WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

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

AFRICA STOCK EXCHANGE PERFORMANCE

Country	Index	28-Jul-17	4-Aug-17	WTD % Change Local	WTD % Change USD	31-Dec-16	YTD % Change Local	YTD % Change USD
Botswana	DCI	9077,68	9018,00	-0,66%	-1,58%	9700,71	-7,04%	-3,27%
Egypt	CASE 30	13609,22	13413,12	-1,44%	-0,99%	12344,00	8,66%	10,95%
Ghana	GSE Comp Index	2257,45	2268,45	0,49%	0,34%	1689,09	34,30%	29,94%
Ivory Coast	BRVM Composite	250,22	250,41	0,07%	1,37%	292,17	-14,29%	-3,67%
Kenya	NSE 20	3798,63	3775,89	-0,60%	-0,61%	3186,21	18,51%	17,83%
Malawi	Malawi All Share	17009,98	17067,33	0,34%	0,05%	13320,51	28,13%	26,75%
Mauritius	SEMDEX	2210,76	2179,00	-1,44%	0,01%	1808,37	20,50%	31,32%
	SEM 10	432,69	424,27	-1,95%	-0,51%	345,04	22,96%	34,01%
Namibia	Overall Index	1103,89	1138,71	3,15%	0,33%	1068,59	6,56%	9,26%
Nigeria	Nigeria All Share	36864,71	37425,15	1,52%	-10,20%	26874,62	39,26%	16,31%
Swaziland	All Share	389,98	389,98	0,00%	-2,74%	380,34	2,53%	5,13%
Tanzania	TSI	3670,81	3671,04	0,01%	-0,18%	3677,82	-0,18%	-4,35%
Zambia	LUSE All Share	4748,79	4749,61	0,02%	-2,39%	4158,51	14,21%	24,14%
Zimbabwe	Industrial Index	202,06	207,09	2,49%	2,49%	145,60	42,23%	42,23%
	Mining Index	65,45	73,92	12,94%	12,94%	58,51	26,34%	26,34%

CURRENCIES

Cur-rency	28-Jul-17 Close	4-Aug-17 Close	WTD % Change	YTD % Change
BWP	10,02	10,12	0,94	4,05
EGP	17,87	17,78	-0,45	2,11
GHS	4,37	4,38	0,14	-3,25
CFA	560,36	553,18	-1,28	12,39
KES	102,16	102,18	0,01	-0,57
MWK	716,67	718,74	0,29	-1,07
MUR	32,21	31,75	-1,44	8,98
NAD	12,95	13,31	2,82	2,53
NGN	320,94	362,83	13,05-	16,48
SZL	12,95	13,31	2,82	2,53
TZS	2210,16	2214,18	0,18	-4,17
ZMW	8,81	9,02	2,46	8,69

SECURITIES AFRICA

Botswana

Corporate News

De Beers, the world's biggest diamond producer by value, said its unit in Botswana is on track to produce the most since 2014 this year, exceeding its annual production forecast. Debswana, as the local division is known, will likely produce 22 million carats this year, exceeding its 20.5 million-carat target, Gareth Mostyn, De Beers's executive head of strategy, said in a July 27 interview in Gaborone, the capital. De Beers, which also has operations in Canada, Namibia and South Africa, kept its total forecast for the year at 31 to 33 million carats. Global diamond sales edged up 0.3 percent last year to $80 billion as rising demand from the U.S., which accounts for more than half of the world's purchases, offset declines in India and China, according to a De Beers report in June. The Anglo American unit is forecasting more demand from Asia this year, leading to "marginal" growth. "The market has been looking quite robust and we have decided to produce in order to supply that," Mostyn said. Botswana production has been helped by the return of a 46-year-old processing plant at Orapa, which was partially idled in December 2015 due to weak demand. *(Bloomberg)*

Economic News

No Economic News This Week

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Egypt

Corporate News

Centamin, the operator of Egypt's only commercial gold mine, said its second-quarter pretax profit almost halved due to lower gold production and higher costs. Pretax profit fell 48.4 percent to $37.8 million in the three months ended June 30. Gold production fell to 124,641 ounces from 140,306 ounces a year earlier. All-in sustaining costs for the quarter rose 23.9 percent to $829 per ounce as lower ore grades pushed up recovery costs. The miner, however, raised its interim dividend by 25 percent to 2.5 cents. Centamin maintained its full-year guidance of 540,000 ounces at an all-in sustaining cost of $790 per ounce sold. "With the open pit now into higher grade sectors and operations across the mine performing well, we look forward to a strong second half of the year," CEO Andrew Pardey said in a statement. *(Reuters)*

Economic News

Egypt is lifting restrictions on Egyptian investors who buy global depository receipts (GDRs) by purchasing shares on the Cairo exchange in Egyptian pounds, allowing them to receive their returns in U.S. dollars, bourse chairman Mohamed Omran told Reuters on Sunday. The bourse said in 2015 returns could only be taken in the local currency, a move that appeared aimed at eliminating an avenue for acquiring dollars amid a shortage of foreign currency. Also last month, Egypt's central bank removed limits on international currency transfers, scrapping a $100,000 monthly cap on individual bank transactions in a long-awaited reform intended to lure back needed foreign investment. As part of a three-year, $12 billion International Monetary Fund lending programme that began late last year, Egypt is obliged to end these controls. Egypt's central bank floated the pound in November to unlock foreign currency inflows and crush a black market for dollars that had discouraged people from channelling foreign currency through the banking system. The currency float is part of the IMF deal aimed at putting Egypt on the road to recovery after years of turmoil that drove away foreign investors and tourists, a major source of foreign currency for the country. *(Reuters)*

Foreign investors have bought a net 11 billion Egyptian pounds ($615.90 million) worth of shares since the country floated its currency last November, the stock exchange's chairman Mohamed Omran said on Sunday. The central bank floated the Egyptian pound in November to attract foreign capital after years of political instability drained the country's reserves, and the currency has since more than halved in value. Foreign currency flows have also been boosted after Egypt signed a $12 billion, three-year loan programme with the International Monetary Fund. The programme calls for radical economic reforms, including energy price increases and the introduction of a value-added tax. Egypt's stock exchange has attracted a total of 15 billion Egyptian pounds in foreign investment since 2013, Omran told a news conference. Omran told Reuters that the stock exchange expected to start trading in bonds in the first quarter of next year. *(Reuters)*

Egypt will lower its customs exchange rate to 16.25 pounds per dollar from 16.50, effective from Tuesday, Finance Minister Amr El-Garhy told Reuters on Sunday. The new rate will be set for one month, he said, in what is the first such drop in four months. Egypt began setting a monthly fixed customs exchange rate in January following the flotation of its pound currency in November. It has since set it each month. *(Reuters)*

Egypt's rising interest rates and soaring inflation have hit second-quarter profits at some of the country's food and drinks companies, providing evidence that consumers' purchasing power is being squeezed. Second-quarter net profits at Edita Food Industries, one of Egypt's largest snack food producers, fell 88 percent to 5.73 million Egyptian pounds ($319,888.27) from 47.42 million in the same period last year, even though sales rose 11.2 percent. Juhayna Food Industries, Egypt's biggest listed producer of packaged juice and dairy products, has reported an 8.6 percent drop in second quarter net profits despite an 18.27 percent rise in sales. Analysts said Edita's and Juhayna's results, published last week, showed that sales growth resulted from product price increases rather than actual sales volumes. "The increase in production inputs are because of the increase in inflation ... which had directly affected the companies profitability," Ahmed Adel, senior analyst at Beltone Financial, said. Egypt introduced sweeping economic reforms last year as part of a three-year $12 billion International Monetary Fund loan programme, floating its currency and cutting subsidies to attract foreign investment that fled after a 2011 uprising. But these measures have contributed to an increase in inflation above 30 percent which has reduced people's purchasing power. The central bank has also raised key interest rates by 700 basis points since November when it floated its currency. Edita's financing expenses jumped by 137 percent to reach 25.42 million pounds, while Juhayna's expenses increased by 67 percent to reach 98.98 million pounds, the companies said in their earnings statements last week. Food and beverage companies have increased spending on sales and distribution to maintain their market share, which has been hit by a drop in demand due to price rises. Last month, the government increased electricity prices by up to 42 percent this fiscal year for households. Also in July, it raised fuel prices by up to 50 percent to help meet the terms of its IMF loan agreement. "Companies will continue to suffer from weak profits as they try not to raise prices again to maintain their market shares," Adel said. *(Reuters)*

Egypt's trade deficit for the first half of 2017 narrowed by 46 percent year-on-year to $13 billion, the trade ministry said in a statement on Thursday. Imports declined by 30 percent to $24 billion and exports increased by 8 percent to $11 billion, the statement said. *(Reuters)*

Foreign direct investment in Egypt is expected to have risen to about $8.7 billion in the 2016-17 fiscal year that ended last June, compared to about $6.9 billion the previous year, Investment Minister Sahar Nasr said in a statement on Friday. Egypt late last year signed a $12 billion three-year International Monetary Fund loan agreement and floated its currency in a bid to lure back investors that fled after its 2011 political uprising. *(Reuters)*

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Ghana

Corporate News

No Corporate News This Week

Economic News

Ghana has lowered its 2017 budget deficit to 6.3 percent of gross domestic product (GDP) from 6.5 percent as the West African nation presses on with its fiscal consolidation, Finance Minister Ken Ofori-Atta said on Monday. Ghana, a major commodity exporter, is under a $918 million aid programme with the International Monetary Fund to restore fiscal balance to an economy dogged by large deficits and high public debt. (*Reuters)*

Plans by Ghanaian companies to raise capital are stalling as the West African nation's securities regulator continues to operate without an appointed board more than six months after the previous committee's term ended. The Securities and Exchange Commission of Ghana is unable to permit at least two corporate bond sales and process an "uncountable" number of broker-dealer and fund manager applications as approvals may only be granted by a fully constituted board, Jacob Aidoo, head of issuers at the regulator, said in an interview in the capital, Accra. The previous SEC board dissolved in January following the swearing in of President Nana Akufo-Addo. HFC Bank Ghana Ltd. will wait until September before it asks shareholders to vote on a 50-million cedi ($11.4 million) rights offer, Benjamin Dzoboku, general manager for finance and strategy at the Accra-based lender, said by phone. The bank wants to raise funds before an expected revision of capital requirements by the Bank of Ghana later this year, he said. "The non-existence of an SEC board is a problem," Dzoboku said. "We are only hoping that the board will be in place by then."

