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	5-Aug-16	12-Aug-16	WTD % Change Local	WTD % Change USD	31-Dec-15	YTD % Change Local	YTD % Change USD
Botswana	DCI	9815.58	9597.26	-2.22%	-1.16%	10602.32	-9.48%	-1.92%
Egypt	CASE 30	8255.36	8377.71	1.48%	1.59%	7006.01	19.58%	5.50%
Ghana	GSE Comp Index	1801.54	1807.00	0.30%	0.95%	1994.00	-9.38%	-12.09%
Ivory Coast	BRVM Composite	287.82	285.79	-0.71%	-0.77%	303.93	-5.97%	-4.10%
Kenya	NSE 20	3482.18	3449.44	-0.94%	-0.92%	4040.75	-14.63%	-13.93%
Malawi	Malawi All Share	13130.66	12913.40	-1.65%	-1.41%	14562.53	-11.32%	-20.07%
Mauritius	SEMDEX	1846.12	1830.35	-0.85%	-0.83%	1,811.07	1.06%	3.42%
	SEM 10	352.99	351.73	-0.36%	-0.34%	346.35	1.55%	3.92%
Namibia	Overall Index	1056.23	1066.69	0.99%	4.74%	865.49	23.25%	42.47%
Nigeria	Nigeria All Share	27425.86	27246.98	-0.65%	-0.66%	28,642.25	-4.87%	-41.28%
Swaziland	All Share	358.25	368.21	2.78%	6.59%	327.25	12.52%	30.06%
Tanzania	TSI	3833.73	4005.81	4.49%	4.86%	4478.13	-10.55%	-11.61%
Zambia	LUSE All Share	4600.35	4592.44	-0.17%	-2.19%	5734.68	-19.92%	-14.90%
Zimbabwe	Industrial Index	99.33	99.59	0.26%	0.26%	114.85	-13.29%	-13.29%
	Mining Index	25.56	26.35	3.09%	3.09%	23.70	11.18%	11.18%

CURRENCIES

Cur-rency	5-Aug-16 Close	12-Aug-16 Close	WTD % Change	YTD % Change
BWP	10.30	10.19	-1.07	8.36
EGP	8.86	8.85	-0.11	-11.78
GHS	3.95	3.92	-0.64	-2.99
CFA	588.22	588.63	0.07	1.98
KES	99.72	99.69	-0.02	0.83
MWK	715.24	713.43	-0.25	-9.87
MUR	33.91	33.90	-0.02	2.33
NAD	13.81	13.32	-3.58	15.59
NGN	319.57	319.61	0.01	-38.27
SZL	13.81	13.32	-3.58	15.59
TZS	2,148.81	2,141.24	-0.35	-1.18
ZMW	10.09	10.30	2.06	6.27

SECURITIES AFRICA

Botswana

Corporate News

No Corporate News This Week

Economic News

No Economic News This Week

Egypt

Corporate News

No Corporate News This Week

Economic News

Egypt's annual urban consumer price inflation was 14 percent in July, unchanged on the previous month, the country's statistics agency CAPMAS said on Wednesday. Egypt's urban consumer price inflation figure had been rising since April, when it entered double-digit territory propelled by a currency devaluation and the lead up to the fasting month of Ramadan, when food prices tend to temporarily spike. *(Reuters)*

Egypt's preliminary deal for a $12 billion IMF loan programme can go to the board for approval only if the government secures $5-6 billion in bilateral financing for the first year, Chris Jarvis, the head of the IMF mission in Cairo, said on Thursday. The International Monetary Fund (IMF) said earlier it had agreed in principle to grant Egypt a $12 billion three-year facility to support a government reform programme aimed at plugging a budget gap and rebalancing the currency market. The long-awaited deal is subject to final approval by the IMF executive committee, which should meet in the coming weeks. Asked if anything could yet preclude board approval, Jarvis told Reuters: "One key element that remains to be sorted out is we need to ensure that the programme is fully financed." "There'll be a need for more financing in the first year of the programme. We need to ensure that that would be there before we go to the board. One of the things we are looking for is about $5-6 billion in bilateral support for Egypt," he said in an interview. Egypt has secured pledges from the United Arab Emirates and Saudi Arabia for about $4.5 billion, but that money has yet to materialise. Jarvis did not say if the bilateral lending was expected to come from Gulf countries, which have showered Egypt with billions in aid since Abdel Fatah al-Sisi, now president, toppled the Muslim Brotherhood in mid-2013. Egypt agreed in December a $3 billion World Bank loan programme and a $1.5 billion African Development Bank (AfDB) programme, both to be disbursed over three years. Jarvis said the World Bank would release the first $1 billion once a law introducing Value Added Tax (VAT) was passed by parliament and the government was in talks to release the second $500 million tranche of AfDB money.

The IMF programme was agreed on the basis of a government reform programme that includes subsidy cuts and VAT. The IMF also wants Egypt to focus monetary policy on easing the chronic dollar shortage by moving to a flexible exchange rate regime while reducing inflation to single digits. However, Jarvis said Egypt could receive the first $2.5 billion tranche immediately after board approval. "The situation would be rather different than the World Bank loan where there was a gap between board approval and disbursement. Here, once we get to the board we are good to go and the disbursement will follow very quickly," Jarvis said. Asked if this could be as early as September, he said: "it could be." The remaining tranches would be disbursed based on periodic reviews to ensure government measures were "consistent with the objectives of the programme", he said. The first review would be in February or March and bring a disbursement of $1.5 billion. The rest would be paid in four instalments of $2 billion over the ensuing two years, he added. Egypt had reached two staff-level agreements with the IMF in the past that never made it to the board due what Jarvis described as a lack of political will to implement reforms. This time, he said, commitment from the government, central bank and presidency appeared strong. Egypt will make the case that this support needs to come earlier in the programme to help provide a cash cushion as the country moves to a more flexible exchange rate regime, he added. "If there's ever a time to support Egypt's balance of payments, this is it, at the start of this reform programme," he said.. *(Reuters)*

Egypt's stock market edged up on Thursday after the country agreed a preliminary three-year, $12 billion funding deal with the International Monetary Fund . Although the loan may ease pressure on Egypt's finances and bolster the confidence of foreign investors, many fund managers said they were not rushing to buy stocks because of concern about how it would be implemented. The Egyptian stock index was up 1.1 percent at mid-afternoon, with a 3.1 percent rise in Commercial International Bank, a favourite of foreign investors, providing the main impetus. Most other major stocks moved little, and seven of the 10 most heavily traded were lower. Some fund managers recalled that in late 2012, Egypt reached an initial deal with the IMF for a $4.8 billion loan, but the agreement never went through because of political instability. The current agreement is more likely to be implemented, but some investors said they needed to see the details of reforms attached to the loan, such as the introduction of value-added tax and the phasing out of state subsidies. "As a headline the news is good, but the devil will be in the details," said Sebastien Henin, head of asset management at Abu Dhabi-based The National Investor. A senior Egyptian banker in Cairo, declining to be named because of commercial sensitivities, said the stock market's rise was not broad-based because investors knew the economy still faced difficult times. "Of course if the IMF gives final approval for the loan, it will be great news, but I believe that due to the requirements set by the IMF, subsidies will gradually decrease...Fuel prices will increase in time and VAT will be applied." Some analysts expect the IMF loan to pave the way for another devaluation of the Egyptian pound, which could in the long term boost exports and attract more foreign money but might in the short term mean fresh instability and uncertainty. *(Reuters)*

