

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:

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AFRICA STOCK EXCHANGE PERFORMANCE

Country	Index			WTD % Change		YTD % Change		
		22-Sep-17	29-Sep-17	Local	USD	31-Dec-16	Local	USD
Botswana	DCI	8959.96	8930.36	-0.33%	-1.69%	9700.71	-7.94%	-5.89%
Egypt	CASE 30	13695.33	13388.51	-2.24%	-2.24%	12344.00	8.46%	11.65%
Ghana	GSE Comp Index	2291.60	2326.09	1.51%	1.51%	1689.09	37.71%	32.24%
Ivory Coast	BRVM Composite	234.84	236.07	0.52%	-1.22%	292.17	-19.20%	-12.01%
Kenya	NSE 20	3764.44	3751.46	-0.34%	-0.21%	3186.21	17.74%	16.01%
Malawi	Malawi All Share	19998.24	19920.42	-0.39%	0.13%	13320.51	49.55%	48.17%
Mauritius	SEMDEX	2193.16	2229.79	1.67%	0.38%	808.37	23.30%	25.76%
	SEM 10	422.52	432.00	2.24%	0.95%	345.04	25.20%	27.70%
Namibia	Overall Index	1135.70	1128.44	-0.64%	-2.99%	1068.59	5.60%	6.67%
Nigeria	Nigeria All Share	35488.81	35439.98	-0.14%	-0.70%	874.62	31.87%	12.42%
Swaziland	All Share	395.59	397.07	0.37%	-2.00%	380.34	4.40%	5.46%
Tanzania	TSI	3715.04	3742.45	0.74%	0.37%	3677.82	1.76%	-3.38%
Zambia	LUSE All Share	4970.06	4871.55	-1.98%	-3.31%	4158.51	17.15%	19.49%
Zimbabwe	Industrial Index	366.08	418.39	14.29%	14.29%	145.60	187.36%	187.36%
	Mining Index	99.67	122.57	22.98%	22.98%	58.51	109.49%	109.49%

CURRENCIES

Cur- rency			WTD %	YTD %
	22-Sep-17	29-Sep-17		
BWP	10.16	10.30	1.38	2.22
EGP	17.64	17.64	-	2.94
GHS	4.41	4.41	-	3.97
CFA	560.99	570.89	1.76	8.90
KES	103.24	103.10	0.14	1.47
MWK	721.39	717.66	0.52	0.92
MUR	33.49	33.92	1.28	2.00
NAD	13.19	13.51	2.43	1.02
NGN	353.50	355.49	0.56	14.75
SZL	13.19	13.51	2.43	1.02
TZS	226.30	234.50	0.37	5.05
ZMW	9.48	9.61	1.37	2.00



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Botswana

Corporate News

No Corporate News This Week

Economic News

Lucara Diamond Corp. finally sold the biggest diamond found in more than a century. The 1,109-carat Lesedi La Rona diamond was sold for \$53 million, or \$47,777 a carat, to Graff Diamonds, Lucara said Monday in a statement. The Lesedi La Rona, or “our light” in the Tswana language spoken in Botswana, went unsold at a Sotheby’s auction in London last year. It had been expected to sell for about \$86 million. The Vancouver-based company, known for producing some of the world’s biggest and best stones, unearthed the diamond at its Karowe mine in Botswana. In May 2016, Lucara sold the smaller 813-carat The Constellation diamond for a record \$63 million, or about \$77,500 a carat, to Dubai-based rough-diamond trading company Nemesis International DMCC. The statement was released after the close of regular trading in Toronto, where Lucara fell 1.7 percent to C\$2.30. The shares have declined 24 percent this year. The Lesedi La Rona, just smaller than a tennis ball, is second in size only to the Cullinan, a 3,106-carat gem found in South Africa in 1905. The Cullinan was cut to form the Great Star of Africa and the Lesser Star of Africa, which are set in the Crown Jewels of Britain. *(Bloomberg)*

Botswana Oil Ltd. will choose by December a company to build and operate a \$4 billion coal-to-liquids plant, a facility it said may meet as much as 80 percent of the southern African country’s fuel demand. The state-owned oil firm received 11 bids by its August deadline and is subjecting them to “highly technical assessments,” spokeswoman Matida Mmipi said Monday by phone from the capital, Gaborone. She declined to name any of the companies competing for the tender. “The coal-gas to liquids project, if implemented, will ensure the security of supply of petroleum products for Botswana as the country will be able to produce its own fuel to augment what it imports,” Mmipi said, estimating national fuel demand at 1.2 billion liters per year. Some other demand will be met with renewable energy, including biomass and bio-diesel projects, she said. Botswana is seeking to diversify its economy away from diamonds, its biggest export, and reduce its reliance on fuel from neighboring South Africa, which supplies more than 90 percent of demand, leaving the country vulnerable to shortages in the event of labor strikes. At the same time, it’s trying to take greater advantage of its more than 212 billion metric tons of estimated coal reserves.

Botswana’s economy may grow 4.7 percent this year and 5.3 percent in 2018, Finance Minister Kenneth Matambo told an annual budget meeting in the capital on Tuesday. The expansion will be underpinned by the services sector in areas such as finance, transport and communications, he said. The new plant can “greatly support the country’s economic diversification drive, creating jobs, reducing our import bill and the monetization of coal reserves,” Mmipi said. Botswana produces about 3 million tons of coal a year, nearly all of which is consumed by domestic power plants. Plans to export the mineral have been stymied by the lack of a viable route for the landlocked country and a 2012 government report on the coal industry said CTL was a priority. The request for expressions of interest in June said the chosen bidder would have to fund the construction and operation of the CTL, with Botswana Oil making a long-term commitment to buying the fuel produced. *(Bloomberg)*

Botswana’s economy expanded 1.9 percent quarter-on-quarter in the second quarter of 2017, up from 0.2 percent in the first quarter, data from the statistics office showed on Thursday. The southern Africa country saw its economy expand by 1 percent on a year-on-year basis in the second quarter compared with 0.8 percent in the previous quarter. Statistics Botswana said trade, hotels and restaurants remained the major contributors. *(Reuters)*

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Egypt

Corporate News

Orange Egypt is set to receive the wireless frequency it needs to deliver 4G mobile services on Thursday, the company said. The subsidiary of French telecoms group Orange has so far invested 8.6 billion Egyptian pounds (\$487.53 million) to develop the service and has taken a 750 million euro loan from its parent company to cover the costs, it said in a statement. *(Reuters)*

Economic News

Egypt expects an initial public offering of state-owned oil company ENPPI during the first quarter of 2018, Investment Minister Sahar Nasr told Reuters on Monday, later than initially anticipated. The minority share offering in oil company ENPPI will be the first in an Egyptian state-owned company in about 12 years. Nasr had previously said the IPO would take place before the end of 2017, part of a programme over the next three to five years to offer shares in dozens of state-owned companies. *(Reuters)*

Egypt's central bank is likely to keep key interest rates unchanged in its monetary policy meeting this Thursday, a Reuters poll showed, after a slide in inflation that is expected to continue in the last quarter of 2017. The Central Bank of Egypt (CBE) has raised interest rates by 700 basis points since it floated the pound currency in November as part of reforms tied to a \$12 billion International Monetary Fund deal intended to help revive the country's ailing economy. Ten out of 12 economists polled by Reuters said the CBE would keep the deposit rate at 18.75 percent and the lending rate at 19.75 percent as post-float inflationary pressures continue to ease. Inflation dipped in August after reaching a multi-decade high in July following a sharp hike in energy prices as the government sought to narrow its gaping budget deficit. It had climbed steadily since the Egyptian pound was floated in November, a move that saw the currency's value slashed by half against the U.S. dollar. It was trading at about 17.7 per dollar on Tuesday. Economists expect inflation to cool towards year-end. Urban consumer price inflation stood at 31.9 percent in August, down from 33 percent a month before, while core inflation, excluding volatile items such as food, dipped to 34.86 percent from 35.26 percent in July. "Although monthly inflation is declining, annual headline inflation is still too high for the CBE to cut interest rates," said Reham Eldesoki, a senior economist at regional investment bank Arqaam Capital. "We believe the cut will most likely occur when headline inflation breaks the 20 percent in Q1 of 2018."

Egypt's finance minister said last week he expected inflation to drop below 15 percent by the end of the 2017-2018 fiscal year that began in July. Two economists polled expected the CBE to cut rates by 100 basis points at Thursday's meeting, citing easing inflation and the high corridor rates, which risk hampering private sector activity. "We expect (and hope that) the MPC will bite the bullet and begin cutting rates again, to revive the private sector," said Angus Blair, chief operating officer of Pharos Holdings, an investment bank. Egypt is trying hard to lure back investors driven away by the political turmoil that followed a 2011 uprising. Economic growth slowed after 2011, especially with tourism numbers dropping, but the tough economic reforms implemented since November have begun showing some positive outcomes. Blair said increased interest in Egypt's domestic debt, higher inflows of FDI and remittances, as well as improved tourism revenues, should all encourage the CBE to cut rates. Allen Sandeep, head of research at Naem Brokerage, also expects the CBE to cut rates by 100 basis points this week. "It should be turning increasingly less cost-effective to banks to operate at these rates, given the substantial drop in T-bills yields (now trading well below the corridor rates) and with lending growth unable to catch-up with rising deposits," he said. *(Reuters)*

Egypt is expected to receive a third installment of around \$2 billion of its \$12 billion IMF credit programme after a second review at the end of this year, the IMF said on Tuesday. Egypt's inflation is expected to fall to "slightly above" 10 percent by the end of fiscal year 2017/2018 and to single digits by 2019, Subir Lall, IMF Mission Chief for Egypt, Middle East and Central Asia Department, said in an online briefing. *(Reuters)*

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Egypt's government approved a Eurobond programme worth around \$7 billion to be issued during the 2017-2018 fiscal year that began in July, state news agency MENA quoted Prime Minister Sherif Ismail as saying on Wednesday. The finance ministry has said it plans to hold its next Eurobond sale before the end of 2017 and will determine the currency and size in coming weeks as it looks to plug a financing gap. *(Reuters)*

Egypt will not hike prices on fuel products during the current fiscal year that began in July, Finance Minister Amr El Garhy said on Wednesday. In a review of Egypt's \$12 billion International Monetary Fund loan programme, the IMF said on Tuesday that reforms were on track but that it had granted waivers for certain targets in June, including for the country's fuel subsidy bill. *(Reuters)*

Egypt's central bank left its main interest rates unchanged on Thursday at a meeting of its monetary policy committee, it said in a statement. The bank has raised key interest rates by a total of 700 basis points since it floated the pound in November as part of a \$12 billion International Monetary Fund loan programme aimed at boosting the economy. Egypt should get a \$2 billion IMF loan payment after a second review by the Fund at the year's end. It kept the overnight deposit rate at 18.75 percent and the overnight lending rate at 19.75 percent, in line with the views of 10 out of 12 economists polled by Reuters this week. "The tightening cycle has come to an end, in our view, for now. We do not expect, however, a cut just yet in corridor interest rates," said Reham El Desoki, senior economist at regional investment bank Arqaam Capital. Inflation dipped in August from a multi-decade high hit in July after a hike in energy prices as the government sought to narrow its gaping budget gap. Annual urban consumer price inflation dropped to 31.9 percent year-on-year in August from 33.0 percent in July. Core inflation, which strips out volatile items like food, decreased to 34.86 percent from 35.26 percent, according to the central bank. "Inflation in August was mainly driven by an upward adjustment of regulated prices due to higher electricity tariffs, as well as by the increase in prices of fresh vegetables," the bank said.

