SECURITIES AFRICA
RESEARCH & CAPITAL MARKETS

PAN-AFRICA

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

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

AFRICA STOCK EXCHANGE PERFORMANCE

Country	Index	18-Jul-14	25-Jul-14	WTD % Change Local	WTD % Change USD	YTD % Change Local	YTD % Change USD
Botswana	DCI	9181.38	9223.87	0.46%	1.42%	1.88%	1.76%
Egypt	CASE 30	8457.23	8744.39	3.40%	3.40%	28.92%	24.96%
Ghana	GSE Comp Index	2365.72	2310.10	-2.35%	-1.84%	7.69%	-24.79%
Ivory Coast	BRVM Composite	236.38	237.26	0.37%	-0.08%	2.26%	0.06%
Kenya	NSE 20	4902.18	4879.09	-0.47%	-0.58%	-0.97%	-2.46%
Malawi	Malawi All Share	13418.05	13468.99	0.38%	0.57%	7.49%	14.50%
Mauritius	SEMDEX	2075.82	2091.07	0.73%	0.57%	-0.22%	-1.10%
	SEM 7	400.81	403.10	0.57%	0.40%	-0.13%	-1.01%
Namibia	Overall Index	1120.47	1151.37	2.76%	4.46%	15.48%	15.21%
Nigeria	Nigeria All Share	42832.82	42285.85	-1.28%	-1.32%	2.31%	1.68%
Swaziland	All Share	297.16	284.32	-4.32%	-2.73%	-0.47%	-0.71%
Tanzania	TSI	3623.01	3913.36	8.01%	7.82%	37.62%	31.70%
Tunisia	TunIndex	4636.52	4691.02	1.18%	1.21%	7.07%	2.09%
Zambia	LUSE All Share	6114.21	6140.66	0.43%	0.21%	14.80%	3.62%
Zimbabwe	Industrial Index	186.78	183.76	-1.62%	-1.62%	-9.08%	-9.08%
	Mining Index	55.17	66.53	20.59%	20.59%	45.29%	45.29%

CURRENCIES

Cur-rency	18-Jul-14 Close	25-Jul-14 Close	WTD % Change	YTD % Change
BWP	8.74	8.66 -	0.94	0.12
EGP	7.13	7.13 -	0.00	3.17
GHS	1.87	3.38 -	0.52	43.18
CFA	484.90	487.10	0.46	2.19
KES	86.29	86.38	0.11	1.52
MWK	388.07	387.33 -	0.19 -	6.12
MUR	29.23	29.28	0.17	0.89
NAD	10.69	10.51 -	1.63	0.24
NGN	160.46	160.53	0.04	0.62
SZL	10.69	160.53 -	1.63	0.24
TZS	1,623.84	1,626.79	0.18	4.50
TND	1.72	1.72 -	0.03	4.88
ZMW	6.08	6.09	0.22	10.79

SECURITIES AFRICA

Botswana

Corporate News

No Corporate News This Week

Economic News

No Economic News This Week

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Egypt

Corporate News

Vodafone Egypt will invest around 9.5 billion Egyptian pounds ($1.3 billion) over the next three years to improve its network, its recently appointed chief executive said. Vodafone Egypt, majority owned by British mobile operator Vodafone, will finance the plan from existing funds, Ahmed Essam told a news conference in Cairo late on Sunday. Vodafone Egypt, which is also 45-percent owned by fixed-line telecoms firm Telecom Egypt, is the leading communications player by customer numbers in the country of 86 million. Egypt is finalising the details of a long-awaited unified licence which will allow firms to offer both mobile and landline telecommunications. To gain access to Telecom Egypt's fixed line network is expected to cost 100 million pounds. Vodafone Egypt is still studying the possibility of offering landline services and has not reached a decision, Essam said. Telecom Egypt has been given a one-year deadline to sell its stake in Vodafone Egypt once the unified licence is activated. Asked about the progress of the sale, Essam said it was a matter for the board of Vodafone Group and shareholders. Essam was appointed as CEO this month. *(Reuters)*

Egypt's leading cigarette maker Eastern Co posted a 17.1 percent increase in net profit in the year to June 30 on the back of stronger sales. Eastern, which has a monopoly for producing cigarettes in the country of 86 million people, lifted sales by 13 percent to 6.2 billion Egyptian pounds ($867 million), though it now faces the challenge of a government-imposed increase in tax on cigarettes. Egypt raised the sales tax on cigarettes by up to 120 percent this month as part of a series of measures to curb the budget deficit and reform the economy. Eastern's full-year sales boost helped the company to reach net profit of 883.2 million pounds, up from 754.4 million pounds a year earlier. *(Reuters)*

Economic News

Egypt's steel companies have filed a petition against rebar and wire rod imports from China, Turkey and Ukraine, one of its top steelmakers said on Tuesday, the latest move in a years-long quest to protect the fledging industry from low-priced imports. Egyptian Steel and other major steelmakers have submitted a request for the government to re-introduce anti-dumping duties on imports of rebar and wire rod, used in the construction industry, Ahmed Abou Hashima, chief executive of Egyptian Steel said in an interview. The filing was made in May. The industry moved quickly after former army chief Abdel Fattah al-Sisi won the country's presidential vote, putting a military man back in power after the brief hiatus of Islamist control. It comes at a critical time for Egypt's steel industry, which is still recovering from political turmoil, and for a global market struggling with low prices and overcapacity due to lackluster demand. "How can (foreign) rebar and wire rod enter Egypt with zero customs? We have very high-tech industries in Egypt, especially in steel, but we must protect them (from foreign imports)," Abou Hashima said. "We have to change from customers to industrials: that's the only way a country can grow." According to steel industry body Worldsteel, Egyptian steel output fell at an annual rate of 8 percent in the first four months of 2014, to 2.05 million tonnes, after rising just 1.9 percent last year amid the turmoil surrounding the overthrow of former Islamist President Mohamed Mursi. The industry sees dumping duties as necessary after Sisi slashed energy subsidies to factories in an effort to salvage ruinous government finances.

"The new government has a lot of issues on hand, so we want to make sure that the issue does not die out and remains on top of their agenda," Abou Hashima said. Calls for the government to re-introduce previously short-lived dumping duties started last year after the government dropped tariffs in June after just six months. The petition in Egypt comes after other countries, including the United States, successfully imposed protection duties on imports of steel rebar. In April this year, the U.S. Commerce Department set preliminary duties on millions of dollars worth of imports from Mexico and Turkey after producers alleged foreign competitors were selling steel rebar at unfairly low prices. Previously, Egypt's Industry Ministry confirmed that no import duties were in place on imports from Turkey, the world's top steel rebar exporter, but declined to comment on whether or not the government was considering such a measure. Egyptian Steel is planning to expand its annual capacity to over 2 million tonnes by late 2016 from 355,000 tonnes now. *(Reuters)*

Egypt's new president Abdel Fattah al-Sisi has made a head start on tackling the country's economic problems, managing to introduce long-awaited subsidy reform without stirring popular unrest. Sisi's government, formed in June, announced this month it was raising prices of heavily subsidised energy products by up to 78 percent and slapped new taxes on dividends, capital gains and high-income earners. The moves are the start of what is expected to be several years of painful austerity for Egyptians as the state aims to eliminate a crippling budget deficit estimated to reach 10 percent of GDP in the fiscal year that began on July 1. To soften the blow to ordinary Egyptians, the government also unveiled a patchwork of relief measures including free transport in army buses and more heavily subsidised food products. But while investors are impressed with Sisi's bold start, efforts needed to transform the economy and public finances have barely begun, they say. With deeper reforms needed, rhetoric and ad hoc palliatives alone may not be enough to contain discontent in a country where public protests have removed two leaders in three years. "Further subsidy cuts will be harder to digest for the Egyptian population if they do not see at least some of these 'rewards' or if they feel these are distributed unevenly," said Coline Schep, Middle East analyst at international consultancy Control Risks. She was referring to the government's pledge to spend the savings from energy subsidy cuts on higher public sector wages, education, healthcare and pensions.

Sisi, who as army chief orchestrated the ouster of Islamist President Mohamed Mursi a year ago following mass protests, has appealed to the public for shared sacrifice as the government tries to revive an economy depleted by a slump in foreign investment and tourism since the overthrow of President Hosni Mubarak in 2011. Food and energy subsidies typically eat up a quarter of state spending and Schep said future subsidy cuts could trigger "serious social unrest if they are not introduced gradually, with warning, and with appropriate compensatory measures". Since being elected in May Sisi has also imposed a restrictive protest law, which has silenced all but the staunchest opposition, mostly supporters of Mursi's banned Muslim Brotherhood.

But analysts say too much austerity could push ordinary Egyptians back onto the streets, which along with security challenges from militants in the Sinai Peninsula and the border with Libya, could derail the economic reform programme. Investors note that Egypt was a financial basketcase a year ago. Sisi has at least put the country on the long road to recovery and, in a sign of investor optimism, Cairo's blue-chip share index has risen 8 percent since early June. But he needs to outline a medium-term recovery plan. Egypt "was absolutely insolvent. The debt was unsustainable, the deficits were unfinanceable and reserves were gone," said Bryan Carter, lead portfolio manager for emerging debt at Acadian Asset Management in Boston. "We're patient for them to address the crisis moment and look forward to an articulation of medium-term goals when they have time to focus on that." Sisi has not publicised a medium-term plan or even revealed who his economic advisors are, leaving observers to speculate how he intends to fix state finances and attract back business. He has not indicated whether he would favour a return to loan talks with the International Monetary Fund, which collapsed last year under Mursi, who was unwilling to introduce unpopular subsidy and tax reforms.

Christopher Jarvis, the IMF's mission chief for Egypt said the new government's moves towards fiscal consolidation were "a home-grown plan and an important step forward." Rating agencies may revise their outlooks upwards. However, an IMF loan is still widely seen as a necessary seal of approval to secure a rebound in foreign investment, which has slumped from $8 billion a year before Mubarak was toppled. Ongoing Gulf aid can be used to bridge interim funding gaps. At home, the response to the austerity measures has been surprisingly muted. Cairo taxi drivers lament their shrunken profit margins and minibus riders grumble about higher fares, some cursing Sisi for what they see as a betrayal. But organised opposition has been virtually non-existent. Sisi has taken to regularly speaking in simple Arabic familiar to poor Egyptians to explain the need for austerity. "Sisi is no [Hosni] Mubarak," said Acadian's Carter, referring to the veteran ruler who was considered out of touch with the general public. But Sisi has also moved to squash opposition to his policies from all corners - Islamist or secular. Businessmen, even if feeling pinched by a government desperate for revenue, have also stayed mostly quiet. "You cannot threaten (Sisi). If you tell him, 'If you don't give me, I'll leave,' he'll tell you to leave immediately," said Hany Tawfik, chairman of the Egyptian Private Equity Association.

The second half of the year brings two key milestones. Parliamentary elections could solidify Sisi's political authority. He has said they are a prerequisite for any IMF deal. An international conference for donors and investors around the end of the year will be a litmus test for the economy in terms of who attends and how much they invest. The investment minister said Egypt would announce an investment plan around August, probably a list of large infrastructure projects that could help address unemployment, officially running at 13 percent but in reality much higher. Despite the optimism, significant economic challenges remain. Fuel subsidies may need to be cut by up to 25 percent annually over the next four years and the government is also looking at a value-added tax. Subsidy cuts are expected to push inflation into double digits. And even with fiscal reforms, the budget deficit will remain high for years, with a growing debt-to-GDP ratio that reached 89.2 percent in the fiscal year to June 2013. It is still unclear how the savings will be redirected. Balance of payments have been stabilised by at least $12 billion in Gulf aid in the past year, but are still well below pre-2011 levels, an ongoing concern for investors. *(Reuters)*

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TRADING

Ghana

Corporate News

Doing business in Ghana is "very difficult" and "extremely cumbersome," a representative of the leading communication company in Ghana, MTN said in an answer to how the company rated its business fortunes in Ghana. "But MTN are not quitters, it's about finding solutions to problems, that's why we are the leaders," Mrs Cynthia Lumor, Corporate Affairs Executive of MTN, said when answering questions at an Editors' Forum in Ho on Wednesday. She described the tax regime, cost of power and replacement of damaged and stolen fibre cables as constituting "very difficult" challenges. Mrs Limor said in 2013 the Company paid a valued added tax of 243 million Ghana cedis and 98 million Ghana cedis as communication services tax in addition to other charges, leaving net revenue of 1.75 billion Ghana cedis. She said part of the net revenue went into social responsibility activities including community services and educational scholarship. Mrs Lumor said the Company incurred about 2 million Ghana cedis more in 2012 due to power outages. She said there were 506 fibre cuts in 2012 and 840 in 2013 with an average of two cuts a day. Mrs Lumor said between January and June 2014, MTN experienced 436 fibre cuts, describing the situation as "a problem that we need to find a solution to." She said despite the challenges the Company was investing in infrastructure and creating innovative products to ensure customer satisfaction. "We have instituted self-services and closed loop feedback just to make customers happy," Mrs Lumor said. *(Ghana Web)*

Economic News

Produce Buying Co., Ghana's largest purchaser of cocoa from farmers, delayed plans to borrow $30 million from France's development agency as Africa's worst-performing currency threatened to raise repayment costs. PBC, which planned to use the Agence Francaise de Developpement funds to buy cocoa beans and build sheds and depots for the current season, expects to conclude a deal in the next harvest, Joseph Osei Manu, deputy managing director responsible for finance and administration, said in an interview in the capital, Accra, yesterday. The cedi has fallen 30 percent this year against the dollar, the biggest drop among 24 African currencies tracked by Bloomberg. "We needed to guard against the higher cost of repayment that comes with the depreciation of the exchange rate," Manu said. "We are still discussing. We will see how the exchange rate moves in the coming year." Companies in the world's second-biggest cocoa-producing nation are battling the weaker currency that pushed the inflation rate to 15 percent in June, a 10th straight month of increases. Accra-based PBC is looking to cut repayment costs on the loans it needs to buy the chocolate ingredient as profit after tax in the six months through March dropped 45 percent to 3.9 million cedis ($1.1 million), it said April 29. PBC increased its borrowing from industry regulator Ghana Cocoa Board to 450 million cedis from 400 million cedis because of the delayed French loan, Manu said. This season's harvest ends in September and the next one begins the following month.

