WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

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

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

AFRICA STOCK EXCHANGE PERFORMANCE

Country	Index	7-Nov-14	14-Nov-14	WTD % Change Local	WTD % Change USD	YTD % Change Local	YTD % Change USD
Botswana	DCI	9526.22	9520.60	-0.06%	-0.71%	5.16%	-0.89%
Egypt	CASE 30	9420.75	9260.18	-1.70%	-1.71%	36.52%	32.37%
Ghana	GSE Comp Index	2228.85	2260.17	1.41%	1.00%	5.36%	-22.47%
Ivory Coast	BRVM Composite	234.41	238.13	1.59%	1.12%	2.63%	-7.19%
Kenya	NSE 20	5074.53	5139.37	1.28%	0.80%	4.31%	0.23%
Malawi	Malawi All Share	14220.16	14314.65	0.66%	0.18%	14.23%	3.39%
Mauritius	SEMDEX	2114.99	2103.42	-0.55%	-1.03%	0.37%	-4.07%
	SEM 7	398.81	396.66	-0.54%	-1.02%	-1.73%	-6.07%
Namibia	Overall Index	1096.12	1106.97	0.99%	0.65%	11.03%	3.99%
Nigeria	Nigeria All Share	33216.31	35381.02	6.52%	5.09%	-14.39%	-18.79%
Swaziland	All Share	298.01	298.01	0.00%	-0.34%	4.32%	-2.30%
Tanzania	TSI	5299.95	5116.93	-3.45%	-4.78%	79.95%	65.71%
Tunisia	TunIndex	4999.91	4904.42	-1.91%	-2.26%	11.94%	0.18%
Zambia	LUSE All Share	6137.44	6137.32	0.00%	-0.11%	14.74%	-0.51%
Zimbabwe	Industrial Index	176.91	174.10	-1.59%	-1.59%	-13.86%	-13.86%
	Mining Index	73.16	63.88	-12.68%	-12.68%	39.51%	39.51%

CURRENCIES

Cur-rency	7-Nov-14 Close	14-Nov-14 Close	WTD % Change	YTD % Change
BWP	9.11	9.17	0.66	6.11
EGP	7.13	7.13	0.01	3.14
GHS	1.87	3.21	0.41	35.89
CFA	524.66	527.07	0.46	10.58
KES	88.13	88.55	0.47	4.07
MWK	453.67	455.86	0.48	10.49
MUR	30.21	30.36	0.49	4.62
NAD	11.16	11.20	0.34	6.77
NGN	165.93	168.18	1.35	5.42
SZL	11.16	168.18	0.34	6.77
TZS	1,667.22	1,690.50	1.40	8.59
TND	1.82	1.83	0.36	11.74
ZMW	6.33	6.34	0.11	15.33

SECURITIES AFRICA

Botswana

Corporate News

No Corporate News This Week

Economic News

No Economic News This Week

Egypt

Corporate News

Aabar Investments has acquired a 5.1 percent stake in Egypt's second-largest listed real estate developer Palm Hills, Palm Hills said in a statement on Sunday. Palm Hills is valued on the Egyptian Stock Exchange at approximately 5.6 billion Egyptian pounds ($785 million), putting the value of the investment at around 285 million Egyptian pounds, according to Reuters calculations. Aabar, a subsidiary of the United Arab Emirates' sovereign wealth fund and run by the Abu Dhabi government, will have a representative on the board, the statement said. *(Reuters)*

Palm Hills, Egypt's second-largest listed real estate developer, on Sunday reported a 152-percent jump in third- quarter net profits, propelled by a spike in sales. The company said third-quarter net profits reached 129.70 million Egyptian pounds ($18 million), up from 51.47 million pounds for the same period last year. Palm Hills also reported a 368 percent jump in third-quarter revenues on the year to 487 million pounds after it delivered more properties to market. Egypt's once-booming construction sector was hit hard by the 2011 revolt that ended Hosni Mubarak's 30-year rule but ushered in a period of economic and political volatility. Three years on, the economy is showing the first signs of recovery, bringing an uptick in demand for property in the Arab world's most populous country. Palm Hills, which is involved in about 18 development projects including apartments and luxury villas, struggled in 2012 after it faced investigations into previous state land sales and client cancellations after the revolt. In 2013, it turned a corner and recorded a profit of 239 million pounds. In September, the company said it had agreed to borrow 2.4 billion pounds from nine banks, mostly to finance existing projects. *(Reuters)*

Profits for Egypt's Ghabbour Auto (GB Auto) climbed 254 percent in the third quarter, compared to the same period the prior year, the company announced in a statement to the Egyptian Stock Exchange on Monday. The automotive assembler and distributor attributed the sales growth to a surge in passenger car sales, higher sales in the Iraqi market and in domestic construction equipment sales, CEO Raouf Ghabour said in a press release from the company. GB auto recorded almost LE72 million in net profits in the third quarter of 2013, compared to LE20.3 million in the same period last year. Revenues also jumped 47.6 percent to LE3.1 billion from LE2.1 billion year on year. The company's bonanza, driven by passenger car sales, contributed LE2.3 billion to total revenues in the three months ending 30 September, the highest in five years, said Ghabour. Commercial vehicles and construction equipment which contribute almost 7 percent to revenues also saw unit sales rise by 147 percent "on the back of increased spending in Egypt's infrastructure," said Ghabbour. The Iraqi market achieved 14 percent growth in sales, while investments made in Algeria are expected to "start posting a respectable sales performance in 2015," said Ghabbour.*(Ahram)*

Economic News

Egypt has pushed back a major conference meant to boost investment and aid from February to mid-March to avoid it conflicting with Chinese holidays, the Finance Minister said on Saturday. "We would have missed a large number of investors and attendees if we had held it in February," Hany Kadry Dimian told a news conference. He did not announce a new date for the conference, which was originally scheduled for February 21-22. Chinese New Year falls on February 19 next year. The summit in the Egyptian resort town of Sharm el Sheikh, was initially called for by King Abdullah of Saudi Arabia. Cairo is hoping it will generate hefty pledges of support from foreign governments, private investors and international donor organisations. *(Reuters)*

Egypt's annual urban consumer inflation quickened to 11.8 percent in October from 11.1 percent in September, the official statistics agency CAPMAS said on Monday. Inflation fell in September after a rise this summer triggered by the government's introduction of fuel price increases. Annual inflation reached its highest rate in nearly four years a year ago, then began falling until the fuel price hikes in July. Mohamed Abu Basha, an economist at EFG-Hermes, said he had predicted a smaller increase. "It came above expectations and that's solely

due to the jump in the category of education", he said, noting that the back-to-school period usually spurs a price hike but not the 25 percent registered by CAPMAS for October. He said other items across the consumer basket saw mild increases, such as 0.9 percent month-on-month for food prices. The Arab world's most populous country has been trying to repair an economy battered by political upheaval, street protests and militant violence since a popular uprising toppled autocrat Hosni Mubarak in 2011. President Abdel Fattah al-Sisi's government has started implementing politically sensitive economic reforms such as slashing energy subsidies in a bid to narrow the budget deficit and gain the confidence of foreign investors. *(Reuters)*

Egypt's market bounced back to gains on Monday following three consecutive sessions of profit making. The benchmark index EGX30 inched up 0.92 percent to register 9,459 points with daily stock turnover reaching LE754.6 million. Egyptian investors were net buyers to the tune of LE40 million, while Arab investors were net sellers to the tune of LE26 million. Blue chips Commercial International Bank (CIB) and Telecom Egypt (TE) were both gainers, rising 1.5 percent to LE51.5 per share and 0.13 percent to LE15.05 per share. Global Telecom Holding was one of four decliners in the main index, falling 1.08 percent to LE4.59 per share. Egypt's leading investment bank, EFG-Hermes, saw its share price increase 1.52 percent to record LE17.6 per share. The largest market cap in the real estate sector, Talaat Moustafa Group (TMG) holding, gained 1.16 percent to LE10.46 per share and Medinet Nasr Housing was up 2.67 percent to LE43.91 per share. The broader index EGX70 increased 0.79 percent.*(Ahram)*

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Egypt's stocks dwindled on Wednesday as companies announced their third quarter financial results. Benchmark index, EGX30, declined 1.55 percent to sit at 9,345 points and daily stock turnover registered LE712.6 million. Non-Arab foreign investors were net buyers in the tune of LE36.7 million while Arab investors were net sellers to the tune of LE22.6 million. Market bellwether, Commercial International Bank (CIB), fell 1.69 percent to LE49.15 per share despite reporting a 5.6 percent rise in net profits in the third quarter. State-run Telecom Egypt dropped 1 percent to LE14.65 per share following the announcement of its third quarter profit dip. TE posted a 61 percent decline in its third quarter profits compared to the same period last year. Telecommunications also saw Global Telecom Holding (GTH) and Orascom Telecom Media and Technology Holding (OTMTH) make losses, dropping 4.34 percent to LE4.35 per share and xx percent to LExx per share respectively. Egypt's leading investment bank, EFG-Hermes, decreased 2.27 percent to LE1.26 per share. The financial company's profits increased 24 percent in the period ending 30 September. Real Estate developer Six of October for Development and Investment Company (SODIC) was the only gainer in its sector, rising 0.75 percent to LE15.85 per share. SODIC reported 37.4 percent rise in its third quarter profits. Real estate developer Talaat Moustafa Group (TMG) Company declined 1.61 percent to LE10.21 per share and Palm Hills for Development (PHD) fell 2.24 percent to LE4.36 per share despite reporting a 152 percent jump in profits earlier this week. Car assembler and distributor Ghabbour Auto (GB Auto) gained 0.76 percent to LE33 per share after reporting a 254 percent jump in its third quarter profits. *(Ahram)*

Dubai's largest listed construction firm, Arabtec, hopes to begin the construction of one million housing units in Egypt before the end of the year. Arabtec has conducted "intensive negotiations and meetings" during the past period with Egyptian officials for the project to begin before the end of 2014, the company said in a press release to the Dubai Financial Market on Wednesday. "The company is making the

maximum possible effort, in cooperation with the Ministry of Housing and New Urban Communities Authority in Egypt, to begin the construction of phase one of the project before the end of the current year." In March, Arabtec agreed with the Egyptian army to build one million houses in a project worth LE280 billion ($40 billion). The project is planned to cover 160 million square meters on land provided free by the armed forces across 13 sites in Egypt for lower income individuals. Work on the project was originally scheduled to start in the third quarter of 2014 and to be completed before 2020, but delivery of units will start in 2017. *(Ahram)*