The pound traded around 17.63 pounds to the dollar on Thursday. It has strengthened marginally in recent weeks after hovering around 18 pounds just after the currency was floated. "Given the upcoming IMF review and Egypt's planned Eurobond sale, the bank wouldn't want to do something that would get perceived as unconventional by the IMF or the credit rating agencies," said Allen Sandeep, head of research at Naeem Brokerage. Egypt's government approved a Eurobond programme worth around \$7 billion to be issued during the 2017-2018 fiscal year that began in July, state news agency MENA reported on Wednesday citing Prime Minister Sherif Ismail. "Real monetary conditions continued to tighten, a necessary requirement to achieve the CBE's inflation target. This process was supported by the combination of previous policy rate increases and the recent stability of the Egyptian pound against trading-partner currencies," the bank said. *(Reuters)*

Egypt has officially launched 4G wireless services, state news agency MENA reported on Thursday. Egypt sold four 4G licences in 2016 as part of a long-awaited plan to reform the telecoms sector and raise dollars for stretched government finances. The country's four mobile operators - Vodafone Egypt, Orange, state-owned landline monopoly Telecom Egypt's new mobile network We, and Etisalat - acquired licences. *(Reuters)*

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Ghana

Corporate News

Africa's biggest independent oil producer, Tullow Oil, is back on track to expand its flagship oilfields off Ghana's coast after a two-year drilling block due to a border dispute. The news sent Tullow's shares to the highest in four months, last trading at 189.6 pence, up 6.3 percent from Friday's close, on an expected revenue boost from higher production although the company did not give details. Tullow said it will resume drilling at the Tweneboa, Enyenra and Ntomme (TEN) oilfields around the end of the year to lift production to full capacity of 80,000 barrels per day (bpd), following an international tribunal ruling on Saturday favouring Ghana in a dispute with its neighbour Ivory Coast. The maritime border dispute with Ivory Coast meant Tullow had been unable to drill in the TEN area, which is close to Ivorian waters, since March 2015, although it was able to bring the fields onstream in 2016. Tullow is battling to reduce a heavy debt pile it accrued during the oil market downturn that coincided with heavy spending to bring the TEN fields onstream. The company said on Monday that it expects to gain necessary environmental and other permits from Ghana, but declined to give an estimate for when the TEN fields would reach full capacity. They were producing around 50,000 bpd over the first half of this year. Analysts at Bernstein said they expected Tullow to add around 11,000 bpd of new resources from TEN in 2018, a volume that would generate an additional \$170 million in cashflow from operations, assuming oil prices of around \$50 a barrel. A Tullow spokesman confirmed the company had already issued a tender to contract a drilling rig for use at the TEN fields. The oil producer reported in July a deeper than expected operating loss in the first half of the year as weak oil prices lowered the value of its TEN fields. Net debt stood at \$3.8 billion. It is also in the middle of refinancing its reserve-based lending (RBL) facility before the end of the year and analysts at Barclays said the maritime border ruling should ensure the process runs more smoothly. Davy Research said the company is likely to divest some of its 47 percent equity in the TEN project. *(Reuters)*

Economic News

Ghana's central bank kept its benchmark interest rate unchanged at 21 percent on Monday, citing global economic uncertainties and threats to consumer price stability, its governor Ernest Addison said. *(Reuters)*

Ghana's gross domestic product (GDP) growth was 9.0 percent in the second quarter of 2017 compared to 6.6 percent in the previous three months, the statistics office said on Wednesday. For years, Ghana's economy grew at around 8 percent per year, but it slowed sharply in 2014 due to lower prices for its commodity exports and a fiscal crisis that forced the government to sign a \$918 million credit programme with the International Monetary Fund. The growth figure is subject to revision, the statistics office said. *(Reuters)*

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Kenya

Corporate News

Centum Investment has cancelled plans to acquire a 5.53 per cent stake in fashion retailer Deacons East African from private equity firm Aureos East Africa Managers. Aureos issued a statement in July announcing it had signed an agreement to sell all of its 6.8 million shares in Deacons to the Nairobi Securities Exchange-listed firm. Centum's chief executive James Mworia, however, said in an interview the proposed transaction aborted after the company lost interest in the off-market deal that was negotiated privately. "We did not make an investment in Deacons," said Mr. Mworia, "adding that the transaction was handled indirectly through Centum's asset management subsidiary Nabo Capital. "Nabo had reached an agreement to buy the shares at a price substantially lower than the market. This required an approval from the Capital Markets Authority (CMA) and by the time it came we had exited the deal." Mr. Mworia said Nabo would have spent about Sh19 million to buy out Aureos. This represents a discount of about a third on Deacon's current market value of Sh28.6 million on a similar volume of shares. Nabo manages Centum's listed equities and debt securities and offers similar services to other clients with a focus on African capital markets. The fashion retailer's CEO, Muchiri Wahome, declined to comment on the now-shelved transaction. "We were not party to the transaction and have no information on it," Mr. Wahome said. Deacons reported a wider net loss of Sh180.4 million in the half year ended June compared to a net loss of Sh52.6 million a year earlier. The performance came on the back of flat sales at Sh1 billion and an increase in expenses that lowered its margins. The company said it had moved to terminate its Angelo and Babyshop franchises as part of its restructuring plan. (*Business Daily*)

Insurance group Britam is set to raise Sh5.7 billion from private equity firm Africinvest which is acquiring a 14.3 per cent stake in the Nairobi Securities Exchange-listed firm. The Tunis-based multinational will buy 360.8 million Britam shares at Sh15.85 each, matching the price at which the International Finance Corporation (IFC) recently acquired 224.2 million shares or a 10.37 per cent stake in the insurer for Sh3.5 billion. Africinvest's entry brings Britam's total fundraising to Sh9.2 billion, indicating an aggressive expansion plan. "Upon completion of the subscription, the investor (Africinvest) will hold approximately 14.3 per cent of the issued ordinary shares of the company," Britam said in a statement. "The subscription is subject to conditions that are customary to transactions of this nature, including shareholders' and regulatory approvals." The price per share of Sh15.85 to be paid by Africinvest represents a 5.7 per cent premium on the market price of Sh14.95 in Tuesday's trading. When the IFC deal was announced in late December 2016, the price represented a 58.5 per cent markup on the stock which traded at Sh10 at the time. The entry of Africinvest has nearly exhausted Britam's ability to raise additional funds from selling shares in the short term. IFC's investment came with conditions that capped the amount the insurer could raise from issuing new shares to another investor at \$60 million (Sh6.1 billion). The international financier also barred Britam from selling new shares at a price lower than its subscription price of Sh15.85, a condition complied with in the Africinvest deal. Britam's key local shareholders — Peter Munga, Jimnah Mbaru, Benson Wairegi and James Mwangi — also committed to maintain a combined ownership of at least 20 per cent for two years after the IFC investment. The investors, whose aggregate interest currently stands at 57.24 per cent, will see the lockup tighten after their dilution by Africinvest which will reduce their stake to 49.05 per cent. (*Daily Nation*)

National Super Alliance (Nasa) leader Raila Odinga has dragged Kenya's leading telecommunications firm Safaricom into the election dispute. Mr. Odinga on Tuesday asked the mobile service provider, which was contracted by IEBC, to explain why it routed results from the polling stations to a server in France and terminated them there instead of transmitting to the electoral commission's server in Kenya. KIEMS This, he said, gave room to the manipulation of the poll outcome relayed to the national tallying centre at Bomas in the capital Nairobi. Mr. Odinga threatened court action against six individuals he claimed were part of the scheme he claimed denied him victory. Nasa, he said, would institute private prosecution against the fingered Safaricom employees. "It is a matter of public record that Safaricom was contracted by IEBC to transmit election results from the Kenya Integrated Election Management (Kiems) kits at polling stations to the IEBC servers," said Mr. Odinga. "It has come to our knowledge that one of these VPNs (Virtual Private Networks) terminated at a cloud server registered in Spain but operated in France under control of OT-Morpho. Both VPNs were fully paid for by IEBC." "However VPNs from Safaricom terminating locally were never set up." He said Nasa would, by extension, sue Safaricom parent company Vodafone.

