SECURITIES AFRICA
RESEARCH & CAPITAL MARKETS

PAN-AFRICA

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

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

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

AFRICA STOCK EXCHANGE PERFORMANCE

				WTD % Change			YTD % Change	
Country	Index	2-Dec-16	9-Dec-16	Local	USD	31-Dec-15	Local	USD
Botswana	DCI	9561,53	9473,08	-0,93%	1,19%	10602,32	-10,65%	-5,23%
Egypt	CASE 30	11453,25	11297,93	-1,36%	-2,69%	7006,01	61,26%	-30,48%
Ghana	GSE Comp Index	1559,27	1571,73	0,80%	1,97%	1994,00	-21,18%	-28,74%
Ivory Coast	BRVM Composite	280,75	278,87	-0,67%	0,65%	303,93	-8,25%	-9,48%
Kenya	NSE 20	3248,02	3158,03	-2,77%	-2,93%	4040,75	-21,85%	-21,55%
Malawi	Malawi All Share	12875,85	12882,80	0,05%	0,54%	14562,53	-11,53%	-20,67%
Mauritius	SEMDEX	1804,69	1806,55	0,10%	0,23%	1811,07	-0,25%	0,25%
	SEM 10	344,72	344,95	0,07%	0,19%	346,35	-0,40%	0,10%
Namibia	Overall Index	1055,86	1093,53	3,57%	7,37%	865,49	26,35%	43,49%
Nigeria	Nigeria All Share	25740,83	25817,69	0,30%	-0,97%	28642,25	-9,86%	-43,00%
Swaziland	All Share	380,34	380,34	0,00%	3,67%	327,25	16,22%	31,99%
Tanzania	TSI	3877,79	3820,24	-1,48%	-1,05%	4478,13	-14,69%	-15,20%
Zambia	LUSE All Share	4200,30	4169,32	-0,74%	-0,27%	5734,68	-27,30%	-18,81%
Zimbabwe	Industrial Index	139,64	149,39	6,98%	6,98%	114,85	30,07%	30,07%
	Mining Index	57,09	55,52	-2,75%	-2,75%	23,70	134,26%	134,26%

CURRENCIES

Cur-rency	2-Dec-16 Close	9-Dec-16 Close	WTD % Change	YTD % Change
BWP	10,63	10,41	-2,09	6,07
EGP	17,86	18,11	1,37	-56,89
GHS	4,26	4,21	-1,15	-9,59
CFA	616,61	608,51	-1,31	-1,35
KES	99,98	100,15	0,16	0,37
MWK	720,50	717,05	-0,48	-10,32
MUR	34,56	34,52	-0,13	0,50
NAD	14,06	13,56	-3,54	13,57
NGN	308,07	312,01	1,28	-36,77
SZL	14,06	13,56	-3,54	13,57
TZS	2138,09	2128,73	-0,44	-0,60
ZMW	9,85	9,80	-0,46	11,68

SECURITIES AFRICA

Botswana

Corporate News

No Corporate News This Week

Economic News

No Economic News This Week

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Egypt

Corporate News

No Corporate News This Week

Economic News

Egypt has sharply raised customs duties on more than 300 goods, to 60 percent for many items, to encourage domestic production and curb a ballooning trade deficit, part of a broader government effort to reform the ailing economy. The finance ministry said in a statement that the tariff increases on 320 categories of goods targeted manufactured products that are also made locally, such as carpets, ceramics and cosmetics. Tariffs on carpets doubled to 60 percent from 30 percent. Duties were also raised on goods that were deemed non-essential, including items such as fresh fruit, shampoo and toothbrushes. The finance ministry said the new tariffs would boost customs revenues by 6 billion Egyptian pounds ($339 million) a year, if imports remained at current volumes. Duties on cosmetics, dairy products, air conditioners, fans, refrigerators, microwave ovens and a host other goods were increased to 60 percent from 40 percent. The ministry said that the increases, which take immediate effect, were in compliance with World Trade Organisation standards. The tariff increases do not apply to countries or blocs with which Egypt has active free trade agreements. They are the second tariff hikes this year in Egypt, which depends on imports of everything from wheat to luxury cars and where inflation is already in double digits. The first round came in January, when Egypt was struggling with a shortage of dollars due to a sharp drop in foreign investment following political turmoil over the past few years. The government also blamed the shortage of dollars partially on excessive reliance on imports. *(Reuters)*

Yields on Egypt's three- and nine-month Treasury bills rose at an auction on Sunday, central bank data showed. Yields on the 91-day bill increased slightly to an average of 18.240 percent from 18.186 percent at the last sale on Nov. 27. Yields on the 266-day bill rose to an average of 18.602 percent from 18.475 percent at the last similar auction. *(Reuters)*

Egypt's supply minister said on Saturday the country has wheat reserves sufficient for six months, state news agency MENA reported. The increase in stocks comes following the arrival of four cargoes carrying 250,000 tonnes. On Thursday the government had announced reserves sufficient for just four months. The minister also said that Egypt has contracted to import about 300,000 tonnes of vegetable oil, which would be arriving in the coming weeks, according to MENA. *(Reuters)*

Business activity in Egypt shrank in November, with the deterioration picking up pace for the fourth consecutive month, as weakness in the pound currency raised costs and hit output, a survey showed on Monday. The Emirates NBD Egypt Purchasing Managers' Index (PMI) for Egypt's non-oil private sector dropped to a 40-month low of 41.8 in November, edging down from 42 in October and far below the 50 mark that separates growth from contraction. Egypt's central bank abandoned its peg of 8.8 pounds to the U.S. dollar on Nov. 3, in a move aimed at attracting capital inflows and ending a black market for dollars that had all but crippled the banking system. The move was largely welcomed by businesses, which had struggled to obtain dollars amid strict capital controls, and helped Egypt clinch a $12 billion loan from the IMF. But the currency has since depreciated to 17.8 against the dollar. "The ongoing downtrend evident in November's survey highlights that there will be no quick fixes to Egypt's economic difficulties, even following the EGP devaluation earlier in the month," said Jean-Paul Pigat, senior economist at Emirates NBD. "In this environment, it is crucial that authorities remain committed to their IMF-supported reform program in order to anchor investor confidence." Following the float, Egypt received the first $2.75 billion tranche of its three-year loan from the International Monetary Fund, to help plug its financing gap and stabilise the currency. The PMI showed purchasing prices continued to rise in November to their highest levels since data collection started, as the currency depreciated against the dollar and the government raised fuel prices. Output fell substantially in November to 36.8.

The pace was marginally slower than October's decline but remained one of the most marked since data collection began in April 2011, with companies citing poor economic conditions, high prices and shortages of some raw materials. The index showed new orders dropping to 36.3 - the fastest fall in 39 months - largely due to soaring inflation linked to the weakness of the Egyptian pound against the dollar. As companies sought to curb rising costs, rate of employment fell for the 18th consecutive month in November to 45.1 compared with 46.2 in October, data from the survey showed. *(Reuters)*

Egypt's state oil company signed a $200 million loan agreement on Tuesday with the African Export-Import Bank to help expand electricity generation and distribution, an Afreximbank statement said. The government announced in August that it was raising household electricity prices by 40 percent as part of plans to eliminate power subsidies in the next few years. Consumption of cheaper electricity has exacerbated energy shortages and power cuts in summer months. Afreximbank president Benedict Oramah said the facility agreed with the Egyptian General Petroleum Corporation would ensure uninterrupted energy supply for Egyptian industry by financing imports of oil and gas products. Egypt floated its currency in November, enabling the government to clinch an IMF loan it hopes will help revive an economy hampered by political uncertainty since the 2011 uprising that toppled President Hosni Mubarak. Oramah said Afreximbank had in recent years invested about $2 billion in energy generation and distribution in Egypt and in exporting energy products from Egypt to Africa. Egyptian petroleum minister Tarek El Molla said the loan would "complement the efforts of the government in meeting the continuing needs for the development of the country", the statement said. *(Reuters)*

Egyptian Central Bank Governor Tarek Amer has said nothing would prompt him to intervene to prop up the pound after floating the currency in a dramatic move last month, calling those policies "history". Egypt abandoned its peg of 8.8 Egyptian pounds to the U.S. dollar on Nov. 3, floating the currency in a bold move that has since seen it roughly halve in value. The sharp depreciation led to market speculation that the central bank would intervene in order to strengthen the currency and boost liquidity on the interbank market. "Intervene? No. Absolutely not. This is history. There will be no intervention. Everyone was talking about us pumping in $2 billion or $4 billion. That's not it. That runs exactly contrary to the idea we were implementing," Amer said in an interview published on Thursday by business newsletter Enterprise. "The market thought we would still need to support the new FX regime. No. We want this newborn child to start standing on its own feet and supporting itself." Ditching its currency peg helped Egypt secure a $12 billion three-year loan from the International Monetary Fund to support an economic reform programme under which the government has introduced Value Added Tax, cut electricity subsidies and sharply raised import duties, all in the space of a few months. But the measures -- the steep depreciation in the pound in particular -- have reduced imports and dramatically increased prices in the country of more than 90 million people.
The pound was trading around 18 to the dollar on Thursday.

Bankers said on the day of the flotation they expected the central bank to inject $4 billion into the currency markets to stabilise the pound and clear huge backlogs in dollar orders that had built up under the peg. Egypt has struggled to revive its economy since the 2011 uprising scared off foreign investors and tourists, key sources of foreign currency. The central bank drained its foreign reserves shoring up the pound before the float, forcing it to ration foreign currency supplies, prioritising companies importing essential goods like wheat or medicine. Everyone else had to trade on a booming black market. Existing foreign investors could not repatriate profits and potential investors held back, expecting a devaluation. Amer told Enterprise the float was already paying off. "Now, the market is rewarding Egypt for the float... portfolio investors in the debt market came almost immediately," Amer said. "The stock market is up 35% from 3 November." *(Reuters)*

Egypt's annualised core inflation jumped to 20.73 percent in November from 15.72 percent in October, the central bank said on Thursday. The jump comes after the central bank ditched its peg of 8.8 Egyptian pounds to the dollar on Nov. 3, floating the currency and allowing it to roughly halve in value.*(Reuters)*

Egypt will issue a $1 billion, one-year treasury bill denominated in U.S. dollars, the central bank said on Thursday. It set the auction deadline as 0900 GMT on Monday Dec. 12 and said the bill would be settled on Dec. 13. *(Reuters)*

Ghana

Corporate News

No Corporate News This Week

Economic News

President John Mahama has once again assured the nation that the economy will recover after it increased revenues and took tough measures to limit public sector wages and spending. Some of the measures were taken as part of the programme with the International Monetary Fund. According to President Mahama, the economy is getting back on the path of growth as a result of a sustainable home-grown policy that has been adopted by the government. With the current trend, the President explained that the World Bank had projected a growth rate of between seven and eight per cent in the next two to three years. "We were faced with a very unbalanced economy and we have taken bold measures .... All the macroeconomic indicators are pointing in the right direction," Mahama said, adding that growth would rise above 8 percent in 2017 from a projected 4.1 percent this year. He made the pronouncement at the maiden Ghana Broadcasting Corporation (GBC) and National Commission for Civic Education (NCCE) Presidential Debate in Accra. The country's exports gold, oil and cocoa but has suffered from a slump in global commodity prices and macro-economic instability in the form of inflation that stood at 15.8 percent last month, an elevated budget deficit and high unemployment. Similarly, Finance Minister, Seth Terkper, has said that the main propeller of growth next year will be the oil and gas sector with the Jubilee oil field expected to take center stage. Oil production in Ghana's first oil field, Jubilee, was pegged at over 90,000 barrels per day when running optimum level but technical hitches have since prohibited the field from achieving full production capacity. In spite of Mr. Terkper's optimism, he admitted that the decline in the crude oil prices has led to the country realising a deceleration in the sector, a situation which is likely to affect production from the Tweneboah-Enyerra-Ntomme (TEN) fields and the Sankofa Fields. *(Ghana Web)*

Total bills and bonds auctioned this year, from January to October, by the government, Bank of Ghana, and COCOBOD including already issued longer-term bonds that matured this year, have hit GH¢145 billion, data from the Central Securities Depository has shown. The successful issue of over GH¢145 billion debt securities "may be partly attributed to the attractive interest rates being offered to investors in the debt market coupled with the risk-free nature of such instruments," an analyst, who wants to remain anonymous, has said. The data shows a jump from GH¢69.3 billion which was recorded in the whole of 2015. The over 100 percent increment in matured securities is also as a result of the increased activity by the central bank on the debt market which saw it raise a total of GH¢93.3 billion, representing almost 70percent of the total face value of maturated debt instruments from January to October, 2016. A significant chunk of the securities were purchased by banks and this is not surprising due to the continuous rise in non-performing loans which currently stands at 19.3percent, a rise from 14.7percent in 2015. The latest Bank of Ghana (BoG) Financial Stability, report covering operations of bank's for the first seven months of this year shows NPLs has hit GH¢6.1 billion.

