall Index	1090.20	1055.13	-3.22%	-6.18%	5.83%	-3.90%
Nigeria	Nigeria All Share	33229.29	30763.38	-7.42%	-6.69%	-25.57%	-33.45%
Swaziland	All Share	298.01	298.01	0.00%	-3.06%	4.32%	-5.27%
Tanzania	TSI	4798.07	4614.06	-3.84%	-2.73%	62.27%	49.43%
Tunisia	TunIndex	4981.27	4932.04	-0.99%	-0.80%	12.57%	-0.13%
Zambia	LUSE All Share	6170.85	6140.50	-0.49%	0.11%	14.80%	0.26%
Zimbabwe	Industrial Index	168.36	167.34	-0.61%	-0.61%	-17.21%	-17.21%
	Mining Index	67.59	66.71	-1.30%	-1.30%	45.69%	45.69%

CURRENCIES

Cur-rency	5-Dec-14 Close	12-Dec-14 Close	WTD % Change	YTD % Change
BWP	9.18	9.27	0.99	7.24
EGP	7.13	7.13	- 0.00	3.15
GHS	1.87	3.18	- 0.11	34.67
CFA	532.76	525.84	- 1.30	10.32
KES	88.64	88.99	0.39	4.59
MWK	480.04	476.93	- 0.65	15.59
MUR	30.47	30.45	- 0.06	4.92
NAD	11.20	11.55	3.16	10.12
NGN	179.85	178.44	- 0.78	11.85
SZL	11.20	178.44	3.16	10.12
TZS	1,709.85	1,690.45	- 1.13	8.59
TND	1.85	1.85	- 0.19	12.72
ZMW	6.33	6.29	- 0.60	14.51

SECURITIES AFRICA

Botswana

Corporate News

No Corporate News This Week

Economic News

No Economic News This Week

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Egypt

Corporate News

Qalaa Holdings, one of Egypt's largest investment companies, on Sunday reported a third-quarter net loss after minority interests of 59.6 million Egyptian pounds ($8.34 million), a 67 percent decline on the previous quarter. Qalaa has some $9.5 billion in assets under management, including dozens of firms mainly in Egypt, east and north Africa. The company said it would issue $560 million in new shares by May 2015 to advance a major restructuring. *(Reuters)*

Economic News

Egypt's foreign currency reserves fell to $15.88 billion at the end of November from $16.91 billion the previous month, the central bank said on Sunday, the first decline in six months. Foreign reserves fell sharply after the 2011 uprising that ousted President Hosni Mubarak but had risen again on the back of billions of dollars of Gulf Arab aid that has flooded into Egypt since the army overthrew elected Islamist President Mohamed Mursi last year. In November, Egypt repaid to Qatar a $2.5 billion central bank deposit received under Mursi, which some traders had warned could have an impact on reserve levels. Reserves stood at about $36 billion before the 2011 revolt. *(Reuters)*

Egypt's tourism revenues jumped 112 percent to about $2 billion in the third quarter of 2014, a tourism ministry official said, suggesting the key industry was showing signs of recovery, albeit from a particularly bad third quarter last year. Tourism, an important source of foreign currency, has been hammered since the popular uprising that toppled Hosni Mubarak in 2011. It suffered another blow in mid-2013, when the army removed elected Islamist President Mohammed Mursi from power after protests against his rule. "Egypt's tourism revenues reached $2 billion in the third quarter of this year compared to $900 million in the same quarter of last year," Adela Ragab told Reuters by telephone. "The number of tourists reached 2.8 million compared to 1.6 million in the same quarter last year." Tourism had suffered a new blow in February, when a coach carrying Korean tourists was bombed by Islamist extremists in Sinai. But the security situation has largely calmed, except in parts of northern Sinai where the government is battling an Islamist insurgency.

Egypt received over 14.7 million tourists in 2010, before the 2011 uprising, which saw the number of visitors drop to 9.8 million. In 2012, the number of tourists rose to 11.5 million but fell again in 2013 to 9.5 million with revenues of $5.9 billion. Egypt's tourism minister, Hisham Zaazou, told Reuters in September that tourism could fully recover by the end of next year if regional turmoil did not spread to the Arab world's biggest country. *(Reuters)*

Egypt's annual urban consumer inflation fell to 9.1 percent in November from 11.8 percent in October, the official statistics agency CAPMAS said on Wednesday. Inflation rose this summer after the government slashed subsidies, raising fuel prices by up to 78 percent. Annual inflation reached its highest in nearly four years a year earlier, then began falling until the fuel price hikes in July. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Ghana

Corporate News

No Corporate News This Week

Economic News

Ghana's Target to narrow her fiscal deficit to 6.5 percent of Gross Domestic Product (GDP) in 2015 from 9.5 percent has been described as "exceptionally ambitious." Carmen Altenkirch, Director of Fitch, who stated this at a press conference in London at the weekend, remarked: "I've penciled in a figure of 8 percent." "The real challenge for them will be raising revenue at a time when the economy isn't performing well." She also added that Ghana and the International Monetary Fund (IMF) probably would not come to an agreement on aid until April and therefore the country will struggle to meet revenue targets next year. Lower earnings from exports and higher spending weighed on the budget and added pressure on the cedi, the continent's worst performing currency this year. Rising debt, power shortages and soaring inflation prompted Ghana's economic managers to open the door to IMF aid in August. The government would probably finish talks with the lender by February, James Klutse Avedzi, Chairman of the Finance Committee in Parliament, was quoted as saying on November 19, this year. "The first time, all things going well, that we're likely to see an IMF programme is April next year," Altenkirch said, without giving details. "If they don't have an IMF programme, they won't be able to issue another Eurobond. Then, you're going to get a very large drain on reserves." Ghana sold $1 billion of January 2026 bonds, priced to yield 8.25 percent, in September, according to data compiled by Bloomberg. That was its third offering in dollars and was issued a few weeks after signaling it wanted IMF aid. The country's international bonds returned 8.7 percent this year, less than the 10.4 percent average gain for the Bloomberg USD Emerging Market Sovereign Bond Index. After losing access to domestic capital markets, Ghana was forced to borrow money from the Central Bank, according to Altenkirch. "Banks have become net sellers of government paper, while non-banks have purchased only half of what the government was intending," she said. The cedi, which is down 26 percent this year, weakened 0.4 percent to 3.2152 per dollar by 5 p.m. Friday in Accra. *(Peace FM)*

Ghana's annual consumer price inflation rose to 17.0 percent in November from 16.9 percent the previous month, the country's statistics office said on Wednesday. The figure is a further indication that the government will almost certainly miss its full-year 2014 target of 13 percent, plus or minus 2 percentage points. *(Reuters)*

Kenya

Corporate News

Investment firm Centum has sold a 3.65 per cent stake in Longhorn Publishers, marking its first partial divestiture in the firm that was listed in March 2012. The latest regulatory filings show that Centum's shareholding in Longhorn dropped to 18.2 million shares or a 31.25 per cent stake in October compared to the 20.4 million shares (34.9 per cent stake) it held previously. "It was a normal trade as part of our portfolio management," said James Mworia, Centum's chief executive. The 2.1 million shares sold are currently worth Sh21.6 million based on Longhorn's prevailing stock price of Sh10.1. The publisher's share price has declined 27.8 per cent from the Sh14 at which it was listed on the Nairobi Securities Exchange by introduction. It has declined 25 per cent over the past one year. The two-year lock-in period for its major shareholders, including Centum and Mr. Francis Nyammo, expired in April. The investment firm's partial sale of Longhorn shares is one of its few recent divestitures. The company has been increasing its stake in most of its subsidiaries and associates such as the local Coca-Cola bottlers.

Other firms where Centum has firmed its grip include K-Rep Bank that is now its controlled subsidiary. Mr. Mworia said Centum could not disclose whether it plans to further dispose or increase its stake in Longhorn, maintaining that future transactions will be guided by prevailing circumstances. Longhorn has laid out a growth strategy based on regional expansion through acquisitions and greenfield ventures, with aggressive expansion into the export markets. The NSE-listed firm says it plans to establish a subsidiary in Rwanda to boost its presence in that market. Longhorn is also developing new titles for the Malawian market where the school curriculum is being reviewed. The publisher's net profit rose one per cent to Sh94.9 million in the year ended June. This came as sales increased 35.1 per cent to Sh1.3 billion, with higher operating and distribution costs eroding its margins. Longhorn is set to effect a bonus issue of three shares for every two held, a move that will expand the volume of its outstanding shares by 50 per cent to Sh87.7 million units. *(Business Daily)*

Safaricom's market valuation touched an all-time high of Sh600 billion after its share price rose to Sh15 in Tuesday's trading, the highest since its listing seven years ago. The telecoms operator's share price has been on a bullish streak in the past 24 months driven by demand from local investors who analysts say are attracted by its future prospects. Safaricom was in the early days of its listing at the Nairobi Securities Exchange (NSE) a source of pain for first-time investors who had bought in the hope of making a killing only for the share to drop below the subscription price of Sh5 where it remained till late 2012. The stock has, however, rallied as Safaricom's competitors struggled to eat into its market dominance and the telecoms giant entrench its position in the financial services market with Mpesa — a mobile money solution. "One thing we have learnt is that investment is a matter of patience because things don't work out when investors want," said Johnson Nderi, the corporate finance and advisory manager at ABC Capital. Safaricom's share price dropped marginally Wednesday's trading to close at Sh14.65 with 9,358,200 shares having changed hands. This left the company with a valuation of Sh586 billion. Stagnation of the share prices despite robust profitability had seen Safaricom's management consider share consolidation which it could not execute for lack of a legal framework.

Safaricom has in the past seven years created different lines of businesses, including mobile money, data and sale of electronic devices. Last week, Safaricom which is Kenya's most profitable firm, launched the 4G network in Nairobi and Mombasa giving it a chance to deliver broadband internet to homes – a market that has previously been dominated by Faiba and Zuku. "These latest developments have put Safaricom in a class of its own so investors see it as a good company to buy into even if it is a bit pricey," said Eric Musau, a research analyst with Standard Investment Bank. Mr Musau reckons that telecoms operator's share is overpriced but recent positive news makes it attractive to foreign investors looking for exposure in the country. Standard Investment Bank has given the stock a fair value of Sh12.50. Parliament recently approved the award of a Sh15 billion security surveillance tender to Safaricom from which it got the spectrums it needed to launch the 4G network and is set to earn an annual management fee. Besides, Safaricom has also entered the cashless payments business in the matatu sector through My 1963 opening another revenue stream.The company has disclosed that it has an interest in My1963 whose services President Uhuru Kenyatta officially launched last month.Safaricom is pursuing a multi-pronged approach to reap from the cash-lite matatu policy by rolling out its own commuter card and also assigning M-Pesa paybill numbers to matatu operators to facilitate cashless payments. Analysts also said Safaricom's latest share price rally meant the telecoms giant has shaken off concerns over Equity Bank's impending entry into the mobile money space through a subsidiary, Equitel.