Egypt plans to repay all of the $4.9 billion debt owed to foreign oil and gas companies within six months, the oil ministry said on Thursday, a move it hopes will prompt them to step up exploration and ease the worst energy crunch in decades. Egypt has delayed payments to oil and gas firms as its economy has been hammered by almost three years of instability since a popular uprising ousted autocrat Hosni Mubarak. Arrears had begun to accumulate before the revolt, but worsening state finances saw the debts mount to billions of dollars while the government diverted gas that had been earmarked for export, to meet domestic demand. Gas production has steadily declined in Egypt while consumption keeps rising, but firms have been reluctant to increase investment in exploration and production, particularly in costly offshore areas, until the government pays them back. The oil ministry said in a statement that Egypt planned to borrow $2 billion to help it finance the repayments, seeking to pay back 60 percent of the arrears by year-end. Egypt said in October it had repaid $1.5 billion of the money owed, leaving $4.9 billion outstanding. "This offering, comes as one of the short-term measures taken by the government to pay the IOCs' (international oil companies) arrears," Oil Minister Sherif Ismail said in the statement. He said that state oil and gas boards EGPC and EGAS were holding another round of talks with the oil companies, in parallel with the repayments, to "manage their expectations". The gas shortage has left the Arab world's most populous country struggling with its worst energy crisis in years. Blackouts became an almost daily occurrence over the summer months and the government has also diverted gas away from heavy industries, doing substantial damage to the bottom lines of some companies. Egypt began cutting subsidies on fuel and electricity in July as part of economic reforms aimed at curtailing its budget deficit and curbing growth in domestic energy consumption. *(Reuters)*

Egypt has issued the country's first law regulating microfinance services, the Egyptian Supervisory Authority said late on Thursday. The law regulates microfinance funding by non-bank sources including companies and non-governmental organisations and puts them under the authority of the financial regulator, known as EFSA. Banks will continue to be regulated by the central bank. The law, approved by the country's interim cabinet in May, was issued by decree by President Abdel Fattah al-Sisi after approval by the State Council. In the absence of a parliament, Sisi has been using his legislative authority to introduce economic reforms, which have been welcomed by investors, whilst also curtailing political freedoms. The government consulted the World Bank and other institutions when drawing up the law, EFSA said. The rules for microfinance, the provision of extremely small loans, could help to create jobs by giving individual entrepreneurs a start. Executives from U.S. companies visiting Egypt this week said the country needed to promote the growth of small companies to develop its economy. *(Reuters)*

Ghana

Corporate News

No Corporate News This Week

Economic News

Dr Ekwow Spio-Gabrah, Minister of Trade and Industry (MOTI), has said Ghana's economic growth would rely much on the attention and importance Ghanaians attach to the consumption of locally made goods and services. He said the patronization of locally made goods and services by citizens would not only offer numerous opportunities for the country's economic, national growth and integration but rather it would help promote business building relationships, trade, exchange linkages and innovations. "Again, when Made-in-Ghana goods are patronized extensively by us, as citizens of the Ghana, it will create jobs that will improve our competitive vitality, and above all provide stakeholders a trusted platform to interact with the industry and economic operators", Dr Spio-Gabrah stated in Accra on Wednesday at a Press launch of the Grand Sales 2014, Co-locating with Made-in-Ghana Fair. He said he recognised that co-locating the two distinct events would gain serious attention in the international exhibition industry, as the concept allows for the creation of bigger platforms for exhibitors, visitors and trade buyers who would converge and transact one-stop-shop business activity. "As a consumer fair, it aims at boosting both internal and international trade especially to promote Ghana's exports to create employment," Dr Spio-Gabrah said. The 10-day fair which is scheduled to take place from December 15 to December 24 at the Ghana International Trade Fair Centre La-Accra seeks to promote made in Ghana goods. According to Dr Spio-Gabrah, the target for this year's Fair would not be less than 25,000 visitors adding that "Organizers are also expecting over 400 exhibitors to take part in the fair," he said. He said the 2014 Grand Sales which would be on the theme "Bringing Buyers and Sellers together" would come with activities such as the Made-In-Ghana Health Walk slated for December 20th 2014, a musical concert coming off on December 24th, a daily aerobics session from 15 hours to 17 hours and a Free Health Screening. He appealed to all companies, entities and potential exhibitors who had not yet registered to earnestly do so, so as to enjoy the maximum benefits that these platforms offer both local and international economic operators. Dr Spio-Gabrah also urged the public to promote and patronize made in Ghana goods as by changing their preference and taste for foreign goods to the patronage of Ghana made goods and services would reduce the quantum of the country's importers and arrest the pressure on the cedi over major world currencies. Mrs Hannah Amoateng, Board Chairperson, Ghana Trade Fair Company Limited (GHTFCL), called for partnership between MOTI and the GHTFCL that would help promote Ghana's trade Agenda. She also called on the public to patronize made in Ghana goods as the fair and exhibition would be used to promote the quality of goods produced locally in the county. *(Ghana Web)*

Ghana's central bank raised its main interest rate to 21 percent, while reducing the band around it, having a neutral impact on borrowing costs. The policy rate was increased from 19 percent, while the interest-rate corridor was narrowed to 300 basis points from 500 basis points, Governor Kofi Wampah told reporters today in the capital, Accra. The rate at which the central bank lends to commercial banks remains unchanged at 24 percent, he said. "The committee decided to maintain the current tight policy stance and at the same time realign rates in the money market within the interest-rate corridor," Wampah said. Five out of six economists surveyed by Bloomberg predicted the policy rate to stay unchanged, whileRazia Khan, head of Africa research at Standard Chartered Bank Plc in London, forecast an increase to 20 percent. "Despite the hike, market interest rates don't really change," Khan said by phone today. The lending rate to commercial banks is maintained and for market purposes, that is more important, she said. The central bank will continue to borrow from commercial lenders at 18 percent. The cash reserve requirement was cut by 1 percentage point to 10 percent and a "further reduction may be considered when appropriate," Wampah said. A 14 percent rebound in the currency against the dollar since August as the government began talks with the International Monetary Fund hasn't yet impacted inflation. Consumer prices rose 16.9 percent in October from a year ago, up from 16.5 percent in September, the statistics office said today. The outlook for inflation will depend on how much funding the central bank is providing to the government to cover the budget deficit, said Khan. "If the Bank of Ghana were raising the policy interest rate but at the same time actively financing the deficit in greater quantity, that would still be an easing," she said. Inflation will continue to remain outside

the bank's target band of 2 percentage points around 8 percent, slowing gradually toward the band in the first half of next year, Wampah said. "The ease in inflation over the policy horizon is contingent on significant fiscal consolidation and maintenance of the tight monetary policy stance," he said. Without that "the inflation target could take a longer duration in excess of 12 quarters to be achieved," he said. The cedi was trading at 3.2250 against the dollar as of 4:23 p.m. in Accra today, taking its decline for the year to 26 percent. Standard & Poor's last month cut Ghana's credit rating to B-, six levels below investment grade, concerned that authorities won't be able to rein in the budget deficit. The IMF forecasts the shortfall will reach 9.75 percent of gross domestic product this year compared with the government's target of 8.8 percent.*(Bloomberg)*

Ghana's central bank will probably keep its benchmark interest rate unchanged today as the government moves closer to agreeing on an aid package with the International Monetary Fund, helping to strengthen the currency. The Monetary Policy Committee will leave the key rate at 19 percent for a second consecutive meeting, according to five of the six economists surveyed by Bloomberg. Razia Khan of Standard Chartered Plc in London predicts a 100 basis-point increase. "The currency performance has been very encouraging," Ridle Markus, an Africa strategist at Barclays Africa Group Ltd., said by phone from Johannesburg. "Once the IMF program is announced, the currency will potentially show some further strengthening." The cedi has surged 15 percent against the dollar since the beginning of August when authorities said they would seek IMF aid to help bolster the economy in the face of widening fiscal and current-account deficits. The currency had plunged 36 percent in the first seven months of the year, the worst performer in Africa, pushing up the inflation rate to 16.5 percent in September. "The IMF will hopefully force the government to embark upon proper balance-of-payments adjustment measures to stop the currency from weakening," Michael Kafe, an economist at Morgan Stanley in Johannesburg, said by phone. The acceleration in inflation is "not sustainable; the currency has come back a bit," he said. Negotiations between the government and an IMF team resumed in Accra, the capital, on Nov. 6 and will last until Nov. 20, Finance Minister Seth Terkper said last week. Ghana expects to receive about $800 million in a three-year loan program that may begin in January, he said. Standard & Poor's last month cut Ghana's credit rating to B-, six levels below investment grade, concerned that authorities won't be able to rein in the budget deficit. The IMF forecasts the shortfall will reach 9.75 percent of gross domestic product this year compared with the government's target of 8.8 percent.*(Bloomberg)*

Inflation for the month of October hit 16.9 percent, up by 0.4 percent from 16.5 percent recorded in September this year. This is the highest rate since March 2010. According to the latest figures released by the Ghana Statistical Service, housing, water, electricity, gas and other fuels, recorded the highest rate of 36.0 percent followed by transport with 30.6 percent. The lowest inflation was recorded in the education subgroup, 9.0%. At the regional level, Upper East Region recorded the highest regional year-on-year inflation rate of 19.7 percent while the Upper West Region recorded the lowest, 13.4 percent. Five other regions, Central, Northern, Eastern, Ashanti and Western recorded inflation rates above the national average of 16.9 percent. The food and non-alcoholic beverages group recorded a year-on-year inflation rate of 6.5 percent. This is 0.7 percentage points higher than the 5.8 percent recorded in September. However, there was a decrease in the non-food group. It recorded a year-on-year inflation rate of 24 percent in October 2014, compared to the 24.1 percent recorded in September 2014. *(Ghana Web)*