In 2015, commercial banks held about GH¢12.2billion investments in debt securities but from January to September, 2016, the levels almost doubled to GH¢23.5billion. With the 91-day, 182-day bill and 1-year notes issued by government this year having recorded an average interest rates of 22.76 percent, 24.57percent and 23.09percent respectively and the equities market posting negative returns for two consecutive years, banks and investors have consistently looked up to the debt market for higher returns. With the central government raising GH¢52.3billion in 2016 so far, the Central Bank has, for the first time, overtaken the government while COCOBOD raised a GH¢332.5 million in 182-day bills in January, 2016. To underscore the weight of the Central Bank's activities this year, in January to October 2015, for example, while the government raised GH¢44.9 billion, the Central Bank raised only GH¢4.8 billion, about a tenth of what the government raised, with COCOBOD raising GH¢2.15 billion. The BoG's bills, raised in countless 14-day bills at discount rates, according to analysts, are to mop up excess liquidity and keep inflation in under tight control. This has seen inflation trickle downwards from a high of 19.2 percent in March, this year to 15.8percent in October, 2016. According to the Central Securities Depository, since 2010 there has been a steady increase in bills and bonds issued by the government, Central Bank, COCOBOD and other banks. From 14-day bills through 91-day, 182-day bills, 1-7-year notes, the value of the debts at maturity increased from GH¢11.8 billion in 2010 to GH¢145 billion as at October, 2016. The interest earned by the ever increasing investors or beneficiaries also increased from GH¢528.1 million in 2010 to almost GH¢3 billion in October, 2016. Kofi Awuku, an executive with Barclays's Corporate and Investment Banking (CIB) Markets, explained that the rise in bills and bonds shows that government and the BoG needed to mop up excess liquidity. He added that, theoretically, these debts can fall depending on the issuers. "This is within the realm of the issuers. They are issued for a reason and depending on the direction of the economy and their plans," he said. Mr. Awuku added that should the government's other revenue sources increases then it doesn't have to issue more. "The issuers borrow for a reason and so if conditions change and they have no need for as much volumes then they will cut down on that." *(Ghana Web)*

Chief Executive Officer (CEO) of the Ghana Chamber of Mines, Mr. Sulemanu Koney, has hinted that the mining sector is a leading tax payer and contributor to the Ghana Revenue Authority's (GRA's) domestic collections in recent years. He disclosed that the sector alone contributed about GH?1.35 billion to GRA, representing 14.8% of GRA's total direct taxes in 2015. He said corporate tax stood at GH¢463.12 million with mineral royalties at GH¢485.6 million while pay as you earn (PAYE) raked in GH¢ 404.74 million and other taxes at GH¢0.87 million. He added that the industry accounted for 31% of the country's gross export revenue in 2015, reinforcing its position as the leading source for forex and a major contributor to the country's balance of payments. According to him, producing members of the chamber returned USD3.1 billion representing 85% of their mineral revenue (USD3.1 billion) through BoG and the commercial banks in 2015, a situation which has significant bearing on the international reserve position of BoG and the stability of the monetary system as a whole. Mr. Koney made the disclosure during a media encounter in Takoradi in the Western Region to highlight achievements, progress and challenges of the mining sector in the region. Among the topics treated included overview of the chamber, survey of Ghana's minerals landscape, performance of the mining industry, life cycle of mining, fiscal flows from mining, local content, CSI, challenges and recommendations. He contended that the chamber's vision to be the respected, effective and unified voice for the mining industry and mission which is "to represent the mining industry in Ghana using the resources and capabilities of its members to deliver services that address members, government and community needs, in order to enhance development" will not be compromised.

He also announced that the mining sector is the country's leading source of Foreign Direct Investment (FDI) as records from the Minerals Commission show that FDI inflow into the mining sector in 2015 was USD 965 million. Cumulatively, the investment inflow into the mining sector from 2000 to 2015 stood above US$ 10 billion. However, he mentioned environmental destruction by illegal miners which mars the image of the entire minerals industry, including properly regulated large scale mining firms as a challenge to the sector. Others are that it imposes significant avoidable cost on duly registered mining companies. Mr. Koney further mentioned abandoned pits as a potential cause of death of host community members; bequeaths community members, companies and state with rehabilitative costs; deprives the state and community of rent since the operatives are not tax liable; destroys aquatic life and increases cost of treating potable water; threat to potable water availability and threat to production of food and cash crops as major challenges. *(Ghana Web)*

Ghana President John Mahama, facing a tough challenge in this week's election, said on Monday he had done his best in the past four years and deserved a second term to consolidate economic and infrastructure gains. "I humbly ask for your mandate on Wednesday ... to complete the journey which we all started together," Mahama told thousands of supporters at the end of the ruling party's campaign ahead of Wednesday's vote. Mahama is seeking a second and final four-year term in what is expected to be a close race between him and main opposition leader Nana Akufo-Addo. Voters will choose among seven presidential candidates and elect members of parliament for 275 constituencies. Ghana exports gold, oil and cocoa, but experienced a slump in global commodity prices and macroeconomic instability, forcing the government to adopt a three-year aid deal with the International Monetary Fund in April 2015. Mahama said that despite the challenges, the West African country made modest gains in stabilizing the economy, resolving a prolonged power crisis and improving social and economic infrastructure. "We have done much work, but more needs to be done and we can only advance faster if we press on and stay the course," Mahama said. Mahama, 58, a former vice president, was elected in 2012 after serving six months as president to complete the term of John Atta Mills, who died in office. Akufo-Addo has said re-electing Mahama would threaten the nation's future, accusing the president's government of mismanaging the economy and unleashing hardship. Mahama's supporters, waving miniature party flags, filled the stands and inner perimeter of the 45,000-capacity Accra sports stadium, draped in a sea of black, red, white and green stripes. Among them was a group of five women aged 72 to 78 years, who said they showed up to celebrate Mahama for consolidating peace and unity in Ghana. "He is not only doing his best for Ghana but he is also an epitome of peace, which we sometimes take for granted," one of them, Naa Teye, said. Ghana has held five successful democratic elections since 1992 and Mahama said he was hopeful the election would pass off peacefully. *(Reuters)*

A chartered economic policy analyst, Dr Williams Abayaawien Atulik, has expressed concern about the coupon rate on the Eurobonds issued by the government. He said financing the budget deficit with Eurobonds was not a problem but the challenge was the rates at which they were being issued. The country issued its first Eurobond of US$750 million 2007 at a coupon rate of 8.5 per cent. Subsequently, three separate Eurobonds amounting to US$1 billion each have been issued by the government in 2013, 2014 and 2015 at coupon rates of 7.88 per cent, 8.13 per cent and 10.75 per cent respectively. Speaking at the Association of Certified Chartered Economist's fourth Continuing Professional Development (CPD) and induction ceremony Dr Atulik, said this trend was an indication of increasing levels of perceived risk by the Eurobond market participants. According to him, this trend is likely to further push the Eurobond rates further high next year. He said the trend also suggested a distress debt position for Ghana, a position the IMF has confirmed. He noted that the US$3 billion Eurobonds which were issued between 2013 and 2015 had, however shifted the mix of the country's public debt to contain more external debt than domestic debt from 2014. He said the advantage of this shift was the reduction in the crowding out effect on businesses.

On the available options for financing the country's fiscal deficit in the 2016 budget, Dr Atulik said the use of domestic debts also poses challenges because the domestic capital and money markets were not liquid enough to support such long term borrowing. He said this option would also crowd out the private sector as the evidence suggested that investors who buy Ghana's domestic debts were mainly foreign residents. Dr Atulik also pointed out that the Ghanaian economy was in decline and needed urgent restoration. "Restoring the national economy requires determined action and a deep commitment to transforming our nation from a crisis ridden present into something all Ghanaians can be truly proud of," he said. "Fiscal discipline is a fundamental requirement for restoring the national economy and the IMF is not the long term solution. Self-determination by the government of a country is what is needed to restore the national economy," he added. A chartered financial economist, Mr Joseph Asantey, speaking on the evolving global banking industry, said any serious discussion of the future of the banking industry eventually raised a basic question: of whether future customers would still need banks.

He said the answer depended on the banks themselves and with technology and nonbank businesses providing new options for safeguarding and managing their finances, customers would continue to depend on banks only as long as banks could provide service and value that could not be found anywhere else. "There are already signs that customers are questioning the ability of banks to look out for their financial wellbeing. As a result, banks have begun to rethink what, where and how they serve an increasingly informed and demanding customer base," he noted. He said an examination of the forces shaping the industry revealed that the future will require superior efficiency and operational excellence from all banks. Ultimately, to deliver on these imperatives, he said the banks would have to focus on their core strengths which are those activities in which they excel and partnering with best in areas where they have weaknesses. "But most of today's players, including universal banks, community banks, industry specialist banks and non-bank banks, will still be vying to differentiate themselves in a crowded marketplace," he pointed out. *(Ghana Web)*

WEEKLY AFRICAN FOOTPRINT

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Kenya

Corporate News

Kenya Power aims to speed up the number of customers it adds to the grid in the year to June, as part of its plans to improve access across the nation where only two-thirds of the population are connected. In the year to June 2016, Kenya Power Company, also known as KPLC, added 1.2 million new customers to reach a total of 4.89 million. It aims to add 1.5 million new clients, including households and businesses, by the end of June 2017. Kenya Power Chief Executive Ben Chumo outlined the plans in an interview with Reuters on Thursday. Businesses and economists say limited distribution of power across the East African nation and supplies that are often disrupted are a major obstacle to investment and prevent the economy growing faster. Kenya Power, 50.1 percent state-owned, receives most of its funds in concessional or soft loans from institutions such as the World Bank, African Development Bank, European Investment Bank and the government. Most other funds come from its own income. The last time it sought funds in the commercial market was 2010, when it raised 9.8 billion Kenyan shillings ($96 million), via a rights issue. "We have no immediate intention for going to the market," Chumo said when asked about future finance raising plans. "We are adequately supported by the donor community."

