SECURITIES AFRICA
RESEARCH & CAPITAL MARKETS

PAN-AFRICA

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

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

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

AFRICA STOCK EXCHANGE PERFORMANCE

				WTD % Change		31-Dec-14	YTD % Change	
Country	Index	31-Jul-15	7-Aug-15	Local	USD	31-Dec-14	Local	USD
Botswana	DCI	10936.44	11061.14	1.14%	0.88%	9,501.60	16.41%	9.55%
Egypt	CASE 30	8191.53	8114.08	-0.95%	-0.95%	8,942.65	-9.27%	-17.13%
Ghana	GSE Comp Index	2198.33	2175.30	-1.05%	-2.89%	2,287.32	-4.90%	-19.33%
Ivory Coast	BRVM Composite	301.22	299.30	-0.64%	-1.27%	258.08	15.97%	4.02%
Kenya	NSE 20	4404.72	4415.09	0.24%	1.07%	5,112.65	-13.64%	-22.59%
Malawi	Malawi All Share	16056.99	16051.70	-0.03%	-12.22%	14,886.12	7.83%	-1.77%
Mauritius	SEMDEX	1974.50	1975.49	0.05%	-0.48%	2,073.72	-4.74%	-15.75%
	SEM 10	378.53	379.70	0.31%	-0.22%	385.80	-1.58%	-12.95%
Namibia	Overall Index	1086.95	1104.56	1.62%	0.70%	1,098.03	0.59%	-8.48%
Nigeria	Nigeria All Share	30180.27	31441.71	4.18%	4.28%	34,657.15	-9.28%	-17.16%
Swaziland	All Share	305.80	306.63	0.27%	-0.64%	298.10	2.86%	-6.41%
Tanzania	TSI	4589.28	4560.42	-0.63%	-0.08%	4,527.61	0.72%	-16.76%
Tunisia	TunIndex	5634.33	5626.51	-0.14%	-0.32%	5,089.77	10.55%	4.20%
Zambia	LUSE All Share	5847.31	5843.63	-0.06%	-2.08%	6,160.66	-5.15%	-22.72%
Zimbabwe	Industrial Index	145.35	143.58	-1.22%	-1.22%	162.79	-11.80%	-11.80%
	Mining Index	39.36	39.36	0.00%	0.00%	71.71	-45.11%	-45.11%

CURRENCIES

Cur-rency	31-Jul-15 Close	7-Aug-15 Close	WTD % Change	YTD % Change
BWP	9.98	10.01	0.25	5.99
EGP	7.81	7.81	-0.00	9.50
GHS	3.68	3.75	1.90	15.69
CFA	597.78	601.61	0.64	10.78
KES	100.16	99.34	-0.82	12.48
MWK	446.36	508.33	13.88	-3.61
MUR	34.22	34.40	0.53	12.47
NAD	12.64	12.75	0.92	8.91
NGN	198.40	198.21	-0.10	9.63
SZL	12.64	12.75	0.92	8.91
TZS	2,069.67	2,058.22	-0.55	21.68
TND	1.97	1.97	0.18	5.90
ZMW	7.63	7.79	2.06	20.26

SECURITIES AFRICA

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Botswana

Corporate News

No Corporate News This Week

Economic News

Botswana's central bank cut its benchmark interest rate for a second time this year, bucking a trend set by central banks across Africa that have tightened monetary policy to bolster their currencies. The Bank of Botswana lowered its main lending rate by 50 basis points to 6 percent on Thursday, following a 1 percentage-point reduction in February. At the same time, Nigerian policy makers announced further restrictions on foreign-exchange trading, while Kenya's central bank Governor Patrick Njoroge indicated he may raise interest rates again. Central banks in South Africa, Ghana, Angola, Kenya and Uganda have raised interest rates this year to rein in inflation as plunging commodity prices put pressure on their currencies. While Botswana, the world's largest diamond producer, is also facing sliding revenues, fiscal surpluses in the past and adequate foreign-currency reserves means authorities are better able to defend the pula peg. "The current state of the economy as well as the domestic and external economic outlook, including the inflation forecast, suggest that easing monetary policy is a step in the right direction," the Bank of Botswana said. Growth in the southern African nation is slowing, while inflation is subdued, giving the bank room to cut interest rates. The economy expanded 4.6 percent in the year through March, compared with 7.9 percent in the previous year, the central bank said. Consumer prices rose 3.1 percent in June from a year ago, close to the lower end of the bank's 3 percent to 6 percent target band.

In Kenya, East Africa's biggest economy, policy makers surprised the market on Wednesday by keeping the benchmark interest rate unchanged at 11.5 percent following 300 basis points of increases in the past two months. Njoroge said on Thursday the bank will put further measures in place to curb inflation expectations if needed. "The meeting yesterday indicated we are beginning to have an effect on inflation," he said. "What we need to do is to stay the course and eventually the fever will break and inflation will come down to more moderate levels." Kenya's shilling has weakened 10.5 percent against the dollar this year and was trading at 101.20 as of 3:17 p.m. in Nairobi, the capital. Botswana's pula, which is pegged against a basket of currencies that includes South Africa's rand, was trading at 10.17294 per dollar. *(Bloomberg)*

WEEKLY AFRICAN FOOTPRINT

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TRADING

Egypt

Corporate News

Norway-based BW Gas will provide Egypt with a liquefied natural gas (LNG) floating import terminal under a five-year contract, an official at state company EGAS told Reuters on Monday, as the government grapples with energy shortages. Once an energy exporter, declining oil and gas production and increasing consumption has forced Egypt to divert energy supplies to the domestic market, turning it into a net energy importer. The floating regasification and import terminal, which converts super-cooled LNG into gas, is Egypt's second. An import terminal from Norway's Hoegh LNG arrived in Egypt in April, allowing Egypt to begin LNG imports. The new terminal will have a capacity of 750 million cubic feet per day, the official said. "The terminal will arrive in the last week of September," he said. Oil Minister Sherif Ismail told Reuters in February that he expected Egypt to stop importing LNG by 2020 as energy deals signed with foreign companies and oil field development agreements come to fruition. *(Reuters)*

Shareholders of Egyptian property developer Emaar Misr submitted a total of 487.317 million shares to be bought back by the company on Monday, more than five times the 90 million shares Emaar Misr agreed to re-purchase a month after the company's stock began trading on the Egyptian bourse. Emaar Misr, a unit of Dubai's Emaar Properties, sold about 13 percent of its shares and raised 2.28 billion Egyptian pounds ($291 million) in an initial public offering in June which priced at 3.8 Egyptian pounds per share. It was the largest offering on the Egyptian exchange since 2007. The company offered to use its price stabilisation fund to buy back 15 percent of the shares at the initial IPO price 30 days after the shares went into circulation, which was on July 5. The stock has performed poorly since its flotation, with the price closing trade on Monday at 3.43 Egyptian pounds, up 0.3 percent on the day but 9.74 percent below its IPO price. The valuation of Emaar Misr was "a bit on the high side" with the flotation affected by the quieter market during the month of Ramadan, said Harshjit Oza, property and banking analyst at Naeem Brokerage. "Here in Egypt about 60 or 70 percent of investors are retail investors and their goal is just to make money quickly, so if they are not happy with the IPO performance they would like money returned. So this is a way to keep retail investors happy," he said of the buy-back offer. "I think ... they were jumping ahead a little because other [property development] companies such as Palm Hills and SODIC are further along in developing their projects than them," said Angus Blair, chairman of business and economic forecasting think-tank Signet.

Also, two senior executives, Chief Development Officer Walid El-Hindi and Chief Investment Officer Ahmed Fathallah, resigned on Sunday "to pursue new opportunities", Emaar Misr said in an emailed statement on Sunday. However, Oza said the company's share price performance and the eagerness of investors to sell back stock did not truly reflect prospects for the company, which was still "doing quite well." "Fundamental factors such as growing urbanization, population growth, increasing number of marriages, investors' urge to buffer wealth against the Egyptian pound's depreciation and inflation, continue to drive real estate demand and prices," Naeem Brokerage said in a research note on the company which was issued in mid-July. "This cannot be perceived as a slowdown in the property market or the stock market," said Oza.*(Reuters)*

Egyptian property developer Emaar Misr said on Tuesday its first-half net profit jumped 283 percent to 522 million Egyptian pounds ($66.67 million). Revenue rose to 1.56 billion pounds, the firm said in a statement. Emaar Misr, a unit of Dubai's Emaar Properties, sold about 13 percent of its shares and raised 2.28 billion pounds in an initial public offering in June. *(Reuters)*

Egypt's Sidi Kerir Petrochemicals posted a first-half profit of 421.8 million Egyptian pounds ($53.9 million) on Wednesday, down from 480 million a year earlier. Sales slipped to 1.31 billion pounds from 1.36 billion, it said. *(Reuters)*

Egypt's Global Telecom Holding, formerly Orascom Telecom, reported a second-quarter net profit of $28 million. That compared with a loss of $175 million a year earlier, the company said in a statement. *(Reuters)*

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Economic News

Egypt expects to import 28.6 million tonnes of crude oil, liquefied natural gas (LNG) and other oil products worth a total of almost $16 billion in 2015-16, the planning ministry said on Saturday. The government expects to buy 7.79 million tonnes of LNG for $3.55 billion and 6.37 million tonnes of crude oil for $3.51 billion, the ministry said in a handout given to journalists at a news conference on its economic development plan for the current fiscal year, which started on July 1. The Arab world's most populous country, which recently turned from a net energy exporter into an importer, aims to produce about 695,000 bpd of crude oil and condensates in addition to 4.7 billion cubic feet of gases sold daily. Government projections put production at 30.5 million tonnes of crude oil this year, bringing the total projected production of oil, condensates and butagas to 35.9 million tonnes. Declining energy production, due to a lack of investment, has turned Egypt from an energy exporter to a net importer over the past few years and contributed to a persistent energy crisis. Egypt has tried to address energy shortages by signing a raft of LNG import deals this year and giving the private sector a green light to import LNG, a step that could encourage private investment in the energy sector while easing supply shortages. Suez Canal revenue is projected at $5.5 billion, compared with $5.4 billion the previous year. Egypt will open its New Suez Canal on Aug.6, a project President Abdel Fattah al-Sisi sees as a symbol of national pride and a chance to stimulate an economy suffering double-digit unemployment. The new canal, which will allow two-way traffic of larger ships, is supposed to increase revenues by 2023 to $15 billion. The Suez Canal is a vital source of hard currency for Egypt, particularly since the 2011 uprising that scared off tourists and foreign investors. Egypt is targeting $9 billion in tourism revenues this year, the planning minister said at the news conference, up from $7.3 billion last year. *(Reuters)*

American Newsweek magazine said that Britain secretly resumed arms sales by hundreds of millions of pounds to Egypt two years after depose of the President Mohamed Morsi. The magazine said in a report published yesterday, that as part of a diplomatic effort to strengthen ties with Cairo, the British government agreed in the first quarter of this year on sales of weapons to Egypt worth 48.8 million pounds (76.3 million dollars), equivalent to about 600 million Egyptian pounds. The magazine added that the data collected and published by the government organization (Campaign Against Arms Trade) show that the sales include "components for military combat vehicles" It represents an increase in the arms trade between London and Cairo worth 47.2 million pounds by 3000 percent compared to the same period of the previous year. The British government approved the sales of weapons to Egypt worth 1.6 million pounds (2.6 million dollars) in the first quarter of 2014. London has suspended a number of permits for the arms sale to Egypt after the depose of president Morsi in 2013 after mass protests against his rule. The magazine pointed out that the increase in sales is in line with British Prime Minister David Cameron sought to strengthen financial relations with Egyptian president Abdel Fattah al-Sisi. In June, Cameron called Sisi to visit London. *(Egypt.com)*

Egypt's central bank kept its benchmark interest rates unchanged at a monetary policy committee meeting on Thursday. The overnight deposit rate remained 8.75 percent and the overnight lending rate was steady at 9.75, the bank said in a statement. The key CBE rates "are currently appropriate" considering the balance of risks that include both inflation and "downside risks to the global economy," particularly Euro zone challenges and softening growth in emerging markets, the central bank sub governor said in a statement on Thursday. Four out of five economists surveyed by Reuters had forecast that the bank would keep interest rates on hold. The bank has now held rates steady in four consecutive meetings after surprising analysts with a 50-basis-point cut in January. "Upside risks to the inflation outlook from domestic supply shocks are largely mitigated by contained imported inflation, against the background of broad-based declines in international commodity prices," the central bank statement said. Higher food prices helped push urban consumer inflation to 13.1 percent in May. It dropped back to 11.4 percent in June. Egypt's economy grew 3 percent in the third quarter of the 2014/2015 fiscal year, which ended in March. That was slower than the 5.6 percent recorded in the first half of the fiscal year. Egypt's 2015/2016 budget projects growth of 5 percent. *(Reuters)*

Business activity in Egypt's private sector, excluding oil, shrank in July, with modest declines in output, new orders, and employment, a survey showed on Tuesday. The Emirates NBD Egypt Purchasing Managers' Index dipped to 49.2 in July from 50.2 the previous month. A reading above 50 indicates expansion and below 50, contraction. The previous month's PMI had been the first expansion after five consecutive months of contraction. "The drop in July's survey came in below expectations, and hence raises the possibility that Egypt's macroeconomic recovery may have stalled at the start of FY2015/16," Emirates NBD economist, Jean-Paul Pigat, said. Output fell in July for the first time in three months, though the contraction was "only slight", and was due to subdued demand, respondents said. New export business declined for the second time in three months, compounding softened demand. Respondents said a lack of stability in major export markets across the Middle East led to a decline in new work from abroad. "That said, assuming the two biggest factors that are undermining private sector business activity at the moment security risks and FX liquidity shortages improve in the coming months, we would be optimistic that growth momentum can accelerate in H2," Pigat said.

