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

				WTD % Change		31-Dec-14	YTD % Change	
Country	Index	18-Sep-15	25-Sep-15	Local	USD	31-Dec-14	Local	USD
Botswana	DCI	10791.24	10818.03	0.25%	-1.76%	9,501.60	13.85%	3.35%
Egypt	CASE 30	7267.52	7346.54	1.09%	1.08%	8,942.65	-17.85%	-24.98%
Ghana	GSE Comp Index	2049.18	2039.12	-0.49%	4.40%	2,287.32	-10.85%	-25.41%
Ivory Coast	BRVM Composite	293.97	296.60	0.89%	0.06%	258.08	14.93%	5.98%
Kenya	NSE 20	4236.26	4221.10	-0.36%	-0.28%	5,112.65	-17.44%	-29.26%
Malawi	Malawi All Share	15830.97	15815.26	-0.10%	5.06%	14,886.12	6.24%	-6.96%
Mauritius	SEMDEX	1917.14	1913.05	-0.21%	-0.62%	2,073.72	-7.75%	-18.11%
	SEM 10	365.14	364.69	-0.12%	-0.53%	385.80	-5.47%	-16.09%
Namibia	Overall Index	1029.91	987.15	-4.15%	-8.24%	1,098.03	-10.10%	-24.99%
Nigeria	Nigeria All Share	30332.68	30543.17	0.69%	0.22%	34,657.15	-11.87%	-19.04%
Swaziland	All Share	307.41	307.41	0.00%	-4.26%	298.10	3.12%	-13.96%
Tanzania	TSI	4605.83	4593.15	-0.28%	0.30%	4,527.61	1.45%	-18.50%
Tunisia	TunIndex	5330.22	5302.71	-0.52%	-1.17%	5,089.77	4.18%	-1.13%
Zambia	LUSE All Share	5803.21	5799.02	-0.07%	-5.36%	6,160.66	-5.87%	-42.93%
Zimbabwe	Industrial Index	133.83	132.43	-1.05%	-1.05%	162.79	-18.65%	-18.65%
	Mining Index	25.94	25.15	-3.05%	-3.05%	71.71	-64.93%	-64.93%

CURRENCIES

	18-Sep-15	25-Sep-15	WTD %	YTD %
Currency	Close	Close	Change	Change
BWP	10.17	10.38	2.05	7.96
EGP	7.81	7.81	0.01	9.50
GHS	3.99	3.80	-4.68	25.39
CFA	580.33	585.19	0.84	7.54
KES	104.02	103.93	-0.08	16.81
MWK	556.09	528.80	-4.91	20.09
MUR	34.14	34.28	0.41	12.19
NAD	13.31	13.90	4.45	14.74
NGN	196.09	197.01	0.47	8.35
SZL	13.31	13.90	4.45	14.74
TZS	2,129.68	2,117.38	-0.58	25.20
TND	1.95	1.96	0.66	4.68
ZMW	9.91	10.47	5.59	56.20

Botswana

Corporate News

No Corporate News This Week

Economic News

No Economic News This Week

Egypt

Corporate News

Egypt's state grain buyer, the General Authority for Supply Commodities (GASC), has bought 230,000 tonnes of Ukrainian, Russian and French wheat in a tender for Oct. 21-31 shipment, it said on Friday. Egypt, one of the world's biggest importers of wheat, bought 55,000 tonnes of Ukranian wheat from Venus, 55,000 tonnes of Russian wheat from Glencore, 60,000 tonnes of Russian wheat from Olam and 60,000 tonnes of French wheat from Soufflet, GASC Vice-Chairman Mamdouh Abdel Fattah said. GASC bought the wheat at an average price of $191 a tonne cost and freight, he said. Traders gave the following breakdown of the purchase: -55,000 tonnes of Ukranian wheat from Venus at $174.95 a tonne free-on-board (fob) and $13.45 a tonne freight from Venus. -55,000 tonnes of Russian wheat from Glencore at $182.80 a tonne fob and $9.70 a tonne freight from National Navigation. -60,000 tonnes of Russian wheat from Olam at $183.95 a tonne fob and $8.55 a tonne freight from National Navigation. -60,000 tonnes of French wheat from Soufflet at $177.74 a tonne fob and $15.63 a tonne freight from National Navigation. *(Reuters)*

Egypt's state-owned landline telecom monopoly Telecom Egypt appointed Waleed Gad on Monday as its new chairman, the company said in a statement. The company's former chairman, Mohamed Salem, resigned on Saturday, shortly after a new government was sworn in by President Abdel Fattah al-Sisi. *(Reuters)*

Economic News

No Economic News This Week

Ghana

Corporate News

No Corporate News This Week

Economic News

Fitch Ratings has affirmed Ghana's Long-term foreign and local currency Issuer Default Ratings (IDR) at 'B' with Negative Outlooks. Fitch has also affirmed Ghana's Short-term foreign currency IDR at 'B' and Country Ceiling at 'B'. The issue ratings on Ghana's senior unsecured foreign and local currency bonds have been affirmed at 'B'. The affirmation reflects the following factors: Fiscal and external risks remain high, complicated by a slowing economy and low commodity prices. An IMF programme, agreed earlier this year, has improved policy credibility, commitment to fiscal reforms and access to external financing. In Fitch's view, the most significant reform, has been to deregulate fuel prices, largely eliminating the risk that the authorities will re-introduce fuel subsidies. However, a high degree of uncertainty remains ahead of parliamentary and presidential elections due in late 2016, which may see spending pressures re-emerge as in past electoral cycles. Fiscal consolidation efforts remained on track, with the latest data until July 2015 showing a budget deficit of 3.1% of GDP, against a target of 4%. Revenue over-performed supported by additional tax measures under the IMF programme, while expenditure came in below budget. This was largely due to lower interest costs, underpayment of arrears, social contributions and grants to government units, which offset over-spending on infrastructure as well as goods and services. Fitch forecasts a cash deficit of 7.8% of GDP, slightly higher than the authorities' target of 7.3%, but lower than the 10.2% deficit recorded in 2014. Deficits are somewhat lower on an accruals basis as the authorities make net repayments of arrears. Government debt jumped to 70.0% of GDP at end-2014 from 39.1% in 2011 - the year prior to the previous elections and ensuing fiscal slippage.

Ghana's debt structure has also deteriorated. Foreign currency debt is now 60% of total debt, against less than half in 2011, largely driven by increased non-concessional financing, leaving the country more exposed to a weaker exchange rate. Domestic debt maturities have steadily declined. High domestic yields and a 60% depreciation in the currency since 2012 have pushed up borrowing costs, with interest payments now accounting for one-third of government revenue -- the highest level among Fitch-rated sub-Saharan African sovereigns. High interest service costs limit fiscal flexibility and will complicate consolidation efforts. Financing the deficit is expected to remain challenging, particularly with the IMF programme restricting deficit financing by the Central Bank to 0% next year. The Ghanaian cedi has been extremely volatile this year, as dollar inflows from donors and the IMF combined with favourable IMF reviews, have at times supported significant rebounds in the currency. Despite periodic recoveries, downward momentum has persisted, with the currency falling 18% YTD against the US dollar, as Ghana's external financing gap remains large. Ghana's external position is vulnerable, with the current account deficit expected to narrow only slightly to 8.4% of GDP in 2015, down from 10% in 2014 - but still above the 'B' median of 7.4%. Reserves fell sharply in 1H2015 by USD1.3bn to USD4.5bn (2.9 months of current external payments (CXP)) from a peak of USD5.8bn in November 2014. Net international reserves, which exclude swap facilities, are below two months of CXP. Reserves are expected to be boosted in the coming months, by an expected Eurobond, the annual COCOBOD bond as well as donor inflows (USD500m for 2015), taking them to 3.7 months of CXP at end-2015- above the 'B' median. However, any relief is likely to prove temporary, unless underlying fiscal balances are addressed. Fiscal and external imbalances as well as external and domestic shocks have steadily undermined Ghana's growth prospects. Fitch expects growth to moderate to 3% in 2015 against an average of 8.6% for the previous five years and well below the 'B' median.

