SECURITIES AFRICA
RESEARCH & CAPITAL MARKETS

PAN-AFRICA

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

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

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

AFRICA STOCK EXCHANGE PERFORMANCE

				WTD % Change		31-Dec-14	YTD % Change	
Country	Index	17-Jul-15	24-Jul-15	Local	USD	31-Dec-14	Local	USD
Botswana	DCI	10807.15	10834.65	0.25%	0.67%	9,501.60	14.03%	8.95%
Egypt	CASE 30	8022.91	8087.24	0.80%	0.84%	8,942.65	-9.57%	-17.42%
Ghana	GSE Comp Index	2290.40	2275.34	-0.66%	1.12%	2,287.32	-0.52%	-4.17%
Ivory Coast	BRVM Composite	290.70	298.49	2.68%	3.07%	258.08	15.66%	4.27%
Kenya	NSE 20	4638.44	4500.43	-2.98%	-1.40%	5,112.65	-11.97%	-20.71%
Malawi	Malawi All Share	16068.63	16068.63	0.00%	0.87%	14,886.12	7.94%	10.66%
Mauritius	SEMDEX	1950.83	1953.78	0.15%	0.08%	2,073.72	-5.78%	-16.53%
	SEM 10	371.20	373.49	0.62%	0.54%		-3.19%	-14.24%
Namibia	Overall Index	1121.10	1083.27	-3.37%	-3.50%	1,098.03	-1.34%	-7.82%
Nigeria	Nigeria All Share	31047.99	31091.69	0.14%	0.53%	34,657.15	-10.29%	-17.66%
Swaziland	All Share	305.80	305.80	0.00%	-0.13%	298.10	2.58%	-4.15%
Tanzania	TSI	4563.65	4540.77	-0.50%	2.66%	4,527.61	0.29%	-16.75%
Tunisia	TunIndex	5660.68	5646.90	-0.24%	0.03%	5,089.77	10.95%	4.94%
Zambia	LUSE All Share	5842.52	5821.18	-0.37%	3.12%	6,160.66	-5.51%	-20.82%
Zimbabwe	Industrial Index	143.49	145.90	1.68%	1.68%		-10.38%	-10.38%
	Mining Index	40.09	40.94	2.12%	2.12%		-42.91%	-42.91%

CURRENCIES

	17-Jul-15	24-Jul-15	WTD %	YTD %
Cur-	Close	Close	Change	Change
BWP	9.90	9.86	-0.41	5.10
EGP	7.81	7.81	-0.03	9.54
GHS	3.36	3.30	-1.76	5.66
CFA	600.84	598.58	-0.38	11.34
KES	100.47	98.86	-1.60	12.83
MWK	455.65	451.71	-0.86	-1.60
MUR	34.32	34.35	0.08	12.80
NAD	12.40	12.42	0.13	6.88
NGN	197.96	197.20	-0.39	9.38
SZL	12.40	12.42	0.13	6.88
TZS	2,114.26	2,049.06	-3.08	24.30
TND	1.97	1.96	-0.27	6.01
ZMW	7.84	7.58	-3.38	23.51

SECURITIES AFRICA

Botswana

Corporate News

No Corporate News This Week

Economic News

No Economic News This Week

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Egypt

Corporate News

Canadian drugmaker Valeant Pharmaceuticals International Inc said it would buy Egypt's largest drugmaker, Amoun Pharmaceutical, for about $800 million. Valeant said it expects the acquisition of privately held Amoun to help expand in Middle East and North Africa. The deal also includes additional contingent payments, the company said in a statement. *(Reuters)*

Italy's Eni has discovered gas reserves of up to 15 billion cubic metres in Egypt's Nile Delta region, with production set to start in two months, the Egyptian oil ministry said on Monday. The discovery was made in Western Abu Madi, 120 km northeast of Alexandria, where Eni holds 75 percent of exploration rights through an Egyptian subsidiary, with Britain's BP holding a 25 percent stake. Eni made the discovery at a depth of 3,600 metres and initial estimates point towards reserves of up to 15 billion cubic metres of natural gas and natural gas condensate, an Egyptian oil ministry statement quoted the company as saying. The oil ministry signed a $2 billion energy exploration deal with Eni in June. Egypt raised the prices it pays Eni and Edison for the natural gas they produce in the country in July. The agreements marked an attempt by Egyptian authorities to improve terms for foreign oil and gas businesses in the hope that more competitive pricing will encourage investment in the energy-hungry country. Eni has operated in Egypt for more than 60 years through its Egyptian subsidiary IEOC and is one of the main energy producers in the country, with a daily output of around 180 thousand barrels of oil equivalent. *(Reuters)*

Suez Cement, Egypt's largest listed cement maker by market value, posted a second-quarter net profit of 60.9 million Egyptian pounds ($7.8 million) on Tuesday, down from 142.5 million a year earlier. The company said revenue fell 15 percent hurt by lower prices and exports. Suez Cement said it was diversifying its energy sources to mitigate the impact of shortages which "affected negatively the company's profits". *(Reuters)*

Kuwait's Al-Salam Group Holding Co KSC has received approval to list on the Egyptian stock exchange and offer depository receipts, exchange chairman Mohamed Omran told Reuters on Wednesday. Al-Salam Holding, an investment company listed on the Kuwait and Dubai exchanges, has tried unsuccessfully to offer depository receipts on the Egyptian bourse since 2013. The Egyptian bourse's listing committee also approved on Wednesday Beltone Capital's request to offer shares later this year, Omran said. The private equity firm plans to offer 1 billion Egyptian pounds ($128 million) of shares during the fourth quarter. "The approval for Al-Salam's listing in the form of depository receipts is the first time for a non-Egyptian company and which does not operate in Egypt," Omran said. "With the listing of Kuwaiti Al Salaam Holding and Beltone Capital today there will have been 12 new companies listed on the Egyptian bourse since the beginning of the year," Omran told Reuters by telephone. Egypt's stock market regulator has been working with the Egyptian bourse to simplify the process for companies looking to list on the exchange while offering new investment instruments such as exchange traded funds. Al-Salam Holding is a public shareholding company established in 1997. It has been listed on the Kuwaiti bourse since 2005, according to its website. *(Reuters)*

Economic News

State-run statistical authority CAPMAS announced Tuesday that the Egyptian trade balance deficit reached LE24.6 billion in April of 2015, representing a 52.7 percent increase compared to LE16.11 billion in the same month last year. In April, Egypt exports declined from LE17.26 billion in April 2014 to valued LE14 billion. It came due to a drop in the price of certain goods such as crude oil, petroleum products and primary form plastics. Meanwhile, imports' value rose by 15.67 percent, jumping to LE38.7 billion, from LE33.37 billion during the same month last year. According to the report, the rise in imports' value was due to the increase in the value of certain goods such as petroleum products and vehicles. *(Egypt.com)*

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Ghana

Corporate News

CAL Bank Limited has opened its 24th branch at Dansoman near the roundabout. The move forms parts of the bank's resolve to bring banking services to the doorstep of its clients while deepening financial inclusion in the country. It is also in fulfillment of the bank's quest to open 30 branches across the country. The Branch Manager, Mr. George A. Boateng, at the opening of the new branch said the bank would see to the special needs of customers in the Small and Medium Enterprises (SME) space and other savings account of the individual. Mr. Boateng mentioned the CAL Bank Invest Plus, CAL Mortgage Scheme, CAL Home Savings Account, CAL Super Save, CAL Corporate Account, CAL Current Account and CAL Flexi Save as some of the special products being offered at the Dansoman branch and added that customers would also receive a special package offer. He noted that in order to inculcate the habit of saving in the youth, a special Kiddy Save Account had been designed to enable them to build a strong financial background that they could depend on in the future. "At CAL, we want to catch them young and instill the habit of saving in them so they can be financially independent in the future," he said. Mr. Boateng said as part of the bank's deposit mobilisation strategy, ATM devices had been placed at many branches nationwide to help clients to deposit their money with the bank even where the halls were closed for normal duties. A marketing executive of the bank, Mrs. Antoinette Kofie, denounced rumours that the bank was only for the elite in society, stressing that it was established to provide support for the individual and group to achieve their social and economic needs. *(Ghana Web)*

Economic News

The Bank of Ghana (BoG) has initiated steps towards the introduction of a Warehouse Receipt System (WRS) of financing in the country. Under the warehouse system of financing, loans will be given out on the basis of goods or commodities held in trust as collateral. This initiative, according to the BoG, is part of measures to reverse the challenges posed as a result of the absence of a developed domestic commodity exchange and to place the financial system in the country on a sound footing. The First Deputy Governor of the BoG, Mr Millison Narh, made this known at the opening of a two-day commodity training and risk management seminar in Accra. It was organised by INTL FCStone Ltd, a wholly owned subsidiary of INTL FCStone Inc, and brought together representatives from the Ghanaian business community, as well as regional participation from Nigeria and La Cote d'Ivoire. It also brought together participants from multilateral institutions such as the IFC and the African Development Bank. According to Mr Narh, it is expected that Commodity-Backed Warrants (CBW) will be issued by market participants to fund their operations, as these instruments were prerequisites for the establishment of commodity exchanges. "This initiative will not only expand the frontiers of our banking system, but also establish the requisite financial infrastructure needed to fuel the operation of the proposed commodity exchanges," he said.