Kenya Power aims to secure additional revenue by leasing extra capacity on its fibre optic network, via its subsidiary Kenya Power International, the chief executive said. "Fibre optic business at KPLC is a sleeping giant we intend to awake," he said. Fibre optic leasing earned Kenya Power revenue of 259 million shillings in 2014/15, 271 million shillings in 2015/16 and this was expected to rise to 400 million in 2016/17. It already counts telecoms companies such as Safaricom, Airtel and Telkom Orange as its clients. To assist industry, the company was working to ensure more stable supplies to Nairobi's industrial area and nearby Thika town, which together serve about 6,000 industrial customers and account for 60 percent of Kenya Power's revenue, Chumo said. Many firms run stand-by generators because of unreliable supplies, adding to their costs. Kenya Power posted a pretax profit for the year to the end of June 2016 of 12.1 billion shillings, a fall of 1.4 percent. *(Reuters)*

Economic News

The shilling has been tipped to regain stability this month after volatility in November as dollar demand by corporates eases with December diaspora inflows projected to rise. Analysts at research firm Stratlink Africa say the signal sent by Central Bank of Kenya Monetary Policy Committee (MPC) last week, when it held the base rate stable, will calm the market sufficiently to relieve some of the anxieties that were putting the shilling under pressure. The shilling slid progressively over the past two months, falling from 101.15/101.25 to the dollar at the beginning of October to 101.80/102.00 at the end of November. The analysts now project a halt in further slide, reckoning that dollar demand will slow down going into the festive season as inflows go up. "We expect the local unit to remain stable in the near-term buoyed by two factors: Foreign exchange reserves (at $7.33 billion, equivalent of 4.8 months of import cover) that give the Central Bank capacity to respond to any pressures," say Stratlink in its December markets update. "Recent monetary policy adjustments by the central bank are likely to have been a source of confidence for the investment community with a dovish stance widely interpreted to indicate minimal pressure lurking in the near term horizon." A bank dealer was quoted by Reuters saying that data trends show remittances are likely to go up in December as Kenyans abroad send money for the festive season, increasing dollar supply in the market and support the shilling. The CBK data shows that diaspora remittances stood at $142.5 million (Sh14.5 billion) in October, compared to $137.1 million (Sh13.9 billion) in the same month in 2015. The heavy demand from corporates, especially those looking to raise dollars to pay dividends to foreign investors, was seen as a cause of the pressure on the shilling last month. The bulk of these payments have now been done, however. The two largest listed firms, Safaricom and EABL, paid out their dividends on December 1 and November 30 respectively. Safaricom and EABL together paid at least Sh25 billion in dividends — translating to about $250 million — to British multinational parents Vodafone and Diageo, which hold majority stakes in the two Kenyan firms.

The CBK said in the MPC report last Monday that it expects forex market stability to be aided by the narrowing current account deficit (at -5.3 per cent in October) and reiterated that it still has the IMF standby facility of $1.5 billion to call upon in case of market shocks. "The foreign exchange market continues to be supported by the narrowing of the current account deficit mainly due to lower imported petroleum prices, lower imports of machinery and equipment and resilient diaspora remittances," said the CBK. *(Business Daily)*

Listed banks recorded improved earnings per share (EPS) of 15.1 per cent in quarter three compared to 9.7 per cent growth in a similar period last year. Cytonn third quarter 2016 banking sector report said this was on the back of an improved macro-economic environment and the ability of listed banks to maintain their margins despite rates falling to below historical average levels as evidenced by the 91-day T-bill rates declining to 8.4 per cent compared to its five-year average of 10.4 per cent. The banking sector contributed 10.1 per cent of GDP but this could change going forward as banks scale back on lending. "As a result of the interest rate cap enacted towards the end of the third quarter of 2016, we are likely to witness contraction of the private sector credit growth as banks opt to lend to the government, which is considered risk free," said Cytonn Investment manager Maurice Oduor. Meanwhile, Equity Group is tipped as the most attractive bank for investment. The bank held the same position in Cytonn's the half year 2016 report and the position is supported by a strong franchise and intrinsic value score. National Bank ranked lowest, returning a low score in franchise and intrinsic value score. *(Nation)*

Kenya's private sector firms recorded improved business conditions in the month of November driven by increased demand. Latest survey by Stanbic Bank and IHS Markit shows that Purchasing Managers' Index (PMI) recovered from a four-month low of 52 to hit 53.3 in November. According to Jibran Qureishi, Regional Economist at Stanbic Bank, most of the new orders were from Uganda, which is Kenya's leading export partner in the region. "Buoyed by a sharp rise in new orders, the PMI rebounded from a four-month low recorded in October. Demand from neighbouring Uganda, which is a key trading partner for Kenya, was indeed a key reason behind this recovery," said Qureishi. The latest figure was broadly in line with the average seen over the third quarter (53.4), even though it remained below the overall series trend of 54.6. Increased demand saw most firms raise their input stocks to avoid stock outs. The survey indicates the rate of pre-production inventory building quickened as a result. The rate of pre-production inventory building quickened as a result, with the respective index climbing to its highest since data collection began in January 2014. This called for additional staff. "Faced with mounting capacity pressures, a number of firms chose to hire additional staff. The rate of job creation was solid overall," Qureishi said. Input prices Meanwhile, total input prices rose more quickly than in October, mainly driven by higher staff costs. The rate of salary growth reached a nine-month high, as the number of skilled workers and commission-based worker increased. On the price front, the survey said that average charges rose at the fastest rate since December 2015. Output growth also picked up, even though to a lesser extent than that for new work. The pace of expansion remained subdued relative to the series average. However, looking ahead, Qureishi **c**autions that weaker shilling, slowed private sector borrowing and unfavourable weather conditions could reverse these positives. "Cost for firms could start edging higher owing to the weaker exchange rate. However, more specifically, we remain concerned around the sharp slowdown in private sector credit growth," he said. Furthermore, Qureishi believes erratic rainfall in the past three months of 2016 poses a risk to agricultural production. *(Standard Media)*

Kenya and the World Bank are in talks about financing a $150 million solar-and-wind project in the country's remote, off-grid northeastern region. "We anticipate firm positions on where this project will be situated," before inviting international bidders to tender, Ben Chumo, the managing director of electricity distributor Kenya Power Ltd., said in an interview Wednesday in the capital, Nairobi. The government of East Africa's biggest economy is building more power plants as it targets a tripling of capacity to 6,766 megawatts by 2020, from about 2,327 megawatts. Most of the new capacity will be from renewable sources including geothermal, according to the state-run Energy Regulatory Commission. Construction of the solar-and-wind project is expected to start by mid-2017, Chumo said. Electricity consumers in the remote northeastern region are currently served by diesel-fuel generation. Kenya Power, the nation's sole electricity distributor, plans to add 1.5 million new customers to its 5.4 million client base next year, taking the number of people connected to the national grid to 70 percent, from 62 percent, Chumo said. Kenyan consumers pay an average of 18.7 U.S. cents per kilowatt-hour, compared with 9 cents in neighboring Tanzania and 3 cents in Ethiopia, African Development Bank data shows. An unreliable and expensive power supply is cited by business as a deterrent to investment in the $63.4 billion economy. *(Bloomberg)*

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

Mauritius expects foreign direct investment to come to 14 billion rupees ($391 million) in 2016, up more than 44 percent from 9.7 billion last year, its finance minister said on Tuesday. The Indian Ocean island nation is trying to expand into offshore banking, business outsourcing, luxury real estate and medical tourism, in a bid to diversify its economy away from sugar, textiles and tourism. In the nine months to September, foreign investment inflows came to 10.59 billion rupees, up 46.8 percent year-on-year, driven by real estate, financial services and insurance activities, according to Bank of Mauritius data. "They are estimated to be around 14 billion for the year 2016," Finance Minister Pravind Jugnauth told parliament. The bank said investment in real estate totalled 7.56 billion rupees, while financial and insurance activities received 2.04 billion rupees in the first nine months. France was the main investor over that period with investments totalling 3.52 billion rupees, followed by China which accounted for 1.90 billion rupees. The Bank of Mauritius expects the island's economy to grow about 3.8 to 4.0 percent in 2017. Jugnauth said the central bank forecasts a higher balance of payments surplus of around 22 billion rupees for 2016 against 20 billion last year. *(Reuters)*

Mauritius' inflation rose to 2.2 percent year-on-year in November from 1.5 percent in October, the statistics office said on Tuesday. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

Nigeria

Corporate News

The shareholders of Union Bank Nigeria Plc have endorsed five resolutions authorising the Board of Directors of the bank to raise up to N50bn through rights issue. The shareholders gave their approval at an Extraordinary General Meeting of the bank held in Lagos on Wednesday. In order to accommodate the new shares, the shareholders approved the increase of authorised capital of the bank from N9.5bn (made up of 19 billion ordinary shares) of 50 kobo each to N17.5bn (made up of 35 billion ordinary shares) of 50 kobo each by the creation of additional 16 billion ordinary shares of 50 kobo, each ranking equally with the existing shares of the bank. Consequently, the memorandum and articles of association of the bank will be amended to reflect the increase in the authorised share capital to N17.5bn. Commenting on the development, the Chief Executive Officer of the bank, Mr. Emeka Emuwa, said, "Obtaining shareholders' approval for our capital increase is a necessary step bringing us closer to the rights issue. Incremental capital will further strengthen Union Bank's near-term positioning and enable us to realise our long-term growth aspirations." "We view the right issue approval as a strong sign of shareholders' support for the bank's growth strategy and our plans to scale up operations and strengthen our position in readiness for uptake when the macroeconomic direction changes," he added. Amending the bank's memorandum of association and the articles of association in order to authorise an increase in the bank's share capital required the approval of at least a three-quarter of votes of those present at the EGM. The issue was supported by shareholders, representing 99.6 per cent of the votes. *(Punch)*

Economic News

Nigeria is planning a budget of more than 7 trillion naira ($22.2 billion) next year, Vice President Yemi Osinbajo said, to boost spending and help pull the economy out of its worst crisis in more than two decades. "Our entire budget for 2016 is ... just over 6 trillion naira. We will probably be moving to about 7 trillion naira in the 2017 budget," Osinbajo said during visits to manufacturers on Thursday. He said Nigeria's economy of around 90 trillion naira ($285.3 billion) needed more spending to make an impact. The West African country planned a record 6.06 trillion naira budget for 2016, but it has struggled to fund it. Nigeria is in its deepest recession in 25 years and needs to find money to make up for a shortfall in its budget this year. Its revenues from oil have plunged along as the price of crude fell and militants attacked its crude-producing heartland, the Niger Delta, cutting its output. Ratings agency Moody's forecast the Nigerian economy would expand 2.5 percent next year if it could produce 2.2 million barrels of oil per day - the level at which the government made its 2016 budget calculations. On Wednesday, Budget Minister Udoma Udo Udoma said the cabinet had approved next year's budget without providing details. The vice president told Reuters this week the president will present 2017 budget to parliament by mid-December. *(Reuters)*

The Securities and Exchange Commission, SEC, has said that plans are under-way to further stratify the stock market to allow more Small and Medium scale Enterprises, SMEs, that were hitherto not listed on the Nigerian Stock Exchange, NSE, to access the market. Speaking in an interactive session with capital market correspondents in Lagos, the Director General, SEC, Mr. Mounir Gwarzo, said that the process when completed would lessen the strident listing rules that have been hindering such companies from listing in the stock market. Stock He explained that under the new arrangement, the stock market would be classified under tier one, tier two and tier three markets, thereby allowing companies that want to set up small exchanges do so. He stated that the move would allow more SMEs to list in any of the exchanges that would be set up other the Nigerian Stock Exchange. He said: "As at today, our law provides the registration of Exchange's trading platform, cashless trade points and what we have at the Nigeria Stock Exchange are three boards. We have the Premium Board, we have the Main Board and we have the Alternative Securities Market, AseM, Board and it has been hard for companies to list under the existing Boards. What we are doing is to also stratify licence for an Exchange; what we have today is a unified requirement for companies to set up an exchange. So, the stratification will lessen the requirement. "If you want to have set up an exchange and you want to be on tier 2, the requirement will be lesser than that on tier one. If you are also going to set up an exchange under tier three, the requirement will be lesser than tier two and the kind of company that will also be listed will be lesser than the other one.