Growth is being hampered by power shortages, macroeconomic instability and, more recently, fiscal consolidation. In the medium-term, growth will be supported by a near doubling in oil production by 2017 as well as new gas reserves coming on stream by 2018, which will help to alleviate the electricity shortfall and reduce the oil import bill. Inflationary pressures have intensified in 2015, increasing 17.3% in August from 16.4% in January 2015, due to currency depreciation, fuel price adjustments. Monetary policy has responded consistently to inflationary pressures, with the policy rate rising to 25% in September up 400bsp since May 2015. The Bank of Ghana has also introduced measures to improve the transmission of monetary policy by merging the policy and reverse repo rates. Credit growth is slowing in line with reduced domestic liquidity. A decade of growth above 7% has resulted in an improvement in social indicators. However, per capita income and measures of human development are still weak relative to 'B' peers. Per capita income of USD1,217 in 2014 is 40% of the 'B' median. The ratings are supported by Ghana's strong governance record and long democratic history. RATING SENSITIVITIES The main factors that individually, or collectively, could trigger negative rating action include: - Failure to consolidate the budget deficit and stabilise debt levels, or to ease domestic financing constraints. - Failure to stabilise international reserves, jeopardising the country's external financing capacity. - Failure to improve macroeconomic stability and revive growth. The Outlook is Negative. Consequently, Fitch's sensitivity analysis does not currently anticipate developments with a material likelihood, individually or collectively, of leading to an upgrade. However, future developments that may, individually or collectively, lead to a revision of the Outlook to Stable include: - An effective fiscal consolidation plan that is consistent with debt peaking in 2016 and then declining. An improvement in Ghana's external position including a narrowing of the country's current account deficit and an improvement in international reserves. Fitch assumes Ghana's GDP growth will recover to 6% in 2017. This in turn will depend on oil production coming on stream as expected; the continued development of the gold sector; and further investment in infrastructure. Fitch assumes an IMF programme remains in place through the 2016 elections and fiscal consolidation continues. Fitch assumes no further sustained deep fall in commodity prices that would undermine an already weak external position. *(Ghana Web)*

Ghana's borrowing costs may fall in a third Eurobond sale in as many years after the West African nation escaped a credit downgrade deeper into junk and the World Bank agreed to guarantee part of the debt. The country is embarking on a series of international investor meetings this week to market the sale of $1.5 billion of securities. A World Bank guarantee of $400 million of the debt means investors will probably demand a yield below current market rates, according to Standard Life Investments Ltd. Yields on Ghana's $1 billion of Eurobonds due May 2023 have climbed 82 basis points this year to 10.04 percent, compared with 7.47 percent for similar-maturity debt of neighboring Nigeria. "A partial guarantee gives investors comfort that the government will make the instrument a high-priority one to service," Mark Baker, who helps manage about $1.5 billion in emerging-market debt including Ghanaian bonds at London-based Standard Life, said by phone on September 18. "It should be a more positive tone on the roadshow than in the past." Fitch Ratings affirmed Ghana's credit rating at B, or two levels below investment grade, on Sept. 18, while retaining a negative outlook.

West Africa's second-biggest economy agreed on an almost-$1 billion program with the International Monetary Fund in April as the government struggled to tame the budget deficit while falling prices for gold and oil weighed on its currency, the cedi. The IMF program is starting to produce results. Ghana posted a budget deficit of 3 percent of gross domestic product in the first seven months, less than the target of 4 percent. Inflation eased for the first time in seven months to 17.3 percent in August and the cedi gained 13 percent against the dollar this quarter after slumping 26 percent in the first six months of the year. "Ghana's credit story is more encouraging than what it's been for a while," Baker said. "There are early signals the government is reining in the fiscal deficit after so many years of disappointing performance." Not all investors are convinced Ghana will stay the course. While the World Bank backing will help, yields on the new debt would still have to be above 10 percent to attract demand, said Arthur Alaferdov, a London-based trader in emerging market bonds including Ghanaian debt at Renaissance Capital Ltd. "Ghana hasn't fully completed any single IMF program," Alaferdov said by phone on Sept. 18. "You might find some optimistic people, you might find someone who is less optimistic, but in all you've got some weak credit." Fitch said growth in West Africa's second-biggest economy would slow to 3 percent this year, from 4.2 percent in 2014, and cautioned that overspending before an election next year may derail attempts to rein in the budget deficit.

The IMF program and progress on the fiscal front were credit-positive, the company said. Yields on Ghana's $1 billion of Eurobonds due Aug. 2023 climbed 9 basis points to 10.04 percent by 4:41 p.m. on Monday in London. The cedi gained 0.6 percent to 3.8629 per dollar. While investors remain cautious about Ghana's fiscal prospects, the partial guarantee will hold yields in the Eurobond sale below 10 percent, said Claudia Calich, a fund manager who helps oversee $1 billion of emerging-market assets at M&G Ltd. "A partial guarantee improves the credit structure," Calich said by phone from London on Sept. 15. "The recent fiscal numbers appear to be going in the right direction but this needs to be part of a multi year effort."*(Bloomberg)*

Cocoa grinders in the world's number two producer Ghana have been forced to slash output or import beans from neighbouring Ivory Coast due to a crop failure that has strangled supplies to factories, company officials said on Monday. Industry sources believe the West African nation is unlikely to meet a full season target of 750,000 tonnes, a figure revised downward from an initial projection of 1 million tonnes. "There's not enough cocoa, so the factories lack beans to grind," said an official with Swiss food processor Barry Callebaut. The company operates a 67,000-tonne capacity processing facility in Ghana, but he said it had to resort to sourcing up to 20,000 tonnes of cocoa from Ivory Coast to run the factory. "It's not abnormal. Sometimes we send cocoa (from Ivory Coast) to Ghana for the factory, but not this kind of volume," he said. Exporters in San Pedro, Ivory Coast's main cocoa exporting port, said they had been approached by Ghana-based grinders seeking to purchase a total of around 50,000 tonnes of beans. Other grinders have been forced to reduce output. "We don't have enough beans to run at full capacity, so we've reduced our output by 60 percent," said an official with Cargill, which operates Ghana's second largest grinding facility, a 65,000-tonne capacity factory.

Ghana, Africa's second largest cocoa processing hub after world leader Ivory Coast, has total installed capacity of 430,000 tonnes, but has habitually operated well below that level. Its grinders depend on a 20 percent discount for smaller beans produced mainly during the June-to-September light crop. These beans are typically blended with main-crop cocoa, which is too expensive to use on its own for processing. However amid this season's crop failure, Ghana's cocoa regulator Cocobod extended its main crop buying period to ensure the supply of premium beans for export as it struggled to fill contracts. Ghana's grinding sector also faces regular, prolonged power outages that disrupt factory operations and force companies to run costly diesel generators. "The erratic supply of light crop beans in Ghana could spell the demise of the local grinding sector as they depend on a steady flow of discounted beans to offset production costs," said Victoria Crandall, a soft-commodities analyst with Ecobank.*(Reuters)*

The President of the Ghana Chamber of Commerce, Seth Adjei Baah, has said that the recent hike in policy rate by the Bank of Ghana (BoG) will further push up interest rates, which are already considered among the highest on the continent. The BoG on Monday increased the Monetary Policy rate (MPR) by 100 basis points to 25 percent from 24 percent, reaching a 12-year high. However, the head of the chamber, in an interview with the B&FT believed that the central banks' decision will prove costly and debilitating to the business community. "The more they raise it, the banks will also increase their interest rates. When it went to 24 percent we all complained, hoping it would not be increased again. But look at what has happened; it has been increased. "I think this will cause interest rates to rise to 42 percent, and that will even be for the commercial banks. If you go to the savings and loans who lend to the SMEs, they are taking around 6 percent per month -- making it 72 percent per annum. How can businesses make profits if they are to pay such a high interest rate?" he asked. The hike in the policy rate comes after the International Monetary Fund (IMF) called for tightening of monetary policy to help bring down inflation, which currently stands at 17.3 percent, against the background of exchange rate volatility. Currently, the average lending rate of banks is 27.9 percent; and businesses are concerned the policy rate hikes, which largely determine interest rate trends, will be inimical to business growth in the country.

According to Mr. Adjei Baah, the central bank is not serving the interest of businesses with its decisions: "The Bank of Ghana keeps telling us that it wants to arrest inflation, and so keeps increasing the policy rate. This is purely theoretical knowledge. If they don't understand what is on the ground they should seek advice from those who know. Some people are not doing their work well, and they must be changed. They continue to make worse decisions and we keep blaming the government," he said. Meanwhile, the year-on-year inflation dipped from 17.9 percent in July to 17.3 percent in August, but the MPC ruled that the figure is still too high if the central bank is to achieve its target of single-digit inflation by end of 2016. Speaking at a press briefing after the 66th regular MPC meeting Dr. Kofi Wampah, BoG Governor, said: "Current forecasts suggest that attainment of the medium-term inflation target by end of 2016 will require further tightening in the monetary policy stance, or else the target horizon will shift into 2017". Since beginning of the year, inflation pressures have persisted due to volatilities in the foreign exchange market -- with implications for petroleum pricing and other tradable goods and services. The International Monetary Fund in its September country report said: "The Bank of Ghana should stand ready to tighten monetary policy further if inflationary pressures do not recede as expected". *(Ghana Web)*

Kenya

Corporate News

Kenyan book publisher Longhorn said on Friday its pretax profit for the full year to June dropped 34 percent to 96.92 million shillings ($919,545), hurt by falling revenues due to slowed performance of its Ugandan and Tanzanian subsidiaries. The company, which also operates in Malawi, Zambia and Rwanda, said in a statement its sales fell to 848.4 million shillings from 1.4 billion shillings in the full year to June 2014. Its earnings per share fell to 0.7 shillings from 0.93 shillings, and it recommended a final dividend per share of 0.15 shillings, down from 1.20 shillings in the year0ago period. *(Reuters)*

Economic News

Kenya's central bank said on Friday it planned to mop up 3 billion shillings ($28.5 million) in excess liquidity from the money markets. The bank uses term auction deposits and repurchase agreements to take out the liquidity, which makes it expensive to hold dollars, and partly lending support to the shilling. *(Reuters)*

