SECURITIES AFRICA
RESEARCH & CAPITAL MARKETS

PAN-AFRICA

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

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

AFRICA STOCK EXCHANGE PERFORMANCE

Country	Index	21-Jul-17	28-Jul-17	WTD % Change Local	WTD % Change USD	31-Dec-16	YTD % Change Local	YTD % Change USD
Botswana	DCI	9204,67	9077,68	-1,38%	-1,24%	9700,71	-6,42%	-1,72%
Egypt	CASE 30	13715,06	13609,22	-0,77%	-0,73%	12344,00	10,25%	12,06%
Ghana	GSE Comp Index	2217,79	2257,45	1,79%	1,99%	1689,09	33,65%	29,49%
Ivory Coast	BRVM Composite	249,16	250,22	0,43%	1,67%	292,17	-14,36%	-4,98%
Kenya	NSE 20	3700,44	3798,63	2,65%	2,60%	3186,21	19,22%	18,55%
Malawi	Malawi All Share	16693,07	17009,98	1,90%	2,00%	13320,51	27,70%	26,69%
Mauritius	SEMDEX	2168,12	2210,76	1,97%	3,88%	1 808,37	22,25%	31,31%
	SEM 10	421,86	432,69	2,57%	4,50%	345,04	25,40%	34,70%
Namibia	Overall Index	1067,73	1103,89	3,39%	3,64%	1068,59	3,30%	8,90%
Nigeria	Nigeria All Share	34020,37	36864,71	8,36%	15,55%	26 874,62	37,17%	29,52%
Swaziland	All Share	389,98	389,98	0,00%	0,25%	380,34	2,53%	8,09%
Tanzania	TSI	3664,60	3670,81	0,17%	0,07%	3677,82	-0,19%	-4,18%
Zambia	LUSE All Share	4745,90	4748,79	0,06%	-0,41%	4158,51	14,19%	27,17%
Zimbabwe	Industrial Index	200,04	202,06	1,01%	1,01%	145,60	38,78%	38,78%
	Mining Index	69,19	65,45	-5,41%	-5,41%	58,51	11,86%	11,86%

CURRENCIES

Currency	21-Jul-17 Close	28-Jul-17 Close	WTD % Change	YTD % Change
BWP	10,04	10,02	-0,14	5,03
EGP	17,87	17,87	-0,04	1,64
GHS	4,38	4,37	-0,19	-3,11
CFA	567,31	560,36	-1,22	10,95
KES	102,11	102,16	0,05	-0,56
MWK	717,36	716,67	-0,10	-0,79
MUR	32,82	32,21	-1,85	7,41
NAD	12,98	12,95	-0,25	5,42
NGN	342,25	320,94	-6,22	-5,58
SZL	12,98	12,95	-0,25	5,42
TZS	2 208,04	2 210,16	0,10	-4,00
ZMW	8,76	8,81	0,48	11,37

SECURITIES AFRICA

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Botswana

Corporate News

No Corporate News This Week

Economic News

Development of a new 1.35 million tonne per annum coal mine in Botswana has stalled due to a dispute over compensation payable to farmers holding surface rights in the proposed mining area, the company developing the mine said on Monday. The open cast mine is meant to supply coal to a new 300 megawatt (MW) power plant set to be built by independent power producers as part of Botswana's plans to be self-sufficient in power generation by 2020. Developer Morupule Coal Mine (MCM) said in a statement that six of the 166 farmers affected had declined to accept proposed compensation but that the company was trying to resolve the issue. The company said about 200 million pula ($20 million) would be lost monthly due to the delay, and half of the losses were being shouldered by the government. The government has been forced to import electricity to plug a power deficit. The country has one operating power station with a generating capacity of 600 MW but the plant has broken down often since its launch in 2012, prompting imports from South Africa. The construction of a second, 300 MW power plant has been delayed by a dispute with the contractors over a sovereign guarantee. *(Reuters)*

Botswana aims to resolve a dispute with Norilsk Nickel (Nornickel) next month over a failed deal in which the country's BCL Mine was to buy the Russian firm's 50 percent stake in the Nkomati mine. "Due diligence and valuation exercises are being carried out to establish the value of the Nkomati assets as a basis for negotiating a commercially acceptable solution to the parties involved," Botswana's Mineral Resources Minister Sadique Kebonang said on Tuesday. Nornickel is suing Botswana for $271 million over the failed deal to sell the Nkomati Mine in South Africa, which is the Russian company's last African asset. The due diligence and valuation is expected to conclude by Aug. 15, and negotiations with the Russian group will follow thereafter, Sadique said. "Nornickel welcomes the Botswana government's intention to solve the question of the Nkomati purchase and hopes for a quick settlement of the situation," the company said in an emailed statement to Reuters after the minister's comments. *(Reuters)*

Egypt

Corporate News

No Corporate News This Week

Economic News

Egypt's foreign reserves are close to $35 billion, Egyptian President Abdel Fattah al-Sisi said on Monday. The figure brings the country to about where it was before a 2011 uprising drove tourists and foreign investors away, drying up foreign reserves. Egypt roughly had $36 billion in reserves before the uprising. "How much do you think are central bank reserves? I will not say - who said 35? The answer is that it's very close to 35 billion ... could anyone have imagined 10 months ago that there would be $35 billion," Sisi said at a press conference on Monday. The central bank said earlier this month that Egypt's foreign reserves reached $31.305 as of the end of June. Reserves have been climbing since Egypt floated the pound currency in November as part of a $12 billion International Monetary Fund lending programme aimed at boosting the economy. Egypt's economy has been struggling since the 2011 uprising that toppled long-time autocrat Hosni Mubarak, but the government hopes the three-year IMF loan will put the country on the right track. *(Reuters)*

Egypt expects its natural gas production to rise to 6.2 billion cubic feet per day by the end of the 2017/2018 fiscal year which began this month, Petroleum Minister Tarek El Molla told Reuters on Thursday. Egypt currently produces 5.2 billion cubic feet of gas per day. *(Reuter)*

The average yields on Egypt's six-month and one-year treasury bills fell in an auction on Thursday, data from the central bank showed, amid high foreign participation. The average yield on the 182-day bill fell to 21.175 percent from 21.679 percent at the last sale on July 19, and the yield on the 357-day bill fell to 20.952 percent from 21.706 percent. Egypt has raised key interest rates by 700 basis points since November when it floated its currency, encouraging foreign investors to buy up its debt. Total foreign holdings in Egyptian securities stood at 233 billion Egyptian pounds ($13.06 billion) as of the last auction on July 25, a 7 percent increase, head of public debt at the finance ministry, Sami Khallaf, told Reuters. Foreign contribution in both tenors on Thursday amounted to 4.8 billion Egyptian pounds, he said, out of a total of 13.5 billion pounds. *(Reuters)*

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Ghana

Corporate News

The Bank of Ghana has told Citi Business News it is unaware of any proposed deal for GCB to acquire the National Investment Bank (NIB). Some recent media reports suggested that the GCB Bank Limited has begun overtures to take over the National Investment Bank in an attempt to grow the asset portfolio of the bank to about 10 billion cedis. The move was also expected to increase GCB's staff to over 2,000 while it branches increases to 250, if successful. But speaking to Citi Business News on the matter, the Head of Banking Supervision at the Bank of Ghana, Mr. Raymond Amanfu debunked the claims that no such proposal has been tabled before the central bank. "As I sit, I don't know of any proposed merger. None of the banks has even put forward to me a proposal for merger. The point is that GCB is listed. I have called the MD of NIB; I have spoken to the MD of GCB. They said that they have not spoken to anybody about merger or acquisition. So I don't know where the person got the story from," he said. Mr. Amanfu explained that the laws are clear on acquisitions and mergers in the banking industry. He pointed out for instance that GCB is listed on the Ghana Stock Exchange, hence would have to go to its shareholders first if it is considering acquisition or merger. He insisted that recent reports of mergers among some banks in the country are false, since no such proposal has reached the Bank of Ghana. *(Ghana Web)*

Economic News

Ghana accepted 393.6 million cedis ($88.9 mln) worth of bids for an oversubscribed three-year domestic bond sold on Friday at a yield of 18.5 percent, the central bank said. The government of President Nana Akufo-Addo, who took power in January, is trying to rebalance its finances as it faces large debts caused by years of overspending and lower than projected commodity prices. Total bids for the bond, opened to foreign investors, were 498.3 million cedis. The target for the issue was 300 million. Ghana, which exports cocoa, gold and oil, is following a three-year $918 million aid programme with the International Monetary Fund. The government plans to issue 17.43 billion cedis of domestic instruments in the third quarter for financing and to restructure its debt, including a new 15-year bond in August worth 2.6 billion cedis. *(Reuters)*

New figures from the Bank of Ghana(BoG) has shown that the country's total public debt as at May this year has hit GHS137.2 billion. By this, the debt-to-GDP ratio is now at 67.5%. This was contained in the economic and financial data released by the central bank at the end of its Monetary Policy Committee meeting. According to the report, the debt stock increased by GHS9.4 billion in three months from GHS127.8 billion to GHS137.2 billion. The External component of the debt was 17.1 billion dollars, while domestic debt was at about GHS63.9 billion. In all, the GHS137 billion debt stock recorded at the end of May was more than the GHS105 billion recorded in the same period for last year. For the first three quarter of the bonds issuance calendar, government is seeking to raise GHS57 billion through bonds and treasury bills. Government has already raised about GHS17.4 billion. In the second quarter, government raised GHS22.2 billion, while it targets 17.4 billion in the third quarter of the year. According to the Bank of Ghana data, total earnings from exports went up from 6.5 billion dollars in January to June 2016, to 7.1 billion dollars in same period in 2017. This showed an improvement in earnings from export. Earnings from the export of Gold hit a little over 3 billion dollars while exports of oil and cocoa reached about 1.2 billion dollars and 1.7 billion dollars respectively. According to the data, the cost of total imports for the first six months of the year was 5.7 billion dollars. Import of oil recorded 733 million dollars, while non-oil imports was at 4.9 billion dollars. Non Performing Loans (NPL), which is the loans that are suspected to go bad saw an increase. The figure went up from 19.3% as at May 2016 to 21.7% in May 2017. Total Assets in the banking sector hit GHS 84.1 billion, representing a 27.3% growth. Total deposits also saw an increase from 24.5% to GHS53.2 billion. Loan advances was at GHS36.5 billion after a 16.4% growth compared to May 2016. *(Ghana Web)*

Ghana's central bank cut its benchmark interest rate by 150 basis points to 21.0 percent on Monday, citing a downward trend in consumer inflation and the potential for higher economic growth on increasing oil output. The cut, which economists had expected, reflected lower risks to inflation helped by a slightly stabler local currency, Central Bank Governor Ernest Addison told a news conference in the capital Accra. "Barring any unanticipated shocks, the current stance of monetary policy and the expected stability in the exchange rate should ensure price stability," Addison said. Monday's cut was the third this year. The bank expects headline inflation to continue to decline and converge toward its medium-term target of 8 percent plus or minus 2 percentage points in 2018, he added. In June, it was just above 12 percent, down from a peak of more than 19 percent in Mark last year. Addison said the rate setting committee also expects increasing crude oil production, boosted by this month's launch of production at ENI's offshore Sankofa field, to lift economic growth. Ghana, which exports cocoa, gold and oil, is under a three-year aid deal with the International Monetary Fund to restore fiscal balance and economic growth. *(Reuters)*

