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

				WTD % Change		YTD % Change	
Country	Index	9-Aug-13	16-Aug-13	Local	USD	Local	USD
Botswana	DCI	8,572.11	8,465.50	-1.24%	9.71%	12.72%	14.24%
Egypt	CASE 30	5,616.38	5,334.55	-5.02%	9.39%	-2.34%	-2.29%
Ghana	GSE Comp Index	1,975.39	1,972.10	-0.17%	6.40%	64.38%	61.33%
Ivory Coast	BRVM Composite	209.37	206.54	-1.35%	-8.81%	23.99%	15.51%
Kenya	NSE 20	4792.87	4842.60	1.04%	5.23%	17.17%	21.53%
Malawi	Malawi All Share	7,483.43	7,836.80	4.72%	27.09%	30.28%	56.24%
Mauritius	SEMDEX	1,866.50	1,888.50	1.18%	-1.45%	9.03%	9.21%
	SEM 7	366.20	370.70	1.23%	-1.40%	9.91%	10.09%
Namibia	Overall Index	923.00	956.40	3.62%	24.49%	-3.03%	-0.07%
Nigeria	Nigeria All Share	38,038.79	36,986.90	-2.77%	-1.96%	31.73%	31.56%
Swaziland	All Share	284.32	284.32	0.00%	20.76%	-0.47%	2.87%
Tanzania	TSI	1,962.61	1,943.53	-0.97%	1.18%	30.82%	33.36%
Tunisia	TunIndex	4,571.09	4,567.06	-0.09%	1.59%	-0.28%	-4.12%
Zambia	LUSE All Share	4,712.82	4,661.15	-1.10%	9.69%	25.12%	32.81%
Zimbabwe	Industrial Index	196.02	188.00	-4.09%	-4.09%	23.36%	23.36%
	Mining Index	57.94	48.10	-16.98%	-16.98%	-26.14%	-26.14%

CURRENCIES

	9-Aug-13	16-Aug-13	WTD %	YTD %
Cur-rency	Close	Close	Change	Change
BWP	8.39	8.43	0.54	10.21
EGP	6.97	6.97	0.03	15.15
GHS	1.87	2.08	0.59	9.24
CFA	491.52	494.36	0.58 -	0.20
KES	85.94	86.08	0.16	0.57
MWK	324.81	316.83 -	2.45 -	1.30
MUR	29.71	29.72	0.05 -	2.71
NAD	9.88	9.96	0.79	17.50
NGN	157.60	160.48	1.83	2.81
SZL	9.88	160.48	0.79	17.75
TZS	1,578.62	1,577.93 -	0.04	0.19
TND	1.64	1.65	0.73	6.52
ZMW	5.42	5.39 -	0.47	4.00

SECURITIES AFRICA

Botswana

Corporate News

No Corporate News This Week

Economic News

No Economic News This Week

WEEKLY AFRICAN FOOTPRINT

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Egypt

Corporate News

Telecom Egypt said on Wednesday its consolidated net profit in the second quarter climbed 45.5 percent, boosted by a 16.1 percent growth in revenues compared to the same period of last year. Net profit stood at 896 million Egyptian pounds in the three months ending June 30, outstripping analyst estimates, compared to 616 million pounds a year earlier. Consolidated revenue was 2.77 billion Egyptian pounds, up 16 percent from a year earlier. *(Reuters)*

Egypt's biggest listed vehicle assembler and distributor GB Auto said on Tuesday its second quarter net income was nearly wiped out by the pound's decline and warned about the impact on full year results of political and economic turmoil. Egypt's sole dealer of Hyundai and Mazda passenger cars said net income tumbled by nearly 73 percent to 16.1 million Egyptian pounds, while sales revenue shrank by 0.5 percent to 2.17 billion pounds compared with the second quarter of 2012. The Egyptian pound has dropped more than 10 percent against the dollar since the beginning of the year. "I believe we have absorbed 90 percent of the impact of devaluation to-date of the Egyptian pound on our business, and we have taken almost all of this blow in the second quarter," chief executive Raouf Ghabbour said in a statement. "Challenges in the second quarter lead us to be cautious in our outlook for the remainder of the year as we consider the potential for continued domestic political unrest and economic turmoil in Egypt," he said. Supporters and opponents of ousted President Mohamed Mursi battled in the streets of central Cairo on Tuesday, as Egypt remained dangerously split six weeks after the army overthrew him in response to mass unrest against his rule. *(Reuters)*

Economic News

Egypt's smaller companies have struggled since the uprising that pushed aside Hosni Mubarak in 2011. But in a few corners of the economy, businesses are doing just fine. Against a background of unrest, access to credit and foreign currency has dried up. Government officials have stopped taking decisions and security has all but disappeared from the streets. Factories and workshops have been hit by interruptions in subsidised diesel and gasoline and by regular power outages as the government runs low on the dollars it needs to import petroleum products from abroad. Angry workers routinely shut down plants and block ports. Gross domestic product grew at an annualised rate of just 2.3 percent in the nine months to end-March, well below the 6 percent a year thought necessary to absorb new entrants to the labour force. But for many in the food production, building supply and other businesses, even though the economy may have slowed, people keep demanding services. "Last year we had in sales volume terms and in value terms our best-ever year in the Egyptian market, and this year will be even better," said Taher Gargour, managing director of sanitary ware and tile-maker Lecico Egypt. "We're selling more at higher prices than we've done in any year, even the best years of the Mubarak economy when overall GDP growth was at its peak." At a time when mainstream contractors were suffering for lack of business, Lecico has been supplying toilets and tiles to small and individual builders who were taking advantage of a breakdown in government zoning rules. Across the country, skylines have turned brick-red as people add illegal floors and build concrete and fired-brick buildings on agricultural and other restricted land. The building boom has also been driven by Egypt's bulge of young adults at marriage age seeking a place to live. "The other story is that given uncertainties about the economy and the strength of the Egyptian pound, people are moving to real estate as a sort of safe haven investment," Gargour said. Lecico's net profit jumped 28 percent year-on-year to 16.3 million Egyptian pounds in the first quarter of 2013, while revenue climbed 15 percent to 331.9 million pounds.

Hussien Mansour, chief executive of Aller Aqua Egypt, a maker of extruded feed pellets for fish farms, says the business environment has become insufferable. "Egypt's currency problem makes it harder to import," Mansour said. "The diesel shortage is hurting production. Wages are rising and security on roads has become a problem." As the government borrows to finance a steadily growing budget deficit, private borrowers are being crowded out. Banks are giving fewer loans, demanding more rigorous guarantees and setting more conditions. They now typically charge 18 percent interest on loans, plus administrative costs and fees, Mansour said. The lack of access to credit means businesses have to prepay with cash, which ties up capital and is painful for companies whose products have an expiry date. "The collection time that used to take a week can now take two months. This is affecting very big companies as well as small companies," he said. Yet this hasn't stopped Aller Aqua, an Egyptian-Danish partnership, from taking advantage of the economic downturn to build a new factory in Sixth of October City west of Cairo. "Lots of contractors are suffering because the market is bad. Many have suspended operations," Mansour said. Egypt is a world leader in tilapia farming, mostly on the Nile Delta, where fish are typically reared in flooded rice fields. Aller Aqua's 40 permanent staff and 40 temporary workers use imported soy, corn, fish meal and other raw materials to produce 20 percent of the country's extruded fish feed. The factory will triple the company's capacity, making it the biggest extruded feed maker in Egypt's rapidly growing market, Mansour said.

Hammam Elabd, chief executive of Western Mechatronics, a maker of industrial scales, conveyor belts and other factory products, also says credit has been a concern. Before the 2011 uprising, smaller companies were rarely asked to provide letters of guarantee when buying goods on instalment, but now it is standard. And before, the bank would typically demand a down payment of 30 to 40 percent. Now they are asking for 100 percent, Elabd said. "The impact has been tremendous. Sales have gone down, expenses have gone up, and financing of the basic things that you buy and sell has been a problem," he said. This has cut into Elabd's sales, but he has found an alternative to the home market. "If not for our contracts outside Egypt it would have been worse," said Elabd, who said he had turned in particular to the market in Libya. The foreign sales have helped Elabd skirt the problem of foreign currency for imports that has hurt many other companies. The government tightened access to foreign currency after a run on the pound in December, with priority given to importers of commodities defined as essential, such as basic foods. But even importers of these commodities who were eligible for currency at the official rate have had to buy some of their currency on the black market, said Mansour of Aqua Aller. Even then banks keep demanding new documents. "Companies must provide customs documents to banks. Companies are allowed to withdraw a maximum $30,000 a day, so it can take two weeks or more to complete a sizeable import purchase," Mansour said. "We have problems convincing foreign investors to work with us or to finance what we import from them or to allow us to pay later in instalments - they all demand up-front payments for anything they would export here," Elabd said. *(Reuters)*

Egypt's stock exchange and banks will not open on Thursday following violence sweeping the country, a bourse statement and an official at the central bank said. "The (central) bank decided to close the banks in Egypt tomorrow," an official who declined to be named told Reuters on the phone. The stock exchange will resume trading next week, the exchange said. Egyptian security forces killed at least 29 people on Wednesday when they moved in to clear a camp of protesters demanding the reinstatement of deposed President Mohamed Mursi, in a dramatic dawn swoop aimed at ending a six-week standoff in Cairo. *(Reuters)*

Brent oil prices climbed above $111 per barrel to a four-month high on Thursday on fears violence in Egypt could affect the Suez Canal or spread in the Middle East, where supplies are already disrupted. Egypt's government declared a state of emergency on Wednesday following deadly clashes between riot police and supporters of ousted President Mohamed Mursi. But a Muslim Brotherhood statement vowing to bring down "Egypt's military coup" suggested that the standoff was unlikely to be resolved soon. "Egypt may not be a major oil producer, but the Suez Canal is an important gateway, not just for oil flows but also for commodities. If there is any disruption or if the violence results in the shutting down of the canal, the impact will be quite severe," said Carl Larry, president of Houston-based consultancy Oil Outlook and Opinions. In Libya, the deputy oil minister said output had fallen to 600,000 barrels a day due to field problems. The Ras Lanuf terminal remained shut after the state-run oil company had said it could not guarantee crude deliveries in September because of labour unrest at export terminals. In Iraq, maintenance at its southern oil export hub is expected to slash supplies by 500,000 barrels per day in September. "If the demand outlook is positive, then obviously any threat to supply or actual disruptions are going to give oil prices a big upside," Larry said, adding that recent economic data had increased the prospects for stronger oil demand in the United States, China and Europe. Data on Wednesday showed the economies of Germany and France grew more quickly than expected in the second quarter, pulling the euro zone out of an 18-month recession. U.S. crude inventories fell 2.8 million barrels, with stocks at Cushing, Oklahoma dropping for a sixth straight week to hit their lowest level since March, 2012. *(Reuters)*

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Ghana

Corporate News

SIC Insurance Company Limited posted a solid performance for 2012, with GH¢98.9 million as gross earned premium income indicating a growth of 24 per cent compared to the performance of GH¢79.6 million in 2011. The company's net earned premium income after reinsurances grew by 24 per cent from GH¢61.6 million in 2011 to GH¢76.3 million in the 2012. The Chairman of the Board of Directors of SIC, Mr Max Cobbina, disclosed this at its 6th annual general meeting (AGM) in Accra. He said the board had since its inception in 2009, been monitoring movement in the premium debtors accounts of the company that grew from GH¢33.2 million in 2009 to GH¢37.9 million in 2010 and to GH¢39.4 million in 2011. "In 2012, the board critically analysed the age profile of the company's premium debtors stock of GH¢39.4 million indicated in the 2011 audited report and financial statement, and decided to write off GH¢19.7 million, a decision which was taken in consultation with the National Insurance Commission (NIC) in line with their new credit guideline that requires insurance companies to write off all outstanding premium that has been in existence for more than a year" he said. Stressing that "notwithstanding these challenges coupled with the fact that the insurance industry remained competitive in 2012; the company could have still made a profit before tax of GH¢12.1 million as against GH¢7.3 million made in 2011, if not for the huge debt write off of GH¢19.7 million in 2012. This brought a loss of GH¢7.5 million in 2012. Other board members of SIC who were present at the meeting which was held at the Ghana College of Physicians and Surgeons in Accra included, Dr Vitus Anaab-Bisi, Mr Kofi Amoah, Mrs Yvonne Osei Tutu, Mr Kingsley Awuah-Darko, Dr Sydney Yayah Laryea, Mr Ato Pobee Ampiah, Mr Justice Benjamin O. Tetteh and Mrs Doris Awo Nkani, the Managing Director. Mr Cobbina announced the progress of the subsidiarisation of the company's Bob Freeman Clinic, the construction of a modern hospital expected to be completed by the first quarter of 2014, and the Estate and Mortgages Department which is also on-going, and expected to be completed by the third quarter of 2014. He expressed optimism on behalf of the board and management that the company's prospects in 2013 were bright and that they would work hard to ensure a better performance of the company in the future. *(Ghana Web)*