Borrowing from the board, known as Cocobod, is still cheaper than rates at local commercial lenders, he said. The company was charged 18 percent by Cocobod, while a supplementary loan of 250 million cedis that it took from banks attracted an average annual interest rate of 25 percent, he said. The French development agency loan would have had a lower rate than Cocobod, Manu said. The company bought 285,000 metric tons of cocoa beans in the main crop season through June 12 from 265,000 tons a year ago, Manu said. It's targeting purchases of 35,000 tons in the light crop season that started July 4 and expected to end Sept. 30, from 30,000 tons a year earlier, he said. PBC has fallen 18 percent this year on the Ghana Stock Exchange (GGSECI) and was unchanged at 14 pesewas by the close in Accra. The Ghana Stock Exchange Composite Index has risen 7.8 percent this year. The company, which is 74.8 percent owned by the state pension fund Social Security and National Insurance Trust and the government, is still discussing plans with its largest shareholders to raise at least 150 million cedis through a rights offer to ease debt costs, Manu said. "We're hoping to be given the go-ahead in the coming year."*(Bloomberg)*

Workers from both the public and private sectors will embark on a protest on Thursday to register anger and dissatisfaction with the

management of the economy. Announcing the event at a press conference last Friday in Accra, the Secretary-General of the Trades Union Congress -- the umbrella body of 18 affiliate unions -- Kofi Asamoah, noted that the economic situation has moved from bad to worse and is deteriorating by the day. Mr. Asamoah recounted that on July 14 this year, Organised Labour issued a press statement in which it denounced the astronomical increases in the prices of petroleum products and warned of its intention to use all legitimate means to express in the strongest possible terms workers' disapproval of not only the current pricing regime for fuel and other utilities but, equally important, the prevailing bad economic and social conditions in the country. "In these difficult economic and social times, workers have nobody to turn to but government. Indeed, government must take responsibility and act appropriately," he reiterated. Mr. Asamoah invoked the Directive Principles of State Policy under Article 36(1) of the Constitution, arguing that the import of the clause is that "the state in formulating economic policies must consider their social implications to ensure that they are socially sensitive and mitigate the suffering of the poor, underemployed and the unemployed, including the youth and other vulnerable groups in our society".

Contrary to this, he said, government has consistently increased utility tariffs, prices of petroleum products and implemented a number of measures and policies without recourse to their social impact on the people. "There have also been no provisions to mitigate their effects," he lamented. For instance, he said, the ex-pump price of petrol has gone up by 44.21 percent since January 2014, but no mitigating measures have been instituted to cushion the poor and vulnerable in society. Workers, he said, celebrated May Day under the theme, "Ghana's Economy; A Concern for All", demonstrating that they care about the nation's economy. "And as a demonstration of workers' preparedness` to work with government to come out of the prevailing economic and social malaise, public sector unions, against all economic and social logic, agreed to a meagre 10 percent Cost of living Allowance (COLA) instead of pay increases. "Sadly, this COLA has been eaten up by taxes, levies, fees and other increases surprisingly introduced at the same time and accompanied by persistent and rapid depreciation of the cedi against other major currencies." He listed a litany of problems -- continuous depreciation of the cedi, rising prices while nominal incomes stagnate leading to a drastic fall in real incomes, rising business cost while local industries suffocate – which have cost jobs, killed businesses and increased unemployment. He went on to accuse government of continually withdrawing subsidies and abolishing long-established allowances.

"The National Health Insurance Scheme is under financial stress, the national pensions scheme is in a confused and deplorable state, and policymakers have looked on while the Tema Oil Refinery (TOR), a strategic national asset, dies slowly, leaving Ghanaians at the mercy of Bulk Distribution Companies (BDC) who are manipulating the situation. "The rail sector has been allowed to collapse and a prognosis of the economy demonstrates that times are really hard for majority of Ghanaians." He said unions demand immediate action to halt the depreciation of the cedi, immediate policy initiatives and measures to ensure the requisite infrastructure, including putting on-stream the gas pipeline and efficiency in the distribution of electricity and water. They are also calling for an immediate downward review of petroleum product prices, effective policy measures to ensure TOR is operational, immediate action to address challenges in the implementation of the pension scheme, and measures to curb the widespread perception of corruption in high office among a host of others. Government however has appealed to workers to "reconsider their decision and engage government in constructive dialogue and consultations with a view to addressing the issues raised within the constraints of the national budget and the overall performance of the economy*." (Ghana Web)*

Ghana's borrowing streak, which has become a subject of debate in recent days, continues unabated. Parliament was last Friday compelled to approve various loan agreements sourced from its development partners by the government, totaling US$495,788,879. However, the approval did not escape criticism from the Minority, which demanded value for money in such agreements. Among the projects are Phase 1 of the Kumasi Central Market Redevelopment and the acquisition of buses and spare parts for the two state-run transport firms (Metro Mass Transit Limited and Intercity STC). Out of the above-mentioned amount, US$40,030,463, sourced from Liaoning Huanghai Automobile IM/EXP Company Limited, is meant to finance the acquisition of 200 Huanghai Complete Built-Up (CBU) Mass Rapid Transit (MRT) City Buses for use by Metro Mass Transit Limited. A further US$93,433,416, loaned from the HSBC Bank under the EKN Supported Export Credit Facility, is meant to partly finance the acquisition of 295 Scania buses and spare parts for the Bus Rapid Transit System and Intercity STC Coaches Limited. An additional US$17,300,000, sourced from same HSBC Bank under the EKN Supported Export Credit Facility, would be used to part finance the acquisition of 295 Scania buses, spare parts and related infrastructure for the Accra Bus

Rapid Transit System and Intercity STC Coaches Limited.

That notwithstanding, an amount of US$345,025,000 loaned from the Deutsche Bank and its affiliates and other financial institutions, of which part of it (US$135,512,500) was obtained under the SAIN Covered Export Credit Facility, is meant to finance the Kumasi Central Market Re-development Project (Phase 1). The current loan adds up to the country's overburdened external debt, which stood at US$11,461.71 million as at end December 31, 2013. Some Members of Parliament, who were not enthused with the short period with which loan agreements were brought to the House for consideration and approval, said it inhibits in-depth scrutiny, thereby impacting negatively on value-for-money for the country. "It does not enable us to thoroughly and diligently consider it, even in committees, with the best of intentions," noted the New Patriotic Party (NPP) MP for Sekondi, Papa Owusu Ankomah. He added: "Please, let us give ourselves the opportunity to be able to meaningfully exhaust all the agreements, so that, at the end of the day, when we come out with our report, and we debate them, we can say to ourselves that we have dealt very well with the referrals brought before this House." The strategy for the late submission of loan agreements for Parliamentary approval, presumably to avoid critical analysis, mainly from the opposition, has often been adopted by successive governments for fear that it might be shot down when submitted early. Such agreements are normally brought to the plenary for consideration during the last day sitting of a particular session, where members are busily considering other business of the House, thereby, to a greater extent, escaping the eagle eyes of some members, mainly from the opposition. *(Ghana Web)*

The Country Manager of "cheki.com.gh" Ghana's No.1 Car website, Eric Amoako Twum, has reiterated company's commitment in fighting against illegal fraudulent collapsing in the car industry. He said some individuals are operating in the system without license and through all source of platform to bring bad image of their business. Mr. Eric Twum said this in interview to introduce to partners and the general public the importance of their website "Cheki.com.gh" thus providing the service required by customers and partners in the industry. He said Cheki has been in the industry for the past four years starting from Kenya with 22 branches across the African countries. In addition, he said over 3,000 cars has been approved with 500 still under process with the total number of 70,000 visiting the site. He emphasized that, it is time for dealers to strengthen its partners in eliminated all illegal fraudulent form the system through the use of website, online and in any form such that the idea to provide quality product to customers can be well achieved. He stressed on the need to collaborate with partners and industry players to iron out most challenges confronting the industry. "it is important to establish and maintain relationship with collaborator to identify any fraudulent and challenges both within and out the country, "he said. Eric Twum said the website is activated to provide quality services and working effective and efficient towards the idea of dealing with insurance companies and banks to sharpen car insurance and also offer special services to customers. *(Ghana Web)*

The Bank of Ghana will issue a 400 million-cedi ($117 million) three-year domestic bond on July 31 to support the government's budget, head of the treasury Yao Abalo said on Monday. The auction, which is open to foreign investors, is the first of two domestic bonds planned for the second half of 2014. "It is a new issue to support government finances," Abalo said, adding that another transaction of the same maturity and value will be issued in October to roll over maturing debts. A similar auction held in May attracted a yield of 24.44 pct, and analysts forecast the new issue could attract between 23 percent and 25 percent. Yields on Ghana's government debt have risen above the average in sub-Saharan Africa since January, reflecting the government's battle to bring down a stubbornly high budget deficit and widening debt, while the local cedi currency has slumped around 30 percent. The yield on Bank of Ghana's 91-day bill rose to a fresh three-year high of 24.8385 percent at the weekly auction last Friday, from 24.3109 percent previously. *(Reuters)*

Ghana's annual producer price inflation (PPI) rose to a fresh four-year high of 33.1 percent year-on-year in June, driven mainly by utility price increases, the statistics office said on Wednesday. PPI has steadily increased this year to a revised 33.0 percent in May, after the government removed subsidies on power and water as part of measures to cut spending. Government statistician Philomena Nyarko said utilities had recorded the highest change of 56.9 percent in June. The PPI index is based on price data for three industries: utilities, mining and manufacturing. "The tempo at which utilities are rising is worrying and we are hoping that policies will be put in place to arrest the situation," Nyarko told a news conference in Accra. Producer price inflation is an advanced indicator of consumer price inflation, which rose to 15 percent in June, driven mainly by a persistent depreciation of the local cedi currency. *(Reuters)*

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Kenya

Corporate News

No Corporate News This Week

Economic News

Kenya's stock exchange will be valued at 1.84 billion shillings ($21 million) after listing its shares in an initial public offering, Chief Executive Officer Peter Mwangi said. The Nairobi Securities Exchange plans to offer 66 million shares at 9.50 shillings each for the IPO and list a total of 194 million on the bourse, he told reporters in the capital today. Listing will improve corporate governance, transparency and attract investors, Treasury Secretary Henry Rotich said at the function. The NSE, which first announced plans for an IPO in 2009, will become the second publicly traded market on the continent after South Africa's Johannesburg Stock Exchange (JSE) started trading shares in June 2006. The NSE has been seeking ways to deepen trading and attract listings from companies in East Africa's largest economy. The 62-member all-share gauge has a value of $24 billion, according to data compiled by Bloomberg. The FTSE NSE Kenya 25 index has gained 15 percent this year. *(Bloomberg)*

A number of Western Kenya governors are pushing for use of biotechnology and production of drought-resistant crops to boost food security. Speaking at a forum on biotechnology at Imperial Hotel in Kisumu recently, governors from five counties in Nyanza blamed poor farming practices as well as low investment in agricultural technology for food shortage. Kisumu governor Jack Ranguma said that additional tractors would be made available for farmers to hire because the 23 that had been released early this year are inadequate. Farmers hire the tractors at Sh1,500 for an acre. Mr Ranguma said they would procure additional farm machinery to increase land under agriculture from the current 3,000 acres, adding that the county was alarmed by persistent food shortage despite the immense agricultural potential of the region. The governor, who is also the chair of the bio-technology committee in the Council of Governors, noted that counties are key in campaigns to improve farming systems and boost production. "Food supply is low in the region with a heavy reliance on supplies from outside western Kenya, which are expensive."

He said that the lessons learnt and gains made from a pilot sorghum farming project in Nyando constituency would be replicated in Kisumu where traditional crop farming methods have posted dismal results. "We turned a number of rice fields into sorghum farms following realisation that challenges in rice trade were insurmountable," said Mr Ranguma. "At the same time, we are vouching for the introduction of rice varieties that don't need irrigation." Migori governor Zachary Obado blamed reliance on sugarcane in the county for the food scarcity experienced by residents. He described as "misleading" the perception that sugarcane farming had higher returns, adding that farmers would have to start planting other crops. "With the unending crisis in the sugar sector, we direct all farmers to secure a portion of their land for production of food," he said without clarifying how the directive would be enforced. His counterpart in Siaya, Mr Cornel Rasanga also blamed poor farming systems for food insecurity in the region. In his mid-term plan for the county, Mr Rasanga said that more than 120 acres of land would be set aside as a pilot project for farmers to learn best practices in food production. He said that the pilot project would complement use of tractors, which were introduced to replace oxen for farm preparation.

