SECURITIES AFRICA
RESEARCH & CAPITAL MARKETS

PAN-AFRICA

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

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

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

AFRICA STOCK EXCHANGE PERFORMANCE

Country	Index	5-Jun-15	12-Jun-15	WTD % Change Local	WTD % Change USD	YTD % Change Local	YTD % Change USD
Botswana	DCI	10577.27	10707.29	1.23%	0.49%	12.69%	8.19%
Egypt	CASE 30	8780.76	8626.46	-1.76%	-1.90%	-3.54%	-9.63%
Ghana	GSE Comp Index	2369.44	2359.43	-0.42%	-4.60%	3.15%	-22.79%
Ivory Coast	BRVM Composite	273.47	273.95	0.18%	0.04%	6.15%	-1.40%
Kenya	NSE 20	4784.10	4765.02	-0.40%	-1.14%	-6.80%	-13.03%
Malawi	Malawi All Share	16001.03	15990.07	-0.07%	-0.01%	7.42%	15.33%
Mauritius	SEMDEX	1970.79	1975.05	0.22%	0.43%	-4.76%	-14.31%
	SEM 10	374.12	376.10	0.53%	0.74%	-2.51%	-12.29%
Namibia	Overall Index	1111.62	1106.69	-0.44%	-0.57%	0.79%	-5.39%
Nigeria	Nigeria All Share	33664.91	33621.75	-0.13%	0.59%	-2.99%	-10.78%
Swaziland	All Share	305.80	305.80	0.00%	-0.13%	2.58%	-3.71%
Tanzania	TSI	4778.39	4731.74	-0.98%	-3.11%	4.51%	-16.94%
Tunisia	TunIndex	5650.69	5632.63	-0.32%	-0.72%	10.67%	6.53%
Zambia	LUSE All Share	5976.58	5842.71	-2.24%	-3.64%	-5.16%	-16.70%
Zimbabwe	Industrial Index	153.49	152.20	-0.84%	-0.84%	-6.51%	-6.51%
	Mining Index	46.54	46.54	0.00%	0.00%	-35.10%	-35.10%

CURRENCIES

Currency	5-Jun-15 Close	12-Jun-15 Close	WTD % Change	YTD % Change
BWP	9.74	9.81	0.73	4.16
EGP	7.60	7.61	0.14	6.75
GHS	4.07	4.25	4.38	33.60
CFA	580.18	580.98	0.14	7.66
KES	94.71	95.42	0.75	7.16
MWK	431.54	431.30-	0.06-	6.86
MUR	33.89	33.82-	0.21	11.15
NAD	12.34	12.36	0.13	6.53
NGN	198.20	196.79-	0.71	8.74
SZL	12.34	196.79	0.13	6.53
TZS	2,094.12	2,140.21	2.20	25.82
TND	1.92	1.93	0.40	3.88
ZMW	7.12	7.23	1.45	13.85

SECURITIES AFRICA

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Botswana

Corporate News

Botswana's Khoemacaue Copper Mining will begin construction of a copper mine in the country's Kalahari copper belt in 2016 after securing government approval for the project earlier this year, its regional manager said on Tuesday. Khoemacaue is owned by Cupric Canyon Capital, a private equity firm backed by a unit of Barclays Plc. The mine is expected to produce 3.6 million tonnes of ore per year, which would be refined to produce 50,000 tonnes of copper concentrate, said regional manager Johannes Tsimako. Speaking at a mining conference in Gaborone, Tsimako also said his company had offered $33 million to buy the Boseto copper mine which had been operated by Discovery Metals, whose assets are being liquidated. "The plan is to utilise Boseto's processing infrastructure for the new mine," Tsimako said. Boseto is near the planned mine. A creditors' meeting for Discovery Metals is slated for June 12 with the outcome of the bid expected on June 23, he said. Cupric Canyon was established in 2010 to buy undeveloped copper assets, add value and ultimately exit via a sale or a stock market flotation. Tsimako also said the government is looking at taking a 15 percent stake in Khoemacaue. Botswana has two other operating copper mines, African Copper's Mowana Mine and state-owned BCL Mine. *(Reuters)*

Economic News

Botswana invited bids for the construction of a 100 megawatt solar power plant on Tuesday as the diamond producer looks to mitigate a power crunch that risks hampering economic growth. "The cost of renewable energy has come down considerably in recent years, and the other advantage is that you can deploy them much quicker," Minister of Minerals, Energy and Water Kitso Mokaila told a mining conference. *(Reuters)*

Botswana's central bank left its benchmark lending rate unchanged at 6.5 percent on Wednesday, saying the prevailing monetary policy stance was consistent with maintaining inflation within its medium-term target range of 3-6 percent. Botswana's consumer inflation quickened to 3.1 percent year-on-year in April from 2.8 percent in March. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Egypt

Corporate News

Egypt's El Sewedy Electric achieved a first-quarter net profit of 267.7 million Egyptian pounds ($35 million) versus 126.5 million a year earlier, it said in a statement on the Egyptian bourse on Tuesday. *(Reuters)*

Commercial International Bank (CIB) has agreed to buy Citigroup's consumer banking business in Egypt, the North African country's largest listed lender said on Tuesday. The deal was subject to regulatory approval, CIB said in a statement. In a separate statement, Citigroup said the deal was targeted to close in 2015. Around 900 staff, eight branches and Citi's ATM network will transfer to CIB as part of the deal, it said. Neither statement gave a value for the transaction. The U.S. bank said last October that it was pulling out of consumer banking in 11 markets, including Egypt and Japan, to trim costs and focus on core business operations. The sale of the Egypt consumer business had attracted considerable interest from lenders across the Middle East interested in building exposure to Egypt's recovering economy. But CIB emerged as one of the front runners and in April said its management had decided to submit an offer for the business. CIB said the deal would enable it to capture an incremental 18 percent retail asset book and a large customer base, making it the market leader in the credit cards business in Egypt. The bank was also attracted by Citi's large wealth management business, also included as part of the deal. Citi's net investment in Egypt was around $250 million as of mid-2013, according to a U.S. Securities and Exchange Commission filing.
Citi, which has had a presence in Egypt since 1975, would continue to invest in its institutional clients business, Nadir Shaikh, Citi country officer for Egypt, was quoted as saying in the bank's statement. *(Reuters)*

Egypt's Global Telecom posted on Thursday a first quarter net loss of $82 million versus a net profit of $39 million in the same period last year, a statement on the bourse said. The results were consolidated and audited, compared to results published on May 13. *(Reuters)*

The Egyptian government approved legislative amendments on Thursday that would grant the Suez Canal Authority the right to establish joint-stock companies, the cabinet said in a statement. Egypt plans to build a new Suez Canal alongside the existing 145-year-old waterway, in a multi-billion-dollar project to expand trade along the fastest shipping route between Europe and Asia. The government plans to build an international industrial and logistics hub near the canal to attract foreign investment. The approved amendments would allow the authority to form joint-stock companies in a bid to attract investors. Previously the Suez Canal Authority had powers that included managing and maintaining the canal and imposing navigation tolls. The Suez Canal is a main source of hard currency for a country that has suffered a slump in tourism and foreign investment since the 2011 uprising that ousted veteran autocrat Hosni Mubarak. *(Reuters)*

Economic News

A widening trade deficit and a pause in aid payments from Gulf Arab allies helped Egypt post its deepest current account deficit in more than two years during the first three months of 2015, despite a surge in foreign direct investment. Reuters calculations showed a current account deficit of $4.1 billion in the period from January to March, down from a surplus of $322.9 million in the same quarter last year. The deficit was driven by a contraction in net transfers and lower export receipts, the central bank said on Sunday. Egypt's deficit stood at $8.38 billion in the nine months of the fiscal year which began on July 1, compared with a deficit of $543.1 million in the corresponding period the previous fiscal year, according to a statement on the bank's website. The dramatic drop can be traced largely to an interlude in deposits from Gulf Arab allies, with calculations showing that official transfers, including cash and commodities, fell to $6.4 million for the quarter from $3.8 billion a year earlier. Saudi Arabia, the United Arab Emirates and Kuwait have given or pledged to Egypt about $35 billion in aid in the form of oil shipments, cash grants and deposits in Egypt's central bank since the army deposed Islamist President Mohamed Mursi in 2013 following protests. The wealthy neighbours pledged an additional $12 billion in investments and central bank deposits in March at an international economic summit in Egypt, but those sums did not begin arriving until after the quarter ended. Exports also dragged on the deficit, dropping to $4.6 billion in the third quarter from $6.4 billion a year earlier. The central bank attributed the decline to plunging global oil prices, with receipts from oil exports more than halving to $1.4 billion.

The import bill improved slightly for the quarter, with outflows easing to $14 billion from $15.4 billion last year. Egypt is the world's top wheat importer and has turned from an energy exporter to a net importer over the last few years. The government has won praise from investors for reforms including initial cuts to costly subsidies last July and the introduction of some new taxes and regulations, but analysts say more is needed. "Whilst there are plans to cut the fuel subsidy again this summer, it is imperative that more direct and innovative measures are undertaken to increase economic growth and to cut the trade deficit quickly," said Angus Blair, chairman of business and economic forecasting think-tank Signet Institute. The deficit was partly offset by growth in foreign direct investment, with inflows nearly tripling to $2.9 billion for the quarter. That is up from $1 billion a year ago at the height of a security crackdown against Mursi's Muslim Brotherhood supporters. Egypt secured deals worth $36 billion at the March conference which it hopes will revitalise an economy battered by political and economic turmoil since a 2011 uprising. "The growth in FDI was good and it should be expected that FDI will continue to rise this year, helping the overall trend," Blair told Reuters. Revenues from tourism, a main source of income for Egypt, remained steady, with inflows of $1.5 billion for the quarter, compared to $1.6 billion in the same period last year. *(Reuters)*

Inflation in Egypt will slow to single digits within the next two or three years, once a reform agenda has been implemented, Finance Minister Hany Dimian said on Monday. Egypt has been battling rising inflation since the government slashed subsidies in July, raising prices of gasoline, diesel and natural gas by as much as 78 percent. According to the most recent data, Egypt's annual urban consumer inflation slowed to 11 percent in April from 11.5 percent in March. Dimian said he expected inflation to fall back below 10 percent once reforms had been tackled. "I would expect that in two to three years' time," Dimian said on the sidelines of a conference in London. "That will depend on the packaging of the reforms that we are undertaking or have to undertake, improvement in the efficiency in addition to resolving of the historically outstanding supply bottlenecks which induce an element of rigidity in inflation." Egypt's economic growth has begun to pick up and shaky state finances to strengthen since President Abdel Fattah al-Sisi took office in 2014, overseeing the installation of a technocratic cabinet that is starting to reform the economy while forging an alliance with rich Gulf states to obtain aid and investment. One part of the reform agenda has been to overhaul the tax and subsidies system. Dimian said the government would finalise details of a value-added tax system over the coming days. "We are working towards shifting to a fully fledged value-added tax system and we have different scenarios on that." Dimian said it was too early to say when Egypt could come back to tap international investors after raising $1.5 billion on Thursday. "The main purpose of issuing the bonds is to build the yield curve and the benchmark," he said. Last week's sale was Egypt's first issue in five years since Cairo was effectively frozen out of the debt market during the Arab Spring uprising in 2011. Egypt sold the 10-year bonds at a yield of 6 percent and drew more than $4.5 billion of investor orders, according to a document from lead managers. *(Reuters)*