Egypt's dollar-denominated 2025 bond rose on Thursday to trade at its highest level since end-September 2015 after the country agreed a three-year funding deal with the International Monetary Fund (IMF). The bond issued in 2015 changed hands at 95.437 cents in the dollar while the 2020 issue traded at 102.292 cents after adding 0.022 cents on the day. The IMF announced it had reached a staff-level agreement with Cairo for a $12 billion three-year funding facility to support a government reform programme aimed at cutting the funding gap and improving the currency market. "Today's announcement that Egypt has managed to reach a staff-level agreement with the IMF bodes well for the country's medium-term growth prospects," analysts from Capital Economics told clients. "In the near-term, a deal with the Fund is likely to lead to a devaluation of the pound and higher interest rates," analysts said, forecasting the Egyptian pound to weaken to 9.5 to the dollar by end-2016. *(Reuters)*

Ghana

Corporate News

The issued ordinary shares of AngloGold Ashanti (AGA) increased to 408,003,687 as of June 30, 2016. This was as a result of the issue and listing of additional ordinary shares over the period on the Johannesburg Securities Exchange, South Africa. The issued shares are as detailed below: AGA Share Incentive Scheme (June 2016) - 269,362 ordinary shares. By this arrangement, AGA's share capital has also been increased to 50,339,056,741.43 South African Rand. Headquartered in Johannesburg, South Africa, AngloGold Ashanti has a globally diverse, world-class portfolio of operations and projects. AngloGold Ashanti is the third-largest gold mining company in the world, measured by production. It has 17 gold mines in nine countries including Ghana, as well as several exploration programmes in both the established and new gold-producing regions of the world. AngloGold Ashanti produced 3.95Moz of gold in 2015, generating $4.02bn in gold income, utilising $857mn capital expenditure. AngloGold Ashanti has an attributable Ore Reserve of 51.7Moz of gold and an attributable Mineral Resource of 207.80Moz. *(Ghana Web)*

Economic News

The Ghana Stock Exchange(GSE) has announced that it is working on creating a single window market through the Bloomberg platform for trading of bonds on the Ghana Fixed Income Market by close of 2016. The Ghana Fixed Income Market which was created as a secondary market to manage debt instruments currently operates only government bonds. Speaking to Citi Business News, the Deputy Managing Director of the Ghana Stock Exchange (GSE), Ekow Afedzie stated that the market will soon introduce corporate and municipal bonds by close of the year. "By end of the year we will have one single window that is using the Bloomberg to do all the bond trading," he announced. He explained that investors will have the opportunity to buy bonds and sell along the line without waiting for it to mature in the long term. He pointed out that the ability to sell the bonds in the short term will provide investors liquidity to access funds in the short period. "That is what makes the Ghana Fixed Income Market a secondary market with unique advantages. You need not keep your investment for a long time. Most investors like debt instrument," he said. Mr. Afedzie stated that the market will also provide investors with options to move their funds freely. "This is what investors desire, the freedom to move their funds anywhere they want it to go so that you don't lock up their money". He assured that plans are advanced to roll it out on the Bloomberg platform by close of the year. He stated that if the idea to allow MMDAs to raise their own funds commences, the Ghana Fixed Income Market will be the appropriate place for raising such bonds. *(Ghana Web)*

The Enhancing Growth in New Enterprises (ENGINE) Programme has organised an Investment Dialogue for entrepreneurs in the Northern Region to facilitate the access to a cheaper source of funding for their businesses. The programme, organised in collaboration with the Ghana Stock Exchange (GSE), was held in Tamale on the theme: "Raising Capital on the Ghana Alternative Market." The dialogue was co-funded by the African Development Bank (AfDB) through the Ministry of Finance and the Department for International Development (DFID). The programme was organised mainly to clarify the issues relating to listing on the Ghana Alternative Market (GAX) and how it could help to provide a relatively cheaper source of funds to entrepreneurs seeking capital which cannot be provided by traditional financial institutions in Ghana. Opening the programme, Mr Ekow Afedzie, the Deputy Managing Director of GSE, said GSE had created an Alternative Market to target and facilitate the listing of SMEs onto the Stock Market. He described it as a good platform for promising SMEs who are thinking of having medium to long term funds. The dialogue, which brought together over 170 participants, provided opportunities to promising entrepreneurs identified through the ENGINE programme to seek alternative sources of funding for their businesses. The session also helped the entrepreneurs to deepen their awareness of equity financing through listing on the Ghana Alternative Market.

Mr Francis Opoku-Mensah, the Enterprise Finance Manager of ENGINE, advised entrepreneurs to take advantage of new emerging funding opportunities from the GAX to secure long term capital to scale up their businesses. He explained that this would help address investment gaps that SMEs in Ghana were confronted with as a result of high cost of capital and lack of long term funds available for investments by the financial institutions. The GAX is an innovative market operated by the GSE, which focuses on businesses with potential for growth and accommodates companies at various stages of their development including start-ups and existing enterprises, both small and medium. The African Development Bank is supporting the listing of Small and Medium Enterprises on the GAX with an interest free funding. *(Ghana Web)*

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TRADING

Kenya

Corporate News

CfC Stanbic Holdings posted a 22.1 per cent growth in net profit in the half year ended June, helped by higher interest income. The firm listed on the Nairobi Securities Exchange said its net earnings in the period stood at Sh2.3 billion compared to Sh1.9 billion the year before. CfC declared an interim dividend of Sh1.77 per share, raising it from Sh0.75 paid in the previous period. "The board considered the matter of payment of an interim dividend and after deliberation made a resolution to pay an interim dividend of Sh700 million to shareholders which is equivalent to Sh1.77 per share," the company said in a statement. The dividend will be paid on or about September 30 to shareholders on the register on September 5. CfC recorded a 24.3 per cent jump in net interest income to Sh5.4 billion despite its loan book remaining static at Sh120.8 billion, indicating an increase in interest rates. The loan book had dropped compared to December last year when it stood at Sh128.1 billion, a signal of reduced lending appetite in an industry that has seen high default rates. Its non-interest income, capturing fees charged on financial services, also rose 18.7 per cent to Sh3.9 billion. CfC offers a wide range of financial services including banking, insurance agency and stock brokerage through its subsidiaries CfC Stanbic Bank, CfC Stanbic Nominees,
Stanbic Insurance Agency and SBG Securities. The company recorded a 2.7 per cent drop in deposits to Sh155.2 billion. CfC recently appointed Greg Brackenridge as its chief executive, replacing Mr Kitili Mbathi who resigned in January to take up his appointment as the director-general of the Kenya Wildlife Service (KWS). *(Daily Nation)*