"There are huge chunks of fallow land in the county yet we don't have food. The county government has laid out plans to introduce new technologies through partners from Florida University to reverse the trend," said Mr Rasanga. Homa Bay governor Cyprian Awiti added that hurdles in fishing industry, the largest source of food in the county, had forced residents to revert to farming. He said the county is banking on certified seeds from companies such as Kenya Seed and East African Breweries, among others, to boost earnings from crop production.

"In this drive, more than 10,000 bags of assorted crops are projected to be harvested in the current season," he said. "However, we have directed residents to preserve some of the produce in their barns for consumption." The seed companies buy sorghum from farmers in the county at Sh40 per kilo which supplements earnings from fishing that has been affected by dwindling stocks. Kisii governor James Ongwae said that his county was keen on boosting water supply to farms for production of high-value crops for export as well as value-addition of avocados, which he said could earn farmers higher income than the current market prices of the fruit. *(Business Daily)*

The Kenyan shilling was steady on Monday but traders said it could firm in coming days on dollar inflows from foreign investors bidding for a Treasury bond later this week. At 0744 GMT, commercial banks quoted the shilling at 87.70/90 to the dollar, compared with Friday's close of 87.75/85. "It's likely there could be some dollar inflows into the market," said Nahashon Mungai, trader at KCB Bank Group, in reference to the two-year bond reopening. The central bank will auction the bond worth 10 billion shillings on Wednesday. Traders said they forecast the shilling would trade in the 87.50 to 88.00 range in coming days, but would come under pressure later in the month when importers usually seek dollars. "We hold the view that 88.00 levels is still a very strong psychological level to break," said Bank of Africa in a report. "We expect the shilling to touch 88.00 before we see a substantive correction on the gaining side." *(Reuters)*

The Kenyan shilling was treading water against the dollar on Tuesday and looked likely to stay in a tight range in coming days as the market expects the central bank would step in to keep it from appreciating, traders said. At 0715 GMT, commercial banks quoted the shilling at 87.75/85 to the dollar, unchanged from Monday's close. "It's going to be range bound for now," said Andlip Nazir, senior trader at I&M Bank. Traders forecast a range of 87.50-88 for the next few days. Nazir expects an even tighter range between 87.60-90 and said Kenya's central bank is likely to intervene again if the shilling tests the 88 level. "We don't see the shilling going above 88 as it's being protected by the central bank," he added. The central bank is seen wanting to keep the currency relatively stable and has recently step in to keep it from appreciating beyond 88 to the dollar. The shilling has weakened by about 1.8 percent against the dollar this year as tourism, a major foreign exchange earner for Kenya, has been hit by a series of attacks on the country, blamed on Somali militant group al Shabaab. *(Reuters)*

The Kenyan shilling was steady on Wednesday and traders said they expected it to keep trading in a narrow band in coming days as dollar inflows for an upcoming bond auction were soaked up by corporate demand. At 0727 GMT, commercial banks quoted the shilling at 87.80/88.00 to the dollar, compared with Tuesday's close of 87.80/90. The central bank will be auctioning a 2-year Treasury bond worth 10 billion shillings ($113.96 million)on Wednesday. Traders said the sale had attracted dollar inflows from foreign investors, but they had been absorbed. "Both demand and supply seem to be well-matched," said John Njenga, a trader at Commercial Bank of Africa. "We had some small inflows ... We saw some foreigners selling dollars to go to the auction, but that was taken away by demand from the corporate sector." The shilling is forecast to trade in the 87.50-88.00 level in coming days, traders said. *(Reuters)*

Malawi

Corporate News

No Corporate News this week

Economic News

Malawi's headline inflation inched down by 0.1 percentage points in June to settle at 22.5 percent as food prices remain softer. This year's June inflation is 5.4 percentage points better than the 27.9 percent recorded during the same time last year. Zomba-based National Statistical Office (NSO) said on Thursday the urban and rural rates stand at 29.9 percent and 18.5 percent, respectively. In its June 2014 Economic Report, Nico Asset Managers said the country's inflation orate continues tp decline as food prices ease due to increased maize availability and the appreciation of the currency. It, however, said fuel prices and utility prices will put pressure on the general prices of goods and services. "However, the inflationary pressures will continue to be eased in the short term by the maize prices which have been declining as the harvest season continues. Inflation in 2013 had failed to reach single digit as targeted in the Economic Recovery Plan and it is unlikely to do so in 2014," the statement says. In the recent Monetary Policy Committee minutes the Reserve of Malawi stated that they expect inflation to reach 20.5 percent in December 2014. RBM Governor Charles Chuka recently said Malawi's investment climate and prospects for growth are enshrined in its ability to tame inflation. "Inflation is destructive to businesses, is destructive to peoples lives. People cannot live and see the end of the day when inflation is rising and is too high. Focusing on fighting inflation is a key issue of our country," said Chuka. He said for Malawi, inflation comes from two things which are lack of food and too much government borrowing and printing. "Sometimes we play ourselves the devil by pushing government to spend beyond their means. I think we should learn that when we push government to spend beyond their means we are only creating problems for ourselves and this country will never make it," said Chuka.*(Times Media)*

<u>Mauritius</u>

Corporate News

No Corporate News this week

Economic News

No Economic News This Week

Nigeria

Corporate News

EBI Investment Corporation Kenya Limited, a subsidiary of Ecobank Capital has been granted an investment bank license by the Capital Markets Authority in Kenya. Ecobank Capital (registered as Ecobank Development Corporation) is the investment banking arm of the Ecobank Group, with operating offices currently in Abidjan, Accra, Lagos and Douala, including dealing membership of five African stock exchanges: the Ghana Stock Exchange, Nigerian Stock Exchange, Bourse Régionale des Valeurs Mobilières in Abidjan, Douala Stock Exchange and Bourse des Valeurs Mobilières d'Afrique Centrale in Libreville. Ecobank Capital's entry into Kenya follows its acquisition of the investment advisor Iroko Securities Kenya Limited in July 2013 and subsequent application to the Capital Markets Authority for an investment bank license in November 2013. Ecobank Capital joins a growing number of financial services institutions in Kenya which are moving into investment banking to complement their commercial banking services. Speaking when he announced the CMA licensing, Ehouman Kassi, Managing Director of Ecobank Kenya and head of Ecobank's East Africa regional cluster, said "increased corporate activities in the East Africa and SADC regions have created a vibrant environment for investment banking". Moyo Kamgaing, Managing Director of Ecobank Capital, said that EBI Investment Corporation Kenya Limited's business activities will encompass equity & debt capital markets, structured trade and commodity finance, project finance, and corporate advisory targeting East Africa's oil & gas, infrastructure (power, ports, roads, airports and telecommunications), commodities and FMCG sectors. In the past two years, Ecobank Capital has arranged over $4 billion in financing for private and public sector clients across 12 African countries. *(Business Day)*

Transnational Corporation of Nigeria Plc on Monday announced that the group's profit before tax for the six-month period ended June 30, 2014 was N8.015bn, representing a 122 per cent rise on the N3.610bn it declared for the corresponding period of 2013. The group's condensed interim consolidated statement of financial position for the period, which it filed with the Nigerian Stock Exchange, showed that its gross revenue, operating profit and total assets grew during the period. Specifically, its gross revenue rose by 177 per cent to N21.21 in the review period from N7.67bn in the corresponding period of last year, while the group operating profit for the period at N9.753bn represented an increase of 145 per cent on the N3.988bn it posted in the same period of 2013. Also, the group's profit after tax appreciated by 177 per cent to N6.887bn from the N2.848bn declared in the six-month period ended June 30, 2013, while total assets rose by six per cent to N158.185bn from N149.464bn. The results showed that Transcorp continued on a strong growth trajectory for the 2014 financial year, the company said in a statement. The statement quoted the President and Chief Executive Officer, Transcorp, Mr. Obinna Ufudo, as saying, "Our half-year results for 2014 consolidates the significant growth achieved in first quarter 2014 and firmly sets us on course for the attainment of full-year 2014 financial targets." Ufudo also expressed satisfaction with the operations of the Ughelli Power plant, which the company acquired recently, adding that the group's also recorded impressive growth in its other businesses. He said, "We are very pleased with the continued growth in capacity and output at our Ughelli Power plant. The plant's available capacity and output peaked at 453MW during the period, up from the 160MW when we took over on November 1, 2013. "We are on course to reach our target available capacity of 715MW by end of the year.

In addition, our flagship hotel, Transcorp Hilton Abuja achieved strong revenue growth through increased traffic from its successful hosting of the World Economic Forum for Africa event in May 2014." On the group's plans, the Transcorp CEO said it hoped to expand its operations across board. "Overall, we remain focused on achieving our medium term objectives to develop new hotels, expand our available power generation capacity, diversify and increase scale of our agribusiness and exploit opportunities within the oil and gas industry. We expect steeper growth rate for the rest of the year as our turnaround strategies take firmer root," he said. Transnational Corporation of Nigeria Plc is a publicly quoted conglomerate with a diversified shareholder base of over 300,000 investors. The group's portfolio comprises strategic investments in the hospitality, agribusiness and energy sectors. It major businesses include Transcorp Hilton Hotel, Abuja; Transcorp Hotels Calabar; Ughelli Power Plc; Teragro Commodities Limited; and the oil block OPL 281. The group had on Saturday unveiled plans to spend $90m to upgrade the generation capacity of its power plant in Ughelli to 715 megawatts from 463MW. According to Ufudo, the group will also invest about $110m to expand its hotel network beyond the Federal Capital Territory and Calabar, Cross River State, to other state capitals, with that of Lagos already taking shape.*(Punch)*

Unilever Nigeria Plc recorded a 48 per cent drop in profit for the second quarter of the year, the company's results for the period showed. The results, filed with the Nigeria Stock Exchange, showed that the company's profit before tax declined from the N3.963bn it posted in the second quarter of 2013 to N2.077bn in the review period. Similarly, its profit after tax fell by 47 per cent to N1.464bn in the second half of 2014, from N2.741bn in the corresponding period of last year. The company's revenue declined by one per cent to N29.280bn from N29.668bn, while its basic earnings per share and fully diluted earnings per share each fell by 47 per cent to N39 in the review period from N72 in the same period of last year. At the company's Annual General Meeting in May, its Chairman, Chief Nnaemeka Achebe, told shareholders the company would focus on long-term profitability. Achebe, who is also the Obi of Onitsha, said, "As we continue our sustainability journey, it is evident that we will have to sacrifice short-term profitability to build a more enduring business and fully harness the opportunities that the Nigerian market portends." He assured Unilever's shareholders that the company's plan for growth would lead to greater returns. "As we maintain single-minded focus on our consumers and customers, strengthening our core categories, driving cost and complexity reduction with vigour, building people capability and a fit organisation, and leveraging our Unilever Sustainable Living Plan for growth, we are confident that all these deliberate thrusts can only translate into evident value addition in the longer term for all stakeholders." The company paid a dividend of N1.25 gross per share for the 2013 financial year. *(Punch)*

Nigerian conglomerate Transcorp plans to invest around $110 million to expand its hotel network in Africa's biggest economy as it seeks to tap into a growing market for business travellers, its chief executive said on Saturday. New hotels are springing up across Africa, despite bureaucratic delays and poor infrastructure, to take advantage of an increasing number of tourists and business travellers, serving a growing middle class. Obinna Ufudo told Reuters the hotel, which will be managed by the Hilton group, will house 100 rooms and located in an upmarket district of Ikoyi in the commercial capital Lagos. "We have concluded all designs ... what we are waiting for is the approval from the state building authority to commence construction," Ufudo said. He said he expected the project to be completed in 36 months. Industry executives say that as consumer spending stalls in developed markets, more multinationals are betting Africa's growth will eventually translate into meaningful revenue if they can negotiate the considerable regulatory and infrastructure challenges of doing business there.

Transcorp has one hotel already managed by Hilton in Abuja, Nigeria's capital city. Shares in Transcorp gained 33 percent this year, after rising 314 percent in 2013. Ufudo said the conglomerate, which also has interest in power, oil and gas, would invest $90 million to upgrade the generation capacity of its power plant to 715 megawatts from 463 megawatts. Transcorp was one of several firms to win bids last year to buy government power assets sold as part of a privatisation meant to end decades of blackout in Africa's most populous nation. (Reporting by Oludare Mayowa; Editing by Chijioke Ohuocha) . *(Reuters)*

Nigerian oil and gas firm Seplat said on Friday its half-year pretax profit fell to $156 million, down 26 percent from $210 million a year earlier. Gross revenue also fell 7 percent to $388 million during the period to June 30, it said in its first interim results following a debut $500 million IPO in April. Seplat achieved first-half average oil production of 27,375 barrels per day, against 27,183 barrels per day in 2013 and plans to invest around $250 million in 2014. *(Reuters)*

FirstBank of Nigeria Limited has successful issued a $450 million tier-2 Eurobond, THISDAY learnt at the weekend. The debt instrument with a seven-year tenor has a call option after five years. According to a reliable industry source, the Eurobond also has a coupon of eight per cent and 8.25 per cent yield to maturity. The debt instrument is expected to continue to extend the tenor of the bank's dollar funding profile and support its continued lending to the corporate sector. It is also expected to raise the bank's capital base. FirstBank had in 2013, issued a $300 million Eurobond. The latest issue by FirstBank increased the amount of funds raised by Nigerian banks from the Eurobond market this year to N1.550 billion. Three Nigerian banks, Zenith Bank, Diamond Bank and Access Bank, had raised a total of N1.1 billion from the dollar-denominated debt market in the first half of the year.