"The catch here is that all the 40 plus banks can go to Safaricom and deploy their products while Equity is trying to create its own platform leaving it with a much higher hurdle to jump over," said Mr Musau. Safaricom has more than 20 million subscribers on its M-Pesa platform giving it a better understanding of the mobile money market and has embarked on an aggressive customer loyalty campaign to reward users of M-Pesa. Equitel is a partnership between Equity Bank, the lender with the largest customer base and Airtel which Kenya's second largest telecoms operator. Airtel and Orange are currently Safaricom's only competitors in the voice business following the exit of India's Essar Telecom, the operator of Yu network. Orange is also looking for an exit plan citing challenges in breaking even despite pumping money into the Kenyan operation. Safaricom has acquired Yu's infrastructure in an effort to improve the quality of its services especially in densely populated areas such as Nairobi.

Safaricom is working closely with KCB, the largest bank by capital base and a fierce rival of Equity. Besides, Safaricom has a partnership with CBA, a medium sized bank which manages the M-Shwari platform. The partnership has catapulted CBA to becoming the second largest retail lender in Kenya. Safaricom announced a 30.6 per cent growth in after-tax profits for the six-month ended in September 30. It made a net profit of Sh14.7 billion against revenue of Sh79.3 billion. "Announcements of their half year results are usually followed by road shows to investors internationally which creates demand," said Mr Nderi. Safaricom is also the largest seller of mobile phones with a network of shops that registered a 40 per cent growth in handset sales to Sh3.1 billion in the six months to September. It recently modified its systems by sending alerts to callers whose phone calls do not go through, notifying them that the other party is now available to receive the call contrary to the past where the alert was sent to recipients of the calls.The new alerts are more proactive than the previous ones as the person in need of making the call is notified. *(Business Daily)*

Beer maker East African Breweries Limited has launched an online portal for selling and home-delivering its premium brands, marking a new strategy in the company's efforts to rev up its sales. The drinks delivery portal which went live on November 28 enables online orders for alcoholic drinks or through personal computers and mobile phones any time of the day. EABL says the portal is targeted at online-shopping consumers of luxury brands. "Consumers of premium brands are looking online for information about the brands that they are increasingly interacting with. We only took it a step further and converged the information and product access in one platform through a delivery service," said the EABL Reserve Brands Commercial Manager Charles Weru in an interview on Wednesday. Among the premium drinks on display at the portal include Johnie Walker, Lagavulin, Ciroc, Tanqueray, Cragganmore, Don Julio Resposado and Zacapa. Shoppers on the portal get the advantage of buying at the recommended retail price, unlike buying from stores, restaurants or clubs which assign steep profit mark-ups.

Buyers have the option of paying through mobile money or online debit or credit card deductions. Delivery, which is estimated to take between two hours within Nairobi and 48 hours to other areas across the country, is done free of charge for orders above Sh3,000. Orders below that threshold pay a delivery fee depending on their location. "The new service offers convenience and utility allowing consumers to have premium and luxury spirits brands whenever and wherever they would like to have them," said Mr Weru. The company has partnered with On Demand, a third-party service vendor, to handle deliveries within the city. The beer maker will use its distribution network for delivery to areas outside Nairobi. Since the portal went live just over a week ago, the company says it has been making an average of seven deliveries within the city per day. The orders are expected to grow as the festive mood kicks in and the popularity of the portal grows. "We did not anticipate the amount of enquiries and orders during the first week as was received. The reception has been overwhelming," said Mr Weru.Recent statistics (April-June 2014) by Communication Authority of Kenya indicate that the number of Internet users increased by three per cent to 22.3 million up from 21.6 million during the earlier quarter. The increased number of users indicates that Internet penetration in Kenya now stands at 55 per cent up from 53.3 per cent of the previous quarter. The statistics show a potential for growth in tandem with internet penetration and the rising shift to online shopping. EABL's sales have grown at a slower pace in recent years than previously attributed to a combination of new regulatory restrictions on drink-driving as well as steep tax increases. The brewer's sales went up four per cent to Sh61.2 billion in the year to June 2014, with Kenya remaining the group's mainstay contributing 64 per cent of the total sales while Uganda and Tanzania contributed 18 and 11 per cent respectively. Its net profit increased 5.1 per cent to Sh6.8 billion in the same period. The company is Thursday expected to launch Bulleit Bourbon, a luxury whisky retailing at Sh2,990 per bottle. *(Business Daily)*

Barclays Kenya on Wednesday entered into a pact with South Korean mobile manufacturer, Samsung, to drive the uptake of its credit cards by providing loans to buyers of smartphones. Under the deal, Barclaycard customers will use their credit cards to purchase Samsung's flagship device, the Galaxy Note 4, and pay up in three monthly instalments. Samsung mobile East Africa vice president Robert Ngeru claimed Wednesday the company controls 65.4 per cent of Kenya's smartphone market according to its internal research, compared to 2013 when the market share stood at 55 per cent. He, however, did not disclose the number of units sold during the period. "The growth was enabled by continued partnerships and retail drives across the country," said Mr Ngeru on Wednesday during signing of the deal in Nairobi. The Nairobi bourse-listed Barclays Kenya has been counting on credit card uptake to boost its non-interest income. "Use of cards in transactions has been on an upward growth, with a notable increasing demand for cashless payments. With less than 200,000 active credit cards against a potential market of four million, we are alive to the vast opportunities available in this market," said Zahid Mustafa, director of consumer banking at Barclays. *(Business Daily)*

Kenya Electricity Generating Company (KenGen) has added the entire 280 megawatts produced at its Olkaria geothermal plant to the national grid, sparing users power blackouts. The listed utility company said the final 72MW put out by Unit V of its Olkaria I plant has now been added to the national grid. This adds to Olkaria I's Unit IV that generates 70MW and Olkaria IV producing 140MW. KenGen chief executive Albert Mugo said the additional 72MW came at just the right time as it will spare users rationing that would have begun due to the low production at its main hydroelectric plants. "We have had below average inflow of water into our hydrodams and the commissioning of this unit is nothing short of a Christmas and New Year gift to the country," said Mr Mugo in a statement. In addition to plugging the power deficit, the 280MW—some 210MW of which has come between October and December—is expected to reduce the average cost of power. "We not only see it as a score for KenGen, but also for Kenyans in general as it helps to further reduce the cost of power by displacing the expensive thermal fuel. At the same time, it will help to stabilise the country's power supply by reducing dependence on hydro which is prone to weather variations," said Mr Mugo.

Analysts said that power bills should begin to reduce but not substantially since other factors such as system losses during distribution and transmission have to significantly change and absorption capacity by the economy improve. Eric Musau, a research analyst at Standard Investment Bank, said since Power Purchase Agreements (PPAs) signed with electricity distributor Kenya Power guarantee that all output from Olkaria will be bought, the additional power has to be consumed by more users so that the average cost per user falls. "There also has to be extra consumers so that the average power bill comes down," said Mr Musau. The government has assured Kenya Power of additional customers with its plan to connect all public schools and hospitals to the national grid by the June 2015. For KenGen, the additional geothermal power is expected to grow revenues by up to 20 per cent, said Mr Musau, but with a rider that this will not necessarily result in higher profitability since the interest on loans borrowed for the projects will begin to reflect in tandem with power production. More geothermal power is expected to come through in the next four years as new plants are completed. Ormat Technologies plans to add 24MW in its Olkaria plant by end of 2015 while Akiira One, a company partly owned by Centum Investments, will add another 140MW by 2018.The government targets an additional 5,000MW in the medium-term from wind farms, coal power and hydro power. Most of the development has attracted major financiers including American Opic and AfDB. *(Business Daily)*

NIC Bank has become the second lender to make a heavily subscribed cash call as lenders partly race to beat the new Central Bank of Kenya capital requirements by end of the year. The rights issue attracted Sh4.6 billion, slightly more than two times the Sh2.1 billion the bank had sought from shareholders and investors. "Its success is a welcome vote of confidence by shareholders on the bank's long-term strategy," said NIC chief executive John Gachora. "The money raised will help us focus on continued growth in the coming years as we continue to invest in Kenya and the region." NIC peer, Diamond Trust Bank (DTB), managed to attract Sh15.9 billion against the Sh3.63

billion requirement last August. Analysts say banking has continued to show steady growth relative to other sectors making stocks attractive to investors. "Looking at quarter on quarter returns, they tend to outperform other sectors," said Maureen Kirigua, a research analyst at Sterling Capital. Ms Kirigua added that investors are also attracted to diversification and regional expansion plans that some of the banks are carrying out. She noted that banks are busy innovating and diversifying to non-funded incomes.

Corporate finance analysts observed that as bonds mature, liquidity is coming to the market and finding way into stocks. "There is a lot of liquidity in the market," said Johnson Nderi, corporate finance and advisory manager at ABC Capital. He said there are a limited number of good stocks at the moment which has made the few available highly coveted. For the two banks, the discount was a sweetener that encouraged investors to take part. NIC Bank rights issue sold at Sh49.25, a 38 per cent discount on its Sh79 market price while DTB went for Sh165 a share, a 25.31 per cent discount on the six-month average price of Sh238. Both NIC and DTB said they would use funds from the cash calls to fund their respective expansion plans, both within the country and in the region. Both issues were from the start assured some level of success after anchor shareholders agreed to participate in the offers.
First Chartered Securities, ICEA Asset Management and Livingstone Registrars with a combined 36.62 per cent ownership in NIC at the time of cash call pledged to take up their rights. The Aga Khan Fund for Economic Development and its related companies Habib Bank Ltd, Jubilee Insurance Company Ltd, Diamond Jubilee Investment (Uganda) Ltd and PDM Holdings Ltd who controlled a 41.73 per cent ownership stake in DTB also agreed to participate in the issue. *(Business Daily)*

Centum Investment Company has announced plans to acquire 3percent additional stake in Almasi Beverages Limited to a total of 50.95 percent. In a statement, Centum says the move will see it have a controlling stake while Almasi becoming its subsidiary. "Centum is pleased to announce its intended acquisition of an additional 3 percent shareholding in Almasi Beverages Limited ('Almasi') bringing our total shareholding to 50.95percent of the issued share capital of the company and resulting in Almasi becoming a subsidiary of Centum Investment Company Limited," Centum CEO James Mworia said. However, the intended acquisition is subject to approval by the Competition Authority of Kenya. Almasi is a holding company of three Coca-Cola bottling companies including Mount Kenya Bottlers Limited, Rift Valley Bottlers Limited and Kisii Bottlers Limited. It also has the second largest share of the Coca Cola bottling business in the country. Mworia said the intended acquisition of a controlling interest in Almasi is in line with Centum's strategic objective of expanding its presence in the fast-moving consumer goods sector. "Centum will continue working with the management of Almasi and of the three bottling companies to deliver improved experience to Almasi's customers and stakeholders," he said. In June 2013, Centum invested Sh426million ($5million) to increase its shareholding in the said holding company from 35 percent to 43.5 percent by buying out minority shareholders. The investment company bought the minority investors at Kisii Bottlers, Mount Kenya Bottlers and Rift Valley Bottlers who opted to exit rather than take a stake in Almasi Beverages through share swaps.*(Capial FM)*