The commodities market in Ghana, he noted, was less developed and only cocoa and crude oil appeared to have well-structured market infrastructure to facilitate their trading. "The absence of a commodity exchange has hampered the domestic trading of these commodities and the ramifications are visible, and key among them are the issues of price discovery and transparency," he said. Mr Narh stressed that empirical studies showed that commodity trading presented enormous benefits to economies. "Commodity trading has positive impact on farmers and the wider economy. Of the 76 positive hypothesis used, there was evidence to support the assertion that of the 66 positive hypothesis, 30 of them were farmer related while the remaining 36 were related to the wider economy," he said. *(Ghana Web)*

The Bank of Ghana said the yield on its 91-day bill rose to 25.2113 percent at an auction on Friday, from 25.1827 percent at the last sale. The bank said it accepted 582.25 million cedis ($177 mln) worth of bids of the 582.27 million cedis tendered for the 91-day paper. *(Reuters)*

Cocoa purchases declared to Ghana's industry regulator Cocobod stood at 667,000 tonnes by July 2, down by around one-fifth from the previous year, two government sources told Reuters on Friday. The world's second-largest producer has extended its main crop-buying period and purchases could continue until the 2014/15 season ends in September, buyers said. Ghana sharply lowered its output forecast to 750,000 from one million tonnes due to a drop in the Oct-June main crop yield. The West African country bought around 900,000 tonnes of cocoa in the previous crop year. "The purchases are still lagging... we re still below 700,000 tonnes," a government source said, suggesting that Cocobod could miss the revised 750,000-tonne target. Cocobod has yet to formally announce the start of the smaller July-Sept light crop purchases which is mainly discounted to local processing companies and buyers say the regulator might not do so. "The indications are that Cocobod does not see the need to break in between the main crop and the light crop. They intend to continue the purchases until the end of the crop year," said one buyer whose company purchases around 10 percent of Ghana's total crop yearly. *(Reuters)*

The Executive Director of uniBank Ghana Limited, Mr. Owusu Ansah, is optimistic that growth in the banking sector will soon pick up following the successful rebound of the cedi which rose from GH¢4.4 a dollar in late June this year to GH¢ 3.3 on July 14, 2015. "The thriving of the banking sector depends on the free flow of businesses and so if the cedi has gained some strength against the dollar, we are optimistic that the culture of savings will increase," Mr. Ansah said at the official launch of the "Supper 360 Promo" in Accra. He said the depreciation of the local currency against the major foreign currencies brought difficulties to businesses and drastically reduced economic activities for the players of the banking sector. The cedi has shed more than 22 per cent in value against the dollar this year and was trading at GH¢4.40 to the dollar on June 22, when the depreciated peaked. However, figures from the Ghana Association of Bankers show that a dollar which went for GH¢4.32 at the end of June this year has fallen to GH¢3.31 as at July 15. The Euro has also dropped from GH¢4.84 on June 30 to GH¢3.64 as at July 15 this year while the Great British Pound has dropped from GH¢6.77 on June 30 to GH¢5.16 as of July 15.

Going forward, Mr. Ansah said he was optimistic the cedi would gain more strength if the central bank continued with the daily supply of US$ 20 million. uniBank Ghana Limited officially launched the "Super 360" promotion in a bid to show appreciation to its cherished and loyal customers across the country. In order to increase the chances of customers with branches outside Accra, the promotion will feature two mini-draws on a zonal basis and a final draw. The ultimate winner will take home GH¢360,000, while the winner of the first mini draw will win GH¢10,000. The winners of the second and the third mini draw will take home GH¢15,000 each. Other winners will take 50 consolation prizes that include solar panels, solar powered inverter systems, refrigerators, washing machines, Airtel airtime and data worth GH¢5,640, and smart phones. The promotion, which is supervised by the National Lotteries Authority, will run from July 14 to October 14, this year, after which the ultimate draw will be held. Addressing the launching ceremony, the Director in charge of E-banking, Product and Marketing of the bank, Mr. Clifford Duke Mettle, said existing and new customers were eligible to participate in the promotion. He said the bank had been a vanguard in the delivery of excellent customer care and would continue to satisfy the banking and financial needs of its customers. *(Ghana Web)*

Ghana wants to issue a Eurobond of up to $1.5 billion - higher than an originally planned $1 billion - by September for debt financing and budget support, deputy finance minister Cassiel Ato Forson said on Tuesday. The minister did not go into the reasons for the increase, but it had been approved by the International Monetary Fund, a senior government official told Reuters, requesting not to be named. Ghana's finance minister Seth Terkper was presenting a reviewed 2015 budget including the larger Eurobond to parliament on Tuesday. The government of the cocoa, gold and oil-producing West African nation had planned to issue the $1 billion Eurobond by the end of June, but has been pushed back to September. *(Reuters)*

Ghana has revised its 2015 budget deficit target to 7.3 percent of gross domestic product (GDP) from 6.5 percent previously and cut its economic growth estimate to 3.5 percent to 3.9 percent, Finance Minister Seth Terkper told parliament on Tuesday. Terkper, presenting a revised 2015 budget, said Ghana's end-year consumer inflation estimate was increased to 13.7 percent from 11.5 percent. *(Reuters)*

Ghana's parliament was thrown into darkness by a power outage on Wednesday, leading to jeers from the opposition as MPs flipped open their mobile phones to use as flashlights. The blackout, which held up proceedings in the 275-member house for nearly an hour according to officials and lawmakers, was symbolic of the energy crisis the West African nation has been wrestling with for three years. "The lights went off suddenly and the (meeting) chamber was plunged into darkness...it happened in the middle of a debate on a loan agreement for the transport sector," Richard Quarshiga, the member of parliament for Keta constituency told Reuters. Economic growth in Ghana, once a favourite of investors in Africa, has been slowed by a fiscal crisis that has forced the government to seek International Monetary Fund support and undermined its reputation abroad for financial management. But it is the energy crisis that has most sapped business confidence at home and angered ordinary Ghanaians ahead of elections next year. Parliamentary reporter Kenneth Sackey told Reuters there were jeers from some opposition MPs while others were seen using their mobile phones for light. Ebenezer Djietror, a senior clerk, told Reuters that parliament had a backup diesel generator but it failed to kick in during the outage due to a mechanical glitch. President John Dramani Mahama, who promised to fix the energy crisis by December, has ordered emergency power ships from Dubai and Turkey. The government has also signed agreements with various private sector power providers including General Electric to build thermal plants to boost Ghana's generating capacity. *(Reuters)*

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Kenya

Corporate News

Equity Bank, riding on Airtel infrastructure, has launched its controversial thin SIM to offer voice, data and free money transfer services, marking the most significant challenge ever brought to Safaricom's door. "We are removing barriers of financial inclusion, we are targeting telecoms to compete on data, SMS, voice and all levels of money transfer," Equity Bank CEO James told a press conference on Monday. Mr Mwangi said the billions clients spend to send money will no longer be necessary. Equity Bank will ride on Airtel's infrastructure to drive its systems. "We experienced roadblocks on the journey, Equitel will ride on our infrastructure using our free spectrum," said Airtel Africa chief executive Christina de Faria. "You cannot dominate a market or stop innovation," Equity Bank boss James Mwangi. The thin SIM is going for Sh600, and the cost of calling across networks is Sh4 while SMS will cost you Sh1. Safaricom whose huge market share and profitability continues to draw mixed reactions is also faced with strong headwinds both from the regulator and competition. *(Nation)*

Kenya's Equity Bank said it would press ahead with offering mobile phone transfer services, stepping up competition to telecoms firm Safaricom's money transfer product. Equity Bank, the biggest in the east African country by depositors, will run its service through its telecoms unit Equitel and use the network infrastructure of Kenyan telecoms firm Airtel, the local arm of Bharti Airtel. The service has already attracted one million subscribers during a trial run since October, said Equity, which has banks in Uganda, Tanzania, Rwanda and South Sudan. "We will be leveraging on the bank's presence across the region to roll out Equitel and this is the basis of optimism of attaining a subscriber base of over five million SIM cards by end of 2015," James Mwangi, Equity Bank's chief executive officer said in a statement. The money transfer service will enable customers to take loans, carry out cross border money transfers, receive insurance and investment services and send and receive money from other commercial banks and other mobile money transfer services. Safaricom, Kenya's largest telecoms company, launched its M-Pesa phone-based financial services product in 2007 and now has about 23 million customers who use M-Pesa to pay for goods, pay bills, make deposits and withdraw cash from authorised agents. Several commercial banks also run mobile banking services through Safaricom's network.

Safaricom, whose revenue from the M-Pesa service alone rose 23 percent to 32.6 billion shillings ($318 million) in the last financial year to end-March, said it welcomed the new product. "We welcome competition; it is a true indicator of the free and robust operating environment we have in Kenya," Bob Collymore, Safaricom's chief executive, said in a statement. Although Kenya has seen an increase in the population's access to financial services in recent years, about a third of the population still lacks access, the central bank says. Analysts said Equity's mobile pay service could have offered even more benefits to rival Safaricom's lead in the sector. "I think what would make it a much more compelling product is if you are able to integrate that with a lot more payment platforms ... let's say I can pay for water, electricity," Daniel Kuyoh, research analyst at Kingdom Securities.*(Reuters)*

British American Tobacco Kenya said on Thursday it posted an 8 percent rise in its first half pretax profit to 2.77 billion shillings ($27.53 million), helped by improved sales and a favourable exchange rate on export sales. The company, a unit of London-listed British American Tobacco, said its gross turnover was up 3 percent to 17.35 billion shillings, while its earnings per share rose to 19.41 shillings from 17.93 shillings in the first half of 2014. The company makes cigarettes for other firms, as well as its own-brand cigarettes. Most of its manufacturing contracts are from the Democratic Republic of the Congo. It held its interim dividend at 3.50 shillings per share compared with the same period last year, it said in a statement. (*Reuters)*

Kenyan advertising company WPP Scangroup on Thursday reported first-half pretax profit up 12 percent to 285.4 million shillings ($2.84 million) on revenue up 2.7 percent. Scangroup, which also operates in Nigeria, Uganda, Zambia, Ghana, Rwanda and South Africa, said revenue rose to 2.32 billion shillings in the six months to June 30, against 2.26 billion shillings in the same period last year. The company, a subsidiary of WPP, said earnings per share rose marginally to 0.43 shillings from 0.42 shillings. (*Reuters)*

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Economic News

London based ratings agency, Fitch, has downgraded Kenya's ability borrow from the international market over the long term on account of worsening public spending habits and widening current account deficit. In downgrading Kenya's long term external borrowing outlook from stable (B+) to negative (BB-), the ratings agency said Kenya's public finances have been "deteriorating steadily since 2008, reflecting weak revenue performance, increasing infrastructure spending and persistently high current expenditure". Kenya is also grappling with a wide current account deficit due to stagnant exports and a capital-intensive import bill following increased focus on infrastructure development in the country. Similarly, foreign direct investment remains below its peers across Africa and this has resulted in an "unfavourable funding mix, including short-term capital and debt financing," Fitch says. Other key risks include insecurity and a rising debt to GDP ratio. Insecurity remains a significant risk and is expected to continue adversely affecting the tourism sector. Fitch, however, assumes increased investments in large-scale infrastructure projects in power and rail, as well as development of the oil sector are likely to support the growth of Kenya's economy at an average of 6 per cent over the next five years. Whereas current debt levels are sustainable, the risk to debt sustainability is high if growth anticipated to emerge from large-scale infrastructure projects does not materialise. *(Nation)*