Ghana's producer price inflation fell slightly to 3.6 percent year-on-year in June from 3.7 percent the month before, mainly due to lower gold prices, the statistics office said on Wednesday. Ghana, Africa's second biggest gold producer, is more than halfway through a three-year aid deal with the International Monetary Fund to restore fiscal balance, including reducing persistently high inflation. Mining and quarrying inflation declined to 12 percent from 18.2 percent in May while the manufacturing sub-sector also decreased to 2.4 percent from 2.9 percent. Utilities' inflation was 1.3 percent compared to 1.2 percent the month before. "The push-down effect was primarily on account of lower ex-factory prices of gold in June, compared to similar period last year," government statistician Baah Wadieh told reporters in Accra. Ghana was for years one of Africa's fastest growing economies but growth slumped in 2014 due to a fall in global commodities prices and fiscal problems including elevated inflation, a high budget deficit and public debt. On Monday, the central bank cut its benchmark interest rate by 150 basis points to 21 percent, citing a downward trend in inflation towards medium-term targets and potentials for growth on increasing oil resources. *(Reuters)*

Ghana's central bank's 150 basis point rate cut this week will boost lending by local banks and signals that the economy is gradually improving, Moody's Investors Service said on Thursday. The major commodity exporter's GDP growth is expected to recover to 6.1 percent this year and 7.5 percent in 2018 compared with 3.5 percent last year, the ratings agency said in a research note. *(Reuters)*

Kenya

Corporate News

Marketing services firm WPP Scangroup has received a refund of Sh50.1 million from one of its subsidiaries after the Nairobi Securities Exchange-listed firm was not allotted shares in the unit. This brings the cumulative amount that the parent company has received from Scangroup Mauritius Holding since 2014 to Sh178.3 million. "Equity investment in subsidiary amounting to Sh50.17 million for which shares were not allotted was refunded during the year (ended December 2016)," Scangroup says in its latest annual report. The company's CEO Bharat Thakrar told Business Daily the sums represent surpluses at the subsidiary which are being returned to the parent firm. He added that Scangroup fully owns the subsidiary. The refund saw the parent company's investment in the Mauritian unit drop to Sh315.3 million in the year ended December compared to Sh365.5 million the year before. Scangroup Mauritius in turn fully owns seven foreign subsidiaries including Scanad Burundi and JWT Uganda. *(Business Daily)*

Nation Media Group has maintained its interim dividend payout at Sh2.50 per share after posting growth in half-year earnings. Chief executive Joe Muganda said the media firm had posted Sh825.6 million in profit after tax in the six months to June compared with Sh785.4 million in the same period last year, a 5.12 per cent growth. The Nairobi bourse-listed company reported that its turnover for the period stood at Sh5.27 billion compared with Sh5.63 billion in June 2016. Mr. Muganda attributed the performance to lower operating expenses, recovery of pending bills from the government, and continuing growth of digital advertising revenue. "The benefits of driving out costs have come through. There was enhanced debt management from government agencies," Mr. Muganda said at an investor briefing in Nairobi. "We must protect and grow our current business but we also need to be innovative in order to open new revenue streams and drive digital growth," he added. At Sh2.50 per share, the total interim dividend payout due to shareholders is Sh471.25 million and will be paid out in September. NMG chairman Wilfred Kiboro said he was bullish the company will perform even better in the second half, despite the tough and competitive operating environment. Nation's total costs dropped 8.6 per cent to Sh4.1 billion while its cost of sales fell 9.3 per cent to Sh955.8 million as a result of an effective route-to-market strategy for newspapers.

The company's broadcast units, NTV Kenya and NTV Uganda, separately doubled their operating profit, buoyed by strong programming and production of content that is popular with audiences. NTV Kenya posted an 18 per cent growth in revenue. The operating income for NMG's digital business more than doubled, with revenue surging 54 per cent, as the firm aggressively leveraged on its flagship portal – www.nation.co.ke – and 15 other websites to monetise online audiences. Lifestyle magazine KenyaBuzz - where NMG acquired a 51 per cent stake last year - also saw its circulation as well as operating profit double, said Mr. Muganda. Uganda's Daily Monitor had income from operations grow by a fifth. The Daily Nation, The EastAfrican, Business Daily and Tanzania's Citizen and Mwananchinewspapers posted a drop in their revenue and operating income. NMG, the largest media group in eastern and central Africa, also owns other brands such as Spark TV, sports weekly Ennyanda and Dembe FM in Uganda. The NMG counter closed at Sh108 per share on Wednesday, and the share has edged up 16 per cent since the beginning of the year. *(Daily Nation)*

Kenya's East African Breweries said net profit for the year through June rose 6 percent to 8.5 billion Kenyan shillings ($81.89 million), helped by reduced operating costs and a slight rise in sales. The brewer, controlled by Britain's Diageo, said in a statement on Thursday that net sales rose 2 percent, while it saved 2.3 billion shillings in operating costs during the period. *(Reuters)*

Kenya's East African Breweries Ltd (EABL) said on Friday it would convert a loan to its Tanzanian business into equity, after reaching a settlement with the competition authority that had been investigating the transaction. Tanzania's Fair Competition Commission (FCC) threatened to revoke EABL's 51 percent stake in Serengeti Breweries in 2015, accusing the Kenyan firm of not meeting several conditions. It did not make those conditions public. "In early June, we managed to close and settle that matter," Gyorgy Geiszl, EABL's finance director, told a news conference, without giving a value for the loan. EABL, a unit of Britain's Diageo, made a provision in its financial year ending June 2016 to settle the issue so its figures for the year to June 2017 would not be hit, he said. Geiszl said the settlement would allow EABL to "complete this capital restructuring, convert our loan to the company into equity, restore its equity position and profitability." He did not say what impact converting the loan would have on the size of EABL's equity stake in Serengeti. Serengeti, which contributed 9 percent to EABL's group sales of 70.25 billion shillings ($676.46 million) in the year to June 2017, had a 28 percent share of the market, according to 2015 figures. Its sales dropped 13 percent in its latest financial year. EABL said it saw opportunities in the market in the medium term, while the settlement and capital restructuring would help the firm focus on boosting sales. *(Reuters)*

Economic News

An innovative Kenyan bond which is bought via mobile phone had raised far less than the 1 billion shillings ($9.6 million) targeted on Friday, failing to match a previous success. In March, the East African nation became the first country to issue a mobile phone-based bond, which can be bought by phone users without the need for them to have a bank account. Investors can use mobile phone networks' financial platforms like M-Pesa to send money and receive interest payments on the M-Akiba bonds, which can be traded in the secondary market. Kenya's first such three-year infrastructure bond raised its target of 150 million shillings within days and it launched the sale of the second tranche last month. However, the second tranche had raised only 128 million shillings by midday on Friday, the finance ministry told Reuters, without offering more details. Kenya has a vibrant conventional bond market, which the government relies on to raise the bulk if its financial borrowing requirements, but it is pushing through mobile phone bonds to tap into a wider pool of retail investors. Only a few ordinary Kenyans bought traditional government bonds, scared off by the minimum investment of 50,000 shillings and the need for a commercial bank account. Investors can buy the M-Akiba bond for as little as 3,000 shillings, earning a tax-free interest of 10 percent. There was no immediate explanation for the lower demand on the latest mobile phone bond, but Kenya is in the midst of election campaigns ahead of an Aug. 8 poll that has seen some businesses and investors take a wait-and-see attitude. Elections are often tense in Kenya after 1,200 people were killed in ethnic violence that broke out due to a disputed presidential election in December 2007. *(Reuters)*

Hennessy, the world's largest maker of cognac, has started distributing its products in Kenya to tap Africa's second-largest luxury-goods market. The company, a unit of Paris-based LVMH, began distributing its products in the Kenyan capital in May and plans to use the city as a hub for regional distribution, Chief Executive Officer Bernard Peillon said in an interview in Nairobi. A bottle of Hennessy cognac retails for as much as 117,000 shillings ($1,127) in the city's shops, the company said. "Kenya is a boost market, the next emerging market frontier for us," Peillon said. The company is targeting "double-digit" sales growth, he said, without specifying targets. Kenya was Africa's second-largest market for luxury goods in 2016, with revenue of about $500 million, up 25 percent from a year earlier, according to a report by New World Wealth, a Johannesburg-based research group. The country ranked behind South Africa's $2.3 billion market and ahead of Nigeria, it said. Brands like Hennessy are expanding their reach on the continent to tap into growing numbers of middle-class and rich people. Kenya, where luxury brands including Bentley, Porsche and Rolex are already available, has 9,400 dollar millionaires, the fourth-highest number behind South Africa, Egypt and Nigeria, according to the New World Wealth report. About 7,500 new millionaires will emerge over the next decade in the East African nation, the third-fastest pace on the continent after Ethiopia and Mauritius, according to the 2017 Wealth Report compiled by London-based Knight Frank. Hennessy sells cognac in 140 countries, including South Africa and in Nigeria. While the continent is experiencing double-digit revenue growth, it accounts for less than 10 percent of the global market, Peillon said. "Our role is to figure out what might happen in the world, to have a vision of what could become of Kenya, and we are positive," Peillon said. "I am here in Kenya, so it is a clear sign of commitment and of interest." *(Bloomberg)*

Kenya's large budget deficit poses a risk to growth and stability the shilling has enjoyed over the past two years as the country borrows more to finance expenditure, a Citi economist has warned. Citi Africa economist David Cowan said the country can ill-afford to run a deficit above seven per cent — as was the case in the last fiscal year at 8.9 per cent — and should instead aim for a deficit below five per cent. Running a large deficit forces the government to borrow more (effectively printing money), which leads to devaluation and in turn starves the private sector of the credit needed to grow the economy. Mr. Cowan gave an example of Ghana and Zambia, where large twin fiscal and current account deficits have slowed down growth and caused massive depreciation of the respective currencies against the dollar. Many

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African countries eased fiscal policy following the 2008-09 global financial crisis, and are struggling to get it back under control. "Kenya has just about played it right but cannot continue at the current rate. Whoever wins the next election will have to stand up and bring the fiscal deficit under some degree of control," said Mr. Cowan. "If you don't bring it under control it will come back to haunt you. You should be aiming for a fiscal deficit in the order of three to five per cent. Once it starts going above seven per cent it becomes a problem." Domestic debt hits Sh2 trillion end of May. The shilling has so far bucked the trend among African currencies by remaining relatively stable against the dollar in the past two years, exchanging in the range of 100 to 105 units. In this year's budget, the government is targeting a fall in the fiscal deficit to the tune of 2.6 percentage points to 6.3 per cent, although going by past example this may be tough to achieve. In the last fiscal year the Treasury had targeted a deficit of 6.9 per cent, which ended up at 8.9 per cent. *(Business Daily)*

Kenya's central bank said on Thursday its Monetary Policy Committee will meet to set lending rates on Sept.18. At its meeting this month, the bank held its rate at 10.0 percent. *(Reuters)*

Government's domestic borrowing plan for the new financial year kicked off on a low note with the first major Treasury bond auction falling short by a significant 82.7 per cent. The Central Bank of Kenya (CBK), government's fiscal agent, Thursday said it accepted bids worth Sh5.19 billion on Wednesday against the Sh30 billion the Treasury was targeting for the 10-year bond. The CBK received bids worth Sh19.043 billion, a 63.48 per cent subscription, but rejected bids valued at Sh13.85 billion from investors who demanded higher returns. READ: 30-year bond interest about 13 per cent. The Treasury plans to borrow about Sh268.6 billion from the domestic markets to partly bridge the Sh524.6 billion deficit for this financial year's Sh2.29 trillion budget. "I think the Central Bank and GOK (the government) sent the correct signal to the markets: they are not short of cash and will not take money at any price," Nairobi-based investment analyst and chief executive of Rich Management Aly-Khan Satchu said via an email. Accepted bids will attract an average interest of 12.966 per cent, which is 2.694 percentage points lower than the weighted market average rate of 13.325 per cent. *(Business Daily)*

Malawi

Corporate News

No Corporate News this week

Economic News

No Economic News this week

Mauritius

Corporate News

No Corporate News this week

Economic News

No Economic News This Week

Nigeria

Corporate News

Financial advisers, other parties to the N58.851 billion Rights Issue of Unilever Nigeria Plc and directors of the company have held a signing ceremony for a successful issue. This followed the receipt of clearance documents from the Securities and Exchange Commission (SEC) and the Nigerian Stock Exchange (NSE) in respect of the Rights Issue. Unilever Nigeria wants to raise N58.851 billion by way of rights to existing shareholders on the basis of 14 new shares for every 27 shares held by shareholders at an issue price of N30 per share. Speaking at the signing ceremony, the ManagingDirector of Unilever Nigeria, Mr. Yaw Nsarkoh said: "Through this Rights Issue, we will be able to reinforce our financial flexibility to support our growth initiative and also give shareholders an opportunity to consolidate their shareholding position. The proceeds of the Rights Issue will be used to repay our outstanding foreign currency denominated liabilities, purchase additional raw materials required for our products and to meet other working capital requirements in other to build long term value for all stakeholders." Also, the Chairman, Unilever Nigeria, His Royal Majesty Nnaemeka Achebe, the Obi of Onitsha commented: "The Rights Issue reiterates our confidence in Unilever Nigeria's robust future and commitment to building a more enduring business in the Nigerian market. We acknowledge with deep appreciation the unwavering support we have received from our stakeholders and shareholders even in trying times which has enabled us deliver positive result. We implore you to participate in the Rights Issues as you will be re-confirming your support for the Company."

