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	20-Nov-15	27-Nov-15	Local	USD	31-Dec-14	Local	USD
Botswana	DCI	10593.82	10610.68	0.16%	0.25%	9,501.60	11.67%	-0.58%
Egypt	CASE 30	6568.97	6427.82	-2.15%	-2.15%	8,942.65	-28.12%	-34.35%
Ghana	GSE Comp Index	1972.64	1975.21	0.13%	1.41%	2,287.32	-13.65%	-26.97%
Ivory Coast	BRVM Composite	308.52	306.40	-0.69%	-1.62%	258.08	18.72%	3.50%
Kenya	NSE 20	3992.58	3994.56	0.05%	0.26%	5,112.65	-21.87%	-30.51%
Malawi	Malawi All Share	15122.06	15122.06	0.00%	-2.05%	14,886.12	1.58%	-20.87%
Mauritius	SEMDEX	1816.34	1822.74	0.35%	0.36%	2,073.72	-12.10%	-23.25%
	SEM 10	347.25	351.06	1.10%	1.10%	385.80	-9.00%	-20.55%
Namibia	Overall Index	979.16	954.98	-2.47%	-3.05%	1,098.03	-13.03%	-28.90%
Nigeria	Nigeria All Share	28131.28	27617.45	-1.83%	-1.87%	34,657.15	-20.31%	-26.49%
Swaziland	All Share	313.53	314.09	0.18%	-0.42%	298.10	5.36%	-13.86%
Tanzania	TSI	4631.48	4598.47	-0.71%	-1.09%	4,527.61	1.57%	-18.34%
Zambia	LUSE All Share	5751.76	5736.65	-0.26%	1.06%	6,160.66	-6.88%	-48.49%
Zimbabwe	Industrial Index	120.57	117.64	-2.43%	-2.43%	162.79	-27.74%	-27.74%
	Mining Index	22.33	22.33	0.00%	0.00%	71.71	-68.86%	-68.86%

CURRENCIES

Cur-rency	20-Nov-15 Close	27-Nov-15 Close	WTD % Change	YTD % Change
BWP	10.59	10.58	-0.09	-10.97
EGP	7.81	7.81	-0.00	-8.66
GHS	3.81	3.76	-1.26	-15.44
CFA	613.21	619.00	0.94	-12.82
KES	100.33	100.12	-0.21	-11.06
MWK	582.33	594.50	2.09	-22.11
MUR	34.85	34.85	-0.01	-12.69
NAD	14.11	14.19	0.60	-18.25
NGN	196.11	196.20	0.04	-7.75
SZL	14.11	14.19	0.60	-18.25
TZS	2,107.35	2,115.49	0.39	-19.59
ZMW	11.63	11.48	-1.31	-44.69

SECURITIES AFRICA

Botswana

Corporate News

No Corporate News This Week

Economic News

Botswana will award a contract to build a 300 megawatt (MW) coal-fired power station this week that could transform the southern African nation to be an exporter of electricity by 2018, the mining and energy minister said on Monday. "Hopefully the decision will be made by Thursday," Mining, energy and water minister Kitso Mokaila told a diamond conference in Gaborone, adding that construction on the Morupule plant could start next year. Botswana, which is facing both electricity and water shortages, slashed its 2015 growth forecasts by almost half to 2.6 percent in September due mainly to a drop in diamond prices. Botswana is the world's top producer of diamonds by value. The Morupule plant, which is expected to take three years to build, will lift power generation to more than 1,000 MW, well above a national demand of about 610 MW, said Mokaila. Mokaila said Botswana will start drawing water from the nearby Lesotho as a regional drought worsens and hit water levels at its main water reservoir - the Gaborone dam. The land-locked Lesotho, a mountainous country completely encircled by South Africa, supplies piped water to its much bigger neighbour. Mokaila said Botswana had negotiated to be part of the water supply from Lesotho. *(Reuters)*

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Egypt

Corporate News

Egypt's Orascom Construction Ltd posted third-quarter net income of $24.5 million, the company said on Monday. The engineering and building business, which is dual listed in Cairo and Dubai, reported revenue of $1.145 billion. *(Reuters)*

Pioneers Holdings' nine-month net profit was 400 million Egyptian pounds ($51.09 million) after taxes and minority interests, up from 202 million Egyptian pounds in the same period last year, the company said on Thursday. Operating revenues for the period were 3.9 billion Egyptian pounds, up from 1.8 billion during the same period last year, a statement on the Egyptian bourse said. *(Reuters)*

Economic News

Yields on Egypt's nine-month treasury bills dropped marginally while yields on three-month bills rose slightly at Sunday's auction, the central bank said. The average yield on Egypt's 91-day bill dropped to 11.209 percent from 11.213 percent at the last auction on Nov. 15. The 266-day bill increased slightly to 11.619 percent from 11.617 at a similar auction on Nov. 15. *(Reuters)*

Egypt will stick with buying its poultry domestically, turning its back completely on international tenders and bowing to pressure from its local producers, traders said on Monday. The ministry of supplies said it will sign a protocol on Tuesday with the Egyptian Poultry Association to supply chicken at government cooperatives, just two weeks after holding its first-ever international tender for poultry. Earlier this month the ministry said that Egypt's state buyer, the General Authority for Supply Commodities (GASC) would import a broader array of essential items, including poultry and meat, in order to counter rising prices. Egypt's urban consumer inflation jumped to 9.7 percent in October on the back of rising food prices. Earlier in the month President Abdel Fattah al-Sisi said the government would take action to counter price increases. GASC's decision to tender for poultry upset local industry, which then offered to match the prices offered by companies that had submitted bids in the tender, one trader said. Egypt's local press reported last week that an offer from a U.S. company had been accepted to supply 500 tonnes of poultry, but GASC has yet to announce details of the deal, leading many traders to believe it would be canceled. The decision to instead procure poultry locally raises questions over whether the importing body will be able to expand its mandate without running into fierce resistance from local industries that employ thousands of workers. The ministry of supplies declined to comment. *(Reuters)*

Egypt has secured a first tranche of financing for an 8-billion-euro ($8.5 billion) plan for power plants to be built by Siemens, the company and electricity ministry said. A consortium of banks has agreed to supply credit for the Beni Suef natural gas-fired combined cycle power plant, the first of three planned plants, a spokesman for Munich-based Siemens said on Monday. Two agreements, worth 2 billion euros in total, were signed by Siemens and El Sewedy Electric, the electricity ministry said in a statement. The project is expected to start operations in 2016, with full production by April 2018. The 8-billion-euro deal was signed in June and marked the single biggest order in Siemens' history. It is designed to boost Egypt's electricity generation by 50 percent. The plan calls for three combined-cycle power plants with a capacity of 4,800 megawatts each plus 12 wind farms. *(Reuters)*

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Egypt's central bank said on Monday it had sold $1.77 billion in one-year treasury bills at an average yield of 2.837 percent. Egypt last sold $728.5 million in one-year treasury bills at an auction in June with an average yield of 2.837 percent. The government has mostly relied on the local money market to finance its deficit since early 2011, when an uprising unleashed a prolonged period of political and economic volatility that deterred many foreign investors. *(Reuters)*

Egypt will control the prices of 10 essential commodities, a statement from the Prime Minister's office said on Monday, as the country tries to keep inflation in check amid a shortage of foreign currency. The list includes livestock and frozen meat, poultry, fish, oils, sugar, rice, beans, corn, soybean and wheat. The statement did not specify what measures would be taken to keep prices under control. It follows a speech this month by President Abdel Fattah al-Sisi promising greater state intervention in curbing price rises. Egypt's annual consumer inflation rose to 9.7 percent in October, from 9.2 percent in September. The ministry of supplies recently said Egypt's grain buyer, the General Authority for Supply Commodities (GASC), would begin importing a broader array of essential goods to push down prices. GASC launched its first international tender for poultry earlier this month, but pressure from the local poultry industry has made the body backtrack on plans to continue tendering, traders say. Monday's statement also said the state would negotiate for various goods that it would supply through distribution points. Egypt has 5,333 such distribution points, it said. "A contract for 800,000 heads of cattle has been made, which will contribute to supplying fresh meat at the price of 50 Egyptian pounds ($6.39) per kilo," the statement said. The price for fresh meat currently hovers around 100 Egyptian pounds per kilo. *(Egypt.com)*

Egypt, one of the world's biggest importers of wheat, has enough strategic reserves of the grain to last until April 23, supply minister Khaled Hanafi told Reuters on Thursday. His comments came a day after Egypt's state grain buyer bought 240,000 tonnes of French, Russian and Romanian wheat in a tender for Dec. 21-31 shipment. (Reuters)

The Egyptian pound was stable at a dollar sale on Thursday, with the central bank selling $37.1 million at a cut-off price of 7.7301 pounds per dollar, with the currency also steady on the parallel market. Earlier this month the central bank surprised the market by strengthening the pound by 20 piasters from 7.9301 pounds to the dollar. The official cut-off price was unchanged from Sunday's dollar sale, but two traders said the dollar changed hands at 8.59/.61 pounds in the parallel market on Thursday, compared with 8.60 pounds on Tuesday. Egypt announced in October that Hesham Ramez would be replaced as central bank governor this month by senior banker Tarek Amer. The move was welcomed by traders, who expect a new approach to the country's currency crisis. Cairo has sought to tame a once-thriving currency black market with measures such as a cap on dollar-denominated bank deposits. The central bank gave permission in January to trade dollars up to 0.10 pounds above or below the official rate, with currency exchange bureaux allowed to trade at 0.15 pounds above or below the official rate. *(Reuters)*

Ghana

Corporate News

As many as 19 out of 36 firms listed on the Ghana Stock Exchange have so far recorded dips in the earnings per share, indicating the difficult times the economy has been facing this year. As a result, their market capitalization has also shrunk considerably with investors losing huge funds as a result of capital loss, Business Finder can confirm. According to SIC Financial Services Limited's weekly report of the capital market, SIC and UT Banks are the biggest losers on the Accra bourse this year with -64.0 percent drop in their share prices as at Friday November 14, 2015. While SIC has seen its share price going down from 37 pesewas in January 2015 to 13 pesewas per share, UT on the other hand has witnessed a decline in its share price from 25 pesewas at the beginning of the year to 10 pesewas per share, indicating the huge capital losses by investors.

With the exception of Trust Bank Gambia and Ecobank Transactional Incorporated, parent company of Ecobank Ghana, all the banking stocks listed on the GSE have witnessed reduction in their values. Despite the takeover of the bank by Caribbean investor, Republic Bank, HFC Bank has witnessed a decline in its share price from GH¢1.50 at the beginning of 2015 to 78 pesewas per share now. GCB, CAL, Stanchart, Societe Generale and Ecobank Ghana have all seen their share prices dip by 29.43; 21.78; 19.90; 21.0 and 7.8 per cent respectively. As at November 14, they were trading at GH¢3.74; 79 pesewas; GH¢16.30; 79 pesewas; and GH¢7.00 per share respectively.

Regarding consumer goods, Unilever Ghana was the only loser, declining by 26.45 per cent since January 1, 2015. It is hovering around GH¢7.87 per share on the Accra bourse. PZ Cussons and ice cream gaint Fanmilk have however appreciated in value by 13.33 and 40.0 percent respectively while African Champions Industries, formerly Super Paper Products Company has witnessed no change in value. Enterprise Group Limited however witnessed 25.21 per cent increase in capital gain since January 1, 2015, trading at GH¢2.20 per share. Also, the aluminium sector saw a 300 per cent growth in capital gain by aluminium smelter Aluworks but a 16.67 percent drop in its share price by Pioneer Kitchenware Limited. With regard to the petroleum industry, Tullow and Total have all recorded declines in their share prices by 6.0 and 13.2 percent respectively since the beginning of the year. GOIL has however witnessed an increase in its share price by 29.52 percent, trading at GH¢1.36 per share. Canadian mining firm, Golden Star Resources however recorded a 14.96 per cent drop in its share price since January 1, 2015 on the GSE.

