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	22-Jul-16	29-Jul-16	WTD % Change Local	WTD % Change USD	31-Dec-15	YTD % Change Local	YTD % Change USD
Botswana	DCI	9925.96	9840.37	-0.86%	-0.34%	10602.32	-7.19%	-2.96%
Egypt	CASE 30	7436.87	8030.85	7.99%	7.97%	7006.01	14.63%	1.02%
Ghana	GSE Comp Index	1780.45	1796.29	0.89%	1.55%	1994.00	-9.92%	-12.22%
Ivory Coast	BRVM Composite	288.89	289.36	0.16%	0.60%	303.93	-4.79%	-3.60%
Kenya	NSE 20	3524.59	3488.67	-1.02%	-0.91%	4040.75	-13.66%	-12.87%
Malawi	Malawi All Share	13069.83	13381.50	2.38%	2.48%	14562.53	-8.11%	-16.82%
Mauritius	SEMDEX	1750.00	1787.01	2.11%	2.22%	1,811.07	-1.33%	0.44%
	SEM 10	338.45	334.36	-1.21%	-1.10%	346.35	-3.46%	-1.73%
Namibia	Overall Index	1027.22	1039.72	1.22%	1.69%	865.49	20.13%	30.20%
Nigeria	Nigeria All Share	27659.44	28009.93	1.27%	-4.95%	28,642.25	-2.21%	-38.04%
Swaziland	All Share	358.25	358.25	0.00%	0.47%	327.25	9.47%	18.65%
Tanzania	TSI	3833.42	3891.02	1.50%	1.93%	4478.13	-13.11%	-13.86%
Zambia	LUSE All Share	4718.94	4697.77	-0.45%	-6.37%	5734.68	-18.08%	-10.97%
Zimbabwe	Industrial Index	98.93	98.84	-0.09%	-0.09%	114.85	-13.94%	-13.94%
	Mining Index	26.30	25.72	-2.21%	-2.21%	23.70	8.52%	8.52%

CURRENCIES

Currency	22-Jul-16 Close	29-Jul-16 Close	WTD % Change	YTD % Change
BWP	10.61	10.56	-0.52	4.56
EGP	8.86	8.86	0.02	-11.87
GHS	3.93	3.91	-0.65	-2.55
CFA	595.44	592.86	-0.43	1.26
KES	99.71	99.60	-0.11	0.92
MWK	711.05	710.35	-0.10	-9.48
MUR	34.12	34.08	-0.11	1.79
NAD	14.27	14.21	-0.47	8.38
NGN	292.27	311.39	6.54	-36.64
SZL	14.27	14.21	-0.47	8.38
TZS	2,143.22	2,134.27	-0.42	-0.86
ZMW	9.47	10.07	6.32	8.68

SECURITIES AFRICA

Botswana

Corporate News

No Corporate News This Week

Economic News

No Economic News This Week

Egypt

Corporate News

No Corporate News This Week

Economic News

Egypt's central bank will keep the Egyptian pound stable at 8.78 to the dollar at its weekly foreign exchange auction on Tuesday, banking sources said. The central bank has yet to announce the official rate. The bankers, who declined to be named as they were not authorised to speak on the matter, said dollars would be sold at the current rate. The central bank announced earlier on Tuesday that it would be selling its usual quota of $120 million at its regular FX auction. *(Reuters)*

Egypt said on Tuesday it was close to agreeing an International Monetary Fund (IMF) lending programme to ease its funding gap and restore market stability and was seeking to secure $7 billion annually over three years. Prime Minister Sherif Ismail ordered the central bank governor and minister of finance to complete negotiations for the programme with an IMF team that will visit Egypt in the next few days, the cabinet said in a statement. "We are resorting to the IMF because the budget deficit is very high, between 11 and 13 percent within the past six years," finance minister Amr el-Garhy, said in a phone interview with presenter Lamis El-Hadeedi on a private TV channel late on Tuesday. In Washington, the IMF welcomed Egypt's request for financial support and said it would send a mission to Egypt for about two weeks from July 30. The cabinet statement, after a five-hour meeting, was the first official confirmation that talks with the IMF were under way. The statement said talks had been ongoing for three months. "The prime minister stressed the need to cooperate with the IMF through the support program to enhance international confidence in the economy and attract foreign investment, and therefore achieve monetary and financial stability ... targeting $7 billion annually to fund the program over three years," the cabinet statement said. The government is seeking $12 billion from the IMF, $4 billion a year, which will carry an interest rate of 1 or 1.5 percent, el-Garhy said. The package includes issuing $2-3 billion in international bonds which will be offered as soon as possible, between September and October, he added.

Economists welcomed the news, which came after a turbulent few weeks for Egypt's currency, the pound, which has plummeted to new lows on the black market as confusion mounted over the direction of monetary policy. "It's great. Finally," said Hany Genena, head of research at Beltone Securities Brokerage. "Confidence will be restored in the government and central bank. Secondly, we will see flotation of the pound, if not tomorrow, next week, the week after." Genena said he expected the Cairo stock market to surge after the news and for the currency to strengthen on the black market. The black market had already strengthened slightly from lows near 13 to the dollar on Monday. Two black market traders contacted by Reuters said they were selling dollars at about 12.80 to 12.85 pounds after the IMF deal was announced. "I think the stock index will hit 8,000 in the next couple of days," Genena added. The benchmark EGX30 .EGX30 closed up 0.3 percent at 7,540 on Tuesday. Egypt's economy has been struggling since a mass uprising in 2011 ushered in political instability that drove away tourists and foreign investors, both major earners of foreign currency. Reserves have halved to about $17.5 billion since then. The dollar shortage has forced Egypt to introduce capital controls that have hit trade and growth, while the value of the Egyptian pound has plummeted on the black market in recent weeks as expectations of a second devaluation this year mount. The government has pushed ahead with its reform programme, including plans for a value added tax (VAT) and subsidy cuts that were put on hold when global oil prices dropped.

A VAT bill is in its final stages of preparation but has faced resistance in parliament due to concerns over inflation, which has touched seven-year highs since the currency was devalued by 13 percent in March. Egypt's ambitious home-grown fiscal reform programme formed the basis of a $3 billion three-year loan deal with the World Bank that was signed in December. But the cash has yet to be disbursed since the

World Bank is waiting for parliament to ratify economic reforms including VAT. A cabinet minister told Reuters last month that Egypt had started negotiations with the IMF and that the central bank was leading the talks. A statement released by Capital Economics, an independent economic research company, also welcomed the news. "If approved, this would help to plug Egypt's external financing requirement and improve the economy's growth prospects," it said. "This would make a sizeable dent in Egypt's gross external financing requirement, which we estimate to be around $25 billion over the coming year." *(Reuters)*

Egypt expects to receive at least $2 billion within two months of agreeing a three-year $12 billion loan programme with the International Monetary Fund, a senior finance ministry official said on Thursday. Egypt announced late on Tuesday it was seeking $4 billion a year over three years from the International Monetary Fund to help plug a funding gap and restore market stability. The government hopes to finalise the deal when an IMF team begins a two-week visit to Cairo on July 30. In a news conference on Thursday, deputy finance minister for monetary policy Ahmed Kojak, said that each tranche of the IMF loan would have to repaid within five years including a three-and-a-quarter year grace period. Egypt has already said it expected to secure the IMF lending programme at interest rates as low as 1 or 1.5 percent. The country is also planning to issue $2 billion to $3 billion in international bonds in September or October. Kojak said Egypt would next week begin seeking international institutions to arrange that eurobond issue. Kojak said the proposed IMF deal was only part of Egypt's programme to turn around its economy. Egypt is also expecting the African Development Bank to approve in September the release of the second tranche of a $1.5 billion three-year loan programme, Kojak said. Another finance ministry official said the release of those funds depended on Egypt implementing eight reforms including in the energy, electricity, trade and industry sectors. The country plans to introduce a long-awaited fuel smart card system in the 2016-17 fiscal year which began this month, Kojak said. The cards are part of a wider effort to reform the country's subsidy programme, which eats up a large chunk of public spending.

Egypt has struggled with a severe shortage of foreign currency since a 2011 uprising ended Hosni Mubarak's 30-year rule and ushered in a period of turmoil that scared off foreign investors and tourists, key earners of hard currency. When the IMF talks were announced, the finance minister said the government had decided to turn to the international lender after facing years of rising budget deficits. Egypt has obligations worth between $7 billion and $8 billion that it plans to repay this fiscal year, Kojak said. *(Reuters)*

Egypt's central bank kept its key interest rates unchanged on Thursday, two days after Cairo said it was close to a three-year $12 billion IMF lending deal to ease its funding problems and restore market stability. Egypt said on Tuesday it was seeking to secure an IMF loan programme which would extend $4 billion a year at an interest rate of 1 or 1.5 percent. The country also plans to issue $2-3 billion in international bonds over a three-year period. The central bank said it kept its overnight deposit rate at 11.75 percent and its overnight lending rate at 12.75 percent, in line with a Reuters poll forecast. "The MPC (Monetary Policy Committee) judges that the key central bank rates are currently appropriate given the balance of risks surrounding the inflation and GDP outlooks," the central bank said in a statement. Nine out of 13 respondents in the Reuters poll conducted before the IMF announcement expected the central bank to hold rates. The central bank put up its key rates by 100 basis points to their highest level in years at its last MPC meeting on June 16, a move economists said was meant to rein in surging inflation and ease downward pressure on the Egyptian pound.