Kenya

Corporate News

Safaricom is headed for a fresh clash with the Communications Authority (CA) on the regulator's assessment of the quality of its voice service. The Nairobi bourse-listed firm says findings of an independent consultant shows the telco has met all but one of the targets set by the regulator, contrary to CA's 2013 Quality of Service (QoS) study that graded Safaricom's service with the poorest score as its rivals also fell short. This is the second time Kenya's biggest mobile operator has hired an external expert to assess its quality of service, underlining Safaricom's push to have its network given a clean bill of health. The telcos are expected to deliver overall performance of at least 80 per cent on eight indicators to be compliant, but Safaricom had the worst score of 50 per cent in the year to June while Airtel, Telkom and Essar each achieved 62.5 per cent. "We continued to be concerned with the results of the CA QoS results," said Safaricom CEO Bob Collymore in the firm's 2014 sustainability report. "As part of our "best network in Kenya programme", an independent company was contracted to carry out independent audits and tests to measure our network performance relative to other mobile service providers," said Mr Collymore. Safaricom, which paid a Sh500,000 fine for failing to meet the set quality levels last year, said it is engaged in discussions with the regulator "to understand discrepancies between CA QoS results and the independent results." The poor performance by all the four telcos means CA raked in Sh2 million in fines from Safaricom, Airtel, yuMobile and Telkom Orange. Safaricom has consistently failed to meet the regulator's benchmarks on voice service quality, having scored 50 per cent in the year to June 2012 and 25 per cent a year earlier; but its own private study last year returned a pass with 87.5 per cent. The telco scored 37.5 per cent in the inaugural network assessment in 2010 and improved to 75 per cent the following year. The Communications Authority had tied Safaricom's licence renewal – which lapsed on June 30, 2014 – to payment of $27 million (Sh2.2 billion) in fees and meeting the set quality standards. But the regulator went ahead and issued Safaricom with a fresh 10-year licence despite the company failing to meet the targets on key performance indicators. Airtel's operating licence is due for renewal in February 2015.*(Business Daily)*

Equity Bank is set to receive a Sh13.1 billion loan from the African Development Bank (AfDB) for onward lending to small and medium firms. The credit will help the bank expand its loan book, which stood at Sh206.6 billion in September, up from Sh158.5 billion in the same month last year. "It will enhance SME access to finance, therefore, contributing to their growth and development and will contribute to helping Kenya further its growth and development aspirations," AfDB said in a statement. Local banks are increasingly taking substantial loans from development finance institutions (DFIs) like AfDB, attracted by relatively favourable terms of debts, including lower interest rates and longer tenor. The lenders have complained of a mismatch between long term loans and deposits that are mostly short-term in nature, exposing a gap that they have chosen to fill by credit from the DFIs. "The funding will contribute to diversifying and lengthening the maturity profile of Equity Bank's funding and enhance its ability to extend medium to long-term financing to viable projects and borrowers," said AfDB. KCB, Chase and Co-operative Bank are among institutions that have taken tens of billions of shillings from the international financiers to fund their long-term lending business. *(Business Daily)*

An American fast food chain, Domino's Pizza, and ice cream seller Cold Stone Creamery, have announced plans to open 16 Kenyan outlets in the next two years at an estimated cost of Sh445 million. Local franchise holder of the two brands, Om Nom Nom, says the outlets will be located in areas mainly frequented by middle class shoppers. This past weekend the firm opened two Cold Stone outlets, one on Mama Ngina Street and another at Fortis Tower in Westlands where it also has the first Domino's Pizza store. Cold Stone Creamery is based in Arizona while Domino's Pizza is headquartered in Michigan. Eric Andre, a director and co-founder of Om Nom Nom, says they have set aside about half a billion shillings for expansion with two stores set to open in Gigiri and Nyali, Mombasa by mid next month. "We are planning to open at least eight Domino's Pizza and 10 Cold Stone outlets in the next 24 months in Nairobi where our focus will remain over that period," Mr Andre told the Business Daily in a telephone interview. "Kenya's middle class is growing and consists of people eager to sample new things like what we are providing them. Therefore, setting up in Kenya was very logical for us." Om Nom Nom, which a regional firm that has interests in retail, hotel, catering and real-estate industries, is a private company co-owned by three investors— a Kenyan, Briton and Mr Andre who is Italian. Coffee shops, restaurants and fast-food outlets have been on an expansion and capital raising plans in the race to tap

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

Kenya's emerging eating out culture mainly driven by an expanding middle class with higher disposable incomes. Cold Stone and Domino's Pizza are following in the footsteps of other US brands that have made their debut in Kenya in the past five years alone. Subway and KFC fast food chains have entered Kenya in the past five years, and are currently growing their branch network. About two years ago American private equity firm Emerging Capital Partners (ECP) bought a majority stake in Java, a chain of coffee shops, with the capital injection planned to drive expansion. These international brands stand to gain from Nairobi's expatriate community that is growing as multinational firms like IBM, Google, Visa and MoneyGram choose the city as either their regional or Africa headquarters. The next Cold Stone and Domino's Pizza stores are to be located near the US Embassy. "We will definitely benefit from the expatriate community in the area but this is not the primary reason we opened there," said Mr Andre of the store that is set to open on December 1. Frontier Strategy Group, US data vendor that tracks emerging markets, mid this year ranked Kenya as the second most preferred destination in Africa for multinational corporations seeking to set up shop. Kenya was ranked second with a score of 23.17 per cent after Nigeria which was top on the continent and globally with a score of 29.57 per cent. Globally, Kenya was fifth behind Saudi Arabia (24.69 per cent), Vietnam (24.72 per cent) and Argentina which was second (24.72 per cent). The index was based on input from 200 multinational corporations like Coca Cola and General Electric."Terrorist attacks will cause sporadic disruptions but the vibrant private sector, rising consumer spending and Kenya's important role as a hub for East Africa are strong economic drivers which are unlikely to be derailed by insecurity," said Frontier Strategy Group. *(Business Daily)*

Nissan is set to open four new showrooms in major towns across the country in a Sh1.3 billion expansion plan which will also include opening of new service centres. Crown Motors, which in August replaced DT Dobie as the Kenyan franchise holder of the Japanese vehicle brand, said it would open showrooms in Mombasa, Kisumu, Eldoret and Naivasha by the end of next year. The Mombasa showroom is set to open in two months, adding to the recently opened main Nissan showroom in Nairobi along Uhuru Highway and service centre along Mombasa Road. The company also plans to hire sub-dealers in other towns as it races to widen its dealership network and match that of established rivals like Toyota and General Motors East Africa (GMEA). "Kenya is an important market for us and we are happy with the ongoing investment in the Nissan brand," Mr Takashi Hata, the chairman of Nissan Africa, told the Business Daily. Mr Hata added that Crown will only sell Nissan brands including pick-ups and cars in Kenya. DT Dobie lost the Nissan franchise after Toyota acquired it, together with CICA Motors, in December 2012 as part of a Sh274.4 billion Pan-African deal involving their parent firm CFAO. The deal spooked Nissan Motor Company, prompting it to terminate its dealership agreement with DT Dobie and appoint Crown Motors instead. Nissan South Africa CEO Mike Whitfield said the company has now replaced CFAO as the distributor of Nissan vehicles on the continent. Crown is owned 51 per cent by South Africa's AMH Group and 49 per cent by a consortium of local investors led by businessman Mohamed Zubedi. Mr Zubedi owns a car dealership in Dubai, besides a tyre distribution and logistics business in Kenya. His cousin Ali Zubedi runs Transafrica Motors which sells FAW trucks and Honda cars in Kenya. The Crown Motors dealership expands the Zubedi family's interest in the motor vehicle business. The start-up firm hired former DT Dobie executive Chris Angell as CEO, seeking to tap his extensive experience in the local auto business.

AMH Group's chief executive Manny De Canha said Crown would continue to focus on popular Nissan models like pick-ups and sports utility vehicles X-Trail and Patrol. Sales of the models, under DT Dobie, stood at 1,140 units last year and accounted for eight per cent of total new vehicles sold in the country. Crown is set to inherit this market share and hopes to further raise it through introduction of newer models and the wider network. The firm is introducing modern versions of the Nissan Datsun model besides new releases of the X-Trail, Patrol, and Qashqai. Nissan is one of the biggest brands in the local pick-up segment, competing with Toyota and Isuzu brands which are sold by GMEA. AMH had initially planned to form a joint venture with an existing dealer in Kenya to fast-track the transition of the Nissan franchise from DT Dobie. It is unclear what led to the collapse of talks that saw the South African firm opt to start operations from scratch. *(Business Daily)*

Investors shied away from buying Uchumi rights yesterday as the market price fell below that of the offer raising questions as to the whether the efforts to raise money would succeed. Analysts say the drop of the retailers share price to Sh8.05, which is below the rights share offer price of Sh9, presents a hurdle to Uchumi achieving its target of Sh896 million from the rights issue. The counter gained slightly yesterday by five cents, with 217,000 shares changing hands. "I think it's quite a hard sell for Kenyan investors to take up Uchumi rights at a premium price relative to the market, meaning high probability of failing to meet their subscription target," said Genghis Capital analyst

Silha Rasugu. The cash call was approved by shareholders in December 2012 and its delay has seen Uchumi struggle with supplier debts and stock-outs, forcing the retailer to turn to borrowing for working capital.

Had the company issued the rights in 2013 as planned, it would have benefitted from a share price that remained relatively stable at between Sh19 and Sh21, meaning that it could have raised at least Sh1.5 billion from the sale of 99.5 million shares factoring in a discount. In 2014, the counter has shed 57 per cent, leaving the company to revise downwards the target to below Sh1 billion. According to ABC Capital corporate finance manager Johnson Nderi, the rights issue has come at a time when the market is vulnerable as it feels the effects of the capital gains tax due to kick in next year, which has seen investors rush to lock in profits. Mr Nderi said the market has also made several assumptions over the Uchumi stock, drowning out the voice of management on the company's change of strategy towards co-opting more debt financing. "The market has misread some signals, especially on the story of the debt, by failing to account for the fact that management has a strategic plan behind their actions," said Mr Nderi. "There is a reason why the banks are willing to do business with Uchumi, and looking back at their recovery from the 2006, they were able to repay their debts and return to profitability," added Mr Nderi. Diversified insurance and investment firm Britam also suffered from investors failing to account for a strategy change. For two years after its 2011 listing it held largely below the offer price of Sh9 even as the company diversified further into the lucrative real estate sector. The counter has over the past year seen a surge. Analysts say Uchumi may yet get a boost in the rights from a strategic investor looking for an easier way of getting into the counter. Such investors being long term in nature would be unlikely to be put off by the price premium on the rights issue, Mr Nderi says. Investors from the region may also view this as an opportunity to buy into the company. The government has committed to defend its stake in the rights issue, with the delay of issuing that commitment being seen as the biggest reason for the delay of the Uchumi rights. KenGen will also be watching keenly the results and investor attitude to the Uchumi rights for its Sh15 billion issue, which has been postponed untill the first quarter of next year.*(Business Daily)*