Egypt's government plans to allow the issuance of unrated bonds and covered bonds, Egypt's financial regulator head announced at a conference on Tuesday. The new debt instruments are expected to be approved sometime this summer, regulator head Sherif Samy told Ahram Online on the sideline of the Egyptian Stock Exchange's second annual conference on Tuesday. Covered bonds are corporate debt securities backed by cash flows from mortgages or public sector loans. They are similar to asset-backed and mortgage-backed securities but the loans backing covered bonds remain on the balance sheet of the issuer, and therefore are believed to be safer because in case the issuer goes bankrupt, for instance, investors still have access to cover pool. Unrated bonds allow small and medium-sized enterprises to access the bond market for expansion projects without going through the long and expensive credit rating process. Cash-strapped Egypt is depending on private sector investors to drive growth after years of political turmoil and economic stagnation. Part of that plan is to diversify the capital market, introducing new financial instruments for investors. In January, Egypt approved the use of Exchange Traded Funds, securities that track an index of stocks. *(Egypt.com)*

The African Export-Import Bank has agreed to to extend a $500 million credit line to Cairo in order to assist Egpt fund its exports to Africa, Minister of Trade Mounir Fakhry Abdel-Nour announced on Monday. Abdel-Nour made the announcement during the African tripartite summit currently taking place in Sharm El-Sheikh, which brings together three of Africa's major regional economic committees (RECs) in order to finalise an agreement on forming the continent's largest free trade area (FTA). "There are a number of challenges facing this [African] economic merger, one of them is that Egyptian products don't prioritise African countries in spite of their emergence as fast-growing markets," Abdel-Nour told state news agency MENA on the margins of the summit. The tripartite grouping, which accounts for 51 percent of Africa's $2.3 trillion GDP, plans to sign a deal on Wednesday to immediately create free trade zones for goods, with the hope of introducing services and intra-continent investor opportunities at a later stage. The deal would bring together the 26 countries that are members of the three RECs, COMESA-EAC-SADC, giving Egypt free trade access to seven new African nations. The tripartite grouping includes African nations such as South Africa, Rwanda, Zambia, Ethiopia, Eritrea, Kenya, Egypt and Zimbabwe. *(Egypt.com)*

Egypt's urban consumer inflation rose to 13.1 percent in May from 11 percent in April, the official statistics agency CAPMAS said on Wednesday. Inflation spiked in Egypt after the government slashed energy subsidies in July 2014. It peaked at 11.8 percent in October. *(Reuters)*

Egypt's core annual inflation rate rose to 8.14 percent in May, up from 7.19 percent in April, the central bank said on Wednesday. Inflation spiked in Egypt after the government slashed subsidies in July, pushing up fuel prices by up to 78 percent. *(Reuters)*

The Egyptian government said on Thursday it had approved a proposal to set up a sovereign investment fund to support economic development through returns on the state's assets and resources. The fund, called Amlak, will be state-owned through the National Investment Bank. It will act as the state's investment arm and aim to encourage diversification and support sustainable economic and social development, the cabinet said in a statement. The state "would not manage these investments directly", according to the statement, citing the planning minister. "The aim is to set up a highly effective investment fund that is able to participate with financial institutions and sovereign Arab and international funds in mega-projects", the planning minister said. The statement did not give details on when the fund would be created or how much money it would manage. A 2011 uprising that toppled Hosni Mubarak hit the country's economy hard, discouraging investors and tourists and slashing growth to below 2 percent in the 2010/2011 fiscal year. Egypt's current government has since embarked on a series of reforms and hosted a high-profile investment conference in March where deals worth some $32 billion were signed. Economic growth has begun to pick up and shaky state finances are strengthening since former army chief Abdel Fattah al-Sisi became president in 2014, overseeing the implementation of some economic reforms while securing aid and investment from rich Arab Gulf allies. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Ghana

Corporate News

Shareholders of UT Bank have asked the board and management to raise an additional GH¢100million capital in preference shares to streamline the bank's capital base to support growth and operations. The bank's performance for 2014 has been described by the board chairman as poor, with the share price dropping from ¢0.45at the beginning of last year to GH¢0.25 to close the year. According to UT bank, tough economic conditions affected the financial performance of its customers, which are mainly SMEs, and therefore impacted the bank's performance negatively. Under these conditions, the board has taken a decision to consider other options of raising capital, including the issuance of Preference Shares. This will be done simultaneously with the Rights Issue/Private Placement. "We believe that raising capital through issuance of ordinary shares alone, at current share price level, will be disadvantageous to our existing shareholders who have stood by us all these years," said Martyn Mensah, a non-executive director of the bank. Mr. Mensah was speaking on behalf of the board chairman, Joseph Nsonamoah, and also explained that the Preference Shares will be non-cumulative, non-redeemable and carry no voting rights except on matters regarding dividend payment and a change in auditors. Speaking at the annual general meeting, the chief executive officer Prince Kofi Amoabeng persuaded shareholders to back the decision of going back to the market and borrowing. "Our profits are marginal and nothing to write home about, so it is important we raise these preference shares." Due to the capital raise and investment required to improve profitability, the board decided not to pay out any dividend to shareholders. "The fact that we didn't pay dividends doesn't please the shareholders, but businesses go through up and down cycles and it is not the right time to ask them to cough up more monies. Therefore we decided to go the route of preference shares for now, and when there is an upturn they will come back to enjoy the fruit they have planted," he told B&FT.

According to Prince Amoabeng, the move further shows "the expression of confidence in management's decision to go the way of preference shares". However, he was cautious with regard to long-term success, maintaining that it is dependent on how well the macro-environment performs. "At the moment it is really not good for businesses, and the informal sector, with all the standoffs, has been tough." Currently, businesses in the country are battling with erratic power supply, high interest rates and collapse of the cedi. In spite of the challenges facing UT, Amoabeng reckons the bank will have to continue lending to businesses. "We have to restructure our operations, review ourselves by making sure that when we lend the monies are paid back." He also hinted that due to the difficulties certain sectors may be sidelined, explaining: "If those sectors are constantly showing non-performance and non-payment, then we can't risk the investor's money to fund those things; so we have to look at the industries -- the ones that we can contribute to and monitor effectively -- and lend to them. "We will look at the whole issue of lending in 48hours to some sectors; we can still lend but with some sectors we will have to take our time to do the loan, and for others we may have to probably do without them for now." Mr. Amoabeng further disclosed that the bank intends to look at its own internal systems: "We can't say that the economy is going to turn around and things will be smooth. If the economy is not turning around, or if we should come into this situation again, will UT have the structures to withstand those shocks so that shareholders can have the benefits?" The bank's interest income increased from GH¢189m to GH¢226m, representing a 20% growth. Interest income from loans and advances remained the key contributor to this line, although it recorded a rise in investment income due to the general rise in Treasury bill rates. Its interest expense on the other hand increased by 33% to GH¢154million, and eroded much of the revenue earned. In 2015 the plan of action, UT officials say, is to recover a significant portion of its non-performing loans; and improve the ratio of cheap to expensive deposits with an eye to achieving a 70:30 ratio, as well as continue to develop its human capital and focus on growth for sustained profitability. *(Ghana Web)*

Economic News

IFC, a member of the World Bank Group, has signed an $8 million loan agreement with Quantum Oil Terminal Limited, a leading player in the oil and gas sector in Ghana. Quantum Oil Terminal Limited is developing a 55,000 metric ton petroleum products storage facility near the port of Tema, 29 km east of Accra. The project will help address storage constraints in the petroleum products distribution value chain and reduce shortages in Ghana. The OPEC Fund for International Development also provided an US$8 million loan. This collaboration with IFC on the Tema Tank Farm project is critical for us and for Ghana, said Emmanuel Egyei-Mensah, Quantum's Group Executive Chairman and Chief Executive Officer. IFC support to establish international best practices in corporate governance and environmental and social systems throughout the Quantum Group, will position us for optimum performance as Ghana liberalizes petroleum product pricing. IFC is committed to partnering with local private sector players to build capacity and meet the growing energy needs of Ghanaians, said Ronke-Amoni Ogunsulire, IFC Country Manager for Ghana. The energy sector is a priority for IFC, and we are working on projects in every part of the value chain. We are pleased that, together with Quantum, we can help reduce fuel shortages in Ghana. IFC has invested over US$2.4 billion in total in Ghana. In the past five years, investment in the energy sector amounts to US$525 million including oil and gas exploration and production, power production, and refined petroleum distribution. *(Ghana Web)*

Year-on-year inflation for May 2015 as measured by the Consumer Price Index (CPI) recorded 16.9 percent in May 2015, up from 16.8 percent recorded in April 2015. The monthly change rate for May 2015 was one percent compared to 1.8 percent recorded for April 2015. Government Statistician, Dr. Philomena Nyarko, who was addressing a press conference in Accra yesterday, said the food and non-alcoholic beverages group recorded inflation of 7.3 percent. "This is 0.1 percent point higher than the 7.2 percent recorded in April 2015," she said. Dr. Nyarko said seven subgroups of the food and non-alcoholic beverages group recorded inflation rates higher than the group's average rate of 7.3 percent. She said the non-food group recorded inflation rate of 23.4 percent in May 2015 compared to 23.2 percent recorded in April 2015. Dr. Nyarko said four subgroups recorded inflation higher than the group's average rate of 23.4 percent. The Government Statistician said housing, water, electricity, gas and other fuels recorded the highest rate of 25.4 percent followed by transport with 25.2 percent, clothing and footwear with 24.4 percent and furnishings, household equipment and routine maintenance with 23.5 percent. She said inflation was lowest in the communication subgroup, recording 13.1 percent. At the regional level, Dr. Nyarko said inflation ranged from 15.4 percent in both the Upper West and Western regions to 19 percent in the Central region. Five regions- Central, Ashanti, Volta, Upper East and Greater Accra- recorded inflation rates above the national average of 16.9 percent. *(Daily Guide)*

Ghana will add 1,000 megawatts to its power capacity by the end of 2015 and end a series of rolling blackouts, Minister for Power Kwabena Donkor said on Wednesday, repeating a promise to resign if the problem is not resolved by Dec. 31. Power generation has become a serious political and economic issue in the West African nation due to cuts that frequently last 24 hours, raising the cost of doing business, hampering the economy and angering voters. "We are bringing in different solutions. We already have in the country some plants under construction. We are fast-tracking the completion of those plants," he said at a conference in Dubai. Other power plants are being expanded and the government will also introduce new forms of electricity generation using power barges and gas, he said, adding that the government would increase Ghana's grid capacity from 2,850 megawatts now. By the end of December load shedding will have ended. I am crazy enough to have said I will resign from my position if load shedding goes beyond December 31, 2015 ... I have put my head on the block," he said. The power cuts are a sign of wider problems facing Ghana, which entered an aid agreement with the International Monetary Fund in April to stabilise an economy grappling with inflation at 16.9 percent, a high debt-to-GDP ratio and sliding currency. President John Mahama faces reelection in 2016 when he will likely face opposition leader Nana Akufo-Addo. If left unresolved, power generation could become a key issue. Mahama is yet to confirm he will run for what would be a second term. Ghana generates much of its power from three hydro-electric dams. It also imports natural gas from Nigeria via the West African Pipeline Company. Some energy analysts say they doubt Ghana can end its blackouts this year, not least because of problems in the Electric Company of Ghana (ECG) and other state providers.# Donkor said the government would restructure rather than privatise ECG. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Kenya