We think it will probably drive some of these SMEs to be listed because over the last 20 -25 years, we have not seen much progress with the existing status. There are few companies that want to come in and set up small trading platforms and we think we have to give the necessary backing to do that". On delay in take-off of crowd funding, he said that there are some restrictions in the Companies and Allied Matters Act, CAMA, and the Investment and Securities Act, ISA, that have been impediment for the Commission to drive crowd funding. He, however, said that with the review of CAMA and ISA, which is on-gong, those limitations are addressed. "Hopefully by the time the law is out, it will be much easier for SEC to come out with rules on crowd funding," he said. Fielding questions on the cause of delay in demutualisation of the Exchange, saying that its role as the apex regulator of the Nigerian capital market to come up with guidelines, rules and regulations to drive the process. He explained that the Commission has come up with rules and regulations and is committed to ensuring that any institution that intends to demutualise does that successfully. He further stated that the on-going review of CAMA and ISA would also provide an easy route for any company that wants to demutualize to do so. His words: "We have engagement with the NSE in terms of briefing us on how far they have gone; they appointed some consultants to drive the process. Again that is the review we are having in CAMA, for any company that is mutualised and wants to demutualise to have an easy route to do so." *(Vanguard)*

The Senate will this week inch towards passing half of its historic and the much needed economic reform package as six of the 11 priority economic growth and reform bills have been scheduled for public hearings between today and Thursday. The legislation scheduled for public hearing today includes the National Development Bank of Nigeria Bill, which is intended to provide short, medium and long term financing to participating financial institutions for loans to small scale, medium and industrial enterprises in agro allied businesses, manufacturing, mining; and the National Road Fund Act to fund the rehabilitation and maintenance of the national road system. Also, public hearing on the Federal Roads Authority Act, which is to manage the federal roads network so that it is safe and efficient, with a view towards meeting the socio-economic demands of the country; and the Customs and Excise Reform Act, which seeks to reform the administration and management of the Customs Service for greater accountability and revenue generation, will hold the same day. Tomorrow, Land and Marine Transport Committee will hold public hearing on the National Transport Commission Act. The legislation establishes a National Transport Commission as an effective, independent and impartial authority in the transport sector. On Wednesday and Thursday, the Committee on Upstream Petroleum will hold public hearings on the Petroleum Industry Governance Bill (PIB). This long-awaited legislation will establish a framework for the creation of commercially oriented and profit driven petroleum entities that ensures value addition and the internationalisation of the petroleum industry. Procedurally, legislation is referred to the committee with the appropriate jurisdiction for it to hold public hearing after the bill has passed the first and second reading during the Senate plenary session.

Once the committee submits the public hearing report to the full Senate, the legislation is subject to a third reading, or final passage by members sitting at plenary as a committee of whole. Commenting on the progress being made on the passage of key bills, the Chairman of the Committee on Media and Public Affairs, Senator Aliyu Sabi Abdullahi, said: "Senate has been on a steady march to the complete passage of the bills which form our economic growth package before the end of the year. We have maintained all along that we would not rest until we did our part to end the recession, spur economic growth and bring relief to the people." The Senate's economic strategy was unveiled on September 20 of this year by Senate President Bukola Saraki. The 11 bills were part of a wider list of recommendations to President Muhammadu Buhari's administration on how the National Assembly could work with the presidency to end the recession, restore investor confidence and begin to reorient the Nigerian economy. Key to much of the agenda is providing greater space in the economy for private sector participation, support for entrepreneurship and above all job creation. Also commenting on the busy week awaiting the Senate, Saraki said: "This is a very important week for the Senate. We have moved beyond partisanship and we have moved beyond rhetoric. We are now in the realm where we have really worked to deliver something meaningful to the people of Nigeria." Senator Abdullahi concurred with the Senate president. "People should really pay attention to the work the Senate has produced. The economic crisis provided the opportunity to work for long overdue reforms in government administration and accountability. The Senate seized upon the opening and now the country is on the verge of truly benefitting from the work of the National Assembly," he said. *(This Day)*

Nigeria and Morocco have signed an agreement that will ensure the production of one million tons of fertlizer locally next year. A statement by the Senior Special Assistant to the President on Media and Publicity, Mr Garba Shehu, said the agreement was anchored by

the Fertilizer Producers and Suppliers of Nigeria (FEPSAN) and a Moroccan company, OCP. Shehu said this would be a short term solution that "will, by a signed agreement also force the price of fertilizer from N8,000 to as low of about N5,000." In a memorandum of understanding also signed during the visit of King Mohammed VI of Morocco to Nigeria by Mr. Thomas Etuh, President of FEPSAN and Dr. Mostafa Terrab, Chairman and Chief Executive Officer of the OCP Group, FEPSAN and OCP, will come together to promote innovation in an effort to contribute towards productivity-led agricultural growth and improve farmer livelihood. OCP, a majority state-owned company of Morocco, is a world leader in phosphate and its derivatives, committed to the development of agriculture in Africa. The agreement also seeks to promote the use of agricultural inputs including access to adequate fertilizers as a major lever for improving agricultural productivity and farmers' income. The federal government of Nigeria had set up the National Fertilizer Technical Committee under the auspices of the Federal Ministry of Agriculture to put the country on the path of sustainable production of quality fertilizer for both local consumption and export. The statement said the Nigerian fertilizer industry possessed a blending capacity of 4 million tons of NPK annually and 2 million tons of production capacity for Urea with ability to employ over 250,000 people in both direct and indirect jobs across the country. The statement said: "But with less than 10 percent of these production capacities currently being utilised, the federal government put in place the atmosphere for getting this memorandum of understanding in place."

The statement identified areas of collaboration to include: securing a supply of quality fertilizers by bringing in raw materials required for the production of the item in line with the crops and soils adaptable to Nigeria, for which the information will be supplied by the Federal Ministry of Agriculture; strengthening blending capabilities by leveraging on technical know-how and engineering capabilities; stimulating product innovation and development through the deployment of the Moroccan expertise in producing scientifically recommended formulae adaptable to the needs of the Nigerian soil. Other areas include: strengthening capacity to ensure a timely supply of quality fertilizers in adequate quantities and in a cost –effective manner to rural areas as well as an efficient supply chain and improvement of logistics management, including warehousing and transportation services; and strengthening the agricultural extension services system.
Availability of fertilizer has been a major hindrance to farmers in their quest to embark on small, medium and large scale agricultural revolution, an issue that the present administration is committed to making a thing of the past. President Muhammadu Buhari had stated the determination of his administration towards ensuring that food importation in Nigeria ceased by the year 2019. *(This Day)*

Nigeria will maintain oil output at 1.9 million barrels per day (bpd) with all three of its main fields on line, the country's oil minister Emmanuel Ibe Kachikwu said on the sidelines of India's Petrotech energy conference on Monday. Nigeria in October said it expected its oil production rate to jump by 22 percent by the year's end to 2.2 million bpd. Apart from the impact of low oil prices, whose sales account for 70 percent of the Nigerian government's revenue, the country's energy facilities have been crippled by attacks by militants calling for a greater share of the country's oil wealth. *(Reuters)*

Nigeria's President Muhammadu Buhari plans to submit next year's spending plan to lawmakers on Dec. 14, according to a letter read to parliament on Tuesday, with government sources saying the 2017 budget would be 7.2 trillion naira ($23.65 billion). The record spending plan will seek to boost spending to help pull Africa's largest economy out of its first recession in 25 years, caused largely by low global oil prices. Crude sales account for two-thirds of government revenue. Nigeria planned a 6.06 trillion-naira budget for 2016 but has struggled to fund it. Attacks on energy facilities in the Niger Delta region since January have reduced oil output, at one stage by more than a third, cutting revenue from crude sales. In a letter to lawmakers read to parliament on Tuesday, Buhari said he wanted to present his budget plans to a joint session of both chambers of parliament on Dec. 14. It did not provide details of the spending plan. "Mr President will be presenting a budget proposal of 7.28 trillion naira on a benchmark of $42.5 hinged on a daily oil production of 2.2 million barrels per day," said a senior civil servant, who did not want to be named. A second senior civil servant, who also wanted to remain anonymous, said those were the figures in the spending plan. Last month, lawmakers said the 2017 draft budget framework, used to draw up the final spending plan, was based on unrealistic assumptions about oil production and the currency exchange rate. "We believe that with the level of ongoing negotiations and consultation going on with the people of the Niger Delta we can achieve and sustain that production level for the year," the civil servant said. *(Reuters)*

Tanzania is in talks with Nigeria's Dangote Cement on the supply of natural gas to a manufacturing plant for the building material, but negotiations are currently held up over prices, said a government body in the East African country . The $500 million cement factory in the southeastern Tanzanian town of Mtwara, set up last year with an annual capacity of 3 million tonnes, runs on expensive diesel generators and has sought government support to reduce costs. The company, whose majority owner and chairman is Africa's richest man, Aliko Dangote, halted production at the plant last week over technical issues. State-run Tanzania Petroleum Development Corporation (TPDC) said talks were expected to conclude in January, with price disagreements yet to be resolved. "Dangote has held protracted talks with TPDC on the pricing of natural gas. The Dangote Cement factory has asked for gas supply at below market prices, equivalent to the price of raw natural gas from producing wells," TPDC said in a statement. "TPDC cannot sell natural gas (to final consumers) on at-the-well price because there are additional costs incurred in processing and transporting the gas," it said. Tanzania announced in February it had discovered an additional 2.17 trillion cubic feet (tcf) of possible natural gas deposits in an onshore field, raising its total estimated recoverable natural gas reserves to more than 57 tcf. Dangote, Africa's biggest cement producer, has an annual production capacity of 43.6 million tonnes and targets output of between 74 million and 77 million tonnes by the end of 2019 and 100 million tonnes of capacity by 2020. The company plans to roll out plants across Africa. In Tanzania, Dangote seeks to double the country's annual output of cement to 6 million tonnes. *(Reuters)*

About $1billion (N305billion) is estimated to be spent annually on the Nigerian domestic Business Processing Outsourcing (BPO) market, by both the public and the private sector, but less than two percent of this goes to local entities. Outsourcing is a practice used by different companies to reduce costs by transferring portions of work to outside suppliers rather than completing it internally. The Director-General of the National Information Technology Development Agency (NITDA), Dr Isa Ibrahim, noted that with such huge spend, BPO activities have the potential to contribute to pulling Nigeria out of the current challenges. He added that with articulate planning and coordination by government, and effective participation by ITECs, significant progress can be made for Nigeria to share from the billions of dollars in the global outsourcing business. This comes as the Chairman, Nigerian Association of Information Technology Enabled Outsourcing Companies, (NAITEOC), David Onu, proffered ways to crash data cost in the country. Speaking at the annual conference of the association in Abuja, Monday, Onu said the cost of bandwidth in the country will crash if users connected to the different networks already in Nigeria in different data centres can localise the contents. He noted that the cost of data is very high in Nigeria, adding that the reason the use of internet is expensive in the country is because most are using the data for either social media or email. He said: "The social media accounts for about 60 percent and then email and the rest. Most of the emails are accessed servers outside Nigeria. It is just the same way you are in Abuja, and you want to send a mail to your friend in Abuja, but it has to go through the United States, US, or France first. That means you entered a plane to France and came back. "But if the content is local, that is if we have tier-four data centres where the Google, Yahoo and the rest can reside their content locally, there is enough fibre already laid in the country."