Kenya's shilling lost ground on Monday as energy and telecoms companies sought dollars, but traders said tight liquidity was keeping the local currency from weakening further. At 0714 GMT, commercial banks quoted the shilling at 105.30/50 to the dollar, compared with Friday's close of 105.15/25. "It all boils down to fundamentals rearing its head: (dollar) demand. The people who can afford right now are the telecoms and energy. Most other people are on the sidelines," a senior trader at one commercial bank said. The trader said the shilling was getting some relief from tight liquidity, which had led to rising interbank lending rates. Tight liquidity makes it expensive to hold dollars. The weighted average interbank rose to 24.5569 percent on Friday, from 23.3978 percent on Thursday. "The (overnight) rate scenario is the one which is giving us some respite. Now we are seeing 25 percent, 26 percent," the trader said. A trader at another bank said the shilling would trade in a tight range ahead of the central bank's Monetary Policy Committee Meeting on Tuesday. Thirteen of 15 analysts polled by Reuters poll forecast that the central bank will keep its main interest rate at 11.50 percent on Tuesday. *(Reuters)*

The Kenyan shilling weakened on Tuesday as importers sought dollars to pay their bills, but traders said tight liquidity was limiting the local currency's losses while caution reigned before a central bank policy meeting later in the day. At 0722 GMT, commercial banks quoted the shilling at 105.45/65 to the dollar, compared with Monday's close of 105.30/40. "There's slight (dollar) demand in the market, though the tight liquidity is slowing down the process of weakening. Demand is from all sectors, all importers," a senior trader at one commercial bank said. In a sign of the scarcity of shilling liquidity, the weighted average interbank lending rate rose to 25.2328 percent on Monday from 24.5569 percent on Friday. Traders said the shilling was otherwise expected to trade in a narrow range while the market awaited the outcome of the central bank's Monetary Policy Committee meeting on Tuesday. Thirteen of 15 analysts polled by Reuters forecast that the bank will keep its benchmark lending rate at 11.50 percent. *(Reuters)*

Kenya's central bank held its benchmark lending rate at 11.50 percent for the second time in a row on Tuesday, saying inflation had fallen towards its medium-term target. But the bank's Monetary Policy Committee (MPC), whose decision was expected by the markets, warned that sustained turbulence in global financial markets and projected heavy rains at home could pose risks to the outlook for inflation. "Its (turbulence in global markets) impact on the exchange rate should be monitored," the MPC said in a statement. The committee said in a statement the measures it had taken in previous sittings had helped lower inflation towards its target of 5 percent. "However, the forecasted El NiÃ±o rains could disrupt food supply chains and exert pressure on food prices in the short term," the committee said. Razia Khan, head of research for Africa at Standard Chartered in London, said the MPC's worries over global volatility and the projected heavy rains justified another hike before the year ends. "We still think there is room for a rate hike of 50 basis points in November," she said, adding any further pressure on the exchange rate could make an increment even more likely. The shilling is down 14 percent against the dollar this year mainly due to a firmer greenback. But it has fared better that other currencies in the region like the Ugandan shilling, which is down by a quarter. Traders said the shilling, which closed at 105.60/70 per dollar before rates were set, did not react immediately to the hold decision in after hours trading abroad. Policymakers embarked on a tightening cycle in June, raising rates by a total of 300 basis points over two meetings, before pausing in August. Thirteen of 15 analysts polled by Reuters had forecast that the bank would keep its benchmark lending rate at 11.50 percent. *(Reuters)*

Kenya's shilling gained on Wednesday on speculation the central bank had been in the market to sell small amounts of dollars, but traders said the local currency may stay under pressure on dollar demand from the energy sector. At 0822 GMT, commercial banks quoted the shilling at 105.50/70 to the dollar, compared with Tuesday's close of 105.70/80. Trader said the shilling had weakened to touch 105.75/85 and also strengthened to 105.20/30 in early trade. "The shilling is stronger. We opened at 105.70/80 and moved to 105.80/90 and I think from there we have seen slight CBK intervention," a senior trader at one commercial bank said. A second trader at another commercial bank said there was a likelihood the central bank had sold dollars. "I have a feeling CBK might have intervened. The way the market kept coming down (weakening), most likely it was CBK. Usually when you see the market starting to move from 105.90 to 105.50, that is usually CBK," the trader said. A third trader said the shilling was expected to remain under pressure due to demand from sectors like energy, and despite tightening liquidity that would otherwise offer the local currency respite. The weighted average interbank lending rate rose to 25.6724 percent on Tuesday, with high of 27.25 percent, from 25.2328 percent on Monday, signalling there was a severe shortage of liquidity in the domestic money markets. *(Reuters)*

The International Monetary Fund (IMF) has revised its forecast for Kenya's Gross Domestic Product growth for 2015 from 6.9 percent to 6.5 percent, and trimmed 2016 numbers from 7.2 percent to 6.8 percent. IMF also revised inflation upwards to 6.4 percent from the previous projection of 5.2 percent while the current account balance is expected at 9.9 percent up from 7.3 percent but will still be lower than that of 2014 level that was 10.4 percent. While the recent lifting of the travel bans to popular tourist destinations could help reverse over time the sharp drop in tourist arrivals, the IMF noted that security risks remained a serious challenge. It noted that a deterioration of economic and financial conditions in emerging markets or in Europe, the latter a major origination market for tourism in Kenya, could adversely affect growth. Private investment could be further affected, particularly if FDI inflows for new oil exploration slow down significantly owing to depressed global oil prices. "Additional external risks related to the timing and pace of exit from unconventional monetary policy in the U.S., which could lead to rapidly rising yields, further U.S. dollar appreciation, and knock-on effects on growth in emerging and frontier economies also exist. Such global shocks could lead to a re-pricing of Kenyan assets and the exchange rate, as well as spillover effects on exports," IMF observed.

In the event of economic distress in East Africa, in particular South Sudan, the IMF noted that cross-border activities of Kenyan banks could be adversely affected. With regards to Kenyan banks' exposure to foreign exchange (FX) risk , the IMF highlighted Central Bank of Kenya stringent limit on net FX open position (10 percent of core capital, including off balance sheet exposures) that has encouraged banks operating in Kenya to restrict FX lending to companies and individuals that are naturally hedged against FX risk. "Further, Kenyan banks' exposure to FX risk remained limited. About 16 percent of total assets and 23 percent of total liabilities are denominated in foreign currency, resulting in a net FX open position of 2.9 percent relative to total banks' capital, which compares well with peer countries," IMF said. However, there are signs that the corporate sector foreign currency exposure is increasing. The share of foreign currency loans to firms relative to total loans to firms has increased to 32 percent in 2014 from 26 percent three years before, despite relatively low rates of export growth.*(Capital FM)*

The market-weighted average yield on Kenya's one-year Treasury bond rose to 19.441 percent at an auction on Thursday from 16.452 percent at the last sale in 2012, the central bank said. The weighted average rate of accepted bids also rose, to 19.062 percent from 16.432 percent at the last sale. The bank raised 24.97 billion shillings ($236.68 million) from the sale, falling short of its target of 30 billion shillings. *(Reuters)*

Malawi

Corporate News

No Corporate News this week

Economic News

Malawi's economy is seen expanding by 5.4 percent in 2015 and 6.5 percent in 2016 after a 6.0 percent growth in 2014, with positive growth in most industries expected to continue, the central bank said on Wednesday. "Gross Domestic Product grew by 6.0 percent in 2014 compared to 6.2 percent growth in 2013. All industries in the economy registered positive growth except for the mining sector," the Reserve Bank of Malawi said in a report on its website. *(Reuters)*

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Mauritius

Corporate News

Mauritius' trade deficit widened 12.9 percent in July compared with the same month last year to 7.19 billion rupees ($202 million), driven largely by higher imports of mineral fuels and lubricants. The value of imports rose 7.5 percent to 15.79 billion rupees, with mineral fuel and lubricants advancing to 2.97 billion rupees from 2.10 billion rupees in July last year, Statistics Mauritius said in a statement on Thursday. Exports from the Indian Ocean island nation rose 3.4 percent to 8.60 billion rupees, the data showed. Britain was the main buyer of goods from Mauritius in July, accounting for 14.1 percent of its exports, while India supplied 20.1 percent of Mauritius' imports. *(Reuters)*

Economic News

Mauritius' current account deficit widened in the second quarter of this year from the same period last year partly due to lower tourist earnings, data from the central bank showed on Monday. The deficit widened to 5.18 billion rupees ($146.83 million) from 3.39 billion rupees a year earlier. "The services account is estimated to post a surplus of 4.47 billion rupees, lower than the surplus of 6.95 billion rupees estimated for Q2 2014, reflecting among others, lower tourist earnings," Bank of Mauritius said in a statement. The bank said the merchandise trade deficit narrowed by 4.9 percent to 14.70 billion rupees in the second quarter helped by a 5.3 percent increase in exports of goods while imports grew at a slower pace of 1.4 percent. The central bank also said direct investment to the Indian Ocean island nation, which markets itself as a financial hub and bridge between Africa and Asia, fell to 4.76 billion rupees in the first half of 2015 from 7.92 billion rupees a year earlier. The investments were mainly in the real estate sector, which attracted 4 billion rupees, followed by accommodation and food service sectors, which jointly got 456 million rupees. France was the biggest source of foreign direct investment with 1.73 billion rupees followed by Britain with 711 million. *(Reuters)*