Uchumi Supermarkets plans to renegotiate its trading terms with suppliers to allow for, among other things, longer repayment periods in a bid to ease its cash flow strain. The retail chain, which is currently seeking Sh896 million through a rights issue, says its receivership between July 2006 and March 2010 affected its credit score, which made suppliers and other creditors demand stringent repayment terms that have strained its cash flow. "We have noted that Uchumi has been a bit disadvantaged due to the receivership status eight years ago. Our creditor days are much lower than competition, meaning that our cash flow is bound to experience strain as suppliers descend on us to finance their operations while competition trades with the suppliers' money," the retailer told shareholders at its annual general meeting Wednesday. "We intend to renegotiate more competitive trading terms with our partners to enable us play on an even playing field with the other industry players." Uchumi recently had a public spat with its suppliers who were complaining of piling up of outstanding debts. The retailer's latest annual report shows that its trade payables for the full year to June 2014 increased 2.5 per cent to Sh1.2 billion from Sh1.17 billion in the previous year. Chief executive officer Jonathan Ciano Wednesday said the trade payables have in the past four months reduced by Sh200 million to Sh1 billion, adding that 78 per cent of the outstanding debts are less than 30 days old. The retail chain says it is also planning to enter into consignment deals with suppliers of specific items where they are only paid for goods bought off its shelves. The Association of Kenya Suppliers last month sent a strongly-worded letter to Uchumi demanding immediate settlement of its members' debts, which it estimated at more than Sh100 million. The group claimed the debt was for goods delivered more than seven months ago, prompting a standoff that resulted in important household products missing from the retailer's shelves. Mr Ciano, however, downplayed the row. "What happened at the time is that one supplier lied to the others that we were not paying for goods delivered," Mr Ciano told shareholders. As of June 2014, Uchumi's total liabilities stood at Sh2.5 billion, up from Sh1.6 billion posted the previous year – a 56.2 per cent jump.*(Business Daily)*

Kenya Airways reported a pretax loss of 12.5 billion shillings ($138.97 million) in the first half of the year, ending in September, from a profit of 548 million shillings a year ago, its finance director said on Thursday. The carrier, which is part-owned by Air-France KLM, blamed lower passenger yields during the period and higher fleet costs for the loss. *(Reuters)*

Barclays Bank of Kenya's net profit rose 11 percent to 6.2 billion shillings ($69 million) in the nine months through September, driven mainly by an increase in customer loans and net interest income, the bank said on Friday. Total interest income grew 8 percent to 17

billion shillings, while the bank's total assets also increased by 8 percent to 219 billion, the bank said. Managing Director Jeremy Awori said the bank's focus in the coming year would be on accelerating growth. "Based on these numbers and the sound fundamentals which we continue to deliver, we are confident that our plan to become one of Kenyaâ€™s top three banks by revenue by 2016 is on track,â€• he said in a statement. In August, Barclays Bank of Kenya, controlled by Britain's Barclays Plc, reported a 12 percent jump in first-half pretax profit and said it planned to start a mortgage finance division to tap rising housing demand. The bank launched an investment banking division in the first half of the year and was lead arranger in June for Kenya's first sovereign bond issue worth $2 billion. *(Reuters)*

Economic News

Equity turnover at the Nairobi Securities Exchange (NSE) for the first 10 months of the year has surpassed 2013 full-year totals by Sh14 billion, with five large brokerages chalking up a record year of commissions. Turnover for the end of October stood at Sh169.8 billion compared to the full 2013 total of Sh155.78 billion. In the first 10 months of 2013, turnover was Sh131.29 billion. Stockbrokers will see a huge boost in brokerage commissions, derived from customer transaction volumes at a rate of between 1.5 and 2.1 per cent a trade. "We have seen increased local participation this year supported further by new listings like NSE and Flame Tree entering the market at retail attractive prices of Sh9 and Sh8 respectively," said Genghis Capital analyst Silha Rasugu. "Local funds have also increased equity allocations temporarily as bond yields on the short-term treasuries declined making hold-to-maturity fixed income investments less attractive." Return on the shorter-term government debt has largely held below 11 per cent this year. Following the latest auctions, the interest rates for the 91 -day, 182-day and 364-day Treasury Bills stood at 8.85 per cent, 9.18 per cent and 10.24 per cent respectively.

The rise in demand for equities is seen as one of the factors driving the equity market bull run that saw the bourse touch a high of 5400 points in the third quarter of the year. According to Mr Rasugu, with short-term gains in share price, especially as we approach year end, profit taking was inevitable. On the foreign side, sell-offs have accelerated due to the weakening currency with investors keen on limiting forex losses on trades. The NSE data shows that cumulatively to October, top five stockbrokers — Kestrel Capital, SBG Securities, Renaissance Capital, Standard Investment Bank and African Alliance — accounted for two thirds (65 per cent) of the total traded volume. In gross buys and sells, Kestrel leads with 16.6 per cent of the turnover at Sh56.44 billion, of which Sh29.44 billion was on purchases and Sh27 billion in sales for the 10 months. SBG is second at 14.93 per cent with buy transactions worth Sh25.36 and sales worth Sh25.34 billion, ahead of Rencap's 14.8 per cent which transacted buys of Sh26.11 billion and sales worth Sh24.19 billion. In calculating the equity turnover of the market, the NSE considers only one side of a transaction, in order to give an accurate figure of the money changing hands in real terms. In bonds trading, cumulative turnover to end of October this year was Sh412.5 billion. In a similar period in 2013, the turnover stood at Sh401.45 billion. New system The average monthly bond turnover this year is Sh41.25 billion, compared to the 2013 monthly turnover for the whole year of Sh37.7 billion. Going by this average, the whole year turnover for 2014 looks likely to surpass the Sh452.45 billion recorded for the whole of 2013.It is unlikely, however, to match the Sh565.67 billion turnover of 2012. Bonds turnover is expected to receive a boost, however, going forward due to changes introduced to allow same-day settlement and the launch of a new bond system that allows online trading of debt securities. "In the fixed Income market, we have not really felt the impact of OTC trading on volumes just yet, but we expect this to pick up in 2015 as traders adapt to the new system," said Mr Rasugu. *(Business Daily)*

Kenya and the International Monetary Fund agreed on a stand-by loan deal to support the country's economic reforms and give it a cushion against outside shocks, the IMF said on Thursday. The fund added that Kenya plans to treat the loan, which would total $700 million to $750 million, as precautionary. The deal must still be approved by the IMF's board, which should meet on the issue in late January. East Africa's biggest economy had first asked for such a facility at the beginning of 2014 to protect it against unforeseen shocks, such as weather-related problems for the farming industry. "This arrangement would serve an insurance purpose, providing Kenya with access to IMF resources in the event of exogenous shocks," the IMF said in a statement. The fund said the stand-by loan could help Kenya pursue initiatives such as a multibillion-dollar standard gauge railway, while keeping its debt sustainable. The railway should help boost Kenya's economic growth to 6.9 percent next year, compared to 5.3 percent in 2014. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Kenya's shilling strengthened from three-year lows on Friday after the central bank intervened to support the currency by selling dollars, traders said. By 0738 GMT, the shilling was quoted at 89.75/89.95 to the dollar, compared to Thursday's close of 90.25/35 - its lowest level since November 2011. "The (central bank) has been selling dollars directly into the market and obviously that's what's moving the shilling right now," said Nahashon Mungai at Kenya Commercial Bank. "The market has been waiting for this for more than two weeks now." The central bank has in the past sold dollars to support the currency when it touched 89.50 levels. Most traders had anticipated action when it broke through the 90 level this week. The shilling has fallen by about 4.6 percent against the dollar this year, mainly due to a slump in foreign exchange inflows from tourism following a spate of attacks by Islamic militants. The dollar has also recently strengthened against other currencies. Martin Runo, a senior trader at Chase Bank, said he expected the shilling to remain under pressure despite the action by the central bank. "In the long run, we still see the shilling weakening further because there is strong demand for the dollar," he said. The central bank has previously said it had the reserves needed to deal with shocks to the economy. It does not usually comment on dollar sales. *(Reuters)*

Malawi

Corporate News

No Corporate News this week

Economic News

Malawi's consumer inflation was little changed at 23.3 percent year-on-year in October, from 23.7 percent in September, the statistics office said on Thursday. The National Statistical Office said food and non-alcoholic beverages inflation braked to 21.5 percent from 22.8 percent in September, because of a continued drop in the price of cereal products. *(Reuters)*

Mauritius

Corporate News

Air Mauritius posted a wider first-half pretax loss of 6.15 million euros from a 3.07 million euros a year earlier due to the depreciation of euro, the airline said on Thursday. Mauritius is a popular holiday destination, but the fragile economic situation in its core European markets and the depreciation of the euro against the dollar has hit the airline and the island's tourism industry hard. The Indian Ocean island's national carrier said it expected the euro's woes to continue to negatively impact its earnings, but this could be mitigated by the recent fall in price of fuel. The airline said in a statement that although the number of passengers carried rose 3.6 percent to 641,158 in the six months through September, the depreciating euro affected its profits. The carrier's shares closed 2.2 percent lower at 17.50 rupees each. The results were released after the market closed. *(Reuters)*

Economic News

Mauritius' central bank said the year-on-year inflation rate could fall to 3 percent by the end of this year from 4 percent last year, according to minutes from its October meeting of the monetary policy committee (MPC) released on Monday. However, some policymakers were concerned over domestic wage pressures in the Indian Ocean island state, citing the build-up in domestic wage pressures ought to be contained otherwise domestic inflation would outstrip imported inflation. The minutes of the MPC meeting showed that inflation was expected to decline marginally during the fourth quarter to "about 3.0 percent for December 2014." The central bank or Bank of Mauritius' MPC left its key repo rate unchanged at 4.65 percent last month, and maintained its growth forecast for this year in a range of 3.4 to 3.6 percent. Since March, headline inflation has been virtually flat at about 4.0 per cent. The year-on-year rate has also dropped from 4.5 percent in March to 1.9 percent last month. The central bank projected year-on-year consumer price inflation to remain low in the first quarter of 2015, but said it would thereafter pick up against the premise of cost-push factors, potentially the outcome of seasonal factors. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

Nigeria

Corporate News

Amidst surprise in the market, the management of Dangote Cement Plc at the weekend assured Nigerians that it would evolve a monitoring process that would ensure that profiteers do not hijack the new price cut in cement so that it would benefit the end-users of the commodity. Speaking in Lagos while unveiling its new cement bags redesigned in line with the demand of Standards Organisation (SON), the Group Managing Director of the company, Mr. Devakumar Edwin, explained that the new price regime was introduced in the best interest of Nigeria and her citizens who had all along been looking forward to it as manufacturers continued to increase their production capacities to meet and surpass national consumption need. He said the price crash was the company's contribution to supporting the federal government's quest to reduce the overwhelming housing deficit in the country and the hope that the development would go a long way into assisting in this regard. Edwin pointed out that reduction in the price of building materials, particularly cement, which is within the company's control, is one of the strategies of reducing housing deficit. The nation's foremost cement manufacturer also unveiled its new product 32.5 cement grade as well as the new packaging as ordered by the SON for clear distinction among the various cement grades. He said: "As part of our efforts to make cement affordable to the ordinary Nigerian, we announced a price slash on all our products last Friday.