Economic News

The government spent GH¢4.6 billion, representing 70 per cent of the country's tax revenue of GH¢6.7 billion, as compensation payment to public servants from January to June, this year. The compensation payment covers salaries, allowances and other benefits. Wages and salaries alone accounted for GH¢4.3 billion or 64.2 per cent of the tax revenue and 92 per cent of non-earmarked tax revenue of GH¢4.69 billion. If the trend does not change, Ghana will be heading to the point where its revenue from taxes will not be enough to cover compensation. The Minister of Finance and Economic Planning (MoFEP), Mr Seth Terkper, disclosed this when he took his turn to present the fiscal imbalances in the economy, partly caused by the rising wage bill, to labour unions, government agencies and other social groups at the just-ended two-day presidential stakeholders' forum. The forum was facilitated by the Ministry of Employment and Labour Relations (MELR) and was attended by organised labour, employers, the National Labour Commission (NLC) and the Fair Wages and Salaries Commission (FWSC). Sharing further implications of the trend, he said the payments had resulted in a drastic crowding out of expenditure on goods and services, as well as assets or capital, resulting in budget shortfalls of 51 per cent for expenditure on goods and services and 13 per cent for capital expenditure against targets. "Also, investment in social goods has been affected. The increasing wage bill also has effect on the private sector. With public sector workers currently earning more than their counterparts in the private sector, the higher wages in the public sector are likely to build up private sector wages and squeeze private sector profits, leading to lower levels of investment, lower labour productivity and lower job creation in the sector," the minister said. He also explained that the trend might consign most employment avenues to the private informal sector. In a comparison of the country's wage bill to GDP ratio to those of other countries in the sub-region, the minister showed how Ghana's ratio was far above those of its peers and the threshold for the ECOWAS convergence criteria. For instance, Ghana was way above the wage bill to tax revenue ratio threshold of 35 per cent as a secondary convergence criterion for the ECOWAS, he said. Making proposals on the way forward, Mr Terkper said compensation, that is, salaries, allowances and other benefits of public sector workers, had to be subjected to budgetary constraints. He also asked that increases in allowances be fixed and not be ad valorem, while annual salary adjustments should take effect from the month in which approval was given for the adjustment. Further proposals made by him were that there should be effective linkage of public sector pay to productivity, effective audit and internal controls. In line with that, he said, heads of ministries, agencies and departments should be sensitised to their responsibilities on payroll administration, saying that soon, payroll administration would be decentralised and placed under the direct control of agency heads. *(Ghana Web)*

Ghana may return to the foreign bond market in 2013 to raise $200-$250 million to finance operations of its cash-strapped power utilities, Finance Minister Seth Terkper told journalists on Monday. The cocoa, gold and oil exporter already issued a second $750-million Eurobond in July to refinance debts and also fund capital projects. "Ghana will remain in the market as part of our strategy to raise funds to support capital projects and one such area is the power sector. We are looking at a smaller amount of $200 to 250 million to support our power utilities," Terkper said. "We are now repackaging our bond issuance calendar to include the foreign bond, and it is possible we may go back to the market later this year," he added. Apart from last month's Eurobond, the government plans to issue its first 100 million cedi 7-year domestic bond on August 22. Ghana already issued three 400 million cedi 3-year bonds between January and June this year to roll-over maturing debts. Terkper said the key objective for the bonds is to reduce the country's debt profile which is around 50 percent of Gross Domestic Product. "Overall, our focus is to accelerate growth by using the funds to support our infrastructure needs including self-financing projects that will drive us into our prosperity," he said. *(Reuters)*

Inflation in Ghana, West Africa's second-biggest economy, accelerated for a sixth month in July as the local currency weakened against the dollar, driving up costs in the import-dependent country. The rate rose 11.8 percent, compared with a revised June figure of 11.6 percent, Philomena Nyarko, an official with Ghana Statistical Service, told reporters in capital, Accra. On a monthly basis, prices increased 1.3 percent, she said. The currency of the world's second-biggest cocoa producer slumped 1.7 percent against the dollar in July, the worst among 24 African currencies tracked by Bloomberg after the Kenyan shilling. The cedi traded little changed from yesterday's close at 2.0950 per dollar by 11:10 a.m. "The exchange rate affected costs, especially imported foods," Nyarko said. Inflation was also pushed higher by prices for clothing, transportation and furnishings, she said. The Bank of Ghana held its key lending rate at a 3 1/2 year high of 16 percent on July 31 to help halt the slide in the cedi. Proceeds from loans for cocoa purchases and a sale of Eurobonds last month are set to boost foreign-currency reserves and support the currency, Governor Kofi Wampah said. *(Bloomberg)*

New banks entering Ghana's banking industry will be required to have a minimum capital of GHC120 million Cedis. The Bank of Ghana has reviewed upwards the minimum capital required for commercial banks to operate in the country to GHC120 million from the 60 million cedis it set previously. There were earlier reports that the Bank of Ghana had increased the figure to GHC100 million cedis but it appears it rather settled on GHC120 million cedis. The bank has also reviewed upwards new capital for other financial institutions. Savings and Loans companies will now be required to have GHC15 million Cedis as their new minimum capital from the GHC7 million required earlier. That of Rural and Community banks have also been increased to GHC300, 000 from GHC150, 000. First Deputy governor of the Bank of Ghana Millison Narh made the announcement at the 32nd Annual General Meeting (AGM) of the Ghana Association of Bankers. Meanwhile the association at the end of the AGM elected the MD of Ghana Commercial Bank (GCB) Simon Dornoo as its new president.
He replaces Asare Akuffo who is the Managing Director of HFC bank. *(Ghana Web)*

The country's textile industry is under threat of collapse due to smuggling activities within the industry. "If this menace is left unchecked, it may lead to the imminent collapse of the four remaining textile manufacturing companies that had survived the activities of these smugglers." Nana Akrasi Sarpong, Head of Public Relations, Ministry of Trade and Industry, said this when 450 pieces of pirated Ghanaian textile prints, were destroyed at the Kpone land fill site on Wednesday. He said Ghana would abide by the conventions of the World Trade Organization, which relate to the protection of Intellectual Property Rights. "We need to save the textile industry in the country. We would continue with the exercise until the wrong-doers are completely discouraged," he said. Following a petition by the textile Garment and Leather Employees Union, a joint Task Force was established and mandated to seize and destroy all pirated textiles in August, 2010. In June, 2013, a re-constituted Task Force was established by the Ministry. Nana Sarpong said the work of the Task Force, had significantly minimized the activities of smugglers within the industry. *(Ghana Web)*

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TRADING

Kenya

Corporate News

Kenya Airways chief executive Titus Naikuni said the airline has so far lost about $4 million in revenue as a result of last week's fire at Jomo Kenyatta International Airport (JKIA) in Nairobi, local media reported on Monday. The blaze in the early hours of Wednesday morning destroyed the international arrivals building, forcing east Africa's fourth-busiest airport to close temporarily. Five days after the fire passengers are still facing long delays and cancellations. "We have lost revenues of about $4 million," Naikuni told journalists at JKIA on Sunday, according to local media reports. Naikuni was touring tents that have been erected as a makeshift terminal outside the airport in Kenya's capital. He said that Kenya Airways handled 9,600 passengers on Saturday at JKIA, slightly short of the 11,000 travellers the airline usually ferries through Nairobi's main airport each day. "The incident also left us with a huge pile-up, but we are catching up because we are at about 90 percent of our normal flights," Naikuni added. *(Reuters)*

Kenya's Diamond Trust Bank increased first-half pretax profit by 22.3 percent year on year, helped by growth in net interest income, the lender said on Monday. Banks in east Africa's biggest economy have reported higher earnings so far in 2013, buoyed by higher lending on the back of robust economic growth. Pretax profit for the first six months of the year rose to 3.5 billion Kenyan shillings from 2.86 billion shillings last year. Diamond Trust Bank said that net interest income for the period rose 17.2 percent to 5.08 billion shillings. Earnings per share climbed to 12.12 shillings from 9.26 shillings in the same period last year. The bank, which focuses on services to small and medium-sized businesses, also offers retail banking services in Burundi, Kenya, Tanzania and Uganda. *(Reuters)*

TPS Eastern Africa, the operator of the Serena chain of hotels and luxury lodges, said it expects "satisfactory results" this year after bookings picked up following a peaceful election in Kenya in March. The company on Monday posted a 20.56 percent jump in pretax profit for the first six months to 205.1 million shillings. Its earnings have been curbed in recent years by political anxiety and insecurity due to neighbouring Somalia. Foreigners stayed away from Kenya before and after the polls, fearing violence after the previous presidential election ended in a dispute and a bloody post-election crisis. "The business outlook for the peak season (July-October) is at healthy levels... the company will record satisfactory results at the end of the year," TPS said in a statement. Tourism is a key source of hard currency for the east African nation of 40 million people. *(Reuters)*

Kenya Power Ltd., the East African nation's sole electricity distributor, temporarily reversed an increase in connection charges after the government agreed to subsidize the cost, Acting Managing Director Ben Chumo said. The utility cut prices for industrial customers to 45,000 shillings ($514) from 71,000 shillings and smaller-power users to 35,000 shillings from 60,000 shillings for a period of at least three months, Chumo told reporters today in Nairobi. Kenya Power raised charges to join the electricity grid in January due to the rising cost of purchasing equipment including transformers, cables and wooden poles as well as higher transportation and labor expenses, Chumo said. The cabinet ordered Kenya Power to lower connection charges yesterday to help cushion consumers, according to a statement from the Nairobi-based office of the presidency. The government has pledged 2.7 billion shillings to help Kenya Power add 100,000 new customers over three months, Chumo said. The utility currently has 2.2 million customers in a country with a population of 43 million and gross domestic product of $37.2 billion, according to World Bank data. The state-controlled company is seeking to more than double electricity tariffs for home users and charge commercial clients 68 percent more, in a proposal submitted to the Energy Regulatory Commission in February. Its shares have fallen 18 percent this year, compared with a 31 percent gain in the FTSE NSE 25 Share Index. *(Bloomberg)*

Airtel Kenya has reduced its charges, ensuring that its subscribers call across networks at Sh2. This signals a new price war in the mobile communications sector. Currently, Safaricom, the largest mobile operator, and Telkom Kenya charge Sh4 per minute for all across network calls. Essar-owned yuMobile charges Sh3. To benefit from the reduced cost, Airtel's subscribers will however need to transact at least Sh100 on the company's mobile money platform, Airtel Money. Each transaction grants a subscriber seven days stay on the offer.
"This is a long term strategy. We may not make profits now because we are still growing in numbers but in a few years the rewards of this

move will be seen," Airtel Kenya commercial director Neil Suares said yesterday during the launch. The move follows a decision by the Communications Commission of Kenya to cut the mobile termination rate – what mobile companies charge each other to terminate calls on each other's network – by 20 per cent last month. But the decision to cut calling rates could further worsen Airtel's fortunes as it fights to move out of the loss-making territory 13 years since its entry into Kenya. Airtel and yuMobile have said reduction in termination rate would allow consumers to enjoy more affordable calling rates, thus increasing penetration of mobile services. However, it remains to be seen whether Airtel Kenya's price reduction will subsequently trigger a rise in the number of subscribers on its network. CCK in the latest statistics reported a 2.9 per cent decline in national mobile subscription, with a reduction recorded across three mobile operators, namely Safaricom, Airtel Networks and Telkom Kenya. "Despite promotions and special rates by operators during the period, the mobile subscribers appear not to have been keen to take advantage of the offers," the regulator said. In 2010, Airtel launched a vicious price war after the MTR was cut by half leading to the slashing of calling rates from an average of Sh8 per minute to about Sh3. *(Daily Nation)*

Economic News

Commercial banks plan to intensify credit recovery to reduce bad debts and improve their loan books, according to a report. In the survey by the Central Bank of Kenya (CBK), the banks said although none of them tightened their credit standards from January to June, debt recovery is one of their priorities in the next half of the year. "Over 76 per cent of the respondents noted that they had focused their recovery lens on personal or household loans while 56 per cent had trained their eyes on the trade sectors," said the CBK in a credit survey report. Nonetheless, for the quarter ending 30th September 2013, the banks expect the non-performing loans to generally decrease in sectors such as agriculture, building and construction, tourism as well as restaurant and hotel industry. Personal or household loans, the agricultural sector as well as mining and quarrying industries registered a slight decline in bad loans. Trade, real estate, financial services and manufacturing registered a rise in bad loans during the first half of 2013. The Central Bank said eight out of 11 sectors in the economy registered an increase in non-performing loans by Sh7 billion in the period March to June. Bank loans become classified as non-performing if they are not serviced for more than three months. Barclays Bank of Kenya chief financial officer Yusuf Omari has said that most of the loans are emanating from aggressive lending that banks undertook in the financial year 2011/12. "The pressure is now coming on this financial year owing to the fact that the economic conditions have not been that favourable," said Mr Omari. The period under review saw the sector's gross loans and advances increase by 3.6 per cent to Sh1.45 trillion in June from Sh1.40 trillion in March. *(Daily Nation)*

The Kenyan shilling held steady on Monday, supported by rising government debt yields which could help the local currency firm later in the week. Commercial banks quoted the shilling at 87.35/55 per dollar at 0814 GMT, unchanged from Thursday's close of 87.30/50. Kenyan markets were closed on Friday for a national holiday. The weighted average yield on Kenya's 182- and 364-day Treasury bills rose for the seventh straight week at auction on Wednesday, while the 91-day T-bill jumped to 10.406 percent on Thursday from 8.754 percent at previous sale. "With the T-bill rates shooting up, that could become supportive for the shilling going forward," said Duncan Kinuthia, head of trading at Commercial Bank of Africa. The shilling, which has fallen about 1.5 percent this year, has been stuck in a range of 87.25-87.55 for two weeks, largely due to tight liquidity in the money markets. *(Reuters)*