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"The sum total of these developments was that the messing up of Kenyans elections were deliberate acts of conspiracy, omission and commission that are yet to be resolved," said Mr. Odinga. He place the blame on IEBC. "IEBC clearly has no intention of reforming itself into a credible electoral institution. It is far too beholden to Jubilee to begin that process. In any event, IEBC cannot begin the process of ensuring an honest election as long as those responsible for the irregularities and illegalities are still lurking in its corridors." (*Daily Nation*)

Yusuf Mugweru, the fourth born of seven siblings who own Tuskys Supermarkets, has opposed a proposed merger of the retail with struggling Nakumatt in a move that could scuttle the deal that was announced last week. Mr. Mugweru claims that his siblings sidelined him in ongoing negotiations with Nakumatt, and that he is yet to receive any information on the proposed deal. The Tuskys director, with a 17.5 per cent stake in the retail chain, says he only learnt of the negotiations and proposed merger through the media. "No information in this regard has been availed to our client as shareholder, or through Yusuf Mugweru its director on the board of Tusker Mattresses Limited and Orakam Limited and Orakam Holdings Limited." "Needless to state that a transaction in the nature of a merger with another company cannot be contemplated or consummated, without the express and written approval of all shareholders. Our client has not consented or approved such a transaction," Mr. Mugweru said through his lawyer, Philip Murgor. Tuskys and Nakumatt last week announced that confidential talks have been ongoing, but a formal agreement is yet to be reached. Tuskys chief executive Dan Githua and his Nakumatt counterpart, Atul Shah, did not respond to questions on the subject. Mr. Githua had in an interview last week said that the proposed merger would see the two retailers operate under one management with the owner families as principal shareholders. The seven siblings took over ownership of Tuskys in 2002 after the death of their father and the retail chain's founder, Joram Kamau. Seven years later, Tuskys owners incorporated a holding company, Orakam Holdings, through which they own the retail chain. (*Business Daily*)

Kenya Airways will from next month discontinue flights to Hong Kong and Hanoi route. The discontinuation is part of a plan in which the airline is seeking greater efficiency on its network. The route changes were first announced last week by the airline's chief executive Mr. Sebastian Mikosz. The airline says that it plans to reroute the aircraft used to fly to Hong Kong and Hanoi to African routes. "This network change will also allow KQ to allocate more seats across its African network where the demand outlook remains strong and capacity insufficient on certain routes," the airline said. Last week, the airline had also indicated that the aircraft currently used to fly to Hong Kong and Hanoi could also be used to fly to the United States once Kenya Airways commences direct flights next year. Customers flying to Asia will be served through Kenya Airways' partners. The airline retains a daily flight to Bangkok and Guangzhou. (*Business Daily*)

Economic News

Financial markets remained calm on Monday ahead of the Nasa coalition's planned protests to force out of office select Independent Electoral and Boundaries Commission (IEBC) staff they accuse of bungling the August 8 presidential election. The protests, set to take place Tuesday morning, are expected to disrupt business in major cities, especially in Nairobi where the IEBC's Anniversary Towers headquarters on University Way will be the centre of the action. On Monday, the shilling was stable against the dollar, exchanging at 103.25 units even as end month demand from importers loomed. The stock market was marginally down at close of trading, shedding Sh2.8 billion in market capitalisation to stand at Sh2.428 trillion, while the benchmark NSE 20 share index was down 0.4 per cent or 14 points to close the day at 3,750 points. Both the opposition National Super Alliance (Nasa) and the ruling Jubilee Party have taken a hard stance ahead of the repeat presidential poll, raising political temperatures in the country. Nasa insists there will be no elections without changes at the IEBC, while Jubilee says the poll, organised by the IEBC, must take place on October 26 as planned. The return of mass action to the streets of Nairobi raises the prospect of renewed disruption of business in an economy already subdued by political uncertainty. Last year's protests against the IEBC often set the demonstrators against the police, resulting into sporadic violence that forced businesses to close in fear of looting. President Uhuru Kenyatta on Monday responded to Nasa's planned protests with a stern warning that they will be met by full force should they disrupt the lives of other Kenyans. "People are free to demonstrate, but they must ensure that they do not destroy other people's property. Mama mboga's vegetables will not be destroyed. Businesses will not be attacked. Let them not think that they will break into other people's shops and interfere with the daily routine of other Kenyans."

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That, we shall not allow," he said, adding that they (opposition) "must decide whether they want to be the adjudicators or the candidates because they cannot be both." Senate Majority Leader Kipchumba Murkomen accused the opposition of planning economic sabotage with the calls for protests. Experts have warned that the prolonged political standoff is a threat to Kenya's economic growth, which is down this year compared to 2016 mainly due to prolonged drought at the beginning of the year. In a note on Kenya earlier this month, Citi said that the political uncertainty is likely to cause economic growth for the year to fall below five percent, having previously projected it at 5.2 per cent. Global ratings agency Moody's has also warned that the prolonged political standoff is a negative for Kenya's standing with international creditors, and could affect efforts to bring in policy changes meant to address the country's widening fiscal deficit. The resilience of the shilling is a relief however, given the negative knock-on effect of a rapidly weakening currency on cost of living in a net importing country like Kenya. The CBK does hold a sizeable war chest of \$7.52 billion worth of foreign reserves with which to iron out any volatility in the currency exchange rate. "For the remainder of the year, we expect currency stability with the current account deficit to GDP ratio unlikely to deviate much from the seven per cent reported in April 2017-in part due to subdued import activity and resilient export demand for agricultural products," said NIC Securities analyst Bill Oloo. "Additionally, we believe that the CBK will be on hand to intervene should the currency show a strong weakening bias." (*Business Daily*)

Interest income from customer loans is seen reducing from January next year when banks adopt new tougher standards of scrutinising borrowers, officials said. The implementation of the International Financial Reporting Standard (IFRS) 9 from January 1, 2018 will come with stringent conditions on how banks account for non-performing loans which is expected to trim the size of their loan books. "They (new accounting standards) will affect to a certain extent the returns that banks get and so you (banks) will have to look very carefully at the sectors and segments that you are lending to," Barclays Kenya chief executive Jeremy Awori said when he addressed a banking sector conference in Nairobi on Monday. "It's anticipated the impairment costs are going to rise. The level of that impact will vary depending on which segment you lend to and that will become clear in financial accounting reports because this becomes an additional hit on profit and loss statement for banks." The International Financial Reporting Standards (IFRS) 9 require lenders to provide for expected rather than incurred (which they already do under CBK's prudential guidelines) credit loss using historical loan performance data in various sectors, a development likely to lock out riskier borrowers. The lenders will, for example, have to set aside cash for expected loss for a year if a credit facility is in default after 30 days and for its lifetime if the default persists beyond 60 days. This will eat into their profit. Equity Bank, the second largest lender by market share, has already stopped unsecured personal and SMEs loans with "less quality collateral". Kenya Bankers Association chief executive Habil Olaka said implementation of IFRS will further slowdown growth in private sector credit which rose to 1.6 per cent in August from 1.4 per cent in July, but far from the over 17 per cent in December 2015. (*Daily Nation*)

Kenya's central bank invited bids on Tuesday for two-year and 10-year Treasury bonds worth 13 billion shillings (\$126 million) in a tap sale. The bank said in a statement the two-year bond will have an average yield rate and coupon of 11.619 percent, while the 10-year bond will have a coupon of 12.966 percent and average yield rate of 13.072 percent, and it will receive bids between Sept.26 and Sept.28. At their auction on Sept.20, the weighted average yield on the two-year bond fell to 11.619 percent from 12.509 percent in December 2016, while the weighted average yield on the 10-year bond rose to 13.072 percent from 13.060 percent in August. (*Reuters*)

The Treasury has raised targets for the taxman in the next financial year as it plans to stabilise its debt and consolidate economic growth, newly published estimates show. The Kenya Revenue Authority (KRA) is expected to collect Sh1.69 trillion in the next financial year up from Sh1.47 trillion in the current financial year ending June. The higher revenue target comes despite the fact that the taxman has consistently missed his quarterly revenue targets in the previous financial year even as recurrent expenditure continues to rise, putting a strain on public coffers. The national budget grew to Sh2.6 trillion in the current financial year from Sh2.48 trillion in the previous year, an increase that must be financed by additional tax revenues or debt. "Ordinary revenues will amount to Sh1.69 trillion (16.9 per cent of GDP) in the Financial Year 2018/19 up from Sh1.47 trillion (16.9 per cent of GDP) in Financial Year 2017/18," says the Treasury in the 2017 Budget Review and Outlook Paper. Ordinary revenue is mainly, but not exclusively, tax revenue. The Treasury says revenue performance will be underpinned by on-going reforms in tax policy and revenue administration to enhance yields, promote compliance and facilitate private sector growth and development. The taxman has been under pressure from the Treasury to collect more revenue. "In my Budget Statement

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in March 2017, I spelt out measures that provide for equity in tax collection, promotion of local industries, attract FDIs and encourage re-investments. Therefore, we expect improved revenue collection in the current financial year 2017/18 and going forward," said Treasury secretary Henry Rotich. Revenue collection for the financial year ended June 2017 fell short by 0.8 per cent. KRA said it collected a record Sh1.365 trillion in the 12 months against a target of Sh1.376 trillion set by the Treasury. The collections were 13.8 per cent more than the Sh1.21 trillion received the previous year, largely attributable to increased inflows from consumption taxes. *(Business Daily)*

Kenya will target a fiscal deficit of 592.8 billion Kenyan shillings, or 5.9 percent of GDP, in its 2018/19 (July-June) fiscal year, down from an estimated 7.3 percent this fiscal year, the Treasury said. The East African nation has raised borrowing in recent years to fund a range of ambitious infrastructure projects like a modern rail line, roads and power plants. The deficit will be covered by net external borrowing of 205.6 billion shillings, or 2.1 percent of GDP, and 383.0 billion shillings, 3.8 percent of GDP, the Treasury said in a budget outlook paper seen by Reuters on Wednesday. The government expected to collect total revenue equivalent to 18.6 percent of GDP in 2018/19, unchanged from this fiscal year, while total expenditure will drop to 25.0 percent of GDP from 27.1 percent this year, the Treasury said. It said the drop in projected spending was due to the completion of the first phase of the construction of a modern railway linking the port of Mombasa to the capital Nairobi. *(Reuters)*

Kenya's inflation fell to 7.06 percent year-on-year in September, from 8.04 percent a month earlier, pushed by a fall in some food prices the statistics office said on Friday. Month on month, inflation was -0.57 percent, the Kenya National Bureau of Statistics said in a statement. Inflation for the food and non-Alcoholic beverages was -1.28 percent during the month. The category has a 36.04 percent weight in the goods used to calculate inflation. *(Reuters)*

Turnover halved to Sh237 million at the Nairobi Securities Exchange (NSE) on Thursday as investors traded with caution amid heightened political noise in the country. Investors moved just 11.5 million shares compared to 27.2 million traded on Wednesday, while the NSE 20 share index closed in the red for the seventh straight session. The last two weeks have seen lower trading among investors with trades averaging Sh422.4 million, in contrast to the first half of the month when they traded an average of Sh1.08 billion per day. "Market turnover was depressed as has been the trend over the past few trading sessions, we expect this to continue with the current uncertainty in the market due to the rising political temperatures," said Genghis Capital in a market brief. On the indices, the NSE 20 share index has slipped to 3716 points from 4027 at the end of August, while the market capitalisation has fallen by Sh85 billion to Sh2.39 trillion since the end of August. Although the decline in trading activity is not as pronounced as was the case in early August when the General Election was held, analysts say that the political uncertainty is causing investors to adopt a wait and see attitude before committing to buy and sell in the market. *(Business Daily)*

