SECURITIES AFRICA
RESEARCH & CAPITAL MARKETS

PAN-AFRICA

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

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

AFRICA STOCK EXCHANGE PERFORMANCE

Country	Index	26-Jun-15	3-Jul-15	WTD % Change Local	WTD % Change USD	YTD % Change Local	YTD % Change USD
Botswana	DCI	10619.25	10692.36	0.69%	-0.38%	12.53%	7.94%
Egypt	CASE 30	8406.17	8314.72	-1.09%	-1.65%	-7.02%	-13.34%
Ghana	GSE Comp Index	2369.30	2341.81	-1.16%	-0.82%	2.38%	-25.56%
Ivory Coast	BRVM Composite	274.53	277.66	1.14%	-0.16%	7.59%	-2.14%
Kenya	NSE 20	4810.36	4812.57	0.05%	-0.81%	-5.87%	-14.12%
Malawi	Malawi All Share	16011.65	16011.92	0.00%	-1.73%	7.56%	12.97%
Mauritius	SEMDEX	1985.89	1964.42	-1.08%	-1.11%	-5.27%	-15.29%
	SEM 10	380.27	373.84	-1.69%	-1.72%	-3.10%	-13.35%
Namibia	Overall Index	1114.43	1094.25	-1.81%	-3.03%	-0.34%	-5.76%
Nigeria	Nigeria All Share	32853.49	32538.34	-0.96%	-1.16%	-6.11%	-14.14%
Swaziland	All Share	305.80	305.80	0.00%	0.74%	2.58%	-1.04%
Tanzania	TSI	4708.68	4686.39	-0.47%	14.25%	3.51%	-10.21%
Tunisia	TunIndex	5759.27	5704.01	-0.96%	-1.86%	12.07%	6.54%
Zambia	LUSE All Share	5838.12	5841.77	0.06%	-2.28%	-5.18%	-19.80%
Zimbabwe	Industrial Index	148.79	146.20	-1.74%	-1.74%	-10.19%	-10.19%
	Mining Index	40.19	39.76	-1.07%	-1.07%	-44.55%	-44.55%

CURRENCIES

Cur-rency	26-Jun-15 Close	3-Jul-15 Close	WTD % Change	YTD % Change
BWP	9.72	9.82	1.08	3.14
EGP	7.61	7.65	0.57	6.68
GHS	4.39	4.37-	0.35	38.01
CFA	585.64	593.29	1.31	8.53
KES	96.77	97.60	0.86	8.67
MWK	433.27	440.91	1.76-	6.44
MUR	34.02	34.03	0.03	11.81
NAD	12.12	12.27	1.25	4.43
NGN	197.50	197.90	0.20	9.13
SZL	12.12	12.03-	0.74	4.43
TZS	2,250.83	1,960.82 -	12.88	32.33
TND	1.94	1.95	0.92	4.23
ZMW	7.33	7.51	2.40	15.46

SECURITIES AFRICA

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Botswana

Corporate News

No Corporate News This Week

Economic News

Botswana's Shumba Coal said on Tuesday it plans to develop a solar power station to generate up to 200 megawatts (MW) of electricity as the world's top diamond producer struggles with power shortages. Botswana is currently experiencing power and water shortages, which its central bank warned last month could undercut aims to maintain growth above 4 percent. Shumba Coal said the project will initially produce 100MW and increase to 200 MW over an unspecified period of time. The project will include an initial installation of 400,000 photovoltaic cells in an area of 200 hectares, the company said. "We see solar energy as complimentary to our coal-based energy projects," Mashale Phumaphi, Shumba's managing director, said in a statement. Power from the station would supply upcoming copper mines in the Kalahari copper belt, which are currently not connected to the national grid, officials have previously said. Cupric Canyon Capital, a private equity firm backed by a unit of Barclays Plc, said on June 9 it would begin construction of a copper mine in Botswana's Kalahari copper belt in 2016, near where the solar power station will be located. *(Reuters)*

Botswana's economy shrank by 1.3 percent quarter-on-quarter in the three months to end-March versus a 3.3 percent expansion in the fourth quarter of 2014, data from the statistics office showed on Tuesday. On a year-on-year basis, gross domestic product (GDP) growth was at 4.3 percent in Q1 from 5.3 percent in Q4. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

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Egypt

Corporate News

Telecom Egypt, the country's landline monopoly, is expected to acquire a 4G mobile licence next year, Egypt's telecoms minister said on Wednesday. The government approved the unified licence last year, opening the way for Telecom Egypt to offer mobile services in competition with Vodafone Egypt, Etisalat and Mobinil, but implementation has been delayed repeatedly. The company's former CEO told Reuters in May that he hoped to acquire the new 4G licence this year. The licence also allows mobile companies to enter the landline market. "It is expected ... that the licence will be given to the company during 2016," telecoms minister Khaled Ali Negm said in a statement. *(Reuters)*

Economic News

Foreign direct investment (FDI) to Egypt grew 14 percent in 2014 hitting $4.8 billion while the North African region declined 15 percent to $11.5 billion with the global (FDI) inflows falling by 16 percent to $1.23 trillion. A report released on Wednesday by the United Nations Conference on Trade And Development (UNCTAD) showed that North African and global FDI inflows suffered from increasing geopolitical risks and other factors. The rise in FDI depicts a slow recovery since Egypt's economy was hit by sporadic violence and political turmoil following the 2011 uprising. However, since the election of President Abdel Fattah El-Sisi in the second half of 2014, his government began to liberalise the economy and reform the state budget by cutting subsidies and introducing new taxes. FDI inflows to Egypt remain well below the $11.4 billion garnered by the country in 2009, central bank data reveals. In March, Egypt hosted an economic conference to lure investors back into the country, garnering some $33 billion in investment deals and around $92 billion in MOUs. *(Egypt.com)*

Egypt's bourse on Monday ordered that Egyptian investors who buy global depository receipts (GDRs) by purchasing shares on the Cairo exchange in Egyptian pounds may only receive their returns in that same local currency. The move appeared aimed at eliminating an avenue for acquiring dollars amid a shortage in foreign currency, which has created a black market that the central bank has promised to stamp out. The value of all transactions by "Egyptian customers, whether buying, selling or converting to or from GDRs" will be provided in the same currency they were issued in, the bourse said in a statement. A market source told Reuters that regulators had recently discovered that companies and individuals were buying Egyptian stocks with GDRs and selling them to achieve dollar-denominated returns. "The target (of the regulation) is not investment in the bourse but rather its exploitation through a back door and the black market in order to obtain dollars," the source said. Low foreign currency reserves and a fluctuating exchange rate have dogged the Egyptian economy since a 2011 uprising. But black market traders say volumes have fallen sharply since the central bank's drive in recent months to stamp out their transactions, which has included since February a cap on the amount of dollars that can be deposited in banks. Foreign investors, who often use GDRs traded on exchanges in London and New York to gain exposure to stocks on the Egyptian bourse, were not expected to be affected by the move. *(Reuters)*

Egypt's President Abdel Fattah El-Sisi on Thursday ratified the state budget for the fiscal year 2015/16 following amendements by the ministry of finance to slash projected budget deficit, according to Egyptian state TV. The cabinet on Wednesday approved the draft budget for the 2015/16 fiscal year, to reduce projected deficit to 8.9 percent of GDP, according to a statement issued by the ministry of finance. An earlier draft that put the budget deficit at 9.9 percent had been rejected by El-Sisi, on grounds that it was too high, according to media reports. The new state budget projects public expenditure to rise by 17 percent from the previous year to LE868 billion ($112.3 billion), while revenues are expected to reach LE622 billion ($80.5 billion), a 28 percent increase on 2014/2015. Tax revenues will account for LE422 billion ($54.6 billion), while grants are estimated at LE2.2 billion ($285 million), compared to LE25.7 billion ($3.4 billion) in the previous fiscal year. Fuel subsidies were set at LE61.7 billion ($8 billion) on an estimated price for Brent at $70 per barrel, while electricity subsidies were set at LE31.1 billion ($4 billion), according to the budget statement published on the ministry of finance website. Spending on servicing

Egypt's public debt will increase by a quarter to LE244 billion ($31.6 billion). Government investments will rise by 25 percent to LE55 billion ($7.1 billion). Egypt has set a five-year macroeconomic plan that aims to cut the state budget deficit to 8 to 8.5 percent by 2018/2019, by reforming state subsidies and introducing new taxes. The budget deficit for the fiscal year which ended on 30 June is expected to reach 10.8 percent. *(Egypt.com)*

The central bank let the Egyptian pound depreciate for the first time in five months on Thursday, a move analysts said would please the international investors that Cairo is courting. The bank said it sold $38.8 million at a cutoff price of 7.63 pounds per dollar at a regular auction, sending the currency to its weakest level since auctions began in December 2012. The new rate is 1.3 percent weaker than the rate of 7.53 pounds at the previous auction on Sunday. Letting the pound weaken in a controlled manner again after doing so over a few weeks earlier this year could boost exports and attract further investment, analysts said. At the same time, a weaker currency could raise Egypt's large bill for imports, which many Egyptians rely on for fuel and food staples. Egypt is trying to rebuild its economy after four years of turmoil with a series of investor-friendly reforms including reducing subsidies and introducing pro-business regulations. But hopes of a quick turnaround have been hit by continuing violence. And questions remain over the availability of foreign currency, even as some investors signed billions of dollars worth of deals at an investment summit in March. "We have a problem with availability of dollars so we need to have a weaker currency to attract capital," said Mohamed Abu Basha, economist at EFG-Hermes in Cairo.