Economic News

Bond turnover in the secondary market on the Nairobi Securities Exchange (NSE) fell by 62 per cent in July compared to June due to lower liquidity in the money markets and investors pushing funds into primary market securities. Data compiled by Kestrel Capital shows that the turnover for the month stood at Sh21.3 billion compared to the Sh55.9 billion worth of trades recorded in June. The dip in July bond turnover comes against a higher performance in May and June when it stood at Sh55.3 and Sh55.9 billion respectively. As a result of the heightened trading in May and June, the half-year 2016 bonds market turnover outperformed the turnover of a similar period in 2015 by 39 per cent, coming in at Sh263.2 billion versus Sh213.1 billion. "Bond turnover at the NSE tanked 62 per cent in July 2016 to Sh21.3 billion ($209.4 million) from Sh55.3 billion the month prior. The turnover volumes were largely spread amongst two-year, five-year and 10-year tenors. Corporate bond turnover dipped marginally to Sh28.4 million ($280,000) during the month of July driven by book transfers by fund managers," said Kestrel Capital in their July fixed-income analysis. Investment firm Cytonn Investments attributed the lower secondary market turnover to tighter liquidity levels in the market, with the month seeing a rise in the average interbank rate to 4.8 per cent from 3.9 per cent at the end of June. "This was despite a net liquidity injection of Sh4.7 billion, which was as a result of government payments of Sh102.2 billion. The increase (in interbank rate) was as a result of the central bank mopping up liquidity from the money market through repos worth Sh52.9 billion, which resulted in low liquidity among banks," said Cytonn in a market report.

On the other hand, primary issues of Treasury bills and bonds took up majority of the available funds for investment during the month, with activity especially high on the 182-day Treasury bill and the five-year Treasury bond. The Kestrel Capital analysis shows that in total, the government accepted Sh91 billion worth of primary securities out of the Sh110 billion they had offered, with Sh33.5 billion being in the form of Treasury bonds and Sh57.5 billion in Treasury bills. The month also saw redemptions worth Sh75 billion, some of which were rolled over in the new debt. Interest rates on the primary issues climbed progressively during the month, attracting investors who were looking to take advantage of the government's relatively high borrowing target for the current fiscal year. On the 91-day paper, the rate rose to 8.3 per cent from seven per cent at the beginning of July, while the rates on the 182-day and 364-day paper rose from 9.4 and 10.5 per cent respectively to 10.7 and 11.4 per cent in July. *(Nation)*

WEEKLY AFRICAN FOOTPRINT

TRADING

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Kenyan lawmakers are willing to overrule President Uhuru Kenyatta if needed to force the country's banks to lower their lending rates. The country's parliament on July 28 approved a bill that will limit the amount of interest banks can charge on loans, with the proposal only needing Kenyatta's signature to become law. The proposals jolted lenders into signing a memorandum of understanding with the Central Bank of Kenya that commits them to cutting interest charges. "The president has 14 days to sign the bill into law, failure of which it automatically becomes law," Jude Njomo, a legislator who campaigned for the legislation, said in an interview in the capital, Nairobi. "If he rejects it, we will use our two-thirds majority in parliament to pass it." The pledge from the country's lenders is not legally binding and is a "public relations gimmick by banks, which want to continue fleecing Kenyans," he said. Banks urged Kenyatta not to sign the bill and pledged 30 billion shillings ($295 million) of lending facilities to small- and medium-enterprises at reduced rates, Lamin Manjang, chairman of the Kenya Bankers Association, said on Wednesday. Banks can be held accountable as the memorandum can be monitored and also shows a commitment to the country's regulator, the association said.

Lenders in East Africa's largest economy extended loans at a weighted average rate of 18.3 percent in May, according to the most recent statistics from the central bank, whose key rate was kept at 10.5 percent at a Monetary Policy Committee meeting on July 25. The new law will cap commercial interest rates at 400 basis points above the Central Bank of Kenya benchmark rate. Lending rates are expected to fall by 100 basis points by the end of August as banks comply with a reduction in Kenya Banks Reference Rate, the banking association said. The issue of lower rates forms part of the manifesto of Kenya's governing Jubilee Party, which have the majority and will use it if "push comes to shove," Njomo said. The Jubilee Party consists of Kenyatta's National Alliance and Deputy President William Ruto's United Republican Party Any cap on lending rates will result in a drop in stock prices, Nairobi Securities Exchange Chief Executive Officer Geoffrey Odundo said in an e-mailed statement Friday. Eleven lenders' shares are traded on the bourse. Most lenders have declined since parliament passed the bill at the end of last month, with only KCB Group Ltd., the nation's biggest bank by assets, gaining over the period. "Capping of interest rates may negatively impact this sector with a knock-on effect of dampening broader stock market valuations," Odundo said. *(Bloomberg)*

The Treasury is in the market looking for Sh25 billion through a 10-year bond as it looks to plug a gaping budget deficit. The State is raising the money as heavy domestic debts mature, meaning they need to be repaid. The second bond issue of the 2016/2017 fiscal year is Sh5 billion lower than the first issue in July, which raised Sh33.5 billion after the initial target of Sh30 billion attracted bids worth Sh40 billion. With the government staring at a Sh689 billion budget deficit to finance the net domestic borrowing target for the current fiscal year projected at Sh225.3 billion, there is likely to be upward pressure on interest rates on bond issues in the coming months from investors aware of the need by the government to borrow. Treasury bonds issued in 2016 have all been oversubscribed by investors looking to lock in the interest rates on bonds that have oscillated between 12 and 15 per cent this year amid uncertainty on the macroeconomic direction of the country ahead of next year's elections. Heavy subscription in the next issue will mean the government will not be under pressure to accept high rate bids on the bond issue whose coupon will be determined by the market. "This need (by investors to lock in rates) has been aggravated by lack of investable opportunities especially in the equities market," said Kingdom Securities in a fixed income note.

The government has already shown restraint from accepting expensive debt from the domestic market, aware of the need to rein in interest rates in order to avoid destabilising economic growth. The government is also aware of the prevailing keen public interest in the contentious issue of commercial banks' high interest rates which are in part driven by its own borrowing appetite. Analysis done by Kestrel Capital shows that by the end of July, the government was already behind in domestic borrowing. It had attracted Sh76.7 billion in both Treasury bonds (Sh36.5 billion) and Treasury bills (Sh46.1 billion) taken up against a target of Sh94 billion, before accounting for maturities.*(Daily Nation)*

The Central Bank of Kenya said on Friday its Monetary Policy Committee will meet on Sep. 20 to set its benchmark lending rate. At its last meeting in July, the bank held its lending rate at 10.5 percent, saying recent increases in fuel taxes would temporarily put upward pressure on inflation.*(Reuters)*

Malawi

Corporate News

Danish brewer Carlsberg said on Wednesday it has agreed to sell its 59 percent share of Carlsberg Malawi Limited to Castel Group. The sale is in line with Carlsberg's strategy to fully exploit and leverage its strengths while positioning itself for future growth, the brewer said. Carlsberg did not disclose financial details. *(Reuters)*