Respondents reported that a shortage of foreign currency rendered them unable to meet suppliers' cash requirements. Non-oil private sector companies also raised prices for the second month in a row during July. Some respondents said this was the result of higher input costs being passed on to consumers. Egypt's urban consumer inflation dropped to 11.4 percent in June from 13.1 percent in May, official statistics agency CAPMAS said in early July. The depreciation of the Egyptian pound against the U.S. dollar also led to a rise in purchase prices last month, respondents said. Egypt's central bank allowed the pound to depreciate to 7.73 pounds to the dollar early in July, a move analysts say could boost exports and attract new investment, but which raises the cost of imported materials for local producers. Non-oil private sector employment in Egypt also fell and at the fastest rate for three months, although it was still modest. President Abdel Fattah al-Sisi has pledged to reduce joblessness to 10 percent over the next five years. Unemployment stood at 12.8 percent during the first three months of 2015 according to the government's statistics agency, but analysts believe actual unemployment may be higher. Detailed PMI data is only available under licence from Markit and customers need to apply to Markit for a licence *(Reuters)*

Egypt has awarded five oil and gas concessions that are expected to bring in minimum total investments of about $100 million, the oil ministry said in a statement on Monday, as the country seeks to boost investment in the key energy sector. Egypt has gone from exporting energy to being a net energy importer and wants to boost local production to help the country cope with its worst energy crisis in decades. A consortium of the Emirati firm Pacific and Malaysia's Hibiscus Petroleum will explore in the 68 square kilometre (26 square mile) Southeast Ras el-Ush concession in the Gulf of Suez, with a minimum investment of $68 million, the statement said. Elsewhere Kieron Megawish will explore in the 194 square kilometre North Megawish concession in the Gulf of Suez, with a minimum investment of $23 million, the oil ministry statement said. Three other concessions were awarded with minimum investments of $7 million, the statement said. State-owned Ganoub El Wadi Petroleum Holding Co (Ganope) had opened bidding at the end of 2014 on 10 concessions in the Gulf of Suez, Eastern Desert and west and east of the Nile in the areas of al-Naqra and Kom Ombo. *(Egypt.com)*

The Central Bank of Egypt said on Wednesday that the foreign direct investment in the country, has increased nearly 193 percent during the third quarter of fiscal year 2014/2015. The net of foreign direct investment in Egypt amounted to $ 2.947 billion in 3 months, until last March, compared with 1.005 billion in the same period 2013/2014. The Finance Ministry said last July that foreign direct investment amounted to $ 5.7 billion in the 9 months, until the end of March, compared with $ 3.1 billion in the first nine months of 2013 to 2014. *(Egypt.com)*

The Central Bank of Egypt said that the foreign exchange reserves value declined by the end of July to $ 18.5 billion, compared to 20 billion dollars by the end of June. The central bank governor Hisham Ramez announced earlier this month that Egypt will pay $ 670 million of its debt to the Paris Club, in the framework of regular premiums paid by Egypt every 6 months for the club. The foreign exchange reserve value changes from month to month, which rose to $ 20.5 billion by the end of April, with the arrival of a Gulf deposits amounting to $ 6 billion, then dropped to $ 19.6 billion by the end of May, and then rose again by about $ 520 million by the end of June, after subtracting the government international bonds worth $ 1.5 billion, then returned to the decrease in the last month. *(Egypt.com)*

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Ghana

Corporate News

SIC Insurance Company Limited increased its premium income to GHS115.7million in 2014 against GHS 98.2million in the year before, representing a 17.85% growth. Net earned premium income after reinsurances grew by 12% to GHS73.5 million from 65.6million in the year 2013. Chairman of the Board of Directors of SIC Insurance, Mike Allen Hammah disclosed this at the company's 8th Annual General Meeting (AGM) held in Accra last week. He attributed the growth performance to the introduction of the "No Premium, No Cover" policy by the National Insurance Commission in April 2014 last year as well as the dedication and commitment of the Board, Management and Staff of the insurer. Mr. Hammah noted that the Board and Management owes an obligation to customers and shareholders to provide innovative, customer tailored and competitive top of the range insurance products and service as well as manage risk which remains the company's core mandate. This he believes will ensure adequate returns on shareholders' investment. Mr. Mike Hammah said the prospect for the company in 2015 are bright. He said the Board will work hard to ensure a much better performance this year, and in the ensuing years. *(Ghana Web)*

Ayrton Drug Manufacturing Limited is charting a new path in the pharmaceutical manufacturing industry, to ensure that it pays dividends to its shareholders next year. The company is also embarking on a restructuring exercise to ensure profitability, to attract more shareholders. Mr Richard Adu Poku, Chairman of the Board of Directors of the company, disclosed this at the company's Ninth Annual General Meeting in Accra. He said currently the company was manufacturing at approximately 63 percent of installed capacity at the second plant at Tesano. The company recorded a loss of GH?1,584,003.00 last year, as against a loss of GH?340,806.00 in 2013. Turnover also declined from GH?24,077,076.00 in 2013 to GH?21,338,571.00 in 2014. Mr Adu Poku said the slow performance of the economy was due to the weakening of the cedi, and the energy crisis was taking a great toll of the performance of the company. "We see next year to be a year of great challenge to the company," he said, adding that we have confidence in the management ability to continue to institute prudent cost -savings and other measures to ensure higher profitability. No dividends were recommended for payment to the shareholders. *(Ghana Web)*

Ecobank Transnational Incorporated (ETI), parent company of the Ecobank Group, has announced the resignation from its Board of Directors of Mrs Sheila Mmbijjewe. Mrs Mmbijjewe's resignation follows her appointment as Deputy Governor of the Central Bank of Kenya. Her replacement on the ETI Board will be announced in due course, ETI has stated. ETI has also announced the resignation from its Board of Mr. Graham Dempster, following his retirement from Nedbank. Mr Dempster has been replaced on the ETI Board by Mr Mfundo Nkuhlu, Chief Operating Officer and Executive Director of Nedbank. Mr Nkuhlu has held his current position with Nedbank since the 1st of January 2015. He joined the bank in 2004 and has held other senior positions at the company. Before Nedbank, he was General Manager for Strategy and Planning at the South African Revenue Service. *(Ghana Web)*

First National Bank (FNB) the retail and commercial banking wing of First Rand, one of South Africa's biggest finance group, is set to start full banking operations in Ghana this month. "We have met the minimum capital requirements and are in the process of training our staff. We are looking to open the doors to the public in the next few weeks," Chief Executive of First National Bank Ghana, Richard Hudson told Joy Business' George Wiafe. On First National Bank's plan for Ghana, the Chief Executive noted that their intention is to establish a presence in Accra and to fine tune products and services to suit the needs of the market. "The initial focus will be in Accra but the longer term intention is to expand beyond Accra," he explained. On their view of the Ghanaian market Mr. Hudson said "While it is true that the economy has been through a tough period in recent times we believe that the longer term prospects for the country are good and our decision to invest is the correct one". The South African Bank has already secured its office which is located around Ridge, in Accra. It has also almost completed recruitment of personnel and its now training them for its operations. But will First Rand be able to penetrate the market and make some good returns looking at the number of banks operating in the country? Some banking analysts say there is still space for First Rand. According to the analysts, returns being made by new entrants like Royal Bank show the Ghanaian market is not saturated.

Through its subsidiaries, First Rand is currently financing huge infrastructure projects in Ghana including commercial office complex by real estate companies and power projects by GRICO, hence even if they should concentrate on these areas, they could be making some good returns. Chief Executive of First Rand, Sizwe Nzasana, said the bank will operate as a commercial bank. First Rand has also set aside some billions of dollars for its entry into Ghana and other West African countries. Mr. Hudson until his appointment as Chief Executive of FNB Ghana, was the Chief Risk Officer at FNB Africa. He joined FNB in 1989 as a Specialist Trainee on the Executive Training programme. "The bulk of my career has been spent in the following African countries outside of South Africa: Botswana, Swaziland, Lesotho, Mozambique, Zambia and Tanzania. I am regarded as a banking start up specialist having started banks in Lesotho, Zambia and Tanzania", according to Mr Hudson. Until recently he was the Chief Risk Officer for FNB Africa but in May 1, 2014 he moved off this role to focus on another opportunity within the FirstRand Group. The bank in 2013 failed in its attempt to acquire Merchant Bank now UMB. *(Ghana Web)*

Economic News

Ghana and Germany have signed two financial co-operation agreements, to support the implementation of the national budget, and provide long-term finance for agricultural activities. The two agreements, under International Development Association (IDA) concessional terms, and worth 40.1 million Euros, were signed on Wednesday by the Minister of Finance, Mr. Seth Terkper and Mrs. Birte Schorlemmer, the Country Director of KfW Development Bank Ghana, ancillary of Frankfurt-based KfW Development Bank (KfW Entwicklungsbank). Mr. Terkper recounted the long-standing relationship between the two countries, and commended Germany for her generous contributions towards Ghana's development. Mrs. Schorlemmer said the financing agreement was "in line with its commitment over the years to support the Ghanaian government to develop a vibrant and prosperous economy." The first agreement is the Multi Donor Budget Support (MDBS X-XI) which involves the provision of 17.31 million Euros under IDA concessional terms, to support the implementation of initiatives in the 2015 budget. Majority of it are in the social services sector intended to improve the living conditions of rural and deprived communities.

The second agreement, which is the Out-grower and Value-Chain Fund (OVCF II), involves the provision of 23 million Euros to support the development of out-grower schemes in various value-chains and via local banks, so as to provide long term financing to enable farmers to expand their agricultural activities and provide ready market for their produce by linking them to credible off takers. "Even though the potential of Agriculture to catapult the Ghanaian economy into higher levels of growth is a widely acknowledged fact, access to long term sustainable finance remains a challenge as it is across several other markets due to the perceived high level of risk posed by the sector to lending institutions. It is this challenge that the fund seems to mitigate", Mrs. Schorlemmer said. KfW Development Bank said its total commitment to the MDBS programme, which it has been funding along with nine bilateral and multilateral donors since 2003, came to a total of about 140 million Euros between 2004 and 2015. The bank also said this latest OVCF agreement, represented the second phase of a programme which commenced in 2010, and brought the total commitment so far to33 million Euros in loans and 2 million Euros in grants. KfW Development Bank is Germany's leading development bank which carries out Germany's Financial Cooperation (FC) with developing countries on behalf of the Federal Government. *(Ghana Web)*

Council of Ghana Stock Exchange is asking the government to reduce its holdings in some listed companies. Managers of the exchange say this is one of the surest ways to bring out some interest and growth of the market. Speaking to Joy Business at the Stock Exchanges Annual General Meeting, Council Chair, Dr. Sam Mensah said this could help government earn about 560 million cedis for some infrastructure projects. He said there are not many shareholders in Ghana because the shares are not available to buy. He asked government to show leadership and bring liquidity into the market by trimming its shares. He is urging government to for instance release it shares in SIC, GOIL and GCB among others. Dr. Sam Mensah is also asking government to retain the exemption status granted capital gains in respect of listed securities. This was instituted in 1990 but is set to expire by the end of this year. He also talked about measures being instituted to bring out some excitement on the stock market. The year 2014 could be described as one of the exciting periods for the Ghana stock Exchange in recent times when it comes to its financials. The market ended the year with 75 percent jump in profits to little over 4 million Ghana cedis. The market also witnessed a lot of listings on the main and the alternate market. One can talk of the Mega Africa capital four million public offer and listing on the Exchange. Debt securities by Izwe loans as well as some debt securities by government, including; Government of Ghana 2 billion Eurobond. However when it comes to volumes of shares traded there was some bad news, as it went down from 346 million shares to 207 million in 2014. Managers of the Stock Exchange used the Annual General Meeting with shareholders to outline measures to sustain its good run. In a related development, Managing Director of Standard Chartered Bank has been elected as member of the Ghana Stock Exchange replacing Managing Director of GCB , Simon Dornoo *(Ghana Web)*

WEEKLY AFRICAN FOOTPRINT

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Kenya

Corporate News

Safaricom has applied for a licence to operate a commercial free-to-air television station, signalling more competition for established broadcasters. Communications Authority of Kenya director-general Francis Wangusi has given anyone with objections to Safaricom being awarded the licence 30 days to present his or her views to the regulator. When contacted, Safaricom said it did not wish to disclose more details about its planned entry into TV broadcasting. The company said it would wait for the licence before revealing its plans for the station. "We are still in the initial stages of discussions with content providers and will be able to respond more comprehensively on what content subscribers can enjoy once we have all the required licences," Corporate Affairs director Stephen Chege told the Business Daily. Safaricom joins hundreds of investors who have moved to take advantage of the recent migration from analogue to digital broadcasting which allows them to set up TV stations without having to put up expensive infrastructure such as transmitters. This frees up investors' resources to develop better programmes, with the government leaning on them to raise their local content to 40 per cent in the next one year and 60 per cent in four years.