The central bank began auctioning dollars in December 2012, which bankers saw as a possible controlled shift towards a free float. But two years later the central bank still plays a powerful role in supporting the pound. The rates at which banks are allowed to trade dollars are determined by the results of central bank sales, giving the bank effective control over official exchange rates. "It would make sense to show managed currency flexibility rather than holding onto the natural attitude of a strong currency," Angus Blair, chairman of business and economic forecasting think-tank Signet, told Reuters. He said the timing could be related to the approval of a new budget on Wednesday, which cut the projected deficit to 8.9 percent of gross domestic product. There was no official statement from the central bank. As well as letting the pound depreciate, Egypt has taken steps to eliminate a once-thriving currency black market, including capping dollar-denominated bank deposits. Local currency traders said the pound was changing hands at 7.68 pounds, unchanged from the rate following the previous auction on Sunday. But one trader said the rate on the parallel market was at 7.77 pounds, and another quoted 7.80, outside the 0.15-pound band set by the central bank. The central bank gave banks permission in January to trade dollars up to 0.10 pounds more or less than the official rate, with an extra 0.05 pounds for currency exchange bureaus. *(Egypt.com)*

Egypt's economy grew at 3 percent in the third quarter of the 2014/2015 fiscal year which ended in March, compared with 2.5 percent in the same period a year earlier, the planning ministry said on its website on Thursday. The fiscal year runs from July to June. Egypt's 2015/2016 budget projects growth of 5 percent. *(Egypt.com)*

Ghana

Corporate News

Ghana's President John Mahama has replaced the head of the Tema Oil Refinery, the presidency said on Monday, in yet another management change at the cash-strapped 45,000 barrel-per-day plant. The facility, Ghana's sole refinery, has been plagued with regular shutdowns due to lack of funds for its operations and for the supply of crude for processing. The new managing director, Kingsley Awuah-Darko, will be the refinery's seventh managing director in ten years, the presidency said in a statement. A businessman with expertise in the financial sector, Darko currently heads the state-run Bulk Oil Storage and Transportation Company. He replaces Alphonse Dorcoo, who took office barely two years ago. Ghana produces around 100,000 barrels per day of crude at its offshore Jubilee field and it also imports oil for domestic consumption. Mahama said last year the government was seeking an external partner for the refinery. *(Reuters)*

Economic News

Ghana is likely to clear the first review of its $918 million programme with the International Monetary Fund and secure a fresh disbursement of funds aimed at stabilising its economy, sources close to the deal said on Monday. The $115 million due in August is vital to shore up Ghana's currency, which has fallen to record lows, and to convince investors who say they have lost faith in the short-term prospects of an economy that until recently was one of the fastest-growing in Africa. The IMF is due to announce on Tuesday the results of its review of the deal, signed in April, based on a two-week mission to the capital. Ghana received $114.8 million in balance of payments support in the first tranche of the programme. "Ghana has made progress with specific benchmarks, especially on the fiscal side. Generally, the commitment is there and things are on track," said one source who declined to be identified. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

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Kenya

Corporate News

Mauritius does not plan to sell a 23 percent stake in Kenya's British-American Investments Co. (Britam), which it seized from a disgraced tycoon, soon because its share price is too low, the government's receiver said on Friday. Mauritius seized Dawood Rawat's assets in early April after accusing him of running a ponzi scheme through a Mauritian insurer, sending shares of Britam down by almost a quarter. The Mauritius government said it wants to sell the tycoon's assets, including his 23 percent stake in financial services company Britam, to compensate investors who lost cash in the ponzi scheme. "For the moment we are not selling the 23 percent stake. The value is less than expected," Mushtaq Oosman of PriceWaterhouseCoopers Mauritius, the receiver, told Reuters. Britam's Chief Executive, Benson Wairegi, said earlier on Friday that the company had not been approached by the receiver over the sale of the shares. "The conservator has said he will sell the stake at some point and in doing so he will consult the board and management of Britam Kenya and the regulators in Kenya," Wairegi told reporters after the company's annual meeting in the Kenyan capital Nairobi, adding there had been no such engagement. Shares of Britam have recouped some of the losses they incurred after the ponzi news story broke out but they are yet to make a full recovery. The shares traded at 20.75 shillings on Friday, slightly up from the low of 19.90 shillings hit after the ponzi news broke. *(Reuters)*

Mumias Sugar Company has started a tough journey towards revival after the government's release of Sh1 billion for its resuscitation, following years of financial mismanagement. Already riddled with debt in excess of Sh5 billion, the woes of the miller, which is to spend half of the Sh1 billion to pay farmers, are far from over. According to Standard Investment Bank head of research Francis Mwangi, the money will provide a short-term relief for Mumias, which is grappling with a complex web of challenges that need to be sorted out if revival plans are to succeed. "It is clear the miller has a long way to go. Plans for the rights issue are still not clear, it needs to pay suppliers and clear outstanding debt. There is also need to refurbish the plant to make it more efficient," he said. Among key challenges that have been facing Mumias include financial irregularities, a bloated work force, weak governance systems, inefficiencies in production as well as overstatement of transport and input costs. In the half year ending December 2014, the miller booked a Sh1.5 billion loss. In the previous financial year of 2013/14, it reported a loss of Sh2.71 billion. In January, the government released Sh500 million in an attempt to boost the miller's cash flow. In March, Deputy President William Ruto brokered a deal that would pave the way for the rescue of the miller from collapse. The agreement entailed a Sh5 billion plan that would see the public and shareholders inject the money in the miller if it was to get back on its feet.

With the Sh1 billion already given, the Sh4 billion rights issue has delayed, with no indication on when the firm is going to announce the cash call plans. Such uncertainty continues to feed negative public sentiment in the miller, according to Mr Mwangi. "Market sentiment for the miller is still negative as it is yet to announce concrete plans for the rights issue. The miller's share price has also been on a poor run," he said. There is also seeming uncertainty on the exact amount of money the miller expects to raise from the cash call. Analysts, however, indicate that Mumias would be required to more than double its current share capital of 1.5 billion shares if it is to secure at least Sh4 billion from the market. It also remains unclear how shareholders will participate in the cash call. Full shareholder interest would be one of the key turning points for the once-giant miller. *(Nation)*

African Development Bank has loaned Equity Bank Sh15bn for SME lending across Africa. The long term loan will provide the bank with the muscle it needs given that most customer deposits are short term and cannot be used to finance long-term lending. KCB, Chase and Co-operative Bank are among institutions that have taken tens of billions of shillings from the international financiers to fund their long-term lending business. SMEs provide more than half of total employment in the country. *(Nation)*

The integrated UAP-Old Mutual Group (UAP-OM) say the new merger will use the banking infrastructure and leverage on mobile technology to reach out for more customers across the continent in the next two and half years. UAP-OM Group CEO, Peter Mwangi said customers will now enjoy a wider range of products and services from, from life and general insurance to banking and asset management as staff get better opportunities. ''Although all mergers inevitably involve some business restructuring, we have managed to ensure that everyone has been absorbed, with no job losses,' said Peter. In fact, in most cases, roles have been enriched with broader scope and accountabilities," Mr Mwangi said in his first official address as Group CEO. While unveiling the new executive structure for the joint firm, UAP-OM Group Chairman Joseph Wanjui said the new business is ready to grow its presence in the east and central Africa. The former Old mutual Chief Executive Peter Mwangi will lead the group as the new chief executive, Mr James Wambugu becomes group managing director for General Insurance while Mr Jackson Theuri becomes the group chief financial officer.

Former UAP Company Secretary Nkirote Njiru will continue his role in the group structure as his former managing director turned down the offer for the executive positions. ''We regret Dominic Kiarie, former Group MD of UAP, has chosen not to accept the executive position offered. We thank him for his immense contribution to the success and reputation of UAP and wish him well in his future endeavours," Mr Wangui said. Faulu Microfinance Bank which is 67 per cent owned by Old Mutual will now become an agent for the new group in distributing its product ranges. The new Group says it will consider rebranding and change of name only after consultations with customers and key stake holders as it retains the two names for the time being and merge the various business units. *(Nation)*

Safaricom is staring at tough times as Parliament begins discussing regulations that will restrict its movements in the market and punish it for abusing dominance. Information Cabinet Secretary Fred Matiang'i yesterday said he would table the rules in Parliament next week. Dr Matiang'i has urged the Communications Authority of Kenya (CA) director-general, Mr Francis Wangusi, to prioritise the push to regulate dominant telcos as he starts his new term. "Telecommunication firms need to be regulated to ensure some players are not strangled in the market," said Dr Matiang'i during a media briefing to usher Mr Wangusi into his new term yesterday. If the Fair Competition and Equality of Treatment 2015 regulations contained in the Communications Act are passed by Parliament, Safaricom will be required to maintain separate books of account for each of its services such as M-Pesa, mobile phone services and the infrastructure. Mobile phone services, for instance, will be handled as a separate and independent unit that runs the retail business of selling voice, SMS and Internet at prices controlled by the CA to ensure the prices are equal or slightly higher than those of other companies. The regulations describe a dominant player as a licensee that can "maintain or erect barriers to entry into the market, including, by means of control of essential facilities, access to superior technology, privileged access to resources or capital markets or superior buying or negotiating position, amongst others." A dominant player must also have a market share of 50 per cent or more.

Mr Wangusi said that Safaricom has more than 70 per cent market share but CA has not identified which market they are dominating. Of the three players in the business (Telkom Kenya, Airtel and Safaricom), only Safaricom has consistently reported profits and has global technology and commercial trends affecting market power. For the 12 months ending March, Safaricom recorded Sh31.9 billion profit after tax, making it the most profitable company in East and Central Africa. Airtel Kenya, the country's second-largest telco with 16 per cent market share, has been pushing to have Safaricom declared dominant to give the other players some competition space. The latest industry statistics show that Safaricom controls all segments of the telecommunications market — voice (75.6 per cent), SMS (93 per cent), mobile data (70 per cent) and mobile money (66.7 per cent). The CA and the Competition Authority of Kenya (CAK) have signed memoranda of understanding with the International Finance Corporation, to strengthen their muscle in investigating and enforcing abuse of dominance in the sector. The two regulators have also agreed on what parameters to tackle. *(Nation)*

Economic News

Kenya has started licensing banks to trade in government securities on the secondary market in a bid to improve liquidity and deepen the market, the market regulator said. The Capital Markets Authority (CMA) issued a license to trade to local lender Chase Bank, it said in a statement seen by Reuters on Wednesday. Banks had only been allowed to trade government securities through licensed brokers.
CMA said it had licensed Chase as an authorised securities dealer to "carry on the business of buying, selling, dealing, trading, underwriting or retailing of fixed income securities." The government wants to develop its capital markets by introducing new players and products, part

of a broader plan to turn its capital Nairobi into an international financial centre. *(Reuters)*