Corporate News

KCB, has signed up 1.8 million customers for its mobile phone-based service since it was launched in March. It is on target for 10 million users within a year from now, its chief financial officer said. Mobile technology is seen by executives as the future of banking in Kenya. Other companies such as Equity Bank and Standard Chartered Kenya have invested in systems to let users access accounts any time. The KCB M-Pesa service, operated jointly with Safaricom, allows users to deposit cash and borrow up to Sh1 million for up to six months via mobile devices. "KCB has been able to increase its retail footprint by opening over 1.8 million new accounts," said the newly appointed CFO Lawrence Kimathi. KCB has lent more than Sh1.37 billion to more than 400,000 borrowers on KCB M-Pesa, he said, adding the service was on course to hit a target of 10 million users within a year. *(Standard)*

Safaricom Ltd., Vodafone Group Plc's Kenyan unit, is targeting data-revenue growth from an online-television service for the country's expanding middle class, Chief Executive Officer Bob Collymore said. Safaricom has applied for a broadcast license to use its Big Box, a digital-TV set-top device, as a wireless hotspot that allows users to buy data bundles and download content onto TVs, Collymore said in an interview on Friday. That will create an alternative means of going online in a country where fixed-line Internet connections are scarce. "It's a data play," he said at the World Economic Forum in Cape Town. "Today my average user is using 100 megabytes of data a month, and we have to move from 100 megabytes to something that starts with a G," he said, referring to the larger gigabyte. Mobile-phone companies in Kenya have been investing in Internet-enabled services as customers increasingly turn to smartphones and tablet computers rather than fixed-line broadband as a means of communication and mobile banking. Safaricom, 40 percent owned by Newbury, England-based Vodafone, had more than two thirds of mobile-phone subscriptions in East Africa's biggest economy at the end of last year. Kenya's economy is expected to grow by 6.9 percent this year, exceeding the 4.5 percent average for sub-Saharan Africa, according to the International Monetary Fund. Meanwhile the number of middle-class households in the region has tripled since 2010, according to Standard Bank Group Ltd. Safaricom shares declined 1.8 percent in Nairobi to 16.05 shillings as of 1.42 p.m. local time, valuing the company at 643 billion shillings ($6.6 billion). "If you need to have a TV decoder why don't you put a data bundle into that TV decoder," Collymore said. "Could you start to put some meaningful content on the box? Yes, you can, and for that you will need a license to do it and we are looking at other alternatives of getting some more specific content." *(Bloomberg)*

Kenyan mid-sized lender Chase Bank said on Wednesday it had raised 4.8 billion shillings ($49.43 million) in the first tranche of an oversubscribed bond offer. The lender had sought to raise 3 billion shillings but after receiving a subscription rate of 161 percent, it exercised an option to take up an additional 1.8 billion shillings. Last month, Chase detailed the plan to issue the seven-year multi-currency bond worth up to 10 billion shillings, to support its expansion plans and strengthen the capital base. *(Reuters)*

Standard Chartered Bank of Kenya aims to bring bad debts down to below 5 percent of its loan book by the end of this year from 7 percent in the first quarter, its chief executive said. Bad debts at the Kenyan division of Standard Chartered Plc jumped to 11 percent of lending in 2014 after it started treating loans that had not been repaid for three months as bad, rather than six months previously. Reducing the level to below 5 percent would bring the bank into line with the Kenyan industry average. Total bank bad debts stood at 5.6 percent of loans in December, up from 5.2 percent in 2013, central bank figures showed. "We expect to bring it down to below 5 percent by the end of the year through aggressive recovery efforts and also making sure the existing book is well managed," Standard Chartered Kenya Chief Executive Lamin Majang told Reuters. Loan impairment charges soared 249 percent to 864 million shillings ($8.9 million) in the first quarter of this year, cutting pretax profit by close to a third. Several local companies were among borrowers whose debts were classed as distressed after Standard Chartered changed its definition of bad debt. Bankers say Kenya's central bank has been pressing lenders for more action to cut bad debts. But Majang said Standard Chartered changed its definition based on an internal review. Majang said the bank's custody business was picking up after a 75 percent drop in inflows from foreign investors in January, when the government imposed a new capital gains tax.

The fall in flows hurt the bank's foreign exchange income. The tax was imposed on gains in the debt and equity markets, initially hitting trade sharply across the market. Volumes have since picked up. "Those investors have come back into the market so we have seen the volumes go back more or less to the pre-January levels," said Majang. On the retail side, the bank, which focuses on upper and middle class customers, plans to launch life and non-life insurance products in a venture with insurance firms before the end of the month, Majang said, without naming the partners. "Clearly we see the growth of the middle class and that is a segment that we are very much targeting and focusing on." *(Reuters)*

Economic News

Kenya's shilling firmed on Tuesday ahead of a central bank Monetary Policy Committee (MPC) meeting later in the day, where policymakers are expected to hike the benchmark lending rate to support the local currency. At 0714 GMT, the shilling was trading at 97.25/45 to the dollar, compared with 97.70/90 at Monday's close. The local currency has lost 7.6 percent to the dollar so far this year.
A trader at a Nairobi-based commercial bank said the shilling weakened to 98 in early trade before firming due to weak dollar demand and fears the central bank will buy dollars to intervene, as it has done several times in past few months. "At this levels no one is looking to buy (dollars), the shilling has retreated (strengthened)," said the trader. The central bank is expected to raise rates for the first time in two years. A Reuters poll of analysts showed most expect rates to be hiked by 100 basis points. "That has been priced in, so anything above (100 basis points) will probably be a shock to the market," added the trader. The shilling has been under pressure from the global strength of the dollar, a growing current account deficit and sliding foreign exchange earnings from tourism as visitors have stayed away due to a series of attacks by Somali Islamists. *(Reuters)*

Kenya's central bank raised its benchmark lending rate by 150 basis points to 10 percent on Tuesday, a slightly higher increment than market expectations of action to support the battered shilling. The increase was the first rate change in two years - when rates were lowered - and follows a slump in the currency to fresh 3-1/2 year lows that prompted the Monetary Policy Committee to bring its rate meeting forward by a month. *(Reuters)*

Kenya scrapped its 5 percent capital gains tax on shares less than six months after it was introduced following objections by stockbrokers in East Africa's biggest economy. The levy will be replaced by a 0.3 percent withholding tax on the value of share transactions, Treasury Secretary Henry Rotich said Thursday in his annual budget speech in the capital, Nairobi. The decision was made after "challenges in some sectors of the economy," he said. Trading volumes on the Nairobi Securities Exchange slumped 70 percent within the first month of the tax being introduced on Jan. 1, prompting the Kenya Association of Stockbrokers and Investment Banks to challenge the law in court that month. The Institute of Certified Public Accountants in May called for a review of the tax. The Kenya Revenue Authority had demanded that stockbrokers be the collection agents of the tax, while brokers argued they didn't have the legal authority to do so. "This now bodes well for the market," George Bodo, head of the financial desk at Nairobi-based Ecobank Capital Ltd., said by phone after the announcement. "Transaction tax is the best way forward.".*(Bloomberg)*

Kenya's finance minister forecast on Thursday a 2015/16 budget deficit of 8.7 percent of gross domestic product, up from the 7.8 percent that had been predicted for 2014/15, fuelling analysts' concerns about the financing burden. Henry Rotich also said in his budget speech that he was scrapping the 5 percent capital gains tax on share sales, a move welcomed by traders. The tax, imposed in January, had driven down business on the stock market at the start of the year. In his 2 trillion shilling ($20.6 billion) budget for the financial year starting on July 1 he outlined extra cash for security after a spate of Islamist militant attacks that has hammered tourism and more funds for a new railway. He said the deficit would be 6.5 percent if he excluded spending on the new Mombasa to Nairobi railway. In December, the Finance Ministry forecast the 2014/15 deficit would be 7.8 percent of GDP. "A deficit of 8.7 percent is very worrying," said Razia Khan, Africa economist at Standard Chartered Bank, adding even the 6.5 percent figure was a concern. "This is especially the case as Kenya is growing rapidly now. And it should ideally be showing lower deficits at this point of an upswing in its economic cycle," Khan said. Rotich told parliament the economy would grow by 6.5 percent to 7 percent in 2015, continuing that path in the medium term. He also said he would ensure state borrowing did not crowd out private business, saying the government would rely heavily on external concessional financing and would tap international markets as it did with its 2014 Eurobond.

Referring to the oversubscribed Eurobond, he said: "We intend to continue sourcing these type of funds, including from export credit agencies and syndicated loans." But analysts said conditions had changed since last year, so the government could find raising funds abroad more costly now. "I'm not so sure the market is as liquid both domestically and internationally as it was last year when you could put your hand up and everyone was ready to write you a cheque," said trader and analyst Aly Satchu Khan. "That remains a concern." On the financial markets, the minister proposed scrapping a capital gains tax of 5 percent on share sales and introducing a 0.3 percent withholding tax on the transaction value of the shares. Trading volumes plunged with the capital gains tax. Willie Njoroge, head of Kenya Association of Stockbrokers and Investment Banks, said the capital gains tax was an "administrative nightmare" but the new tax would be easier. "This will be very reassuring to investors," he said. "We shall register increased volumes in terms of transactions." *(Reuters)*

Malawi

Corporate News

No Corporate News this week

Economic News

No Economic News this week

Mauritius

Corporate News

No Corporate News this week

Economic News

The weighted average yield on Mauritius' 182-day Treasury bill rose to 1.72 percent at an auction on Friday from 1.14 percent at the previous sale on May 15, the central bank said. The Bank of Mauritius said it had sold all the 800 million rupees ($23 million) worth of securities it had offered. It said it had received bids worth 3.170 billion rupees at yields ranging from 1.60 percent to 2.75 percent. *(Reuters)*

Mauritius will sell a three-year Treasury bond worth 1.5 billion rupees ($43 million) next week, the central bank said on Wednesday. The Bank of Mauritius said in a statement it would receive bids on June 17 and auction the bond on the same day. The bond would carry a coupon rate of 2.46 percent and will mature on April 24, 2018, the bank said. *(Reuters)*

Nigeria

Corporate News

Skye Bank Plc is considering adopting the holding company (HoldCo) structure as the bank disclosed that it has engaged the services of a consultant to look at the benefits of the banking model. The bank's Managing Director/Chief Executive Officer, Mr. Timothy Oguntayo, dropped this hint during an interactive session with journalists in Lagos at the weekend. The HoldCo structure, which was introduced in 2010, permits banks or banking groups to retain non-core banking businesses by evolving into a non-operating structure. Under this model, a non-operating HoldCo is expected to hold equity investment in banks and non-core banking businesses in a subsidiary arrangement. Oguntayo, who was responding to a question on whether Skye Bank would sell or retain subsidiaries of Mainstreet Bank Limited, which it acquired last year explained: "We have engaged consultants to look at the value in Mainstreet Bank subsidiaries, to know their value. Should we sell them or should we retain them? And those that have adopted HoldCo structure, what is the advantage they have over the core-banking institutions? So at the end of the study, by the third quarter we would have taken decisions." He also said Skye Bank has achieved 50 per cent integration with Mainstreet Bank, explaining that the strategy intent of the acquisition of the acquisition was firstly for economies of scale. But in terms of its information technology infrastructure, he said a seamless integration was achieved on June 1, 2015, adding that all former Mainstreet branches are now on Skye Bank's core banking application.