The Kenyan shilling was little changed on Tuesday, with a trickle of end-month dollar demand offsetting tight shilling liquidity. The shilling, which has lost about 13 percent against the U.S. currency this year, was trading at 102.45/55 to the dollar at 0655 GMT, compared with 102.50/60 at Monday's close. A trader at one Nairobi-based commercial bank said rising rates on the overnight borrowing market for banks should support the local currency and offset demand for dollars from companies with bills to settle at the end of the month. "The market is very quiet," said the trader. "I believe it will stay in a range and we will have a quiet couple of days." The weighted average interbank lending rate rose to 14.2728 percent on Monday from 13.6129 percent on Friday. Tight liquidity makes it expensive to hold dollars, which gives the shilling a boost. The central bank, which has warned the market it will act to prevent extreme shilling volatility, mops up excess liquidity almost every day to support the local currency. The bank has already boosted interest rates by 3 percentage points to 11.5 percent since June and intervened at least three times last week to sell dollars to support the shilling. The next Monetary Policy Committee meeting is on August 5. The shilling has been under pressure from the global strength of the dollar, a slide in valuable tourism revenues and a widening current account deficit. *(Reuters)*

The Central Bank has issued a circular curbing the volume of daily foreign exchange trading by banks in a move aimed at limiting speculative trading on the shilling. The circular effectively limits the value of foreign exchange trading commercial bank dealers can handle to 10 per cent of the lenders' core capital in a single day. Commercial banks say that the move will significantly reduce the volume of business they can undertake on a single day. "The intra-day foreign exchange limit should not exceed the 10 per cent overall limit at any time during the day," reads the circular signed by CBK's assistant director of bank supervision, Matu Mugo. CBK requires banks to keep their forex exposure at below 10 per cent of their core capital. As per prudential guidelines, the intra-day regulations were previously to be set by individual banks' boards of directors. "Intra-day foreign exchange risk exposures, both in single currencies and overall, shall be maintained within prudent limits as established by a bank's board of directors in a written policy covering foreign exchange risk exposure," reads part of the guidelines. Currency dealers contacted by the Business Daily complained that the directive may force them to turn away large business in fear of contravening the requirement. "You can deal as much as your clients demand intra-day so long as end of day it is good – it (foreign currency holding) can fluctuate during the day," said a dealer who indicated that the traders would request the Central Bank to withdraw the directive. The Kenya Bankers Association said it was yet to receive any complaints from its members regarding the CBK circular. KBA chief executive Habil Olaka said the association would take up the matter with CBK if its members gave it reasons to challenge the regulator's position.

The Central Bank has been battling to keep the shilling from sliding further, having lost 11 per cent to the dollar since the beginning of the year to trade at Sh102.55 to the greenback on Wednesday. CBK attributed the 2011 slump of the shilling to speculative trading and has stated that it will not let such activity to impact on the local currency again. "CBK is monitoring the situation very closely and is taking appropriate measures to eliminate disorderly market developments," said CBK governor Dr Patrick Njoroge in a press statement last week.

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CBK's foreign currency reserves have shrunk by Sh17.8 billion ($175 million) in the last three weeks as Central Bank sold dollars in the market to prop the frail shilling. Protection of the shilling has seen the currency reserves held by CBK fall to remain marginally above the mandatory required four times the country's monthly import bill. The import cover is currently at 4.14 times. Pressure to remain compliant with the import cover requirement is likely to push the government to tap the Sh63 billion standby credit facility available from International Monetary Fund. *(Business Daily)*

Kenya's central bank set the minimum size for foreign exchange transactions on the interbank market at $500,000 and asked banks to maintain a maximum spread of 0.20 shillings ($0.0020) on quotes. The bank said last week it was taking measures to eliminate "disorderly market developments" after the shilling sank to new 3 1/2-year lows against the dollar, forcing policymakers to jack up lending rates. Earlier this week, it asked banks not to exceed the set maximum exposure to foreign exchange of 10 percent of core capital, at any time during the day. The directive on exposure split traders on its likely impact, with some saying it would curb their ability to handle large transactions, others that it would not. The latest measures on a minimum transaction and a maximum spread were contained in a circular to commercial banks dated July 23 and seen by Reuters on Friday. One trader said setting the minimum size at $500,000 might constrain smaller banks from taking positions. Policymakers will meet on Aug. 5 to set rates, a month ahead of schedule. (*Reuters)*

Trading hours on Kenya's stock and foreign exchange markets will be shortened on Friday due to President Barack Obama's visit to East Africa's biggest economy, traders and the Nairobi Securities Exchange (NSE) said. Trading of shares and bonds at the bourse will stop at 0900 GMT instead of 1200 GMT, the NSE said in a statement. The Foreign exchange traders' organisation ACI-Kenya said trade will end at 1000 GMT, instead of the usual 1330 GMT. Major roads into the capital are expected to be shut down ahead of Obama's visit. *(Reuters)*

Malawi

Corporate News

No Corporate News this week

Economic News

Malawi's consumer inflation quickened to 21.3 percent year-on-year in June from 19.5 percent in May, data from the National Statistical Office showed on Thursday. *(Reuters)*

Mauritius

Corporate News

No Corporate News this week

Economic News

Mauritius' trade deficit widened 39.9 percent to 7.36 billion rupees ($207 million) in May from the same period a year earlier, driven largely by higher imports of machinery and transport equipment, the statistics agency said on Thursday. The value of imports rose 16.4 percent to 15.65 billion rupees during the month, with machinery and transport equipment advancing to 5.25 billion rupees from 3.46 billion rupees in May last year, Statistics Mauritius said in a statement. Exports from the Indian Ocean island nation rose 0.8 percent to 8.14 billion rupees, the data showed. Britain was the main buyer of goods from Mauritius in May accounting for 15 percent. India supplied 28.4 percent of Mauritius' imports. *(Reuters)*

Nigeria

Corporate News

Oando Energy Resources (OER), a subsidiary of Oando Group, has called on the three tiers of government in Nigeria to develop legislative and regulatory frameworks to drive the usage of renewable energy in the country. Speaking at the LiveWell Initiative, LWI, 2015 Annual Multi-sectoral Grand Health Bazaar (GHB2015) held recently in Lagos, Head of Operations Integrity at OER, Mr. Kayode Boladale said the use of renewable energy would help alleviate poverty, especially as it enhances technological capacity and economic development of developing countries. According to him, environmentally sound technology may also prevent people in developing countries from destroying the basis of their life-support through over-exploitation of natural resources. He explained that renewable energy provides an enormous opportunity to drastically reduce Green House Gas (GHG) emissions, pursue economic growth and enhance energy security, thereby, advancing sustainable development. He said, "It is necessary to develop a communication and awareness action plan to raise awareness on the benefits of using renewable energy and energy efficiency against other forms "Therefore, Governments have a duty to create the enabling environment through a government –private collaboration in developing infrastructures required to drive renewable energy." He noted that renewable energy and energy efficiency are widely recognised as the most promising alternatives for reducing fossil energy consumption, mitigating climate change, and advancing the goal of energy sustainability.

According to Boladale, renewable energy propels a green economy revolution and captures interrelationship between the environment, the economy, and human well-being in the effort to meet the needs of the present without compromising the ability of future generations to meet their own needs. He said, "It reduces drastically the consumption of resources like coal, fossil fuel and others that has many harmful environmental effects: devastating lands, causing air and water pollution that are toxic to human health and the environment. "Use of Renewable energy sources enables people to cook without suffering from wood-smoke pollution. It also reduces CO2 emissions by removing the need for highly polluting diesel generators." Chief Executive Officer of LWI, Mrs. Bisi Bright, while giving highlight of its activities, stated that, "In the areas of executive health, work life balance and workplace wellness, LWI continues to lead the 'pack. "LWI works with several corporate organisations, providing key solutions to workplace health challenges. We also provide community engagement services and corporate social investment solutions using our innovative tools and' turnkey' solutions to enhance organisational bottomlines. Our mainstay remains the people at the base of the pyramid; a population which we serve through our illness poverty alleviation programme," she added. *(This Day)*

Nigeria-focused oil company Afren has deferred a shareholders' meeting scheduled for Friday until further notice as the debt-stricken company assesses its financial position in the wake of a likely steep downgrade in expected oil production. Afren said on Tuesday it would delay a shareholder meeting initially scheduled for July 24 as well as a meeting pencilled in for July 29 to discuss possible restructuring measures. "The postponement ... will allow Afren to finalise the review and engage with the relevant stakeholders to discuss the implications of the revised assumptions on the restructuring," the company said. Afren shares were suspended in London on July 15 after it said near-term production from its fields would likely be materially lower than expected. This has complicated a restructuring the company has been going through to deal with its debts. The company was forced to take nearly $2 billion in impairment charges and write-offs on its 2014 results due to a fall in oil prices and a realisation that reserves at an oil field in Iraqi Kurdistan had been overstated. *(Reuters)*

Flour Mills of Nigeria said its full-year pretax profit dropped 6 percent to 7.72 billion Nigerian naira ($38.80 million) from 8.22 billion naira the previous year. Gross earnings fell to 308.75 billion naira in the year to March 31 compared with 325.79 billion naira in the year, the company said in a filing to the Nigerian Stock Exchange on Wednesday, without giving reason for the drop in earnings. *(Reuters)*