Kenya's year-on-year inflation edged up to 7.03 percent in June from 6.87 percent in May, the statistics bureau reported on Tuesday. *(Reuters)*

The Kenyan shilling was little changed on Friday in a cautious market as traders anticipated possible central bank action to prevent the currency from sliding to 100 to the dollar. At 0650 GMT, commercial banks posted the shilling at 99.55/65, its lowest point since October 2011, barely changed from the previous day's close of 99.50/60. "The market is waiting to see if the central bank will intervene," said a trader with a commercial bank. Traders said the central bank, which pumps dollars into the market whenever the shilling depreciates too rapidly, would not want the shilling to drop to 100. t has fallen in recent days due to end-month demand for dollars, improved liquidity in the money markets, which usually makes it cheaper to bet against the local currency, and persistent worries over a gaping current account deficit. The deficit worsened to 101.5 billion shillings in the first quarter of 2015 versus 63.8 billion shillings a year earlier. *(Reuters)*

Kenya expects 20 companies to start investing about 8 billion shillings ($80 million) immediately in the African nation's textiles industry after the renewal of a deal offering access to the U.S. market, its industrialisation minister said. President Barack Obama signed the Africa Growth and Opportunity Act (AGOA) this week, renewing a deal allowing Sub-Saharan African countries to export thousands of products to the United States, without tariffs or quotas, for a further 10 years. The companies had been awaiting the AGOA extension before moving ahead with their investments, Kenyan Industrialisation and Enterprise Minister Adan Mohamed told Reuters. "The biggest opportunity that we have in this country is accessing the U.S. market," he said in an interview at his ministry office. Kenya is the leading exporter of garments under AGOA in Sub-Saharan Africa. Mohamed said the industry earns about $400 million a year exporting garments Kenyan firms stitch together using imported fabrics. Kenya needs to boost exports to rein in a gaping current account deficit and ease pressure on its currency, which has been hit by global dollar strength and slide in foreign exchange earnings from tourism after a spate of Islamist attacks. Half of the 20 firms that are ready to invest are already operating in Kenya and want to expand, Mohamed said.

"The other half are companies that are coming from Sri Lanka, from Bangladesh, from India that are coming here looking at opportunities in this place," he said. "We want to get to a billion (dollars in export earnings) in the next two years," he said. "By the time AGOA finishes, before it is renewed (again), we would like to do $10 billion." Mohamed said the main challenge facing the textile industry was staying competitive on labour costs. Labour and fabric import costs together make up 80 percent of firms' operating costs. "That is my biggest headache at the moment," he said. The minimum wage in Kenya is about $135 a month compared with $35-$45 in Bangladesh, a garments exporting powerhouse, and $65 in Lesotho, the number two exporter of textiles under the AGOA facility, executives in the textile industry said. "I don't have a problem with the cost of labour being high but the productivity must match that high cost," he said, adding improvements in training, working closely with unions over pay and investing in more efficient machinery would all help. *(Reuters)*

Kenya's economy expanded at a slower pace of 4.9 percent in the first quarter as tourism shrunk following a spate of attacks in the East African nation. Growth slowed from a revised 5.5 percent in the final three months of last year, the statistics office said in an e-mailed statement on Wednesday. The tourism industry contracted for a fifth consecutive quarter, declining 7.5 percent from a year earlier, it said."The continuous underperformance of the sector is due to insecurity concerns, especially at the coastal region, and negative travel advisories in some key European source markets for the country," the Kenya National Bureau of Statistics said. The bed occupancy rate at coastal beach hotels fell by an estimated 21.9 percent in the first quarter, it said. Kenya's shilling has dropped 8.7 percent against the dollar this year as tourism declined and tea production fell, reducing revenue from the nation's biggest foreign-exchange sources. The currency was unchanged at 99.25 per dollar as of 4:40 p.m. in Nairobi, the capital. The farming industry, which accounts for nearly a third of the $55 billion economy, grew at a faster pace of 4.4 percent in the first quarter, while financial services climbed 9 percent, the data showed. Construction expanded 11.3 percent, reflecting the fast pace at which new buildings are rising across the country, the statistics office said. *(Bloomberg)*

Kenya's domestic bonds lost more money for dollar investors than any other emerging-market debt last quarter. Yet for Morgan Stanley,

now is the moment to put cash into the east African nation. An index of Kenya notes fell 6.9 percent in the three months through June 30, the most among 31 developing nations tracked by Bloomberg, while the shilling weakened 7 percent against the dollar in the period, its fifth straight quarterly drop and longest run of losses since September 1999. For Morgan Stanley economist Michael Kafe, that's no cause for alarm. Investors should focus on the government's financial support for transport and energy, the country's oil discoveries and an economic growth rate above the sub-Saharan average. No matter that tourism earnings and tea production are falling, and the strength of the U.S. dollar has rendered Kenya's first interest-rate increase in 3 1/2 years last month all but ineffective in shoring up the shilling. "There's no better time to be in Kenya than now," Kafe, who covers African economies from Johannesburg, said by phone on Tuesday. "They've got all those big capital-expenditure programs coming up. In the next three to five years they're going to be a producer and likely an exporter of oil and that changes the economy completely."

Investors in Kenya, like other frontier and emerging markets, will have to navigate the likelihood that capital flows will start to reverse as the Federal Reserve prepares to raise borrowing costs for the first time since 2008. To make local bonds more appealing and compensate foreign investors for the currency risk, yields will have to rise, according to Standard Chartered Plc.
"We're really in a downward trajectory in terms of foreign participation, so for that to reverse, rates will have to go significantly higher from where they are now," Samir Gadio, head of Africa strategy at the London-based bank, said by phone on July 30. "Foreign investors would get involved at somewhere around 14 to 15 percent. That seems to be the range that people like when the currency is relatively stable or at least depreciates moderately." Yields on shilling debt due January 2024 rose 69 basis points last quarter to a record 12.90 percent. The securities dropped for a second day on Thursday, falling 14 basis points to 12.66 percent by 11:48 a.m. in Nairobi.

The shilling strengthened less than 0.1 percent to 99.28 per dollar on Thursday. The currency rebounded from the lowest closing level since October 2011, three weeks after the Central Bank of Kenya raised interest rates more than forecast to 10 percent to try to stem the currency's slide. The bank is due to make its next announcement on rates on July 7. The currency will begin to stabilize because of the rate increase and as the country improves sources of foreign financing, Finance Secretary Henry Rotich said on Tuesday. Funding for many of the infrastructure projects has also been put in place, which should reduce foreign exchange demand, he said. "I don't think Kenya is particularly vulnerable," Mahan Namin, who helps manage $60 million in African fixed-income assets at Insparo Asset Management, said by phone from London on Tuesday. Kenyan bonds "are still viewed as a favorable asset. It just has to be taken in context of the global macro backdrop, which is far from good." Kenya's economy expanded at a rate of 4.9 percent in the first quarter as gains in agriculture, financial services and construction compensated for a drop in tourism following a spate of terrorist attacks, the statistics office said on Wednesday. The World Bank predicted in March that Kenya's gross domestic product would grow 6 percent this year, while sub-Saharan Africa's would expand 4.2 percent, compared with a global average of 2.8 percent. "Kenya, in the context of sub-Saharan countries, is one of the better-run ones," Morgan Stanley's Kafe said. "From a long-term perspective, you would like to stick your money in there." *(Bloomberg)*

Malawi

Corporate News

No Corporate News this week

Economic News

Malawi's first ever investment forum netted more than $1 billion in prospective investments, the trade minister said on Wednesday, as officials hoped the amount would rise to $10 billion once all proposed deals were concluded. Malawi, which is trying to move away from dependence on Western donors who are withholding budget support, following revelations of corruption in 2012 demanding that the government investigate and prosecute those involved in stealing state funds. Over $20 million is believed to have been plundered. The forum, which attracted 150 international investors from the United States, Asia and Europe. "By close of business yesterday (Tuesday) we had closed in on three deals worth $1.1 billion in prospective investments but we are confident that the we will reach the $10 billion mark ... with a lot of interest in energy, mining and the agriculture sector," Minister of Trade Joseph Mwanavekha told Reuters. He said all pending deals would be sealed within two weeks. The southern African nation is dependent on tobacco as its main foreign exchange earner but the global anti-smoking lobby is hurting its earnings and crippling the fragile economy. *(Reuters)*

Mauritius

Corporate News

No Corporate News this week

Economic News

No Economic News This Week

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Nigeria

Corporate News

Nigerian energy firm Forte Oil said on Monday it had signed an $83 million contract with Siemens to upgrade its 414 megawatt gas-fired power plant and that the work would be completed next year. Forte Oil, which also has interests in fuel retailing, was one of several firms to buy government power assets two years ago, sold as part of a privatisation meant to end decades of blackouts in Africa's biggest economy. *(Reuters)*

Seven-Up Bottling Company Plc on Monday declared a dividend of N2.75 per share for the year ended March 31, 2015. The dividend will be approved by the shareholders of the company at the annual general meeting scheduled to hold in Lagos. According to the audited results of the soft drink bottling firm, a revenue of N82.4 billion was recorded in 2015, up from N77.8 billion in 2014. Net finance cost rose from N1.51 billion toN2.43 billion, making the company to end the year with a net profit of N7.1 billion, compared with N5.8 billion posted in 2014. Hence, the directors recommended a dividend of N2.75 per share. Meanwhile, trading at the stock resumed for the week on a positive note as the Nigerian Stock Exchange (NSE) All- Share Index appreciated by 1.2 per cent to close at 33,249.19. Similarly, market capitalisation added N135.1 billion to close at N11.35 trillion, thus ending the four-day bearish trend from last Tuesday. All the five NSE sectoral indices appreciated led by the NSE Oil/Gas Index, which rose by 2.8 per cent. The NSE Banking and NSE Industrial Goods indices grew by 1.44 per cent and 1.39 per cent respectively. The NSE Insurance and NSE Consumer Goods indices increased by 0.37 per cent and 0.18 per cent in that order. A total of 30 stocks recorded price gains while stocks depreciated. Forte Oil Plc and Guinness Nigeria Plc led the price gainers with five per cent gain apiece to close at N191.10 and N161.17 respectively. May and Baker Nigeria Plc appreciated by 4.9 per cent, while Redstar Express APC and Continental Reinsurance Plc added 4.7 per cent and 4.1 per cent in that order. Conversely, Neimeth Pharmaceutical Plc led the price losers with 4.9 per cent, trailed by Etrazanct Plc, Costain, Livestock Feeds Plc and Evans Medical Plc with 4.79 per cent, 4.55 per cent, 4.19 per cent and 3.79 per cent respectively. *(This Day)*