The GSE Composite Index which measures the average performance of the listed firms ended last Friday November 14, 2015 with -12.50 percent year-to-date while the GSE Financial Stock Index ended the same day with -2.18 percent annual return. The market capitalization stood at US$16.35 billion or GH¢62 billion. Despite recording a negative return in the first quarter of this year, the GSE bounced back in performance to record a positive year-to-date for investors at the end of the first half. In 2014, the GSE Composite Index ended the year with 5.4 percent return for investors. 14 companies recorded gains. Out of this, 7 were financial stocks, 3 in the manufacturing sector and 3 in the oil industry. 17 companies however recorded losses including 4 financial stocks. *(Ghana Web)*

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Economic News

Ghana's cocoa production is projected to hit 850,000 tonnes this year, up from the 732,000 tonnes produced last year. The Public Affairs Manager of COCOBOD, Noah K. Amenyah, who disclosed this, attributed the projected increase in cocoa production to good weather and rainfall. Amenyah disclosed this in an interview with The Ghanaian Times, when the United States Deputy Secretary of Agriculture, Krysta Harden, paid a working visit to a cocoa farm here. Ms. Harden is leading a trade mission on a three-day visit to Ghana to expand export and import opportunities for US agriculture in the country and sub-Saharan Africa, forge relationships and learn about the market conditions and business environment in the region. She is accompanied by leaders from five State Departments of Agriculture and representatives of 26 US agri-businesses and organisations. As part of the visit, Ms Harden will sign a Food for Progress agreement with the government of Ghana, a $56-millon five-year project aimed at revamping the poultry industry. Mr. Amenyah explained that the production levels which had been recorded so far this year were very encouraging and the country would meet the production target set. He attributed the drop in production level to 732, 000 tonnes last year from the one million tonnes recorded in 2009, to "fatigue in production". He said, "After recording a bumper harvest, fatigue in production sets in the following year, and that accounted for the fall in production recorded last year". Mr. Amenyah said the cocoa trees had overcome the fatigue in production and production was expected to pick up this year and the subsequent years.

The Public Affairs Manager said COCOBOD has launched a study to assess the impact of mining on the cocoa industry, saying the activities of illegal mining operators were having a toll on cocoa in the country. He commended Ms. Krysta for deciding a cocoa farm to see at hand the process of cocoa production. Ms. Harden, in an interview with the media, said she is in the country to seek for export and import investment opportunities in the agricultural sector, particularly in the areas of poultry exports to Ghana and fresh fruit export to the U.S. "Sub-Saharan Africa's strong economic outlook, growing middle class, and surging demand for consumer-oriented food creates a promising market for U.S food and agricultural products," she said, adding that "over the past decade, U.S agricultural exports to this region increased more than 50 percent, totalling $2.3 billion in 2014". She said U.S agricultural exports to Ghana last year, amounted to $129 million.

On the visit to the cocoa farm, she said it was to afford her the opportunity to observe the process involved in cocoa production from planting to harvesting as well as the challenges the farmers go through. Ms. Harden commended the farmers for their hard work and which kept constant quality cocoa supply to the international market. The Chief of Party of World Cocoa Foundation African Cocoa Initiative said his outfit had collaborated with the United States Department of Agriculture and United States Agencies for International Development to train and build the capacity of farmers to enhance productivity in cocoa production. He disclosed that the two US organisations had funded the WCF to conduct a study to collect the DNA of 10,000 cocoa trees across the Sub-Saharan Africa for cross-breeding to support the development quality of hybrid cocoa seeds which produce higher yields. *(Ghana Web)*

The government will today issue a five-year long-term bond to raise GH¢500 million through the Ghana Stock Exchange as part of measures to move away from short term instruments and restructure the tenor (maturity period) of the country's domestic debt. The bond, with a face value of GH¢1, is targeted at resident and non-resident investors, especially institutional investors such as pension funds, insurance companies and other long term investment and mutual funds which will have the opportunity to bid for a minimum of GH¢50,000 and thereafter in multiples of GH¢1,000.

The Minister of Finance, Mr. Seth Terkper, who disclosed this to the Daily Graphic in an interview, said three financial institutions, Barclays Bank, Strategic African Securities (SAS) and Stanbic Bank, had been selected as the book runners (managers of the issuance) of the bond which is expected to mature in the year 2020. The minister said in the past, the country raised funds through short-dated instruments such as the 90-day, 182-day treasury bills and the one-year notes, with the longest being five years. Such durations stifle the government's ability to finance debts and denies it the fiscal space with which to direct some resources to capital projects. Overtime, borrowing from the domestic market through short- term instruments has increased the government's debt servicing cost, as the debts quickly become due. In addition, it denies the private sector of the needed funds from banks, which also use their funds to invest in such assets, a phenomenon commonly known as "crowding out the private sector."

This bond issue is thus part of a new debt management initiative by the government which seeks to raise funds through long-term instruments, with the domestic ones being bonds, preferably listed on the stock exchange. Mr. Terkper explained that the current plan was to increase the maturity period (tenor) of the domestic bonds to seven years or more. The idea, he explained, was to use it to fund capital projects for a long-term period and principal repayment would be done in bullets, that is, a lump sum payment at the end of the five years. He said that in the raising of bonds for capital or commercial projects, it was not advisable to use short-term instruments since the project would not even be completed by the time the treasuries mature. "But a long-term bond of 10 years or 15 years is the best option in targeting projects that could pay for themselves in the end," the finance minister stated. For that reason, he added, one could consider raising funding from funds such as the pension funds, mutual funds and individual pension funds.

Mr. Terkper said the fund managers could target those funds to be traded on the stock exchange using the same methods that Ghana had been using when it issued sovereign bonds, for instance, on the Irish Stock Exchange. "The innovation here is using the stock exchange just as we use the sovereign bonds," he said.Mr. Terkper said the book-building opens tomorrow and that the book would be closed on Thursday when the final pricing and allocation would be done. He said that settlement and issuance would be done on Monday, November 30, 2015. *(Ghana Web)*

Ghana has been ranked 111th most competitive economy in the world in the 2015 World Economic Forum's Global Competitiveness Index (GCI) report. This places the Ghanaian economy 14th in Africa. The report, which assesses 144 countries including 38 African countries, placed Ghana behind Mauritius, South Africa, Rwanda, Morocco, Botswana, Algeria, Tunisia, Namibia, Kenya, Seychelles, Zambia, Gabon and Lesotho. The report assesses the economies based on 12 key pillars: namely institutions, infrastructure, macroeconomic environment, health and primary education, higher education, goods market efficiency, labour market efficiency, financial market, technological readiness, and market size. The 12 key pillars are further categorised under three sub-indexes: namely basic requirements, efficiency enhancers, and innovation and sophistication factors. The basic requirements as per the report include: institutions, infrastructure, macroeconomic environment, and health and primary education. The efficiency enhancers also include: higher education, goods market efficiency, labour maket efficiency, technological readiness, and market size.

The third sub-index -- innovation and sophistication factors -- include: business sophistication and innovation. A critical scrutiny at the report shows Ghana performed unsatisfactorily under the basic requirement category. With a barometer of 7, the economy scored 3.9 in institutions, 3 in infrastructure, 3.4 in macroeconomic environment, and 4.5 in health and primary education. According to the report, the quality of institutions has actually been deteriorating in both OECD and African economies according to the GCI. This, the report says, might explain in part why Africa's competitiveness seems to have stagnated in comparison to OECD economies. "In Africa, a decline of security and government efficiency -- two components of the public institutions sub-pillar -- would appear to be at the core of this decline. Sound public institutions and governance are an important prerequisite for economic development; against this backdrop, their weakening -- as indicated by the data -- raises questions about whether the fundamentals are in a position that will put growth on a sustainable footing," states the report. This suggests that more effort should be made to increase the capacity of institutional frameworks, as they provide a critical foundation for the other dimensions of competitiveness. Commenting on infrastructure, which recorded the least growth in this category, the report cited "unreliable electricity supply" as the major bottleneck hampering the continent's transition to higher-value-added activities, adding that Africa -- based on a sample of 48 economies -- generates roughly the same power as Spain, although Africa's population is nearing 1.1 billion while there are only 49 million people in Spain.

Clearly, Ghana is not left out of this serious challenge, as the country is experiencing power shortfalls like never before. The country currently sheds between 400-600MW of power daily, which has been blamed for low productivity and job-losses. In the area of macroeconomic stability, Ghana scored 3.4 -- reflecting the country's poor macroeconomic stability. Current inflation rate stands at 17.4 percent against the end of the year target of 13.7 percent. The GDP growth rate initially slated at 3.9 percent was revised to 3.5 percent after the start of a three-year IMF budgetary support programme. The monetary policy rate was recently increased by 100 percentage points to 26 percent. The local currency is also unstable against the major trading currencies, notably the dollar. Overall, Ghana was ranked 123 and scored 3.68 in the basic requirements sub-index. On the efficiency enhancers sub-index, Ghana ranked 89 and scored 3.78; and was ranked 68 in innovation and sophistication factors with a mark of 3.62, all culminating in 111th on the GCI.

The report recommends that for Africa as a whole to climb on the GCI, quality of education must be increased as it is essential to raising productivity across all sectors. Reducing barriers of trade is another recommendation made by the report. The report states: "The reduction of barriers remains a critical component for increasing Africa's competitiveness. Beyond the poor quality of physical infrastructure and high tariffs, estimates show that 60 to 90 percent of trade costs relate to non-tariff measures". Another recommendation is that governments must develop and improve transport and ICT infrastructure, since unreliable energy, an ineffective urban-rural road network, and inefficient ports are the main impediments to better performance of the agriculture sector. *(Ghana Web)*

Ghana's producer price inflation fell to 2.8 percent in October from a revised 4.8 percent in September, continuing a downward trend, the statistics office said on Wednesday. The fall reflects apparent progress for the West African country in stabilizing its economy. Ghana is following an International Monetary Fund aid programme to resolve problems that include consumer inflation persistently above target. *(Reuters)*

Ghana sold 516.5 million cedis ($135.2 million) worth of domestic bonds at a yield of 24 percent on Thursday in a debut book running debt issue that mainly targeted institutional investors, transaction arrangers said. The government introduced the system in August to complement the central bank auction system and appointed Barclays Bank Ghana, Stanbic Bank Ghana and Strategic African Securities to serve as joint book runners to rally investors. Total bids received for the bond, open to offshore investors, amounted to 644.03 million cedis with coupons ranging between 23.5 percent and 24.75 percent, Barclays Ghana Limited said in a statement. A similar debt issued by the central bank in March attracted a 21 percent yield.

Thursday's higher yield reflects Ghana's economic problems which forced the central bank to hike its benchmark interest rate to 26 percent this month. Ghana, which exports cocoa, gold and oil, is currently under a three-year programme with the International Monetary Fund to restore fiscal balance. The economy is dogged by deficits, high interest rates and a widening public debt stock.. *(Reuters)*

Kenya

Corporate News

Kenyan telco Safaricom and carrier British Airways have partnered to boost Small and Medium Sized Enterprises (SMEs) by offering them access to international markets or a chance to source their supplies at the most affordable rates. Dubbed Emerging Enterprise Initiative, it will complement the airline's already existing On Business programme which offers travel savings to SMEs based on their loyalty as well as cash discounts on selected flights and bonuses. Firms of up to 50 employees have been asked to submit applications and win British Airways sponsored club class air trips to London and airtime worth Sh500,000 from Safaricom. SME owners, including start-ups, are required to submit essays detailing how their businesses would benefit from a trip to any of the 114 destinations where the airline flies to around the world. The applications will be judged and the best five will have an opportunity to fulfil their aspirations of traveling to the business destination of their choice. "A club class ticket on a normal day costs $3,000 and they will be getting this free of charge. In addition, each of the chosen SME's will get Sh100,000 airtime from Safaricom to help meet their business communication needs," said George Mawadri,

British Airways commercial manager for East and Central Africa. Mr. Mawadri said that to be eligible, participants should be registered on the British Airways On Business programme and companies can submit the Emerging Enterprises entries online on their website. Safaricom's Head of SME and Channels Arjun Singh Dhillon said that start-ups are the fastest growing companies within SMEs and they have identified their needs hence the move to help them grow. He said that they already have 115,000 SMEs registered on Safaricom's Zidisha Biashara service (another requirement for participating companies). "This initiative will empower our SMEs to get to the next level by affording them much needed exposure and ability to communicate through affordable voice and data services. Technology has localised the global market and it is necessary for service providers to form strategic partnerships to ensure customers transact business in the most timely and cost effective way," he said. *(Business Daily)*

Diamond Trust Bank (DTB) recorded an 11.5 per cent growth in after tax profit for the nine months ended September, boosted by regional operations. The listed lender's net profit stood at Sh4.7 billion in the period compared to Sh4.2 billion posted a year earlier. Subsidiary operations contributed Sh1.3 billion to the bank's bottom-line, up from Sh1 billion in September 2014. This saw their share of the overall profit rise to 28.4 per cent from 25.4 per cent. "Our subsidiaries have shown strong performance with an increase in market share in the different countries," said the bank's head of finance and planning, Alkarim Jiwa. DTB has regional operations in Tanzania, Uganda and Burundi. The bank has been deepening its presence in regional markets with an aim of growing its branch network to over 120 by year end. In Kenya, the bank intends to grow its network to 56 branches from the current 51, and 39 branches in Uganda from 33. It operates 22 outlets in Tanzania and four in Burundi. "Of the listed banks, DTB's regional diversity in terms of income contribution stands out," noted Standard Investment Bank.

