SECURITIES AFRICA
RESEARCH & CAPITAL MARKETS

PAN-AFRICA

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

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

AFRICA STOCK EXCHANGE PERFORMANCE

Country	Index	6-Nov-15	13-Nov-15	WTD % Change Local	WTD % Change USD	31-Dec-14	YTD % Change Local	YTD % Change USD
Botswana	DCI	10567.93	10585.59	0.17%	-0.91%	9,501.60	11.41%	-0.99%
Egypt	CASE 30	7541.72	6806.67	-9.75%	-7.50%	8,942.65	-23.89%	-30.48%
Ghana	GSE Comp Index	1984.22	1974.09	-0.51%	0.41%	2,287.32	-13.69%	-27.16%
Ivory Coast	BRVM Composite	303.46	303.14	-0.11%	-1.18%	258.08	17.46%	3.81%
Kenya	NSE 20	3872.57	3917.60	1.16%	0.98%	5,112.65	-23.37%	-32.05%
Malawi	Malawi All Share	15122.06	15122.06	0.00%	1.58%	14,886.12	1.58%	-17.07%
Mauritius	SEMDEX	1875.63	1854.88	-1.11%	-0.76%	2,073.72	-10.55%	-21.85%
	SEM 10	361.11	356.47	-1.28%	-0.94%		-7.60%	-19.27%
Namibia	Overall Index	996.65	935.81	-6.10%	-7.89%	1,098.03	-14.77%	-30.36%
Nigeria	Nigeria All Share	29175.35	28841.67	-1.14%	0.07%	34,657.15	-16.78%	-23.07%
Swaziland	All Share	313.53	313.53	0.00%	-1.90%	298.10	5.18%	-14.06%
Tanzania	TSI	4637.00	4669.93	0.71%	1.56%	4,527.61	3.14%	-16.52%
Zambia	LUSE All Share	5763.75	5759.67	-0.07%	-3.99%	6,160.66	-6.51%	-54.90%
Zimbabwe	Industrial Index	129.45	125.43	-3.11%	-3.11%		-22.95%	-22.95%
	Mining Index	22.33	22.33	0.00%	0.00%		-68.86%	-68.86%

CURRENCIES

Cur-	6-Nov-15 Close	13-Nov- Close	WTD % Change	YTD % Change
BWP	10.49	10.60	1.09	-11.13
EGP	8.00	7.81	-2.43	-8.67
GHS	3.80	3.77	-0.92	-15.60
CFA	604.04	610.58	1.08	-11.62
KES	100.24	100.42	0.18	-11.32
MWK	576.23	567.27	-1.55	-18.37
MUR	34.95	34.83	-0.35	-12.63
NAD	13.93	14.20	1.94	-18.29
NGN	198.18	195.77	-1.22	-7.55
SZL	13.93	14.20	1.94	-18.29
TZS	2,119.46	2,101.75	-0.84	-19.07
ZMW	12.64	13.16	4.08	-51.76

SECURITIES AFRICA

Botswana

Corporate News

No Corporate News This Week

Economic News

Botswana's trade balance swung to a 1.7 billion pula ($159 million) deficit in August from a 1.82 billion pula surplus in the same period last year due to a sharp fall in diamond exports, the statistics agency said on Friday. On a month-on-month basis, the trade balance recorded a 1.7 billion deficit in August compared with a 486 million pula in July. The data shows that while imports remained relatively flat, the August month-on-month deficit was driven by a significant 34 percent decline in exports from 4.6 billion pula to 3.03 billion pula. *(Reuters)*

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Egypt

Corporate News

Egyptian tycoon Nassef Sawiris, who controls 6 percent of the voting rights in Adidas, says he wants a constructive relationship with the German sportswear company. Sawiris, whose NNS Holding fund has a 1.7 percent direct stake in Adidas, has also accumulated an additional 4.3 percent of the company's voting rights due to "put" options he has bought that should allow him to acquire further shares. Asked about his intentions for the investment, Sawiris told Reuters by telephone he was "interested in a constructive dialogue" with the company. Adidas Chief Executive Herbert Hainer said last week the company had quite an "intense dialogue" with most of its key shareholders. Asked about Sawiris, he said: "Everybody is welcome and if somebody can help us we are open to listen." Earlier this year, Belgium's richest man Albert Frere, who together with Sawiris was a major shareholder in French cement company Lafarge before its merger with Swiss rival Holcim, acquired a 3 percent stake in Adidas. They have made these investments as Adidas is looking for a successor to long-serving Hainer, who came under fire last year after the company lost more market share to Nike and suffered from falling golf sales and its exposure to Russia. Adidas shares have risen 18 percent in the last three months, compared to a 6 percent fall in the German blue-chip index. J.P. Morgan analysts said the rise could partly be explained by the stock building of Sawiris. In May, Hainer said he had hired advisers to help fend off any potential hostile takeover bid, although he said back then Adidas had not been approached by activist investors seeking to build a stake. Adidas said in August it was considering the possible sale of its golf brands, as demanded by some investors, but Hainer has rejected selling fitness brand Reebok, saying the long-struggling business he bought in 2005 is now on the mend. Adidas shares jumped last week to their highest level since January 2014 after the company reported better-than-expected third-quarter results, raised its full-year guidance for sales and profits and gave an upbeat outlook for 2016. *(Reuters)*

Egypt's Commercial International Bank (CIB) posted third quarter net profit of 1.33 billion Egyptian pounds ($165.63 million), a 37 percent rise from the 972.086 million in the same period last year, the company said on Tuesday. CIB, the country's biggest listed bank, said revenues for the third quarter were up 28 percent to 2.61 billion pounds compared with the same period last year. *(Reuters)*

Egyptian auto distributor GB Auto's third-quarter net profit jumped to 102.6 million Egyptian pounds ($13.1 million), from 54 million in the same period last year, the company said on Wednesday. It said its revenue climbed by 2.9 percent to 3.17 billion pounds, from 3.08 billion a year earlier. *(Reuters)*

Shareholders in Beltone Financial have agreed to sell 97.3 percent of shares in the financial services company to Orascom Telecom Media and Technology and investment bank Act Financial, a source familiar with the matter told Reuters on Thursday. "The final response rate is 97.3 percent for the offer to buy Beltone," the source said, without giving more details. "The transaction will be settled during the next week, from Sunday to Thursday," he said. Last month, Orascom Telecom and Act Financial said they were seeking to acquire 100 percent of Egypt-based financial services company Beltone in a transaction valued at 650 million Egyptian pounds ($83.01 million). Orascom Telecom is a holding company with investments in media and technology, cable business and, more recently, energy, transport and logistics. It is also looking to broaden its focus to the financial services sector. Orascom Telecom's CEO Naguib Sawiris had previously tried to acquire EFG Hermes, the largest investment bank in the Middle East, through his New Egypt Investment Fund but the bid was unsuccessful. Act, founded earlier this year, is an investment bank specialising in securities brokerage, asset management and investment. *(Reuters)*

Economic News

Egypt's annual urban consumer inflation rose to 9.7 percent in October from 9.2 percent in September, the official statistics agency CAPMAS said on Tuesday. Inflation soared in Egypt after the government slashed energy subsidies in July 2014. *(Reuters)*

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Egypt's central bank strengthened the pound on Wednesday, injecting dollars into a banking system that has been suffering from an acute foreign exchange shortage for months. The rise in the currency's value by 0.20 pounds to 7.7301 to the dollar surprised bankers who had been expecting a depreciation, and raised further questions about the long term effectiveness of Egyptian currency policy. Egypt, which is heavily dependent on imports for food and energy, has been under pressure to devalue the currency as the black market for dollars has burgeoned, and has allowed a gradual depreciation of about 11 percent this year. It last let the pound's official rate, maintained in a narrow band by the central bank, weaken to 7.9301 pounds against the dollar in October. A significant gap still remains with the black market rate which was about 8.7 pounds on Wednesday. In February, the central bank also introduced strict capital controls, limiting to $50,000 a month the amount of dollars that can be deposited in banks, in an effort to suck liquidity from the black market. The move partly succeeded on that front but has made it difficult for companies to open letters of credit and pay for imports that have been building up at ports. But last week Egypt's top two state banks, Banque Misr and the National Bank of Egypt (NBE), said they would provide dollars to cover import demands for businesses with some brokers and bankers saying the infusion came from the central bank and was aimed at reducing pressure on the pound by easing access to foreign currency.

Bankers said Wednesday's move is a further step in this direction, though the complex mechanics have caused some confusion. At least four bankers said the central bank had offered to supply more dollars directly to banks on Wednesday at the new stronger rate of 7.7301 pounds. They said the dollar injection is intended to help banks cover ballooning dollar overdrafts they had opened up for clients suffering from tight currency controls and the wider dollar shortage in the system. Bankers said the central bank was aiming to help banks cover 25 percent of these overdrafts. In return, they expect the central bank to ask them to make dollar deposits to boost its own flagging foreign reserves. Egypt's foreign exchange reserves are currently at about $16.4 billion - enough to cover just three months of imports. The maturity of those deposits is likely to be a year and carry an interest of LIBOR, the London interbank overnight borrowing rate, according to a note sent by investment bank EFG-Hermes to clients. "It is not officially communicated yet but widely understood from bankers that in return they will have to deposit the same amounts in the central banks reserves as a sort of deposit," said one Cairo-based banker. He added that banks might then need to allow new overdrafts which will make the situation worse. The surprise move has caused confusion in an economy already facing growing uncertainty over the direction of monetary policy with the planned departure of central bank governor Hisham Ramez, whose term ends on Nov. 26. He will be replaced by veteran banker Tarek Amer, who has already begun meeting with major banks and captains of industry, overshadowing the policies of the outgoing governor. In a move interpreted in the market as an effort to distance himself from Wednesday's revaluation, Ramez told Al Youm Al Sabaa newspaper that he had appointed Gamal Negm as a caretaker governor.