Nine Nigerian banks have been ranked among the 1000 global banks by The Banker magazine in London. The banks are Zenith Bank Plc, Ecobank Transnational Incorporated, FirstBank, Guaranty Trust Bank Plc (GTBank) and Access Banks. Others are, Diamond Bank Plc, the United Bank for Africa Plc (UBA), Fidelity Bank Plc and First City Monument Bank. The aforementioned banks were also ranked among the top 25 banks in Africa. According to a statement from The Banker on Monday, Zenith Bank was ranked number one among Nigeria's top banks in terms of tier-1 capital, but sixth in Africa with a capital of $3.162 billion. It was followed by Ecobank Transnational which emerged second in Nigeria and 7th in Africa with a capital base of $3.030 billion. FirstBank was ranked third in Nigeria and 10th in Africa with a capital of $2.327 billion. Next in the ranking was GTBank which came fourth in Nigeria and 13th in Africa.
The Banker report also placed Access Bank on the fifth position in Nigeria but 15th in Africa with a capital base of $1.398 billion. Others include Diamond Bank which emerged sixth in Nigeria and 17th in Africa, UBA ranked seventh in Nigeria and 17th in Africa while Fidelity Bank ranked eighth in Nigeria and 21 in Africa. The organisation also placed FCMB ninth in Nigeria to make the top 25 banks in Africa. The statement explained that: "Nigeria's banks endured a difficult close to 2014, as the significant slump in oil prices caused havoc with the country's economy. Zenith Bank has held its position as the sixth largest bank in Africa, and First Bank of Nigeria has risen from 424th to 371st on the global list. However, Nigeria's Guaranty Trust Bank has dropped from 415th to 449th, with its capital base decreasing from $1.95 billion to $1.78 billion.

"Access Bank, Fidelity Bank and United Bank for Africa have also slipped down the rankings, though Diamond Bank joins the African top 25 at 579th in the global rankings." It further said: "The difficulties of the South African economy are reflected in its banks' performances in the 2015 Top 1000 ranking, but elsewhere there is good news for Togo's Ecobank and FirstBank of Nigeria." The statement also noted that: "For South Africa's banking sector, the largest in Africa, 2014 passed in a similar vein to 2013 – both years were dominated by the weak performance of the national economy and the ensuing volatility of the rand. In 2013, the rand lost 13 per cent of its value against the dollar, and though 2014 did not see another rapid depreciation, rand volatility remained high. This hampered the ability of South Africa's banks to improve their capital adequacy. "Standard Bank remains the continent's largest bank, though it has dropped from 116th to 123rd in the overall ranking and its tier-1 capital has fallen slightly from $10.56 billion to $10.18 billion. FirstRand has held its regional ranking position and increased its capital slightly, but Nedbank Group has dropped from 195th position to 216th and has seen its capital base drop to $4.76 billion, from $5.11 billion. Barclays Africa Group, previously known as Absa Group, would have come third in the African rankings with a tier-1 capital base of $6.09 billion, but is excluded from the main ranking as it is a subsidiary of the UK's Barclays." *(This Day)*

Nigeria's Transcorp plans to spend $1.575 billion from 2016 to 2018 to raise its power generation capacity to 2,500 megawatts (MW) from 610 MW now, the company said on Thursday. Transcorp, which also has interest in hotels, oil and gas, said it expected the contribution of its power business to group revenues to rise to 60-65 percent this year from 25 percent last year. The conglomerate was one of several firms to buy government power assets two years ago, sold as part of a privatisation meant to end decades of blackouts in Africa's biggest economy. *(Reuters)*

Nigeria's Oando has agreed to sell a 60 percent stake in its downstream business to a consortium of investors including Vitol for $276 million, the energy company said on Tuesday. Oando, which is transitioning from being a marketer of refined petroleum products into an oil and gas explorer, completed the acquisition of ConocoPhillips's upstream oil and gas business in Nigeria last year. *(Reuters)*

Skye Bank Plc has announced the successful conclusion of its integration process with Mainstreet Bank Limited, which it acquired late last year. The bank said in a statement that six months after it took over Mainstreet Bank, it "seamlessly achieved" the harmonisation and integration of their processes, procedures, structures, operations, human capital and all the other scheduled tasks. The statement quoted the Group Managing Director/Chief Executive Officer of the bank, Mr. Timothy Oguntayo, as promising in a letter he addressed to the customers, that the bank was set to unleash the full potentials of the combined strengths of the two institutions for better customer service, customer experience and value creation for all its stakeholders. "We are committed to pushing the frontiers of technology and innovation to enhance stakeholder value at optimised cost, and offer delightful customer experience. We will therefore continue to make the required investments in people, process and technology to meet this commitment", he reassured customers of the bank. Oguntayo disclosed that Skye Bank's total branch network stood at 469 while its Automated Teller Machine (ATM) network has increased to 815 across the country, with an asset base of N1.5 trillion.

The implications of these for the customers, he said include better access to the bank's service channels, cutting edge technology, and stronger balance sheet to support their businesses. The Skye Bank boss said In line with the bank's growth strategy, and preparatory to the acquisition, the bank had made enormous investments in both its human capital and information technology, two critical assets that define organsational success, noting that their new banking software, Oracle Flexcube 12.0, with its multi - functional capabilities, is one of the best and most recent inventions. "We made these strategic investments to ensure continuous excellent service experience for you", he added. On steps being taking to improve service experience, he said a rebranding and remodelling of the newly integrated branches into the Skye Bank family had commenced, in addition to the starting the upgrade of the facilities in the branches to make customer banking experience a delight. *(This Day)*

Economic News

Nigeria's ruling party recommended the government discard a long-delayed oil-industry bill, review fuel subsidies and sell off some units of the state petroleum company. The Petroleum Industry Bill should be scrapped and replaced by a new reform bill that's based on discussions with international oil companies to "ensure all perspectives are adequately considered," the All Progressives Congress said in a report obtained by Bloomberg on Monday. Kayode Fayemi, the APC's policy director, confirmed the authenticity of the document. The bill has been delayed in parliament for six years due to political wrangling and opposition by international energy companies against proposed tax and royalty terms, deterring investment into Africa's top oil producer. The APC handed the report, which was based on closed-door meetings on May 20 and 21 in the capital, Abuja, to President Muhammadu Buhari, who took office on May 29 and is yet to appoint a cabinet. The report "is not the final position of government," Fayemi said by e-mail. Buhari defeated Goodluck Jonathan in March elections on pledges to clamp down on graft, including in the oil industry, which is the source of about two-thirds of the government's revenue and 90 percent of export earnings.

The report recommends a review of audits and corruption allegations against the state-owned Nigerian National Petroleum Corp. in the government's first 100 days in office. After 18 months, the government should seek to commercialize the NNPC, possibly partially listing the entity and selling off its fuel-retailing and refining business, the APC said. Buhari disbanded the NNPC's board last week in an attempt to fight graft in the industry. Two calls to the mobile phone of Ohi Alegbe, an NNPC spokesman, didn't connect on Monday and he didn't immediately reply to an e-mail seeking comment. The APC report recommends that all top oil executives, senior NNPC staff and government officials must declare their assets. It also calls for the state oil company's board to meet more regularly and legislation governing the NNPC to be amended to ensure that the petroleum minister is no longer chairman of the company. The government should review fuel subsidies to reduce costs of about 600 billion naira ($3 billion) spent annually on the payments, according to the report.
Buhari said last week his government is facing severe financial strain from a Treasury that's "virtually empty" and billions of dollars in debt. A lack of oil refining capacity means Africa's largest economy subsidizes gasoline imports and suffers frequent fuel shortages even though it produces about 1.9 million barrels a day. Nigeria's crude production is hindered by the NNPC's inability to pay its share in joint ventures with companies including Exxon Mobil Corp., Royal Dutch Shell Plc and Total SA, according to the report. The NNPC's debts to its eight joint ventures, in which it owns majority stakes, have "ballooned over the years," the APC said. In 2012, the state company paid $6.9 billion out of the $10.4 billion it owed. The difference of $3.5 billion was covered by loans from international oil companies, according to the report. "These debts are costly and opaque, and they erode the NNPC's bargaining power with" the oil companies, the APC said in the report. "Nigeria's inability to fund its joint-venture budgets is delaying projects, reducing production, and lowering revenue collection for the nation." The NNPC had the worst disclosure record of 44 international and national energy companies analyzed in a 2011 report by Transparency International and the Revenue Watch Institute. The APC's report also advised the government to cancel in its first 100 days in office "two ill-suited and costly offshore processing agreements" that were signed in the fourth quarter with Aiteo Eastern E&P Co. Ltd. and Sahara Group of 90,000 barrels per day each. The government should sign simpler swap agreements with "highly competent" trading companies through a tender process, according to the report. Sahara said it wasn't aware of the APC's recommendation, and Aiteo didn't immediately respond to an e-mailed request for comment. "The parties involved remain committed to the terms of the contract, which is being carried out in line with best practice and good governance," Sahara said in a statement. *(Bloomberg)*

International investors, dismayed by Nigeria's decision to delay a naira devaluation they see as long overdue, will hold back from its stock and bond markets, raising risks of a deeper crisis in Africa's biggest economy. The afterglow from March, when an incumbent president handed over power after what was seen as Nigeria's freest ever election, is dissipating as new leader Muhammadu Buhari shows little sign of following up on promises of economic reform. Markets have moved sharply in the past week in particular after the central bank announced curbs on dollar funding for investors, as well as for importers of goods ranging from toothpicks to private jets. The move, meant to conserve foreign exchange, has dashed widely-held expectations of a naira devaluation - the central reform that investors had been banking on. Since then 10-year bond yields have jumped 1 percentage point to almost 15 percent, stocks have fallen and the naira's value is plunging in the parallel market, down about 7 percent from early-June levels. A devaluation to restore the economy to competitiveness is a matter of time, fund managers still believe. In the meantime, they are unlikely to bring back cash they pulled out before the election. "It will take a combination of weaker currency and higher interest rates to get us back to Nigeria," said Kieran Curtis, a bond With oil exports providing 70 percent of budget revenues, Nigeria can certainly use a cheaper currency. Most had reckoned on a 10-15 percent devaluation at least and some such as Curtis estimate a 20-25 percent move is probably needed.