Safaricom's financial muscle may see it secure premium local content, giving it an edge over other upcoming TV stations and a chance to challenge the dominant stations. Before the digital migration, the TV business required significant investment which saw only a few stations dominate the airwaves. The company has also applied for a licence to operate an Internet Protocol Television (IPTV) — which delivers video programmes through the Internet. IPTV allows for more versatility, making it possible for users to replay current shows or watch shows broadcast hours or days ago. In May, Safaricom launched its Internet-enabled decoder dubbed "The Big Box" that allows users to access free -to-air channels and access video-on-demand and downloads. Safaricom is currently rolling out its Fourth Generation (4G) spectrum that allows for faster data transfer and better service quality.*(Business Daily)*

Kenya's Equity Bank posted a 12 percent rise in pretax profit to 12.10 billion shillings ($120 million) in the first half of this year, its chief executive James Mwangi said on Tuesday. Mwangi, head of the lender which has the highest number of depositors in the region, said the rise was driven by growth in net interest income and "non-funded" income including commissions and gains from foreign exchange trading. The latter category jumped by 30 percent to 10.81 billion shillings, Mwangi told investors. Total operating costs surged 22 percent to 14.22 billion shillings due to investments in its mobile banking infrastructure. The service, known as Equitel, was launched formally last month and has more than 1 million users. Equity also operates in Uganda, Tanzania, Rwanda and South Sudan. It is entering the Democratic Republic of Congo through an acquisition. *(Reuters)*

Loss-making Kenya Airways , which has been hit by a slump in tourism in the African country, may require a $500-600 million bailout, Kenya's finance minister said on Tuesday. The carrier, part-owned by Air France-KLM, has not made a profit in three years and sunk deeper into the red in the year through March with a pretax loss of 29.7 billion shillings ($294 million). Debts also climbed and shareholder equity turned negative. The losses were mainly driven by a drop in visitors to Kenya following frequent Islamist militant attacks, at a time when the carrier had taken on debt to buy new planes. Finance Minister Henry Rotich told Reuters that the exact size of the bailout would depend on a turnaround plan being prepared by McKinsey and Seabury consultants. "We are looking at between $500 and $600 million or thereabouts," he said by phone. "This report is not yet out and as soon as we get it and we interrogate it and we feel comfortable with it, then we will know the actual numbers that the experts recommend." Rotich said he expected the consultants to complete their report "within a short period of time." Kenya Airways is one of the biggest carriers in Africa, offering vital transport links on the continent, which despite fast economic growth lacks good rail and road networks in many areas. The airline told investors last week that it had sought a $200 million bridging loan from Cairo-based African Export-Import Bank (Afreximbank). The Kenyan government, which holds a 29.8 percent stake, agreed a 4.2 billion shilling shareholder loan to Kenya Airways in May. Rotich said the government could convert the loan into equity at a later date, adding that it would work with other key shareholders to rescue the airline.

"We want to work with other principal shareholders and others to see how to deal with equity and other loans that will be required to capitalise the company," he said. Air France KLM has a 26.73 percent stake in the carrier. International Finance Corporation (IFC) is the other major shareholder. Chris Kirubi, a shareholder in the airline who did not disclose how many shares he owns, said the government had to step in to save the airline due to its strategic nature. "There is no Kenya without Kenya Airways," he said last week. Until its problems of the past few years, the carrier had been hailed as a model of successful privatisation after its listing in 1996 turned it into a profitable company. Kenya Airways' share price is trading at its lowest levels since 2003 after shedding 22.5 percent since the carrier reported its annual loss last Thursday. *(Reuters)*

Kenya's Nation Media's first-half pretax profit fell 8.4 percent after a shutdown of its television service for weeks in February but forecast improved performance in the second half of the year. Four Kenyan television stations, including two belonging to Nation Media, were off air for 19 days after the government switched off all analogue signals, leading to advertising losses for the firms. "Revenue in the television division in Kenya were depressed," Nation Media, the biggest media house in east Africa, said in a statement on Thursday, after pretax profit fell to 1.43 billion shillings ($14 million). The group, which publishes newspapers and operates broadcast stations and websites around the region, said turnover fell 5.2 percent during the period to 6.1 billion shillings ($60 million) despite better performance by its regional units. The group said it would use measures to counter the disruptions that had affected its profit but gave no details. "The board is cautiously optimistic of achieving improved results over the second half of the year," the company said. Nation Media said it would pay an interim dividend of 2.50 shillings per share for the period, similar to a year ago. *(Reuters)*

Economic News

Kenyan central bank Governor Patrick Njoroge said measures introduced by the government to stoke consolidation in the country's banking industry may be premature. Raising minimum core-capital requirements isn't the appropriate step to strengthen lenders in East Africa's biggest economy, Njoroge told lawmakers on Thursday in the capital, Nairobi. In his annual budget speech in June, Treasury Secretary Henry Rotich said minimum capital levels would increase fivefold over three years to promote competition among lenders. "This is not how to approach it and this is not the time," Njoroge said. "We may have rushed consolidation." Kenya, with a $55 billion economy, has 43 commercial banks and a mortgage-finance company, according to the Central Bank of Kenya. About 70 percent of banking business is done by eight companies. Industry fragmentation is hindering the development of more complex banking services, according to Joshua Oigara, chief executive officer of Kenya Commercial Bank Ltd., the country's most profitable lender. Consolidation would only create more dominant banks that were "too big to fail," Njoroge said, adding that he preferred better supervision over having larger lenders. The difference between the amount banks pay on deposits and what they charge for loans is widest at large banks at more than 11 percent, while the nation's 21 small banks had spreads of about 10 percent, he said. "At the end of the day, the central bank is quite uncomfortable with this proposal" of pushing lenders toward consolidation, said Njoroge. *(Bloomberg)*

Kenya's coastal resorts have seen a pick-up in bookings by western visitors, suggesting a tourist industry devastated by Islamist attacks may be starting to recover, tourism executives said on Thursday. Holidaymakers shunned Kenya's beaches and wildlife safaris after attacks blamed on al Shabaab militants from neighbouring Somalia triggered warnings against non-essential travel to the coast by Western governments. Britain, the source of more than half the country's tourists, lifted a travel advisory covering most of the coast in June, setting the stage for a recovery. Visitor arrivals to Kenya fell by a quarter in the first five months of this year, to 284,313 from 381,278 in the same period last year. The country received 1.168 million visitors in its fiscal year ended June 2013. It aims to attract 3 million tourists a year by 2017. The slump in tourism, Kenya's main source of hard currency, has contributed to an 11.5 percent fall in the shilling against the dollar this year. Finance Minister Henry Rotich said last month that the bookings outlook for the tourism sector was improving. July's visit by President Barack Obama, whose father was Kenyan, may also help raise the country's profile as a travel destination, especially among Americans. "It is looking much better," said Mohammed Hersi, chairman of the Kenya Coast Tourism Association and a veteran hotelier. "The Kenyan coast is back." Hersi, who is the chief executive of Heritage Hotels, said the chain's flagship Voyager Beach Resort in Mombasa, was 65 percent full last month, double the rate of a year ago. Forward bookings were even better, with this month's occupancy rate at 70 percent, mainly due to domestic tourists. Bookings from foreigners are already coming in for October and November, Hersi said, adding some resorts that had shut down were reopening and some air charter operators from Italy were flying in visitors. International tour operators were offering holidays on the Kenyan coast after the lifting of the British travel advisory, which meant holidaymakers could buy travel insurance. "When the British government advises against non-essential travel, we get cancellations from as far away as Denmark, yet their own country has not told them Mombasa is not safe," Hersi said. Western countries warned against travel to Kenya following the September 2013 attack on Nairobi's Westgate shopping mall in which at least 67 people were killed by al Shabaab gunmen, with some warnings tightened last year after attacks on the coast. Mahmud Janmohamed, chief executive of TPS Eastern Africa , which operates a chain of luxury hotels, lodges and tented camps across the region, also said interest was picking up but that a turnaround in the sector was still some way off. "There are obviously more inquiries. A number of operators are now beginning to sell Kenya, but to expect a recovery before the middle of next year is not being realistic," he told Reuters. *(Reuters)*

The Kenyan shilling was steady against the dollar on Friday, supported by a lack of liquidity, traders said. At 0725 GMT, commercial banks quoted the shilling at 101.00/20 to the dollar, compared with Thursday's close of 101.10/30. "It's basically unchanged. Nothing has happened today. Of course it's the overnight rates which continue to support the shilling," a second senior trader at one commercial bank said. In a sign of further tightening of liquidity, the weighted average interbank lending rate rose to 22.1811 percent on Thursday from 21.2682 percent a day earlier. That makes holding dollars expensive, which in turn helps support the shilling. "We are still watching how liquidity plays out," a senior trader at a second commercial bank said. The shilling has been under pressure most of this year, after imports surged and militant attacks caused tourism to dwindle, curtailing foreign exchange earnings . *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Malawi

Corporate News

No Corporate News this week

Economic News

No Economic News this week

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Mauritius

Corporate News

No Corporate News this week

Economic News

Business confidence on the Indian Ocean island of Mauritius rose slightly in the second quarter of this year, a survey of leading private companies showed on Monday. The Mauritius Chamber of Commerce and Industry's quarterly confidence index rose to 89.8 points from 87.9 points in the first quarter of this year. Chamber of Commerce economist, Renganaden Padayachy, said that while the index has risen for three consecutive quarters, it remained low, and could impact future demand and investment negatively. "We need over the coming months to keep the momentum for business confidence if we want economic growth to bounce back this year," he added. Mauritius' economy is expected to grow 3.8 percent this year, lower than an earlier forecast of 4.1 percent in March, according to Statistics Mauritius. Mauritius, with an annual gross domestic product of more than $10 billion, has been hit hard by the global economic slowdown and particularly by a drop in European tourists, affecting tourism - one of the mainstays of the economy.*(Reuters)*

Mauritius will sell two-year Bank of Mauritius Notes worth 1 billion rupees ($28 million) this week, the central bank said on Monday. The Bank of Mauritius said in a statement it would receive bids on Aug. 4 and auction the bond on the same day. The central bank said the coupon rate would be set equal to or higher than the lowest yield at auction. *(Reuters)*

Mauritius' inflation rose to 0.6 percent year-on-year in July from 0.4 percent a month earlier, official data showed on Friday. The central bank sees year-on-year inflation at about 2 percent at the end of this year and rising to about 4.4 percent by the end of 2016. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Nigeria

Corporate News

In line with the bankers' committee directive, Fidelity Bank Plc put the amount of debt owed by its delinquent debtors at N6.126 billion. The bank also published the names of the directors of the affected companies. The defunct Starcomms Limited emerged top on the list with a total outstanding debt of N3.090 billion. The directors of the telecommunication firm included Chief Maan Lababidi; Mr. Paul Edwards; Alhaji Tajudeen Dantata; Dr. Chris Ogbechie; and Olusola Oladoke. Some other firms on the list included Kesio Associates that is indebted to the bank to the tune of N328 million; Diesel Solutions Limited with outstanding debt of N324 million; Patem Global Limited with N268 million and Lucratel Limited with N262 million. In addition, Global Partners Haulage also featured on the list with outstanding debt of N247 million. The Central Bank of Nigeria (CBN) and Deposit Money Banks (DMBs) in the country had resolved to publish the identities of all serial debtors to the financial industry from August 1, 2015. It had been estimated that three per cent of total industry credit of about N13 trillion was bad debt. CBN Director of Banking Supervision, Mrs. Tokunbo Martins, had said: "The total credit is about N13 trillion. About three per cent of that is non performing and August 1, 2015, is the deadline publishing the list of debtors." She had said given that the upper limit of non-performing loans as a percentage of total credit was five per cent, the current three per cent figure of bad loans yet indicated that the banking system was stable in spite of the latest push to recover the outstanding debts. *(This Day)*