Inflation, however, jumped for the third straight month in June as consumer demand spiked during Ramadan. But core inflation, which excludes volatile items like fruit and vegetables, rose only slightly to 12.37 percent from 12.23 percent in May. A deal with the IMF would mean painful economic reforms that could increase inflationary pressures, including a value added tax that is due to be implemented later this year, as well as further energy subsidy cuts. The central bank devalued the pound to 8.78 per dollar in March and raised interest rates by 150 basis points days later to control inflation. But prices have continued to rise and the pound continues to face pressure on the black market. President Abdel Fattah al-Sisi is under growing pressure to revive the economy and keep prices under control. The country has struggled to restore economic growth since a 2011 uprising ended the 30-year rule of Hosni Mubarak. The turmoil scared off tourists and foreign investors, both key sources of hard currency. The economy grew about 4.2 percent in the last fiscal year and the government forecasts put growth this year around 5 percent while analysts polled by Reuters expect growth this year to be around 3.5 percent. *(Reuters)*

Ghana

Corporate News

No Corporate News This Week

Economic News

Ghana's crude oil revenues will be 1.4 billion cedis this year, lower than a previous estimate of 2 billion cedis, the finance minister said in a budget review. Despite that, the deficit would remain unchanged from a previous estimate of 5.3 percent, Finance Minister Seth Terkper said. Revenues for 2015 are estimated at 1.5 bln cedis. *(Reuters)*

A Deputy Minister of Finance, Mona Quartey has told Citi Business News that Ghana may have to renegotiate its deal with the IMF should Parliament approve a 5% financing of government's budget deficit. According to her, government is willing to accept the decision of the legislature on financing government's budget deficit from the central bank. "It will mean renegotiations and discussions with the IMF because the preferred option is the zero percent from the central bank. But remember also that the zero percent is even so different from the West African Monetary zone convergence criterion which is 10%," she explained. Mrs Mona Quartey's comments come at a time that the Institute for Fiscal Studies (IFS), is proposing 5% financing of government's budget deficit instead of zero financing proposed by the International Monetary Fund (IMF). Parliament is also currently considering a proposal in the Bank of Ghana Amendment Act to cap the BoG's funding of the country's budget deficit at 5 percent of total revenue for the previous year from the current 10 percent. Madam Quartey who spoke to Citi Business News on the sidelines of the Finance Minister's presentation of this year's mid-year budget review in Parliament on Monday, was confident of a favourable outcome of the discussions. "The debate has not taken place so we are expecting it to take place and hopefully, as a nation we will come out with what should be good for Ghana…If it has to be zero, it will be so. But if Parliament decides on another figure, we will equally work with that," she further stated. One of the conditions under the IMF's Extended Credit Facility (ECF) Program with Ghana is for the central bank to embark on a zero-financing of government's budget deficit. Currently, the BoG Act requires that the central bank's monetary financing must not exceed 10 percent of the previous year's total revenues. But, consistently, the BoG has not been able to keep to this limit.

Some industry watchers have argued that the country's economic assistance program with the IMF could be curtailed if Parliament upholds the 5 percent financing decision. But Member of the Finance Committee of Parliament, Benjamin Kpodo has since dismissed such concerns. He rather believes that any issue with the IMF Board to possibly delay the release of funds will have to do with the country's inability to pass the Public Finance Management Act. The Deputy Finance Minister was however of the view that a complete adherence to the IMF's suggestions could largely be practicable if it is limited to the period of the program with Ghana. "If there is the need for the current practice to be curtailed, one would have even thought that perhaps the negotiations should be about curtailing for during the period of the IMF program. But the IMF is asking us to put it into law and I think that is where other members of the House are having a problem. So we have to justify to them why it should be zero percent in law," Mona Quartey stressed. Meanwhile Finance Minister, Seth Terkper on Monday said that the government's cash deficit of 2.5 percent for the first five months of 2016, which was up from a target of 2.2 percent, was for the first time not funded by the Bank of Ghana. *(Ghana Web)*

WEEKLY AFRICAN FOOTPRINT

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Kenya

Corporate News

Kenyan telecom operator Safaricom will pay a special dividend of 0.68 shillings ($0.0067) per share, it said on Tuesday. "There is room for this one-off special dividend of 27.5 billion shillings due to the cash position of the company, and the significant retained earnings of 82 billion shillings," said Bob Collymore, Safaricom's CEO, in a statement. *(Reuters)*

Some Imperial Bank branches on Tuesday opened their doors for the first time since the lender was put under receivership in October last year, offering a glimmer of hope for depositors most of who stand to get back their full deposits. Big account holders could receive up to 40 per cent compensation for their cash. Eager customers of the collapsed bank lined up as early as 8am in most of NIC and Imperial Bank branches to file their claims in a process that will see 5,000 of the lender's customers who had made prior claims immediately access an additional Sh1.5 million of their deposits. This second round of payments will see depositors get refunds of up to Sh2.5 million each when added to the previous payout of Sh1 million. "From previous claims that were lodged at DTB andKCB, there are about 5,000 claimants whose accounts we had pre-opened… If you had claimed and we are able to verify it is you and everything is fine, money will be in your account within three days, if you had not claimed, it will take about 10 days once the claim is made," said NIC Bank managing director John Gachora. Mr Gachora said the Imperial Bank's branches will stay open with the lender targeting to process claims totalling Sh9 billion under the refund programme. About 44,300 customers of the collapsed bank's smaller depositors with Sh1 million or less, who made up 89 per cent of the depositors, have since accessed their full amount. "It's a moment of happiness for all depositors now that we are receiving the second pay.

Having our funds tied up has caused us all manner of problems," said Amman Sobha, a customer. However, others expressed displeasure at what they said is the slow pace of the refunds. "I have more than Sh20 million tied up in the bank and so Sh1.5 million is a drop in the ocean for my business needs," said a businessman who declined to disclose his name. NIC Bank was appointed by the Central Bank of Kenya, (CBK) and Kenya Deposit Insurance Corporation (KDIC) to steer the refunds. "One of the ways we are offering support for their customers is giving them an account so that the money that lands in their account today is not subject to any fees for a year, cheque books are free and RTGSs are free for a year," said Mr Gachora. NIC expects to take over the assets of the bank after completion of a due diligence, Mr Gachora said. *(Nation)*

Chase Bank Kenya Ltd.'s receiver manager, KCB Group Ltd., plans to seek new investors for the lender after a due diligence report is completed. After a comprehensive appraisal is done "Chase Bank will be turned back to a new investor," KCB Group Chief Executive Officer Joshua Oigara told reporters Thursday in the Kenyan capital, Nairobi. The report is due to be handed to the Central Bank of Kenya by the end of August, he said. Chase Bank was closed April 8 following a run on deposits that was sparked by reports of irregular loans. The lender re-opened less than three weeks later under statutory management. *(Bloomberg)*

Beer maker EABL's net profit for the full year to June increased seven per cent to Sh10.3 billion, defying a 27 per cent drop in sales of its flagship brand, Tusker. The brewer reported that cash from operations had increased by 32 per cent in the period to Sh27.9 billion as finance costs dropped by a fifth to Sh3.3 billion. EABL's revenue from its Kenya, Uganda and Tanzania business was up by between five and 16 per cent but this performance was negatively impacted by a slowdown in Juba. "Unfortunately, as a result of the decline of our South Sudan business and negative foreign exchange impact, group net sales remained flat," said EABL Thursday in a statement. During a similar period last year, after-tax profits grew by 40 per cent to Sh9.6 billion, a jump occasioned by the sale of land at its Ruaraka headquarters and cost-cutting measures. Underlying profit at the time was up 16 per cent. Revenue this year grew by three per cent to Sh66.4 billion. This increase was mainly due to a 134 per cent growth in the sales of Senator, according to a statement released by EABL's parent company Diageo. "Senator grew in Kenya following the roll back of the duty increase early in the year and momentum was sustained throughout the year," said Diageo, which owns 50.02 per cent of EABL.