The naira fell 20 percent in the year to February. Even so its real exchange rate, against currencies of trade partners and adjusted for inflation, is up than 50 percent in the past decade. http://link.reuters.com/ben53w. In real terms, currencies of oil-exporting peers Russia and Colombia are 5 and 17 percent respectively below long-term averages. African oil producer Angola also recently devalued its kwanza, which is down 15 percent to the dollar this year And the price for supporting the naira is high - the central bank has spent at least $3.4 billion since fixing the exchange rate in February and reserves have fallen below $30 billion for the first time since 2005. http:link.reuters.com/huf76v. Devaluation expectations continue to mount. Non-deliverable forwards, derivatives used to hedge against future exchange rate moves, reflect expectations of currency weakening: six-month NDFs price the naira at 225 per dollar, while a week ago the forward price was around 215. "To me, (central bank measures) are doing more harm than good: you are putting off the inevitable and the reaction you are seeing on rates markets and the NDF shows that," said Kevin Daly, a fund manager at Aberdeen Asset Management. "Effectively the bond market is starting to price in a much wider move on the currency." Curbing access to dollars may briefly stabilise reserves and constrict imports but pent-up demand for hard currency will eventually weaken the exchange rate and drains central bank coffers.

It may also stoke inflation if With oil revenues down and borrowing costs rising, the 2015 budget is already 3.2 percent smaller than last year's. By early May, the government had already exhausted half its borrowing allowance for the year. Ten-year yields at almost 15 percent, 250 basis points above post-election lows, will raise borrowing costs for the government and the private sector. "Ultimately (devaluation) will become more of a fiscal necessity than an external necessity. The longer they will take to do the adjustment, the bigger the adjustment would have to be," said Antoon de Klerk, portfolio manager at Investec's African Fixed Income Fund. And crucially for investment flows, Nigeria's place in the GBI-EM local currency debt index looks increasingly precarious. JPMorgan warned in June it could eject Nigeria from its benchmark index by year-end unless it restores liquidity to currency markets in a way that allowed foreign investors to transact with minimal hurdles. Nigeria has a 1.8 percent share in the $220 billion index, suggesting $4 billion in inflows, Morgan Stanley estimates, a major offset to its current account deficit. "Were Nigeria to be removed from the index as a result of the dry-up in liquidity as forewarned by the index provider, upside risks to our naira forecast of 200-205 (per dollar) over the next 12 months could crystallise immediately, especially if one considers that its (annual) current account deficit could be up to ... $10 billion," Morgan Stanley said. *(Reuters)*

Nigerians will soon be able to invest in companies such as Apple Inc, LVMH Moet Hennessy and Louis Vuitton SE in their local currency at their local bourse. Although these global companies are looking to sell shares in the African nation yet. The Nigerian Stock Exchange (NSE) plans to get custodian firms to issue depositary receipts against their stocks and offer them for trading in Lagos.
The unsponsored offerings would come from the holdings of the custodians and would not involve the concerned companies. Nigeria, Africa's largest economy, is trying to develop its stock exchange by increasing liquidity and the products available for investors as it seeks to close the gap with South Africa, home to the continent's biggest equity market. "We're looking to start with those with substantial business dealings in Nigeria, or a substantial Nigerian following," Chief Executive Officer of Oscar Onyema, said in an interview on June 25 with Bloomberg. "For example, we know that Nigerians buy a lot of Apple and Louis Vuitton products. Nigerians also follow soccer. So, any football club that is listed is a potential," NSE, he said.

Apple and LVMH didn't immediately reply to e-mails requesting comment. Depositary receipts represent a stake in a foreign company that investors in a country can buy and sell with their local currency. Sponsored offerings involve the consent and participation of the companies, while unsponsored issues are made by depositary banks. The exchange would finalise the details of the plan by the year-end, Onyema said at a Bloomberg conference at bourse premises. It is seeking clarity from the National Pension Commission on whether pension funds would be allowed to invest in them, he added. Onyema is also waiting for the Central Bank of Nigeria (CBN) to state whether there will be any restrictions on the trades, following new foreign exchange rules. On June 24, the regulator banned Nigerians from using the interbank currency market to buy Eurobonds and foreign shares. On the premium board the NSE plans to start this year, Onyema said four local companies have qualified for the list. He declined to disclose them. There should be "something closer to eight or nine companies on the premium board when it opens," according to Onyema. It is designed for companies that pass a corporate governance test set by the NSE and have a market value of more than $1 billion, he said. "They will provide a vehicle for local and international investors that want to track well-governed institutions to benchmark," Onyema said. The NSE Index rose 1.2 per cent last Monday, its first gain in five days, cutting its loss over the past year to 22 per cent. *(This Day)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

The Nigerian Stock Exchange (NSE) All-Share Index, which measures the aggregate growth of the stock market declined by 3.46 per cent in the first half of the year as investors maintained cautious trading. The ASI, which opened the year at 34,657.15 closed at 33,456.83 on Tuesday. However, the market capitalisation which is the worth of equities, recorded a lower decline of 0.5 per cent or N58 billion. The market capitalisation fell from N11.478 trillion at the beginning of the year to close at N11.42 trillion yesterday. Given the bearish trend with which the market opened in, market analysts said the decline of 3.4 per cent is still commendable. After recording a decline 14.7 per cent in January alone on negative macro economic headwinds. However, the market surged 20 per cent between March 20 and April 13 following the euphoria that greeted the successful general elections. However, the market performed sideways since the inauguration of the new government as investors continue to await President Muhammadu Buhari to make necessary appointments and unveil economic direction of his administration. The market remained bearish since last week but recovered in the last two days of June as some investors took position ahead of the release of half year corporate results of quoted companies. As result, the market appreciated by 1.2 per cent on Monday. The positive performance was sustained yesterday, rising by 0.62 per cent to bring half reduce the decline to 3.46 per cent. The market capitalisation added N70.88 billion alone. A further analysis of the market performance yesterday showed that the NSE Industrial Goods Index was the sole gainer with 1.91 per cent. The NSE Insurance Index recorded the worst performance with a 1.35 per cent decline. The NSE Oil/Gas, NSE Banking, and NSE Consumer Goods indices fell by 0.79 per cent, 0.51 per cent and 0.28 respectively.*(This Day)*

Nigeria's 10-year benchmark government bond yield inched up 40 basis points as domestic pension funds switched to short dated papers, traders said on Tuesday. The 2024 bond, listed on the JP Morgan Government Bond Index (GB-EM), rose to 14.74 percent, from its previous close of 14.34 percent on Monday. *(Reuters)*

Nigeria's total debt rose to 12.1 trillion naira ($60.8 billion) as of March 2015, up from 11.2 trillion naira at the end of December 2014, the Debt Management Office (DMO) said. The DMO said on its website that foreign debt stood at $9.46 billion at the end of March, equivalent to about 15 percent of total debt and down from $9.71 billion at the end of 2014. Nigeria said in 2013 it wanted to increase the amount it borrowed overseas to 40 percent of all debt over a three-to-five year period to tap into loose monetary policy in advanced economies. But as oil prices plunged last year, government revenues slumped, leaving Abuja struggling to pay bills including state salaries. The currency has also come under intense pressure. Nigeria's states are now in debt to the tune of 658 billion naira, the governor of Zamfara state said last week. Investors are worried domestic debt has risen sharply since the end of March, and concerns about government finances, as well as the slide in the naira, are hitting markets. The yield on the 5-year bond, the most liquid issue, rose to 14.95 percent on Tuesday, up from 14.71 percent a week ago. Nigeria's former finance minister said at the start of May that the government had already used half the borrowing allowance it had budgeted for as lower oil prices reduced revenues. Abuja's funding problems and the naira's weakness on the black market are fuelling market concerns that more domestic bonds may have to be sold, raising the cost of borrowing. Nigeria rebased its gross domestic product statistics last April, almost doubling the size of its economy to more than $500 billion, Africa's biggest. However tax collection as a percentage of revenue is a paltry 6 percent.*(Reuters)*

Nigerian President Muhammadu Buhari delayed selecting a cabinet for two months until September as he takes time to seek credible ministers to lead his government. Buhari wants to drive out past corruption before appointed ministers arrive in their posts, Garba Shehu, a presidential spokesman, said in a text message on Wednesday. Investors won't be happy with the delay, said Alan Cameron, an economist at Exotix Partners Ltd. They are expecting tighter fiscal policy, a devaluation of the local currency and a greater focus on tax collection after a drop in oil prices in the past year has hammered Nigeria's finances, he said. "There was initially some hope that Buhari would be able to tackle these changes more quickly and with more credibility, but the time line has now been pushed back," Cameron said by phone from London. "It's going to be a difficult pill to swallow for foreign investors." Buhari, who defeated Goodluck Jonathan in March elections and became head of state on May 29, pledged during his campaign to clamp down on graft and defeat the Boko Haram Islamist insurgency in the northeast of Africa's largest oil producer. At the same time, Nigeria is under severe financial strain. The Treasury has been left nearly empty and the last government left billions of dollars in debt, according to Buhari. Many state workers are also going unpaid, he said.