Skye Bank Plc has announced gross earnings of N85.2 billion for the half year ended June 30, 2015, showing an increase of 33 per cent over the N63.9 billion recorded in the corresponding period in 2014. Net interest income stood at N35.44 billion, up by 16 per cent from N30.535 billion in 2014. As an indication to increased business momentum, the bank's net interest income also grew to N30.2 billion as against N25.5 billion in 2014, a growth of 18 per cent. Similarly, net fee and commission income witnessed a big leap from N10.6 billion in 2014 to N14.1 billion, showing an increase of 33 per cent. Total operating expenses rose by 21 per cent from N30.8 billion to N37.3 billion. Consequently, Skye Bank Plc ended the period with profit after tax of N10.7 billion, up 47 per cent from N7.3 billion in the corresponding period of 2014. Profit after tax grew from N5.8 billion to N8.8 billion. The bank's shareholders' funds grew from N131 billion in 2014 to N141 billion during the period under review, representing a growth of seven per cent. However, customers' deposits fell from N952 billion to N837 billion, while loans and advances increased from N651 billion to N657 billion. The lender has a strong capital buffer or other reserves of N52.3 billion, compared to N43.5 in 2014, showing 20 per cent growth to ensure that it has a robust and solid capital at all times. Commenting on the results, Group Managing Director/Chief Executive Officer of the bank, Mr. Timothy Oguntayo, said that the bank was beginning to harness the business potential, synergies, and opportunities from its recent acquisition of the defunct Mainstreet Bank Limited. He assured customers and other stakeholders of the bank of good returns as well as adequate protection of their investments. According to him, the bank would continue to work towards improving its business performance on a sustainable basis for the benefit of its stakeholders, while maintaining transparent disclosures, professionalism, and good governance. *(This Day)*

BARCLAYS Africa CEO Maria Ramos is looking to engaging with the Central Bank and other authorities in Nigeria, as she seeks to expand the bank's footprint in the country. Ramos is integrating operations in 13 African countries as the bank sets its eyes on Nigeria, along with Egypt and Zimbabwe. "We have applied for licences in Nigeria. It's something that we have been looking at for quite some time," she said at the weekend. The consolidating operations around 13 African countries comes as the group plans to add three more regions to its portfolio of assets. Earnings from the rest of Africa operations are expected to grow faster than from SA this financial year. But some market commentators believe Barclays Africa still has to focus on cutting costs on the rest of the continent and grow revenue. As part of the consolidation Ramos and her team are keen to expand into Nigeria and acquire the Egyptian and Zimbabwean operations from parent Barclays plc. Barclays Africa has subsidiaries in Botswana, Ghana, Kenya, Mauritius, Mozambique, Seychelles, Tanzania, Uganda and Zambia.
The operations outside SA are starting to generate more to the bottom line and currently make up about 20.3% of Barclays Africa group revenue. This means the banking group has so far reached its financial commitments to generate 20%-25% of its income from African operations outside South Africa. Consolidating two banking operations in Tanzania will be another challenge. *(Business Day)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

In an apparent move to save its image from possible damage, MTN Group is said to have commenced talks with Nigeria's Central Bank for early repayment of almost $600 million of debt it owes some Nigerian banks. Vanguard gathered that the move by the leading telecom operator was also aimed at reducing further exposure of the naira, which has weakened against the rand and US dollar. A report from Bloomberg, quoted the Chief Executive Officer of the Group, Sifiso Dabengwa as saying in an interview that the negotiation with the apex bank was for possible repayment in good time. "We have already been negotiating with the lenders but the challenge has been getting the central bank to approve that we can accelerate the payment. "It would help a lot in terms of dealing with the currency fluctuations," said Dabengwa. According to Mtn, its profit declined by 11 percent in the last six months, through June due to the weakening naira and other African currencies against the South African rand, in which it reports earnings. The report also showed that Nigerian sales decreased 9 percent in the period, compared with a 1.1 percent fall on a constant currencies basis. It was also gathered that the MTN executives have already met with President Muhammadu Buhari. Dabengwa, who confirmed the meeting, informed that the conversations were positive, and that the company has no pending regulatory issues in Nigeria, its biggest market with 62.8 million subscribers. The report further disclosed that MTN shares fell 0.3 percent to 207.83 rand as of yesterday, in Johannesburg, valuing the company at 384 billion rand. Available statistics showed that MTN is the Africa's largest wireless carrier with operations in 22 countries. *(Vanguard)*

Access Bank Plc and GMT Nigeria Limited have developed a new business solution, which according to both organisations would revolutionise international trade in Nigeria. The scheme is branded FLOWS – Finance and Logistics Worldwide Scheme. Group Managing Director/Chief Executive Officer, Access Bank Plc, Mr. Herbert Wigwe, while speaking at the unveiling of the scheme in Lagos yesterday, said the introduction of the initiative was consistent with the bank's innovative culture of continuously seeking ways to add value to our customers' businesses. He described FLOWS as a unique combination of import finance and logistics services targeted at importers of non-perishable, fast moving and unrestricted goods. "You will agree with me that when two World class companies like Access Bank and GMT come together, the result can only be top notch. The platform promises to deliver an end-to-end cost efficient management of the entire import process which reduces the total lead time of a typical importation transaction. "We are very aware that the importation process can be very hectic due to several factors that we are all familiar with and we have decided to bear this burden on behalf of our clients," he added. "A few years ago, we shared our strategic vision "To be the world's most respected African Bank" driven by efficiency, transparency and innovation while ensuring speed, service and security. We also affirmed that our adopted strategies and ways of doing things will align with global best practices. My presence here today further demonstrates that we are focused and committed to delivering operational excellence as well as improved efficiency within a safe environment," the Access Bank further boss said.

Several studies had shown that approximately 96 per cent of Nigerian businesses are SMEs compared to 97 per cent in Asian countries, 53 per cent in the US and 65 per cent in Europe. The SME Industry represents about 90 per cent of the manufacturing/ industrial sector in terms of number of enterprises. They contribute approximately one per cent GDP compared to 40 per cent in Asian countries and 50 per cent in the US and Europe. According to Wigwe, SMEs are recognised as one of the key drivers of economic growth by virtue of their contribution to employment and wealth creation; income generation as well as their strategic linkages with large companies across economic clusters. "The opportunity in this sector is enormous and the financial sector plays a central role in the growth and development of the economy through mobilisation and deployment of financial resources. "Access Bank recognises its role in promoting an efficient, effective and sound financial sector capable of providing a wide range of demand-driven financial services including supporting the financing needs of the SME sector. "As part of our contribution towards the attainment of this goal, the bank in partnership with GMT, the foremost integrated logistics service provider in Sub-Sahara Africa came together to birth FLOWS," he added. On his part, the Deputy Managing Director, GMT Nigeria, Mr. Martin Thomle, said the initiative would guarantee safety of customers' goods, adding that it also simplify cost. "It would ensure that the whole journey of the shipping, until the goods arrive is safe. Issues of lack of documentation, wrong documentation, delay in transportation will be taken care of," he said. *(This Day)*

FBN Holdings Plc expects its profit growth to slow by more than half in 2015 from the pace set last year as a plunge in oil prices and capital curbs weigh on the country's banks. The lender forecasts that the 7.7 percent increase in net income in the six months through June will be sustained for the rest of the year, the bank's finance head, , Oyewale Ariyibi, was quoted by Bloomberg to have said in an interview in

Lagos. "This year, tight monetary policy will be an issue." Net income in 2014 rose 17 percent to 82.8 billion naira ($416 million), the bank said in April. Its ability to match that growth is curtailed by a central bank rule forcing lenders to place 31 percent of deposits with the regulator. A slump in government income from oil, the source of about 70 percent of revenue in Africa's biggest economy, has had a "ripple effect" on banks, Ariyibi said. Africa's largest oil producer is confronting a 50 percent slump in prices in the past year that has forced the government to curb spending. The Central Bank of Nigeria increased reserve requirements to reduce the amount of local currency in circulation, helping to check inflation and bolster the naira, which has dropped 19 percent against the dollar in 12 months. The capital regulations have tied up 641 billion naira of the lender's funds at the central bank as of June, Ariyibi said. Profit growth this year may come from loans to small businesses as the bank switches "from lending to multinationals and big companies to focus on commercial and retail banking customers," where interest margins can be more attractive, Ariyibi said. "In lending to a retail customer against a multinational, there is at least 300 basis points that you can gain," he said. The bank also expects the first full-year earnings contributions from its insurance and merchant-banking units. "In 2015, we focus on consolidating and integrating these businesses and to extract value from them," Ariyibi said. *(This Day)*

Shareholders of Zenith Bank Plc should expect an interim for the half year ended June 30, 2015, market sources have said. While some banks have released their half year results, that of Zenith Bank is being awaited. Market sources said the delay may not be unconnected with the decision of the bank to release an audited results and also pay an interim dividend of the first time in the history of the financial institution. "The board of the bank has met and considered the half year results. The board has decided that the bank submit an audited results and also recommend an interim dividend. These decisions are awaiting regulatory approvals and would be made public once done," a market source said. Zenith Bank Plc had ended the first quarter to March 31, 2015 with gross earnings of N113.3 billion, up from N94. 3billion in the corresponding of 2014. The bank posted a profit after tax of N33.1 billion, showing an increase of 15 per cent from N28.9 billion. Similarly, profit after tax rose by 17 per cent from N23.6 billion to N27.6 billion. Zenith Bank recently got three certifications from the British Standards Institution (BSI). They are the Information Security Management System ISO/IEC 27001:20013; IT Service Management System ISO/IEC 20000-1:2011 and Business Continuity Management System, ISO 22301:2012. BSI's risk-based solutions are designed to help organisations mitigate risk, improve business resilience, meet customer requirements every time and fulfil regulatory and statutory obligations. As a result, they provide customers and stakeholders with the means with which to obtain the assurance they will continue to operate, whatever the incident or crisis. *(This Day)*

Shell declared force majeure on gas supplies to Nigeria's LNG export terminal on Bonny Island in Rivers State due to a pipeline leak, a spokesman for the company said on Thursday. "Shell declared force majeure on gas supplies from SPDC to NLNG (Nigeria Liquefied Natural Gas Co), effective August 4," spokesman Precious Okolobo said, adding that the company was still investigating the cause of the leak. SPDC is Shell's Nigerian joint venture with state oil company Nigerian National Petroleum Corp. *(Reuters)*

Economic News

The Central Bank is working with the Nigeria Electricity Regulatory Commission (NERC) to ensure the full disbursement in three weeks, of the more than N200 billion power support fund meant to resolve a pile of legacy debts and empower generating and distribution firms to produce and wheel more electricity to businesses and homes in the country. Issues around electricity tariff in the country and controversy have stalled the disbursement of the fund over an announcement made by the power regulator just before the recent general elections. According Godwin Emefiele, governor of the Central Bank "the disbursement was slowed down by the reversal in the tariff and we are working and discussing this matter so we can fully disburse. " The regulators NERC has told us they did not backtrack on the issue of tariff, that they have sent messages to the Discos to send them what is called a cost reflective tariff and once the Discos send this cost reflective tariff, they will give the approval." He was speaking with BusinessDay in the apex bank governor's first wide-ranging sit down interview with any Nigerian newspaper. He said, "what happened is that some companies have received payment. Yes the funds have not been fully disbursed but we have disbursed about 25 per cent N56bn to some Gencos and Discos out of a total of almost N213bn. We will be meeting with the NERC, the embeds, so we can work to remove some of the hiccups along that chain and in matter of three weeks we should see these efforts resulting in total disbursement." Emefiele, who acknowledged that his immediate two predecessors had done an excellent job, Professor Soludo focussing on consolidation and Emir Sanusi accomplishing a feat in the area of reform of the banking and financial system, said he would like to be known for significantly pushing the nation's economic development.