According to him, Unilever Nigeria remains committed to purpose driven growth underpinned by the 'Unilever Sustainable Living Plan' which is the blueprint for achieving their vision to make sustainable living commonplace and grow its business. On his part, the Chief Executive of Stanbic IBTC Capital Limited, Funso Akere, commended the management of Unilever Nigeria for the commitment they have shown towards executing the rights issue and for giving Stanbic IBTC Capital a free hand to guide the process. Stanbic IBTC Capital Limited is acting as the issuing house for the rights issue. Unilever last week reported a revenue of N45.105 billion for the half year ended June 30, 2017, showing an increase of 39 per cent from N32.278 billion in the corresponding period of 2016. Profit after tax rose by 236 per cent from N1.093 billion to N3.676 billion in 2017. (*This Day)*

Guinness Nigeria has started receiving subscriptions for its 39.70 billion naira ($126 mln) share sale to existing shareholders, which will end in five weeks' time, the company said on Monday. The beer maker, the local unit of the world's leading spirit maker Diageo, said in a statement shareholders can buy five new shares from the company for every 11 held, at 58 naira each, before the offer closes on August 30. The company, which is 54 percent owned by Diageo, reported its first annual loss in 30 years in September last year, triggering the rights issue. Its British-based parent has said it was willing to take up its rights in the share issue to maintain its shareholding. Guinness Nigeria shares, which have fallen 20.4 percent so far this year, traded flat on Monday at 65.10 naira on the Lagos bourse, a 12 percent premium to the rights price. The stock fell 31 percent last year. Investors who do not currently hold Guinness shares but want to participate in the offer can do so by buying the rights of an existing shareholders who is unable to subscribe to the offer through the stock market, it said. *(Reuters)*

The shares of Transnational Corporation of Nigeria (Transcorp) Plc led the price gainers yesterday as investors reacted to the improved results announced for the half year ended June 30, 2017. The shares rose 8.1 per cent to close higher at N1.61 each following a profit after tax (PAT) of N4.164 billion recorded in H1 of 2017, compared with a loss of N12.191 billion posted in the corresponding period of 2016. The company's 2016 performance was impacted by the devaluation of the naira that led to foreign exchange loss of N13.8 billion. However, the conglomerate, which has interest in hospitality, power, agriculture, oil and gas, has bounced back in the H1 of this year. Going by the results released yesterday on the Nigerian Stock Exchange (NSE), Transcorp Plc recorded revenue of N32.174 billion in 2017, up from N24.779 billion in 2016. Cost of sale stood at N19.3 billion, as against N13.3 billion in 2016, while administrative expenses rose to N5.663 billion, compared with N5.265 billion in 2016. Net finance cost fell from N17.268 billion in 2016 to N4.988 billion in 2017. Consequently, Transcorp ended H1 2017 with PAT of N4.164 billion, a recovery from a loss of N12.191 billion in 2016.

Mr. Emmanuel Nnorom, who was the Chief Executive Officer of Transcorp until June, 2017, had said: "Transcorp's resilient performance is drawn from the diversity of our various business offerings. The closure of the Abuja Airport negatively affected occupancy for our hotel business, however, this was buoyed by top line year-on-year growth in our power business following improvements in gas supply. "We expect to recover the lost ground brought on by the Abuja airport closure in Q2 2017. The reopening of the airport will pave the way for aggressive marketing that will improve traffic and occupancy at Transcorp Hotels. In addition we expect to see continued improvement in our power sector revenue as gas supply stabilises following the increased capacity of our plant arising from the recent commissioning of Gas Turbine 15." He had also added that the recent federal government's guarantee of N700 billion to the Nigerian Bulk Electricity Trader (NBET), through the Central Bank of Nigeria (CBN), which he said, would will help ease liquidity challenges in the power sector and incentivise further investment in power generation. "With this laudable initiative, the risk of not getting paid for power supply has been mitigated and should thus improve our cash-flow and appetite for further investment, as against current situation where we have notable outstanding receivables for our supply. We are now encouraged to generate more, especially as gas supply improves," he said. *(This Day)*

Cadbury Nigeria Plc has reported a pre-tax loss of N766.4m for the half-year ended June 2017. This was a worse result when compared to the profit of N216.4m recorded by the firm a year ago, the firm's filing with the Nigerian Stock Exchange on Wednesday showed. Its half-year revenue for 2017 stood at N16.26bn, compared to N13.92bn posted in the corresponding period of 2016. CAP Plc also filed its half-year result with the NSE recording an increase of 0.30 per cent in revenue, while its profit before tax and profit after tax dropped by 10.71 per cent and 10.71 per cent year-on-year. For Premier Paints Plc, revenue, PBT and PAT all dropped by 53.10 per cent, 2804.59 per cent and 3267.54 per cent year-on-year, respectively. Livestock Feeds Plc revenue appreciated by 27.65 per cent, while its PBT and PAT declined by 296.99 per cent and 389.69 per cent (year-on-year), accordingly. *(Punch)*

The head of 9mobile, the mobile operator formerly known as Etisalat Nigeria, has asked the telecoms regulator for concessions on spectrum and foreign exchange access to shore up its revenues ahead of finding new investors. On Tuesday, Central Bank Governor Godwin Emefiele said 9mobile had appointed advisers to find new investors after regulators stepped in to try to save the company from collapse due to it big debts. Citigroup and Standard Bank have been appointed to manage a sale process and three major investors have shown interest. 9mobile's CEO Boye Olusanya on Wednesday asked the Nigerian Communications Commission to revisit its floor price on data, interconnect rates and national roaming fees in order to help the country's fourth-largest mobile operator meet its obligations, the NCC said, citing a meeting with 9mobile. "We want to see a viable and thriving 9mobile," NCC's Executive Vice Chairman Umar Garba Danbatta said, adding that he wanted to safeguard investors, subscribers and employees. Danbatta said in a statement that more than $2 billion foreign direct investment by Mubadala of UAE was at stake, while 20 million subscribers and over 2,000 workers would have been affected if the NCC had not intervened. 9mobile declined to comment. 9mobile has a 14 percent share of Nigeria's highly competitive mobile telecoms market. South Africa's MTN is the market leader with 47 percent, Nigeria's Globacom has 20 percent and Bharti Airtel's local subsidiary has 19 percent.

Etisalat Nigeria was the biggest foreign-owned company affected by dollar shortages in the country due to lower oil prices and a recession, making it difficult for the company to make repayments to lenders and suppliers. It took out a $1.2 billion loan in 2013 from 13 local lenders to refinance existing debt and expand its network but it struggled to repay four years later. Etisalat International's CEO Hatem Dowidar told Reuters this month that it had been unsuccessful at converting some of its dollar debt to local currency and had decided to exit the market, giving the Nigerian business notice to phase out the brand. Central bank governor Emefiele on Tuesday said 9mobile's revenue was stable and it had made 16 billion naira ($52.5 million) in June, adding that the company had not lost subscribers due to its debt problems. 9mobile's Olusanya has said he is focused on getting the company back on track to make a profit, while working on plans to raise new capital. He also said the company was open to new investors. *(Reuters)*

Guinness Nigeria Plc, Tuesday, announced that the net proceeds of the N40 billion rights issue will help the company repay outstanding loan obligations, improve its operational and financial flexibility. Already, the company had received regulatory approvals from the Securities and Exchange Commission (SEC), and Nigerian Stock Exchange (NSE), to raise about N39.701billion by way of rights issue to its existing shareholders. A total of 684,494,631 ordinary shares of 50 kobo each will be offered to existing shareholders in the ratio of five new ordinary shares for every eleven ordinary shares held by those whose names appeared on the register of members of Guinness Nigeria at the close of business on Wednesday, March 15, 2017. The issue price is N58 per share, with Stanbic IBTC Capital Limited as the issuing house to the offer, which opened on Monday July 24, and will close on Wednesday August 30. At its Extra-ordinary General Meeting in January 2017, shareholders had authorised the Board of Directors to proceed with the Issue.Addressing shareholders during the 'Facts Behind the Issue' in Lagos on Tuesday, the Managing Director, Peter Ndegwa, explained that the rights issue would allow Guinness Nigeria to deliver on its strategic objectives, and give shareholders a unique opportunity to increase their shareholding in the company.

Furthermore, the funds raised will help it mitigate the impact of increasing finance costs, optimise its balance sheet, and improve the company's financial flexibility. He pointed out that the parent company; Diageo, which owned 54.3 per cent shareholding in Guinness Nigeria, has expressed a willingness to take its portion of the rights in full, to ensure success of the rights issue. Ndegwa explained that the company is now focused on value creation as well as growing skills that would help develop the brand. "We are not setting up another factory but to review our distribution strategy, and set up relationship with suppliers to improve efficiency." Also speaking at the occasion, the company Chairman, Babatunde Savage, said the rights issue is part of the company's long term plans to continue to invest for profitability. "We have been in Nigeria for 67 years and, while it has been challenging in recent times for many Nigerian businesses, we remain committed to this market as evidenced by our decision to offer this Rights Issue. We are grateful for the support that we have received from our shareholders and various other stakeholders up to this point." Full terms of the Rights Issue will be set out in a Rights Circular to be mailed directly to shareholders of the Company, which contains a provisional allotment letter and the participation form. *(Guardian)*

FBN Holdings Plc yesterday reported its unaudited results for the half year ended June 30, 2017, showing a profit after tax of N29.5 billion, a decline of 17.8 per cent posted in the corresponding period of 2016. The financial conglomerate posted gross earnings of N288.8 billion, up 7.8 per cent from N267 billion in 2016. Net interest income rose by 30.2 per cent from N126 billion to N164 billion, while impairment charges fell by 2.6 per cent from N69.9 billion to N62.4 billion. However, profit before tax fell by 22.4 per cent to N45.9 billion from N35.6 billion, while PAT stood at N29.5 billion, as against N35.9billon in 2016. A further analysis of the results showed that total assets of N4.9 trillion, grew by 3.0 per cent to hit N4.9 trillion, from N4.7 trillion as at December 31, 2016. Customer deposits was N3.0 trillion, down 3.5 per cent as against N3.1 trillion in December 31, 2016, just as customer loans and advances ended at N2.0 trillion, down 4.1 per cent from N2.1 trillion as at December. In terms key ratios, net-interest margin improved to 8.5 per cent in 2017, from 7.2 per cent in 2016. Non-performing ration stood at 22 per cent, an improvement on the 22.8 per cent in June 2016 and 24.4 per cent in December 2016. Commenting on the results, the Group Managing Director, FBN Holdings, Mr. Urum Kalu said: "FBN Holdings has again demonstrated its strong revenue generating capacity in the current economic environment reporting gross earnings of N288.8 billion – up 7.8 per cent.