The Kenyan shilling was steady early on Tuesday, with traders keeping an eye out for further action from the central bank after it injected liquidity in the previous session for the first time in nearly two years, weakening the local currency. The bank on Monday injected 12.9 billion shillings into the money market using reverse repurchase agreements (repos), at a weighted average rate of 8.921 percent. It had sought to inject 18 billion shillings. The shilling stood at 87.60/70 per dollar by 0717 GMT, barely changed from Monday's close of 87.55/75. "Most people are waiting to see if there is a repeat of what the central bank did yesterday," said Peter Mutuku, head of trading at Bank of Africa. Typically, when the central bank releases shillings into the market it makes it cheaper to hold long dollar positions weighing on the local currency. In its latest weekly bulletin, the central bank said that shilling liquidity had been tight as the regulator was holding vast government funds which will go towards payments after the start of a new financial year in July. The reverse repos weakened the shilling out of a tight range of 87.25-87.55 it was stuck in for nearly two weeks, underpinned by rising interest rates in the money market and short term debt yields. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

An insurance firm has entered into a partnership with Uchumi Supermarkets to give Kenyans easier access to insurance products. In the deal, customers will be able to buy insurance covers of upto Sh500 monthly from UAP Insurance in form of scratch cards from Uchumi's outlets. The 'Do It Yourself Insurance (DITY)' policy will reduce the need to visit insurance offices or contact agents to get a cover. "This will give those who do not have cover an opportunity to be insured. We are targeting the large community that uses supermarkets," UAP managing director James Wambugu said at the launch. Mr Wambugu said the initiative is expected to increase the number of insured population in the country, and hence increase the firm's market share. The insurance policy will mainly touch on personal accident. For example, a consumer in need of a monthly cover of Sh200 will purchase a Sh250 card, and after scratching it, he or she sends the displayed policy number to the SMS line 20875. The cover will be activated in 24 hours. UAP is targeting a million customers in one year through the initiative. Uchumi has an annual customer base of 27 million. The insurer used the opportunity to roll out an online application for individual medical insurance. The AfyaImara app, available on the Android platform, can be accessed through the USSD code *827#. It can also be downloaded as a mobile app and as a web application for personal computers. *(Daily Nation)*

Kenya's energy regulator raised on Wednesday the maximum retail prices for petrol, diesel and kerosene due to rising global oil prices and a depreciating local currency. The higher prices are likely to add upward pressure to the east African economy's inflation rate, as they have a big impact on its calculation. Inflation rose to 6.02 percent in the year to July from 4.91 percent a month earlier. The Energy Regulatory Commission (ERC) revises domestic energy prices every month, with adjustments made depending on fluctuations in international energy prices and the foreign exchange rate. ERC said it had raised the maximum price of a litre of super petrol in Nairobi by 2.74 shillings to 112.26 shillings, that of diesel by 1.58 shillings to 104.44 shillings and that of kerosene by 4.44 shillings to 83.93 shillings. The economy relies heavily on diesel for transport, power production and agriculture. Kerosene is used in many households for lighting and cooking. Kenyans have paid up to 120 shillings previously for super petrol without any social unrest. ERC said the import costs for super petrol, diesel and kerosene all rose in July, while the shilling's exchange rate depreciated 1.5 percent to 86.96 per dollar from June. The new prices will take effect on August 15, and will be in force for a month. *(Reuters)*

Kenya has assigned China's Geological Exploration Technology Institute of Jiansu to conduct a joint nationwide aerial survey of the east African nation's mineral deposits, stepping up plans to exploit its mineral resources. The survey is expected to last 24 to 36 months and will establish the country's potential mineral wealth, Mining Secretary Najib Balala said, a week after he increased royalties on minerals and revoked some mining licences. A proper legal framework and aerial surveys are key in making Kenya a mineral hub in the region, Balala said in a statement on Wednesday. Since gaining independence from Britain in 1963, successive Kenyan governments have failed to exploit fully the country's mining potential, with foreign exploration companies discouraged by poor infrastructure and an outdated legal framework. The country also lacks a comprehensive record of its mineral reserves, even though recent exploration has discovered deposits of titanium, gold and coal. Balala said the survey will cover the whole of Kenya and will be financed by the Chinese government at a cost of up to 6 billion shillings. He did not specify when the survey would begin. Though Kenya has proven mineral deposits, its mining sector remains a relatively small contributor to national output. Last week Balala raised royalties on gold, of which Kenya is a relatively small producer, to 5 percent of gross sales value from between 2.5 percent and 3 percent. He also revoked some mining licenses after a review launched in May to help Kenya to claim a bigger share of earnings from the sector. *(Reuters)*

The Kenyan shilling was steady on Thursday as subdued demand for dollars, but traders said the local currency could come under pressure over the next two weeks as importers buy dollars to settle end-of-month payments. The shilling traded at 87.50/70 to the dollar by 0748 GMT, barely changed from Wednesday's close of 87.45/65. Traders said more liquidity in the market after the central bank increased supply on Monday and Tuesday through reverse repurchase agreements may keep weighing on the shilling. Weighted average lending rates on the money market fell for the second day, dropping to 8.5998 percent on Wednesday from 8.8581 percent previously as liquidity eased. Increased shilling supply usually makes it easier for banks to hold long dollar positions, depressing the local currency. "The shilling's staying power will be tested when demand for the dollar returns to the market," said Commercial Bank of Africa in a daily report. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Kenya has signed a memorandum of understanding with China on geological survey. Cabinet Secretary for Mining Najib Balala and Jia Xuetian, president of China's Geological Exploration Technology Institute of Jiansu Province, on Wednesday presided over a signing ceremony in Nairobi. "This memorandum of understanding will result into nationwide remote sensing, airborne geophysical survey and upgrading of geological services in Kenya," said Balala. The project, expected to cost $70 million, will be financed through a grant from the Chinese government. "The main objective of this activity is to undertake multispectral remote sensing, aeromagnetic, and radiometric survey in combination with satellite imagery studies as well as upgrading of geological services in Kenya with a view to determining the mineral potential of the country," said Balala. Kenya has in the recent past discovered a range of mineral resources including oil, gold, and rare earths, but experts say there is much more mineral wealth. Balala said the exploration of minerals in Kenya is hampered by lack of up-to-date and modern data on resource mapping. President Uhuru Kenyatta's government has given mining a major focus. For the first time since independence in 1963, the government formed a stand-alone Ministry of Mining to drive the efforts of making the sector one of the significant contributors to economic growth. Devolution cabinet secretary Anne Waiguru, the Cabinet Secretary for Devolution said the sector has been adopted within Vision 2030.

Kenya has suspended the issuance of sugar import licenses because its local millers are holding unusually high stocks of raw sugar, officials said. The sugar sector in the east African nation of 40 million people has performed below its potential for many years due to relatively high production costs and mismanagement of factories. Kenya's raw sugar stocks climbed to 24,979 tonnes as of August 13, against a required optimal level of 9,000 tonnes, partly due to smuggling, said Felix Koskei, the cabinet secretary for agriculture. "This temporary suspension of import authorisation will allow the market to stabilise," he added in a statement. Koskei said sales of imported sugar in the local market must be backed by original documentation, including tax payment certificates to "eliminate the sale of smuggled or illegally imported sugar in the domestic market". Kenya has an annual sugar deficit of around 200,000 tonnes, which is usually filled by imports from other producers mainly in the Common Market for Eastern and Southern Africa (COMESA). It plans to privatise five sugar factories to cut inefficiency and boost competitiveness ahead of the end of safeguards in March 2014, which limit imports from the COMESA trade bloc. *(Reuters)*

The Kenyan shilling was slightly firmer on Friday as banks sold dollars ahead of the weekend, with traders saying the local currency could come under pressure if tea exports are hurt by civil unrest in Egypt. By 0743 GMT, commercial banks quoted the shilling at 87.40/60 per dollar, stronger than Thursday's close of 87.50/60. The currency recovered from a slide earlier in the week after the central bank boosted supply via reverse repurchase agreements on Monday and Tuesday. "The shilling has gained because the central bank has not been coming in to inject liquidity with repos," said Wilson Mutai, a trader at Gulf Bank. "But given the scenario in Egypt and it being the main importer of Kenyan tea, the shilling (could) ...weaken in coming days." Tea is the east African country's biggest foreign exchange earner. Traders said the shilling could also come under pressure over the next two weeks as importers buy dollars to settle end-of-month payments. *(Reuters)*

Malawi

Corporate News

No Corporate News this week

Economic News

No Economic News this week

Mauritius

Corporate News

No Corporate News this week

Economic News

The sale of land helped Mauritius' leading sugar producer, Omnicane, cut its pretax losses in the first half of 2013, the company said on Wednesday. Omnicane, which operates a "flexi factory" producing sugar and electricity, posted a pretax loss of 54.03 million rupees from a loss of 129.4 million a year earlier. The company earned 68 million rupees from the land sale. "The sugar crop is progressing well but the cane yield is lower than expected at the start of the year," Omnicane said in a statement. "Despite this ... sugar production is estimated to be 8 percent higher than in 2012." The company, whose share price closed unchanged at 79.50 rupees, burns bagasse, a waste product from the milling of sugar, to generate power which it sells to the national grid. It said losses per share narrowed to 1.40 rupees from 2.65 rupees a year earlier. *(Reuters)*

Nigeria

Corporate News

PRESIDENT of Dangote Group, Aliko Dangote, has said that his foray into petrochemical and agric industrial sub sector was part of his own contribution to reduce unemployment in the country, saying if more Nigerians are economically empowered through gainful employment, the poverty would have been reduced to a minimal level. Dangote who has ventured into the construction of refinery and establishment of fertilizer plants in parts of the country, said at the weekend that the task of reinvigorating the nation' s economy rests more on the shoulders of the private sector and urged other investors to lend government a helping hand in this direction. According to him, the task of government is more of providing the enabling environment for the private sector to thrive through the right policies and infrastructural provisions. He stated that he was optimistic that the present federal government was already focusing on those issues that would help the private sector perform optimally as enshrined in the transformation agenda of president Goodluck Jonathan. Addressing members of a business group who paid him a visit in his office at the weekend, Dangote said no government anywhere has ever succeeded without the input of the private sector. He then commended the federal government by listening to the private sector and intervening in the critical areas of attention such as the backward integration policy which started with the cement sector but now being extended to agriculture as found in the ingredient substitution in the making of bread, sugar and in some other subsector of the economy. Dangote still urged the government not to relent in helping the organised private sector by intervening in other areas of their operations in which the inclement climate under which they operate has hampered them from attaining installed capacities. "Good enough, Dangote said, Nigeria has the resources and the market for any company to survive, only in few other areas government should intensify efforts to ensure to make the sector attractive to investors. "I have always said it that Nigeria is a good place to invest. We have all in abundance. God has bless this country, what we have naturally in abundance is what other countries are looking for to buy", he stated. Dangote said he is very optimistic of Nigerians economic revival through the private sector noting that the current challenges facing the country will soon be a thing of the past. He appealed to Nigerians to contribute their own quota by always doing what is right and adequately paying their taxes as part of their own contribution to the growth and development of the country, while urging the citizenry not to be discouraged by various challenges facing the nation stating that, they are necessary steps needed for the nation to rank among the best industrially in years to come. Dangote Group, he promised, will invest more in Nigeria, create more jobs as he has an unwavering faith in the nation's economy, pointing out that all his investments would be tailored towards job creation for gainful employment so as to alleviate poverty among the people. The President of the pan African conglomerate, who is a member of the National Economic Management Team stated that what Nigerians need most presently is economic empowerment and that it is only a working population that can add value to the nation's economy. *(Guardian)*

Oando Marketing Plc, a subsidiary of Oando Group, is repositioning its fuel retailing with the construction of mega filling stations across the country. The petroleum marking company, last year changed the face of fuel retailing with the building of 10 mega stations in mega cities. The stations built in accordance with global trends in petroleum product retailing are strategically spread across the country. Chief Operating Officer (COO), Oando Marketing, Mrs. Olaposi Williams, said the company plans to roll out 10 mega stations every year in the next five years. She said the mega stations operate with high speed pumps that dispense fuel to customers in about five minutes. According to Williams, the company had about 1,000 petrol stations in the past, but plans to slash the number to only about 500. The stations, she added, would be upgraded to mega stations in line with the company's objective of delivering quality serve to its esteem customers. "What matters is not the number of filling stations, but the quality of service. Our mega stations operate with high speed pumps. With this modern equipment, it takes the customer only about five minutes to fuel his car." She said beyond the regular business of selling petroleum products, the mega stations were designed to serve as one-stop retail outlets adequately equipped to offer motorists a wide range of quality services and convenience. The stations according the COO will provide customers a wide range of product and service offerings. For fuel, customers will be served from any of the high speed fuel dispensing pumps installed at the station.