He said, "this is partly why we are focusing on the issue of power. The lack of adequate power is holding back economic and industrial development and we are encouraged by the policy thrust of president Muhammadu Buhari who has made the issue of infrastructure and economic development a central plank of his administration." He insisted that while the Central Bank and the government will continue to launch initiatives which help to clear obstacles to business competitiveness in Nigeria, adding that Nigerians and investors in the country need to change their paradigm because Nigeria does not have to remain import dependent. The Central Bank recently listed 41 items which will no longer be imported via the official foreign exchange window. He explained, "I cannot understand why some one will tell me that palm oil is an intermediate product and so we should allow it come in. "I cannot understand why somebody will tell me that cold roll steel is an intermediate product, when we know that there are firms in Nigeria producing and converting hot roll steel into cold roll steel and people want us to continue to import cold roll steel. "That will not happen because we will say no, let them go, those companies in Nigeria which can and are already converting the hot roll steel which they can import, into cold roll steel. Don't tell me it is an intermediate product. What will it take to import a machine that can convert your hot roll steel into cold roll steel and you create jobs for your people? That is what we are saying." He said the apex bank had received representations from interest groups on some of its recent policy guidelines on foreign exchange management but noted that the bank had a responsibility to do what it is doing. "I do not have to seek their approval to do what we are doing simply because Nigeria has no business continuing in what we have been doing that has turned the country into a dumping ground rather than a production economy. " I have read some these concerns you alluded to. They have written to me and I am going to invite them for a meeting so we can engage." *(Business Day)*

Nigeria's President Muhammadu Buhari aims to cut recurrent expenditure in next year's budget in order to prioritise development projects, the presidency said in an emailed statement on Monday. Recurrent expenditure has ballooned over the years and capital spending shrunk to just 12 percent of the 2015 budget, approved in May at an assumed oil price of $53 a barrel. "In carrying out its role in surveillance of the economy, review and appraisal of policies, the (National Planning) Commission should devise a plan for a realignment of the budget so that capital projects can be really prioritized," Buhari was quoted as saying. Due to the slump in global oil prices, Africa's biggest crude producer has been hit hard as oil sales account for about 70 percent of government revenues. Buhari's administration has already had to put together a bail-out for the three tiers of government, particularly for debt-ridden states that could no longer cover salaries. In May, the former finance minister Ngozi Okonko-Iweala said that the government had not released any funds for capital projects so far this year, stalling the construction of much-needed infrastructure, such as highways, railroads and bridges, that are key for economic growth. *(Reuters)*

The International Monetary Fund (IMF) has said the rate of financial penetration in Nigeria was still low compared with her peers. The multilateral institution noted that recent surveys indicated that although Nigeria's financial penetration rate was improving, the number remains about a third of the adult population. The IMF stated this in its latest report on Nigeria titled: "Household Financial Access and Risk -sharing in Nigeria," dated July 2015, that was obtained on Monday. It stated that a large fraction of the country's population save, but not necessarily in banks. According to the report, about 65 per cent of adult population saves in Nigeria. This it noted was much higher than the world average of 36 per cent and above peers (40 per cent for Kenya; 37 per cent for Ghana; 31 percent for South Africa. "Savings in financial institutions is comparable to peers but savings using informal means, such as Rotating Saving and Credit Associations (ROSCAs) is particularly high at 45 per cent," it added. It quoted a World Bank Findex survey on Nigeria to have also shown that about 30 per cent of adult population had an account in the formal banking system in 2011. This coverage was low compared to 50 per cent for the world average, 54 per cent in South Africa, 42 per cent for Kenya, and only a little above the average of 24 per cent for developing countries in sub-Saharan Africa (SSA). The report also pointed out that poverty in Nigeria remains high, noting that despite non-oil- and consumption-led growth, the country trails its SSA peers in reducing poverty.

"Estimates suggest that the poverty rate declined slightly from 35.2 per cent in 2009/10 to 33.1 percent in 2012/2013, but with significant variation across states (World Bank, 2014). The South West region exhibited the lowest poverty rate (around 16 percent), while the poverty rate in the North East region was over 50 percent (Figure 1).1 Moreover, vulnerability to poverty remains high, implying that a minimal shock could easily push those living a little above the poverty line back into poverty. "Greater financial inclusion could help poverty alleviation efforts by buffering the impact of unexpected adverse shocks on household consumption and micro-household businesses. Indeed, the government recognises that particular groups and sectors could be more vulnerable than others to downturns. "Comparing the effect of smoothing household-specific versus community-wide shocks confirms that the informal networks face limitations in smoothing the latter. Given the general ineffectiveness of more formal social safety nets in Nigeria, it remains to be seen if the public sector can create safety nets to complement those provided by informal mechanisms without crowding out what informal assistance already exists," it added. The IMF also pointed out that going forward, financial inclusion efforts in Nigeria could have more regional focus by addressing region-specific needs and bottlenecks. For instance, it noted that having access to semi-formal financial institutions was more effective in smoothing negative shocks in the southern part of the country than in the north.

Moreover, informal borrowing was more effective than savings in absorbing shocks in North-east. A regional focus could potentially be beneficial for increasing financial access and aiding poverty alleviation efforts. "Our empirical findings suggest that those households with some financial access are better able to smooth consumption than those without. In particular, households with financial access who experience an unexpected negative income shock see consumption fall by 15 percentage points less than those without access. This result is mainly driven by households with informal financial access. Moreover, it is household savings, in particular via informal institutions, rather than borrowing that accounts for this result. Region-specific results show that improved financial access in recent years has delivered uneven consumption smoothing benefits. For instance, having access to semi-formal financial institutions was more effective in smoothing negative shocks in the south than in the north. Moreover, informal borrowing was more effective than savings in absorbing shocks in the North-east," it added. *(This Day)*

The new head of Nigeria's state oil firm dismissed senior managers after a government directive, the company said on Wednesday, barely a day after President Muhammadu Buhari appointed him as managing director. "All of the executive directors were let go ... Buhari wanted a clean slate," one of the dismissed managers said. Buhari appointed a former executive of Exxon Mobil, Emmanuel Ibe Kachikwu, to be the new head of NNPC on Tuesday, as part of a crackdown on corruption and mismanagement in Nigeria's main revenue earner. A second source said the names of the new senior managers would be published later in the day and that the number of executive director positions would be reduced to four. A third NNPC source said that four such positions had been approved by the new president. "The Federal Government has approved the retirement of all eight Group Executive Directors of the Nigerian National Petroleum Corporation (NNPC) with immediate effect," an emailed statement from the state oil company said. Oil sales account for about 70 percent of government revenues and these have been battered by the slump in global crude prices. A report by the Natural Resource Governance Institute said overhauling the state firm's oil sales were key to this effort as billions of dollars a year in proceeds are either wasted or unaccounted in the current set-up. Last month, Buhari said that NNPC would be divided but did not give further details. The eight group executive directors that were dismissed worked directly under the head of the firm. They were in charge of exploration and production, refining and petrochemicals, engineering and technology, gas and power, business development, finance and accounts and commerce and investments. *(Reuters)*

The naira firmed against the dollar on the parallel market on Wednesday following central bank sales of about $80 million to bureau de change operators, traders said. The local currency was trading at N215 to the dollar on the parallel market, compared with N228 at the previous day's close, according to Reuters. It closed at N197 to the dollar on the interbank market, unchanged from the previous day. "We are expecting about $80 million dollar sales from the central bank today, which could further boost liquidity in the market and ease pressure," one operator said. Aminu Gwadabe, president of the bureau de change operators, said the central bank had put on hold its directive asking them to request dollar buyers to provide their Bank Verification Number (BVN), a new biometric identification for commercial banks customers. The central bank had last month asked bureau de change operators to request dollar buyers to provide their BVN in a bid to curb speculative bids. "The BVN exercise is put on hold and there is a huge market calmness," Gwadabe told Reuters. "The naira is gaining strength, we expect it to close below 215 to the dollar," he added. The naira had weakened on the parallel market to as much as 242 to the dollar last month, on persistent dollar demand after central bank limited importers' access to dollars on the official interbank market to buy a wide range of goods, in order to save its reserves. *(This Day)*

Nigeria's central bank has directed commercial banks to pay for their dollar purchases 48 hours in advance, after banning them from accepting foreign currency cash deposits to curb dollar demand and stem illicit financial flows. Dealers said banks would struggle to buy the U.S currency on behalf of customers, while the ban on dollar cash deposits would stem speculation. The central bank in June curbed access to the interbank currency market to preserve its foreign reserves. The move led to the diversion of dollar demand to the black market, weakening the local currency. "We are now required to deposit the naira equivalent of our total forex bids to the central bank 48 hours in advance before its intervention," a dealer told Reuters. The central bank was not immediately available to comment. The measures led to a sharp increase in interest rates on the interbank market, traders said. "The new measure has taken out some huge naira liquidity in the market and putting pressure on the cost of funds among banks," one dealer said. The overnight lending rate jumped to 50 percent on Thursday from 12 percent the previous day, amid low liquidity as some banks scrambled to stock up on the naira to back up their forex demand with the central bank. Ugo Okoroafor, communications adviser to the central bank governor, said the ban on dollar cash deposits with commercial banks was aimed at curbing the "increasing dollarisation of the economy". The naira has lost around 15 percent against the dollar this year. It closed at 197 to the dollar on the interbank market, the same level it has closed over the last two weeks. In the parallel market, the naira was broadly flat at 218 to the dollar against 219 on Wednesday. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Tanzania

Corporate News

KENYA'S East African Breweries Limited (EABL) said last week it would try to convince government authorities not to revoke its acquisition of a controlling stake in Tanzania's second-largest brewery. Tanzania's Fair Competition Commission (FCC) said early this month that it wants to revoke EABL's 51 per cent stake in Serengeti Breweries, acquired five years ago, accusing the Kenyan company of not meeting some conditions. EABL, which is controlled by Britain's Diageo, paid 60 million US dollars for its stake in Serengeti, giving it a 28 per cent share in a market offering high growth potential. But the FCC has accused EABL of not making good on pledges made when it obtained permission for the deal. EABL has denied the accusation. The FCC said in a statement on June 29 an investigation into the merger revealed that the "performance of SBL was not as per expectations of the Commission." It said it had approved the merger in 2010 under the condition that EABL would enable Serengeti to achieve "potential growth that is well beyond the level it was able to achieve previously." Charles Ireland, EABL's chief executive, said at a news conference on Friday to announce the brewer's annual results that he would meet FCC officials today. "The FCC has expressed disappointment in the performance of the business and has called us to explain why the business has not been performing to expectations," Ireland said. "I think probably they need reassurance that we are committed to Tanzania, and we are going to be making investments in Tanzania and ultimately we are going to be successful." EABL reported a 36 percent rise in pretax profit to Ksh14.15 billion ($139 million) in the year to end-June, boosted by higher sales, which sent its shares rising. Revenues were up 6 percent to Ksh 64.42 billion, the brewer said, with sales rising by 2-7 per cent in Uganda, Kenya and Tanzania and exports to other markets jumping by 48 per cent. EABL plans to hedge against weaker regional currencies during this financial year, to avoid a repeat of a 900 million foreign exchange loss in the year just ended. "That prompted us to accelerate our plans for hedging against those currencies, which we are just about to put in place," Tracey Barnes, EABL's chief financial officer, said. The brewer raised its final dividend to Ksh 6.0 per share from 5.50 a year earlier. That took its total dividend for the year to Ksh7.50 per share, up from Ksh 5.50 last year. Earnings per share rose to Ksh 11.32 from Ksh 8.22 a year earlier, the firm said. *(Daily News)*

NATIONAL Microfinance Bank (NMB) has been recognised by Euromoney, the global financial markets magazine as the best bank locally and internationally for three years in a row. The Dar es Salaam Stock Exchange (DSE) listed bank has won the global prize after registering significant achievements within its operating environments. The NMB counter had 59,840 shares traded at weighted average price of 2,870/- per share in 12 deals. The NMB Managing Director, Ms Ineke Bussemaker, said in Dar es Salaam that the decision on the winners, depending on the number of submissions received globally, is done by the panel of distinguished local and international judges from various professional backgrounds. Euromoney magazine recognises financial institutions worldwide that have posted significant feats within their operating environments. NMB was thus named by the financial markets magazine at the Euromoney 2015 awards excellent held in London last month. "The best bank in Tanzania is a testament to NMB's sound business model and exceptional performance achieved across its core retail, small medium enterprises (SMEs), corporate and agribusiness segments," she said. The annual awards cover more than 20 global product categories, best in class awards in all regions and the best banks in close to 100 countries in the world which is an indication that the bank continues to be the best bank to all customers and to the country. "The fact that we are recognised as the best bank in the country highlights the power of our fully integrated business, the strength of our local platform and the commitment of our team," he said. It recognises the financial institutions from around the world that have registered outstanding achievements in their operating environments as well as excellent financial performance year on year. With over 170 branches or 95 per cent of the government districts she said the bank has continued to display innovation with new technologies like mobile banking, integration with mobile network e-money offerings and largest ATM network of over 600 countrywide. In a bid to provide high standards banking services to over two million NMB customers, the bank has continued to introduce innovative products and services including the recently launched NMB MasterCard. The new and innovative products were necessary tools in meeting customer and clients' savings, transaction and financing needs in urban and rural areas. Also demonstrates the bank's firm commitment to financial inclusion for the population as a whole. *(Daily News)*