In line with our strategic focus on improving asset quality; cost optimisation; and, enhancing revenue generation, we are beginning to see improvement across a number of metrics associated with these initiatives." He added: "Our focus on enhancing the quality of our loan book is reflected in a decline in non-performing loans, a reduction in our impairment charge following improvement in the asset quality outlook, and we will continue to prioritise this area through the rest of this year. Similarly, consistent improvement in the efficiency ratio is testament to the efficacy of our cost optimisation initiatives, though these results have been partly offset by the currency devaluation and high inflationary environment. Overall, we have seen strong growth trajectory in our Merchant Banking & Asset Management and the Insurance Group. These businesses complement our Commercial Banking franchise and represent new frontiers for our Group, firmly supporting our aspiration of becoming a leading financial services institution in Middle Africa. We remain committed to maximising returns to our shareholders as well as creating sustainable value." (*This Day)*

Economic News

The fixed income and currency over-the-counter (OTC) market enjoyed high patronage in June as the value of transactions rose by 32.89 per cent from the previous month's level. Specifically, turnover recorded in the market in June stood at N12.62 trillion, up from N9.49 trillion recorded in May. This implies that between January and June, the market, which is facilitated by FMDQ OTC Securities Exchange, has recorded a turnover of N67.37 trillion. A breakdown of the N12.62 trillion traded in June, showed that the Treasury Bills (T.bills) segment continued to dominate, accounting for 43.22 per cent (40.73 per cent in May) while FGN bonds recorded 6.22 per cent (5.23 per cent in May) of total turnover in June. Turnover in the Fixed Income market in the month under review settled at N6.24trn, transactions in the T.bills market accounted for 87.41 per cent of the fixed income market, from 88.67 per cent the previous month. Outstanding T.bills at the end of the month stood at N8.51 trillion, a decrease of 3.98 per cent N8.87 trillion in May whilst FGN bonds' outstanding value increased by 1.44 per cent to close at N7.03 trillion in the period under review. Transactions in the FX market settled at $8.52 billion in June, an increase of 29.87 per cent when compared with the $6.65 billion recorded in May. The Central Bank of Nigeria (CBN) sold a total of $1.476 billion through various interventions conducted during the period under review. The apex bank also maintained its marginal rate for the Secondary Market Intervention Sales (SMIS) –Wholesale Forwards intervention at $/3N320; and $/N357 .

In the same period, Money Market and Foreign Exchange market activities accounted for 28.91 per cent and 21.60 per cent of total turnover respectively. The value of transactions in the FX Market increased by 29.87 per cent ($1.96 billion), as the supply of FX into the market by the CBN also increased by 50.15 per cent to settle at $1.476 billion in the month under review. The twelfth Naira-settled OTC FX Futures contract NGUS June 21 2017, with a total open contract worth $657.67 million, matured and settled within the reporting month. According to the FMDQ OTC, this also marked the first time the settlement amount was paid in favour of the contract seller, the CBN, as the Nigerian Autonomous Foreign Exchange Fixing (NAFEX) on the settlement date closed lower the contract rate. "Liquidity flows via I&E FX Window continued to improve as total volumes traded for the month settled at $1.81 billion, an increase of 37.73 per cent from the previous month," it said. The Managing Director/CEO of FMDQ, Mr. Bola Onadele. Koko, last week said that apart from facilitating currency trading, the OTC Exchange was working hard, in collaboration with other key stakeholders, to facilitate the development of a sustainable finance strategy for the country. *(This Day)*

Nigeria's state oil company on Friday said the central bank was supervising the remittance of funds to the government totalling $231.8 million from Diamond Bank, Skye Bank and Keystone Bank. Commercial banks collect grants, taxes, fees and tariffs on behalf of the government and then send them to a single treasury account with the central bank. Some banks have previously been accused of withholding remittances. The Nigerian National Petroleum Corporation (NNPC) said the money accrued from investments -- $174.4 million with Diamond Bank, $40.7 million in Skye Bank and $16.7 million in Keystone Bank -- was being remitted to a treasury account under a government policy to curb corruption. NNPC spokesman Ndu Ughamadu said the company's announcement was made to clarify remittances related to NNPC after media reports about a court order for seven local banks to transfer a combined $793 million to the government immediately. *(Reuters)*

A weak naira and stubborn inflation may prevent Nigeria's central bank from following South Africa and Ghana in cutting interest rates.
Only two of 19 economists in a Bloomberg survey predicted the Monetary Policy Committee will cut borrowing costs on Tuesday. The rest said the key rate will stay at 14 percent, where it's been for a year. Governor Godwin Emefiele, who is scheduled to announce the MPC's decision in the capital, Abuja, said last month that tight monetary policy will continue. The central banks of South Africa and Ghana cut their key rates in the last week as the inflation outlook in the two economies improved. While price growth in Nigeria, Africa's most-populous nation, slowed for a fifth consecutive month to 16.1 percent in June, it remains well above the government's 6 percent to 9 percent target range. "Inflation still remains very high," Razia Khan, head of Africa macro research at Standard Chartered Bank Plc, said in an emailed response to questions. "It would be wrong to demonstrate too much complacency." The economy of Nigeria, which vies with South Africa as the biggest on the continent, shrank for a fifth consecutive quarter in the three months through March as the oil industry contracted and

agricultural growth slowed. Keeping borrowing costs unchanged could help attract more flows into the so-called Nafex currency-trading market, which the central bank set up for foreigners in late April to try end a crippling shortage of dollars. While the naira is trading at about 315 against the U.S. currency in the official market, it's weaker at 366.45 in the new window, about the same level as on the black market. Goldman Sachs Group Inc. and JPMorgan Chase & Co. are among Wall Street banks that say monetary policy needs to stay tight to protect the naira. "The CBN will, in our view, maintain tight local currency liquidity conditions, not least to provide support to the naira," JPMorgan analysts Sonja Keller and Yvette Babb said in a note to clients. "A policy rate cut would send the wrong signal." *(Bloomberg)*

A bill seeking to allow the re-registration and conversion of the Nigerian Stock Exchange from a company limited by guarantee to a public limited company by shares passed the second reading at the Senate on Tuesday. Sponsor of the bill, otherwise called the De-mutualisation Bill, Senator Foster Ogola, said the NSE as currently constituted was not made to make profit. Ogola, who is the Acting Chairman, Senate Committee on Capital Markets, said the proposed de-mutualisation of the exchange was an integral element of the 10-year Capital Markets Master Plan, meant to drive rapid growth of the market over the next decade. The lawmaker said the proposed law would increase the value of the Exchange, enabling it to compete favourably in the global markets, open the doors for significant investment in Nigeria and enhance the nation's capital market. He stated, "The de-mutualisation of the Exchange will bring the Nigerian capital market at par with other international jurisdictions; result in enhanced governance, transparency and visibility, whilst attracting strategic partners, investors and good quality issuers. "The approval of the de-mutualisation bill will generate substantial motivation for the development of an agile Exchange, thereby consolidating its innovativeness and strengthening its leadership both at local and international levels, as well as adding value to its stakeholders. "As a de-mutualised entity that is profit-seeking, the NSE will be in a better stead to capitalise on new income opportunities, free from any limitations arising from conflicting member interests and existing laws, and more importantly be able to better support the economic growth of Nigeria." Supporting the bill, Senator Mao Ohuabunwa, said the de-mutualisation plan, when implemented, would give the NSE the ability to take a number of strengthening actions that would promote transparency and increase efficiency in its operations. "The de-mutualisation holds a number of significant benefits for Nigeria's economy, including augmentation of Nigeria's debt profile, increase capital raising capabilities, capital support for government initiatives, attraction of foreign and local investors, and assisting corporate and financial institutions to raise capital," he said. *(Punch)*

Nigeria's central bank held its benchmark interest rate at 14 percent on Tuesday, its governor said. Governor Godwin Emefiele said two of the eight members who attended the Monetary Policy Committee (MPC) meeting had voted to cut the headline rate. Economists polled by Reuters last week predicted that the central bank would keep the main interest rate unchanged. Nigeria, an OPEC member which has Africa's biggest economy, is in the second year of a recession largely caused by low oil prices. The country relies on crude oil sales for around two-thirds of government revenue. "In consideration of the headwind confronting the domestic economy and the uncertainty in the global environment, the committee decided by a vote of six to two to retain the MPR (monetary policy rate) at 14 percent," said Emefiele. The bank also kept its cash reserve ratios for commercial banks at 22.5 percent. Dollar shortages have been a hallmark of the recession and the country has at least six exchange rates, including an official rate, a black market rate and one for Muslim pilgrims. The central bank governor told reporters the bank was heartened by the emerging convergence of a market-determined rate for investors and a retail rate set by licensed exchange bureaus. *(Reuters)*

Nigerian stocks surged 3.4 percent on Wednesday to a 32-month high on improving sentiment after several mid-sized listed firms announced increases in half-year earnings, traders said. The main share index rose for the third straight day, nearing the 37,000 point level last reached in November 2014. Analysts said several medium-sized listed companies, which supply services to larger ones, have announced increases in half-year profits signalling that Nigeria's economy was recovering. Mid-sized drug maker Fidson, which gained 10 percent, on Tuesday said half-year pretax profit rose to 685.4 million naira, from 58.2 million naira. Large cap stocks especially in the banking sector were yet to post results. Governor Godwin Emefiele, speaking after the central bank's policy meeting on Tuesday, said the economy was likely to emerge from a recession this year but that bold steps was needed to avoid a prolonged recovery. Emefiele added that he was committed to deepening liquidity on the currency market, a lack of which had spooked foreign investors who fled the West African country at the start of an oil price rout in 2014. Stocks rose across the board on Wednesday with 30 companies advancing and 17 firms declining. The index of Nigeria's top 10 banking shares rose 3.72 percent. Other gainers include Conoil up 10.2 percent and Oando 7 percent while Dangote Cement, which accounts for a third of total market capitalisation, gained 4.9 percent to lift the index. *(Reuters)*

Nigeria said it will cut its oil exploration costs and move away from reliance on export revenue in a national petroleum policy approved by the federal executive council this week. Africa's largest oil exporter said it expects oil prices to stay near $45 per barrel "for the foreseeable future", and that it must diversify its economy and develop its own refining and petrochemical sectors. "The most realistic line of action for any nation with oil as the backbone of its economy is to diversify, because indices strongly point to the possibility that the era of oil booms may be over for good," the policy said. It added that it would aim to reduce the cost of extracting oil, which at $29 per barrel is "one of the highest" in the world. *(Reuters)*

Nigeria's acting president will open a $1.5 billion fertiliser plant in the southeastern city of Port Harcourt on Thursday, highlighting efforts by Africa's largest economy to boost its agriculture industry. Nigeria has for decades been dependent on exports of oil to support its economy, but as global crude prices have dropped and production has been hit by militant attacks the government has sought to diversify, embracing sectors such as agriculture and manufacturing. The new factory has an annual production capacity of 1.5 million tonnes of urea fertiliser and was built by Indorama Eleme Fertilizer and Chemicals Limited, the president's office said in a statement on Wednesday giving details of the visit by Acting President Yemi Osinbajo. He is leading Nigeria while Muhammadu Buhari is in Britain on medical leave for an undisclosed ailment. "Besides making fertiliser available to farmers nationwide at affordable cost, the plant will also boost crop yield for farmers," the statement said. (*Reuters)*

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Tanzania

Corporate News

Acacia Mining aims to reinstate its dividend in early 2018 if Tanzania ends a concentrate export ban that forced the miner to abandon a payout for the first time, it said on Friday. Shares were down 10 percent by 1226 GMT after earlier touching their lowest since February 2016 at 242 pence. Since the ban was imposed in March the London-listed Acacia, majority owned by Barrick Gold, has nearly halved in value and is burning $10 million to 15 million of cash a month. "We expect that following the negotiations ... there will be a resolution and we will achieve positive cash flow in the second half and, when that occurs, we would expect to announce a dividend in February," CEO Brad Gordon told Reuters. The Tanzanian government agreed to hold talks over the ban with Barrick but those negotiations have not yet begun. Acacia and Tanzania are also at loggerheads over allegations of tax evasion and the government is reviewing all existing mining licences. Acacia, which is Tanzania's largest miner, suspended its dividend for the first time. In February, it raised its payout by nearly 150 percent for the previous financial year to 10.4 cents. Due to the ban, full-year production is now expected to fall to the lower end of a previous guidance of 850,000 to 900,000 ounces of gold. Acacia's Bulyanhulu mine is the most effected by the export ban because of its size and higher running costs. Buzwagi mine is nearing the end of its life. In the first half of the year, total production rose 4 percent to 428,203 tonnes compared to a year ago as the company mostly stockpiled its ore despite the ban.