On how the company plans to check sharp practices that characterise fuel retail business in Nigeria, especially under dispensing of petrol, the COO said the company's retail controllers monitor activities at petrol stations to ascertain the integrity of the pumps and to ensure there is no under dispensing of products. "Our core value in Oando is integrity. It is what sustains our business and brand. We have retail controllers who monitor all our petrol stations. They check the integrity of the pumps and ensure that there is no under dispensing of products. Again, we don't tolerate sharp practices and we stop any dealer caught cheating our customers." Williams stated that the company also has policies that guide all its pumps and any dealer who fails to comply with them is sanctioned. Some of the mega stations owned by the company are located in Marina, Maryland, Lekki, Berger on the Lagos-Ibadan Expressway and Abuja. *(This Day)*

Dangote Sugar Refinery Plc, Nigeria's biggest producer of the sweetener, plans to almost double refining capacity to 2.75 million metric tonnes by 2017 as it expands its Lagos plant, its Chief Executive Officer, Abdullahi Sule, has said. "We are increasing capacity to enter more African countries beginning with Mali, Gambia, Burkina Faso and Togo this year and Liberia, Senegal and Mauritania in 2014," Bloomberg quoted Sule to have said during an investors' conference call from Lagos. Dangote Sugar, which has a 70 per cent share of the Nigerian market plans to increase crop production to 250,000 tonnes a year by 2017 and achieve 1 million tonnes output by 2020 as it acquires sugar plantations across Nigeria, he added. The Nigerian government had removed duties on imported machinery and spare parts for sugar processing companies from this year. It also granted a five-year tax exemption for "sugarcane to sugar" investors and imposed import duties of 60 percent on raw sugar, and 80 percent on refined sugar. Dangote Sugar shares fell 3.1 percent to N11.04 at the close in Lagos. *(This Day)*

In line with the Central Bank of Nigeria's (CBN's) directives which requires banks to divert from their non-core banking businesses, Securities (Registrars) Limited (CSRL), a subsidiary of First City Monument Bank (FCMB) Plc has now been wholly acquired by CardinalStone Partners Limited (CSP). The acquisition was concluded at the end of a competitive bidding exercise that involved CSP and six other bidders. In a statement yesterday, the Group Managing Director/Chief Executive Officer of FCMB, Mr. Ladi Balogun, explained the selection of CardinalStone as a buyer of the registrar firm followed a competitive exercise that sought to secure the interests of FCMB shareholders by getting a fair and competitive price for the company. He also described the CSP as a credible firm with high capacity and governance standards that would give CSRL's clients, the necessary comfort. Balogun added: "The sale, as in the case of all six divestments done so far was arm's length and conducted to the highest professional standards," expressing his confidence that CardinalStone had everything it takes to continue the 36 year unblemished track record of CSRL. Furthermore, he assured clients of the company the firm, under the new owners, would continue to enjoy the bank's support and patronage considering its pedigree and achievements. On his part, the Chief Executive Officer of CSP, Mr. Femi Ogunjimi, expressed delight at his company's acquisition of CSRL. He stated the development, "will further position us as a trusted financial advisor and principal of choice to our clients in their investments and businesses." The CSP is retaining the CSRL team led by Mrs. Motunde Dada as its managing director and chief executive officer, given their proven track record and to ensure seamless transition of ownership. *(This Day)*

Redstar Express Plc Tuesday announced its audited results for the year ended March 31, declaring a dividend of N182 million. The dividend, which translates to 32 kobo per share, is 6.6 per cent higher than the 30 kobo paid the previous year. However, the company's profit witnessed a marginal decline from N304.792 million to N304.525 million in 2013. An analysis of the performance showed that Redstar Express posted revenue of N5.294 billion in 2013, up from N5.029 billion in 2012. Profit before tax fell by 12 per cent from N617.934 million to N544.91 million. But a reduction of 23 per cent in tax reduced the decline in profit after tax. As a result, the company ended the year with a profit after tax of N304.525 million as against N304.792 in 2012. Investors' reactions to the results were negative, leading to a decline in the share price of Redstar Express from N4.80 to N4.70 per share. All the results announced yesterday fell below investors' expectations, a development market operators said, further dampened the already weakened confidence. Consolidated Hallmark Insurance Plc recorded a decline of 41 per cent in profit after tax for the half-year ended June 30, 2013. The firm's profit fell from N185.708 million in 2012 to N109.549 million in 2013. Similarly, Abbey Building Society Plc experienced a depreciation of 68 per cent in profit after tax for the half year to June 30, 2013. The primary mortgage institution recorded a profit after tax of N37.6 million in 2013, down from N121.341 million in the corresponding period of 2012. Market operators said the poor results did not help the negative investments that had enveloped the market since last week, hence the market closed with its fourth consecutive depreciation Tuesday. The Nigerian Stock Exchange (NSE) All-Share Index declined by 0.59 to close at 37,589.60 while market capitalisation shed N71 billion to N11.904 trillion. A total of 38 stocks dipped in value compared with only 19 that appreciated. *(This Day)*

UAC of Nigeria (UAC) Plc, the leading diversified conglomerate with operations in foods, paints, logistics and real estate recorded an impressive performance for the year ended December 31, 2012. The company posted a profit before tax (PBT) of N10.7 billon and profit after tax (PAT) of N7.1 billion. Based on this positive performance, the directors recommended a dividend of 160 kobo and a bonus of one new share for every five share already held for the shareholders. As shareholders continue to savour the double returns on investment, UACN has raised hopes for another bountiful harvest for the current year going by the unaudited half year results of recently released by the company. UACN started through the activities of European traders and commercial activities. And through a series of mergers and acquisitions and restructuring as the various entrepreneurs sought to enthrone profitable and enduring enterprises, the company has evolved into a leading brand and one of the blue-chip stocks in the Nigerian capital market. One of the most significant developments in the company's history was the setting up of the Royal Niger Company, which was chartered between 1672 and 1750 to administer the territory that would later become Nigeria. The United African Company was formed in 1879 from the merger of four companies trading up the River Niger: Alexander Miller Brother & Company, Central African Trading Company Limited; West African Company Limited and James Pinnock. UAC was first incorporated in Lagos, Nigeria under the name Nigerian Motors Ltd on April 22, 1931 as a wholly-owned subsidiary of the United Africa Company Limited (a subsidiary of Unilever), which later became UAC International. The company's name was changed to United Africa Company (Nigeria) Limited in July 1943.

The name was changed to UAC of Nigeria Limited in March, 1973. And in compliance with the Nigerian Enterprises Promotion Act 1972, 40 per cent of the company's share capital was acquired in 1974 by Nigerian citizens and associations and in accordance with the provisions of the Nigerian Enterprises Promotion Act 1977, an additional 20 per cent of the UACN's share capital was publicly offered in 1977, increasing Nigerian equity participation to 60 per cent. The name UAC of Nigeria Plc was adopted in 1991. Following the divestment of 40 per cent interest in the company by Unilever Plc in 1994, the company became a wholly-owned Nigerian company. It transformed from a trading behemoth into a leading manufacturing concern in the 1990s. UACN's vision is to be "number one in our chosen markets, providing exceptional value to our customers" and mission is "to grow our top-line at twice the rate of gross domestic product (GDP) growth in Nigeria at a blended earnings before interest and tax (EBIT) profitability of 15 per cent. UACN is run by a formidable board of directors led by Senator Udoma Udo Udoma, a seasoned commercial lawyer who is the chairman and Mr. Larry Ettah is the group managing director/chief executive officer. Mr. J.I Dada and Abdul Bello are executive directors while Mrs. A. Ajumogobia, Mallam Suleyman Ndanusa and Okechukwu Enelamah are non-executive directors. The company operates through divisions which it came up with after embarking on a series of business restructuring with a thorough portfolio review and switch of focus to value-adding operations. The divisions are: UAC Restaurants, UAC Foods, UACN Property Development Company and Chemical and Allied Products (CAP Plc) and GM Motors. UAC Restaurants, manages the Quick Service Restaurant (QSR) arm of the business. UAC Foods Limited (UFL) is a joint venture business of UAC of Nigeria Plc and Tiger Brands International wherein UACN holds 51 per cent equity stake and Tiger Brands holds 49 per cent with both parties exercising joint management control.

UAC Foods Limited is a fusion of UAC Foods and UAC Dairies Divisions of UAC of Nigeria Plc and UACN shares of Spring Waters Nigeria Limited – its wholly-owned subsidiary. UACN Property Development Company Plc (UPDC) is the leader in the height-end segment of the real estate market. UPDC operated as a Division of UACN until 1997 when the business was incorporated as a public limited liability company and listed on the NSE. Its main business is the acquisition, development, sales and management of high quality commercial and residential properties in the luxury, premium and classic segments of the real estate market in selected cities in Nigeria. CAP Plc is the technological licensee of AkzoNobel for Nigeria (ICI was acquired in 2008 by AkzoNobel, the world's largest paint producer). CAP Plc evolved from the world-renowned British national-imperial Chemical Industries Plc (ICI). GM Nigeria Limited (GMNL) is a joint venture between General Motors LLC, United States and UACN in a shareholding ratio of 30:60 per cent, while the remaining 10 per cent is held by staff members and management. The company is engaged in the local assembly of Isuzu commercial vehicles. GMNL is the exclusive national Isuzu distributor in the country responsible for managing a network of dealers, in retailing the vehicles and providing after sales support in a professional manner in line with GM global standards. According to the unaudited results of UACN for the half-year ended June 30, 2013, the company posted a turnover off N37.7 billion, up 24 per cent from N30.5 billion in the corresponding period of 2012. Gross profit stood at N9.6 billion, up 11 per cent N8.6 billion in 2012. PBT rose by 51 per cent from N3.5 billion to N5.2 billion while PAT jumped by 61 per cent from N2.1 billion to N3.4 billion.

A further analysis of the performance showed that gross profit margin stood at 25 per cent compared with 28 per cent in 2012. Operating profit margin improved from 14 per cent to 16 per cent, while annualised earnings per share (EPS) also improved from 124 kobo to 169 kobo in 2012. Annualised Return on Equity (ROE) equally improved from nine per cent to 13 per cent. Commenting on the results, Ettah said: "I am pleased to announce this set of Half-year results which demonstrate the positive trends coming out of our strategy of restructuring the Group into a holding company with empowered and efficient subsidiaries. Building on the momentum of the first quarter of the year, Group revenues are up 24 per cent year on year and we are tackling the margin challenge in some of the industries we operate. "We have announced a series of transactions that advance our strategic agenda. We are on course to conclude the remaining transactions for the year pursue our integration plan for the new acquisitions and work with our strategic partners to strengthen our brands and sustain leading positions in our markets. We aim to translate those leading positions to leading performance and generate competitive returns for our shareholders." A breakdown of the results division by division showed that UAC Foods Limited recorded a PBT of N864 million, down three per cent from N888 million in 2012. Other operational highlights indicated that the division installed new blow mould equipment at SWAN factory. It also installed two additional production lines for Gala, complete facility upgrade in Ojota & Oregun, Lagos; roll out of Funtime Cake with 15 days shelf life. However, security challenges in the North impacted on sales execution of the division. UPDC Plc PBT soared by 129 per cent from N683 million in 2012 to N1.56 billion. The company inaugurated Grandville Estate (Ikeja) and Metro Gardens (Lekki) in Lagos. Also construction work on Festival Mall, Festac commenced.

UPDC REIT listed on the Nigerian Stock Exchange, while sales mix impacting the company's profit favourably. Grand Cereals Limited (animal feed, cereal meal and edible oil) posted a PBT of N753 million, down 40 per cent from N1.26 billion. While the turnover was up 27 per cent, security challenges were a challenge as the North-east market was inaccessible. Also elevated local grain prices impacting margins. However, the company is pursuing procurement savings through offshore sourcing and is also reviewing and restructuring its operations, just as the company is installing a new plant. Livestock Feeds Plc, where the company acquired 51 per cent stake posted a growth of 20 per cent in PBT to N95 million. The operation of the company is being reviewed. MDS Logistics Plc equally recorded a growth of 37 per cent in PBT to N637 million, from N464 million in 2012. During the review period, division commenced business with four new clients. It upgraded its Abuja Pharma warehouse facility while Imperial Logistics of South Africa acquired 49 per cent equity stake in the company. The paint making subsidiary, CAP Plc posted a seven per cent increase in PBT to N910 million in 2012 compared with N849 million in 2012. The firm opened four Dulux colour shops and achieved Nigeria Industrial Standards certification/product revalidation by Standards Organisation of Nigeria (SON). *(This Day)*

FBN Holdings Plc has announced that its commercial banking subsidiary, First Bank of Nigeria Ltd. (FirstBank), has concluded a debt capital raising exercise in the international markets through a US $300 million subordinated Tier 2 transaction. FBN Holdings, which offers a broad range of products and services across commercial banking, investment banking, insurance and microfinance business in seven countries said the proceeds from the capital raising would be used by First Bank for general banking purposes. According to a statement from the bank, the institution has chosen this route to ensure that it remains well capitalised with an improved total capital adequacy ratio (CAR) of 22.5per cent up from 20.1per cent as at the end of March 2013, and supports loan growth over the near term which is in line with FirstBank's capital management strategy. In addition, the transaction further diversifies and extends the maturity of the Bank's foreign currency funding. The Tier 2 capital transaction, the bank explained has a seven-year maturity and is callable on the 5th anniversary of the issuance date, even as the issue carries an initial coupon of 8.250 per cent on the nominal par amount, which resets at the call date to a new fixed rate (no step-up) until maturity. It added that the Tier 2 capital treatment amortises over the last five years prior to maturity. The successful offering was achieved within the context of volatile debt capital markets, especially for emerging market borrowers. This transaction is FirstBank's second Tier 2 capital raise, following on its debut 2007 US $175 Million Tier 2 capital raise which carried a 9.750 per cent coupon rate and which was called by the institution in 2012. 'This makes FirstBank the only Nigerian banking institution to carry out not only one, but two consecutive subordinated Tier 2 capital raising transactions in the international debt markets." FBN Capital, the investment banking and asset management subsidiary of FBN Holdings Plc, served as financial advisers with Citigroup and Goldman Sachs International also acting as advisers and Joint Lead Managers to FirstBank on the transaction.