Kenya Electricity Generating Co (KenGen) is seeking bids for the design and construction of two geothermal power plants with capacity totalling 210 megawatts (MW). The plants will be built in the steam-filled Olkaria field, state-owned KenGen said on Tuesday. Endowed with vast geothermal energy resources in the Rift Valley region, the east African nation wants to expand its generation capacity by 5,000 MW by 2017 from about 1,664 MW now, aiming to lower tariffs and cut the cost of doing business. By 2030, Kenya estimates it will need some 15,000 MW of extra capacity, with much coming from geothermal and other renewables which will be both cheaper than widely-used diesel generators and more reliable than its hydropower dams. KenGen said one of the projects will involve the construction of a 140 MW Olkaria V power plant and another 70 MW plant in Olkaria I unit 6. The company, which is 70 percent state-owned, said it was in talks with development institutions to borrow money for the 140 MW plant, which it planned to build first. Kenya is the first African country to tap geothermal power. It has potential to produce 7,000 MW and is targeting production of at least 5,000 MW of geothermal power by 2030.
Development of cheaper geothermal energy also means the country has to rely less on thermal power that is prone to the vagaries of international prices. In Kenya, an extra fuel charge or premium is added to normal power rates depending on the amount of diesel generation used and on global fuel costs. *(Reuters)*

Kenya's NIC Bank said on Thursday it had raised 2.1 billion Kenyan shillings ($23.2 million) through a rights issue, part of its plan to raise

more funds to increase lending to businesses and individuals. The bank issued and listed an additional 42.66 million shares with an offer price of 49.25 shillings per share. NIC, which also operates in neighbouring Tanzania, raised $57 million in September through a corporate bond, part of a strategy to raise capital through a mix of debt and equity. Banks in east Africa's biggest economy have seen a rise in earnings, helped by increased lending on the back of steady interest rates and economic growth. *(Reuters)*

Co-op Bank of Kenya will cut 160 jobs, mainly at management level, after a review of the business by an external consultant, it said on Thursday. The lender, which also operates in South Sudan, engaged Mckinsey & Company earlier in the year to help it restructure the organisation and position for faster growth. Co-op said the job losses, which will take effect from Dec. 22, were the result of some roles being combined and others being eliminated. The bank, one of the largest lenders in the region with an asset base of more than 270 billion shillings ($2.98 billion), posted a 2.5 percent rise in pretax profit for the first nine months of this year to 9.13 billion shillings. *(Reuters)*

Economic News

Growth in Kenya, East Africa's biggest economy, is expected to accelerate over the next three years as the government increases spending on roads, railways and power plants, the National Treasury said. The economy may expand 6.1 percent in the fiscal year that ends on June 30, 2015, Geoffrey Mwau, economic affairs director at the Treasury, said today in a presentation in the capital, Nairobi. The rate is forecast to increase to 7 percent in 2015-16 and 7.3 percent the year after, he said. "We expect strong growth mainly because of the investments we are making in infrastructure," Mwau said. "The standard gauge railway alone will make a significant contribution to the economy." Kenya has sold $2.75 billion of Eurobonds this year to help fund spending on infrastructure. Kenya's investment needs of $4 billion a year to deliver on its infrastructure pledges is one of the largest on the continent, according to the Abidjan-based African Development Bank. President Uhuru Kenyatta's government came to power after elections in March 2013 with a pledge to achieve annual economic growth of 10 percent by 2017. The Parliamentary Budget Office said in September that target is probably "unachievable" amid deteriorating security. "Insecurity that has affected tourism is expected to continue being a risk in the medium term," Mwau said. *(Bloomberg)*

Kenya's parliament has begun debating tougher security laws after a series of attacks by Islamist militants in the country, raising opposition concerns that the bill will suppress human rights. Proposals in the Security Laws (Amendment) Bill 2014 include extending the time authorities can hold suspected criminals beyond the current 24 hours, capping the number of refugees and asylum seekers in the country to 150,000 and establishing a national counter-terrorism center, according to a draft of the legislation distributed in parliament today. Kenyan President Uhuru Kenyatta replaced his police chief and interior minister last week after gunmen from al-Shabaab, the Somalia -based arm of al-Qaeda, targeted non-Muslims in two attacks in the northeast of the country that left at least 64 people dead. Those assaults were the latest in a string of al-Shabaab raids in Kenya, including on a shopping mall in the capital, Nairobi, last year that left at least 67 people dead, prompting warnings by foreign governments to avoid travel to parts of the country. Al-Shabaab has said the attacks are revenge for Kenya deploying troops in Somaliain 2011 to back government forces. The opposition Coalition for Reforms and Democracy, led by former Prime Minister Raila Odinga, has urged Kenyatta to develop an exit strategy for the troops from Somalia and overhaul the current security system. East Africa's largest economy currently hosts more than 600,000 refugees and asylum-seekers, mostly Somali nationals who have fled conflict and famine and are staying at the United Nations-run Dabaab camp in Kenya's north.

The proposals being "rushed through the national assembly are going to affect us all and the future of our beloved country in fundamental ways some of us may not imagine right now," according to a statement e-mailed by CORD today. "The bill is a major assault on democracy and fundamental rights." Other proposals in the draft law include three-year jail terms for broadcasting information that undermines police investigations or security operations and imprisonment of at least 20 years for using a weapon or bomb for "purposes of terrorism." Anyone illegally possessing an explosive device or weapon in a religious or public area or promoting a violent ideology can be jailed for as long as 30 years, while a person found responsible of glorifying or inciting a "terrorist" act could receive a maximum jail term of two decades. A statement signed by the Clerk of the National Assembly James Mwangi published in the Nairobi-based Standard newspaper today, said the public had until Dec. 15 to submit comments on the proposed legislation and those views would be incorporated into a report to be presented to parliament.

Lawmakers who support the bill are seeking a "procedural amendment" to pass the rules as quickly as possibly, Alois Lentoimaga, vice chairman of the legislative committee on national security, said in an interview yesterday. Legislation approved by lawmakers in Kenya requires presidential assent to be enacted. "The executive proposed the amendments after the recent attacks," Lentoimaga said. "They said the changes are necessary to enable security agencies in fighting terrorism, and that changing the security chiefs alone will not solve the problem. We agree."*(Bloomberg)*

Electricity generator KenGen has announced plans to scale down Kenya's power generation target of 5, 000 megawatts amid concerns that the planned production is overstated and could make electricity expensive. The State-owned electricity generator has said it is currently compiling data from manufacturers, property developers and business lobby groups to establish the economy's actual five-year demand for power and match it with production. "If we find, looking at the next five years, that the demand for electricity is significantly lower than supply, we are going to trim the generation of the 5,000 megawatts," KenGen managing director Albert Mugo said last week. "We are quite aware that we cannot have a lot more capacity than the demand because this will make the tariffs very expensive," he added. The announcement signals a U-turn on the part of a government that has assigned itself a tight timeline of 2017 to generate 5,000MW, mainly from renewable sources like geothermal, wind and solar. Presently, local installed power generation capacity stands at about 1,955 MW. Despite warnings about possible overproduction by organisations such as the International Monetary Fund, the government has previously put on a brave face, maintaining that there would be enough market for the extra power, including export channels to neighbouring countries and connection of more homes to the grid. Last week, KenGen said plans were under way to create a pool of electricity for power transaction in the east African economy. The setting up of power transmission lines connecting Kenya to Ethiopia and Uganda is ongoing. Energy secretary Davis Chirchir had earlier said that surplus power would be exported to South Sudan, Tanzania and Uganda. Kengen says excess energy production could hurt the economy as the consumer will be forced to pay for capacity charges on idle plants. The comments come just weeks after geothermal production overtook hydro-electric power generation in October. But power economists have also faulted the State's energy drive. "It is based on false load growth assumptions and unrealistic target dates," said Hindpal Jabbal, the lead author of a February report on Kenya's power sector. The report on Kenya's power cited the many instances where demand has been overstated.

The government's power sector investment plan has, for instance, allocated 1,171MW to the standard gauge railway but independent studies show that the Kenya-Uganda electric train can only consume 100MW factoring in maximum passenger and cargo trips. A separate document authored by the Ministry of Energy and seen by the Business Daily puts the energy needs for the standard gauge railway (Mombasa- Nairobi-Malaba, Kisumu) at 18MW, putting to question the energy plan. The government has also set aside 675MW for Konza Technopolis and other ICT parks, which is four and a half times more than 150MW projected by independent studies. An iron and steel melting industry to be constructed in Meru by 2015 is expected to consume 315MW over a period of seven years based on an average production of 13.5 million tonnes, a brief from the Energy ministry says. The project is yet to take off but the government has marked 2,000MW to the iron and steel melting factory. The Lapsset project is allocated 350MW but against independent projections that it would absorb no more than 100MW.*(Business Daily)*

Mauritius Commercial Bank (MCB) has opened a representative office in Kenya, joining a growing list of foreign lenders from Kenya's trading and business partners seeking a foothold in the country. The Central Bank of Kenya (CBK) authorised the new office last week to serve as a marketing and liaison centre for the bank. The bank is now set to be the eighth to have a representative office in Nairobi. "The office will support the growing trade and investment flows between Kenya and Mauritius," said the CBK in a statement released last Friday. MCB has been in operation since September 1838, and as at close of last week's trading had a market capitalisation of Sh144 billion ($1.6 billion) on the Stock Exchange of Mauritius. Outside Mauritius, MCB has a presence in Madagascar, Maldives, Mozambique, Seychelles, South Africa, France, Reunion and Mayotte. The Kenyan banking sector has continued to attract increasing interest from regional and global banking brands which see Nairobi as an ideal entry point and base when targeting the wider East Africa region. Other lenders with representative offices in Kenya include HDFC Bank (India), Nedbank and FirstRand Bank both of South Africa, Bank of China, Bank of Kigali, Central Bank of India and Rabobank Nederland. US bank JP Morgan Chase indicated last month that it intends to open an office in Nairobi as it expands in Africa.*(Business Daily)*

The Kenyan shilling eased slightly against the dollar in early trade on Monday, with traders expecting the central bank to sell dollars to prop up the currency if it weakens further. At 0850 GMT, commercial banks posted the shilling at 90.30/40 amid thin volumes, weaker than Friday's close of 90.25/35 to the dollar. "It's been quiet. But if the shilling goes up to 90.50, we expect the central bank to come in and intervene," said John Njenga, a trader at Commercial Bank of Africa. The local currency has weakened 4.8 percent against the dollar this year despite frequent interventions by the central bank to prop up the shilling, including dollar sales. Kenya's central bank said it was in the money market on Monday to mop up 7 billion shillings ($77.52 million) in excess liquidity using repurchase agreements and term auction deposits. By absorbing excess liquidity, the bank makes it more expensive to hold long dollar positions, which supports the shilling. Traders said the bank sold dollars last Wednesday to defend the local currency when the shilling neared the 90.50 level. Njenga said the shilling may receive some support this week from companies which are closing down ahead of the Christmas holidays or paying pre-Christmas bonuses to employees. "They will be paying in the middle of the month, so we expect them to convert (dollars into shillings) which may offer support to the shilling," he said. *(Reuters)*

Kenya's central bank said it plans to sell a new two-year Treasury bond and a re-opened 15-year bond in December worth a total of 20 billion shillings ($221.48 million). The bonds will be on sale between Dec. 5 and Dec. 16 ahead of the auction on Dec. 17, the bank said in a statement seen by Reuters on Monday. At the last sale of a 15-year bond in November, the weighted average yield rose to 12.422 percent at auction from 12.375 at the previous sale in January.*(Reuters)*

