SECURITIES AFRICA
RESEARCH & CAPITAL MARKETS

PAN-AFRICA

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

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

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

AFRICA STOCK EXCHANGE PERFORMANCE

Country	Index	14-May-17	21-May-17	WTD % Change Local	WTD % Change USD	31-Dec-16	YTD % Change Local	YTD % Change USD
Botswana	DCI	9363.91	9377.01	0.14%	1.15%	9700.71	-3.34%	-1.87%
Egypt	CASE 30	12709.93	12906.98	1.55%	1.60%	12344.00	4.56%	5.11%
Ghana	GSE Comp Index	1884.87	1899.68	0.79%	2.01%	1689.09	12.47%	13.40%
Ivory Coast	BRVM Composite	274.52	270.95	-1.30%	0.28%	292.17	-7.26%	-4.45%
Kenya	NSE 20	3147.04	3244.72	3.10%	2.95%	3186.21	1.84%	1.94%
Malawi	Malawi All Share	15266.66	15606.11	2.22%	2.01%	13320.51	17.16%	15.86%
Mauritius	SEMDEX	2027.16	2058.16	1.53%	1.74%	1,808.37	13.81%	16.71%
	SEM 10	392.71	400.08	1.88%	2.09%	345.04	15.95%	18.90%
Namibia	Overall Index	1047.03	1058.01	1.05%	5.21%	1068.59	-0.99%	0.73%
Nigeria	Nigeria All Share	26235.63	28192.46	7.46%	6.56%	26,874.62	4.90%	1.40%
Swaziland	All Share	385.83	385.83	0.00%	2.11%	380.34	1.44%	3.21%
Tanzania	TSI	3497.91	3430.75	-1.92%	-3.10%	3677.82	-6.72%	-10.45%
Zambia	LUSE All Share	4637.85	4667.19	0.63%	5.61%	4158.51	12.23%	20.49%
Zimbabwe	Industrial Index	145.26	146.80	1.06%	1.06%	145.60	0.82%	0.82%
	Mining Index	70.22	70.22	0.00%	0.00%	58.51	20.01%	20.01%

CURRENCIES

Cur-rency	14-May-17 Close	21-May-17 Close	WTD % Change	YTD % Change
BWP	10.48	10.37	-1.00	1.52
EGP	18.07	18.06	-0.05	0.52
GHS	4.25	4.20	-1.20	0.83
CFA	613.11	603.44	-1.58	3.03
KES	101.33	101.49	0.15	0.10
MWK	717.50	719.03	0.21	-1.11
MUR	33.81	33.74	-0.21	2.54
NAD	13.97	13.41	-3.96	1.74
NGN	310.87	313.50	0.85	-3.34
SZL	13.70	13.41	-2.06	1.74
TZS	2,183.39	2,210.07	1.22	-4.00
ZMW	9.59	9.14	-4.72	7.35

SECURITIES AFRICA

Botswana

Corporate News

No Corporate News This Week

Economic News

No Economic News This Week

Egypt

Corporate News

Egypt's revenue from the Suez Canal was $853.7 million in April and March, 4.1 percent higher than the same period a year earlier, the Suez Canal Authority said in a statement on Wednesday. The statement did not give a breakdown for April but Suez Canal Authority Chairman Mohab Mameesh said on March 31 that revenues came to $423.9 million in March. Officials from the authority were not available for comment. The canal is the fastest shipping route between Europe and Asia and one of the Egyptian government's main sources of foreign currency. Egypt has been struggling to revive its economy since a 2011 uprising scared away many tourists and foreign investors, key sources of hard currency. *(Reuters)*

Economic News

Egypt has procured 803,000 tonnes of wheat since the start of its harvest in mid-April, a supply ministry statement said on Sunday. That is down from about 874,000 tonnes purchased by this point last year, the statement said. Supply Minister Ali Moselhy has said he expects to buy about 3.8 million tonnes of wheat from local farmers during the harvest, which runs through July. *(Reuters)*

Average yields on Egypt's five-year and 10-year treasury bonds increased at an auction on Monday, data from the central bank showed. The yield on the five-year bond rose to 17.357 percent from 17.221 percent at the previous auction, while the yield on the 10-year bond increased to 17.244 percent from 17.135 percent.*(Reuters)*

Egypt sold $1.2 billion worth of one-year treasury bills denominated in U.S. dollars to local and foreign financial institutions with an average yield of 3.488 percent, the central bank said in a statement on Monday. The minimum yield was 3.44 percent and the maximum yield was 3.489 percent, it said. *(Reuters)*

Egypt has procured just over 1 million tonnes of wheat from farmers since its local harvest began in mid-April, the supply ministry said on Tuesday. Supply Minister Ali Moselhy has said he expects to buy about 3.8 million tonnes of wheat from local farmers during the harvest, which runs through July. *(Reuters)*

Egypt's annual urban consumer-price inflation hit a three-decade high in April, adding pressure on the government to lower prices before the holy month of Ramadan begins at the end of the month. Food demand usually grows during Ramadan because of heavy consumption following the dawn-to-dusk fasting. Ramadan begins on May 27. Annual urban inflation rose in April to 31.5 percent from 30.9 percent in March, the official statistics agency, CAPMAS, said on Wednesday. The figures are the highest since June 30, 1986, when it reached 35.1 percent, according to Reuters data. President Abdel Fattah al-Sisi is under increasing pressure to revive the economy, keep prices under control and create jobs to avoid a backlash from the public. Import-dependent Egypt abandoned its currency peg to the U.S. dollar on Nov. 3, and since then the currency has depreciated roughly by half, causing prices of goods to soar. Floating the pound helped Egypt secure a $12 billion International Monetary Fund loan to support the country's economic reforms, which include subsidy cuts and introducing a value -added tax. An IMF delegation is in Cairo to review Egypt's progress with the reforms, a condition for disbursing the second instalment of the loan program. Jihad Azour, the new head of the IMF's Middle East department, said earlier this month that lowering inflation is key to keeping the country's economic reform program on track. Egypt's central bank raised interest rates 3 percent when it floated the pound in November, in an effort to fight price pressures. But inflation is expected to keep rising as the government pushes on with more economic reforms. The central bank left rates unchanged at its last four monetary policy meetings, but bankers and economists say more rate increases are likely as inflationary pressures rise with the implementation of reforms. The central bank's monetary policy committee is due to meet on May 21 to discuss interest rates. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Ghana

Corporate News

GCB Bank has posted a 22 percent rise in profit in 2016 compared to the profit recorded in 2015. The bank's profit for the period increased from 244.7 million cedis to 299 million cedis between 2015 and 2016. The rise in GCB Bank's profits for 2016 comes after recording a drop the previous year. In 2015, the bank's profits declined by 10 percent to 255 million cedis; from 282 million cedis it recorded in 2014. Also, the bank's income amounted to 1 billion cedis in 2016 from 867.2 million cedis in 2015. Of this amount, income earned from interests on customer loans and other investments amounted to 884 million cedis in 2016, up from the 731.4 million cedis the previous year. In addition, income earned from charges on services such as ATM cards and cheque clearance, amounted to 141.8 million cedis from the 108.1 million cedis recorded in 2015. Meanwhile, GCB Bank's provisions for loans and advances gone bad in 2016 was about four times less than the provision made in 2015. The provisions were 93.4 and 26.5 million cedis for 2016 and 2015 respectively. The bank's assets or properties that it can lay claim to increased from 4.64 to 6.04 billion cedis. This was driven largely by investments in some securities on which interest earned went up by 29 percent between 2015 and 2016. Similarly, GCB Bank's liabilities or responsibility to customers and staff, amounted to 5.03 billion cedis. This was largely driven by customer deposits which increased by 27 percent; from 3.36 billion cedis to 4.27 billion cedis between 2015 and 2016. As at the close of trading on Monday, GCB Bank's shares were trading at 5 cedis 20 pesewas. *(Ghana Web)*

Economic News

Cocoa purchases declared to Ghana's industry regulator totalled 757,506 tonnes from the start of the 2016/17 season on Oct. 1 through April 20, up 13 percent from the same period last season, Cocobod data seen by Reuters showed on Tuesday. The world's second largest grower is aiming to produce 850,000 tonnes of beans by the end of the season in September. Ghana will on Thursday end its main crop harvest, which typically accounts for some 90 percent of annual output, Cocobod spokesman Noah Amenya said. *(Reuters)*

Ghana has been announced as one of the leading countries making strides in the research and production of cashew with an estimated eight hundred kilos per hectares. This was announced by the executive director of the competitive cashew initiative (comcashew) Rita Weidinger at the 4th edition of the master training program held in Ho. The five day training program which is aimed at promoting the African cashew value chain is a joint initiative of the Comshew and the African cashew alliance with support from the Cocoa Research Institute, Ghana (CRIG) and the Ministry of Food and Agriculture. Rita Weidinger says, Ghana continues to lead the way in high yields of 800kg/hectares as against the international benchmark of 1500kg/hectares. She added that processing remains a challenge in Ghana and the sub-region. MD for African Cashew Alliance, Mr. Ernest Mintah urged stakeholders and government officials to improve every level of the cashew value chain. He also added that there is the need for the promotion of the best farming practices to ensure increase in production, the adoption of good post-harvest techniques, food safety and increased awareness of the health and nutritional benefits of cashew along the value chain. Deputy Minister for Food and Agriculture in charge of Perennial Crops, William Quaittoo, who chaired the programme, noted that there is the need for cashew farmers to be properly sensitized in order to improve their yields. The first session of the fourth edition of the master training program for cashew value chain promotion held in Ho is aimed at increasing theoretical knowledge and skills of African cashew experts along the value chain and to promote the competitiveness of African cashew. The program provides platform for 71 African cashew experts from 12 countries including Zambia, Mali, Benin, Tanzania, Togo, Gambia, Mozambique, Sierra Leone, Cameroon, Burkina Faso, Côte d'Ivoire and Ghana to share and discuss how to build national and regional network for future collaboration. *(Reuters)*

Higher transport costs helped drive Ghana's annual inflation rate higher to 13.0 percent in April from 12.8 percent the previous month,

the statistics office said on Wednesday. The government of President Nana Akufo-Addo wants to slow inflation to 11.2 percent by the end of the year as part of its drive to restore macroeconomic stability under a three-year aid deal with the International Monetary Fund. In a positive for that target, food inflation fell to 6.7 percent in April from 7.3 percent a month earlier. Non-food inflation, however, accelerated to 16.3 percent from 15.6. "The marginal increase in the index was mainly due to a rise in transport fares which went up by 9.6 percent last month," deputy government statistician Baah Wadieh told a news conference. Ghana, which exports cocoa, gold and oil, said in April it was committed to reducing inflation, public debt and the budget deficit. It was one of Africa's best-performing economies until 2014, when it was hit by a slump in commodity prices. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Kenya