The broadest gauge of the Ghana Stock Exchange surged by more than a third this year as accelerating economic growth and lower interest rates boost companies' earnings potential. No GSE-listed company has sold shares since Access Bank's Ghana-unit completed an initial public offering in December. "Putting up boards take a lot of time," Deputy Information Minister Kojo Oppong Nkrumah said by phone. The "SEC board will be ready within the shortest possible time. The president is working on it." The SEC is also not able to perform its watchdog duties over companies that are already listed, Aidoo said. "Should something happen on the market right now that calls for the suspension or revocation of a license, the commission cannot bite," he said. "Management cannot make such decisions, it is only the board that can."*(Bloomberg)*

Ghana's inflation rate for the month of June 2017 has dropped significantly to 12.1 percent. Since the last Monetary Policy Committee (MPC) meeting, headline inflation declined from 13.0 percent in April 2017 to 12.6 percent in May and subsequently to 12.1 percent in June. The Second Deputy Governor of the Bank of Ghana, Dr. Johnson P. Asiama made this revelation at the launch of Cal Bank's new brand image at the Movenpick Ambassador Hotel in Accra on Wednesday, August 2, 2017. "Since the beginning of the year, micro economic imbalances have always been unwinding accompanied by declined inflation and relative exchange rate stability. In the year to date, inflation has dropped significantly from an average above 18 percent since the first half of 2016 down to 12.1 percent in June this year" he stated. According to him, the decline has steadily trended downwards mainly due to policy tightness, relative stability in the exchange rate and some favourable base drift effects. Dr. Asiama further indicated that the cedi in July 2017 depreciated to 3.9 percent which brought positive results. "In the year to July 2017 this year, the cedi has depreciated by 3.9% barely the same as it did within the same period last year. Alongside these positive trends, the current account turned surplus over the first quarter on the back of a higher export receipt from increased production in gold, crude oil, and cocoa.

The country's reserve build-up also increased by almost 1bn from the end of December last year to 5.9bn in June this year. And this translates into about 3.4 months of import cover. In addition, the fiscal deficit over the 5 months of 2017 was broadly within the program target suggesting a return to the part of consolidation" he noted. He also indicated the monetary policy rate has been lowered by 450 basis points to 21 percent. *(Ghana Web)*

WEEKLY AFRICAN FOOTPRINT

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Kenya

Corporate News

Safaricom shareholders have enjoyed a Sh214 billion gain in their wealth this year after the telco's share hit a new all-time high of Sh25 on Friday. The share price rally on the Nairobi Securities Exchange (NSE) saw the telecoms operator become the first listed company in Kenya to touch the Sh1 trillion mark in market valuation during trading. It has gained 28 per cent this year on the back of increased demand by foreign investors eyeing dividends. It opened the year at a price of Sh19.25. The stock closed Friday at an average price of Sh24.50, earning it a market capitalisation of Sh981.6 billion — which is 42.9 per cent of the total value of all the 63 firms listed on the NSE. At this level of capitalisation, the company is now valued at nearly a seventh of the country's GDP of Sh7.1 trillion. Safaricom's share price has received a big boost recently from its steady dividend payouts. Investors are at this time racing to be on the telco's book ahead of August 30 deadline for paying dividend of Sh0.97 a share from the financial year ended March. Last December the firm paid out a total of Sh1.44 a share in dividends, of which 76 cents were for the year ending March 2016 and 68 cents in form of a special dividend. "Earnings margin improvement and reduced capital expenditure intensity are expected to sustain generous dividend payments going forward," said Dyer & Blair Investment Bank head of research Linet Muriungi in a coverage note on the telco last week. The firm has reported consistent profit growth in recent years, leading to a build-up of its cash reserves.

This has seen it grow dividends in recent years, making it a safe bet for investors. The telco has been paying out about 80 per cent of its net earnings as dividends, an attractive prospect for investors in a market where a rising number of firms are cutting back on retained income. Higher earnings at Safaricom have been driven by growth in Internet and its M-Pesa mobile phone-based payments business. Revenue from calls also grew in the year ending in March. Safaricom announced a 27.1 per cent rise in net profit to Sh48.4 billion in the year ended March as sales increased 8.8 per cent to Sh212.8 billion. The stock has been flirting with the historic mark for weeks, trading around the Sh23 level since early June. Safaricom listed at Sh5 a share in June 2008, but shareholders endured a few years of subsequent low prices that culminated in the stock sinking to an all-time low of Sh2.50 a share in 2011. Long suffering investors who held on to their shares are now being rewarded for their patience, having added billions of shillings in capital gains that have been coupled with a consistent increase in dividends over the years. Analysts have been upgrading Safaricom's fair value as its price goes up, with Dyer & Blair issuing it a one-year target price of Sh26.75. It remains to be seen, however, whether the company's earnings will grow at a pace to justify the lofty valuations. Safaricom is also one of the few counters at the stock market which bucked the slump experienced between March 2015 and March of this year. The telecoms operator now accounts for about 42 per cent of the entire NSE valuation of Sh2.32 trillion, meaning that any move on the stock has a significant effect on the main indices — raising concerns over its influence on the Nairobi bourse. *(Business Daily)*

Centum is likely to buy more shares in Deacons after signing an agreement to acquire a 5.53 per cent stake in the fashion retailer from private equity firm Aureos East Africa Fund for an undisclosed amount. The Nairobi Securities Exchange-listed firm has a policy of selling minority stakes in companies it does not control. The deal with Aureos therefore signals an intention to accumulate more shares in Deacons in line with the strategy of buying or retaining majority shareholding in portfolio companies. This would mirror the steady purchase of shares at Longhorn Publishers where the company emerged with a controlling 60.2 per cent stake, raising it from a low of 31.2 per cent. Centum's chief executive James Mworia told Business Daily the policy of maintaining only majority shareholding is still in force but declined to comment on the specific investment in Deacons. The investment firm has in recent years sold its minority stakes in scores of companies including Kenya Wine Agencies, UAP Holdings and insurance brokerage AON. *(Business Daily)*

Equity Bank has started closing some of its automated teller machines (ATMs) as the lender shifts customers to alternative channels such as agency and mobile banking in a fresh cost-cutting strategy. Kenya's biggest bank by customer numbers told the Business Daily it has so far closed 11 ATM lobbies, each of which had multiple cash dispensing machines. Equity's chief executive James Mwangi reckoned that while ATMs require upfront capital investments to acquire the machines and lease space yet depreciate at 20 per cent annually, agency and mobile banking have no such capital commitments. He also added that the shift is informed by evolving preferences of its 9.59 million customers who want to do their banking on the go through mobile phones, or access banking within their neighbourbood via agents. "Last year Equity conducted a survey and the findings were customers prefer self-service digital banking and have a higher preference for convenience in payment platforms and access to loans," said Mr. Mwangi in an interview. Equity Bank's m-banking service Equitel processed 227.4 million transactions in the year to December 2016, followed by agents (61.9 million deals), ATMs (24.8 million), and 20.4 million dealings at its brick-and-mortar branches. It had 29,561 agents and 1.4 million Equitel subscribers in the period under review. One in every five ATMs in Kenya belongs to Equity Bank, thanks to an aggressive expansion strategy. It had 520 ATMs as at December 2016 when the total industry count was 2,656 machines, according to Central Bank of Kenya data. Kenyan banks have turned to job cuts, branch closures and deploying technology to cut costs and adapt to the rate caps era. Equity's rivals that have closed or plan to close branches include Barclays (seven), StanChart (four), Bank of Africa (12) and Ecobank (nine). *(Business Daily)*

Safaricom Ltd. of Kenya plans to introduce an e-commerce platform within eight months targeting formal retail and informal online trading in East Africa's biggest economy, directors at the company said. Known as Masoko, Swahili for markets, it will offer products ranging from electronics to beverages and cosmetics, and provide a tool for people currently buying and selling goods on social-media platforms such as Facebook, Director of Enterprise Business Rita Okuthe said in an interview. The portal is currently undergoing in-house testing, Safaricom Chief Executive Officer Bob Collymore said. "This offering will not be holding inventory and neither will it be an anyone-can-sell arena," Collymore said in an interview in the capital, Nairobi. "Safaricom is carefully screening all the merchants before giving them access to the platform." Okuthe said the goal was to become "a little bit more" than an African equivalent of Amazon.com Inc.'sMarketplace. Safaricom is looking for ways to build on the success of M-Pesa, its mobile-phone money transfer service that dominates the Kenyan economy and is used by subscribers to pay for everything from utility bills to groceries and gasoline. The company accounts for 75 percent of the country's 40.6 million Internet users, while M-Pesa handled 432.5 billion shillings ($4.2 billion) of mobile commerce transactions in the first quarter, more than half the total 627.5 billion shillings ($6.04 billion), according to data published by the industry regulator. Safaricom, based in Kenya's capital, Nairobi, is mulling partnerships with logistics companies and could use global positioning systems to make deliveries in the absence of a national addressing system, Okuthe said. It's aiming to cut delivery times from the current 72-96 hours, she said.

The platform could potentially be used by services including Africa Internet Group's Jumia, Kilimall International and OLX, a unit of Johannesburg-listed Naspers Ltd. in the first phase of operations, according to Okuthe. "If you look at Facebook and Instagram, there's a lot of online/offline selling that happens and one of the reasons why they're popular in Kenya is because small-scale, middle-scale merchants use it as a sales tool," Okuthe said. "What we are going to be doing is formalizing that. At least five in 10 Kenyans have bought something they first saw online." The company will work with manufacturers and farmers looking for direct market access and reduce supply-chain inefficiencies including transportation costs and poor infrastructure, Okuthe said. M-Pesa will be among a number of payment methods including other online wallet services and cards by Visa Inc. and Mastercard Inc. Safaricom plans to roll out Masoko by the end of March, and later expand the platform beyond Kenya, Okuthe said, without specifying what other markets the company is considering. "We have some very big ambitions in terms of how big we want to scale and wherever we want to go," Okuthe said. *(Bloomberg)*

KCB has announced a rare interim dividend of Sh1 per share amounting to a total of Sh3 billion for the half year ended June when its net profit remained flat at Sh10.2 billion. The lender recorded lower interest income and higher operating expenses but these were offset by a cutback in interest expenses, an increase in non-interest income and lower tax paid in the review period. KCB said it has strong capital buffers including cash on hand, allowing it to declare the dividend which will be paid on October 31 to shareholders on record as of September 4. "Following these results, the board of directors considered and approved payment of an interim dividend of Sh1 per share to be paid in the next 90 days. From a capital perspective, the bank has sufficient cover," KCB said in a statement. The lender's dividend payout has risen significantly in the wake of interest rate controls, confirming analysts' view that some banks will return more capital to shareholders at a time when they have curtailed lending to riskier customers. KCB paid a dividend of Sh3 per share or Sh9.1 billion for the year ended December, up from Sh2 per share or Sh6.1 billion the year before. The lender's interest income dropped 3.9 per cent in the half year ended June to Sh30.3 billion despite a 16.7 per cent expansion of the loan book to Sh406.9 billion, indicating the impact of the narrowed interest rate spreads. KCB raised its purchase of government securities by a quarter to Sh101.7 billion, with most of the treasuries held on a short term basis. Its operating expenses including staff costs rose 5.3 per cent to Sh19.8 billion. The lender benefited from a 20.7 per cent drop in interest expenses to Sh7.2 billion despite customer deposits rising marginally to reach Sh482.8 million. KCB also recorded a 2.4 per cent rise in non-interest income to Sh11.4 billion while provisions for bad debt declined 2.3 per cent to Sh2 billion despite gross defaults rising marginally to Sh33.2 billion. The lender's tax bill dropped from Sh4.5 billion to Sh4 billion after it deferred taxes amounting to Sh478.5 million.*(Daily Nation)*