In line with its desire to boost its international presence, FirstBank last year acquired 100 per cent equity interest in the West African subsidiaries of the International Commercial Bank Financial Group Holdings AG (ICBFGH). With that, the Nigerian bank expanded its operations to four more countries on the continent. The transaction had expanded FirstBank's geographic footprint to cover 10 markets internationally, with existing operations outside Nigeria in the United Kingdom and France through its subsidiary, FBN Bank (UK) Limited. The Group Managing Director/Chief Executive Officer of FirstBank, Mr. Bisi Onasanya, had said the acquisition clearly aligned with the bank's strategic focus. According to him, as a result of the acquisition, FirstBank would consolidate its position as one of the largest corporate and retail banking financial institutions in Africa (excluding South Africa). To the Managing Director/Chief Executive Officer, Citibank Nigeria Limited, Mr. Omar Hafeez, the security challenge in the north-eastern part of Nigeria has not deterred foreign investors from buying debt instruments issued by Nigerian banks. "The investment community is very well informed. Nigeria is a loan market and financial investors have been tapping into treasury bills and bonds for a very long time," Hafeez said. Hafeez said Nigeria was witnessing an increase in both foreign direct investments and portfolio flows. "The demand for long-term dollars is increasing in Nigeria as industries such as oil and gas and power develop," he added. He said banks were tapping Eurobonds to bolster their capital bases and also to finance big-ticket deals in the oil and gas and the newly privatised power sector.*(This Day)*

Champion Breweries Plc has announced that arrangements to undertake a rights issue to raise N11.65 billion are now being concluded following clearance of the issue documents by the Securities and Exchange Commission (SEC). The company has also received listing approval for the new shares from The Nigerian Stock Exchange (NSE). At the annual general meeting (AGM) of Champion Breweries Plc, held in Lagos recently, shareholders of the company authorised the board of directors to raise additional capital up to N13.7 billion. THISDAY understands that a total of 6,300,000,000 ordinary shares of 50 kobo each will be offered to existing shareholders in the ratio of seven new ordinary shares for every ordinary share held as at the close of business on Wednesday, 07 May 2014 at N1.85 per share. Stanbic IBTC Capital Limited is the issuing house to the issue, which is expected to open on Monday, 04 August 2014 and close on Wednesday, 10 September 2014.

The company said the net proceeds of the Issue will be used to repay the company's existing debt and reduce the interest burden which will potentially enhance the company's operations and reposition it for profitability and growth. At the signing ceremony held Lagos last week, Chairman of the board of directors of the company Mr. Senas Ukpanah, said: "The successful outcome of the rights issue will signify a huge step towards the implementation of Champion Breweries' turnaround programme which is crucial in reversing the fortunes of our company." He also urged the company's shareholders to seize this opportunity and take up their rights so as to support the company's future growth plans. The Head of Equity Capital Markets, Stanbic IBTC, Mrs Oyinda Akinyemi, on behalf of the respective professional parties involved, expressed their commitment towards the successful completion of the issue. The rights circular for the issue, which contains a Provisional Allotment Letter and the Acceptance/Renunciation Form, will be mailed directly to shareholders of the company. *(This Day)*

FirstBank of Nigeria Limited has gone into partnership with PayPal, an international e-commerce payment and money transfer platform to boost online transactions. PayPal which is an easy and fast way to make online purchases in over 203 markets worldwide announced its partnership with FirstBank yesterday in Lagos. Speaking at an event to announce the partnership, the Regional Director for sub-Saharan Africa, PayPal, Mr. Efi Dahan, said the move would positively impact e-commerce in the country. "When I joined PayPal three years ago I recognised that this (Nigeria) was the market to tap in and did all the investments and preparation to venture into this market, knowing the potential in e-commerce in the country," he added. Speaking further about his firm, he said it recorded a total payment volume of over $180 billion last year, adding that 25 percent of its businesses is in cross boarder trade. Dahan added: "We processed over nine million transactions daily and in 2013 we controlled over 20 per cent of e-commerce market worldwide." Explaining how this would ease online shopping, he said it would remove restrictions on Nigerian cards purchases online in certain countries. He further stated that the partnership would build e-commerce in the country.

Speaking on the partnership, The Group Managing Director/Chief Executive Officer, First Bank of Nigeria Limited, Mr. Bisi Onasanya, said the platform would provide seamless e-commerce payment platform not only for FirstBank customers but for Nigerians. He added that it would also be a barrier breaker. The FirstBank boss noted that over the years, payment cards issued by Nigerian banks have been challenged especially by international online payment service providers. He also said that the FirstBank active card users account for about 40 percent of card users in Nigeria, with over 6.46 million cards in operation. "This partnership would create the pace of ecommerce and payment habit in Nigeria and would collapse the existing breach between Nigeria and the rest of the world. We are consummating this significant partnership in a historic year when FirstBank is celebrating 120 years of doing business in Nigeria," he said. He added: "At FirstBank we are driven by the quest to provide the best financial services possible to our teeming customers. I am optimistic that this venture with Paypal will make far-reaching impact on the lives of our invaluable customers in particular and the entire people of Nigeria in general." *(This Day)*

Zenith Bank Plc yesterday reported a profit before tax (PBT) of N57.85 billion for the six months ending June 30, 2014, showing an increase of seven per cent compared with N54.08 billion for the corresponding period of 2013. Details of the results showed that Zenith Bank's gross earnings went up by 7.8 per cent from N171.02 billion in 2013 to N184.43 billion, while profit after tax (PAT) grew from N45.42 billion in 2013 to N47.45 billion in 2014. A further analysis of the financials also indicated that Zenith grew its assets by 15.2 per cent from N2.78 trillion to N3.20 trillion. Similarly, shareholders' funds rose by 7.43 per cent from N458.31 billion 492.38 billion. Zenith Bank's cost to income ratio improved from 57.9 per cent to 56.4 pr cent, while loan to deposit ratio stood at 60.1 per cent compared to 55 per cent in the corresponding period of 2013. Reacting to the results, analysts at FBN Capital said: "The market will be relatively pleased with the PBT result, given the full year target of N120 billion. Of course the bank will have to deliver a stronger H2 but we do not believe this is out of the bank's reach."

Zenith Bank, with network that includes subsidiaries in the United Kingdom, Ghana, The Gambia, Sierra Leone and Liberia, currently has a shareholder base of about one million. Apart from listing $850 million worth of its shares on the London Stock Exchange (LSE) via a technical Global Depository Receipt (GDR) programme, the bank, in April 2014, recorded a massive over-subscription of about 200 per cent in its $500 million Eurobond issue under a $1billion Global Medium Term Note (GMTN) programme. Zenith Bank was also in June, declared the "Most Customer Focused Bank 2014" by KPMG Professional Services in all three categories namely: corporate, retail and SME which the survey covered. Besides, Zenith Bank this year was rated the biggest bank in Nigeria in terms of tier-1 capital by the Financial Times of London and best Nigerian bank in corporate governance by World Finance Magazine. *(This Day)*

SABMiller Plc (SAB), the world's second-biggest brewer, reported first-quarter revenue growth that beat estimates as it sold more expensive beer in Africa and Europe, offsetting lager volume declines in Latin America and Australia. Its sales rose 11 per cent in Africa aided by soft drinks and added capacity in Nigeria, and 12 percent in South Africa, helped by growth in more expensive beers including Castle Lite. Its revenue advanced six per cent in the three months through June, the London-based maker of Grolsch and Peroni said in a statement yesterday. Analysts expected 4.6 per cent growth, according to the median of 13 estimates compiled by Bloomberg News. The volume of beer sold rose one per cent, compared with a 2.7 per cent median estimate. Both measures exclude the effects of acquisitions, disposals and currency fluctuations.

"Strong growth in Africa, South Africa and Europe was balanced by slower momentum in North America," the company's Chief Executive Officer, Alan Clarke said in the statement, citing "innovations and improved trade execution" for helping increase revenue growth. SABMiller, the brewer founded more than a century ago in South Africa, has the largest exposure to emerging markets of the major beer makers, which has helped it offset tough conditions in the United States, where its MillerCoors LLC joint venture operates, and Europe over the last few years. The results compare with the fourth quarter's 1 percent lager volume growth and two per cent revenue growth. The company had said when it reported results in May that it saw little change in business conditions this year and would focus on creating innovative products and packaging to capture growth in regions including Africa and Latin America.

SABMiller's shares rose 1.2 per cent to 3,405 pence in London yesterday. The shares have risen 9.5 percent this year. "This is certainly a better update than we and the market anticipated, especially in relation to Africa and South Africa," wrote Phil Carroll, an analyst at Shore Capital in Liverpool, England, in a note. SABMiller said last week that it sold its stake in South African hotelier Tsogo Sun Holdings and would reinvest the proceeds in its beverages business. The company expects a share buyback by Tsogo that formed part of the deal would be completed September 5, at which point SABMiller will no longer have a stake. (This Day)

Economic News

Foreign investors may reduce their exposure to frontier/emerging markets like Nigeria in favour of Saudi Arabia's $530 billion stock market which takes off in the first half (H1) of 2015. After several years of discussions, the Saudi Arabian government has given approval to its Capital Market Authority to allow foreign investors to buy and sell shares in their local market. Though doubtful of its immediate impact on Nigeria's equities space, analysts believe that this positive coming from the best macro country in the Gulf Cooperation Council (GCC) may mean less exposure to competing frontier/emerging region markets like Nigeria. Saudi Arabia's GDP is $745 billion, according to the International Monetary Fund's (IMF) April World Economic Outlook (WEO), well above that of the largest frontier market, Nigeria, at $510 billion. "This is long awaited and is likely to see a surge of foreign inflows into the Saudi market, particularly if/when it joins an MSCI index. It is rival for money that might otherwise be invested in Russia, which is one reason RenCap is opening up in MENA in 2014. Our MENA team is very excited," said Charlie Robertson, global chief economist, Renaissance Capital (RenCap). "Based on our strategist, Daniel Salter's estimates, if Saudi was to join the Frontier universe, it would become 64 percent of the index. If it joined the MSCI EM index, it would be 4.4 percent, similar to Russia. It may well remain an off-index market (example like Georgia)," said Robertson. He further said there were 78 stocks that traded over $10 million a day in their report and Saudi Arabia had 57 of them. "Daily trading volume, based on 3-moving average data to April 2014, was $2 billion, against $26 million for Nigeria in 2013. Retail investors make up about 92 percent of daily volume – foreigners own no more than 5 percent," he said. The implication is that if the Nigerian Stock Exchange (NSE) fails to rev up its efforts at attracting quality companies to list, the take-off of this market could pose grave rivalry for foreign investors' money into its equities. "As Saudi Arabia opens up its stock market (to a certain level) to international investors in the first half of 2015 to trade equities in the Tadawul All Share Index, we estimate over $40 billion of funds inflow into the region's biggest stock market," said Kayode Omosebi, analyst at UBA Capital.

"The likely implication of this is portfolio reclassification by fund managers with more exposure to Saudi's stock market and a big possibility that Saudi will be included in MSCI index, as being the biggest stock market outside China. Saudi Arabia's economy is relatively stable and strong, with less risks, compared to some emerging and frontier markets. We therefore expect some level of funds in other emerging/ frontier markets moving to this region, with Nigeria being a possible victim; as political and security risk of the country heightens, foreign investors will begin to price this risk into their business exposure to Nigeria, and the Nigerian equities market will be hit," he said. Omosebi added that as the Saudi Arabian authorities intend to use a tight regulatory framework to control inflows and prevent speculative activities, they do not a see a major shock of this reform to other emerging/frontier markets in the near term. But there are already indications that some fund managers plan to double or triple their investment in Saudi Arabia if authorities allow direct foreign access. Rasaq Abiola, analyst at Associated Discount House Limited, said, "I do not think this will affect the Nigerian market, as Saudi Arabia falls within the GCC region with less correlation with the Nigerian market."