"This more than offset the decline in Tusker, which was impacted by the duty increase in Kenya and currency volatility in the markets." Tusker's drop in sales is despite EABL management's statement that the beer would be its "main focus" after it posted a one per cent growth in sales last year. EABL launched 300ml and 330ml bottles for its Tusker and Pilsner beer brands, looking to spur consumption with a recommended retail price of Sh90 per bottle. In the year to June 2015, revenue from Senator dropped by 20 per cent, as it continued a downward spiral that started in October 2013 after the government introduced a 50 per cent excise tax on the drink. The law was amended in May last year, setting the excise tax cut at 90 per cent for beers manufactured using at least 75 per cent locally-sourced sorghum, millet or cassava — handing EABL a much-needed lifeline. Mainstream spirits such as Kenya Cane and Kane Extra saw sales increase by high double digits in the full-year to June 2016 due to what Diageo said was "improved route to consumer" initiatives. Reserve spirits (Ciroc and Singleton) also performed well due to "enhanced distribution and activation by brand ambassadors" while ready-to-drink brands — Smirnoff Ice Double Black and Guarana — were boosted by price increases, Diageo said.*(Business Daily)*

Economic News

Kenya's central bank held its benchmark lending rate at 10.5 percent on Monday due to recent increases in fuel taxes that would temporarily put upward pressure on inflation, the bank's monetary policy committee said. Eight out of 10 analysts polled by Reuters last week expected the bank to hold rates after a 100 basis points cut at the last meeting in May. May's cut, which was designed to push banks to lower commercial lending rates that are still elevated, did not have the desired effect as rates remained near 20 percent. On Monday, policymakers cut the bank's reference rate, on which bankers are supposed to base their lending rates, to 8.90 percent from 9.87 percent. The reference rate usually stays in place for six months. Kenya's energy regulator raised retail prices of petrol in the capital Nairobi by 8 percent on July 14, mainly due to an increase in the road maintenance levy. "Although demand pressures on inflation remain moderate, the effects of the recent increase in fuel tax were expected to exert temporary upward pressure on consumer prices," the MPC said in a statement. *(Reuters)*

Kenya expects public spending to fall to 27.7 percent of gross domestic product in the year to June 2018 from 30.6 percent in the current fiscal year, the Treasury said on Wednesday. In guidelines for the 2017/18 budget, the Treasury said total revenue collection was likely to be 20.3 percent of GDP, unchanged from this year. The East African nation's budget-making process is lengthy, incorporating views from other parts of government and from citizens, meaning the final numbers may be different. Investors have been alarmed by ever-rising government expenditure in recent years that has been accompanied by a widening budget deficit. The Treasury said net domestic borrowing was likely to edge up to 3.1 percent of GDP in 2017/18 from 3 percent in this financial year. The economy was likely to expand by 6.3 percent in 2017/18, rising to 7 percent over the medium term, the Treasury said. Economic growth rose to 5.9 percent in the first quarter of this year from 5.0 percent in the same period last year. *(Reuters)*

The Central Bank of Kenya (CBK) has put banks on notice with plans to introduce three-year term limits for external auditors handling their books, in what is seen as the regulator's response to corporate governance concerns in the sector. The CBK governor Patrick Njoroge on Tuesday told MPs the regulator would draft rules requiring banks to periodically rotate their auditors to improve the quality and independence of evaluation reports. The impending rules come after external auditors were entangled in the collapse of three lenders, namely Dubai, Imperial and Chase banks. "We want to cap auditors' terms to not more than three years. International best practice is for rotating," Dr Njoroge told a National Assembly Trade, Finance and Planning committee inquiring into recent bank collapses. "We need a fresh pair of eyes to look into the books," the governor said. Dr Njoroge was accompanied by CBK director of bank supervision Gerald Nyaoma. The financial industry regulator said the planned auditor term limits will add to the new bank ownership transparency and governance rules announced last week. Banks are racing to beat the August 1 deadline to disclose on their websites the particulars of top shareholders. There are also plans to set a term limit for banks chief executive officers and non-executive directors. Dr Njoroge said some auditing firms have served the same banks for a long time to a point where auditors had 'become comfortable and professional meeting attendees.'

Deloitte served as external auditors at distressed Chase Bank for more than 20 years, and had always given the mid-sized lender a clean bill of health. However, Deloitte made a U-turn in March when it reclassified disputed Islamic banking assets as irregular insider borrowing, a move that precipitated the collapse of the lender in April.Deloitte was also the firm handling Dubai Bank's books of accounts and in early 2013 issued a qualified opinion on its 2012 statements - citing incompleteness of records, faulty core banking system and irregular loans. PKF Kenya was advanced a $5 million (Sh500 million) low-interest loan by Imperial Bank, according to court papers, whose directors are accused of orchestrating a Sh34 billion fraud scheme at the lender. A preliminary forensic audit by FTI Consulting revealed PKF Kenya had covered up the scam at Imperial Bank. The new rotation rules are likely to hit the Big 4 audit firms – EY, Deloitte, KPMG and PricewaterhouseCoopers – which dominate the auditing of banks in Kenya. This could open a window of opportunity for mid-tier global consultancy firms in Kenya such as RSM, Grant Thornton, Crowe Horwath, Parker Randall, Baker Tilly, Mazars, and BDO to have a slice of the lucrative bank auditing market. Kunal Ajmera, the chief operating officer at consultancy firm Grant Thornton, said term limits for auditors will help address the 'familiarity threat' posed by long-serving external auditors. "It is surprising it has taken long for CBK to introduce term limits and mandatory rotation of audit firms. It is long overdue," said Ajmera in an interview with the Business Daily. *(Nation)*

Kenya overtook South Africa to become the biggest investor in other African countries in terms of the number of projects in 2015. Kenya invested in 36 projects last year in other parts of the continent against South Africa's 33, a new study by financial consulting firm Ernst & Young shows. It noted that most of Kenya's intra-Africa investments went into countries within the East African Community (EAC). The study said Kenya's global ranking as a source of foreign direct investment (FDI) to the African continent also improved strongly to the seventh position in 2015 from 13th in 2014. "Activity was largely concentrated in services, with financial and business services together accounting for nearly 78 per cent of FDI projects originating from Kenya," said the report released Monday. "Many Kenyan companies are playing the role initially adopted by South Africa's corporate sector, who were the first to venture outside their home markets," it adds. South Africa however beat Kenya in terms of the worth of the projects as it had Sh200 billion compared to Kenya's Sh100 billion. In the past decade, Kenyan banks and retail businesses, for example, have ventured into the region including in the volatile South Sudan and Somalia. "East Africa is the primary destination for Kenyan investors, in line with overall sub-regional integration plans," said the study. It further shows that Africa attracted FDI from a diverse and growing group of investors.

In 2015, the US retained its position as the largest investor in the continent, despite a four-per cent fall in FDI projects. Historical investors, including the UK, France, the UAE and India, expressed renewed interest in Africa. Other notable investors in Africa were Italy and Luxembourg, which became among the largest 15 investors in 2015. Overall, intra-African FDI projects rose 2.8 per cent in 2015, with capital investment up 6.2 per cent. In terms of inward FDI in 2015, the study shows that Kenya, touted as East Africa's anchor economy, posted a resurgence with projects standing at 95 compared to 62 the previous year, an increase of 53.2 per cent. At the same time South Africa had more inward FDI projects numbering 130 in 2015 compared to 120 projects in 2014 , an 8.3-per cent increase. "Kenya and East Africa is shining bright and even brighter in the comparison with its peers. Kenya is very much the leader in this region and because of a good component of diversification, is maintaining a strong rate of GDP expansion," Rich Management CEO Aly Khan Satchu said of the report's findings. The report however warned that potential investors are wary of downside risks to growth forecasts. "For example, in Kenya's case, a large current account deficit and growing debt levels provide the government with less flexibility to fund longer-term growth," it said. Across the whole continent on the other hand, inward FDI project numbers increased by seven per cent year on year, from 722 projects in 2014 to 771 projects in 2015. But the capital value of those projects was down year-on-year to $71.3 billion in 2015 from $88.5 billion in 2014. Even after falling, the 2015 figure was still higher than the average of $68 billion between 2010 to 2014. *(Business Daily)*

Malawi

Corporate News

No Corporate News this week

Economic News

Malawi's headline inflation accelerated to 22.6 percent year-on-year in June from 21.5 percent in May, driven partly by higher food prices, the national statistics office said on Monday. *(Reuters)*

Mauritius

Corporate News

No Corporate News this week

Economic News

Revenues generated by Mauritius from textile exports to Britain will decline by about 10 percent this year as a result of the British vote to leave the European Union, the country's export association said on Monday. The EU is Mauritius' largest trading partner. The Indian Ocean island nation earns an annual average of 25.55 billion rupees ($722.77 million) from goods shipments to the bloc. Britain remains the largest buyer of Mauritian goods within the EU, accounting for 18 percent of total exports to the bloc. Textiles are Mauritius' top export to the UK, followed by seafood and sugar. "Quantity wise, there will be a drop of 10 percent in our exports to the UK as a consequence of the fall in consumerism level in UK coupled with the depreciation of the pound," the export group said in a report. The Mauritius Exports Association (MEXA) report said 90 percent of all revenues from exports of textile and apparels to the UK comes in pounds while imports are in U.S. dollars. MEXA said exporters' profitability is expected to be "squeezed both in terms of exports and imports; exports revenue being depleted with the depreciation of the pound...and costs being inflated with the appreciation of the U.S. dollar. "Companies are thereby faced with a double whammy."*(Reuters)*