The new prices, which are exclusive of Value Added Tax (VAT), represent about 40 per cent discount on the prevailing market price, currently hovering around N1, 700. Consequently, a 50kilogram bag of 32.5 grade of Dangote Cement, now sells for N1, 000, while 50kg of the 42.5 Grade goes for N1, 150. It has always been our desire at Dangote Cement Plc to reduce the price of our products to enable many more Nigerians to build their own houses." Giving customers hope of sustaining the downward review in prices, he said: "Dangote Cement Plc will continue to appraise its pricing regime in Nigeria's best interest, from time to time. We are an ethical organisation and we believe in putting our customers first, before profits. We believe in creating value for all our stakeholders in a sustainable manner. We will continue to pursue this philosophy." Edwin also debunked the claim in some quarters that the new standardisation in the cement sub-sector would lead to job loss, pointing out that if for anything it would lead to job creation. "We were not producing 32.5 before but because of the standardisation, which comes with the need to offer all our customers the benefit of choice from out bouquet of products, we have introduced it. That is more work for more people." Dangote Cement, according to him, is on course towards consolidating its leadership position on the continent.

Before the end of the year, the company will inaugurate four new cement plants in Senegal, Cameroun, Ethiopia and Zambia. Other plants that are currently at various stages of completion in eight other African countries, would be inaugurated between next year and 2016. Speaking in the same vein, Mr. Joseph Makoju, the Honorary Adviser to the President of Dangote Group and a seasoned operator in the cement sector, said the recent development in cement sector gave him a satisfaction. While expressing happiness that Dangote Cement is leading the new price revolution, he stated that what the company had done was the first over his 40 years in the cement sector. "I am satisfied with what is happening now. Gone are the days of scarcity when the price would skyrocket and far beyond the reach of the people. But today, we are celebrating a price cut which has never happened before. This is possible because of increase in the production capacity which has made Nigeria to be self-sufficient with opportunities for export to other countries. It is on record that Dangote cement led this efforts and he deserves commendation." A representative of the SON, Mrs Cynthia Ifeagwu, a Deputy Director and Special Assistant to the Director-General of SON, who witnessed the unveiling, lauded the initiative of the management of Dangote Cement for being the first to comply with the new packaging of cement. She said SON had the mandate to protect Nigerians by ensuring that they have quality products to consumers and that the new standardisation was an effort at ensuring only quality products with the right application is what is offered to the people. The SON boss warned that the organisation would implement to the letter the new guidelines of the cement standardisation both with the manufacturers and other stakeholders connected with the product. "We will sanction and punish those who do not adhere to the guidelines and educate where necessary because some infractions could be as a result of ignorance and not deliberately," Ifeagwu appealed to other manufacturers of cement to follow suit because SON wanted a speedy compliance with the new packaging which was being carried out in line with global best practices.

Chief Marketing Officer, Dangote Industries Limited, Oare Ojeikere in his presentation, stated that the new product was in line with the directive of SON, which stipulates the uses of the three grades of cement. According to him, the new cement product, 32.5 is to be used for plastering only as directed by the SON. He called on builders to adhere to the directives, adding that standard for cement is not invented in Nigeria but follows global best practices. Ojekere said using the right cement grade for blocks, columns, slabs and pillars is very important as it is easy to change leaking roof, broken doors, leaking plumbing but not the same for defective walls, columns, pillars and slabs. He said as market leaders, Dangote Cement is at the forefront of the campaign to sanitise the building and construction sector. A distributor, Alhaji Bala Muhammad Getso, Chairman, Giwa Dynamic Ventures Limited congratulated Dangote Cement for reducing the price of cement saying the company is protecting the ultimate users. According to him, it will be easy for people to build their houses more so the cement is delivered to their doorsteps. Secretary of Bricklayers Association, Lagos State, Akinmoladum Olaniyi commended Dangote Cement for the price cut saying that it will create more jobs for members of his guild. He explained that the nation would witness an increase in building and construction leading to more jobs. *(This day)*

As part of its bid to further ease transactions for its international trade customers, Diamond Bank Plc has introduced specialised services. These solutions were introduced at a workshop for its customers in Lagos recently. The workshop, which was targeted at its export customers was endorsed by Nigerian Export Promotion Council. Speaking on the sidelines of the workshop, the Head, Trade Products, Diamond Bank, Mr. Sylvester Idoko Onoja said the bank has positioned itself to support non-oil export with solutions to ease trade and financing. He added: "Today's event is about enhancing non-oil exports, Diamond Bank have come up with solution in terms of financing. In 2013, non-oil exports in the books closed at a total trade volume of $2.97 billion. It was an increase of 16 percent growth compared to $2.56 billion trade performance in 2012. "Manufacturing, agro-allied sector, food and beverage and services accounted for a huge chunk of this total amount." He also said the Netherlands have become the highest export destination which contributed to 26 per cent of the total trade volume amounting to $580 million. Onoja added: "At Diamond Bank, we have come up with solutions because we have realised that the key problem in financing the export business in Nigeria is that most of the businesses are not structured and without collateral. "So we developed a solution in partnership with DHL which would enable us to build credit around the export activity." He explained that the partnership was designed to ease their customers export from customer's warehouse directly to the buyers. He also added: "We have products that cater to pre shipment financing and post shipment financing. We have also introduced a trade tracker which is a database of information. "Trade customer service centre dedicated to its trade customers as well, and a diamond trade centre to ensure trade is well facilitated by their customers." *(This Day)*

Stanbic IBTC, a leading investment bank in Nigeria, would be releasing more Exchange Traded Funds (ETFs) at the Nigerian Stock Exchange (NSE), market sources exclusively told BusinessDay. A source at the investment bank said, "We have put the first foot out and I believe it was a huge success. We are now looking at other ETFs that track other indexes." Another source at the NSE corroborates this, confirming "there is a pipeline of ETFs". ETFs allow for passive investments in the stock market. They are a basket of securities that trades like one share and is designed to track an index or investment style. ETFs enable portfolio managers and investors to diversify their portfolios, as an ETF is a collection of multiple shares. Also, in a bear market like the present Nigerian stock market, where investors are shedding assets in their portfolio, ETFs allow for continued exposure to a particular asset class or stock universe. Stanbic IBTC in September this year released the Stanbic IBTC 30 ETF which tracks the performance of the NSE 30, the top 30 shares on the Nigerian Stock Exchange by capitalisation and liquidity. In the coming months, the investment bank source revealed that the new ETFs would track the NSE banking, which covers the banking stock universe, and the NSE oil and gas, which covers the oil and gas stock universe. *(Business Day)*

A Nigerian unit of France's Lafarge said on Monday it had entered into an agreement with Flour Mills of Nigeria to purchase a 30 percent stake in United Cement Company of Nigeria. The deal will give Lafarge's Nigerian Cement Holdings complete control of the country's third-largest cement manufacturer. "Pursuant to the agreement, a first 15 percent tranche would be acquired in the first quarter of 2015, while the second 15 percent tranche is scheduled to be acquired by February 2016 at the latest," Lafarge said in a statement. *(Reuters)*

FBN Holdings Plc together with its wholly-owned subsidiary, FBN Capital Limited, has completed the acquisition of a 54 percent equity interest in Kakawa Discount House Limited. Consequently, FBN Holdings is now the beneficial owner of 100 percent share capital of Kakawa Discount House Limited. This acquisition represents a strategic fit for the FBN Holdings portfolio. In a statement, FBN Holdings Plc said the acquisition will expand the universe of products and services offered by the group, and "enable us to not only deepen our reach to existing clients, but reach a new client base." Kakawa brings on board a strong fixed income origination and distribution franchise which can be further leveraged through FBN Holdings' existing infrastructure, it said. Commenting on the transaction, Bello Maccido, group chief executive officer, FBN Holdings, remarked, "This acquisition marks a natural progression of the long standing and intertwined history between FBN Holdings and Kakawa. It is also in line with management's commitment to diversify the revenue streams, enhance contributions from the non-banking subsidiaries leverage cross-selling across the group and ultimately drive shareholder value over the long term." Kakawa Discount House Limited was incorporated in 1995 following the issuance of the regulations enabling consortium of banks to establish discount houses in Nigeria. Accordingly, Kakawa was formed by a consortium of eight banks led by First Bank of Nigeria Limited. The company's principal activity includes trading in, holding and providing discount and rediscount facilities for treasury bills, commercial and other eligible financial instruments normally purchased by banks, corporate bodies and the investing public. Kakawa's business also includes advisory services, institutional investment management and wealth management. *(Business Day)*

Ecobank's Rapid Transfer product is breaking grounds, enabling money transfer across geographical boundaries and bridging the gap between families and friend across Nigeria and Africa. For traders and non-resident nationals all over the African continent, Rapid Transfer, a well thought-out financial product, provides a platform to remit money with ease. It is the fastest, most secure, convenient and reliable medium to transfer and receive money both across Nigeria and in thirty five other African countries where Ecobank operates. Those were the words of Tony Okpanachi, deputy managing director of Ecobank Nigeria, during a chat with newsmen in Lagos. According to Okpanachi, the Rapid Transfer product is primarily designed to provide a quick payment solution for economic operators across the region with a view to facilitating economic integration. The product will on the long run progressively migrate regional transactions from the informal sector to the formal sector, thus signalling economic development and transformation. Okpanachi who was speaking against the backdrop of end of year's money transfer solutions for bank customers in Nigeria, said the product is available to all categories of people such as workers, parents/guardians, students, small business owners who are the predominant players in the informal sector, traders, religious organisations and travellers within Africa.