FBN Holdings Plc on Wednesday unveiled its financial results for the half year ended June 30, 2015, showing profit before tax of N52.1 billion. A breakdown of the half year performance shows that FBN Holdings grew net interest income by 15 per cent, from N115.1 billion in 2014 to N132.7 billion in 2015. Impairment charges soared by 239 per from N6.66 billion to N22.6 billion. Personnel charges followed the same trend, rising by 23 per cent from N38.7 billion to N47.5 billion, while operating expenses grew by 10 per cent from N58.1 billion to N64.2 billion. Consequently, the growth in operating profit was reduced to nine per cent to be at N52.1 billion, compared to N47.7 billion recorded in the corresponding period of 2014. After making provision for tax, FBN Holdings closed the period with a profit after tax of N40 billion, up from N37 billion in 2014. A further analysis of the performance indicates the financial conglomerate grew customers deposits from N3.05 trillion to N3.126 trillion. Loans and advances declined from N2.178 trillion in 2014 to N2.085 trillion in 2015. However, the firm ended the period with a balance sheet size of N4.418 trillion, compared with N4.342 trillion i 2014. FBN Holdings had 2014 a profit after tax of N82.8 billion for the year ended December 31, 2014, paid a cash dividend of 10 kobo per share and a bonus of one new share for every 10 shares already held. Commenting on 2014 results, the Group Chief Executive Officer of FBN Holdings, Bello Maccido had said,"The group recorded a strong financial performance in 2014 in spite of the highly challenging operating environment particularly for our flagship business, First Bank of Nigeria. As such, the performance by the Banking Group is a testament to the underlying strength of our commercial banking business which is built on an extensive retail network and a robust information technology platform." Maccido had assured stakeholders that the company remain focused on diversifying its revenue streams through the extraction of value from bank acquisitions, consolidating its position in the investment banking space, especially with the acquisition of Kakawa, and expanding its insurance business scope. *(This Day)*

Nigeria's Union Bank said on Thursday its half-year pretax profit rose 2.3 percent to 6.61 billion naira ($33 million), compared with a year ago. Gross earnings also rose to 55.95 billion naira during the six months to end-June from 52.88 billion naira, it said in a statement. "This was a good performance for the bank across most financial metrics, which can be attributed to our improving fundamentals and operational discipline," said the bank Chief Financial Officer, Oyinkan Adewale. *(Reuters)*

Unilever Nigeria said on Thursday its half-year pretax profit fell to 94.07 million naira ($472,832), from 2.07 billion naira in the same period last year. Turnover dropped to 28.72 billion naira in the six month period, compared 29.28 billion last year, the household consumer products maker said in a statement. It said financial charges rose 137 percent to 1.61 billion naira in the period from 677.8 million naira the previous year. *(Reuters)*

Economic News

As the pressure faced by the naira in the parallel market becomes intense, analysts at Financial Derivatives Company Limited (FDC) have anticipated that the Central Bank of Nigeria (CBN) will increase use of administrative measures in its quest to protect the nation's currency. These administrative tools are the cash reserve ratio (CRR) and Open Market Operations (OMO). The FDC stated this in a report obtained by THISDAY at the weekend. The CBN's monetary policy committee (MPC), which is responsible for fixing interest rate and other monetary policy tools, would hold its meeting this Thursday and Friday. According to the report, the CBN has already reached the upper limit of its tightening cycle, predicting that a probable outcome at the MPC meeting would be for the CBN to maintain the status quo and use more administrative measures in preserving the forex reserves. "Even though the CBN is committed to defending the naira, the currency pressures facing Nigeria are becoming more intense. The spread between the interbank rate and the parallel market creates an arbitrage corridor for speculators, and is now a round tripper's paradise. Another issue that is of concern is the consistent decline in oil receipts as a result of falling oil prices, when the sanctions on Iran are finally removed," it stated. The report also noted that the aftershock of the CBN's restriction of importers' access to foreign exchange at the interbank and bureaux de change forex markets would be felt in the coming months. The National Bureau of Statistics last week released the official inflation rate for June 2015 at 9.2 per cent, a 0.2 per cent increase from May's nine per cent. This higher inflation rate was widely expected, given the prolonged fuel scarcity and shortage of perishables.

"The rising inflation is likely to be aberrational but the trend is becoming more consistent and is fuelling the fear factor. Anticipated inflation is more important than historical inflation because it influences consumer behaviour and preferences. Demand for goods will increase if people expect prices to rise in the near future. "As demand increases, producers would be forced to increase prices up to a point that there is a struggle of bargaining power. At this level, it is the price elasticity of demand that determines if there would be a further increase in prices. Another threat to inflation is the possibility and timing of the subsidy removal, which is now becoming more inevitable. "We believe that the increasing inflationary trend is likely to extend into the third quarter. Besides the fuel scarcity problem that still lingers – albeit lightly, there has been sustained attacks from Boko Haram insurgents in the North-east, where many farm products (especially perishables) are cultivated. "Lower food supplies would lead to a rise in the food sub-index of the consumer price index (CPI). The appointment of new service chiefs is expected to improve the security situation in the North-east," it added. It pointed out that increased demand for fruits during the Ramadan fasting period this month would lead to a seasonal rise in prices, stating that inflation in the near term would also be affected by the new restrictions in the forex market and the effective depreciation of the naira. According to the report, with recent calls for an upward review of the current minimum wage of N18, 000, the Nigerian Labour Congress may intensify its demand for an increase in the national minimum wage due to the persistent inflation. *(This Day)*

The Central Bank of Nigeria (CBN) latest External Sector Development Report (ESDR), has revealed that external financial flows to Nigeria has continued to grow with the current transfers amounting to $21.9 billion (N4.38 trillion) in 2014. Remittances are the second largest source of foreign exchange inflows into Nigeria recorded in the balance of payments. The CBN data showed that workers' remittances accounted for more than 90 per cent of current transfers. The balance consisted of general government transactions such as the local expenses of embassies and international organisations. Analysts believe the $21.9 billion current transfers is a huge success when compared with $80.0 billion for oil and gas exports, $5.3 billion for foreign portfolio investment, $4.7 billion for foreign direct investment and $3.9 billion for non-oil exports. "The figures for transfers and investment are unadjusted for outflows, which are modest in the case of transfers but sizeable for portfolio transactions. Current transfers could, to give just three destination points, finance housing construction, seasonal celebrations and/or import demand. For a number of reasons, we cannot be more precise, said analysts at FBN Capital. While decrying the challenge of tracing remittances, the analysts noted that remittance may be received by the beneficiary through a bank, at a bureau de change, at the local office of the money transfer corporation or through independent channels such as a mobile telephone.

They added: "Some informed estimates place the share received through the banks as low as 25 per cent of the total. We do not envy the statistical authorities responsible. The data do not show a marked fall-off in transfers in 2008 and 2009 when the global credit event shook at least two of the countries where the Nigerian diaspora is well represented (the US and the UK.) "Hargeisa, the capital of unrecognized Somaliland, has been rebuilt in the past 25 years with remittances. Their impact is everywhere visible, In Nigeria, however, the transfers represented 3.7 per cent of 2014 gross domestic products (GDP) and merely add to the grey areas in household consumption, imports and small-scale production." The analysts stressed that until bank accounts become more widespread and the tax net is extended, "We will have to live with these frustrations." Meanwhile, experts at African Economic Outlook, warned that Global economic turbulence still poses significant risks to the outlook for external finance of all kinds stressing that uncertainty about the recovery, particularly in the Euro area, may have a negative impact on trade and investment. *(This Day)*

Nigeria's presidency said on Tuesday the World Bank had pledged to spend up to $2.1 billion to rebuild the northeast of the country that has been devastated by Boko Haram militants. President Muhammadu Buhari met with representatives of the World Bank, the Bill and Melinda Gates Foundation, and the World Health Organization during a trip to Washington. A World Bank spokeswoman said that during the meeting, the bank said the sum of $2.1 billion could be lent to Nigeria from its development agency and that support could also come from the International Bank for Reconstruction and Development. "Apart from rebuilding the region in terms of infrastructure, priority must also be given to the resettlement of internally displaced persons, who now number over one million," Buhari was quoted as saying in government statement. The loan would be spent through the World Bank's International Development Agency and would be interest-free for the first 10 years. The statement said the World Health Organization would spend $300 million on immunisation against malaria, while the Bill and Melinda Gates Foundation would work with Nigeria's Dangote Foundation to maintain the record of zero polio cases for the past year. Buhari met U.S. President Barack Obama on Monday to discuss how to tackle the insurgency in his first visit to Washington since his election in March. The Islamist Boko Haram has been waging a six-year-old insurgency with the aim of carving out a caliphate in the north of Nigeria, Africa's biggest economy. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

The Central Bank of Nigeria will leave interest rates on hold this week and instead wait until September to raise them, putting the timing of its next policy move in line with the United States Federal Reserve, a Reuters poll showed on Tuesday. A majority of the 20 analysts polled in the last week said Nigeria's central bank will hold rates on Friday at 13 percent, where they have been since November, and one of the highest benchmark borrowing rates in the world. But the CBN will opt for a hike to 13.25 percent in September, the same month the Fed is widely expected to raise its federal funds rate for the first time in nearly a decade, from a much lower 0-0.25 percent. "It (the CBN) is likely to be swayed by market reactions to a likely U.S. Fed rate hike in September," said Rafiq Raji, an independent Africa analyst based in Lagos. "A September-December 2015 window for a decision makes it more likely the CBN would decide on a potential naira devaluation at its September (meeting)," said Raji. Nigeria's weak currency in turn will put more pressure on inflation, which at 9.2 percent is already above the upper limit of the CBN's target range. That is likely to trigger another 50 basis-point rate rise to 13.75 percent at the central bank's November meeting, the Reuters poll found.