"The products harmonisation will has been scheduled for second quarter of this year," he assured. "We have just taken over Mainstreet Bank and we don't want to be in a haste to rationalise branches. But there are some that are obvious. For instance, if we are located on this side of the road and Mainstreet Bank is also on same side of the road, unless the two branches can justify their existence, it will be a waste of money running two branches and two operating expenses. "You know in Nigeria every bank has two generators. So, those are costs that we would avoid. For instance, if you have two branches in close proximity, one is owned by Skye Bank and Mainstreet is occupying a rented property in its own branch, it means then that we must collapse them into our property. But that is an ongoing process and before the end of the third quarter we must have determined all of that," he explained. "There are areas where Mainstreet is present which we are not, most especially the South-east and some areas. So, having presence in some of those areas, we would be able to tap from the opportunities there. And most of those areas are actually retail banking related areas, which would help us in mobilising low cost deposits," the Skye Bank boss added. In terms of customer base, the addition of the two entities would bring about a total of four billion customers, and "most of these customers are coming with deposits that have been stable over a period of time and would be adding value to Skye Bank," Oguntayo said. He pointed out that Mainstreet is a big player in terms of lending to agricultural sector, saying it would be better for Skye Bank to harness and reap from the opportunities in the agricultural sector and would ultimately result to increased revenue. *(This Day)*

Fidelity Bank Plc recently held a fitness exercise for its staff members across the country aimed at enhancing productivity and bonding among its workforce. Managing Director/Chief Executive Officer, Fidelity Bank, Mr. Nnamdi Okonkwo, who lead the exercise in Lagos, said it was also part of efforts to encourage socialisation among members of staff. "If you are not fit, you cannot be productive and you cannot go about your task and responsibilities. It is important these days because every day you hear people drop off. So, if you do keep fit and you are healthy, you stand a better chance to be more productive than somebody that does not keep fit at all. "You know we work hard, so we also like to play hard because it is not every time we would be taking deposits and giving loans. We take off time once in a while to keep fit and make sure that our work force remain healthy. But more importantly, it is an opportunity to bond among staffs," Okonkwo said. He revealed that the exercise took place simultaneously across the bank's regional offices nationwide, adding that it was to bridge the gap between top executives of the banks and other categories of staff. "That is why we encourage open communication among everybody. How do you get to know people if you don't socialise? The more we interact and get to know each other, the more you begin to see fellow colleagues as human beings and not as officers. Of course, we don't subscribe that people should be disrespected, but you must show leadership and also improve our level of socialisation," he added. *(This Day)*

Shareholders of Skye Bank Plc have unanimously endorsed the acquisition of Mainstreet Bank Limited at the court ordered extra ordinary

general meeting held immediately after the bank's 9th Annual General Meeting held in Lagos. During the consideration of the bank's proposed scheme of external restructuring which deals with the acquisition and how to consolidate the operations of both banks, the Chairman of the bank, Mr. Tunde Ayeni, disclosed that the Securities and Exchange Commission (SEC), had given its clearance to the scheme. According to Ayeni, after the receipt of the scheme clearance from the SEC, an application was filed at the Federal High Court which directed the meeting of the shareholders of the banks be convened and the scheme be presented for their consideration and approval. Explaining the benefits and effects of the scheme which gives legal seal to the acquisition, the Group Managing Director/Chief Executive Officer of the bank, Mr. Timothy Oguntayo, said the proposed restructuring would create a platform where significant synergies could be obtained for the benefits of the shareholders, employees, customers and the economy as a whole.

He further identified other benefits of the restructuring to include the opportunity to reposition the enlarged Skye Bank as a tier 1 bank within the Nigerian financial services space based on the expected benefits arising from economies of scale and scope. "A business combination of this nature will potentially lead to revenue enhancements and cost savings for the enlarged Skye Bank with a wider customer base", Oguntayo explained. The Skye Bank boss explained that the scheme would provide an additional buffer to the existing capital base of the bank in the event of subsequent recapitalization directives by the CBN, addition to presenting an opportunity to create a stronger risk asset portfolio for the enlarged bank. The shareholders also approved the appointments of four new executive directors by the board of the bank. The new Executive Directors are Mr. Bayo Sanni, Executive Director, Lagos Commercial Banking; Mr. Idris Yakubu, Executive Director, Abuja and Northern Region; Mrs. Markie Idowu, Executive Director, Technology and Service Delivery Channels; and Mrs. Abimbola Izu, Executive Director, Corporate services. *(Vanguard)*

Flour Mills of Nigeria plans to seek shareholders approval next month to raise 40 billion naira ($201 million) via a rights issue, it said on Wednesday. The food manufacturer said the shareholders' meeting will be held on July 15, after which it will seek regulatory approval. Shares in Flour Mills shed 0.57 percent to 35 naira, weaker than the broader index which is flat at 33,492 points at 1118 GMT. *(Reuters)*

Stanbic IBTC Holdings plans to raise 20.4 billion naira ($103 million) via a rights issue, the unit of South Africa's Standard Bank said on Wednesday. The mid-tier lender said in its application to the Nigerian Stock Exchange that it would issue 800 million shares at 25.50 naira each on the basis of two new shares for every 25 held. *(Reuters)*

Excited shareholders of Total Nigeria Plc have commended the board and management of the petroleum products marketing firm for the N3.779 billion dividend paid for the 2014 financial year. The shareholders also other strategic initiatives being undertaken to keep the company on the path of sustainable growth in the years ahead. The N3.779 billion translates into a total dividend of N11.00 dividend per share. Speaking at the company's 37th annual general meeting (AGM), the National Coordinator of Independent Shareholders Association, Sir Sunny Nwosu, noted that based on the company's financials and other operational fundamentals, the board and management "have demonstrated clearly to shareholders that the future outlook of our company is very bright" He urged the board to sustain the corporate governance principles that had helped them to improve the performance of the company as the number one player in products marketing business. Another shareholder, Mrs. Ayodele Kudaisi said the company's performance indices reflected an entity all shareholders must be proud of in terms of products and services delivery and returns on shareholders investments. She said the dividend to shareholders remains among the best paid by corporate entities in the financial year, and urged the board to consider the option of bonus issues for the shareholders as a complementary benefit in subsequent years. In his address to the shareholders, Chairman of Total Nigeria Plc, Mr. Momar Nguer, assured the shareholders of the board's commitment to improving the performance of the company through proactive strategies, new product development and service delivery efficiency as desirable steps towards improving its shares in the downstream market of the oil and gas industry. Nguer said despite the inclement operating environment the company's turnover increased from N238.2 billion in 2013 to N240.6 billion while Profit After Tax, reduced from N5.3 billion to N4.4 billion.
He attributed the dip in profit to interest expense on borrowing occasioned by unpaid sums under the Petroleum Subsidy Fund and sundry taxes amongst other operational costs. Nguer assured the shareholders that despite the uncertainties in the global and domestic oil market, Total is "constantly seeking new ways to expand its offerings and is implementing strategies to ensure that we remain a brand of reference

and leading energy solutions provider"*(This Day)*

The National Aviation Handling Company (NAHCO) Plc Thursday said it recorded a marginal increase in turnover from N8.09 billion in 2013 to N8.133 billion in 2014. It also recorded a decline in profit after tax from N853 million to N568 million. Speaking at the Annual General Meeting (AGM) of the company in Abuja, the Chairman Board of Directors, Mallam Suleiman Yahyah, stated that this reflected impacts of the effects of sunk cost and development expenditure on their diversification initiatives in a new subsidiary, the Nacho free Trade Zone. Yahyah also disclosed that in 2014 NAHCO recorded some improvements over the previous year. He said: "Flights into the MMIA increased from 7,610 in 2013 to 8,019 in 2014,indicating a five per cent increase while operatives at MMA2 were much better as the number of flights jumped from 9,052 in 2013 to 11,145 in 2014 showing an increase of 23 per cent. At the cargo ramp, there was huge drop in flights by 13 per cent ,from 2,583 in 2014." He also hinted that flight inward and outward handled by NAHCO increased by 12 per cent from 31,004 flights in 2013 to 34,631 flights in 2014 in spite of the 149 flight cancellation. According to him cargo movement in the Lagos are decreased marginally by one per cent from 87.5 million tons in 2013 to 86.4 million in 2014,while Port Harcourt witnessed an upsurge of some 20 per cent from 5.02 million tons in 2014. Tahyah further explained that Abuja cargo volumes also decreased from 5.514 million tons in 2013 to 4.64 million tons in 2014. But for Kano its cargo volumes doubled from 4.8 million tons to 8.5 million tons, while overall, total operations increased by 3 percent in 2013 from 103 million tons handled to 106 million tons handled in 2014.

"Our Free Trade Zone (FTZ) has commence in late 2014 after the conclusion of the business plan, fine tuning of the 2015 year master plan, movement to a new office and engagement of a management to drive the operations," he informed. According to him NAHCO would continue its investment in the FTZ initiative, having completed all the legal and operational procedures for a successful take off. The chairman explained that FTZ would be one of the three key subsidiaries of the NAHCO group, which are all expected to boost their earnings and ensure sustainability in the coming years. He also disclosed that their Agro project zone initiative that would boost export processing activities and their warehouse terminals were under evaluation and would begin operations in 1917. "We have fully registered NAHCO in Senegal and Cote d'Ivoire, two key markets in West Africa that are strategic to our expansion initiatives," he said. Yahyah had earlier said the 2014 performance was stable despite the impacts of the Ebola scare which resulted in flight cancellations and limited passenger movements in West Africa for four months. He added that the three week closure of their warehouse due to operational disagreement between the Customs and licensed clearing agents and rising cost of business due to naira devaluation and high interest rates, also affected operations. *(This Day)*

Economic News

Nigeria's fuel marketers, who are still not importing due to money owed them, have agreed to distribute fuel brought in by the state oil company, the main trade body said on Saturday, after talking with the new administration on Friday. Major cities are still suffering from gasoline shortages despite the end of a fuel distribution strike. After the negotiation on Friday, fuel will become available not just at state-owned retail stations but those owned by major and independent marketers to reduce the queues of double-parked cars. The dispute over subsidy payments brought much of Nigeria to a standstill in May, as it relies almost wholly on imports. Nigeria now depends wholly on swapping its crude for fuel imports, Obafemi Olawore, spokesman for Major Marketers Association of Nigeria (MOMAN) said, as those waiting for subsidy payments are unable to secure commercial loans to bring in fresh supplies. "At the moment we are unable to import because we don't have the support from the banks," Olawore told Reuters. Olawore said MOMAN had contact with President Muhammadu Buhari's new government and was optimistic that payments of around 291 billion naira (nearly $1.5 billion) promised in writing by the outgoing administration will be honoured. A spokesman for the presidency said he could not immediately comment. Buhari's new cabinet is unlikely to be inaugurated before the end of July.

Suppliers, dependent on subsidies, refused to distribute fuel for several weeks in May, over fears that if they were not paid under the old government that the cash-strapped new one would not be able to foot the bill and would scrutinize the costly subsidy payments that were the source of a $6.8 billion fraud scandal in 2012. Electricity output was nearly halved and private generators that produce most of the electricity for the nation's 170 million inhabitants ran out of diesel, days before Buhari's inauguration as the new president on May 29. Africa's largest telecoms operator, MTN Group, said operations at its Nigerian services had been hampered despite the end of a fuel strike. Nigeria must import nearly all of the 40 million litres per day of gasoline it consumes as its refineries have been either halted or operating well below 50 percent capacity since last year. *(Reuters)*

Nigeria's unemployment rate jumped to 7.5 per cent in the first quarter of the year (Q1 2015) compared to 6.4 per cent in the fourth quarter of 2014, according to the National Bureau of Statistics (NBS). It said the number of unemployed in the labour force increased by 18.43 per cent to 861,110 persons between Q4 2014 and Q1 2015 while the number of underemployed in the labour force declined by 6.46 per cent, thereby reducing the underemployment rate to 16.6 per cent in the period under review compared to 17.9 per cent in the previous quarter. It noted that in Q1 2015, the labour force population increased to 73.4 million from 72.9million in Q4 2014, representing an increase in the labour force by 0.69 per cent. The NBS said: "This means 504,596 economically active persons within 1564 entered the labour force i.e. were able and willing and actively looking for work between January 1 and March 31 2015. Within the same period, the total number in full employment (did something for at least 40hours) increased by 0.88 per cent." It further stated that 12.2 million Nigerians are said to be underemployed in Q1 2015 compared to 13.1 million persons in Q4 2014. According to the highlights of the Unemployment and Underemployment Watch for first quarter of 2015 which was released yesterday, the statistical agency said:" There were a total of 17.7 million people between ages 15 and 65 either unemployed or underemployed in the labour force in Q1 2015.