The lender, majority owned by the Aga Khan Fund for Economic Development (AKFED), has said it is targeting to open operations in the Democratic Republic of Congo, Madagascar and Rwanda. DTB's loan book expanded by Sh46 billion to Sh172 billion representing a 21.2 per cent increase in interest income to Sh18.3 billion. Its deposit base increased by Sh26 billion to Sh175 billion. Interest expenses grew at a faster pace, 29.3 per cent, underlining the recent rise in the cost of funds. The mid-tier lender however took a hit from the high interest rates with its bad loan book growing by Sh400 million in the three months to September to Sh2.7 billion. This forced the bank to double its loan loss provision during the period to Sh1.3 billion, affecting its bottom-line. The bank's debt position increased by Sh5 billion in the three months to September, pushing its borrowed funds to Sh24.6 billion and exposing it to higher financing costs. Mr. Jiwa attributed the debt increase to the uptake of short term loans for financing its trade finance business. *(Business Daily)*

Kenya's Nation Media Group, the biggest newspaper publisher in East Africa, is testing a new press to meet rising demand for its titles on a continent where print media is still growing, its chief executive said. Unlike more developed parts of the world, where news consumers have been moving online, sales of printed newspapers are still growing in Kenya and the region, mainly due to shaky Internet infrastructure that curbs access to the web. Many Kenyans and other Africans still rely on basic mobile phones that do not support apps to read news on the move. Nation Media CEO Joe Muganda, appointed in July, told Reuters that its publications, including the Daily Nation in Kenya and The East African regional weekly, still account for more than 80 percent of group revenue. "It is still a solid business. People are still buying newspapers," he said in his Nairobi office. By comparison, Nation Media's digital business, which includes several websites, was gaining traffic but accounted for less than 5 percent of revenue, reflecting the challenge of turning digital audiences into revenue streams. The company's new 2 billion shilling ($19.60 million) printing press, to be commissioned early next month, will improve the quality of Nation Media's newspapers by offering better resolution and other benefits, Muganda said.

"We wouldn't do that if we had any doubts about our newspaper business," he said, citing 5 percent annual growth in the circulation of its weekend Kenyan title, Saturday Nation. The company, which posted a pretax profit of 1.43 billion shillings for the first six months of this year, expects its business in Tanzania, where it publishes a daily, to be buoyed this year by advertisements during campaigns for presidential and parliamentary election in October, Muganda said. Nation, which also runs television and radio stations, was recovering losses from shutting down its Kenyan TV stations for several weeks in February. Four Kenyan TV stations, including two belonging to Nation Media, went off air for 19 days after the government switched off analogue signals, leading to advertising losses. "The second half will be better than the first half," Muganda said. Muganda said that Nation, which is controlled by the Aga Khan, spiritual leader of the Ismaili Muslims, will focus on consolidating its existing businesses next year and developing new content. "We are going to live or die by our content," he said. *(Reuters)*

Kenya's NIC Bank achieved an 8.5 percent rise in pretax profit for the first nine months of this year to 5.146 billion shillings ($50.43 million), the lender said on Wednesday. The bank, which also operates in Uganda and Tanzania, said net interest income rose by more than 1 billion shillings to 7 billion shillings on the back of growth in lending. Earnings per share edged up to 5.61 shillings from 5.58 shillings in the corresponding period last year. *(Reuters)*

Standard Chartered Bank of Kenya, a unit of Standard Chartered Plc, said on Wednesday its nine-month pretax profit fell 20 percent as it set aside more money for bad loans and operating costs jumped. The bank said group pretax profit fell to 8.96 billion shillings ($87.8 million) for the nine-months ended Sept. 30 from 11.22 billion shillings a year earlier. Loan-loss provisions rose nearly 50 percent to 1.69 billion shillings, while operating expenses increased about 15 percent to 9.84 billion shillings. The bank said its exposure to net non-performing loans stood at 545.8 million shillings at the end of September, lower than the 898.9 million shillings a year earlier. Group net interest income also rose slightly to 13.47 billion shillings from 13.31 billion shillings. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Crown Paints will open a Sh400 million plant in Kisumu in January to cut costs and capture a larger share of the growing real estate market in the western region. The company is seeking to increase its output as well as reduce cost of transporting paint from its Nairobi plant. The Nairobi Securities Exchange-listed company will now supply all the counties in the area from the new plant that will be fully automated with a capacity of 1.3 million litres per month. Currently, Crown produces 2.3 million litres of paint per month. "Forty per cent of our sales come from this region and this plant will enable us serve the area better," said chief executive Rakesh Rao.

"We are also spending a lot to transport the paint from Nairobi. But 70 per cent of paint is water so we are spending a lot to transport water." The areas, especially Kisumu and Eldoret in Uasin Gishu, have seen huge growth in real estate development providing a good future market for the paints maker. Developers have been flocking to the lakeside town with several companies announcing plans for major projects. Coromandele Investment Ltd, a Swedish developer, last year announced it was putting up 30 villas priced at Sh38.5 million and Sh48.5 million at Riat Hills, three kilometres from Kisumu International Airport. Home Afrika, a listed real estate firm, also plans to build a gated community in the same area. The firm has bought a 72-acre piece of land which it's still selling to buyers wishing to build holiday homes. Government-owned National Housing Corporation, which will put up 3,000 housing units using the proceeds of a Sh5 billion bond, is also targeting Kisumu. *(Business Daily)*

Kenya Power is set to establish a new subsidiary to handle its telecommunications business which includes a fibre optic network laid across the country. The NSE-listed firm has indicated that it would, in its annual general meeting set for December 22, seek shareholder approval to incorporate the Kenya Power International Limited. This new company will handle Kenya Power's telecoms business as well as spearhead the transformation of its energy research institute into a fully-fledged university. "The purpose of such a subsidiary being to operate and run the business of the company's telecommunications business unit," reads one of the proposed special resolutions for the upcoming AGM. "(The subsidiary will also) actualise the vision of the Institute of Energy Studies and Research towards establishing a university of excellence in the energy sector." Kenya Power has since 2010 fixed over 1,800 kilometres of fibre optics along its high-voltage power lines — traversing through 24 of Kenya's 47 counties — and is seeking to extend this to all regions. The State-owned utility firm earned Sh259.4 million in revenue in the year ended June from leasing out extra capacity on its fibre optic network, an income line it now intends to grow to Sh1 billion by 2017.

The power firm mainly uses the high-speed Internet network to manage its national grid. The firm does not, however, use all the capacity and has over the years been leasing out the extra capabilities to mobile telecommunication firms and Internet service providers. Kenya Power in 2002 was licensed as a network facility provider by the communications sector regulator allowing it to its lease excess broadband capacity to players in the telecoms industry. Its current customers include Safaricom, Liquid Telecom, Jamii Telecommunications, Wananchi Group and Airtel. The new subsidiary will also oversee the elevation of the Kenya Power's Institute of Energy Studies and Research, which is located in Ruaraka, into a regional power training hub. Kenya Power uses the 58-year-old training institute to meet its internal research and training needs but is now looking to elevate it to becoming a regional centre for training in power generation, transmission, distribution and interconnectivity. The power distributor in March partnered with the Jomo Kenyatta University of Agriculture and Technology in a deal that will see the two entities collaborate in research, training, and technological innovations. *(Business Daily)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Economic News

The foreign exchange reserves kept by the Central Bank of Kenya (CBK) have fallen by more than Sh15 billion ($151 million) in two weeks. Analysts have observed that since last week CBK has been out of the forex market in terms of injections due to reduced dollar demand as the year comes to an end, meaning the fall in the reserves may be a result of the government spending on the recent syndicated loan from global banks. The CBK weekly update on the local financial markets shows as at November 19 the reserves stood at Sh690.8 billion against Sh706.2 billion on November 5. The current level of forex reserves can finance 4.3 months of imports compared to 4.4 months two weeks ago when the total stood at Sh706.2 billion ($6.905 billion). This is above the minimum level of four months of import cover as stipulated in the law. Analysts say the level is sufficient given that Kenya also has a line of forex-denominated credit from the International Monetary Fund to the tune of Sh65 billion. “The CBK noted that the reserves, together with SDR (special drawing rights) agreement with the International Monetary Fund, would provide sufficient buffer against unexpected economic shocks,” said Cytonn Investments. As a result of the syndicated loan there has been an overall increase in reserves compared to early October when they stood at an equivalent of 3.9 months of imports — below the statutory four months.

Cytonn Investments noted the CBK had taken advantage of the strengthening of the local unit in recent weeks to buy dollars from the market even as it benefited from the forex-denominated syndicated loan. “Foreign exchange reserves are currently at 4.3 months of import cover from 3.9 months at the close of September due to CBK’s purchases of foreign exchange from the market and receipts of proceeds from the government’s syndicated loan,” said Cytonn. Recently, Kenya received Sh61 billion — in a Sh77 billion ($750 million) syndicated loan — as a first tranche from three international banks including StanChart Plc, Citigroup and Standard Bank to alleviate a financial crunch that began to bite a few weeks ago. One of the objectives of the foreign loan was to ensure that pressure on interest rates came down as it was obtained at about 5.8 per cent yield compared to the local short-term rates then running at over 20 per cent. The rate on government paper has since declined considerably with the 91-day Treasury bill at 9.6 per cent during the auction at the end of last week. The 182- and 364-day government securities have also seen their rates fall to 10.2 and 12.1 per cent respectively as at the latest auction. As a result some of the banks have abandoned their earlier intention to increase lending rates.*(Business Daily)*

Kenyan President Uhuru Kenyatta on Monday vowed to introduce anti-graft legislation, blacklist officials, and strip licenses from banks violating money laundering rules, as part of a fresh crackdown on corruption in the East African nation. Public frustration in the nation of 44 million people has mounted in recent months over the failure to prosecute top officials accused of graft, raising pressure on Kenyatta, who says it is a top priority for his government. The president warned that theft by government officials was hurting Kenya's economic development and promised to improve the investigation of graft and increase prosecutions. "I will lead a national coordinated effort ... to reverse perverse incentives that lead to corruption, close the loopholes that dishonest officials use to steal and to tighten our legislation work," Kenyatta said in a televised speech. Kenyatta spoke after Bob Collymore, chief executive of Kenya's telecoms biggest telecoms firm Safaricom, presented him with a proposed anti-bribery bill drafted by the private sector. Among new measures, Kenyatta said all businesses would have to sign up to an ethics code and that companies and officials violating the code would be blacklisted for at least five years. "The government will not engage in business with companies with blacklisted members," Kenyatta said. He added that banks would lose their licenses if they violated anti-money laundering regulations and said there would be no tax rises in the next financial year.

