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	8-Jan-16	15-Jan-16	WTD % Change Local	WTD % Change USD	31-Dec-15	YTD % Change Local	YTD % Change USD
Botswana	DCI	10653.36	10634.07	-0.18%	-1.92%	10602.32	0.30%	-3.15%
Egypt	CASE 30	6922.71	5857.70	-15.38%	-15.40%	7006.01	-16.39%	-16.40%
Ghana	GSE Comp Index	1999.03	2007.50	0.42%	-0.35%	1994.00	0.68%	-0.04%
Ivory Coast	BRVM Composite	295.34	297.06	0.58%	1.45%	303.93	-2.26%	-2.45%
Kenya	NSE 20	3940.40	3839.29	-2.57%	-2.77%	4040.75	-4.99%	-5.02%
Malawi	Malawi All Share	14562.53	14562.53	0.00%	-5.61%	14562.53	0.00%	-5.51%
Mauritius	SEMDEX	1800.51	1813.06	0.70%	1.28%	1,811.07	0.11%	-0.01%
	SEM 10	344.23	347.31	0.89%	1.48%	346.35	0.28%	0.16%
Namibia	Overall Index	787.35	777.19	-1.29%	-4.71%	865.49	-10.20%	-16.45%
Nigeria	Nigeria All Share	27028.39	23514.04	-13.00%	-12.36%	28,642.25	-17.90%	-17.09%
Swaziland	All Share	327.25	327.25	0.00%	-3.46%	327.25	0.00%	-6.96%
Tanzania	TSI	4447.49	4402.58	-1.01%	-0.14%	4478.13	-1.69%	-1.94%
Zambia	LUSE All Share	5656.67	5697.44	0.72%	0.08%	5734.68	-0.65%	-1.23%
Zimbabwe	Industrial Index	112.16	109.88	-2.03%	-2.03%	114.85	-4.33%	-4.33%
	Mining Index	23.48	21.74	-7.41%	-7.41%	23.70	-8.27%	-8.27%

CURRENCIES

Currency	8-Jan-16 Close	15-Jan-16 Close	WTD % Change	YTD % Change
BWP	11.23	11.43	1.78	-3.44
EGP	7.81	7.81	0.02	-0.01
GHS	3.80	3.83	0.77	-0.71
CFA	606.65	601.44	-0.86	-0.19
KES	100.34	100.56	0.21	-0.04
MWK	642.30	680.51	5.95	-5.51
MUR	34.94	34.73	-0.58	-0.12
NAD	15.98	16.55	3.59	-6.96
NGN	196.80	195.34	-0.74	1.00
SZL	15.98	16.55	3.59	-6.96
TZS	2,140.04	2,121.44	-0.87	-0.26
ZMW	10.94	11.01	0.64	-0.58

Botswana

Corporate News

No Corporate News This Week

Economic News

No Economic News This Week

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TRADING

Egypt

Corporate News

Global gold miner Centamin announced preliminary production results from its Egyptian Sukari mine for 2015, recording a 16 percent rise compared with the previous year, the company said in an e-mailed statement on Thursday. The Australia-based company said the total gold production of Sukari, which is located in Egypt's eastern desert, was 439,000 ounces last year, almost meeting the group's guidance of 440,000 ounces. Sukari's production forecast for 2016 is 470,000 ounces, at an all-in-sustaining cost of $900 per ounce. *(Egypt)*

Egypt's Orascom Construction has been awarded a $420 million contract to revamp two government-owned power stations, the company said on Monday. Orascom was part of a consortium that completed the build of the Assiut and West Damietta plants in the third quarter of 2015. The plants, which are operational and have a combined capacity of 1,500 megawatts, will now be converted to a so-called combined cycle from a simple cycle. A combined cycle re-uses waste products, increasing capacity by 50 percent with no additional fuel intake. *(Reuters)*

Egypt's El Sewedy Electric's shareholders agreed to issue one Egyptian pound ($0.1277) in dividends for the first nine months of 2015, the firm said in a bourse statement on Wednesday. In December El Sewedy, the largest listed cable maker in the Arab world, reported a jump in third-quarter net profit to 298.95 million Egyptian pounds from 103.73 million a year earlier. *(Reuters)*

Economic News

Egypt's economic growth is forecasted to slow to 3.8 percent in fiscal year 2015/16 from 4.2 percent expected in 2014/15, according to a World Bank report issued on Thursday. The report, entitled 'Global Economic Prospects: Spillovers Amid Weak Growth' expects the Egyptian tourism sector to weaken further following the downing of a Russian plane in October. A foreign currency shortage facing Egypt's economy in recent years, is also expected to persist through at least part of the current fiscal year, contributing to the low forecast. "For Egypt, the contraction in foreign currency inflows that would accompany a shrinking tourism industry would not only negatively impact growth, but would exacerbate the existing foreign currency shortage," said the report. The World Bank predicts "an additional round of currency devaluation" to be part of efforts by recently appointed central bank governor Tarek Amer to boost foreign currency reserves, which stood at $16.445 billion at the end of December. The Egyptian pound is officially traded at 7.83 to the dollar, a value stronger than the black market rate of 8.5 pounds. The central bank holds auctions every week which set the value of the currency, depleting its reserves.
But a further round of devaluation would mean "monetary policy will have to resist pressure on an inflation rate that is already high." Inflation in Egypt accelerated to 11.8 percent in November compared to the same month last year, prompting the central bank to raise interest rates to 9.25 percent for the deposit rate and 10.25 percent for the lending rate in December. Nonetheless, the report expects growth to pick up in later years, driven by investment. Net foreign direct investments recovered in the fiscal year ending June 2015 to $6.4 billion, the highest figure since the uprising but still lower than the original target of $10 billion.

Expectations for higher investment inflows were driven by pledges at the Economic Development Conference held in the resort city of Sharm El-Sheikh in March last year. Saudi Arabia, Kuwait, and the United Arab Emirates, who supported Egypt following the ouster of president Mohamed Morsi in 2013 on the back of a popular uprising against his rule, pledged further investment during the conference. The Saudi Public Investment Fund last month pledged investments worth 30 billion riyals ($8 billion) for the country's housing, energy and tourism sectors. The World Bank report also noted that there is room for accelerating the fiscal reform programme taken by Egypt since President Abdel Fattah El-Sisi took office, because the "introduction of a second round of energy subsidy cuts and a value-added tax has stalled." Egypt cut fuel subsidies in July 2014, raising prices at the pump by up to 78 percent. A property tax was also introduced as part of a fiscal reform programme seeking to clamp down on a ballooning budget deficit which hit 11.5 percent in 2014/15. In December, Egypt revised its growth forecast to 5.5 percent for the current fiscal year, up from 5 percent, counting on rising investments in labour intensive infrastructure and reform, according to Planning Minister Ashraf El-Arabi. *(Egypt)*

Egypt's annual urban consumer inflation was steady at 11.1 percent, unchanged from the previous month, the official statistics agency CAPMAS said on Sunday. Egypt said in November it would control the prices of ten essential commodities and use its state grain buyer to import a broader array of goods, in an effort to curb inflation as food prices rise. *(Reuters)*

Egypt's central bank said on Monday it had amended its credit guidelines for banks to encourage them to lend to a wider range of clients and mitigate the risks posed by lending to a small number of large companies. In a circular published on its website, the central bank cut the maximum amount that banks are allowed to lend to a single client to 15 percent of their Tier One capital, down from 20 percent previously. In a separate circular, it also cut the total sum that banks can invest in money market funds to 2.5 percent of their total deposits in local currency from 5 percent previously. The changes follow an announcement by the central bank on Sunday that it would push ahead with implementing President Abdel Fattah al-Sisi's plan to increase bank lending to small and medium-sized companies as part of efforts to boost growth and create private sector jobs. *(Reuters)*

Egypt's central bank said on Monday it sold $897.9 million in one-year treasury bills at an average yield of 3.248 percent. The government has mostly relied on the local money market to finance its deficit since the ouster of autocrat Hosni Mubarak in early 2011, which has been followed by years of political and economic volatility that has deterred foreign investors and tourists - a major source of hard currency. *(Reuters)*

Egypt aims to reduce its import bill by 25 percent in 2016 compared to the previous year after the central bank imposed sweeping new import controls last month, its governor told Reuters. The country plugged major loopholes that had long allowed some importers to dodge customs tariffs, robbing the government of revenues and making it harder for local producers to compete. "We are aiming to reduce imports by $20 billion in 2016, down from $80 billion in 2015," Central Bank Governor Tarek Amer told Reuters late on Wednesday. Amer said the import controls aimed to "boost local production and regulate monetary chaos to stabilise prices and inflation levels." Egypt's trade deficit reached about $10 billion in the first quarter of the 2015-16 fiscal year, which began in July. The new control measures aimed at curbing the demand for dollars, in short supply since the 2011 uprising drove away tourists and foreign investors -- key earners of hard currency. However, importers have complained that the measures are too restrictive and will make it harder for merchants to do business, possibly affecting growth. Egypt, which relies heavily on imports, has taken a series of measures in recent months to tackle a shortfall in hard currency needed to finance its purchases. The central bank has rationed dollars, giving priority to the import of essential goods over luxuries. To prevent importers from sourcing their dollar needs on the black market, the central bank has limited the amount of dollars companies are allowed to deposit in banks to $50,000 a month, making it harder for importers to open letters of credit and clear cargoes. *(Reuters)*