The report said: "The fact that the number of people that became unemployed (861,110 people) in the first quarter 2015 exceed the number of people that entered the labour force within the same period (504,596 persons) is an indication that some persons previously working in full employment lost their jobs while others previously underemployed and doing temporary, or part time work ended whatever they were doing and accordingly now didn't have anything to do for at least 20 hours a week during the reference period." However, it noted that unemployment and underemployment was more pronounced in women than their male counterpart in Q1 2015. "While 8.9 per cent of women in the labour force (those between 15 and 65 willing, able and actively working or searching for work) were unemployed in Q1 2015, up from 7.5 per cent in Q4 2014, while another 19.6 per cent of women in the labour force were underemployed in Q1 2015. On the other hand, 6.3per cent of males were unemployed in Q1 2015, up from 5.4 per cent in Q4 2014, while another 13.9 per cent of males in the labour force were underemployed," it added. Continuing, the NBS said: "The unemployment rate within the review period was highest for those within the ages of 15 and 24 (13.7per cent in Q1 2015, up from 11.7 per cent in Q4 2014), while the underemployment rate for those within the ages of 15 to 24 was 30.6 per cent. For those in the labour force within the ages of 25 to 34 however, unemployment rose to 8.2 per cent in Q1 2015 from 6.9 per cent in Q4 2014, while underemployment stood at 17.7 per cent in Q1 2015 from 19.0 per cent in Q4 2014. Accordingly 44.3 per cent of Nigerians in the labour force (not entire population) aged 15 to 24 were either unemployed or underemployed, while another 25.9 per cent aged 25 to 34 were either unemployed or under employed in Q1 2015." *(This Day)*

The Federal Government plans to raise N70 billion ($353 million) worth of Treasury bonds with maturities ranging between five-year and 20-year at an auction next week, the Debt Management Office (DMO) said on Wednesday. The DMO said it will issue a five-year bond to raise 40 billion naira, a 10-year paper to raise 15 billion naira and 20-year debt note to raise 25 billion naira on June 17, using the Dutch Auction System. The papers are re-openings of previous issues. *(Business Day)*

The Director-General of Securities and Exchange Commission (SEC), Mr. Mannir Gwarzo, has urged state governments to take advantage of the numerous benefits available in the capital market to enhance development in the country. Gwarzo made this appeal on Wednesday in Katsina at the SEC Day at the 18th Made in Nigeria Katsina Trade Fair. He said such advantages could be accessed through equities, bonds or mortgage bond securities. Represented by the SEC Zonal Head of Kano office, Malam Adamu Sambo, Gwarzo said the Nigerian capital market had the capacity to provide long term funds needed to solve the infrastructure challenges. He added it would also serve as a springboard that would fast-track development at the states level. Gwarzo disclosed the commission was attending the trade fair to manifest one of its broad functions which was conducting enlightenment on its activities. "We are here to enlighten the Katsina State Government and its people on the need for them to take activities in the market as a means for development. "We have a new government in place and we hope that they will access the capital market to raise funds to meet their development needs. "The president has already said that he is keen on development of the country; we therefore, urge the state governments to use the capital market as a channel to raise funds for development,'' he said. He explained states had a lot of potentials and "we believe that they can use the capital market as one of the means of achieving their goals". The DG noted between 1999 and 2013, both the federal and state governments had raised over N500 billion through the market which was used for infrastructure development. Gwarzo, however, expressed dismay over the attitude of some state governments that claimed they did not want to borrow funds for development to avoid leaving huge debt behind. He explained such attitude was counterproductive as it was better to borrow to meet infrastructural needs than to be contented with just paying salaries. Gwarzo said "indebtedness is not bad, what is bad is a situation where such funds are used for consumption only". He, therefore, urged the state governments to embrace the capital market in their economic strategy, to meet the needs and aspirations of their people. On the issue of investor apathy, the DG, while admitting business was about risks and returns, assured the commission had strong regulatory framework to protect investors.*(Business Day)*

Following price losses suffered by major blue chip companies, equity transactions on the trading floor of the Nigerian Stock Exchange (NSE) yesterday closed on a down ward note, as market capitalisation slide by N10 billion. Specifically, at the close of trading yesterday, market capitalisation of listed equities fell by 0.08 per cent to N11.422 trillion from N11.432 trillion traded on Tuesday. The NSE All Share Index (ASI) went down by 29.83 basis points from 33492.17 points recorded the previous day to 33462.34 point. Investors bought 590.790 million shares worth N4.125 billion in 3863 deals against 226.198 million shares valued at N2.743 billion in 3512 deals. An analysis of the investment showed that Forte Oil Plc led the gainers table during the day, growing by N14.63 kobo to close at N173.23 kobo, PZ Industries followed with a gain of N1.53 kobo to close at N32.19 kobo, Nestle Nigeria Plc gained N1.00 to close at N856.00, Nigerian Breweries increased by N0.90 kobo to close at N147.90 kobo and GlaxosmithKline appreciated by N0.88 kobo to close at N44.99 kobo. Conversely, Betaglass recorded the highest loss for the day, depreciating by N2.10 kobo to close at N39.90 kobo, Stanbic IBTC trailed with a loss of N1.00 to close at N27.00, Zenith International Bank declined by N0.64 kobo to close at N19.20 kobo. Other companies that recorded price depreciation were Guaranty Trust Bank and Lafarge Wapco, which fell by N0.44 kobo and N0.40 kobo respectively to N26.50 kobo and N99.10 kobo. Further analysis of the trading showed that United Bank for Africa (UBA) of the banking subsector led the activities in volume terms, trading 144.802 million shares worth N750.445 million, MultiVerse followed with account of 129.833 million shares valued at N64.916 million, Cornerstone Insurance sold 103.100 million shares cost N51.550 million, IPWA traded 54.554 million shares worth N27.277 million while GTBank exchanged 28.146 million shares valued at N751.446 million. *(Guardian)*

The Central Bank of Nigeria (CBN), on Thursday, adjusted its exchange rate peg to N196.90 against the dollar from the 196.95 set last week, data on the bank's website showed. Dealers said the CBN had sold dollars to the interbank market at the new rate the previous day, dismissing the move as a currency appreciation as it wasn't market driven, but noted it could signal the coming of a new policy. The naira opened trade on thin volumes at 198.90 to the dollar on the interbank market. It traded at 220 naira on the black market on Thursday. "This is not a real appreciation …. the central bank is probably trying to guide the market. Its most likely an indication to a new policy change in the FX market," one commercial bank treasurer said. The central bank made a tiny adjustment to the exchange rate peg last week, with one analyst saying the move may indicate that the bank is beginning to think about how to loosen its currency regime. Another dealer said the central bank may be trying to guage the level at which it can defend the naira, but noted that the bank was running low on ammunitions to do this. Last week JPMorgan said it may eject Nigeria from its Government Bond Index (GBI-EM) by the year-end unless Africa's biggest economy restored liquidity to currency markets in a way that allowed foreign investors tracking the benchmark to transact with minimal hurdles. Nigeria's foreign reserves fell to $29.18 billion by June 9, down 1.65 percent from last month, as the central bank burned cash to defend the local currency.*(Business Day)*

Nigeria's consumer inflation rose to 9.0 percent year-on-year in May, the upper end of a central bank target, from 8.7 percent in April, marking the highest rate since May 2013, the national statistics office said. Food inflation edged higher to 9.8 percent year-on-year in May, up 0.3 percentage points from April, due to the late onset of rains which pushed back the harvest season and a hike in transport costs because of a fuel shortage, it said. "Food prices rose by 1.1 percent in May, the highest month-on-month increase recorded on food prices since September 2012," the National Bureau of Statistics (NBS) said on Thursday. Major cities in Africa's biggest economy are still suffering from crippling gasoline shortages despite the end of a fuel distribution strike. After negotiations last Friday with Nigeria's new administration, fuel will become available both at state-owned retail stations and those owned by major and independent marketers, who are still not importing due to money owed them by the government, to reduce the queues of double-parked cars. The dispute over subsidy payments disrupted services including telecom services, banking and aviation in May, as Nigeria, which does not have sufficient refining capacity, relies almost wholly on imports. The NBS in March said it expected inflation to inch up to around 9 percent this year, from its January forecast of 8.78 for 2015, following a currency devaluation meant to counter the effects of lower revenues from crude oil, Nigeria's main export. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Tanzania

Corporate News

MWALIMU Commercial Bank (MCB) listing date has been pushed back to two weeks after stakeholders failed to compile all funds on time after initial public offer (IPO). The listing of first ever, Mwalimu Bank, was planned for Monday this week but the work of collecting IPO subscriptions took long than expected since it also involved wide network of mobile phones. Dar es Salaam Stock Exchange, Chief Executive Officer, Mr Moremi Marwa, said that collectors wanted time extension as they encountered a challenge of gathering all funds, especially from mobile platform. "They (MCB) asked for two more weeks to finalise allotment before listing," Mr Marwa said yesterday. The bourse CEO said the new date is now Monday June 22. The IPO was the first to use mobile platform thus posed a new challenge of compiling all data ahead of allotment. The listing at the bourse takes place after the allocation. The MCB primary offer was oversubscribed by 24 per cent to receive 31bn/- instead of planned 25bn/-. However, the bank was taking the entire amount under green shoe option. The sponsoring broker, Core Securities CEO, Mr George Fumbuka, earlier said the green shoe was applied so that all who applied for shares should get their requirement in full. "It was a great IPO and we thank the promoters and the issuer for tremendously job," Mr Fumbuka said.

The bank prior to IPO had 17bn/- and wanted to rise another 8.0bn/- to have a total of 25bn/- as core capital, well above the Bank of Tanzania (BoT) threshold of 15bn/-. The oversubscription was imminent as Tanzania Teachers Union (TTU) announced that it will spend 11bn/- for buying shares on behalf of its active members at the IPO. The 100 shares costs 50,000/-. TTU has over 200,000 active members. The MCB shares are allowed to be sold in other East African countries freely as long as this is permitted by regulatory authorities in those sister countries - Kenya, Uganda, Rwanda and Burundi. The bank structure after the IPO will be TTU 16 per cent, Teachers' Development Company Limited (TDCL) 4.0 per cent and public 80 per cent. MCB will establish a commercial bank, late this year, which will be supervised and regulated by the BoT under its prudential regulatory regime. The bank will supply the normal banking products, with provision that it will spread its footprints as quickly as possible to reach TTU members; other teachers and workers; and the public in general. *(Daily News)*

Economic News

Tanzania's current natural gas reserves are at about 55 trillion cubic feet (tcf) following new deep sea discoveries off its southern coast, the east African nation's energy minister said. East Africa is a new hotspot in hydrocarbon exploration after substantial deposits of crude oil were found in Uganda and major gas reserves discovered in Tanzania and Mozambique. "As a result of ongoing exploration activity, natural gas resources discovered in the country rose from 46.5 tcf in June 2014 to 55.08 tcf in April 2015, equivalent to an increase of 18 percent," George Simbachawene, Tanzania's energy and minerals minister, said in a presentation to parliament on Saturday. Tanzania in October raised its estimate of recoverable natural gas resources to up to 53.2 tcf. He said the government had lifted the natural gas resources estimate following new discoveries by Statoil, Exxon Mobil, BG Group and Ophir Energy. Simbachawene said a pipeline connecting offshore natural gas fields to Tanzania's commercial capital Dar es Salaam would be commissioned in September, ahead of the energy ministry's previous estimates of November. "The commercial operational date of gas processing plants and the pipeline has now been set at September 2015," he said. The 532-km (330-mile) pipeline and gas processing plants, financed by a $1.225 billion Chinese loan, were initially expected to be completed last year but were delayed from going online due to technical setbacks.

