SECURITIES AFRICA
RESEARCH & CAPITAL MARKETS

PAN-AFRICA

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

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

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

AFRICA STOCK EXCHANGE PERFORMANCE

Country	Index	17-Oct-14	24-Oct-14	WTD % Change Local	WTD % Change USD	YTD % Change Local	YTD % Change USD
Botswana	DCI	9566.70	9570.74	0.04%	-0.40%	5.71%	1.28%
Egypt	CASE 30	8593.51	8797.29	2.37%	2.34%	29.70%	25.73%
Ghana	GSE Comp Index	2216.87	2226.37	0.43%	0.43%	3.78%	-25.85%
Ivory Coast	BRVM Composite	247.41	241.43	-2.42%	-3.52%	4.06%	-4.32%
Kenya	NSE 20	5279.88	5197.67	-1.56%	-1.73%	5.49%	2.47%
Malawi	Malawi All Share	14110.22	14110.22	0.00%	-6.88%	12.60%	4.71%
Mauritius	SEMDEX	2133.00	2126.99	-0.28%	-0.16%	1.49%	-2.19%
	SEM 7	402.79	401.44	-0.34%	-0.22%	-0.55%	-4.15%
Namibia	Overall Index	1038.60	1035.49	-0.30%	0.79%	3.86%	-0.77%
Nigeria	Nigeria All Share	38197.73	38967.72	2.02%	0.11%	-5.71%	-8.54%
Swaziland	All Share	298.01	298.01	0.00%	1.10%	4.32%	-0.33%
Tanzania	TSI	5763.06	5681.77	-1.41%	-3.44%	99.82%	86.13%
Tunisia	TunIndex	4609.00	4601.70	-0.16%	-1.10%	5.03%	-4.51%
Zambia	LUSE All Share	6212.23	6199.53	-0.20%	-2.12%	15.91%	0.18%
Zimbabwe	Industrial Index	188.77	182.90	-3.11%	-3.11%	-9.51%	-9.51%
	Mining Index	81.76	74.88	-8.41%	-8.41%	63.53%	63.53%

CURRENCIES

Cur-rency	17-Oct-14 Close	24-Oct-14 Close	WTD % Change	YTD % Change
BWP	8.99	9.02	0.44	4.38
EGP	7.13	7.13	0.03	3.15
GHS	1.87	3.30	-	39.97
CFA	512.50	518.38	1.15	8.76
KES	87.44	87.59	0.18	2.95
MWK	413.14	443.68	7.39	7.53
MUR	30.15	30.11 -	0.12	3.76
NAD	11.10	10.98 -	1.08	4.67
NGN	161.40	164.47	1.90	3.09
SZL	11.10	164.47 -	1.08	4.67
TZS	1,636.76	1,671.18	2.10	7.35
TND	1.79	1.80	0.95	9.99
ZMW	6.24	6.36	1.95	15.69

SECURITIES AFRICA

Botswana

Corporate News

No Corporate News This Week

Economic News

No Economic News This Week

Egypt

Corporate News

SODIC, one of Egypt's largest listed real estate developers, plans to invest 2.4 billion Egyptian pounds ($336 million) in 2015 and is hunting for new projects as the sector recovers from three years of turmoil, its managing director said. Egypt's once-booming construction sector was hit hard by the 2011 revolt that ended Hosni Mubarak's 30-year rule but ushered in a period of economic and political volatility. Many large real estate contracts were cancelled in the wake of the revolt and investment dried up. Three years on, the economy is showing the first signs of recovery, bringing an uptick in demand for property in the Arab world's most populous country. Speaking at the Reuters Middle East Investment Summit, Ahmed Badrawi was bullish, saying it was a good time to invest in the sector with SODIC likely to have made 2.5 billion pounds worth of investments by the end of this year. "We are also targeting investments worth 2.4 billion pounds next year," he said, adding that the figure could rise if SODIC takes on new projects on the Mediterranean coast or elsewhere. "The market is strong and that is why we are investing strongly...We are planning for the next five years. We see this as the right time to expand strongly inside Egypt and that is why we have bought the new land and increased our capital." SODIC will complete a deeply discounted 1 billion pound capital increase on the Egyptian stock exchange on Thursday. Badrawi said two-thirds of that money would be invested in a new project in the upscale Cairo suburb of Heliopolis, while the rest would be dedicated to new land SODIC is seeking to buy either on the northern coast or outside the sprawling capital. SODIC plans to begin construction and offer the first phase of units in the mixed-use development on its 1.3 million-square metre site in Heliopolis before the end of the year. It won rights to the land earlier this year and is targeting sales of 300-600 million pounds in the first phase and 9 billion pounds from the whole project, which it has yet to name. Badrawi said SODIC had also won a 2010 auction for 63,000 square metres of land in the Nile Delta town of Mansoura where it plans to build a mall at a cost of 310 million pounds. It expects to take control of the land this year. Badrawi said SODIC, also known as Sixth of October Development and Investment Co, was currently working on eight projects. Its portfolio comprises 11 million square metres, including 3.6 million metres that have yet to be exploited.

Its existing projects include West Town, a residential neighbourhood in the Sheikh Zayed City area west of Cairo. Earlier this year, it ended a dispute with the government, agreeing to pay 900 million pounds over seven years after a revaluation of its vast Eastown project in Cairo. Badrawi said he was confident the company could consolidate its return to profit following losses of 447.13 million pounds in 2013 as it wrote off cancelled contracts and investments in Syria. "We wanted to get rid of all our problems from the previous period and we succeeded in this. The figures from the second half of this year will not be dissimilar from the numbers in the first half," he said. In the first half of 2014, SODIC made a profit of 90.53 million pounds on revenues of 635 million pounds. In May, U.S. private equity firm Ripplewood acquired a near 10 percent stake in SODIC, in anticipation of an economic recovery following three years of upheaval. Despite billions of dollars that have poured in from Gulf countries in the past year, Egypt's economy grew a meagre 2.2 percent in the 2013/14 fiscal year ended in June. But demand for housing remains strong and officials have said Egypt needs around 500,000 new units a year to meet demand. New satellite towns have sprung up around Cairo in recent years, many offering plush amenities away from the busy centre, while billboards advertising coastal holiday homes dot the capital. Badrawi said sales had reached 2.2 billion pounds so far this year and could exceed 2.7 billion by the end of 2014 after it brings the next phase of its West Town project to market next week and sells the first units in Heliopolis later this year. "The real estate sector is growing strongly. There is a big shortage of property in Egypt and demand outstrips supply. We offered a phase in one of our projects two weeks ago and demand for units was fierce...I am very optimistic about this sector." *(Reuters)*

Economic News

Egypt's main index closed 0.81 percent down on Sunday as ongoing doubt about the performance of global markets reversed gains made early in the session. The EGX30 rose to a peak of 8,753 points on Sunday morning as investors sought to capitalise on news of a rally of

European and US stocks on Friday after two weeks of losses, prompted by better than expected US corporate earnings and positive consumer sentiment. But uncertainty about whether this rebound would extend on Monday ultimately drove down the Egyptian bourse to close at 8,524 points, Eissa Fathy, vice president of the securities division at Cairo's Chamber of Commerce, told Ahram Online. "It's Sunday and US and European markets are closed, so there is no reference for Egypt investors to follow, who prefer to close their positions and take their profits in case there is a decline tomorrow," said Fathy. Turnover was weak at LE474 million, as Egyptians sold a net LE10.2 million worth of shares, non-Arab foreigners were net sellers for LE8.3 million and Arabs net-sold LE1.9 million worth of shares. Market bellwether Commercial International Bank (CIB) slid 0.57 percent to LE45.22 a share. Cairo-based investment bank EFG-Hermes saw its share price rise 1.05 percent to LE15.41. Property developer Palm Hills Development Company inched down 0.27 percent to LE3.75, while TMG Holding rose 0.74 percent to LE9.57. Six of October Development and Investment Company (SODIC) fell 3.82 percent to close at LE13.83. Global Telecom Holding plunged 5.84 percent to close at LE4.19. Regional stocks were down on Sunday, as Dubai fell 4.95 percent, Saudi Arabia 3.59 percent, Abu Dhabi 2.29 percent and Kuwait 1.74 percent. Egypt's broader EGX70 index was down 0.65 percent. *(Ahram)*

Egypt's exports of natural gas in August witnessed an 86 percent drop compared to the corresponding month of the previous year, the state-run Information and Decision Support Centre (IDSC) reported on Sunday. The value of exports totalled $26.1 million, compared to $192 million in August 2013. Meanwhile, natural gas production fell 14 percent lower than its August 2013 level, totalling 3.04 thousand tonnes of natural gas, compared to 3.5 thousand in the same month of the previous year. Electric power generation accounted for some 67 percent of natural gas consumption, up from 60 percent a year before, reflecting Egypt's efforts to meet rising domestic demands for electricity. Egypt has been in negotiations with US-based Apache Corp and other international gas companies to offer higher gas prices to encourage exploration, Reuters reported last week. Gas producers currently receive about $2.65 per 1,000 cubic feet, far below the prices paid in the North Sea and elsewhere, says Reuters. Earlier in October, Egypt paid $1.5 billion of its debts to foreign oil and gas firms, with a promise to pay a total of $2-3 billion by the end of the calendar year. Last month, Egypt signed oil and gas exploration deals worth $187 million with several western companies and a Tunisian firm. Exports of crude oil and other petroleum products were valued at $402 million, up 1.5 percent from $396 million in August 2013.Meanwhile, domestic consumption of petroleum products rose 9.2 percent year-on-year to 31.8 thousand tonnes. Billions of dollars in petroleum aid from sympathetic oil-rich Gulf nations have helped Egypt's government keep up necessary imports. The United Arab Emirates pledged $9 billion worth of petroleum products starting in September, to be sent over a year. Egypt's production of Brent crude and petroleum condensates such as gas oil and naphtha dipped by 1.8 percent year-on-year in August to reach 2.9 million tonnes, according to the IDSC. *(Ahram)*

Egypt needs an "economic revolution" to recover from damage caused by political instability as it seeks to attract billions of dollars in foreign investment and repair its state finances, planning minister Ashraf al-Arabi said. The Arab world's most populous nation has struggled since a popular uprising toppled veteran autocrat Hosni Mubarak in 2011. Last year, then army chief Abdel Fattah al-Sisi toppled elected president Mohamed Mursi of the Muslim Brotherhood after mass protests against his rule. The ensuing security crackdown on the Brotherhood, pro-Mursi street protests and attacks by Islamist militants based in the Sinai Peninsula have hammered tourism, a pillar of the economy, and kept most foreign investors away. To compensate for those losses and eventually compete globally, Egypt must overhaul an economy which has been dominated by the state for decades and show investors it is committed to safeguarding their money, Arabi said. "I totally agree that in Egypt we need to have an economic revolution, and a socio-economic revolution, an administrative revolution just to cope with the political revolution that we achieved in June last year," he told Reuters in an interview for the Reuters Middle East Investment Summit. "The laws need to be revisited - the investment laws, the business laws. It is extremely important to understand that global competitiveness is a very challenging environment nowadays everywhere in the world. If we look at competitiveness indicators Egypt unfortunately is moving down in the rankings." Arabi said a new investment law, currently in draft form, would tackle issues including land use, the energy sector and infrastructure. "I believe we will have a very advanced law that tackles all the problems we are facing nowadays in Egypt." Authorities are working hard to make it easier for the private sector to operate in Egypt, Arabi said; a stifling bureaucracy and legal disputes have discouraged investment. In April, the cabinet approved a law preventing third parties from challenging contracts between the government and investors.

Before Mubarak's exit, new foreign direct investment in Egypt was about $8 billion a year. It subsequently tumbled to some $3 billion, before recovering to $6 billion in the last fiscal year, which ended in June. The economic growth rate over the last three years was around 2 percent. "It is very important to have a growth rate at least three times the growth rate of the population. Nowadays we have a population growth rate in Egypt of more than 2.5 percent." Egypt aims for economic growth of at least 4 percent in the coming year and hopes to boost this gradually to at least 7 percent on average for the next decade, said Arabi. "To do so we need at least, for the coming fiscal year, 500 billion Egyptian pounds ($70 billion) total investments," he said in his office at the sprawling planning ministry in Cairo. Arabi and other ministers appear to be taking a more realistic view of the economy than past officials, and so is Sisi, who was elected president this year and has since taken the politically bold step of raising fuel prices. Previous governments tended to paint a rosy picture of Egypt's circumstances; an overwhelming population of 85 million lives on a small area of land amid high unemployment, widespread poverty, corruption and red tape. Gulf Arab allies Saudi Arabia and the United Arab Emirates, which fiercely oppose the Muslim Brotherhood, showered Egypt with billions of dollars in aid after Sisi ousted the group. Arabi said it was now time to push for Gulf investments in Egypt, not more aid or donated petroleum products.