"I'm of the mind, fellow Kenyans, that we in government should take better care of your money before we ask for your taxes and we are therefore going to insist that we have no increase in overall government tax in the next financial year," he said. *(Reuters)*

Sales of light commercial trucks helped push new vehicle sales in Kenya to 16,711 units in the first 10 months of 2015, 15 percent higher than in the same period last year, the head of the industry's association said on Tuesday. Rita Kavashe, the chairman of the Kenya Motor Industry Association, told Reuters sales of light trucks used to distribute goods and ferry construction materials had grown by 25-30 percent from a year before. "The distribution and construction side of the economy is booming, driving demand of the medium, light duty trucks," she said by telephone. Heavy duty trucks, used for long distance haulage of goods, including into neighbouring countries from the port of Mombasa, was also growing by double digits, Kavashe said. The luxury car segment, which is dominated by second-hand imports, grew at a more sluggish pace, Kavashe said, attaining a growth rate of 1.5 percent, accounting for 2,000 of the units sold during the period. *(Reuters)*

Kenya will issue a nine-year infrastructure bond for up to 30 billion shillings ($294.12 million) in December to fund energy, water and road projects, the central bank said on Friday. The bond, which will be auctioned on Dec. 9, will be free from payment of any income tax and it will come with a coupon of 11 percent, the bank said. It will be on sale from Dec. 1 to Dec. 8. *(Reuters)*

Malawi

Corporate News

No Corporate News this week

Economic News

No Economic News this week

Mauritius

Corporate News

No Corporate News this week

Economic News

No Economic News This Week

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Nigeria

Corporate News

The Chief Executive Officer of Lafarge Africa, Mr. Peter Hoddinnot, has said that the firm plans to invest about $300m (N59.1bn) in building a cement plant in Gombe State to serve the entire northeastern part of the country. Hoddinnot, who stated this in an interview with journalists, said the investment would help build capacity in the area that has been ravaged by the Boko Haram insurgency. He said, "In the next five years, if the security situation improves in the northeast, we will invest significantly and build a $300m cement plant in Gombe, in partnership with the government and the governor in line with the Federal Government's initiative to provide homes for the local people in the light of the Boko Haram issues. "We hope that this will stimulate economic activity in Gombe State and the whole of the northeast, and provide a future for the people currently ravaged by Boko Haram in the area." Hoddinnot added that as a long term investor, the firm believed that providing cement and aggregates alone was not sufficient, but also providing solutions to people's needs and working with the government to solve certain problems. "We are looking for areas where we can really make a difference," he said.

According to Hoddinnot, the firm currently sells approximately six million to six and half million tonnes of cement per annum. "We are also currently working for additional 2.5 million tonnes per annum cement plant in Calabar at the cost of $600m, and that will be coming on stream in the middle of next year," he explained. He said the firm planned to help in the economic development of the country such as the provision of concrete roads, which he said were more durable and would help in the transportation of farm produce, especially from the northern part of the country. "Lafarge Africa hopes to build a stronger Nigeria in terms of infrastructure; we believe that such things will help the country. We have a concrete road in Cross River about 20 kilometres long; an international quality road that will last for a long time and that is what we advocate to help develop economic activities," he said.*(Punch)*

Ecobank Nigeria has unveiled an online marketplace, www.mymall.com.ng targeted at driving the growth of the small and medium enterprises sector in Nigeria. Speaking to journalists at the sideline of the unveiling in Lagos, Head, SME Business for Ecobank Nigeria, Sunkanmi Olowo, said: "Mymall Nigeria is an online platform where our customers can open a shop online. We have developed a site where they can rent a shop and then be able to sell to the whole world. Today you hear of Jumia and Konga, that is the kind of thing we want to do for our customers so that SMEs who do not have the money to build an ecommerce platform, by virtue of belonging to Ecobank SME club, they can have a shop which the bank has developed for them through a partner and run their shops and sell to the whole world. By doing that, they are able to expand their businesses instead of just opening brick and mortar shops, which are more expensive, with this platform; they can do a lot more." To trade on the online mall, he said: "First, you have to belong to an Ecobank SME club. This requires the customer to have an SME account with Ecobank. If you have any of our SME accounts, you are qualified to join our SME Club online mall. But even if you do not have an Ecobank SME account, all it takes is for you to approach an Ecobank or go to the website and then apply."

Also speaking, Deputy Managing Director, Ecobank Nigeria, Tony Okpanachi said: "Mymall Nigeria is a website where customers can post their goods and services online and sell. It is a way of giving access to our SME customers to be able to reach more of their customers across Nigeria. We are creating a platform for our customers who necessarily do not have to have their own websites like Jumia and Konga. They can rely on the malls we have provided for them. We also provide payment platform and logistics for them so that they do not have to invest in having their own infrastructure before they trade. We also know that as a bank, our outreach is so wide, so we make it possible for them to reach more markets and enhance their businesses." On what motivated Ecobank to venture into e-commerce, Okpanachi said: "Every customer these days wants convenience. Convenience is all about easy access to be able to do your transactions. The days when people go into the physical malls and offices to do transactions are almost over, people want to sit in their offices and homes and be able to do their transactions. Given that, we know that e-commerce is now the way to go because people have their electronic devices that they want to transact easily with and still get the same kind of experience and satisfaction that they would have derived if they had done it offline. That is the trend that is taking over the world. " And both for the consumers and sellers, it is more convenient than the physical presence that they used to have before. So as a bank, we are also aligned with what is more convenient for our customers and that is why we are adopting ecommerce."*(Vanguard)*

Guinness Nigeria Plc will on Thursday seek the approval of its shareholders to pay N4.82bn as dividend for the financial year ended June 30, 2015. The company will seek approval to pay the dividend, which translates into N3.20 per share at its Annual General Meeting, which is scheduled to take place in Abuja. The Managing Director of Guinness Nigeria Plc, Mr. Peter Ndegwa, said this in Lagos on Monday at a news briefing ahead of the yearly meeting. If approved, the divided will be paid on Friday. Ndegwa also said the company remained committed to meeting the expectations of its customers and shareholders. He said, "Our long-term sustainability is dependent on the consistent provision of quality products that do not only meet customers' expectations but also create impressive returns to all stakeholders, be they shareholders, employees, trade partners, and suppliers. We are resolutely committed to these goals." According to him, the future was bright for the company and its stakeholders as it has been position for growth on the back quality, innovation and technology. He, however, said the operating environment was challenging as a result of declining oil prices, tighter monetary policy measures, inflation, and pre-election slowdown in economic activities.

Despite the challenges, he expressed satisfaction with the performance of the company for the year ended June 30, 2015. He said, "During the year, we continued to invest significantly behind our brands and our route to consumer expansion. "The overall results reflect strong volume growth on the back of year-on-year impressive performance of its innovation and value brands." He also said the company was committed to improving the per centage of the local raw materials used in its production. He said, "In service of our focus to drive out cost in order to invest in growth, we have increased the proportion of our locally sourced raw materials from 27 per cent to 43 per cent and our intent is to continue to increase our LRM by empowering local suppliers – including farmers, SMEs supplying other inputs that can be locally sourced and other manufacturers or suppliers of other items by giving them secure contracts that can help them attract funding." Also, the Corporate Relations Director, Guinness Nigeria, Sesan Sobowale, said, "We take our responsibility to deliver quality products seriously. The meticulous and painstaking work, including rigorous quality assurance that precedes the final production of all our products, has a singular objective: to ensure that our consumers drink products that are healthy and comparable with similar products made by a Diageo facility anywhere else in the world." *(Punch)*

Central Bank of Nigeria (CBN) has approved a national licence request for Wema Bank Plc, an upgrade from its current regional banking mandate which hitherto limited its operations to the South-South and South West Nigeria, after complying with the requirements. The bank had downscaled its operations within its core areas of business in 2010, under the former mandate. The current banking model recognises three categories of banks- regional, national and international classifications, mostly based on the recapitalisation strength. The Managing Director/Chief Executive Officer, Wema Bank, Segun Oloketuyi, had then explained that the decision to apply for a regional banking license was informed by the geographical concentration of its branches, not out of need for capital base nor imposed on the lender. The bank in a statement, yesterday, affirmed that its capital base has now been shored up to N43.8 billion, meeting the regulatory requirements for the National Banking license as stipulated by the Central Bank of Nigeria. According to Oloketuyi, this "approval represents a milestone for the bank in the delivery of its Project LEAP commitments. Six years ago, we took a decision to refocus the bank's operations on its areas of strength and build a sustainable institution.

"We took advantage of the new licensing regime and applied for a regional authorization with a pledge to expand in the near future, once the turnaround project was completed. The bank's transformation was implemented in three phases; first to stabilise it; second, to prepare the building blocks for growth; and third, to go for growth. We are now within the third phase of the transformation project". He pointed out that the new license has created opportunities to scale up growth, assuring that the bank will continue to strategically select its business locations across the country with focus on areas where returns on investment will be maximized, and shareholder value enhanced over the medium to long term. "To ensure that this approval is leveraged appropriately, we are already in the process of raising $100 million in Tier 2 capital and would commence a Tier 1 capital raise in First quarter of 2016. "This will further position the bank to pursue its growth strategy. The Bank remains on course in its turnaround program as evidenced by its robust balance sheet and sustained profitability, which would be maintained through its national authorization," the bank chief noted. *(Guardian)*

Private equity firm Actis has acquired a majority stake in Nigerian fund manager Sigma Pensions for $62 million, it said on Thursday, looking to capitalise on what it sees as a growth industry in Africa. The British-based company with a focus on emerging markets has invested more than $3 billion in African businesses spread over 23 countries, more than $570 million of which is invested in the financial services sector. Sigma, founded 11 years ago, is one of 21 licensed pension fund administrators in Africa's biggest economy and has 650,000 customers. It operates out of 11 offices and 32 service centres and Actis said that its investment will help to create the platform for further expansion within the industry. "The pensions industry in Nigeria remains significantly underpenetrated, with pension assets constituting only around 5 percent of GDP. The ... industry has demonstrated strong growth and is poised for further expansion," it said in a statement. "There are currently only around six million pension holders in a population of around 170 million, with a median age of only 19, which supports the growth outlook for the industry." Actis said it saw significant potential in the asset management industry in Nigeria and was willing to support emerging market consumers to secure their future by saving and investing appropriately. *(Reuters)*

Nigeria's Oando plans to build a gas plant for up to $350 million as it focuses on integrating gas production with its supply business, the head of the gas and power unit said on Thursday. Bolaji Osunsanya, Managing Director of Oando Gas and Power said the plant, with a capacity to process 300 million standard cubit feet a day (scfd), will take 24 months to complete and cost $300 million to $350 million. He said Nigeria had room to ramp up gas plants as current capacity was around 2 billion scfd, adding that its project was at the development stage to be launched in the first quarter. London-listed Nigerian firm Seplat is also boosting gas capacity. It plans to increase gross output from around 120 million to 400 million scfd by 2017, as demand grows. "We have done transport in the past, we are getting into (gas) processing right now," Osunsanya told Reuters in an interview. "We are working ourselves up the chain." Oando's gas and power unit reported a net income of $19 million for the nine months to September, down from $22 million the previous year. Lagos-listed parent Oando, with interests in oil exploration, terminals and oil trading, has said it was seeking approvals to sell its gas and power investment to cut debt and raise up to 80 billion naira from shareholders. Two years ago, Africa's biggest economy broke up its monopoly on power generation and distribution by privatising the sector, hoping to attract foreign investors.

But the amount of power produced has stagnated since, failing to reach a 2012 peak of 4,500 megawatts of electricity due to gas constraints, plant outages and tripped circuits, according to Transmission Company of Nigeria. Osunsanya estimated Nigeria will need around $55 billion over the next seven years to develop gas infrastructure to meet growing demand, which would include building new pipelines, processing plants and drilling of new wells. He estimated demand at 5 billion scfd, of which 3.5 billion was needed for power and the rest for other uses. However, half the 7.5 billion scfd gas generated was flared or reinjected into the ground due to inadequate pipelines for distribution. *(Reuters)*

Economic News

Nigeria's central bank surprisingly cut the benchmark interest rate to 11 percent from 13 percent on Tuesday, its first reduction in the cost of borrowing in more than six years, in an effort to stimulate growth in Africa's biggest economy. The bank also reduced the cash reserve ratio for commercial banks to 20 percent from 25 percent, another move to try to inject liquidity into the banking system and encourage lending. The central bank has been injecting cash into the banking system since October in a bid to stave off recession in Africa's top oil producer, which has been hit hard by the sharp fall in crude prices over the last year. "We must stimulate growth," Governor Godwin Emefiele said, adding that committee members had voted by a margin of eight to two in favour of the reduction. He said the step was taken "in consideration of the weakening fundamentals of the economy, particularly the low output growth, rising unemployment and the uncertainty of the global economic environment". The move took many in the market by surprise. In a Reuters poll, 15 of 23 analysts had predicted the central bank would hold the monetary policy rate at 13 percent, while four expected a 100-basis point cut. The bank also broadened its interest rate corridor to 200 basis points above the benchmark rate and 700 basis points below, which means it will borrow from commercial lenders at four percent and lend to them at 13 percent. The regulator hopes the measures will provide an incentive to banks to lend to local manufacturers such as food producers - in line with President Muhammadu Buhari's policy of boosting output of rice and other basic food items.