Egypt's economy has been struggling since a popular uprising in 2011 drove foreign investors and tourists away, putting a strain on the country's foreign reserves, which have more than halved from $36 billion before the revolt. Growing indications that a bomb was behind last week's crash of a Russian airliner may also undermine the currency by cutting tourism revenues - a vital source of hard currency. Meanwhile, months of capital controls and expectations of a devaluation have already discouraged foreign investors amid concerns they will be unable to repatriate their dollars or conduct their import and export operations smoothly. In an earlier move on Saturday, Banque Misr and NBE also raised interest rates on Egyptian pound certificates to 12.5 percent from an average 10 percent, forcing other lenders to make the same move on Tuesday. That surprise step ignited speculation that the central bank might soon hike official interest rates to defend the pound. Central bank officials have not publicly clarified their intentions, increasing uncertainty in the markets. "Ultimately all this is going to prove futile. A weaker pound is necessary to counter falling FX revenues due to the impact of the Russian plane crash," said Jason Tuvey, Middle East economist at Capital Economics in London. *(Reuters)*

Ghana

Corporate News

No Corporate News This Week

Economic News

Ghana's annual consumer price inflation remained unchanged at 17.4 percent in October compared to the previous month due in part to a stabilisation of the local currency, the statistics office said on Wednesday. The figure reflects fiscal problems facing the West African nation, which is following a three-year aid programme with the International Monetary Fund aimed at restoring economic stability. "The October index was partly driven by the relative stability in the exchange rate of the cedi, resulting in lower prices of imported items," government statistician Philomena Nyarko told a news conference. The cedi slumped nearly 30 percent in the first half of the year but has remained fairly stable in recent weeks on regular dollar sales by the central bank. Nyarko said non-food inflation eased marginally to 23.0 percent from 23.2 percent in September while food inflation remained unchanged at 7.8 percent compared to the previous month. Once among Africa's fastest growing economies, growth in the gold, cocoa and oil exporter has slumped due to lower global commodity prices and a fiscal crisis that has seen its debt-to-GDP ratio rise to more than 70 percent. "We still expect the Bank of Ghana to raise its policy rate by 100 bps when it meets on Monday. This may be necessary if it is to achieve its end Dec 2016 inflation target," said Razia Khan, head of Africa research for Standard Chartered bank. *(Reuters)*

Ghana has little room to produce an election budget on Friday as it sticks to spending restrictions imposed by the International Monetary Fund to help an economy in crisis. Finance Minister Seth Terkper is set to present a 2016 budget that targets a fiscal deficit of about 5.3 percent of gross domestic product from 7.3 percent this year, the IMF said on Nov. 5. Terkper will outline the spending and revenue measures to achieve this goal in a speech to Parliament that begins as early as 10 a.m. in the capital, Accra. President John Dramani Mahama, who will contest elections in a year's time, has promised to curb spending next year as part of an IMF agreement for almost $1 billion in loans aimed at getting the economy back on track. The currency had lost 26 percent of its value against the dollar in the first half of the year, while inflation and public debt has soared. "I expect the government to continue with the consolidation and stay within the IMF program," Michael Cobblah, a director at C-nergy Ghana Ltd., an advisory and investment banking services company, said in an interview in Accra. "Ghana has everything to lose, including credibility and investor confidence, if it goes against the tenets of the IMF program and opts for a spending spree to win votes." The cedi erased some of its losses this year after signing the loan agreement with the IMF in April. The currency is down 15 percent against the dollar since January and was trading at 3.785 as of 4:03 p.m. on Thursday in Accra.

Ghana has a history of missing deficit targets in an election year as spending pressures increase. When Mahama took office in 2012, the government posted a fiscal gap of 12.1 percent of GDP, more than double its target. Since then, a combination of rising debt and weaker revenue from exports such as gold and cocoa has undermined investor confidence in the West African nation. Mahama, 56, will face the New Patriotic Party's Nana Akufo-Addo in an election on Nov. 7, 2016. Ghana has less room to maneuver than in the past. Debt soared to 71 percent of GDP in June from 60 percent in January, while inflation was at 17.4 percent in October, according to official data. The central bank raised its benchmark interest rate by 3 percentage points to 25 percent this year. "Ghana needs the required discipline to avoid financing election-related projects," Courage Kingsley Martey, an economist at Databank Group Ltd., said by phone from Accra. "This is the time government must bite the bullet and contain expenditure, but with low prices of crude and a zero financing of the deficit from the central bank, Ghana's situation is tricky." So far, Ghana appears to be sticking to its fiscal consolidation. The deficit was 4.7 percent of GDP in the first eight months of the year compared with a target of 4.8 percent, the Ministry of Finance said last month. Public debt was at 62 percent of GDP in July. The government is also forecasting a rebound in economic growth from a projected 3.5 percent this year, which would be the slowest pace in about 20 years. The economy may expand 6 percent next year and 9 percent in 2017 because of new oil production, Terkper said in an interview on Oct. 28. "We should be cautiously optimistic," Michael Otu Fiaw, a research analyst at NDK Asset Management, said by phone from Accra. "Being mindful of election pressures, we expect the economy to expand by an average of 5 percent in 2016." *(Bloomberg)*

WEEKLY AFRICAN FOOTPRINT

TRADING

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Kenya

Corporate News

The board of Kenya's biggest power generator, KenGen, has approved a rights issue plan and will seek shareholder approval on Dec. 16, the firm said in a statement on Wednesday. The plan, which also needs regulatory approvals, would involve issuing up to 7.802 billion shares at price to be set. Kenya Electricity Generating Co, or KenGen, which is 70 percent state-owned, previously said it wanted to raise 30 billion shillings ($294 billion) to help restructure its balance sheet and to finance expansion. *(Reuters)*

Kenya's Centum Investment Company reported on Wednesday a 75 percent rise in pre-tax profit for the six months to Sept. 30 at 2.246 billion shillings ($22 million), citing a surge in interest income. Centum, which invests in listed and private firms and has been expanding investments in real estate, reported a pre-tax profit of 1.285 billion shillings for the same period a year earlier. Total income surged to 8.384 billion shillings in the first half from 1.897 billion shillings, Risper Mukoto, managing director of Centum Capital, a unit of Centum, told an investor briefing. This includes income from two subsidiaries which was not taken into account a year ago. Interest income climbed to 1.350 billion shillings from 83 million shillings. Centum's flagship Two Rivers Mall in Nairobi is expected to open in March 2016, Chief Executive Officer James Mworia said. Centum is also part of a consortium that won a contract last year to build a 1,000-MW coal-fired power plant in Kenya's Lamu region. Mworia said the firm expected to finalise financing for the project by early 2016. *(Reuters)*

Kenya Airways Ltd's pretax loss for the six months to September narrowed slightly to 11.856 billion shillings ($116.12 million), helped by lower fuel costs, Finance Director Alex Mbugua said on Thursday. The airline, part-owned by Air France KLM, reported a pretax loss of 12.5 billion shillings a year earlier. A series of Islamist militant attacks in Kenya in the past two years has hurt the country's tourism industry, which hit the airline's revenue after it had bought expensive new planes. "The fuel costs have come down significantly," Mbugua told an investor briefing, although he said those savings were partly offset by a revaluation of the airline's dollar denominated loans that led to foreign exchange losses. The shillings has been weakening this year. Turnover was flat at 56.72 billion shillings, he said. Fuel costs fell 37.4 percent during the period to 13.58 billion shillings, the finance director said, adding the actual savings from price movement of oil was 7.95 billion shillings. *(Reuters)*

Economic News

In response to recent developments in the financial sector, the Central Bank of Kenya board chairman, Mr Mohamed Nyaoga, is promising a tough supervisory regime in the country's financial sector. Mr Nyaoga told the Nation that good governance would ensure that the country enhances its position globally as a hub for financial innovation. "I support the governor's endeavours to enhance market discipline and supervision. This will not only promote stability of the financial system, but also help the Central Bank to discharge its core mandate of maintaining price stability," said Mr Nyaoga. He spoke in the wake of massive fraud, that hit two Kenyan lenders (Dubai Bank and Imperial Bank) prompting the regulator to place them under receivership. "The actions taken by the Central Bank with respect to the two banks were necessary to safeguard the stability of the banking system and protect depositors. The Central Bank has already stated that the two banks were placed under receivership due to factors that were unique to them, and that the problems in the two banks are not systemic," he said. Mr Nyaoga said going forward, CBK would boost its early warning systems to detect improprieties in the financial sector in order to protect consumers. "Central banks globally are continuously retooling and enhancing capacity for their staff in order to deal with emerging challenges. Some of these challenges include the increasing sophistication of the operations of the financial sector. In this regard, I support the governor in his strategy to enhance the bank's effectiveness and efficiency in the delivery of its functions," said Mr Nyaoga. CBK has a new governance model where the governor is no longer the chairman of the board. Mr Nyaoga said the new system would help boost effectiveness of the regulator. "The Central Bank of Kenya Act clearly demarcates the dos and don'ts for the board.

Monetary policy, which is technical is exclusively reserved for the Monetary Policy Committee chaired by the governor. So practically speaking Central Bank of Kenya has a dual board that is the main board which overseas governance issues and the MPC which focus on monetary policy. There is no case of overlap," said Mr Nyaoga. *(Nation)*

The International Monetary Fund has warned that recent increase in credit rates could lead to financial risks in the region. In the latest edition of the Regional Economic Outlook for Sub-Saharan Africa launched in Nairobi on Thursday, the global institution said lending by financial institutions has risen considerably over the last 12 years attributed to increased household incomes. "Most sub-Saharan African countries have experienced a decade-long rapid increase in private credit. Real credit to the private sector grew five fold over the period 2003-2014 an average annual progression of 16 per cent over 10 years leading to a doubling of the credit-to-GDP ratio for the region as a whole," says the report. According to the IMF, though other factors that commonly affect debt such as high interest rates may also play a role, numerous studies have credited episodes of unusually high credit growth with poor economic performance. "The ensuing increased financial deepening and inclusion are certainly welcome, but authorities should be mindful of the increased financial risks associated with excessive credit growth," said the Bretton Woods Institution. The IMF data shows that banks have been more inclined to lend with their loan -to-deposit ratio rising steadily since 2009 from 63 to 66 per cent. Banking penetration has increased by roughly 50 per cent over the last 12 years, and now stands at close to 60 per cent of GDP. The increase in total banking assets to GDP has also been cited as an important early indicator of a banking crisis in the long run. Kenya does not feature on the danger list currently. The IMF, however, urged the country to stay put, given that it leads the region in terms of lending innovations, which promote credit access. *(Nation)*

Kenya's tea output dropped 14 percent in nine months to September due to drought that hit the country at the start of the year, data from the industry regulator showed. Kenya is the world's leading exporter of black tea and the commodity is a major foreign exchange earner for East Africa's biggest economy. Output of tea in the first nine months of 2015 fell to 271.4 million kilograms (kg) from 315.7 million kg in the same period last year, data from the Agriculture, Fisheries and Food Authority's website showed. Kenyaâ€™s tea exports also dropped to 328 million kg in the period to September, from 376.8 million kg during the same period last year. The differences in export and production figures usually arise from unsold tea held over from the previous year. Kenya experienced drought conditions early this year which affected the output of tea while processing factories received fewer deliveries. Tea production in the east Africa nation is expected to improve over the final quarter of the year due to more rain in most key growing areas. *(Reuters)*

Kenya's shilling was steady in early trading on Tuesday with demand for dollars from energy firms and other importers met by the central bank's dollar sales in the previous session. Traders said falling yields on government debt, which is discouraging offshore investor appetite for the paper, could push the shilling lower unless the central bank intervened again to supply more foreign exchange to the market. At 0648 GMT, commercial banks quoted the shilling at 102.15/35 to the dollar, little changed from Monday's close of 102.25/35. "There is demand (for dollars) in the market," said one dealer at a commercial bank, citing demand from energy firms and general importers. "They want to buy their dollars before the market moves against them." The shilling has recently been supported by inflows of dollars from offshore investors chasing high-yielding government debt. But yields tumbled last week, slowing offshore appetite. The yield on 91-day paper slid below 14 percent from nearly 20 percent a week before. *(Reuters)*