The naira lost about 15 percent last year, with devaluations in November and February. The poll showed analysts expect the currency - currently around 199 per dollar - to weaken to 225.50 per dollar in a year. Raji said a potential rate hike would probably be ineffective if not made in tandem with a naira devaluation, a move that would discourage demand for dollars and imports. Authorities have recently focused on curbing access to hard currency on the official interbank market for importers of some goods, introducing stringent restrictions - but that has not gone down well with investors who have called for a relaxation. JPMorgan, which runs the most commonly used emerging debt indexes, has said it will eject Nigeria from its Government Bond Index by year-end unless it restores liquidity to currency markets. Nigeria's economy relies heavily on its oil industry and the plunge in crude prices has done it no favours. Nigeria's gross domestic product is expected to grow by just 4.4 percent this year and then 5.2 percent in 2016. GDP grew by just under 4 percent in the first quarter of this year, a sharp slowdown from the same period last year. *(Reuters)*

The Securities and Exchange Commission (SEC), the Central Bank of Nigeria (CBN) and other stakeholders in the financial system are collaborating to facilitate the electronic dividend (e-dividend) payment for shareholders. E-dividend, which is the direct payment of dividends into investors' accounts, was introduced by SEC as part of efforts to tackle unclaimed dividends and encourage patronage of the market. But shareholders have not embraced it as expected due to some challenges involved in the process of obtaining e-dividend mandate forms. However, THISDAY checks revealed that SEC, CBN in collaboration with Bankers Committee and other stakeholders are working to facilitate e-dividend registration. It was gathered that the regulators put together a market wide technical committee, which has come up with a platform that will make it easy to register for e-dividend payment. It was gathered that the subcommittee worked with Central Securities Clearing System (CSCS) and Nigerian Interbank Settlement System (NIBSS) and came out with modalities to create a portal where all e-dividend mandate form can be generated, filled and submitted online. "The major issue of the e-dividend s data gathering. The portal will enable the gathering of the data of shareholders submitted by the shareholders themselves online. Once the data are filled in the form, through the NIBSS system, the information would be generated for the purpose of know your customer (KYC). It is being done in a way that the form can be either be submitted through the shareholder's bank branch or registrar and at any point in time, the shareholders would be attended to and get results," a source close to the committee told THISDAY on Monday.

It was gathered that the details of the committee's proposal will be unveiled at the Capital Market Committee (CMC) coming up next week in Lagos, where it would be approved by all market stakeholders for it to become operational afterwards. The poor acceptance of the e-dividend has partly contributed to the growth in unclaimed dividends in the capital market. THISDAY had reported that unclaimed dividends returns filed by 112 companies as at December 2014 stood at N55.22 billion. The Director General of SEC, Mr. Mounir Gwarzo, last February called on Registrars to ensure 100 per cent compliance on e-dividend as one of the ways of reducing unclaimed dividends. He also charged them to ensure efficient service delivery, and total support for dematerialisation. Besides the call, SEC had given a directive that unclaimed dividends be returned to companies after 15 months of declaration. Gwarzo said the directive was in compliance with the existing law on dividend declaration, had also urged Company Secretaries and Legal Advisers of Manufacturing Companies, to be in the vanguard of supporting the directive to Registrars to return unclaimed dividends to the companies after the stipulated period, insisting that there is no reason why Registrars should keep the unclaimed dividends beyond the period stipulated by law. He said the companies should be in the vanguard of supporting the position of the law on dividend return, insisting that SEC is interested in the movement of the funds from the Registrars to the companies According to him, the Commission would soon embark on massive a public enlightenment programme to educate the public at the grass root so as to ensure that they get the full benefits of their investment. He said the public enlightenment will not be limited to dividend payment alone, but will include other recent issues in the market, like dematerialisation, straight through processing and Complaints Management Framework. *(This Day)*

A pipeline supplying Nigeria's populous southwest, including Lagos, with oil products was shut down on Wednesday following an explosion around midnight, the country's emergency response agency said. The blast occurred near the town of Arepo on the edge of Lagos state as a result of a clash between groups of vandals. The National Emergency Management Agency said it could yet not confirm the number of casualties. *(Reuters)*

The Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN), which commences its 245th meeting this Thursday is expected to take critical decisions that would determine the fate of the naira, which has been under intense pressure at the parallel market in the past few weeks. The two-day meeting holds in Abuja. The MPC, which has operational independence in determining monetary policy will be meeting for the fourth time this year. The naira, which sells for N196.95 to a dollar on the interbank market, goes for about N240 to a dollar at parallel market points across major cities in the country. The pressure faced by the naira at the parallel market was provoked by the CBN's restriction of importers of 41 products from accessing forex at the official foreign exchange market. Some of these items include rice, wheel barrows, head pans, cement, margarine, palm kernel/vegetable oil, meat and processed meat products, vegetable and processed vegetable products, poultry, private airplanes/jet, Indian Incense, toothpicks, tinned fish in sauce (Geisha/Sardines), among others. The depreciation of the naira had heightened the debate on the devaluation of the naira. While the central bank has maintained that its decision not to undertake a further devaluation of the naira was as a result of the need to safeguard the Nigerian economy from the shocks and negative impact this would have on the economy, some analysts and agencies have intensified their call for the devaluation of the nation's currency.

Nigeria's consumer price index, the basket used in gauging inflation rate, increased to 9.2 per cent at the end of June. However, analysts at Financial Derivatives Company Limited (FDC) anticipated that the CBN will increase use of administrative measures in its quest to protect the nation's currency. These administrative tools are the cash reserve ratio (CRR) and Open Market Operations (OMO). According to them, the CBN has already reached the upper limit of its tightening cycle, predicting that a probable outcome at the MPC meeting would be for the CBN to maintain the status quo and use more administrative measures in preserving the forex reserves. "Even though the CBN is committed to defending the naira, the currency pressures facing Nigeria are becoming more intense. The spread between the interbank rate and the parallel market creates an arbitrage corridor for speculators, and is now a round tripper's paradise. Another issue that is of concern is the consistent decline in oil receipts as a result of falling oil prices, when the sanctions on Iran are finally removed," it stated. Similarly, analysts at the WSTC financial Services stated:"We believe the CBN's tight monetary stance aimed at ensuring stability in the forex market and curbing inflation will continue to support attractive yields in the fixed income market. Also, we expect the surging inflationary pressure and uptrend in inflation, and the ensuing effect of shrinking real returns to drive investors' demand for higher returns on fixed income investments in the second half of the year." A financial market analyst who pleaded to remain anonymous, however, advised the MPC members to retain the interest rate and other monetary tools, but devalue the naira.*(This Day)*

Nigeria's foreign exchange reserves rose $30.69 billion by July 22, up 5.6 percent from $29.03 billion a month earlier, latest data from the central bank. However, the forex reserves of Africa's top crude exporter were down 20.9 percent from $$38.8 billion a year ago. The growth in reserves for the month was attributed to efforts of the present government to plug leakage and demand management by the central bank. The central bank restricted access to foreign exchange by last month and introduced tight control of the foreign exchange market to curb speculation and conserves forex reserves. *(Reuters)*

Nigeria's central bank will probably keep rates at a record high even as inflation rises above its target band as it awaits guidance from President Muhammadu Buhari in its first policy meeting since he took office. Almost two months after Buhari came to power, investors and the central bank are still waiting for him to form a cabinet and oversee economic policy. The Monetary Policy Committee will hold the rate at 13 percent, where it has been since November, according to 21 of 23 economists surveyed by Bloomberg. Governor Godwin Emefiele is due to announce the decision at a press conference scheduled to begin at 2 p.m. on Friday in the capital, Abuja. The inflation rate of Africa's biggest oil producer has accelerated for seven straight months, reaching 9.2 percent in June to exceed the bank's 6 percent to 9 percent target band. An index of naira bonds declined 1.8 percent in dollar terms over the past month. While Nigerian 10-year rates of 14.87 percent are the highest among 31 emerging market nations, foreigners are staying clear until they know Buhari's plans for the exchange rate and budget. "A level of 9.2 percent is still fairly manageable," Tajudeen Ibrahim, head of equity research at Chapel Hill Denham Securities Ltd., said by phone from Lagos.

"Fiscal policy has a major impact on what the Central Bank of Nigeria is going to do on monetary policy."Buhari, 72, inherited an economy struggling to deal with an almost 50 percent slump in the price of Brent crude in the past year that's forced the government to curb spending. He has said he won't appoint a ministerial team until September. In the absence of clear policy direction from the government, the regulator is unlikely to take big steps. Emefiele, 53, raised the benchmark by 1 percentage point in November and has devalued the naira twice since then as falling oil prices eroded foreign-exchange reserves needed to maintain the currency's stability. While the level of reserves rebounded to $30.6 billion as of July 21 from this year's low of $29 billion on June 30, they're still 22 percent lower than a year ago.

"We think that the MPC will hold rates at the meeting in July, pointing to a stabilization of the foreign-exchange rate and a recent increase in reserves as signs of returning confidence in the economy," Alan Cameron, an economist at Exotix Partners LLP in London, said in an e-mailed reply to questions. The central bank has restricted currency trading since December in a bid to stem the fall of the naira, down 7.3 percent against the dollar this year, trading at 197.99 per dollar at 2:32 p.m. on Thursday in Lagos. While the measures have stabilized the naira at an average of 198.96 per dollar since the start of March on the interbank market, they have left the currency overvalued. Investors including BlackRock Inc. and Aberdeen Asset Management Plc have said they will shun local bonds and stocks until there's a devaluation. *(Reuters)*

Tanzania

Corporate News

TIGO Tanzania has announced another quarterly Tigopesa profit share payment amounting to 3.314bn/- to its customers. This is the profit distribution for this year's second quarter. Tigo's Head of Mobile Financial Services, Mr. Ruan Swanepoel, said in a statement that their objective is to ensure all Tigopesa stakeholders, which include individual customers, retail agents and their business partners which will share in this return based on the e-value that they have stored in their Tigopesa wallets. "This is the second profit share in 2015 and the fifth since Tigo started distributing the interests generated from the Tigopesa Trust accounts held with major banks in Tanzania, we are really excited to be announcing this distribution to our loyal Tigo Pesa users. "This payment underlines our commitment to provide financial access to our customers and the country at large," said Mr. Swanepoel. Tigo is the first and only telecom company in the world to date to share its Mobile Money Trust Account profit, in the form of a quarterly distribution, he added. "We believe this Tigo Pesa profit share distribution in 2015 will be a welcome relief to millions of Tigo Pesa users in meeting their various financial commitments, he said. Mr. Swanepoel said further that as before, the return to customers are calculated based on their average daily balance stored in their Tigo Pesa wallet. The payment amounting to 3.314bn/- is almost equivalent to what the company paid in the first quarter of 2015. The Tigopesa profit share distribution scheme is in line with the Central Bank Circular issued in February 2014. The company has so far paid a total of 27.2bn/- to Tigo Pesa users in five quarterly disbursements since the launch of the service in July 2014. *(Daily News)*

Economic News

THE Bank of Tanzania (BoT) has waived 80 per cent loan to deposit ratio restriction, a move aimed at enabling banks to extend more credit facilities to their clients. The BoT said the restriction was removed last year and banks allowed to lend without the previous ratio but control their liabilities versus assets. The BoT Director of Banking Supervision, Mr Agapiti Kobelo, told 'Daily News' that instead of restriction banks are now closely monitored on a daily basis. "The most important thing is to loan prudently," Mr Kobelo said over the weekend, "while minimising risks and exposures." Under the old system, the banks had to deposit up to 20 per cent of their total deposits to the central bank and the funds remained locked for defaulting purpose. BoT paid no interest on the deposited funds, while banks rewarded interest for every cent received in a way of deposits, thus increasing the costs of borrowing. Mr Kobelo further said that despite making daily inspections of the banks, they also have to submit to BoT their monthly 'market risk exposure report' in the format prescribed by the central bank. The central bank also increased the minimum core capital requirement ratio whereby for commercial and cooperative (nationwide) banks to rise by 200 per cent to 15bn/-, community banks 2.0bn/-, microfinance and cooperative (regional) banks 5.0bn/- and developing banks 50bn/-, while merchant banks is 25bn/-.