Meanwhile equity transactions on the floor of the Nigerian Stock Exchange (NSE) yesterday sustained sliding profile, following huge loses recorded by some blue chip companies, resulting to a further slide in market capitalization by N71 billion. Yesterday, UAC Nigeria Plc led the losers table declining by N6.00 to close at N55.00, Nigerian Breweries followed with a loss of N4.31 kobo to close at N169.99 kobo while Guinness Nigeria Plc, Lafarge Wapco and Presco Plc depreciated by N1.79 kobo, N1.50 kobo and N1.00 respectively to close at N248.00, N98.00 and N36.00. On the contrary, Champion Breweries topped gainers chart, improving by N1.61 kobo to close at N17.71 kobo, GTBank Plc trailed with a gain of N0.46 kobo to close at N25.14 kobo while Evans Medical enhanced by N0.42 kobo to close at N25.14 kobo. Other stocks that appreciated in price were UPL and CCNN which gained N0.29 kobo and N0.20 kobo respectively to close at N4.09 kobo and N9.40 kobo. Consequently, the NSE All Share index dropped by 223.83 basis points from 37813.92 points traded on Monday to 37589.59 points while market capitalisation of listed equities depreciated by N71 billion from N11.975 trillion recorded the previous day to N11.904 trillion. The result further indicated that Sterling Bank Plc of the banking subsector was the most active stock during the day, trading 59.616 million shares worth N172.399 million, Zenith Bank followed with account of 43.917 million shares valued at N924.215 million while GTBank exchanged 41.314 million shares worth N1.032 billion. Transnational Corporation of Nigeria (Transcorp) took fourth position, accounting for 34.659 million shares cost N46.520 million and FBN Holdings traded 28.853 million shares worth N482.606 million. On the whole, investors staked N4.786 billion on 378.599 shares exchanged in 5819 deals against 489.393 million shares worth N3.157 billion made the previous day in 5798 deals. *(Guardian)*

Nigeria's Zenith Bank said on Thursday its half-year pretax profit rose 7.4 percent to 52 billion naira, from 48.4 billion naira a year ago. Shares in Zenith, which has gained 8 percent so far this year, inched up 0.1 percent to 21.02 naira at 1051 GMT. Gross earnings at the top-tier lender grew to 171 billion naira during the six months to June 30, up from 151.1 billion naira last year. *(Reuters)*

Economic News

THE Organisation of Petroleum Exporting Countries (OPEC) has put the value of Nigeria's petroleum exports in 2012 at $94.64 billion (N15.1 trillion). OPEC in its Yearly Statistical Bulletin for 2012 released at the weekend put the country's value of export at $142.52 billion and value of import at $35.71 billion. According to OPEC: "Nigeria's natural gas exports increased from 25,941 million standard cubic feet in 2011 to 28,266 million standard cubic in 2012, representing nine per cent increase from the previous year. It disclosed that Nigeria's natural gas gross production increased from 84.004 million standard cubic feet (mscf) in the previous year to 84.845 mscf in the year under review. The country marketed gas production was put at 42.571 mscf; flared 13.182 mscf; re-injected 20.520 mscf and had shrinkage of 8.573 mscf in 2012. The report said that the country produced 1.954 million barrels per day of crude oil in 2012, representing a decrease of one per cent from the 1.974 mpd it recorded in the previous year. Also, in its August monthly report released at the weekend, Africa's oil production is anticipated to increase by 80 tbpd in 2013 to 2.39 mbpd, unchanged from the previous month. It added that despite the steady state, there were minor upward and downward revisions that offset each other." In Africa, oil production from South Sudan and Sudan and Ghana is seen to experience yearly growth while supply from other countries is seen to either remain flat or decline". The report added: "Total OPEC crude oil production averaged 30.31 mbpd in July, was down by 0.10 mbpd from the previous month. Crude oil output from Libya and Iraq fell, while production increased from Saudi Arabia.

According to secondary sources, OPEC crude oil production, not including Iraq, stood at 27.34 mbpd in July, a drop of 0.05 mbpd over the previous month. "Preliminary figures indicate that global oil supply increased by 0.08 mbpd in July to average 89.95 mbpd. Non-OPEC supply saw growth of 0.17 mbpd, while OPEC crude production decreased by 0.10 mbpd. The share of OPEC crude oil in global production remained steady at 33.7 per cent. "The demand for OPEC crude in 2013 is forecast to average 29.9 mbpd, almost unchanged from the previous report and 0.4 mbpd lower than in the year before. In 2014, demand for OPEC crude has experienced a slight change since the previous report to stand at 29.7 mbpd. This represents a decline of 0.3 mbpd compared to the year before. Meanwhile, the International Energy Agency (IEA), trimmed its outlook for oil demand over the next 18 months and highlighted threats to the dominance of OPEC. The IEA said that new data on the difficulty the global economy is having in picking up speed meant that demand for oil would grow by slightly less than it had foreseen in July. The agency said that it was trimming its forecast for growth of global oil demand this year by 30,000 barrels per day to 895,000 barrels per day because the International Monetary Fund had lowered its forecast for growth of the global economy from 3.3 percent to 3.1 percent.

The IEA also reported that output by Iraq fell below three million bpd for the first time for five months and exports were expected to plunge by about 500,000 bpd from September owing to work on infrastructure at southern ports. It also spotlighted violence, unrest or tension in Algeria, Nigeria, Egypt and Syria. The IEA said. "Many commentators are questioning its implications for the future of OPEC. It would have to cut its supplies under pressure from shale oil "unless falling prices curb shale oil production first. But at the moment, Opec's main problem is "in bringing production to market". Opec's production last month "was down 1.1m bpd on the year" mainly owing to "domestic developments in some member countries" "In an effort to reduce oil theft and pipeline damage that has led to an estimated annual loss of 60 kbpd and caused massive environmental problems, Nigeria's largest producer Shell plans to invest $1.5 billion on a new pipeline. "Shell was forced to close the Nembe Creek pipeline for repairs after discovering more than 50 break points along the near 100 km trunkline. In 2010, Shell spent $1.1 billion to replace the Nembe Creek pipeline due to damage. The new pipeline, called the TransNiger Pipeline Loop Line, should help reduce oil spills in the Niger Delta because it will circumvent the Ogoniland region of Nigeria, where a large volume of bunkering and pipeline damage takes place", it added. *(Guardian)*

Nigeria's naira currency weakened on the interbank market on Monday as dollar demand outweighed supply, while lending rates dipped as banks tapped the central bank for cash. The naira closed at 160.65 to the dollar on the interbank market, weaker than the 160.1 to the dollar it closed on Wednesday before a two day Muslim holiday. Overnight and Open Buy Back Interbank lending rates fell to 14 percent, compared with around 19 percent on average on Wednesday, traders said. The cost of borrowing among banks fell because some lenders chose to access the central bank repo window on Monday to obtain short-term funds, the traders said. Strong demand for the greenback from some banks that had sold their position prior to the debiting of banks' accounts for a new cash reserves requirement on Wednesday pushed down the value of the naira. "There was a lot of dollar demand from some banks ... this impacted negatively on the naira value because there was not commensurate supply of dollars," one dealer said. About 1 trillion naira was withdrawn from banks' accounts on Wednesday by the central bank in line with its recent hike on cash reserves requirements for public sector deposits to 50 percent from 12 percent. On the bi-weekly foreign exchange auction, the central bank sold $221.57 million at 155.75 to the dollar, compared with $248.45 million sold at the same rate on Wednesday. "We see the naira depreciating further in the week as demand for the greenback persists," another dealer said. *(Reuters)*

AS part of measures to deepen relations between Nigeria and Japan, the Nigerian Export Promotion Council (NEPC), has concluded plans to partner with the Japan External Trade Organisation (JETRO) to boost exportation of value-added products. Speaking at a workshop for Nigerian exporters in Lagos, Wednesday, the Acting Zonal Coordinator, NEPC, Lagos, Mrs. Evelyn Obidike said the forum was aimed at exposing the latent opportunities in the Japanese markets. According to her, both establishments had perfected arrangements to hold a food and beverages exhibition in March 2014, noting that Nigeria was yet to maximise exports across countries of the globe. Obidike explained that the move was part of the agency's efforts at increasing exportation of value-added products to other climes while boosting earnings from non-oil exports. "The trade exhibition, otherwise known as Food fair is in line with NEPC's objectives of promoting the development and diversification of Nigeria's export trade; assisting in promoting the development of export-oriented industries in Nigeria; provide technical assistance to local exporters in such areas as export procedure and documentation, transportation, financing, marketing techniques, quality control, export packaging, costing and pricing, publicity and in other similar areas", she added. She however enjoined local manufacturers to take advantage of the exhibition to promote made-in-Nigeria products, noting that it would enable them to familiarize themselves with the requirements of the export market. Trade Commissioner, JETRO, Lagos, Taku Hiroki, cited inadequate packaging as one of the barriers to export goods from Nigeria. According to him, effective pricing of export goods would be hinged on the quality of products, packaging, product profiling and stardardisation certification. He added saying: "There are many opportunities for us in Nigeria that our companies might be interested in. In order to harness the opportunities in the Japanese markets, it is important that Nigerian exporters partake in this food fair. "Before starting business, Japanese companies tend to do a thorough research about the profiles of the companies and the products involved. The fair will also give us a good opportunity to enhance interaction between the two parties. It is better to encourage exporters to start with semi-processed raw agricultural products in order to enhance market penetration" On the provision of incentives for exporters, Hiroki said, "Presently, this is the beginning and we have not decided on what to do but with the participation of local companies, we will see what can be done in that area." *(Guardian)*

NIGERIA may be inching closer to a new method of calculating its yearly Gross Domestic Product (GDP), a move aimed at reflecting the realities on ground. The move may have also been strategic given the persistent arguments over reports by international organisations on Nigeria's development efforts, particularly the recent one from the African Development Bank (AfDB). For example, AfDB scored the country's efforts to halving poverty by 2015 as weak, which the Minister of Information, Labaran Maku has faulted on the basis of "outdated data." According to National Bureau of Statistics (NBS), plans are in top gear to release new figures that would help in calculating the Nation's GDP in December, with changes in the way they are calculated. The move, which probably would boost the reported size of its economy, will also ensure that the country updates its GDP base year to 2010, to give a better indication of the size and composition of its economy. Currently, Nigeria's GDP is based on production patterns in 1990. The data, now slated for publication on December 10, 2013, which NBS confirmed yesterday, that it was also considering 2012 as a possible base year, after consulting experts from inside and outside government. But the likelihood that 2010 would be used as the new base year was there, according to Yemi Kale, the Head of NBS. Several attempts have been made before now to schedule the release of the new GDP data, but have all failed. In May, Kale had expressed doubt that the release may not happen until next year, even though the bureaus's website still mentions a target of October 24, this year. Nigeria's economy, the second-largest in sub-Saharan Africa, was estimated at $268.7 billion last year and forecast to expand 7.2 percent this year by the International Monetary Fund. The true size and composition of the economy hasn't been properly reflected in the yearly calculations of the GDP, which do not capture the activities of companies created since 1990, according to Kale. This may be one of the irregularities that casts doubts over the nation's figures, data quality, reliability and outcome of projections made on their bases. According to the AfDB report, "the proportion of people living below the national poverty line has worsened from 65.5 per cent," and this inference was based on data between 1996 and 2010. The questions still remain whether the data for 2010 till date are available, reliable and accessible. Meanwhile, Nigeria's currency sustained its sliding profile Wednesday, as it headed for its weakest level against the dollar since July 23 against rising. The Naira, though retreated 0.2 percent to 160.85 per dollar as of 1:02 p.m. in Lagos, the lowest on a closing basis in more than three weeks, as the central bank's second foreign-exchange auction of the week was sold. The naira weakened 2.9 percent this year, the worst in West Africa after the Ghanaian cedi and Liberian dollar, among 24 of the continent's currencies tracked by Bloomberg. The Central Bank of Nigeria, which will sell dollars to lenders at an auction today to support the local currency, sold $221.6 million on August 12, the lowest since May 15. *(Guardian)*

Analysts at the Financial Derivatives Company (FDC) Limited predicted inflation rate of 8.7 per cent for July. "Our forecast for Nigeria's headline inflation in July indicated a 0.37 per cent increase to 8.77 per cent (±0.22%) from June's 8.4 per cent", they said in the FDC Economic Bulletin for August. This implies that consumers paid more for goods and services in July than in June. In June the inflation rate dropped to 8.4 per cent, from 9.0 per cent in May. FDC analysts however maintained that slow movement in the base period prices and increase in imported inflation due to deprecation of the naira in July, caused inflation to rise slightly during the month. The company anchored its prediction on the outcome of its inflation survey in Lagos, which indicted rise in inflation in the state. The report said, "According to our Lagos urban inflation survey in July, consumers paid slightly higher for some goods and services compared to June. Urban consumer prices increased 0.76% for the second consecutive month in July to 11.57% from June's 10.81% due to increased planting activities and supply shortfalls. The increased prices were mainly on food items while the cost of most non-food items remained flat. "Food prices rose by 0.91% to 13.07% in July from 12.16% in June. Notable changes in the index are evident in the higher prices of guinea corn, yam and cereals. Overall, non-food prices rose by 0.14% to 8.71% from the previous month as the cost of air travel in-creased due to frequent travel in the summer season, and higher priceof some building materials due to increased construction." Further rise inflation as predicted by the FDC would strengthen the argument for maintenance of tight monetary policy by the Central Bank of Nigeria. At the monetary policy committee (MPC) meeting of the apex bank held last month, the CBN further tighten money supply by increasing cash reserve ratio (CRR) on banks' public sector deposit. According to the CBN, though inflation dropped to 8.4 per cent in June, government spending and excess liquidity in the banking system poses major risks to future inflation rate. The CBN said, "Notwithstanding the moderation in headline inflation, there are benign risks on the horizon, including the possibility of accelerated fiscal releases in the later part of the year and the effects of the upward review in electricity tariffs in line with the Multi-Year Tariff Order (MYTO) following the implementation of the full deregulation of the energy sector. *(Vanguard)*

International carriers operating into Nigeria are expected to repatriate over N200 billion to their home countries in 2013, about 12 per cent increase from that of last which was put at N176 billon. This is a conservative projection because industry operators, especially travel agents believe Nigeria does not capture all the tickets these foreign airlines sell. While it could capture tickets sold through Billings Settlement Plan (BSP), the tickets sold by travel agents that are members of the National Association of Nigeria Travel Agencies (NANTA), it does not have accurate figures of the tickets sold directly by the airlines. Although the Central Bank of Nigeria (CBN) is expected to capture these figures but industry observers believe that except there are other ways the apex bank gathers its data without going through the airlines, the accurate amount remitted may still be elusive. According to NANTA, in 2011, sales report from travel agents through BSP was $913, 137, 418. 09, amounting to about N145, 645, 418, 185. 40. Also in 2012, travel agents BSP totalled $1, 039, 912, 912. 77; translating to about N165, 866, 109, 586. 80. Travel expert, Ikechi Uko, believed there had been increase in capacity this year as more foreign airlines had started operating into the country and records indicated that more Nigerians had so far travelled this year, compared to the same period last year. It is also estimated that Nigerians that travel to international destinations would increase from over six million last year to seven million by December this year. Industry consultant and CEO of Belujane Konsult, Chris Aligbe, told THISDAY recently that more than 95 per cent of Nigerians who travelled to international destinations used foreign carriers and the only way Nigeria could stem the capital flight by these international airlines was for government to float a national carrier, which would also operate international routes.