Corporate News

Unpredictable tax rises have escalated East African Breweries Limited's (EABL) cost of doing business and made planning difficult. EABL group chairman Charles Muchene on Monday said volatile tax is making it difficult for investors to attract long-term capital. "Investors are looking for a predictable environment so that they can plan. If we have a policy framework which keeps changing every year you cannot make long-term investment decisions," said Mr. Muchene during the EABL bond listing bell-ringing ceremony at the Nairobi Securities Exchange (NSE). Mr. Muchene said in the past year, the brewer had a tax increment in excess of 40 per cent on beer and spirits, posing challenges to the company. With breweries, distillers, support industries and a distribution network across the region, the EABL is the second largest Kenyan taxpayer remitting more than Sh40 billion in taxes to the exchequer. During the 2017/2018 fiscal year Budget statement presentation on March 30, Treasury secretary Henry Rotich proposed an increase of tax rate on high-value spirits exceeding 10 per cent alcohol, from Sh175 per litre to Sh200 per litre. "We are requesting that changes in the future be predictable so that companies can plan along the changes," said Mr. Muchene. The EABL realised a two per cent growth in profit after tax in the half-year ending December 31, 2016 despite significant excise tax increase. According to EABL group managing director Andrew Cowan, Kenya contributes more than 70 per cent to the company's profits and the prevailing tax regime in the region's biggest economy has significantly affected the earnings. Keroche Breweries is the second largest in Kenya. *(Business Daily)*

Nakumatt Supermarkets has announced plans to close its poorly performing branches in Kenya and Uganda as part of cost-cutting measures aimed at saving the retailer Sh1.5 billion annually. The first store to be shut down is the Haile Selassie Branch located at the Kenyatta University Plaza, Nairobi which is set to be closed this month and handed back to the university, which is the landlord. The chain did not, however, disclose the total number of branches that will cease operations under the move. Mr. Atul Shah, Nakumatt managing director, says the business has also frozen recruitment of new staff. "The branch culling strategy will start off with sub-optimally performing branches for whose leases contracts are due for renewal to be followed by branches in poor locations," he said in a statement. "All the employees previously assigned to work at Nakumatt Ronald Ngala have already been absorbed at other Nairobi branches." In February, the retail chain closed its Ronald Ngala branch citing low sales. Last month, the retailer shut down a branch in Uganda that had accumulated rent arrears estimated at about Sh8.5 million. The closure of its Haile Selassie outlet brings Nakumatt's branches to 62 and marks a new chapter in the life of the retail chain that is struggling with a mountain of debt and unpaid suppliers.

Nakumatt has announced that it has started reducing its store keeping unit (SKU) exposure by delisting slow-moving products. Already, the retail chain has cut the types of juices it sells from 26 to eight while it now only offers three types of water brands – Keringet, Dasani and Blue Label – down from 12. "We have embarked on a shelf stocks optimisation programme to enable us retain a lean variety of profitable retail products," said Mr. Shah. The retailer has also decided to shut down one of its two warehouses (where it stores imported goods as well as furniture and electronics) along Mombasa Road as part of the consolidation. Nakumatt is banking on cash injection from a new strategic investor to address frequent stock outs at its outlets. The retailer is battling to cut back on huge debt owed to suppliers estimated at Sh15 billion as at February 2015, a situation that has been piling pressure on its operations. *(Daily Nation)*

Telecommunications firm Safaricom #ticker:SCOM has announced an 18.3 per cent net profit rise to Sh45.1 billion in the year to March 2017. Total revenue crossed the Sh200 billion mark for the first time to stand at Sh212.9 billion, an 8.8 per cent rise. The revenue growth is backed by a strong performance in mobile money M-Pesa and data while traditional services like voice remained resilient. M-Pesa revenues grew from Sh41.5 billion to Sh55.08 billion while data revenues grew by 38.6 per cent to Sh29.29 billion. Voice service (incoming and outgoing) revenue rose by 2.9 per cent to Sh93.5 billion while SMS revenue declined by 3.7 per cent to Sh16.7 billion. The Safaricom board has recommended a dividend of Sh0.97 per share – an increase of 27.5 per cent from the previous year. *(Business Daily)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

KCB Group, Kenya's largest bank by assets, has posted a 1.9 per cent drop in net earnings for the first quarter on the back of lower interest income as the rate caps regime narrowed lenders' spreads. The listed bank said net profit stood at Sh4.54 billion in the three months to March 2017 compared to Sh4.63 billion in quarter one last year. Joshua Oigara, chief executive at KCB, also blamed the performance on the civil strife, devaluation of Juba's currency and hyperinflation in South Sudan which impacted the lender's earnings. Net interest earnings tanked by Sh514 million to Sh10.3 billion, despite a Sh49 billion bump in loan book to hit Sh395.4 billion as at March 2017. "We have witnessed an increasingly challenging operating environment across all markets. "In Kenya, the interest rate caps have made it difficult to price for risk whereas some of our subsidiaries are experiencing high inflation and shortage of foreign currency," said Mr Oigara. Non-interest income from fees and commissions as well as forex trading grew by a fifth to hit Sh5.5 billion in the period under review. Interest paid on deposits declined by 27 per cent to Sh3.8 billion from Sh5.2 billion in March 2015, a pointer that KCB could have shifted customer accounts to transactional accounts to avoid the set seven per cent deposit rate or rejected expensive deposits. Mr Oigara said the lender is banking on technology to cut operating costs, which surged by Sh446.4 million to Sh9.3 billion in the quarter under review. "The future lies in leveraging technology to drive efficiencies in our operations in order to serve our customers better with relevant products that meet their expectations," he said. Provisions for toxic loans dropped 30 per cent to Sh958 million from Sh1.3 billion in the first three months of last year. This is despite gross volume of non-performing loans growing to Sh27.4 billion from Sh26.3 billion in March 2016. On South Sudan, KCB said it is closing some of its 19 branches in the war torn country as a strategy to protect shareholder wealth, having booked a Sh3.4 billion hit due to hyperinflation in 2016. "The group continues to monitor South Sudan's overall performance and appropriate optimisation measures are being executed," said Mr Oigara. *(Nation)*

Taxpayers are once again set to shoulder the burden of bailing out the ailing Mumias Sugar Company #ticker:MSC after the firm's management revealed that it is in negotiations with government for a fresh Sh3.14 billion package. The funds will be released to the miller in three tranches, with the first amount expected to be wired by the end of next month after the ongoing maintenance of the factory is completed. Mumias East MP Benjamin Washiali revealed details of the fresh bailout Tuesday after holding a meeting with the sugar miller's chairman, Kennedy Mulwa. "The negotiations are in the final stages. The plan is to release the money in three phases in the ongoing efforts to turn around the fortunes of the miller," said Mr Washiali. Mumias Sugar has in the last two years received a total of Sh3.1 billion from the Treasury, as part of government efforts to revive operations and steer the miller back to profitability. President Uhuru Kenyatta and his deputy, William Ruto, delivered the Sh1 billion cheque during a tour of the factory in 2014 to help resuscitate the financially troubled sugar miller. The second tranche of Sh2.6 billion was given to the miller between June 2015 and April 2016 to pay arrears owed to farmers and rehabilitate the milling machines. Mumias has spent the funds without any major visible turnaround results, according to its financial results. The listed firm reported a half-year net loss of Sh2.92 billion in the period to December 2016. Mr Mulwa confirmed the bailout talks, adding that the company was in the process of recruiting a new chief executive to replace Errol Johnston who threw in the towel recently. "Our plan it to recruit a CEO who will be able to win back the confidence of farmers and ensure we have adequate raw material in the catchment to sustain our operations," said Mr Mulwa. *(Business Daily)*

Kenya Airways is about to conclude its capital restructuring, its chairman said on Wednesday, edging closer to putting past financial woes behind it, the carrier's chairman said. The airline, part-owned by the state and AirFrance KLM, sank into the red four years ago after tourism slumped following a spate of attacks in Kenya by militants from the Somalia-based al Shabaab Islamist group. Last year the carrier had negative equity of 35 billion shillings ($339 million), Reuters data showed, and the business was sustained by shareholder loans. Its financial predicament caused delays in paying staff, industrial action and the ousting of chief executive Mbuvi Ngunze, who is being replaced by Sebastian Mikosz, a Polish national who has prior experience of turning around an ailing airline. "We are heading towards a conclusion on the capital-restructuring. We hope now that we will conclude this end of June, middle of July," Michael Joseph, the airline's chairman, told Reuters on Wednesday. Joseph said the major shareholders, including the Kenyan government, were involved in the restructuring, without providing more details. "This provides us the foundation on which we can turn around the airline," he said. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Economic News

The Kenyan shilling was steady against the dollar on Monday but demand from the energy sector was seen outweighing minimal dollar inflows from charities, traders said. At 0907 GMT, commercial banks quoted the shilling at 103.10/20 to the dollar compared with 103.05/15 at Friday's close. *(Reuters)*

Kenya's parliament is pondering proposals to curb climbing food prices, officials said on Tuesday, with the issue becoming a political liability for President Uhuru Kenyatta as he seeks a second term in August elections. Justin Muturi, the speaker of the National Assembly, said the Treasury could present a plan within a week. "If they want to bring a supplementary budget, that is within their power," he told Reuters. A supplementary budget allows the government to spend or raise extra funds outside the annual budget cycle. Kenya will hold presidential, parliamentary and local elections on Aug. 8. Kenyatta is seeking a second and final five-year term. He is running against veteran opposition leader Raila Odinga, who is stoking widespread anger over rising food prices. The price jumps are partly caused by a regional drought, but Odinga has also blamed Kenyatta for raising taxes and failing to boost food production. Year-on-year inflation is 11.48 percent; the last time it was that high was in mid-2012. The price of a two kilogram packet of maize flour jumped by a third to 135.87 shillings ($1.32) last month from the same period last year. Armando Morales, the International Monetary Fund's resident representative in Kenya, said the Treasury was considering re-allocating the equivalent of less than one percent of GDP to import maize and stabilise prices.

A survey by research firm IPSOS-Kenya last month found 79 percent of respondents felt their economic condition had worsened in the last three months. "Such a figure represents a serious challenge for a government seeking re-election," said Tom Wolf, a research analyst for IPSOS-Kenya. Kenyatta's campaign focuses on his investment in infrastructure, including new roads, the power grid and a new railway linking the coast to the capital. But he acknowledged the problem of high food prices this weekend when he accepted his party's presidential nomination. "We know the price of flour has gone up and we are doing everything to see how we can lower the price," Kenyatta told the crowd. Dennis Onyango, Odinga's spokesman, dismissed the government's plans and said the opposition would offer farmers subsidies and lower taxes. "If that had been part of the policies from the beginning, we would not be where we are now," he said. *(Reuters)*

Malawi

Corporate News

No Corporate News this week

Economic News

No Economic News this week

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Mauritius

Corporate News

Mauritius' SBM Holdings is bidding to buy a stake in Kenya's Chase Bank, SBM's chairman said, which will give it greater presence in the East African economy after acquiring Fidelity Bank last year. "SBM is bidding yes. Fidelity is a very small bank. Chase is interesting for our Africa strategy," Ki Chong Li Kwong Wing, chairman of SBM Holdings told Reuters in a text message. *(Reuters)*

Luxury hotels group New Mauritius Hotels (NMH) reported a 10.8 percent rise in first-half pretax profit on Monday, helped by an increase in tourist arrivals to the Indian Ocean island. The group, which owns nine hotels in Mauritius, one in the Seychelles and another in Morocco, said pretax profit was 850.66 million rupees ($24.69 million). "Occupancy rate increased marginally to 75 percent whilst average revenue per guest remained at par with the previous year," NMH said in a statement. Revenue fell to 5.692 billion rupees from 5.934 billion rupees, dented by the weakening euro and sterling currencies. NMH said the closure of one of its units, together with the continued weakness of the euro and the British pound, will have a negative impact on results for the coming months. The tourism sector is a key driver of the Indian Ocean island's $10 billion economy. *(Reuters)*