The Treasury targets to lower the weight of the wage bill on national revenue by seven percentage points within the next five years, pointing to a squeeze on salaries and allowances even as it grapples with rising demand from labour unions. It plans to slash the wage bill to 28.9 per cent of national revenue in the current fiscal year from 30.2 per cent in the year to June, and further lower it to 23.2 per cent by June 2020/21. Data shows that payout to national government workers has increased over the years. Pay to civil servants increased from Sh307.4 billion in 2015/16 to Sh336.6 billion in the year to June 30. The Treasury expects it to rise steadily to Sh464.1 billion in the year ending June 2021. The national government's ordinary revenue has similarly increased from Sh968.6 billion in 2015/16 to Sh1.116 trillion in the year to June 30. The Treasury expects the annual ordinary revenue collection to grow at a slightly higher pace to hit Sh2.003 trillion by 2020/21. The law requires that expenditure on compensation of employees, including benefits and allowances, be kept at no more than 35 per cent of the national government's equitable share of revenue raised nationally. *(Business Daily)*

The Kenya Revenue Authority (KRA) has lost its bid to suspend a court decision that barred it from collecting capital gains tax (CGT) before parties have completed the transfer of property on sale. Justice John Mativo declined to suspend his earlier ruling that had declared KRA's demand for CGT before property transfers are completed as illegal, citing the taxman's lack of urgency in filing of an appeal. The judge had in March found that paragraph 11 A of the Eighth Schedule of the Income Tax Act infringes the rights of both buyers and sellers in its

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demand that capital gains tax be paid before completion of asset sales. KRA immediately asked Justice Mativo to suspend his decision to grant it time to challenge the decision in the Court of Appeal. But three days later, the taxman instead filed an application asking for a 30-day window to reconfigure its revenue collection systems to allow payment of CGT upon completion of the asset transfer process. Less than a month later, the KRA told Justice Mativo that it was abandoning its application for a 30-day window, but was instead seeking to suspend the March judgment until it moved to the Court of Appeal. "The remedy being a discretionary one, the conduct of the KRA is a relevant factor in determining whether or not to allow the application. It will be recalled that the applicant herein filed an application seeking 30 days to comply with the court decision," the judge said. (*Business Daily*)

Property fund Stanlib Fahari I-Reit has got regulatory exemption to extend a Saturday deadline to acquire real estate worth a minimum value of Sh245 million. The Nairobi Securities Exchange-listed firm is required to hold at least 75 per cent of its net assets in income-generating real estate by September 30, as per regulations by the CMA. Two years after listing, it has so far invested 68 per cent of its portfolio in such assets, leaving a shortfall of seven per cent or a value of Sh245 million. "We hereby notify all Stanlib Fahari I-Reit unit holders that (the company) has been granted an extension by the Capital Markets Authority (CMA) to comply with the requirements," Fahari said in a statement. "Currently Stanlib's investment property, valued at Sh2.4 billion, accounts for 68 per cent of the fund's total net asset value, resulting in a shortfall of approximately Sh245 million." Fahari did not say how long the CMA extension will last. The company noted that it was unable to hit the investment target owing to expensive target properties. The Reit says it is currently engaged in negotiations with property owners and that a transaction could be concluded in the coming months, bringing it to compliance. The firm earlier said it was seeking to buy a hotel or an office building. It was not immediately clear whether it is pursuing these transactions. (*Business Daily*)

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Malawi

Corporate News

No Corporate News this week

Economic News

No Economic News this week

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Mauritius

Corporate News

Mauritius conglomerate Ireland Blyth Ltd reported a 24 percent rise in annual pretax profit on Tuesday driven by its hospital ity and financial services. Pretax profit rose to 2.43 billion rupees (\$72.54 million) from 1.95 billion, it said. "Financial services have seen profit from operations increase...through lower leasing provisions," the firm said in a statement. Its hospitality business saw an increase in operating profit of 19 percent driven by strong occupancy rates. Earnings per share increased to 1.64 rupees from 1.49 rupees, the company said. *(Reuters)*

Economic News

Mauritius expects its unemployment rate to fall to 7.2 percent in 2017 from 7.3 percent a year earlier, official data showed on Thursday. The total labour force in the Indian Ocean island - whose annual gross domestic product is \$11 billion with a population of 1.3 million - was estimated at 549,400 in the second quarter compared with 537,000 in the same quarter a year ago. Statistics Mauritius said in a statement it has revised downward its March forecast of 7.3 percent. "The employment level of Mauritians is expected to increase by 8,400 from 538,600 in 2016 to 547,000 in 2017," it said. The agency said unemployment rate in the second quarter fell to 7.2 percent from 7.4 percent in the same period in 2016. *(Reuters)*

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Nigeria

Corporate News

Guaranty Trust Bank Plc. ("GTBank") intends to launch an invitation to holders of its U.S. \$400 Million 6.000 per cent. Notes due 2018 (the Notes) to tender any and all of their Notes for purchase by GTBank in exchange for cash (the Offer). Through the Offer, GTBank seeks to deploy its available U.S. dollar liquidity to the repurchase of the Notes ahead of the scheduled maturity in November 2018. This liability management exercise allows GTBank to efficiently manage its liquidity by addressing debt maturing in 2018. The extent to which this goal can be achieved through the Offer will depend on the number of Notes that will be tendered in the Offer, given the voluntary nature of the Offer. The Notes purchased by GTBank under the Offer will be cancelled. The commencement and settlement dates for the Offer are September 25, 2017 and October 05, 2017 respectively. GTBank has retained the services of Lucid Issuer Services Limited as tender agent and Exotix Partners LLP, J.P. Morgan Securities Plc. and Morgan Stanley & Co. International Plc. as Dealer Managers in connection with the Offer. *(Proshare)*

DESPITE the low crude oil price in the global market, Oando Plc disclosed that it has reduced its debt position by 24 per cent. The company indicated in a brief obtained by Vanguard that the debt position which stood at N290 billion in the first half of 2016 was reduced to N218 billion in the first half of 2017. We actively reduced debt position from N290 billion in H1 2016 to N218 billion in H1 2017, a reduction of 24 per cent. Restructuring the company through a completed five-point strategic roadmap to return our business to profitability – growth, deleverage and profitability – now completed has drastically reduced the company's debt through many actions." The company which benchmarked its operations in excess of \$100 per barrel indicated that the activities of the company were negatively affected following the crash of price to about \$60 per barrel. However, Oando stated that it achieved the dream of becoming the largest Nigerian independent Exploration & Production Company through the \$1.5 billion acquisition of ConocoPhillips's Nigerian assets in 2014, adding that it also increased production 10 fold from 5,000boepd to circa 51,000boepd and 2P reserves from 18.9mmboe to 430mmboe. The company which stated that this acquisition was financed by a combination of equity and debt – ratio 50/50, added, "2014 commenced with crude oil prices as high as \$110 per barrel and ended as low as \$60 per barrel, the lowest price in a five year period. This meant 10 fold increase in production was adversely countered by the slump in global crude oil prices. Fall in crude prices forced us to record significant reductions in the fair value of our asset portfolio leading to the recognition of about N76.9 billion of impairment charges in our exploration and production business. "We prudently booked an additional N16.9 billion write down on under-lift receivables and Production Sharing Contract receivables in our exploration and production business.

Our energy services business realized impairments of N37.1 billion, as the new oil price environment brought about reduced drilling activity and in turn reduced day rates accruable to our rig assets. The devaluation of the Naira generated significant foreign exchange losses in our downstream business where we import in dollars and recover our costs in Naira and led to a N7.3 billion in foreign exchange losses." "The delay of payments of subsidies from the Federal Government led to a realization of N7.3Bn in foreign exchange losses. All of which led to the company announcing the largest loss in the history of the NSE – N183.9 billion "2015 remained a turbulent year in the oil and gas sector with prices at the end of the year below \$40 per barrel, the lowest level since early 2009. Our business model had to be altered to enable survival in this new reality, by focusing on cost optimisation, increasing operational efficiency and downscaling capital expenditure. "This re-evaluation of our business resulted in the development and execution of strategic initiatives, which would return our business to profitability in the short-term in 2016, with Growth through our dollar earning upstream portfolio, Deleverage through recapitalization or asset divestments, and Profitability hinged on refocused dollar oil export trading business. The situation, Oando stated compelled it to restructure its debt with some financial institutions. "We restructured our existing debt through a N94.6bn loan facility with a 5-year Nibor + 200bps loan led by Access Bank in a syndicate with 8 other banks. 60% sale of our downstream operations to Helios and Vitol for US\$210m and 75% sale of our Gas & Power business to Helios. "Both divestments have been with strong partners and will facilitate the rapid expansion of both businesses with Oando still playing an integral role in their future." *(Vanguard)*

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First Bank of Nigeria Limited yesterday announced the acquisition of the remaining shares in FBNBank DRC Limited (FBNBank DRC), making the bank FirstBank's wholly owned subsidiary. FirstBank said the move followed its initial investment in FBNBank DRC (formerly Banque Internationale de Credit) in 2011, when it acquired a 75 per cent stake in FBNBank DRC. Following the acquisition, a statement explained that FBNBank DRC has continued to expand its product offerings, deepen its customer base and is currently ranked amongst the top five banks serving the Democratic Republic of Congo (DRC), a country with a population of more than 82 million. Commenting on the acquisition, the Chief Executive Officer of FirstBank, Dr. Adesola Adeduntan said: "This transaction underscores our belief in Sub-Saharan Africa's growth and our focus on providing a differentiated banking experience throughout Africa. This acquisition further consolidates our already robust African footprint and positions FirstBank to take advantage of emerging opportunities in DRC and the sub-region. This increased investment by FirstBank in FBNBank DRC – the 3rd largest banking entity in the group, will surely accrete value for shareholders." Also in his remark, the CEO, FBNBank DRC, Mr. Akeem Oladele pointed out that with 100 per cent holding by FirstBank, FBNBank DRC now has much greater flexibility to deliver differentiated propositions by fully tapping into the resources and innovative capabilities of FirstBank in eight countries, on three continents. *(This Day)*

Nigeria's Fidelity Bank Plc has offered to buy back \$300 million of debt and intends to issue new notes, aiming to extend the maturity of its debt profile, it said on Thursday. The \$300 million of debt, with an interest rate of 6.875 percent, is due to mature 9 May 2018, Fidelity said in a statement. It will offer \$1,010 per \$1,000 of notes held. The offer "is being made in connection with a concurrent offering of new unsecured and unsubordinated notes," the bank said, giving no further details about the new debt. Citigroup Global Markets Ltd and Renaissance Securities (Nigeria) Ltd are managing the deal, Fidelity said. The offer expires on October 10 and the results will be announced the same day. *(Reuters)*