He continued: "For you to drive on the road, the road has to be accessible to you and affordable. Other countries of the world have made bandwidth available, affordable and sustainable, and we can do the same in Nigeria. It is just about being more intentional about it. The internet itself is as useful as the applications that run on it. Because we don't have enough of internet applications running on it, so in a way, I can see what the operators are saying because the traffic that should run on it that will help them aggregate their cost are not there. So we advocate that more content should be put on the internet; we must start the localisation of contents." Onu stressed the need to build teir-3, and tier-4 data centres and address issues of security, redundancy and anything that would pose a danger for data to enable foreign content providers localise their contents. "Once they discover that you have these things in place, they will bring their content." According to him, "The internet millionaires and billionaires are not those who created the connectivity, it is those who have the applications like the Facebook and the Twitter so the more we can have contents, applications, that is where the value chain resides." He also stressed the need for partnership between government and the private sector and creating synergy to encourage the development of ICT infrastructure. *(Guardian)*

Nigeria hopes to boost its oil production to 2.1 million barrels per day next month, the country's oil minister Emmanuel Ibe Kachikwu said on Wednesday. Kachikwu also said he was expecting more production cuts from non-OPEC producers at Saturday's meeting of oil producers in Vienna, and that he hoped to see oil prices at $60 a barrel by December 2017. Kachikwu was speaking at a Bloomberg Markets summit in Abu Dhabi. Nigeria's output is at 1.9 million bpd with all three of its main fields online, the minister said on Monday. *(Reuters)*

Nigeria plans to capitalize its state-owned Bank of Agriculture with 1 trillion naira ($3.2 billion) and will allow the lender to take deposits as Africa's most-populous nation seeks to boost farming output and reduce food imports. "We are looking at 25 million farmers" as stakeholders or depositors, Agriculture and Rural Development Minister Audu Ogbeh said in an interview Monday in the capital, Abuja. "We are probably going to take a major step by the end of this year, and by February, March, have a structure in place for the changes we want to carry out." Nigeria's economy contracted in the first nine months of the year as output of oil, the government's main source of revenue, dropped due to attacks by militant groups on pipelines in the Niger River delta and prices remained low. Farming, which mostly consists of crops including cocoa, accounts for more than 25 percent of gross domestic product, and has expanded every quarter of 2016, while factory output and mining, which includes the oil industry, shrank, according to the National Bureau of Statistics. The Bank of Agriculture will start lending for farming projects at an interest rate of less than 10 percent, or less than half of commercial market rates, Ogbeh said.

The bank, created in 1972 to provide credit and technical support to farming projects, lent at least 41 billion naira to 600 businesses across Nigeria over 10 years, according to information on its website. "It's good to invest in the bank, but they should ensure they have proper management to improve its performance and efficiency," Musa Tarimbuka, the division head for agriculture at Fidelity Bank Plc, said by phone. "They have disbursed a lot of money over the past 40 years, and the non-performing loans are very high." The central bank kept its benchmark rate unchanged at 14 percent on Nov. 24 as it seeks to support an economy forecast by the International Monetary Fund to contract 1.7 percent this year. It's also trying to curb inflation, which quickened to an 11-year high of 18.3 percent in October. Food prices rose 17.1 percent from a year earlier, partly due to the high price of imported food after the naira lost almost 40 percent of its value against the dollar following the abandonment of a currency peg in June. The government plans to distribute 110 rice mills across the country over the next two months at a subsidy of 40 percent, Ogbeh said. These measures will help boost production and reduce food imports, which were worth about 1.2 trillion naira last year, according to statistics bureau data, he said. *(Bloomberg)*

The Federal Government, through the National Economic Recovery Growth Plan, is targeting a growth rate of seven per cent between 2017 and 2020. The Minister of Budget and National Planning, Senator Udo Udoma, disclosed this at a meeting with select joint committees of the National Assembly as part of consultations towards packaging a strategic and all-inclusive economic policy document. He said the need for the plan and its effective implementation was more imperative, given the current state of the nation's economy. The minister, according to a statement from his Media Adviser, Mr. Akpandem James, pleaded that every effort must be made to ensure that the new plan eventually did not suffer the fate of those before it. To ensure that the NERGP does not go the way of others, he stated that the government was putting in place a delivery unit that would drive its implementation through effective monitoring and evaluation. Udoma explained that the plan was structured in such a way that it would be the basis for all subsequent budgets, which was why the contribution and support of the National Assembly was very critical to ensure the effective realisation of its objectives. The NERGP focuses on five broad areas namely: macroeconomic policy, economic diversification and growth drivers, competitiveness, social inclusion and jobs, and governance and other enablers. The minister said, "This plan builds on the previous development plans the country has developed, particularly the Vision 20-2020.

The development of this plan is part of a process we have been working on since we came into government. "However, the fact that we are in recession means that the plan is one that must also be designed to get us quickly out of recession. Our goal is to have an economy with low inflation, stable exchange rates and diversified inclusive growth. "The proposed initiatives prescribed by the plan address the country's poor competiveness, and are designed to improve the business environment and attract investment in infrastructure. Jobs and social inclusion are also key deliverables of the plan." In a related development, Udoma said during a meeting with the United Nations Development Programme Regional Director for Africa, Mr. Abdoulaye Mar Deiye, in Abuja, that although the country was focused on diversification of its economy, it needed oil to get out of the oil-propelled economy. He said Nigeria's immediate priority was to get oil production output back to the desired level to secure revenue needed to diversify the economy. The minister explained that though the global slump in oil prices introduced some shocks that affected the country's economy, the immediate reason for the slump into recession was the massive reduction in output caused by militancy in the oil-bearing Niger Delta region. The Federal Government is planning to capitalise the Bank of Agriculture with N1tn and will allow the lender to take deposits as the country seeks to boost farming output and reduce food imports. "We are looking at 25 million farmers as stakeholders or depositors," the Minister of Agriculture and Rural Development, Chief Audu Ogbeh, said in an interview held in Abuja. "We are probably going to take a major step by the end of this year, and by February or March, have a structure in place for the changes we want to carry out," Ogbeh told Bloomberg. The Nigerian economy contracted in the first nine months of the year as oil output, the government's main source of revenue, dropped due to attacks by militant groups on pipelines in the Niger Delta, and prices remained low.

Farming, which mostly consists of crops, including cocoa, accounts for more than 25 per cent of Nigeria's Gross Domestic Product, and has expanded every quarter of 2016, while factory output and mining, which includes the oil industry, shrank, according to the National Bureau of Statistics. The BoA will start lending for farming projects at an interest rate of less than 10 per cent, or less than half of commercial market rates, Ogbeh said. The bank, created in 1972 to provide credit and technical support to farming projects, lent at least N41bn to 600 businesses across Nigeria over 10 years, according to information on its website. "It's good to invest in the bank, but they should ensure they have proper management to improve its performance and efficiency," the Division Head for Agriculture at Fidelity Bank Plc, Musa Tarimbuka, said by phone. "They have disbursed a lot of money over the past 40 years, and the non-performing loans are very high," he added. The Central Bank of Nigeria kept its benchmark rate unchanged at 14 per cent on November 24 as it seeks to support an economy forecast by the International Monetary Fund to contract by 1.7 per cent this year. It's also trying to curb inflation, which quickened to an 11-year high of 18.3 per cent in October. Food prices rose 17.1 per cent from a year earlier, partly due to the high price of imported food after the naira lost almost 40 per cent of its value against the dollar following the abandonment of a currency peg in June. The government plans to distribute 110 rice mills across the country over the next two months at a subsidy of 40 per cent, Ogbeh said. These measures will help boost production and reduce food imports, which were worth about N1.2tn last year, according to statistics bureau data. *(Punch)*

Nigeria's oil sales should remain the sole responsibility of one company rather than be split between two agencies as a draft of the country's long-awaited petroleum bill proposes, the head of state oil company NNPC said on Wednesday. Maikanti Baru, the Nigerian National Petroleum Corporation's (NNPC) group managing director, told a parliamentary hearing that the draft Petroleum Industry Bill (PIB), which aims to radically overhaul the OPEC member's oil sector, should be amended so that only one company, the newly created National Petroleum Company (NPC), is allowed to sell the nation's oil. The draft had sought to create competition and efficiency in the sector by having two agencies selling oil which the NNPC opposes on the grounds it would muddle responsibilities. Crude sales account for 70 percent of government revenue, making it the mainstay of Africa's largest economy. The NNPC has been criticised for managing commercial, policy making and regulatory activities, which analysts say has exacerbated corruption and mismanagement. Baru said the second agency proposed under the bill, the Nigeria Petroleum Assets Management Company (NPAMC) should serve as an administrative arm overseeing crude production and joint venture agreements with oil companies. Baru acknowledged that by providing the NPAMC with a mandate to sell crude oil, the bill will create two competing national oil companies. But he stressed it would be "best practice" for the NPC to sell oil on behalf of all agencies and the new bill to clearly define responsibilities.

The overhaul bill, which has been stuck in parliament for more than a decade, aims to stamp out corruption and inefficiency at state oil giant NNPC and turn it into a commercial agency. Part of the current bill includes plans to sell stakes of at least 40 percent of the newly created NPC and eventually list it on the stock exchange. Baru did not object to plans in the bill to hand the regulation of Nigeria's oil sector over to a third agency, named the Nigeria Petroleum Regulatory Commission (NRPC). Last month the Senate gave initial approval in the second reading to the draft bill, a procedural move that allowed it to move forward. The next step is for parliamentary committees to provide a report, after which the Senate will go through the final version of the bill clause by clause. Senate President Bukola Saraki said they aimed to have the bill "signed, sealed and delivered for the benefit of the Nigerian public early in 2017." Baru said the split responsibilities between the NPC, NPAMC and the NPRC would ensure transparency, but that the NPC should also "publish annually a detailed report on all petroleum revenue payments made to government."*(Reuters)*

Tanzania

Corporate News

TANGA Cement Company Limited (TCCL) has emerged the overall award winner of the best presented financial statement for 2015 that seeks to promote integrated reporting through enhanced accountability, transparency and integrity in compliance with appropriate financial reporting framework. Speaking after receiving the award from the National Board of Accountants and Auditors (NBAA), TCCL Chief Financial Officer, Mr Pieter de Jager said in Dar es Salaam at the weekend that the award was a reflection that the cement company puts quality above the rest. "For years now we have been emerging overall winners. This creates the much-needed trust when we want to conduct business with local and international investors," he said. The awards are presented annually by the board to various public and private institutions and companies which have consistently maintained the required financial records. On his part, the NBAA Executive Director, Mr Pius Maneno said that increased participation by the public sector underpins the commitment to more open accountability in the use of public funds and offers the entities an opportunity to be assessed against global standards. The Assistant Commissioner Fiscal Policy in the Ministry of Finance and Planning Mr Shogholo Msangi said responsible financial reporting contributes significantly to ensuring that financial information put out by the entities is reliable and enables investors make informed decisions as they participate in the capital markets. *(Daily News)*