If foreign investment does increase, one question asked by companies is likely to be: who will handle the cash? Asked if it was important to assure investors that ventures would not be dominated by Egypt's powerful military, Arabi said: "I believe this is the wrong message that is repeatedly delivered. As I mentioned many times, the scope and the size of the investments that Egypt needs is extremely huge." He added, "Again, it's much above the capability of the military and the private sector and the public sector and even the foreign investors. That is why we need them all together." Arabi said Egypt was scrambling to sign deals with companies before holding an economic summit in the resort town of Sharm el-Sheikh next February to attract investment. "Energy - I believe this is the top priority for us, for the country. Housing. Infrastructure. Agriculture. Manufacturing. Of course tourism," said Arabi, adding that a committee including Saudi Arabia and the UAE was reviewing investment opportunities. He said Egypt was focused on pushing through the new investment law before the conference, so that the event would effectively be a signing ceremony for investment deals. Some economists think a successful conference might enable the government to push through reforms needed to reach agreement on a loan package with the International Monetary Fund. Since 2011, the country has considered such a loan and even held talks with the IMF, but political sensitivities have blocked a deal. Arabi, who took part in past negotiations with the IMF, expressed serious doubt that Egypt's current government at least would pursue that path. Parliamentary elections are expected sometime in coming months. "It's better to leave this to the coming government. What is really more important is to start and to accelerate the reform plan, the economic reform plan that we started," Arabi said. "I believe what this government has already done is much more than what the IMF requested from us before. It is very important to have a national and homegrown economic reform programme and to implement this reform programme." *(Reuters)*

The Egyptian government is planning to trim its budget deficit to 8 percent of gross domestic product in five years by restructuring energy subsidies, the country's finance minister said on Tuesday. "Gradual" fiscal reforms relating to taxation and controlling ineffective spending on subsidies will also push public debt down to 80-85 percent by the 2016/7 fiscal year, Hany Kadry Demian said, Al-Ahram's Arabic news website reported. In July, the government raised the price of state-subsidised fuels by as much as 78 percent in an effort to cut LE44 billion out of its annual energy subsidy bill, while raising the prices of commercial and household electricity. Budget deficit has grown from 8.1 percent of GDP in 2009/10 to 12.6 percent in the 2013/14 fiscal year which ended in June. The government forecasts a 10 percent deficit in 2014/15, according to the state budget. Economic growth is also slated to reach 6 percent in the "medium term" as "mega-developmental projects" and tax reform will boost economic activity, Demian said. This growth figure was cited before by Demian as the target for the 2018/19 fiscal year. The Egyptian economy slowed down following a popular uprising that led to the ouster of former president Hosni Mubarak in 2011, posting a growth rate of 2.2 percent for 2013/14. *(Ahram)*

Egypt's main index witnessed its biggest rally in three weeks on Tuesday, climbing 1.15 percent to close at 8,633 points. Investors were cautious at the start of the session, but gains by European and regional markets encouraged them to buy back into the Egyptian market. European shares were boosted on Tuesday after European Central Bank insiders told news agency Reuters the bank was planning to buy corporate bonds to fight a slow-down in the European economy. "Investors took advantage of the low prices of blue chips, some which lost as much as 15 percent of their value after the aggressive sell-off witnessed in past sessions," Mohamed Radwan, head of equities at Pharos

Holding, told Ahram Online. Non-Arab foreigners, who accounted for 25 percent of market activity, were net-buyers for LE30.9 million worth of shares, while Arab investors, representing nearly 12 percent of the market, bought a net LE21.6 million as local investors were net-sellers. Total turnover for the session was modest, at LE562 million. Market bellwether Commercial International Bank (CIB) rose 0.80 percent to close at LE45.30. Cairo-based investment bank EFG-Hermes climbed 1.03 percent to LE15.69. Real estate shares were also in the green, with TMG Holding gaining 1.77 percent to trade at LE9.77, Six of October Development and Investment (SODIC) leaping 2.56 percent to trade at LE14.41 and Palm Hills Development Company rising 2.94 percent to close at LE3.85. Global Telecom Holding rose 1.46 percent to LE 4.18, while majority state-owned Telecom Egypt was up 0.72 percent to LE12.54. The broader EGX70 index rose 1.71 percent. Gulf markets rebounded on Tuesday, with Abu Dhabi rising 0.53 percent, Dubai leaping 3.49 percent and Saudi Arabia gaining 2.39 after Brent prices rose and held near $86 a barrel on Tuesday.*(Ahram)*

Egypt is seeking billions of dollars in investment to upgrade its telecommunications infrastructure as part of efforts to attract multinationals and restore growth after three years of political upheaval, the telecoms minister said. Political unrest, protests and militant violence since the 2011 uprising that ousted Hosni Mubarak has battered Egypt's finances, spooking investors the most populous Arab country needs to create growth and much-needed jobs. Atef Helmy said Egypt needs investment of $5-$6 billion to build broadband internet across the nation and some $3 billion more to build seven technology parks it hopes will lure multinationals and provide employment. Some of these opportunities will be presented at an economic summit aimed at encouraging investment in Egypt that will be held in February in the resort town of Sharm al-Sheikh. "There is no doubt that the telecoms and technology sector is one of the most competitive sectors when it comes to investment and as part of building our new Egypt...(it) is a cornerstone," he said in an interview as part of the Reuters Middle East Investment Summit. Helmy, himself an executive with Oracle, said Egypt had managed to retain big multinationals, including his former employer, despite the recent turbulence. The Smart Village, a technology park of manicured lawns and water features outside the sprawling capital, is home to the gleaming offices of major international firms as well as the Communications and Information Technology Ministry; a testament to the kind of Egypt Helmy wants to build. Recently returned from Dubai, where he met with executives from Gulf firms as he seeks to drum up interest in Egypt, Helmy said his country offered much untapped potential, with the penetration rate for high-speed internet at a paltry 15 percent. "For high speed internet, for each 10 percent penetration this creates between 50,000-60,000 jobs... so you can just imagine the impact economically," he said. "You cannot develop... education and health without having this infrastructure in place." As part of efforts to reform the sector, Egypt's government approved a long-awaited plan in September to issue a unified landline and mobile telecoms licence, opening the way for fixed-line monopoly Telecom Egypt to offer mobile services. The state operator agreed in May to pay 2.5 billion Egyptian pounds ($350 million) for permission to offer mobile services, but the new rules have yet to come into effect after repeated delays, raising concerns that major sticking points remained.

Helmy said the regulator was still finalising some details and the license would be activated within weeks. "The work is going on and we are expecting within the coming few weeks to be able to finalise everything and announce it," he told Reuters. Egypt's three existing mobile service providers, Vodafone Egypt Mobinil and Etisalat Egypt, have been eating away at Telecom Egypt's business as more Egyptians opt to use mobile phones and the Internet instead. Telecom Egypt has been waiting to launch a new mobile operation to rival other players. It already owns a 45-percent stake in Vodafone Egypt, but the government has said it would have to sell its Vodafone stake by December 2015 as part of the licence deal. The unified licence law also stipulates the creation of a new company dedicated to developing Egypt's telecom infrastructure, a key role so far carried out by Telecom Egypt. Helmy said military-controlled companies would have an important role in that new infrastructure company but denied that the army would have a controlling stake, with existing phone companies and other firms also involved though their precise roles were still to be determined. Egypt's military, whose budget is not made public, has long played an important role in the economy, and controls companies producing everything from bottled water to tablet computers. It is seen by many Egyptians as more efficient than the government, but critics say its role is not transparent and complain that it crowds out the private sector by taking the lead on key infrastructure projects such as those the telecoms and technology sector so desperately needs. "They are a huge customer so they are not coming because they are defence or whatever but because they are a big customer for this company," Helmy said. "None of this has been finalised... everything will be clear in the coming weeks." *(Reuters)*

Egypt's market registered mild losses Thursday following three consecutive sessions of gains. The benchmark EGX30 index inched down 0.17 percent to register 8,797 points with daily stock turnover of LE678 million. Non-Arab foreigners were net buyers to the tune of LE51 million. Orascom Telecom Media and Technology (OTMT) Holding was the biggest gainer in the main index, rising 3.88 percent to LE1.08 per share and seeing LE95.5 million in turnover. Naguib Sawiris, the founder of OTMT and a telecommunications tycoon, was appointed executive chairman and CEO of the company Wednesday following the resignation of predecessor Ahmed Abou Douma for personal reasons. Telecom Egypt inched down 0.63 percent to LE12.79 per share. In the real estate sector, Talaat Mustafa Group (TMG) Holding dropped 1.11 percent to 9.73 per share and Palm Hills Development (PHD) Company declined 1.02 percent to LE3.83 per share. Six of October Development and Investment Company (SODIC) shares increased 1.01 percent to LE14.76 per share. The broader EGX70 index fell 0.48 percent. *(Ahram)*

Egyptian authorities are eager to develop an active bond market but are counting on the central bank to ensure the participation of commercial banks, the head of the country's financial markets regulator said. Encouraging trade in bonds is a key part of the Egyptian Financial Supervisory Authority's (EFSA) plan to repair the capital markets after three years of political and economic instability following the revolution of 2011. Trade in government bonds could make it easier to fund the state budget deficit, while more corporate issuance would give companies an important channel to raise funds for investment. At present, over 90 percent of bond issues in Egypt are by the government. Bonds were supposed to start trading on the Egyptian Exchange in the third quarter of this year, but that has not happened. EFSA chairman Sherif Samy said the first step in activating the bond market in Egypt was "for banks to offer portions of their funds to create a bid and offer market...Without that, we as an authority cannot do anything, and neither can the exchange."

In an interview at the Reuters Middle East Investment Summit, Samy said authorities had reached an understanding with the central bank that it would encourage commercial banks to cooperate in developing the market. "The infrastructure is ready and the latest we have reached is our consensus that the central bank will sponsor agreements with a number of banks, in order to create a market in this area. The ball is in the central bank's court." One potential area of growth in the market is Islamic bonds. The administration of former Islamist president Mohamed Mursi passed a law governing sukuk, but it was shelved after he was deposed in July last year. Samy said the EFSA was this month sending amendments to Egypt's financial markets law to the prime minister; among other things, the amendments would include 20 articles governing sukuk and replacing the law passed under Mursi. The new articles will not describe sukuk as being Islamic but will allow issuers to sell them, provided they are approved by a sharia board of scholars who will be specified by one of the articles, Samy said without elaborating.

The EFSA is also trying to streamline regulations to make it easier and quicker for companies to raise funds, while cracking down on what it considers market abuses. One target is unregulated lending to investors to buy stocks. Samy said the EFSA had simplified the process for brokerages to obtain legal margin trading licenses, replacing their unregulated lending. Unregulated loans can destabilize the stock market because firms in some cases extend credit equivalent to 100 percent of the value of their clients' portfolios, then sell stocks without consulting the clients when their portfolios drop. Such loans "of course will not disappear 100 percent, especially at smaller firms with moderate financial resources, but we are trying to limit the violations," Samy said. Planned legal amendments cover mandatory acquisitions by investors as well as the criminal responsibility of financial firms' managing directors, so that they are not held responsible for errors that occur at their firms without their knowledge. Five new articles may allow the EFSA to issue rules governing commodities contracts, including which entities are licensed to trade them. Samy said the EFSA also planned eventually to send proposed rules governing real estate financing and the insurance industry to the prime minister. *(Ahram)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Ghana

Corporate News

The First National Bank has been rebranded as an international bank under the name; GN Bank. Its core values and corporate mission focusing on providing excellent and accessible banking services to the ordinary citizen and creating wealth for stakeholders among other things, remain the same. Mr Henry Lamptey, General Manager, Corporate Banking, who announced this at a colourful ceremony in Kumasi on Thursday to launch the new name, said the bank had not been sold out but the name had to be changed to distinguish it from other universal banks bearing the same name in other parts of the world. He said the new name came with a new logo – the letter GN written boldly in gold in a maroon box signifying money and wealth. Mr Lamptey enumerated some of its services as local and international money transfer, regular savings, current and fixed deposit accounts, gh-link enabled, SMS banking, mobile van banking, branchless banking and e-statements. Mr Charles Nimako, Director, said the financial institution that started eight years ago could now boast of 103 branches nationwide and had about 10 branches in the Ashanti Region. He said on September 18, this year, Bank of Ghana (BoG) granted the bank the full universal banking license. He said it was a fully-owned Ghanaian bank which ensured that majority of its shareholders were Ghanaians. Nana Bafour Agyei Kesse IV, Adumhene, in a speech read for him, lauded the bank for initiating core services that promoted socio-economic development of the region. He called on the staff to treat customers with respect and continue to be loyal and hardworking. (Ghana Web)

Economic News

Ghana's Volta River Authority, the nation's largest power producer, is restoring electricity after blackouts crippled the capital's two water processing plants and led to a shortage of the liquid. The deficit narrowed to 60 megawatts today from 440 megawatts on Oct. 17, Samuel Fletcher, the VRA's spokesman, said by phone today. Peak demand is about 2,000 megawatts versus supply of 1,940 megawatts. The state Electricity Co. of Ghana widened planned power cuts this week because of a shortage of natural gas from Nigeria, the low water level at the largest hydroelectric dam and maintenance at plants. The two water processing plants for the capital, Accra, were without power Oct. 16, Stanley Martey, a spokesman for Urban Water Ltd., said by phone yesterday. Steady production of the potable liquid can't resume until the power supply is restored, he said. The cuts forced the Korle Bu Teaching Hospital to switch to generators. The facility has been designated as an Ebola treatment center in case the disease spreads to Ghana. No cases have been confirmed in Ghana. President John Dramani Mahama's spokesman, Ben Dotse Malor, referred questions to cabinet ministers. Minister for Water Resources Collins Dauda didn't return a text to his mobile phone after business hours yesterday or answer multiple calls during and after business hours. *(Bloomberg)*

Focusing on how the economy performed last year, in terms of the GDP numbers, would be a major priority of the IMF team that will be in Accra from the 6th to 20th of next month, Joy Business has gathered. Sources say this would mean that that it may be difficult to conclude negotiations early next month, the initial deadline that government was looking at. The Fund usually after negotiations with a country for the program forwards their recommendations to their board for approval. This could also mean that, the Board of the IMF is likely to meet and consider Ghana's program for approval by December this year. The new timelines for concluding the talks could also have some implications for the country's budget which is often presented by the second week in November. But Joy Business sources close to the bail-out negotiations say Ghanaians might have to brace themselves for some tough times ahead, if the program takes off next year. Joy Business gathers that the IMF is proposing some tax hikes to take care of shortfalls in revenue and the budget overruns. Some of the proposals, sources say include a 17.5 percent VAT on petroleum products, review of some taxes paid by companies in the country and government reviewing subsidy programmes, especially for petroleum products. However, some have argued that, if the IMF should approve Ghana's request for a three year program, then government might be forced to carry out a "crush program" in 2015 which some economists have argued could come with some serious shocks for the economy. Meanwhile a member of Ghana's negotiations team has indicated the country's program with the IMF is likely take off before the end of the first quarter of next year. Employment and Labour Relations minister