Economic News

The Central Bank of Nigeria (CBN), yesterday, boosted the foreign exchange market by offering a total of \$195m in three segments of the market, ahead of today's Monetary Policy Committee's decisions, even as the naira appreciated to N360.31 per dollar. In the wholesale Secondary Market Intervention Sales (SMIS), of the inter-bank Foreign Exchange market, it auctioned \$100m and also intervened in the Small and Medium Enterprises (SMEs) and invisible segments, with the sum of \$50 million and \$45 million respectively. This week's intervention is significant, coming in the midst of the Monetary Policy Committee Meeting taking place on Monday, September 25 and Tuesday, September 26, 2017. It will be recalled that yesterday's sale follows the major intervention, last week, to the tune of \$545 million, as the retail Secondary Market Intervention Sales (SMIS) received the largest intervention of \$285 million. Other segments include the \$100 million offered for wholesale SMIS, \$90 million for Small and Medium Enterprises (SMEs) window and \$70 million for invisibles such as Basic Travel Allowances, tuition fees and medical payments. Meanwhile, the naira, yesterday, appreciated to N360.31 per dollar in the Investors and Exports (I&E) Foreign Exchange, forex Window. Data from the Financial Market Dealers Quote, FMDQ showed that the indicative exchange rate for the I & E Window, known as Nigerian Autonomous Foreign Exchange, NAFEX declined to N360.31 per dollar, yesterday, from N360.50 per dollar on Friday last week. Hence the naira has depreciated marginally by 19 kobo per dollar. Meanwhile, in the parallel market, the naira yesterday depreciated to N367 per dollar from N366 per dollar it exchanged hands with on Friday. The naira had traded highest this month at N362 per dollar, while the lowest was N350 per dollar in the I & E Forex Window. *(Vanguard)*

Nigeria's government has asked parliament to amend its spending law to enable a debt program to settle 2.7 trillion naira (\$8.6 bln) worth of obligations including pensions and salary arrears, according to a letter from Vice President Yemi Osinbajo. The letter, read out in the Senate on Tuesday, requested amendments to the law, which stipulates allocation of government spending, to allow Nigeria to fund recurrent expenditure from proceeds of the debt rather than just capital projects. Nigeria's Fiscal Responsibility Act states that proceeds of government borrowings can only be applied towards capital expenditure. Osinbajo said the amendment was to provide the legal backing for the use of the debt to meet the obligations. The vice president sent the letter to the Senate last month while President Muhammadu Buhari was on medical leave in Britain. The letter was read out after the Senate reconvened following a seven-week recess. Africa's biggest

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economy grew out of recession in the second quarter as oil revenues rose, but the pace of growth was slow, suggesting the recovery is fragile. Osinbajo's letter said the obligations had become inimical to government plans to revive the economy through the provision of modern infrastructure and settle pension and salary arrears dating back five years. Finance Minister Kemi Adeosun has said the government plans to refinance \$3 billion worth of treasury bills denominated in naira with dollar borrowing to lower costs and improve its debt position. *(Reuters)*

Nigeria's capital expenditure totalled 336 billion naira (\$1.07 billion) in the first quarter, the finance ministry said on Tuesday. "The federal government will continue to focus on capital expenditure spending on priority sectors to stimulate economic activities and job creation," it said in an emailed statement. *(Reuters)*

Nigeria's central bank held its benchmark interest rate at 14 percent on Tuesday, its governor said following a Monetary Policy Committee meeting. Fourteen of 15 economists polled by Reuters last week predicted rates would stay on hold while one forecast a 200 basis point cut. *(Reuters)*

Nigeria plans to sell as much as \$5.5 billion of Eurobonds in the next three months to fund capital projects and replace local-currency debt, according to the Debt Management Office. Yields on existing bonds rose. That would bring the amount raised through Eurobond sales by Africa's most-populous nation this year to more than \$7 billion as President Muhammadu Buhari's administration restructures its debt portfolio to almost double the portion of foreign borrowing in a bid to reduce financing costs. The government wants to raise \$2.5 billion in October to help fund 2017's 7.4 trillion-naira (\$20.8 billion) budget, the biggest yet, DMO Director-General Patience Oniha said on Wednesday in an interview in the capital, Abuja. It will sell the remaining \$3 billion before the end of the year to replace naira-denominated debt, she said. The government's advisers "have told us the market is waiting," Oniha said. "Work is already ongoing and we are just waiting for a resolution from the National Assembly to proceed." The yield on Nigeria's \$500 million of Eurobonds due July 2023 surged 15 basis points, the most since July 6, to 5.45 percent, while that on the February 2032 securities climbed 11 basis points to 6.85 percent by the close in London. Citigroup Inc. and Standard Chartered Plc, which helped Nigeria sell bonds this year, will be retained as bookrunners for the \$2.5 billion, and are in talks with the government to also lead the \$3 billion sale, Oniha said. Nigeria's overall foreign debt, which includes funds from partners and the Export-Import Bank of China, stood at \$15.1 billion as of June 30, while domestic debt was 14.1 trillion naira, the National Bureau of Statistics said Sept. 19.

The government wants to increase the proportion of foreign borrowing to 40 percent of total debt stock from under 30 percent currently, Oniha said. "That will reduce the government's borrowing costs," she said. There is an almost 10 percentage-point spread between domestic and foreign borrowing costs and the restructuring debt plan will help save government hundreds of million dollars in financing costs, Oniha said. Nigeria's Eurobonds yield 6.06 percent on average, compared with 15.98 percent for its naira debt, according to Bloomberg indexes. The Monetary Policy Committee on Sept. 26 left its key interest rate at a record high of 14 percent, where it's been for more than a year, to fight inflation that's almost double the target and maintain hard-won stability in exchange rates, Governor Godwin Emefiele said. In the second quarter, the economy emerged from a 2016 slump, the deepest in more than a quarter of a century, with gross domestic product rising 0.6 percent from a year earlier. High domestic borrowing costs are also forcing the DMO to reduce the maturity of naira debt it plans to sell so that it doesn't lock in unfavorable interest payments over a longer period, Oniha said. "That will be reflected in our next-quarter calendar for bonds," Oniha said. The government will instead push for more than 15-year tenure on dollar-denominated securities, she said. The government is looking to plug a 2017 budget deficit that it forecast at 2.3 trillion naira, or 2.2 percent of GDP following a revenue shortfall caused by the decline of output and price of oil, its main export. About one-third of this year's budget will be invested in new roads, rail, ports and power as part of a wider plan to help the economy recover from a 1.6 percent contraction last year, boost growth to 7 percent, and create 15 million jobs by 2020. *(Bloomberg)*

Nigeria needs to lower its interest rate and cut domestic debt to stimulate lending for private sector investment, in order to boost growth after its economy slipped out of recession, a lawmaker said in a motion. The central bank on Tuesday held interest rates at 14 percent to

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keep liquidity tight. The bank said it felt that loosening would worsen inflation and drive bond yields negative which could lead to a capital flight and hurt the currency. Africa's biggest economy grew out of recession in the second quarter as oil revenues rose, but the pace of growth was slow, suggesting the recovery is fragile. In a motion read out in the Senate on Tuesday, Yahaya Abdullahi, said the exit from recession was largely due to favourable oil prices and increased domestic production with relative peace in the restive Niger Delta. But it had cost the country \$9 billion to stabilise the naira, which hit a record-low of 520 against the dollar in February. The naira was stable at 305.80 on the official market, while it traded at 360 for investors. Abdullahi urged the government to take steps to improve policies to avoid slipping into another recession, saying that the situation was reversible. He asked the central bank to focus on its core job of monetary policy and not development finance and coordinate with government on getting credit flowing to the real sector. The central bank said on Tuesday it expects growth to strengthen by the first quarter of next year, by which time, effects of current policy would have filtered through. The government on Tuesday asked the Senate to amend its spending law to enable a debt program to settle 2.7 trillion naira (\$8.6 bln) worth of obligations including pensions and salary arrears, to help revive the economy. *(Reuters)*

Nigeria is focused on diversifying power supply and ensuring its stability before pouring money into a creaking transmission system, a government minister told Reuters. Minister of Information Lai Mohammed said that while Nigeria had already increased power generation to the point that its transmission system could not handle all of it, it was crucial to increase the mix of power sources and ensure reliability. "We see the need to increase the mix," Mohammed said, adding that out of the West African country's 13 generating companies three were hydroelectric and the rest mainly gas. "Our road map is really along the line of: first, measure power; then, stabilise power; and finally, repair," he said. Frequent power outages and unreliable supply are a brake on growth in Africa's largest economy, although Mohammed said recent increases in power generation had helped to pull the country out of a recession caused by lower oil prices. He said the government expected power generation to reach 7,000 megawatts (MW) this year, up from 2,690 MW in 2015. Transmission capacity is 6,700 MW, up from roughly 5,000 MW in 2015, but still not enough to handle the power generated. Mohammed said 1.2 trillion naira (\$3.9 billion) of investments in infrastructure last year, 20 billion of which was focused on power, showed the government's commitment to improving supplies for a country of around 186 million people. However, output plunged to around 1,400 MW in May last year due to militant attacks that cut off gas supplies, highlighting the vulnerability of the system. Mohammed said a \$5.8 billion deal to build the 3,050 MW Mambilla hydroelectric plant, and purchase agreements with 14 solar companies for 1,300 MW of power, were part of the government's diversification drive. He added it was also working to address complaints from some gas and power suppliers about not getting paid. "There was a liquidity problem in the gas area. The gas producers were not being paid," he said. "We made this intervention, we call it the payment assurance agreement. If you supply gas, we will pay it. And if you supply power, we will pay it. It's kind of a bridging arrangement." *(Reuters)*

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Tanzania

Corporate News

Petra Diamonds Ltd on Wednesday said it had received authorisation from the Tanzanian government to resume diamond exports and sales from the Williamson mine in Tanzania. The company said the exact timing and process for the next diamond export to the company's office in Antwerp and sale would be finalised between the company and the government. Petra also said that no resolution had been reached over the 71,654.45 carat shipment from the Williamson mine that was blocked for export earlier this month. *(Reuters)*

Economic News

New laws and a crackdown on mining firms in Tanzania has slowed fresh investment in what has long been seen as one of Africa's brightest mining prospects as companies assess the consequences of government efforts to claim a bigger slice of the pie. Takeover bids and exploration plans have been cancelled and workers laid off. The share prices of many firms listed in Australia, Britain, South Africa and Canada with interests in Tanzania have halved as the value of their investments tumble. The tumult follows the passage of three laws in July that, among other things, hike taxes on mineral exports, mandate a higher government stake in some mining operations and force the construction of local smelters to bring Tanzania higher up the mining food chain. The regulations aim to stamp out what President John Magufuli, nicknamed "the Bulldozer", has called years of corrupt practices and tax evasion that have robbed the country of revenue from a sector accounting for about four percent of GDP. Many of the changes were first suggested by the political opposition and have proved wildly popular with voters in Tanzania, where GDP per capita is still only \$880. International investors are not happy, however, especially because the details remain unclear. Magufuli fired the minister of mining in May and he has not been replaced. Junior explorer Manas Resources expected to complete its acquisition of the Victoria Gold Project from Cienega Sarl by early 2018, but the company told Reuters it may run out of time if there is no clarity soon. "Because of the changes in legislation and the time being taken to implement new regulations, the sector has slowed down to a point where it is impacting exploration activities and our capacity to finalise the deal," said Manas CEO Phil Reese. The director of one minerals company said he is shutting his Tanzanian office because he believes the laws will make it illegal for him to recoup the cost of his many unsuccessful exploration projects against the few successful ones, and require him to share his valuable geological data with the government for free.