The Kenyan shilling was marginally weaker early on Tuesday, with traders expecting the central bank to sell dollars to support the currency if it continues easing. At 0725 GMT, commercial banks posted the shilling at 90.35/45 amid thin volumes, weaker than Monday's close of 90.30/40 to the dollar. "We are trading near 90.45 and from past trend we have seen (the central bank) intervene when we get to that level. The market is keen to see whether they will intervene," said a trader at a Nairobi-based commercial bank. Traders said the bank sold dollars last Wednesday to defend the local currency when the shilling neared the 90.50 level. The local currency has lost 4.8 percent against the dollar this year despite frequent interventions by the central bank to prop up the shilling, including dollar sales.
The bank has also been regularly mopping up excess money market liquidity, which lends support to the local currency. The shilling has been under pressure this year due to a slump in revenues from tourism, a major hard currency earner that has been hurt by a spate of militant attacks. Hard currency earnings from tea exports have declined due to a global glut of the commodity and the dollar has strengthened in recent weeks. *(Reuters)*

Kenya's delayed Lake Turkana Wind Power project is expected to start generating power by 2017 after the African Development Bank backed financing to build a transmission line to connect it to the national grid, the project's director said. The wind farm located in Kenya's remote north will have an installed capacity of 310 megawatts (MW) to help plug a power supply shortfall, which has led to frequent blackouts that hamper industry in east Africa's biggest economy. The 623 million euro ($765 million) project, the largest single wind power scheme in Africa, has been delayed in part due to the risks associated with building a 428 km transmission line connecting the 365-turbine wind farm to the grid. The project was initially due to be completed in 2011. Under an agreement signed on Monday, the African Development Bank gave Kenyan state-owned firm Ketraco, which is contracted to build the line, a partial risk guarantee worth 20 million euros ($24.5 million) to complete it. Carlo Van Wageningen, director of Lake Turkana Wind Power, said the guarantee ensured his company would be compensated for the electricity generated even if the transmission line is not completed by the time the project starts producing power. If the transmission line is erected on time, the wind farm will begin producing its first 50 MW of power after 27 months and go fully on line five months after that, he said. Van Wageningen said that later this month his company could start drawing down on loans to pay its contractors, paving the way for construction to begin in early 2015. "It has been a long journey," Henry Rotich, Kenya's secretary for finance, said at the signing of the guarantee. "I hope now we have resolved everything and we look forward to the groundbreaking." Kenya's government has said it wants to expand its power generation capacity by 5,000 MW by 2017 from about 1,700 MW now to reduce tariffs, ease power shortages and cut costs of doing business. Kenya Power, the country's sole electricity distributor, at present serves about 2.8 million customers out of a population of 40 million. Kenya relies heavily on renewable energy such as hydro power and geothermal for its electricity. *(Reuters)*

Kenya will increase spending by 10 percent in the 2015/16 fiscal year (July-June) to 1.849 trillion shillings ($20.5 billion), the finance ministry said on Tuesday. The Treasury said in a pre-budget presentation the government planned to borrow 141.2 billion shillings from the domestic market to partly plug a predicted budget deficit of 6.8 percent of gross domestic product (GDP). The budget deficit is 7.8 percent in 2014/15, to be partly funded by borrowing 101.7 billion shillings on the local market. Net external financing, usually a mix of grants and loans, would rise to 289.6 billion shillings from 193.3 billion shillings in 2014/15. The presentation showed overall government spending rising to 2.24 trillion shillings in 2017/18. The government expected to collect 1.16 trillion shillings in taxes in 2015/16, from 1.01 trillion shillings in the current fiscal year. Kenya borrowed from international capital markets for the first time this year, raising $2 billion from its maiden sovereign bond in June, to take some pressure off local markets and lending rates. Last week, it raised an extra $750 million through a tap sale of its debut Eurobond. The Treasury's presentation predicted the economy would expand by 7 percent in the 2015/16 financial year, from a projected 6.1 percent this fiscal year, and 7.1 percent in 2016/17. Finance Minister Henry Rotich said last week the economy was projected to grow by 6.5 percent in calendar year 2015, rising to 7 percent in 2017. The Treasury expects the economy to grow by 5.3-5.5 percent this calendar year. Risks to growth included the effects of insecurity on tourism and poor rainfall, which could hurt exports and agricultural production, the finance ministry said. Bomb and gun attacks by the Somali militant group al Shabaab have hurt the east African nation's tourism industry, one of the main sources of hard currency. *(Reuters)*

Kenya will boost spending by 10 percent in the year to June 2016, mainly on infrastructure such as new roads and energy plants, Finance Minister Henry Rotich said on Tuesday. The 1.849 trillion Kenyan shilling ($20 billion) budget will also finance the initial costs of a modern railway line between its port of Mombasa and the Ugandan capital Kampala, as Kenya seeks to spur private investment too. Rotich told a pre-budget meeting in the capital Nairobi the government would "significantly increase capital investment". Last week he estimated the economy would grow by 6.5 percent in calendar year 2015, rising to 7 percent in 2017. Economists estimate it needs to grow at least 6 percent a year to help the 40 percent of Kenyans living on less than $1.25 a day. Development spending, which excludes recurring costs like wages, is expected to rise to 684.8 billion shillings in 2015/16 and 803 billion shillings in 2017/18, from 572.4 billion shillings this financial year. Kenya's debt had been estimated at more than 50 percent of gross domestic product (GDP) until September, but that rate fell after revised data showed its economy 25 percent bigger than previously estimated.

The government plans to borrow 141.2 billion shillings from the domestic market to partly plug a predicted budget deficit of 6.8 percent of gross domestic product (GDP). The budget deficit is 7.8 percent in 2014/15, to be partly funded by 101.7 billion shillings from the local market. Net external financing, usually a mix of grants and loans, would rise to 289.6 billion shillings from 193.3 billion shillings in 2014/15. Kenya borrowed $2 billion using its maiden sovereign bond in June, to take some pressure off local markets and lower lending rates. East week, it raised another $750 million through a tap sale of the Eurobond. The Treasury expects the economy to grow by 5.3-5.5 percent this calendar year, after bomb and gun attacks by the militant group al Shabaab from neighbouring Somalia hurt tourism, a major source of hard currency. Rotich acknowledged: "Our economy is facing challenges arising from weather vagaries, low international commodity prices for our exports, particularly tea, and insecurity along our common border, which has severely impacted on tourism sector." *(Reuters)*

Kenyan lawmakers voted on Tuesday to double the government's limit on borrowing from foreign sources to 2.5 trillion shillings ($28 billion). Finance Minister Henry Rotich sought the doubling of the limit last month as the east African nation plans major infrastructure projects such as roads and energy plants. The increase was backed by 79 votes with 42 against. Aden Duale, majority leader in the National Assembly, said in a sitting aired on live television that raising the ceiling was essential "to help the government achieve development objectives." Kenya's debt had been estimated at more than 50 percent of gross domestic product (GDP) until September, but that rate fell after revised data showed its economy 25 percent bigger than previously estimated. The country borrowed $2 billion with its maiden sovereign bond in June, to take some pressure off local markets and lower lending rates. Last week, it raised another $750 million through a tap sale of the Eurobond. It also plans to issue an Islamic bond, called a Sukuk, in the financial year starting in July 2015. *(Reuters)*

Malawi

Corporate News

No Corporate News this week

Economic News

No Economic News this week

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Mauritius

Corporate News

No Corporate News this week

Economic News

Mauritius will hold parliamentary elections tomorrow after a campaign dominated by politicians' promises to revive growth and create jobs. An alliance of the ruling Labour Party and Mouvement Militant Mauricien is expected to beat a coalition of the Mouvement Socialiste Militant and Parti Mauricien Social Democrate. A Labour-MMM victory would make MMM leader Paul Berenger, 69, the prime minister, replacing Navinchandra Ramgoolam, 67, who would become president. If elected, their alliance plans to amend the constitution to increase the president's scope of duties from what are now largely ceremonial, without eroding the powers of the prime minister. Growth in the $12-billion African economy, which relies on financial services, tourism, sugar and textiles, is forecast to accelerate this year for the first time since elections in 2010, according to International Monetary Fund data. Expansion is projected at 3.3 percent from 3.2 percent last year. "The business community expects that the next government presents a budget where there will be measures to boost the economy and investment, create new pillars and consolidate the existing sectors," Chandan Jankee, an associate professor at the Reduit-based University of Mauritius, said in an interview. "These elections are important because there have not been good economic and social reforms in recent years."

While income per capita is among the highest in Africa at $8,400, the Indian Ocean island nation has been affected by the downturn in Europe, which curbed exports to its main trading partner and tourism and capital inflows. The country's sound economic management helped it weather the worst of the global financial crisis, according to the CIA World Factbook. "The private sector really expects the recovery of investment," said Eric Ng, an economist and director at Port Louis-based PluriConseil Ltd. "One of the major challenges of these elections is to win the fight against unemployment among young people." Bank of Mauritius Governor Rundheersing Bheenick said in October that the unemployment rate will probably stay below 8 percent through 2015, compared with a forecast by the statistics agency of 7.8 percent this year. About 739 candidates are running for 62 seats in the National Assembly. Polling stations will be open from 6 a.m. to 6 p.m. local time. Results are expected to be announced on Dec. 11. An estimated 936,975 people are eligible to cast a ballot, up from 900,666 registered voters at the previous elections.

The Labour-MMM alliance will capture 41.5 percent of the vote, while the MSM-PMSD coalition, led by former Prime Minister Anerood Jugnauth, will get 29.8 percent, according to 600 respondents in a poll done by DCDM Research and Mauritius-based La Sentinelle media group released on Nov. 10. It didn't give a margin of error. A Labour-MMM government would appoint two-time finance minister and current Chairman of Mauritius' International Financial Services Rama Sithanen to head the Treasury again, according to Ramgoolam, who steps down as prime minister after serving two five-year mandates. The Labour-MMM alliance has promised to create as many as 75,000 new jobs a year, introduce a minimum wage and boost the country to high-income status. The MSM-PMSD has made similar pledges, including elevating annual economic growth to as much as 6 percent and expanding manufacturing. Mauritius has the most competitive economy in Africa, according to the 2013-14 World Economic Forum's Global Competitiveness Report, based on indicators that include institutions, infrastructure and macroeconomic stability. It is also one of the continent's least corrupt nations, ranking behind only Botswana and Cape Verde in Berlin-based Transparency International's 2014 Corruption Perceptions Index. The rupee has declined 5 percent this year to 31.63 per dollar by 11:17 a.m. today in Port Louis. *(Bloomberg)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Nigeria