Mauritius-based conglomerate Rogers and Company on Thursday reported an 18 percent drop in nine months pretax profit hit by a poorer performance in the hospitality sector and the depreciation of the euro and sterling. Rogers, which has interests in the Indian Ocean island nation's financial, property and aviation sectors, said pretax profit fell to 549 million rupees ($15.66 million) in the period to end-March. Revenue rose to 6.49 billion rupees from 6.27 billion rupees a year earlier. Earnings per share fell to 0.96 rupees from 1.50 rupees. The stock closed at 28.75 rupees on Thursday, down from 29 rupees the previous day. *(Reuters)*

Economic News

Mauritius year-on-year inflation rose to 2.9 percent in April compared with 1.3 percent the previous month, the statistics office said on Monday. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Nigeria

Corporate News

Industrial giant, Dangote Group, is to invest over $450million in the agricultural sector of Niger State. The amount is for the establishment of a sugar refinery in the state. The Managing Director of Dangote Sugar Refinery Company, Alhaji Abdullahi Sule, disclosed this in Minna, the Niger State capital yesterday after a meeting with governor Abubakar Sani Bello. Sule who led a team of experts from Dangote Group to the meeting held at the Government House, Minna said the meeting was to brief the governor on the progress made so far on the proposed sugar and rice schemes to be sited in the state by the company. He said sites for both the sugar cane plantation and the refinery have been identified while the Memorandum of Understanding (MoU) between the state government, the community hosting the schemes and the group "is being perfected. "For the sugar, we have identified the site and carried out feasibility study. We have equally carried the survey of the site, did the soil and demarcated the land to enable us plant different crops. "The group will be investing $450 million on Sugar alone and this is explicitly stated in the MoU." On the proposal for rice production, the Managing Director said work was in progress, adding that the group was prepared for the scheme saying "as soon as due diligence and necessary formalities are completed the project will take off." In the meantime Bello has directed the Ministries of Agriculture, Lands and Justice to perfect the smooth take-off of the sugar refinery project without any further delay. *(This Day)*

Lafarge Africa plans to seek shareholders' approval next month to raise 140 billion naira ($445.86 million) and also convert some loans into equity as part of the capital injection, the company said on Monday. The local business of Lafarge Holcim said it will seek approval to convert loans due from a shareholder to equity under the rights issue. *(Reuters)*

Wapic Insurance Plc said it recorded growth across key performance indicators for the period ended March 31,2017. The Group's first quarter result showed that profit before tax (PBT) grew by 135 per cent, from N163 million recorded in the first quarter of 2016 to N384 million in the period under review. Similarly, the Group's Gross Written Premium (GWP) increased by 25 per cent over the previous year's figure of N3.022 billion, to N3. 771 billion, which it said signalled a departure from the erstwhile converse relationship between profitability and gross written premium in the company's operations. In the recent past, Wapic Insurance has had to pay out significant sums in the bid to set the institution free from legacy claims. According to a statement from the company, the insurer also recorded a 23per cent growth in Net Underwriting Income, from N1159 million in 2016, to N1428 million recorded in 2017. In the same vein, Underwriting Profit rose by 19 per cent to N426 million, from the N358 million posted for the corresponding period in 2016 to affirm the effectiveness of the Group's operations. "As Wapic Insurance continues its quest for leadership, operational efficiency; product innovation; channel utilisation and capacity building will remain the focal points of our agenda," the Managing Director, Wapic Insurance, Yinka Adekoya said. Commenting on the company's first quarter result she added: "Wapic Insurance has successfully settled legacy claims and is strategically positioned to compete in the sub-Saharan African insurance landscape. We are convinced that this positive trend in our profitability will continue, and will form the foundation of the transformation." *(This Day)*

Nigerian stocks hit a four-month high on Tuesday, lifted by gains in oil firm Oando and improved investor sentiment towards the recession-hit economy. The stock market rose 1.28 percent to 26,756 points. Oil firm Oando rose the maximum 10 percent allowed on the Lagos bourse, to its highest level in 18-months. Analysts say company first-quarter results have come in better than market expectations signaling that Nigeria's economy may be starting to recover. *(Reuters)*

Italian oil company Eni plans to build a crude refinery in Nigeria with capacity of 150,000 barrels a day through its Agip subsidiary, the country's oil minister said on Tuesday. Nigeria has been seeking investment in the sector to reduce reliance on imported oil products that consume a large portion of the nation's scarce foreign currency reserves. After years o neglect its existing, ageing refineries produce hardly any fuel. "We reached an agreement that Agip will build a brand new refinery of 150,000 barrel capacity, Emmanuel Ibe Kachikwu told reporters after meeting Eni executives in Abuja. A memorandum of understanding is being prepared, he added. ENI executives declined to talk to reporters at the event, but in January the company said that it would "intensify" oil and gas exploration in Nigeria and help to revamp the Port Harcourt oil refinery. *(Reuters)*

Talks between the Nigerian arm of Abu Dhabi's Etisalat and its lenders to renegotiate the terms of a $1.2 billion loan have reached deadlock after the telecoms firm missed a payment, two sources with knowledge of the matter told Reuters. Lenders, under pressure to avoid loan-loss provisions, are pushing to finalise the debt restructuring before next month's half-yearly audit, a banking source said. Etisalat met with the lenders in London on April 28 led by Guaranty Trust Bank but they could not agree a way forward, the sources said. Etisalat could not be reached for comment. The telecom firm signed the medium-term seven-year facility with 13 local banks in 2013 to refinance a $650 million loan and fund expansion of its network, but is now struggling to repay. Etisalat Nigeria told Reuters that it was in talks with lenders to restructure the loan after it missed a payment. "There is no conclusive view on the way forward," one banker who declined to be named told Reuters after the meeting. "The most viable solution which the banks are pushing for is for the shareholders to inject equity into the business." A source at Etisalat, which owns 45 percent of the Nigerian company, said the company was not willing to invest more after converting some loans it made to the affiliate to equity and writing down its investment to $50 million. bu Dhabi's state-owned fund Mubadala owns another 40 percent.

Etisalat is the biggest foreign-owned victim of the dollar shortages plaguing Nigeria's financial system. Nigerian regulators in March agreed with local banks to pursue a default deal rather than a receivership for Etisalat Nigeria so as not to deter investors and to avoid a wider debt crisis. But lenders are keen to keep a lid on rising non-performing loans (NPLs) to preserve their capital as Africa's biggest economy battles a recession and currency crisis. NPLs hit 14 percent in 2016 from 5.3 percent a year earlier. Etisalat has 20 million subscribers, making it Nigeria's number four mobile operator with 14 percent market share. South Africa's MTN has 47 percent, Globacom 20 percent and Airtel - a subsidiary of India's Bharti Airtel - 19 percent. *(Reuters)*

Ecobank Transnational Inc., Africa's most geographically diverse lender, is betting that Nigeria's plans for a digital revolution will increase the number of its customers in the country more than fivefold over the next five years. The bank is closing branches in the continent's most populous nation to cut costs while using improving access to the internet to add clients through mobile-phone applications, Ecobank Nigeria Chief Executive Officer Charles Kie said in an interview in Lagos. The Lome, Togo-based lender still aims to expand in Nigeria even after bad loans there contributed to a record loss in 2016. "It will be a reasonable target to have 40 million customers in five years'' in Nigeria compared with 7 million currently, he said. Overall, the lender wants to reach 100 million clients in the next five years. "Our strategy for the next five years is to be among the top three banks in this market by profitability.'' Banks and other companies are increasingly tapping Nigeria's digital potential as the economy recovers from its first contraction in 25 years. The government is trying to increase broadband penetration to 30 percent of the population by 2018 from 4 percent in 2013. Mobile-phone subscribers in the West African nation of more than 180 million reached 152 million in March, according to the Nigerian Communication Commission website. Ecobank plans to reduce the number of branches in Nigeria to 405 from 479 as it seeks to reach more customers through digital platforms. The move will enable it to cut costs and boost profit even as a weak economy and rising non-performing loans make credit less attractive, Kie said.

Ecobank invested in a mobile app that allows customers to check accounts, complete transactions, and make payments instantly in Nigeria and outside the country, he said. Ecobank wants to ensure that it has easily accessible platforms that allow customers to bank without coming into branches, he said. "All of these are to ensure that whether or not the country is growing, so long as there is trade, so long as there is business, they have solutions.'' The expansion of financial services in Nigeria is hampered by unemployment and delayed wages after government revenue plunged with oil prices that have more than halved since mid-2014, and companies struggle to obtain dollars to import raw materials. There were 96 million bank accounts in the country at the end of December, of which only 65 million were active, according to Nigerian Interbank Settlement System Plc, which is owned by the central bank and the nation's lenders. The lender is confident that expansion in digital banking will boost deposits and help bolster funds for investment, Kie said. E-commerce will account for 10 percent of all retail sales in Nigeria by 2025, or some $75 billion in annual revenue, consulting firm McKinsey & Co. said in a 2013 report. Ecobank posted a pretax loss of $131 million for 2016 compared with a $205 million profit a year earlier due to impairments from Nigeria as lenders struggled to cope with a shortage of dollars and a 37 percent devaluation of the naira over the past 12 months against the U.S. currency. With customer acceptance of the digital platform, an increase in the supply of foreign currency to lenders by the Abuja-based Central Bank of Nigeria as well as separation of non-performing loans in Nigeria so it doesn't impact other parts of the business "we would expect at least the bottom line to see a significant increase,'' in 2017, Kie said. The shares have dropped 21 percent this year, the biggest decline in the 10-member Nigerian Stock Exchange Banking Index, which is up 11 percent. "The digital drive, the cleaning up of the portfolio, the reduction in our cost base, all of these initiatives are meant to improve the profitability of this bank over time," Kie said. *(Bloomberg)*

Zenith Bank Plc on Thursday notified the Nigerian Stock Exchange (NSE) of its intention to raise up to $500 million under its global Medium Term Notes programme established in 2014. The bank had established a $1 billion global medium term note programme in 2014 and had raised $500 million under the first tranche of notes issued. In a notification to the NSE, signed by the Company Secretary, Mr. Michael Out, Zenith Bank said it intends to revalidate the raised $500 million under the second tranche of the programme. According to the bank, the proceeds of the second tranche of the notes would be utilised for its general banking purposes. "As was done in the first tranche notes, the bank intends to issue the second tranche notes directly but will retain the flexibility to issue through an offshore special purpose vehicle where market conditions require and allow same," the bank said. It added that like the first notes that were listed on the Irish Stock Exchange (ISE), the second tranche would also be listed on the ISE. Zenith Bank Plc had ended 2016 with a profit before tax (PBT) of N156.748 billion, which showed a significant jump above the N125.616 billion in 2015. Similarly, profit after tax rose from N105.531 billion to N129.65 billion. Chairman of Zenith Bank Plc, Mr. Jim Ovia, told shareholders at the bank's annual general meeting (AGM) that the bank was able to fully exploit the available opportunities to post the impressive results. *(This Day)*