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Nigeria

Corporate News

Africa Export-Import Bank (AfreximBank), like regular lending institutions, has recorded a huge growth in its loan portfolio to $6.1 billion from what in the financial year ended December 2015. However, unlike majority of the lenders that are now engulfed in Non-performing Loans (NPLs) crisis by trading beyond limits, the continent's trade and development institution has kept its risk in check from 3.8 percent in 2014 to 2.8 percent in 2015. Meanwhile, barring impairment charges, Nigeria would earn the bulk of the $28.8 million dividend declared by AfreximBank, as the largest investor in the continent's financial institution.The dividend represented a payout ratio of 23 percent, in line with the bank's historical practice. The President, AfreximBank, Dr. Benedict Oramah, said the feat was achieved despite a financial year's operations that were filled with uncertainties.According to him, by all measures, the bank is financially sound, profitable, liquid and under solid management, as Net Income rose by 25 percent, from $107 million in 2014 to $134 million in 2015. Describing the bank risks as a "solid loans growth," he noted the portfolio rose by 40 percent between December 2014 and December 2015 to reach $6.1 billion, as assets and sources of income were well diversified, with key financial ratios being in line with plans.Equity mobilization exercise and the quality of collateral that supported a large proportion of the bank's loans also contributed in ensuring that it remained strongly capitalized, with Capital Adequacy Ratio now at 26 percent, up from 20 percent in 2014. "We set ourselves the target of raising an amount of $500 million US dollars by the end of 2016 about six months to go, we have achieved that goal. Based on ongoing discussions with several potential investors, we expect additional investments in the coming months. "The bank's shareholders funds have risen from $920 million in December 2014 to about $1.5 billion in June 2016, a growth rate of 51 percent," Oramah said.

Total capital, including contingent (callable capital) stood at about $2 billion in June this year, as some new shareholders have joined the bank over the period. Meanwhile, the Republic of Congo (Brazzaville), the Dangote Group, the Seychelles Pension Fund, and Nouvobanq, Seychelles, to the family of the financial institutions shareholders. "With overall pipeline of viable financing and guarantee requests nearing $60 billion, we cannot rest on our oars and we can't turn back now. So, as we end the current round of raising $500 million, the bank has already approved proposals for another round of capital increase in an amount of $1 billion. This is to be raised largely from new shareholders. "The second dimension of our intervention in the context of the current economic situation is a new focus on fostering economic transformation and intra African trade. We believe that the age of slogans about industrializing Africa is over and that the self-deceit in that approach is self-evident today. "We hold firm our conviction that intra-African trade is the key to industrializing Africa, better management of commodity price shocks and promotion of regional peace and security," he said. Another strategy, he said, is the partnership with Export-Import Bank of China, which Memorandum of Understanding we have signed to drive the "Made in Africa" initiative, aimed at raising funding support to an amount of $1 billion. However, AfreximBank is supporting the development of a mobile payment platform for Intra African trade and payment, which would be launched before year ends.The platform would incorporate a clearing feature, making it possible to potentially reduce the foreign currency content of the trade conducted through it. We also have plans to finance the development of logistic centres, border markets, intra-African shipping lines, African airlines and similar activities in so far as they would advance the course of its strategy. *(Guardian)*

The Chairman of Ashaka Cement, Mr. Suleiman Yahyah, has signed a N11 billion contract on behalf of Lafarge Africa, with RunhPower Corp of China, for the building of 16megawatts lignite power-fired plant in Akko, Gombe state. Signing on behalf of LafargeHolcim group, in Abuja, Yahyah, said the project when completed in 2018, will transform the company's production capacity to 1 million metric tonnes annually. He said when he took over as chairman of the company in 2015, he made a commitment that he will tackle the biting cost of power problem headlong, adding that he was delighted that the board supported the move to inject the N11billion in its new power plant. According to him, the project is the first of its kind in the entire North-east, adding the company is biting the bullet and taking the heat on its cash reserves to fund the project. The chairman added: "Upon completion, it would bolo get rely on Yola DISCO for its requirement and also will no longer depend on LPFO diesel from the epileptic and unstable power regime. The sustain effort to bring down cost of production will make Ashaka an efficient cement producer in the market."

Furthermore, he said the North-east in some analysts view is facing an existential threat, adding that the company is only industrial business in the region of over 23 million people that has suffered insurgency with large number of displaced and unemployed people. He pleaded with President Muhammadu Buhari to declare the North-east zone a tax-free for the next five years because of its numerous challenges. In a remark, RunhPower Regional Director, Mr. Yuan Shanhui, said the company will do its best to meet the 2018 deadline for the delivery of the project, adding that the company is doing its first project in Nigeria. In his contribution, the Company's Project Director, Mr. Bruno Bayet, said the company had relied on electricity from the national grid and generating sets in its over 40 years of production. He said: "The new power plant will secure long term reliable power supply and improve the reliability of our production operated by firing owned local coal mine reserves in Maiganga, 140km from the plant and will supply consistent energy to boost the plant's operational efficiency." *(This Day)*

GlaxoSmithKline Consumer Goods Nigeria Plc has announced the declaration of a special dividend of 60 Kobo per share to shareholders. The special dividend was approved by the company's shareholders during the extra-ordinary general meeting held on Monday, July 4, 2016 on the disposal of the company's drinks business (Lucozade and Ribena brands) to Suntory Beverage and Food Nigeria Limited. GlaxoSmithKline Consumer Nigeria Plc have given the company's Board of Directors the to divest of its drinks business, namely the Lucozade and Ribena brands. The board is seeking to sell its drinks business to Suntory Beverage and Foods Limited for $79.2m to enable the company to face its core business, which is healthcare. The board of the company, at a meeting held immediately after the 45th yearly general meeting held in Lagos, recommended for approval by shareholders a binding offer from Suntory Beverage & Food Limited for the divestment of its drinks bottling and distribution business, following due diligence and negotiations between SBF and GSK Nigeria. Explaining the rationale for the decision, the Chairman of the board, Edmund Onuzo, said, "The divestment decision was reached to enable GSK Nigeria to refocus and reinvest in the rapid expansion of the business's retained business portfolio and deliver more value to shareholders. "Despite this transaction, GSK Nigeria will still be listed on the Nigerian Stock Exchange (NSE) and will continue to manufacture, market, and distribute a portfolio of leading healthcare brands including Sensodyne, Panadol, Horlicks and, in future, the legacy Novartis brands, such as Voltaren and Otrivin." The transaction will include the sale of the firm's Agbara manufacturing facility designed for drinks business and 6.45 hectares of land while the company retains 3.45 hectares of the land to enable it to invest and grow the retained GSK consumer business, according to the firm. Onuzo explained that a special dividend of N716m, culminating in 60 kobo per share, would be paid to shareholders on the completion of the transaction.

Under the terms of transaction, the chairman explained that the company would retain the production equipment used in the GSK consumer business and would lease from Suntory those areas of the Agbara facility, which were used in the production process for the core GSK business. The company, according to him, will also provide information technology and 'certain other transitional services' to the SBF for a short period, following the completion of the transaction to allow for the smooth transition. The GSK Nigeria chairman said, "Our parent company decided not to get involved in drink business but to focus on healthcare and we see it that it is easy for us to align with their strategy. "Suntory is a Japanese company and the third largest drink company in the world. We believe it has come to stay in Nigeria and the desire to quickly bring in its own brand underscores that fact." Onuzo explained that GSK would invest the proceeds of the deal in the construction of a multi-purpose facility to support the business and help maintain low cost but quality supply base. He added that part of the funds would be used to reduce the firm's foreign currency denominated debt as well as provide optimal returns to shareholders. *(Guardian)*