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Nigeria

Corporate News

Nigeria's state oil company has secured a $1.2 billion multi-year drilling financing package to contribute to the running of 36 oil wells to be operated as part of a joint venture deal, it said on Sunday. The Nigerian National Petroleum Corporation (NNPC) said the package, financed by a consortium of Nigerian and International lenders, would be used to supplement its contribution to a joint venture operation with Chevron Nigeria Limited. Nigeria is Africa's top oil producer and relies on crude sales for around 70 percent of government revenues.
The state oil company's ability to maintain its contributions to joint ventures has been hit by the fall in oil prices, and the resulting drop in revenues from crude sales, over the last year. NNPC said that, in addition to supplementing its joint venture contribution, the $1.2 billion package would also help in the maintenance of current production levels in the short term. NNPC spokesman Ohi Alegbe said the funding package was "an integral part" of a programme it had set up "to address the perennial challenge" experienced by the government in providing its contribution to joint venture upstream activities. The $1.2bn package is to be channeled into the development of 23 onshore and 13 offshore wells in two stages over the next three years. The first stage, comprising of 19 wells, is projected to deliver 21,000 barrels of crude oil and condensate per day alongside 120 million standard cubic feet of gas each day in 2015 and 2016. And the second stage, comprising of 17 wells, is projected to yield 20,000 barrels of crude oil and condensate per day alongside gas production of 7 million standard cubic feet of gas each day between 2016 and 2018. NNPC said both stages of the project were expected to generate up to $5 billion of incremental revenue. *(Reuters)*

Fidelity Bank Plc has announced its commencement of Saturday banking services in select branch locations across the country. This initiative, according to the bank, is in line with its mission to make financial services easy and accessible is part of the bank's renewed effort to provide a new face of service in the industry. In a statement from the bank, the service became effective September 12, 2015 and commences between 10.00am to 2.00pm in 15 select Fidelity Bank branches across the country. The branches include: Ketu, Alaba, Computer Village, Gbagada, Egbeda, (Lagos); Ekpoma, Mission Road (Edo State); Aba 3, Umuahia (Abia) and Challenge, Ibadan. Others are Polo Park, (Enugu), Nnewi, Onitsha Main (Anambra); Kano 3 and Owerri Main. The Managing Director/Chief Executive Officer, Fidelity Bank Plc, Mr. Nnamdi Okonkwo, said the introduction of Saturday banking services further reaffirmed the bank's commitment towards the creation of new customer experience in service delivery. "We are actively changing the way we do business; becoming more focused on our customers' needs and exceeding their expectations from us," he added. He noted the changing business environment and insisted that the only way to remain relevant to customers was to stay in tune with the times. In terms of value proposition to customers, Okonkwo said Saturday banking will allow customers to send and receive money to and from over 200 countries of the world.

"The bank's electronic banking platform will undoubtedly bear the weight of this new strategic direction as branch locations offering Saturday banking service will automatically become dedicated centres for money transfer and online remittances," he said. In view of this, Okonkwo said the bank would leverage on technology to improve customer service experience. He explained that the bank's electronic banking system "has drastically reduced the turn-around-time for online customer set up at all touch points, a clear testament of the bank's resolve to continually surpass customer expectation." According to Fidelity Bank boss, customers can conduct bank-to-bank transfers seamlessly via Fidelity mobile platforms. To support all these innovations, Okonkwo said that the bank is in the process of migrating its core banking platform from Finacle version 7 to Finacle version 10. The migration, which is part of the banks transformation initiative, will enhance its operational efficiency, strengthen innovation capabilities and support scalable growth. "Finacle version 10 will enable us to implement services such as enhanced SME banking, management information system reporting, application monitoring and disaster recovery automation.*(This Day)*

Nigerian fuel retailer Conoil said on Tuesday its first-half pretax profit dropped 64.3 percent to 528.54 million naira compared with 1.48 billion naira the previous year. Revenue fell 45 percent to 43.02 billion naira from 78.50 billion naira, the oil firm said in a statement without giving a reason for the sharp drop in earnings. Shares in the company were flat at 27 naira on Tuesday. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

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Economic News

The dwindling attraction and returns in the country's stock market caused foreign portfolio investors to pull out N410.49bn from the equities segment of the Nigerian Stock Exchange between January and August this year. Data obtained from the NSE showed that just as was the case last year, foreign investment outflow exceeded inflow in the first eight months of 2015. Foreign investors had pulled N846.53bn from the stock market last year although they invested N692.39bn, a development that caused the NSE All-Share Index to close with a negative return of -16.14 per cent. This is because the market is dominated by the foreign investors. They accounted for 57.52 per cent of total transactions in 2014. In the first eight months of this year, foreign investment inflow was N367.10bn, which was N43.39bn less than outflow. Despite the reported exit of many foreign investors from the stock market and expectations that domestic investors would take advantage of low stock prices, foreign investors still dominated the market, accounting for 54.36 per cent of the N1.430tn transactions in equities as of August. Further review of the participation statistics showed that foreign portfolio investment outflow exceeded inflow in six of the eight months under consideration. Inflow exceeded outflow in April, as investor confidence rose after the peaceful conduct of the presidential election, and in June following the change in government. Year-to-date, the NSE All-Share Index has a negative return of -12.40. The N1.430tn transactions recorded in the equities segment of the NSE in the first eight months of this year was, however, 5.8 per cent or N88bn less than the N1.518tn transactions recorded in the same period of 2014. The Head, Investment and Research, Sterling Capital, Mr. Sewa Wusu, said, "A combination of factors has actually been affecting the Nigerian economy and by extension we have seen reactions in the financial markets generally. They are headwinds that investors would naturally react to because of the fear of eroding the value of their investment." He, however, said that did not mean that the Nigerian economy did not have potential as it were, stressing that what was affecting the economy was a global problem as oil prices were down and commodity prices were tumbling.

According to him, now that the political risk has fizzled out, it is time for the government to face the economy squarely. This, he said, was because "most investors are just exiting to preserve their capital and wait for the tide to clear because they cannot just make investment decisions when there is no clarity in the macroeconomic space." On why domestic investors have not taken full advantage of the low stock prices, the Managing Director, Cowry Asset Management Limited, Mr. Johnson Chukwu, explained that the domestic investors in the market were majorly Pension Fund Administrators, with private investors lacking access to credit. "And if you look at the portfolio of the PFAs, you will see that they are getting underweight in equities; they are shifting much more of their funds to Federal Government Treasury Bills and bonds, which simply mean that they have more faith in the fact that interest rates would go up further," he said. Stressing that no dividend yield was as high as bond yields, Chukwu added, "We are in an economy where because of unclear economic policies, you cannot say that equity prices will rally."*(Punch)*

Nigeria's central bank kept its benchmark interest rate on hold at 13 percent on Tuesday but loosened monetary policy by cutting banks' cash reserve ratio to 25 percent to ease liquidity shortages, governor Godwin Emefiele said. The vote to cut the cash reserve requirement from 31 percent was by 7 to 3 votes of the monetary policy committee, he said, adding that the committee had voted unanimously to keep the main rate unchanged. Liquidity on the interbank market has dried up since authorities last week forced commercial banks to move government revenue to a Treasury Single Account (TSA) at the central bank, part of a drive by President Muhammadu Buhari to fight graft.
"No organisation has been exempted from the TSA," Emefiele said, denying Nigerian press reports about alleged exemptions. He warned Nigeria might slip into recession next year unless measures were taken to boost growth in Africa's biggest economy. A sharp fall in oil revenues has whacked public finances, delaying public salary payments and putting pressure on the naira. *(Reuters)*

Nigerian companies making anything from soap to tomato paste could run out of raw materials and be forced to shut down as Africa's top oil producer has effectively banned the import of almost 700 goods to prevent a currency collapse. Selected luxury items such as make-up or brown bread imported from Europe have become scarce in some shops as the central bank denies importers dollars, seeking to stem the fallout from a crash in vital oil revenues hammering Africa's largest economy. The central bank has restricted access to foreign currency to import 41 categories of items to stop a slide of the naira but the Manufacturers Association of Nigeria (MAN) said this in fact amounted to about 680 individual items. The foreign exchange bans are part of a long-term plan by President Muhammadu Buhari to encourage local manufacturing, but they run the risk of pushing the economy closer to recession after growth halved in the second quarter compared with the same period last year. Many items on the central bank list - ranging from incense and toothpicks to plywood, glass and steel products -- are not available in Nigeria in sufficient volumes. While Nigeria grows a lot of tomatoes, transport is poor and it lacks facilities to produce the concentrate needed by factories making tomato paste, a staple in the West African nation. "We've taken this matter up with the central bank and the highest authority in this country ... Fiscal authorities will also be involved, they weren't before," Remi Ogunmefun, the director general of MAN, said. MAN had told the central bank 105 items should be removed from the list, but the bank said it could not afford to do so and agreed to look into removing 44 items. MAN also suggested 93 finished items that should be added to the list because Nigeria produces enough of them.

The economic crisis is a blow to Buhari who wants to end dependence on oil revenues but faces criticism for failing to name a cabinet four months after taking office. Since the central bank unveiled its controls in June, executives have had to deal with foreign suppliers worried they won't get paid. They also struggle to convince banks to approve dollar payments. "It takes minimum 10 days now to get dollars, before it was 24-48 hours, and sometimes when you request like $100,000, you only get $80,000 and it's getting worse," said an executive at a large furniture company, asking not to be named. It's not clear which imports are still allowed as the central bank lists only categories. He can still bring in beds and chairs to be assembled in Nigeria, but not sofas. Some firms have defaulted on contracts and lost credit lines. "Many companies have defaulted on fulfilling foreign obligations ... even blue chip companies ... for the first time," said Muda Yusuf, director general of the Lagos Chamber of Commerce.