"There will be no nickel and gold exploration in Tanzania for the foreseeable future," the head of another company said. Both men asked not to be named to avoid jeopardising their relations with the government. One mining services company said it had laid off more than 50 employees in the last 18 months. The first serious blow to mining companies this year came in March, when Tanzania banned the export of gold and copper ore over a tax dispute with the country's biggest gold miner, London-listed Acacia, and to encourage the construction of domestic smelters. The government says Acacia, majority-owned by Barrick Gold, owes \$190 billion in tax, penalties and interest for the period between 2000 and 2017. But miners say it would be impossible for listed and independently audited companies to hide billions of dollars in extra revenue. They also argue Tanzania does not produce enough ore to make building a smelter commercially viable. Africa's fourth-largest gold producer, the country is also a source of graphite, diamonds, tanzanite and rare earth minerals. Under the new regulations, the government can force mining and energy companies to renegotiate contracts to give the state at least 16 percent in projects, rising to 50 percent in some cases, and raise export royalties. The move is not so unusual in Africa. South Africa in June raised the threshold for black ownership in miners to 30 percent. Increasing shares of royalties is also part of a wider global trend that could lead to permanently higher prices, one mining CEO said, asking not to be identified. The Philippines, the world's top nickel supplier, and Brazil, which produces gold, copper, tin and bauxite, are making the same push. "If all the governments want more of a share, commodities prices will reflect that," the CEO said. "But if it's just one government, they might get a bigger share of nothing." Miners say the problem in Tanzania is that the laws, passed in less than a week, were pushed through without consultation.

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They also say it is still unclear how they will be applied - if, for example, the 16 percent will apply only to precious metals or also industrial minerals such as graphite. The mining commission that will oversee the regulations has yet to be formed. A ministry official, who asked not to be named, said it's not clear when it will start work. Bigger miners can draw on cash reserves to weather the sudden changes, but junior miners are more vulnerable to investor jitters because funders are quicker to pull out when project capital injections are smaller. London-based Tremont Investment immediately cancelled a bid for Australia's Cradle Resources after the laws were passed. Shanta Gold cancelled a takeover bid for Helio Resource Corp. shortly thereafter, also citing the laws. The shares of gold miner Orecorp, whose only other asset is an exploration project in Mauritania, are down 72 percent since March. Junior miner Kibo Mining has seen little impact because in addition to gold exploration, it is developing a coal mine to fuel Tanzania's first coal-fired power station. The new government regulations, including moves to increase government ownership, were sound and warranted, Kibo Mining CEO Louis Coetzee told Reuters, but he lamented the "questionable methodology" of the process. The government recently has shifted its attention from precious metals to precious stones, announcing on Sept. 20 that the military would build walls and checkpoints around tanzanite mines and the central bank would buy the stones. A parliamentary inquiry team had said on Sept. 7 that it had uncovered massive smuggling of the blue-violet gemstone. On the same day, the government confiscated a consignment of diamonds from a mine majority-owned by Petra Diamonds after accusing the firm of under-declaring the value of the stones by around half. Petra denies the charge. Minerals companies and mining analysts said Tanzania could overplay its hand. "Minerals may not be mobile but the capital that funds the mines is," said Ben Gargett, head of PricewaterhouseCoopers Australia-Africa practice. "Investors are saying, 'On our risk radar, Tanzania has just gone a lot further down on the list.'" (Reuters)

HIGH demand for the Treasury bills auction has continued to characterize Treasury bills auction attracting bids worth 519.7bn/-, which is almost three times increase compared to the amount sought to be raised. According to the Bank of Tanzania (BoT) auction summary for the session held last week, the amount planned to be raised was 169bn/- and at the end 183.01bn/- was retained as successful bids. The outstanding performance sends a message that there is sufficient liquidity among investors in the government securities namely commercial banks, pension funds and some microfinance institutions. BoT uses the short-term government note to mop excess liquidity in the circulation. Interest rates on the 364 tenure declined to 11.21 compared to 11.62 per cent and 11.96 per cent of the preceding two sessions. Yield rate on 182 days tenure declined to 8.66 per cent from 9.16 per cent and 9.42 per cent of the previous sessions. Weighted average price for successful bid decreased to 10.30 per cent from 10.86 per cent and 10.96 per cent of the last sessions. The 364 days tenure attracted bids worth 265.47bn/- compared to 100bn/- offered to the market and at the end 118.01bn/- was retained as successful amount. The 182 days offer attracted bids worth 254.23bn/- compared to 65bn/- offered to the market for bidding and 65bn/- was kept as successful amount. The two tenures, 364 and 182 days offer commanded 99 per cent to the total bid tendered to the market in the Wednesday auction. The number of successful bids was 133 out of 242 that participated in the one year treasury bills auction. The highest bid/100 and lowest bid/100 was 91.00 and 86.00 respectively while minimum successful price/100 was 89.71 and with weighted average price for successful bid was 89.95. (Daily News)

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Zambia

Corporate News

No Corporate News This Week

Economic News

Zambia has revised its 2016 economic growth estimate upwards to 3.8 percent from 3.6 percent, the Central Statistical Office (CSO) said on Thursday. "The main reason for the upward adjustment is due to upward revision for the transport and storage industry," the CSO said in a statement. *(Reuters)*

Zambia's annual consumer inflation quickened to 6.6 percent in September from 6.3 percent in August, the Central Statistical Office said on Thursday. On a month-on-month basis, inflation rose by 0.3 percent after rising 0.1 percent in the prior month, the agency said. "The increase in the annual inflation rate was mainly attributed to price increases in electricity tariffs," the statistics agency said in a statement. *(Reuters)*

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Zimbabwe

Corporate News

Hospitality and retail group Meikles Limited will open up to new investors its hospitality, agriculture and stores divisions as the group restructures to improve operational efficiency, Chairman John Moxon said on Tuesday. The group operates the TM retail chain with Pick n Pay, department stores, hotels and Tanganda Tea Company. Moxon said the restructuring would, however, exclude retail chain TM Supermarkets, which is 49 percent owned by South African retailer, Pick n Pay. Meikles holds a controlling 51 percent stake. He told The Source on the sidelines of the company's annual general meeting that the group would not unbundle the operations after taking on new investors. "We are going to open up for other investors who are willing to jointly invest with us in our hospitality, agriculture and in the stores divisions, but this will exclude TM and Pick n Pay supermarkets. We will maintain our current shareholding in the TM and Pick n Pay supermarkets," he said. In the full year ended March, the supermarket unit contributed 90,5 percent to total revenue of \$457,6 million, while revenues from other segments plummeted. Moxon also said the company, which had reached an agreement with the government over a Reserve Bank of Zimbabwe debt which has been outstanding for two decades, will report the amount in its financial statements once everything is finalised. "The authorities have agreed on the payment of the debt and we are waiting for them to finalise, following that we will report the value in the financial statements.... The amount is just over \$42 million," he said. *(The Source)*

Regional cement maker Pretoria Portland Cement (PPC) says volumes at its Zimbabwe operation rose 25 percent in the period between January to August on increased production at its new Harare mill. Last November, the company commissioned an \$82 million plant in Harare, doubling its capacity to 1,4 million tonnes per annum in the country. In an investor presentation at the RMB Morgan Stanley Big Five Investor Conference in Cape Town underway on Tuesday, PPC said it has also achieved year on year growth in the Harare region of between 40 and 50 percent. It added capacity utilisation at its Zimbabwe plants was between 50 to 60 percent year to date. PPC has two other plants in Zimbabwe, in Bulawayo and Colleen Bawn near Gwanda with production capacity of 700,000 tonnes annually. *(The Source)*

Innskor reported an 11 percent increase in net income to \$33,69 million in the full-year to June, from \$30,48 million in the prior year on cost savings. Revenue dropped to \$580,3 million from \$586,91 million previously, mainly due to the decline in associate National Foods' sales volumes. Natfoods volumes dropped 10 percent to 507,000 tonnes after the maize division underperformed. The division's volumes dropped by nearly half to 85,449 tonnes from 154,292 tonnes in the previous year. However, volumes at Colcom grew 13 percent over the prior year on the back of a 14 percent increase in pork production and a 34 percent increase in pie sales. Earnings before interest, tax, depreciation and amortisation (EBITDA) increased by 18 percent to \$65,52 million from \$55,32 million in the previous year on operational efficiency. Operating expenses declined by 7 percent to \$146,15 million from \$157 million in the prior year. The group's capital expenditure for the period amounted to \$16,56 million. Another associate, Irvine's recorded revenue growth of 5 percent over the prior year, driven mainly by an 11 percent increase in table egg volumes and a marginal improvement in average yield prices in the second half of the financial year. However, an outbreak of avian influenza at its Lanark farm saw 215,000 chickens being culled by September, with some of the impact likely to be felt in the half year financial results. Innskor chief executive, Julian Schonken said the farm is undergoing a sanitation process in readiness for restocking with full production expected in the second half of the current financial year. At the moment, production levels are being sustained by the importation of hatching eggs. "Irvine's is a critical area for us, we are implementing a restocking programme and we should exit the quarantine period sometime in December. At the moment we are importing eggs and by next week we should be back in terms of full production as far as frozen chicken is concerned," Schonken said. The Group disposed of its interest in Spar Zambia Limited and The River Club — luxury lodge in Zambia — during the period under review. The group declared a dividend of 0,9 cents per share. *(The Source)*