Economic News

No Economic News This Week

WEEKLY AFRICAN FOOTPRINT

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Mauritius

Corporate News

New Mauritius Hotels (NMH)'s pre-tax loss widened in its third quarter, hit by lower villa sales in Morocco, the company said on Friday. Among the Indian Ocean island nation's most-traded stocks, NMH said its pretax loss widened to 291.18 million rupees ($8.30 million) for the quarter to June 30 from 232.24 million rupees a year earlier. Losses per share widened to 0.65 rupees from 0.53 rupees and revenue fell to 1.83 billion rupees from 1.94 billion. The tourism sector is a key driver of the Indian Ocean island's $10 billion economy, with Europe traditionally its main source of visitors. "Hotel operations in Marrakesh continue to sustain significant losses," the company said, adding it was eyeing a partnership with an unnamed entity "with the aim of securing positive cash flows from its hotel operations." NMH said bookings for the next few months are encouraging and room occupancy should be higher than last year. However, the weakness of the British pound and other currencies in which the company conducts its business will put negative pressure on room rates, the firm said. *(Reuters)*

A 9 percent rise in passenger traffic helped Air Mauritius swing back into profit in the latest quarter, having made a loss in the same period last year, the airline said on Thursday. The Indian Ocean island's national airline posted a pretax profit of 2.1 million euros ($2.34 million) in the three months ended June 30, the best quarterly performance in the last 10 years and comparing with a loss of 9.8 million euros a year ago. Air Mauritius carried 343,473 passengers in the quarter, up 9 percent on a year ago, helping generate earnings per share of 0.02 euros compared with a loss of 0.09 euros last time. However, the airline said its average fare yield dropped 5.6 percent due to tough competition. Revenue increased by only 2.7 percent to 109.4 million euros. The company said it is taking various steps to boost traffic on its network and looking for ways to cut costs. "In spite of the challenging environment and fiercer competition in our major markets, the company is committed to further improve its financial performance for this year," it said. The results were released after markets closed. During the session when shares in Air Mauritius traded up 1.1 percent at 13.15 Mauritius rupees ($0.37). *(Reuters)*

Economic News

Business confidence on the Indian Ocean island of Mauritius rose in the second quarter of this year, a survey of leading private companies showed on Thursday. The Mauritius Chamber of Commerce and Industry's quarterly confidence index rose to 98 points from 94.2 points in the first quarter. The chamber said in a statement that 42 percent of entrepreneurs surveyed expect their businesses to grow over the next 12 months. "In the second quarter more than four respondents in 10 declared that expansion opportunities and diversification into new markets were the main drivers of growth," the chamber said. Last month, Finance Minister Pravind Jugnauth told parliament that Mauritius' economy will grow 4.1 percent in the financial year 2016/2017, up from 3.4 percent in the same period a year ago. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

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Nigeria

Corporate News

Africa's biggest mobile phone operator MTN Group Ltd cut investor payouts by almost 50 percent as it reported its first-ever half-yearly loss after taking a hit from a hefty regulatory fine in Nigeria. MTN agreed in June to pay a 330 billion naira ($1.05 billion) fine in a settlement with Nigeria for missing a deadline to cut off unregistered SIM cards from its network. MTN said the fine, a third of the proposed initial penalty, wiped 10.5 billion rand ($768 million) -- 474 cents per share -- from headline earnings, South Africa's main measure of profit, in the first six months of the year. MTN had in any case been struggling to accelerate subscriber and profit growth as years of price wars and regulatory pressure hit margins and weakening economies squeezed consumer income. "What you have here is a company that was gung-ho about Africa, where the operating environment has become difficult but they have shot themselves in both feet by losing control of the key markets and not paying attention to regulators," said one MTN shareholder, who declined to be named. MTN, held by many investors for its dividend flows, will pay out 250 cents per share for the first half of the year, down nearly 50 percent on a year earlier. However, the company said full-year dividend could top the previously forecast 700 cents per share if operating conditions materially improve. The headline loss came in at 4.9 billion rand, or 271 cents per share, in the six months. This is compared with headline earnings of almost 12 billion rand, or 654 cents per share, a year earlier. MTN also said the results were affected by unfavourable currency swings, underperformance in its home market and in Nigeria, where it had to cut off another 4.5 million SIM cards to comply with local registration requirements.

Founded with the South African government's help after the end of apartheid in 1994, MTN had been seen as one of post-apartheid South Africa's biggest commercial successes. It has hired Vodafone European head Rob Shuter to lead its development, aiming to persuade its millions of clients to use their handsets for everything from shopping, paying bills to storing money. Shuter, who will take over as chief executive by next July, replaces Sifiso Dabengwa who resigned last November after Nigeria imposed the penalty -- which will be paid by the Nigerian business in the local currency. Nigeria has been trying to halt the use of unregistered cards over concerns they are being used for criminal activity, including by Islamist militant group Boko Haram. Shares in MTN, which had dropped by nearly one-third since October when Nigeria imposed the fine, see-sawed as investors digested the earnings statement. They rose as much as 2.5 percent shortly after the market opened, before retreating to trade 2.8 percent lower at 129.8 rand as of 0930 GMT. *(Reuters)*

Zenith Bank Plc, Nigeria's second-largest lender by market value, fell to the lowest level in almost three weeks after reporting a 16 percent drop in first-half profit. The stock, which has declined in six out of the past seven days, slid 2.5 percent to 15.60 naira, the lowest closing price since July 22. That pared gains this year to 11 percent, making it the fourth best-performing bank on the Nigerian Stocks Exchange All Share Index and giving Lagos-based Zenith a market value of 490 billion naira ($1.5 billion). Net income dropped to 44.7 billion naira from 53.1 billion naira a year earlier, the bank said in a statement posted on the Nigerian Stock Exchange's website on Thursday. Impairment losses almost doubled to 14.2 billion naira and trading income plummeted to a loss of 864 million naira from a year-earlier profit of almost 12 billion naira. The lender provided 11.7 billion naira for loan losses, which was "significantly higher than our 4.4 billion naira estimate," FBNQuest analysts, including Tunde Abidoye and Olubunmi Asaolu, said in an e-mailed note. "It will draw some scrutiny." A quarter-on-quarter increase in provisions and operating expenditure "proved detrimental and overshadowed a healthy 18% quarter on quarter growth in profit before provisions,'' the analysts said. The company's non-performing loan ratio worsened to 2.34 percent from 1.44 percent a year ago, while loans extended to customers expanded 15 percent in the six months through June, Zenith said. *(Bloomberg)*