With no cabinet in place, central bank governor Godwin Emefiele finds himself discussing policies usually reserved for a finance or economy minister. At a news conference on Tuesday, Emefiele justified the controls -- which Buhari has backed -- as a way to create jobs in a country hit by poverty despite its oil wealth. "I read an advertisement in a paper that shortly after we announced the foreign exchange exclusion for the importation of tomato paste they advertised for almost 1,000 jobs," he said, citing the example of a tomato paste company, a sector that experts do not in fact expect to flourish now. Emefiele has ruled out another naira devaluation but on Tuesday loosened monetary policies to inject liquidity into banks, which had been forced to transfer government revenues to a central bank account as part of an anti-corruption drive. Nigeria stepped up import controls when Buhari led a military government in the 1980s and the economy suffered then too. Razia Khan, Chief Economist, Africa, at Standard Chartered Bank, said there was little certainty the latest controls would boost manufacturing.
"Nigeria has had substantial experience with similar import-substitution policies in the past," said Khan. "Rarely have they succeeded in creating a vibrant, competitive industrial sector, with the capability of creating the employment growth that Nigerian demographics otherwise demand." According to the Lagos Chamber of Commerce, Nigeria is short of 600,000 tonnes a year of palm oil, that is used to make soap, detergents and cosmetics that have also been restricted. Pharmaceutical firms lack bottles, and glass manufacturers do not have the glass to make them. Companies also suffer from the central bank's attempt to stop the dollarisation of the economy. A ban on cash deposits of foreign currency has forced firms to use informal "transfer markets", whereby people abroad wire dollars on a company's behalf. That exchange rate is well below the official rate to the dollar. Some executives now carry bags of cash to deposit in neighbouring countries. For some though, the measures offer hope. "It's a big challenge to compete in a market with imported frozen chicken and fish. The profit is marginal," said Kabir Chaskewa of Ajima Farms, a family business based near the capital, Abuja. Compared to a foreign firm that produces frozen chicken in batches of up to 1 million, Chaskewa can only do batches of 5,000. "Now there's a rise in demand for local poultry and rice," he said. *(Reuters)*

The Federal Ministry of Agriculture and Rural Development has mapped out plans to partner the Chinese government in the enhancement of agriculture development. The Permanent Secretary in the ministry, Arc. Sonny Echono, stated this in Abuja while receiving the Chinese Ambassador to Nigeria, Mr. Gu Xiaojie in his office. Echono, who observed that the Chinese agricultural development model suited Nigeria's Agricultural Transformation Agenda (ATA), said Nigeria was working to improve its milling capacity in rice and cassava. He added that Nigeria requires support in the establishment of ranches, poultry and textile industry, thereby invited Chinese investors to come and invest in these sectors. According to Echono, Nigeria was working hard towards increasing productivity, hence the need to develop the Staple Crops Processing Zones (SCPZs). He disclosed that partnership discussion is on-going with some research institutions in China in the area of technology. He said China has a huge market in cassava chips, hence the need to support Nigeria's cassava production, saying Nigeria was the world producer of cassava. According to him, other opportunities for investment include aqua-culture, fishery production and wheat production so as to be able to meet the demands of the local millers." The Permanent Secretary also sought support in capacity building, in egg powder production and transfer of technology. According to the statement, Gu Xiaojie in his remarks, expressed the readiness of the Chinese government to work closely with the government of Nigeria in exploring areas of cooperation since both have large population and markets. The ambassador suggested the creation of platforms for commercial farmers and technological companies to meet to know the areas of needs so as to meet their individual needs. He, however, pledged the Chinese government's readiness to co-operate with Nigeria in the area of technology, economy and anti-corruption.*(This Day)*

Tanzania

Corporate News

TANZANIA Breweries Limited (TBL) has embarked on training of small scale entrepreneurs engaged in the sale of its products to improve their businesses. The TBL Public Relations Manager, Ms Doris Malulu, said in Dar es Salaam that the three-year programme was aimed at creating awareness, imparting knowledge and skills on how to improve the small scale entrepreneurs businesses. The training has been organised by TBL in collaboration with Tanzania Association of Business Development Services Providers Company Limited (TAPBDS). Ms Malulu said, that the training programme involving the TBL small scale entrepreneurs, will see 1,226 entrepreneurs in Mbeya and Dar es Salaam receive the training in the first phase of the programme. "The company has initiated the plan to enable the business people basically on the scale enterprises to improve their businesses by being financially stable," she said adding the training is also aimed at paying back to the communities. According to Ms Malulu, the training is facilitated by the TBL mainly to recognise the entrepreneurs contribution to the development of the company. "After the training, we will keep on mentoring the beneficiaries of the training (small scale entrepreneurs) to ensure changes towards improving the businesses," she noted.

On the other hand, the Executive Director of TAPBDS Mr Joseph Migunda the trainings were specifically and professionally organised focusing on imparting knowledge and skills to small scale entrepreneurs engaged in the sale of TBL products. "It our hope that the training be of importance to the participants towards improving their businesses," he said. Meanwhile, TBL called in the TBL small scale entepreneurs to ensure they take part in the training aimed at improving the quality of their businesses. The programme is a three-year programme scheduled to end in March next year. *(Daily News)*

Tanzania's state power supplier TANESCO said on Wednesday it expects to clear arrears to suppliers worth about $250 million by the end of 2016, helped by cutting reliance on imported oil and switching to cheaper, domestic gas-fired plants. Managing Director Felchesmi Mramba told Reuters the firm was talking to banks for refinancing to help meet the arrears, which have been a deterrent for new investors in developing gas fields and private power production. TANESCO, which generates and distributes electricity, has cut arrears from almost $400 million in January 2014, helped by higher tariffs and by switching to gas.
Plants using gas generate power at about 9-10 U.S. cents per kilowatt hour (kwh). For oil plants the cost is 40-45 U.S. cents. "That is why you will find all our focus now is to speed up generation using natural gas," Mramba told Reuters. "I believe we can pay all the arrears before the end of next year," he said, adding the government had also shown "strong willingness" to resolve the issue. TANESCO's arrears are with private power and fuel suppliers, and have climbed over the years after dry spells hurt hydropower output and the government raced to fill the shortfall by building fuel oil or diesel plants. Tanzania's huge gas finds are ending a reliance on that stopgap, but experts say investors will remain cautious about developing gas fields to supply the Tanzanian market or building new private power plants as long the payment backlog remains. Mramba said cheaper-to-run gas plants meant the "generation equation will change completely" in helping costs match revenues. "We will be reliable payers," he said. He said TANESCO was talking to banks about refinancing to help clear part of the arrears, while other funds to make repayments would come from improving revenues.

Mramba said TANESCO still faced challenges. A sharp devaluation in the shilling since the new tariff was agreed had hit revenues, because the firm was not able to pass on the extra costs to the customers without discussions with the regulator. Tanzania has installed capacity, including private suppliers, of 1,570 megawatts (MW). Of that, about 560 MW was hydropower. Most oil plants are being shut or converted.
Tanzania aims to add about 2,000 MW in gas-fired generation by 2018. By 2025, it aims to have installed capacity of 10,000 MW. Most new plants will be gas, but it also wants to use coal reserves and add other renewables, such as wind and geothermal. The expanding capacity will help meet domestic demand as the government connects more people to the national grid, just 40 percent are connected now, and offer the opportunity to export to neighbours, such as Mozambique and Zambia, Mramba said. The government also plans to split TANESCO into three firms covering generation, transmission and distribution. Mramba said the first step was to separate the generation business, with a target date of 2017 for that step.*(Reuters)*

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TRADING

Economic News

CREDIT extended to the private sector by banks remained strong, growing at 23.5 per cent in July 2015 compared to 20 per cent posted in the previous month, giving positive signal of increased economic activities. "It is worth noting that, due to substantial changes in exchange rate there was large increase in revaluation account which partly dampened the impact of the large increase in foreign and domestic assets on money supply," the Bank of Tanzania (BoT) said in its latest report. BoT said in its monthly economic review for August that the credit growth to major economic activities was mixed but remained positive in the year ended July 2015. Manufacturing activity recorded the highest growth of 30.7 per cent, followed by personal loans, transport and communication, trade, and building and construction. In terms of shares to outstanding credit, trade continued to dominate, accounting for about 21 per cent; followed by personal loans by 17.2 per cent and manufacturing at 12.5 per cent. The growth of credit to the agriculture sector slowed to 6 per cent from 7.6 per cent in July this year from 6.0 per cent recorded in the preceding month.