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TOL Gasses profit has been increasing in dribs and drabs to reach 1.41bn/- realised in the first half of this year, closing the chapter of losses. The firm that produces industrial and medical gasses, was clouded with losses since it listed on the Dar es Salaam Stock Exchange (DSE) in 1998. However, a new management has turned around the loss-making trend in the last three years to position the firm in the profit making zone again. TOL shares has increased by slightly over 20 per cent since January to close last week at 675/- a stock well above the primary offer price of 500/-. The Zan Securities Chief Executive Officer, Mr. Raphael Masumbuko, said the gas firm "is on the positive mood" after making a profit gain of 27 per cent. "TOL is on the positive mood," Mr. Masumbuko said, noting that the profit is 27 per cent above the corresponding period last year. Previously, in one of its weekly commentary, Zan CEO said that: "It is time to begin staging in purchasing the best-quality stocks that have been beaten down." The 'Daily News' last month analysed TOL stock and predicted to be the equity to watch for the rest of the second half of this year. The financial statement shows that TOL profit was the result of revenue that jumped by 2.5 per cent to 6.92bn/- but costs of sales chopped-off the income to remain with a gross profit of 2.98bn/-. The firm also cut by almost half its long term borrowings from 7.48bn/- to 3.72bn/-, while its accumulated losses went down to 0.87bn/- from 1.77bn/-. TOL was the first listed company at DSE on 1998, but is yet to give dividends to date following years of making losses. The company last year completed the first round of the rehabilitation of its Aspen plant. The completion improved reliability and efficiency where on average the plant is producing at 80 to 90 per cent efficiency. The plant now can produce crude argon and it is expected that the plant will be in a position to produce pure argon in the second phase of repairs expected in the last quarter of 2015.*(Daily News)*

Yetu Microfinance has extended the primary offer period by some three weeks in a bid to allow many more investors to subscribe. The IPO of Yetu Microfinance started in June 18 and was supposed to close at July30, but was extended to August 29. Yetu Microfinance Managing Director, Altemius Milinga, told Daily News that time extension has been approved by the Capital Markets and Securities Authority. "We received a lot of calls from upcountry, such as Tunduma, Kibondo and Ukerewe for people want to subscribed," Mr Milinga said. He said the subscription forms were sent late thus denied would-be-investor chances to participate in the primary offer. The extension of IPO duration, also pushed back the listing date from August 17 to September 7. Speaking about the process of the ongoing IPO, the managing director said it was going well and the subscription rate was high. According to stock market analysts, Yetu Microfinance primary share sale is expected to be oversubscribed since the organisation is dealing with people at the grassroots level. Core Securities Chief Executive Officer Mr George Fumbuka told the Daily News earlier that: "I won't be surprised for Yetu (Microfinance) oversubscription." Yetu IPO expected to raise 12.5bn/- for expansion and meeting Bank of Tanzania's regulatory requirement for minimum core capital of 5bn/- for microfinance institutions. Core Securities is the sponsoring broker and Consultants for Resources Evaluation Limited is nominated advisory. Yetu Microfinance started with a capital of 30m/- as YOSEFO, a lender to micro entrepreneurs and later clinched an award prize of 35m/- which was also directed to loan portfolio. *(Daily News)*

STANDARD Chartered Bank Tanzania Limited has recorded a strong first half performance with a strong balance sheet growth and a revenue increase of 6 per cent year on year. The bank said in a statement that it has also increased its loans and advances to its clients by over 40bn/- which is a 6 per cent increase compared to the figures recorded at the end of the first quarter, in March this year. Compared to year-end figures in December, 2014, the loans and advances figure has increased to 749bn/- from 712bn/-, translating to a 5 per cent increase. On the other hand, the Bank's client deposits went up by over 160bn/-, closing at 1.2tri/- which translates to a 14 per cent increase compared to the end of March this year. There was a significant growth in client deposits from December, 2014 to the end of the first half this year. The deposits figure went up by 298bn/- which is an increase of 30 per cent. The Bank has also continued to maintain a liquid and wellcapitalized balance sheet. The Bank's Chief Executive Officer, Liz Lloyd, said that the Bank's success is attributed to a continued disciplined and focused approach of doing business. "Our main focus has been to support our clients as they develop their businesses by introducing new ways of banking. We have a great team with high professional standards who know the local market and can tap into international expertise as well," she said. The Bank has continued to focus on its digital capabilities, a move which is targeted at expanding financial services and access in the country. In March 2015 Standard Chartered Bank launched the "Straight2Bank Wallet" capability, a mobile payment service for corporate clients in Tanzania. The new service enables the Bank's corporate clients to instantly make bulk payments directly from their Standard Chartered Bank accounts into their beneficiaries' M-PESA and TigoPesa accounts. In her remarks, the Bank's Head of Finance, Ruth Zaipuna, added that the Bank continues to be optimistic of its performance given strong client activity levels that have continued into the second half of the year. *(Daily News)*

Economic News

Tanzania's energy regulator lowered the maximum prices of diesel and kerosene in the east African country on Wednesday but raised that of petrol, citing swings in international energy prices. The Energy and Water Utilities Regulatory Authority (EWURA) lowered the retail price of diesel by 0.86 percent and that of kerosene by 1.47 percent. Petrol prices were hiked 4.19 percent in the latest monthly price caps, which take immediate effect and last for one month. Fuel prices are the second-biggest driver of inflation in Tanzania after food. "These changes have been caused by changes in the prices of petroleum products in the world market," EWURA said in a statement. EWURA cut the price of diesel in the commercial capital Dar es Salaam by 18 shillings to 2,026 Tanzanian shillings ($0.9625) per litre while lowering that of kerosene by 29 shillings to 1,964 shillings per litre. Petrol prices in the commercial capital rose 92 shillings to 2,290 shillings per litre. *(Reuters)*

LOCAL cement makers say they are now facing collapse due to the continued influx of cheap imported products in an already saturated market. The Chairman of the Tanzania Chapter of East African Cement Producers Association (EACPA), Reinhardt Swart their situation was being made worse because they were competing with cheap imports at the time their margins are squeezed by overcapacity in the market.
"I am not asking for protection. I'm not asking the government to ban imports. I am asking for the government to create a level playing field," told the 'Daily News' in an interview. He said they were operating in difficult environment where they were exposed to risks of job losses to adjust to the situation. He said there was lack of recognition by some top decision makers as important players in construction industry which is among key drivers of the economy. The recognition they wanted would enable them discuss together challenges in the cement industry and chart out way forward, he said. "It is a disappointment we are not recognized in the Ministry Finance, Ministry of Works or that of Industry and Trade for instance," he said. "If you want to develop oil and gas industry you talk with oil and gas companies. The same applies to the cement industry," he said. He welcomed the entry of new players in the field saying they would stimulate development in the industry but cautioned that their preferential treatments such as tax breaks was not helpful to the country as it contribute to create unleveled playing field against the local industries.

"If you allow new players for integrated cement plants and give tax breaks. If you allow imports in an over capacity market...that is not fair. There is a risk cement producers will suffer to the extent of job losses," he said. He said they were supporting government campaign to help local industries grow by using local coal, gypsum and other materials but the government was not reciprocating the gesture through helping them reducing increased costs. "If you force us to use local coal, that increase in cost must be calculated in monetary terms and charged on imports as well. The same applies to royalties. "If you force us to grow another industry at our cost then you must either give us subsidies or charge the exact increased amount as additional duties on imports," he said. Tanzania has made great strides throughout the last decade in improving its infrastructure and communications networks with the cement industry being a key beneficiary of the building boom despite the country's power crisis and an inefficient distribution network. Cement makers operating in the country include Tanzania Portland Cement, which is 69.3 per cent owned by a subsidiary of Germany's Heidelberg Cement AG ; Tanga Cement, 62.5 per cent owned by Afrisam Mauritius Investment Holdings Limited; and Mbeya Cement, 62.76 per cent owned by France's Lafarge SA . The new entrant in the market include a 500 million US dollar factory built in Mtwara Region by Nigeria's Dangote Cement. The factory with an annual capacity of 3 million tonnes, will double the country's annual output of cement to 6 million tonnes. *(Daily News)*

WEEKLY AFRICAN FOOTPRINT

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Zambia

Corporate News

Canada's First Quantum Minerals will lay off about 1,480 workers at one of its Zambian copper projects after a reduction in its power supply curbed production, the company's local subsidiary said on Sunday. "Regrettably a reduction of approximately 1,480 construction jobs will be brought forward at the Trident Project within the first weeks of August," Kalumbila Minerals Limited (KML) said in a statement. Zambian power utility Zesco Ltd is limiting supplies after water levels at its hydro-electric plants dropped due to drought. First Quantum Minerals last week shut its Sentinel copper processing plant after electricity supplies to its operations were reduced by 24 percent. KML, majority owned by First Quantum, is developing the Trident Project which comprises the Sentinel copper mine and Enterprise nickel mine plus associated infrastructure at Kalumbila in north-western Zambia. The job losses would affect both Zambians and expatriates, KML said, warning of more cost cuts if electricity supplies were not secured. "If power supply shortages in Zambia continue and cannot be supplemented by imported power, KML will likely need to take further actions to secure viability," the statement said. The company said all discretionary spending has been stopped, recruitment of 350 new employees is on hold, and the process of closing out contracts to reduce costs had begun. Copperbelt-based mining companies and their supplier Copperbelt Energy Corp. held a meeting on Saturday to discuss ways of maintaining normal operations despite imminent cutbacks in power supply. CEC buys electricity from Zesco in bulk and sells it to mining companies including the local units of Vedanta Resources, Glencore and Vale. On Thursday, CEC told mining firms it would reduce power supplies to mines by 30 percent from Friday but has delayed this until agreement is reached with mining companies. *(Reuters)*

Dangote, Nigeria's largest cement maker, plans to double investment in Zambia to around $900 million by building a second cement plant, the company's vice-president said on Tuesday. Dangote has already built one cement plant at a cost of $450 million in Masaiti, some 500 km (300 miles) north of Lusaka that is expected to produce 1.5 million tonnes of cement annually when it reaches full capacity by the end of this year. "That's also in progress and it will soon come up for commissioning," Dangote group vice-president Sani Dangote told reporters, referring to the new plant. "It will be of the same capacity as this plant," Dangote said, without giving a time frame. The power problems facing Africa's second largest copper producer would not affect Dongote's production because the company had built its own 30 megawatt power plant, he said. Zambian power utility Zesco Ltd is limiting supplies after water levels at its hydro-electric plants dropped due to drought. *(Reuters)*

Zambian power utility Zesco Ltd has restored full power to First Quantum Sentinel mine, the Canada-based company said on Thursday. "Sentinel Mine has been given unlimited power, more than previously used to run the plant," the company said in a statement. Energy minister Christopher Yaluma on Wednesday directed Zesco to restore full power immediately to mines owned by First Quantum Minerals. *(Reuters)*

Economic News

LOCAL commercial banks' are being constrained to lend to consumers as market liquidity remains fairly low. However, the Bank of Zambia (BoZ) has actively continues to participate in the open market operations (OMO), which is the buying and selling of government securities in the open market to expand the amount of money in the banking system. This scenario has resulted in some banks to trim lending to would-be borrowers while others have completely halted its lending portfolio, according to most analysts talked by the Daily Mail. The BoZ is reducing liquidity through the OMO resulting in banks liquidity decreasing due to falling Kwacha, high Government borrowing to cushion budgeted fiscal deficit, widening trade deficit reflecting dwindling export revenue from lower copper prices on the global market and power shortage among other issues. Highlighting interest rates in its daily treasury for Friday, the First National Bank (FNB) also confirmed that "with the central bank active in OMO, market liquidity remains fairly low with K697 million in circulation." The interbank borrowing has reduced with the weighted average rate currently at 14.68 percent, according to FNB. Cavmont Bank also says in its market report that commercial banks' aggregate current account balance decreased by K8.41 million to K697.61 million while the overnight borrowing and lending rate increased by 0.07 percentage point to 14.65 percent. "Total funds traded on interbank were K450.20 million," the bank notes. Similarly, Access Bank Zambia Limited aggregate current account balance at BoZ increased from K689.2 million to K697.61. Bankers Association of Zambia chief executive officer Leonard Mwanza said banks are constrained to give out loans because the market liquidity, which is the degree to which an asset or security can be bought or sold in the market without affecting the asset's price, is low. Commenting on the why banks are being inhibited by lending to the consumers, Mr Mwanza said, "Most banks feel it is not time to lend [due to various challenges in the economy]." *(Daily Mail)*