He reiterated that Rapid Transfer which comes in different dimensions presents a total package for the customer as transfers could be in the form of Cash to Cash; Cash to Account; Account to Cash; Account to Account and Cash Pull. The product is structured in such a way that it accommodates both account holders and walk-in customers. While customers of the bank could make transactions to the limit of N1.5m per customer (or an equivalent of US$10,000 at prevailing exchange rate), walk-in customers, that is non-account holders have a limit of N500,000 after presenting a suitable identification. Customers and non-account holders have a maximum of three transactions per week and all transactions are done in the local currencies of the countries involved. Funds received are made available for payment to the receiver at any Ecobank branch within five minutes except in countries where remittance laws differ on this rule. According to Okpanachi, apart from its primary core offering such as being a convenient, safe, reliable and rapid means of transferring money across Nigeria & 35 other African countries, Rapid Transfer allows for funds to be sent in local currency of the sender while the receiver gets it in his/her local currency. Thus, it completely eliminates the need to source for foreign currency before a transfer is made. In addition, since the product allows for account to account transactions, senders and receivers are saved the risk of carrying cash about & the full amount is delivered to the receiver while the sender takes care of the charges.*(Business Day)*

In keeping with its commitment to inclusive banking, Access Bank plc over the weekend, unveiled a customised debit card called 'Persona'. Persona is simply an expression of who you are to the watching public. In other words, it is a product that allows you express in a simple, yet powerful manner, who and how you want to be seen. With Persona, you can upload your favourite image, or select one from the provided gallery to give your card the unique touch and personalise it to your taste. Herbert Wigwe, group managing director/CEO, explained that Persona is all about making sure that people in the retail space can truly feel the pulse of an institution that truly cares for

them. Speaking at the official launch of Persona in the banks corporate head office, Wigwe disclosed that in a couple of weeks the bank would be unveiling several products in the retail space. "We believe in creating our own destiny, we insist on pushing boundaries and we thrive on excellence. In the past few months you have seen us unveil a series of new initiatives, products and services. We have only just begun the journey and this is yet another train stop on the way," he said. Segun Ogbonnewo, group head, channel services, explained that the bank is focused on building digital banking enterprise around innovative, efficient and relevant products and services driven by cutting edge technology platforms."We propose to name the collective ecosystem of these non-generic products and enhanced services "Persona'. Because our primary inspiration in developing these products are our esteemed and increasingly technology savvy customer base. The product suite, he said, will be supported amongst other things, by dedicated digital communication channels which will host dynamic information about the products and also publicise its loyalty and reward offerings to customers. Victor Etuokwu, executive director, personal banking, described the product as a business that will empower people. "This business gives you opportunity to express yourself. It is more than a card. It is about your person," he said..*(Business Day)*

Guinness Nigeria Plc on Thursday got the approval of its shareholders for the payment of N4.8bn as dividend, representing N3.20 per ordinary share, for the financial year ended June 30, 2014. The approval for the payment of the dividend, which starts today (Friday), was one of the major decisions taken at the company's 64th Annual General Meeting, which was held in Calabar, Cross River State. The AGM also witnessed the introduction of the company's new Managing Director and Chief Executive Officer, Mr. John O'Keeffe, who is taking over from Mr. Seni Adetu. Citing their company's result for the first quarter of its 2015 financial year, which showed that it grew its pre-tax profit by six per cent, the Chairman of the Board of Directors of Guinness Nigeria Plc, Mr. Babatunde Savage, told shareholders that the trend would be sustained. This, according to him, is especially so with the festive season approaching. Savage said the board of the company was optimistic on the strategic initiatives by the management. He said, "The fundamental of our company has not changed. We are confident that this financial year will mark a return to growth in spite of the headwinds of the economic and political environment." Savage had earlier notified the shareholders that Adetu would be bowing out as managing director after the Annual General Meeting. He thanked Adetu for his accomplishments, which included production line expansions and brand innovations and wished him well as he moved on in his career. Speaking further, Savage explained that the board would always work to fulfil the wishes of the shareholders, strengthen the company's sales strategy and explore the export of Guinness Stout and other brands. The Chairman of the Independent Shareholders Association of Nigeria, Mr. Sunny Nwosu, acknowledged the restructuring that was ongoing in the company, adding that what was to be shared was profit and not dividend. "It is the profit that will be shared at 320 kobo. The truth is that the company has an ongoing business and they have gone through restructuring. But I will advise them to review the portfolio and encourage new entry," he said. *(Punch)*

Two of Nigeria's biggest entrepreneurs, the President, Dangote Group, Alhaji Aliko Dangote, and the Chairman, Heirs Holdings, Mr. Tony O. Elumelu, have lent their voices to the call for more indigenous participation in the Nigerian oil and gas industry. The duo, who were guest speakers at the 32nd annual international conference of the National Association of Petroleum Explorationists (NAPE) in Lagos, Nigeria, said the involvement of indigenous institutions and players would bode well for the economy and sued for a deliberate and systematic approach to the involvement of Nigerian entrepreneurs in the oil and gas industry. "I was encouraged to come into the oil and gas industry by someone who believes deeply in Nigerian local capacity," said Elumelu in his opening remarks. He explained that localisation would impact positively on the sector just as it happened with banking. "Many years ago it was the general belief that only expatriates could own and run banks in Nigeria. Today, however, the top five banks are owned and run indigenously and we need for the same to happen in the oil and gas sector," Elumelu said. The seasoned entrepreneur, whose pan-African investment company is investing in the financial services, oil and gas, healthcare power and hospitality sectors, revealed that he has ambitious plans in the oil and gas industry, disclosing that he is looking forward to the day when Nigeria will have the capacity to refine its petroleum on its own shores. According to him, Tenoil Petroleum and Energy Services was set up as a platform to manage and operate Heirs Holdings' investments across the energy value chain, as well as the extractive minerals sector. "Gas remains a hindrance to our economic development yet we have it in abundance. Efficient utilisation of our gas resources is important if we want to create employment, fix the economy, send our children to school and generally make things work," Elumelu said.

On his part, Dangote emphasised the importance of policy and regulation in the quest to indigenise the sector. Dangote also harped on capacity building and explained that the petro-chemical plant in the Lekki free trade zone in Lagos, which when completed by 2017 will employ thousands of Nigerians and turn the country into a net exporter of petroleum products. He also disclosed that when he set up Dangote Cement in 2007, the cement industry had little local capacity but has since changed with indigenous players now having the dominant market share in the Nigerian cement industry. The annual conference of NAPE brought together participants from companies and institutions involved in petroleum exploration and production. It attracts seasoned industry professionals, key policy makers, researchers and students from all over the world, who strive to push the frontiers of knowledge by sharing innovation and industry best practices during high quality technical sessions and an exciting exhibition of cutting-edge technology. *(This Day)*

Economic News

Nigeria's consumer price inflation eased for the second consecutive month to 8.1 percent in October, from 8.3 percent the previous month, driven by lower food prices, the statistics bureau said on Sunday. Food prices, the biggest contributor to headline inflation, declined to 9.3 percent last month, down from 9.7 percent in the previous month. "In October, the pace of increase in food prices eased for the second consecutive month â€¦ representing the lowest price increase since March, 2014. The highest price increases were recorded in the coffee, tea and cocoa; fish, dairy, and fruit groups," the bureau of statistics said in a statement. Consumer inflation in Africa's largest economy and top oil exporter rose from 8 percent in May, creeping up from a five-year low of 7.8 percent last October as food prices rose.
The central bank has said it wants to maintain inflation within a target of between 6 to 9 percent. Analysts welcomed the drop in inflation, and said the bank will take it into account at the next monetary policy meeting in two week time, with a focus on the weakening naira currency, which has lost 6.4 percent so far this year, pressured by the decline in global oil prices. The statistics office said Nigeria attracted $6.5 billion in foreign investments in the third quarter, up 48.1 percent from a year ago, with more than half of inflows going into the stock market. "Equity remained the largest contributor to capital imported in the portfolio investment sector, with a value of $3.77 billion. It represented 57.6 percent of all capital imported in the quarter," the statistics office said in its report. Nigeriaâ€™s main stock index shed 11.5 percent in one week to 33,225 points on Friday as pressure on the local naira currency persisted owing to the decline in the oil price, unnerving foreign investors, the major buyers of local shares. *(Reuters)*

The sharpest drop in oil prices since 2008, coupled with a surge in the dollar, are testing the capacity of energy-producing nations to defend their currency pegs. Even Saudi Arabia, whose $745 billion reserves may allow it to maintain the link for years, is feeling the pressure of speculators betting against its currency. Nigeria intervened in foreign exchange markets to bring the Naira back from a record low last week, while economists surveyed by Bloomberg expect Venezuela to capitulate on its dollar peg by year-end. According to the Bloomberg survey, for the dwindling number of nations whose exchange rates are linked to either dollars or a basket of major currencies, breaking those ties would raise the odds of inflation accelerating too fast. It would also take away a steadying influence on their economies. "Countries operating with a currency peg, particularly oil exporters, are suffering from losing export earnings, weakening their ability to defend the peg at a time when emerging-market currencies are under pressure from a stronger dollar," Stuart Culverhouse, the chief economist at London-based frontier-markets specialist Exotix Ltd., said, "It magnifies the problems they're having," he added. Oil and natural gas account for at least 85 per cent of the exports of Saudi Arabia, Nigeria and Venezuela, while Russian energy sales account for more than half the government's revenue, according to the U.S. Energy Information Administration.

Though it didn't have a formal peg, Russia, the world's largest energy exporter, this week, ended a policy of maintaining the ruble in a fixed band versus a basket of dollars and euros. Crude oil fell almost 30 per cent since mid-June to a three-year low of $75.84 per barrel last week, according to generic prices in New York compiled by Bloomberg. At the same time, the dollar is soaring on the prospect of higher US interest rates. Bloomberg's Dollar Spot Index, which tracks the greenback against 10 major peers, rose 9 per cent since June to a five and half-year high of 1,099.28 on November 7. Nigeria may need to devalue the Naira after presidential elections in February, Goldman Sachs Group Incorporated said in a report, adding that policy makers target a rate for the Naira at twice-weekly auctions of 155 Naira per dollar, plus or

minus 3 per cent. In defending the fixed-exchange rate, Africa's largest oil producer has reduced its foreign-currency reserves to a four-month low of $37.9 billion, with the naira weakened to a record 172.78 Naira per dollar on November 7, before intervention helped it rebound. Even so, it has fallen for the past three days on concern Nigeria's central bank will no longer be able to defend the peg, and was at 169.25 as of 10:55 a.m yesterday in London.