During the period under review, the percentage share of banks credit to agriculture sector declined to 8.5 per cent from 8.6 per cent in July. Similarly, the annual growth of extended broad money was 16.7 per cent in July 2015 compared with 12.9 per cent in July 2014 and 13.2 per cent in June 2015. The growth of extended broad money growth was accounted for by net foreign assets (NFA) and net government borrowing from the banking system, as well as banks' credit to the private sector. The NFA of the banking system grew significantly by 26.7 per cent from 5.6 per cent in the year ending July 2014, largely due to valuation gains resulting from depreciation of the shilling against the US dollar. Net government borrowing from the banking system grew by 27.4 per cent compared with 15.9 per cent during the same period. *(Reuters)*

Tanzania expects to open its capital markets further in December by letting foreigners from outside east Africa invest in Treasury bills and other debt, a senior central bank official said on Tuesday. Tanzania has been easing restrictions on its capital markets in line with commitments as a member of the five-nation East African Community bloc. The country, once a bastion of socialist values, has moved more slowly than some of its neighbours. Joseph Masawe, director of economic research and monetary policy, told Reuters deepening the capital market would make it more responsive to rate moves by the central bank, which could start announcing a benchmark lending rate by late 2016. "We have already started measures to set a central bank rate, and probably by the next year or so we should be able to start also announcing the central bank rate," he said in an interview at Bank of Tanzania's headquarters in Dar es Salaam. Unlike other EAC states such as Kenya, Uganda and Rwanda, Tanzania does not set a benchmark lending rate. It focuses on managing shilling liquidity by selling and buying government instruments, using that route to guide rates in the market. At present, T-bills and other instruments can only be held by Tanzanians or investors from east Africa, who must keep them for at least a year, a step Masawe said was one of the country's "speed bumps" to prevent volatility. "We have moved towards liberalising our financial markets for east African residents," Masawe said. "With the rest of the world, we are expecting to have full liberalisation in December." He said whether to keep the "speed bumps" would be reviewed in December. "For us, those are going to be temporary."

Like other regional currencies, Tanzania's shilling has weakened against the dollar. Reuters data show the shilling has lost almost 20 percent of is value so far this year. Masawe said global dollar strength was partly to blame but that a central bank decision to reduce bank reserve requirements in December 2014 had contributed. The bank reversed that decision in May and took other measures to withdraw liquidity, which Masawe said had helped stabilise the shilling at around 2,100 to the dollar. "The most disturbing factor is volatility," he said. Inflation was 6.4 percent in August, above a medium-term target of 5 percent. Masawe said it was expected to ease to 6 percent by year-end and to fall to 5 percent by next June. Tanzania's economy was still on target to grow by 7.2 percent in 2015 and 7.4 percent in 2016, Masawe said, adding it could get a lift as new gas-fired power plants start up, tapping Tanzania's large gas reserves instead of importing oil. Tanzania's plan to build a liquefied natural gas (LNG) plant to export gas could hike growth to 9 percent from 7 percent a year once construction starts, he said. Experts, however, say building work may be years away. *(Reuters)*

Zambia

Corporate News

Glencore's Zambian unit Mopani Copper Mines (MCM) has notified the government that it plans to lay off more than 3,800 workers due to lower metal prices and high production costs, government sources said. An electricity shortage in the southern African nation and weaker copper prices have put pressure on its mining industry, threatening output, jobs and economic growth in Africa's second-biggest producer of the metal. Mopani had initially said it planned to cut 4,300 citing lower metal prices and high production costs. "Mopani has served the labour commissioner with a notice stating that they plan to declare 3,817 workers redundant," a source at the labour ministry told Reuters late on Tuesday. "They now have to wait for the labour commissioner's opinion. The labour commissioner has to consent before they can implement the plan," the source said. Mining firms are required by law to notify the government when planning to reduce jobs, another source at the ministry of mines said. "They are still engaging the unions and other stakeholders like the government, so that number can't be final," the second source said. Glencore had raised the amount of money it planned to invest in Mopani to almost $1 billion dollars from $500 million over the next 18 months to improve efficiency, the source said. Mopani's spokesman Cephas Sinyangwe declined to comment on the planned job cuts and the proposed investment. President Edgar Lungu's spokesman Amos Chanda said that government officials had met executives at Glencore and Mopani to urge them to follow the law while implementing the job cuts. "We don't want a lot of jobs to be lost but we welcome Glencore's plans to invest huge amounts of money in Mopani to enable it withstand shocks like the current one," Chanda said. *(Reuters)*

Economic News

Zambia's government is taking measures to ease power shortages and the southern African nation will be a net exporter of electricity within 12 to 13 months, President Edgar Lungu said on Friday. Zambia's economy is likely to grow by less than 5 percent in 2015 due to a power crunch that has hit output from mining companies, already grappling with a slide in global copper prices. "Let me assure the nation that my government has rapidly moved to address this problem," Lungu said when opening parliament. Lungu said the government would invest in the energy sector and attract private entrepreneurs to address shortages. He said investment in energy and infrastructure that supported growth would benefit Zambia and the country did not risk falling into a debt trap. "Our debt is around 40 percent of gross domestic product. The nation has borrowed mainly to finance roads, energy and infrastructure as a long-term investment that will spur economic development," Lungu said. Lungu also split the ministry of finance, moving national planning to a new ministry of Development Planning. *(Reuters)*

Zambia's state Road Development Agency (RDA) on Monday awarded a $492 million contract to a Chinese company to construct and repair roads in Africa's second-largest copper producer. RDA's Chief Executive Officer Kanyuka Mumba said after the signing of the contract that China Henan International Cooperation would construct 406 km (244 miles) of urban roads in Zambia's Copperbelt region. "Once completed the improved road network will ease the movement of goods and services," Mumba said, adding that the financing for the project would be concluded within six months. The government through its National Road Fund Agency would provide the funding for the project, he said. President Edgard Lungu said on Friday that investment in infrastructure that supported growth would benefit Zambia and it did not risk falling into a debt trap. The economy is likely to grow by less than 5 percent in 2015 due to a power crunch that has hit output from mining companies, already grappling with a slide in global copper prices. Zambia also gave China's Star Software Technology a $273 million contract to complete its migration to digital broadcasting by December 2017, a government official said. Star Software, which completed phase 1 of the project in urban areas in May, would supply, deliver and install digital broadcasting equipment to the rest Zambia, a senior official in the broadcasting ministry Godfrey Malama told Reuters. *(Reuters)*

Zambia's inflation quickened to 7.7 percent year-on-year in September from 7.3 percent in August, the Central Statistical Office (CSO)

said on Thursday. "The increase was mainly attributed to increase in the prices of both food and non-food items," the statistics agency said. Monthly inflation slowed to 0.7 percent in September from 0.9 percent in August, the agency said. *(Reuters)*

The job cuts sweeping across Zambia's mines could get worse in Africa's second-biggest copper producer as companies scale down operations due to electricity shortages and higher production costs, an official said on Wednesday. An electricity shortage and weaker copper prices have put pressure on Zambia's mining industry, threatening output, jobs and economic growth in the southern African nation. "Some parts of mining operations will be shut down or scaled back to cope with the load-shedding (power cuts)," Zambia Chamber of Mines economist Shula Jalasi-Shula told Reuters. "Power is used not only in mining and processing, but also in maintenance, especially in our old underground mines where power is an extremely high overhead cost. We need a reduced royalty rate to help cope with the prevailing commodity price." Zambia's government in June cut mineral royalties for underground mines to 6 percent from 9 percent and those of open cast mines to 9 percent from 20 percent following an outcry by mining companies.

Glencore's Zambian unit Mopani Copper Mines (MCM) has said it plans to lay off more than 3,800 workers due to lower metal prices and high production costs. China's CNMC Luanshya Copper Mines put 1,600 staff at its Baluba operation on forced leave and Konkola Copper Mines (KCM), owned by Vedanta Resources Plc also put 133 employees on forced paid leave. Zambian power companies and mining firms in August agreed to cut power supply to the mines by 30 percent due to a power deficit which has risen to 985 megawatts (MW) in September from 560 MW in March. Zambia's power generation capacity stands at 2,200 MW, with the bulk produced from hydropower, but supply is often erratic. Zambia has resorted to importing power from Mozambique and the Southern African Power Pool but this has made it more expensive to run the mines, Jalasi-Shula said. Other foreign firms running mines in Zambia include Barrick Gold Corp and Canada's First Quantum Minerals.*(Reuters)*

Zimbabwe

Corporate News

RAINBOW Tourism Group (RTG) has slipped into a $1,9 million loss in the half year ended June 30 2015 from a profitability position in the comparable period in 2014 due to a decline in revenue and increase in operating. In the comparable period in 2014, RTG posted a profit of $139 211. Revenue declined by 8% to $12,4 million from $13,5 million in 2014. Cost of sales declined to $4,5 million from $4, 8 million in 2014. Other operating income grew to $246 209 in 2014 while operating expenses grew to $7,6 million from $7,2 million in 2014. In a statement accompanying the group's abridged unaudited interim consolidated financial results, RTG chairperson John Chikura said the revenue performance was negatively impacted by low conferencing activity in the first four months of 2015. Chikura said the decrease in foreign business which is mainly driven from South Africa was due to the weakening of the rand rendering Zimbabwe an expensive destination. "The group is confident of a full recovery by the end of 2015, as the second half of the year contributes 60% to the group's annual revenue. We anticipate better performing foreign arrivals and an upsurge in conferencing activities, which will be buoyed by the upcoming international conference being hosted by the Ministry of Health and Child Care in the last quarter of the year. This conference is set to attract over 7000 delegates into the country," Chikura said. In the period under review, the group revenue per available room (RevPar) decreased by 6% to $30 from $32 recorded same period last year. He said the drop in the groups RevPar was due to rate softening and lower occupancies during the period compared to the corresponding period last year. "The group continued to pursue its pricing model which is aimed at promoting domestic tourism in order to boost activity in all its hotels. "The group launched a series of promotions including new weekender rates, RTG online auctions and the Rainbow Delights menu. These programs are meant to minimize the impact of liquidity challenges in the domestic market," he said. *(News Day)*