Kenya's central bank is considering harsher penalties for commercial banks that flout the rules and it may publicise enforcement actions that it takes against errant banks, the central bank governor said on Thursday. The financial system in East Africa's biggest economy was rattled last month after the central bank put Imperial, a mid-sized lender, under management, due to fraud. Patrick Njoroge told the finance committee of the national assembly the review of the penalties will be a part of the bank's plan to strengthen supervision of lenders in the wake of the collapse of Imperial. He has already admitted the regulator missed the problems at Imperial. Gerald Nyaoma, the director of bank supervision at the central bank, told Reuters the details of the harsher penalties will be worked out at a later stage. "It has to go through the legislative process so we will be making proposals over the coming one year to go to parliament," Nyaoma said. The central bank may consider publishing details of penalties against banks that violate laws, only after the fact, in order to avoid a run on any institution facing regulatory actions. Njoroge told lawmakers that Kenya, which he said has 42 commercial banks, has seen 25 banks go under in its history and therefore there was an urgent need to boost supervision to prevent another failure. *(Reuters)*

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Malawi

Corporate News

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Economic News

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Mauritius

Corporate News

State Bank of Mauritius Holdings posted on Thursday a 40 percent drop in pretax profit for the first nine months of this year, hit by higher impairment costs. The Indian Ocean island's second-largest lender said pretax profit in the period to end-September fell to 1.73 billion rupees ($48 million) from 2.89 billion rupees a year earlier. The bank attributed the fall in profit to a "substantial" increase in credit impairment losses of 1.02 billion rupees, mainly due to a major conglomerate going into administration. It said it had recently seen some signs of recovery in impairments. SBM Holdings said net interest income rose to 3.13 billion rupees from 3.06 billion a year earlier. Earnings per share fell to 5.01 rupees from 9.09 rupees. Shares in SBM fell 1.2 percent on Thursday. The bank's results were released after the market had closed. The bank said the economic outlook for Mauritius remained clouded by uncertainty on the international front, and the domestic banking sector continues to face headwinds, namely in terms of excess liquidity and asset quality concerns. "In this context, the board and management are working on a revamped strategy to enhance value to stakeholders and improve operational efficiency through a restructuring exercise," it said in a statement. *(Reuters)*

Economic News

Mauritius central bank cut its key repo rate on Monday for the first time since June 2013, trimming it by 25 basis points to 4.40 percent due to concerns about economic growth in the small Indian Ocean island. Bank of Mauritius said in a statement it had lowered the 2015 economic growth forecast to 3.4 percent from 3.7 percent estimate made in July. The bank also forecast year-on-year inflation to be at 2.6 percent at the end of 2015, rising to 3.3 percent at the end of next year. *(Reuters)*

Nigeria

Corporate News

South Africa's MTN Group said on Monday its chief executive will resign immediately as the telecoms firm continued talks with the Nigerian government over a $5.2 billion fine. Non-executive chairman Phuthuma Nhleko was appointed executive chairman for a maximum of six months after Sifiso Dabengwa stepped down, Africa's biggest mobile phone company said in a statement. MTN was fined in October by the Nigerian telecoms regulator for failing to cut off users with unregistered SIM cards. "Due to the most unfortunate prevailing circumstances occurring at MTN Nigeria, I, in the interest of the company and its shareholders, have tendered my resignation with immediate effect," Dabengwa said in a statement. MTN said it continued talks with authorities in Nigeria, the company's biggest market, over the fine. Dabengwa has been chief executive of MTN since 2011. Shares in MTN have slid about 17 percent since Oct. 26 to 157 rand by Friday, following news of the charge. Ratings agencies Moody's and Fitch lowered MTN's credit rating outlook to "negative" last month flagging the risk of significant cash outflow and the likely damage to the Nigerian business due to lengthy talks. *(Reuters)*

Skye Bank Plc said it had commenced engagement with the Central Bank of Nigeria over the N4 billion fine imposed on it for concealing funds belonging Ministries, Departments and Agencies (MDAs) in contravention of the directive on Treasury Single Account (TSA). In a notification to the Nigerian Stock Exchange (NSE) dated November 9, 2015 which was jointly signed by the Group Managing Director of Skye Bank, Mr. Timothy Oguntayo, and Company Secretary, Abimbola Izu, the bank said the fine imposed by the apex bank was misdirected since it did not conceal any information on it accounts. Quoting a CBN circular addressed to the Chairman, Board of Directors of Skye Bank, THISDAY had exclusively reported in it Sunday edition that a fine of N4,005,228,976.35 had been imposed on the bank for failing to report MDAs' balances amounting to N40,052,289,769.47, as at October 23, 2015 - more than a month after the TSA deadline had expired. The N4billion fine, which represents 10 percent of the concealed funds belonging to Federal Government MDAs, the circular said, would be debited from Skye Bank's current account with the CBN. But in its statement yesterday, Skye Bank said significant portion of the money for which penalty was applied belonged to the state-owned energy company Nigerian National Petroleum Corporation (NNPC) pension funds and National Assembly legislative aides account balances.

The bank added that the sum of N40 billion for which the fine was imposed on it came from NNPC account balances, claiming it had received a communication from the corporation excepting it from the treasury single account (TSA) operations. "We received a communication from the NNPC forwarding a letter from the Accountant General of the Federation on the treatment of NNPC funds. By the communication, the bank is advised that an 18 business day window had been granted by the vice-president, Yemi Osinbajo, within which a plan for the orderly withdrawal of the NNPC funds will be implemented," the bank explained. Skye Bank told the NSE that it had commenced engagement with the apex bank with a view to bringing the issues to the attention of the banking sector regulator and seeking a review of the penalty. The Federal Government had directed that balances/receipts due to the government or its agencies be paid into a TSA domiciled in the CBN except otherwise expressly approved. The TSA is a bank account or a set of linked bank accounts through which the government transacts all its receipts and payments and gets a consolidated view of its cash position at any given time. A September 15 deadline was given for full compliance with the directive.

CBN hammer had earlier fallen on two major banks - First Bank of Nigeria Limited (FirstBank) and United Bank for Africa (UBA) Plc for failing to comply with the directive on TSA. While a fine of N1,877,409,905.12 was imposed on FirstBank, UBA was fined N2,942,189,651.45. The fines represented 5 per cent of the unremitted funds. While notifying Skye Bank of the fine, the apex bank's circular signed by the Governor, Mr. Godwin Emefiele, had noted an October 14, 2015 request by its Director of Banking Supervision, Mrs. Tokunbo Martins, for information on Skye Bank's total amount remitted and unremitted to TSA in a prescribed format with a submission deadline of 12pm, October 15, 2015.
CBN however stated that the bank's initial submission on "15th October 2015 in respect of the information requested indicated unremitted amount of N442, 916,642.92, a rendition which was false as your bank failed to report FGN MDAs' balances amounting to N40,052,289,769.47 as at 23rd October 2015." The unreported sum, it said, was unearthed during CBN examiners' onsite visit to Skye Bank on October 26, thereby aggravating the offence. *(This Day)*

WEEKLY AFRICAN FOOTPRINT

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Standard &Poor's (S&P) has upgraded Ecobank Nigeria's outlook to stable, with a B+/B ratings. The ratings agency explained that the rating assigned to Ecobank Nigeria reflected the profitability and asset quality of its parent, Ecobank Group, adding that the Nigerian unit would likely remain core to the wider group's performance. Ecobank Nigeria had reduced its non-performing loans (NPLs) from six per cent in 2013 to 4.7 per cent in 2014 (the Group went from 6.2 per cent to 4.4 per cent in the same period). S&P added: "We anticipate that the group's asset quality should remain broadly stable in 2015, reflecting its diversification across countries and better risk-management practices at the group and affiliate levels," adding that it expects NPLs to average around five per cent through to 2018. "In our view, Ecobank Nigeria benefits from the wider group's scale and franchise in corporate and retail segments across Africa, which should help ensure business growth and revenue stability, despite the difficult Nigerian economy. We consider the group's business stability to be strong, owing to geographic diversification that supports growth in key markets where it operates among the top-tier banks," S&P added. Its position in Nigeria is underpinned by a wide customer franchise, which S&P noted should enable the bank to maximise its cost of funds and compete adequately with top-tier banks to underwrite business with good-quality names and margins.

Access Infra Africa has signed a joint development agreement with Nigerian Quaint Global Energy Solutions for a 50 megawatt solar power plant that is expected to provide electricity for over 600,000 homes in northern Nigeria, the partners said on Tuesday. The west African nation has chronic power shortages due to a dilapidated transmission grid and natural gas constraints while the new generating and distribution companies are still struggling to be profitable since the 2012 privatisation of the sector. Power output has risen since President Muhammadu Buhari was inaugurated at the end of May, fluctuating at just under 4,000 MW per day over the last few weeks versus just over 3,000 MW under the former administration, according to transmission data. But the level is still far below the country's needs. Businesses rely heavily on expensive diesel generators while the average Nigerian must put up with days of blackouts. The ABIBA plant in northern Kaduna state is expected to be built in the next two years though the partners must still negotiate a Power Purchase Agreement (PPA) with the Nigerian Electricity Regulatory Commission (NERC) before it can seek financing from banks.

Access Infra Africa, a renewable power developer with a presence in 17 African countries, will contribute the bulk of the 30 percent equity put down for the $100 million project. Quaint has also received a $1.3 million grant from the U.S. Trade and Development Agency for ABIBA. If successful, the solar farm would be the first in the country and largest such plant on the continent outside South Africa. Other renewable energy projects became stuck in the PPA phase under the previous administration and stalled due to an unprofitable tariff but the NERC announced a new feed-in tariff at the start of November for renewable projects up to 30 MW. Buhari has made increasing power generation a priority as better access to power will be key to his goal of diversifying the economy. *(Reuters)*

First City Monument Bank (FCMB) Limited has assured its customers of its continued support, through funding and other initiatives, towards the growth of export trade business as the nation continues to strive to diversify the economy with focus on non-oil products. The bank's Executive Director, Business Development, Mr. Adam Nuru, made the pledge at a customer forum on export trade tagged: "Enhancing Capacity for Export Growth," organised by the bank in Lagos. The interactive and capacity building forum was organised by FCMB in partnership with the Nigerian Export Promotion Council (NEPC), Nigeria Export-Import Bank (NEXIM), Bank of Industry (BoI), National Agency for Food and Drug Administration and Control (NAFDAC), Nigeria Customs Service (NCS), Nigeria Agricultural Quarantine Services (NAQS), Federal Inspection Agency for Solid Minerals (FIASM). Speaking at the forum, Nuru said that the bank had created various windows of opportunity to assist Nigerian exporters benefit optimally from the exportation of products. He listed some of the offerings of the bank in this regard to include pre and post-shipment financing/refinancing and discounting, provision of market information as well as advisory services. The bank's executive director explained that: "the customer forum is another way we demonstrate just how much we value our customers. It is also an opportunity to inform the market that we are truly on ground to support government and stakeholders in their efforts towards driving and growing export trade to boost non-oil revenue in the economy." Furthermore, Nuru urged exporters to ensure that products they export meet set standards so as to compete favourably in the international market. He added: "as a bank that is committed to exceptional service delivery, we will continue to engage our customers and other stakeholders in various sectors of business in impactful ways."