Kenya Re has posted a 3.7 per cent rise in half year after-tax profit as its gross written premiums and investment income grew marginally in the period under review. The reinsurer, which offers covers to over 150 firms across the region, reported a net profit of Sh1.6 billion for the period to June 2017 compared to Sh1.56 billion last year. Its gross written premiums went up to Sh7.5 billion, slightly higher than Sh7.09 billion reported in 2016. The firm's earnings from investments also grew marginally to hit Sh3.6 billion this year compared to Sh3.55 billion in the previous period. Kenya Re attributed its half year performance to stiff competition in the sector and undercutting in the reinsurance market. *(Reuters)*

KenolKobil has said it will complete writing off a Sh1.8 billion debt owed by the defunct Kenya Petroleum Refineries Ltd (KPRL) in December after two and a half years of sustained impairments. The oil marketer recorded the latest impairment of Sh300 million in the half year ended June when its net profit rose by a fifth to Sh1.4 billion. This raises the cumulative write-offs to Sh1.5 billion, leaving a balance of Sh300 million which will be provided for in the current financial year. Kenol's managing director David Ohana said the clean-up of its books will boost the company's future earnings. "Over two years ago, the company made the decision to stop fighting...and impair the full debt," Mr Ohana told Business Daily. "We have been doing this progressively and we are now down to less than Sh300 million. The intention is to impair this amount in the current half of the year." Kenol has for years been claiming Sh3.1 billion from the defunct refinery as compensation for product losses incurred due to inefficiencies at the Mombasa-based facility. The KPRL made a counterclaim of Sh1.2 billion from the oil marketer for allegedly defaulting on payment for petroleum products, leading to a stalemate.

An audit conducted by Deloitte concluded that the amount KPRL owed all oil marketers was about Sh7 billion, with Kenol's share recorded as Sh1.8 billion. "The absence of this impairment cost in our books going forward will be a plus for the company," said Mr Ohana. Kenol, which has 195 outlets countrywide, on Wednesday announced that sales in the half year ended June just almost doubled to Sh72.6 billion. The sales however delivered lower gross margins. Mr Ohana said the revenue growth resulted from better performance across all its segments, more so increased Open Tender System (OTS) tenders and rise in sales to power generating firms because of the drought. Kenol's finance costs decreased 16.3 per cent to Sh82 million as it cut short-term borrowings by Sh2.45 billion to close the period at Sh4.8 billion, with Mr Ohana indicating the deleveraging will continue. The company does not have long-term loans. *(Business Daily)*

Diamond Trust Bank has opened a second branch in Eldoret town amid an expansion plan aimed at wooing more customers. Kennedy Nyakomitta, the lender's Head of Business Development, said the bank is eying the Small and Medium Enterprises (SMEs) sector in the region by offering tailored services. "Due to increasing demand from the business people, we have decided to open another branch to serve our clients. We want to work with business people and farming community help in growing their businesses as our long-term strategy to dominate the market," he said. Mr Nyakomitta added that they were also keen on expanding their digital services such as DTB hub. The new branch, located along Kago Street, raises the total number to 64 across the country. The bank has a total of 130 branches spread across Kenya, Uganda and Tanzania. Chief executive Nasim Devji said the lender is strategising on how to increase its market share. "DTB continues to grow and expand its footprint in Kenya and is expected to open a few more branches and state-of- the-art digital lobbies within this year," Ms Devji said in a statement. DTB's market share has risen to 6.44 per cent, becoming the sixth largest bank in Kenya following the buyout of Pakistani lender Habib Bank. The NSE-listed bank had a market share of 6.1 per cent while Habib's was 0.34 per cent as at December 2016, according to Central Bank of Kenya (CBK) data. Despite the acquisition, DTB says customers of Habib Bank will continue to transact at its six branches countrywide. Rebranding and integrating Habib into DTB's systems is expected to be complete by September this year. *(Daily Nation)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Economic News

Kenya's electoral authority said one of its Information & Communications Technology managers has gone missing as the agency prepares to test its electronic-voting and results-transmissions ahead of next week's elections. The manager, identified by the Nairobi-based Daily Nation newspaper as Christopher Chege Musando, was last seen on the night of July 28, the Independent Electoral & Boundaries Commission said in a statement on its Twitter account on Sunday. The vehicle Musando was driving when he was last seen was found at a parking lot in Nairobi early Monday morning, the Star newspaper reported, citing Kenyan police. "The matter has been reported to the police and the commission together with family members is working closely with the police to establish his whereabouts," the IEBC said. Elections in Kenya are fraught times for investors because a dispute over the outcome of a 2007 vote triggered two months of violence that left 1,100 people dead. Last month, Kenya's main opposition leader Raila Odinga accused the IEBC of plotting to rig the election. The former prime minister, who is challenging incumbent President Uhuru Kenyatta, has previously warned there may be violence if the electoral authority fails to ensure this year's process, to be held on Aug. 8, is credible. (*Bloomberg)*

Kenya's annual inflation dropped to 7.47 percent this month from 9.21 percent in June, falling within the government's preferred range for the first time since February this year, the statistics office said on Monday. The rate rose above the government's preferred band of 2.5 to 7.5 percent earlier in the year after a regional drought caused food prices to surge. It peaked at 11.7 percent in May before starting to drop last month after rains improved boosted food supplies. The lower rate of inflation this month was attributed to a decrease of 2.05 percent in the food and non-alcoholic drinks index compare with June, the statistics office said in a statement. "The drop was cause by significant falls in the prices of several food items arising out of good weather conditions in some parts of the country," the agency said. The central bank, whose monetary policy committee has held lending rates since late 2016, predicted earlier this month inflation would fall in line within this quarter. *(Reuters)*

Cash transacted through mobile money platforms in the year to June 30 equalled nearly half the national production, according to latest official statistics. The payments hit Sh3.574 trillion between July 2016 and June 2017 in about 1.7 billion transactions, Central Bank of Kenya's latest numbers show. The value was 15.8 per cent higher than the previous year's Sh3.086 trillion. This means the transactions were an equivalent of 48.76 per cent of Kenya's estimated Gross Domestic Product (GDP) of Sh7.33 trillion ($70.53 billion) as of December 2016 going by the World Bank Group data. Between January and June this year alone, about Sh1.81 trillion was moved through mobile platforms representing a 13.84 per cent rise. Record monthly transactions were witnessed in March this year at Sh320.180 billion, a 17.03 per cent rise compared with the previous month's Sh273.59 billion. The continued expansion of mobile payments in which Kenya is a global leader has largely been at the expense of plastic cards payments' whose growth has been stagnant. The cards' value, largely of debit cards, dropped by a marginal 0.29 per cent year-on-year to Sh1.39 trillion in June, while the value of transactions in six months fell 1.2 per cent to Sh690.17 billion.

"M-Pesa and similar digital financial services represent a significant improvement in the national payments technology, reducing transaction costs and lowering the barriers to entry into the formal financial system," former CBK governor Njuguna Ndung'u wrote in a policy brief published by the University of Oxford's Blavatnik School of Government last week. "Financial institutions in Kenya have embraced M-Pesa as a platform to manage micro accounts, build customer deposits and broaden their customer network." The country's six mobile money companies operated 34.178 million accounts in June, with the agents at a new high of 165,109. The mobile money platforms include Safaricom's M-Pesa, Airtel Money, Telkom Money, Equity Group's Equitel, Tangaza and MobiKash. The statistics, however, indicate mobile money user accounts fell for two straight months having hit a record 34.286 million before slowing to 34.205 million in May. Mobile money platforms are rapidly diversifying from cash transfer services to channels for paying monthly utility bills, buying goods and services, remittances and lately investment in bonds through the M-Akiba where Treasury is targeting to raise Sh5 billion in phases. *(Daily Nation)*

The Capital Markets Authority is targeting African large caps for cross-listing on the Nairobi bourse amid concern over the concentration of market wealth in just five companies. The regulator is banking on the Global Depository Receipts (GDRs) framework — which provides a lower-cost route for international companies to trade shares in Kenya without having to physically list — to attract blue-chips from the continent. The CMA is concerned that Safaricom , East African Breweries , Equity , KCB and British American Tobacco Kenya controlled 65.61 per cent of the Nairobi Securities Exchange (NSE) capitalitalisation by June; a slight rise from 63.7 per cent in March. The market wealth concentration rate rises further to 80.47 per cent or Sh1.787 trillion of the Sh2.22 trillion total market when the top 10 large caps are factored in. NSE's market cap grew 17.46 per cent compared to Sh1.89 trillion in March. According to the CMA's Soundness Report for the first half of the year, 56 companies on the NSE accounted for about 19.53 per cent of the total wealth. "One of the opportunity we see is that with introduction of the GDRs, we are hoping that we will allow large companies that are operating on the African continent to cross-list into Kenya or to do their primary listing in Kenya using the GDR framework because it is slightly easier than doing a full local listing,"

CMA chief executive Paul Muthaura said. "So, we are hoping that that can play a role in trying to reduce the concentration risk." Safaricom accounted for 40.99 per cent of the NSE's wealth in the six months through June, according to the report that provides stability and risk indicators in capital markets. EABL, Equity, KCB and BAT accounted for 9.21, 6.41, 5.21 and 3.81 per cent respectively. "Their market concentration risk needs to be mitigated by, among others, increasing the number of listings," the report says. Mr. Muthaura said the regulator was reviewing one application following approval of the GDR rules on July 13. "Increasingly, African companies will need to maintain a listing presence on the continent and that Kenya has an opportunity to carve out an opening in this space," Nairobi-based investment analyst Aly-Khan Satchu said. *(Business Daily)*

Kenya's private sector activity contracted for the third consecutive month in July, but at a slower pace, as firms took a cautious stance ahead of national elections next week, a survey showed on Thursday. The Markit Stanbic Bank Kenya Purchasing Managers' Index (PMI) edged up to 48.1 during the period, from a series low of 47.3 the previous month. The PMI fell below the 50.0 level which separates growth and contraction in May. "Elevated political temperatures and a lack of access to credit for firms and households, kept the Stanbic PMI in contractionary territory," said Jibran Qureishi, the regional economist for East Africa at Stanbic Bank. He said if the Aug. 8 elections -- in which voters will pick a president, parliament and regional authorities -- pass off peacefully, activity could start to improve gradually. A disputed presidential vote in 2007 descended into ethnic violence in which 1,200 people were killed although the next poll in 2013 passed off peacefully. A slowdown in private sector credit growth, mainly caused by a cap on commercial lending rates, has offered another drag to the economy in the run-up to the election. "In the event that the interest-rate-capping law remains in place for longer, economic activity is unlikely to improve meaningfully over the near to medium term," Qureishi said of the cap that was introduced last September. *(Reuters)*

Mergers and acquisitions dominated regional deals in the first seven months of the year as the disclosed value of such transactions went up by 45 per cent to Sh113.5 billion. A regional report compiled by I&M #ticker:I&M Burbidge Capital shows that there have been 23 mergers and acquisitions in East Africa since January, accounting for 54 per cent of total deals which stand at 43. Private equity deals dominated the market in the first seven months of 2016, accounting for 24 out of 64 deals valued at Sh78.2 billion. But this year the number has fallen to 12. Kenya dominated the deals scene this year, cementing the country's reputation as the regional economic hub. "July recorded seven deals valued over $100 million, making it a fairly busy month. Interestingly, all the deals were done in Kenya and only one had an announced value (Abraaj's acquisition of Java House restaurant chain); so the total value would have been significantly higher," said I&M Burbidge Capital chief executive Edward Burbidge in the report. "Given the proximity to the elections we believe this is indicative of the positive and long-term outlook that most strategic and financial investors are taking."