Economic News

Nigeria's naira hit 400 against the dollar on the black market on Friday, bureaux de change traders said, falling to its lowest since the central bank floated the currency in June. On the official interbank market, the naira ended at 311 per dollar, 0.3 percent weaker, after trades worth $12.63 million. The naira has dropped steadily on the black market this week after opening at 381 on Monday. Traders say dollar demand has been high from individuals travelling abroad for their summer holidays. The central bank has told international money transfer operators to pay dollar proceeds from customer transfers into local commercial banks in naira, while selling the dollars themselves to bureaux de change outlets. The bank hopes the move will help narrow the gulf between the official and black market rates and boost dollar liquidity, traders say. It had hoped that the need for a black market would be erased by scrapping the dollar peg and thereby attracting foreign investment. But dollar liquidity remains thin and has curbed interbank activity, despite the central bank hiking interest rates last week and mopping up naira liquidity to shore up debt yields. Some past suppliers of dollars, including oil firms, are now selling some of their hard currency directly to petrol importers under an arrangement with the government, traders say. Other foreign players have stayed out of the market, traders say, after exiting the equities and bond markets in the wake of the plunge in crude prices in mid-2014, until Africa's biggest economy show signs of stabilising. Before the central bank pegged the naira at 197 to the dollar in Feb 2015, the interbank market had traded daily volumes of over $100 million. *(Reuters)*

Nigeria's central bank intervened on the interbank foreign exchange market on Tuesday to help support the naira after it hit an all-time low of 350 to the dollar in thin volume, traders said. The naira closed at 310.50 to the dollar following the bank's intervention. A single trade of $100,000 was carried out at 350 to the dollar. A total of $6.86 million traded on Tuesday. *(Reuters)*

Nigeria's central bank is to allow banks to write-off bad loans this year that they have already made provisions for to help them to clean up their balance sheets. Pressure has been building on the country's banks, whose loan books have been hit by Nigeria's shrinking economy, plunging currency and foreign exchange shortages following the slump in oil prices. Africa's biggest oil exporter has been hammered by low crude oil prices, sales of which account for about 70 percent of national income. Commercial banks asked the central bank to amend its rule requiring them to keep non-performing loans on their books for one year even after they have been fully provided for. The Central Bank of Nigeria has granted them permission to write off these bad loans but this will be a one-off that will only apply until the end of this year.
"In view of the current macro-economic challenges ... the CBN hereby grants a one-off forbearance, this year 2016, to banks, to write-off fully provided NPLs without waiting for the mandatory one year," the bank said in a circular dated July 28 and published on its website on Tuesday. Non-performing loans are expected to jump to 12.5 percent of total loans this year, up from the central bank's target of 5 percent at the end of last year, as banks suffer a hangover from an oil industry credit boom that ended abruptly in 2015, according to Augusto & Co, Nigeria's main rating agency. Last week, Diamond Bank said its non-performing loan ratio rose to 8.9 percent by the first half, but expects it to fall to 7.5 percent by year end. Rival FCM expects to restructure 25 percent of oil and gas loans in the third quarter after it restructured 50 percent of those loans last year. *(Reuters)*

Nigeria will spend 100 billion naira ($312.50 million) on capital projects in the coming days as part of the 2016 budget, Vice President Yemi Osinbajo said on Thursday, as the country tries to inject life into an economy facing recession. Africa's largest economy is in the middle of its worst crisis in decades, as a slump in oil revenues hammers public finances and the naira. Gross domestic product shrank 0.36 percent in the first quarter and the central bank governor has said recession is likely. Government capital spending so far has reached 332 billion naira, Osinbajo said. The record budget has been held up for months by wrangling between President Muhammadu Buhari and parliament. Another 100 billion naira will be released in the next few days to fund power, housing, transport, agricultural and defence projects, Osinbajo said. "We have pledged to keep capital spending at a minimum of 30 percent (of the 6.06 trillion naira budget)," he told a business forum in Lagos. But Osinbajo also said many of Nigeria's 36 federal states were still struggling to pay the salaries of civil servants, despite assistance from the federal government. He said a float of the naira and more flexible foreign currency regime in June had eased pressure on foreign reserves, without giving details. The naira has lost some 40 percent since then. "I believe ... there will be an increase in supply of foreign exchange," he said. He also said Nigeria had saved 1.4 trillion naira by ending fuel subsidies and increasing fuel prices in May. "Fuel consumption is down 800 trucks per day from 1,600 trucks per day before the price increase," he said. Publication of GDP data for the second quarter will be delayed until Aug 31, the head of the statistics office said on twitter. With oil prices dropping, the government has struggled to fund the budget. It is seeking advisers and bookrunners to manage a planned $1 billion eurobond it intends to offer this year. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

TRADING

This Week's Leading Headlines Across the African Capital Markets

The Nigerian Stock Exchange has modified the listing and trading fees for securities listed and traded on its fixed income market. The revised fee structure, which will be effective from August 17, 2016, will be piloted for an initial six month period, and then evaluated to determine if it has met its objectives, according to the NSE in a statement. The Exchange, under the revised fee structure, said it would no longer charge trading fees on fixed income traded on its platform. The initial flat listing application fee of 0.15 per cent for all bond types had been replaced with variable listing application fees, it added. With this development, the NSE said corporate bonds exclusively listed on the Exchange, with existing equity listing, would attract 0.01 per cent listing application fee. Dual listed corporate bonds with existing equity listing and other corporate bonds would attract 0.0375 per cent listing application fees. Similarly, the listing application fees for state and supranational bonds had been reduced to 0.05 per cent, it added. The Exchange also replaced the fixed brokerage commission of 0.0005 per cent with a negotiable rate capped at one per cent. This, it noted, would enable investors to negotiate trading commission with brokerage firms, thus driving competition and best execution. Speaking on the development, the Director, Capital Markets, NSE, Mr. Haruna Jalo-Waziri, noted that the fee reduction in the NSE fixed income market was in line with the Exchange's commitment to boost market efficiency. "The reduction in listing application fees gives issuers opportunity to raise their profile and increase visibility through listing on a globally recognised Exchange with the highest regulatory standards. The aim is to reduce issuers cost of accessing long-term capital and to provide investors with diverse investment products at competitive trading fees," he said. *(Punch)*

The naira pared some its previous day's loss on the interbank forex market as it appreciated to N314.75 to the dollar on Thursday, stronger than the N317 to the dollar it closed on Wednesday. The positive momentum displayed by the nation's currency was attributed to an intervention by the Central Bank of Nigeria (CBN), which sold dollars to boost liquidity and help the naira to strengthen against the greenback. The central bank asked some traders to bid for $1.5 million each, Reuters reported, adding that the Bank had been selling hard currency since this week. A total of $6.27 million traded on Thursday. However, on the parallel market, the naira climbed marginally to N395 to the dollar, up from the N394 to the dollar it closed the previous day. The central bank had intervened in the interbank forex market on Tuesday to help support the naira after it hit an all-time low of N350 to the dollar in thin volume on that day. The naira has been under pressure since the central bank floated the currency in June to allow it trade freely on the interbank market. The currency has been hit by a plunge in oil prices, Nigeria's economic mainstay, which caused foreign investors to flee bond and equities markets. The central bank last month told international money transfer operators to pay dollar proceeds from customer transfers into local commercial banks in naira, while selling the dollars themselves to bureaux de change (BDC) outlets. On Tuesday the bank pegged the dollar transactions which banks can carry out with BDCs at $30,000 per week and set a margin for the banks to sell dollar to currency outlets at not more than 1.5 per cent over the rate at which they bought. It hopes the move will help narrow the gulf between the official and black market rates and boost dollar liquidity, traders say.