The government said the pipeline would enable the country to switch to gas-fired power plants and reduce oil imports, hence leading to annual savings of over $1 billion. Simbachawene said the government would invest in new gas-fired power plants to boost electricity supply in east Africa's second-biggest economy, which has frequently been hit by chronic energy shortages. "During 2015/16 the government will start implementing the construction of a 240-megawatt power plant that is expected to cost $344 million," he said. The minister said the government would also start work in 2015/16 on the construction of 1,148 km of a new 400 kV power line at a cost of $664 million in the north-west power grid. "Another project involving the construction of a power transmission line in the north-east grid will be financed by a $693 million loan from China's Exim Bank," he said. *(Reuters)*

THE shilling has depreciated by almost 20 per cent in the first five months of this year, following high demand amid low supply of foreign currency, especially the US dollar. This shilling dropped to the historical low level of 2,070/- in the first week of this month from 1,732/- of January against the US dollar, according to the Bank of Tanzania (BoT). On year-to-year basis ending June, according to BoT the shilling depreciated by 25 per cent as of yesterday data from Interbank Foreign Exchange Market (IFEM). The shilling woes though favoured exporters, it heavily erode the purchasing power as the country as a net importer. The depreciation may push up inflation as prices such of fuel has already increased by 100/-. At commercial level, the shilling closed last week at the record-breaking levels of 2,175/- against to the dollar as demand continued to climb. The CRDB Bank said "the high dollar demands and interbank activities are still putting a lot of pressure on the shilling to depreciate against the greenback." The shilling closed the session at the record-breaking levels of buying 2,165/- and selling 2,175/- against the dollar. Those who are prodepreciation argued that when the currency slide down, exports are sold at discount thus favouring those in that particular sector to increase productivity. "This is good for the economy as exporters gain more, therefore depreciation acts as incentive to increase productivity," said Dr Charles Kimei, Managing Director of CRDB Bank. Despite Tanzania being a net-importer, he urged that, when the shilling goes down it is the time to take that opportunity to increase export output and elevate the country's export position. Also, the shilling depreciation has favoured foreign investors' participation on Dar es Salaam Stock Exchange (DSE), who are buying more shares as their involvement has increased by 91.35 per cent in the first quarter. Market analysts have it that the shilling's depreciation works in favour of foreign buyers who now get more shillings when changing their dollars to have more purchasing power.

On the other hand, foreigners get little when selling their shares at the current exchange rate thus holding their sales. Mzumbe University Senior Economics Lecturer, Prof Honest Ngowi, said the shilling's depreciation has far-reaching effect on the economy as a whole since the country is a net importer. "If the shilling goes down, imported goods automatically becomes expensive to push inflation up," Prof Ngowi said. Meanwhile, rising food prices pushed Tanzania's annual inflation to 5.3 per cent in May from 4.5 per cent in April, the statistics office said yesterday, just above the government's target of 5 per cent by June. Food is the biggest driver of prices in the country among the basket of goods and services used to measure the inflation. Mr. Ephraim Kwesigabo, director at the National Bureau of Statistics (NBS), told a news conference the rate went up due to a faster rise in prices of major food commodities. "Food items whose prices increased include maize flour, fresh fish, cooking banana's and round potatoes," he said. The food and non-alcoholic beverages inflation rate increased to 8.5 per cent in May from 7.1 per cent in April. The month-on-month inflation rate for May increased by 0.4 per cent from an increase of 0.8 per cent in April. *(Daily News)*

THE Capital Markets and Securities Authority (CMSA) is targeting 50 per cent of Tanzanian adult population to aware of the operations of stock markets by the end of next year. This plan calls for a sustained and holistic educational and awareness approach to ensure that many citizens are aware of the opportunities offered by capital markets and securities industry. The campaign also wants the population to access capital markets as investors, issuers of securities or market professionals. This is a holistic challenge. The CMSA Chief Executive Officer, Ms Nasama Massinda, said the promotion and developing the capital markets industry in the country is one of the statutory functions of the CMSA. "(Thus), key avenue of attaining developmental goals of the capital markets includes public awareness and educational campaign," Ms Massinda said. This avenue is endless. The challenge lies on what type of the avenue should be taken to impact the knowledge to the right people at the right time. Last week the CMSA organised the Capital Market Universities and Higher Learning Institutions Challenge (CMUHLIC) for 2015. The CMUHLIC, starting this month, is an inter universities competition that is open to all students in universities and other higher learning institutions in Tanzania Mainland and Zanzibar. "The focus of the challenge is primarily on increasing financial literacy by testing the knowledge and understanding of students on issues related to capital markets. "It will also test the ability of students to apply their knowledge on capital markets to real life situations," Ms Massinda said. To maximise the awareness impact, CMSA selected some 250 students from various universities and higher learning institutions who have been nominated to become Ambassadors of the challenge.

So the nominated Ambassadors are expected to promote the challenge in their respective universities and provide guidance to their peers on how to participate in the challenge. Some of the Ambassadors are coming from University of Dar es Salaam Business School (UDBS), Institute of Finance Management (IFM), College of Business Education (CBE) and the Tanzania Institute of Accountancy (TIA). In that regard, CMSA is collaborating with universities and other stakeholders in rolling out the Comprehensive University Challenge awareness programmes. The programme has the objective of inculcating financial literacy and inclusion amongst students, through quiz competition and competition in writing essays on capital market topics. The inter universities gears come at a time where a large part of the population which is integral to the growth and development of the capital markets industry, the youth in the upper age bracket are left out. The regulator said there are thousands of students in universities and other higher learning institutions who are interested in the capital market industry but have no avenue for participation. In this regard, CMSA is initiating the challenge awareness programmes for two years in a row to inculcate financial literacy amongst university and higher learning students, through quiz and essay competition. In addition, participation in crowd pulling events, exhibitions, preparation of television and radio programmes targeting general public and organisation of various seminars, workshops and office to office talks targeting specific user groups will remain amongpriority activities to attain the set target.

The competition will have two categories namely Capital Markets Quiz Challenge involving answering 100 multiple choice questions via mobile phone sms. The second category is Essay Competition where students are required to write an essay on the topic titled "How capital markets can be used to facilitate economic development in a community," giving practical examples. The overall winners in the categories of Quiz and Essay Competitions will receive 1.8m/- each. The competition is among the success stories of CMSA since its establishment, some two decades ago, where notable developments and achievements have been attained in the securities industry. The achievement including wider participation in securities dealings which is a manifestation of increased public awareness of capital markets issues. This is evidenced by the increase in market activities at the Dar es Salaam, Stock Exchange (DSE) including the number of listed securities, increased number of entities and individuals seeking licensing from the CMSA. DSE Chief Executive officer Mr Moremi Marwa said once again for the seventh consecutive quarters, the bourse was ranked as one of the Exchanges in Africa that delivers high returns to investors on its listed stocks. "Wealth enhancement (as measured by increase in market investment value) and liquidity levels, as measured by market turnover, or volume of transactions, increased at relatively significant levels," he said. Domestic market capitalisation and indices-which covers the 14 local listed companies-increased by 3.0 per cent compared to the loss of 10 per cent in the previous quarter (October-December 2014). Market capitalisation and indices (covering all 21 listed companies) also increased by 3 per cent on yearon- year growth in domestic market capitalisation and indices was at 64 per cent and 36 per cent for the total market capitalisation and indices.

The domestic market capitalisation increased from 9.9tri/- as of end of December to 10.2tri/- as of end of March 2015. The total market capitalisation also increased from 22.3tri/- as end of December 2014 to 22.7 tri/- as of end of March 2015. "The relatively better performance of the total market indices and total market capitalisation was a result of good fundamental performance of the underlying companies, relatively good dividend payments and positive sentiments and outlook by investors," Mr Marwa said. At the moment, a total of 200,000 Tanzanians, equal to less than 1.0 per cent, are participating in the market through the Dar es Salaam Stock Exchange (DSE). "I hope that the participants and other stakeholders will gain and acquire useful knowledge and skills concerning the capital markets industry. "I therefore call upon them at later dates to participate in the Securities Industry Certification Course (SICCs) that will lead them to a qualification for obtaining licences to provide services in the securities industry in Tanzania," CMSA Ms Massinda said. *(Daily News)*

TIGHT liquidity among investors has continued to impact negatively on the performance of the long term debt securities resulting into undersubscription. Weak performance was witnessed in the seven-year treasury bonds auction by the Bank of Tanzania (BoT) on Wednesday after attracting few bids. Some of the leading investors in the government paper include pension funds, insurance firms and few microfinance institutions. The BoT said that most investors including commercial banks and corporate clients are fulfilling annual tax obligation for the financial year 2014/15. The fact that commercial banks and their corporate clients are obliged to fulfill annual tax obligations could reduce the ability to effective participation in the treasury bonds. The government through the BoT sold the third seven-year bond this year which, contrary to the previous two sessions, this one ended up under subscribed. The BoT received 33.68bn/- offers from local and foreign investors but in the end took only 5bn/- as successful amount. It would be paying those who participated in the bids, an interest or weighted average yield to maturity of 16.64 per cent compared to 15.6 per cent offered in the seven years bond auctioned in April this year. Also the Bank would pay investors the weighted average coupon yield of 13.72 per cent compared to 13.1 per cent, offered in the preceding 7-year bond auctioned on April this year. Proceeds from the bond, would be used to finance infrastructure projects and settle some maturing debts. The minimum successful price/100 declined to 72.28 compared 70.70 of the preceding seven years debt instrument. Similarly, the weighted average price for successful bids increased slightly to 73.45 compared to 76.94 of the other session. Also the highest bid/100 for the long term government paper jumped to 76.63 compared to 90.17 of the session that expired in April this year. A total of 40 bids were received but only seven became successful. *(Daily News)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zambia

Corporate News

First Quantum Minerals Ltd. will consider investing as much as $1.5 billion to build a power plant in Botswana that will supply its mine in neighboring Zambia, a venture partner of the copper producer said. Current plans for a 300 megawatt coal-fired plant with an estimated cost of $750 million at the Sese power project in Botswana could be doubled, Frazer Tabeart, chief executive officer of African Energy Resources Ltd., said Wednesday in an interview in the capital, Gaborone. First Quantum is increasing its stake in the Sese project to 75 percent for A$12 million ($9.3 million), he said. First Quantum needs power for its 80 percent-owned Kansanshi mine in Zambia, the largest copper mine in Africa, which is expected to produce about 350,000 metric tons of the metal a year. The Vancouver-based company's additional investment with African Energy will fund a study to determine whether to build the larger plant, Tabeart said. "They will decide on whether they are going ahead with a 300 megawatt or 600 megawatt project early next year," Tabeart said at a resources conference. Perth-based African Energy has the right to export any power from the plant that First Quantum doesn't take up, he said. John Gladston, a spokesman for First Quantum in Zambia, said he couldn't make any immediate comment and requested that questions be e-mailed to him. *(Bloomberg)*

Economic News

Zambia sold a 571 million kwacha ($79 million) stake in its mining investment company to the national pension fund as the government seeks to plug a growing budget deficit. Zambia's National Pension Scheme Authority bought the 15.9 million shares the government sold in ZCCM Investments Holdings on Tuesday, David Chewe, investment director at the fund, said in an e-mailed response to questions on Wednesday. The Lusaka Stock Exchange announced the government's sale of the shares yesterday. The deal is the first step in Zambia's planned reduction of its stake in ZCCM-IH from 87.5 percent to 60 percent. The proceeds will help to cover a fiscal gap forecast by the International Monetary Fund to climb to 7.7 percent of gross domestic product this year. "It's a milestone in our country's history," ZCCM-IH Chief Executive Officer Pius Kasolo told reporters in Lusaka Wednesday. The company's shares are "the best performing on the Lusaka Stock Exchange," he said. "They're really sought after." ZCCM-IH, based in Lusaka, the capital, holds minority stakes in the local units of companies including First Quantum Minerals Ltd., Glencore Plc and Vedanta Resources Plc. The company is the successor to Zambia Consolidated Copper Mines, which held the government's stakes in the country's copper operations after they were nationalized.