Aligbe said it was because of what Nigeria lost to these foreign airlines that it became pertinent, in spite of the criticisms, to establish two or more flag carriers that would compete effectively with these mega operators. "Those that are opposed to it (establishment of national carrier) should go and check transfers for capital flights from the airline subsector at the Central Bank of Nigeria. You will see how it has increased astronomically. The figures are horrendous and you can imagine how it will be in the next couple of years if the economic efforts of the present administration come to fruition. Improved economy will give rise to more travel from within and outside the country." There are also fears that if these foreign carriers continue to dominate air operation in Nigeria, the country may not be able to develop the technical manpower needed to grow the aviation industry and would remain dependent on foreign operators which will not be good for the nation's economy. Presently Nigeria lacks the needed manpower in aeronautical engineering, pilot and others because after the demise of Nigeria Airways Limited, there had not been any concerted effort to train Nigerians in these areas. *(This Day)*

Tanzania

Corporate News

Precision Air (PW), which was once Tanzania's fastest growing airline, is in financial turmoil and desperately in need of a $32 million (about Sh51.2 billion) bailout package, The Citizen can authoritatively report. The airline's board chairman, Mr. Michael Shirima, told The Citizen that they were seeking the money from various sources, including the government, to enable it to meet urgent financial obligations that include servicing bank loans and paying aircraft suppliers. Other sources said the airline had left the government to decide whether it would act as a guarantor for a bank loan or provide funds in exchange for a stake in the troubled carrier. Mr. Shirima, who founded the airline in 1993, admitted that PW was going through tough times because of huge debts accumulated after it ordered seven aircraft worth $136 million (Sh218 billion at current exchange rates) from the France-based French-Italian aircraft manufacturer Avions de transport regional (ATR) in 2007. The debt ballooned because the anticipated cash flow after the company listed on the Dar es Salaam Stock Exchange in 2011 did not materialise. "We expected pension funds to buy shares but, to our surprise, they didn't," Mr. Shirima said. "Our cash flow is now constrained. The audited accounts for 2012 will be out any time from next week and for the first time we are going to post a loss," he added. Mr. Shirima has a 43 per cent stake in the airline, while Kenya Airways (KQ) has 41 per cent. The rest of the shares were sold in the initial public offering (IPO) in 2012. But failure to raise cash through the IPO and other sources is not the sole reason for the financial constraints the airline is facing. Mr. Shirima said spiralling fuel prices, high taxes and levies and currency fluctuations had also contributed to the airline's troubles. "Fuel is hurting everybody in the aviation sector. Fuel constitutes about 40 per cent of operating costs.

The problem was compounded by the leasing of three Boeing 777s, which have since been returned to their owners." The giant twin-engined jets were leased to serve regional routes between Dar es Salaam and Nairobi, Entebbe, Lusaka, Lubumbashi, Johannesburg and other destinations under an expansion programme the airline unveiled last year. The aircraft were later withdrawn and returned to their owners after the plan was found to be too ambitious as a financial crisis loomed. The company, however, continues to fly to Nairobi, Entebbe and Mombasa using its remaining fleet. It also flies to more than a dozen local destinations. Mr. Shirima said PW was taking a raft of measures to get back in the black. "The problems we are going through are a wake-up call. We are in the process of putting things right. Recovery measures include seeking a capital injection from other sources other than the shareholders," he said. Those approached for assistance include the government which, according to Mr. Shirima, had shown positive signs "although as is always the case with governments, the process has been too slow". He said without specifying that strategic investors were also being sought from elsewhere. The board was keen to ensure that the majority of PW shares would remain in the hands of Tanzanians, Mr. Shirima added. The airline will also continue with the partnership it entered into with Kenya Airways (KQ) in 2003. Contrary to earlier expectations, KQ has failed to inject capital, but retains a 41 per cent stake. Measures to restore the company's glory hinge on a five-year-strategic plan unveiled in April but whose success depends on cash flows from creditors and shareholders. "Precision Air may not be the same in the next five years. We plan to expand our fleet to serve international routes," Mr. Shirima said. Several cost-cutting measures are underway. They include "rationalising" the firm's workforce of about 700 employees. "We need an optimum number of staff to propel the company to new heights," Mr. Shirima said. The airline currently has 10 aircraft. Under the strategic plan, the priority is on single aisle aircraft suited for regional and short and medium-range flights. *(Citizen)*

CRDB Bank is now offering long-term mortgage loans, bringing new hope to millions of Tanzanians whose dreams of house ownership were dampened by high costs of construction materials. In its recent report, a UK-based Global Property Guide (GPG) -- a research firm that sells data to investors in residential property -- said Tanzanians, yearning for homeownership could realise their dreams if they are ready to pay 134 times their annual incomes. According to GPG, the buying price per square metre in Dar es Salaam is $700 while one pays an average of $500 on rent each month. But CRDB believes that problems of how to source long term finances for construction, purchasing and renovation of houses will soon become history, thanks to its new product dubbed 'Jijenge'. The bank's managing director, Dr Charles Kimei, estimates that currently, individuals take up to 10 years to put up a simple family house due to regulations associated with what it takes to get a mortgage. With Jijenge, the mortgage can be repaid for a period of up to 20 years unlike the bank's previous mortgage schemes that could only be repaid in a period not exceeding five years. Jijenge, according to Dr Kimei, attracts an interest rate of 18 per cent plus. One also requires a 1.0 per cent insurance cover for the loan. "Jijenge' is designed specifically to give a would-be-builder the peace of mind when it comes to constructing and owning a house. The package also caters for a loan to rehabilitate and renovate a house," Dr Kimei said in Dar es Salaam yesterday. Workers, entrepreneurs, farmers and fishermen are all eligible for such loans, noting that the interest will be easily recouped through the appreciation of the value for the house as time goes. According to Dr Kimei, the current demand for homes in the country stands at three million units. The demand is increasing at an average of 200,000 units a year but only 15,000 houses are constructed a year. *(Citizen)*

Tanga Cement Company Limited and Chinese firm Sinoma yesterday broke the ground to mark the commencement of expansion of the cement company's production facilities in Tanga, and the construction of a second clinker line with the capacity of 775,000 tons per year. This will be the second expansion project the Company is carrying out since it's commissioning in 1980. The other expansion was done in the 2009-2010 period, when the firm installed and commissioned its Cement Mill No. 2. Speaking at the event, the TCCL Board Chairperson Lau Masha said; "This is another historical event for the Company, as we have been talking about this expansion for quite some time now. We are very happy that today is the beginning of the long awaited event". He added; "With the second kiln, we will be able to cover the deficit gap for our clinker requirements. We have been importing clinker, which, as you all know, is subject to foreign currency volatility, price changes as well as piracy. We are now confident that after the completion of this project the afore-mentioned challenges will be history". With this development the company's annual clinker manufacturing capacity more than doubles to 1.275m tons. The 155 percent increase in clinker production capacity will significantly reduce the cost and risks associated with importing clinker. The addition of new capacities by Tanga Cement Company Limited has increased the current capacities of Tanzania cement plants to 3.5 million tons which surpasses the current domestic demand of 3 million tons per year. Tanga Cement Company Limited is the manufacturer of the well known Simba brand of Cement. It is Tanzania's first publicly listed cement company. It employs 300 people directly and 5,000 indirectly. *(IPP Media)*

Economic News

The government may borrow as much as USD700m in a Eurobond next year to finance infrastructure projects, a senior central bank official said on Tuesday. The central bank official said the government plans to go on marketing trips to the US and Britain this year ahead of the issuance of the debut Eurobond. "We are looking to raise between $500m and $700m, which we think we can borrow at a reasonable cost, but we haven't set a concrete figure at this moment," Joseph Massawe, director of economic research and policy at the bank told Reuters. "We expect to float the Eurobond by the start of the government's next fiscal year (July 2014) ... funds raised from the bond will finance mainly infrastructure and power generation projects." Neighbouring Kenya, which has put off the issuance of its debut Eurobond since 2007 due to various reasons including worries over the possibility of political violence, is now searching for a lead manager for a $1bn issue. Tanzanian officials want to build new roads, railways, ports and to tap the country's vast natural gas and coal reserves to end chronic energy shortages. The economy is seen expanding at around 7 percent over the next few years and the government has stepped up borrowing to fund the country's growing infrastructure needs. Tanzania's 7-year debut $600m international bond issued in February through private placement was over-subscribed. "The government has been borrowing from non-concessional sources at very good interest rates, so we expect the Eurobond yield to be favourable to us," Massawe said.

Tanzania had hired Citigroup to advise it on the Eurobond issuance and expects to get a sovereign credit rating by November this year, he said. "We expect to get a credit rating of not lower than B+ like in other similar African economies such as Ghana and Kenya before we go on our road shows. We plan to invite two credit rating agencies to do this work for us," he said. Humphrey Moshi, a professor of economics at the University of Dar es Salaam, said the country could get a good rating because the investment climate had improved over the last decade or so. "If the government cleans its house first by improving revenue collection, reducing wasteful spending and illicit capital flight, then it will need to borrow less from outside sources," Prof Moshi said. Massawe Said they would embark on marketing trips to London, New York, Chicago and California later this year. He expected the Eurobond to be over-subscribed and offer investors a "competitive yield."

"Indications are that the Eurobond will be well over-subscribed based on the current investor appetite in the market. There is already precedence for this with the international bond that we issued earlier this year," he said. Investors have lapped up sovereign bonds by African countries in recent years, thanks to attractive yields and robust economic growth prospects at a time European economies struggle to shake off a persistent debt crisis. Rwanda sold $400m in its debut Eurobond in April. *(IPP Media)*

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Zambia

Corporate News

ZAMBIA Sugar Plc exported about 130,000 tonnes of sugar to the European market worth almost US$71.5 million this year. Meanwhile, the firm expects to produce 412,000 tonnes of cane sugar for 2013/14 farming season. Company managing director Aubrey Chibumba said the European Union (EU) market is key for the firm to grow hence the decision to enter into a guaranteed market. Mr Chibumba said proceeds from the EU market will enable the firm fund the expansion project. "Roughly, we export about 130, 000 tonnes of sugar into the EU… what we earn from the sales largely depends on how many issues including logistics, clients etc… the EU average price is at US$ 550 per tonne," he said. Mr Chibumba was speaking to journalists after the firm held a shareholders open day in Mazabuka last Wednesday. The company has the capacity to produce in excess of 400,000 tonnes of sugar per annum. About 40 percent of current production is sold to domestic and industrial markets, with the balance exported to the EU and African regional markets. On the firm's prospects, Mr Chibumba said the firm expects good climatic conditions and increased sugar cane deliveries to the mill during the coming year due to the increase in the area to be harvested from out-growers. He said targets for production, revenue and sales are set for every year as the company operates on a performance based system. "In terms of our production target, we are on stream. We are expecting to produce 412,000 tonnes for 2013/214 season. Our target is based on agriculture and translated into cane sugar," he said. Mr Chibumba said continued strong performance of the economy will also benefit sales realisation with a continued reduction in borrowings expected to enhance earnings, exchange rate movements. The firm had a record production of sugar of 404,000 tonnes of cane sugar in 2012/2013 compared with 374,000 tonnes produced in the 2011/2012 season. Mr Chibumba said operations already started in early April for the 2013/14 season, with another expected record of cane and sugar production. *(Daily Mail)*

Economic News

Zambia's economy is likely to grow by 6 percent this year, falling short of its 7 percent target as a decline in copper prices constrains expansion, its finance minister said on Sunday. Alexander Chikwanda also said at a media briefing that end-2013 inflation would exceed Zambia's 6 percent target. Zambia, Africa's top copper producer, is feeling the impact of lower copper prices as demand for the metal has been hit by a sluggish global growth. "This price level for most of our mines is not very good because their costs are higher," Chikwanda said. Chikwanda also said Zambia's budget deficit now stands at 5 percent of GDP, beyond a 4.3 percent target, largely due to delays in scrapping a fuel subsidy and increased pay for government workers. *(Reuters)*

ZAMBIA has signed three memoranda of understanding (MoUs) for purchase contracts with Chinese firms amounting to US$700 in various sectors to promote export of competitive products to regional and international markets. The purchase contracts were signed during a Zambia-China match-making meeting at Golden Peacock Hotel in Lusaka on Friday. Director in the department of foreign trade in the Ministry of Commerce in China, Chang Hui led an eight-man delegation comprising managers from China's State-owned companies. Mr Chang said during the meeting that China is ready to work with Zambia to increase balanced and sustainable trade between the two countries. He said the fact that the two countries had signed agreements within the framework of the Forum on China-Africa Co-operation means that China will carry out a zero-tariff treatment to 95 percent of tax items imported from Zambia. The zero-tariff treatment came into effect on July 1, this year. Mr Chang said that China has to date invested more than US$2.1 billion in various sectors of the Zambian economy including mining, agriculture and finance, among others. "To show our commitment toward trade with Africa, China has set up an exhibition centre for African products in Yiwu, a city in the southern part of our country. "It is our hope that Zambian enterprises can utilise preferential policies and facilitation measures that my country has put in place to further promote their superior products to the Chinese market," Mr Mr Chang said.