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TRADING

In his paper titled, ''Maximising Export Opportunities in Nigeria," the Executive Director/Chief Executive, NEPC, Mr. Olusegun Awolowo, said there are several factors that work in favour of Nigerian exporters and should be explored to maximise their export potentials. Awolowo, who was represented by a Deputy Director of the Council, Mrs. Evelyn Obidike, pointed out that Nigeria's abundant natural resources and large population remains a veritable tool that should be leveraged by exporters to enhance their competitiveness in the international market. He urged exporters, "to give the best to the packaging of their products to attract both local and international consumers," adding that, "apart from the quality of products, packaging is a silent selling strategy explored by wise exporters to achieve mileage in their business." Also speaking at the forum, Executive Director, Small and Medium Enterprises (SMEs) at the Bank of Industry (BOI), Mr. Waheed Olagunju, said the lender places importance on export trade and how SMEs can be effectively empowered to play active roles in their business. *(This Day)*

Makers of Milo, Nestle Nigeria has re-launched the popular beverage drink, with the addition of a new ingredient, Activ-Go. The event took place yesterday at its Lagos Headquarters. Activ-Go is made from Protomalt, a malt extract made from malted barley grains, which provides energy and contains nine micronutrients, including Vitamin B, Vitamin C and Calcium. Speaking at the re-launch, Managing Director and Chief Executive of Nestle Nigeria, Dharnesh Gordhon, said the re-launch of the widely successful drink, was a symbol of the company's dedication to "innovation and renovation". "I am particularly proud of the innovation that went into the new Milo with Activ-Go which we are presenting today," he said. "It is a unique blend of vitamins and minerals that helps the individual to achieve the Milo promise – the promise of energy when you need it the most, and the inspiration that guarantees victories on the road to success." Nestle's Category Manager for Beverages, Olufemi Akintola, explained that Activ-Go "supports energy release, muscle function, and bone maintenance that are essential for physical activity in children. Engaging in physical activities such as exercise and sports is an important part of a healthy, successful lifestyle." The Vice President of the Nutrition Society of Nigeria, Bartholomew Brai, made a short presentation during the re-launch, and recommended the drink as a good source of energy. Milo, a chocolate and malt powder that is mixed with either hot or cold water, was originally developed by Thomas Mayne in Sydney, Australia, in 1934. Now produced by Nestle, it has grown to become one of the most popular beverage drinks in many parts of the world. *(This Day)*

The National Agency for Food and Drug Administration and Control has ordered Guinness Nigeria Plc to pay N1bn "as administrative charges for various clandestine violations of NAFDAC rules, regulations and enactments over a long period of time." In a letter addressed to the Managing Director of Guinness Nigeria Plc by the Head, Investigation and Enforcement, NAFDAC, Mr. Kingsley Ejiofor, the regulatory agency requested for the payment of the N1bn as administrative charges for infractions such as the destruction activities carried out by the company without the authorisation and supervision of the agency. Guinness was also accused of revalidating expired products without authorisation and supervision by NAFDAC, as well as failing to secure the gate of its warehouse as the raw materials used in the production of beer and non-alcoholic beverages by the firm were permanently opened to intrusion and exposure to the elements and rodents, which "invariably affect the integrity of the raw materials." The brewer was also alleged to maintain poor documentation record and not complying with conditions contained in the certificate of validation of the revalidated malt extract, which required the storage of the items in cool and dry place, and elimination of exposure to sunlight. The letter referenced ENFD/7218/Vol. 1/85 and dated November 9, 2015, states, "In view of the above, you are further required to take the following actions: disclosure of all your warehouses in the country and submission of inventory level of the stock thereof; submit a written voluntary consent of forfeiture for destruction of the expired and revalidated raw materials discovered in your warehouse; and submit a notarised undertaking to comply with all the guidelines, rules, regulations and enactments of the agency, and to refrain from any future violations."The agency directed Guinness to ensure the payment of the N1bn within two weeks of the receipt of its letter.

In a statement made available to our correspondents on Wednesday, Guinness said it was in receipt of the letter from NAFDAC and the demand for the payment of N1bn for certain alleged regulatory infractions. The company said, "The management of Guinness Nigeria does not fully understand the basis for the computation of the administrative charges nor the particular regulations alleged to have been infringed, and is currently in discussions with NAFDAC with a view to gaining better clarity on the issue and hopefully have it resolved. "Guinness Nigeria has operated in Nigeria for over 65 years and has conducted its business in accordance with all relevant laws and regulations in Nigeria and Diageo's global policies and procedures relating to good manufacturing practice. "Guinness Nigeria is cognizant of its responsibility to adhere to relevant laws and regulations, which are applicable to its operations, including regulations issued by NAFDAC, and takes this obligation seriously. "We remain committed to working with NAFDAC and other regulatory authorities in furtherance of our responsibility to produce and market quality products, which are enjoyed by consumers throughout Nigeria, and look forward to being able to resolve the issue working in partnership with NAFDAC." *(Punch)*

Fidelity Bank Plc said it plans to upgrade its core banking operation to a higher version, which would ensure maximum satisfaction to its customers. The Executive Director, Shared Services, Mrs. Chijioke Ugochukwu, said this on Wednesday during the bank's day at the ongoing Lagos International trade fair. She said: "2015 has proved to be a very interesting year. Nevertheless, Fidelity Bank continues to thrive and improve the quality innovative products that are tailored to meet various needs of our customer." She said the bank was becoming technologically innovative, more customer friendly and service oriented, even as it seeks to continue to support SMEs, amongst others. She added: "I'm very pleased and proud to let the house know that in line with the rebranding, Fidelity Bank is rebranding technologically and we are at a very advanced stage of the implementation of our core banking application from Finacle 7 to the most current edition of the pinnacle which is the Finacle 10 version. " We have a team of about 60 to 70 people who began training in India, for over 90 days would come back home to implement the software and would train both staff and customers alike to get the maximum benefit of this upgrade. We would be unveiling it shortly and we hope our customers would reap the maximum benefit from it." Ugochukwu further said the bank had financed 500,000 micro small medium scale enterprises in Nigeria.*(This Day)*

The FMDQ OTC Securities Exchange (FMDQ) on Thursday recorded another milestone as it quoted the Nigerian Breweries Plc (NB Plc) N17.709 billion Series 1 Commercial Paper (CP) Notes under the brewery's N100 billion CP Issuance Programme. The Nigerian Breweries Plc CP was the first to be quoted on the FMDQ platform by a non-bank. Speaking at the quotation ceremony, Managing Director/Chief Executive Officer of FMDQ OTC , Mr. Bola Onadele. Koko, noted that as a securities exchange, FMDQ promotes credibility for quoted CPs, through a highly efficient registration process. According to him, CPs quoted on the OTC securities exchange gain access to the full complement of an FMDQ quotations service; which includes but not limited to the global visibility through its inclusion to the FMDQ Bloomberg E-Bond trading system and on the quotations page of the FMDQ website, as well as improved transparency drive. Finance Director of Nigerian Breweries, Mr. Mark Rutten said that the company is excited about the future of the planned CP issuance activity on FMDQ and the ever-growing benefits this would bring to the capital market.

Speaking about the transaction, Head, Debt Capital Market, Stanbic IBTC Capital Limited, one of the joint issuing houses, Mr. Kobby Bensti-Enchill, said: "Increasing the number of CP issuances is the first step towards creating liquidity in secondary market trading of CPs. The second, and equally important step, is the quotation of the securities on FMDQ OTC Securities Exchange. We are exceptionally pleased to have worked with Nigerian Breweries Plc in setting up its maiden CP programme and successfully raising N17.7billion in the first series. We are also pleased to sponsor the quotation of the CP on the FMDQ OTC Securities Exchange."Speaking in the same vein, Managing Director of FBN Capital Limited, Mr. Kayode Akinkugbe said: "The decision by Nigerian Breweries to complement its short term funding via issuance in the money and capital markets is certainly laudable, and in so doing the company has demonstrated leadership as a pacesetter in the domestic debt capital markets. He noted that the success of the transaction speaks to the high confidence the investing public has in the Nigerian Breweries Plc brand and recognition of the Issuer's remarkable track record in the beverage industry. "In addition, it is a reflection of the joint lead issuing houses distribution capability and depth in the fixed income market. We expect that the quotation of the Nigerian Breweries CP on FMDQ will provide investors with transparency, efficient price determination and improved liquidity," Akinkugbe added. *(This Day)*

Economic News

The Nigerian government is proposing a budget of 7 to 8 trillion naira for 2016, up from 4.4 trillion this year, a document from the office of Vice President Yemi Osinbajo seen by Reuters showed on Friday. Nigeria, which has Africa's biggest economy and is the continent's top oil producer, faces its worst economic crisis in years brought on by the sharp fall in crude prices. It relies on oil exports for 70 percent of government revenue. The document, used as the basis for a presentation by Osinbajo to the cabinet during a two-day retreat, proposed capital expenditure of 2 trillion naira next year, up from 1.3 trillion naira in 2015, but did not say how it would be funded. President Muhammadu Buhari, who shortly after taking office in May said that treasury coffers were "virtually empty", opted to take ministers on the retreat on Thursday, prolonging the wait for portfolios to be assigned. Many investors have grown concerned at the lengthy process of appointing cabinet jobs in the five months since Buhari was inaugurated. Critics have said the absence of a finance minister created a policy vacuum that exacerbated the economy's problems. The document presented to them, bearing the title "The Economy - Where We Are Today", laid out the extent to which the country has been hit by plunging oil prices, stating that in May foreign reserves hit a 10-year low of 29.6 billion naira. A page headed "How can we get out of a possible recession?" outlined the need for a "massive infrastructure building" programme for roads, rail and power, along with "expansionist" fiscal and monetary policies.