ZAMBIA is expected to benefit from over €70 million earmarked to boost agriculture, food security and nutrition. The €73.5 million funding from the European Union (EU) and the Food and Agriculture Organisation (FAO) is aimed at boosting food and nutrition security and sustainable agriculture. The agreement, which is intended to further strengthen and expand collaborations between the two organisations, will consist of two linked five-year programmes to benefit 35 countries. During the 3rd international conference on financing for development, in Ethiopia, the EU pledged to contribute €50 million towards the initiative, while FAO is pumping in €23.5 million which will be country-led and demand-driven, according to a statement posted on the FAO website. The first project is the food and nutrition security impact, resilience, sustainability and transformation facility will enhance the capacities of governments and regional administrations to improve food security, nutrition and sustainable agricultural policies and better implement them. The programme will be achieved through the provision policy assistance and capacity development support. The other programme is the information for nutrition food security and resilience for decision-making will contribute to strengthening resilience to withstand food crises as a result of human-induced and natural disasters. The programme will also provide regular, timely and evidence-based information to enable decision-makers attain the initiatives objective," the statement reads. Commenting on the development, EU commissioner for international cooperation and development Neven Mimica said the initiative is important in supporting partnering countries and regional organisations work together in enhancing political, technical and financial issues to achieve a common goal of reducing food and nutrition insecurity. Similarly FAO director general José Graziano da Silva said "this newest phase in our partnership with the EU will greatly reinforce FAO's ability to engage with governments to help them acquire the data and information they need to develop and implement effective policies aimed at tackling hunger's root causes and building resilience to shocks and crises." *(Daily Mail)*

WEEKLY AFRICAN FOOTPRINT

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TRADING

Zimbabwe

Corporate News

ZIMBABWE Platinum Mines (Pvt) Limited (Zimplats) recorded a loss after royalties of $32,5 million for the quarter ended June 30 from a profit of $6,7 million in the previous quarter attributed to a decline in sales volumes and a drop in metal prices. The platinum company's turnover decreased by 41% to $64,6 million during the period compared to $110,2milion in the quarter ended March. This was as a result of a 35% decrease in 4E (platinum, palladium, gold and rhodium) sales volume and a drop in metal prices. During the period under review platinum prices were 6% down to $1,127 per ounce from $1,194 in the quarter ended March 31. In a statement, Zimplats said the open pit operations which started producing ore in April 2015 was operating at the design capacity of 830 000 tonnes per annum. "Ore mined increased by 19% from the previous quarter largely as a result of 105 693 tonnes mined from the open pit operation as well as a general increase in production from the underground mines," the company said. Zimplats said redevelopment work at Bimha Mine was progressing well with 87 000 tonnes mined from the access drives and access points in the quarter. The project is on schedule to reach full production in April 2018. The overall 4E head grade was unchanged from the previous quarter despite lower grades from the opencast mining area Ore milled increased by 13% due to improved ore supply and as a result 4E metal in concentrate production increased by 12% from the previous quarter. The 4E metal recovery rate deteriorated marginally by 1% from the previous quarter due to the reduction in mass pull to align the concentrate volumes produced with the existing smelter capacity. Zimplats said development of Mupfuti Mine to full production after implementation of the new pillar design was progressing well and targeted for completion in 2018. *(News Day)*

Delta Corporation Limited experienced decline in revenue of 10% in the quarter ended June 30 from the same period last year attributed to a drop in volumes, the company has said. Volumes were down 12% during the period from the comparable period last year. Speaking at the company's annual general meeting last week, chief executive officer Pearson Gowero said the strong United States dollar was encouraging imports exposing the uncompetitive nature of the economy. He said under performance in the agriculture sector, particularly cereals and poor commodity prices had continued to affect sales. "We have had no meaningful or tangible foreign direct investment, which means that there has been a lot less cash coming in, our exports are not growing, so the amount of available cash to our economy has continued to be somewhat limited," Gowero said. "We are seeing a lot of evidence of stress to our consumers and we note that fewer and fewer of our consumers have regular incomes now." Delta said lager beer saw an 8% drop in volumes and a 15% decline in revenue, while sorghum beer experienced a decline of 12% and a 2% drop in revenue. The compmany said soft drinks were the hardest hit with a 15% decline in volumes and 16% in revenue due to competition from imported value products and cordials. "We are just seeing sales that are generally flat for most of the days be it a Saturday or Friday or Monday we do not see a distinction," Gowero said. Gowero said as a result of the decline across the board, Delta had tightened credit in the face of increased risk.

He said the past five or six weeks they had adjusted prices that were slowly being felt. "Where we have lost our market share is on account of similar products, particularly in the area of Castle Lite that has been coming from South Africa, it is a friendly fire but it is also denting the business here," Gowero said. He said the reason why sparkling beverages were being hit hard was cheaper imports such as Twizza, which were moving faster on the shelves. He said there was a lower cost on importing compared to their production costs. Gowero said the decline in volume had seen the company regressing. As a result, Gowero said, it was having an impact on Delta's associates such as Schweppes Zimbabwe Limited whose revenue was down 5% while Nampak Zimbabwe's packaging volumes were depressed in line with key customer performance. In response to the decline, Delta will embark on several strategies to improve company revenues. These include moving towards driving the top line of the company, improving product mix, reducing costs across value chain, nurturing the brand portfolio, optimising capital expenditure to drive productivity and sustaining a dividend pay-out. *(News Day)*

TANZANIAN investor Bakhresa is set to invest $40 million in Blue Ribbon Industries (BRI) by end of September, a move that will see the company increasing its output. Currently, BRI is producing at 60% to 70% on maize meal and 10% to 15% on flour. The injection would see maize meal capacity rising to 100% while flour would peak to 80%. BRI judicial manager Reggie Saruchera yesterday told NewsDay that the food processing company would also engage contract farmers in wheat and maize production. "We are doing a scheme of arrangement with creditors and $40 million will be coming from a group of investors from Tanzania, Bakhresa, end of September," Saruchera said. Saruchera said the Tanzanian group would wholly own BRI. It would then give workers 10% and further sell to locals until the 51%-49% threshold was met in compliance with the empowerment legislation. The Indigenisation Act stipulates that at least 51% of all foreign-owned companies operating in Zimbabwe should be in the hands of locals. Bakhresa has operations in Rwanda, Uganda, Kenya, Malawi, Zambia, Mozambique, Burundi and the Seychelles. Saruchera said BRI was operating with $3 million that it received through a supply arrangement. He said the business used maize meal and flour and the coming in of the funding would help the business and boost agriculture sector. He said BRI would provide a ready market for farmers since at the moment companies did not have a market for their produce. "We will come up with various support schemes for farmers. At the moment we cannot specify, but the agriculture sector will benefit from the support," he said. BRI closed shop in 2012 due to funding constraints and was placed under judicial management to revive its operations. The company had a loan of $2 million that it failed to repay. It was among one of the best performing companies with its Chibataura and Ngwerewere mealie-meal brands. BRI divisions include BRI Logistics, Blue Ribbon Foods, JA Mitchells and Nutresco Foods. *(News Day)*

ZIMBABWE Stock Exchange-listed Meikles Limited will invest $100 million during the second half of the year to fund activities within the group, an official has said. In an interview yesterday, Meikles executive chairman John Moxon said the industrial holding company was performing slightly better due to the good team in the company. "We are looking at anything close to $100 million," he said. Moxon said the group had ambitions in the agricultural and hospitality industries. Meikles has invested in these divisions as well as TM more than $65 million, Moxon said. "It is not impossible that these divisions could attract substantial potential for development. It is not likely to happen in its entirety before the end of the year, but is very possible progressively over the next 18 months." He said part of the funds would be raised internally, but the bulk would come from external sources. In its full-year results, Meikles Limited said the second phase of the refurbishment of Victoria Falls Hotel would be complete by 2016. The group plans to open more mega market stores in Kwekwe, Kadoma, Chinhoyi, Chitungwiza and Bindura. Three major stores will be opened in 2016 and $6,5 million has been set aside for refurbishments. Meikles is a diversified group with interests in the mining, retail, hospitality, agriculture and financial services sectors. Moxon said the company that wanted to invest in the group's mining venture pulled out of the deal to focus on its other investments.

"Our mining venture is slow because our partners are not interested in us and I think they have got other investments in the world. We are looking for other financial partners from anywhere in the world," Moxon said. Centar Mining, a Guernsey-based investment group created by former JP Morgan banker Ian Hannam, wanted to partner Meikles in a mining venture. Centar Mining has concessions in Afghanistan and Kazakhstan and had indicated that it would invest $500 million in Meikles mining arm in 2014. Meikles mining arm purchased 75% equity in a company that owns a number of chrome claims on the Great Dyke. Meikles reported a loss of $34,4 million for the full year to March 31, 2015 from a profit of $37 million during the same period in 2015. The company owns Meikles Hotel and co-owns Victoria Falls Hotel. For the full year in 2014, the hospitality unit posted a 5% growth in revenue to $16,4 million from $15,6 million the previous year. Meikles said the hospitality unit was affected by the introduction of the 15% value-added tax on accommodation charged to foreigners. It said at least 75% of its hotel guests were foreigners. *(News Day)*

First Mutual Health has partnered Momentum Health to provide medical aid cover to an estimated 2 000 Zimbabwean students living in South Africa. Momentum Health is a South Africa-based company. The agreement was launched yesterday. Speaking at the launch of the agreement, Momentum Health's sales head for the Student Segment Healthcare Distribution Rikki Erasmus said there was need for students studying in South Africa to obtain medical aid. "That is the need of the partnership, to make sure that there is an office which can support the students because they need a South African medical scheme to obtain a study permit," Erasmus said. "The relationship with First Mutual works very well to give us that access because we do not have our own office here." Momentum Health has covered 6 060 Zimbabwean students since 2008. The partnership will see the number growing to above 8 000. The premiums that the students will be required to pay are roughly R350 per student per month for the duration of contract. This partnership comes amid the growing need of Zimbabwean students studying in South for cover, but legislation did not allow students covered from Zimbabwe to access the medical insurance. Children of current members and non-members from First Mutual Health who are studying in South Africa will receive cover through

Momentum Health. First Mutual Health general manager Stanford Sisya said the partnership came as a result of a gap in the market for medical insurance for Zimbabwean students studying in South Africa. "We identified Momentum as a partner, they are very strong in terms of medical cover. I think they are the biggest scheme that covers student health in South Africa. We continue to look for opportunities and also service gaps that are there in the market," Sisya said. "One of the gaps we identified is this issue of students in South Africa, because when you look at the current legislation in South Africa, it does not allow medical aid customers from Zimbabwe to access services in South Africa. So, students have got to obtain medical aid from South Africa." Momentum Health was accredited and endorsed by the International Education Association of South Africa (IEASA) in 1991. The scheme established a strong relationship to ensure that it supported IEASA in representing the interests of those engaged in the internationalisation of higher education in South Africa. Momentum Health covers 23 537 students from 148 different countries, at more than 1 200 different educational institutions. I(News Day)

Old Mutual Zimbabwe Limited has posted an adjusted operating profit of $33,1 million in the half year ended June 30 which is 2% from the same period last year driven by a strong performance of the banking and insurance units. Speaking at an analyst briefing in Harare yesterday, Old Mutual group chief executive officer Jonas Mushosho said the uptick in profits was mainly due to the performance of its banking and insurance businesses that contributed 32% and 43% respectively to the group's total revenue. "Our revenue grew by 4% which is $126 million and it's a very good performance when you take into account the environment. This was largely driven by the performance of our insurance and banking business," Mushosho said. "The group businesses themselves are well capitalised which is very important in this environment where you are taking in a lot of risk. It is important that you should have a strong capital base, so we are confident that we have a good footing to enable us to go into the future." The growth in Old Mutual's life insurance was attributed to higher premium incomes which came in at $73,1 million up by 3% from the previous time frame last year, and the net client cash flow was up to $27,2 million by 13% from the same time frame in 2014. The increase was due to good retention strategy and an increased distribution network. The banking business was spurred on by increased lending and advances as well as higher deposits. Loans and advances were 41% up from last year to $495,5 million. Deposits were up 36% to $719,6 million. Mushosho said the growth in the loan book was due to an increase in demand for loans and availability of funds for lending while deposits increased due to the acquisition of new clients. "We have also taken a very conservative view given the environment in which we are and we have increased the level of provision that we are making in our banking business," Mushosho said. He said the group's strength included strong governance and risk management, operational efficiency, wide integrated distribution network and commitment to creating shareholder and client value. "We have maintained a very attractive dividend policy which is in line with the Old Mutual PLC policy. We remain very committed to executing our strategy and strategy initiatives," Mushosho said. Operating expenses grew to $56,4 million from $45,8 million which Mushosho said was due to strengthening of the capital base of the life insurance and banking units. He said Old Mutual's plan for the second half of the year was to focus on defending and extending their core business, capitalising on group synergies, encouraging growth in response to the changing environment and seeking emerging opportunities.*(News Day)*