Haruna Iddrisu says government is committed to going ahead with a program that would put the interest of the Ghanaians first. *(Ghana Web)*

Global decrease in prices of gold and cocoa are major contributors to the fall of the economy in 2013, Mr Edward Ato Sarpong, Deputy Minister of Communication said on Tuesday. He disclosed that the country lost GH¢130,000.00 last year due to the global decrease, which is equivalent to four per cent of the Gross Domestic Product (GDP). Mr Sarpong was explaining reasons behind the current national economic downturn at the well attended Government for the People Forum in Sunyani. He said the fall in the prices of the country's major contributors (cocoa and gold) affected the economy which dropped at an average of 20 per cent in 2013. The Deputy Minister stated that the country could re-structure and build a stabilized economy, if citizens develop the taste for domestic or local products, saying that, the country spent about GH¢165,000.00 on the importation of fish last year. Mr Sarpong said the rampant fire outbreaks coupled with the eight month election petition brought uncertainty, and impacted negatively in the overall economy. "In such situations there will definitely be a hitch in the economy and President John Dramani Mahama cannot do anything about it", he said. Mr Sarpong appealed to Ghanaians to support the government in finding lasting solutions to the national economic crisis. *(Ghana Web)*

Ghana will receive about $800 million from the International Monetary Fund as soon as January that will help stabilize the cedi, Minister of Finance Seth Terkper said. The package will help support the cedi's recovery and prevent the currency from depreciating as quickly as it has in the recent past, Terkper said in an interview with Bloomberg TV Africa in London on Oct. 20. The world's second-largest cocoa producer said it aims to conclude talks with the Washington-based lender next month for a three-year program. "Confidence has gradually returned to the markets," Terkper said. "We do not expect that the cedi will go back to depreciating as fast as it has done in recent past." Even after rebounding in the past two months, Ghana's currency is still the worst performer in Africa this year. The decline has pushed inflation to the highest level since 2010 and limited the government's ability to narrow the budget deficit. The government will probably miss its target of cutting the gap to 8.8 percent of gross domestic product this year because of chronic power shortages and other factors, Terkper said. The prospect of an IMF program has "reduced short-term risks" in Ghana, Fitch Ratings Ltd. said today in a document handed to reporters in Johannesburg. Fitch expects Ghana's budget deficit to be 10.1 percent of GDP this year. Pressures could "re-emerge in early 2015" if the IMF program is delayed, it said. The cedi weakened 2.4 percent to 3.3020 per dollar at 9:42 a.m. in Accra, extending its decline to 26 percent this year. Economic growth will probably accelerate to 7.5 percent next year from about 6.9 percent in 2014 because of higher crude output and improved gas supplies, Terkper said. *(Bloomberg)*

Federated Commodity (FEDCO), a cocoa buying company and its partners have set aside an amount of GH¢2,442,000.00 to support cocoa famers in six cocoa growing areas in the Western Region. The areas to be supported include Wassa Akropong, Manso Amenfi, Asankragwa, Samreboi A&B and Akontonbra. A statement copied to the Ghana News Agency in Accra, on Thursday, said a total of GH¢1,042,000.00 was used to purchase and supply farm inputs and logistics to the farmers and the other half also went into the provision of potable water for the communities. The statement quoted Alhaji Abdul Razak Adamu, Managing Director, FEDCO, as saying the presentation formed part of the Walter Matter SA and FEDCO Sustainability Project, aimed at helping to develop cocoa producing communities which trade with the company. The Managing Director also announced that a pilot Farmers Business School (FBS) would be started by FEDCO and its partners to build farmer's capacity in entrepreneurial and management skills.

"The school will enable farmers to learn and improve their knowledge, change their attitudes and enhance their skills towards improved farm commercialization", he said. Mr Paul Evans Aidoo, Western Regional Minister called on Cocoa Buying Companies to extend their support to the communities they buy their produce from. According to statement, the Minister said a lot of cocoa producing communities faced numerous challenges, including bad road network, lack of portable water, health facilities and other social amenities. He said such challenges could be leveraged only if the cocoa buying companies extended their support to those communities. He called on the cocoa farmers to desist from giving up their cocoa farms for galamsey operations and rather use the land profitably by growing more cocoa and urged them to make good use of the farm items presented to them. To avert some of the challenges facing cocoa producing communities, a team of consultants from FEDCO and its partners namely: Walter Matter SA and Chocolate Frey in Switzerland visited the six districts last

year to conduct a need assessment project. The reason for the assessment was to identify the real needs of the cocoa farmers and find means to addressing some of them. The needs identified in the report were in the areas of healthcare, potable water, road networks,education, infrastructure and entertainment facilities. The FEDCO and its partners praised the cocoa farmers for the quality of their cocoa beans and encouraged them to keep to the quality standard always. The Ghana Cocoa Board also used the occasion to reiterate its support to FEDCO in its activities to promote development. *(Ghana Web)*

Ghana's national oil firm expects to pump 190,000 barrels of crude per day by the end of 2016 and is set to tap markets again to raise more capital, the head of Ghana National Petroleum Corporation (GNPC) said on Thursday. The focus for 2015 will be on oil production at the main Jubilee field and extracting gas to reduce pressure on its reservoirs as well as developing the Tweneboa, Enyenra, and Ntomme (TEN) cluster, Alex Mould told Reuters. The West African country discovered oil offshore at the Jubilee field in 2007 and began producing in December 2010 at a project led by British oil firm Tullow in which GNPC is also a stakeholder. Tullow is on target to produce 100,000 barrels per day this year and the country's plan to start pumping gas onshore from Jubilee should enable oil production to move higher. "By the end of 2016, we should be producing something close to 60,000 barrels (per day) (bpd) from TEN, and we should be looking at 130,000 barrels (per day) from Jubilee," Mould said at an investment day in London. "We won't hit the 130,000 (bpd) early next year, most likely towards the end of the year." In April, Mould forecast that Ghana's total crude output would be above 200,000 bpd by late 2016 and said he hoped to raise $1 billion to fund its plan to become an independent operator in seven years. Asked in London how much money had been raised so far, Mould said GNPC had secured $700 million and more was to come. "We are waiting for TEN to come onstream, and most likely by the end of next year, early 2016, we should be able to raise another $500 million â€“ mostly from capital markets but also from banks," he said. He said he hoped GNPC would get an investment grade rating, though that process had not yet started. Oil is crucial to Ghana, a country whose economy has seen sustained rapid gross domestic product growth powered by its exports of petroleum, cocoa and gold. Growth is expected to dip to 6.9 percent in 2014 weighed down by fiscal problems including a double-digit budget deficit, rising inflation and a currency that has fallen sharply. The government is hoping to restore fiscal stability through a programme with the International Monetary Fund and oil revenue remains central to budget projections. Like other oil producers, Ghana is closely watching the oil price, which has dropped from $110 a barrel to less than $90 in recent weeks. An impact on revenue was unavoidable, said Mould, though it might not be all bad news for Ghana. "It will be less revenue, but it also could be that companies that have a lot of investments to do may be shying away from investments," he said. "They could be concentrating on basins that are de-risked, and that is good for us as most of our basins are de-risked." None of the international oil firms Mould was in touch with had indicated that any projects in Ghana are at risk, he said. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Kenya

Corporate News

Beer-maker East African Breweries Limited (EABL) is set to shut down its glass manufacturing subsidiary for three months beginning Monday to allow for refurbishment of the factory at an estimated cost of more than Sh1 billion. The brewer plans to replace the furnace, forming machines and other equipment used in the mixing, melting and moulding of glass bottles at Central Glass Industries (CGI), its fully-owned subsidiary located in Kasarani, Nairobi. East African Breweries Limited managing director Charles Ireland says the repair work is necessary to seal energy leaks from the furnace which wears out every eight to 10 years, reducing its efficiency. "We will switch off the furnace beginning Monday and we anticipate that the refurbishment work will last three months," Mr Ireland told the Business Daily last Thursday, estimating the repairs to cost between Sh1 billion and Sh1.5 billion. "The furnace has a thermal lining and the older the equipment gets, more energy leaks out, reducing the overall efficiency of the machine. You are forced to apply more energy to produce the same number of glasses as before." The glass maker has a daily melting capacity of 140 tonnes that can produce 73 different glass shapes. The company also has a printing facility for bottle labelling. Central Glass has been manufacturing and selling glass bottles regionally for 27 years, with more than 50 per cent of its products being exported to countries like Uganda, Tanzania, Ethiopia, Rwanda, Burundi, Eritrea and Seychelles. The glass company supplies Kenya Breweries Limited with bottles for its beer and soft drinks (Alvaro and Malta Guinness). The firm also manufactures bottles used by another sister company, United Distillers Vintners (UDV) which locally produces and sells spirits like Popov, Smirnoff, Gilbeys, Kenya Cane, Kenya Gold and V&A. Multinational soft drinks maker Coca-Cola is another of CGI's major local customers. The coming into force of the Alcoholic Drinks Control Act, 2010, which outlawed the sale of spirits in plastic bottles spirits, also swung some extra business in CGI's way. "The plant continues to operate at full capacity with major challenges in meeting expanding demand," says EABL. EABL added that it had been preparing for this revamp for nearly one year, promising that it would have enough stock for its customers during the shutdown. The company said it would source the new equipment from different suppliers across Europe and that the process will see it engage about 100 contractors."We have been preparing for this revamp for about one year now once we reached that point where the furnace had to be replaced," said Mr Ireland. "In anticipation, we have already built up sufficient glass bottle reserves so there will be no interruption of supply (for KBL and other customers)." EABL, which saw its after-tax earnings for the year to June 2014 grow by five per cent to Sh6.85 billion compared to Sh6.52 billion the previous year, owns eight companies in the region. *(Business Daily)*

East African Breweries Limited (EABL) has laid off more than 100 employees, cutting its staff costs by nearly Sh1 billion in the year ended June. The retrenchments saw its staff costs fall by Sh841 million to Sh4.7 billion in the period, representing a 15 per cent drop from Sh5.59 billion the year before. Lower payroll costs are expected to help boost the firm's margins that have been affected by rising debts. Chief executive Charles Ireland said about 100 employees who were working at Kenya Breweries Limited (KBL), a subsidiary of the regional brewer were sent home. "We made some changes in the layers of the company and the management reporting structure, which saw us simplify and eliminate some roles," Mr. Ireland told the Business Daily. "The changes in the business environment also saw us let go of some people working at the brewery. These two factors contributed to the reduction in our cost base." The restructuring process cost the company Sh1.18 billion. Analysts at Standard Investment Bank (SIB) said the retrenchment largely affected workers who were engaged in the Senator Keg division which has been hit hard by higher taxes. The government in October last year cut excise tax remission on the beer brand to 50 per cent from the previous 100 per cent, raising its retail prices by more than half. This saw Senator sales drop 75 per cent in the year ended June as the beer brand lost appeal among its target low-income consumers. EABL has since closed about 4,000 Senator outlets across the country after the beer's retail prices surged by more than 50 per cent, making it unaffordable to its target consumers. The firm responded to lower Senator sales by brewing five days a week, down from seven days in an effort to cut on plant running expenses including overtime pay, raw material orders and electricity bills. EABL also unveiled a leaner management structure, expanding the retrenchment exercise beyond those who were employed in the Senator division. The firm reduced the number of reporting layers where each manager has a maximum of five people answering to him or her. The brewer cited the weaker performance of Senator as part of the reasons why its net profit rose by just five per cent to Sh6.8 billion in the year ended June. The company's move to scale down its Senator business –which it says is now unprofitable— is however expected to ease pressure on its margins in the current financial year.