He, however, admitted that foreign investors may increase allocation to the Gulf Cooperation Council region on the back of the reform, which may mean less exposure to competing frontier/emerging region markets like Nigeria. "I do think that the probable shift will be negligible (if any), given that foreign investors with interest in Saudi Arabia have always had exposure to the Tadawul market through Linked Notes (even so such derivatives limits capital flows to Saudi corporates and overall liquidity of the Exchange)," Abiola said. "Given the fundamentals of the Nigerian economy and markets vis-a-vis Saudi Arabia, I think foreign investors will remain upbeat on Nigeria, thus limiting the probable impact of increased openness of the Tadawul market on the NSE. Perhaps markets like the Johannesburg Stock Exchange, and more likely the Egyptian Stock Exchange (EGX, which has more similarities to the Tadawul market in composition and rules), may be more vulnerable to likely liquidity switch on the back of the reform on the Saudi Stock Exchange," he added. He further said the Tadawul market valued at about $337 billion, with relatively strong liquidity, almost 4x the NSE market capitalisation, reinforces "our view that flows to the NSE have less bearing for the Tadawul Exchange and vice versa, especially as both markets fall in different regions, thus offering foreign investors alternative geographical diversification benefits". *(Business Day)*

Nigeria's central bank held interest rates at 12 percent on Tuesday, keeping them at the same level as the last two years, but its new

governor said he would be seeking a gradual reduction in rates over the next five years. Governor Godwin Emefiele, at his first Monetary Policy Committee (MPC) meeting since he was sworn in last month, flagged "underlying inflationary pressure" as one reason to be cautious and hold the policy rate as it is. Nigeria's consumer inflation rose for the fourth straight month in June to hit 8.2 percent, a 10-month high, driven by higher food prices -- within the bank's current target of between 6 and 9 percent, but trending upwards. "All measures of inflation have witnessed a progressive upward trend since February ... this trend should be monitored closely to achieve a reversal." The corridor for borrowing from or lending to the bank remained 200 bps plus or minus that rate, the MPC decided. The liquidity ratio was retained at 30 percent. The private sector cash reserve requirement (CRR) was retained at 15 percent, while the private sector CRR was kept at 75 percent. Emefiele said the bank was satisfied with relative stability in the macro economy and prices and that it welcomed a moderation in inflation, but he stayed the course of his predecessor Lamido Sanusi in keeping monetary policy tight. Emefiele at his first press conference last month said he would seek to gradually reduce rates, in comments that send the naira down against the dollar. But in an interview with Reuters the following day he clarified that there could be no rate cut until after the February 2015 presidential elections, when fiscal spending next has a chance to get under control. *(Reuters)*

The first Monetary Policy Committee (MPC) meeting to be chaired by the Central Bank of Nigeria (CBN) Governor, Mr. Godwin Emefiele will commence today. The expectation of most economists and financial market analysts is that at the end of the two-day meeting that will close tomorrow, the 10-man MPC members would keep all monetary policy tools unchanged. This is to signal the continuation of the restrictive monetary policy regime of the regulator. They cited the uptick in the consumer price index (CPI), which is used to gauge inflation as well as the advent of the 2015 elections as some of the factors that would guide the decision of the MPC members. The latest figures from the National Bureau of Statistics showed the CPI climbed to 8.2 per cent in June, from eight per cent in May. It stood at 7.9 per cent in April. The committee at the last meeting held the monetary policy rate (MPR) at 12 per cent; the cash reserve requirement (CRR) on public sector deposits at 75 per cent and CRR on private sector deposits at 15 per cent, while the MPR corridor was also retained at +/-200 basis points.

Emefiele had while unveiling his monetary policy agenda, vowed to slash interest rates in the long run. He had also said his policies would be people-centric and pledged to maintain exchange rate stability. To the Managing Director/Chief Executive Officer, Financial Derivatives Company Limited, Mr. Bismarck Rewane, the rise in inflation would not lead to a change in the monetary policy stance by the MPC. "If the increase in consumer prices continues and remains persistent, the market will anticipate an increase in interbank interest rates. However, the market is expected to remain square and tentative pending the MPC meeting while market liquidity continues to determine interest rate directions. "The impact of a marginal increase in the headline inflation rate is expected to be neutral on the exchange rate in the near term. In addition, stakeholders would be keen on the direction of global oil prices and the impact on the external reserves as well as the country's trade balance statistics," he predicted. Some other factors that would influence the retention of interest rates are the external reserves accretion and exchange rate stability. Nigeria's foreign reserves seem to be gradually regaining its upswing as closed at $38.425 billion at the weekend. This represents an accretion by $1.332 billion or 3.5 per cent, compared to the $37.093 billion it stood as at June 17, 2014. The moderate demand for the greenback at the regulated Retail Dutch Auction System (RDAS) as well as other segment of the forex market has supported the stability of the naira. *(This Day)*

The Central Bank of Nigeria (CBN) has restated its commitment towards building a resilient financial sector. The CBN Governor, Mr. Godwin Emefiele, made this known during the 14th annual Risk Managers Association of Nigeria (RIMAN) national conference themed: "Risk Regulation and Financial Sector Stability in Nigeria," in Lagos at the weekend. The CBN governor, who was represented by the bank's Director, Risk Management, Mrs. Folakemi Fatogbe, said the central bank is keen on making the banking industry resilient against shocks. "The governor, apart from initiating policies that will improve lives of Nigerians and creating employment, wants to make sure that the financial system we have is resilient and that banks make appropriate contributions to the wider economy," she said. Fatogbe also explained that improving risk management has been an on-going agenda, which has made the Emefiele-led CBN to continue with his predecessor's stance on improving the sector, following the financial global crises.

She pointed out that an indication that the CBN is desirous in moving the economy forward can be gleaned from the reduction in non-performing loans to five per cent from over 30 per cent in 2009 and 2010. "A number of things were done. The Asset Management Corporation of Nigeria (AMCON), and the banking supervision department of the CBN worked together to introduce risk based regulations. We also meet regularly with chief risk officers (CROs)," she said. Responding to enquires on the likelihood of another financial crisis, Fatogbe posited that such may not be ruled out, saying that the CBN is ready towards ensuring that the effect of such would be minimal on the system. According to her, "we have strengthened the financial sector, strengthened ourselves as CBN to make sure that where there are gaps, they closed and noticed." Meanwhile, RIMAN President, Mr. Gregory Jobome, in his address noted that despite the global meltdown, there are promising signs of growth though the economy is still susceptible to risk exposures. "The need for efficient management and regulation of risk cannot be over emphasised, especially now, that global financial market is rebounding," he said. He averred that RIMAN would be at the fore front of risk advocacy to ensure that there is best practice in the area of risk management. Jobome, however, stated that risk management would soon be professionalised in Nigeria. *(This Day)*

The Nigerian Stock Exchange (NSE) is to fine companies that fail to pay dividends after due dates, as part of efforts to protect investors and make the market more attractive. Specifically, any company that fails to pay dividend on due date shall attract a fine of five per cent of the total dividend amount declared. Similarly, failure by the company to issue bonus shares within three months after approval by shareholders at an annual general meeting (AGM) shall attract a fine of five per cent of the nominal value of the shares. These and more are contained in the amended new rules of the NSE for listed of companies which have just been approved bythe Securities and Exchange Commission (SEC). According to the rules, any late submission of accounts by companies will be fined N100,000 per week from the due date until the date of submission. "A listed company that contravenes any of the provisions of the listing rules and general undertaking, and fails to pay the penalty imposed on it for such contravention on or before the due date shall be liable to a further fine of N300,000 in addition to N25,000 per day for the period the violation continues," NSE said. The NSE said that companies shall be obliged to state in their annual reports contraventions and the sanctions imposed for such contraventions.

It added that its council reserves the right to remove the name of a company from the official list of the exchange at its absolute discretion and may, "if it considers there is insufficient public interest in the company, viz, insufficient shares in the hands of the public; or any of the foregoing rules are not complied with; or the company becomes a subsidiary of any other company." Meanwhile, the bearish trend at the stock market continued yesterday with the NSE All-Share Index declining by 0.28 per cent to close lower at 42,664.98. Market operators said the negative trading resulted from cautious stance of investors in Monetary Policy Committee (MPC) meeting which ended yesterday with the Central Bank of Nigeria (CBN) maintaining the status quo. *(This Day)*

UBA Capital Plc has reported a profit before tax of N1.497 billion for the half year(HI) ended June 30, 2014, showing an increase of 23 per cent above the N1.221 billion recorded in the corresponding period of 2013. The unaudited results made available by the Nigerian Stock Exchange (NSE) showed that the investment bank posted gross income of N2.258 billion in 2014, up from N1.839 billion in 2013. Fee and commission income grew by 42 per cent from N580 million to N823 million. The company ended the HI with a PBT of N1.499 billion while profit after tax rose from N1.008 billion to N1.245 billion. Market analysts said the results showed that investors would enjoy another bounteous harvest. The company had ended the 2013 with a profit after tax of N1.763 billion, while investors received N1.5 billion as dividend. As at HI of 2014, UBA Capital achieved 68 per cent of the PAT posted in full of 2013, a development market analysts said points to improved performance at the of the year. The Group Chief Executive Officer, UBA Capital, Mrs. Oluwatoyin Sanni, had last April assured shareholders of the company that they should expect a better performance this year. "2013 was a year of laying a solid foundation for the legacy we are building as Africa's leading investment banking group, which we commenced successfully by establishing ourselves as a key player in Nigeria," she said. According to her, initiatives implemented by the company enabled it to participate in major transactions such as the acquisition of the Ughelli Power plant by Transnational Corporation of Nigeria Plc, which boosted its profits.

The Chairman of the company, Chika Mordi, also told the shareholders that having overcome several challenges in the macro-economic environment to post a positive annual result, he was confident of a better performance in 2014. "I have no doubt that the strategies we have adopted and structures that the board has put in place are enough to sustain and surpass our performance," he said. Shareholders of the company commended the performance and the dividend payment. UBA Capital Plc, formerly a subsidiary of United Bank for Africa Plc, become a separate company after the shareholders of UBA Plc approved that the bank adopt approved a new commercial banking structure in compliance with the Central Bank of Nigeria (CBN)'s regulation which scrapped the universal banking. UBA Capital Plc is a financial and investment services group providing services through UBA Trustees, UBA Securities, UBA Asset Management. *(This Day)*

Banking sector credit to the private sector increased year-on-year by N195 billion N16.964 trillion at the end of June 2014, compared to the N16.769 trillion it was at the end of May 2014. The Central Bank of Nigeria (CBN) revealed this in its latest money and credit statistics for June 2014. The data showed that broad money (M2), which generally is made up of demand deposits at commercial banks and monies held in easily accessible accounts also climbed slightly year-on-year to N15.928 trillion as at June, from the N15.907 trillion recorded in May. However, Narrow Money (M1), which includes all physical monies such as coins and currency along with demand deposits and other assets held by the central bank declined year-on-year to N6.587 trillion in the month under review, as against the N6.742 trillion it was the previous month. Also, just as currency outside banks fell to N1.162 trillion in June, from N1.205 trillion the previous month, the total amount of currency-in-circulation also dropped from N1.518 trillion at the end of May, to N1.497 trillion in the month under review. Furthermore, the data showed that the total amount of Deposit Money Banks' (DMBs') reserves with the central bank declined from N3.582 trillion the previous month, to N3.226 trillion in June. Bank reserves are deposits in accounts with the central bank that are not to be lent out. According to the figures, Reserve Money (Base Money) also dropped to N4.723 trillion, from N5.100 trillion. Also, demand deposits which are funds held in an account from which deposited funds can be withdrawn at any time without any advance notice to the depository institution also reduced marginally from N5.536 trillion in May to N5.424 trillion in June.

However, quasi money, which is made up of highly liquid assets that can easily be converted to cash increased to N9.341 trillion in June, from N9.166 trillion the previous month, while Net Foreign Assets maintained its previous month's value of N7.693 trillion. Net Domestic Assets also stood at N8.235 trillion. CBN Governor, Mr. Godwin Emefiele had said the central bank would pursue policies targeted at making Nigeria's treasury bill rates more comparable with other emerging markets and pursue a reduction in both deposit and lending rates in order to enhance access to finance and reduce the cost of funds. According to him, while a reduction in deposit rates would encourage investment attitudes in savers, a reduction in lending rates would make credit cheaper for potential investors. He had said the CBN would in the meantime continue to maintain a monetary policy stance to reflect the liquidity conditions in the economy as well as the potential fiscal expansion in the run-up to the 2015 general election. *(This Day)*

President Goodluck Jonathan yesterday canvassed for deeper, stronger and more cooperative partnership between Nigeria and other members of the Organisation of Petroleum Exporting Countries (OPEC). The president spoke when he had separate audiences with the new Ambassadors of Qatar and the United Arab Emirates (UAE) to Nigeria after receiving their letters of credence at the Presidential Villa. In a statement issued by the president's spokesman, Dr. Reuben Abati, Jonathan observed that such partnerships would in no small measure act as catalyst in decision-making process within OPEC, and also open doors of opportunities for investment and socio-economic collaboration among its members. "The president told the new Ambassador of the UAE, Mr. Mahmud Mohammed Mahmud Al-Mahumud, and the new Qatari Ambassador, Mr. Abdul Aziz Bin Mubarak Seed Al Muhannadi, that the cordial diplomatic and political relationship between Nigeria and other OPEC member-countries ought to be translated into more beneficial engagements.