The Bank M Deputy Chief Executive Officer, Mr Jacqueline Woiso, said the move gave the bank more room to extend loans to reach over 90 per cent of deposits. "The waiver helped us to extend more loans, but our NPLs (non performing loans) are one of the lowest in the market at 2.3 per cent," Ms Woiso said. To raise more fund, Bank M planned a right issue and senior debt in the second half of this year and expects to raise 30bn/-. The BoT June Monthly Economic Review shows that interest rates on loans were somewhat mixed, with overall lending rate easing to 16.10 per cent from 16.22 per cent, while short-term lending rates (up to one year) edged up to 14.27 per cent from 13.68 per cent. "As a result, the spread between 12-month deposit and lending rates widened to 3.61 percentage points from 3.23 percentage points in the preceding month," the report shows. *(Daily News)*

PERFORMANCE of the short term government paper has been below expectations in the previous four auctions ending up registering undersubscriptions. The Bank of Tanzania (BoT) auction conducted recently shows that investors' appetite for the paper has remained low due to tight liquidity in the circulation. According to the auction summary, the successful bids worth 6.56bn/- out of 8.57bn/- tendered, far below 135bn/- sought to be raised. Commercial banks are the leading investors in the short term government paper. Others are pension funds, insurance firms and few microfinance institutions. Explanation from analysts show that most investors including commercial banks and corporate clients are fulfilling annual tax obligations for the financial year 2014/15 thus slashing the amount that was destined for investments in the government securities. The weighted average yield to maturity across all tenures increased significantly compared to the previous three treasury bills auction. The weighted average interest rates on the 364 days increased to 13.61 per cent compared to 13.41 per cent of the preceding session. On 182 days, interest rate rose to 12.69 per cent from 12.03 per cent while the 91 days offer, it changed slightly to 7.82 per cent from 7.86 per cent and for 35 days tenor, yield rate rose to 6.30 per cent from 5.77 per cent. The BoT summary shows further that a total of 65bn/- was sold in 364 days period, 52bn/- for 182 days, 15bn/- for 91 days tenure and 3bn/- for 35 days offer. All the offers were undersubscribed, the weak performance recorded as it was in the previous session. The 364-day attracted bids worth 3.92bn/- but at the end only 2.06bn/- emerged as successful amount; for the 182-tenor, a total of 773.7m/- was total amount tendered and 662.4m/- was retained as successful bids. For the 91-day, the government accepted 2.36bn/- as successful bids the same amount tendered while for the 35 days offer 1.50bn/- was tendered and retained as successful amount. *(Daily News)*

THE measures to tighten money in circulation are said to push up commercial banks scrabble for deposits in the market forcing the rates to climb in May. The Bank of Tanzania (BoT) instituted tight measures in first half of this year to rescue the shilling from further collapse by reviewing statutory minimum reserve by 2.0 per cent to 10 per cent. The move, according to industry sources, increases the demand for deposits to make the costs of borrowing expensive. Bank M Deputy Chief Executive Officer Jacqueline Woiso told 'Daily News' earlier this week that the cost of mobilising deposits was pushed up by liquidity tightness. "The liquidity situation affects all (money market) sectors, as there is no money in circulation," Ms Woiso said, "it also affect lending position". To counter the situation, Bank M planned a right issue and senior debt in the second half of this year and expects to raise 30bn/-. The BoT May economic review shows that on month-to-month basis the overall deposit rate averaged 9.01 per cent compared with 8.10 per cent, while 12 months deposit rate rose to 10.66 per cent from 10.45 per cent. Also, CRDB Bank Managing Director Dr Charles Kimei said that as the result of money squeeze the demand for deposits increased overtime to lift up costs.

He said CRDB looked for optional venues to raise more fund for lending as customer deposits dwindled, among them borrowing from international institution at reasonable costs. Dr Kimei, who also is Tanzania Bankers Association chair, said also CRDB is venturing on a fund mix to counter deposits scarcity at the moment. BoT report shows that interest rates on loans were somewhat mixed, with overall lending rate easing to 16.10 per cent from 16.22 per cent, while short-term lending rates (up to one year) edged up to 14.27 per cent from 13.68 per cent. "As a result, the spread between 12-month deposit and lending rates widened to 3.61 percentage points from 3.23 percentage points in preceding month," the report shows. The tight liquidity management instituted by the central bank has pushed up banks' demand for deposits driving up interest at the benefit of depositors. *(Daily News)*

THE shilling continued to strengthen against the US dollar, thanks to the inflows of proceeds from the agricultural produce exports and non-governmental organisations (NGOs). "With improved agricultural inflows and tight liquidity, further strengthening is likely," the NMB Bank said in its e-market report that indicated exchange rates of USD/TZS 2,105/2,185 NMB Bank said the shilling strengthened on Monday with a support of greenback inflows from NGO's and Agricultural sector as well as tight liquidity in the local money market. According to the report, liquidity tightness is still evident in the local money market with most market participants looking for short term funds with interbank overnight borrowing rates at the highs of 40 per cent.

The shilling has been on the gaining side in the last few weeks after the government received 200 million US dollars from China Development Bank, in addition to 100 million US dollars from the World Bank and 77 million US dollars from African Development Bank. The Bank of Tanzania (BoT) Governor Prof Benno Ndulu said in an interview with the Daily News recently that the funds received were sufficient to bolster foreign-exchange reserves and plug budget deficit. The government shelved its plan to raise 600 million US dollars through a private placement managed by the Rand Merchant Bank of South Africa to bolster its foreign-exchange reserves and plug budget deficit due to Greek eurozone crisis. The Exim Bank Market Pulse on Friday quoted the shilling trading at 2125/2185 at the opening and closing of the market. The Kenyan shilling was a touch weaker in early trading on Monday due to spillover demand for dollars from last week as traders eyed possible central bank action to stem its depreciation. The shilling has been under pressure from the global strength of the dollar, a slide in valuable tourism revenue and a widening current account deficit. *(Daily News)*

TANZANIA has set a new financial inclusion goal of 75 per cent to be reached in 2016. The new target comes as the country surpassed the goal of 55 per cent in 2014, which was supposed to be reached in 2016, thanks to mobile phone money transfer. Tanzania Bankers Association Chairman Dr Charles Kimei said the financial inclusion target of 75 per cent comprises all financial platforms—formal and informal banking service. "To date those in mainstream banking system are still 17 per cent, a lot has to be done to increase the ratio," Dr Kimei said during the signing ceremony between CRDB and Maxcom Africa partnership. The current 55 per cent ratio of financial inclusion include mobile phone platforms, which has helped to push the banking services to those previous outside the bracket. The bank entered into an agreement where Maxicom Africa agents have been incorporated into CRDB's FahariHuduma agents banking. Last month bank of Tanzania said it was working on a new target after surpassing the existing one two year ahead of deadline in 2016. The BoT Deputy Governor, Mr Juma Reli, told Daily News in June that the central bank set a target of 55 per cent inclusion some four years ago but mobile transaction enabled them to overtake the target well ahead of time. "We didn't underestimate our target, the mobile phone transactions surprised us," Mr Reli said. The BoT singled out mobile phones as "one of the most critical links for this phenomenal success" between the unbanked population and financial services. *(Daily News)*

Zambia

Corporate News

THE Lusaka Stock Exchange has posted a huge trade turnover of K581 million due to the massive revenue contributed from the sale of government's shares in ZCCM-IH. According to the LuSE monthly news bulletin for June 2015, total trade turnover on the local bourse was K581 million, up from K41.7 million recorded in May, representing a 1,327 percentage increase. This is the highest trade turnover recorded this year so far, which translated to a daily average turnover for June at K26.4 million, up from K2.1 million for May, signifying a 1,132 per cent rise. Last October, finance minister Alexander Chikwanda announced that the government would reduce its shareholding in ZCCM-IH from 87 per cent to 60 per cent via the sale of its shares proportionate to the required reduction. "Tranche 1 of the government's sell-down of 15,850,631 shares out of its total 43,811,868 'B' shares (representing 27.5 per cent) in ZCCM-IH transacted in one trade on the 9th of June, 2015, resulting in a turnover of K570,622,716," the LuSE's monthly bulletin for June stated. "This left a balance of 27,961,237 shares which will be offered to Zambian citizens and other eligible Zambian institutions in the 2nd tranche of the government sell-down." And LuSE's operations assistant Kennedy Kaela stated that ZCCM-IH's huge transaction could be regarded as "unusual" mainly because the company does not trade that often. "The transaction could only be described as unusual because ZCCM [IH] has not been trading that often. Had it not been for ZCCM, June would have been a poor trading month for the exchange," stated Kaela in response to a press query. *(The Post)*

Economic News

Zambia's sole 24,000 barrel-per-day oil refinery has been shut since Tuesday after parts of the plant were damaged when it was fed highly acidic crude, its vice-president said on Friday. Vice-President Inonge Wina told parliament the Indeni refinery remained closed and an investigation had been launched to establish which firms imported the unsuitable oil. "It is unfortunate that the feed that was imported had some corrosive agents," Wina said in response to questions from members of parliament. *(Reuters)*