Its net margins remained flat at 11 per cent in the year ended June despite sales rising 3.7 per cent to Sh61.2 billion. SIB forecasts the net margin to rise to 13.2 per cent in the current financial year, driven by an expected 5.3 per cent growth in sales. The investment bank however expressed concerns over the brewer's rising debt that has seen it pay billions of shillings in finance costs. EABL's total debt rose 25.5 per cent to Sh34.8 billion in the year ended June, raising its finance costs seven per cent to Sh4.3 billion. *(Business Daily)*

Safaricom and Airtel Kenya have started absorbing 175 yuMobile employees in a recruitment exercise expected to be concluded within three weeks. yuMobile chief executive Madhur Taneja told the Business Daily that the two mobile operators are screening his firm's employees with an aim of aligning their skills set with available job vacancies. Absorption of the employees by the two telcos is not guaranteed and will depend on their willingness to accept available positions and terms laid down by their potential employers, Mr. Taneja noted. Safaricom is expected to take over 150 yuMobile employees and Airtel is to inherit 25 as part of their Sh11 billion joint buyout of the company. yuMobile is the operating brand of Essar Telecom, which is exiting the Kenyan market after years of losses. "The process of screening yuMobile employees began two weeks ago and we expect this to continue until November 7, thereafter, the employees will be given offers," Mr. Taneja told theBusiness Daily in a telephone interview. Safaricom corporate affairs director Nzioka Waita confirmed that the company has started recruiting its share of yuMobile employees. "The interview process is well underway and we remain confident that we shall be able to absorb at least 150 of the Essar staff in the event that the acquisition process receives all necessary regulatory approvals," Mr. Waita told the Business Daily. He added that Safaricom is using its standard recruitment processes to hire yuMobile employees. "The situation with Essar employees is no different, those who have expressed an interest in joining Safaricom upon conclusion of the acquisition process are currently being interviewed and being matched to suitable roles," he said. yuMobile has 197 employees excluding expatriates, meaning 22 employees will not be absorbed in the buyout deal. Safaricom has paid Sh6.9 billion to acquire the company's assets, including frequency spectrum, transmission towers and IT equipment. The deal is subject to shareholders' approval. Airtel has agreed to pay Sh4 billion for yuMobile's subscribers and its operating licence in addition to its own. The recruitment comes as a relief to yuMobile workers, who went to court early this year seeking to block the sale of the telco over their job security. The fate of employees and subscribers and also how the business will be liquidated were among the issues the telecoms regulator considered before approving the deal. The acquisition of yuMobile subscribers will see Airtel's customer base rise to 7.5 million from the current five million. On its part, Safaricom will have the much-needed frequency spectrum to accommodate its growing subscriber base that hit the 21 million mark between January and March and to improve the quality of its voice service. *(Business Daily)*

Uchumi Supermarkets saw its subsidiaries in Uganda and Tanzania sink deeper into losses in the year ended June, signalling difficulties in the firm's quest to expand its share of the competitive regional retail market. The Nairobi Securities Exchange-listed retailer says in its latest annual report that the Uganda unit recorded its third consecutive loss in the period while the Tanzanian operations continued its loss-making streak since Uchumi set up shop in Dar es Salaam in 2011. The losses by the subsidiaries weighed down Uchumi's net profit which rose 7.6 per cent to Sh384 million compared to Sh357 million the year before. Uchumi chief executive Jonathan Ciano said: "Total group sales registered a marginal growth due a drop in Uganda mainly attributed to competition, supply chain challenges and some locations becoming untenable due to infrastructural and tenancy mix challenges." He added that new branches in Kenya and Tanzania "are yet to mature" to begin contributing to the bottom-line. Uchumi's outlets in Uganda posted a pre-tax loss of Sh341.6 million in the period, compared to Sh256.4 million a year earlier and Sh75.9 million in 2012. The poor performance in Uganda forced Uchumi in September to shut down one of its six outlets in Kampala located at Freedom City mall outlet. The closed branch had been opened in June 2012. The retailer last made a pre-tax profit of Sh32.7 million in Uganda in 2011. In Tanzania, where Uchumi has four outlets, the retailer made a pre-tax loss of Sh125.2 million, a slight improvement from Sh131.3 million loss the year before and Sh142.7 million in 2012. Uchumi made a maiden loss of Sh11.7 million in Tanzania in 2011 when it set up the first hyper branch at the Quality Centre mall, Dar es Salaam.

The performance means that Uchumi is relying on its Kenyan operations to turn a profit, clouding its short term profit outlook even as it plans to deepen its regional expansion with an entry into Rwanda by December. The retailer has lined up a Sh895.8 million rights issue due to open on November 10 to raise cash to open more units locally to defend its market share in Kenya and fund regional expansion. The offer has been priced at Sh9 a piece, just under its current trading price of Sh9.9 on the Nairobi Securities Exchange and representing a nine per

cent discount. Existing shareholders are entitled to three new shares for every eight held. The cash call was approved by shareholders in December 2012 and its delay has seen Uchumi struggle with supplier debts and stock-outs, forcing the retailer to chalk up additional debts to shore up its working capital. Uchumi –which was once the largest retailer in the region— has dropped to be Kenya's fourth largest retailer in terms of revenue after it was overtaken by Naivas. Nakumatt has regional operations in Uganda, Tanzania and Rwanda while Tuskys has outlets in Uganda. .*(Business Daily)*

East African Breweries Limited (EABL) has sold off its 20 per cent stake in a Ruaraka-based engineering firm from which it sources spare parts for its factories. Its latest annual report indicates that after about 10 years of minority ownership in Sen Tech Limited, the company divested in a move that earned it Sh50 million. Sen Tech supplies EABL's subsidiaries Kenya Breweries Limited and East African Maltings Limited with spare parts for their equipment. It also offers maintenance services to the general beverage and packaging industry in the region, covering glass bottling, canning, and plastic manufacturing equipment. "The management 10 years ago thought it was a good thing to have a stake in a company which was an important supplier for EABL," said Mr Charles Ireland, EABL's managing director. "We now think this is no longer necessary and that is why we sold the shares. However, EABL shall still continue to source equipment spares from Sen Tech and other suppliers as is the case now." "The proceeds on disposal amounted to Sh50 million and the gain on disposal recorded in other income Sh49.6 million. This entity is not listed and the amounts are not material to warrant investment in complex valuation models." The brewer says it gained Sh49.6 million in the divesture, booking the amount in its "other income" which tripled to Sh422.4 million in the year ended June. This helped raise its net profit five per cent to Sh6.8 billion in the period. EABL noted that Sen Tech is a private firm and that disposing of the 20 per cent stake did not warrant complex valuation models since the amounts are not material. The divestiture from Sen Tech is part of the changes that the brewer has made to its operations in the past year as it seeks to improve efficiency and cut costs. EABL has also adopted a leaner management structure, reduced production of the low-cost beer brand Senator, and deepened the use of Aluminium cans for packaging exports. *(Business Daily)*

Uchumi Supermarkets turned to KCB for a Sh600 million loan to fund expansion and refurbishment of stores ahead of its rights issue, which opens next month. The listed retailer in its latest annual report said it borrowed the funds at an interest rate of 18 per cent and that the loan is repayable in a year, meaning Uchumi will incur Sh108 million in finance costs. The new loan adds to another Sh300 million credit line the supermarket secured last year from the Industrial and Commercial Development Corporation (ICDC), a State-owned finance institution that has a 2.73 per cent stake in the retailer. Uchumi already had a Sh730.5 million overdraft from KCB prior to taking the fresh loan. "In addition to the bank overdraft from Kenya Commercial Bank, the company acquired a new loan of Sh600 million at the rate of 18 per cent to be repaid in one year," chief executive Jonathan Ciano said in the firm's 2014 annual report. "The company has an existing loan from ICDC at the base rate (currently 16 per cent). The ICDC loan is to be repaid on a quarterly basis over a period of three years without a moratorium period," said Mr Ciano. Uchumi was banking on the cash call for funds and had shied away from taking bank loans after a Sh956 million debt owed to KCB and PTA Bank triggered its failure in 2006. The cash call was approved by shareholders in December 2012 and its delay has seen Uchumi struggle with supplier debts and stock-outs, forcing the retailer to turn to borrowing for working capital. The retailer in September took a Sh405 million loan from Co-operative Bank to pay suppliers. Mr Ciano said the funds from KCB and ICDC have been secured using Uchumi's two prime properties valued at Sh2.2 billion as at June. The increased borrowings by the supermarket chain come as it prepares for a Sh895 million cash call priced at Sh9 a piece, meant to raise money to fund local and regional expansion. Its share price closed at Sh9.8 on Tuesday, 8.8 per cent higher than the rights issue price. Uchumi's move to chalk up more debt has seen the retailer's finance costs grow four-fold to Sh64.6 million in the year ended June compared to Sh16.1 million the year before. Its net profit rose 7.6 per cent to Sh384 million in the year to June, up from Sh357 million in a similar period a year before. The retailer's rights issue opens on November 10 and existing shareholders are entitled to three new shares for every eight held. Proceeds will be used to revamp its outlets in Kenya and to set base in upcoming malls locally and in Uganda and Tanzania where it already has outlets. Uchumi also plans to enter Rwanda by year end. "We have adopted cautious strategic growth approach in the Eastern African region, an initiative that will be fully supported by the impending rights issue," Uchumi said in a statement.The delayed cash call has seen Uchumi – which was once the largest retailer in the region – drop to be Kenya's fourth largest retailer in terms of revenue after it was overtaken by family-owned Naivas. Uchumi has 37 stores across East Africa with a bulk of them in Kenya, six in Uganda and four in Tanzania. *(Business Daily)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Electricity distribution company, Kenya Power, has reported 87.56 per cent growth in net profits to Sh6.46 billion during the 2013/14 trading period up from Sh3.44 billion recorded last year. The Company's Managing Director and CEO, Dr Ben Chumo, says the significant growth in revenue is mainly attributed to increased sales, enhanced system efficiency and increased yield from new tariffs effected during the year. Dr Chumo said the tariff yield was intended to meet additional purchase costs which increased from Sh24.7 billion the previous year, to Sh30.6 billion (excluding fuel costs and foreign exchange surcharge). "This increase is attributed to additional generation capacity charges and increase in energy charges resulting from the rise in unit purchases from 7,562 GWh the previous year to 8,254 GWh, an increase of 9.2 per cent," he added. He said the Company recorded an increase in consumption of electricity among domestic, large and medium commercial and industrial power consumers which pushed sales up by 30.63 per cent to Sh62.5 billion for the period under review. "Sales to the heavy commercial and industrial consumers were up 36.13 per cent to Sh33.5 billion from Sh24.6 billion in the same period of 2013. Domestic customers accounted for Shs.15.8 billion in sales a 21 per cent rise from the Sh12.9 billion recorded in June 2013," he said.

Dr. Chumo said prudent management of resources saw operating expenses increasing marginally from Shs.21 billion to Shs.22.7 billion with distribution costs increasing by 16.05 per cent to Sh6.5 billion during the period. Additionally, the Company recorded 53.26 per cent increase in other operating income from fibre optic leases and miscellaneous sales, to Sh4.9 billion. "As a result of Boresha Umeme system upgrade programme launched during the year, we have noted reduced power disruptions and increased uptake of electricity in areas that have benefitted from the initiative. We will extend the programme to cover all areas served by our grid during this financial year to enhance quality of power supply, encourage consumption and grow the economy," Dr. Chumo said. He added: "Our profitability as Kenya Power lies in the powering of industry in Kenya. As a catalyst for economic growth, we will take up our role in advancing economic prosperity by putting in place the necessary electricity infrastructure to attract investments to the country," he said. *(The Star)*

The Kenya Electricity Generating Company (KenGen) has cut dividend pay by a third after net earnings nearly halved in the year ended June, in the absence of tax credits that it enjoyed a year earlier. The power generator's net profit dropped 46 per cent to Sh2.8 billion compared to Sh5.2 billion the year before when it benefited from tax allowances due to large capital expenditure. The reduced earnings has seen KenGen declare a lower dividend payout of Sh0.40 per share, down from the previous Sh0.60. KenGen's stock closed at Sh12.95 on Thursday, representing a 25 per cent drop over the past one year. Its financial performance is in stark contrast to that of power distributor Kenya Power which nearly doubled net profits, grew revenue by a third and ended its dividend drought on the back of higher electricity tariffs. "Profit after tax declined due to tax expense in the current year compared to tax credit in the previous year," said Mr Albert Mugo, KenGen's managing director. This is the biggest drop in KenGen's profitability since it listed on the Nairobi Securities Exchange through an initial public offering in 2006.

It also marks the first time since listing that the State-owned power producer has cut dividend pay. KenGen said that electricity revenues from sales to Kenya Power rose marginally to Sh17.4 billion in the review period compared to Sh16.4 billion the year before. Its generation capacity grew 7.7 per cent to 1,335 megawatts following the connection of 70 MW of steam power from the Olkaria project and a further 25.6MW from geothermal wellhead units. Operating expenses rose 11 per cent to Sh11.8 billion in what was attributed to increased generation and maintenance costs, staff wages and insurance expenses. Mr Mugo said KenGen is banking on additional capacity from the 280 MW Olkaria project, 20.4 MW from the Ngong wind farm and a further 25 MW from the mobile steam wellhead units – which will go on stream over the next eight months. "The full benefits of these plants will be realised in the current financial year," he said in a statement. Kenya Power's net earnings increased 88 per cent to Sh6.4 billion in a similar period compared to Sh3.4 billion a year earlier. This saw the firm reward shareholders by declaring a dividend payout of Sh0.50 per share. *(Business Daily)*

AccessKenya has exited the home Internet market in favour of the more lucrative corporate segment, a review of strategy that will also see it venture into Uganda. The Internet service provider said it will not connect any new residential customers, arguing that the retail market has been dominated by cheaper broadband from mobile telephony providers like Safaricom and Telkom Kenya. AccessKenya plans

to invest Sh600 million this year to connect 250 office complexes in Nairobi and Mombasa to its fibre network, marking a strategic shift for the firm that has been a big player in the home Internet market. It will also spend an additional Sh200 million to establish a subsidiary in Uganda next month where it will only target corporate customers. "Our focus now is on large and corporate deals which offer higher margins," said Kris Senanu, deputy CEO of AccessKenya.

"The coming of the undersea cables brought cheaper bandwidth and changed the landscape, with the retail market having very many players," said Mr Senanu in an interview with theBusiness Daily. The landing of three undersea optic fibre cables in Kenya resulted in wholesale prices for bandwidth falling to an average of $600 (Sh53,000) in 2010 from a high of $3,000 (Sh266,000) in 2008. Safaricom currently offers 40 megabytes of mobile data at Sh50, implying the cost per MB is Sh1.25. AccessKenya's strategic shift comes amid increased competition in the lucrative corporate broadband segment that had total subscriptions of 1.4 million as of March. The firm was ranked third with an 11.5 per cent market share or 11,360 users, according to the Communications Authority of Kenya. AccessKenya's dominance of this category has declined over recent years having dropped from a high of 40 per cent in 2011. Wananchi Group is currently the largest player with a 44.7 per cent market share (44,254 users) followed by Liquid Telecom's 17.8 per cent (17,600 users). Telkom Kenya is fourth with 11.6 per cent (11,524 users) and is trailed by Safaricom's 7.1 per cent (7,020) and Jamii Telecom's 2,574 subscriptions equivalent to 2.6 per cent market share.