Kenya will on Tuesday hold a closely contested presidential election which has raised political temperatures and reduced business activity. On the capital raising front, there has been a dearth of IPOs and corporate bond issues in the region, with only one of each recorded. In Kenya, the only firm to issue a corporate bond this year is EABL #ticker:EABL with the Sh6 billion second tranche of its medium term note which carries a full target of Sh11 billion. The market has also been quiet on rights issues, partly attributable to a depressed market limits the amount a firm can raise through this avenue. Regionally, the only concluded IPO since the beginning of the year is that of I&M Rwanda in March, in which the Rwandan government exited the lender in the sale valued at Sh1.1 billion. *(Daily Nation)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

The Kenyan shilling was firm against the dollar in thin trading on Friday with most importers staying on the sidelines having filled their dollar requirements in advance of an election next week. At 0810 GMT, commercial banks quoted the shilling at 103.75/95 per dollar, compared with 103.85/95 at Thursday's close. Voters go to the polls on Tuesday to pick a president, parliament and regional authorities. *(Reuters)*

Malawi

Corporate News

No Corporate News this week

Economic News

No Economic News this week

Mauritius

Corporate News

No Corporate News this week

Economic News

Business confidence in Mauritius rose in the second quarter of 2017, a survey of leading private companies in the Indian Ocean island showed on Monday. The Mauritius Chamber of Commerce and Industry's quarterly confidence index climbed 3.4 percent to 105.4 points. This is the second consecutive increase since the last quarter of 2016. The chamber said the index was buoyed by higher domestic demand in the period from April to June compared with the same period a year earlier. The economy is expected to grow by 3.7 percent this year, up from 3.6 percent last year. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Nigeria

Corporate News

Guaranty Trust Bank Plc is celebrating the 10th anniversary of its listing on the London Stock Exchange. In a statement on Sunday, the lender said it became the first Nigerian bank to be listed on the LSE a decade ago, and the first to dual list on an international exchange as well as the first Nigerian company to raise international capital using listed global depositary receipts. To mark the feat, the Managing Director/ Chief Executive Officer, GTBank, Mr. Segun Agbaje, led the market open ceremony at the LSE on Friday, accompanied by senior representatives of the bank and other institutional partners. The LSE is a diversified international exchange that offers international business, and investors, unrivalled access to Europe's capital markets. Since its listing on the LSE, GTBank said it had embarked on a decade of growth in profitability, products and service delivery. Agbaje was quoted to have said, "To be listed on the London Stock Exchange, one of the most illustrious exchanges in the world, was a pioneering feat which remains fresh in our minds. "We are deeply grateful to all our investors and partners for the integral role they played and their confidence in our ability to pull off that giant leap. Ten years on, we remain committed to maximising shareholders' value and delivering superior and sustainable return, guided by our founding values of hard work, discipline and integrity." (Punch)

Wapic Insurance Plc has assured its shareholders of better returns on their investment. According to a statement obtained on Sunday, the Chairman of the company, Aigboje Imoukhuede, said the firm was maintaining its growth despite economic challenges. While explaining the 2016 financial performance of the company, he said Wapic recorded growth across all business lines, leading to total revenue of N12.4bn and gross written premium of N8bn, representing an increase of 19 per cent and 13 per cent, respectively over the same period in 2015. He said its gross premium income and net premium income were N7.58bn and N4.30bn, respectively, which amounted to 23.14 per cent and 8.80 per cent growth, respectively over the prior year. According to him, its underwriting profit rose by 13 per cent to N4.94bn in 2016, compared to N4.37bn in 2015, attesting to the success of the company's strategic focus on innovation, operational efficiency and marketing, which had positively impacted on its top-line and bottom-line. In a strong affirmation of the company's financial strength and risk -adjusted capitalisation, global ratings experts, A.M. Best in December 2016 adjusted Wapic's financial strength rating to C++ (stable) and Issuer Credit Rating to b+ (stable). The Coordinator, Emeritus of the Independent Shareholders Association of Nigeria, Sunny Nwosu, commended the company's financial performance and enjoined its board and management to continue the trajectory of value delivery to shareholders. The National Coordinator, Progressive Shareholders Association of Nigeria, Boniface Okezie, spoke on behalf of his constituents, acknowledging that Wapic had diligently pursued its promise of consistent payment of valid claims and applauded the strategic decision to proactively shore up its already strong capital position. *(Punch)*

Fidelity Bank Plc said it again demonstrated its desire to continuously improve on customer service with the introduction of a personalised self-service feedback system on its Instant banking product -*770#. This initiative, according to the bank, is expected to take its customer service a notch higher. When a customer completes select transactions using Instant Banking (*770#), the feedback system prompts the customer to rate the quality of their experience using the product. Customers who participate in this optional feedback rating also automatically qualify for exciting monthly rewards, the bank explained in a statement. "This initiative gives the bank real-time insights on the product's performance and ensures that our Instant Banking Product (*770#) is continuously improved to give our customers the best possible experience. "This reinforces our drive to use digitization and analytics to get deeper insights about our customers and ultimately improve the customer experience across our channels. "We will be extending this innovative feedback rating system to our other transaction channels very soon," Fidelity Bank CEO, Nnamdi Okonkwo said in a statement from the bank. Instant Banking (*770#) is a USSD short code service that currently allows Fidelity Bank Customers perform 14 types of transactions/requests. Instant Banking works only with the customer's registered phone number with the bank. "All the customer requires is any type of mobile phone and there is also no need to have data on the phone. This product from Fidelity bank also has some advanced security features like instant blocking which enables customers to automatically disable the service from any phone by sending a short code if their phone gets missing," he added. *(This Day)*

WEEKLY AFRICAN FOOTPRINT

TRADING

This Week's Leading Headlines Across the African Capital Markets

Nigerian conglomerate UAC expects stronger results in the second half of the year and plans to raise 15.4 billion naira ($42.3 million) from shareholders after half-year profit fell, outgoing Chief Executive Larry Ettah said on Monday. UAC, with interests in real estate, paints, foods and livestock feed, last week posted a 59 percent fall in pretax profit to 1.63 billion naira for the half-year to June. Ettah, who retires at the end of the year, said UAC had shareholder backing for the share sale, which it could launch around September or October, once it gets approval from the Securities and Exchange Commission. Shares in UAC which have lost 1.4 percent this year, gained 0.12 percent to 16.70 naira on Monday. They shed 18.9 percent last year. "Despite very high interest rate regime, outlook for H2 appears brighter following relative stability and declining inflation rate with positive impact on margins," he told an analysts call. High interest rates have hurt margins at UPDC, its real estate business, whose profit declined 68 percent in the first half while economic challenges impacted on sales, Ettah said. The group is planning a 20 billion naira three-year bond for UPDC, to help refinance short-term loans, after the real estate firm sold 5.1 billion naira worth of shares, he said. Nigeria's annual inflation slowed to 16.25 percent in May after it recorded its first recent fall in February. However the West African country is still in a recession, brought on by low oil prices which has weakened its currency. Ettah said the economy was gradually recovering from the recession, which sapped consumer demand and increased costs due to its effect on the naira currency. *(Reuters)*

The current earning season for listed company has favoured shareholders of Dangote Sugar Refinery (DSR) Plc as the company has declared an interim dividend of 50 kobo per share for the half year ended June 30, 2017. The dividend will be paid out of the 285 earnings per share (EPS) recorded for the period to shareholders whose names will appear on the register of the company as at August 11, 2017. The unaudited results for the 2017 show improved performance indicators. Specifically, DSR recorded a revenue of N118.68 billion in 2017, up by 68 per cent from N 70.47 billion in the corresponding H1 of 2016. In line with high inflationary trend and general high cost of doing business, the company's cost of sales rose from N56.5 billion to N91.7 billion. But the company reduced selling and distribution costs, which fell from N488 million to N411 million. DSR ended the H1 with profit before tax of N25.25 billion, up by 126 per cent from N11.16 billion, while profit after tax jumped by 132 per cent to N17.10 billion, up from N7.38 billion. EPS per share grew to 287 kobo compared with 123 kobo. Hence, the directors have recommended an interim dividend of 50 kobo per share.