Economic News

Nigeria has almost tripled the budget for an amnesty programme for militants in its oil-producing heartland, the presidency said on Saturday, a key factor in maintaining a tenuous peace in the Niger Delta and supporting crude production. An additional 30 billion naira ($98.47 million) would be released for the former militants and an extra 5 billion naira added at some later stage, the presidency said in a statement. Until 2016 the annual budget was 20 billion naira. Funding of former militants under the 2009 amnesty is key to maintaining the relative stability in the Delta and stopping attacks on oil facilities, as it was last year by militants who cut crude output by as much as a third. Under the amnesty programme, each former militant is entitled to 65,000 naira a month plus job training. But in March a special adviser to Nigeria's president said the programme was facing a cash crunch. "Currently the Amnesty Office has now paid up all ex-militants backlog of their stipends up to the end of 2016," the presidency said in a statement. Authorities had previously cut the budget for cash payments to militants to end corruption. They later resumed payments to keep pipeline attacks from crippling vital oil revenues. Last month, former militant leaders in the Niger Delta urged the government to pay out delayed amnesty stipends or face protests. The government has been holding talks with militants to end the attacks that cut Nigeria's output by 700,000 barrels a day (bpd) for several months last year, reducing total production at that time to about 1.2 million bpd. It has since rebounded. The presidency also said all promises made by Vice President Yemi Osinbajo on recent visits of the Niger Delta to boost development would be kept. The damage from attacks on Nigeria's oil industry has exacerbated a downturn in Africa's largest economy, which slipped into recession in 2016 for the first time in 25 years, largely due to low oil prices. Crude oil sales make up around two-thirds of government revenue. *(Reuters)*

Nigeria is seeking $5.2 billion from the World Bank to expand electricity generation and help the economy recover from its first contraction in 25 years. The bank's private-sector lending arm, the International Finance Corporation, may invest about $1.3 billion in power projects and electricity distribution companies. Its political-risk insurer, the Multilateral Investment Guarantee Agency, could provide equity and debt of $1.4 billion for gas and solar power programs, according to Power, Works and Housing Minister Babatunde Fashola. That's in addition to loans of $2.5 billion Nigeria is seeking from the lender to help improve the distribution of power, expand transmission-capacity and increase access to electricity in rural areas, Fashola, 53, said. "Disbursements with the World Bank are being worked out to start from around June, July this year," Fashola said in an interview from his office in the capital, Abuja on May 4. Nigeria is asking the lender to bring forward the timetables "because next year we want to see results," he said. Africa's most populous nation produces about 4,000 megawatts of power compared with a average peak generation of about 35,000 megawatts in South Africa, with a population that's less than a third of the size of Nigeria's 180 million people. The lack of supply increases production costs for many businesses forced to provide their own electricity, mostly using diesel-run generators. The Nigerian economy shrank 1.5 percent last year, the first full-year contraction since 1991 because of a fall in oil prices and production and dollar shortages. Fashola, who presided over several infrastructure projects in Nigeria's commercial hub of Lagos as its governor, was appointed last year by Buhari to boost the power industry, one of the biggest impediments to growth in the country.

Power generation and distribution companies are facing cash-flow difficulties, partly because of foreign-exchange losses, outages due to technical faults and the theft of electricity by some users, according to Fashola. In 2016, power distributors paid only 27 percent of the 331 billion naira ($1 billion) that generating companies invoiced, according to the National Bureau of Statistics. Buhari last month introduced an economic plan that proposes cost-reflective electricity tariffs, partly to attract investment in the sector and help the economy recover. Power distributors should fix meters to measure what they receive from generators and what they sell to users, Fashola said. The Nigerian Electricity Regulatory Commission should simplify the price-setting formula and work with the central bank to protect the tariff from exchange-rate fluctuations, he said. Nigeria's currency lost about a third of its value against the greenback after the central bank removed a 197-199 naira to dollar peg in June. The regulator continued to intervene in the market to keep the naira at about 315 per dollar, which helped to create a thriving black market where foreign currency cost about 30 percent more. Electricity tariffs were fixed before the naira was allowed to devalue. "I don't think we will have any successful tariff regime where you have a very fluid exchange rate," Fashola said. Depreciation of the naira "wiped out any or most of the gains that the new tariff should have conferred." The national grid can currently only transmit about 6,200 megawatts, with projects in the pipeline to expand that capacity to 10,000 megawatts by 2019, Fashola said. The World Bank said in a statement last month Nigeria's power sector is characterized by poor service and lack of liquidity which causes macroeconomic imbalances and a binding constraint to economic recovery. The lender will support the government's power-sector recovery plan, according to the statement. *(Bloomberg)*

The Nigerian naira traded at about 400 to the dollar in deals for investors on Monday, traders told Reuters, two weeks after the central bank allowed investor trade in the currency at market-determined rates. Trading sources said investors were demanding rates above 400 naira per dollar while locals were quoting rates as low as 350. The sources said traders held a conference call last Friday with market regulator FMDQ OTC Securities Exchange to discuss the wide range of quotes on the naira for investors, although the meeting did not produce any resolutions. FMDQ provides daily opening and closing quotes on the naira. Traders, worried about illiquidity in the currency market despite making the exchange rate market-determined for investors, said no resolution was reached at the meeting. "We have done deals around 400 levels," one trader said. "Some of the offshores are insisting on 400." The central bank said in April it would allow investors to trade the naira at market-determined rates, a move intended to improve the dollar supply and attract foreign investors who bolted from Nigeria at the start of the latest currency crisis. The move introduced yet another exchange rate to the five existing ones. Still, analysts doubted it would enough to draw more hard currencyinto Africa's biggest economy. Investors have questioned the over-the-phone trading system for lack of price discovery and transparency. The bank says it has used the multiple exchange rate system to eliminate "frivolous demand" for foreign currency but critics disagree, saying that the convoluted system masks pressure on the naira as the regulator tries to avoid a devaluation. The central bank has been selling dollars aggressively on the forward market with only tiny volumes on the spot market, using those sales to influence the naira's official value in a bid to narrow the currency spread with black market rates. On Monday it offered $100 million in forwards. The naira was quoted at 381.11 per dollar for investors on Monday, data from FMDQ showed. The official market rate was 305.20 and the black market rate 391. *(Reuters)*

Nigerian stocks rose to a more than six-month high on Wednesday, lifted by gains in the banking, cement and oil sectors as dollar liquidity continued to improve on the currency market. The main index marked its third consecutive day of gains, closing up 2.95 percent at 27,546 points, a level last seen in October 2016. One factor behind the market rise was news that Moody's had maintained a stable outlook for Nigeria's banking sector, with the ratings agency noting that acute foreign-currency shortages were set to ease. Analysts also pointed to first-quarter company results, which have come in better than market expectations, as a signal that Nigeria's economy may be starting to recover and that some foreign investors have begun to return. Overseas money flowed out of Nigeria in mid-2014 when oil prices started to collapse. That fall tipped the country into its first recession in more than two decades, slashed government revenues and weakened its currency and financial markets. Shares in oil firm Oando, which hit an 18-month high on Monday, surged for a second day and were up 10.13 percent, while Diamond Bank rose 9.52 percent and FCMB up 9 percent. Dangote Cement stock, which accounts for a third of the market capitalisation on the Nigerian exchange, rose by 2.48 percent.*(Reuters)*

Nigeria will enter negotiations with General Electric over a railway project in the West African country, transport minister Rotimi Amaechi said on Wednesday. In March the U.S. company had submitted the only bid for the $2 billion project connecting northern cities to the south of the country, a procurement process adviser said in March. *(Reuters)*

Nigeria's lower and upper parliamentary chambers passed the 2017 budget, set at 7.44 trillion naira ($24.4 billion), on Thursday, lawmakers said. Both chambers had agreed to a higher volume than the draft worth 7.298 trillion naira budget submitted by President Muhammadu Buhari to lawmakers in December. The budget assumes an oil price of $44.5 a barrel and foreign borrowing of 175.9 billion naira and domestic borrowing of 1.488 trillion naira, lawmakers said. The budget must be passed by lawmakers before the president can sign it into law. President Buhari is on medical leave in Britain and on Sunday handed over power to his deputy Yemi Osinbajo. Nigeria is in its second year of recession brought on by low oil prices which have slashed government revenues, weakened the naira currency and caused chronic dollar shortages. Last year's budget - passed in May 2016 - was delayed for months due to disagreements between lawmakers and the presidency, cutting the supply of government money and deepening the economic crisis. *(Reuters)*

Nigerian workers at U.S. oil major Exxon Mobil Corp have gone on strike in protest over the sacking of workers, oil labour union officials said on Thursday. Nigerian labour unions have criticised oil companies for sacking workers in the last few months and held a number of strikes. Abel Agarin, who chairs the Lagos zone of the Petroleum and Natural Gas Senior Staff Association of Nigeria (PENGASSAN), said members of his union were on strike in protest at the sacking of 150 workers in December. He said 82 were PENGASSAN members. "We want them to be brought back and if that is not possible we want a proper severance package for them," said Agarin, who led around 50 protesters in the commercial capital. PENGASSAN said strikes were being held in Lagos, Bonny, Akwa Ibom and Port Harcourt. A spokesman for Exxon Mobil said by email that there were "no impacts" on oil production. Two oil traders said it was too early to say whether the strikes would have an impact on production. Strikes by Exxon workers in Nigeria at the end of 2016 did impact output, leading to weeks-long loading delays. *(Reuters)*

SECURITIES and Exchange Commission, SEC, yesterday, disclosed that it has set aside N5 billion as seed capital for the take off of the proposed Nigerian Capital Market Development Fund, NCMDF. The Commission also warned that it would henceforth prosecute investors using false identity for share subscription. ADVERTISING The apex capital market authority also indicated that its shares dematerialization programme has run its full course achieving a 100 per cent dematerialisation of shares with over 2.2 million investors mandating their accounts for e-dividend to-date. The Director General of the Commission, Mr. Mounir Gwarzo, who stated these at the 2017 first quarter post Capital Market Committee, CMC, media briefing, said following the setting aside of the take off capital the NCDF will be launched at the second quarter CMC meeting, with the inauguration of the Board expected to take place in August 2017. According to him, membership of the Fund would have representation from SEC, trade groups, shareholders' association, and Self Regulatory Organisations, CROs. Gwarzo said that further funding of NCMDF would come from monies that would be forfeited by investors that had at one time or the other subscribed for shares with false identity, adding that henceforth, any investor that subscribes for shares with non-existent identity would be made to face the full wrath of the law. "With regard to the use of non-existent identity in making multiple subscription of shares, we know that multiple application for share subscription is illegal. You cannot apply more than once, but we have noticed that a lot of people have applied with different names.

We have also noticed that some people have applied with names that do not even belong to them, which is also illegal. "We have, therefore, resolved that investors who joggled their names for the purpose of multiple subscription should be given a forbearance period of six months within which they can lay claims to both their shares and accruing dividends subject to establishment of their identity and a verification process by the SEC, failing which such shares and accruing dividends shall be transferred to the NCDMF. "We also resolved that shares and accruing dividends of non-existent shareholders should be forfeited and transferred to the NCDMF, and going forward, any person who engages in such act shall be prosecuted," he said. On full dematrialisation, the SEC boss noted that all shares in the market including those belonging to investors that have never had Central Securities and Clearing System, CSCS, accounts have been migrated to the CSCS, but domiciled with the registrars. He added that shares of investors that have multiple accounts with different stockbroking firms are warehoused with the registrars. Consequently, he said that 7.7 million accounts have so far been migrated to the CSCS account, while the volume of such migrated shares came to 187 billion units. So, there is need for the migration to be done to increase market liquidity, Gwarzo said. Going forward, according to him, any company that would list on the stock exchange would be fully dematrialised, saying that the recently listed companies – Medview Airline and Jaiz Bank Plc – were fully dematrialised. Gwarzo said that June 30 cut-off date for issuance of dividend warrant still stands. *(Van Guard)*

Nigeria's lawmakers approved to boost spending by 21 percent this year to help the West African economy recover from its worst slump in 25 years. The Senate, led by its President Bukola Saraki, agreed on Thursday in the capital, Abuja, to increase spending this year to 7.4 trillion naira ($23 billion). That compares to a budget of 7.3 trillion naira that President Muhammadu Buhari proposed on Dec. 14. The House of Representatives, the National Assembly's lower chamber, approved it earlier Thursday. Nigeria's economy, which vies with South Africa's to be the largest on the continent, shrunk by 1.5 percent last year, the first contraction since 1991, after revenue from oil, its biggest export, fell by almost half. About 30 percent of the budget will be spent on roads, rail, ports and power to help stimulate business activity. The government should implement the budget quickly "to boost the economy and take it out of recession," Michael Famoroti, an economist at Lagos-based Vetiva Capital Management, said by phone. Spending on capital projects to promote exports and in the oil-producing Niger delta region, is expected in the second half of the year, he said. The spending plans assume daily production of 2.2 million barrels of crude oil sold at $42.5 per barrel, and an exchange rate of 305 naira per dollar, according to budget documents. This was unchanged from Buhari's proposal, the chairman of the Senate's Committee on Appropriations, Danjuma Goje, told lawmakers. The government's oil-production target may be reached in the second half of the year as "oil revenue is expected to be strong," according to Famoroti. If non-oil revenue doesn't increase, Nigeria might face "another under-performance of the budget."