Acacia said it could temporarily close the Bulyanhulu mine for an upfront cost of $30 million should the ban persist. "Given the scale of the cash outflows at Bulyanhulu we do not believe that this situation is sustainable at that operation beyond the end of the current quarter," the company said. First-half output at Bulyanhulu fell 22 percent to 122,084 ounces. Total 2017 production is expected to fall about 10 percent. The firm's cash balance has fallen 80 percent to $176 million since March and 30 percent on the previous year. Acacia kept costs down by deferring payments and non-essentials, cutting them by 5 percent in the first six months of the year. "Under the circumstances, Acacia has produced a sound operating performance with production in-line and costs," JP Morgan said in a note. "However, the investment case continues to be clouded by the concentrate export impasse in Tanzania, where negotiations are yet to commence and in which Acacia will take no direct part." Highlighting Acacia's challenges in Tanzania, two sources told Reuters that two of the firm's senior local employees were detained and questioned at an airport this week. Acacia said it was having trouble renewing work permits for foreign staff. *(Reuters)*

Tanzania just hit Acacia Mining Plc with a tax bill equal to almost two centuries worth of the gold producer's revenue. The government issued the company, which mines all of its gold in the African country, with a $40 billion tax bill and another $150 billion in interest and penalties, Acacia said in a statement Monday. The charge covers alleged under-declared export revenues from the Bulyanhulu and Buzwagi mines over periods between 2000 and 2017. Acacia reiterated that it has fully declared all revenues. The stock extended a slump after the statement, closing down 21 percent in London to the lowest since January 2016. The giant tax bill is the latest twist in an increasingly ugly spat between the government and Acacia. In March, Tanzania banned exports of unprocessed gold and copper, a move Acacia said is costing it about $1 million a day in lost revenue. The situation escalated when the government accused the firm of operating illegally in the country and said mine operators had been evading taxes. "The company is considering all of its options and rights and will provide a further update in due course," Acacia said in the statement. At least two senior employees have been detained for questioning by Tanzanian authorities this month, while other employees have been interviewed by the police. On Friday, Acacia said the dispute had depleted its cash balance to $176 million from $318 million a year earlier and that it will have to shutter its flagship Bulyanhulu mine at the end of this quarter if the situation is not resolved. To put the size of the bill in perspective, Acacia had total revenues of $1.05 billion last year and has reported sales of a total of $7.7 billion since 2009. *(Bloomberg)*

CRDB bank share price has made an abrupt U-turn after appreciating by 16 per cent in the last three weeks. The share opened the month trading at 180/- a piece but closed the market at 210/-yesterday as brokers terming the trajectory as relocating to proper price. However, the largest back still has ways before reaching the beginning of the year price of 250/- a share. Zan Securities Chief Executive Officer Raphael Masumbuko said CRDB share price was "very low" compared to its real value and was moving to appropriate price. "The share was will shut down all the mines." Acacia said last week that it "fully refutes" exporting undeclared gold concentrates. The company is cooperating with investigations and has supplied documents and employees for interviews, it said. Talks between the government and Barrick were imminent and the preferred outcome was for a negotiated settlement, the miner said. The president has incited "anti-colonial resentment to paint a picture of rapacious Western investors cynically depriving Tanzania of its natural wealth," said Gibson at Edison. In the meantime, the country's ban on concentrate exports is costing Acacia $1 million a day in lost revenues. On Friday, the company said the dispute had depleted its cash balance almost by half to $176 million from a year earlier and it would have to shutter its flagship Bulyanhulu mine at the end of the quarter if the situation isn't resolved. That's damaging for the business but also for Tanzania's reputation. "I have been fighting for Tanzania to get the right shares of mineral revenues for a decade," said Zitto Kabwe, an opposition party leader. "But I will never support claims like the ones we have put forward. The world will see us as not serious people and ignore us." *(Bloomberg)*

Barrick Gold Corp, the world's largest gold miner by production, has an "open mind" and is "very positive" about talks getting underway with Tanzania to resolve an export ban, President Kelvin Dushnisky told Reuters on Thursday. Barrick subsidiary Acacia Mining Plc has two mines affected by a ban that Tanzania introduced in March, accounting for some 6 percent of Barrick's 2017 gold production forecast. Barrick maintained its forecast for output of 5.3 million to 5.6 million ounces of gold, but cautioned that could change. "Given that the discussions are just starting now, and just underway, from our perspective it's too early to go to any conclusion," Dushnisky said in an interview. "We just want to see how the discussions continue and we're going in with an open mind and are very positive about it." Acacia, hit with a $190 billion tax bill from Tanzania this week, has warned it will have to close its Bulyanhulu mine by Sept. 30 if the ban is not lifted. Acacia, 63.9 percent owned by Barrick, is caught up in sweeping changes to Tanzania's mining industry spearheaded by President John Magufuli, who believes the East African country is not getting its fair share of profits from the sector. Barrick Chairman John Thornton and Tanzania's president agreed at a mid-June meeting to hold discussions to resolve the row.

Any impact will largely depend on the ban's duration, Barrick said Wednesday while reporting better-than-expected quarterly results. Barrick shares rose 3.1 percent to $16.74 in New York trading on Thursday. Dushnisky also said Barrick has not closed the process of selling its 50 percent stake in Australia's Kalgoorlie mine, but is not actively soliciting bids. Shandong Tyan Home Co Ltd ended talks with Barrick in April, citing China's new capital and acquisition rules. Shandong unit Minjar Gold bid approximately $1.3 billion, Reuters reported. "At the right price we would have been sellers, but we're also more than happy to continue to own the asset," Dushnisky said. Newmont Mining Corp, Barrick's partner and the Kalgoorlie operator, has said it was interested in buying the remaining stake, but price was a sticking point. "We have a view on what's an appropriate value and we'd be willing to acquire the other half if we could come to an agreement on that value," Newmont CEO Gary Goldberg told Reuters. *(Reuters)*

Economic News

According to the Bank of Tanzania (BoT) auction summary the debt instrument attracted bids worth 299.16bn/-compared to 84bn/- offered to the market for tendering. At the end the successful amount was 128.5bn/-. The funds sourced from the debt instrument are channeled to long term infrastructure projects executed by the government for improved social services. Commercial banks, pension funds, insurance companies and some micro-finance institutions are the key players in the bond markets. In recent days, there have been witnessed increased investments in the government securities because they are risk free. The weighted average yield to maturity was 12.44 per cent compared to 16.22 per cent of the session held in May this year. Similarly, the weighted average coupon yield remained at 8.49 per cent compared to 9.08 per cent of the preceding session. The weighted average price for successful bids was 92.02 while the minimum successful price/100 was 91.12. The highest bid /100 and lowest bid/100 were 94.59 and 77.11 respectively while the number of bids received in the two-year auction was 206 and only 48 became successful. *(Daily News)*

DAR ES SALAAM Stock Exchange (DSE) trading volume has gone up by 7.0 percent from 3.9bn/- to 4.1bn/-for the week ended last Friday, thanks to CRDB Bank share price appreciation and movement. DSE's Senior Marketing Officer Mary Kinabo attributed the increase to market strengthening and investors' rising appetite that pushed up CRDB share price by 5/- to 205/-. The leading companies in stock sales were CRDB, controlling 57 percent, TBL 33 percent, and Swissport 3.0 percent, Ms Kinabo said. She said number of shares exchanging hands declined by 29 percent from 17m/- of previous week to 12m/- of a week ending last Friday. Also market capitalization went down by 666bn/- from 19.2tri/- to 18.5tri/- of last Friday. Ms Kinabo said the decline was due to the decrease of Kenya Airways stock price by 28 percent, Acacia Mining 16 percent and Tanga Cement 15 percent. For market cap for domestic companies also slide to by 18bn/- from 7.72tri/- to 7.7tri/- of last Friday. The DSE marketer attributed the drop to Tanga Cement stock price drop by 15 percent, DCB Bank and Twiga Cement 1.0 per cent each. On bonds market the trend also was on bearish mode after decreasing from 44.3bn/- to 35.2bn/-. DSE index (DSEI) went down by 76 points from 2,211 points to 2,134 points affected by various declining of stock prices the bourse experienced last week. *(Daily News)*

TANZANIA needs to spend at least 12 per cent of its Gross Domestic Product (GDP) on building infrastructure network from the current average of 7.7 per cent to meet growing needs. The Global Infrastructure Outlook report released yesterday said spending such amount would also enable the country to attain UN Sustainable Development Goals (SDGs). The report showed that between 2007 and 2015 the country spent an average of 7.7 per cent, which was considerably lower than the required 12 per cent yearly. Global Infrastructure Hub Chief Executive Officer (CEO) Chris Heathcote said the report released showed that the country was currently spending 206 billion US dollars on its infrastructure against an investment need of 321 billion US dollars until 2040. "Outlook tells…how much each country needs to spend on infrastructure to 2040, where that need is for each infrastructure sector, and what their gap is, based on their current spending trends," Mr. Heathcote said. The CEO said in a statement that the report gave the country and sector spending data that governments and funding organisations have been calling for. For instance, in order to achieve SDGs, an additional investment of 57 US billion dollars with all of this required in the electricity sector, taking the overall total to 378 billion US dollars. The report also showed that GDP was expected to increase more than four-fold between 2015 and 2040, which was an indication that the required amount is attainable with an average annual rate of growth of 6.0 per cent.