Economic growth is forecast by the International Monetary Fund to slow to 4.8 percent this year from 6.3 percent in 2014. The naira has fallen 7.7 percent against the dollar this year. There is "no minimum time" for the president to appoint ministers, Femi Adesina, another spokesman for Buhari, said by phone. The time being taken is "nothing out of the ordinary" in the historical context of ministerial appointments and it is better to take considered action than to rush, he said. Last week, Buhari disbanded the board of the state oil company and on Monday a four-member panel was set up by the National Economic Council to probe the accounts of the Nigerian National Petroleum Corp. Buhari's party, the ruling All Progressives Congress, has recommended the government review audits and corruption allegations against the NNPC in the first 100 days in office, according to a policy document obtained by Bloomberg. The APC also advised Buhari to discard a long-delayed oil-industry bill and replace it with a new reform bill, review fuel subsidies and sell off the NNPC's refinery and fuel retailing business. *(Bloomberg)*

The Nigerian naira plunged in informal trading on Wednesday as importers sought alternative sources for dollars after the central bank stopped foreign-currency funding for some imports. The currency declined to 230 per dollar from 226 on Tuesday, Aminu Gwadabe, president of the Association of Bureaus de Change of Nigeria, said by phone from Lagos, the commercial capital. The currency traded at 215 per dollar last week before the new restrictions, he said. In interbank trading, the naira advanced 0.1 percent to 198.85 naira per dollar at 12.05 p.m. in Lagos. The nation's foreign-currency reserves have declined 16 percent this year to $29 billion. The Central Bank of Nigeria listed 41 items, including rice, private jets, foreign securities and Indian incense, which couldn't be funded in the interbank foreign-currency market or by the use of export proceeds in its bid to conserve external reserves and stabilize the exchange rate. The restricted items account for as much as $6 billion of goods imported every quarter, according to Gwadabe. "The ban is putting pressure on naira on the streets," he said. Faced with a 45 percent plunge since last year's peak in the price of oil, the source of two-thirds of government revenue, the central bank began imposing currency restrictions as pressure mounted on the naira. The Nigerian currency has weakened 18 percent against the dollar in the past year. *(Bloomberg)*

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Tanzania

Corporate News

FATE of the Mwanza Community Bank initial public offer (IPO) will be known in September after principal stakeholders resolve some disputes related to share purchasing. The IPO was set to start almost two years ago, but failed to take off as some Lake Zone municipalities and district councils failed to honour their obligations. The Capital Market and Securities Authority (CMSA), Principal Public Relations Officer, Mr Charles Shirima, said the Nominated Advisor (Nomad) and principal stakeholders will make the final decision. "The Nomad is optimistic that the final decision would be positive. We anticipate a good outcome. Things are still positive," he told the 'Daily News' in an interview. Prior to November 2013, the IPO of Mwanza Community Bank was postponed twice to give more time for the Lake Zone municipalities and councils to make a decision on buying the community bank. In 2013, the Nomad, Arch Financial and Investment Advisory, told 'the Daily News' that Mwanza City Council and Ilemela Municipality bought shares of the bank. He however did not disclose the amount. According to Mr Shirima, the IPO is still positive as Nomad has been engaging the stakeholders throughout. The decision will come out on September 30 and "everything will be known after that." Mwanza Community Bank offered 5.0 million shares worth about 2.75bn/-, which is 88 per cent of the total shares on IPO, of which 600,000 have been retained by founder members. A share was to be sold at 550/- at a lot of 100 shares. It will be listed on DSE's Enterprise Growth Market (EGM). The bank is a brain child of Victoria SACCOs, which last year offered a 100 per cent dividend to its about 3,000 shareholders.

The SACCOs wanted to convert to bank and retain its name but decided to use other name in a different project. Stock experts had it that the mode of the institution works best should municipalities become shareholders to make the bank owned by Mwanza people. Thus it was of paramount importance for all municipalities to become shareholders of the newly established community bank to drive home the true meaning of the institution. Mwanza, according to the 2012 census, has the population of 2.8 million people residing in seven municipalities -- Nyamagana, Ilemela, Kwimba, Misungwi, Sengerema, Magu and Ukerewe. Technically, the bank existence depends on the ability to raise the required capital by Bank of Tanzania at the tune of 2.0bn/- which will warrant getting a provisional licence. The investors, according to the Nomad, received the Mwanza Community Bank positively reflecting the achievement of another community bank, DCB Commercial Bank. *(Daily News)*

Economic News

THE Dar es Salaam Stock Exchange (DSE) has continued to list new stocks to the market from January to June, this year, as a way to facilitate economic growth through the provision of an efficient securities trading, depository and registry platform. In the last six months, the bourse registered two Initial Public Offers - Mwalimu Commercial Bank which raised 31bn/- and Yetu Microfinance plans to raise 12.5bn/-.Also in the period CRDB Bank issued a 152bn/- right offer. The firms' Manager for Projects and Business Development, Mr. Patrick Mususa, said in Dar es Salaam that DSE would keep on looking for other companies purposely to promote economic empowerment and contributes to the country's development. The move has been conducted in line with encouraging entrepreneurship growth market as well as organising the DSE scholar investment challenge 2015 targeting higher learning students to learn and develop saving culture. He said the scholar challenge also aims at educating youth the prudent process of investment decision making and risk management in the process to foster and link with professional bodies and industry. "The challenge will reach the final stage in next week where the first three runners will take home prizes that worth 2m/- cash others will be awarded with Certificate of participation as well as the mentorship opportunity," he said adding that the challenge is sponsored by Twiga Cement and NMB Bank.

In another development, the CRDB Bank and Tanzania Breweries Ltd (TBL) have emerged to be the most traded equities at the DSE for last week, where as the bank managed to sell about 5.5 million equities after 700,000 shares exchanged hands. DSE weekly turnover has also increased to 14.6bn/- on last week, higher than 11.6bn/- of the preceding week. The equity market capitalization has gone down to 24.5tri/-

from the last weeks fixtures of 24.9 trillion and the market caps for local companies has also been lowered to 9.9 trillion compared to the 10.1tri/- of the preceded week. "This implies the continuation of activities conducted at the stock exchange between investors and clients," he said, adding that Tanzania shillings devaluation does not affect the business trend at the DSE. *(Daily News)*

The Dar es Salaam Stock Exchange (DSE) is expecting to present its shares to public, through primary offer and self-list on the bourse in a new drive to efficiently execute its mandates in line with its strategic objective. The self-listing, to be paraded by offering the bourse's share to the public, comes after DSE change from a mutual company limited by guarantee to company limited by shares. The DSE Chief Executive Officer, Mr. Moremi Marwa, said the whole process envisage to take six months from yesterday after the bourse called for expression of interest for IPO and self listing consultancy. "The listing may take place either at the end of last quarter of this year or the first quarter of next year," Mr. Marwa told the Daily News. The IPO and listing have to be approved by the regulator— Capital Market and Securities Authority. The CEO said after getting the right consultancy firm for IPO at the end of this month, preparation of IPO documents and approval from CMSA and DSE may take one to two months. On Wednesday, DSE call for expression of interest for provision of consultancy services for IPO and self listing.

The objective of these changes, according the advert, is to enhance DSE's operational, financial and governance structures and capabilities so as it could efficiently execute its mandates in line with its strategic objective. Among them to be the focal point for long-term capital raising by private enterprises and public sector within the economy via provision of efficiency infrastructure, systems and listing platform for multi-financial products. The consultancy firms are suppose to provide services such as lead transaction advisor; co-sponsoring stockbrokers; legal advisor; reporting accountant; public relation firm; and lead receiving/collecting bank. To institute the self-listing, DSE has recently changed its formation and name from a mutual company limited by guarantee to a public limited company limited by shares and from Dar es Salaam Stock Exchange Limited to Dar es Salaam Stock Exchange Public Limited Company. DSE has 21 listed companies whose total market capitalisation is 24.5tri/- by Monday, it also has listed corporate and government bonds worth 4.0tri/-.(Daily News)

Tanzania's energy regulator on Wednesday raised the maximum retail prices of petrol, diesel and kerosene for July citing higher international oil prices, a weaker local currency and new local taxes. Fuel prices have a big effect on the rate of Tanzania's inflation level, which rose to 5.3 percent year-on-year in May from 4.5 percent in April. The Energy and Water Utilities Regulatory Authority raised the retail price of petrol by 11.82 percent and diesel by 14.65 percent, while kerosene prices rose by 22.75 percent. "These changes have been caused by changes of prices of petroleum products in the world market, continuing depreciation of Tanzanian shilling against the American dollar as well as the newly introduced government taxes with effect from July 2015," the energy regulator said in a statement. Tanzania introduced a fuel levy of 100 shillings ($0.0503) per litre of petrol, diesel and kerosene in its 2015/16 (July-June) budget to raise funds for rural power projects. The regulator increased the price of petrol in the commercial capital Dar es Salaam by 232 shillings per litre to 2,198 shillings, and the price of diesel in the capital by 261 shillings to 2,043 shillings. Kerosene prices in the commercial capital rose by 369 shillings to 1,993 shillings per litre. *(Reuters)*

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Zambia

Corporate News

ZAMBIA Sugar Plc has signed a syndicated financing agreement of US$60 million with four local commercial banks to increase its annual sugar production capacity to 92,000 from 45,000 metric tonnes. The agreement is between Barclays Bank and Stanbic Bank, who are the leading arrangers of the loan, and have incorporated Citibank and Zanaco Bank. Zambia Sugar Plc will also inject resources in the US$ 82 million project in Mazabuka. Minister of Commerce, Trade and Industry Margaret Mwanakatwe said the investment will enable Zambia Sugar Plc install new equipment to enable it operate effectively, and match the current and future market demand. Mrs Mwanakatwe said the product alignment and refinery project will enhance out growers schemes' performance, create jobs, and construction contracts for the locals. "Government will provide the necessary support to ensure the realisation of the expansion of the project. The financing puts on record the credibility of Zambia Sugar as a business… Investing in the future assures business sustainability, long term employment opportunities, contribution to national treasurer, and indeed improved and healthy lifestyles for the citizens.