PEARL Properties has recorded a 3,85 % drop in revenue to $5,6 million for the eight months ended August 31, 2015 due to a decline in rental income. In the same period last year, Pearl's revenue was $5,8 million. Rental income declined to $4,258 million from $4,431 million in 2014, net property income grew by 5,59% to $3,9 million from $4,2 million in 2014, while administrative expenses declined by 6,38% to $1,7 million from $1,8 million in 2014. Pearl Properties managing director Francis Nyambiri said the property market had remained subdued in the first half of the year with increasing defaults, declining occupancy levels, increasing evictions and voluntary space surrenders. "These fundamentals adversely affected the prospects for upward rent reviews as landlords seek to retain existing paying tenants. Demand for space remained weak with the central business district (CDB) office sector being affected the most. However, the demand for retail space remains relatively strong in both CBD and suburban areas despite the subdued economic fundamentals," Nyambiri said. Occupancy levels declined to 77,37% from 79,93%. Rental yield declined to 7,09% from 7,33% in 2014. Cash yield went down to 4,63% from 4,73% in 2014. Rental per square metre declined to 7,51% from 7,78% in 2014. "The market dynamics affected performance as we have seen rental stagnation and the rental income declined to $4,258 million from $4,431 million in 2014. The sector affected most is CBD offices due to the weak demand for that particular sector," Nyambiri said. "The week demand for space within the CBD resulted in the decline for rental per square metre."

During the period under review, office parks contributed 33,40% to the rental income followed by CBD offices (26,70%), industrial (16,30%), CBD retail (13,16%) and suburban retail with 10,39%. While in the CDB rental per square metre declined to $10,05 from $11,74, office parks improved to $10,09 from $10,04 in 2014. Tenant arrears grew to $2 638 million from $2,393 million due to the liquidity challenges prevailing in the economy. During the period under review, the company committed a total of $142 000 towards property maintenance. Commenting on property development, Nyambiri said the sectional titles for George Square Mews (Kamfinsa Cluster Homes) were now available and to date the company had received eight purchasing offers but these were subject to mortgage finance. Nyambiri said the group was still looking for funding to finance the Fourth Street project. "The focus of the business is to ensure we have sustainable income and whatever we do we want to make sure we don't lose what we already have. "We are also working on cost containment and we are analysing critically to ensure that at the end of the day the costs on tenants remain reasonable," Nyambiri said. *(News Day)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Fidelity Life has made a $2 million deposit for Langford Estate and the balance would be paid over seven years as it accelerates its housing development thrust, managing director Simon Chapereka has said. Fidelity entered into a land-for-debt swap with CFI Holdings in which it would take over the latter's debts in return for Langford Estate. The transaction is valued $18 million. CFI owes creditors $18 million made up of banks ($16 million) and others ($2 million). "Out of the $16 million owed by CFI to banks, we have paid $2 million. There is a two -year grace period and we have to repay the balance after five years," he said. This will be Fidelity's third housing project after Fidelity Park in Manresa and Southview Park. Chapereka said the costs of servicing the estate would be cheaper as the company will have to connect water and sewer from Southview. During the development of Southview Park, Fidelity had to build an 11km water pipe at a cost of $2,675 million and a 6,8km sewer trench. Outgoing IIZ President Simon Chapereka (left) who is also the Managing Director of Fidelity Life Assurance with Chomi Makina. Chapereka said Fidelity was awaiting approval from shareholders on the Langford project, adding thatmore than 50% of the shareholders had given the project the go-ahead. Langford Estate has approved plans for 12 000 housing units. Chapereka defended Fidelity's venture into property development saying it had given Fidelity Life a quantum growth on the balance sheet.

He said Fidelity bought land from Southview for $3,3 million and the cost was around $30 million. He said the project would generate over $80 million in 10 years and put $55 million into the bottom line. "The value created will support the core business," Chapereka said. He said Fidelity primarily remains as a financial services company with insurance as the core business. "It has given us the opportunity to do other things. We have utilised the funds from insurance to enhance our investments," he said. "As an insurer, the business is profitable. As an underwriter, we have managed to grow the business by 50%. We are happy in terms of growth." *(News Day)*

Zimbabwe hospitality group African Sun has contracted Legacy Hotels of South Africa to manage five of its biggest hotels in the country and institute a $60 million facelift of its properties over three years, officials said on Friday. Legacy chairman, Bart Dorrestein told a press conference to announce the change in the group's business model that the agreement to manage Elephant Hills, Kingdom Hotel, Monomotapa, Hwange Safari Lodge and Troutbeck Inn will take effect from October 1. The deal will see Elephant Hills and Kingdom hotels rebranded immediately, while Monomotapa, Troutbeck and Hwange will follow at a later date. The group terminated its Ghana operation where it ran Amber Accra Hotel on August 31 and will complete the exit from its Nigeria operations by end of this month.
African Sun chairman Herbert Nkala blamed the regional expansion strategy for African Sun's high gearing and said since dollarisation, the group has not declared a dividend and has accumulated losses of over $20 million in that time. He said the exit from the region would result in savings of $10 million annually. "African Sun's outside investments were diverting much needed resources from the much profitable Zimbabwe operations," said Nkala. He said the International Hotels Group (IHG) will retain its right to continue with the franchising structure with respect to Holiday Inn Harare, Bulawayo and Mutare. The entry of Legacy was largely expected after AfSun said in March that it was in discussions with a strategic partner to improve the competitiveness of its hotels.

Last month, it fired its top management after parting ways in March with former chief executive, Shingi Munyeza, the architect of the regional expansion strategy. Munyeza's exit followed the takeover by private equity investment and advisory firm, Brainworks Capital Management, which held a 55, 11 percent shareholding after closure of its mandatory offer to the hotelier's minority shareholders in May this year. Brainworks, through its investment vehicle Lengrah initially bought into the hotel group in 2013 following a transaction between the firm and Munyeza's family trust, Nhaka Trust, in which the latter ceded shares in African Sun in exchange for cash and 17.02 percent of Brainworks. Brainworks later bought back the stake in a share buy-back exercise early this year. Legacy is among the largest hotel chains in South Africa, with operations in Gabon, Ghana, Namibia and Nigeria. "The country has potential to become one of the world's leading destinations. Upon the opening of the new Victoria Falls airport, Zimbabwe is ideally placed to become the SADC (Southern Africa Development Community) gateway for tourism," said Dorrestein. *(Source)*

GB Holdings has nearly halved its loss to $471 144 in the six months ended June 30 from $818 136 in the comparable period attributed to a growth in revenue and a decline in operating expenses. Revenue grew by 46% to $2 172 899 from $1 478 814 due to improved offtake by mining companies. Operating expenses were down to $1 028 220 from $1 100 330 in the same period last year. Finance costs were 18% higher than the prior year due to additional borrowings accessed to finance an improved order book. The company said its major customers, the mining sector, "continued to be affected by viability challenges owing to the high operational costs and depressed commodity prices emanating from low global demand". "Despite the above challenges, the sector has responded positively to policy measures taken in integrating the extractive and manufacturing industries. The full benefits of these initiatives are yet to be felt as implementation of the policies is in its infancy," it said. In the outlook, GB Holdings said it was encouraged by the positive market response and "we continue to dialogue with customers in pursuit of market share and competitiveness". "The rubber division is expected to have improved capacity utilisation in the last quarter as it expects an upsurge in demand due to planned maintenance by its customers," it said. In the six months ended June 30, the division recorded a 184% increase in turnover to $1,3 million. Due to the improved capacity utilisation and overhead recoveries, the rubber division recorded a gross profit of $158 000 from a loss of $250 000 in the prior year. The company said the chemicals unit will continue exploring new opportunities in new market niches while consolidating existing ones. "Economic funding options are being pursued to address the cost of capital," it said. In the six months ended June 30, turnover for the chemicals division was 14% lower than the prior year due to depressed downstream demand. *(News Day)*

Hippo Valley Estates Limited says it has ethanol production capacity of 41 million litres per month and has applied for a licence to supply the local market. The country requires 50 million litres of petrol per month. Of that, 7,5 million litres will be ethanol under the mandatory E15 blending ratio. Speaking at the company's annual general meeting yesterday, managing director Sydney Mtsambiwa said the company was supplying specific market segments. "Our installed ethanol production capacity is around 41 million litres and as we speak right now we are already producing anhydrous ethanol, but we are supplying specific market segments with their requirements," Mtsambiwa said. "Clearly, ethanol does provide us with an alternative business line and is something that we have been working on for the past couple of years so it is not new to us." Hippo Valley said the unavailability of cash in the economy was constraining the uptake of its products. This, Mtsambiwa said, was preventing the company from getting cash. This has forced the company to look into producing ethanol which is also another byproduct of sugar cane as a way of generating another source of revenue to compensate for the lost ground as there was a high demand. Hippo Valley is currently engaging local authorities to get licencing to start production of ethanol. Mtsambiwa said the only remaining issue was concluding getting the necessary regulatory authority to be allowed to produce ethanol for the local market which they wanted to readily exploit. "As soon as we can get our way around the regulatory side of issues, then we will be able to ramp up operations to meet specific demand," Mtsambiwa said.