The presentation by Osinbajo, who has been asked to oversee economic policy by Buhari, stated that this would be paid for by a 25 billion naira infrastructure fund and a 2.5 trillion naira "special intervention fund". But it gave no details of where this money would come from. A draft report outlining the long-term strategy of OPEC predicts that oil will remain under pressure in the next few years, suggesting that the challenges faced by Nigeria may prove difficult to overcome for a nation so reliant on crude exports. Nigeria's 170 million inhabitants experience severe electricity shortages that have crippled economic growth, something Osinbajo's document identified as a key challenge.
"Fixing the transitional electricity market is currently the most important priority area," it stated. "This administration will have a strong focus on solar energy most especially for the provision of power for social services like health and education," it said. A partnership agreement had been signed with the British government to "assist with driving the Nigerian solar revolution". Agriculture, mining and manufacturing were listed as key areas to develop in order to diversify the economy. "Collaboration with China Exim bank to develop 40 rice milling plants" was among the specific plans highlighted. *(Reuters)*

Barclays will remove Nigeria's sovereign debt from its emerging markets local currency government bond benchmark, the bank said on Monday. "Nigeria will be removed from the flagship Emerging Markets Local Currency Government Index as of February 1, 2016," the bank said in a statement, adding that the debt would continue to be eligible for its broader Emerging Markets Local Currency Government Universal Index. Africa's largest economy has taken a hammering from the steep drop in oil prices since mid-2014. The move by Barclays is adding to Nigeria's list of financial woes after rival index provider JP Morgan announced in September it would drop Nigeria from its index, citing a lack of liquidity and currency restrictions. Barclays also said that Russia and Argentina would become eligible for its Emerging Markets Government Inflation-Linked Bond (EMGILB) Index as of Feb 1, 2016. *(Reuters)*

Nigeria's cocoa output will likely rise to 295,000 tonnes this season, up 5.4 percent from last season, after late rains in October and November helped pod formation, the head of the country's private sector cocoa association said on Monday. Cocoa season in Nigeria, the world's fourth biggest producer, runs from October to September, with an October-to-February main crop and a smaller light or mid-crop that begins in April or May and runs through September. "Our initial forecast was a drop, we were expecting 240,000 tonnes. But two months of favourable weather ... has brought about cherries that have grown into pods. That's enough to give us an increase in production," Cocoa Association of Nigeria (CAN) president Sayina Riman told Reuters. Last season yielded 280,000 tonnes, short of a 300,000 tonnes estimate as dry weather in 2014/15 hindered the development of the mid-crop, Riman said. The International Cocoa Organization (ICCO) gives much lower estimates of Nigerian cocoa output, however. It forecast last season's production at 210,000 tonnes. Riman did not give a reason for the discrepancy. Nigerian government production figures are also significantly higher than ICCO estimates.

Farmers were optimistic for the main crop because of the late rains which could push the 2015/16 harvest up to March, he said adding that cocoa trees were shedding fruits before now due to dry weather. But intermittent rainfall with sunshine since October was helping the beans. "Cocoa is flowering now and bringing new leaves. Those flowers most of them will turn to pod that will come up for February/March harvest," said Emmanuel Ajayi, who owns five-hectare cocoa farm in Ondo State, Nigeria's main grower. In Nigeria's second-biggest grower Cross Rivers, another farmer. Atangba, feared output may be affected if the rains stopped and was hoping for it to continue so that bean formation will not be disrupted. Africa's biggest economy is working on agricultural commodities, including cocoa, to help plug shortfalls from oil revenues which has been hammered by low crude prices. But it faces stiff challenges to boost production. *(Reuters)*

Nigeria's Stanbic IBTC has cut its 2015 forecast for loan growth to 3 percent from 10 percent, citing the impact of slowing economic activities on businesses, the local unit of South Africa's Standard Bank said on Monday. Africa's biggest economy posted its lowest output growth for five years in August with its economy expanding 2.35 percent in the second quarter against 6.54 percent a year ago. Stanbic said the slowdown continued in the third quarter. The mid-tier lender said loans grew marginally by 1 percent to 418.3 billion naira ($2.1 billion) in the first nine months and lowered its return on equity (ROE) target to 15 percent from 18 percent, it said in a presentation. *(Reuters)*

Yields on Nigeria's bonds fell sharply across maturities on Tuesday as liquidity surged on the interbank money market, traders said, adding that the Central Bank of Nigeria (CBN) had loosened monetary policy to spur credit growth. Nigeria's 2017 bond fell the most, down 110 basis point to 6.9 per cent, a level last seen more than five years ago, a report by Reuters showed. The 10-year benchmark bond shed 72 basis point to 10.25 per cent. Overnight lending rates traded between 0.5 and 1 percent on Tuesday as banks' balance on the interbank market stood at a credit of N850 billion. THISDAY had reported that the CBN's decision to suspend its open market operations (OMO), a monetary policy tool it had been using to periodically mop-up liquidity in the system has since increased the volume of liquidity in the system. Essentially, the CBN has been in easing mode from a quantitative perspective as it has been increasing the quantity of money in the system, while keeping the cost of money (the monetary policy rate) constant. With that, the volume of cash in the banking system has since increased .The move, according to analysts was to make banks reduce their lending rates and also increase lending to critical sectors of the economy so as to stimulate growth and expand the economy. But while deposit rate has remained as low as about five per cent, lending rate being charged by banks is still high, currently between the band of 21 and 25 per cent.

"Interest rates across the money market and the government debt market have fallen precipitously over recent weeks. The driver is easily identified – a surge of liquidity resulting from the CBN's decision to not roll-over open market operation securities that have matured over recent week," analysts at City Stockbrokers Limited stated in a recent report. However, a former Executive Director of Diamond Bank Plc, Mr. Abdulrahman Yinusa, explained in a chat with THISDAY that beyond efforts by the central bank to spur lending, there are other variables affecting lending rates in the country. These he listed to also include the operating cost and risk premium. Yinusa said further: "The rate a bank charges on loans beyond paying for the cost of fund is operating cost. In Nigeria, operating cost has not changed. All the banks are still running on generators and there are other infrastructural challenges. Yes, the NIBOR rate has reduced as a result of the intervention by the central bank, but has operating cost reduced? "Another reason why lending rate is still high is because of the risk-return premium. If a bank is lending to a multinational and well-structured firm, it may choose to charge maybe one or two percent risk premium. "But if it is giving loan to a Nigerian company, the percentage would be far higher. In Nigeria today, the risk environment has even worsened. We have to address a lot of fiscal issues in the country. As I speak, we are just about to get a finance minister. So, this is not something that the central bank can do alone. The CBN can only address the monetary aspect, but we still have fiscal issues to tackle." *(This Day)*

Nigeria's President Muhammadu Buhari appointed former investment banker Kemi Adeosun as finance minister on Wednesday as he swore in 36 members of his long-awaited cabinet. Buhari has worried investors with the five-month wait to name ministers, at a time when Africa's largest economy is facing its worst crisis in years, hammered by a fall in oil prices and an Islamist insurgency in the northeast. The 72-year-old former military ruler, who took office on May 29, has said he wanted to take the time to vet the candidates as part of his election promise to battle corruption and mismanagement. Adeosun is a UK-trained accountant and was most recently the finance commissioner of southwestern Ogun state. Buhari also appointed Emmanuel Ibe Kachikwu, head of state oil firm NNPC, as junior oil minister, though the president said he would retain overall control of the petroleum ministry. Okechukwu Enelamah, who headed Nigeria's biggest private equity firm African Capital Alliance, was named minister for industry, trade and investment. Former Lagos state governor Babatunde Fashola became minister for power, works and housing. Most cabinet members are political veterans, many of whom were key players in Buhari's election campaign. The new cabinet will have to confront slowing growth, caused by a collapse in oil revenues that has weakened the naira, slashed government revenues and driven up inflation. The government also needs to win back investors upset by hefty foreign currency restrictions imposed by central bank governor Godwin Emefiele, who filled a vacuum in the absence of a finance minister. *(Reuters)*

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Nigeria will amend its long-awaited petroleum industry bill (PIB) and may remove the taxation element to speed its passage, the country's new petroleum minister said on Wednesday. Nigeria's oil bill has been in the works for a decade. It is meant to change everything from taxes to overhauling the NNPC, environmental rules and revenue sharing, but its comprehensive nature has caused disputes between lawmakers. "There is a need to look at the PIB as it was submitted to the sixth assembly and try and tinker with that a bit," Emmanuel Ibe Kachikwu said on Wednesday after being appointed petroleum minister, or junior oil minister. "There are all kinds of issues ... one of those is whether we need to yank out the fiscal terms and develop them into a different law relying on existing fiscal laws and amend those," he said. Kachikwu, who is also head of the state-owned Nigerian National Petroleum Corporation (NNPC), was appointed as President Muhammadu Buhari unveiled his long-awaited cabinet. Kachikwu said he would also remain head of NNPC "for a while". He said the government was also looking at fuel subsidies, a heavy burden on the cash-strapped west African nation as it must import the bulk of its gasoline needs owing to a dilapidated refining system. Kachikwu said the government was still studying what actual gasoline consumption was and said it would probably be revised lower to around 35 million litres per day, from the current estimate of 40 million litres per day. Kachikwu is keen to scrap the subsidies. However, President Buhari is disinclined as he feels the subsidy system must be properly analysed first in order to see whether it can be kept to help the average Nigerian, who hitherto has benefitted little from the country's immense oil wealth. *(Reuters)*

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Tanzania

Corporate News

TANZANIA Breweries Limited (TBL) last week emerged the top traded equity at the Dar es Salaam Stock Exchange (DSE) contributing about 95.29 per cent of the total turnover. According to Zan Securities Limited Weekly Wrap-ups, however, DSE experienced a major decline in turnover compared to the previous week after posting 12.55bn/-, equivalent to a 55 per cent decrease from 28.11bn/- of the preceding period. Low participation of foreign investors due to fear of the just ended general election is attributed to the slowdown of the equity market performance. Similarly, TBL and Swissport emerged as the top gainers dominating the price movement within the local listed companies after experiencing 40/- or 0.27 per cent price increase to close at 15,010/- per share and 40/- or 0.55 per cent price increase to close at 7,340/- per share respectively. Tanzania Cigarette Company (TCC) emerged as the top loser to close with the largest price drop for local listed companies after experiencing 30/- or 0.18 per cent price decrease to close at 16,300/- per share. Total market capitalisation experienced an increase by 0.77 per cent compared to last week, closing at 21.14tri/- while domestic market capitalisation experienced an increase by 0.92 per cent closing the week at 9.82tri/-. Comparatively, key benchmark indices were the green territory with the Tanzania Share Index (TSI) capped at 4,637 points, higher by 0.84 per cent compared with 4,598.55 points posted last week.

The All Share Index (DSEI) closed at 2,413.97 points, higher by 0.81 per cent compared with last week closing at 2,394.50 points. Three sector indices closed off this week in the green territory with the Industrial and Allied experienced an increase, closing at 6.066.79 points up by 0.14 per cent compared to previous week closing at 6,058.45 points. Banks, Finance and Investment Index experienced an increased by 2.80 per cent to close at 3,298.06 points compared to last week closing at 3,208.12 points. Commercial Services Sector also experienced an increase by 0.43 per cent, closing at 3,949.06 compared to last week closing at 3,932.32 points. "We expect equities performance to trend northwards on both turnover and prices especially from industrial and allied sector and banks, finance and investment sectors because of anticipated investors increase in enhancing portfolio positions," stated the report. *(Daily News)*

YETU Microfinance initial public offer (IPO) has been mostly subscribed by small investors who managed to buy half of the total bid. The microfinance is the first one to raise capital through public via stock exchange and wanted to collect 12.5bn/- but instead got 50 per cent of the total IPO. Yetu's Managing Director, Mr. Altemius Millinga, said that most of the investors subscribed the IPO were small scale earners who on average committed 174,000/- in shares. "We will come up with exact numbers next week as the allotment process is going on," Mr. Millinga said adding: "the allotment exercise is planned to end this week." Due to many number of small investors who subscribed the IPO, the listing is pushed back from August 17 to a new date to be known next week. Mr. Millinga said the allotment process is slow as 12,500 small investors have to be registered and have a bank account. "CRDB is doing the job now and hope to be finished by the end of the week... thereafter we will know the listing date," Mr. Millinga said. The IPO of Yetu Microfinance started in June 18 and was supposed to close on July 30, but was extended to August 29 to allow more investors to come aboard. Yetu IPO was expected to raise 12.5bn/- for expansion and meeting Bank of Tanzania's requirement for minimum core capital of 5bn/- for microfinance institutions.