Corporate News

Ecobank Transnational Inc. (ETI), the bank with operations in the most African countries, will sell equity in the first quarter of next year as it seeks to meet regulatory capital requirements for its Nigerian unit. "The bank is looking at raising something in the neighborhood of $250 million before the end of March by private placement," Chairman Emmanuel Ikazoboh said in an interview yesterday at his office in Lagos, the Nigerian commercial capital. Basel III liquidity regulations call for "huge capital and we have to meet the requirement," he said. The Central Bank of Nigeria in August ordered the largest Nigerian lenders to boost minimum capital ratios to 16 percent by March, compared with a previous benchmark of 11 percent. The government is preparing to implement Basel III requirements next year and increase the resilience of banks in Africa's largest economy five years after saving the industry from collapse. ETI, which operates in 36 African countries from its base in Lome, Togo, "will increase its issued capital and sell 25 percent to Nigerian investors to meet the regulatory capital," Ikazoboh said. "Capital adequacy of the bank will rise to over 16 percent from between 11 and 12 percent at present," he said Ecobank Nigeria (ECOBANK), which had $9.6 billion of assets at the end of September, is the country's seventh-biggest lender. It made a $157 million post-tax profit in the first nine months, up 79 percent from a year earlier, according to a presentation posted on ETI's website. *(Bloomberg)*

Trading in the rights offer of Oando Plc has been extended till January 14, according the Nigerian Stock Exchange. This came after the suspension of trading in the rights on November 28, four days after it opened. The NSE said it notified all stakeholders that trading in the rights of Oando Plc was reopened effective from Wednesday, December 3 and would end on January 14, 2015. "This decision is subsequent to the suspension of trading in rights that occurred on November 28, 2014," the exchange said in a statement by its Head, Corporate Communications, Mrs. Nwando Ajene. Oando Plc had on November 24 opened the rights issue on the basis of one new share for every four ordinary shares held as of July 25, 2014. The Exchange, which confirmed that the issue commenced on November 24, said under the issue, Oando was offering 2,217,265,184 ordinary shares of 50 kobo each at N22 per share to investors. According to it, the offer was suspended due to the inability of the energy giant, which is listed on both the NSE and the Johannesburg Stock Exchange, to obtain a formal clearance from the Securities and Exchange Commission on time.

The Exchange said, "This offer was initially slated to close on Friday, December 19, 2014. Subsequently, however, Vetiva Securities Limited, the Lead Stockbroker to the offer, notified the Exchange that Oando Plc had yet to obtain a formal clearance of the offer documents and registration of the shares from the Securities and Exchange Commission. In reaction to this information, the NSE suspended the rights offer on November 28, 2014." The NSE, which said the offer was reopened after the approval of the commission was received, restated its commitment to sound business practices, adding that it would continue to enforce regulatory guidelines. "The Nigerian Stock Exchange is committed to promoting just and equitable principles of trade and sound business practices in the Nigerian capital market by enforcing its listing and trading rules in accordance with global best practices and ensuring that the standards set out are effective to maintain a fair and orderly market while protecting investors," it said. Oando Plc had announced recently that its profit after tax rose by 76 per cent to N10.7bn in the nine months to September 30, 2014 from the N6.1bn it realised in the corresponding period of last year. The results also showed that the company's gross profit rose by 70 per cent year-on-year to N76.6bn as against N46.7bn in the corresponding period of 2013, while its profit before tax at N10.2bn was four per cent higher than the N9.8bn it posted in the same period last year. *(Punch)*

Lafarge Africa will make an offer on Wednesday worth about $122 million to buy out minority shareholders in its Nigerian business Ashaka Cement. The offer follows the $1.35 billion merger of Lafarge Africa's Nigerian and South African businesses, which received approval from shareholders in July. Lafarge Africa, the Nigerian arm of French cement maker Lafarge, said on Monday that as part of the merger deal it had acquired a stake in Ashaka Cement of more than 30 percent, the trigger point for making a full takeover bid under Nigeria's securities and takeover rules. Under the terms of the offer, shareholders who accept it will receive 57 Lafarge Africa shares for every 202 held in Ashaka Cement and an additional cash payment of 2 naira per share. The offer will run from December 10, to January 16, 2015, the company said. Shares in Ashaka Cement, which have gained 17 percent this year, were flat at 23.99 naira at 1119 GMT. Lafarge Africa, which accounts for a sixth of Nigeria's stock market capitalisation, was also flat at 76.50 naira each. The consolidation will enable Lafarge, which faces intense competition in Africa, especially from arch rival Dangote Cement, owned by Africa's richest man, Aliko Dangote, to accelerate growth on the continent. Dangote Cement, Nigeria's biggest listed company, with a market capitalisation of around $24 billion, is also rolling out cement plants across Africa. Lafarge Africa has 60 percent of Lafarge Wapco, its listed subsidiary in Nigeria, 58.6 percent of Ashaka Cement Plc, and 100 percent of the Atlas cement company. Last month, Lafarge Africa entered into an agreement to buy a 30 percent stake in United Cement Company from Flour Mills of Nigeria that will give Lafarge's Nigeria Cement Holdings complete control. *(Reuters)*

British soap and shampoo maker PZ Cussons Plc said its first-half operating profit fell 4 percent, hurt by tough trading conditions in Nigeria and a devaluation of the currency Naira. Cussons, the maker of Imperial Leather soaps, said a potential further volatility in the currency and the upcoming presidential elections in its core market Nigeria could be key contributing factors for the full year. Nigeria is the company's biggest market, though it also sells in Ghana and Kenya. Africa accounted for about 42 percent of Cussons' revenue in the year ended May 31.*(Reuters)*

As competitions in the beverages market continue to flex muscle over market sharing, Nigerian Breweries, a leading player in the beer and non-alcoholic sector has introduced its first ever RTD drink, "ACE" into the market. The company, at a trade briefing held in Lagos and Port Harcourt, at the weekend, unveiled the "Passion Apple Spark" variant of the sparkling alcoholic drink and assured the media and its key distributors that the drink would go a long way in satisfying consumers. According to the Marketing Director, Nigerian Breweries, Mr. Walter Drenth, who spoke at the Lagos event, ACE is a groundbreaking creation from the company with the interest of focusing on young aspiring and daring youths who want to live the good life within their means. He said: "This is another major achievement for Nigeria Breweries Plc which has become a leader in innovation with the launch of several consumer focused products over the years. ACE Passion "Apple Spark'' is an exciting combination of spirits and natural Apple flavour and can be shared among friends and family at different occasions. ACE is the first ever sparkling alcoholic drink from Nigerian Breweries and ''Passion Apple Spark'', the first of the ACE series. "The product is made with 5.5% alcohol and Natural Apple flavour in a unique designed 33cl bottle, which will change their game during that moment of truth. We are very excited about ACE because we are changing the game. People can now taste a high quality RTD for a very affordable price and enjoy their moment". He described the product as a unique offering that symbolises the cool and trendy lifestyle for young individuals. "It's a great innovation. One that we at Nigerian Breweries are very proud of and we are confident our young and vibrant consumers will appreciate this thrilling brand," he stated. Meanwhile, some consumers, who sampled the drink, attested to its quality and refreshing taste. They urged Nigerian Breweries management not to allow the quality to wane as they continue to explore the market.*(This Day)*

The shareholders of Nigerian Breweries Plc and Consolidated Breweries Plc have approved the proposal of the two companies to merge the two firms. The shareholders' approvals were obtained at two separate Court ordered meetings held separately in Lagos recently. Managing Director/CEO of Nigerian Breweries Plc, Mr. Nico Vervelde and Managing Director of Consolidated Breweries Plc, Mr. Boudewijn Haarsma, in a joint statement, thanked all shareholders for their active support for the proposal by their overwhelming vote of approval. The statement also confirmed that the name of the enlarged company arising from the merger will be Nigerian Breweries Plc. Following this shareholder endorsement, the companies will proceed to the final stage of the regulatory process with the aim of perfecting the scheme by the end of 2014. The merger of Nigerian Breweries Plc and Consolidated Breweries Plc is expected to create value for all key stakeholders, drive benefits from increased economies of scale and enhance operating and administrative efficiencies. In line with the Companies & Allied Matters Act, the Scheme of Merger document was presented to shareholders at the separate meetings. As a major shareholder in the two companies, Heineken NV, which is in favour of the merger, had the right to vote in the separate court-ordered meetings. But the company decided not to exercise its voting right, avoiding any possible doubts on its integrity/conflicts of interest in the deal. Heineken's decision was taken to give the minority shareholders of both companies sole discretion as to whether to approve the proposed merger.

With the approvals of the shareholders for the merger, for every five ordinary shares held in Consolidated Breweries the shareholders of the company will receive four ordinary shares in Nigerian Breweries or a cash consideration of N120 per share of Consolidated Breweries held. Analysts are of the opinion that the merger will make the new enlarged company have easier access to debt and equity capital at favourable terms. This will ensure the company has adequate capital to fund all investments required to operate competitively. Winners Emerge in VConnect Dubai Promo Winners have begun to emerge from the VConnect Dubai promo, which kicked off early last month and runs till December 15th 2014. The promo organised by Nigeria's largest local search engine, vconnect.com avails Nigerians the opportunity to travel to Dubai this new year with a return ticket from Lagos for just N60 000. The flight is set to take off on the December 26 and returns on the January 2, 2015. The lucky winners will be selected from three draws: two already held on the 28th of November and 5th of December and one other for 12th of December 2014. General Manager VConnect, Mr. Deepanker Rustagi, described as successful, the 'Dubai for Grab @ N60,000' Promo which is in its final phase where lucky winners have been successfully selected for the 60per cent price off rewarded with the trip to Dubai. He said, "Thus far, two draws have been held for the 'Dubai for Grab @ N60,000' Promo and the batches of winner have won the bumper new year deal of a lifetime. The promo kicked off in November and so far two batches of lucky winners have been selected for their unique experiences. We are now at the final raffle draws that will produce the last batch of lucky winners".

Brand Manager, VConnect, Pragyananda Mishra, disclosed that VConnect is the powerhouse for Small and Medium Enterprises that has been transforming, building and growing their businesses with VConnect digital marketing tools, and this is the motive behind rewarding them with this unique experience. Pragyananda, noted that besides the star prize of the unique experience to Dubai, many lucky consumers have won exciting prizes such as LED TVs, Refrigerators and BlackBerry phones during the previous two raffle draws. He said that trend will continue. According to Hamed Olamilekan Akeem, one of the winners from the first draw, "He really didn't believe it until he was announced as one of the winners" and Mr. Adebola Isiaq Alalade went further to state that this was the first time he had ever won a draw.*(This Day)*

Oando Plc's exploration and production division, Oando Energy Resources (OER), has completed the 45,000bbls/d, 51km Umuginni pipeline located in south-eastern Nigeria. The pipeline provides an alternative evacuation route for crude oil produced from the Ebendo field through the Trans Forcados export pipeline, ensuring flow production from is maximised and further revenue streams generated. Following the successful drilling of Ebendo wells 5, 6, and 7 over the last year, oil production capacity within OML 56 has increased to 7,140boepd gross for OER and Energia Limited, the operator of the asset. However, export had been restricted to 3,093 bopd via the Agip operated Kwale-Brass NAOC/JV infrastructure, in which OER currently has a 20per cent interest through the recent $1.5billion acquisition of ConocoPhillips Nigerian Oil & Gas Business. Since the production of first oil in 2009, OER, in conjunction with Energia, has spurred the growth of the Ebendo field by 400 per cent from 1,600 bopd to 8,050 bopd in 2014 with 4 additional wells.