"The financing will go a long way in meeting the total capital required for the project. I further wish to urge other commercial banks operating in Zambia to increase and extend their lending activities to small and medium businesses that provide support to large industries such as Zambia Sugar," she said this in a speech read for her by Ministry of Commerce, Trade and Industry permanent secretary Siazongo Siakalenge last week. Earlier, Bank of Zambia deputy governor Bwalya Ngándu said the expansion programme will bring added value to the country's reserves. "Among the benefits that will flow from this project will be higher exports needed to produce the foreign exchange that will help the country build reserves to assist us absorb externally induced shocks," Dr Ngándu said. Similarly, Illovo Group financial director Mohammed Abdool-Samad said the expansion project involves the planting of more than 10,000 hectares of cane notably over 6,600 hectares from out growers. *(Daily Mail)*

Economic News

Zambia, Africa's second-biggest copper producer, plans to cut electricity supplies to mining companies by as much as 16 percent because of a shortage, according to state-owned electricity producer Zesco Ltd. The company will reduce power to Copperbelt Energy Corp., which supplies almost all mines in the southern African nation, by as much as 240 megawatts daily, according to a Zesco letter sent to mining companies June 26 and given to Bloomberg on Monday by an industry official. The official asked not to be identified because the letter isn't public. Zambia has the capacity to generate about 2,200 megawatts of power, of which copper producers consume about two-thirds. The amount of power that's being rationed would be the largest in at least four years. Companies including First Quantum Minerals Ltd., Glencore Plc and Vedanta Resources Plc operate mines in the country. Zambia is facing a 560-megawatt power deficit after reduced rainfall led to a decline in water levels at the hydropower plants it relies on for more than 90 percent of its generating capacity. Last week, Zesco asked mining companies to cut power usage because of the shortage, and began daily rolling cuts to households and businesses that last 8 hours.

Any impact on copper output may cause economic growth to slow further after the government already cut its forecast to 5.8 percent this year from more than 7 percent. Mines Minister Christopher Yaluma said June 6 that Zambia's 2015 copper output won't beat last year's total of 708,258 metric tons, after low prices and a dispute over a new tax system caused production to slow. The country's corn crop also shrank this year as a result of lower rainfall. Chama Nsabika-Kalima, a spokeswoman for Copperbelt Energy, didn't answer a call to her mobile phone and didn't reply to an e-mail seeking comment. Henry Kapata, Zesco's spokesman, didn't answer a call to his mobile phone nor respond to a text. The cuts to mining companies will range from 40 megawatts from 6 p.m. to 9 p.m., increasing to 240 megawatts from 10 a.m. until 6 p.m., the letter dated June 23 from Zesco shows. Copperbelt Energy plans to meet with its mining customers to discuss how to minimize the operational impact of the cuts, according to a letter sent to them, dated June 26. *(Bloomberg)*

Zambia has started paying value-added-tax (VAT) refunds again to mining companies, its mining minister said on Monday, aiming to put an end to a long running dispute. Mining companies had claimed for months that they were owed more than $600 million in VAT refunds and in February the government decided to relax the rule requiring exporters to produce import-export documents to claim the refunds. "We are very committed to repaying. We have started to pay and that's to clear the debacle," mines, energy and water development minister Christopher Yaluma said on the sidelines of the Zambia Mining Investment Forum. Foreign companies operating mines in the world's second biggest producer of copper include Glencore, First Quantum Barrick Gold Corp and Vedanta. Vedanta's chief executive Tom Albanese, a delegate at the event, confirmed that the government had resumed some payments. "They are beginning to pay back on invoices post February 2015 on a case by case basis," he told Reuters on the sidelines of the conference. A source at another mining firm, who declined to be named because he was not authorised to speak to the media, also said Zambia had started some VAT refund payments, although small. *(Reuters)*

Standard & Poor's cut Zambia's credit rating deeper into junk as it forecast the government will post a budget deficit far worse than previously estimated, adding to its debt burden. The rating was lowered to B, five levels below investment grade, from B+, with the outlook changed to stable from negative, S&P said in a statement. S&P kept the rating unchanged about three months ago. The currency weakened to head for its lowest closing price since April 6, while bonds fell, pushing the yield on Zambian debt due April 2024 to an all-time high. Sliding copper prices have hurt Africa's second-biggest producer of the metal, curbing economic growth and fueling a 15 percent plunge in the value of the kwacha against the dollar this year. S&P estimates the budget deficit, on a cash basis, may reach 10 percent of gross domestic product this year, higher than the government's projection of at least 6 percent and the 7.7 percent shortfall forecast by the International Monetary Fund. "Zambia's fiscal position is markedly and negatively deviating from our previous expectations," S&P said. "Financing this deficit will lead to increased external indebtedness and higher related interest costs." Including debt payments, the budget deficit is forecast by S&P to reach 14 percent of GDP. The government may struggle to keep spending under control ahead of elections in 2016, it said. The kwacha fell 0.4 percent against the dollar to 7.54 as of 10:20 a.m. on Thursday in the capital, Lusaka. Yields on Zambia's $1 billion of 2024 notes rose a fifth day, climbing one basis point to 8.43 percent, a record high and compared with 7.12 percent at the end of 2014.

The budget is coming under strain after President Edgar Lungu, who took office in January following the death of his predecessor Michael Sata, agreed to scale back plans to increase taxes on mining companies. Government revenue from mining may be as much as 50 percent lower than budgeted because of sliding output and uncertainty about the tariffs, S&P said. The government has signaled it may sell as much as $2 billion of Eurobonds as it seeks to finance the deficit. That will boost Zambia's net debt burden to about 50 percent of GDP, S&P said. A weakening currency may also add to the nation's debt burden. Fitch Ratings warned on June 29 that interest payments on debt may surge to 17 percent of government revenue this year, up from 8 percent in 2012. Fitch rates Zambian debt at B, the same as S&P. Moody's Investors Service has a rating one level higher at B1. "The vulnerability of the kwacha is a major issue on this front, as a greater external debt load will mean currency risks become much more acute," Gareth Brickman, an analyst at ETM Analytics in Johannesburg, said in a note to clients. *(Bloomberg)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zimbabwe

Corporate News

Global mining company Rio Tinto said on Friday that it has agreed to sell its 78 per cent stake in the Murowa Diamonds mine and its 50 per cent slice in the Sengwa Colliery mine to RZ Morowa Holdings Limited. "Rio Tinto believes that future of these assets can be best managed by entities with existing interests in Zimbabwe," the company said in a statement. (*Reuters)*

Econet Wireless Global chief executive officer Craig Fitzgerald has stepped down and will now become advisor to founder Strive Masiyiwa, the company told The Source on Friday. Econet Wireless Global is a privately held company based in Mauritius with Econet Wireless Zimbabwe as its flagship. "We can confirm that Mr Craig Fitzgerald resigned from the company at the end of last year, in order to pursue other interests," the company said in a written response to questions. "The circumstances of his departure were completely amicable, and after he completes his notice period, he will transition to a new role as an advisor to the Executive Chairman. Mr Fitzgerald's former role has been divided between a number of senior executives in the group, who report directly to the executive chairman. The telecoms group, under which Econet Wireless Zimbabwe falls, now reports to Mrs Tracy Mpofu." Fitzgerald joined Econet as chief financial officer in 2000. In this position Fitzgerald was responsible for financial reporting as well as all corporate finance and merger and acquisitions activities of the group. He was appointed group chief executive in 2009. *(Source)*

Africa's largest tilapia producer Lake Harvest says Zambia now accounts for nearly 70 percent of its volumes after exports to Europe plummeted due to high production costs after the introduction of the multiple currency regime. Sales and distribution general manager Kenneth Jonga said while volumes have been growing steadily over the years, labour costs and high feedstock have eaten into the company's earnings. The company, once a dominant player also faces competition from Chinese breams and local fish farmers but remains upbeat on the future. Lake Harvest was formed in 1997 targeting the European market. "Initially Lake Harvest was modelled for the European market. From 1997 to about 2011 we exported over 60,000 tonnes of fillets to the European market," Jonga said at the launch of the Zimtrade Zambia market study on Thursday. "Once dollarisation came across, our costs of production became a big challenge so we could not compete on price on the international market for the fillets so we had to restructure and find alternative ways to survive. "Before that, 10-15 percent of our production was going to the Zimbabwean and Zambian market. We grew our farm from about 3,000 tonnes a year to about 7,000 tonnes in 2011." In 2011, the African Development Bank extended an $8 million loan to fund the company's Aquaculture (LHA) project on Lake Kariba. The project was designed to help expand tilapia fish farming and supply affordable protein to the sub-region.

The company then targeted African markets, with Zimbabwe expected to take up 37 percent of production. Another 50 percent will go to markets in the Southern African region, while Europe is expected to absorb 13 percent. Before EU exports fell, Lake Harvest, penetrated Zambia through a third party arrangement, Jonga said adding that the company had since opened 16 selling points in that country. "There was an influx of Chinese breams into the Zambian market, so most people are not loyal, they go for the price, so we had a big challenge. To date our farm now produces 10,000 tonnes of Kariba bream and 7,000 tonnes roughly go into the Zambian market," he said. "We have had challenges like the influx of Chinese products which killed the market and also the exchange rate issues. We suffered losses due to exchange losses over the years but we keep going. "The locals are also realising that there is an opportunity in fish farming, so they have also started bringing up farms. It will take a couple of years but they will catch up, so we have to be on our toes and try and compete." *(Source)*

National Tyre Services has reported a loss of $175,662 for the full year to March 31 compared to a profit of $322,142 on declining revenues. Revenues were down nine percent to $14,2 million due to competitive pressure, the company announced on Friday. Overheads were four percent down compared to prior year due to cost containment measures. "Although the trading environment is expected to remain tough, opportunities have been identified for revenue growth and improved profitability," the company said in a statement accompanying the financials. "These initiatives are anchored on existing customer base, a strategic based product, distribution portfolio and new business development. In addition, the cost containment measures are expected to contribute to the company's return to profitability." *(Source)*

Agro-industrial concern Ariston Holdings has reported a loss of $820,000 for the full year to March from a profit of $980,000 registered in prior year on declining revenue. Group revenues dropped eight percent to $8 million on the back of a $600,000 decline in revenue at FAVCO, the company said on Monday. The company is bullish that investments made in tea processing would ramp up output and exports. It also pins hope on strong demand of macadamia and expectations of a high yield. The poultry business registered modest growth, the company said. "FAVCO remains a loss making operation. The modification of the business unit is at an advanced stage," chief executive officer Paul Spear said in a statement accompanying the results. Early this year accountancy and professional services firm Deloitte and Touche raised the red flag after Ariston's liabilities outstripped the company's assets before majority shareholder undertook to boost the group's balance sheet.*(The Source)*

Zimbabwe's central bank says the financial services sector is now safe and sound after hitherto weaker Metbank boosted its capital position to $31 million from $24,6 as at December, surpassing minimum capital requirements. The central bank on Friday announced that it had initiated several measures to ensure that the financial sector was free from distressed banks by June 30, 2015. Early this year the Reserve Bank of Zimbabwe (RBZ) announced that Metbank and Tetrad Bank were undercapitalized but would not cause any systemic risk to the banking sector. Banks were given up to June to meet varying minimum capital requirements under a tier system. Tetrad is currently under judicial management. "Members of the public are advised that the financial condition of Metbank has improved following the implementation of various measures aimed at strengthening the bank's capital and liquidity position, the central bank said in a notice. "These measures which included strategic realignment, balance sheet restructuring, liquidity mobilization and cost containment strategies, contributed to the increase in the bank's core capital position to $31 million as at March 31 2015 which is now above the minimum core capital requirement of $25 million for the Tier II banks. The liquidity position has been enhanced through structuring of the liabilities of large creditors and discounting of borrowers receivables."