Dangote Cement Plc signaled it may ease the pace of adding new capacity amid foreign exchange constraints in its home market of Nigeria, as Africa's largest producer of the building material reported a decline in first-half profit. While the company remains committed to its ambitious growth plans, "we are taking a more measured approach to the roll-out of new capacity across Africa," Chief Executive Officer Onne van der Weijde said in an e-mailed statement on Thursday. That could mean extending the time set aside to complete the projects, the Lagos-based company said. Dangote Cement, controlled by Africa's richest man, Aliko Dangote, has more than doubled production capacity since 2013 and said in April it may increase cement capacity by a further 77 percent by the end of 2019. Foreign-exchange constraints in Nigeria have prompted the company to reconsider the pace of its expansion and it now believes a five-year building program is more appropriate, it said. Van der Weijde's comment about a more measured approach "implies that management will be prioritizing projects," and "take time to properly articulate a long-term strategy in existing markets," Jumai Mohammed, a Lagos-based analyst for Exotix Partners, said in an e-mailed responses to questions. Profit for the six months through June declined to 106.3 billion naira ($342 million) from 123.1 billion naira a year earlier, the company said in a filing to the Nigeria Stock Exchange. Revenue increased 21 percent to 292 billion naira. "We have achieved a commendable result, given the very challenging situation in our main market and general economic weakening across Africa," the CEO said. For a Bloomberg Intelligence primer on Dangote Cement, click here. Earnings in the period were affected by lower selling prices, higher fuel costs and the lower efficiency of new plants still in start-up phases, the company said. Dangote posted a "weak but expected performance," Mohammed said, as gas disruptions, the sharp depreciation of the naira and inflationary pressure weighed. Cement sales volumes in the period increased 60 percent, bolstered by record volumes in Nigeria, where the company announced a price cut last September. Inflation in Africa's largest economy accelerated to 16.5 percent in June, the highest rate since October 2005, as the cost of food and gasoline surged due to foreign-exchange shortages caused by a 15-month currency peg. The naira was allowed to float from June 20, losing more than a third of its value against the US currency and weakening beyond 300 per dollar for the first time on July 22. The devaluation of the currency will affect costs in the country and Dangote will seek to protect its profit margins, Van der Weijde said. Elsewhere on the continent, Dangote has increased market share in countries including Cameroon and Ethiopia and plans to begin operations at a new Republic of Congo plant in October, it said. The company remains confident of achieving "good growth" this year despite challenging economic conditions. *(Bloomberg)*

Diamond Bank Plc on Thursday released its half year 2016 unaudited financial results. It revealed that its profit after tax dropped to N9.1billion at the end of June 2016, from N12.155 billion in the corresponding period of 2015. The results also showed that its profit before tax during the period under review also plunged to N10.5billion, as against the N14.193billion recorded in the comparable period of 2015. However, the interim report and accounts of the bank for the first six months of the year also showed that its total comprehensive income rose by 13.3 per cent year-on-year to N16.3billion as against N14.4billion recorded in comparable period of 2015. Non-interest income also surged by 33.4 per cent to N26.5billion, reflecting the successful efforts targeted at improving this income line and also the focused strategy of management, which were sharpened at improving digital functionality and widening financial inclusion. The bank improved on its credit creation by 28.6 per cent as loans and advances to customers grew from N763.6billion in the comparable period of last year to N982.3billion. Also, loans to other banks jumped by 30.7 per cent to N78.5billion in first half of 2016, from N60.1billion in the corresponding period last year, while its retail customers grew to over 13 million with seven million of these opening accounts in the last two years. Commenting on the results, its Chief Executive Officer, Mr. Uzoma Dozie, stated that despite the headwinds in the economy, the bank remained resilient and assured that it would sustain the positive growth throughout the second half of the year. According to him, the bank's strong liquidity and capital adequacy ratios plus its digital transformation have rightly positioned it to meet customer obligations and offer service deliveries that are beyond banking. He said: "With the domestic economy contracting, the Nigerian banking industry has faced a number of challenges over the last six months.

Nevertheless, in the first half of 2016, we have remained resilient in weathering these headwinds and there are real bright spots in our income streams, as well as noteworthy cost reduction, which gives us confidence going into the second half of the year. "Due to actions taken and an ongoing prudent approach, our regulatory capital remains strong. This position of strength helped offset the one-off impact of the recent devaluation of the naira, as acknowledged by Fitch Ratings when they affirmed our B rating with a stable outlook. Liquidity of the bank also remains high and is well above the guidance ratio stipulated by CBN." Speaking further, Dozie stated that despite the catalogue of challenges facing the sub-sector, which were exacerbated by the recent devaluation of the naira and foreign exchange scarcity, culminating in backlog of unpaid salaries and wages for individuals, Diamond Bank has continued a diligent implementation of its focus on curtailing cost. "In the last few months, evidence has shown that the new strategy and initiatives to curtail costs are proving successful and are reflected in the bank's financial indicators. This is reassuring. Year on year, costs came in lower and as we conclude the organisational restructure, we expect to harvest more savings from operational and employee expenses. "The primary benefits of this however are the resources that we have freed up to provide improved services to customers. Having done this, we are optimistic that the bank is in the right markets and has the wherewithal to excel and create value for shareholders in the long run," stated Dozie. *(This Day)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Economic News

Investors staked a total of N48.72 trillion on fixed income securities and currencies on the FMDQ OTC Securities Exchange between January and June 2016. According to statistics obtained by the THISDAY, N22.5trillion was invested in the first quarter of 2016, N9.43trillion in April, N7.43trillion in May and N9.36trillion in June, amounting to N48.72trillion in six months. A breakdown of the performance in June showed that activities in the Treasury bills (T.bills) market remained dominant, accounting for 38.14 per cent of total turnover while Secured Money Market (Repurchase Agreements (Repos)/Buy-Backs) came second place, accounting for 26.5 per cent. Total Foreign Exchange (FX) market transactions accounted for 26.07 per cent, while Federal Government of Nigeria FGN bonds and Unsecured Placements/Takings accounted for 4.85 per cent and 4.34 per cent of the total turnover respectively. FMDQ explained that milestones were recorded in the FX market as the Central Bank of Nigeria (CBN) took steps to restructure the market. "The apex bank released revised guidelines for the FX market, effectively liberalising the market, and appointed Foreign Exchange Primary Dealers (FXPDs). Furthermore, in a very bold and decisive move, the CBN cleared the backlog of transactions in the market via a one-time Special Secondary Market Intervention Sales (SMIS) auction. Accumulated backlog totalling $4.02 billion, was cleared with $0.53 billion (13.24 per cent) settled spot and the remaining 86.76 per cent ($3.49bn) spread over one to three months forward contracts," it said.

The exchange added that on June 27, Naira-settled OTC FX Futures product was also introduced into the Nigerian FX market with the CBN as the pioneer seller. "The CBN offered twelve (12) consecutive monthly contracts with initial notional amounts of $1.00bn each. OTC FX Futures Contracts totalling $38.80 million were executed by the end of the month," the exchange said. Based on the reform in the market by the CBN, transactions in the FX market settled at $7.51 billion in June, an increase of 83.82 per cent compared with the value recorded in May. Turnover in the fixed income market settled at N4.02trillion, showing increase of 2.05 per cent above the previous month's value, with transactions in the T.bills market accounting for 88.71 per cent of the turnover. Outstanding T.bills closed the month at N5.28 trillion whilst outstanding FGN bonds increased 1.73 per cent to close at N6.57 trillion. Trading intensity in the Fixed Income market settled at 1.24 and 0.07 for T.bills and FGN bonds respectively, with maturities between one month to three months being the most actively traded in June. *(This Day)*

Stock market investors (equities only) in the country recorded an appreciation in value of N1.461tn on their investments in the second quarter of this year. Compared to the first quarter of the year, the Nigerian Stock Exchange market capitalisation closed at N10.165tn on June 30 from N8.704tn on March 31. The NSE All-Share Index also moved to 29,597.79 basis points from 25,306.22 basis points in the same period. Between January and March, the equities market had depreciated by 10.79 per cent, according to available data from the NSE. As of the first day of trading this year (January 4), the NSE market capitalisation stood at N9.757tn, while the All-Share Index was 28,370.32 basis points. But as of the last day of trading in March, the market capitalisation and All-Share Index had crashed to N8.704tn and 25,306.22 basis points, respectively. Equity investors had in the first seven trading days of the year lost N804bn of their investment worth. The market capitalisation after the close of trading on the floor of the Exchange in the first seven days closed at N8.953tn. The All-Share Index also dropped from 28,370.32 basis points recorded on the first day of trading in 2016 to 26,034.94 seven trading days into the year. A few weeks into the year, the downward trend in the Nigerian stock market prevailed with 10 out of the 12 indices of the NSE turning out negative. The market capitalisation of the NSE had fallen by N811bn in the first 10 weeks of the year. Market capitalisation is the total market value of the shares outstanding of all traded companies on the floor of the Exchange. It dropped from N9.75tn on January 4, 2016 to N8.939tn 10 weeks into the year, while the All-Share Index also closed at 25,988.40 basis points in the same period from the 28,643.67 basis points recorded on the first trading day of the year. Investors had also made huge losses in the Nigerian equities market last year, as the market capitalisation (equities only) of the NSE shed a total of N2.354tn between December 2014 and December 2015. Financial experts tied the improved performance of the market on the Central Bank of Nigeria's decision to introduce the floating foreign exchange policy. They said the introduction of a forward market to hedge volatility in the foreign exchange market, and the licensing of foreign exchange primary dealers were innovations that had helped, to some extent, to reawaken the market. The President and Chairman, Governing Council, Chartered Institute of Stockbrokers, Mr. Oluwaseyi Abe, said the implementation of the new forex framework had helped in boosting dollar supply, while ensuring some form of clarity in the currency exchange rate. *(Punch)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