Mr Senanu said AccessKenya will continue serving its existing 2,000 domestic users who are plugged into the firm's retail broadband product Access@home. The retail Internet market is the fastest growing segment but has substantially lower spend per customer compared to corporate broadband.It is also more competitive, with mobile service providers like Safaricom and Airtel dominating the field with their data offerings through smartphones and other handheld devices. Safaricom in July unveiled the Vuma@Home package, a fibre connection to domestic users with monthly charges of Sh2,999. Wananchi Group, which operates the Zuku brand, in May completed a Sh40 million upgrade to double Internet speeds for home users in a race to sign up more work-at-home clients. Jamii Telecom has expanded its Faiba home service to cover Nairobi and Mombasa. Home internet users make up more than 90 per cent of the 13.3 million total Internet subscriptions in the country. *(Business Daily)*

Economic News

The Kenyan shilling was steady on Thursday and expected to weaken in coming days as importers buy dollars towards the end of the month, traders said. At 0815 GMT, the shilling was trading at 89.10/89.20, unchanged from Wednesday's close. Chris Muiga, a trader at National Bank of Kenya, said the shilling may weaken further after losing ground against the dollar late on Wednesday because of the end-month dollar demand. Energy companies and oil importers usually buy dollars to meet payments for suppliers and other obligations at the end of each month, leading to a weaker shilling. Not enough hard currency came in this week from tea exports to match demand for dollars, Muiga said. "I think it will probably top out at around 89.20/89.30," he said. Martin Runo, a senior trader at Chase Bank, said the shilling's weakening would be worsened by a global strengthening of the dollar in recent sessions. He expected the shilling to trade between 88.90 and 89.40 next week, noting the central bank has been supporting the shilling by directly selling dollars. The central bank sold dollars to offer support last month when the shilling closed in on 89.50 to the U.S. currency. "Once the shilling approaches 89.50, that's when we expect them maybe to come in strongly," Runo said. The central bank on Thursday sought to drain 5 billion shillings ($56.18 million) in excess liquidity from the market, using repurchase agreements and term auction deposits. By mopping up liquidity, the bank makes holding long dollar positions more expensive, which in turn helps strengthen the shilling. *(Reuters)*

The Kenyan government is negotiating with local banks to reduce the interest lenders charge on mortgages to single digits, as authorities try to make purchasing a home affordable in East Africa's biggest economy. Deputy President William Ruto said this week that the talks with the banks were underway, without giving a timeline for when the government wanted the single-digit interest rates to be achieved, according to his spokesman, David Mugonyi. The total housing shortage in Kenya, a nation of 43 million, is estimated at 150,000–200,000

homes in urban areas and more than 300,000 in rural areas. The government and private developers provide about 30,000 homes a year, well short of demand, according to Shelter Afrique, the pan-African housing finance agency. “Affordable home ownership is still a pipe dream for most Kenyans,” according to HassConsult, a Nairobi-based real-estate consultancy. “The high land prices and high cost of infrastructure coupled with the developers' need to make profits keep most homes out of reach for most Kenyans.” Barclays Plc's Kenyan unit charges the lowest rate for a mortgage, at 15.50 percent, while Chase Bank Kenya Ltd. asks the most, at 22 percent, according to HassConsult. Sixteen of the country's 43 banks offer mortgages.

Kenya Commercial Bank Ltd., or KCB, East Africa's biggest lender, is seeking to increase loans for homeowners in a market where there are only about 30,000 mortgages, Chief Executive Officer Joshua Oigara said in an interview in August. Kenyan mortgage lending accounts for about 6 percent of bank loans, compared with about 25 percent in South Africa, he said. Projections indicate that if the momentum on reducing interest rates is maintained, mortgage rates may drop below 10 percent by the end of the year, Habil Olaka, the Kenya Bankers Association's CEO, said in an e-mailed response to questions on Oct. 22. “The progress being witnessed on the lending rates is as a result of the measures that were put in place after consultations between the National Treasury, central bank and the Kenya Bankers Association,” he said. “The Kenya Bank's Reference Rate and Annual Percentage Rate frameworks and the other measures have enabled banks to compete on price.” The Central Bank of Kenya introduced the KBRR in July, setting a rate of 9.13 percent that will be reviewed every six months starting January 2015. KCB said Oct. 22 it would offer zero-percent mortgages until Jan. 31, targeting customers seeking a loan of between 300,000 shillings and 20 million shillings ($3,360-$224,000). The lender normally charges 16 percent, the fourth-lowest rate in the market. *(Bloomberg)*

Malawi

Corporate News

No Corporate News this week

Economic News

No Economic News this week

Mauritius

Corporate News

No Corporate News this week

Economic News

Mauritius' trade deficit widened 21.1 percent to 7.47 billion rupees ($239.42 million) in August from a year earlier driven largely by higher imports of fuels and lubricants, data showed on Tuesday. The value of imports climbed 13.6 percent to 15.73 billion rupees, with the cost of fuels and lubricants rising to 3.84 billion rupees from 2.64 billion rupees in August last year, Statistics Mauritius said in a statement. Exports rose 7.5 percent to 8.26 billion rupees, the data showed. United Arab Emirates was the main buyer of goods from Mauritius in August, accounting for 17.3 percent, overtaking Britain. India and Chine supplied 24.5 percent and 14.9 percent respectively of the island nation's imports. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Nigeria

Corporate News

Bank Plc at the weekend bagged the International Organisation for Standardisation (ISO) 22301:2012 certificate for "Societal Security Business Continuity Management Systems."
the certification was based on international best practices deployed by the bank to manage business continuity. According to him, the ISO 22301:2012 specifies requirements to plan, establish, implement, operate, monitor, review, maintain and continually improve a documented management system to prepare for, respond to and recover from disruptive events when they arise. "The ISO 22301 standardisation certification will help improve the bank's business by ensuring planned, effective Business Continuity Management at all levels, including: Organisation-wide identification and understanding of critical business processe
"Access Bank deserves the certification which is coming on the heels of the bank's recognition earlier in the year, as the best Nigerian company in corporate citizenship in the first e
- - Nwosu commended members of staff of the bank for their commitment to the project and their effort in achieving the feat, adding that the board and management of the bank remains committed to business continuity across the bank. On her part, Executive Director, Operations and IT, Access Bank, Mrs. OjinikaOlaghere assured stakeholders of the financial institution that it would sustain the standard, saying, "this is just the beginning of more things
High Commissioner and Director, United Kingdom Trade and Investment, Mr. Mike Purves expressed satisfaction that the British Standard Institute was helping to improve standard in Nigeria. He further stated that the award would boost Nig
world, especially international investors, that the
Jewels, Mrs. AdedoyinOdunfa explained that the ISO 22301 is suitable for use in businesses of all sizes across all sectors, as it will help protect the organisation against the threats specific to its business. She said: "With ISO 22301, organisations will not only significantly
" *(This Day)*

President of Dangote Group and the richest man in Africa, Aliko Dangote has described Africa as a blessed country with numerous natural resources. According to him, what Africa needs now is trade both within itself and with the international communities, as the continent is the most blessed, among other continents of the World. Dangote predicted that the growth rate of Africa will hit 7 per cent, once the challenge of infrastructure, especially power is fixed in the continent. He said: "If we can take care of the infrastructure, mainly power, we can hit a growth rate of 7 per cent…The future is bright because we have what it takes to really get to the next level, we have the best land and of course water, we have all the resources countries like China and others are looking for within Africa in abundance…We really don't need aids anymore in Africa, what we need is Trade." Dangote urged developed countries to promote investments in Africa rather than providing aids for the continent. He argued that through investment in the real sector the continent can achieve real growth and development. He explained that most people do not seem to know much about Africa, but have only a notion of the continent that is based on history or hearsay. He enjoined the western nations not to "give any more aid to Africa" but to partner with businesses there and invest. He said: "You will make money and we'll make money and it's better for everyone, and the continent will experience real growth and development." Dangote who has investments in more than 14 African countries acknowledged that business risks exist in Africa but are no major consequences. According to him: "Before, there was the risk that governments might nationalise assets but now we have investment agreements in the country that says if it does get nationalised, they'll have to pay us", he added. *(This Day)*

WITH the completion of its right issue and special placement exercise, Unity Bank Plc, yesterday, listed a supplementary shares of 78.45 billion ordinary shares of 50 kobo on the Nigerian Stock Exchange (NSE). The Chief Executive Officer of the bank, Henry James Semenitari, while addressing stockbrokers on the Nigerian Stock Exchange, explained that the listing brought the total outstanding shares in issue of the bank to 116.90 billion ordinary shares of 50 kobo. He added that the rights issue was oversubscribed in excess of N950million. He pointed out that the bank would embarked on share reconstruction due to large outstanding shares of the bank, adding that the exercise would add

value to shareholders investment. We are definitely going to do share reconstruction; we would have an Annual General Meeting approval for that. So, in a very short while that will be done, considering the number of shares on issue in the market that will definitely be done in the interest of shareholders.

He said the rights issue went across the shareholders of the bank., noting that the entire rights were taken by local investors, without the participation of foreign investors. He pointed out that the funds would be invested in human capital, development of information technology, as well as strengthen the bank's expansion programme Sementari added that this is a good step in the history of the bank, adding that with the support of the stockbroking community the bank would moved from being a penny stock to a pound stock. He also stressed that the bank's capital adequacy ratio was in compliance with regulatory guidelines, while assuring the stockbroking community that the bank would work closely with stock brokers going forward so that they would be better equipped to deal with enquiries about the bank. The managing director of APT securities and Funds Limited, Gruba Kurfi said. "The Unity Bank shares 38.446 billion ordinary shares of 50 kobo to be listed on the trading floor as it has been successfully completed the rights. In addition to that, we have 40 billion ordinary shares of 50 kobo which was placed on a special placement that has been completed together with the right. The two make a complete total of 78.446 billion ordinary shares of 50 kobo. I hereby on behalf of Unity Bank request the listing of 78.446 billion ordinary shares of Unity Bank of Nigeria, arising from the rights issue and special placement be listed on the floor of the NSE today." The bank had in June this year raised about N39.2 billion which comes from Rights Issue of 38.45ordinary shares of 50 kobo each at 50 kobo per share and private placement of 40 billion ordinary shares of 50 kobo each at 50kobo per share. *(Guardian)*

Economic News

For the first time this year, the Nigerian equities market recorded a decline of 5.5 per cent in a week that the market depreciated for five days. The market witnessed massive sell-offs involving stocks of highly capitalised stocks from the first day of the trading week to the last crashing every hope of respite. The situation in the Nigerian market is, however, not different from exchanges around the world as most stock exchanges were sent crashing on the back of declining oil prices. The market had the previous week witnessed weak sentiment fuelled by massive sell-offs of shares leading banks. Contrary to the bright outlook painted by most analysts, the market has continued to perform poorly, a situation that has been blamed on reduced foreign participation and weak demand by domestic investors due to developments in the financial, political global environments. The impact of the hike in the Cash Reserve Ratio (CRR) on public sector deposits and the increase in capital requirement of Bureau de Change (BDC) operators from N10 million to N35 million and the increased in the mandatory caution fee from $10,000 to N35 million has also impacted liquidity squeeze on the economy and affected the performance of the market. At the close of business last week, NSE All-Share Index (ASI) and the market capitalisation depreciated by 5.55 per cent to close at 38,197.73 and N12.613 trillion respectively. Similarly, all the indices depreciated during the week with the exception of the NSE ASeM Index that closed flat. The NSE Banking Index recorded the highest decline of 7.6 per cent, followed by NSE Industrial Goods with 6.9 per cent. The NSE Oil and Gas with a decline of 6.7 per cent. NSE 30 Index shed 6.3 per cent, while NSE Consumer Goods Index, NSE Lotus 11 went down by 5.7 per cent and 5.4 per cent. NSE Insurance Index declined by 2.6 per cent. Traders believe there may be no significant rally in the days ahead as liquidity squeeze may bite harder as the year comes to an end.

The trading week had opened on a bearish note as benchmark index declined by 0.97 per cent to close at 40,051.29 points from 40,444.39 attained the previous Friday. Market capitalisation also decreased to N13.22 trillion from N13.35 trillion the previous trading day. Trading activities went down by 21.10 per cent as investors bought 191.70 million shares worth N2.80 billion, in 4,483.00 deals, compared to 242.96 million shares worth N2.68 billion, in 5,169.00 deals exchanged the previous Friday. Access Bank Plc, Guaranty Trust Bank Plc and Transcorp Plc were the most actively traded stocks on the exchange on the day in terms of volume, while Nigerian Breweries Plc and Guaranty Trust Bank Plc topped in terms of value. A total number of 16 stocks gained on the bourse on the day while 35 stocks declined leaving 61 stocks unchanged. Ikeja Hotel Plc emerged the toast of investors as it appreciated by 9.77 per cent to close at N2.92 kobo, followed by Skye Bank Plc with a 3.61 per cent gain to close at N2.87. Others on the gainers chart included Sterling Bank Plc, International Breweries Plc and

Honeywell Flour Mills Plc. Sentiments towards Nigerian equities remained negative the next day as the broad index declined 0.92 per cent to close below its 40,000 support level. Indicative of waning interest in the market, investors sold off their stake in blue-chip stocks across sectors. At the start of the session, renewed interest in Dangote Cement Plc saw the index trend above its previous close, but the underlying negative mood depressed the benchmark index to an intraday low of 39,543.34 points. At the close of the session, the index was at 39,681.71 points, with a corresponding market capitalisation of N13.10 trillion. Volume and value to trades improved significantly from previous levels, appreciating 101.6 per cent and 71.1 per cent respectively. In all 386 million units of shares valued at N4.79 billion were exchanged. The equities market closed on a negative note again on Wednesday as the benchmark index depreciated by 1.02 per cent to 39,278.47 points, compared with the depreciation of 0.92 per cent recorded yesterday. The depreciation in the Index on Wednesday was be attributed to the losses recorded in the share prices of some highly capitalised stocks such as Acces Bank Plc, Nestle Nigeria Plc, Guaranty Trust Bank Plc, Nigerian Breweries Plc and ETI Plc amongst others. Similarly, the market capitalisation depreciated by 1.02 per cent to close at N12.97 trillion, compared with the depreciation of 0.92 per cent recorded on Tuesday to close at N13.10 trillion.