Looking ahead, the acting Managing Director of DRS, Abdullahi Sule said: "The outlook for the remaining quarters of the year remains promising despite the various economic challenges in the country. Our focus remains increasing our local market share to reinforce Dangote Sugar's position as Nigeria's leading producer, and achieving our backward integration sugar production plans, as Nigeria continues in its quest to achieve self-sufficiency." "Our greater growth strategy "Sugar for Nigeria" continues to gain momentum; the rehabilitation and expansion of Savannah Sugar is well underway, while the Memorandum of Understanding (MoU) for the 60,000ha Tunga Sugar Project has been signed. We have continued towards overcoming every challenge we are being faced with in the realisation of our backward integration plans." Although investors received a dividend of 60 kobo per share for 2016, the Chairman of DSR, Alhaji Aliko Dangote assured shareholders that the company remained committed to the delivery of superior returns to shareholders. According to him, the company was in a position to pay a higher dividend but it retained some part of its earnings for investment in the company's Backward Integration Programme (BIP). *(This Day)*

Anglo-Dutch consumer goods group Unilever will take part in a 58.85 billion naira ($162 million) share sale by its Nigerian unit and will not convert a loan made to the subsidiary into equity, Unilever Nigeria said on Wednesday. Unilever Nigeria, 60.05 percent owned by Unilever, is aiming to raise money to pay off loans owed to related firms and to give it some flexibility in the event of a further devaluation of the naira, its chief financial officer said. The business plans to offer 1.96 billion shares at 30 naira each, a 26 percent discount to its Wednesday's price of 40.51 naira. The sale ends on Sept. 8. Finance chief Adesola Sotande-Peters told analysts on a conference call that Unilever Nigeria owed sister firms in Ghana and elsewhere money in foreign currency and wanted to repay that with proceeds from the share sale. She said the unit's total indebtedness in dollars was $120 million, with around $64 million owed to its parent. Unilever granted its Nigerian unit a $108 million loan to help it with dollar shortages in Africa's biggest economy, brought on by low oil prices, the unit said in its prospectus. Despite recession in Nigeria, the West African country remains Africa's single largest consumer market. Last week, Unilever Nigeria announced a 238 percent rise in half-year pretax profit to 5.04 billion naira. However, analysts say Nigerian consumers are shifting towards more affordable products due to double-digit percentage increases in inflation. Unilever Nigeria said it would continue to invest in distribution and remain focused on consumers' changing demands. It plans to boost local production and source more raw materials in Nigeria. *(Reuters)*

Economic News

The foreign exchange reserves have risen to an almost three-month high of $30.74 billion, latest Central Bank of Nigeria (CBN) data showed. The dollar reserves grew 1.62 per cent from a month earlier. The CBN did not provide a reason for the increase. The foreign reserves rose by $7 billion in six months to hit $31 billion at the end of April this year. The increase has restored the total to a level last seen in August 2015. According to FBN Capital Research, the reasons for the recovery are the disbursement of $600 million by the African Development Bank (AfDB) last November and the recent sale of N1.5 million Eurobond. "There has also been a significant recovery in oil production over the period. With less certainty we can speculate about improved forex management and possible swap transactions," it said. The research firm said the positive surprise was due to the upward swing in reserves, since the CBN stepped up its forex sales in early March. "The steady accumulation makes it less, not more, likely to adopt the forex reforms sought by the market. There is no sign that the CBN plans to slow its sales, which for wholesale transactions alone are close to $3 billion: rather, it launched its latest window (for investors and exporters) only last month," the report said. It said the macroeconomic damage from the latest period of oil price weakness, which is approaching three years, could have been manageable if a fiscal buffer against external shocks had been functioning. "Legislation passed in 2011 created such a buffer, Nigeria's own ring-fenced sovereign wealth fund, but the opposition of state governors has prevented its effective operation.

The accumulation from 2011 through to the start of the oil price slide in August 2014 would have been substantial," it added. Meanwhile, the CBN yesterday offered $100 million in wholesale auction at the inter-bank forex market and intervened in the Small and Medium Enterprises (SMEs) and invisible segments, with the sum of $50 million and $45 million, respectively. Confirming the figures, the CBN Acting Director, Corporate Communications, Isaac Okorafor reiterated that the bank's intervention was in line with its commitment to sustain liquidity in the market to meet genuine requests as well as deepen flexibility in the foreign exchange market. Monday's sale follows the major intervention, last Friday, to the tune of $462,336,426.74, comprising $267.3 million for the Retail Secondary Market Intervention Sales (SMIS), $100 million for wholesale interventions, $50 million for the SMEs forex window and $45 million for invisibles. Okorafor had said last week that the CBN leadership was quite impressed by the positive impact its current foreign exchange management was having on the manufacturing sector, agriculture and economic activities in general across the country. He said the CBN would not continue working on achieving the objective of convergence between the exchange rates at the Nigeria Autonomous Foreign Exchange (NAFEX) and the Bureau-de-Change segments of the market, even as he assured proper surveillance of the forex market to guarantee transparency in the sale of foreign exchange. *(The Nation)*

Negotiators representing militants in Nigeria's oil region in talks with the government said they'll pull out of the process if some demands aren't met by November, accusing President Muhammadu Buhari's administration of not doing enough for peace. The efforts of the group, known as the Pan-Niger Delta Forum, "to help Nigeria climb out of recession through stable oil and gas production have not been met with tangible reciprocal action by the federal government," Edwin Clark, its leader, said in a statement emailed on Tuesday. A list of 16 demands, including the withdrawal troops from the region and the clean up of oil spills, presented for implementation "without delay" at the group's meeting with Buhari last year was ignored, according to the statement. The negotiators "may consider pulling out of the ongoing peace process" by Nov. 1 if these demands aren't met, said Clark. Nigeria is suffering its worst economic downturn in a quarter century after oil prices fell in 2015 and output was hampered by a resurgence of militant attacks on pipelines in the Niger delta. The armed groups, including the Niger Delta Avengers that claimed most of the attacks, nominated the community leaders last year to represent them in talks with the government and agreed to a cease-fire.*(Bloomberg)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Nigeria took a step to unify its multiple exchange rates by allowing banks to use a currency window for investors when quoting the naira rather than the official rate. The naira weakened on the interbank market. FMDQ OTC Securities Exchange, the Lagos-based platform that oversees interbank trading, asked lenders this week to publish quotes reflecting trades in the Investors' & Exporters' FX Window, according to Ecobank Transnational Inc. and Access Bank Plc. The window was opened in late April in a bid to attract inflows to the dollar-starved nation. The interbank rate weakened 14 percent to 366.04 per dollar as of 5:42 p.m. in Lagos, close to 367.08 for the so-called Nafex rate, the daily fixing published by FMDQ for the Investors' & Exporters' FX window. Naira three-month forward contracts based on the official rate rose as much as 1.3 percent to 342 against the greenback, the highest level on a closing basis since June 6. "FMDQ and traders reached agreement to try to move toward a single exchange rate," Kunle Ezun, an analyst at Ecobank in Lagos, said by phone. The idea is "to show the true reflection of the naira in the market. The I&E window in terms of transparency and price discovery seems to reflect where the naira should trade. All banks are now putting quotes at that rate."

Nigeria has faced dollar shortages since the price of oil, its main export, crashed in 2014 and the central bank responded by tightening capital controls. As the squeeze worsened, Nigeria opted for a system of multiple exchange rates rather than floating its currency like other crude producers such as Russia and Kazakhstan. The change this week was made because banks have been trading with each other mainly via the Nafex market since its introduction, according to Bola Onadele, FMDQ's chief executive. Banks "should quote where naira is trading with integrity and transparency," he said in a text message. While the move will be welcomed by investors, who have long criticized the existence of several exchange rates, a full unification may still be some way off, according to Standard Chartered Plc. The central bank maintains an official rate as strong as 305 per dollar, which is uses to ensure fuel importers get cheap dollars. "It is probably a positive step toward greater transparency in the FX market," said Samir Gadio, head of Africa strategy at Standard Chartered in London. But "exchange rate unification across the board could imply higher fuel prices, or larger implicit subsidies, which will require national consensus. So it is not a straightforward step." *(Bloomberg)*

Nigeria is expected to emerge from recession this year, but threats to recovery remained elevated and the economy will not grow enough to reduce unemployment and poverty, the International Monetary Fund said on Wednesday. Nigeria slipped into a recession last year as low crude prices and oil production slashed government revenues, caused dollar shortages and crippled its economy. The Fund projected Nigeria's economy will grow 0.8 percent this year, it said in a report. "Concerns about delays in policy implementation, a reversal of favorable external market conditions, possible shortfalls in agricultural and oil production, additional fiscal pressures, continued market segmentation in a foreign exchange market that remains dependent on central bank interventions, and banking system fragilities represent the main risks to the outlook," the IMF said. "Acting on an appropriate and coherent set of policies to enhance an economic recovery remains urgent," it said after a team visited Nigeria last month to review reform implementation. The IMF said the government saw significant revenue shortfalls in the first half of the year, with interest-payments remaining as high as 40 percent at end of June. It projected interest payments would rise further under current policies. Nigeria expects a shortfall of $7.5 billion for its 2017 budget. It expect to raise around half that in foreign loans including, from the World Bank and from international debt markets. *(Reuters)*

Deposit Money Banks have started showing investors price quotes for the naira on screens instead of giving them by phone, traders have said. The move is part of an effort to draw dollars back to the nation's ailing economy, which has been short of dollars since the price of crude oil, the main source of hard currency, plunged three years ago. The Central Bank of Nigeria hopes the move will further narrow the spread between the official and black market rates by attracting more investment with higher transparency, traders said, according to Reuters. Market operator FMDQ Securities Exchange initiated the change with an email on Monday, citing the need to improve liquidity. Trading by phone will also continue, traders said. "This will ensure rates distortion on the FX market is considerably minimised, serving to improve and maintain the credibility of the Nigerian FX market," FMDQ said in the email seen by Reuters on Thursday, adding that the move would start immediately. Banks quoted the naira as weak as 371 to the dollar on the investor window on Thursday, Thomson Reuters data showed, but some were exchanging the dollar at N315 among themselves, traders said.
Investors exchanged the naira at 400 to the dollar in May. The naira has recovered some ground in recent months as oil revenues improved, after reaching a record low of 520 to a dollar. On the official market, the naira ended Thursday at 305.55, the rate where the central bank

has kept it through regular dollar sales since last August. Nigeria had at least five exchange rates, which it has used to mask pressure on the naira. The CBN has been working to converge the rates through interventions, but the dollar sales are burning through its reserves. In April, it allowed investors to trade the naira at rates determined by the market, a move intended to improve dollar supply, but one that introduced yet another exchange rate. The bank has said the investor window had handled $2.2bn of trade since April. However, it accounted for almost 30 per cent of that trade itself as it worked to keep the window operating. The central bank last year lifted a temporary peg on the currency, but to protect its precariously low foreign reserves it introduced a convoluted exchange rate system that sees different buyers paying various rates for dollars. *(Punch)*

Nigeria and the International Monetary Fund disagree over how much the economy will grow this year, with the government saying 2.2 percent and the Fund opting for just 0.8 percent. Either would be an improvement on last year, when Nigeria suffered its first recession in more than two decades as low crude prices and oil production slashed government revenues and caused chronic dollar shortages. The government's forecasts, seen by Reuters on Thursday, are contained in a document titled: 2018-2020 Medium Term Fiscal Framework and Strategy Paper, which forms the basis for its 2018 budget, dated July 27. It projects a big bounce back, to 2.2 percent this year, 4.8 percent in 2018 and 4.5 percent in 2019, before reaching 7 percent in 2020. The IMF, however, is not as bullish, saying on Wednesday it expects Nigeria's economy to grow by 0.8 percent this year, with threats to growth remaining elevated. "I think that risks are to the downside rather than the upside, but 2.2 percent isn't outside the range of the possible now that oil prices and oil output are recovering," said John Ashbourne, Africa economist at Capital Economics. The OPEC member expects oil production to hit 2.3 million barrels per day and a price of $45 per barrel. It said oil production reached 1.9 million barrels between January and June 2017, including condensates.