He said China will increase investment to Zambia by encouraging and supporting competent Chinese enterprises with a good reputation in traditional areas such as mining, agriculture and infrastructure while encouraging them to expand co-operation in manufacturing. Acting permanent secretary in the Ministry of Commerce, Trade and Industry Tobias Mulimbika said Zambia is endowed with natural resources, which largely remain unexploited and are exported in raw form. He said it is through partnerships such as these that Zambia can begin to manufacture high-quality, value-added products that can find market, not only in China, but in various regional and international markets where Zambia is party to. "It is worth noting that China is the third largest investor in Zambia, setting up more than 280 business enterprises, mainly through mining manufacturing, agriculture, infrastructure development and resource extraction," he said. Mr Mulimbika said this added partnership will consolidate the already existing warm relations between the two countries in trade and investment. Economic and commercial counsellor at the Chinese Embassy Chai Zhijing said his government, through the embassy will continue to encourage Chinese companies to increase imports from Zambia. "The embassy shall continue to encourage Chinese companies to import both traditional and non-traditional goods from Zambia," he said. *(Daily Mail)*

THE Kwacha appreciated by 20 points on Thursday hitting its highest in almost seven weeks on a temporal increased supply of the United States dollar (US$) mainly from the corporates, financial analysts say. According to Barclays Bank market update, the local unit opened for trading at K5.47 and K5.49 per dollar and sharply rose to a summit of K5.44 and K5.46 per dollar, its highest since June 21. The bank, however, says the Kwacha's rally was countered by enhanced demand from market players that took advantage of the lower levels amid dwindling flows. "By end of the trading session [on Thursday], the dollar against the Kwacha pair was quoted at K5.455 and K5.47 per dollar, 20 pips higher on the day," the statement reads. Similarly, Standards Chartered Bank says the Kwacha was on the offensive on Thursday as it strengthened against the dollar to break the week's flat tone supported by offshore dollar inflows. "The local unit clawed its way up by 20 points, hitting a week's high of K5.44 and K5.46 on the bid and offer on the interbank, before closing at around the K5.45 and K5.48 level," the statement reads. Meanwhile, Zanaco says the Kwacha is expected to continue trading range bound with the likelihood for mild gains if, the key support level seen at the K5.45 are breached. The bank says the Kwacha is expected to be trading in the ranges of K5.45 and K5.5 on the interbank. On the commodities market, copper hit its highest in almost two months on the London Metal Exchange (LME) on Thursday as upbeat trade data and better-than-expected imports of the metal in top consumer China reinforced hopes of a revival in demand for industrial materials. Three-month copper on the LME surged 2.6 percent to close at US$7,185 a tonne after touching a session peak of US$7,215, its strongest since June 11. *(Reuters)*

ZAMBIA'S economy is poised for further growth due to the conducive investment platform created by Government, the Organisation for Economic Co-operation and Development (OECD) says. Visiting OECD chairman for competition policy committee Frederic Jenny said Zambia's level of development over the years has been tremendous resulting in the country been ranked among the best investment destinations in Africa. Professor Jenny, who is also a lecturer of economics at ESSEC Business School in Paris and a judge of the French Supreme Court, said the country has initiated and implemented a number of legal instruments aimed at creating a competitive market economy. "The revision of the competition policy and law is good for the country as this will help remove the tendencies that disadvantage and advantage some enterprises. A competitive environment is a key factor that contributes positively to the growth of businesses," he said. Prof. Jenny said in an interview shortly after a public seminar hosted by the Economics Association of Zambia, and the Consumer Unity and Trust Society in Lusaka on Thursday. On comparison to other countries in Africa, he said the competitive regulatory framework in place, if well implemented, is promising and could rank Zambia among the most profitable investment country's in the region. He said what is key is to ensure that competitive regulations and laws are well understood by all stakeholders to ensure a fair business playground that would be profitable to investors and beneficial to the country. Prof. Jenny said a country's fair and profitable business environment is a key factor for attracting foreign investors. "It is a real test for Zambia to uphold this standard. The country needs to develop and uphold a competitive culture were all businesses should thrive to play a role in development," he said. Prof. Jenny commended the Competition and Consumer Protection Commission for its role in creating a fair business platform. He said the regulatory role the commission undertakes is crucial in business development. He cautioned Government that while the economy is growing at a faster rate and the business playground seems fair, a lot still needs to be done to ensure consumer rights and enterprises profitability are upheld. *(Daily Mai)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

THE negative global economic outlook affected foreign investors' participation on Lusaka Stock Exchange (LuSE) in 2012, the Bank of Zambia (BoZ) says. Meanwhile, LuSE market capitalisation increased by 1.4 percent in 2012 to K49, 624.7 billion from K48, 929.2 billion in 2011. According to the BoZ latest 2012 annual report, trading activity on LuSE continued to increase, albeit at a lower rate. However, the report,says non-resident investors reduced their participation in the local bourse as reflected in the net capital outflows of US$7.4 million compared to net inflows amounting US$13.5 million in 2011. The decline was attributed to the pessimistic global economic outlook which reduced investors risk appetite. The report says most company shares registered capital losses during the year. Overall trading occurred in all the 21 listed firms during the year. The report says share price changes on LuSE between 2011-2012 included Shoprite which recorded the highest closing share price of K62 in 2012 compared to K60 in 2011 while Investust Bank closed at K14.90 from K20.00 the same period. Other listed firms that registered price changes were Zanaco, Zambia Sugar, Zambian Breweries, Zamefa, Standard Chartered Bank and Bata Shoe Company. However, LuSE all-share index declined by 8.1 percent to 3,714.6 points at end of December 2012 from 4,040.3 points at close of 2011. On market capitalisation, the report says the market capitalisation which is the total value of issued shares of publicly traded company continued to record steady growth during the year. In the bond market, the report says the secondary market trading of Government bonds continued to register growth in 2012 as reflected in the number of trades which increased to 182 from 143 in the previous year. The report says bonds worth K1, 659.2 billion at face value were traded at LuSE, up from K744.4 billion recorded in 2011. The high value rate of trading activity manifested increased awareness of the importance of secondary market in Government paper and was consistent with the banks' efforts to develop this segment of the debt market. *(Daily Mai)*

ZAMBIA's economic prospects are optimistic and bright under President Sata's regime, Western Cape independent economists NYC say. The economists say the Zambian economy has posted robust real economic growth of over six percent annually for four consecutive years with forecast expected to expand on average by 7.7 percent per annum over the medium-term. "Under pinning the robust performance is the consistent development in the extractive sector and the strong fiscal spending programme geared towards addressing the country's infrastructure shortfall," NYC says in its latest quarterly update report for June 2013. The publication, however, notes that favourable economic prospects have remained vulnerable to copper sector dynamics and global growth prospects, although export earnings have continued its robust performance in the current year. It says that this is despite weaker than expected growth in advanced economies. NYC says the country's overall political risk profile remains at low risk despite certain potentially negative issues across all four risk categories namely; economic progress, reforms, corruption and maladministration. "Zambia continues to be something of a mixed bag under the regime of President Michael Sata, economic progress is impressive, reform measures are taking effect, corruption and maladministration are on the retreat, yet the threat of repression is never far from the front pages. The Sata regime is approaching mid-term, which means that it is not unusual for political dissent to be reaching something of a peak," it notes. NYC observe the regime has employed mixed tending positive results and overall the future prospects for the country remain optimistic and bright saying the coming on stream of key projects is projected to steer the current account balance to positive territory by 2015. In addition, net foreign direct investment is poised to continue its robust performance despite operational environment regarding policy adjustments. It says fiscal revenue is also forecast to increase over the short to medium-term on the back of improved tax collection and a broadening of tax base. The mining sector's contribution to tax revenue is also forecast to rise over the same period following the increases in mineral royalties' tax to six percent from three percent in recent months, and the introduction of the statutory instruments 31 of 2013 on July 1. NYC Independent Economists is a privately-owned political and economic research unit in Paarl with a focus on the African continent. Founded in 2002, NYC scans the political and macroeconomic environment of 30 African countries and is able to measure sovereign risk in detail. *(Daily Mail)*

THE Kwacha is expected to consolidate the gains made during the course of the week's trading, financial analysts say. According to Zanaco daily treasury newsletter, the local unit is anticipated to trade range-bound between K5.4 and K5.46 on the interbank. The bank says the local unit on Wednesday continued trading with a bullish tone against the United States dollar on Wednesday, building on the gains it has made during the last couple of days. It says the Kwacha opened interbank trading at K5.42 and K5.44 unchanged from Tuesday's close. The bank says with consistent dollar inflows from market players, the local unit touched a session peak of K5.4 and K5.42 before eventually closing the day's trading at K5.41 and K5.43. "On the local money market, liquidity continued to trend downwards on Wednesday as it fell by K2.4 million to K981.4 million from about K1 billion," Zanaco has noted. There was a significant drop in the volume of funds traded by commercial banks to K158.5 million on Wednesday from K226 million recorded on Tuesday. "Money market liquidity continued to trend downwards on Wednesday as it fell by K2.4 million to K981.4 million from the previous day's level of K1.003 billion. Similarly, there was a significant drop in the volume of funds traded by commercial banks. From a total trade of K226 million recorded on Tuesday, interbank funds trade dropped to K158.5 million on Wednesday," the bank says. The bank, however, says the weighted average interbank lending rate remained unchanged at 10 percent for the second consecutive day. Similarly, Standard Charted Bank says the Kwacha on Wednesday continued appreciating where it gained a further 10 points against the dollar due to increased greenback inflows with unmatched demand. The bank says the local unit on Wednesday closed around K5.4 and K5.44 level. "Kwacha advanced 10 points further against the dollar on Wednesday, supported by increased dollar inflows with unmatched demand," the bank says in its daily brief. On the commodities market, copper on the London Metal Exchange (LME) hovered near nine-week highs on Wednesday, buttressed by data showing China's growth is stabilising, although expectations the United States Federal Reserve may soon start tapering stimulus measures kept a lid on prices. Three-month copper on the LME edged up 0.4 percentage point to US$7,306.25 a tonne by 01:49 green meridian time, adding to gains from the previous session when it closed up 3.3 percent. *(Daily Mail)*

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TRADING

Zimbabwe

Corporate News

THE country's largest banking group, CBZ Holdings' profit for the six months to June has narrowed to $15,9m from $18,3m achieved during the same period last year due to a growing interest expense, operating expense and acceleration in impairments charges. Interest expense, the amount reported by a company or individual as an expense for borrowed money, rose to $34,9m during the period under review from $26,1m recorded during the same period last year. Impairment charges more than doubled to $6,6m reflecting a high level of non-performing loans while operating expenditure rose to $69m from $64m recorded during the same period last year. The developments comes at a time when the economy witnessed a subdued performance during the first half of the year with the operating environment remaining largely illiquid. Real gross domestic product is now expected to grow by at most 4%, compared to the average 7% per annum recorded in the previous periods. Outgoing Finance minister Tendai Biti said the economy had contracted by nearly 3% during the first quarter of the year due to uncertainty. The rate of inflation has however remained relatively stable, within the single-digit levels and is broadly in line with that of major trading partners. Annual inflation opened the year at 2,51%, and declined marginally to close the first half of the year at 1,87%. The downward trend in the annual rate of inflation has been attributed to the fall in crude oil prices and movements of the South African rand exchange rate. "This sluggish performance lies in the severe decline in net investment in the productive sectors, weak medium-term export growth prospects and internal macroeconomic resource imbalances resulting from a growing public debt," said CBZ chairman Luxon Zembe. "The financial services industry in particular has been negatively affected by a declining deposit base coupled with the impact of the adoption of the memorandum of understanding (MoU) on bank charges. National savings continue to decline in tandem with the liquidity levels in the market." Early this year, the Bankers Association of Zimbabwe signed an MoU with the Reserve Bank of Zimbabwe to lower bank charges as well as interest on loans. The group's net interest income, rose to $43,9m from $41,4m banks as most adopted a cautious lending approach during the period under review due to the high levels of non-performing loans and uncertain economic environment as the country gears for elections. Basic earnings per share declined to 5,64 cents from 5,84 cents recorded last year. *(Newsday)*