The completion and commencement of operations on the Umugini pipeline ensures the Ebendo field can now produce at an increased capacity of 11,250 bopd via the 12" evacuation route to NPDC/Shell's Eriemu station to the Focados terminal. This complements the existing 2,500 bopd evacuation via the cluster GGF and Agip Kwale station to the Brass terminal. Commenting, Pade Durotoye, CEO Oando Energy Resources said: "We are extremely delighted with the achievement of this key milestone. The completion of the Umugini pipeline will enable us fully maximise the value of our investments to date on the asset, and provides the latitude for further profitable development of prospects and resources identified in Ebendo." Ebendo is located onshore, in the central Niger Delta, approximately 100 km north-west of Port Harcourt and covers an area of 65 km2 (16,062 acres). The License includes two fields, Ebendo and the Obodeti field. Oando Energy Resources holds a 42.75per cent working interest in the field. With Phase three development expected to commence in the first quarter of 2015, the completed Umugini pipeline effectively doubles the throughput from Ebendo field by 3,727, and as crude oil prices fall, there is an added incentive for producers to drive production volumes to sustain revenue from sales. *(This Day)*

Access Bank Plc has attracted accolades from the Publisher/CEO of EMEA Finance Magazine, Christopher Moore for its impressive 2014 nine months results and its general dealings in the nation's capital market. In a period when many companies including banks, reported poor results, Access Bank Plc grew gross earnings by 17 per cent and profit by 28 per cent. The bank's gross earnings rose from N155 billion to N187 billion, while profit after tax grew by 28 per cent from N27.5 billion to N35 billion. Speaking at the EMEA Finance award ceremony held in London, where Access Bank emerged as the Best Local Bank in Africa, Moore said, "Access Bank's interim results show impressive growth not just in income and profit, but also in the bank's loan portfolio and deposit base." Presenting the award to Access Bank, Editor of EMEA Finance Magazien, Mr. Time Burke said "These accomplishments are testament to a strong management team and business. Additionally, we are impressed with the bank's capital markets activity, which includes the bank's second international bond issuance raising $400mn and its upcoming rights issue."

Recognising the difficulty in achieving the feat that the bank has recorded, he added that Access Bank competed in a very tough market. "Nigerian banks are among the most innovative and dynamic in Africa, and in many other areas are global leaders and fast adopters. It is a pleasure to recognise Access Bank as our best local bank for 2014," he said. Access Bank said in a statement that Head, Brand and Strategic Management of the bank, Mr. Amaechi Okobi, who received the award, thanked magazine for recognising and celebrating the humble dealings of the bank. "This award is a testament to the proactive and innovative approach to banking that Access Bank has adopted. While many might see it as a call to celebrate, we see it as a call to push further. Our promise is to deliver excellent services with lightning speed and on a secured platform and we will not disappoint," he said. *(This Day)*

Economic News

Nigerian stocks, the world's second-worst performers this quarter, will probably rise after February elections, even if oil prices stay low, said Mark Mobius, executive chairman at Templeton Emerging Markets Group. "There'll be a recovery next year, provided that the political environment gets better," Mobius, who oversees $40 billion of investments, said by phone from Bangkok today. "The problem has been the political environment. It's quite bad." Stocks in Nigeria, Africa's largest crude producer have dropped 29 percent in dollar terms since September, the most after Argentina among 93 gauges tracked by Bloomberg. The naira has weakened 11 percent against the greenback, more than any African currency except Malawi's kwacha. President Goodluck Jonathan, a 56-year-old Christian southerner, is bidding for a second term in the Feb. 14 elections. The main opposition All Progressives Congress will probably choose former military ruler Muhammadu Buhari, a 71-year-old northern Muslim, to be its candidate tomorrow, Philippe de Pontet, New York-based Eurasia Group's Africa director, said in an e-mailed note today. Political tension has risen before the elections. Police fired tear gas at opposition lawmakers last month. The government also is struggling to contain a rebellion by Boko Haram. The militants have killed more than 13,000 people in a five-year campaign to establish a caliphate in in northeastern Nigeria, according to Jonathan.

"All this spells a chaotic situation for anybody looking from the outside," Mobius said. "That's why it'll be very important for the government to take strong action and get the house in order." This year's 36 percent drop in the price of oil, on which Nigeria depends for more than 90 percent of export earnings and 70 percent of government revenue, has forced policy makers to announce spending cuts and raise interest rates to a record to stem outflows from foreign investors. While a higher crude price would help, the country can cope by stemming losses from production, Mobius said. "Nigeria, with the corruption problems, has a lot of leakage of oil money from the budget," he said. "If they're able to correct that, which I think they will, then even a low oil price won't be a big problem." Jonathan suspended Lamido Sanusi in February after the then central bank governor alleged the state oil company had retained $20 billion due to the government. Finance Minister Ngozi Okonjo-Iweala told reporters last year that unaccounted oil receipts stood at $10.8 billion and in May said auditors PricewaterhouseCoopers LLP would take three to four months to clarify what had happened to the funds.

Templeton Frontier Markets Fund hasn't reduced its exposure to Nigeria, Africa's largest economy, because of the recent downturn, Mobius said. The fund has a roughly 12 percent weighting for Nigeria, the most after Saudi Arabia, which is at 15 percent. "Anybody involved in frontier markets will want to be involved in Nigeria," he said. "On an individual company level, things are pretty good."Templeton's main holdings in Nigeria include FBN Holdings Plc., owner of First Bank, the biggest lender, and Zenith Bank Plc. "The only place we've found best value is in the banking sector," Mobius said. "The other areas in Nigeria are pretty expensive. The cement companies and consumer-product companies are pretty expensive."*(Bloomberg)*

The naira weakened a fourth day and Nigerian stocks fell to the lowest since April 2013 as sliding oil prices weighed on local assets with elections nine weeks away. The currency fell 0.6 percent to 183.55 per dollar by 4:11 p.m. in Lagos, the commercial capital, the lowest on a closing basis since Dec. 1. Banks and manufacturers pushed the Nigerian Stock Exchange All Share Index (NGSEINDX) 0.4 percent lower to 32,932.49. In London, Brent futures fell a sixth day. Foreign investors have become wary of Nigeria, which derives more than 90 percent of export earnings from oil, according to the Organization of the Petroleum Exporting Countries. They'll probably stay cautious before the vote on Feb. 14, according to Lanre Buluro, head of research at Primera Africa Securities Ltd. "In this market, everything is correlated to the oil price," he said by phone from Lagos. "Some of the bearish sentiment will continue into next year, at least until after the elections are over." United Bank for Africa Plc, Nigeria's third-largest lender, fell 4.9 percent to 4.51 naira. Union Bank of Nigeria Plc, Transnational Corp. of Nigeria Plc and Seplat Petroleum Development Co. each dropped 5 percent. Seven stocks rose, 40 decreased and 148 were unchanged. While President Goodluck Jonathan is running unopposed for the nomination of his ruling People's Democratic Party, the main opposition All Progressives Congress holds its primary tomorrow. If Muhammadu Buhari, a former military ruler, defeats ex-Vice President Atiku Abubakar, the APC's prospects of defeating Jonathan are about 40 percent, Philippe de Pontet, New York-based Eurasia Group's Africa director, said in an e-mailed note today.*(Bloomberg)*

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WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Nigerian President Goodluck Jonathan was selected unopposed as the ruling People's Democratic Party's candidate for the presidential election due on Feb. 14. Jonathan, who was endorsed by the party's national executives on Sept. 19, was unanimously selected by thousands of delegates at a party convention today in Abuja, the capital, after running as the sole candidate of the PDP. The PDP has won all Nigeria's general elections since Africa's top oil producer ended more than 15 years of military rule in 1999. "The total votes cast is 2812," Ken Nnamani, chairman of the PDP's electoral panel, said in the capital, Abuja. "All of it has been cast as yes votes for the President Goodluck Ebele Jonathan." Jonathan, 57, a southern Christian from the oil-rich Niger River delta, succeeded Umaru Yar'Adua, a northern Muslim, after his death in office in 2010. He won a fresh mandate a year later amid opposition from party members aggrieved that he didn't honor an unwritten party rule to rotate the presidency between the mainly Muslim north and the predominantly Christian south.
Jonathan reiterated his pledge on Nov 11 to continue with reforms, improve infrastructure in Africa's biggest economy and end a five-year Islamist insurgency in the country's northeast that has killed more than 13,000 people. Jonathan retained Vice President Namadi Sambo, a northern Muslim, as his running mate for the election. "I stand before you as your humble servant to accept your nomination as the presidential candidate of our great party, the PDP," Jonathan said in his acceptance speech at Eagle Square in Abuja. "I promise I will not fail our great nation Nigeria." The president will probably be up against a northern Muslim candidate from the opposition All Progressive Congress, who have criticized Jonathan for failing to check corruption and curb the raging insurgency by the Islamist Boko Haram group that has plagued Africa's most populous nation. The APC is holding its presidential primaries in the commercial capital, Lagos. Of the five candidates, the main fight in the opposition is between 71-year-old ex-military dictator Muhammadu Buhari, who has lost three of the four presidential votes since Nigeria returned to civilian rule in 1999, and former Vice President Atiku Abubakar, 68. *(Bloomberg)*

Nigeria naira opened weaker to the dollar on Monday, after liquidity for the greenback dried up, with dealers not able to fill demand orders. The unit opened at 181.10 naira to the dollar, 0.6 percent weaker than its previous close and then quickly traded down to 182.25. Dealers expect the currency to weaken on Monday, given the level of demand, unless the central bank intervenes or oil companies sell dollars.*(Reuters)*

The World Bank's private sector arm has lent $200 million to Nigerian phone tower company IHS to help to fund its purchase of about 2,100 tower sites from the country's No.4 mobile operator Etisalat Nigeria. Privately-owned IHS raised $2 billion in equity and $600 million in debt in November and the money from the World Bank's International Finance Corporation (IFC) is part of this. Construction and maintenance of mobile communications towers in Africa is more expensive than in other regions because of security costs and electricity shortages, while revenue per user is often lower. That has prompted many mobile operators to sell or lease towers to specialist companies such as IHS, which can reduce costs by hosting multiple tenants - mobile operators and Internet providers - on the same towers. The IFC's contribution to the funding is made up of $50 million from the IFC itself, $112.5 million from the Industrial and Commercial Bank of China (ICBC) and $37.5 million from the IFC Managed Co-Lending Portfolio Program, according to an IFC statement on Monday.

The portfolio programme is a syndicate of institutional investors. IHS will use the money to help pay for its phone tower deal with Etisalat Nigeria, part of Abu Dhabi's Etisalat, the statement said. In August, IHS agreed to buy and lease back 2,136 towers from the Nigerian mobile operator. "With support from ICBC and other lenders, IHS is expanding its lender base for network development and increasing financing between Africa and China," Eme Essien-Lore, IFC Nigeria country manager said in the statement. In September, South Africa's MTN agreed to sell 9,151 mobile towers in Nigeria to a new joint venture with IHS in a deal MTN said would cut its costs and boost its call and data capacity in Africa's most populous country. MTN Nigeria is the country's largest mobile operator with 58.5 million subscribers, according to data from the telecom regulator. Globacom has 27.3 million, Airtel Nigeria, part of India's Bharti Airtel, has 25.3 million and Etisalat Nigeria 19.4 million.*(Reuters)*

The Nigerian equities market maintained its negative trend yesterday as the market depreciated for the third consecutive day this week. The market has shed N338 billion in capitalisation in the last three days. Having resumed for the week with a decline, the bears have continued to consolidate their hold recording a decline of 0.34 per cent on Tuesday. However, the market booked a higher decline yesterday as with the Nigerian Stock Exchange (NSE) All-Share Index(ASI) declining by 2.2 per cent to close at 32,203.62 while market capitalisation shed N241 billion to close at N10.632 trillion. Thus, market has thus dipped by N338 billion in three days, bringing the year-to-date decline in ASI to 22.08 per cent. The heavy decline in ASI resulted from the losses recorded by highly capitalised stocks that were among the34 price losers for the day. Stocks such as Dangote Cement Plc, Nigeria Breweries Plc, Guaranty Trust Bank Plc, which are the leaders on the Nigerian bourse in terms of capitalisation, were among the price losers.