Economic News

The government's revised economic growth of 1,5 percent for the year is too ambitious and shows that the economy has stalled, with no immediate prospects for recovery, a local investment advisory firm has said. Finance minister Patrick Chinamasa last week lowered economic growth projections to 1,5 percent from the initial 3,2 percent citing a drought that lowered agriculture output by 8,2 percent, but said tourism is seen growing by five percent, mining by 3,5 pct on higher mineral output despite poor commodity prices. Zimbabwe, which holds the second largest reserves of platinum, recorded a 6.4 percent decline in production to 5.9 tonnes during the first half of the year. The southern African country's economy is suffering from chronic power shortages and lack of foreign investment, while companies are shedding workers as they struggle to pay salaries, aided by a July 17 Supreme Court ruling that lets them cut jobs on a three month notice period without the high retrenchment costs. The World Bank has said the economy will grow by one percent, but Invictus is pessimistic and has predicted the country could slip into recession later this year after Chinamasa cut revenue estimates to $3,6 billion from $3,99 billion this year, highlighting the effects of the slowdown. Government would also have to borrow $400 million to cover for the budget deficit from $125 million initially. "We do not expect the economy to recover in the near term. The recently announced midterm fiscal policy statement confirmed our fears that the economy has stalled," it said in its latest assessment of the economy. Of Chinamasa's projection, it said: "We believe that even this forecast is ambitious and expect growth to be negative this year (at -1 percent)." The poor investor sentiment is reflected on the Zimbabwe Stock Exchange, where foreign participation fell from just under 60 percent in the third quarter of last year to 30 percent in the second half of the year. Turnover has shrunk from $126 million in to $67 million over the same period. "There seems to be little appetite for Zimbabwe stocks at the moment. We expect both foreign participation and turnover to decline further till the end of the year unless something dramatic changes," said Invictus. Inflation, which stood at -2.80 percent in June, is likely to decline further and end the year around -5 percent due to tight liquidity, which is constraining consumer demand as well as the weakening of the South African rand, it said. *(The Source)*

Trade between Zimbabwe and Mozambique grew 64 percent to $725 million in two years to 2014, attributed to an operational bilateral trade agreement which gives two countries duty concessions to qualifying products. Both countries are in the Southern African Development Community — which established a free trade area in 2008 — and the qualifying products enjoy duty free entry into either nation. According to the data gathered from ZimTrade, the country's export promotion body, since 2012 total trade between the two countries has increased by 64 percent from $443 million to $725 million in 2014. Mozambique is among the fastest growing economies in sub-Saharan Africa with average annual real GDP growth of eight percent. In 2014, Mozambique had a population of 26 million with a gross domestic product (GDP) of $16 billion and a GDP per capita of $451. "This, therefore, provides a lucrative market whose logistical proximity presents tangible advantages for Zimbabwe," said ZimTrade. ZimTrade said a delegation of selected buyers from Mozambique would be in Zimbabwe from 3 to 5 November 2015 and the buyers would visit selected companies in Harare, Bulawayo and Kwekwe, depending on their product areas of interest. Recently, ZimTrade conducted a preparatory visit to Tete, Mozambique to mobilise and invite targeted buyers. It said some companies and business organisations expressed interest to do business with local companies. ZimTrade said it would match-make identified buyers with local suppliers for possible business deals. Products identified for supply to the Mozambican market include electrical goods and accessories, machinery, engineering, trailers, iron and steel products, cement, clothing, non-alcoholic beverages, boilers, twine and ropes, conveyor belts, doors and window frames.*(The Source)*

World Bank senior country economist Johannes Herderschee says protectionist measures introduced by finance minister, Patrick Chinamasa last week would not help local industry, which he said had no capacity to meet demand and needed more support for retooling and recapitalising. The minister banned the importation of second hand clothes and shoes with effect from September 1 as part of measures to help resuscitate the economy in his mid-term fiscal policy review. He also removed from travellers rebate some grocery items, saying there was no justification for their continued import since the local industry was producing such goods. "Import restrictions will go against the flow. This will raise the costs of production and make local companies uncompetitive," Herderschee told delegates at the Confederation of Zimbabwe Industries which closed at the weekend. He encouraged government to instead support companies to boost their competitiveness. "Such restrictions are supposed to be time bound. They should encourage the growth of the industry and competitiveness of the local industry," he said. Zimbabwe's trade deficit remains high, with exports in the first six months amounting to $1,23 billion compared to $3,1 billion in imports. "The current account deficit is big and it is not sustainable. But at the moment the country cannot do without imports," said Herderschee.

Central bank governor John Mangudya told the delegates that companies failing to repay bank loans will face penalties under proposed amendments to the Banking Act, which will aim to reduce the level of non-performing loans (NPLs) in the economy. NPLs ravaged the banking sector, leading to the central bank last year setting up the Zimbabwe Asset Management Corporation (Zamco), a special purpose vehicle to purchase the over $700 million toxic loans in the system to plug holes in banks' balance sheets. The level of NPLs has fallen to 14 percent from 20 percent in December last year after the closure of several highly exposed banks while Zamco has so far taken over $100 million of the bad loans. "We still have a lot of companies who are borrowing and not paying back. That is the reason why we have non-performing loans," Mangudya told delegates at the Confederation of Zimbabwe Industries which closed at the weekend. "The liquidity crunch comes because companies are not paying back." Mangudya, who said he expects to announce the mid-term monetary policy this week, added that business was letting down the banking sector by failing to keep its end of the bargain. The proposed Credit Bureau will be empowered to penalise companies that do not pay back loans, he added. "The monetary policy will look at ensuring the growth of the banking sector. Going forward we are going to amend the Banking Act," said Mangudya. *(The Source)*

Zimbabwe's government received $210 million in foreign loans for various infrastructure projects during the first half of the year, the central bank said on Wednesday. Reserve Bank of Zimbabwe Governor John Mangudya said in a monetary policy statement the Bank had negotiated with financial institutions, including regional African lenders as well as the Development Bank of Belarus.. The World Bank, International Monetary Fund and traditional Western donors have withheld support to Zimbabwe since 1999 and the southern African country is saddled with around $9 billion in foreign debt.*(Reuters)*

THE Reserve Bank of Zimbabwe (RBZ) says loan default rates in the banking sector will constitute 5% of the total loans by the end of next year as the central bank is taking measures to cleanse the banking sector of non-performing loans (NPLs). NPLs have been haunting the banking sector, reaching a peak of 20,45% last year. An NPL is the sum of borrowed money upon which the debtor has not scheduled payments for at least 90 days. As at June 30 2015, the NPL ratio (excluding the troubled Tetrad Bank) was 13,15% from 20,45% during the same period last year. RBZ governor John Mangudya yesterday said the initiatives to enhance overall credit quality in the banking sector and clear NPL's in the sector had progressed smoothly. Mangudya said the Zimbabwe Asset Management Company (Zamco) had begun the cleansing of the bank balance sheet while the full operationalisation of a credit reference system by end of year was expected to address information asymmetry challenges. "These measures will clear the banking sector of serial defaulters while concomitantly fostering a sound credit culture.

Against this background, all banking institutions are expected to work towards a target NPL ratio of less than 10% by 30 June 2016 and 5% by December 31 2016,"Mangudya said. Mangudya said Zamco had taken NPLs across the banking sector amounting to $188 million translating to 77% of the total portfolio that offered for sale to Zamco in the first phase. "To date Zamco has acquired $157 million of NPL's and is currently at an advanced stage in concluding the restructuring of transactions of four distressed companies through acquisition of their banks debts amounting to $58 million. These transactions are expected to be consummated before the end of the third quarter of 2015," he said. Zamco was set up by the central bank as a special purpose vehicle to house NPLs in the banking sector which has resulted in a credit crunch with the sector no longer lending to the economy. Rising defaults have seen banks obtaining writs of execution and attach properties and assets of defaulters. *(News Day)*

Zimbabwe's banks have agreed to lower their interest rates, which currently go as high as 30 percent, with effect from October 1 in terms of guidelines agreed with the central bank, Bank chief John Mangudya announced on Wednesday. The guidelines, revealed in a monetary policy statement issued on Wednesday, will apply on existing and future lending, Mangudya said. "In view of high interest rates currently obtaining in the economy, there is scope for reduction to ensure that lending rates are supportive of economic recovery," the central bank governor said in his statement. "Within the broader policy to streamline costs of doing business and stimulate economic activity through affordable credit facilities in the domestic banking system, the following interest rate guidelines…have been agreed between the Bankers Association of Zimbabwe (BAZ) and the Reserve Bank." In terms of the interest rate framework, lending to productive sectors would range from 6 percent to 18 percent per annum, depending on the borrower's risk profile. Housing finance would attract rates ranging from 8 percent to 16 percent per annum, while rates between 10 percent and 18 percent would apply to consumptive lending. Defaulting borrowers would be liable to a penalty rate of 3-8 percent above the relevant lending rate, the central bank statement said. "The downward review in bank charges and interest rates are envisaged to achieve the key objectives of stimulating aggregate demand, promote the resuscitation of industry, improve the cost of doing business and support sustained economic growth and development and thereby going beyond stabilization," Mangudya said. "The agreed interest rate guidelines should also act as an incentive for borrowers to timely service their loans, improve their risk rating and access cheaper financing from banks.

Overall, this interest rate structure is expected to benefit both banks and the banking public." Total banking sector deposits increased by 14.2 percent from $4.9 billion on 30 June 2014 to $5.6 billion as at 30 June 2015. Short-term demand deposits continue to dominate, making up 55 percent of the total. Total banking sector loans and advances edged up from $3.8 billion as at 30 June 2014 to $4 billion as at 30 June 2015, translating to a 71.4 percent loan-to-deposit ratio. The banking sector's lending remains largely skewed towards individuals, who hog 26 percent of total loans, followed by services (19 percent), agriculture (17 percent), manufacturing (11 percent), financial firms (9 percent), distribution (8 percent), mining (5 percent), construction (3 percent), transport and communication at two percent each. Mangudya observed that depressed lending to capital intensive sectors such as construction, communication, mining and the manufacturing sector reflects the limited capacity of banking institutions to provide long-term funding, which the sectors typically require, as well as the short term nature of deposits. The banking sector's aggregate ratio of non-performing loans to total loans improved from a peak of 20.45 percent in June 2014 to 14.52 percent as at 30 June 2015, the central bank said. The central bank's special purpose vehicle created to mop up bad loans from the banking system, the Zimbabwe Asset Management Company (ZAMCO) has so far bought up $157 million of non-performing loans and will, by the third quarter of 2015 have taken over the debt of four distressed companies amounting to $58 million, Mangudya said.

As it bids to reduce credit risk in the economy, the central bank announced it had also created a credit registry and a credit reference system (CRS) unit within its bank supervision division. "The credit registry will promote efficient, timely and accurate credit information sharing, thereby enhancing credit risk management, governance systems and fostering credit discipline in the market," Mangudya said. "The implementation of the credit reference system is expected to rid the market of serial defaulters, deal with the generally lax credit culture which is currently rampant in the country and reduce over indebtedness." The CRS will collect credit information from all banking institutions and microfinance institutions and serve as a databank for licensed private credit reference bureaus. *(Source)*

ZIMBABWE is mulling plans to start exporting its products to the multi-billion Swedish market to raise more foreign currency to boost the economy. ZimTrade together with the Swedish Embassy in Zimbabwe and Open Trade Gate Sweden (OTGS), will next month host a one- day seminar on how to export to Sweden. This comes as the country is importing more than it was exporting with the trade deficit widening to $1,83 billion in the six months to June from $1,76 billion during the same period last year. The seminar seeks to raise awareness on the rules and requirements for exporting from Zimbabwe to Sweden as well as to the European Union. "Furthermore, the seminar will provide requisite market intelligence to assist Zimbabwean companies with a potential to penetrate these markets," ZimTrade said. OTGS is a free of charge one-stop information centre that was set up by the Swedish government as a public service to exporters from developing countries. "Based on an analysis of Swedish imports, sectors identified for possible export to Sweden by Zimbabwe are fresh produce, processed foods, clothing and textiles, among others. Companies in these sectors are encouraged to participate in the seminar," ZimTrade said. According to TradeMap, Sweden imported $1,97 billion worth of fresh produce, $5,56 billion of processed foods and $4,9 billion of clothing and textiles from the world in 2014. ZimTrade said companies with potential to export to Sweden were urged to utilise the Zimbabwe-EU Business Information Centre, which is housed at ZimTrade. The centre provides up-to-date information on accessing the EU market. *(News Day)*

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