The shares offered for sale are 25,193,213 that will be sold at the price of 500/-.And the shares were expected to increase after the IPO to 36,972,249. Stock market analysts had it that Yetu IPO was expected to be oversubscribed because it deals and touches the grassroots level, and its profit were good. Yetu Microfinance has been generating profits in the last five years since 2009 where a net profit was 298.9m/- and climbed to 1.03bn/- of 2013. Also analysts' prediction was based on the fact that almost quarter of the shares put on IPO were pre-purchased during transformation of the microfinance to YOSEFOYouth and Self Employment Foundation. "So far," Yetu's prospectus showed, "a total of 11,779,028 shares worth 2,994,757,000/- has been subscribed and paid for." The Microfinance started with a capital of 30m/- as YOSEFO as a lender to micro entrepreneurs and later clinch an award prize of 35m/- which was also directed to loan portfolio. It has over 32,000 customers served at three branches, three agencies and over 130 financial centres in Dar es Salaam, Morogoro, Lindi, and Zanzibar. *(Daily News)*

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TRADING

Economic News

THE easing tight liquidity stance in the circulation has seen the 12 months treasury bills auctioned by the Bank of Tanzania (BoT) on Wednesday registering an overly subscriptions, but there was little appetite for short term papers. The BoT auction summary shows that the total amount tendered jumped to 190.48bn/- compared to 120.49bn/- of the previous session held two weeks ago. With the exception of 364 days offer that recorded over two times over subscriptions, the remaining, 182, 91 and 35 days received little subscriptions. Some of the key investors in the treasury bills are commercial banks, pension funds, insurance firms and few microfinance institutions. In the 364 days tenure fetched a total of 137.97bn/- up from only 65bn/- offered for tendering. The 182 days offer attracted bids worth 45.93bn/- compared to 52bn/- offered for tendering. For the 91 days offer, 15bn/- was offered and fetched 6.57bn/- while the 35 days a total of 3bn/- was offered to the market but failed to fetch bids. Despite the undersubscription of the one year Treasury bill instrument, the government at the end retained 182.44bn/- as successful amount. The highest and lowest bid/100 for the 364 and 182 days offers were 86.99/83.37 and 93.48/91.97 respectively while for the 91 and 35 days tenor had 97.70 / 97.10 and 00/00 respectively. The weighted average interest rate on the 364 days increased to 17.70 per cent compared to 15.98 per cent of the previous session held two weeks ago. On 182 days, interest rate rose slightly to 16.09 per cent compared to 15.13 per cent while the 91 days offer declined slightly to 10.02 per cent compared to 10.03 per cent. *(Daily News)*

Tanzania's year-on-year inflation rate inched higher to 6.3 percent in October from 6.1 percent the previous month due to a rise in prices of major food and non-food commodities, the statistics office said on Monday. The National Bureau of Statistics (NBS) said month on month inflation rose by 0.1 percent in October, same as in September. "The increase of the annual headline inflation rate in October was caused by a faster increase in the prices of both food and non-food items," said Ephraim Kwesigabo, a director at NBS. "Food items whose prices increased include rice, cassava flour, vegetables, meat and fish. Non-food products that recorded a rise in the speed of price increase include clothing, footwear and charcoal." Food is the biggest driver of prices in Tanzania among the basket of goods and services used to measure inflation. Food and non-alcoholic beverages inflation rate increased to 10.2 percent in October 2015 from 9.6 percent in September, Kwesigabo told a news conference. *(Reuters)*

Tanzania's energy regulatory body lowered the maximum retail prices of petrol and raised those of diesel, but left kerosene prices unchanged in its latest monthly review, citing swings in international oil prices and currency fluctuations. Fuel prices in the east African nation have a big impact on the annual inflation rate, which edged up to 6.3 percent in the year to October from 6.1 percent in September. The Energy and Water Utilities Regulatory Authority (EWURA) said it had lowered the petrol price by 3.91 percent and increased the price of diesel by 2.78 percent. Kerosene prices remained unchanged from the previous review in September. "These changes have been caused by changes of prices of petroleum products in the world market and movement of the exchange rate of the United States dollar to the Tanzania shilling," EWURA said in a statement. "There were no imports of Kerosene during the month of October 2015, as such prices for this product remain as were." The regulator cut the maximum price of petrol in the commercial capital Dar es Salaam by 82 shillings per litre to 2,004 shillings, while that of diesel was raised by 51 shillings to 1,879 shillings. Kerosene prices in Dar es Salaam remained flat at 1,733 shillings per litre. The new price caps take immediate effect. *(Reuters)*

THE shilling has stabilised by almost 1.5 per cent against a US dollar in the first ten days of this month, backed by agricultural inflows and subdued demand. The shilling, according to Bank of Tanzania, was quoted at 2,170/- at beginning of the month but closed trading at 2138/- for the greenback. The local currency appreciation at beginning of the month is the first in the last two months since September. The shilling gained by some 90/- to 2010/- in August. The last two months trend shows that the shilling depreciated at the beginning of the month before gaining at the month-end. In September the shilling went down to 2,167/- from 2,146 at the opening of the month while in October slid to 2,172/- from 2,160/- quoted at beginning of the month. National Microfinance Bank (NMB) said in e-Market report that shilling strengthened on Monday, amidst large dollar inflows from export proceeds and subdued demand. "The shilling may strengthen slightly as these market forces remain, however importer interest at lower levels of the dollar/shilling pair is likely to cap the shilling rally," NMB said.

Another bank, CRDB said end of month inflows and interbank activities caused the local currency to continue to make some gains against the dollar. The shilling closed the session trading around the levels of 2120/2160, about 15/- stronger against the greenback. Latest BoT's monthly economic review shows that transactions in the inter-bank foreign exchange market (IFEM) amounted to 190.4 million US dollars in August compared with 172.5 million US dollars. The central bank participated in the market for liquidity management purposes by selling 26.2 million US dollars compared to 97.4 million US dollars sold in July. *(Daily News)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

Zambia

Corporate News

No Corporate News This Week

Economic News

A team from the International Monetary Fund will arrive in Zambia on Wednesday to discuss "challenges" facing the southern African nation, buffeted by the kwacha's record slump as a drought, electricity shortage and falling copper revenue weigh on government finances. The IMF staff team will visit the country "at the invitation of the authorities and as part of the ongoing dialogue," Tobias Rasmussen, the Washington-based lender's resident representative in the capital, Lusaka, said in an e-mailed response to questions on Tuesday. It will "review recent economic developments and discuss with the authorities their policy responses to the macro-economic challenges currently facing the country," he said. The kwacha weakened as much as 7.2 percent to 14.605 per dollar on Tuesday before paring losses to trade 3.5 percent weaker at 14.0923 by 5:25 p.m. in Lusaka. The currency of Africa's second-biggest copper producer has lost more than half its value this year and may extend the decline unless the government seeks IMF help to restore confidence, according to Paarl, South Africa-based NKC Independent Economists. A record 3-percentage-point increase in the benchmark lending rate by the Bank of Zambia on Nov. 3 failed to stem the kwacha's plunge. The bank increased the policy rate to 15.5 percent after the inflation measure doubled to 14.3 percent in October, fueled by the currency's depreciation. While central bank Governor Denny Kalyalya said the nation could benefit from IMF support, authorities have so far resisted turning to the lender for emergency loans, selling Eurobonds instead this year to raise funding for the budget.

"They've been quite vocal about not needing the IMF," Irmgard Erasmus, an analyst at NKC, said by phone. "We differ from that. With rising global headwinds and commodity prices being suppressed in the medium term they might not have a choice but to ask for IMF aid." The kwacha's collapse is wreaking havoc with the government's debt ratios, according to the World Bank. Total debt may reach 56 percent of gross domestic product by the end of the year, Gregory Smith, an economist with the Washington-based lender, said on Nov. 6, when the currency traded at 13.11 per dollar. In June, before the kwacha's rapid depreciation and the government's third Eurobond sale, the ratio was about 32.7 percent, according to Finance Minister Alexander Chikwanda. Yields on Zambia's $1.25 billion Eurobonds sold in July and maturing from 2025 soared 34 basis points to 11.57 percent on Tuesday. The nation has $240 million of interest payments due on foreign debt in each of the next seven years, according to data compiled by Bloomberg. Seeking IMF help "won't be their first choice but we don't see them as having any choices left," Erasmus said. "Sooner rather than later, getting the IMF involved will be the better course of action." *(Bloomberg)*

Power-tariff increases proposed by Zesco Ltd., the Zambian state-owned electricity supplier, would lead to a collapse in manufacturing and threaten the livelihood of farmers, lobby groups have told public hearings on the plans. The price rise the company is asking for would translate to increases of as much as 248 percent for factories, Maybin Nsupila, chief executive officer of the Zambia Association of Manufacturers, said Tuesday in Lusaka, the capital. "The manufacturing industry in Zambia is going to collapse completely," if the Energy Regulation Board approves Zesco's proposed increases, Nsupila said. The jump in costs would be "disastrous for farmers," said Humphrey Katotoka, economist at the Zambia National Farmers Union. The southern African country is facing its worst power shortage yet as low water levels at the hydropower dams it relies on for about 95 percent of electricity generation curb supplies. One of the reasons Zesco has put forward for more than doubling prices for commercial and residential customers is that new power stations will cost more to operate, and that low tariffs have discouraged investment. A slump of more than 50 percent in the kwacha against the dollar this year has also driven up costs of imported equipment, Bestty Phiri, acting managing director at Zesco, said at the hearings.