Economic News

STRONG demand for treasury bills continued to characterise the market after attracting bids worth 196.98bn/- compared to 138.5bn/- offered for tendering, supported mainly by sufficient liquidity in the circulation. According to the Bank of Tanzania (BoT) auction summary the amount tendered was slightly down to 196.98bn/- compared to 259.14bn/-of the preceding short term maturities. Yield rates declined across all tenures but did not discourage or reduce the amount tendered. The two tenures 364 and 182 days contributed about 98 per cent of the total bids while 91 and 35 shared the remaining. The 364 and 182 days offer attracted bids worth 128.73bn/- and 65.65bn/- respectively against 85bn/- and 51bn/- offered to the market for bidding while the 91 days and 35 days offer attracted 2.1bn/-and 500m/- respectively against 2bn/-and 500m/- offered to the market. Yield rates for the 364 and 182 days offer were 15.82 per cent and 14.67 per cent compared to 15.86 per cent and 14.95 per cent of the previous session held two weeks ago. For the 91 days tenure, interest rate was 7.10 per cent and 6.80 per cent compared to 7.23 per cent 7.50 per cent of the preceding session. The highest and lowest bid/100 for the 364 and 182 days offers were 86.69/ 84.20 and 93.32/ 92.61 respectively while for the 91 and 35 days tenor had 98.26/ 98.25 and 99.35/ 99.35. The minimum successful price/100 for the 364, 182 and 91 days offer were 85.95, 93.08, 98.26 and 99.35 respectively. The weighed average price for successful bid for the 364 tenure was 86.34, the 182 days offer was 86.37, 91 days offer was 93.19 and 98.26. Major investors in the one-year treasury bills are commercial banks, pension funds, insurance companies and some micro-finance institutions. *(Daily News)*

THE Dar es Salaam Stock Exchange (DSE) continued to experience the year end hangover after weakening by 61 percent to 198.59m/-last week compared to 512m/- posted on the preceding period. According to the DSE weekly report, the volume of share traded increased to 262,598 compared to 101,809 of the previous week. The weekly wrap-ups by Zan Securities shows TBL, CRDB, Swissport and DSE emerged the top trading equities that dominated the market during the week under review at 35 percent, 24 percent, 21 percent and 14 percent respectively. None of the domestic equities appreciated or depreciated in value per share compared to last week. The total market capitalisation decreased by 2.22 percent, to close at 19.90tri/-while domestic market capitalisation remained constant at 8.15tri/-compared to last week. Comparatively, key benchmark indices were in the red territory with the Tanzania Share Index (TSI) capped at 3,877.79 points, the same as the preceding week. The All Share Index (DSEI) closed at 2,288.62 points, down by 2.09 percent compared to last week. Similarly, the three sector indices including the Industrial and Allied, Banks, Finance and Investment Index and Commercial Services Sector all remained constant compared to last week, closing this week off at 5,031.35 points, 2,770.66 points and 3,157.95 points, respectively.

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

There is anticipation for low market performance because of the year end events such as planning for annual leave, holidays and close year obligations for local institution and individual investors, and therefore we would view stock market weakness as a buying opportunity. *(Daily News)*

Three companies plan to invest as much as 20 trillion shillings ($9.2 billion) in Tanzanian cement production in projects that could double the nation's installed capacity, Trade and Industry Minister Charles Mwijage said. The government of East Africa's second-biggest economy, with gross domestic product of $45 billion, has infrastructure projects planned, including the $10 billion Bagamoyo port development, a $7-billion railway and a $4-billion crude oil pipeline from neighboring Uganda that will require cement. "There are big projects which are attracting people to put cement industries here," Mwijage said Tuesday by phone from Dar es Salaam, the commercial capital. He declined to identify the potential investors or give their timelines. "I have people now at different stages of implementing their construction, others are at application, others have secured the land, others are on financing." Units of HeidelbergCement AG of Germany, Jona, Switzerland-based LafargeHolcim Ltd and Afrisam Investment Holdings Ltd. of South Africa already operate in the country and have installed annual capacity of 10.3 million metric tons. Production in Tanzania is about 7.1 million tons a year, while local consumption is 4.1 million tons, according to Mwijage. The surplus is exported to neighboring countries such as the Democratic Republic of Congo.

Demand for cement is expected to grow as much as 8 percent a year in the "medium-term," London-based Exotix Partners said in an October research note. Last month, Lake Cement Ltd., a closely held Tanzanian producer, announced plans to almost quadruple capacity to 1.9 million tons by building a new plant at Bagamoyo at a cost of $150 million, according to Standard Investment Bank, the Nairobi-based lender. Dangote Cement Plc, owned by billionaire Nigerian investor Aliko Dangote, last year commissioned a 3-million ton plant in Tanzania's southeastern region of Mtwara. The plant stopped production last week on some technical issues that have now been fixed, spokesman Carl Franklin said in e-mailed comments. When Dangote began production in Tanzania in February, it undercut competitors such as Tanzania Portland Cement Co. and Tanga Cement Co. by selling at about $80 per ton, compared to a national average of about $90-$100 per ton, according to Exotix. "We expect aggressive cost management strategies from all players to protect the bottom line," Exotix said in its note. *(Bloomberg)*

Tanzania aims to issue its first Eurobond in fiscal 2017/18 to fund new infrastructure, the Finance and Planning Ministry said on Thursday, after repeated delays in the launch as it sought a credit rating. It did not say how much the bond would be worth, but said the government wanted to raise $900 million in the financial year starting July 1 to fund infrastructure projects. President John Magufuli, a former public works minister, has promised to renew creaking infrastructure with transport links and other projects, and has also led an anti-corruption drive since his election a year ago. "The funds will be raised through issuance of a Eurobond and other modalities including tapping the syndicated loan and export credit agencies," the ministry said in a budget document. The Finance Ministry had said last year it had concluded talks with Fitch Ratings for a sovereign credit rating and also hoped to finalise similar discussions with Moody's Investors Service, paving the way for a possible debut Eurobond issue. "It will help them meet their borrowing target to finance their infrastructure plans," said Bhaswar Mukhopadhya, the resident representative of the International Monetary Fund, referring to the Eurobond plans. A IMF mission in October recommended the government prioritise financing and procurement for infrastructure spending to sustain growth, he said. The IMF predicts that Tanzania's economy will grow at 6.9 percent this year. The ministry's budget document also said: "The government will continue to maintain good relationship with traditional and new emerging creditors to sustain concessional borrowing as the most preferable source of external funding." *(Reuters)*

Tanzania's inflation rate was 4.8 percent year-on-year in November, rising from 4.5 percent in October because of higher food prices, the state-run statistics office said on Thursday. The month-on-month inflation was 1.1 percent in November, compared with 0.1 percent in October 2016. "The increase of the inflation rate was caused by faster rises in food items, such as maize and fish. The prices of non-food items, such as fuel, also increased," Ephraim Kwesigabo, a director at National Bureau of Statistics, said. Food and non-alcoholic beverages inflation rate increased to 6.2 percent in November 2016 from 6.0 percent in October 2016. *(Reuters)*

Zambia

Corporate News

STANBIC Bank Zambia has to date invested about US$155 million in the agricultural sector to enable it to significantly contribute to the national gross domestic product, by providing support to farmers in various productive value chains. The bank's investment in other sectors include the raising and funding in excess of US$3billion worth of projects across the mining spectrum from copper, cobalt, uranium and gold, to lime manufacturing, and well over US$150 million and US$385 million in infrastructure development and energy, respectively, over a period of 18 months. Stanbic Bank spokesperson Chanda Chime-Katongo said the company's history with agriculture goes back a long way where it has been working with various players in the sector, ranging from small-scale to commercial entities, and it remains committed to driving growth by moving the sector forward. She said in a statement availed to the Daily Mail yesterday that by leveraging off regional business partners, Stanbic Bank has been successful in creating banking ecosystems around its group relationships to support customers across borders. "We strongly believe in the agriculture sector's ability to contribute significantly to the national gross domestic product, and are very keen to ensure that our farmers and supporting businesses across the different scales achieve the full potential in their value chains," Mrs Katongo said. Mrs Katongo said this has allowed the bank to support major acquisitions of agriculture assets in Zambia in both the public and private sectors. She noted that by providing customer-centric banking solutions such as need-based agricultural loans, Stanbic Bank endeavours to add value over and above its normal banking solutions to clients who include farmers in major farming areas in the country. "Stanbic has a strong agribusiness banking proposition that is knowledge-based and driven by a team of dedicated agricultural specialist bankers with real-life and relevant insights into the whole agriculture value chain. This is something that our customers find invaluable and we have come to appreciate over the years as an institution," Mrs Katongo said. The bank has since been declared Global Banking and Finance Review's 'Best Agribusiness Bank in Zambia 2016' following its investment of US$155 million in the agriculture sector. *(Daily Mail)*

Economic News

FOLLOWING the possession of Intermarket Banking Corporation by the central bank, the Securities and Exchange Commission (SEC) has assured that the possession does not include Intermarket Unit Trust, which is a collective investment scheme managed by Intermarket Securities Limited. And Barclays Bank Zambia has with immediate effect suspended the processing of transactions or cheques relating to Intermarket Banking Corporation, which the Bank of Zambia (BoZ) took over last Tuesday, citing low capital requirements and breaching of the law including engaging in conduct that was deemed unsafe and unsound in banking. Commenting on the matter last Friday, SEC acting chief executive officer Diana Sichone said Intermarket Unit Trust (IUT) collective investment scheme is a separate entity authorised by the securities Act. "The Commission [SEC] can confirm that it has not withdrawn its authorisation of the IUT collective investment scheme. Assets of the collective investment scheme are required to be kept under custody, and in this case, the custodians are Standard Chartered Bank Plc." "The IUT collective investment scheme assets which are under custody with the custodian are secure. In order to further secure the interests of investors in the IUT collective investment scheme, the investing public is informed that AMG Global Trust Limited, the trustee for IUT scheme, has with effect from November 29, 2016 appointed African Life Financial Services Zambia as an interim manager," she said. Ms Sichone said SEC has approved the appointment and the interim manager is currently putting in place operational modalities to facilitate normal business of the IUT collective investment scheme fund in the shortest possible time. And AMG Global Trust Limited representative Friday Nyambe said African Life Financial Services will communicate to all Intermarket unit holders the revised operational modalities in due course. The BoZ stated that the move to take over operations at Intermarket is aimed at safeguarding the interests of depositors and preserving the integrity of the financial system. Some customers of the possessed bank have, however, been demanding to withdraw their money from their accounts, which they could not access. *(Daily Mail)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zambia plans to refinance Eurobonds totalling around $2.8 billion that it issued between 2012 and 2015, Finance Minister Felix Mutati said on Wednesday. "The strategy for the Eurobonds next year is refinancing. We want to refinance the Eurobonds and get longer dated bonds at a bit of lower cost so that we minimise our debt," Mutati told reporters. Mutati said the equivalent of 19 percent of Zambia's gross domestic product (GDP) was being used to service debt. "We want to reduce that from around 19 percent to somewhere around 15 percent so that the release of resources can be used to support the vulnerable," he said. Zambia issued a $750 million Eurobond in 2012 followed by another amounting to $1 billion in 2014 and another worth $1.25 billion last year, mainly for infrastructure projects. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