Globally, the report, prepared by Global Infrastructure Hub, showed that infra investment needs to reach 97 trillion US dollars by 2040. GI Hub outlines infrastructure investment needs globally and individually for 50 countries and seven sectors. The report also reveals the cost of providing infrastructure to support global economic growth and to start to close infrastructure gaps. The gap was forecasted to reach 94trilion US dollars by 2040, with a further 3.5 trillion US dollars needed to meet the UN's SDGs for universal household access to drinking water and electricity by 2030. "This is not just a major challenge for emerging countries that need to create new infrastructure, but also for advanced countries that have ageing systems that have to be replaced," the report showed. The United States will have the largest gap in infrastructure spending, at 3.8 trillion US dollars, while China will have the greatest demand, at 28 trillion US dollars, representing a massive 30 per cent of global infrastructure investment needs. *(Daily News)*

DIGITAL financial inclusion for country's farmers has been cited as catalyst to boost agricultural production which could in turn facilitate envisaged industrialisation in the country. This emerged yesterday during the signing of Memorandum of Understanding (MoU) between the Halotel Tanzania and Mercy Corps AgriFin Accelerate to cement partnership to enable farmers in rural areas use mobile transaction to boost production. The partnership would see the two companies create awareness and enable the farmers benefit from loans and saving through digital channels. The move was termed as a great endeavor since the bank services largely available in urban areas, thus locking out the farmers in the villages. Tanzania is currently experiencing transition towards industrialization and has a robust digital financial services (DFS) market with a competitive market structure and major advances in interoperability. "In order to make the goal of industrialisation a reality we must among other things seek to improve the agriculture sector, currently dominated by smallholder farmers, with innovative solutions," said Mr. Paul Kweheria, the country director of the Mercy Corps' AgriFin Accelerate programme. He said in making the project work, they would be also partnering with banks, agribusinesses and other ecosystem stakeholders who wish to expand delivery of services through Halopesa. Managing Director of Halotel Tanzania, Mr. Le Van Dai, said the project was a huge step towards supporting the government and promise to continue collaborating with other stakeholders through providing technological solution to farmers so as to cope with the current situation. *(Daily News)* underpriced. At least are now walking to a real proper price," Mr. Masumbuko told 'Daily News' yesterday. Last May, CRDB share exchanged hands at 400/- to be the all-time high price. However, due to tight liquidity the share went into bearish mode depreciating to this year low of 180/-. During initial primary offer (IPO) the shares were sold at 170/-. Mr. Masumbuko said investors have a breathing space after Vodacom IPO that comes to an end this Friday. "Most stock buyers wanted to buy Vodacom since the beginning of the year, now the pressure is off investors are looking for new items," Mr. Masumbuko said. In the first quarter of this year the economy experienced a lowest ever money in circulation forcing many sellers. The trend resulted into shares glut and many, almost across the board, prices plummeted to lowest rate in years. For instance CRDB share plunged 16 per cent to 210 since January. The worst performing share at the bourse since January was Swissport that went down 30 per cent to close yester-trading at 3,820/-. It was followed by Twiga Cement that plunged 22 per cent to 1,780/-. On the other hand Dar es Salaam Stock Exchange (DSE) stock was the best performer so far after appreciated 18 per cent to 1,180/- yesterday. The second best performer stock was TBL that went up 8.0 per cent to close at 13,000/- as of yesterday. *(Daily News)*

It was supposed to mark a fresh start for the African business of the world's biggest gold producer. In November 2014, African Barrick Gold Plc would get a new name and new management to distance itself from a troublesome past and disputes with local politicians. Less than three years later, things are worse than ever. Acacia Mining Plc, renamed after a local tree with pom-pom blossoms and finger-length thorns, has just been handed a spectacular $190 billion tax bill and fine from the Tanzanian government. The figure is four times the size of the country's gross domestic product or 70 times the record penalty that the European Union dished out to Google last month. That followed the country's ban on exporting gold concentrate, its allegations of illegal mining and tax evasion -- denied by Acacia -- and police interrogations of at least two employees. The stock has tanked more than 40 percent in four days. The contrast with parent Barrick Gold Corp.'s plan to reboot operations in 2014 couldn't be starker. Acknowledging weak local relationships in the past, Acacia told investors it aimed to be the "partner of choice for governments and communities." The situation shows how global resource companies are hostage to such domestic connections. "The government is trying to extract as much revenue as possible from Acacia," said Ahmed Salim, an analyst at Teneo Strategy in Dubai. "Acacia knows it's not going to pay that much. The government knows they are not going to pay that much. It's a negotiation tactic."

The company's not the first to receive a huge bill in Africa. Last year, Chad hit Exxon Mobil Corp. with a $74 billion fine over taxes. The oil producer reached a settlement last month that avoided the penalty. MTN Group Ltd. was fined $5.2 billion by Nigeria over a missed deadline but ended up paying $1 billion. Barrick had been struggling in Tanzania for more than a decade before deciding to spin off the business into African Barrick Gold in 2010. But that didn't solve problems at the company. It missed an annual production target of 1 million ounces of gold by 2014, with output instead dropping for three straight years. The company's Buzwagi mine was infiltrated by a criminal gang that stole fuel, forcing it to suspend 60 workers and cut shipments. There was an even darker side to the troubles. A 2010 investigation by Bloomberg News found that at least seven people died in clashes with security forces at the North Mara mine in the previous two years, and 15 were seriously injured in the period. A report by Rights and Accountability in Development, a U.K. charity, this month said at least 22 people had been killed and 69 injured at or near the mine since 2014. The North Mara mine has struggled with violent confrontations by trespassers looking to steal gold-bearing material, Acacia said in a statement. Yet, there has been a "dramatic improvement" at the site in the past three years, with the company working to boost relations with the local community and improving security to cut incidents, it said. Intruder fatalities fell to six last year from 17 in 2014, according to its annual report. "It is difficult to pinpoint the exact origin of the dispute between Acacia and the government and, arguably, it goes back to Barrick's first major investment in the country in the late 1990s," said Charles Gibson, an analyst at Edison Investment Research Ltd. Gold prices were near lows when terms were negotiated and as they rose the government hasn't seen the increased tax revenue that it wanted, he said.

Part of that's due to the Acacia mines performing worse than expected, with Bulyanhulu and Buzwagi routinely failing to make money. That hasn't stopped the government escalating its campaign against the company this year. An audit ordered by President John Magufuli in March said that Acacia had been conducting business "contrary to the law," while a presidential panel accused the company of failing to fully declared all the minerals in its concentrate. Acacia says it declared all revenues. "Our wealth has been stolen from us," Magufuli said in a national broadcast. "Trillions has been stolen from us. We have asked them to come and negotiate. They have agreed. But if they delay, I

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zambia

Corporate News

Zambia's Konkola Copper Mines (KCM) said on Tuesday it was halting operations indefinitely at its Nchanga underground mine (NUG) in Chingola state due to theft of high voltage cables. Konkola, a subsdiary of London-listed Vedanta Resources Plc, said it had also evacuated its 991 workers. The company said the theft occurred after midnight on Tuesday when night shift workers suffered a sudden power outage at the ventilation shaft. It was later discovered that at least nine high-voltage copper cables at the 11 kilovolt substation had been cut off and stolen. The Nchanga open pit mine is the second largest open cast mine in the world. In a statement, Konkola said it was the second such incident in a fortnight, following the theft of 200 metres of high-voltage cabling. Africa's number two copper miner saw production rise to 770,000 tonnes in 2016 from 711,000 tonnes in 2015, below the Zambian government's target of 1 million tonnes largely due to restricted power supply. In June Zambia said is expected copper production in 2017 to rise to 850,000 tonnes. *(Reuters)*

Economic News

Zambia's target of 4.3 percent expansion of gross domestic product in 2017 remains feasible due to expansion in key sectors in the economy and tighter spending by the government, Finance Minister Felix Mutati said on Tuesday. "This is mainly driven by observed growth in the major sectors of agriculture, mining, construction, transport and storage, and the wholesale and retail trade," Mutati said in a mid-year economic update. The International Monetary Fund said in June it may grant Zambia up to $1.3 billion in a three-year credit facility to help plug a budget deficit of around 7 percent. *(Reuters)*

Zambia's annual consumer inflation slowed to 6.6 percent in July from 6.8 percent June, data showed on Thursday. On a month-on-month basis, inflation slowed to 0.1 percent from 0.6 percent, data from the Central Statistical Office showed. *(Reuters)*

Zimbabwe

Corporate News

Agro-industrial group CFI Holdings on Thursday traded at 31,05 cents, 41 percent above Stalap's minority offer price of 22 cents, raising the possibility of a bidding war among shareholders defending their interests in the agro-industrial group. Zimre Holdings Limited's investment vehicle, Stalap Investment which holds 41 percent in CFI, made a mandatory offer to all CFI Holding minority shareholders at 22 cents per share on July 13, after clearance from the Zimbabwe Stock Exchange (ZSE) listing committee. According to ZSE listing rules, a company which acquires shareholding exceeding 35 percent should make a mandatory offer to minority shareholders but the ZSE had previously noted that the shareholding for Messina Investments, owned by British tycoon Nicholas van Hoogstraten, had also passed the 35 percent threshold and would be required to make an offer. When the offer to minorities opened on July 17, the CFI share price shot up to 21,6 cents from 18 cents. It has gained 72,5 percent post the offer. Before the minority offer, CFI share had already risen by 85 percent in the year to date. Based on its closing price today, the share price has risen by 219 percent in the year-to-date, the second biggest gain on the local bourse in the year after ZB Financial Holdings which has risen by 265 percent.

Since the offer opened, a total of 4,97 million shares have exchanged hands, with a value of $1,54 million, representing 4,68 percent of the total shares in issue. In a circular to shareholders recently, CFI said a letter of commitment from Stalap's principal bankers confirmed a deposit of $14 million, sufficient to meet the total possible value of mandatory offer at 22 cents. At an offer price of 22 cents, Stalap required about $13,8 million to buy out all CFI minority shareholders. At 31,05 cents, it now requires $19,5 million. The current price values CFI at $32,997 million. The dramatic rise in the share price indicates a bidding war by other major shareholders, most likely Messina Investments, defending its interest in the company by pushing the price far above the minority offer price, making it difficult for Stalap to raise its shareholding. The offer closes on August 4 and the market could yet witness either a counter offer, or a revised offer to match the current price. The deal could also set a precedence on the ZSE, on how to deal with a scenario where two major shareholders are holding the minimum threshold. *(Source)*

THE country's leading mobile telecommunications provider, Econet Wireless Zimbabwe, says it has agreed to share its fixed infrastructure as long as its competitors are prepared to foot maintenance costs on an equal basis. Econet Wireless chief executive officer Douglas Mboweni. Since last year, government has been urging telecommunications companies to eliminate "unnecessary duplication of telecommunication infrastructure" by maximising the use of existing and future telecommunications infrastructure. However, Econet chief executive officer, Douglas Mboweni said his company's offer to share infrastructure in 1998 was rejected by its competitors, who viewed possession of infrastructure as a competitive tool. "Let me give you a bit of some history there so that we are on the same page. So remember that Econet was the last entrant in the telecoms market and by the time we came to the telecoms market, other players were already in the market for about two years. When we came in, we were the first proponent of infrastructure sharing and we said 'guys, instead of duplicating infrastructure, let's share what's available'," Mboweni told delegates at the Institute of Chartered Accountants in Zimbabwe on Saturday. "At that particular time when we approached our colleagues, there was a perception that infrastructure was a competitive tool and there was rejection and we were told 'if you want infrastructure, develop your own', which we did. Our model is very simple. We share infrastructure on an equitable basis. We call it one-for-one and we have stated it before and I am going to state it again. "In other words, if I build in Gutu and somebody else builds in Gokwe. There is no need for me now to build in Gokwe and for you to build in Gutu. Now, instead of me putting another tower, I put my equipment on yours and also allow you to put yours on mine."