In the financial year ended March 31 2015, the company posted an operating profit and net profit of $16,2 million and $7,3 million respectively. This was down from $19,1 million and $9 million respectively in the prior period in 2014. This was largely due to the significant recovery in the local market sales volumes at higher returns compared to realisations from the depressed European Union exports. Total revenue came in at $146, 8 million an increase of 8% from $136,1 million over the same timeframe last year. Cash generated from operations was down by 39% at $17,8 million from $29, 1 million during the same period last year. Sugar production decreased by 5% to 228 000 tonnes from 239 000 tonnes in 2014 as a consequence of no cane deliveries from Green Fuel, an independent ethanol producer in Chisumbanje. *(News Day)*

MASIMBA Holdings Limited has seen its revenue dipping by 30% to $9,5 million in the six months ended June 30 attributed to suppressed economic activity. In the same period last year, Masimba recorded revenue of $13,6 million. Loss after tax was $339 517 down from $344 390 in 2014. Speaking at the company's analysts briefing in Harare yesterday, Masimba chief executive officer Canada Malunga said the first half of the year had been challenging as a result of the continued decline of the economy. "Construction revenue is expected to grow marginally in the second half of 2015 and significant growth expected in 2016. Decelerating loss in second half of 2015 and business will return to profitability in first half of 2016," Malunga said. Notwithstanding the decline in turnover, gross profit percentage improved to 21% compared to 17% during the comparative period last year. "While the operating environment is expected to remain depressed in the short to medium term, the board is optimistic that a turn in the economy is imminent. The board believes that Masimba will be able to exploit the anticipated infrastructure development opportunities particularly in housing, mining, roads and transport, communication and water," he said.

Earnings before interest deductions, taxation and amortisation declined to $535 963 from $759 638 due to the lower order book in the construction unit. The group generated positive cash flow from operations amounting to $725 127 from $688 808. Investing activities utilised cash flows of $149 150 from $229 501, primarily in the acquisition of property, plant and equipment. "Strategic position into the future: 2016 can only be better and what we have been busy trying to do is to take a strategic position. Sustained overheads have declined by 17% in 2015 and are expected to come to 15% in 2016. Construction head office and support services have been reduced from 130 to 60 in third quarter of 2015," he said. During the period under review capital expenditure amounted to $158 107 from $273 426. "Total equity declined by $8,6 million due to the Proplastic dividend in specie. Stable and strong financial position supported by readily available facilities to fund viable projects," he said. He, however, said government debts to Masimba were reduced to $1 690 297 as at June 2015 compared to $2 996 338 as at December 2014. *(News Day)*

Caledonia Mining Corporation says the ongoing $70 million expansion of its Blanket gold mine in Gwanda will improve the mine's operational efficiency and drive down production costs, cushioning it against further dips in the price of gold. The Canadian junior miner, which owns 49 percent of the Gwanda operation, last year tabled a revised investment plan for the mine — to spend $50 million in the period 2015-2017 and a further $20 million between 2018 and 2020 — which seeks to increase annual output from 40,000 ounces to around 80,000oz by 2021. Chief financial officer Mark Learmonth said implementation of the Revised Plan, was proceeding as scheduled with installation of the Tramming Loop having been completed earlier in the year, along with the sinking of the No. 6 Winze shaft. Learmonth said 2015 will be a critical year in the mine's operation and that production would be low and only expected to recover in 2016. "As we move into 2016 we will see production increases again and as that happens you get not only the benefit of selling more ounces of gold but your average costs come down quickly and you end up with a turbo charged effect on your cash generation," Learmonth said in a recent interview with Mineweb. "Once we get into 2016, our cash situation will improve and by the time we get to 2017/8 we would expect our on mine costs to be in the mid $500's again and all-in-sustaining-costs of below $750 (per ounce) and that really does insulate you from any adverse movements in the gold price," he said. In a separate update on Monday, the company said it was on track to achieve 42,000oz this year. The price of gold fell under $1,100 per ounce during the first half of the year. *(Source)*

Zimbabwe's largest conglomerate by revenue Innscor Africa Limited on Thursday reported a nearly seven percent decline in revenue to $814 million, excluding the discontinuing takeaway operations set to be unbundled, in the full year to June 30 as key units performed poorly, leading to management overhauls in some of them. The FMCG group last year became the first Zimbabwean business to record $1 billion turnover, but the conglomerate suffered disappointing trading performances in some key units during the year, and hopes management changes will breathe new life into the subsidiaries. Presenting the company's full year results on Thursday, chief executive Antonio Fourie said the group had made management changes in five of its businesses which were facing challenges. The South African former Ellerine Holdings group chief executive himself took over from John Koumides in October last year to provide fresh impetus to the stuttering conglomerate. Koumides was reassigned to serve as head of corporate finance and Innscor International. "We have a number of management changes, in all the businesses that we had challenges, the managing director has been replaced. We have new people in place we believe will be able to do the job," he said.

SPAR Zambia, SPAR Zimbabwe, Colcom, and Bakers Inn are some of the businesses that have new management. Profit after tax fell 53 percent to $36,1 million. The group's light manufacturing unit – which includes National Foods, Colcom, Irvines, Capri and bakeries — contributed 58 percent to total revenue while the logistics arm and Quick Service Restaurants contributed 12 and 16 percent respectively. Retail and wholesale contributed 17 percent. "The bulk of the business did reasonably well and are showing growth and improvement. Two business units – National Foods and bakeries had a really bad year. Also a once-off legacy cost took a toll on the business," Fourie said. Innscor had once-off charges amounting to $8,8 million relating to the restructuring exercise, cost of sales and asset impairment. National Foods Limited registered a 12 percent decline in average selling price and an eight percent fall in volumes. Zimbabwe's worsening economy has eroded consumer spending and the group says it will continue to pursue strategic acquisitions and reduce costs to achieve a targeted return on equity — which Fourie told The Source in a December 3, 2014 interview is 30 percent. The group also targetted 60 percent of free cash generation EBITDA (earnings before interest, taxes, depreciation, and amortization), he said then. Headline earnings per share declined

15 percent to 3,48 cents. *(The Source)*

Regional grocer Choppies says revenue in its Zimbabwe operations rose to $82 million (BWP 863 million) in the full-year to June 30 despite declining disposable incomes, and plans to continue expanding its footprint in the country. Earnings before interest, tax, depreciation and amortisation (EBIDTA) from the operations was also higher at $2,9 million (BWP 30 million) after the group increased added seven new outlets to 20 during the year. "The dollarized Zimbabwe economy remains fragile. Average basket sizes dropped considerably but footfall growth was very strong indicating a growing popularity of the Choppies brand," said the group in its financials released on Tuesday. At group level, Choppies revenue increased to $567 million (BWP 5,95 billion), 19 percent higher than last year with 64 percent derived from its Botswana operations at $363 million (BWP3,8 billion). Net profit stood at $18,8 million (BWP197 million) with earnings per share up by 20 percent to $1,63 (17.11 thebe). It reported a loss in South Africa where it operates 37 stores, mainly in the North West where pressures facing the country's mining sector have hurt household finances. Overall, Choppies has 129 stores across Botswana, Zimbabwe and South Africa and plans 35 new outlets by end of 2016. It raised $42,85 million (BWP 448 million) from its secondary listing on the Johannesburg Stock Exchange in May which it used to lower its debt and increase its cash holdings. In May, the company entered Kenya, through the acquisition of Ukwala Supermarkets — a group that has 10 supermarkets — which is yet to be approved by that country's competition authority. It is also facing 'a few months' delays in rolling out in Zambia and Tanzania. *(The Source)*

Economic News

The IMF might resume financial support to Zimbabwe as early as 2016 if foreign creditors accept Harare's plans to clear arrears to international financial institutions and implement economic reforms to boost growth, an IMF official said on Monday. The southern African country's government owes foreign creditors about $7 billion, but it has to table acceptable plans to first clear $1.8 billion arrears to the IMF, World Bank and African Development Bank before financiers can resume lending to the country. Christian Beddies, the IMF representative in Zimbabwe, told Reuters that authorities will present, and seek support for, their strategy for arrears clearance on the sidelines of the annual meeting of the World Bank and IMF in Lima, Peru, next month, which could pave way for new funding. Beddies said Zimbabwe had developed a "sensible strategy" to clear the arrears with international financial institutions. The Lima meeting will be an important step towards normalising relations with creditors, he added. Zimbabwe has declined to disclose details of their plans. Zimbabwe last received funding from the IMF in 1999. The IMF in February 2010 restored Zimbabwe's voting rights after a seven-year suspension. If creditors support the plans and Zimbabwe successfully completes a monitoring programme that ends in December, Harare could then start talks about a three-year economic reform programme supported by the IMF, Beddies said.

That programme requires approval from the IMF Executive Board, he said. "The exact timing of restarting financial support is a difficult question as it depends on quite a few things, including support at the Lima meeting," Beddies said. "That said, and if all goes well, we could be looking at some time in 2016." Beddies said Zimbabwe, which has halved its growth this year to 1.5 percent, had made good progress in implementing reforms under the monitoring programme. Without any balance of payment support and staved of foreign credit, Zimbabwe is running a cash budget, leaving little to finance infrastructure projects. A return to the international financial markets would enable the country to borrow to rebuild infrastructure wrecked by a catastrophic recession between 1999-2008 and help local industry struggling to stay afloat. The African Development Bank last week agreed to write off Zimbabwe's arrears to the bank, subject to agreement by the AfDB board of directors. *(Reuters)*

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