Egypt's move to regulate imports will allow the central bank to remove unpopular dollar deposit limits 'soon', the head of the industrial federation said on Thursday, but declined to specify when. Mohamed El Sewedy, head of the Federation of Egyptian Industries, told Reuters that the trade reforms would ease the dollar shortage. He predicted the authorities would soon remove the $50,000 a month cap on the amount of dollars a company is allowed to deposit in banks, a measure intended to deter importers from buying their dollars on the black market. Companies complain the limit has made it harder to open letters of credit. "I think they will look to release (lift) the $50,000 maximum amount ... (and) I think it will happen soon," he said without giving details. Sewedy's influence has grown significantly as he liaises with the central bank on behalf of Egyptian companies. The new measures "will limit a large amount of goods that are entering the market and will also decrease the usage of foreign currency," Sewedy told Reuters. Egypt has imposed sweeping new controls in recent weeks that aim to plug loopholes which had long allowed some importers to dodge customs tariffs, depriving the government of revenues and making it harder for local manufacturers to compete. The import measures, which require foreign manufacturers of certain luxury goods to register with authorities, aim to curb imports, allow local products to compete and therefore dampen demand for dollars used to import luxury goods. Egypt, which relies heavily on imports, has taken a series of measures in recent months to tackle a shortfall in hard currency needed to finance its purchases. Its trade deficit reached about $80 billion in 2015, and it has struggled to finance critical imports such as food and fuel, particularly since a 2011 uprising drove away tourists and foreign investors, key sources of hard currency. The central bank has rationed dollars, giving priority to the import of essential goods. *(Reuters)*

Ghana

Corporate News

No Corporate News This Week

Economic News

Bank of Ghana is reviewing the entire process of licensing new microfinance institutions and that all regional offices of the Bank are being resourced with staff to improve surveillance to intensify its intelligence network. The Bank intends to improve collaboration with law enforcement agencies to deal swiftly with illegal financial service providers and intensify public education on financial literacy to avoid miscommunication. Mr Milison Narh, First Deputy Governor of Bank of Ghana, said this on Friday at a media briefing in Accra on the revoking of the licenses of some 70 microfinance institutions in the country. Mr Narh said there are currently 546 microfinance institutions, comprising 468 microfinance companies, 67 money lending companies and 11 financial non-governmental organizations while 92 institutions are waiting the fulfillment of final approval requirements. He said the Bank had increased the minimum paid up capital for microfinance companies and money lending companies from GHC 500, 000 and GHC 300,000 respectively to GHC 2,000,000 and that all existing microfinance institutions have up to December 2018 to meet the capital requirements. Mr Narh said fresh entrants would require the GHC 2 million prior to granting of final license and that the convergence of capital requirement for microfinance companies and money lending companies is to avoid regulatory arbitrage. He said prior to the licensing of every microfinance institution, the applicant is expected to go through two stages of licensing in accordance with sections 5 and 6 of the Banking Act, 2014 (Act 673) as amended and non-bank financial institutions Act, 2008 (Act 774) respectively.

Mr Narh said the first stage of licensing include submission of an application accompanied by a certified true copy of the certificate of incorporation and company regulations, a business plan indicating five year financial projections. He said granting of an approval in principle is not a license to operate as a microfinance company but it is as a letter issued to the applicant to fulfill certain conditions to enable the Bank of Ghana issue a license to operate. Mr Narh said the 70 listed microfinance institutions documents were revoked because they failed to comply with the requirements of the bank. He said the affected microfinance institutions had not been issued with a final approval and license to operate, stressing that approval in principle expires after six months. Mr Narh said the accounts of these companies which were frozen are held by some universal banks and that none of such monies are with the Bank of Ghana as being rumored. *(Ghana Web)*

The Ghana cedi lost 18.75 per cent in value to the US dollar last year, making it one of the most underperforming currencies in Africa. The currency started the year at GH¢3.20 to the American currency but ended the year at about GH¢3.80, a 15.0 percent depreciation rate. The local currency reached a record high of GH¢4.20 to the world's most important currency in June, but an urgent intervention by the International Monetary Fund (IMF) helped to curtail the pressure on it. The Bretton Woods institution had injected part of the US$914 million support into the Ghanaian economy to shore up the balance of payment and current account situation. This many analysts and market watchers beliefs contributed significantly to the relative stability of the Ghana cedi during the last quarter of 2015. However, the recent hike in the US interest rates by 0.25 percent could undermine the relative stability of the cedi. The dollar strengthened across a basket of currencies on the international market following the US Federal Reserve 25 basis point interest rate hike in December 2015, its first increase since 2006. CEO of Investcorp, Sampson Akligoh told Business Finder the cedi could experience some sharp volatility in the first quarter of 2016 if the Eurobond is not raised. "Now that commodity prices are declining, technically the Central Bank must accommodate the pressure on the cedi or else we will be in trouble."

Some analysts are of the view that unless the IMF reforms are strictly adhered to, the cedi's outlook will continue to be undermined by sustained strong dollar demand to meet import bills and debt servicing costs. The local currency did better than 9 out of 25 currencies captured by Ecobank Research in 2015. They included the South African rand, Angola kwanza, Zambia kwacha, Namibia dollar and Tanzania shilling. The Gambian Dalasi, however, remained the best performing currency among the 25 Sub-Saharan African currencies last year, appreciating by 8.2 percent against the US dollar. Neighboring Nigeria's Naira however depreciated by 7.2 percent to the US dollar, the same as at October 2015. The Ivory Coast CFA also depreciated by 11.4 percent to the dollar while the Liberian dollar lost 2.0 percent in value to the world's most powerful currency. *(Ghana Web)*

President John Dramani Mahama says the government will roll out more interventions to propel the sectors of economy that have registered growth. Making reference to basic social indicators of the economy that had revealed that the country was relatively doing better than other West African countries, President Mahama said there was the need to implement the right interventions to consolidate the gains made so far and escalate national transformation and growth. He also said the nation had a good story to tell with regard to the expansion of ports, pharmaceutical industry, investment in sugar and rice production, construction and allied industries. President Mahama was addressing the chiefs and queens of the Asogli State during a courtesy call on them at the end of a three-day presidential retreat for ministers of state and key government officials in Ho last Saturday. He was accompanied by the Vice-President, Paa Kwesi Amissah-Arthur; the Chief of Staff, Mr Julius Debrah; Volta Regional Minister, Ms Helen Adjoa Ntoso; General Secretary of National Democratic Congress (NDC), Mr Johnson Asiedu Nketia; Minister of Communications, Dr Edward Omane Boamah and a former Chief Executive of the Ghana Investment for Electronic Communications (GIFEC), Mr Kofi Attoh. The retreat was to engage ministers and other appointees on issues such as the code of conduct for ministers of state, challenges facing the nation and efforts to solve them.

President Mahama said that an enhanced road fund had been activated for the construction of several roads in the country, including the Juapong-Adidome, Nkwanta-Dambai and Takla-Kpenoe roads in the Volta Region. He also said that payments to the contractors for the Eastern Corridor Road would not delay because the money would be sourced from the Cocoa Roads Fund and from bonds that would be issued by the government at a particular time. President Mahama stated that the town roads for the Ho, Hohoe and Keta municipalities would be resurfaced with asphalt under an urban roads project, adding that there were plans to reconstruct the Accra-Tema Motorway into a six-lane road. He said the Volta Region had a lot of ongoing projects, some of which would be inaugurated in the course of the year. The President called on chiefs to educate their communities on bush fires and urged radio stations to step up education on bush fire prevention, especially during this dry season. In an address, the Agbogbomefia of Asogli, Togbe Afede XIV, commended the government for the efforts it had made to maintain the prevailing peace in the country and create an attractive environment for investment.