The central bank set a margin of two percent over the rate at which BDCs sourced dollars from banks as resale premium to customers and pegged BDC disbursement at $5,000 per transaction to cover travel allowance, medical bills and school fees. Meanwhile, the CBN yesterday advised interested International Money Transfer Operators (IMTOs) to apply for licence. The central bank in a statement last night said it came to its notice that, in spite of its transparency in the licensing of IMTOs in Nigeria, some persons have continued to allege that the Bank has stopped the licensing of interested IMTOs in the country. "The CBN wishes to state, unequivocally, that it has not foreclosed the licensing of interested players in the IMTO space in Nigeria. Therefore, interested applicants are required to forward their requests for licensing to the Director, Trade and Exchange Department of the CBN, in line with the CBN Guidelines on International Money Transfer Services in Nigeria (2014), which among other things, specifies the minimum technical and business requirements for various participants in the international money transfer services industry in Nigeria. The aforementioned guidelines can be downloaded from the website of the Central Bank of Nigeria, it added, saying it remains committed to providing an enabling environment for international money transfer services in Nigeria. *(This Day)*

Tanzania

Corporate News

TANGA Cement has realised 55 per cent increase in net operating profit for the past six months regardless of high competition from other cement companies and cheap imported products from abroad. According to the statement released by the company and signed by the Board Chairman, Mr Lawrence Masha, the company recorded a double production of clinker in the past six months. He said the clinker production has more than doubled from 0.45 to 1.23 million tonnes per annum. According to Mr Masha the clinker production has increased after commissioning the second kiln at the plant, which eliminated the purchase or import clinker. He said the company recorded double profit compared to profit that was recorded in the same period in 2015. "In this year, the business is focusing on profitability driven by operational efficiency and overall business effectiveness. This will enable the company to absorb the increase in production related costs, as far as possible, in order to remain competitive in challenging market conditions," said Mr Masha in the statement. Moreover, Mr Masha added that the company was continuing implementing its strategies that aim at linking customers and other business partners. He said the company has already signed an agreement with Tanzania Railway Limited (TRL) to transport cement to Kigoma and Mwanza. "We continuously look at ways in which we can unlock value for our customers and business partners. One of our initiatives is the deal signed with TRL to transport cement to various regions," he said. Mr Masha added that the group's sales and distribution business has also been successfully integrated into the operational activities of the company and that it is delivering positive results including decrease of productive costs. Mr Masha said the cement sector is witnessing fierce competition due to the new market entrants. He said imports of cheap cement from companies that enjoy tax benefits in their home countries further erode the local market thus causing significant injury to local producers. He said cement companies through the Tanzania Chapter of East African Cement Producers Association (EACPA) are engaging the government to ensure a level playing field where imports would be charged higher tax duties. According to Mr Masha, local cement producers believe the fifth government under President John Magufuli will address the problem since it is focusing at promoting and building industrial economy. *(Daily News)*

Economic News

Tanzania Commodity Exchange (TCX) is set to make Tanzania a hub for commodity trading in East African region that will involve setting Commodity Exchanges integrates functioning of several key components of agriculture trade namely farmers, traders to services like Warehouse and Warehouse receipt system. It brings in standardization of quality and allows people to trade using efficient banking channels making transactions more transparent and fast for the participants. The TCX Chief Executive Officer and Managing Director, Mr John Chaggama said TCX has been set up as a vehicle to facilitate market exchange and enhance the price discovery process, thus making farmers earn premium prices that reflect true market value for their products. "Farmers have long been victim to fragmented, disorganized markets where they have had to sell their products for lower than the market price," he said. He said TCX is the facility that will make Tanzania become a centre for commodity trading in the region, transforming the life of the society for which over 70 per cent of its people engage in agriculture. TCX will thus offer more stable, more ethical trading platforms whereby farmers can benefit from fairer transactions and learn how to make wiser marketing and investment decisions. There will be setting up of key institutions for technical and financial support to the traders to widely expand the delivery of benefits, with additional assistance given to actors association and other participants of the grain-marketing complex. "The hope behind all of the efforts is that small scale farmers will no longer be at the mercy of traders in the nearest and only market that they know," he added. He said TCX is expected to make the economy more inclusive, boosting the links between agriculture and finance and making the commodity sector more efficient and competitive. *(Daily News)*

Tanzanian inflation fell in July, helped by a slower rise in food prices, the statistics office said on Tuesday. The National Bureau of Statistics (NBS) said inflation fell to 5.1 percent year-on-year in July from 5.5 percent a month earlier. "The decline of the annual inlation rate was caused by slower rises in food prices due to the ongoing cereal crop harvest season," Ephraim Kwesigabo, a director at state-run NBS told a news conference. Tanzania's monetary policymakers have set a target of a 5 percent inflation rate. *(Reuters)*

Tanzania's current account deficit shrunk by 55 percent in the year to May, central bank data showed on Tuesday, as the country benefited from a jump in tourist arrivals and rising gold prices, and paid less for oil imports. Tanzania is Africa's fourth-largest gold producer and gold and tourism are its main sources of foreign income. The current account gap narrowed to $1.9 billion in the 12 months to May, from $4.2 billion a year earlier, the central bank said in its latest monthly economic report. "The improved performance of exports was recorded in travel (tourism) receipts, manufactured goods and gold," it said. Earnings from tourism rose 7 percent to $2.3 billion due to more visitor arrivals, the bank said, while revenue from gold rose 4 percent to $1.28 billion, reflecting higher export volumes. Oil imports fell by 10 percent to $2.84 billion in line with falling import volumes and declining global oil prices. East Africa's second-biggest economy is growing by around 7 percent annually, although the International Monetary Fund has urged it to rein in public spending. Gross official foreign exchange reserves held by the central bank in the year to May amounted to $3.89 billion, or about four months of import cover, the central bank said. *(Reuters)*

THE growth of credit to the private sector has slowed down to 16.2 percent in May from 19.3 percent in the previous month, the situation that analysts attribute to the tightening liquidity stance in the circulation. According to the Bank of Tanzania (BoT) monthly economic review for June, a large slowdown in growth was particularly marked in transport and communication, building and construction, hotels and restaurants and personal activities. For example, the annual growth of bank's credit to major economic activities to transport and communication declined to 8.7 per cent in May from 19.1 per cent in April and 31.9 per cent in the corresponding period last year. Similarly, the growth of credit to the private sector was lower at 19.3 percent in the year ending April 2016 compared with 23.6 percent in March. A senior lecturer at the University of Dar es Salaam, Prof Haji Semboja said government crackdown on corruption and shifting its funds from commercial banks to the BoT has impacted greatly on the liquidity level in the circulation and lenders' capacity to issue loans. "This is a necessary move taken by the government to instill discipline in the use of public funds to the planned expenditure. What is currently observed is the lack of cheap money in the circulation as it was before," he said. He however cautioned that cutting down expenditures on various services from the private sector which is the engine of the economy may in the long run cause some economic activities to stumble, thus affecting banks and their capacity to lend. He said banks deposits mobilisation depends on some economic activities particularly from the private sector, thus when they seize, also affect the other part. "It is high time that research were done regularly on such areas that have huge impact on the economy in order to apply flexible measures which are necessary to make some economic activities vibrant.