But, PZ Cussons Nigeria Plc led the losers' chart with 6.2 per cent decline, trailed by Nigerian Breweries Plc, Seplat Petroleum Development Company Plc and Guinness Nigeria Plc with five per cent apiece to close at N161.31, N341.92 and N135.85 respectively. Investors in Seplat have been counting their losses in the first and only oil exploration and production firm listed on the NSE due to waning confidence. The stock, which got listed at N576 per share in April, rose to a peak of N720.56 in July. However, a consistent decline in the value of the stock saw it close at N341.92 per cent yesterday. This indicates a capital loss of 41 per cent compared with its listing price of N576. Market analysts had attributed the bearish trend to decline in crude oil prices and poor nine months performance of Seplat. The company recorded 48 per cent decline in profit after tax(PAT) for the nine months ended September 30, 2014, from N99.9 billion in 2013 to N92 billion. *(This Day)*

Tanzania

Corporate News

No Corporate News This Week

Economic News

Tanzania's inflation fell for the third consecutive month to 5.8 percent in the year to November from 5.9 percent the previous month, the statistics office said on Monday. *(Reuters)*

Tanzania's inflation fell for the third consecutive month to 5.8 percent in the year to November from 5.9 percent the previous month as a rise in food prices slowed, the statistics office said on Monday. "The inflation rate has declined as a result of slower increase in food prices after good rains in a bumper harvest of food crops," Ephraim Kwesigabo, a director at state-run National Bureau of Statistics told a news conference. The rate of inflation for food and non-alcoholic beverages edged down to 7.0 percent during the period from 7.1 percent recorded in October, the statistics office added. Month-on-month inflation increased by 0.6 percent during the period compared with a decrease of 0.2 percent in October, the NBS said. *(Reuters)*

Zambia

Corporate News

No Corporate News This Week

Economic News

No Economic News This Week

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zimbabwe

Corporate News

French energy giant Total plans to invest $10 million annually in its Zimbabwean operation as it moves to consolidate its presence in the country. Currently, Total Zimbabwe (Total Zim) holds a 28 percent market share in the country, with a hundred filling stations. Chris Okonmah, Total Zim's managing director, said "as from next year, we are targeting to open a minimum of 10 stations annually." He added that the company upgraded at least 11 stations this year at a total cost of $10 million, with 89 more to be refurbished by 2017. Okonmah also noted that his company made a great improvement this year in terms of business performance and revenue growth compared to the year 2013. He, however, did not disclose the figures. Last year, Total Zim launched the T-Air service stations in line with its parent company's new rebranding exercise. T-Air station is the image that is being rolled out by the Total Group globally. Derived from a French acronym "Total Amélioration Image Réseau", T-Air marks an image improvement of Total's retail network. This service station has a distinctly modern and more contemporary appeal and design. "By the end of 2016, the T-Air projects will be fully implemented since we are removing all tanks which are not double walled and we have covered 50 percent of our service stations since 2013. We want to grow our market share through quality service around the whole world," said Okonmah. Dominic Dhanah, Total's commercial director said the company's objective is to reinforce its network identity with a resolutely contemporary image, installations that are more energy-efficient and sales outlets that blend harmoniously with the environment. "Excellent service epitomises what we stand for," he added. Total Zim is the oldest fuel company currently operating in the country following the exit of BP & Shell and Caltex. *(Daily News)*

HWANGE Colliery Company Ltd has increased coal output by more than 60 percent over the past three months after Mota-Engil, a company contracted by the coal miner, started mining on its allocated claims, managing director Mr. Thomas Makore said. Monthly coal output increased steadily from about 140 000 tonnes to 240 000 tonnes and the company expects to reach 300 000 tonnes in the first quarter next year. "Production has significantly increased since Mota-Engil started operations," said Mr. Makore. "We also upgraded some of our equipment using the $6 million we got from BancABC." The ongoing recapitalisation of Hwange Colliery will see the company securing equipment financed through loans from PTA Bank and Export Import Bank of China. This would see monthly coal production rising above 300 000 tonnes, Mr. Makore said. Between 2015 and 2022, Hwange said it expects to ramp up annual production from 5,3 million tonnes to 18,3 million tonnes. "The recapitalisation of the company is an ongoing exercise and we will soon be looking at other options including rights offer to raise additional working capital," said Mr. Makore. For the past two years, Hwange has been focusing on raising production capacity and with the anticipated rise in production; the company is now looking at new potential markets. "There is a steady demand for our coke products and we are pushing reasonable volumes to South Africa, Zambia and the Democratic Republic of Congo," Mr. Makore said in October.

In the short term, demand would be spurred by the tobacco sector while in the medium to long term, coal uptake will increase on the back of revival of the manufacturing industry and upcoming thermal power projects in the country and the region. The Zimbabwe Power Company is expanding its Hwange Thermal Power Station to produce additional 600 megawatts and this will increase demand for thermal coal. The revival of the Zimbabwe Iron and Steel Company will stimulate demand for coking coal. "The overseas remain a potential market. However, we need to reduce our logistics costs. "This requires collaborative efforts with the National Railways of Zimbabwe as well as rail operators in South Africa and Mozambique . "This will ensure efficient ways of getting the products at the ports. "We have received enquiries particularly from India," Mr. Makore said. *(Herald)*

Speaking at the company's analyst briefing, BNC managing director Batirai Manhando said the company was looking forward to restart its smelter by the second half of next year. "We are looking at bringing the refinery back into production. Looking at the hunters road as it is the future of the company. We are bullish on nickel prices and the fundamentals are such that there will be a deficit of nickel supply," he said. The company expects the prices to go up to $20 000 per tonne going forward. The company requires $26,5 million to restart the smelter. The funds will be provided through private placement of a redeemable fixed rate secure bond of $20 million and balance will be funded from internal resources. The company recorded a turnover of $46,4 million during the six months period due to a rise in the nickel output which stood at 3 891 tonnes compared to the same period last year where it stood at 2 803 tonnes $21,4 million. During the period under review, average prices for nickel stood at $18 515. The cost of sales increased by 103% to $22,6 million compared to the same period last year at $11, 1 million and this has been attributed to the increased tonnage. Manhando said investment in mobile equipment during the period under review and further in the third quarter will help the mining operation to reach a steady state in the final quarter of the year. The company is a major counter on the mining index. *(News Day)*

AMALGAMATED Regional Trading (ART) says prospects for economic turnaround remain low for 2015 with the company posting a loss of $1,1 million for the year ended September 30 2014. The group incurred the loss in 2014 compared to a profit of $399 000 recorded in 2013. In a statement accompanying the group's financial results, ART chairman Passmore Matupire said the current constrained economic environment would provide an opportunity to reorganise business models, commission new plants and strengthen the brands competitiveness. "Your board anticipates the current difficult macro- economic environment to show further signs of fragility as we enter the year 2015. The expected prospects for economic turnaround will therefore remain low for the financial year to 30 September 30 2015," he said. Matupire said the group traded in a difficult environment with liquidity constrains and poor market demand. Revenue for the group was 5% lower to $28,7 million compared to $30,2 million same period last year. Capacity utilisation levels for the Eversharp division increased by 4% to 82% during the 12-month period to September 30 2014 and is expected to increase its output going forward. Matupire said overall capacity utilisation declined to 59% from 65% the previous year and sales revenues were lower across most of the business units with an average volume decline of 11% in batteries and 17% in tissue operations while Eversharp volumes grew by 5%.

"Eversharp performed well, with capacity utilisation up by 4% to 82%, revenue up 10% to $4,6 million and net earnings before tax up 3 000% from $7 000 in 2013 to $217 000," he said. "The division is expected to increase its contribution to group's earnings on a sustainable basis with the commission of the Ball Pen Auto Assembly machine in January 2015. "The commissioning of the new machine will see a significant reduction in cost of production which should improve margins and profitability in the coming year." Matupire said the company has started to draw down on the approved facilities offered by Taesung Chemical Company Limited of up to $3 million to finance raw materials purchases and up to $15 million to finance capital expenditure over a period of five years. He said the group had begun accessing the funds and new equipment had already been received in the country and some would be commissioned next year. Matupire stepped down as Art chairman after serving the board for 12 years *(New s Day)*

ZIMBABWE Platinum Mines Limited (Zimplats) has started the re-development of collapsed Bimha Mine and it is anticipated that it will take three years to get it back to the original footprint. Zimplats chief executive officer Alex Mhembere yesterday said after the closure of the mine extensive monitoring and studies had been undertaken by the company and independent experts to identify the root cause of the collapse, assess mine stability and establish a new mining platform in terms of rock support designs and mining methods. "Zimplats is pleased to advise stakeholders of the commencement of the redevelopment of the mine after carrying out a comprehensive risk assessment to ensure safe operations and effective evacuation should the need arise," Mhembere said. The mine was closed in July this year to safeguard personnel and equipment following the subsidence ground and associated continued ground deterioration in a section of the mine. The mine caved in and the platinum producer evacuated its workers. "These studies informed the basis of a new mine re-establishment layout and design. The scope entails redeveloping along strike, 30m above the current footprint. It is anticipated that it will take 36 months to get back to the original footprint," Mhembere said. The company indicated that the closure of Bimha Mine would result in the company losing up to 70 000 platinum ounces as the mining company seeks to safeguard personnel and equipment. For the quarter ended September, Zimplats revenue was 20% lower at $132,9 million from the June quarter of $166,6 million due to a 17% decrease in 4E sales volumes and a 4% decrease in gross revenue received per 4E ounce. Operating profit after royalties was down 41% to $29, 4 million from $50 million during the June quarter.*(New s Day)*

BULAWAYO based textile firm Merlin has secured an investor to pour in $30 million to resuscitate operations at the troubled textile company, major shareholder Delma Lupepe has said. The company was placed under provisional judicial management in 2011. Last month,

one of the firm's major creditors, Old Mutual successfully applied for removal of Merlin from judicial management citing lack of progress in the resuscitation of the company and failure by the judicial manager, Cecil Madondo of Tudor House, to turnaround the company. One of the company's shareholders, Delma Lupepe told The Source that they would resume operations in the first quarter in 2015. "We have found a credible investor from Japan which I cannot name at the moment because of professional reasons," said Lupepe.
"The investor will inject $30 million in Merlin for new equipment for spinning and weaving as well as manufacturing of diapers and women's sanitary wear." He said the first phase of Merlin revival would involve repairing the existing plant equipment using spares sourced from Europe. "The shareholders' resuscitation plan will see the first phase involving repairing the equipment from spares at hand over the shut-down period. "We'll start operations in the first quarter of next year and the repayment of creditors is expected to begin in the third quarter," he said. Merlin plans to acquire new equipment by the end of the third quarter in 2015 with installation expected to take between six and nine months after which the firm would have the capacity to produce more than 250 tonnes of product per month. "We're looking forward to gradually employing 100 people in the first phase and by the end of the second phase 400 workers would have been hired," said Lupepe. At its peak Merlin, which produced towels and nappies, employed more than 1,000 workers. *(NewZimbabwe)*