He also praised the President for his overtures to ensure lasting peace between the chiefs and people of Nkonya and Alavanyo. Togbe Afede said the efforts to ensure peace, led by the Volta Regional Minister, Ms Ntoso, had created an enabling environment for the paramount chiefs of Nkonya and Alavanyo to visit each other in their bid to promote lasting peace between the traditional areas. The Agbogbomefia acknowledged that the nation was facing difficult times because of pressure on the treasury, but said notwithstanding that, certain projects in the region, such as the regional library and regional theatre which had been abandoned for a long time should be reactivated and completed. He also said the chiefs of Ho had been insulted because of low quality of work being undertaken on the Ho town roads. On the national 40-year development plan, Togbe Afede said the plan must be ambitious to raise the standard of living, create wealth and be scientific to be able to close the gap between the nation and the developed world. He appealed to all politicians to conduct their campaign for the next general election in a peaceful manner and be circumspect in their public utterances to maintain the nation as a symbol of peace. *(Ghana Web)*

Withholding tax on services which was increased to 15 percent following the implementation of the new Income Tax law is to be slashed to 7.5 percent. There has been massive outcry from business operators following the increment of the tax which prior to the implementation of the new income tax law was at 5 percent. Tax analyst Abdallah Ali Nakyea earlier told Citi Business News the increment if not reversed will only cripple many businesses in the services sector. 'I think that the 15 percent withholding tax on services is a very high one because I just wonder what are the margins that people in the in the services sector are making, if they attract so high a tax and a lot of them are in margins below 5 to 7 percent then of cause 15 percent eats into their capital and then of course they are likely to fold up,' he said. But addressing questions during a media interaction at the Flagstaff House today January 12, 2016, President John Mahama said Government had already sent a proposal to parliament for the tax to be slashed by half. 'A letter has already been sent to the Speaker of Parliament asking for an amendment of that tax, a letter was sent to the speaker even before the outcry begun asking for a reduction of the 15 percent withholding tax on services to 7.5 percent'. He told journalists. This is not the only tax which is to be revised in the new income tax law, earlier Finance Minister Seth Terkper announced Parliament had been asked to reverse the imposition of the 1% tax on interest earned by individuals.

A statement from the Finance Minister on the matter said 'government has already submitted proposals to Parliament to reverse the position'. Following the implementation of the new income tax law by the Ghana Revenue Authority (GRA) to replace the repealed Internal Revenue Act, (Act 592) which took effect on 1st January, 2016, all interest paid to an individual is to attract 1 percent tax this means any interest accrued on treasury bills, fixed income deposit, interest from banks among others will attract a tax of 1 percent. Interest or dividend paid to a member or holder of an approved unit trust or mutual fund is also taxed at one per cent where the holder is an individual. The imposition of the tax was widely criticized while players in the investment sector warned the move could seriously affect interest in the industry which is still struggling to draw people in. *(Ghana Web)*

The Bank of Ghana is seeking more powers to effectively deal with the current crisis in the microfinance sector. The Central Bank has been criticized for not being proactive enough in clamping down on non-compliant operators. It has already indicated plans to review the licencing process for the operators as part of its efforts to deal with the situation. Outgoing Head of Other Financial Institutions of the BoG, Raymond Amanfo says depositors funds would be better protected if the Central Bank is also empowered to take certain actions in the approval process. "Maybe I am company XY and I want to set up a microfinance company, now we are removing the veil to know who company XY is. "Who are the Directors? Who are the owners? What are the affiliate companies? We have seen that some of them do not have the affiliate companies," he queried. They set up the affiliate companies after securing the license to operate the microfinance companies, and this should stop" Mr. Amanfo stressed. The BoG he intimated, wants to stop the abuses in the sector by asking applicants to "provide an undertaking that if you are an affiliate and you don't disclose then you are as good as an illegal company." These he said would help ensure that operators do not take advantage of innocent depositors. Mr. Amanfo is hopeful that approval for the new proposals would be given within the first quarter of this year for onward enforcement. *(Ghana Web)*

The International Monetary Fund's board on Wednesday approved a third disbursement of $114.6 million under Ghana's three-year aid programme, urging the government to further tighten fiscal controls to curb rising public debt, the Fund said. Ghana, a major exporter of cocoa, gold and oil, entered the $918 million financial assistance programme in April, with the aim of restoring economic stability and boosting job growth. The West African nation was once one of the continent's strongest performers but slumping global commodity prices and a fiscal crisis which drove its debt-to-GDP ratio to more than 70 percent have put a brake on economic growth. Wednesday's approval followed a successful second staff level review in November, although concerns remained about the country's financial management and rising inflation, the Fund said in a statement. "..it is essential that the government sticks firmly to its policy of strict expenditure controls, by maintaining the wage bill within the budget limits, while controlling discretionary spending," an IMF statement said late Wednesday. "It is also important to continue to adhere to the domestic arrears clearance plan and avoid incurring new domestic or external arrears," it added.

Ghana's annual consumer inflation has been consistently above the government's target in the past year, forcing the central bank to announce increases in its benchmark policy rate which stood at 26 percent in November, from 21 percent in February. End-of-year inflation was 17.7 percent, compared with the 13.7 percent projected in a revised budget presented in July. "To help bring inflation down towards its medium-term target, Bank of Ghana should stand ready to further tighten monetary policy if inflationary pressures do not recede as expected," the statement said. Ghana is yet to fully resolve a three-year electricity crisis that has crippled industries and made the government unpopular ahead of general elections later this year. Washington sources told Reuters earlier the board was concerned about the power crisis and called on the government to resolve it urgently. Wednesday's approval brings total disbursements for Ghana to $343.7 million under the programme, which ends next year. *(Reuters)*

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The rate of inflation rose to 17.7 per cent in December to end 2015 up from the 17.6 per cent recorded in November, the Government Statistician Dr Philomena Nyarko, has said. The monthly change rate in December 2015 was 1.1 per cent compared with 1.0 per cent in November. The year-on-year non-food inflation rate for December 2015 was 23.3 per cent, while that for the food inflation rate was 8.0 per cent. Dr Nyarko said the year-on-year non-food inflation rate of 23.3 per cent was about three times higher than the food inflation rate. The main "price drivers" for the non-food inflation rate, include transport at 27 per cent, recreation and culture at 26.9 per cent, education at 26.8 per cent and furnishings, household equipment and routine maintenance at 25.8 per cent. The "price drivers" for the food inflation rate were vegetable at 13.3 per cent and mineral water, soft drinks, fruit and vegetable juices at 10.6 per cent. The year-on-year inflation rate for imported items stood at 18.3 per cent for December 2015, 0.8 percentage point higher than that of locally produced items at 17.5 per cent. Ashanti, Greater Accra and Upper West Regions recorded inflation rates higher than the national average of 17.7 per cent. Ashanti Region recorded the highest year-on-year inflation rate of 19.2 per cent, whilst Upper East recorded the lowest of 13.7 per cent in December. *(Ghana Web)*

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Kenya

Corporate News

Centum Investment is Tuesday expected to announce the ceding of a significant stake in its flagship property development project Two Rivers Mall to Old Mutual Property. The Nairobi Securities Exchange-listed firm has funded the multi-billion-shilling shopping complex through debt and selling equity to strategic investors. Its interest in the project, prior to the entry of Old Mutual, stands at 58.3 per cent. The Two Rivers complex sits on a 100-acre property along Limuru Road, in close proximity to the affluent neighbourhoods of Runda, Nyari, Gigiri and Muthaiga. The first phase will see the construction of two office towers, a hotel and the mall among other units. Occupying a total space of 58,000 square metres, Two Rivers is tipped to be the biggest in the country. Construction of the first phase is ongoing, but has missed the initial completion target of October last year. *(Business Daily)*

India's largest cement manufacturer UltraTech Cement is in the race to acquire a controlling stake in Nairobi Securities Exchange-listed ARM Cement, in which it could buy convertible preference shares of up to $125 million (Sh12.7 billion). ARM recently announced the impending transaction — expected to be complete by March— but did not reveal the identity of the potential investor. UltraTech is said to be negotiating with ARM for the controlling stake in Kenya's second-largest cement manufacturer after the French-owned Bamburi Cement. ARM chief executive Pradeep Paunrana, however, declined to comment on the issue, or confirm that the company is in talks with the Indian giant. "Such matters and information release are subject to regulatory compliance," said Mr Paunrana. UltraTech Cement is the largest producer of grey cement, ready mix concrete and white cement in India and is also one of the leading manufacturers of the commodities globally. The conglomerate has an installed capacity of 67.7 million tonnes per annum of grey cement, with 12 integrated plants and 18 grinding units. Its operations span India, UAE, Bahrain, Bangladesh and Sri Lanka and South Africa. The multinational made a net profit of Sh30.8 billion in the year ended March 2015 on gross revenues of Sh393.5 billion.