These efforts, RBZ said, have also enabled the settlement of small depositors who are now being serviced normally. The bank's financial condition and the re-alignment towards the property development banking model is envisaged to further improve the institutions intermediation capacity, the apex bank said. "Notwithstanding the developments relating to the two institutions, the stability of the banking sector has significantly improved and the sector remains safe and sound," said RBZ. "It is envisaged that the measures instituted by the Reserve Bank and initiatives being taken by banking institutions across the sector will continue to enable banks to underwrite more business and contribute to the growth of the economy." *(Source)*

Telecel Zimbabwe, which is currently embroiled in a legal battle with government over the cancellation of its operating licence on Friday said it had paid its licence fee for June as part of the $137,5 million it owes to government. In April government cancelled the company's licence saying it had failed to comply with local ownership regulations despite constant warnings and reminders over the past 15 years of its existence. The government said Telecel had also violated its licence renewal fee payment plan with the telecommunications ministry, a charge the firm has vehemently refuted. However, in May the firm got a temporary reprieve to continue operating after the High Court suspended cancellation of its licence pending finalisation of its legal fight with the government. Telecel however, maintained that it was up to date with its payment after it agreed with government and Potraz to a payment plan for the firm to pay the $137,5 million over an extended period. In terms of that agreement, Telecel would pay a commitment fee of $14 million upon signing the deal, with the balance being cleared over a period of seven years. However government, said Telecel had paid $8 million and took 19 months to pay the outstanding $6 million.

"Telecel is happy to announce that we have paid the licence installment that was due for the month of June in line with our agreement with POTRAZ (the regulator). We are already preparing for the next installment which is due in December this year in accordance with our contract with the regulator," the company said in a statement without disclosing the amount paid. The company said it remained fully committed to working with the government to "meet and better all legal, financial, operational and regulatory requirements within the agreed time frames." Last month, the company appointed Angeline Vere as its new chief executive. Vere, who was the company's general manager was appointed with effect from June 10. She joined the telco as a legal manager in 2004 before being promoted to company secretary and legal director in 2010. Telecel is Zimbabwe's third biggest mobile operator with 2,4 million subscribers. Amsterdam-headquartered communications firm VimpelCom owns 60 percent of the firm, with the remaining 40 percent being controlled by Empowerment Corporation (EC), a local consortium. *(Source)*

CFI Holdings narrowed its loss to $3,7 million for the half-year ended March 31 from $5,5 million in the comparable period in 2014 after the group halved its operating loss before depreciation, impairment and financing costs. The operating loss before depreciation, impairment and financing costs was at $1,85 million down from $3,7 million last year. In addition, the group did not incur retrenchment costs during the period. Last year, retrenchment costs were $995 564. In a statement accompanying the group's results, CFI Holdings chairperson Simplicius Chihambakwe said revenue for the group was down 18,1% for the half-year to $34,2 million compared to $41,8 million during the same period last year. "Revenue declined by 35% and 24% for the poultry and retail division respectively, due to combined effect of a slowdown in overall consumer demand due to the impact of inadequate working capital during the period," Chihambakwe said. Finance costs increased to $2,1 million from $1,7 million in 2014. Group borrowings stood at $18,3 million during the half-year period from $2,1 million last year. The group's specialised division recorded a 132% growth in revenue due to increased supplier support for Victoria Foods. Chihambakwe said the specialised division contributed 17% to total revenue, while poultry and retail division contributed 25% and 58% respectively during the period under review. Chihambakwe said the group had engaged experienced real estate development consultants to help the company regularise and oversee the implementation of various development facets at Saturday Retreat. The group now has 9 000 stands at the estate and was receiving monthly payments from people who occupied the farm when the government compulsorily acquired it. "Recoveries from the estate will empower the group to resolve some legacy debt issue and in part dealing with the group recapitalisation," he said. Meanwhile, the group said Reston Developers was servicing 635 stands opposite Glenview. The servicing began in March and the first phase was expected to be completed by year-end. The first phase has 210 residential stands.*(News Day)*

Economic News

Zimbabwe's public pension manager National Social Security Authority (NSSA) on Friday said the rate of company closures and retrenchments slowed by 30 percent in 2014 compared to the previous year, but warned that worsening economic conditions would hit its pension fund. During the year, at least 52 companies retrenched, resulting in close to 7,000 employees losing their jobs compared to an estimated 75 companies that closed and retrenched 9,000 workers in 2013. "The continued company closures impact negatively on the performance of the Authority and it is likely to affect pension benefits of employees," general manager, James Matiza said in a statement accompanying NSSA's financial results for the year on Friday. Contributions to the National Pension Scheme (NPS) rose by 43 percent to $248,3 million in 2014 compared to $173,4 million in the previous year. But premiums for its workers compensation insurance fund (WCIF) were down 21 percent to $48,7 million from $58,5 million in 2013. Claims for NPS and WCIF were up 25 percent from $99,2 million in 2013 to $124,8 million in 2014. "As the economic woes continue to worsen, we have seen a good number of employers downgrading from a rating of 'voluntary contributors' to the common pool of 'need-follow-up-employers," said Matiza.

Assets increased by 10 percent from $ 1,038 billion in 2013 to $1,137 billion in 2014.Opertaing expenses increased by 21 percent from $43,9 million to $95,2 million in the year under review as a result of allowances for credit losses of $43,4 million and debts written off amounting to $9,4 million. Profit after tax during the year amounted to $98 million from $93 million the previous year. NSSA said 98 fatalities and 5,491 serious injuries occurred during 2014 compared to 76 fatalities and 5,666 serious injuries recorded in 2013. Capital Bank figures were not consolidated in the 2014 group financial statements as it was not operational. NSSA holds an 84 percent stake in the collapsed bank after converting its $8, 5 million deposit into equity in 2012. *(Source)*

THE government has approved the drafting of a new tax regime in mining sector it hopes will help bring investment into the cash-starved sector and plans to overhaul the country's income tax laws as well, finance minister Patrick Chinamasa said on Monday. Zimbabwe became one of the most expensive countries to mine, with an estimated 60 percent of every dollar earned in revenue going to government after a shock levy hike in 2012 which saw some fees going up by as much as 5,000 percent. Under the existing laws, mining companies pay unit taxes to district councils, a number of taxes to different statutory bodies such as the Environmental Management Agency, Radiation Authority of Zimbabwe and Zimbabwe Revenue Authority. Chinamasa has previously indicated that government would offer incentives such as lower taxes or royalties to companies willing to add value to local minerals. Mining has overtaken agriculture as the key driver of Zimbabwe's economy, accounting for nearly 60 percent of exports. Chinamasa told a press briefing after the announcement of new Zimbabwe Revenue Authority board that Cabinet had approved the drafting of the new laws. "Treasury is working on two pieces of legislation. A mining fiscal tax regime – we want to come up with new mining tax regime and I'm happy to announce that the principles of the legislation were approved by Cabinet last Tuesday," Chinamasa said. "I want to come up with a mining tax regime that is fair to everyone - to the state and to the investor that brings about a win-win outcome. I believe we do not have one right now. "I also want it to be simple and straight forward. At the moment it's a very complex legislation which makes it very difficult to administer." He said treasury would also revise the Income Tax Bill after President Robert Mugabe declined to sign the one that was passed by Parliament into law after concerns were raised. *(New Zimbabwe)*

Pan-African Energy Resource (PER), the French developers of the 2,000 megawatt coal-fired power plant in Binga, western Zimbabwe, plan to commission the first phase of the project by mid-2019, according to a revised project schedule tabled by the southern African country's energy regulator on Wednesday. The project, at completion of its four phases, would be sufficient to meet Zimbabwe's current peak power demand. Zimbabwe currently generates just over 1,200MW, half of what it requires, resulting in rolling power cuts that have crippled mining and industrial operations, while keeping households in the dark for hours. The $3 billion PER Lusulu Power project, was licenced in 2010 with an initial plan to complete construction within four years, according to the Zimbabwe Energy Regulatory Authority (ZERA).

Zimbabwe Stock Exchange's historic automated trading platform is set to go live on Friday following several delays caused by the slow migration of quoted companies to the central securities depository , a development which could help breathe life into the equities market. ZSE's valuation plunged by $1 billion to $3,8 billion in the first half of the year, mirroring an economy which analysts warn could slip into recession this year but last month chief executive, Alban Chirume said the automation could see trades quadrupling due to ease of doing business. The local bourse, despite being one of the oldest in the region, has been lagging in automation, using the widely criticised open outcry system which analysts say is slow, unwieldy and costly. Following delays in migration to the CSD, the last six out of the 60 listed counters agreed to dematerialize their shares last month, paving way for the ATS to go live. Insiders said the exchange had been pleased with the trial runs of the web-based trading platform ahead of the live trading launch. Weak trades have persisted in the first six months of the year, with turnover down 41.69 percent to $137 million from $234 million recorded during the same period last year. The benchmark industrial index stood at 148.40 points as at June 30, its worst since December 19, 2012 when it ebbed to 148.12 points ahead of the July 2013 general election controversially called and won by President Robert Mugabe and his ZANU-PF party. The index is down 8,84 percent year-on-year, denting market expectations of a recovery following a poor performance at the close of 2014. The resources index has shed 38.22 percent to 44.30 points since the start of the year.*(The Source)*

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