Both the farmers' and manufacturers' lobby groups said they understood the need for higher tariffs, but said the increase was too great in too short a period and should be staggered over a number of years. Factories are already struggling because power rationing has cut production by as much as 70 percent in the last six months, Nsupila said. "Firms are barely surviving," he told the hearings held by the Energy Regulation Board, which will decide on Zesco's application. "We need to safeguard the little production that is taking place." Zesco needs the front-loaded tariff rise it applied for and can't afford staggered increases because it needs the funds urgently to expand electricity generation capacity, Phiri said. "We have to borrow money now and we have to inject those monies into building power plants," he said. "We need a tariff increase upfront. We are in an emergency situation." Zambia's annual inflation rate almost doubled to 14.3 percent in October as the power crisis and plunging kwacha pushed up prices. The energy regulator last granted Zesco an increase in July 2014 of 15.4 percent for commercial users and 24.6 percent for households. Zesco didn't include mining companies, which consume about half the power in Africa's second-biggest copper producer, in its application to increase power prices because of a continuing court case over last year's increment. *(Bloomberg)*

An International Monetary Fund (IMF) mission arrived in Zambia on Wednesday to meet officials for a scheduled review of the economy as it grapples with a sliding currency tracking falling copper prices. Zambia's kwacha fell to a low on Tuesday but recovered slightly to trade up 1.44 percent at 13.6900 against the dollar by 1000 GMT. The country's dollar bonds also fell across the curve as copper prices edged towards a six-year low on concerns about flagging demand in top consumer China. "We are just reviewing the economic situation since the last meeting," Secretary to the Treasury Fredson Yamba said, referring to the IMF visit to Africa's second-largest copper producer in May. "We had agreed to meet towards the end of the year, we are not discussing a programme with the IMF," Yamba added. The IMF said in May that Zambia's economy had strong growth potential but risked being weighed down by persistent weaknesses including large fiscal imbalances, lower copper prices and policy uncertainties The central bank raised its benchmark lending rate by 300 basis points to a record 15.5 percent on Nov. 3 to curb inflation, which nearly doubled last month as the kwacha fell. *(Reuters)*

Global mining and commodities trader Glencore's Zambia Mopani Copper Mines should surrender its mines to the government if the company pursues a plan to lay off workers as it battles weak prices, a trade union said on Wednesday. The Confederation of Trade Unions of Zambia President Joe Kamutumwa said Mopani should explore other cost cutting options or surrender its mine. The union echoed comments by President Edgar Lungu who warned last week that he would not allow Glencore to lay off workers at Mopani as part of its plan to suspend production for 18 months at the mine. Glencore's Zambia unit plans to lay off more than 3,800 workers in Africa's second-biggest copper producer, citing lower metal prices and rising production costs. "We wish to take this opportunity to earnestly appeal to Mopani to adhere to our advice, failure to which the government should take over the running of the mines," Kamutumwa said. Mopani spokesman Cephas Sinyangwe declined to comment saying the company was still discussing the planned job cuts with unions.

Swiss-based Glencore has pledged to cut its net debt to $20 billion by the end of 2016 to regain the trust of investors after its shares tumbled to record lows this year. London copper veered towards six-year lows on Wednesday, with metals markets braced for fresh pressure after a gauge of China's factory health showed ongoing weakness in the world's top metals consumer. *(Reuters)*

Zambia's Konkola Copper Mines, owned by Vedanta Resources, said on Wednesday that its Nchanga mine is making "unsustainable losses", responding to reports that the miner was set to close the operation. According to Zambia's The Post newspaper, Konkola sent stakeholders a shutdown notice on November 4 which said 2,500 contractors would lose their jobs when the Nchanga operation was closed. But Konkola said in a statement in response to the story that it had agreed not to take any steps until it received feedback from unions. *(Reuters)*

Zambia's central bank has increased its overnight lending facility rate to 1,000 basis points above the policy rate in a bid to curb inflation, deputy governor Bwalya Ng'andu said in a circular issued this week. "This measure is in line with the Bank's monetary stance aimed at attenuating inflationary pressures," Ng'andu said in the circular issued to commercial banks. The overnight rate hike, following a policy rate increase on Nov. 3, comes after a steep fall in the kwacha brought on by a decline in the price of copper, the landlocked African country's main export. Despite raising the central bank policy rate 300 basis points this month in response to a near-doubling of inflation in October the kwacha had remained under significant pressure, Standard Chartered Bank Africa chief economist Razia Khan said. "The move signals increasing concern over the extent of pressure on the Zambian kwacha and the willingness of the authorities to use all policy tools available to reverse its depreciation," Khan said. The overnight lending facility hike allowed interbank rates – previously at 17.5 percent - to rise to as much as 25.5 percent, she said. The kwacha gained more than 1 percent in early trade on Friday to 12.34 against the dollar, its strongest since Oct. 28. *(Reuters)*

Zimbabwe

Corporate News

LAFARGE Cement Zimbabwe says the merger with Holcim International includes developing cement from 1 500 patents to meet international standards. In July, French-headquartered cement production outfit, Lafarge Group, merged with Swiss-based Holcim International, becoming one of the world's largest building materials company. Speaking at the launch of the company's repackaging last week, Lafarge Zimbabwe chief executive officer, Amal Tantawi said it was important for the company to keep abreast with international standards and trends. The repackaging was on its Masonry, Portland and SupaSet cement brands which have a Standards Association of Zimbabwe certification and brief details of the type of cement. "The dynamic nature of the business will certainly absorb and drown those who are not willing to adapt to change. Therefore, as an organisation, we appreciate that change helps us to keep abreast with international best practices and trends," Tantawi said. "We genuinely value our customers and have to make every effort to keep up with their needs. We can do this through our research and development and anticipating the customers' many evolving needs through solutions driven by efficiency, reliability and cost." Acting Harare mayor, Tranos Moyo told guests at the launch of the packaging that establishing key partnerships with players in the building industry is an opportunity to address urbanisation challenges. "We all have to appreciate that strategic partnerships have become critical to sustainable projects. Establishing strategic partnerships with players in the building materials industry gives the city an opportunity to progress in addressing urbanisation challenges," Moyo said. The merger into LafargeHolcim, which is located in Lyon, France, brought about a research and development department that will check the raw materials through processing before the finished product is sold to the customer. The 1 500 patents will act as the basis from which to develop materials into cement with construction development labs in Algeria, Brazil, China, France and India. The merger also comes with a global workforce of 115 000. *(News Day)*

SIMBISA Brands Limited debuted on the Zimbabwe Stock Exchange (ZSE) on Friday becoming the second Innscor Africa Limited unit to list on the bourse in five years. In 2010, another Innscor unit Padenga listed on ZSE. Simbisa debuted at $0,1432 per share and a total of 4 491 994 shares valued at $678 291 were traded. Simbisa was unbundled from Innscor to unlock value for shareholders, enhance the ability of the Quick Service Restaurant (QSR) business to pursue strategies that maximise shareholder value and enable a clear operational focus that is attractive to investors. The QSR business comprises of Chicken Inn, Creamy Inn, Pizza Inn, Bakers' Inn, Fish Inn and Dial-a-Delivery. It also has third party licences for Galito's, Steers (Zimbabwe only), Nando's (Zimbabwe only) and Vida E Caffe (Mauritius). The unbundling of the QSR business was approved at an extraordinary general meeting of Innscor shareholders on Monday paving way for its listing on the bourse. The unbundling will be done through distribution of the entire issued share capital of 541 593 440 ordinary shares at a nominal value of $0,0001 of Simbisa to Innscor shareholders through a dividend in specie with a ratio of one ordinary share in Simbisa for every one existing Innscor ordinary share held. Innscor said the unbundling was meant to establish investment flexibility, create financial independence and enhanced transparency for the company so it can report independently to its shareholders. In the full year ended June 30, 2015, the regional QSR business posted a 7,18% growth in revenue and 29,73% improvement in profit before tax. Innscor board chairperson, Addington Chinake said 55 outlets were added to the regional QSR in the financial year, including entry into a new market, Namibia. In the period under review, total regional store network, including franchised counters, grew to 186 compared to 178 stores operated in Zimbabwe. *(News Day)*

Wood-processing concern Border Timbers has narrowed its loss to $4,3 million in the financial year ended June 30, 2015 attributed to the impact of measures instituted by the provisional judicial manager. In the comparable period last year, Border posted a loss of $9,3 million. The company was placed under provisional judicial management in January to protect all stakeholders after it had failed to negotiate with lenders. In the period under review, revenue declined to $17,8 million from $18,1 million. In a statement accompanying the group abridged audited results for the year ended June 30, 2015, Border Timbers provisional judicial manager Peter Bailey said the company was undergoing a significant turnaround and was now generating positive cash flows. He said: "Renewed efforts are underway to belligerently increase footing and traction in the higher average selling price local market combined with care and vigilance in credit risk management." Operating loss from continuing activities for the year amounted to $3,2 million as compared to $8,7 million in 2014.

"The performance of the company during the Provisional Judicial Management period has been able to direct free cash towards working capital and suppliers and has been able to sustain operations, without additional funding. "The voluntary placement of the company under provisional judicial management together with the benefits of measures initiated in 2014 have begun to have positive impact and the company posted reduced losses of $1,7 million during the second half," Bailey said. In the period under review, finance costs shot up by 14% to $2,5 million from $2,2 million in 2014. Bailey, however, said the company had managed to reduce the net loss by 54% from 49,3 million in the prior year to 44,3 million. During the period under review, cash generated from operating activities increased by 267% to $3,8 million from $1,3 million last year. Bailey said: "Sustainable performance is anticipated on both poles and lumber on the back of heightened demand for the products in the Sadc region where rural electrification projects and infrastructure development projects are being funded through increased foreign direct investment. "Structural lumber performance is forecast to be boosted by viable demand in both local and regional markets where property development is being championed and funded by public expenditure projects." *(News Day)*

The High Court has sanctioned the removal of agro processors Cairns Holdings from judicial management, paving the way for a new investor to take over. The sanctioning was done last Wednesday and investment holding firm Takura Capital moved in, ending the judicial management of Reggie Saruchera of Grant Thornton. Takura Capital partner Tafadzwa Nyamayi told NewsDay yesterday that the company had roped in former Unilever boss Nancy Guzha as chief executive officer-designate. "She is on site effective the day the company was removed from judicial management," Nyamayi said. Takura Capital now has over 90% shareholding in Cairns after acquiring the stake owned by the Reserve Bank and other shareholders except that held by Cairns Holdings Workers' Trust. Nyamayi said Takura Capital has injected money to pay off creditors in line with the scheme of arrangement. According to the scheme, Takura Capital will invest $7 million into the business on signing of the agreement and the other $7 million will be paid to the scheme participants. Saruchera said in July that Takura Capital would inject $2,7 million and another $4,5 million to get the company running at full capacity. Takura Capital was selected as the winning suitor in May. In July, Cairns shareholders and creditors voted for the takeover of the company by Takura Capital. Cairns Holdings was placed under provisional judicial management in 2012 and final judicial management in February 2013, due to insolvency. It delisted from the Zimbabwe Stock Exchange in 2013. Its two subsidiaries are Cairns Foods Limited and ME Charhon. *(News Day)*

THE Reserve Bank of Zimbabwe (RBZ) has licensed Telecel Zimbabwe to receive international remittances on its mobile money transfer platform, Telecash. Telecash subscribers will receive the money on their wallets. Telecash was launched in January last year and its subscriber base has reached one million. Telecel's head of mobile financial services, Arthur Matsaudza said the new international remittance licence "will have a huge impact on the convenience our Telecash subscribers experience while receiving money from outside our borders". It is estimated that over three million Zimbabweans are living outside the country. *(News Day)*

SABMiller's Zimbabwe unit Delta Corporation on Wednesday reported a 19 percent decline in after tax profit to $35,7 million in the six months to September with volumes plummeting in the face of falling household incomes and cheaper imports. Delta, the biggest company on the Zimbabwe Stock Exchange (ZSE) is valued at just over $1 billion, about a third of the local bourse. It said sales fell 10 percent on the prior year, driving revenue down by eight percent to $269 million. "The sparkling beverages volume is down 15 percent on prior year. This is partly due to increased competition particularly from imported lower priced alternative offerings," the company said. The company, which has dominated the sparkling beverages segment said that cheaper imports –particularly the Twizza brand produced in neighbouring South Africa — were eating into its share of the market which fell to about 93 percent from 96 percent. Sorghum beer volumes declined by 12 percent while total larger volumes were down two percent during the period. Its maheu and dairy mix segment recorded growth of four percent on the back of improved product supply and expansion of flavours. Finance costs were flat at $3 million while Earnings before interest, tax, depreciation and amortisation (EBIDTA) fell 16 percent to $59,4 million.