Nigeria's benchmark 20-year bond yield fell 95 basis point between Monday and Tuesday as some traders had expected the central bank to lower rates. Emefiele said fresh liquidity from the cash reserve rate cut would only go to banks that were ready to channel it into "employment generating activities" such as infrastructure projects, the agricultural and minerals sectors. He rapped those banks which had used a cut in the cash reserve ration in September to invest in bonds rather than lend to households and businesses. "Unfortunately what we have found out is that rather than banks redeploying that liquidity... what the banks do is just dump their money on CBN (the central bank) and earn 11 percent - and I use the words - for doing nothing," Emefiele said. Standard Chartered's chief Africa economist Razia Khan said the easing of monetary policy was aimed at boosting the real economy but their success would also depend on the availability of foreign exchange. The central bank has restricted access to foreign currency to stop a slide in the naira, effectively pegging it at 197 to the dollar. Emefiele said the restrictions, which importers say is crippling their operations, were working well. "Nigeria has sacrificed free movement of capital in order to keep the NGN at 200 (per dollar) while cutting interest rates to help the budget," Charles Robertson, head of research at Renaissance Capital. "Unfortunately this will not produce budget revenue growth...It also reduces the return for owning naira, which will presumably encourage more purchasing of U.S. dollars instead," he said. *(Reuters)*

The Regional Chief Executive Officer of Dangote Cement Plc, Arvin Pathak has disclosed that Nigeria is losing$1.5 billion (about N296 trillion) annually, due to poor condition of roads. Pathak, an engineer, presented his paper during a session on

'Transport System as a Backbone for the actualization of National Integrated Infrastructure Master Plan (NIIMP): Strategies for Implementation,' held in Akure. He gave a vivid picture of the state of Nigerian bituminous roads constructed few years ago as opposed to concrete roads in the USA and India which have been constructed over 80 years ago and still smooth. He said roads play very important part in nation's infrastructure development and well-designed concrete roads required little maintenance over 40 year design lives. "Using concrete roads will result in less fuel consumption and less emissions. Small percentage reduction of life time energy use associated with road will have significantly positive implications on sustainable development. Concrete roads are durable and safe. Less prone to wear and tear and low maintenance requirements is one of the principal advantages of concrete roads." Urging for a new policy that will accommodate the use of concrete for roads in the light of the defects of bituminous road and its attendant strain on the nation's lean economy, the Dangote Cement boss, said the country will free itself of frequent maintenance and overlay repeatedly increase cost and cause inconvenience to users. According to him, government would find out that Concrete road is the way to go because of easy availability of indigenously produced cement, uncertainty about bitumen availability in future.

He added: "Present cement capacity in Nigeria is around 41 million ton per annum while the expected demand of cement is 20 million in 2015. The capacity of cement plants under construction is 8.5 million ton per annum. Also there is adequate quantity of cement of international quality is now available within the country. "This is against the fact that bitumen is derived from petroleum crude and the world supply of crude is not inexhaustible. It may last for another 25 years or so, but prices will continue to increase beyond expectation. it is in the country's interest to conserve petroleum products and to adopt more eco-friendly and cost effective technologies." Another Speaker, Engr. Ali Kashim explained that the intervention by Federal Road Maintenance Agency (FERMA) could not achieve the desired result because the roads that it was to maintain were already failed and needed reconstruction and not maintenance. "Maintenance means working on a good infrastructure to make it remain in good condition and not working on roads that had already failed and needed total reconstruction", he stated. Earlier in his address during the opening ceremony, President Muhammadu Buhari who was represented by the Secretary to the Government of the Federation, Babachir David Lawal, lauded the roles being played by the engineers and that his government would work closely with them and other professionals to achieve the desired change promised by his government. *(Van Guard)*

Nigerian President Muhammadu Buhari approved the creation of a waste-cutting unit within the finance ministry to bolster the government's budget position and an economy battered by sliding oil prices, a person with knowledge of the matter said. The group will report to newly-appointed Finance Minister Kemi Adeosun and be led by Patience Oniha, a director at Nigeria's Debt Management Office, according to the person, who asked not to be identified because the details haven't been publicly announced. It will also include Kunle Elebute, a partner at auditing firm KPMG, Seyi Kumapayi, the chief financial officer of Access Bank Plc, and Alhaji Kabir Mohammed, the former head of the Institute of Chartered Accountants of Nigeria, according to the person. The so-called efficiency group will be similar to the U.K.'s Efficiency and Reform Group and will aim mainly to curb overhead expenditure, such as travel and entertainment, across all departments of the federal government. The ERG sits under the cabinet office and tries to save money by pooling suppliers to the U.K. government and ensuring projects are within budget and completed on time.

Overheads accounted for 10.5 percent of total government spending in the first half of 2015, almost double what was put toward capital projects such as building schools and roads, according to the central bank. Buhari has said that improving Nigeria's dilapidated infrastructure is vital for increasing economic growth. Africa's largest crude producer is reeling from plunging prices for oil, from which it derives two-thirds of government revenue and 90 percent of export earnings.

Growth is set to slow to 3.3 percent this year from 6.3 percent in 2014, according to a Bloomberg survey of economists. That would be the slowest pace since 1999. The unit will also work with Adeosun to stop state companies and agencies withholding money meant to be paid to the finance ministry as part of a broader plan to enable the government to increase next year's budget and stimulate the economy, the person said. While according to the constitution Adeosun is meant to present the budget to lawmakers, Buhari's creation of a separate ministry of budget and national planning, headed by Udo Udoma, means she might not, according to the person.

Nigerian Vice President Yemi Osinbajo told ministers this month that the government will consider raising spending in the 2016 budget by 56 percent to as much as 7 trillion naira ($35 billion), according to a person who attended his presentation. "We think that the way out of this, what some have described as an impending recession, is actually to spend rather than to cut back in any way," Osinbajo said separately in an interview last month. Marshall Gundu, a spokesman at the finance ministry in Abuja, said in a mobile-phone text message that the group was being set up and declined to give more details. Oniha referred questions to the finance ministry. Kumapayi said by text message that his role would be part-time and that he would remain as Access Bank's CFO.*(Bloomberg)*

Nigeria's communications ministry said on Wednesday that it is up to President Muhammadu Buhari to decide "in which direction to go" with a $5.2 billion fine imposed on mobile phone network operator MTN. "The (Communications) minister (Adebayo Shittu) said in Lagos that it will be up to the president to determine which direction to go since MTN asked for leniency," ministry spokesman Tajudeen Kareem said. The South African firm was fined by the Nigerian Communications Commission (NCC) at the end of October for not disconnecting 5.2 million unregistered users from its network. Nigeria has been pushing operators to verify the identity of their subscribers, concerned that unregistered SIM cards were being used for criminal activity in a country also fighting an insurgency by Islamist militant group Boko Haram.

MTN is the largest mobile phone operator in Nigeria and the west African nation accounts for about one third of its revenues. The payment deadline was extended from Nov 16 after the NCC said it was looking into MTN's plea for leniency though the fine remained because the firm admitted to breaking the law. MTN's stock price has sunk more than 25 percent since the penalty was announced on Oct. 26 as the size of the fine is equivalent to more than two years profit for the firm. As of 1341 GMT, MTN shares were down 2.6 pct at 140.92 rand. Two weeks ago, Shittu told Reuters in an interview that "nobody wants MTN to die" as a result of the penalty. *(Reuters)*

Nigeria's communications ministry said on Wednesday that it is up to President Muhammadu Buhari to decide "in which direction to go" with a $5.2 billion fine imposed on mobile phone network operator MTN. "The (Communications) minister (Adebayo Shittu) said in Lagos that it will be up to the president to determine which direction to go since MTN asked for leniency," ministry spokesman Tajudeen Kareem said. The South African firm was fined by the Nigerian Communications Commission (NCC) at the end of October for not disconnecting 5.2 million unregistered users from its network. Nigeria has been pushing operators to verify the identity of their subscribers, concerned that unregistered SIM cards were being used for criminal activity in a country also fighting an insurgency by Islamist militant group Boko Haram. MTN is the largest mobile phone operator in Nigeria and the west African nation accounts for about one third of its revenues. The payment deadline was extended from Nov 16 after the NCC said it was looking into MTN's plea for leniency though the fine remained because the firm admitted to breaking the law.

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Nigeria naira and bond yields fell sharply on Wednesday while stocks rose, a day after the central bank announced a surprise interest rate cut aimed to stimulate lending in Africa's biggest economy, traders said. Nigeria's central bank cut benchmark interest rate to 11 percent from 13 percent on Tuesday, its first reduction in the cost of borrowing in more than six years. The continent's top oil producer has been hard hit by a plunge in crude prices over the last year. The stock market, which has the second-biggest weighting after Kuwait on the MSCI frontier market index, erased seven days of losses to climb to 27,662 points following the rate cut. The index has fallen 20.4 percent so far this year. "On the back of the reduction in policy rates ... investors are reconsidering investment in the equities market to earn higher return," said Ayodeji Ebo, head of research at Afrinvest. "We anticipate further moderation in bond yields." He expected stocks in the industrial sector such as Dangote Cement and Lafarge Africa to gain from the liquidity surge as infrastructure projects boom. Ebo said the rate cut may hurt bank earnings as consumer firms reel from dollar shortages.

Yield on the most liquid 5-year bond fell 264 basis points to a five-year low of 7 percent while the benchmark 20-year bond closed 150 basis points down at 10.8 percent on Wednesday, traders said. Bond yields had traded above 11 percent across maturities prior to Tuesday's rate decision, with the 2034 bond trading at 12.30 percent. The central bank has been injecting cash into the banking system since October in a bid to help the economy. Banking system credit stood at 290 billion naira ($1.5 bln) as of Wednesday, keeping overnight rates as low as 0.5 percent. Samir Gadio, head of Africa strategy at Standard Chartered Bank said bond holders could be exposed to future losses if the interest rate easing cycle suddenly ends with inflation currently trading 9.3 percent below the yields. The rate cut also weakened the naira on the unofficial market, which fell 0.8 percent to 242 to the dollar. The currency is pegged at 197 naira on the official market. Non-deliverable currency forwards, a derivative product used to hedge against future exchange rate moves, indicated markets expected the naira's exchange rate at 235.56 to the dollar in 12 months' time - the strongest level in five months - and compared to 245.25 at Tuesday's close."Our economists still believe a devaluation will happen in a couple of quarters but I think they have had opportunities," said Luis Costa, head of CEEMEA debt and FX strategy at Citi.*(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Tanzania

Corporate News

EXIM Bank Tanzania on Monday issued to the public the first ever retail bond in a move designed to raise 15bn/- to boost its capital. "This is the first-of-its-kind bond that permits investors with as little as 1m/- to invest in bonds to be listed on the Dar es Salaam Stock Exchange (DSE)," said Mr. Selemani Ponda, Exim Bank Chief Finance Officer. The bonds will offer investors guaranteed annual tax free interest of 14 per cent payable half yearly for a period of 6 years. Further, Investors may use their Bonds as collateral for any borrowings (including from the Issuer) in accordance with the Dar es Salaam Stock Exchange (DSE) rules. He said the bond offers small and medium size investors who does not have investment opportunities similar to those available to large investors and corporates. He said the bond targets large and small savers, wholesale and retail investors. "As with many of our pioneering initiatives, this public Issue of bond demonstrates Exim Bank's innovation in developing Debt and Capital Market in Tanzania and work towards achieving financial inclusion in the country," he said. "We are delighted to be launching our first-ever retail bonds to investors in Tanzania. "I am confident that this offer will appeal to retail investors, with attractive yield and ability to trade on DSE as well as using the instrument as security for obtaining credit facilities from various institutions whilst give valuable opportunity to participate in growth story of one of the top 5 local leading bank in Tanzania," Said Mr. Ponda, the CFO.