Those concerns led Phillip Blackwood, a money manager at EM Quest Capital LLP in London, to sell his holdings of Nigerian domestic bonds in recent weeks. "There's so much pressure," Blackwood, who manages $3.3 billion of emerging-market assets, said by phone on November 7. "They're not willing to defend. It costs too much." Ibrahim Mu'azu, a spokesman for Nigeria's central bank in Abuja, said last week that no decision has been taken on whether to devalue. So-called 12-month non-deliverable forwards on the Naira weakened to a record 199.50 per dollar on November 10, and were at 197.50 yesterday, suggesting traders expect the currency to decline about 17 per cent in that period. With the world's third-largest foreign reserves after China and Japan, Saudi Arabia is more than capable of defending the 3.75-per-dollar peg that has existed since the 1980s, as are other energy exporters in the region, said Jason Tuvey, an economist at Capital Economics Limited in London.

That hasn't stopped traders from testing the central bank's resolve. The riyal fell to 3.7536 per dollar on October 21, the weakest level since 2009, before rebounding to 3.7519 yesterday. Implied one-year volatility, which reflects bets on future price swings, jumped to a three and half-year high of 0.81 per cent last month, and have since eased to 0.7, as the data compiled by Bloomberg show. That's still almost double the 0.38-per cent average since the end of 2011. The Saudi Arabian Monetary Agency in Riyadh didn't immediately respond to questions sent by e-mail and fax outside office hours yesterday. Mideast nations have "enormous currency reserves that certainly provide plenty of buffer, even if oil prices fall further," Tuvey said on November 7. "I don't think there's any particular pressure on their dollar pegs." Currency pegs haven't been under such pressure since the global financial crisis of 2008, when oil prices plunged more than 75 per cent in the second half of that year and the dollar surged as investors sought safe assets.*(This Day)*

The bulls consolidated their hold on the Nigerian equities yesterday leading to further appreciation in the Nigerian Stock Exchange (NSE) All-Share Index(ASI) by 0.88 per cent to close at 33,976.40. The market recovery began on Monday after a dip of N1.4 trillion last week. After a dismal performance last week that saw prices of equities dip to a year low, bargain hunters began swooping on most of the equities since Monday. As a result, the market has maintained an upward trend. Having appreciated by 1.31 per cent the previous, the ASI rose further by 0.88 per dent yesterday to book the third consecutive day gain. Similarly, market capitalisation added N98 billion to close at N11.250 trillion. A total of 36 stocks recorded price gains while 27 stocks depreciated.

Five stocks recorded the maximum 10 per cent daily price band. They are Oando Plc, PZ Cussons Nigeria Plc, Cadbury Nigeria Plc and Dangote Sugar Refinery Plc. Conversely, Champion Breweries Plc led the price losers with 9.6 per cent trailed by Learn Africa Plc with a depreciation of 9.2 per cent. Flour Mills of Nigeria Plc went down by 5.02 per cent despite news of the company's inauguration of an edible oil and margarine plant in Ibadan, Oyo State. Flour Mills yesterday notified the NSE that its subsidiary, ROM Oil Mills Limited, inaugurated a N15 billion ultra- modern edible oil plant. ROM Oil Mills is into the refining palm kernel oil, crude palm oil and crude soybean oil into oil and distilled fatty acids and production of margarine and edible vegetable oil. Chairman of FMN Plc, Mr Paul Coumanteros, explained that the acquisition was in furtherance of the company's focus on its food and agro-allied business consistent with the federal government agricultural transformation agenda. Although the company is expected to have positive impact of Flour Mills' performance in the future, investors appear to be ignoring those prospects hence a slide in the share price at the stock market.*(This Day)*

The Central Bank of Nigeria (CBN) Governor, Mr. Godwin Emefiele has said he will continue to defend the naira after the currency plunged to a record low last week. "There's no need for anybody to panic or worry," Emefiele told Bloomberg. "The central bank has always intervened. We know our reserves can support nine months of imports, which is far above the minimum expected. We believe we're very safe." The naira weakened to an all-time low on November 7 after a drop in crude prices, prompting the central bank to intervene. In defending the currency rate, Africa's largest oil producer has reduced its foreign reserves to a four-month low of $37.8 billion. The naira

weakened a third day, down 0.8 per cent to N169.80 per dollar on Wednesday. On November 6, the regulator restricted banks' use of the standing deposit facility, which allows companies to earn interest on excess cash, in an attempt to encourage lending to local businesses. Emefiele said the move didn't weaken the naira because banks used their surplus liquidity to buy short-term central bank bonds. "After that decision, most of them moved their money to the open market operations window," he said. "We took all that money." The central bank has been selling dollars to banks outside its twice-weekly auctions since the naira's drop on the morning of November 7, CBN Deputy Governor, Sarah Alade said. "We have been intervening in the market since Friday," she said.

Last week's volatility boosted the chance of a 50 basis point increase in Nigeria's benchmark interest rate, which has been at a record high of 12 per cent since October 2011, London- based Capital Economics Limited had said. The central bank's next Monetary Policy Committee meeting is on November 24 and 25. The sharpest drop in oil prices since 2008, in addition to a surge in the dollar, are testing the resolve of energy-producing nations like Nigeria to defend their currency pegs. Even Saudi Arabia, whose $745 billion reserves may allow it to maintain the link for years, is feeling the pressure of speculators betting against its currency. Nigeria intervened in foreign-exchange markets to bring the naira back from a record low last week, while economists surveyed by Bloomberg expect Venezuela to capitulate on its dollar peg by year-end. For the dwindling number of nations whose exchange rates are linked to either dollars or a basket of major currencies, breaking those ties would raise the odds of inflation accelerating too fast. It would also take away a steadying influence on their economies. "Countries operating with a currency peg, particularly oil exporters, are suffering from losing export earnings, weakening their ability to defend the peg at a time when emerging-market currencies are under pressure from a stronger dollar," the chief economist at London-based frontier- markets specialist Exotix Limited, Stuart Culverhouse said. "It magnifies the problems they're having." Oil and natural gas account for at least 85 percent of the exports of Saudi Arabia, Nigeria and Venezuela, while Russian energy sales account for more than half the government's revenue, according to the United State Energy Information Administration.

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Tanzania

Corporate News

No Corporate News This Week

Economic News

A planned liquefied natural gas (LNG) export plant to develop Tanzania's vast gas reserves could cost up to $30 billion, the energy minister said, but declined to reveal the proposed site for the liquefaction facility. East Africa has become one of the world's hottest new oil and gas areas after a string of discoveries, which producers hope to exploit to feed energy-hungry Asia. Many top companies such as BG Group, Exxon Mobil and Statoil are at work in Tanzania to tap its gas reserves. Tanzania and its southern neighbour, Mozambique, are locked in a race to be first to export gas from Africa's eastern seaboard after huge discoveries offshore recently that could transform their struggling economies. "The investment in this LNG plant is between $20 billion and $30 billion," the Energy and Minerals Minister Sospeter Muhongo told a news conference on Thursday. "Preparations are underway... we will make formal announcements when everything is ready." Muhongo declined to give details on how the cost of the LNG project would be met, or say if the government had given final approval for the location of the LNG terminal. He said the LNG terminal would be the "biggest investment in the history of the country" and that the government was in talks with the energy majors over the launch of the project.

Tanzania is estimated to have 53.2 trillion cubic feet (tcf) of gas, which it said could rise four-fold over the next five years, putting it on par with some Middle East producers. Britain's BG Group and its partners, Ophir Energy, Exxon Mobil and Statoil plan to invest in a two-train LNG plant in Tanzania's southern Lindi region, according to energy sources. Muhongo said the government was in the final stages of drafting a long-delayed new gas legislation, but declined to reveal when it would be sent to parliament for approval. "The gas legislation is about 75 percent complete. We will make sure the legislation is in place before major investments are made," he said. Analysts warned that recent demands by a parliamentary committee for all oil and gas contracts in Tanzania to be made public could further delay progress in the sector. Muhongo said the government would not make the contracts public without the consent of investors due to confidentiality clauses.*(Reuters)*

Zambia

Corporate News

No Corporate News This Week

Economic News

No Economic News This Week

Zimbabwe

Corporate News

Hwange Colliery Co. plans to ask shareholders for more money as Zimbabwe's second-biggest coal producer seeks to restructure $70 million in debt and struggles to pay employees because of a drop in prices. The debts arose when the southern African country abandoned the Zimbabwe dollar in 2009 in favor of other currencies, including the dollar and South African rand, to help contain hyperinflation, Managing Director Thomas Makore said in a Nov. 9 interview in Hwange, 485 kilometers (302 miles) southwest of the capital, Harare. "We have discussed with our major shareholders how to liquidate this debt, so we have agreed that we do a rights issue," he said. Formal consultation with shareholders has started and Hwange is seeking approvals for a circular from the Zimbabwe Stock Exchange, where the stock trades, Makore said. Hwange, in the western part of the southern African nation, is Zimbabwe's largest coal miner after Makomo Resources (Pvt) Ltd. and a supplier of the fuel to state-owned power utility Zesa Holdings (Pvt) Ltd., which doesn't generate enough for the country's needs. The company has been held back by aging equipment and owes its 3,200 employees about $20 million in salaries for the past 13 months. Coal producers worldwide are suffering as companies such as Glencore Plc, the biggest exporter of the power-station fuel, raise output even after prices dipped to the lowest in five years.