UltraTech's potential entry in Kenya marks increased interest in the local highly competitive cement market that has seen the establishment of several new players over the past few years, including Savannah Cement. Nigeria's Dangote Cement has also announced plans to enter the local market in the near term, setting the stage for increased competition against established players like Bamburi Cement that is majority owned by LafargeHolcim. For ARM, raising the funds from the intended sale of preference shares will ease the pressure of mounting debts that has weighed down its earnings. The firm had planned to raise $105 million (Sh10.7 billion) from a five-year private bond to retire its expensive short term debts but shelved the plan, opting to sell preference shares to the strategic investor. *(Business Daily)*

National carrier Kenya Airways announced on Wednesday that it had entered into a sale agreement with US-based airline Omni Air International for two of its Boeing 777-200 ER aircraft. The deal follows approval from its board, marking the start of a turnaround strategy that includes disposing of its redundant fleet. Kenya Airways announced its intention to sell the B777-200 fleet in November 2014 as it sought to reorganise its fleet, as part of the strategy. "I am pleased that we have reached this milestone. Although we announced our intention to rationalise our fleet in line with our current position more than a year ago, it has taken a while to find a good home for our B777 -200. "We are now satisfied with this sale and will make other important announcements on fleet rationalisation soon," said Kenya Airways Group Managing Director and CEO Mbuvi Ngunze on Wednesday. Riding on Project Mawingu, an ambitious expansion plan headed by former chief executive Titus Naikuni that included purchasing new aircraft to modernise its fleet, KQ has been pushed into losses in recent years, with the airline's debt standing in excess of Sh130 billion at one point last year. Late last year, the airline said selling redundant aircraft had become part of its turnaround strategy, amid hopes that the move would help it cut costs and improve its prospects. Besides the fleet rationalisation plan, the airline's broader strategy involves cutting operational costs, enhancing worker productivity and improving its pricing to attract new customers in the face of stiff competition from peers.

The airline showed signs of recovery last year with a significant reduction in its operational losses despite recording a loss after tax of Sh11.9 billion for the six months ending September 2015, compared with a net loss of Sh10.5 billion in 2014. KQ executives at the time said the airline had made significant savings through cost containment and rationalisation of its operations. The two sold aircraft will leave for their new home in the next two months, the airline said in its statement. The disposed aircraft are part of a fleet delivered new from Boeing to Kenya Airways between 2004 and 2007. "The first one will be transferred by the end of January," the airline noted, adding that the two aircraft were operated on its long-haul scheduled routes, especially to Asia and Europe. Omni Air International is a privately owned and managed carrier that provides worldwide passenger charter operations. It says on its website that as part of its lease programme it provides aircraft, "complete crew, maintenance and insurance to a diverse customer base including tour operators, scheduled and charter airlines, cruise lines, corporations (shuttles and incentive programs), sports teams, alumni groups, and global government agencies". The two sold aircraft, KQ said, are currently configured with 28 business and 294 economy seats. *(Daily Nation)*

The Government's busy schedule and tight budget has been cited as the key reason for the delay of National Bank of Kenya's (NBK) proposed Rights Issue. According to the bank's Chief Executive Munir Ahmed, the bank had applied for the Rights Issue from market regulators through which it sought to raise Sh13 billion from shareholders, but with the Government as the main shareholder and having other pressing commitments, the issue had to be delayed until when time is right. Airtel Kenya CEO Mr Adil El Youssefi (right) and NBK CEO Mr Munir Ahmed during the launch of the mobile banking product. (PHOTO: WILBERFORCE OKWIRI/ STANDARD) "Our shareholder is largely Government. And as a Government, they are asking themselves: Should we inject capital into National Bank or build roads and hospitals?" he said, adding that the Government seems to be having difficulties trying to juggle between doing business and offering a service to its people. Ahmed was, however, positive the issue will hit the market before the end of this year. "The spectrum of responsibilities and commitments it (government) has means that if there is a flood somewhere the Government will not inject extra capital in National Bank but address the social problem," said Ahmed as he tried to explain the delay in the much-awaited NBK's Rights Issue. The National Social Security Fund (NSSF) is the majority shareholder of the bank with a 48.05 per cent stake followed by the Government, which holds 22.5 per cent, taking the Government's stake into the lender to 70 per cent. See also:

National Bank announces best results in 48 years as profits hit Sh3.2b He, however, acknowledges the fresh capital injection was meant to fast-track the lender's recovery and move it from a mid-tier to a top-tier bank. Earlier in 2015, NBK crafted a strategic plan to double its customer numbers, expand its market reach to neighbouring states and roll out new products by 2017. The bank wanted shareholders to approve the Rights Issue to enable it carry through with the strategic plan. However, the Government developed cold feet, and now the lender will be forced to grow organically— by using its normal operating profits to meet immediate reform measures to grow its business. The lender is looking for about Sh7 billion to meet its growth prospects. Ahmed estimated that without the additional capital from shareholders, it would take the bank three to four years to attain its growth prospects. Mr Ahmed was speaking on a day when NBK entered into a partnership with Airtel that will see the bank's customers access mobile banking services for free for the first three months with minimal charges after the three-month campaign. Dubbed NatMobile, NBK customers through Airtel Money will be able to view their accounts, manage their accounts, make bill payments, transfer money to their Airtel Money from their bank accounts and vice versa. On his part, Airtel Kenya CEO Adil El Youssefi said, "Getting access to financial services via the mobile phone can make a massive difference to people's lives. We at Airtel Kenya are very excited about the service and the partnership with National Bank." (Standard Media)

Economic News

Kenya's shilling was stable against the dollar on Monday but traders said they expected it to come under modest pressure during the week due to increased importer demand. At 0728 GMT, commercial banks quoted the shilling at 102.20/30, the same as Friday's close.
"Going into this week, we expect there will be some pressure on the shilling. The demand (for dollars) should pick up. Most corporate clients have come back to work," a senior trader at one commercial bank said. Typically demand for dollars comes from the energy sector, manufacturers and telecoms firms. *(Reuters)*

The Central Bank may be forced to increase the benchmark lending rate later this month, a move that will go against its own push to lower the cost of borrowing. The Kenya Banks Reference Rate (KBRR) which was set at 9.87 in July 2015, is up for review with expectations that it will jump to a double figure. The Central Bank (CBK) has been urging banks to lower their lending rates following the slashing of the reference rate. However, an increase in KBRR will be used by the lenders to justify maintaining their rates high. The benchmark is crucial in determining cost for loans which are priced based on KBRR and relative risks. Late last year, banks increased their lending rates based on the movement of government securities which shot up. However the lenders have been sluggish in lowering the cost of borrowing as interests on government paper came down. "We cannot tell how it (KBRR) will move because it will also depend on the Central Bank Rate (CBR) which is difficult to tell how it will move," Kenya Bankers Association CEO Habil Olaka said. KBRR is computed as an average of the CBR and the two -month weighted moving average of the 91-day Treasury bill rate. The CBK maintained CBR at 11.5 per cent last month but is currently under pressure with inflation having risen to 8.01 in December, which is above the 7.5 target. Speculation is already rife in the money market that interest rates are likely to go up with expectations that short-term government notes will rise.

Treasury bill rates are already pushing upwards with the 91-day T-bill selling at 11.398 cent last week, after falling to a single digit last November. The 182-day T-bill rose to 13.164 per cent. It is speculated that the government's short-term notes might edge even higher with the Treasury facing a Sh85 billion bill of maturing debt this month. Last year when the government was confronted with a cash crunch, the 91-, 182- and 364-day papers hit a high of 22.5 per cent, 22.3 per cent and 22.4 per cent, respectively. "There is a lot of speculation in the market but we expect the CBR to remain contact although the KBRR might go up on the movement of the 91-day T-bill rates over the last two months," Sterling Capital trader Eric Munywoki said. He pointed out that the government may opt to roll over the maturing debt to ease refinancing pressure. The government has also been trying to offer long-term bonds to reduce the pressure for financing the budget through short-term loans. *(Nation)*

Malawi

Corporate News

No Corporate News this week

Economic News

Malawi's consumer inflation quickened to 24.9 percent year-on-year in December from 24.6 percent in November, data from the National Statistical Office showed. *(Reuters)*

Mauritius

Corporate News

No Corporate News this week

Economic News

Mauritius' inflation rose to 1.3 percent year-on-year in December from 1.0 percent a month earlier, the statistics office said on Friday. ***(Reuters)***