"President Jonathan noted that the ongoing transformation agenda of the federal government has thrown up more opportunities for investments in agriculture, real estate development, power generation, manufacturing and other areas in Nigeria." he said. The president charged UAE, Qatar and other OPEC countries to take advantage of the immense potential of Nigeria's large market and the new investment opportunities in the country which offer quick and high returns. "We have already seen companies from the UAE investing in telecommunications, and real estate, and they are doing very well. We want to see them also in agriculture, manufacturing, oil and gas and other areas,'' he stressed. According to the statement, both ambassadors assured the president of doing their best to improve trade and economic relations between their respective countries and Nigeria during their tenures. Jonathan also had a farewell audience with the outgoing Ambassador of Finland, Mrs. Rita Korpivaara. "The president commended Ambassador Korpivaara's efforts to enhance bilateral relations between Nigeria and Finland. He wished her success in her future endeavours," the statement concluded. *(This Day)*

The Central Bank of Nigeria (CBN) yesterday signed a Memorandum of Understanding (MoU) with the Executive Governors of Delta, Osun, Oyo, Akwa-Ibom and Borno States on the operation and administration of the N220 billion Micro, Small and Medium Enterprises (MSME) development fund which was launched last year. It also emerged that the actual disbursement of the fund is expected to be performed by President Goodluck Jonathan, during the forthcoming annual MSME conference schedule to hold in August. Speaking at the signing ceremony in Abuja, the CBN Governor, Mr. Godwin Emefiele, described the MSME sector as a critical engine for economic growth and having the potentials to create jobs as well as reduce poverty. He, however, lamented that the sector which had a financing gap of about N9.6 trillion had never been adequately financed in the country. He noted that the CBN MSME fund was intended to improve access to finance for small enterprises at single digit interest rate, in order to reduce poverty, adding that no bank would be allowed to charge above nine per cent interest rate on the fund. He said all states were currently eligible to access N2 billion which would be administered by commercial banks.

Emefiele said without such intervention by government, it would be difficult to reduce poverty and create the kind of jobs that would lead to economic development. He noted that the CBN would among other things deploy specialised teams to monitor the effective use of the fund by all beneficiaries. Following a collective plea by the state governors, Emefiele said the CBN would work towards minimising the obstacles and processes required to get the funds to beneficiaries. However, the state governors unanimously commended the new CBN Governor for adopting an all-inclusive approach in the administration of the fund to all the states of the federation. They, however, demanded that the fund be increased to accommodate more entrepreneurs. They also sought to limit the bureaucracy in getting the funds to the beneficiaries. Specifically, Governor Godswill Akpabio of Akwa Ibom State commended the CBN governor for introducing an all-inclusive approach to funding, noting that many states had never been given such an opportunity to participate in any intervention.

He said given the magnitude of work to be done in the states to create jobs, it was important for the CBN to increased the amount which states can access to about N4 billion. He added that there was the need to remove all hurdles and give money directly to Microfinance banks for onward lending to beneficiaries. Also, Governor of Oyo State, Mr. Abiola Ajimobi, described the fund as a good step in the right direction and praised Emefiele for trying to close the existing developmental gap in the country. But he said the fund should be administered according to the needs of states, adding that prior assessment should be conducted to ensure that states are not given amounts they don't need. On his part, Governor of Delta State, Mr. Emmanuel Uduaghan, said unemployment posed a greater challenge to leaders globally, stressing that the MSME fund was the "low hanging fruit" which small entrepreneurs needed to develop the economy. He said there was need for increased interventions in order to develop the sector, adding that the state government would join hands with the CBN initiative to create more jobs. Also speaking at the ceremony, Governor of Osun State, Mr. Rauf Aregbesola, said there was no better way to solve the country's problem than supporting the MSME sector. He said there was need to engage the over 50 million youths who are without gainful employment, so they could commit their energies to productive purposes rather than crime. *(This Day)*

WEEKLY AFRICAN FOOTPRINT

TRADING

This Week's Leading Headlines Across the African Capital Markets

Tanzania

Corporate News

Swala Oil and Gas Tanzania Limited has said it has successfully completed it's Initial Public Offer (IPO) raising at least 6.65bn/- instead of the anticipated 4.8bn/-. At least a total of 13.3 million shares have been issued instead of 9.6 million that were expected. Each share was selling at 500/- . With the share sale, the firm has now brought on board 1,869 new and existing shareholders. With this, the company will now proceed to list on the Enterprise Growth Market (EGM), the Dar es Salaam Stock Exchange's (DSE) second market. Information released in Dar es Salaam yesterday by the firm's Chief Executive Officer (CEO), Dr David Mestres Ridge, said that the IPO was oversubscribed. He said the shares attracted wananchi and even Tanzania Diaspora. According to the CEO, Capital Markets and Securities Authority (CMSA) allowed the oversubscription through the application of a green-shoe option. Ridge added that the success of this first IPO in the oil and gas sector is a testament to the professionalism of the firm's advisors, the regulators and to the strategic approach taken by the company," said Ridge. According to the CEO, Tanzanian investors clearly have the appetite and the ability to participate in wealth creation that accompanies the development of the country's natural resources. He noted that his company expects that this will grow as more companies seek to involve local investors. "We are delighted to welcome so many new shareholders to our registry and we look forward to continuing to create value for them and for our existing shareholders," he affirmed. Swala is the first oil and gas company to list on an East African stock exchange. It holds assets in the world-class East African Rift System with a total net land package in excess of 17,500km2. Swala has an active operational and business development programme to continue to grow its presence in the hydrocarbon provinces of East Africa.

Swala Energy Limited launched its Initial Public Offer Prospectus (IPO) of 9.6 million ordinary shares on June 9, 2014 in Dar es Salaam in a move aimed at enhancing Tanzanians' participation in the oil and gas business. The company said it was selling each share at the price of 500/- from June 9 to July 4, this year and expected to raise 4.8bn/-. The launch came a week after it received an official approval from the Capital Markets and Securities Authority, making it the first of such offering in the oil and gas industry in East African region. Briefing journalists recently, Mestres had said: "We are delighted that Swala Oil and Gas Tanzania Plc is officially launching its IPO. This is a great step not only for Swala but also for Tanzania and its people." He had said that investing in oil and gas shares is a means for economic diversification for any individual and it allows interested parties to own a stake in the fast growing business. *(IPP Media)*

African Barrick Gold Plc reported a profit for the first half of 2014, compared with a year-earlier loss, helped by higher output and lower costs. The FTSE 250 company, which primarily operates in Tanzania, also raised its full-year production forecast to in excess of 700,000 ounces from 650,000-690,000 ounces. The miner said it earned a net $40.8 million in the six months ended June 30, compared with a loss of $701.2 million in the same period of 2013 when it took a writedown of $727 million. (Reporting by Karen Rebelo; Editing by Ted Kerr) *(Reuters)*

Economic News

The growth of credit to major economic activities slowed down in the year ending May 2014, the Bank of Tanzania (BoT) has said in its June Monthly Economic Review released at the weekend in Dar es Salaam. According to the review, the decline was more noticeable for agriculture, building and construction, and trade. During the year ending May 2014, the outstanding credit to trade, personal, manufacturing, and agriculture activities continued to dominate adding up to a combined share of about 60 percent of the total credit in the year ending May 2014 compared to corresponding period a year ago, there was a general decline in deposits rates and increase in lending rates of commercial banks. The overall time deposit rate fell to 8.66 percent from 8.94 percent recorded in May 2013, while the overall rate on loans rose to 16.4 percent from 15.96 percent. In the same period, the review said a 12-month deposits rate decreased by 49 basis points to 11.20 percent. The interest rate applicable to one year loans slightly increased to 14.96 percent in May 2014 from 14.39 percent in corresponding period of 2013. Following the developments, the spread between 12- month time deposit rate and one year lending rate widened to 3.76 percent.

It further said the growth of extended broad money supply (M3) slowed down to 13.8 percent in the year ending May 2014 compared with 16.1 percent registered in the year ending May 2013 ,mainly due to decline in net foreign assets (NFA) of the banking system, particularly those of the Bank of Tanzania. This development was mainly explained by the decline in external non concessional borrowing and increase in government foreign obligations relative to the corresponding period of 2013. On the other hand, net domestic assets of the banking system increased by 2,112.3bn/-, with credit to the private sector taking the large share. In the year ending May 2014, credit to the private sector grew 18 percent, slightly lower than 18.7 percent recorded in the year ending May 2013. The review also showed that the May 2014 Treasury bills market was characterised by high demand as indicated by the value of bids received, amounting to 382.9bn/- compared with the amount of 270bn/- offered. Successful bids amounted to 329.7bn/-, higher compared to 264.1bn/- recorded in the previous month. According to review, the overall weighted average yield (WAY) decreased to 12.67 percent in May 2014, from 13.1 percent registered in the preceding month.*(IPP Media)*

Zambia

Corporate News

THE move by the Bank of Zambia (BoZ) to put up various macroeconomic measures to stabilise the Kwacha will boost investor confidence, Bata Zambia managing director Prosper Bachi says. Recently, the country witnessed the downward trend in the local unit against major convertible currencies. Mr Bachi said the depreciation of the Kwacha resulted in the cost of imports rising although it became cheap for those companies that were exporting. He said this in an interview in Lusaka at the opening of Bata Zambia industrial showroom on Friday. Mr Bachi said despite the challenges of the exchange rate depreciation during the first quarter of the year, the company performed well, and that this is anticipated to continue in the second quarter. "[The] various measures put in place by the central bank to stabilise the Kwacha means well for our business…A stable Kwacha gives confidence in the economy and value of the Kwacha is a plus for our consumers," he said. He, however, said the company will focus on research and development to keep up with the latest trends due to the ever-changing fashion (particularly for ladies' category) as well as quality to maintain the brand on the market.

Mr Bachi said the company will continue on its growth path as long as it is able to provide customers' choice at the right price. In a separate interview, Bata Group industrial and institutions manager for Africa and Asia Carlos Casanello said the current good business environment offers the group more opportunities to continue operating in Zambia. Mr Casanello said the company, which has outlets globally, will continue to offer the same services and products where it is present. "Our customers are responding positively to our brand, because we are providing quality shoes for various sectors," he said. He said the firm will continue investing in staff training to grow the business and keep abreast of technology. *(Daily Mail)*

Economic News

No Economic News This Week

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zimbabwe

Corporate News

Barclays Zimbabwe has launched a campaign to send money for free to recipients in Zimbabwe through the ATM. The "Cashsend Craze Campaign" that will run until the September 30 2014 is aimed at providing customers with another convenient channel to transact. Cashsend is a simple money transfer solution offered within Zimbabwe. It enables a Barclays card holder to send money to anyone within the country through a wide network of Barclays ATMs. There is no registration required for this service and it is available 24 hours a day at any Barclays ATM. Receivers can be non-Barclays account holders because a voucher number is sent via sms, and the pin is sent by the sender. The money can be redeemed through a card-less service on any of the Barclays ATMs countrywide at no extra cost.

Barclays Banking Director, Mrs Valeta Mthimkhulu said; "We are excited to launch this campaign which allows customers to send money absolutely free to anyone in the country. "Over the next three months there will be absolutely no charges that will apply on this channel so I urge everyone to go ahead and use it. Whether you want to send money to your child at university, to relatives in other centres or just a nice surprise for a loved one, sending cash has never been simpler with this technology from Barclays. "We are committed to helping our customers to prosper – and over the next three months, sending money through Cashsend we will be for free. "We are catering for everyone, including those who do not have a bank account so that they may be able to receive money in a safe and secure manner without physically going into a banking hall." Mrs Mthimkhulu further explained that only the sender and the beneficiary will know about the transaction, eliminating the risk of fraud and identity theft. The recipient will need to make use of the simple but safe authentication system, and cash is readily available in all ATMs which are located in secure locations. Barclays said one needs not to have to an account with the back to receive cash. "Barclays Zimbabwe continues to invest in innovative products and services that will make customer's lives much easier as it strives to be the 'Go-To' bank in Zimbabwe," said Mrs Mthimkhulu. *(Herald)*

DELTA Corporation, Zimbabwe's largest listed company said volumes during the first quarter to June rose 1 percent, driven by strong growth in opaque beer. Sorghum beer volumes increased 15 percent, spurred by Chibuku Super as consumers turned to cheaper opaque beer. Lager and soft drinks volumes fell 21 and 8 percent respectively, Delta said in a trading update for the first quarter ended June 2014. Revenue for the quarter dropped 3 percent despite an increase in overall beverage volumes. "The stretched consumer is now focusing on value for money products," said Delta. Disposable incomes have remained depressed due to the tight liquidity environment prevailing in the country and the economy continues facing weak aggregate demand. Zimbabwe's year-on-year inflation rate for the month of June 2014 stood at -0,08 percent, gaining 0,11 percentage points on the May 2014 rate of -0,19 percent. This means that prices as measured by the all items Consumer Price Index decreased by an average of 0,08 percentage points between June 2013 and June 2014. Market analyst Mr Jeff Gogo said Delta's performance is reflective of the continuing squeeze on disposable incomes in a shrinking economy. Even when prices of goods are generally declining, consumer spending has not grown due to several hindrances, mainly low incomes. "Priorities have shifted," he said. "People are becoming selective of what they buy. Items like beer, particularly the premium priced lagers, will not rank at the top of the list. Bread and butter issues come first. This is the second straight quarter of lager declines at Delta, even though sorghum beer volumes have increased."