Earnings Per Share declined 19 percent to $2,89. The board declared an interim dividend of $1,40 which is to be paid on December 9. Delta is 38 percent owned by SABMiller — which is about to be acquired by Belgian-headquartered rival Anheuser-Busch InBev — will become part of a brewing empire that will make about one-third of the world's beer at the conclusion of the acquisition. "The boards of AB InBev and SABMiller are pleased to announce that they have reached agreement on the terms of a recommended acquisition of the entire issued and to be issued share capital of SABMiller by AB InBev," said AB InBev said in a statement on Wednesday. "The transaction will be implemented by means of the acquisition of SABMiller by Newco (a Belgian company to be formed for the purposes of the transaction). AB InBev will also merge into Newco so that, following completion of the transaction, Newco will be the new holding company for the combined group." *(The Source)*

The country's largest retailer, OK Zimbabwe on Thursday reported a nearly 72 percent fall in net profit to $1,2 million for the six months to September 30 as liquidity in the economy tightened and household incomes plummeted. Chief executive Willard Zireva told an analysts briefing that he believed the company had 'stopped the haemorrhaging' but its results showed declines across the board. Revenue fell eight percent to $213,6 million while earnings per share dropped 70 percent to 0,11 cents. Earnings before interest, tax, depreciation and amortisation (EBIDTA) at $5,4 million was 43,4 percent lower than in the prior period. Cash from operating activities dropped 43 percent to $5,4 million. Zireva noted that despite the tightening liquidity situation, competition increased with rivals Meikles rolling out its Mega stores concept and increasing its Pick'n'Pay footprint while Botswana retailer Choppies continued to expand. Most wholesalers were now offering retail services while grey imports ensured the presence of the informal sector, he said. OK Zimbabwe opened three more outlets to 63 stores. "The informal sector remains alive, door to door sales, vehicles in car parks and open markets. This area continues to be key and relevant in the sector," said Zireva.

The retailer, however, expects an improved second half after a strong performance in October, which Zireva said had achieved a profit equal to 50 percent of the half year performance. "We expect that trend to continue, at least until the end of the year, but certainly we believe we have stopped the haemorrhaging," said Zireva. Its partnership with Kawena, a South Africa company, which enables Zimbabweans living in that country to buy groceries for relatives locally had taken off this year, with 52,000 users and moved between $2,5 million and $3 million per month. Because of a change in the currency dynamics and regulatory environment, OK Zimbabwe had $12 million sitting in South Africa from the facility which it could not remit to Zimbabwe directly. "We are negotiating with our suppliers who import from (South Africa) so they can use that facility and in effect we get the cash in Zimbabwe," said Zireva, adding he expects to have the cash in the country in the 'next few weeks." The money would offset its $3,4 million debt. The company had a cash balance of $5,4 million from $14,6 million. *(The Source)*

Gold production at Caledonia Mining Corporation's low cost operation Blanket Mine rose nearly 11 percent to 10,927 ounces in the three months to September 30, pushing net profit for the period to $1,7 million, the company said on Thursday. The mine said it remains on track to reach its target production of 42,000oz for the year, with total output for the nine months to September at 31,288oz. After tax profit at $3,6 million was lower than the $5,4 million in the prior year. The higher quarterly output was due to increased tonnes milled, offset by lower grades and metallurgical recovery while operating profit rose 55 percent on the $1,1 million achieved in the same period last year. "The continued increase in production reflects the improved management control over grade and tonnage. The completion of the tramming loop in June 2015 has increased the underground haulage capacity and allows for an increase in development activity, which is expected to result in further increases in future production," said chief executive, Steve Curtis in a statement.

He said the sinking of the no 6 Winze was completed in July while work on equipping the shaft is almost done, after which the horizontal development toward the ore bodies will commence. The start of initial production from the No. 6 Winze remains on target for January next year. The Canadian junior miner, which owns 49 percent of the Gwanda operation, last November tabled a revised investment plan for the mine — to spend $50 million in the period 2015-2017 and a further $20 million between 2018 and 2020 — which seeks to increase annual output from 40,000 ounces to around 80,000oz by 2021. "We are confident that the revised investment plan… will result in progressive increases in production from 2016 onwards when we expect to see the first production from below 750 meters – initially from the No. 6 Winze and subsequently from the Central shaft," said Curtis. Gold prices averaged $1,106 per ounce during the quarter compared to $1,252/oz last year. Costs were higher at $1,011/oz compared to $952/oz previously. The company said it was debt-free with cash holdings of $23,7 million as of June 30 this year. *(The Source)*

WEEKLY AFRICAN FOOTPRINT

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Economic News

SEASONAL tobacco exports have raked in $543 million in the 10 months to October, with the bulk going to China according to latest statistics from the Tobacco Industry and Marketing Board (TIMB). During the same period last year, tobacco worth $534 million was sold. In 2015, seasonal exports increased to 103,9 million kg at an average price of $5,22 compared to last year's 97,7 million kg at an average price of $5,47 per kg. According to statistics from the TIMB, of the total exports of 103 898 188kg, nearly a third (32 312 295kg) of the golden leaf had been shipped to China. The value of the crop exported to China was $266 593 852 at an average price of $8,25 per kg. Belgium was the second highest buyer, purchasing 14 066 555kg of the golden leaf valued at $61 434 415. The average price was $4,37. Buyers-and-traders-at--Tobacco-Sales-Floors. South Africa was the third after buying 10 804 337kg tobacco, worth $32 136 690 at an average price of $2,97 per kg. During the same period last year, China was leading after buying 27 162 225 kg valued at $229 644 953. The average price was at $8,45, while Belgium bought 22 662 780kg valued at $104 410 725. The average price was at $4,61 and South Africa purchased 11 280 364kg valued at $44 872 650. Meanwhile, interest in the golden leaf seems to be waning as 62 114 growers have registered for 2015/16 season compared to 82 624 growers who had registered the same period last year. New registration for 2015/16 was now at 8 336 as compared to 16 008 last year. Tobacco has become the crop of choice among farmers due to better returns. This has seen most farmers switching from traditional crops such as maize and cotton to the golden leaf over the past three years. *(News Day)*

Japan has extended a $15 million grant to Zimbabwe, the first since 2000, to develop irrigation systems and improve food security in the eastern part of the country as the nations seek to revive bilateral relationships. Tokyo suspended its government to government grant assistance to Harare in 2000 but Japan's Ambassador to Zimbabwe Yoshi Hiraishi told a press conference that the grant marked an improvement in relations between the two countries. The grant aims to rehabilitate irrigation facilities in Nyakomba district in Manicaland province which were damaged by flooding caused by Cyclone Eline in 2006 and put an additional 146 hectares under irrigation. "This is indeed a momentous occasion, not only for the people of Nyakomba, but also for the bilateral relations as a whole between our two countries. It can be marked as a realisation of the resumption of substantive bilateral economic corporation between Japan and Zimbabwe," he said. "Recent weather patterns have clearly demonstrated the unreliability of rain-fed agriculture and the urgent need for irrigation development." Implementation is scheduled to commence in December with completion expected by March 2018. A total of 861 small holder farmers are expected to benefit. Finance Minister Patrick Chinamasa who was present at the press conference said Zimbabwe was committed to full re-engagement with Japan. *(The Source)*

Zimbabwe's government signed an agreement with El Badaoui Ltd. to export crocodile and zebra meat to Italy, Trade and Industry Minister Mike Bimha told reporters in the capital, Harare. The southern African nation also signed an agreement concerning the manufacture of a prototype car in Zimbabwe, the minister said. The vehicle, if successful, could be exported throughout Africa, Bimha said, without giving further details. (*Bloomberg)*

At least $38 million is required to boost asbestos mining at King Mine in Mashava, which has been operating at below 50 percent capacity for the past 11 years. King Mine, owned by Shabanie Mashava Mines used to produce 75 000 tonnes of high grade asbestos per annum before Government put the asbestos miner under reconstruction in 2004 owing to huge debts. The Government took over SMM from businessman Mr. Mutumwa Mawere and placed them under the management of the Zimbabwe Mining Development Corporation, which has been struggling to secure funding to recapitalize the mines. SMM chief executive Mr. Charade Ndhlembeu recently said the company could return to profitability if recapitalised. He said King Mine produced high-grade asbestos which was in demand globally. "We need an initial capital injection of $20 million to revive asbestos mining operations at King Mine, and then more funds thereafter until we reach the $38 million mark, which is the total capital required to raise production to pre-2004 levels," he said. "Our mines in Mashava and Zvishavane used to supply about 10 percent of the world asbestos and we can reach that level if adequate funding is injected into mining operations." Mr. Ndhlembeu blamed erratic power supplies for hampering operations at the firm's mines that are currently operating at 40 percent of capacity. "The two mines used to employ 3 000 workers directly, but at the moment we have a skeletal staff because we are not operating at full capacity. "The power cuts have made the situation worse as our shafts are flooded because we need power to regularly de-water them," he said. *(Herald)*

Finance and Economic Development Minister Patrick Chinamasa will present the 2016 National Budget on the 26th of this month. Minister Chinamasa has his work well cut out for him, as he will need to pronounce measures to ensure the economy grows at a faster rate next year, especially initiatives to rejuvenate the manufacturing industry. The revised economic growth forecast for the current year from 3,2 percent to 1,5 percent is due to the effect of drought on agriculture last season. The minister is also expected to pronounce strategies to grow revenue inflows to finance public programmes in light of falling tax revenues. This forced the minister to revise projected revenue inflows from $4,1 billion to $3,6 billion, as liquidity crisis keeps firm grip on the economy. Pronouncements in the next fiscal policy will also need to address the abnormal expenditure distribution to free up resources from funding of predominantly recurrent public programmes to capital projects. *(Herald)*

Disclosures Appendix

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