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Nigeria

Corporate News

Nigerian billionaire Aliko Dangote's industrial complex in the commercial capital Lagos will sell as much as $6 billion a year of foreign exchange to the West African nation's central bank by 2018, according to Governor Godwin Emefiele. Dangote's fertilizer plant, which will be operational next year, and the petrochemical plant and refinery, expected to be completed by 2018, will meet local consumption of petroleum and chemical products that currently make up 35 to 40 percent of Nigeria's import needs, Emefiele told journalists at the construction site Sunday. The complex will also produce for export, he said. "We expect that by the time these projects are completed, it will not only meet the needs of our domestic requirement," Emefiele said. "By the time it is completed, he will be exporting these products to the point where he will be selling foreign exchange to Nigeria, to Nigerians and to the Central Bank of Nigeria to the tune of almost about $6 billion a year." Africa's top oil producer relies on fuel imports to meet domestic needs since its four state-owned refineries produce a fraction of their 445,000 barrels-per-day capacity after decades of poor maintenance, corruption and mismanagement. Nigeria is also struggling to cope with crude prices that have fallen more than 70 percent since their June 2014 peak to below $40 a barrel. The Abuja-based central bank has resorted to holding the naira at 197 to 199 per dollar since March by introducing trading curbs to conserve reserves and stem a rout after it fell to a record 206.32 in February. While Nigerian President Muhammadu Buhari has supported the governor's measures, International Monetary Fund Managing Director Christine Lagarde last week called for more flexibility in the monetary policy. "You can imagine what will happen to the savings in foreign exchange" by the time the refinery, petrochemical and fertilizer plants are completed, Emefiele said. "We can't wait, we need him to do this very fast so we can begin to save foreign exchange," he said, referring to Dangote, Africa's richest man. *(Bloomberg)*

Economic News

Nigeria will sell N80 billion worth of bonds denominated in the local currency at an auction on January 20, her first debt auction of the year, the Debt Management Office (DMO) said on Monday. The debt office said it will issue 40 billion naira each of bonds maturing in 2020 and 2026, using the Dutch auction system. The 2020 debt is a reopening of a previously issued bond. The 2026 debt, according to Reuters, is a fresh issue. Results of the auction are expected the next day. Nigeria has proposed a plan to issue 260 billion to 390 billion naira in 5-, 10- and 20-year naira bonds in the first quarter of the year. Nigeria said it will borrow about N900 billion locally to finance part of the N2.2 trillion deficit in its 2016 budget. The Central Bank Nigeria (CBN) last week sold N136.24 billion in treasury bills with maturities from three months to one year at its first auction of the year on Wednesday, at higher yields than previously. The central bank sold N55.4 billion of three-month paper at 4 percent, up from 3.62 per cent at a sale on December 23. It also sold N25 billion of six-month debt at 6.99 per cent against 6.19 percent, and N55.84 billion of one-year paper at 8.05 per cent compared with 7.45 per cent. Total demand stood at 311.5 billion naira compared with 226.97 billion last time. *(This Day)*

Nigeria's state-backed AMCON "bad bank" said on Tuesday it plans to sell its majority stake in Peugeot Automobile Nigeria (PAN) Limited, a local joint venture with the major French automaker, and is seeking bids from investors. Peugeot Citroen is the technical partner to the Nigerian assembly plant, which has capacity to assemble 240 cars a day, PAN said on its website. In a statement, the Asset Management Corporation of Nigeria (AMCON) said it owned 79.3 percent of PAN Nigeria Limited, having acquired the stake four years ago after purchasing the company's debt and taking some as equity. PAN Nigeria Limited was set up in 1972 as a joint venture between the Nigerian government and France's Peugeot, with an annual production of 90,000 cars by the 1980s. But operations nosedived and the company accumulated bad loans shortly after the government sold its stake via a privatisation to local core investors in 2006. AMCON said PAN Nigeria had assets totalling 24.96 billion naira ($125.43 million) as of December 2014 and equity of 11.98 billion naira, and was seeking investors with experience in automobile manufacturing to buy the stake on offer.

President Muhammadu Buhari is keen to promote a "Made in Nigeria" industrial policy. In November, he met Peugeot's executive vice president for Africa and the Middle-East, Jean-Christophe Quemard, to discuss the revival of local production. The government under a National Automotive Industry Development Plan has ordered local car distributors to come up with plans for new assembly plants, along with threats of imposing prohibitive import duties. U.S. carmaker Ford Motor Co's partnership with a local car dealer has built its first model in Nigeria at a new assembly plant in November and said it will produce an initial 10 vehicles a day for the domestic market. The auto market in Africa's biggest economy has huge potential but only a small number of new vehicles are sold annually because the sector is dominated by imported used vehicles, and the absence of an industrial policy that would encourage suppliers to set up in Nigeria has stunted growth. AMCON was set up to absorb bad loans from banks after a $4 billion bailout in 2009 rescued nine lenders from collapse. AMCON then bought bad loans at a discount in exchange for government-backed bonds and has since been selling off collaterals against those loans to pay bondholders. *(Reuters)*

The Central Bank of Nigeria (CBN) has given assurance to Dangote Group that it will support it access Foreign Exchange, Forex to build its proposed $14 billion refinery in the country. Mr. Godwin Emefiele, the Governor of the CBN, said this during a tour of the refinery which is projected to refine 650,000 barrels of crude oil per day. The tour of the facility held at its location within the Lekki Free Trade Zone in Lagos. The CBN governor said that the support was to ease the importation of equipment needed to bring the Dangote refinery to reality. "Your ongoing 14 billion dollar refinery investment will enjoy our support, no doubt. We are doing this to fast-track the importation of equipment you need for a speedy completion of that project and to encourage other Nigerians to follow your lead" Emefiele said. According to him, the tour is necessary to lend our support to this laudable project that will transform Nigeria's downstream oil sector. "The Dangote Group approached us to indicate their interest to invest in refining crude, such that petrol-chemicals, fertiliser and fuel will be produced, about three years ago. "Today, the three projects, which are valued at 14 billion dollars (N2.8 trillion), are on course and this is highly commendable, '' he said. Emefiele said the CBN would continue to support tremendous and impactful projects that would improve the socio -economic profile of the country through such investments.

He said the diversification of the Dangote Group was worthy of emulation by other industrialists. "By the time this refinery is completed, it will not only service the needs of our domestic economy but shore up our international oil investments. "Projects like this and our support will encourage more Nigerians to begin to think like the Dangote Group," the CBN boss added. Alhaji Aliko Dangote, Chairman, Dangote Group, said that the refinery would commence commercial operations at the early period of 2018. "We are set to unveil the world's largest refinery which will make Nigeria self-sufficient in petroleum products refining and also become a major exporter of oil.This project will mark a turning point in Nigeria's search for local refining of crude oil. "We will ensure the value chain in crude oil production is uplifted and other facilitators properly integrated into our scheme," he said. The chairman said that the fertilizer production aspect of the refinery would be completed by 2017." *(Vanguard)*

Nigerian equities dropped into a correction as plunging oil prices dimmed the growth outlook for Africa's biggest economy. The Nigerian Stock Exchange All Share Index fell 3.7 percent on Wednesday to 25,072.66 by 2:22 p.m. in Lagos, the lowest level since September 2012 and the most among 93 global indexes tracked by Bloomberg after Egypt. The measure is down 12 percent since the previous peak on Dec. 31, more than the 10 percent drop that indicates a market correction. "The major factor is the oil price that has weakened further," Pabina Yinkere, an analyst at Vetiva Capital Management Ltd., said by phone from Lagos. "That has implications for the nation as an oil-dependent country. It has created a heightened risk environment." Nigeria, Africa's largest oil producer, is struggling to cope with crude oil prices that have fallen to below about $31 a barrel. Oil accounts for two-thirds of government revenue and about 90 percent of its foreign currency earnings. The slump is weighing on growth, which is estimated to have slowed tolow to 3.2 percent last year, the slowest pace this century, according to a Bloomberg survey of economists.

Nigerian authorities are also facing mounting pressure to devalue the naira, which John Ashbourne, a London-based Africa economist at Capital Economics, said is strangling economic growth. The Abuja-based central bank has held the naira at 197 to 199 per dollar since March as Governor Godwin Emefiele introduced trading curbs to conserve reserves and stem a rout after it fell to a record 206.32 in February. "We are having a currency problem," Vetiva's Yinkere said. "Investors are asking how this will be affecting organisations such as the banks that have slowed the issuing of letters of credit and manufacturers that are having difficulty accessing foreign exchange for imports.'' Nigerian Breweries Plc dropped 4.9 percent, falling for an eighth day to the lowest since June 2012, and the biggest drain on the all-share index. Zenith Bank Plc slid 8.9 percent to a six-year low, while Nestle Nigeria Plc declined 5 percent, the most since Aug. 28. Prices on three-month naira forwards gained 1.6 percent to 247 per dollar on Wednesday, rebounding from a record low. The currency, which is pegged at 197 per dollar by the central bank, weakened 0.3 percent at 199.05 on the interbank market. The Central Bank of Nigeria this week lifted a ban on dollar cash deposits, ending a six-month embargo on banks from receiving dollar deposits from customers, and stopped selling foreign currency to money changers in an effort to maintain its reserves. "The CBN will only supply the banks with an amount equivalent to the foreign exchange accruing at the CBN to finance priority imports, currently equivalent to about $1 billion per month," JF Ruhashyankiko, an economist at Goldman Sachs Group Inc. in London, said in a Jan. 12 note. "As a result, and contrary to the consensus expectation of a devaluation in the first quarter of 2016, a further decline in oil prices is likely to translate into lower dollar supply to banks and a higher shadow exchange rate rather than a devaluation." The naira will probably remain at 200 per dollar for the next six months, weakening to 240 in the next 12 months, he said. *(Bloomberg)*