Zimbabwe

Corporate News

Zimbabwe has so far produced 900,000 carats of diamonds this year from its Marange fields, a third of the 3,2 million carats produced over the same period last year, dragged by court cases in which miners are challenging a government decision to expropriate their claims. Government ordered all diamond miners in Marange to cease operations on February 22 this year after they declined its proposals to nationalise the industry. The government said the miners' licenses had expired and accused them of failing to account for revenue from their operations. The mines had resisted a plan by the government to bring them under one firm in which the state would own 50 percent. Government already held 50 percent in each of the Marange diamond miners but wanted to consolidate their operations under its Zimbabwe Consolidated Diamond Company (ZCDC). The affected miners were Anjin Investments, Diamond Mining Company, Jinan, Kusena, Marange Resources, DTZ-Ozgeo and Mbada Diamonds. They challenged the consolidation in the High Court but lost the case. They have since appealed to the Constitutional Court. "So far delivered to ZCDC in terms of weight, the total is 924,388 carats and that compares very badly with 3,2 million carats for 2015. The explanation is that the 924,000 carats are coming from the two mining locations not the seven mining locations. So we need to finalise the court cases," Mines Minister Walter Chidhakwa told a parliamentary committee on mines and energy committee on Monday. Chidhakwa said ZCDC was currently mining on the DMC and Marange Resources claims, which did not contest the government takeover. *(Source)*

The future of hardware retailer PG Industries remains murky after a proposed investor, Dewei Investments, failed to meet the November 30 deadline to pay off shareholders and creditors, the company said on Monday. Under a secondary scheme of arrangement, which was approved by the High Court on September 28, Dewei Investment agreed to buy the entire PG Industries's share register at a cost of $500,000. It also agreed to make an offer to all creditors and provide working capital for the struggling retailer. The new agreement invalidated a previous High Court sanctioned scheme of arrangement, which was signed on April 1, 2015, and was designed to protect its assets while it restructures its debts. PG said Dewei was supposed to make the payments by November 30, subject to regulatory approvals. "This deadline has not been met," PG said in a circular to shareholders on Monday. "Dewei Investments has advised that no significant progress has been made on the application for required regulatory approvals,including Exchange Control, and has requested for additional time to implement the scheme." PGI's shares were suspended from trading on the local bourse in 2013, with analysts asserting that the company was technically insolvent. As of June last year, PGI had paid secured creditors $4,3 million through property sales and debt swaps, while the balance of $965,082 was restructured to a three-year, 12 percent per annum long-term facility. *(Source)*

Innscor Africa reported a seven percent increase in revenue in the first quarter to September compared to the same period last year, driven by a strong performance by its subsidiaries. Chief executive, Julian Schonken on Wednesday told the company's annual general meeting that cost containment measures had improved the company's profitability, but did not give figures. Schonken said despite a good financial performance in the first quarter, the ongoing shortage of liquidity remained a challenge. "Liquidity remains very tight and the ability to make foreign payments for critical raw materials poses a serious and substantial risk to our businesses," he said. National Foods, an Innscor associate, volumes were 10,5 percent higher driven by flour demand and lower prices. The lower average selling prices resulted in only marginal revenue growth and also had the effect of compressing gross margin, Schonken said. The bakery operation recorded 'a small volume' against both the comparative quarter and the previous quarter but profitability levels remained good. "While targeted margins were achieved, operating expenditure was still at sub-optimal levels and remains a focal area for the business," Schonken said. For Colcom, volumes were higher in the quarter but the reduced average selling prices resulted in flat gross margins. At Irvines, volumes were higher but higher cost of raw materials and lower selling prices reduced levels of gross margins and profit. Natpak had 'an excellent' first quarter, Schonken said, with revenues growing by 19 percent against the comparative quarter. Profeeds, a subsidiary of the group which manufactures poultry feed recorded a 15 percent decline in volumes during the period under review due to a depressed market. "But volumes have started to grow at the onset of quarter two though managing feed prices against the rising cost of raw materials will remain a key challenge," Schonken said.

Another associate Probrands, achieved a 10 percent increase in volumes driven by rice sales. Schonken said the group would go on to look for more organic and acquisitive investment opportunities. Innscor expects to sell off Spar Zambia and a lodge in that country by end of the year. "With that (sell off) Innscor will become a Zimbabwe centric company after the unbundling of our quick service restaurant business and other units," Schonken told The Source. The group was also looking at possible acquisitions in the light manufacturing segment, he added. *(The Source)*

State-run pension fund, National Social Security Authority (NSSA) is set to make a mandatory offer to compulsorily buy out minority shareholders in NicozDiamond after it raised its shareholding in the insurer to 44,85 percent last month. NSSA bought 56.6 million shares, 10 percent of Zimbabwe's largest short-term insurer NicozDiamond's total issued share capital, that were offloaded by a foreign investor at 2,75 cents on November 23. The pension fund reportedly purchased stakes held by LAG Malta belonging to foreign investor Noel Hayes (4,3 percent) and part of the stake held by Bruce Campbell who held just over 10 percent. "The company would like to advise its shareholders and the investing public that it has received notice that its major shareholder National Social Authority (NSSA) has acquired a further shareholding in the company," said NicozDiamond Insurance Limited in a statement on Wednesday. According to ZSE listing rules, a company which has acquired a shareholding exceeding 35 percent should make a mandatory offer to minority shareholders of the acquired listed company. "Section 9 (Note 1A) of the ZSE listing rules triggers certain obligations by any acquirer who reaches a threshold of 35 percent. Accordingly the company has begun instituting measures to ensure compliance with the ZSE listing rules," said NicozDiamond. NSSA, which has 70 percent of its investments in the equities market, has interests in 53 of the 60 companies listed on the Zimbabwe Stock Exchange, holding at least 10 percent shareholding in 12 counters. Other major shareholders are Zimre Holdings Limited with 28,78 percent and Campbell with approximately five percent stake. *(The Source)*

ECONET Wireless Zimbabwe's mobile money platform, EcoCash, on Thursday unveiled a Rand wallet which allows transactions in the South African currency only. The wallet will be separate from the USD wallet and customers will not be able to move money between the two wallets. EcoCash general manager Natasha Morris Jabangwe said all the transactions on the platform will be conducted in rand and the service will be immediately available to all EcoCash registered customers without the need to re-register. "The EcoCash multi-currency wallet provides the same secure, state-of-the-art technology which enables our customers and partners to perform transactions in USD and ZAR instantly and automatically." she said. The wallet comes in two phases with the first phase of the rand wallet roll-out allowing customers to Cash-In and Cash out at any of the EcoCash Agents shops, send money, and make payments to merchants and billers as well as send remittances in ZAR from South Africa. "Additional services such as banking services and card transactions will be gradually added on to the rand wallet system. EcoCash rand wallet allows remittances of rand directly from South Africa into the Zimbabwe. The platform allows the payment of bills using rand, transacting for Zesa and other uses," she said. Jabangwe said EcoCash was aiming at making the service to becoming a global wallet as well as pan African. Ecocash has over 27 000 agents across the country and over 6 million customers, she said.

Reserve Bank of Zimbabwe deputy director National Payments Systems, Josphat Mutepfa welcomed the development as augmenting and enhancing the multi-currency regime. Mutepfa said the initiative facilitated the effectiveness of payment systems in the economy. "Payment systems are a vital cog and life blood of the economy," he said. In terms of service charges, it will cost between R1.78 and R44.85 to send amounts ranging from a minimum of R15 to a maximum of R7 500 for registered users. Unregistered users will fork out more as it will cost them between R1.78 and R118.85 for the same amount of money. While withdrawals of up to R30 are free of charge, users will be charged R2.99 to R74 to cash out amounts of more than R30 up to R7 500. Econet Wireless chief executive officer Douglas Mboweni said: "Today we witness another chapter of innovation as we continuously explore new ways to make a positive and meaningful impact to our customers' lives. The introduction of a multi-currency wallet is another step towards meeting the country's vision of becoming a cashless society and of easing liquidity in a multi-currency regime. We are also striving to offer our customers a robust service which combines ease of use, high-levels of security, accessibility and more importantly choice. We can never thank enough our customers, agents, merchants and the regulatory authorities for their continued support on this journey".*(Financial Gazette)*

Economic News

ZIMBABWE imported food and beverages worth $64 million in the month of October 2016, a clear indication that the country is losing millions of dollars following the collapse of the agricultural sector in the late 1990s. Figures released by the Zimbabwe Statistical Agency (ZimStat) show that the country imported food and beverages worth $64m, down 2% from the previous month, mainly for household and industry consumption. Cumulatively to October, the country imported food and beverages worth $514 million. The country imported maize worth $36m, up 22% from the month of September. It also imported wheat and non-alcoholic beverages worth $5m and $2,2m respectively. However, in the period under review, the country's trade deficit narrowed to $151m, as exports increased by 27% from September to $318m. Exports grew 27% in October compared to the previous month, while imports rose by 6% to $470m. Some of the exports include beef, tobacco and other agricultural produce as well as wines, minerals and scrap metal. In the period under review, Zimbabwe exported tobacco worth $144m compared to the $54m recorded in the previous month. Nickel ore earned $28m, while gold brought in $76m. In the first 10 months to October, the country's imports bill stood at $4,2 billion, while exports amounted to $2,2bn, indicating a continued reliance on imported goods as local industry remains depressed. Some of the imported products include fish, milk, cheese, sausage casings, agricultural products including maize, sugar related confectionary, biscuits, electrical energy, chemicals and generators. South Africa was the biggest source market for imports, with $210m worth of products followed by Singapore with $81m. *(News Day)*

Zimbabwe's gold output is this year seen at 22 tonnes, lower than the target of 24 tonnes after government failed to pay small-scale miners for gold deliveries because of the ongoing cash shortages, mines minister Walter Chidhakwa said on Monday. "Somewhere in September we slipped because of the cash shortages….the miners told me that if you do not pay us cash we will sell elsewhere and that is where we lost it otherwise we could have been at 23 tonnes or 24 tonnes," said Chidhakwa at the launch of the Chamber of Mine's report on the state of the mining sector. Chidhakwa said illegal gold sales by small scale miners, who produced nearly 40 percent of the total gold output in the first half of the year, were on the rise. All gold produced in Zimbabwe is required to be sold to Fidelity Printers and Refiners, a company wholly owned by the central bank. Gold is Zimbabwe's main export and, along with tobacco and platinum, accounts for the bulk of the country's foreign currency earnings. The southern African nation produced 21 tonnes of gold in 2015, and remains well below the peak output of 30.2 tonnes achieved in 1999. The report showed that average capacity utilisation for the mining sector had increased from 60 percent in 2015, to 64 percent in 2016. "The Platinum sector continues to operate at full capacity, while gold recorded an increase to 79 percent, from 77 percent in 2015.

Declines in capacity utilization levels were recorded in respect of coal from 50 percent to 30 percent as well as Nickel 55 percent to 41 percent," reads the report. Average profitability in the gold and the nickel subsectors increased in 2016 compared to 2015 while that for Platinum producers remained subdued. But 90 percent of respondents expect to improve their profitability next year. In 2016, payments to Government and government related institutions averaged 13 percent of revenues and around 17 percent of total costs. Shortage of capital and the high cost of power were identified as the main challenges to growth of the sector. Headcount for the surveyed companies declined by 11 percent with 60 percent of the respondents having reduced their headcount in 2016 by an average of 17 percent. The survey also showed that 30 percent of the mines embarked on new mine developments during 2016 and 60 percent indicated that they would carry out new mine developments in the next five years. *(Source)*

Zimbabwe's State electricity distribution company has asked industrial customers to pay in advance in foreign currency for power imported from South Africa and Mozambique, as generation from the Kariba South hydropower plant slumps and because of a dollar shortage in the country. "Zimbabwe is importing a significant amount of its power from South Africa and Mozambique, mainly due to depressed generation from Kariba," the Confederation of Zimbabwe Industries said in a letter to its members late last month. "There have been challenges in foreign currency payments to support these power imports and ensure continued supply of power." Power production from the Kariba power plant has fallen as a drought has left the reservoir levels at their lowest in decades, while the country has been short of foreign currency for months, leading to the non-payment of salaries to government workers and limits on withdrawals from cash machines. Zimbabwe buys power from South Africa's Eskom Holdings, SOC Ltd and Mozambique's Cahora Bassa hydropower plant.