Zambia's kwacha gained more than 1 percent to 7.5600 per dollar on Monday following a sell-off of the U.S. currency and tighter local currency liquidity, traders said. "The dollar sell-off came on the back of sustained supply and the possible unwinding of long dollar positions. The currency could also be taking a boost from reduced kwacha liquidity," the local unit of South Africa's First National Bank (FNB) said in a note. *(Reuters)*

Zambia will issue a 10-year Eurobond of as much as $2 billion on Thursday, one of frontier Africa's biggest international bonds, to fund a widening budget deficit in the copper exporter, a presidential spokesman said. "We expect the Eurobond to be issued today. It will be between $1.5 billion and $2 billion and the maturing date is 10 years," Amos Chanda, a spokesman for President Edgar Lungu, told Reuters. Zambia's budget deficit is expected to swell to 20 billion kwacha ($2.64 billion) by the end of 2015 from an initial forecast of 8.5 billion kwacha. This will be the third Eurobond issued by Africa's No.2 copper producer. Its previous forays into the international capital markets were a debut $750 million bond in 2012 and a $1 billion bond last year. African governments have taken advantage of rock-bottom borrowing costs and investors' hunger for yield in recent years, with foreign debt issuance rising from $67 million in 2008 to more than $8 billion last year, according to Thomson Reuters data. Lusaka has stated a preference for external borrowing rather than domestic because it was cheaper, but with the U.S. Federal Reserve looking likely to raise interests by the end of the year the costs of servicing debt will rise. Zambia's external debt currently stands at $4.8 billion, about 18.5 percent of gross domestic product. Its domestic debt burden is $3.7 billion, about 14.2 percent of GDP, finance minister Alexander Chikwanda said in June. *(Reuters)*

Zambia has issued a $1.25 billion eurobond meant for infrastructure development at a coupon rate of 8.97 percent, a government

statement seen by Reuters on Friday said. The bond has an 11-year average life with payments in 2025, 2026 and 2027, the government said.*(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zimbabwe

Corporate News

FALCON Gold Zimbabwe (Falgold) has warned that big producers will be under stress unless government reviews the high direct and indirect taxes and other charges. In a statement accompanying the group's financial results for the half-year-ended March 31 2015, board representative Ian Saunders said the Chamber of Mines had for 18 months engaged government for a review of the direct and indirect taxes. He said government significant changes to the tax and operating regime for the small-scale miners. This has seen an increase in gold production, he said. "Unfortunately, to date, government has not reduced the levels of taxes charges and power rates to the large scale gold miners and as a result, the gold mining industry in Zimbabwe remains under significant pressure and production is falling," he said. In the first quarter ended March 31, gold output by small-scale miners increased 111% to 1 161kg from 550kg during the same period in 2014. Saunders said governmenthad made changes in respect of the chrome sector hoping the incentive would be spread to gold producers.

In June, government reduced electricity tariffs for the chrome sector to 6,7 cents per kilowatt hour from 8 cents. "Should the larger gold mines enjoy similar incentives, initiatives and price models, there could be significant growth in production from the large scale gold mines in Zimbabwe. Regrettably, until this happens or the gold price increases significantly, the larger gold mines will continue to suffer," Saunder said. The fall in gold output will be a setback for the sector that had recorded an increase in output since 2009. Output rose to 13,9 tonnes last year from 4 tonnes in 2009. In the medium term, gold is projected to be the mainstay of the economy. Under the $50 million accelerated gold production initiative, gold output is projected to hit the 30 tonnes mark by 2020 generating revenue of $1,5 billion. As part of measures to boost output, Fidelity Printers and Refiners will also enter into an agreement with the Zimbabwe Mining Development Corporation for the establishment of a special purpose vehicle to exploit gold under Fidelity's ZimGold. The vehicle will focus on harnessing low hanging gold resources with particular emphasis on alluvial and prolific reef deposits supported by bulk open pit mining and on old underperforming assets as a preferred mining method to enhance gold deliveries. *(News Day)*

CREDITORS and depositors of Kingdom Bank Africa Limited (KBAL) will meet next week to approve claims against the company in the first step for the liquidation of the institution. KBAL is in liquidation after the Bank of Botswana got a court order in May for the liquidation of the Nigel Chanakira-founded company due to insolvency. The institution is insolvent with liabilities exceeding assets by $17 million. The bank had in February been placed under temporary management — equivalent to curatorship in Zimbabwean banking vocabulary. In a notice, the bank's joint liquidators Max Marinelli and Chris Bray said the meeting would be convened before a representative of the Bank of Botswana at Deloitte House in Gaborone on July 28. The meeting will also receive the report of the joint liquidators and also receive a brief from a representative of the Bank of Botswana. The meeting also has to authorise the disposal of the assets belonging to the company among others. KBAL was established in 2002 by the then Kingdom Financial Holdings Limited (KFHL), now AfrAsia Zimbabwe Holdings (AZH) as a representative office in Botswana for its banking subsidiary Kingdom Bank. It was authorised to offer the whole spectrum of offshore investment banking solutions to any client, including, but not limited to individuals and institutions such as corporates, partnerships, parastatals, trusts, non-governmental organisations, cooperatives that are non-resident. KBAL's business model was constructed around perceived resource driven opportunities obtaining in Sub-Saharan Africa, with the intention of promoting a culture of savings, investments and enhancing trade between Africa and its trading partners in various world markets. When Chanakira moved out of AZH, he got KBAL as part of the transaction after giving his 30% shareholding in the group. *(News Day)*

MUROWA Diamonds output fell by nearly 50 percent in the first half of the year, global resources giant Rio Tinto has reported after selling off its controlling stake in the mine last month. Production for the half was 99,000 carats compared to 196,000 carats achieved in the first half last year. Compared to the second quarter last year, the company's output fell 55 percent to 48,000 carats. The output is also six percent lower than the 51,000 carats achieved in the first three months of the year. Rio Tinto, which held a 78 percent stake in the mine near Zvishavane, sold off its interest to RZ Murowa Holdings on June 17, said last Thursday that its share of production in the quarter was lower at 37,000 carats from 40,000 carats in the previous quarter. The sale came after Zimbabwe's government announced plans to nationalize all diamond mining, including Murowa. The group still wholly owns Argyle Diamonds in Australia and 60 percent of Canada based -Diavik Diamonds. Rio Tinto also sold off its holdings of 50 percent of the undeveloped Sengwa coal project near Gokwe. Sengwa, with an estimated coal resource of 1,3 billion tonnes, is the site of a planned 2,000 megawatt thermal power station – enough to meet Zimbabwe's current peak electricity demand. The sales on Murowa and Sengwa marked the end of Rio Tinto's presence in Zimbabwe after 60 years of operating in the southern African country. *(New Zimbabwe)*

Fidelity Life is set to acquire Langford Estate from CFI Holdings in a land-for-debt swap deal worth $16 million. NewsDay heard yesterday the deal involved Fidelity taking over CFI debt to a consortium of banks led by FBC Bank. In return, Fidelity will get the land measuring 864 hectares. The estate has approved a plan for 11 500 housing units. Downstream, the value of the project is estimated at $215 million, sources said yesterday. In a cautionary statement last week, Fidelity Life said its board "has approved the acquisition of a significant stake in a company that has ownership of land through a debt-for-land swap arrangement". "Accordingly, shareholders and the public are advised to exercise caution when dealing in the company's shares until such a time that the negotiations have been concluded". No comment could be obtained from CFI Holdings as chief executive officer Steve Kuipa's mobile number was not reachable. However, in a recent notice of CFI's annual meeting of shareholders slated for August 14, the company said it was seeking shareholder approval to ratify the exceeded borrowing powers in 2014 and to seek authority to borrow to a cap of not more than $20 million this year. "The holding company is mandated to borrow amounts not exceeding three times its capital and distributable reserves. The group engaged local financiers for a land-for-debt swap and until this is achieved, the group will exceed the threshold stated in its articles hence the requirement for ratification," CFI said in a notice to shareholders. The land deal will be a major boost for Fidelity four years after venturing into housing development. Fidelity first embarked on housing development projects in 2011 and developed 317 stands in phase one of Manresa Fidelity Park in Arcturus. In 2013, Fidelity launched the South View Park housing scheme along the Harare-Masvingo Highway. The project is on a 323-hectare piece of land. In April, Fidelity said it was expected to complete the servicing of stands at South View ahead of schedule buoyed by the $12,7 million raised from investors. Fidelity last year went to the market to raise $5 million via a housing bond. The bond was oversubscribed by 1,5 times and $12,7 million was raised.*(News Day)*

Zimbabwe's Bindura Nickel Corporation said on Tuesday it had increased its full-year nickel production by 3 percent to a record 7,306 tonnes, while revenue was boosted by higher prices of the metal. Bindura, Africa's only integrated nickel company with a mine, smelter and refinery, said the average nickel price for the year to end-March was $16,700 per tonne compared with $14,298 per tonne in 2014. This increased revenues by 21 percent to $79 million, the company said in a statement. The company, which is 75 percent owned by African miner Mwana Africa, currently sells nickel concentrate to Glencore but plans to start exporting nickel alloy after an ongoing smelter upgrade. This would raise its revenues by up to 20 percent. Bindura said the smelter, which had initially been expected to be completed in December, would be finished in the first quarter of 2016 after delays from suppliers. The first sale of nickel alloy is forecast to start next April. The nickel miner said it was negotiating with various unnamed parties to secure an off-take agreement for the nickel alloy and for processing third party nickel concentrate. Bindura also said it plans to start negotiations with the government to lower its power tariff, citing that electricity costs will account for 48 percent of the expenses of running the upgraded smelter. In the past the company enjoyed a commodity-linked tariff which expired in January 2015.*(Reuters)*

Meikles Hotel has been awarded a certificate of excellence by a United States based travel website underlying its status as one of the best hotels. The award was made by TripAdvisor, one of the world's foremost travel websites providing reviews of travel-related facilities, activities and content. The hotel has been advised of the honour by Marc Charron, president of TripAdvisor for Business, who sent the certification to Meikles' general manager, Tinashe Munjoma as part of the website's 2015 awards programme. "We are delighted to have received this important honour, and I have to say that it serves as a timely reminder to our management and staff to not only maintain standards achieved so far, but to go the extra mile in search of ever-increasing levels of guest satisfaction in every aspect of our business," Munjoma said. The online TripAdvisor was established in February 2000 and it has almost four million followers, who check out fellow followers' review of content when selecting destinations for every type of travel-related activity. The Certificate of Excellence award was introduced in 2010 and is presented to organisations that have received an exceptional number of positive reviews on a consistent basis.