Nigeria's government has approved a $200 million loan from a World Bank agency to develop infrastructure in Lagos state, its commercial hub, the minister for works, power and housing said on Wednesday. The loan was the second tranche of a total of $600 million lent by the International Development Association to the Nigeria government for Lagos state since 2010, Babatunde Fashola said. Lagos, a mega-city of 21 million people in the state of the same name, is the commercial engine of Africa's biggest economy. Its gross domestic product accounts for about a third of Nigeria's overall GDP. Fashola, who did not give details of any projects for which the loan would be used, said the money had been intended for distribution in three tranches each of $200 million to end in 2013 but had been delayed. "It suffered delays as a result of partisan political differences in the last dispensation. After the first tranche was disbursed there was a freeze on the second tranche," he told reporters. Fashola said the loan was to be repaid over 25 years at an interest rate of 2.5 percent. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Tanzania

Corporate News

No Corporate News This Week

Economic News

Tanzania's year-on-year inflation edged up to 6.8 percent in December from 6.6 percent in the previous month, the statistics office said on Friday. "The increase... was mainly caused by faster rises in the prices of both food and non-food items," Ephraim Kwesigabo, a director at state-run National Bureau of Statistics (NBS) told a news conference. Food items whose prices rose during the period included rice, maize and meat, he added. NBS said annual inflation fell to 5.6 percent last year from 6.1 percent in 2014. The government's mid-term target is to achieve an inflation rate of 5.0 percent. *(Reuters)*

The Bank of Tanzania (BoT) Financial Stability Report (FSR) said the contributions increased to 78.3 per cent in the six months ended September last year compared to 70.8 per cent recorded in March. The increase in contributions and number of contributing members in proportion to existing pensioners is attributed to increased employment and outreach as reflected by decline in dependency ratio. During the period under review, return on Assets declined to 2.3 per cent in September 2015 from 3.4 per cent in March 2015 on account of increase in administrative expenses. The decline in return on assets is attributable to slowdown in investment performance coupled with growing administrative costs. The ratio of administrative expenses to contributions increased to 15.5 per cent from 11.3 per cent during the period. Also, the sector complied with the 2015 Investment Guidelines except for lending to government which was above the 10.0 per cent threshold. However, the ratio of government loans to total assets increased to 21.7 per cent in September from 19.3 recorded in March, 2015 owing to accumulation of interest. This would be addressed once the government strategy to fund the liabilities through issuance of non-cash bond is finalized and implemented. Zanzibar Social Security Fund continued to grow on account of increased membership, collection of contributions and growth in investment portfolio. Membership increased by 4.5 per cent to 75.3 thousand during the period ending June 2015 compared to 72.2 thousand as at end June 2014. However, the dependency ratio increased to 3.3 per cent in June 2015 from 2.9 per cent recorded in June, 2014 which may threaten sustainability of the Fund. The Social Security Schemes was revised in September 2015 with the objective of improving risk management in the sector. The revised guidelines have set new permissible investment limits and allow investment within EAC region following the liberalization of capital account in the region. *(Daily News)*

THE shilling slide by 1.25 per cent to 2,188/58 in the first week of this year as demand for the US dollars starting to pick up. The Bank of Tanzania (BoT) foreign exchange data showed that the shilling opened the year exchanging at 2,161/46 but slid to 2,188/58 of yesterday. Though on weekly basis the shilling weakening, it has strengthened last Friday as importers exhibit low demand to enable the local currency to settle at 2,145/2,203 levels. National Microfinance Bank (NMB) attributed the stabilisation to importers from the oil and manufacturing sectors who exhibited lower appetite for the greenback. "Dollar inflows from institutions increased slightly, and these may also strengthen the shilling in the short-term," NMB said on its e-Market report. The shilling started January 2015, trading on the right foot after gaining on average by 0.57 per cent to 1713/47, but failed to maintain the pressure from foreign currencies and closed the year down by 25 per cent. Meanwhile, Kenya's shilling was stable against the dollar yesterday but traders said they expected it to come under modest pressure during the week due to increased importer demand. At 0728 GMT, commercial banks quoted the shilling at 102.20/30, the same as Friday's close. "Going into this week, we expect there will be some pressure on the shilling. The demand (for dollars) should pick up. Most corporate clients have come back to work," a senior trader at one commercial bank said. Typically demand for dollars comes from the energy sector, manufacturers and telecoms firms. *(Daily News)*

WEEKLY AFRICAN FOOTPRINT

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The Central Bank said in its latest financial report released recently that the net profit leaped to 567.2bn/- at the end of June 2015 from 196.09bn/- of June 2014. The financial year of BoT ends in June. It attributed the hyper performance mainly to unrealised foreign exchange revaluation gain that almost went up ten times. The unrealised gain generated 358.24bn/- during the year ending last June from 37.22bn/- of some period in 2014. Unrealised gain or loss is the foreign exchange differences arising from foreign currencies transactions as at specific agreed period— day, week, month, quarter or year. BoT said out of the said amount, the bank dividend amounted to 130bn/- compared to 72.45bn/- of 2014 in compliance with the provision on allocation of profit set out. The BoT Act, 2006 stipulates the need of the central bank to generate adequate resources in order to support its operation and maintain its independence. The bank generated a total comprehensive income of 577.33bn/- compared to 197.19bn/- of 2014. "The income was mainly attributed to gains arising from depreciation of shilling against major currencies, increase in interest income and decline in interest expenses," the report said. During the year under review, total assets of BoT increased to 12.37tri/- from 11.46tri/- of preceding year that was recorded at June 2014.

The deposits level from banks and non-banks institutions climbed to 3.1tri/- at the end of June 2015 from 2.36tri/- of June 2014. On other hand government deposits declined to 4.8bn/- from 10.19bn/-. BoT attributed the increase majorly to three areas currency in circulation, deposit by banks and non-banks financial institutions and reserves. The areas contribution were 497.55bn/- from money in circulation, 738.43bn/- from deposits and 504.88bn/- from reserves. The net increase was, however, reduced mainly by net redemption of BoT liquidity paper 580.11bn/-. During the year under review, the board accepted risk management and internal control system of the BoT management. "The bank (BoT) ensures that existing and emerging risks are identified and managed within the acceptable risk tolerance," the report said. The key risk that may significantly affect the BoT's strategies and development are mainly three namely financial, operational and strategic. The bank spent 70.12bn/- up from 64.51bn/- on salaries and benefits to its 1386 staff of whom 40 per cent are female. The amount increased as the number of staff also went up from 1820 of 2014. *(Daily News)*

Tanzania's gross domestic product grew 6.3 percent in the third quarter of 2015 compared with 5.4 percent a year ago, boosted by strong performance of the construction, mining and transport sectors, the statistics office said on Wednesday. *(Reuters)*

DAR ES SALAAM Stock Exchange (DSE) has said the number of investors accessing the trading platform using mobile phone increased considerably in the last four months. The bourse said the number shot up by 42.8 per cent from 700 at the end of the third quarter to over 1,000 investors at end of 4Q in 2015, and was expected to increase further. DSE Chief Executive Officer Ms Moremi Marwa said the platform introduced last August attracted over 1,000 investors accessing the bourse mobile platform infrastructure. "We envisage the increase of the size of mobile trading platform as more and more people gets to know the existence and operability of this technology," Mr. Marwa told Daily News. There was a continued use of mobile trading platform in "our Automated Trading and Central Securities Depository infrastructure," he said. The bourse chief said that the initiative enables investors to buy and sell listed shares using their mobile phones through Automated Trading and Central Securities Depository infrastructure. The infrastructure, the first of its kind in the Africa, was launched during last year's third quarter when CRDB listed its right issue share. The advent of the bourse mobile trading technology provides access to a wider and growing range of investment and savings instruments on the capital markets.