Nigeria's central bank raised its benchmark interest rate by a surprise 200 basis points to 14 percent on Tuesday and maintained its existing cash reserve ratios for commercial banks in a bid to stabilise the naira. In a Reuters poll, the median forecast of 13 analysts taken July 18-21 predicted that Nigeria would raise interest rates by 100 basis points to 13 percent. *(Reuters)*

The Nigerian Export Promotion Council (NEPC) and Iran have agreed to forge stronger trade partnership that would promote bilateral ties between both countries. This was disclosed recently by the Executive Director/Chief Executive Officer of NEPC, Olusegun Awolowo while receiving the new Iranian Ambassador to Nigeria, Morteza Rahimi Zarchi in his office in Abuja. Awolowo acknowledged the cordial relationship that existed between the Council and his predecessor HE Saeed Koozechi adding that it was on this premise that he urged Zarchi to assist in attracting Iranian investors to help industrialise Nigeria through ownership of plantations in areas like rice and cocoa. He pointed out that such investments will help to scale up production, improve quality and increase exportation of Nigeria goods particularly in areas such as real estate, petrochemical, automobile and transportation where Iran has high degree of expertise. Ambassador Zarchi who confirmed his visit as the first since assumption of office expressed that Iranain Mission attaches importance to Nigeria and hopes to attract significant development to the country and draw symbiotic benefits to both nations. According to him, Iranian Commercial Minister and Deputy High Commissioner will be in Nigeria in August to discuss and plan the visit of a 34-man business delegation in Nigeria". He solicited NEPC's support in mobilizing relevant MDAs, manufacturing companies and the Organized Private Sector to participate in activities of the Inward Trade Mission. *(Guardian)*

The naira exchange rate pared some of the losses recorded against the dollar during the week as it climbed to N322.85 to a dollar on Thursday, stronger than the N330.12 to a dollar it had closed on Wednesday as the market continued on the path of price discovery. On the other hand, the parallel market rate of the naira was unchanged yesterday as it closed at N378 to a dollar. In a strong bid to tame inflation, the Central Bank of Nigeria had on Tuesday raised the Monetary Policy Rate (MPR), otherwise known as interest rate, by 200 basis points to 14 percent from 12 percent. It also assured Nigerians of the stability of the banking sector, saying whilst it was poised to deal ruthlessly with any misdemeanour and malpractice, the recent removal of some banks chiefs was not a sign of distress. It also left Cash Reserve Ratio (CRR) and Liquidity Ratio (LR) unchanged at 22.50 per cent and 30 per cent respectively as well as retained the Asymmetric Window at +200 and -500 basis points around the MPR. A former Chief Executive Officer of Diamond Bank Plc, Mr. Emeka Onwuka, had on Wednesday welcomed the liberalisation of the forex market. He had argued that it may be necessary to place a one year minimum tenor on repatriation of all CCI (Certificate of Capital Importation) transactions to discourage entry of hot money. He urged Nigerians to support the CBN for the forex market to settle and achieve the desired objectives of the new regime. "Hopefully the rates at which the market will settle will ultimately result in improve liquidity in the forex market," he added. *(This Day)*

Tanzania

Corporate News

THE National Microfinance Bank (NMB) has once again won Euromoney award as the Best Bank in Tanzania given by the global financial markets magazine - Euromoney. The Euromoney awards, now in their 25th year, provide a benchmark for levels of service and financial performance across the banking industry. "It is a great honour to be recognised by Euromoney for the work we have done. What we do is simple: we support our customers, connecting them to opportunities using our network, strong balance sheet and integrated product capability," the NMB Managing Director, Ms Ineke Bussemaker, said in a statement. "Investing in technology such as mobile banking, integration with mobile network e-money offerings, the largest branch network and ATM network in the country has played a key role in the bank's expansion making it the leader in promoting financial inclusion in Tanzania. " These annual awards cover more than 20 global product categories, best-in-class awards in all regions and the best banks in close to 100 countries around the world. It recognises financial institutions worldwide that have recorded significant accomplishments within their operating environments, display innovation and record excellent financial performance year on year. This award adds to more than three awards that NMB had bagged in the last 12months including the Best SME Bank in Tanzania by The Banker magazine, Best Presented Financial Statement by NBAA and Euromoney award which has now been won four times in a row. *(Daily News)*

NATIONAL Microfinance Bank (NMB) has posted first half year profit of 84.31bn/- up from 77.02bn/- of the same period 2015 indicating the bank will beat 2015 annual profit at the end of the year. The Dar es Salaam Stock Exchange (DSE) listed bank generated some 150bn/- after tax profits. According to financial results, the bank also posted 45.03bn/- profit in the second quarter of this year compared to 38.65bn/- of the comparative quarter last year. According to income statement for the period ended June 2016, net interest income for the half year jumped to 222.92bn/- from 179.96bn/- of the same period last year. In the current quarter, the bank posted 116.90bn/- compared to 90.11bn/- of the comparative quarter. Loans, advances and overdrafts increased to 2.70tri/- on the current quarter to June 2016 from 2.56tri/- of the quarter to March 2016. Non interest income for the period under review rose to 81.74bn/- compared to 80.48bn/- of the same period last year. Customer deposits slowed slightly by 0.8 per cent to 3.51tri/- on the current quarter from 3.56tri/-equivalent to 0.1 per cent of the previous quarter. The deposits from other banks and financial institutions increased to 2.54bn/- from 1.17bn/- of the preceding quarter. The Bank total assets grew to 4.72tri/- equivalent to 1.8 per cent on the current quarter from 4.64tri/- which is 1.3 per cent posted on the previous quarter ended March 2016. Furthermore, the basic earnings per share increased to 169 on the period under review compared to 154 of the comparative period. For the current quarter it rose to 90 compared to 77 of the previous quarter last year. Also the bank has continued to be the biggest employer among banks after increasing the number of employees to 3,316 on the first six months compared 3,028 of the comparative quarter. *(Daily News)*

SOUTH African media has reported that Vodacom was in talks with the Tanzanian government to extend the time it had to list its shares on the Dar es Salaam Stock Exchange (DSE). The government last month amended the Electronic and Postal Communication Act, 2010 to require phone companies to sell as much as 25 per cent of shares on the DSE to boost local ownership. The amendment requires the existing company to list on DSE in six month after the date of change, which comes to December. "I think the time span that has been put in place is exceptionally short, so we are going to have to work on what we can do to extend that and to understand certain requirements," Ian Ferrao, Vodacom's Managing Director of its Tanzanian operations was quoted by a section of South African media saying. However, when 'Daily News' Online cross-checked with Vodacom Tanzania public relations and communications said there are not in discussion with the government over DSE listing extension. Vodacom Tanzania Head of Public Relations and Communications Rosalynn Moria said over a telephone text message that the firm was not in any talks with the government. "No we are not," Ms Moria texted back when asked if the firm was engaged on any talks with the government regarding listing issue. Peter Takaendesa, a portfolio manager at South African based Mergence Investment Managers, said: "There are a number of reasons for the resistance to the listing requirement and they include the potential of the parent companies' shareholdings getting diluted, as well as shallow equity markets in most African countries." Takaendesa said Vodacom raised its stake in Vodacom Tanzania to above 82 percent in 2013 and the listing requirements call for at least a 20 percent float on the exchange. This implied that Vodacom's stake would have to be diluted. The dilution would obviously be more for other operators that owned bigger stakes in their Tanzanian operations, he said. Sasha Naryshkine, an analyst at Vestact, said Tanzania had a young energetic population with a government that was seemingly spending in order to get the infrastructure moving. "A local listing would encourage the regulators to be more favourable, knowing that there is a vested interest locally, and that they are not just part of a big global brand. I guess Tanzania is right for Vodacom," Naryshkine said. There are five larger telecom operators in the country namely; Vodacom, Tigo, Airtel, Zantel, and Halotel serving some 30 million sim cardholders. *(Daily News)*

Economic News

TANZANIA has a strong and effective monetary policy stance in controlling and managing liquidity in the circulation than most of the low income countries. Its strength rest basically on the independence of the Bank of Tanzania (BoT), the nation's financial landscape like the financial linkages with international financial markets, the choice of monetary instruments and the exchange rate regime. Liquidity is the amount of money that is quickly available for investment and spending. High liquidity is when money is easy to get. Low or tight liquidity is when money is difficult or expensive to get. Monetary policy plays key role in managing inflation in the market. According to the National Bureau of Statistics (NBS), annual headline inflation rate for the month of June, 2016 has further increased to 5.5 per cent from 5.2 per cent per cent in May. Also a good example is seen on how the policy has managed and controlled the present situation for which the market is experiencing tight liquidity stance although the economy has remained lubricant. "Despite passing through a period of tight monetary stance, the money in the circulation is enough to keep the economy lubricant," said the BoT's Domestic Market Associate Director Mr Paul Maganga. He said the dry money in the market is progressively recovering as the harvesting period has began to see most business people start spending substantial amount of money to buy crops like cotton, rice, coffee. This alone can help increase liquidity in the circulation.