NAPSA bought the shares at 36 kwacha each, according to calculations by Bloomberg, representing a 10 percent discount to the price of ZCCM-IH shares on the Lusaka Stock Exchange. NAPSA added to its holding of 8.3 million shares it acquired in July through underwriting a rights issue the company held. Its combined shareholding amounts to 15 percent of ZCCM-IH's 'B' shares, according to calculations by Bloomberg using data on the mining investment's company's website. *(Bloomberg)*

Zimbabwe

Corporate News

AFRICAN Sun reported a 10 percent increase in revenue to $25 million in the six months to March 31, buoyed by an improved performance of its Ghana Hotel Amber Accra. Amber Accra Hotel achieved $2,87 million revenue after it opened its doors late last year. In a statement accompanying the results on Friday, acting chief executive Edwin Shangwa said occupancies grew by six percentage points to 47 percent for the half year. "This was attributable to an increase in room nights largely driven by the improvement in conferencing business in Zimbabwe and an improvement in the room occupancy of Amber Accra." "The Zimbabwe operations reported a 12 percent increase in room nights, driven by a 20 percent growth in the domestic market while the foreign market remained flat compared to same period last year," he said. Revenue from the Zimbabwe operations remained flat, at $24,69 million compared to $24,78 million posted in the same period last year. Operating costs were up by 8.5 percent, an increase attributed to the Ghana hotel which is now operating at an increased capacity compared to same period last year. Profit before tax for the half-year fell to $670,000 from $1,77 million the same period last year. *(New Zimbabwe)*

Zimbabwe Stock Exchange-listed cement manufacturer Lafarge Cement Zimbabwe has secured approval from its France-based parent company, Lafarge Group, to invest an additional $5 million on plant upgrades this year. The cement maker last year announced plans to invest about $10 million-$15 million on upgrading its milling plant to increase production by nearly a third of current capacity and bring approved investment threshold to $20 million. According to the company, the plant upgrades will push its volumes to 500 000 tonnes of cement per annum from 390 000 tonnes. Speaking on the sidelines of the company's annual general meeting, Lafarge Zimbabwe chief executive Ms Amal Tantawi told The Herald Business that the company has managed to secure an additional funding for the upgrade of the plant. "We are continuing the investment. We secured an approval for an additional $5 million and all the investments will go towards rehabilitation of the plant, refurbishing inlets to the kiln and other small things that will reduce costs. "In terms of our outlook for 2015, we are slightly above budget when it comes to EBITDA. Preparatory work done at the plant has started bearing fruits and we hope this new investment approved will go a long way in enhancing our cost-cutting initiatives based on plant efficiencies," said Ms Tantawi. She said despite the difficult economic environment, Lafarge invested $7,2 million in capital programmes, with $5 million going to limestone quarry development. Ms Tantawi said the company has found it difficult to export citing lack of competitiveness as the biggest challenge for the leading local cement manufacturer. "As Lafarge we cannot compete on the export market at the moment because our business environment at the moment is expensive to operate on and it's difficult to compete with cement from the east coast, Pakistan and China. Demand has been flat and recently we have seen the entry of new players in the local market where disposable incomes remains subdued coupled with lack of huge infrastructural projects," said Ms Tantawi.

The Lafarge CEO said as demand remains subdued, they have implemented differentiation strategy. She said new players coming into the market were imitating their brands and Lafarge is working towards strengthening its brand equity. She said the coming of new players on the domestic market has seen Lafarge Zimbabwe's market share declining to 27 percent from 31 percent last year. "At the moment we stand at 27 percent in terms of market share down from 31 percent," she said. The company's revenue for the year to December 2014 was down 11 percent at $60 million from $67 million in the previous comparative period as a result of a reduction in local sales volumes and cement selling prices. The liquidity constrains and the low average manufacturing capacity utilisation continues to have an adverse impact on the company's business activities. Last year the company incurred high maintenance costs in the first half of the year, following major plant maintenance works undertaken to improve performance. Despite the difficult operating environment the company recorded a modest operating profit before income, finance costs and tax of $1,1 million last year. *(Herald)*

PROPLASTICS, a former subsidiary of Masimba Holdings Limited, yesterday made its debut on the Zimbabwe Stock Exchange (ZSE) when 60 000 shares were traded at 3 cents each. The listing followed the restructuring at Masimba in which the plastics subsidiary was unbundled from the group. Speaking at the official launch of Proplastics on the ZSE, the company's managing director Kuda Chigiya said the unbundling of Proplastics Limited was a positive step in the right direction as it unlocks the potential Proplastics Limited has which had long been hidden under the Masimba Holdings Limited brand. "… I am excited to announce that Proplastics Limited will be listed on the ZSE with effect from today. This follows a long and rewarding process that involved various stakeholders in effecting the unbundling of Proplastic Limited from Masimba Industries Limited," Chigiya said. Chigiya said the unbundling was coming at a time when Proplastics was modernising a plant to a state-of-the-art factory. He said Proplastics Limited had invested over $4 000 000 in the last five years in plant modernisation. He added that in November 2014 Proplastics commissioned the new HDPE line and Mine pipe. "As I speak right now, we are in the midst of commissioning another new plant in our injection moulding factory. The new plant comes complete with efficient moulds for electrical, sewer and waste fittings to the value of $350 000.The modernisation of the plant will continue into the 2015 to 2016 period," he said. Chigiya said the second half of 2015 will see Proplastics acquiring a medium diameter PVC pipe extrusion plant to the tune of $1 million. He said that the plant modernisation programme will further consolidate Proplastics's domestic market share which was in excess of 70% and attract new possibilities in local and regional smart partnerships.

Masimba Holdings managing director Canada Malunga said the separate listing of Proplastics comes as a result of the economic challenges in the country and the board has seen that it was strategic to have a separate listing for the business. He said Masimba Holdings now holds 10% shareholding in Proplastics. Speaking at the same event, ZSE chairperson Eve Gadzikwa said the listing of Proplastics was the first in three years and probably the last in the manual trading environment. Electronic trading of shares on ZSE will start on July 3. "Masimba Holdings have been listed on the ZSE for 45 years now and we are hopeful the new issuer will continue in the marketing of the Zimbabwean brand and the Zimbabwean economy. Proplastics is a reputable brand of manufacturing and supplying of local and regional company and have been a division of Masimba until today," she said. She said despite the challenges in the macroeconomic environment the ZSE still provides the avenue for capital rising.*(News Day)*

The dividend will be paid to shareholders registered in the books of the company as at June 5 2015. A few companies have declared dividends at the just-ended reporting period, due to the current economic challenges the country is facing. Some of the companies that declared dividends include British American Tobacco Zimbabwe, Econet Wireless, Zimre Property Investments Limited, Innscor Africa, CBZ Holdings and NicozDiamond. In a statement, Delta Corporation Limited said this would bring the total dividend for the year to March 2015 to $45,1 million, which is 3% above the $43,7 million disbursed in 2014. The top listed entity has been paying dividends since 2010 despite committing significant amounts to the capital investment programme. Delta said the company had increased the dividend payout despite the profit for the year decreasing to $92,8 million in 2015 from $107,2 million in 2014. The company said the lower profit was on the back of reduced volume and revenues from lager beer and soft drinks, which reflected the difficult trading environment. Delta paid a total of over $166 million in direct and indirect taxes during the year, which mainly comprises excise duty on clear beer and value added tax. Finance director Matts Valela told analysts at the 2015 results briefing last month that the company intended to reduce the dividend cover to around two times, benefiting from reduced capital expenditure. He emphasised the importance of rewarding shareholders with cash as some of them, particularly pensioners, rely on these remittances for sustenance.

The company's revenue declined by 4% to $576,6 million for the full year ended 2015 from $602,2 million in the previous year reflecting the effects of lower sales volumes in both lager beer and sparkling beverages. Delta Corporation chief executive Pearson Govero said lager beer volumes were down 17% on the prior year, but the plunge was mitigated by a significant increase in sorghum beer volumes. Sorghum beer volumes grew by 8% on prior year buoyed by Chibuku super investment with the supply of the product improving in the last quarter of the year. Maheu and dairy mix beverages were up 11% for the year, with the line expected to benefit from additional flavours. *(News Day)*

CFI Holdings has begun the verification process at Saturday Retreat after completing the registration of 9 000 housing stands last month, group spokesperson Panganayi Hare has said. CFI reclaimed the land after a January High Court annulling the compulsory acquisition of the 656 hectares of land in 2013. "We have surveyors on the ground that are doing field verification. They are checking whether the pegging and the layout were done. The process will take a week and we are working with the department of physical planning," Hare said. He said the group had been failing to secure laid out plans from the residents who illegally occupied Saturday Retreat. Hare said after the verification process, the group would start the process of pegging stands and it should take between three to four months. "We have done all the applications. We have gone to Environmental Management Authority. We are also working on the drawings for approval by the city council and we will follow all due processes to meet the standards required by the government for roads, sewer and electricity," Hare said. He, however, could not give the cost that the company would incur in the development of the stands at Saturday Retreat. He said the process would enable the house owners to get title deeds and help the company to put numbers on the stands as the numbering was haphazard at the moment. "We are happy with the way residents have responded in terms of registration and they are also making their payments," he said. The house owners at Saturday Retreat Estate are currently paying $60 per month to CFI Holdings although the amounts vary according to the size of the stand. *(News Day)*