Nigeria has promised OPEC to cap its crude oil output at 1.8 million bpd, although it does not include condensates in this total. The country's economy contracted 0.5 percent in the first quarter, its smallest fall in five quarters of decline. The government projects the naira's exchange rate to the dollar, which has traded at around 305 on the official market since 2016, to remain stable while inflation will decline but remain in double-digits at 12.42 percent next year. Nigeria has at least six exchange rates which it has used to mask pressure on the naira after a drop in oil price caused foreign investors to flee, triggering a currency crisis. The central bank has been working to converge the rates through dollar interventions but that is burning out reserves. "Should there be any harmonisation in FX rates – as encouraged by the multilateral agencies – then an FX assumption of 305 is likely to prove unrealistic," said Razia Khan, chief economist Africa at Standard Chartered Bank. Nigeria suffered significant revenue shortfalls in the first half of 2017, with interest payments remaining as high as 40 percent at end of June. The country estimates record spending of 7.94 trillion naira ($21.75 bln) next year, up 6.7 percent from the sum budgeted for 2017 with deficit rising to 2.45 percent as a percentage of GDP. "In order to sustain spending of anything close to 7.94 trillion naira, Nigeria will need to do a great deal more to boost non-oil revenue mobilisation," said Khan. *(Reuters)*

Nigerian lenders will try to stabilise the business of 9mobile, the country's fourth largest telecoms group, until they can find new investors, First Bank said, adding that it saw no need to impair loans made to the company because of its cash flows. "On the part of lenders, we are trying to reposition the company till we find new investors. With the level of cash flow we believe there will be no need for impairment," a bank official said on an analysts' call. Another lender, FCMB, said on Tuesday lenders had agreed to extend a $1.2 billion loan which the mobile operator formerly known as Etisalat Nigeria took out four years ago but struggled to repay due to a currency crisis and a recession in Nigeria. *(Reuters)*

Tanzania

Corporate News

ZANZIBAR President Ali Mohamed Shein has said the country needs large and strong banks in order to spur the economic development agenda to the next level. Banks are also supposed to be innovative by coming up with various local solutions for problems with a bearing on the welfare of rural communities. "Banks are important in speeding up economic activities, especially by empowering the unbankable population," Dr Shein said when opening the Chake Chake branch of the CRDB Bank in Pemba. CRDB becomes the fourth player in Pemba, an archipelago of Zanzibar. Others are TPB Bank, NMB and People's Bank of Zanzibar. Dr Shein said for instance, that banks like CRDB, which had a strong vision on micro financing, would assist small and medium investors in rural Pemba to access credit and expand their businesses. "I am pleased to hear that you are now working closely with the Ministry of Industry, Trade and Marketing to develop small factories for seaweed and salt harvesting. "I also ask you (CRDB) to throw your weight behind clove farmers, since the Isles government wants to revive the crop in a big way," Dr Shein said when addressing the audience at the bank's inaugural ceremony. The revolutionary government is offering good prices for Grade One dried cloves, of 14,000/- a kilogramme, compared to 2,200/- four years ago. Ambassador Amina Salim Ali, the Minister of Industry, Trade and Marketing, said more cloves would be bought during the season that has just started than in the previous one, because the higher prices had motivated farmers to increase yields. "We needs banks like CRDB to chip in and assist us through loans and a simple platform for farmers' payments," the ambassador said.

During the last season, 2500 tonnes of cloves were bought at an average price of 8,700/ a kilogram. The government was also eager to empower fishermen through provision of motor powered fishing boats that in an ambitious project that was launched early this year. "A boat construction yard will be created in Unguja to build the boats. We want fisherman to go further in high seas where the catch is considerably big," Ambassador Amina said. CRDB Chairman Ally Hussein Laay said the bank opened the Pemba branch to foster economic growth of the people and the island as a whole. "The bank sets to address the challenges small and medium investors are facing, especially in accessing loans… we are planning to introduce Islamic banking as well," Mr. Laay said. CRDB Managing Director Dr Charles Kimei said the bank was behind Dr Shein's endeavour to uplift rural the economic status of the communities, and spur economic development. "The agricultural sector is top on our loan portfolio… we will continue to lend farmers despite others running away from the field saying it was too risky area to venture into," Dr Kimei assured the President. CRDB had issued loans totalling 3.3tri/- by the end of June in various fields, including agriculture, construction, trade, industry, fisheries and Saccos. *(Daily News)*

Tanzania's government and Canada's Barrick Gold have started talks to resolve a tax dispute involving Acacia Mining, the president's office said on Monday. The government accuses Acacia, in which Barrick holds a majority stake, of evading taxes over the years by under-declaring exports. Acacia denies the accusations, which have pummelled its share price. "Talks between a special committee formed by President John Magufuli and representatives of Barrick Gold Corp ... started today in Dar es Salaam," a statement from the presidency said. *(Reuters)*

Economic News

TANZANIA and Vietnam have reiterated on the need to maintain good relations in order to promote the businesses between the countries to reach 1 billion US dollars by 2020. This was unveiled during the talks between Vietnam Prime Minister Nguyen Xuan Phuc and the Tanzania's Ministers of Industry, Trade and Investment, Charles Mwijage and Agriculture, Livestock and Fisheries, Dr Charles Tizeba, at the end of the threeday business and investment meeting held in Vietnam this week. "The government of Tanzania recognizes and honours the friendship and longtime relation between the two countries," said Mr Mwijage at the forum that brought together 30 Tanzanian business people and over 200 from Vietnam. He said they had agreed with the Vietnamese Minister of Industry and Trade to form special task force that will meet in Dar es Salam next month to resolve the challenges slowing the process to boost trade balance between the countries. On his part, the Vietnamese Prime Minister commended Tanzania for the efforts to speed up economic growth as one of the ten countries in the world and first in East Africa with the fastest growing economy. He thanked the government of Tanzania for supporting Halotel in carrying smoothly its telecom operations particularly in the rural areas. He assured the Tanzania ministers of the Vietnam cooperation for the two countries to realize the goals of building robust economy to benefit its entire people. Dr Tizeba thanked the Vietnam Premier for the opportunity to discuss together development issues and requested to put officially through signing the agreement to speed up the process. *(Daily News)*

Zambia

Corporate News

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Economic News

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WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zimbabwe

Corporate News

LISTED telecoms firm, Econet has scaled down the issuance of new debit cards for its mobile money service, EcoCash, in line with the central bank's directive to monitor foreign expenditure. Local financial institutions have been battling to meet foreign payment obligations on the back of low nostro balances as foreign currency shortages in the country persist. "EcoCash has scaled down on the debit card as all other financial institutions in Zimbabwe to manage foreign currency spend obligations in line with a directive from the Reserve Bank of Zimbabwe to financial institutions to observe meticulous usage on foreign expenditure," said executive assistant to group chief executive Mr. Lovemore Nyatsine by email. The EcoCash debit card was launched in July 2014, and it was anticipated that three million customers would be issued with the debit card within five years. This has, however, been affected by shortages in foreign currency in the country, although the telecoms firm indicated the market had responded well to the initiative. "We are overwhelmed with the success of the debit cards whose performance has exceeded our expectations based on demand form customers," said Mr. Nyatsine. EcoCash also suspended payment of Multichoice's DSTV subscription at the beginning of the year. Mr. Nyatsine added this was in line with managing foreign expenditure as per guidelines from the RBZ. Mobile money transactions have become popular in recent time and it has been hailed for enhancing financial inclusion in the country.

According to the Postal and Telecommunications Regulatory Authority of Zimbabwe (Potraz) first quarter report, there are 3,25 million mobile money subscribers who were active in the first quarter of 2017. The regulatory body describes an active mobile money subscriber as a customer account that has used mobile money services to make transactions that involve the movement of value such as cash-in, cash-out, bill payments and airtime top-ups at least once in the last 90 days. "Many customers have turned to electronic payments. Customers have appreciated the value created through convenience, spread and security of the EcoCash platform," said Mr. Nyatsine. *(Herald)*

Delta and its associate Schweppes produce and sell TCCC brands under bottler's agreements with TCCC. Delta Corporation says the Bottlers Agreement with The Coca-Cola Company (TCCC) runs until May 2018 and engagements on the intention by Coca-Cola to terminate the agreement are now moving towards a common solution. In October last year, The Coca-Cola Company gave notice of its intention to terminate the Bottlers' Agreements with Delta Beverages and its associate Schweppes Holdings Africa Limited following the combination of Anheuser-Busch InBev NV/SA (AB InBev) and SABMiller Plc. Delta and its associate Schweppes produce and sell TCCC brands under bottler's agreements with TCCC. Giving a trading update for the four months to July 2017, chief executive Pearson Gowero said while the engagements are finding common solution, the group is in the meantime focused on growth. "We are positioned to take advantage of consumer trends and we will focus attention on certain lines to drive growth," he said. Mr. Gowero said the improved agricultural season and widening electronic payment platforms in settling transactions boosted volumes for Delta for the period. Lager beer volumes were up 12 percent during the period compared to prior year. The Eagle larger grew 24 percent as consumers continue to prefer lower end brands while the core larger was 10 percent above prior year. Mr. Gowero said the growth momentum was maintained in July.

In the premium segment, Castle Lite and Zambezi are strong, maintaining double digit growth. Mr. Gowero said Chibuku volumes benefited from additional capacity but volume declined due to small unit of purchases of 2-litre scud vs the 1,25-litre super. The Sorghum beer volume was 5 percent down on prior year with Chibuku Super growing by 9 percent. The CEO said before end of the current financial year, the group will introduce a new packaging of the scud to a returnable container which is in support of revenue growth strategy. The soft drinks category was up 3 percent with both the sparkling beverages and Maheu registering growth. Nonetheless the group is still facing a little competition from imports. In terms of associates, Mr. Gowero said Afdis which is due to release its financials registered encouraging volumes and revenue. He said Schweppes has not had a decent performance in the year so far, particularly during the first quarter of the year, as a result is behind on revenue and volume. The company's Beitbridge Juicing Plant and the Best Food Processors have not yet started to input positively to the company. Nampak is stable but was affected only by the shortages of foreign currency.

In that regard, Mr. Gowero said Delta is failing to remit dividend to foreign shareholders which now amount close to $50 mln. At the AGM audit and directors fees were approved at $400 000 and $226 000 respectively. *(Herald)*

ZIMBABWE'S largest retail group, OK Zimbabwe Limited said revenue for the first quarter of financial year 2018 grew 19 percent on the back of major promotions during the quarter. OK Zimbabwe runs one of the country's biggest promotions, the OK Grand Challenge. Briefing shareholders at the firm's annual general meeting in Harare yesterday, chief executive Mr. Alex Siyavora said performance was ahead of budget with positive growth over prior year. In the full year to March 31, 2017, OK Zimbabwe's revenue grew by 8 percent above prior year "The growth we reported at year end of FY17 is continuing. Performance is ahead of budget, with positive growth over prior year. "Our promotions, the major one being The Grand Challenge Jackpot Promotion, were successful and contributed meaningfully to the quarter's performance. Gross margins have also been maintained," said Mr. Siyavora. The retail giant has also indicated imported goods have narrowed to some extent because of difficulties with international payments, but the supply of goods remains adequate to sustain the required level of performance. Additionally, the recent ban on kaylite packaging by Environmental Management Agency (EMA) resulted in some disruptions in the business briefly but Mr. Siyavora said it was still difficult to ascertain the cost of the ban until the alternative packaging was available.