Foreign-currency shortages in the country forced the central bank to introduce multiple exchange rates, with the main rate at 315 naira per dollar, more than 20 percent cheaper than the street price. The two chambers of Parliament debate and approve spending plans separately before harmonizing their proposals into a single document sent to the president to sign into law. Buhari's deputy, now acting President Yemi Osinbajo, might sign the bill in the absence of his boss, who flew to London on May 8 for treatment of an undisclosed ailment. The 74 year-old leader's ill health has fueled concern about his ability to rule Africa's most-populous nation of 180 million people. Like last year, Nigeria delayed approving the budget by more than four months. The budget's passage paves the way for the government to borrow 2.3 trillion naira, 46 percent of which will be from abroad, to help plug this year's fiscal deficit at 2.18 percent of gross domestic product. Buhari asked lawmakers on April 27 to approve the borrowing of $7 billion from China and the World Bank to build railroads and help recovery of northeastern Nigeria. The region has been adversely affected by Jihadist group Boko Haram's insurgency. *(Bloomberg)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Tanzania

Corporate News

TANGA Cement is confident that market challenges that trimmed profit last year are coming to an end thanks to an economy which continues to grow strongly and launching of mega-infrastructure projects. The Chairman of the Board of Directors, Lawrence Masha told the 'Daily News' they are optimistic that cement sales would rebound after a long period of slowdown caused by intense competition following the entry of new players in the industry. "The fact of the matter is that new players are entering the cement industry has increased but the beauty about it is that this is a growing economy… we should be able to sell our cement. It is a question of knowing where you market your cement. Where you sell," he told the 'Daily News' on the sidelines of the Annual General Meeting. He said they were confident that the expected boost in cement demand would take care of the challenges of excess supply which have been compounded by the entry of new players in the industry. Strong growth sustained for over a decade and commissioning of mega-infrastructure projects have made Tanzania's cement industry attractive despite challenges of excess supply which have forced prices down. The industry has been dominated for years by three major producers, Tanzania Portland Cement, owned by a subsidiary of Germany's Heidelberg Cement AG, Tanga Cement, majority owned by Afrisam Mauritius Investment Holdings Limited and Mbeya Cement, owned by France's Lafarge SA. A team of new players -Arthi Rhino Cement, Camel Cement, Lake Cement, Lee Building Materials and Dangote Cement- have enhanced competition in the market. However it is the coming of Dangote Cement that changed the landscape significantly after it slashed cement prices up to 10,000/- per 50kg bag in 2015 being only months after it started operations. Other players had to follow suit by lowering prices of their products and begin sales promotion campaigns so as to survive in the market.

Another big player, is the Chinese controlled Sinoma and Hengya Cement (T) Ltd which will build a US$1billion cement manufacturing plant in the coastal city of Tanga to focus on exports. About 70 per cent of cement produced at the plant will be exported to local countries including Somalia, Kenya, Mozambique, Sudan, the Democratic Republic of Congo and Uganda. However, Mr. Masha said they were undaunted with the influx of new players in the market adding the focus would not be to compete with other producers but improve quality and market strategies to gain more their market share, he said. It is going to be very difficult for Tanga Cement to try to compete with Dangote Cement in Lindi. It'll be sheer madness just as it will be sheer madness for Dangote Cement to try to compete with Tanga Cement in Tanga," he said. Mr. Masha said they were undaunted with intense competition in the market that saw producers forced to drop prices in the wake of declining demand and excess supply. Tanga Cement banked on high quality of their brand when it comes to competition with other producers, he said adding they have a cement brand that enjoys high reputation in the market and gives them an edge over others. "With additional players in the market, we must sit back and look at our strength. We are very lucky that in the sense that Simba cement is a respected brand in the market… so that has given us advantage… that is where our advantage lies," he said. Tanga Cement's net profit dropped by half to 4.2bn/- last year from 8.2bn/- in 2015, according to financial statement for the year ending 31st December 2016. Its revenue dropped by 20 per cent year-on-year to US$75m in 2016 from US$94m in 2015 due to competition and lower government spending on infrastructure.*(Daily News)*

VODACOM Tanzania initial public offer (IPO) ended yesterday while stock brokers are optimistic of oversubscription especially after duration extension. The leading telecom wants to raise 476bn/- through public who requested for IPO extension to extra three weeks after struggling in the first six weeks. Zan Securities Chief Executive Officer, Raphael Masumbuko, said time extension brought a huge improvement for the entire exercise as they managed to reach more investors. "Based on my own assessment, oversubscription is looming … as pension funds brought Vodacom heavily. This is good sign for IPO to do better," Mr Masumbuko told the 'Daily News'. Vodacom put on offer 560 million shares at the price of 850/- on March 9, but struggled to reach the intended amount. The telecom had to apply for an extension of extra three weeks in a bid to woe more investors. The Orbit Securities General Manager, Mr Simon Juventus, said the extension was a big relief as more players were reached. "This time around we reached many investors unlike the first six weeks … the progress was good," Mr Juventus said. Orbit is the sponsoring Vodacom's IPO brokerage firm. He said many investors need more time to participate since quarter one clouded with a number of obligations for individuals and firms. "However, at the moment I am not in a position of giving out the

IPO numbers until we conclude consolidating all accounts," Mr Juventus said. Previously, Orbit Chief said the extension mainly benefits retail investors as many had family commitment and were busy during Easter holidays. Capital Markets and Securities Authority (CMSA) had to extend the period following Vodacom plea that if IPO ended on April 19, as planned, many retail and institution investors will be left out. CMSA Principal Public Relations Officer, Mr Charles Shirima, told the 'Daily News' the go ahead was given based on the amount and size of the IPO before the public. But other market pundits have it that liquidity tightness that the economy currently experienced had a share of blame for underperformance of the huge IPO in a two-decade history Dar es Salaam Stock Exchange (DSE). *(Daily News)*

Economic News

Tanzania's central bank said on Monday it revoked the business licence of FBME Bank and placed it under liquidation after it was accused by the U.S. government of large-scale money laundering. The central bank took over the management of FBME Bank in July 2014 following a report from the U.S. Treasury's Financial Crimes Enforcement Network (FinCEN) describing the bank as a "primary money laundering concern." The Tanzanian-registered bank mounted a legal challenge against the allegations, but a U.S. court ruled in favour of FinCEN in April, allowing it to shut the bank out of accessing the U.S. financial system. The decision also paved the way for the central bank to revoke the bank's license, officials said. "The Bank of Tanzania has discontinued all banking operations of FBME Bank Ltd, revoked its banking business license and placed it under liquidation," the central bank said in a statement. It said it had appointed the Deposit Insurance Board as a liquidator. FBME, which according to its website specialises in cross-border transactions, commercial trading and foreign exchange services, did not respond immediately to a request for comment. FBME Bank is registered in the East African country but has been conducting most of its business operations elsewhere, notably in Cyprus. *(Reuters)*

FOR the first time in history, the Zanzibar government yesterday unveiled its 1tr/- budget framework for the 2017/18 financial year. With an increase of over 200bn/- from the previous 841bn/- budget of 2015/2016, the 2017/2018 Fiscal Year government revenue and expenditure estimates were intended to improve lives of the people. Speaking ahead of House of Representatives budgetary sessions, the Minister for Finance and Planning, Dr Khalid Salum Mohamed, said the budget had been projected at 1.08tri/-. "The government is expected to spend 1.08tr/- in financial year 2017/2018, including 590.8bn/- to be spent on running the government's day-to-day activities while 496.6bn/- will be spent on development projects," he explained. The minister revealed that the budget plan would cover seven priority areas, including improvement of social services, health, education, housing and clean water. Other priority areas include strengthening the tourism sector, infrastructure, developing entry points (including ports and air ports), good governance and investments in small and medium industries to curb unemployment. The Minister said the government expected to collect 675bn/- from domestic sources and incomes. Tanzania Revenue Authority (TRA) is expected to collect 258 bn/- while Zanzibar Revenue Board (ZRB) is assigned to collect 347 bn/-. An estimated 69 bn/- will be drawn from other local sources. He further explained that development partners were expected to contribute 380bn/- , 82bn/- would be in the form of grants and the remaining 298bn/- would be loans. Dr Khalid, however, pointed out that for the 2017/2018 FY, the government is not expected to receive General Budget Support (GBS). The minister said that in order to ensure that collection targets were met, the government would strengthen revenue collection systems and curb loopholes for revenue leakages. Dr Mohamed said Zanzibar's economy was growing at 6.8 per cent. He called on investors to grab investment opportunities that the isles offered. The minister urged the people to work hard, stressing that, this was the surest guarantee of enabling them to conquer poverty. *(Daily News)*

Tanzania's inflation was unchanged at 6.4 percent year-on-year in April from a month earlier, the statistics office said on Monday. *(Reuters)*

Tanzania's focus on more efficient expenditure, while good in the long run, has slowed expansion in one of Africa's fastest-growing economies this year, according to the International Monetary Fund. Even as President John Magufuli's government reduced its recurrent expenditure "very sharply," affecting large sections of the economy that are traditionally reliant on public spending, it also failed to roll out capital projects fast enough to counter the slowdown, said Bhaswar Mukhopadhyay, the IMF's country representative. Since assuming office in late 2015, Magufuli has fought to reduce government wastage and inefficiency by firing officials seen as corrupt or ineffective, and demanding greater accountability of state funds in East Africa's second-biggest economy. "This particular government has also actually made the hard decisions to curb wasteful spending, try and re-orient spending toward capital spending," Mukhopadhyay said Monday in an interview in the commercial hub, Dar es Salaam. "In the budget it had allocated significant amounts of money toward capital spending, but at least in the first half of the year, that capital spending had not started flowing at the same speed as had been anticipated." In March, Finance Minister Philip Mpango told lawmakers the administration had spent only 35 percent of the 2016-17 development budget, citing financial constraints. The result has been a "soft patch" in growth, he said. While the economy expanded by a slower-than-expected 7 percent in 2016, it still beat sub-Saharan Africa's 1.4 percent expansion last year. "In the immediate period, there seems to be in the first half of this calendar year some slowing from the very high growth rates that Tanzania has achieved in recent years," he said. "But by and large, the fundamentals of the economy remain strong and growth remains strong."