He however, noted that the difference in lager declines and sorghum increases are much wider to be able to cancel out each other, which explains the overall revenue slump. "Being a consumer facing stock and being Zimbabwe's biggest company, the declines in revenue and lager consumption reported by Delta depict a story much bigger than the firm itself. "The story is of an economy in depression pulled down by among other things, weak consumer demand. Clearly, those issues will not be solved by drinking Delta's or any other company's beer," said Mr Gogo. Delta spent $12 million on the expansion of its Chibuku Super plant in Chitungwiza. The plant has been commissioned and annual capacity is seen rising to 1,8 million hectolitres. "Sorghum beer category continues to record growth, spurred by investment in increased Chibuku Super production capacity," said Delta. Delta said there was an "encouraging uptake in new dairy mix and drinking yoghurt beverages (Super Sip)". Delta has been on an ambitious innovation agenda since the beginning of last year across its various portfolios. The beverages maker launched Chibuku Super in April last year, introduced a 350ml PET pack on its sparkling beverages business two months later and recently rolled out a brand new non-alcoholic dairy beverage drink. *(Herald)*

Innscor Africa is set to close its southern region offices as part of efforts to streamline its operations to suit the current depressed economic environment. The move is meant to cut costs on a number of its high expense lines across its different business units. The group is also looking at tightening its debt collection and lowering its short term borrowings. In an interview on Monday, Innscor Group Corporate Affairs Executive Mr Musekiwa Kumbula confirmed the group's intentions to streamline operations. "Innscor always reviews its structures in order to boost operational efficiency. And in view of the current depressed economic environment, the group is looking at amalgamating regional offices. "In pursuit of this, discussions aimed at streamlining Innscor structures are currently underway," said Mr Kumbula. The group is looking at centralising its operations to Harare. The move is going to have an impact on staff stationed at southern region offices. To that end Bulawayo staffers have been advised to take voluntary retrenchment as the whole southern region operations will be closed down. Focus for the group is now on improved marketing, driving out unnecessary costs for the group to be more competitive and price sensitive to the level of spending power available. Mr Warren Meares who is the managing director for Southern Region is on the verge of being moved to Harare. Other senior staff members who will be moved include Mr Lifa Ncube (finance manager) and Mr Owen Murumbi (Finance director). According to the National Employment Council for the food industry, Innscor employs more than 1000 people in Bulawayo. *(Herald)*

Sino Zimbabwe is set to increase its ginning and milling capacity by 17 percent following the purchase of additional equipment. Sino Zim purchased new springreels and weavings for the plant with the idea of increasing the current capacity of 25 000 tonnes of cotton seed and beneficiation by 17 percent. The company plans to increase cotton seed and lint output to 35 000 metric tonnes at the $17 million plant commissioned by President Robert Mugabe in December last year. In an interview with the Herald Business, Sino Zim Cotton Holdings chief operating officer Mr Thomas Meke confirmed the company's intentions to install new equipment to increase capacity and beneficiation. "We are bringing in new equipment at the plant because we are optimistic of achieving good results at the end of the current selling season. "We expect the initiative to increase capacity of our cotton seed production. Installation is in progress right now," said Mr Meke. Mr Meke could not disclose the cost of purchasing the new equipment. The company has lined up projects at the milling and spinning plant to support value addition and beneficiation in the cotton industry in support of the Zimbabwe Agenda for Sustainable Socio-Economic Transformation, economic blueprint. The plant's spinning division is promoting value addition through production of high quality yarn for both domestic and international markets in Africa, Asia and Europe. ''The company's primary objective is to promote cotton production and ensuring farmers have equal and free access to high quality inputs at viable and sustainable prices. Since our inception in 2009, we have made great strides in penetrating the once monopolised market and established an ever growing niche since then," said Mr Meke. "We are looking at starting our next stage of value addition but this would be done on a small scale."

The company is looking at doubling its 30 000 spinners capacity depending on the supply of cotton in the country. Mr Meke said the company is confident of positive results despite the prevailing challenges of side marketing being done by some of the farmers contracted to the company. He said companies who did not take part in providing inputs to farmers are now at the forefront of dictating prices creating an uneven playing field. "Most companies who did not provide inputs are hiking prices and this is becoming a challenge to our buying power considering that these companies do not consider input costs in their pricing," said Mr Meke. The company was established in May 2010 as a joint venture company between Zimbabwe and China and is boasting of a farmer database of over 20 000 annually on a combined contract of 100 000 hectares. *(Herald)*

CABS is running unsecured payroll lending at $127 million and corporate sector loans amounting to just under $100 million including to the Distressed and Marginalised Areas Fund. Unveiling CABS new corporate identity yesterday, managing director Kevin Terry said the building society is committed to delivering growth for its customers. In addition Mr. Terry said CABS will launch VISA/Mastercard in the near future and will access over $50 million lines of credit by the end of this month. Mr. Terry also said the bank will raise a further $20 million for mortgage securitisation by year end. On the rebranding Mr. Terry said the objective to rebrand is to revive and rejuvenate the current corporate identity and to give it a more modern feel that will combine CABS heritage and its current position as a vibrant player in the local market. "In line with the banks' strategic focus, we undertook a research to see how our customers would like to see us presented. "The findings were used to develop a logo we believe will position us as a progressive financial institution. "The rebranding exercise focuses on the logo as well as our new tag-line 'We'll help You Get There'," he said. Terry said the rebranding was influenced by a market survey which revealed that the CABS brand was 'old and tired'. The rebranding will include changing the brand signage on banking halls. " . . . it has been like a black jack in your sock – niggling away. But the time has come. And so now we have a new brand . . . and soon a new look to our branches Chisipite will roll out in September," said Terry. The unveiling of the new brand will be done in phases. This will include a new uniform for staff and refurbishments of the bank's branches. The Chisipite branch will be the first to be rolled out with the new look in September. CABS started up the mobile banking product Textacash originally as an entry into the unbanked space but migrated to traditional customers – USSD but mobile application launching end of this month. The bank successfully migrated to a new banking system and grew its POS acquiring business across Zimswitch from 30 to over 70 percent. *(Herald)*

South African packaging company Nampak is seeking to consolidate its Zimbabwe businesses for them to be run under one entity. Nampak wholly owns CarnaudMetal Box (CMB), and has two associates Hunyani Holdings (38,91% interest) and Megapak Zimbabwe (49% interest). Under the structure Megapak and Metal Box will be divisions of Hunyani but the entity will change its name to Nampak Zimbabwe Limited. Nampak is following a two-pronged strategy to grow its business. Firstly, by unlocking further value from the base business of packaging by actively managing its portfolio and secondly by accelerating growth in Africa. At present the Rest of Africa contributes 15% of group revenue and 24% trading profit. "There are tremendous growth opportunities on the continent and that Nampak is well-placed to pursue them," said the group in its last results statement. In a cautioned statement, Hunyani said: "Nampak Limited proposes to expand its investment in the packaging sector in Zimbabwe. Nampak Limited therefore proposes to consolidate its existing business interests in Zimbabwe through the merger of Hunyani Holdings Limited, CarnaudMetalbox Zimbabwe Limited and MegaPak Zimbabwe (Private) Limited into one business entity, to be named Nampak Zimbabwe Limited. The transaction is based on the acquisition of the entire issued share capital of CarnaudMetalbox Zimbabwe Limited and MegaPak Zimbabwe (Private) Limited in exchange for the issue of new shares in Hunyani Holdings Limited to both companies' respective shareholders. The transaction will require approval from shareholders at an Extraordinary General Meeting" In its March results, Nampak noted that the operations in Zimbabwe suffered from a lack of consumer demand and generally poor economic conditions. CarnaudMetalbox is the sole supplier of metal cans, crowns and aerosols in Zimbabwe and a leading manufacturer of plastic bottles. It has the capacity to produce about 3 million food cans per month but the capacity is under threat from growing importation of caned products from South Africa. Its equity is valued under $1 million. Megapak's other shareholder is Delta Beverages. It is the only company that has a crate factory in the country. The company exports crates in the region but has not been performing well in terms of sales due to competition from low cost producing nations in the same market. Hunyani at its last AGM in March said it is expecting the full year operating profit in October to be higher than 2013 but the pre-tax will be lower because of the absence of one-off profits on property disposals which were earned last year. The group has just completed a restructuring and repositioning exercise.*(Herald)*

OK Zimbabwe is looking to its new self-managed in-store bakeries to drive up margins in a bid to improve the retailers profit line. The retailer is establishing in-store bakeries, 25 of which will be fully functional by September this year. OK Zimbabwe chief executive Mr Willard Zireva told the annual general meeting yesterday that in-store bakeries are expected to move margins of up to 40 percent compared to 11-12 percent realised from bakery products purchased from external suppliers. He said the new initiative will drive "good" profit for the company. "It's going to be tough but we have to do our best to survive and deliver value for the business," said Mr Zireva. The in-store bakeries will cost about $100 000 each depending on the store. "Some of the stores already have the infrastructure some we bought from previous operator Innscor Africa so the costs vary from store to store," said Mr Zireva.

The retailer is considering two opportunities for new stores one of which is in Harare. Mr Zireva said the retailer is pressing ahead with the refurbishment programme of five branches from cash generated by the business. Two of the stores are done; one was opened two days ago while another one was opened yesterday, according to Mr Zireva. The company is in talks with its landlord to expand the Houghton Park store while the Mbuya Nehanda store, which is 'tired', is also earmarked for refurbishment. Overheads for the quarter were three percent down on the comparative period last year. Full year to March 2014 overheads were 6.3 percent at 69,4 million from $65,2 million in the previous year. In the year to March OK Zimbabwe turned in $483,7 million from $479,6 million, a marginal 0,8 percent rise on the 2012 figures. The number of outlets operated by the group increased to 59 from the 54 operated in 2012. Five new stores were opened while one store was closed in the year to March. In the annual results statement Mr Zireva said tight liquidity in the economy and lack of capital at most local companies continued to limit manufacturers' capacity to produce at levels adequate to supply the market. "As a result most of the products sold in the stores continued to be imported with South Africa being the main source," said Mr Zireva. *(Herald)*

Listed beverages concern, Delta Corporation, is reportedly pressing ahead to close 15 customer collection depots (CCDs) as part of strategies to contain costs and rationalise operations. Sources said this move is likely to lead to hundreds of job losses. This comes as the beverage maker's lager and soft drinks volumes fell 21 and 8 percent respectively for the first quarter ending June 2014. However, sorghum beer volumes increased 15 percent as hard pressed consumers resorted to the cheaper opaque beer brands. "At least 15 CCDs have been closed in Harare and other parts of the country because of the tight business environment," a source said. "Jobs are being lost and we simply don't know whats going to happen." Delta Corporation company secretary Mr Alex Makamure could neither confirm nor deny the closure of the depots. "The company has over the years intensified direct deliveries to customers to improve service and have face to face contact with our retail partners," he said in a response.

"This will invariably result in the throughput at some of the CCDs reducing to unsustainable levels. We therefore review each business unit periodically based on viability, seasonal business trends, customer service and other parameters, including adjustments to opening hours. We have no program for a wholesale closure of depots." Delta has a total of 35 depots countrywide, which act as either customer collection depots or distribution centres. The tight liquidity conditions prevailing in the country has hit beer retailers and consumers hardest resulting in reduced demand for beer at the customer collection depots. "Consumer demand remains depressed in line with prevailing subdued economic performance. The stretched consumer is now focusing on value for money products," the company said. The company's earnings have been on a decline after it recorded a 9 percent decline for the full year to March 2014. Delta controls about 96 percent of the beer market and about 92 percent of the sparkling beverages in the country. *(Herald)*

Economic News

The Securities and Exchange Commission of Zimbabwe has said investment in shares promotes a savings culture necessary in the provision of low cost capital. Chief executive Tafadzwa Chinamo told parliamentarians during an awareness workshop last week that capital markets offer cheaper value preserving investment options for economic growth and development. "If a part of our savings continue to flow to industry Zimbabwe's labour, management and capital can continue to build new factories and infrastructure." He added that this applied to anyone including the small trader in Gazaland Highfields. "This is because the stock exchange plays the important role of providing the "link between commerce and industry and capital market". Mr Chinamo noted how the stock exchange had been used to grow businesses as early as 1946. "Between 1946 and 1952, the Zimbabwe Stock Exchange raised money for over 40 companies by facilitating the issue of various shares.