Thermal, or power-plant, coal delivered to northwestern Europe free-on-board from Richards Bay in South Africa rose for the first time in five days yesterday, adding 0.8 percent to $66.50 a metric ton, paring the drop this year to 20 percent. Zimbabwe's government is the biggest shareholder in Hwange Colliery with a 37 percent stake, while British businessman Nicholas van Hoogstraten holds 20 percent through Messina Investments Ltd. It's stock is listed in Harare, Johannesburg and London. As part of the restructuring, the company is getting loans to buy equipment. It is finalizing borrowing of $80 million from the Eastern and Southern African Trade and Development Bank, known as PTA Bank, said Makore. The funds will be used to buy open-cast mining equipment from BelAZ Ltd., a Belarusian truckmaker. Hwange is sourcing another $15 million of equipment from BEML Ltd., a state-run Indian construction equipment maker, and Ravanthi Ltd., which will be financed through Export-Import Bank of India, he said. "This capacity will enable our open-cast production to reach about 300,000 tons a month," said Makore, who joined in June. "Right now, we are doing about 200,000 tons a month. We want to be able to produce with reliability and predictability." The company has secured $6 million in working capital from regional banking group, BancABC Ltd., which is based in Gaborone, Botswana. Mota-Engil SGPS SA, Portugal's biggest builder, started "mining on a separate pit and augmenting operations" in August, he said. Coal sales fell 16 percent to 764,813 metric tons in the first half from a year earlier, while revenue declined 18 percent to $33 million, the company said on Sept. 30. Its loss widened to $7.9 million. The company exports about 5,000 tons of coking coal, used to make steel, to South Africa every month, with merchants selling the fuel to companies including ArcelorMittal's local unit, which is the continent's biggest producer. Hwange has started restructuring its business into three units, being mining, estates and medical, to improve cost controls, Makore said. The company has applied for concessions in the western part of Hwange, which has 1 billion tons of coal reserves, he said. "We are still waiting for the official communication and confirmation about outcome, but we remain optimistic that we will be granted that concession because it's strategic to us." The concession would enable the company to supply more to the 940-megawatt Hwange coal-fired plant, which China's Sinohydro Group Ltd. is expanding by 600 megawatts through building two units. "Once the economy is turning around, the demand for coal is going to be massive." *(Bloomberg)*

ZIMBABWE Stock Exchange-listed manufacturing concern Cafca has recorded a 43% increase in after-tax profit to $2 million for the year ended September 30 2014 due to a decline in finance costs. Last year, Cafca recorded an operating profit of $1,4 million. In a statement accompanying the abridged audited financial results for the year ended September 30 2014, Cafca chairperson Honour Mkushi said sales for the year were 1% below the previous year a recovery from being 21% below at the half year. "The improvement in sales in the second half of the year was mainly due to orders received from the holding company in South Africa in volume terms we sold 5% more than the previous year," Mkushi said. He said operating profit increased by 32% to $2,7 million higher than the previous year mainly due to the increased volumes of recycled copper. "Having eliminated our borrowings at the half year and having put funds on deposit for latter six months of the year net finance charges improved from $157 455 last year to $34 676 in the current year," he said. Mkushi said the net result after taxation

was an increase in profit attributable to shareholders of 43% to $2 million from $1,4 million which was also reflecting in an increase in basic earnings per share from $4,34 to $6,21. "The consolidated statement of financial position and consolidated statement of cash flow a cash generation for the year of $2,9 million turning an overdraft position of $1,7 million into a cash in the bank position of $1, 2 million," he said. "Other major movements in the statement of financial position were an increase in inventories of $1,4 million resulting from increased recycled copper on site whilst debtors decreased by $1,8 million mainly as a result of improved copper harvesting from the Zimbabwe Electricity Transmission and Distribution Company (ZETDC)." He, however, said there was a slight increase in trade creditors from supplies obtained from the holding company which were used in the conversion of orders supplied back to them. "We are forecasting growth in 2015 mainly due to the anticipated orders from our holding company. Our strategy will be to continue our barter recycling deal with ZETDC to continue our exports to our traditional markets to the north and to export any capacity surplus to the south." *(News Day)*

Delta Corp., the Zimbabwean brewer that's the country's biggest company by market value, said first-half profit fell 6 percent as cash-strapped drinkers switched to more affordable sorghum beer amid an economic slump. Net income was $45 million in the six months through September, Chief Executive Officer Pearson Gowero told an analyst briefing today in the capital, Harare. That compared with $47.7 million in the same period last year. Delta is about 23 percent owned by SABMiller Plc (SAB), the London-based maker of Peroni, Grolsch and Castle lagers. "There is no doubt that the economy is experiencing tough times," Gowero said. "Consumers are switching to affordable sorghum beer." Zimbabwe economic growth is expected to slow this year as consumer spending plummets and investment languishes, partially because of a law that compels 51 percent ownership of companies by black nationals. Sorghum is a type of plant grown in Africa and used for food and biofuels as well as beer. Delta lager volumes were down 25 percent in the half year, while sales of sorghum beer grew 14 percent, Gowero said. Revenue fell by 4 percent to $302 million, while the interim dividend was set at $1.35 per share. *(Bloomberg)*

Seed Co realised $16 million revenue in the half year to September, seven percent down on the same period last year but the company expects turnover to bounce back on increased maize seed sales with the onset of the rain season. Winter cereals were 25 percent lower than the same period last year but the company recorded a six percent growth in maize seed sales on prior year. Maize is Seed Co's core business. The group recorded a loss after tax of $7,6 million, 40 percent lower than in the same period last year. The largest seed production house expects to rebound in the second half boosted by improved margins in all markets from minimal stock write downs and price increases. Seed Co has operations in 15 African countries and the group expects $15 million to $20 million to group annual turnover and about $3 million to total profits from its Malawi operation. The company commissioned a new $10 million facility in Malawi this week. Group chief executive officer Mr. Morgan Nzwere told an analyst briefing yesterday that Malawi ginners are placing "good orders" for the coming year. The ginners are also paying what they owe. Seed Co wants to divest from cotton with an Indian seed manufacturer, Mahyco, having expressed interest in taking over 60 percent of the cotton businesses in Zimbabwe, Malawi and Tanzania.

The company wants to be out of the cotton business within the next two years. "We have obtained all the regulatory approvals that we needed in terms of the Zimbabwe business. We are still waiting for approvals in the Malawian and Tanzanian businesses. "These are separate subsidiaries in those entities and we have to get similar approvals. We think that by mid-December everything should be more or less finalised," said Mr. Nzwere. Seed Co's intention is to sell 60 percent of the three businesses and in two years be out of the problematic sector. "It's an industry that's going to cause some serious pains and we think our strategy to bring in a partner to reduce our risk is the correct strategy," said Mr. Nzwere. The cotton business is struggling in Zimbabwe with lint prices depressed while yields are growing smaller each season. On the Government debt, Seed Co has been offered a combination of Treasury Bills and tax set offs to clear the $34 million state liability. "The Government was owing about $34 million and gave us Treasury Bills worth about $24 million and said $10 million you can use tax settlements. To date we have already done tax set offs of about $5,6 million," said Mr. Nzwere. The group is focusing on the Katanga province in the Democratic Republic of Congo which has the same population of Zambia. In the Zambia, the group is realising profits upwards of $7 million and expects more or less the same levels of profits in DRC's Katanga province. Mr. Nzwere said that the province could end up being one of the group's biggest contributors. The second tranche of $27 million from Limagrain is expected in December and this will help reduce finance charges. *(Herald)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

Economic News

Last week, IMF approved a successor plan to the Staff Monitored Programme (SMP) — an informal agreement between the country authorities and Fund staff to monitor the implementation of the authorities' economic programme — to replace the one which ended in June. "Key risks to the new programme stem from global commodity price shocks, domestic policy slippages, gaps in policy implementation capacity, and lagging progress in resolving external arrears," IMF said. "While Zimbabwe faces these risks with practically no buffers, the successor SMP aims to rebuild these buffers and strengthen the country's resilience to shocks." It said strong macro-economic policies and debt relief, in the context of a comprehensive arrears clearance strategy supported by development partners, "will be essential to address Zimbabwe's developmental needs". "A successful implementation of the SMP would be an important stepping stone toward Zimbabwe's normalising relations with the international community," IMF said. Under the successor SMP, Zimbabwe has promised to maintain a fiscal balance with more resources being channelled to capital and social projects instead of salaries. This would also culminate in the slashing of the wage bill. Zimbabwe also promised IMF to ensure clarity on the indigenisation law to allay the fears of investors in the wake of conflicting interpretations by government ministers. Zimbabwe has also promised to move steps towards resolving the country's $10 billion external debt. The non-resolution of the external debt is seen as impeding the country's efforts to get lines of credit from multilateral financial institutions to reboot the economy. In September, Finance minister Patrick Chinamasa said the country wished for debt cancellation. If the move does not succeed, Chinamasa said, it would lobby for debt rescheduling. IMF said its staff would remain engaged with Zimbabwe to monitor progress in the implementation of their economic programme, and "will continue providing targeted technical assistance in order to support Zimbabwe's capacity-building efforts and its adjustment and reform programme".*(News Day)*

"The average implementation rate we have is 30%. We note that projects suffer delays due to lengthy licencing procedures by a multiplicity of agencies beyond ZIA approvals, feasibility studies also lead to projects being implemented in phases and some projects are also capital intensive with gradual implementation as they roll out the investment," ZIA chief executive officer Richard Mbaiwa told Standardbusiness. Mbaiwa said the authority carried out an investment review survey for the period 2010-2013. Zimbabwe is luring investors to help rebuild the economy and has simplified investment procedures by setting the one-stop-shop (OSS) to remove bureaucratic bottlenecks in starting and operating a business. ZIA has licensed 678 projects with a total value of US$8,9 billion from January 2011 to date. The approval time frames differ from project to project depending on complexity. Mbaiwa said the OSS has achieved some success in that the investment licensing time frame at ZIA has been reduced to five working days from 49 adding that there was need to continuously improve the coordination of the processes of the various agencies dealing with investors. "A number of these agencies are part of the e-government flagship project which aims to electronically link the various agencies through a central business database and thus create a virtual one-stop-shop. This process is on-going," he said.

Mbaiwa said the processing time for the transactions was the same but depended on project complexities. "Complaints reaching our offices have cited mergers and acquisition approvals as well as environmental impact assessments as having taken the longest time, and also the highest cost framework being value based on the size of the project," he said. Despite the glitches, Mbaiwa was optimistic the country was going to witness increased levels of investment this year compared to previous years. In the nine months to September ZIA approved more than US$714,9 million worth of projects exceeding the US$686 million for the whole of last year. "This shows increased appetite for investing in the country. You may also be aware of increased interest in the country as shown by the mega deals in infrastructure and mining sectors recently signed with China and Russia," Mbaiwa said. "Our major draw cards in driving FDI include the infrastructure sector, that is, energy and power development, transport and water." Zimbabwe's Foreign Direct Investment has been on an upward trend since 2009 when it took off at US$65 million and as of 2013 it stood at US$400 million. Despite the investment increasing since 2009 the country is still lagging behind its regional counterparts that are recording FDI of over US$1billion annually. *(The Standard)*

Disclosures Appendix

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