Last month, Information Communication Technology minister Supa Mandiwanzira accused Econet of refusing to share its infrastructure with other telecommunications firms. But Mboweni denied the charge, saying his company was already sharing its infrastructure with Telecel on a one-for-one basis. "Right now, you may be interested to know that we have been sharing one-for-one with Telecel and that is the message that we have been carrying to all our colleagues. You build there, I build here, we share then we carry the obligation together. Any stakeholder who comes on that basis we have no problem. But for somebody to say 'I want to fold my hands' and I construct using my own resources and just come and put your staff on my equipment, that is not justice. We must invest in such a way that its equitable," he said. Mboweni urged competing players to borrow and develop their infrastructure and share equally with other industry counterparts. "On the whole issue of infrastructure development, we are saying guys if we were all as creative as well as bold, why can't we have other operators go and borrow and develop in other areas? Why is it that we are saying if you want fibre, go to Econet, if you want tower go to Econet. What do I get from you? So this issue of equity, even natural laws, there is fairness and justice that must be maintained," he said. *(News Day)*

Zimbabwe's largest fast-food restaurant operator, Simbisa Brands, plans a secondary listing on the London Stock Exchange's junior market to raise capital to expand and for a potential foreign acquisition, it said on Monday. Simbisa listed on the Zimbabwe Stock Exchange in Nov. 2015 after being spun off from manufacturing group Innscor Africa. The company said its board of directors had approved the application to list on the Alternative Investment Market (AIM) and was now awaiting approval from the central bank and local regulators. "Further to this expansion initiative, shareholders are also advised that Simbisa is currently in negotiations for the acquisition of an international complementary business," Simbisa said in a statement. Simbisa owns some of Zimbabwe's most well-known restaurant chains, including Pizza Inn and Chicken Inn, as well as franchises for Nandos and Steers of South Africa. The company has outlets in 11 African countries, including Kenya, Ghana, Mauritius and Zambia. *(Reuters)*

Beverage giant Delta Corporation says it is closing its Victoria Falls distribution depot as the company moves to rationalise its operations. The company currently operates 23 distribution depots across the country. Corporate Affairs Director Alex Makamure told The Source that Victoria Falls depot will close at the end of July and direct store deliveries will be handled from Hwange. "We periodically review our footprint in response to improvements in our logistics, the emergence of reliable third party partners and the prevailing volume throughput at each centre. This review will result in either closing or opening of certain depots," said Makamure. "We are confident that the wholesalers in Vic Falls have capacity to service the own collection customers". He made no mention of the fate of workers employed at the depot. The company's previous rationalisation in 2014 saw 12 depots out of 35 being shut down. *(The Source)*

Johannesburg Stock Exchange listed Ecsponent Limited's controlling shareholder and Brainworks Capital founder George Manyere has unveiled a $200 million investment fund targeting key infrastructure projects in Zimbabwe. The funds will be housed under his newly formed MHMK Infratech company. "Our vision is to be the leading private sector player in infrastructure development & financing and a partner of choice to all key stakeholders in Zimbabwe. "This move we have made and the successful raising of $200 million in our first round of financing reflects our positive views around the ambitious infrastructure initiatives being undertaken by our Government in Zimbabwe in line with its economic blueprint, Zim-Asset," said Mr. Manyere, who is the chief executive of the company. MHMK Infratech will be moving in to address the key infrastructure requirements of the country, inter alia: roads, airports, bridges, transport, energy, border posts and water sectors. MHMK aims to have available $1 billion in the short to medium term for the most pressing infrastructure requirements. "The successful capital raise in the first round, guarantees the ability of MHMK Infratech to identify and commence development of the above mentioned infrastructure projects promptly and significant progress has already been made in kick-starting its first infrastructure project in Zimbabwe."

Mr. Manyere, who also had a stint at World Bank's International Finance Corporation, said in its approach, MHMK Infratech has taken the opportunity to structure a Zimbabwean solution to a Zimbabwean requirement, which primarily addresses the country's vision for accelerated economic growth, as well as wealth creation through the promotion of Zimbabwe's economic blueprint, Zim-Asset (Infrastructure & Utilities cluster). "We also want to demonstrate how the private sector, led by indigenous Zimbabweans can partner with the Government and mobilise much needed international capital for economic development and overall to support the Ten-Point Plan for Zimbabwe's economic growth." With a reputation for building businesses in Zimbabwe and steadfast acquisitions, Mr. Manyere's vision and strategy for private sector participation in infrastructure financing and development, casts light on a promising future for the economic development of the people of Zimbabwe. Mr. Manyere further said: "We strongly believe that as the private sector, we have a significant role to play in narrowing the infrastructure deficit in our country through Private Public Partnerships (PPP's) and we believe that our firm is well positioned to play a key role in rebuilding our diverse infrastructure in Zimbabwe." *(Herald)*

WEEKLY AFRICAN FOOTPRINT

TRADING

This Week's Leading Headlines Across the African Capital Markets

Zimbabwe's mobile network industry has grown to become a significant sector of the economy, generating close to $200 million in quarterly revenues and a sizable profits for the three network operators. The recent acquisition of Telecel Zimbabwe by the Government and successful completion of a $220 million network expansion exercise by state-owned NetOne has changed the industry's landscape. Zimbabwe's mobile network industry has grown to become a significant sector of the economy, generating close to $200 million in quarterly revenues and a sizable profits for the three network operators. The recent acquisition of Telecel Zimbabwe by the Government and successful completion of a $220 million network expansion exercise by state-owned NetOne has changed the industry's landscape. The two Government owned players are battling against listed Econet Wireless which accounts for close to 50 percent of the 12,7 million active subscribers as of March 2017. The new turf has been around data and other additional products such as mobile money and other initiatives.
Telecel, the smallest mobile network provider, has increased its share of postpaid subscribers, defying the odds in a market reeling from dwindling disposable income among subscribers. It reported a 13,1 percent growth in post-paid customers to 18 326 active subscribers in the first quarter of the year compared to the same period prior year due to its ability to renew interest, through product innovation, among corporate clients. Going forward, the company's fight for growth hinges on initiatives such as a focus on contract customers. "The increase in our post-paid base is attributed to the flexibility of our product range and strategic targeting of corporate and SME clients using tailor made products like. Telecel Business and Telecel Red," Telecel told the Herald Business.

"Apart from the user friendly business and high value products on offer our High Value team and customer care centres attend for the needs of our customers quickly and efficiently ensuring an improved overall customer experience. We have also seen many corporate customers coming back to Telecel as market confidence in the organisation increases," Telecel added. In the period under review, Telecel reported a 1,1 percent decline in active subscribers to 1 785 321. The decline in the subscriber base numbers was largely a result of a routine number range clean up exercise through a rationalsation of the subscriber base by removing inactive numbers, Telecel said. The company was not spared by from an average 9,7 percent decline in revenues by mobile operators to $179,8 million from $199,2 million recorded in the previous quarter. The revenue decline, Telecel said, was driven by a fall in the usage of voice and SMS. Although data revenues have been growing across the industry, the loses in voice and SMS revenues outweighed the positive performance. Voice declined by 4,7 percent at Telecel as the penetration mobile data usage and Over The Top (OTT) applications like WhatsApp over traditional voice and SMS grew. "This trend is universal across all mobile network operators and as Telecel our approach is to embrace the emergence of OTTs and monetise the growing demand for them by customers through affordable products and service plans," Telecel said. "Voice will continue to be a key component of Telecel's revenue base and as we move towards stabilising this key driver along with other revenue streams we are looking at ensuring that we continue to run a dynamic business model that focuses on network optimisation, service quality, tariff innovation, and creative offerings," Telecel added. *(Herald)*

STANBIC Bank Zimbabwe says it has channelled $273,2 million towards financing the tobacco industry this year. The bank's head of corporate and investment banking, Mr. Rhett Groves, said yesterday the support was in recognition of the leading role played by the agriculture sector and the golden leaf in particular, in earning foreign currency and revenue generation. As such, he said his bank was committed to playing its part in contributing to the economic growth by supporting the tobacco sub-sector. "Since the beginning of the year, various tobacco merchants have benefited from the Standard Bank Group subsidiary's funding enabling facility, which has so far made $245 million available to tobacco merchants alone," said Mr. Groves. "Our pay off line is moving forward and we have taken this in the agricultural context to play a pivotal role in moving not only agriculture but the economy forward and we have done this by making resources available to trigger production and exports." Stanbic Bank Zimbabwe is a wholly owned subsidiary of Standard Bank Investment Corporation (SCBIC), which in turn is owned by Standard bank Africa and is listed on the Johannesburg Securities Exchange. Mr. Groves said Stanbic bank was committed to making a real difference to financial services in Zimbabwe by providing banking services and products that make a difference in the country as a whole. He said besides tobacco merchants, farmers of the golden leaf have also benefited from the bank's agribusiness services. "In addition to the $245 million availed to tobacco merchants we also directly finance tobacco farmers through our agribusiness portfolio and in this financial year we have invested $28,4 million in that regard." The Standard Bank subsidiary's contribution to the tobacco sector stands at a total of $273,2 million.

Zimbabwe's 2017 flue-cured tobacco selling season opened in May with an auction-market starting price of $4,60 per kg and the lowest price at $0,20 per kg from three auction floors, Tobacco Sales Floor, Premier Tobacco Auction Floors and Boka Tobacco Floors. In 2015 and 2016, the average price paid to Zimbabwe's flue-cured tobacco growers was about $2,93 per kg. By December last year some 66,554ha of land had been put under tobacco with this season's plantings increasing by about 17,5 percent compared to the 2016 season. Among the Bank's contribution to national development is the recent $120 million debt package for the Zimbabwe Power Company, for the rehabilitation of existing infrastructure at two of the State owned utility's power stations. The funding, done through Stanbic Bank's parent company, Standard Bank Group, is for the reconditioning of the facilities at ZPC's Kariba South Hydro Power Sta-tion as well as Hwange Thermal Power Station. *(Herald)*

Cigarette maker BAT's net income rose 27 percent to $4,6 million in the half-year to June, from $3,6 million achieved in the comparable period last year driven by improved efficiencies. Gross profit increased from $11,9 million last year to $11,97 million. Selling and marketing costs increased by 12,5 percent to $2,16 million as the company increased marketing activities. Sales were flat, with a slight increase in low priced segment brands. "Volume increase of 0,2 percent was driven by Ascot, which grew 278 percent and marketing activities to stimulate demand in a constrained environment," finance director Lucas Francisco told analysts on Wednesday. Administrative expenses fell by 34 percent to $3,6 million from $5,5 million incurred in the comparable period last year. Operating profit increased by 27 percent to $6,5 million as a result of a decline in expenses incurred in the period. Managing director Clara Mlambo said the company's market share stood at 78 percent. Revenue declined marginally by 0,5 percent to $16,7 million from $16,8 million recorded in the comparable period last year as a result of a decline in volumes of the premium brand, Dunhill. Cash generated from operations increased by 23 percent to $9,9 million relative to $8 million last year, driven by increased profitability, improved collections and delays in payments to foreign suppliers. Total assets increased by 10,8 percent to $35,1 million on the back of an increase in cash and cash equivalents. "Cash and cash equivalents increased by $7 million due to failure to remit dividends and delays in paying foreign suppliers," Francisco said. Francisco said cumulative dividends owed to foreign investors stood at $8 million, minus the interim dividend of 22 cents per share declared for the period. The company expects the trading environment to remain challenging, particularly in view of the ongoing dollar note shortage, challenges to settle foreign payments and continued strain on disposable income. *(The Source)*

Zimbabwean companies including Delta Corp Ltd. and BAT Zimbabwe Ltd. have seen their fortunes turn as cash-strapped consumers start to embrace electronic payments for goods and services. Delta, Anheuser-Busch InBev SA/NV's brewing operations in the southern African country, reported a 12 percent rise in lager volumes in the three months through June, the first increase since September 2015, while British American Tobacco Plc's Zimbabwe unit posted an 8 percent profit gain in the half year through June. Delta, also Zimbabwe's biggest company with a market capitalization of about $1.6 billion, said the turnaround was in part due to drinkers turning to alternatives to cash to buy beer as the country battles hard currency shortages. Last year the central bank resorted to printing so-called Bond Notes, pegged to the dollar, to ease a severe shortage of cash bills, or notes. Central bank governor John Mangudya said this month that Bond Notes worth $175 million have been injected into the economy. Zimbabwe abandoned its own currency in 2009. Meanwhile, mobile payments and internet transactions rose to $1.6 billion in May from $1.1 billion in April. Card payments increased to $602.5 million from $506 million over the same period, according to Mangudya. Meanwhile traditional ATM transactions slumped to $39.3 million in April from $331.5 million in January 2016, The Source website reported July 11, citing research by Zimbabwean stockbroking and advisory firm IH Securities. "E-payments have countered to a significant extent the impact of shortages of cash," Sifelani Jabangwe, president of the Confederation of Zimbabwe Industries, said in an interview this week. "You can survive a whole month without making cash payments."