Amalgamated Regional Trading (ART) posted an operating profit of $651 000 for the half year ended March 31 2015 compared to a loss of $266 000 last year attributed to an increase in sales volumes. In a statement accompanying the group's financial results, ART chairman Moses Chundu said production in sales volumes improved across all divisions as a result of the first phase of the recapitalisation exercise particularly in the second quarter of the financial year. Revenue increased by 5% to $14,8 million compared to last year while margins improved by 2% to 33%. Profit before tax for the group stood at $23 000 from a $991 000 loss. "Eversharp posted a profit before tax of $176 000. This was, however, lower than prior year as a result of raw material shortages in the first quarter. The automatic pen assembly and ink filling machines were commissioned in December resulting in production efficiencies and cost savings in the second quarter," Chundu said. The group recorded a 115% increase in cash generated from operating activities to $2,3 million and this was due to tight working capital management and improved performance by the businesses in the second quarter. Chundu said the batteries division posted a profit before tax of $370 000 and volumes at the factory were 53% higher than last year due to improved performance in the industrial business unit. "The consolidated paper division posted a loss of $212 000 compared to a loss of $492 000 in 2014.The new equipment which was commissioned in December 2014 resulted in improved quality and consequently, volumes increased by 13% from prior year in both Kadoma Paper Mills and Softex," Chundu said. ART's group debt stood at $8,1 million and $628 000 of the cash generated was utilised to pay interest. "The balance sheet remains highly geared and focus in the next half will be to find a conclusive solution to the debt situation and directing efforts to return to profitability in all business units," Chundu said. He said the group expects the macroeconomic environment to continue to be difficult in the short to medium term. Chundu said plans were underway to automate the manufacturing business in the medium term and a commitment had already been made to increase capacity at Eversharp by year end.*(News Day)*

Hospitality concern Rainbow Tourism Group (RTG) has recorded a 14 percent decline in revenue to $7,6 million in the quarter to March due to a fall in the number of conferences which traditionally drive revenue for the group. Rooms sold dropped by 12 percent with occupancies averaging of 36 percent as the group maintained an average room rate of $76. "This led to the group relying more on individual stay as opposed to the traditional conference market. This is the first quarter to register performance below prior year," chief executive Tendai Madzivanyika said in a statement to shareholders on Thursday. He said city hotels were most affected by the shift in the business trend but was optimistic of a recovery after the Bulawayo Rainbow Hotel grew its business by 15 percent following the Zimbabwe International Trade Fair. The Victoria Falls properties posted slight gains of two percent growth in revenues while the group experienced a three percent growth in foreign arrivals in the first quarter from its three traditional source markets – the United States, Europe and Asia. "Overall arrivals into Zimbabwe as a destination were down by 20 percent in the first quarter, due to the effects of the Ebola virus which had a negative impact on arrivals from Japan, South Korea and China Markets," said Madzivanyika. Arrivals from the markets fell 80 percent during the period under review. "The foreign business segment will remain a growth area and will be driven through the South Africa marketing office. The ongoing direct investment in regional and international markets, and the various e-commerce channels will remain key in pushing the resort hotels," he said. Despite the challenges, Madzivanyika said the group managed to protect its market share of 25 percent for the quarter. In a bit to boost revenue, the group introduced low season and weekend promotions which also seek to counter the reduced business activity in all segments. Turning to its Mozambique hotel, Madzivanyika said it was affected by slowdown in government activities following the 2014 elections but anticipated a recovery in the second quarter.

Meanwhile, the group has reduced the cost of sales by eight percent in the quarter while utility costs fell by nine percent. On the outlook, the group anticipates recovery in the second half of the year , traditionally its peak season. “Positive signs are evident in the May revenue performance, which closed at five percent above same period prior year,” he said.*(The Source)*

Economic News

France will provide financial support to Zimbabwe once the southern African country clears its foreign debt, the French deputy secretary of foreign affairs said on Friday after holding talks with Harare authorities. RÃ©my Rioux told journalists in Harare that France wanted to increase trade and improve ties with Zimbabwe, which was slapped with travel and financial sanctions by the European Union and United States in 2003. Zimbabwe owes $9 billion to the International Monetary Fund, World Bank, African Development Bank and the Paris Club, a group of Western creditors, including France. "So as soon as the debt issue is settled of course we would have the capacity to engage much more actively and I would say re-open various instruments that France has that it is using in other countries," Roux said. Rioux said the talks with Zimbabwean officials from the ministries of foreign affairs and finance were the first ever at that level, where he also raised concern over Zimbabwe's human rights record and security of foreign investment. Foreign investors often point to President Robert Mugabe's black economic empowerment drive that seeks to transfer majority shares in foreign-owned firms to locals as an impediment to investing in Zimbabwe. The West has in the past accused Mugabe's government of gross human rights violations, including torture and violence against political opponents. Mugabe denies the charges. *(Reuters)*

A delegation of the World Bank group’s private sector lending arm will arrive in Zimbabwe on Wednesday evening for a series of meetings with government, business leaders and the bankers association, as the country seeks long-term, inexpensive funding for its undercapitalised firms, The Source has established. Sources close to the developments said International Finance Corporation director Cheik Oumar Seydi and senior manager Saleem Karimjee will meet finance minister Patrick Chinamasa in Harare before meeting business leaders and bankers to explore funding opportunities. Zimbabwe’s government, which has an estimated $10 billion debt is, currently unable to access loans from multilateral finance institutions (MFIs) such as the World Bank and the International Monetary FundIMF due to arrears. “The mission will be in the country between June 10 and 12. They will meet with business leaders and identify sectors where the IFC can extend funding to,” a source who declined to be identified as he is not authorised to speak for the delegation, said. Half of Zimbabwe’s $10 billion external debt is in arrears and the country has not received financial support from MFIs such as the IMF, World Bank and African Development Bank since 1999. Zimbabwe has since June 2013, however, undertaken an IMF staff monitored programme (SMP), an informal and flexible instrument for dialogue between the Fund staff and a member country on its economic policies. The SMP does not entail funding support. However, implementation of the SMP has been mixed, with government struggling to rein in its wage bill which currently gobbles up as much as two-thirds of its total revenue– a key aspect of the programme. *(The Source)*

The International Finance Corporation (IFC), a subsidiary of the World Bank, on Thursday held its first talks with Zimbabwe since 2001, beginning a process that could lead to resumption of lending to firms in the southern African country. International institutions like the World Bank and International Monetary Fund have shunned Zimbabwe since 1999 when President Robert Mugabe's government started to default on its foreign debt, which now stands at $9 billion. Finance Minister Patrick Chinamasa said while the World Bank and IMF could not lend to the government over its current debt, the IFC could provide loans to private companies. "This is just a small step towards eventually the IFC starting to engage and support our private sector," Chinamasa told journalists after meeting IFC officials in the capital. Cheik Oumar Seydi, an IFC director said the institution would meet companies from Zimbabwe's finance, infrastructure and agribusiness sectors during a three-day visit. Zimbabwean companies are struggling to stay afloat due to lack of capital to upgrade ageing equipment, high interest rates, power shortages and competition from cheap imports. Mugabe has been a pariah in the West, which imposed sanctions on Africa's oldest leader over charges of human rights violations and electoral fraud, but he has been working to improve ties with Western countries and financial institutions. *(Reuters)*

Disclosures Appendix

This Publication is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of any jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject Securities Africa Limited, or its subsidiaries or affiliates to any registration or licensing requirement within such jurisdiction. Neither this Publication nor any copy of it may be distributed in any jurisdiction where its distribution may be restricted by law and any persons into whose possession this Publication comes should inform themselves about, and observe, any such restrictions.

The information contained in this Publication or on which this Publication is based has been derived from sources believed to be reliable and accurate however no representation or warranty, express or implied, is made as to the fairness, completeness, accuracy, timeliness or otherwise of the information or opinions contained in this Publication and no reliance should be placed on such information or opinions. The information contained in this Publication has not been independently verified by Securities Africa Limited. While reasonable care has been taken in preparing this document, no responsibility or liability is accepted as to or in relation to the fairness, completeness, accuracy or timeliness or otherwise of this Publication or as to the reasonableness of any assumption contained, nor for errors of fact or omission or for any opinion expressed in this Publication.

Past performance should not be taken as an indication of future performance, and no representation of any kind is made as to future performance. The information, opinions and estimates contained in this Publication are provided as at the date of this Publication and are subject to change without notice. Distribution of this Publication does not constitute a representation, express or implied, by Securities Africa Limited, or its advisers, affiliates, officials, directors, employees or representatives (the "Parties") that the information contained in the Publication will be updated at any time after the date of the Publication. The Parties expressly do not undertake to advise you of any information coming to any or all of their attention.

Any opinions expressed in this Publication may differ or be contrary to opinions expressed by other business areas or groups of Securities Africa Limited as a result of using different assumptions and criteria. The analysis contained herein is based on numerous assumptions. Different assumptions could result in materially different results.

All projections and forecasts in this Publication are illustrative only. The actual results may be materially affected by changes in economic or other circumstances, which cannot be foreseen. No representation or warranty is made by any of the Parties as to the achievability or reasonableness of any projection or forecast contained in this Publication.

This publication is provided to you for information purposes only on the understanding that Securities Africa Limited is not acting in a fiduciary capacity. It does not address specific investment objectives or financial situations, and any investments discussed may not be suitable for all investors. Prospective investors must make their own examination and evaluation of the merits and risks involved in the securities set out in this Publication including any legal, taxation, financial and other consequences of investment and should not treat the contents as advice relating to legal, taxation or other matters. This report is not to be relied upon in the substitution of independent judgment with respect to any investment decision. Investors should consider this Publication as only a single factor in making their investment decision, and as such, the Publication should not be viewed as identifying all risks, direct or indirect, that may be associated with any investment decision.

Foreign currency-denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of, or income derived from, the investment. In addition, investors in securities such as ADRs, the values of which are influenced by foreign currencies, effectively assume currency risk.

Securities Africa Limited conducts designated investment business only with eligible counterparties and professional clients. To the extent permitted by law and regulation, Securities Africa Limited accepts no liability whatsoever for any loss howsoever arising, directly or indirectly, from any use of this Publication or its contents or otherwise arising in connection with that. This Publication is not intended for distribution to retail clients.

By receiving this Publication, the recipient agrees to keep confidential the information contained in this Publication together with any additional information made available following further inquiries. None of the material, nor its content, nor any copy of it, may be altered in any way, disclosed, published, reproduced or distributed to any other party, in whole or in part, at any time, without the prior written permission of Securities Africa Limited.

Nothing in this Publication constitutes or forms part of, and should not be construed as, an offer for sale or subscription of, or solicitation of any offer to buy, sell or subscribe for, the securities of the Company, nor should it or any part of, form the basis of, or be relied on in connection with, any contract or commitment whatsoever.

Securities Africa Limited and/or its associates and/or any of their respective clients may have acted upon the information or opinions in this Publication prior to your receipt of it. Securities Africa Limited and/or its associates may provide investment banking services to the Company and in that capacity may have received confidential information relevant to the securities mentioned in this Publication which is not known to the researchers who have compiled this Publication.

Securities Africa Limited and/or its associates and/or their officers, directors, employees or representatives may from time to time purchase, subscribe for, add to, dispose of or have positions or options in or warrants in or rights to or interests in the securities of the Company or any of its associated companies mentioned in this Publication (or may have done so before publication of this Publication) or may make a market or act as principal or agent in any transactions in such securities.

This report may not have been distributed to all recipients at the same time. This report is issued only for the information of and may only be distributed to professional investors (or, in the case of the United States, major US institutional investors as defined in Rule 15a-6 of the US Securities Exchange Act of 1934) and dealers in securities and must not be copied, published or reproduced or redistributed (in whole or in part) by any recipient for any purpose.

English law governs the issue, publication and terms of this Publication and any disputes arising in relation to any of them will be subject to the exclusive jurisdiction of the English courts.

By accepting this Publication, you agree to be bound by the foregoing limitations. No part of this material may be (i) copied, photocopied or duplicated in any form by any means or (ii) redistributed without the prior written consent of Securities Africa Limited.