Meikles Hotel is owned by Zimbabwe Stock Exchange-listed Meikles Limited. Meanwhile, The Victoria Falls Hotel has been named one of the top five resort hotels in Africa and the Middle East by a leading travel publication, Travel and Leisure magazine. The hotel is jointly owned by Meikles Limited and African Sun. In the magazine's 2015 World's Best Awards competition, the hotel was listed as one of the top five lodges and resorts, listed along with two South African properties, one from Tanzania and one from Botswana. Giulio Togni, general manager of The Victoria Falls Hotel said the company was "delighted with this listing' coming from a respected travel publication. "We are advised that the listing results from judging by readers in 2014/2015 and that this achievement comes from consistent and independent voting. It is an accolade with which we are not only delighted but of which we are also incredibly proud," Togni said. *(News Day)*

Economic News

THE Zimbabwe Stock Exchange (ZSE) is in discussions with mining companies so that they list on the local bourse to increase mining The local bourse has four counters since 2009 and the number remains the same seven years after the country adopted the multi-currency system. The four mining companies include Hwange Colliery Limited, Bindura Nickel Corporation, Falcon Gold Zimbabwe Limited and Rio Zimbabwe Limited. Large mining companies with operations in Zimbabwe, but listed elsewhere include Zimplats, New Dawn and Mimosa. Mimosa is jointly owned by Aquarius and Implats that do not have listings in Zimbabwe. ZSE chief executive officer Alban Chirume told NewsDay the exchange was talking to the mining firms so that they list locally. "We have visited some of the big mining companies which are not listed on the local bourse. We are trying to get them listed. We have been in talks with some of them, it is an interesting response. They are interested and there are issues to be sorted out on government policy. Policies such as indigenisation are important for mining companies," Chirume said. He refused to disclose the number of companies that are involved. Chirume said the mining companies want ZSE to prove that the market can raise funds such as $100 million as the sector was capital intensive. "Mining is a capital intensive business and when mining companies look for funding in most cases it will be huge sums of money. "It is also a financial sector issue whether some of the banks local and international can raise the funds," he said. The stock exchange is a vehicle for raising money for companies. ZSE's performance has been subdued a reflection of the state of the economy. In the six months to June 30, turnover on ZSE slipped by 41,69% to $137 million from $234 million in the same period last year. Market capitalisation declined by $1 billion to $3,8 billion from $4,8 billion during the same period last year. *(News Day)*

THE International Monetary Fund (IMF) mission will undertake the review of the second supervised economic reform programme on Zimbabwe next month amid indications the country has made progress under the plan. Zimbabwe is under IMF's Staff Monitored Programme (SMP), an informal agreement between country authorities and Fund staff to monitor the implementation of the authorities' economic programme. This is the second SMP which began in October 2014 and runs up to December this year. IMF resident representative in Zimbabwe Christian Beddies told NewsDay that the country made progress on the SMP under the first review held in March. "Preliminary information indicates that the authorities remain on track in the implementation of the SMP. The fund mission will undertake the second review of the staff monitored Programme from August 31 to September 11, 2015.This is a review of progress that the authorities have made under the SMP (October 2014-December 2015)," Beddies said. Zimbabwe is expected under the programme to stabilise the financial services sector as well as improving confidence by dealing with weak banks. The central bank promised IMF that it would have dealt with three troubled banks — AfrAsia, MetBank and Tetrad — by June 30. In an update early this month, Reserve Bank of Zimbabwe (RBZ) governor John Mangudya said MetBank had improved and its bank's core capital position had increased to $31 million as at March 31 2015, above the minimum core capital requirements of $25 million.

Mangudya said RBZ had appointed the Deposit Protection Corporation as Tetrad's provisional judicial manager to oversee the day-to-day running of the bank. AfrAsia Bank Zimbabwe surrendered its operating licence in January. Commenting on the performance of the economy during the first half of the year, Beddies said the economic situation remains difficult with the agricultural sector underperforming due to adverse weather conditions. "Mitigating factors include better performance in other sectors, most notably gold. One of the key tasks of the upcoming mission will be to reassess macroeconomic conditions and if need be revisit growth forecasts," Beddies said. The SMP was approved in October 2014 and it is a 15 month programme that will help Zimbabwe normalise its relationship with some of its creditors. The programme will strengthen Zimbabwe's external position as a prerequisite towards debt clearance and normalising relations with creditors and debt servicing. Beddies said the strategy on debt clearance remains work in progress and the RBZ, Treasury, the African Development Bank, IMF and World Bank are working on the issue. The strong performance under the SMP would also improve Zimbabwe's capacity for repayment and demonstrate that it can implement reforms that could justify a fund financial management to address the country's problems. Zimbabwe owes various creditors including the IMF, World Bank, Paris Club and others close over $10 billion in arrears. *(News Day)*

The mining sector has generated more than $10 billion revenue in five years to 2014, an official has said. According to the Zimbabwe International Trade Fair Company daily bulletin, the Chamber of Mines of Zimbabwe president, Toendepi Muganyi, said the mining sector was contributing significantly to economic development, constituting about 15% of gross domestic product (GDP), 53% of foreign exchange earnings, between 8 to 12% of government revenue and more than 500 000 formal jobs. "Just in the past five years to date, the sector has generated more than $10 billion, with a peak of $2,4 billion generated in 2012 alone. The future of the sector is very promising. Given right policies and supportive infrastructure the sector can attain as much as 25% of GDP and more than 65% of national exports. It can even treble its employment capacity in the next 15 years," Muganyi said. "The mining sector has the impetus to revive the economy and uplift the lives of its citizens in line with our socio-economic development goals." Muganyi said Zimbabwe was a resource-endowed country, with a number of deposits still to be discovered or exploited.

He told delegates at the ongoing Mining, Engineering and Transport (Mine Entra) exhibition in Bulawayo on Wednesday that the sector was weighed down by challenges that include depressed mineral prices, inadequate capital and high cost structure that is characterised by suboptimal royalties, shortages and inconsistent supply of power. "The sector continues to operate below capacity and a number of mining companies are facing viability challenges," he said. According to Muganyi, the total value of minerals (excluding diamonds) in the five months to May this year declined by 9,5% to $696 million compared to $768 million recorded during the same period last year. Apart from gold which recorded 26% growth in volume in the first five months, the majority of minerals recorded decline in output with platinum output down 5%, palladium 7%, and chrome 56%, he said. Nickel output was flat at 0,4%. Speaking at the same conference, Mines and Mining Development minister Walter Chidakwa said to ensure that the country maximises the benefits from its mineral resources in terms of value, employment creation, skills and technology transfer and sustainable economic development, the mining industry needs to promote local beneficiation and value addition. "In order to maximise the developmental impact of mining, the ministry aims to foster economic inter -dependencies between mining and the rest of the economy through maximising value addition," he said. *(News Day)*

Italy will invest in Zimbabwe's solar energy sector as it can reach the lower base of society, a senior official from the European country said on Wednesday. Secretary of State for Renewable Energy Sector, Foreign Affairs and International Cooperation Mario Giro told journalists that there was room to invest in the renewable energy sector. He is the highest-ranking Italian official to visit the country in 16 years due to the thawing of relations between Harare and the European Union bloc. "In the renewable energy sector, particularly solar panels, we are trying to foster this sector because it is also a sector that can reach the people at the very base of society," Giro said. "We need to improve the energy sector in order to improve the economy not only for big works, but to also address the needs of the population." He said the Italian government was expected to help grow the solar energy sector in the country through a company specialising in renewable energy particularly in solar panels. Giro said this was a way the Italian government would help the country to address climate change and deal with ecological problems which will lessen the negative effects on crops. The visit comes as the Italian government seeks to increase its investment into the country particularly in infrastructure. "What is very important is the sector of energy, without energy nothing can be done. We need more co-operation, trade, and new investments," Giro said. "It is necessary to open the path for the companies starting with the institutional visit."

Italian ambassador to Zimbabwe Enrico De Agostini said the Italian government hoped to identify the sectors that could sustain the growth of Zimbabwe. Giro said Italy "never stopped our relations, we never disengaged, but with the entire internal political crisis, considering the fact that Italy is involved with the European Union, there were some prudent aspects". Giro said that the backbone of the Italian economy was small to medium enterprises (SMEs) and was a model that could be brought into the country but on condition that there was a spirit of entrepreneurship. "It is not something that you can do, but is something that you have to learn and we have this experience coming from the grassroots and it is a way to foster the economy for development," he said. Giro met officials from the Foreign Affairs ministry. *(News Day)*

Zimbabwe's PER Lusulu Power has signed an agreement with China State Construction Engineering Corp Ltd to build a coal power station in April next year, company officials said on Thursday. The 600 megawatt plant will be the first phase of a 2,000 MW project. The southern African country produces a maximum 1,100 MW of electricity, half its peak demand, forcing local industries to use costly diesel generators to keep operations running. Power shortages have been blamed for keeping away potential investors. Stewart Perry, chairman of PER Lusulu Power said Chinese financial institutions had agreed to fund the $1.1 billion power plant in north-western Zimbabwe, subject to the company signing a power purchase agreement with the state energy regulator. China State Construction Engineering Corp will design and construct the plant, as well as build power lines to transmit the electricity and expects to complete the project in 2019. "It's the first of four phases and is one of the biggest projects that Zimbabwe has ever done," Perry said during a ceremony to sign the agreement with CSCEC. Zimbabwe's national power company said in April it had plans to build new power stations to produce 3,500 MW at a cost of $5 billion. *(Reuters)*

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