BAT Zimbabwe's finance director, Lucas Francisco, said almost 90% of people are now using cards to pay for cigarettes. Alternatives to cash include RTGS, or Real Time Gross Settlement, a type of internet banking that accounted for about $5 million in transactions in May, a 46 percent rise on the previous month. Wireless companies like Econet Wireless Zimbabwe Ltd., state-owned NetOne and Telecel also operate mobile-banking facilities, and Zimbabweans increasingly swipe bank cards at retailers because ATMs are empty. The hard currency shortage also hit low-paid employees like farm workers, traditionally paid in cash at the end of the month. Now many receive their salaries on their cell phones because employers can't access cash notes to meet payroll. John Sando, who farms about 20 acres (eight hectares) of tobacco in

Zimbabwe's northern Centenary district, said his five seasonal workers receive their pay on their mobiles. He then takes the employees into town monthly so they can purchase goods - using their phones. "What's money? There's no such thing as money now. It's imaginary money," he said. "The banks pretend they have it, we pretend to withdraw it, then we pretend to pay it out." *(Bloomberg)*

British tycoon, Nicholas Van Hoogstraten on Thursday made a counteroffer to CFI minorities, at 46 cents per share more than double the offer by Stalap as the two rivals intensify their battle for control of the agro-industrial group.Zimre Holdings Limited's investment vehicle, Stalap Investment earlier this month made a mandatory offer to all CFI Holding Limited minority shareholders at 22 cents per share. Stalap owns a 41 percent stake in the CFI after purchasing 13,6 million shares on February 28 this year. Van Hoogstraten's Messina Investments holds a 42 percent stake in CFI, making it the largest shareholder in the group and wants other minorities to ignore the Stalap offer. "We urge all the minority shareholders not to sell their shares but to support us in the reversal of the Langford Estates land sale and in combatting the further destruction of shareholder value that a return to Zimre/NSSA control would entail. In any event, the current ZSE market price is considerably higher than the offer price of 22 cents from Stalap," said company director Maximilian Hamilton in a statement on Thursday. CFI shares closed at 37,25 cents on Wednesday. Hamilton said Messina Investments will buy shares, at a price which is more than double the Stalap minority offer, from shareholders who wish to sell their shares to the company. "We will pay 46 cents per share net of dealing costs," Hamilton said.

Messina is also prepared to pay foreign shareholders directly into their respective offshore accounts. "Shareholders resident outside of Zimbabwe may contact us direct or by email…. as we are able to pay the 46 cents per share net into a Bank account of their choice in U.S.$, Sterling, S.A.Rand or Australian $," he said. Hamilton accused Stalap of "fraudulent activities and mismanagement" of the agro-industrial group. "Stalap is a consortium between Zimre and NSSA whose purpose is to regain control of CFI so that the former plunder, mismanagement and corruption that was endemic at CFI in the years prior to 2016 can be abated. The fraudulent sale of the Langford Estates land is one example," he added. Hamilton said Langford Estate was undervalued at $2,20 per square metre when the true value was around $6 per square metre. CFI sold the 834 hectares Langford Estate in 2015 to Fidelity Life Assurance in a deal worth $18 million; to pay off its debt to local banks. The group then owed FBC Bank, Agribank, CBZ, the Infrastructure Development Bank of Zimbabwe, NMB and Standard Chartered a combined $18 million. *(The Source)*

Retail group, OK Zimbabwe says revenue growth of 19 percent during the first three months of its financial year to June is ahead of operating costs and bodes well for its prospects for a profit in the interim. Chief executive, Alex Siyavora told shareholders at the company's general meeting on Thursday that overall performance is ahead of budget with positive growth over prior year. "The growth we reported on at year end is continuing. Our promotions, the major one being The Grand Challenge Jackpot Promotion were successful and contributed meaningfully to the quarter's performance. During the period, gross margins were maintained. Siyavora said the range of imported goods has narrowed because of difficulties with international payments, but the supply of goods remains adequate to sustain the required level of performance. The capital expenditure programme is continuing with funding from cash generated from operations, he added. "We announced that we would open an OK Store during the quarter in Harare but the construction is behind schedule, but we will open the store as soon as the landlord hands the completed store over to us," he said. In the full year to March this year, OK Zimbabwe's revenue improved 8 percent to $472.4 million from $437.5 million in the prior year while profit before tax of $8.9 million was 620 percent up on the prior year's $1.2 million. Net income increased by 800.9 percent to $6.1 million from $700,000 in 2016. *(The Source)*

National Tyre Services narrowed its loss after tax by 75 percent to $153,900 in the full year to March 31 on the back of cost saving measures. Revenue dropped 8,8 percent to $11,9 million from $13 million in the previous year. ""The sales mix was dominated by budget brands whose margins are lower than premium brands. The cost containment programme commenced in prior year yielded results as the loss for the year declined by 75 percent compared to the prior period," company chairman James Moyo said in a statement on Friday. The company is banking on premium brands, direct sourcing and a wider distribution network to improve financial performance. During the year the company increased its distribution footprint, opening new branches in Kwekwe and Zvishavane. It also entered into a distribution partnership with OK Mart stores. "The restoration of normal relations with two of our major foreign suppliers will go a long way in galvanising both the retreading and new tyre sales business units," added Moyo. Total assets declined 14 percent to $7,7 million. The company did not declare a dividend. *(The Source)*

Economic News

The Zimbabwe Stock Exchange industrial index advanced 0,82 percent to close the week on 200,04 points, its highest point in 42 months. This is the highest mainstream index level since December 31, 2013, when it closed the year on 202,12 points. The mining index eased 0,27 percent in the week to settle at 69 points. Market capitalisation increased by 0,88 percent to $5,81 billion from $5,76 billion recorded in the previous week. Total market turnover however declined by 37,44 percent to $5,8 million this week from $9,3 million recorded in the previous week. Hippo Valley and OK Zimbabwe gained 2,35 percent and 2,85 percent to close at 87 cents and 10,1 cents respectively. Padenga and Econet picked up 0,66 percent and 0,54 percent to close at 27,38 cents and 37 cents respectively. Innscor also gained 0,35 percent in the week to settle at 72,5 cents. The largest company by market capitalisation, Delta remained unchanged at 127,25 cents. Other heavyweight counters BAT , Natfood and Old Mutual were unchanged at 1,800 cents, 380 cents and 393 cents in that order. Leading the gainers pack was CFI whose share price rose 72,5 percent to close at 31,05 cents. The CFI share price is 41 percent higher than the mandatory minority offer price of 22 cents, which was offered to minority shareholders by the major shareholder, Stalap, after it surpassed the minimum threshold of 35 percent as required by the ZSE listing requirements. Proplastics and Dawn picked up 27,45 percent and 24,14 percent respectively. Zimplow, Nampak and ZB Financial Holdings gained 13,38 percent, 10 percent and 3,03 percent in that order. Additionally, PPC and Truworths advanced 2,9 percent and 2 percent while FML added 1,82 percent in the week under review. However, Unifreight, NMB and Barclays eased 7,5 percent, 5,88 percent and 1,16 percent in that order. AFDIS and Meikles also lost 0,83 percent and 0,25 percent respectively. On the mining space, Riozim weighed down the mining index after its share price eased 0,45 percent to trade at 55 cents. Bindura, Falcon and Hwange remained at 2,9 cents, 1 cent and 2,5 cents in that order. Foreigners were net buyers in the week under review, disposing of shares worth $1,2 million and purchased shares worth $1,24 million. *(Source)*

GOVERNMENT has projected that total exports will grow to $3,9 billion by year-end driven by a strong performance in tobacco, platinum group metals (PGMs), nickel and many others. In his 2016 annual budget review, and 2017 economic outlook presentation on Thursday, Finance minister Patrick Chinamasa said the current account deficit was benefiting from improved exports and declining imports which are estimated to have narrowed down to a deficit of $552 million, from $1,5 billion recorded in 2015. "In 2017, total exports are projected to reach $3,9 billion, on account of strong performance in tobacco, PGMs and nickel, among others, while imports are expected to increase to $5,4 billion on account of a surge in the imports of intermediate goods required in the productive sectors," he said. "Further interventions to improve domestic production and value addition should see continued decline in the current account of the country's balance of payments into 2018." In the period under review, total exports of goods increased to $3,7bn in 2016, from $3,6bn recorded in 2015, driven mainly by gold and tobacco exports. Chinamasa said mineral exports grew by 6,4%, to reach $2,2bn from $2,1bn in 2015, largely reflecting strong performance in gold, which recorded $913,4m in 2016, on account of improvements in both production and international prices. "Strong production performance, coupled with firming international prices, for the platinum group of metals, diamonds and nickel, are expected to push mineral exports to $2,3 billion in 2017," he said. Exports of the economy's agriculture products in 2016 grew by 4,8% from $1bn in 2015 to $1,1bn.

In the period under review, improved performance in tobacco production accounted for $933m of total agriculture exports. In the previous year, tobacco had accounted for $855m in exports. He, however, said sugar exports significantly declined from $108,9m in 2015 to $53m in 2016. In 2017, agricultural exports are expected to increase by 6,7% to $1,16bn, led by tobacco and sugar. Exports of finished manufactured goods were on the increase, recording $183m in 2016, from $175m of the previous year. "These ranged from foodstuffs, furniture, building materials, chemicals, packaging materials, footwear, and plastics, among others," Chinamasa said. "Challenges were, however, experienced with exports of such semi-processed products as ferro-alloys and cotton lint." During the period under review the overall impact on total manufactured exports is expected to register growth from $320m in 2016 to $363m by end of 2017. Commenting on imports, Chinamasa said total imports dropped by 15%, from $6,1 billion in 2015 to $5,2bn in 2016, mainly due to ZimAsset intervention measures to stimulate domestic production and value addition, and that way increasing supply of domestically produced goods. Meanwhile, imports are expected to increase to $5,4bn on account of a surge in the imports of intermediate goods required in the productive sectors. *(News Day)*

ZIMBABWE has generated about $22,6 million from 153 000 tonnes of chrome ore exported through toll arrangement since last year. Speaking during a small-scale miners' conference in Bulawayo last Friday, Minerals Marketing Corporation of Zimbabwe (MMCZ) acting general manager responsible for marketing Mr. Masimba Chandavengerwa said; "We have moved 153 000 tonnes since that arrangement (toll arrangement). Right now the country has realised $22,6 million; under that arrangement, the miner gets upfront the value of ore and then together with MMCZ, we then follow the alloy. "And to date, up and above that $22 million the alloy that we have sold we have realised an additional $6 million," he said. Under the toll arrangement, some of the exported chrome ore was smelted in South Africa generating the additional $6 million. Turning to the Government's Special Purpose. Vehicle, Apple Bridge, which was established to facilitate the exportation of chrome ore or concentrate by small-scale miners, Mr. Chandavengerwa said in the first year of its formation about 25 000 tonnes were exported. He said the exports by small-scale miners through Apple Bridge in the first year were not significant due to a myriad of challenges that the miners in the sector faced.

In 2016, he said the small-scale miners through Apple Bridge exported 75 000 tonnes of lumpy chrome and so far this year, Apple Bridge has moved about 57 000 tonnes with $15.5 million having been generated. The SPV was established to accelerate the exportation of the mineral following the removal of an export embargo. "The smelters have moved 237 000 tonnes of ore into exports but what is important when you look at those numbers is what has been happening in terms of smelting. In 2015, they were sitting at 205 000 tonnes of alloy and in 2016 about 250 000 tonnes and in the first six months this year already they have moved about 150 000 tonnes. Eventually we have realised $465 million," he said. In June 2011, the Government lifted the ban on the export of chrome ore of up to 30 million tonnes to enable the sector to mobilise financial resources as well as investment in technology. The Government also removed the 20 percent export tax to allow chrome ore producers to generate income to increase smelting capacity. Power tariffs for the chrome sector were reviewed downwards to 6,7 cents per kilowatt hour from 8 cents. *(Herald)*

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