The country abandoned its own currency in 2009 and now mainly uses the dollar. Power in the country is distributed by the Zimbabwe Electricity Transmission and Distribution Company, while Zesa Holdings oversees the industry. Josh Chifamba, the chief executive officer of Zesa Holdings, last month warned of power cuts due to dollar shortages, saying that while $5 million was needed a week for power imports, the Reserve Bank was only allocating it $1,5m. *(News Day)*

Standard Chartered Plc has confirmed being part of a proposed debt resolution plan for Zimbabwe, but says it will only provide the funding after reforms and with the approval of the British government. The privately owned financial weekly Zimbabwe Independent last Friday reported that the British bank was considering putting up $262 million towards clearing Harare's $600 million with the African Development Bank (AfDB). In October 2015, Zimbabwe agreed on a plan to clear its $1.8 billion arrears with the World Bank ($1.1 billion), the AfDB and the IMF, whose $110 million was paid last month. President Robert Mugabe's government hopes to clear arrears and open up access to fresh funding for Zimbabwe's cash-starved economy. Without resolving its external arrears problem, Zimbabwe continues to carry a considerable risk premium, which dissuades potential lenders to both the government and private sector, while making the little credit lines available to the country expensive. However, the veteran ruler's opponents view the arrears programme, dubbed the Lima Plan after the October meeting in Peru that produced an agreement between Zimbabwe and the multilateral lenders, as a bail out for Mugabe's government. According to the Independent, Standard Chartered and the African Export and Import Bank (Afreximbank) would make equal $262 million payments towards Zimbabwe's AfDB arrears. Zimbabwe would pay the balance, $82 million, the Independent reported. "We were asked by regional banks to consider a financing deal,"Standard Chartered said on its official Twitter account following a string of queries. "We wont proceed without full support of UK government and reforms." *(Source)*

THE Reserve Bank of Zimbabwe (RBZ) says year-on-year credit to the private sector declined by 8,4% to $3,52 billion, as banks practised "cautionary lending" to curb the high default rates that had afflicted the sector. The non-performing loans ratio reached a peak of 20,45% in 2014, necessitating the creation of the Zimbabwe Asset Management Company to buy bad debts from the banking sector. In an economic review report for September, the RBZ said this was the seventh year-on-year decline since March. "During the period under review, year-on-year credit to the private sector declined by 8,4% to $3,52bn in September 2016, from $3,84bn in September 2015. This was a seventh consecutive year-on-year decline since March 2016. The decline in credit to the private sector was, in large part, on the back of cautionary lending by banks," the central bank said. The report said the distribution of credit to the private sector was 84,99% in loans and advances, mortgages (9,92%), and other investments (5%). The bills discounted for the period under review were 0,09%. "There was no significant issuance of Bankers Acceptances (BAs) during the month under review, as banks continue to be risk averse, on the back of tight liquidity challenges," RBZ said. Analysts said the absence of the BAs indicate the lack of liquidity in the market. A BA is a promised future payment, which is accepted and guaranteed by a bank and drawn on a deposit at the bank. This payment specifies the amount of money, the date, and the person to whom the payment is due. Liquidity has been increasingly difficult of late due to lack of revenue generation and ballooning imports.

In recent weeks, the central bank has been playing a juggling act in trying to adequately allocate foreign currency to the fuel and cooking oil disrtibutors and manufacturers, who depend on imported raw materials. Despite the continued decline of private sector credit, RBZ said on a month-on-month basis, credit to the private sector increased by 0,94% to $3,52bn in the month under review from $3,48bn in August. "Banking sector credit recorded an annual increase of 14,14%, from $5 106,78 million in September 2015 to $5 829,10m in September 2016. On a month-on-month basis, banking sector credit grew by 1,32%, from $5 753,42 million recorded in the previous month," RBZ said. Liquidity is being drained by imports of goods and services which take 82%, capital remittances (14%), income payments (2%), and the remainder going to illicit financial flows. The RBZ report said cash transactions stood at $515,36 million in September 2016, a 5% increase from $ 491,19m recorded in the previous month owing to increased cash demand. *(News Day)*

MINERAL production costs declined in 2016 due to cost-cutting measures that were implemented by the mining sector. In a State of the Mining Sector Report released on Monday, the Chamber of Mines said the sector had negotiated price reductions with suppliers, labour rationalisation (multi-skilling), retrenchments and negotiated wage reductions. "Most minerals registered declined in production costs in

2016, compared to 2015, with 95% of respondents having reduced their costs in 2016 through the following, among other measures: aggressive value chain optimisation to reduce excessive use of consumables and improved efficiencies," the report said. The mining sector is expected to prop up production in 2017, as 40% of the respondents were bullish that the sector will grow by at least 5% in 2016. The report states that 40% of the respondents are bullish, such that the sector will grow by at least 5% in 2016, while 50% plan to grow output by between 1% and 4%. Ten percent of the respondents are planning to maintain their output, while 90% of the value of mineral output is accounted for by five key minerals in 2016. The report said average capacity utilisation for the mining sector increased from 60% in 2015, to 64% in 2016. It said the platinum sector continues to operate at full capacity, while gold recorded a 2% increase to 79%, from 77% in 2015. Declines in capacity utilisation levels were recorded in respect of coal (50% to 30%) and nickel (55% to 41%). The report said the low capacity utilisation was due to capital shortages as the major constraints undermining capacity utilisation, coupled with high cost structure and ageing equipment. "Survey findings show that labour (30%), supplies (36%), power (16%) and statutory payments accounted for an average 95% of total costs in 2016," the Chamber of Mines said.

Average profitability in the gold and nickel subsectors improved in 2016, compared to 2015, while that for platinum producers remained subdued. In 2016, total payments to government and government-related institutions (based on survey respondents) averaged around 13% of revenues and 16,9% of total costs. Highest proportions were found in the gold sector, with 22% of revenue and 38% of costs, while the lowest were recorded in nickel and ferrochrome line (profitability). The report states that the demand for electricity is anticipated to increase to 170 megawatts (MW) in 2017, if the industry secures additional funding for investments, while at current levels of capitalisation, demand will moderately rise from the current 130MW to 140MW. "All respondents from the gold industry indicated that the current tariff applicable to gold of 12,8 cents/KWh is too high and should be reviewed downwards. Ninety percent of other mineral categories felt that the prevailing tariff should be reduced and aligned to regional benchmarks. Ten percent of respondents proposed a commodity price-linked electricity tariff," the report showed. Of the 60% respondents who reduced headcounts in 2016, 30% retrenched, while for the remainder, the reduction was on account of natural attrition and expiration of contracts. The major reason for retrenchments was given as curtailing costs. *(News Day)*

Mining companies including Sinosteel Corp.-owned Zimasco (Pvt) Ltd. have ceded chrome-mining licenses to Zimbabwe's state-owned Apple Bridge Investments, which buys chrome ore for export, Mines Minister Walter Chidakwa said. The mining licenses, known as claims, have been allocated to small-scale miners who dig the mineral on Zimbabwe's Great Dyke mountain range. Apple Bridge, formed by the government in August with a $100 million loan, buys exclusively from those producers. Small-scale miners in Zimbabwe, known as tributors, traditionally sell chrome ore to Zimasco and Zimbabwe Alloys Ltd., the two biggest chrome miners in the country, that in turn smelt the mineral into ferro-chrome for export. A fall in prices led both Zimbabwe Alloys and Zimasco to cut smelting operations, leaving many tributors unpaid. Apple Bridge was formed by the government to salvage the chrome-mining operations. "In the past two weeks, the selling price of chrome on the world market has improved tremendously and Apple Bridge has been doing well," Chidakwa told lawmakers on Wednesday, adding that the government's relationship with foreign chrome miners is "working smoothly." Zimbabwe has the world's second-largest deposits of chrome after neighbor South Africa. *(Reuters)*

Zimbabwe's central bank says it will release $7 million worth of $2 dollar bond notes into circulation this week. The notes, which are meant to ease a banknote shortage in the southern African nation, trade at par with the US dollar. Last week the Reserve Bank of Zimbabwe (RBZ) released the first batch of the bond notes worth $10 million into circulation after months of speculation but long queues have remained a fixture at banks around the country. The central bank said it will release a total of $75 million worth of bond notes by the end of this year, out of a total of $200 million under an Afreximbank facility. "In line with the strategy to release the Bond Notes on a measured or drip feed basis, the Bank would like to advise the public that it is releasing the second batch of $2 Bond Notes amounting to $7 million this week, "the RBZ said in a statement on Wednesday. "This brings the total amount of Bond Notes disbursed to $17 million against a value of $70 million payable to exporters of goods and services under the Export Incentive Scheme." The Bank added that it would release the $5 denominations into the market in 'due course.'

The bond notes have gained acceptance despite being criticized by a sceptical public who viewed their introduction as a scheme to return the much loathed Zimbabwean dollar which was abandoned in 2009 after hyperinflation had rendered it worthless. *(The Source)*

Zimbabwe's economy will grow by 0.6 percent in 2016, half the previous forecast, but will recover next year, Finance Minister Patrick Chinamasa said in a budget speech on Thursday. Chinamasa said the budget deficit for the 2017 fiscal year was estimated at $400 million, equivalent to 3 percent of GDP, up from 1.1 percent in this year. The southern African nation is grappling with a devastating drought that has left more than 4 million people facing hunger, while the worst financial crisis in seven years has fuelled some of the biggest anti-government protests in a decade. *(Reuters)*

Zimbabwe's economy has stagnated this year while its budget deficit has exploded, the government said on Thursday, adding to President Robert Mugabe's problems as he faces unprecedented protests over cash shortages and falling living standards. In his annual budget address, Finance Minister Patrick Chinamasa halved his 2016 economic growth estimate to 0.6 percent and said the budget deficit would widen to $1.18 billion - eight times his November 2015 forecast of $150 million. Chinamasa said the country was facing "a number of headwinds", including a lack of investment flows and remittances from Zimbabweans overseas, both of which fell this year. Mugabe, 92, has been in power since independence from Britain in 1980. But he is under pressure over an 80 percent-plus unemployment rate and corruption and has personally nixed attempts to cut the bloated civil service. With banks running out of money, he has introduced an unpopular "bond note" currency that is meant to ease the liquidity crunch but which many Zimbabweans fear will cause a return to hyperinflation. Chinamasa blamed the swollen deficit on the need for grain imports because of a devastating drought, payment of 2015 salary arrears, debt servicing and bonus payments to public workers that were not in the original spending plans.

For next year, he forecast moderate growth of 1.7 percent due to improved commodity exports, as well as a smaller deficit. However, few Zimbabweans will have faith in the figures coming from an administration that since 2013 has been forced to cut all its growth targets. This year alone Chinamasa has revised his growth figures three times. "The fundamental challenge remains that of under-production, entirely across all sectors of the economy," he said, adding that it was imperative that Harare - seen as a pariah in global financial circles - patched up ties with the outside world. Zimbabwe cleared $107.9 million in arrears to the International Monetary Fund in October. Chinamasa said he planned to clear $1.8 billion in arrears to the African Development Bank, World Bank and European Investment Bank in early 2017. It was not clear how this will be done. Chinamasa said the public sector wage bill would take 73 percent of next year's budget, down from 91 percent so far this year. He also proposed a freeze on state wages, potentially deepening public anger towards the administration. Critics accuse Mugabe of wrecking one of Africa's most promising economies through policies such as violent seizures of white-owned commercial farms and disastrous money printing. *(Reuters)*

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