This is seen as good news to the common people who have also been hit by the tight liquidity as most of the activities that could help generate incomes have seized thus leading to complains over the difficulties. Most low income countries have small and illiquidity financial markets with limited integration with external markets. The financial sector is often small, dominated by less competitive banking sector. An uncontrolled and unmanaged liquidity situation can have a severe impact on inflation, rates of interest, stock markets, and foreign exchange rates. According to the BoT, the decision to shift its funds held in commercial banks by ministries, public corporations and local government authorities is the contributing factor to the liquidity squeeze in circulation. The move on the other hand has helped the Bank of Tanzania (BoT) to monitor and control money in circulation. The dry money in the circulation may have been contributed by the transfer from banks to the central bank balances that were held in current accounts. Under the government directive, public corporations were required to transfer their levy and revenue collection accounts BoT estimated to be above 500bn/- while maintaining operational accounts. Instead the public entities should maintain an operational account at their preferred commercial bank with a minimum of balance to cater for their monthly operational expenses as per their monthly cash flow projections.

Mr Maganga said also that the tight liquidity in the circulation is contributed by most corporates engaged in paying annual taxes last month thus cutting spending of funds that could have been directed to the investment. Most commonly, quarterly or annual advance tax payments draw liquidity out of the system as a lot of liquid money gets locked with the government. On the other hand, any large payouts by the government or higher corporate sector spending can increase the liquidity in the system. In times of excess visible liquidity, the call rates hover around the reverse repo rate, whereas in times of tight liquidity, the call rate will hover around the repo rate. Similarly, the present situation of dry money in the market is explained by the less government expenditure for both recurrent and development. According to CRDB's Financial Market Highlights liquidity was tight in the market on Monday as interbank volume fell by 67 per cent to 18bn/- while borrowing rates were up by 50 basis points to a weighted average of 14.22 per cent and a high of 16 per cent. Liquidity is expected to remain tight in the market with borrowing rates holding up at current high levels. *(Daily News)*

Zambia

Corporate News

No Corporate News This Week

Economic News

BANK of Zambia (BoZ) governor Denny Kalyalya says the atmosphere in the economy remains relatively positive despite the election period, as demonstrated by, among other indicators, currency stability and investor confidence. Dr Kalyalya, who observed that the election period is usually characterised by uncertainty and anxiety, said the Kwacha has been stable, trading below K10 against the dollar, while inflation has been reducing, although it is still in double digit. The recent acquisition of Finance Bank by London-listed Atlas Mara Group also demonstrates confidence in the economy ahead of the general elections. He said this in an interview on Friday on the sidelines of the just ended 23rd African Export and Import Bank (Afrexim) annual general meeting, held under the theme "Africa's new economy: Intra-African trade and the blue economy as catalysts for economic transformation". "In any country, when elections are approaching, certain things jump around and the Zambian economy is no exception, but interestingly, in our case, we have seen some developments which are encouraging. "Investments are not happening as much as they are supposed to, but so far, indicators are pointing to the right direction. Zambia is good for business and we are encouraged by Atlas Mara taking over Finance Bank during this period," he said.

Dr Kalyalya said monetary measures put in place by the central bank have contributed to stability in the market with the bank remaining upbeat that inflation will continue to reduce, while the Kwacha is anticipated to remain stable. The rebound of copper prices on the international market will also boost the performance of the Kwacha thus help reduce inflation and the high interest rates on the market. "Copper prices have picked up and we are just 'shy' of reaching US$5,000 per tonne. The Kwacha has also strengthened due to the measures we put in place," he said. He, however, said the central bank is concerned that economic growth remains low, hence the need to grow it through diversification, value addition and accelerating intra-Africa trade. Dr Kalyalya also said liquidity remains tight in the market but is optimistic that this will be addressed once the economy fully picks up. *(Daily Mail)*

LAST week, treasury auction bills were poorly subscribed attracting total bids amounting to K230.42 million against the K700 million offers. On Thursday, Government through the Bank of Zambia (BoZ) intended to borrow K700 million from the domestic market through issuance of treasury bills. Zanaco says of the total bids, K191.73 million was allocated and yield rates generally remained unchanged except on the 273-day rate that dropped to 25 percent from 25.50 percent. "The Government Treasury bills auction was poorly subscribed, receiving bids amounting to K230.42 million against the K700 million," the bank says in its daily treasury newsletter. Meanwhile, the Kwacha is expected to maintain a narrow trading in the range of K9.38 and K9.50 in the near term. The bank, however, says the local unit weakened slightly on Friday, to end a seven-day rally and after touching a three month high against the United States (US) dollar. It says demand for the local currency reduced and the Kwacha slipped 10 ngwee from an open of K9.30 and K9.35 to close at K9.40 and K9.45 on the bid and offer, respectively. "Interbank and corporate dollar selling in intraday trading, however, lifted the Kwacha to a high of K9.20 and K9.25 but failed to hold on to gains as the local currency slipped on the day [Friday]," the statement reads. Cavmont Bank in its market report also says on Friday the Kwacha reached the peak of its appreciation but failed to break below the K9.20 level against dollar owing to strong demand from importers. The bank says compared to the week's opening levels, the currency pair is still trading in positive territory. It says the Kwacha closed the day at K9.35 and K9.40, K0.700 stronger than Monday's opening level. *(Daily News)*

Zimbabwe

Corporate News

Struggling hardware retailer PG Industries Limited has reported a reduced loss after tax position for the year ended December 2015 at $3,9 million from $6,6 million in the prior year, largely on streamlining operations and reduction of interest on debt. PG which is currently under a scheme of arrangement with secured suppliers, concurrent creditors and debenture holders has been riding on losses for years as the company battles working capital challenges. Earlier this month it reported that Dewei Investments Limited would purchase its entire share register of 8,6 billion shares for $500,000, setting aside the scheme of arrangement. Acting chairman Francis Dzanya said the company has been implementing various initiatives to improve company performance. "The initiatives have resulted in significant reduction in interest bearing debt and operations have been streamlined resulting in cost savings being realised," he said in a statement accompanying the results at the weekend. Dzanya said in the year, the company suffered significant reduction in sales volumes due to working capital shortages. During the year, low retail sales volumes from the group saw its turnover declining 19 percent to $18,9 million while merchandising turnover was 27 percent lower than previous year. Dzanya said group results for PG Mozambique, which contributed sales of $1,544 million, were not consolidated in 2015 and demand for the company's products is relatively strong while sales margins remain healthy. The group's flagship tile manufacturer, Zimtile recorded a seven percent increase in sales. Concrete roof tiles sales volumes grew by 11 percent while bricks and pavers sales volumes remained flat. Dzanya said overall margins were maintained despite selling price pressures by improving manufacturing efficiencies at Zimtile. Looking ahead, Dzanya said the successful take over by Zimtile will revive PG's past glory as the largest processor and distributor of building materials in Zimbabwe. The Dewei proposal is set for approval by shareholders at a scheme meeting and extraordinary general meeting on August 5. The company also expects to commission a new concrete brick making plant in Bulawayo during the third quarter of this year. PGI's shares were suspended from trading on the local bourse in 2013, with analysts asserting that the company was technically insolvent.*(The Source)*

BRITISH American Tobacco Zimbabwe (BAT) will continue to engage government for a sustainable excise duty, which has increased by 186% over the past five years. Speaking at the company's analyst briefing in Harare yesterday, BAT managing director, Clara Mlambo said on the consumer front, in the context of a difficult economic environment, it is imperative for the business to secure price stability for its customers. "In this regard, the company will continue engaging with government for a sustainable excise rate. Notably, in the past five years, cigarette excise duty has increased by 186% making Zimbabwe's cigarette excise rate one of the highest in the region," she said. The excise duty rose between 2012 an 2015, straining consumer affordability and making it difficult for the cigarette industry to grow its volumes.
She said for the second half of the year, trading conditions were likely to remain unchanged. The company posted a profit after tax of $3,6 million for the six months ended June 2016 compared to $7,6 million recorded during the same period last year. The company said the trading environment remained constrained during the period characterised by weak consumer demand and an accelerated liquidity crunch driven by generally weak macro-economic performance. Cigarette volumes for the local market declined compared to the same period in 2015.