The firm was holding $60 000 worth of stock at the time of the announcement of the ban, although a 90-day reprieve was given to clear stocks. "The kaylite ban disrupted business for about four days for us, the kind of offerings in the take aways are soupy dishes, you need something which can hold the soup there are no alternatives currently so we stopped serving anything like that as we were negotiating with EMA. "The alternative packaging to come has not yet affected us as we have been given a reprieve, but we estimate it will affect us, we will assess the cost when we know the alternative," said Mr. Siyavora. OK Zimbabwe is the leading supermarket retailer with business covering three major categories comprising groceries, basic clothing and textiles as well as house-ware products trading under three brand, OK stores, Bon Marche stores and OKMart. Meanwhile, OK Zimbabwe closed last Friday's trade on the Zimbabwe Stock Exchange at 10, 2 cents. *(Herald)*

COAL miner Hwange Colliery Company Limited has selected a European company to conduct exploration and drilling at its new concession in western and Lubimbi fields in Hwange. Managing director Mr. Thomas Makore told The Herald Business in an interview yesterday that the company had finished the selection process and was finalizing the contract. "It will be a phased exploration programme with the first and second phases expected in 12 months (from commencement) while phase three can be renegotiated," he said. Mr. Makore declined to reveal the name of the company until the contract had been signed. In 2015, the Government granted Hwange new coal concessions in Lubimbi and western areas. The new concessions, with an estimated underground resource of about one billion tonnes, according to an independent competence report done by SRK Consulting, is expected to increase the life span of the coal mining company by more than 50 years. Hwange, the country oldest coal miner is looking at partnering foreign investors to develop the new mines at its new concessions, Mr. Makore said in earlier interview. Apart from Lubimbi and western area coalfields, Hwange has also identified deposits in the Lowveld. This part of the country is strategic because of its proximity to the South African market and port of Beira and Maputo in Mozambique. Coal has been the dominant energy mineral for Zimbabwe. The country boasts of vast reserves of coal particularly in the north -west and southern parts of the country. *(Herald)*

EcoCash, the country's largest mobile money owned by Econet Zimbabwe has announced another reduction on its monthly transaction limit for the Ecocash Debit Card. In a text message sent to its subscribers, Econet said cardholders can now only transact up to $300 per month. "This limit is split, with $50 set for ATM cashouts, $200 for POS (point of sale) transactions and another $50 for online purchases," the text read. This is the fourth reduction of transactions from EcoCash. In October 2016 it set its limit at $1 100 and then revised this to $500 in December 2016. In February this year, the amount was further reversed to $400 per month, split between $200 for ATM cash outs and $200 for POS (point of sale) transactions and virtual payments which cover online purchases. Just last month, Econet scaled down the issuance of new debit cards for the EcoCash service, in line with the central bank's directive to monitor foreign expenditure. Local financial institutions have been finding it hard to meet foreign payment obligation on the back of low nostro balances as foreign currency shortages in the country persist. In its latest Mid-Term Monetary Policy Statement released on Wednesday the Reserve Bank of Zimbabwe said it had arranged almost $1 billion worth of facilities to deal with forex crisis. The apex bank said it has negotiated for a $600 million nostro stabilisation from Afreximbank. The RBZ also renewed the African Export-Import Bank Trade Backed Securities (Aftrades) facility at an enhanced level of $400 million for another two years to mature in 2019. *(Herald)*

Zimbabwe's largest financial group, CBZ Holdings on Thursday reported an after tax profit of $12 million in the six months to June which is largely flat when compared to $11,9 million achieved in the same period last year. Net interest income was up 2,8 percent from 38,6 million in the comparable period last year to $39,7 million. Banker's acceptances and overdrafts contributed $32,2 million and $19 million respectively while security investments brought in $21,7 million. Non-interest income accounted for 46 percent of the group's total income, up from 42 percent last year. Presenting financial results on Thursday, chief executive Never Nyemudzo told analysts that there is need to diversify the group's revenue income base. "Treasury bills now constitute a significant part of our balance sheet but we have seen that as bringing stability and diversification to our balance sheet. We are excited with the returns because while the interest from loans is going down (as) we are lending at 6 percent, net of tax treasury bills are yielding beyond 7 percent, so that convergence is bringing a lot of diversity to the sources of income," he said. The group's holding of Treasury Bills increased from $751,6 million to $814,5 million. "So the ideal is to maintain at that level but we are going to see more dilution on the balance sheet from insurance and properties, which are the key portfolios that have potential to grow their assets." Total assets grew 3,5 percent to $2,16 billion. Basic Earnings Per share (EPS) grew to 4.6 cents from 4.5 cents. For the full year Nyemudzo said the group forecasts an 11 percent increase in income. *(The Source)*

MBCA Bank's net profit more than doubled to $2,7 million in the six months to June from $1,2 million achieved in the comparable period last year, driven by an increase in non-interest income. Non-interest income grew 34 percent to $8,65 million pushing revenue to $16,1 million from $14,1 million recorded in the same period in the prior year. However, net interest income declined by 3,5 percent in the same period to $7,4 million, despite an increase in the loan book. "The loan book increased by 10,7 percent to $105,25 million from $95,01 million as at 31 December 2016, mainly due to new drawdown facilities and increased utilisation of existing facilities," chief executive Charity Jinya said in a statement. The bank's total assets increased by 3,8 percent to $310,3 million from $298,9 million as a result of an increase in net loans and advances. Total expenses excluding impairment charges increased from $10,64 million to $12,6 million, driven by employment costs and administrative expenses which rose 18 percent and 22 percent respectively due to business expansion. Non-performing loans ratio fell to 5,77 percent from 7,84 percent as the bank recovered previously written off bad debts. Deposits from customers increased by 4,3 percent to $246,86 million from $236,75 million recorded in the same period last year. Core capital as at June stood at $50,58 million. The central bank has set a $100 million capital threshold by December 2020. The bank's liquidity ratio decreased to 77,76 percent from 83,1 percent last year , but above the regulatory limit of 30 percent, while its capital adequacy ratio at 28 percent is above the regulatory limit of 12 percent. *(The Source)*

Economic News

The Zimbabwe Stock Exchange industrial index advanced one percent to close the week on 202,06 points, its highest point in 40 months, while the mining index weakened by 5,14 percent to settle at 65,45 points after losses in Bindura. Market capitalisation declined by 1,64 percent to $5,72 billion from $5,81 billion recorded in the previous week on the back of a drop in the resource index. Total market turnover, however, declined by 39,05 percent to $3,5 million this week from $5,8 million recorded in the previous week. Econet and Simbisa gained 5,89 percent and 9,76 percent to close at 39,18 cents and 22,5 cents respectively. Seedco and Padenga picked up 2,41 percent and 1,35 percent to close at 138,25 cents and 27,75 cents respectively, while Innscor and BAT slightly gained 0,34 percent and 0,28 percent to trade at 72,75 cents and 1,805 cents in that order. The largest company by market capitalisation, Delta remained unchanged at 127,25 cents. Other heavyweight counters Hippo, Natfood and Old Mutual were unchanged at 87 cents, 380 cents and 393 cents in that order. Leading the gainers pack was CFI whose share price rose 19,97 percent to close at 37,25 cents in the week under review. Ariston and African Sun also picked up 12,5 percent and 11,11 percent respectively. TSL, Truworths and Willdale gained 3,66 percent, 2,94 percent and 2,5 percent in that order. Additionally, FML and NMB advanced 1,79 percent and 1,25 percent while Dawn added 1,11 percent in the week under review. However, Barclays, Meikles and Edgars eased 15,06 percent, 7,25 percent and 4,99 percent in that order. ZB Financial Holdings and Fidelity also lost 2,94 percent and 1,79 percent respectively. On the mining space, Bindura weighed down the mining index after its share price eased 15,52 percent to trade at 2,45 cents. Riozim, Falcon and Hwange remained at 55 cents, 1 cent and 2,5 cents in that order. Foreigners were net sellers in the week under review, disposing of shares worth $1,08 million and purchased shares worth $326,380. *(The Source)*

Both of Zimbabwe Stock Exchange's indices closed the final session of July on the front-foot, to sustain the local equities market's prolonged bull-run. The market is now up 40,64 percent year-to-date. The ZSE's mainstream Industrials Index ended the month above the 200 "psychological" mark – which was last achieved in 2014 – a reflection of the bull-run that the market has been on over the last couple of months. And the bourse's Minings Index closed the month on the black, attaining a 6,10 percent gain to touch 69,44 by close on the back of gains in two of its four counters. CFI was the market's top performing stock up 121,72 percent to $0,3725 as the counter continues to move on shareholder squabbles that have seen the share price trade at a premium of 69,31 percent to the mandatory offer of $0,22. The ZSE's daily market aggregates were rather cowed with the market spend 30,6 percent lower compared to Friday's trading session. Volumes were 34 percent lower compared to the previous session at 4,86 million shares. Foreign buys amounted to $20 000, while foreign sales amounted to $49 000, continuing an undesirable fund depletion. Driving the gains in the mainstream Index was the country's largest quick service restaurant (QSR) operator, Simbisa Brands whose stock gained 11, 11 percent following last week's reports of the firm's plans of a secondary listing on the London Stock Exchange's junior market – the Alternative Investments Market (AIM).