The platform that is user friendly envisages widening the equity and debt trading activities especially upcountry where brokers are not present. Meanwhile, DSE said their top most priorities in this year's Q1 include encouraging more listings, public education and awareness. "Our demutualisation process is now at the final stage, we have submitted our IPO (initial public offer) and self-listing application to the Regulator," Mr. Marwa said. He said once they received an approval the IPO and listing envisaged to be conducted before end of this Q1. Self-listing, or demutualisation, is the process through which a member owned company becomes shareholder-owned. Frequently, this is a step towards the initial public offering (IPO) of a company. The bourse was mutually owned by guarantee but is now called Dar es Salaam Stock Exchange Public Limited Company (PLC). DSE, since its inception, operates as a 'mutual'. In Africa, the first to make a self-listing move was the Johannesburg Stock Exchange in 2005, followed by the Nairobi Stock Exchange last year. Others, such as Mauritius Stock Exchange, have started the process.*(Daily News)*

Zambia

Corporate News

No Corporate News This Week

Economic News

THE Bank of Zambia (BoZ) tender for treasury bills was undersubscribed last week, attracting total bids amounting to K288.05 million against an offer of K900 million. On Thursday, Government intended to borrow K900 million from the domestic market through issuance of treasury bills on a discount basis offered by the central bank, but only managed to attract bids amounting to K288.05. Zanaco says the low participation in the auction put pressure on the rates as yields significantly rose across all tenors. The bank says the 91 days tenor increased to 22 percent, from 15 percent, while the 364 days yield rose to 26 percent, from 21.5 percent. "The central bank's tender for treasury bills was undersubscribed, attracting total bids amounting to K288.05 million against an offer of K900 million with all bids successfully allocated," the bank says in its treasury newsletter. Meanwhile, the Kwacha was capped between K10.95 and K11.15 on Friday last week. The bank says slow market activity coming out of the holiday is expected to quicken over coming sessions, and there are indications of the local unit being on the weak side due to the increasing demand for the United States (US) dollar. "Sluggish market activity coming out of the holidays is expected to quicken over coming sessions and hints at a weaker Kwacha as demand for the dollar picks up, and in line with a broad strengthening of the greenback in international markets," the bank says.

Zanaco says the Kwacha was unchanged on Thursday at K11.01 and K11.03 for a second day running. It says matched flows and slow market activity continued to keep the currency range-bound. Cavmont Bank in its market report also says the Kwacha closed trading on Thursday at K11.04 and K11.06, which was K0.03 weaker than the day's opening rate. The bank says the local currency moved in tandem with other emerging market currencies which come under pressure as a result of a further slump in commodity prices. On the regional front, the South African rand appreciated to 15.954 on Friday from 16.064 on Thursday, while the Botswana pula depreciated to 11.388 and 11.1381, and Kenyan shilling to 102.189 and 101.564. On the commodities market, the price of copper tumbled on Thursday, hitting its lowest in nearly seven years, as plunging China equities highlighted the country's economic problems, and reinforced concern about demand for industrial metals. Benchmark copper on the London Metal Exchange was down 2.9 percent at US$4,486 a tonne. *(Lusaka Times)*

Zimbabwe

Corporate News

LonrHo African Holdings has disposed its stake in Lonrho Fresh Exports Zimbabwe (LFEZ) to its indigenous partner Mr. Edwin Moyo as part of a new strategy which will see the group transition from the focus on horticulture processing to food processing and value added production. Lonrho holds a 49 percent stake in LFEZ while Mr. Moyo holds the remaining 51 percent. The transaction was signed off on Monday. Lonrho acquired the stake after it took over the operations of Rollex Holdings in South Africa from the De Robillard Family in 2010. After that, in October 2013, a consortium led by Rainer-Marc Frey and Thomas Schmidheiny, two Swiss entrepreneurs, made a public take-over bid for 100 percent of the share capital of Lonrho, and took control on July 19, 2013. The acquisition included the subsidiary company Rollex Pvt, holding the a Fresh Exports business and logistics operations in Zimbabwe, which in early 2013, was renamed Lonrho Fresh Exports Zimbabwe Pvt with Lonrho Logistics Pvt registered as a separate entity with the key focus on expanding and building its export logistics capability. However, after substantial investment of $50 million in Zimbabwe, Lonrho together with Mr. Moyo, who is the LFEZ chairman agreed to start the negotiation process that will transition the export business to a wholly owned Zimbabwean company.

Newly appointed Lonrho chief executive Roland Decovert told The Herald Business in an interview from his base in Johannesburg South Africa that the group was changing its priority from horticulture to agro-processing. "What you see today is just a change of priority considering that we have invested close to $50 million in Zimbabwe. "Our conclusion was that we have to focus on food processing and move away from agriculture and we agreed with the current chairman that he takes over the business." Mr. Decovert said the group would focus on building factories which will take up and support local farm produce. "We will be looking at food processing factories for both the local and export markets but we will come with a clear announcement in the next few months. "We will also develop our logistics business and use Harare as a logistics hub for Southern Africa, it is ideally positioned for that." The group will also support LFEZ through its logistics division, Lonrho Logistics. Lonrho began operating in Africa in 1909 as the London and Rhodesian Mining Company. The late Tiny Rowland took Lonrho's helm in 1961 and subsequently transformed it into a worldwide conglomerate. It has investments in 11 other African countries. "So after divesting out of mining and now horticulture, food processing, supply chain and distribution, dealership and infrastructure will be the backbone of the group's expansion strategy going forward," said Mr. Decovert.

The group also has ports in some parts of West Africa which fall under the infrastructure division. He said Lonrho remains committed towards investing in the growth of Africa and Zimbabwe specifically. Mr. Moyo said he will remain as chairman of the company but it will now change its name to Nhimbe Fresh Exports. He said that the focus of the business would be on high value crops for the UK export market. "We are putting up 200 hectares of blueberries for the Tesco group of supermarkets and 82ha of stone fruit as part of the strategy of high value crops," Mr. Moyo said adding that they would also plant blackberries and raspberries, crops that the company has exclusive breeder rights for. Nhimbe would also continue with its tobacco and pea programmes while providing vegetables for regional chains such as Pick 'n' Pay and Food Lovers. *(Herald)*

LISTED building materials producer Turnall Holdings has reduced its board size as part of cost-reduction measures and recovery programme. In a trading update to shareholders and other stakeholders yesterday, Turnall secretary Kenias Horonga said a continued cost-reduction programme was essential to ensure competitiveness and prosperity of the business in the current depressed marketplace, particularly while traditional export markets had become challenging as a result of weaker regional currencies. "As part of that ongoing cost reduction and recovery programme, it has been decided to reduce the size of the board. With effect from January 8, 2016, Messrs P F Chingoka, Chirandu E Dhlembeu, Celestine M Gadzikwa, Peter C C Moyo, John Mushayavahnu, James P Mutizwa, Kiritkumar Naik and L Sasikwa resigned from the board," Horonga said. Rita Likukuma remains chairperson of the board whilst Portia Marufu remains a board member. Joining them are new appointees Innocent Chinyama, Munyaradzi Gwanzura, Noel Hayes and Manfred Mahari. "They bring a wealth of experience and new perspectives into business," Horonga said.

He said the result of these and other changes would see a further significant reduction in the fixed overhead costs of the business. "This will enhance profitability and release cash to pay borrowings and invest in the business," he said. He said despite the bleak economic outlook, Turnall was confident of making further progress in 2016 and the new board would be examining every opportunity to firmly establish the company as the region's preferred supplier of building and construction products, standing ready to play its part in the long overdue rehabilitation of the nation's infrastructure and meeting the need for quality, low-cost housing. Horonga said the rightsizing of the business had been at a considerable financial and social cost. He said following significant turnaround work commenced in September 2014, Turnall returned to profitability and recorded a profit before tax of $489,738 for the first half of 2015. "Despite challenging market conditions, the company has maintained its market share and improved its profitability into the second half of 2015," Horonga said. *(News Day)*

Mining equipment worth thousands of dollars belonging to the struggling coal miner Hwange Colliery Company (HCC) is set to go under the hammer on Tuesday next week over unpaid debts to a Chinese company. Last month, some of the miner's equipment was sold off to settle long standing debts. In a notice on Thursday, Hwange District Deputy Sheriff said it would be selling the company's movable assets at a public auction to be held at Dick Village St Marys in Hwange on Tuesday. Mining equipment to be auctioned in a case pitying HCC with Zimbabwe Zhongxin Company Pvt Ltd, include two one-tonne forklifts, two 20-tonne Tipper trucks, excavators, two lonking front end loaders, a Granvia minibus, six 1-tonner 3-wheeled dumpers, six 1-tonner 4-wheeled dumpers, two Penco compressors, Kipor ultra silent diesel generator, three cast iron valves, 10 aluminium valves, five small pumps with motors, five big pumps, electric winch machine and cock stock pie. Hwange is facing litigation for claims amounting to $20,6 million while cases worth $20,1 million have been awarded against it. *(Source)*

Economic News

DEPUTY Mines and Mining Development Minister Fred Moyo yesterday said chrome ore exports are moving at a "very slow" pace due to continued fall in global prices. "The real challenge is low prices on the international market and it is very difficult (to enter into contracts) when you know the prices will continue sliding. "Of course we have moved some tonnage, but we are not moving as we anticipated," he said. The last quarter of 2015 saw the average global price of chrome-ore experience severe pressure with prices falling from $175 to $120 per tonne and are likely to remain weak. Some economic analysts say confidence is still fragile among the miners in light of weak global prices. Zimbabwe resumed chrome ore exports early for the first time since 2011 when Government imposed ban of raw chrome exports to encourage beneficiation of the mineral. The Government lifted the four-year ban on chrome ore exports in June last year to boost foreign earnings from the sector and enhance viability of small-scale miners.