"The company continues to lead the cigarette industry despite sales volumes declining by a significant 20,7% from the previous year for the reasons stated previously. The decrease was experienced in our local brands, which declined by 21% compared to the same period in 2015. Our global brand, Dunhill, grew by 10% compared to the same period, driven by a small but growing consumer base," the company said in a statement accompanying financial results. Revenue for the group was down by 23% to $16,8 million compared to $21,7 million during the same period last year. Selling and marketing costs decreased by $200 000 compared to the same period in 2015 due to distribution efficiencies and cost containment initiatives. Cash generated from operations was $8 million, a 25% decrease against $10,8 million in the first half of 2015. The decrease was due to a profit decrease offset by improved collections and decrease in stockholding, BAT said. *(News Day)*

Olivine Industries said on Tuesday it will soon engage the United States' Office of Foreign Assets Control (OFAC) to be removed from the sanctions list after its former parent firm, the Industrial Development Corporation of Zimbabwe (IDC) divested out of the manufacturing company. OFAC is tasked with administering and enforcing economic trade restrictions on individuals and companies that are on the United States sanctions list and has over time seized $1,9 million belonging to Olivine, on account of it being an IDC subsidiary. Olivine Industries, a manufacturer of fast moving consumer goods such as cooking oil, soaps and margarine, says trading while under sanctions has been difficult and it is hopeful the changed circumstances will work in its favour. Chairman Peter Madara told journalists the IDC had last month sold its remaining 1.4 percent shareholding in the firm to a local company called Tonmont Trading. "IDC last month decided to divest and sell its 1.4 percent to a local company called Tonmont Trading and that transaction was concluded early this month," Madara said. "We therefore have changed circumstances and we are hoping to engage OFAC to see whether we can be taken off the OFAC list. When you are placed on the OFAC list, it makes it extremely difficult to trade, all the banks do not want to touch you." Government remains the top shareholder in Olivine with a 49.3 percent stake while SR Amando holds 34, 2 percent and Wilmar at 15.1 percent. But Madara said the government stake did not matter on its bid to be removed from sanctions list. "The government is not on sanctions," he said.

Madara said Olivine has had to rely on the goodwill of other companies to import raw materials for its cooking oil business. "If we are removed from OFAC list we will be able to buy from the open market because at the moment if we do, the money will be seized," the Olivine chairman said. He said the firm was currently re-investing in its operations as it seeks to reclaim lost market share. As part of the initiatives, Olivine is investing $2,7 million in the setting up of a new soap plant. "We are currently in the process of bringing in a new plant. We are getting this plant in three consignments, the first consignment arrived last month, the next will be here end of this month then the last will be here beginning of September," he said. "We will assemble the plant and we expect to start trial production by mid-December and we should be running full throttle in January 2017." *(Source)*

Caledonia Mining Corporation on Thursday announced that the mineable resource at its Blanket Mine in Zimbabwe had increased by 67 percent following exploration. Caledonia has a 49 percent stake in the gold mine near Gwanda. In a statement the company said based on exploration done at the mine over the past half year, 343,000 tonnes have been upgraded from the inferred to the Indicated Resource category and an additional 1,276,000 tonnes of new inventory had been added to inferred resources. Indicated resources refers to resource estimates whose grade and other physical properties are based on detailed and reliable exploration detail while Inferred resources are based on limited geological information. The upgraded Indicated Resource of 343,000 tonnes increases the quantum of reserves and indicated resources that may be used in the life of mine plan from 2,934,000 tonnes as at December 2014, to 4,889,000 tonnes. "The upgrade of approximately 343,000 tonnes from Inferred Resource to Indicated Resource underscores the overall confidence level of Blanket's resources. The significant increase in new Inferred Resources occurred at depth and paves the way for the phase 2 expansion program to extend mining below the current target depth of 990 m Level," said Caledonia chief executive Steve Curtis. "I am confident that the life of mine will be further supplemented by resource additions and upgrades as a result of the increased exploration activity, both at Blanket and also at the satellite projects." In 2015 Blanket mine produced 42,806 ounces of gold. The mine is currently undertaking two phased $70 million expansion program (2015-2017 and 2018 and 2020) which is expected to double annual output from 40,000 ounces to around 80,000oz by 2021. *(The Source)*

StarAfrica Corporation's loss for the year ended 31 March 2016 widened to $10,2 million compared to $7,2 million in prior year after incurring high financing costs and a poor performance by associates but says it sees a path out of the woods. Chairman Joe Mutizwa said in a statement accompanying the group's financials that the business is forecast to be profitable in the second half of the current year as the company has streamlined operations and rationalised costs. That would represent a major reversal of StarAfrica's fortunes after years of loss making while its auditors, Ernst & Young, queried its ongoing concern status and qualified its financial results for last year citing "material uncertainty which may cast significant doubt on the company's ability to continue as a going concern." Mutizwa said the group's widening loss was mainly due to finance costs amounting to $5,5 million compared to $3,9 million in prior year and poor performances by Country Choice Foods and Blue Star Logistics. It also incurred employee costs associated with disposal of non-core operations and retrenchments at the Gold Star Sugars Harare (GSSH) plant.

Revenue more than doubled to $18,7 million from $9,3 million in prior year, largely on increased sugar sales volumes. StarAfrica, which is operating under a scheme of arrangement — a court-sanctioned reconstruction deal between shareholders and creditors –, sold off Blue Star Logistics Company in February this year and used proceeds to settle a PTA Bank loan. The company is also still in the hunt for a buyer for its 33.3 percent stake in Tongaat Hullet Botswana. Mutizwa said throughput has improved significantly at the GSSH plant to 350 tonnes per day and is set to increase to 600 tonnes per day upon full commissioning in September this year. The plant produced 22,615 tonnes of refined sugar compared to 4,616 tonnes produced in prior year. The company says production was influenced by low market demand as imports continue to find way into the country. A total 22,597 tonnes of sugar was sold in the year compared to 5,357 tonnes in the prior year. Country Choice Foods saw a 60 percent decline in profit at $305,000 compared to $506 000 last year. Bluestar Logistics posted a loss of $520,000 prior to disposal from a prior year profit of $200,000. *(The Source)*

Economic News

The increase came a month after the central bank and banks agreed to reduce all bank charges, resulting in a 4,2% increase in point of sales (POS) transactions each week. According to the Reserve Bank of Zimbabwe (RBZ) economic review for the week ending July 8, the value of transactions processed through NPS stood at $1,05 billion from $1,25 billion the previous week. However in volume terms, NPS transactions increased to 6 985 715 in the week under review from 6 359 238. Mobile-based transactions accounted for 76,99% of the volume of transactions, followed by POS (16,89%), ATM (5,51%) real time gross settlement (0,82%) and cheques at 0,09%. Bankers, along with the central bank, have been pushing for increased usage of plastic money. Financial expert Persistence Gwanyanya told the NewsDay in emailed responses that one of the key issues about the country's cash problems was that they would not disappear in one day due to deep-seated structural problems causing them. "In short, like the world over, Zimbabwe is becoming a cashless society. RBZ statistics on the uptake of electronic payment platforms confirm this. The imbalance in the economy characterised with high levels of imports and very low levels of exports will continue to have been haemorrhaging the economy's liquidity," he said. This scenario will take time to correct. As such Zimbabwe requires plastic money more than any other country in the World. Those businesses who insist in cash will lose market share over time." He said there has been an increase in mobile money transfers and a number of banks have successfully implemented mobile money transfer platforms. Gwanyanya said it was easy to transact between bank and mobile phone platforms making banking easier. Analysts have noted the rise in POS transactions can be seen in the rise of POS machines in pharmacies, private hospitals, restaurants among a number of retail and whole outlets. In March, the central bank governor John Mangudya laid out a plan to have 80% of society using plastic money. *(News Day)*

THE Zimbabwe Stock Exchange (ZSE) recorded a turnover of just $105 yesterday after only one counter was traded, the lowest level in seven years. Barclays was the only counter that traded, after 6 995 shares were snapped up at a price of $0,0150 per share . Performance of a stock exchange is a mirror image of the state of the economy and is used by foreign investors to gauge the health of an economy. When the bourse converted to the multicurrency regime in February 2009, the turnover was $30 on the first day of trading. An analyst told NewsDay yesterday that foreign investors were struggling to repatriate their money. Foreign investors are the main driver of ZSE trade. "The market is dominated by foreigners and money is taking long to go and foreigners are unwilling to sell their shares when they know that they will not be able to get their money," the analyst said. The analyst said a priority list established by the central bank was making it difficult for stock market investors to get their dividend payouts, as they were not considered a priority. This, analysts say, will frustrate foreign investors on the bourse. On Monday, the market recorded a turnover of close to $14 000 signalling tough times ahead. Turnover from the ZSE for the past 10 days has been less than a million dollars when a day's threshold is supposed to be a million dollars. In 2015, turnover was $250 million, with ZSE chief executive, Alban Chirume saying the bourse was expecting a 4% drop in turnover this year due to weak fundamentals and perceived country risk by foreign investors. Performance of counters on the local bourse has been depressed due to the economic headwinds that are unfavourable for the growth of trade. In the first half of the year, foreign investors drove ZSE with trades by foreigners accounting for 63% of the total trades during the period. In the same period in 2015, foreign trades accounted for 51% of the trades. The total value of trades was $89,29 million in the first half of the year down from $137,73 million recorded in the same period in 2015. *(News Day)*

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