Simbisa, which seeks to raise capital to expand as well as for a potential foreign acquisition, led the risers in yesterday's trading on the Zimbabwe Stock Exchange (ZSE) with a $0,0250 bump in share price to trade at $0,2500. The QSR group owns the following popular brands: Pizza Inn and Chicken Inn, as well as franchises for Nandos and Steers of South Africa, and it operates outlets in 11 African countries, including Kenya, Ghana, Zambia and Mauritius. Other gainers that pushed the local bourse to continual rallying mode included telecoms giant Econet which put on $0,0082 to end at $0,4000 while seed producer Seed Co added $0,0075 to $1,3900. Also trading in the black was Axia Corporation which was up by $0,0050 to close at $0,1250 while Padenga was $0,0015 stronger at $0,2790. Sugar processing and packaging group StarAfrica Corporation's stock firmed 8,33 percent to settle at $0,0130. BAT, AFDIS, FBC and Innscor traded unchanged at $18,0500, $0,6000, $0,1360 and $0,7275 respectively. There were no trades in the negative. RioZim gained $0,0500 to close at $0,6000 and Hwange added $0,0010 to $0,0260, driving the mining index up by 3,99 points. The other two mining counters, nickel producer Bindura and gold producer Falgold remained unchanged at previous trading levels at $0,0245 and $0,0100, respectively. (*Herald)*

Zimbabwe's trade deficit narrowed by 5 percent to $1,3 billion in the first half of the year, after exports fell 9 percent, latest data from the Zimbabwe National Statistics Agency (Zimstat) shows. Imports in the period to June amounted to $2,6 billion against $1,3 billion exports. In the same period last year, the country's imports were $2,5 billion against exports of $1,1 billion, giving trade deficit of $1,4 billion. Major exports included semi-processed gold worth $394 million, flue cured tobacco worth $251 million, ferrochrome worth $163 million, nickel ore and concentrates for $171 million, diamonds for $34 million and chromium ores and concentrates at $51 million. Other exports included beef, agricultural produce as well as wines, minerals and scrap metal. Imports included diesel ($394 million), unleaded petrol ($195 million), electricity ($89 million), crude soya bean oil ($52 million), among others. Some of the imported products include fish, milk, cheese, sausage casings, sugar related confectionaries, biscuits, electrical energy, chemicals, vehicles and generators. In 2016, Zimbabwe's total exports fell 7 percent, to $3.37 billion from $3.61 billion the previous year while Imports declined by 11 percent to $5.35 billion from $6 billion in 2015. In his 2017 budget review, Finance Minister Patrick Chinamasa said total imports are seen at $5,4 billion versus exports of $3,9 billion in 2017, giving $1,5 billion trade deficit. *(The Source)*

ZIMBABWE's economy has continued to shrink, leading to growing unemployment and significant underemployment, an international research body has said. A recent Business Monitor International (BMI) report said a weak labour market would continue to constrain consumption growth over 2017. "A thorough analysis of Zimbabwe's labour market is complicated by the country's significant informal labour sector," the report read. "Since the climax of the political and economic crisis in 2008, Zimbabwe's economy has continued to shrink, leading to growing unemployment and significant underemployment. "According to our operational risk team, a majority of economically active Zimbabweans are employed in the informal sector. "With a large proportion of Zimbabweans either in informal or vulnerable employment, we expect growth to remain tepid." BMI said they believed that income insecurity, together with low income levels, would gear consumption toward subsistence-based spending — preventing significant consumption growth. Employers' Confederation of Zimbabwe, at the start of the year, forecast that employers' would not be hiring as much as they did in the past due to the depressed economy. Already, trends point to most companies undertaking cost cutting and restructuring exercises for the year. Economists say a decline in disposable income would lead to less spending and businesses would receive fewer returns, resulting in them shedding off staff and reducing recruitments to cut costs.

The government says there are about 500 000 people employed in the formal sector, in a country with an estimated population of close to 14 million. The informal sector is estimated to employ 90% of the country's able-bodied workforce. Meanwhile, in the informal sector, there has been an uptick of those being employed as average salaries are higher, an average of between $500 and $600 a month. In the formal sector, salaries range from $300 to $450 a month, BMI said. BMI said Zimbabwe was unable to compete with its regional peers in terms of employment costs, and that labour market risks were exacerbated by rigid labour regulations, chronic market liquidity constraints and regionally uncompetitive US-dollar denominated wages. "Furthermore, businesses will face difficulty adjusting the size of their workforce in response to economic changes due to costly severance pay packages and time-consuming employee termination procedures," the report said. "The latter has been a key feature of many company closures and we expect this trend to persist over the short-to-medium term." BMI said due to the continued emigration of skilled people in search of better economic opportunities abroad, businesses in the country would face difficulty in sourcing appropriately skilled workers over the medium term. *(News Day)*

Zimbabwe has filed a court application to enforce a previous notice to seize more than half of platinum producer Zimplats' mining land, the company said on Wednesday. Zimplats, which is majority controlled by Impala Platinum in January said President Robert Mugabe's government had made a fresh bid to compulsorily acquire 27,948 hectares of its mining ground, which the company opposed. *(Reuters)*

Zimplats reported an 11 percent increase in revenue to $143,5 million in the quarter to June from $128,9 million in the same quarter last year, driven by a 6 percent increase in platinum group metals (4E) sales volumes. Compared to the previous quarter this year, revenue was up 9 percent. Sales in the quarter were up from 143,600 tonnes last year to 152,900 tonnes this year pushing net operating costs up 10 percent to $109, 6 million. Cash costs per 4E ounce increased marginally from $612 to $620. Gross revenue per 4E ounce fell 5 percent from the previous quarter due to lower metal prices. Ore mined was up 11 percent from 1,6 million tonnes during the same quarter last year to 1,8 million tonnes this year. Ore milled grew 12 percent to 1,8 million tonnes while 4E head grade, at 3.24g/t remained constant. Overall, 4E metal production in converter matte increased by 6 percent from last year to 152,9 ounces in line with the increase in milling throughput. "The redevelopment of Bimha Mine remains on schedule to reach full production in April 2018. A total of $36 million had been spent on the project as at 30 June 2017 against an approved total project budget of $92 million," the company reported on Tuesday. "The development of Mupani Mine (the replacement mine for Ngwarati and Rukodzi mines) is on schedule, targeting ore contact by May 2020 and full production in August 2025. A total of $11 million had been spent on the project as at 30 June 2017 against an approved total project budget of $264 million." Local spend in Zimbabwe (excluding payments to government and related institutions) increased to $114 million from the $51 million recorded in the previous quarter. Total payments to government in direct and indirect taxes increased to $51 million from the $10 million reported in the previous quarter. Royalties at $3,5 million were 11 percent higher than last year, in line with the increase in revenue. *(The Source)*

Zimbabwe's central bank says it will print additional bond notes worth $300 million in an effort to ease biting cash shortages, stoking fears that the country could return to the era of money printing and hyperinflation. Governor John Mangudya said the bond notes would be backed by another facility from the African Export-Import Bank (Afreximbank). The continental bank would have backed Zimbabwe's rollout of the surrogate currency to the tune of $550 million, after a $50 million facility for bond coins in 2014 and $200 million for the initial bond note release last November. The bond note is not fungible outside Zimbabwe, and trades at par with the United States dollar, worsening capital flight and shortages of foreign currency. Despite that initial rollout, Zimbabwe remains in the throes of an acute banknote shortage, with bank queues now a permanent feature. Presenting the Monetary Policy Statement on Wednesday, Mangudya said the export incentive scheme had been successful in increasing imports by 14 percent. "Between May last year and June this year the country has generated $4,9 billion in foreign currency receipts," he said. "Building on the success on the export incentive scheme in securing exports of goods and services and diaspora remittances, the bank found it imperative to increase the scheme by a further $300 million dollars under a standby liquidity support facility which is being finalized by the Afreximbank." Plans to increase the bond notes in circulation have received stiff resistance from citizens who fear the return of the Zimbabwe dollar but Mangudya maintained that the country was not ready for a return of the currency.

Zimbabwe abandoned its currency at the height of hyperinflation in 2009 and adopted a basket of multi currencies which include the US dollar Rand, Pula and Pound. Mangudya added that bank was also negotiating for a $600 million nostro stabilization facility from Afreximbank to manage the cyclical nature of Zimbabwe's foreign currency receipts. "The fund will be available at the end of the tobacco selling season in August," he said. The central bank will also establish a $5 million ring fenced fund to facilitate repatriation of dividends by foreign investors. As at June the country had a backlog of $75 million in dividends and proceeds from sales that are owed to foreign investors. "The bank has noticed that repatriation of foreign exchange for securities related transaction is taking a long time despite such transactions being in the first category of the priority list of foreign currency allocation," said Mangudya "So we are setting up this fund to promote the integrity of the stock market, to stimulate trading and demonstrate that Zimbabwe is ready for business. All incoming and outgoing portfolio funds will be pooled in this fund." The fund will be operational in September. To cultivate a savings culture Mangudya said the bank would introduce a no frills tax free Savings Bond which will attract an interest rate of 7 percent per annum. *(The Source)*

Zimbabwe Revenue Authority (ZIMRA) net revenue collections grew 6,3 percent to $286,5 million for July against a target of $269,4 million. The revenue was also 16 percent higher than the comparable period last year, the tax agency said. "The sterling performance is a result of the automation drive, stakeholder engagements, anti-corruption initiatives and intensified enforcement programmes that are being implemented by the authority to enhance revenue collections," Zimra said in a statement on Wednesday. Net value added tax on local sales rose eight percent to $60 million after deducting refunds. Imports VAT stood at $37,7 million against a target of $26,6 million. Individual tax grew by a percent to $64,7 million against the $63,7 million target and 16 percent up on the prior period in 2016. "Value Added Tax on both local sales and imports performed above set targets, mainly due to the increase in the use of electronic payment systems and the rolling out of the Electronic Cargo Tracking System, which continues to bear fruits through curbing smuggling and transit fraud," said Zimra. Excise duty was 6,3 percent up to $59,9 million against the $56,4 million target due to the use of electronic system at the borders, improving volumes of properly declared fuels. Corporate income tax collections were 15 percent up to $12,4 million while customs duty put on 16,9 percent to $27,7 million. *(The Source)*

The Reserve Bank of Zimbabwe (RBZ) has said by the end of June, the stock of Treasury Bills (TBs) and bonds was $2,5 billion. Presenting the mid-year monetary policy review on Wednesday, RBZ governor, John Mangudya noted that $826,8 million TBs were issued for expunging the central bank's legacy debt under the Reserve Bank Debt Assumption Act and $262,7 million were issued to capitalise institutions in which the government has an interest in. Mangudya revealed that $531,2 million Treasury Bills were issued for government programmes including drought-related expenditures, while the $568,3 million were issued for the Zimbabwe Asset Management Company (Zamco) and $312 million TBs were issued to cover recurrent government expenditure. "It is evident from this utilisation analysis that TBs have substantially been developmental in nature and productive in as far as the final beneficiaries of the TBs were private sector firms that were owed by government for various services rendered," he said. "Such payments assisted the firms to resuscitate their business operations." The RBZ said the banking sector's performance was satisfactory over the half year to June 30, 2017, with total deposits increasing by 6,71%, from $6,55 billion on March 31, 2017, to $6,99 billion.

Total assets were $9,65 billion, while capitalisation and profitability indicators reflect improved performance. Total bank profits increased from $50,34 million in March this year to $100,59 million at the end of June 2017. The RBZ boss said Zamco has lived up to the central bank's expectations to reduce the non-performing loans (NPLs) in the banking sector from 20,45% in 2014 to 7,98% as at June 30, 2017 through the acquisition, management and restructuring of NPLs. As at June 30, 2017, banking institutions had submitted 361 154 or 97,06% of banking sector loans to the credit registry. Registered subscribers in the credit registry include banks and microfinance institutions. Mangudya said the central bank has commenced activities on phase 2 of the credit registry implementation programme, which entails a co-option of microfinance institutions and other credit *(News Day)*

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