The government has taken longer than planned to finalize the public-sector deals and procurement and to get the spending going. "That's clearly an area where people can work a little faster, get that money out quicker, get those projects running as soon as possible," he said, citing a planned 2,200-kilometer railway that was delayed due to financing taking long to secure. A reluctance to borrow from international markets due to high costs in the second half of 2016 also limited government spending, Mukhopadhyay said. Tanzania planned to borrow as much as $1 billion, and some of those deals are now being finalized, he said, without giving details. The state stayed away from the domestic market because of high interest rates. "In the second half of the fiscal year, we will see an easing of the financing constraints. That should boost aggregate demand in the economy and boost growth as well," he said. The state has been "very conservative" about borrowing costs, he said. "Tanzania perhaps wanted to borrow at the much lower rates that existed three years ago. That's not the state of the market right now." Mukhopadhyay urged the government to improve the nation's business environment by integrating tax systems and cutting the amount of regulatory obstacles for the private sector. "Simplicity in the tax system, simplicity of regulations, imposing regulations only to the extent that they are really needed, that kind of rationalizing goes a long way toward improving the business environment," he said. *(Bloomberg)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zambia

Corporate News

No Corporate News This Week

Economic News

The World Bank has approved a $200 million credit for Zambia to improve rural roads in six of the southern African nation's 10 provinces, the international lender said on Monday. Zambia has a road network of 67,671 km (42,000 miles) and rural roads are in poor condition, making it difficult for small scale farmers to access markets for their produce, the World Bank said in a statement. About 7.5 million rural residents, half the population, are unconnected to the road network in Zambia, the World Bank said. *(Reuters)*

Zambia's Energy Regulation Board has approved of a 75 percent increase in the price of electricity for retail customers in 2017, its acting chairman said on Wednesday. "The ERB has approved the tariffs for Zesco's retail customers to be adjusted by a total 75 percent and to be effected in two phases," acting chairman Francis Yamba said. The hike is effective Jan. 1 this year and the first 50 percent will be effected on 15 May and the 25 percent on Sept 1, he said, meaning consumers will have to pay arrears. *(Reuters)*

Zambia's president Edgar Lungu has called for an out of court settlement with First Quantum Minerals, which is being sued for $1.4 billion by a state-owned firm, the presidency said on Thursday. First Quantum asked a Zambian court in February to dismiss the suit from Zambia Consolidated Copper Mines Investment Holdings (ZCCM-IH), which is 77 percent state-owned and holds minority stakes in most of the country's copper mines. "The president decided that the finance minister leads a government team to engage First Quantum for a speedy and amicable conclusion of this matter," presidential spokesman Amos Chanda said. "The government team includes the minister of mines and should start work by next week so that we can quickly have an amicable settlement as directed by the president," he said. Zambia is Africa's second-largest copper producer and differences with mining companies over taxes, electricity prices, environmental concerns and labour matters often arise. The $1.4 billion claim by ZCCM-IH includes $228 million in interest on $2.3 billion of loans that it said First Quantum wrongly borrowed from the Kansanshi Copper Mine, as well as 20 percent of the principal amount, or $570 million. ZCCM-IH said in papers filed in the Lusaka High Court on Oct. 28, 2016 that First Quantum used the money as cheap financing for its other operations. First Quantum says the loans were at a fair market rate. Chanda said another team headed by the minister of energy would engage mining companies, including First Quantum Minerals, regarding a proposed increase in electricity prices. Zambia said in April it plans to introduce a flat tariff of 9.30 U.S. cents/kilowatt hour (kWh) backdated to January for mining companies, rather than individually negotiated rates that have averaged 6 U.S. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zimbabwe

Corporate News

CFI Holdings on Friday said the group narrowed its after-tax loss to $272,784 in the six months to March 31, from a $6,1 million loss incurred in the prior half year-end, supported by the improved performance of its Farm and City unit. Revenue increased by 30 percent to $24,9 million from $19,1 million recorded in the previous year. Farm and City contributed 94,3 percent of turnover, from 68 percent previously after raising funds to address working capital constraints during the period. Acting chairperson, Grace Muradzikwa said Farm and City opened five new branches in the period after recasting itself as an agro-inputs and building materials hardware retailer. Earnings before interest, tax , depreciation and amortisation (EBITDA) improved to $1,45 million from a negative $4,6 million incurred in the same period previously. Finance costs declined to $500,000 in the period compared to $700,000 recorded in the comparable period the previous year. Total assets decreased by 7 percent to $96,5 million from $103,9 million previously. Victoria Foods and Crest Poultry Group, under administration during the period, are expected to emerge from judicial management in April and July this year, respectively, acting chief executive Timothy Nyika told shareholders at the company's annual general meeting in March. The group's Glenara Estates improved its productivity, profitability and cash flows and is expected to achieve a bumper harvest following good rains received in the current season, Muradzikwa said. The group will unlock value opportunities from the existing land banks with identified development partners. The group is also planning to raise capital by way of a rights issue to resuscitate its operations. "A broader recapitalisation process, including but not limited to rights issue combined with business reorganisation initiatives, is still being pursued," Muradzikwa said. Zimre Holdings, which owns 44 percent in the company through its investment vehicle, Stalap, on Thursday told analysts that it has plans to increase its stake and recapitalise the entity. *(Source)*

Rainbow Tourism Group has liquidated its legacy debts with the African Export-Import Bank (Afreximbank) and PTA Bank from operating cash flows, an executive has said. The new management team inherited the debts in 2012 when it took office. Speaking at the group's analysts briefing last week, group CEO, Tendai Madziwanyika said the Afreximbank Bank debt was $7,5 million, while the PTA Bank debt was $3,5 million when his team came into office. The $7,5 million Afreximbank facility was used to refurbish the group's flagship hotel, Rainbow Towers Hotel and Conference Centre, while the PTA Bank facility financed the facelift of A'Zambezi River Lodge. "Operationally, the company is now very strong. We have put closure to the legacy issues and we are ready to grow. The company is pushing so that there is a resolution to that Capital Bank story because $1,9 million of our capital is stuck in there. But the good news is despite not even getting that amount for it to work for us, we have managed to pay off Afreximbank and PTA Bank loans according to schedule from the robust operational cash flows," Madziwanyika said. He told analysts the company was now operationally sound, explaining that the $3,8 million loss incurred in 2016 arose largely due to the strategic decision to exit non-performing markets, namely Rainbow Beitbridge Hotel and Rainbow Hotel Mozambique.

Madziwanyika said the company was awarded a judgment by the Supreme Court of Zambia of $2 million from a case against Savoy Hotel with whom the group had a management contract. The group's revenue, which dropped by 11% to $24,1 million in 2016 from $26,9 million in 2015, was adversely affected by external factors in the second to third quarter of 2016. Investment in international source markets paid off for the hospitality company as demonstrated by the 20% growth in foreign business inflows from $6,7 million in 2015 to $8,1 million in 2016 resulting in a contribution to revenue increase of 31% in 2015 to 33% in 2016. Madziwanyika said the company was now operationally sound, having eliminated exposure from the non-performing markets. The group is set to save at least $1 million per annum from the exits, which will preserve value for shareholders, he said. Madziwanyika said the company "is now leaner, more efficient and agile enough to quickly respond to market dictates". "Recent developments such as the opening of the new Victoria Falls International Airport and the connectivity to regional hubs such as Cape Town and Nairobi will definitely have a positive impact on our business and the tourism industry as a whole," he said. *(News Day)*

Econet Wireless Zimbabwe has launched a new product, Wifi in Kombis, which is set to revolutionise urban public transport and bring real convenience to hundreds of thousands for commuters that use kombis. Kombis are one of the leading modes of public transport for most Zimbabweans commuting from one point to another. Speaking at the launch ceremony held yesterday at the company's head office in Msasa, Harare, Econet chief operating officer Fayaz King said he was excited to unveil the new product, which would complement the company's popular Data Double Up offering. "I am excited and happy for our customers, most of whom use public transport on a daily basis. Now they don't have to wait until they get off the kombi to check their mails, browse their favourite sites or to stream video content," King said. He added that what was even more exciting was the fact that customers could now use the 100% free Wifi data they get for any data bundle purchase on the kombis anytime and anywhere, on the go. "For every purchase of a data bundle, customers get extra 100% free Wifi data that they can use when riding in a kombi," King said. Referring to the company's culture of innovation, King said Wifi in Kombis was a logical progression from the company's Data Double Up campaign, in which millions of the mobile operator's customers enjoy 100% free Wifi data for every data bundle they purchase on the Econet network. "We will soon be rolling out the service to all major cities and towns across the country, taking advantage of our Smart Data Network," said King, whose company has built the widest data network, and boasts the best quality data experience in the country. In a clear sign that the listed company means business, Econet's mobile money unit, EcoCash, recently unveiled its "Chaka-Chaya" promotion through which its customers stand to win over 100 000 prizes for using its multiple transacting touch-points. Customer stand the chance to win a range of prizes — including up to $100 000 EcoSure premium cover, 10 000 Zesa tokens and six housing stands, among many others — by simply buying airtime, paying for insurance or electricity, buying groceries, paying bills and merchants or transferring money to loved ones or business partners using EcoCash. *(News Day)*

Sabi Gold Mine in Zvishavane is now operating at 40 percent after resuming operations early this year but managing director, Brian Chandiwana says the miner can double production by next year. The mine reopened in March after a $13 million deal between a private investor, Chandawana Minerals Company, and government. "We have completed the pre-start programme, we operating between 38-40 percent of capacity. Things are stable now. We hoping by this time next year we will be at 100 percent capacity," Chandiwana told The Source recently. Mines minister Walter Chidhakwa in March said the mine was producing between 20 and 25 kilogrammes of gold per month. "At the moment we are employing about 352 workers and we hope by next year we should be at 700 people." The mine was mothballed in 2011 due to working capital constraints and was placed under judicial management in September 2014 before a deal to resuscitate it was reached this year.*(The Source)*

Caledonia Mining Corporation has cut its gold production target this year to between 52,000 and 57,000 ounces from 60,000 oz despite improvements in tramming capacity at its Blanket Mine, the company said on Tuesday. Canada-listed Caledonia is one of Zimbabwe's major gold producers, alongside Metallon Gold, Asa Resources and RioZim. The Gwanda mine's reduced 2017 output would still be higher than last year's record production of 50,351 ounces. The company said it has resolved to reduce the 2017 production tonnage target to allow spending on mine development in a bid to guarantee the mine's long-term ambition of 80,000 ounces by 2021. The mine is currently working on the completion of the completion of the Central Shaft from surface to 1,080 metres below surface and development below 750 m level. The Central Shaft has now reached the 750 level and is on schedule to be completed by the fourth quarter of 2018. "Notwithstanding the improvements in underground tramming capacity that were completed in June 2016 and the two extra silos and the extra loop around 4 shaft which have been operational since the end of Q1 2017, Blanket has not been able to transport the volume of material that is necessary to achieve the target of 60,000 ounces of gold in 2017 whilst maintaining the rate of capital development that is necessary to achieve future production goals of 80,000 ounces per year by 2021," the company said in a statement. "As a result of the reduced production guidance, earnings guidance for 2017 is also reduced from approximately 34 cents to between 24 and 31 cents per share, assuming a gold price of $1,275 per ounce for the remainder of 2017." *(Source)*