Assurance's after tax profit doubled to \$1,98 million in the six months to June from \$985,253 in the comparable period last year driven by investment income and cost containment. Revenue increased by 18 percent to \$13,1 million from \$11,1 million in the same period last year buoyed by interest income from the sale of residential stands and an increase in the group's equity portfolio following the bull run on

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the local bourse. Net premium fell 28 percent to \$6,1 million on poor remittances by policyholders. "This is explained by non remittance of premiums by some policyholders as well as discontinuance of some product lines on account of unfavourable actuarial projections," chair Fungai Ruwende said in a statement accompanying the group's financial results. Operating and administrative expenses declined to \$786,874 from \$857,200 in the comparable period last year. The group's operating profit doubled to \$2 million in the period. The group's flagship company, Fidelity Assurance reported a 14 increase in revenue to \$9,5 million from \$8,3 million in the same period last year, despite a decline in net premiums to \$4,48 million from \$7,6 million. The company also reported a 160 percent increase in after tax profit to \$1,3 million from \$500,000 in the comparable period last year driven by investment income and cost containment. The group's Malawi subsidiary, Vanguard life assurance recorded an increase in net premium to \$1,6 million from \$1,1 million in the comparable period last year on the back of acquisition of new schemes and a surge in individual life policy intake. Fidelity total assets increased to \$115,4 million from \$112,6 million previously. Borrowings were reduced by 11 percent to \$26,1 million from \$29,3 million in the same period last year. Ruwende said the group will focus on debt reduction initiatives so as to allow the company to carry optimum levels of debt on the balance sheet. The company did not declare a dividend, citing the need to conserve cash for projects funding and maintaining liquidity. *(The Source)*

Lafarge Cement recorded a 12,6 percent decline in revenue to \$23,1 million in the six months to June from \$26,5 in the prior year weighed down by a decline in sales. The company recorded a \$1,76 million loss before interest and tax to \$2,25 million in the same period last year. "The heavy and sustained rainfall in the first quarter was a drawback in the cement industry. Some construction related projects were delayed, resulting in restrained sales. In addition, there was increased destocking by cement key stockists as they minimised risk associated with moisture level degradation and cement shelf life concerns on very slow moving stock," company secretary, Host Mapondera said in a statement accompanying company results on Thursday. Lafarge recorded a 13 percent decline in sales to \$23,14 million compared to \$26,5 million in the prior year. Finance costs went up from \$127,237 last year to \$162,013 as the company carried an overdraft of \$71,000 in 2017 from \$65,000 last year. "The company achieved a reduction in cost of sales following normalisation of plant operations after the upgrade of the environmental control unit. This eliminated a significant portion of inbound logistics costs related to input costs during the plant downtime period," Mapondera said. Current liabilities increased by 5 percent to \$36,6 million accounting to trade payables. Total current assets increased by 5 percent while total equity reduced by 4 percent to \$38,82 million due to a reduction in retained earnings. *(The Source)*

Nickel production at Bindura Nickel Corporation (BNC) grew by 2 percent to 1,810 tonnes in the first three months to June over the previous quarter despite a decline in mined tonnage. BNC, a unit of ASA Resources saw mined tonnage for the period declining 23 percent to 83,351 tonnes compared to 107,604 tonnes in the quarter to March, 2017. "During the period, mining constraints for the quarter included the lagging development and the low ore and waste movement, the latter having been caused by the low availability of LHDs and Dump Trucks," chairman Muchadeyi Masunda told a shareholders meeting. ASA is currently under administration, which is equivalent of judicial management in a move aimed at protecting the interest of its creditors in the wake of an approach by the British Virgin Islands registered Rich Pro Investments to acquire 100 percent of the issued share capital of Asa. During the quarter, nickel concentrate prices averaged \$6,009 per tonne, compared to \$6,675 per tonne in the previous quarter. Nickel sales volume at 1,763 tonnes were up 8 percent on the previous quarter at 1,631 tonnes while costs rose 13 percent from \$4,564 per tonne to \$5,148 per tonne. Masunda said company was also able to meet all arrear and current obligations to bondholders, amounting to \$3,5 million. He said the smelter restart project is now 83 percent complete. *(The Source)*

General Beltings Holdings narrowed its net loss for the six months to June by nearly a third to \$254,230 from \$360,380 in the prior comparable period chiefly due to lower operating expenses. Revenue increased by 24 percent to \$2 million from \$1,6 million previously. Cash generated from operations declined from \$190,404 in the prior comparable period to \$59,178. Operating expenses fell by 6 percent from \$844,390 previously to \$795,307. Gross profit increased by 14 percent to \$535,000 from \$469,000 reported in the same period last year. Finance costs was up by 11 percent to \$81,328 from \$73,276 due to improved market penetration, he added. Total assets declined from \$9,9 million to \$9,3 million. The company current liabilities exceeded current assets at \$10 million compared to \$9,1 million. The group did not declare a dividend. *(The Source)*

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Transport and logistics group, Unifreight reported a profit from continuing operations of \$565,000 during the half year period to June 30 compared to a loss of \$71,000 same period in 2016. Chairman Patrick Chingoka said despite group revenue declining to \$11 million compared to \$12 million same period in 2016, there was a turnaround in profitability of continuing operations. "This was mainly due to a reduction in overheads of \$1.3 million from the previous year attributable to the continuing restructuring and cost reduction exercise which commenced in 2015," he said. Earnings Before Interest Tax Depreciation and Amortisation (EBITDA) for the period was \$2.03 million, representing an increase of \$128,000 from the 2016 figure. Chingoka said the first half of 2017 laid a foundation for better financial performance during the second half. "The group is continuing to invest in new vehicles to improve the service to its valued customers. It is also rigorously pursuing new revenue streams, whilst maintain and monitoring costs," he said. The company anticipates favourable set of results at full-year. *(The Source)*

Economic News

Robert Mugabe's latest economic experiment is making Zimbabwe's stocks the world's best performers for all the wrong reasons. And there's little foreign investors like Franklin Templeton, JPMorgan Chase & Co. and Allan Gray can do to escape: it's practically impossible for them to pull out their money. Economic chaos has been a regular feature of investing under Mugabe's 37-year reign because he frequently blindsides markets with policies that have devastating consequences. The latest ploy—trying to solve a crippling currency shortage by printing a new form of money—is stirring memories of the 500 billion percent inflation (no, that's not a typo) of a decade ago. "There is a fear that Zimbabwe is returning to its previous days of excessive currency printing," said Mark Mobius, executive chairman of Templeton Emerging Markets Group, which owns shares in beer brewer Delta Corp. in its frontier fund—and is struggling to get out. "There is a real problem of currency repatriation." Zimbabweans are using equities as a refuge as the central bank prints hundreds of millions of its new so-called bond notes. They're worried inflation will spiral and want to preserve their wealth. Going to the bank to withdraw cash isn't an option because most lenders are short on U.S. dollars, which has been the main currency in use since Zimbabwe scrapped its own worthless dollar in 2009. So they're buying what they can electronically—appliances, cars, gold, property or, for those with limited resources, shares like those of African Distillers Ltd. that go for \$1.70 each after more than doubling this month.

The benchmark equity index has tripled since the first batch was issued in November, including a 62 percent jump in September as 300 million worth of bond notes were released into the money supply. Foreign investors like JPMorgan and Templeton, which sold some holdings before the currency crunch got really bad, are stuck watching the crisis unfold. He and other managers of African and frontier funds are invested in Zimbabwe because at \$11 billion, its market capitalization is bigger than Botswana, Ghana and Zambia combined. Companies like Delta and Econet are also doing well financially by catering to the country's 14 million consumers. As little as two years ago, pulling money out of Zimbabwe wasn't as hard. The central bank made \$231 million available in 2015 to pay investors abroad to repatriate cash, but that sum fell to \$5 million in 2016 and just \$700,000 in the first quarter of this year. The more the market rallies, the more Allan Gray fund manager Nick Ndiritu discounts the value of the Zimbabwe stocks in his \$351 million portfolio dedicated to Africa, excluding South Africa. Just over a quarter of the fund is invested in Zimbabwe, in companies like Delta and Econet. "We will continue to focus on the fundamentals, even if the market doesn't," said Cape Town-based Ndiritu, who's slashed the value of the holdings by 40 percent already. "It's a very unpredictable environment and it's difficult to say what it'll be like a year or two down the line." It's not the first time Mugabe has caught investors unaware.

Take his sanctioning the violent takeover of white-owned farms starting in 2000, which throttled agriculture, a mainstay of the nation's economy. Or his central bank's rush to print Zimbabwean dollars in the following years to pay off mounting debts, which triggered hyper inflation and the last currency crisis. At 93, he's still eager to run for re-election next year. Many citizens worry the bond note may be a precursor to Zimbabwe officially adopting a new currency, forcibly replacing the U.S. dollar in which their savings—and shares—are denominated. While the central bank says bond notes are worth the same as the U.S. dollar, small shops and gas stations in Harare charge 30 to 40 percent more if people use them rather than authentic greenbacks. "Instead of me having a fictitious bank balance, I would rather

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invest the money on the stock market," said Walter Moyo, a 39-year-old shop manager in Harare who recently purchased shares in Delta, Econet and African Distillers. For a sense of the true value of the pseudo currency, the dollar-denominated shares of Old Mutual in Harare trade at a 200 percent premium to those listed in South Africa and London. Given that no one can actually profit from that difference, it implies that, in investors' eyes, the bond note is more than 60 percent weaker than the U.S. dollar. "The market will continue to increase the bond note discount to the U.S. dollar," said Mobius. "As long as the liquidity situation worsens and the government is not able to address it, the bull-run is likely to continue." (*Bloomberg*)