The BoT report shows further that credit extended to trade activities and personal loans continued to account for the largest share of total outstanding credit by about 38.4 percent in the tune of 19.8 percent and 18.6 percent respectively, followed by manufacturing 10.6 percent and agriculture 7.9 percent. Noteworthy that the share of credit to trade and manufacturing related activities increased relative to the preceding month, while that of other activities went up. The year ended May witnessed the extended broad money supply grew by 11.9 percent, down from 12.9 percent in the year ending April 2016. The outturn was mainly caused by a slowdown in the growth of credit to the private sector and net foreign assets (NFA) of the banking system. The NFA of the banking system recorded year on year growth of 7.1 percent, significantly lower compared with 11.0 per cent in April. This was mainly caused by net foreign assets of banks which contracted by 45 per cent following an increase in foreign borrowing and decrease in short term placements and deposits abroad. *(Daily News)*

Zambia

Corporate News

Glencore's Zambian Mopani Copper Mines unit has lifted its suspension of production at an underground mine that followed the death of three miners in an accident, a labour union official said on Saturday. "The suspension of output across all Mopani Copper Mines operations was lifted at midnight after all employees involved in production were briefed on the importance of following safety rules," the official from the Mine Workers' Union of Zambia told Reuters. He declined to be named. *(Reuters)*

Economic News

Zambia's copper production rose by 8 percent to 368,371 tonnes in the first six months of this year from 340,510 tonnes in the same period last year, the country's chamber of mines said on Tuesday. Full-year copper production in Africa's second-biggest copper producer was expected to rise by 5.4 percent to 750,000 tonnes this year from the 711,515 tonnes produced last year, the chamber said in a statement. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zimbabwe

Corporate News

Meikles Limited slashed its annual loss by 44 percent to $19 million in the full year to March from $34,8 million previously, driven by a strong performance in its retail units. The group's total revenue grew 10 percent to $454 million. Its retail subsidiaries, TM and PicknPay supermarkets recorded a10 percent growth in revenue to $395 million as volumes increased on on the back of a growth in customer count of 7 percent. The supermarket chain earnings before interest, tax depreciation and amortisation (EBITDA) of $15,9 million from $9,3 million last year. TM and PicknPay's performance sharply contrasts to that of rival OK Zimbabwe, which registered 48.9 percent decline in EBIDTA to $9 million. South Africa's PicknPay owns 49 percent of TM Supermarkets, Zimbabwe's second largest retail chain. Meikles owns 51 percent of TM. Meikles Mega Mart registered a 28 percent increase in revenue to $22 million. Tanganda, the tea business unit saw revenue grow by 6 percent to $22.4 million driven by volumes of bulk tea sales. The hospitality unit recorded a 4 percent decline in revenue to $15,8 million. Meikles operates two five-star hotels in Zimbabwe, the Meikles in Harare and its 50 percent-owned Victoria Falls Hotel. African Sun owns the other 50 percent.

The group also incurred impairment loss of $2,8 million on its South Africa's Mentor Africa Limited investment due to devaluation of the Rand. "The group will continue pursuing the recovery of sums due by government, cost reduction efforts, strong marketing and margin control. Where possible, short term loans will be converted to medium term loans. Market appetite for this conversion has improved," said chairperson John Moxon in statement accompanying the company's unaudited financial results. The group has previously stated that it is owed $90 million by the central bank. Meikles said the foreign partner for its mining venture, Centar Mining, a Guernsey-based investment group created by former JP Morgan banker, Ian Hannam had exited the country but gave no reason. The two formed Meikles Centar Mining Limited in 2013, with Centar planning to invest up to $500 million into the business. *(Source)*

Agro-industrial group CFI Holdings has placed its subsidiaries, Victoria Foods and Crest Poultry Group, under judicial management after accumulating debts deemed to be unsustainable, the company said on Friday. The two subsidiaries have been struggling since dollarisation with limited working capital which has resulted to negative working capital and net asset position. Reggie Saruchera of Grant Thornton was appointed as judicial manager of the subsidiaries and their associated companies with effect from August 3. Putting them under judicial management is expected to stimulate the recapitalisation process. "The group has placed under judicial management certain entities of the Group, whose level of debt has been considered unsustainable to enable the Group to restructure, reorganise and recapitalise under a framework that ensures all stakeholders are legally protected," said CFI in an update on Friday. The group's bank debt has fallen to $4,8 million, largely as a result of the $16 million debt assumed by Fidelity Life Assurance effective October 17, 2015 in exchange for 81 percent of CFI's Langford Estate. *(Source)*

ZB Financial Holdings on Thursday reported a 46 percent increase in Profit After Tax to $5,9 million in the six months to June driven by a strong performance across all its business units and cost cuts. The financial services group, which has a fully-fledged bank, a building society, a life insurance business and a Reinsurance unit registered a three percent increase in Income from $28, 4 million to $29, 3 million. ZB Bank registered profit before tax of $5, 3 million compared to $2, 43 million last year while deposits at $255 million were down compared to $266 million last year. ZB Financial Holdings chief executive, Roy Mutangadayi said the bank's loan book had declined to $94 million from $100 million after the group adopted a "cautious approach to lending." "We have been reducing lending because we have not been able to get customers who we thought were good for the funding we have. We are not able to access certain lines of credit which our competing institutions are able to so our cost of funds are a bit higher than our peers, which translates to high interest rates and you don't want to attract high interest rate borrowers because they have higher chances to default," he said.

ZB Financial Holdings is listed on the United States of America's sanctions list managed by that country's Office of Foreign Assets Control (OFAC) because of its close association with Government which holds 23,5 percent shareholding in the group. Mutangadayi added that the bank had "deliberately maintained high exposure to sovereign paper" with a balance of treasury bills worth $120 million as of June. "Treasury paper is immune from impairment. It is a good capital preservation strategy at this point in time. Our experience so far with treasury instruments is that government has honoured its obligations both interest and capital when it has fallen due." The bank's non-performing loans ratio went up to 27 percent from 24 percent last year. During the half under review, the group offloaded bad loans worth $4,6 million to the Zimbabwe Asset Management Company (ZAMCO) bringing the total of bad loans sold to ZAMCO to $18, 4 million. Mutangadayi said ZB would set up its own special purpose vehicle dedicated to trade bad loans. The SPV would house $14 million of the group's $27 million NPLs, he added. Earnings Per Share were up to 4 cents from 3 cents. *(The Source)*

Gwanda-based Blanket Mine increased its gold output by 15,6 percent to 23 332 ounces during the first half of 2016 from 20 360 ounces in the prior comparative period. Blanket Mine is a gold mining producer which is 49 percent owned by the Toronto Stock Exchange Listed Caledonia Mining Corporation. Commenting on the results yesterday, Caledonia's president and chief executive Steve Curtis said the results represent a substantial improvement on previous periods as the gold mining company begins to see the benefits of continued investment at Blanket and improved gold price. The company's net profit for the period was $4,1 million which was an increase from $1,5 million and this was due to increased gross profit and the profit arising from the sale of treasury bills. Net cash for the period was $10,5 million which was down from $19,1 million of the comparative period last year. Net cash increased, but was lower than June 30, 2015 due to high levels of capital investment. "Caledonia remains confident of meeting market expectations for the remainder of 2016. A new production record was largely the result of improved underground logistics and increased mine flexibility as a result of the implementation of the Revised Investment Plan at Blanket Mine. "The higher grade experienced during the period was as planned and reflects the commencement of production from the AR South and Blanket ore bodies below 750 meters. In future quarters I expect the grade will improve towards four grammes per tonne as production from higher grade, deeper ore bodies increases. Costs at Blanket and Caledonia remain well-controlled and I expect to see further reductions in the average cost per ounce as production increases in terms of the production plan. Improved profitability was also reflected in Caledonia's improved cash position," said Mr Curtis.