Delta Corporation on Wednesday reported a 10 percent fall in revenue to $483 million in the full year to March 31, compared to $538 million in the previous year as demand remained depressed in the face of falling incomes. Net profit declined 13 percent to $69,9 million after lager volumes fell by seven percent while sparkling beverages and Sorghum beer declined 11 percent and 3 percent respectively. Chief executive Pearson Gowero told analysts that a liquidity crunch weighed down on overall demand, with the introduction of bond notes — a surrogate currency — having limited impact. "We had a rough year and all our numbers are looking south. We really felt a squeeze because of the limited access to cash and delays in foreign payments," he said. "We also lost some business because of the heavy rains which made several major roads impassable and limited access to markets." Gowero said the company owes foreign shareholders and foreign creditors $28 million and $20 million respectively as a result of foreign payment delays. Delta is now an associate of Belgian brewer, AB InBev following the later's acquisition of SABMiller last year. Operating income fell 15 percent to $82 million while finance costs during the year grew to $6,9 million from $5,7 million in the previous year. Earnings before interest, tax, depreciation and amortisation (EBIDTA) fell 13 percent to $112,8 million in the period. Total assets increased by 2,7 percent to $411 million from $400 million recorded in the previous year. The company spent $40, 5 million in capital expansion compared to $49,4 million in the prior year and said it would not undertake any major capex projects in the following financial year. Its share of profit from associates declined by over half to $1,8 million from $3,9 million previously on the back of a poor year by Schweppes Zimbabwe, whose financial performance was weighed down by agri-processing units, Best Fruit Processors and Beit Bridge Juicing Company. Earnings per share (EPS) dropped 12 percent to 5,7 cents The board declared a special dividend of 1 cent per share and a final dividend of 2,45 cents per share. *(The Source)*

Innscor has made an offer to acquire minorities shares in Zimbabwe's largest pork and meat processor, Colcom in exchange for Innscor shares and plans to delist the company from the local bourse. Innscor holds a majority 79,27 shareholding in Colcom, while other major shareholders who include Old Mutual Life and Old Mutual Zimbabwe Limited have 8,46 percent and 1,26 percent respectively. "Shareholders are advised that the Colcom Holdings Limited board of directors has received notification from its major shareholder, Innscor Africa Limited of its intention to extend an offer to minority shareholders for the purchase of their Colcom shares in exchange for Innscor shares," Colcom company secretary Andrew Lorimer said in a statement on Wednesday. "It is also the intention of the Company to apply to the Zimbabwe Stock Exchange for a voluntary delisting in terms of Section 1 of the Zimbabwe Stock Exchange Listing Requirements." Colcom listed on the ZSE in 1993. Innscor, which in 2014 became the first Zimbabwean company to breach the $1 billion turnover mark, has restructured to focus on light manufacturing by unbundling Simbisa and Axia. Simbisa Brands — the quick service restaurants (QSR) unit, including regional counters was separately listed on the ZSE on November 6, 2015. Axia — comprising Innscor's former specialty retail and distribution businesses — listed separately on May 17, 2016. *(The Source)*

CBZ Holdings' income in the first quarter to March increased 7 percent to $37,7 million, driven by a surge in business in the three month period. In an update after the group's annual general meeting on Thursday, chief executive Never Nyemudzo said business volumes had more than doubled since last March with the value of transactions growing 19,6 percent to $ 6,7 billion. Profit after tax (PAT) grew 12 percent to $5,5 million, compared to $4,9 million last year. In the three months to March the group's flagship unit, CBZ Bank, increased the number of bank accounts by 5 percent to 386,588. Advances were flat at $1 billion since last December as the bank maintains a strict approach to credit granting. During the quarter, deposits grew to $1,8 billion from $1,7 billion as at December last year. The insurance unit suffered a fall in underwriting income, which was down 12 percent to $1,9 million while policyholders declined 9 percent to 121,518. Nyemudzo said the group had set aside $70 million towards low cost housing development this year. "We are at an advanced stage of negotiation with the Bulawayo City Council for Mahatshula Project – 670 medium density stands. We will commence development of 2 800 high density stands in Marondera soon," he said. Total assets grew 2,3 percent to $2,1 billion in the three month period. *(Source)*

Barclays Bank of Zimbabwe has reported a marked decline in net interest income for the first four months of 2017, compared to the same period last year on reduced corporate lending, shareholders heard on Thursday. The bank's corporate customers have cut back on borrowings amid increased difficulties in the processing of foreign payments as the foreign currency crisis persists, managing director George Guvamatanga told the Barclays Zimbabwe annual general meeting in Harare. The bank's total income has, however, increased over the period, compared to the first four months of 2016, driven by a surge in fees and commissions. "Slower growth in interest income is due to reduced utilisation on the corporate book because corporates ordinarily borrow to fund their offshore payments and offshore requirements," Guvamatanga said. "So, in an environment of foreign currency shortages, we have seen those customers who used to borrow so that they can fund their offshore payments, reducing borrowings." Although the risk-averse Barclays has signaled it would take controlled steps towards reviewing its lending, with a pivot to private sector lending, the bank's loan to deposit ratio came down to 33 percent at the end of the four-month period, from 36 percent at the end of December 2016. The quality of the bank's book saw it reporting a 2 percent bad loan ratio, well below the industry average of 7.9 percent at the end of the 2016 financial year. Barclays Plc has indicated its intention to sell off the Zimbabwe operation as part of the British bank's 'transatlantic' tilt to focus on the United Kingdom and American markets. Malawi's First Merchant Bank announced in March that it was in talks to purchase Barclays Plc's 68 percent stake in the Zimbabwe unit. Guvamatanga told shareholders that the negotiations were ongoing, with an announcement to be made once the process was concluded. He said, going forward, the bank will focus on improving its return on assets. The bank's yield on assets was a modest 2.3 percent in 2016. The bank has not declared dividend for the past eight years in a move to raise the minimum capital requirement of $100 million by 2020 set by the central bank. *(Source)*

Zimbabwe's competition watchdog has opened an investigation into a case of suspected anti-competitive behaviour between the Zimbabwe Electricity Transmission and Distribution Company (ZETDC) and CAFCA. ZETDC is a subsidiary of power parastatal Zesa. Cable maker CAFCA entered into a barter trade deal with ZETDC whereby it supplies ZETDC aluminum electricity conductors in return for copper scrap – a critical input for the manufacturer. Zimbabwean businesses, including manufacturers and mines, are struggling to pay foreign suppliers of raw materials due to the country's worsening foreign currency shortages, forcing some to resort to barter deals such as the one under probe. The competition watchdog will examine if the ZETDC-CAFCA arrangement restricts competition, following allegations that no other company can supply the power utility. "The Commission will, in accordance with the provisions of Sections 28 of the Act, conduct an investigation into the barter trade agreement between ZETDC and CAFCA to determine whether the agreement restricts competition directly or indirectly to material degree," the Competition and Tariff Commission said in a notice on Thursday. CAFCA has on several occasions mentioned that the ZETDC deal has shored up its business. An official close to the investigation said the process can take up to a year. *(Source)*

Cigarette maker BAT said its first quarter performance was generally flat compared to the comparative period last year, but expects a strong second half anchored by investments in the company's core brands, which enjoy close to 70 percent market share. BAT chief executive Clara Mlambo told shareholders at the company's annual general meeting on Thursday that the company will increase its investment in the Madison brand and more promotional activities around the brand would commence soon. "We are going to put much investment in Madison and Everest brands during the course of the year particularly from H2 (second half of the year) onwards, we should see a stronger H2 performance than what we see in quarter one and the beginning of quarter two," Mlambo said. Mlambo said as volumes decline owing to weak consumer spending, the company will look to contain costs. "The second half will be bright but we will still face the same challenges we faced in the first half …. Cost will be another area we will continue to look at and come up with a number of initiatives to further look at our costs," she added. She said BAT, which imports 90 percent of its packaging materials, has been negatively impacted by delays in international payments to foreign suppliers due to Zimbabwe's foreign currency shortages. The company has, however, been able to rely on assistance from BAT South Africa, for the supply of wrapping material.

"When we saw this coming (foreign payments delays) we increased our stock holdings but we are now depleting those holdings. Again, we try to get support from our sister company to try and replenish. We also try to negotiate with suppliers to extend the credit terms so that we won't get into trouble," BAT finance director Lucas Francisco told The Source on the sidelines of the AGM. "We try to leverage on BAT South Africa, but again the company is a listed company as well, so at some point if they don't get the payment they also get in trouble with their shareholders and we need to take that into consideration." BAT has been facing challenges in remitting dividends to foreign investors since 2015 and the situation is worsening as the central bank prioritises the importation of valuable inputs. *(Source)*

Economic News

South Africa's state-run power utility Eskom could cut supplies to neighbouring Zimbabwe by the end of this month if Harare fails to clear arrears, Zimbabwe's state-run Herald newspaper reported on Monday. Such a move could trigger widespread power cuts in an economy already battling with a liquidity crunch but which hopes for faster growth this year after rains boosted crop production. Zimbabwe imports 300 megawatts (MW) per day from Eskom, but owes the utility 603 million rand ($44.5 million), of which 119 million rand is outstanding arrears, the Herald reported. Acute shortages of foreign currency have seen the southern African nation struggle to pay for imports. The Herald quoted a letter from Eskom's acting chief executive Matshela Koko telling Zimbabwe state power company ZESA it had failed to stick to an agreed payment plan. "Kindly note that no further leniency or accommodation will be made in this regard," Koko was quoted as saying. Officials at Eskom were not immediately available for comment. Zimbabwe's imports from Eskom are backed by a 500 million rand guarantee issued by President Robert Mugabe's government. ZESA chief executive Josh Chifamba was quoted by the Herald as saying the utility was talking to the central bank about foreign currency allocations and was confident there would be no power disruptions. On Monday Zimbabwe was producing 1,051 MW of power, with another 350 MW coming from imports, against demand of 1,500 MW. *(Reuters)*

Zimbabwe's raw milk production increased by five percent to 5,66 million litres in March, compared to 5,37 million litres achieved in the same period last year, latest figures show. According to figures from the Ministry of Agriculture's dairy services department, milk intake by processors grew six percent to 5,08 million litres from 4,79 million litres during the same period in 2016, while retailed milk declined 1,5 percent to 574,823 litres from 583,617 litres in the prior year. The growth in production recorded in March marks a sharp recovery from a slump in February, which saw production fall 12,7 percent to 4,39 million litres from 5,03 million litres in February last year, on the back of heavy rains experienced countrywide. Last year milk production grew by 13 percent to 65,36 million litres, but it was still short of the country's annual requirement, estimated at 120 million litres. Government is targeting milk production to rise to between 97 million and 100 million litres per annum by 2019, leveraging on a growing national herd and sectoral protectionist measures. *(Source)*

Zimbabwe received $180 million in diaspora remittances during the first quarter of the year with a projection to net in $750 million by end of 2017, the Reserve Bank of Zimbabwe (RBZ) has said. RBZ governor John Mangudya told NewsDay last week that the major sources of remittances were coming from South Africa, United Kingdom (UK) and United States. "On the diaspora remittances we are around $180 million. The drivers of Diaspora remittances are South Africa, UK and USA. Here I am talking about diaspora individual remittances that came through official channels excluding those being sent through informal channels," Mangudya said. The RBZ boss said the projected $750 million remittance this year did not include money that comes in the country through unofficial channels. "We expect around $750 million that's through the official channels. We know some people in South Africa and Botswana don't have official papers so they obviously cannot send money through official channels," he said. Last year the diaspora remittances were $779 million down from $939 million in 2015. The decline in diaspora remittances was attributed to the poor performance of the global economy, the depreciation of the South African rand (South Africa contributes about 34% of the total diaspora remittances) and the increasing preference of the diasporans to send remittances in kind and through informal channels.