Bearish trading persisted Thursday as market shed 2.01 per cent decline of the benchmark index. Dangote Cement Plc and Zenith Bank Plc accounted for the drag on the ASI which settled at 38,490.67 points. The decline in Dangote Cement Plc resulted in the 3.28 per cent return of the Industrial sector. Topping the advancers was Seven-Up Bottling Company Plc which gained 10.24 per cent to close at N162.86 while the decliners' chart consisted of Caverton Plc and Forte Oil Plc as investors' took profit on the stocks. The elevated level of negative sentiments was reflected in the market breath index which closed negative as 41 losers outweighed the 10 advancers on the bourse. The market sustained a five-day losing streak last Friday as index fell by 0.76 per cent to close at 38,197.73 from 38,490.67 attained on Thursday. Market capitalisation also decreased to 12.61 trillion from N12.71 trillion the previous trading day. Trading activities decreased by 30.84 per cent as investors bought 362.56 million shares worth N3.86 billion, in 4,846.00 deals, compared to 524.22 million shares worth N7.65 billion, in 4,779.00 deals exchanged last Thursday.

Analysis of trading activity for the week under review showed that a total of 1.885 billion shares worth N23.733 billion in 24,705 deals were traded last week by investors on the floor of the Exchange in contrast to a total of 1.351 billion shares valued at N14.471 billion that exchanged hands the previous week in 14,680 deals. The Financial Services Industry in volume terms led the activity chart with 1.446 billion shares valued at N14.789 billion traded in 13,653 deals; thus contributing 76.68 per cent and 62.32 per cent to the total equity turnover volume and value respectively. The Conglomerates Industry followed with a turnover of 172.117 million shares worth 1.091 billion in 1,835 deals. The third place was occupied by Services Industry with 88.966 million shares worth N281.340 million in 912 deals. Trading in The Top Three Equities namely- FBN Holdings Plc, Access Bank Plc and Transnational Corporation of Nigeria Plc (measured by volume) accounted for 581.406 million shares worth N4.992 billion in 5,534 deals, contributing 30.84 per cent and 21.04 per cent to the total equity turnover volume and value respectively. Also traded during the week were a total of 5,407 units of Exchange Traded Products (ETPs) valued at N316,261.62 executed in 15 deals compared with a total of 3,651 units valued at N165,346.40 transacted the previous week in 10 deals. Similarly, a total of 200 units of Federal Government Bonds valued at N215, 666.23 in 2 deals were traded the previous week. There were no transactions on bonds last the week. Meanwhile, the price movement chart of the NSE showed that only 13 equities appreciated in during the week lower than 19 equities of the preceding week. Sixty-nine equities depreciated in prices higher than 38 equities of the preceding week, while 118 equities remained unchanged lower than 143 recorded in the preceding week. Seven-Up Bottling Company Plc led with N15.13 followed by International Breweries Plc with (N1.00). Other gainers on the price gainers included: UPDC REIT Plc (32 kobo), Ikeja Hotel Plc, Mansard Insurance Plc (23 kobo each), Academy Press Plc, May & Baker (six kobo each) Golden Guinea Breweries Plc (four kobo), kobo), R.T Briscoe Plc (three kobo), and Courtville Plc (one kobo). Conversely, the top 10 losers included: Seplat Plc (N19.19), Lafarge Plc (N16.93), Oando Plc (N3.60), UBA Plc (N1.06), Dangote Sugar Plc (N1.05), Transport Plc (80 kobo), Caverton Plc, Portland Paints (66 kobo each), Livestock Feeds (38 kobo), Royal Exchange Plc (8 kobo).

The Governor, Central Bank of Nigeria, Mr. Godwin Emefiele, has said the current decline in crude oil prices globally presents some risks to the country. Global oil prices are down around 25 per cent to $86 per barrel from $112 in June this year, putting pressure on oil-exporting countries, including Nigeria. Emefiele, who spoke at the 2014 investiture of the Chartered Institute of Bankers of Nigeria in Lagos on

Saturday, however, said efforts were being made by the relevant authorities to ensure that the country remained strong and healthy. He said the central bank would continue to build and maintain a healthy external reserves position by improving accretion to the reserves through fiscal buffers and continue to insist on fiscal discipline. "We expect the naira to remain strong and give foreign investors the clarity to guide future investment decisions," he said, adding that in the area of financial system stability, the CBN hoped to sustain the effective management of potential threats and avoid systemic crisis. He said fiscal deficits had continued to decline from 1.4 per cent of the Gross Domestic Product in 2013 to a projected 1.03 per cent in 2014 and 0.99 per cent in 2015. "I am aware that crude oil prices are dropping and no doubt this presents some form of challenges to Nigeria. I can assure you that the fiscal and monetary authorities are taking action to ensure that we take steps that will enable Nigeria to withstand the shocks that we see," he said. Emefiele, who was conferred with the honorary fellowship of the CIBN, added, "A number of actions will be unveiled; in fact, some have already been unveiled and more will be unveiled in the next few weeks by both the monetary and fiscal authorities to ensure that Nigeria continues to remain strong and healthy to be able to support growth and development." Noting that the country had become a leading destination for Foreign Direct Investment in Africa, he said Nigeria had received direct investment of over $67bn since the return to democratic governance between 2000 and 2013, compared to an average of $41.5bn in the 1990s. The CBN governor further said that with a Gross Domestic Product of over N80tn, average growth rate of about five per cent between 2010 and 2013, and economic expansion that was being driven by the non-oil sector, it was obvious that the Nigerian economy was not only growing, but was diverse with opportunities across multiple sectors such as services, e-commerce, arts and crafts, manufacturing, entertainment and agriculture. Emefiele said countries around the world must compete for investments by creating enabling environment to attract such. *(Punch)*

Nigeria's finance minister said on Tuesday she expected economic growth for 2015 to be around 6.75 percent, an improvement on the government's forecast of 6.2 percent this year. Ngozi Okonjo-Iweala said the country's oil savings account, the Excess Crude Account, was broadly flat since August at $4.11 billion and that the fledgling sovereign wealth fund had $1.55 billion in it, she told a media conference. Nigeria's oil savings in the Excess Crude Account (ECA) have recovered this year, though remains way below where it was two years ago. The ECA declined as low as $2.5 billion at the start of 2014, from around $11.5 billion at the start of January 2013, according to the central bank. Oil prices have dropped more than 25 percent since June on strong supply, signs of weak growth in demand and indications that key oil producers, particularly Saudi Arabia, have a limited appetite to cut output to bolster prices. Nigeria, Africa's top oil producer and biggest economy, established the Sovereign Investment Authority (SIA) in 2011 with $1 billion of seed capital in an effort to better manage oil export revenues. *(Reuters)*

Nigeria expects economic growth for 2015 to reach 6.75 percent, an improvement on this year's forecast of 6.2 percent, despite the risks posed by falling global oil prices to government revenues, its finance minister said on Tuesday. Ngozi Okonjo-Iweala said the volatility in the oil price over the past two months, coupled with production shortages in Nigeria, may force the country cut its spending while it taps its non-oil sector for revenues. But giving the first forecast for 2015 in a year, she said the economy was growing at 6.54 percent in the second quarter of 2014 and was estimated to grow at 6.75 percent by next year. Brent crude oil, which Nigeria produces, has lost more than 25 percent since June. Losses accelerated in October on signs the Organization of the Petroleum Exporting Countries had no plan to cut output. "Right now we have fluctuations in prices and quality of product that we sell. We may have to cut down on expenditures, ... to mobilise more money, look more in the direction of non-oil sector," Okonjo-Iweala told a news conference. "But Nigeria is not broke." She said Africa's biggest economy had delayed a monthly meeting where it was meant to distribute September revenues to the three tiers of government by a week. Nigeria government revenue had been declining partly due to production outages from crude oil theft and pipeline shutdowns. Government revenue fell 4.6 percent in August to 601.6 billion naira ($3.7 billion). The sharp fall in the oil price has also hurt the local currency and forced the government to issue bonds at higher yields to draw investors. On Tuesday, the naira eased to an 8-month low of 165.55 against the dollar, as importers and companies cut their exposure to the local currency while the government priced its 3-year bond to yield 12.14 percent at its latest auction, up 102 basis points from a previous sale. Okonjo-Iweala said "U.S. demand (for Nigerian oil) has fallen to zero but has been substituted by China and India", so sales remained strong. Nigeria faces a hotly contested poll in February, and its fiscal position always slips around election time, when spending on patronage to secure seats surges. This one is expected to be the most closely fought since the end of military rule in 1999. Okonjo-Iweala said Nigeria's oil savings account, the Excess Crude Account, was

broadly flat since August at $4.11 billion and that its fledgling sovereign wealth fund had $1.55 billion in it. The oil savings in the Excess Crude Account (ECA) have recovered this year, though remains way below where it was two years ago. The ECA declined as low as $2.5 billion at the start of 2014, from around $11.5 billion at the start of January 2013, according to the central bank. *(Reuters)*

Nigeria's sovereign wealth fund said its investment programme over the next six months, including on infrastructure, will go ahead, even as revenues that provide its capital are hit by falling oil prices. Uche Orji, Chief Executive of the Nigeria Investment Authority, highlighted one of the vehicle's core aims is to manage oil export windfalls to cushion the economy in harder times. "The oil price, yes, it's come down. But frankly, let's not forget why this fund was set up. It was to prepare us for days like this," he told Reuters on the sidelines of an African investment conference in London on Tuesday. Orji conceded that weakness in the international oil market would affect the fund but he remained focused on deploying existing assets to investment in infrastructure projects in sectors such as transport, power and healthcare. "Obviously we get funded from the oil price so if it's lower, it will affect us. But ... our plan in the next six months is to fully deploy what we've been given. We still haven't fully deployed our capital yet," he said. Oil prices have dropped more than 25 percent since June on strong supply, signs of weak growth in demand and indications that key oil producers, particularly Saudi Arabia, have a limited appetite to cut output to bolster prices. Nigeria, Africa's top oil producer and most populous nation, established the Sovereign Investment Authority (SIA) in 2011 with $1 billion of seed capital in an effort to manage oil export revenues. The fund is split into three components, a 'Stabilisation Fund' to act as a buffer against economic turbulence, an Infrastructure Fund and a Future Generations fund. Orji left a job as a managing director in UBS's equities division in New York in 2012 to move back to Nigeria and run the fund. Though the fund has now completed its allocation to private equity, it is still looking for new opportunities in infrastructure, he said. "We still have gaps in our infrastructure fund. We've only made about three commitments so far so we have quite a few more to go," he said. According to the fund's website, the infrastructure vehicle accounts for up to 40 percent of total assets with a similar amount allocated to the portion managed for future generations and the remaining 20 percent set aside for economic stabilisation . *(Reuters)*

Nigeria's naira strengthened, rebounding from the lowest level in seven months, on speculation the central bank is intervening by selling dollars. The currency of Africa's largest economy gained 0.2 percent, the most since Oct. 13 on a closing basis, to 165.10 against the dollar as of 5:07 p.m. in Lagos, the commercial capital. The naira earlier weakened as much as 0.4 percent to 166.07, the lowest intraday level since March 24. "The central bank is in the market" and "selling dollars to banks outside of the auction," Kunle Ezun, a fixed-income and currencies analyst at Lagos-based Ecobank Transnational Inc., said by phone. Calls to Central Bank of Nigeria Governor Godwin Emefiele and Deputy Governor Sarah Alade weren't answered, while those to spokesman Ibrahim Mu'azu didn't connect. The central bank has supported the naira since mid-September by using reserves to sell dollars outside of twice-weekly auctions, according to Standard Chartered Plc. At the auctions, it offers the currency at 155 per dollar, plus or minus 3 percent. While the intervention helped prevent the naira from being among the worst performers in emerging markets this year, reserves are starting to erode, falling to $39.2 billion on Oct. 20 from $43.6 billion at the end of 2013. The naira declined 0.8 percent this month as Brent crude fell to the lowest level in more than four years. Further losses would force Africa's largest oil producer to choose between raising interest rates, eroding foreign-exchange reserves or, eventually, devaluing the currency, according to Exotix Ltd., a London-based investment bank.

"It is not clear to traders how successful the central bank will be on managing the naira situation as oil price is influenced externally," Sewa Wusu, an analyst at Lagos-based Sterling Capital Markets, said by phone. Brent for December settlement rose 0.4 percent to $86.45 a barrel on the London-based ICE Futures Europe exchange. The Abuja-based central bank sells dollars outside of its Monday and Wednesday auctions when the interbank market is going "haywire," Charles Mordi, director of research at the regulator, said on Sept. 30. "There will be political pressure to hold the naira until the elections" scheduled for Feb. 14, Kayode Akindele, a money manager at Lagos-based 46 Parallels, said by phone. "After the election it will have more room to adjust." A weaker currency would boost the cost of importing everything from fuel to food, threatening support for the party of President Goodluck Jonathan, who's already under pressure for failing to stem deadly attacks by Islamist militants. While Nigeria is the continent's biggest producer of crude, which accounts for about 80 percent of government revenue, it imports around 70 percent of its fuel needs because of inadequate refining capacity. *(Bloomberg)*

The federal government has reiterated its preparedness to facilitate trade in the country, especially in the nation's seaports, airports and

international borders. To this end, it said it would institute policies that would facilitate trade in the nation's maritime industry. The Executive Secretary, Nigerian Shippers' Council (NSC), Mr. Hassan Bello dropped the hint in a meeting with some stakeholders in Lagos. Bello said the purpose of the meeting was to prepare the ports for more trade in Nigeria. He added that operators also discussed modalities on how to reduce the cost of doing business in Nigerian ports. According to him, Nigerian ports are competing with other ports in the sub-region and operators have to streamline their clearance procedures to attract cargo to Nigerian ports.