With a minimum face value of 1m/-, a tax free 14 per cent per annum interest is very competitive compared to current rates on small ticket fixed deposits which offers average interest rate of eight per annum. The bonds will also be traded on the Dar es Salaam Stock Exchange (DSE), offering liquidity to investors. Bonds are securities issued by a borrower, in this case the Exim Bank Tanzania. In turn, the bank undertakes to pay a set amount of interest after each six months for the lifetime of the bond. The money is returned to the investor on maturity. CORE Securities Managing Director, Mr. George Fumbuka, whose company is the bond's sale lead-manager said the Public Offer was open for subscription yesterday and close on 18th December, 2015. "Applications for the Public Offer may be made via mobile phones by dialing *150*36#, pointing to the growing relevance of mobile money solutions in the evolving payments space and also various appointed placing agents as well as Exim Bank branches spread across the country. The minimum investment amount under the Public Offer is one 1m/- or higher amounts in integral multiples of 1m/-," he said. Mr. Fumbuka said that core Securities Limited, as the market makers, are willing to buy or sell the bonds to subscribers at any given time. *(Daily News)*

TANZANIA Breweries Limited (TBL) has posted 10 per cent profit growth for six months that ended on 30 September, this year, to 111.10bn/- compared to 101.33bn/- of the corresponding period last year. TBL is a subsidiary of SABMiller and is listed on the Dar es Salaam Stock Exchange (DSE), while the former is listed on the London and Johannesburg stock exchanges. According to TBL six months results for the period ended September, this year, earnings growth was achieved largely through volume growth, improved efficiencies as well as focused cost management whilst operating in a challenging environment. One of the challenging market and economic conditions during the period under review was the depreciation of the shilling that increased the cost of imported production materials. Revenue growth of 6 per cent over last year to 550.11bn/- compared to 516.88bn/- of the corresponding period, was driven by higher volumes, as well as positive product mix. Operating profit for the half year period grew by 7 per cent ahead of the prior year 159.25bn/- compared to 149.24bn/-. Overall volumes were up for the half year compared to same period prior year due to selling price stability largely resulting from non-increase in excise rates for alcohol as contained in this year's Finance Act. Production and distribution efficiencies assisted in leveraging growth.

Total cash generated from operations amounted to 179bn/-, of which 43bn/- was utilised to pay corporate tax, while the remaining 136bn/- funded interest and capital expenditure as well as paying dividends of 88bn/- to Company shareholders. TBL as a major player in the beverage sector is committed to the export of its products to niche and neighbouring markets under the East Africa common market trading arrangement. TBL has controlling interest in Tanzania Distilleries Limited and Darbrew Limited. It employs about 1,700 people and is represented throughout the country with four clear beer breweries, a distillery, a traditional beer business, a malting facility and 10 distribution depots.*(Daily News)*

CRDB Bank has posted a record pre-tax profit of 147.91bn/- for the group in the nine months of this year hence surpassing last year's full profit. The bank, with the largest balance sheet, in the same period last year January to September posted a pre-tax profit of 103.9bn/-. The nine-month profit surpassed last year's full profit of by slightly less than 100bn/-. The profit has increased the bank's share demand at Dar es Salaam Stock Exchange (DSE) as over 89 per cent of the shares sold at the bourse last week were from CRDB. The bank attributed the group profit to net income revenue that went up to 275.58bn/- of September compared to 198.38bn/- of same period last year. The net income interest was the outcome of loans and advances portfolio that grew to 3.06tri/- in three months ending September. At the end of June the portfolio was 2.91tri/-. The loans portfolio growth was helped by deposits that also increased to 4.02tri/- at September from 3.75tri/- at June. The non-interest income also contributed significantly to the record profit after generating 131.93bn/- from 108.47bn/-, the big slice of 106.42bn/- came from commission and fees.

The bank's total assets grew by 7.0 per cent to 5.27tri/- at the end of third quarter of this year from 5.01tri/- of second quarter. CRDB is still haunted by non-performing loans as the ratio increased slightly to 7.0 per cent from6.8 per cent, thus rising bad debt allocation to 35.2bn/- from 20.8bn/-. Mid this year the Bank announced that its ability to lend had reached 150bn/- to a single customer thanks to the over 600bn/- capital base. The amount follows a successful rights issue that saw the bank mobilise extra capital after selling its 435 million shares to realise 152bn/-. With that ability the bank is considering to open subsidiaries in Zambia and in the Democratic Republic of Congo (DRC) next year. CRDB is the largest bank in Tanzania in terms of balance sheet and has 162 branch networks in the country and four in Burundi. *(Daily News)*

TANZANIA'S Fair Competition Commission (FCC), is investigating reports on the acquisition of Swissport by China's HNA Group and claims that the merger will not have material effect on the market. The FCC has given 14 days any parties that have objections with the merger to notify the commission, which strives for fair competition in the country. "FCC is currently investigating if the he intended acquisition in line with the provisions of fair Competition Act and Fair Competition Commission Procedure Rules," FCC said in a public notice. The procedure of investigating any merger or acquisition is normal international practice conducted on any company whether local or foreign and is subject to customary regulatory and anti-trust approvals. In the third quarter of this year HNA Group agreed to acquire the world's largest ground and air cargo services firm Swissport Group from European PAI Partners for about 2.8 billion US dollars. Under the deal Swissport will remain as stand-alone business and the FCC investigation is expected to be concluded before the year ends.

The Haikou, Hainan province- based conglomerate operates fourth largest airline in China, Hainan Airlines, with fleet size of over 150 aircrafts. The company said the Swissport Tanzania Chief Executive Officer, Gaudence Temu said the acquisition increases the group financial muscles that would warrant expansion and more business in China. "If (Swissport group) acquired by financial strong conglomerate you also become a financial strong entity as well," Mr. Temu told 'Daily News'. In 2014, HNA Group had revenues in excess of 25 billion US dollars, 72 billion US dollars in assets, 11 listed companies and has more than

110,000 employees worldwide. The CEO said the deal will also enable the Group to penetrate China's closed aviation market while increasing the possibility of handling any airline from Asia's biggest economy. "Yes of course. The deal will put us in a good position to handle a company from China," Mr. Temu said, Tanzania has great economically potential thus may attract an airline from China. Swissport Tanzania "is performing very well [financially] and receives no subsidies from the Group," said Mr. Temu, who has stirred the largest ground handling company in the country to new highs.

Swissport share went into bullish mode since the start of the year to appreciate by almost 50 per cent in the first ten and half months of this year. The share yesterday went up by 0.54 per cent to close the day at 7,390/- a unit. In the first half of this year, the number of flights and volume of cargo handled by Swissport Tanzania grew by 9.0 per cent and 3.0 per cent respectively when compared to the same period last year. Hence pushing up profit before tax 43 per cent from 6.96bn/- to 9.93bn/-. Globally, Swissport is the world's largest ground and cargo handling company providing ground services for about 224 million passengers and handles 4.1 million tonnes of cargo every year for about 700 companies in the aviation sector. Under HNA's ownership, Swissport will continue to expand its global footprint and continue to deliver the highest quality, value added services to existing and future customers. Swissport will remain as a stand-alone business within HNA Group, complementing HNA's existing activities including aviation, airport management, logistics and tourism.*(Daily News)*

Economic News

No Economic News This Week

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

Zambia

Corporate News

FINANCE Minister Alexander Chikwanda has said Government will work with Zambeef to find institutions that can finance Zambeef's outgrower schemes for the Palm Oil project in Chief Kopa's area in Mpika. Mr. Chikwanda said Government would work with Zambeef to try and find institutions which could finance and promote the outgrower scheme for Palm Oil in the district. He was speaking when he launched the 35th National Savings and Credit Bank (NATSAVE) Mpika Branch yesterday. Zambeef, a private company is carrying out a 20,000 outgrower scheme for palm oil project in Mpika. Meanwhile, Mr. Chikwanda noted that it had become traditional for most banks in Zambia to concentrate their branch expansion in the already banked districts, resulting in a number of districts such as Mpika with a number of economic potential not being serviced. Mr. Chikwanda said Government would continue to facilitate viable branch expansion, and introduction of new and innovative financial products, to tap savings and channel the savings to investment. Bank of Zambia (BoZ) director, non banking financial institutions Visscher Bbuku said NATSAVE commanded a total asset portfolio of K635 million as at September 30, and customer deposit of K374 million, while net loans stood at K306 million. Mr. Bbuku said BoZ was particularly encouraged by the NATSAVE's leading role in expanding lending to Small and Medium Enterprises (SMEs) in rural areas of Zambia in accordance with its mandate. NATSAVE managing director Cephas Chabu thanked the council and local chiefs for allocating land on which the bank had built at the cost of K3.5 million. *(Times of Zambia)*

ZAMBIA Sugar Plc is pondering expanding thermal power generation capacity from the current 30 to 50 Megawatts, managing director Rebecca Katowa has said. This is in response to the current power reduction on the national electricity grid caused by low water levels in major hydro stations in Zambia. Ms Katowa said the power cuts have affected production at farm and factory levels hence for the company to look at many options to sustain production. Ms Katowa was speaking in an interview on the sidelines of the customer open day tour of Nakambala farms and factory in Mazabuka of Southern Province last week. She said the current load shedding had affected production and that, it was inevitable the company increased its power generation to maintain the current production. The sugar company currently produces 30 MWs of electricity from sugar factory residues. She also disclosed that the company was carrying out a feasibility study on the possibility of starting the production of beer products apart from the new refinery under construction at Nakambala which would require more electricity. The company has a market capitalisation of US$254.5 million as at April 2015 ,with revenues recorded K1.9 billion in the same period while enjoying 84 per cent of the country's market share. *(Times of Zambia)*

Vedanta Resources Plc's Zambian unit, Konkola Copper Mines, will stop production at its loss-making Nchanga underground mine and cut 2,500 contractor jobs as the metal trades near six-year lows. Keeping the operation going would cost the company as much as $40 million in the next year and Konkola is placing it under care and maintenance to protect the financial viability of its entire business, the copper producer said. The decision takes effect Friday. While Konkola will redeploy direct employees at the mine to other company operations, it will end contracts with companies providing non-permanent staff that will affect 1,675 people immediately and a further 825 over three months, the Vedanta unit said in an e-mailed statement Thursday. The job cuts at KCM, as the company is also known, add to more than 4,300 retrenchments at Glencore Plc's Mopani Copper Mines in Zambia as the southern African nation battles falling metals prices and a power crisis. The closings and cuts will hobble economic growth, which the World Bank expects to be the slowest in 18 years in 2015. Low prices and falling output will inhibit foreign exchange supplies in a country that has the world's second-worst performing currency this year.

Zambia is Africa's biggest copper producer after the Democratic Republic of Congo, and the metal accounts for more than 75 percent of foreign exchange inflows. Vedanta's billionaire Chairman Anil Agarwal said Nov. 18 the slump in metal prices "is the worst I've ever seen." The company plans to cut costs by as much as 25 percent, he said. President Edgar Lungu later on Thursday said his government has no intention of taking over mines in the country that fire workers, and that it will help retrenched employees set up farms. *(Bloomberg)*

Economic News

Zambia should access emergency funding from the International Monetary Fund to prevent further deterioration in the economy, according to Situmbeko Musokotwane, a former finance minister in Africa's second-largest copper-producing country. A team from the Washington-based lender visited Zambia this month at the invitation of the government to assess the state of the economy and discuss responses to the fiscal issues facing the country. Neither the government nor the IMF mentioned the possibility of talks about an economic program in their statements at the end of the tour on Nov. 20. "Zambia is quickly running out of money," Musokotwane said in an e-mail Tuesday.

"It is incumbent upon the government to agree with the IMF on a program that not only stabilizes the economy, but also quickly restores investor confidence and re-kindles faster economic growth as it was before." The southern African nation has been hit by copper prices that have fallen to six-year lows just as a power crisis hobbles production. Government overspending is also hurting the economy, the IMF said in its end-of-visit statement. The kwacha has lost 45 percent of its value against the dollar this year and the local unit of Glencore Plc is among mining companies cutting output and retrenching thousands of workers.