At June 30, 2016 Caledonia had cash of $10,6 million and no debt, compared to net cash of $8,8 million at March 31, 2016. In early August 2016, Blanket re-commenced dividend payments after approximately 18 months during which dividends were suspended so that it could re-invest its operating cash flows in terms of the Revised Investment Plan. Mr Curtis said the resumption of dividend payments by Blanket will further enhance Caledonia's cash position and also means Blanket's indigenous shareholders will participate in Blanket's improved financial performance. "We have increased our focus on exploration and resource development which has resulted in regular resource updates. I am confident that the life of mine will be further supplemented by resource additions and upgrades," he said. "A huge amount has been achieved at the Central Shaft since work commenced in late 2014: the sinking head gear has been installed and commissioned and the main sinking phase has commenced. 2016 has been a transformational year for Caledonia and Blanket to date and I look forward to providing further updates to the market as the year progresses." Mr Curtis said completion of the Central Shaft remains on track for 2018 with the shaft depth currently standing at 170 metres. The completed shaft down to a level of 1,080 metres will establish Blanket as a large, low cost operation with excellent prospects to extend the existing mine life. Caledonia's strategic focus continues to be the implementation of the Revised Investment Plan at Blanket, which was announced in November 2014 and is expected to extend the life of mine by providing access to deeper levels for production and further exploration. Implementation of the Revised Investment Plan remains on target in terms of timing and cost. Mr Curtis added that the company believes the successful implementation of the Revised Investment Plan is in the best interests of all stakeholders because it is expected to result in increased production, reduced operating costs and greater flexibility to undertake further exploration and development, thereby safeguarding and enhancing Blanket's long term future. Caledonia's cash position is expected to improve as a result of the implementation of the Revised Investment.*(Herald)*

Economic News

South Africa says it has given Zimbabwe three weeks to roll back a ban imposed on imports from that country ahead of a meeting of

regional ministers later this month. This follows a meeting between Zimbabwe's minister of Industry and Trade, Mike Bimha and his South African counterpart, Rob Davies in Pretoria on Thursday. On June 20, Zimbabwe banned the import of hundreds of items from its southern neighbour to reign in its ballooning trade deficit — $3,3 billion in 2015 — to and shore up local manufacturers. The list included furniture, baked beans, potato crisps, cereals, bottled water, mayonnaise, salad cream, peanut butter, jams, maheu, canned fruits and vegetables, pizza base, yoghurts, flavoured milks, dairy juice blends, ice-creams, cultured milk and cheese. The ban has been widely criticized, and sparked demonstrations and the burning down of a government warehouse in Beitbridge, a border town leading into South Africa. But Davies told South African media on Friday that Zimbabwe should have followed a process under the Southern African Development Community (SADC) protocol that sets out procedural requirements before cutting trade ties. The SADC protocol, which regulates interstate trade, allows a member country to adopt protection measures if it demonstrates that its industries are under distress. "Should there be any variation in the application under those commitments, there should be an application to the council of the ministers of trade," said Davies in a report by Timeslive. South Africa is Zimbabwe's largest trade partner, accounting for about 70 percent of imported goods in the southern African country and over 60 percent of its total trade, official figures show.

The two countries have to resolve the impasse before a meeting of SADC trade ministers in Botswana on August 24. Bimha, who addressed journalists in Harare on Friday morning, said South Africa had asked Zimbabwe to lower import duty and surtax levied on o112 products imported from that country. "There are number of products on which we have applied duty and surtax so in our recent meeting they (South Africa) submitted a list of 112 products that they say they would want us to consider in terms of duty and surtax and we told them that we should be able to make a response in 2 weeks' time," he said. Bimha said government's decision to control imports through Statutory Instrument 64 of 2016 would allow to resuscitate the country's ailing manufacturing sector. "We need to give breathing space to our manufacturing sector to give them time to retool, reequip hence the measures that were taken. Where we see gaps in demand and supply, we are allowing our business people to import and we also allow individuals to import items for personal consumption." i *(Source)*

The Reserve Bank of Zimbabwe (RBZ) has given top priority in processing foreign payments for goods and services meant for the tourism industry, as it moves to support the growth of the sector. In May, RBZ came up with a four-tier import priority list for the efficient use of foreign exchange resources, with a bias towards supporting the productive sectors of the economy and reduce the import bill. In a recent circular, RBZ official, Moris Mpofu said top priority will be given for payments of goods and services not available locally meant for the tourism sector. "To support the sector's growth, all foreign payments from goods and services not locally available for the imports by tourism operators are categorised under priority one of the priority list for foreign payments," he said. Priority one is given to net exporters, who import raw materials or machinery to aid them to produce and generate more exports. It is also given to non-exporting importers of raw materials and machinery for local production (value addition) that directly substitute import of essential finished goods and importation of critical and strategic goods, such as basic food stuffs and fuel, health and agro-chemicals — granted these goods are not available locally. Repayments of offshore lines of credit procured to fund productive activities; payments for services not available in Zimbabwe and foreign investment (capital disinvestments, profits and dividends) have also been given top priority.

In coming up with the import priority list, RBZ said it wanted to promote efficient utilisation of foreign exchange and to re-orient import demand towards productive uses. It said the list came after meeting business councils represented by the Confederation of Zimbabwe Industries, Zimbabwe National Chamber of Commerce and the Bankers Association of Zimbabwe. Priority two (medium) is given to bank borrowing clients in the productive sector, who engage in critical and strategic imports. Priority three (low) is given to payments of university and college fees and cash depositing clients in the retail and wholesale service industry. The customers generate cash, which can either be recycled for local use or repatriated to replenish nostro accounts. Low priority is also given to other borrowing clients, who have engaged in the importation of non-strategic goods. RBZ said transactions considered not a priority include capital remittances from disposal of local property, capital remittances for cross border investments, funding of offshore credit cards and importation of trinkets. It also includes importation of low local content consumer goods and/or goods readily available in Zimbabwe, such as non-commercial vehicles, maheu, bottled water, tomatoes and vegetables, payments for services available in Zimbabwe and donations. Mpofu said the tourism sector should adopt the multicurrency pricing system "for their tourism products and services and to continue to promote the use of plastic money and other cashless payments". *(News Day)*

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