THE Minerals Marketing Corporation of Zimbabwe (MMCZ) has revealed it is in the hunt for partners to set up diamond cutting and polishing centres in the country. The MMCZ announced early this year it had engaged several firms from China, Hong Kong, Dubai and Israel that have expressed interest in expanding business interests in the country. Zimbabwe is keen to set up a diamond polishing and cutting industry to derive maximum benefits from the industry after the discovery of huge deposits of precious stones in the Marange area of Manicaland. MMCZ deputy general manager Richard Chingodza said negotiations with interested parties were still on-going. "We are still working on it but there is not much progress at the moment," he said. "If all goes well we will be working with some of the biggest cutting and polishing companies in the world so they can set up factories in the country." Zimbabwe is the seventh largest producer of diamonds in the world and has potential to supply 25 per cent of global demand. Presently, four diamond mining firms are operating in Zimbabwe's Marange diamond fields: Mbada Diamonds, Marange Resources, Anjin and Diamond Mining Corporation. MMCZ is a wholly owned government parastatal under the ambit of the Ministry of Mines and Mining Development. It is the exclusive agent for selling and marketing of all minerals produced in Zimbabwe except gold and silver. *(New Zimbabwe)*

ABC Holdings Limited's profit for the half year to June more than doubled to Botswana Pula 128,5 million (BWP) compared with the same period last year, driven by a strong growth in net interest income from its retail banking unit in Zimbabwe and Botswana. The Botswana Stock Exchange-listed financial services group said its net interest income increased by 74% to P476 million during the period under review.
In a statement accompanying the group's financial results, ABC Holdings chairman Howard Buttery said the retail banking segment was the major driver for the growth experienced during the period under review. "This business has now achieved critical mass in BancABC

Botswana, BancABC Zambia and BancABC Zimbabwe. As a result the three subsidiaries posted very strong sets of results. "BancABC Mozambique is profitable, but current period performance was hampered by costs of expansion into the retail space which will only start contributing to revenue in the coming period," Buttery said. "BancABC Tanzania continues to be a challenge for the group. However, substantial progress has been made in cleaning up the balance sheet and the business has recently been recapitalised." ABC Holdings attributable profits to shareholders grew by 157% to BWP143m for the year ended June 2013 from P56m in 2012. The group pre-tax profit increased by 77% to P169m for the year ended June 30, 2013 as compared to P96m in prior year. Buttery said the balance sheet growth was muted largely due to a deliberate policy to slow down on lending and manage the group's liquidity position more conservatively. The group's net impairments were 351% up to BWP 146m. "BWP129m of this charge was in respect of three clients, with one in each of Zimbabwe, Tanzania and Mozambique. The balance of BWP17m was largely from portfolio impairments driven by the growth in the loan," Buttery said. Buttery said operating expenditure increased by 40% to BWP 529 million for the year ended June 30, 2013 as compared to BWP379m recorded in 2012 due to expansion in retail banking footprint. He said non-interest income was up by 58% to BWP371 million underpinned by an increase in transaction volumes across all subsidiaries. "BancABC Zambia had the largest growth on the back of an increase in customer number in consumer lending as well as increased bond trading income," Buttery said. *(Newsday)*

LISTED Brickmaker, Willdale Limited, is in talks with an unnamed financier over capital injection amounting to US$8 million for the refurbishment of its plant and acquisition of new equipment as competition in the sector intensifies. The company is hoping that a turnaround programme currently under way would be successful and that support from current lender would not result in any going concern problems. In a statement to shareholders on Wednesday, company secretary Mavuti Munginga said negotiations were still on-going with the potential investor and advised shareholders to exercise caution when dealing with the company's shares. "Further to a cautionary statement published on 23 July, the directors of Willdale Limited would like to advise shareholders and the general public that negotiations are still ongoing with a potential investor whose outcome have a material effect on the business and share price," he said. "Shareholders are therefore advised to continue to exercise caution and to seek professional advice when dealing in the company's shares." At the company's annual general meeting (AGM) in April, board chairperson Alex Jongwe outlined plans for a US$8 million capital raising exercise, saying some local financial institutions and banks had shown interest adding the firm was also looking at moving to cheaper long-term loans from external lenders. About US$2 million is required for the purchase of mobile equipment as the company currently hires at rates that are double those of South African suppliers. All-weather facilities require US$5 million, while general working capital requirements are at US$1 million. Jongwe said the new funding would also enable Willdale to grow and reduce costs. "We are forecasting further positive growth in revenues and a positive profit margin from increased throughput in the next financial year," he said. "This will depend on the availability of funding to refurbish plant and acquire sufficient mobile equipment. Negotiations are at an advanced stage with a potential long-term financier to provide the required funding," he said. Jongwe said Willdale had regained its market share, with demand exceeding supply, and customers who had moved elsewhere starting to come back. He said the company had realised that a survey on demand for local clay bricks was long overdue and getting a comprehensive survey done was part of the company's strategic plan. "Although some business has been lost to the cement brick trade due to lack of supply, the preference in this market is for clay bricks," he said. At the time, Jongwe said current production numbers were at between one million and 1,5 million bricks a month, adding the company was working to a dry season high of 12 million bricks. He added the average production historically was between 3,5 million and four million a month while the plant capacity was over 12 million. Willdale suffered a loss of US$613,585 for the six months to March this year compared to another loss of US$516,991 endured during the same period last year due to high plant and equipment repairs which resulted in low throughput and poor margins. *(New Zimbabwe)*

THE Zimbabwe Stock Exchange-listed mining concern Bindura Nickel Corporation has said its plans to raise a $5 million debt funding to finance Trojan Mine are on course despite liquidity constraints on the market. The mining concern in a statement yesterday said it has completed the internal review of the revised mine plan that will see the company targeting higher grade zones following the fall in nickel prices. "The occurrence of the massives (nickel ore) enables higher grade ore to be mined and thus reduces the cost per tonne of nickel produced. "BNC management is already successfully applying the new mine plan at Trojan and is confident that the new plan will significantly improve BNC's cash flow and reduce its working capital requirements. BNC is in the process of seeking debt finance from

Zimbabwean banks for the reduced working capital requirement," the company said. Commenting on the funding initiative, an official from the company said: "The reaction has been positive and has been quite good." The company has so far sold over 1 000 tonnes of nickel since April this year when it resumed production at Trojan. BNC has been sourcing capital from local banks to fund its unit. The company has been struggling to secure funding and was foreseeing uncertainty as its future relied on the implementation of the revised production plan. The company posted a loss of $12,9 million attributable to ordinary shareholders in the full year to March 2013 due to low turnover and high care maintenance costs. BNC said $7,1 million for retrenchment costs was included in the loss for the year. The group recorded a decrease in gross turnover of $1 million from $1,5 million in the prior year due to the sale of each alloy from the stock. BNC resumed operations last year after investing $23 million in the company since the firm had been on care and maintenance for four years since 2008. *(News Day)*

THE Competition and Tariffs Commission has approved the acquisition of Aon Holdings Limited majority stake by Masawara Mauritius Limited. Masawara is a diversified investment company with direct interest in telecommunications, hospitality, agrochemicals and insurance, mainly in Zimbabwe. The insurance broker and employee benefits firm, Aon Zimbabwe, embarked on a restructuring exercise after the Insurance and Pension Commission, the country's insurance regulator, raised concern over the company's ownership structure. A source said the company bought 69,75% from Minerva Holdings, Aon's parent company. Minerva is a unit of Minet Kingdom which is controlled 100% by AON Plc United Kingdom. Minerva is a risk management insurance and insurance brokerage firm. "TA Holdings has a 30,25% stake in the company while employees have a 5% stake. The transaction has met the CTC market structure requirements," the source said. Efforts to get a comment from Indigenisation minister Saviour Kasukuwere were fruitless as his phone was not being picked. According to the country's laws, mergers involving foreign-owned companies should be approved by the Indigenisation ministry after meeting CTC requirements. AON Plc early this year announced its move to exit the country in compliance with the country's indigenisation laws. The indigenisation laws compel foreign-owned entities to sell 51% of their shareholding to locals. Aon Zimbabwe is one of the country's oldest companies as it has been in the country since 1967. The Insurance Act stipulates that a shareholder should not hold more than 40% in any insurance firm. AON was suspended in January by the Insurance Pension Commission for failing to comply with the sector's regulations. The commission also suspended its subsidiaries that include Aon Benfield, Aon Risk Services and Aon Consulting from taking new insurance and pension administration business. The insurance firm operates four units — its flagship Aon Risk Services, Aon Risk Management, Consulting and Reinsurance. The company writes business for several listed and other private sector firms in the country. Aon Zimbabwe (Private) Limited, Alexander Forbes Risk Services, Pan Africa Reinsurance Brokers and Marsh, according to the insurance regulator, are the country's top four insurance brokers accounting for 46,49% market share. *(News Day)*

Economic News

A CONSORTIUM of companies including Russia's Rostec and Vneshekonombank is buying a 40% stake in a project to develop one of the world's largest platinum fields in Zimbabwe. The companies will invest in Ruschrome Mining, a Russian-African joint venture licensed to mine the field. The parties hope to exploit the Darwendale platinum project's 19 ts in proven reserves and 775 total ts of metals including palladium, gold, nickel and copper. Ruschrome is partly owned by the Zimbabwean government and the Centre of Business Cooperation with Foreign Countries, an association of machinery and defence firms that will retain a ten per cent stake in the project. The consortium also includes the Netherlands-based aluminium company Vimetco. The development comes after the government said it ill seize assets held by foreign-owned platinum mining companies operating in the country without recompense. Empowerment minister, Saviour Kasukuwere, said Zimbabwe "will not pay for her resources". *(New Zimbabwe)*

THE Zimbabwe Stock Exchange (ZSE)net purchases were down by more than three quarters in July compared to June due to reduced foreign purchases ahead of the harmonised elections, a local research firm has said. Net purchases are the difference between the total investor purchases and total sales. In its monthly equities review, MMC Capital said net purchases figures in the month of June were down to $2,26 million from $13,58 million in June. "The decline was as a result of the reduced foreign purchases in the face of increased foreign sales ahead of the July 31 elections," MMC reported. The research firm showed that during the period under review foreign purchases to total trades ratio fell to 21% from 31%, while foreign sales were 18% of total trades up from 13% in June. The report shows that monthly turnover went up by 4,7 percentage points higher than June to $42,57 million while average daily trades were up to $1,93 million from $1,85 million in June. During the month of July, block deals worth $7,45 million were done, with National Foods and Afdis taking the biggest chunk of the deals, the report showed. "The Natfoods and Afdis block deals were transactions in which foreigners were the buyers of the stakes in the business signalling the foreign investors' confidence in the prospects of the economy. There are increased chances though of foreign investors becoming net sellers of Zimbabwean equities if the trends that started in July persist in August." The report states that in July institutional investors continued to dominate offshore investors compared to June with foreign investor participation declining to 39% in the period under review from 42%. MMC showed in its report that Zeco Holdings' share price collated 200% in July followed by General Beltings and National Tyre Services. PGI dropped 43% to close at 0,4 cents, followed by Falgold that lost 25% of its value. Barclays, BAT and OK Zimbabwe were the biggest movers at 44%, 43% and 38% respectively. In his mid-term monetary policy, Finance minister Tendai Biti said the performance of the stock market was still below that of 2012 and was confined to a few solid counters. Biti said foreigners dominated the market and average market participation is at 61% on the buy side while local investors are net sellers due to low disposable incomes and savings. Biti said as a result of these challenges 20% of listed companies on the ZSE remain inactive and some have delisted and other applied for voluntary liquidation. While activity at the ZSE was low last Friday with less than half of companies on the stock exchange having traded while the week-on-week index stood at 15,2% weaker from the previous week. A total of 24 counters participated at Friday's trade from a total of 69 listed counters. The industrial index lost 2,82 points to 196,02 points with losses having been recorded in heavy counters such as Innscor, Delta, Econet, OK Zimbabwe, Barclays and Dairibord, while gains were recorded in ABC Holdings, Meikles, African Sun, Art, First Mutual. The mining index was steady at 57,94 points with all the four counters that include Hwange, Falgold, RioZim and Bindura still at the previous levels. *(News Day)*

GOVERNMENT will adopt measures to expand Zimbabwe's export basket and increase its markets by focusing on areas where the country has comparative advantages, President Mugabe said. Addressing thousands who attended the Heroes Day main celebrations at the National Heroes' Acre on Monday, President Mugabe said illegal sanctions imposed by Britain and its Western allies continued to stifle the resuscitation of key industries. "Due to the illegal economic sanctions imposed on the country by Britain and her allies, our manufacturing sector continued to exhibit signs of contraction and sluggish production volumes compared to last year," said the President.
"Most companies in the textile and clothing sub-sectors downsized their operations in order to contain costs while others were forced to shut down due to unsustainable operational costs. "Government is greatly concerned by the continuing trend which implies that we are losing out on production which our industries can handle." President Mugabe said through vigorous promotion of adding value to local primary commodities in all sectors of the economy, the manufacturing sector was expected to increase export earnings from current 16 percent to 50 percent by 2016. The President said while the economy remained stable, it was being threatened by the erratic rainfall patterns due to climatic change which has impacted negatively on agricultural output. Growth targets for the agricultural sector for 2013 has since been revised downwards from 6,4 percent to 5,4 percent. "These developments threaten our food security and overall economic performance," said President Mugabe. "Government will, however, continue to implement mitigatory measures aimed at strengthening the agricultural sector, boosting agricultural production and increase productivity in order to ensure food and nutrition security." On the mining sector, President Mugabe said. Government was in process of reviving the Mining Promotion Corporation, an exploration company under the Zimbabwe Mining Development Corporation. The company will spearhead exploration and build and inventory of bankable mining projects. *(Herald)*

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RESEARCH & CAPITAL MARKETS

PAN-AFRICA

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TRADING

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