Zambia is resisting an IMF deal to avoid the strict conditions that will accompany it, said Musokotwane, who was finance minister from 2008 to 2011. President Edgar Lungu's government doesn't want to cut spending before general elections next year, he said. The government isn't against an aid program from the lender, Deputy Finance Minister Christopher Mvunga said by mobile phone Wednesday. "Government is looking at different options," he said. "We're not averse to an IMF package. We've put our own measures in place, so let's see how these measures work out, if we're able to correct the issues that are around. We'll look at any possible means that are best for the country." Irmgard Erasmus, an analyst at NKC African Economics in Paarl, near Cape Town, agreed with Musokotwane that the government should get financial help from the fund. "Zambia needs to urgently agree to a rescue package with the IMF to meet borrowing requirements and re-establish investor confidence," she said in an e-mailed note to clients Tuesday.*(Bloomberg)*

Zambia's economic growth will fall below 4 percent in 2016 due to a combination of domestic and international pressures but expansion in Africa's second-largest copper producer will pick up in subsequent years, the World Bank said on Thursday. "We expect growth to fall below 4 percent in 2016 and an improvement in growth in 2017 and 2018," World Bank senior economist Gregory Smith said at a media briefing. Severe electricity shortages, a plunge in global copper prices to record lows and a faltering currency have hurt the southern African country's economy. The government forecasts growth at 4.6 percent in 2015.*(Reuters)*

Zambia's economy is under increasing strain as the inflation rate surged to almost 20 percent and the World Bank cut its growth outlook for the copper-dependent nation. Inflation accelerated to 19.5 percent last month, the highest since September 2005, from 14.3 percent in October, the Central Statistical Office said in a report released on Thursday in the capital, Lusaka. Prices rose 5 percent in the month. Growth in Africa's second-largest copper producer probably won't reach 4 percent this year, according to the World Bank. That would be the slowest pace since 1998 and down from 6 percent in 2014. Zambia is facing the "toughest economic challenges in at least a decade," Ina-Marlene Ruthenberg, the bank's country manager, told reporters in Lusaka. "The economy has come under significant strain.'' Copper prices have fallen to six-year lows, slashing revenue in a nation already struggling to cope with drought and a power crisis. Mining companies such as Glencore Plc are cutting production and firing thousands of workers. The kwacha has lost 42 percent of its value against the dollar this year, boosting inflation and forcing the central bank to raise interest rates. "They have a balance of payments deficit and a huge problem with their foreign-exchange earnings in the sense that copper prices keep on falling,"

Thea Fourie, an economist for sub-Saharan Africa at global risk adviser IHS Inc., said by phone from South Africa's capital, Pretoria. The economy is under pressure partly due to "the slow implementation of policy adjustments to the crisis." The kwacha gained 4.2 percent to 11.11 against the dollar as of 1:40 p.m. in Lusaka. The government has pledged to curb its budget deficit to help bring debt under control and restore market confidence. Finance Minister Alexander Chikwanda forecast the shortfall will ease to 3.8 percent of gross domestic product next year from an estimated 6.9 percent this year. While the repeated fiscal deficits are a problem, the outlook for medium-term is "more rosy," Ruthenberg said. *(Bloomberg)*

Zimbabwe

Corporate News

Innscor Africa's revenue for the period July 2015 to date is 5 percent down largely due to the drop in average selling prices and an investment in raw materials. Chief executive Antony Fourie told the AGM last Friday that revenue is "increasingly hard to come by due to more competition coming through aggressively" but the group would focus on maintaining volumes and market share. "Keeping the volumes up is critical for us notwithstanding falling revenues. We had to reduce prices to maintain our volumes and minimise the effects of the economic environment on our revenues," he said. Mr. Fourie said revenue at 5 percent down is almost at similar levels with the decline recorded at year-end of 6 percent. The same rate of decline (5 percent) is expected at year end. In the period, volumes for the group's business had recorded increases except retail. Unit sales declined at Spar Zambia, TV Sales and Home as well as Transerv. Margins are up 115 percent better than the 36 percent reported last year. In terms of sectoral performance, Logistics and Distribution revenue was up 6 percent primarily driven by an increase in the volume of new clients. Mr. Fourie said the Retail business was the worst performer, going down 9 percent after the closure of selected stores but the results of this strategy are now visible.

The QSR business, which recently unbundled to Simbisa Brands is flat on last year and Light manufacturing is down 2 percent. "With the exception of Logistics and Distribution all our businesses have been able to gain on margins through better procurement. Some of the investments we made last year are beginning to show results," he said. Mr. Fourie said the group managed to contain costs at the same level as last year and hopes to lower them at year-end. Costs went down 14 percent in distribution, retail 5 percent while light manufacturing flat was flat. Mr. Fourie said the group has been investing quite intensively in all businesses and this had resulted in a 5 percent increase in gearing up at above $19 million . . . " but this is money well spent". He said the money was used for the acquisition of Transerv, raw materials investment for Nationals Foods which acquired maize for three months and Irvines. Mr. Fourie said capex was up only 1 percent in the QSR due to unbundling costs. He said bakeries had managed to turn around with revenues and volumes now matching levels of two years ago. At the AGM, director fees were approved at $531 954 up from $489 679 last year while Auditors fees were approved at $168 649. *(Herald)*

Recent years have witnessed a shift in the Zimbabwean economy towards rapid informalisation reflected through the rise of SMEs and individual traders. Finscope estimates that over $7,4 billion was in circulation in 2012 in the informal sector whilst it is further assumed that SMEs contribute close to 20% to the GDP. Similarly SMEs are credited with creating employment for over 2 million people in Zimbabwe. Nonetheless the rising prominence of SMEs has not been localised to Zimbabwe, other developing countries such as India and Malaysia are renowned for their economically significant SME sectors. The SME Chamber of India reports that SMEs contribute an estimated 45% of industrial output, 40% of exports and produce of over 8000 products for the Indian and International markets. As a result the Indian economy has been rapidly growing. Clearly with the right kind of support and resources, SMEs in Zimbabwe have the potential to transform the economy. Nevertheless, unlike India most of the local SMEs remain small and unregistered plagued with a host of challenges which include lack of financing, poor access to markets, limited knowledge and resources as well as delayed adoption of technology. Another critical challenge for SMEs, often times overlooked, is the lack of security against adverse or catastrophic events that threaten business continuity. Typical examples of catastrophic events include destruction of premises by fire, damage to finished products, accidental damage to delivery vehicles and even theft by a key employee(s).

Taking cognisance of the limited financial resources coupled with cash flow challenges typically faced by SMEs, any one of the above scenarios can have a grave impact on business sustainability. As a viable solution to addressing the business threats faced by SMEs, NicozDiamond has structured various insurance covers to mitigate the bearing of these threats. Typically the insurance protects small businesses against damage to property, guards against financial losses and also defends the business against liability arising from negligence. Other insurance covers exist that provide a fixed benefit in the event of an accidental death or injury e.g. employee injury in an accident.

The following are some of the standard insurance products that can be considered for small businesses:- Motor Comprehensive Insurance: This cover protects the business vehicles against accidental damage plus covers compensation owed to third parties for property damage and bodily injury. Fire Cover: This cover indemnifies against damage to business premises and stocks arising from fire and other causes such as lightening, flooding and storms. Theft and Money: These insurance products protect the business from theft, burglary and robbery of key assets. Fidelity Guarantee: This cover protects the business from the corrupt and dishonest actions of employees. Business Interruption: This insurance protects the business owner against loss of income arising from an occurrences such as fire, flooding and storms that affects the business's ability to continue its operation as normal. Liability cover: Insurance covers against legal liability arising from damage to third party property or bodily injury in the normal course of business e.g. brick falling on the head of a passer-by. Personal Accident cover: It will pay benefits in the event of accidental death or severe injuries which result in permanent disablement.

NicozDiamond has also created partnerships with key organisations in the SME sector such as SMEDCO and developed tailor made insurance solutions to cater for the diversity in the sector. Aside from the obvious benefits of providing security against risks encountered in the course of business, possessing adequate insurance cover may improve credit rating when sourcing for finance. This is because insurance secures the collateral and also acts as a guarantee for business continuity and hence future loan repayments. Finally NicozDiamond offers risk management consulting services for their clients at zero additional costs. Over and above, insurance is an effective risk management tool that enables smallholder businesses to transfer the risk of a loss to insurance companies who are experts in handling risks. Clearly SMEs profit by paying a moderately low price to the insurer whilst gaining defence against the likelihood of sustaining a much larger financial loss. Ultimately insurance allows a small business owner to actively pursue high risk growth opportunities confidently without fear of loss.*(Herald)*

NMB Bank says it has received lines of credit for $60 million from six different funders this year and is negotiating for another $40 million to bolster its lending capacity. NMB chief executive Benefit Washaya said the bank was leveraging on its strong shareholding, which included African Century, LLP, Old Mutual, Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N V (FMO), Norfund and AfricInvest to raise external lines of credit and expand its loan book. "Our approved lines stand at $60 million from six different funders and we are negotiating for additional lines in the region of $40 million," Washaya said on Friday at the bank's launch of its first Excellence Centre for high net worth clients in Borrowdale. "The world around us is changing and experience teaches us that unless you keep pace with an ever-changing business environment, you will be run over by the crowd," Washaya said. NMB has also opened two more branches in Kwekwe and Masvingo, with a third expected before the end of the year in Chinhoyi. Most of the lines of credit would be used to fund small to medium scale enterprises while the bank was now also offering mortgage financing. Washaya said that in the past the bank had looked after large corporates, medium-sized businesses and small businesses and high net worth individuals. "Unfortunately those market sectors have taken a battering. Because of that, we have had to enter other market segments we did not serve before.

As NMB, we had to respond to these changes by adjusting our business model and broadening our market segments," said Washaya. The bank is also introducing a mobile app for both Android and Apple platforms to improve customer experience. "Our focus remains on enhancing service delivery and product offering to ensure that our customers access all financial services under one roof," he said, adding that the bank had recently enhanced its internet banking platform. *(The Source)*

INNSCOR'S fast foods division, Simbisa Brands, will open four more shops before year-end, bringing the number of its outlets to 200, as it continues to expand throughout in the country. Innscor managing director, Warren Meares yesterday said the outlets will be opened in Bulawayo, Harare, Bindura and Gweru. In Bulawayo, the group is setting up a Chicken Inn drive-through service on the outskirts of the central business district along Matopos Road near the Zimbabwe International Trade Fair (ZITF) exhibition centre.The shop is currently under construction and will be opened in the second week of December. "By December, we would have opened 200 stores countywide in Bulawayo, Bindura, Harare and Gweru. Currently, we have 196 shops," Meares said. He said the drive-through business model — a convenient way of placing orders, paying and receiving food without disembarking from your vehicle — would be the first of its kind in the City of Kings. Meares said the company invested over $500 000 in the business. He said the shop, currently between 50 and 70% complete, will be open 24/7 during the festive period for the convenience of Bulawayo residents. Meares said the shop has vast parking space for customers as well as video gaming facilities, among other services. The venture falls under Simbisa, which runs Chicken Inn, Pizza Inn, Bakers Inn, Fish Inn, Nandos, Steers and Creamy Inn. Innscor has branches in Bulawayo, Harare, Mvuma, Gweru, Victoria Falls and Chiredzi, among other places. The project, according to Meares, is part of the $3 million that was set aside by Innscor earlier this year for investment through its expansion project which is expected to create 150 new jobs. Recently, Innscor unbundled its food service business, Simbisa Brands, and moved to list it separately on the Zimbabwe Stock Exchange to promote investment flexibility in the stand-alone entity. *(News Day)*

Rainbow Tourism Group (RTG) says its online channels will contribute 3% to total e-commerce revenue and the target is close to $1 million. This comes as RTG is seeking to boost additional revenue through e-commerce platforms. Speaking to NewsDay recently, RTG sales and relationships manager, Pride Khumbula said RTG was trying to offer services at a faster rate to satisfy clients. "We have other online channels managed through our e-commerce function, which contribute 3% to total online revenue, with an annual revenue target of just under a million dollars. We are continuously exploring technological innovations in an effort to deliver seamless, fast and affordable hospitality services to our customers," he said. "Other initiatives in the pipeline include developing RTG virtual online platform and strategic global partnerships." The first of its e-commerce platforms was the launch of the RTG online auction website in June that has since managed to achieve an activity revenue of $21 000 at a 53% activity revenue conversion rate on an upward trajectory.

The group is trying to tap into recent statistics that show that Zimbabwe has an Internet penetration rate of 47%, with Internet subscriptions totalling 6,1 million as at June 2015. "At this stage we are not expecting to make any profit, as the platform is in its infancy having been on the market for just five months. "At introductory stage of any product a significant marketing investment is critical to ensure awareness," Khumbula said. "Government, through the Ministry of ICT, and the telecommunications sector have invested heavily in ICT and telecommunications in response to the digital age in which the world now exists in, this is where the future of commerce lies." She said anyone who does not jump onto this digital super highway "may be out of business in the future". In the first quarter results ending June, the average bed occupancy levels in the hotel industry declined by 2 percentage points from 31% to 29% in 2015. Notable decreases were chiefly recorded in Nyanga, Midlands and Mutare/Vumba.