The NSC helmsman said the move followed a consensus reached after a meeting with maritime operators on how to reduce human contact in cargo clearing at the ports. "The NSC will direct some of the resolutions to the government because we need the government to take action on some certain issues that have been discussed. We will convince the government to implement the issues. They are many but we may not discuss them now for strategic reasons but they are on trade facilitation. This is our third meeting and at each meeting we reached some achievements. It is going to continue until we ensure that Nigerian terminals are competing favourably with other terminals in the world," he said. According to him, the measures were in line with the customs targets because they are strategic partners of terminal operators, shipping companies and freight forwarders. Bello added that the Nigerian ports operations needed automation to meet the dynamic trends in the international maritime operations. "We need to develop standard operating procedures. We need to check the presence of government agencies in the ports on what they are doing," he said. The NSC Executive Secretary enjoined Customs to improve on their work in automation, stressing that the government agency must provide leadership for the maritime industry. *(This Day)*

Tanzania

Corporate News

No Corporate News This Week

Economic News

THE International Monetary Fund has given a nod to Tanzania's plans to rebase the economy saying is necessary to reflect structural changes that have occurred in the economy. International Monetary Fund (IMF) Director for African Department, Antoinette Monsio Sayeh told Business Standard last Sunday that so many structural changes have taken place since the last time Tanzania had recalculated her national accounts. "It is important for countries to rebase their economies to reflect various sectors in the GDPs," said Ms Sayeh who was visiting the country to launch Regional Economic Outlook for SSA. She noted that countries such as Nigeria and Kenya which have recently rebased, have seen their GDP increase because rapidly growing service sector has been included. "Most of these countries including Tanzania, I think, rebased in 1990s which is very far away," Sayeh noted saying economic rebasing is supposed to be done every five years. Both Nigeria and Kenya have rebased which has shown the important role which telecommunications and film industries especially in Nigeria are playing to boost GDP. Recently, Kenya joined the ranks of Africa's top ten economies after rebasing its economy that increased the size by 25.3 per cent becoming the ninth largest economy on the continent. Nigeria did it earlier this year and overtook South Africa as the continent's largest economy. The IMF Director said overall, SSA's economies will maintain an average of 5.0 per cent growth except for Ghana, Liberia and Sierra Leone whose economies will slow down due to the outbreak of the Ebola disease.

"The continued growth of Sub Sahara African countries is supported by the strong performance of the services sector," said Sayeh who commended the government for maintaining a more than average growth in SSA. National Bureau of Statistics has already announced the process of rebasing the country's economy. Like Nigeria, Tanzania's GDP is set to increase dramatically because of the role being played by the services sector notably mobile phone services, filmmaking and consultancy. NBS said it expects the GDP to appreciate by 20 per cent after the exercise with mining, construction, telecommunications and natural gas playing a key role. The country will update the base year it uses to calculate economic output to 2007 from NBS said. A leading University of Dar es Salaam economist, Professor Humphrey Moshi however warned that rebasing the economy does not provide solutions to all the existing problems. The rebasing process allows statisticians to update their estimates to take account of technological innovations, giving investors a clearer view of the amount and types of activity in the economy. The state-run National Bureau of Statistics (NBS) said it would release the new data on October 31. Tanzania's GDP was 33.26 billion U$ in 2013, a government minister said in June. Economists said the rebasing was expected to increase the size of the economy, which has been buoyed by big offshore natural gas discoveries. "Tanzania's economy has been growing rapidly from 2010 onwards, so the rebasing process will likely increase the size of the GDP," said Prof Moshi. Last April 2014, IMF's REO for SSA warned that economic growth in 2014 would be impacted by both external and internal factors, among them slower growth in emerging markets which could impact both export demand and commodity prices. *(Daily News)*

TANZANIA stands to benefit heavily from the capital account liberalisation, a senior Bank of Tanzania (BoT) official has said. The country officially liberalised its capital account in May, this year and some positive trends have already been noticed in areas of equity markets. BoT Senior Economist, Dr Suleiman Missango, said on Wednesday at a seminar for journalists that by liberalising its capital account, the country would witness increased flow of foreign direct investments (FDIs). "Investors from all corners of the world are closely monitoring the Tanzania economy and the immense opportunities that may be grabbed after liberalising its capital account," he said. He said the government through BoT has put in place a mechanism for close monitoring of the flow of capital in and outside the country, to ensure it is done smoothly and yielded better results. The account is currently open for the East African member states purposely for monitoring and evaluating its progress before fully liberalisation next year. "The speed bumps or restrictions are aimed at monitoring its gradual

implementations before fully liberalisation," he noted. The decision to liberalise the country's capital account to East African Community (EAC) residents will allow freer movement of capital within the region, facilitate intra-EAC trade and lead to increased financial flows and investments. Normally, countries impose capital controls in order to reduce their exposure to external factors and limit capital outflows. And just as East Africans are allowed to buy and sell shares at the Dar es Salaam Stock Exchange, Tanzanians will also be free to invest in other capital markets. Speaking earlier, the Capital Markets and Securities Authority (CMSA) Public Relations Manager, Mr. Charles Shirima, said some positive signs have already been observed at the DSE due to increased activities and strong local participation. The BoT assistant manager for domestic market department, Mr. Bakari Ally, said the increased competitions in the buying and selling of government securities are among the benefits of liberalising capital account. He said the move will push up prices for the securities that will definitely benefit the government by borrowing at low cost. *(Daily News)*

Tanzania plans to make its first foray into the global bond market in 2015/16 after years of delay in securing a credit rating, Finance Minister Saada Salum said on Thursday. Salum said the East African country would issue a long-awaited Eurobond, without giving details on its value. Government officials have said in the past they want to raise up to $1 billion. Tanzania would join a borrowing spree by African governments that have been searching for new ways to pay for roads, power stations and other infrastructure as foreign aid falls. Analysts have warned of the risks of rising debt levels. "We expect to issue the Eurobond in the 2015/16 financial year. We plan to complete the whole thing of procuring floating agencies and getting a credit rating by March-April next year," Salum told Reuters. "The process has been delayed in the past because this is a new thing for us and we want to proceed with caution. The amount of the Eurobond will be determined by the assessment of the credit raters," she added. She said Tanzania would pick "one or two" out of the three big rating agencies - Standard & Poor's, Moody's and Fitch - next year. Tanzania first announced its plans to issue a Eurobond in 2008, but the move has been pushed back every year due to what officials have described as protracted "legal and regulatory" procedures. In 2007, Ghana became the first African beneficiary of debt relief to tap international capital markets, issuing a $750 million 10-year Eurobond. Since then, previously debt-burdened countries such as Senegal, Nigeria, Zambia and Rwanda have all joined in. *(Reuters)*

Zambia

Corporate News

No Corporate News This Week

Economic News

Zambia's plans to more than triple royalties for some mines are "entirely unsustainable" and will cause several operations in Africa's second-largest copper producer to shut down, an industry lobby group said. "Unviable operations will have to stop operating and of course the subsequent loss of jobs is inevitable," Jackson Sikamo, president at the Zambia Chamber of Mines, told lawmakers today in Lusaka, the capital. Finance Minister Alexander Chikwanda this month proposed removing corporate income tax for mines and raising royalties instead. Under the planned system, payments will increase to 8 percent for underground operations and to 20 percent for open-cast mines. There is a 6 percent royalty for all mines currently. The increase for Barrick Gold Corp. (ABX)'s Lumwana mine in Zambia "puts us in a situation that all the hard work we've done to keep the operation operating is taken away," said Mark Fisher, president of the company's copper unit. "It would make it very difficult for us to keep operating." While the government is trying to simplify the tax system, it will end up being more complicated, as some companies produce from underground and open-cast mines at the same site, the chamber's Sikamo said. The proposed changes will lead to a production drop and a loss in investor confidence, he said. Zambia, trying to cut its budget deficit, wants to extract more revenue from mines that the government has accused of avoiding tax, claims they deny. Mines are also owed more than $600 million in value-added tax refunds for failing to provide import receipts from the countries where their copper ends up. The companies say this is nearly impossible as they mainly sell to middlemen. The new tax system is due to come into effect on Jan. 1, once parliament approves it as part of the national budget. Zambia lost its position as Africa's biggest copper producer to the Democratic Republic of Congo last year for the first time in nearly three decades.*(Bloomberg)*

Zambia plans to export 850,000 tonnes of maize to neigbouring countries after producing its bigggest harvest on record, its minister of agriculture said on Thursday. Wylbur Simuusa told Reuters that Zambia bought more than double its strategic reserve requirement of 500,000 tonnes of maize from farmers and had additional stocks for export. Its maize production rose by nearly a third to 3.3 million tonnes in the 2013/2014 season from the last annual harvest of 2.5 million tonnes. "We have 350,000 tonnes from carry-over stocks and the additional 500,000 tonnes we bought above our requirements this year which we plan to export," Simuusa said. "We have firm orders for the maize in our neighbouring countries and decided to buy more than our strategic reserves because the private sector was offering very low prices to our farmers," he added. The state-run Food Reserve Agency (FRA), which bought maize for strategic reserves, was overwhelmed by requests from small-scale farmers who wanted to sell their maize, he said. Zambia exports corn to other African countries, including Zimbabwe, the Democratic Republic of Congo and Malawi, Angola and Kenya. *(Reuters)*

ZAMBIA and Sweden has recorded about K600 million in export and import volumes in the last year, Swedish Ambassador to Zambia Lena Nordstrom has said. Ms Nordstrom said four Swedish companies had expressed interest to invest in Zambia's energy, agriculture and the mining sector.?Ms Nordstrom said in an interview in Lusaka that the expected investment in the key economic sectors would also increasing Swedish presence in the country. Ms Nordstrom said in an interview that the two countries were looking at increasing trade between the two countries, saying the volumes of exports and imports were around K600 million which she noted needed to improve. Ms Nordstrom said Zambia needed to increase exports to Sweden, especially agricultural products which had immense potential to contribute to economic boost. She said Sweden would support farmers in selected farming blocs to cultivate more than 20,000 hectares of land under irrigation. Ms Nordstrom said this would see more production and contribute to national growth as farming should not only depend on rains. Ms Nordstrom said her country would also continue working with farmers and agribusiness organisations to increase access to finance for farmers without collateral, who find it difficult to access loans. She said through the Musika Development Zambia and the Zambia

National Farmers' Union loan guarantees were being issued to farmers to help them access loans from banks and that this would boost agricultural production. *(Times of Zambia)*

Zimbabwe

Corporate News

The restructuring has seen the appointment of Antonio Fourie as its new chief executive, taking over from John Koumides who has been appointed as the group executive director corporate finance. It has resulted in the creation of six units — light manufacture, quick service restaurants, retail, fast-moving consumable goods trading, logistics and distribution and company procurement as part of the turnaround strategy at the group. IAL company secretary Andrew Lorimer said group finances director Julian Schonken will take up the new created role of executive director light manufacturing and Bail Dionisio who was responsible for Bakers Inn and Spar will now focus entirely on the quick service restaurants and the greater African region. "Over the years IAL has built a strong portfolio of profitable and cash generative businesses. Recent material changes in the environment, and the need to reignite our growth, call for changes in our structures in order to ensure the best allocation of resources relative to the task at hand and to bring about greater focus on key areas of our business," Lorimer said. Lorimer said Innscor's ambition was to be sustainably successful and be a growing Pan African organisation generating strong cash flows, superior returns on equity for its shareholders and good returns for the management and staff and for the countries in which it operates. He said Fourie was recruited to consult to the Innscor board since the beginning of the years and has been working with the IAL board, its executive committee and all group company managing directors to review and analyse the strategies and performance of all the companies and the group as a whole. "Antonio has led the conceptualisation of strategy and accordingly, the development of an appropriate structure to effectively execute the strategy. The strategy has resulted in the group being segmented into six distinct units: light manufacture, quick service restaurants, retail, fast moving consumable goods trading logistics and distribution and commodity procurement," Lorimer said. He said the group was interviewing candidates for the position of finance director which was expected to be announced soon. Innscor recorded a 54% increase in revenue to US$1 billion for the year ended June 30 2014 from US$656 million realised the previous year. Innscor recorded an operating profit of US$80,56 million compared to US$67,4 million in the previous period.*(The Standard)*

ECONET Wireless Global has acquired the assets of Russian global telecoms operator, Vimpelcom, in in Burundi and Central African Republic for about US$65 million. Vimpelcom confirmed the deal Monday saying it was part of a strategic review of its assets worldwide. In a statement the group said its subsidiary Global Telecom Holding had sold its entire 100 per cent stake in Telecel Globe Limited, which owns U-COM in Burundi and Telecel CAR in Central African Republic, to Econet Wireless Global Limited. Vimpelcom also owns a majority shareholding in Telecel Zimbabwe but this would not be affected by the deal with Econet. Saddled with more than US$20 billion of debt, Vimpelcom last month also sold its operations in Canada, having previously divested assets in Cambodia and Vietnam. Econet Wireless Global chief executive Craig Fitzgerald confirmed the Vimpelcom statement which was made to the Cairo Stock Exchange. "Yes, I can confirm that our Mauritius registered telecoms holding company, Econet Wireless Global, has acquired Vimpelcom's two operations in Burundi and Central African Republic," said Fitzgerald. Econet Wireless Global has operations and investments in telecommunications businesses throughout Africa, the UK, Asia Pacific and Latin America. The group also holds the controlling interest in Econet Wireless Zimbabwe, which is listed on the Zimbabwe Stock Exchange (ZSE). Fitzgerald said the acquisition did not affect the Zimbabwe unit. "Econet Wireless Global owns a majority stake in the Zimbabwe operation, and it is not the other way round," he said. "I know many people make this mistake of thinking that because our Zimbabwean subsidiary is listed, it is also the holding company of all our businesses. "That is not the case. Econet Wireless Zimbabwe does not own businesses outside Zimbabwe." He said Econet Wireless Global is not a listed holding company and had no plans to do so. Econet Wireless Global is also the parent company of Liquid Telecom, which operates Africa's largest satellite and fibre optic system, with the latter spanning 12 countries. Econet Wireless Global is itself a wholly owned subsidiary of Econet Wireless Group, a privately held group controlled by leading African telecoms entrepreneur, Strive Masiyiwa, who is based in the United Kingdom. The group's interests extend beyond telecoms into areas like renewable energy, financial services and hospitality. It also owns the majority interest in US based Seldon Technologies, which produces nano-carbon filtration systems.*(New Zimbabwe)*