Mangudya said he believes in a package of incentive to stimulate the economy thereby providing incentives to every remittance that comes in the country through the introduction of Diaspora Remittance Incentive Scheme envisaged to increase the remittances sent through formal channels. Remittances from the diaspora are more than what the country gets through foreign direct investments (FDI). FDI inflows tumbled to $421 million in 2015 from $545 million in 2014 as the country struggles to attract meaningful investment due to policy inconsistency surrounding the indigenisation policy. Government is crafting diaspora policy which seeks to make it easy for the diasporans to bring in the money for an estimated diaspora community of 2,2 million across the world. *(News Day)*

TOBACCO sales have so far raked in close to $300 million as of Monday, latest statistics have shown, as farmers continue to deliver the golden leaf. According to the latest statistics from the Tobacco Industry and Marketing Board (TIMB), tobacco worth $280 million has been auctioned so far. In the same period last year, 77 million kg of tobacco was sold, raising $220 million. Tobacco sales have increased by 29,74% to 100 million kg as compared to 77 million kg auctioned last year. The seasonal average price stood at $2,80 on Monday, compared to $2,86 per kg during the same period last year. The contract farming system has so far handled 80,8 million kg and the auction system has recorded 19 million kg. Contract floors contributed 80% of seasonal total tobacco sales against 20% for the auction floors. In the period under review, Tobacco Sales Floor bought tobacco at an average price of $2,83 per kg, Boka Tobacco Auction Floor at $2,73 per kg and Premier Tobacco Auction Floor at $2,78 per kg, while the contract average price per kg was $2,80. At least 1 411 304 bales were accepted, while 81 054 were rejected for various reasons. For the 2016/2017 season with defective bales such as mouldy or mixed grades remaining the major reason for rejection. According to TIMB, 45,6 million kg has been exported to 47 destinations, compared to 41,6 million kg exported to 37 destinations during the same time last year with China remains the major export destination followed by Belgium and Russia. In the period under review, 2017 export revenue of $214,7 million is 11% lower than revenue received during the same period last year. The 2017 average export price is 15 % weaker $4,71 per kg against $5,84 per kg in the prior year. *(News Day)*

Zimbabwe has secured a syndicated loan put together by the African Export-Import Bank that will enable it to clear $1.7 billion of arrears with the World Bank and African Development Bank. The funds will allow the southern African nation to settle $1.1 billion it owes in interest and penalties and some principal debt to the World Bank and $601 million to the AFDB, Finance Minister Patrick Chinamasa said. He didn't name the lenders but said the rate on the loan is cheaper than that charged by the World Bank. "It should reduce our country-risk profile and also make us eligible for access to soft windows of those institutions -- we need new inflows," Chinamasa said in an interview in Nairobi, the Kenyan capital. "It also opens up to other institutions to do business with us, also make us able to access international capital." Chinamasa has been leading efforts to revive the country's struggling economy and tap fresh financing from the International Monetary Fund. The economy has halved in size over the past 16 years. Zimbabwe has paid he $110 million it owes the IMF, the minister said. As of October, the country owed lenders including the IMF, World Bank and AFDB about $9 billion, according to the finance ministry, and missed a $1.8 billion payment in June.

The nation abandoned its own currency in April 2009 as runaway inflation rendered it worthless, opting instead for a basket of currencies that includes U.S. dollars, South Africa's rand, the pound and Botswana's pula. A shortage of banknotes has become so dire that business are offering huge discounts to cash-paying customers, limiting the amounts they can charge on credit cards or refusing to accept them altogether. The central bank has introduced dollar-pegged bond notes that citizens dub "zombie currency." The liquidity crisis "is temporary," Chinamasa said. "We have to find ways to make rand more available. We would like a situation where we borrow in Rands from South Africa, pay back in the same currency. We will continue to engage them." Zimbabwe conducts 60 percent of its trade with South Africa, the continent's most developed economy, Chinamasa said. The economy is forecast to expand 3.7 percent in 2017 from 1.7 percent last year, supported by agriculture, he said.*(Bloomberg)*

Germany will consider offering financial help to Zimbabwe, but only after the country has settled a 505 million euro ($550 million) debt, the country's ambassador told Parliament on Wednesday. Germany, along with the European Union, suspended budgetary support to Zimbabwe in 2002 citing allegations of rights abuses by President Robert Mugabe's administration. The EU has since lifted the sanctions, citing improvements in the political environment after the adoption of a new constitution and peaceful, if disputed polls, in 2013. Mugabe and his wife, Grace are the only ones still subject to a travel ban, while a state-owned arms firm is also under an arms embargo. According to Parliamentary data, Zimbabwe owes 465 million euro ($507 million) to the German Development Bank (Kreditanstalt fur Wiederaufbau — KfW). KfW, which is majority owned by the German government, is also owed 40 million euro ($43 million) by the mothballed Ziscosteel which borrowed the funds to construct a steel plant in 1998. "(The Zimbabwe) government has issued a statement saying they have the money available to pay back arrears of World Bank and the WB is not under obligation to offer any fresh loans to Zimbabwe because of the arrears. We are guided by the same policies," the German ambassador to Zimbabwe, Thorsten Hutter said when he appeared before the Parliamentary Portfolio Committee on Foreign Affairs. "The next step would be that government would have to pay back the arrears of WB, AfDB and Paris Club which we are part of, partly because we have learnt money to Zimbabwe before which has not been paid back. That will have to be addressed. It may look like we do not want to give money to Zimbabwe for political reasons – that is not true."

In 2004, KfW took its case to the International Court of Arbitration (ICA) after the cash strapped Harare government defaulted on repayments. Hutter also said the business environment in Zimbabwe was not conducive for investment, citing too much government interference in businesses, cash shortages, brand integrity challenges and unfriendly laws. "We believe business and investment is possible and we need to address challenges that exist for companies to come to Zimbabwe, and I believe that there are differences in perception of Zimbabwe's investment climate. German businessmen want to know your government policies and conditions to do business, and whether they will be able to access foreign currency which is needed if one has to do business," Hutter said. He said the mindset of German companies is that they want to have less government interference in their businesses. "They know they have to pay taxes, but apart from that they want to do business, and the more government interferes with their businesses, the less happy they are. They look at constraints of laws and their application. They say there is a law but different authorities apply that law differently and that brings confusion in policy implementation." The companies were also worried about the integrity of their brands wherever they invest. "They are concerned about how much they put on the table and brand integrity. If it is a large company, they want to ensure their standards remain the same. They want to control the quality of their brand. They bring in foreign currency inflows as investment, but that company needs to be able to access that money, and if that company makes a profit, it must be up to them to decide what they want to do with it," he said .*(The Source)*

Disclosures Appendix

This Publication is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of any jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject Securities Africa Limited, or its subsidiaries or affiliates to any registration or licensing requirement within such jurisdiction. Neither this Publication nor any copy of it may be distributed in any jurisdiction where its distribution may be restricted by law and any persons into whose possession this Publication comes should inform themselves about, and observe, any such restrictions.

The information contained in this Publication or on which this Publication is based has been derived from sources believed to be reliable and accurate however no representation or warranty, express or implied, is made as to the fairness, completeness, accuracy, timeliness or otherwise of the information or opinions contained in this Publication and no reliance should be placed on such information or opinions. The information contained in this Publication has not been independently verified by Securities Africa Limited. While reasonable care has been taken in preparing this document, no responsibility or liability is accepted as to or in relation to the fairness, completeness, accuracy or timeliness or otherwise of this Publication or as to the reasonableness of any assumption contained, nor for errors of fact or omission or for any opinion expressed in this Publication.

Past performance should not be taken as an indication of future performance, and no representation of any kind is made as to future performance. The information, opinions and estimates contained in this Publication are provided as at the date of this Publication and are subject to change without notice. Distribution of this Publication does not constitute a representation, express or implied, by Securities Africa Limited, or its advisers, affiliates, officials, directors, employees or representatives (the "Parties") that the information contained in the Publication will be updated at any time after the date of the Publication. The Parties expressly do not undertake to advise you of any information coming to any or all of their attention.

Any opinions expressed in this Publication may differ or be contrary to opinions expressed by other business areas or groups of Securities Africa Limited as a result of using different assumptions and criteria. The analysis contained herein is based on numerous assumptions. Different assumptions could result in materially different results.

All projections and forecasts in this Publication are illustrative only. The actual results may be materially affected by changes in economic or other circumstances, which cannot be foreseen. No representation or warranty is made by any of the Parties as to the achievability or reasonableness of any projection or forecast contained in this Publication.

This publication is provided to you for information purposes only on the understanding that Securities Africa Limited is not acting in a fiduciary capacity. It does not address specific investment objectives or financial situations, and any investments discussed may not be suitable for all investors. Prospective investors must make their own examination and evaluation of the merits and risks involved in the securities set out in this Publication including any legal, taxation, financial and other consequences of investment and should not treat the contents as advice relating to legal, taxation or other matters. This report is not to be relied upon in the substitution of independent judgment with respect to any investment decision. Investors should consider this Publication as only a single factor in making their investment decision, and as such, the Publication should not be viewed as identifying all risks, direct or indirect, that may be associated with any investment decision.

Foreign currency-denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of, or income derived from, the investment. In addition, investors in securities such as ADRs, the values of which are influenced by foreign currencies, effectively assume currency risk.

Securities Africa Limited conducts designated investment business only with eligible counterparties and professional clients. To the extent permitted by law and regulation, Securities Africa Limited accepts no liability whatsoever for any loss howsoever arising, directly or indirectly, from any use of this Publication or its contents or otherwise arising in connection with that. This Publication is not intended for distribution to retail clients.

By receiving this Publication, the recipient agrees to keep confidential the information contained in this Publication together with any additional information made available following further inquiries. None of the material, nor its content, nor any copy of it, may be altered in any way, disclosed, published, reproduced or distributed to any other party, in whole or in part, at any time, without the prior written permission of Securities Africa Limited.

Nothing in this Publication constitutes or forms part of, and should not be construed as, an offer for sale or subscription of, or solicitation of any offer to buy, sell or subscribe for, the securities of the Company, nor should it or any part of, form the basis of, or be relied on in connection with, any contract or commitment whatsoever.

Securities Africa Limited and/or its associates and/or any of their respective clients may have acted upon the information or opinions in this Publication prior to your receipt of it. Securities Africa Limited and/or its associates may provide investment banking services to the Company and in that capacity may have received confidential information relevant to the securities mentioned in this Publication which is not known to the researchers who have compiled this Publication.

Securities Africa Limited and/or its associates and/or their officers, directors, employees or representatives may from time to time purchase, subscribe for, add to, dispose of or have positions or options in or warrants in or rights to or interests in the securities of the Company or any of its associated companies mentioned in this Publication (or may have done so before publication of this Publication) or may make a market or act as principal or agent in any transactions in such securities.

This report may not have been distributed to all recipients at the same time. This report is issued only for the information of and may only be distributed to professional investors (or, in the case of the United States, major US institutional investors as defined in Rule 15a-6 of the US Securities Exchange Act of 1934) and dealers in securities and must not be copied, published or reproduced or redistributed (in whole or in part) by any recipient for any purpose.

English law governs the issue, publication and terms of this Publication and any disputes arising in relation to any of them will be subject to the exclusive jurisdiction of the English courts.

By accepting this Publication, you agree to be bound by the foregoing limitations. No part of this material may be (i) copied, photocopied or duplicated in any form by any means or (ii) redistributed without the prior written consent of Securities Africa Limited.

Licensed to conduct Investment Business by the Bermuda Monetary Authority

SECURITIES AFRICA®