This decline is a result of low conferencing business, which is usually the major driver. RTG recently finished refurbishment of the Harare International Conference Centre (HICC) at a cost of $400 000 ahead of the International Conference on Aids and STIs in Africa (ICASA) 2015 in a move to help spruce up its conferencing revenue streams. Through its e-commerce services, RTG are seeking to further add to those figures to compete with its competitors in an industry that is in its busiest season. *(News Day)*

THE country's largest coal miner, Hwange Colliery Company Limited (HCCL)'s new concessions are expected to increase the life of the mine by 70 years, the Financial Gazette's Companies & Markets (C&M) has learnt. The company's managing director, Thomas Makore, revealed the development to C&M in a recent interview, saying the tri-listed coal miner had started Environmental Impact Assessments (EIA) at the Western Area and at Lubimbi West and East concessions, which it was granted by government this year. The Zimbabwe Stock Exchange-listed coal miner also has pockets of its shares trading on the London and Johannesburg stock markets. The EIA study is being undertaken by one of the leading environmental consultancy firms in the country, Environmental Guardians Services (EGS). It is understood that the new mining concessions hold deposits in excess of a billion tonnes of coal consisting of both coking and thermal coal at Western areas and Lubimbi West while Lubimbi East has coal-bed methane gas. The coal-mining giant was granted the new concessions after a realisation that resources at its opencast concessions were on the verge of depletion. "We have started the EIA study for Western Areas and at the Lubimbi and the reports for both areas are expected in January 2016," said Makore adding: "The new concessions are expected to increase the life for the mine by 70 years."

Government is the largest shareholder in HCCL controlling a 37 percent stake in the company, which has been battling a legacy debt in excess of US$160 million, while multi-millionaire British tycoon, Nicholas van Hoogstraten, who is the second largest shareholder in HCCL, holds a 30 percent stake in the mine. The National Social Security Authority has a 5,87 percent shareholding while Mittal Steel Africa Investments controls a 9,76 percent stake. HCCL, which used to enjoy a monopoly in coal production, has come under pressure from new producers, Makomo Resources, Coal Brick and Chilota Colliery, which have chipped off its market share. Recently, HCCL acquired mining equipment worth US$31,2 million from Belarus firm, Belaz and BEML of India through a vendor financing scheme secured from PTA Bank and India Exim Export Bank. The equipment was commissioned in June this year but barely a month after, some of it was burnt before it was even used. *(Financial Gazette)*

CABLE-maker, CAFCA Holdings Limited, says it grew monthly volumes to 300 tonnes per month during the full year ended September 30, 2015 after "vigorously" pushing exports and increasing working shifts. This is certainly one of few cases of growth in a market undermined by an economic crisis that has ruined industries, with many collapsing while others are tottering on the brink of bankruptcies. CAFCA had been minting 200 tonnes of cables per month during prior comparative period the previous year. CAFCA had been minting 200 tonnes of cables per month during prior comparative period the previous year. But still, export markets remained under tremendous pressure during the review period, as commodity prices remained subdued. Currency fluctuations in key export destinations also undermined growth, the Zimbabwe Stock Exchange-listed firm said. After taking a brave stance against the influx of foreign products into a market that has been paralysed by harsh policies during the half year ended March 31, 2015, CAFCA also slashed margins, helping it drive volumes at a time when industrial capacity utilisation slowed. The Confederation of Zimbabwe Industries 2015 Manufacturing Sector Survey indicated last month that capacity utilisation within the manufacturing sector had declined by 2,2 percentage points to 34,3 percent this year, from 36,5 percent last year. "The strategy for the year was to push volumes and turnover and take the company from a 200 tonne a month company to a 300 tonne per month company," CAFCA said in a commentary accompanying results for the review period.

"This we achieved by cutting margins, vigorously exporting and pushing the factory on a 2X12-hour shift basis," said CAFCA. "Volumes grew by 39 percent whilst turnover increased by 24 percent year on year," the report said. During the half year ended March 31, 2015, CAFCA had traded at heavy discounts on its cables to limit cheaper cables imports. There has been a huge swing towards cheaper imports, which has exposed hundreds of industrial firms to insolvency as markets have shrunk and revenues hammered at a terrifying pace. Turnover during the period rose to US$29,3 million during the review period, from US$23,6 million during the prior comparative period. Pre-tax profit declined to US$2,4 million during the review period, from US$2,7 million at the same time the previous year, Several key manufacturers, such as the listed electronic goods producer, Powerspeed, have rolled out plans to abandon production in Zimbabwe and import finished products as a result of high costs of doing business that has made them extremely uncompetitive at a regional scale. *(Financial Gazette)*

Zimbabwe's government is again scouting for an investor to revive Ziscosteel — once Africa's largest steelworks — finance minister Patrick Chinamasa revealed on Thursday, confirming the collapse of a deal with India's Essar group. Presenting the country's 2016 budget in Harare, Chinamasa said the government would take over Zisco's estimated $700 million debt in a bid to entice another investor, after a deal with India's Essar signed in 2010 failed to be consummated. Chinamasa added that all Zisco's employees would have their contracts terminated on three months' notice, with effect from December 1 2015. Essar beat off several rivals, including ArcelorMittal and Jindal Steel, to land the tender to take over Zisco, with its conquest being celebrated at an elaborate 2011 event attended by President Robert Mugabe and his then power-sharing Prime Minister Morgan Tsvangirai. The deal soon ran into trouble over the iron ore mineral rights that had been written in, but which hard-line elements in Mugabe's government found unpalatable.*(The Source)*

The Zimbabwe Stock Exchange has stopped trading in Pelhams shares after the company entered into provisional liquidation, officials said on Thursday. "The ZSE is in possession of material information on Pelhams which could potentially affect the price of the Issuer's shares. To that effect, the ZSE has temporarily stopped trading in Pelhams shares pursuant to Paragraph 4.13.2 of the ZSE Automated Trading System Rules and Procedures pending further announcements," the ZSE said in an announcement. Investors will not be able to buy or sell Pelhams shares during the period the Securities Halt is in effect, it added. In a separate notice, Pelhams said the company was placed under provisional liquidation with effect from November 18 following an application by TN Harlequin Luxaire and another creditor. "The Company had failed to pay its debts to TN Harlequin Luxaire Limited and other creditors due to the fall in consumer demand and failure by the company's debtors, who are predominantly civil servants, to pay their debts," it said. "The application by TN Harlequin Luxaire Limited to place the company under liquidation followed the refusal by the other shareholders to support TN Harlequin Luxaire Limited's request to recapitalize the company." Both Pelhams and TN Harlequin are majority owned by lawyer Tawanda Nyambirai Christopher Maswi of Fairvalue Chartered Accountants was appointed as the provisional liquidator. Pelhams said it remains open until the final determination by the High Court on April 6 next year. *(The source)*

Hippo Valley Estates, the local unit of South African sugar processor Tongaat Hullet on Thursday reported a 74 percent fall in after tax profit to $2,3 million in the in the six months to September on declining production volumes. The company said sugar production for the half year was down from 167,425 tonnes achieved during the same period last year to 157,877 tonnes due to low mill recovery ratios. Revenue dropped 15 percent to $70 million. Total comprehensive income however, declined nearly 76 percent to $2,1 million after a $117,000 exchange loss on foreign investment. Private farms registered a four percent decrease in cane deliveries to 549,645 tonnes of cane over the six month period while the company's own deliveries rose by a similar margin to 754,254 tonnes after an early start of the milling season.

Chief executive Sydney Mtsambiwa said sugar production levels in the 2016/17 financial year would largely depend on the extent of rainfall received in the catchment area of the industry's supply dams. "A return to regular growing conditions, together with the benefit of the intensive agricultural improvement plans that are well under way should lead to industry and company sugar production increasing to around 540,000 tonnes and 270,000 tonnes respectively by 2018/19," said in a statement accompanying company results," he said. For 2015, the sugar industry is forecasting a decrease in sugar production to 410,000 tonnes from 445,000 tonnes in 2014. *(The Source)*

Economic News

Zimbabwe's trade deficit narrowed by 29 percent to $279,7 million in October as exports rose slightly, latest data from the national statistics agency has shown. The Zimbabwe National Statistics Agency (Zimstat) data shows that exports in October were up six percent to $236 million compared to the previous month while imports declined 12 percent from $583, 6 million to $515, 9 million. Some of the exports include beef, tobacco and other agricultural produce as well as wines, minerals and scrap metal. Cumulatively to October, Zimbabwe's imports bill stood at $5 billion while exports amounted to $2 billion, indicating a continued reliance on imported goods as local industry remains depressed. Some of the imported products include fish, milk, cheese, sausage casings, agricultural products including maize, sugar related confectionary, biscuits, electrical energy, chemicals, fertilisers, vehicles and generators. The biggest import source for Zimbabwe in the period under review was South Africa with $201 million followed by Singapore with $115 million. *(The Source)*

Zimbabwe's telecoms regulator says mobile money transfers have grown nearly 30 percent to $512 million in the three months to September while revenue in the sector dropped three percent. The country has three mobile operators – Econet Wireless, Telecel and NetOne which all run mobile money transfer services. In a quarterly report, the Postal and Telecommunications Authority of Zimbabwe (Potraz) said the number of mobile money subscribers had increased by 7.7 percent to 6,2 million compared to 5,8 million recorded in the first quarter. "Mobile money transfer service has been on an upward trajectory since inception. The total value of deposits on mobile money platforms increased by 25.8 percent to record $512 million from $407 million recorded in the previous quarter," said Potraz. During the period under review the number of agents increased from 25,427 to 27,862. Revenue generated by the mobile operators in the second quarter registered a 2.9 percent decline to $183 million. "The continued decline in total mobile revenues can be attributed to consumer substitution of voice service with Over the Top (OTT) services such as Whatsapp, Viber and Skype," said Potraz. Fixed telephone voice service revenues declined by 14.6 percent to $30,5 million from $35,6 million in the previous quarter. Total investment in fixed telephony shot up 119.3 percent to $6,8 million. *(Source)*

Zimbabwe's economic growth will probably accelerate to 2.7 percent in 2016 from 1.5 percent this year and the southern African nation expects to resume receiving support from the International Monetary Fund and World Bank, Finance Minister Patrick Chinamasa said. Presenting his $4 billion budget to parliament Thursday, Chinamasa said Zimbabwe would repay $1.8 billion in debt to multilateral lenders such the World Bank, IMF and African Development Bank in the first half of next year. Zimbabwe lost its borrowing and voting rights in the IMF and World Bank in 2003. "It's expected that financial support from the IMF and World Bank, along with other development partners, will resume in 2016," he said. Zimbabwe will set legal limits on its indigenization laws that require foreign companies to cede as much as 51 percent to blacks, Chinamasa said. A new law will be published before the end of this year that will "eliminate discretionary application," he said.

About 82 percent of Zimbabwe's revenue goes to salaries and wages, and 92 percent to recurrent costs, leaving "only eight percent for capital expenditure," he said. "The bulk of the budget is taken by employment costs that aren't sustainable." Gold production will probably rise to 24 metric tons in 2016 from 18.7 tons this year. Output peaked at 29 tons in 1999. The government will finance a $150 million deficit through domestic borrowing, he said. The economy shrank by about 40 percent between 2000 and 2009 after President Robert Mugabe's Zimbabwe African National Union-Patriotic Front backed an often-violent seizure of most of the country's white-owned farms. The move left the country reliant on mineral exports, even as miners battled dwindling electricity supplies. Zimbabwe sits on the world's second-largest known deposits of platinum metals and chrome after neighboring South Africa. *(Bloomberg)*

Zimbabwe's gold output is expected to rise by 28 percent to 24 tonnes in 2016 from 18.7 tonnes this year, Finance Minister Patrick Chinamasa told parliament on Thursday. Earlier Chinamasa said in his budget speech that Zimbabwe's economy is expected to grow by 2.7 percent in 2016, compared with a projected 1.5 percent increase this year. *(Reuters)*

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