GOLD output at Mwana Africa's Freda Rebecca mine rose by 23 percent to 16,555 ounces during the second quarter to September 30,

from 13,505 oz during the same period last year, the company said on Monday. Tonnes milled rose by 21.3 percent to 319,768 tonnes while the average feed grade was nine percent higher at 2.25 grammes/tonne compared to 2.07 g/t in the first quarter. Gold recovery for the quarter was 4.2 percent higher at 80 percent compared with 76.8 percent previously. Cash costs for the quarter under review fell 18 percent to $880/oz from $1,078/oz, while all-in sustaining costs decreased by 17 percent from $1,283/oz in the first quarter to $1,061/oz. The company said this demonstrated the mine's capability to remain profitable in a lower gold price environment after receiving an average price of $1,272/oz which was two percent lower than previous quarter. "At the Freda Rebecca gold mine, gold production increased quarter on quarter with higher grades of ore drawn from underground and the mill throughput being augmented by the processing of surface material. "The modifications implemented in the previous quarters appear to be bearing fruit and we look forward to maintaining a more consistent operating performance in the coming quarters," the company said. Production of nickel in concentrate at its Trojan Nickel Mine was five percent higher at 1,989t due to a three percent increase in the tonnes mined to 160,741 tonnes as the refurbishment of equipment programmes was completed. Head grade was two percent lower at 1.496 percent compared to 1.519 percent in the first quarter attributed to the temporary mining of lower grade massive ores in accordance with BNC's mine plan. There was a five percent increase in average nickel price received to $18,592/t. Recoveries were down two percent to 82.5 percent compared to 84.1 percent in the first quarter while Nickel sales were seven percent higher at 2,008t. Cash costs increased by one percent to $13,900/t and all-in sustaining costs decreased by one to $14,566/t. Mwana said the operation's return to profitability had allowed it to reverse previous provisions for deferred tax of $4 million for the six months to September, carried in the accounts as an asset although the reversal was an accounting adjustment with no cash flow impact. The company said preparatory work for the restart of the $26 million smelter to resume operations during the first half of next year was progressing well with the core project team in place adding that key equipment orders and contracts had been made. "The submission to the Environmental Management Authority will be made during October 2014," the company said, adding that financing discussions were advancing. At Trojan, the company said it continued to ramp up production while the tonnage mined increased as a result of the refurbishment programme which is expected to be completed in December 2015. *(New Zimbabwe)*

ECONET Wireless Zimbabwe has spent $2,5 million for the upgrading of a new contact centre which has increased capacity to over 400%. The new platform will enable Econet contact centre operators to respond to social media, voice telephony, fax and instant messaging service queries and complaints. The project was implemented in partnership with Jasco, an international telecommunications support company. Speaking on the sidelines of the public unveiling of Services Charter and Contact Centre in Harare yesterday, Econet general manager customer service Otis Makahamadze said the group upgraded its contact centre at a cost of over $2 million and the project was implemented in phases. "We have upgraded and the new contact centre now has build-up capacity of 400% from what it was before. In the first phase was a combination of 52 seats and the second phase now has 220 seats and with the available equipment have three times available capacity to expand to other sites," Makahamadze said. He said the new call centre operated using Avaya technology that enabled the Econet to be more efficient and fast to give feedback to their customers. The Avaya solution delivers a seamless experience for voice, email and social media, allowing customers to interact with Econet through a variety of channels to connect on their terms. He, however, said the contact centre was able to capture customer feedback and this would also work as a way for the company to be able to deal with customer queries. "Conversations are also recorded as a way of quality monitoring and grooming. The new centre is also able to distribute traffic to other terminals," he said. The new contact centre was able to monitor feedback and conversations on both social network and cellular communications platforms. *(News Day)*

Economic News

The stock market continued on a downward path on Friday with the industrial index losing 0,37 points during the week to end at 188,77 points after weak performances in selected heavy weights, mainly Econet and Old Mutual. Telecoms giant Econet lost 0,10 cents over the week to 77,90 cents, with a turnover of $2,5 million. Total turnover for the week decreased by 21% to $5,1 million, with Econet, Dairibord and Delta contributing 80%. AICO topped the week's bulls, following a 0,19 cents rise to 0,70 cents. Cement manufacturer Lafarge was amongst the top losers, after dropping 14,99 cents to 50 cents. During Friday's trades, the benchmark index shed 0,36 points to 188,77

points. The loss was on the back of negative trades in big cap Old Mutual which eased by 20 cents to 260 cents on thin trades. Delta and Innscor traded flat at 125 cents and 69 cents respectively, while the rest of the heavy weights were inactive. The value of trades for the day declined by 61% to $250 000 compared to the $645 000 recorded during Thursday's trades. Zimre, the only mover for the day, gained 0,05 cents to 0,85 cents. Ariston led the bears after shedding nearly 67% of its value, 0,40 cents to 0,60 cents. On Friday, the resources index was flat at 81,76 points, following minimal trades in Bindura at an unchanged price of seven cents. Week on week, the mining index dropped 5,41 points to 81,76 points, weighed down by a 0,60 cents loss in Bindura to seven cents. *(NewsDay)*

Zimbabwe Youth Development Trust president Aaron Mupandawana said foreign direct investment (FDI) was key in most African economies yet Zimbabwe attracted little because of the prevailing environment. "Although Zimbabwe attracted less than 1% of FDI flows to Africa as of last year, other countries are doing very well with South Africa topping the list while Mozambique exceeded US$8 billion or 10% of FDI flows to Africa," said Mupandawana. "A keen investor in the mining sector for example, goes through a number of channels from the parent ministry, trade ministry along others where he pays huge fees only to be told by the Environmental Management Agency that he or she stands in breach of environmental policies," said Mupandawana. He said one potential investor was about "to return back out of frustration due to the cumbersome processes involved". Mupandawana castigated the manner in which the government's youth empowerment model — through the US$10 million youth fund — was executed, saying it was doomed from the onset. "Given the current hard times honestly if one is given US$2 000 or US$3 000, that person will be forced to attend to his or her immediate needs."*(The Standard)*

Egypt will continue to foster the excellent bilateral ties it has with Zimbabwe through establishing more sustainable links, Egyptian ambassador Mr Bassem Khalil has said. Mr Khalil said in an interview Monday that delegates from his country were in Harare negotiating with the Government on resuming direct flights between Harare and Cairo. "We are pushing to resume direct flights from Harare to Cairo and vice versa in order to promote links between the two countries," he said. "The flights were suspended on September 24 in order to cater for pilgrims who were travelling to Mecca." Mr Khalil said the discussions on the resumption of flights were expected to go on for the next four days. Egypt also took part at this year's Sanganai/Hlanganani International Expo for the first time. "Sanganai/Hlanganani is specialised, so I invited Egyptians to come and experience it for themselves," he said. "Two exhibitors came and they focused on establishing contacts, information packages and brochures." Mr Khalil said although the expo was a success, it could have achieved more if some international exhibitors and buyers had not withdrawn due to fears over Ebola. "Hopefully, more people will come in future and such scares will end," he said. Mr Khalil said plans were underway to invite the Egyptian Tourism Minister to Zimbabwe to discuss ways of strengthening relations in the sector. The agreements to be signed include special exemptions on passports and visas, co-operation in agriculture and co-operation in culture. *(The Herald)*

ZIMBABWE is in talks with the International Monetary Fund (IMF) in a bid to build foreign reserves. While foreign currency reserves play a significant role in leveraging a local currency, this is not the case in Zimbabwe due to the use of the multi-currency system. Having foreign currency gives a currency insurance against external shocks. It is also a key tool for managing domestic financial stability. International reserves can also be used to meet timely international payment obligations, for instance, imports needed for the economy. Reserves can also act as a boost to the country's creditworthiness when access to international capital markets is difficult or impossible. International reserves act as a fall back when an economy experiences a drop in revenue and would need to fall back on their savings as a lifeline. A good external reserves position would readily provide this cushion and facilitate the recovery of an economy. Every central bank keeps foreign currency reserves as import cover which is measured in terms of the number of length of time foreign reserves can be used to finance imports. Ideally, a country should have foreign currency reserves that can cover three months' worth of imports. The Financial Gazette's Companies & Markets (C&M) has established that the country is no longer in a position to finance imports that cover more than two weeks. This is far below the benchmark required for dollarised economies, thus increasing the country's vulnerability to external shocks. A senior Reserve Bank of Zimbabwe (RBZ) official disclosed that the central bank was in discussions with the Bretton Woods institution for help to improve the country's foreign reserves position. "Our import cover is just for two weeks now. This is worrisome and it is very unfortunate because since we dollarised the economy in 2009, we did not have enough reserves at the central bank. So we are working with the IMF to see if we can build the reserve cover. We are working on quantitative target programme.

We are also using some of the grants from the IMF to build that reserve. In many countries, the import cover is now up to six months. That is our biggest challenge," said the official. Quantitative targets under the IMF's staff monitored programme include budget balance for central government, expenditure on social sectors, building international reserves, ceiling on government guaranteed non-concessional debt of over one year tenure. The IMF launched a staff-monitored programme for Zimbabwe in June last year. This means that Zimbabwe, which dollarised its economy in 2009, needs to build its foreign currency reserves to about US$300 million which covers three months worth of import cover. Yet, Zimbabwe's import cover is said to be a little over US$25 million. Some countries such as China and Russia have large amounts of reserves that cover several years' worth of imports. Other emerging countries, like India, Brazil, Thailand and Argentina, also have reserves that are several times the amount needed to cover a quarter's imports. America, the issuer of the world's reserve currency, does not need as thick a buffer as other countries do. Its holdings at the end of March would not have paid for even a month's imports. Zimbabwe is struggling with a liquidity crunch, depressed consumer demand that has forced factories to close on a weekly basis. The World Bank recently said Zimbabwe's external position was precarious, with a current account deficit in excess of 22 percent of Gross Domestic Product. Current account — the difference between a nation's total exports of goods, services and transfers, and its total imports of them — is closely followed as an indicator of trends in foreign trade. The precarious current account position has been worsened by deteriorating exports at a time imports have been on the rise, widening the trade deficit. Zimbabwe converted its Special Drawing Rights totalling US$260 million, which had been availed by the IMF to help the country build its foreign currency reserves, to meet critical needs. In 2009, IMF gave members US$250 billion to shore their reserves following the global financial crisis. *(Financial Gazette)*

The International Monetary Fund (IMF) has projected a drop in commodity prices on the world markets, warning that a further slowdown in other commodity prices, especially coal, gold, iron ore and platinum, would affect a wide range of countries in the region. Speaking at the IMF breakfast meeting held yesterday, United States Aid Strategic Economic Research and Analysis programme and Nathan Associates senior advisor Ashok Chakravarti said the decline in commodity prices had already seen copper and gold prices fall by between 10-15% going forward while base metals even more by 30-35%. "So, since Zimbabwe's export structure is specifically going in that direction depending on exporting minerals and minerals-related product, this is going to affect us. I think this is going to have an impact on us because if commodities are going to decline, certainly that will affect the growth rate in Zimbabwe," Chakravarti. "Our exports and imports are 100% of gross domestic product directed to South Africa. As pointed out by the IMF, the growth rates in South Africa are going to decline and that will have an effect on us." Chakravarti said the government also needed to address the debt overhang that is threatening the nation. Zimbabwe's total debt is over $9 billion and this has hamstrung its ability to access cheap financing on the international capital markets. Chakravarti said there was need to look at the structure of the economy which is now informalised. Chakravarti said the country had become a victim because of the introduction of the multi-currency system in 2009. "Zimbabwe is in a dollarised environment. We have become a magnet for the region and our industries are collapsing," he said. Chakravarti said the country needed to do an internal devaluation working with the Ministry of Industry on the cost drivers. He said the country has high cost drivers in terms of wages and even regulation compared to the region. Reserve Bank of Zimbabwe deputy governor Kupukile Mlambo, speaking at the same breakfast meeting, said Zimbabwe was one of the countries that were failing to access capital markets. Mlambo said the country had a big challenge because government revenue was 28-30% of GDP. There is limited room for the country to increase taxes and most of the industries are informalised. Mlambo said the country needs to address neighbourhood effects, for instance, that South Africa growth rates were going downwards, meaning that they would not buy Zimbabwe goods because the economy is not growing. "My worry about Zimbabwe is our economy is not rising to that Africa rising story. As Zimbabwe, we registered growth between 2009-2012 and now we are not responding to growth," he said. Mlambo said the country should be persistent in meeting the Staff-Monitored Programme benchmarks. He said the country needs to address impediments in doing business, invest in energy and follow fiscal policies on the expenditure side. "Our trade with South Africa is suffering. We have prices in United States dollars and they trade in the rand. I agree with you on internal devaluation," he said, referring to Chakravarti. "As a continent, we have not engaged the emerging economies at the World Trade Organisation. We are not addressing the Asian markets. We need to diversify our exports market." *(News Day)*

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