"Greatermans raised £442 500 in 1948 and in 1951, issued more shares, thus raising its issued capital from £442 500 to £500 000. "Gatooma Textiles raised £100 000, Connocks Motor Holdings £550 000, and Falcon mines £453 902. We can do it too." "Investments in listed shares gave this country the infrastructure and industrial prosperity so lacking in many parts of Africa." He added that the central Government raised a number of loans in order to develop the country's public infrastructure. Between 1950 and 1953, the government was involved in a four-year programme of capital development. The plan involved spending more than £48 000 000 over the four years on roads, bridges, dams, houses and other public amenities. Zimbabwe Stock Exchange chief executive Alban Chirume said the bourse would this week meet with City of Harare officials as part of efforts to bring awareness to the activities of the exchange especially around the issuance of municipal bonds. "As you aware, the City Council can issue municipal bonds. However, overall the introduction of a bond market is still work in progress as the process of getting regulatory approval had been slow. Deputy Finance and Economic Development minister Dr Samuel Undenge said capital markets are a significant component of the financial services sector as they offer a long term resource mobilisation platform for business communities for economic developmental purposes. "Capital is the lifeblood of businesses, which in turn are the engines of job creation and economic growth," said Dr Undenge. *(Herald)*

Broad money supply surged by $318 million in the year to May 2014 as the country's deposits base responded to the positive effects of a successful tobacco season, the latest report from the Reserve Bank of Zimbabwe shows. The money supply measure expanded to 7,66 percent in May 2014, from 6,65 percent in April. In absolute terms, broad money supply rose to $4,32 billion in May from US$4,02 billion in April, reflecting more money circulating in the financial system. Broad money registered a monthly increase of 2,25 percent between April and May 2014. "Expansions were registered in all deposit classes with savings deposits recording the highest annual growth of 12,5 percent. The growth in money supply continued to be driven by tobacco sales. This year, tobacco farmers sold about 205 million kilograms of the golden leaf worth $652 million in a selling season that ended on June 27. There has also been a pro-active approach from the Bankers Association of Zimbabwe with regards the promotion of a savings culture in the economy.

The sluggish performance of the economy continued to hamper robust growths rates in the broad money. The main sources of liquidity under the multi-currency system are exports, external lines of credit and diaspora remittances, given that the central bank cannot inject liquidity into the economy. These have not managed to generate enough liquidity to achieve desirable levels of money supply growth. Deposits held by banks largely emanated from utilities and local authorities, 25,78 percent, households, 14,6 percent, financial organisations, 20,08 percent and distribution 8,9 percent. During the period under review, credit to the private sector declined marginally to $3,591 billion from $3,595 billion in April. On a month-on-month basis, credit to the private sector also fell by 0,1 percent in May 2014, from US$3,594 billion in April. "The slowdown reflects constrained lending by banks on the back of attendant liquidity challenges, as well as risk aversion occasioned by increasing non-performing loans." The value of transactions processed through the RTGS system in May 2014 decreased by 7 percent to $3,2 billion, from $3,4 billion in April 2014 while the volume of transactions registered an increase of 9 percent, from 183 626 to 200 146 in the same period. The total value of card-based transactions increased by 5,2 percent to $399,11 million in May 2014, from $379,42 million in April 2014. The value of mobile and internet-based transactions also increased by 19 percent, from $360,67 million in April 2014 to $429,27 million in May. There is rapid expansion of mobile banking in Zimbabwe which has culminated in the financial inclusion of the previously unbanked. *(Herald)*

FINANCE and Economic Development Minister Patrick Chinamasa has halved Zimbabwe's projection for real Gross Domestic Product growth for 2014 to 3,1 percent from 6,1 percent and said Zimbabwe urgently requires a substantial amount of inflows of fresh capital to help jump-start the recovery of the economy. Minister Chinamasa said the downward revision of the growth figures reflects continuing low business and investment confidence, scarce liquidity, and subdued international prices for major exports. In a Staff-Monitored Programme Letter of Intent and TechnicalW Memorandum of Understanding dated July 1, Minister Chinamasa however, said the timely and full implementation of Zim-Asset could accelerate growth to an average of 6 percent over the medium term. The Letter of Intent and Technical Memorandum of Understanding describes the policies that Zimbabwe is implementing within the framework of a Staff Monitored Programme.

The Bretton Woods Institutions also revised downwards Zimbabwe's growth forecasts, with the World Bank forecasting a rate of only two percent on mounting evidence of weak foreign direct investment, liquidity constraints and lack of policy clarity. The World Bank forecasts Zimbabwe's economy to expand by just one percent in 2015 and 0,6 percent a year later. Minister Chinamasa said given the downward revision to the economic outlook for 2014, there are significant risks to the revenue side of the budget. Financing space is quite constrained, as Government is facing large maturities on domestic Treasury Bills and loans in 2014. He said as part of Zim-Asset Government intends to accelerate re-engagement on debt resolution with the international financial institutions and with other creditors. Minister Chinamasa said inflation continues to be very low and has recently dipped into negative territory, recording -0,3 percent year-on-year in April 2014, reflecting weak domestic demand, tight liquidity conditions and the appreciation of the US dollar against the South African rand, the currency of Zimbabwe's main trading partner. He anticipates that inflation will average around 0,8 percent in 2014. For the end-June 2013 test date, Zimbabwe met two of the six quantitative targets: The floor on protected social spending and the floor on payments to the Poverty Reduction and Growth Trust.

The floor on the stock of usable international reserves was also achieved. Zimbabwe missed the continuous ceiling on new non-concessional external debt by a small margin, due to the signing of a $319 million loan with the Export-Import Bank of China in November 2013 to finance the Kariba South Power Station expansion. Although the continuous zero ceiling on new domestic arrears was missed, Minister Chinamasa believes that the country made significant progress than envisioned under the SMP. "In fact, although we accumulated some new domestic arrears in 2013, we also prioritised the clearance of pre-2013 arrears, and on balance, the overall stock of arrears declined by $54 million (about 0,4 percent of GDP) in 2013, which compares favourably with the reduction of $23 million envisaged under the original programme," he added. For the end-December 2013 test date, Zimbabwe met three of the six revised quantitative targets — The floor on usable international reserves, the floor on payments to the PRGT, and the continuous ceiling on new non-concessional borrowing. It missed the modified target for the cumulative primary fiscal balance on a cash basis by about 1,7 percent of GDP, mostly due to substantial weakness in tax revenues in the last two months of 2013.

Owing mostly to the weakness in revenue in Q4, the country missed the floor on protected social spending by about 0,3 percent of GDP and our stock of domestic arrears overshot its ceiling by about 0,3 percent of GDP. The minister said Zimbabwe made progress on the structural reform front by attaining three of the five structural benchmarks for the first review and one of the five structural benchmarks for the second review. In particular, the new Income Tax Bill and the RBZ Debt Assumption Bill are now before Parliament. He said that the wage bill now projected to increase by 14 percent this year up from eight percent projected in the 2014 Budget. Zimbabwe plans to extinguish the remaining stock of pre-2013 domestic payments arrears amounting to $23 million by end-2014."However, given the very tight resource constraints in the 2014 Budget, it would be very difficult for us to continue reducing the total stock of arrears of domestic payment in 2014. We plan to eliminate the total stock of end-2014 domestic arrears by end-2016," he said. *(Herald)*

THE mining sector revenue collection for royalties surpassed its target by 45% to $112,6 million for the first half of the year due to collections boosted by the debt set-off done in March. In a statement yesterday, Zimbabwe Revenue Authority (Zimra) commissioner-general Gershem Pasi said about $45 million was set-off against outstanding mining royalties from mining companies. "Mining royalties revenue collections for the first half of 2014 amounted to $112,6 million against a target of $77,7 million, resulting in a positive variance of 45%. Collections were boosted by the debt set-off done in March 2014," Pasi said. The mining sector in Zimbabwe has become one of the major drivers of the economy since 2009 after it overtook agriculture. The sector, since 2009, has been booming due to favourable commodity prices. According to the official figures, the mining sector was expected to grow by 11,4% this year on the back of planned investments and largely driven by strong performance in gold, diamonds, nickel and coal. In the period under review net revenue collections for the first half of the year was below target by 1% to $1, 72 billion against a target of $1,74 billion mainly due to revenue realised from value added tax (VAT), individual tax and excise duty which contributed 26%, 25% and 14% respectively. Pasi said revenue collections for capital gains tax and capital gains withholding tax surpassed its target by 33% to $15,7 million against a target of $11,8 million.

Individual tax recorded a positive variance of 24% to $429,5 million against a target of $346 million. Other indirect taxes recorded a positive variance of 20% to $69,4 million against a target of $57,8 million. During the period under review, tax and domestic dividends and interest recorded 12% variance to $16,9 million against a target of $15,2 million, tobacco levy recorded a positive variance of 12% to $9,8 million against a target of $8,8 million and VAT on imports recorded a positive variance of 6% to $224,7 million against a target of $212 million. "The revenue performance for the first half reflects the underlying economic environment currently obtaining. An improvement in the economic outlook as envisaged under the Zimbabwe Agenda for Sustainable Socio-Economic Transformation blueprint would boost revenue performance," Pasi said. *(News Day)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

A WORLD Bank mission team is in the country to conduct Zimbabwe's first Consumer Protection and Financial Literacy (CPFL) Diagnostic Review amid revelations that consumers were being prejudiced by financial institutions. The review follows a request by the Finance and Economic Development ministry and the central bank. The team, which jetted into the country last week and will be leaving tomorrow, worked with financial sector authorities, industry and civil society stakeholders to assess the existing legal framework, institutional and implementation arrangements for financial consumer protection and financial literacy in Zimbabwe with reference to international practices. The CPFL Diagnostic Review is expected to make recommendations for a CPFL reform programme. "The review will cover the banking, non-bank credit institutions, securities, insurance, and pensions sectors as well as financial literacy-related programmes in Zimbabwe," World Bank finance and private sector development specialist Crispen Mawadza said. The World Bank mission comprised several experts in the field of financial inclusion, among them senior financial specialist Ros Grady, banking expert and senior financial specialist Jennifer Chien, non-bank credit institutions expert and consultant Ivo Jeni, pensions expert Fiona Stewart, insurance expert and consultant Manuel Peraita. The mission focused on seven specific areas namely institutional arrangements, legal and regulatory framework, transparency and disclosure, business conduct, complaints and dispute resolution mechanisms, consumer awareness and financial literacy.
World Bank financial capability expert Siegfried Zottel said the focus groups used Harare and Chiweshe as urban and rural areas samples respectively.

He said this would provide valuable feedback with regard to the degree of financial literacy and rights awareness that the sample populations have. "The idea is to get a sense of people's understanding of finances, experiences with financial institutions and to find out if there is a culture of awareness about rights and how to seek redress within and outside financial institutions," he said. Zottel said the report will come up with recommendations in the areas of financial education and how to develop a national strategy with one leading agency to create co-ordination and consensus on the importance of the topic. The findings will be presented at the end of the year with detailed information in two volumes. Although there is no widely publicised evidence of consumer rights advocacy and dispute resolution, a large number of people seem not to have any recourse in matters that involve financial prejudice. An outstanding case in point is the Econet Wireless product termed Ecolife which cut off an estimated 1,2 million consumers who had subscribed to the product. Econet Wireless entered into a partnership with First Mutual Life and Namibia-based Trust Co in 2010 to offer the product to Econet subscribers, but following a dispute among the parties, the product was terminated. Another case is the loss of savings and pension funds following Zimbabwe's currency conversion from Zimbabwe dollars to a basket of multi-currencies in 2009 which prejudiced millions of people of their hard-earned money. Government is yet to formulate a compensation mechanism with regard to the matter. *(News Day)*

The Zimbabwe Stock Exchange (ZSE) has been transformed into a company from a mutual society, opening the way for a public listing on the bourse it operates, finance minister Patrick Chinamasa said on Monday. The ZSE has been owned and run by stock brokers since 1946, but after demutualisation the brokers hold 68 percent while the government owns the remaining shares. Chinamasa said stockbrokers and the government would sell half their shares when the ZSE lists. He did not give a date for the listing, but an official from the local bourse said this should happen within three years. "I am hoping and expecting that we can excite our banking sector, our pension funds, insurance companies to take up equity in the stock exchange and I hope the work starts now to try to sell that idea to them," Chinamasa said before signing the demutualisation agreement. The ZSE, which has 65 listed companies, had a market capitalisation of $4.9 billion on Monday. The main industrial index fell 7.7 percent during the first half of the year, in tandem with an economic slowdown. Foreign investors made up more than 55 percent of activity on the bourse, according to ZSE data. Foreign fund managers are attracted to consumer-oriented firms such as mobile phone service provider Econet Wireless, brewer Delta Corp, and food retailer Innscor, which are all seen as well managed and with an expanding consumer base. *(Reuters)*

Zimbabwe could miss its 6.4 percent growth target this year but the final number will not be as low as some international lenders have predicted, finance minister Patrick Chinamasa said on Monday. The World Bank has downgraded the southern African country's growth to 3 percent this year. The International Monetary Fund says the economy is fragile and sees growth of 4 percent. Chinamasa had premised his 2014 growth forecast on a recovery in agriculture and a strong performance in mining. Chinamasa told a parliamentary committee on finance that agriculture, which was expected to grow 9 percent, had performed "reasonably" well after output of the staple maize, tobacco and sugar surpassed targets. Mining in a country with the world's second largest reserves of platinum had been hobbled by weak metal prices during the first half of the year, and a number of new mining ventures that were expected had not taken off, Chinamasa said. "So, for now I want to remain, should I say, neutral. Maybe not six point something percent (growth), but not as low as is being put out," Chinamasa said in response to an MP's question. Zimbabwe's 2014 harvest for maize rose 82 percent to 1.46 million tonnes, enough to meet annual domestic needs for the first time since 2003, a government report showed. Agriculture is critical for the livelihood of a majority of Zimbabweans, since 80 percent of the working-age population do not hold a formal job. Chinamasa said only 500,000 people in the country were in formal employment. *(Reuters)*

Disclosures Appendix

SECURITIES AFRICA®