Economic News

Vice President Joice Mujuru has been fired from Government alongside eight other ministers in a Cabinet reshuffle announced by Chief Secretary to the President and Cabinet, Dr Misheck Sibanda, yesterday amid reports more heads were set to roll as the party clean-up extends to Government. The nine are accused of reneging on their Government mandate by expending their energy and time on alleged graft and factional politics where they sought to topple President Mugabe through unprecedented means, including assassination. This comes as President Mugabe has convened an extraordinary Central Committee meeting today where he is expected to name his deputies and Politburo members. Ministers who were fired include Didymus Mutasa (Presidential Affairs), Webster Shamu (Information Communication Technologies, Postal and Courier Services), Francis Nhema (Youth, Indigenisation and Economic Empowerment), Olivia Muchena (Higher and Tertiary Education, Science and Technology Development), Dzikamai Mavhaire (Energy and Power Development), Nicholas Goche (Public Service, Labour and Social Welfare), Simbaneuta Mudarikwa (Minister of State for Mashonaland East Province) and Munacho Mutezo (Deputy Minister Energy and Power Development). The nine had since lost their bid to become members of the Central Committee. Said Dr Sibanda: "In terms of Section 106 (2) (b) of the Constitution of Zimbabwe Amendment (No. 20) Act 2013,

His Excellency the President, Cde R. G. Mugabe has exercised his Executive Powers to relieve Honourable J. T. R Mujuru, MP of her position of Vice President of the Republic of Zimbabwe with immediate effect as it had become evident that her conduct in the discharge of her duties had become inconsistent with her official responsibilities." Section 106 (2) (b) of the Constitution; which deals with the conduct of Vice Presidents, Ministers and Deputy Ministers; stipulates that "Vice Presidents, Ministers and Deputy Ministers may not, during their tenure of office, act in any way that is inconsistent with their office, or expose themselves to any situation involving the risk of a conflict between their official responsibilities and private interests." Over the past few weeks, serious allegations of high level corruption and abuse of office have been raised against Dr Mujuru manifest in extorting shareholding from companies, demanding 10 percent bribes, illicit dealings in diamonds and gold, attempting to defeat the course of justice, extorting investors, undermining the authority of the President and seeking to depose him through unconstitutional means, among them a plot to assassinate him. Turning to the eight ministers, Dr Sibanda said: "In terms of Section (108) (1) (a) of the Constitution of Zimbabwe Amendment (No.20) Act 2013, His Excellency the President, Cde R.G. Mugabe, has relieved the following ministers of their duties with immediate effect as it had become apparent that their conduct and performance were below the expected standard." The section; that deals with the tenure of Ministers and Deputy Ministers, says the office of a minister or deputy minister becomes vacant if the President removes him or her from office." The sacked ministers are part of a cabal that was implicated in a nefarious plot to assassinate President and replace him with VP Mujuru while others abused their positions to loot from parastatals to fund the factional activities.

In separate interviews yesterday, some ministers accepted their fate while others chose to remain tight-lipped. Dr Muchena said: "I received my letter last night but I am not going to make any comments apart from saying we serve at the pleasure of the President." Cde Mavhaire said he also received his letter Monday night. "Yes, it's true that the two of us (and Engineer Mutezo) have been sacked. The letter was sent to me last night and I signed it. It is the President who appoints and I respect his decision," he said without disclosing the contents of the letter. Eng Mutezo blamed the Herald for his woes. "Mandipedza, hazvina mhosva (You have finished me off The Herald, it doesn't matter)! That is what you wanted. I do not think it is fair to discuss the President's letter with a journalist. You serve at the pleasure of the appointing authority and you don't question his authority. "My ethics are different from others because I do not reveal the operations (of the ministry). Probably that's where I went wrong and people have been made to see another Mutezo not me," he said. Cdes Mavhaire and Mutezo allegedly connived to coerce Zesa to deposit $40 000 into a Manicaland Zanu-PF Women's League account to prop up Cde Mujuru's Presidential bid. The pair are also accused of siphoning off more than $100 000, amid reports millions more were creamed off struggling parastatals under their ambit, to fund factional activities and Eng Mutezo's political activities in Chimanimani West. Speaking from India, Cde Mutasa said: "Ndakataura kare kuti handidi kutaura nemi." (I said I don't want to talk to you.)" Cde Mutasa is accused of plotting to assassinate President Mugabe after he told one of his lovers that if the President blocks Dr Mujuru's ascendancy to the Presidency at just ended Congress, he would be shot.

Cde Shamu's mobile phone went unanswered by a lady who said the ousted minister had gone to his farm. She was not sure when he would be back. The former political commisar is accused of impregnating an under-age girl, apart from working with the Mujuru cabal to undermine and depose President Mugabe. Cdes Nhema and Mudarikwa's mobile phones went unanswered while Cde Goche was not reachable. It is expected that after appointing the new Politburo today, President Mugabe would announce his two deputies along with new ministers to replace the ousted ones. (Herald)

RESERVE Bank of Zimbabwe governor John Mangudya last week said it would be careless to re–introduce the Zimbabwe dollar and the authorities had no such appetite because the current macro–economic fundamentals did not allow for such a move. Speaking during the unveiling of the bond coins on Friday, Mangudya said the country had no coins to buttress the US dollars and to import the USD coins is expensive. "We can never be so careless to return to the Zimbabwe dollar. It is very simple. It's easy for a country to start using foreign currency, but it is difficult to get out of it. So we won't be careless to do so. We have no appetite to do so and no plans to do so," he said. He said 80% of transactions in the county are conducted with the United States dollars. "It's natural the coins will be utilised much more than the South African rand as people would want to get value for their money," he said. The bonded coins will be at par with the United State dollars and they can be exchanged for USD at the bank. Mangudya said the coins came at time when most people in the rural areas were using barter trade as they did not have coins to transact with. He said the adding of Chinese yuan, Indian rupees and Japanese yen into the economy has not been positive in the market. "Alas, the demand for these currencies has not been high. The people prefer to us the United States dollars, rand and euros," he said. Mangudya said the central bank would not do anything about the low usage of the currencies because it's a multicurrency system. The country is expected to receive $10 million worth of bond coins between now and March which translate to 2% of total banking deposits. Mangudya said the bond coins will be issued in 1c, 5c, 10c, 25c and 50c denominations. Mangudya said the 50c coin will be released in March next year due to the prerequisite features needed in the design and manufacture of the coin. The coins will be in circulation starting next week Thursday. Mangudya said in a functioning economy the proportion of coins to money in circulation should be between 20-25%. *(News Day)*

ZIMBABWE and Russia are exploring ways of striking a partnership in the agricultural sector in a move that is expected to improve the performance of the sector. Speaking at a meeting held in Harare yesterday Agriculture and Mechanisation minister Joseph Made said he was hopeful that the Russians would partner with them in irrigation since it was a critical area. Made said the government still needed time to look into what the Russians were offering so that they could help farmers access credit facilities. "We can talk of strategic grain reserves against the land mass. We can talk of other things A2, A1 farmers and land reform exercise we cannot sit on the idle land. We hold more land than our population as a country. We will look at what has been offered to us. Based on Zimbabwe's priorities and they also have their own priorities," he said. Russian deputy director in the department of external economic relations, Alexander Tolparov, said they cannot quantify the amount of money they will spend on Zimbabwe as they are still in discussions. "It is complicated to define because from project to project you have to define priority areas. It is still premature to say we will do so much," he said. Head of delegation Igor Avakumov said the output of the agricultural sector in Russia has been increasing since 2000. Avakumov said grain has significantly increased and in 2014 a harvest of 100 million tonnes of grain was harvested in Russia. The country recorded increases in meat and poultry production this year as well. He said farmers in Russia cannot get access to land. Russia would like to have partnership with Zimbabwe on citrus fruits, and is ready to sell tractors and combine harvesters as well as assembling some of the equipment here in Zimbabwe and sell them to other countries on the continent. The agricultural sector has been failing to attract credit from financiers due to the unresolved issue of land as it cannot be used as collateral by farmers. The output for maize, tobacco, cotton, and others is expected to increase between 2014-15. The agricultural sector is expected to grow at 3,4% in 2015.*(News Day)*

In a statement, Zera chief executive officer Gloria Magombo said the regulator monitors fuel prices on a weekly basis through its surveillance mechanism. "The prevailing fuel prices in the country are within the provisions allowed by the Statutory Instrument 80 of 2014 which provide the pricing slate," she said. "The fuel prices in the country have also been falling in response to the decline in the international prices of crude oil." Magombo said prices in different countries were affected by various factors such as government policies on fuel taxes, fuel supply chain structure (whether there is a refinery or not), fuel stabilisation mechanisms, whether landlocked or not (transportation); subsidies and exchange rate against the United States dollar. "It is, therefore, inappropriate to simplistically compare prices in Zimbabwe against other countries in the region as they have different tax regimes, statutory payments as well as different economies," she said. "Zimbabwe also experiences a lag in terms of benefiting from the international fall of fuel prices due to the long period it takes to transport fuel from source to retail. Other procurers secure 3-6 months fixed price contracts as a way of hedging against price increases." The country experienced price increases from August to September this year as a result of an additional 5 cents per litre duty introduced by the government.

Magombo said petrol prices as of December 4 2014 were reduced to between $1,49 per litre and $1,53 per litre. Diesel prices were reduced from around $1,44 per litre to between $1,38 per litre and $1,41 per litre during the same period. She said fuel price surveillance and monitoring trends revealed that blend prices were as high as $1,56 per litre and diesel was around $1,48 per litre at the beginning of November 2014. It should also be noted that although the local fuel is blended, ethanol for blending is pegged at $1,00 per litre including 5 cents per litre which is excise duty. "Tax and duty on fuel are other revenue streams that fund government programmes and operations, hence statutory payments constitute a major component of the fuel cost. These are not the same in every country," Magombo said. The average international price of Brent crude oil fell by around $70 per barrel (bbl) from an average of $87/ bbl to the current level of $80/bbl. Since mid-June, Brent oil prices have fallen by more than 30% with panic over abundant supplies in the world economy as a result of a rise in output from shale oil and other unconventional sources and a strong US dollar. As of December 4, South Africa had the lowest prices of fuel with diesel at $1,11, while petrol stood at $1,25 per litre. Zimbabwe had lower prices compared to Zambia and Malawi. Diesel and petrol in Malawi were pegged at $1,73 per litre and $1,71 per litre respectively, while diesel and petrol in Zambia were pegged at $1,53 per litre and petrol $1,63 per litre. *(News Day)*

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