The Zimbabwe Stock Exchange mining index on Monday went over the 100 point mark for the first time in three years. The resources index gained 7,41 percent to 107,06 points driven by Riozim which was up 11,57 percent to settle at 90 cents. Bindura advanced 0,5 percent to settle at 4,02 cents while Hwange and FalGold remained unchanged at previous trading prices. In the year to date the mining index has gained 83 percent. The mainstream index advanced 4,20 percent to 381,44 points on gains recorded heavyweight counters. Market capitalisation stood at \$10,8 billion and market turnover amounted to \$2,7 million. Delta advanced 9 percent to settle at 239,87 cents. National Foods advanced 20 percent to trade at 486 cents while cigarette manufacturer, British American Tobacco gained 7,42 percent to settle at 2,800 cents. Old Mutual, which is trading at premium on the ZSE relative to London Stock Exchange (LSE) and Johannesburg Stock Exchange (JSE) picked up 6 percent to close at 830 cents. Simbisa also gained 0,72 percent to settle at 70 cents. General Beltings rose 20 percent to close at 0,6 cents. Lafarge advanced 16,67 percent to settle at 70 cents while Colcom gained 15,47 percent to trade at 71 cents. On the losers, telecoms giant, Econet eased 0,02 percent to settle at 80,23 cents while Barclays eased 10,92 percent to trade at 7,1 cents. Turnall Holdings and StarAfrica eased 9,72 percent and 7,17 percent to close the day at 1,3 cents and 2,2 cents respectively. Foreigners were net sellers in the day, disposing of shares worth \$489,049 compared to buys worth \$20,819. (*The Source*)

AFRICA'S trade finance bank, the African Export and Import Bank (Afreximbank), has made commitment to bailout Zimbabwe with a bout \$1 billion to stabilise the economy. The Afreximbank on Saturday evening signed a memorandum of understanding with the Reserve Bank of Zimbabwe (RBZ) Governor Dr John Mangudya, for a \$600 million nostro stabilisation facility that constitutes the bulk of the global figure to be extended to Zimbabwe. Finance and Economic Development Minister Patrick Chinamasa, said the RBZ is working on a number of new facilities with the Afreximbank including the nostro stabilisation facility. "As you are aware the Reserve Bank is working on a number of new initiatives, the \$600 million nostro stabilisation facility to meet the forex requirement for productive foreign payments, the \$150 million letters of credit facility to support the importation of fuel as well as fertilisers and feedstock for the manufacturing of cooking oil," Minister Chinamasa said at a dinner held to officially hand over titled deeds to the Afreximbank for 1,2 hectares prime land for the construction of its Southern African office at Harare's Newlands. The fully subscribed dinner was attended by Government officials, former Reserve Bank Governor Gideon Gono and his predecessor Leonard Tumba as well as bank executives. Minister Chinamasa said the Afreximbank was playing a critical role in Zimbabwe's arrears clearance strategy. "As you may be aware, the Afreximbank is the lead arranger to secure funding for the repayment of our arrears of \$1,8 billion to the World Bank and the (African Development Bank) AfDB that is essential to our net foreign finance for the country and reduce the country risk," said Minister Chinamasa, adding the country had chosen to prioritise productivity and economic growth initiatives ahead of the arrears clearance strategy. "In fact they (Afreximbank) have put this facility already and at the moment the ball is in our court, we decided we must first address fundamental factors such as addressing the issues of budget deficit, addressing the issues of import cover reserves, addressing the issues of reducing the trade and current obligations sustainable into the future, we cannot afford to clear today and tomorrow we are in arrears.

"It's a long road and I am glad we are equal to the task of travelling that difficult road," Minister Chinamasa added. Minister Chinamasa said Zimbabwe recognises the indispensable wealth provided by the Afreximbank and numerous credit facilities to this economy over the past two decades. He said the Afreximbank has a number of facilities in an amount of around just under \$1 billion to support economic activities in Zimbabwe. Some of the facilities include the running facilities including the \$200 million Afritrades facility to support banking sector stability which basically makes it possible for interbank lending and occupies the position of defacto lender of last resort, the \$200 million future flows export facility which gave birth to bond notes as an export incentive to exporters. "We also have \$150 million gold backed facility and another \$150 million Zesa facility, a \$70 million grain import facility, this is the facility we drew down to import our maize over

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the past drought and over \$150 million worth of facilities having been extended to various sectors of the economy chief among them being the tobacco and tourism facility," Minister Chinamasa said. "We are grateful Afreximbank has once again demonstrated its commitment as a permanent development partner for the people of Zimbabwe and Southern Africa and pan Africa. The withdrawal of international support by multilateral and bilateral institutions and imposed sanctions was indeed difficult but with the help of the Afreximbank and other institutions the journey has been made bearable," the Minister added. Zimbabwe is a founding shareholder and the third largest shareholder in Afreximbank after Nigeria and Egypt. The bank's president Dr Benedict Oramah said the pan African bank is currently processing deals worth about \$1 billion for both private and public sector entities in Zimbabwe. And chief among them is the \$600 million facility which will support the importation of critical imports until the next tobacco selling season.

"This evening we will be signing a Memorandum of Understanding with the Reserve Bank of Zimbabwe in relation to a \$600 million facility which we hope will support critical imports until the tobacco season sets in early next year. We believe that the facility will help stabilise imports, sustain the recovery Zimbabwe is beginning to witness and stabilise foreign exchange markets and we thank Governor Dr Mangudya for the opportunity. "The other facilities we are considering to arrange, which are also aligned with national development priorities, will help accelerate the transformation of the Zimbabwean economy, facilitate imports of essential and capital goods, improve national reserve position and enhance foreign currency liquidity in the banking system." Afreximbank recognises that long term sustainable growth and development of Africa requires two important strategies, first, a deliberate and concerted effort to decommo diti se continental exports through value addition. Secondly, diversification of export markets, promotion of regional integration and intra-African investments. (Herald)

The Zimbabwe Stock Exchange's main industrial gained 2,25 percent on Tuesday to 390,01 points, buoyed by gains in heavyweights, Delta, Econet and Innscor. The mining index also gained 1,7 percent to close at 108,88 points. Market capitalisation stood at \$11,04 billion while market turnover amounted to \$7,6 million. Beverage marker, Delta gained 5,33 percent to settle 252,65 cents. Telecoms giant, Econet gained 0,36 percent to close at 80,52 cents while Innscor advanced 3,2 percent to settle at 149,61 cents. National Foods gained 3,6 percent to settle at 503,4 cents while Padenga advanced 2,1 percent to close at day at 90 cents. Cement maker PPC, subject of several takeover bids, advanced 15,47 percent to 114,12 cents while Zimre Holdings advanced 5,72 percent to two cents. Hippo gained 5,67 percent to settle at 142,66 cents. Losses were in Ariston Holdings, which eased 10,60 percent to trade at 2,70 cents and Turnall which dropped 6,92 percent to trade at 1,21 cents. On the mining space, Bindura gained 11,11 percent to settle at 4,25 cents while FalGold, Hwange and Riozim remained unchanged. Foreigners were net sellers in the day, disposing of shares worth \$2,9 million compared to buys worth \$769,381. (The Source)

Finance Minister Patrick Chinamasa says government will tighten control over use of social media, which authorities blame for fuelling shortages of basic commodities and bank notes in the country. The southern African nation, which has been experiencing foreign currency shortages for the past 18 months, saw long winding queues — reminiscent of the 2008 crisis — resurfacing at the weekend as people stocked up on food stuffs and service stations across the country ran dry. On Tuesday, manufacturers of cooking oil warned that they would no longer be able to import raw materials as a result of the foreign currency shortages. Government maintained that the economy is in a sound state and blamed 'faceless saboteurs causing panic on social media.' In a joint address to the media late Wednesday, Chinamasa, along with Industry and Information ministers Mike Bimha and Chris Mushowe said 'the shortages came as a surprise.' "It was a bombshell. What happened was not in sync with the prevailing situation in the economy across all sectors ...the developments in the economy are very positive, there is positive growth in the economy... all economic indicators are in the right direction. The trajectory is on a growth path..." said Chinamasa. "The cause was social media, which means that it is a security issue. There is a political agenda, a regime change agenda. We are going to seriously look at what happened with a view to take corrective measures in the security arena. We need to understand social media and the forces behind it.....they have given us a timely warning about their intentions and clearly we will take the necessary measures to counter those nefarious activities." In an earlier press conference, Energy Minister Samuel Undenge accused the media of engaging in "unfounded negative publicity meant to discredit government." "Motorists must not be influenced by negative publicity, mainly through social media, some of which is simply intended to tarnish the image of government," said Undenge.

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Undege added that the Reserve Bank of Zimbabwe (RBZ) has increased foreign currency allocations towards fuel procurement from \$5 million per week to \$10 million in response to the current shortages. He said the country was holding more than two months supply of petrol in bond. *(The Source)*

The Zimbabwe Stock Exchange mainstream index on Wednesday advanced 3,68 percent to 404,37 points with gains across the board as appetite for stocks remained high. However, the mining index eased 0,37 percent to settle at 108,48 points. Market capitalisation stood at \$11,4 billion and market turnover amounted to \$5,3 million as beverage maker, Delta advanced 7,9 percent to settle at 272,6 cents. Telecoms giant, Econet also gained 1,21 percent to settle at 81,5 cents in the day. Cigarette maker, British American Tobacco advanced 7,14 percent to settle at 3,000 cents while Innscor gained 6,58 percent to settle at 159,47 cents. Masimba advanced 11,11 percent to settle at 7 cents. NMB gained 11,76 percent to trade at 9,5 cents while Mashonaland Holdings gained 11,11 percent to settle at 7 cents. Hotelier, African Sun picked up 9,30 percent to close at 4,7 cents while CBZ gained 12,20 percent to settle at 22,44 cents. Partially offsetting the gains was Hippo Valley which eased 3,97 percent to settle at 137 cents. Additionally, Fidelity Life and Tsl Limited eased 1,82 percent and 0,51 percent to trade at 13,5 cents and 35,25 cents respectively. On the resources space, Bindura eased 1,18 percent to settle at 4,2 cents while Hwange, FalGold and RioZim remained unchanged at previous trading prices. Foreigners were net sellers in the day, disposing of shares worth \$3,5 million compared to buys worth \$224,750. *(The Source)*

Zimbabwe's trade deficit narrowed by 27 percent to \$1,3 billion in the first eight months of the year, after exports increased by 48 percent, latest trade data from the statistics agency shows. Between January and August, imports amounted to \$3,6 billion while exports trailed at \$2,2 billion, giving trade deficit of \$1,3 billion. During the same period last year, the country's imports were \$3,3 billion against exports of \$1,5 billion, giving trade deficit of \$1,8 billion. Finance Minister Patrick Chinamasa has forecast a \$1,5 billion trade deficit for 2017. Major exports in the period under review included semi-processed gold worth \$573 million, flue cured tobacco worth \$345 million, nickel mattes \$344 million, nickel ores and concentrates worth \$235 million and ferrochrome worth \$211 million. Imports included diesel (\$540 million), unleaded petrol (\$255 million), electricity (\$124 million), durum wheat (\$63 million), among others. Zimbabwe's reliance on foreign manufactured goods remains high despite government measures to control imports as the local industry remains in the doldrums. *(The Source)*

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