While the Government had imposed the ban on chrome ore exports to encourage firms to beneficiate the mineral, the suspension had a negative impact on producers, particularly small-scale miners, some who were forced to shut down due to viability problems. Small-scale miners could not sell their produce due to low smelting capacity in the country, leaving them with stocks of chrome ore and no alternative source of revenue. Apart from lifting the export ban, Government scrapped the 20 percent export tax on raw chrome to restore viability, but the royalty rate was increased from 2 percent to 5 percent. Finance and Economic Development Minister Patrick Chinamasa said Zimbabwe's exports are projected to improve this year on the back of improved performance gold, nickel, diamonds and ferro-chrome, chrome ore and fines, tobacco and horticultural produce. *(Herald)*

ZIMBABWE'S trade deficit in the 11 months to November last year widened to $3 billion, an indication that the country continues to rely on imports as local industry remains depressed. According to data released by the Zimbabwe National Statistics Agency (Zimstat), Zimbabwe posted a $3bn deficit in the 11 months to November, compared to $2,97bn in the previous corresponding period. Trade figures showed that exports amounted to $2,5bn against $5,5bn imports, indicating the country's continued reliance on imported goods as local industry remains depressed. However, the government had predicted a $3bn trade deficit for the whole year. Exports in the period under review were dominated by gold, tobacco, nickel and diamonds, while imports comprised mainly of fuel, medicines, maize and vehicles, among others. Finance minister Patrick Chinamasa has previously said the trade deficit reflects, among other factors, the country's over-reliance on foreign goods, most of which can be produced locally. These goods include grains, foodstuffs, chemicals and pharmaceutical products, among others.

In his 2016 National Budget statement, Chinamasa said the continued depreciation of the South African rand against the United States dollar had undermined the competitiveness of Zimbabwe's exports. The rand plunged to new depths yesterday reaching 17,9169 to the dollar with Zimbabweans increasingly preferring the US dollar over the South African currency in business transactions and as a store of value. In the outlook, exports are projected to increase to $3,7bn this year up from $3,4bn projected in 2015. Chinamasa noted that imports were projected to marginally decline to $6,2bn in 2016 from $6,3bn, attributed to the measures that were put in place to manage the unfair playing field imposed by some cheap foreign products. However, Zimbabwe's exports to South Africa, the country's largest trading partner, jumped 102% while imports to that country dropped 4%. *(News Day)*

The rapidly falling international commodity prices have negative effects on the country's economy as evidenced in reduced profit levels, the Zimbabwe Economic Policy Analysis and Research Unit (Zeparu) has said. According to the Zeparu Economic Barometer report covering the period July to September 2015, commodity prices fell significantly, largely as a result of falling Chinese demand. "The implications of depressed international prices are being felt through both reduced profit levels for local mining companies and the risk of reduced revenue for government. For example, Zimplats, a leading platinum producer in the country, reported a loss of $74 million in 2015, citing lower sales volumes and depressed prices as some of the limiting factors," Zeparu said. "In addition, falling prices will reduce exports earnings resulting in a loss of foreign currency inflows and a higher current account deficit.

This will affect the money supply in Zimbabwe." Zeparu said the major Zimbabwean exports of metals – gold, platinum and nickel ores – had seen prices fall on international markets and in some cases the declines had been dramatic. According to the report, platinum had lost close to a third of its value in a year. It said the precious metals prices continued to be subdued in the third quarter of 2015 when compared to a similar period in 2014. Gold lost 12,3% of value and averaged $1,124 per ounce (oz) in the third quarter compared to the corresponding period last year. "The fall in gold price was the result of both the strong performance of the US dollar which is an alternative investment to gold, and thus reduced demand for gold, and the Chinese slowdown. China is one of the leading consumers of gold," Zeparu said. Platinum prices declined by 31,2% to average $986 per oz in the third quarter of 2015 compared to the third quarter of 2014. "Platinum prices were affected by increased production in South Africa and the Volkswagen emissions scandal, which brought about fears of reduced demand. The Chinese slowdown has also played an important role," Zeparu said. According to the report, the decline in platinum price was expected to continue due to reduced investment demand and excess supplies. However, gold deliveries had continued to increase underpinned by small-scale miners' remarkable contribution.

In 2015 total gold deliveries from January to September increased remarkably by about 34,2% to 13 211kg compared to the level recorded over the same period in 2014 driven by an impressive 114,9% increase in small-scale miners' deliveries to 5 183kg. Deliveries by primary producers in 2015 also increased by about 8% to 8 027kg compared to their 2014 levels, Zeparu said. "The contribution of small-scale miners translates to about 28,2% of total deliveries between January and September 2015. This is a 3,7 percentage point increase from the contribution in the comparable period in 2014, demonstrating their increasing importance in the industry," it said. "The trend is expected to continue, given that royalties for small-scale gold miners with output not exceeding 0,5kg per month have been reviewed downwards to 1% from 3%. This is intended to incentivise small-scale miners to sell gold through formal channels." According to the report, total deliveries in 2015 so far translate to about 75,5% of the 17 500kg target for 2015, a high likelihood of the sector meeting the target of 18 700kg set for the year. At its peak in 1999, gold production was about 27 000kg. *(News Day)*

THE Zimbabwe Economic Policy Analysis and Research Unit (Zeparu) projects that inflation is set to start rising as government has taken action to tackle deflation by putting in place measures to reduce imports. According to the Zeparu Economic Barometer report, Zimbabwe continues to have the lowest inflation rate in the region, but the forecast shows that inflation was set to start rising. "Zeparu has developed a model to project future inflation trends, based on the past inflation trends. The model projects that in the fourth quarter of 2015, both year-on-year and monthly inflation will deviate from its downward trend, rising by 1,24 percentage points and 0,50 percentage points respectively from the levels recorded in September 2015. Thus year-on-year inflation is projected at -1,87% in December 2015 while month-on-month inflation is projected at 0,14%," Zeparu said. "The government has taken action to tackle deflation. For example, it has put in place measures to reduce imports by removing basic goods from the travellers' rebate and banning the importation of second-hand clothing and shoes.

This is likely to impose some level of upward pressure on the inflation rate, as these were exerting high levels of competition on domestic producers. However, they are unlikely to be sufficient to ensure year-on-year inflation moves into positive territory." Zeparu said the decline in inflation since the beginning of 2015 was underpinned by tight liquidity conditions, weak consumer demand and the appreciation of the United States dollar against the currencies of Zimbabwe's major trading partners, especially the South African rand, which continues to be an issue of major concern. The inflation trend showed that in July, the year-on-year inflation rate was -2,77% and by September, it had fallen to -3,11%. Year-on-year food and non-alcoholic beverages inflation and non-food inflation rates for September stood at -3,72% and -2,28% respectively. Monthly inflation over the quarter fell from -0,06% in July to -0,36% in September. *(News Day)*

A Chinese company has signed a deal with the Zimbabwean Government to set up eight satellite agricultural demonstration centres and experimental farms across the country in the next ten years for sharing of farming expertise and providing training to locals. Debont Co Ltd, the Chinese agricultural company running the current four-year-old Gwebi Agricultural Demonstration Centre, signed the agreement with the Ministry of Agriculture in Harare on Tuesday. Under the agreement, Debont will partner eight local agricultural colleges for the demonstration centre's expansion. The company will provide capital, machinery, lab apparatus and farming expertise for the satellite centres, Debont's project manager Yu Xianzeng told Xinhua yesterday. Mr. Yu said the experimental farms would also be enlarged. An estimated 3 000 hectares of land affiliated to the local agricultural colleges would be cultivated by local farmers trained by Chinese and equipped with farming facilities including the irrigation system and made-in-China tractors. Around 10 000 local farmers are expected to be trained to use the farming facilities.

"We will promote the use of solar-powered irrigation facilities as a way to help local farmers cushion the impact of abnormal weather patterns, so they can make the migration to modern farming which relies less heavily on weather," Mr. Yu said. Zimbabwe has suffered the worst drought in six decades this season. As the farm produce is foreseen to drop sharply, the Government sought to import as many as 230 000 tonnes of maize from neighbouring Zambia. The concept of agricultural technology demonstration centres is an initiative announced by the Chinese government as early as in 2006 to facilitate technology transfer to African countries. The Chinese government agrees to provide funds for the construction and the first three years' operation of these centres before handing them over to the host governments. There are at present over 20 such demonstration centres in African countries including Benin, Cameroon, Ethiopia, Liberia, Togo, Sudan, Uganda, Mozambique, Malawi, and Rwanda. *(Herald)*

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